



UNIVERSITY OF HAWAI'I SYSTEM

REPORTS

REPORTS TO THE 2006 LEGISLATURE

Reports for
2004 and 2005 on the Review of the UH's
Non-General Funds and Accounts

Act 200, Section 55, SLH 2003

November 2005

Report for 2004 on the Review of the University of
Hawaii's Non-General Funds and Accounts

Report to the Legislature on Section 55, Act 200, SLH 2003

Section 55, Act 200, SLH 2003

SECTION 55. The University of Hawaii shall perform a review of the University of Hawaii's non-general fund and accounts, including but not limited to, the state higher education loan fund, the research and training revolving fund, the parking fund, the real property and facilities use revolving fund, and the tuition and fees special fund, in order to properly organize University of Hawaii non-general funds and accounts by fund name, account number, statutory authorization, and expenditure ceiling; provided further that the university of Hawaii shall provide reports of expenditure plans for all ending cash balances over one-third of the ceiling of the respective fund for fiscal year 2003-04 and fiscal year 2004-05; and provided further that these reports shall be submitted to the legislature no later than twenty days prior to the convening of the 2004 and 2005 regular sessions, respectively.

Act 200, SLH 2003
Section 55

List of FY 2003-04 Non-General Fund Ending Cash Balances Exceeding 1/3 of Their
Expenditure Ceiling (by campus/fund)

University of Hawaii-Manoa

Special Funds

HRS 304-8.8	UH-Manoa Malpractice Insurance Special Fund
HRS 304-8.956	Auxiliary Enterprises Special Fund

Revolving Funds

HRS 304-27	UH-Manoa Laboratory School Summer Programs Revolving Fund
HRS 304-77	Seed Distribution Revolving Fund
HRS 304-8.1	Research and Training Revolving Fund
HRS 304-8.3	Transcript and Diploma Revolving Fund
HRS 3-4-8.6	Student Activities Revolving Fund
HRS 304-8.94	Conference Center Revolving Fund
HRS 304-8.957	Real Property and Facilities Use Revolving Fund
HRS 304-8.96	Housing Assistance Revolving Fund
HRS 306-10	University Revenue Undertaking Fund

University of Hawaii-Hilo

Special Funds

HRS 304-16.5	Tuition and Fees Special Fund
HRS 304-8.955	Community Services Special Fund
HRS 304-8.956	Auxiliary Enterprises Special Fund

University of Hawaii-West Oahu

Revolving Funds

HRS 304-37	Center for Labor Education and Research Revolving Fund
HRS 304-8.3	Transcript and Diploma Revolving Fund
HRS 304-8.6	Student Activities Revolving Fund

University of Hawaii-Community Colleges

Revolving Funds

HRS 3-4-8.6

Student Activities Revolving Fund

University of Hawaii-Aquaria

Special Funds

HRS 304-33

State Aquarium Special Fund

University of Hawaii-Systemwide Programs

Special Funds

HRS 304-16.5

Tuition and Fees Special Fund

Revolving Funds

HRS 304-8.92

Discoveries and Inventions Revolving Fund

UNIVERSITY OF HAWAII
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2004

Program I.D./Title Fund Fund Title	HRS Section	FY 2004 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2004	Difference
UOH100 - Manoa					
Special Funds					
HAWAII MEDICAL EDUCATION SPECIAL FUND	304-121	0	0	0	0
TUITION & FEES SF	304-16.5	65,646,136	19,693,840	5,548,592	14,145,248
MANOA MALPRACTICE SF	304-8.8	100,000	30,000	463,652	-433,652
LIBRARY SF	304-8.93	1,094,534	328,360	27,610	300,750
COMMUNITY SERVICES SF	304-8.955	7,864,643	2,359,392	-2,371,885	4,731,277
AUXILIARY ENTERPRISES SF	304-8.956	3,911,850	1,173,555	3,099,074	-1,925,519
CENTER FOR NURSING SPECIAL FUND	304D-5	0	0	0	0
Total UOH100 Special Funds		78,617,163	23,585,147	6,767,043	16,818,104
UOH100 - Manoa					
Revolving Funds					
LAB SCHOOL SUMMER PGM RF	304-27	250,000	75,000	95,258	-20,258
SEED DISTRIBUTION RF	304-77	68,264	20,479	52,680	-32,201
RESEARCH & TRAINING RF	304-8.1	10,968,507	3,290,552	23,861,624	-20,571,072
STUDENT HEALTH CNTR RF	304-8.2	1,224,188	367,256	134,727	232,529
TRANSCRIPT & DIPLOMA RF	304-8.3	310,765	93,229	242,063	-148,834
COMMERCIAL ENTERPRISE RF	304-8.41	5,253,280	1,575,984	1,325,512	250,472
WAIALEE ANIMAL RSCH RF	304-8.5	650,000	195,000	47,980	147,020
STUDENT ACTIVITIES RF	304-8.6	2,829,282	848,784	1,354,850	-506,066
MA & UH HILO ATHLETICS RF	304-8.7	16,967,473	5,090,241	-6,238,117	11,328,358
CHILD CARE PROGRAMS RF	304-8.91	535,771	160,731	-56,758	217,489
CONFERENCE CENTER RF	304-8.94	602,935	180,880	198,816	-17,936
REAL PROP & FAC USE RF	304-8.957	150,000	45,000	243,278	-198,278
HOUSING ASSISTANCE RF	304-8.96	3,918,154	1,175,446	2,917,173	-1,741,727
GRAD APPLICATION RF	304-8.98	369,099	110,729	102,508	8,221
STATE HIGHER EDUCATION LOAN FUND	304-91	250,000	75,000	0	75,000
REVENUE UNDERTAKINGS RF	306-10	64,331,275	19,299,382	28,075,386	-8,776,004
Total UOH100 Revolving Funds		108,678,993	32,603,693	52,356,980	-19,753,287

UNIVERSITY OF HAWAII
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2004

Program I.D./Title Fund Fund Title	HRS Section	FY 2004 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2004	Difference
UOH210 - Hilo					
Special Funds					
TUITION & FEES SF	304-16.5	7,905,237	2,371,571	2,457,921	-86,350
LIBRARY SF	304-8.93	53,820	16,146	15,089	1,057
COMMUNITY SERVICES SF	304-8.955	220,000	66,000	251,793	-185,793
AUXILIARY ENTERPRISES SF	304-8.956	515,000	154,500	298,345	-143,845
Total UOH210 Special Funds		8,694,057	2,608,217	3,023,148	-414,931
UOH210 - Hilo					
Revolving Funds					
HAWN LANGUAGE COLLEGE RF	304-69	97,877	29,363	17,142	12,221
TRANSCRIPT & DIPLOMA RF	304-8.3	125,321	37,596	24,421	13,175
VOCATIONAL & TECH TRN RF	304-8.4	253,915	76,174	76,002	172
COMMERCIAL ENTERPRISE RF	304-8.41	45,000	13,500	13,304	196
STUDENT ACTIVITIES RF	304-8.6	550,211	165,063	164,010	1,053
MA & UH HILO ATHLTICS RF	304-8.7	257,165	77,149	24,351	52,798
CONF CTR UH-HILO RF	304-8.945	175,899	52,769	492	52,277
UH-HILO THEATRE RF	304-8.946	215,000	64,500	62,888	1,612
REVENUE UNDERTAKINGS RF	306-10	2,035,158	610,547	590,157	20,390
PARKING RF	308-2	329,392	98,817	66,749	32,068
Total UOH210 Revolving Funds		4,084,938	1,225,478	1,039,516	185,962

UNIVERSITY OF HAWAII
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2004

Program I.D./Title Fund Fund Title	HRS Section	FY 2004 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2004	Difference
UOH700 - West Oahu					
Special Funds					
WEST OAHU SF	304-1.5	0	0	0	0
TUITION & FEES SF	304-16.5	2,155,000	646,500	585,330	61,170
LIBRARY SF	304-8.93	15,000	4,500	3,057	1,443
COMMUNITY SERVICES SF	304-8.955	2,000	600	161	439
Total UOH700 Special Funds		2,172,000	651,600	588,548	63,052
UOH700 - West Oahu					
Revolving Funds					
CENTER FOR LABOR EDUC AND RESEARCH RF	304-37	75,000	22,500	30,583	-8,083
TRANSCRIPT & DIPLOMA RF	304-8.3	25,000	7,500	28,661	-21,161
STUDENT ACTIVITIES RF	304-8.6	25,000	7,500	32,524	-25,024
Total UOH700 Revolving Funds		125,000	37,500	91,768	-54,268

