

**BTOP Public Computer Center and Sustainable Broadband Adoption
Detailed Budget Template**

Easy Grants ID: 5595
Applicant: University of Hawaii

Project Title: Access for All: Hawaii
Statewide Public Computer Centers

SF-424A Object Class Category	General				Detail				
a. Personnel - List position, number of staff, annual salaries, % time spent on project	Position	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Quarters Employed	Total
				\$0.00					\$0.00
				\$0.00					\$0.00
				\$0.00					\$0.00
				\$0.00					\$0.00
Subtotal		\$0.00	\$0.00	\$0.00					

b. Fringe Benefits - Include salaries and fringe rate.	Position	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Quarters Employed	Fringe Rate	Total
				\$0.00						\$0.00
				\$0.00						\$0.00
				\$0.00						\$0.00
				\$0.00						\$0.00
Subtotal		\$0.00	\$0.00	\$0.00						

c. Travel - For significant costs, include details such as number and purpose of trips, destinations.	Purpose of Trip	Federal Support	Matching Support	Total	# of Trips	Cost per Trip	Total
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
Subtotal		\$0.00	\$0.00	\$0.00			

d. Equipment Costs - List equipment with # of units and unit costs. Distinguish between equipment intended for applicant use versus equipment for the end user.	Equipment Description	Federal Support	Matching Support	Total	#Units	Unit Cost	Total
Applicant Equipment				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
User Equipment				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
Subtotal		\$0.00	\$0.00	\$0.00			

e. Supplies - List costs associated with materials/printing, curriculum, translations, and other supplies	Description	Federal Support	Matching Support	Total	#Units (If Applicable)	Unit Cost (If Applicable)	Total

Explanation of Indirect Charges

Attachment 1 - UH Indirect Cost Rates, Exhibit A shows that the indirect cost based on federally approved rate is 25% of Modified Total Direct Costs for On-Campus Other Sponsored Activities.

Additional Budget Notes

No proposed hardware cost exceeds a unit price of \$5000 or greater and was not classified as equipment.

11371

Howard S Todo
Vice President



UNIVERSITY
of HAWAI'I
SYSTEM

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February 26, 2010

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

MEMORANDUM

TO: Howard Karr
Chairperson, Board of Regents

VIA: M.R.C. Greenwood
President

FROM: Howard S. Todo *Howard S. Todo*
Vice President for Budget & Finance
Chief Financial Officer

**SUBJECT: UNIVERSITY OF HAWAI'I CONSOLIDATED FINANCIAL
STATEMENTS**

Submitted for acceptance by the Board of Regents is the draft audited Consolidated Financial statements of the University of Hawai'i for the year ended June 30, 2009.

The financial statements were prepared by University staff in accordance with generally accepted accounting principles (GAAP). Accuity LLP, Certified Public Accountants have audited the financial statements.

Attachment

2444 Dole Street, Bachman Hall
Honolulu, Hawai'i 96822
Telephone: (808) 956-8903
Fax: (808) 956-5286

An Equal Opportunity/Affirmative Action Institution

University of Hawai'i
State of Hawai'i
Consolidated Statements of Net Assets
June 30, 2009 and 2008
(All dollars reported in thousands) DRAFT

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	\$ 53,033	\$ 105,545
Operating investments	178,621	75,469
Due From State of Hawaii	15,899	28,277
Accounts receivable, net	88,581	91,390
Current portion of notes and contributions receivable, net	13,019	14,523
Accrued interest receivable	1,492	2,069
Inventories	14,271	13,416
Prepaid expenses, deferred charges and other current assets	8,118	9,537
Total current assets	<u>373,034</u>	<u>340,226</u>
Noncurrent assets		
Due from State of Hawai'i	272,907	246,663
Endowment and other investments	502,426	465,285
Notes and contributions receivable, net	31,979	32,831
Capital assets, net	1,275,918	1,188,635
Other noncurrent assets	25,727	28,407
Total noncurrent assets	<u>2,108,957</u>	<u>1,961,821</u>
Total assets	<u>\$ 2,481,991</u>	<u>\$ 2,302,047</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 51,082	\$ 52,786
Accrued payroll and fringe benefits	29,560	29,654
Advances from sponsors	55,053	59,840
Deferred revenue	30,094	32,560
Due to State of Hawai'i	6,438	8,292
Current portion of long-term liabilities	36,936	33,271
Other current liabilities	6,376	4,930
Total current liabilities	<u>215,539</u>	<u>221,333</u>
Noncurrent liabilities		
Accrued vacation	42,339	37,832
Accrued workers' compensation liability	8,257	8,265
Postretirement healthcare/life insurance benefits	127,911	62,851
Due to State of Hawai'i	1,176	1,313
Capital lease obligation	-	13,360
Bonds payable	351,600	258,630
Premium on bonds payable	1,730	1,864
Other noncurrent liabilities	6,790	7,356
Total noncurrent liabilities	<u>539,803</u>	<u>391,471</u>
Total liabilities	<u>755,342</u>	<u>612,804</u>
Net assets		
Invested in capital assets, net of related debt	1,098,001	967,717
Restricted		
Nonexpendable	162,483	152,449
Expendable	378,407	417,229
Unrestricted	87,758	151,848
Total net assets	<u>1,726,649</u>	<u>1,689,243</u>
Total liabilities and net assets	<u>\$ 2,481,991</u>	<u>\$ 2,302,047</u>

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

University of Hawai'i
State of Hawai'i
Consolidated Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2009 and 2008
(All dollars reported in thousands) DRAFT

	2009	2008
Operating revenues		
Student tuition and fees	\$ 242,418	\$ 203,243
Less: Scholarship allowances	61,340	52,274
Net student tuition and fees	<u>181,078</u>	<u>150,969</u>
Federal appropriations, grants and contracts	329,646	313,770
State and local grants and contracts	32,038	30,587
Nongovernmental sponsored programs	37,956	35,007
Sales and services of educational departments, other	36,699	36,018
Auxiliary enterprises		
Bookstores	31,090	31,521
Student housing (net of scholarship allowances of \$1,005 and \$856)	21,181	16,994
Other auxiliary enterprises revenues	31,929	38,118
Other operating revenues	<u>2,921</u>	<u>3,266</u>
Total operating revenues	<u>704,538</u>	<u>656,250</u>
Operating expenses		
Compensation and benefits	991,885	901,678
Supplies, services and cost of goods sold	201,618	185,216
Depreciation	79,228	71,226
Telephone and utilities	57,959	58,553
Scholarships and fellowships	36,297	30,162
Travel expenses	29,493	31,543
Repairs and maintenance	26,156	21,125
Other operating expenses	<u>35,092</u>	<u>50,956</u>
Total operating expenses	<u>1,457,728</u>	<u>1,350,459</u>
Operating loss	<u>(753,190)</u>	<u>(694,209)</u>
Nonoperating revenues (expenses)		
State appropriations	731,394	690,625
Private gifts	23,285	31,543
Net investment income (loss)	(31,928)	10,662
Interest expense	(11,175)	(10,629)
Transfers (to) from State of Hawai'i for		
Debt service	(87,675)	(83,869)
Fringe benefits	(38,208)	(34,491)
Interest on Tobacco settlement	(75)	(1,190)
Restrictions	(5,100)	-
Bridge to Hope	116	781
Hawaii Cancer Research	19,117	14,957
Loss on disposal of capital assets	(5,975)	(1,973)
Other, net	<u>(3,564)</u>	<u>(286)</u>
Net nonoperating revenues before capital and endowment additions	<u>590,212</u>	<u>616,130</u>
Capital state appropriations	142,716	116,910
Capital federal grants/subsidies	10,888	11,059
Capital gifts and grants	1,628	4,884
Net transfers from State of Hawai'i for capital assets	16,887	15,643
Transfers from State of Hawai'i, Tobacco settlement	14,787	21,272
Additions to permanent endowments	<u>13,478</u>	<u>19,284</u>
Total other revenues	<u>200,384</u>	<u>189,052</u>
Net nonoperating revenues	<u>790,596</u>	<u>805,182</u>
Increase (decrease) in net assets	<u>37,406</u>	<u>110,973</u>
Net assets		
Beginning of year	<u>1,689,243</u>	<u>1,578,270</u>
End of year	<u>\$ 1,726,649</u>	<u>\$ 1,689,243</u>

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

University of Hawai'i
State of Hawai'i
Consolidated Statements of Cash Flows
Years Ended June 30, 2009 and 2008
(All dollars reported in thousands) DRAFT

	2009	2008
Cash flows from operating activities		
Student tuition and fees	\$ 184,909	\$ 164,921
Grants and contracts	422,586	442,800
Sales and services of educational and other departmental activities	24,715	32,907
Auxiliary – Bookstore	30,864	31,623
Auxiliary – Student residence fees	20,604	17,331
Auxiliary – Other	31,605	36,955
Payments to employees	(704,448)	(653,619)
Payments for benefits	(189,868)	(179,363)
Payments to suppliers	(336,472)	(356,607)
Payments for scholarships and fellowships	(33,387)	(39,726)
Payments for program and support services	(33,114)	(31,332)
Payments for clean up efforts from Mānoa flood	(617)	(976)
Payments for clean up efforts from UH Lab School fire	(14)	(89)
Student loans issued	(5,419)	(4,792)
Student loans collected	2,803	2,998
Other receipts, net	(29,049)	4,409
Net cash provided by (used in) operating activities	<u>(614,302)</u>	<u>(532,560)</u>
Cash flows from noncapital financing activities		
State appropriations	743,686	661,474
Recoveries received from State for Mānoa flood	-	21,679
Insurance proceeds for UH Lab school fire	1,985	53
Gifts and grants for other than capital purposes	32,218	28,800
Private gifts for endowment purposes	11,644	12,317
Transfer from State of Hawai'i – Bridge to Hope	116	782
Transfer from State of Hawai'i – Hawaii Cancer Research	19,117	14,957
Transfers to State of Hawai'i for		
Fringe benefits	(43,308)	(34,491)
Interest on Tobacco settlement	(75)	(1,190)
Other receipts	(204)	624
Net cash provided by (used in) noncapital financing activities	<u>765,179</u>	<u>705,005</u>
Cash flows from capital and related financing activities		
Capital appropriations	116,473	91,580
Capital gifts and grants	11,024	12,378
Proceeds from issuance of capital debt	-	-
Purchases of capital assets	(158,869)	(175,830)
Principal paid on capital debt and leases	79,845	(3,498)
Interest paid on capital debt and leases (net of amounts capitalized)	(10,437)	(10,616)
Transfers to State of Hawai'i for debt service	(87,663)	(83,869)
Transfer from State of Hawai'i, Tobacco settlement	14,787	21,272
Net cash provided by (used in) capital and related financing activities	<u>(34,840)</u>	<u>(148,583)</u>
Cash flows from investing activities		
Interest and dividends on investments, net	14,176	22,703
Proceeds from sales and maturities of investments	505,122	618,985
Purchase of investments	(687,848)	(597,682)
Net cash provided by (used in) investing activities	<u>(168,550)</u>	<u>44,006</u>
Net increase (decrease) in cash and cash equivalents	<u>(52,513)</u>	<u>67,868</u>
Cash and cash equivalents		
Beginning of year	<u>105,683</u>	<u>37,815</u>
End of year	<u>\$ 53,170</u>	<u>\$ 105,683</u>

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

University of Hawai'i
State of Hawai'i
Consolidated Statements of Cash Flows
Years Ended June 30, 2009 and 2008
(All dollars reported in thousands) DRAFT

	2009	2008
Cash and cash equivalents presented in the accompanying consolidated statements of net assets		
Cash and cash equivalents	\$ 53,033	\$ 105,545
Restricted cash and cash equivalents	-	-
	<u>\$ 53,033</u>	<u>\$ 105,545</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (753,190)	\$ (694,209)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	79,228	71,226
Bad debt expense	3,150	8,056
Payments included in other nonoperating expenses for		
Clean-up efforts from Mānoa flood	(617)	(976)
Clean-up efforts from UH Lab School fire	(14)	(89)
Changes in operating assets and liabilities		
Accounts receivable	3,719	1,761
Notes and contributions receivable	(2,373)	(1,534)
Inventories	(856)	(3,678)
Prepaid expenses and other assets	(603)	656
Accounts payable	(4,139)	2,933
Accrued payroll and fringe benefits	1,285	1,080
Accrued vacation	4,832	5,569
Accrued workers' compensation liability	199	1,442
Advances from sponsors	(4,787)	8,398
Deferred revenue	(483)	1,234
Post retirement health care & life insurance benefits	65,060	62,851
Other payables	(1,034)	2,720
Net cash provided by (used in) operating activities	<u>\$ (610,623)</u>	<u>\$ (532,560)</u>
Supplemental information of noncash transactions		
Noncash contributions	\$ 2,101	\$ 8,769
Transfers from State of Hawai'i for capital assets	17,696	16,256
Accounts payable for capital assets	13,171	13,377

Reflects adjusted Op Loss

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

University of Hawai'i
State of Hawai'i
Notes to Consolidated Financial Statements
June 30, 2009 and 2008
(All dollars reported in thousands) DRAFT

1. Organization and Summary of Significant Accounting Policies

Financial Reporting Entity

The accompanying consolidated financial statements of the University of Hawai'i (the "University"), include the activities of the University of Hawai'i at Mānoa, University of Hawai'i at Hilo, University of Hawai'i at West O'ahu, University of Hawai'i 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*. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Other criteria include 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. Accordingly, the financial information of the Research Corporation of the University of Hawai'i (the "Research Corporation") and the University of Hawai'i Foundation (the "Foundation"), have been blended with the University's financial activity in the accompanying consolidated financial statements.

Complete financial statements of the Research Corporation can be obtained at the Research Corporation of the University of Hawai'i, 2800 Woodlawn Drive, Honolulu, HI 96822. 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, 2444 Dole Street, Bachman Hall, Room 101, Honolulu, HI 96822.

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. 14. Accordingly, the University's financial information is discretely presented as a component unit within the State's comprehensive annual financial report.

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 consolidated financial statements of the University are presented using the economic resources measurement focus and the accrual basis of accounting. The University has elected not to apply all Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989.

The Foundation's accounting policies conform to accounting principles generally accepted in the United States ("GAAP") applicable to not-for-profit organizations as promulgated by the FASB. The Foundation's financial information has been converted to conform to the University's presentation.

The Research Corporation's accounting policies conform to GAAP applicable to business type activities of governmental units as promulgated by the GASB. The Research Corporation's financial information was converted to conform to the University's presentation.

University of Hawai'i
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Notes to Consolidated Financial Statements
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Cash Held By the University

All University cash is held either by the State of Hawaii Treasury or pooled with other University cash balances.

The University's cash pooled with other University units is invested by the University's Treasury Office in time certificates of deposit or other legally authorized investments that include obligations of or guaranteed by the U.S. government, obligations of the state, federally-insured savings and checking accounts, time certificates of deposit, auction rate securities, and repurchase agreements with federally-insured financial institutions. The University earns interest based on its average daily cash balance. Hawai'i Revised Statutes require that the depository banks pledge collateral based on the daily available bank balances. The University met insurance and collateral requirements at June 30, 2009 and 2008.

Cash and Cash Equivalents

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 consolidated Statements of Net Assets for cash equivalents approximate fair value due to the short maturity of these investments.

Restricted Cash and Cash Equivalents

The University considers 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 to be restricted.

Investments

Investments in money market funds, fixed income securities, equity securities, and mutual funds with readily determinable fair values are reported at fair value based on quoted market prices. Investments in auction rate securities are reported at par value, which approximates fair value based on failed auctions at or near fiscal year-end. Investments in investment agreements, absolute return funds and real assets are reported at fair value, which 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. Investments in limited partnerships and real estate are not readily marketable and involve assumptions and methods that are reviewed by management. 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. Unrealized gains and losses on investments are included in the consolidated Statements of Revenues, Expenses and Changes in Net Assets. Realized gains and losses are computed as the difference between the proceeds of the sale and the cost basis of the investment sold. The calculation of realized gains and losses is independent of the calculation of net changes in the fair value of investments.

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

Due from State

The State Director of 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 remains with the State.

University of Hawai'i
State of Hawai'i
Notes to Consolidated Financial Statements
June 30, 2009 and 2008
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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 consolidated Statements of Net Assets.

Perpetual Trusts

The Foundation is the beneficiary of certain perpetual trusts held and administered by others. The fair value of the estimated future cash receipts from the trusts are recognized as assets and contribution revenues at the dates the trusts are established. Distribution revenues from the trusts are recorded as investment income and the carrying value of the assets is adjusted for changes in fair value.

Split Interest Agreements

The Foundation's split interest agreements with donors consist of irrevocable pooled income funds, charitable remainder trusts and charitable gift annuities for which the Foundation serves as trustee. Assets held under the split interest agreements are included in investments. Contribution revenues are recognized at the date the split interest agreements are established after recording liabilities for the present value (utilizing discount rates ranging from 2% to 5%) of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the split interest agreements for changes in the fair value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

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 doubtful accounts based on a specific review of customer balances, the overall aging of outstanding balances, historical collection experience and current business and economic conditions. Generally, accounts past due by more than 30 days are considered delinquent. Delinquent accounts 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.

