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

BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT

Members: Regents Akitake (Chair), Lee (Vice-Chair), Abercrombie, Higaki, and Paloma

Date: Thursday, December 7, 2023

Time: 2:00 P.M.

Place: University of Hawai'i at Mānoa
 Information Technology Building
 1st Floor Conference Room 105A/B
 2520 Correa Road
 Honolulu, Hawai'i 96822

See the Board of Regents website to access the live broadcast of the meeting and related updates: www.hawaii.edu/bor

AGENDA

- I. Call Meeting to Order**
- II. Approval of Minutes of the October 5, 2023 Meeting**
- III. Public Comment Period for Agenda Items:**

Individuals who are unable to provide testimony at this time will be allowed an opportunity to testify when specific agenda items are called.

All written testimony on agenda items received after posting of this agenda and up to 48 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board at the beginning of the meeting. 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 at 2444 Dole Street, Bachman 209, Honolulu, HI 96822, or facsimile at (808) 956-5156.

Those wishing to provide oral testimony virtually may register [here](#). Given the constraints with the format of hybrid meetings, individuals wishing to orally testify virtually must register no later than 7:30 a.m. on the day of the meeting in order to be accommodated. Registration for in-person oral testimony on agenda items will also be provided at the meeting location 15 minutes prior to the meeting and closed at the posted meeting time. 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.

Although remote oral testimony is being permitted, this is a regular meeting and not a remote meeting by interactive conference technology under Section 92-3.7, Hawai'i Revised Statutes (HRS). Therefore, the meeting will continue

If you need an auxiliary aid/service or other accommodation due to a disability, contact the Board Office at (808) 956-8213 or bor@hawaii.edu as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

notwithstanding loss of audiovisual communication with remote testifiers or loss of the public broadcast of the meeting.

All written testimony submitted are public documents. Therefore, any testimony that is submitted orally or in writing, electronically or in person, for use in the public meeting process is public information and will be posted on the board's website.

IV. **Agenda Items**

- A. Review and Acceptance of the University of Hawai'i Audit Reports as of June 30, 2023, including:
 - 1. External Auditor Required Communications
 - 2. Audited Financial and Compliance Reports
 - 3. Corrective Action Responses for the Federal Compliance Findings
- B. Review and Acceptance of the University of Hawai'i at Mānoa Intercollegiate Athletics Audit Reports for the Year Ended June 30, 2023
- C. Review and Acceptance of the University of Hawai'i at Hilo Intercollegiate Athletics Audit Reports for the Year Ended June 30, 2023
- D. Review and Acceptance of the Annual Report to the Legislature on Material Weaknesses and Fraud
- E. Review and Acceptance of University Health Services Mānoa – Review and Evaluation
- F. Report on the Corrective Action Plan for Warrior Recreation Center
- G. Enterprise Risk Management: Update on Cyber Security Risk

V. **Executive Session (closed to the public):** To consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities, and to consider matters related to public safety or security, pursuant to Section 92-2.5 (a)(4) and (6), Hawai'i Revised Statutes)

- A. Update on Cyber Security Risk

VI. **Agenda Items (continued)**

- A. Audit Project Status Update
- B. Whistleblower Report

VII. **Adjournment**

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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 5, 2023

A video recording of this meeting may be viewed at the Board of Regents website as follows:

[Meeting Video](#)

I. CALL TO ORDER

Chair Lauren Akitake called the meeting to order at 12:49 p.m. on Thursday, October 5, 2023, at the University of Hawai'i (UH) at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai'i 96822.

Committee members in attendance: Chair Lauren Akitake; Vice-Chair Gabriel Lee; Regent Neil Abercrombie; and Regent Wayne Higaki.

Committee members excused: Regent Diane Paloma.

Others in attendance: Board Chair Alapaki Nahale-a; Regent William Haning; Regent Laurel Loo; Regent Abigail Mawae (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Academic Strategy Debora Halbert; VP for Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; Associate VP for Legal Affairs Gary Takeuchi; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Yvonne Lau; and others as noted.

II. APPROVAL OF MINUTES

Chair Akitake inquired if there were any corrections to the minutes of the September 7, 2023, committee meeting which had been distributed. Hearing none, the minutes were approved.

III. PUBLIC COMMENT PERIOD

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

IV. AGENDA ITEMS

A. Approval of Audit Plan Supplement for the University of Hawai'i at Mānoa (UHM) Student Housing for Fiscal Year (FY) ended June 30, 2024

Glenn Shizumura, Director of the Office of Internal Audit (OIA), provided the rationale for the addition of an audit of student housing at UHM to the Internal Audit Work Plan for FY 2023-2024 (Audit Plan) explaining that the request to prepare this Audit Plan supplement was made at the September 7, 2023, committee meeting. He reviewed the contents of the Audit Plan supplement which included, among other things, background information on student halls and residences at UHM; a listing of relevant university and regent policies related to student housing; a chart denoting the administrative structure of UHM Student Housing, although it was noted that subsequent to July 1, 2023, all responsibility to manage UHM Student Housing was temporarily transferred to the Office of the Vice President for Administration (OVPA); the objectives and scope of the audit; the auditing procedures that will be used; and the estimated time of performance and completion. He also briefly spoke about work that will be performed by KMH LLP, a Hawaii based professional service organization that was engaged by OVPA to provide consulting services to, and conduct a review of various financial, operational, and compliance matters associated with, UHM Student Housing. It was noted that OIA will commence its work upon the committee's approval of the Audit Plan supplement.

Regent Abercrombie sought verification that the audit being performed by OIA will be complementary to, rather than duplicative of, the work that KMH LLP was engaged to undertake. He also questioned whether OIA's audit will be looking into issues such as the reasons for the lengthy closure of, as well as the lack of air conditioning at, certain residential halls and asked if OIA would be able to provide regular reports to the committee on the progress of its audit. Director Shizumura confirmed that the audit being conducted by OIA will be complementary to the work being performed by KMH LLP. Regarding the contents of OIA's audit, Director Shizumura replied that the OIA will be gathering and verifying information related to UHM student housing for the purposes of assisting the board in determining how to move forward on this issue. He also stated that regular reports on the status of the audit project can be provided to the committee.

Chair Akitake provided context to the Audit Plan supplement request reiterating that this was something that was suggested by regents during the September 7, 2023, committee meeting. She noted that the administration had recently restructured administrative oversight of student housing at UHM and thanked the administration, especially OVPA, for working with the committee and OIA to ensure that the work being requested from OIA and that being done by KMH LLP are not duplicative. She also expressed her belief that there were actually two tracks being taken by OIA with respect to this audit. The first was a monitoring track whereby OIA would participate in monthly meetings with KMH LLP to receive regular project updates. The second track was more forward looking in nature whereby OIA would gather historical information about UHM Student Housing, review items such as UHM's policy with respect to student housing prioritization and student housing resident surveys, research student housing data from other public universities, and provide this information to the committee and ultimately, the board. Any information received by the board could then be utilized to determine whether issues existed at UHM Student Housing that need to be addressed or if changes to university or regent policies regarding student housing were warranted.

Regent Abercrombie moved to approve the Audit Plan supplement for the UHM Student Housing for FY ended June 30, 2024, seconded by Vice-Chair Lee, and noting the excused absence of Regent Paloma, the motion carried with all members present voting in the affirmative.

Prior to adjournment, Regent Abercrombie requested that representatives from KMH LLP be invited to provide an update on the scope and timeline for its consulting services and that the administration present an overview of UHM Student Housing given the recent transfer of administrative duties to OVPA.

Discussions ensued on Regent Abercrombie's request with Board Chair Nahale-a expressing concerns about delving into the managerial functions of the university and President Lassner providing background on how past audits were conducted.

V. ADJOURNMENT

There being no further business, Chair Akitake adjourned the meeting at 1:03 p.m.

Respectfully Submitted,

Yvonne Lau
Executive Administrator and Secretary
of the Board of Regents



**UNIVERSITY
of HAWAII***
SYSTEM

UNIVERSITY OF HAWAII
BOARD OF REGENTS

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

DTS 23798

'23 NOV 30 A9:31
November 30, 2023

TO: Alapaki Nahale-a
Chairperson, Board of Regents

Lauren Akitake
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, 2023

Attached are the University of Hawai'i (UH) audited financial reports for the year ended June 30, 2023. These reports are for review and acceptance at the Committee on Independent Audit meeting on December 7, 2023.

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, 2023 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. Erin Takamine, 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. Financial and Compliance Audit
 - A. Required Communications
 - B. Financial and Compliance Audit Report, with, Required Supplementary Information, and Other Supplementary Information
 - C. Supplemental Information – Campus Schedules
 - D. Internal Control and Business Issues Report
- c: University Internal Auditor (w/o Attachments)
Associate VP for Budget and Finance/University Controller (w/o Attachments)



ACCUITY

UNIVERSITY OF HAWAI'I

REQUIRED COMMUNICATIONS

December 7, 2023

**Report to the Board of Regents
Committee on Independent Audit
External Audits
Year Ended June 30, 2023**

Compliance Highlights

- Refer to the Summary of Auditors' Results on Page 24 of the UH Financial and Compliance Audit Report
 - "Clean" opinion on compliance
- Key statistics:
 - \$672M in federal expenditures reported on the SEFA (Cash basis)
 - 11 major programs audited
- 5 reportable current year findings:
 - 5 reportable compliance findings. 2 related to Financial Aid Administration and 3 related to Title IV Student Financial Aid
 - 3 new findings; 2 repeat findings
 - No findings were deemed significant deficiencies or material weaknesses

Financial Statement Highlights

Statement of Net Position

- Total assets increased \$233M; total liabilities decreased \$89M
- Cash and investments
 - Cash increased \$36M primarily due to an increase in cash from operations of approximately \$45M offset by operating expenses of approximately \$14M
 - Operating investments and endowment investments increased \$117M and \$7M, respectively, due to market performance and investment purchases during the year
- Pension and postretirement liabilities (allocated by State)
 - Pension liability increased \$53M due to actuarial assumption changes
 - OPEB liability decreased \$92M due to contributions made during the year and differences in actual versus projected investment performance
- Deferred inflows/outflows of resources (allocated by State)
 - Deferred outflows increased \$23M due to pension and OPEB differences between actuarial assumptions, actual versus projected investment performance, and contributions after the measurement date (for pension)
 - Deferred inflows decreased \$6M primarily due to pension and OPEB differences in actual versus projected investment performance

Financial Statement Highlights

Changes in Net Position

- Operating revenues increased \$53M
 - Gross tuition revenue increased approximately \$3M. This slight increase was driven by enrollment increases at UH Manoa (1.0%) and at the community colleges (2.7%) offset by a decrease in enrollment at UH Hilo (-6.6%) and UH West Oahu (-2.7%).
 - Federal appropriations, grants and contracts increased \$43M due to additional extramural funding and additional funding from government agencies
 - Sales and services revenue (bookstores, housing, athletics, food services and parking) increased approximately \$3M as on-campus student activities have returned to pre-pandemic levels
- Operating expenses increased \$11M
 - Personnel costs of \$1B in fiscal year 2023 was relatively consistent with fiscal year 2022
 - Supplies, services and cost of goods sold increased approximately \$34M as UH campus activities and operations have returned to pre-pandemic levels
 - Scholarships and fellowships decreased \$52M compared to fiscal year 2022. In fiscal year 2022, certain funds received through the CARES Act were distributed directly to the students in the form of scholarships.
- Nonoperating revenues increased \$97M
 - Driven by increases of capital appropriations, grants and transfers from the State of \$96M and an increase in net investment income of \$54M
 - Increases in nonoperating revenues were offset by a decrease of \$58M in federal coronavirus funding

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>The auditors should communicate circumstances that arise in which our report may differ from its expected form and content based on the results of our audit, where it was necessary for us to modify our opinion, add a separate section, or add an emphasis of matter or other matter paragraph.</p>	<p>We performed the audit according to the planned scope and timing in Contract No. C220054:</p> <ul style="list-style-type: none">• OMB Uniform Guidance Audit<ul style="list-style-type: none">• Financial statement audit and supplemental schedules• Federal compliance audit <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 opinion on the 2023 financial statements.</p>
<p>Changes to significant risks identified</p> <p>The Audit Committee should be informed of changes to significant risks identified after the date of initial communication.</p>	<p>The overall and significant risks identified for the audit were as follows:</p> <ul style="list-style-type: none"> • Management override of controls • Improper recognition of federal grant revenue • Improper accounting for capital assets <p>There were no changes to the identified risks.</p>

Required Communications

Matter to be communicated	Our response
<p>Significant accounting policies, including critical accounting policies and alternative treatments within accounting principles, 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>The Audit Committee should be informed of alternative treatments within GAAP for accounting policies and practices related to material items, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditors.</p>	<p><u>New Significant Accounting Policies</u> On July 1, 2022, the University adopted the following new pronouncements:</p> <ul style="list-style-type: none"> • GASB No. 94, <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> • GASB No. 96, <i>Subscription-Based Information Technology Arrangements</i> • GASB No. 99, <i>Omnibus</i> <p>The new pronouncements did not have a material effect on the University’s financial statements.</p> <p><u>Presentation of Financial Statement</u> Single year presentation was elected by the University for fiscal year 2023.</p> <p><u>Methods Used to Account for Significant, Unusual Transactions Lacking Authoritative Accounting Guidance and the Effect of Significant Accounting Policies</u> There were no transactions entered into by the University during 2023 for which there was a lack of authoritative guidance or consensus.</p> <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> <p><u>Alternative Treatments Under GAAP</u> There were no alternative accounting policies or practices under GAAP that were discussed with management.</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 post employment benefits • 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 reclassification entries proposed during the audit. Refer to the summary of reclassification entries on page 15.</p> <p>The de minimis threshold used to evaluate unadjusted differences was \$3.6 million for the year ended June 30, 2023. There were no unadjusted audit differences in 2023.</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>None noted.</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>None noted.</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 or compliance.</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 2023 financial statements.</p>

Required Communications

Matter to be communicated	Our response
<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. C220054 • Management representation letter • The Internal Control and Business Issues Report

Required Communications

Matter to be communicated	Our response
<p>Representations requested 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”) which include 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, have 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>

Required Communications

Matter to be communicated	Our response
<p>Other matters</p> <p>The auditors should communicate with the Audit Committee any other matters of audit significance.</p> <p><i>(Continued from the previous page)</i></p>	<p>We were engaged to report on the supplementary bond schedules which accompany the financial statements but are not RSI and separately report on the individual campus schedules. The supplementary information accompanying the financial statements and the separate campus schedules have 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.

Summary of Reclassification Entries

(Amounts in thousands)

Reclassification Entry #1		
Dr.	Deferred outflow of resources on OPEB	13,145
Cr.	Deferred inflow of resources on OPEB	13,145
<i>To properly state deferred outflow of resources and deferred inflow of resources related to OPEB assumption changes for FY 2023.</i>		

Reclassification Entry #2		
Dr.	Net position – unrestricted	81,641
Cr.	Net position – restricted (expendable)	81,641
<i>To reclassify accrued vacation liabilities from restricted net position to unrestricted net position for FY 2023.</i>		



ACCUITY

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ACCUITY

**University of Hawai'i
State of Hawai'i**

Financial and Compliance Audit

June 30, 2023

DRAFT



University of Hawai‘i
State of Hawai‘i
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Year Ended June 30, 2023

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SECTION 1

COMPLIANCE REPORTS



**Report of Independent Auditors on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Hawai'i (the "University") as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2023. Our report includes a reference to other auditors who audited the financial statements of the University of Hawai'i Foundation, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

We also noted certain other matters that we will report to the Board of Regents and management of the University in our Internal Control and Business Issues Report.

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Suite 1900
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Report on Compliance and Other Matters

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

Purpose of this Report

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

Honolulu, Hawai'i
December 7, 2023

DRAFT



**Report of Independent Auditors on Compliance
for Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the University of Hawai'i's (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings No. 2023-001 through 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditors to perform limited procedures on the University's response to the noncompliance findings identified in our compliance audit as described in Section 5 of this report. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable

possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Honolulu, Hawai'i
December 7, 2023

DRAFT

SECTION 2

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

DRAFT

University of Hawai‘i
State of Hawai‘i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
MAJOR PROGRAM – RESEARCH AND DEVELOPMENT				
U.S Department of Agriculture				
Agricultural Research Service				
Agricultural Research Basic and Applied Research	10.001			\$ 1,615,248
Animal and Plant Health Inspection Service				
Plant and Animal Disease, Pest Control, and Animal Care	10.025			3,216,770
National Institute of Food and Agriculture				
Grants for Agricultural Research, Special Research Grants	10.200		\$ 330,963	\$ 978,138
Cooperative Forestry Research	10.202			289,535
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			2,650,596
Animal Health and Disease Research	10.207			9,342
Organic Agriculture Research and Extension Initiative	10.307		80,911	167,372
Agriculture and Food Research Initiative ("AFRI")	10.310		328,992	2,049,174
Crop Protection and Pest Management Competitive Grants Program	10.329			10,671
Food and Nutrition Service				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		33,874	301,533
Forest Service				
Urban and Community Forestry Program	10.675			79,733
Forest Health Protection	10.680			18,319
International Forestry Programs	10.684			196,504
Partnership Agreements	10.699			11,091
Other – Unknown AL Number	10.RD			175,923
National Resources Conservation Service				
Soil and Water Conservation	10.902			56,404
Environmental Quality Incentives Program	10.912		15,958	189,733
Foreign Agricultural Service				
Scientific Cooperation and Research	10.961			5,969
Passed through from				
State of Hawaii Dept. of Agriculture	10.170	various		168,711
State of Hawaii Dept. Human Services	10.577	DHS-23-DIR-0015		40,470
State of Hawaii Dept. of Land and Natural Resources	10.025	various		21,330
State of Hawaii Dept. of Land and Natural Resources	10.664	various		269,062
State of Hawaii Dept. of Land and Natural Resources	10.675	C30380		13,340
State of Hawaii Dept. of Land and Natural Resources	10.678	C21581		19,691
State of Hawaii Dept. of Land and Natural Resources	10.680	various		362,892
State of Hawaii Dept. of Land and Natural Resources	10.934	C20763		91,259
University of California – Davis	10.200	various		116,328
University of California – Davis	10.304	A22-1782-S004		16,446
University of California – Merced	10.310	F100GVA499		93,934
University of California – Riverside	10.309	S-001357		42,761
University of California – Div of ANR	10.329	SA18-4060-12		4,330
University of Florida	10.307	SUB00002426		22,390
University of Guam	10.215	RCUOG-2019-002		5,921
Hawaii Agriculture Research Center	10.309	-----		4,796
Iowa State University	10.332	024256N		26,749
Jun Innovations Inc	10.212	2021-33530-34364-1		2,433
Malama Kahalawai Inc	10.931	various		2,756
Malama Kahalawai Inc	10.RD	-----		421
Mississippi State University	10.309	014600.327226.03		57,872
Montana State University	10.215	various		277,968
Montana State University	10.310	G146-21-W8621		18,585
University of Nebraska – Lincoln	10.310	25-1107-0037-003		19,722
Ohio State University	10.310	60064284		62
Oklahoma State University	10.025	2-569160.UH		17,054
Oregon State University	10.320	U1408C-A		131,704
Synergistic Hawaii Agriculture	10.309	various		45,534
Texas A&M University	10.912	M2102130		13,590
Three Mountain Alliance Fdtn	10.912	various		56,973
Three Mountain Alliance Fdtn	10.932	various		49,679
				<u>2,014,763</u>
				14,036,818

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai'i
State of Hawai'i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
U.S. Department of Commerce				
National Oceanic and Atmospheric Administration ("NOAA")				
Ocean Acidification Program ("OAP")	11.017			97,930
Cooperative Institute (Inter-Agency Funded Activities)	11.405		795,475	891,596
Sea Grant Support	11.417		49,841	1,824,858
Coastal Zone Management Estuarine Research Reserves	11.420			40,309
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			274,052
Climate and Atmospheric Research	11.431		23,499	760,752
NOAA Cooperative Institutes	11.432			12,084,414
Marine Mammal Data Program	11.439			92,725
Unallied Industry Projects	11.452			144,569
Unallied Management Projects	11.454			80,240
Congressionally Identified Awards and Projects	11.469			37,583
Unallied Science Program	11.472			479,190
Coral Reef Conservation Program	11.482			142,437
				<u>16,950,655</u>
Passed through from				
State of Hawaii Dept. of Land and Natural Resources	11.407	C33148		3,866
State of Hawaii Dept. of Land and Natural Resources	11.469	C31439		1,896
State of Hawaii Dept. of Land and Natural Resources	11.472	various		125,013
State of Hawaii Dept. of Land and Natural Resources	11.482	various		253,734
State of Hawaii Dept. of Land and Natural Resources County – Hawaii	11.RD 11.419	----- C.009389 AMDT2		33,145 147,996
University of Alabama	11.432	A22-0309-S003		4,235
American University	11.482	31552-01		19,303
Arizona State University	11.431	ASUB00000952	72,838	249,995
Bishop Museum	11.482	310845-NOAA AS-UH HIMB		105,630
Cascadia Research Collective	11.454	-----		10,000
Clark University	11.468	-----		32,446
East West Center	11.431	various		131,969
Malama Maunaloa	11.473	various		6,475
University of Maryland	11.432	99658 - Z7554213		19,388
University of Michigan	11.419	SUBK00018023/PO 3007225676	6,000	80,906
University of Mississippi	11.RD	23-12-09		3,063
National Fish and Wildlife Foundation	11.008	0312.20.071247		8,667
National Fish and Wildlife Foundation	11.473	0318.18.062406	54,000	282,954
National Fish and Wildlife Foundation	11.482	various		159,092
National Marine Sanctuary Foundation	11.429	various		295
The Ocean Foundation	11.017	-----		708
Oregon State University	11.472	J2391A-A		84,765
Pacific States Marine Fisheries Commission	11.472	20-160G		28,663
Synoptic Data PBC	11.RD	S2022-163		27,544
University Corp for Atmospheric Research	11.467	SUBAWD002540		6,606
Western Pacific Regional Fishery Mgt Council	11.441	21-ADMN-13		32,193
World Turtle Trust	11.454	various		74,663
				<u>1,935,210</u>
				<u>18,885,865</u>
U.S. Department of Defense				
Air Force				
Basic Scientific Research	12.431			288,844
Air Force Defense Research Sciences Program	12.800			947,148
Other – Unknown AL Number	12.RD			7,654,900
				<u>8,890,892</u>
Army				
Conservation and Rehabilitation of Natural Resources on Military Installations	12.005			6,059,707
Basic and Applied Scientific Research	12.300			1,090,581
Basic, Applied, and Advanced Research in Science and Engineering	12.630			79,205
Other – Unknown AL Number	12.RD			796,000
				<u>8,025,493</u>

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai‘i
State of Hawai‘i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Navy				
Basic and Applied Scientific Research	12.300		1,985,717	19,088,804
Science, Technology, Engineering & Mathematics (“STEM”) Education, Outreach and Workforce Program	12.330			130,291
Navy Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance	12.335			127,517
Other – Unknown AL Number	12.RD		1,971,422	11,545,003
Pacific Command	12.RD			1,701,591
Environmental	12.RD			59,087
Threat Reduction Agency	12.RD		187,792	1,074,324
Washington Headquarters Services				
Pacific Center Program (“PDC”)	12.109		3,124,664	11,548,967
Basic, Applied, and Advanced Research in Science and Engineering	12.630			1,680,874
Defense Logistics Agency	12.RD			178,550
Defense Advanced Research Projects Agency	12.RD		932,395	3,727,445
Defense POW/MIA Accounting Agency (“DPAA”) Past Conflict Accounting	12.740			27,737
Passed through from				
State of Hawaii Dept. of Defense	12.401	HI-ENV-22-001 (PO 23217050)		47,083
State of Hawaii Dept. of Defense	12.RD	HI-ENV-21-005		16,404
State of Hawaii Dept. of Land and Natural Resources	12.017	various		17,140
University of Alaska – Fairbanks	12.RD	UA 21-0114		181,440
BioMADE	12.800	E-PC01-A-04-0081		90,087
Biomass Energy Systems Inc	12.RD	SP4701-21-P-0075		101
University of California – Berkeley	12.RD	00011069; PO# BB01670463		70,692
FirstPass Engineering	12.RD	PO 53		42,136
Georgia Institute of Technology	12.RD	D9791-S2		2,340
Goodman Technologies LLC	12.RD	various		117,222
HDR Environmental	12.RD	1000300001654		37,172
Henry M. Jackson Foundation	12.420	various		7,074
Johns Hopkins University	12.RD	160113		462,098
Leidos Inc	12.910	PO10235050		117,481
University of Minnesota	12.300	A008174601		240,107
Oceanit Laboratories, Inc	12.RD	various		203,526
Ohio State University	12.800	SPC-1000006899 GR129039		8,644
Spectrum Photonics Inc	12.RD	various		75,426
University of Tennessee Hlth Sci Str	12.420	various		71,725
Virginia Commonwealth University	12.RD	FP00009533_SA006/W81XWH192		27,010
				1,834,908
				69,641,483
U.S. Department of Housing and Urban Development				
Passed through from				
ABT Associates Inc	14.RD	various		24,224
U.S. Department of the Interior				
U.S. Fish and Wildlife Service				
Fish and Wildlife Management Assistance	15.608			61,127
Coastal	15.630			7,946
National Wildlife Refuge System Enhancements	15.654			28,224
Endangered Species Recovery Implementation	15.657			2,016
Fish and Wildlife Coordination and Assistance	15.664			13,079
Adaptive Science	15.670			45,514
Cooperative Ecosystem Studies Units	15.678			504,690
Other	15.RD			9,581
U.S. Geological Survey				
Assistance to State Water Resources Research Institutes	15.805			226,940
U.S. Geological Survey Research and Data Collection	15.808			1,404,581
Cooperative Research Units	15.812			140,632
Volcano Hazards Program Research and Monitoring	15.818			826,277
National and Regional Climate Adaptation Science Centers	15.820		208,486	1,892,639
Other – Unknown AL Number	15.RD			14,386
				4,505,455

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai‘i
State of Hawai‘i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
National Park Service				
Cooperative Research and Training Programs – Resources of the National Park System	15.945			1,595,719
Passed through from				
State of Hawaii Dept. of Land and Natural Resources	15.605	various		602,812
State of Hawaii Dept. of Land and Natural Resources	15.608	various		469
State of Hawaii Dept. of Land and Natural Resources	15.611	various		254,967
State of Hawaii Dept. of Land and Natural Resources	15.615	various		618,226
State of Hawaii Dept. of Land and Natural Resources	15.630	various		60,705
State of Hawaii Dept. of Land and Natural Resources	15.634	various		1,058,573
State of Hawaii Dept. of Land and Natural Resources	15.657	various		678,434
State of Hawaii Dept. of Land and Natural Resources	15.670	C32508		21,699
State of Hawaii Dept. of Land and Natural Resources	15.944	various		31,714
State of Hawaii Dept. of Land and Natural Resources	15.RD	C31581		176,144
City & County Honolulu – Board of Water Supply	15.631	MOD2		805
University of Alaska – Fairbanks	15.820	UA22-0051		9,617
America View	15.815	AV18-HI-02		28,719
American Samoa Power Authority	15.981	-----		2,863
World Turtle Trust	15.631	Letter dated 10 Nov 2020		6,205
				<u>3,551,952</u>
				10,325,303
U.S. Department of State				
Passed through from				
University of Alabama	19.RD	A22-0551-S001		71,974
U.S. Department of Transportation				
Federal Aviation Administration				
Air Transportation Centers of Excellence	20.109			65,301
Passed through from				
State of Hawaii Dept. of Land and Natural Resources	20.205	C11936		25,299
State of Hawaii Dept. of Transportation	20.200	various		50,586
State of Hawaii Dept. of Transportation	20.205	various	91,156	477,472
State of Hawaii Dept. of Transportation	20.RD	various		899,990
University of Alaska – Fairbanks	20.701	various		284,743
				<u>1,738,090</u>
				1,803,391
U.S. Department of Treasury				
Passed through from				
State of Hawaii Dept. of Budget and Finance	21.026	PO 00027193		16,227
National Aeronautics and Space Administration				
Goddard				
Science	43.001		510,752	13,047,012
Office of Stem Engagement (“OSTEM”)	43.008		25,870	<u>126,980</u>
John H. Glenn Research Center (“GRC”)				13,173,992
Office of Stem Engagement (“OSTEM”)	43.008			9,800
Headquarters				
Safety, Security and Mission Services	43.009			84,945
Kennedy				
Office of Stem Engagement (“OSTEM”)	43.008			441,025
Langley Research Center				
Science	43.001			12,487
Space Technology	43.012			<u>16,244</u>
Stennis Space Center				28,731
Office of Stem Engagement (“OSTEM”)	43.008		157,509	1,081,163
Passed through from				
Arizona State University	43.001	09-192		9,215
Arizona State University	43.RD	various		259,170
Baylor College of Medicine	43.003	7000001717		122,828
University of California – Los Angeles	43.001	various		121,601
University of California – San Diego	43.001	various		83,049
University of California – Santa Cruz	43.001	A21-0406-S002		64,195

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai‘i
State of Hawai‘i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
California Institute of Technology	43.001	S447534		127,561
California Institute of Technology	43.RD	S480858		20,330
Catholic University of America	43.001	362664 Sub 1		2,582
University of Chicago	43.001	AWD101921 (SUB00000465)		212,428
University of Colorado	43.RD	1560127 / PO# 1001600805		5,511
Columbia University	43.001	1(GG016372-01)		158,222
George Mason University	43.001	E2050041		23,594
Goodman Technologies LLC	43.RD	various		93,551
Interstel Technologies Inc	43.RD	-----		54,073
University of Iowa	43.001	S02745-01		49,135
Jet Propulsion Lab	43.001	various		386,926
Jet Propulsion Lab	43.RD	various		130,008
University of Michigan	43.001	3004685380		5,631
University of New Mexico	43.001	133711-873Z		46,669
Princeton University	43.001	SUB0000659		6,158
Purdue University	43.001	12000329-003		8,265
Rensselaer Polytechnic Inst	43.001	A18-0010-S002		60,541
SETI Institute	43.001	SC 3369		67,328
Smithsonian Astrophysical Observatory	43.001	various		188,727
University of South Carolina	43.001	20-3947 PO#2000049650		70,534
Space Telescope Science Institute	43.RD	various		633,180
Stanford University	43.001	62308258-146334		331
Universities Space Research Association	43.001	various	103,249	283,790
Universities Space Research Association	43.RD	various		6,272
University of Washington	43.001	UWSC11882 (BPO48361)		61,898
Washington University	43.001	various		282,699
Woods Hole Oceanographic Inst	43.001	A101520		178,073
Wyle Laboratories, Inc	43.RD	various		1,329
				<u>3,825,404</u>
				18,645,060
National Endowment for the Arts and Humanities				
National Endowment for the Humanities				
Promotion of the Humanities Research	45.161			251,564
Institute of Museum and Library Services				
Museums for America	45.301			60,689
Laura Bush 21st Century Librarian Program	45.313			<u>22,091</u>
				82,780
National Science Foundation				
Engineering	47.041			1,215,202
Mathematical and Physical Sciences	47.049		67,198	5,518,139
Geosciences	47.050		322,934	24,534,160
Computer and Information Science and Engineering	47.070		295,570	3,484,444
Biological Sciences	47.074		63,998	2,305,106
Social, Behavioral, and Economic Sciences	47.075		16,998	301,831
STEM Education	47.076		611,659	5,857,542
Polar Programs	47.078			4,020
Integrative Activities	47.083		314,943	4,093,155
NSF Technology, Innovation, and Partnerships	47.084			8,349
Passed through from				
Adnoviv Inc	47.041	-----		29,781
Arizona State University	47.084	ASUB00001206		13,647
Association of Universities for Research in Astronomy, Inc.	47.049	various		1,338,990
Auburn University	47.076	21-COSAM-200840-UHI	9,230	132,282
Boise State University	47.076	9682-PO138813		45,755
University of California – San Diego	47.050	various		51,265
California Association for Research in Astronomy	47.049	15891		84,820
Chaminade University	47.RD	CUH-UH-Alliance-1		35,453
Columbia University	47.050	37G (GG009393-04)		3,603
Computing Research Association	47.070	various		226,982
Concord Consortium Inc	47.076	354.21.02		72,384

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai‘i
State of Hawai‘i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
University of Delaware	47.083	various		21,995
University of Idaho	47.074	AW5809 826662		40,823
Indiana University	47.070	8713-UH, PO0262643		145,606
University of Iowa	47.075	S01090-01		9,458
University of Massachusetts	47.075	20-011028A		12,243
Massachusetts Institute of Technology	47.049	S5304, PO# 576482		73,355
University of New Mexico	47.050	various		258,435
State University of New York	47.075	965088057 / 95381		7,957
Northeastern University	47.070	512138-78050		7,574
University of Oregon	47.075	2015X0A		2,389
Purdue University	47.070	10000686-057 (4101-71503)		1,915
Santa Clara University	47.075	NSF123-05		1,183
Stanford University	47.050	62720430-211324		73,933
University of Texas – Austin	47.079	UTAUS-SUB0000009		11,369
University of Texas – Austin	47.084	UTAUS - SUB00000859		16,849
University of Washington	47.041	UWSC13226 (BPO60528)		148,213
University of Washington	47.050	UWSC8197 (BPO6548)		(1)
University of Washington	47.083	UWSC13269 (BPO60735)		27,436
University of Washington	47.084	UWSC14133 (BPO69415)		110,562
Willamette University	47.074	NSF2001190-UH		15,915
Woods Hole Oceanographic Inst	47.070	A101571		15,404
				<u>3,037,575</u>
				50,359,523
Small Business Administration				
Shuttered Venue Operators Grant Program	59.075			1,012,607
U.S. Department of Veterans Affairs	64.RD			31,722
Environmental Protection Agency				
Passed through from				
State of Hawaii Dept. of Health	66.419	various		191,998
State of Hawaii Dept. of Health	66.460	CWB-PRC MOA 22-2		3,179
State of Hawaii Dept. of Health	66.472	PO 00268373		8,504
State of Hawaii Dept. of Land and Natural Resources	66.460	C11408		616
State of Hawaii Dept. of Land and Natural Resources	66.461	C20770		66,954
University of California – Irvine	66.509	2022-1624		29,421
				<u>300,672</u>
U.S. Department of Energy				
Office of Science Financial Assistance Program	81.049		18,128	2,740,120
Renewable Energy Research and Development	81.087		6,000	598,023
Fossil Energy Research and Development	81.089			15,506
Other	81.RD			22,707
Passed through from				
State of Hawaii Dept. of Business, Economic Development and Tourism	81.041	various		197,536
University of Alaska – Fairbanks	81.049	UA 22-0072		255,895
Alliance for Sustainable Energy LLC	81.RD	SUB-2021-10731		42,179
Battelle Memorial Institute	81.RD	594708		31,032
Brookhaven National Lab	81.RD	353181		71,880
University of California – Berkeley	81.049	00010209(PO#BB01314888)		108,586
University of California – Berkeley	81.RD	7537602		14,334
Fermi National Accelerator Lab	81.RD	681810		83,951
Georgia Institute of Technology	81.113	AWD-000372-G3		185,397
Kymanetics Inc	81.RD	N/A (PNNL Subcontr #550372)		14,049
Lawrence Livermore National Lab	81.RD	various		98,794
University of Michigan	81.113	SUBK00009800/PO 3005792195		457,456
Nalu Scientific LLC	81.049	various		117,243
Ocean Era Inc	81.087	1037-002		30,852
Ocean Era Inc	81.135	1037-001		(9,785)
University of Oklahoma	81.049	2020-35		144,191
Oregon State University	81.087	G0196A-B		31,886
Purdue University	81.087	14000614-020		68,293
Sandia National Lab	81.RD	various		61,902

See notes to the Schedule of Expenditures of Federal Awards.

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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures	
University of Texas – Arlington	81.049	2019GC3293		58,341	
UT-Battelle LLC	81.RD	4000193505		155,226	
University of Washington	81.087	UWSC11824 (BP047742)	53,859	334,579	
Washington State University	81.087	130616 SPC001434		445	2,554,262
					5,930,618
U.S. Department of Education					
Office of Elementary and Secondary Education					
Overseas Programs – Faculty Research Abroad	84.019A			17,967	
Javits Gifted and Talented Students Education	84.206A		60,582	435,417	453,384
Passed through from					
State of Hawaii Dept. of Education	84.RD	CO-20174, MOA D21-070		39,564	
Native Hawaiian Education Assn	84.259A	-----		43,481	83,045
					536,429
U.S. Department of Health and Human Services					
National Institutes of Health					
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077			37,989	
Environmental Health	93.113		184,646	199,687	
Drug Abuse and Addiction Research Programs	93.279			966,494	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		56,915	1,275,199	
Minority Health and Health Disparities Research	93.307		154,742	5,810,823	
Trans-NIH Research Support	93.310		631,336	2,508,432	
Construction Support	93.352			3,336,124	
Cancer Cause and Prevention Research	93.393		2,287,548	5,603,421	
Cancer Detection and Diagnosis Research	93.394		223,265	1,383,770	
Cancer Treatment Research	93.395		3,526	102,481	
Cancer Biology Research	93.396		70,106	1,211,763	
Cancer Centers Support Grants	93.397		10,039	3,619,823	
Cancer Research Manpower	93.398			474,233	
Cancer Control	93.399		246,865	1,137,698	
Cardiovascular Diseases Research	93.837			775,930	
Lung Diseases Research	93.838			330,273	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		32,083	819,180	
Allergy and Infectious Diseases Research	93.855		261,105	1,072,174	
Biomedical Research and Research Training	93.859		1,271,634	13,117,561	
Child Health and Human Development Extramural Research	93.865		37,857	1,014,554	
Aging Research	93.866			143,163	
Others	93.RD			1,853,208	46,793,980
Centers for Disease Control and Prevention					
Strengthening Public Health through Surveillance, Epidemiologic Research, Disease Detection and Prevention	93.326		50,245	222,454	
Other – Unknown AL Number	93.RD			116,036	338,490
Administration for Community Living (“ACL”)					
Special Programs for the Aging, Title IV, and Title II Discretionary Projects	93.048				262,644
Agency for Healthcare Research and Quality (“AHRQ”)					
Research on Healthcare Costs, Quality and Outcomes	93.226				128,045
Passed through from					
State of Hawaii Dept. of Health	93.110	Needs Assessment		7,339	
State of Hawaii Dept. of Health	93.136	various		1,551,032	
State of Hawaii Dept. of Health	93.243	various		193,068	
State of Hawaii Dept. of Health	93.323	ASO LOG 22-149, PO 00267370		18,359	
State of Hawaii Dept. of Health	93.470	ASO LOG 21-073		15,712	
State of Hawaii Dept. of Health	93.982	ASO LOG 21-160-M2, PO 265598		134,135	
State of Hawaii Dept. of Human Services	93.556	DHS-21-POS-0035		241,815	
Alliance NCTN Foundation	93.399	202010111		50,846	
American Samoa Community Cancer Coalition	93.866	9302022PPM-UH-01		11,040	
University of Arkansas for Medical Sciences	93.307	55540 UH		6,669	
Baylor College of Medicine	93.393	7000001391 AMDT4		155,303	
Beth Israel Deaconess Med Ctr	93.393	1062660		35,788	

See notes to the Schedule of Expenditures of Federal Awards.

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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Boston Medical Center Corp	93.361	4896-UHI-03A3	3,161	45,284
Bowling Green State University	93.866	10011128-UH		15,804
Brigham and Women's Hospital	93.837	2017D008368; BWH No. 119749		26,342
Brigham and Women's Hospital	93.RD	-----		1,091
University at Buffalo	93.837	R11186465		207,564
University of California – Berkeley	93.396	00011108 / PO# BB01656128		89,363
University of California – Los Angeles	93.RD	1935-S-XA591 MOD3 & 4		88,247
University of California – Riverside	93.242	S-001596		9,124
University of California – Riverside	93.279	S-001597		9,954
University of California – San Francisco	93.393	various		156,386
University of California – San Francisco	93.866	13945sc		208,888
Cedars-Sinai Medical Center	93.394	0002122983		46,843
Cedars-Sinai Medical Center	93.395	1632520		1,509
Childrens Hospital Philadelphia	93.865	GRT-00000601 (PO #20209305)		127,243
Clemson University	93.273	2277-209-2014458		34,308
University of Colorado	93.865	FY20.745.003		32,218
Columbia University	93.396	2(GG012799-01)		114,477
Columbia University	93.865	5r01HD104599-02/1-GG014362		43,124
Cornell University	93.855	various		21,908
Duke University	93.393	303001280		7,062
Duke University Medical Center	93.865	PTN Opportunity #1	(3,585)	(4,517)
ECOG-ACRIN Cancer Research Group	93.RD	-----		612
Feinstein Inst Medical Res	93.394	-----		58,211
Florida State University	93.307	various		226,319
Florida State University	93.310	R000003096		197,828
Franklin County Public Health	93.137	-----		140,126
George Washington University	93.394	19-M65, 20-M97,M118, 21-M83		14,371
George Washington University	93.866	S-DPA2223-LM22		137,418
University of Guam	93.397	ORSP 002		108,015
University of Hawaii Foundation	93.RD	124-2520-2		219,634
Hawaii Pacific Health Medical	93.879	1202518506		29,849
Hawaii Pacific University	93.279	UH-232810		27,962
Hawaii Pacific University	93.310	HPU-22-006		38,988
Hutchinson Cancer Research Center	93.393	various		5,991
Hutchinson Cancer Research Center	93.397	-----		931
Johns Hopkins University	93.242	2004018010		(11,890)
Johns Hopkins University	93.855	IMPAACT TO LDR 02		139,806
Ke Ola Mamo	93.932	various		69,033
Kuakini Medical Center	93.859	various		63,544
Kuakini Medical Center	93.866	1906-6454-UH MOD4		44,460
Leidos Biomedical Research Inc	93.RD	23X001		29,541
Louisiana State University	93.855	22-03-001, AMDT1		4,286
Medical University of South Carolina	93.859	A23-0058-S001		72,858
University of Melbourne	93.393	various		128,661
University of Minnesota	93.393	various	70,775	178,626
Morhouse School of Medicine	93.307	RCC-001UHI		341,936
University of Nevada – Las Vegas	93.859	various		(1,569)
New York University	93.394	16-00-A0-006712-01 AMDT#6		4,847
University of North Texas Health Sciences Center at Fort Worth	93.310	various		363,165
Northeastern University	93.279	500849-78051		28,012
Northern Arizona University	93.307	various		59,544
NRG Oncology Foundation Inc	93.RD	-----		127
Oregon Health & Science University	93.RD	-----		1,860
University of Pittsburgh	93.859	AWD00004497 (136809-2)		20,754
Queen's Medical Center	91.103	113020 (1U01FD007583-01)		63,234
Queen's Medical Center	93.394	various		133,787
Republic of Palau	93.898	22-115		34,607
Rutgers, State University	93.172	1204 (PO #1248299)		45,076
Rutgers, State University	93.866	9000, PO 1477992		121
The Salvation Army	93.243	-----		4,004
Seattle Institute for Biomedical and Clinical Research	93.847	KS16-UH-13		51,766
Soligenix Inc	93.855	SOLI2021-01		210,726

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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
University of Southern California	93.393	various		108,546
Southwest Oncology Group	93.RD	-----		553
Tufts Medical Center	93.361	various		68,132
University of Utah	93.846	10052837-01-HI, U000252428		77,433
Vanderbilt University Medical Center	93.393	various		17,071
University of Washington	93.361	UWSC13634		24,167
University of Washington	93.855	UWSC13255 (BPO60601)		69,214
University of Washington	93.879	N/A (BPO68507)		24,456
Washington State University	93.866	various		306,449
West Virginia University	93.838	N/A (Prime: OT2HL161847)		353,344
				<u>8,039,870</u>
				55,563,029
U.S. Department of Homeland Security				
Passed through from				
State of Hawaii Dept. of Defense	97.039	various		433,661
State of Hawaii Dept. of Health	97.039	-----		73,467
City & County Honolulu	93.RD	CT-MAY-2200075		125,856
				<u>632,984</u>
U.S. Agency for International Development				
USAID Foreign Assistance for Programs Overseas	98.001		31,043	343,842
Passed through from				
DAI Global LLC	98.RD	1003518-S22-00001-00		64,711
International Organization for Migration	98.RD	TLSSERVC00062023		165,571
				<u>230,282</u>
				574,124
Other				
Marine Mammal Commission	99.RD	MMC22-059		37,976
Total Research and Development				<u>248,764,373</u>
MAJOR PROGRAM – STUDENT FINANCIAL ASSISTANCE				
U.S. Department of Education				
Office of Federal Student Aid				
Federal Supplemental Educational Opportunity Grants	84.007A			1,474,674
Federal Work-Study Program	84.033A			1,651,691
Federal Pell Grant Program	84.063P			46,187,036
Federal Direct Student Loans	84.268			112,502,008
Teacher Education Assistance for College and Higher Education Grants ("TEACH" Grants)	84.379T			82,670
Total Student Financial Assistance				<u>161,898,079</u>
MAJOR PROGRAM – TITLE III HIGHER EDUCATION – INSTITUTIONAL AID				
U.S. Department of Education				
Office of Postsecondary Education				
Higher Education Institutional Aid	84.031V			6,617,540
Higher Education Institutional Aid	84.031W			8,644,097
Total Title III Higher Education – Institutional Aid				<u>15,261,637</u>
MAJOR PROGRAM – TRIO CLUSTER				
U.S. Department of Education				
Office of Postsecondary Education				
TRIO Student Support Services	84.042A			2,222,408
TRIO Talent Search	84.044A			1,059,274
TRIO Upward Bound	84.047A			1,865,866
TRIO Upward Bound	84.047M			497,078
TRIO Educational Opportunity Centers	84.066A			361,908
Total TRIO Cluster				<u>6,006,534</u>

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University of Hawai‘i
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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
MAJOR PROGRAM – TITLE VII NATIVE HAWAIIAN EDUCATION				
U.S. Department of Education				
Office of Elementary and Secondary Education				
Native Hawaiian Education				
	84.362A		462,030	15,765,593
Passed through from				
Papa Ola Lōkahi				
	84.362A	various		103,006
Total Title VII Native Hawaiian Education				15,868,599
MAJOR PROGRAM – STATE AND LOCAL HOMELAND SECURITY NATIONAL TRAINING PROGRAM				
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
State and Local Homeland Security National Training Program				
	97.005			4,355,321
Total State and Local Homeland Security National Training Program				4,355,321
MAJOR PROGRAM – GEAR UP PROGRAM				
U.S. Department of Education				
Office of Postsecondary Education				
Gaining Early Awareness and Readiness for Undergraduate Programs				
	84.334A		46,997	2,053,179
Gaining Early Awareness and Readiness for Undergraduate Programs				
	84.334S		1,632,779	4,119,018
Total Gear Up Program				6,172,197
MAJOR PROGRAM – IRTF OPERATION				
National Aeronautics and Space Administration				
Goddard				
80HQTR19D0030				
	43.U01			6,042,408
Total IRTF Operation				6,042,408
MAJOR PROGRAM – HIGHER EDUCATION EMERGENCY RELIEF FUND				
U.S. Department of Education				
Education Stabilization Fund				
COVID-19 – HEERF-Student Aid Portion				
	84.425E			3,766,390
COVID-19 – HEERF-Institutional Portion				
	84.425F			21,773,484
COVID-19 – HEERF-Minority Serving Institutions				
	84.425L			39,754,928
COVID-19 – Discretionary Grants: Reimagining Workforce Preparation Grants				
	84.425G			4,297,088
COVID-19 – Institutional Resilience and Expanded Post Secondary Opportunity				
	84.425P			576,304
COVID-19 – Education Stabilization Fund				
	84.425T			211,243
Passed through from				
COVID-19 – State of Hawaii Office of the Governor				
	84.425C	-----		4,133,650
COVID-19 – State of Hawaii Dept. of Education				
	84.425C	PO22051458		7,628
COVID-19 – State of Hawaii Dept. of Education				
	84.425U	MOA D22-138, CO-20267		65,759
COVID-19 – Research Corp of the University of Hawaii				
	84.425C	various		399,803
COVID-19 – Iolani School				
	84.425C	-----		7,332
Total Higher Education Emergency Relief Fund				74,993,609
MAJOR PROGRAM – Coronavirus State and Local Fiscal Recovery Funds				
U.S. Department of Treasury				
Passed through from				
COVID-19 – State of Hawaii Office of the Governor				
	21.027	various		53,398,120
COVID-19 – State of Hawaii Dept. of Defense				
	21.027	MOD		72,679
COVID-19 – State of Hawaii Dept. of Land and Natural Resources				
	21.027	various		465,657
Total Coronavirus State and Local Fiscal Recovery Funds				53,936,456
MAJOR PROGRAM – Career and Technical Education				
U.S. Department of Education				
Office of Career, Technical, and Adult Education				
Career and Technical Education – Basic Grants to States				
	84.048A		4,277,030	7,180,926
Total Career and Technical Education				7,180,926

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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
OTHER FEDERAL ASSISTANCE				
U.S. Department of Agriculture				
Agricultural Research Service				
Agricultural Research Basic and Applied Research	10.001			185,341
Animal and Plant Health Inspection Service				
Plant and Animal Disease, Pest Control, and Animal Care	10.025		41,210	
Other – Unknown AL Number	10.U01		2	41,212
National Institute of Food and Agriculture				
Higher Education – Institution Challenge Grants Program	10.217		5,697	
Higher Education – Multicultural Scholars Grant Program	10.220		41,283	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	10.228		75,393	1,539,452
Agriculture and Food Research Initiative (“AFRI”)	10.310		60,183	915,120
Beginning Farmer and Rancher Development Program	10.311			317,849
National Food Safety Training, Education, Extension, Outreach, Technical Assistance Competitive Grants Program	10.328		69,669	111,828
Crop Protection and Pest Management Competitive Grants Program	10.329			114,514
Veterinary Services Grant Program	10.336			22,292
Cooperative Extension Service	10.500			151,702
Smith-Lever Funding (Various Programs)	10.511			1,815,403
Expanded Food and Nutrition Education Program	10.514			494,663
Renewable Resources Extension Act and National Focus Fund Proj	10.515			54,472
Rural Health and Safety Education Competitive Grants Program	10.516			190,364
Other	10.U02			3,340
Foreign Agricultural Service				
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777			6,493
Cochran Fellowship Program	10.962			256
Forest Service				
Cooperative Forestry Assistance	10.664			54,269
Other	10.U03			7,933
National Resources Conservation Service				
Environmental Quality Incentives Program	10.912		4,400	489,663
Rural Utilities Service				
Distance Learning and Telemedicine Loans and Grants	10.855			106,296
Office of Partnerships and Public Engagement				
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443			11,314
Rural Business Cooperative Service				
Rural Business Development Grant	10.351			119,777
Passed through from				
State of Hawaii Dept. of Agriculture	10.170	various		53,808
State of Hawaii Dept. of Agriculture	10.525	69794		338,467
State of Hawaii Dept. of Education	10.534	MOA D19-079, CO-10968		(60)
State of Hawaii Dept. of Education	10.558	various		16,341
State of Hawaii Dept. of Education	10.574	MOA D22-099, CO-20252		70,639
State of Hawaii Dept. of Human Services	10.561	various		976,424
State of Hawaii Dept. of Land and Natural Resources	10.664	C32049		99,342
State of Hawaii Dept. of Land and Natural Resources	10.674	C20762		48,931
State of Hawaii Dept. of Land and Natural Resources	10.675	C10940		4,430
State of Hawaii Dept. of Land and Natural Resources	10.680	C20927		269,424
University of Arizona	10.500	various		14,017
Extension Foundation	10.229	EXC1-2021-2073		7,396
Hawaii Public Health Institute	10.522	-----		678
Ho‘ola Farms	10.334	-----		17,534
Kansas State University	10.500	various		20,271
Marine & Environmental Research Institute of Pohnpei	10.311	2020-01		59,275
Marine & Environmental Research Institute of Pohnpei	10.443	2023-1		1,633
Montana State University	10.215	various		59,425
Montana State University	10.328	G203-19-W7506		(35)
Oregon State University	10.328	C0595B-A		7,004
Oregon State University	10.902	DB066A-B		1,090
Purdue University	10.500	F9001573902014		29,444
Synergistic Hawaii Agriculture	10.309	SCRIUHMCTAHR-2022		32,207

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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures	
Washington State University	10.500	various	29,701	111,870	
Washington State University	10.525	139244 SPC004332		9,220	2,248,775
					9,049,308
U.S. Department of Commerce					
Economic Development Administration					
Economic Development Technical Assistance	11.303			130,446	
Economic Adjustment Assistance	11.307			832,176	962,622
National Oceanic and Atmospheric Administration ("NOAA")					
NOAA Mission-Related Education Awards	11.008			120,513	
Integrated Ocean Observing System ("IOOS")	11.012		41,257	2,992,728	
Sea Grant Support	11.417		56,413	2,884,483	
Coastal Zone Management Estuarine Research Reserves	11.420		304,008	1,026,956	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			75,910	
Marine Sanctuary Program	11.429			14,879	
Unallied Industry Projects	11.452			301	
Meteorologic and Hydrologic Modernization Development	11.467			463,847	
Congressionally Identified Awards and Projects	11.469		92,400	119,544	
Office for Coastal Management	11.473		101,470	203,968	
Other	11.U01			67,233	7,970,362
Minority Business Development Agency					
Minority Business Resource Development	11.802			61,295	
MBDA Business Center	11.805			489,299	550,594
Passed through from					
State of Hawaii Dept. of Business, Economic Development and Tourism	11.307	-----		19,667	
State of Hawaii Dept. of Business, Economic Development and Tourism	11.419	69894		115,927	
State of Hawaii Dept. of Defense	11.467	various		377,410	
State of Hawaii Dept. of Land and Natural Resources	11.429	various		64,818	
State of Hawaii Dept. of Land and Natural Resources	11.437	C21301		85,058	
State of Hawaii Dept. of Land and Natural Resources	11.472	C31862		60,273	
State of Hawaii Dept. of Land and Natural Resources	11.473	C20604		220,569	
State of Hawaii Dept. of Land and Natural Resources	11.482	various		279,536	
State of Hawaii Dept. of Land and Natural Resources	11.U01	various		60,446	
State of Hawaii Office of the Governor	11.035	-----		35,507	
University of Connecticut	11.417	150447771		4,908	
Government of Guam	11.U01	P196A04757, P216A01230		32,292	
Maui Economic Development Board	11.023	-----		28,831	
National Fish and Wildlife Foundation	11.473	0318.20.069067	28,265	70,085	
National Fish and Wildlife Foundation	11.482	0810.22.074845		37,500	
National Marine Sanctuary Foundation	11.011	5300-23-04-048		11,989	
National Marine Sanctuary Foundation	11.419	20-05-B-269		71,987	
Pacific American Foundation	11.427	various		88,714	
Polynesian Voyaging Society	11.473	N/A (Prime NA20NOS4730209)		71,226	
University of Washington	11.417	UWSC11358 (BPO42722)		39,539	1,776,282
					11,259,860
U.S. Department of Defense					
Air Force					
Air Force Defense Research Sciences Program	12.800				211
Army					
Other – Unknown AL Number	12.U01				43,388
Navy					
Basic and Applied Scientific Research	12.300			291,564	
Other – Unknown AL Number	12.U03		740,896	1,491,159	1,782,723
Defense Logistics Agency					
Procurement Technical Assistance for Business Firms	12.002				320,207
National Security Agency					
Language Grant Program	12.900			194,527	
Information Security Grants	12.902			148,417	
GenCyber Grants Program	12.903			232,808	575,752
Pacific Command	12.U04				435,908

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai'i
State of Hawai'i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Passed through from				
American Lightweight Materials	12.300	M012-01		62,500
Institute of International Education	12.550	various	192,143	2,241,473
International Archaeology LLC	12.U05	IA202218		14,972
Moraine Valley Community College	12.905	06-81-4134-5309004-UH-Maui		16,072
Northeastern Regional Association of Coastal Ocean Observing Systems	12.300	AO12-029		171
PACMAR Technologies LLC	12.U06	SCN09837 (Ref No 10051)		49,501
				<u>2,384,689</u>
				5,542,878
U.S. Department of Housing and Urban Development				
Passed through from				
Gregory Housing Programs	14.U01	-----		2,059
Hawaii Public Health Institute	14.218	-----		26,116
Partners in Care	14.267	-----		73,258
				<u>101,433</u>
U.S. Department of the Interior				
Bureau of Land Management				
Joint Fire Science Program	15.232		132,182	151,849
U.S. Fish and Wildlife Service				
Fish and Wildlife Management Assistance	15.608			23,732
Endangered Species Recovery Implementation	15.657			19,175
				<u>42,907</u>
U.S. Geological Survey				
Assistance to State Water Resources Research Institutes	15.805			9,896
Insular Affairs				
Economic, Social, and Political Development of the Territories	15.875			14,156
National Park Service				
Cooperative Research and Training Programs – Resources of the National Park System	15.945			351,047
Passed through from				
State of Hawaii Dept. of Land and Natural Resources	15.611	various		23,940
State of Hawaii Dept. of Land and Natural Resources	15.614	various		276,247
State of Hawaii Dept. of Land and Natural Resources	15.615	various		748,737
State of Hawaii Dept. of Land and Natural Resources	15.634	various		141,801
State of Hawaii Dept. of Land and Natural Resources	15.657	various		32,126
University of California – Santa Barbara	15.423	KK2232		46,096
				<u>1,268,947</u>
				1,838,802
U.S. Department of Justice				
Office of Justice Programs				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560			29,594
Postconviction Testing of DNA Evidence	16.820			202,372
				<u>231,966</u>
Passed through from				
State of Hawaii – Judiciary	16.812	various		32,636
National 4-H Council	16.726	various		46,856
Residential Yth Svc & Empowerment	16.736	-----		11,362
				<u>90,854</u>
				322,820
U.S. Department of State				
Passed through from				
East West Center	19.015	HC14231		34,041
East West Center	19.U01	various		222,008
Auckland Uniservices Limited	19.U02	1500188		1,846
World Learning Inc	19.009	IDEAS21-Hawaii01		588
				<u>258,483</u>
U.S. Department of Transportation				
Passed through from				
State of Hawaii Dept. of Transportation	20.205	TA 2020-QK-MOU, PO 40059017	53,569	107,981
State of Hawaii Dept. of Transportation	20.215	-----		49,749
State of Hawaii Dept. of Transportation	20.616	various		82,518
State of Hawaii Dept. of Transportation	20.U01	various		339,942
Commonwealth of the Northern Mariana Islands	20.215	-----		18,352
University of Southern California	20.701	84376201		161,131
WSP USA Solutions Inc	20.200	LSC2005137 TO #1		91,170
				<u>850,843</u>

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai‘i
State of Hawai‘i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures	
U.S. Department of Treasury					
Passed through from					
COVID-19 – State of Hawaii Office of the Governor	21.029	-----		283,816	
COVID-19 – Research Corp of the University of Hawaii	21.019	-----		<u>231,343</u>	515,159
Federal Communications Commission					
COVID-19 Telehealth Program	32.006		201,708		243,376
National Aeronautics and Space Administration					
Goddard					
Science	43.001			(13,500)	
Office of Stem Engagement (“OSTEM”)	43.008			354,937	
Other – Unknown AL Number	43.U01			<u>472,656</u>	814,093
Ames					
Office of Stem Engagement (“OSTEM”)	43.008				44,793
Passed through from					
University of Arizona	43.U01	Y403053		1,127	
Space Telescope Science Institute	43.U02	HST-HF2-51459.001-A		112,368	
Universities Space Research Association	43.001	05754-02		<u>1</u>	113,496
					<u>972,382</u>
National Endowment for the Arts and Humanities					
National Endowment for the Arts					
Promotion of the Arts Grants to Organizations and Individuals	45.024				41,187
National Endowment for the Humanities					
Promotion of the Humanities Division of Preservation and Access	45.149		150,000	416,169	
Promotion of the Humanities Office of Digital Humanities	45.169			<u>47</u>	416,216
Passed through from					
Hawaii State Foundation on Culture & Arts	45.025	68516 (FY20-0147)		87,755	
American Council of Learned Societies	45.U01	-----		51,263	
American Library Association	45.164	-----		2,980	
Arts Midwest	45.024	29673		74	
Hawaii Council for Humanities	45.129	REG-22A-07		9,828	
Mid Atlantic Arts	45.024	2022-2710		7,355	
WESTAF	45.025	TW20220071		<u>5,000</u>	164,255
					<u>621,658</u>
Institute of Museum and Library Services					
National Leadership Grants	45.312				154,278
Passed through from					
WGBH Educational Foundation	45.313	K201094; RE250145OLS21		<u>15,197</u>	169,475
Small Business Administration					
Small Business Development Centers	59.037				870,786
Veterans Outreach Program	59.044				399,699
Shuttered Venue Operators Grant Program	59.075				254,973
Passed through from					
State of Hawaii Dept. of Business, Economic Development and Tourism	59.058	-----		12,971	
State of Hawaii Dept. of Business, Economic Development and Tourism	59.061	-----		<u>1,067</u>	14,038
					<u>1,539,496</u>
Environmental Protection Agency					
Passed through from					
State of Hawaii Dept. of Agriculture	66.605	70218		17,568	
State of Hawaii Dept. of Health	66.419	CWBMI2021-1		377	
State of Hawaii Dept. of Health	66.460	various		112,126	
State of Hawaii Dept. of Land and Natural Resources	66.461	various		91,296	
Extension Foundation	66.716	SA-2022-56		<u>19,110</u>	240,477

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai‘i
State of Hawai‘i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures	
U.S. Department of Energy					
Passed through from					
Alliance for Sustainable Energy LLC	81.U01	various		121,234	
Battelle Memorial Institute	81.U02	446471		6,586	127,820
U.S. Department of Education					
Office of Postsecondary Education					
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015A			658,027	
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015B			746,134	
Overseas Programs – Group Projects Abroad	84.021A			113,435	
Overseas Programs – Doctoral Dissertation Research Abroad	84.022A			120,893	
Fund for the Improvement of Postsecondary Education	84.116K			27,434	
Fund for the Improvement of Postsecondary Education	84.116Z			18,849	
Language Resource Centers	84.229A			160,503	
Child Care Access Means Parents in School	84.335A			330,949	
Strengthening Minority-Serving Institutions	84.382B			234,385	
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407A			588,881	2,999,490
Office of Special Education and Rehabilitative Services					
Rehabilitation Long-Term Training	84.129B			212,669	
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325K			131,879	
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326T			172,710	517,258
Office of Elementary and Secondary Education					
Statewide Family Engagement Centers	84.310A			960,106	
English Language Acquisition State Grants	84.365Z			341,362	1,301,468
Passed through from					
State of Hawaii Dept. of Education	84.371C	MOA D20-102 CO-20080	1,620,808	1,975,362	
State of Hawaii Dept. of Education	84.372A	MOA D21-010, CO-20135		463,187	
State of Hawaii Dept. of Health	84.U01	EIS-CSPD Evaluation		2,766	
Alu Like, Inc	84.259A	various		776,860	
Government of American Samoa	84.U02	various		1,226,460	
University of Connecticut	84.325H	various		25,228	
Hui No Ke Ola Pono, Inc	84.259A	various		287,374	4,757,237
					9,575,453
U.S. Department of Health and Human Services					
Health Resources and Services Administration					
Training in General, Pediatric, and Public Health Dentistry	93.059			78,182	
Area Health Education Centers	93.107		1,529,169	2,219,863	
Maternal and Child Health Federal Consolidated Programs	93.110			528,879	
Centers of Excellence	93.157			548,738	
Grants to States for Loan Repayment	93.165			609,888	
Telehealth Programs	93.211			411,179	
Geriatric Academic Career Awards Department of Health and Human Services	93.250			179,648	
Early Hearing Detection and Intervention	93.251			239,841	
Congressional Directives	93.493			269,744	
Public Health Training Centers Program	93.516			51,235	
Mental and Behavioral Health Education and Training Grants	93.732			371,454	
Health Careers Opportunity Program (“HCOP”)	93.822		50,000	522,312	
PPHF Geriatric Education Centers	93.969		87,918	963,823	6,994,786
Centers for Disease Control and Prevention					
PPHF Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738		146,000	976,220	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		197,712	510,902	
Other – Unknown AL Number	93.U01			15,989	1,503,111

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai‘i
State of Hawai‘i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Administration for Community Living (“ACL”)				
University Centers for Excellence in Developmental Disabilities				
Education, Research, and Service	93.632		485,064	1,392,814
Office of Minority Health				
Community Programs to Improve Minority Health Grant Program	93.137			926,991
Substance Abuse and Mental Health Services Administration				
Substance Abuse and Mental Health Services Projects of				
Regional and National Significance	93.243			770,613
Administration for Children and Families (“ACF”)				
Every Student Succeeds Act/Preschool Development Grants	93.434			94,662
Passed through from				
State of Hawaii Dept. of Education	93.079	MOA D21-127_CO-20215		65,916
State of Hawaii Dept. of Health	93.104	various		329,462
State of Hawaii Dept. of Health	93.110	PMHCA Eval / PO 00271108		23,916
State of Hawaii Dept. of Health	93.243	ASO LOG 19-245 MOD 3-6		187,565
State of Hawaii Dept. of Health	93.251	PO 00272708		33,505
State of Hawaii Dept. of Health	93.270	DI100-HRSB-08-21-HEP		97,198
State of Hawaii Dept. of Health	93.323	various		312,448
State of Hawaii Dept. of Health	93.334	various		109,130
State of Hawaii Dept. of Health	93.354	COMM-2020-T / PO 00259658		2,400
State of Hawaii Dept. of Health	93.387	various		64,212
State of Hawaii Dept. of Health	93.391	various		746,422
State of Hawaii Dept. of Health	93.426	various		171,483
State of Hawaii Dept. of Health	93.470	ASO LOG 21-075		25,379
State of Hawaii Dept. of Health	93.495	various		617,308
State of Hawaii Dept. of Health	93.665	various		845,298
State of Hawaii Dept. of Health	93.788	various		1,469,351
State of Hawaii Dept. of Health	93.810	ASO LOG 22-213		57,766
State of Hawaii Dept. of Health	93.898	various		35,953
State of Hawaii Dept. of Health	93.940	various		31,238
State of Hawaii Dept. of Health	93.958	various		247,842
State of Hawaii Dept. of Health	93.959	various		536,668
State of Hawaii Dept. of Health	93.982	ASO LOG 19-245 MOD 3-6		250,000
State of Hawaii Dept. of Health	93.991	various		44,075
State of Hawaii Dept. of Health	93.994	various		21,697
State of Hawaii Dept. of Health	93.U02	various		392,933
State of Hawaii Dept. of Human Services	93.369	various		459,485
State of Hawaii Dept. of Human Services	93.596	various		840,912
State of Hawaii Dept. of Human Services	93.667	various		295,586
State of Hawaii Dept. of Human Services	93.747	various		354,627
State of Hawaii Dept. of Human Services	93.778	various	15,850	1,686,023
County – Hawaii	93.137	C.009478		70,325
Government of American Samoa	93.898	various		48,530
University of Arizona	93.516	461875		7,428
Association University Center	93.421	22-21-8815		3,408
University of California – Los Angeles	93.110	various		14,550
University of California – San Francisco	93.145	11467sc AMDT 2 & 3		205,271
Catholic Charities Hawaii	93.U03	various		34,381
Essential Access Health	93.217	various		180,592
Federated States of Micronesia	93.898	various		112,711
Government of Guam	93.898	17-0791		53,249
Hawaii Health and Harm Reduction Center	93.136	-----		32,928
Hawaii Health and Harm Reduction Center	93.914	-----		17,280
Hawaii State Rural Health Assn	93.912	GA1RH39562		14,756
I Ola Lahui	93.732	2021001		104,250
Commonwealth of the Northern Mariana Islands	93.778	various		911,954
Commonwealth of the Northern Mariana Islands	93.788	CNMI-MEDICAID-2020-E&E-MMIS		298,997
Commonwealth of the Northern Mariana Islands	93.888	WTL #CNMI-CHCC-2014-002		51,506
Commonwealth of the Northern Mariana Islands	93.898	-----		57,378
Pacific Island Health Officers	93.874	various	159,020	528,413
Papa Ola Lōkahi	93.011	various		69,318
Papa Ola Lōkahi	93.932	various	16,610	219,677

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai'i
State of Hawai'i
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Republic of the Marshall Islands	93.898	various		110,920
Republic of Palau	93.898	18-026 YR 5		61,281
Research Corp of the University of Guam	93.969	RCUOG-2021-04		373
Texas A&M University	93.297	various		255,815
University Health Partners	93.917	AMDT4 (7120-ACR-RW)		13,421
				<u>13,834,510</u>
				25,517,487
Corporation for National and Community Service				
AmeriCorps State Commissions Support Grant	94.003			166,191
AmeriCorps State and National	94.006		1,894,645	1,894,645
AmeriCorps Commission Investment Fund	94.008			50,315
				<u>2,111,151</u>
Social Security Administration				
Social Security – Work Incentives Planning and Assistance Program	96.008			131,483
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
Financial Assistance for Targeted Violence and Terrorism Prevention	97.132			393,994
Other	97.U01			31,908
				<u>425,902</u>
Passed through from				
State of Hawaii Dept. of Defense	97.036	PA-09-HI-4639-RPA-00019		8,225
				<u>434,127</u>
Agency for International Development				
Passed through from				
Mercy Corps	98.001	various		143,681
RTI International	98.U01	various		258,989
				<u>402,670</u>
Other				
Peace Corps	99.U01	140D0421P0105		39,282
United States Botanical Garden	99.U02	PO# AOCsAB22P1387		3,973
Marine Mammal Commission	99.U03	various		11,267
				<u>54,522</u>
Total Other Federal Assistance				<u>71,881,163</u>
Total expenditures of federal awards			<u>\$ 33,511,057</u>	<u>\$ 672,361,302</u>

See notes to the Schedule of Expenditures of Federal Awards.