UNIVERSITY OF HAWAII
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2004

Program I.D./Title Fund Fund Title	HRS Section	FY 2004 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2004	Difference
UOH800 - Community Colleges					
Special Funds					
TUITION & FEES SF	304-16.5	25,746,158	7,723,847	-1,539,890	9,263,737
COMMUNITY COLLEGES SF	305-4	17,343,987	5,203,196	2,771,260	2,431,936
Total UOH800 Special Funds		43,090,145	12,927,043	1,231,370	11,695,673
UOH800 - Community Colleges					
Revolving Funds					
COMMERCIAL ENTERPRISE RF	304-8.41	1,104,884	331,465	49,999	281,466
STUDENT ACTIVITIES RF	304-8.6	1,124,439	337,331	948,636	-611,305
COMM COLL CONF CTR RF	305-5	2,435,000	730,500	436,238	294,262
Total UOH800 Revolving Funds		4,664,323	1,399,296	1,434,873	-35,577

UNIVERSITY OF HAWAII
 SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2004

Program I.D./Title Fund Fund Title	HRS Section	FY 2004 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2004	Difference
UOH881 - Aquaria Special Funds STATE AQUARIUM SF	304-33	1,718,689	515,606	550,067	-34,460
Total UOH881 Special Funds		1,718,689	515,606	550,067	-34,460

UNIVERSITY OF HAWAII
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2004

Program I.D./Title Fund Fund Title	HRS Section	FY 2004 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2004	Difference
UOH900 - Systemwide					
Special Funds					
TUITION & FEES SF	304-16.5	3,000,000	900,000	2,814,392	-1,914,392
UH RISK MANAGEMENT SF	304-8	2,000,000	600,000	245,802	354,198
INFO TECHNOLOGY SF	304-8.9	1,368,128	410,438	209,850	200,588
Total UOH900 Special Funds		6,368,128	1,910,438	3,270,044	-1,359,606
UOH900 - Systemwide					
Revolving Funds					
COMMERCIAL ENTERPRISE RF	304-8.41	9,707,802	2,912,340	1,151,296	1,761,044
DISCOVERIES & INVENT RF	304-8.92	3,400,000	1,020,000	1,108,199	-88,199
ALUMNI RF	304-8.97	50,000	15,000	12,946	2,054
Total UOH900 Revolving Funds		13,157,802	3,947,340	2,272,441	1,674,899

Expenditure Plans 2004

University of Hawaii–Manoa (UOH-100)

UH-Manoa Malpractice Insurance Special Fund

This reserve fund was established to cover expenses related to malpractice cases filed against the School of Medicine faculty physicians and entities. Since charges to this account are determined by the expenses incurred and billed by our legal representatives (including settlements and judgments) year-to-year projections are difficult. Currently, the School is responsible for up to \$300,000 per case. Expenditures in past years on this account have ranged from \$78 in one year to \$200,000 anticipated for FY2005. Also current revenues to this account are limited to interest earned from the investment of available cash by the University. As the cash balance decreases, new revenues will also decrease proportionately. Therefore the current cash balance will be used to cover future expenses until another source of funding for these expenses can be established.

Auxiliary Enterprises Special Fund

Most of the ending cash balance in this fund is attributable to the Transportation Services program. This program is responsible for the repair, maintenance and replacement of fleet motor vehicles, and the purchase of additional motor vehicles. As a self-supporting program, Transportation Services is required to maintain a relatively large cash reserve for the annual replacement of motor vehicles, the purchase of additional motor vehicles, and for any repair and maintenance projects for its facilities. For FY 2004-05, repair and maintenance projects include the re-roofing of the motor pool facility to comply with EPA requirements, addition of charging stations to accommodate fleet electric vehicles, and rust prevention measures for above ground fuel storage tanks.

UH-Manoa Laboratory School Summer Programs Revolving Fund

Tuition for summer programs are collected in May and June and reflected in the fund's cash balance as of June 30. However, most of the program expenditures are incurred and paid in the following fiscal year.

Seed Distribution Revolving Fund

The carryover balance was due to the unexpected death of a key employee from natural causes. The position was not released back to the unit until a revised business plan could be developed and approved by the dean. The release of this position took longer than expected because the decision to rehire needed to be a

part of the College's Priority Staffing Plan. This is a mandatory review of all vacant positions before approval is given to refill the position. After much discussion, it was decided that 50% of the position would be released at this time with the intention that this revolving fund will generate sufficient income in the future to increase the FTE above 50%.

The position is now filled at 50% FTE and will be reviewed again within a year. The carryover balance has been or will be used for part-time help, necessary laboratory supplies, and replacement of obsolete or non-functional laboratory equipment. All complex and expensive equipment in this laboratory are budgeted for replacement after the estimated useful life of the equipment. Carryover balances will occur every year until sufficient funds are accumulated to purchase the next piece of equipment.

Research and Training Revolving Fund

Regarding the RTRF fund balances that exceed one third of the appropriation ceiling for FY 2004, the University of Hawaii at Manoa intends to expend those funds available to the Chancellor's Office and academic units through a number of avenues. They include 1) recovery support of researchers whose efforts have been severely damaged by the October 30 flood in Manoa valley; 2) provision of faculty hiring incentives in the form initial salaries for faculty and support staff, purchase of equipment and supplies, and payment of faculty relocation expenses ; 3) meeting special needs of the University where compliance with federal and state regulations is an issue; 4) career enhancement initiatives such as support of travel to scientific meetings; 5) funding of small research projects that permit faculty to acquire preliminary data to be used in seeking extramural funding; 6) purchase of equipment that permits faculty to be more competitive in pursuit of extramural funding; and 7) support of scientific and scholarly meetings needed to encourage exchange of information and creative ideas. There is a diversity of needs which will undoubtedly arise during this fiscal year which will require expenditures not included in the above-mentioned sets of needs. In those cases, the RTRF funds will be used to fund the most meritorious requests where enhancement or stabilization of the research enterprise at the UH is needed.

Some of the RTRF fund which now exceeds one third of the appropriation ceiling for FY 2004 accumulated in anticipation of the hiring of a Vice Chancellor for Research. That important step was taken December 31, 2004 when Dr. Gary K. Ostrander joined the Chancellor's Office. Management of the RTRF fund is now occurring under his leadership.

Transcript and Diploma Revolving Fund

The cash reserve in this fund is used to cover accrued vacation payouts, acquisition and replacement of computer hardware/software and anticipated collective bargaining increases. A major projected cost item is microfilming services. The Admissions & Records Office must convert existing student information system data files to microfilm records for permanent archival purposes, microfilm for daily usage and CD-ROM with searchable indexes. National standards require that permanent academic records be maintained in two differing media. Request for Proposals (RFP) to provide microfilming services is currently being developed. Once awarded, funding must be made available to support the project.

Student Activities Revolving Fund

This fund comprises several student related programs that are supported by student fees and charges. The majority of the ending cash balance is attributable to the following programs.

The Board of Publications (BOP) provides various student publications for the University community, including *Ka Leo O Hawai'i*, the daily student newspaper, *Hawai'i Review*, a literary journal, and the Student Planner & Handbook (UHM student guide to resources). The BOP also maintains a full-service printing facility dedicated to the various student publications in addition to providing printing services to the University community. A large fund balance is required for the maintenance and replacement costs of the large printing equipment necessary for an effective and efficient operation. Due to the high-volume output of the publications, funds must be available for emergency situations in which repair/replacement is necessary and the timing is unpredictable. In addition to the printing press, other equipment such as computers, printers, cameras and dark room equipment are vital to the production of the publications and must be maintained and upgraded with the increase in technological advances. The fund balance is also for long-term capital improvement projects such as the structural renovation/restoration of the BOP buildings (EQ 31A, 31D & #6) and for capital equipment purchases. The fixed costs that BOP maintains include personnel, maintenance of equipment and operating supplies. The fund balance serves as working capital by allowing the BOP to operate and disburse funds year round even though student fee revenue is only received in the Fall and Spring semesters.

The Campus Center is required to be a revenue-generating, self-supporting entity as well as be able to sustain a healthy fund balance to ensure funds are available to maintain the facilities year-round and provide annual bond payments.

