



UNIVERSITY  
of HAWAII®  
SYSTEM

# 2024 Annual Report Required Supplementary Information, and Other Supplementary Information University of Hawai'i State of Hawai'i



**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
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**June 30, 2024**

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## Report of Independent Auditors

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

### Opinion

We have audited the accompanying financial statements of the University of Hawai'i (the "University"), a component unit of the State of Hawai'i, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the accompanying index.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University and its discretely presented component unit as of June 30, 2024, and the changes in financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Hawai'i Foundation (the "Foundation"), which represent 21.4% of the total assets and deferred outflows of resources and 1.3% of the total operating revenues of the University as of and for the year ended June 30, 2024. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Foundation as of and for the year ended June 30, 2024, are based solely on the report of the other auditors.

### Basis for Opinion


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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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


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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the proportionate share of the net pension liability, pension contributions, changes in the net OPEB liability and related ratios, and OPEB contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information



in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Accuity* LLP

Honolulu, Hawai'i  
December 6, 2024

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**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2024**

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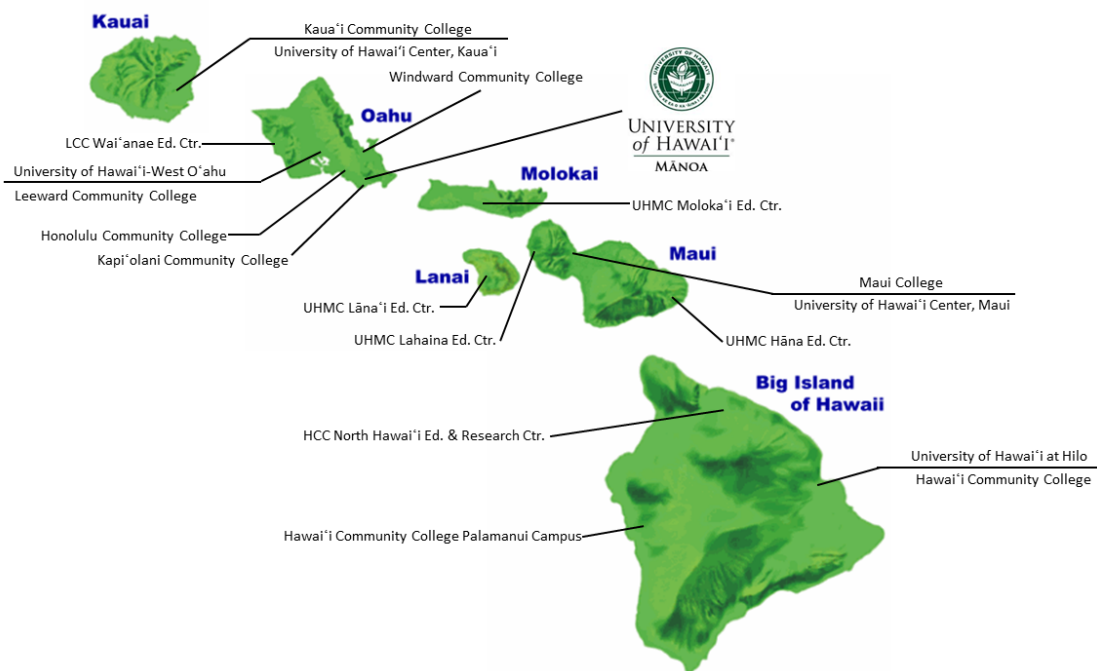
**Introduction**

The following discussion and analysis provide an overview of the financial position and activities of the University of Hawai‘i (the “University” or “UH”) for the year ended June 30, 2024, with selected information for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

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

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

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



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**University of Hawai‘i Quick Facts**

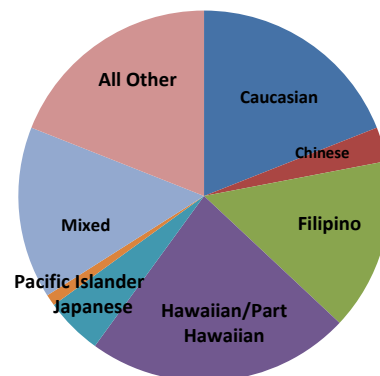
<b>Students</b>	<b>Academic Year 2024</b>	<b>Academic Year 2023</b>
Undergraduate	45,389	43,896
Graduate	5,029	5,037
<b>Total</b>	<b>50,418</b>	<b>48,933</b>

