

**Notice of Meeting
UNIVERSITY OF HAWAI'I**

BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT

Members: Regents Moore (Chair), Nahale-a (Vice-Chair), Acoba, Higaki, and Wilson

Date: Thursday, December 3, 2020

Time: 8:30 a.m.

Place: Virtual Meeting

In light of the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, this will be a virtual meeting and written testimony and oral testimony will be accepted in lieu of in-person testimony. Meetings may be monitored remotely via the livestream pilot project. See the Board of Regents website for information on accessing the livestream: www.hawaii.edu/bor. Mahalo for your consideration.

AGENDA

- I. Call Meeting to Order**
- II. Approval of Minutes of the October 1, 2020 Meeting**
- III. Public Comment Period for Agenda Items:**

All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via the board's website through the testimony link provided on the [Meeting Agendas, Minutes and Materials](#) page. Testimony may also be submitted via email at bor.testimony@hawaii.edu, U.S. mail, or facsimile at (808) 956-5156. All written testimony submitted are public documents. Therefore, any testimony that is submitted for use in the public meeting process is public information and will be posted on the board's website.

Those wishing to provide oral testimony for the virtual meeting may register [here](#). Given constraints with the online format of our meetings, individuals wishing to orally testify must register no later than 7:00 a.m. on the day of the meeting in order to be accommodated. It is highly recommended that written testimony be submitted in addition to registering to provide oral testimony. Oral testimony will be limited to three (3) minutes per testifier.

- IV. Agenda Items**
 - A. Review and Acceptance of University of Hawai'i Audited Financial and Compliance Reports as of June 30, 2020
 - B. Review and Acceptance of the Annual Report to the Legislature on Material Weaknesses and Fraud

- C. Review and Acceptance of the University of Hawai'i at Mānoa Intercollegiate Athletics Audit Reports for the Year Ended June 30, 2020
- D. Review and Acceptance of the University of Hawai'i at Hilo Intercollegiate Athletics Audit Reports for the Year Ended June 30, 2020
- E. Professional Development: Review of AICPA Toolkit for Government Organizations: Internal Controls, Fraud and the Roles and Responsibilities of the Audit Committee, Whistleblower Policy, Executive Session, Independent Auditor Communications
- F. Whistleblower Report
- G. Enterprise Risk Management Update

V. Adjournment

ATTACHMENTS

Attachment A – Personnel actions posted for information only

Attachment A: Pursuant to §89C-4, Hawai'i Revised Statutes, the following proposed compensation actions for excluded Executive/Managerial are disclosed for purposes of public comment.

Executive/Managerial

Campus	Last Name	First Name & Middle Initial	Proposed Title	Unit	Nature of Action	Monthly Salary	Effective Date
Leeward CC	Hayashi	Lori Lei	Interim Vice Chancellor	Office of Administrative Services	Appointment	\$10,178 unreduced ----- \$9,239 reduced	January 2, 2021 to January 1, 2022

UNIVERSITY OF HAWAII
BOARD OF REGENTS

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RESIDENTS OFFICE

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DISCLAIMER – THE FOLLOWING ARE DRAFT MINUTES AND ARE SUBJECT TO FURTHER REVIEW AND CHANGE UPON APPROVAL BY THE COMMITTEE

MINUTES

BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT MEETING

OCTOBER 1, 2020

Note: On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 a public health emergency of international concern, subsequently declaring it a pandemic on March 11, 2020. On March 16, 2020, Governor David Y. Ige issued a supplementary proclamation that temporarily suspended Chapter 92, Hawai'i Revised Statutes, relating to public meetings and records, "to the extent necessary to enable boards to conduct business in person or through remote technology without holding meetings open to the public."

I. CALL TO ORDER

Chair Randy Moore called the meeting to order at 10:45 a.m. on Thursday, October 1, 2020. The meeting was conducted virtually with regents participating from various locations.

Committee members in attendance: Chair Randy Moore; Vice-Chair Alapaki Nahale-a; Regent Simeon Acoba; Regent Wayne Higaki; and Regent Ernest Wilson.

Others in attendance: Board Chair Benjamin Kudo; Regent Kelli Acopan; Regent Eugene Bal; Regent Robert Westerman (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Academic Planning and Policy Donald Straney; VP for Research and Innovation Vassilis Syrmos; VP for Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH-Mānoa (UHM) Provost Michael Bruno; UH-West O'ahu Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF MINUTES

Regent Higaki moved to approve the minutes of the August 6, 2020, meeting, seconded by Regent Wilson, and the motion carried, with all members present voting in the affirmative.

III. PUBLIC COMMENT PERIOD

Board Secretary Oishi announced that the Board Office did not receive any written testimony, and no individuals signed up to provide oral testimony.

IV. AGENDA ITEMS

A. Review and Acceptance of Response to the Office of Internal Audit (OIA) Revenue Bond Covenant and Policy Compliance Report

Glenn Shizumura, Director of OIA, reported that revenue bonds represent a significant portion of the university's financial liability, and summarized the report on a review and evaluation of significant processes, procedures, and policies with respect to the issuance of revenue bonds, including the manner in which compliance with a revenue bond's debt covenants and federal income tax regulations is monitored by the university. He stated that the University Bond System Office (UBSO), which is responsible for the management and monitoring of revenue bonds, is currently finalizing written policies and procedures regarding revenue bond pre-issuance planning, issuance, and post-issuance compliance processes which it anticipates will be completed by the end of 2020.

Internal Auditor Shizumura noted that between 2014 and 2018, the university engaged BLX Group LLC (BLX) to provide external, third-party post-issuance compliance accounting and tax advisory services for non-taxable revenue bonds. He further noted that although OIA did not identify any issues of noncompliance in its review of reports provided by BLX, OIA recommended that UBSO complete its written policies and procedures regarding revenue bond pre-issuance planning, issuance, and post-issuance compliance processes; ensure that these policies include procedures with respect to compliance with all applicable requirements for the respective revenue bond, including debt covenant requirements; and either perform all post-issuance compliance accounting and tax advisory reviews internally or continue to engage a third-party to conduct these services.

Chair Moore clarified that management's response to OIA's report was that policies regarding revenue bond covenant and compliance issues are expected to be finalized by December 2020 and that the services of a third-party to perform post-issuance compliance accounting and tax advisory services for the university's non-taxable revenue bonds is currently in the process of being procured as it believes this service should be continued.

Regent Acoba asked what the role of BLX was with regard to revenue bonds. Internal Auditor Shizumura responded that BLX was an external, third-party entity contracted by the university to provide post-issuance compliance accounting and tax advisory services for non-taxable revenue bonds.

Regent Acoba noted that OIA's report appeared to indicate that the development of written policies and procedures regarding revenue bond pre-issuance planning, issuance, and post-issuance compliance processes has been ongoing since 2014 and asked who was responsible for developing these processes and the reasoning for the delay in its development. Internal Auditor Shizumura replied that UBSO was responsible for developing the processes and that turnover within UBSO contributed to the delay in process development. Given this information, Regent Acoba queried whether policies and procedures with respect to revenue bonds were non-existent. Internal Auditor Shizumura explained that UBSO continues to monitor revenue bond compliance and is updating and formalizing its policies and procedures at the present

time. Regent Acoba asked what the consequences were for not having formalized processes in place. Internal Auditor Shizumura responded that the lack of formalized procedures to monitor revenue bond covenant compliance could potentially result in an event of default if the university experiences noncompliance with revenue bond covenants which would allow bond holders to require that revenue bonds be due and payable immediately. Noncompliance with federal requirements with respect to non-taxable revenue bonds could potentially result in their conversion to taxable revenue bonds. However, he reiterated that OIA did not discover any issues of noncompliance with respect to revenue bonds. Additionally, the university's external auditor, Accuity LLP, would have discovered any noncompliance issues or potential noncompliance issues with revenue bonds when it conducted audits of the university's financial statements and that no such issues were found.

VP Young emphasized that UBSO regularly monitors, reviews, and ensures that the university is in compliance with all requirements, including covenant requirements, with respect to revenue bonds. He stressed that OIA's report did not indicate any compliance issues with regard to revenue bonds. The issue raised by OIA, which is presently being addressed by UBSO, was that the current administrative procedure policy with respect to revenue bond compliance did not specifically and formally delineate the compliance processes and procedures currently in place. He also added that the BLX contract was an external contract to provide an annual bond compliance review for private activity and underscored that BLX did not identify any issues of noncompliance. The university is presently in the process of procuring the services of a third-party to continue to conduct this review as the contract with BLX expired at the end of 2018. Regent Acoba asked who has been reviewing annual bond compliance review for private activity since the contract with BLX expired. VP Young replied that these reviews are currently being conducted by UBSO, the Office of the Vice President for Budget and Finance and Chief Financial Officer, and the university controller. Regent Acoba expressed his concerns as a member of the Internal Audit Committee with the delay in procuring the services of a third-party to monitor compliance with revenue bond requirements especially since it appeared the administration felt this action was necessary. VP Young acknowledged this concern. However, he stated that the administration believes that the most prudent course of action to take would be the continued use of an external third-party to validate revenue bond compliance which is the reasoning behind the administration seeking to procure the services of a third-party.

Regent Acoba asked what the necessity was for the Office of General Counsel (OGC) to be consulted with respect to revenue bond compliance. Internal Auditor Shizumura replied that OIA was suggesting in its report that, should the university decide to continue engaging a third-party to conduct post-issuance compliance accounting and tax advisory services for the university's non-taxable revenue bonds, it would be prudent for UBSO to consult with OGC for legal assistance in procuring these services on behalf of the university.

Regent Wilson moved to accept the response to OIA's report on revenue bond covenant and policy compliance, seconded by Vice-Chair Nahale-a, and the motion carried, with all members present voting in the affirmative.

B. Review and Acceptance of Status of Corrective Action for University of Hawai'i at Hilo (UHH) Student Housing Services

Internal Auditor Shizumura explained that a review and evaluation of UHH Student Housing Services (Housing Services) was conducted in 2017 which noted some concerns particularly with regard to occupancy rates. He stated that Housing Services initiated a corrective action plan in 2018 to address concerns raised in the report and that OIA conducted a review of the status of the corrective action plan in the same year. While OIA determined that progress had been made in the implementation of the plan, several corrective actions were still in the process of being initiated. After meeting with the UHH Vice Chancellor for Student Affairs and Housing Services personnel throughout 2020 to discuss the status of the corrective actions still in progress, it was agreed that Housing Services would prepare a written update to their corrective action plan and that OIA would perform audit procedures deemed necessary to evaluate and corroborate the written update. OIA has concluded that Housing Services has implemented or has made substantial progress in implementing all corrective actions.

Regent Wilson moved to accept the status of corrective action for Housing Services, seconded by Regent Higaki, and the motion carried, with all members present voting in the affirmative.

Representatives from Accuity, LLP, requested to present the report on required communications before conducting the professional development review of the AICPA toolkit agenda item.

D. Accuity University of Hawai'i Required Communications – Planning Phase

Ms. Jamie Asato, with Accuity LLP, presented a report on communications that are required to be provided to the committee during the planning phase of Accuity's annual audit of the university. She provided an overview of the scope of services Accuity provides annually to the university, including the Office of Management and Budget (OMB) Uniform Guidance financial and federal compliance audit, the audit of the financial statements of the University of Hawai'i, and the report on the National Collegiate Athletic Association (NCAA) Agreed-Upon Procedures for Division I programs to ensure compliance with NCAA rules and regulations. She noted that Accuity also provides a report on NCAA Agreed-Upon Procedures for UHH, which is required for Division II programs every three years, and that a report will be required this year.

A summary of the scope of audits to be conducted for fiscal year (FY) 2020, audit timing and status, including the anticipated presentation of various reports to the committee, and the roles and responsibilities of Accuity under the United States Generally Accepted Auditing Standards was provided. Ms. Asato highlighted that the consolidated financial statements that are reported to the committee will appear slightly different this fiscal year. While information regarding financial statements for the University of Hawai'i Foundation which are audited by another auditing firm but are reviewed by Accuity will be contained in the report, this particular information will no longer be co-mingled with information regarding the rest of the university. Additionally,

financial statements for the Research Corporation of the University of Hawai'i will not be contained in the consolidated financial statements as they are no longer considered material.

While Accuity continues to proceed with its audits of the university, Ms. Asato reported that, to date, Accuity has found no potential audit issues. As is required, she then inquired if committee members were aware of any instances of fraud, alleged or perpetrated, that would have a material impact on the university's financial statements or were aware of any instances of material noncompliance with federal, State, or other regulatory agencies. No committee member stated they were aware of any such instances.

C. Professional Development: Review of AICPA Toolkit for Government Organizations: Audit Committees Roles and Responsibilities, Charter Matrix, and Financial Expertise Considerations of Decision Tree

Chair Moore explained that Accuity, LLP, would be providing the first of a series of professional development sessions planned for the committee, in compliance with statutory requirements that the committee undertake professional development to ensure the financial expertise of the committee as a whole.

Mr. Cory Kubota, with Accuity LLP, provided information on, and an overview of, the primary duties, roles, functions, and responsibilities of both the Committee on Independent Audit as a whole, as well as individual committee members. He highlighted and reviewed some of the key oversight responsibilities of the committee as provided for in statute, such as oversight over various financial matters of the university, internal financial controls at the university, both the external auditor and OIA, and risk management issues. The presentation also provided information on issues including audit committee processes and procedures, financial reporting processes and oversight, legal and regulatory requirements, and considerations that should be taken into account when making financial decisions.

Regent Acoba requested clarification on documents produced by the administration that include an analysis and discussion of the university's annual financial statements, a three-year trend of financial data related to the university, and a listing of all federal funds received by the university and the timing of their distribution to Regents. Mr. Kubota replied that the information referenced is all contained in a document produced by the administration that accompanies the university's annual financial statements that is typically reported on during the committee's December meeting for the previous fiscal year.

Referencing Accuity's statement that the effective date of Governmental Accounting Standards Board Statement No. 87 (GASB 87) regarding leases entered into by universities was deferred, Regent Acoba asked when GASB 87 would take effect. Mr. Kubota replied that GASB 87 was deferred until fiscal years beginning after June 15, 2021. Therefore, the university would be required to implement GASB 87 for the fiscal year ended June 30, 2022.

Regent Acoba asked what the difference was between OIA and Accuity. Mr. Kubota replied that OIA was a unit within the university and its personnel were employees of the university. Accuity, on the other hand, is an external entity that has no direct ties to the university and therefore is considered to be a truly independent auditor.

Chair Moore noted that the statutorily-established responsibilities of the committee are encompassed within the committee's annual work plan. However, he stated that two provisions typically common to other audit committees, including the hiring and financing of its own experts without board approval and the convening of executive sessions with both internal and external auditors without management, is not allowable under Hawaii's statutes or board bylaws. He also provided a brief explanation of the relationship between the university's year-end internal and external financial statements, as well as the differences between the two, and why differences may exist in the way these statements are reported.

Vice-Chair Nahale-a stated that given the recent decrease in the number of Regents and the complexities of the financial issues involved with the committee, the possession of some financial acumen should be given consideration when determining possible future appointments to the board. Chair Moore concurred, adding that it would also be advisable for turnover of the members of the committee to be limited so as to preserve the institutional and financial knowledge gained by serving on the committee.

Regent Acopan left at 12:25 p.m.

E. Whistleblower Report

Internal Auditor Shizumura provided an overview of the whistleblower summary and tracking reports. He noted that some of the cases, particularly those that are human resources related, are dated and may take some time to process due to a variety of reasons.

Regent Wilson noted that there appeared to be significant increases in the number of whistleblower cases for the first quarter of this fiscal year for several campuses when annualized and compared to previous years and inquired as to whether this was COVID-19 related. Internal Auditor Shizumura responded in the affirmative stating that, since August 2020, several of the major units of the university experienced significant increase in whistleblower reports regarding individuals on campus who were not practicing proper social distancing, gathering, or mask-wearing protocols with respect to COVID-19. To date, more than 50 percent of these cases have been resolved.

Regent Westerman asked why complaints made by individuals who are not associated with the university, such as a member of the public who sees an individual on campus not wearing a mask, are considered whistleblower complaints. Internal Auditor Shizumura stated that the whistleblower hotline is open to everyone and is not restricted to use by individuals associated with the university. Therefore, all cases reported to the whistleblower hotline are included in the reports. Chair Moore concurred explaining that while the original intent of the whistleblower hotline was to provide a vehicle for individuals to report serious issues with regard to the university such as

fraud, waste, and illegal activities, it is open to accepting every complaint regardless of the complaint's severity or relevance to the university.

F. Office of Risk Management (ORM) FY 2019 and FY 2020 Annual Reports

VP Gouveia explained that ORM provides advice on risk-related matters; assists in the development of programs, policies, and best practices to reduce the university's total cost of risk; and establishes the university's risk-financing and insurance strategy. It also administers the enterprise-wide workers' compensation program for the university. The vision of ORM is to promote a culture of risk awareness and advance an enterprise risk management process that embeds risk ownership into management activities and decisions at all levels of the institution.

VP Gouveia stated that the university has established a risk financing and insurance strategy that effectively addresses the risks and claims that arise across its ten campus system and reviewed various provisions of the university's risk management program including types of liability coverages and summarized claims associated with each of these areas. She also noted expenditures incurred by the university in obtaining legal advice and other expert services on non-claim-related matters. Mr. Neal Nakashima, Senior Vice-President of Marsh LLC Insurance Brokers, added that management liability issues did not only encompass employment liability matters but also includes educator legal liability matters including claims of a failure to properly educate an individual.

Regent Acoba noted that tort claims, settlements, and judgments comprised three percent of the payments made by the university. He further noted that legal fees and other costs comprised the remaining 97 percent of payments, and asked for a description of these costs. VP Gouveia replied that the data in the report only reflects expenditures from the Risk Management Special Fund, which typically is limited to legal fees. Judgments and settlements are usually paid by the insurance carrier and, therefore, are excluded from the report. As a result, the percentages do not accurately reflect the true cost of a claim. Moving forward, the administration will likely remove this datapoint to provide more clarity to the report.

Regent Acoba asked if the university must request legislative approval of, and appropriations for, settlements through claims against the State legislation that is introduced each legislative session. VP Gouveia responded that the university no longer must request legislative approval for settlements and judgments with respect to tort claims and has not done so since approximately 2001 which is one reason that the university established ORM and its risk management program.

Stating that the university has a \$500,000 self-insurance reserve, Regent Acoba asked if consideration has been given to preparations for any future claims that may be COVID-19 related. VP Gouveia responded in the affirmative noting that the administration has consulted with Marsh LLC Insurance Brokers to ensure that the university's policies cover COVID-19 related claims and if not, whether the university should obtain additional coverage to cover these claims. She stated that the administration did inquire about the possibility of obtaining general pandemic insurance

but that the administration determined obtaining such coverage was cost-prohibitive. Mr. Nakashima added that from a workers' compensation standpoint, it is still unknown as to whether or not exposure to COVID-19 is compensable and discussions continue on this matter within the insurance industry but noted that most insurance carriers have communicable disease exclusion provisions within their insurance policies. He stated that from a third-party standpoint, individuals must prove negligence on the part of the university with regard to COVID-19 to file a claim but that under the university's current policies, claims of this sort would be paid if negligence by the university in maintaining a clean environment is substantiated.

V. ADJOURNMENT

There being no further business, Regent Wilson moved to adjourn, seconded by Regent Higaki, and with all members present voting in the affirmative, the meeting was adjourned at 12:59 p.m.

Respectfully Submitted,

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents



UNIVERSITY
of HAWAI'I
SYSTEM

UNIVERSITY OF HAWAII
BOARD OF REGENTS

Kalbert K. Young
Vice President for Budget and Finance
Chief Financial Officer

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OCT 15 10:18
November 24, 2020

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TO: Benjamin Asa Kudo
Chairperson, Board of Regents

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

Randolph G. Moore
Chair, Committee on Independent Audit
Board of Regents

VIA: David Lassner
President

FROM: Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: University of Hawai'i Audited Financial Reports for the Year Ended
June 30, 2020

Attached are the University of Hawai'i (UH) audited financial reports for the year ended June 30, 2020. These reports are for review and acceptance at the Independent Audit Committee meeting on December 3, 2020.

These reports have been completed by Accuity LLP to satisfy annual audit requirements and expectations. The UH audited financial reports for the year ended June 30, 2020 are officially provided to the Board of Regents as a draft and subject to Board acceptance before designated as final. Both Mr. Cory Kubota and Ms. Jamie Asato, CPA's of Accuity LLP, will be attending the Committee meeting to present these reports and anticipate responding to any inquiries members may have.

Attachments:

1. Required Communications (Audit of the Financial Statements)
 2. Financial Statements, Required Supplementary Information, and Other Supplementary Information
 3. Supplemental Information – Campus Schedules
- c: University Internal Auditor (w/o Attachments)
Associate VP Budget & Finance/University Controller (w/o Attachments)



ACCUITY

UNIVERSITY OF HAWAI'I

REQUIRED COMMUNICATIONS

December 3, 2020

**Report to the Board of Regents
Committee on Independent Audit
Financial Statement Audit
Year Ended June 30, 2020**

Financial Statement Highlights

Changes to the Financial Statements

- Discrete presentation
- The Research Corporation of the University of Hawai'i (the "Research Corporation") is excluded as it is not a significant component unit
- The University of Hawai'i Foundation (the "Foundation") financial information is separately presented

We bring the following items to your attention from the 2020 financial statements:

- Revenue Trends
 - Tuition revenue remained relatively consistent as enrollment declines were offset by tuition rate increases.
 - Federal CARES Act program revenue approximated \$5 million.
 - State appropriations for general operations and capital projects increased by 1.2% and 52.1%, respectively, as a result of collective bargaining agreement increases and increases in State funded capital projects.

Financial Statement Highlights



Pension and Other Post Employment Benefit (“OPEB”) Liabilities

- The University continues to record its proportionate share of the State’s actuarially determined net pension and OPEB liabilities. In 2020, the University’s net pension and OPEB liabilities increased by approximately \$95 million and \$2 million, respectively.

Required Communications

An integral part of the audit process is to ensure that the Audit Committee receives information regarding the scope and the results of the audit. Various communication requirements pertaining to the conduct of an audit are incorporated in auditing standards generally accepted in the United States of America to enhance the information flow and to assist the Audit Committee in discharging its oversight responsibility. We acknowledge our responsibility to communicate to the Audit Committee any accounting, auditing, internal control, or other matters that we believe warrant your consideration or action and have set forth below our required communications.

Matter to be communicated	Our response
<p>Auditors' responsibility for conducting the audit in accordance with auditing standards generally accepted in the United States of America</p> <p>The auditors should communicate the level of responsibility assumed for fraud and illegal acts, whether the financial statements are free of material misstatement, whether caused by error or fraud, and whether management's assessment of the effectiveness of the University of Hawai'i's (the "University") internal control over financial reporting is fairly stated in all material respects.</p>	<p>We performed the audit according to the planned scope and timing in Contract No. C180086:</p> <ul style="list-style-type: none">• Financial Audit<ul style="list-style-type: none">• Financial statement audit and supplemental schedules• OMB Uniform Guidance Audit<ul style="list-style-type: none">• The federal compliance audit is still ongoing and will be presented in early 2021 <p>We did not audit the assets, liabilities, revenues or expenses of the University of Hawai'i Foundation (the "Foundation"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.</p> <p><i>(Continued on next page)</i></p>

Required Communications

Matter to be communicated	Our response
<p>Auditors' responsibility for conducting the audit in accordance with auditing standards generally accepted in the United States of America</p> <p><i>(Continued from the previous page)</i></p>	<p>Our primary responsibility as the independent auditors is to evaluate and report on the fairness of the financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p>Our audit was conducted in accordance with U.S. generally accepted auditing standards and was designed to obtain reasonable, but not absolute assurance, of detecting errors and irregularities that are material to the financial statements. Our audit does not relieve management or those charged with governance of their responsibilities.</p> <p>We are prepared to issue an unmodified ("clean") opinion on the 2020 financial statements.</p>

Required Communications

Matter to be communicated	Our response
<p>Significant accounting policies, including critical accounting policies, and the auditors' judgment about the quality of accounting principles</p> <p>The auditors should determine that the Audit Committee is informed about the initial selection of and changes in significant accounting policies or their application, methods used to account for significant, unusual transactions, and the effect of significant accounting policies.</p> <p>The Audit Committee should be informed of the auditors' judgment about the quality of the University's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.</p> <p>The Audit Committee should be informed of the critical accounting policies applied in the financial statements and the auditors' assessment of management's disclosures regarding such policies and practices.</p>	<p><u>New Significant Accounting Policies</u> There were no significant changes in the application of accounting policies during 2020.</p> <p><u>Significant Financial Statement Presentation Change</u> During 2020, the University made the following significant financial statement presentation change:</p> <ul style="list-style-type: none">• Discrete presentation of the financial statements <p><u>Quality of Accounting Policies</u> The University's significant accounting policies are disclosed in Note 1, and we believe they are appropriate and consistent with U.S. generally accepted accounting principles.</p>

Required Communications

Matter to be communicated	Our response
<p>Management judgments and accounting estimates</p> <p>The Audit Committee should be informed about the process used by management in formulating sensitive accounting estimates and about the auditors' conclusions regarding the reasonableness of those estimates.</p>	<p>We reviewed management's methodologies and processes for developing significant estimates, which included:</p> <ul style="list-style-type: none">• Allowance for uncollectible accounts and loans receivable• Useful lives of depreciable assets• Reserves for self-insured exposures• Asset retirement obligations• Pension and other postemployment benefits• Reserves for litigation-related contingencies• Valuation of investments• Classification of current vs. noncurrent assets and liabilities
<p>Audit adjustments</p> <p>All significant financial statement adjustments arising from the audit or proposed during the audit and any uncorrected misstatements that were deemed immaterial by management individually and in the aggregate should be communicated to the Audit Committee.</p>	<p>There were two reclassifying entries made during the current year, which are listed on page 12.</p> <p>Refer to summary of uncorrected misstatements on page 13.</p> <p>The de minimis threshold used to evaluate unadjusted differences was \$3.0 million for the year ended June 30, 2020.</p>

Required Communications

Matter to be communicated	Our response
<p>Potential effect on the financial statements of any significant risks and exposures</p> <p>The Audit Committee should be informed of major risks and exposures facing the University and how they are disclosed.</p>	<p>Significant risks and exposures are adequately disclosed in the financial statements.</p>
<p>Material uncertainties related to events and conditions, specifically going concern issues</p> <p>The Audit Committee should be informed of any doubt regarding the ability to continue as a going concern and any other material uncertainties.</p>	<p>None noted.</p>
<p>Other information in documents containing audited financial statements</p> <p>The auditors' responsibility extends to reviewing information presented in documents containing audited financial statements to ensure other information is not materially inconsistent with the financial statements.</p> <p>The auditors should communicate any procedures performed relating to supplementary information included in documents containing audited financial statements.</p>	<p>None noted.</p>

Required Communications

Matter to be communicated	Our response
<p>Disagreements with management</p> <p>The auditors should discuss any disagreements with management about auditing, accounting or disclosure matters that individually or in the aggregate could be significant to the financial statements, management’s assessment of internal control over financial reporting, the effectiveness of internal control, or the auditors’ report.</p>	<p>There were none.</p>
<p>Consultations with other accountants</p> <p>When the auditors are aware that management has consulted with other independent accountants on significant audit or accounting matters, the auditors’ view about the subject should be communicated to the Audit Committee.</p>	<p>We are not aware of any consultations with other independent accountants.</p>
<p>Major issues discussed with management prior to retention</p> <p>The Audit Committee should be informed of major accounting or auditing issues including discussions regarding the application of accounting principles and auditing standards discussed with management prior to our retention as auditors.</p>	<p>No issues were discussed.</p>

Required Communications

Matter to be communicated	Our response
<p>Difficulties encountered in performing the audit</p> <p>The Audit Committee should be informed of serious difficulties encountered in dealing with management related to performance of the audit.</p>	<p>None noted.</p>
<p>Internal control deficiencies</p> <p>The Audit Committee should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</p>	<p>We did not identify any matters that we consider to be material weaknesses in internal control over financial reporting.</p> <p>We noted other matters involving internal control and its operation, which will be communicated in our Internal Control and Business Issues Report.</p>
<p>Fraud and illegal acts</p> <p>The Audit Committee should be informed of any fraud or illegal acts involving senior management or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist. The auditors should also discuss any illegal acts coming to their attention involving senior management and other illegal acts unless clearly inconsequential.</p>	<p>We did not identify any instances of fraud or illegal acts involving senior management or acts that would have a material impact on the 2020 financial statements.</p>

Required Communications

Matter to be communicated	Our response
<p>Representations requesting from management</p> <p>The Audit Committee should be informed of the representations that the auditors are requesting from management.</p>	<p>Copies of the management representation letters are available upon request.</p>
<p>Independence</p> <p>The auditors should communicate with the Audit Committee all relationships between the Firm and the University that, in our professional judgment, may reasonably be thought to bear on our independence.</p>	<p>Our contract with the University also included assistance with the preparation of the financial statements and the related notes based on the information provided by management. These nonaudit services do not constitute an audit under <i>Government Auditing Standards</i> and management has accepted responsibility for the nonaudit services. In our professional judgment, we believe that our independence has not been impaired with respect to this matter.</p> <p>We confirm that we are independent of the University and its affiliated entities.</p>
<p>Other material written communications</p> <ul style="list-style-type: none"> • Engagement letter/audit contract. • Management representation letter. • Reports on observations and recommendations on accounting, auditing, internal controls, or operational matters. 	<p>The following written communications will be or have already been exchanged between management and Accuity and are available for the Audit Committee’s review:</p> <ul style="list-style-type: none"> • Audit Contract No. C180086 • Management representation letter <p>The Internal Control and Business Issues Report will be presented at the next Audit Committee meeting.</p>

Required Communications

Matter to be communicated	Our response
<p>Representations requesting from management</p> <p>The Audit Committee should be informed of the representations that the auditors are requesting from management.</p>	<p>Copies of the management representation letters are available upon request.</p>
<p>Other matters</p> <p>The auditors should communicate with the Audit Committee any other matters of audit significance.</p>	<p>The required supplementary information (“RSI”) has been subjected to certain limited procedures, including inquiries with 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 financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p> <p>We were engaged to report on the supplementary bond schedules which accompany the financial statements but are not RSI. The supplementary information accompanying the financial statements 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.</p>

Required Communications

Access to the Committee

Although our principal forum for discussions with the Audit Committee are our scheduled committee meetings, we confirm we have access to the Audit Committee and its individual members and that we will advise you between such meetings when matters arise which we believe warrant your attention. We are always available to discuss any matters of interest or concern with the Audit Committee.

Reclassifying Journal Entries

(Amounts in thousands)

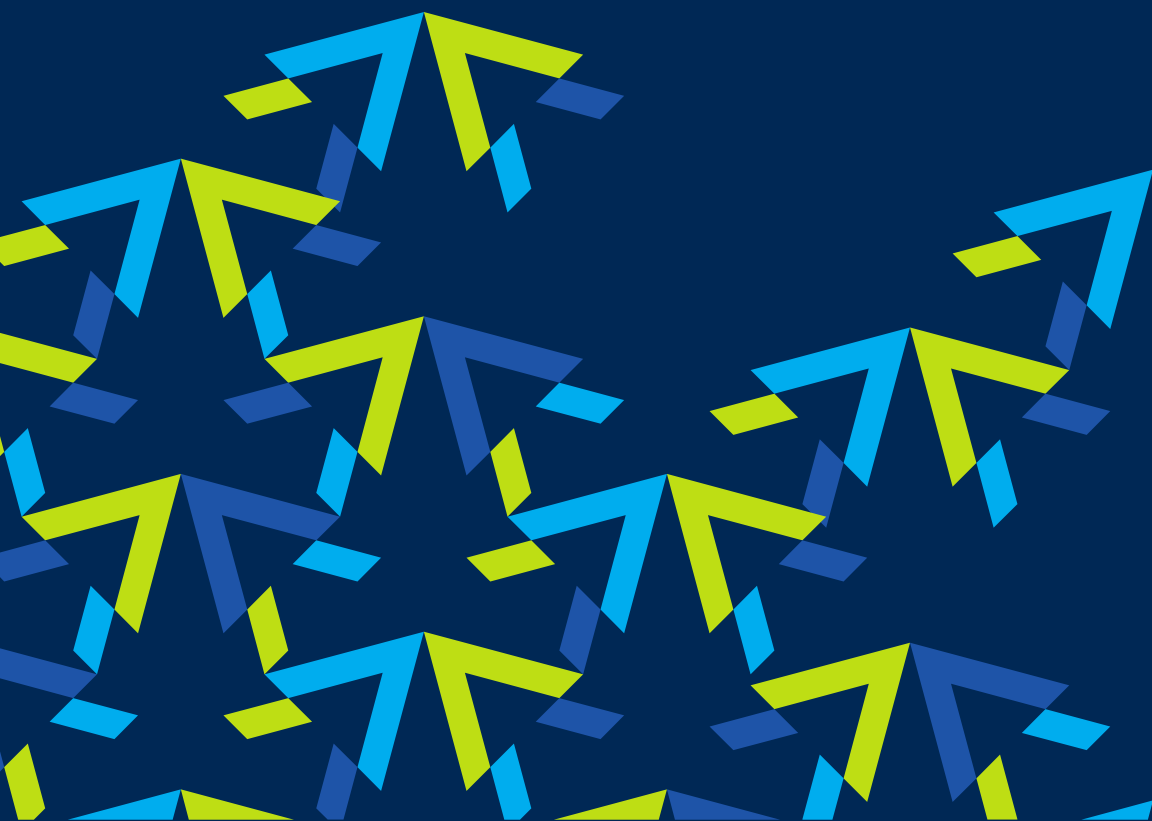
Reclassifying Journal Entry #1		
Dr.	Due to RCUH	18,069
Cr.	Accounts payable	14,245
Cr.	Accrued payroll	3,824
<i>To reclassify due from RCUH related accruals required for discrete presentation.</i>		

Reclassifying Journal Entry #2		
Dr.	Federal appropriations, grants and contracts	4,609
Cr.	Federal CARES Act program	4,609
<i>To reclassify CARES Act revenue as nonoperating.</i>		

Summary of Unadjusted Differences

(Amounts in thousands)

Unadjusted Difference #1		
Dr.	Compensation and benefits	7,588
Cr.	Accrued payroll and fringe benefits	7,588
Dr.	Due from State of Hawai'i – current	7,588
Cr.	Net transfers from State of Hawai'i	7,588
Dr.	Accounts receivable, net	834
Cr.	Federal appropriations, grants and contracts	834
<p><i>To properly state accrued payroll, State appropriations, and Federal appropriations as of and for the year ended June 30, 2020.</i></p>		



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UNIVERSITY of HAWAII®
SYSTEM

**2020 Annual Financial Report,
Required Supplementary Information
and Other Supplementary Information
University of Hawai'i
State of Hawai'i**



University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
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Report of Independent Auditors

To the Board of Regents of the
University of Hawai'i

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Hawai'i (the "University"), a component unit of the State of Hawai'i, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the accompanying index.

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 an opinion on these financial statements based on our audits. We did not audit the financial statements of the University of Hawai'i Foundation (the "Foundation"), which represent 14.3 percent and 14.5 percent, respectively, of the total assets and deferred outflows of resources and 0.7 percent of the total operating revenues of the University as of and for the years ended June 30, 2020 and 2019. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Foundation as of and for the years ended June 30, 2020 and 2019, are based solely on the reports of the other auditors. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University and its discretely presented component unit as of June 30, 2020 and 2019, and the changes in financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2020, the University elected to change the presentation of its financial statements. The change was applied retrospectively to 2019. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the proportionate share of the net pension liability, pension contributions, changes in net OPEB liability and related ratios, and OPEB contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Honolulu, Hawai'i
December 3, 2020

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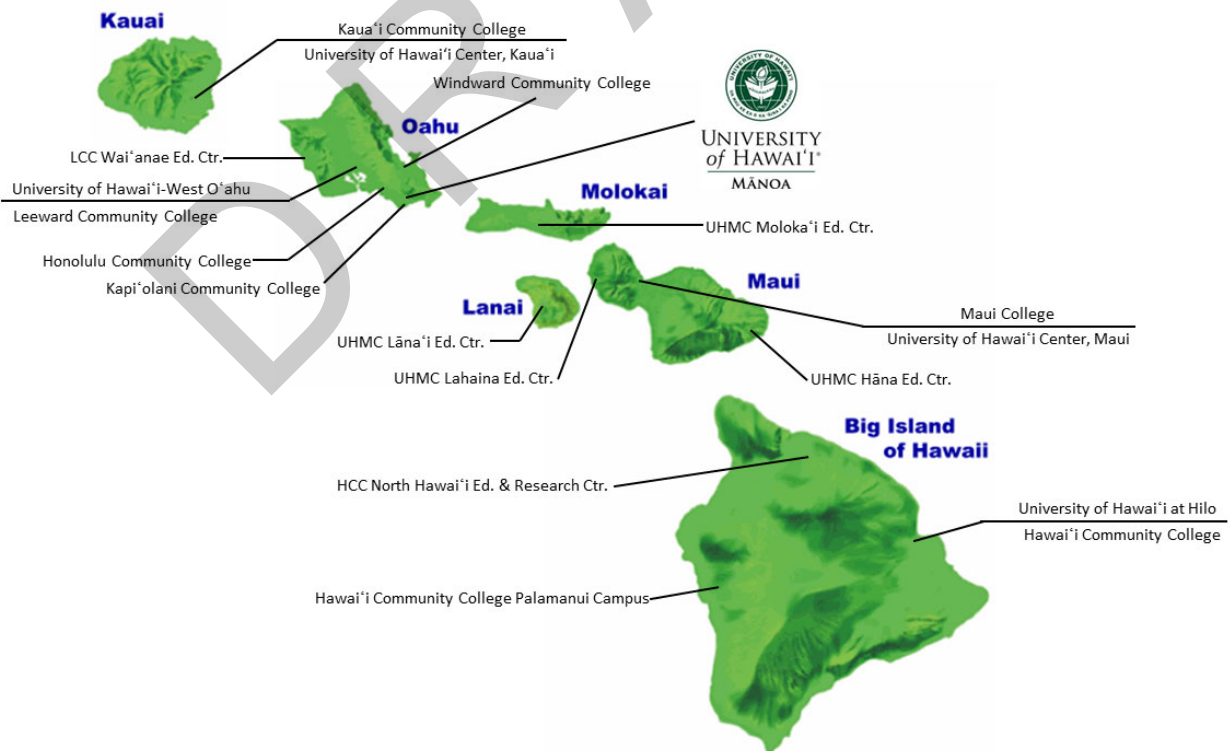
Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Hawai'i (the "University") for the years ended June 30, 2020 and 2019, with selected information for the year ended June 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1907 under the auspices of the Morrill Act, the University is a land-grant, sea-grant and space-grant institution and a 10-campus system comprised of a major research university (UH-Mānoa), two baccalaureate campuses (UH-Hilo and UH-West O'ahu), seven community colleges (Hawai'i, Honolulu, Kapi'olani, Kaua'i, Leeward, Maui and Windward), and nine educational centers distributed across the State.

The University is the sole public higher education system within the State and, therefore, has a unique competitive position and value in Hawai'i. Furthermore, the University is the only truly integrated higher education system in the country that seamlessly arranges its universities and community colleges into one system. Other public higher education systems in the country are typically separate and distinct systems defined by the type of system (community colleges, junior colleges, and universities).

In addition to being an integrated higher education system, the University distinguishes itself through its Hawai'i, Asian and Pacific orientation and its position as one of the world's foremost multicultural centers for global and indigenous studies. Students are members of a population in which no one ethnic group constitutes a majority, and the educational experience is enriched by the diversity of cultures represented.



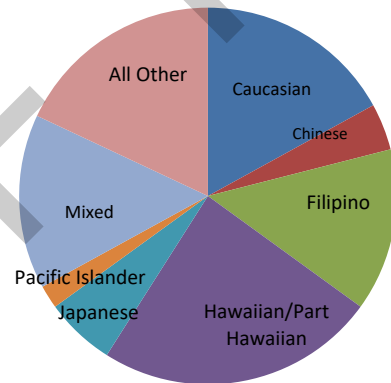
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Students	Academic Year 2020	Academic Year 2019	Academic Year 2018
Undergraduate	44,278	44,564	46,375
Graduate	5,316	5,413	5,299
Total	49,594	49,977	51,674

Type of Degrees Awarded	724
Certificates: Community Colleges	171
Certificates: University	127
Associate degrees	127
Bachelor's degrees	146
Master's degrees	92
Doctoral degrees	57
Professional degrees	4

Residency	
Hawai'i	84%
Mainland	11%
U.S Affiliated	1%
Foreign	4%

Student Diversity (full time Students)	
Caucasian	17%
Chinese	4%
Filipino	14%
Hawaiian/Part Hawaiian	24%
Japanese	6%
Pacific Islander	2%
Mixed	15%
All Other	18%



Total Revenues (\$ in thousands)	Fiscal Year 2020	% of Total	Fiscal Year 2019	Fiscal Year 2018
Net tuition and fees	\$ 263,459	14%	\$ 262,063	\$ 259,205
Contracts and grants (including Pell grants)	457,682	24%	457,902	453,164
State appropriations	512,608	27%	506,399	485,153
Transfer from State for fringe benefits	304,701	16%	286,479	255,311
Sales and services	113,511	6%	130,346	128,241
Capital State appropriations	203,765	10%	133,996	184,103
Others	62,208	3%	56,152	45,093
Total	\$ 1,917,934	100%	\$ 1,833,337	\$ 1,810,270

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Using the Financial Statements

The University's financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles, which establish standards for external financial reporting for public colleges and universities. The University's financial statements are comprised of the following four components:

- **Statements of Net Position** – The Statements of Net Position presents information on the University's assets, deferred outflow of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the University's financial condition is improving or deteriorating. Net position increases when revenues exceed expenses, or when assets and deferred outflows of resources increase without a corresponding increase in liabilities and deferred inflows of resources. This is an indication of improving financial condition. However, when expenses exceed revenues, or when liabilities increase without a corresponding increase in assets, there is an indication of deteriorating financial condition.
- **Statements of Revenues, Expenses, and Changes in Net Position** – The Statements of Revenues, Expenses, and Changes in Net Position present the University's revenues and expenses and illustrate how current year activities improve or weaken the University's financial condition. Changes in net position are reported when the underlying event occurs (accrual basis of accounting), which may be different from actual cash flows. In accordance with GASB requirements, certain significant revenues budgeted for fundamental operational support of the core instructional mission of the University must be recorded as nonoperating revenue, including state educational appropriations, private gifts, and investment income. Consequently, the Statements of Revenues, Expenses, and Changes in Net Position distinguish operating from nonoperating revenues and expenses. It is anticipated that the University will consistently report an operating loss since certain significant revenue sources relied upon for core operational needs are considered nonoperating revenue.
- **Statements of Cash Flows** – The Statements of Cash Flows distinguish between cash inflows and outflows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities.
- **Notes to Financial Statements** – The notes provide additional information that is essential to a full understanding of the information presented in the financial statements.

Related Entities

The University maintains close relationships with the University of Hawai'i Foundation (the "Foundation") and the Research Corporation of the University of Hawai'i (the "Research Corporation"). The Foundation is a not-for-profit organization established to solicit and manage funds for the benefit of the University and the Research Corporation provides administrative support services for research and training programs of the University. Both entities are considered to be component units of the University under GASB standards, however, only the Foundation's financial information is discretely presented in the University's accompanying financial statements. The Research Corporation was excluded from the University's financial statements due to insignificance.

Management's interpretation of the presentation of the University's component units under GASB Statement No. 61 was updated in fiscal year 2020. Prior to fiscal year 2020, both the Foundation and the Research Corporation were blended into the University's financial statements. Presenting the Foundation as a discretely presented component unit is a common method among similar public colleges

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and universities with a legally separate foundation. This change has been applied retrospectively to the 2019 and selected 2018 information in this discussion and analysis.

The Foundation prepares stand-alone financial statements in accordance with the Financial Accounting Standards Board ("FASB") standards. Under FASB standards, certain revenue recognition and financial statement presentation requirements differ from GASB, however, no modifications have been made to the Foundation's financial information included in the University's financial report to account for these differences.

Financial Position

The Statements of Net Position presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either expendable or nonexpendable. The University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2020, 2019 and 2018 are summarized as follows (in thousands of dollars):

	2020	2019	2020 vs 2019 Change	2018	2019 vs 2018 Change
Current assets					
Cash and operating investments	\$ 457,777	\$ 435,411	\$ 22,366	\$ 397,333	\$ 38,078
Receivables, net	102,021	113,892	(11,871)	107,184	6,708
Other current assets	19,422	19,173	249	21,190	(2,017)
Total current assets	579,220	568,476	10,744	525,707	42,769
Noncurrent assets					
Endowment and other investments	101,647	102,807	(1,160)	102,163	644
Capital assets, net	2,183,025	2,149,722	33,303	2,114,726	34,996
Other noncurrent assets	490,020	423,910	66,110	439,326	(15,416)
Total assets	3,353,912	3,244,915	108,997	3,181,922	62,993
Deferred outflows of resources					
Deferred outflows on net pension and OPEB liability and other	476,676	506,412	(29,736)	528,105	(21,693)
Total deferred outflows of resources	476,676	506,412	(29,736)	528,105	(21,693)
Total assets and deferred outflows of resources	\$ 3,830,588	\$ 3,751,327	\$ 79,261	\$ 3,710,027	\$ 41,300
Current liabilities	\$ 250,030	\$ 261,343	\$ (11,313)	\$ 254,996	\$ 6,347
Noncurrent liabilities					
Revenue bonds payable	467,795	487,490	(19,695)	506,655	(19,165)
Net pension liability and other postemployment benefits	3,593,590	3,496,296	97,294	3,432,462	63,834
Other noncurrent liabilities	110,698	119,689	(8,991)	127,700	(8,011)
Total liabilities	4,422,113	4,364,818	57,295	4,321,813	43,005
Deferred inflows of resources					
Deferred inflows on net pension and OPEB liability	40,708	69,279	(28,571)	53,497	15,782
Total deferred inflows of resources	40,708	69,279	(28,571)	53,497	15,782
Net position					
Net investment in capital assets	1,671,445	1,620,054	51,391	1,593,172	26,882
Restricted					
Nonexpendable	10,493	10,493	-	10,493	-
Expendable	498,211	427,654	70,557	404,093	23,561
Unrestricted	(2,812,382)	(2,740,971)	(71,411)	(2,673,041)	(67,930)
Total net position	(632,233)	(682,770)	50,537	(665,283)	(17,487)
Total liabilities, deferred inflows of resources and net position	\$ 3,830,588	\$ 3,751,327	\$ 79,261	\$ 3,710,027	\$ 41,300

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Current Assets and Liabilities

Working capital is a good measure of both the University's efficiency and financial health. Positive working capital means that the University has current assets in excess of current liabilities and is able to pay off short-term obligations. A working capital deficit would mean that the University is unable to meet its short-term obligations with existing current assets.