Contributions

The Foundation receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In absence of such a promise, revenue is recognized when the gift is received. Endowment pledges that do not meet eligibility requirements, as defined by GASB Statement No. 33, are not recorded as assets until the related gift is received.

Capital Assets

Capital assets are recorded at cost, or if donated, at an appraised value at the date of 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 non-expendable personal property having an estimated useful life of more than one year. Interest incurred on construction financing net of investment income on any unspent financing proceeds is capitalized as a cost of construction. 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

University of Hawai'i
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minor replacements, renewals 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 charged to 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.

Advances from Sponsors

Amounts received from grant and contract sponsors which have not been earned under the terms of the agreement are deferred and reported as advances from sponsors in the consolidated Statements of Net Assets.

Deferred Revenue

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

Post Employment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was adopted by the University during the year ended June 30, 2008. Statement No. 45 requires accrual-based measurement, recognition and disclosure of other postemployment benefits ("OPEB") expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability. Previously, the University recorded retiree medical and dental costs as they were paid and did not recognize the liability in its consolidated financial statements. The implementation of GASB Statement No. 45 resulted in the University recording OPEB expense of \$88,560 for the year ended June 30, 2008 and an OPEB obligation liability of \$62,851 as of June 30, 2008. The University remitted \$41,217 in State assessed OPEB contributions, which exceeded the University's actuarially determined minimum OPEB contribution of \$25,709. The \$15,508 excess remittance was reported with Transfers to State for Fringe Benefits.

Revenue Bonds Payable

Revenue bonds payable include outstanding amounts due from the issuance of revenue bonds by the University. The University defers recognition of bond refunding and issuance costs, and amortizes these costs as well as the premiums on bonds payable over the life of the bonds using the effective interest rate method.

Net Assets

The University's net assets are classified into the following four net asset categories:

- Invested in capital assets, net of related debt: This component of net assets 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.

University of Hawai'i
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June 30, 2009 and 2008
(All dollars reported in thousands) DRAFT

- Restricted:
 - Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.
 - Expendable – Net assets that are 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 assets not classified as restricted or invested in capital assets and are not subject to externally imposed stipulations. Unrestricted net assets 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 assets are 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 net assets 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 Assets 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 assets imposed by enabling legislation be reported as restricted net assets. 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 assets at June 30, 2009 and 2008 amounted to \$540,890 and \$569,678, respectively, of which \$395,771 and \$237,263 was restricted by enabling legislation.

Operating and Nonoperating Activities

The University's policy for defining operating activities as reported on the consolidated Statements of Revenues, Expenses, and Changes in Net Assets 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, 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 expenditures 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.

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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. Had room and other rental revenues for the summer term been prorated between fiscal years, the difference would not be material.

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

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 at June 30, 2009 and 2008 represents the University's best estimate of workers' compensation liabilities based on available information.

The University also uses a third party actuary to estimate its postretirement healthcare and life insurance benefit obligation. The assumptions used to determine the liability are described in Note 15.

The allowance for doubtful accounts is a valuation account used to estimate the portion of accounts, notes and contributions receivable that are considered uncollectible. Estimates for uncollectible accounts are based on the age of the receivable and likelihood of payment.

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

The fair value of investments has been determined using values supplied by independent pricing services.

Reclassifications

Certain amounts in the 2008 consolidated financial statements have been reclassified to conform to the 2009 presentation. Such reclassifications have no impact on the 2008 change in net assets as previously reported.

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2. Cash Held by the University

The carrying amounts of cash and cash equivalents and time certificates of deposit held outside of the State Treasury as of June 30, 2009 and 2008 were \$139,878 and \$90,496, with corresponding bank balances of \$174,317 and \$124,234, respectively. The portion of such bank balances covered by federal deposit insurance or by collateral held by the State Director of Finance in the name of the University totaled \$174,004 as of June 30, 2009 and \$122,816 as of June 30, 2008. Additional cash equivalent balances of \$14,887 as of June 30, 2009 and \$11,132 as of June 30, 2008 represent deposits with investment brokers covered by the Securities Investor Protection Corporation and additional insurance provided by the investment brokers.

The University's investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. 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 consolidated Statements of Net Assets and are not represented by the contract or notional amounts of the instruments.

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

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

As a result of market declines, the fair market value of certain donor-restricted endowments was less than the historical cost value of such funds by \$988 and \$500 at June 30, 2009 and 2008, respectively. These unrealized losses have been recorded as reductions in unrestricted net assets. Future market gains will be used to restore this deficiency in unrestricted net assets before any net appreciation above the historical cost value of such funds increases restricted expendable net assets.

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 of Regents ("Board"). Use of the income is either restricted by the donor or unrestricted and designated by the Board.

State law allows spending of net appreciation, realized and unrealized in the fair value of the assets, of an endowment fund over the historic dollar value of the fund as is prudent under the standard established by Hawai'i Revised Statute §517D-4. The University distributes its endowment fund income in accordance with its Board approved spending rate policy, which is consistent with state law. In fiscal years 2009 and 2008, the University's spending rate policy provided for annual distributions ranging from 3% to 5% of the five-year moving average of the endowment fair value.

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Investment management fees paid by the University during fiscal years 2009 and 2008 approximated \$1,354 and \$1,640, respectively.

At June 30, 2009 and 2008, the University's investments were comprised of the following:

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 26,684	\$ 26,684	\$ 19,842	\$ 19,842
Fixed income securities	285,047	281,168	147,297	145,093
Equity securities	24,143	26,687	30,660	29,690
Mutual funds	39,398	43,449	57,903	55,430
Time certificates of deposit	104,979	104,979	3,968	3,968
Student loan auction rate securities	108,500	108,500	117,050	117,050
Investment agreements	-	-	48,273	48,273
Limited partnerships	37,874	51,471	33,840	37,299
Absolute return	17,436	18,494	24,869	23,140
Real assets	9,182	10,241	28,637	16,357
Other investments	27,804	34,061	28,415	28,717
Total investments	681,047	705,734	540,754	524,859
Less: Current portion	178,621	177,855	75,469	75,047
Total noncurrent investments	\$ 502,426	\$ 527,879	\$ 465,285	\$ 449,812

Due to uncertainties surrounding the timing of liquidation of our auction rate securities, which are comprised of AAA-rated student-loan-backed taxable securities, all of the University's investments in such securities are classified as long-term investments in the consolidated Statements of Net Assets. Liquidity for these auction rate securities is typically provided by an auction process which allows holders to sell their notes and resets the applicable interest rate at pre-determined intervals, usually every 7 to 28 days. On an industry-wide basis, many auctions have failed, and there is, as yet, no meaningful secondary market for these instruments. The securities held by the University for which auctions have failed continue to earn interest at the contractual rate and are auctioned every 7 to 28 days until either the auction succeeds, the issuer calls the securities, or they mature. While the University's ability to liquidate the carrying value of its auction rate securities in the near term may be limited, management believes it is appropriate to report the University's auction rate securities at par value since the University continues to receive its contractual interest payments in a timely manner, recent successful auctions have been executed at par value, and the University has no intention of settling its auction rate securities at less than par value. Management also believes that the current lack of liquidity of auction rate securities will not have a material adverse effect upon the University's operational capabilities.

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Changes in University's investments for the year ended June 30, 2009 were as follows:

	Fair Value	Cost Basis	Net Unrealized Gain/(Loss)	Net Realized Gain/(Loss)
University Endowment Pool				
End of year	\$ 49,936	\$ 53,857	\$ (3,921)	
Beginning of year	<u>56,732</u>	<u>56,530</u>	<u>202</u>	
Net change	<u>(6,796)</u>	<u>(2,673)</u>	<u>(4,123)</u>	\$ (4,633)
Foundation Endowment Pool				
End of year	146,214	166,861	(20,647)	
Beginning of year	<u>182,338</u>	<u>167,308</u>	<u>15,030</u>	
Net change	<u>(36,124)</u>	<u>(447)</u>	<u>(35,677)</u>	1,883
Associated Students of the University of Hawai'i				
End of year	5,583	5,816	(233)	
Beginning of year	<u>6,718</u>	<u>6,856</u>	<u>(138)</u>	
Net change	<u>(1,135)</u>	<u>(1,040)</u>	<u>(95)</u>	(1,073)
School of Medicine				
End of year	11,936	11,920	16	
Beginning of year	<u>11,788</u>	<u>11,769</u>	<u>19</u>	
Net change	<u>148</u>	<u>151</u>	<u>(3)</u>	-
University Bond System				
End of year	124,619	124,489	130	
Beginning of year	<u>48,273</u>	<u>48,273</u>	<u>-</u>	
Net change	<u>76,346</u>	<u>76,216</u>	<u>130</u>	-
Operating investments				
End of year	178,621	177,855	766	
Beginning of year	<u>75,469</u>	<u>75,047</u>	<u>422</u>	
Net change	<u>103,152</u>	<u>102,808</u>	<u>344</u>	269
Auction rate securities				
End of year	108,500	108,500	-	
Beginning of year	<u>117,050</u>	<u>117,050</u>	<u>-</u>	
Net change	<u>(8,550)</u>	<u>(8,550)</u>	<u>-</u>	-
Other				
End of year	55,638	56,436	(798)	
Beginning of year	<u>42,386</u>	<u>42,026</u>	<u>360</u>	
Net change	<u>13,252</u>	<u>14,410</u>	<u>(1,158)</u>	414
Total investments				
End of year	681,047	705,734	(24,687)	
Beginning of year	<u>540,754</u>	<u>524,859</u>	<u>15,895</u>	
Net increase (decrease)	<u>\$ 140,293</u>	<u>\$ 180,875</u>	<u>\$ (40,582)</u>	<u>\$ (3,140)</u>

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Changes in University's investments for the year ended June 30, 2008 were as follows:

	Fair Value	Cost Basis	Net Unrealized Gain/(Loss)	Net Realized Gain/(Loss)
University Endowment Pool				
End of year	\$ 56,732	\$ 56,530	\$ 202	
Beginning of year	<u>60,882</u>	<u>55,251</u>	<u>5,631</u>	
Net change	<u>(4,150)</u>	<u>1,279</u>	<u>(5,429)</u>	\$ 1,050
Foundation Endowment Pool				
End of year	182,338	167,308	15,030	
Beginning of year	<u>176,388</u>	<u>144,123</u>	<u>32,265</u>	
Net change	<u>5,950</u>	<u>23,185</u>	<u>(17,235)</u>	11,733
Associated Students of the University of Hawai'i				
End of year	6,718	6,856	(138)	
Beginning of year	<u>7,284</u>	<u>6,475</u>	<u>809</u>	
Net change	<u>(566)</u>	<u>381</u>	<u>(947)</u>	325
School of Medicine				
End of year	11,788	11,769	19	
Beginning of year	<u>14,548</u>	<u>14,532</u>	<u>16</u>	
Net change	<u>(2,760)</u>	<u>(2,763)</u>	<u>3</u>	-
University Bond System				
End of year	48,273	48,273	-	
Beginning of year	<u>89,871</u>	<u>89,871</u>	<u>-</u>	
Net change	<u>(41,598)</u>	<u>(41,598)</u>	<u>-</u>	-
Operating investments				
End of year	75,469	75,047	422	
Beginning of year	<u>127,931</u>	<u>128,063</u>	<u>(132)</u>	
Net change	<u>(52,462)</u>	<u>(53,016)</u>	<u>554</u>	257
Auction rate securities				
End of year	117,050	117,050	-	
Beginning of year	<u>64,000</u>	<u>64,000</u>	<u>-</u>	
Net change	<u>53,050</u>	<u>53,050</u>	<u>-</u>	-
Other				
End of year	42,386	42,026	360	
Beginning of year	<u>33,192</u>	<u>32,885</u>	<u>307</u>	
Net change	<u>9,194</u>	<u>9,141</u>	<u>53</u>	134
Total investments				
End of year	540,754	524,859	15,895	
Beginning of year	<u>574,096</u>	<u>535,200</u>	<u>38,896</u>	
Net increase (decrease)	<u>\$ (33,342)</u>	<u>\$ (10,341)</u>	<u>\$ (23,001)</u>	<u>\$ 13,499</u>

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	2009	2008
Summary of net investment income		
Change in unrealized net gain (loss)	\$ (40,582)	\$ (23,001)
Net realized gain	<u>(3,396)</u>	<u>13,499</u>
	(43,978)	(9,502)
Interest in perpetual trusts	(1,916)	(1,003)
Split interest agreements	(1,736)	262
Amounts held for others	419	40
Investment income used to finance construction costs	(140)	(518)
Interest and dividend income	<u>16,777</u>	<u>23,023</u>
Investment income before management fees	(30,574)	12,302
Less: Management Fees	<u>(1,354)</u>	<u>(1,640)</u>
Net investment income	<u>\$ (31,928)</u>	<u>\$ 10,662</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 by or collateralized by securities guaranteed by the U.S. Government, its Agencies or its Instrumentalities and other types of investments.

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.

Investment Risk Factors

There are many factors that affect the value of investments. Some, such as custodial credit risk, concentration of credit 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.

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, assign credit ratings to security issuers and issues that indicate a measure of potential credit risk to investors. To manage credit risk, the University specifies that all nonconvertible bonds should have at least a "BBB" rating or higher and be readily marketable. In addition, no more than 15% of the fixed income investments may be graded with an S&P quality rating below "A".

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The composition of fixed income securities at June 30, 2009 and 2008, along with credit quality ratings is summarized below:

2009	Fair Value	Credit Quality Rating				
		U.S. Govt- Exempt	AAA	AA	A	BBB
U.S. Treasury	\$ 6,492	\$ 6,492	\$ -	\$ -	\$ -	\$ -
U.S. government agencies	254,495	357	254,138	-	-	-
Corporate bonds	24,059	258	3,367	11,581	6,099	2,754
Total fixed income securities	\$ 285,046	\$ 7,107	\$ 257,505	\$ 11,581	\$ 6,099	\$ 2,754

2008	Fair Value	Credit Quality Rating				
		U.S. Govt- Exempt	AAA	AA	A	BBB
U.S. Treasury	\$ 3,994	\$ 3,994	\$ -	\$ -	\$ -	\$ -
U.S. government agencies	126,423	1,993	124,430	-	-	-
Corporate bonds	16,880	314	8,332	2,074	4,468	1,692
Total fixed income securities	\$ 147,297	\$ 6,301	\$ 132,762	\$ 2,074	\$ 4,468	\$ 1,692

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, more volatile than those with shorter maturities.

At June 30, 2009, the composition of the University's fixed income investments and maturities are summarized below:

2009	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury	\$ 6,492	\$ 790	\$ 4,714	\$ 944	\$ 44
U.S. government agencies	254,495	107,226	143,217	2,032	2,020
Corporate bonds	24,059	523	11,268	12,163	105
Total fixed income securities	\$ 285,046	\$ 108,539	\$ 159,199	\$ 15,139	\$ 2,169

Concentration of Credit Risk

Concentration of credit 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% of the total fixed income portion of the portfolio. Individual equities are limited to not more than 5% of the total market value of the stock portfolio. In addition, investment in any one stock is not to exceed 5% of a corporation's outstanding common stock.

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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 investment in publicly traded foreign securities.

At June 30, 2009 and 2008, the University's exposure to foreign currency risk expressed in U.S. dollars was as follows:

	2009	2008
Equity securities		
Australian Dollar	\$ 867	\$ 265
Bermudian dollar	424	571
Brazilian real	1,231	1,357
British pound	6,616	9,398
Canadian dollar	205	301
Chinese Yuan	135	86
Danish Krone	53	68
Euro	13,692	16,503
Hong Kong dollar	1,237	1,373
Indian Rupee	409	351
Indonesian Ruphia	59	40
Israeli Shekel	38	41
Japanese yen	12,189	16,382
Korean won	1,405	1,614
Malaysian Ringgit	138	171
Mexican peso	969	1,133
North Korean Won	-	246
New Zealand dollar	172	229
Norwegian Krone	17	14
Philippine Peso	55	52
Polish Zloty	567	-
Russian Ruble	37	37
Singapore dollar	1,247	1,405
South African Rand	52	65
Sri Lankan Rupee	21	22
Swedish Krona	715	839
Swiss franc	1,493	1,731
Taiwanese dollar	512	880
Thai Baht	338	350
Turkish Lira	14	-
Other	48	-
Total exposure to foreign currency risk	<u>\$ 44,955</u>	<u>\$ 55,524</u>

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3. Accounts Receivable

The composition of accounts receivable at June 30, 2009 and 2008 are summarized as follows:

	2009	2008
U.S. government	\$ 55,878	\$ 51,273
State and local government	7,869	12,211
Private agencies	10,310	17,532
Other	28,497	28,041
	<u>102,554</u>	<u>109,057</u>
Less: Allowance for doubtful accounts	(13,973)	(17,667)
	<u>\$ 88,581</u>	<u>\$ 91,390</u>

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. These reimbursements amounted to approximately \$39,589 in 2009 and \$38,369 in fiscal year 2008. During fiscal year 2009, the University expended 98.11% and 1.89% of this cost recovery on research and training programs and discovery and inventions, respectively. During fiscal year 2008, the University expended 98.92% and 1.08% of this cost recovery on research and training programs and discovery and inventions, respectively.