<b>Type of Degrees Awarded</b>	<b>712</b>
Certificates: Community Colleges	166
Certificates: University	132
Associate degrees	115
Bachelor’s degrees	147
Master’s degrees	94
Doctoral degrees	51
Professional degrees	7

**Student Diversity (full time Students)**

Caucasian	19 %
Chinese	3 %
Filipino	15 %
Hawaiian/Part Hawaiian	23 %
Japanese	5 %
Pacific Islander	1 %
Mixed	15 %
All Other	19 %

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



<b>Total Revenues (\$ in thousands)</b>	<b>Fiscal Year 2024</b>	<b>% of Total</b>	<b>Fiscal Year 2023</b>
Net tuition and fees	\$ 267,438	12 %	\$ 272,735
Contracts and grants (including Pell grants)	593,242	27 %	629,189
State appropriations	611,673	28 %	580,768
Transfer from State for fringe benefits	329,117	15 %	246,138
Sales and services	107,444	5 %	94,704
Capital State appropriations	197,105	9 %	156,078
Others	100,043	5 %	54,608
<b>Total</b>	<b>\$ 2,206,062</b>	<b>100 %</b>	<b>\$ 2,034,220</b>



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**Using the Financial Statements**

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

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

**Related Entities**

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

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

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**Financial Position**

The Statement of Net Position presents information on all of the University’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either expendable or nonexpendable. The University’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2024 and 2023 are summarized as follows (in thousands of dollars):

	2024	2023	2024 vs 2023 Change
<b>Current assets</b>			
Cash and operating investments	\$ 915,471	\$ 831,826	\$ 83,645
Receivables, net	166,124	142,604	23,520
Other current assets	28,813	18,460	10,353
Total current assets	1,110,408	992,890	117,518
<b>Noncurrent assets</b>			
Endowment and other investments	122,888	112,574	10,314
Capital assets, net	2,212,888	2,166,345	46,543
Other noncurrent assets	655,696	565,050	90,646
Total assets	4,101,880	3,836,859	265,021
<b>Deferred outflows of resources</b>			
Deferred outflows on net pension and OPEB liability and other	403,855	303,600	100,255
Total deferred outflows of resources	403,855	303,600	100,255
Total assets and deferred outflows of resources	\$ 4,505,735	\$ 4,140,459	\$ 365,276
<b>Current liabilities</b>	\$ 329,701	\$ 263,122	\$ 66,579
<b>Noncurrent liabilities</b>			
Revenue bonds payable	395,098	421,442	(26,344)
Net pension liability and other postemployment benefits	3,147,820	3,073,192	74,628
Other noncurrent liabilities	85,016	77,224	7,792
Total liabilities	3,957,635	3,834,980	122,655
<b>Deferred inflows of resources</b>			
Deferred inflows on net pension and OPEB liability	347,955	456,916	(108,961)
Total deferred inflows of resources	347,955	456,916	(108,961)
<b>Net position</b>			
Net investment in capital assets	1,804,712	1,736,520	68,192
Restricted			
Nonexpendable	10,493	10,493	-
Expendable	587,716	580,639	7,077
Unrestricted	(2,202,776)	(2,479,089)	276,313
Total net position	200,145	(151,437)	351,582
Total liabilities, deferred inflows of resources, and net position	\$ 4,505,735	\$ 4,140,459	\$ 365,276

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**Current Assets and Liabilities**

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

The University recorded an increase in working capital the last two fiscal years, which resulted mainly from the implementation of the financial management policy. In November 2013, the University adopted a financial reserve policy to establish systemwide operating reserves from non-general fund revenue in amounts sufficient to provide continued operations for at least two months with a minimum of 5.0% unencumbered cash from all tuition and fee funds, special funds, and revolving funds. At June 30, 2024 and 2023, working capital amounted to \$780.7 million and \$729.8 million, respectively. The University is committed to maintaining a prudent level of working capital to fund operations, including pre-funding extramural grants which are mostly paid on a cost reimbursement basis. Based on the \$1.7 billion operating expenses (excluding depreciation) for the year ended June 30, 2024, the working capital at year-end represents approximately 163 days of operating funds, as compared to 156 days of operating funds in 2023.