The University recorded an increase in working capital the last three fiscal years, which resulted mainly from the implementation of the new financial management policy. In November 2013, the University adopted a financial reserve policy to establish systemwide operating reserves from non-general fund revenue in amounts sufficient to provide continued operations for at least two months with a minimum of 5.0 percent unencumbered cash from all tuition and fee funds, special funds, and revolving funds. At June 30, 2020, 2019 and 2018, working capital amounted to \$329.2 million, \$307.1 million and \$270.7 million, respectively. The University is committed to maintaining a prudent level of working capital to fund operations, including pre-funding our extramural grants which are mostly paid on a cost reimbursement basis. Based on the \$1.7 billion of operating expenses (excluding depreciation) for the year ended June 30, 2020, the working capital at year end represents approximately 68 days of operating funds, as compared to 62 and 59 days of operating funds in 2019 and 2018, respectively.

The components of the University's current assets and liabilities and their fluctuations during the three-year period are as follows:

- Current assets consist primarily of cash and cash equivalents, operating investments, and net receivables. Total current assets were \$579.2 million, \$568.5 million and \$525.7 million at June 30, 2020, 2019 and 2018, respectively. Total current assets increased by \$10.7 million, or 1.9 percent, at June 30, 2020, primarily due to a \$9.0 million increase in cash and cash equivalents and \$46.3 million increase in operating investments. The cash increase was attributable to the University implementing various cost control initiatives, including personnel cost reductions, which started in 2018. The operating investments increase was due to the University investing excess cash into government obligations. Total current assets increased by \$42.8 million, or 8.1 percent, at June 30, 2019, primarily due to an increase in operating investments. The University implemented various cost control initiatives which started in 2018, that provided for excess funds available for investment in the University's operating investment pool.
- Current liabilities consist primarily of accounts payable, accrued payroll and fringe benefits, advances from sponsor, and unearned revenue. Current liabilities also include amounts due to the State of Hawai'i, the current portion of long-term liabilities, and other current liabilities. Total current liabilities were \$250.0 million, \$261.3 million and \$255.0 million at June 30, 2020, 2019 and 2018, respectively. Total current liabilities decreased by \$11.3 million, or 4.3 percent, at June 30, 2020, as a result of the timing of payments to vendors, as well as a decrease in unearned tuition revenue. Unearned tuition revenue decreased due to the deadline extension for fall 2020 enrollment. In fiscal year 2019, total current liabilities increased by \$6.3 million, or 2.5 percent, at June 30, 2019, primarily due to the increase in accounts payable and accrued payroll. Accounts payable increased as a result of the timing of cash disbursements and the increase in accrued payroll was due to the year-over-year increases in compensation and benefits expense.

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Endowment and Other Investments

The University's endowment and other investments consist of the University's endowment pool, the Associated Students of the University of Hawai'i endowment, and unspent bond proceeds. The aggregate investment balance remained relatively consistent in fiscal years 2020 and 2019.

The University's endowment funds consist of both permanent endowments and funds functioning as endowments (quasi-endowment funds). Permanent endowment funds are funds received from donors or other outside agencies with the stipulation that the principal be inviolate and invested in perpetuity for the purpose of producing present and future income which may either be expended for the purposes specified by the donor or added to principal. Quasi-endowment funds are funds which the Board of Regents, rather than a donor or other outside agency, has allocated for long-term investment purposes. The Board of Regents, in accordance with its policies, is not required to maintain the quasi-endowment principal in perpetuity. Quasi-endowment funds are further categorized as restricted and unrestricted. Restricted quasi-endowment funds represent donor-restricted gifts, without the requirement to maintain the principal in perpetuity. Unrestricted quasi-endowment funds represent unrestricted funds designated by the Board of Regents for long-term investment purposes.

Programs supported by the University's permanent and quasi-endowment funds include scholarships, fellowships, professorships, research efforts, and other important programs and activities. The University uses its endowment to support academic and research programs by generating a predictable stream of annual support for current needs, while preserving the purchasing power of the endowment funds for future periods.

The spending rate policy for the University's self-managed endowment is to limit the immediate impact that significant changes in the fair value of the endowment portfolio have on annual distributions. The spending rate policy provides for an annual distribution, ranging between 3.0 percent and 5.0 percent of the five-year moving average of the endowment portfolio's fair value. In fiscal years 2020, 2019 and 2018, the University instituted a 4.5 percent distribution rate on restricted and unrestricted endowments. The total restricted and unrestricted distributions available to the University amounted to \$2.8 million, \$2.8 million and \$2.7 million in fiscal years 2020, 2019 and 2018, respectively.

Capital and Debt Activities

The University's capital assets are separated into seven categories: land, buildings, infrastructure, land improvements, equipment, library materials, and construction in progress. At June 30, 2020, 2019 and 2018, total capital assets, net of accumulated depreciation, remained relatively constant at approximately \$2 billion, which represented approximately 65 percent of the University's total assets. Capital asset additions totaled \$171.4 million, \$180.1 million and \$177.8 million in fiscal years 2020, 2019 and 2018, respectively.

Capital asset additions remained consistent in the past three fiscal years due to the number of ongoing strategic capital projects.

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Capital Projects

One of the critical factors in enhancing the quality of the University's academic and research programs and student life enrichment is the development, replacement and renewal of capital assets. The University continues to modernize its older teaching and research facilities, and develops and constructs new facilities.

Significant capital projects completed during fiscal years 2020 and 2019 or in progress as of June 30, 2020 and 2019 include:

- **Coconut Island Marine Laboratory 1 & 2** – The new estimated completion date for the \$21.5 million Coconut Island Marine Laboratory Buildings 1 & 2 renovation project is December 2020. The Hawai'i Institute of Marine Biology at the University of Hawai'i at Mānoa is a world-renowned research institute situated on Coconut Island in the Kāne'ōhe Bay. Coconut Island provides excellent opportunities for research as it covers approximately twenty-nine acres with six acres enclosed in lagoons that are used for keeping organisms in captivity for study. The ongoing research projects on the island cover many disciplines of tropical marine science conducted by researchers from all over the world.
- **Coconut Island Utility Rehabilitation/Replacement** – The \$10 million new sewer and telecommunications infrastructure lines were completed in December 2019. The new infrastructure lines were built roughly forty feet below Kāne'ōhe Bay. Additions to the project scope included upsizing the waterline between Coconut Island and O'ahu and to replacing the existing sewer pump station.
- **Daniel K. Inouye College of Pharmacy** – The \$33.7 million Daniel K. Inouye College of Pharmacy building was completed in December 2019. This project provides a two-story 45,000 square-foot building that consolidates student laboratories, faculty offices, and Student Affairs under a single roof. It also provides faculty and student lounges, private study rooms, and a lecture hall. In addition, the new building includes a simulated mannequin lab which features two highly realistic mannequins that, with the aid of computers, can physically respond to stimuli and upon which students can learn and practice medical procedures before treating real-life patients.
- **William S. Richardson School of Law Clinical Building** – The \$9 million Law School Clinical Building at the William S. Richardson School of Law on the University of Hawai'i at Mānoa campus was completed in November 2019. The new building provides much needed space for the growing clinical services offered by law school students and faculty. Students provide thousands of hours of free legal help to some of Hawai'i's most vulnerable people, including the elderly, troubled and incarcerated youth, veterans and families living at or near poverty levels.
- **University of Hawai'i at Mānoa Life Sciences Building** – The \$65.5 million University of Hawai'i at Mānoa Life Sciences Building was completed in July 2020. This new Life Sciences Building will play a critical role in expanding inter-disciplinary educational and research opportunities for our students and faculty and will provide multi-disciplinary shared spaces that inspire learning and advancement. The building includes teaching and research laboratories, laboratory support spaces, and office spaces for the College of Natural Sciences, biology, microbiology and botany departments along with the Pacific Biosciences Research Center, which operates the state's only transmission electron microscope.

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- **University of Hawai'i West O'ahu Creative Media Building** – The \$34.5 million Creative Media Building at the University of Hawai'i at West O'ahu is estimated to be completed in November 2020. This new design-build project will house the existing Academy of Creative Media ("ACM") program in a 33,000 square foot facility. The building will combine teaching facilities, production facilities, faculty offices, creative workspaces, and an incubator for emerging companies. The building expands the current UH-West O'ahu ACM program from approximately 110 student majors to an anticipated 500 majors.
- **University of Hawai'i at Mānoa Athletic Gymnasiums 1 & 2** – The \$10 million renovation of Athletic Gymnasiums 1 & 2 was completed in July 2019. The project consisted of net zero photovoltaic and roof system and additional thermal insulation for occupants' comfort and to reduce the noise level. The floors, fixed equipment, and electrical equipment were also upgraded.
- **University of Hawai'i West O'ahu Allied Health and Administration Building** – The grand opening for the University of Hawai'i West O'ahu Allied Health and Administration building took place on December 12, 2018. The \$33 million two-story 43,000 square foot building houses the allied health, community health, health information management, long-term care, and biology programs and contains administrative offices, faculty offices, classrooms, and lab spaces. The structure is expected to receive at least a Silver LEED certification because of the motion sensor lighting, solar hot water, and water conservation systems. A one hundred-kilowatt rooftop photovoltaic system design was developed for the building.
- **Leeward Community College Product Development Center Renovation** – The \$14.3 million renovation is a cooperative project between the University and the Department of Agriculture's Agribusiness Development Corporation ("ADC"). The 16,000 square foot facility will include a commercial grade kitchen, flexible classroom space, processing and manufacturing rooms, laboratories, and a public loft space with completion anticipated in May 2022. The product development center will take agricultural items that would normally be wasted and turn it into value-added food products that can be marketed and sold.
- **Leeward Community College "DA Native Hawaiian Center for Excellence"** – The \$7.5 million project was completed in June 2020. Leeward Community College is leading the way in the University's commitment to "support vigorous programs of study and support for the Hawaiian language, history, and culture" with the renovation of the building. Leeward Community College currently has the most Native Hawaiian students enrolled. The renovation added a new ethnobotany/fiber arts lab and classroom and a dance studio.

Financing

The University uses a variety of sources, including federal and state support, revenue bonds, bank loans, gifts, and other expendable resources to finance capital projects.

- **General obligation bonds** – The State of Hawai'i continues to provide strong support to the University and issued general obligation bonds to help finance certain University projects. These bonds are carried as liabilities of the State. In fiscal years 2020, 2019 and 2018, the State appropriated funds directly to the Department of Budget and Finance to pay for debt service on general obligation bonds issued for the University. As a result, the University itself received no appropriations and made no transfers for debt service on general obligation bonds for these fiscal years. In fiscal years 2020, 2019 and 2018, \$126.2 million, \$116.3 million and \$108.0 million, respectively, were appropriated.

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- **Revenue bonds** – The University also issued revenue bonds to finance capital projects. These bonds are carried as liabilities of the University. Total revenue bond liabilities were \$487.5 million, \$506.7 million and \$525.4 million for fiscal years 2020, 2019 and 2018, respectively. The University has appropriated funds, by statute, from the State of Hawai'i Tobacco Settlement Special Fund for the payment of principal and interest on revenue bonds to finance the cost of construction of the medical school facility and received funds for debt service in the amount of \$9.4 million in each of the fiscal years 2020, 2019 and 2018. The University also receives a portion of the State of Hawai'i's cigarette tax revenues, by statute, for the University of Hawai'i Cancer Center to be used for research and operating expenses and capital expenditures. In each of the fiscal years 2020, 2019 and 2018, \$7.9 million from cigarette tax revenues was used to cover debt service for the bonds that financed the University of Hawai'i Cancer Center. Refer to Note 10 for more information regarding the University revenue bonds.
- **Equipment lease obligations** – In November 2017, the University entered into two tax-exempt lease purchase ("TELP") agreements to fund the acquisition of energy conservation measures at the four O'ahu community college campuses (Honolulu, Kapi'olani, Leeward and Windward) and Maui College for \$24.2 million and \$6.3 million, respectively. Purchases were financed with a bank and the proceeds were deposited into an acquisition fund held to provide for future payments. See Note 10 for further information.

Net Position

Net position represents the residual interest in the University's assets after liabilities are deducted. Net position is reported in four major categories: net investment in capital assets, restricted nonexpendable, restricted expendable, and unrestricted. The University's net position at June 30, 2020, 2019 and 2018 is summarized as follows (in thousands of dollars):

	2020	2019	2018
Net investment in capital assets	\$ 1,671,445	\$ 1,620,054	\$ 1,593,172
Restricted – Nonexpendable	10,493	10,493	10,493
Restricted – Expendable	498,211	427,654	404,093
Unrestricted	<u>(2,812,382)</u>	<u>(2,740,971)</u>	<u>(2,673,041)</u>
Total net position	<u>\$ (632,233)</u>	<u>\$ (682,770)</u>	<u>\$ (665,283)</u>

Net investment in capital assets is the University's capital asset, net of accumulated depreciation and the related outstanding debt used to finance the acquisition, construction or improvement of those assets.

The net investment in capital assets increased by \$51.4 million, or 3.2 percent, in fiscal year 2020, primarily due to a net increase in capital assets of \$33.3 million and \$14.2 million in related debt retirement. The net investment in capital assets increased by \$26.9 million, or 1.7 percent, in fiscal year 2019, primarily due to a net increase in capital assets of \$8.1 million and \$19.2 million in capital related debt retirement.

Restricted nonexpendable net position primarily represents the University's permanent endowment funds, which are required to be maintained in perpetuity.

Restricted expendable net position is subject to externally imposed restrictions governing their use.

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The overall increases in restricted expendable of \$70.6 million and \$24.6 million in fiscal years 2020 and 2019, respectively, were primarily due to capital appropriations outpacing capital project expenditures.

Net position that is not subject to externally imposed restrictions governing their use is classified as unrestricted for financial reporting purposes. At June 30, 2020, 2019 and 2018, unrestricted net positions amounted to deficits of \$2.81 billion, \$2.71 billion and \$2.67 billion, respectively. Although unrestricted net position is not subject to externally imposed restrictions, all of the University's unrestricted net positions have been internally designated for various academic and research programs and initiatives, contractual commitments, and capital projects. In addition, unrestricted net positions of \$50.2 million, \$48.2 million and \$46.9 million were designated for endowment activities at June 30, 2020, 2019 and 2018, respectively.

The reduction in unrestricted net positions for the years ended June 30, 2020 and 2019 was caused by the University's required accounting and recognition of the University's allocated share of the State's actuarially determined net pension and OPEB liabilities.

Below is a table showing the unrestricted net position excluding the impact of the net pension and OPEB liabilities (in thousands of dollars):

	2020	2019	2018
Unrestricted net position	\$ (2,812,382)	\$ (2,740,971)	\$ (2,673,041)
Pension	1,509,291	1,399,792	1,308,560
OPEB	<u>1,662,321</u>	<u>1,674,987</u>	<u>1,666,481</u>
Adjusted net unrestricted position	<u>\$ 359,230</u>	<u>\$ 333,808</u>	<u>\$ 302,000</u>

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Results of Operations

The Statements of Revenues, Expenses, and Changes in Net Position represent the University's results of operations for the year. It indicates whether the financial condition of the University improved or deteriorated. For financial reporting purposes, certain significant revenues, including state appropriations, private gifts, and investment income, which are relied upon and budgeted to support the University's core operations, are required to be reported as nonoperating revenues. The University's results of operations for the years ended June 30, 2020, 2019 and 2018 summarized to match revenues supporting core activities with expenses associated with core activities, are as follows (in thousands of dollars):

	2020	2019	2020 vs 2019 Change	2018	2019 vs 2018 Change
Revenues					
Operating					
Tuition and fees	\$ 394,967	\$ 394,952	\$ 15	\$ 393,452	\$ 1,500
Less: Scholarship allowances	(131,508)	(132,889)	1,381	(134,247)	1,358
Grants and contracts	400,970	404,380	(3,410)	397,108	7,272
Sales and services	113,511	130,346	(16,835)	128,241	2,105
Other revenue	910	633	277	673	(40)
Total operating revenues	<u>778,850</u>	<u>797,422</u>	<u>(18,572)</u>	<u>785,227</u>	<u>12,195</u>
Nonoperating					
State appropriations and transfers for fringe benefits	817,309	792,878	24,431	740,464	52,414
Federal Pell grant and CARES Act program	56,712	53,522	3,190	56,056	(2,534)
Net investment income	17,741	18,316	(575)	9,226	9,090
Private gifts	3,873	3,128	745	3,054	74
Total nonoperating revenues	<u>895,635</u>	<u>867,844</u>	<u>27,791</u>	<u>808,800</u>	<u>59,044</u>
Total revenues supporting core activities	<u>1,674,485</u>	<u>1,665,266</u>	<u>9,219</u>	<u>1,594,027</u>	<u>71,239</u>
Expenses					
Operating					
Compensation and benefits	1,333,828	1,304,933	28,895	1,243,688	61,245
Supplies, services and cost of goods sold	172,476	187,498	(15,022)	189,008	(1,510)
Telecom and utilities	65,141	69,309	(4,168)	65,589	3,720
Scholarships and fellowships	37,545	31,749	5,796	34,194	(2,445)
Other expense	98,829	96,447	2,382	89,021	7,426
Total operating expenses	<u>1,707,819</u>	<u>1,689,936</u>	<u>17,883</u>	<u>1,621,500</u>	<u>68,436</u>
Nonoperating revenues (expenses)					
Transfers from State, net	25,755	25,489	266	26,810	(1,321)
Transfers to (from) Federal – capital assets	6,960	87	6,873	(84)	171
Transfers (from) to other State agencies	(247)	269	(516)	(5,924)	6,193
Interest expense	(24,296)	(24,959)	663	(25,335)	376
Total nonoperating revenues, net	<u>8,172</u>	<u>886</u>	<u>7,286</u>	<u>(4,533)</u>	<u>5,419</u>
Expenses associated with core activities before depreciation	<u>1,699,647</u>	<u>1,689,050</u>	<u>10,597</u>	<u>1,626,033</u>	<u>63,017</u>
Loss from core activities before depreciation and amortization	<u>(25,162)</u>	<u>(23,784)</u>	<u>(1,378)</u>	<u>(32,006)</u>	<u>8,222</u>
Depreciation and amortization	<u>132,672</u>	<u>130,153</u>	<u>2,519</u>	<u>127,061</u>	<u>3,092</u>
Expenses associated with core activities including depreciation	<u>1,832,319</u>	<u>1,819,203</u>	<u>13,116</u>	<u>1,753,094</u>	<u>66,109</u>
Loss from core activities	<u>(157,834)</u>	<u>(153,937)</u>	<u>(3,897)</u>	<u>(159,067)</u>	<u>5,130</u>
Other nonoperating activity					
Capital appropriations and grants	210,639	141,206	69,433	187,596	(46,390)
Other expenses, net	(2,268)	(4,757)	2,489	(3,835)	(922)
Other nonoperating income, net	<u>208,371</u>	<u>136,449</u>	<u>71,922</u>	<u>183,761</u>	<u>(47,312)</u>
Increase (decrease) in net position	<u>50,537</u>	<u>(17,488)</u>	<u>\$ 68,025</u>	<u>24,694</u>	<u>\$ (42,182)</u>
Net position					
Beginning of year	<u>(682,770)</u>	<u>(665,282)</u>		<u>(689,976)</u>	
End of year	<u>\$ (632,233)</u>	<u>\$ (682,770)</u>		<u>\$ (665,282)</u>	

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Revenues Supporting Core Activities

The University has a diversified stream of revenues to support its operations. No single source generated more than 30 percent of the total 2020 revenue. State appropriations and tuition and fees are the core components that support the University's instructional and academic programs. Government and nongovernmental grants and contracts provide opportunities for under-graduate and graduate students to participate in basic research with renowned researchers. Private gifts contribute toward the support of the University's instructional and academic initiatives. Sales and services revenues include revenues from educational departments and auxiliary enterprises, including bookstores, student and faculty housing, food services, parking and athletics.

Tuition and fees revenue, net of scholarship allowances, remained relatively consistent in fiscal years 2020 and 2019. Scholarship allowances amounted to \$131.5 million, \$132.9 million and \$134.2 million in fiscal years 2020, 2019 and 2018, respectively.

One of the largest sources of revenue continues to be grants and contracts. Total grants and contracts revenue decreased by \$3.4 million, or 0.8 percent, in fiscal year 2020 and increased by \$7.3 million, or 1.8 percent, in fiscal year 2019. There has been an increasing trend in extramural awards in recent years, however, the year-over-year changes in reported revenues are attributed to the timing of work performed as revenue is recognized when the related expenses are incurred. During fiscal year 2020, the University recognized nonoperating revenue of \$4.6 million associated with the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act").

Sales and services revenues are mainly comprised of bookstores, student and faculty housing, food services, parking, and athletics. In fiscal year 2020, sales and services revenues decreased by \$16.8 million, or 12.9 percent, which was largely due to the impact of COVID-19 which resulted in a loss of revenues. The University also gave prorated refunds of housing and meal plan fees. Sales and services revenues remained relatively consistent in fiscal year 2019.

The State continues to provide strong financial support to the University as the sole public higher education system within the State. General state appropriations increased by \$6.2 million, or 1.2 percent, in fiscal year 2020, and \$21.2 million, or 4.4 percent, in fiscal year 2019. The increase in fiscal year 2020 was primarily attributable to an increased allotment of \$6.3 million primarily related to fund personnel costs. The increase in fiscal year 2019 was primarily attributable to an increased allotment of \$19.5 million for salary increases of 2.82 percent as negotiated by the collective bargaining agreements.

The State also pays for fringe expense for the University's general funded employees. The transfers for fringe expense amounted to \$304.7 million, \$286.5 million and \$255.3 million in fiscal years 2020, 2019 and 2018, respectively. The year-over-year increases were due to rising fringe benefit rates.

The University's net investment income of \$17.7 million in fiscal year 2020 remained relatively consistent compared to \$18.3 million in fiscal year 2019, which increased by \$9.1 million, or 98.5 percent, from fiscal year 2018. The fiscal year 2019 increase was mainly due to the increase in operating investments combined with market growth.

Expenses Associated with Core Activities

The University is committed to recruiting and retaining outstanding faculty and staff and providing compensation equivalent to peer institutions and nonacademic employers. Of the University's operating expenses, approximately 78.1 percent, 77.2 percent and 76.7 percent were related to compensation and benefits during fiscal years 2020, 2019 and 2018, respectively.

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Compensation and benefits went up by \$28.9 million, or 2.2 percent, in fiscal year 2020 and \$61.2 million, or 4.9 percent, in fiscal year 2019. The fiscal year increases were attributable to increases in the University's share of pension and OPEB expense under GASB Statements No. 68 and 75. Additionally, the fiscal year 2019 increase was also impacted by the 2.82 percent salary increase to all University faculty, effective July 1, 2018.

Supplies, services and cost of goods sold expense includes service fees, printing and binding, advertising, dues and subscriptions, controlled property acquisitions, cost of goods sold for resale items, and other miscellaneous operating costs. In fiscal year 2020, such expenses decreased by \$15.0 million, or 8.0 percent, and remained relatively consistent in fiscal year 2019. The fiscal year 2020 decrease was primarily attributable to the impact of COVID-19 as the University suspended certain services and implemented budget cuts for cost-saving measures.

The University is committed to providing affordable yet quality education to its students. To accomplish this goal, student aid is provided in the form of scholarships and fellowships, including tuition and fee waivers applied to student accounts and reflected as reductions and allowances to student tuition and student housing revenues, and scholarship and fellowship payments (mostly academic and athletic) made directly to students.

Total aid to students amounted to \$169,053, \$164,638 and \$168,441 in fiscal years 2020, 2019 and 2018, respectively. The increase of \$4.4 million, or 2.7 percent, in fiscal year 2020 is due to direct student aid provided for under the CARES Act. The decrease in fiscal year 2019 was due to the timing of the scholarship allowance awarded from the additional state funding for the Hawai'i Promise scholarship.

Other operating expenses increased by \$2.4 million, or 2.5 percent, in fiscal year 2020 and \$7.4 million, or 8.3 percent, in fiscal year 2019. The increase in fiscal year 2020 is primarily due to increases in repairs and maintenance by \$7.3 million and bad debt expense by \$5.3 million, offset by a reduction of travel expenses by \$8.4 million. The increase in fiscal year 2019 is primarily due to an increase in repairs and maintenance for the University of \$5.8 million.

The University depreciates its capital assets over their estimated useful lives using the straight-line method. The University also records amortization expense in relation to the deferred outflows of resources for asset retirement obligations. Depreciation and amortization expense increased by \$2.5 million, or 1.9 percent, during fiscal year 2020 and \$3.1 million, or 2.4 percent, in fiscal year 2019. The increases in fiscal years 2020 and 2019 were primarily attributable to increases in depreciable assets relating to buildings and infrastructure.

Transfers from State, net amounted to \$25.8 million, \$25.5 million and \$26.8 million in fiscal years 2020, 2019 and 2018, respectively. Transfers from State were primarily for the tobacco settlement funds paying for John A. Burns School of Medicine revenue bond debt service and the University of Hawai'i Cancer Center cigarette stamp tax collections.

Other Nonoperating Activities

Revenues from other nonoperating activities are generally not used to support the University's current operations and are comprised primarily of capital gifts and grants and additions to permanent endowments. Capital gifts and grants and state capital appropriations and transfers may only be used for the purchase or construction of specified capital assets. While additions to permanent endowments must be retained in perpetuity, investment earnings thereon may be available in future years to support specified programs.

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In fiscal year 2020, capital appropriations and grants, increased by \$69.4 million, or 49.2 percent. The increase in fiscal year 2020 was attributable to an overall increase in capital appropriations from the State to fund various capital projects, including \$40 million for the Sinclair Library renovation. Capital appropriations decreased by \$46.4 million, or 24.7 percent, in fiscal year 2019 primarily due to decreased allotments for maintenance and renewal of capital assets.

Cash Flows

The Statements of Cash Flows present the University's significant sources and uses of cash and cash equivalents, including restricted cash balances. The University's cash is comprised primarily of demand deposits and time certificates of deposit with an original maturity of three months or less. A summary of the University's cash flows for the years ended June 30, 2020, 2019 and 2018 is as follows (in thousands of dollars):

	2020	2019	2020 vs 2019 Change	2018	2019 vs 2018 Change
Cash received from operations	\$ 754,234	\$ 777,594	\$ (23,360)	\$ 754,859	\$ 22,735
Cash payments for operations	(1,279,910)	(1,276,177)	(3,733)	(1,256,658)	(19,519)
Net cash used in operating activities	<u>(525,676)</u>	<u>(498,583)</u>	<u>(27,093)</u>	<u>(501,799)</u>	<u>3,216</u>
Net cash provided by noncapital financing activities	580,141	571,600	8,541	552,412	19,188
Net cash used in capital and related financing activities	(51,262)	(52,012)	750	(47,183)	(4,829)
Net cash provided by (used in) investing activities	<u>(757)</u>	<u>(37,132)</u>	<u>36,375</u>	<u>48,155</u>	<u>(85,287)</u>
Net increase (decrease) in cash	2,446	(16,127)	18,573	51,585	(67,712)
Cash					
Beginning of year	<u>84,087</u>	<u>100,214</u>	<u>(16,127)</u>	<u>48,629</u>	<u>51,585</u>
End of year	<u>\$ 86,533</u>	<u>\$ 84,087</u>	<u>\$ 2,446</u>	<u>\$ 100,214</u>	<u>\$ (16,127)</u>

The net cash received from operating activities decreased by \$23.4 million, or 3.0 percent, in fiscal year 2020 and increased by \$22.7 million, or 3.0 percent, in fiscal year 2019. The decrease in fiscal year 2020 was largely impacted by the adverse impact of the COVID-19 pandemic. The increase in fiscal year 2019 was primarily due to increases in cash received from student tuition and fees, and grants and contracts.

Net cash used in noncapital financing activities remained strong as a result of the financial support from the State. Also, net cash used in capital and related financing activities remained relatively consistent in fiscal years 2020 and 2019 as a result of ongoing capital projects.

The net cash used in investing activities decreased by \$36.4 million in fiscal year 2020 primarily due to relatively flat reinvestment activity compared to the level of net reinvestment activity in fiscal year 2019.

There was a net difference of \$85.3 million in investing activity cash flows in fiscal year 2019 as there was \$37.1 million in net cash used in investing activities in fiscal year 2019 compared to \$48.2 million in net cash provided by investing activities in fiscal year 2018. In fiscal year 2019, there was a net investment of cash as a result of an increase in available funds, whereas the net cash provided by investments in fiscal year 2018 was primarily attributable to the University's investment in \$50 million of time certificates of deposits meeting the criteria to be classified as cash equivalents.

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Looking Forward

The University is the sole provider of public higher education in Hawai'i, known for generating streams of talent, knowledge and social benefits, and has always been at the center of the Hawai'i economic engine. The University's programs attract students and faculty from Hawai'i, the mainland, and many international countries and leverage hundreds of millions of dollars in state, federal and private funding to promote discovery of new knowledge that fuels economic growth.

The University is well recognized for its academic excellence and value in higher education both nationally and internationally.

- *U.S. News and World Report* released its 2021 Best Graduate Schools list that includes:
 - The University of Hawai'i at Mānoa School of Nursing in the top tier, 99 out of 319 schools, for Best Online Graduate Nursing Programs in 2019.
 - The John A. Burns School of Medicine ranked 62th nationally in medical research and 56th in medical primary care among 188 medical schools in America.
 - The William S. Richardson School of Law's evening part-time program ranks 31st in the annual national rankings.
 - The Myron B. Thompson School of Social Work ranked 51st of 262, placing it in the top 25 percent of programs nationally for the past seven years.
 - The part-time Master of Business Administration program (Global MBA, 36-month plan) at the Shidler College of Business ranked 106th among 272 part-time MBA programs that qualified for the ranking.
 - The College of Education is ranked 69th of 393 schools.
- The Community College System was ranked in the top 20 of WalletHub's 2020 list, placing 4th from a sample of 698 schools. WalletHub ranked community colleges based on cost, education and career outcomes.
- The University of Hawai'i at Mānoa ranked 333 on the 2021 Quacquarelli Symonds World University Ranking ("QSWUR"). The QSWUR is the ranking most used and referenced by international students.

The University's strength is further demonstrated through its credit ratings. The University holds an Aa3 with stable outlook by Moody's Investors Service and maintained an AA with stable outlook by Fitch Ratings with both being updated in October 2020. Both credit agencies have cited some of the strong characteristics of the University:

- Dominant provider of higher education and important economic development driver in the State of Hawai'i.
- Strong operating support from the State of Hawai'i.
- Unique academic programming and research, and well-diversified revenue.

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- Low debt burden which reflects strong and growing capital support from the State of Hawai'i.
- Improved cash and investment cushion and reserve.

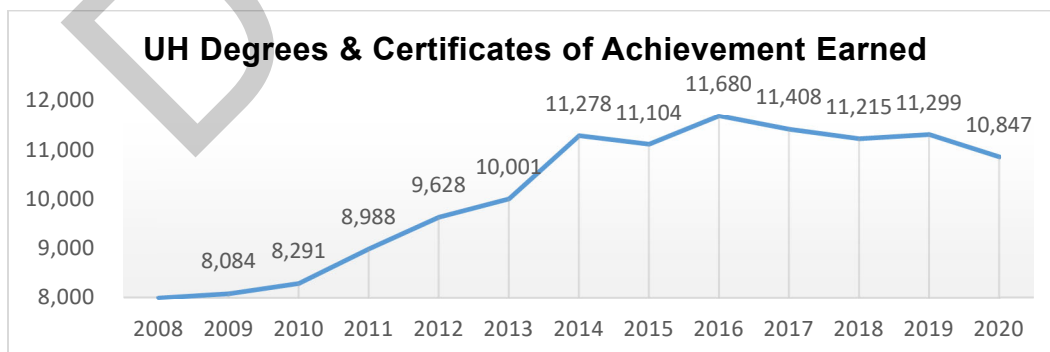
The University is committed to improving the social, economic and environmental well-being of current and future generations. To that end, the University developed and implemented the University of Hawai'i Strategic Directions, 2015–2021, built upon previous work outlined in the Strategic Outcomes and Performances Measures, 2008–2015. This will guide the University's priorities for the next three biennia to achieve the outcomes directed by the Board of Regents.

The strategic directions for the University were updated in October 2018 to reflect the institutional priorities through 2021 as listed below:

- Hawai'i Graduation Initiative.
- Hawai'i Innovation Initiative.
- 21st Century Facilities.
- Mission Focused System.
- High Performing System.

Hawai'i Graduation Initiative

An educated labor force and engaged citizenry are essential in today's global, knowledge-based economy. The State of Hawai'i has set goals to increase the percentage of working age adults with two- or four-year degrees to 55 percent by 2025 (*55 by '25 Campaign*). As the sole provider of public higher education in Hawai'i, the University is doing its part to increase the number of educated citizens within the State. In 2010, the Hawai'i Graduation Initiative ("HGI") was established with a set of goals to increase the graduation rate between 4 percent and 5 percent annually. Because of the focused efforts, the University increased its degrees and certificates of achievement earned by 34 percent since 2009.



As part of the HGI's tactical plans, the *15 to Finish Campaign* was launched to encourage students to take 15 credits per semester (or 30 credits per year) to graduate on time (i.e., in most cases, two years for an associate degree and four years for a bachelor's degree). As a result, 66 percent of all freshmen take 12 or more credits at the community colleges, and more than 90 percent at the four-year campuses.

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According to our analysis, students taking 15 credits per semester had significantly higher retention at all levels of academic preparation.

To further the HGI, the University has developed the *Guided Pathways System* ("GPS") that provides undergraduate students with the optimal path to their destination, i.e., graduation. When students select a new program of study, GPS helps with their registration and creates a path for the students based on where they are and where they want to go and adds in default 15 credit academic maps. With registration through GPS, more students are enrolled in 15 credits per semester.

Another part of the HGI's tactical plan is the Early College program, which is a collaboration between the University and the Hawai'i State Department of Education ("DOE"), offering students the opportunity to take college courses at their high schools while simultaneously earning credit toward both high school and college diplomas. Over 5,200 high school students are participating in a variety of dual credit programs, including Early College, Early Admit, and Jump Start to earn both college and high school credits.

Enrollment and Tuition

UH-Mānoa, UH-West O'ahu, and Kaua'i Community College saw headcount enrollment increases this fall while the entire 10-campus system saw the smallest overall decline since the end of the last recession. In the face of the COVID-19 pandemic and economic fallout, overall enrollment declined 0.8 percent, from 49,977 students in fall 2019 to 49,594 current students, the smallest overall decline since 2012 when enrollment was near record high levels. UH-Mānoa saw a 3.1 percent increase in enrollment to 18,025 students and is the largest enrollment increase and the highest headcount for UH-Mānoa since 2016. First-time freshman enrollment at UH-Mānoa reached 2,184 marking the second straight annual increase and the highest number recorded since fall 1981. The enrollment at UH-West O'ahu reached an all-time high with a record 3,168 students, a 3.9 percent increase from fall 2019. Enrollment at UH's seven community colleges dropped by 3.2 percent overall to 25,236 students but has increased slightly for underserved communities. That is a lower decline than the national decline in college enrollment of 7.5 percent. During the last recession UH community colleges experienced a rapid increase in enrollment, but that increase did not begin at the outset of the recession. As of August 2020, the State unemployment rate was at 12.5 percent, compared to 2.7 percent one year ago.

Due to COVID-19, the University System extended the deadline for enrollment from March 1, 2020 to August 1, 2020 or August 10, 2020 for four-year and Community Colleges, respectively. The System also implemented a modified quarantine program for out-of-state students attending campuses on O'ahu and Kaua'i, including shuttle service from the airport and hotels. Approximately 2,700 high school students graduating with dual credit were offered summer online Community College summer classes, college and career advising, and/or private scholarships. A targeted mailer was sent to encourage adults to re-enroll, which attracted 445 students to return.

Fall census headcount comparisons are as follows:

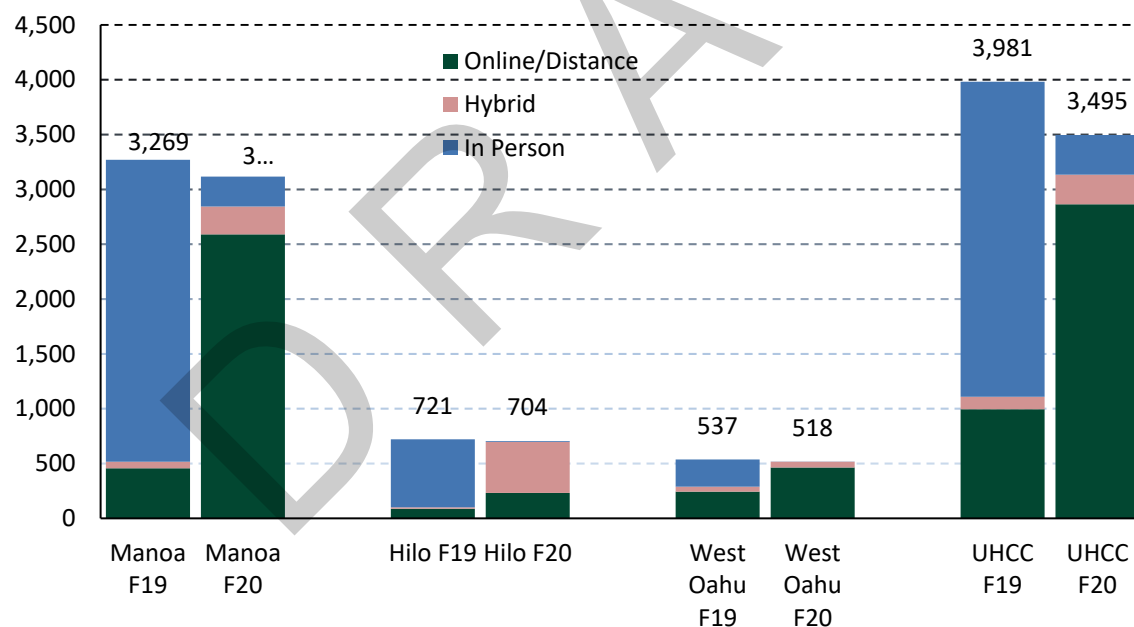
	Fall 2020	Fall 2019	% Change	Fall 2018	% Change
Mānoa	18,025	17,490	3.1	17,710	-1.2
Hilo	3,165	3,372	-6.1	3,406	-1.0
West O'ahu	3,168	3,049	3.9	3,128	-2.5
Community Colleges	25,236	26,066	-3.2	26,819	-2.8
	<u>49,594</u>	<u>49,977</u>	<u>-0.8</u>	<u>51,063</u>	<u>-2.1</u>

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In March 2020, the University suspended in-person classes for the balance of the Spring 2020 semester. Summer 2020 classes were primarily conducted in a distance learning format. The University commenced fall 2020 semester classes with a mixture of online lectures and seminars, and in-person laboratory, clinics, art studio classes, and shops and practicum work in technical education where necessary. University attendance and research are considered essential activities under the Emergency Orders, and in-person attendance is not prohibited. The University is offering approximately 9 percent of its courses as in-person classes in fall 2020, and 8 percent of its courses in a hybrid in person and online combination. Notwithstanding the University has requested students to take as many courses online as possible while staying on track for on-time achievement of degrees and certificates. The University has extensive experience with distance learning and online attendance. For years the University has permitted students on one campus to enroll in classes at other campuses and to view lectures in real time and participate in class discussions remotely.

The mode of instruction for more than 70 percent of the courses offered in the fall semester of 2020 was adjusted to help adhere to the physical distancing requirements related to COVID-19. The affected courses were either moved entirely online or to a hybrid combination of online and in-person instruction.

The University remains committed to providing the high-quality education it is known for and have provided resources to our faculty to help with this transition to online learning.



After several years of moderate tuition increases, in May 2019 the Board of Regents approved a three-year freeze of undergraduate tuition rates at all ten campuses beginning with the 2020–2021 academic year. The new tuition schedule also decreases general graduate student tuition rates at UH-Mānoa. The intent of the freeze is to ensure affordable higher education for the people of Hawai'i while providing stability that will aid student recruitment and retention. It will also increase the competitiveness in the broader higher education landscape.

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Research and Innovation

The University's extramural fund awards include a mix of research and non-research programs that provide financial stability and balance to the University. About 40 to 50 percent of the projects are non-research in nature and are intended for training, workforce development, outreach and community services, clinical trials, and others. The University of Hawai'i at Mānoa, the flagship campus, is ranked by National Science Foundation ("NSF") as 80th among 902 public and private universities for research and development expenditures in fiscal year 2017.

The extramural awards totaled \$450 million in fiscal year 2020, a progressive increase over the previous four years. As we continue to endure the fluctuations in federal funding and work to make adjustments in strategy, we have managed to keep extramural funding relatively stable in the neighborhood of \$400 million over the last ten years. Despite the significant reductions in federal support that have put a strain on research institutions across the county, the University is doing its best to weather the storm through the dedicated efforts of our talented research faculty and support staff. Here are some highlights of fiscal year 2020:

- The School of Ocean and Earth Science and Technology ("SOEST") is the research powerhouse of the University, generating fully one third of the total extramural funding received at UH-Mānoa. In fiscal year 2020, SOEST received \$99.1 million in extramural awards.
- John A. Burns School of Medicine ("JABSOM") worked on a project to gain better understanding of Hansen's Disease is part of Hawai'i's legacy to the world. More recently, it has made contributions in AIDS, in Kawasaki's Disease, and the epidemiology of heart disease. In fiscal year 2020, JABSOM received \$46.5 million in extramural awards.
- The University of Hawai'i Cancer Center is one of only 71 research organizations in the country designated by the National Cancer Institute. In fiscal year 2020, the University of Hawai'i Cancer Center received \$30.1 million in extramural awards.

Facilities and Infrastructure

Improvement and modernization of the University's physical assets are key to delivering the University's strategic directions that strives for 21st century facilities for learning, teaching and research. The University has developed a six-year plan for fiscal years 2020–2025 (the "6-Year CIP Plan") that sets forth a vision of a physical environment that supports and augments the high-quality education and research that takes place at our University. It also presents a coordinated, long-term strategy that (1) prioritizes classrooms, laboratories, and student spaces with a focus on improving the learning and research environment, (2) targets those facilities with the highest utility and poorest conditions through upgrades to the interior/exterior structures, building roofs, mechanical and electrical systems, pedestrian pathways, and roadways, and (3) changes the paradigm on how the University manages its space.

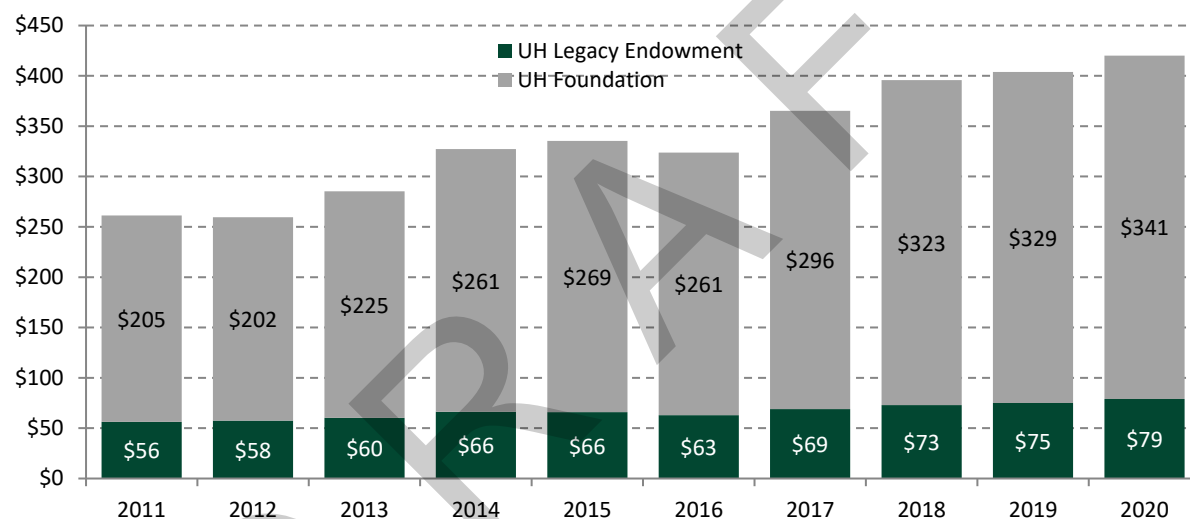
The State of Hawai'i Legislature continued its strong financial support to the University's capital improvement program and provided general obligation bond appropriations with \$329.8 million for fiscal years 2020 and 2021. The University currently has bond issuance authorization through June 30, 2021 for \$100 million for strategic capital projects, \$9.6 million for land acquisition, and \$38 million for parking structure improvements at UH-Mānoa. During October 2020, a revenue bond was issued by the University for \$10 million, specifically for the parking structure major improvements.