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.

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5. Notes and Contributions Receivable

The composition of notes and contributions receivable at June 30, 2009 and 2008 are summarized as follows:

	2009	2008
Student notes		
Federal loan programs	\$ 20,614	\$ 19,658
State loan programs	7,536	6,098
University loan funds	61	58
Other notes receivable	125	149
Total student and other notes outstanding	<u>28,336</u>	<u>25,963</u>
Less: Allowance for doubtful notes receivable	<u>(5,912)</u>	<u>(5,955)</u>
Total student and other notes receivable, net	<u>22,424</u>	<u>20,008</u>
Contributions receivable	23,983	28,698
Less: Allowance for uncollectible pledges	(1,062)	(1,001)
Less: Discount to present value	<u>(347)</u>	<u>(351)</u>
Total contributions receivable, net	<u>22,574</u>	<u>27,346</u>
Total notes and contributions receivable, net	44,998	47,354
Less: Current portion, net	<u>(13,019)</u>	<u>(14,523)</u>
	<u>\$ 31,979</u>	<u>\$ 32,831</u>

The allowance for doubtful notes receivable at June 30, 2009 and 2008 are comprised of:

	2009	2008
Federal Perkins loan program	\$ 3,352	\$ 3,564
State of Hawai'i Higher Education loans	2,471	2,268
Nursing/Health Profession loans	30	66
Short-term loans	59	57
	<u>\$ 5,912</u>	<u>\$ 5,955</u>

Payments on contributions receivable at June 30, 2009 are expected to be collected in:

Less than one year	\$ 10,000
One year to five years	<u>13,983</u>
	<u>\$ 23,983</u>

The principal repayment and interest rate terms of federal and University loans vary considerably. The allowance for doubtful notes receivable only applies to University funded notes and the University's portion of federal student loans, as the University is not obligated to fund the federal portion of uncollected student loans. Federal loan programs are funded principally with federal advances to the University under the Perkins and various health professions loan programs.

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The Federal Perkins loan program provides for the assignment of uncollectible loans to the U.S. Department of Education for collection. Uncollectible Nursing and Health Profession loans may be written off with the approval of the U.S. Department of Health and Human Services, Division of Financing Services. Uncollectible State of Hawai'i Higher Education loans and University short-term loans may be written off with the approval of the University's General Counsel.

As discussed in Note 1 to the consolidated financial statements, pledges for permanent endowments do not meet eligibility requirements, as defined by GASB Statement No. 33, until the related gift is received. Accordingly, permanent endowment pledges totaling approximately \$5,337 and \$5,072 at June 30, 2009 and 2008, respectively, were not recognized as assets in the accompanying consolidated financial statements because of uncertainties with regard to their realizability, valuation, bequest intentions and other conditional promises until the specified conditions are met.

Unconditional promises to give (contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in private gift revenues.

6. Inventories

The inventories and the methods of valuation at June 30, 2009 and 2008 are comprised of:

		2009	2008
University of Hawai'i Bookstore merchandise inventory	Lower of cost or market using the first-in, first-out retail inventory method	\$ 11,700	\$ 10,722
University of Hawai'i Chemistry Stockroom	Cost applied on the first-in, first-out basis.	1,202	1,222
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.	905	922
University of Hawai'i other cost of goods sold	Cost applied on the first-in, first-out basis.	464	550
		<u>\$ 14,271</u>	<u>\$ 13,416</u>

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7. Capital Assets

A summary of capital assets at June 30, 2009 and 2008 is as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
2009					
Nondepreciable capital assets					
Land	\$ 12,486	\$ -	\$ -	\$ -	\$ 12,486
Construction in progress	211,866	136,798	4,478	(172,485)	171,701
Total capital assets not being depreciated	224,352	136,798	4,478	(172,485)	184,187
Depreciable capital assets					
Land improvements	79,703	191	1,672	5,131	83,353
Infrastructure	74,888	368	-	7,634	82,890
Buildings	1,188,899	19,918	8,839	152,551	1,352,529
Equipment	269,778	16,588	15,581	7,169	277,954
Library materials	160,337	4,036	1,969	-	162,404
Total capital assets being depreciated	1,773,605	41,101	28,061	172,485	1,959,130
Less: Accumulated depreciation	(809,322)	(79,228)	(21,151)	-	(867,399)
Capital assets, net	\$ 1,188,635	\$ 98,671	\$ 11,388	\$ -	\$ 1,275,918
2008					
Nondepreciable capital assets					
Land	\$ 11,827	\$ 659	\$ -	\$ -	\$ 12,486
Construction in progress	146,623	151,988	1,490	(85,255)	211,866
Total capital assets not being depreciated	158,450	152,647	1,490	(85,255)	224,352
Depreciable capital assets					
Land improvements	75,816	49	676	4,514	79,703
Infrastructure	55,327	139	-	19,422	74,888
Buildings	1,130,857	16,889	16,186	57,339	1,188,899
Equipment	255,785	18,573	8,560	3,980	269,778
Library materials	153,664	6,942	269	-	160,337
Total capital assets being depreciated	1,671,449	42,592	25,691	85,255	1,773,605
Less: Accumulated depreciation	(755,869)	(71,226)	(17,773)	-	(809,322)
Capital assets, net	\$ 1,074,030	\$ 124,013	\$ 9,408	\$ -	\$ 1,188,635

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Capital assets consist of land, land improvements, infrastructure, buildings, equipment, library materials, and construction in progress. Assets acquired are recorded at cost, or if donated, at appraised value at the date of the gift. Land parcels comprising 1,581 acres or 93% of the University's property is recorded at the State's value of \$1 per parcel. Assets owned by the federal government, although in the custody of the University, are not included in the capital asset total.

The State Department of Accounting and General Services ("DAGS") administer a few of the University's construction projects. Upon completion, the University records the total project cost, including amounts funded from state and federal sources. Capital assets transferred to the University from DAGS amounted to \$17,696 and \$16,256 in 2009 and 2008, respectively.

8. Other Noncurrent Assets

Other noncurrent assets at June 30, 2009 and 2008 were comprised of:

	2009	2008
Interest in beneficial trusts held by others	17,108	\$ 19,201
Deferred bond refunding and issuance costs (Note 11)	8,619	9,206
	<u>\$ 25,727</u>	<u>\$ 28,407</u>

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

Amounts due from and due to the State of Hawai'i at June 30, 2009 and 2008 were as follows:

	2009		2008	
	Due from	Due to	Due from	Due to
State appropriations for current operations	\$ 15,899		\$ 28,192	
Employer fringe adjustments	-		85	
Due from State of Hawai'i – current	15,899		28,277	
State capital appropriations-noncurrent	<u>272,907</u>		<u>246,663</u>	
Total due from State of Hawai'i	<u>\$ 288,806</u>		<u>\$ 274,940</u>	
Imprest/petty cash advances		\$ 264		\$ 278
Advance		6,000		6,000
General obligation bonds – current		137		1,603
Employee fringe adjustments		37		
Other		-		411
Due to State of Hawai'i – current		<u>6,438</u>		<u>8,292</u>
General obligation bonds – noncurrent		<u>1,176</u>		<u>1,313</u>
Total due to State of Hawai'i		<u>\$ 7,614</u>		<u>\$ 9,605</u>

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10. Due to the State of Hawai'i for General Obligation Bonds

Activity related to amounts due to the State of Hawai'i for general obligation bonds for the year ended June 30, 2009 was as follows:

	Original Amount	Beginning Balance	Principal Repayment	Ending Balance
Series CS (interest rate, 5.00% to 5.25%):				
Student Housing				
Mānoa	5,019	829	829	-
Hilo	979	162	162	-
Parking Structure Phase I	2,915	481	481	-
	<u>8,913</u>	<u>1,472</u>	<u>1,472</u>	<u>-</u>
Series DB (interest rate 2.80% to 5.25%)				
Student Housing				
Mānoa	731	731	67	664
Hilo	143	143	13	130
Parking Structure Phase I	425	425	39	386
	<u>1,299</u>	<u>1,299</u>	<u>119</u>	<u>1,180</u>
Series DG (interest rate 5.00%):				
Student Housing				
Mānoa	82	82	7	75
Hilo	16	16	1	15
Parking Structure Phase I	47	47	4	43
	<u>145</u>	<u>145</u>	<u>12</u>	<u>133</u>
	<u>\$ 10,357</u>	<u>\$ 2,916</u>	<u>\$ 1,603</u>	<u>\$ 1,313</u>

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Activity related to amounts due to the State of Hawai'i for general obligation bonds for the year ended June 30, 2008 was as follows:

	Original Amount	Beginning Balance	Principal Repayment	Ending Balance
Series X (interest rate, 4.00% to 5.00%):				
Mānoa Student Housing Phase II	\$ 3,000	\$ 185	\$ 185	\$ -
Mānoa Campus Center	2,125	130	130	-
	<u>5,125</u>	<u>315</u>	<u>315</u>	<u>-</u>
Series CS (interest rate, 5.00% to 5.25%):				
Student Housing				
Mānoa	5,019	1,618	789	829
Hilo	979	316	154	162
Parking Structure Phase I	2,915	939	458	481
	<u>8,913</u>	<u>2,873</u>	<u>1,401</u>	<u>1,472</u>
Series DB (interest rate 2.80% to 5.25%)				
Student Housing				
Mānoa	731	731	-	731
Hilo	143	143	-	143
Parking Structure Phase I	425	425	-	425
	<u>1,299</u>	<u>1,299</u>	<u>-</u>	<u>1,299</u>
Series DG (interest rate 5.00%):				
Student Housing				
Mānoa	82	82		82
Hilo	16	16		16
Parking Structure Phase I	47	47		47
	<u>145</u>	<u>145</u>	<u>-</u>	<u>145</u>
	<u>\$ 15,482</u>	<u>\$ 4,632</u>	<u>\$ 1,716</u>	<u>\$ 2,916</u>

General obligation bonds are payable in annual installments, including semi-annual interest payments, ranging from \$129 to \$3,393 with payment due in July 2017. The bonds mature in designated numerical sequence and are payable from the operations of the University. The first principal payment on Series DB and DG were due on September 1, 2008 and July 1, 2009, respectively. The interest and principal payments are due as follows:

	Principal	Interest
Series CS	April 1	April 1 and October 1
Series DB	Sept 1	March 1 and September 1
Series DG	July 1	January 1 and July 1

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At June 30, 2009, principal and interest maturities on general obligation bonds for each of the next five years, the next subsequent five-year payments and thereafter are as follows:

Year ending June 30	Principal	Interest
2010	\$ 137	\$ 7
2011	144	6
2012	151	6
2013	159	5
2014	167	4
2015–2019	555	5
	<u>\$ 1,313</u>	<u>\$ 33</u>

The general obligation bonds have provisions for early redemption. The premiums on bond redemption, as a percentage of bond principal redeemed, range from 0.5% to 2%.

In June 2005, the State issued \$772,600 and \$18,700 in general obligation Series DG and DH bonds (refunding bonds), respectively, of which the University's portion was approximately \$145 and \$4, with a 5% interest rate to advance refund approximately \$152 (University's portion) of outstanding general obligation Series CG bonds (refunded bonds) which have been partially defeased. The net proceeds from the issuance of the refunding bonds were placed in an irrevocable trust and were used to purchase securities of the United States government at various interest rates and maturities sufficient to meet the debt service requirements of the refunded bonds.

In September 2003, the State issued \$188,700 in general obligation Series DB bonds (refunding bonds) of which the University's portion was approximately \$1,300, with interest rates ranging from 2.80% to 5.25% to advance refund approximately \$1,300 (University's portion) of outstanding general obligation Series CG bonds (refunded bonds) which have been partially defeased. The net proceeds from the issuance of the refunding bonds were placed in an irrevocable trust and were used to purchase securities of the United States government at various interest rates and maturities sufficient to meet the debt service requirements of the refunding bonds.

Act 158-SLH 2008, Section 4, provided general fund appropriation to pay for debt service on general obligation bonds issued for the University and transferred to the financial administration program of the Department of Budget and Finance. Appropriation for debt service amounted to \$87,675 and \$83,869 for the years ended June 30, 2009 and 2008, respectively.

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11. Long-Term Liabilities

Long-term liability activity for the years ended June 30, 2009 and 2008 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2009					
Leases and bonds payable					
Revenue bonds payable	\$ 263,045	\$ 100,000	\$ 4,415	\$ 358,630	\$ 7,030
Capital lease payable (Note 11)	13,820	-	13,820	-	-
Total leases and bonds payable	276,865	100,000	18,235	358,630	7,030
Other liabilities					
Workers' compensation	12,579	5,106	4,908	12,777	4,520
Accrued vacation	61,598	26,379	20,299	67,678	25,339
Postretirement healthcare / life insurance benefits (Note 15)	62,851	94,770	29,710	127,911	-
Installment contract payable (Note 16)	364	-	317	47	47
Total other liabilities	137,392	126,255	55,234	208,413	29,906
Total long-term liabilities	<u>\$ 414,257</u>	<u>\$ 226,255</u>	<u>\$ 73,469</u>	<u>\$ 567,043</u>	<u>\$ 36,936</u>
2008					
Leases and bonds payable					
Revenue bonds payable	\$ 264,065	\$ -	\$ 1,020	\$ 263,045	\$ 4,415
Capital lease payable (Note 11)	14,255	-	435	13,820	460
Total leases and bonds payable	278,320	-	1,455	276,865	4,875
Other liabilities					
Workers' compensation	11,137	3,567	2,125	12,579	4,314
Accrued vacation	56,030	23,699	18,131	61,598	23,766
Notes payable – RCUH	89	-	89	-	-
Postretirement healthcare / life insurance benefits (Note 15)	-	88,560	25,709	62,851	-
Installment contract payable (Note 16)	249	352	237	364	316
Total other liabilities	67,505	116,178	46,291	137,392	28,396
Total long-term liabilities	<u>\$ 345,825</u>	<u>\$ 116,178</u>	<u>\$ 47,746</u>	<u>\$ 414,257</u>	<u>\$ 33,271</u>

Revenue Bonds Payable

The University's revenue bonds payable at June 30, 2009 and 2008 are as follows:

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	Series	Date Issued	Authorized	2009	2008
Student Housing System at Mānoa and Telecommunications System (interest rate, 3.0% to 5.25%)	2001B	December 19, 2001	\$ 18,665	\$ 12,425	\$ 13,500
University Health & Wellness Center (interest rate 2.70% to 5.59%)	2002A	June 27, 2002	150,000	12,820	15,735
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.25% to 5.0%)	2006A	December 13, 2006	100,000	100,000	100,000
University Health & Wellness Center (interest rate. 3.5% to 5.0%)	Ref 2006A	October 25, 2006	133,810	133,385	133,810
Various acquisition and construction projects (interest rate. 2.5% to 6.0%)	2009A	April 15, 2009	100,000	100,000	-
			<u>\$ 502,475</u>	<u>\$ 358,630</u>	<u>\$ 263,045</u>

In April 2009, the University issued \$100,000 Series 2009A Bonds for the purpose of financing the costs of certain University projects. These University projects include the identification and acquisition of an existing apartment complex on Oahu for conversion to faculty housing, the development of new faculty housing units on Oahu, the acquisition and conversion of apartments on the Hilo Campus for student housing, renovations to student housing at Hale Aloha, the development of the University of Hawaii West Oahu Kapolei Campus, the acquisition of Waianae Education Center, the repayment of indebtedness issued on behalf of the University by the Housing Finance and Development Corporation in November 1995 to finance the Kau'iokahaloa Nui Faculty Housing, additions to the University Biomedical Science Building on the Manoa Campus, and additions to the Campus Center on the Hilo Campus.

The University receives funds from the State of Hawai'i Tobacco Settlement Special Fund, which are solely applied to the payment of principal and interest on the Series 2002A and Refunding Series 2006A bonds. The funds received from the State of Hawai'i Tobacco Settlement Special Fund amounted to \$14,787 in 2009 and \$21,272 in 2008.

The revenue bonds are paid from certain unrestricted revenues in annual installments, including semi-annual interest payments ranging from \$174 to \$5,002 with the final payment due in October 2038. Series 2001B, 2006A and 2009A interest is payable semi-annually on April 1 and October 1, and the principal is payable on October 1 of each year. The Series 2002A and Refunding Series 2006A interest is payable semi-annually on January 15 and July 15, and the principal is payable on July 15 of each year. The Bond Resolution adopted on May 17, 2002 stipulates that all available moneys on deposit in any special fund or revolving fund of the University, excluding moneys on deposit in the University Revenue – Undertakings Fund ("University Bond System") are pledged to the payment of the Series 2002A bonds, interest and premiums (if any). All available moneys on deposit in any special fund or revolving fund of the University, including moneys on deposit in the University Bond System are pledged to the payment of the Series 2001B, 2006A and 2009A bonds, interest and premiums (if any).