The Campus Center Operations is responsible for the Campus Center and Hemenway Hall buildings. Hemenway Hall is almost sixty years old and is

classified as a historical building and must be constantly maintained. The Campus Center building is twenty-five years old and both buildings experience a high volume of traffic from the campus and surrounding community. The two buildings house an array of tenants – a variety of student groups, the student-run radio station, KTUH-90.3 FM, a gameroom, a non-credit leisure class program, meeting and event rooms, a theater, a ballroom, the UH Bookstore, the Sodexo food service office with its various outlets (Bale, Jamba Juice, Pizza Hut, Starbucks, Taco Bell, Yummy’s Food Court), the campus bank, a campus copier service, a campus barbershop, four Automatic Teller Machines, a wireless telephone kiosk and the Dental Hygiene Program.

Costs to repair and maintain the buildings, including plumbing, air conditioning, infrastructure systems, etc., continue to increase every year for both buildings. Current and future projects necessary to preserve the buildings includes repairing/resurfacing the staircases that lead to the Campus Center building, re-roofing the complex, painting the exterior walls for the buildings, resurfacing/replacing the walkway and mall flooring, upgrading the exterior lighting of both buildings and re-keying the complex for personal and facility safety.

The fund balance is maintained to assure the continuous services of the Campus Center to the students and university community and to address emergency repairs and maintenance of the buildings.

The Campus Center Board (CCB) maintains a fund balance to provide coverage for unplanned programs and/or emergencies and gives the Board some flexibility in its current operating budget. The fixed costs that the CCB maintains include personnel, maintenance of equipment and operating supplies. The fund balance serves as working capital by allowing the CCB to disburse funds year round. Like other programming entities, the level of programming is contingent upon the members. The maintenance of a fund balance provides flexibility in spending from year to year.

The Broadcast Communication Authority (BCA) maintains the 24-hour University radio station, KTUH-90.3 FM, and a Student Video Filmmaker Association (SVFA), which produces a bi-monthly, one-half hour program on public access television, *UH Magazine*. The fund balance provides the BCA with a source of funds for legal contingencies, emergency situations that may prompt immediate equipment repair/replacement purchases and the ongoing system upgrades of the highly technical equipment required for production. In addition to the radio and video equipment maintenance, the fund balance is being increased for long-term capital improvement expenditures such as an increase in KTUH’s signal reach. Another planned expenditure is for the SVFA upgrade of film and video equipment from analog to digital in order to provide state-of-the-art equipment to support and encourage students to produce more independent films

and video projects. BCA also incurs fixed costs for personnel, operating supplies and program funds.

The Student Activity and Program Fee Board (SAPFB) maintains a fund balance to provide coverage of various summer programs, provide grants to Registered Independent Organizations (RIOs), University departments and programs, including Intramural Sports and Kennedy Theatre. The fund balance serves as a working capital by allowing SAPFB to operate year round and disburse grant funds throughout the year even though funds are only received during the Fall and Spring semesters. These funds provide for a variety of diverse co-curricular programs and activities, which contribute to the quality of campus life. The SAPFB funds a variety of different projects each year and most recently have granted funding to the Club COP, Food Science & Human Nutrition Council, Golden Key International Honour Society, Ilio‘ualokalani Coalition, Intersections Visiting Artist/Scholar Program, Kamakakuokalani, Korean Students Association, Outreach College Community Services Department, Society of Women Engineers, S Cubed, XYZ Alliance, and Micromouse.

Conference Center Revolving Fund

The cash balance remaining at the end of FY 2004 for Outreach College Conference Center fund is due to the nature of this program. When a sponsor contacts the Conference Center to provide conferencing registration and fiscal services, the funds collected through conference fees, fund from sponsor, funds from outside sponsorships, exhibit fees, etc. are housed in the revolving fund account until expensed. After a conference has ended, surpluses are returned to the sponsor or retained in the revolving fund for subsequent conferences (must occur within 12-months from conference that resulted in surplus). If a deficit occurs then sponsors are invoiced and the account is closed. The surplus is a result of the various conferences either ongoing at the time the fiscal year ended, or advance funds being provided for upcoming conferences. A balance of Conference Center’s own funds is kept in the account to pay for advance expenditures like hotel banquet facility deposits.

Real Property and Facilities Use Revolving Fund

Most of the revenues in this fund are used for minor repairs and maintenance of University facilities and for the repair/replacement of classroom furnishings and equipment. However, these costs are relatively large in comparison to annual revenues from facilities rental fees. Therefore, sufficient revenues must be accumulated before repair and maintenance projects can be scheduled or large quantities of classroom equipment can be efficiently purchased.

Currently planned repair and maintenance projects include: the design and construction of a handicap ramp and roof replacement of several buildings at the Urban Garden Center (UGC). Consultant services for the removal of a boundary bream at the UGC, and repairs to cottages at the Waialeale Livestock Research Station, the Poamoho Experiment Station, and the Waimanalo Experiment Station.

Housing Assistance Revolving Fund

Most of the cash balance in this fund is the result of a December 9, 2003 decision to temporarily suspend the Housing Assistance Loan Program. In lieu of additional loans, these funds will be redirected to reduce debts on faculty housing projects and improve maintenance on existing facilities.

University Revenue Undertaking Fund

The Revenue Undertaking Fund is comprised of 10 projects system-wide including 8 in Manoa. The projects established under HRS 306-10 are revenue generating and self-supporting University Bond System Projects.

The cash balance at June 30, 2004 includes the operating accounts (FG11) and the major and ordinary repair and replacement accounts (FG52) of the University Bond System. Included in the accounts are the self-insurance reserve and mandatory major repair and replacement reserves required by Bond Covenants. Also included in the June 30th balance are funds received from the Department of Health for the debt service of the Series 2002A revenue bonds for the new School of Medicine project at Kakaako (Section 328L-2(b)(4), Hawaii Revised Statutes).

The funds will be used for working capital (assuring continuous service), repair and replacement projects, and debt service payments on revenue bonds, capital lease, and reimbursable general obligation bonds. The funds will also be used to maintain the self-insurance reserve and mandatory major repair and replacement reserves required by Bond Covenants.

University of Hawaii-Hilo (UOH-210)

Tuition and Fees Special Fund

The ending cash balance as of 6/30/04 includes balances from tuition and fees for regular session, summer session and CCECS credit classes.

The cash balance will be used to support the College of Continuing Education and Community Service in its development and offering of summer and regular

session credit courses. Additionally, funds will be used to maintain its level of service provided to students and also pay for increasing utility costs.

Community Services Special Fund

The cash balance as of 6/30/04 predominantly includes balances from tuition and fees for the College of Continuing Education and Community Service non-credit program.

The cash balance will be used to support the College of Continuing Education and Community Service in its development and offering of non-credit courses. This includes the hiring of support staff as necessary.

Auxiliary Enterprises Special Fund

The cash balance as of 6/30/04 includes revenue from the Food Service, Motor Pool, Mailroom Service, Resource and Graphic Service programs.

The cash balance will be used to 1) support extension of the Campus Center Dining Room, 2) replace vehicles for the motor pool, 3) replace postage machine as required by the US Postal Service and 4) replace copiers, printing and binding equipment as needed.

UH-West Oahu (UOH-700)

Center for Labor Education and Research Revolving Fund

Center for Labor Education and Research (CLEAR) Revolving Fund's income is derived from fees charged for Labor Courses offered and is used to defray the cost of supplies, equipment and other operating expenses for CLEAR. In the past, UHWO has supported CLEAR through tuition and fees. It is evident that CLEAR must be self-supporting in their endeavors and will be relying more on their Revolving Funds in FY 2005 to cover operating costs.

Transcript and Diploma Revolving Fund

Transcript & Diploma Revolving Fund's income is derived from fees charged for transcript request and graduation diplomas. Funds are used to purchase computer equipment, printers and supplies to print transcripts, defray student help costs, purchase diplomas and covers, maintain the legacy system, and to subsidize expenditures associated with fall and spring commencement. Student Services is required to maintain two student information systems until all student records are transferred into the current SCT BANNER system. Maintenance of the old

legacy system is quite costly due to the outdated software technology and funds from this account will be used in FY 05 to defray some of these costs.

Student Activities Revolving fund

UHWO Student Activities Revolving Fund's income is derived from a \$5 student fee assessed to students during the fall and spring semesters. Student Government Officer's generally stay in office for only one year and this high turnover has made it difficult to plan and carry out current year activities and perpetuate on-going initiatives adopted from previous years (e.g. computer equipment replacement for the campus library which would benefit all students). The Dean of Student's has been working with the new officers to continue some of these initiatives. A new endeavor that began in 2004 included a large scale, community oriented, UH-West Oahu Day. Plans for 2005 will also include a Job Fair being held in conjunction with UH-West Oahu Day.