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The University continues to strive to meet the demand for modern, university housing at a reasonable cost through P3 (Public, Private Partnerships) Housing Projects. The Atherton Project, which is a partnership with the Foundation and the Hunt Development Group, is expected to house 350 students in a world-class mixed-use space that will include an innovation and entrepreneurship center. The National Oceanic and Atmospheric Administration project is a mixed-use family-oriented rental housing for graduate students, University faculty and staff, at below market rate. This is a partnership with Greystar Development Services and will have approximately 400 individual units.

Fundraising

The University and the Foundation exceeded its \$500 million goal 15 months ahead of schedule. The Foundation received 17,414 donations for over \$84.7 million in fiscal year 2020, despite the impact of COVID-19. Both the University's Legacy Endowment and the Foundation held value despite the economic impact of COVID-19.



State General Fund Appropriations and Impacts of COVID-19

COVID-19, a highly contagious, upper respiratory tract illness caused by a novel strain of coronavirus, is having significant adverse health and financial impacts throughout the world, including the State of Hawai'i. The World Health Organization declared the spread of COVID-19 to be a pandemic, and the Secretary of Health, Education and Welfare of the United States, the Governor of the State of Hawai'i, and the mayors of each county have each declared states of emergency. Since the first case was reported on February 17, 2020, there have been over 16,700 confirmed cases of COVID-19 as of November 16, 2020, in the State of Hawai'i, the majority of confirmed cases having been identified since a "second wave" of infections began in late July 2020.

On March 4, 2020, State of Hawai'i Governor David Y. Ige proclaimed the spread of COVID-19 in Hawai'i to be a disaster, declared a state of emergency in Hawai'i, and announced State responses, including the use of disaster relief funds, to address the spread of COVID-19. The Governor subsequently issued fifteen (15) supplemental proclamations through November 16, 2020, and a series of executive orders closing non-essential business, activities, and government operations for the duration of the public health emergency. On March 17, 2020, the Governor asked visitors to postpone their trips to Hawai'i and then

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implemented a mandatory fourteen (14) day self-quarantine requirement for all persons entering the State, as well as for inter-island travelers. The quarantine requirement for persons entering the State has also been extended, but effective October 15, 2020, under a pre-travel testing program persons who have had an FDA-approved nucleic acid amplification test conducted within 72 hours of departure and can produce a negative test result may enter without having to quarantine. In addition, counties are authorized to approve enhanced movement quarantine areas, such as self-contained resorts, in which self-quarantined persons may freely move within the entire quarantine area.

On July 17, 2020, the State modified this order to permit out-of-state travelers arriving in Hawai'i prior to October 15, 2020 to attend University campuses on O'ahu and Kaua'i who have had negative test results within 72 hours of departure or 48 hours of arrival to modify self-quarantine. These students and other University related personnel may leave self-quarantine to attend classes and other official University activities during the 14-day self-quarantine period.

The spread of COVID-19 and responsive measures have had a negative impact on the State's economy. Economic activity in the State has slowed significantly, due to the closure of non-essential businesses, traveler quarantine requirements, and substantial reduction in visitors to Hawai'i. Airlines have suspended nearly all flights to and from the State and the U.S. Mainland and Asia, resulting in about a 91 percent reduction in air seat capacity. Visitor arrivals to Hawai'i dropped from an average of 30,000 to 35,000 people a day to 200 people a day in March 2020 and have risen slightly to approximately 700-plus people a day beginning in June 2020. In April 2020, 4,564 visitors came to Hawai'i, as compared to 856,250 visitors in April 2019. In August 2020, 22,334 visitors arrived in Hawai'i, as compared to 926,417 visitors in July 2019. In the first eight months of 2020, total visitor arrivals dropped 69.0 percent to 2,201,141. Many of Waikiki's major hotels have closed for the duration of the Emergency Orders through October 2020. O'ahu's hotel occupancy rate in April 2020, the first full month of the quarantine, was 8.0 percent, a 72 percent decline from April 2019. Waikiki's hotel occupancy rate in April 2020 was 5.4 percent. In May 2020, Oahu's hotel occupancy rate was 13 percent, an 84 percent decline from May 2019. Hawai'i's seasonally adjusted unemployment rate has increased from less than 3.0 percent before the COVID-19 pandemic to 13.4 percent in June 2020, before decreasing slightly to 13.1 percent in July 2020.

The impact on State finances has been severe. The State's expenditures to respond to the COVID-19 pandemic were not budgeted, and State tax revenues have declined with the suspension of economic activity. The State Department of Taxation has reported that May 2020 tax collections were likely to be less than 50 percent of May 2019 tax collections. On May 15, 2020, the State Department of Business, Economic Development and Tourism predicted that Hawai'i's economic growth would decline by 12.1 percent in the next year. On May 28, 2020, the State's Council on Revenues predicted that State tax revenues would decrease by 7 percent for the fiscal year ending June 30, 2020 from the fiscal year ended June 30, 2019, and State tax revenues would decrease an additional 12 percent for the fiscal year ending June 30, 2021. On September 9, 2020, the Council on Revenues reduced the projected decrease for the fiscal year ending June 30, 2021 from 12 percent to 11 percent. The amount of the decrease was originally estimated to be approximately \$2.3 billion.

The impact on University finances is expected to be substantial. In response to the COVID-19 pandemic, the federal government recently enacted the CARES Act, which created the Coronavirus Relief Fund for State and Local Governments. The U.S. Treasury Department is distributing \$150 billion to state and local governments under a population-based formula to reimburse state and local governments for COVID-19-related medical, public health, economic support, and other emergency response costs incurred and spent between March 1, 2020 and December 30, 2020, provided that such costs were not included in the most recently approved local government budget.

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The University was awarded \$44.9 million in direct CARES Act funding in three tranches. Tranche 1 funds of \$12 million are for aid awarded and paid directly to students. Tranche 2 funds of \$12 million may be used to cover costs associated with changes to the delivery of instruction such as the purchase of equipment or software for distance learning. The University may use Tranche 3 funds of \$20.9 million to defray institutional expenses, including loss of revenue and costs associated with the transition to distance learning.

The University was also awarded \$20.13 million from the State's allocation of CARES Act funds. The University is using these funds primarily for COVID-19 related expenses, including cleaning, janitorial, and face protection supplies for COVID-19 related response and overtime for after-hours cleaning. Additionally, the University was awarded \$3 million from the City and County of Honolulu's allocation of CARES Act funds to provide job training for approximately 2,000 unemployed individuals under the newly-created O'ahu Back to Work Program.

It is likely that the fiscal impact of the COVID-19 pandemic on the University will last for several years and continue to change as the situation further develops. The fiscal impact will depend on future events outside of the University's control, including actions of the federal government and the State.

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Statements of Net Position – University of Hawai'i
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

	2020	2019
Assets and Deferred Outflows of Resources		
Current assets		
Cash and cash equivalents	\$ 86,533	\$ 84,087
Operating investments	371,244	351,324
Due from State of Hawai'i	1,951	944
Accounts receivable, net	90,021	93,820
Due from the Research Corporation of the University of Hawai'i, net	9,394	18,138
Current portion of notes receivable, net	655	990
Other current assets	<u>19,422</u>	<u>19,173</u>
Total current assets	579,220	568,476
Noncurrent assets		
Due from State of Hawai'i	484,663	414,016
Endowment and other investments	101,647	102,807
Notes receivable, net	4,290	7,790
Capital assets, net	2,183,025	2,149,722
Other noncurrent assets	<u>1,067</u>	<u>2,104</u>
Total noncurrent assets	<u>2,774,692</u>	<u>2,676,439</u>
Total assets	<u>3,353,912</u>	<u>3,244,915</u>
Deferred outflows of resources		
Deferred outflows on net pension liability, OPEB liability, and other	<u>476,676</u>	<u>506,412</u>
Total deferred outflows of resources	<u>476,676</u>	<u>506,412</u>
Total assets and deferred outflows of resources	<u>\$ 3,830,588</u>	<u>\$ 3,751,327</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities		
Accounts payable	\$ 59,248	\$ 64,529
Accrued payroll and fringe benefits	57,759	56,773
Advances from sponsors	20,639	22,937
Unearned revenue	35,793	43,461
Due to State of Hawai'i	5,809	6,129
Current portion of long-term liabilities	64,450	61,151
Other current liabilities	<u>6,332</u>	<u>6,363</u>
Total current liabilities	<u>250,030</u>	<u>261,343</u>
Noncurrent liabilities		
Accrued vacation	44,810	42,854
Accrued workers' compensation	11,683	11,666
Revenue bonds payable	467,795	487,490
Premium on bonds payable	18,469	20,272
Equipment lease obligations	25,491	27,003
Net pension liability	1,791,098	1,695,800
Other postemployment benefits	1,802,492	1,800,496
Other noncurrent liabilities	<u>10,245</u>	<u>17,894</u>
Total noncurrent liabilities	<u>4,172,083</u>	<u>4,103,475</u>
Total liabilities	<u>4,422,113</u>	<u>4,364,818</u>
Deferred inflows of resources		
Deferred inflows on net pension and OPEB liability	<u>40,708</u>	<u>69,279</u>
Total deferred inflows of resources	<u>40,708</u>	<u>69,279</u>
Commitments and contingencies		
Net position		
Net investment in capital assets	1,671,445	1,620,054
Restricted		
Nonexpendable	10,493	10,493
Expendable	498,211	427,654
Unrestricted	<u>(2,812,382)</u>	<u>(2,740,971)</u>
Total net position	<u>(632,233)</u>	<u>(682,770)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,830,588</u>	<u>\$ 3,751,327</u>

The accompanying notes are an integral part of the financial statements.

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Statements of Financial Position – University of Hawai'i Foundation
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

	2020	2019
Assets		
Cash and cash equivalents	\$ 16,028	\$ 19,771
Contributions receivable, net	26,555	35,811
Prepaid expenses and other receivables	7,781	2,072
Property and equipment, at cost, net of accumulated depreciation and amortization of \$2,038 and \$1,843	10,191	10,386
Other assets, at cost	1,918	3,700
Investments	457,269	439,691
Beneficial interest in trusts held by others	28,665	31,917
Total assets	<u>\$ 548,407</u>	<u>\$ 543,348</u>
Liabilities and Net Assets		
Accounts payable	\$ 5,618	\$ 8,553
Liabilities under split-interest agreements	12,141	12,529
Amounts held for others	4,487	4,362
Long-term debt	7,400	8,200
Other liabilities	3,245	668
Total liabilities	<u>32,891</u>	<u>34,312</u>
Commitments and contingencies		
Net assets		
Without donor restrictions	4,705	4,640
With donor restrictions	510,811	504,396
Total net assets	<u>515,516</u>	<u>509,036</u>
Total liabilities and net assets	<u>\$ 548,407</u>	<u>\$ 543,348</u>

The accompanying notes are an integral part of the financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position –
University of Hawai'i
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

	2020	2019
Operating revenues		
Student tuition and fees	\$ 394,967	\$ 394,952
Less: Scholarship allowances	<u>131,508</u>	<u>132,889</u>
Net student tuition and fees	263,459	262,063
Federal appropriations, grants and contracts	308,033	310,647
State and local grants and contracts	45,206	42,250
Nongovernmental sponsored programs	47,731	51,483
Sales and services of educational departments, other	30,723	37,900
Auxiliary enterprises		
Bookstores	13,533	15,886
Student housing, net of scholarship allowances of \$999 and \$1,432	28,234	30,322
Other auxiliary enterprises revenues	41,021	46,238
Other operating revenues	<u>910</u>	<u>633</u>
Total operating revenues	<u>778,850</u>	<u>797,422</u>
Operating expenses		
Compensation and benefits	1,333,828	1,304,933
Supplies, services, and cost of goods sold	172,476	187,498
Depreciation and amortization	132,672	130,153
Telephone and utilities	65,141	69,309
Scholarships and fellowships	37,545	31,749
Travel expenses	21,438	29,864
Repairs and maintenance	36,507	29,252
Rental expenses	10,077	9,926
Other operating expenses	<u>30,807</u>	<u>27,405</u>
Total operating expenses	<u>1,840,491</u>	<u>1,820,089</u>
Operating loss	<u>(1,061,641)</u>	<u>(1,022,667)</u>
Nonoperating revenues (expenses)		
State appropriations	512,608	506,399
Federal Pell grants	52,103	53,522
Federal CARES Act program	4,609	-
Private gifts	3,873	3,128
Net investment income	17,741	18,316
Interest expense	(24,296)	(24,959)
Net transfers from State of Hawai'i	313,203	294,705
Loss on disposal of capital assets	(1,864)	(4,860)
Other, net	<u>(404)</u>	<u>103</u>
Net nonoperating revenues before capital and endowment additions	<u>877,573</u>	<u>846,354</u>
Capital – state appropriations	203,765	133,996
Capital – federal grants/subsidies	6,161	5,955
Capital – gifts and grants	711	581
Net transfers from State of Hawai'i for capital assets	2	674
Transfers from State of Hawai'i, Tobacco settlement	9,396	9,400
Transfers from State of Hawai'i, University of Hawai'i Cancer Center	7,857	7,863
Net transfers from (to) other State agencies	(247)	269
Net transfers from Federal – capital assets	<u>6,960</u>	<u>87</u>
Total other revenues	<u>234,605</u>	<u>158,825</u>
Net nonoperating revenues	<u>1,112,178</u>	<u>1,005,179</u>
Change in net position	50,537	(17,488)
Net position		
Beginning of year	<u>(682,770)</u>	<u>(665,282)</u>
End of year	<u>\$ (632,233)</u>	<u>\$ (682,770)</u>

The accompanying notes are an integral part of the financial statements.

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Statements of Activities – University of Hawai'i Foundation
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 1,060	\$ 62,464	\$ 63,524
Fees, honoraria, royalties and other	3,660	688	4,348
Investment income (loss), net	2,540	(3,799)	(1,259)
Administrative fees	7,275	(7,275)	-
Fundraising events and projects	-	766	766
Net assets released from restrictions	46,429	(46,429)	-
Total revenue	<u>60,964</u>	<u>6,415</u>	<u>67,379</u>
Expenses			
Program services			
Extension and public services	1,196	-	1,196
Academic support	6,938	-	6,938
Research	11,001	-	11,001
Student aid and services	11,574	-	11,574
Faculty and staff support	3,415	-	3,415
Capital projects	1,877	-	1,877
Athletics	2,535	-	2,535
Special programs	7,774	-	7,774
Other	119	-	119
Total program services	<u>46,429</u>	<u>-</u>	<u>46,429</u>
Supporting services			
Administrative, management, and fiscal services	6,609	-	6,609
Development	7,861	-	7,861
Total supporting services	<u>14,470</u>	<u>-</u>	<u>14,470</u>
Total expenses	<u>60,899</u>	<u>-</u>	<u>60,899</u>
Change in net assets	65	6,415	6,480
Net assets at beginning of year	4,640	504,396	509,036
Net assets at end of year	<u>\$ 4,705</u>	<u>\$ 510,811</u>	<u>\$ 515,516</u>
2019			
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 225	\$ 53,486	\$ 53,711
Fees, honoraria, royalties and other	3,832	851	4,683
Investment income (loss), net	4,833	(55,315)	(50,482)
Administrative fees	6,718	(6,718)	-
Fundraising events and projects	-	1,070	1,070
Net assets released from restrictions	46,240	(46,240)	-
Total revenue	<u>61,848</u>	<u>(52,866)</u>	<u>8,982</u>
Expenses			
Program services			
Extension and public services	1,036	-	1,036
Academic support	7,375	-	7,375
Research	11,397	-	11,397
Student aid and services	10,890	-	10,890
Faculty and staff support	3,309	-	3,309
Capital projects	697	-	697
Athletics	2,785	-	2,785
Special programs	8,075	-	8,075
Other	677	-	677
Total program services	<u>46,241</u>	<u>-</u>	<u>46,241</u>
Supporting services			
Administrative, management, and fiscal services	5,502	-	5,502
Development	8,703	-	8,703
Total supporting services	<u>14,205</u>	<u>-</u>	<u>14,205</u>
Total expenses	<u>60,446</u>	<u>-</u>	<u>60,446</u>
Change in net assets	1,402	(52,866)	(51,464)
Net assets at beginning of year	3,238	557,262	560,500
Net assets at end of year	<u>\$ 4,640</u>	<u>\$ 504,396</u>	<u>\$ 509,036</u>

The accompanying notes are an integral part of the financial statements.

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Statements of Cash Flows – University of Hawai'i
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	2020	2019
Cash flows from operating activities		
Student tuition and fees	\$ 257,368	\$ 261,298
Grants and contracts	400,914	402,333
Other revenues	95,952	113,963
Payments to employees	(908,449)	(897,979)
Payments to suppliers and other	(333,997)	(346,535)
Payments for scholarships and fellowships	(37,464)	(31,663)
Net cash used in operating activities	<u>(525,676)</u>	<u>(498,583)</u>
Cash flows from noncapital financing activities		
State appropriations	511,601	506,724
Gifts and grants for other than capital purposes	60,358	56,661
Net transfers from State of Hawai'i	8,502	8,226
Other disbursements	(320)	(11)
Net cash provided by noncapital financing activities	<u>580,141</u>	<u>571,600</u>
Cash flows from capital and related financing activities		
Capital appropriations	133,023	122,124
Capital gifts and grants	6,099	6,208
Proceeds from other note payable	-	-
Purchases of capital assets	(163,040)	(152,072)
Proceeds from sale of capital assets	708	720
Principal paid on capital debt and leases	(20,551)	(20,873)
Interest paid on capital debt and leases	(24,754)	(25,382)
Transfer from State of Hawai'i for		
Tobacco Settlement	9,396	9,400
University of Hawai'i Cancer Center	7,857	7,863
Net cash used in capital and related financing activities	<u>(51,262)</u>	<u>(52,012)</u>
Cash flows from investing activities		
Interest and dividends on investments, net	9,832	9,750
Proceeds from sales and maturities of investments	637,686	626,637
Purchase of investments	(648,275)	(673,519)
Net cash used in investing activities	<u>(757)</u>	<u>(37,132)</u>
Net increase (decrease) in cash and cash equivalents	2,446	(16,127)
Cash and cash equivalents		
Beginning of year	<u>84,087</u>	<u>100,214</u>
End of year	<u>\$ 86,533</u>	<u>\$ 84,087</u>

The accompanying notes are an integral part of the financial statements.

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	2020	2019
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (1,061,641)	\$ (1,022,667)
Adjustments to reconcile operating loss to net cash used in operating activities		
On behalf payments by State for fringe benefits	304,701	286,479
Depreciation and amortization expense	132,672	130,153
Pension and other postretirement healthcare benefit expense	96,833	99,670
Bad debt expense, net	3,174	2,138
Changes in operating assets and liabilities		
Accounts receivable	(1,617)	(4,776)
Due from the Research Corporation of the University of Hawai'i, net	8,960	(3,437)
Notes receivable	(71)	1,057
Prepaid expenses and other assets	(1,616)	4,144
Accounts payable	(65)	5,561
Accrued payroll and fringe benefits	3,157	2,560
Accrued workers' compensation liability	(109)	332
Advances from sponsors	(2,298)	(438)
Other, net	(7,756)	641
Net cash used in operating activities	<u>\$ (525,676)</u>	<u>\$ (498,583)</u>
Supplemental information of noncash transactions		
Net transfers from State of Hawai'i for capital assets	\$ 97	\$ 1,694
Net transfers from Federal for capital assets	6,960	87
Net transfers (to) from other State agencies	(247)	269
Accounts payable for capital assets	30,507	31,820
Escrow funds used to fund capital asset additions	792	20,891

The accompanying notes are an integral part of the financial statements.

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1. Organization and Summary of Significant Accounting Policies

Financial Reporting Entity

The accompanying financial statements of the University of Hawai'i (the "University") include the activities of the University of Hawai'i at Mānoa, University of Hawai'i at Hilo, University of Hawai'i at West O'ahu, University of Hawai'i at Maui College, University of Hawai'i Community Colleges, and its component units. The University has defined its reporting entity in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Other criteria, including fiscal dependency and the nature and significance of the relationship, are such that exclusion would cause the financial statements of the University to be misleading.

The Research Corporation of the University of Hawai'i (the "Research Corporation") is a legally separate, tax-exempt entity that provides administrative support services for research and training programs of the University. At June 30, 2020 and 2019, the net position of the Research Corporation was \$9,416 and \$9,554, respectively. The University has determined that the Research Corporation meets the criteria to be considered a component unit of the University, however, has excluded the Research Corporation from the accompanying financial statements due to insignificance.

The University of Hawai'i Foundation (the "Foundation") is a legally separate, not-for-profit organization established to solicit and manage funds for the benefit of the University. Although the University does not control the timing, purpose, or amount of its receipts from the Foundation, the resources that the Foundation holds and invests can only be used by, or for the benefit of, the University. Because of the nature and significance of the Foundation's relationships with the University, the Foundation is considered a component unit of the University and is discretely presented in the accompanying financial statements. In addition, the Foundation's significant notes are summarized in Note 3.

The Foundation's accounting policies conform to accounting principles generally accepted in the United States ("GAAP") applicable to not-for-profit organizations as promulgated by the Financial Accounting Standards Board ("FASB"). No modifications have been made to the Foundation financial information included in the University's financial report to account for these differences.

The Foundation's federal Form 990 is available for inspection as required by Internal Revenue Code ("IRC") Section 6104 at the University of Hawai'i Foundation, 1314 South King Street, Suite B, Honolulu, HI 96814.

Similarly, the University is fiscally dependent upon the State of Hawai'i (the "State") and therefore, the State is financially accountable for the University as defined by GASB Statement No. 61. Accordingly, the University's financial information is discretely presented as a component unit within the State's comprehensive annual financial report ("CAFR").

In fiscal year 2020, the Research Corporation, which was previously presented as a blended component unit, is excluded from the University's financial statements as their financial information was determined to be insignificant to the University as a whole. Additionally, the Foundation, which was also previously presented as a blended component unit, is now

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a discretely presented component unit. This change has been applied retrospectively to the 2019 financial statements to conform with the 2020 presentation. The change resulted in the exclusion due to materiality of the Research Corporation's net position and the separate presentation of the Foundation's net assets.

The discrete presentation of the Foundation is a common method of presentation among similar public colleges and universities with a legally separate foundation. It also better reflects the net position of the University as the University does not control the timing, purpose, or amount of its receipts from the Foundation.

The University is classified as a state instrumentality under IRC Section 115 and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under IRC Sections 511 and 514.

Basis of Presentation

The University follows the reporting model prescribed for special-purpose governments engaged only in business-type activities, as defined in GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended. The financial statements of the University are presented using the economic resources measurement focus and the accrual basis of accounting.

Cash, Cash Equivalents, and Investments

The University considers all cash and investments with original maturities of three months or less to be cash equivalents. The carrying amounts reported in the Statements of Net Position for cash equivalents approximate fair value due to the short maturity of these investments.

The University classifies unspent cash, cash equivalents, and investments from the issuance of revenue bonds held with an escrow agent and invested until used for the cost of construction, and unspent cash, cash equivalents, and investments that were deposited into an acquisition fund held in trust by the acquisition fund custodian for equipment lease obligations, as noncurrent assets.

Investments

Investments in money market instruments that have remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments in time certificates of deposits are carried at cost. Investments in money market funds, fixed income securities, and equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Unrealized gains and losses on investments are included in the Statements of Revenues, Expenses, and Changes in Net Position. Realized gains and losses are computed as the difference between the proceeds of the sale and the cost basis of the investment sold. The calculation of realized gains and losses is independent of the calculation of net changes in the fair value of investments.

The title to investment securities is vested in the name of Securities and Exchange Commission ("SEC") registered brokerage firms representing the various investment managers of the University. The title to short-term investments, made from pooled cash, is vested in the name of the University.

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Fair Value Measurements

For financial assets reported at fair value, the University defines fair value as the price that would be received to sell an asset in the principal or most advantageous market in an orderly transaction between market participants. The University measures fair value using assumptions developed based on market data obtained from independent external sources and the reporting entity's own assumptions. The hierarchy is broken down into levels based on the reliability of the inputs as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Inputs (other than quoted prices) included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** – Unobservable inputs for an asset or liability reflecting management's assumption. Level 3 inputs are used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Due from and Due to State

The State Director of Budget and Finance is responsible for the safekeeping of all cash in the State Treasury in accordance with State laws. Currently, separate accounts are not maintained in the State Treasury for the University's general operating and capital appropriations. Although these appropriations are available to the University to expend, custody and ownership of the funds remain with the State. Unspent general and capital appropriations that continue to be available to the University for expenditure at the end of the fiscal year are reported as "Due from State of Hawai'i" in the accompanying Statements of Net Position.

Amounts due to the State are primarily due to operating or capital advances.

Accounts Receivable

Accounts receivable are initially recorded at the amount invoiced or otherwise due and normally do not bear interest. The University maintains an allowance for doubtful accounts to reduce receivables to their estimated collectible amount. Management estimates the allowance for uncollectible receivables based on a specific review of customer balances, the overall aging of outstanding balances, historical collection experience, and current business and economic conditions. Delinquent accounts in excess of two years are written off upon approval of University general counsel and when, in the judgment of management, they are deemed uncollectible based on an evaluation of the specific circumstances.

Due from the Research Corporation, Net

The Research Corporation provides administrative support services such as human resources, payroll processing, procurement, and disbursement services for research and training programs of the University, and receives a management fee for such services. The University is responsible for all programmatic decisions and for authorizing and approving all project expenditures and commitments, however, the contractual commitments of the projects are in the name of the Research Corporation and are included as a liability for such commitments on their balance sheet, with a corresponding receivable for reimbursement from the University. "Due from the Research Corporation, net" represents funds advanced to the Research Corporation for project expenditures net of management fees due.

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Capital Assets

Capital assets are recorded at cost, or if donated, at an appraised value at the date of the gift. Depreciation of capital assets is provided for on a straight-line basis over the estimated useful lives (3 to 100 years) of the respective assets. The University's policy is to capitalize tangible, nonexpendable personal property having an estimated useful life of more than one year. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered. Accordingly, such collections are not recognized or capitalized for financial statement purposes. Maintenance and repairs, as well as minor renewals, replacements and betterments, are charged to operations. Major renewals, replacements and betterments are capitalized in the year incurred. Capital assets retired or otherwise disposed of are removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on disposals and the net book value of transfers of capital assets are reflected in operations.

The University evaluates the future service utility of capital assets when events or changes in circumstances have occurred. A diminished service utility of the University's capital assets is reported as an impairment loss and netted against any insurance or appropriated recoveries.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period. The University defers recognition of the loss on debt refunding related to issuance of its revenue bonds and amortizes these costs over the life of the bonds using the effective interest rate method. The deferred outflow of resources related to the net pension and other postemployment benefits ("OPEB") liabilities resulted from differences between expected and actual experiences, changes in assumptions, the net difference between projected and actual earnings on pension plan investments, changes in proportion which are amortized over five years, and the University's contributions to the pension and OPEB plans subsequent to the measurement date of the actuarial valuations for the pension and OPEB plans that will be recognized as a reduction of the net pension liabilities and net OPEB liability in the subsequent fiscal year. The deferred outflow of resources related to asset retirement obligations ("AROs") represents the difference between the AROs and the cash received to assume the related AROs, and are amortized over the remaining useful life of the related capital assets.

Advances from Sponsors

Advances from sponsors represent amounts received from grant and contract sponsors which have not been earned under the terms of the agreement.

Unearned Revenue

Unearned revenue includes amounts received in advance of an event such as student tuition and advance sports ticket sales related to a future period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employee's Retirement System ("ERS"), and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at their fair value.

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Postemployment Benefits Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Hawai'i Employer-Union Health Benefits Trust Fund ("EUTF"), and additions to/ deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

Revenue Bonds Payable

Revenue bonds payable include outstanding amounts due from the issuance of revenue bonds by the University.

Equipment Lease Obligations

Obligations for equipment leased under capital leases to fund the installation and acquisition of energy conservation measurements are recorded based on the present value of the future minimum lease payments using the appropriate interest rate. Refer to Note 10 for more information regarding the University's equipment lease obligations.

Asset Retirement Obligations

AROs represent the liabilities where both an external obligating event and internal obligating event have occurred and the liability is reasonably estimable and recorded based on the University's best estimates of the current value of outlays expected to be incurred. The AROs are reevaluated annually for the effects of general inflation or deflation and any events that would cause a significant change in the estimated outlays. AROs are included in other noncurrent liabilities. Refer to Note 14 for more information.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the University that is applicable to a future reporting period. The deferred inflow of resources related to pension and OPEB resulted from differences between expected and actual experiences and changes in proportion of the pension plan which will be amortized over five years.

Net Position

The University's net position is classified into the following four net position categories:

- **Net investment in capital assets** – This component of net position represents the University's total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those capital assets.
- **Restricted**
 - Nonexpendable – Net position subject to externally imposed stipulations that it be maintained permanently by the University, which includes the University's permanent endowment funds.
 - Expendable – Net position that is restricted for specific purposes by sponsors, donors or law. Restrictions in these assets are released when the University complies with the stipulations required by the sponsor, donor or legislative act.

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- **Unrestricted** – Net position not classified as restricted or net investment in capital assets and not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents (“Board”) or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives and capital asset programs.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available to pay the expenses, resources are generally applied proportionate to the benefit realized. For instances in which such a determination is not feasible or if there are cost compliance issues, unrestricted resources are applied first.

Net Position Restricted by Enabling Legislation

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*, requires that limitations on the use of net position imposed by enabling legislation be reported as restricted net position. GASB Statement No. 46 also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Restricted net position at June 30, 2020 and 2019 amounted to \$508,704 and \$438,147, respectively, of which \$455,012 and \$386,075 were restricted by enabling legislation for capital activity.

Operating and Nonoperating Activities

The University’s policies for defining operating activities, as reported on the Statements of Revenues, Expenses, and Changes in Net Position, are those that generally result from exchange transactions such as payments received for providing services and goods and payments made for services and goods received. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations, federal Pell grants, gifts, and investment income.

Student tuition and fees revenues are recognized in the period earned. Revenues for programs that cross fiscal years are prorated between the two fiscal years.

The University recognizes revenue associated with the direct costs of research and training grants and contracts as the related expenses are incurred.

Bookstore revenues are recognized at the point of sale. Sales returns (which are not significant) are recognized at the time returns are made.

Room and other rental revenues are recognized over the period the room is occupied. Room and other rental revenues for the summer term are recognized in the fiscal year in which the term primarily falls. If the room and other rental revenues for the summer term been prorated between fiscal years, the difference would not be material.

Federal economic relief received as a result of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) represent nonexchange transactions that are reported as nonoperating revenues. During fiscal year 2020, the University received payments from the Higher Education Emergency Relief Fund.

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Scholarships and Fellowships

Scholarships and fellowships, including tuition and fee waivers applied to student accounts, are shown as a reduction to student tuition and student housing revenues. Stipend and other payments made directly to students are reflected as scholarships and fellowships expense.

State Appropriations

The University recognizes general operating and capital appropriations as nonoperating revenue when allotments are made available to the University for expenditure. If restrictions are placed on such appropriations, the restrictions are given separate and discrete accounting recognition.

Management's Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. These estimates, among others, include workers' compensation liabilities, net pension liabilities, postemployment benefit liabilities, allowances for uncollectible receivables, the useful lives of capital assets, the valuation of investments, and the current versus noncurrent classification of assets and liabilities.

With respect to workers' compensation insurance, the University is self-insured for the first \$650 per occurrence and annual aggregate and obtains excess insurance of \$50,000 from a commercial insurance company. The University records a liability for risk financing and insurance related losses if it is determined that a loss has been incurred and the amount can be reasonably estimated. The University uses a third-party actuary to estimate its workers' compensation liability. Changes in the liability are the result of claims payments made during the fiscal year, new claims filed, and changes in the estimates of existing claims. Anticipated payments by the third party for the next fiscal year are considered current and payments thereafter are considered noncurrent. The liability represents the University's best estimate of workers' compensation liabilities based on available information. The University's estimated liability for workers' compensation claims is included in "Other Liabilities" in the accompanying Statements of Net Position (see Note 10).

The University records its proportional share of the State's share of the EUTF net OPEB liability through the State's allocation schedules to its component units and proprietary funds. The actuarial assumptions used to determine the liabilities are described in Notes 12 and 13.

The allowance for uncollectible receivables is a valuation account used to estimate the portion of accounts, notes, and contributions receivable that are considered uncollectible.

The University depreciates its capital assets using useful lives internally or externally determined to represent the expected service period of the asset.

In general, the fair value of investments has been determined using values supplied by independent pricing services.

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New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, postponed by GASB Statement No. 95 for eighteen months. The University has begun the data collection and analysis to determine the effect this Statement will have on its financial statements.

The GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective at multiple periods depending on when certain Statements are implemented, postponed by GASB Statement No. 95 for one year. The University has not determined the effect this Statement will have on its financial statements.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of interbank offered rates. The removal of the London Interbank Offered Rate as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020, postponed by GASB Statement No. 95 for one year. The University has not determined the effect this Statement will have on its financial statements.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The University has not determined the effect this Statement will have on its financial statements.

During fiscal year 2020, the University implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective immediately. This Statement did not have any effect on the University's financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The University has not determined the effect this Statement will have on its financial statements.

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The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The main objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Certain requirements of this Statement are effective immediately while other requirements, like reporting for section 457 plans are effective for fiscal years beginning after June 15, 2021. The University has not determined the effect this Statement will have on its financial statements.

2. Cash and Investments

The carrying amounts of cash and cash equivalents and time certificates of deposit held outside of the State Treasury as of June 30, 2020 and 2019, classified as cash and cash equivalents and operating investments, were \$198,209 and \$212,763, with corresponding bank balances of \$181,811 and \$219,633, respectively. The portion of such bank balances covered by the Federal Deposit Insurance Corporation or by collateral held by the State Director of Budget & Finance in the name of the University totaled \$181,061 at June 30, 2020 and \$217,883 at June 30, 2019.

Endowment funds are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the market value per share.

Cost of securities sold is determined using the first-in first-out method.

As a result of market fluctuations, the fair market value of certain donor-restricted endowments may fall below the historical cost of such funds and are recorded as reductions in unrestricted net position. Future market gains will be used to restore this deficiency in unrestricted net position before any net appreciation above the historical cost value of such funds increases restricted expendable net position. There were no deficiencies of this nature as of June 30, 2020 and 2019.

- **Endowment funds** are received from benefactors who, by the terms of their conveying instruments, have stipulated that the principal of their gifts may never be expended, and use of the income is generally restricted.
- **Quasi-endowment funds** are funds that have been transferred to the endowment funds by the Board. Use of the income is either restricted by the donor or unrestricted and designated by the Board.

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The Hawai'i Uniform Prudent Management of Institutional Funds Act ("HUPMIFA"), established under Hawai'i Revised Statute ("HRS") §517E, was enacted by the State on July 1, 2009. HUPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the University classifies as restricted nonexpendable net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in restricted nonexpendable net position is classified as restricted expendable net position until those amounts are expended and distributed by the University in accordance with its Board-approved spending rate policy and in a manner consistent with the standard of prudence prescribed by HUPMIFA. In fiscal years 2020 and 2019, the University's spending rate policy provided for annual distributions at 4.5 percent of the trailing five-year moving average of the endowment fair value.

At June 30, 2020 and 2019, the University's investments were comprised of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Cash and money market funds	\$ 2,476	\$ 2,476	\$ 1,965	\$ 1,965
Fixed income securities	299,146	291,971	272,885	269,706
Equity securities	58,222	50,478	49,626	45,499
Time certificates of deposit	111,750	111,750	128,750	128,750
Other investments	1,297	1,297	905	905
Total investments	472,891	457,972	454,131	446,825
Less: Current portion	371,244	366,729	351,324	349,684
Total noncurrent investments	\$ 101,647	\$ 91,243	\$ 102,807	\$ 97,141

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Changes in the University's investments for the year ended June 30, 2020 were as follows:

	Fair Value	Cost Basis	Net Unrealized Gain (Loss)	Net Realized Gain (Loss)
University Endowment Pool				
End of year	\$ 78,324	\$ 68,489	\$ 9,835	
Beginning of year	<u>74,853</u>	<u>69,622</u>	<u>5,231</u>	
Net change	<u>3,471</u>	<u>(1,133)</u>	<u>4,604</u>	\$ 54
Associated Students of the University of Hawai'i				
End of year	9,188	8,622	566	
Beginning of year	<u>9,074</u>	<u>8,682</u>	<u>392</u>	
Net change	<u>114</u>	<u>(60)</u>	<u>174</u>	(60)
School of Medicine				
End of year	2,453	2,453	-	
Beginning of year	<u>2,577</u>	<u>2,575</u>	<u>2</u>	
Net change	<u>(124)</u>	<u>(122)</u>	<u>(2)</u>	9
University Bond System				
End of year	10,385	10,382	3	
Beginning of year	<u>15,398</u>	<u>15,357</u>	<u>41</u>	
Net change	<u>(5,013)</u>	<u>(4,975)</u>	<u>(38)</u>	81
Operating investments				
End of year	371,244	366,729	4,515	
Beginning of year	<u>351,324</u>	<u>349,684</u>	<u>1,640</u>	
Net change	<u>19,920</u>	<u>17,045</u>	<u>2,875</u>	341
Other				
End of year	1,297	1,297	-	
Beginning of year	<u>905</u>	<u>905</u>	<u>-</u>	
Net change	<u>392</u>	<u>392</u>	<u>-</u>	-
Total investments				
End of year	472,891	457,972	14,919	
Beginning of year	<u>454,131</u>	<u>446,825</u>	<u>7,306</u>	
Net change	<u>\$ 18,760</u>	<u>\$ 11,147</u>	<u>\$ 7,613</u>	<u>\$ 425</u>

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Changes in the University's investments for the year ended June 30, 2019 were as follows:

	Fair Value	Cost Basis	Net Unrealized Gain (Loss)	Net Realized Gain
University Endowment Pool				
End of year	\$ 74,853	\$ 69,622	\$ 5,231	
Beginning of year	<u>72,692</u>	<u>65,825</u>	<u>6,867</u>	
Net change	<u>2,161</u>	<u>3,797</u>	<u>(1,636)</u>	\$ 4,667
Associated Students of the University of Hawai'i				
End of year	9,074	8,682	392	
Beginning of year	<u>8,896</u>	<u>8,880</u>	<u>16</u>	
Net change	<u>178</u>	<u>(198)</u>	<u>376</u>	(124)
School of Medicine				
End of year	2,577	2,575	2	
Beginning of year	<u>2,733</u>	<u>2,731</u>	<u>2</u>	
Net change	<u>(156)</u>	<u>(156)</u>	<u>-</u>	6
University Bond System				
End of year	15,398	15,357	41	
Beginning of year	<u>17,588</u>	<u>17,565</u>	<u>23</u>	
Net change	<u>(2,190)</u>	<u>(2,208)</u>	<u>18</u>	91
Operating investments				
End of year	351,324	349,684	1,640	
Beginning of year	<u>297,118</u>	<u>299,912</u>	<u>(2,794)</u>	
Net change	<u>54,206</u>	<u>49,772</u>	<u>4,434</u>	108
Other				
End of year	905	905	-	
Beginning of year	<u>254</u>	<u>254</u>	<u>-</u>	
Net change	<u>651</u>	<u>651</u>	<u>-</u>	-
Total investments				
End of year	454,131	446,825	7,306	
Beginning of year	<u>399,281</u>	<u>395,167</u>	<u>4,114</u>	
Net change	<u>\$ 54,850</u>	<u>\$ 51,658</u>	<u>\$ 3,192</u>	<u>\$ 4,748</u>

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Net investment income for the years ended June 30, 2020 and 2019 was as follows:

	2020	2019
Summary of net investment income		
Change in unrealized net gain	\$ 7,613	\$ 3,192
Net realized gain	425	4,748
	<u>8,038</u>	<u>7,940</u>
Interest and dividend income	10,249	10,858
Investment income before management fees	18,287	18,798
Less: Management fees	546	482
Net investment income	<u>\$ 17,741</u>	<u>\$ 18,316</u>

The University's investments reported at fair value on a recurring basis have been categorized based on the fair value hierarchy in Note 1 at June 30, 2020 and 2019 as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Not Categorized Within the Fair Value Hierarchy
2020				
Cash and money market funds	\$ 2,476	\$ 2,476	\$ -	\$ -
Fixed income securities	299,146	184,570	104,653	9,923
Equity securities	58,222	58,222	-	-
Time certificates of deposit	111,750	-	-	111,750
Other investments	1,297	-	-	1,297
Total investments	<u>\$ 472,891</u>	<u>\$ 245,268</u>	<u>\$ 104,653</u>	<u>\$ 122,970</u>
2019				
Cash and money market funds	\$ 1,965	\$ 1,965	\$ -	\$ -
Fixed income securities	272,885	155,260	111,491	6,134
Equity securities	49,626	49,626	-	-
Time certificates of deposit	128,750	-	-	128,750
Other investments	905	-	-	905
Total investments	<u>\$ 454,131</u>	<u>\$ 206,851</u>	<u>\$ 111,491</u>	<u>\$ 135,789</u>

The Board is responsible for the establishment of policies over and monitoring of operating investments and endowments held by the University. Investments authorized by the Board include equity investments, bond investments, certificates of deposit, money market funds, U.S. Government, its Agencies, or its Instrumentalities securities, securities guaranteed or collateralized by the U.S. Government, its Agencies or its Instrumentalities, and other types of investments.

The University's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forward and futures, commodity

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or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of counterparty default is typically limited to the amounts recognized in the Statements of Net Position and is not represented by the contract or notional amounts of the instruments.

Investment Risk Factors

There are many factors that affect the value of investments. Some, such as custodial credit risk, concentration risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

Concentration Risk

Concentration risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit development. The University limits its risk of concentration of assets by limiting individual bond positions other than obligations of the U.S. government to not more than 5.0 percent of the total fixed income portion of the portfolio. Individual equities are limited to not more than 5.0 percent of the total market value of the stock portfolio. In addition, investment in any one stock is not to exceed 5.0 percent of a corporation's outstanding common stock.

Credit Risk

Credit risk for fixed income securities is the risk that the issuer will not fulfill its obligations. Nationally recognized statistical rating organizations, such as Moody's and Standard and Poor's ("S&P"), assign credit ratings to security issuers and issues that indicate a measure of potential credit risk to investors. Certain fixed-income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk. To manage credit risk, the University specifies that no more than 15 percent of the fixed income investments may be lower than investment grade.

The composition of fixed income securities at June 30, 2020 and 2019, along with credit quality ratings, is summarized below:

	Credit Quality Rating						
	U.S. Govt- Exempt	AAA	AA	A	BBB	BB or Lower	
2020							
Money market funds	\$ 533	\$ -	\$ 533	\$ -	\$ -	\$ -	\$ -
U.S. Treasury	184,841	184,841	-	-	-	-	-
U.S. government agencies	101,974	-	101,974	-	-	-	-
Corporate bonds	12,331	-	307	1,006	4,105	6,445	468
Total fixed income securities	<u>\$ 299,679</u>	<u>\$ 184,841</u>	<u>\$ 840</u>	<u>\$ 102,980</u>	<u>\$ 4,105</u>	<u>\$ 6,445</u>	<u>\$ 468</u>
2019							
Money market funds	\$ 639	\$ -	\$ 639	\$ -	\$ -	\$ -	\$ -
U.S. Treasury	155,546	155,546	-	-	-	-	-
U.S. government agencies	103,445	-	103,445	-	-	-	-
Corporate bonds	13,894	-	265	1,890	5,560	5,854	325
Total fixed income securities	<u>\$ 273,524</u>	<u>\$ 155,546</u>	<u>\$ 904</u>	<u>\$ 105,335</u>	<u>\$ 5,560</u>	<u>\$ 5,854</u>	<u>\$ 325</u>

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Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and, therefore, are more volatile than those with shorter maturities.

At June 30, 2020, the composition of the University's fixed income investments and maturities are summarized below:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
Money market funds	\$ 533	\$ 533	\$ -	\$ -	\$ -
U.S. Treasury	184,841	92,828	85,998	3,328	2,687
U.S. government agencies	101,974	31,133	64,472	-	6,369
Corporate bonds	12,331	812	5,500	4,238	1,781
Total fixed income securities	<u>\$ 299,679</u>	<u>\$ 125,306</u>	<u>\$ 155,970</u>	<u>\$ 7,566</u>	<u>\$ 10,837</u>

Foreign Currency Risk

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's investment policy permits investments in publicly-traded foreign securities.

At June 30, 2020 and 2019, the University's exposure to foreign currency risk expressed in U.S. dollars was not significant.

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3. Foundation Investments

The Foundation invests in various types of investment securities that are reported at fair value. It applies the provisions of FASB Accounting Standard Codification ("ASC") Topic 820 in applying valuation techniques. The fair value hierarchy of inputs to valuation techniques in ASC Topic 820 are consistent with GASB Statement No. 72.