University of Hawai'i
State of Hawai'i
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the University of Hawai'i (the "University") and is presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The University has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

2. Federal Assistance Listing Number

The Uniform Guidance requires the schedule of expenditures of federal awards to include the Federal Assistance Listing Number ("ALN") for each individual Federal program or other identifying number when the ALN information is not available. For federal assistance programs and awards that have no assigned ALN, federal awards to nonfederal entities from the same agency made for the same purpose are combined and considered as one program. If the ALN three-digit extension is unknown, it has been assigned a "U" followed by a two-digit number (e.g., U01, U02, etc.) under the respective federal agency. If the federal program is part of the Research and Development Cluster and the ALN extension is unknown, "RD" has been used as the ALN extension.

SECTION 3

**SCHEDULE OF
FINDINGS AND QUESTIONED COSTS**

DRAFT

University of Hawai'i²
State of Hawai'i
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. CFR Part 200, Section 200.516?	Yes

Identification of Major Programs¹

Federal Assistance Listing Number	Federal Program or Cluster
Various	Research and Development Cluster
Various	Student Financial Assistance Cluster – Grants, Scholarships and Loans
Various	TRIO Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
43.U01	NASA IRTF Operation
84.031	Title III Higher Education – Institutional Aid
84.048	Career and Technical Education
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs (“GEAR UP”)
84.362	Title VII Native Hawaiian Education
84.425	COVID-19 – Higher Education Emergency Relief Fund (“HEERF”)
97.005	State and Local Homeland Security National Training Program

Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

¹ Refer to Section 2 of this report for detailed information on each contract and grant comprising the University's major programs.

² The University's federal entity identification number is 99-6000354.

University of Hawai'i
State of Hawai'i
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II – Financial Statement Findings

There were no findings related to the financial statements. However, we noted other matters involving compliance and internal control over financial reporting that we will be reporting to the Board of Regents and management of the University in a separate letter.

DRAFT

University of Hawai‘i
State of Hawai‘i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai‘i at Mānoa
Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs

**Questioned
Costs**

\$ -0-

Finding No. 2023-001: Financial Aid Administration – Control Deficiency

Federal Agency: U.S. Department of Education

**Assistance Listing Number
and Title:** 84.063P – Federal Pell Grant Program

Condition

During our audit, for 4 out of 12 students selected for testing, the institution failed to report the student’s enrollment status to the National Student Loan Data System (“NSLDS”).

Criteria

Title 34, Section 685.309 (b)(2) of the U.S. *Code of Federal Regulations* (“CFR”) states that unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, an institution must notify the Secretary within 30 days after the date the institution discovers that a loan under Title IV of the Act was made to, or on behalf of, a student who was enrolled on at least a half-time basis, or failed to enroll on at least a half-time basis for the period which the loan was intended.

Cause

The institution failed to report the student’s enrollment status accurately and within a timely manner due to miscommunication between the Financial Aid Office and the Office of the Registrar.

Effect

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

Context

A sample of 12 exit counseling sessions conducted with borrowers were selected for audit from a population of 1,668 exit counseling sessions conducted with borrowers. Our test found 4 students’ enrollment status were not updated in the NSLDS in a timely manner. Our sample was a statistically valid sample.

University of Hawai‘i
State of Hawai‘i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai‘i at Mānoa
Year Ended June 30, 2023

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the institution update the student enrollment status in the NSLDS in an accurate and timely manner.

Views of Responsible Officials and Planned Corrective Actions

The institution is working with the Office of the Registrar to implement the National Student Clearinghouse (“NSC”) reporting functionality in the student information system. The NSC reporting functionality is scheduled to be implemented for the spring 2024 enrollment reporting process.

DRAFT

**University of Hawai‘i
State of Hawai‘i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai‘i at Hilo
Year Ended June 30, 2023**

**Questioned
Costs**

\$ -0-

Finding No. 2023-002: Return of Title IV Funds – Control Deficiency

Federal Agency: U.S. Department of Education

**Assistance Listing Number
and Title:** 84.063P – Federal Pell Grant Program
84.268 – Federal Direct Student Loans

Condition

During our audit, for 4 out of 15 students selected for testing, the institution failed to remit the institutional portion of unearned Title IV funds to the Title IV program within 45 days after the institution determined that the student withdrew.

Criteria

Title 34, Section 668.22(j)(1) of the CFR requires the institution to return the amount of Title IV funds for which it is responsible for as soon as possible but no later than 45 days after the date of the institution’s determination that the student withdrew.

Cause

Due to turnover in critical positions within the financial aid office and lack of personnel training, the institution was unable to accurately perform the return of Title IV funds calculations timely.

Effect

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the Higher Education Act (“HEA”).

Context

A sample of 15 students who withdrew from the institution and were disbursed a total of \$99,809 in Title IV funds was selected for audit from a population of 277 students who withdrew and were disbursed a total of \$704,249 in Title IV funds. Our test results found 4 students’ return of Title IV funds were not remitted timely. Our sample was a statistically valid sample.

Repeat Finding

This is not a repeat finding.

**University of Hawai'i
State of Hawai'i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai'i at Hilo
Year Ended June 30, 2023**

Recommendation

We recommend that the institution remit the institutional portion of unearned aid to the appropriate Title IV program within the required 45-day time period in accordance with federal regulations.

Views of Responsible Officials and Planned Corrective Actions

The institution has adjusted its procedures to remit the institutional portion of unearned Title IV funds to the Title IV program within 30 days after the institution determined that the student withdrew.

DRAFT

University of Hawai‘i
State of Hawai‘i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai‘i Maui College
Year Ended June 30, 2023

**Questioned
Costs**

\$ -0-

Finding No. 2023-003: Return of Title IV Funds – Control Deficiency

Federal Agency: U.S. Department of Education

**Assistance Listing Number
and Title:** 84.063P – Federal Pell Grant Program

Condition

During our audit, we noted the following instances of noncompliance:

- For 1 out of 15 students selected for testing, the institution failed to remit the institutional portion of unearned Title IV funds to the Title IV program within 45 days after the institution determined that the student withdrew.
- For 1 out of 15 students selected for testing, the institution failed to determine the withdrawal date for students who unofficially withdrew from the institution within 30 days after the end of the period of enrollment.

Criteria

Title 34, Section 668.22(j)(1) of the CFR requires the institution to return the amount of Title IV funds for which it is responsible for as soon as possible but no later than 45 days after the date of the institution’s determination that the student withdrew.

Title 34, Section 668.22(j)(2) of the CFR requires if an institution is not required to take attendance, the institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of 1) the payment period or period of enrollment, as applicable; 2) the academic year; or 3) the program.

Cause

Due to turnover in critical positions within the financial aid office and lack of personnel training, the institution was unable to accurately perform the return of Title IV funds calculations timely.

Effect

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

**University of Hawai‘i
State of Hawai‘i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai‘i Maui College
Year Ended June 30, 2023**

Context

A sample of 15 students who withdrew from the institution and were disbursed a total of \$61,111 in Title IV funds was selected for testing from a population of 84 students who withdrew and were disbursed a total of \$211,730 in Title IV funds. Our test results found that 1 student’s institutional portion of unearned aid was remitted untimely and the institution failed to determine the withdrawal date in a timely manner. Our sample was a statistically valid sample.

Repeat Finding

This is a repeat of prior audit Finding No. 2022-006.

Recommendation

We recommend that institution perform the following to ensure compliance with Federal regulations:

- Remit the institutional portion of unearned aid to the appropriate Title IV program within the required 45-day time period in accordance with federal regulations.
- Determine the withdrawal date for students who withdrew without providing notification within 30 days after the end of the period of enrollment in accordance with federal regulations.

Views of Responsible Officials and Planned Corrective Actions

The institution has implemented procedures to assist with the timely determination of students’ withdrawal dates and has also hired a permanent staff member within the financial aid office to assist in the calculation of the institutional portion of unearned Title IV funds that are required to be remitted to the Title IV program.

**University of Hawai'i
State of Hawai'i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Hawai'i Community College
Year Ended June 30, 2023**

**Questioned
Costs**

\$ 25

Finding No. 2023-004: Financial Aid Administration – Control Deficiency

Federal Agency: U.S. Department of Education

**Assistance Listing Number
and Title:** 84.063P – Federal Pell Grant Program
84.268 – Federal Direct Student Loans

Condition

During our audit, we noted the following instances of noncompliance:

Return of Title IV Funds

- For 1 out of 15 students selected for testing, the institution failed to remit the appropriate amount of Title IV funds for this student, resulting in a total underpayment of \$25 to the Title IV program.

Direct Student Loans

- For 1 out of 12 students selected for testing, the institution failed to provide exit counseling to the borrower within a timely matter.

Criteria

Return of Title IV Funds

Title 34, Section 668.22(a)(1) through (a)(5) of the CFR requires the institution to determine the amount of Title IV aid earned by the student as of the student's withdrawal date when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance.

Direct Student Loans

Title 34, Section 685.304 of the CFR states that an institution must ensure that exit counseling is conducted with each Direct Subsidized Loan or Director Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the institution. If a borrower withdraws from the institution without the institution's prior knowledge or fails to complete an exit counseling session as required, the institution must ensure that exit counseling is provided through either interactive electronic means or by mailing counseling materials to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from the institution or failed to complete exit counseling as required.

University of Hawai'i
State of Hawai'i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Hawai'i Community College
Year Ended June 30, 2023

Cause

Return of Title IV Funds

Due to turnover in critical positions within the financial aid office and lack of personnel training, the institution was unable to accurately perform the return of Title IV funds calculations timely.

Direct Student Loans

The institution was unable to perform exit counseling to the borrower in a timely manner due to the absence of staff which hindered the timely processing of the loan exit.

Effect

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

Context

Return of Title IV Funds

A sample of 15 students who withdrew from the institution and were disbursed a total of \$51,634 in Title IV funds was selected for testing from a population of 206 students who withdrew and were disbursed a total of \$494,396 in Title IV funds. Our test results found 1 student's return of Title IV funds was incorrectly calculated, resulting in a total questioned cost of \$25. Our sample was a statistically valid sample.

Direct Student Loans

A sample of 12 exit counseling sessions conducted with borrowers were selected for audit from a population of 44 exit counseling sessions conducted with borrowers. Our test found 1 exit counseling session conducted with a borrower was not performed timely. Our sample was a statistically valid sample.

Repeat Finding

This is a not a repeat finding.

Recommendation

We recommend that the institution perform the following to ensure compliance with Federal regulations:

Return of Title IV Funds

- Ensure that the correct information is used to prepare the return of Title IV calculation.

**University of Hawai'i
State of Hawai'i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Hawai'i Community College
Year Ended June 30, 2023**

Direct Student Loans

- Provide exit counseling to borrowers timely.
- Update student enrollment status in the NSLDS in an accurate manner.

Views of Responsible Officials and Planned Corrective Actions

Return of Title IV Funds

The institution is currently in the process of hiring additional personnel to assist in the preparation of the return of Title IV calculation and developing procedures to assist in the completion of the return of Title IV calculation in a timely and accurate manner.

Direct Student Loans

The institution is currently in the process of hiring additional personnel to assist in the timely execution of exit counseling to borrowers.

University of Hawai‘i
State of Hawai‘i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Honolulu Community College
Year Ended June 30, 2023

**Questioned
Costs**

\$ -0-

Finding No. 2023-005: Return of Title IV Funds – Control Deficiency

Federal Agency: U.S. Department of Education

**Assistance Listing Number
and Title:** 84.063P – Federal Pell Grant Program

Condition

During our audit, for 1 out of 15 students selected for testing, the institution failed to remit the institutional portion of unearned Title IV Funds to the Title IV program within 45 days after the institution determined that the student withdrew.

Criteria

Title 34, Section 668.22(j)(1) of the CFR requires the institution to return the amount of Title IV funds for which it is responsible for as soon as possible but no later than 45 days after the date of the institution’s determination that the student withdrew.

Cause

Due to turnover in critical positions within the financial aid office and lack of personnel training, the institution was unable to accurately perform the return of Title IV funds calculations timely.

Effect

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

Context

A sample of 15 students who withdrew from the institution and were disbursed a total of \$52,812 in Title IV funds was selected for testing from a population of 156 students who withdrew and were disbursed a total of \$352,877 in Title IV funds. Our test results found 1 student’s return of Title IV funds was not remitted timely. Our sample was a statistically valid sample.

Repeat Finding

This is a repeat of prior audit Finding No. 2022-002.

**University of Hawai'i
State of Hawai'i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Honolulu Community College
Year Ended June 30, 2023**

Recommendation

We recommend that the institution remit the institutional portion of unearned aid to the appropriate Title IV program within the required 45-day time period in accordance with federal regulations.

Views of Responsible Officials and Planned Corrective Actions

The institution is currently in the process of hiring additional personnel to assist in the timely execution of exit counseling to borrowers.

DRAFT

SECTION 4

FINANCIAL STATEMENTS

DRAFT

University of Hawai‘i
State of Hawai‘i
 (A Component Unit of the State of Hawai‘i)
Index
June 30, 2023

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Report of Independent Auditors

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

Opinion

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 year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the accompanying index.

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, 2023, 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.

We did not audit the financial statements of the University of Hawai'i Foundation (the "Foundation"), which represent 21.6% of the total assets and deferred outflows of resources and 0.7% of the total operating revenues of the University as of and for the year ended June 30, 2023. Those financial statements were audited by other auditors whose report thereon has 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 year ended June 30, 2023, are based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Foundation were not audited under *Government Auditing Standards*. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment, made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards, prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, as prepared on the cash basis of accounting, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Hawai'i's internal control over financial reporting and compliance.

Honolulu, Hawai'i
December 7, 2023

University of Hawai‘i
State of Hawai‘i
 (A Component Unit of the State of Hawai‘i)
Management’s Discussion and Analysis (Unaudited)
June 30, 2023

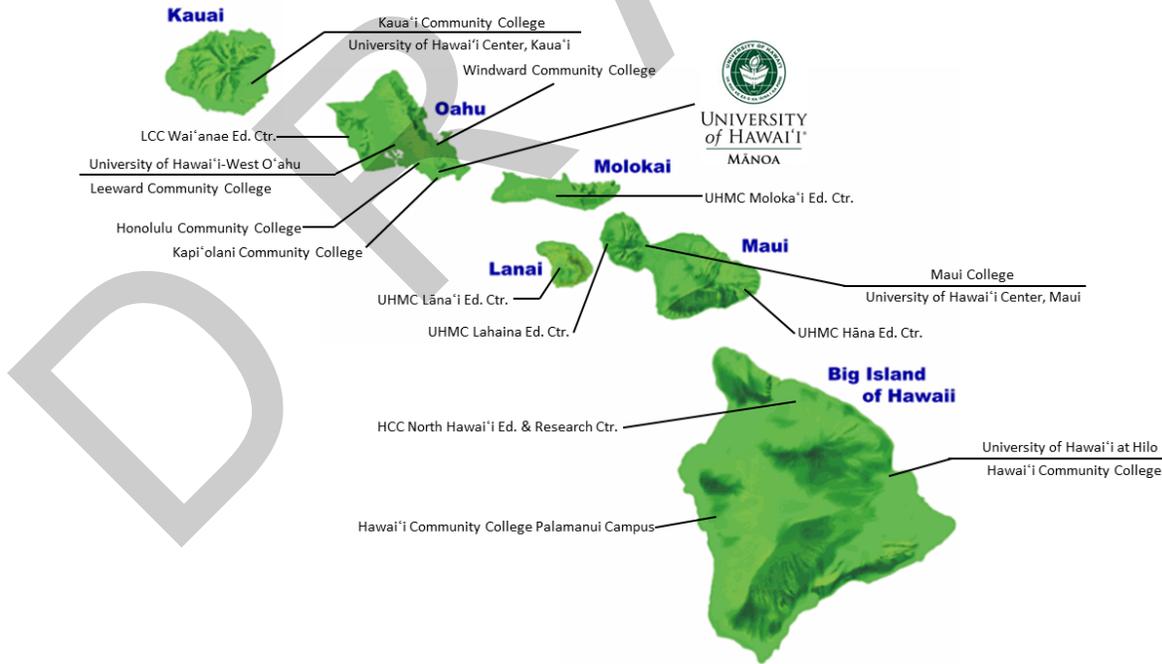
Introduction

The following discussion and analysis provide an overview of the financial position and activities of the University of Hawai‘i (the “University” or “UH”) for the year ended June 30, 2023, with selected information for the year ended June 30, 2022. 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.



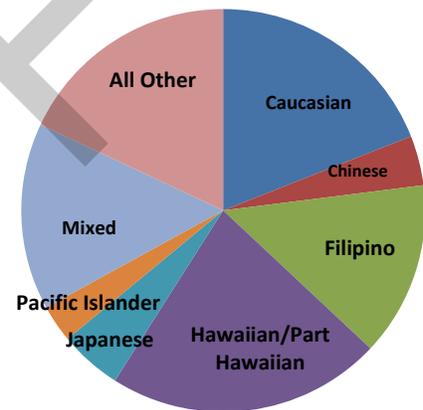
University of Hawai‘i
State of Hawai‘i
 (A Component Unit of the State of Hawai‘i)
Management’s Discussion and Analysis (Unaudited)
June 30, 2023

<u>Students</u>	<u>Academic Year 2023</u>	<u>Academic Year 2022</u>
Undergraduate	43,896	43,113
Graduate	5,037	5,260
Total	48,933	48,373

<u>Type of Degrees Awarded</u>	<u>712</u>
Certificates: Community Colleges	166
Certificates: University	133
Associate degrees	115
Bachelor’s degrees	146
Master’s degrees	94
Doctoral degrees	51
Professional degrees	7

<u>Residency</u>	<u>80 %</u>
Hawai‘i	15 %
Mainland	1 %
U.S Affiliated	4 %
Foreign	4 %

<u>Student Diversity (full time Students)</u>	<u>19 %</u>
Caucasian	4 %
Chinese	14 %
Filipino	22 %
Hawaiian/Part Hawaiian	5 %
Japanese	3 %
Pacific Islander	15 %
Mixed	18 %
All Other	18 %



<u>Total Revenues (\$ in thousands)</u>	<u>Fiscal Year 2023</u>	<u>% of Total</u>	<u>Fiscal Year 2022</u>
Net tuition and fees	\$ 272,735	13 %	\$ 268,126
Contracts and grants (including Pell grants)	629,189	31 %	641,320
State appropriations	580,768	29 %	497,862
Transfer from State for fringe benefits	246,138	12 %	232,603
Sales and services	94,704	5 %	91,894
Capital State appropriations	156,078	8 %	150,650
Others	54,608	2 %	(3,177)
Total	\$ 2,034,220	100 %	\$ 1,879,278

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
Management’s Discussion and Analysis (Unaudited)
June 30, 2023

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:

- **Statement of Net Position** – The Statement 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.
- **Statement of Revenues, Expenses, and Changes in Net Position** – The Statement of Revenues, Expenses, and Changes in Net Position presents the University’s revenues and expenses and illustrates 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 Statement of Revenues, Expenses, and Changes in Net Position distinguishes 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.
- **Statement of Cash Flows** – The Statement of Cash Flows distinguishes 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 materiality.

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.

University of Hawai‘i
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(A Component Unit of the State of Hawai‘i)
Management’s Discussion and Analysis (Unaudited)
June 30, 2023

Financial Position

The Statement 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, 2023 and 2022 are summarized as follows (in thousands of dollars):

	2023	2022	2023 vs 2022 Change
Current assets			
Cash and operating investments	\$ 831,826	\$ 678,513	\$ 153,313
Receivables, net	142,604	133,270	9,334
Other current assets	18,460	19,645	(1,185)
Total current assets	<u>992,890</u>	<u>831,428</u>	<u>161,462</u>
Noncurrent assets			
Endowment and other investments	112,574	105,330	7,244
Capital assets, net	2,166,345	2,147,010	19,335
Other noncurrent assets	565,050	520,583	44,467
Total assets	<u>3,836,859</u>	<u>3,604,351</u>	<u>232,508</u>
Deferred outflows of resources			
Deferred outflows on net pension and OPEB liability and other	303,600	280,380	23,220
Total deferred outflows of resources	<u>303,600</u>	<u>280,380</u>	<u>23,220</u>
Total assets and deferred outflows of resources	<u>\$ 4,140,459</u>	<u>\$ 3,884,731</u>	<u>\$ 255,728</u>
Current liabilities	\$ 258,627	\$ 265,992	\$ (7,365)
Noncurrent liabilities			
Revenue bonds payable	395,610	416,765	(21,155)
Net pension liability and other postemployment benefits	3,073,192	3,112,229	(39,037)
Other noncurrent liabilities	107,551	128,600	(21,049)
Total liabilities	<u>3,834,980</u>	<u>3,923,586</u>	<u>(88,606)</u>
Deferred inflows of resources			
Deferred inflows on net pension and OPEB liability	456,916	462,658	(5,742)
Total deferred inflows of resources	<u>456,916</u>	<u>462,658</u>	<u>(5,742)</u>
Net position			
Net investment in capital assets	1,736,520	1,667,468	69,052
Restricted			
Nonexpendable	10,493	10,493	-
Expendable	580,639	544,161	36,478
Unrestricted	<u>(2,479,089)</u>	<u>(2,723,635)</u>	<u>244,546</u>
Total net position	<u>(151,437)</u>	<u>(501,513)</u>	<u>350,076</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,140,459</u>	<u>\$ 3,884,731</u>	<u>\$ 255,728</u>

University of Hawai‘i
State of Hawai‘i
 (A Component Unit of the State of Hawai‘i)
Management’s Discussion and Analysis (Unaudited)
June 30, 2023

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 two fiscal years, which resulted mainly from the implementation of the 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% unencumbered cash from all tuition and fee funds, special funds, and revolving funds. At June 30, 2023 and 2022, working capital amounted to \$734.3 million and \$565.4 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 \$1.5 billion of operating expenses (excluding depreciation) for the year ended June 30, 2023, the working capital at year-end represents approximately 156 days of operating funds, as compared to 119 days of operating funds in 2022.

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

- Current assets consist primarily of cash and cash equivalents, operating investments, and net receivables. Total current assets were \$992.9 million and \$831.4 million at June 30, 2023 and 2022, respectively. Total current assets increased by \$161.5 million, or 19.4% at June 30, 2023, primarily due to a \$153.3 million increase in cash and operating investments. As interest rates continue to rise in fiscal year 2023, the University has opted to increase their holdings of government securities and treasury notes. Increase in cash balances was attributed to an increase in cash received from operations due to a \$53 million increase in operating revenues.
- Current liabilities consist primarily of accounts payable, accrued payroll and fringe benefits, advances from sponsors, 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 \$258.6 million and \$266.0 million at June 30, 2023 and 2022, respectively. Total current liabilities decreased by \$7.4 million, or 2.8% for the fiscal year ended June 30, 2023, as a result of a \$4.9 million decrease in accrued payroll and fringe benefits and a \$6.7 million decrease in current portion of long-term liabilities, offset by a \$7.8 million increase in accounts payable.

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 (“ASUH”) endowment, and unspent bond proceeds. The aggregate investment balance remained relatively consistent in fiscal years 2023 and 2022.

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

University of Hawai‘i
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Management’s Discussion and Analysis (Unaudited)
June 30, 2023

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. Effective April 15, 2021, the spending rate policy provides for an annual distribution of up to 4.25% of a rolling 20-quarter average value of the funds, with the value determined at the end of each calendar quarter and the actual distribution to be determined by the University administration for the legacy endowment and by the ASUH Board for the ASUH Stadium Stock Fund. Prior to April 15, 2021, the annual distribution rate ranged between 3.0% and 5.0% of the five-year moving average of the endowment portfolio’s fair value. In fiscal years 2023 and 2022, the University instituted a 4.10% and 4.25% distribution rate, respectively, on restricted and unrestricted endowments. The total restricted and unrestricted distributions available to the University amounted to \$2.9 million and \$2.8 million in fiscal years 2023 and 2022, respectively.

Total endowment and other investments were \$112.6 million and \$105.3 million in fiscal years 2023 and 2022, respectively. Total endowment and other investments increased by \$7.3 million, or 6.9%, at June 30, 2023, as a result of endowment investment purchases and sales.

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, 2023 and 2022, total capital assets, net of accumulated depreciation, remained relatively constant at approximately \$2.17 billion and \$2.15 billion. Total capital assets represented approximately 56.5% and 59.6% of the University’s total assets in fiscal years 2023 and 2022, respectively. Capital asset additions totaled \$166.8 million and \$113.3 million in fiscal years 2023 and 2022, respectively.

Capital asset additions increased by \$53.5 million in fiscal year 2023 in comparison to fiscal year 2022, due to increased funding from the State.

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.

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Significant capital projects completed during fiscal years 2023 and 2022 or in progress as of June 30, 2023 and 2022 include:

- **Coconut Island Marine Laboratory 1 & 2** – The \$21.6 million Hawai‘i Institute of Marine Biology (HIMB) Laboratory on Coconut Island was completed on February 1, 2022. The 23,000 square foot facility has been fully renovated with new energy efficient HVAC, lighting controls, and PV panels. The renovation also helped to contribute to the energy goals for the UH-Mānoa as well as enforce structural walls to meet seismic and hurricane standards.
- **Leeward Community College Product Development Center Renovation** – The \$17.2 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 & manufacturing rooms, laboratories, and a public loft space. The product development center will take agricultural items that would normally be wasted and turn them into value added food products that can be marketed and sold. The project is estimated to be completed by December 2023.
- **UH-Mānoa Student Success Center** – The \$56 million project will transform Sinclair Library into a Student Success Center. The Student Success Center will allow students to study individually or in groups, collaborate and receive academic advising and tutoring. Sinclair’s central location will provide students a safe place to interact. The project is estimated to be completed in August 2024.
- **UH-Mānoa Bachman Hall Renovation** – The UH-Mānoa Bachman Hall is being renovated. Improvements to the 72-year Bachman Hall includes a new central HVAC system, a new roof, and a new life safety system. Renovations will be made to the windows, floors, ceilings, restrooms and walls, along with mechanical, electrical, plumbing and telecom. The \$25.2 million project is estimated to be completed by December 2023.
- **UH-Mānoa Clarence T.C. Ching Complex Expansion and Improvement Project** – The Clarence T.C. Ching Complex was completely renovated for the 2021 Football Season. The original project included new field turf, additional seating to accommodate 9,300 fans, a new score board, grandstands, press box, and concession which was completed on September 3, 2021. The \$15 million second phase of the project added 7,700 seats to meet National Collegiate Athletic Association (“NCAA”) rules and the framing and underground utility infrastructure for the 75-foot-wide Aloha Stadium scoreboard. The second phase was completed on July 31, 2023 in time for the 2023 Football Season.
- **The Maui Food Innovation Center at UH-Maui College** – The \$9 million project renovated the Pilina building which houses the Maui Food Innovation Center (“MFIC”). The project included a brand-new manufacturing and packaging facility which students and the community can utilize to market and advance Maui County foods. The MFIC offers educational and technical classes to assist students to create businesses that will create jobs, increase profitability of Maui County products, and reduce the dependence on imports. The project was completed on December 13, 2022.
- **Ho‘ola Early Phase Clinical Research Center** – The University and the National Institutes of Health are building a clinical research center in the annex portion of the University’s Cancer Center building. The \$13 million renovation will provide the people of Hawai‘i a place to go for specialized treatments without leaving the state. The 16,500 square foot facility is striving for WELL and LEED certifications and will include an Organoid Generation Facility. The project is estimated to be completed by May 2024.

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- **Kapi‘olani Community College Culinary Institute of the Pacific, Phase 2** – Phase 2 of the Culinary Institute of the Pacific at Kapi‘olani Community College includes a restaurant, an innovation center, an auditorium, and parking. The \$30 million design build project is estimated to be completed in May 2024.
- **UH-Hilo Pharmacy Modular Buildings Renovation** – Work to renovate the UH-Hilo Pharmacy Modular Buildings was completed on March 7, 2023. The \$7.3 million dollar renovation replaced the HVAC and roof of Building B, while preparing Building C to handle the Nuclear Magnetic Resonance (“NMR”) equipment that is currently located in the Waiākea Research Station.
- **UH-Maui College Hospitality Academy Training Center** – The UH-Maui College is completely renovating their Multipurpose Building into a Hospitality Training Center. The \$5.8 million renovation of the building includes upgrades to the HVAC, electrical and plumbing systems, and will create mock hotel rooms so students in the Hospitality and Tourism program will have hands-on experience in a hotel setting. The project is scheduled to be complete for the Fall 2024 semester.

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 2023 and 2022, 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 2023 and 2022, \$153.3 million and \$148.8 million, respectively, were appropriated.
- **Revenue bonds** – The University has previously issued revenue bonds to finance capital projects. These bonds are carried as liabilities of the University. Total revenue bond liabilities were \$416.8 million and \$437.0 million for fiscal years 2023 and 2022, 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 \$9.9 million and \$9.4 million in fiscal years 2023 and 2022, respectively. The University also receives a portion of the State of Hawai‘i’s cigarette tax revenues, by statute, for the University’s Cancer Center to be used for research and operating expenses and capital expenditures. Cigarette tax revenues of \$6.9 million were used to cover debt service for the bonds that financed the University’s Cancer Center for each of the fiscal years 2023 and 2022. Refer to Note 9 for more information regarding the University revenue bonds.
- **Equipment financing obligations** – In November 2017, the University entered into two tax-exempt financing 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 UH-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. These financing agreements were paid off in full in fiscal year 2023.

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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, 2023 and 2022 is summarized as follows (in thousands of dollars):

	2023	2022
Net investment in capital assets	\$ 1,736,520	\$ 1,667,468
Restricted – Nonexpendable	10,493	10,493
Restricted – Expendable	580,639	544,161
Unrestricted	<u>(2,479,089)</u>	<u>(2,723,635)</u>
Total net position	<u>\$ (151,437)</u>	<u>\$ (501,513)</u>

Net investment in capital assets is the University’s capital assets, 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 \$69.1 million, or 4.1%, in fiscal year 2023, primarily due to a net increase in capital assets of \$19.3 million, a \$19.3 million increase in the net change of debt retirement related to revenue bonds, net of proceeds used in current year, offset by a decrease of TELP funds of \$23.7 million.

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.

The overall increase in restricted expendable of \$36.5 million in fiscal year 2023 was primarily due to a \$32.5 million increase in plant funds.

Net position that is not subject to externally imposed restrictions governing their use is classified as unrestricted for financial reporting purposes. At June 30, 2023 and 2022, unrestricted net positions amounted to deficits of \$2.48 billion and \$2.72 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 \$55.8 million and \$51.1 million were designated for endowment activities at June 30, 2023 and 2022, respectively.

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The negative unrestricted net position for the years ended June 30, 2023 and 2022 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):

	2023	2022
Unrestricted net position	\$ (2,479,089)	\$ (2,723,635)
Pension	1,556,453	1,605,467
OPEB	1,604,430	1,694,583
Adjusted net unrestricted position	<u>\$ 681,794</u>	<u>\$ 576,415</u>

Results of Operations

The Statement of Revenues, Expenses, and Changes in Net Position represents 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.

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The University’s results of operations for the years ended June 30, 2023 and 2022, summarized to match revenues supporting core activities with expenses associated with core activities, are as follows (in thousands of dollars):

	2023	2022	2023 vs 2022 Change
Revenues			
Operating			
Tuition and fees	\$ 403,207	\$ 400,605	\$ 2,602
Less: Scholarship allowances	(130,472)	(132,479)	2,007
Grants and contracts	469,154	423,744	45,410
Sales and services	94,704	91,894	2,810
Other revenue	185	3	182
Total operating revenues	<u>836,778</u>	<u>783,767</u>	<u>53,011</u>
Nonoperating			
State appropriations and transfers for fringe benefits	826,906	730,465	96,441
Federal Pell grant and federal non-operating revenues	160,035	217,576	(57,541)
Net investment (loss) gain	22,537	(31,407)	53,944
Private gifts	2,323	3,186	(863)
Total nonoperating revenues	<u>1,011,801</u>	<u>919,820</u>	<u>91,981</u>
Total revenues supporting core activities	<u>1,848,579</u>	<u>1,703,587</u>	<u>144,992</u>
Expenses			
Operating			
Compensation and benefits	1,086,895	1,091,105	(4,210)
Supplies, services and cost of goods sold	215,189	181,567	33,622
Telecom and utilities	82,077	69,095	12,982
Scholarships and fellowships	34,101	86,571	(52,470)
Other expense	103,220	84,065	19,155
Total operating expenses	<u>1,521,482</u>	<u>1,512,403</u>	<u>9,079</u>
Nonoperating revenues (expenses)			
Transfers from State, net	22,733	22,236	497
Interest expense	(13,467)	(14,464)	997
Total nonoperating revenues, net	<u>9,266</u>	<u>7,772</u>	<u>1,494</u>
Expenses associated with core activities before depreciation	<u>1,512,216</u>	<u>1,504,631</u>	<u>7,585</u>
Gain from core activities before depreciation and amortization	<u>336,363</u>	<u>198,956</u>	<u>137,407</u>
Depreciation and amortization	<u>146,281</u>	<u>143,957</u>	<u>2,324</u>
Expenses associated with core activities including depreciation	<u>1,658,497</u>	<u>1,648,588</u>	<u>9,909</u>
Gain from core activities	<u>190,082</u>	<u>54,999</u>	<u>135,083</u>
Other nonoperating activity			
Capital appropriations and grants	161,343	152,131	9,212
Other expenses, net	(1,349)	(5,551)	4,202
Other nonoperating income, net	<u>159,994</u>	<u>146,580</u>	<u>13,414</u>
Increase in net position	<u>350,076</u>	<u>201,579</u>	<u>\$ 148,497</u>
Net position			
Beginning of year	<u>(501,513)</u>	<u>(703,092)</u>	
End of year	<u>\$ (151,437)</u>	<u>\$ (501,513)</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 35% of the total 2023 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 2023 and 2022. Scholarship allowances amounted to \$130.5 million and \$132.5 million in fiscal years 2023 and 2022, respectively.

One of the largest sources of revenue continues to be grants and contracts. Total grants and contracts revenue increased by \$45.4 million, or 10.7%, in fiscal year 2023. 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. In fiscal year 2023, Federal Pell grant and Coronavirus Aid, Relief, and Economic Security Act (“CARES”) Act program revenues decreased \$57.5 million. The fiscal year 2023 decrease was due to the University recognizing nonoperating revenue of \$113.8 million and \$171.6 million associated with the American Rescue Plan Act (“ARPA”), the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”), and the CARES Act in fiscal years 2023 and 2022, respectively, an overall decrease of \$57.8 million.

Sales and services revenues are mainly comprised of bookstores, student and faculty housing, food services, parking, and athletics. In fiscal year 2023, sales and services revenues increased by \$2.8 million, or 3.1%, which was largely due to a decrease of \$14.0 million in other auxiliary enterprises revenue from educational departments, offset by a significant increase of \$13.4 million in other auxiliary enterprises revenue from tickets sales, due to an increased amount of in-person presence on campus.

The State continues to provide strong financial support to the University as the sole public higher education system within the State. In fiscal year 2023, general state appropriations and transfers from the State for fringe benefits increased by \$13.5 million, or 5.8%, and \$82.9 million, or 16.7%, respectively, from fiscal year 2022. The increase in fiscal year 2023 was primarily attributable to the return to pre-pandemic levels of state revenues and overall budget. In response, the Legislature increased the overall state budget by \$1.1 billion, or 6.9%, in fiscal year 2023.

Net transfers from State amounted to \$22.7 million and \$22.2 million in fiscal years 2023 and 2022, 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’s Cancer Center cigarette stamp tax collections.

The University’s net investment income of \$22.5 million in fiscal year 2023 represents an increase of \$53.9 million, or 171.8%, from fiscal year 2022. The fiscal year 2023 increase was primary due to the \$12.4 million increase of interest and dividend income and \$44.3 million of the unrealized gains on endowment and operating investments, as a result of rising interest rates and an overall improvement of the stock market.

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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 71.4% and 72.1% were related to compensation and benefits during fiscal years 2023 and 2022, respectively.

Compensation and benefits went down by \$4.2 million, or 0.4%, in fiscal year 2023. The fiscal year 2023 decrease was attributable to a \$36.2 million decrease in OPEB adjustments, offset by a \$23.4 million increase in payroll expenses due to hiring of additional employees and annual raises, and a \$8.6 million increase in pension adjustments due to the GASB 75 requirement previously established to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive liabilities.

Supplies, services, and cost of goods sold expense includes service fees, printing and binding, advertising, dues and subscriptions, non-capital property acquisitions, cost of goods sold for resale items, and other miscellaneous operating costs. Such expenses increased by \$33.6 million, or 18.5%, in fiscal year 2023. The fiscal year 2023 increase was primarily attributable to an increase in other service expenses, due to an increase in student activity relative to previous years, as lingering effects of the pandemic continue to diminish.

The University is committed to providing quality education that is affordable 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 \$164,573 and \$219,050 in fiscal years 2023 and 2022, respectively. The decrease of \$54.5 million, or 24.9%, from fiscal year 2023 is due to decrease in direct student aid provided for under the ARPA and the CARES Act, as the majority of funds were spent in prior fiscal years.

Operating expenses includes travel expenses, repairs and maintenance, rental expenses, and other operating expenses. Other operating expenses increased by \$19.2 million, or 22.8%, in fiscal year 2023. The increase in fiscal year 2023 is primarily due to a \$13.0 million increase in travel expenses due to frequency of travel returning to pre-pandemic levels, with new safety precautions implemented.

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 \$2.3 million, or 1.6%, during fiscal year 2023. The increase in fiscal year 2023 was primarily attributable to increases in depreciable assets relating to buildings and infrastructure.

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 2023, capital appropriations increased by \$9.2 million, or 6.1%. The increase in fiscal year 2023 was attributable to a \$5.4 million increase in capital appropriations allotted to the University and a \$4.4 million increase in capital federal grants/subsidies. In fiscal year 2023, \$156.1 million was allotted, while in fiscal year 2022, \$151.0 million was allotted.

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, 2023 and 2022 is as follows (in thousands of dollars):

	2023	2022	2023 vs 2022 Change
Cash received from operations	\$ 813,790	\$ 769,059	\$ 44,731
Cash payments for operations	<u>(1,335,796)</u>	<u>(1,321,338)</u>	<u>(14,458)</u>
Net cash used in operating activities	<u>(522,006)</u>	<u>(552,279)</u>	<u>30,273</u>
Net cash provided by noncapital financing activities	748,640	724,522	24,118
Net cash used in capital and related financing activities	(86,330)	(29,136)	(57,194)
Net cash used in investing activities	<u>(104,447)</u>	<u>(318,854)</u>	<u>214,407</u>
Net increase (decrease) in cash	35,857	(175,747)	211,604
Cash			
Beginning of year	<u>120,520</u>	<u>296,267</u>	<u>(175,747)</u>
End of year	<u>\$ 156,377</u>	<u>\$ 120,520</u>	<u>\$ 35,857</u>

The net cash received from operating activities increased by \$44.7 million, or 5.8%, in fiscal year 2023. The increase in fiscal year 2023 was primarily attributable to a \$45.6 million increase in grants and contracts, and a \$7.1 million increase in other revenues due to increase in auxiliary revenues, offset by a \$7.9 million decrease in student tuition and fees.

Net cash provided by noncapital financing activities remained strong as a result of the financial support from the State.

The net cash used in capital and related financing activities increased by \$57.2 million, or 196.3%, in fiscal year 2023. The increase in fiscal year 2023 was primarily attributable to a \$48.0 million increase in purchases of capital assets and a \$28.7 million increase in principal paid on capital debt and leases, offset by a \$12.0 million increase in capital appropriations.

The net cash used in investing activities decreased by \$214.4 million from in fiscal year 2023 primarily due to increase in proceeds from sales and maturities and investments of \$257.5 million, offset by an increase in the purchase of investments of \$53.8 million due to favorable interest rates.

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Looking Forward

The University offers opportunity and hope for every resident of Hawai‘i. As the sole provider of higher public education in the state, the University can drive a more vibrant, sustainable, resilient, just and kind future across our islands. And our scholarship must address the opportunities and challenges of Hawai‘i, the Pacific and our planet. We want the University to be grounded in traditional Hawaiian values, in aloha, to create a strong sense of place, while also serving as a forward-looking economic engine driving hubs of innovation and research. As the University begins its 116th year of service, we must remain vigilant, anticipate what is coming and act with agility and compassion to maintain a vital role in shaping the future of our island home.

A new six-year strategic plan for the UH 10-campus system was unanimously approved by the UH Board of Regents (“BOR”) at the Board’s November 17, 2022 meeting. The UH System Strategic Plan 2023–2029 – Hawai‘i’s University for Today and Tomorrow will guide the state’s only public higher education system and includes vision and mission statements, foundational principals, and four imperatives with metrics to measure success. The foundational principles include: Hawaiian place of learning; statewide need, diversity and equity; sustainability; and stewardship of resources. The imperatives identified are: fulfill kuleana (responsibility) to Hawaiian and Hawai‘i, promote successful students for a better future, meet Hawai‘i workforce needs of today and tomorrow, and diversify Hawai‘i’s economy through the University’s innovation and research.

University President David Lassner plans to retire at the end of 2024, after what will be more than a decade in the position. President Lassner notified the BOR and employees by email on September 19, 2023. He has served as the 15th president of Hawai‘i’s 10-campus public higher education system since July 2014, after serving as the interim president from July 2013. President Lassner made the announcement early so the planning process for the search for the next president can begin right away but he plans to actively advance all aspects of our mission until his last day as President.

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 2023-24 Best Graduate Schools list that includes:
 - Sixteen graduate programs at UH-Mānoa have been nationally recognized for academic and research excellence.
 - Seven programs were ranked in the nation’s top 100, and five placed in the top 75.
 - The School of Ocean and Earth Science and Technology (“SOEST”) ranked 42 for its earth sciences doctoral programs.
 - The Nancy Atmospera-Walch School of Nursing placed 49 for its Doctor of Nursing practice (“DNP”) program and 60 for best master’s nursing programs.
 - The College of Education ranked 64 and the College of Social Sciences placed 72 in public affairs for its Public Administration Program.
- Times Higher Education 2024 World University Rankings has the UH-Mānoa at among the world’s top 1% for teaching and research. The campus places 57 in the U.S. and in the 201-250 tier worldwide, out of more than 25,000 colleges and universities in the world.
- UH-Mānoa was ranked 66 in the U.S. (out of nearly 4,000 colleges and universities in the country) and 386 in the world (out of more than 25,000 worldwide colleges and universities) on the 2024 Quacquarelli Symonds World University Ranking (“QSWUR”). The QSWUR ranking is more commonly used and referenced by international students.

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The University’s strength is further demonstrated through its credit ratings. The University holds an Aa3 with stable outlook by Moody’s Investors Service, last updated in October 2020 and Fitch affirmed at AA with stable outlook September 2023. 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.
- Low debt burden which reflects strong and growing capital support from the State of Hawai‘i.
- Growing cash reserves to improved levels and building amounts of endowments and investments as further reserves.

Enrollment and Tuition

While there is some recovery in higher education enrollment in Fall 2023 compared to the immediate aftermath of the pandemic, the situation for the University remains complex and varies by campus and region. Factors such as the ongoing effects of the pandemic, economic conditions, and changes in learning preferences may continue to impact higher education enrollment. Some campuses, such as Hilo and West O‘ahu, have seen significant declines over the past two years. UH-Mānoa has seen growth with a 1% enrollment boost from Fall 2022. UH Community Colleges have experienced growth for the first time since Fall 2011 with a 2.6% increase in enrollment. As of August 2023, the State unemployment rate was 3.1%, which is one percent lower compared to August 2022. Nationally, the seasonally adjusted unemployment rate was 3.8% for September 2023.

Fall census headcount comparisons are as follows:

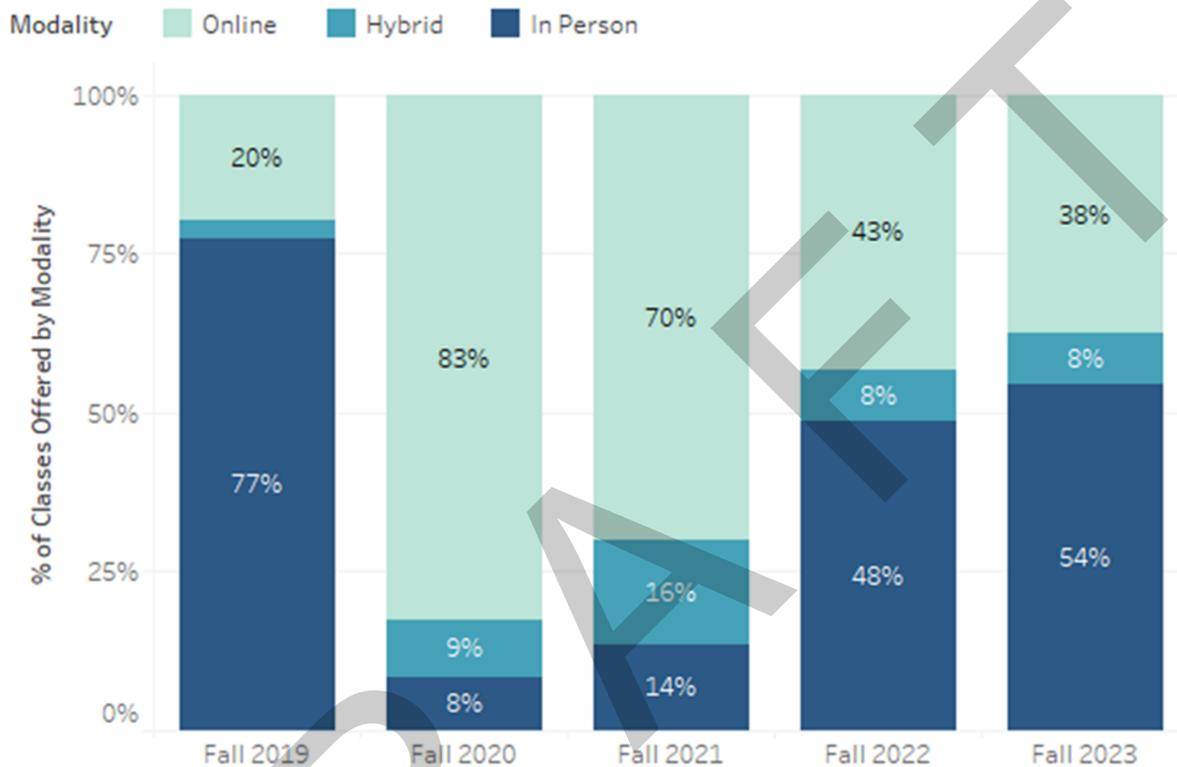
	Fall 2023	Fall 2022	% Change	Fall 2021	% Change
Mānoa	19,256	19,074	1.0	19,098	(0.1)
Hilo	2,781	2,977	(6.6)	3,243	(8.2)
West O‘ahu	2,863	2,913	(1.7)	3,008	(3.2)
Community Colleges	<u>24,033</u>	<u>23,409</u>	<u>2.7</u>	<u>24,424</u>	<u>(4.2)</u>
	<u>48,933</u>	<u>48,373</u>	<u>1.2</u>	<u>49,773</u>	<u>(2.8)</u>

Fall Course Offerings by Class Type

With the pandemic pivot, most courses moved to an online format. In-person formats have not yet returned to pre-pandemic levels. In Fall 2023, 77.4% of UH-Mānoa classes were offered in person, compared to 84.2% in Fall 2019. UH-Hilo offered 85.8% of its classes in person in Fall 2019 but offered only 52.5% of its classes in person in Fall 2023. UH-West O‘ahu offered 46.7% of its classes in person in Fall 2019, but that number has dropped to 26.3% in Fall 2023. The UH Community Colleges offered 73.9% of its courses in person in Fall 2019 compared to 36.1% in Fall 2023. Class fill rates could serve as a significant indicator in determining future modality offerings across programs and/or subjects.

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Overall Percentages of Course Offerings by Modality (In Aggregate Across All Ten Campuses)



In Spring 2022, UH administration initiated discussions regarding potential adjustments to tuition fees for the academic years from 2024 to 2027. A proposed tuition plan was presented to the BOR in October 2022. In addition to presenting to the BOR, administrators conducted a series of five public hearings, both in person and via Zoom, in various locations across the islands, in October and November. Additionally, people provided written testimonies solicited through an online comment form.

After this consultation period, the BOR approved the proposed tuition plan on January 19, 2023. Under this plan, tuition fees at the UH Community Colleges will remain unchanged for all four academic years included in the new schedule. For undergraduate students, there will be no increase in tuition for the academic years 2023-24 and 2024-25, after which a 2% increment in resident tuition rates will occur at the three 4-year UH campuses in the academic year 2025-26, followed by another 2% increase in the academic year 2026-27. Non-resident undergraduate tuition rates will see equivalent dollar increases during those two academic years. Graduate-level tuition rates will remain frozen for the entirety of the four academic years, except for the tuition at the UH-Mānoa William S. Richardson School of Law (“WSRSL”), which will experience a 2% increase in each of the three years, beginning in the academic year 2024-25, with the aim of generating revenue to support WSRSL. Supporting documentation is available on the UH Office of the Vice President for Academic Strategy: <https://www.hawaii.edu/offices/vp-academic-strategy/tuition-schedule/>.

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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. UH-Mānoa, the flagship campus, was ranked by National Science Foundation (“NSF”) as 99th among 648 public and private universities for research and development expenditures in fiscal year 2021.

Extramural awards totaled \$515.9 million in fiscal year 2023, marking the second time that the University exceeded the \$500 million mark, and the highest level of the past five years due to the continued hard work and dedication of our research faculty and support staff. Here are some highlights of fiscal year 2023:

- School of Ocean and Earth Science and Technology (“SOEST”), the research powerhouse of the University, received \$97.2 million in extramural awards.
- John A. Burns School of Medicine (“JABSOM”) received \$50.2 million in extramural awards.
- \$342.7 million in grant awards during FY23 to programs affiliated to the UH-Mānoa campus; \$117.7 million awarded to units associated with the UH System offices; \$33.7 million awarded to the campuses of the Community College system (including UH-Maui College); \$17.8 million awarded to UH-Hilo campus; and \$4.0 million awarded to the UH-West O‘ahu campus.

Facilities and Infrastructure

Improvement and modernization of the University’s physical assets is key to delivering the University’s strategic directions that strives for 21st century facilities for learning, teaching, and research. The University has continued updating its rolling six-year plan for fiscal years 2022–2027 (the “6-Year CIP Plan”) that sets forth a vision of a physical environment that supports and enables 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 modernization and improving the learning and research environment, (2) uses data and analytics on how we use our spaces and the condition of our facilities to prioritize those facilities with the highest programmatic utility and poorest conditions through upgrades to the interior/exterior structures, building roofs, mechanical and electrical systems, pedestrian pathways, roadways, and (3) focuses more on upgrading existing space, rather than expanding, to elevate the overall quality of spaces across the University in a financially responsible way.

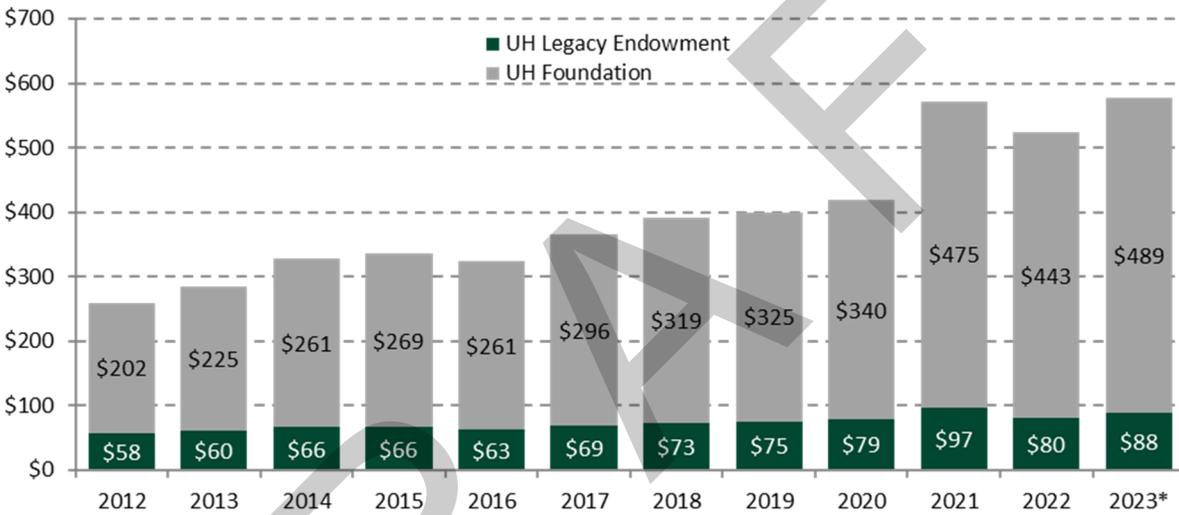
The State of Hawai‘i Legislature continued its financial support of the University’s capital improvement program in 2023 and provided a total of \$202,375,000 for fiscal year 2024 and \$182,517,000 for fiscal year 2025 through a combination of general obligation bond funds and general funds. The University also continues to strive to meet the demand for modern, university housing at a reasonable cost through P3 (Public, Private Partnership) Housing Projects. The Atherton Project (now referred to as the Residences for Innovative Student Entrepreneurs), in partnership with UH Foundation and Hunt Development Group, was developed to house over 370 students in a world-class mixed-use space that includes an innovation and entrepreneurship center. The total construction costs of the project are approximately \$75 million and the housing component was completed in time for the Fall 2023 semester. The NOAA project (now referred to as the Residences for Graduate Students) includes mixed-use family-oriented rental housing for graduate students, University faculty and staff. This project is being completed in partnership with Greystar Real Estate Partners and Collegiate Housing Foundation and will have approximately

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316 individual units/558 beds (studios, two-, three-, and four-bedroom units). The total construction costs of the project are estimated at approximately \$170 million and completion is expected by the Fall 2025 semester.

Fundraising

The UH Foundation raised \$103.6 million during FY2023, which exceeded the goal of \$95.0 million. The Foundation is launching the public phase of the \$1 billion Comprehensive Campaign for UH – which was in a quiet phase since July 1, 2018. As of June 30, 2023, the UH Foundation raised 54% of the \$1 billion goal or \$535.9 million. Both the Legacy Endowment and the UH Foundation performance recovered from the previous fiscal year as the market adjusted to the volatile macroeconomic conditions.