UH-Community Colleges (UOH-800)

Student Activities Revolving Fund

The Student Activities Revolving Fund is used to account for all funds assessed as mandatory student activity fees and collected by the Community Colleges on behalf of chartered student organizations and student activity programs. All other revenues received by chartered student organizations and student activity programs are also deposited into the fund.

Funds are expended by each chartered student organization or student activity program for programs and related activities that are deemed necessary and proper to carry out and achieve various educational objectives. These programs and activities include, but are not limited to, Student Government, Student Activities Board, Student Publications, and various other student activities such as guest speakers, musical and cultural performances, movies, socials talent contests, etc.

The levels of fund expenditures, revenues, and cash balances correlate with enrollment and the number and cost of activities initiated by chartered student organizations and student activity programs. These levels vary from year-to-year and are sometimes difficult to accurately predict. Situations such as transitions in the leadership of student organizations, vacancies in key advisory positions, delays in implementing planned initiatives, and specific efforts to reserve funds for future activities, have contributed to the carry-over cash balances in the fund. It should be noted however, that these funds are managed by the students and are earmarked for various activities that enhance the personal, cultural, social,

recreational, and leadership skills and experiences of all students of the Community Colleges.

UH-Aquaria (UOH-881)

The Waikiki Aquarium maintains a fund balance for cash-flow purposes, for emergency repairs and emergency work. The Aquarium is becoming more self-sufficient and therefore must operate in a more business-like fashion. On average, it costs approximately \$200,000 per month to operate the Aquarium. The University of Hawaii provides no maintenance service and no longer pays for utility costs, refuse collection, yard and tree maintenance, nor most other expenses associated with operating the State Aquarium, including salaries and fringe benefits for 20 full-time employees. Furthermore the Aquarium is open to the public 364 days per year requiring significant manpower and maintenance costs.

During the slow months from September through December, the Aquarium often earns less revenue than it expends to operate the facility. To meet this negative cash-flow situation, we maintain a minimum fund balance of \$350,000 at all times. In the event of a catastrophic failure resulting in closure of the aquarium, we strive to maintain sufficient funds to operate for three months, or \$600,000. This amount will cover salaries and most operating expenses until service can be restored.

Since August 2004 the admission fees for the Aquarium were increased to deal with rising costs associated with maintaining the Aquarium's aging facility and supporting programs offered. In addition, the Aquarium, one of the top five visitor attractions on Oahu, must constantly change or upgrade its exhibits to maintain the visitor numbers. We have also not undergone any major structural improvements since 1991 and the facility is showing strain in all major systems, electrical, water, sewer, pumps, main air conditioning system and roofing. These repairs are also covered by the funds we are able to earn through our gate receipts.

Plans for these improvements and repairs take time and planning. For example, the renovation for the South Pacific wing took five years from the time of inception to completion and cost approximately \$500,000 of funds that were raised through gate receipts and private donations. The aquarium is currently in the planning stages of new exhibits such as a Jellyfish wing and renovation of the fourth gallery, the only one not renovated since 1991. In addition to improvements to our exhibits, other planned purchases in the works are 1) replacing the audio guide system due to newer technology and costs of maintaining aging equipment. The new audio guide system, estimated at +\$100,000 will give the Aquarium the flexibility of expanding the languages offered on the guides which is currently only in Japanese and English; 2) pumps need replacement due to wear and tear and cost approximately \$20,000 each. There are currently four of these pumps that maintain our water systems for the exhibits; 3) replacing the Aquarium's computer network. The Aquarium's computer network is being replaced

cost approximately \$70,000 because the system is not capable of maintaining the Aquarium's computer needs. Since October 2004 we have been working closely with the UH Information Technology department to address this pressing need.

UH-Systemwide Support (UOH-900)

Tuition and Fees Special Fund

The unusually high ending cash balance for this fund is the result of two factors. First, an \$800,000 expenditure that was scheduled for payment in FY 2004 has been carried forward to FY 2005. Second, approximately \$1.3 million of the balance is to be transferred to the Risk Management Special Fund. The Risk Management Special Fund is accumulating a reserve to allow for negotiations of higher deductibles to lower premiums on insurance policies.

Discoveries and Inventions Revolving Fund

The ending cash balance in this fund consists primarily of two cash reserves. One reserve is for accrued vacation liability for employees of the Office of Technology Transfer and Economic Development and the other is for the cost of filing domestic and international patents on new technologies developed at the University.

Report for 2005 on the Review of the University of
Hawaii's Non-General Funds and Accounts

Act 200, SLH 2003
Section 55

List of FY 2004-05 Non-General Fund Ending Cash Balances Exceeding 1/3 of Their
Expenditure Ceiling (by campus/fund)

University of Hawaii-Manoa

Special Funds

HRS 304-8.8	UH-Manoa Malpractice Insurance Special Fund
HRS 304-8.956	Auxiliary Enterprises Special Fund

Revolving Funds

HRS 304-77	Seed Distribution Revolving Fund
HRS 304-8.1	Research and Training Revolving Fund
HRS 304-8.3	Transcript and Diploma Revolving Fund
HRS 304-8.6	Student Activities Revolving Fund
HRS 304-8.957	Real Property and Facilities Use Revolving Fund
HRS 304-8.96	Housing Assistance Revolving Fund
HRS 304-8.98	Graduate Application Revolving Fund
HRS 306-10	Revenue Undertaking Revolving Fund

University of Hawaii-Hilo

Special Funds

HRS 304-8.955	Community Services Special Fund
HRS 304-8.956	Auxiliary Enterprises Special Fund

Revolving Funds

HRS 304-8.4	Vocational and Technical Training Revolving Fund
HRS 304-8.6	Student Activities Revolving Fund
HRS 304-8.946	UH-Hilo Theatre Revolving Fund
HRS 306-10	Revenue Undertakings Revolving Fund

University of Hawaii-West Oahu

Special Funds

HRS 304-16.5	Tuition and Fees Special Fund
HRS 304-8.93	Library Special Fund
HRS 304-8.955	Community Services Special Fund

Revolving Funds

HRS 304-37	Center for Labor Education and Research Revolving Fund
HRS 304-8.3	Transcript and Diploma Revolving Fund
HRS 304-8.6	Student Activities Revolving Fund

University of Hawaii-Community Colleges

Revolving Funds

HRS 3-4-8.6	Student Activities Revolving Fund
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University of Hawaii-Aquaria

Special Funds

HRS 304-33	State Aquarium Special Fund
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University of Hawaii-Systemwide Programs

Special Funds

HRS 304-6.2	UH Risk Management Special Fund
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Revolving Funds

HRS 304-8.1	Research and Training Revolving Fund
HRS 304-8.92	Discoveries and Inventions Revolving Fund
HRS 304-8.97	Alumni Revolving Fund

UNIVERSITY OF HAWAII
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2005

Program I.D./Title Fund Fund Title	HRS Section	FY 2005 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2005	Difference
UOH100 - Mānoa					
Special Funds					
HAWAII MEDICAL EDUCATION SPECIAL FUND	304-121	0	0	0	0
TUITION & FEES SF	304-16.5	68,660,180	20,598,054	10,464,312	10,133,742
MANOA MALPRACTICE SF	304-8.8	100,000	30,000	669,602	-639,602
LIBRARY SF	304-8.93	1,099,576	329,872	-103,222	433,094
COMMUNITY SERVICES SF	304-8.955	4,697,015	1,409,104	-3,148,336	4,557,440
AUXILIARY ENTERPRISES SF	304-8.956	1,826,051	547,815	2,864,777	-2,316,962
CENTER FOR NURSING SPECIAL FUND	304D-5	300,000	90,000	0	90,000
Total UOH100 SPECIAL Funds		76,682,822	23,004,845	10,747,133	12,257,712
UOH100 - Mānoa					
Revolving Funds					
LAB SCHOOL SUMMER PGM RF	304-27	250,000	75,000	65,879	9,121
SEED DISTRIBUTION RF	304-77	68,264	20,479	24,434	-3,955
RESEARCH & TRAINING RF	304-8.1	33,284,523	9,985,356	20,654,536	-10,669,180
STUDENT HEALTH CNTR RF	304-8.2	1,224,188	367,256	296,200	71,056
TRANSCRIPT & DIPLOMA RF	304-8.3	310,765	93,229	234,629	-141,400
COMMERCIAL ENTERPRISE RF	304-8.41	5,491,838	1,647,551	430,245	1,217,306
WAIALEE ANIMAL RSCH RF	304-8.5	650,000	195,000	59,729	135,271
STUDENT ACTIVITIES RF	304-8.6	2,733,660	820,098	1,574,340	-754,242
MA & UH HILO ATHLETICS RF	304-8.7	14,993,077	4,497,923	-6,632,693	11,130,616
CHILD CARE PROGRAMS RF	304-8.91	535,771	160,731	-24,110	184,841
CONFERENCE CENTER RF	304-8.94	1,004,301	301,290	124,432	176,858
REAL PROP & FAC USE RF	304-8.957	150,000	45,000	426,872	-381,872
HOUSING ASSISTANCE RF	304-8.96	0	0	2,930,215	-2,930,215
GRAD APPLICATION RF	304-8.98	400,000	120,000	188,485	-68,485
STATE HIGHER EDUCATION LOAN FUND	304-91	250,000	75,000	0	75,000
REVENUE UNDERTAKINGS RF	306-10	64,312,280	19,293,684	24,325,339	-5,031,655
Total UOH100 REVOLVING Funds		125,658,667	37,697,597	44,678,532	-6,980,935