The Foundation's estimated fair values of investments measured on a recurring basis as of June 30, 2020 and 2019 were as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Not Categorized Within the Fair Value Hierarchy
2020					
Domestic equities	\$ 43,903	\$ 12,417	\$ -	\$ -	\$ 31,486
Fixed income securities	139,008	130,506	8,502	-	-
Foreign equities	68,972	26,666	-	-	42,306
Money market funds	590	590	-	-	-
Natural resources/real estate	26,505	3,440	-	9,497	13,568
Hedge funds	132,440	4,130	-	-	128,310
Private equity securities	45,851	-	-	1,906	43,945
Total investments	<u>\$ 457,269</u>	<u>\$ 177,749</u>	<u>\$ 8,502</u>	<u>\$ 11,403</u>	<u>\$ 259,615</u>
2019					
Domestic equities	\$ 42,331	\$ 10,221	\$ -	\$ -	\$ 32,110
Fixed income securities	132,903	122,579	10,324	-	-
Foreign equities	81,438	38,734	-	-	42,704
Money market funds	2,222	2,222	-	-	-
Natural resources/real estate	36,973	7,670	-	10,258	19,045
Hedge funds	107,619	5,281	-	-	102,338
Private equity securities	36,205	-	-	1,906	34,299
Total investments	<u>\$ 439,691</u>	<u>\$ 186,707</u>	<u>\$ 10,324</u>	<u>\$ 12,164</u>	<u>\$ 230,496</u>

Investments in limited partnerships, absolute return, real estate, and other investments include limited partnership investments in private equity, venture capital, real estate, and hedge funds including absolute return and long/short hedge funds. Fair value is generally based on information provided by the respective external investment manager at the most recent valuation date and from the valuation date to fiscal year-end, if applicable. The private equity, venture capital, and real estate investments are not readily marketable and involve assumptions and methods that are reviewed by the Foundation. Because these investments are not readily marketable, their estimated value is subject to uncertainty and therefore, may differ from the value that would have been used had a ready market for such investment existed. A portion of the investments made by certain hedge funds is also not readily marketable; additionally, hedge fund managers may not provide the detail of their underlying marketable securities. The hedge fund valuation process is carefully reviewed by the Foundation with the assistance of an outside consultant. The Foundation utilized the net asset value per share for the investments in limited partnerships, absolute return, real estate, and other investments.

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The following is a general description of the terms and conditions upon which the Foundation may redeem investments that are carried at net asset value:

- **Domestic equities** – These investments can be redeemed on a monthly or quarterly basis, with notification provided between 15 and 30 days prior to redemption.
- **Foreign equities** – These investments can be redeemed on a monthly basis with notification provided between 5 and 30 days prior to redemption.
- **Natural resources/real estate and private equity securities** – These investments can be redeemed at the discretion of the investment managers. The Foundation has commitments to contribute additional amounts to this class of investments of approximately \$39,700 at June 30, 2020.
- **Hedge funds** – Redemption frequency for these investments range from monthly to annually, with notification provided between 2 and 90 days prior to redemption. Additionally, certain investments can be redeemed at the discretion of the investment managers.

The Board of Directors of the Foundation is responsible for the establishment of policies over and monitoring of investments and endowments held by the Foundation.

4. Accounts Receivable

The composition of accounts receivable, net of allowance for uncollectible receivables, of \$36,106 and \$30,519 at June 30, 2020 and 2019, respectively, is summarized as follows:

	2020	2019
U.S. government	\$ 52,584	\$ 53,289
State and local government	10,832	9,653
Private agencies	11,953	13,962
Student tuition and fees	6,502	8,503
Other	8,150	8,413
	<u>\$ 90,021</u>	<u>\$ 93,820</u>

At June 30, 2020 and 2019, private agency receivables from the Foundation was \$7,577 and \$6,487, respectively. Private grant revenue from the Foundation approximated \$15,137 and \$15,014 during fiscal years 2020 and 2019, respectively.

The University has an agreement with the Foundation to receive fundraising and alumni services through June 30, 2020. The annual compensation under this agreement amounted to \$3,000 for each of the fiscal years 2020 and 2019. The service expense was paid in full as of fiscal years ended June 30, 2020 and June 30, 2019, and is reported in supplies, services, and cost of goods sold in the accompanying financial statements.

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5. U.S. Government Funding

The federal government reimburses the University for certain overhead costs (e.g., facilities and administrative costs) incurred in support of federally-sponsored programs based on cost reimbursement rates negotiated with the University's cognizant agency, the U.S. Department of Health and Human Services. These reimbursements amounted to approximately \$44,654 in 2020 and \$45,387 in 2019 and are reported in federal appropriations, grants and contracts revenue.

The University's federal grants and contracts are subject to periodic audit by federal examiners. In the opinion of the University, any adjustments which may be required as a result of these audits would not be material to the overall financial position of the University.

6. Direct Loan Programs

During the years ended June 30, 2020 and 2019, the University distributed \$129,384 and \$137,147, respectively, in Direct Loan programs. These distributions and related funding sources are not included as expenses or revenues in the accompanying financial statements. There were no distributions of any student loans through the U.S. Department of Education Federal Perkins Loan Program.

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7. Other Current Assets

Other current assets at June 30, 2020 and 2019 were comprised of:

	2020	2019
Accrued interest receivable	\$ 2,125	\$ 2,253
Inventories	8,601	7,281
Prepaid expenses	8,246	9,577
Other	450	62
	<u>\$ 19,422</u>	<u>\$ 19,173</u>

The inventories and the methods of valuation at June 30, 2020 and 2019 are summarized below:

		2020	2019
University of Hawai'i Bookstore merchandise inventory	Lower of cost or market using the first-in, first-out retail inventory method.	\$ 5,417	\$ 4,328
University of Hawai'i Chemistry Stockroom	Cost applied on the first-in, first-out basis.	1,167	1,112
University of Hawai'i Facilities Management Warehouse	Cost applied on the first-in, first-out basis.	957	917
University of Hawai'i Press merchandise inventory	Job order or specific identification method. Books remaining in the inventory after the first year of publication are written off on the straight-line basis over a five-year period.	836	703
University of Hawai'i other inventory	Lower of cost or market using the weighted average cost method.	224	221
		<u>\$ 8,601</u>	<u>\$ 7,281</u>

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8. Capital Assets

A summary of capital assets at June 30, 2020 and 2019 is as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
2020					
Nondepreciable capital assets					
Land	\$ 49,045	\$ -	\$ -	\$ 6,867	\$ 55,912
Construction in progress	240,254	134,387	782	(121,577)	252,282
Total capital assets not being depreciated	289,299	134,387	782	(114,710)	308,194
Depreciable capital assets					
Land improvements	153,096	515	-	3,481	157,092
Infrastructure	260,899	1,065	-	17,608	279,572
Buildings	2,592,462	16,256	8,231	92,501	2,692,988
Equipment	399,565	17,273	9,728	1,120	408,230
Library materials	176,998	1,885	-	-	178,883
Total capital assets being depreciated	3,583,020	36,994	17,959	114,710	3,716,765
Less: Accumulated depreciation	1,722,597	133,819	14,482	-	1,841,934
Capital assets, net	\$ 2,149,722	\$ 37,562	\$ 4,259	\$ -	\$ 2,183,025
2019					
Nondepreciable capital assets					
Land	\$ 47,295	\$ -	\$ -	\$ 1,750	\$ 49,045
Construction in progress	221,920	138,442	164	(119,944)	240,254
Total capital assets not being depreciated	269,215	138,442	164	(118,194)	289,299
Depreciable capital assets					
Land improvements	139,520	1,302	-	12,274	153,096
Infrastructure	253,346	528	-	7,025	260,899
Buildings	2,488,367	23,692	15,253	95,656	2,592,462
Equipment	392,943	13,438	10,055	3,239	399,565
Library materials	174,305	2,693	-	-	176,998
Total capital assets being depreciated	3,448,481	41,653	25,308	118,194	3,583,020
Less: Accumulated depreciation	1,602,969	139,521	19,893	-	1,722,597
Capital assets, net	\$ 2,114,727	\$ 40,574	\$ 5,579	\$ -	\$ 2,149,722

Capital assets consist of land, land improvements, infrastructure, buildings, equipment, library materials, and construction in progress. Construction in progress ("CIP") additions represent costs for new projects, net of the amount of capital assets placed in service. CIP is not depreciated until the asset is placed in service. Assets acquired are recorded at cost, or if donated, at appraised value at the date of the gift.

Depreciation expense amounted to \$133,819 and \$129,922 during fiscal years 2020 and 2019, respectively.

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9. Due From and Due To the State of Hawai'i

Amounts due from and due to the State of Hawai'i at June 30, 2020 and 2019 were as follows:

	2020		2019	
	Due from	Due to	Due from	Due to
State appropriations for current operations	\$ 1,951		\$ 944	
State capital appropriations – noncurrent	484,663		414,016	
Total due from State of Hawai'i	<u>\$ 486,614</u>		<u>\$ 414,960</u>	
Imprest/petty cash advances		\$ 74		\$ 74
Advance		6,000		6,000
Employee fringe adjustments		(265)		55
Total due to State of Hawai'i		<u>\$ 5,809</u>		<u>\$ 6,129</u>

10. Long-Term Liabilities

Long-term liability activity for the years ended June 30, 2020 and 2019 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2020					
Bonds payable					
Revenue bonds payable	\$ 506,655	\$ -	\$ 19,165	\$ 487,490	\$ 19,695
Other liabilities					
Workers' compensation	16,182	4,308	3,525	16,965	5,282
Accrued vacation	78,900	30,156	26,324	82,732	37,922
Net pension liability (Note 12)	1,695,799	294,900	199,601	1,791,098	-
Postemployment health care/life insurance benefits (Note 13)	1,800,496	133,754	131,758	1,802,492	-
Equipment lease obligations	28,428	-	1,386	27,042	1,551
Total other liabilities	<u>3,619,805</u>	<u>463,118</u>	<u>362,594</u>	<u>3,720,329</u>	<u>44,755</u>
Total long-term liabilities	<u>\$ 4,126,460</u>	<u>\$ 463,118</u>	<u>\$ 381,759</u>	<u>\$ 4,207,819</u>	<u>\$ 64,450</u>
2019					
Bonds payable					
Revenue bonds payable	\$ 525,425	\$ -	\$ 18,770	\$ 506,655	\$ 19,165
Other liabilities					
Workers' compensation	15,425	4,713	3,956	16,182	4,515
Accrued vacation	77,960	30,664	29,724	78,900	36,046
Net pension liability (Note 12)	1,648,600	267,865	220,666	1,695,799	-
Postemployment health care/life insurance benefits (Note 13)	1,783,860	167,067	150,431	1,800,496	-
Equipment lease obligations	30,531	-	2,103	28,428	1,425
Total other liabilities	<u>3,556,376</u>	<u>470,309</u>	<u>406,880</u>	<u>3,619,805</u>	<u>41,986</u>
Total long-term liabilities	<u>\$ 4,081,801</u>	<u>\$ 470,309</u>	<u>\$ 425,650</u>	<u>\$ 4,126,460</u>	<u>\$ 61,151</u>

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Revenue Bonds Payable

The University's revenue bonds payable at June 30, 2020 and 2019 is as follows:

	Series	Date Issued	Authorized	2020	2019
Various acquisition and construction projects (interest rate, 2.5% to 6.0%)	2009A	April 15, 2009	\$ 100,000	\$ -	\$ 2,905
University of Hawai'i Cancer Center (interest rate, 2.5% to 6.0%)	2010A-1, 2010A-2	October 7, 2010	138,640	111,265	114,800
Various construction projects (interest rate, 2.5% to 6.0%)	2010B-1, 2010B-2	October 7, 2010	154,090	127,535	131,545
Hilo College of Pharmacy and Law School Expansion and Modernization (interest rate, 1.0% to 4.7%)	2015A	September 24, 2015	8,575	7,855	8,040
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.0% to 5.0%)	2015B(R)	September 24, 2015	47,010	47,010	47,010
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 0.8% to 3.0%)	2015C(R)	September 24, 2015	17,585	7,010	9,895
University Health & Wellness Center (interest rate, 0.8% to 2.8%)	2015D(R)	September 24, 2015	25,715	9,450	14,675
University Health & Wellness Center (interest rate, 5.0%)	2015E(R)	April 20, 2016	67,400	67,400	67,400
Sinclair Library Basement Renovation (interest rate, 2.0% to 5.0%)	2017A	December 28, 2017	3,990	3,585	3,790
University Health & Wellness Center (interest rate, 3.0%)	2017B	December 28, 2017	12,040	12,040	12,040
University Health & Wellness Center (interest rate, 3.28% to 3.38%)	2017C	December 28, 2017	4,110	4,110	4,110
Frear Hall Construction, Student Housing System at Mānoa, Student Housing System at Hilo (interest rate, 3.0%)	2017D	December 28, 2017	13,185	13,185	13,185
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.28% to 3.65%)	2017E	December 28, 2017	4,450	4,450	4,450
Various acquisition and construction projects (interest rate, 5.0%)	2017F	December 28, 2017	52,275	52,275	52,275
Various acquisition and construction projects (interest rate, 2.10% to 3.85%)	2017G	December 28, 2017	20,745	20,320	20,535
			<u>\$ 669,810</u>	<u>\$ 487,490</u>	<u>\$ 506,655</u>

In December 2017, the University issued \$110,795 in Series 2017A (\$3,990, tax-exempt new money), 2017B (\$12,040, tax-exempt refunding), 2017C (\$4,110, taxable refunding), 2017D (\$13,185, tax-exempt refunding), 2017E (\$4,450, taxable refunding), 2017F (\$52,275, tax-exempt refunding), and 2017G (\$20,745, taxable refunding) Bonds (collectively, the "Series 2017 Bonds") for the purpose of financing the costs of a University project, the renovation of the Gregg M. Sinclair Library basement, and refunding previously issued bonds. All Series 2017 Bonds were delivered on December 28, 2017. Total premium for the Series 2017 Bonds approximated \$10,607.

The proceeds of the Series 2017B, 2017C, 2017D, 2017E, 2017F and 2017G Bonds were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the outstanding principal of the Series 2006A University Revenue Bonds and Refunding Series 2006A University Bonds, and to provide for the defeasance and redemption of a portion of the Series 2009A University Revenue Bonds. Accordingly, the trust account assets and liabilities relating to the defeased bonds are not recorded in the financial statements of the University. During the year ended June 30, 2018, \$33,535 of bonds outstanding from the Series 2006A University Revenue Bonds and Refunding Series 2006A University Bonds were refunded on a current basis, and \$76,400 of bonds outstanding from the Series 2009A University Revenue Bonds were considered defeased. The refunding and defeasance resulted in an accounting gain of \$17,502 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$15,550. Deferred loss on refunding for Series 2017 Bonds amounted to \$5,499 and \$6,125 at June 30, 2020 and 2019, respectively. The coupon interest

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rates for the Series 2017 Bonds range from 2.0 percent to 5.0 percent (the first interest payment was paid on April 1, 2018) with the last maturity on October 1, 2038.

In September 2015, the University issued \$166,285 in Series 2015A (\$8,575, taxable new money), 2015B(R) (\$47,010, tax-exempt refunding), 2015C(R) (\$17,585, taxable refunding), 2015D(R) (\$25,715, taxable refunding), and 2015E(R) (\$67,400, tax-exempt forward delivery refunding) Bonds (collectively, the "Series 2015 Bonds") for the purpose of financing the costs of University projects and refunding previously issued bonds. All Series 2015 Bonds were delivered on September 24, 2015 with the exception of the forward delivery Series 2015E(R) Bonds which were delivered on April 20, 2016. Total premium for the Series 2015 Bonds approximated \$13,698. Deferred loss on refunding for Series 2015 Bonds amounted to \$6,089 and \$6,972 at June 30, 2020 and 2019, respectively. The University projects include the UH Mānoa Law School Expansion and Modernization Project and the UH Hilo College of Pharmacy Project.

The proceeds of the Series 2015B(R), 2015C(R), 2015D(R) and 2015E(R) Bonds were deposited into an irrevocable trust with an escrow agent to provide for a portion of the future debt service payments on the Series 2006A University Revenue Bonds and the Refunding Series 2006A University Bonds. Accordingly, the trust account assets and liabilities relating to the defeased bonds are not recorded in the financial statements of the University. During the year ended June 30, 2016, \$163,245 of bonds outstanding from the Series 2006A University Revenue Bonds and the Refunding Series 2006A University Bonds were considered defeased. The defeasance resulted in an accounting gain of \$15,080 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$9,573. The coupon interest rates for the Series 2015 Bonds range from 0.811 percent to 5.0 percent (first interest payment due on April 1, 2016) with the last maturity on October 1, 2044.

In October 2010, the University issued \$292,730 in Series 2010A-1 (\$111,265), 2010A-2 (\$27,375), 2010B-1 (\$127,535), and 2010B-2 (\$26,555) Bonds (collectively, the "Series 2010 Bonds") for the purpose of financing the costs of certain University projects. The Series 2010A-1 and Series 2010B-1 Bonds are designated as "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009. These University projects may include the construction and maintenance of the University of Hawai'i Cancer Center, renovations and additions to the Mānoa Campus Center, construction and equipment for an Information Technology Building, renovations to the Sinclair Library basement on the Mānoa campus, further development of the University of Hawai'i at West O'ahu ("UH-West O'ahu") Kapolei campus, various energy conservation/efficiency projects on the community college campuses on O'ahu and Maui, land acquisition for the Leeward Community College Wai'anae Education Center, construction of the Kapi'olani Community College Culinary Institute of the Pacific, and renovation of the observatory for the Panoramic Survey Telescope & Rapid Response System 2 telescope. The coupon interest rates for the Series 2010 Bonds range from 2.50 percent to 6.03 percent (first interest payment due on April 1, 2011) and mature on October 1, 2030 and 2040.

The University receives funds from the State of Hawai'i Tobacco Settlement Special Fund for the payment of principal and interest on the Series 2015D(R), 2015E(R), 2017B and 2017C Bonds to finance the cost of construction of the medical school facility. The funds received from the State of Hawai'i Tobacco Settlement Special Fund for debt service amounted to \$9,396 and \$9,400 in 2020 and 2019, respectively.

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The revenue bonds are paid from certain unrestricted revenues in annual installments, including semi-annual interest payments ranging from \$12 to \$12,212 with the final payment due in October 2044. Interest on the Series 2009A, 2010, 2015 and 2017 Bonds is payable semi-annually on April 1 and October 1, and the principal is payable on October 1 of each year. The Bond Resolution adopted on November 16, 2001 and supplemented ("Bond Resolution"), stipulates that revenues of the University Bond System, including legislative appropriations and moneys in any special or revolving fund of the University, are pledged to the payment of the Series 2009A, 2010, 2015 and 2017 Bonds, interest and premiums (if any).

The University entered into continuing disclosure certificates for the benefit of revenue bondholders, where it agreed to provide certain financial information and operating data relating to the University with respect to its revenue bonds to the Municipal Securities Rulemaking Board. The University, based on consultation with its bond counsel and bond underwriter, has complied in all material respects with the continuing disclosure requirements.

The Bond Resolution permits the holders of not less than 25.0 percent of the aggregate principal amount of outstanding revenue bonds to declare the principal of all revenue bonds then outstanding, together with all accrued and unpaid interest thereon, to be due and payable immediately upon the occurrence and during the continuation of an Event of Default by the University under the Bond Resolution. Events of Default include, but are not limited to, the failure to pay principal when due or interest within 30 days of the date due, a breach of the terms of the Bond Resolution by the University which goes uncured for the applicable cure period, if any, or the dissolution, bankruptcy or receivership of the University.

At June 30, 2020, future maturities of revenue bonds are as follows:

Year ending June 30,	Principal	Interest
2021	\$ 19,695	\$ 24,082
2022	20,305	23,352
2023	21,050	22,479
2024	21,900	21,489
2025	22,795	20,450
2026–2030	126,800	84,865
2031–2035	131,770	51,521
2036–2040	104,585	19,300
2041–2045	18,590	774
	<u>\$ 487,490</u>	<u>\$ 268,312</u>

In October 2020, the University issued \$217,165 in Series 2020A (\$10,045, taxable new money), 2020B (\$44,555, tax-exempt refunding), 2020C (\$54,300, taxable refunding), 2020D (\$77,135, tax-exempt refunding), and 2020E (\$31,130, taxable refunding) Bonds (collectively, the "Series 2020 Bonds") for the purpose of financing the costs of University projects and refunding previously issued bonds. The University projects include renovations and improvements to parking facilities. The Series 2020B and 2020C Bonds refunded the Series 2010A-1 University Revenue Bonds and the Series 2020D and 2020E Bonds refunded the Series 2010B-1 University Revenue Bonds. Total premium for the Series 2020 Bonds approximated \$25,710. The coupon interest rates for the Series 2020 Bonds range from 0.539 percent to 5.0 percent (first interest payment due on April 1, 2021) with the last maturity on October 1, 2040.

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Bond Premiums

Activity related to the premiums on revenue bonds for the years ended June 30, 2020 and 2019 is as follows:

	Series	Beginning Balance	Additions	Reductions	Ending Balance
2020					
University of Hawai'i Cancer Center	2010A	\$ 17	\$ -	\$ 17	\$ -
Various construction projects	2010B	29	-	29	-
Student Housing	2015B(R)	4,588	-	310	4,278
John A. Burns School of Medicine	2015E(R)	6,219	-	635	5,584
Sinclair Library basement renovation	2017A	460	-	52	408
John A. Burns School of Medicine	2017B	241	-	24	217
Student Housing	2017D	100	-	9	91
Student Housing	2017F	8,618	-	727	7,891
		<u>\$ 20,272</u>	<u>\$ -</u>	<u>\$ 1,803</u>	<u>\$ 18,469</u>
Total bond premiums					
2019					
University of Hawai'i Cancer Center	2010A	\$ 102	\$ -	\$ 85	\$ 17
Various construction projects	2010B	169	-	140	29
Student Housing	2015B(R)	4,885	-	297	4,588
John A. Burns School of Medicine	2015E(R)	6,828	-	609	6,219
Sinclair Library basement renovation	2017A	511	-	51	460
John A. Burns School of Medicine	2017B	264	-	23	241
Student Housing	2017D	109	-	9	100
Student Housing	2017F	9,317	-	699	8,618
		<u>\$ 22,185</u>	<u>\$ -</u>	<u>\$ 1,913</u>	<u>\$ 20,272</u>
Total bond premiums					

Equipment Lease Obligations

In November 2017, the University entered into two tax-exempt lease purchase ("TELP") agreements with a Company to purchase energy conservation equipment for Honolulu, Kapi'olani, Leeward and Windward Community Colleges (collectively "Oahu Campuses") and Maui College for \$24,183 and \$6,302, respectively. For the Oahu Campuses, payments commenced on August 1, 2018 and will continue through August 1, 2031 at a tax-exempt interest rate of 2.55 percent. For Maui College, payments commenced on December 1, 2018 and will continue through December 1, 2031 at a tax-exempt interest rate of 2.55 percent. Upon failure to pay any rental payment within the 15 days following the due date, the lessor may demand full payment and/or retake possession of the equipment.

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At June 30, 2020, future minimum lease payments required under the capital lease agreements are as follows:

	Principal	Interest
Year ending June 30,		
2021	1,551	\$ 688
2022	1,565	649
2023	1,709	609
2024	1,838	566
2025	1,999	519
2026–2030	12,569	1,741
2031–2032	5,811	218
	<u>\$ 27,042</u>	<u>\$ 4,990</u>

11. Property Leases

The University has entered into real property operating lease agreements with future minimum payments as follows:

	Lease Amount
Year ending June 30,	
2021	\$ 2,208
2022	2,164
2023	1,916
2024	1,149
2025	420
2026–2030	2,102
2031–2035	829
Thereafter	1,401
	<u>\$ 12,189</u>

Rent expense for outside space for the years ended June 30, 2020 and 2019 approximated \$6,473 and \$5,754, respectively.

12. Employee Benefits

**Employees' Retirement System
Pension Plan**

Plan Description

Generally, all full-time employees of the University are required to be members of the Employees' Retirement System of the State of Hawai'i ("ERS"), a cost-sharing multiple-employer defined benefit pension plan that administers the University's pension benefits program. Benefits, eligibility, and contribution requirements are governed by HRS Chapter 88 and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at ERS's website: <http://www.ers.ehawaii.gov/resources/financials>.

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Benefits Provided

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability, and death benefits with three membership classes known as the noncontributory, contributory and hybrid retirement plans. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25 percent to 2.25 percent) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5 percent increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5 percent increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

Noncontributory Class

- Retirement Benefits – General employees' retirement benefits are determined as 1.25 percent of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35.0 percent of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5 percent of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30.0 percent of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or surviving dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at time of death with at least ten years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/re-entry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of the member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100 percent joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

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Contributory Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 2.0 percent of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50.0 percent of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75 percent of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30.0 percent of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50.0 percent of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50.0 percent joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100 percent joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 1.75 percent of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.
- Disability and Death Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50.0 percent of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability.

Death benefits for contributory members hired after June 30, 2012 are generally the same as those for contributory members hired June 30, 2012 and prior.

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Hybrid Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 2.0 percent of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35.0 percent of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25.0 percent of average final compensation.
- Death Benefits – For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50.0 percent of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150.0 percent, or 50.0 percent joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100 percent joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 1.75 percent of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60.
- Disability and Death Benefits – Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50.0 percent joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100 percent joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

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Contributions

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rate was 22.0 percent and 19.0 percent for fiscal years 2020 and 2019, respectively. Contributions to the pension plan for the University for the years ended June 30, 2020 and 2019 were \$142,908 and \$117,600, respectively.

Pursuant to Act 17 (SLH 2017), employer contributions from the State and counties are expected to increase over four years beginning July 1, 2017. The rate for general employees increased to 22.0 percent on July 1, 2019, and increased to 24.0 percent on July 1, 2020.

The University is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.8 percent of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.8 percent of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0 percent of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0 percent of their salary.

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

At June 30, 2020 and 2019, the University reported a liability of \$1,791,098 and \$1,695,800, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2019 and 2018, the University's proportion was 12.64 percent and 12.73 percent, respectively, which was a decrease of 0.09 percent. There was no change in the University's proportion at June 30, 2018 and 2017.

The following changes were made to actuarial assumptions as of June 30, 2018 to June 30, 2019.

- The assumed salary increase schedules include an ultimate component for general wage inflation that may add on additional increases for individual merit and then an additional component for step rates based on service.
- Mortality rates generally decreased due to the continued improvements in using a fully generational approach and Scale BB.

There were no changes between the measurement date, June 30, 2019, and the reporting date, June 30, 2020, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$249,809 and \$203,974, respectively.

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At June 30, 2020 and 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Difference between expected and actual experience	\$ 31,338	\$ 3,585
Net difference between projected and actual investment earnings on pension plan investments	-	4,916
Change in assumptions	121,945	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	881	6,764
Contributions subsequent to the measurement date	142,908	-
Total deferred inflows and outflows of resources	<u>\$ 297,072</u>	<u>\$ 15,265</u>
2019		
Difference between expected and actual experience	\$ 30,588	\$ 10,626
Net difference between projected and actual investment earnings on pension plan investments	-	8,761
Change in assumptions	182,835	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,212	16,840
Contributions subsequent to the measurement date	117,600	-
Total deferred inflows and outflows of resources	<u>\$ 332,235</u>	<u>\$ 36,227</u>

At June 30, 2020, the \$142,908 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The \$117,600 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date at June 30, 2019 was recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2021	\$ 80,714
2022	36,455
2023	9,518
2024	10,839
2025	1,373
	<u>\$ 138,899</u>

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Actuarial Assumptions

The total pension liability in the June 30, 2019 and 2018 actuarial valuations was determined using the following actuarial assumptions adopted by the ERS's Board of Trustees on August 12, 2019, based on the 2018 Experience Study for the five-year period from July 1, 2013 through June 30, 2018:

Inflation	2.50%
Payroll growth rate	3.50%
Investment rate of return	7.00% per year, compounded annual including inflation

The assumptions from the 2018 Experience Study did not change from the 2015 Experience Study for the five-year period from July 1, 2010 through June 30, 2015 as adopted by the ERS's Board of Trustees on December 12, 2016.

The same rates were applied to all periods. There were no changes to ad hoc postemployment benefits including cost-of-living allowances.

For the June 30, 2019 and 2018 actuarial valuation, post-retirement mortality rates are based on the 2016 Public Retirees of Hawai'i mortality table with adjustments based on generational projections of the BB projection table for 2016 and full generational projections in future years. Pre-retirement mortality rates are based on multiples of RP-2014 mortality table based on the occupation of the member.

The long-term expected rate of return on pension plan investments was determined using a "top down approach" of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as "re-sampling with a replacement" that directly keys in on specific plan-level risk factors as stipulated by the ERS Board of Trustees) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return (real returns and inflation) by the target asset allocation percentage. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Strategic Allocation (risk-based classes)		
Broad growth	63.0%	7.1%
Principal protection	7.0%	2.5%
Real return	10.0%	4.1%
Crisis risk offset	20.0%	4.6%
	<u>100.0%</u>	

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Discount Rate

The discount rate used to measure the net pension liability was 7.0 percent, consistent with the rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the University will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net pension liability, calculated using the discount rate of 7.00 percent, for the measurement dates June 30, 2019 and 2018, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2020			
The University's proportionate share of the net pension liability	<u>\$ 2,323,736</u>	<u>\$ 1,791,098</u>	<u>\$ 1,407,608</u>
2019			
The University's proportionate share of the net pension liability	<u>\$ 2,205,113</u>	<u>\$ 1,695,800</u>	<u>\$ 1,275,949</u>

Pension Plan Fiduciary Net Position

The pension plan's fiduciary net position is determined on the same basis used by the pension plan. The ERS's financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded as of their trade date. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report. ERS's complete financial statements are available at <http://ers.ehawaii.gov/resources/financials>.

Payable to the Pension Plan

The University's employer contributions payable to the ERS for fiscal years 2020 and 2019 were paid by June 30, 2020 and 2019, respectively. Excess payments of \$15,482 are being applied to amounts due in fiscal year 2021. Excess payments of \$6,025 were applied to amounts due in fiscal year 2020.

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Other Benefits

The State absorbs the fringe benefit cost for the University's general funded employees. Fringe benefit costs included in total revenue and total expenditures amounted to \$304,701 and \$286,479 for fiscal years 2020 and 2019, respectively.

All regular employees, with certain exceptions, earn vacation leave at the rate of 14 hours for each month of service. Employees who are entitled to annual vacation may accumulate for the succeeding year or years up to 15 working days annual vacation allowance, provided that the total accumulation shall not exceed 90 working days at the end of the calendar year.

Accumulated vacation leave earned, but not taken, is reflected as an accrual in the accompanying financial statements. When termination of services takes place, the employees are paid for their vacation allowance in a lump sum.

Sick leave accumulates at the rate of 14 hours for each full month of service without limit, but can be taken only in the event of an illness and is not convertible to pay upon termination of employment. Accordingly, accumulated sick leave, earned but not taken, is not reflected as an accrual in the accompanying financial statements. Employees who retire with 60 days of unused sick leave are entitled to three months of service credit in the ERS. For each additional 20 days, or major fraction thereof, of unused sick leave they have in excess of 60 days, their service period is increased by one month. As of June 30, 2020 and 2019, accumulated sick leave approximated \$472,061 and \$475,761, respectively.

The University's regular employees may enter into deferred compensation arrangements directly with authorized insurance companies or agencies through a payroll deduction plan. Accordingly, the University has no deferred compensation or withholding payable.

The University manages its workers' compensation program. Medical-related payments amounted to \$3,182 for fiscal years 2020 and 2019. Temporary wage loss payments for fiscal years 2020 and 2019 amounted to \$240 and \$417, respectively.

13. Postemployment Healthcare and Life Insurance Benefits

Plan Description

The State provides certain healthcare and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State contributes to the Hawai'i Employer-Union Health Benefits Trust Fund ("EUTF"), an agent, multiple-employer defined benefit plan that replaced the Hawai'i Public Employees Health Fund effective July 1, 2003. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees and their dependents. The EUTF issues an annual financial report that is available to the public at <https://eutf.hawaii.gov/reports>. The report may also be obtained by writing to:

Hawai'i Employer-Union Health Benefits Trust Fund
P.O. Box 2121
Honolulu, Hawai'i 96805-2121

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with ten years or more of credited service, and 50.0 percent of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents.

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For employees hired after June 30, 1996, but before July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years, but fewer than 15 years of service, the State pays 50.0 percent of the base monthly contribution. For employees retiring with at least 15 years, but fewer than 25 years of service, the State pays 75.0 percent of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100 percent of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001 and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years, but fewer than 15 years of service, the State pays 50.0 percent of the base monthly contribution. For those retiring with at least 15 years, but fewer than 25 years of service, the State pays 75.0 percent of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100 percent of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage, but must pay the difference.

Employees Covered by Benefit Terms

At July 1, 2019, the following number of plan members was covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	36,993
Inactive plan members entitled to but not yet receiving benefits	7,678
Active plan members	<u>50,591</u>
Total plan members	<u>95,262</u>

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan for the University was \$139,980 and \$119,714 for the fiscal years ended June 30, 2020 and 2019, respectively. The employer is required to make all contributions for members.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, and 2019, the University reported a net OPEB liability of \$1,802,492 and \$1,800,496, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

There were no changes between the measurement date, July 1, 2019, and the reporting date, June 30, 2020, that are expected to have a significant effect on the net OPEB liability.

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For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of approximately \$125,785 and \$148,486, respectively. At June 30, 2020 and 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2020		
Changes in assumptions	\$ 23,732	\$ 25,443
Net difference between projected and actual earnings on OPEB plan investments	3,430	-
Contributions subsequent to the measurement date	<u>138,452</u>	<u>-</u>
Total deferred inflows and outflows of resources	<u>\$ 165,614</u>	<u>\$ 25,443</u>
2019		
Changes in assumptions	\$ 18,581	\$ 30,701
Net difference between projected and actual earnings on OPEB plan investments	-	2,351
Contributions subsequent to the measurement date	<u>139,980</u>	<u>-</u>
Total deferred inflows and outflows of resources	<u>\$ 158,561</u>	<u>\$ 33,052</u>

At June 30, 2020, the approximate \$138,452 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. At June 30, 2019, the approximate \$139,980 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date were recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2021	\$ (1,052)
2022	(1,052)
2023	299
2024	644
2025	2,722
Thereafter	<u>158</u>
	<u>\$ 1,719</u>

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Actuarial Assumptions

The total OPEB liabilities were determined by the EUTF's Board of Trustees adoption of the following actuarial assumptions based on the five-year experience study conducted for the ERS:

	2020	2019
Actuarial valuation date	July 1, 2019	July 1, 2018
Date of adoption	January 13, 2020	January 8, 2018
Five-year experience study end date	June 30, 2018	June 30, 2015
Inflation	2.50%	2.50%
Payroll growth rate (including inflation)	3.50% to 7.00%	3.50% to 7.00%
Investment rate of return	7.00%	7.00%
PPO*		
Initial rates	8.00%	10.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.86%	4.86%
Number of years that the rate reaches the ultimate trend rate	12 years	13 years
HMO*		
Initial rates	8.00%	10.00%
Ultimate trend rate	4.86%	4.86%
Number of years that the rate reaches the ultimate trend rate	12 years	13 years
Medicare Part B Contribution		
Initial rates	5.00%	4.00% and 5.00%
Ultimate trend rate	4.70%	4.70%
Number of years that the rate reaches the ultimate trend rate	11 years	12 years
Dental		
Initial rates (for the first two years)	5.00%	5.00%
Ultimate trend rate	4.00%	4.00%
Vision		
Initial rates (for the first two years)	0.00%	0.00%
Ultimate trend rate	2.50%	2.50%
Life Insurance		
Rate	0.00%	0.00%

* Blended rates for medical and prescription drugs.

Mortality rates are based on system-specific mortality tables utilizing scale BB to project generational mortality improvement.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Strategic Allocation		
Private equity	10.00 %	8.80%
U.S. microcap	7.00 %	7.30%
U.S. equity	15.00 %	5.35%
Non-U.S. equity	17.00 %	6.90%
Global options	7.00 %	4.75%
Core real estate	10.00 %	3.90%
Private credit	6.00 %	5.60%
Core bonds	3.00 %	1.50%
TIPS	5.00 %	1.20%
Long treasuries	6.00 %	2.00%
Alternative risk premia	5.00 %	2.75%
Trend following	9.00 %	3.25%
	<u>100.00 %</u>	

Single Discount Rate

The discount rate used to measure the net OPEB liability was 7.00 percent, based on the expected rate of return on OPEB plan investments of 7.00 percent and the municipal bond rate of 3.13 percent (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-year Municipal GO AA Index"). Beginning with the fiscal year 2019 contribution, the State's funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position

The OPEB plan's fiduciary net position has been determined on the same basis used by the OPEB plan. The EUTF's financial statements are prepared using the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the cash flows. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Administrative expenses are financed exclusively with investment income.

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There were no significant changes after the report measurement date. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued EUTF financial report. The EUTF's complete financial statements are available at <https://eutf.hawaii.gov/reports>.

Changes in Net OPEB Liability

The following table represents a schedule of changes in the net OPEB liability. The ending balances are as of the measurement dates, July 1, 2019 and July 1, 2018.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
2020			
Beginning balance	\$ 2,022,062	\$ 221,566	\$ 1,800,496
Service cost	42,039	-	42,039
Interest on the total OPEB liability	132,510	-	132,510
Employer contributions	-	139,980	(139,980)
Net investment income	-	12,727	(12,727)
Benefit payments	(63,458)	(63,458)	-
Change in assumptions	10,650	-	10,650
Difference between expected and actual experience in the measurement of total OPEB liability	(1,103)	-	(1,103)
Administrative expense	-	(87)	87
Other	-	29,480	(29,480)
Net changes	<u>120,638</u>	<u>118,642</u>	<u>1,996</u>
Ending balance	<u>\$ 2,142,700</u>	<u>\$ 340,208</u>	<u>\$ 1,802,492</u>
2019			
Beginning balance	\$ 1,932,553	\$ 148,693	\$ 1,783,860
Service cost	40,189	-	40,189
Interest on the total OPEB liability	124,435	-	124,435
Employer contributions	-	119,714	(119,714)
Net investment income	-	13,793	(13,793)
Benefit payments	(60,589)	(60,589)	-
Change in assumptions	22,269	-	22,269
Difference between expected and actual experience in the measurement of total OPEB liability	(36,795)	-	(36,795)
Administrative expense	-	(45)	45
Net changes	<u>89,509</u>	<u>72,873</u>	<u>16,636</u>
Ending balance	<u>\$ 2,022,062</u>	<u>\$ 221,566</u>	<u>\$ 1,800,496</u>

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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following table presents the University's net OPEB liability calculated using the discount rate of 7.00 percent, for the measurement dates July 1, 2019 and 2018, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2020			
The University's proportionate share of the net OPEB liability	<u>\$ 2,147,636</u>	<u>\$ 1,802,492</u>	<u>\$ 1,530,155</u>
2019			
The University's proportionate share of the net OPEB liability	<u>\$ 2,128,619</u>	<u>\$ 1,800,496</u>	<u>\$ 1,542,673</u>

The following table presents the University's net OPEB liability calculated using the assumed healthcare cost trend rate, as well as what the University's net OPEB liability would be if it were calculated using the trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
2020			
The University's proportionate share of the net OPEB liability	<u>\$ 1,517,749</u>	<u>\$ 1,802,492</u>	<u>\$ 2,170,375</u>
2019			
The University's proportionate share of the net OPEB liability	<u>\$ 1,528,621</u>	<u>\$ 1,800,496</u>	<u>\$ 2,153,331</u>

Payables to the OPEB Plan

The University's employer contributions payable to the EUTF by fiscal year end was paid by June 30, 2020 and 2019.

Subsequent Supplementary Proclamation

The Fourteenth Supplementary Proclamation, issued on October 13, 2020, suspended specific provisions of law. Included were Sections 87A-42(b) – (f), HRS, other post-employment benefits trust, 87A-43, HRS, payment of public employer contributions to the other post-employment benefits trust, and 237-31(3), HRS, remittances, related to the requirement for public employers to pay the annual required contribution to EUTF in fiscal year 2021.

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14. Asset Retirement Obligations

The University accounts for certain costs associated with the future and on-going dismantling and removal of four telescopes on the summit of Mauna Kea in accordance with GASB Statement No. 83. Under Statement No. 83, the execution of the General Lease No. 4191 dated January 1, 1968, between the Board of Land and Natural Resources of the State of Hawai'i and the University and the University's acts of acquiring and placing the telescopes into service, serve as external and internal obligating events, respectively, that require the University to recognize a liability and corresponding deferred outflow of resources equal to the estimated current cost of activities to perform upon future retirement of the telescopes. The AROs are associated with three telescopes that currently have estimated remaining useful lives ranging from five to fifteen years and one telescope that is not currently operational but has not yet been decommissioned.

The AROs were determined based on the most likely amount of what it would cost to perform all the dismantling and removal tasks, as determined by an outside company in 2014 and adjusted for inflation. The estimated ARO associated with the nonoperational telescope was updated in fiscal year 2020 based on an updated project budget prepared by management. Actual costs may be higher due to inflation or changes in construction costs or technology.

The ARO liability at June 30, 2020 and 2019 was \$9,561 and \$10,824, respectively, and is included in other noncurrent liabilities in the University's Statements of Financial Position. Deferred outflows of resources related to AROs amounted to \$2,402, and \$2,519 at June 30, 2020 and 2019, respectively.

In fiscal year 2014, the University received the title to two telescopes, as well as a total of \$5,000 from the respective sublessees, in exchange for assuming the retirement obligations of the telescopes.

15. State Appropriations

By statutory provision, the University prepares a biennium budget for its programs. Budgeted expenditures are derived primarily from the General Appropriations Act and from other specific appropriations acts in various Sessions Laws of Hawai'i ("SLH").

An allotment system and encumbrance accounting are utilized by the University for statutory budgetary control purposes. Obligations in the form of purchase orders or contracts are recorded as encumbrances at the time purchase orders or contracts are awarded and executed. To the extent they are not expended or encumbered, general fund appropriations generally lapse at the end of the fiscal year. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

Act 7, SLH 2020, Supplemental Appropriations Act of 2020, Section 3, provided \$126,238 in general fund appropriations directly to the Department of Budget and Finance to pay for debt service on general obligation bonds issued for the University. As a result, the University itself received no appropriations and made no transfers for debt service on general obligation bonds for the year ended June 30, 2020.

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Act 53, SLH 2018 Section 3, provided \$116,311 in general fund appropriations directly to the Department of Budget and Finance to pay for debt service on general obligation bonds issued for the University. As a result, the University itself received no appropriations and made no transfers for debt service on general obligation bonds for the year ended June 30, 2019.

Net general and capital appropriations for the year ended June 30, 2020 were as follows:

General appropriations

Act 5, SLH 2019, Appropriation Warrant No. 10	\$ 517,482
Act 61, SLH 2019, Appropriation Warrant No. 65	700
Act 39, SLH 2019, Appropriation Warrant No. 84	100
Act 156, SLH 2019, Appropriation Warrant No. 111	455
Act 164, SLH 2019, Appropriation Warrant No. 113	38
Act 168, SLH 2019, Appropriation Warrant No. 117	60
Act 228, SLH 2019, Appropriation Warrant No. 126	1,200
Act 264, SLH 2019, Appropriation Warrant No. 129	4,000
Act 265, SLH 2019, Appropriation Warrant No. 130	350
Act 266, SLH 2019, Appropriation Warrant No. 131	195
	<u>524,580</u>
Total funds lapsed	(802)
Executive restriction	(11,275)
Collective bargaining adjustment	105
Total general appropriations	<u>\$ 512,608</u>

Capital appropriations

Sections 30 & 56 of Act 49, SLH 2017, Amended by Section 5 of Act 53 SLH 2018	\$ 17,000
Sections 4 & 20, Act 40, SLH 2019	56,571
Section 4, Act 40, SLH 2019	131,150
Total funds lapsed	(956)
Total capital appropriations	<u>\$ 203,765</u>

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Net general and capital appropriations for the year ended June 30, 2019 were as follows:

General appropriations	
Act 49, SLH 2017, Appropriation Warrant No. 10	\$ 481,508
Act 61, SLH 2017, Appropriation Warrant No. 66	200
Act 14, SLH 2018, Appropriation Warrant No. 74	700
Act 117, SLH 2018, Appropriation Warrant No. 94	150
Act 132, SLH 2018, Appropriation Warrant No. 99	500
	<u>483,058</u>
Total funds lapsed	(665)
Executive restriction	(2,138)
Collective bargaining adjustment	26,144
	<u>26,144</u>
Total general appropriations	<u>\$ 506,399</u>
Capital appropriations	
Sections 30 & 56 of Act 49, SLH 2017, Amended by Section 5 of Act 53 SLH 2018	\$ 21,173
Section 49, SLH 2017 Sections 30 & 56	9,000
Sections 30 & 56, Act 49, Amended by Act 53 SLH 2018	104,450
Total funds lapsed	(627)
	<u>(627)</u>
Total capital appropriations	<u>\$ 133,996</u>

Net transfers from the State for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Fringe benefits	\$ 304,701	\$ 286,479
Hawai'i Barrel Tax	2,575	2,665
School of Nursing	1,093	238
University of Hawai'i Cancer Center	4,834	5,323
	<u>\$ 313,203</u>	<u>\$ 294,705</u>

16. Litigation, Other Contingent Liabilities, and Commitments

HRS §304A-108 stipulates that any liability arising from a claim, action or suit brought against the University shall be payable solely from the moneys and property of the University and shall not constitute a general obligation of the State. The Board is not precluded from requesting and securing legislative appropriations to fund the settlement of any such claim or judgment against the University.

The University is contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, the University's management and general counsel are of the opinion that the outcome of such matters will not have a material effect on the University's financial position.

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Substantial amounts are received and expended by the University under federal and state programs which are subject to audit by cognizant governmental agencies and independent auditors under Uniform Guidance. This funding relates to research, student aid, and other programs. University management believes that any liabilities arising from such audits will not have a material effect on the University's financial position.

The State and the Office of Hawaiian Affairs ("OHA") are involved in an ongoing dispute relating to certain lands transferred by the former Republic of Hawai'i to the United States which were re-conveyed to the State upon Hawai'i's admission to the Union in 1959. These lands (collectively, the "ceded lands") are the subject of a number of claims, litigation and legislation, which are being addressed by the State on behalf of all State agencies, including the University. These matters are more fully described in the State's CAFR that includes financial statements and required supplementary information which may be obtained from the following address:

State of Hawai'i Department of Accounting and General Services
1151 Punchbowl Street
Honolulu, Hawai'i 96813

Although the ultimate outcome and financial impact to the University of these OHA matters are not presently known, the University has come to an agreement with the State with respect to the University's estimated pro rata portion of its obligation due to OHA related to revenues generated from ceded lands. The University's financial statements reflect the liabilities and disbursements in connection with this agreement.