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At June 30, 2009, future maturities of revenue bonds are as follows:

	Principal	Interest
Years ending June 30		
2010	\$ 7,030	\$ 16,336
2011	7,285	16,257
2012	9,140	15,930
2013	9,485	15,568
2014	9,880	15,180
2015–2019	55,035	68,713
2020–2024	61,715	55,055
2025–2029	75,155	38,389
2030–2034	80,280	21,027
2035–2039	43,625	5,401
	<u>\$ 358,630</u>	<u>\$ 267,856</u>

Bond Premiums

Activity related to the premiums on general obligation and revenue bonds for the years ended June 30, 2009 and 2008 are as follows:

	Series	Beginning Balance	Additions	Reductions	Ending Balance
2009					
Student Housing System at Mānoa and Telecommunications System	2001B	\$ 141	\$ -	\$ 33	\$ 108
John A. Burns School of Medicine	Ref 2006A	1,667	-	90	1,577
General obligation	DB	47	-	9	38
General obligation	DG	9	-	2	7
		<u>\$ 1,864</u>	<u>\$ -</u>	<u>\$ 134</u>	<u>\$ 1,730</u>
2008					
Student Housing System at Mānoa and Telecommunications System	2001B	\$ 122	\$ 19	\$ -	\$ 141
John A. Burns School of Medicine	Ref 2006A	1,724	-	57	1,667
General obligation	DB	57	-	10	47
General obligation	DG	10	-	1	9
		<u>\$ 1,913</u>	<u>\$ 19</u>	<u>\$ 68</u>	<u>\$ 1,864</u>

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Deferred Bond Refunding and Issuance Costs

Activity related to issuance costs for general obligation and revenue bonds for the years ended June 30, 2009 and 2008 are as follows:

	Series	Beginning Balance	Additions	Reductions	Ending Balance
2009					
Student Housing System at Mānoa and Telecommunications System					
	2001B	\$ 457	\$ -	\$ 108	\$ 349
John A. Burns School of Medicine					
	Ref 2006A	8,706	-	471	8,235
General obligation					
	DB	36	-	7	29
General obligation					
	DG	7	-	1	6
Total bond issuance costs		<u>\$ 9,206</u>	<u>\$ -</u>	<u>\$ 587</u>	<u>\$ 8,619</u>
2008					
Student Housing System at Mānoa and Telecommunications System					
	2001B	\$ 395	\$ 62	\$ -	\$ 457
John A. Burns School of Medicine					
	Ref 2006A	9,004	-	298	8,706
General obligation					
	DB	44	-	8	36
General obligation					
	DG	8	-	1	7
Total bond issuance costs		<u>\$ 9,451</u>	<u>\$ 62</u>	<u>\$ 307</u>	<u>\$ 9,206</u>

Capital Lease Obligation

On November 1, 1995, the Housing Finance and Development Corporation ("HFDC") issued \$17,680 in revenue bonds to provide permanent financing for the University of Hawai'i Kau'iokahaloa Nui Faculty Housing Project. At the time of issuance, HFDC entered into a Lease and Sublease Agreement ("Agreement") with the University.

Pursuant to the Agreement, the University Bond System operates the Kau'iokahaloa Nui Faculty Housing Project and made lease rental payments to HFDC sufficient to pay the HFDC debt service. Upon retirement of the HFDC revenue bonds, HFDC's rights, title and interest in the Kau'iokahaloa Nui Faculty Housing Project would transfer to the University Bond System. The lease agreement was accounted for as a capital lease by the University Bond System. The amount capitalized was \$20,130.

In connection with the issuance of the Series 2009A revenue bonds, approximately \$13,360 of the bond proceeds was used to repay the HFDC obligation in April 2009. Accordingly, ownership of the Kau'iokahaloa Nui Faculty Project was transferred to the University Bond System. The net book value of the Kau'iokahaloa Nui Faculty Project is included in Capital Assets and was \$13,033 and \$13,549 at transfer date and June 30, 2008, respectively. At transfer date, the original basis of the capital lease asset of \$20,130 and accumulated amortization of \$7,097 was reversed and a new cost basis of \$13,032 was established for the Kau'iokahaloa Nui Faculty Project

12. Line of Credit (Research Corporation)

The Research Corporation has a revolving line of credit with First Hawaiian Bank in the amount of \$2,000 for short-term working capital, expiring on February 1, 2011. The terms of the revolving line of credit require repayment as specified in the credit agreement. All borrowings are

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collateralized by a security agreement over accounts receivable. The rate of interest on borrowings was 3.28% and 3.75% at June 30, 2009 and 2008, respectively. At June 30, 2009 and 2008, there were no borrowings under this line.

13. Property Leases

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

Years ending June 30	Lease Amount
2010	\$ 1,437
2011	1,201
2012	990
2013	961
2014	1,040
2015–2019	584
2020–2027	534
	<u>\$ 6,747</u>

Rent expense for outside space for the years ended June 30, 2009 and 2008 approximated \$5,306 and \$4,598, respectively.

14. Employee Benefits

Employees' Retirement System

Substantially all eligible employees of the University are members of the Employees' Retirement System of the State of Hawai'i ("ERS"), a cost-sharing multiple-employer public employee retirement plan. The ERS provides retirement benefits as well as death and disability benefits.

Prior to July 1, 1984, the ERS consisted of only a contributory option. In 1984, legislation was enacted to add a new noncontributory option for members of the ERS who are also covered under Social Security. Persons employed in positions not covered by Social Security are precluded from the noncontributory option. The noncontributory option provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were allowed to continue under the contributory option or to elect the new noncontributory option and receive a refund of employee contributions. All benefits vest after five and ten years of credited service under the contributory and noncontributory options, respectively. Both options provide a monthly retirement allowance based on the employee's age, years of credited service and average final compensation ("AFC"). If the employee became a member prior to January 1, 1971, the AFC is the average salary earned during the five highest paid years of service, including the vacation payment, or three highest paid years of service, excluding the vacation payment. The AFC for members hired on or after that date is based on the three highest paid years of service, excluding the vacation payment. Contributions are based upon negotiated collective bargaining agreements, and the majority is funded by the State general fund as accrued. Subsequently, if an employee is paid from another funding source, contributions will be made from that same source. Effective

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July 1, 2005, employer contribution rates are a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liability.

On July 1, 2006, a new hybrid contributory plan became effective pursuant to Act 179, SLH of 2004. Members in the hybrid plan will be eligible for retirement at age 62 with 5 years of credited service or age 55 with 30 years of credited service. Members will receive a benefit multiplier of 2% for each year of credited service in the hybrid plan. The benefit payment options are similar to the current contributory plan. Almost 58,000 current members, all members of the noncontributory plan and certain members of the contributory plan were eligible to join the new hybrid plan. Most of the new employees hired from July 1, 2006 will be required to join the hybrid plan.

Contribution requirements are not actuarially determined, but are established by the Hawaii Revised Statutes (HRS) Chapter 88 and amended by the Hawaii state legislature. The funding method used to calculate the total employer contribution requirement is the Entry Age Normal Actuarial Cost Method. The employee contribution rate is 7.8% of salary for the Contributory Plan and 6.0% of salary for the Hybrid Plan. There is no employee contribution for the Noncontributory Plan. Employer contributions are calculated as part of the State's total contribution requirements and are reimbursed to the State's General Fund as part of the fringe benefit rate on the University employees' actual salaries. The required employer contributions for the years ended June 30, 2009, 2008, and 2007 were \$79,724, \$65,570 and \$58,141, respectively, which represented 13.75% of payroll for each year. Effective July 1, 2008, the employer contribution rate will increase to 15.00% of salary.

Actuarial valuation is prepared for the entire ERS and not separately computed for the University. Information on vested and nonvested benefits and other aspects of the ERS is also not available at the University level.

ERS issues a Comprehensive Annual Financial Report ("CAFR") that includes financial statements and required supplementary information which may be obtained from the following address:

Employees' Retirement System of the State of Hawai'i
 210 Merchant Street, Suite 1400
 Honolulu, Hawai'i 96813

The following data was obtained from the disclosures contained in the CAFR for the year ended June 30, 2008 is as follows:

Number of employers as of March 31, 2008 was:

State	1
Counties	<u>4</u>
Total employers	<u>5</u>

Basis of Accounting – The financial statements of the ERS are prepared using the accrual basis of accounting. 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.

Method Used to Value Investments – Plan investments are reported at fair value. Where appropriate, the fair value includes disposition costs. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are

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valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments and real estate owned are based on independent appraisals and estimated values.

Other Benefits

The State absorbs the fringe benefit cost for employees paid from State and Federal appropriations. The University receives a State appropriation for these fringe benefit costs. Fringe benefit costs included in total revenue and total expenditures amounted to \$156,203 and \$135,059 for fiscal years 2009 and 2008, respectively.

All regular employees, with certain exceptions, earn vacation leave at the rate of 14 hours for each month of service. Employees who are entitled to annual vacation may accumulate for the succeeding year or years up to 15 working days annual vacation allowance, provided that the total accumulation shall not exceed 90 working days at the end of the calendar year. Accumulated vacation leave, earned but not taken, is reflected as an accrual in the accompanying consolidated financial statements. When termination of services takes place, the employees are paid for their vacation allowance in a lump sum.

Sick leave accumulates at the rate of 14 hours for each full month of service without limit, but can be taken only in the event of an illness and is not convertible to pay upon termination of employment. Accordingly, accumulated sick leave, earned but not taken, is not reflected as an accrual in the accompanying consolidated 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, 2009 and 2008, accumulated sick leave approximated \$421,568 and \$ 378,309, respectively.

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

The University manages its workers' compensation program. Medical related payments for fiscal years 2009 and 2008 were \$1,949 and \$1,627, respectively. Temporary wage loss payments for fiscal years 2009 and 2008 amounted to \$452 and \$278, respectively.

15. Postemployment Benefits Other than Pensions

In addition to providing pension benefits, the State of Hawai'i, pursuant to HRS Chapter 87, provides other postemployment benefits ("OPEB") such as health care and life insurance benefits to all retired University employees. Effective July 1, 2007, the University implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, prospectively which establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, note disclosure and required supplementary information in the financial reports.

Plan Description

The State contributes to the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF"), an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003, pursuant to Act 88, SLH of 2001. The EUTF was established to provide

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a single delivery system of health benefits for state and county workers, retirees, and their dependents. The EUTF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

Hawaii Employer-Union Health Benefits Trust Fund
City Financial Tower
210 Merchant Street, Suite 1520
Honolulu, Hawai'i 96813

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with 10 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 family plan to cover dependents.

For employees hired after June 30, 1996, but before July 1, 2001, and who retire with less than 10 years of service, the State makes no contributions. For those retiring with at least 10 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 those employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Retirees in this category can elect family plan to cover dependents.

For employees hired on or after July 1, 2001 and who retire with less than 10 years of service, the State makes no contributions. For those retiring with at least 10 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 those employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Only single plan coverage is paid for retirees in this category. Retirees can elect family coverage, but must pay the difference.

Funding Policy and Annual OPEB Cost

Employer contributions are financed on a pay-as-you-go basis. The University's contributions are calculated as part of the State's total contribution requirements and are reimbursed to the State's General Fund as part of the fringe benefit rate on the University employees' actual salaries. The University's annual OPEB cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the annual OPEB cost and the percentage of annual OPEB cost contributed to the plan for the fiscal year ended June 30, 2009 (amounts in thousands):

Projected June 30, 2009 Net OPEB Obligation ("NOO")

July 1, 2008 net OPEB obligation	\$ 62,851
Plus: Annual OPEB cost	94,770
Less: Employer contributions (estimated "pay as you go" method)	<u>29,710</u>
Equals: Expected June 30, 2009 net OPEB obligation	<u>\$ 127,911</u>

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OPEB Summary

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$94,770	31.3%	\$127,911
June 30, 2008	\$88,560	29.0%	\$62,851

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Funded Status

Actuarial valuations represent a long-term perspective and involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, investment return and health care cost trends. The projection of benefits does not explicitly incorporate the potential effects of the results of collective bargaining discussions on the contribution rate. Actuarially determined amounts are subject to periodic revisions as actual rates are compared with past expectations and new estimates are made about the future.

Funding Status as of July 1, 2008

Actuarial value of assets	\$ -
Actuarial accrued liability	<u>1,206,264</u>
Unfunded actuarial accrued liability ("UAAL")	<u>\$ 1,206,264</u>
Funded ratio	0%
Covered payroll (active plan members)	495,570
UAAL as a percentage of covered payroll	243.4%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions used were as follows:

Actuarial valuation date	July 1, 2007
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	N/A
Actuarial assumptions	
Investment rate of return	5%
Projected salary increases	3.5%
Healthcare inflation rate	
Medical and Rx Pre-65	9.5% initial, 5% ultimate
Medical and Rx Post-65	10.0% initial, 5% ultimate

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16. Other Noncurrent Liabilities

Other noncurrent liabilities at June 30, 2009 and 2008 are comprised of:

	2009	2008
Liabilities under split interest agreements	\$ 4,204	\$ 4,599
Amounts held for others	1,838	2,359
Other	748	398
	<u>\$ 6,790</u>	<u>\$ 7,356</u>

17. State Appropriations

By statutory provision, the University prepares a biennium budget for its programs. Budgeted expenditures are derived primarily from the General Appropriations Act of 2007, and from other specific appropriations acts in various Session 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 not expended or encumbered, general fund appropriations generally lapse at the end of the fiscal year. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

The net amount of the University's State general and capital appropriations for the years ended June 30, 2009 and 2008 were \$731,394 and \$142,716, and \$690,625 and \$116,910, respectively.

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Net general and capital appropriations for the year ended June 30, 2009 were as follows:

	FY2009
General appropriations	
Act 158, SLH 2008, Appropriation Warrant No. 38	\$ 728,300
Act 111, SLH 2007, Appropriation Warrant No. 24 (G 302)	1,402
Act 111, SLH 2007, Appropriation Warrant No. 24 (G 303)	175
Act 11, SLH 2007, Appropriation Warrant No. 84 (G 322)	150
	<hr/>
	730,027
Others	
Allotments for salary increases and other adjustment	
Act 136, 137, & 138, SLH 2007	9,909
	<hr/>
	739,936
Total funds lapsed	(258)
G 09 302 Lapse adjustment	(376)
Executive restrictions	(7,908)
	<hr/>
Total general appropriations	<u>\$ 731,394</u>
Capital appropriations	
Act 158, SLH 2008	\$ 62,717
Act 213, SLH 2007 as amended by Act 158, SLH 2008	80,779
Section 125 & 160, Act 213, SLH 2007 as amended by Act 158, SLH2008	(682)
Total funds lapsed	(98)
	<hr/>
Total capital appropriations	<u>\$ 142,716</u>

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Net general and capital appropriations for the year ended June 30, 2008 were as follows:

Act 213, SLH 2007, Appropriation Warrant No. 18	\$ 670,485
Act 111, SLH 2007, Appropriation Warrant No. 59 (G 301)	261
Act 111, SLH 2007, Appropriation Warrant No. 59 (G 302)	1,402
Act 111, SLH 2007, Appropriation Warrant No. 59 (G 303)	175
Act 111, SLH 2007, Appropriation Warrant No. 59 (G 304)	175
Act 254, SLH 2007, Appropriation Warrant No. 94 (G 308)	50
Act 11, SLH2007, Appropriation Warrant No. 127 (G 322)	<u>150</u>
	672,698
Others	
Allotments for salary increases and other adjustment	
Act 94, 97, & 98, SLH 2005	<u>4,496</u>
	677,194
Total funds lapsed	(916)
G-08-020 reinstated in FY2009	(160)
G 319 (Flood) net encumbrance remaining that carries forward to FY 2009	<u>14,507</u>
Total general appropriations	<u>\$ 690,625</u>
Capital appropriations	
Section 125, Act 213, SLH 2007	\$ 106,910
Section 85 & 114, Act 178, SLH 2005	250
Section 85 & 114, Act 178, SLH 2005 as amended by Act 160, SLH 2006	11,296
Section 85 & 122, Act 178 SLH 2005 as amended by Act 160, SLH 2006	(1,033)
Total funds lapsed	<u>(513)</u>
Total capital appropriations	<u>\$ 116,910</u>

18. Unrestricted Net Assets

Unrestricted net assets, as defined by GASB Statement No. 35, are not subject to externally imposed stipulations; however, they are subject to internal restrictions. Accordingly, unrestricted net assets may be designated for specific purposes by action of management or the Board or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are internally designated for academic and research programs and initiatives, and capital programs. Some designated unrestricted net assets may be used to fund certain unfunded liabilities included in the undesignated unrestricted net assets.