UNIVERSITY OF HAWAI'I
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2005

Program I.D./Title Fund Fund Title	HRS Section	FY 2005 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2005	Difference
UOH210 - Hilo					
Special Funds					
TUITION & FEES SF	304-16.5	9,719,377	2,915,813	2,677,113	238,700
LIBRARY SF	304-8.93	149,321	44,796	18,613	26,183
COMMUNITY SERVICES SF	304-8.955	171,860	51,558	295,355	-243,797
AUXILIARY ENTERPRISES SF	304-8.956	399,999	119,999	475,110	-355,111
Total UOH210 SPECIAL Funds		10,440,557	3,132,166	3,466,191	-334,025
UOH210 - Hilo					
Revolving Funds					
HAWN LANGUAGE COLLEGE RF	304-69	90,000	27,000	25,615	1,385
RESEARCH & TRAINING RF	304-8.1	1,485,000	445,500	281,293	164,207
TRANSCRIPT & DIPLOMA RF	304-8.3	70,000	21,000	20,416	584
VOCATIONAL & TECH TRN RF	304-8.4	10,000	3,000	76,856	-73,856
COMMERCIAL ENTERPRISE RF	304-8.41	68,000	20,400	19,529	871
STUDENT ACTIVITIES RF	304-8.6	481,609	144,482	322,894	-178,412
MA & UH HILO ATHLTICS RF	304-8.7	195,000	58,500	33,795	24,705
CONF CTR UH-HILO RF	304-8.945	10,000	3,000	502	2,498
UH-HILO THEATRE RF	304-8.946	157,580	47,274	112,179	-64,905
REVENUE UNDERTAKINGS RF	306-10	1,624,966	487,489	1,089,581	-602,092
PARKING RF	308-2	349,392	104,817	102,983	1,834
Total UOH210 REVOLVING Funds		4,541,547	1,362,462	2,085,643	-723,181

UNIVERSITY OF HAWAI'I
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2005

Program I.D./Title Fund Fund Title	HRS Section	FY 2005 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2005	Difference
UOH700 - West O'ahu					
Special Funds					
WEST OAHU SF	304-1.5	0	0	0	0
TUITION & FEES SF	304-16.5	1,982,500	594,750	718,253	-123,503
LIBRARY SF	304-8.93	2,500	750	2,306	-1,556
COMMUNITY SERVICES SF	304-8.955	0	0	214	-214
Total UOH700 SPECIAL Funds		1,985,000	595,500	720,773	-125,273
UOH700 - West O'ahu					
Revolving Funds					
CENTER FOR LABOR EDUC AND RESEARCH RF	304-37	29,000	8,700	46,481	-37,781
RESEARCH & TRAINING RF	304-8.1	71,163	21,348	7,135	14,213
TRANSCRIPT & DIPLOMA RF	304-8.3	25,000	7,500	31,326	-23,826
STUDENT ACTIVITIES RF	304-8.6	25,000	7,500	34,985	-27,485
Total UOH700 REVOLVING Funds		150,163	45,048	119,927	-74,879

UNIVERSITY OF HAWAII
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2005

Program I.D./Title Fund Fund Title	HRS Section	FY 2005 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2005	Difference
UOH800 - Community Colleges					
Special Funds					
TUITION & FEES SF	304-16.5	25,279,113	7,583,733	785,431	6,798,302
COMMUNITY COLLEGES SF	305-4	17,343,987	5,203,196	1,713,000	3,490,196
Total UOH800 SPECIAL Funds		42,623,100	12,786,929	2,498,431	10,288,498
UOH800 - Community Colleges					
Revolving Funds					
RESEARCH & TRAINING RF	304-8.1	0	0	488,309	-488,309
COMMERCIAL ENTERPRISE RF	304-8.41	1,104,884	331,465	-36,455	367,920
STUDENT ACTIVITIES RF	304-8.6	1,124,439	337,331	963,966	-626,635
COMM COLL CONF CTR RF	305-5	2,435,000	730,500	495,029	235,471
REVENUE UNDERTAKINGS RF	306-10	184,559	55,367	-91,463	146,830
Total UOH800 REVOLVING Funds		4,848,882	1,454,663	1,819,386	-364,723

UNIVERSITY OF HAWAII
 SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2005

Program I.D./Title Fund Fund Title	HRS Section	FY 2005 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2005	Difference
UOH881- Aquaria Special Funds					
STATE AQUARIUM SF	304-33	1,598,972	479,691	932,488	-452,797
Total UOH881 SPECIAL Funds		1,598,972	479,691	932,488	-452,797

UNIVERSITY OF HAWAII
SUMMARY OF NON-GENERAL FUND ENDING CASH BALANCES AS OF 06/30/2005

Program I.D./Title Fund Fund Title	HRS Section	FY 2005 Expenditure Ceiling	1/3 of Exp Ceiling	Ending Unencumbered Cash Balance 6/30/2005	Difference
UOH900 - Systemwide					
Special Funds					
TUITION & FEES SF	304-16.5	4,900,000	1,470,000	-1,312,597	2,782,597
UH RISK MANAGEMENT SF	304-6.2	2,100,000	630,000	1,484,448	-854,448
INFO TECHNOLOGY SF	304-8.9	1,368,128	410,438	300,072	110,366
Total UOH900 SPECIAL Funds		8,368,128	2,510,438	471,923	2,038,515
UOH900 - Systemwide					
Revolving Funds					
RESEARCH & TRAINING RF	304-8.1	4,934,186	1,480,255	5,193,894	-3,713,639
COMMERCIAL ENTERPRISE RF	304-8.41	5,968,616	1,790,584	1,300,575	490,009
DISCOVERIES & INVENT RF	304-8.92	2,235,000	670,500	758,211	-87,711
ALUMNI RF	304-8.97	20,000	6,000	9,948	-3,948
Total UOH900 REVOLVING Funds		13,157,802	3,947,339	7,262,628	-3,315,289

Expenditure Plans 2005

University of Hawaii-Manoa

UH-Manoa Malpractice Insurance Special Fund

This reserve fund was established to cover expenses related to malpractice cases filed against the School of Medicine faculty physicians and entities. Since charges to this account are determined by the expenses incurred and billed by our legal representatives (including settlements and judgments) year-to-year projections are difficult; however, Reserve requirements for outstanding claims are estimated by our insurance carrier at approximately \$1 million as of 10/01/05. Currently, the School is responsible for up to \$500,000 per case. Expenditures in past years on this account have ranged from \$78 in one year to \$146,529 last year (\$100,000 is anticipated for FY2006). The Special Fund balance is currently too low to ensure that the School's malpractice risk cost is adequately covered. The School needs to continue to build the reserve by charging funding agencies their fair share of the reserve contribution to ensure adequate risk coverage.