Risk Management

In general, the University obtains third-party insurance coverage directly from third-party insurers or is covered under the umbrella of the State's insurance program. However, the University is partially or entirely self-insured for certain risks, such as unemployment and workers' compensation claims.

Construction and Other Contracts

The University is committed under contracts awarded for construction and other services. These commitments amounted to approximately \$311,279 and \$230,222 as of June 30, 2020 and 2019, respectively.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which remains a rapidly evolving situation. The extent of the impact of COVID-19 on the University's financial position and results of operations will depend on future developments. While the University continues to design and execute plans to mitigate these risks, the duration of the disruption and its overall financial impact is expected to be substantial but cannot be reasonably estimated. The University has taken steps to mitigate the impact, including reducing operating expenses and implementing executive pay cuts, and continues to explore all options.

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Collective Bargaining Agreements

The Hawai'i State Constitution under Article XIII, Section 2, grants public employees in the State the right to organize for the purpose of collective bargaining as provided by law. Chapter 89, HRS, provides for the recognized bargaining units for public employees throughout the State. Each bargaining unit is represented by an employee organization otherwise known as the exclusive representative or "union" of all employees in the unit, which negotiates wages, hours, and terms and conditions of employment with the public employers.

As the University is part of the State, most employees working at the University are included in a bargaining unit as provided by HRS §89-6(a), and depending on the nature of their positions. The University is responsible for administering eight collective bargaining agreements ("CBAs") associated with the aforementioned bargaining units. The number of University employees in each bargaining unit ("Unit") as of October 12, 2020, are as follows:

- Unit 1 (nonsupervisory employees in blue collar positions): 512
- Unit 2 (supervisory employees in blue collar positions): 13
- Unit 3 (nonsupervisory employees in white collar positions): 556
- Unit 4 (supervisory employees in white collar positions): 39
- Unit 7 (faculty of the University and the community college system): 3,541
- Unit 8 (personnel of the University and the community college system, other than faculty): 2,402
- Unit 9 (registered professional nurses): 8
- Unit 10 (institutional. health and correctional workers): 2

The civil service employees working at the University are included in Units 1, 2, 3, 4, 9 and 10. The University's employees exempt from civil service are considered Board of Regents appointees, and include faculty members, who are included in Unit 7, and administrative, professional, and technical ("APT") employees, who are included in Unit 8.

- Employees in executive or managerial positions, as well as certain other personnel designated as excluded from collective bargaining pursuant to HRS §89-6(f), and whose responsibilities concern confidential matters affecting employee-employer relations, are not represented by any union. Wages, hours, and other terms and conditions of employment for these employees are as provided by law or action of the Board of Regents, as applicable. Some employees (for example, 89-day contractual hires) are not parties to any bargaining unit under HRS chapter 89.

All Units at the University have CBAs that are effective through June 30, 2021. Employer Group and the various unions have commenced preliminary negotiations for the CBAs that will be effective beginning July 1, 2021; however, negotiations are in very early stages.

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The current CBA salary increases for Units 1, 7, and 10 have been reported in the University's previous financial statements. However, Units 2, 3, 4, 8 and 9 did not have finalized CBAs for the period July 1, 2019 through June 30, 2021, as of our last Collective Bargaining update. Since then, tentative agreements between the Union and the employer group for Units 2, 3, 4, 8 and 9 have been funded by the appropriate legislative bodies, thereby becoming final, and the salary adjustments are as follows:

UNIT 2:

Effective July 1, 2019:

- Salary schedule in effect on June 30, 2019 starting point.
- Step movement plan is deleted.
- Employees receive \$2,000 lump sum bonus; employees less than full time will receive prorated amount.

Effective July 1, 2020:

- Employees on Step A1 move to C1. No employees left on Step A1.
- Employees on Steps B1 and C1 received 5.29% pay increases, and are no longer on the salary schedule.
- Delete Steps A1 and B1 from the salary schedule; rename Step C1 to Step A.
- Increase salary schedule by 1.2%.
- Move employees to the same pay range and step of new salary schedule.
- Employees who were on Step L5 on July 1, 2015 and are no longer on a step on the salary schedule receive 5.29% pay increase.
- Employees not administratively assigned to the salary schedule receive a 5.29% increase.

Effective January 1, 2021:

- 1.2% across-the-board increase to salary schedule, to become new salary schedule.
- Employees move from old salary schedule to same range and step of new salary schedule.
- Employees who were on Steps B1 and C1 on June 30, 2020, and are no longer on a step on the salary schedule get 1.2% increase.
- Employees who were on Step L5 on July 1, 2015, and are no longer on a step receive a 1.2% increase.
- MOA to address employees formerly on steps L5, B1 and C1.

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UNIT 3

Effective July 1, 2019:

- \$2,800 lump sum payment for all employees; employees less than full time receive prorated amount.
- Replace the step movement plan with negotiated step movements.

Effective July 1, 2020:

- Employees on Steps B to L move one step, and Step B is deleted.
- Increase SR-4 through SR-8 by 2.0% to 10.1%.
- 2% one-time lump sum payment for SR-8 on Step M as of June 30, 2020.
- 4% one-time lump sum payment for SR-9 and above on Step M as of June 30, 2020, and SRNA.

Effective January 1, 2021:

- Increase salary schedule by 3.46%.
- Employees not administratively assigned (SRNA, exempt included employees) receive 3.46% pay increase.

UNIT 4:

Effective July 1, 2019:

- 5.98% lump sum payment based on June 30, 2019 annual base pay.
- Replace the step movement plan with negotiated step movements.

Effective July 1, 2020:

- Employees on Steps B move to Step C; Step B is deleted.
- Delete SR-4.
- Increase SR-5 to SR-8 by 5.6% to 11.8%.
- Increase salary schedule for SR-9 and above by 3.60%.
- Employees not assigned to salary schedule receive 3.60% increase.

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Effective January 1, 2021:

- Increase salary schedule by 3.74%.
- Employees not administratively assigned (SRNA, exempt included employees) receive 3.74% pay increase).

UNIT 8:

Effective July 1, 2019:

- Employees assigned to the salary schedule as of June 30, 2019 shall receive a one-time bonus of \$1,000 for employees with less than three (3) years of service, or \$2,000 for employees with three (3) or more years of service.

Effective July 1, 2020:

- Employees on Step 1 to Step 46 receive a two-step adjustment to the next higher step.
- Employees on Step 47 (or second to last step) receive a one-step adjustment to the next higher step and a 2% lump sum payment.
- Employees on Step 48 (or last step) receive a 4% lump sum payment.
- 1.24% across-the-board increase to salary schedules for 11-month APTs and 9-month APTs.

Effective January 1, 2021:

- A 1.2% across the board increase for 11-month and 9-month APT Employees.

UNIT 9:

Effective July 1, 2019:

- Employees shall receive a 2.5% across-the-board increase to the salary schedule, and the continuation of existing step movements.
- Employees not administratively assigned to the salary schedule shall receive a 2.5% increase.
- A new step L-5 shall be established and implemented for employees who have accrued 25 years or more of service credit in accordance with the current step movement plan.

University of Hawai'i
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Notes to Financial Statements
June 30, 2020 and 2019
(All dollars reported in thousands)

- Employees on salary ranges from SR-16 to SR-30, who are administratively assigned, shall receive a one-time-bonus as follows (with the bonus for employees who work less than full time prorated):

Step B	\$1,800
Step C	\$1,825
Step D	\$1,850
Step E	\$1,875
Step L1	\$1,900
Step L2	\$1,925
Step L3	\$1,950
Step L4	\$1,975
Step L5	\$2,000

Employees not administratively assigned to the salary schedule shall receive a one-time bonus of \$1,800; employees less than full-time shall receive a prorated amount.

Effective July 1, 2020:

- Employees shall receive a 2.5% across-the-board increase to the salary schedule and the continuation of existing step movements.
- Employees not administratively assigned to the salary schedule shall receive a 2.5% increase.

**Required Supplementary Information
Other Than Management's
Discussion and Analysis**

DRAFT

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedule of the Proportionate Share of the Net Pension Liability (Unaudited)
Last Ten Fiscal Years*
(All dollars reported in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportionate share of the net pension liability	12.64%	12.73%	12.73%	12.75%	13.11%	13.60%	13.75%
Proportion of the net pension liability	\$ 1,971,098	\$ 1,695,800	\$ 1,648,600	\$ 1,704,470	\$ 1,144,564	\$ 1,089,882	\$ 1,227,787
Covered payroll	\$ 603,076	\$ 591,759	\$ 587,203	\$ 569,235	\$ 564,736	\$ 550,758	\$ 520,981
Proportionate share of the net pension liability as a percentage of its covered payroll	326.84%	286.57%	280.75%	299.43%	202.67%	197.89%	235.67%
Plan fiduciary net position as a percentage of total net pension liability	54.87%	55.48%	54.80%	51.28%	63.42%	63.92%	57.96%

* Information for 2011–2013 is unavailable.

DRAFT

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedule of Pension Contributions (Unaudited)
Last Ten Fiscal Years*
(All dollars reported in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 133,759	\$ 115,001	\$ 111,436	\$ 98,865	\$ 97,394	\$ 93,949	\$ 88,381
Contributions in relation to the contractually required contribution	<u>133,759</u>	<u>115,001</u>	<u>111,436</u>	<u>98,865</u>	<u>97,394</u>	<u>93,949</u>	<u>88,381</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 606,426	\$ 603,076	\$ 591,759	\$ 587,203	\$ 569,235	\$ 564,736	\$ 550,758
Contributions as a percentage of covered payroll	22.06%	19.07%	18.83%	16.84%	17.11%	16.64%	16.05%

* Information for 2011–2013 is unavailable.

1. Changes of Benefit Terms

There were no changes of benefit terms in 2020, 2019, 2018, 2017, 2016 or 2015.

2. Changes of Assumptions

There were no significant changes in actuarial assumptions in 2020, 2019 or 2018.

In fiscal year 2017, the discount rate for the June 30, 2016 actuarial valuation decreased by 0.65 percent from 7.65 percent to 7.00 percent and the mortality assumption decreased to reflect longer life expectancies and an explicit assumption for continued future mortality improvement (generational approach).

In fiscal year 2016, the discount rate for the June 30, 2015 actuarial valuation decreased by 0.10 percent from 7.75 percent to 7.65 percent.

There were no significant changes in actuarial assumptions in 2015.

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited)
Last Ten Fiscal Years*
(All dollars reported in thousands)

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 42,039	\$ 40,189	\$ 31,124
Interest	132,510	124,435	94,505
Difference between expected and actual experience	(1,103)	(36,795)	-
Changes of assumptions	10,650	22,269	-
Benefit payments	<u>(63,458)</u>	<u>(60,589)</u>	<u>(46,725)</u>
Net change in total OPEB liability	120,638	89,509	78,904
Total OPEB liability – beginning	<u>2,022,062</u>	<u>1,932,553</u>	<u>1,853,649</u>
Total OPEB liability – ending	<u>\$ 2,142,700</u>	<u>\$ 2,022,062</u>	<u>\$ 1,932,553</u>
Plan fiduciary net position			
Employer contributions	\$ 139,980	\$ 119,714	\$ 92,918
Net investment income	12,727	13,793	9,303
Benefit payments	(63,458)	(60,589)	(46,725)
OPEB plan administrative expense	(87)	(45)	(23)
Other	<u>29,480</u>	<u>-</u>	<u>747</u>
Net change in plan fiduciary net position	118,642	72,873	56,220
Plan fiduciary net position – beginning	<u>221,566</u>	<u>148,693</u>	<u>92,473</u>
Plan fiduciary net position – ending	<u>340,208</u>	<u>221,566</u>	<u>148,693</u>
Net OPEB liability – ending	<u>\$ 1,802,492</u>	<u>\$ 1,800,496</u>	<u>\$ 1,783,860</u>
Plan fiduciary net position as a percentage of OPEB liability	15.88%	10.96%	7.69%
Covered-employee payroll	\$ 603,076	\$ 591,759	\$ 587,203
Net OPEB liability as a percentage of covered-employee payroll	298.88%	304.26%	303.79%

* Information for 2011-2017 is unavailable.

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedule of OPEB Contributions (Unaudited)
Last Ten Fiscal Years*
(All dollars reported in thousands)

	2020	2019	2018
Actuarially determined contribution	\$ 144,567	\$ 134,898	\$ 135,072
Contributions in relation to the actuarially required contribution	<u>138,452</u>	<u>139,980</u>	<u>119,714</u>
Contributions excess	<u>\$ 6,115</u>	<u>\$ (5,082)</u>	<u>\$ 15,358</u>
University's covered-employee payroll	\$ 606,426	\$ 603,076	\$ 591,759
Contributions as a percentage of covered employee payroll	22.83%	23.21%	20.23%

* Information for 2011-2017 is unavailable.

1. Changes of Benefit Terms

There were no changes of benefit terms in 2020 or 2019.

2. Changes of Assumptions

Actuarial assumption changes during the University's fiscal years 2020 and 2019 included updating the healthcare trend assumptions to better anticipate short-term premium experience. The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 13 of the financial statements.

Other Supplementary Information

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Report of Independent Auditors on Supplemental Information

To the Board of Regents
University of Hawai'i

We have audited the financial statements of the University of Hawai'i as of and for the years ended June 30, 2020 and 2019, and our report thereon dated December 3, 2020, which expressed an unmodified opinion, appears on pages 1 to 2. Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information (Schedules I, II, III, IV, V, VI, VII, VIII, IX and X) included hereinafter is presented for purposes of additional analysis and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i
December 3, 2020

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Condensed Statements of Net Position
Condensed Statements of Revenues, Expenses, and Changes in Net Position
Current Unrestricted Funds Excluding General Fund
As of and for the Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule I

	2020	2019
Condensed statements of net position		
Assets		
Current assets	\$ 403,411	\$ 380,384
Noncurrent assets	1,535	1,388
Total assets	<u>404,946</u>	<u>381,772</u>
Deferred outflows of resources		
Deferred outflows on asset retirement obligation	374	-
Total deferred outflows of resources	<u>374</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 405,320</u>	<u>\$ 381,772</u>
Liabilities		
Current liabilities	\$ 93,539	\$ 94,590
Noncurrent liabilities	20,039	11,948
Total liabilities	<u>113,578</u>	<u>106,538</u>
Net position		
Unrestricted	<u>291,742</u>	<u>275,234</u>
Total net position	<u>291,742</u>	<u>275,234</u>
Total liabilities and net position	<u>\$ 405,320</u>	<u>\$ 381,772</u>
Condensed statements of revenues, expenses and changes in net position		
Operating revenues	\$ 426,547	\$ 439,335
Operating expenses	398,662	393,059
Operating income	27,885	46,276
Nonoperating revenues and transfers	50,738	48,181
Nonoperating expenses and transfers	62,115	67,739
Change in net position	16,508	26,718
Net position		
Beginning of year	<u>275,234</u>	<u>248,516</u>
End of year	<u>\$ 291,742</u>	<u>\$ 275,234</u>

1. Basis of Presentation

The accompanying condensed statements of net position and related condensed statements of revenues, expenses, and changes in net position present the financial position and results of operations of certain of the University's Special and Revolving Funds, which are pledged as collateral on the University's Series 2009A, 2010A, 2010B, 2015A, 2015B(R), 2015C(R), 2015D(R), 2015E(R), 2017A, 2017B, 2017C, 2017D, 2017E, 2017F and 2017G revenue bonds, and are presented on the accrual basis of accounting. The financial information of the University of Hawai'i Foundation is not reflected in this schedule.

University of Hawai'i

State of Hawai'i

(A Component Unit of the State of Hawai'i)

Condensed Statements of Net Position

Condensed Statements of Revenues, Expenses, and Changes in Net Position

Current Unrestricted Funds Excluding General Fund

As of and for the Years Ended June 30, 2020 and 2019

(All dollars reported in thousands)

Schedule I

2. Employee Benefits

In accordance with University policy, the University's liability for other postemployment benefits ("OPEB") and deferred outflows and deferred inflows of resources related to OPEB ("OPEB benefits") are not allocated internally to individual departments and funds. Accordingly, OPEB benefits are not reflected in this schedule.

In accordance with University policy, the University's liability for pension benefits and deferred outflows and deferred inflows of resources related to pensions ("pension benefits") are not allocated internally to individual departments and funds. Accordingly, pension benefits are not reflected in this schedule.

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University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedules of Series 2002A University Bond Proceeds Activity
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule II

	2020	2019
Beginning balance	\$ 2,577	\$ 2,733
Additions		
Interest and investment income	45	59
Total additions	<u>45</u>	<u>59</u>
Deductions		
Payments – building, construction in progress, other	167	212
Management fees	2	3
Total deductions	<u>169</u>	<u>215</u>
Ending balance	<u>\$ 2,453</u>	<u>\$ 2,577</u>

1. Basis of Presentation

The accompanying schedules of Series 2002A University Bond proceeds activity present the sources and uses of bond proceeds associated with the construction of the John A. Burns School of Medicine facility at Kaka'ako. The financial information of the University of Hawai'i Foundation is not reflected in this schedule.

2. Refinancing

In October 2006, the University refinanced a majority of the outstanding Series 2002A University Bonds through the issuance of Refunding Series 2006A University Bonds.

In September 2015, the University refinanced a portion of the outstanding Refunding Series 2006A University Bonds through the issuance of Series 2015D(R) and 2015E(R) revenue bonds. The Series 2015D(R) revenue bonds were delivered on September 24, 2015 and the forward delivery Series 2015E(R) revenue bonds were delivered on April 20, 2016.

In December 2017, the University refinanced the remainder of the outstanding Refunding Series 2006A University Bonds through the issuance of Series 2017B and 2017C revenue bonds.

Proceeds from the State's settlement agreement with tobacco companies are expected to be utilized to service the debt.

University of Hawai'i
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Schedules of Series 2006A Revenue Bond Proceeds Activity
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule III

	2020	2019
Beginning balance	\$ 4,130	\$ 4,035
Additions		
Interest and investment income	77	99
Total additions	<u>77</u>	<u>99</u>
Deductions		
Management fees	3	4
Total deductions	<u>3</u>	<u>4</u>
Ending balance	<u>\$ 4,204</u>	<u>\$ 4,130</u>

1. Basis of Presentation

The accompanying schedules of Series 2006A revenue bond proceeds activity present the sources and uses of bond proceeds associated with the construction of the Frear Hall dormitory at the Mānoa campus and repair and maintenance of various housing projects on the Mānoa and Hilo campuses. The financial information of the University of Hawai'i Foundation is not reflected in this schedule.

2. Refinancing

In September 2015, the University refinanced a portion of the outstanding Series 2006A revenue bonds through the issuance of Series 2015B(R) and 2015C(R) revenue bonds.

In December 2017, the University refinanced the remainder of the outstanding Series 2006A revenue bonds through the issuance of Series 2017D and 2017E revenue bonds.

University of Hawai'i
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(A Component Unit of the State of Hawai'i)
Schedules of Series 2009A Revenue Bond Proceeds Activity
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule IV

	2020	2019
Beginning balance	\$ 1,600	\$ 1,565
Additions		
Interest and investment income	27	36
Total additions	<u>27</u>	<u>36</u>
Deductions		
Management fees	1	1
Total deductions	<u>1</u>	<u>1</u>
Ending balance	<u>\$ 1,626</u>	<u>\$ 1,600</u>

1. Basis of Presentation

The accompanying schedules of Series 2009A revenue bond proceeds activity present the sources and uses of bond proceeds associated with the financing of costs of certain University projects. The financial information of the University of Hawai'i Foundation is not reflected in this schedule.

2. Refinancing

In December 2017, the University refinanced a portion of the outstanding Series 2009A revenue bonds through the issuance of Series 2017F and 2017G revenue bonds.

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedules of Series 2010A Revenue Bond Proceeds Activity
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule V

	2010A-1	2010A-2
Balance at June 30, 2018	\$ 113	\$ 625
Additions		
Interest and investment income	2	12
Total additions	<u>2</u>	<u>12</u>
Deductions		
Payments – building, construction in progress, other	-	288
Total deductions	<u>-</u>	<u>288</u>
Balance at June 30, 2019	<u>115</u>	<u>349</u>
Additions		
Interest and investment income	2	5
Total additions	<u>2</u>	<u>5</u>
Deductions		
Payments – building, construction in progress, other	-	30
Total deductions	<u>-</u>	<u>30</u>
Balance at June 30, 2020	<u>\$ 117</u>	<u>\$ 324</u>

1. Basis of Presentation

The accompanying schedules of Series 2010A-1 and Series 2010A-2 revenue bond proceeds activity present the sources and uses of the bond proceeds associated with construction and maintenance of the University of Hawai'i Cancer Center. The financial information of the University of Hawai'i Foundation is not reflected in these schedules.

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedules of Series 2010B Revenue Bond Proceeds Activity
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule VI

	2010B-1	2010B-2
Balance at June 30, 2018	\$ 555	\$ 852
Additions		
Interest and investment income	12	20
Total additions	<u>12</u>	<u>20</u>
Deductions		
Management fees	-	1
Total deductions	<u>-</u>	<u>1</u>
Balance at June 30, 2019	567	871
Additions		
Interest and investment income	8	16
Total additions	<u>8</u>	<u>16</u>
Deductions		
Management fees	-	1
Total deductions	<u>-</u>	<u>1</u>
Balance at June 30, 2020	<u>\$ 575</u>	<u>\$ 886</u>

1. Basis of Presentation

The accompanying schedules of Series 2010B-1 and Series 2010B-2 revenue bond proceeds activity present the sources and uses of the bond proceeds associated with renovations and additions to the Mānoa Campus Center, construction and equipment for an Information Technology Building, renovations to the Sinclair Library basement on the Mānoa campus, further development of the West O'ahu campus, various energy conservation/efficiency projects on the community college campuses on O'ahu and Maui, and the financing of costs of renovation and construction of other University projects. The financial information of the University of Hawai'i Foundation is not reflected in these schedules.

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedules of Series 2015A Revenue Bond Proceeds Activity
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule VII

	2020	2019
Beginning balance	\$ 5,266	\$ 5,322
Additions		
Interest and investment income	43	120
Total additions	<u>43</u>	<u>120</u>
Deductions		
Payments – building, construction in progress, other	4,655	171
Management fees	1	5
Total deductions	<u>4,656</u>	<u>176</u>
Ending balance	<u>\$ 653</u>	<u>\$ 5,266</u>

1. Basis of Presentation

The accompanying schedules of Series 2015A revenue bond proceeds activity present the sources and uses of bond proceeds associated with the UH Mānoa Law School Expansion and Modernization Project and the UH-Hilo College of Pharmacy Project. The financial information of the University of Hawai'i Foundation is not reflected in this schedule.

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Schedules of Series 2017A Revenue Bond Proceeds Activity
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule VIII

	2020	2019
Beginning balance	\$ 2,500	\$ 4,521
Additions		
Interest and investment income	41	85
Total additions	<u>41</u>	<u>85</u>
Deductions		
Payments – building, construction in progress, other	538	2,103
Management fees	2	3
Total deductions	<u>540</u>	<u>2,106</u>
Ending balance	<u>\$ 2,001</u>	<u>\$ 2,500</u>

1. Basis of Presentation

The accompanying schedule of Series 2017A revenue bond proceeds activity present the sources and uses of bond proceeds associated with renovations to the Sinclair Library basement on the Mānoa campus. The financial information of the University of Hawai'i Foundation is not reflected in this schedule.

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Condensed Statements of Net Position
Condensed Statements of Revenues, Expenses, and Changes in Net Position
University Bond System
As of and for the Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule IX

	2020	2019
Condensed statements of net position		
Assets and deferred outflows of resources		
Current assets	\$ 116,267	\$ 119,481
Capital assets, net	446,332	470,848
Other assets	10,385	15,399
Total assets	<u>572,984</u>	<u>605,728</u>
Deferred outflows of resources	<u>11,588</u>	<u>13,097</u>
Total deferred outflows of resources	<u>11,588</u>	<u>13,097</u>
Total assets and deferred outflows of resources	<u>\$ 584,572</u>	<u>\$ 618,825</u>
Liabilities		
Current liabilities	\$ 31,608	\$ 38,139
Noncurrent liabilities	<u>487,555</u>	<u>508,993</u>
Total liabilities	<u>519,163</u>	<u>547,132</u>
Net position		
Net investment in capital assets	(37,854)	(30,201)
Restricted expendable	1,039	1,038
Unrestricted	<u>102,224</u>	<u>100,856</u>
Total net position	<u>65,409</u>	<u>71,693</u>
Total liabilities and net position	<u>\$ 584,572</u>	<u>\$ 618,825</u>
Condensed statements of revenues, expenses, and changes in net position		
Operating revenues		
Bookstores	\$ 15,056	\$ 17,907
Room and other rentals	28,925	31,533
Parking	5,673	5,905
Telecommunications	3,321	2,887
Other operating revenues	<u>9,483</u>	<u>9,658</u>
Total operating revenues	62,458	67,890
Operating expenses (including \$29,639 and \$29,475 in depreciation expense in 2020 and 2019, respectively)	<u>(82,286)</u>	<u>(85,816)</u>
Operating loss	(19,828)	(17,926)
Nonoperating revenues	37,837	41,620
Nonoperating expenses	<u>(24,293)</u>	<u>(24,957)</u>
Change in net position	(6,284)	(1,263)
Net position		
Beginning of year	<u>71,693</u>	<u>72,956</u>
End of year	<u>\$ 65,409</u>	<u>\$ 71,693</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Condensed Statements of Cash Flows
University Bond System
As of and for the Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule X

	2020	2019
Condensed statements of cash flows		
Net cash flows provided by (used in) operating activities	\$ (1,507)	\$ 18,819
Net cash flows provided by non-capital financing activities	2,477	5,307
Net cash flows used in capital and related financing activities	(12,839)	(17,979)
Net cash flows provided by (used in) investing activities	<u>13,055</u>	<u>(1,244)</u>
Net increase in cash and cash equivalents	1,186	4,903
Cash and cash equivalents		
Beginning of year	<u>16,143</u>	<u>11,240</u>
End of year	<u>\$ 17,329</u>	<u>\$ 16,143</u>

1. Reporting Entity

The University Bond System consists of several University projects funded by bond proceeds. The University projects, operated and maintained jointly as a system, include: (1) all existing University housing units located on the Mānoa campus and connecting food service facilities; (2) the University's student center known as the Campus Center and food service activities on the Mānoa campus; (3) all existing University housing units located on the Hilo campus and connecting food service facilities; (4) the telecommunication system located on the Mānoa campus; (5) all existing bookstores located on any campus of the University; (6) the parking operations for the Mānoa Campus which were financed in whole or in part from certain revenue or general obligation bonds; and (7) certain other University projects.

The University Bond System's outstanding debt was issued pursuant to the bond resolution adopted in November 2001 and as amended and supplemented by supplemental resolutions adopted in November 2006, February 2009, August 2010, January 2012, August 2015, and November 2017. The bond resolutions established a network of the University consisting of the University Bond System and any University purpose which, at the election of the Board, is included in the network pursuant to a supplemental resolution. The bond resolutions provide that all revenues collected or received from the Network be used to support the Network (which includes the University projects of the University Bond System) and bond related expenses.

On September 17, 2020, the University of Hawai'i Board of Regents adopted a supplemental resolution authorizing the issuance of University Revenue Bonds. The University, in October 2020, sold \$217,165 in Series 2020A (\$10,045, taxable new money), 2020B (\$44,555, tax-exempt refunding), 2020C (\$54,300, taxable refunding), 2020D (\$77,135, tax-exempt refunding), and 2020E (\$31,130, taxable refunding) Bonds for the purpose of financing the cost of a University project and refunding previously issued bonds. The Series 2020B and 2020C Bonds were issued to refund the Series 2010A-1 University Revenue Bonds and the Series 2020D and 2020E Bonds were issued to refund the Series 2010B-1 University Revenue Bonds.

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Condensed Statements of Cash Flows
University Bond System
As of and for the Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule X

2. Basis of Presentation

The accompanying condensed statements of net position and related condensed statements of revenues, expenses, and changes in net position and condensed statement of cash flows present the financial position and results of operations of the University Bond System, and are presented on the accrual basis of accounting.

3. Employee Benefits

In accordance with University policy, the University's liability for other postemployment benefits ("OPEB") and deferred outflows and deferred inflows of resources related to OPEB ("OPEB benefits") are not allocated internally to individual departments and funds. Accordingly, OPEB benefits are not reflected in this schedule.

In accordance with University policy, the University's liability for pension benefits and deferred outflows and deferred inflows of resources related to pensions ("pension benefits") are not allocated internally to individual departments and funds. Accordingly, pension benefits are not reflected in these schedules.

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University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

University of Hawai'i Mānoa
Supplemental Information

June 30, 2020 and 2019

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Report of Independent Auditors on Supplemental Information

To the Board of Regents
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the years ended June 30, 2020 and 2019 and our report thereon dated December 3, 2020, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i
December 3, 2020

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Mānoa
Statements of Net Position
June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule I

	2020	2019
Assets and Deferred Outflows of Resources		
Current assets		
Cash and cash equivalents	\$ 24,266	\$ 27,156
Operating investments	123,247	125,960
Due from State of Hawai'i	500	336
Accounts receivable, net	60,338	63,164
Due from Research Corporation of the University of Hawai'i	12,242	23,738
Current portion of notes receivable, net	511	817
Inventories	8,442	7,129
Prepaid expenses and other current assets	5,907	7,221
Total current assets	<u>235,453</u>	<u>255,521</u>
Noncurrent assets		
Due from State of Hawai'i	74,374	36,807
Endowment and other investments	53,747	52,034
Notes receivable, net	2,818	6,365
Capital assets, net	671,573	691,279
Other noncurrent assets	238	483
Total noncurrent assets	<u>802,750</u>	<u>786,968</u>
Total assets	<u>1,038,203</u>	<u>1,042,489</u>
Deferred outflows of resources		
Deferred outflows on asset retirement obligations	2,402	2,519
Deferred loss on refunding	9,109	10,397
Total deferred outflows of resources	<u>11,511</u>	<u>12,916</u>
Total assets and deferred outflows of resources	<u>\$ 1,049,714</u>	<u>\$ 1,055,405</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 24,061	\$ 28,705
Accrued payroll and fringe benefits	39,176	37,704
Advances from sponsors	13,893	15,715
Unearned revenue	26,874	33,777
Due to State of Hawai'i	-	29
Current portion of long-term liabilities	39,931	37,981
Other current liabilities	4,247	4,290
Total current liabilities	<u>148,182</u>	<u>158,201</u>
Noncurrent liabilities		
Due to campuses and funds	14,281	9,255
Revenue bonds payable	324,365	339,062
Asset retirement obligations	8,199	8,118
Other noncurrent liabilities	42,331	48,927
Total noncurrent liabilities	<u>389,176</u>	<u>405,362</u>
Total liabilities	<u>537,358</u>	<u>563,563</u>
Net position		
Net investment in capital assets	334,082	339,298
Restricted		
Nonexpendable	10,293	10,293
Expendable	111,051	71,191
Unrestricted	56,930	71,060
Total net position	<u>512,356</u>	<u>491,842</u>
Total liabilities and net position	<u>\$ 1,049,714</u>	<u>\$ 1,055,405</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Mānoa
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule II

	2020	2019
Operating revenues		
Student tuition and fees	\$ 267,927	\$ 265,714
Less: Scholarship allowances	<u>87,946</u>	<u>89,908</u>
Net student tuition and fees	179,981	175,806
Federal appropriations, grants and contracts	215,500	207,296
State and local grants and contracts	37,331	35,003
Nongovernmental sponsored programs	38,324	41,790
Sales and services of educational departments, other	23,540	28,451
Auxiliary enterprises		
Bookstores	14,003	16,519
Student housing (net of scholarship allowances of \$554 and \$949)	25,056	27,040
Other auxiliary enterprises revenues	37,127	41,677
Other operating revenues	<u>875</u>	<u>276</u>
Total operating revenues	<u>571,737</u>	<u>573,858</u>
Operating expenses		
Compensation and benefits	751,341	733,266
Supplies, services and cost of goods sold	104,490	115,092
Depreciation and amortization	53,371	52,748
Telephone and utilities	47,346	49,638
Scholarships and fellowships	18,166	13,748
Travel expenses	16,024	21,611
Repairs and maintenance	21,744	13,540
Other operating expenses	<u>28,835</u>	<u>29,033</u>
Total operating expenses	<u>1,041,317</u>	<u>1,028,676</u>
Operating loss	<u>(469,580)</u>	<u>(454,818)</u>
Nonoperating revenues (expenses)		
State appropriations	257,115	254,420
Federal Pell grants	16,725	17,679
Federal CARES Act program	2,391	-
Private gifts	3,873	3,128
Net investment income	7,190	7,869
Interest expense	(16,582)	(17,098)
Transfers from State of Hawai'i for		
Fringe benefits	163,001	152,459
Restrictions	8,502	8,227
Loss on disposal of capital assets	(315)	(1,578)
Other, net	<u>(26,248)</u>	<u>(10,819)</u>
Net nonoperating revenues before capital and endowment additions	<u>415,652</u>	<u>414,287</u>
Capital – state appropriations	50,747	11,542
Capital – federal grants/subsidies	4,304	3,985
Capital – gifts and grants	655	473
Net transfers from State of Hawai'i for capital assets	1,671	188
Transfers (to) from Federal – capital assets	(186)	87
Transfers from State of Hawai'i, Tobacco settlement	9,396	9,400
Transfers from State of Hawai'i, Hawai'i Cancer Center	<u>7,855</u>	<u>7,863</u>
Total other revenues	<u>74,442</u>	<u>33,538</u>
Net nonoperating revenues	<u>490,094</u>	<u>447,825</u>
Change in net position	20,514	(6,993)
Net position		
Beginning of year	<u>491,842</u>	<u>498,835</u>
End of year	<u>\$ 512,356</u>	<u>\$ 491,842</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Mānoa
Summarized Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule III

	2020	2019
Cash received from operations	\$ 548,534	\$ 553,902
Cash payments for operations	<u>(793,854)</u>	<u>(800,286)</u>
Net cash used in operating activities	(245,320)	(246,384)
Net cash provided by noncapital financing activities	269,843	281,669
Net cash used in capital and related financing activities	(35,720)	(37,894)
Net cash provided by (used in) investing activities	<u>8,307</u>	<u>(6,050)</u>
Net decrease in cash and cash equivalents	(2,890)	(8,659)
Cash and cash equivalents		
Beginning of year	<u>27,156</u>	<u>35,815</u>
End of year	<u>\$ 24,266</u>	<u>\$ 27,156</u>

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University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Mānoa
Notes to Schedules I through III
June 30, 2020 and 2019
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statements of net position and related statements of revenues, expenses, and changes in net position, and cash flows present the financial position and results of operations of the University of Hawai'i Mānoa, and are presented on the accrual basis of accounting. The financial information of the University of Hawai'i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University's financial statements.

2. Employee Benefits

In accordance with University policy, the University's liability for other postemployment benefits ("OPEB"), deferred outflows of resources, and deferred inflows of resources related to OPEB ("OPEB benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

In accordance with University policy, the University's liability for pension benefits, deferred outflows of resources, and deferred inflows of resources related to pensions ("pension benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, pension benefits are not reflected in these schedules.

3. Revisions

Certain amounts in the 2019 supplemental schedules have been revised to conform to the 2020 presentation. Such revisions had no impact on the 2019 net position as previously reported.

	2019 As Previously Reported	Revisions	2019 Revised
Assets and Deferred Outflows of Resources			
Current assets			
Due from Research Corporation of the University of Hawai'i	\$ 5,669	\$ 18,069	\$ 23,738
Total current assets	237,452	18,069	255,521
Total assets	1,024,420	18,069	1,042,489
Total assets and deferred outflows of resources	1,037,336	18,069	1,055,405
Liabilities and Net Position			
Current liabilities			
Accounts payable	\$ 14,460	\$ 14,245	\$ 28,705
Accrued payroll and fringe benefits	33,880	3,824	37,704
Total current liabilities	140,132	18,069	158,201
Total liabilities	545,494	18,069	563,563
Total liabilities and net position	1,037,336	18,069	1,055,405
Cash flows from operating activities			
Cash received from operations	\$ 571,971	\$ (18,069)	\$ 553,902
Cash payments for operations	(818,355)	18,069	(800,286)

University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

**University of Hawai'i Hilo
Supplemental Information**

June 30, 2020 and 2019

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Report of Independent Auditors on Supplemental Information

To the Board of Regents
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the years ended June 30, 2020 and 2019 and our report thereon dated December 3, 2020, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i
December 3, 2020

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Hilo
Statements of Net Position
June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule I

	2020	2019
Assets and Deferred Outflows of Resources		
Current assets		
Cash and cash equivalents	\$ 3,382	\$ 5,304
Operating investments	15,230	20,214
Due from State of Hawai'i	-	7
Accounts receivable, net	3,429	3,813
Current portion of notes receivable, net	107	133
Due from Research Corporation of the University of Hawai'i	311	480
Prepaid expenses and other current assets	283	353
Total current assets	<u>22,742</u>	<u>30,304</u>
Noncurrent assets		
Due from State of Hawai'i	16,922	11,627
Endowment and other investments	1,680	6,319
Notes receivable, net	1,375	1,292
Capital assets, net	196,492	200,448
Total noncurrent assets	<u>216,469</u>	<u>219,686</u>
Total assets	<u>239,211</u>	<u>249,990</u>
Deferred outflows of resources		
Deferred loss on refunding	1,162	1,267
Total deferred outflows of resources	<u>1,162</u>	<u>1,267</u>
Total assets and deferred outflows of resources	<u>\$ 240,373</u>	<u>\$ 251,257</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 2,939	\$ 5,954
Accrued payroll and fringe benefits	3,327	3,316
Advances from sponsors	965	1,450
Unearned revenue	2,157	2,945
Due to State of Hawai'i	6	24
Current portion of long-term liabilities	2,666	2,646
Other current liabilities	273	279
Total current liabilities	<u>12,333</u>	<u>16,614</u>
Noncurrent liabilities		
Due to campuses and funds	1,203	6,195
Revenue bonds payable	23,465	24,260
Asset retirement obligation	-	2,706
Other noncurrent liabilities	6,801	5,403
Total noncurrent liabilities	<u>31,469</u>	<u>38,564</u>
Total liabilities	<u>43,802</u>	<u>55,178</u>
Net position		
Net investment in capital assets	172,667	178,102
Restricted		
Nonexpendable	62	62
Expendable	17,980	12,339
Unrestricted	5,862	5,576
Total net position	<u>196,571</u>	<u>196,079</u>
Total liabilities and net position	<u>\$ 240,373</u>	<u>\$ 251,257</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Hilo
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule II

	2020	2019
Operating revenues		
Student tuition and fees	\$ 35,718	\$ 36,572
Less: Scholarship allowances	12,698	13,151
Net student tuition and fees	<u>23,020</u>	<u>23,421</u>
Federal appropriations, grants and contracts	13,729	12,946
State and local grants and contracts	579	806
Nongovernmental sponsored programs	2,105	2,333
Sales and services of educational departments, other	1,175	1,073
Auxiliary enterprises		
Student housing (net of scholarship allowances of \$382 and \$449)	3,279	3,348
Other auxiliary enterprises revenues	3,453	3,730
Other operating revenues	27	316
Total operating revenues	<u>47,367</u>	<u>47,973</u>
Operating expenses		
Compensation and benefits	83,703	83,407
Supplies, services and cost of goods sold	11,804	11,097
Depreciation and amortization	9,366	9,871
Telephone and utilities	4,475	4,745
Scholarships and fellowships	3,876	2,742
Travel expenses	1,628	2,566
Repairs and maintenance	1,522	1,008
Other operating expenses	3,035	2,793
Total operating expenses	<u>119,409</u>	<u>118,229</u>
Operating loss	<u>(72,042)</u>	<u>(70,256)</u>
Nonoperating revenues (expenses)		
State appropriations	37,645	38,192
Federal Pell grants	6,272	6,475
Federal CARES Act Program	1,225	-
Net investment income	651	1,045
Interest expense	(1,032)	(1,065)
Transfers from State of Hawai'i for fringe benefits	23,323	21,810
Loss on disposal of capital assets	(20)	(1,053)
Other, net	(3,851)	(2,989)
Net nonoperating revenues before capital and endowment additions	<u>64,213</u>	<u>62,415</u>
Capital – state appropriations	8,321	3,500
Capital federal grants/subsidies	-	123
Capital private grants and gifts	-	23
Net transfers to State of Hawai'i for capital assets	-	(25)
Total other revenues	<u>8,321</u>	<u>3,621</u>
Net nonoperating revenues	<u>72,534</u>	<u>66,036</u>
Change in net position	492	(4,220)
Net position		
Beginning of year	<u>196,079</u>	<u>200,299</u>
End of year	<u>\$ 196,571</u>	<u>\$ 196,079</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Hilo
Summarized Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule III

	2020	2019
Cash received from operations	\$ 46,770	\$ 48,736
Cash payments for operations	<u>(91,445)</u>	<u>(85,744)</u>
Net cash used in operating activities	(44,675)	(37,008)
Net cash provided by noncapital financing activities	41,893	41,467
Net cash used in capital and related financing activities	(9,414)	(4,406)
Net cash provided by (used in) investing activities	<u>10,274</u>	<u>(827)</u>
Net decrease in cash and cash equivalents	(1,922)	(774)
Cash and cash equivalents		
Beginning of year	<u>5,304</u>	<u>6,078</u>
End of year	<u>\$ 3,382</u>	<u>\$ 5,304</u>

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University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Hilo
Notes to Schedules I through III
June 30, 2020 and 2019
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statements of net position and related statements of revenues, expenses, and changes in net position, and cash flows present the financial position and results of operations of the University of Hawai'i Hilo, and are presented on the accrual basis of accounting. The financial information of the University of Hawai'i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University's financial statements.

2. Employee Benefits

In accordance with University policy, the University's liability for other postemployment benefits ("OPEB"), deferred outflows of resources, and deferred inflows of resources related to OPEB ("OPEB benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

In accordance with University policy, the University's liability for pension benefits, deferred outflows of resources, and deferred inflows of resources related to pensions ("pension benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, pension benefits are not reflected in these schedules.

University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

University of Hawai'i West O'ahu
Supplemental Information

June 30, 2020 and 2019

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Report of Independent Auditors on Supplemental Information

To the Board of Regents
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the years ended June 30, 2020 and 2019 and our report thereon dated December 3, 2020, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i
December 3, 2020

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i West O'ahu
Statements of Net Position
June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule I

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1,441	\$ 1,839
Operating investments	7,143	6,839
Accounts receivable, net	1,480	1,231
Prepaid expenses and other current assets	94	146
Total current assets	<u>10,158</u>	<u>10,055</u>
Noncurrent assets		
Due from State of Hawai'i	12	433
Endowment and other investments	233	221
Capital assets, net	120,152	125,797
Total noncurrent assets	<u>120,397</u>	<u>126,451</u>
Total assets	<u>130,555</u>	<u>136,506</u>
Deferred outflows of resources		
Deferred loss on refunding	924	1,006
Total deferred outflows of resources	<u>924</u>	<u>1,006</u>
Total assets and deferred outflows of resources	<u>\$ 131,479</u>	<u>\$ 137,512</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 398	\$ 1,948
Accrued payroll and fringe benefits	1,619	1,780
Advances from sponsors	254	324
Unearned revenue	789	735
Due to State of Hawai'i	2	2
Due to Research Corporation of the University of Hawai'i	606	244
Current portion of long-term liabilities	2,970	2,711
Other current liabilities	766	787
Total current liabilities	<u>7,404</u>	<u>8,531</u>
Noncurrent liabilities		
Due to campuses and funds	649	665
Revenue bonds payable	54,910	56,796
Other noncurrent liabilities	3,598	3,720
Total noncurrent liabilities	<u>59,157</u>	<u>61,181</u>
Total liabilities	<u>66,561</u>	<u>69,712</u>
Net position		
Net investment in capital assets	61,399	64,541
Restricted		
Nonexpendable	101	101
Expendable	382	657
Unrestricted	3,036	2,501
Total net position	<u>64,918</u>	<u>67,800</u>
Total liabilities and net position	<u>\$ 131,479</u>	<u>\$ 137,512</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i West O'ahu
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule II

	2020	2019
Operating revenues		
Student tuition and fees	\$ 18,508	\$ 18,605
Less: Scholarship allowances	6,818	6,631
Net student tuition and fees	11,690	11,974
Federal appropriations, grants and contracts	4,237	4,196
State and local grants and contracts	-	23
Nongovernmental sponsored programs	540	747
Sales and services of educational departments, other	232	277
Other auxiliary enterprises revenues	215	248
Other operating revenues	-	2
Total operating revenues	<u>16,914</u>	<u>17,467</u>
Operating expenses		
Compensation and benefits	39,833	39,683
Supplies, services and cost of goods sold	1,939	2,179
Depreciation	7,255	7,279
Telephone and utilities	1,025	2,196
Scholarships and fellowships	1,106	1,018
Travel expenses	304	568
Repairs and maintenance	463	431
Other operating expenses	579	596
Total operating expenses	<u>52,504</u>	<u>53,950</u>
Operating loss	<u>(35,590)</u>	<u>(36,483)</u>
Nonoperating revenues (expenses)		
State appropriations	18,362	17,765
Federal Pell grants	4,684	4,725
Federal CARES Act Program	251	-
Net investment income	309	292
Interest expense	(3,025)	(3,087)
Transfers from State of Hawai'i for fringe benefits	12,144	11,362
Other, net	(466)	(854)
Net nonoperating revenues before capital and endowment additions	<u>32,259</u>	<u>30,203</u>
Capital – lapses of state appropriations	(330)	-
Capital federal grants and subsidies	779	777
Total other revenues	<u>449</u>	<u>777</u>
Net nonoperating revenues	<u>32,708</u>	<u>30,980</u>
Change in net position	<u>(2,882)</u>	<u>(5,503)</u>
Net position		
Beginning of year	<u>67,800</u>	<u>73,303</u>
End of year	<u>\$ 64,918</u>	<u>\$ 67,800</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i West O'ahu
Summarized Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule III

	2020	2019
Cash received from operations	\$ 16,800	\$ 18,051
Cash payments for operations	<u>(38,944)</u>	<u>(39,389)</u>
Net cash used in operating activities	(22,144)	(21,338)
Net cash provided by noncapital financing activities	22,623	21,416
Net cash used in capital and related financing activities	(887)	(2,613)
Net cash provided by investing activities	<u>10</u>	<u>1,674</u>
Net decrease in cash and cash equivalents	(398)	(861)
Cash and cash equivalents		
Beginning of year	<u>1,839</u>	<u>2,700</u>
End of year	<u>\$ 1,441</u>	<u>\$ 1,839</u>

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University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i West O'ahu
Notes to Schedules I through III
June 30, 2020 and 2019
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statements of net position and related statements of revenues, expenses, and changes in net position and cash flows present the financial position and results of operations of the University of Hawai'i West O'ahu, and are presented on the accrual basis of accounting. The financial information of the University of Hawai'i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University's financial statements.