*estimated/unaudited

State General Fund Appropriations

The state experienced a very good economic recovery after pandemic restrictions were rescinded. In the short term, however, there will be decreased growth as a result of the wildfires in early August 2023. Concerns regarding inflation, international conflicts, and interest rates continue to temper optimism.

For the fiscal year ended June 30, 2022, State General Fund revenues were \$9.36 billion. For the fiscal year ended June 30, 2023, State General Fund revenues were \$9.20 billion, with the reduction in revenues resulting from a state-constitutionally mandated tax refund, lower estimated tax payments, and higher refunds. The Council on Revenues is currently forecasting a 1.3% growth rate for FY24, although those projections increase to 5.2% for FY25 and 3.5% annually for FY26 and beyond.

During the most recent legislative session, the Legislature increased the General Fund operating appropriation to the University by \$46.9 million for FY24, resulting in a General Fund appropriation of \$614.1 million. Tuition revenues are projected to remain relatively flat in the near future but collective bargaining (+5% in FY24 and +5% in FY25) and utilities costs are expected to increase.

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While the UH General Funds remain flat and below pre-pandemic levels, except for collective bargaining increases, UH fund balances remain strong due to pandemic-era austerity measures, substantial federal relief and stronger than expected State revenues. Efforts to proactively build fund balances in the face of widespread concerns have been extraordinarily successful, even through the pandemic. These reserve balances can be used to accommodate projected fiscal shortfalls, as well as investments in Strategic Imperatives will be prioritized through non-recurring investments and continual re-prioritization of current funding appropriations.

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Statement of Net Position – University of Hawai'i
June 30, 2023
(All dollars reported in thousands)

Assets and Deferred Outflows of Resources

Current assets	
Cash and cash equivalents	\$ 156,377
Operating investments	675,449
Due from State of Hawai'i	2,227
Accounts receivable, net	123,161
Due from the Research Corporation of the University of Hawai'i, net	16,807
Current portion of notes receivable, net	409
Other current assets	18,460
Total current assets	<u>992,890</u>
Noncurrent assets	
Due from State of Hawai'i	552,117
Endowment and other investments	112,574
Notes receivable, net	3,031
Capital assets, net	2,166,345
Other noncurrent assets	9,902
Total noncurrent assets	<u>2,843,969</u>
Total assets	<u>3,836,859</u>
Deferred outflows of resources	
Deferred outflows on net pension liability, OPEB liability and other	303,600
Total deferred outflows of resources	<u>303,600</u>
Total assets and deferred outflows of resources	<u>\$ 4,140,459</u>

Liabilities, Deferred Inflows of Resources, and Net Position

Current liabilities	
Accounts payable	\$ 62,258
Accrued payroll and fringe benefits	57,940
Advances from sponsors	38,701
Unearned revenue	31,141
Due to State of Hawai'i	6,116
Current portion of long-term liabilities	57,637
Other current liabilities	4,834
Total current liabilities	<u>258,627</u>
Noncurrent liabilities	
Accrued vacation	54,248
Accrued workers' compensation	10,372
Revenue bonds payable	395,610
Premium on bonds payable	30,327
Equipment financing obligations	1,564
Net pension liability	1,529,823
Other postemployment benefits	1,543,369
Other noncurrent liabilities	11,040
Total noncurrent liabilities	<u>3,576,353</u>
Total liabilities	<u>3,834,980</u>
Deferred inflows of resources	
Deferred inflows on net pension, OPEB liability and other	456,916
Total deferred inflows of resources	<u>456,916</u>
Commitments and contingencies	
Net position	
Net investment in capital assets	1,736,520
Restricted	
Nonexpendable	10,493
Expendable	580,639
Unrestricted	<u>(2,479,089)</u>
Total net position	<u>(151,437)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,140,459</u>

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

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Statement of Financial Position – University of Hawai‘i Foundation
June 30, 2023
(All dollars reported in thousands)

Assets	
Cash and cash equivalents	\$ 13,066
Assets whose use is limited or restricted	15,782
Contributions receivable, net	78,973
Prepaid expenses and other receivables	4,798
Property and equipment, at cost, net of accumulated depreciation and amortization of \$2,246	79,198
Other assets, at cost	1,880
Investments	671,151
Beneficial interest in trusts held by others	28,674
Total assets	<u>\$ 893,522</u>
Liabilities and Net Assets	
Accounts payable	\$ 21,049
Liabilities under split-interest agreements	11,539
Amounts held for others	3,386
Long-term debt	92,866
Other liabilities	1,616
Total liabilities	<u>130,456</u>
Commitments and contingencies	
Net assets	
Without donor restrictions	6,497
With donor restrictions	756,569
Total net assets	<u>763,066</u>
Total liabilities and net assets	<u>\$ 893,522</u>

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

University of Hawai‘i
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Statement of Revenues, Expenses, and Changes in Net Position – University of Hawai‘i
Year Ended June 30, 2023
(All dollars reported in thousands)

Operating revenues	
Student tuition and fees	\$ 403,207
Less: Scholarship allowances	<u>130,472</u>
Net student tuition and fees	272,735
Federal appropriations, grants and contracts	381,727
State and local grants and contracts	39,550
Nongovernmental sponsored programs	47,877
Sales and services of educational departments, other	16,323
Auxiliary enterprises	
Bookstores	11,496
Student housing, net of scholarship allowances of \$1,281	29,000
Other auxiliary enterprises revenues	<u>37,885</u>
Other operating revenues	185
Total operating revenues	<u>836,778</u>
Operating expenses	
Compensation and benefits	1,086,895
Supplies, services, and cost of goods sold	215,189
Depreciation and amortization	146,281
Telephone and utilities	82,077
Scholarships and fellowships	34,101
Travel expenses	26,652
Repairs and maintenance	38,498
Rental expenses	7,353
Other operating expenses	<u>30,717</u>
Total operating expenses	<u>1,667,763</u>
Operating loss	<u>(830,985)</u>
Nonoperating revenues (expenses)	
State appropriations	580,768
Federal Pell grants	46,187
Federal nonoperating revenues (coronavirus)	113,848
Private gifts	2,323
Net investment income	22,537
Interest expense	(13,467)
Net transfers from State of Hawai‘i	252,033
Loss on disposal of capital assets	(2,051)
Other, net	<u>565</u>
Net nonoperating revenues before capital and endowment additions	<u>1,002,743</u>
Capital – state appropriations	156,078
Capital – federal grants/subsidies	5,205
Capital – gifts and grants	1,488
Net transfers to State of Hawai‘i for capital assets	(1,428)
Transfers from State of Hawai‘i, Tobacco settlement	9,921
Transfers from State of Hawai‘i, University of Hawai‘i Cancer Center	6,917
Net transfers from other State agencies	<u>137</u>
Total other revenues	<u>178,318</u>
Net nonoperating revenues	<u>1,181,061</u>
Change in net position	350,076
Net position	
Beginning of year	<u>(501,513)</u>
End of year	<u>\$ (151,437)</u>

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

University of Hawai‘i
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Statement of Activities – University of Hawai‘i Foundation
Year Ended June 30, 2023
(All dollars reported in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 398	\$ 73,811	\$ 74,209
Fees, honoraria, royalties and other	3,758	509	4,267
Investment gain, net	4,022	36,764	40,786
Administrative fees	9,357	(9,357)	-
Fundraising events and projects	800	1,261	2,061
Net assets released from restrictions	53,295	(53,295)	-
Total revenue	<u>71,630</u>	<u>49,693</u>	<u>121,323</u>
Expenses			
Program services			
Extension and public services	901	-	901
Academic support	7,811	-	7,811
Research	11,643	-	11,643
Student aid and services	15,309	-	15,309
Faculty and staff support	2,777	-	2,777
Capital projects	1,308	-	1,308
Athletics	4,486	-	4,486
Special programs	8,704	-	8,704
Other	356	-	356
Total program services	<u>53,295</u>	<u>-</u>	<u>53,295</u>
Supporting services			
Administrative, management, and fiscal services	5,713	-	5,713
Development	9,070	-	9,070
Total supporting services	<u>14,783</u>	<u>-</u>	<u>14,783</u>
Total expenses	<u>68,078</u>	<u>-</u>	<u>68,078</u>
Change in net assets	3,552	49,693	53,245
Net assets at beginning of year	2,945	706,876	709,821
Net assets at end of year	<u>\$ 6,497</u>	<u>\$ 756,569</u>	<u>\$ 763,066</u>

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

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Statement of Cash Flows – University of Hawai‘i
Year Ended June 30, 2023
(All dollars reported in thousands)

Cash flows from operating activities	
Student tuition and fees	\$ 261,004
Grants and contracts	459,905
Other revenues	92,881
Payments to employees	(912,502)
Payments to suppliers and other	(389,195)
Payments for scholarships and fellowships	<u>(34,099)</u>
Net cash used in operating activities	<u>(522,006)</u>
Cash flows from noncapital financing activities	
State appropriations	581,388
Gifts and grants for other than capital purposes	161,358
Net transfers from State of Hawai‘i	5,895
Other disbursements	<u>(1)</u>
Net cash provided by noncapital financing activities	<u>748,640</u>
Cash flows from capital and related financing activities	
Capital appropriations	113,242
Capital gifts and grants	6,189
Purchases of capital assets	(160,092)
Proceeds from sale of capital assets	113
Principal paid on capital debt and equipment financing arrangements	(44,879)
Interest paid on capital debt and equipment financing arrangements	(17,741)
Transfer from State of Hawai‘i for	
Tobacco Settlement	9,921
University of Hawai‘i Cancer Center	<u>6,917</u>
Net cash used in capital and related financing activities	<u>(86,330)</u>
Cash flows from investing activities	
Interest and dividends on investments, net	14,982
Proceeds from sales and maturities of investments	467,293
Purchase of investments	<u>(586,722)</u>
Net cash used in investing activities	<u>(104,447)</u>
Net increase in cash and cash equivalents	35,857
Cash and cash equivalents	
Beginning of year	<u>120,520</u>
End of year	<u>\$ 156,377</u>

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

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Statement of Cash Flows – University of Hawai‘i
Year Ended June 30, 2023
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Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (830,985)
Adjustments to reconcile operating loss to net cash used in operating activities	
On behalf payments by State for fringe benefits	246,138
Depreciation and amortization expense	146,281
Pension and other postretirement healthcare benefit expense	(72,414)
Bad debt expense, net	4,399
Changes in operating assets and liabilities	
Accounts receivable	(18,525)
Due from the Research Corporation of the University of Hawai‘i, net	2,360
Notes receivable	274
Prepaid expenses and other assets	2,106
Accounts payable	6,316
Accrued payroll and fringe benefits	776
Accrued workers’ compensation liability	(5,596)
Advances from sponsors	(181)
Other, net	(2,955)
Net cash used in operating activities	<u>\$ (522,006)</u>

Supplemental information of noncash transactions

Net transfers from other State agencies	\$ 137
Accounts payable for capital assets	25,347
Escrow funds used to fund capital asset additions	143

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 (“UH- Mānoa”), University of Hawai‘i at Hilo (“UH-Hilo”), University of Hawai‘i at West O‘ahu (“UH-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, 2023, the net position of the Research Corporation was \$10,969. 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 materiality.

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 relationship 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 16.

The Foundation’s accounting policies conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to not-for-profit organizations as promulgated by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). No modifications have been made to the Foundation’s 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.

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.

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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 annual comprehensive financial report (“ACFR”).

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 Statement 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

Cash and time certificates of deposits included in investments 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 Statement 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 U.S. 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 University’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 Level 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 Statement 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 of the University of Hawaii, 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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Leases

Lessee

The University has a policy to recognize a lease liability and a right-to-use (“ROU”) lease asset (“ROU asset”) in its financial statements. The University recognizes lease liabilities with an initial, individual value of \$100 or more for land and building leases and \$25 or more for equipment and others, with a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

ROU assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the ROU assets into service. ROU assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the University has determined is reasonably certain of being exercised. In this case, the ROU asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the University determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the University is reasonably certain to exercise.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any ROU asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

ROU assets are reported as right-to-use along with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor

The University is a lessor for leases of special purpose facilities, office and commercial space, and land. The University recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease receivable.

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At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the University determines: (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The University uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription Based Information Technology Arrangements (SBITA)

The University has a policy to recognize a subscription liability and a right-to-use subscription asset (subscription asset) in the Statement of Net Position. The University recognizes subscription liabilities with an initial, individual value of \$500 or more with a subscription term greater than one year. Variable payments based on future performance of the University, or usage of the underlying IT asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

At the commencement of a SBITA, the University initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, plus any payments made to the SBITA vendor before the commencement of the subscription term and capitalizable initial implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

Costs associated with a SBITA, other than the subscription payments, are accounted for as follows:

- **Preliminary Project Stage:** Outlays are expensed as incurred.
- **Initial Implementation Stage:** Outlays are capitalized as an addition to the subscription asset.
- **Operation and Additional Implementation Stage:** Outlays are expensed as incurred unless they meet specific capitalization criteria.

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Upon adoption, the University elected to exclude capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage that were incurred prior to the implementation of GASB Statement No. 96 in the measurement of subscription assets as of July 1, 2022.

Subscription assets are reported in capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position.

Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the University has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

Key estimates and judgements related to SBITA include how the University determines: (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The University uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for the SBITA.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and the purchase option price that the University is reasonably certain to exercise.

The University monitors changes in circumstances that would require a remeasurement of its subscription liability.

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.

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Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows (inflows) of resources represent a consumption of (benefit to) net assets 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 and deferred inflow of resources related to pensions resulted from differences between expected and actual experiences on pension plan investments, changes in assumptions, and changes in proportion on pension plan investments, which will be amortized over the estimated average remaining service life of the plan members. The deferred outflow of resources and deferred inflow of resources related to postemployment benefits other than pension (“OPEB”) resulted from differences between expected and actual experiences and changes in assumptions which will be amortized over the estimated remaining service life of the plan members. The net difference between projected and actual earnings on plan investments for both pension and OPEB resulted in a deferred outflow of resources which is amortized over five years. 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 which will be recognized as a reduction of the net pension liability 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. The deferred inflow of resources related to leases were initially measured as the amount of the lease receivable. Subsequently, the deferred inflows of resources related to leases are recognized as revenue over the lease term.

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 Employees’ Retirement System of the State of Hawai‘i (“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.

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.

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Revenue Bonds Payable

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

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 13 for more information.

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.
- **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 to 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, 2023 amounted to \$591,132, of which \$525,414 were restricted by enabling legislation for capital activity.

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Operating and Nonoperating Activities

The University’s policies for defining operating activities, as reported on the Statement 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 Higher Education on Emergency Relief Funds (“HEERF”), which includes the Coronavirus Aid, Relief, and Economic Security Act (“CARES”), Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”), and American Rescue Plan (“ARP”) represent nonexchange transactions that are reported as Federal nonoperating revenues (coronavirus).

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, AROs, 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

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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 Statement of Net Position (see Note 9).

The University records its estimated pension liability and 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 11 and 12.

The University records its estimated liability for certain costs associated with the future retirement of their telescopes. The assumptions used to determine the liabilities are described in Note 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.

Recently Issued Accounting Pronouncements

GASB Statement No. 94

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. This statement did not have a material effect on the University's financial statements.

GASB Statement No. 96

During fiscal year 2023, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for SBITAs for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. This statement did not have a material effect on the University's financial statements.

GASB Statement No. 99

The GASB issued Statement No. 99, *Omnibus*. 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. Certain requirements of this Statement are effective immediately while

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other requirements are effective for fiscal years beginning after June 15, 2022 and June 15, 2023, respectively. The requirements that were effective immediately and beginning after June 15, 2022 did not have a material effect on the University’s financial statements. For the remaining requirements, the University has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 100

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. The University has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 101

The GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The University has not determined the effect this Statement will have on its financial statements.

2. Cash and Investments

The carrying amount of cash and cash equivalents and time certificates of deposit held outside of the State Treasury as of June 30, 2023, classified as cash and cash equivalents and operating investments, was \$166,313, with corresponding bank balances of \$118,503. The portion of bank balances covered by the Federal Deposit Insurance Corporation (“FDIC”) or by collateral held by the State Director of Budget & Finance in the name of the University totaled \$108,503 at June 30, 2023.

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 (“FIFO”) 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, 2023.

- **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 Statutes (“HRS”) Section 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 year 2023, the University’s spending rate policy provided for annual distributions at 4.10% of the trailing five-year moving average of the endowment fair value.

At June 30, 2023, the University’s investments were comprised of the following:

	Fair Value	Cost
Cash and money market funds	\$ 1,296	\$ 1,296
Time certificates of deposit	10,000	10,000
Fixed income securities	703,134	725,672
Equity securities	72,196	54,142
Other investments	<u>1,397</u>	<u>1,397</u>
Total investments	788,023	792,507
Less: Current portion	<u>675,449</u>	<u>696,874</u>
Total noncurrent investments	<u>\$ 112,574</u>	<u>\$ 95,633</u>

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Changes in the University’s investments for the year ended June 30, 2023 were as follows:

	Fair Value	Cost Basis	Net Change in Unrealized Gain (Loss)	Net Realized Gain (Loss)
University Endowment Pool				
End of year	\$ 87,508	\$ 71,876	\$ 15,632	
Beginning of year	80,244	74,017	6,227	
Net change	<u>7,264</u>	<u>(2,141)</u>	<u>9,405</u>	\$ (902)
Associated Students of the University of Hawai‘i				
End of year	10,354	9,091	1,263	
Beginning of year	9,443	8,819	624	
Net change	<u>911</u>	<u>272</u>	<u>639</u>	216
School of Medicine				
End of year	2,270	2,270	-	
Beginning of year	2,446	2,446	-	
Net change	<u>(176)</u>	<u>(176)</u>	<u>-</u>	-
University Bond System				
End of year	11,045	10,999	46	
Beginning of year	11,900	11,912	(12)	
Net change	<u>(855)</u>	<u>(913)</u>	<u>58</u>	49
Operating investments				
End of year	675,449	696,874	(21,425)	
Beginning of year	557,993	575,157	(17,164)	
Net change	<u>117,456</u>	<u>121,717</u>	<u>(4,261)</u>	68
Other				
End of year	1,397	1,397	-	
Beginning of year	1,297	1,297	-	
Net change	<u>100</u>	<u>100</u>	<u>-</u>	-
Total investments				
End of year	788,023	792,507	(4,484)	
Beginning of year	663,323	673,648	(10,325)	
Net change	<u>\$ 124,700</u>	<u>\$ 118,859</u>	<u>\$ 5,841</u>	<u>\$ (569)</u>

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Net investment income for the year ended June 30, 2023 was as follows:

Summary of net investment income

Net change in unrealized net gain	\$ 5,841
Net realized loss	(569)
	<u>5,272</u>
Interest and dividend income	17,803
Investment income before management fees	23,075
Less: Management fees	538
Net investment income	<u>\$ 22,537</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, 2023 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
Cash and money market funds	\$ 1,296	\$ 1,296	\$ -	\$ -
Time certificates of deposit	10,000	-	10,000	-
Fixed income securities	703,134	449,122	254,012	-
Equity securities	72,196	72,196	-	-
Other investments	1,397	-	-	1,397
Total investments	<u>\$ 788,023</u>	<u>\$ 522,614</u>	<u>\$ 264,012</u>	<u>\$ 1,397</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 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 Statement of Net Position and is not represented by the contract or notional amounts of the instruments.

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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% of the total fixed income portion of the portfolio. Individual equities are limited to not more than 4.0% of the total market value of the stock portfolio. In addition, investment in any one stock is not to exceed 1.0% 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% of the fixed income investments may be lower than investment grade.

The composition of fixed income securities at June 30, 2023, along with credit quality ratings, is summarized below:

	Credit Quality Rating						
	U.S. Govt- Exempt	AAA	AA	A	BBB	BB or Lower	Unrated
U.S. Treasury	\$ 448,276	\$ 448,276	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. government agencies	244,622	4,481	-	240,141	-	-	-
Corporate bonds	10,236	-	336	874	3,716	4,899	203
Total fixed income securities	\$ 703,134	\$ 452,757	\$ 336	\$ 241,015	\$ 3,716	\$ 4,899	\$ 203

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.

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At June 30, 2023, the composition of the University’s fixed income investments and maturities is summarized below:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury	\$ 448,276	\$ 273,883	\$ 170,652	\$ 1,009	\$ 2,732
U.S. government agencies	244,622	48,092	191,203	284	5,043
Corporate bonds	10,236	1,867	3,841	2,589	1,939
Total fixed income securities	<u>\$ 703,134</u>	<u>\$ 323,842</u>	<u>\$ 365,696</u>	<u>\$ 3,882</u>	<u>\$ 9,714</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, 2023, the University’s exposure to foreign currency risk expressed in U.S. dollars was not significant.

3. Accounts Receivable

The composition of accounts receivable, net of allowance for uncollectible receivables, of \$39,971 at June 30, 2023 is summarized as follows:

	2023
U.S. government	\$ 80,573
State and local government	10,404
Private agencies	14,424
Student tuition and fees	8,508
Other	9,252
	<u>\$ 123,161</u>

At June 30, 2023, private agency receivables from the Foundation were \$6,646. Private grant revenue from the Foundation approximated \$14,274 during fiscal year 2023.

The University has an agreement with the Foundation to receive fundraising and alumni services through June 30, 2023. The annual compensation under this agreement amounted to \$3,000 for fiscal year 2023. The service expense was paid in full as of the year ended June 30, 2023, and is reported in supplies, services, and cost of goods sold in the Statement of Revenues, Expenses, and Changes in Net Position.

4. 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. The reimbursement amounted to approximately \$65,828 in 2023 and is reported in federal appropriations, grants and contracts revenue.

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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.

5. Direct Loan Programs

During the year ended June 30, 2023, the University awarded \$112,502 in Direct Loan programs. These awards 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.

6. Other Current Assets

Other current assets at June 30, 2023 were comprised of:

	2023
Accrued interest receivable	\$ 3,798
Inventories	5,086
Short term lease receivable	979
Prepaid expenses	8,597
	<u>\$ 18,460</u>

The inventories and the methods of valuation at June 30, 2023 are summarized below:

		2023
University of Hawai‘i Bookstore merchandise inventory		\$ 1,990
University of Hawai‘i Chemistry Stockroom	Cost applied on the first-in, first-out basis.	1,238
University of Hawai‘i Facilities Management Warehouse	Cost applied on the first-in, first-out basis.	879
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.	855
University of Hawai‘i other inventory	Lower of cost or market using the weighted average cost method.	124
		<u>\$ 5,086</u>

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7. Capital Assets

A summary of capital assets, including ROU assets at June 30, 2023 is as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable capital assets					
Land	\$ 74,784	\$ -	\$ -	\$ -	\$ 74,784
Construction in progress	134,414	134,012	932	(75,745)	191,749
Total capital assets not being depreciated	209,198	134,012	932	(75,745)	266,533
Depreciable capital assets					
Land improvements	179,395	170	-	475	180,040
Infrastructure	301,952	1,614	-	7,809	311,375
Buildings	2,934,638	7,793	6,745	62,871	2,998,557
Equipment	409,750	22,576	12,136	4,590	424,780
Library materials	181,666	1,170	-	-	182,836
Total capital assets being depreciated	4,007,401	33,323	18,881	75,745	4,097,588
Less: Accumulated depreciation	2,071,069	144,720	17,649	-	2,198,140
Leased assets					
Buildings	2,469	-	-	-	2,469
Total leased assets	2,469	-	-	-	2,469
Less: Accumulated amortization					
Buildings	989	1,116	-	-	2,105
Capital assets, net	\$ 2,147,010	\$ 21,499	\$ 2,164	\$ -	\$ 2,166,345

Capital assets consist of land, land improvements, infrastructure, buildings, equipment, library materials, and construction in progress (“CIP”). 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 \$145,836 during fiscal year 2023.

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8. Due from and Due to the State of Hawai‘i

Amounts due from and due to the State of Hawai‘i at June 30, 2023 were as follows:

	2023	
	Due from	Due to
State appropriations for current operations	\$ 2,227	
State capital appropriations – noncurrent	552,117	
Total due from State of Hawai‘i	<u>\$ 554,344</u>	
Imprest/petty cash advances		\$ 65
Advance		6,000
Employee fringe adjustments		51
Total due to State of Hawai‘i		<u>\$ 6,116</u>

9. Long-Term Liabilities

Long-term liability activities at June 30, 2023 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
Revenue bonds payable	\$ 436,965	\$ -	\$ 20,200	\$ 416,765	\$ 21,155
Other liabilities					
Workers’ compensation	14,185	3,267	3,373	14,079	3,707
Accrued vacation	85,579	30,164	28,797	86,946	32,698
Net pension liability (Note 11)	1,476,618	191,824	138,619	1,529,823	-
Postemployment health care/life insurance benefits (Note 12)	1,635,611	46,981	139,223	1,543,369	-
Equipment financing obligations	26,319	-	24,678	1,641	77
Total other liabilities	<u>3,238,312</u>	<u>272,236</u>	<u>334,690</u>	<u>3,175,858</u>	<u>36,482</u>
Total long-term liabilities	<u>\$3,675,277</u>	<u>\$ 272,236</u>	<u>\$ 354,890</u>	<u>\$3,592,623</u>	<u>\$ 57,637</u>

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Revenue Bonds Payable

The University’s revenue bonds payable at June 30, 2023 is as follows:

	Series	Date Issued	Authorized	2023
Hilo College of Pharmacy and Law School Expansion and Modernization (interest rate, 1.05% to 4.69%)	2015A	September 24, 2015	\$ 8,575	\$ 7,270
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.00% to 5.00%)	2015B(R)	September 24, 2015	47,010	44,880
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 0.81% to 3.04%)	2015C(R)	September 24, 2015	17,585	-
University Health & Wellness Center (interest rate, 5.00%)	2015E(R)	April 20, 2016	67,400	60,260
Sinclair Library Basement Renovation (interest rate, 2.00% to 5.00%)	2017A	December 28, 2017	3,990	2,925
University Health & Wellness Center (interest rate, 3.00%)	2017B	December 28, 2017	12,040	12,040
University Health & Wellness Center (interest rate, 3.28% to 3.38%)	2017C	December 28, 2017	4,110	4,110
Frear Hall Construction, Student Housing System at Mānoa, Student Housing System at Hilo (interest rate, 3.00%)	2017D	December 28, 2017	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
Various acquisition and construction projects (interest rate, 5.00%)	2017F	December 28, 2017	52,275	45,395
Various acquisition and construction projects (interest rate, 2.10% to 3.85%)	2017G	December 28, 2017	20,745	17,330
Parking facilities at Mānoa (interest rate, 0.54% to 3.20%)	2020A	October 28, 2020	10,045	9,195
University of Hawai‘i Cancer Center (interest rate, 3.00% to 5.00%)	2020B	October 28, 2020	44,555	38,795
University of Hawai‘i Cancer Center (interest rate, 2.27% to 3.20%)	2020C	October 28, 2020	54,300	54,300
Various acquisition and construction projects (interest rate, 3.00% to 5.00%)	2020D	October 28, 2020	77,135	71,500
Various acquisition and construction projects (interest rate, 3.20%)	2020E	October 28, 2020	31,130	31,130
			<u>\$ 468,530</u>	<u>\$ 416,765</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 a University project and refunding previously issued bonds. All Series 2020 bonds were delivered on October 28, 2020. Total premium for the Series 2020 Bonds approximated

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\$25,710. The proceeds of the Series 2020A Bonds will be used to renovate and repair parking facilities at the University’s Mānoa campus.

The proceeds of the Series 2020B, 2020C, 2020D and 2020E Bonds were used to prepay and redeem the Series 2010A-1 and 2010B-1 University Revenue Bonds. During the year ended June 30, 2021, \$230,955 of bonds outstanding from the Series 2010A-1 and 2010B-1 University Revenue Bonds were considered defeased. The defeasance resulted in an accounting gain of \$44,017 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$35,207. Deferred loss on refunding for Series 2020 Bonds amounted to \$533 at June 30, 2023. The coupon interest rates of the Series 2020 Bonds range from 0.54% to 5.00% (the first interest payment was paid on April 1, 2021) with the last maturity on October 1, 2040.

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 \$3,764 at June 30, 2023. The coupon interest rates for the Series 2017 Bonds range from 2.00% to 5.00% (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), 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 \$4,110 at June 30, 2023. The University projects include the UH-Mānoa Law School Expansion and Modernization Project and the UH-Hilo College of Pharmacy Project.

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The proceeds of the Series 2015B(R), 2015C(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 0.81% to 5.00% (first interest payment due on April 1, 2016) with the last maturity on October 1, 2044.

The University receives funds from the State of Hawai‘i Tobacco Settlement Special Fund for the payment of principal and interest on the Series 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 \$9,921 in 2023.

The revenue bonds are paid from certain unrestricted revenues in annual installments, including semi-annual interest payments ranging from \$12 to \$8,634 with the final payment due in October 2044. Interest on the Series 2015, 2017 and 2020 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 2015, 2017 and 2020 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% 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.

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At June 30, 2023, future maturities of revenue bonds are as follows:

	Principal	Interest
Years ending June 30,		
2024	\$ 21,155	\$ 16,778
2025	22,150	15,772
2026	23,210	14,701
2027	23,320	13,584
2028	25,280	12,526
2029–2033	140,235	45,381
2034–2038	109,605	19,076
2039–2043	50,810	2,733
2044–2045	1,000	47
	<u>\$ 416,765</u>	<u>\$ 140,598</u>

Bond Premiums

Activity related to the premiums on revenue bonds for the year ended June 30, 2023 is as follows:

	Series	Beginning Balance	Additions	Reductions	Ending Balance
Student Housing	2015B(R)	\$ 3,620	\$ -	\$ 319	\$ 3,301
John A. Burns School of Medicine	2015E(R)	4,239	-	648	3,591
Sinclair Library basement renovation	2017A	311	-	44	267
John A. Burns School of Medicine	2017B	166	-	26	140
Student Housing	2017D	72	-	9	63
Student Housing	2017F	6,486	-	659	5,827
University of Hawai‘i Cancer Center	2020B	7,151	-	1,360	5,791
Various construction projects	2020D	13,065	-	1,718	11,347
Total bond premiums		<u>\$ 35,110</u>	<u>\$ -</u>	<u>\$ 4,783</u>	<u>\$ 30,327</u>

10. Leases

The University leases certain properties to other users. Such property includes special purpose facilities, office space, and commercial space. The lease receivable consists of agreements with others for the right to use the underlying assets at various locations owned by the University. The terms of the arrangements range from 2 to 20 years. The calculated interest rates used vary depending on the length of the lease. For the year ended June 30, 2023, the University recognized \$1,244 in lease revenue and \$383 in interest revenue.

A summary of changes in lease receivable for the year ended June 30, 2023 is as follows:

Beginning Balance	Additions	Deletion	Ending Balance	Due Within One Year	Due in More Than One Year
\$ 7,235	\$ 3,414	\$ -	\$ 10,649	\$ 980	\$ 9,669

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Lease receivable is due as follows:

Years ending June 30,	Principal
2024	\$ 980
2025	634
2026	626
2027	636
2028–2032	3,393
2033–2037	1,760
2038–2042	1,088
2043–2047	1,147
2048–2049	385
	<u>\$ 10,649</u>

11. 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>.

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% to 2.25%) 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.

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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 2.50% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.50% 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% 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% of their average final compensation. Ten years of credited service are 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 12.50% of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% 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% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member’s accrued maximum allowance unreduced for age.

Contributory Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 2% 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% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined as 1.75% 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% of average final compensation.

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- 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% 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% 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% 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% 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% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service are 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.

Hybrid Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 2% 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% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service are 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% of average final compensation.

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- 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% 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%, or 50% 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% 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% 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% 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% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

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 24.10% for fiscal year 2023. Contributions to the pension plan for the University for the year ended June 30, 2023 were \$144,995.

The University is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.80% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.80% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8% of their salary.

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

At June 30, 2023, the University reported a liability of \$1,529,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the University’s proportion was 11.80%, which was a decrease of 0.30% from its proportion at June 30, 2021.

The following changes were made to the actuarial assumptions as of June 30, 2021 to June 30, 2022:

- The administrative expenses assumption was increased from 0.35% to 0.40%.
- The general wage inflation assumption represents the average increase in wages in the general economy and is used to index salaries for each cohort of new entrants in projections. The general productivity component of the general wage inflation assumption for general employees decreased from 1.00% to 0.50%, that now yields a nominal assumption of 3.00%.
- The assumed salary increase schedules increased for all employees. These schedules include an ultimate component for general wage inflation that may add on an additional increase for individual merit (which would include promotions) and then an additional component for step rates based on service. The schedules of assumed salary increase, that are the same for general employees, increased to 4.66% from 4.41%.
- Retiree mortality was updated to the 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.

There were no changes between the measurement date, June 30, 2022, and the reporting date, June 30, 2023, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the year ended June 30, 2023, the University recognized pension expense of \$84,601.

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At June 30, 2023, 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
Difference between expected and actual experience	\$ 27,453	\$ 22,147
Net difference between projected and actual investment earnings on pension plan investments	-	66,213
Change in assumptions	2,245	19,404
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	93,559
Contributions subsequent to the measurement date	<u>144,995</u>	<u>-</u>
Total deferred inflows and outflows of resources	<u>\$ 174,693</u>	<u>\$ 201,323</u>

At June 30, 2023, the \$174,693 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, 2024.

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

Years ending June 30,	
2024	\$ (48,946)
2025	(57,612)
2026	(73,332)
2027	9,542
2028	<u>(1,277)</u>
	<u>\$ (171,625)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS’s Board of Trustees on August 8, 2022, based on the 2021 experience study for the five-year period from July 1, 2016 through June 30, 2021:

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

There were no changes to ad hoc postemployment benefits including cost of living allowances.

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality table with full generational projections in future years.

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Pre-retirement mortality rates are based on multiples of the Pub-2010 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 rate of returns based on ERS’s investment consultant as of June 30, 2022 are summarized in the following table:

Classes	Strategic Class Weights	Long-Term Expected Geometric Rate of Return
Broad growth		
Private equity	13.50 %	11.00 %
Global equity	20.00 %	8.50 %
Low volatility equity	4.00 %	7.80 %
Global options	4.00 %	6.40 %
Credit	6.00 %	7.70 %
Core real estate	6.00 %	6.40 %
Non-core real estate	4.50 %	9.50 %
Timber/agriculture/infrastructure	5.00 %	8.30 %
Diversifying strategies		
TIPS	2.00 %	3.30 %
Global macro	4.00 %	5.40 %
Reinsurance	4.00 %	6.40 %
Alternative risk premia	8.00 %	5.40 %
Long treasuries	5.00 %	3.80 %
Intermediate government	4.00 %	3.20 %
Systematic trend following	10.00 %	6.20 %
Total investments	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the net pension liability was 7.00%, 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.

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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%, for the measurement date, June 30, 2022, 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%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
The University’s proportionate share of the net pension liability	<u>\$ 2,049,956</u>	<u>\$ 1,529,823</u>	<u>\$ 1,099,253</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 year 2023 was paid by June 30, 2023. Excess payments of \$40,020 are being applied to amounts due in fiscal year 2023.

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 \$246,138 for fiscal year 2023.

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

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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, 2023, accumulated sick leave approximated \$506,810.

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 \$1,958 for fiscal year 2023.

12. 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:

Hawaii Employer-Union Health Benefits Trust Fund
P.O. Box 2121
Honolulu, Hawaii 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% 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.

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% of the base monthly contribution. For employees retiring with at least 15 years, but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% 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% of the base monthly contribution. For those retiring with at least 15 years, but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% 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.

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Employees Covered by Benefit Terms

At July 1, 2022, the following number of plan members was covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	39,326
Inactive plan members entitled to but not yet receiving benefits	7,564
Active plan members	<u>48,678</u>
Total plan members	<u>95,568</u>

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan for the University were \$63,192 the year ended June 30, 2023. 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, 2023, the University reported a net OPEB liability of \$1,543,369 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2022 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, 2022, and the reporting date, June 30, 2023, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2023, the University recognized OPEB expense of approximately \$41,946. At June 30, 2023, 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
Changes in assumptions	\$ 13,145	\$ 34,146
Net difference between projected and actual earnings on OPEB plan investments	39,066	-
Difference between expected and actual experience	-	211,224
Contributions subsequent to the measurement date	<u>65,347</u>	<u>-</u>
Total deferred inflows and outflows of resources	<u>\$ 117,558</u>	<u>\$ 245,370</u>

At June 30, 2023, the approximate \$65,347 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, 2024.

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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,	
2024	\$ (47,128)
2025	(46,395)
2026	(49,823)
2027	(24,725)
2028	(25,088)
	<u>\$ (193,159)</u>

Actuarial Assumptions

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

Actuarial valuation date	July 1, 2022
Date of adoption	January 9, 2023
Five-year experience study end date	June 30, 2022
Inflation	2.50%
Payroll growth rate (including inflation)	3.75% to 6.75%
Investment rate of return	7.00%
PPO*	
Initial rates	6.40%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	22
HMO*	
Initial rates	6.40%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	22
Medicare Part B Contribution	
Initial rates	5.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	22
Dental	
Rate	4.00%
Vision	
Rate	2.5%
Life Insurance	
Rate	0.00%

* Blended rates for medical and prescription drugs.

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

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:

	Target Allocation	Long-Term Expected Real Rate of Return
Strategic Allocation (risk-based classes)		
Private equity	12.50 %	11.72 %
U.S. microcap	6.00 %	8.28 %
Global equity	27.50 %	6.62 %
Global options	5.00 %	4.45 %
Real assets	10.00 %	6.59 %
Private credit	8.00 %	6.38 %
TIPS	5.00 %	1.35 %
Long treasuries	6.00 %	2.32 %
Alternative risk premia	5.00 %	4.81 %
Trend following	10.00 %	3.74 %
Reinsurance	5.00 %	4.53 %
	<u>100.00 %</u>	

Single Discount Rate

The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. 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 future benefit payments of current and inactive plan members. In July 2020, the Governor’s office issued the Tenth Proclamation related to the COVID-19 Emergency, allowing employers of the EUTF to suspend ACT 268 contributions for the year ending June 30, 2021 and instead limit their contribution amounts to the OPEB benefits due. This relief provision related to OPEB funding was extended to fiscal years 2022 and 2023 by ACT 229, SLH 2021. The OPEB plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current 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.

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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.

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 date, July 1, 2022.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	\$ 2,141,765	\$ 506,154	\$ 1,635,611
Service cost	28,628	-	28,628
Interest on the total OPEB liability	95,645	-	95,645
Employer contributions	-	63,192	(63,192)
Net investment income	-	(9,149)	9,149
Benefit payments	(44,095)	(44,095)	-
Change in assumptions	(32,983)	-	(32,983)
Difference between expected and actual experience in the measurement of total OPEB liability	(129,403)	-	(129,403)
Administrative expense	-	(38)	38
Other	-	124	(124)
Net changes	<u>(82,208)</u>	<u>10,034</u>	<u>(92,242)</u>
Ending balance	<u>\$ 2,059,557</u>	<u>\$ 516,188</u>	<u>\$ 1,543,369</u>

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%, for the measurement date, July 1, 2022, 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%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
The University’s proportionate share of the net OPEB liability	<u>\$ 1,911,382</u>	<u>\$ 1,543,369</u>	<u>\$ 1,250,874</u>

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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
The University’s proportionate share of the net OPEB liability	<u>\$ 1,234,891</u>	<u>\$ 1,543,369</u>	<u>\$ 1,937,679</u>

Payables to the OPEB Plan

There were no contributions payable to the EUTF as of June 30, 2023.

13. 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 GASB 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 5 to 15 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, 2023 was \$11,035 and is included in other noncurrent liabilities in the University’s Statement of Net Position. Deferred outflows of resources related to AROs amounted to \$2,943 at June 30, 2023.

14. 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

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Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

Act 248, SLH 2022 Appropriations Act of 2022, Section 3, provided \$153,299 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, 2023.

Net general and capital appropriations for the year ended June 30, 2023 were as follows:

General appropriations

Act 88, SLH 2021, Appropriation Warrant No. 10	\$ 503,709
Act 88, SLH 2021 as Amended by Act 248, SLH 2022 Appropriation Warrant No. 94	63,390
Act 255, SLH 2022, Appropriation Warrant No. 153	350
Act 262, SLH 2022, Appropriation Warrant No. 154	<u>6,700</u>
	574,149
Total funds lapsed	(8,815)
Collective bargaining adjustment	<u>15,434</u>
Total general appropriations	<u>\$ 580,768</u>

Capital appropriations

Section 26, Act 148, SLH 2022	\$ 64,650
Sections 26, Act 88, SLH 2021, Amended by Act 248, SLH 2022	95,750
Total funds lapsed	<u>(4,322)</u>
Total capital appropriations	<u>\$ 156,078</u>

Net transfers from the State for the year ended June 30, 2023 were as follows:

Fringe benefits	\$ 246,138
Hawai‘i Barrel Tax	1,415
School of Nursing	1,511
University of Hawai‘i Cancer Center	<u>2,969</u>
	<u>\$ 252,033</u>

15. Litigation, Other Contingent Liabilities, and Commitments

HRS Section 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 ACFR that includes financial statements and required supplementary information which may be obtained from the following address:

State of Hawaii Department of Accounting and General Services
 1151 Punchbowl Street
 Honolulu, Hawaii 96813

Although the ultimate outcome and financial impact to the University of these OHA matters are not presently known, the University has had an understanding 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 activity in connection with this understanding. 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.

The following coverage is obtained directly from third-party insurers:

- **General Liability Insurance** – The University has general liability insurance with a loss limit of \$10,000 per occurrence, a \$10,000 aggregate, and a \$1,000 Self-Insured Retention (“SIR”). In addition, the University is covered by the State’s general liability policy of \$7,500 which sits above the University’s policy.
- **Management Liability Insurance** – The University has management liability insurance with a limit of \$10,000 per claim and a \$1,000 SIR.

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The University is covered under the State’s insurance program for the following:

- **Property Insurance** – The University has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is \$200,000, except for terrorism losses, which has a \$100,000 per occurrence limit. There are two different types of deductibles for the property coverage. The deductible for losses such as windstorm, flood, tsunami, and volcanic actions are 3% of values per unit of insurance subject to a per occurrence minimum of \$1,000. The deductible for all other perils such as a fire and terrorism is \$1,000.
- **Crime Insurance** – The University also has a crime insurance policy for various types of coverages with a limit of loss of \$10,000 per occurrence with a \$500 deductible per occurrence, except for client’s property which has a \$5,000 limit per occurrence and a \$500 deductible and claims expense coverage, supplemental funds transfer coverage, and social engineering which has a \$100 limit per occurrence and a \$500 deductible. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services (“Risk Management Office”), and losses not covered by insurance are paid from the State’s General Fund.
- **Cyber Liability Insurance** – The University is insured for various types of cyber-related activities with a loss limit of \$5,000 deductibles ranging from \$250 to \$1,000 per claim. This policy includes (with sub-limits) invoice manipulation, reputation loss, amend data recovery cost, computer hardware replacement cost, and cryptojacking.

Construction and Other Contracts

The University is committed under contracts awarded for construction and other services. These commitments amounted to approximately \$285,351 as of June 30, 2023.

Collective Bargaining Agreements

The Hawai‘i State Constitution, under Article XIII, Section 2, grants certain public employees in the State the right to organize for the purpose of collective bargaining as provided by law. HRS Chapter 89 provides 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 Section 89-6(a), 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 September 12, 2023 is as follows:

- Unit 1 (nonsupervisory employees in blue collar positions) – 483
- Unit 2 (supervisory employees in blue collar positions) – 13
- Unit 3 (nonsupervisory employees in white collar positions) – 471
- Unit 4 (supervisory employees in white collar positions) – 37

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- Unit 7 (faculty of the University and community colleges) – 4,284
- Unit 8 (personnel of the University and community colleges other than faculty) – 2,352
- Unit 9 (registered professional nurses) – 10
- Unit 10 (institutional, health, and correctional workers) – 1

The civil service employees working at the University are included in Units 1, 2, 3, 4, 9 and 10. The University’s employees who are exempt from civil service are considered Board appointees, and include faculty members, who are included in Unit 7, and administrative, professional and technical 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 Section 89-6(f), such as those 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, as applicable. Some employees (for example, 89-day contractual hires or those working less than half-time) are not parties to any bargaining unit under HRS Chapter 89.

All Units at the University have four-year CBAs that are effective from July 1, 2021 through June 30, 2025. All CBAs have a reopener for the final two years of the contract solely on the issue of the employer’s contribution to health insurance premiums (“EUTF”); as a result of the reopener, all bargaining units have a revised Employer’s monthly contribution to EUTF premiums through June 30, 2025. A summary of salary and other adjustments, and their effective dates, over the course of the CBAs for each unit is below:

BU	7/1/2021	7/1/2022	9/1/2022	10/1/2022	7/1/2023	7/1/2024
1	\$1,000 (lump sum)	—	—	3.72%	5%	5%
2	1% (lump sum)	3.72%	—	—	5%	5%
3	\$1,000 (lump sum)	—	—	3.72%	5%	5%
4	1% (lump sum)	3.72%	—	—	4.96%	5%
7	1% (lump sum for Faculty Members)	3.72%	—	—	5%	5%
8	1% (lump sum)	3.72%	—	—	5%	5%
9	1% (lump sum)	3%	—	—	4.10%	3.40%
10	\$1,000 (lump sum)	—	2.94%	—	5%	5%

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Notes to Financial Statements
June 30, 2023
(All dollars reported in thousands)

16. Foundation Disclosures

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, 2023 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
Domestic equities	\$ 65,750	\$ 65,750	\$ -	\$ -	\$ -
Fixed income securities	194,314	142,918	51,396	-	-
Foreign equities	108,459	59,200	-	-	49,259
Money market funds	39,013	39,013	-	-	-
Natural resources/real estate	28,089	-	-	7,589	20,500
Hedge funds	172,281	5,328	-	-	166,953
Private equity securities	63,245	-	-	106	63,139
Total investments	<u>\$ 671,151</u>	<u>\$ 312,209</u>	<u>\$ 51,396</u>	<u>\$ 7,695</u>	<u>\$ 299,851</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.

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.

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- **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 \$49,196 at June 30, 2023.
- **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.

Long-term Debt

In November 2021, the Public Finance Authority (the “Authority”) issued revenue bonds totaling \$91,915 comprising Series 2021A-1 (\$62,205 tax-exempt), Series 2021A-2 (\$14,210 taxable) and Series 2021B (\$15,500 tax-exempt). The Authority then loaned the proceeds of the bonds to the Foundation for the construction of a new student housing facility. Total premium for the Series 2021 bonds was \$3,390.

The revenue bonds are paid from project revenues and restricted cash in annual installments, including semiannual interest payments ranging from \$373 to \$1,244 with the final payment due in July 2061.

The Foundation entered a continuing disclosure agreement for the benefit of revenue bondholders, it agreed to provide certain financial information and operating data relating to the Foundation with respect to its revenue bonds to the Municipal Securities Rulemaking Board. The Foundation, based on consultation with its bond counsel and bond underwriter, has complied in all material respects with the continuing disclosure requirements. As of June 30, 2023, the Foundation is in compliance with the covenants in its debt agreements, including financial ratios and other restrictions.

The Foundation’s revenue bonds payable on June 30, 2023 is as follows:

Series	Interest Rate	Date Issued	Amount
2021A-1	4.00 %	November 1, 2021	\$ 62,205
2021A-2	4.85 %	November 1, 2021	2,730
2021A-2	5.35 %	November 1, 2021	11,480
2021B	5.25 %	November 1, 2021	<u>15,500</u>
			91,915
Unamortized premium on bonds			3,223
Less: Unamortized debt issuance costs			<u>(2,272)</u>
Long-term debt, net unamortized debt issuance costs			<u>\$ 92,866</u>

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At June 30, 2023, future maturities of revenue bonds are as follows:

Years ending June 30,	
2024	\$ -
2025	-
2026	-
2027	155
2028	260
Thereafter	<u>91,500</u>
	<u>\$ 91,915</u>

For the year ended June 30, 2023, the Foundation paid and capitalized interest cost of \$2,052 to CIP recorded in property and equipment, net.

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

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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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportionate share of the net pension liability	11.80 %	12.10 %	12.34 %	12.64 %	12.73 %	12.73 %	12.75 %	13.11 %	13.60 %	13.75 %
Proportion of the net pension liability	\$ 1,529,823	\$ 1,476,618	\$ 1,889,437	\$ 1,791,098	\$ 1,695,800	\$ 1,648,600	\$ 1,704,470	\$ 1,144,564	\$ 1,089,882	\$ 1,227,787
Covered payroll	\$ 592,534	\$ 575,216	\$ 606,426	\$ 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	258.18 %	256.71 %	311.57 %	296.99 %	286.57 %	280.75 %	299.43 %	202.67 %	197.89 %	235.67 %
Plan fiduciary net position as a percentage of total net pension liability	62.76 %	64.25 %	53.18 %	54.87 %	55.48 %	54.80 %	51.28 %	63.42 %	63.92 %	57.96 %

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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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 142,821	\$ 138,619	\$ 147,213	\$ 133,759	\$ 115,001	\$ 111,436	\$ 98,865	\$ 97,394	\$ 93,949	\$ 88,381
Contributions in relation to the contractually required contribution	<u>142,821</u>	<u>138,619</u>	<u>147,213</u>	<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	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759	\$ 587,203	\$ 569,235	\$ 564,736	\$ 550,758
Contributions as a percentage of covered payroll	24.10 %	24.10 %	24.17 %	22.06 %	19.07 %	18.83 %	16.84 %	17.11 %	16.64 %	16.05 %

1. Changes of Benefit Terms

There were no changes of benefit terms in 2023 through 2014.

2. Changes of Assumptions

In fiscal year 2023, the following changes were made to the actuarial assumptions for the June 30, 2022 actuarial valuation:

- The administrative expenses assumption was increased from 0.35% to 0.40%.
- The general wage inflation assumption represents the average increase in wages in the general economy and is used to index salaries for each cohort of new entrants in projections. The general productivity component of the general wage inflation assumption for general employees decreased from 1.00% to 0.50%, that now yields a nominal assumption of 3.00%.
- The assumed salary increase schedules increased for all employees. These schedules include an ultimate component for general wage inflation that may add on an additional increase for individual merit (which would include promotions) and then an additional component for step rates based on service. The schedules of assumed salary increase, that are the same for general employees, increased to 4.66% from 4.41%.
- Retiree mortality was updated to the 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.

There were no significant changes in actuarial assumptions in 2022, 2021, 2020, 2019 or 2018.

In fiscal year 2017, the discount rate for the June 30, 2016 actuarial valuation decreased by 0.65% from 7.65% to 7.00% 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% from 7.75% to 7.65%.

There were no significant changes in actuarial assumptions in 2015 and 2014.

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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 28,628	\$ 12,767	\$ 41,952	\$ 42,039	\$ 40,189	\$ 31,124
Interest	95,645	42,381	134,717	132,510	124,435	94,505
Difference between expected and actual experience	(129,403)	(17,988)	(123,339)	(1,103)	(36,795)	-
Changes of assumptions	(32,983)	-	(10,099)	10,650	22,269	-
Benefit payments	(44,095)	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
Net change in total OPEB liability	(82,208)	17,792	(18,727)	120,638	89,509	78,904
Total OPEB liability – beginning	2,141,765	2,123,973	2,142,700	2,022,062	1,932,553	1,853,649
Total OPEB liability – ending	<u>\$2,059,557</u>	<u>\$2,141,765</u>	<u>\$2,123,973</u>	<u>\$2,142,700</u>	<u>\$2,022,062</u>	<u>\$1,932,553</u>
Plan fiduciary net position						
Employer contributions	\$ 63,192	\$ 66,555	\$ 138,452	\$ 139,980	\$ 119,714	\$ 92,918
Net investment income	(9,149)	34,889	7,393	12,727	13,793	9,303
Benefit payments	(44,095)	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
OPEB plan administrative expense	(38)	(18)	(52)	(87)	(45)	(23)
Other	124	7	46	29,480	-	747
Net change in plan fiduciary net position	10,034	82,065	83,881	118,642	72,873	56,220
Plan fiduciary net position – beginning	506,154	424,089	340,208	221,566	148,693	92,473
Plan fiduciary net position – ending	516,188	506,154	424,089	340,208	221,566	148,693
Net OPEB liability – ending	<u>\$1,543,369</u>	<u>\$1,635,611</u>	<u>\$1,699,884</u>	<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	25.06 %	23.63 %	19.97 %	15.88 %	10.96 %	7.69 %
Covered-employee payroll	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759
Net OPEB liability as a percentage of covered-employee payroll	260.47 %	284.35 %	279.04 %	297.23 %	298.55 %	301.45 %

* Information for 2014–2017 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)

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 65,347	\$ 103,889	\$ 45,460	\$ 144,567	\$ 134,898	\$ 135,072
Contributions in relation to the actuarially required contribution	65,347	63,192	66,555	138,452	139,980	119,714
Contributions excess	\$ -	\$ 40,697	\$ (21,095)	\$ 6,115	\$ (5,082)	\$ 15,358
University's covered-employee payroll	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759
Contributions as a percentage of covered employee payroll	11.03 %	10.99 %	10.93 %	22.83 %	23.21 %	20.23 %

1. Changes of Benefit Terms

There were no changes of benefit terms in 2023 through 2018.

2. Changes of Assumptions

Actuarial assumption changes during the fiscal year 2023 included updating the healthcare trend assumptions to better anticipate short-term premium experience and the payroll growth rate. The actuarial methods and assumptions used to calculate the actuarially determined contribution for fiscal year 2023 are as follows:

Actuarial valuation date	July 1, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	22 years
Asset valuation method	4-year smoothed market
Actuarial assumptions	
Investment rate of return	7.00%
Projected salary increases	3.50% to 7.00%
Healthcare inflation rates	
PPO**	7.50%, declining rate of 4.70% after 13 years
HMO**	7.50%, declining rate of 4.70% after 13 years
Dental	5.00% for the first year, declining to 4.00% for all future years
Vision	0.00 % initial rate for first year, then 2.50% for all future years
Medicare Part B	Initial rates of 5.00% declining to rate of 4.70% after 10 years

* Information for 2014–2017 is unavailable.

** Blended rates for medical and prescription drug.

SECTION 5

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding numbers relate to the sequence reported in the respective years.

CORRECTIVE ACTION PLAN (UNAUDITED)



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**University of Hawai'i
State of Hawai'i
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

Finding No.	Description	Classification	Status		Current Year Finding No.
			Resolved	Unresolved	
2022-001	Financial Aid Administration	Control Deficiency ("CD")	X		
2022-002	Financial Aid Administration	CD		X	2023-005
2022-003	Return of Title IV Funds	CD	X		
2022-004	Financial Aid Administration	CD	X		
2022-005	Financial Aid Administration	CD	X		
2022-006	Return of Title IV Funds	CD		X	2023-003
2022-007	Inaccurate Stipend Expenditure	Significant Deficiency ("SD")	X		
2022-008	Inaccurate Stipend Expenditure	CD	X		



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**INSTITUTIONAL CORRECTIVE ACTION RESPONSES FOR
THE SINGLE AUDIT REPORT FINDINGS AND QUESTIONED COSTS**

FISCAL YEAR ENDED JUNE 30, 2023

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**Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai'i at Mānoa
Year Ended June 30, 2023**

Finding No. 2023-001: **Financial Aid Administration – Control Deficiency**

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.063P – Federal Pell Grant Program

Questioned Costs: \$ –

Responsible Individual: Pheng Xiong, Office of the Registrar, University Registrar
Nikki Chun, Div. of Enrollment Management, Vice Provost for
Enrollment Management

Date Action Taken: August 2023

The Office of the Registrar is fully aware of and takes very seriously its enrollment and degree reporting requirements and responsibilities. The finding presented in Finding No. 2023-005 happened as a result of a processing error where students in the final Spring 2023 enrollment file were not cleared out. This prevented students in the Spring 2023 degree files, submitted on June 26th and July 3rd, from having their graduation statuses updated with the National Student Clearinghouse if they were in the affected initial Summer 2023 enrollment file. The August 2nd file could not be processed because the National Student Clearinghouse was working with the office to reject the Summer enrollment and Spring 2023 degree reports. The reports had to be rejected in order for the corrected Summer 2023 file to be applied.

The existing business process requires use of an SQL script. Since the script requires complicated manual steps and can lead to errors, the Office of the Registrar has been working to implement the NSC reporting functionality in the student information system. The new business process will improve enrollment and degree reporting, including the reduction of errors resulting from human error. The Office of the Registrar aims to go live with new business process with Spring 2024 enrollment reporting.

**Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai'i at Hilo
Year Ended June 30, 2023**

Finding No. 2023-002: **Return of Title IV Funds – Control Deficiency**

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.063P – Federal Pell Grant Program
84.268 – Federal Direct Student Loans

Questioned Costs: \$ –

Responsible Individual: Sherrie Padilla, Director of Financial Aid, University of Hawai'i at Hilo

Date Action Taken: Immediately

A miscalculation counting the 45-day requirement occurred with the 4 students in question resulting in the funds being returned on the 46th day. Procedures have been adjusted to return funds on the 30th day giving ample time to meet the 45-day requirement.

**Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
University of Hawai'i Maui College
Year Ended June 30, 2023**

Finding No. 2023-003: **Return of Title IV Funds – Control Deficiency**

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.063P – Federal Pell Grant Program

Questioned Costs: \$ –

Responsible Individual: Davileigh Naeole, Financial Aid Director, University of Hawai'i Maui College

Date Action Taken: October 30, 2023

Noting the recommendations of the auditor, we will ensure the timely determination of withdrawal dates for students who unofficially withdraw within 30 days after the end of the enrollment period. We recently hired a permanent staff member and are training them in R2T4 calculations. In addition, to expedite the determination of withdrawal dates we have set a maximum response time for our last date of attendance emails to instructors. They will be required to respond within 12–14 days of receiving the initial LDA request. This will help to ensure that withdrawal dates are established and documented more quickly.

Again, noting the recommendations of the auditor, we will ensure the timely remittance of the institutional portion of unearned aid to the appropriate Title IV program within the required 45-day time period. We expect that the timelier determination of LDA dates will expedite the overall process and we will meet the 45-day remit deadline.

**Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Hawai'i Community College
Year Ended June 30, 2023**

Finding No. 2023-004: **Financial Aid Administration – Control Deficiency**

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.063P – Federal Pell Grant Program
84.268 – Federal Direct Student Loans

Questioned Costs: \$25

Responsible Individual: Calvin Black, Financial Aid Manager, Hawai'i Community College

Date Action Taken: On-going

Return of Title IV Funds

R2T4 was calculated incorrectly due to inadequate staffing and lack of personnel training. R2T4 has been recalculated for the identified student, and Hawai'i CC is working to hire vacant positions and resolve ongoing staffing issues. The UH Community College Central Financial Aid Office is also working to develop/finalize written R2T4 procedures.

Enrollment Reporting

Exit materials were sent late due to inadequate staffing and ongoing staff absences. Hawai'i CC is working to hire vacant positions and resolve ongoing staffing issues.

**Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Honolulu Community College
Year Ended June 30, 2023**

<u>Finding No. 2023-005:</u>	<u>Return of Title IV Funds – Control Deficiency</u>
Federal Agency:	U.S. Department of Education
CFDA Number and Title:	84.063P – Federal Pell Grant Program
Questioned Costs:	\$ –
Responsible Individual:	Heather Florendo, Financial Aid Manager, Honolulu Community College
Date Action Taken:	2023–24 Academic Year

Return of Title IV Funds Calculations

The date of determination (“DOD”) used to determine applicable deadlines in determining R2T4s was based on the date the financial aid specialist pulled the withdrawal report from ReportServer.

Methodology used to determine DOD:

- DOD used: 11/16/22 (Date report pulled)
- 30th day: 12/16/22
- 45th day: 12/31/22
- R2T4 calculation and return completed: 12/15/22
- R2T4 Pell Grant returned: \$389

Based on finding:

- DOD used: 10/29/22 (date student withdrew per SFAREGF)
- 30th day: 11/28/22
- 45th day: 12/13/22
- R2T4 return outside of 45-day window (2 days)

Return of Title IV Funds Timing of Calculations

Currently, we have one staff member assigned to process all Return of Title IV calculations. The office is in the process of hiring additional staff to assist with the workload created by the Return of Title IV calculation process.

For the 2023–24 Academic year, withdrawal reports are pulled weekly. The financial aid specialist tracks the withdrawal date and determines the applicable deadline based on each individual student’s withdrawal date rather than the date the report is pulled.



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DEVELOP SUCCESSFUL
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2023 Annual Report University of Hawai'i State of Hawai'i



MEET HAWAII'S
WORKFORCE NEEDS



DIVERSIFY HAWAII'S
ECONOMY



University of Hawai'i
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Supplemental Information**

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

**University of Hawai'i West O'ahu
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**University of Hawai'i Maui College
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**Community College System
Supplemental Information**

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**University of Hawai‘i
State of Hawai‘i**

**Financial Statements, Required
Supplementary Information, and
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June 30, 2023**

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Report of Independent Auditors

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

Opinion

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 year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the accompanying index.