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The unrestricted net assets at June 30, 2009 and 2008 were as follows:

	2009	2008
Unrestricted net assets		
Designated		
Research and training	\$ 44,755	\$ 55,428
Contract commitments	49,010	43,007
Quasi-endowment	19,264	42,184
Capital projects	30,717	29,751
Bond System	17,833	14,346
Other designated net assets	8,403	8,413
Total designated	<u>169,982</u>	<u>193,129</u>
Undesignated (unfunded obligations for vacation, worker's compensation liabilities, payroll, etc.)	<u>(82,224)</u>	<u>(41,281)</u>
Total unrestricted net assets	<u>\$ 87,758</u>	<u>\$ 151,848</u>

19. Segment Information

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. The University has one segment that meets the reporting requirement of GASB Statement No. 35.

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 services 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) all University parking units located on any campus of the University 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 bond resolutions adopted in November 2001 and February 2009. 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 should be used to support the Network (which includes the University projects of the University Bond System) and bond related expenses.

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Notes to Consolidated Financial Statements
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The following summary financial information as of June 30, 2009 and 2008 is presented before elimination of certain intra-University transactions.

	2009	2008
Condensed statements of net assets		
Assets		
Current assets	\$ 57,537	\$ 58,206
Capital assets, net	165,717	135,004
Other assets	125,003	48,773
Total assets	<u>\$ 348,257</u>	<u>\$ 241,983</u>
Liabilities		
Current liabilities	\$ 19,229	\$ 21,054
Noncurrent liabilities	211,308	128,327
Total liabilities	<u>230,537</u>	<u>149,381</u>
Net assets		
Invested in capital assets, net of related debt	74,678	52,206
Restricted expendable	1,037	4,081
Unrestricted	42,005	36,315
Total net assets	<u>117,720</u>	<u>92,602</u>
Total liabilities and net assets	<u>\$ 348,257</u>	<u>\$ 241,983</u>

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Notes to Consolidated Financial Statements
June 30, 2009 and 2008
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	2009	2008
Condensed statements of revenues, expenses and changes in net assets		
Operating revenues		
Bookstores	\$ 31,105	\$ 31,510
Room and other rentals	21,111	18,385
Parking	5,188	4,785
Telecommunications	3,783	3,433
Other operating revenues	6,094	4,785
Total operating revenues	<u>67,281</u>	<u>62,898</u>
Operating expenses (including \$7,724 and \$5,479 in depreciation expense in 2009 and 2008, respectively)	<u>(68,192)</u>	<u>(69,008)</u>
Operating loss	(911)	(6,110)
Nonoperating revenues	31,182	6,680
Nonoperating expenses	<u>(5,152)</u>	<u>(3,782)</u>
Increase (decrease) in net assets	25,119	(3,212)
Net assets		
Beginning of year	<u>92,602</u>	<u>95,814</u>
End of year	<u>\$ 117,721</u>	<u>\$ 92,602</u>
	2009	2008
Condensed statements of cash flows		
Net cash flows provided by (used in) operating activities	\$ 2,403	\$ (3,104)
Net cash flows provided by non-capital financing activities	1,322	2,411
Net cash flows provided by (used in) capital and related financing activities	68,207	(48,038)
Net cash flows provided by investing activities	<u>5,873</u>	<u>7,741</u>
Net increase (decrease) in cash and cash equivalents	77,805	(40,990)
Cash and cash equivalents		
Beginning of year	<u>89,347</u>	<u>130,337</u>
End of year	<u>\$ 167,152</u>	<u>\$ 89,347</u>

20. Litigation, Other Contingent Liabilities and Commitments

Hawai'i Revised Statutes §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 of Regents 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

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Notes to Consolidated Financial Statements
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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.

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 OMB Circular A-133. 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.

In January 2008, the Office of Hawaiian Affairs ("OHA") and the State announced a settlement resolving the ceded land revenues dispute, which is subject to legislative approval. No further action was taken on House Bill 266 (State OHA settlement) during the 2008 legislative session. In March 2008, the Senate voted to hold the settlement bill (Senate Bill 2733) and requested a management and financial audit of OHA. The auditor's findings will be submitted for the 2009 Regular Legislative Session.

The financial statements include the University's estimated pro rata portion of its obligation due to OHA related to revenues generated from ceded lands.

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 University assumes the risk of loss and administers unpaid claims on behalf of the entire University

With respect to workers' compensation insurance, the University is self-insured for the first \$500,000 per occurrence and annual aggregate and obtains excess insurance of \$50,000,000 from a commercial insurance company. The University records a liability for risk financing and insurance related losses if it is determined that a loss has been incurred and the amount can be reasonably estimated. The University's estimated liability for workers' compensation claims is included in "Other Liabilities" in the accompanying Statements of Net Assets (see Note 11).

Construction and Other Contracts

The University is committed under contracts awarded for construction and other services. These commitments amounted to approximately \$114,955 and \$181,875 as of June 30, 2009 and 2008.

21. New Accounting Pronouncements

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the University's fiscal year beginning July 1, 2009. Statement No. 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as

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Notes to Consolidated Financial Statements
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applicable. The University believes that Statement No. 51 will not have a material effect on its financial statements.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for the University's fiscal year beginning July 1, 2009. Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The University believes that Statement No. 53 will not have a material effect on its financial statements.

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

University of Hawai'i
State of Hawai'i
Schedule of Funding Progress (Unaudited)
Year Ended June 30, 2008
(All dollars reported in thousands)

Post Employment Benefits Other than Pensions

REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b) - (a) / (c)
July 1, 2008	\$0	\$1,206,264	\$1,206,264	0%	\$495,570	243.4%
July 1, 2007	\$0	\$1,135,855	\$1,135,855	0%	\$478,812	237.2%

Other Supplementary Information

Report of Independent Auditors on Supplemental Information

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

The report on our audits of the consolidated financial statements of the University of Hawai'i as of June 30, 2009 and 2008, and for the years then ended, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information (Schedules I, II, III, and IV) included hereinafter is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects in relation to the consolidated financial statements taken as a whole.

Honolulu, Hawai'i
_____, 2010

University of Hawai'i
State of Hawai'i
Condensed Statements of Net Assets
Condensed Statements of Revenue, Expenses and Changes in Net Assets
Current Unrestricted Funds Excluding General Fund and
University Bond System
As of and for the Years Ended June 30, 2009 and 2008
(All dollars reported in thousands)

Schedule I

	2009	2008
Condensed statements of net assets		
Assets		
Current assets	\$ -	\$ 251,385
Total assets	<u>\$ -</u>	<u>\$ 251,385</u>
Liabilities		
Current liabilities	\$ -	\$ 76,600
Noncurrent liabilities	-	2,776
Total liabilities	<u>-</u>	<u>79,376</u>
Net assets		
Unrestricted	<u>172,009</u>	<u>172,009</u>
Total net assets	<u>172,009</u>	<u>172,009</u>
Total liabilities and net assets	<u>\$ 172,009</u>	<u>\$ 251,385</u>
Condensed statements of revenues, expenses and changes in net assets		
Operating revenues	\$ -	\$ 269,802
Operating expenses	-	(242,547)
Operating income	-	27,255
Nonoperating revenues	-	46,636
Nonoperating expenses and transfers	-	(2,044)
Increase in net assets	-	71,847
Net assets		
Beginning of year	<u>172,009</u>	<u>100,162</u>
End of year	<u>\$ 172,009</u>	<u>\$ 172,009</u>

1. Basis of Presentation

The accompanying condensed statements of net assets and related condensed statements of revenues, expenses and changes in net assets 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 2002A revenue bonds and Refunding Series 2006A bonds, and are presented on the accrual basis of accounting.

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Schedules of Series 2002A Revenue Bond Proceeds Activity
Years Ended June 30, 2009 and 2008
(All dollars reported in thousands)

Schedule II

	2009	2008
Beginning balance	\$ 11,788	\$ 13,277
Additions		
Interest and investment income	157	549
Total additions	<u>157</u>	<u>549</u>
Deductions		
Payments – building, construction in progress, other	-	2,027
Management fees	10	11
Total deductions	<u>10</u>	<u>2,038</u>
Ending balance	<u>\$ 11,935</u>	<u>\$ 11,788</u>

1. Basis of Presentation

The accompanying schedules of Series 2002A revenue bond proceeds activity presents the sources and uses of Series 2002A revenue bond proceeds associated with the construction of the John A. Burns School of Medicine facility at Kaka'ako.

2. Refinancing

In October 2006, the University refinanced a majority of the outstanding Series 2002A revenue bonds through the issuance of Refunding Series 2006A bonds. Proceeds from the State's settlement agreement with tobacco companies are expected be utilized to service the outstanding balance of the new debt.

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Condensed Statements of Net Assets
Condensed Statements of Revenue, Expenses and Changes in Net Assets
Current Unrestricted Funds Excluding General Fund
As of and for the Year Ended June 30, 2009 and 2008
(All dollars reported in thousands)

Schedule III

	2009	2008
Condensed statements of net assets		
Assets		
Current assets	\$ -	\$ 282,044
Total assets	<u>\$ -</u>	<u>\$ 282,044</u>
Liabilities		
Current liabilities	\$ -	\$ 92,036
Noncurrent liabilities	-	3,610
Total liabilities	<u>-</u>	<u>95,646</u>
Net assets		
Unrestricted	-	186,398
Total net assets	<u>-</u>	<u>186,398</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ 282,044</u>
Condensed statements of revenues, expenses and changes in net assets		
Operating revenues	\$ -	\$ 332,140
Operating expenses	-	(300,599)
Operating income	-	31,541
Nonoperating revenues	-	48,440
Nonoperating expenses and transfers	-	(14,323)
Increase in net assets	-	65,658
Net assets		
Beginning of year	<u>186,398</u>	<u>120,740</u>
End of year	<u>\$ 186,398</u>	<u>\$ 186,398</u>

1. Basis of Presentation

The accompanying condensed statements of net assets and related condensed statements of revenues, expenses and changes in net assets 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 2006A revenue bonds, and are presented on the accrual basis of accounting.

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Schedules of Series 2006A Revenue Bond Proceeds Activity
Year Ended June 30, 2009 and 2008
(All dollars reported in thousands)

Schedule IV

	2008	2007
Beginning balance	\$ 48,273	\$ 89,871
Additions		
Bond proceeds	-	-
Investment income	1,721	3,511
Total additions	<u>1,721</u>	<u>3,511</u>
Deductions		
Payments – building, construction in progress, other	12,092	42,509
Transfers – retire indebtedness	1,300	2,600
Total deductions	<u>13,392</u>	<u>45,109</u>
Ending balance	<u>\$ 36,602</u>	<u>\$ 48,273</u>

3. Basis of Presentation

The accompanying schedules of Series 2006A revenue bond proceeds activity presents the sources and uses of Series 2006A revenue bond proceeds associated with the construction of the Frear Hall dormitory at the Mānoa campus and repair and maintenance of various housing projects.

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Statements of Net Assets — Community College System
June 30, 2009 and 2008
(All dollars reported in thousands)

Schedule V

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ -
Accounts receivables, net	-	-
Current portion of notes and contributions receivable, net	-	-
Accrued interest receivable	-	-
Merchandise inventories	-	-
Prepaid expenses, deferred charges and other current assets	-	-
Total current assets	<u>-</u>	<u>-</u>
Noncurrent assets		
Restricted cash and cash equivalents	-	-
Notes and contributions receivable, net	-	-
Capital assets, net	-	-
Other noncurrent assets	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ -	\$ -
Accrued payroll and fringe benefits	-	-
Advances from sponsors	-	-
Due to RCUH	-	-
Deferred revenue	-	-
Due to State of Hawai'i	-	-
Current portion of long-term liabilities	-	-
Other current liabilities	-	-
Total current liabilities	<u>-</u>	<u>-</u>
Noncurrent liabilities		
Accrued vacation	-	-
Accrued workers' compensation liability	-	-
Due to campuses and funds	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Net assets		
Invested in capital assets, net of related debt	-	-
Restricted – expendable	-	-
Unrestricted	-	-
Total net assets	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ -</u>

University of Hawai'i
State of Hawai'i
Statements of Revenues, Expenses and Changes in Net Assets –
Community College System
Years Ended June 30, 2009 and 2008
(All dollars reported in thousands)

Schedule VI

	2009	2008
Operating revenues		
Student tuition and fees	\$ -	\$ -
Less: Scholarship allowances	-	-
Net student tuition and fees	-	-
Federal appropriations, grants and contracts	-	-
State and local grants and contracts	-	-
Nongovernmental sponsored programs	-	-
Sales and services of educational departments, other	-	-
Auxiliary enterprises		
Bookstores	-	-
Student housing (net of scholarship allowances of \$21 and \$7)	-	-
Other auxiliary enterprises revenues	-	-
Other operating revenues	-	-
Total operating revenues	<u>-</u>	<u>-</u>
Operating expenses		
Compensation and benefits	-	-
Supplies, services and cost of goods sold	-	-
Scholarships and fellowships	-	-
Depreciation	-	-
Telephone and utilities	-	-
Repairs and maintenance	-	-
Travel expenses	-	-
Other operating expenses	-	-
Total operating expenses	<u>-</u>	<u>-</u>
Operating income (loss)	<u>-</u>	<u>-</u>
Nonoperating revenues (expenses)		
State appropriations	-	-
Private gifts	-	-
Net investment income	-	-
Interest expense	-	-
Transfers from State of Hawai'i for		
Fringe benefits	-	-
Bridge to Hope	-	-
Loss on disposal of capital assets	-	-
Other transfers	-	-
Other nonoperating expenses, net	-	-
Net nonoperating revenues before capital and endowment additions	<u>-</u>	<u>-</u>
Capital state appropriations	-	-
Capital federal grants/subsidies	-	-
Capital gifts and grants	-	-
Transfers to other funds	-	-
Total other revenues	<u>-</u>	<u>-</u>
Net nonoperating revenues	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>-</u>	<u>-</u>
Net assets		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

University of Hawai'i
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Schedules of Series 2009A Revenue Bond Proceeds Activity
Years Ended June 30, 2009
(All dollars reported in thousands)

Schedule VII

	2009
Beginning balance	\$ -
Additions	
Bond proceeds	101,556
Investment income	13
Total additions	<u>101,569</u>
Deductions	
Repayment of capital base	13,392
Payments - building, construction in progress, other	150
Management Fees	9
Total deductions	<u>13,551</u>
Ending balance	<u>\$ 88,018</u>

1. Basis of Presentation

The accompanying schedule of Series 2009A revenue bond proceeds activity presents the sources and uses of Series 2009A revenue bond proceeds.

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

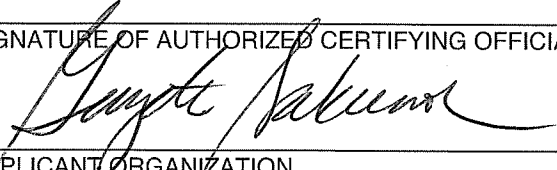
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL 	TITLE Administrative Officer
APPLICANT ORGANIZATION UNIVERSITY OF HAWAII	DATE SUBMITTED MAR 11 2010

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 0348-0044

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Access for All: Hawaii Statewide Public Computer Centers	11.557	\$	\$	\$ 1,949,360.00	\$ 487,340.00	\$ 2,436,700.00
2.						0.00
3.						0.00
4.						0.00
5. Totals		\$ 0.00	\$ 0.00	\$ 1,949,360.00	\$ 487,340.00	\$ 2,436,700.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	AFA	(2)	(3)	
a. Personnel	\$		\$	\$	\$ 0.00
b. Fringe Benefits					0.00
c. Travel					0.00
d. Equipment					0.00
e. Supplies					0.00
f. Contractual					0.00
g. Construction					0.00
h. Other		1,949,360.00			1,949,360.00
i. Total Direct Charges (sum of 6a-6h)		1,949,360.00	0.00	0.00	1,949,360.00
j. Indirect Charges		487,340.00			487,340.00
k. TOTALS (sum of 6i and 6j)	\$	2,436,700.00	\$ 0.00	\$ 0.00	\$ 2,436,700.00
7. Program Income	\$		\$	\$	\$ 0.00

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SECTION C - NON-FEDERAL RESOURCES					
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS	
8. Access for All: Hawaii Statewide Public Computer Centers	\$ 487,340.00	\$	\$	\$ 487,340.00	
9.				0.00	
10.				0.00	
11.				0.00	
12. TOTAL (sum of lines 8-11)	\$ 487,340.00	\$	\$ 0.00	\$ 487,340.00	
SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 974,680.00	\$ 974,680.00	\$	\$	\$
14. Non-Federal	243,670.00	243,670.00			
15. TOTAL (sum of lines 13 and 14)	\$ 1,218,350.00	\$ 1,218,350.00	\$ 0.00	\$ 0.00	\$ 0.00
SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT					
(a) Grant Program	FUTURE FUNDING PERIODS (Years)				
	(b) First	(c) Second	(d) Third	(e) Fourth	
16. Access for All: Hawaii Statewide Public Computer Centers	\$ 1,218,350.00	\$ 1,218,350.00	\$	\$	
17.					
18.					
19.					
20. TOTAL (sum of lines 16-19)	\$ 1,218,350.00	\$ 1,218,350.00	\$ 0.00	\$ 0.00	
SECTION F - OTHER BUDGET INFORMATION					
21. Direct Charges: \$1,949,360.00		22. Indirect Charges: \$487,340.00			
23. Remarks:					