2. Employee Benefits

In accordance with University policy, the University's liability for other postemployment benefits ("OPEB"), deferred outflows of resources, and deferred inflows of resources related to OPEB ("OPEB benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

In accordance with University policy, the University's liability for pension benefits, deferred outflows of resources, and deferred inflows of resources related to pensions ("pension benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, pension benefits are not reflected in these schedules.

University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

**University of Hawai'i Maui College
Supplemental Information**

June 30, 2020 and 2019

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Report of Independent Auditors on Supplemental Information

To the Board of Regents
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the years ended June 30, 2020 and 2019 and our report thereon dated December 3, 2020, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i
December 3, 2020

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Maui College
Statements of Net Position
June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule I

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 962	\$ 1,123
Operating investments	4,215	3,721
Accounts receivable, net	1,871	2,143
Prepaid expenses and other current assets	58	47
Total current assets	<u>7,106</u>	<u>7,034</u>
Noncurrent assets		
Due from State of Hawai'i	313	313
Endowment and other investments	354	343
Capital assets, net	59,394	61,555
Other noncurrent assets	162	873
Total noncurrent assets	<u>60,223</u>	<u>63,084</u>
Total assets	<u>\$ 67,329</u>	<u>\$ 70,118</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 465	\$ 751
Accrued payroll and fringe benefits	1,334	1,396
Advances from sponsors	773	661
Unearned revenue	518	581
Due to the State of Hawai'i	11	5
Due to Research Corporation of the University of Hawai'i	331	498
Current portion of long-term liabilities	1,127	1,197
Total current liabilities	<u>4,559</u>	<u>5,089</u>
Noncurrent liabilities		
Due to campuses and funds	1,688	1,700
Equipment lease obligation	5,362	5,663
Other noncurrent liabilities	1,605	1,728
Total noncurrent liabilities	<u>8,655</u>	<u>9,091</u>
Total liabilities	<u>13,214</u>	<u>14,180</u>
Net position		
Net investment in capital assets	53,888	56,485
Restricted – expendable	460	(441)
Unrestricted	(233)	(106)
Total net position	<u>54,115</u>	<u>55,938</u>
Total liabilities and net position	<u>\$ 67,329</u>	<u>\$ 70,118</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Maui College
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule II

	2020	2019
Operating revenues		
Student tuition and fees	\$ 8,435	\$ 8,576
Less: Scholarship allowances	3,266	3,211
Net student tuition and fees	<u>5,169</u>	<u>5,365</u>
Federal appropriations, grants and contracts	9,904	9,978
State and local grants and contracts	1,472	1,444
Nongovernmental sponsored programs	533	458
Sales and services of educational departments, other	1,019	1,242
Auxiliary enterprises – Other auxiliary enterprises revenues	46	18
Other operating revenues	3	13
Total operating revenues	<u>18,146</u>	<u>18,518</u>
Operating expenses		
Compensation and benefits	35,918	37,299
Supplies, services and cost of goods sold	4,123	4,143
Depreciation	3,000	3,841
Telephone and utilities	2,154	1,926
Scholarships and fellowships	3,604	3,215
Travel expenses	392	592
Repairs and maintenance	555	1,439
Other operating expenses	427	473
Total operating expenses	<u>50,173</u>	<u>52,928</u>
Operating loss	<u>(32,027)</u>	<u>(34,410)</u>
Nonoperating revenues (expenses)		
State appropriations	18,022	18,154
Federal Pell grants	3,361	3,289
Federal CARES Act Program	138	-
Net investment income	175	163
Transfers from State of Hawai'i for fringe benefits	9,756	9,819
Loss on disposal of capital assets	(18)	(173)
Other, net	(1,249)	(259)
Net nonoperating revenues before capital and endowment additions	<u>30,185</u>	<u>30,993</u>
Capital – private grants and gifts	19	8
Total other revenues	<u>19</u>	<u>8</u>
Net nonoperating revenues	<u>30,204</u>	<u>31,001</u>
Change in net position	(1,823)	(3,409)
Net position		
Beginning of year	<u>55,938</u>	<u>59,347</u>
End of year	<u>\$ 54,115</u>	<u>\$ 55,938</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Maui College
Summarized Statements of Cash Flows
Years Ended June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule III

	2020	2019
Cash received from operations	\$ 18,540	\$ 18,271
Cash payments for operations	<u>(37,918)</u>	<u>(38,578)</u>
Net cash used in operating activities	(19,378)	(20,307)
Net cash provided by noncapital financing activities	19,863	21,443
Net cash used in capital and related financing activities	(338)	(1,327)
Net cash provided by (used in) investing activities	<u>(308)</u>	<u>29</u>
Net decrease in cash and cash equivalents	(161)	(162)
Cash and cash equivalents		
Beginning of year	<u>1,123</u>	<u>1,285</u>
End of year	<u>\$ 962</u>	<u>\$ 1,123</u>

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University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
University of Hawai'i Maui College
Notes to Schedules I through III
June 30, 2020 and 2019
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statements of net position and related statements of revenues, expenses, and changes in net position and cash flows present the financial position and results of operations of the University of Hawai'i Maui College, and are presented on the accrual basis of accounting. The financial information the University of Hawai'i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University's financial statements.

2. Employee Benefits

In accordance with University policy, the University's liability for other postemployment benefits ("OPEB"), deferred outflows of resources, and deferred inflows of resources related to OPEB ("OPEB benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

In accordance with University policy, the University's liability for pension benefits, deferred outflows of resources, and deferred inflows of resources related to pensions ("pension benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, pension benefits are not reflected in these schedules.

University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

**Community College System
Supplemental Information**

June 30, 2020 and 2019

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Report of Independent Auditors on Supplemental Information

To the Board of Regents
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the years ended June 30, 2020 and 2019 and our report thereon dated December 3, 2020, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I and II ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i
December 3, 2020

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Community College System
Statements of Net Position
June 30, 2020 and 2019
(All dollars reported in thousands)

Schedule I

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 7,304	\$ 7,857
Operating investments	34,846	31,660
Due from State of Hawai'i	3	3
Accounts receivable, net	9,088	9,375
Current portion of notes receivable, net	36	39
Prepaid expenses and other current assets	560	670
Total current assets	<u>51,837</u>	<u>49,604</u>
Noncurrent assets		
Due from State of Hawai'i	123,470	95,015
Endowment and other investments	105	105
Notes receivable, net	93	127
Capital assets, net	319,675	309,225
Due from campuses and funds	2,948	2,932
Other noncurrent assets	673	755
Total noncurrent assets	<u>446,964</u>	<u>408,159</u>
Total assets	<u>498,801</u>	<u>457,763</u>
Deferred outflows of resources		
Deferred loss on refunding	393	428
Total deferred outflows of resources	<u>393</u>	<u>428</u>
Total assets and deferred outflows of resources	<u>\$ 499,194</u>	<u>\$ 458,191</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 7,895	\$ 6,139
Accrued payroll and fringe benefits	8,289	8,910
Advances from sponsors	890	719
Unearned revenue	4,240	4,402
Due to State of Hawai'i	10	78
Due to Research Corporation of the University of Hawai'i	1,201	3,767
Current portion of long-term liabilities	9,848	9,164
Other current liabilities	571	587
Total current liabilities	<u>32,944</u>	<u>33,766</u>
Noncurrent liabilities		
Revenue bonds payable	40,055	41,426
Equipment lease obligation	20,090	21,328
Other noncurrent liabilities	11,559	11,515
Total noncurrent liabilities	<u>71,704</u>	<u>74,269</u>
Total liabilities	<u>104,648</u>	<u>108,035</u>
Net position		
Net investment in capital assets	257,370	244,513
Restricted – expendable	117,760	87,952
Unrestricted	19,416	17,691
Total net position	<u>394,546</u>	<u>350,156</u>
Total liabilities and net position	<u>\$ 499,194</u>	<u>\$ 458,191</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Community College System
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2020 and 2019

(All dollars reported in thousands)

Schedule II

	2020	2019
Operating revenues		
Student tuition and fees	\$ 63,918	\$ 64,985
Less: Scholarship allowances	<u>20,780</u>	<u>19,987</u>
Net student tuition and fees	43,138	44,998
Federal appropriations, grants and contracts	19,560	22,831
State and local grants and contracts	1,147	1,074
Nongovernmental sponsored programs	2,070	1,780
Sales and services of educational departments, other	3,675	5,170
Auxiliary enterprises	641	755
Other operating revenues	<u>3</u>	<u>24</u>
Total operating revenues	<u>70,234</u>	<u>76,632</u>
Operating expenses		
Compensation and benefits	230,972	232,135
Supplies, services and cost of goods sold	16,551	17,811
Depreciation	15,812	15,352
Telephone and utilities	8,992	9,434
Scholarships and fellowships	10,267	10,182
Travel expenses	1,527	2,619
Repairs and maintenance	4,881	5,071
Other operating expenses	<u>3,618</u>	<u>2,880</u>
Total operating expenses	<u>292,620</u>	<u>295,484</u>
Operating loss	<u>(222,386)</u>	<u>(218,852)</u>
Nonoperating revenues (expenses)		
State appropriations	132,036	128,032
Federal Pell grants	21,061	21,354
Federal CARES Act Program	605	-
Net investment income	1,339	1,330
Interest expense	(2,271)	(2,304)
Transfers from State of Hawai'i for fringe benefits	73,730	69,863
Loss on disposal of capital assets	(1,541)	(1,873)
Other, net	<u>(9,380)</u>	<u>(7,769)</u>
Net nonoperating revenues before capital and endowment additions	<u>215,579</u>	<u>208,633</u>
Capital – state appropriations	50,505	30,173
Capital – federal grants/subsidies	655	653
Capital – gifts and grants	37	76
Net transfers to State of Hawai'i for capital assets	<u>-</u>	<u>(265)</u>
Total other revenues	<u>51,197</u>	<u>30,637</u>
Net nonoperating revenues	<u>266,776</u>	<u>239,270</u>
Change in net position	44,390	20,418
Net position		
Beginning of year	<u>350,156</u>	<u>329,738</u>
End of year	<u>\$ 394,546</u>	<u>\$ 350,156</u>

University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Community College System
Notes to Schedules I and II
June 30, 2020 and 2019
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statements of net position and related statements of revenues, expenses, and changes in net position of the Community College System excluding Maui College, which is presented in a separate report, present the financial position and results of operations of the Community College System, and are presented on the accrual basis of accounting. The financial information of the University of Hawai'i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University's financial statements.

2. Employee Benefits

In accordance with University policy, the University's liability for other postemployment benefits ("OPEB"), deferred outflows of resources, and deferred inflows of resources related to OPEB ("OPEB benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

In accordance with University policy, the University's liability for pension benefits, deferred outflows of resources, and deferred inflows of resources related to pensions ("pension benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, pension benefits are not reflected in these schedules.

Report to the 2021 Hawai'i State Legislature

Annual Report on Material Weakness and Fraud

Hawai'i Revised Statutes §304A- 321

Hawai'i Revised Statutes §304A-321 requires the Committee on Independent Audit (Audit Committee) of the University of Hawai'i Board of Regents (BOR) to submit an annual report to the Legislature and BOR with respect to the following matters:

- (a) all instances of material weaknesses in internal control, including the responses of University of Hawai'i (University) management; and
- (b) all instances of fraud, including the responses of University of Hawai'i management.

At a December 3, 2020 Audit Committee meeting, the Audit Committee reviewed and accepted the University's financial statements for the years ended June 30, 2020 and 2019 audited by Accuity LLP (Accuity). Accuity presented a document at this meeting containing required auditor's communication in accordance with auditing standards generally accepted in the United States of America. Accuity's document (excerpt attached) noted that they did not identify any matters that they considered to be material weaknesses in internal control over financial reporting and noted no instances of fraud or illegal acts.

Required Communications

Matter to be communicated	Our response
<p>Difficulties encountered in performing the audit</p> <p>The Audit Committee should be informed of serious difficulties encountered in dealing with management related to performance of the audit.</p>	<p>None noted.</p>
<p>Internal control deficiencies</p> <p>The Audit Committee should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</p>	<p>We did not identify any matters that we consider to be material weaknesses in internal control over financial reporting.</p> <p>We noted other matters involving internal control and its operation, which will be communicated in our Internal Control and Business Issues Report.</p>
<p>Fraud and illegal acts</p> <p>The Audit Committee should be informed of any fraud or illegal acts involving senior management or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist. The auditors should also discuss any illegal acts coming to their attention involving senior management and other illegal acts unless clearly inconsequential.</p>	<p>We did not identify any instances of fraud or illegal acts involving senior management or acts that would have a material impact on the 2020 financial statements.</p>

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UNIVERSITY OF HAWAII
BOARD OF REGENTS



UNIVERSITY OF HAWAII
RESIDENT'S OFFICE

Office of Intercollegiate Athletics • 1337 Lower Campus Road • Honolulu, Hawai'i 96822-2370

06/15 AM 11:44

November 12, 2020

MEMORANDUM

TO: Benjamin Kudo
Chair, Board of Regents

VIA: David Lassner *David Lassner*
President

VIA: Kalbert Young *Kalbert Young*
Vice President for Budget and Finance, CFO

FROM: David Mallin *DA.M*
Director, University of Hawai'i at Mānoa Intercollegiate Athletics

SUBJECT: University of Hawai'i at Mānoa Intercollegiate Athletics Audit Reports for the year ended June 30, 2020

The following and attached University of Hawai'i at Mānoa Intercollegiate Athletics reports for the year ended June 30, 2020 are submitted for the Board of Regents Committee on Independent Audit review and acceptance.

1. Report on Agreed-Upon Procedures
2. Internal Control and Business Issues Report

Accuity, LLP has prepared the Report on Agreed-Upon Procedures and the Internal Control and Business Issues Report.

Attachments

Copy. Glenn Shizumura, Director of the Office of Internal Audit
Sandy French, Vice Chancellor for Administration, Finance & Operations

**University of Hawai'i at Mānoa
Intercollegiate Athletics
(Athletics Department)**

Report on Agreed-Upon Procedures

June 30, 2020

Report of Independent Accountants

To the Board of Regents
University of Hawai'i

We have performed the procedures enumerated below, which were agreed to by the University of Hawai'i at Mānoa Intercollegiate Athletics (the "Athletics Department"), solely to assist the University of Hawai'i (the "University") in evaluating whether the accompanying Statement of Revenues and Expenses (the "Statement") of the Athletics Department is in compliance with the National Collegiate Athletics Association ("NCAA") Bylaw 3.2.4.17 for the year ended June 30, 2020.

Management of the Athletics Department is responsible for the Statement and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose,

For purposes of performing these agreed-upon procedures, no exceptions were reported for differences of \$48,000 or less.

Our procedures and findings are as follows:

- A. We obtained the Athletics Department's Statement (see Appendix Number 1) and supporting worksheets, and compared each of the revenue and expense amounts on the Statement to management's worksheets.

No exceptions were noted as a result of this comparison.
- B. We compared amounts on management's worksheets to the University's general ledger.

No exceptions were noted as a result of this comparison.
- C. We compared individual revenue and expense accounts appearing on the Statement which were greater than 10% of total revenues and expenses, respectively, to prior year amounts and investigated variances exceeding 10% of the reported revenues and expenses (see Appendix Number 1).

All individual revenue and expense accounts that were greater than 10% of total revenues and expenses, respectively, and whose variances exceeded 10% of the reported revenues and expenses had supporting documentation and reasonable explanations.

- D. We compared each contribution of cash, services or goods that were received by the Athletics Department and that constituted 10% or greater of all contributions received by the Athletics Department to supporting documentation maintained by the University of Hawaii Foundation (the "Foundation").

One cash contribution received from an outside organization in the amount of \$1,304,656 was compared to supporting documentation. No exceptions were noted as a result of this comparison.

- E. We selected a sample of seven broadcast, television, radio and internet rights revenue receipts, which aggregated \$2,676,938, and compared the revenue receipts to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- F. We selected a sample of fourteen royalty, advertisement and sponsorship revenue receipts, which aggregated \$2,693,500, and compared the revenue receipts to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- G. We selected a sample of eight tournament revenue receipts, which aggregated \$3,096,257, and compared the revenue receipts to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- H. We compared total direct institutional support receipts of \$13,209,818 to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- I. We selected a sample of ten concession revenue receipts, which aggregated to \$299,927 and compared the revenue receipts to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- J. We selected one rental revenue receipt, which amounted to \$82,237, and compared the revenue receipt to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of this comparison.

- K. We selected a sample of two guarantee revenue receipts, which aggregated \$500,000, and compared the revenue receipts to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- L. We read four sports camp contracts and obtained an understanding of the Athletics Department's revenue recognition policy. We selected a sample of five camp participants from camp participant listings for each of the four sports camps selected, and compared the revenue receipts from these participants to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of our procedures performed over individual camp participants.

- M. We selected season ticket office sales reports for football, men's basketball, and women's volleyball. We recalculated revenue totals related to tickets sold, and compared the ticket revenues to the general ledger.

No exceptions were noted for the items recalculated or as a result of these comparisons.

We selected a sample of ten individual football ticket sales receipts and compared the tickets sales to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- N. We selected a sample of forty students who received institutional financial aid and compared the award amounts per the students' account detail to the related award letters sent to the students.

No exceptions were noted as a result of these comparisons.

- O. We obtained a listing of coaches employed by the Athletics Department. We selected four head coaches and compared their salaries recorded in the Statement to their employment contracts in force. For three of the four head coaches selected, we also compared the coaches' compensation for the 2019 calendar year to their pay statements. The fourth head coach selected was hired in 2020.

No exceptions were noted as a result of these comparisons.

- P. We obtained a listing of administrative employees employed by the Athletics Department. We selected three administrative employees and compared their pay information per their respective payroll notification forms to the general ledger and related expense line item in the Statement. We also compared the employees' compensation for the 2019 calendar year to their pay statements.

No exceptions were noted as a result of these comparisons.

- Q. We obtained and read the Athletics Department's recruiting and travel policies and compared the policies to the NCAA policies.

No differences were noted between the Athletics Department and NCAA policies with respect to allowable recruiting and travel.

- R. We obtained and documented an understanding of the University's methodology for allocating indirect facilities and administrative support to the Athletics Department. We summed the indirect facilities and administrative support totals reported by the Athletics Department in the Statement.

No matters came to our attention as a result of the procedures performed.

- S. We selected a sample of twenty operating expense transactions, which aggregated \$194,150, and compared the expense transactions to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- T. We selected a sample of four contracts pertaining to amounts paid to visiting institutions, which aggregated \$625,000, and compared the expense transactions to supporting documentation maintained by the Athletics Department.

No exceptions were noted as a result of these comparisons.

- U. We obtained and read the audited financial statements of the Foundation and obtained and reviewed the general ledger of 'Ahahui Koa Ānuenu.

We noted no comments or other matters related to the booster organization accounts maintained by the Foundation and 'Ahahui Koa Ānuenu.

- V. We compared the amounts in the booster organizations' statements of revenues and expenditures to their respective general ledgers. A summary of the cash transactions of booster organization accounts maintained by the Foundation and 'Ahahui Koa Ānuenu is presented as Appendix Number 2.

No exceptions were noted as a result of these comparisons.

- W. We obtained schedules of expenditures made by the booster organizations for or on behalf of the Athletics Department and its employees, and compared such amounts to the accounting records of the Athletics Department.

No exceptions were noted as a result of these comparisons.

- X. We selected a sample of thirty booster organization cash receipts of the Foundation and ten booster organization cash receipts of 'Ahahui Koa Ānuenu, which aggregated \$178,389 and \$14,676, respectively, and compared the cash receipts to deposit records, membership applications where applicable, and other supporting documents.

No exceptions were noted as a result of these comparisons.

- Y. We selected a sample of thirty booster organization cash disbursements of the Foundation and thirty booster organization cash disbursements of 'Ahahui Koa Ānuenu, which aggregated \$199,677 and \$164,949, respectively, and compared the disbursements to invoices and other supporting documents.

No exceptions were noted as a result of these comparisons.

- Z. We obtained and read the minutes of 'Ahahui Koa Ānuenu's governing body to gain an understanding of the potential financial transactions made for or on behalf of the Athletics Department. We selected a sample of three financial transactions and compared them to the accounting records of the booster organization.

No matters came to our attention as a result of the procedures performed.

- AA. We obtained and documented an understanding of the internal controls in place surrounding the recordation of revenues and expenses related to booster organizations.

No matters came to our attention as a result of the procedures performed.

- BB. We compared the sports sponsored by the Athletics Department as reported in the NCAA Membership Financial Reporting System to the squad lists as maintained by the Athletics Department. The information compared was for sports sponsored during the 2018 – 2019 academic year, as reported to the NCAA during the year ended June 30, 2020.

No matters came to our attention as a result of the procedures performed.

- CC. We compared the Sports Sponsorship and Demographics Forms Report maintained by the Athletics Department to the information as reported in the NCAA Membership Financial Reporting System. We also noted that the sports and contests reported by the Athletics Department met the

minimum requirements of NCAA Bylaw 20.9.6.3. The information compared was for sports and contests held during the 2018 – 2019 academic year, as reported to the NCAA during the year ended June 30, 2020.

No matters came to our attention as a result of the procedures performed.

DD. We agreed the total number of student-athletes who received a Pell Grant award during the academic year and the total value of these Pell Grants as reported in the NCAA Membership Financial Reporting System to a report generated out of the University's financial aid records. The information compared was for Pell Grants awarded during the 2018 – 2019 academic year, as reported to the NCAA during the year ended June 30, 2020.

No matters came to our attention as a result of the procedures performed.

* * * * *

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The accompanying Statement for the year ended June 30, 2020, has not been audited, reviewed or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on it.

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

Honolulu, Hawai'i
December 15, 2020

**University of Hawai'i at Mānoa
Intercollegiate Athletics Department
Statement of Revenues and Expenses
Year Ended June 30, 2020**

Appendix 1

	Football	Men's Basketball	Women's Volleyball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Revenues							
Ticket sales	\$ 3,001,847	\$ 885,320	\$ 894,416	\$ 27,195	\$ 525,556	\$ 70,619	\$ 5,404,953
Student fees	-	-	-	-	-	1,264,513	1,264,513
Away-game sales and guarantees	400,000	242,500	-	43,000	10,000	-	695,500
Contributions	1,781,145	243,971	141,576	94,549	406,084	3,392,114	6,059,439
Direct state or other government support	1,813,921	10,960	165,001	271,646	974,287	4,185	3,240,000
Direct institutional support	2,414,945	406,307	415,646	517,218	3,871,511	5,584,191	13,209,818
Indirect facilities and administrative support	-	-	-	-	-	3,289,320	3,289,320
NCAA including all tournament revenues	-	-	51,063	-	2,720	516,781	570,564
Conference distributions	-	17,600	-	20,975	27,439	174,935	240,949
Conference distributions of bowl generated revenue	-	-	-	-	-	1,486,985	1,486,985
Broadcast, television, radio and internet rights	-	-	-	-	-	2,689,386	2,689,386
Program sales, concessions, novelty sales and parking	-	-	-	-	-	928,580	928,580
Royalties, advertisements and sponsorships	492,952	80,295	70,711	52,401	554,581	3,509,677	4,760,617 (1)
Sports camp revenues	-	20,195	83,340	6,400	90,263	-	200,198
Investment income (loss), net of investment expenses	8,281	(2,451)	2,266	(2,365)	(7,358)	477,913	476,286
Bowl revenues	537,517	-	-	-	-	-	537,517
Other	463,634	109,421	15,438	7,046	243,506	350,746	1,189,791
Total revenues	10,914,242	2,014,118	1,839,457	1,038,065	6,698,589	23,739,945	46,244,416
Expenses							
Athletic student aid	3,165,676	547,485	519,890	607,711	4,936,468	926,331	10,703,561
Guarantees	2,197,417	376,653	166,095	117,350	429,175	-	3,286,690
Coaching salaries paid by department	3,129,643	1,090,153	438,895	665,826	3,251,881	24,566	8,600,964
Support staff salaries paid by department	443,242	137,084	30,761	106,474	18,590	9,777,719	10,513,870
Recruiting	163,161	72,104	18,714	89,684	202,728	-	546,391
Team travel	1,491,360	264,048	164,223	304,954	1,273,281	39,924	3,537,790
Equipment, uniforms and supplies	649,001	113,962	40,941	80,076	505,726	11,235	1,400,941
Game expenses	969,284	129,639	37,188	112,078	156,767	(1,040)	1,403,916
Fund raising, marketing and promotion	55,705	21,773	22,468	(1,472)	85,079	384,501	568,054
Sport-camp expenses	(6,031)	1,936	5,011	593	8,463	2,035	12,007
Direct facilities, maintenance and rental	58,753	17,264	5,570	8,192	34,189	271,444	395,412
Spirit groups	-	-	-	-	-	180,119	180,119
Athletic facilities debt service, leases and rent	71,810	-	-	-	179,388	176,012	427,210
Indirect facilities and administrative support	-	-	-	-	-	3,289,320	3,289,320
Medical and medical insurance expenses	112,349	16,342	19,924	24,092	163,660	502,432	838,799
Dues and subscriptions	8,400	10,520	7,178	1,510	17,562	242,713	287,883
Student athlete meals	159,373	36,533	16,396	19,445	250,466	192,206	674,419
Bowl expenses	232,402	-	-	-	-	-	232,402
Bowl coaching bonuses	169,905	-	-	-	-	-	169,905
Other operating expenses	449,259	72,020	33,685	39,785	216,142	1,153,364	1,964,255
Total expenses	13,520,709	2,907,516	1,526,939	2,176,298	11,729,565	17,172,881	49,033,908
Expenses in excess of revenues	(2,606,467)	(893,398)	312,518	(1,138,233)	(5,030,976)	6,567,064	\$ (2,789,492)

NOTES:

(1) Sponsorship revenues received by the Athletics Department decreased by approximately \$1,043,000 in comparison to fiscal 2019. The decrease was primarily attributable to a non-recurring \$500,000 bonus received in fiscal 2019 from a single sponsor and a \$540,000 decrease in contractual revenues in fiscal 2020 due to the COVID-19 pandemic.

University of Hawai'i at Mānoa
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
Year Ended June 30, 2020

1. Basis of Presentation

The preparation of the statement of revenues and expenses (the "Statement") of the University of Hawai'i at Mānoa Intercollegiate Athletics (the "Athletics Department") is presented in conformity with the terms of the National Collegiate Athletic Association's ("NCAA") legislation, which requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In addition to the accounts maintained by the University for the Athletics Department, the accompanying Statement also includes the accounts maintained by the University of Hawai'i Foundation (the "Foundation") for the Athletics Department and booster organizations that are not organized separately under Internal Revenue Code Section 501(c)(3). The financial statements do not include the assets, liabilities, net assets, and revenues and expenses of separate 501(c)(3) booster organizations which may have financially assisted the Athletics Department and/or its student athletes.

In February 2014, the memorandum of understanding between 'Ahahui Koa Ānuenuē, the Athletics Department, the University, and the Foundation was amended. Among other items, the amendment authorized 'Ahahui Koa Ānuenuē to establish a separate bank account, or accounts that would be controlled by 'Ahahui Koa Ānuenuē. The bank accounts shall be established to pay for the general operating and fundraising costs of 'Ahahui Koa Ānuenuē and shall be funded via the transfer of monies from 'Ahahui Koa Ānuenuē's existing assets maintained by the Foundation. In December 2015, an additional amendment to the memorandum of understanding between 'Ahahui Koa Ānuenuē, the Athletics Department, the University, and the Foundation was executed. Among other items, the additional amendment authorized 'Ahahui Koa Ānuenuē to collect and deposit cash receipts associated with certain defined "Base Fundraising Activities" into a bank account established by 'Ahahui Koa Ānuenuē. Expenditures associated with the "Base Fundraising Activities" shall also be funded via monies previously deposited into the bank account established by 'Ahahui Koa Ānuenuē.

The basis of presentation of the Statement is significantly different from the presentation of financial statements in accordance with accounting principles generally accepted in the United States of America. NCAA legislation requires that in-kind goods and services revenue and expense and indirect facilities and administrative support be included in the Statement. Revenues and expenses related to endowment activities are excluded from the Statement.

2. Contributions

The Athletics Department received contributions from various corporations and organizations. During the year ended June 30, 2020, 'Ahahui Koa Ānuenuē contributed \$2,300,000 primarily to support the operations of the Athletics Department.

The amounts contributed by 'Ahahui Koa Ānuenuē during 2020 were comprised of \$2,300,000 in pledges for the year ended June 30, 2020. Amounts pledged which remain outstanding as of June 30, 2020 totaled \$300,000.

University of Hawai'i at Mānoa
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
Year Ended June 30, 2020

3. Capital Assets

Capital assets are recorded at cost or, if donated, at appraised value at the date of gift. The Athletics Department's policy is to capitalize tangible non-expendable personal property having an estimated useful life of more than one year. Depreciation on the Athletics Department's capital assets is computed using the straight-line method over the estimated useful lives of the assets. The Athletics Department's capital assets are mainly comprised of furniture, fixtures and equipment with useful lives ranging from 3 to 18 years. Capital assets retired or otherwise disposed of, including transfers between the Athletics Department and other University units, are removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on disposal and the net book value of transfers of capital assets are charged to operations.

The land and buildings on which the facilities of the Athletics Department are located and related infrastructure assets are not reflected in the financial statements of the Athletics Department but are reported in the consolidated financial statements of the University.

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets	\$ 1,127,923	\$ 91,341	\$ (150,671)	\$ 1,068,593
Less: Accumulated depreciation	<u>(829,888)</u>	<u>(62,344)</u>	<u>150,671</u>	<u>(741,561)</u>
Capital assets, net	<u>\$ 298,035</u>	<u>\$ 28,997</u>	<u>\$ -</u>	<u>\$ 327,032</u>

4. Endowment Assets

The Athletics Department's endowment includes contributions that are subject to externally-imposed constraints and are required to be maintained in perpetuity. During the year ended June 30, 2020, the endowment fund balance decreased by approximately \$294,084, which consisted primarily of unrealized losses on the endowment assets.

**University of Hawai'i at Mānoa
Intercollegiate Athletics Department
Summary of Cash Transactions
Year Ended June 30, 2020**

Appendix 2

Organization	Cash Balance July 1, 2019	Cash Receipts (3)	Net Cash Transfers to Investments (4)	Direct Payments to Mānoa Athletics (5)	Other Disbursements (6)	Cash Balance June 30, 2020 (7, 8)
University of Hawai'i Foundation – Booster Organization Accounts (1)	\$ 5,494,926	\$ 3,826,071	\$ (148,532)	\$ (2,358,292)	\$ (1,962,054)	\$ 4,852,119
'Ahahui Koa Ānuehue – Booster Organization Accounts (2)	110,032	71,059	-	(4,481)	(7,302)	169,308
	<u>\$ 5,604,958</u>	<u>\$ 3,897,130</u>	<u>\$ (148,532)</u>	<u>\$ (2,362,773)</u>	<u>\$ (1,969,356)</u>	<u>\$ 5,021,427</u>

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NOTES:

- (1) Booster organizations have cash balances maintained at the Foundation. These organizations have, as one of their principal purposes, the generation of donations to these organizations for the support of athletic programs at the University.
- (2) Cash balances held by 'Ahahui Koa Ānuehue are not reflected in the financial statements of the Athletics Department.
- (3) Cash receipts are comprised of contributions, fundraising activities, and membership dues.
- (4) Certain cash contributions have temporary or permanent restrictions and are maintained in quasi-endowment and endowment accounts held at the Foundation. These accounts are a part of the Foundation investment pool.
- (5) The Booster organizations make certain cash disbursements, primarily for athletic scholarships, directly to the Athletics Department. Receipt of such amounts is recorded in the restricted and self-funded funds of the Athletics Department.
- (6) The Booster organizations make certain cash disbursements, primarily for professional services, receptions and banquets, and administrative expenses.
- (7) The ending cash balance excludes quasi-endowment and endowment investment accounts held with the Foundation, which amounted to \$4,611,634 at June 30, 2020.
- (8) The ending cash balance of the accounts maintained separately by 'Ahahui Koa Ānuehue amounted to \$1,182,114 at June 30, 2020.

**University of Hawai'i at Mānoa
Intercollegiate Athletics
(Athletics Department)**

Internal Control and Business Issues Report

June 30, 2020

**University of Hawai'i at Mānoa Intercollegiate Athletics
(Athletics Department)
Index
Year Ended June 30, 2020**

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Current Year Comment and Observation	
Comment No. 20-01 – Fiscal Deficit	2
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To the Board of Regents
University of Hawai'i

In planning and performing our National Collegiate Athletics Association ("NCAA") agreed-upon procedures engagement for University of Hawai'i at Mānoa Intercollegiate Athletics ("Mānoa Athletics") for the year ended June 30, 2020, in accordance with NCAA Bylaw 3.2.4.17, we gained an understanding of Mānoa Athletics' internal control over financial reporting ("internal control").

We present for your consideration, observations and recommendations we noted during the performance of our agreed-upon procedures engagement.

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

Honolulu, Hawai'i
December 15, 2020

Current Year Comment and Observation

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**University of Hawai'i at Mānoa Intercollegiate Athletics
(Athletics Department)
Current Year Comment and Observation
Year Ended June 30, 2020**

Comment No. 20-01 – Fiscal Deficit

The following is a trend analysis of the net loss of Mānoa Athletics' over the past five years (in thousands):

	2020	2019	2018	2017	2016
Net loss	\$ (3,133)	\$ (3,060)	\$ (1,905)	\$ (871)	\$ (3,784)

The following table shows the composition of Mānoa Athletics' net deficit as of June 30, 2020, 2019 and 2018 (in thousands):

	2020	2019	2018
Invested in capital assets	\$ 327	\$ 302	\$ 292
Restricted			
Nonexpendable	4,664	4,964	4,772
Expendable	4,226	3,830	3,837
Unrestricted	<u>(19,105)</u>	<u>(15,851)</u>	<u>(12,596)</u>
	<u>\$ (9,888)</u>	<u>\$ (6,755)</u>	<u>\$ (3,695)</u>

During fiscal year 2020, the financial condition of the Athletics Department declined primarily due to decreases in operating revenues from NCAA distributions, student fees and royalties, advertisements and sponsorships, offset by increases in operating revenues from contributions and direct State support, combined with increases in operating expenses for guarantees, offset by decreases in operating expenses for athletic student aid and team travel.

Further, liquidity continues to be a concern as the Athletics Department requires significant borrowings from the University. During the years ended June 30, 2020 and 2019, borrowings from the University totaled \$17.1M and \$13.6M, respectively.

The financial condition of the Athletics Department continues to be fragile due to the ongoing struggle to generate operating and fundraising revenues, while continuing to manage operating expenses. These historical conditions combined with the impact of the ongoing COVID-19 pandemic will likely necessitate future recurring institutional support in order to sustain the Athletics Department.

We recommend that Athletics Department management continue to work with University administration and its fundraising partners to develop and implement a long-term financial plan to assure the financial stability of the Department.

**Summary Schedule of Prior Comments
and Observations**

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**University of Hawai'i at Mānoa Intercollegiate Athletics
 (Athletics Department)
 Summary Schedule of Prior Comments and Observations
 Year Ended June 30, 2020**

Finding	Description	Type	Resolved	Unresolved	Current Year Finding
19-01	'Ahahui Koa Ānuenue Fundraising Activities	Observation	X		
19-02	Pell Grant Reporting	Observation	X		
19-03	Fiscal Deficit	Observation		X	20-01

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UNIVERSITY OF HAWAII
BOARD OF REGENTS

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UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

Office of Intercollegiate Athletics • 1337 Lower Campus Road • Honolulu, Hawai'i 96822-2370

November 12, 2020

MEMORANDUM

TO: Benjamin Kudo
Chair, Board of Regents

VIA: David Lassner *David Lassner*
President, University of Hawai'i

VIA: Kalbert Young *Kalbert Young*
Vice President for Budget and Finance, CFO

FROM: David Matlin *DAK*
Director, University of Hawai'i at Mānoa Intercollegiate Athletics

SUBJECT: Corrective Action Responses to Accuity LLP Internal Control and Business Issues Report

The following are responses to the management comments of the FY 2020 Mānoa Intercollegiate Athletics audit.

Comment No. 20-01 – Fiscal Deficit

The financial condition of the Athletics Department continues to be fragile due to the ongoing struggle to generate operating and fundraising revenues, while continuing to manage operating expenses. These historical conditions combined with the impact of the ongoing COVID-19 pandemic will likely necessitate future recurring institutional support in order to sustain the Athletics Department.

Recommendation:

We recommend that Athletics Department management continue to work with University administration and its fundraising partners to develop and implement a long-term financial plan to assure the financial stability of the Department.

Comments/Corrective Action:

The Department's financial condition continues to be a great concern to the Department's administration and the Department will continue to require financial support from the University, the State, 'Ahaui Koa Anuenue (AKA), Foundation, booster clubs and other external entities to assist with its future fiscal position.

The department did an analysis that discovered the following information:

- *The level of student fee support is low compared to our peers;*
- *Due to our location we have a \$6.4 million financial burden that other mainland schools do not have;*
- *Department labor benefit costs have increased \$1.6 million from 46% to 62% in the last five years*
- *To get to a balanced financial model, in addition to the continued efforts of the Department to maximize its revenues and control expenses, we will either need additional external support (University, Legislature, other external entities) or will need to make significant program reductions to bring expenses into alignment with available revenues.*

In September 2020, a "blue ribbon" committee was formed, made up of campus and community stakeholders to provide strategic vision and advice for the future of UH Mānoa athletics. The committee has been meeting and hopes to have recommendations for the department by December 2020.

While the Department strives for financial stability and efficient use of resources, it is increasingly more difficult to sustain athletics competitiveness on its current operating budget and limited financial resources. The Department will work with University administration to develop and implement a long-term financial plan that considers all possibilities for revenue while continuing to exercise strong cost control.

Responsible Person:

Director of Athletics

Corrective Action Completion Date:

Continuous




ACCUITY

University of Hawai'i at Mānoa Intercollegiate Athletics Department

Report to the Board of Regents

Year Ended June 30, 2020



To the Board of Regents
University of Hawai'i

We are pleased to present you with our agreed-upon procedures report in accordance with National Collegiate Athletics Association (“NCAA”) Bylaw 3.2.4.17 for the year ended June 30, 2020.

The ultimate goal of our agreed-upon procedures engagement was to ensure that the University of Hawai'i at Mānoa Intercollegiate Athletics' Statement of Revenues and Expenses for the year ended June 30, 2020 was presented in compliance with NCAA Bylaw 3.2.4.17.

We are able to report to you that our agreed-upon procedures engagement did not detect any material misstatements in the University of Hawai'i at Mānoa Intercollegiate Athletics' Statement of Revenues and Expenses for the year ended June 30, 2020.

We would like to thank the management and staff of the University for the cooperation and assistance provided to us during our agreed-upon procedures engagement.

Auditor Communications

The University of Hawai‘i at Mānoa Intercollegiate Athletics (“Mānoa Athletics”) is responsible for the sufficiency of the agreed-upon procedures. We are responsible for carrying out the procedures and reporting any findings in accordance with AT Section 201, *Agreed-Upon Procedures Engagements*.

Based on the subject matter and procedures as defined in the NCAA Bylaws and as agreed upon by Mānoa Athletics, we did not identify any findings meriting inclusion in our agreed-upon procedures report.

We have no responsibility to determine the differences between the agreed-upon procedures performed and any procedures that would have been performed had we been engaged to perform another form of attest engagement.

Auditor Communications

Other matters for communication to the Board of Regents include:

- Our responsibilities are contained in our contract with the University (Contract No. 180086).
- We were not engaged to perform a separate audit of Mānoa Athletics as of and for the year ended June 30, 2020.
- We identified certain deficiencies in Mānoa Athletics internal control procedures that are included in our Internal Control and Business Issues Report.
- While management continues to evaluate the operational and financial impact that the COVID-19 pandemic will have on Mānoa Athletics during fiscal 2021, it is currently anticipated that the COVID-19 pandemic will materially affect the financial condition of Mānoa Athletics.



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UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE
November 6, 2020

MEMORANDUM

TO: Randolph Moore
Chair, Board of Regents Committee on Independent Audit

VIA: David Lassner *David Lassner*
President, University of Hawai'i

VIA: Kalbert Young *Kalbert Young*
Vice President for Budget and Finance/CFO

VIA: Bonnie Irwin *Bonnie Irwin*
Chancellor, University of Hawai'i at Hilo

FROM: Patrick Guillen *Patrick Guillen*
Director of Intercollegiate Athletics, University of Hawai'i at Hilo

SUBJECT: University of Hawai'i at Hilo Intercollegiate Athletics Audit Reports for the year ended June 30, 2020

UNIVERSITY OF HAWAII
BOARD OF REGENTS
OCT 14 P 3:22

The following and attached University of Hawai'i at Hilo Intercollegiate Athletics reports for the year ended June 30, 2020 are submitted for the Board of Regents Committee on Independent Audit review and acceptance.

1. Report on Agreed-Upon Procedures
2. Internal Control and Business Issues Report

Accuity, LLP has prepared the Report on Agreed-Upon Procedures and the Internal Control and Business Issues Report.

Attachments

Copy: Glenn Shizumura, Director of the Office of Internal Audit
Kalei Rapoza, Interim Vice Chancellor of Administrative Affairs, University of Hawai'i at Hilo



Office of Intercollegiate Athletics

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University of Hawai'i at Hilo Office of Intercollegiate Athletics

Report on Agreed-Upon Procedures

June 30, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Accountants

To the Board of Regents
University of Hawai'i

We have performed the procedures enumerated below, which were agreed to by the University of Hawai'i at Hilo Office of Intercollegiate Athletics ("Hilo Athletics"), solely to assist the University of Hawai'i (the "University") in evaluating whether the accompanying Statement of Revenues and Expenses (the "Statement") of Hilo Athletics is in compliance with the National Collegiate Athletics Association ("NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2020.

Management of Hilo Athletics is responsible for the Statement and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For purposes of performing these agreed-upon procedures, no exceptions were reported for differences of \$5,000 or less.

Our procedures and findings are as follows:

- A. We obtained Hilo Athletics' Statement (see Appendix 1) and supporting worksheets, and compared each of the revenue and expense amounts on the Statement to management's worksheets.

No exceptions were noted as a result of this comparison.

- B. We compared amounts on management's worksheets to the University's general ledger.

No exceptions were noted as a result of this comparison.

- C. We compared individual revenue and expense accounts appearing on the Statement which were greater than 10% of total revenues and expenses, respectively, to prior year amounts and investigated variances exceeding 10% of the reported revenues and expenses (see Appendix 1).

All individual revenue and expense accounts that were greater than 10% of total revenues and expenses, respectively, and whose variances exceeded 10% of the reported revenues and expenses had supporting documentation and reasonable explanations.

- D. We compared total direct state or other government support receipts of \$938,650 to supporting documentation maintained by Hilo Athletics.

No exceptions were noted as a result of this comparison.

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- E. We compared total direct institutional support receipts of \$3,689,952 to supporting documentation maintained by Hilo Athletics.

No exceptions were noted as a result of this comparison.

- F. We selected a sample of nineteen students who received institutional financial aid and compared the award amounts per the students' account detail to the related award letters sent to the students.

For one out of nineteen student-athletes selected for testing, the institutional financial aid amount distributed to the student-athlete was \$4,500 less than the award amount as stated per the student-athlete's award letter.

The distribution of an inaccurate amount of financial aid to a student-athlete may expose Hilo Athletics to an undue risk of noncompliance with Federal regulations and the policies and procedures of the NCAA.

We also noted that for one out of nineteen student-athletes selected for testing, the institution applied an incorrect housing status, resulting in an incorrect cost of attendance and full grant-in-aid amount being reported in the NCAA's Compliance Assistant software. The student-athlete did not receive institutional financial aid in excess of the maximum limits.

The inaccurate calculation of the cost of attendance and full grant-in-aid amounts may expose Hilo Athletics to undue risk of inaccurate reporting of equivalency rates to the NCAA and of awarding institutional financial aid in excess of the maximum limits, which may potentially result in the student-athlete becoming ineligible for participation in intercollegiate athletics and potential infractions being levied against Hilo Athletics by the NCAA.

- G. We obtained a listing of coaches employed by Hilo Athletics. We selected three head coaches and compared their salaries recorded in the general ledger and Hilo Athletics' Statement to their employment contracts in force. We also compared the coaches' compensation for the 2019 calendar year to their pay statements.

No exceptions were noted as a result of these comparisons.

- H. We obtained a listing of administrative employees employed by Hilo Athletics. We selected three administrative employees and compared their pay information per their respective payroll notification forms to the general ledger and related expense line items in the Statement. We also compared the employees' compensation for the 2019 calendar year to their pay statements.