Auxiliary Enterprises Special Fund

Most of the ending cash balance in this fund is attributable to the following two programs:

Transportation Services

This program is responsible for the repair, maintenance and replacement of fleet motor vehicles, and the purchase of additional motor vehicles. As a self-supporting program, Transportation Services is required to maintain a relatively large cash reserve for the annual replacement of motor vehicles, the purchase of additional motor vehicles, and for any repair and maintenance projects for its facilities. Repair and maintenance projects that were initiated in FY 2004-05 are continuing in FY 2005-06. These projects include the re-roofing of the motor pool facility to comply with EPA requirements, addition of charging stations to accommodate fleet electric vehicles, and rust prevention measures for above ground fuel storage tanks

Hyperbaric Treatment Center

Revenues are generated by fees for hyperbaric oxygen services provided to victims of diving accidents and patients requiring similar treatment for certain medical conditions. Due to the large number of uninsured patients and the difficulties involved in the processing of insurance claims for this type of services, the collection of fees typically ranges from three months to two years. Therefore, a fairly large cash balance is required to provide the necessary working capital required for this type of operation. In addition, the cash balance also includes reserve amounts for anticipated increases in costs as follows: (a) the HTC lease with the Kuakini Medical Center increased from \$90,000/year to

\$133,000/year effective 01/01/04; the current lease commitment is to 06/30/08.
(b) The facility is over 20 years old and the chambers and other equipment need to be replaced or upgraded to insure the health and safety of our patients as well as our staff.

Seed Distribution Revolving Fund

The ending cash balance represents working capital requirements and a cash reserve for the purchase of drip irrigation systems for new greenhouses that will be constructed at certain agricultural research stations

Research and Training Revolving Fund

The Research and Training Revolving Fund (RTRF) is the collection of indirect overhead generated from extramural contracts and grants. The Vice President for Research is responsible for the distribution of the funds. Twenty-five percent remains at the system level and seventy-five percent is returned to Manoa. Of that seventy-five percent, two-thirds of the funds are distributed to the departments based on the amount of indirect overhead they generated; the remaining one-third is kept by the Chancellor's Office for allocation of requested special projects and for the administration of the Office of the Vice Chancellor for Research and Graduate Education (VCRGE). The Chancellor delegated authority over Manoa's portion of RTRF to the VCRGE.

The ending cash balance is not a true picture of the FY 2005 balance. Although there is no "hard" encumbrance shown on the books, the funds are committed by the various departments within Manoa. The commitments include, start-up packages for new faculty (used as a recruitment tool to hire the "best"), to upkeep and upgrade existing research facilities, to support existing research projects, and to use as a cost-share for existing extramural grants.

Below are the expenditure plans from those departments with the higher cash balance:

Cancer Research Center of Hawaii

The Cancer Research Center of Hawaii had a cash balance of \$1,028,230 in RTRF funds as of 6/30/05. Of this amount, \$682,403 is committed to Center faculty in the form of start-up funds, pilot project awards, salary savings awards and bridge funding awards that have not yet been fully expended. The remaining \$345,827 is needed to fund similar awards to faculty members in the current fiscal year. The Center's RTRF allocation for FY 2006 is slightly less than in FY 2005, making it more difficult to pay for routine operating expenses while also providing research start-up and bridging awards to faculty. Therefore the full cash balance as of 6/30/05 will be needed in FY 2006 to ensure that the Center's research mission is not compromised.

Pacific Biosciences Research Center

PBRC's RTRF ending cash balance in FY05 was approximately one half of its allocation. RTRF allocations have been reduced each year following the transfer of large grants to JABSOM. We have therefore, minimized RTRF charges until our grant base is rejuvenated. The planned carryover is for recruitment and startup costs for a new director, anticipated startup requirements for three vacant faculty positions and continuing administrative and shared costs for all programs.

College of Engineering

In anticipation for the 10 new faculty that were recruited in AY 2005 and AY 2006, the College "saved" the RTRF funds to ensure that the new faculty start up packages could be funded. The funds will be used in the following manner; approximately \$810,000 would be required for the new faculty start up packages. The remaining funds were allocated to the faculty who generated the RTRF funds to be used to support their research projects.

College of Natural Sciences

\$400,000 was expended in July for the Genomics, Proteomics, and Bioinformatic Program.

\$200,000 is earmarked for renovation work for laboratories for new faculty and air conditioning for other laboratories.

\$300,000 represents remaining balances in Facilitating Services funds allocated to departments which generated the return of overhead and is being used by departments to provide research support in the form of new equipment, repair and maintenance for existing equipment, etc.

The remaining \$326,000 is comprised of balances in start up accounts established for new faculty. Funds are being used to purchase supplies and equipment for their new laboratories, provide stipends for post doctoral fellows and graduate assistants, travel to conferences, etc.

College of Tropical Agriculture and Human Resources

CTAHR's carryover of FY2005 RTRF funds was caused by a combination of planned future expenses and a change in planned budgets by principal investigators. Future expenses include faculty start-up costs, advertising and relocation of new faculty, and plans to correct infrastructure at off-campus facilities.

The carryover will be used to temporarily fund a number of positions at RCUH to jump-start projects, start-up and relocation costs of new faculty, and construction of a number of infrastructure renovations at off-campus facilities.

School of Ocean and Earth Science

The School of Ocean and Earth Science (SOEST) is one of the largest units at UH Manoa and includes research programs that rank among the top three in the nation. Our research contract and grant funding exceeded \$67M in FY04 representing a roughly 4.5 to 1 return on G fund investments, and the School generates the largest amount of overhead return at Manoa.

A major part of our financial success is directly related to our reputation as a first class institution and our commitment to the research enterprise. These monies are regularly invested back into the research enterprise. Increasing our investment in research allows for continued growth of highly leveraged, federally funded research programs, improves and expands graduate and undergraduate education, and provides for investment in the research infrastructure, faculty, staff, students and their environment.

We continually strive to remain competitive and conduct leading edge research. In order to do that, SOEST must have the resources to keep programs operational during down-times, guarantee financial commitments to faculty researchers and their programs, funding agencies, and international partners, maintain highly specialized research equipment, facilities and research vessels, and fund renovations of high-tech labs and facilities.

These are absolutely essential to remain a leader in the research arena scientifically, to continue to support the State's desire to be a high-tech employer, and to continue to be an economic engine within the State.

The cash balance on June 30, 2005 is the cumulative total for the School. Of the total, only \$361K was held at the Dean's level for subsequent year commitments. The remainder of the balance is held by the PI/department/division levels to meet their ongoing commitments, research and training related cost requirements, and projected funding shortfalls. The details follow, however we note a portion of these funds have already been expended.

300K	set aside for new awards cost match within the year
157K	cost match funds released on existing awards
353K	advance amount on a NASA award
1.77M	research program support and operating expenses
596K	other research support (i.e., ship support, computing services, professional journal subscriptions and reference publications)

23K	URC and external UH dept awards to individual researchers
237K	VP EPSCOR control account administered by SOEST; funds are VPR cost match commitments and are transferred to other (non-SOEST) units
660K	VC and Chancellor Awards to individual researchers
210K	ongoing bridging, overloads, and technician costs
1M	new faculty start up commitments
704K	research lab renovations, repair and maintenance
349K	encumbered on books at 6/30/05
<hr/>	
6.359K	cash balance at 6/30/05

School of Medicine

The current cash balance will be used to cover expenses related to the ongoing JABSOM research programs' move to Kaka`ako and start-up activities related to the overall Kaka`ako operations.

Additionally, JABSOM's RTRF balance is critical for the continued operation and growth of our various programs. These funds are also necessary for the continued accreditation of JABSOM's MD program by the American Association of Medical Colleges which requires sufficient reserves for meeting unexpected costs.

At the School of Medicine, RTRF balances are committed for the following purposes:

- Temporary bridging funds for faculty salaries and fringe benefits when they are in between grants
- Start-up funds for new research programs which pay for salaries of technicians, assistants, lab supplies, and other operating expenses
- Matching funds which are required for certain grants
- Purchasing equipment replacements
- An overall general operating reserve which is used to meet additional reserve for unexpected spikes in operating expenses and to ensure the continuity of operations. Based on our operating history and the increasing complexity of our operating environment, we believe that a reasonable reserve of at least 10% of our annual operating budget is a critical requirement to ensure the financial health of the School.

This reserve allows the School the flexibility to respond quickly and effectively to challenges and opportunities which require financial commitments. Most importantly, a sufficient level of reserve funds demonstrates to JABSOM's accrediting body (the Liaison Committee on Medical Education) that it has the

necessary financial base to deliver a quality MD training experience when they evaluate a financial condition on an annual basis.

Transcript and Diploma Revolving Fund

Identified to this Transcript & Diploma Revolving Fund is authorization of 3.00 FTE positions. In the past years, the program has experienced several turnovers of these civil service positions. Recruitment and the ability to fill the vacancies have been difficult. This has generated payroll savings that have accumulated during the past years which has resulted in large carryover balance.

Program has been discussing the need to microfilm, digitize and archive the student records that are still being kept in hard copy form. Program is now proceeding to develop a Request for Proposals (RFP) to solicit such services. Program also needs to purchase and/or upgrade computers and other hardware. Funding for these activities will come from existing surplus.