BTOP Public Computer Centers Detail Template

Title: **Access for All: Hawaii Statewide Public Computer Centers**
 Easy Grants ID: **5995**

Center Name	Organization	Address Line 1	City	State	Zip	Facility Type	Minority-Serving Institution Type	Estimated # of Total Persons in Facility's Service Area	Broadband Workstations				Facility Broadband Connection Speed (Mbps)		Weekday Hours Open to the Public		Weekend Hours Open to the Public		Weekday Number of Persons Served		Weekend Number of Persons Served	
									Number of Broadband Stations Available (CURRENT)	Number of Broadband Stations to be Replaced (PROPOSED)	Number of Broadband Stations to be Added (PROPOSED)	Number of Broadband Workstations Available (PROPOSED)	Facility Broadband Connection Speed (CURRENT Mbps)	Facility Broadband Connection Speed (PROPOSED Mbps)	Average Hours Open to Public Per 120-hour Business Week (CURRENT)	Average Hours Open to Public Per 120-hour Business Week (PROPOSED)	Average Hours Open to Public Per 48-hour Weekend (CURRENT)	Average Hours Open to Public Per 48-hour Weekend (PROPOSED)	Proposed # persons served per 120-hour business week (CURRENT)	Proposed # persons served per 120-hour business week (PROPOSED)	Proposed # persons served per 48-hour weekend (CURRENT)	Proposed # persons served per 48-hour weekend (PROPOSED)
Aiea Public Library	Hawaii State Public Library System	99-143 Moanalua Rd.	Aiea	HI	96701	Library	NA	41423	0	0	10	10	3	3	36	36	7	7	1793	3155.4	438	613.2
Aiea Public Library	Hawaii State Public Library System	5246 Kaliaanalele Hwy.	Honolulu	HI	96821	Library	NA	18655	0	0	10	10	0.256	0.256	35	35	7	7	823	1481.4	206	288.4
Bond Memorial Public Library to be replaced by North Kohala Public Library in late 2010	Hawaii State Public Library System	P.O. Box 248	Kapaau	HI	96755	Library	NA	2973	0	0	10	10	0.256	0.256	39	39	0	0	696	1252.8	0	0
Ev a Beach Public and School Library	Hawaii State Public Library System	93-950 North Road	Ewa Beach	HI	96706	Library	NA	43874	0	0	8	8	0.256	0.256	35	35	0	0	2118	3812.4	0	0
Hana Public and School Library	Hawaii State Public Library System	P.O. Box 490	Hana	HI	96713	Library	NA	1612	0	0	5	5	0.256	0.256	39	39	0	0	1073	1931.4	0	0
Hanalei Public Library	Hawaii State Public Library System	P.O. Box B	Hanalei	HI	96716	Library	NA	2475	0	0	6	6	0.256	0.256	39.5	39.5	8.5	8.5	945	1701	236	330.4
Hawai Kai Public Library	Hawaii State Public Library System	249 Lunalilo Home Road	Honolulu	HI	96825	Library	NA	27657	0	0	9	9	0.256	0.256	39	39	8	8	1394	2509.2	349	488.6
Hawai State Library	Hawaii State Public Library System	478 S. King St.	Honolulu	HI	96813	Library	NA	367536	0	0	56	56	3.08	3.08	49	49	8	8	5890	10602	1178	1649.2
Hilo Public Library	Hawaii State Public Library System	300 Wainuenuue Ave.	Hilo	HI	96720	Library	NA	42916	0	0	22	22	1.54	1.54	39	39	8	8	3727	6708.6	932	1304.8
Holualoa Public Library	Hawaii State Public Library System	P.O. Box 214	Holualoa	HI	96725-0214	Library	NA	2956	0	0	3	3	0.256	0.256	12	12	0	0	0	0	0	0
Honokaa Public Library	Hawaii State Public Library System	45-380 Mamane Street Bldg #3	Honokaa	HI	96727	Library	NA	4435	0	0	6	6	0.256	0.256	38	38	0	0	400	720	0	0
Honokaa Public Library	Hawaii State Public Library System	56-490 Kamehameha Hwy.	Kahuku	HI	96731	Library	NA	2716	0	0	8	8	0.256	0.256	38	38	0	0	2348	4226.4	0	0
Kahuku Public and School Library	Hawaii State Public Library System	90 School St.	Kahuku	HI	96732	Library	NA	39390	0	0	20	20	1.54	1.54	40	40	8	8	1878	3380.4	470	658
Kailua Public Library	Hawaii State Public Library System	239 Kualei Road	Kailua	HI	96734	Library	NA	51081	0	0	12	12	0.256	0.256	42	42	7	7	3313	5963.4	665	928.2
Kailua-Kona Public Library	Hawaii State Public Library System	75-138 Hualalai Rd.	Kailua-Kona	HI	96740	Library	NA	25132	0	0	12	12	0.256	0.256	38	38	8	8	2162	3891.6	541	757.4
Kaimuki Public Library	Hawaii State Public Library System	1041 Koko Head Ave.	Honolulu	HI	96816	Library	NA	48839	0	0	14	14	1.54	1.54	43	43	7	7	3367	6060.6	842	1178.8
Kalihi-Paia Public Library	Hawaii State Public Library System	1325 Kalihi Street	Honolulu	HI	96833	Library	NA	47299	0	0	16	16	0.256	0.256	38	38	0	0	2023	3641.4	405	567
Kaneohe Public Library	Hawaii State Public Library System	45-829 Kamehameha Hwy.	Kaneohe	HI	96744	Library	NA	54415	0	0	17	17	1.54	1.54	45	45	7	7	10000	18000	2000	2800
Kaneohe Public Library	Hawaii State Public Library System	16138	Kaneohe	HI	96744	Library	NA	16138	0	0	8	8	0.256	0.256	40	40	0	0	1585	2853	0	0
Kapaa Public Library	Hawaii State Public Library System	1461 Kuhio Highway	Kapaa	HI	96745	Library	NA	25054	0	0	42	42	1.54	1.54	48	48	7	7	5308	9554.4	1062	1486.8
Kapolei Public Library	Hawaii State Public Library System	1020 Manawai Street	Kapolei	HI	96707	Library	NA	11553	0	0	18	18	0.256	0.256	42	42	0	0	1508	2714.4	0	0
Kaunakakai Public and School Library	Hawaii State Public Library System	16-571 Kaunakakai Rd.	Kaunakakai	HI	96749	Library	NA	25054	0	0	8	8	0.256	0.256	22	22	5	5	298	536.4	74	109.6
Kealahou Public Library	Hawaii State Public Library System	P.O. Box 768	Kealahou	HI	96750	Library	NA	22437	0	0	10	10	0.256	0.256	36	36	7	7	1105	1989	276	386.4
Kihei Public Library	Hawaii State Public Library System	35 Waimanui St.	Kihei	HI	96753	Library	NA	5812	0	0	9	9	0.256	0.256	41.5	41.5	0	0	1378	2480.4	0	0
Koloa Public and School Library	Hawaii State Public Library System	P.O. Box 9	Koloa	HI	96756	Library	NA	18538	0	0	6	6	0.256	0.256	36	36	6	6	1476	2656.8	389	516.6
Lahaina Public Library	Hawaii State Public Library System	680 Wharf St.	Lahaina	HI	96761	Library	NA	3189	0	0	5	5	0.256	0.256	39	39	0	0	1522	2739.6	0	0
Lanai Public and School Library	Hawaii State Public Library System	P.O. Box 620550	Lanai City	HI	96763	Library	NA	795	0	0	6	6	0.256	0.256	39	39	0	0	764	1375.2	0	0
Laupahoehoe Public and School Library	Hawaii State Public Library System	P.O. Box 249	Laupahoehoe	HI	96764	Library	NA	3900	0	0	2	2	0.256	0.256	40	40	0	0	75	135	0	0
Library for the Blind and Visually Impaired	Hawaii State Public Library System	402 Kapahulu Ave.	Honolulu	HI	96815	Library	NA	32011	0	0	23	23	1.54	1.54	38.5	38.5	0	0	2627	4728.6	0	0
Lihue Public Library	Hawaii State Public Library System	4344 Hardy St.	Lihue	HI	96766	Library	NA	52044	0	0	14	14	0.256	0.256	35	35	7	7	2888	5398.4	722	1010.8
Liliha Public Library	Hawaii State Public Library System	1515 Liliha St.	Honolulu	HI	96817	Library	NA	15877	0	0	7	7	0.256	0.256	38.5	38.5	7.5	7.5	1741	3133.8	435	609
Makawao Public Library	Hawaii State Public Library System	1159 Makawao Ave.	Makawao	HI	96788	Library	NA	43921	0	0	17	17	0.256	0.256	42	42	7	7	2202	3963.6	550	770
Manoa Public Library	Hawaii State Public Library System	2716 Woodlawn Drive	Honolulu	HI	96822	Library	NA	31187	0	0	14	14	1.54	1.54	35	35	7	7	3452	6213.6	883	1208.2
McCully - Moiliili Public Library	Hawaii State Public Library System	2211 S. King St.	Honolulu	HI	96826	Library	NA	45093	0	0	10	10	0.256	0.256	42	42	7	7	3139	5650.2	628	879.2
Millani Public Library	Hawaii State Public Library System	95-450 Makaimimo St.	Millani	HI	96789	Library	NA	4692	0	0	8	8	0.256	0.256	37.5	37.5	0	0	1060	1908	0	0
Molokai Public Library	Hawaii State Public Library System	P.O. Box 395	Kaunakakai	HI	96748	Library	NA	4410	0	0	6	6	0.256	0.256	36	36	0	0	795	1451	0	0
Mountain View Public Library	Hawaii State Public Library System	P.O. Box 380	Mountain View	HI	96771	Library	NA	3930	0	0	3	3	0.256	0.256	25	25	0	0	290	522	0	0
Naalehu Public Library	Hawaii State Public Library System	P.O. Box 653	Naalehu	HI	96772	Library	NA	1666	0	0	6	6	0.256	0.256	39.5	39.5	0	0	630	1134	0	0
Pahala Public and School Library	Hawaii State Public Library System	P.O. Box 400	Pahala	HI	96777	Library	NA	10563	0	0	9	9	0.256	0.256	15	15	0	0	2116	3808.8	0	0
Pahoa Public and School Library	Hawaii State Public Library System	15-3070 Pahoa-Katapana Rd.	Pahoa	HI	96778	Library	NA	37879	0	0	17	17	1.54	1.54	43	43	7	7	3021	5437.8	604	845.6
Pearl City Public Library	Hawaii State Public Library System	1138 Waimano Home Rd.	Pearl City	HI	96782	Library	NA	1212	0	0	6	6	0.256	0.256	35	35	7	7	545	981	136	190.4
Princeville Public Library	Hawaii State Public Library System	4343 Emmalini Drive	Princeville	HI	96722	Library	NA	54686	0	0	21	21	4.75	4.75	37	37	0	0	2751	4951.8	0	0
Salt Lake-Moanalua Public Library	Hawaii State Public Library System	3225 Salt Lake Blvd.	Honolulu	HI	96818	Library	NA	854	0	0	7	7	0.256	0.256	36	36	4	4	3914	7045.2	783	1096.2
Thelma Parker Memorial Public Library	Hawaii State Public Library System	67-1209 Mamalahoa Hwy.	Kamuela	HI	96743-8429	Library	NA	41605	0	0	10	10	0.256	0.256	38	38	0	0	985	1773	0	0

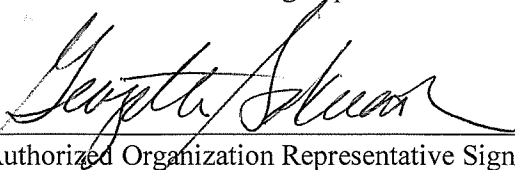
Center Name	Organization	Address Line 1	City	State	Zip	Facility Type	Minority Serving Institution Type	Estimated # of Total Persons in Facility's Service Area	Broadband Workstations				Facility Broadband Connection Speed (Mbps)		Weekday Hours Open to the Public		Weekend Hours Open to the Public		Weekday Number of Persons Served		Weekend Number of Persons Served	
									Number of Broadband Stations Available (CURRENT)	Number of Broadband Stations to be Replaced (PROPOSED)	Number of Broadband Stations to be Added (PROPOSED)	Number of Broadband Workstations Available (PROPOSED)	Facility Broadband Connection Speed (CURRENT Mbps)	Facility Broadband Connection Speed (PROPOSED Mbps)	Average Hours Open to Public Per 120-hour Business Week (CURRENT)	Average Hours Open to Public Per 120-hour Business Week (PROPOSED)	Average Hours Open to Public Per 48-hour Weekend (CURRENT)	Average Hours Open to Public Per 48-hour Weekend (PROPOSED)	Proposed # persons served per 120-hour business week (CURRENT)	Proposed # persons served per 120-hour business week (PROPOSED)	Proposed # persons served per 48-hour weekend (CURRENT)	Proposed # persons served per 48-hour weekend (PROPOSED)
Waialua Public Library	Hawaii State Public Library System	67-088 Kealahou St.	Waialua	HI	96791	Library	N/A	7908	0	0	6	6	0.256	0.256	40	40	5	5	463	933.4	116	162.4
Waianae Public Library	Hawaii State Public Library System	85-625 Farrington Hwy.	Waianae	HI	96792	Library	N/A	42342	0	0	10	10	0.256	0.256	43	43	8	8	1064	3915.2	215	298.2
Waikiki-Kapahulu Public Library	Hawaii State Public Library System	400 Kapahulu Ave.	Honolulu	HI	96815	Library	N/A	27507	0	0	9	9	0.256	0.256	35	35	7	7	1022	1889.6	255	357
Wailuku Public Library	Hawaii State Public Library System	251 High St.	Wailuku	HI	96793	Library	N/A	21782	0	0	10	10	0.256	0.256	39	39	0	0	1571	2827.8	0	0
Waimanalo Public Library	Hawaii State Public Library System	41-1320 Kalanianaʻaʻole Hwy.	Waimanalo	HI	96795	Library	N/A	9872	0	0	8	8	0.256	0.256	43	43	4	4	1340	2412	268	375.2
Waimea Public Library	Hawaii State Public Library System	P.O. Box 397	Waimea	HI	96796	Library	N/A	2205	0	0	7	7	0.256	0.256	39	39	0	0	486	874.8	0	0
Waipahu Public Library	Hawaii State Public Library System	96-275 Makuaka St.	Waipahu	HI	96797	Library	N/A	63228	0	0	14	14	0.256	0.256	35	35	0	0	2317	4170.6	0	0
Honolulu Community College	University of Hawaii System	874 Dillingham Blvd.	Honolulu	HI	96817	Community College	Native Hawaiian Serving Inst.	140000	32	0	10	42	100	100	54	54	3	3	3500	3800	40	50
Kapiolani Community College	University of Hawaii System	4303 Diamond Head Road	Honolulu	HI	96816	Community College	Native Hawaiian Serving Inst.	250000	128	0	10	138	100	100	59	59	0	8	8100	10000	0	200
Kauai Community College	University of Hawaii System	3-3901 Kaunuaʻili Highway	Lihue	HI	96766	Community College	Native Hawaiian Serving Inst.	46000	34	0	4	38	100	100	49	49	0	0	929	1013	0	0
Leeward Community College	University of Hawaii System	96-045 Ala Ika	Peʻarī City	HI	96782	Community College	Native Hawaiian Serving Inst.	350000	63	0	10	73	100	100	55	55	4	0	4150	5000	60	0
Maui Community College	University of Hawaii System	330 W. Kaahumanu Avenue	Kahului	HI	96732	Community College	Native Hawaiian Serving Inst.	97500	18	0	5	23	100	100	46	46	4	4	356	500	4	20
William S. Richardson School of Business	University of Hawaii System	2525 Dole Street	Honolulu	HI	96822	Other Institution of Higher Education	Native Hawaiian Serving Inst.	5000	4	0	4	8	100	100	70	70	23	23	3201	3241	428	448
Windward Community College	University of Hawaii System	45-720 Kealahala Rd.	Kaunohiʻo	HI	96744	Community College	Native Hawaiian Serving Inst.	45000	25	0	5	30	100	100	52	52	0	0	1100	1500	0	0
Hana Education Center	University of Hawaii System	45-720 Kealahala Rd.	Kaunohiʻo	HI	96744	Other Institution of Higher Education	Native Hawaiian Serving Inst.	1612	0	0	4	4	100	100	0	35	0	0	50	60	0	0
Lahaina Education Center	University of Hawaii System	5301 Uakaa	Hana	HI	96713	Other Institution of Higher Education	N/A	18518	0	0	3	3	100	100	0	35	0	0	0	12	0	0
Lanai Education Center	University of Hawaii System	60 Kenui St.	Lahaina	HI	96761	Other Institution of Higher Education	N/A	3189	21	0	5	26	100	100	90	90	0	0	75	125	0	0
Leeward Community College	University of Hawaii System	329 7th Street	Lanai City	HI	96763	Other Institution of Higher Education	N/A	42342	31	0	10	41	100	100	75	75	8	8	500	525	30	35
Molokai Education Center	University of Hawaii System	86-088 Farrington Hwy #201	Waianae	HI	96792	Other Institution of Higher Education	N/A	7372	11	0	5	16	100	100	50	50	0	0	120	170	0	0
North Hawaii Education Center	University of Hawaii System	375 Kamehameha V Hwy.	Kaunakakai	HI	96748	Other Institution of Higher Education	N/A	26216	14	0	5	19	100	100	55	60	12	16	200	300	50	75
UH Center - Maui (MRTC)	University of Hawaii System	45-535 Plumeria St.	Honokaa	HI	96727	Other Institution of Higher Education	N/A	22437	0	0	3	3	100	100	12	12	0	0	20	25	0	0
UH Center - West Hawaii	University of Hawaii System	590 Lipoa Pkwy	Kihai	HI	96753	Other Institution of Higher Education	N/A	25000	18	0	10	28	100	100	44	44	0	0	600	600	0	0
UH Center - East Hawaii	University of Hawaii System	81-964 Halekū Street	Kealahou	HI	96750	Other Institution of Higher Education	N/A	25000	18	0	10	28	100	100	44	44	0	0	600	600	0	0
Totals:								2559776	399	0	693	1092	23.2	23.2	39.8	40.9	3.6	3.8	122349	205697.4	16226	22687.6