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

- Current assets consist primarily of cash and cash equivalents, operating investments, and net receivables. Total current assets were \$1.1 billion and \$992.9 million at June 30, 2024 and 2023, respectively. Total current assets increased by \$117.5 million, or 11.8% at June 30, 2024, as a result of a \$97.5 million increase in operating investments, and a \$23.5 million increase in net receivables, offset by a \$13.9 million decrease in cash. As interest rates remained high during fiscal year 2024, the University opted to increase their holdings of government securities and treasury notes. Decrease in cash balances was attributed to an increase in cash used in operations due to a \$166.8 million increase in operating expenses, offset by a \$118.6 million increase in revenues supporting core activities. The increase in the net receivable balance is primarily attributable to a \$24.0 million increase in receivables from the federal government as a part of federal grants and appropriations.
- Current liabilities consist primarily of accounts payable, accrued payroll and fringe benefits, advances from sponsors, and unearned revenue. Current liabilities also include amounts due to the State of Hawai‘i, the current portion of long-term liabilities, and other current liabilities. Total current liabilities were \$329.7 million and \$263.1 million at June 30, 2024 and 2023, respectively. Total current liabilities increased by \$66.6 million, or 25.3% for the year ended June 30, 2024, as a result of a \$50.6 million increase in accrued payroll and fringe benefits and a \$10.4 million increase in the current portion of long-term liabilities.

**Endowment and Other Investments**

The University’s endowment and other investments consist of the University’s endowment pool, the Associated Students of the University of Hawai‘i (“ASUH”) endowment, and unspent bond proceeds. The aggregate investment balance remained relatively consistent in fiscal years 2024 and 2023.

The University’s endowment funds consist of both permanent endowments and funds functioning as endowments (quasi-endowment funds). Permanent endowment funds are funds received from donors or other outside agencies with the stipulation that the principal be inviolate and invested in perpetuity for the purpose of producing present and future income which may either be expended for the purposes specified by the donor or added to principal.

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Quasi-endowment funds are funds which the Board of Regents, rather than a donor or other outside agency, has allocated for long-term investment purposes. The Board of Regents, in accordance with its policies, is not required to maintain the quasi-endowment principal in perpetuity. Quasi-endowment funds are further categorized as restricted and unrestricted. Restricted quasi-endowment funds represent donor-restricted gifts, without the requirement to maintain the principal in perpetuity. Unrestricted quasi-endowment funds represent unrestricted funds designated by the Board of Regents for long-term investment purposes.

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

The spending rate policy for the University’s self-managed endowment is to limit the immediate impact that significant changes in the fair value of the endowment portfolio have on annual distributions. Effective April 15, 2021, the spending rate policy provides for an annual distribution of up to 4.25% of a rolling 20-quarter average value of the funds, with the value determined at the end of each calendar quarter and the actual distribution to be determined by the University administration for the legacy endowment and by the ASUH Board for the ASUH Stadium Stock Fund. Prior to April 15, 2021, the annual distribution rate ranged between 3.0% and 5.0% of the five-year moving average of the endowment portfolio’s fair value. In fiscal years 2024 and 2023, the University instituted a 4.05% and 4.10% distribution rate, respectively, on restricted and unrestricted endowments. The total restricted and unrestricted distributions available to the University amounted to \$3.0 million and \$2.9 million in fiscal years 2024 and 2023, respectively.

Total endowment and other investments were \$122.9 million and \$112.6 million in fiscal years 2024 and 2023, respectively. Total endowment and other investments increased by 10.3 million, or 9.2%, at June 30, 2024, as a result of endowment investment purchases and sales.

### **Capital and Debt Activities**

The University’s capital assets are separated into seven categories: land, buildings, infrastructure, land improvements, equipment, library materials, and construction in progress. At June 30, 2024 and 2023, total capital assets, net of accumulated depreciation, were \$2.21 billion and \$2.17 billion, respectively. Total capital assets represented approximately 53.9% and 56.5% of the University’s total assets in fiscal years 2024 and 2023, respectively. Capital asset additions totaled \$194.2 million and \$166.8 million in fiscal years 2024 and 2023, respectively. Transfers from capital improvement projects totaled \$116.5 million and \$75.7 million in fiscal years 2024 and 2023, respectively.

Capital asset additions increased by \$27.4 million in fiscal year 2024 in comparison to fiscal year 2023, due to increased funding from the State. Transfers from capital improvements increased by \$40.8 million in fiscal year 2024 in comparison to fiscal year 2023, due to several projects being completed and placed into service during fiscal year 2024.