No exceptions were noted as a result of these comparisons.

- I. We obtained and read the Hilo Athletics' travel policies and compared the policies to the NCAA policies.

No differences were noted between the Hilo Athletics and NCAA policies with respect to allowable travel.

- J. We selected a sample of ten other operating expense transactions, which aggregated \$7,862, and compared the expense transactions to supporting documentation maintained by Hilo Athletics.

No exceptions were noted as a result of these comparisons.

K. We obtained and read the draft audited financial statements of the University of Hawaii Foundation (“the Foundation”).

We noted no comments or other matters related to the booster organization accounts maintained by the Foundation.

L. We compared the amounts in the booster organization’s statements of revenues and expenditures to their general ledger. A summary of the cash transactions of booster organization accounts maintained by the Foundation is presented as Appendix 2.

No exceptions were noted as a result of these comparisons.

M. We obtained schedules of expenditures made for or on behalf of Hilo Athletics and its employees from booster organization accounts held by the Foundation, and compared such amounts to the accounting records of Hilo Athletics.

No exceptions were noted as a result of these comparisons.

N. We selected a sample of ten booster organization cash receipts of the Foundation, which aggregated \$16,185, and compared the cash receipts to deposit records, membership applications where applicable, and other supporting documents.

No exceptions were noted as a result of these comparisons.

O. We selected a sample of ten booster organization cash disbursements of the Foundation, which aggregated \$11,388 and compared the disbursements to canceled checks, invoices and other supporting documents.

No exceptions were noted as a result of these comparisons.

P. We obtained and documented an understanding of the internal controls in place surrounding recordation of revenues and expenses related to booster organization accounts maintained by the Foundation.

Hilo Athletics’ formal policy does not require donors to submit contributions directly to the Hilo Athletics Business Manager or the Foundation for processing, however, the policy does require that all contributions be logged and deposited with the Hilo Athletics Business Office or the Foundation within 24 hours of receipt or the next available working day. Management of Hilo Athletics informed us that community members prefer not to contribute directly to the Foundation, and based upon this, Hilo Athletics has not created a policy requiring direct contribution to the Foundation.

* * * * *

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The accompanying Statement for the year ended June 30, 2020 has not been audited, reviewed or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on it.

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

Honolulu, Hawai'i
December , 2020

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University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Statement of Revenues and Expenses
Year Ended June 30, 2020

Appendix 1

	Men's Basketball	Women's Basketball	Baseball	Women's Volleyball	Other Sports	Nonprogram Specific	Total
Revenues							
Ticket sales	\$ 3,529	\$ 2,952	\$ 6,282	\$ 4,714	\$ 2,825	\$ -	\$ 20,302
Direct state or other government support	44,072	51,525	41,150	4,112	37,313	760,478	938,650 (1)
Direct institutional support	204,068	156,881	122,624	167,502	791,348	2,247,529	3,689,952
Guarantees	175	1,000	-	-	-	-	1,175
Contributions	5,940	6,800	133,198	6,065	136,823	19,428	308,254
NCAA distributions	-	-	-	-	-	22,627	22,627
Conference distributions (non media and non bowl)	-	-	-	-	-	1,639	1,639
Program, novelty, parking and concession sales	-	-	2,200	-	-	25,606	27,806
Royalties, licensing, advertisement and sponsorships	-	-	-	-	-	52,828	52,828
Sports camp revenues	8,775	-	-	-	-	-	8,775
Athletics restricted endowment and investment income	3,483	-	584	-	3,624	193,539	201,230
Other operating revenue	-	-	78	-	32,990	-	33,068
Total operating revenues	270,042	219,158	306,116	182,393	1,004,923	3,323,674	5,306,306
Expenses							
Athletic student aid	233,140	186,816	123,624	169,471	925,171	5,000	1,643,222
Guarantees	1,000	-	-	-	-	-	1,000
Coaching salaries, benefits and bonuses paid by the University and related entities	131,390	134,740	131,468	77,480	285,531	-	760,609
Support staff/administrative compensation, benefits and bonuses paid by the University and related entities	-	-	-	-	-	1,147,472	1,147,472
Recruiting	-	3,311	9,488	3,505	5,452	-	21,756
Team travel	109,671	75,617	33,106	96,581	392,523	-	707,498 (2)
Sports equipment, uniforms and supplies	1,348	5,527	73,671	9,000	106,458	-	196,004
Game expenses	28,679	25,865	14,935	16,058	21,736	-	107,273
Fund raising, marketing and promotion	2,361	2,058	80,531	2,086	49,635	7,779	144,450
Sport camp expenses	7,542	-	-	-	-	-	7,542
Athletic facilities debt service, leases and rental fees	-	-	-	-	29,034	-	29,034
Medical expenses and insurance	-	-	-	-	-	9,832	9,832
Membership and dues	-	150	-	190	998	31,817	33,155
Student-athlete meals (non-travel)	846	-	-	1,988	6,212	-	9,046
Other operating expenses	4,950	4,118	12,548	167	14,277	138,075	174,135
Total operating expenses	520,927	438,202	479,371	376,526	1,837,027	1,339,975	4,992,028
Revenues in excess of expenses							\$ 314,278

**University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Statement of Revenues and Expenses
Year Ended June 30, 2020**

Appendix 1

NOTES:

- (1) Direct state or other government support increased by approximately \$394,000 in comparison to fiscal 2019. The increase was due to an allocation of \$360,000 to Hilo Athletics by the University of Hawai'i from monies appropriated to the Mānoa and Hilo Intercollegiate Athletic Departments by the State of Hawai'i.
- (2) Team travel expenses decreased by approximately \$355,000 in comparison to fiscal 2019. The decrease was due to a reduction in travel for away games during the period from March through June 2020 as a result of the COVID-19 global pandemic.

University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Notes to Statement of Revenues and Expenses
Year Ended June 30, 2020

Appendix 1

1. Basis of Presentation

The preparation of the Statement of Revenues and Expenses (the "Statement") of the University of Hawai'i at Hilo Office of Intercollegiate Athletics ("Hilo Athletics") is presented in conformity with the terms of the National Collegiate Athletic Association's ("NCAA") rules and regulations, and on a cash basis of accounting. Under this method, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the Statement is intended to be presented in conformity with a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In addition to the accounts maintained by the University for Hilo Athletics, the accompanying Statement also includes the accounts maintained by the University of Hawaii Foundation (the "Foundation") for Hilo Athletics and booster organizations that are not organized separately under Internal Revenue Code Section 501(c)(3). The financial statements do not include assets, liabilities, net assets, and revenues and expenses of separate 501(c)(3) booster organizations which may have financially assisted Hilo Athletics and/or its student-athletes.

The basis of presentation of the Statement is significantly different from the presentation of financial statements in accordance with accounting principles generally accepted in the United States of America. NCAA legislation requires that in-kind goods and services revenue and expense and indirect institutional support be included in the Statement. Revenues and expenses related to endowment and capital asset activities are excluded from the Statement.

2. Capital Assets

Capital assets are recorded at cost, or if donated, at appraised value at the date of gift. Hilo Athletics' policy is to capitalize tangible, non-expendable personal property having an estimated useful life of more than one year. Depreciation on Hilo Athletics' capital assets is computed using the straight-line method over the estimated useful lives of the assets. Hilo Athletics' capital assets are comprised of furniture, fixtures and equipment with useful lives ranging from 3 to 18 years. Capital assets retired or otherwise disposed of, including transfers between Hilo Athletics and other University units, are removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on disposal and the net book value of transfers of capital assets are charged to operations.

The land and buildings on which the facilities of Hilo Athletics are located and related infrastructure assets are not reflected in the financial statements of Hilo Athletics, but are reported in the consolidated financial statements of the University.

Capital assets activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Additions / Transfers	Disposals	Ending Balance
Capital assets	\$ 177,195	\$ -	\$ 27,500	\$ -	\$ 204,695
Less: Accumulated depreciation	<u>(130,623)</u>	<u>(11,667)</u>	<u>(27,500)</u>	<u>-</u>	<u>(169,790)</u>
Capital assets, net	<u>\$ 46,572</u>	<u>\$ (11,667)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,905</u>

3. Endowment Assets

Hilo Athletics' endowment includes contributions that are subject to externally-imposed constraints and are required to be maintained in perpetuity. During the year ended June 30, 2020, the endowment funds' balance decreased by approximately \$42,000, which consisted of \$29,000 in contributions and \$71,000 in unrealized losses.

DRAFT

**University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Summary of Cash Transactions
Year Ended June 30, 2020**

Appendix 2

Organization	Cash Balance July 1, 2019	Cash Receipts (2)	Net Cash Transfers to Investments (3)	Cash Disbursements (4)	Cash Balance June 30, 2020 (5)
University of Hawai'i Foundation – Booster Organization Accounts (1)	<u>\$ 507,269</u>	<u>\$ 379,201</u>	<u>\$ (28,757)</u>	<u>\$ (252,420)</u>	<u>\$ 605,293</u>
	<u>\$ 507,269</u>	<u>\$ 379,201</u>	<u>\$ (28,757)</u>	<u>\$ (252,420)</u>	<u>\$ 605,293</u>

NOTES:

- 6 (1) Booster organizations have cash balances maintained at the Foundation. These organizations have as one of their principal purposes, the generation of donations to these organizations for the support of athletic programs at the University of Hawai'i at Hilo.
- (2) Cash receipts are comprised of contributions, fund-raising activities, and membership dues.
- (3) Certain cash contributions have temporary or permanent restrictions and are maintained in endowment accounts held at the Foundation. These accounts are a part of the Foundation investment pool.
- (4) The Booster organizations make certain cash disbursements, primarily for professional services, travel and administrative expenses. Generally, no payments are made directly to Hilo Athletics.
- (5) The ending cash balance excludes endowment investment accounts held with the Foundation, which amounted to \$1,058,278 at June 30, 2020.

University of Hawai'i at Hilo Office of Intercollegiate Athletics

Internal Control and Business Issues Report

June 30, 2020

DRAFT

**University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Index**

Page

Current Year Comment and Observation

Comment No. 20-01 – Athletic Student Aid 1

DRAFT

To the Board of Regents
University of Hawai'i

In planning and performing our National Collegiate Athletics Association ("NCAA") agreed-upon procedures engagement for University of Hawai'i at Hilo Office of Intercollegiate Athletics ("Hilo Athletics") for the year ended June 30, 2020, in accordance with NCAA Bylaw 6.2.3.1, we gained an understanding of Hilo Athletics' internal control over financial reporting ("internal control").

We present for your consideration, observations and recommendations we noted during the performance of our agreed-upon procedures engagement.

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

Honolulu, Hawai'i
December 15, 2020

DRAFT

Current Year Comment and Observation

DRAFT

**University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Current Year Comment and Observation
Year Ended June 30, 2020**

Comment No. 20-01: Athletic Student Aid

We noted the following matters during the performance of the agreed-upon procedures for the University of Hawai'i at Hilo Office of Intercollegiate Athletics ("Hilo Athletics") athletic student aid amounts:

- For one out of nineteen student-athletes selected for testing, we noted an instance in which the actual award provided to the student-athlete was \$4,500 less than the award amount stated per their scholarship agreement.
- For one out of nineteen student-athletes selected for testing, we noted an instance in which an incorrect housing status was applied to the student-athlete, which resulted in an incorrect cost of attendance and full grant-in-aid amount being reported in the National Collegiate Athletics Association's ("NCAA") Compliance Assistant software. The student-athlete did not receive institutional financial aid in excess of the maximum limits.

Hilo Athletics is required to ensure that financial aid distributed to a student-athlete is appropriate within the context of the amount as stated per their scholarship agreement and the provisions set forth in Article 15, *Financial Aid*, of the NCAA Division II Manual. Hilo Athletics is also required to accurately report a student-athlete's housing status to ensure compliance with the amounts calculated pursuant to sections 15.02.3, *Cost of Attendance*, and 15.02.6, *Full Grant-in Aid*, of the NCAA Division II Manual.

The distribution of inaccurate amounts of financial aid to a student-athlete may expose Hilo Athletics to undue risk of noncompliance with Federal regulations and the policies and procedures of the NCAA.

The inaccurate calculation of the cost of attendance and full grant-in-aid amounts for student-athletes may expose Hilo Athletics to undue risk of inaccurate reporting of equivalency rates to the NCAA and of awarding institutional financial aid in excess of the maximum limits, which may potentially result in the student-athlete becoming ineligible for participation in intercollegiate athletics and potential infractions being levied against Hilo Athletics by the NCAA.

We recommend that Hilo Athletics ensure that financial aid distributed to a student-athlete is appropriate within the context of the amount as stated per their scholarship agreement and that the housing status is appropriately captured for all student-athletes to facilitate the accurate reporting of cost of attendance and full grant-in-aid amounts in the NCAA's Compliance Assistant software.

21095

UNIVERSITY OF HAWAII
BOARD OF REGENTS



OCT 15 12:04

November 6, 2020

MEMORANDUM

RECEIVED

TO: Randolph Moore
Chair, Board of Regents Committee on Independent Audit

'20 NOV 20 11:16

VIA: David Lassner *David Lassner*
President, University of Hawai'i

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

VIA: Kalbert Young *Kalbert Young*
Vice President for Budget and Finance/CFO

VIA: Bonnie Irwin *Bonnie Irwin*
Chancellor, University of Hawai'i at Hilo

FROM: Patrick Guillen *Patrick Guillen*
Director of Intercollegiate Athletics, University of Hawai'i at Hilo

SUBJECT: Corrective Action Response to Accuity LLP Internal Control and Business Issues Report

The following is the response to the management comment of the FY 2020 Hilo Intercollegiate Athletics audit.

Comment No. 20-01: Athletic Student Aid

We noted the following matters during the performance of the agreed-upon procedures for the University of Hawai'i at Hilo Office of Intercollegiate Athletics ("Hilo Athletics") athletic student aid amounts:

- For 1 out of 19 student-athletes selected for testing, we noted an instance in which the actual award provided to the student-athlete was \$4,500 less than the award amount stated per their scholarship agreement.
- For 1 out of 19 student-athletes selected for testing, we noted an instance in which an incorrect housing status was applied to the student-athlete, which resulted in an incorrect cost of attendance and full grant-in aid amount being reported in the National Collegiate Athletics Association's ("NCAA") Compliance Assistant software. The student-athlete did not receive institutional financial aid in excess of the maximum limits.

Hilo Athletics is required to ensure that financial aid distributed to a student-athlete is appropriate within the context of the amount as stated per their scholarship agreement and the provisions set forth in Article 15, Financial Aid, of the NCAA Division II



Office of Intercollegiate Athletics

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<http://vulcans.uhh.hawaii.edu>





Manual. Hilo Athletics is also required to accurately report a student-athlete's housing status to ensure compliance with the amounts calculated pursuant to sections 15.02.3, Cost of Attendance and 15.02.6, Full Grant-in Aid, of the NCAA Division II Manual.

The distribution of inaccurate amounts of financial aid to a student-athlete may expose Hilo Athletics to undue risk of noncompliance with Federal regulations and the policies and procedures of the NCAA.

The inaccurate calculation of the cost of attendance and full grant-in aid amounts for student-athletes may expose Hilo Athletics to undue risk of inaccurate reporting of equivalency rates to the NCAA and of awarding institutional financial aid in excess of the maximum limits, which may potentially result in the student-athlete becoming ineligible for participation in intercollegiate athletics and potential infractions being levied against Hilo Athletics by the NCAA.

Recommendation:

We recommend that Hilo Athletics ensure that financial aid distributed to a student-athlete is appropriate within the context of the amount as stated per their scholarship agreement and that the housing status is appropriately captured for all student-athletes to facilitate the accurate reporting of cost of attendance and full grant-in aid amounts in the NCAA's Compliance Assistant software.

Comments/Corrective Action:

1. This error was made because our internal process for updating changes to the scholarships has utilized multiple points of contact. In the past, our compliance office would make the change to the scholarship agreement. They would then submit that change to our athletic business office staff, who would make the corresponding change to a shared scholarship spreadsheet. Based on the amounts listed on that shared scholarship spreadsheet the Associate AD would process the stipends. In this case the stipend amount was not properly updated on the shared scholarship spreadsheet and therefore the amount that was paid to the student athlete was incorrect. In order to correct this we have revised the process so that changes to the scholarship will be given directly to the Associate AD. The Associate AD will update the scholarship spreadsheet and process the stipend. By doing this we will eliminate the possibility of miscommunication. Additionally, 1) Quarterly reconciliations will be made between the shared scholarship spreadsheet and Compliance Assistant to ensure that the spreadsheet is up to date at all times. 2) When processing international stipends, the Associate AD will crosscheck the shared spreadsheet amount with the amount on the most current hard copy of the scholarship agreement to make sure there are no discrepancies.



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Responsible Person:

Associate Athletic Director

Corrective Action Completion Date:

Oct 15, 2020

2. Currently, student-athletes report their housing at the beginning of the academic year when they complete all annual required forms. The addresses are compiled and maintained by the Athletics Secretary and this report is used for Compliance Assistant input of housing type. From this point forward, the form will be revised to specifically list on-campus or off-campus options as well as listing the actual local address where the student-athlete resides so that no interpretation of housing type is necessary. We will require that the form be completed both prior to the beginning of Fall semester and at the start of Spring semester so that on and off campus housing arrangement information will be provided to Athletics both semesters of the academic year. The lists will be used to compare to the data in Compliance Assistant and to student-athlete's scholarships. If housing type has changed, the housing type will be changed in CA as well and a revised scholarship will be issued if applicable.

Responsible Person:

Compliance Officer

Corrective Action Completion Date:

Oct 15, 2020



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ACCUITY

University of Hawai'i at Hilo Intercollegiate Athletics Department

Report to the Board of Regents

Year Ended June 30, 2020



To the Board of Regents
University of Hawai'i

We are pleased to present you with our agreed-upon procedures report in accordance with National Collegiate Athletics Association (“NCAA”) Bylaw 6.2.3.1 for the year ended June 30, 2020.

The ultimate goal of our agreed-upon procedures engagement was to ensure that the University of Hawai'i at Hilo Intercollegiate Athletics' Statement of Revenues and Expenses for the year ended June 30, 2020 was presented in compliance with NCAA Bylaw 6.2.3.1.

We are able to report to you that our agreed-upon procedures engagement did not detect any material misstatements in the University of Hawai'i at Hilo Intercollegiate Athletics' Statement of Revenues and Expenses for the year ended June 30, 2020. However, we did identify a deficiency in the University of Hawai'i at Hilo Intercollegiate Athletics' administration and reporting of athletic student aid.

We would like to thank the management and staff of the University for the cooperation and assistance provided to us during our agreed-upon procedures engagement.

Auditor Communications

The University of Hawai'i at Hilo Intercollegiate Athletics (“Hilo Athletics”) is responsible for the sufficiency of the agreed-upon procedures. We are responsible for carrying out the procedures and reporting any findings in accordance with AT Section 201, *Agreed-Upon Procedures Engagements*.

Based on the subject matter and procedures as defined in the NCAA Bylaws and as agreed upon by Hilo Athletics, we noted a finding related to the amount of financial aid distributed to a student-athlete and the housing classification applied to determine a student-athlete’s cost of attendance and full grant-in aid as reported in the NCAA’s Compliance Assistant software.

We have no responsibility to determine the differences between the agreed-upon procedures performed and any procedures that would have been performed had we been engaged to perform another form of attest engagement.

Auditor Communications

Other matters for communication to the Board of Regents include:

- Our responsibilities are contained in our contract with the University (Contract No. 180086).
- We were not engaged to perform a separate audit of Hilo Athletics as of and for the year ended June 30, 2020.
- We identified a deficiency in Hilo Athletics internal control procedures that is included in our Internal Control and Business Issues Report.
- Management continues to evaluate the operational and financial impact that the COVID-19 pandemic will have on Hilo Athletics during fiscal 2021. It is currently anticipated that due to the significant decrease of mainland team travel that the pandemic will not materially affect the financial condition of Hilo Athletics.



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ACCUITY

University of Hawai'i

**COMMITTEE OF INDEPENDENT AUDIT
PROFESSIONAL EDUCATION SERIES**

**AICPA Audit Committee
Tool Kit**

December 2020

Agenda

- Internal Controls
- Fraud and the Responsibilities of the Audit Committee
- Whistleblower Policy
- Audit Committee Executive Session
- Independent Auditor Communications

Internal Control



COSO Framework

The COSO framework introduced five components of internal control:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring activities

Deficiency in Internal Control Definitions

Control Deficiency

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 misstatements on a timely basis.

Significant Deficiency

A deficiency, or a combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight. A significant deficiency results in more than a remote likelihood that a misstatement of the financials that is more than inconsequential in amount will not be prevented or detected.

Material Weakness

A deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented or detected and corrected on a timely basis.

Governing Body Responsibilities

Members of the Governing Body are responsible for:

- Overseeing the system of internal controls
- Setting expectations about integrity and ethical values, transparency, and accountability for the performance of internal control responsibilities
- Being objective, capable and inquisitive
- Seeking input about potential deficiencies in controls from external and internal auditors

Audit Committee Responsibilities

Members of the Audit Committee are responsible for:

- Oversight in the reliability of the financial statements and the system of internal control over financial reporting
- The processes in place to design, implement, and monitor the University's broader system of internal controls
- Understanding how management is carrying out its internal and external reporting responsibilities

Management and Other Personnel Responsibilities

The **CFO** is responsible for:

- Controls over financial reporting

The **Controller** is responsible for:

- Key control activities for financial reporting
- Understanding the need for a system of internal control
- Commitment to carrying out the requirements
- Communicating its importance throughout the University

Other personnel within the University are responsible for:

- Understanding their roles in the system of internal controls
- Supporting controls through their own actions
- Encouraging compliance by colleagues throughout the University

Internal and External Auditor Responsibilities

The **Internal Auditor** is responsible for:

- Evaluating the effectiveness of the system of internal controls
- Contributing to the ongoing effectiveness of the system
- Monitoring the effectiveness of the system

The **External Auditor** is responsible for:

- Communicating deficiencies



Fraud and the Responsibilities of the Audit Committee

Roles of the Audit Committee

Your role in the prevention, deterrence, investigation and discovery or detection of fraud:

- Ensure that the University has a strong internal control environment in place
- Be prepared to aid in the discovery of fraud, investigate, and report on its findings to the Board
- Ensure that the University has implemented an effective ethics and compliance program and that it is tested periodically
- Monitor and assess reports of fraud in comparable organizations

Whistleblower Policy



Whistleblower Policy

- Complaint reporting
- Anti-retaliation procedures
- Tracking report

Audit Committee Executive Session



Guidelines and Questions

- What is an Executive Session?
- Tool for Audit Committee Members – Questions to Consider asking management (four categories):
 1. Fraud / Ethics
 2. Internal Environment
 3. Independent Auditor
 4. Financial Statements

Independent Auditor Communications



Objectives of Communication

- Auditor's responsibilities and established terms of the Firm's audit engagement
- Inquire of the audit committee about matters relevant to the audit
- Communicate audit strategy, scope, timing, and approach, including accounting policies, practices and estimates
- Provide timely observations of the quality of the University's financial reporting



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University of Hawaii
Whistleblower Summary Report
As of November 23, 2020

**June 15, 2016 (inception) -
November 23, 2020**

<u>Unit</u>	<u>Total</u>	<u>Open</u>	<u>Closed</u>
System	36	3	33
UH Manoa	211	8	203
UH Hilo	115	1	114
UH West Oahu	10	1	9
Maui College	16	1	15
Kapiolani CC	70	2	68
Leeward CC	7	0	7
Honolulu CC	18	0	18
Windward CC	18	2	16
Hawaii CC	36	1	35
Kauai CC	5	0	5
	<u>542</u>	<u>19</u>	<u>523</u>

July 1, 2020 - Nov. 23, 2020

<u>Total</u>	<u>Open</u>	<u>Closed</u>	
System	3	3	0
UH Manoa	20	7	13
UH Hilo	6	1	5
UH West Oahu	3	1	2
Maui College	2	1	1
Kapiolani CC	1	1	0
Leeward CC	1	0	1
Honolulu CC	4	0	4
Windward CC	1	1	0
Hawaii CC	6	0	6
Kauai CC	0	0	0
	<u>47</u>	<u>15</u>	<u>32</u>

July 1, 2019 - June 30, 2020

<u>Total</u>	<u>Open</u>	<u>Closed</u>	
System	6	0	6
UH Manoa	43	1	42
UH Hilo	12	0	12
UH West Oahu	1	0	1
Maui College	4	0	4
Kapiolani CC	19	1	18
Leeward CC	0	0	0
Honolulu CC	4	0	4
Windward CC	3	0	3
Hawaii CC	6	1	5
Kauai CC	1	0	1
	<u>99</u>	<u>3</u>	<u>96</u>

July 1, 2018 - June 30, 2019

<u>Total</u>	<u>Open</u>	<u>Closed</u>	
System	9	0	9
UH Manoa	45	0	45
UH Hilo	50	0	50
UH West Oahu	2	0	2
Maui College	4	0	4
Kapiolani CC	7	0	7
Leeward CC	3	0	3
Honolulu CC	1	0	1
Windward CC	5	1	4
Hawaii CC	7	0	7
Kauai CC	1	0	1
	<u>134</u>	<u>1</u>	<u>133</u>

**June 15, 2016 (inception) - June
30, 2018**

<u>Total</u>	<u>Open</u>	<u>Closed</u>	
System	18	0	18
UH Manoa	103	0	103
UH Hilo	47	0	47
UH West Oahu	4	0	4
Maui College	6	0	6
Kapiolani CC	43	0	43
Leeward CC	3	0	3
Honolulu CC	9	0	9
Windward CC	9	0	9
Hawaii CC	16	0	16
Kauai CC	3	0	3
	<u>261</u>	<u>0</u>	<u>261</u>

University of Hawaii
Whistleblower Tracking Report
June 15, 2016 - November 23, 2020

<u>Case #</u>	<u>Campus</u>	<u>Classification</u>	<u>Submitted by</u>	<u>Date Opened</u>	<u>Date Closed</u>	<u>Description</u>
Open cases						
Days open: less than 30 days						
551	UH - Manoa	Employment and HR	Employee	11/17/20	-	Employees required to work on campus.
548	System	Employment and HR	Employee	10/26/20	-	Hiring unqualified personnel.
Days open: 31 - 60 days						
546	Windward CC	Employment and HR	Employee	10/22/20	-	Unprofessional treatment of employees.
543	UH - Manoa	Employment and HR	Non-employee	10/14/20	-	Inappropriate behavior by faculty.
539	UH - Manoa	Employment and HR	Employee	10/04/20	-	Poor management of staff and facilities.
538	System	Employment and HR	Employee	09/30/20	-	Unresponsiveness of campus management.
Days open: 61 - 90 days						
535	Maui College	Health and Safety	Non-employee	09/17/20	-	Non-compliance with COVID-19 rules.
532	UH - Manoa	Employment and HR	Employee	09/11/20	-	Poor leadership by supervisor.
529	Kapiolani CC	Employment and HR	Employee	09/09/20	-	Employee unwilling to assist fellow employee.
524	UH - Manoa	Student Affairs	Non-employee	08/31/20	-	Academic grievance.
521	UH - Manoa	Employment and HR	Employee	08/31/20	-	Vacant position not filled as promised.
520	UH - Manoa	Employment and HR	Non-employee	08/31/20	-	Inappropriate behavior by faculty.
Days open: Over 91 days						
514	UH - Hilo	Student Affairs	Non-employee	08/20/20	-	Hold placed on student acct preventing enrollment
513	System	Employment and HR	Employee	08/19/20	-	Hiring unqualified personnel.
512	UH - West Oahu	Employment and HR	Employee	08/10/20	-	Faculty also employed off campus.
507	Hawaii CC	Financial	Non-employee	07/13/20	-	Misrepresentation of information to obtain financial aid.
475	Kapiolani CC	Employment and HR	Employee	02/12/20	-	Employees not working. Investigation ongoing.
447	UH - Manoa	Employment and HR	Employee	11/04/19	-	Inappropriate behavior by faculty. Investigation ongoing.
367	Windward CC	Employment and HR	Non-employee	02/08/19	-	Workplace complaints. Title IX Office investigating.
Closed cases						
550	UH - Manoa	Other	Employee	11/09/20	11/23/20	Individual inappropriately obtaining goods. Addtl info requested, none rec'd.
549	Honolulu CC	Employment and HR	Employee	10/29/20	11/09/20	Unfair treatment of employees. Investigated, no violation.
547	Hawaii CC	Information Technology	Non-employee	10/26/20	11/09/20	Inappropriate use of UH e-mail. Investigated, action taken.
545	UH - Hilo	Employment and HR	Employee	10/15/20	11/23/20	Employee working from home. Investigated, action taken.
544	UH - Hilo	Property/Facilities	Employee	10/15/20	11/19/20	Building code violation. Investigated, action taken.
542	UH - Hilo	Employment and HR	Employee	10/14/20	11/23/20	Disclosure of confidential information. Addtl info requested, none rec'd.
541	Honolulu CC	Information Technology	Non-employee	10/10/20	11/09/20	Inappropriate content on Twitter account. Investigated, no violation.
540	UH - Manoa	Health and Safety	Non-employee	10/09/20	11/02/20	Non-compliance with COVID-19 rules. Addtl info requested, none rec'd.
537	UH - Manoa	Health and Safety	Non-employee	09/24/20	10/29/20	Non-compliance with COVID-19 rules. Resolved, action taken.

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536	UH - West Oahu	Health and Safety	Non-employee	09/23/20	11/17/20	Homeless on UHWO property. Investigated, not UHWO property.
534	UH - Manoa	Employment and HR	Employee	09/12/20	11/23/20	Casual hire employee laid off. Investigated, action taken.
533	UH - Manoa	Employment and HR	Employee	09/12/20	11/23/20	Redundant administrator job description. Investigated, no redundancy.
531	Honolulu CC	Employment and HR	Employee	09/09/20	09/11/20	Faculty contract not renewed. Investigated, no violation.
530	Hawaii CC	Health and Safety	Non-employee	09/09/20	09/15/20	Non-compliance with COVID-19 rules. Investigated, resolved.
528	Leeward CC	Employment and HR	Employee	09/03/20	11/09/20	Approval pending for "Work from Home" request. No violation.
527	UH - Manoa	Employment and HR	Employee	09/02/20	09/17/20	Untimely approval of timesheet. Investigated, action taken.
526	UH - Hilo	Health and Safety	Non-employee	09/01/20	10/26/20	Non-compliance with COVID-19 rules. Investigated, action taken.
525	UH - Manoa	Employment and HR	Employee	08/31/20	11/23/20	Approved "Work from Home" requests not returned. Resolved.
523	Honolulu CC	Student Affairs	Non-employee	08/31/20	09/08/20	Unfair policy to obtain resident status. Investigated, no violation.
522	UH - Manoa	Health and Safety	Non-employee	08/31/20	09/18/20	Non-compliance with COVID-19 rules. Investigated, action taken.
519	UH - Manoa	Other	Non-employee	08/31/20	09/01/20	Students snap chat account. Not University related. Closed.
518	UH - Manoa	Health and Safety	Employee	08/31/20	09/18/20	Non-compliance with COVID-19 rules. Investigated, action taken.
517	Hawaii CC	Employment and HR	Employee	08/31/20	09/02/20	Incorrect instructor teaching listed course. Investigated, no violation.
516	UH - Manoa	Health and Safety	Non-employee	08/31/20	08/31/20	Students violating housing policies. Referred to Office of Judicial Affairs.
515	UH - Manoa	Health and Safety	Non-employee	08/24/20	09/18/20	Non-compliance with COVID-19 rules. Investigated, action taken.
511	System	Information Technology	Non-employee	07/29/20	09/09/20	Inappropriate e-mail. Investigated, action taken.
510	UH - West Oahu	Student Affairs	Non-employee	07/23/20	09/21/20	Academic grievance. Investigated, resolved.
509	UH - Hilo	Employment and HR	Employee	07/20/20	08/19/20	Exclusionary and discriminatory behavior. Investigated, action taken.
508	UH - Manoa	Health and Safety	Non-employee	07/20/20	11/23/20	Lack of transparency Addtl info requested, no response.
506	Hawaii CC	Employment and HR	Non-employee	07/11/20	08/31/20	Lack of confidentiality. No violation.
505	Hawaii CC	Financial	Employee	07/05/20	11/19/20	Misrepresentation of information to obtain financial aid. No violation.
504	Hawaii CC	Employment and HR	Non-employee	07/04/20	07/13/20	Lack of confidentiality. No violation.
503	UH - Manoa	Property/Facilities	Employee	06/26/20	07/14/20	Misuse of property. Investigated and resolved.
502	Hawaii CC	Employment and HR	Employee	06/19/20	10/01/20	Elimination of employee position Investigated, no violation.
501	Hawaii CC	Student Affairs	Non-employee	06/13/20	08/30/20	Security not performing a thorough investigation. No violation.
500	System	Information Technology	Non-employee	06/13/20	09/08/20	Use of copyrighted video. Addtl info requested, none received.
499	UH - Manoa	Employment and HR	Employee	06/07/20	10/06/20	Conflict of interest. Addtl info requested, none received.
498	UH - Hilo	Other	Non-employee	06/05/20	07/01/20	Inappropriate Instagram posting Investigated and resolved.
497	Honolulu CC	Employment and HR	Employee	06/03/20	11/16/20	Inappropriate faculty promotion. Mo policy/procedure violations.
496	UH - Manoa	Student Affairs	Non-employee	05/09/20	05/22/20	Insufficient time for final exam. Case referred to dept chair.
495	UH - Manoa	Health and Safety	Employee	04/29/20	06/23/20	Mandatory lab class during COVID. Investigated and resolved
494	UH - Manoa	Employment and HR	Non-employee	04/23/20	06/29/20	Outside employment. Misuse assets. Investigated and resolved.
493	UH - Manoa	Health and Safety	Non-employee	04/22/20	05/22/20	Guest in dorms during COVID pandemic. Investigated, action taken.
492	UH - Manoa	Employment and HR	Employee	04/20/20	10/06/20	Poor behavior by Graduate Director. Addtl info requested, none received.
491	Honolulu CC	Employment and HR	Non-employee	04/17/20	05/27/20	Unqualified instructor. Addtl info requested, none received.
490	Maui College	Employment and HR	Employee	04/15/20	05/17/20	Faculty not paid agreed upon amt. Investigated and resolved.
489	UH - Manoa	Student Affairs	Employee	04/03/20	04/22/20	Academic grievance forwarded to Department Chair.
488	Windward CC	Employment and HR	Employee	04/02/20	05/07/20	Outside employment. Investigated, no violation.
487	System	Health and Safety	Employee	03/19/20	04/03/20	Working during COVID 19 s/n/b "essential". Referred to UH FAQ.
486	UH - Hilo	Health and Safety	Employee	03/16/20	04/23/20	Lack of transparency re: COVID 19. Investigated, resolved.

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485	Kapiolani CC	Employment and HR	Employee	03/05/20	04/24/20	Unauthorized decisions by staff personnel. Investigated, no violation.
484	UH - Manoa	Employment and HR	Employee	03/05/20	04/14/20	Inappropriate hiring practices. Investigated, action taken.
483	UH - Manoa	Other	Non-employee	03/05/20	03/13/20	Falsified anonymous letter. Investigated in 2010. Case closed.
482	Hawaii CC	Employment and HR	Employee	03/02/20	03/25/20	Inappropriate hiring practices. Investigated, no violation
481	Hawaii CC	Property/Facilities	Non-employee	03/02/20	08/31/20	Improper use of University vehicle. Investigated, no violation.
480	UH - Manoa	Information Technology	Employee	03/01/20	03/23/20	Unauthorized access to personal info. Addtl info requested, not recd.
479	UH - Manoa	Student Affairs	Non-employee	02/22/20	04/28/20	Unruly dorm roommates. Investigated and resolved.
478	Kapiolani CC	Other	Employee	02/21/20	02/24/20	Identical to case #471.
477	Kapiolani CC	Other	Employee	02/21/20	02/24/20	Identical to case #471.
476	UH - Hilo	Employment and HR	Employee	02/12/20	03/17/20	Employee discussing confidential info. Investigated, resolved.
474	UH - Manoa	Information Technology	Employee	02/12/20	02/19/20	Inappropriate e-mail. Investigated, no violation.
473	Kapiolani CC	Other	Employee	02/11/20	02/24/20	Identical to case #471.
472	Honolulu CC	Employment and HR	Employee	02/11/20	08/31/20	Unprofessional behavior at dept mtg. Investigated, no violation.
471	Kapiolani CC	Other	Employee	02/07/20	02/24/20	Faculty disagrees with Staff Council decision. No violation.
470	Kapiolani CC	Employment and HR	Employee	02/06/20	05/07/20	Employees not working. Investigated, no violation.
469	Maui College	Property/Facilities	Employee	01/31/20	03/05/20	Improper disposal of furniture. Investigated, no violation.
468	Kapiolani CC	Employment and HR	Employee	01/30/20	03/05/20	Abuse of leave system. Addtl info requested, not provided.
467	Hawaii CC	Employment and HR	Employee	01/21/20	05/06/20	Poor behavior from co-workers. Addtl info requested, not provided.
466	UH - West Oahu	Financial	Employee	01/16/20	09/06/20	Inaccurate classification of student as resident. Investigated and resolved.
465	UH - Hilo	Student Affairs	Non-employee	01/15/20	02/12/20	Unfair treatment of students. Investigated, action taken.
464	System	Property/Facilities	Employee	01/13/20	11/23/20	Inappropriate purchase of equipment. Investigated, resolved.
463	UH - Hilo	Student Affairs	Non-employee	01/13/20	02/04/20	Dorm resident is not student. Investigated and resolved.
462	Kapiolani CC	Employment and HR	Employee	01/06/20	07/13/20	Inappropriate outside employment. Investigated, no violation.
461	UH - Manoa	Health and Safety	Non-employee	01/06/20	01/07/20	Smoking on campus. Resolved.
460	UH - Hilo	Employment and HR	Employee	12/29/19	12/30/19	Identical to case #459.
459	UH - Hilo	Employment and HR	Employee	12/18/19	01/12/20	Employee selling food at campus parking lot. Investigated, resolved.
458	UH - Manoa	Employment and HR	Non-employee	12/18/19	02/12/20	Reporter did not describe complaint. Closed for lack of info.
457	Kapiolani CC	Employment and HR	Employee	12/15/19	09/22/20	Screening committee misconduct. Investigated, resolved.
456	UH - Manoa	Employment and HR	Employee	12/08/19	04/22/20	Best candidate not hired. Investigated, appropriate action taken.
455	Windward CC	Student Affairs	Non-employee	12/04/19	12/13/19	Identical to case #452.
454	UH - Manoa	Student Affairs	Non-employee	12/02/19	08/25/20	Academic grievance. Investigated and action taken.
453	UH - Manoa	Employment and HR	Employee	12/02/19	01/16/20	Unprofessional supervisors. Investigated and action taken.
452	Windward CC	Student Affairs	Non-employee	12/01/19	12/13/19	Disclosure of confidential student info. Investigated, no violation.
451	Honolulu CC	Health and Safety	Employee	11/17/19	12/31/19	Hazardous materials. Investigated, no violation.
450	UH - Manoa	Financial	Employee	11/18/19	12/03/19	Use of vendor approved lists. Addtl info requested but not received.
449	UH - Manoa	Student Affairs	Non-employee	11/16/19	11/19/19	Cheating on exam. Investigated and resolved.
448	UH - Hilo	Employment and HR	Employee	11/12/19	12/16/19	Employees are not working. Investigated and action taken.
446	UH - Manoa	Student Affairs	Non-employee	10/24/19	11/08/19	Identical to case 444.
445	UH - Manoa	Student Affairs	Non-employee	10/24/19	10/24/19	Identical to case 444.
444	UH - Manoa	Student Affairs	Non-employee	10/19/19	10/24/19	Foreign student illegally working in Hawaii. Resolved.

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443	UH - Manoa	Research	Employee	10/18/19	01/16/20	Inappropriate travel. Investigated and no violation.
442	UH - Manoa	Student Affairs	Non-employee	10/17/19	10/24/19	Smoking in dorms. Investigated and resolved.
441	System	Financial	Employee	10/16/19	10/17/19	Misuse of parking pass. Investigated and resolved.
440	UH - Manoa	Student Affairs	Non-employee	10/14/19	10/24/19	Student not attending class. Addtl info requested but not rec'd.
439	UH - Manoa	Employment and HR	Non-employee	10/11/19	11/04/19	Title IX matter. Addtl info requested but not rec'd
438	System	Health and Safety	Employee	10/08/19	11/12/19	Ladder not compliant with OSHA. Resolved.
437	UH - Manoa	Employment and HR	Employee	10/04/19	01/07/20	Uncompensated student employee. Investigated and no violation
436	UH - Manoa	Health and Safety	Employee	10/04/19	10/06/19	Mold in showers. Investigated and remediated.
435	Kapiolani CC	Employment and HR	Employee	10/04/19	02/24/20	Inappropriate comments by faculty. Investigated and no violation.
434	UH - Hilo	Other	Employee	09/25/19	09/25/19	Reporter commends job performed by janitors.
433	UH - Manoa	Health and Safety	Non-employee	09/20/19	09/25/19	Knives in dorm room. Investigated and resolved.
432	UH - Manoa	Employment and HR	Non-employee	09/16/19	09/18/19	Employee not using earphones in library
431	Kapiolani CC	Research	Employee	09/11/19	09/17/19	Misuse of grant funds. Investigated and no violation.
430	UH - Manoa	Student Affairs	Non-employee	09/09/19	09/10/19	Foreign student did not register for courses.
429	UH - Manoa	Employment and HR	Employee	09/06/19	09/21/19	Employee not working. Investigated and no violation.
428	UH - Manoa	Other	Employee	09/06/19	09/13/19	Facility non-compliance (identical to case 427)
427	UH - Manoa	Other	Employee	09/06/19	09/13/19	Facility non-compliance. Non-compliance matters addressed.
426	UH - Hilo	Health and Safety	Employee	09/05/19	09/06/19	Smoking on campus
425	Kauai CC	Health and Safety	Non-employee	09/03/19	10/15/19	Drugs on campus. Investigated and resolved.
424	UH - Manoa	Other	Non-employee	08/31/19	09/30/19	Disclosure of private information. Addtl info requested, not provided.
423	Kapiolani CC	Employment and HR	Employee	08/30/19	08/30/19	HIPAA allegation. No violation.
422	Kapiolani CC	Employment and HR	Employee	08/28/19	09/30/19	Gift to employee. Insufficient info to support allegation.
421	System	Other	Employee	08/28/19	09/25/19	Scheduled periodic meetings revised to "as needed". No violation.
420	Maui College	Student Affairs	Non-employee	08/27/19	10/01/19	Title IX matter forwarded to Title IX coordinator and resolved.
419	UH - Hilo	Employment and HR	Employee	08/27/19	09/17/19	Promotion deferred. Investigated and resolved.
418	Maui College	Employment and HR	Employee	08/27/19	09/27/19	Supervisor rude to employees. Allegation addressed and resolved.
417	Kapiolani CC	Health and Safety	Employee	08/27/19	09/30/19	Smoking on campus
416	Kapiolani CC	Employment and HR	Employee	08/27/19	10/03/19	Identical to case 413
415	UH - Manoa	Student Affairs	Non-employee	08/27/19	09/18/19	Title IX issue when student was entrolled at a different school.
414	Kapiolani CC	Employment and HR	Employee	08/27/19	01/06/20	Full time employee has outside employment. No violation.
413	Kapiolani CC	Employment and HR	Employee	08/27/19	10/03/19	Employees not working scheduled time. Investigated and action taken.
412	UH - Manoa	Health and Safety	Employee	08/22/19	09/12/19	Improper storage of chemicals. No violation.
411	UH - Manoa	Employment and HR	Employee	08/09/19	09/14/19	Employee not working 8 hrs. Investigated and no violation.
410	Kapiolani CC	Research	Employee	08/02/19	08/06/19	Misuse of funds. No violation.
409	System	Employment and HR	Employee	07/03/19	02/18/20	Hiring practices. No violation.
408	UH - Hilo	Employment and HR	Employee	07/13/19	08/20/19	Security guard targeting employee. Investigated and resolved.
407	UH - Manoa	Other	Non-employee	07/13/19	07/15/19	Complaint does not involve the University.
406	Hawaii CC	Employment and HR	Non-employee	07/10/19	08/05/19	Supervisor difficult to work with. Investigated and no violation.
405	UH - Manoa	Property/Facilities	Employee	07/03/19	10/17/19	Inappropriate use of University vehicle. Investigated and action taken.
404	UH - Manoa	Health and Safety	Employee	06/29/19	01/08/20	Harrassment. Investigated, action taken.
403	UH - Hilo	Property/Facilities	Non-employee	05/31/19	05/31/19	Facility rental fee. Investigated and resolved.