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, 2023, and the changes in financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Hawai'i Foundation (the "Foundation"), which represent 21.6% of the total assets and deferred outflows of resources and 0.7% of the total operating revenues of the University as of and for the year ended June 30, 2023. Those financial statements were audited by other auditors whose report thereon has 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 year ended June 30, 2023, are based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Foundation were not audited under *Government Auditing Standards*. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment, made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 7, 2023

DRAFT

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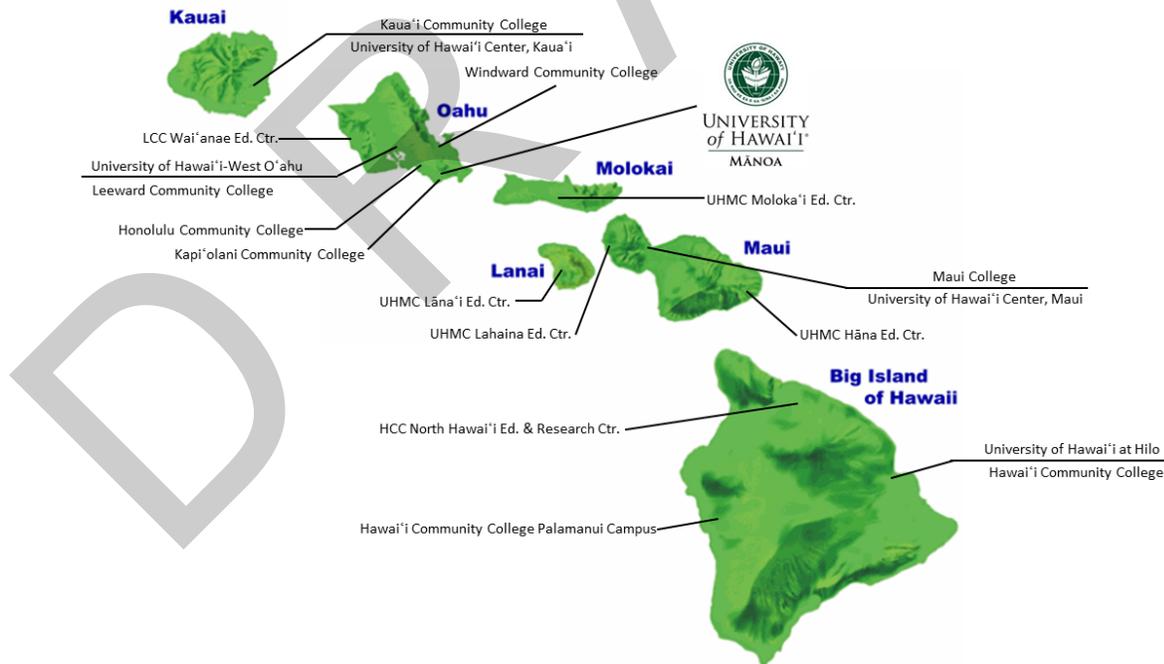
Introduction

The following discussion and analysis provide an overview of the financial position and activities of the University of Hawai‘i (the “University” or “UH”) for the year ended June 30, 2023, with selected information for the year ended June 30, 2022. 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.



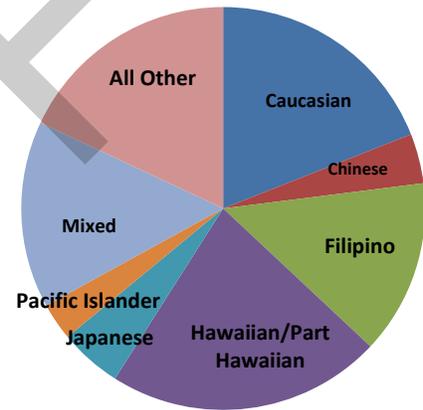
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<u>Students</u>	<u>Academic Year 2023</u>	<u>Academic Year 2022</u>
Undergraduate	43,896	43,113
Graduate	5,037	5,260
Total	48,933	48,373

<u>Type of Degrees Awarded</u>	<u>2023</u>
Certificates: Community Colleges	166
Certificates: University	133
Associate degrees	115
Bachelor’s degrees	146
Master’s degrees	94
Doctoral degrees	51
Professional degrees	7

<u>Student Diversity (full time Students)</u>	<u>%</u>
Caucasian	19 %
Chinese	4 %
Filipino	14 %
Hawaiian/Part Hawaiian	22 %
Japanese	5 %
Pacific Islander	3 %
Mixed	15 %
All Other	18 %

<u>Residency</u>	<u>%</u>
Hawai‘i	80 %
Mainland	15 %
U.S Affiliated	1 %
Foreign	4 %



<u>Total Revenues (\$ in thousands)</u>	<u>Fiscal Year 2023</u>	<u>% of Total</u>	<u>Fiscal Year 2022</u>
Net tuition and fees	\$ 272,735	13 %	\$ 268,126
Contracts and grants (including Pell grants)	629,189	31 %	641,320
State appropriations	580,768	29 %	497,862
Transfer from State for fringe benefits	246,138	12 %	232,603
Sales and services	94,704	5 %	91,894
Capital State appropriations	156,078	8 %	150,650
Others	54,608	2 %	(3,177)
Total	\$ 2,034,220	100 %	\$ 1,879,278

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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:

- **Statement of Net Position** – The Statement 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.
- **Statement of Revenues, Expenses, and Changes in Net Position** – The Statement of Revenues, Expenses, and Changes in Net Position presents the University’s revenues and expenses and illustrates 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 Statement of Revenues, Expenses, and Changes in Net Position distinguishes 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.
- **Statement of Cash Flows** – The Statement of Cash Flows distinguishes 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 materiality.

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.

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Financial Position

The Statement 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, 2023 and 2022 are summarized as follows (in thousands of dollars):

	2023	2022	2023 vs 2022 Change
Current assets			
Cash and operating investments	\$ 831,826	\$ 678,513	\$ 153,313
Receivables, net	142,604	133,270	9,334
Other current assets	18,460	19,645	(1,185)
Total current assets	<u>992,890</u>	<u>831,428</u>	<u>161,462</u>
Noncurrent assets			
Endowment and other investments	112,574	105,330	7,244
Capital assets, net	2,166,345	2,147,010	19,335
Other noncurrent assets	565,050	520,583	44,467
Total assets	<u>3,836,859</u>	<u>3,604,351</u>	<u>232,508</u>
Deferred outflows of resources			
Deferred outflows on net pension and OPEB liability and other	303,600	280,380	23,220
Total deferred outflows of resources	<u>303,600</u>	<u>280,380</u>	<u>23,220</u>
Total assets and deferred outflows of resources	<u>\$ 4,140,459</u>	<u>\$ 3,884,731</u>	<u>\$ 255,728</u>
Current liabilities	\$ 258,627	\$ 265,992	\$ (7,365)
Noncurrent liabilities			
Revenue bonds payable	395,610	416,765	(21,155)
Net pension liability and other postemployment benefits	3,073,192	3,112,229	(39,037)
Other noncurrent liabilities	107,551	128,600	(21,049)
Total liabilities	<u>3,834,980</u>	<u>3,923,586</u>	<u>(88,606)</u>
Deferred inflows of resources			
Deferred inflows on net pension and OPEB liability	456,916	462,658	(5,742)
Total deferred inflows of resources	<u>456,916</u>	<u>462,658</u>	<u>(5,742)</u>
Net position			
Net investment in capital assets	1,736,520	1,667,468	69,052
Restricted			
Nonexpendable	10,493	10,493	-
Expendable	580,639	544,161	36,478
Unrestricted	<u>(2,479,089)</u>	<u>(2,723,635)</u>	<u>244,546</u>
Total net position	<u>(151,437)</u>	<u>(501,513)</u>	<u>350,076</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,140,459</u>	<u>\$ 3,884,731</u>	<u>\$ 255,728</u>

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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 two fiscal years, which resulted mainly from the implementation of the 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% unencumbered cash from all tuition and fee funds, special funds, and revolving funds. At June 30, 2023 and 2022, working capital amounted to \$734.3 million and \$565.4 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 \$1.5 billion of operating expenses (excluding depreciation) for the year ended June 30, 2023, the working capital at year-end represents approximately 156 days of operating funds, as compared to 119 days of operating funds in 2022.

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

- Current assets consist primarily of cash and cash equivalents, operating investments, and net receivables. Total current assets were \$992.9 million and \$831.4 million at June 30, 2023 and 2022, respectively. Total current assets increased by \$161.5 million, or 19.4% at June 30, 2023, primarily due to a \$153.3 million increase in cash and operating investments. As interest rates continue to rise in fiscal year 2023, the University has opted to increase their holdings of government securities and treasury notes. Increase in cash balances was attributed to an increase in cash received from operations due to a \$53 million increase in operating revenues.
- Current liabilities consist primarily of accounts payable, accrued payroll and fringe benefits, advances from sponsors, 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 \$258.6 million and \$266.0 million at June 30, 2023 and 2022, respectively. Total current liabilities decreased by \$7.4 million, or 2.8% for the fiscal year ended June 30, 2023, as a result of a \$4.9 million decrease in accrued payroll and fringe benefits and a \$6.7 million decrease in current portion of long-term liabilities, offset by a \$7.8 million increase in accounts payable.

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 (“ASUH”) endowment, and unspent bond proceeds. The aggregate investment balance remained relatively consistent in fiscal years 2023 and 2022.

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

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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. Effective April 15, 2021, the spending rate policy provides for an annual distribution of up to 4.25% of a rolling 20-quarter average value of the funds, with the value determined at the end of each calendar quarter and the actual distribution to be determined by the University administration for the legacy endowment and by the ASUH Board for the ASUH Stadium Stock Fund. Prior to April 15, 2021, the annual distribution rate ranged between 3.0% and 5.0% of the five-year moving average of the endowment portfolio’s fair value. In fiscal years 2023 and 2022, the University instituted a 4.10% and 4.25% distribution rate, respectively, on restricted and unrestricted endowments. The total restricted and unrestricted distributions available to the University amounted to \$2.9 million and \$2.8 million in fiscal years 2023 and 2022, respectively.

Total endowment and other investments were \$112.6 million and \$105.3 million in fiscal years 2023 and 2022, respectively. Total endowment and other investments increased by \$7.3 million, or 6.9%, at June 30, 2023, as a result of endowment investment purchases and sales.

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, 2023 and 2022, total capital assets, net of accumulated depreciation, remained relatively constant at approximately \$2.17 billion and \$2.15 billion. Total capital assets represented approximately 56.5% and 59.6% of the University’s total assets in fiscal years 2023 and 2022, respectively. Capital asset additions totaled \$166.8 million and \$113.3 million in fiscal years 2023 and 2022, respectively.

Capital asset additions increased by \$53.5 million in fiscal year 2023 in comparison to fiscal year 2022, due to increased funding from the State.

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.

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Significant capital projects completed during fiscal years 2023 and 2022 or in progress as of June 30, 2023 and 2022 include:

- **Coconut Island Marine Laboratory 1 & 2** – The \$21.6 million Hawai‘i Institute of Marine Biology (HIMB) Laboratory on Coconut Island was completed on February 1, 2022. The 23,000 square foot facility has been fully renovated with new energy efficient HVAC, lighting controls, and PV panels. The renovation also helped to contribute to the energy goals for the UH-Mānoa as well as enforce structural walls to meet seismic and hurricane standards.
- **Leeward Community College Product Development Center Renovation** – The \$17.2 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 & manufacturing rooms, laboratories, and a public loft space. The product development center will take agricultural items that would normally be wasted and turn them into value added food products that can be marketed and sold. The project is estimated to be completed by December 2023.
- **UH-Mānoa Student Success Center** – The \$56 million project will transform Sinclair Library into a Student Success Center. The Student Success Center will allow students to study individually or in groups, collaborate and receive academic advising and tutoring. Sinclair’s central location will provide students a safe place to interact. The project is estimated to be completed in August 2024.
- **UH-Mānoa Bachman Hall Renovation** – The UH-Mānoa Bachman Hall is being renovated. Improvements to the 72-year Bachman Hall includes a new central HVAC system, a new roof, and a new life safety system. Renovations will be made to the windows, floors, ceilings, restrooms and walls, along with mechanical, electrical, plumbing and telecom. The \$25.2 million project is estimated to be completed by December 2023.
- **UH-Mānoa Clarence T.C. Ching Complex Expansion and Improvement Project** – The Clarence T.C. Ching Complex was completely renovated for the 2021 Football Season. The original project included new field turf, additional seating to accommodate 9,300 fans, a new score board, grandstands, press box, and concession which was completed on September 3, 2021. The \$15 million second phase of the project added 7,700 seats to meet National Collegiate Athletic Association (“NCAA”) rules and the framing and underground utility infrastructure for the 75-foot-wide Aloha Stadium scoreboard. The second phase was completed on July 31, 2023 in time for the 2023 Football Season.
- **The Maui Food Innovation Center at UH-Maui College** – The \$9 million project renovated the Pilina building which houses the Maui Food Innovation Center (“MFIC”). The project included a brand-new manufacturing and packaging facility which students and the community can utilize to market and advance Maui County foods. The MFIC offers educational and technical classes to assist students to create businesses that will create jobs, increase profitability of Maui County products, and reduce the dependence on imports. The project was completed on December 13, 2022.
- **Ho‘ola Early Phase Clinical Research Center** – The University and the National Institutes of Health are building a clinical research center in the annex portion of the University’s Cancer Center building. The \$13 million renovation will provide the people of Hawai‘i a place to go for specialized treatments without leaving the state. The 16,500 square foot facility is striving for WELL and LEED certifications and will include an Organoid Generation Facility. The project is estimated to be completed by May 2024.

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- **Kapi‘olani Community College Culinary Institute of the Pacific, Phase 2** – Phase 2 of the Culinary Institute of the Pacific at Kapi‘olani Community College includes a restaurant, an innovation center, an auditorium, and parking. The \$30 million design build project is estimated to be completed in May 2024.
- **UH-Hilo Pharmacy Modular Buildings Renovation** – Work to renovate the UH-Hilo Pharmacy Modular Buildings was completed on March 7, 2023. The \$7.3 million dollar renovation replaced the HVAC and roof of Building B, while preparing Building C to handle the Nuclear Magnetic Resonance (“NMR”) equipment that is currently located in the Waiākea Research Station.
- **UH-Maui College Hospitality Academy Training Center** – The UH-Maui College is completely renovating their Multipurpose Building into a Hospitality Training Center. The \$5.8 million renovation of the building includes upgrades to the HVAC, electrical and plumbing systems, and will create mock hotel rooms so students in the Hospitality and Tourism program will have hands-on experience in a hotel setting. The project is scheduled to be complete for the Fall 2024 semester.

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 2023 and 2022, 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 2023 and 2022, \$153.3 million and \$148.8 million, respectively, were appropriated.
- **Revenue bonds** – The University has previously issued revenue bonds to finance capital projects. These bonds are carried as liabilities of the University. Total revenue bond liabilities were \$416.8 million and \$437.0 million for fiscal years 2023 and 2022, 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 \$9.9 million and \$9.4 million in fiscal years 2023 and 2022, respectively. The University also receives a portion of the State of Hawai‘i’s cigarette tax revenues, by statute, for the University’s Cancer Center to be used for research and operating expenses and capital expenditures. Cigarette tax revenues of \$6.9 million were used to cover debt service for the bonds that financed the University’s Cancer Center for each of the fiscal years 2023 and 2022. Refer to Note 9 for more information regarding the University revenue bonds.
- **Equipment financing obligations** – In November 2017, the University entered into two tax-exempt financing 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 UH-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. These financing agreements were paid off in full in fiscal year 2023.

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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, 2023 and 2022 is summarized as follows (in thousands of dollars):

	2023	2022
Net investment in capital assets	\$ 1,736,520	\$ 1,667,468
Restricted – Nonexpendable	10,493	10,493
Restricted – Expendable	580,639	544,161
Unrestricted	<u>(2,479,089)</u>	<u>(2,723,635)</u>
Total net position	<u>\$ (151,437)</u>	<u>\$ (501,513)</u>

Net investment in capital assets is the University’s capital assets, 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 \$69.1 million, or 4.1%, in fiscal year 2023, primarily due to a net increase in capital assets of \$19.3 million, a \$19.3 million increase in the net change of debt retirement related to revenue bonds, net of proceeds used in current year, offset by a decrease of TELP funds of \$23.7 million.

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.

The overall increase in restricted expendable of \$36.5 million in fiscal year 2023 was primarily due to a \$32.5 million increase in plant funds.

Net position that is not subject to externally imposed restrictions governing their use is classified as unrestricted for financial reporting purposes. At June 30, 2023 and 2022, unrestricted net positions amounted to deficits of \$2.48 billion and \$2.72 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 \$55.8 million and \$51.1 million were designated for endowment activities at June 30, 2023 and 2022, respectively.

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The negative unrestricted net position for the years ended June 30, 2023 and 2022 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):

	2023	2022
Unrestricted net position	\$ (2,479,089)	\$ (2,723,635)
Pension	1,556,453	1,605,467
OPEB	1,604,430	1,694,583
Adjusted net unrestricted position	<u>\$ 681,794</u>	<u>\$ 576,415</u>

Results of Operations

The Statement of Revenues, Expenses, and Changes in Net Position represents 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.

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The University’s results of operations for the years ended June 30, 2023 and 2022, summarized to match revenues supporting core activities with expenses associated with core activities, are as follows (in thousands of dollars):

	2023	2022	2023 vs 2022 Change
Revenues			
Operating			
Tuition and fees	\$ 403,207	\$ 400,605	\$ 2,602
Less: Scholarship allowances	(130,472)	(132,479)	2,007
Grants and contracts	469,154	423,744	45,410
Sales and services	94,704	91,894	2,810
Other revenue	185	3	182
Total operating revenues	<u>836,778</u>	<u>783,767</u>	<u>53,011</u>
Nonoperating			
State appropriations and transfers for fringe benefits	826,906	730,465	96,441
Federal Pell grant and federal non-operating revenues	160,035	217,576	(57,541)
Net investment (loss) gain	22,537	(31,407)	53,944
Private gifts	2,323	3,186	(863)
Total nonoperating revenues	<u>1,011,801</u>	<u>919,820</u>	<u>91,981</u>
Total revenues supporting core activities	<u>1,848,579</u>	<u>1,703,587</u>	<u>144,992</u>
Expenses			
Operating			
Compensation and benefits	1,086,895	1,091,105	(4,210)
Supplies, services and cost of goods sold	215,189	181,567	33,622
Telecom and utilities	82,077	69,095	12,982
Scholarships and fellowships	34,101	86,571	(52,470)
Other expense	103,220	84,065	19,155
Total operating expenses	<u>1,521,482</u>	<u>1,512,403</u>	<u>9,079</u>
Nonoperating revenues (expenses)			
Transfers from State, net	22,733	22,236	497
Interest expense	(13,467)	(14,464)	997
Total nonoperating revenues, net	<u>9,266</u>	<u>7,772</u>	<u>1,494</u>
Expenses associated with core activities before depreciation	<u>1,512,216</u>	<u>1,504,631</u>	<u>7,585</u>
Gain from core activities before depreciation and amortization	<u>336,363</u>	<u>198,956</u>	<u>137,407</u>
Depreciation and amortization	<u>146,281</u>	<u>143,957</u>	<u>2,324</u>
Expenses associated with core activities including depreciation	<u>1,658,497</u>	<u>1,648,588</u>	<u>9,909</u>
Gain from core activities	<u>190,082</u>	<u>54,999</u>	<u>135,083</u>
Other nonoperating activity			
Capital appropriations and grants	161,343	152,131	9,212
Other expenses, net	(1,349)	(5,551)	4,202
Other nonoperating income, net	<u>159,994</u>	<u>146,580</u>	<u>13,414</u>
Increase in net position	<u>350,076</u>	<u>201,579</u>	<u>\$ 148,497</u>
Net position			
Beginning of year	<u>(501,513)</u>	<u>(703,092)</u>	
End of year	<u>\$ (151,437)</u>	<u>\$ (501,513)</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 35% of the total 2023 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 2023 and 2022. Scholarship allowances amounted to \$130.5 million and \$132.5 million in fiscal years 2023 and 2022, respectively.

One of the largest sources of revenue continues to be grants and contracts. Total grants and contracts revenue increased by \$45.4 million, or 10.7%, in fiscal year 2023. 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. In fiscal year 2023, Federal Pell grant and Coronavirus Aid, Relief, and Economic Security Act (“CARES”) Act program revenues decreased \$57.5 million. The fiscal year 2023 decrease was due to the University recognizing nonoperating revenue of \$113.8 million and \$171.6 million associated with the American Rescue Plan Act (“ARPA”), the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”), and the CARES Act in fiscal years 2023 and 2022, respectively, an overall decrease of \$57.8 million.

Sales and services revenues are mainly comprised of bookstores, student and faculty housing, food services, parking, and athletics. In fiscal year 2023, sales and services revenues increased by \$2.8 million, or 3.1%, which was largely due to a decrease of \$14.0 million in other auxiliary enterprises revenue from educational departments, offset by a significant increase of \$13.4 million in other auxiliary enterprises revenue from tickets sales, due to an increased amount of in-person presence on campus.

The State continues to provide strong financial support to the University as the sole public higher education system within the State. In fiscal year 2023, general state appropriations and transfers from the State for fringe benefits increased by \$13.5 million, or 5.8%, and \$82.9 million, or 16.7%, respectively, from fiscal year 2022. The increase in fiscal year 2023 was primarily attributable to the return to pre-pandemic levels of state revenues and overall budget. In response, the Legislature increased the overall state budget by \$1.1 billion, or 6.9%, in fiscal year 2023.

Net transfers from State amounted to \$22.7 million and \$22.2 million in fiscal years 2023 and 2022, 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’s Cancer Center cigarette stamp tax collections.

The University’s net investment income of \$22.5 million in fiscal year 2023 represents an increase of \$53.9 million, or 171.8%, from fiscal year 2022. The fiscal year 2023 increase was primary due to the \$12.4 million increase of interest and dividend income and \$44.3 million of the unrealized gains on endowment and operating investments, as a result of rising interest rates and an overall improvement of the stock market.

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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 71.4% and 72.1% were related to compensation and benefits during fiscal years 2023 and 2022, respectively.

Compensation and benefits went down by \$4.2 million, or 0.4%, in fiscal year 2023. The fiscal year 2023 decrease was attributable to a \$36.2 million decrease in OPEB adjustments, offset by a \$23.4 million increase in payroll expenses due to hiring of additional employees and annual raises, and a \$8.6 million increase in pension adjustments due to the GASB 75 requirement previously established to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive liabilities.

Supplies, services, and cost of goods sold expense includes service fees, printing and binding, advertising, dues and subscriptions, non-capital property acquisitions, cost of goods sold for resale items, and other miscellaneous operating costs. Such expenses increased by \$33.6 million, or 18.5%, in fiscal year 2023. The fiscal year 2023 increase was primarily attributable to an increase in other service expenses, due to an increase in student activity relative to previous years, as lingering effects of the pandemic continue to diminish.

The University is committed to providing quality education that is affordable 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 \$164,573 and \$219,050 in fiscal years 2023 and 2022, respectively. The decrease of \$54.5 million, or 24.9%, from fiscal year 2023 is due to decrease in direct student aid provided for under the ARPA and the CARES Act, as the majority of funds were spent in prior fiscal years.

Operating expenses includes travel expenses, repairs and maintenance, rental expenses, and other operating expenses. Other operating expenses increased by \$19.2 million, or 22.8%, in fiscal year 2023. The increase in fiscal year 2023 is primarily due to a \$13.0 million increase in travel expenses due to frequency of travel returning to pre-pandemic levels, with new safety precautions implemented.

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 \$2.3 million, or 1.6%, during fiscal year 2023. The increase in fiscal year 2023 was primarily attributable to increases in depreciable assets relating to buildings and infrastructure.

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 2023, capital appropriations increased by \$9.2 million, or 6.1%. The increase in fiscal year 2023 was attributable to a \$5.4 million increase in capital appropriations allotted to the University and a \$4.4 million increase in capital federal grants/subsidies. In fiscal year 2023, \$156.1 million was allotted, while in fiscal year 2022, \$151.0 million was allotted.

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, 2023 and 2022 is as follows (in thousands of dollars):

	2023	2022	2023 vs 2022 Change
Cash received from operations	\$ 813,790	\$ 769,059	\$ 44,731
Cash payments for operations	<u>(1,335,796)</u>	<u>(1,321,338)</u>	<u>(14,458)</u>
Net cash used in operating activities	<u>(522,006)</u>	<u>(552,279)</u>	<u>30,273</u>
Net cash provided by noncapital financing activities	748,640	724,522	24,118
Net cash used in capital and related financing activities	(86,330)	(29,136)	(57,194)
Net cash used in investing activities	<u>(104,447)</u>	<u>(318,854)</u>	<u>214,407</u>
Net increase (decrease) in cash	35,857	(175,747)	211,604
Cash			
Beginning of year	<u>120,520</u>	<u>296,267</u>	<u>(175,747)</u>
End of year	<u>\$ 156,377</u>	<u>\$ 120,520</u>	<u>\$ 35,857</u>

The net cash received from operating activities increased by \$44.7 million, or 5.8%, in fiscal year 2023. The increase in fiscal year 2023 was primarily attributable to a \$45.6 million increase in grants and contracts, and a \$7.1 million increase in other revenues due to increase in auxiliary revenues, offset by a \$7.9 million decrease in student tuition and fees.

Net cash provided by noncapital financing activities remained strong as a result of the financial support from the State.

The net cash used in capital and related financing activities increased by \$57.2 million, or 196.3%, in fiscal year 2023. The increase in fiscal year 2023 was primarily attributable to a \$48.0 million increase in purchases of capital assets and a \$28.7 million increase in principal paid on capital debt and leases, offset by a \$12.0 million increase in capital appropriations.

The net cash used in investing activities decreased by \$214.4 million from in fiscal year 2023 primarily due to increase in proceeds from sales and maturities and investments of \$257.5 million, offset by an increase in the purchase of investments of \$53.8 million due to favorable interest rates.

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Looking Forward

The University offers opportunity and hope for every resident of Hawai‘i. As the sole provider of higher public education in the state, the University can drive a more vibrant, sustainable, resilient, just and kind future across our islands. And our scholarship must address the opportunities and challenges of Hawai‘i, the Pacific and our planet. We want the University to be grounded in traditional Hawaiian values, in aloha, to create a strong sense of place, while also serving as a forward-looking economic engine driving hubs of innovation and research. As the University begins its 116th year of service, we must remain vigilant, anticipate what is coming and act with agility and compassion to maintain a vital role in shaping the future of our island home.

A new six-year strategic plan for the UH 10-campus system was unanimously approved by the UH Board of Regents (“BOR”) at the Board’s November 17, 2022 meeting. The UH System Strategic Plan 2023–2029 – Hawai‘i’s University for Today and Tomorrow will guide the state’s only public higher education system and includes vision and mission statements, foundational principals, and four imperatives with metrics to measure success. The foundational principles include: Hawaiian place of learning; statewide need, diversity and equity; sustainability; and stewardship of resources. The imperatives identified are: fulfill kuleana (responsibility) to Hawaiian and Hawai‘i, promote successful students for a better future, meet Hawai‘i workforce needs of today and tomorrow, and diversify Hawai‘i’s economy through the University’s innovation and research.

University President David Lassner plans to retire at the end of 2024, after what will be more than a decade in the position. President Lassner notified the BOR and employees by email on September 19, 2023. He has served as the 15th president of Hawai‘i’s 10-campus public higher education system since July 2014, after serving as the interim president from July 2013. President Lassner made the announcement early so the planning process for the search for the next president can begin right away but he plans to actively advance all aspects of our mission until his last day as President.

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 2023-24 Best Graduate Schools list that includes:
 - Sixteen graduate programs at UH-Mānoa have been nationally recognized for academic and research excellence.
 - Seven programs were ranked in the nation’s top 100, and five placed in the top 75.
 - The School of Ocean and Earth Science and Technology (“SOEST”) ranked 42 for its earth sciences doctoral programs.
 - The Nancy Atmospera-Walch School of Nursing placed 49 for its Doctor of Nursing practice (“DNP”) program and 60 for best master’s nursing programs.
 - The College of Education ranked 64 and the College of Social Sciences placed 72 in public affairs for its Public Administration Program.
- Times Higher Education 2024 World University Rankings has the UH-Mānoa at among the world’s top 1% for teaching and research. The campus places 57 in the U.S. and in the 201-250 tier worldwide, out of more than 25,000 colleges and universities in the world.
- UH-Mānoa was ranked 66 in the U.S. (out of nearly 4,000 colleges and universities in the country) and 386 in the world (out of more than 25,000 worldwide colleges and universities) on the 2024 Quacquarelli Symonds World University Ranking (“QSWUR”). The QSWUR ranking is more commonly used and referenced by international students.

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The University’s strength is further demonstrated through its credit ratings. The University holds an Aa3 with stable outlook by Moody’s Investors Service, last updated in October 2020 and Fitch affirmed at AA with stable outlook September 2023. 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.
- Low debt burden which reflects strong and growing capital support from the State of Hawai‘i.
- Growing cash reserves to improved levels and building amounts of endowments and investments as further reserves.

Enrollment and Tuition

While there is some recovery in higher education enrollment in Fall 2023 compared to the immediate aftermath of the pandemic, the situation for the University remains complex and varies by campus and region. Factors such as the ongoing effects of the pandemic, economic conditions, and changes in learning preferences may continue to impact higher education enrollment. Some campuses, such as Hilo and West O‘ahu, have seen significant declines over the past two years. UH-Mānoa has seen growth with a 1% enrollment boost from Fall 2022. UH Community Colleges have experienced growth for the first time since Fall 2011 with a 2.6% increase in enrollment. As of August 2023, the State unemployment rate was 3.1%, which is one percent lower compared to August 2022. Nationally, the seasonally adjusted unemployment rate was 3.8% for September 2023.

Fall census headcount comparisons are as follows:

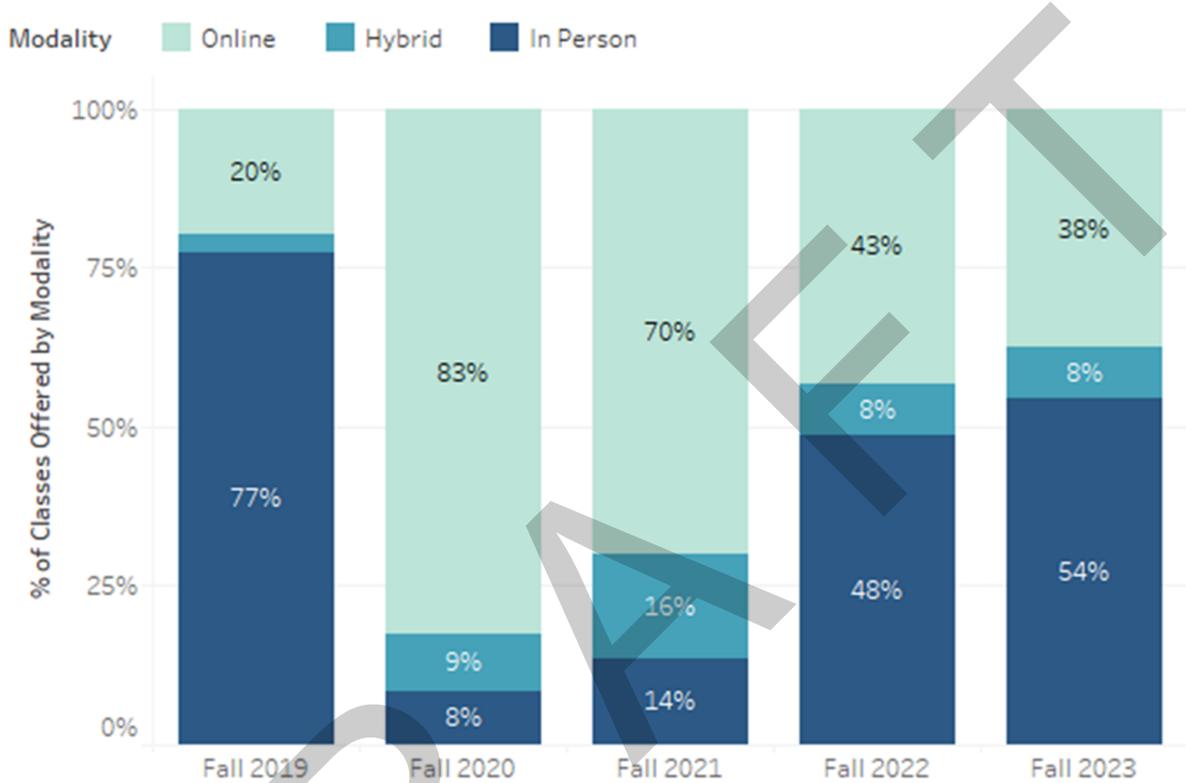
	Fall 2023	Fall 2022	% Change	Fall 2021	% Change
Mānoa	19,256	19,074	1.0	19,098	(0.1)
Hilo	2,781	2,977	(6.6)	3,243	(8.2)
West O‘ahu	2,863	2,913	(1.7)	3,008	(3.2)
Community Colleges	<u>24,033</u>	<u>23,409</u>	<u>2.7</u>	<u>24,424</u>	<u>(4.2)</u>
	<u>48,933</u>	<u>48,373</u>	<u>1.2</u>	<u>49,773</u>	<u>(2.8)</u>

Fall Course Offerings by Class Type

With the pandemic pivot, most courses moved to an online format. In-person formats have not yet returned to pre-pandemic levels. In Fall 2023, 77.4% of UH-Mānoa classes were offered in person, compared to 84.2% in Fall 2019. UH-Hilo offered 85.8% of its classes in person in Fall 2019 but offered only 52.5% of its classes in person in Fall 2023. UH-West O‘ahu offered 46.7% of its classes in person in Fall 2019, but that number has dropped to 26.3% in Fall 2023. The UH Community Colleges offered 73.9% of its courses in person in Fall 2019 compared to 36.1% in Fall 2023. Class fill rates could serve as a significant indicator in determining future modality offerings across programs and/or subjects.

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Overall Percentages of Course Offerings by Modality (In Aggregate Across All Ten Campuses)



In Spring 2022, UH administration initiated discussions regarding potential adjustments to tuition fees for the academic years from 2024 to 2027. A proposed tuition plan was presented to the BOR in October 2022. In addition to presenting to the BOR, administrators conducted a series of five public hearings, both in person and via Zoom, in various locations across the islands, in October and November. Additionally, people provided written testimonies solicited through an online comment form.

After this consultation period, the BOR approved the proposed tuition plan on January 19, 2023. Under this plan, tuition fees at the UH Community Colleges will remain unchanged for all four academic years included in the new schedule. For undergraduate students, there will be no increase in tuition for the academic years 2023-24 and 2024-25, after which a 2% increment in resident tuition rates will occur at the three 4-year UH campuses in the academic year 2025-26, followed by another 2% increase in the academic year 2026-27. Non-resident undergraduate tuition rates will see equivalent dollar increases during those two academic years. Graduate-level tuition rates will remain frozen for the entirety of the four academic years, except for the tuition at the UH-Mānoa William S. Richardson School of Law (“WSRSL”), which will experience a 2% increase in each of the three years, beginning in the academic year 2024-25, with the aim of generating revenue to support WSRSL. Supporting documentation is available on the UH Office of the Vice President for Academic Strategy: <https://www.hawaii.edu/offices/vp-academic-strategy/tuition-schedule/>.

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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. UH-Mānoa, the flagship campus, was ranked by National Science Foundation (“NSF”) as 99th among 648 public and private universities for research and development expenditures in fiscal year 2021.

Extramural awards totaled \$515.9 million in fiscal year 2023, marking the second time that the University exceeded the \$500 million mark, and the highest level of the past five years due to the continued hard work and dedication of our research faculty and support staff. Here are some highlights of fiscal year 2023:

- School of Ocean and Earth Science and Technology (“SOEST”), the research powerhouse of the University, received \$97.2 million in extramural awards.
- John A. Burns School of Medicine (“JABSOM”) received \$50.2 million in extramural awards.
- \$342.7 million in grant awards during FY23 to programs affiliated to the UH-Mānoa campus; \$117.7 million awarded to units associated with the UH System offices; \$33.7 million awarded to the campuses of the Community College system (including UH-Maui College); \$17.8 million awarded to UH-Hilo campus; and \$4.0 million awarded to the UH-West O‘ahu campus.

Facilities and Infrastructure

Improvement and modernization of the University’s physical assets is key to delivering the University’s strategic directions that strives for 21st century facilities for learning, teaching, and research. The University has continued updating its rolling six-year plan for fiscal years 2022–2027 (the “6-Year CIP Plan”) that sets forth a vision of a physical environment that supports and enables 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 modernization and improving the learning and research environment, (2) uses data and analytics on how we use our spaces and the condition of our facilities to prioritize those facilities with the highest programmatic utility and poorest conditions through upgrades to the interior/exterior structures, building roofs, mechanical and electrical systems, pedestrian pathways, roadways, and (3) focuses more on upgrading existing space, rather than expanding, to elevate the overall quality of spaces across the University in a financially responsible way.

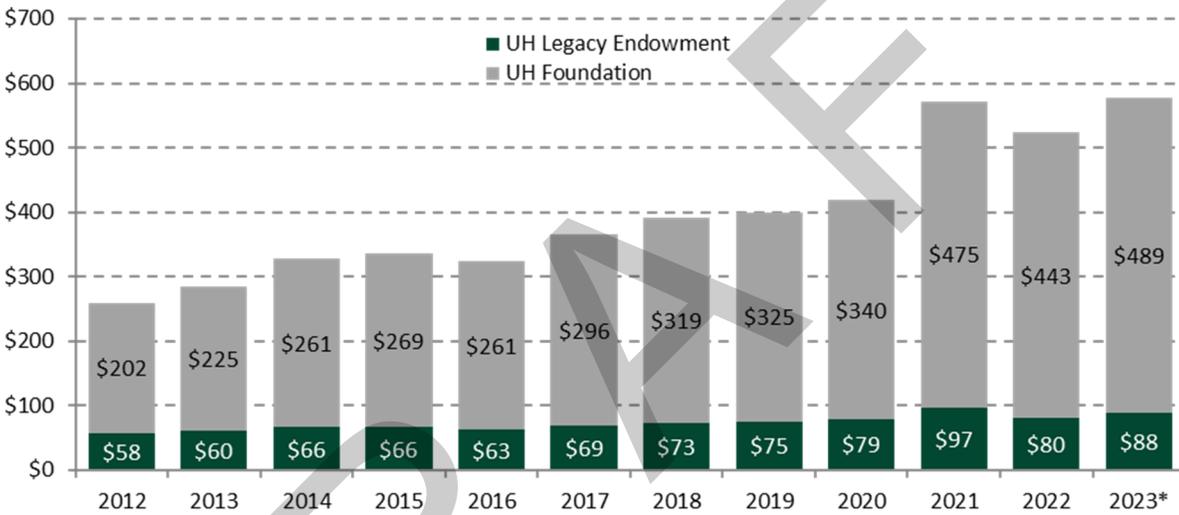
The State of Hawai‘i Legislature continued its financial support of the University’s capital improvement program in 2023 and provided a total of \$202,375,000 for fiscal year 2024 and \$182,517,000 for fiscal year 2025 through a combination of general obligation bond funds and general funds. The University also continues to strive to meet the demand for modern, university housing at a reasonable cost through P3 (Public, Private Partnership) Housing Projects. The Atherton Project (now referred to as the Residences for Innovative Student Entrepreneurs), in partnership with UH Foundation and Hunt Development Group, was developed to house over 370 students in a world-class mixed-use space that includes an innovation and entrepreneurship center. The total construction costs of the project are approximately \$75 million and the housing component was completed in time for the Fall 2023 semester. The NOAA project (now referred to as the Residences for Graduate Students) includes mixed-use family-oriented rental housing for graduate students, University faculty and staff. This project is being completed in partnership with Greystar Real Estate Partners and Collegiate Housing Foundation and will have approximately

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316 individual units/558 beds (studios, two-, three-, and four-bedroom units). The total construction costs of the project are estimated at approximately \$170 million and completion is expected by the Fall 2025 semester.

Fundraising

The UH Foundation raised \$103.6 million during FY2023, which exceeded the goal of \$95.0 million. The Foundation is launching the public phase of the \$1 billion Comprehensive Campaign for UH – which was in a quiet phase since July 1, 2018. As of June 30, 2023, the UH Foundation raised 54% of the \$1 billion goal or \$535.9 million. Both the Legacy Endowment and the UH Foundation performance recovered from the previous fiscal year as the market adjusted to the volatile macroeconomic conditions.



*estimated/unaudited

State General Fund Appropriations

The state experienced a very good economic recovery after pandemic restrictions were rescinded. In the short term, however, there will be decreased growth as a result of the wildfires in early August 2023. Concerns regarding inflation, international conflicts, and interest rates continue to temper optimism.

For the fiscal year ended June 30, 2022, State General Fund revenues were \$9.36 billion. For the fiscal year ended June 30, 2023, State General Fund revenues were \$9.20 billion, with the reduction in revenues resulting from a state-constitutionally mandated tax refund, lower estimated tax payments, and higher refunds. The Council on Revenues is currently forecasting a 1.3% growth rate for FY24, although those projections increase to 5.2% for FY25 and 3.5% annually for FY26 and beyond.

During the most recent legislative session, the Legislature increased the General Fund operating appropriation to the University by \$46.9 million for FY24, resulting in a General Fund appropriation of \$614.1 million. Tuition revenues are projected to remain relatively flat in the near future but collective bargaining (+5% in FY24 and +5% in FY25) and utilities costs are expected to increase.

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While the UH General Funds remain flat and below pre-pandemic levels, except for collective bargaining increases, UH fund balances remain strong due to pandemic-era austerity measures, substantial federal relief and stronger than expected State revenues. Efforts to proactively build fund balances in the face of widespread concerns have been extraordinarily successful, even through the pandemic. These reserve balances can be used to accommodate projected fiscal shortfalls, as well as investments in Strategic Imperatives will be prioritized through non-recurring investments and continual re-prioritization of current funding appropriations.

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Statement of Net Position – University of Hawai'i
June 30, 2023
(All dollars reported in thousands)

Assets and Deferred Outflows of Resources

Current assets

Cash and cash equivalents	\$ 156,377
Operating investments	675,449
Due from State of Hawai'i	2,227
Accounts receivable, net	123,161
Due from the Research Corporation of the University of Hawai'i, net	16,807
Current portion of notes receivable, net	409
Other current assets	18,460
Total current assets	<u>992,890</u>

Noncurrent assets

Due from State of Hawai'i	552,117
Endowment and other investments	112,574
Notes receivable, net	3,031
Capital assets, net	2,166,345
Other noncurrent assets	9,902
Total noncurrent assets	<u>2,843,969</u>
Total assets	<u>3,836,859</u>

Deferred outflows of resources

Deferred outflows on net pension liability, OPEB liability and other	303,600
Total deferred outflows of resources	<u>303,600</u>
Total assets and deferred outflows of resources	<u>\$ 4,140,459</u>

Liabilities, Deferred Inflows of Resources, and Net Position

Current liabilities

Accounts payable	\$ 62,258
Accrued payroll and fringe benefits	57,940
Advances from sponsors	38,701
Unearned revenue	31,141
Due to State of Hawai'i	6,116
Current portion of long-term liabilities	57,637
Other current liabilities	4,834
Total current liabilities	<u>258,627</u>

Noncurrent liabilities

Accrued vacation	54,248
Accrued workers' compensation	10,372
Revenue bonds payable	395,610
Premium on bonds payable	30,327
Equipment financing obligations	1,564
Net pension liability	1,529,823
Other postemployment benefits	1,543,369
Other noncurrent liabilities	11,040
Total noncurrent liabilities	<u>3,576,353</u>
Total liabilities	<u>3,834,980</u>

Deferred inflows of resources

Deferred inflows on net pension, OPEB liability and other	456,916
Total deferred inflows of resources	<u>456,916</u>

Commitments and contingencies

Net position

Net investment in capital assets	1,736,520
Restricted	
Nonexpendable	10,493
Expendable	580,639
Unrestricted	<u>(2,479,089)</u>
Total net position	<u>(151,437)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,140,459</u>

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

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Statement of Financial Position – University of Hawai‘i Foundation
June 30, 2023
(All dollars reported in thousands)

Assets

Cash and cash equivalents	\$ 13,066
Assets whose use is limited or restricted	15,782
Contributions receivable, net	78,973
Prepaid expenses and other receivables	4,798
Property and equipment, at cost, net of accumulated depreciation and amortization of \$2,246	79,198
Other assets, at cost	1,880
Investments	671,151
Beneficial interest in trusts held by others	28,674
Total assets	<u>\$ 893,522</u>

Liabilities and Net Assets

Accounts payable	\$ 21,049
Liabilities under split-interest agreements	11,539
Amounts held for others	3,386
Long-term debt	92,866
Other liabilities	1,616
Total liabilities	<u>130,456</u>
Commitments and contingencies	
Net assets	
Without donor restrictions	6,497
With donor restrictions	756,569
Total net assets	<u>763,066</u>
Total liabilities and net assets	<u>\$ 893,522</u>

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

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Statement of Revenues, Expenses, and Changes in Net Position – University of Hawai‘i
Year Ended June 30, 2023
(All dollars reported in thousands)

Operating revenues	
Student tuition and fees	\$ 403,207
Less: Scholarship allowances	<u>130,472</u>
Net student tuition and fees	272,735
Federal appropriations, grants and contracts	381,727
State and local grants and contracts	39,550
Nongovernmental sponsored programs	47,877
Sales and services of educational departments, other	16,323
Auxiliary enterprises	
Bookstores	11,496
Student housing, net of scholarship allowances of \$1,281	29,000
Other auxiliary enterprises revenues	<u>37,885</u>
Other operating revenues	185
Total operating revenues	<u>836,778</u>
Operating expenses	
Compensation and benefits	1,086,895
Supplies, services, and cost of goods sold	215,189
Depreciation and amortization	146,281
Telephone and utilities	82,077
Scholarships and fellowships	34,101
Travel expenses	26,652
Repairs and maintenance	38,498
Rental expenses	7,353
Other operating expenses	<u>30,717</u>
Total operating expenses	<u>1,667,763</u>
Operating loss	<u>(830,985)</u>
Nonoperating revenues (expenses)	
State appropriations	580,768
Federal Pell grants	46,187
Federal nonoperating revenues (coronavirus)	113,848
Private gifts	2,323
Net investment income	22,537
Interest expense	(13,467)
Net transfers from State of Hawai‘i	252,033
Loss on disposal of capital assets	(2,051)
Other, net	<u>565</u>
Net nonoperating revenues before capital and endowment additions	<u>1,002,743</u>
Capital – state appropriations	156,078
Capital – federal grants/subsidies	5,205
Capital – gifts and grants	1,488
Net transfers to State of Hawai‘i for capital assets	(1,428)
Transfers from State of Hawai‘i, Tobacco settlement	9,921
Transfers from State of Hawai‘i, University of Hawai‘i Cancer Center	6,917
Net transfers from other State agencies	<u>137</u>
Total other revenues	<u>178,318</u>
Net nonoperating revenues	<u>1,181,061</u>
Change in net position	350,076
Net position	
Beginning of year	<u>(501,513)</u>
End of year	<u>\$ (151,437)</u>

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

University of Hawai‘i
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Statement of Activities – University of Hawai‘i Foundation
Year Ended June 30, 2023
(All dollars reported in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 398	\$ 73,811	\$ 74,209
Fees, honoraria, royalties and other	3,758	509	4,267
Investment gain, net	4,022	36,764	40,786
Administrative fees	9,357	(9,357)	-
Fundraising events and projects	800	1,261	2,061
Net assets released from restrictions	53,295	(53,295)	-
Total revenue	<u>71,630</u>	<u>49,693</u>	<u>121,323</u>
Expenses			
Program services			
Extension and public services	901	-	901
Academic support	7,811	-	7,811
Research	11,643	-	11,643
Student aid and services	15,309	-	15,309
Faculty and staff support	2,777	-	2,777
Capital projects	1,308	-	1,308
Athletics	4,486	-	4,486
Special programs	8,704	-	8,704
Other	356	-	356
Total program services	<u>53,295</u>	<u>-</u>	<u>53,295</u>
Supporting services			
Administrative, management, and fiscal services	5,713	-	5,713
Development	9,070	-	9,070
Total supporting services	<u>14,783</u>	<u>-</u>	<u>14,783</u>
Total expenses	<u>68,078</u>	<u>-</u>	<u>68,078</u>
Change in net assets	3,552	49,693	53,245
Net assets at beginning of year	2,945	706,876	709,821
Net assets at end of year	<u>\$ 6,497</u>	<u>\$ 756,569</u>	<u>\$ 763,066</u>

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

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Statement of Cash Flows – University of Hawai‘i
Year Ended June 30, 2023
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Cash flows from operating activities	
Student tuition and fees	\$ 261,004
Grants and contracts	459,905
Other revenues	92,881
Payments to employees	(912,502)
Payments to suppliers and other	(389,195)
Payments for scholarships and fellowships	<u>(34,099)</u>
Net cash used in operating activities	<u>(522,006)</u>
Cash flows from noncapital financing activities	
State appropriations	581,388
Gifts and grants for other than capital purposes	161,358
Net transfers from State of Hawai‘i	5,895
Other disbursements	<u>(1)</u>
Net cash provided by noncapital financing activities	<u>748,640</u>
Cash flows from capital and related financing activities	
Capital appropriations	113,242
Capital gifts and grants	6,189
Purchases of capital assets	(160,092)
Proceeds from sale of capital assets	113
Principal paid on capital debt and equipment financing arrangements	(44,879)
Interest paid on capital debt and equipment financing arrangements	(17,741)
Transfer from State of Hawai‘i for	
Tobacco Settlement	9,921
University of Hawai‘i Cancer Center	<u>6,917</u>
Net cash used in capital and related financing activities	<u>(86,330)</u>
Cash flows from investing activities	
Interest and dividends on investments, net	14,982
Proceeds from sales and maturities of investments	467,293
Purchase of investments	<u>(586,722)</u>
Net cash used in investing activities	<u>(104,447)</u>
Net increase in cash and cash equivalents	35,857
Cash and cash equivalents	
Beginning of year	<u>120,520</u>
End of year	<u>\$ 156,377</u>

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

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Statement of Cash Flows – University of Hawai‘i
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Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (830,985)
Adjustments to reconcile operating loss to net cash used in operating activities	
On behalf payments by State for fringe benefits	246,138
Depreciation and amortization expense	146,281
Pension and other postretirement healthcare benefit expense	(72,414)
Bad debt expense, net	4,399
Changes in operating assets and liabilities	
Accounts receivable	(18,525)
Due from the Research Corporation of the University of Hawai‘i, net	2,360
Notes receivable	274
Prepaid expenses and other assets	2,106
Accounts payable	6,316
Accrued payroll and fringe benefits	776
Accrued workers’ compensation liability	(5,596)
Advances from sponsors	(181)
Other, net	(2,955)
Net cash used in operating activities	<u>\$ (522,006)</u>

Supplemental information of noncash transactions

Net transfers from other State agencies	\$ 137
Accounts payable for capital assets	25,347
Escrow funds used to fund capital asset additions	143

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 (“UH- Mānoa”), University of Hawai‘i at Hilo (“UH-Hilo”), University of Hawai‘i at West O‘ahu (“UH-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, 2023, the net position of the Research Corporation was \$10,969. 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 materiality.

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 relationship 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 16.

The Foundation’s accounting policies conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to not-for-profit organizations as promulgated by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). No modifications have been made to the Foundation’s 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.

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.

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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 annual comprehensive financial report (“ACFR”).

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 Statement 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

Cash and time certificates of deposits included in investments 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 Statement 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 U.S. 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 University’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 Level 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 Statement 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 of the University of Hawaii, 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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Leases

Lessee

The University has a policy to recognize a lease liability and a right-to-use (“ROU”) lease asset (“ROU asset”) in its financial statements. The University recognizes lease liabilities with an initial, individual value of \$100 or more for land and building leases and \$25 or more for equipment and others, with a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

ROU assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the ROU assets into service. ROU assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the University has determined is reasonably certain of being exercised. In this case, the ROU asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the University determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the University is reasonably certain to exercise.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any ROU asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

ROU assets are reported as right-to-use along with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor

The University is a lessor for leases of special purpose facilities, office and commercial space, and land. The University recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease receivable.

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At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the University determines: (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The University uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription Based Information Technology Arrangements (SBITA)

The University has a policy to recognize a subscription liability and a right-to-use subscription asset (subscription asset) in the Statement of Net Position. The University recognizes subscription liabilities with an initial, individual value of \$500 or more with a subscription term greater than one year. Variable payments based on future performance of the University, or usage of the underlying IT asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

At the commencement of a SBITA, the University initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, plus any payments made to the SBITA vendor before the commencement of the subscription term and capitalizable initial implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

Costs associated with a SBITA, other than the subscription payments, are accounted for as follows:

- **Preliminary Project Stage:** Outlays are expensed as incurred.
- **Initial Implementation Stage:** Outlays are capitalized as an addition to the subscription asset.
- **Operation and Additional Implementation Stage:** Outlays are expensed as incurred unless they meet specific capitalization criteria.

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Upon adoption, the University elected to exclude capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage that were incurred prior to the implementation of GASB Statement No. 96 in the measurement of subscription assets as of July 1, 2022.

Subscription assets are reported in capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position.

Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the University has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

Key estimates and judgements related to SBITA include how the University determines: (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The University uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for the SBITA.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and the purchase option price that the University is reasonably certain to exercise.

The University monitors changes in circumstances that would require a remeasurement of its subscription liability.

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.

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Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows (inflows) of resources represent a consumption of (benefit to) net assets 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 and deferred inflow of resources related to pensions resulted from differences between expected and actual experiences on pension plan investments, changes in assumptions, and changes in proportion on pension plan investments, which will be amortized over the estimated average remaining service life of the plan members. The deferred outflow of resources and deferred inflow of resources related to postemployment benefits other than pension (“OPEB”) resulted from differences between expected and actual experiences and changes in assumptions which will be amortized over the estimated remaining service life of the plan members. The net difference between projected and actual earnings on plan investments for both pension and OPEB resulted in a deferred outflow of resources which is amortized over five years. 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 which will be recognized as a reduction of the net pension liability 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. The deferred inflow of resources related to leases were initially measured as the amount of the lease receivable. Subsequently, the deferred inflows of resources related to leases are recognized as revenue over the lease term.

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 Employees’ Retirement System of the State of Hawai‘i (“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.

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.

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Revenue Bonds Payable

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

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 13 for more information.

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.
- **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 to 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, 2023 amounted to \$591,132, of which \$525,414 were restricted by enabling legislation for capital activity.

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Operating and Nonoperating Activities

The University’s policies for defining operating activities, as reported on the Statement 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 Higher Education on Emergency Relief Funds (“HEERF”), which includes the Coronavirus Aid, Relief, and Economic Security Act (“CARES”), Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”), and American Rescue Plan (“ARP”) represent nonexchange transactions that are reported as Federal nonoperating revenues (coronavirus).

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, AROs, 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

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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 Statement of Net Position (see Note 9).

The University records its estimated pension liability and 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 11 and 12.

The University records its estimated liability for certain costs associated with the future retirement of their telescopes. The assumptions used to determine the liabilities are described in Note 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.

Recently Issued Accounting Pronouncements

GASB Statement No. 94

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. This statement did not have a material effect on the University's financial statements.

GASB Statement No. 96

During fiscal year 2023, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for SBITAs for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. This statement did not have a material effect on the University's financial statements.

GASB Statement No. 99

The GASB issued Statement No. 99, *Omnibus*. 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. Certain requirements of this Statement are effective immediately while

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other requirements are effective for fiscal years beginning after June 15, 2022 and June 15, 2023, respectively. The requirements that were effective immediately and beginning after June 15, 2022 did not have a material effect on the University’s financial statements. For the remaining requirements, the University has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 100

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. The University has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 101

The GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The University has not determined the effect this Statement will have on its financial statements.

2. Cash and Investments

The carrying amount of cash and cash equivalents and time certificates of deposit held outside of the State Treasury as of June 30, 2023, classified as cash and cash equivalents and operating investments, was \$166,313, with corresponding bank balances of \$118,503. The portion of bank balances covered by the Federal Deposit Insurance Corporation (“FDIC”) or by collateral held by the State Director of Budget & Finance in the name of the University totaled \$108,503 at June 30, 2023.

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 (“FIFO”) 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, 2023.

- **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 Statutes (“HRS”) Section 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 year 2023, the University’s spending rate policy provided for annual distributions at 4.10% of the trailing five-year moving average of the endowment fair value.

At June 30, 2023, the University’s investments were comprised of the following:

	Fair Value	Cost
Cash and money market funds	\$ 1,296	\$ 1,296
Time certificates of deposit	10,000	10,000
Fixed income securities	703,134	725,672
Equity securities	72,196	54,142
Other investments	<u>1,397</u>	<u>1,397</u>
Total investments	788,023	792,507
Less: Current portion	<u>675,449</u>	<u>696,874</u>
Total noncurrent investments	<u>\$ 112,574</u>	<u>\$ 95,633</u>

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Changes in the University’s investments for the year ended June 30, 2023 were as follows:

	Fair Value	Cost Basis	Net Change in Unrealized Gain (Loss)	Net Realized Gain (Loss)
University Endowment Pool				
End of year	\$ 87,508	\$ 71,876	\$ 15,632	
Beginning of year	80,244	74,017	6,227	
Net change	<u>7,264</u>	<u>(2,141)</u>	<u>9,405</u>	\$ (902)
Associated Students of the University of Hawai‘i				
End of year	10,354	9,091	1,263	
Beginning of year	<u>9,443</u>	<u>8,819</u>	<u>624</u>	
Net change	<u>911</u>	<u>272</u>	<u>639</u>	216
School of Medicine				
End of year	2,270	2,270	-	
Beginning of year	<u>2,446</u>	<u>2,446</u>	<u>-</u>	
Net change	<u>(176)</u>	<u>(176)</u>	<u>-</u>	-
University Bond System				
End of year	11,045	10,999	46	
Beginning of year	<u>11,900</u>	<u>11,912</u>	<u>(12)</u>	
Net change	<u>(855)</u>	<u>(913)</u>	<u>58</u>	49
Operating investments				
End of year	675,449	696,874	(21,425)	
Beginning of year	<u>557,993</u>	<u>575,157</u>	<u>(17,164)</u>	
Net change	<u>117,456</u>	<u>121,717</u>	<u>(4,261)</u>	68
Other				
End of year	1,397	1,397	-	
Beginning of year	<u>1,297</u>	<u>1,297</u>	<u>-</u>	
Net change	<u>100</u>	<u>100</u>	<u>-</u>	-
Total investments				
End of year	788,023	792,507	(4,484)	
Beginning of year	<u>663,323</u>	<u>673,648</u>	<u>(10,325)</u>	
Net change	<u>\$ 124,700</u>	<u>\$ 118,859</u>	<u>\$ 5,841</u>	<u>\$ (569)</u>

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Net investment income for the year ended June 30, 2023 was as follows:

Summary of net investment income

Net change in unrealized net gain	\$ 5,841
Net realized loss	(569)
	<u>5,272</u>
Interest and dividend income	17,803
Investment income before management fees	23,075
Less: Management fees	538
Net investment income	<u>\$ 22,537</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, 2023 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
Cash and money market funds	\$ 1,296	\$ 1,296	\$ -	\$ -
Time certificates of deposit	10,000	-	10,000	-
Fixed income securities	703,134	449,122	254,012	-
Equity securities	72,196	72,196	-	-
Other investments	1,397	-	-	1,397
Total investments	<u>\$ 788,023</u>	<u>\$ 522,614</u>	<u>\$ 264,012</u>	<u>\$ 1,397</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 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 Statement of Net Position and is not represented by the contract or notional amounts of the instruments.

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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% of the total fixed income portion of the portfolio. Individual equities are limited to not more than 4.0% of the total market value of the stock portfolio. In addition, investment in any one stock is not to exceed 1.0% 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% of the fixed income investments may be lower than investment grade.

The composition of fixed income securities at June 30, 2023, along with credit quality ratings, is summarized below:

	Credit Quality Rating						
	U.S. Govt- Exempt	AAA	AA	A	BBB	BB or Lower	Unrated
U.S. Treasury	\$ 448,276	\$ 448,276	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. government agencies	244,622	4,481	-	240,141	-	-	-
Corporate bonds	10,236	-	336	874	3,716	4,899	203
Total fixed income securities	<u>\$ 703,134</u>	<u>\$ 452,757</u>	<u>\$ 336</u>	<u>\$ 241,015</u>	<u>\$ 3,716</u>	<u>\$ 4,899</u>	<u>\$ 203</u>

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.

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At June 30, 2023, the composition of the University’s fixed income investments and maturities is summarized below:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury	\$ 448,276	\$ 273,883	\$ 170,652	\$ 1,009	\$ 2,732
U.S. government agencies	244,622	48,092	191,203	284	5,043
Corporate bonds	10,236	1,867	3,841	2,589	1,939
Total fixed income securities	<u>\$ 703,134</u>	<u>\$ 323,842</u>	<u>\$ 365,696</u>	<u>\$ 3,882</u>	<u>\$ 9,714</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, 2023, the University’s exposure to foreign currency risk expressed in U.S. dollars was not significant.

3. Accounts Receivable

The composition of accounts receivable, net of allowance for uncollectible receivables, of \$39,971 at June 30, 2023 is summarized as follows:

U.S. government	2023 \$ 80,573
State and local government	10,404
Private agencies	14,424
Student tuition and fees	8,508
Other	9,252
	<u>\$ 123,161</u>

At June 30, 2023, private agency receivables from the Foundation were \$6,646. Private grant revenue from the Foundation approximated \$14,274 during fiscal year 2023.

The University has an agreement with the Foundation to receive fundraising and alumni services through June 30, 2023. The annual compensation under this agreement amounted to \$3,000 for fiscal year 2023. The service expense was paid in full as of the year ended June 30, 2023, and is reported in supplies, services, and cost of goods sold in the Statement of Revenues, Expenses, and Changes in Net Position.

4. 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. The reimbursement amounted to approximately \$65,828 in 2023 and is reported in federal appropriations, grants and contracts revenue.

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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.

5. Direct Loan Programs

During the year ended June 30, 2023, the University awarded \$112,502 in Direct Loan programs. These awards 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.

6. Other Current Assets

Other current assets at June 30, 2023 were comprised of:

	2023
Accrued interest receivable	\$ 3,798
Inventories	5,086
Short term lease receivable	979
Prepaid expenses	8,597
	<u>\$ 18,460</u>

The inventories and the methods of valuation at June 30, 2023 are summarized below:

		2023
University of Hawai'i Bookstore merchandise inventory		\$ 1,990
University of Hawai'i Chemistry Stockroom	Cost applied on the first-in, first-out basis.	1,238
University of Hawai'i Facilities Management Warehouse	Cost applied on the first-in, first-out basis.	879
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.	855
University of Hawai'i other inventory	Lower of cost or market using the weighted average cost method.	124
		<u>\$ 5,086</u>

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7. Capital Assets

A summary of capital assets, including ROU assets at June 30, 2023 is as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable capital assets					
Land	\$ 74,784	\$ -	\$ -	\$ -	\$ 74,784
Construction in progress	134,414	134,012	932	(75,745)	191,749
Total capital assets not being depreciated	209,198	134,012	932	(75,745)	266,533
Depreciable capital assets					
Land improvements	179,395	170	-	475	180,040
Infrastructure	301,952	1,614	-	7,809	311,375
Buildings	2,934,638	7,793	6,745	62,871	2,998,557
Equipment	409,750	22,576	12,136	4,590	424,780
Library materials	181,666	1,170	-	-	182,836
Total capital assets being depreciated	4,007,401	33,323	18,881	75,745	4,097,588
Less: Accumulated depreciation	2,071,069	144,720	17,649	-	2,198,140
Leased assets					
Buildings	2,469	-	-	-	2,469
Total leased assets	2,469	-	-	-	2,469
Less: Accumulated amortization					
Buildings	989	1,116	-	-	2,105
Capital assets, net	\$ 2,147,010	\$ 21,499	\$ 2,164	\$ -	\$ 2,166,345

Capital assets consist of land, land improvements, infrastructure, buildings, equipment, library materials, and construction in progress (“CIP”). 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 \$145,836 during fiscal year 2023.