**U.S. Department of Commerce
Broadband Technology Opportunities Program
Authentication and Certifications**

1. I certify that I am the duly Authorized Organization Representative (AOR) of the applicant organization, and that I have been authorized to submit the attached application on its behalf.
2. I certify that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termination of a grant award, and/or possible punishment by a fine or imprisonment as provided in 18 U.S.C. §1001 and civil violations of the False Claims Act.
3. I certify that the entity(ies) I represent has and will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, orders and programmatic rules and requirements relating to the project. I acknowledge that failure to do so may result in rejection or deobligation of the grant or loan award. I acknowledge that failure to comply with all federal and program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.
4. I certify that the entity(ies) I represent has and will comply with all applicable administrative and federal statutory, regulatory, and policy requirements set forth in the Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements (“DOC Pre-Award Notification”), published in the Federal Register on February 11, 2008 (73 FR 7696), as amended; DOC Financial Assistance Standard Terms and Conditions (Mar. 8, 2009); the Department of Commerce American Recovery and Reinvestment Act Award Terms (Apr. 9, 2009); and any Special Award Terms and Conditions that are included by the Grants Officer in the award.
5. I certify that any funds awarded to the entity(ies) I represent as a result of this application will not result in any unjust enrichment of such entity(ies) or duplicate any funds such entity(ies) receives under federal universal service support programs administered by the Universal Service Administrative Corporation (USAC).
6. I certify that the entity(ies) I represent has secured access to pay the 20% of total project cost or has petitioned the Assistant Secretary of NTIA for a waiver of the matching requirement.

MAR 11 2010

Date



Authorized Organization Representative Signature

Georgette Sakumoto
Print Name

Administrative Officer
Title

DAVID LASSNER

Vice President for Information Technology & Chief Information Officer
University of Hawaii

Education

Ph.D. in Communication and Information Sciences - University of Hawaii
M.S. in Computer Science - University of Illinois at Urbana-Champaign
A.B. in Economics - University of Illinois at Urbana-Champaign

Employment

Vice President for Information Technology & Chief Information Officer;
University of Hawaii: 2007 -
Chief Information Officer; University of Hawaii: 2003 - 2007
Progressively Responsible Technology Support & Management Positions;
University of Hawaii: 1977 - 2003

Major Extramural Project Highlights

Principal Investigator, Air Force Research Lab
Maui High Performance Computing Center (MHPCC), \$251M, 2001-2011

Co-Principal Investigator, Office of the Secretary of Defense
Pacific Disaster Center (PDC), \$18M, 2006-2009

Principal Investigator, – NSF Subaward via USC
Hawaii Connections for TransLight/PacificWave (TLPW), \$997K, 2007-2010

Principal Investigator, National Science Foundation
“HERN: Hawaii Education and Research Network,” \$2.1M, 1994-98

Professional Activity Highlights (1995 -)

EDUCAUSE: Net@Edu Advisory Board
Hawaii Broadband Task Force - Chair
Hawaii Educational Networking Consortium (HENC): co-founder
Hawaii High Technology Development Corporation: Board Member
Internet2: Board Member, Applications Strategy Council Chair
Internet Society: Education Workshop Coordinator, ThinkQuest Head Judge
Pacific Northwest Gigapop – Board Member
Pacific Telecommunications Council: President and Board Chair. Conference Chair
WICHE Western Cooperative for Educational Telecommunications
Founding Steering Committee Member, Steering Committee Chair (twice), Executive Council Member and Chair, Program Committee, Recipient of Richard W. Jonsen award for Service to Educational Telecommunications (2000)

Richard Burns
Hawaii State Librarian

On October 18, 2007, the Hawaii State Board of Education selected Richard P. Burns, Branch Manager of the Kapolei Public Library, to be Hawaii's State Librarian beginning January 1, 2008.

A long-time resident of Hawaii and an employee of the Hawaii State Public Library System since 1983, Mr. Burns holds a Bachelor of Arts degree in Political Science from the University of California at Los Angeles, a Masters of Arts in Political Science from the University of Hawaii, and a Master of Library and Information Science degree, also from the University of Hawai'i.

Mr. Burns has worked in many capacities during his twenty-six years with the state's library system, including Library Assistant, Library Technician, Children's Librarian and Bookmobile Librarian. He garnered many awards in his two most recent positions, as Branch Manager for Waimanalo Public & School Library from January 1999 to June 2003 and as Branch Manager for Kapolei Public Library from July 2003 to December 2007. Most notably, Mr. Burns was chosen by the Hawaii Library Foundation as Hawaii's Public Librarian of the Year for 2003.

While at Waimanalo, Mr. Burns worked hard to secure a sixth day of public service at a time when all public libraries were reduced to a five-days-a-week schedule due to budget cuts. By securing grants from trusts, community and philanthropic organizations, he was able to create and install native plant gardens surrounding the library, for which the library won the Betty Crocker Award for Excellence in Community Gardens.

In 2003, Mr. Burns was selected to head the newest addition and second largest public library in Hawaii, the long-anticipated Kapolei Public Library which opened in August 2004. Among his many duties was the task of filling an empty library and hiring a staff of twenty-three employees for what would become one of the busiest libraries in the state.

Chris Zane

Manager, Network Engineering
University of Hawaii – Information Technology Services

Work Experience

- 2009 Manager, Network Engineering
University of Hawaii, Information Technology Services
- 2007-2009 Network Engineer
University of Hawaii, Information Technology Services
- 2005-2007 IT Specialist
University of Hawaii, Information Technology Services
- 2003-2005 Director of Internet Services
NetEnterprise, Inc.
- 2000-2003 Network Operations Manager
NetEnterprise, Inc.
- 1995-2000 Network & Systems Engineer
JMCS, Inc.

Education

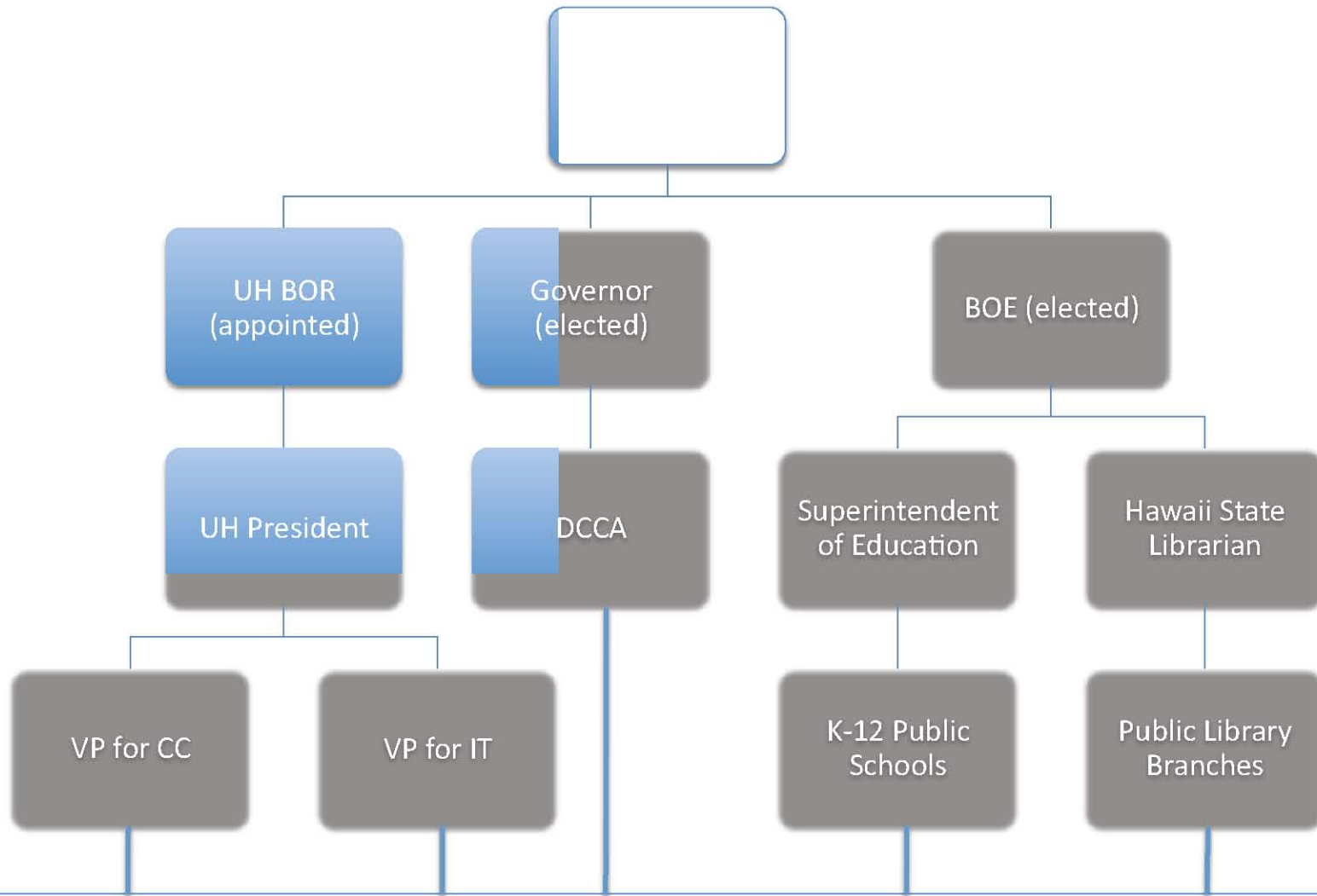
- 1994 Bachelor of Science, Civil Engineering
University of Hawaii at Manoa

Mr. Zane has worked in many capacities in the networking and Internet services fields throughout his career. He has extensive experience in deploying Internet technologies and telecommunication circuits through his responsibilities over the years.

At JMCS and NetEnterprise, Mr. Zane designed and installed various LAN and WAN networks for private customers. In 2000, he designed, built and managed NetEnterprise's data center in Honolulu, HI. The NetEnterprise data center was the first public data center in the State of Hawaii.

At the University of Hawaii, Mr. Zane oversees the engineering and management of the University's statewide network that is comprised of microwave, DWDM, and leased circuits. He was recently the project manager of a statewide 10Gbps network deployment that provided access to the DOE, University and State of Hawaii networks.

Organization Chart



Project Management Team



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

August 11, 2009

Dr. David Lassner
Vice President for Information Technology
and Chief Information Officer
University of Hawaii
2532 Correa Road
Honolulu, Hawaii 96822

Dear Dr. Lassner:

My Administration strongly supports the inter-related proposals you are submitting on behalf of the State of Hawaii to the U.S. Department of Commerce for Broadband Infrastructure and Public Computing Centers.

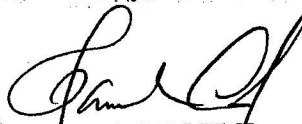
Broadband is perhaps more important to Hawaii than to any other state. In addition to being the most isolated landmass in the world, Hawaii's island geography separates its citizens from one another and from the services they need to thrive in the 21st century. Linking our communities' anchor institutions as you have proposed, and expanding the capability of all our citizens to benefit from online services in well-connected public computing centers on all islands will result in an immense leap forward for all of us, especially those who have been unable to participate until now.

While our geography separates us, our collaborations unite us. Your work to develop these cornerstone proposals on behalf of Hawaii's public schools, libraries and university system is a model of how we need to work together in these difficult times.

As Hawaii rises to meet the challenges brought about by today's economic conditions, we must adopt innovative approaches to provide the tools necessary to ensure we have a seat at the table in the global economy. Your proposals will play a key role in that regard.

I greatly appreciate the University of Hawaii's leadership and express my personal thanks to you in developing these proposals on behalf of our entire State. I trust that the Department of Commerce will respond favorably to our request.

Sincerely,


for LINDA LINGLE

JAMES R. AIONA JR.

ACTING GOVERNOR



March 11, 2010

David Lassner
Vice President for Information Technology and Chief Information Officer
University of Hawaii
2444 Dole Street
Honolulu, HI 96822

Dear David:

I'd like to express the strong support of the entire University of Hawaii System for the inter-related proposals you are submitting to the Broadband Technology Opportunity Program for Comprehensive Community Infrastructure and Public Computing Centers. The University of Hawaii System comprises all public higher education in Hawaii, from community colleges to our flagship research university. Our ten campuses, along with our education centers, provide interlinked gateways of opportunity on six islands for the entire State of Hawaii.

Our unique organizational structure enables us to place a particular emphasis on the use of distance learning to serve people in the most remote locations on all islands -- people who would normally have no access to campus-based education. Our current distance learning network relies on obsolete and incompatible equipment that limits access to educational opportunities. Upgrading our networks and deploying advanced high-definition broadband-based technology will not only improve educational opportunities for Hawaii but will also allow the University to demonstrate to others the transformational impact of broadband throughout the State. High speed networking also enables shared access to information systems and resources to control spiraling costs in these difficult economic times.

Working with our sister institutions, the public schools and public libraries, to advance our broadband infrastructure, improve distance learning and deploy public computers for the underserved will provide a critical safety net for those who have suffered most through the economic downturn and need new skills and abilities to thrive in the 21st century.

Thank you for your leadership in working not only with the entire University but with the Public Libraries and Public Schools to address the needs of the unserved and underserved in all our communities on all islands.

Sincerely,

A handwritten signature in cursive script that reads "M.R.C. Greenwood".

M.R.C. Greenwood

2444 Dole Street, Bachman Hall
Honolulu, Hawai'i 96822
Telephone: (808) 956-8207
Fax: (808) 956-5286
Email: mrcgreenwood@hawaii.edu



UNIVERSITY
of HAWAII®
SYSTEM

John Morton
Vice President for Community Colleges

March 10, 2010

David Lassner
Vice President for Information Technology and Chief Information Officer
University of Hawaii
2444 Dole Street, Bachman 204
Honolulu, HI 96822

Dear David,

I'd like to express the strong support of the University of Hawai'i Community College System for the inter-related proposals you are submitting on our behalf to the Program for Comprehensive Community Infrastructure and Public Computer Centers.

Our community college campuses and education centers serve students and the public on all islands and are a major source of the workforce development in Hawai'i. We are experiencing dramatic increases in enrollment and student demand. We rely heavily on distance technologies to meet this demand both for reaching remote sites but also to accommodate students' needs to get their education at a time convenient to them. As part of the larger University of Hawai'i System, we are also every island's gateway to a variety of advanced educational opportunities provided by Hawai'i's public universities.

Adequate connectivity, distance learning facilities and public computers are essential elements in our modern mission. As our operating budgets continue to be stressed by today's economic conditions, these stimulus funds are essential for us to make progress in serving the State.

We greatly appreciate your leadership in working together with us to holistically address the needs of the unserved and underserved in all our communities on all islands.

A handwritten signature in black ink, appearing to read 'JMorton', written over the printed name and title.

John Morton
Vice President for Community Colleges

2444 Dole Street, Bachman 207
Honolulu, Hawai'i 96822
Telephone: (808) 956-7038
Fax: (808) 956-5286

An Equal Opportunity/Affirmative Action Institution

LINDA LINGLE
GOVERNOR



StLib-10-137

RICHARD BURNS
STATE LIBRARIAN

STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813

March 11, 2010

Mr. David Lassner
Vice President for Information Technology
and Chief Information Officer
University of Hawaii
2444 Dole Street
Honolulu, HI 96822

Dear David,

I'd like to express strong support for the inter-related proposals you are submitting on our behalf to the Broadband Technology Opportunity Program for Comprehensive Community Infrastructure and Public Computer Centers.

The Hawaii State Public Library System is a single statewide system for all public libraries on all islands of the State of Hawaii. Our current bandwidth is completely inadequate to meet the needs of the communities we serve, and we desperately need additional computers to serve the public.