### **Capital Projects**

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



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Significant capital projects completed during fiscal years 2024 and 2023 or in progress as of June 30, 2024 and 2023 include:

- **Leeward Community College Product Development Center Renovation** – The \$17.2 million renovation is a cooperative project between the University and the Department of Agriculture's Agribusiness Development Corporation. The 16,000 square foot facility includes a commercial grade kitchen, flexible classroom space, processing & manufacturing rooms, laboratories, and a public loft space. The product development center takes agricultural items that would normally be wasted and turn them into value added food products that can be marketed and sold. The project was completed in April 2024.
- **UH-Mānoa Student Success Center** – The \$60 million project will transform Sinclair Library into a Student Success Center. The Student Success Center will allow students to study individually or in groups, collaborate and receive academic advising and tutoring. Sinclair's central location will provide students a safe place to interact. The project is scheduled to be completed during the Fall 2026 semester.
- **UH-Mānoa Bachman Hall Renovation** – The UH-Mānoa Bachman Hall has been renovated. Improvements to the 72-year Bachman Hall included a new central HVAC system, a new roof, and a new life safety system. Renovations were made to the windows, floors, ceilings, restrooms and walls, along with mechanical, electrical, plumbing and telecom. The \$25.2 million project was completed in February 2024.
- **UH-Mānoa Clarence T.C. Ching Complex Expansion and Improvement Project** – The Clarence T.C. Ching Complex was completely renovated for the 2021 Football Season. The original project included new field turf, additional seating to accommodate 9,300 fans, a new scoreboard, grandstands, press box, and concession which was completed on September 3, 2021. The \$15 million second phase of the project added 7,700 seats to meet National Collegiate Athletic Association ("NCAA") rules and the framing and underground utility infrastructure for the 75-foot-wide Aloha Stadium scoreboard. The second phase was completed on July 31, 2023 in time for the 2023 Football Season.
- **Ho'ola Early Phase Clinical Research Center** – The University and the National Institute of Health built a clinical research center in the annex portion of the University's Cancer Center building. The \$13 million renovation will provide the people of Hawai'i a place to go for specialized treatments without leaving the state. The 16,500 square foot facility is WELL and LEED certified and includes an Organoid Generation Facility. Phase I of the project was completed in March 2024.
- **Kapi'olani Community College Culinary Institute of the Pacific, Phase 2** – Phase 2 of the Culinary Institute of the Pacific at Kapi'olani Community College includes a restaurant, an innovation center, an auditorium, and parking. The \$30 million design-build project is estimated to be completed in June 2025.
- **UH-Maui College Hospitality Academy Training Center** – The UH-Maui College is completely renovating their Multipurpose Building into a Hospitality Training Center. The \$5.8 million renovation of the building includes upgrades to the HVAC, electrical and plumbing systems, and will create mock hotel rooms so students in the Hospitality and Tourism program will have hands-on experience in a hotel setting. The project is scheduled to be completed in December 2024.

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- **University of Hawai‘i at Mānoa Athletics Renovation** – The \$13.6 million renovation to the University of Hawai‘i at Mānoa Athletics lower campus Cooke Field began in October 2023. The renovation will include an NCAA-compliant 400-meter eight-lane synthetic track and NCAA-compliant soccer field. The Rainbow Wahine soccer team will be able to come back to Mānoa, instead of playing at the Waipi‘o Peninsula Soccer Stadium. Due to rain delays, the project is set to be completed in January 2025.

## **Financing**

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

- **General obligation bonds** – The State of Hawai‘i continues to provide strong support to the University and issued general obligation bonds to help finance certain University projects. These bonds are carried as liabilities of the State. In fiscal years 2024 and 2023, the State appropriated funds directly to the Department of Budget and Finance to pay for debt service on general obligation bonds issued for the University. As a result, the University itself received no appropriations and made no transfers for debt service on general obligation bonds for these fiscal years. In fiscal years 2024 and 2023, \$144.2 million and \$153.3 million, respectively, were appropriated.
- **Revenue bonds** – The University has previously issued revenue bonds to finance capital projects. These bonds are carried as liabilities of the University. Total revenue bond liabilities were \$421.4 million and \$447.1 million for fiscal years 2024 and 2023, respectively. The University has appropriated funds, by statute, from the State of Hawai‘i Tobacco Settlement Special Fund for the payment of principal and interest on revenue bonds to finance the cost of construction of the medical school facility and received funds for debt service in the amount of \$8.8 million and \$9.9 million in fiscal years 2024 and 2023, respectively. The University also receives a portion of the State of Hawai‘i’s cigarette tax revenues, by statute, for the University’s Cancer Center to be used for research and operating expenses and capital expenditures. Cigarette tax revenues of \$6.9 million were used to cover debt service for the bonds that financed the University’s Cancer Center for each of the fiscal years 2024 and 2023, respectively. Refer to Note 9 for more information regarding the University revenue bonds.