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8. Due from and Due to the State of Hawai'i

Amounts due from and due to the State of Hawai'i at June 30, 2023 were as follows:

	2023	
	Due from	Due to
State appropriations for current operations	\$ 2,227	
State capital appropriations – noncurrent	552,117	
Total due from State of Hawai'i	<u>\$ 554,344</u>	
Imprest/petty cash advances		\$ 65
Advance		6,000
Employee fringe adjustments		51
Total due to State of Hawai'i		<u>\$ 6,116</u>

9. Long-Term Liabilities

Long-term liability activities at June 30, 2023 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable					
Revenue bonds payable	\$ 436,965	\$ -	\$ 20,200	\$ 416,765	\$ 21,155
Other liabilities					
Workers' compensation	14,185	3,267	3,373	14,079	3,707
Accrued vacation	85,579	30,164	28,797	86,946	32,698
Net pension liability (Note 11)	1,476,618	191,824	138,619	1,529,823	-
Postemployment health care/life insurance benefits (Note 12)	1,635,611	46,981	139,223	1,543,369	-
Equipment financing obligations	26,319	-	24,678	1,641	77
Total other liabilities	<u>3,238,312</u>	<u>272,236</u>	<u>334,690</u>	<u>3,175,858</u>	<u>36,482</u>
Total long-term liabilities	<u>\$ 3,675,277</u>	<u>\$ 272,236</u>	<u>\$ 354,890</u>	<u>\$ 3,592,623</u>	<u>\$ 57,637</u>

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Revenue Bonds Payable

The University’s revenue bonds payable at June 30, 2023 is as follows:

	Series	Date Issued	Authorized	2023
Hilo College of Pharmacy and Law School Expansion and Modernization (interest rate, 1.05% to 4.69%)	2015A	September 24, 2015	\$ 8,575	\$ 7,270
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.00% to 5.00%)	2015B(R)	September 24, 2015	47,010	44,880
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 0.81% to 3.04%)	2015C(R)	September 24, 2015	17,585	-
University Health & Wellness Center (interest rate, 5.00%)	2015E(R)	April 20, 2016	67,400	60,260
Sinclair Library Basement Renovation (interest rate, 2.00% to 5.00%)	2017A	December 28, 2017	3,990	2,925
University Health & Wellness Center (interest rate, 3.00%)	2017B	December 28, 2017	12,040	12,040
University Health & Wellness Center (interest rate, 3.28% to 3.38%)	2017C	December 28, 2017	4,110	4,110
Frear Hall Construction, Student Housing System at Mānoa, Student Housing System at Hilo (interest rate, 3.00%)	2017D	December 28, 2017	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
Various acquisition and construction projects (interest rate, 5.00%)	2017F	December 28, 2017	52,275	45,395
Various acquisition and construction projects (interest rate, 2.10% to 3.85%)	2017G	December 28, 2017	20,745	17,330
Parking facilities at Mānoa (interest rate, 0.54% to 3.20%)	2020A	October 28, 2020	10,045	9,195
University of Hawai‘i Cancer Center (interest rate, 3.00% to 5.00%)	2020B	October 28, 2020	44,555	38,795
University of Hawai‘i Cancer Center (interest rate, 2.27% to 3.20%)	2020C	October 28, 2020	54,300	54,300
Various acquisition and construction projects (interest rate, 3.00% to 5.00%)	2020D	October 28, 2020	77,135	71,500
Various acquisition and construction projects (interest rate, 3.20%)	2020E	October 28, 2020	31,130	31,130
			<u>\$ 468,530</u>	<u>\$ 416,765</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 a University project and refunding previously issued bonds. All Series 2020 bonds were delivered on October 28, 2020. Total premium for the Series 2020 Bonds approximated

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\$25,710. The proceeds of the Series 2020A Bonds will be used to renovate and repair parking facilities at the University’s Mānoa campus.

The proceeds of the Series 2020B, 2020C, 2020D and 2020E Bonds were used to prepay and redeem the Series 2010A-1 and 2010B-1 University Revenue Bonds. During the year ended June 30, 2021, \$230,955 of bonds outstanding from the Series 2010A-1 and 2010B-1 University Revenue Bonds were considered defeased. The defeasance resulted in an accounting gain of \$44,017 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$35,207. Deferred loss on refunding for Series 2020 Bonds amounted to \$533 at June 30, 2023. The coupon interest rates of the Series 2020 Bonds range from 0.54% to 5.00% (the first interest payment was paid on April 1, 2021) with the last maturity on October 1, 2040.

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 \$3,764 at June 30, 2023. The coupon interest rates for the Series 2017 Bonds range from 2.00% to 5.00% (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), 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 \$4,110 at June 30, 2023. The University projects include the UH-Mānoa Law School Expansion and Modernization Project and the UH-Hilo College of Pharmacy Project.

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The proceeds of the Series 2015B(R), 2015C(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 0.81% to 5.00% (first interest payment due on April 1, 2016) with the last maturity on October 1, 2044.

The University receives funds from the State of Hawai‘i Tobacco Settlement Special Fund for the payment of principal and interest on the Series 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 \$9,921 in 2023.

The revenue bonds are paid from certain unrestricted revenues in annual installments, including semi-annual interest payments ranging from \$12 to \$8,634 with the final payment due in October 2044. Interest on the Series 2015, 2017 and 2020 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 2015, 2017 and 2020 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% 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.

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At June 30, 2023, future maturities of revenue bonds are as follows:

	Principal	Interest
Years ending June 30,		
2024	\$ 21,155	\$ 16,778
2025	22,150	15,772
2026	23,210	14,701
2027	23,320	13,584
2028	25,280	12,526
2029–2033	140,235	45,381
2034–2038	109,605	19,076
2039–2043	50,810	2,733
2044–2045	1,000	47
	<u>\$ 416,765</u>	<u>\$ 140,598</u>

Bond Premiums

Activity related to the premiums on revenue bonds for the year ended June 30, 2023 is as follows:

	Series	Beginning Balance	Additions	Reductions	Ending Balance
Student Housing	2015B(R)	\$ 3,620	\$ -	\$ 319	\$ 3,301
John A. Burns School of Medicine	2015E(R)	4,239	-	648	3,591
Sinclair Library basement renovation	2017A	311	-	44	267
John A. Burns School of Medicine	2017B	166	-	26	140
Student Housing	2017D	72	-	9	63
Student Housing	2017F	6,486	-	659	5,827
University of Hawai‘i Cancer Center	2020B	7,151	-	1,360	5,791
Various construction projects	2020D	13,065	-	1,718	11,347
Total bond premiums		<u>\$ 35,110</u>	<u>\$ -</u>	<u>\$ 4,783</u>	<u>\$ 30,327</u>

10. Leases

The University leases certain properties to other users. Such property includes special purpose facilities, office space, and commercial space. The lease receivable consists of agreements with others for the right to use the underlying assets at various locations owned by the University. The terms of the arrangements range from 2 to 20 years. The calculated interest rates used vary depending on the length of the lease. For the year ended June 30, 2023, the University recognized \$1,244 in lease revenue and \$383 in interest revenue.

A summary of changes in lease receivable for the year ended June 30, 2023 is as follows:

Beginning Balance	Additions	Deletion	Ending Balance	Due Within One Year	Due in More Than One Year
\$ 7,235	\$ 3,414	\$ -	\$ 10,649	\$ 980	\$ 9,669

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Lease receivable is due as follows:

Years ending June 30,	Principal
2024	\$ 980
2025	634
2026	626
2027	636
2028–2032	3,393
2033–2037	1,760
2038–2042	1,088
2043–2047	1,147
2048–2049	385
	<u>\$ 10,649</u>

11. 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>.

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% to 2.25%) 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.

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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 2.50% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.50% 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% 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% of their average final compensation. Ten years of credited service are 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 12.50% of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% 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% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member’s accrued maximum allowance unreduced for age.

Contributory Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 2% 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% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined as 1.75% 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% of average final compensation.

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- 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% 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% 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% 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% 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% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service are 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.

Hybrid Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 2% 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% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service are 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% of average final compensation.

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- **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% 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%, or 50% 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% 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% 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% 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% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

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 24.10% for fiscal year 2023. Contributions to the pension plan for the University for the year ended June 30, 2023 were \$144,995.

The University is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.80% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.80% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8% of their salary.

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

At June 30, 2023, the University reported a liability of \$1,529,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the University’s proportion was 11.80%, which was a decrease of 0.30% from its proportion at June 30, 2021.

The following changes were made to the actuarial assumptions as of June 30, 2021 to June 30, 2022:

- The administrative expenses assumption was increased from 0.35% to 0.40%.
- The general wage inflation assumption represents the average increase in wages in the general economy and is used to index salaries for each cohort of new entrants in projections. The general productivity component of the general wage inflation assumption for general employees decreased from 1.00% to 0.50%, that now yields a nominal assumption of 3.00%.
- The assumed salary increase schedules increased for all employees. These schedules include an ultimate component for general wage inflation that may add on an additional increase for individual merit (which would include promotions) and then an additional component for step rates based on service. The schedules of assumed salary increase, that are the same for general employees, increased to 4.66% from 4.41%.
- Retiree mortality was updated to the 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.

There were no changes between the measurement date, June 30, 2022, and the reporting date, June 30, 2023, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the year ended June 30, 2023, the University recognized pension expense of \$84,601.

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At June 30, 2023, 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
Difference between expected and actual experience	\$ 27,453	\$ 22,147
Net difference between projected and actual investment earnings on pension plan investments	-	66,213
Change in assumptions	2,245	19,404
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	93,559
Contributions subsequent to the measurement date	<u>144,995</u>	<u>-</u>
Total deferred inflows and outflows of resources	<u>\$ 174,693</u>	<u>\$ 201,323</u>

At June 30, 2023, the \$174,693 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, 2024.

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

Years ending June 30,	
2024	\$ (48,946)
2025	(57,612)
2026	(73,332)
2027	9,542
2028	<u>(1,277)</u>
	<u>\$ (171,625)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS’s Board of Trustees on August 8, 2022, based on the 2021 experience study for the five-year period from July 1, 2016 through June 30, 2021:

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

There were no changes to ad hoc postemployment benefits including cost of living allowances.

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality table with full generational projections in future years.

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Pre-retirement mortality rates are based on multiples of the Pub-2010 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 rate of returns based on ERS’s investment consultant as of June 30, 2022 are summarized in the following table:

Classes	Strategic Class Weights	Long-Term Expected Geometric Rate of Return
Broad growth		
Private equity	13.50 %	11.00 %
Global equity	20.00 %	8.50 %
Low volatility equity	4.00 %	7.80 %
Global options	4.00 %	6.40 %
Credit	6.00 %	7.70 %
Core real estate	6.00 %	6.40 %
Non-core real estate	4.50 %	9.50 %
Timber/agriculture/infrastructure	5.00 %	8.30 %
Diversifying strategies		
TIPS	2.00 %	3.30 %
Global macro	4.00 %	5.40 %
Reinsurance	4.00 %	6.40 %
Alternative risk premia	8.00 %	5.40 %
Long treasuries	5.00 %	3.80 %
Intermediate government	4.00 %	3.20 %
Systematic trend following	10.00 %	6.20 %
Total investments	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the net pension liability was 7.00%, 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.

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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%, for the measurement date, June 30, 2022, 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%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
The University’s proportionate share of the net pension liability	<u>\$ 2,049,956</u>	<u>\$ 1,529,823</u>	<u>\$ 1,099,253</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 year 2023 was paid by June 30, 2023. Excess payments of \$40,020 are being applied to amounts due in fiscal year 2023.

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 \$246,138 for fiscal year 2023.

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

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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, 2023, accumulated sick leave approximated \$506,810.

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 \$1,958 for fiscal year 2023.

12. 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:

Hawaii Employer-Union Health Benefits Trust Fund
 P.O. Box 2121
 Honolulu, Hawaii 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% 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.

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% of the base monthly contribution. For employees retiring with at least 15 years, but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% 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% of the base monthly contribution. For those retiring with at least 15 years, but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% 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.

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Employees Covered by Benefit Terms

At July 1, 2022, the following number of plan members was covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	39,326
Inactive plan members entitled to but not yet receiving benefits	7,564
Active plan members	<u>48,678</u>
Total plan members	<u>95,568</u>

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan for the University were \$63,192 the year ended June 30, 2023. 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, 2023, the University reported a net OPEB liability of \$1,543,369 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2022 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, 2022, and the reporting date, June 30, 2023, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2023, the University recognized OPEB expense of approximately \$41,946. At June 30, 2023, 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
Changes in assumptions	\$ 13,145	\$ 34,146
Net difference between projected and actual earnings on OPEB plan investments	39,066	-
Difference between expected and actual experience	-	211,224
Contributions subsequent to the measurement date	<u>65,347</u>	<u>-</u>
Total deferred inflows and outflows of resources	<u>\$ 117,558</u>	<u>\$ 245,370</u>

At June 30, 2023, the approximate \$65,347 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, 2024.

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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,	
2024	\$ (47,128)
2025	(46,395)
2026	(49,823)
2027	(24,725)
2028	(25,088)
	<u>\$ (193,159)</u>

Actuarial Assumptions

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

Actuarial valuation date	July 1, 2022
Date of adoption	January 9, 2023
Five-year experience study end date	June 30, 2022
Inflation	2.50%
Payroll growth rate (including inflation)	3.75% to 6.75%
Investment rate of return	7.00%
PPO*	
Initial rates	6.40%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	22
HMO*	
Initial rates	6.40%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	22
Medicare Part B Contribution	
Initial rates	5.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	22
Dental	
Rate	4.00%
Vision	
Rate	2.5%
Life Insurance	
Rate	0.00%

* Blended rates for medical and prescription drugs.

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

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:

	Target Allocation	Long-Term Expected Real Rate of Return
Strategic Allocation (risk-based classes)		
Private equity	12.50 %	11.72 %
U.S. microcap	6.00 %	8.28 %
Global equity	27.50 %	6.62 %
Global options	5.00 %	4.45 %
Real assets	10.00 %	6.59 %
Private credit	8.00 %	6.38 %
TIPS	5.00 %	1.35 %
Long treasuries	6.00 %	2.32 %
Alternative risk premia	5.00 %	4.81 %
Trend following	10.00 %	3.74 %
Reinsurance	5.00 %	4.53 %
	<u>100.00 %</u>	

Single Discount Rate

The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. 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 future benefit payments of current and inactive plan members. In July 2020, the Governor’s office issued the Tenth Proclamation related to the COVID-19 Emergency, allowing employers of the EUTF to suspend ACT 268 contributions for the year ending June 30, 2021 and instead limit their contribution amounts to the OPEB benefits due. This relief provision related to OPEB funding was extended to fiscal years 2022 and 2023 by ACT 229, SLH 2021. The OPEB plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current 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.

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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.

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 date, July 1, 2022.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	\$ 2,141,765	\$ 506,154	\$ 1,635,611
Service cost	28,628	-	28,628
Interest on the total OPEB liability	95,645	-	95,645
Employer contributions	-	63,192	(63,192)
Net investment income	-	(9,149)	9,149
Benefit payments	(44,095)	(44,095)	-
Change in assumptions	(32,983)	-	(32,983)
Difference between expected and actual experience in the measurement of total OPEB liability	(129,403)	-	(129,403)
Administrative expense	-	(38)	38
Other	-	124	(124)
Net changes	<u>(82,208)</u>	<u>10,034</u>	<u>(92,242)</u>
Ending balance	<u>\$ 2,059,557</u>	<u>\$ 516,188</u>	<u>\$ 1,543,369</u>

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%, for the measurement date, July 1, 2022, 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%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
The University’s proportionate share of the net OPEB liability	<u>\$ 1,911,382</u>	<u>\$ 1,543,369</u>	<u>\$ 1,250,874</u>

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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
The University’s proportionate share of the net OPEB liability	<u>\$ 1,234,891</u>	<u>\$ 1,543,369</u>	<u>\$ 1,937,679</u>

Payables to the OPEB Plan

There were no contributions payable to the EUTF as of June 30, 2023.

13. 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 GASB 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 5 to 15 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, 2023 was \$11,035 and is included in other noncurrent liabilities in the University’s Statement of Net Position. Deferred outflows of resources related to AROs amounted to \$2,943 at June 30, 2023.

14. 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

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Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

Act 248, SLH 2022 Appropriations Act of 2022, Section 3, provided \$153,299 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, 2023.

Net general and capital appropriations for the year ended June 30, 2023 were as follows:

General appropriations

Act 88, SLH 2021, Appropriation Warrant No. 10	\$ 503,709
Act 88, SLH 2021 as Amended by Act 248, SLH 2022 Appropriation Warrant No. 94	63,390
Act 255, SLH 2022, Appropriation Warrant No. 153	350
Act 262, SLH 2022, Appropriation Warrant No. 154	<u>6,700</u>
	574,149
Total funds lapsed	(8,815)
Collective bargaining adjustment	<u>15,434</u>
Total general appropriations	<u>\$ 580,768</u>

Capital appropriations

Section 26, Act 148, SLH 2022	\$ 64,650
Sections 26, Act 88, SLH 2021, Amended by Act 248, SLH 2022	95,750
Total funds lapsed	<u>(4,322)</u>
Total capital appropriations	<u>\$ 156,078</u>

Net transfers from the State for the year ended June 30, 2023 were as follows:

Fringe benefits	\$ 246,138
Hawai‘i Barrel Tax	1,415
School of Nursing	1,511
University of Hawai‘i Cancer Center	<u>2,969</u>
	<u>\$ 252,033</u>

15. Litigation, Other Contingent Liabilities, and Commitments

HRS Section 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 ACFR that includes financial statements and required supplementary information which may be obtained from the following address:

State of Hawaii Department of Accounting and General Services
 1151 Punchbowl Street
 Honolulu, Hawaii 96813

Although the ultimate outcome and financial impact to the University of these OHA matters are not presently known, the University has had an understanding 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 activity in connection with this understanding. 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.

The following coverage is obtained directly from third-party insurers:

- **General Liability Insurance** – The University has general liability insurance with a loss limit of \$10,000 per occurrence, a \$10,000 aggregate, and a \$1,000 Self-Insured Retention (“SIR”). In addition, the University is covered by the State’s general liability policy of \$7,500 which sits above the University’s policy.
- **Management Liability Insurance** – The University has management liability insurance with a limit of \$10,000 per claim and a \$1,000 SIR.

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The University is covered under the State’s insurance program for the following:

- **Property Insurance** – The University has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is \$200,000, except for terrorism losses, which has a \$100,000 per occurrence limit. There are two different types of deductibles for the property coverage. The deductible for losses such as windstorm, flood, tsunami, and volcanic actions are 3% of values per unit of insurance subject to a per occurrence minimum of \$1,000. The deductible for all other perils such as a fire and terrorism is \$1,000.
- **Crime Insurance** – The University also has a crime insurance policy for various types of coverages with a limit of loss of \$10,000 per occurrence with a \$500 deductible per occurrence, except for client’s property which has a \$5,000 limit per occurrence and a \$500 deductible and claims expense coverage, supplemental funds transfer coverage, and social engineering which has a \$100 limit per occurrence and a \$500 deductible. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services (“Risk Management Office”), and losses not covered by insurance are paid from the State’s General Fund.
- **Cyber Liability Insurance** – The University is insured for various types of cyber-related activities with a loss limit of \$5,000 deductibles ranging from \$250 to \$1,000 per claim. This policy includes (with sub-limits) invoice manipulation, reputation loss, amend data recovery cost, computer hardware replacement cost, and cryptojacking.

Construction and Other Contracts

The University is committed under contracts awarded for construction and other services. These commitments amounted to approximately \$285,351 as of June 30, 2023.

Collective Bargaining Agreements

The Hawai‘i State Constitution, under Article XIII, Section 2, grants certain public employees in the State the right to organize for the purpose of collective bargaining as provided by law. HRS Chapter 89 provides 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 Section 89-6(a), 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 September 12, 2023 is as follows:

- Unit 1 (nonsupervisory employees in blue collar positions) – 483
- Unit 2 (supervisory employees in blue collar positions) – 13
- Unit 3 (nonsupervisory employees in white collar positions) – 471
- Unit 4 (supervisory employees in white collar positions) – 37

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- Unit 7 (faculty of the University and community colleges) – 4,284
- Unit 8 (personnel of the University and community colleges other than faculty) – 2,352
- Unit 9 (registered professional nurses) – 10
- Unit 10 (institutional, health, and correctional workers) – 1

The civil service employees working at the University are included in Units 1, 2, 3, 4, 9 and 10. The University’s employees who are exempt from civil service are considered Board appointees, and include faculty members, who are included in Unit 7, and administrative, professional and technical 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 Section 89-6(f), such as those 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, as applicable. Some employees (for example, 89-day contractual hires or those working less than half-time) are not parties to any bargaining unit under HRS Chapter 89.

All Units at the University have four-year CBAs that are effective from July 1, 2021 through June 30, 2025. All CBAs have a reopener for the final two years of the contract solely on the issue of the employer’s contribution to health insurance premiums (“EUTF”); as a result of the reopener, all bargaining units have a revised Employer’s monthly contribution to EUTF premiums through June 30, 2025. A summary of salary and other adjustments, and their effective dates, over the course of the CBAs for each unit is below:

BU	7/1/2021	7/1/2022	9/1/2022	10/1/2022	7/1/2023	7/1/2024
1	\$1,000 (lump sum)	—	—	3.72%	5%	5%
2	1% (lump sum)	3.72%	—	—	5%	5%
3	\$1,000 (lump sum)	—	—	3.72%	5%	5%
4	1% (lump sum)	3.72%	—	—	4.96%	5%
7	1% (lump sum for Faculty Members)	3.72%	—	—	5%	5%
8	1% (lump sum)	3.72%	—	—	5%	5%
9	1% (lump sum)	3%	—	—	4.10%	3.40%
10	\$1,000 (lump sum)	—	2.94%	—	5%	5%

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16. Foundation Disclosures

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, 2023 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
Domestic equities	\$ 65,750	\$ 65,750	\$ -	\$ -	\$ -
Fixed income securities	194,314	142,918	51,396	-	-
Foreign equities	108,459	59,200	-	-	49,259
Money market funds	39,013	39,013	-	-	-
Natural resources/real estate	28,089	-	-	7,589	20,500
Hedge funds	172,281	5,328	-	-	166,953
Private equity securities	63,245	-	-	106	63,139
Total investments	<u>\$ 671,151</u>	<u>\$ 312,209</u>	<u>\$ 51,396</u>	<u>\$ 7,695</u>	<u>\$ 299,851</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.

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.

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- **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 \$49,196 at June 30, 2023.
- **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.

Long-term Debt

In November 2021, the Public Finance Authority (the “Authority”) issued revenue bonds totaling \$91,915 comprising Series 2021A-1 (\$62,205 tax-exempt), Series 2021A-2 (\$14,210 taxable) and Series 2021B (\$15,500 tax-exempt). The Authority then loaned the proceeds of the bonds to the Foundation for the construction of a new student housing facility. Total premium for the Series 2021 bonds was \$3,390.

The revenue bonds are paid from project revenues and restricted cash in annual installments, including semiannual interest payments ranging from \$373 to \$1,244 with the final payment due in July 2061.

The Foundation entered a continuing disclosure agreement for the benefit of revenue bondholders, it agreed to provide certain financial information and operating data relating to the Foundation with respect to its revenue bonds to the Municipal Securities Rulemaking Board. The Foundation, based on consultation with its bond counsel and bond underwriter, has complied in all material respects with the continuing disclosure requirements. As of June 30, 2023, the Foundation is in compliance with the covenants in its debt agreements, including financial ratios and other restrictions.

The Foundation’s revenue bonds payable on June 30, 2023 is as follows:

Series	Interest Rate	Date Issued	Amount
2021A-1	4.00 %	November 1, 2021	\$ 62,205
2021A-2	4.85 %	November 1, 2021	2,730
2021A-2	5.35 %	November 1, 2021	11,480
2021B	5.25 %	November 1, 2021	<u>15,500</u>
			91,915
Unamortized premium on bonds			3,223
Less: Unamortized debt issuance costs			<u>(2,272)</u>
Long-term debt, net unamortized debt issuance costs			<u>\$ 92,866</u>

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At June 30, 2023, future maturities of revenue bonds are as follows:

Years ending June 30,		
2024		\$ -
2025		-
2026		-
2027		155
2028		260
Thereafter		91,500
		<u>\$ 91,915</u>

For the year ended June 30, 2023, the Foundation paid and capitalized interest cost of \$2,052 to CIP recorded in property and equipment, net.

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

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Schedule of the Proportionate Share of the Net Pension Liability (Unaudited)
Last Ten Fiscal Years
(All dollars reported in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportionate share of the net pension liability	11.80 %	12.10 %	12.34 %	12.64 %	12.73 %	12.73 %	12.75 %	13.11 %	13.60 %	13.75 %
Proportion of the net pension liability	\$ 1,529,823	\$ 1,476,618	\$ 1,889,437	\$ 1,791,098	\$ 1,695,800	\$ 1,648,600	\$ 1,704,470	\$ 1,144,564	\$ 1,089,882	\$ 1,227,787
Covered payroll	\$ 592,534	\$ 575,216	\$ 606,426	\$ 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	258.18 %	256.71 %	311.57 %	296.99 %	286.57 %	280.75 %	299.43 %	202.67 %	197.89 %	235.67 %
Plan fiduciary net position as a percentage of total net pension liability	62.76 %	64.25 %	53.18 %	54.87 %	55.48 %	54.80 %	51.28 %	63.42 %	63.92 %	57.96 %

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Schedule of Pension Contributions (Unaudited)
Last Ten Fiscal Years
(All dollars reported in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 142,821	\$ 138,619	\$ 147,213	\$ 133,759	\$ 115,001	\$ 111,436	\$ 98,865	\$ 97,394	\$ 93,949	\$ 88,381
Contributions in relation to the contractually required contribution	<u>142,821</u>	<u>138,619</u>	<u>147,213</u>	<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	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759	\$ 587,203	\$ 569,235	\$ 564,736	\$ 550,758
Contributions as a percentage of covered payroll	24.10 %	24.10 %	24.17 %	22.06 %	19.07 %	18.83 %	16.84 %	17.11 %	16.64 %	16.05 %

1. Changes of Benefit Terms

There were no changes of benefit terms in 2023 through 2014.

2. Changes of Assumptions

In fiscal year 2023, the following changes were made to the actuarial assumptions for the June 30, 2022 actuarial valuation:

- The administrative expenses assumption was increased from 0.35% to 0.40%.
- The general wage inflation assumption represents the average increase in wages in the general economy and is used to index salaries for each cohort of new entrants in projections. The general productivity component of the general wage inflation assumption for general employees decreased from 1.00% to 0.50%, that now yields a nominal assumption of 3.00%.
- The assumed salary increase schedules increased for all employees. These schedules include an ultimate component for general wage inflation that may add on an additional increase for individual merit (which would include promotions) and then an additional component for step rates based on service. The schedules of assumed salary increase, that are the same for general employees, increased to 4.66% from 4.41%.
- Retiree mortality was updated to the 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.

There were no significant changes in actuarial assumptions in 2022, 2021, 2020, 2019 or 2018.

In fiscal year 2017, the discount rate for the June 30, 2016 actuarial valuation decreased by 0.65% from 7.65% to 7.00% 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% from 7.75% to 7.65%.

There were no significant changes in actuarial assumptions in 2015 and 2014.

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Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited)
Last Ten Fiscal Years*
(All dollars reported in thousands)

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 28,628	\$ 12,767	\$ 41,952	\$ 42,039	\$ 40,189	\$ 31,124
Interest	95,645	42,381	134,717	132,510	124,435	94,505
Difference between expected and actual experience	(129,403)	(17,988)	(123,339)	(1,103)	(36,795)	-
Changes of assumptions	(32,983)	-	(10,099)	10,650	22,269	-
Benefit payments	(44,095)	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
Net change in total OPEB liability	(82,208)	17,792	(18,727)	120,638	89,509	78,904
Total OPEB liability – beginning	2,141,765	2,123,973	2,142,700	2,022,062	1,932,553	1,853,649
Total OPEB liability – ending	<u>\$2,059,557</u>	<u>\$2,141,765</u>	<u>\$2,123,973</u>	<u>\$2,142,700</u>	<u>\$2,022,062</u>	<u>\$1,932,553</u>
Plan fiduciary net position						
Employer contributions	\$ 63,192	\$ 66,555	\$ 138,452	\$ 139,980	\$ 119,714	\$ 92,918
Net investment income	(9,149)	34,889	7,393	12,727	13,793	9,303
Benefit payments	(44,095)	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
OPEB plan administrative expense	(38)	(18)	(52)	(87)	(45)	(23)
Other	124	7	46	29,480	-	747
Net change in plan fiduciary net position	10,034	82,065	83,881	118,642	72,873	56,220
Plan fiduciary net position – beginning	506,154	424,089	340,208	221,566	148,693	92,473
Plan fiduciary net position – ending	516,188	506,154	424,089	340,208	221,566	148,693
Net OPEB liability – ending	<u>\$1,543,369</u>	<u>\$1,635,611</u>	<u>\$1,699,884</u>	<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	25.06 %	23.63 %	19.97 %	15.88 %	10.96 %	7.69 %
Covered-employee payroll	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759
Net OPEB liability as a percentage of covered-employee payroll	260.47 %	284.35 %	279.04 %	297.23 %	298.55 %	301.45 %

* Information for 2014–2017 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)

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 65,347	\$ 103,889	\$ 45,460	\$ 144,567	\$ 134,898	\$ 135,072
Contributions in relation to the actuarially required contribution	65,347	63,192	66,555	138,452	139,980	119,714
Contributions excess	\$ -	\$ 40,697	\$ (21,095)	\$ 6,115	\$ (5,082)	\$ 15,358
University's covered-employee payroll	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759
Contributions as a percentage of covered employee payroll	11.03 %	10.99 %	10.93 %	22.83 %	23.21 %	20.23 %

1. Changes of Benefit Terms

There were no changes of benefit terms in 2023 through 2018.

2. Changes of Assumptions

Actuarial assumption changes during the fiscal year 2023 included updating the healthcare trend assumptions to better anticipate short-term premium experience and the payroll growth rate. The actuarial methods and assumptions used to calculate the actuarially determined contribution for fiscal year 2023 are as follows:

Actuarial valuation date	July 1, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	22 years
Asset valuation method	4-year smoothed market
Actuarial assumptions	
Investment rate of return	7.00%
Projected salary increases	3.50% to 7.00%
Healthcare inflation rates	
PPO**	7.50%, declining rate of 4.70% after 13 years
HMO**	7.50%, declining rate of 4.70% after 13 years
Dental	5.00% for the first year, declining to 4.00% for all future years
Vision	0.00 % initial rate for first year, then 2.50% for all future years
Medicare Part B	Initial rates of 5.00% declining to rate of 4.70% after 10 years

* Information for 2014–2017 is unavailable.

** Blended rates for medical and prescription drug.

Other Supplementary Information

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Report of Independent Auditors on Supplemental Information

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

We have audited the basic financial statements of the University of Hawai'i as of and for the year ended June 30, 2023, and our report thereon dated December 7, 2023, which expressed an unmodified opinion, appears on pages 1 to 3. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information (Schedules I, II, III, IV, V, VI, VII, VIII, IX, X and XI) included hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honolulu, Hawai'i
December 7, 2023

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University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
Condensed Statement of Net Position
Condensed Statement of Revenues, Expenses, and Changes in Net Position
Current Unrestricted Funds Excluding General Fund
As of and for the Year Ended June 30, 2023

(All dollars reported in thousands)

Schedule I

	2023
Condensed statement of net position	
Assets	
Current assets	\$ 768,349
Noncurrent assets	1,518
Total assets	<u>769,867</u>
Deferred outflows of resources	
Deferred outflows on asset retirement obligation	919
Total deferred outflows of resources	<u>919</u>
Total assets and deferred outflows of resources	<u>\$ 770,786</u>
Liabilities	
Current liabilities	\$ 47,982
Noncurrent liabilities	13,117
Total liabilities	<u>61,099</u>
Net position	
Unrestricted	<u>709,687</u>
Total net position	<u>709,687</u>
Total liabilities and net position	<u>\$ 770,786</u>
Condensed statement of revenues, expenses, and changes in net position	
Operating revenues	\$ 439,773
Operating expenses	<u>272,098</u>
Operating income	167,675
Nonoperating revenues and transfers	38,510
Nonoperating expenses and transfers	<u>47,748</u>
Change in net position	158,437
Net position	
Beginning of year	<u>551,250</u>
End of year	<u>\$ 709,687</u>

1. Basis of Presentation

The accompanying condensed statement of net position and related condensed statement 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 2015A, 2015B(R), 2015C(R), 2015E(R), 2017A, 2017B, 2017C, 2017D, 2017E, 2017F, 2017G, 2020A, 2020B, 2020C, 2020D and 2020E 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 Statement of Net Position
Condensed Statement of Revenues, Expenses, and Changes in Net Position
Current Unrestricted Funds Excluding General Fund
As of and for the Year Ended June 30, 2023
(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.

DRAFT

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
Schedule of Series 2002A University Bond Proceeds Activity
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule II

	2023
Beginning balance	\$ 2,446
Additions	
Interest and investment income	64
Total additions	<u>64</u>
Deductions	
Payments – building, construction in progress, other	238
Management fees	<u>2</u>
Total deductions	<u>240</u>
Ending balance	<u>\$ 2,270</u>

1. Basis of Presentation

The accompanying schedule of Series 2002A University Bond proceeds activity presents 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
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
Schedule of Series 2006A Revenue Bond Proceeds Activity
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule III

	2023
Beginning balance	\$ 4,202
Additions	
Interest and investment income	126
Total additions	<u>126</u>
Deductions	
Management fees	4
Total deductions	<u>4</u>
Ending balance	<u>\$ 4,324</u>

1. Basis of Presentation

The accompanying schedule of Series 2006A revenue bond proceeds activity presents 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
State of Hawai'i
 (A Component Unit of the State of Hawai'i)
Schedule of Series 2009A Revenue Bond Proceeds Activity
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule IV

	2023
Beginning balance	\$ 1,628
Additions	
Interest and investment income	49
Total additions	<u>49</u>
Deductions	
Management fees	1
Total deductions	<u>1</u>
Ending balance	<u>\$ 1,676</u>

1. Basis of Presentation

The accompanying schedule of Series 2009A revenue bond proceeds activity presents 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)
Schedule of Series 2010A Revenue Bond Proceeds Activity
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule V

	2010A-1	2010A-2
Balance at June 30, 2022	\$ 117	\$ 324
Additions		
Interest and investment income	3	11
Total additions	<u>3</u>	<u>11</u>
Deductions		
Payments – building, construction in progress, other	-	-
Total deductions	<u>-</u>	<u>-</u>
Balance at June 30, 2023	<u>\$ 120</u>	<u>\$ 335</u>

1. Basis of Presentation

The accompanying schedule of Series 2010A-1 and Series 2010A-2 revenue bond proceeds activity presents 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 this schedule.

2. Refinancing

In October 2020, the University refinanced the outstanding Series 2010A-1 revenue bonds through the issuance of Series 2020B and 2020C revenue bonds.

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
Schedule of Series 2010B Revenue Bond Proceeds Activity
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule VI

	2010B-1	2010B-2
Balance at June 30, 2022	\$ 575	\$ 886
Additions		
Interest and investment income	13	25
Total additions	<u>13</u>	<u>25</u>
Deductions		
Payments	<u>128</u>	<u>1</u>
Total deductions	<u>128</u>	<u>1</u>
Balance at June 30, 2023	<u>\$ 460</u>	<u>\$ 910</u>

1. Basis of Presentation

The accompanying schedule of Series 2010B-1 and Series 2010B-2 revenue bond proceeds activity presents 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 this schedule.

2. Refinancing

In October 2020, the University refinanced the outstanding Series 2010B-1 revenue bonds through the issuance of Series 2020D and 2020E revenue bonds.

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
Schedule of Series 2015A Revenue Bond Proceeds Activity
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule VII

	2023
Beginning balance	\$ 479
Additions	
Interest and investment income	15
Total additions	<u>15</u>
Deductions	
Payments – building, construction in progress, other	-
Management fees	-
Total deductions	<u>-</u>
Ending balance	<u>\$ 494</u>

1. Basis of Presentation

The accompanying schedule of Series 2015A revenue bond proceeds activity presents 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)
Schedule of Series 2017A Revenue Bond Proceeds Activity
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule VIII

	2023
Beginning balance	\$ 1,908
Additions	
Interest and investment income	53
Total additions	<u>53</u>
Deductions	
Payments – building, construction in progress, other	29
Management fees	<u>2</u>
Total deductions	<u>31</u>
Ending balance	<u>\$ 1,930</u>

1. Basis of Presentation

The accompanying schedule of Series 2017A revenue bond proceeds activity presents 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)
Schedule of Series 2020A Revenue Bond Proceeds Activity
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule IX

	2023
Beginning balance	\$ 1,781
Additions	
Bond proceeds	-
Interest and investment income	36
Total additions	<u>36</u>
Deductions	
Payments – building, construction in progress, other	1,020
Management fees	1
Total deductions	<u>1,021</u>
Ending balance	<u>\$ 796</u>

1. Basis of Presentation

The accompanying schedule of Series 2020A revenue bond proceeds activity presents the sources and uses of bond proceeds associated with the renovation and repair to the parking facilities 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 Statement of Net Position
Condensed Statement of Revenues, Expenses, and Changes in Net Position
University Bond System
As of and for the Year Ended June 30, 2023

(All dollars reported in thousands)

Schedule X

	2023
Condensed statement of net position	
Assets and deferred outflows of resources	
Current assets	\$ 134,238
Capital assets, net	383,736
Other assets	11,045
Total assets	<u>529,019</u>
Deferred outflows of resources	8,407
Total deferred outflows of resources	<u>8,407</u>
Total assets and deferred outflows of resources	<u>\$ 537,426</u>
Liabilities	
Current liabilities	\$ 30,252
Noncurrent liabilities	425,937
Total liabilities	<u>456,189</u>
Net position	
Net investment in capital assets	(44,342)
Restricted expendable	1,040
Unrestricted	124,539
Total net position	<u>81,237</u>
Total liabilities and net position	<u>\$ 537,426</u>
Condensed statement of revenues, expenses, and changes in net position	
Operating revenues	
Bookstores	\$ 13,552
Room and other rentals	30,052
Parking	7,487
Telecommunications	2,400
Other operating revenues	8,119
Total operating revenues	<u>61,610</u>
Operating expenses (including \$27,845 in depreciation expense in 2023)	<u>(77,043)</u>
Operating loss	(15,433)
Nonoperating revenues	39,275
Nonoperating expenses	<u>(13,926)</u>
Change in net position	9,916
Net position	
Beginning of year	<u>71,321</u>
End of year	<u>\$ 81,237</u>

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
Condensed Statement of Cash Flows
University Bond System
As of and for the Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule XI

	2023
Condensed statement of cash flows	
Net cash flows provided by operating activities	\$ 6,823
Net cash flows provided by non-capital financing activities	6,959
Net cash flows used in capital and related financing activities	(5,237)
Net cash flows used in investing activities	(4,933)
Net increase in cash and cash equivalents	<u>3,612</u>
Cash and cash equivalents	
Beginning of year	<u>17,004</u>
End of year	<u>\$ 20,616</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. In October 2020, the University 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 Statement of Cash Flows
University Bond System
As of and for the Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule XI

2. Basis of Presentation

The accompanying condensed statement of net position and related condensed statement 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.



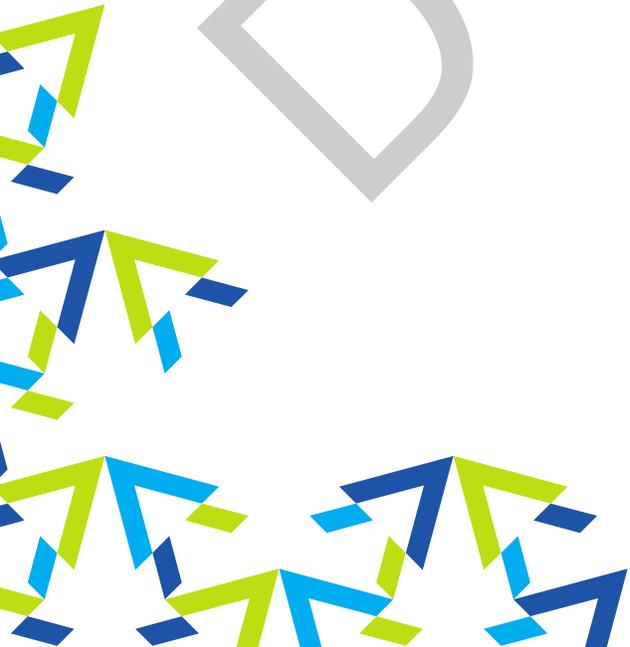
**University of Hawai'i
State of Hawai'i**

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

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

June 30, 2023

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Report of Independent Auditors on Supplemental Information

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

We have audited the basic financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2023 and our report thereon dated December 7, 2023, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the University's basic financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honolulu, Hawai'i
December 7, 2023

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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
Statement of Net Position
June 30, 2023
(All dollars reported in thousands)

Schedule I

	2023
Assets and Deferred Outflows of Resources	
Current assets	
Cash and cash equivalents	\$ 52,533
Operating investments	207,400
Accounts receivable, net	78,073
Due from Research Corporation of the University of Hawai‘i	21,579
Current portion of notes receivable, net	329
Inventories	5,012
Prepaid expenses and other current assets	7,718
Total current assets	<u>372,644</u>
Noncurrent assets	
Due from State of Hawai‘i	127,007
Endowment and other investments	59,999
Notes receivable, net	2,358
Capital assets, net	612,779
Other noncurrent assets	158
Total noncurrent assets	<u>802,301</u>
Total assets	<u>1,174,945</u>
Deferred outflows of resources	
Deferred outflows on asset retirement obligations	2,943
Deferred loss on refunding	6,248
Total deferred outflows of resources	<u>9,191</u>
Total assets and deferred outflows of resources	<u>\$ 1,184,136</u>
Liabilities, Deferred Inflows of Resources, and Net Position	
Current liabilities	
Accounts payable	\$ 28,977
Accrued payroll and fringe benefits	38,746
Advances from sponsors	28,875
Unearned revenue	28,099
Due to State of Hawai‘i	72
Current portion of long-term liabilities	23,797
Other current liabilities	3,416
Total current liabilities	<u>151,982</u>
Noncurrent liabilities	
Due to campuses and funds	11,140
Revenue bonds payable	276,911
Asset retirement obligations	9,673
Other noncurrent liabilities	23,649
Total noncurrent liabilities	<u>321,373</u>
Total liabilities	<u>473,355</u>
Deferred inflows of resources	
Deferred inflows of resources on leases	402
Total deferred inflows of resources	<u>402</u>
Net position	
Net investment in capital assets	312,102
Restricted	
Nonexpendable	10,293
Expendable	145,140
Unrestricted	242,844
Total net position	<u>710,379</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,184,136</u>

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
University of Hawai‘i Mānoa
Statement of Revenues, Expenses, and Change in Net Position
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule II

	2023
Operating revenues	
Student tuition and fees	\$ 294,567
Less: Scholarship allowances	94,574
Net student tuition and fees	199,993
Federal appropriations, grants and contracts	246,886
State and local grants and contracts	32,111
Nongovernmental sponsored programs	39,314
Sales and services of educational departments, other	12,103
Auxiliary enterprises	
Bookstores	12,195
Student housing (net of scholarship allowances of \$896)	25,457
Other auxiliary enterprises revenues	33,788
Other operating revenues	1,054
Total operating revenues	<u>602,901</u>
Operating expenses	
Compensation and benefits	716,060
Supplies, services and cost of goods sold	120,881
Depreciation and amortization	52,168
Telephone and utilities	61,931
Scholarships and fellowships	8,801
Travel expenses	20,526
Repairs and maintenance	14,002
Other operating expenses	29,456
Total operating expenses	<u>1,023,825</u>
Operating loss	<u>(420,924)</u>
Nonoperating revenues (expenses)	
State appropriations	291,932
Federal Pell grants	17,724
Federal nonoperating expenses (coronavirus)	44,817
Private gifts	2,323
Net investment income	13,014
Interest expense	(10,186)
Transfers from State of Hawai‘i for	
Fringe benefits	133,843
Restrictions	5,895
Loss on disposal of capital assets	(718)
Other, net	(45,539)
Net nonoperating revenues before capital and endowment additions	<u>453,105</u>
Capital – state appropriations	33,957
Capital – federal grants/subsidies	4,878
Capital – gifts and grants	1,047
Net transfers to State of Hawai‘i for capital assets	(350)
Transfers from State of Hawai‘i, Tobacco settlement	9,921
Transfers from State of Hawai‘i, Hawai‘i Cancer Center	6,917
Total other revenues	<u>56,370</u>
Net nonoperating revenues	<u>509,475</u>
Change in net position	88,551
Net position	
Beginning of year	621,828
End of year	<u>\$ 710,379</u>

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
University of Hawai‘i Mānoa
Summarized Statement of Cash Flows
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule III

	2023
Cash received from operations	\$ 598,268
Cash payments for operations	<u>(834,462)</u>
Net cash used in operating activities	(236,194)
Net cash provided by noncapital financing activities	321,780
Net cash used in capital and related financing activities	(41,353)
Net cash used in investing activities	<u>(30,020)</u>
Net increase in cash and cash equivalents	14,213
Cash and cash equivalents	
Beginning of year	<u>38,320</u>
End of year	<u>\$ 52,533</u>

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, 2023
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statement 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 basic 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.



ACCUIITY

**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, 2023

DRAFT





Report of Independent Auditors on Supplemental Information

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

We have audited the basic financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2023 and our report thereon dated December 7, 2023, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the University's basic financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honolulu, Hawai'i
December 7, 2023

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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
Statement of Net Position
June 30, 2023
(All dollars reported in thousands)

Schedule I

	2023
Assets and Deferred Outflows of Resources	
Current assets	
Cash and cash equivalents	\$ 4,371
Operating investments	21,020
Accounts receivable, net	4,963
Current portion of notes receivable, net	47
Due from Research Corporation of the University of Hawai‘i	31
Prepaid expenses and other current assets	887
Total current assets	<u>31,319</u>
Noncurrent assets	
Due from State of Hawai‘i	11,008
Endowment and other investments	1,735
Notes receivable, net	650
Capital assets, net	186,359
Total noncurrent assets	<u>199,752</u>
Total assets	<u>231,071</u>
Deferred outflows of resources	
Deferred loss on refunding	866
Total deferred outflows of resources	<u>866</u>
Total assets and deferred outflows of resources	<u>\$ 231,937</u>
Liabilities, Deferred Inflows of Resources, and Net Position	
Current liabilities	
Accounts payable	\$ 2,195
Accrued payroll and fringe benefits	3,250
Advances from sponsors	987
Unearned revenue	383
Due to State of Hawai‘i	7
Current portion of long-term liabilities	1,148
Other current liabilities	247
Total current liabilities	<u>8,217</u>
Noncurrent liabilities	
Due to campuses and funds	1,494
Revenue bonds payable	20,880
Other noncurrent liabilities	3,693
Total noncurrent liabilities	<u>26,067</u>
Total liabilities	<u>34,284</u>
Deferred inflows of resources	
Deferred inflows of resources on leases	5,344
Total deferred inflows of resources	<u>5,344</u>
Net position	
Net investment in capital assets	164,462
Restricted	
Nonexpendable	62
Expendable	14,762
Unrestricted	13,023
Total net position	<u>192,309</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 231,937</u>

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
University of Hawai‘i Hilo
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule II

	2023
Operating revenues	
Student tuition and fees	\$ 28,515
Less: Scholarship allowances	<u>10,779</u>
Net student tuition and fees	17,736
Federal appropriations, grants and contracts	17,068
State and local grants and contracts	742
Nongovernmental sponsored programs	2,055
Sales and services of educational departments, other	1,441
Auxiliary enterprises	
Student housing (net of scholarship allowances of \$322)	3,607
Other auxiliary enterprises revenues	<u>3,545</u>
Total operating revenues	<u>46,194</u>
Operating expenses	
Compensation and benefits	79,480
Supplies, services and cost of goods sold	13,183
Depreciation and amortization	10,953
Telephone and utilities	5,610
Scholarships and fellowships	3,814
Travel expenses	2,037
Repairs and maintenance	823
Other operating expenses	<u>3,629</u>
Total operating expenses	<u>119,529</u>
Operating loss	<u>(73,335)</u>
Nonoperating revenues (expenses)	
State appropriations	43,791
Federal Pell grants	5,299
Federal nonoperating revenues (coronavirus)	8,262
Net investment income	1,503
Interest expense	(765)
Transfers from State of Hawai‘i for fringe benefits	19,000
Loss on disposal of capital assets	(62)
Other, net	<u>(2,060)</u>
Net nonoperating revenues before capital and endowment additions	<u>74,968</u>
Capital – state appropriations	(2)
Capital private grants and gifts	<u>203</u>
Total other revenues	<u>201</u>
Net nonoperating revenues	<u>75,169</u>
Change in net position	1,834
Net position	
Beginning of year	<u>190,475</u>
End of year	<u>\$ 192,309</u>

University of Hawai'i
State of Hawai'i
 (A Component Unit of the State of Hawai'i)
University of Hawai'i Hilo
Summarized Statement of Cash Flows
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule III

	2023
Cash received from operations	\$ 45,039
Cash payments for operations	<u>(89,379)</u>
Net cash used in operating activities	(44,340)
Net cash provided by noncapital financing activities	55,616
Net cash used in capital and related financing activities	(5,434)
Net cash used in investing activities	<u>(4,394)</u>
Net increase in cash and cash equivalents	1,448
Cash and cash equivalents	
Beginning of year	<u>2,923</u>
End of year	<u>\$ 4,371</u>

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, 2023
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statement 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 basic 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.



ACCUITY

**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, 2023**

DRAFT





Report of Independent Auditors on Supplemental Information

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

We have audited the basic financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2023 and our report thereon dated December 7, 2023, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the University's basic financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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December 7, 2023

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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
Statement of Net Position
June 30, 2023
(All dollars reported in thousands)

Schedule I

	2023
Assets and Deferred Outflows of Resources	
Current assets	
Cash and cash equivalents	\$ 2,131
Operating investments	10,601
Accounts receivable, net	1,232
Prepaid expenses and other current assets	379
Total current assets	<u>14,343</u>
Noncurrent assets	
Due from State of Hawai'i	2,944
Endowment and other investments	269
Capital assets, net	106,569
Total noncurrent assets	<u>109,782</u>
Total assets	<u>124,125</u>
Deferred outflows of resources	
Deferred loss on refunding	819
Total deferred outflows of resources	<u>819</u>
Total assets and deferred outflows of resources	<u>\$ 124,944</u>
Liabilities, Deferred Inflows of Resources, and Net Position	
Current liabilities	
Accounts payable	\$ 274
Accrued payroll and fringe benefits	1,910
Advances from sponsors	404
Unearned revenue	253
Due to State of Hawai'i	2
Due to Research Corporation of the University of Hawai'i	95
Current portion of long-term liabilities	1,976
Other current liabilities	496
Total current liabilities	<u>5,410</u>
Noncurrent liabilities	
Due to campuses and funds	711
Revenue bonds payable	45,205
Other noncurrent liabilities	5,399
Total noncurrent liabilities	<u>51,315</u>
Total liabilities	<u>56,725</u>
Deferred inflows of resources	
Deferred inflows of resources on leases	3,601
Total deferred inflows of resources	<u>3,601</u>
Net position	
Net investment in capital assets	56,607
Restricted	
Nonexpendable	101
Expendable	3,993
Unrestricted	3,917
Total net position	<u>64,618</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 124,944</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
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule II

	2023
Operating revenues	
Student tuition and fees	\$ 17,419
Less: Scholarship allowances	6,564
Net student tuition and fees	10,855
Federal appropriations, grants and contracts	4,703
State and local grants and contracts	68
Nongovernmental sponsored programs	738
Sales and services of educational departments, other	146
Other auxiliary enterprises revenues	152
Other operating revenues	133
Total operating revenues	<u>16,795</u>
Operating expenses	
Compensation and benefits	39,828
Supplies, services and cost of goods sold	3,126
Depreciation	7,792
Telephone and utilities	1,945
Scholarships and fellowships	873
Travel expenses	509
Repairs and maintenance	517
Other operating expenses	1,514
Total operating expenses	<u>56,104</u>
Operating loss	<u>(39,309)</u>
Nonoperating revenues (expenses)	
State appropriations	21,503
Federal Pell grants	4,094
Federal nonoperating expenses (coronavirus)	4,861
Net investment income	636
Interest expense	(1,039)
Transfers from State of Hawai‘i for fringe benefits	10,732
Other, net	(1,550)
Net nonoperating revenues	<u>39,237</u>
Change in net position	(72)
Net position	
Beginning of year	64,690
End of year	<u>\$ 64,618</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 Statement of Cash Flows
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule III

	2023
Cash received from operations	\$ 16,265
Cash payments for operations	<u>(44,994)</u>
Net cash used in operating activities	(28,729)
Net cash provided by noncapital financing activities	29,659
Net cash provided by capital and related financing activities	1,803
Net cash used in investing activities	<u>(2,017)</u>
Net increase in cash and cash equivalents	716
Cash and cash equivalents	
Beginning of year	1,415
End of year	<u>\$ 2,131</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, 2023
(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 basic 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, 2023

DRAFT





Report of Independent Auditors on Supplemental Information

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

We have audited the basic financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2023 and our report thereon dated December 7, 2023, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the University's basic financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honolulu, Hawai'i
December 7, 2023

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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
Statement of Net Position
June 30, 2023
(All dollars reported in thousands)

Schedule I

	2023
Assets	
Current assets	
Cash and cash equivalents	\$ 1,419
Operating investments	6,838
Accounts receivable, net	3,133
Prepaid expenses and other current assets	165
Total current assets	<u>11,555</u>
Noncurrent assets	
Endowment and other investments	381
Capital assets, net	49,817
Other noncurrent assets	774
Total noncurrent assets	<u>50,972</u>
Total assets	<u>\$ 62,527</u>
Liabilities, Deferred Inflows of Resources, and Net Position	
Current liabilities	
Accounts payable	\$ 418
Accrued payroll and fringe benefits	1,357
Advances from sponsors	1,063
Unearned revenue	210
Due to the State of Hawai‘i	4
Due to Research Corporation of the University of Hawai‘i	958
Current portion of long-term liabilities	98
Total current liabilities	<u>4,108</u>
Noncurrent liabilities	
Due to campuses and funds	326
Other noncurrent liabilities	274
Total noncurrent liabilities	<u>600</u>
Total liabilities	<u>4,708</u>
Deferred inflows of resources	
Deferred inflows of resources on leases	874
Total deferred inflows of resources	<u>874</u>
Net position	
Net investment in capital assets	47,733
Restricted – expendable	548
Unrestricted	8,664
Total net position	<u>56,945</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 62,527</u>

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
University of Hawai‘i Maui College
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule II

	2023
Operating revenues	
Student tuition and fees	\$ 6,279
Less: Scholarship allowances	<u>2,355</u>
Net student tuition and fees	3,924
Federal appropriations, grants and contracts	8,819
State and local grants and contracts	1,854
Nongovernmental sponsored programs	372
Sales and services of educational departments, other	730
Auxiliary enterprises – Other auxiliary enterprises revenues	<u>26</u>
Total operating revenues	<u>15,725</u>
Operating expenses	
Compensation and benefits	31,307
Supplies, services and cost of goods sold	4,477
Depreciation	3,461
Telephone and utilities	2,628
Scholarships and fellowships	2,638
Travel expenses	403
Repairs and maintenance	2,748
Other operating expenses	<u>979</u>
Total operating expenses	<u>48,641</u>
Operating loss	<u>(32,916)</u>
Nonoperating revenues (expenses)	
State appropriations	21,448
Federal Pell grants	2,091
Federal nonoperating revenues (coronavirus)	6,431
Net investment income	349
Transfers from State of Hawai‘i for fringe benefits	7,180
Loss on disposal of capital assets	(525)
Other, net	<u>(538)</u>
Net nonoperating revenues before capital and endowment additions	<u>36,436</u>
Capital – private grants and gifts	<u>6</u>
Total other revenues	<u>6</u>
Net nonoperating revenues	<u>36,442</u>
Change in net position	3,526
Net position	
Beginning of year	53,419
End of year	<u>\$ 56,945</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 Statement of Cash Flows
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule III

Cash received from operations	\$ 15,297
Cash payments for operations	<u>(39,360)</u>
Net cash used in operating activities	(24,063)
Net cash provided by noncapital financing activities	27,423
Net cash used in capital and related financing activities	(2,887)
Net cash used in investing activities	<u>(357)</u>
Net increase in cash and cash equivalents	116
Cash and cash equivalents	
Beginning of year	<u>1,303</u>
End of year	<u>\$ 1,419</u>

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, 2023
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statement 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 basic 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, 2023

DRAFT





Report of Independent Auditors on Supplemental Information

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

We have audited the basic financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2023 and our report thereon dated December 7, 2023, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the University's basic financial statements as a whole. Supplemental schedules I through II ("supplemental schedules") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honolulu, Hawai'i
December 7, 2023

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University of Hawai'i
State of Hawai'i
(A Component Unit of the State of Hawai'i)
Community College System
Statement of Net Position
June 30, 2023

(All dollars reported in thousands)

Schedule I

	2023
Assets and Deferred Outflows of Resources	
Current assets	
Cash and cash equivalents	\$ 10,415
Operating investments	51,047
Due from State of Hawai'i	3
Accounts receivable, net	11,902
Current portion of notes receivable, net	32
Prepaid expenses and other current assets	<u>509</u>
Total current assets	73,908
Noncurrent assets	
Due from State of Hawai'i	165,411
Endowment and other investments	105
Notes receivable, net	23
Capital assets, net	<u>394,954</u>
Total noncurrent assets	<u>560,493</u>
Total assets	<u>634,401</u>
Deferred outflows of resources	
Deferred loss on refunding	<u>403</u>
Total deferred outflows of resources	<u>403</u>
Total assets and deferred outflows of resources	<u>\$ 634,804</u>
Liabilities and Net Position	
Current liabilities	
Accounts payable	\$ 12,194
Accrued payroll and fringe benefits	8,918
Advances from sponsors	2,710
Unearned revenue	834
Due to State of Hawai'i	28
Due to Research Corporation of the University of Hawai'i	1,165
Current portion of long-term liabilities	2,002
Other current liabilities	<u>460</u>
Total current liabilities	28,311
Noncurrent liabilities	
Revenue bonds payable	32,608
Due to campuses and funds	2,367
Other noncurrent liabilities	<u>6,100</u>
Total noncurrent liabilities	<u>41,075</u>
Total liabilities	<u>69,386</u>
Net position	
Net investment in capital assets	307,207
Restricted – expendable	139,313
Unrestricted	<u>118,898</u>
Total net position	<u>565,418</u>
Total liabilities and net position	<u>\$ 634,804</u>

University of Hawai‘i
State of Hawai‘i
(A Component Unit of the State of Hawai‘i)
Community College System
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023
(All dollars reported in thousands)

Schedule II

	2023
Operating revenues	
Student tuition and fees	\$ 56,016
Less: Scholarship allowances	<u>16,199</u>
Net student tuition and fees	39,817
Federal appropriations, grants and contracts	23,337
State and local grants and contracts	960
Nongovernmental sponsored programs	1,464
Sales and services of educational departments, other	2,478
Auxiliary enterprises	812
Other operating revenues	<u>14</u>
Total operating revenues	<u>68,882</u>
Operating expenses	
Compensation and benefits	201,031
Supplies, services and cost of goods sold	20,557
Depreciation	19,666
Telephone and utilities	8,963
Scholarships and fellowships	15,694
Travel expenses	1,415
Repairs and maintenance	8,857
Other operating expenses	<u>7,553</u>
Total operating expenses	<u>283,736</u>
Operating loss	<u>(214,854)</u>
Nonoperating revenues (expenses)	
State appropriations	145,036
Federal Pell grants	16,980
Federal nonoperating revenues (coronavirus)	47,170
Net investment income	3,036
Interest expense	(959)
Transfers from State of Hawai‘i for fringe benefits	56,409
Loss on disposal of capital assets	(471)
Other, net	<u>(23,790)</u>
Net nonoperating revenues before capital and endowment additions	<u>243,411</u>
Capital – state appropriations	54,795
Capital – gifts and grants	231
Net transfers to State of Hawai‘i for capital assets	<u>(449)</u>
Total other revenues	<u>54,577</u>
Net nonoperating revenues	<u>297,988</u>
Change in net position	83,134
Net position	
Beginning of year	482,284
End of year	<u>\$ 565,418</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, 2023
(All dollars reported in thousands)

1. Basis of Presentation

The accompanying statement of net position and related statement 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 basic 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.



ACCUITY

**University of Hawai‘i
State of Hawai‘i**

**Internal Control and Business Issues Report
Year Ended June 30, 2023**

DRAFT





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

In planning and performing our audit of the financial statements of the University of Hawai'i (the "University") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the University's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

We are pleased to present for your consideration, comments and observations identified during the course of our audit that were not required to be reported in our Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* compliance audit report. This letter is intended solely for the information and use of the Board of Regents, management and others within the University and is not intended to be and should not be used by anyone other than these specified parties.