Student Activities Revolving Fund

This fund comprises several student related programs that are supported by student fees and charges. The majority of the ending cash balance is attributable to the following programs:

Campus Center

The Campus Center is required to be a revenue-generating, self-supporting entity as well as be able to sustain a healthy fund balance to ensure funds are available to maintain the facilities year-round and provide annual bond payments.

The Campus Center Operations is responsible for the Campus Center and Hemenway Hall buildings. Hemenway Hall is almost sixty years old and is classified as a historical building and must be constantly maintained. The Campus Center building is thirty-one years old and both buildings experience a high volume of traffic from the campus and surrounding community. The two buildings house an array of tenants – a variety of student groups, the student-run radio station, KTUH-90.3 FM, a gameroom, a non-credit leisure class program, meeting and event rooms, a theater, a ballroom, a computer lab, the UH Bookstore, the Sodexo food service office with its various outlets (Bale, Jamba Juice, Pizza Hut, Starbucks, Taco Bell, Yummy's Food Court), the campus bank, a campus copier service, a campus barbershop, four Automatic Teller Machines, a wireless telephone kiosk and the Dental Hygiene Program.

Costs to repair and maintain the buildings, including plumbing, air conditioning, infrastructure systems, etc., continue to increase every year for both buildings.

Current and future projects necessary to preserve the buildings includes repairing/resurfacing the staircases that lead to the Campus Center building, re-roofing the complex, painting the exterior walls for the buildings, resurfacing/replacing the walkway and mall flooring, upgrading the exterior lighting of both buildings and re-keying the complex for personal and facility safety.

The fund balance is maintained to assure the continuous services of the Campus Center to the students and university community and to address emergency repairs and maintenance of the buildings.

Board of Publications

The Board of Publications (BOP) provides various student publications for the University community, including *Ka Leo O Hawai'i*, the daily student newspaper, *Hawai'i Review*, a literary journal, and the Student Planner & Handbook (UHM student guide to resources). The BOP also maintains a full-service printing facility dedicated to the various student publications in addition to providing printing services to the University community. A large fund balance is required for the maintenance and replacement costs of the large printing equipment necessary for an effective and efficient operation. Due to the high-volume output of the publications, funds must be available for emergency situations in which repair/replacement are necessary and the timing is unpredictable. In addition to the printing press, other equipment such as computers, printers, cameras and dark room equipment are vital to the production of the publications and must be maintained and upgraded with the increase in technological advances. The fund balance is also for long-term capital improvement projects such as the structural renovation/restoration of the BOP buildings (EQ 31A, 31D & #6) and for capital equipment purchases. The fixed costs that BOP maintains include personnel, maintenance of equipment and operating supplies. The fund balance serves as working capital by allowing the BOP to operate and disburse funds year round even though student fee revenue is only received in the Fall and Spring semesters.

Campus Center Board

The Campus Center Board (CCB) maintains a fund balance to provide coverage for unplanned programs and/or emergencies and gives the Board some flexibility in its current operating budget. The fixed costs that the CCB maintains include personnel, maintenance of equipment and operating supplies. The fund balance serves as working capital by allowing the CCB to disburse funds year round. Like other programming entities, the level of programming is contingent upon the members. The maintenance of a fund balance provides flexibility in spending from year to year.

Broadcast Communication Authority

The Broadcast Communication Authority (BCA) maintains the 24-hour University radio station, KTUH-90.3 FM, and a Student Video Filmmaker Association (SVFA), which produces a bi-monthly, one-half hour program on public access television, *UH Magazine*. The fund balance provides the BCA with a source of funds for legal contingencies, emergency situations that may prompt immediate equipment repair/replacement purchases and the ongoing system upgrades of the highly technical equipment required for production. In addition to the radio and video equipment maintenance, the fund balance is being increased for long-term capital improvement expenditures such as an increase in KTUH's signal reach. Another planned expenditure is for the SVFA upgrade of film and video equipment from analog to digital in order to provide state-of-the-art equipment to support and encourage students to produce more independent films and video projects. BCA also incurs fixed costs for personnel, operating supplies and program funds.

Student Activity and Program Fee Board

The Student Activity and Program Fee Board (SAPFB) maintains a fund balance to provide coverage of various summer programs, provide grants to Registered Independent Organizations (RIOs), University departments and programs, including Intramural Sports and Kennedy Theatre. The fund balance serves as a working capital by allowing SAPFB to operate year round and disburse grant funds throughout the year even though funds are only received during the Fall and Spring semesters. These funds provide for a variety of diverse co-curricular programs and activities, which contribute to the quality of campus life. The SAPFB funds a variety of different projects each year and most recently have granted funding to the Club COP, Food Science & Human Nutrition Council, Golden Key International Honour Society, Ilio'ualokalani Coalition, Intersections Visiting Artist/Scholar Program, Kamakakuokalani, Korean Students Association, Outreach College Community Services Department, Society of Women Engineers, S Cubed, XYZ Alliance, and Micromouse.

Real Property and Facilities Use Revolving Fund

Most of the revenues in this fund are used for minor repairs and maintenance of University facilities and for the repair/replacement of classroom furnishings and equipment. However, these costs are relatively large in comparison to annual revenues from facilities rental fees. Therefore, sufficient revenues must be accumulated before repair and maintenance projects can be scheduled or large quantities of classroom equipment can be efficiently purchased.

Currently planned repair and maintenance projects include: roof replacement, painting, and the installation or upgrading of building security systems.

Housing Assistance Revolving Fund

Most of the cash balance in this fund is the result of a December 9, 2003 decision to temporarily suspend the Housing Assistance Loan Program. In lieu of additional loans, these funds will be redirected to reduce debts on faulty housing projects and improve maintenance on existing facilities.

Graduate Application Revolving Fund

This fund is used to collect application fees from graduate program applicants and used to defray the cost of processing applications. Graduate applications are processed separately by the Graduate Division, School of Medicine, and School of Law. Planned expenditures are as follows:

Graduate Division

- Salary costs for the Associate Dean (FTE .50), Assistant Dean (FTE .40), International Recruiter, Student Help.
- Production of Recruiting Materials
- National and international travel for recruiting
- Upgrade and maintenance of computers and equipment
- Support of Admissions Office

School of Law

Current plans call for the Law School Registrar to participate in recruiting activities this year and the hiring of casual help to assist the Assistant Dean of Student Services in additional responsibilities related to enrollment, grants administration, and program reporting.

School of Medicine

The current cash balance will be used to upgrade equipment and software/licenses and for staff development relating to the admissions process

Revenue Undertaking Revolving Fund

The Revenue Undertaking Fund is comprised of 10 projects system-wide including 8 in Manoa. The projects established under HRS 306-10 are revenue generating and self-supporting University Bond System Projects.

The cash balance at June 30, 2005 includes the operating accounts (FG11) and the major and ordinary repair and replacement accounts (FG52) of the University Bond System. Included in the accounts are the self-insurance reserve and mandatory major repair and replacement reserves required by Bond Covenants.

The funds will be used for working capital (assuring continuous service), repair and replacement projects, and debt service payments on revenue bonds, capital lease, and reimbursable general obligation bonds. The funds will also be used to maintain the self-

insurance reserve and mandatory major repair and replacement reserves required by Bond Covenants.

Some of the larger repair and maintenance projects scheduled for FY 2005-06 are the renovation of the UH-Manoa Bookstore and the relocation and renovation of the Maui Community College Bookstore. These improvements will increase the efficiency of bookstore operations and greatly improve services to students, faculty, and the community.

University of Hawaii-Hilo

Community Services Special Fund

Most of the ending cash balance includes tuition and fee revenues from the College of Continuing Education and Community Service (CCECS) non-credit program. These balances represent working capital and reserve requirements for CCECS.

Auxiliary Enterprises Special Fund

The ending cash balance includes revenue from the Food Service, Motor Pool, Mailroom Service, Resource and Graphic Service accounts. The cash balance will be used to 1) support extension of the Campus Center Dining Room, 2) replace vehicles for the motor pool, 3) replace postage machine and 4) replace copiers, printing and binding equipment as needed.

Vocational and Technical Training Revolving Fund

The ending cash balance includes revenues from the College of Agriculture, Forestry and Natural Resource Management's farm laboratory. This balance will be used to replenish livestock and plants for the farm and also help in the repairs and maintenance of farm equipment and structures.