In this depressed economy, the citizens of Hawaii need broadband access more than ever to access public services, find jobs, prepare resumes, search for health information -- in short, for full participation in today's 21st century society.

Connecting every public library in Hawaii and providing public access to broadband services on all islands throughout the State is essential for us to fulfill our modern mission. And as our budgets continue to be cut, these stimulus funds are essential for us to achieve this. We are pleased to be able to provide \$823,200 in matching funds from non-Federal sources to make this possible.

We greatly appreciate the University of Hawaii's leadership in working together with us and the Public Schools to address the needs of the unserved and underserved in all our communities on all islands.

Sincerely,

A handwritten signature in cursive script that reads "Richard Burns".

Richard Burns
State Librarian



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

March 11, 2010

Dr. David Lassner
Vice President for Information Technology
and Chief Information Officer
University of Hawaii
2444 Dole Street
Honolulu, HI 96822

Dear Dr. Lassner:

I'd like to express our strongest possible support for the proposal you are submitting to the Broadband Technology Opportunity Program for Comprehensive Community Infrastructure on behalf of higher and lower public education institutions and libraries in Hawaii.

The Hawaii State Department of Education is a single public school district for the State of Hawaii, with 287 schools and 178,000 students in grades kindergarten through 12. With schools on seven islands, the broadband connection is critical in providing our 21st century learners with optimal educational opportunities and skills through efforts such as expanding on-line learning opportunities. Our neighbor island and rural schools will especially benefit from being able to access educational resources remotely, a crucial factor if we are to achieve our goal of closing the achievement gap and assuring that every child in Hawaii graduates ready to enter the workforce or go on to further education.

The broadband technology proposal will assist school-level administrators in utilizing more robust information systems to share data for decision making and tracking student progress. For example, we are working on creating a state-wide formative assessment process, accessible on-line. The broadband infrastructure will be critical to the success of that effort.

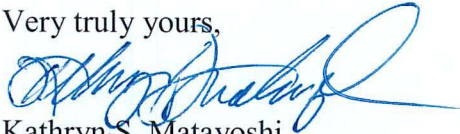
As public servants, we have a mandate to increase transparency and raise accountability in our state government. As educators, we must ensure that we are utilizing our resources wisely in a focused effort on our core mission of educating all children. Broadband infrastructure improvements will also support substantial improvement in our ability to make data driven decisions and be accountable and transparent in our management of our human, financial and facilities resources.

Dr. David Lassner
March 11, 2010
Page 2

Finally, this proposal is also a major factor in our overall strategy for education reform under the American Recovery and Reinvestment Act. So much of what we are hoping to accomplish is reliant on the kind of infrastructure outlined in your application.

We greatly appreciate the University of Hawaii's leadership in working together with Hawaii's public schools and libraries to address the needs of our youth and communities statewide.

Very truly yours,



Kathryn S. Matayoshi
Interim Superintendent

KSM:gm

c: Office of Information Technology Services
Office of Curriculum, Instruction and Student Support
Office of School Facilities and Support Services

COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #:

DATE: May 5, 2009

INSTITUTION:
University of Hawaii
2530 Dole Street
Sakamaki D-200
Honolulu

HI 96822

FILING REF.: The preceding Agreement was dated February 28, 2006

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/08	06/30/09	38.4	On-Campus	Organized Research
PRED.	07/01/09	06/30/12	36.7	On-Campus	Organized Research
PRED.	07/01/08	06/30/12	20.6	Off-Campus	Organized Research
PRED.	07/01/08	06/30/09	27.4	On-Campus	Instruction
PRED.	07/01/09	06/30/12	27.5	On-Campus	Instruction
PRED.	07/01/09	06/30/12	20.0	Off-Campus	Instruction
PRED.	07/01/08	06/30/09	26.9	On-Campus	Other Spon Act
PRED.	07/01/09	06/30/12	25.0	On-Campus	Other Spon Act
PRED.	07/01/08	06/30/12	19.0	Off-Campus	Other Spon Act
PRED.	07/01/08	06/30/09	25.4	On-Campus	Inst. for Astronomy
PRED.	07/01/09	06/30/12	34.2	On-Campus	Inst. for Astronomy
PRED.	07/01/08	06/30/12	19.5	Off-Campus	Inst. for Astronomy
PRED.	07/01/08	06/30/09	3.1	(A)	Direct Projects
PRED.	07/01/09	06/30/12	2.7	(A)	Direct Projects
PRED.	07/01/08	06/30/09	8.9	(B)	(C)
PRED.	07/01/09	06/30/12	8.6	(B)	(C)
PRED.	07/01/08	06/30/09	53.5	(D)	Organized Research
PRED.	07/01/09	06/30/12	50.0	(D)	Organized Research
PROV.	07/01/12	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2012.		

- (A) Research Corp. of U.H.
- (B) Applied Research Laboratory
- (C) University Affiliated Research Center
- (D) Kaka'ako campus including Gold Bond Building

***BASE:**

Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

INSTITUTION:
University of Hawaii

AGREEMENT DATE: May 5, 2009

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

This organization charges the actual cost of each fringe benefit direct to Federal projects. However, it uses a fringe benefit rate which is applied to salaries and wages in budgeting fringe benefit costs under project proposals. The fringe benefits listed below are treated as direct costs.

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

DEFINITION OF OFF-CAMPUS: A project is considered off-campus if the activity is conducted at locations other than in University owned or operated facilities and indirect costs associated with physical plant and library are not considered applicable to the project.

DEFINITION OF EQUIPMENT

Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

The following fringe benefits are treated as direct costs:

FICA, WORKERS COMPENSATION, HEALTH/DENTAL/LIFE INSURANCE, MEDICARE, UNEMPLOYMENT INSURANCE, RETIREMENT, POST RETIREMENT BENEFITS, AND FACULTY VACATION RESERVE.

INSTITUTION:
University of Hawaii

AGREEMENT DATE: May 5, 2009

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

BY THE INSTITUTION:
University of Hawaii

ON BEHALF OF THE FEDERAL GOVERNMENT:

(INSTITUTION)

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)



(SIGNATURE)

(SIGNATURE)

James R. Gaines

Wallace Chan

(NAME)

(NAME)

Vice President for Research

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

(TITLE)

MAY 12 2009

MAY 5, 2009

(DATE)

(DATE) 2801

HHS REPRESENTATIVE: Jeanette Lu

Telephone: (415) 437-7820

**UNIVERSITY OF HAWAII
FACILITIES AND ADMINISTRATIVE COST RATES
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009**

**EXHIBIT A
PAGE 1 OF 3**

	ORGANIZED RESEARCH		INSTRUCTION		OTHER SPONSORED ACTIVITIES	
	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS
BUILDING & IMPROVEMENTS	2.1%		0.4%		0.7%	
INTEREST EXPENSE	2.4%		0.2%		0.3%	
EQUIPMENT USE ALLOWANCE	0.9%		0.1%		0.4%	
OPERATIONS & MAINTENANCE	10.6%		6.1%		5.5%	
LIBRARY	1.2%		0.6%		0.7%	
GENERAL ADMIN	5.2%	5.2%	4.1%	4.1%	5.0%	5.0%
DEPT ADMIN	12.0%	12.5%	13.2%	13.3%	10.6%	10.6%
SPON PROJ ADMIN	2.9%	2.9%	2.6%	2.6%	2.6%	2.6%
STUDENT SERV ADMIN	0.2%		0.1%		0.2%	
ADMIN COMPONENTS	21.2%	<u>21.2%</u> <u>20.6%</u>	20.0%	<u>20.0%</u> <u>20.0%</u>	19.3%	<u>19.3%</u> <u>19.0%</u>
TOTAL		38.4% 20.6%		27.4% 20.0%		26.9% 19.0%

	ORGANIZED RESEARCH IFA		RCUH DIRECT PROJECTS	APPLIED RESEARCH LABORATORY	
	ON-CAMPUS	OFF-CAMPUS			
BUILDING & IMPROVEMENTS	0.3%		0.0%		0.0%
INTEREST EXPENSE	2.2%		0.0%		0.0%
EQUIPMENT USE ALLOWANCE	0.7%		0.0%		0.0%
OPERATIONS & MAINTENANCE	1.7%		0.3%		0.0%
LIBRARY	1.0%		0.0%		0.0%
GENERAL ADMIN	4.5%	4.5%	2.8%		4.8%
DEPT ADMIN	12.0%	12.0%	0.0%		1.5%
SPON PROJ ADMIN	2.8%	2.8%	0.0%		2.3%
STUDENT SERV ADMIN	0.1%	0.1%	0.0%		0.0%
ADMIN COMPONENTS	19.6%	<u>19.6%</u> <u>19.6%</u>	2.8%	<u>2.8%</u>	8.9%
TOTAL		25.4% 19.5%		3.1%	8.9%

CONCUR:



(SIGNATURE)

Vice President for Research

TITLE

MAY 12 2009

DATE

**UNIVERSITY OF HAWAII
FACILITIES AND ADMINISTRATIVE COST RATES
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2012**

**EXHIBIT A
PAGE 2 OF 3**

	ORGANIZED RESEARCH		INSTRUCTION		OTHER SPONSORED ACTIVITIES	
	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS
BUILDING & IMPROVEMENTS	3.1%		0.4%		0.3%	
INTEREST EXPENSE	0.6%		0.2%		0.1%	
EQUIPMENT USE ALLOWANCE	1.0%		0.1%		0.2%	
OPERATIONS & MAINTENANCE	10.0%		6.2%		4.4%	
LIBRARY	0.8%		0.6%		0.7%	
GENERAL ADMIN	5.2%	5.2%	4.1%	4.1%	5.9%	5.9%
DEPT ADMIN	12.9%	12.6%	13.2%	13.3%	10.6%	10.5%
SPON PROJ ADMIN	2.9%	2.9%	2.8%	2.6%	2.6%	2.6%
STUDENT SERV ADMIN	0.2%		0.1%		0.2%	
ADMIN COMPONENTS	21.2%	<u>21.2%</u> <u>20.6%</u>	20.0%	<u>20.0%</u> <u>20.0%</u>	19.3%	<u>19.3%</u> <u>19.0%</u>
TOTAL	36.7%	20.8%	27.5%	20.0%	25.0%	19.0%

	ORGANIZED RESEARCH IFA		RCUH DIRECT PROJECTS	APPLIED RESEARCH LABORATORY	
	ON-CAMPUS	OFF-CAMPUS		ON-CAMPUS	OFF-CAMPUS
BUILDING & IMPROVEMENTS	2.9%		0.0%		0.0%
INTEREST EXPENSE	1.0%		0.0%		0.0%
EQUIPMENT USE ALLOWANCE	1.1%		0.0%		0.0%
OPERATIONS & MAINTENANCE	8.0%		0.3%		0.0%
LIBRARY	0.8%		0.0%		0.0%
GENERAL ADMIN	4.5%	4.5%	2.4%		4.7%
DEPT ADMIN	12.0%	12.0%	0.0%		1.7%
SPON PROJ ADMIN	2.9%	2.9%	0.0%		2.2%
STUDENT SERV ADMIN	0.1%	0.1%	0.0%		0.0%
ADMIN COMPONENTS	19.5%	<u>19.6%</u> <u>19.5%</u>	2.4%	<u>2.4%</u>	8.6% <u>8.6%</u>
TOTAL	34.2%	19.5%	2.7%		8.6%

CONCUR:

JRhami

(SIGNATURE)

Vice President for Research
TITLE

MAY 12 2009

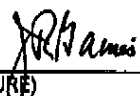
DATE

**UNIVERSITY OF HAWAII
FACILITIES AND ADMINISTRATIVE COST RATES
FOR RESEARCH PERFORMED ON THE KAKA'AKO CAMPUS
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2012**

**EXHIBIT A
PAGE 3 OF 3**

	KAKA'AKO RESEARCH		KAKA'AKO RESEARCH	
	JULY 1, 2008 - JUNE 30, 2008		JULY 1, 2009 - JUNE 30, 2012	
BUILDING & IMPROVEMENTS		3.9%		8.6%
INTEREST EXPENSE		14.1%		10.2%
EQUIPMENT USE ALLOWANCE		1.4%		1.3%
OPERATIONS & MAINTENANCE		12.6%		9.7%
LIBRARY		0.3%		0.1%
GENERAL ADMIN	5.2%		4.8%	
DEPT ADMIN	12.6%		12.3%	
SPON PROJ ADMIN	2.8%		2.8%	
STUDENT SERV ADMIN	0.2%		0.2%	
ADMIN COMPONENTS	21.2%	<u>21.2%</u>	20.2%	<u>20.2%</u>
TOTAL		63.5%		60.0%

CONCUR:



(SIGNATURE)

Vice President for Research

TITLE

MAY 12 2009

DATE

**BTOP Public Computer Center and Sustainable Broadband Adoption
Detailed Budget Template**

Easy Grants ID: 5595
 Applicant: University of Hawaii
 Project Title: Access for All: Hawaii Statewide
 Public Computer Centers

SF-424A Object Class Category	General				Detail					
	a. Personnel - List position, number of staff, annual salaries, % time spent on project	Position	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Quarters Employed	Total
					\$0					\$0
					\$0					\$0
					\$0					\$0
					\$0					\$0
	Subtotal		\$0	\$0	\$0					\$0

b. Fringe Benefits - Include salaries and fringe rate.	Position	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Quarters Employed	Fringe Rate	Total
				\$0						\$0
				\$0						\$0
				\$0						\$0
				\$0						\$0
	Subtotal		\$0	\$0	\$0					\$0

c. Travel - For significant costs, include details such as number and purpose of trips, destinations.	Purpose of Trip	Federal Support	Matching Support	Total	# of Trips	Cost per Trip	Total
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
	Subtotal	\$0.00	\$0.00	\$0.00			\$0.00

d. Equipment Costs - List equipment with # of units and unit costs. Distinguish between equipment intended for applicant use versus equipment for the end user.	Equipment Description	Federal Support	Matching Support	Total	#Units	Unit Cost	Total
Applicant Equipment				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
User Equipment				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
	Subtotal	\$0.00	\$0.00	\$0.00			\$0.00

e. Supplies - List costs associated with materials/printing, curriculum, translations, and other supplies	Description	Federal Support	Matching Support	Total	#Units (If Applicable)	Unit Cost (If Applicable)	Total

	Public Use Computers	\$1,039,500	\$0	\$1,039,500			\$1,039,500.00
	Workstation Software	\$69,300	\$0	\$69,300	693	\$100.00	\$69,300.00
	Public Use Printers	\$26,000	\$0	\$26,000			\$0.00
	Network Switches	\$66,000	\$0	\$66,000			\$66,000.00
	Visually Impaired Assistive Software	\$132,000	\$0	\$132,000	66	\$2,000.00	\$132,000.00
	ADA Compliant Workstations	\$99,000	\$0	\$99,000			\$99,000.00
	Policy enforcement firewall software	\$35,700	\$0	\$35,700			\$35,700.00
	Network Controllers	\$209,100.00	\$0.00	\$209,100.00			\$209,100.00
	WAP licenses	\$20,400.00	\$0.00	\$20,400.00			\$20,400.00
	Wireless Access Points	\$39,130.00	\$0.00	\$39,130.00			\$39,130.00
				\$0.00			\$0.00
	Subtotal	\$1,736,130.00	\$0.00	\$1,736,130.00			

f. Contractual - List contractors with purpose of contract, hourly rate or total fixed rate.	Contractor	Federal Support	Matching Support	Total	# Hours (If Applicable)	Hourly Rate (If Applicable)	Total Contract
	Training	\$100,000	\$0	\$100,000			\$0.00
	3 year maintenance for policy software	\$12,240	\$0	\$12,240			\$12,240.00
	3 year maintenance for WAP licenses	\$7,140	\$0	\$7,140			\$7,140.00
	3 year maintenance for controllers	\$68,850	\$0	\$68,850			\$68,850.00
	Subtotal	\$188,230.00	\$0.00	\$188,230.00			

g. Construction - If applicable, list construction costs	Description	Federal Support	Matching Support	Total
				\$0.00
				\$0.00
				\$0.00
				\$0.00
	Subtotal	\$0.00	\$0.00	\$0.00

h. Other - List costs associated with grant	Description	Federal	Matching	Total	#Units (If	Unit Cost (If	Total
	Electrical Site Work	\$25,000	\$0	\$25,000			\$0.00
	Subtotal	\$25,000	\$0	\$25,000			

i. Total Direct Charges (sum of a-h)	\$1,949,360.00	\$0.00	\$1,949,360.00
j. Indirect Charges	\$0.00	\$487,340.00	\$487,340.00
Total Eligible Project Costs	\$1,949,360.00	\$487,340.00	\$2,436,700.00
Match Percentage	20.0%		

Explanation of Indirect Charges

Attachment 1 - UH Indirect Cost Rates, Exhibit A shows that the indirect cost based on federally approved rate is 25% of Modified Total Direct Costs for On-Campus Other Sponsored Activities.

Additional Budget Notes

No proposed hardware cost exceeds a unit price of \$5000 or greater and was not classified as equipment.