If you would like any further information or would like to discuss any of the issues raised, please do not hesitate to contact us.

Honolulu, Hawai'i
December 7, 2023

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Honolulu, HI 96813

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University of Hawai'i
State of Hawai'i
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Year Ended June 30, 2023

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University of Hawai‘i
State of Hawai‘i
Current Year Comments and Observations
Year Ended June 30, 2023

Comment No. 23-01: Untimely Execution of Purchase Orders

During our audit, we noted the following instances in which purchase orders or purchase order change forms were executed and approved subsequent to the receipt of the goods or services from the vendor:

- One purchase order totaling \$10,975 for the Higher Education Emergency Relief Fund (“HEERF”) major Federal program.
- One purchase order totaling \$1,599 for the TRIO Cluster major Federal program.
- Three purchase orders totaling \$47,823 for the Title VII Native Hawaiian Education major Federal program.
- Two purchase orders totaling \$2,082 for the NASA IRTF major Federal program.

An executed and approved purchase order serves as an indication that a formal agreement between the vendor and the University of Hawai‘i (the “University”) regarding the nature and cost of goods or services to be provided has been reached.

Failure to complete a purchase order prior to the commencement of services or the receipt of goods from a vendor exposes the University to an undue risk of the misuse of Federal funds.

Recommendation

We recommend that the University ensure that a purchase order is properly executed and approved prior to the receipt of goods or services from a vendor.

Comment No 23-02: Untimely Submission of Travel Completion Report

During our audit, we noted the following instances in which a “Travel Completion Report” was not submitted in a manner consistent with the policies set forth in the University’s Administrative Procedures (“AP”) as follows:

- For travel from October 23, 2022 to October 25, 2022, the “Travel Completion Report” was not submitted until November 18, 2022 for the Gaining Early Awareness and Readiness for Undergraduate Programs major Federal program.
- For travel from December 10, 2022 to December 17, 2022 and from December 10, 2022 to January 22, 2023, the “Travel Completion Report” was not submitted until January 12, 2023 and March 6, 2023, respectively, for the Research and Development Cluster major Federal program.

Paragraph 6, subsection L, of section A8.851, *Employee Out-of-State and Intra-State Travel*, of the University’s AP states that “the Travel Completion report must be submitted to the traveler’s business office within 21 calendar days from the end date of the trip.”

Failure to submit the “Travel Completion Report” in a timely manner may result in the untimely disbursement of Federal funds by the University.

University of Hawai‘i
State of Hawai‘i
Current Year Comments and Observations
Year Ended June 30, 2023

Recommendation

We recommend that all reimbursement requests for travel expenditures are submitted and approved in a timely manner in accordance with University policies.

Comment No. 23-03: Improper Completion of a Purchase Order Payment Form

During our audit, we noted the following instances in which Principal Investigator approval was not formally documented on the Research Corporation of the University of Hawai‘i (“RCUH”) “Purchase Order Payment Form” prior to the execution of payment of the associated expenditures.

- Three instances totaling \$6,112 for the Research and Development Cluster major Federal program.
- Eleven instances totaling \$710,275 for the HEERF major Federal program.

Section 2.701 – *Purchase Order Payment* of RCUH’s policies and procedures requires the Principal Investigator to “certify that the services have been rendered and/or that the materials, supplies, and incidentals have been received in good order and condition and are in direct support of the program” and to “ensure that the proper supporting documents are forwarded with the payment, and that the transaction is in compliance with applicable Federal and State laws, rules, regulations, and RCUH policies and procedures.”

Failure to obtain formally documented approval by the Principal Investigator on the RCUH “Purchase Order Payment Form” exposes the University to an undue risk of misuse of federal funds.

Recommendation

We recommend that the University ensure that certification by the Principal Investigator is properly evidenced on the RCUH “Purchase Order Payment Form” prior to the execution of payment to the respective vendor.

Comment No. 23-04: Untimely Submission of End of Year Report

During our audit of the Career and Technical Education (“C&TE”) major Federal program, we noted an instance where an End of Year report was not submitted in a timely manner. An End of Year report for Kapiolani Community College which was required to be submitted to the University of Hawaii Community College (“UHCC”) Systems office by October 10, 2023, was not submitted until October 18, 2023.

The End of the Year Report summarizes the progress achieved by the Community College and the actual expenditures used to meet project outcomes.

Failure to submit the End of Year report in a timely manner may result in the inability of the UHCC Systems personnel to properly review the progress made toward project outcomes and the expenditures incurred to achieve such outcomes.

Recommendation

We recommend that all End of Year reports are submitted in a timely manner to the UHCC Systems office.

University of Hawai‘i
State of Hawai‘i
Current Year Comments and Observations
Year Ended June 30, 2023

Comment No. 23-05: Improper Approval of Purchase Orders

During our audit of the Title VII Native Hawaiian Education major Federal program we noted two instances totaling \$968 in which purchase orders were approved by an individual who had not received a formal delegation of authority to do so as of the purchase order date.

University AP 8.250, *Small Purchase – Goods and Services*, notes “The fiscal administrator responsible for the funds of the applicable program shall certify that sufficient funds are available to pay for the goods or services, and that the purchase is in accordance with applicable University policies and procedures.”

Failure to obtain approval on a purchase order from a Fiscal Administrator or their authorized delegee exposes the University to an undue risk of the misuse of federal funds.

Recommendation

We recommend that the University ensure that a “FMO-1, Fiscal Administrator Appointment and Delegation of Purchasing Authority Form” is completed in accordance with the policies set forth in AP 8.026, *Appointment of Fiscal Administrators and Assistant Fiscal Administrators*, and is done so prior to the approval of a purchase order by an individual to whom a Fiscal Administrator has delegated their purchasing authority to.

Comment No. 23-06: Inaccurately Listed Eligibility Requirements

During our audit, we noted the following instance in which student aid from the HEERF major Federal program was not distributed in a manner consistent with the eligibility requirements as stated on University of Hawai‘i at Hilo’s (“UHH”) website:

- Seven instances in which a student received a distribution of HEERF student aid monies, which was not consistent with the award amounts as stated per UHH’s website.

We were informed that the information included on UHH’s website did not reflect the most up-to-date criteria used to determine students who were eligible to receive a HEERF distribution within a given academic year and also did not reflect the most up-to-date award amounts subsequently distributed to eligible students during a given academic year.

Failure to ensure publicly listed eligibility criteria and award amounts are accurate exposes the University to an undue risk of the misuse of Federal funds.

Recommendation

We recommend that the University ensure that the HEERF eligibility requirements and award amounts as stated on UHH’s website reflect the most up-to-date information for each academic year.

**Summary Schedule of
Prior Comments and Observations**

DRAFT

**University of Hawai‘i
State of Hawai‘i
Summary Schedule of Prior Comments and Observations
Year Ended June 30, 2023**

Finding	Description	Type	Status		Current Year Finding
			Resolved	Unresolved	
22-01	Untimely Execution of Purchase Orders	Control Deficiency ("CD")		X	23-01
22-02	Untimely Submission of Travel Completion Report	CD		X	23-02
22-03	Improper Use of Authorization for Payment Form	CD	X		
22-04	Untimely Submission of End of Year Report	CD		X	23-04
22-05	Untimely Submission of Federal Funding Accountability and Transparency Act Report	CD	X		
22-06	Inaccurately Listed Eligibility Requirements	CD		X	23-06

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UNIVERSITY OF HAWAII
BOARD OF REGENTS

'23 NOV 29 A8:43



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

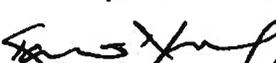
November 13, 2023

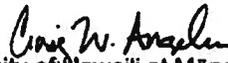
MEMORANDUM

TO: Alapaki Nahale-a
Chair, Board of Regents

Lauren Akitake
Chair, Committee on Independent Audit

VIA: David Lassner 
President

VIA: Kalbert Young 
Vice President for Budget and Finance/Chief Financial Officer

FROM: Craig Angelos 
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, 2023

The following and attached University of Hawai'i at Mānoa Intercollegiate Athletics reports for the year ended June 30, 2023 are submitted for the Board of Regents Committee on Independent Audit review and acceptance.

1. Accuity Report to the Board of Regents – Auditor Communications
2. Report on Agreed-Upon Procedures
3. 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, Chief Business Officer



ACCUITY

University of Hawai‘i at Mānoa Intercollegiate Athletics Department

Report to the Board of Regents

Year Ended June 30, 2023

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 20.2.4.17 for the year ended June 30, 2023.

The ultimate goal of our agreed-upon procedures engagement was to ensure that the University of Hawai'i at Mānoa Intercollegiate Athletics Department's Statement of Revenues and Expenses for the year ended June 30, 2023 was presented in compliance with NCAA Bylaw 20.2.4.17.

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 Department's Statement of Revenues and Expenses for the year ended June 30, 2023.

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 Department (“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 note any deficiencies in the current year.

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. 220054).
- We were not engaged to perform a separate audit of Mānoa Athletics as of and for the year ended June 30, 2023.
- The NCAA recently eliminated the football attendance requirement as previously included in NCAA Bylaw 20.10.9.3.2 while determining a measurement that better enhances and reflects a positive student-athlete experience.



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ACCUITY

**University of Hawai‘i at Mānoa
Intercollegiate Athletics Department**

Report on Agreed-Upon Procedures

June 30, 2023

DRAFT





Report of Independent Accountants

To the Board of Regents of the
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 Department ("Mānoa Athletics"), solely to assist the University of Hawai'i (the "University") in evaluating whether the accompanying Statement of Revenues and Expenses (the "Statement") of Mānoa Athletics is in compliance with the National Collegiate Athletics Association ("NCAA") Bylaw 20.2.4.17 for the year ended June 30, 2023. Management of Mānoa Athletics is responsible for the Statement and the Statement's compliance with those requirements.

Management of Mānoa Athletics has agreed to and acknowledged that the procedures performed are appropriate to meet the requirements of NCAA Bylaw 20.2.4.17. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

For purposes of performing these agreed-upon procedures, no exceptions were reported for differences of \$43,000 or less.

The procedures and associated findings are as follows:

- A. We obtained the Mānoa 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 each contribution of cash, services or goods that were received by Mānoa Athletics and that constituted 10% or greater of all contributions received by Mānoa Athletics to supporting documentation maintained by the University of Hawai'i Foundation (the "Foundation").

One cash contribution received from an outside organization for \$952,551 was compared to supporting documentation. No exceptions were noted as a result of the comparison.

- E. We selected a sample of seven broadcast, television, radio and internet rights revenue receipts, which aggregated to \$4,108,442, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- F. We selected a sample of ten royalty, advertisement and sponsorship revenue receipts, which aggregated to \$4,562,912, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- G. We selected a sample of ten tournament revenue receipts, which aggregated to \$3,116,735, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- H. We compared total direct institutional support receipts of \$14,356,576 to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- I. We selected a sample of ten concession revenue receipts, which aggregated to \$1,359,280, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- J. We selected one rental revenue receipt, which amounted to \$60,428, and compared the revenue receipt to supporting documentation maintained by Mānoa Athletics.
- No exceptions were noted as a result of this comparison.
- K. We selected a sample of two guarantee revenue receipts, which amounted to \$2,200,000, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.
- No exceptions were noted as a result of this comparison.
- 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. 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 Mānoa Athletics. We selected three head coaches and compared their salaries recorded in the Statement to their employment contracts in force. For all three of the head coaches selected, we also compared the coaches' compensation for the 2022 calendar year to their pay statements.
- No exceptions were noted as a result of these comparisons.

- P. We obtained a listing of administrative employees employed by Mānoa 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 item in the Statement. We also compared the employees' compensation for the 2022 calendar year to their pay statements.

No exceptions were noted as a result of these comparisons.

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

No differences were noted between Mānoa Athletics 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 Mānoa Athletics. We summed the indirect facilities and administrative support totals reported by Mānoa Athletics 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 to \$532,447, and compared the expense transactions to supporting documentation maintained by Mānoa Athletics.

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 to \$700,000, and compared the expense transactions to supporting documentation maintained by Mānoa Athletics.

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 Ānuenuē.

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

- 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 Ānuenuē is presented as Appendix 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 Mānoa Athletics and its employees, and compared such amounts to the accounting records of Mānoa Athletics.

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 to \$442,045 and \$17,182, 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 to \$174,135 and \$206,433, 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 Mānoa Athletics. We selected a sample of one financial transaction and compared it to the accounting records of the booster organization.

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

- AA. We obtained documentation 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 Mānoa Athletics as reported in the NCAA Membership Financial Reporting System to the squad lists as maintained by Mānoa Athletics. The information compared was for sports sponsored during the 2021–2022 academic year, as reported to the NCAA during the year ended June 30, 2023.

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 Mānoa Athletics to the information as reported in the NCAA Membership Financial Reporting System. We also noted that the sports and contests reported by Mānoa Athletics met the minimum requirements of NCAA Bylaw 20.10.6.3. The information compared was for sports and contests held during the 2021 - 2022 academic year, as reported to the NCAA during the year ended June 30, 2023.

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

DD. We agreed to a report generated out of the University's financial aid records, 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. The information compared was for Pell Grants awarded during the 2021 - 2022 academic year, as reported to the NCAA during the year ended June 30, 2023.

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

* * * * *

We were engaged by the University and Mānoa Athletics to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement with NCAA Bylaw 20.2.4.17. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and Mānoa Athletics and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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, 2023



University of Hawai'i at Mānoa
Intercollegiate Athletics Department
Statement of Revenues and Expenses
Year Ended June 30, 2023

Appendix 1

	Football	Men's Basketball	Women's Volleyball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Revenues							
Ticket sales	\$ 1,081,722	\$ 838,084	\$ 811,462	\$ 42,223	\$ 1,393,892	\$ 39,717	\$ 4,207,100
Student fees	-	-	-	-	-	1,654,752	1,654,752
Away-game sales and guarantees	2,200,000	80,000	-	20,000	19,500	-	2,319,500
Contributions	1,794,215	387,590	141,937	114,647	854,370	1,745,616	5,038,375
Direct state or other government support	3,568,661	371,376	288,886	499,932	2,462,721	1,648,786	8,840,362 (1)
Direct institutional support	2,998,135	427,522	503,742	479,386	3,841,357	6,106,434	14,356,576
Indirect facilities and administrative support	-	-	-	-	-	2,096,487	2,096,487
NCAA including all tournament revenues	-	-	25,400	99,443	43,910	1,191,580	1,360,333
Conference distributions	-	23,000	-	23,000	119,206	402,370	567,576
Conference distributions of bowl generated revenue	1,421,808	-	-	-	-	-	1,421,808
Broadcast, television, radio and internet rights	-	-	-	-	-	3,526,932	3,526,932
Program sales, concessions, novelty sales and parking	-	-	-	-	-	1,631,546	1,631,546
Royalties, advertisements and sponsorships	61,779	24,202	29,094	50,177	269,699	4,540,584	4,975,535
Sports camp revenues (refunds)	29,118	78,105	-	(1,965)	354,414	-	459,672
Investment income (loss), net of investment expenses	8,422	(3,974)	2,802	(3,665)	(11,988)	298,105	289,702
Other	117,203	137,478	5,538	13,864	252,508	594,181	1,120,772
Total revenues	13,281,063	2,363,383	1,808,861	1,337,042	9,599,589	25,477,090	53,867,028
Expenses							
Athletic student aid	3,565,001	561,713	602,426	586,581	5,134,082	685,250	11,135,053
Guarantees	1,847,616	233,145	127,360	201,520	532,866	-	2,942,507
Coaching salaries paid by department	2,968,035	1,199,189	426,101	716,129	3,373,103	-	8,682,557
Support staff salaries paid by department	773,018	122,399	-	109,300	182,250	9,838,033	11,025,000 (2)
Recruiting	307,770	102,998	26,090	101,385	288,274	-	826,517
Team travel	2,034,036	397,405	265,978	437,575	3,032,557	90,106	6,257,657 (3)
Equipment, uniforms and supplies	813,890	85,315	37,786	49,054	703,235	-	1,689,280
Game expenses	447,242	122,726	30,724	124,689	259,332	-	984,713
Fundraising, marketing and promotion	90,300	89,765	16,700	15,105	241,966	439,750	893,586
Sport-camp expenses	7,707	14,713	3,029	2,508	16,982	-	44,939
Direct facilities, maintenance and rental	13,761	10,995	4,309	6,375	32,671	455,185	523,296
Spirit groups	-	-	-	-	543	145,889	146,432
Athletic facilities debt service, leases and rent	-	-	-	-	100,681	155,754	256,435
Indirect facilities and administrative support	-	-	-	-	-	2,096,487	2,096,487
Medical and medical insurance expenses	96,186	10,498	13,778	10,245	227,310	519,301	877,318
Dues and subscriptions	43,037	1,280	1,264	522	14,305	353,003	413,411
Student athlete meals	461,075	54,717	34,574	36,490	436,011	190,140	1,213,007
Other operating expenses	498,899	96,486	27,152	67,009	405,378	1,593,545	2,688,469
Total expenses	13,967,573	3,103,344	1,617,271	2,464,487	14,981,546	16,562,443	52,696,664
Revenues in excess of expenses	(686,510)	(739,961)	191,590	(1,127,445)	(5,381,957)	8,914,647	\$ 1,170,364

**University of Hawai'i at Mānoa
Intercollegiate Athletics Department
Statement of Revenues and Expenses
Year Ended June 30, 2023**

Appendix 1

NOTES:

- (1) Direct state or other government support decreased by approximately \$1,459,000 in comparison to fiscal year 2022. The decrease was primarily attributable to the end of non-recurring support of \$8,340,000 previously received from the Mānoa campus to assist Mānoa Athletics in defraying lost revenue as a result of the COVID-19 pandemic, offset by an increase in the allocation of state appropriations of \$7,375,000 from Mānoa campus.
- (2) Support staff salaries increased by approximately \$1,095,000 in comparison to fiscal year 2022. The increase was attributed to a combination of compensation increases for union employees, an increase in events and sports camps due to the continued easing of COVID-19 restrictions and Mānoa Athletics using departmental personnel to provide support during Football games held at the Clarence T.C. Ching Complex.
- ∞ (3) Team travel expenses increased by approximately \$935,000 in comparison to fiscal 2022. The increase was primarily attributable to an increase in air travel-related costs during periods of rapid economic inflation in fiscal 2023.

University of Hawai‘i at Mānoa
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
Year Ended June 30, 2023

Appendix 1

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 Department (the “Mānoa Athletics”) 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 Mānoa Athletics, the accompanying Statement also includes the accounts maintained by the University of Hawai‘i Foundation (the “Foundation”) for Mānoa Athletics 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 Mānoa Athletics and/or its student-athletes.

In February 2014, the memorandum of understanding between ‘Ahahui Koa Ānuenuē, Mānoa Athletics, 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, Mānoa Athletics, 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.

University of Hawai‘i at Mānoa
Intercollegiate Athletics Department
Notes to Statement of Revenues and Expenses
Year Ended June 30, 2023

Appendix 1

2. Contributions

Mānoa Athletics received contributions from various corporations and organizations. During the year ended June 30, 2023, ‘Ahahui Koa Ānuenue pledged \$1,098,901 to support the operations of the Athletics Department of which \$159,389 was received by the Athletics Department as of June 30, 2023.

3. Capital Assets

Capital assets are recorded at cost or, if donated, at appraised value at the date of gift. Mānoa Athletics’ policy is to capitalize tangible non-expendable personal property having an estimated useful life of more than one year. Depreciation on Mānoa Athletics’ capital assets is computed using the straight-line method over the estimated useful lives of the assets. Mānoa Athletics’ capital assets are mainly comprised of furniture, fixtures and equipment with useful lives ranging from three to eighteen years. Capital assets retired or otherwise disposed of, including transfers between Mānoa 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 Mānoa Athletics are located and related infrastructure assets are not reflected in the financial statements of Mānoa Athletics but are reported in the financial statements of the University.

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets	\$ 949,686	\$ 23,015	\$ (5,565)	\$ 967,136
Less: Accumulated depreciation	(682,621)	(43,699)	5,565	(720,755)
Capital assets, net	<u>\$ 267,065</u>	<u>\$ (20,684)</u>	<u>\$ -</u>	<u>\$ 246,381</u>

4. Endowment Assets

Mānoa 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, 2023, the endowment fund balance increased by approximately \$176,000, which consisted primarily of unrealized gains on the endowment assets.

University of Hawai‘i at Mānoa
Intercollegiate Athletics Department
Summary of Cash Transactions
Year Ended June 30, 2023

Appendix 2

Organization	Cash Balance July 1, 2022	Cash Receipts (3)	Net Cash Transfers to Investments (4)	Cash Disbursements (5)	Cash Balance June 30, 2023 (6, 7)
University of Hawai‘i Foundation – Booster Organization Accounts (1)	\$ 5,891,967	\$ 5,329,105	\$ (53,236)	\$ (4,935,425)	\$ 6,232,411
‘Ahahui Koa Ānuenue – Booster Organization Accounts (2)	<u>161,688</u>	<u>12,503</u>	<u>-</u>	<u>(16,890)</u>	<u>157,301</u>
	<u>\$ 6,053,655</u>	<u>\$ 5,341,608</u>	<u>\$ (53,236)</u>	<u>\$ (4,952,315)</u>	<u>\$ 6,389,712</u>

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 Ānuenue are not reflected in the financial statements of Mānoa Athletics.
- (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 Mānoa Athletics. Receipt of such amounts is recorded in the restricted and self-funded funds of Mānoa Athletics. The Booster organizations also make certain cash disbursements, primarily for professional services, receptions and banquets, and administrative expenses.
- (6) The ending cash balance excludes quasi-endowment and endowment investment accounts held with the Foundation, which amounted to \$6,298,919 at June 30, 2023.
- (7) The ending cash balance of the accounts maintained separately by ‘Ahahui Koa Ānuenue amounted to \$1,173,440 at June 30, 2023.



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

Internal Control and Business Issues Report

June 30, 2023

DRAFT



University of Hawai'i at Mānoa
Intercollegiate Athletics Department
Index
Year Ended June 30, 2023

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To the Board of Regents of the
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 Department ("Mānoa Athletics") for the year ended June 30, 2023, in accordance with NCAA Bylaw 20.2.4.17, we gained an understanding of Mānoa Athletics' internal control over financial reporting ("internal control").

We present the following updates to our prior observation and recommendation 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 , 2023

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**Summary Schedule of
Prior Comment and Observation**

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University of Hawai'i at Mānoa
Intercollegiate Athletics Department
Summary Schedule of Prior Comment and Observation
Year Ended June 30, 2023

Finding	Description	Type	Resolved	Unresolved	Current Year Finding
22-01	Pell Grant Reporting	Observation	X		

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UNIVERSITY OF HAWAII
BOARD OF REGENTS

'23 NOV 22 AIO:08



November 14, 2023

MEMORANDUM

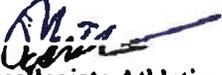
TO: Lauren Akitake
Chair, Board of Regents Committee on Independent Audit

Gabriel Lee
Vice-Chair, Board of Regents Committee on Independent Audit

VIA: David Lassner 
President, University of Hawai'i

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

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

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

SUBJECT: University of Hawai'i at Hilo Intercollegiate Athletics Audit Report for the year ended June 30, 2023

The following and attached University of Hawai'i at Hilo Intercollegiate Athletics report for the year ended June 30, 2023 is submitted for the Board of Regents Committee on Independent Audit review and acceptance.

1. Report on Agreed-Upon Procedures

Accuity, LLP has prepared the Report on Agreed-Upon Procedures Report.

Attachments

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



Office of Intercollegiate Athletics

200 W. Kāwili Street • Hilo, Hawai'i 96720-4091 • Phone: (808) 974-7520 • Fax: (808) 974-7711

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ACCUITY

University of Hawai'i at Hilo Intercollegiate Athletics Department

Report to the Board of Regents

Year Ended June 30, 2023

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 7.3.1.5.23 for the year ended June 30, 2023.

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, 2023 was presented in compliance with NCAA Bylaw 7.3.1.5.23.

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, 2023.

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 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. 220054).
- We were not engaged to perform a separate audit of Hilo Athletics as of and for the year ended June 30, 2023.



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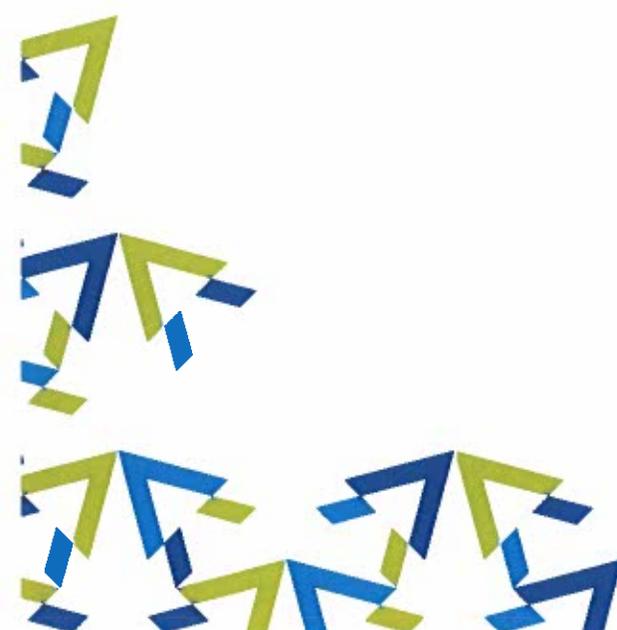
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University of Hawai‘i at Hilo Office of Intercollegiate Athletics

Report on Agreed-Upon Procedures

June 30, 2023

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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 7.3.1.5.23 for the year ended June 30, 2023. Management of Hilo Athletics is responsible for the Statement and the Statement's compliance with those requirements.

Management of Hilo Athletics has agreed to and acknowledged that the procedures performed are appropriate to meet the requirements of NCAA Bylaw 7.3.1.5.23. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

For purposes of performing these agreed-upon procedures, no exceptions were reported for differences of \$6,000 or less.

The procedures and associated 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.

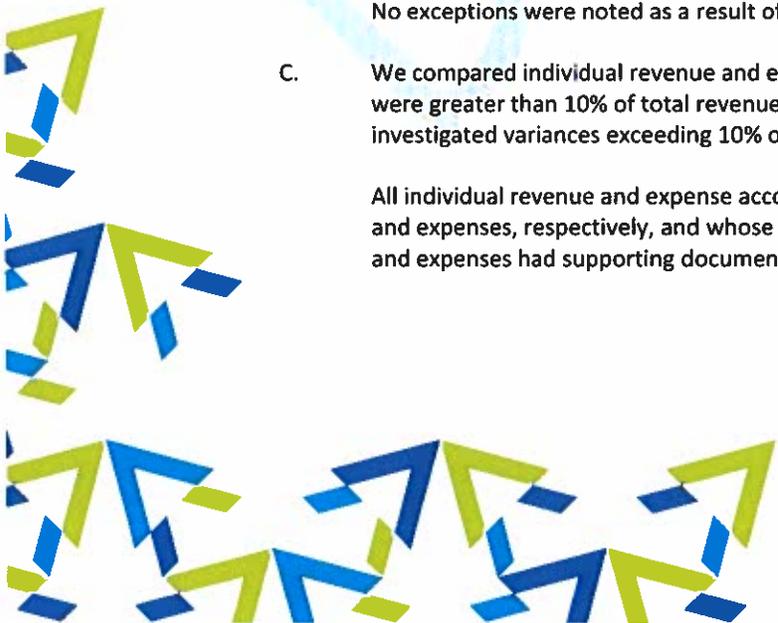
No exceptions were noted as a result of this comparison.
- B. We compared amounts on management's worksheets to the University's general ledger.

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.

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- D. We compared total direct state or other government support receipts of \$458,492 to supporting documentation maintained by Hilo Athletics.

No exceptions were noted as a result of this comparison.

- E. We compared total direct institutional support receipts of \$4,431,488 to supporting documentation maintained by Hilo Athletics.

No exceptions were noted as a result of this comparison.

- F. We selected a sample of sixteen 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 and to the award amount reported in the NCAA's Compliance Assistant software.

No exceptions were noted as a result of this comparison.

- 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 2022 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 2022 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 five sports equipment, uniforms and supplies expense transactions, which aggregated \$19,401, and compared the expense transactions to supporting documentation maintained by Hilo Athletics.

No exceptions were noted as a result of these comparisons.

- K. We selected a sample of ten other operating expense transactions, which aggregated \$16,483, and compared the expense transactions to supporting documentation maintained by Hilo Athletics.

No exceptions were noted as a result of these comparisons.

- L. 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.

- M. 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.

- N. 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.

- O. We selected a sample of ten booster organization cash receipts of the Foundation, which aggregated \$18,605, 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.

- P. We selected a sample of ten booster organization cash disbursements of the Foundation, which aggregated \$11,132 and compared the disbursements to canceled checks, invoices and other supporting documents.

No exceptions were noted as a result of these comparisons.

- Q. 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 historically have preferred 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 engaged by the University and Hilo Athletics to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement with NCAA Bylaw 7.3.1.5.23.



Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and Hilo Athletics and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 , 2023

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University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Statement of Revenues and Expenses
Year Ended June 30, 2023

Appendix 1

	Men's Basketball	Women's Basketball	Baseball	Women's Volleyball	Other Sports	Nonprogram Specific	Total
Revenues							
Ticket sales	\$ 11,824	\$ 8,136	\$ 17,770	\$ 5,098	\$ 3,909	\$ -	\$ 46,737
Direct state or other government support	47,229	52,590	41,730	28,812	25,986	262,145	458,492
Direct institutional support	196,192	169,256	148,760	183,700	720,243	3,013,337	4,431,488 (1)
Guarantees	-	1,000	-	-	-	-	1,000
Contributions	26,360	18,835	154,458	11,087	252,287	123,143	586,170 (2)
NCAA distributions	-	-	-	-	8,643	17,200	25,843
Conference distributions (non-media and non-bowl)	2,500	-	-	-	-	10,053	12,553
Program, novelty, parking and concession sales	-	-	1,181	-	-	50,579	51,760
Royalties, licensing, advertisement and sponsorships	-	-	-	-	-	78,692	78,692
Sports camp revenues	19,230	-	-	-	-	-	19,230
Athletics restricted endowment and investment income	4,138	-	-	1,700	5,000	213,815	224,653
Other operating revenue	-	-	-	-	5,588	352	5,940
Total operating revenues	307,473	249,817	363,899	230,397	1,021,656	3,769,316	5,942,558
Expenses							
Athletic student aid	240,646	174,764	156,156	183,700	792,664	-	1,547,930
Guarantees	12,000	-	6,000	7,500	4,892	-	30,392
Coaching salaries, benefits and bonuses paid by the University and related entities	205,650	148,283	147,080	108,004	310,136	-	919,153
Support staff/administrative compensation, benefits and bonuses paid by the University and related entities	-	-	-	-	-	964,446	964,446
Recruiting	1,265	4,149	12,806	4,095	12,206	-	34,521
Team travel	81,210	66,915	129,132	72,981	650,611	-	1,000,849 (3)
Sports equipment, uniforms and supplies	21,844	12,072	63,116	14,970	132,568	-	244,570
Game expenses	32,480	19,471	33,718	7,700	29,088	-	122,457
Fundraising, marketing and promotion	3,071	1,910	68,368	1,090	60,452	42,575	177,466
Sport camp expenses	11,598	-	-	-	-	-	11,598
Athletic facilities debt service, leases and rental fees	5,658	9,891	3,300	-	6,415	-	25,264
Medical expenses and insurance	-	-	-	-	-	11,340	11,340
Membership and dues	165	175	-	200	1,388	32,467	34,395
Student-athlete meals (non-travel)	5,889	4,924	9,248	7,056	30,170	-	57,287
Other operating expenses	1,724	310	18,932	2,011	40,138	345,041	408,156
Total operating expenses	623,200	442,864	647,856	409,307	2,070,728	1,395,869	5,589,824
Revenues in excess of expenses							\$ 352,734

**University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Statement of Revenues and Expenses
Year Ended June 30, 2023**

Appendix 1

NOTES:

- (1) Direct institutional support increased by approximately \$464,000 in comparison to fiscal 2022 due to a \$400,000 increase in funding from the State of Hawai'i legislature allocated by the University of Hawai'i at Hilo campus to Hilo Athletics and \$75,000 in additional support provided by the University of Hawai'i at Hilo campus.
- (2) Contributions increased by \$166,000 in comparison to fiscal 2022 due to approximately \$180,000 in contributions collected from the "Vulcan Challenge" crowdfunding campaign.
- (3) Team travel expenses increased by approximately \$137,000 in comparison to fiscal 2022. The increase was due to a cognizant decision made by Hilo Athletics to allow teams to play a more robust travel schedule due to an overall increase in the Hilo Athletics department's operating budget.

University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Notes to Statement of Revenues and Expenses
Year Ended June 30, 2023

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, 2023 was as follows:

	Beginning Balance	Additions	Additions / Transfers	Disposals	Ending Balance
Capital assets	\$ 231,595	\$ -	\$ 145,763	\$ -	\$ 377,358
Less: Accumulated depreciation	(207,295)	(12,708)	(53,015)	-	(273,018)
Capital assets, net	<u>\$ 24,300</u>	<u>\$ (12,708)</u>	<u>\$ 92,748</u>	<u>\$ -</u>	<u>\$ 104,340</u>

University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Notes to Statement of Revenues and Expenses
Year Ended June 30, 2023

Appendix 1

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, 2023, the endowment funds' balance increased by approximately \$35,000, which consisted of \$1,000 in contributions and \$34,000 in unrealized gains.

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**University of Hawai'i at Hilo
Office of Intercollegiate Athletics
Summary of Cash Transactions
Year Ended June 30, 2023**

Appendix 2

Organization	Cash Balance July 1, 2022	Cash Receipts (2)	Net Cash Transfers to Investments (3)	Cash Disbursements (4)	Cash Balance June 30, 2023 (5)
University of Hawai'i Foundation – Booster Organization Accounts (1)	\$ 704,058	\$ 637,654	\$ (198)	\$ (534,231)	\$ 807,283
	<u>\$ 704,058</u>	<u>\$ 637,654</u>	<u>\$ (198)</u>	<u>\$ (534,231)</u>	<u>\$ 807,283</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, fundraising 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 \$1,373,754 at June 30, 2023.

Report to the 2024 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 7, 2023 Audit Committee meeting, the Audit Committee reviewed and accepted the University's financial statements audited by Accuity LLP (Accuity) as of and for the year ended June 30, 2023. 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 or compliance.</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 2023 financial statements.</p>

**UNIVERSITY HEALTH SERVICES MĀNOA
REVIEW AND EVALUATION**

October 2023

DRAFT



University of Hawai'i
Office of Internal Audit



UNIVERSITY
of HAWAII®
SYSTEM

November 8, 2023

To the University of Hawai'i Board of Regents
and
University of Hawai'i at Mānoa Associate Vice Provost for Student Success

The University Health Services Mānoa (UHSM), established in 1932, offers a wide range of medical services and programs including general medical care, women's health, sports medicine, psychiatry, dermatology and nutrition clinics. A pharmacy and clinical laboratory are also located at UHSM. UHSM's primary service population is students and employees (faculty and staff) from the University of Hawai'i at Mānoa (UHM) but also students and employees from other University of Hawai'i campuses as well as students and employees of the East-West Center. The primary revenue source for UHSM is the mandatory Student Health Fee assessed to all UHM students (undergraduate, graduate and unclassified). Pursuant to a Memorandum of Understanding with the UHM Counseling and Student Development Center (CSDC), UHSM transfers 15% of the Student Health Fee collected annually to CSDC.

The UHM Student Health Fee increased over a five-year period commencing with the 2012-2013 academic year. The 2012-2013 academic year Health Fee was \$68 per semester and \$26 per summer session while the current Health Fee is \$118 per semester and \$46 per summer session. UHM leadership stated that the increase would maintain the current level of UHSM and CSDC services as a result of rising health costs in addition to allowing for certain proposed actions including expanding the scope of services offered, purchasing new medical and IT equipment and renovating the UHSM building. From a financial perspective, UHSM's and CSDC's cash balance as of June 30, 2023 approximates \$9.6 million and \$2.8 million, respectively.

Compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) is critical for all healthcare organizations. UHSM has implemented appropriate processes and procedures to comply with applicable federal, State of Hawai'i and University HIPAA regulations. However, Internal Audit determined that a current UHSM volunteer has had access to Protected Health Information (PHI) since January 2022 and certain student employees have access to patient Electronic Health Records. Internal Audit questions the length of time the retired employee has PHI access and believes the work performed by the volunteer should be performed by current UHSM employees. In addition, Internal Audit believes that providing student employees with the ability to access a friend's or acquaintance's health information creates an unwarranted risk even if the student has completed HIPAA training. Accordingly, Internal Audit believes that UHSM should re-evaluate this practice.

Internal Audit did not identify any process deficiencies or improvements in any of UHSM's significant processes except for the lack of separation of duties with respect to the cash collections and recordation to KFS process and the recordation of sales and services revenue in KFS when cash is received rather than when earned (medical services are provided). Internal Audit also noted that UHSM must improve their billing practices with respect to services provided by a UHSM doctor to Leeward Community College.

Sincerely,

Glenn Shizumura
Director

I. Background

The University Health Services Mānoa (UHSM) is a unit within the University of Hawai‘i (University or UH) at Mānoa (UHM) Division of Student Co-Curricular Success under the UHM Vice Provost for Student Success. It was established in 1932 and has been at its present upper campus location, near Kennedy Theater, since 1964. Hours of operations are Monday to Friday from 8:00 A.M. to 4:00 P.M. and closed on state holidays. Patients requiring after hours medical care can call UHSM’s medical advice line and speak with a healthcare professional for medical advice.

UHSM voluntarily obtains a certificate of accreditation from the Accreditation Association for Ambulatory Health Care (AAAHC) to measure the quality of UHSM medical services and performance against nationally recognized standards. UHSM was last awarded the certificate of accreditation from AAAHC in June 2023.

Services

UHSM offers a wide range of medical services and programs by appointment or on a walk-in basis including general medical care, women's health, sports medicine, psychiatry, dermatology and nutrition clinics. A pharmacy and clinical laboratory are located at UHSM. Student training and employment in the medical profession in addition to volunteer opportunities are also available at UHSM.

UHSM also provides health promotion, education and intervention services for students at its Health Promotion Resource Center located at the Queen Lili‘uokalani Center for Student Services building. The Health Promotion Resource Center also provides activities ranging from health fairs and classroom presentations by peer educators, to mass media educational campaigns, to providing resource materials and individual counseling on health-related topics, including alcohol and other drugs.

UHSM has provided medical services at the Leeward Community College (LCC) Student Health Center since 2009 pursuant to various Memorandums of Understanding (MOU) that requires UHSM to provide services such as health care clearances, immunizations, general medical care, family planning, limited laboratory tests, health education/promotion and campus outreach services and activities, and institutional support (i.e., emergency response and outbreak management). The current MOU is effective for the period July 1, 2021 to June 30, 2024. Pursuant to this MOU, LCC funds the equivalent of one .20 FTE physician salary and fringe benefits and one 1.00 FTE registered nurse salary and fringe benefits in addition to paying an annual fee of \$50,000. The annual fee is generally billed and collected each Fall semester while salaries and fringe benefits are billed and collected quarterly.

Personnel

During the year ended June 30, 2023, UHSM employed 31 full and part-time employees (doctors, nurse practitioners, nurses, nutritionists, pharmacists, laboratory technicians, and support staff) and 17 students. The 31 employees consisted of 8 doctors, 1 advanced practice registered nurse, 6 registered nurses, 3 pharmacists, 2 medical assistants, 2 health counselors, 1 laboratory technician, and 8 support staff.

Patients and insurance

UHSM’s primary service population is students and employees (faculty and staff) from UHM but also provides services to students and employees from other UH campuses as well as students and employees of the East-West Center. UHSM patients (students and employees) are not required to have health insurance coverage. Uninsured students may select amongst several UH Student Plan options offered by HMSA

(Hawai‘i Medical Service Association, Blue Cross-Blue Shield of Hawai‘i) to reduce the cost of UHSM provided medical services. International students are required to maintain health and medical evacuation and repatriation insurance coverage while enrolled at UH.

During the year ended June 30, 2023, total patient visits approximated 14,000 (includes duplicates).

Counseling and Student Development Center

The Counseling and Student Development Center (CSDC) provides services for the mental well-being of UHM students and employees. The CSDC is located in Room 312 of the Queen Lili‘uokalani Center for Student Services.

UHSM and CSDC have entered into two MOUs. The first Memorandum of Understanding (MOU) dated July 2011 states that CSDC is responsible for providing psychiatric services to University students and employees. This MOU requires CSDC to submit patient visit information at both CSDC and UHSM locations to UHSM on a weekly basis to facilitate timely billing and collections. UHSM’s responsibilities include serving as CSDC’s billing and collection agent; obtaining billing statements and insurance claims from CSDC during the first week of each month; and retaining 20% of the payment collected from insurance companies and non-insured patients. The remaining 80% collected is transferred at the end of the fiscal year to a CSDC account. UHSM has informed Internal Audit that CSDC has not submitted billing statements and insurance claims to UHSM since 2018.

The second MOU dated August 2013 requires UHSM to transfer 15% of the Student Health Fee collected to the CSDC annually. During the fiscal years ending June 30, 2023, 2022 and 2021 UHSM transferred \$606,036, \$511,606 and \$ 548,573 to CSDC representing 15% of the Student Health Fee collected. UHSM transfers the fees during the fall semester subsequent to the academic year for which the fee was collected.

See *Section III.A. Organization* for an Organization Chart illustrating the relationship between UHSM and CSDC.

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II. Audit Objectives

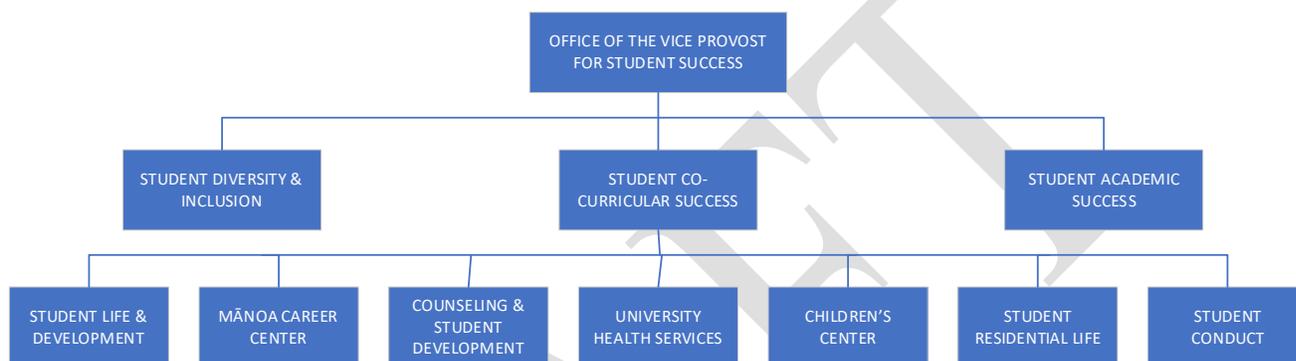
The purpose of this audit is to review and evaluate the operational and financial aspects of the UHSM in addition to assessing compliance with applicable federal and State of Hawai‘i laws and University policies. Subsequent to the completion of our initial meeting with UHSM management personnel, Internal Audit requested documentation and financial information from UHSM management to further understand UHSM’s operations. Using this documentation and other information obtained from independent research, Internal Audit performed the following procedures:

- Read relevant University policies, including policies associated with the Healthcare Health Insurance Portability and Accountability Act of 1996 (HIPAA), and evaluated compliance.
- Obtained and analyzed UHSM financial reports for the three years ended June 30, 2023.
- Evaluated UHSM’s significant financial processes including its billing and cash collection process.
- Reviewed and evaluated UHSM’s pharmacy operations and inventory policies and practices.
- Compared UHSM’s operations to the operations of other higher education health facilities.
- Other relevant procedures.

III. Observations and Analysis

A. Organization

As noted previously, UHSM is a unit within the UHM Division of Student Co-Curricular Success under the UHM Vice Provost for Student Success. The organizational chart below illustrates the UHM units that are components of UHM Division of Student Co-Curricular Success as of July 1, 2023.



The UHSM functional statement states that health and wellness related services are provided through the following six units:

- Administrative
- Health education and promotion
- Medical staff
- Nursing staff
- Laboratory
- Pharmacy units

Administrative unit services include personnel and fiscal matters (cashiering, health insurance and patient billings, etc.). The health education and promotion unit organizes health fairs and public health education programming in addition to providing in-house counseling and referrals to psychological counseling. The medical and nursing staffs provide medical care, consultation on public health risks, administering immunizations, etc.

The CSDC functional statement states that its major functions include providing:

- Individual, group and/or couple's counseling to assist with mental health, personal or academic concerns
- Crisis response
- Psychiatric consultation.

B. Student Health Fee

University Executive Policy (EP) 6.208, *Mandatory Student Fees*, describes the Student Health Fee as a mandatory fee assessed to all UHM students (undergraduate, graduate and unclassified), except for those students that are enrolled in purely distance or on-line courses, that is used to provide a level of campus health services contributing to students' physical, mental, and emotional well-being in order that they may

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persist towards their educational objectives. The UHM Student Health Fee is \$118 per semester and \$46 per summer session for the 2023-2024 academic year.

1. Observations

On March 21, 2013, UHM's Vice Chancellor for Students (nka Vice Provost for Student Success) presented a memo dated February 8, 2013 to the University's Board of Regents (BOR) requesting an increase to the current Mānoa Student Health Fee of \$68 per semester and \$26 per summer session. The proposed increase would be for five years at \$10 per year and \$4 per summer session effective with the Fall 2013 semester. The memo stated that the last Student Health Fee increase was in 2008. The following table illustrates the increase for the five-year period.

Academic year	Semester		Summer session	
	Fall	Spring	I	II
2012-2013	\$68.00	\$68.00	\$26.00	\$26.00
2013-2014	78.00	78.00	30.00	30.00
2014-2015	88.00	88.00	34.00	34.00
2015-2016	98.00	98.00	38.00	38.00
2016-2017	108.00	108.00	42.00	42.00
2017-2018	118.00	118.00	46.00	46.00

The February 8, 2013 memo stated that the increase was needed as a result of unprecedented rising health costs. The increased fee would maintain the current level of UHSM and CSDC services in addition to allowing for the following:

- a. Expanding the scope of services offered to possibly include physical therapy, gynecology, orthopedic surgery, diagnostic radiologic imaging (X-ray) and alternative medicine such as massage, chiropractic, and Hawaiian healing practices.
- b. Offering after-hour telephone consultation with health professionals.
- c. Expanding the usage and scope of the digitized Electronic Health Record to include:
 - Development of a secure HIPAA compliant Patient Access Portal that allows patients to schedule primary care and specialty medical appointments, communicate with UHSM professional staff, receive medical information and request medical records.
 - Electronic medicine prescribing for UHSM providers to enhance accuracy and help reduce the risk of drug-drug interactions.
- d. Developing secure communication with non-UHSM physician consultants as part of an expanded health care network.
- e. Purchasing new medical equipment and products such as diagnostic ultrasound.
- f. Updating IT equipment, hardware and software.
- g. Renovating the 50-year old UHSM building to enhance patient flow, patient privacy in compliance with HIPAA, accessibility in compliance with the Americans with Disabilities Act (ADA), and necessary infrastructural upgrades.
- h. Allowing the CSDC to:
 - Provide new direct client services and enhance training and outreach opportunities to the University community.
 - Hire additional faculty psychologists to increase direct service hours available to students.
 - Hire additional postdoctoral psychology fellows to increase direct service hours available to students.
 - Fund efforts to raise CSDC psychologist/counselor salaries to equitable and fair market levels to prevent clinicians from leaving for jobs with higher compensation.

The BOR approved the five-year proposed fee increase unanimously.

2. Analysis

Internal Audit evaluated the implementation of the proposed actions documented in the February 8, 2013 memo by performing inquiries with UHSM personnel in addition to reviewing relevant supporting documentation (invoices, contracts, draft renovation documents, etc.)

a. Expanding the scope of services

UHSM did not expand their scope of services but informed Internal Audit that an additional full-time physician position was created and filled and a half-time physician position was changed to a full-time position. Internal Audit was informed that facility space limitations rendered the addition of specialty services on-site impractical.

b. Offering after-hour telephone consultation

UHSM engaged FoneMed in October 2013 to provide after-hours medical phone consultation with a registered nurse. Medical phone consultation is available daily during UHSM's non-business hours. UHSM's annual fee to FoneMed approximates \$8,000.

c. Expanding the usage and scope of the digitized Electronic Health Record

UHSM acquired additional modules to enhance the Point and Click system to automate patient Electronic Health Records (EHR) in 2015 and to provide a patient on-line portal in 2017. EHR is a digitized version of the patient's paper health chart that contains a patient's medical history, diagnoses, medications, treatment plans, immunization dates, allergies, lab results, etc. The on-line portal provides patients access to schedule appointments, complete pre-visit questionnaires and medical forms, exchange secure messages with the staff 24 hours a day.

d. Developing secure communication with non-UHSM physician consultants

Hawai'i Pacific Health (HPH) provides two physicians to provide sports medicine services to UHM student athletes at no charge. These physicians have access to student athlete's EHR in the Point and Click system. Each physician provides eight hours per week of sports medicine services during the academic year at the UHM Athletic training room. In addition, these physicians are also requested to provide medical coverage at UHM home athletic competitions for football, basketball (men and women), baseball, softball, volleyball (men and women), women's water polo and occasionally for tennis (men and women) and women's track/cross country.

e. Purchasing new medical equipment

UHSM has purchased ultrasound and lab equipment with an aggregate cost in excess of \$150,000.

f. Updating IT equipment, hardware and software

As noted above, UHSM enhanced the Point and Click system in 2015 and 2017. UHSM also acquired the ProPharm system for its pharmacy operations in 2013. The aggregate cost of this computer software and annual licensing fees since 2014 approximates \$245,000. UHSM has also acquired IT equipment and hardware since 2014 for approximately \$78,000.

g. Renovating the 50-year old UHSM building

The UHSM building renovation consists of four phases. Phase 1 was completed in 2016 and consisted of renovations to the waiting room, reception area, business office and restrooms for a

total cost of approximately \$800,000. Internal Audit was informed that the Phase 2-4 renovation was delayed due to the COVID-19 pandemic. Current Phase 2-4 renovation plans include improving the sound proofing of walls and ceilings, creating additional offices and nurse workstations, converting exam rooms to offices and a changing room with a shower and toilet, expanding the conference room and renovating and upgrading other spaces including the lab and pharmacy. The total estimated cost for phases 2-4 approximates \$8 million with construction to commence in late 2024. Construction is estimated to be completed within two years after construction commencement.

h. Allowing the CSDC to:

- Provide new direct client services and enhance training and outreach opportunities to the University community.
- Hire additional faculty psychologists to increase direct service hours available to students.
- Hire additional postdoctoral psychology fellows to increase direct service hours available to students.
- Fund efforts to raise CSDC psychologists/counselors salaries to equitable and fair market levels to prevent clinicians from leaving for jobs with higher compensation.

Based on the information provided to Internal Audit, CSDC expended approximately \$1,000,000 for the period July 1, 2013 through June 30, 2018 for temporary faculty psychologists, casual hires and postdoctoral psychology fellows. Salaries at fair market levels did not commence until the fiscal year ended June 30, 2018.

3. Conclusion

To date, UHSM has completed five (5) of the eight (8) proposed actions supporting the increased Student Health Fee with the building renovation in-process.

As described in *Section III. F. Financial*, UHSM's cash balance as of June 30, 2023 approximates \$9.6 million. CSDC's cash balance as of June 30, 2023 approximates \$2.8 million. Internal Audit believes the significant cash balances primarily result from not completing the proposed actions documented in the February 8, 2013 memo described above. UHSM stated that the \$9.6 million will be used to fund the 2024 facility renovations approximating \$8 million. Internal Audit was provided with a proposed CSDC spending plan for the fiscal years 2024 through 2028. Internal Audit was informed that certain proposed uses for the CSDC \$2.8 million cash balance include increasing scope of services currently provided by CSDC in addition to hiring additional personnel (psychologist, postdoctoral fellows, etc.). However, these proposed uses are prospective rather than a CSDC historical use of funds as described in the February 2013 memo.

C. Compliance

Compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) is critical for all healthcare organizations such as UHSM. HIPAA non-compliance may result in civil monetary penalties ranging from \$100 to \$64,000 per violation, with a ceiling exceeding \$2 million in a calendar year. Criminal penalties can also be imposed for intentional violations, leading to fines and potential imprisonment.

This section describes UHSM's processes and procedures to comply with HIPAA and related State of Hawai'i law and University policy.

1. Observations

a. Federal

HIPAA required the U.S. Department of Health and Human Services (HHS) to adopt national standards to address the privacy of individuals' health information by establishing a nationwide federal standard concerning the protection of Protected Health Information (PHI).

HIPAA applies to Covered Entities (health plans, health care clearinghouses, and health care providers who transmits any health information in electronic form) that transmit PHI electronically in connection with any of the following transactions:

- Health care claims or equivalent encounter information
- Health care payment and remittance advice
- Coordination of benefits
- Health care claim status
- Enrollment and disenrollment in a health plan
- Eligibility for a health plan
- Health plan premium payments
- Referral certification and authorization

HIPAA consists of the Privacy Rule (required as of April 14, 2003), Security Rule (required as of April 20, 2005) and Breach Notification Rule (pursuant to the Health Information Technology for Economic and Clinical Health (HITECH) of the American Recovery and Reinvestment Act of 2009).

1) Privacy Rule

The Privacy Rule protects all PHI held or transmitted by a Covered Entity or its Business Associate, in any form or media, whether electronic, paper, or oral. A Business Associate is a person or organization that performs certain functions or activities (e.g. claims processing, data analysis, utilization review, billing, etc.) for or on behalf of the Covered Entity that involve the use or disclosure of PHI.

The Privacy Rule requires appropriate safeguards to protect the privacy of PHI and sets limits and conditions on the use and disclosures of such information without an individual's authorization. The Privacy Rule also gives individuals rights over their protected health information, including rights to examine and obtain a copy of their health records, to direct a covered entity to transmit to a third party an electronic copy of their protected health information in an electronic health record, and to request corrections.

2) Security Rule

The Security Rule establishes standards to protect individuals' electronic PHI that is created, received, used, or maintained by a Covered Entity. The Security Rule requires appropriate administrative, physical and technical safeguards to ensure the confidentiality, integrity, and security of "electronic protected health information" (e-PHI).

Specifically, Covered Entities must:

- Ensure the confidentiality, integrity, and availability of all e-PHI they create, receive, maintain or transmit;
- Identify and protect against reasonably anticipated threats to the security or integrity of the information;

- Protect against reasonably anticipated, impermissible uses or disclosures; and
- Ensure compliance by their workforce.

The Security Rule defines "confidentiality" to mean that e-PHI is not available or disclosed to unauthorized persons. The Security Rule's confidentiality requirements support the Privacy Rule's prohibitions against improper uses and disclosures of PHI.

3) Breach Notification Rule

A breach is an impermissible use or disclosure under the Privacy Rule that compromises the security or privacy of the PHI. An impermissible use or disclosure of PHI is presumed to be a breach unless the Covered Entity or Business Associate demonstrates that there is a low probability that the PHI has been compromised based on a risk assessment of the following factors:

- a) The nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
- b) The unauthorized person who used the PHI or to whom the disclosure was made;
- c) Whether the PHI was actually acquired or viewed; and
- d) The extent to which the risk to the PHI has been mitigated.

Covered entities must promptly notify affected individuals of a breach, as well as the HHS Secretary and the media in cases where a breach affects more than 500 individuals. Breaches affecting fewer than 500 individuals are reported to the HHS Secretary on an annual basis. The regulations also require business associates of covered entities to notify the covered entity of breaches at or by the business associate.

b. State of Hawai'i

Internal Audit research and discussions with UHSM personnel determined that Hawai'i Revised Statutes (HRS) 323B Healthcare Privacy Harmonization is the only State of Hawai'i law associated with PHI. Internal Audit's review of HRS 323B has determined that compliance with HIPAA results in compliance with HRS 323B.

c. University

Internal Audit identified and UHSM concurred that Executive Policy (EP) 2.217, **HIPAA Policy** is the only University policy related to healthcare. The purpose of EP 2.217 is to ensure that the University complies with HIPAA. Policy requirements include the following:

- i. The designated UH Covered Component (Units or subunits of the University designated by the University as Covered Entity) may not share PHI with the noncovered Units of the University unless specifically allowed by HIPAA and EP 2.217. Each UH Covered Component shall comply with HIPAA and require its employees, students, volunteers, consultants, and contractors to comply with HIPAA and EP 2.217. A UH Covered Component may not modify or delete any portion of EP 2.217.
- ii. Each UH Covered Component has performed a risk assessment as required by HIPAA that shows compliance with HIPAA and EP 2.217.

- iii. Each UH Covered Component must designate a Unit HIPAA Coordinator to assist the UH System HIPAA Privacy and Security Officer(s) in carrying out EP 2.217 and all University policies and procedures related to the privacy and security of PHI and e-PHI under HIPAA.
- iv. The appropriate Unit (University campus, school/college, department, etc.) employees, students and volunteers of each designated UH Covered Component have satisfactorily completed training required by HIPAA and any updates to training as required by HIPAA.
- v. Each UH Covered Component that engages a Business Associate (another internal University Unit or an entity outside the University that assists UHSM carry out its healthcare activities) must have a Business Associate Agreement (BAA) in order to share PHI or a Limited Data Set.

Limited Data Set is PHI that excludes direct identifiers such as names, postal address (other than town or city, state, zip code), telephone numbers, fax numbers, e-mail, social security numbers, medical record numbers, health plan beneficiary, account numbers, license numbers, vehicle identifiers, and device identifiers.

- vi. Each UH Covered Component that provides a Limited Data Set pursuant to HIPAA to another University Unit or an entity outside the University has a current Data Use Agreement and BAA with such University Unit or outside entity that receives the Limited Data Set, and such use has been approved by the University's Institutional Review Board ("IRB").
- vii. Each UH Covered Component provides and posts a Notice of Privacy Practices as required by HIPAA.

2. Analysis

Internal Audit has determined that compliance with EP 2.217 supports compliance with federal and State of Hawai'i HIPAA requirements. Accordingly, Internal Audit's evaluation of UHSM's compliance with EP 2.217 is described below:

- i. UHSM is a designated UH Covered Component and has informed Internal Audit that they have not shared PHI with any other UH Unit. UHSM has also prepared a policy titled "UHSM HIPAA Rules and Regulations" (UHSM HIPAA policy) to manage and monitor compliance with the University's HIPAA policy as well as federal HIPAA policies. The UHSM HIPAA policy requires all UHSM employees to comply with the University's and federal HIPAA policies and its business associates to be HIPAA compliant prior to signing an agreement to prevent disclosure of PHI. Internal Audit noted that UHSM's HIPAA policy is consistent with the University's HIPAA policy.
- ii. From a risk assessment perspective, UHSM utilizes the U.S. Department of Health & Human Services (HHS) Office for Civil Rights (OCR) downloadable Security Risk Assessment (SRA) Tool. The use of this SRA tool is recommended by the University's Office of Information Technology Services (ITS) and evaluates both electronic and manual related HIPAA risks.

The purpose of this SRA tool is to identify areas where the organization's PHI could be at risk. The UHSM IT Specialist completed the most recent risk assessment form in September 2023. The UHSM Director stated that he has reviewed and concurs with the assessment.

Internal Audit reviewed the completed risk assessment noting no control deficiencies and/or weaknesses with respect to PHI. Internal Audit also validated various security risk mitigation areas including UHSM's policies and procedures outlining managements' involvement in facility access control and how authorization credentials for facility access are issued and removed for workforce members and/or visitors.

Internal Audit also observed other UHSM implemented risk mitigation controls including the utilization of security cameras, employee badges, and secured locks as well as the UHSM IT Specialist conducting quarterly patient access (see iii. below) and monthly user access to identify and remove any users with unauthorized access to the Point and Click system (e.g., former employees). In addition, Internal Audit reviewed UHSM's asset inventory listing noting a physical inventory of all electronic devices containing e-PHI, including asset location and employees with authorized access.

- iii. The UHSM Director (also Privacy Officer) is the designated UHSM's HIPAA Coordinator. The UHSM IT Specialist assists the UHSM Director with UHSM's compliance with EP 2.217 in addition to assisting UHSM employees and BAAs with HIPAA-related matters. Internal Audit was informed that the UHSM Privacy Officer assists the University Privacy and Security Officer with respect to reviewing the University HIPAA policy. The University Privacy and Security Officer does not manage or monitor UHSM's HIPAA compliance but consults with UHSM on HIPAA-related matters when asked.

The UHSM Privacy Officer is responsible for the development of policies and procedures for the use and disclosure of PHI. Both UHSM's Privacy Officer and IT Specialist informed Internal Audit that UHSM has had no breaches of PHI. The University's Chief Information Security Officer confirmed this representation.

For purposes of evaluating HIPAA compliance and as described in ii. above, the IT Specialist (or another IT personnel if IT Specialist is absent) performs quarterly patient access audits to identify any inappropriate and unauthorized access to patient records. The IT Specialist randomly selects 2% of the patient population for the quarter and one UH VIP (i.e., University executive personnel). Internal Audit was informed that the 2% threshold was decided by the executive committee. The IT Specialist reviews patient EHR's in the Point and Click system to detect unauthorized access from unapproved UHSM staff to reduce the risk associated with inappropriate access. The IT Specialist prepares a summary report that describes the sample size tested, findings, and required corrective actions. The report's findings and required corrective actions are discussed with the UHSM Director, Operations Coordinator, and applicable staff members.

Internal Audit obtained an October 2023 listing of personnel with access to the Point and Click system from the IT Specialist to evaluate appropriate access for HIPAA compliance purposes. Internal Audit compared the listing to UHSM's personnel listing in addition to the University's on-line directory noting that Point and Click access is provided to UHSM employees (full-time, part-time and students) and the CSDC psychiatrist in addition to external doctors providing services (sports medicine) to UHSM and certain Point and Click employees. Access is also provided to a retired UHSM employee that volunteers as an insurance billing consultant. The IT Specialist confirmed to Internal Audit that all personnel on the listing with access to Point and Click had completed HIPAA training during 2023 except for one UHSM doctor that was sent a reminder e-mail on September 25, 2023. The IT Specialist stated that UHSM student

employee access varies based on their duties but that certain students have access to a patient's EHR which includes the patient's medical history, diagnoses, medications and lab results.