Student Activities Revolving Fund

The ending cash balance comprise revenues from student fees and charges. This balance will be used to offer new activities and programs for the students as established by the University of Hawaii at Hilo Student Association (UHHSA), Student Activities Council (SAC), and Board of Publications.

UH Hilo Theatre Revolving Fund

The ending cash balance includes revenues from the sale of tickets for various productions sponsored by UH Hilo. This balance will be used for on-going costs of performance contracts and advertising/promoting the Theatre's activities.

Revenue Undertaking Revolving Fund

The ending cash balance includes rental income from student dormitories and balances in the Student Housing Reserve Fund. The cash balance represents working capital requirements for the up-keeping of residence halls and the dining facility and includes reserve funds for general repairs and maintenance, replacement of furnishings and the replacement of vans used for shuttle service.

University of Hawai'i-West O'ahu

Tuition and Fees Special Fund

The accumulated cash balance in the Tuition and Fee Special Fund (TF SF) is the result of conscience efforts by the institution to build a reserve in order to meet non-recurring expenses as the University of Hawai'i - West O'ahu grows. The immediate need will be for equipment, furniture, and related costs for additional temporary facilities being constructed on the Leeward CC campus. Additional faculty and staff will be hired within a short period of time and the burden on the institution's operating budget will be strained. To cover the cost of the anticipated influx of expenses, the University of Hawai'i - West O'ahu planned to meet this need by building a small reserve. The fund will be used in the next couple of years as the institution grows.

Library Special Fund

The Library Special Fund reflects a higher than normal cash balance due to the timing of major expenses. A large purchase of library resource material that was initiated in fiscal year 2004-05 was charged to this fund at the beginning of fiscal year 2005-06.

Community Service Special Fund

The Community Services Special Fund has been inactive but is anticipated to develop substantially once the new campus is built and its non-credit and community services program is established.

Center for Labor Education and Research Special Fund

The Center for Labor Education and Research (CLEAR) Special Fund has generated a

substantial cash balance as a result of coordinating workshops, seminars, and conferences. However, much of the cash balance will be used to sponsor additional training sessions, speakers, and creating videos relating to labor education in Hawaii.

Transcript and Diploma Revolving Fund

The Transcript and Diploma Revolving Fund has accumulated cash reserves as a result of increased fees and a greater demand for service. The cash balance will be used to improve services and other expenses related to the increased cost for providing transcripts and diplomas to students.

Student Activities Revolving Fund

The Student Activities Revolving Fund is for funds assessed as mandatory student activity fees collected by the University of Hawai'i - West O'ahu on behalf of chartered student organizations and student activity programs. The levels of fund expenditures, revenues, and cash balances correlate with enrollment and the number and cost of activities initiated by chartered student organizations and student activity programs. These levels vary from year-to-year and are sometimes difficult to accurately predict. Situations such as transitions in the leadership of student organizations, vacancies in key advisory positions, delays in implementing planned initiatives, and specific efforts to reserve funds for future activities, have contributed to the carry-over cash balances in the fund. These funds are managed by the students and are earmarked for various activities that enhance the personal, cultural, social, recreational, and leadership skills and experiences of students.

University of Hawai'i-Community Colleges

Student Activities Revolving Fund

The Student Activities Revolving Fund is used to account for all funds assessed as mandatory student activity fees and collected by the Community Colleges on behalf of chartered student organizations and student activity programs. All other revenues received by chartered student organizations and student activity programs are also deposited into the fund.

Funds are expended by each chartered student organization or student activity program for programs and related activities that are deemed necessary and proper to carry out and achieve various educational objectives. These programs and activities include, but are not limited to, Student Government, Student Activities Board, Student Publications, and various other student activities such as guest speakers, musical and cultural performances, movies, socials, talent contests, etc.

The levels of fund expenditures, revenues, and cash balances correlate with enrollment and the number and cost of activities initiated by chartered student organizations and

student activity programs. These levels vary from year-to-year and are sometimes difficult to accurately predict. Situations such as transitions in the leadership of student organizations, vacancies in key advisory positions, delays in implementing planned initiatives, and specific efforts to reserve funds for future activities, have contributed to the carry-over cash balances in the fund. It should be noted however, that these funds are managed by the students and are earmarked for various activities that enhance the personal, cultural, social, recreational, and leadership skills and experiences of all students of the Community Colleges.

Aquaria

State Aquarium Special Fund

Due to the large costs involved in creating or renovating marine exhibits, it has been the Aquarium's practice to build sufficient cash reserves over one or more fiscal years in order to finance these projects and remain competitive as one of Oahu's top five visitor attractions. Additionally, an increase in the admission fee structure approved by the Board of Regents in August 2004 also contributed to an increase in cash reserves in fiscal year 2004-05. Recently completed projects include the new Jellyfish exhibit wing, which opened in November 2005 (\$160,000), a new Giant Clam outdoor exhibit (\$25,000), which also opened in November 2005 and other smaller exhibit changes. Other projects planned for the near future are the refurbishment of the Edge of the Reef exhibit (\$300,000), addition of an outdoor exhibit for sea turtles and stingrays (\$500,000), new audio tour system (\$110,000), and the replacement of vehicles (\$60,000).

University of Hawai'i-Systemwide Programs

UH Risk Management Special Fund

In 2003, the University established a Risk Management Program that enabled the University to build accountability and responsibility into the manner in which the University manages its exposure and risks. As part of the Risk Management Program, the University has assessed each department within the University based on its loss history and risk performance. The Risk Management Special Fund (RMSF) was established as the depository for these funds.

Recognizing the volatile and unpredictable nature of losses and their adverse impact on the University's limited and valuable resources, it is the intent of the University to establish a sufficient loss reserve based on the University's loss history as well as case analysis in consultation with the Office of General Counsel. A loss reserve is an estimate of the amount expected to be paid for any reported loss(es) as well as for potential future claims. The reserve is necessary to ensure timely payment for future settlements and judgments, outside legal expenses as needed, premiums for systemwide insurance coverage (coverage not provided by the State Insurance Program and unique to the

University) and the claims falling within the respective self-retentions of the University's systemwide insurance and the State of Hawaii's Insurance Program, claims administration as needed, and other costs related to the University's Risk Management Program.

Research and Training Revolving Fund

The systemwide Research & Training Revolving Fund is the depository for the overhead collected from all of the grants the University receives. The Vice President of Research allocates these revenues pursuant to HRS 304-8.1 that allows the expenditure of the revenues that (1) may result in additional research and training grants and contracts; or (2) facilitates research and training at the university. The revenues that are recognized in the systemwide account are transferred to expenditure accounts at the campus level as decisions are made to support activities that meet the statutory requirement. The ending cash balance as of 6/30/2005 is due to the difference in timing between the allocation decision and transfer of funds to the campus expenditure accounts. The balance increases and decreases through the year depending upon the revenue and allocation decisions. As required by statute, an annual report on the status of the entire Research and Training Revolving fund is provided to the Legislature.

The expenditure plan for the RTRF is dependent upon submission of proposals from individual researchers and subsequent decisions on approval for funding. The balance shown as of 6/30/2005 will be allocated and expenditures described in the annual report provided to the Legislature in 2007.

Discoveries and Inventions Revolving Fund

The Discoveries & Inventions Revolving Fund is established through HRS 304.892 for the purposes of supporting innovation and research commercialization and the patenting, copyrighting, licensing, and marketing of discoveries, inventions, and technologies developed at the university. The fund is used to develop technologies which have potential commercial value, support the administration of technology transfer activities, and facilitate economic development through education and research undertaken at the university. The intermittent nature of the activities that are supported by Discoveries & Inventions Revolving Fund requires that a reasonable cash balance be available to be expended on projects that have potential commercial value. Administrative costs, such as attorney fees, must be advanced in order to establish economic rights to inventions. An annual report is provided to the governor and Legislature describing all transactions and activities of the fund.

Alumni Revolving Fund

The University of Hawaii Alumni Revolving Fund is established through HRS 304-8.97. Revenues deposited into the fund are proceeds received from alumni activities and

donations from alumni. Expenditures from this fund are for costs associated with conducting alumni affairs activities and programs for the university system. Activity in the fund has been limited due to the transfer of responsibilities for alumni relations to the University of Hawaii Foundation. At present, revenues and expenditures recorded in the fund are related to the financing and production of the university's quarterly publication, Mālamalama. Limited revenues are generated from advertisements and expenses are related to writer's fees. The cash balance of \$3,948 will be expended for the second and third quarter publication of Mālamalama.