## **Net Position**

Net position represents the residual interest in the University’s assets after liabilities are deducted. Net position is reported in four major categories: net investment in capital assets, restricted nonexpendable, restricted expendable, and unrestricted. The University’s net position at June 30, 2024 and 2023 is summarized as follows (in thousands of dollars):

	<b>2024</b>	<b>2023</b>
Net investment in capital assets	\$ 1,804,712	\$ 1,736,520
Restricted – Nonexpendable	10,493	10,493
Restricted – Expendable	587,716	580,639
Unrestricted	(2,202,776)	(2,479,089)
Total net position	<u>\$ 200,145</u>	<u>\$ (151,437)</u>

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

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The net investment in capital assets increased by \$68.2 million, or 3.9%, in fiscal year 2024, primarily due to a net increase in capital assets of \$46.5 million, and a \$25.6 million increase in the net change of debt retirement related to revenue bonds.

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

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

Net position that is not subject to externally imposed restrictions governing their use is classified as unrestricted for financial reporting purposes. At June 30, 2024 and 2023, unrestricted net position amounted to deficits of \$2.20 billion and \$2.48 billion, respectively. Although unrestricted net position is not subject to externally imposed restrictions, all of the University’s unrestricted net positions have been internally designated for various academic and research programs and initiatives, contractual commitments, and capital projects. In addition, unrestricted net positions of \$61.6 million and \$55.8 million were designated for endowment activities at June 30, 2024 and 2023, respectively.

The negative unrestricted net position for the years ended June 30, 2024 and 2023 was caused by the University’s required accounting and recognition of the University’s allocated share of the State’s actuarially determined net pension and OPEB liabilities.

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

	<b>2024</b>	<b>2023</b>
Unrestricted net position	\$ (2,202,776)	\$ (2,479,089)
Pension	1,525,858	1,556,453
OPEB	<u>1,557,797</u>	<u>1,604,430</u>
Adjusted net unrestricted position	<u>\$ 880,879</u>	<u>\$ 681,794</u>

**Results of Operations**

The Statement of Revenues, Expenses, and Changes in Net Position represents the University’s results of operations for the year. It indicates whether the financial condition of the University improved or deteriorated. For financial reporting purposes, certain significant revenues, including state appropriations, private gifts, and investment income, which are relied upon and budgeted to support the University’s core operations, are required to be reported as nonoperating revenues.

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The University’s results of operations for the years ended June 30, 2024 and 2023, summarized to match revenues supporting core activities with expenses associated with core activities, are as follows (in thousands of dollars):