Internal Audit was informed that the UHSM Director approved Point and Click access to the retired UHSM employee to assist UHSM catch up on delayed insurance billings (See *Section II. F.* for bad debt expense increase explanation during the year ended June 30, 2023). The retired UHSM employee's volunteer service commenced in January 2022 (retired in December 2021) with an expected February 2024 end date. Internal Audit was informed that the retired UHSM employee historically provided approximately nine (9) hours of volunteer service a week through June 2022 and currently provides two (2) hours a month of volunteer service despite the resolution in 2023 of the delayed 2022 billing issue.

- iv. UHSM HIPAA training materials are accessible via the UHSM's shared drive and must be reviewed by all UHSM employees. The UHSM IT Specialist updates the HIPAA training materials annually. Internal Audit reviewed the materials for the April 25, 2023 training session noting that relevant HIPAA topics were covered including the University's HIPAA policy and HIPAA related information at the University's ITS website. All UHSM employees must take an online quiz (no required minimum passing score) via Google Form to evidence completion of the annual training. The IT Specialist receives a notification of quiz completion and updates the electronic listing of employees that have completed the quiz. Employees that have not completed the training will be sent a reminder e-mail from the IT Specialist along with the due date for completion (varies each year).

In addition to the annual training, the IT Specialist provides UHSM with written HIPAA updates at all staff meetings (generally monthly).

- v. UHSM has BAAs with Point and Click Solutions dated September 2010 and Kalos Inc. (ProPharm) dated February 2012. Internal Audit reviewed EP 2.217's BAA template requirements that requires Business Associates to agree to the following:
- No unpermitted PHI or disclosure other than as required by the agreement or by law
 - Implement appropriate safeguards and comply with the Security Rule
 - Document and keep current required policies and procedures
 - Business Associate subcontractors are required to comply with the agreement
 - Notify Covered Entity of any unpermitted PHI use or disclosure and take prompt corrective action
 - Information to be provided with respect to a breach
 - Promptly report security incident
 - Make HIPAA policies and procedures available to the HHS Secretary
 - Accommodate a Covered Entity's restriction on use/disclosure
 - Make PHI available to a Covered Entity and available for amendment
 - Document disclosures of PHI made by Business Associates

Internal Audit reviewed these BAAs noting consistency and compliance with EP 2.217 BAA requirements.

- vi. The federal HIPAA definition of a Limited Data Set is PHI from which certain specified direct identifiers of individuals and their relatives, household members, and employers have been removed. Internal Audit's review of UHSM BAAs with Point and Click and Kalos Inc., noted

no sharing of Limited Data Set. UHSM informed Internal Audit that UHSM has no agreements to share a Limited Data Set with any business associates or other University units.

- vii. HHS requires that a Covered Entity must give its Notice of Privacy Practices to patients at enrollment. Internal Audit noted that a Notice of Privacy Practices containing HIPAA's required elements (statement of notice, uses and disclosures, individual rights, contact, effective date, etc.) is provided to patients upon checking in at the front desk. The Notice of Privacy Practices explains how UHSM use the patient's health information and the patient's rights with respect to his or her PHI (i.e., restrictions and confidentiality concerning PHI, obtaining access to PHI for inspection, amendment of PHI). This notice is also posted on the UHSM website. For UHSM employees involved in the processing of patient health and personal information, a Statement of Confidentiality and Privacy Policy electronic form is reviewed and signed upon employment. This form is maintained in the Point and Click system.

3. Conclusion

UHSM has implemented appropriate processes and procedures to comply with EP 2.217 and thus applicable federal and State of Hawai'i HIPAA regulations. Although EP 2.217 allows volunteer and student employees to access PHI, Internal Audit questions the length of time the retired employee has this access and believes the work performed by the retired employee should be performed by current UHSM employees thereby eliminating the need of the retired employee's access to Point and Click. Given that the EHR contains confidential health information such as the patient's lab work and medical diagnosis, Internal Audit believes that providing student employees with the ability to access a friend's or acquaintance's health information creates an unwarranted risk even if the student has completed HIPAA training and should be re-evaluated.

D. Operational

UHSM services are provided by appointment or walk-in. Patients make appointments via telephone or online through the Patient Access Portal (Point and Click system). When the patient arrives, the patient checks-in with the reception staff. UHSM reception staff collects or updates relevant patient demographic and insurance information through their completion of a Health Insurance Information Sheet and prepare a manual encounter form (used for patient information). First time patients and existing patients that have changes to their information are required to acknowledge their receipt of the "Notice of Privacy Practices" which explains the patient's rights and responsibilities with respect to PHI. Insurance information is entered into the patient's EHR by the reception staff. The patient is assigned an "eligibility type" (e.g., insured or non-insured and student or non-student) for purposes of establishing appropriate charges. The eligibility type determines the amount of the co-payment to be charged to the patient. A non-student includes University faculty and staff in addition to East-West Center employees.

The patient's vitals (weight, height, blood pressure, etc.) are taken by a nurse and entered into the patient's EHR. The medical provider will see the patient and updates the encounter form and EHR to indicate services performed. If the patient requires medication, the doctor prepares a prescription in the patient's EHR and either forward the prescription to the UHSM pharmacy (via Point and Click) or prepare a written prescription that the patient takes to an external pharmacy. If filled by the UHSM pharmacy, the prescription is transferred electronically to the pharmacy's ProPharm system which is interfaced with Point and Click. The patient then takes the encounter form to the pharmacy. The pharmacist obtains prescription information, fills the prescription, and prints a prescription label to be attached to the encounter form. The pharmacist sends prescription charges electronically from

ProPharm to the UHSM cashier via Point and Click. The patient will present the encounter form to the Cashier which describes all services, supplies and medications provided to the patient. If the patient has insurance coverage, no payment is collected on the date of service (except for medications). The patient will be billed for a co-payment after UHSM receives reimbursement from the insurance company. For students without insurance, payment is due on the date of service. Once payment is made, the patient picks up the prescription from the pharmacy. See detailed processes and procedures regarding sales/billings and A/R, cash receipts, and pharmacy described in the following sections.

a. Sales/billings and A/R

Observations

Sales/billings

The A/R Specialist collects payment and posts payment to the patient's EHR in Point and Click. Receipts generated from Point and Click are provided to patients evidencing payment. In some cases, the patient will be given an invoice for payment at a future date if the patient is unable to pay or the patient is scheduled to return for services in the near future. If the patient has medical insurance coverage, the patient is invoiced for the co-payment once UHSM receives reimbursement from the insurance company. If the patient is a student and does not pay on the date of service or on the date when subsequently requested to pay, a "HOLD" will be placed on the student's academic records in Banner until such time as payment is received at UHSM. All patient invoices indicate that balances are due within 15 days of the invoice date.

Internal Audit noted that all cash receipts are forwarded to the A/R Specialist for processing and recordation to KFS. Accordingly, sales/billings are recorded as revenue when cash is collected rather than when medical services are provided and medication is dispensed. See additional information in cash receipts process in *Section III.D.b.* below.

The A/P Specialist prepares insurance claim forms (CMS 1500 02/12) (mail or electronic) to insurance companies (e.g., HMSA, Aetna, etc.) each working day for the prior working day's services. HMSA claims are processed electronically. All other patient and insurance company invoices/claims are manually processed and mailed. The A/R Specialist reviews insurance company claim forms and revises the claim form if required prior to mailing. The Insurance Billing Specialist records insurance company receipts to the patient's EHR in the Point and Click system. The check is forwarded to the A/R Specialist for deposit and recordation to KFS.

If an insurance claim is denied, the Insurance Billing Specialist reviews the insurance company's Explanation of Benefits sheet and determines the reason for denial and revises the claim amount if appropriate. If the provided service is not covered by insurance, the patient is charged for the services provided.

Sales/billings are recognized as revenues when cash is collected rather than when medical services are provided and medication is dispensed.

Accounts receivable

At the beginning of each month, the Front Office Coordinator prepares statements to be sent to all patients with an uncollected balance. The statement informs the patients of their payment options with respect to the balance on record and the consequences of not clearing that balance within an appropriate amount of time.

At each month end, the A/R Specialist reviews all uncollected receivables for services rendered more than 60 days prior to the beginning of that month. For uncollected receivables from insurance companies, the Insurance Billing Specialist re-files the claim with the insurance company to determine status of the claim and probability of collection. Based on the response or non-response to this re-filing, the Insurance Billing Specialist performs one or more of the following:

- a. Adjust amount based on patient's insurance eligibility rate
- b. Change the status of the patient to non-insured
- c. Adjust remaining balances and clear the claim
- d. Note information in record and review claim again depending on the information obtained from the insurance company

At each quarter end, the A/P Specialist presents all uncollected receivables (patients and insurance companies) in excess of 180 days outstanding to the Insurance Billing Specialist for review and resolution.

At fiscal year-end, the Insurance Billing Specialist provides an accounts receivable aging report generated from the Point and Click system to the Business Office Manager. The Point and Click system accounts receivable aging report is aged based on the date that UHSM medical services are provided and medication is dispensed. Given the manual processing and mailing of invoices and claim forms as noted previously, the Point and Click report aged date may differ from the date of the invoice/claim form mailed to the patient/insurance carrier.

The Business Office Manager prepares a memo of Accounts Receivable & Allowance for Doubtful Accounts utilizing the Point and Click accounts receivable aging report and sends the memo to the Division of Student Success (DSS) Administrative Service Manager quantifying uncollected receivables in excess of 180 days. The DSS Administrative Service Manager determines the appropriate Allowance for Doubtful accounts balance and Bad Debt expense to be recorded in KFS at fiscal year-end.

Analysis

Based on Internal Audit's observations and discussions with UHSM personnel, UHSM's sales/billings and A/R processes and procedures appear sufficient except for the following:

- Revenues are recognized and recorded to KFS when cash is collected rather than when medical services are provided and medication is dispensed.
- As further discussed in the next section, the A/R Specialist handling cash collections (custody of assets) in addition to recording the cash collected to KFS (recording) increases the risk of errors or fraud related to sales and cash receipts processes.

Conclusion

Internal Audit did not identify any process deficiencies or improvements to the Sales/Billings and A/R process except for the lack of separation of duties with respect to the cash collections and recordation function (see additional discussion in the Cash Receipts section below). At fiscal year-end, UHSM should ensure that revenues are recorded in KFS based on the date when medical services are provided and medication is dispensed rather than when cash is collected.

b. Cash receipts

Observations

The A/R Specialist posts the cash receipt to the patient's EHR in the Point and Click system. At the end of each business day, the Front Office Coordinator reviews the EHR daily deposit report generated from Point and Click and verifies it against the cash and checks in the register drawer or the credit card settlement report. The Front Office Coordinator secures the cash, checks and EHR daily deposit report in a safe in a locked room. Access to the safe and locked room is restricted to the A/R Specialist and Front Office Coordinator. On the morning of the next business day, the A/R Specialist retrieves the cash and checks from the safe and prepares the bank deposit slip. The A/R Specialist records the deposit in KFS and places the cash in an unsealed bank bag. The Front Office Coordinator agrees the amount of cash and checks to the deposit slip and EHR daily deposit report prior to sealing the bag for pickup by campus security. Discrepancies are resolved immediately. Campus security transports the bank bag to the UHM Cashier's Office.

UHSM mail is opened by the Front Office Coordinator. Check and credit card receipts are forwarded for processing to the A/R Specialist. Prior to posting, the A/R Specialist verifies check or credit card payment against the Point and Click billing summary. The A/R Specialist records the cash receipt into Point and Click and KFS.

The A/P Specialist reviews the KFS deposits recorded by the A/R Specialist for accuracy and verifies the totals against the EHR daily deposit report. The division Fiscal Officer (FO) is responsible for the final review and approval of KFS deposits and supporting documents.

The University's Treasury Office is responsible for reconciling the University of Hawai'i General Account (UHGA) bank account to the KFS transactions recorded on a monthly basis. The Treasury Office notifies UHSM of any discrepancies and requests corrections if warranted.

Adequate segregation of incompatible duties is a significant internal control objective requiring no employee to be in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties. Incompatible duties exist if one employee has custody of assets, has the responsibility to record transactions associated with those assets, and performs an internal control function over those recorded transactions. As described in the Sales/Billings and A/R process above, the A/R Specialist has custody of the payment (cash receipt) and records the payment (cash receipt) to KFS. Accordingly, the duties performed by the A/R Specialist increase the risk of errors or fraud related to cash receipts.

AP 8.710, Credit Card Program

The objective of this AP is to protect the confidentiality of cardholder data. Accordingly, this AP requires that credit card data stored, processed, or transmitted by the University must be protected and must conform to the Payment Card Industry Data Security Standard (PCI DSS). The University's Treasury Department assesses compliance with this policy by requiring departments accepting credit cards to annually prepare and submit to the Treasury Department a PCI DSS Self-Assessment Questionnaire.

(Note: PCI DSS is a set of security standards designed to ensure that organizations accepting, processing, storing and/or transmitting credit card information maintain a secure environment. PCI DSS applies to all organizations that accept, process, store and/or transmit cardholder data and/or sensitive authentication data. It is a set of technical and operational requirements designed to protect cardholder data and applies to all system components (e.g.,

network devices, servers, computing devices, applications, etc.) that are included in or connected to an organization's cardholder data environment.

The goal of PCI DSS is to protect cardholder data and sensitive authentication data wherever it is processed, stored or transmitted. The security controls and processes required by PCI DSS are vital for protecting all payment card account data.)

Analysis

As previously described, UHSM's cash receipts process and procedures lacks proper separation of duties with respect to the A/R Specialist handling cash collections (custody of assets) in addition to recording the cash collected to KFS (recording). The performance of these duties by two separate personnel should be considered to reduce the risk of accounting errors related to cash receipts.

Internal Audit noted that UHSM prepared and submitted to the Treasury Department a PCI DSS SAQ B on August 25, 2023. SAQ B is applicable to merchants that do not store electronic cardholder data and only possess standalone dial out terminals. Internal Audit determined that SAQ B is the appropriate SAQ for UHSM based on inquiries with the Operations Coordinator. UHSM does not store any cardholder data in electronic format. UHSM utilizes a credit card terminal (FD150) that is connected to Bank of Hawai'i via a phone line. In addition, Internal Audit was informed by the Treasury Officer that UHSM is compliant with PCI DSS requirements.

Conclusion

Internal Audit did not identify any process deficiencies or improvements to the Cash Receipts process (including PCI DSS compliance) except for the lack of separation of duties with respect to the cash collections and recordation function.

c. Inventory and Pharmacy Operations

Observations

UHSM inventory primarily consists of prescription medications (including a limited supply of controlled substances), over-the-counter medicines, topical antibiotics and bandages. Controlled substances are maintained in the pharmacy and managed by the Head Pharmacist. A perpetual inventory system is maintained in the ProPharm computer database. Only designated staff have the authority to enter information into the ProPharm inventory system. Designated staff members include the Pharmacists and Pharmacy Assistant(s). ProPharm is interfaced with the Point and Click system to record medications prescribed and the related charge to the patient's EHR. Clinical supplies inventory (i.e., vaccines) are managed by the Head Nurse and are segregated from the inventory managed by the Head Pharmacist. The Head Nurse maintains an electronic log of clinical supplies inventory that is stored in UHSM's computer server.

Purchasing

To initiate the purchase of inventory, the Head Pharmacist emails a Request for Approval to Purchase (RAP) to the Business Office. UHSM PCard holders and their purchasing group are as follows:

- Head Nurse - lab and clinic supplies
- Operations Coordinator - Admin, IT, office, & Health Promotion supplies
- A/P Specialist - pharmacy supplies

An on-line requisition for a purchase order or a PCard purchase will be completed. The Director reviews the purchase to ensure it is in accordance with the program objectives and allocations as specified in

UHSM's budget. Once approved, an on-line requisition for a purchase order or UH PCard purchase is completed. The Director reviews and approves the on-line purchase order for completion and submission to the Division of Student Success (DSS) Fiscal Office. The DSS Fiscal Office reviews and approves purchase order and PCard purchases to ensure compliance with the University's procurement policy (AP 8.200-8.290 Procurement). When goods or services are received at UHSM, the Head Pharmacist forwards the receipt and invoice to the appropriate person for payment processing. Payment documents (purchase order receiving report or PCard receipts) are submitted to the DSS Fiscal Officer for review and routing to the system Disbursing Office. Documents related to the purchase and receipt of goods at UHSM are retained in KFS or PCard system, SAP Concur, by the DSS Fiscal Office.

The Head Pharmacist or assigned staff pharmacist seeks the lowest prices and considers alternative drugs of therapeutic equivalence. All patients (insured and uninsured) pay the identical amount for drugs (prescription and non-prescription) since UHSM does not accept insurance for drugs. Drugs and other pharmaceutical supplies are ordered from 3 to 4 local and mainland vendors. The Head Pharmacist or staff pharmacist will call each vendor to determine who has the lowest cost. Requests for new additions to the formulary (product listing) are submitted by UHSM medical providers (doctors and advanced nurse practitioners) to the Head Pharmacist who, after assessing cost and frequency of demand, determines whether to add the drug to the formulary. A manual and electronic listing of formulary items are maintained and updated in the pharmacy and ProPharm system. The list contains the names of medications using both generic and brand names and the current retail price.

Physical inventory

The Head Pharmacist or other two pharmacists compare all inventory received to the vendor invoice and/or order form. If items are missing, damaged, or incorrect, the Head Pharmacist directly contacts the vendor to resolve the issue. The Head Pharmacist stamps "received" on the invoice and provides an electronic copy to the DSS Fiscal Office to process payment. The Head Pharmacist or the other two pharmacists updates inventory in ProPharm immediately when purchased items are received and when items are sold. ProPharm maintains a record of inventory including purchase date, purchase quantity, quantity on hand, quantity sold, date of sale and pharmacist that updated ProPharm. When a pharmacist fills a patient's prescription, the selling price from ProPharm is sent to the cashier via Point and Click. Inventory is valued at acquisition cost.

A physical inventory of the pharmacy is conducted on an annual basis at each fiscal year end by three pharmacists and two students. A printed perpetual inventory listing is used during the physical counts. Adjustments to the inventory in ProPharm are made immediately by a pharmacist and verified by another pharmacist with an explanatory note. The physical inventory results are reconciled to the inventory in ProPharm by one of the three pharmacists. Inventory spot checks are conducted every three months by a pharmacist, randomly selecting 10-15 items and comparing the data on ProPharm with physical counts. The count is reviewed by another pharmacist.

Expired inventory

All inventory is checked the last week of each month for expiring drugs by a pharmacist. Drugs expiring in the following month will be pulled from the inventory and placed in a separate area for eventual disposal/return. All drugs expiring within a year are labeled with a sticker notating the expiration date.

Medications are deleted from the formulary by a pharmacist if a product expires and is no longer prescribed on a regular basis by a UHSM medical provider or if the product cost rises to a point where it is no longer feasible to have in the regular formulary.

Controlled substances that are expired or damaged are destroyed and/or returned per U.S. Drug Enforcement Agency (DEA) guidelines. Outdated and damaged controlled substances are kept in a segregated area in a safe that is labeled for expired and damaged products. The safe is only accessible to the three pharmacists. Controlled substances are returned to Inmar (pharmaceutical reverse distribution services) following all legal guidelines for credit/disposal. Adjustments with notations will be made by a pharmacist in the ProPharm inventory.

Non-controlled medications and over-the-counter medicines that are past the expiration dates or damaged will be placed in the expired/damaged returns bin and returned through Inmar for credit and/or disposal. Expired medications will be returned directly to the manufacturer when the credit issued is higher than through Inmar. Medications still within their expiration dates but deemed to be overstock may be returned to the manufacturer/wholesaler(s) for credit. A copy of the return shipping document will be given to the DSS Fiscal Office to track refunds. Adjustments with notations will be made in the ProPharm inventory whenever a disposal or return occurs.

Analysis

Based on Internal Audit's observations and discussions with UHSM personnel, UHSM's inventory and pharmacy processes and procedures appear sufficient to ensure the appropriate accounting and recordkeeping of inventory.

Conclusion

Internal Audit did not identify any process deficiencies or improvements to the inventory and pharmacy processes and procedures.

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E. Financial

Observations

Financial statements for the three years ended June 30, 2023

**University Health Services Mānoa
 Statements of Revenues and Expenses
 (Unaudited)**

For the years ended June 30,

		2023	2022	2021
Operating revenues				
Mandatory student fees	<i>a</i>	\$4,023,505	\$4,048,534	\$3,534,396
Sales and services	<i>b</i>	628,280	438,096	416,085
Interdepartmental	<i>c</i>	260,849	118,461	21,903
Total revenues		4,912,634	4,605,091	3,972,384
Operating expenses				
Personnel services:				
Regular employee	<i>d</i>	4,100,673	3,326,569	3,918,821
Student help		124,223	127,217	86,212
Other:				
Supplies and materials	<i>e</i>	186,714	168,296	158,972
Insurance	<i>f</i>	32,709	85,563	6,036
Computer software		34,536	31,292	51,033
Outside services		37,285	23,315	35,735
Telephone		17,321	16,229	15,340
Dues and subscriptions		13,868	12,173	14,173
Improvements (furniture, equipment)		28,155	-	-
Bad debt	<i>g</i>	109,836	7,634	13,510
Repair and maintenance		2,326	4,318	3,824
Photocopy		5,256	4,465	2,712
Bank service charge		4,585	3,700	2,112
Equipment rent		2,227	2,239	2,412
Postage		2,442	2,241	1,838
Other		2,229	150	1,122
Total expenses		4,704,385	3,815,401	4,313,852
Operating profit (loss)		208,249	789,690	(341,468)
Nonoperating revenues and expenses				
Investment income		187,095	21,895	41,331
Appropriations	<i>h</i>	833,218	627,485	660,994
Transfer from State of Hawai'i (non-imp fringe)	<i>h</i>	411,078	314,795	382,308
Transfer from OVPSS	<i>i</i>	-	198,517	83,604
Transfer from ARPA		-	231,371	-
Funds from HEERF	<i>i</i>	-	174,551	-
Transfers to CSDC:	<i>a, b</i>			
Health fee		(606,036)	(511,606)	(548,573)
Sales and services		-	-	-
Other		17,240	9,345	5,116
Total nonoperating revenues and expenses		842,595	1,066,353	624,780
Revenues in excess of expenses <i>j</i>		\$ 1,050,844	\$1,856,043	\$283,312

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Account analysis

a Mandatory student fees

As noted above, the Student Health Fee is \$118 per semester and \$46 per summer session. UHSM generated reports from the University's student information system (Banner) supporting the annual student fee amounts. Internal Audit reviewed the reports noting insignificant fiscal year differences ranging from \$10,000 to \$33,000.

As previously described in *Section I. Background*, UHSM transfers 15% of the mandatory Student Health Fee collected annually to CSDC pursuant to an August 2013 MOU. Fees transferred to CSDC are presented in the Nonoperating section.

b Sales and services

Represents billings to patients and insurance companies for medical services, administration fees earned from HMSA associated with the sale of UH Student medical insurance underwritten by HMSA, prescription medications, supplies, etc. The year over year increases are primarily attributable to post COVID-19 patient volume increases. As described in *Section D. Operational*, revenues are recorded when cash is received rather than when medical services are provided and/or medications dispensed.

Pursuant to a UHSM and CSDC MOU described above (see *Section I. Background*), UHSM transfers 80% of billings and insurance collections associated with CSDC services to CSDC annually. The years ended June 30, 2023 and 2022 do not include billings and insurance collections associated with CSDC since CSDC has not forwarded billing information to UHSM since 2018.

c Interdepartmental

As previously described in *Section I. Background*, UHSM entered into a MOU with LCC requiring UHSM to provide health services at the LCC Student Health Center for an annual fee of \$50,000 in addition to funding personnel costs equivalent to one .20 FTE physician and one 1.00 FTE registered nurse. UHSM billed the annual fee to LCC for the fiscal years 2021 and 2020 during fiscal 2022 and the annual fee for fiscal years 2023 and 2022 during fiscal 2023. The nurse payroll and payroll related costs per the MOU are paid for and recorded by LCC. UHSM billed LCC for the payroll and payroll related charges for the physician. UHSM billed LCC for the physician's services for the years ended June 30, 2023, 2022, 2021 and 2020 during the year ended June 30, 2023.

UHSM also bills UHM Athletics for physician services provided to student athletes. Annual amounts ranged from \$18,000 to \$54,000.

d Regular employee payroll

As noted above, UHSM has 31 employees. Payroll includes gross pay in addition to employee earned benefits such as vacation, health insurance premiums, ERS contributions, etc. The decrease for the year ended June 30, 2022 relates to a change in the University's method to accounting for accrued vacation at the University unit (college/school/department) level.

Internal Audit read the University's Financial Management Office October 2022 newsletter describing this revision to the University's method of accounting for compensated absences (vacation) commencing with fiscal year ended June 30, 2022. Historically, employee earned vacation was recorded with employee payroll expense at the University unit level. However, the University pays out any accrued vacation from a system-wide vacation accrual account. Accordingly, any accrued and unpaid vacation at a University unit level as of June 30, 2021 was reversed during the year ended June

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30, 2022 with earned vacation for the year ended June 30, 2022 and prospectively to be recorded at the system level. UHSM's accrued vacation as of June 30, 2021 that was reversed (decrease in payroll expense) approximated \$491,000. The recordation of accrued vacation for the University from a system-wide perspective for financial reporting purposes remains unchanged.

e Supplies and materials

Represents medical supplies, vaccines, clinic supplies, flu test kits, pharmacy drugs, and laboratory supplies that were initially capitalized as inventory but relieved through Supplies and Materials expense when sold/used. Also includes non-inventory items including office supplies, cleaning supplies, etc.

f Insurance

Represents insurance premiums for medical malpractice insurance. The June 30, 2022 increase was due to the premium payment in fiscal 2022 to cover the policy period February 2020 to January 2022. Internal Audit reviewed insurance policies covering all three fiscal years.

g Bad debt

UHSM stated that the fiscal 2023 increase is due to the following:

- A six (6) month delay in the processing and mailing of invoices/claims to insurance companies. As described in the *Section D. Operational*, accounts receivables are aged based on the date that medical services and/or medications were dispensed and not the preparation date of the invoice/claim mailed to the insurance company. The University's policy is to create a reserve for uncollectible receivables that are uncollected in excess of 181 days. Accordingly, the six (6) month processing delay resulted in an increase to the reserve for uncollectible receivables of \$63,000 during the year ended June 30, 2023. Internal Audit was informed that the retirement of the Insurance Specialist in December 2021 and the hiring of a replacement in May 2022 resulted in the invoice/claim processing delay.
- A \$47,000 increase in uncollectible mandatory student health fees when compared to prior years. UHSM believes the increase is attributable to an increase in the students returning to campus post COVID-19 and thus subject to the payment of mandatory student fees.

h Appropriations and transfers from the State of Hawai'i for non-imposed fringes

Represents State of Hawai'i general fund appropriations to pay payroll costs and the related fringe benefits for certain UHSM employees. These employees consist of UHSM Director, UHM Health Promotion Section Chair, Medical Technician, Operations Coordinator, etc. The year over year increases are associated with salary increases for these personnel.

i Transfers

Represents funds transferred from the:

- Office of the Vice Provost for Student Success (OVPSS) – to cover certain payroll and payroll related costs
- American Rescue Plan Act (ARPA) and Higher Education Emergency Relief Fund (HEERF) – federal government funding related to COVID-19 that were also used to cover certain payroll and payroll related costs

j Revenues in excess of expenses

Internal Audit was informed that UHSM's cash balance as of June 30, 2023 approximates \$9.6 million as a result of revenues exceeding expenses. As discussed in *Section III. B. Student Health Fee*, UHSM intends to use this cash balance to complete the planned renovation of the health center.

Analysis, Conclusions and Recommendations

It is highly unlikely that CSDC has not performed any revenue generating services since fiscal 2018. Internal Audit was informed that the UHM Associate Vice Provost of Student Success and UHSM Director will investigate and determine the propriety of the lack of CSDC billings and if appropriate, modify the terms and conditions of the MOU.

UHSM is not managing the terms and conditions of the LCC MOU on a timely basis. As noted above, medical services provided by a UHSM doctor to LCC for the years ended June 30, 2022, 2021 and 2020 were not billed until the fiscal year ended June 30, 2023. UHSM should manage and monitor compliance with the terms and conditions of all MOU's in addition to ensure the timely billing of services provided to personnel to other University campuses.

Mandatory student fee revenues are recognized when earned. However, sales and services revenue are recognized when cash is collected rather than when medical services are provided and/or medications are dispensed. Given that UHSM's Point and Click system tracks sales and services when provided, Internal Audit recommends that UHSM ensure the recognition of sales and services revenue when earned and not when cash is received by reconciling revenues per Point and Click to revenues reflected in KFS at fiscal year-end.

The increase in bad debt expense for the year ended June 30, 2023 was primarily due to the untimely processing of invoices/claims to insurance carriers. The UHSM accounts receivable balance from insurance carriers as of June 30, 2023 is \$136,000 with \$72,000 exceeding 181 days. UHSM provided Internal Audit an accounts receivable report as of October 13, 2023 with a receivable balance from insurance carriers of \$89,000 with \$56,000 exceeding 180 days. Accordingly, it appears that UHSM is addressing the fiscal 2022 delay in processing invoices/claims.

IV. Leading Practices

Internal Audit researched other higher education institutions to identify prevalent and common operational and financial matters associated with University health center. The research focused on public university systems situated on the west coast and mountain regions.

The west coast and mountain region universities researched consisted of the following:

- University of California at Berkeley (Berkeley)
- University of California at Los Angeles (UCLA)
- San Jose State (SJS)
- Fresno State (FS)
- Cal State Fullerton (CSF)
- California State Los Angeles (CSLA)
- University of Nevada at Las Vegas (UNLV)
- University of Nevada at Reno (UNR)
- University of Washington (UW)
- University of Arizona (UA)
- Northern Arizona University (NAU)

All information noted below were derived from the respective higher education institutions website. If the information was not provided on the website, the table below will reflect a “N/P” designating information “not provided”.

A. Observations

1. Student health fee and hours of operation

University	Health fee per		Hours of operation
	Semester	Trimester	
UHM	\$118	N/A	M-F 8 am – 4 pm
Berkeley	\$615	N/A	M-F 9 am – 5 pm
UCLA	N/A	\$410	M-Th 8 am – 4:30 pm, F: 9 am 4:30 pm
SJS	\$190	N/A	M-Th: 8 am – 5 pm, F: 8:30 am – 4:30 pm
FS	\$152	N/A	M-F 8 am – 4:45 pm
CSF	\$98	N/A	M, Tu, W, F: 8 am – 5 pm, Th: 10 am – 5 pm
CSLA	\$156	N/A	M-Th: 8 am – 5:45 pm, F: 8:30 am – 4:45 pm
UNLV	\$93	N/A	M-Th: 8 am – 5 pm, Fr: 9 am – 5pm
UNR	\$103	N/A	M-W, F: 8 am – 5 pm, Th: 9 am – 5 pm
UW	N/A	\$163	M, W, Th, F: 8 am – 5 pm, Tu: 9 am – 5 pm
UA	\$300	N/A	M, Tu, Th, F: 8 am – 4:30 pm, W: 9 am – 4:30 pm
NAU	\$275	N/A	M, Tu, Th, F: 8 am – 5 pm, W: 9 am – 5 pm

2. Medical service hotline

Medical service hotlines connect patients to a healthcare provider (generally a registered nurse) to evaluate symptoms and to determine the best option of care. The care options could include home

University Health Services Mānoa
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treatment, follow-up with a physician, next-day appointment, or emergency room visit. The table below notes whether the university provides a hotline and the hours that the hotline is available.

University	Medical service hotline	
	Available	Hours
UHM	Y	After hrs
Berkeley	Y	24/7
UCLA	Y	24/7
SJS	Y	After hrs
FS	Y	After hrs
CSF	Y	After hrs
CSLA	N	Not applicable
UNLV	Y	After hrs
UNR	N	Not applicable
UW	Y	24/7
UA	Y	After hrs
NAU	Y	After hrs

UHSM stated that the number of calls to the hotline for each of the three years ended June 30, 2023 were 293, 393, and 212, respectively.

3. Medical insurance requirement

The University does not require patients to have medical insurance coverage. Accordingly, UHSM will provide services to all students, faculty and staff with or without medical insurance. UHSM offers various student health plans underwritten by HMSA. International students acquire medical insurance due to U.S. Department of State student visa regulations.

University	Health insurance required				Student Health insurance offered
	Undergrad	Graduate	Interntl	Employees	
UHM	N	N	Y	N	Y
Berkeley	Y	Y	Y	N/P	Y
UCLA	Y	Y	Y	N/P	Y
SJS	N	N	Y	N	Y
FS	N	N	Y	N/P	Y
CSF	N	N	Y	N/P	Y
CSLA	N	N	Y	N/P	Y
UNLV	N	Y	Y	N/P	Y
UNR	N	Y	Y	N	Y
UW	N	N	Y	N/P	Y
UA	N	N	Y	N	Y
NAU	N	N	Y	N/P	Y

4. Staffing and additional medical services

The additional services listed in this table represents medical services not currently provided by UHSM. The services currently provided by UHJSM are also provided by the Universities listed below.

University	Medical staffing		Additional services
	Doctors	Nurses	
UHM	8	7	See <i>Section I Background</i>
Berkeley	27	45	Radiology, urgent care clinic, optometry, podiatry
UCLA	21	7	Radiology, urgent care, optometry, allergy clinic, acupuncture
SJS	10	10	Radiology, podiatry
FS	4	6	Radiology
CSF	3	6	Radiology, optometry
CSLA	3	6	Radiology, optometry
UNLV	12	13	None
UNR	7	10	Radiology, urgent care, allergy clinic
UW	10	19	Radiology, urgent care
UA	13	21	Radiology, urgent care
NAU	7	8	Urgent care, allergy clinic

B. Analysis

UHSM charges a lower health fee when compared to the majority of universities researched. UHSM is consistent with the majority of other universities in providing an after-hours medical service hotline and not requiring students to possess medical insurance to be deemed a patient.

From a medical staffing perspective, UHSM is in the middle to lower end when compared to other universities. However, this is consistent with UHSM also charging a lower health fee. With respect to medical services provided, it appears that the vast majority of other universities provide radiology services as well as optometry services.

UHSM stated that providing radiology services was determined to not be feasible due to the lack of space at the UHSM facility. With respect to optometry services, UHSM stated that patient feedback indicated no demand for optometry services but a demand for a dietician. Accordingly, UHSM is currently advertising to fill a temporary part-time Registered Dietician position.

C. Conclusions

From a health fee and medical staffing perspective, UHSM is in the middle to lower end when compared to the other higher education institutions. UHSM providing a medical service hotline and not requiring medical insurance is consistent with the other higher education institutions. The majority of higher education institutions provide additional medical services when compared to UHSM. However, the lack of facility space plus lack of patient interest are reasonable explanations for not offering these services.

V. Conclusions and Recommendations

Student Health Fee

The Student Health Fee increased from \$68 per semester and \$26 per summer session to the current \$118 per semester and \$46 per summer session. A February 8, 2013 memo prepared by the UHM's Vice Chancellor for Students (nka Vice Provost for Student Success) to the BOR stated that the increased fee would maintain the level of current UHSM and CSDC services in addition to providing additional funds to improve and enhance UHSM's services. UHSM's and CSDC's cash balance as of June 30, 2023 approximates \$9.6 million and \$2.8 million, respectively.

Internal Audit believes the significant cash balances as of June 30, 2023 primarily results from UHSM and CSDC completing only five (5) of the eight (8) proposed actions supporting the increased Student Health Fee with the building renovation in-process. The most significant proposed action was the renovation of UHSM's facility that was delayed due to COVID-19. The UHSM facility renovation is expected to commence in late 2024 with an estimated cost approximating \$8 million. Internal Audit was provided with a proposed CSDC spending plan for the fiscal years 2024 through 2028. Internal Audit was informed that certain proposed uses for the CSDC \$2.8 million cash balance include increasing scope of services currently provided by CSDC in addition to hiring additional personnel (psychologists, postdoctoral fellows, etc.). However, these proposed uses are prospective rather than a CSDC historical use of funds as described in the February 2013 memo.

CSDC

UHSM has entered into two MOUs with CSDC. The first MOU dated July 2011 states that CSDC is responsible for providing psychiatric services to University students and employees. This MOU requires CSDC to submit patient visit information to UHSM on a weekly basis to facilitate timely billing and collections. UHSM serves as CSDC's billing and collection agent. UHSM retains 20% of the payment collected as their fee. The second MOU dated August 2013 requires UHSM to transfer 15% of the Student Health Fee collected to CSDC annually. During the fiscal years ending June 30, 2023, 2022 and 2021, UHSM transferred Student Health Fees to CSDC amounting to \$606,036, \$511,606 and \$ 548,573, respectively.

CSDC has not provided patient visit information to UHSM since fiscal 2018. Internal Audit believes that it is highly unlikely that CSDC has not performed any revenue generating services since fiscal 2018. Internal Audit was informed that the UHM Associate Vice Provost for Student Success and UHSM Director will investigate and determine the propriety of the lack of CSDC billings and if appropriate, modify the terms and conditions of the MOU.

HIPAA

UHSM has implemented appropriate processes and procedures to comply with EP 2.217 and thus applicable federal and State of Hawai'i HIPAA regulations. A current UHSM volunteer has had access to PHI since January 2022 and certain student employees have access to a patient's EHR which includes the patient's medical history, diagnoses, medications and lab results.

Although EP 2.217 allows volunteer and student employees to access PHI, Internal Audit questions the length of time the retired employee has this access and believes the work performed by the retired employee should be performed by current UHSM employees. Given that PHI includes confidential health information such as the patient's lab work and medical diagnosis, Internal Audit believes that providing

student employees with the ability to access a friend's or acquaintance's health information creates an unwarranted risk even if the student has completed HIPAA training and should be re-evaluated.

Operational and financial

Significant accounting processes

Internal Audit did not identify any process deficiencies or improvements in any of UHSM's significant processes except for the lack of separation of duties with respect to the cash collections and recordation to KFS process and the recordation of sales and services revenue in KFS when cash is received rather than when earned (medical services are provided).

Adequate segregation of incompatible duties is a significant internal control objective requiring no employee to be in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties. Incompatible duties exist if one employee has custody of assets, has the responsibility to record transactions associated with those assets, and performs an internal control function over those recorded transactions. Currently, the A/R Specialist has custody of patient and insurance company payments (cash receipt) and records the cash received to KFS. UHSM should assign either the custody of cash function or recordation to KFS function to a different UHSM employee to decrease the risk of errors or fraud related to the cash receipts process.

At fiscal year-end, UHSM should ensure that revenues are recorded in KFS based on the date when medical services are provided and medication is dispensed rather than when cash is collected. Mandatory student fee revenues are recognized when earned. However, sales and services revenue are recognized when cash is collected rather than when medical services are provided and/or medications are dispensed. Given that UHSM's Point and Click system tracks sales and services when provided, Internal Audit recommends that UHSM ensure the recognition of sales and services revenue when earned and not when cash is received by reconciling revenues per Point and Click to revenues reflected in KFS at fiscal year-end.

Timely billings

UHSM is not managing the terms and conditions of the LCC MOU on a timely basis. Internal Audit noted that medical services provided by a UHSM doctor to LCC for the years ended June 30, 2022, 2021 and 2020 were not billed until the fiscal year ended June 30, 2023. Internal Audit recommends that UHSM bills their services provided to LCC on a timely basis.



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University Health Services Mānoa

UNIVERSITY OF HAWAII
BOARD OF REGENTS

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November 17, 2023

MEMORANDUM

TO: Lauren Akitake,
Chair, BOR Audit Committee

VIA: David Lassner *David Lassner*
President

VIA: Michael Bruno *Michael Bruno*
Provost, UH Mānoa

VIA: Katrina-Ann Kapā Oliveira *Katrina-Ann Kapā Oliveira*
Interim Vice Provost for Student Success, UH Mānoa

VIA: Theresa Crichfield *Theresa Crichfield*
Associate Vice Provost for Student Success & Dean of Students, UH Mānoa

FROM: Andrew Nichols *Andrew Nichols*
Director, University Health Services Mānoa, UH Mānoa

SUBJECT: Action Item Response to October 2023 Internal Audit

Thank you for the opportunity to respond to the October 2023 "University Health Services Mānoa—Review and Evaluation" produced by the University of Hawai'i Office of Internal Audit (OIA). The Audit reviewed and evaluated University Health Services Mānoa (UHSM) in the areas of 1) compliance with HIPAA regulations; 2) financial reports for the 3-year period July 1, 2020-June 30, 2023; 3) significant financial processes, including billing and cash collections; 4) pharmacy operations and inventory policies and practices; and 5) operations compared to the operations of other higher education health facilities. UHSM greatly appreciates the Internal Audit Report recognition of positive findings and conclusions concerning compliance with EP 2.217 and applicable federal and State of Hawai'i HIPAA regulations, Sales/Billings, Accounts receivables, and Cash Receipts processes (except for the lack of separation of duties with respect to the cash collections and recordation function), inventory and pharmacy processes and procedures, and acknowledgement that UHSM is addressing the fiscal 2022 delay in processing invoices/claims. We are grateful for the time and detailed efforts of the OIA and are certain that the Report will improve UHSM operations. This response includes a contextual review of the role UHSM performed throughout the concurrent COVID-19 Pandemic followed by responses and/or corrective actions for Internal Audit specific findings and observations.

UHSM and the COVID-19 Pandemic

The Audit reviewed a 3-year time period, July 1, 2020-June 30, 2023, that remarkably coincided with the SARS-CoV-2 virus COVID-19 pandemic. On March 23, 2020, the State of Hawai'i issued a mandatory statewide shelter-in-place order, shutting down all non-essential businesses

and schools, including the University of Hawai'i at Mānoa (UHM). President Biden finally terminated the COVID-19 federal public health emergency response declaration in May 2023.

UHSM performed critical public health and medical service roles throughout the COVID-19 pandemic by providing leadership in optimizing the good health, safety, and wellness of our UHM campus and the UH System. UHSM maintained full in-person medical staffing from the start of the pandemic, with no option for clinical employees to work from home. UHSM transformed clinical care operations to maximize safety for patients and employees. Examples included the construction of physical safety barriers and the development of protocols regarding patient triage, evaluation, treatment, laboratory specimen collection, and environmental safety. Telemedicine services were rapidly established at the start of the pandemic to serve patients who were unable to physically attend our clinic or for cases in which remote care was preferred.

The UHSM Director was a member of the original Health & Well Being Working Group (HWBWG) appointed by the UHM Provost. This group was chaired by the Dean of the Atmospera-Walch School of Nursing and also included health sciences deans from the John A. Burns School of Medicine and Thompson School of Social Work and Public Health. The UHM HWBWG was eventually expanded in membership and scope to provide COVID-19 public health mitigation policies, procedures, and safety advice to UH System leadership. UHSM established a four-person COVID-19 Response Team that operated from August 2020 to August 2022 and was supervised by UHSM leadership. The Team's responsibilities were to conduct contact tracing with disease investigation, provide clearance for students and employees to return to campus, give COVID-19 test results, and serve as a consultative and educational resource for all UH students, faculty, and staff. UHSM additionally conducted arriving residence hall student COVID-19 testing for entry into the state's modified quarantine in the summer/fall 2020 and mandatory COVID-19 testing for all UHM residence hall students from the Spring 2021 through the Spring 2022 semesters. (Reference: Chang YJ & Nichols AW. A screening program for SARS-CoV-2 among University of Hawai'i at Mānoa residence hall students during the COVID-19 Pandemic. *Hawai'i Journal of Health & Social Welfare* 2023; 11:273-278.) UHSM staff additionally verified COVID-19 vaccination status for students and reviewed all medical and religious exemptions to the vaccine mandate. The UHSM clinical staff was (and continues to be) entirely committed to the excellent care of COVID-19 patients and to those exposed to the disease.

Finding/Observation #1: Student Health Fee Increase Proposed Actions (III.B)

III.B.3 *To date, UHSM has completed five (5) of the eight (8) proposed actions supporting the Student Health Fee with the building renovation in-process.*

UHSM Response:

Internal Audit notes in reference to the February 8, 2013 Student Health Fee increase memo that the "increase was needed as a result of unprecedented rising health costs" and that "the increased fee would maintain the current level of UHSM and CSDC services." The memo noted further that the increase would allow for expansion into eight possible improvements for the good health of our UHM campus. (III.B.1.) We concur that the level of UHSM services has been maintained since the Health Fee increase and appreciate the Internal Audit's recognition that UHSM has additionally completed five (5) of the proposed actions supporting the Student Health Fee. We additionally feel that UHSM has at least partially completed two of the other proposed actions, i.e., "expanding the scope of services" (III.B.2.a.) and "renovating the 50-year old UHSM building" (III.B.2.g.).

Regarding the first, we believe that we did expand our services. UHSM established additional full-time primary care physician positions (one filled and one in recruitment) and a new 0.5 FTE dietician position (recruitment started in 2020, paused due to the COVID-19 pandemic, and resumed in 2023). We agree that the building renovation is in-process and thus should be considered as partially completed with the realization of Phase 1 in 2016. Phases 2-4 construction was delayed during the COVID-19 pandemic, but design planning has resumed in 2023. Notably, project funding through the Student Health Fee is in place as noted in the Internal Audit Report.

Mandatory Student Health Fee revenues are shared between UHSM and the CSDC via an August 2013 MOU. As the 8th Student Health Fee proposed action (III.B.2.h.) is attributable to CSDC, UHSM inquired and received this response from the CSDC Director and Associate Vice Provost for Student Success:

"CSDC has expanded direct services, incorporating phone consultations and telehealth sessions for better accessibility. Additional initiatives include skills-based groups, workshops, and drop-in support spaces. Outreach efforts have surged, with 124 outreaches and 5119 individuals served in 2022-2023. Peer Fellows have increased campus presence, offering events on time management and mental health resources. The adoption of software platforms such as TAO Connect and Kognito enhances training for faculty, staff, and students.

"To increase service hours, part-time faculty psychologists extended availability through CSDC requests. Two part-time casual hire psychologists were also brought on temporarily. Long-term reliance on temporary faculty psychologists is deemed unsustainable due to increased costs.

"CSDC hired and trained three fellows in FY 2021, five in FY 2022, and two in FY 2023, currently maintaining three fellows. Market research shows CSDC salaries are competitive, making it challenging to adjust to perceived market levels.

"Efforts to raise salaries are ongoing, with consideration of clinicians' attractions to private practice due to autonomy and higher earning potential."

Person responsible: Andrew Nichols, M.D., Director

Implementation date: N.A.

Finding/Observation #2: CSDC-UHSM MOU for Billing Services (I., III.E.b, V.)

IV.F.b. Pursuant to a 2013 UHSM and CSDC MOU, UHSM transfers 80% of billings and insurance collections associated with CSDC services to CSDC annually. The years ended June 30, 2023 and 2022 do not include billings and insurance collections associated with CSDC since CSDC has not forwarded billing information to UHSM since 2018.

Corrective Action: The Associate Vice Provost for Student Success (AVPSS) and CSDC Director met on November 1, 2023, to discuss this MOU. A joint decision was made to terminate this MOU with subsequent agreement received from the UHSM Director on November 2, 2023. Internal Audit was informed of this action on November 2, 2023. A MOU termination agreement was signed by the Directors of CSDC and UHSM on November 3, 2023, with an effective date of December 2, 2023.

Person responsible: Andrew Nichols, M.D., Director

Implementation date: December 2, 2023

Finding/Observation #3: HIPAA - Student and Volunteer Employee Access to the EHR (III.C., V.)

III.C.3 UHSM has implemented appropriate processes and procedures to comply with EP 2.217 and thus applicable federal and State of Hawai'i HIPAA regulations. Although EP 2.217 allows volunteer and student employees to access PHI, Internal Audit questions the length of time the retired employee has this access and believes the work performed by the retired employee should be performed by current UHSM employees thereby eliminating the need of the retired employee's access to Point and Click. Given that the EHR contains confidential health information such as patient's lab work and medical diagnosis, Internal Audit believes that providing student with the ability to access a friend's or acquaintance's health information creates an unwarranted risk event even if the student has completed HIPAA training.

Response: Internal Audit believes that volunteer and student employees' access to PHI in the EHR creates an unwarranted risk event. Internal Audit does acknowledge that this practice is permitted under EP 2.217.

Volunteer Employees: UHSM provided information to Internal Audit regarding a retired UHSM employee who returned to UHSM as a volunteer between January 2022 and November 2023. This volunteer employee was tasked with providing training to a new employee and catch-up insurance billing claims filing duties during a period of staff shortages. This volunteer employee required access to Point and Click to perform these duties. The volunteer retired employee had previously undergone UHSM HIPAA/Security training. We recognize and appreciate the patient privacy concerns raised by the Internal Audit.

Corrective Action: Access to the Point and Click EHR was removed for the volunteer employee, effective November 8, 2023.

Student Employees: UHSM requires that student employees complete several tasks and trainings to ensure compliance with HIPAA. These include an application and interview process, requirement to meet certain qualifications, being hired at a higher level (not entry level) due to the level of responsibility required, completion of HIPAA and Information security training (at orientation and throughout their tenure), acknowledgement of UH and UHSM Confidentiality Agreements, constant supervision by multiple staff, configuration of their workstations to facilitate supervision, review through quarterly patient access audits, and receipt of HIPAA/Security updates which are provided as needed. Violations would also subject students to Student Conduct Code sanctions.

UHSM student employee access to patient EHR medical information, test results, diagnoses, and treatments is restricted on a "need to know" for the job to be performed. Only student employees who are employed in the medical clinic (student clinic clerks) can access regulated medical information that may include PHI. This allows these student employees to schedule appointments, enter data into the chart, view chart notes, order lab tests, and obtain patient signatures for vaccine administration consent. Student clinic clerks are always directly supervised by nursing staff members when accessing the EHR. Other UHSM student

employees who perform duties specific for the reception area, pharmacy, and laboratory do not have access to PHI in the EHR.

Corrective Action: UHSM recognizes that no level of security precautions can eliminate all risk of inappropriate viewing of PHI. However, UHSM believes that the HIPAA and privacy safeguards for student clinic clerks are extensive and present a low risk of inappropriate PHI access. UHSM also notes that this level of EHR access is necessary for student clinic clerks to perform their jobs as currently described. UHSM student employees frequently continue on after leaving UHSM to seek professional careers in a health profession field. UHSM will continue to closely monitor all aspects of clinic security and HIPAA compliance.

Person responsible: Andrew Nichols, M.D., Director

Finding/Observation #4: Operational – Cash Receipts and Revenue Recognition Separation of Duties (III.D.b., V.)

D.a-b. Internal Audit did not identify any process deficiencies or improvements to the Cash Receipts process (including PCI DSS compliance) except for the lack of separation of duties with respect to the cash collections and recordation function.

Corrective Action: UHSM will implement a procedural change to ensure separation of duties. The Accounts Receivable Specialist will collect monies at the Cashier window and the Accounts Payable Specialist will record payments in the Kualii Financial System (KFS). Duties will otherwise remain the same.

Person responsible: Clarissa Tenorio, UHSM Senior Fiscal Specialist

Implementation date: November 9, 2023

Finding/Observation #5: Operational – Revenue Recordation (III.D.a, V.)

D.a-b. At fiscal year-end, UHSM should ensure that revenues are recorded in KFS based on the date when medical services are provided and medication is dispensed rather than when cash is collected.

Corrective Action: In addition to providing Accounts Receivable and related accrued sales and services revenues earned to VPSS Administrative Office for recording in Period 13, UHSM will reconcile sales and services revenue per Point and Click based on service date to revenues reflected in KFS at fiscal year-end.

Persons responsible: Clarissa Tenorio, UHSM Senior Fiscal Specialist and Aileen Kozai, VPSS Administrative Services Manager

Implementation date: FYE 2024

Finding/Observation #6: Operational – Timeliness of Billings (III.E, V.)

IV.F. UHSM is not managing the terms and conditions of the LCC MOU on a timely basis.

Corrective Action: As of August 2023, UHSM has billed for and received payment for UHSM physician services and annual clinic management fees from Leeward CC (LCC) through

FY2023. The UHSM Business Office has developed a schedule to invoice LCC for UHSM physician services each quarter on approximately the 15th day following the close of the preceding quarter and for the management fee annually during the first quarter of each fiscal year.

Person responsible: Clarissa Tenorio, UHSM Senior Fiscal Specialist

Implementation date: July 1, 2023

UNIVERSITY OF HAWAI‘I AT MĀNOA
REVIEW OF THE
WARRIOR RECREATION CENTER

Status of Corrective Action Status

November 2023

DRAFT



University of Hawai'i
Office of Internal Audit



November 6, 2023

To the University of Hawai'i Board of Regents
and
University of Hawai'i at Mānoa Associate Vice Provost for Student Success

The University of Hawai'i Office of Internal Audit (Internal Audit) presented a report to the University of Hawai'i Board of Regents' (BOR) Committee on Independent Audit (Audit Committee) on August 4, 2022 titled *University of Hawai'i at Mānoa Review of the Warrior Recreation Center* dated October 7, 2021. This report recommended the preparation of stand-alone financial statements for the Warrior Recreation Center (WRC). The purpose of this report is to evaluate the preparation status of the stand-alone WRC financial statements.

Audit Committee meetings discussing the WRC

The lack of WRC stand-alone financial statements was a topic discussed at several Audit Committee meetings. The dates of these meetings and the WRC matters discussed are described below:

August 4, 2022 meeting:

Internal Audit presented the WRC report noting that the WRC complied with applicable City & County of Honolulu COVID 19 guidelines in addition to applicable University policies. The report also noted that management does not prepare and thus did not provide Internal Audit with any financial analysis or financial reports of the WRC on a stand-alone basis since the WRC's financial information is aggregated with other operations at the University of Hawai'i at Mānoa (UHM) Campus Center Complex (CCC). Accordingly, Internal Audit recommended that disaggregating the financial results of the WRC from other CCC operations would allow management to identify unusual and/or unexpected financial variances specific to the WRC and accordingly take appropriate corrective actions if deemed necessary.

Management's response dated July 26, 2022 disagreed with Internal Audit's recommendation regarding WRC stand-alone financial statements. The BOR Chair questioned the ability of WRC leadership to properly analyze the financial condition of the WRC without stand-alone financial statements.

June 1, 2023 meeting:

The UHM Vice Provost for Student Success (VPSS) acknowledged the lack of stand-alone WRC financial statements and stated that the Office of the Vice Provost for Student Success (OVPS) with the assistance of the Office of Student Life and Development (OSLD) and the Campus Center Board (CCB) would prepare stand-alone WRC financial statements by December 31, 2023.

August 3, 2023 meeting:

Pursuant to clarification requested from the Chair of the Audit Committee, it was noted that Internal Audit completed the WRC report in October 2021 but due to delays with respect to the preparation and receipt of a written management response, the report was not presented to the Audit Committee until the August 4, 2022 meeting. The Chair of the Audit Committee stated that monitoring implementation of corrective actions described in the WRC report was a priority of the Audit Committee. The Vice Chair of the Audit Committee stated that the WRC must prepare the stand-alone financial statements despite its disagreements.

WRC financial statements

On June 23, 2023, the UHM VPSS scheduled a meeting with representatives from the OVPSS, OSLD, CCB, UHM Office of Business and Finance, University System and Internal Audit to discuss the form and content of the WRC stand-alone financial statements. OVPSS fiscal personnel prepared the stand-alone financial statements for the years ended June 30, 2023, 2022, 2021 with assistance from OSLD. Ongoing discussions, e-mails and documents regarding financial statement assumptions, account balances and variances were exchanged between OVPSS fiscal personnel and Internal Audit during August 2023 through October 2023. A final WRC financial statement workbook in addition to a memorandum documenting certain financial statement assumptions were provided to Internal Audit in late October 2023.

Internal Audit utilized the OVPSS prepared WRC financial statement workbook to compile the attached (Attachment I) financial statements for the years ended June 30, 2023, 2022 and 2021. The memorandum (Attachment II) accompanying the financial statements was prepared by the OVPSS, pursuant to Internal Audit request, to describe the methodology used to derive various allocated revenue (Student recreation fee) and expense (overhead, interest expense) accounts that impact several CCC facilities in addition to the WRC. Internal Audit believes the described method utilized by the OVPSS to allocate certain CCC wide revenues and expenses to the WRC is reasonable and rational. Internal Audit also compared financial account balances from the WRC financial statement workbook to the University's general ledger (Kuali Financial System or KFS) without exception.

The WRC's financial statements reflect expenses exceeding revenues for each of the three years ended June 30, 2023. Depreciation expense is a non-cashflow expense with a substantial portion of the account balance associated with the construction cost of the WRC. Excluding depreciation expense from the attached WRC financial statements result in financial statements that should approximate the WRC's cashflow resulting in cash basis revenues exceeding expenses for the years ended June 30, 2023, 2022 and 2021.

Conclusion

The OVPSS met their commitment of preparing WRC stand-alone financial statements. The accompanying OVPSS memorandum notes the OVPSS intent of preparing stand-alone financial statements as a standard procedure for future financial analysis throughout the CCC. Internal Audit concurs and supports this approach taken by the OVPSS.

Internal Audit believes the stand-alone financial statements will serve as a valuable tool and resource for the OVPSS in evaluating the extent of future financial decisions impacting the WRC in addition to other CCC components. The stand-alone financial statements provide WRC financial information at a granular level thereby allowing the OVPSS to assess the impact of any proposed financial decision (e.g., increase/decrease membership fees, service/rental rates and student payroll) to the financial results of the WRC in addition to other CCC components.

Sincerely,

Glenn Shizumura
Director

Warrior Recreation Center
Statements of Revenues and Expenses
Years ended June 30,

	2023	2022	2021
Revenues			
Allocated student recreation fee	\$2,852,404	\$2,882,260	\$2,530,803
Membership fees	168,049	83,177	25,724
Services and rentals:			
Locker rental	5,332	2,116	(123)
Towel/laundry	1,458	422	-
Service package	3,381	2	-
Total services and rentals	<u>10,171</u>	<u>2,540</u>	<u>(123)</u>
Total Revenues	<u>3,030,624</u>	<u>2,967,977</u>	<u>2,556,404</u>
Expenses			
Payroll:			
Regular employees	127,975	120,591	177,497
Student employees	614,853	567,733	528,926
Overhead (payroll, custodial, misc.)	1,185,489	1,076,163	1,211,461
Depreciation	984,003	984,577	913,777
Interest	313,031	323,571	504,507
Electricity	51,669	36,917	25,120
Water	18,334	14,960	7,051
Supplies	21,945	24,715	18,428
Repairs and maintenance	4,162	36,124	12,846
Bank service charges	4,073	2,081	501
Advertising	6,746	-	-
Computer software license fees	4,999	-	-
Other	1,988	2,526	4,578
Total Expenses	<u>3,339,267</u>	<u>3,189,958</u>	<u>3,404,692</u>
Expenses in excess of revenues	<u>\$ (308,643)</u>	<u>\$ (221,981)</u>	<u>\$ (848,288)</u>

Note: Compiled from financial information prepared and provided by the UHM Office of the Vice Provost for Student Success.

Warrior Recreation Center Standalone Financials

Submitted by:

Dr. Theresa Crichfield, Associate Vice Provost for Student Success & Dean of Students
October 24, 2023

As recommended by the Office of Internal Audit (OIA) in their review of the Warrior Recreation Center (WRC), standalone financial results on an accrual basis were constructed for the last three fiscal years 2021 – 2023. A brief summary of the process used to construct these standalone financial results is described below.

Expenses Directly Allocated to the WRC

Two accounts were identified as being directly related to the WRC: Student Recreation Services Operations and Student Rec Services Informal Recreation. All expenses related to these two accounts were included in the WRC standalone financials.

General Fund payroll cost for the Student Recreation Services Specialist was also fully included in the WRC as position responsibilities directly relate to the WRC.

The Water expense and the Electricity expense were obtained directly from the WRC line item included in the service billings from the Facilities Business Office.

Depreciation expense was obtained from the Capital Asset Accounting Office specifically for WRC assets.

Expenses Indirectly Allocated to the WRC

Expenses in the Campus Center Complex (CCC) – Custodial Complex and Maintenance Service accounts were allocated to the WRC based on square footage of the WRC as a percentage of the overall square footage of the Campus Center Complex serviced by both maintenance and custodial operations. The resulting allocation percentage is 32.1%.

Bond interest expense was allocated to the WRC based on the percentage of project cost attributable to the WRC to the total project cost of the Campus Center Complex. The resulting allocation percentage is 70.6%.

Expenses of all other remaining Campus Center accounts not allocated as described above were included in a general overhead allocation to the WRC based on the percentage of expenses allocated to the WRC above to total expenses of the Campus Center in each of the three years. The resulting allocation percentages for general overhead to the WRC for fiscal years 2021, 2022 and 2023 are 40.2%, 40.1% and 37.4%, respectively.

CC Ops & Rec Fee Revenue Allocation

As a specific dollar amount of the CC Ops & Rec Fee is not designated for the WRC, a method to allocate the revenue was created based on the percentage of WRC's total expenses (including overhead allocation) to Campus Center's total expenses in FY 2023, which resulted in a revenue allocation to the WRC of 48.5%. FY 2023 was used as the

base rather than an average of the three years from FY 2021 – FY 2023 due to FY 2021 and FY 2022 having been greatly impacted by the COVID pandemic. FY 2023 was deemed to be more representative of a current “normal” year.

Conclusion

The process of generating independent financial statements has proven to be an additional tool for enhancing the management and oversight functions of the WRC. This exercise has allowed us to gain additional insight regarding the financial health of our operations. The model used for allocating overhead expenditures to the WRC can and will be applied to other revenue-generating service areas similarly funded by the Campus Center Board’s Operations and Recreation Fee, which was amended to include the recreation center in 2006. By doing so, we aim to establish a more comprehensive framework to further enable a better understanding of the financial performance and sustainability of the operations funded by this student fee.