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402	UH - Manoa	Other	Employee	05/11/19	09/29/19	Employee accountability/competence. Addtl info requested, not recd.
401	UH - Hilo	Property/Facilities	Non-employee	05/07/19	05/22/19	Transferred equipment to a different office. Investigated and resolved.
400	UH - Manoa	Employment and HR	Employee	05/06/19	01/23/20	Conflict of interest. No violation.
399	UH - Manoa	Employment and HR	Employee	05/06/19	07/03/19	Inaccurate reporting. Investigated and resolved.
398	UH - Hilo	Employment and HR	Employee	05/05/19	05/23/19	Identical to case 397.
397	UH - Hilo	Employment and HR	Employee	05/05/19	05/08/19	Conflict of interest. Investigated and no conflict.
396	UH - Manoa	Employment and HR	Employee	05/02/19	01/08/20	Disrespectful supervisor. Investigated and resolved.
395	Leeward CC	Employment and HR	Non-employee	05/01/19	05/16/19	Inappropriate survey. Investigated and no policy violation.
394	Windward CC	Health and Safety	Non-employee	04/24/19	10/04/19	Smoking on campus.
393	UH - Manoa	Health and Safety	Employee	04/08/19	04/10/19	Smoking on campus.
392	UH - Manoa	Employment and HR	Non-employee	04/04/19	05/07/19	Similar to case #390. Investigated and resolved.
391	Windward CC	Health and Safety	Non-employee	04/03/19	10/04/19	Smoking on campus.
390	UH - Manoa	Employment and HR	Non-employee	04/03/19	05/02/19	Inappropriate comments by faculty. Addtl info. reqstd but not recd
389	UH - Hilo	Employment and HR	Employee	03/29/19	07/25/19	Favortism exhibited by supervisor. Investigated and no violation.
388	UH - Manoa	Health and Safety	Non-employee	03/28/19	04/04/19	Smoking on campus.
387	UH - Manoa	Employment and HR	Employee	03/27/19	05/01/19	Service animal. No violation.
386	UH - Hilo	Property/Facilities	Employee	03/25/19	07/25/19	Frequency of work related text messages on personal cell phone
385	UH - Hilo	Employment and HR	Non-employee	03/22/19	05/31/19	Inadequate leadership. Investigated and resolved.
384	Honolulu CC	Employment and HR	Employee	03/19/19	03/28/19	Faculty complaint.
383	UH - Manoa	Employment and HR	Employee	03/18/19	04/13/19	Employee not working 8 hrs. Investigated and resolved.
382	System	Information Technology	Employee	03/14/19	03/21/19	Inappropriate University e-mails.
381	UH - Manoa	Employment and HR	Employee	03/07/19	04/01/19	Employee absent from work
380	UH - Manoa	Other	Non-employee	03/06/19	03/19/19	Calls to UH Alumni requesting donations. No violation.
379	System	Employment and HR	Employee	03/05/19	05/07/19	Employee working two separate positions. No violation.
378	Kauai CC	Employment and HR	Non-employee	02/28/19	10/15/19	Faculty unresponsive to e-mails. No violation.
377	UH - Hilo	Employment and HR	Employee	02/28/19	05/31/19	Poor computer support. Investigated and resolved.
376	UH - Hilo	Employment and HR	Employee	02/28/19	05/31/19	Employee not working 8 hrs. Investigated and resolved.
375	UH - Hilo	Student affairs	Non-employee	02/27/19	04/11/19	False allegations against student. Forwarded to Office of EEO.
374	UH - Manoa	Other	Employee	02/25/19	02/26/19	Non-payment of scholarship check. Resolved with check prep.
373	Kapiolani CC	Employment and HR	Non-employee	02/25/19	12/31/19	Employee working on personal projects. Investigated and resolved.
372	UH - Manoa	Student affairs	Employee	02/15/19	05/13/19	Inappropriate actions by student. Addtl info requested but not recd
371	UH - Manoa	Student affairs	Employee	02/14/19	02/19/19	Unfair sanctions. No violation
370	UH - Manoa	Other	Employee	02/14/19	02/19/19	Property confiscated. No violation.
369	UH - Manoa	Information Technology	Employee	02/13/19	02/19/19	Technology equipment compromised
368	UH - Manoa	Health and Safety	Non-employee	02/08/19	02/11/19	Smoking on campus. Resolved
366	UH - Hilo	Other	Non-employee	02/07/19	03/07/19	Inappropriate Facebook post. Investigated and resolved.
365	Maui College	Student affairs	Non-employee	02/06/19	02/13/19	Identical to Case #363.
364	UH - Hilo	Employment and HR	Employee	02/06/19	04/11/19	Inappropriate faculty behavior. Investigated and resolved.
363	Maui College	Student affairs	Non-employee	02/04/19	02/13/19	Treatment of student. No violation.
362	UH - West Oahu	Student affairs	Non-employee	01/26/19	02/25/19	Revocation of financial aid. Investigated and resolved.

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361	UH - Manoa	Student affairs	Employee	01/23/19	02/26/19	Inappropriate faculty behavior. Investigated and resolved.
360	UH - Hilo	Property/Facilities	Non-employee	01/18/19	05/31/19	Facility use form no longer available on-line. Investigated and resolved.
359	UH - Hilo	Health and Safety	Employee	01/17/19	01/23/19	Security personnel not performing duties. Investigated and resolved.
358	Kapiolani CC	Employment and HR	Employee	01/17/19	04/17/19	Faculty working at another job. No violation.
357	UH - Hilo	Employment and HR	Non-employee	01/16/19	05/31/19	Faculty treatment of student. Investigated and resolved.
356	UH - Hilo	Employment and HR	Non-employee	01/15/19	02/20/19	Lack of classes. Investigated and resolved.
355	Hawaii CC	Employment and HR	Non-employee	01/08/19	10/03/19	Service animal. Investigated and resolved.
354	Kapiolani CC	Employment and HR	Employee	01/07/19	01/09/19	Unfair faculty course assignments. No policy violation.
353	Kapiolani CC	Employment and HR	Employee	01/07/19	02/28/19	Poor behavior by employee. No violation.
352	UH - Hilo	Employment and HR	Non-employee	12/24/18	05/31/19	Office closing early. Investigated and resolved.
351	UH - Hilo	Athletics	Non-employee	12/12/18	04/11/19	Sports camps. Investigated and resolved.
350	UH - Manoa	Health and Safety	Employee	12/07/18	10/21/19	Unsafe behavior toward employee. Investigated and resolved.
349	UH - Manoa	Employment and HR	Employee	12/06/18	09/10/19	Employee discrimination. Investigated and resolved.
348	UH - Hilo	Research	Employee	12/04/18	01/23/19	Research integrity. Investigated and action taken.
347	UH - Hilo	Other	Non-employee	12/03/18	01/14/19	Signage not displayed. Addtl informaton requested but not received.
346	UH - Hilo	Health and Safety	Non-employee	12/02/18	12/27/18	Inappropriate advice from Health Services employee.
345	UH - Hilo	Property/Facilities	Non-employee	12/01/18	01/14/19	Inadequate facilities. Investigated and resolved.
344	Kapiolani CC	Employment and HR	Employee	11/30/18	08/31/20	Identical to case #343
343	Kapiolani CC	Employment and HR	Employee	11/30/18	08/31/20	Employee discrimination. Investigated and closed.
342	Kapiolani CC	Employment and HR	Employee	11/29/18	12/10/18	Outdated personnel policies to be updated.
341	Hawaii CC	Student affairs	Non-employee	11/29/18	10/03/19	Student reprimanded. No violation.
340	UH - Hilo	Property/Facilities	Non-employee	11/28/18	01/14/19	Change in facility rental fee. Investigated and resolved.
339	UH - Manoa	Financial	Non-employee	11/27/18	01/07/19	Non-payment of invoice. Payment made and case closed.
338	UH - Hilo	Employment and HR	Non-employee	11/21/18	01/14/19	Employees not working. Investigated and action taken.
337	UH - Hilo	Health and Safety	Non-employee	11/18/18	12/27/18	Improperly located smoke detectors and students smoking.
336	UH - Hilo	Health and Safety	Non-employee	11/17/18	12/27/18	Inappropriate advice from Health Services employee.
335	UH - Manoa	Property/Facilities	Employee	11/16/18	11/30/18	Dump truck parked inappropriately. Addtl info requested.
334	UH - Manoa	Other	Non-employee	11/12/18	02/16/19	Inappropriate use of internet. Investigated and resolved.
333	UH - Hilo	Athletics	Non-employee	11/12/18	04/11/19	Mgt of sports camps, meal allowances. Investigated and resolved.
332	UH - Hilo	Other	Non-employee	11/11/18	11/27/18	Poor program management reviewed and resolved.
331	UH - Hilo	Property/Facilities	Non-employee	11/09/18	01/14/19	Change in facility rental fee. Resolved
330	UH - Hilo	Property/Facilities	Non-employee	11/06/18	11/27/18	Signage not displayed. Plan for displaying sign in development stage.
329	UH - Hilo	Property/Facilities	Non-employee	11/04/18	01/14/19	Lack of response for facility rental. Resolved.
328	UH - Manoa	Health and Safety	Non-employee	10/26/18	11/19/18	Smoking on campus. Contacted Office of Public Safety. Resolved.
327	UH - Hilo	Student Affairs	Non-employee	10/18/18	11/26/18	Faculty was unprofessional to student. Reviewed and action taken.
326	UH - Manoa	Employment and HR	Non-employee	10/17/18	02/16/19	Faculty complaint. Investigated and resolved.
325	UH - Manoa	Student Affairs	Non-employee	10/12/18	10/12/18	Confidentiality of student homework. Referred to Dept Chair.
324	Maui College	Employment and HR	Employee	10/11/18	04/17/19	Staff vacation. Investigated and resolved.
323	UH - Hilo	Employment and HR	Employee	10/09/18	12/04/18	Management decisions. Reviewed and action taken.
322	Windward CC	Employment and HR	Employee	09/30/18	11/14/18	Lack of privacy. Reviewed and action taken.
321	System	Employment and HR	Non-employee	09/26/18	10/25/18	Inappropriate hiring of employee. Investigated and no violation.

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320	UH - Manoa	Other	Employee	09/25/18	09/27/18	Health of Waikiki Aquarium marine animals
319	UH - Hilo	Health and Safety	Employee	09/19/18	10/23/18	Employees riding in bed of truck.
318	System	Employment and HR	Employee	09/19/18	09/25/18	Identical to case #312.
317	Maui College	Employment and HR	Employee	09/18/18	11/29/18	Supervisor is unprofessional. No violation.
316	System	Employment and HR	Employee	09/18/18	09/25/18	Identical to case #312.
315	UH - Manoa	Other	Non-employee	09/18/18	09/18/18	Receiving e-mails from unknown hawaii.edu address.
314	System	Employment and HR	Employee	09/17/18	09/25/18	Identical to case #312.
313	Hawaii CC	Employment and HR	Employee	09/15/18	12/11/18	Lack of confidentiality. No violation.
312	System	Employment and HR	Employee	09/14/18	09/25/18	Lack of transparency in hiring of personnel. No violation.
311	UH - Manoa	Employment and HR	Employee	09/14/18	02/15/19	Employee accountability/competence. Addtl info requested, not recd
310	UH - Hilo	Health and Safety	Non-employee	09/13/18	10/23/18	Identical to case #298.
309	UH - Hilo	Health and Safety	Non-employee	09/12/18	10/23/18	Identical to case #298.
308	UH - Hilo	Health and Safety	Non-employee	09/12/18	10/23/18	Identical to case #298.
307	UH - Hilo	Health and Safety	Non-employee	09/12/18	10/23/18	Identical to case #298.
306	UH - Hilo	Health and Safety	Non-employee	09/12/18	10/23/18	Identical to case #298.
305	Hawaii CC	Employment and HR	Employee	09/12/18	09/14/18	Conflict of interest. Investigated and no conflict.
304	Hawaii CC	Employment and HR	Employee	09/12/18	04/22/19	Conflict of interest. Investigated and no conflict.
303	UH - Manoa	Financial	Employee	09/11/18	01/07/20	Improper fees. Investigated and resolved.
302	UH - Hilo	Health and Safety	Non-employee	09/10/18	10/23/18	Identical to case #298.
301	UH - Hilo	Health and Safety	Non-employee	09/10/18	10/23/18	Identical to case #298.
300	UH - Hilo	Health and Safety	Non-employee	09/10/18	10/23/18	Identical to case #298.
299	UH - Hilo	Health and Safety	Non-employee	09/10/18	10/23/18	Identical to case #298.
298	UH - Hilo	Health and Safety	Non-employee	09/10/18	10/23/18	Door not opened during campus lockdown.
297	UH - Hilo	Health and Safety	Employee	09/10/18	09/11/18	Locking of doors during campus lockdown
296	Windward CC	Research	Employee	09/10/18	04/29/19	Use of grant funds.
295	UH - Hilo	Employment and HR	Employee	09/09/18	09/11/18	Employee promotion
294	UH - Manoa	Research	Non-employee	09/07/18	05/02/19	Use of grant funds. Addtl info requested but not provided.
293	UH - Manoa	Employment and HR	Employee	09/06/18	03/01/19	Improper doc. of vacation/sick leave. Investigated and resolved.
292	Hawaii CC	Employment and HR	Employee	09/05/18	09/07/18	Alleged conflict of interest. Investigated and no conflict.
291	UH - Hilo	Employment and HR	Employee	09/05/18	10/10/18	Inappropriate hiring of employee
290	UH - Manoa	Employment and HR	Non-employee	09/04/18	03/01/19	Faculty behavior. Investigated and resolved.
289	UH - West Oahu	Employment and HR	Employee	09/04/18	10/31/18	Distribution of cultural information. No violation.
288	System	Health and Safety	Employee	08/30/18	09/06/18	Smoking on campus
287	Leeward CC	Employment and HR	Non-employee	08/27/18	11/14/18	Faculty behavior. No violation by faculty.
286	UH - Manoa	Health and Safety	Non-employee	08/27/18	09/04/18	Student providing possibly tainted food.
285	Leeward CC	Health and Safety	Non-employee	08/27/18	09/17/18	Smoking on campus
284	UH - Manoa	Other	Non-employee	08/27/18	11/13/18	Videoing student. Reviewed and action taken.
283	UH - Hilo	Property/Facilities	Non-employee	08/23/18	01/14/19	Facility rental quote not provided. Investigated and resolved
282	UH - Manoa	Health and Safety	Non-employee	08/21/18	08/27/18	Smoking on campus
281	Hawaii CC	Other	Employee	08/20/18	09/04/18	Campus club requesting donations
280	System	Other	Employee	08/20/18	09/25/18	Faculty policy inquiry. Addtl info requested but not provided.

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279	UH - Manoa	Other	Employee	08/10/18	08/13/18	Disposition of cancelled meal plan. Investigated and no violation.
278	UH - Hilo	Property/Facilities	Non-employee	07/28/18	09/12/18	Sharing of student facility.
277	UH - Manoa	Employment & HR	Employee	07/24/18	09/07/18	Lack of confidentiality
276	UH - Manoa	Other	Employee	07/23/18	08/10/18	Unfair treatment of vendors. Addtl info requested but not provided
275	UH - Manoa	Employment & HR	Employee	07/21/18	08/09/18	Falsifying information. Office of VC AA resolved matter.
274	UH - Manoa	Employment & HR	Employee	07/21/18	07/28/18	Conflict of interest. Office of VCAA resolved matter.
273	UH - Manoa	Employment & HR	Employee	07/20/18	11/13/18	Staff not working 8 hr days. Addtl info requested but not provided
272	UH - Manoa	Health and Safety	Employee	07/18/18	08/03/18	Inappropriate and untimely vacuuming.
271	UH - Hilo	Employment & HR	Employee	07/13/18	09/12/18	Identical to case #263.
270	Hawaii CC	Employment & HR	Employee	06/22/18	08/02/18	Title IX. Complaint withdrawn by reporter.
269	Hawaii CC	Student Affairs	Employee	06/22/18	07/11/18	Students sharing hotel room. No violation.
268	UH - Hilo	Other	Non-employee	06/19/18	11/27/18	Signage not displayed. Plan for displaying sign in development stage.
267	UH - Hilo	Employment & HR	Employee	06/12/18	07/22/18	Inappropriate travel investigated and action taken.
266	System	Employment & HR	Employee	06/08/18	07/27/18	Treatment of subordinates.
265	UH - Hilo	Student Affairs	Non-employee	06/05/18	10/15/18	Treatment of students. Appropriate action taken.
264	UH - Manoa	Employment & HR	Employee	05/22/18	07/14/18	Employees working inefficiently. Internal procedures revised.
263	UH - Hilo	Employment & HR	Non-employee	05/21/18	09/12/18	Office periodically opens late.
262	UH - Hilo	Employment & HR	Non-employee	05/19/18	07/22/18	Poor behavior of staff. Action taken.
261	Leeward CC	Employment & HR	Employee	05/18/18	06/27/18	Conflict of interest investigated and action taken.
260	UH - Manoa	Student Affairs	Non-employee	05/17/18	05/18/18	Social media postings by student not enrolled at UH.
259	UH - Manoa	Employment & HR	Non-employee	05/15/18	07/21/18	Inappropriate travel investigated and action taken.
258	UH - Hilo	Other	Employee	05/14/18	06/19/18	Untimely e-mail responses. Reviewed and action taken.
257	Windward CC	Employment & HR	Employee	05/09/18	04/17/19	Staff behavior. No violation
256	UH - Hilo	Employment & HR	Employee	05/02/18	06/19/18	Faculty behavior. Action taken.
255	Kapiolani CC	Employment & HR	Employee	04/30/18	05/01/18	Lack of confidentiality. No violation.
254	Kapiolani CC	Employment & HR	Employee	04/30/18	06/27/18	Staff competency investigated. No violation.
253	System	Health and Safety	Non-employee	04/29/18	05/10/18	Soil issue. No violation.
252	UH - Hilo	Employment & HR	Non-employee	04/26/18	04/30/18	Inapropriate letter of recommendation. No violation.
251	System	Employment & HR	Employee	04/24/18	07/30/18	Poor behavior of staff. Action taken.
250	Hawaii CC	Health and Safety	Employee	04/20/18	05/15/18	Alcohol complaint investigated and action taken.
249	UH - Manoa	Employment & HR	Employee	04/19/18	06/06/18	Poor behavior of staff. Addtl info. requested but not provided.
248	UH - Manoa	Employment & HR	Employee	04/18/18	06/06/18	Staff utilizing UH resources. Action taken.
247	System	Information Technology	Non-employee	04/16/18	04/18/18	Inappropriate use of UH network investigated. No violation.
246	UH - Manoa	Employment & HR	Employee	04/08/18	05/16/18	Faculty not performing job investigated and action taken.
245	UH - Manoa	Employment & HR	Employee	04/02/18	06/06/18	Employee service awards complaint reviewed and resolved.
244	UH - Manoa	Health and Safety	Employee	03/31/18	07/02/18	Alcohol complaint investigated and resolved.
243	System	Employment & HR	Employee	03/22/18	06/13/18	Compensation inquiry. Addtl info. requested but not provided.
242	UH - Manoa	Health and Safety	Non-employee	03/21/18	04/02/18	Complaint against volunteer investigated. No violation.
241	Kapiolani CC	Employment & HR	Employee	03/20/18	04/02/18	Faculty textbook purchase. No violation.
240	Windward CC	Employment & HR	Employee	03/18/18	03/22/18	Outside employment. No violation.

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239	UH - West Oahu	Employment & HR	Employee	03/16/18	04/26/18	Staff disagreement. Action taken.
238	UH - Hilo	Other	Non-employee	03/16/18	04/11/18	Costs for faculty living off island investigated and action taken.
237	UH - Hilo	Employment & HR	Non-employee	03/16/18	04/11/18	Faculty competency.
236	UH - Manoa	Employment & HR	Employee	03/14/18	03/27/18	Faculty complaint. Addtl info. requested but not provided.
235	UH - Hilo	Employment & HR	Employee	03/09/18	04/12/18	Against the appointment of an interim dean.
234	UH - Manoa	Employment & HR	Non-employee	03/02/18	03/20/18	Faculty complaint. Action taken.
233	UH - Manoa	Employment & HR	Employee	03/02/18	04/05/18	Hiring practice. Addtl info. requested but not provided.
232	UH - Manoa	Other	Employee	03/01/18	03/01/18	Process to distribute documents.
231	UH - Manoa	Health and Safety	Employee	02/23/18	02/23/18	Identical to case #230.
230	UH - Manoa	Health and Safety	Employee	02/23/18	02/23/18	Individual smoking on campus. Forwarded to Public Safety.
229	Hawaii CC	Employment & HR	Employee	02/22/18	04/22/19	Inappropriate employee communication. No violation.
228	UH - Manoa	Other	Employee	02/22/18	03/12/18	Flag presentation at facility.
227	UH - Manoa	Employment & HR	Employee	02/20/18	02/24/18	No report submitted.
226	UH - Manoa	Other	Employee	02/14/18	03/08/18	Protocol non-compliance at the Warrior Rec Center.
225	UH - Manoa	Employment & HR	Employee	02/10/18	03/30/18	Faculty not performing job duties investigated and action taken.
224	UH - Hilo	Employment & HR	Non-employee	02/01/18	02/12/18	Untimely meeting notification.
223	UH - Hilo	Student Affairs	Non-employee	01/31/18	02/06/18	Identical to case 221.
222	UH - Hilo	Student Affairs	Non-employee	01/30/18	02/06/18	Identical to case 221.
221	UH - Hilo	Student Affairs	Non-employee	01/30/18	02/06/18	Guinea pig in dorm room reviewed and resolved.
220	UH - Manoa	Employment & HR	Non-employee	01/29/18	03/27/18	Faculty comment investigated and action taken.
219	UH - Manoa	Student Affairs	Employee	01/29/18	03/08/18	Non-compliance with policies and regulations reviewed and resolved.
218	UH - Manoa	Athletics	Employee	01/23/18	02/13/18	Non-compliance with policies and regulations reviewed and resolved.
217	Hawaii CC	Employment & HR	Employee	01/20/18	01/22/18	Conflict of interest reviewed. No violation.
216	System	Employment & HR	Employee	01/17/18	03/07/18	Staff not performing job investigated and action taken.
215	UH - Manoa	Health and Safety	Non-employee	01/17/18	01/17/18	Identical to case #213.
214	UH - Manoa	Health and Safety	Non-employee	01/16/18	01/17/18	Identical to case #213.
213	UH - Manoa	Health and Safety	Non-employee	01/16/18	01/16/18	Crowded classroom resolved by moving to a larger class.
212	UH - Manoa	Employment & HR	Employee	01/15/18	02/24/18	Staff not performing job. Addtl info. requested but not provided.
211	UH - Hilo	Employment & HR	Employee	01/13/18	02/11/18	Lack of confidentiality investigated and action taken.
210	Windward CC	Other	Non-employee	01/13/18	01/19/18	Inappropriate Facebook post.
209	UH - Manoa	Student Affairs	Non-employee	01/13/18	04/12/18	Alcohol and drug complaint. Investigated and resolved.
208	UH - Hilo	Athletics	Non-employee	01/12/18	02/14/18	Student athletes meal allowance investigated and resolved.
207	UH - Manoa	Research	Non-employee	01/12/18	01/16/18	Non-compliance with policies, laws and regulations.
206	UH - Manoa	Health and Safety	Employee	01/12/18	01/16/18	Smoking on campus. Forwarded to Public Safety.
205	UH - West Oahu	Health and Safety	Non-employee	01/12/18	02/05/18	Smoking on campus. No violation.
204	UH - Hilo	Employment & HR	Employee	01/10/18	02/12/18	Inattentive staff investigated and action taken.
203	Hawaii CC	Employment & HR	Non-employee	01/08/18	03/22/18	Title IX. Addtl info. requested but not provided.
202	Kapiolani CC	Health and Safety	Employee	01/02/18	01/08/18	Caution tape blocking flooded stairwell. Campus addressed matter
201	Hawaii CC	Employment & HR	Employee	12/27/17	07/31/18	Required certification investigated and corrected.
200	UH - Hilo	Employment & HR	Employee	12/20/17	01/03/18	Staff certification. Addtl info requested but not provided
199	UH - Manoa	Student Affairs	Non-employee	12/14/17	12/22/17	Student cheated on exam. Forwarded to Office of Judicial Affairs.

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198	Honolulu CC	Employment & HR	Non-employee	12/12/17	12/12/17	Inappropriate Facebook post.
197	Kapiolani CC	Health and Safety	Employee	12/04/17	12/08/17	Equipment stored in hallways. Reviewed and resolved.
196	Kapiolani CC	Employment & HR	Employee	12/04/17	01/10/18	Conflict of interest. No violation.
195	UH - Manoa	Other	Employee	12/03/17	01/16/18	Addtl info. requested from reporter. Addtl info not provided.
194	Hawaii CC	Employment & HR	Employee	11/27/17	01/16/18	Identical to case #190.
193	UH - Hilo	Employment & HR	Employee	11/26/17	12/26/17	Competency of staff personnel.
192	Windward CC	Employment & HR	Non-employee	11/23/17	08/31/20	Title IX. Investigation completed and closed.
191	System	Employment & HR	Non-employee	11/19/17	01/12/18	Addtl info. requested from reporter. Addtl info not provided.
190	Hawaii CC	Employment & HR	Employee	11/18/17	01/16/18	Inequitable work shifts. Reviewed and resolved.
189	Kapiolani CC	Employment & HR	Employee	11/01/17	11/13/17	Policy violation allegation investigated. No violation.
188	UH - Hilo	Employment & HR	Non-employee	10/31/17	11/21/17	Identical to case #185.
187	UH - Hilo	Employment & HR	Non-employee	10/31/17	11/21/17	Identical to case #185.
186	UH - Hilo	Employment & HR	Non-employee	10/31/17	11/21/17	Identical to case #185.
185	UH - Hilo	Employment & HR	Non-employee	10/31/17	11/21/17	Competency of staff personnel.
184	UH - Hilo	Employment & HR	Non-employee	10/23/17	12/26/17	Staff personnel trips investigated and action taken.
183	System	Other	Employee	10/18/17	01/11/18	Non-compliance with laws/regs. Addtl info requested not provided.
182	UH - Manoa	Financial	Employee	10/17/17	12/06/18	Non-compliance with University policies. Reviewed and resolved.
181	Windward CC	Employment & HR	Employee	10/12/17	01/09/18	Title IX. Addtl info. requested. Addtl info not provided.
180	UH - Manoa	Student Affairs	Non-employee	10/11/17	10/17/17	Academic grievance forwarded to departmental personnel.
179	UH - Hilo	Employment & HR	Non-employee	10/10/17	10/20/17	Staff not working 8 hr days investigated and action taken.
178	UH - Manoa	Student Affairs	Non-employee	10/09/17	10/18/17	Identical to case #177.
177	UH - Manoa	Student Affairs	Non-employee	10/09/17	10/18/17	Academic grievance forwarded to departmental personnel.
176	Honolulu CC	Information Technology	Employee	10/09/17	11/28/17	Addtl info. requested from reporter. Addtl info not provided.
175	UH - Manoa	Employment & HR	Employee	10/03/17	11/30/17	Service animal.
174	Kapiolani CC	Employment & HR	Employee	09/14/17	11/14/17	Conflict of interest reviewed. No violation.
173	UH - Manoa	Financial	Employee	09/13/17	10/17/17	Addtl info. requested from reporter. Addtl info not provided.
172	Kapiolani CC	Employment & HR	Employee	09/13/17	11/14/17	Conflict of interest reviewed. No violation.
171	System	Employment & HR	Employee	09/11/17	09/13/17	Conflict of interest reviewed and resolved.
170	UH - Manoa	Employment & HR	Non-employee	09/09/17	10/02/17	Addtl info. requested from reporter. Addtl info not provided.
169	Honolulu CC	Employment & HR	Employee	09/05/17	10/19/17	Addtl info. requested from reporter. Addtl info not provided.
168	UH - Manoa	Other	Non-employee	09/03/17	09/05/17	Faculty comments investigated and action taken.
167	Kapiolani CC	Student Affairs	Non-employee	09/01/17	09/06/17	Free speech. Forwarded to departmental personnel.
166	UH - Manoa	Health and Safety	Employee	09/01/17	09/08/17	Smoking allegation forwarded to departmental personnel.
165	UH - Manoa	Employment & HR	Employee	09/01/17	10/25/17	Staff not performing job investigated and action taken.
164	Windward CC	Employment & HR	Employee	08/25/17	09/13/17	Outside employment of staff investigated. No violation.
163	UH - Manoa	Student Affairs	Employee	08/23/17	09/11/17	Academic grievance reviewed and resolved.
162	UH - Hilo	Employment & HR	Non-employee	08/21/17	09/14/17	Employee late to work investigated and action taken.
161	UH - Manoa	Other	Non-employee	08/19/17	08/21/17	No violation.
160	Maui College	Employment & HR	Non-employee	08/18/17	08/21/17	Staff behavior investigated and action taken.
159	UH - Hilo	Employment & HR	Employee	08/18/17	10/02/17	Staff behavior investigated and action taken.

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158	System	Employment & HR	Employee	08/16/17	09/13/17	Hiring practice investigated. No violation.
157	UH - Manoa	Student Affairs	Non-employee	08/16/17	08/17/17	Academic grievance forwarded to departmental personnel.
156	Windward CC	Employment & HR	Employee	08/15/17	08/21/17	Conflict of interest. No violation.
155	Windward CC	Employment & HR	Employee	08/15/17	09/12/17	Staff comments investigated. No violation.
154	UH - Manoa	Employment & HR	Employee	08/08/17	08/31/17	Addtl info. requested from reporter. Addtl info not provided.
153	System	Employment & HR	Employee	08/07/17	09/10/17	Conflict of interest reviewed and resolved.
152	System	Other	Employee	07/28/17	09/04/17	Expense reimbursement policy investigated. No violation.
151	UH - Manoa	Other	Non-employee	07/28/17	07/28/17	Argument at faculty housing
150	UH - Manoa	Employment & HR	Employee	07/05/17	10/19/17	Full time faculty working part time.
149	Hawaii CC	Employment & HR	Employee	07/03/17	11/29/17	Conflict of interest investigated and action taken.
148	UH - Manoa	Student Affairs	Non-employee	07/03/17	07/28/17	Academic dishonesty. Forwarded to Office of Judicial Affairs.
147	UH - Manoa	Employment & HR	Employee	07/01/17	10/19/17	Addtl info. requested from reporter. Addtl info not provided.
146	Kapiolani CC	Other	Employee	06/20/17	07/07/17	Misuse of facilities. Matter resolved.
145	Kapiolani CC	Student Affairs	Employee	06/13/17	07/05/17	HR matter investigated. No violation.
144	Kapiolani CC	Employment & HR	Employee	06/09/17	07/05/17	HR matter investigated. No violation.
143	UH - Manoa	Employment & HR	Employee	06/09/17	02/02/18	HR allegation reviewed and resolved
142	Kapiolani CC	Other	Non-employee	05/23/17	12/11/17	Academic grievance. Reviewed with action taken.
141	UH - Manoa	Employment & HR	Non-employee	05/23/17	05/23/17	Allegation is identical to #133.
140	UH - Manoa	Employment & HR	Employee	05/22/17	09/11/17	Hiring policy investigated with appropriate action taken.
139	UH - Manoa	Employment & HR	Non-employee	05/21/17	05/22/17	Allegation is identical to #133.
138	UH - Hilo	Employment & HR	Non-employee	05/21/17	05/21/17	Allegation is identical to #133.
137	UH - Manoa	Employment & HR	Non-employee	05/20/17	05/22/17	Allegation is identical to #133.
136	UH - Manoa	Employment & HR	Non-employee	05/20/17	05/22/17	Allegation is identical to #133.
135	UH - Manoa	Employment & HR	Non-employee	05/19/17	05/22/17	Allegation is identical to #133.
134	UH - Manoa	Employment & HR	Non-employee	05/19/17	05/19/17	Allegation is identical to #133.
133	UH - Manoa	Employment & HR	Non-employee	05/18/17	05/19/17	Free speech. Reviewed by administration and resolved.
132	Kapiolani CC	Other	Employee	05/17/17	07/19/17	HR allegation reviewed and resolved
131	UH - Manoa	Employment & HR	Non-employee	05/15/17	05/18/17	Professor misrepresentation. Forwarded to appropriate office.
130	System	Health & Safety	Non-employee	05/12/17	05/22/17	Improper use of UH vehicle. Determined vehicle not owned by UH.
129	Honolulu CC	Employment & HR	Employee	05/10/17	05/15/17	Conflict of interest. No violation.
128	Kapiolani CC	Health and Safety	Non-employee	05/03/17	09/07/17	HR allegation reviewed and resolved
127	UH - Manoa	Hiring policy	Non-employee	05/02/17	09/11/17	Hiring policy investigated. No violation.
126	UH - Manoa	Hiring policy	Non-employee	05/02/17	09/11/17	Hiring policy investigated. No violation.
125	Honolulu CC	Employment & HR	Employee	05/01/17	06/27/17	HR matter. Addtl info. requested from reporter but not provided.
124	UH - Manoa	Student Affairs	Employee	04/27/17	05/06/17	HR allegation reviewed and resolved
123	UH - Hilo	Employment & HR	Employee	04/20/17	06/20/17	Procurement of goods/services reviewed and resolved.
122	UH - Manoa	Student Affairs	Non-employee	04/14/17	09/05/17	Bird in dorm room investigated and resolved.
121	UH - Manoa	Student Affairs	Non-employee	04/13/17	09/01/17	Title IX
120	UH - Manoa	Health & Safety	Non-employee	04/12/17	09/05/17	Title IX
119	Kapiolani CC	Student Affairs	Employee	04/11/17	04/23/17	Former employee has campus keys. Reviewed by admin and resolved
118	Kapiolani CC	Other	Employee	04/11/17	04/16/17	Former employee on campus. Reviewed by admin and resolved.

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117	UH - Manoa	Other	Employee	04/05/17	05/18/17	HR matter. Addtl info. requested from reporter but not provided.
116	Kapiolani CC	Employment & HR	Non-employee	03/24/17	03/28/17	Culinary operations. Matter resolved.
115	Kapiolani CC	Employment & HR	Employee	03/21/17	03/31/17	Casual hiring policy. No violation.
114	Kapiolani CC	Other	Employee	03/20/17	04/05/17	Hiring policy investigated. No violation.
113	Kapiolani CC	Employment & HR	Employee	03/20/17	05/14/18	HR matter investigated. No violation.
112	Kapiolani CC	Student Affairs	Non-employee	03/15/17	03/05/18	Academic grievance. Investigation completed and resolved.
111	UH - Manoa	Student Affairs	Employee	03/14/17	04/20/17	Vague allegation. Addtl info. requested. None rec'd.
110	UH - Manoa	Health & Safety	Non-employee	03/11/17	03/18/17	Academic grievance.
109	UH - Hilo	Health & Safety	Employee	03/10/17	04/25/17	Casual hiring policy. Addtl info. requested. None rec'd.
108	Kapiolani CC	Employment & HR	Employee	03/09/17	04/20/17	HR matter investigated. No violation.
107	UH - West Oahu	Health & Safety	Non-employee	03/03/17	03/06/17	Health center hours of operation. Signage at health center updated.
106	Kapiolani CC	Health & Safety	Employee	03/02/17	03/01/17	Former empl loitering on campus. Reviewed by admin and resolved
105	System	Other	Employee	03/01/17	04/04/17	Employee grievance investigated. No violation.
104	UH - Manoa	Employment & HR	Employee	02/28/17	03/18/17	HR allegation reviewed and resolved
103	UH - Manoa	Other	Non-employee	02/17/17	02/23/17	Free speech. Reviewed by administration and resolved.
102	UH - Hilo	Employment & HR	Employee	02/17/17	03/15/17	HR allegation reviewed and resolved
101	Kapiolani CC	Employment & HR	Employee	02/16/17	03/12/17	HR allegation reviewed and resolved
100	Kapiolani CC	Health & Safety	Employee	02/16/17	02/17/17	Policy violation allegation investigated. No violation.
99	Kapiolani CC	Employment & HR	Employee	02/16/17	02/20/17	HR allegation reviewed and resolved
98	UH - Manoa	Health & Safety	Employee	02/15/17	02/21/17	Inappropriate use of e-mail allegation investigated. No violation.
97	Hawaii CC	Employment & HR	Employee	02/15/17	03/09/17	Improper paint disposal allegation investigated. No violation.
96	Kauai CC	Financial	Employee	02/13/17	03/07/17	HR allegation reviewed and resolved
95	UH - Manoa	Employment & HR	Employee	02/10/17	02/13/17	Inappropriate use of parking pass. Forwarded to appropriate dept.
94	Kapiolani CC	Student Affairs	Employee	02/10/17	03/21/17	Addtl info. requested from reporter. Addtl info not provided.
93	Kapiolani CC	Employment & HR	Employee	02/10/17	04/18/17	HR matter investigated. No violation.
92	Kauai CC	Financial	Employee	02/10/17	03/31/17	Service animals. Investigated and resolved.
91	Kapiolani CC	Other	Employee	02/10/17	03/05/17	Outdated policies allegation reviewed and resolved.
90	Kapiolani CC	Employment & HR	Employee	02/09/17	02/20/17	HR allegation reviewed and resolved
89	UH - Manoa	Athletics	Non-employee	02/08/17	02/08/17	Academic grievance.
88	Leeward CC	Student Affairs	Employee	02/06/17	03/09/17	HR allegation reviewed and resolved
87	UH - Hilo	Employment & HR	Non-employee	02/05/17	02/08/17	Academic grievance
86	Kapiolani CC	Employment & HR	Non-employee	01/26/17	07/10/17	HR matter investigated. No violation.
85	Kapiolani CC	Property Facilities & Equipm	Non-employee	01/20/17	08/09/17	Poor classroom condition resolved to complainant satisfaction.
84	UH - Manoa	Employment & HR	Employee	01/17/17	01/18/17	HR allegation forwarded to departmental personnel.
83	Hawaii CC	Employment & HR	Employee	01/17/17	02/03/17	Free speech. Reviewed by administration and resolved.
82	Maui College	Other	Non-employee	01/15/17	02/03/17	Financial aid. Reviewed by administration and resolved.
81	UH - Hilo	Employment & HR	Non-employee	01/11/17	01/25/17	HR allegation reviewed and resolved
80	UH - Manoa	Employment & HR	Non-employee	01/11/17	01/12/17	Academic grievance
79	Kauai CC	Employment & HR	Non-employee	01/10/17	01/10/17	HR allegation reviewed and resolved
78	UH - Manoa	Other	Non-employee	01/09/17	01/10/17	Loud music
77	Kapiolani CC	Student Affairs	Employee	01/09/17	09/25/17	HR matter under investigation

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Case #	Campus	Classification	Submitted by	Date Opened	Date Closed	Description
76	UH - Hilo	Employment & HR	Employee	01/08/17	02/03/17	HR allegation reviewed and resolved
75	UH - Hilo	Property Facilities & Research	Non-employee	01/08/17	02/01/17	Federal reg. non-compliance. Reviewed by admin and resolved
74	Kapiolani CC	Research	Employee	01/06/17	01/24/17	Former empl loitering on campus. Reviewed by admin and resolved
73	Kapiolani CC	Health & Safety	Employee	01/05/17	03/29/17	HR allegation reviewed and resolved
72	UH - Hilo	Employment & HR	Employee	12/26/16	01/25/17	HR allegation reviewed and resolved
71	UH - Hilo	Financial	Employee	12/26/16	01/25/17	Compliance with UHF policies. Reviewed by admin and resolved.
70	UH - Manoa	Other	Non-employee	12/25/16	01/03/17	Addtl info. requested from reporter. Addtl info not provided.
69	UH - Manoa	Other	Employee	12/23/16	01/05/17	HR allegation reviewed and resolved
68	UH - Manoa	Employment & HR	Non-employee	12/15/16	12/16/16	Allegation withdrawn by reporter
67	UH - Manoa	Employment & HR	Employee	12/08/16	12/15/16	Use of handicap parking pass
66	UH - Manoa	Employment & HR	Employee	11/17/16	12/28/16	Addtl info. requested from reporter. Addtl info not provided.
65	UH - Hilo	Other	Employee	11/09/16	05/10/17	HR allegation reviewed and resolved
64	UH - Manoa	Employment & HR	Employee	11/09/16	11/09/16	No-smoking policy
63	Hawaii CC	Employment & HR	Non-employee	10/30/16	12/04/16	Addtl info. requested from reporter. Addtl info not provided.
62	UH - Hilo	Employment & HR	Employee	10/28/16	12/17/16	HR allegation reviewed and resolved
61	Honolulu CC	Employment & HR	Non-employee	10/26/16	10/26/16	HR allegation reviewed and resolved
60	Hawaii CC	Employment & HR	Non-employee	10/24/16	11/30/16	Addtl info. requested from reporter. Addtl info not provided.
59	Maui College	Property, Facilities & Equipment	Employee	10/24/16	12/06/16	HR allegation reviewed and resolved
58	Honolulu CC	Other	Employee	10/21/16	12/08/16	HR allegation reviewed and resolved
57	Maui College	Employment & HR	Employee	10/21/16	12/06/16	HR allegation reviewed and resolved
56	Maui College	Health & Safety	Employee	10/21/16	12/06/16	HR allegation reviewed and resolved
55	Maui College	Student Affairs	Employee	10/21/16	12/06/16	HR allegation reviewed and resolved
54	UH - Hilo	Employment & HR	Employee	10/20/16	12/01/16	HR allegation reviewed and resolved
53	Honolulu CC	Employment & HR	Employee	10/19/16	12/06/16	Health insurance. Reviewed by administration and resolved.
52	UH - Manoa	Employment & HR	Non-employee	10/18/16	10/20/16	Unreconciled account balances. Reviewed and resolved by admin.
51	UH - Manoa	Other	Employee	10/16/16	12/28/16	Addtl info. requested from reporter. Addtl info not provided.
50	UH - Hilo	Health & Safety	Non-employee	10/12/16	12/01/16	HR allegation reviewed and resolved
49	UH - Manoa	Other	Employee	09/20/16	09/29/16	Cluttered stairwell
48	UH - Manoa	Employment & HR	Employee	09/20/16	10/07/16	HR allegation reviewed and resolved
47	Windward CC	Information Technology	Non-employee	09/01/16	09/19/16	Addtl info. requested from reporter. Addtl info not provided.
46	UH - Hilo	Property, Facilities & Equipment	Non-employee	08/29/16	10/28/16	Free speech. Reviewed by administration and resolved.
45	UH - Hilo	Employment & HR	Employee	08/27/16	09/18/16	HR allegation reviewed and resolved
44	UH - Manoa	Employment & HR	Non-employee	08/24/16	09/08/16	Alcohol complaint
43	Hawaii CC	Employment & HR	Employee	08/24/16	09/27/16	HR allegation reviewed and resolved
42	UH - Manoa	Employment & HR	Employee	08/22/16	11/22/16	HR allegation reviewed and resolved
41	UH - Manoa	Employment & HR	Employee	08/19/16	10/03/16	Addtl info. requested from reporter. Addtl info not provided.
40	UH - Manoa	Employment & HR	Non-employee	08/18/16	09/29/16	HR allegation reviewed and resolved
39	UH - Manoa	Employment & HR	Employee	08/17/16	09/29/16	HR allegation reviewed and resolved
38	UH - Manoa	Student Affairs	Non-employee	08/16/16	01/11/17	HR allegation reviewed and resolved

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Case #	Campus	Classification	Submitted by	Date Opened	Date Closed	Description
37	UH - Manoa	Employment & HR	Non-employee	08/08/16	08/20/16	Allegation withdrawn by reporter
36	System	Employment & HR	Employee	08/04/16	09/26/16	Addtl info. requested from reporter. Addtl info not provided.
35	System	Other	Employee	07/27/16	08/26/16	HR allegation reviewed and resolved
34	UH - Manoa	Employment & HR	Employee	07/19/16	09/01/16	Use of general funds. Reviewed by administration and resolved.
33	Honolulu CC	Employment & HR	Employee	07/14/16	09/19/16	Addtl info. requested from reporter. Addtl info not provided.
32	UH - Manoa	Research	Non-employee	07/14/16	07/18/16	Parking safety allegation reviewed by administration. No violation.
31	System	Employment & HR	Employee	07/12/16	08/04/16	HR allegation reviewed and resolved
30	UH - Manoa	Other	Non-employee	07/11/16	07/14/16	HR allegation reviewed and resolved
29	UH - Manoa	HR matter under investigatio	Non-employee	07/11/16	07/18/16	Title IX
28	UH - Hilo	Other	Non-employee	07/05/16	07/06/16	HR allegation reviewed and resolved
27	UH - Hilo	Health & Safety	Non-employee	07/01/16	09/18/16	HR allegation reviewed and resolved
26	UH - Manoa	Health & Safety	Employee	06/30/16	06/30/16	Dirty parking facility
25	Kapiolani CC	Employment & HR	Employee	06/27/16	08/03/16	HR allegation reviewed and resolved
24	UH - West Oahu	Student Affairs	Employee	06/21/16	08/30/16	HR allegation reviewed and resolved
23	Kapiolani CC	Student Affairs	Employee	06/19/16	06/27/16	HR allegation reviewed and resolved
22	Kapiolani CC	Employment & HR	Employee	06/17/16	04/19/16	HR allegation reviewed and resolved
21	Kapiolani CC	Employment & HR	Employee	06/16/16	04/27/18	HR allegation reviewed and resolved
20	UH - Manoa	Employment & HR	Employee	06/16/16	09/01/16	HR allegation reviewed and resolved
19	UH - Manoa	Student Affairs	Employee	06/16/16	07/01/16	Allegation does not involve the University
18	UH - Hilo	Employment & HR	Non-employee	06/16/16	08/29/16	HR allegation reviewed and resolved
17	System	Property Facilities & Equipm	Employee	06/16/16	07/20/16	Addtl info. requested from reporter. Addtl info not provided.
16	UH - Manoa	Other	Employee	06/15/16	07/14/16	HR allegation reviewed and resolved
15	Leeward CC	Property Facilities & Equipm	Employee	06/15/16	06/30/16	HR allegation reviewed and resolved
14	Kapiolani CC	Student Affairs	Employee	06/15/16	06/16/16	Allegation was previously reported, resolved and closed.
13	Kapiolani CC	Other	Employee	06/15/16	06/15/16	Information request.
12	UH - Manoa	Employment & HR	Employee	06/15/16	08/09/16	Addtl info. requested from reporter. Addtl info not provided.
11	Hawaii CC	Health & Safety	Non-employee	06/15/16	02/22/17	HR allegation reviewed and resolved
10	UH - Manoa	Employment & HR	Employee	06/15/16	06/15/16	Mold. Resolved by Work Coord Ctr and Envir Hlth & Safety Office

Cases #1 - #9 were test/pilot cases entered by administrators to familiarize themselves with the system.

Item IV.G.

Enterprise Risk Management Update

**NO MATERIALS
ORAL REPORT**