A noteworthy aspect of this financial reporting exercise is being able to see operating results on a fully allocated basis, including debt service and depreciation. As we continue to refine our reporting practices, we fully intend to incorporate this holistic approach into our standard procedures for future financial analysis. This broader perspective goes beyond the immediate financial transactions and encompasses a more comprehensive view of our fiscal health, which will undoubtedly be a significant asset in our ongoing efforts to ensure financial sustainability and strategic growth.

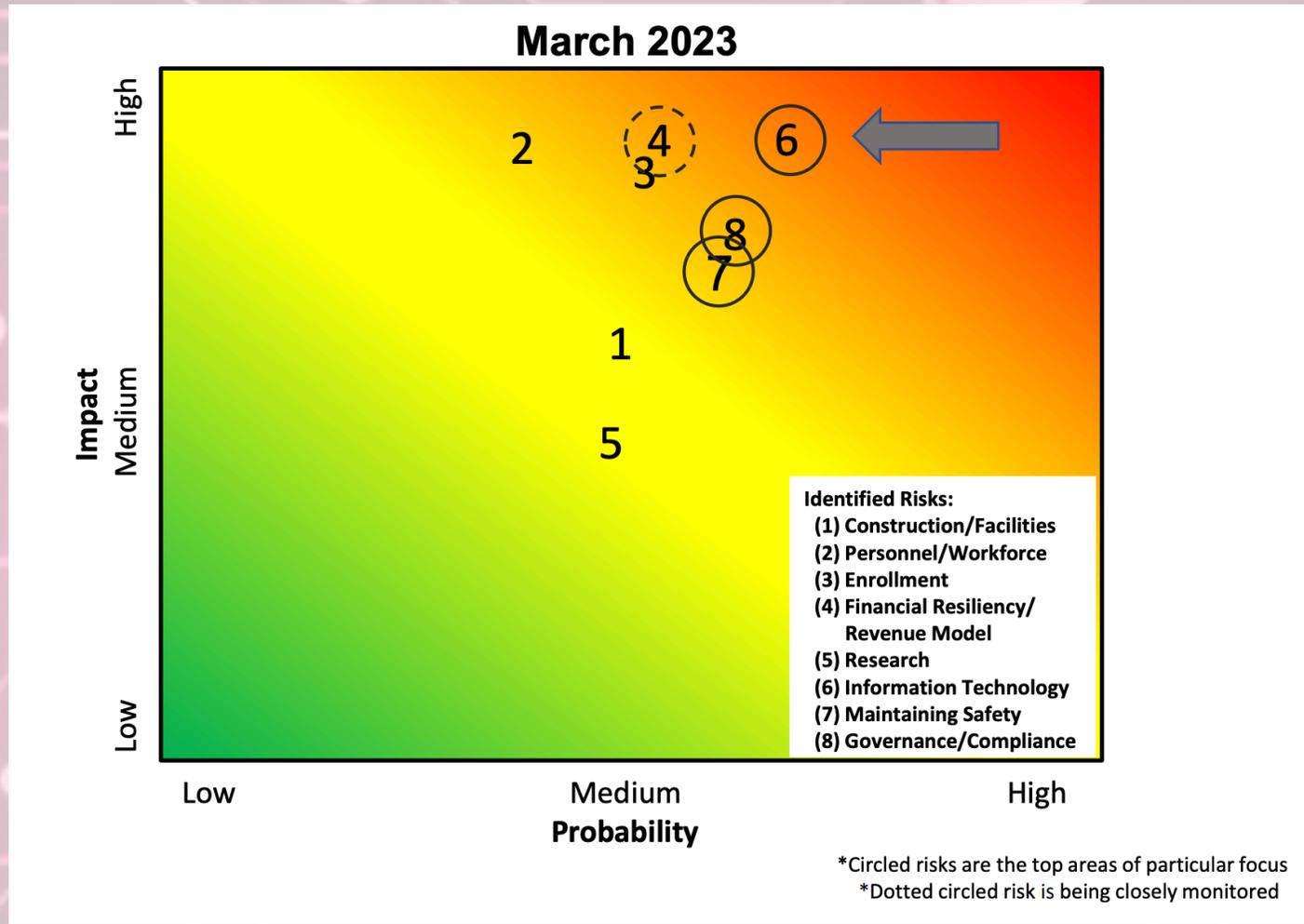
We are confident that the financial performance of the Campus Center Complex operations, which include the WRC, will continue to meet the goals set forth by the Campus Center Board’s Operations and Recreation Fee allocation. Our current financial pro forma is consistent with our findings, projecting net revenues that should allow for significant reinvestment through FY37; with a goal to strategically continue to push this date back as far as possible without necessitating an increase in student fees.

In summary, reviewing operating results on a fully allocated basis can provide a deeper understanding of the long-term implications of financial decisions and assist in making more informed choices that align with the purpose of the funding goals, which specifically include responding to student needs, enhancing the student experience, and providing a more vibrant university campus life. To meet these goals, we are embracing a more comprehensive financial analysis approach and are confident that this exercise yielded valuable insights to help bolster our ability to continue to steer the WRC towards a more sustainable future.



IT/Cyber Risk Brief University of Hawaii





Cybercrime To Cost The World 8 Trillion Annually In 2023



Cybersecurity facts, figures, predictions and statistics [Download Report](#)

– [Steve Morgan](#), Editor-in-Chief

Sausalito, Calif. – Oct. 17, 2022

Cybercrime is predicted to cost the world \$8 trillion USD in 2023, according to Cybersecurity Ventures. If it were measured as a country, then cybercrime would be the world's third largest economy after the U.S. and China. [Press Release](#)

We expect global cybercrime damage costs to grow by 15 percent per year over the next three years, reaching \$10.5 trillion USD annually by 2025, up from \$3 trillion USD in 2015.



- \$8 trillion USD a Year.
- \$667 billion a Month.
- \$154 billion a Week.
- \$21.9 billion a Day.
- \$913 million an Hour.
- \$15.2 million a Minute.
- \$255,000 a Second.

Cybercrime To Cost The World 8 Trillion Annually In 2023



Cybersecurity facts, figures, predictions and statistics [Download Report](#)

- [Steve Morgan](#), Editor-in-Chief

Sausalito, Calif. - Oct. 17, 2022

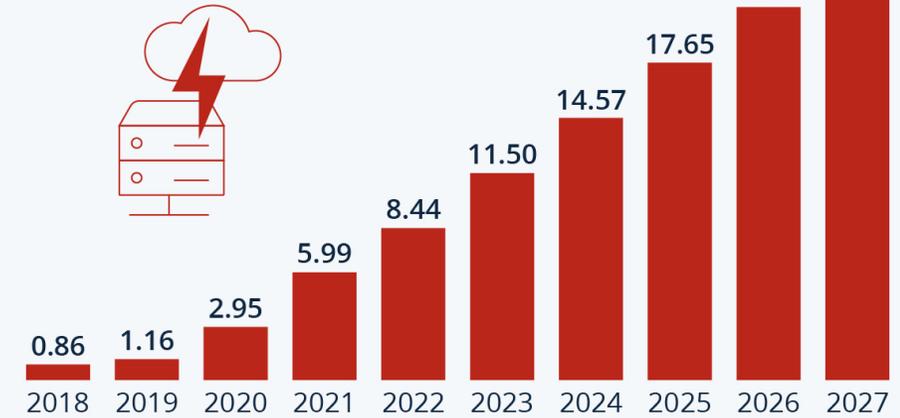
Cybercrime is predicted to cost the world \$8 trillion USD in 2023, according to Cybersecurity Ventures. If it were measured as a country, then cybercrime would be the world's third largest economy after the U.S. and China. [Press Release](#)

We expect global cybercrime damage costs to grow by 15 percent per year over the next three years, reaching \$10.5 trillion USD annually by 2025, up from \$3 trillion USD in 2015.



Cybercrime Expected To Skyrocket in the Coming Years

Estimated cost of cybercrime worldwide (in trillion U.S. dollars)



As of November 2022. Data shown is using current exchange rates.

Sources: Statista Technology Market Outlook, National Cyber Security Organizations, FBI, IMF



CNN BUSINESS Markets Tech Media Calculators Videos Audio Live TV

Casino giant MGM expects \$100 million hit from hack that led to data breach

Reuters
Published 9:40 PM EDT, Thu October 5, 2023



MOVEit Security Issue Update

The National Student Clearinghouse is investigating a recent cybersecurity issue involving third-party software tools, MOVEit Transfer, which affected potentially thousands of users who use the tool to transfer files. While we continue to investigate this issue, all Clearinghouse

The Clearinghouse has been working with leading cybersecurity experts to assess the vulnerability on the Clearinghouse and our systems. We also are coordinating with law enforcement on an ongoing investigation, we have determined that an unauthorized party obtained certain Clearinghouse's MOVEit environment, including files containing data that we maintain for our customers. We have notified the organizations whose data we have identified as affected. We have evidence to suggest that the unauthorized party specifically targeted the Clearinghouse organizations that provide data to the Clearinghouse.

TECH

Caesars paid millions in ransom to cybercrime group prior to MGM hack

PUBLISHED THU, SEP 14 2023-1:39 PM EDT | UPDATED FRI, SEP 15 2023-3:28 PM EDT

Rohan Goswami @IN/ROHANGOSWAMICNBC / @ROGOSWAMI
Contessa Brewer @CONTESSABREWER



KEY POINTS

- Days before MGM's computer systems were taken down in a cyberattack, casino operator Caesars paid out a ransom worth \$15 million to a cybercrime group that managed to infiltrate and disrupt its systems.
- Caesars does not anticipate the ransom payment or fallout will have a material effect on the company's bottom line, according to an 8-K filing.

TRENDING NOW



My account Become a Member

Massive Data Breach at University of Minnesota

By Jessica Blake



The University of Minnesota confirmed Thursday that three decades' worth of sensitive information about applicants, students and employees were accessed in a data breach, according to *The Star Tribune*. The disclosure comes two months after murmurs of a potential cyberattack first surfaced. The data were drawn from financial aid applications spanning from 1989 to 2021 and included dates of birth, Social Security numbers and passport information, according to a news release from the university. The university is now facing six lawsuits from individuals whose personal information was obtained in the data breach and who claim the university didn't properly protect their personal information or promptly notify them when the breach occurred.



Identify an address gap in student success

Download guide

Sender Intelligence

68.3M

- Proofpoint Dynamic Reputation (PDR)
- Authentication (SPF, DMARC)

Commodity Threats

3.8M

- Signature-based Antivirus
- Spam, Bulk, Adult Classifiers
- Custom Rules

CNN politics SCOTUS Congress Facts First 2024 Elections

University of Michigan shuts down school's internet connections following 'significant' cybersecurity incident

By Sean Lyngaas, CNN
Updated 7:46 PM EDT, Tue August 29, 2023



TOP NEWS

University of Hawaii Maui College reports data breach

By [Star-Advertiser Staff](#) · April 7, 2023



University of Hawaii Maui College disclosed Thursday that in mid-February an unauthorized third party may have gained access to the university's computer information system. Information Technology Services officials took immediate action as soon as the breach was discovered.

Experts were engaged to investigate and determine the nature and scope of the breach. The university also reported to law enforcement.

The university said the intrusion was isolated to the UH Maui College network, which was protected by a firewall and other safeguards before the event.

Notification letters are being sent out to about 10,500 individuals who may have been impacted, which will include an offer of free credit monitoring and identity theft protection services through Experian.

HAWAII NEWS | TOP NEWS

Ransomware attack strikes Hawaii Community College

By [Esme M. Infante](#) · June 20, 2023



Hawaii Community College has been struck with a ransomware attack, and security measures are being increased to protect digital assets, University of Hawaii officials said Tuesday.

"Hawaii CC representatives are actively working with federal authorities and cybersecurity experts," a university statement said.

"The Hawaii CC campus was notified of a cybersecurity incident on Tuesday, June 13, shortly after UH was made aware of the situation," the statement continued. "UH System Information Technology Services responded immediately and took the Hawaii CC network offline and took additional steps to protect all UH networks. Hawaii CC is the only UH campus identified in the attack by the group claiming responsibility."

Cybersecurity experts at UH do not think any of the other nine UH campuses have been affected.

What Are We Doing To Protect UH

- Adding Infrastructure Defenses
- Increasing Incident Response Resources
- Updating Systemwide Policies
- Education + Outreach + Compliance Activities

What Are We Doing To Protect UH

- Increased Cadence Working with Central and Distributed IT Staff
- Frequency of Education + Outreach + Compliance Activities
- Investments in Defenses
- Investments in Staff, Including Workforce Pipeline



Questions?

Thank you!





Item V.

Executive Session

**ITEM TO BE
DISCUSSED IN
EXECUTIVE
SESSION**

University of Hawaii
Whistleblower Summary Report
As of November 29, 2023

Unit	June 15, 2016 (inception) - November 29, 2023			July 1, 2023 - November 29, 2023		
	Total	Open	Closed	Total	Open	Closed
System	52	1	51	4	1	3
UH Manoa	379	14	365	24	6	18
UH Hilo	143	1	142	9	1	8
UH West Oahu	17	0	17	1	0	1
Maui College	20	1	19	1	1	0
Kapiolani CC	88	1	87	3	1	2
Leeward CC	20	1	19	4	1	3
Honolulu CC	24	0	24	0	0	0
Windward CC	20	1	19	0	0	0
Hawaii CC	51	3	48	4	3	1
Kauai CC	12	0	12	1	0	1
CC System	1	0	1	0	0	0
Total	827	23	804	51	14	37

Unit	July 1, 2022 - June 30, 2023			July 1, 2021 - June 30, 2022		
	Total	Open	Closed	Total	Open	Closed
System	3	0	3	4	0	4
UH Manoa	50	5	45	65	1	64
UH Hilo	6	0	6	11	0	11
UH West Oahu	4	0	4	1	0	1
Maui College	1	0	1	1	0	1
Kapiolani CC	7	0	7	5	0	5
Leeward CC	1	0	1	8	0	8
Honolulu CC	2	0	2	4	0	4
Windward CC	2	1	1	0	0	0
Hawaii CC	0	0	0	7	0	7
Kauai CC	2	0	2	3	0	3
CC System	0	0	0	0	0	0
Total	78	6	72	109	1	108

Unit	July 1, 2020 - June 30, 2021			June 15, 2016 (inception) - June 30, 2020		
	Total	Open	Closed	Total	Open	Closed
System	8	0	8	33	0	33
UH Manoa	49	2	47	191	0	191
UH Hilo	8	0	8	109	0	109
UH West Oahu	4	0	4	7	0	7
Maui College	3	0	3	14	0	14
Kapiolani CC	4	0	4	69	0	69
Leeward CC	1	0	1	6	0	6
Honolulu CC	4	0	4	14	0	14
Windward CC	1	0	1	17	0	17
Hawaii CC	11	0	11	29	0	29
Kauai CC	1	0	1	5	0	5
CC System	1	0	1	0	0	0
Total	95	2	93	494	0	494

University of Hawaii
Whistleblower Tracking Report
July 1, 2020 - November 29, 2023

Case #	Campus	Classification	Submitted by (Y/N)		Date Opened	Date Closed	Description
			Employee	Student			
Days open: less than 30 days							
836	Maui College	Student Affairs	N	Y	11/28/23	-	Student using marijuana.
835	UH - Manoa	Employment and HR	Y	N	11/21/23	-	Unprofessional behavior by faculty.
834	UH - Manoa	Employment and HR	Y	N	11/17/23	-	Unprofessional behavior by employee.
833	System	Employment and HR	Y	N	11/14/23	-	Unfair treatment by supervisor.
832	Hawaii CC	Employment and HR	Y	N	11/07/23	-	Uncooperative and unprofessional behavior by employee.
831	Hawaii CC	Health and Safety	Y	N	11/03/23	-	Unsanitary items in bathroom.
830	Leeward CC	Student Affairs	N	Y	11/02/23	-	Professor not responding to student's e-mails.
829	UH - Manoa	Employment and HR	Y	Y	10/30/23	-	Poor behavior by employee.
Days open: 31 - 60 days							
824	Hawaii CC	Employment and HR	Y	N	10/16/23	-	Uncooperative and unprofessional behavior by employee.
821	UH - Manoa	Employment and HR	Y	N	10/12/23	-	Inappropriate access to confidential information.
819	UH - Manoa	Employment and HR	N	N	10/09/23	-	Inappropriate relationship between professor and TA.
Days open: 61 - 90 days							
810	UH - Hilo	Employment and HR	Y	N	09/15/23	-	Employees not returning v-mails.
808	UH - Manoa	Employment and HR	Y	N	09/04/23	-	Lack of transparency in hiring.
806	UH - Manoa	Employment and HR	Y	Y	09/01/23	-	Employee constantly lies.
800	UH - Manoa	Employment and HR	Y	Y	08/31/23	-	Student employees exceeding allowable work hours.
798	Kapiolani CC	Health and Safety	Y	N	08/31/23	-	Supervisor poorly manages staff.
Days open: Over 91 days							
793	UH - Manoa	Employment and HR	Y	N	08/20/23	-	Identical to case #792.
792	UH - Manoa	Employment and HR	Y	N	08/12/23	-	Unqualified faculty.
788	UH - Manoa	Employment and HR	Y	N	07/26/23	-	Supervisor treats staff unfairly.
785	Windward CC	Employment and HR	N	N	06/13/23	-	Employee not working 8 hrs.
784	UH - Manoa	Employment and HR	N	Y	06/08/23	-	Faculty member not teaching in person.
778	UH - Manoa	Employment and HR	Y	N	05/17/23	-	Alleged hiring discrimination.
520	UH - Manoa	Employment and HR	N	-	08/31/20	-	Inappropriate behavior by faculty.
Closed cases							
787	UH - Manoa	Employment and HR	Y	N	07/17/23	11/28/23	Inappropriate behavior by faculty member. Investigated, action taken.
828	UH - Manoa	Student Affairs	N	Y	10/19/23	11/09/23	Classes reserved for certain students. Investigated, action taken.
827	UH - Manoa	Student Affairs	N	Y	10/18/23	10/19/23	Reporter cancelled the report.
826	UH - Manoa	Health and Safety	Y	N	10/16/23	10/20/23	Identical to case #825.
825	UH - Manoa	Health and Safety	Y	N	10/16/23	10/20/23	Employee smoking in office. Forwarded to supervisor for action.
823	Hawaii CC	Employment and HR	Y	N	10/16/23	10/16/23	Reporter did not provide all required info prior to cancelling call.

University of Hawaii
Whistleblower Tracking Report
July 1, 2020 - November 29, 2023

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
822	UH - Manoa	Health and Safety	N	Y	10/14/23	10/25/23	Potential Jewish protests. Addtl info requested, none received.
820	System	Research	Y	N	10/11/23	10/18/23	Inaccurate reporting of Research funding. Investigated, rptng is accurate.
818	UH - Manoa	Employment and HR	Y	N	10/06/23	10/16/23	Employee smoking in office. Forwarded to supervisor for action.
817	UH - Hilo	Employment and HR	Y	N	09/28/23	10/11/23	Lack of support for new employee. Investigated, action taken.
816	UH - Manoa	Other	Y	Y	09/25/23	10/25/23	Inappropriate lecture topic by professor. Investigated, action taken.
815	UH - Manoa	Research	N	N	09/23/23	10/10/23	Potential conflict of interest. Addtl info requested, none received.
814	Leeward CC	Health and Safety	N	Y	09/21/23	10/31/23	Sale of illegal drugs. Addtl info requested, none received.
813	UH - Hilo	Health and Safety	N	Y	09/21/23	10/25/23	Drug use. Addtl info requested, none received.
812	Kapiolani CC	Property/Facilities	Y	N	09/17/23	11/16/23	Theft of employee property. Investigated, lack of evidence.
811	UH - Hilo	Employment and HR	Y	N	09/15/23	09/28/23	Poor working environment. Investigated, action taken.
809	UH - Hilo	Employment and HR	N	N	09/15/23	10/30/23	Reporter did not provide all required info prior to cancelling call.
807	UH - Hilo	Student Affairs	N	Y	09/04/23	11/01/23	Loud noise from dorms after curfew. Investigated, action taken.
805	UH - West Oahu	Employment and HR	Y	N	09/01/23	09/05/23	Reporter did not provide all required info prior to cancelling call.
804	UH - Hilo	Student Affairs	N	Y	09/01/23	09/05/23	Reporter not allowed access to facilities. Investigated, no policy violation.
803	Kauai CC	Employment and HR	Y	N	08/31/23	09/14/23	Unqualified employee. Investigated, no policy violation.
802	Kapiolani CC	Property/Facilities	Y	N	08/31/23	10/31/23	Property theft. Investigated, no violation.
801	UH - Manoa	Employment and HR	Y	N	08/31/23	09/18/23	Reporter did not provide all required info prior to cancelling call.
799	UH - Hilo	Employment and HR	Y	N	08/31/23	11/20/23	Uncompensated overtime. Investigated, no violation.
797	UH - Manoa	Health and Safety	Y	N	08/31/23	09/15/23	Hazardous materials not removed. Investigated, no policy violation.
796	UH - Manoa	Other	N	Y	08/31/23	09/20/23	Non-student residing in dorm. Investigated, action taken.
795	System	Employment and HR	Y	N	08/27/23	11/02/23	Supervisor poorly manages staff. Addtl info requested, none received.
794	System	Employment and HR	Y	N	08/22/23	11/08/23	Unfair treatment by supervisor. Investigated, no policy violation.
791	Leeward CC	Employment and HR	Y	Y	08/09/23	08/31/23	Identical to case #790.
790	Leeward CC	Employment and HR	Y	Y	08/02/23	08/31/23	Supervisor is poor communicator. Investigated, no policy violation.
789	UH - Hilo	Employment and HR	Y	N	07/27/23	08/10/23	Proposed reorganization lacked transparency. Investigated, action taken.
786	UH - Manoa	Property/Facilities	Y	N	07/03/23	07/14/23	Inappropriate disposal of equipment. Disposal was approved.
783	UH - Manoa	Employment and HR	Y	Y	06/05/23	07/02/23	Wrongful termination. Resolved through workplace grievance process.
782	UH - Manoa	Student Affairs	N	N	06/03/23	06/30/23	Duplicate of case #780.
781	UH - Manoa	Student Affairs	N	Y	06/02/23	06/09/23	Potential damage to dorm furniture. Student Housing to resolve.
780	UH - Manoa	Student Affairs	N	Y	05/21/23	06/30/23	Inappropriate behavior by student. Notified proper offices for resolution.
779	UH - Manoa	Employment and HR	N	Y	05/19/23	11/20/23	Inappropriate behavior by faculty. Addtl info requested, none rec'd.
777	UH - Manoa	Employment and HR	Y	Y	05/12/23	06/09/23	Employee disclosing sensitive information to a third party. Resolved.
776	UH - Manoa	Health and Safety	N	Y	05/12/23	05/17/23	Dorm residences discussing damaging furniture. Forwarded to SHS.
775	UH - Hilo	Student Affairs	Y	Y	05/10/23	07/20/23	Student making a racist comment. Addtl info requested, none received.
774	UH - Manoa	Student Affairs	Y	Y	05/09/23	05/17/23	Inappropriate social media post. Referred to appropriate offices.
773	UH - Manoa	Employment and HR	N	Y	05/03/23	05/17/23	Inappropriate behavior by employee. Addtl info requested, none provided.
772	UH - Manoa	Other	Y	Y	05/01/23	05/05/23	Inappropriate social media post. Referred to Office of Student Conduct.
771	UH - Manoa	Employment and HR	Y	N	04/18/23	04/19/23	Inattentive security guard. Investigated, action taken.
770	System	Employment and HR	Y	N	04/11/23	06/13/23	Unfair work assignments. Resolved.

University of Hawaii
Whistleblower Tracking Report
July 1, 2020 - November 29, 2023

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
769	Honolulu CC	Health and Safety	Y	N	03/29/23	04/05/23	Insufficient number of security guards. Investigated, no violation.
768	Kapiolani CC	Employment and HR	Y	N	03/16/23	03/17/23	Potential conflicts of interest. Investigated, no violation.
767	System	Employment and HR	Y	N	02/28/23	04/12/23	Work from home policy is unfair. Addtl info requested, none provided.
766	UH - Manoa	Employment and HR	N	N	02/27/23	10/04/23	Inappropriate relationship between faculty member and student
765	UH - Manoa	Employment and HR	Y	N	02/27/23	08/02/23	Individual has two leadership titles
764	UH - West Oahu	Employment and HR	Y	N	02/23/23	03/29/23	Work from home policy is unfair. Investigated, action taken.
763	UH - Manoa	Employment and HR	Y	N	02/22/23	06/09/23	Gate is locked during business hrs. Addtl info requested, none provided.
762	UH - Manoa	Student Affairs	N	N	02/22/23	02/27/23	Student group frequently meets at campus dining room. No violation.
761	Kapiolani CC	Employment and HR	Y	N	02/20/23	04/06/23	Inconsistent hiring practices. No violation.
760	UH - Manoa	Student Affairs	N	Y	02/17/23	03/03/23	Students consuming alcohol on campus. Investigated, action taken.
759	UH - Manoa	Student Affairs	N	Y	02/12/23	02/15/23	Student vandalizing school property. DPS notified. Case closed.
758	UH - Manoa	Other	N	N	02/07/23	02/08/23	Entity appears affiliated w/ the University. Investigated, no affiliation.
757	UH - Manoa	Other	Y	N	02/04/23	02/06/23	Case reported via hotline then cancelled.
756	UH - Manoa	Health and Safety	N	Y	02/02/23	02/15/23	Student distributing drugs. Investigated, action taken.
755	UH - Manoa	Health and Safety	N	Y	02/02/23	02/15/23	Identical to case #756.
754	UH - Manoa	Employment and HR	Y	N	01/30/23	04/20/23	Hired individual lacks minimum qualifications. No violation.
753	UH - Hilo	Student Affairs	N	Y	01/27/23	03/01/23	Student barred from certain facilities. Investigated, action taken.
752	UH - Hilo	Employment and HR	N	Y	01/27/23	01/27/23	Case reported via hotline then cancelled.
751	UH - Manoa	Student Affairs	N	Y	01/21/23	02/15/23	Inappropriate behavior by student in dorms. Investigated, action taken.
750	Kapiolani CC	Student Affairs	N	Y	01/21/23	03/24/23	Student intoxicated while attending class. Investigated, no violation.
749	UH - Manoa	Health and Safety	N	Y	01/21/23	02/03/23	Reporter terminated call on Hotline prior to providing sufficient info.
748	UH - Manoa	Health and Safety	Y	N	01/19/23	02/10/23	Poorly maintained on campus parking lot. Investigated, action taken.
747	UH - Manoa	Employment and HR	Y	Y	01/18/23	03/01/23	Unfair hiring practices. Investigated, action taken.
746	UH - Manoa	Other	N	Y	01/18/23	02/01/23	Inappropriate e-mails. Addtl info requested, none provided.
745	UH - Manoa	Employment and HR	Y	N	01/18/23	06/09/23	Hostile work environment. Addtl info requested, none provided.
744	UH - Manoa	Student Affairs	N	Y	01/18/23	02/06/23	Unhelpful teaching assistant. Investigated, no violation noted.
743	UH - Manoa	Other	N	Y	01/18/23	01/19/23	Faculty members with service dog on campus. Investigated, no violation.
742	UH - Manoa	Employment and HR	N	Y	01/14/23	05/03/23	Inappropriate remarks by faculty. Investigated, action taken.
741	UH - Hilo	Health and Safety	Y	N	01/04/23	03/01/23	Faculty brought baby to class. Investigated, action taken.
740	UH - Hilo	Athletics	N	N	01/04/23	03/14/23	Policy non-compliance. Investigated, action taken.
739	UH - Manoa	Student Affairs	N	N	12/21/22	01/17/23	TA left campus prior to semester end. Addtl info reqstd, none provided.
738	Honolulu CC	Health and Safety	N	Y	12/21/22	12/22/22	Library open during winter break. Investigated, no violation.
737	UH - Manoa	Employment and HR	Y	N	12/13/22	07/02/23	Non-compliance with union contract. Investigated, action taken.
736	UH - Hilo	Employment and HR	N	Y	12/06/22	12/28/22	Employee lacks required knowledge for position.
735	UH - Manoa	Health and Safety	N	Y	12/02/22	12/05/22	Illegal parking by campus vehicle.
734	UH - Manoa	Other	N	N	11/20/22	11/23/22	Memorandum of Understanding non compliance. Investigated, resolved.
733	System	Employment and HR	Y	N	11/17/22	12/14/22	Poor work environment. Investigated, action taken.
732	UH - Manoa	Employment and HR	Y	N	11/14/22	11/17/22	Instructor receiving improper pay. Investigated, no violation.
731	Maui College	Employment and HR	N	N	11/13/22	01/06/23	Inappropriate actions by instructor. Addtl info reqstd, none provided.
730	Kapiolani CC	Employment and HR	N	N	11/07/22	11/18/22	Unfair hiring practice. Investigated, no violation.

University of Hawaii
Whistleblower Tracking Report
July 1, 2020 - November 29, 2023

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
729	Kauai CC	Information Technology	N	Y	10/27/22	01/03/23	Location of security cameras. Investigated, no violation.
728	UH - Manoa	Employment and HR	N	N	10/16/22	10/19/22	Potential conflicts of interest. Case forwarded ot appropriate dept.
727	Kauai CC	Employment and HR	Y	N	10/15/22	11/18/22	Submission of improper timesheets. Investigated, action taken.
726	Honolulu CC	Student Affairs	N	Y	10/02/22	11/14/22	Posting of inappropriate content on TikTok. Poster not affiliated with UH.
725	UH - Manoa	Employment and HR	Y	N	09/30/22	10/01/22	Insufficient training complaint cancelled by complainant.
724	UH - Manoa	Employment and HR	Y	N	09/30/22	11/07/22	Unfair hiring practice. Resolved, action taken.
723	UH - West Oahu	Student Affairs	N	N	09/30/22	10/03/22	Posting of inappropriate content on TikTok. Poster is not a UH student.
722	UH - Manoa	Employment and HR	N	Y	09/28/22	10/19/22	Monitoring by security guards. Addtl info requested, none provided.
721	UH - Manoa	Other	Y	N	09/28/22	09/28/22	Identical to case #719
720	Kapiolani CC	Research	Y	N	09/22/22	11/18/22	Inappropriate use of funds. Investigated, no violation.
719	UH - Manoa	Other	Y	N	09/20/22	09/23/22	Illegal parking in loading zone. Info provided to appropriate dept.
718	UH - Manoa	Employment and HR	Y	Y	09/18/22	11/07/22	Employee performing work not in job description. Resolved, action taken.
717	Kapiolani CC	Health and Safety	N	N	09/16/22	11/18/22	Security guard smoking on campus. Resolved, action taken.
716	UH - Manoa	Health and Safety	N	Y	09/05/22	09/16/22	Student smoking at dorm. Forwarded to Student Housing for resolution.
715	UH - West Oahu	Employment and HR	N	Y	09/05/22	10/01/22	Unusual behavior by janitor. Addtl info requested, none provided.
714	Kapiolani CC	Health and Safety	N	N	09/04/22	11/18/22	Security guard smoking on campus. Resolved, action taken.
713	UH - Manoa	Health and Safety	N	Y	09/03/22	10/05/22	Dirty dorm restrooms. Student Housing resolved complaint.
712	Leeward CC	Student Affairs	N	Y	09/02/22	12/22/22	Instructor unfair to student. Investigated, resolved.
711	UH - Manoa	Employment and HR	N	Y	08/29/22	11/04/22	Department vehicle used for personal use. Resolved, action taken.
710	UH - Manoa	Employment and HR	N	Y	08/24/22	08/25/22	Janitor music disruptive. Forwarded to Maint mgt for resolution.
709	UH - Manoa	Athletics	N	N	07/30/22	08/01/22	Report filed without a complaint.
708	Windward CC	Employment and HR	Y	N	07/14/22	01/05/23	Unfair hiring practices. Investigated, no violation.
707	UH - Manoa	Other	N	Y	06/21/22	06/22/22	Parking office does not answer phone. E-mail address provided.
706	UH - Manoa	Employment and HR	Y	Y	06/20/22	07/11/22	Social media harassment by employee. Addt info requested, none rec'd.
705	Hawaii CC	Employment and HR	N	N	06/14/22	06/15/22	Employee e-mail promoting personal business. Action taken.
704	Leeward CC	Employment and HR	Y	N	05/18/22	06/09/22	Identical to case #700.
703	UH - Manoa	Other	Y	N	05/17/22	05/17/22	Complaint is not related to the University.
702	UH - Manoa	Financial	N	N	05/14/22	05/19/22	Inproper application of stipend. Office of the Provost is resolving.
701	UH - Manoa	Student Affairs	N	Y	05/12/22	05/13/22	Faculty arrived late for final exam. Forwarded to Dean. Resolved.
700	Leeward CC	Employment and HR	Y	N	05/10/22	05/26/22	Inappropriate behavior by staff personel. No violation
699	UH - Manoa	Student Affairs	N	Y	05/02/22	05/13/22	Identical to case #690
698	UH - Manoa	Student Affairs	N	Y	05/02/22	05/13/22	Identical to case #690
697	UH - Manoa	Student Affairs	N	Y	05/02/22	05/03/22	Identical to case #690
696	Maui College	Student Affairs	Y	Y	04/28/22	06/01/22	Exam date postponed. Addtl info requested. None rec'd
695	UH - Manoa	Student Affairs	N	Y	04/27/22	05/02/22	Identical to case #690
694	UH - Manoa	Research	Y	Y	04/27/22	05/13/22	Intl research students lack agmts. Addtl info requested, none rec'd.
693	Kauai CC	Other	Y	N	04/26/22	09/01/22	Employee allegedly stealing University property. No violation.
692	UH - Manoa	Student Affairs	N	Y	04/26/22	05/02/22	Identical to case #690
691	UH - Manoa	Student Affairs	N	Y	04/26/22	04/26/22	Identical to case #690

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			Employee	Student	Opened	Closed	
690	UH - Manoa	Student Affairs	N	Y	04/25/22	04/26/22	Timing of final/midterm exams contrary to academic calendar. Resolved.
689	Leeward CC	Student Affairs	N	Y	04/19/22	05/11/22	Faculty arrives late for class. No violation
688	UH - Hilo	Health and Safety	N	Y	04/14/22	07/28/22	Employee feeding chickens. Action taken.
687	UH - Manoa	Student Affairs	N	Y	03/17/22	03/24/22	Unfair treatment of student housing resident. Resolved.
686	UH - Manoa	Employment and HR	Y	N	03/12/22	05/25/22	Continuous renewal of interim position. No violation.
685	UH - Hilo	Health and Safety	Y	Y	03/11/22	04/11/22	Unresponsive Health Center personnel. Resolved.
684	UH - Manoa	Financial	N	Y	03/10/22	03/10/22	Evening call from UHF soliciting donations. Resolved.
683	UH - Manoa	Health and Safety	Y	Y	03/08/22	03/11/22	Faculty not wearing a mask. Resolved.
682	UH - Hilo	Employment and HR	N	Y	03/08/22	08/02/22	Unprofessional behavior by supervisor. Investigated, action taken.
681	UH - Manoa	Student Affairs	N	Y	03/04/22	04/14/22	Inappropriate social media postings. Addtl info requested, none rec'd.
680	UH - Manoa	Employment and HR	Y	N	03/02/22	03/24/22	Incomplete and insufficient information for investigation.
679	UH - Manoa	Employment and HR	Y	Y	02/28/22	06/02/23	Unprofessional behavior by faculty. Investigated, action taken.
678	UH - Hilo	Employment and HR	Y	N	02/21/22	08/02/22	Staff member does not supervise employees. Investigated, action taken.
677	UH - Manoa	Student Affairs	N	Y	02/19/22	03/08/22	Underage students consuming alcohol off campus. Resolved.
676	UH - Manoa	Student Affairs	N	Y	02/18/22	03/01/22	Incorrect assessment of student fees. Resolved.
675	UH - Hilo	Student Affairs	Y	N	02/14/22	08/02/22	Unresolved complaints at student housing. Investigated, action taken.
674	Kauai CC	Information Technology	Y	N	02/06/22	03/01/22	Faculty using UH e-mail system inappropriately. Investigated, action taken.
673	UH - Manoa	Health and Safety	N	Y	02/02/22	02/02/22	Unsanitary bathroom at resident hall. Action taken.
672	Leeward CC	Information Technology	Y	N	02/01/22	02/14/22	Distribution of unsolicited e-mail. No violation.
671	UH - Hilo	Health and Safety	Y	N	01/28/22	01/28/22	Complaint via phone rescinded by caller.
670	Honolulu CC	Other	N	N	01/27/22	01/28/22	Complaint via phone terminated by caller before providing complaint info.
669	UH - Manoa	Health and Safety	Y	Y	01/24/22	01/28/22	Glass bottle dropped from dorm lanai. Forwarded to Student Housing,
668	System	Property/Facilities	Y	N	01/24/22	03/23/22	Complaint against the management of Maunakea. No violation.
667	UH - Manoa	Employment and HR	Y	N	01/24/22	03/25/22	Unreasonable work requirement. Action taken.
666	UH - Hilo	Property/Facilities	Y	N	01/21/22	01/28/22	Employee using UH vehicle inappropriately. Action taken.
665	UH - Manoa	Employment and HR	N	N	01/20/22	12/05/22	Faculty member supports the TMT. Addtl info requested, none rec'd.
664	UH - Hilo	Health and Safety	N	Y	01/20/22	02/22/22	Faculty member opposes vaccine mandate. Action taken
663	Kapiolani CC	Student Affairs	N	Y	01/20/22	03/31/22	Inconsistent financial aid info provided to reporter. No violation
662	Honolulu CC	Health and Safety	N	Y	01/20/22	01/21/22	Faculty member not wearing mask while instructing. Action taken.
661	UH - Manoa	Employment and HR	Y	N	01/13/22	03/25/22	Staff members involved in inappropriate relationship. Action taken.
660	Leeward CC	Student Affairs	N	Y	01/12/22	03/07/22	Poor class instruction. No violation.
659	UH - Manoa	Athletics	N	N	01/11/22	02/16/22	Head football coach is disrespectful, Action taken
658	UH - Manoa	Student Affairs	N	Y	01/06/22	01/12/22	Faculty member instruction is biased. Resolved.
657	UH - Manoa	Employment and HR	N	N	01/03/22	01/27/22	Faculty nepotism. No violation.
656	UH - Manoa	Health and Safety	N	Y	12/16/21	12/23/21	Student resident is COVID positive. Action taken.
655	UH - Hilo	Employment and HR	N	Y	12/14/21	01/18/22	Full time staff has another full time job. Action taken.
654	Leeward CC	Health and Safety	Y	N	12/03/21	01/11/22	Staff member lost a master set of keys. No violation.
653	UH - West Oahu	Other	Y	N	11/24/21	12/07/21	Staff member reserving parking stall. Action taken.
652	System	Information Technology	N	N	11/21/21	12/02/21	Receiving sapsm e-mail from a hawaii.edu acct. Resolved.

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651	UH - Manoa	Health and Safety	Y	Y	11/19/21	12/17/21	Noncompliance with the mask mandate. No violation.
650	Honolulu CC	Employment and HR	Y	N	11/16/21	01/20/22	Employee disagreement. No violation.
649	Leeward CC	Employment and HR	Y	N	11/03/21	03/31/22	Employee harassment. Action taken.
648	UH - Manoa	Health and Safety	N	Y	10/31/21	11/12/21	COVID guidelines non-compliance by former student.
647	UH - Hilo	Health and Safety	N	Y	10/26/21	11/03/21	COVID guidelines non-compliance. Resolved.
646	Leeward CC	Employment and HR	Y	N	10/21/21	11/02/21	Inappropriate e-mail sent by faculty member. No violation.
645	Hawaii CC	Student Affairs	N	N	10/14/21	10/22/21	Disagreement on student's grade. No violation
644	Kauai CC	Employment and HR	Y	N	10/12/21	03/31/22	Employee unfairly terminated. Complaint withdrawn.
643	UH - Manoa	Health and Safety	Y	N	10/07/21	10/26/21	COVID guidelines non-compliance. Resolved.
642	UH - Manoa	Health and Safety	N	Y	10/04/21	08/29/22	Student became ill. Case referred to appropriate office.
641	UH - Manoa	Health and Safety	N	Y	09/30/21	10/04/21	COVID guidelines non-compliance at dorms. VP Student Svcs notified.
640	UH - Manoa	Employment and HR	Y	N	09/28/21	12/20/21	Non-compliance with recruitment process. Action taken.
639	UH - Manoa	Health and Safety	N	Y	09/28/21	10/19/21	Elevator not working. Addtl info requested, none rec'd.
638	UH - Manoa	Employment and HR	N	Y	09/23/21	12/20/21	Identical to case# 637.
637	UH - Manoa	Employment and HR	N	N	09/21/21	12/20/21	Unprofessional/inappropriate behavior by faculty. Action taken.
636	UH - Manoa	Employment and HR	Y	N	09/21/21	09/24/21	Unprofessional/inappropriate behavior by employee. Action taken
635	Hawaii CC	Research	Y	N	09/21/21	10/08/21	Inappropriate coordination of response to inquiries. No violatation.
634	Kapiolani CC	Employment and HR	Y	N	09/19/21	12/23/21	Employee discussing religion. Action taken.
633	UH - Manoa	Employment and HR	Y	N	09/18/21	08/24/23	Faculty utilizing student internships inappropriately.
632	UH - Manoa	Student Affairs	N	Y	09/16/21	09/24/21	Students smoking marijuana.Forwarded to student housing to investigate
631	UH - Manoa	Student Affairs	N	Y	09/15/21	09/20/21	Unauthorized personnel in student housing. Investigated and resolved.
630	Hawaii CC	Other	N	Y	09/15/21	09/24/21	Lack of electric vehicle parking stalls. Investigated, no violation.
629	UH - Manoa	Health and Safety	N	Y	09/14/21	09/20/21	Alleged assault. Investigatged and resolved.
628	UH - Manoa	Health and Safety	N	Y	09/07/21	09/08/21	Non-compliance with COVID protocols. Investigated and closed.
627	UH - Manoa	Health and Safety	N	Y	09/04/21	09/20/21	Non-compliance with COVID protocols. Investigated and closed.
626	UH - Manoa	Health and Safety	N	Y	09/03/21	09/07/21	Non-compliance with COVID protocols. Investigated and closed.
625	UH - Manoa	Health and Safety	N	N	09/03/21	12/17/21	Unsanitary dorms. Action taken
624	Hawaii CC	Other	N	N	09/01/21	09/01/21	U.S. and Hawn flags not displayed. Investigated, flagpoles under repair.
623	UH - Manoa	Student Affairs	N	Y	08/31/21	09/14/21	Inconsistent grading. Investigated and resolved.
622	UH - Manoa	Health and Safety	N	Y	08/30/21	09/01/21	Non-compliance with COVID protocols. Investigated and closed.
621	UH - Manoa	Health and Safety	N	Y	08/28/21	09/01/21	Non-compliance with COVID protocols. Investigated and closed.
620	UH - Manoa	Employment and HR	Y	N	08/28/21	09/20/21	Employee disclosed confidential info. Addtl info requested, none recd.
619	UH - Manoa	Student Affairs	N	Y	08/26/21	08/27/21	Departmental office not open during business hours. Resolved.
618	Kapiolani CC	Student Affairs	N	Y	08/26/21	03/31/22	Student financial aid account is inaccurate. No violation
617	Kapiolani CC	Health and Safety	Y	N	08/25/21	10/13/21	Faculty engages in unsafe activities. Matter resolved,
616	Hawaii CC	Health and Safety	N	Y	08/25/21	10/13/21	Faculty disregarding COVID 19 safety protocols. Matter resolved.
615	UH - Manoa	Health and Safety	N	Y	08/25/21	08/27/21	Unvaccinated student not tested for COVID is on campus. Resolved
614	UH - Manoa	Employment and HR	Y	N	08/25/21	09/14/21	Employee vaccine mandate is unlawful. No violation.
613	UH - Manoa	Health and Safety	N	Y	08/25/21	09/02/21	Identical to case #612.

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Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
612	UH - Manoa	Health and Safety	N	Y	08/25/21	09/02/21	UHM student vaccination mandate is unlawful. No violation.
611	UH - Manoa	Health and Safety	N	N	08/24/21	09/01/21	Unsanitary dorms. Vice Provost Students Svcs notified.
610	UH - Manoa	Health and Safety	Y	N	08/24/21	09/01/21	Unvaccinated employee. Investigated and resolved.
609	UH - Hilo	Health and Safety	N	Y	08/24/21	08/27/21	Non-compliance with COVID protocols. Investigated and closed.
608	UH - Manoa	Health and Safety	Y	N	08/23/21	08/27/21	Non-compliance with COVID protocols. Investigated and closed.
607	UH - Manoa	Health and Safety	N	Y	08/19/21	09/01/21	Elevator not working. Addtl info requested, none received.
606	System	Property/Facilities	N	N	08/06/21	09/28/21	Procurement non-compliance. Investigated, no violation.
605	Kapiolani CC	Employment and HR	Y	N	08/06/21	12/23/21	Employee not working. Action taken.
604	UH - Manoa	Health and Safety	N	Y	08/06/21	09/01/21	Student followed on campus. Addtl info requested, none received.
603	Honolulu CC	Employment and HR	Y	N	08/04/21	08/31/21	Employee misused confidential information. Investigated, no violation.
602	System	Financial	Y	N	07/30/21	09/08/21	Employee paid late. Investigated, no violation.
601	UH - Manoa	Employment and HR	N	N	07/16/21	09/29/21	Hiring unqualified applicant. Addtl info requested, none provided.
600	Hawaii CC	Employment and HR	Y	N	07/06/21	08/06/21	Wrongful termination. Investigated and closed.
599	UH - Manoa	Employment and HR	N	Y	07/06/21	08/06/21	Inappropriate actions by faculty. Addtl info requested, none received.
598	UH - Manoa	Employment and HR	Y	Y	06/30/21	06/30/21	Unporofessional faculty. Previously investigated and resolved.
597	UH - Manoa	Employment and HR	Y	Y	06/30/21	06/30/21	Hiring unqualified personnel. Identical to case #578.. No violation.
596	UH - Manoa	Student Affairs	N	Y	06/27/21	07/16/21	Student reated unfairly. Referred to Office of Student Conduct.
595	UH - Manoa	Employment and HR	Y	N	06/24/21	07/06/21	Unporofessional faculty. Previously investigated and resolved.
594	UH - Manoa	Information Technology	N	N	05/19/21	11/29/21	Inappropriate use of IT equipment. No violation.
593	System	Health and Safety	N	N	05/19/21	06/24/21	Disagrees with vaccine mandate. No violation.
592	UH - Manoa	Employment and HR	Y	N	05/15/21	03/25/22	Supervisors are not competant. Action taken.
591	Maui College	Employment and HR	Y	N	05/07/21	06/07/21	Supervisors are unprofessional. Investigated, no violation.
590	UH - Manoa	Employment and HR	Y	N	05/07/21	05/22/21	Employee performing work above his qualifications. Action taken.
589	System	Employment and HR	N	N	05/06/21	08/05/21	Employee promotes not-for-profit entity. Investgiated, no violation.
588	UH - Manoa	Health and Safety	Y	N	05/06/21	05/07/21	Employee not wearing mask. Investigated and resolved.
587	UH - Hilo	Student Affairs	N	Y	04/27/21	06/07/21	Student used offensive term during Zoom.. Investigated, action taken.
586	UH - Manoa	Student Affairs	N	Y	04/17/21	05/06/21	Unfair grading and poor behavior by professor. Investigated and resolved.
585	CC System	Employment and HR	Y	N	04/13/21	04/30/21	Nepotism. Investigated, no violation.
584	UH - Manoa	Research	N	N	04/01/21	05/18/21	Assertion that professor discredited reporters work. No violation.
583	UH - Manoa	Employment and HR	Y	N	03/20/21	08/01/23	Employees not working and inappropriately using facilities
582	UH - Manoa	Health and Safety	Y	N	03/12/21	03/16/21	Trash in parking structure. Investigated and resolved
581	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Identical to case 580
580	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Marijuana use in dorms. Investigated and action taken.
579	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Marijuana use by student. Investigated and action taken.
578	UH - Manoa	Employment and HR	Y	N	03/10/21	05/13/21	Hiring unqualified personnel. Employee was qualified. No violation.
577	Hawaii CC	Employment and HR	N	Y	03/08/21	03/29/21	Identical to case 576.
576	Hawaii CC	Employment and HR	N	Y	03/06/21	03/29/21	Inappropriate management. Addtl info requested, none received.
575	Kauai CC	Student Affairs	N	N	03/06/21	03/11/21	Unfair exams. Investigated, no violation.
574	UH - Hilo	Student Affairs	N	Y	03/06/21	04/08/21	Disruptive student. Addtl info requested, none received.

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573	UH - Manoa	Health and Safety	Y	Y	03/05/21	05/06/21	Non-resident in dorms. Investigated and resolved.
572	Hawaii CC	Financial	N	Y	03/05/21	04/01/21	Lack of disclosure of financial info to student. Investigated, no violation.
571	UH - Manoa	Health and Safety	Y	Y	03/05/21	05/06/21	Student drinking alcohol on campus. Investigated, action taken.
570	Kapiolani CC	Employment and HR	Y	N	03/05/21	04/06/21	Employee working remotely. Investigated, no violation.
569	Hawaii CC	Employment and HR	Y	N	03/02/21	03/05/21	Employee working remotely. Investigated, no violation.
568	UH - Manoa	Health and Safety	Y	Y	02/27/21	03/11/21	Student asserts misclassification for vaccine. Investigated, no violation.
567	UH - Manoa	Employment and HR	Y	N	02/27/21	03/25/21	Worker not performing duties. Investigated and action taken.
566	UH - Manoa	Health and Safety	Y	Y	02/26/21	03/05/21	Students smoking in lab room. Investigated and action taken.
565	UH - West Oahu	Student Affairs	Y	Y	02/24/21	05/07/21	Student paid for goods/svcs not rec'd. Addtl info requested, none rec'd.
564	UH - Manoa	Employment and HR	Y	N	02/17/21	01/29/22	Non-compliance with hiring policies. Action taken.
563	UH - Manoa	Financial	N	Y	02/11/21	02/19/21	Approval of courses receiving VA benefits. Investigated, resolved.
562	UH - Manoa	Other	N	N	02/10/21	03/01/21	Inappropriate photos. Investigation referred to Title IX office.
561	UH - Manoa	Health and Safety	Y	N	01/29/21	02/08/21	Untimely notification of student with COVID-19. Investigated, resolved
560	UH - Manoa	Student Affairs	N	Y	01/26/21	01/27/21	Inappropriate video posted on-line. Investigated, no violation.
559	System	Employment and HR	Y	-	01/15/21	01/22/21	Non-compliance with hiring policies. Investigated, no violation.
558	UH - Manoa	Student Affairs	N	-	01/13/21	01/25/21	Student inappropriately receiving financial aid. Investigated, no violation.
557	UH - Manoa	Employment and HR	N	-	01/13/21	05/18/21	Incompetant personnel. Addtl info requested, none rec'd.
556	Kapiolani CC	Employment and HR	N	-	01/02/21	03/02/21	Personnel working a second job. Investigated, no violation.
555	System	Research	Y	-	12/15/20	01/19/21	Performing research w/o proper approval. Investigated, no violation.
554	System	Employment and HR	Y	-	12/13/20	01/22/21	Non-compliance with hiring policies. Investigated, no violation.
553	UH - Manoa	Health and Safety	Y	-	12/07/20	12/15/20	Police officer on campus not wearing a mask. Resolved.
552	Kapiolani CC	Employment and HR	N	-	11/15/20	12/22/20	Personnel working a second job. Investigated, no violation.
551	UH - Manoa	Employment and HR	Y	-	11/17/20	4/18/2021	Employees required to work on campus. Investigated and action taken.
550	UH - Manoa	Other	Y	-	11/09/20	11/23/20	Individual inappropriately obtaining goods. Addtl info requested, none rec'd.
549	Honolulu CC	Employment and HR	Y	-	10/29/20	11/09/20	Unfair treatment of employees. Investigated, no violation.
548	System	Employment and HR	Y	-	10/26/20	01/22/21	Hiring unqualified personnel. Investigated, no violation.
547	Hawaii CC	Information Technology	N	-	10/26/20	11/09/20	Inappropriate use of UH e-mail. Investigated, action taken.
546	Windward CC	Employment and HR	Y	-	10/22/20	01/21/21	Unprofessional treatment of employees. Investigated, resolved
545	UH - Hilo	Employment and HR	Y	-	10/15/20	11/23/20	Employee working from home. Investigated and action taken.
544	UH - Hilo	Property/Facilities	Y	-	10/15/20	11/19/20	Building code violation. Investigated, action taken.
543	UH - Manoa	Employment and HR	N	-	10/14/20	01/26/21	Inappropriate behavior by faculty. Investigated, action taken.
542	UH - Hilo	Employment and HR	Y	-	10/14/20	11/23/20	Disclosure of confidential information. Addtl info requested, none rec'd.
541	Honolulu CC	Information Technology	N	-	10/10/20	11/09/20	Inappropriate content on Twitter account. Investigated, no violation.
540	UH - Manoa	Health and Safety	N	-	10/09/20	11/02/20	Non-compliance with COVID-19 rules. Addtl info requested, none rec'd.
539	UH - Manoa	Employment and HR	Y	-	10/04/20	04/24/21	Poor management of staff and facilities. Investigated and resolved.
538	System	Employment and HR	Y	-	09/30/20	02/03/21	Unresponsiveness of campus management. Investigated, no violation.
537	UH - Manoa	Health and Safety	N	-	09/24/20	10/29/20	Non-compliance with COVID-19 rules. Resolved, action taken.
536	UH - West Oahu	Health and Safety	N	-	09/23/20	11/17/20	Homeless on UHWO property. Investigated, not UHWO property.
535	Maui College	Health and Safety	N	-	09/17/20	12/08/20	Violation of COVID-19 rules. Investigated, no violation.

**University of Hawaii
Whistleblower Tracking Report
July 1, 2020 - November 29, 2023**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
534	UH - Manoa	Employment and HR	Y	-	09/12/20	11/23/20	Casual hire employee laid off. Investigated, action taken.
533	UH - Manoa	Employment and HR	Y	-	09/12/20	11/23/20	Redundant administrator job description. Investigated, no redundancy.
532	UH - Manoa	Employment and HR	Y	-	09/11/20	07/12/21	Poor leadership by supervisor. Investigated, action taken.
531	Honolulu CC	Employment and HR	Y	-	09/09/20	09/11/20	Faculty contract not renewed. Investigated, no violation.
530	Hawaii CC	Health and Safety	N	-	09/09/20	09/15/20	Non-compliance with COVID-19 rules. Investigated, resolved.
529	Kapiolani CC	Employment and HR	Y	-	09/09/20	12/08/20	Employee unwilling to assist fellow employee. Investigated, no violation.
528	Leeward CC	Employment and HR	Y	-	09/03/20	11/09/20	Approval pending for "Work from Home" request. No violation.
527	UH - Manoa	Employment and HR	Y	-	09/02/20	09/17/20	Untimely approval of timesheet. Investigated, action taken.
526	UH - Hilo	Health and Safety	N	-	09/01/20	10/26/20	Non-compliance with COVID-19 rules. Investigated, action taken.
525	UH - Manoa	Employment and HR	Y	-	08/31/20	11/23/20	Approved "Work from Home" requests not returned. Resolved.
524	UH - Manoa	Student Affairs	N	-	08/31/20	12/01/20	Academic grievance. Addtl info requested, no response.
523	Honolulu CC	Student Affairs	N	-	08/31/20	09/08/20	Unfair policy to obtain resident status. Investigated, no violation.
522	UH - Manoa	Health and Safety	N	-	08/31/20	09/18/20	Non-compliance with COVID-19 rules. Invetigated, action taken.
521	UH - Manoa	Employment and HR	Y	-	08/31/20	03/25/22	Vacant position not filled as promised. No violation.
519	UH - Manoa	Other	N	-	08/31/20	09/01/20	Students snap chat account. Not University related. Closed.
518	UH - Manoa	Health and Safety	Y	-	08/31/20	09/18/20	Non-compliance with COVID-19 rules. Investigated, action taken.
517	Hawaii CC	Employment and HR	Y	-	08/31/20	09/02/20	Incorrect instructor teaching listed course. Investigated, no violation.
516	UH - Manoa	Health and Safety	N	-	08/31/20	08/31/20	Students violating housing policies. Referred to Office of Judicial Affairs.
515	UH - Manoa	Health and Safety	N	-	08/24/20	09/18/20	Non-compliance with COVID-19 rules. Inveatigated, action taken.
514	UH - Hilo	Student Affairs	N	-	08/20/20	03/01/21	Hold placed on student acct preventing enrollment. Investigated, resolved.
513	System	Employment and HR	Y	-	08/19/20	01/22/21	Hiring unqualified personnel. Investigated, no violation.
512	UH - West Oahu	Employment and HR	Y	-	08/10/20	12/22/20	Faculty also employed off campus. Investigatedm no violation.
511	System	Information Technology	N	-	07/29/20	09/09/20	Inappropriate e-mail. Investigated, action taken.
510	UH - West Oahu	Student Affairs	N	-	07/23/20	09/21/20	Academic grievance. Investigated, resolved.
509	UH - Hilo	Employment and HR	Y	-	07/20/20	08/19/20	Exclusionary and discriminatory behavior. Investigated, action taken.
508	UH - Manoa	Health and Safety	N	-	07/20/20	11/23/20	Lack of transparency Addtl info requested, no response.
507	Hawaii CC	Financial	N	-	07/13/20	12/15/20	Misrepresentation of info to obtain financial aid. Investigated, no violation.
506	Hawaii CC	Employment and HR	N	-	07/11/20	08/31/20	Lack of confidentiality. No violation.
505	Hawaii CC	Financial	Y	-	07/05/20	11/19/20	Misrepresentation of information to obtain financial aid. No violation.
504	Hawaii CC	Employment and HR	N	-	07/04/20	07/13/20	Lack of confidentiality. No violation.

All cases prior to July 1, 2020 are closed

University of Hawaii
Whistleblower Case Category
As of November 29, 2023

Category	June 15, 2016 (inception) - November 29, 2023		July 1, 2023 - November 29, 2023	
	Cases	%	Cases	%
Employment and HR	392	47%	30	58%
Health and Safety	147	18%	8	16%
Other	87	11%	2	4%
Student Affairs	119	14%	6	12%
Property/Facilities	30	4%	3	6%
Financial	16	2%	0	0%
Information Technology	14	2%	0	0%
Research	14	1%	2	4%
Athletics	8	1%	0	0%
Total	827	100%	51	100%

	July 1, 2022 - June 30, 2023		July 1, 2021 - June. 30, 2022	
	Cases	%	Cases	%
Employment and HR	36	46%	31	28%
Health and Safety	12	16%	35	32%
Other	8	10%	8	7%
Student Affairs	17	22%	24	22%
Property/Facilities	1	1%	2	2%
Financial	0	0%	3	3%
Information Technology	1	1%	3	3%
Research	1	1%	2	2%
Athletics	2	3%	1	1%
Total	78	100%	109	100%

	July 1, 2020 - June. 30, 2021		June 15, 2016 (inception) - June 30, 2020	
	Cases	%	Cases	%
Employment and HR	46	49%	249	50%
Health and Safety	20	21%	72	15%
Other	4	4%	65	13%
Student Affairs	15	16%	57	12%
Property/Facilities	1	1%	23	5%
Financial	4	4%	9	2%
Information Technology	3	3%	7	1%
Research	2	2%	7	1%
Athletics	0	0%	5	1%
Total	95	100%	494	100%

**University of Hawaii
Whistleblower Case Source
As of November 29, 2023**

Source	June 15, 2016 (inception) - November 29, 2023		July 1, 2023 - November 29, 2023	
	Cases	%	Cases	%
Observation	317	39%	19	36%
Happened to reporter	226	28%	12	24%
Other	130	15%	9	18%
Heard it	60	7%	5	10%
Told to reporter by:				
Co-worker	62	7%	6	12%
Outside the University	13	2%	0	0%
Overheard it	19	2%	0	0%
	827	100%	51	100%

Source	July 1, 2022 - June 30, 2023		July 1, 2021 - June 30, 2022	
	Cases	%	Cases	%
Observation	28	36%	39	36%
Happened to reporter	19	24%	39	36%
Other	13	16%	17	16%
Heard it	10	13%	6	5%
Told to reporter by:				
Co-worker	3	4%	5	4%
Outside the University	2	3%	0	0%
Overheard it	3	4%	3	3%
	78	100%	109	100%

Source	July 1, 2020 - June 30, 2021		June 15, 2016 (inception) - June 30, 2020	
	Cases	%	Cases	%
Observation	44	46%	187	38%
Happened to reporter	27	28%	129	26%
Other	14	15%	77	16%
Heard it	2	2%	37	7%
Told to reporter by:				
Co-worker	5	6%	43	8%
Outside the University	0	0%	11	3%
Overheard it	3	3%	10	2%
	95	100%	494	100%

University of Hawaii
Whistleblower Reporter Type
As of November 29, 2023

Reporter	June 15, 2016 (inception) - November 29, 2023		July 1, 2023 - November 29, 2023	
	Cases	%	Cases	%
Employee	464	56%	38	75%
Non-employee	363	44%	13	25%
Total	827	100%	51	100%
Anonymous	686	83%	44	86%
Identified	141	17%	7	14%
Total	827	100%	51	100%

Reporter	July 1, 2022 - June 30, 2023		July 1, 2021 - June 30, 2022	
	Cases	%	Cases	%
Employee	35	45%	45	41%
Non-employee	43	55%	64	59%
Total	78	100%	109	100%
Anonymous	63	81%	99	91%
Identified	15	19%	10	9%
Total	78	100%	109	100%

Reporter	July 1, 2020 - June 30, 2021		June 15, 2016 (inception) - June 30, 2020	
	Cases	%	Cases	%
Employee	49	52%	297	60%
Non-employee	46	48%	197	40%
Total	95	100%	494	100%
Anonymous	74	78%	406	82%
Identified	21	22%	88	18%
Total	95	100%	494	100%