	2024	2023	2024 vs 2023 Change
<b>Revenues</b>			
Operating			
Tuition and fees	\$ 403,996	\$ 403,207	\$ 789
Less: Scholarship allowances	(136,558)	(130,472)	(6,086)
Grants and contracts	534,804	469,154	65,650
Sales and services	107,444	94,704	12,740
Other revenue	441	185	256
Total operating revenues	<u>910,127</u>	<u>836,778</u>	<u>73,349</u>
Nonoperating			
State appropriations and transfers for fringe benefits	940,790	826,906	113,884
Federal Pell grant and federal non-operating revenues	58,438	160,035	(101,597)
Net investment income	55,403	22,537	32,866
Private gifts	2,387	2,323	64
Total nonoperating revenues	<u>1,057,018</u>	<u>1,011,801</u>	<u>45,217</u>
Total revenues supporting core activities	<u>1,967,145</u>	<u>1,848,579</u>	<u>118,566</u>
<b>Expenses</b>			
Operating			
Compensation and benefits	1,263,751	1,086,895	176,856
Supplies, services and cost of goods sold	225,254	215,189	10,065
Telecom and utilities	73,809	82,077	(8,268)
Scholarships and fellowships	29,150	34,101	(4,951)
Other expense	96,302	103,220	(6,918)
Total operating expenses	<u>1,688,266</u>	<u>1,521,482</u>	<u>166,784</u>
Nonoperating revenues (expenses)			
Transfers from State, net	30,882	22,733	8,149
Interest expense	(12,689)	(13,467)	778
Total nonoperating revenues, net	<u>18,193</u>	<u>9,266</u>	<u>8,927</u>
Expenses associated with core activities before depreciation	<u>1,670,073</u>	<u>1,512,216</u>	<u>157,857</u>
Gain from core activities before depreciation and amortization	<u>297,072</u>	<u>336,363</u>	<u>(39,291)</u>
Depreciation and amortization	<u>148,809</u>	<u>146,281</u>	<u>2,528</u>
Expenses associated with core activities including depreciation	<u>1,818,882</u>	<u>1,658,497</u>	<u>160,385</u>
Gain from core activities	<u>148,263</u>	<u>190,082</u>	<u>(41,819)</u>
Other nonoperating activity			
Capital appropriations and grants	207,798	161,343	46,455
Other expenses, net	(4,479)	(1,349)	(3,130)
Other nonoperating income, net	<u>203,319</u>	<u>159,994</u>	<u>43,325</u>
Increase in net position	<u>351,582</u>	<u>350,076</u>	<u>\$ 1,506</u>
<b>Net position</b>			
Beginning of year	(151,437)	(501,513)	
End of year	<u>\$ 200,145</u>	<u>\$ (151,437)</u>	



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**Revenues Supporting Core Activities**

The University has a diversified stream of revenues to support its operations. No single source generated more than 31% of the total 2024 revenue. State appropriations and tuition and fees are the core components that support the University’s instructional and academic programs. Government and nongovernmental grants and contracts provide opportunities for under-graduate and graduate students to participate in basic research with renowned researchers. Private gifts contribute toward the support of the University’s instructional and academic initiatives. Sales and services revenues include revenues from educational departments and auxiliary enterprises, including bookstores, student and faculty housing, food services, parking, and athletics.

Tuition and fees revenue, net of scholarship allowances, remained relatively consistent in fiscal years 2024 and 2023. Scholarship allowances amounted to \$136.6 million and \$130.5 million in fiscal years 2024 and 2023, respectively.

One of the largest sources of revenue continues to be grants and contracts. Total grants and contracts revenue increased by \$65.7 million, or 14.0%, in fiscal year 2024. There has been an increasing trend in extramural awards in recent years, however, the year-over-year changes in reported revenues typically are attributed to the timing of work performed as revenue is recognized when the related expenses are incurred. In fiscal year 2024, Federal Pell grant and Coronavirus Aid, Relief, and Economic Security Act (“CARES”) Act program revenues decreased \$101.6 million. The fiscal year 2024 decrease was due to the University recognizing nonoperating revenue of \$5.7 million and \$113.8 million associated with the American Rescue Plan Act (“ARPA”), the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”), and the CARES Act in fiscal years 2024 and 2023, respectively, an overall decrease of \$108.2 million.

Sales and services revenues are mainly comprised of bookstores, student and faculty housing, food services, parking, and athletics. In fiscal year 2024, sales and services revenues increased by \$12.7 million, or 13.5%, which was largely due to an increase of \$6.1 million in other auxiliary enterprises’ revenue from educational departments and an increase of \$2.3 million in sales and services of educational activities.

The State continues to provide strong financial support to the University as the sole public higher education system within the State. In fiscal year 2024, general state appropriations and transfers from the State for fringe benefits increased by \$30.9 million, or 5.32%, and \$13.5 million, or 5.8%, respectively, from fiscal year 2023. The State continues to provide strong financial support to the University as the sole public higher education system within the State. The increase in fiscal year 2024 was attributable to an increase in State revenues as well as State support related to the COVID-19 temporary pay settlement that occurred during fiscal year 2024. In response, the Legislature increased the overall state budget by \$1.03 billion, or 5.7%, in fiscal year 2024.

Net transfers from State amounted to \$30.9 million and \$22.7 million in fiscal years 2024 and 2023, respectively. Transfers from State were primarily for the tobacco settlement funds paying for John A. Burns School of Medicine revenue bond debt service and the University’s Cancer Center cigarette stamp tax collections. The State also made a \$10 million transfer to the University for the construction of a child care facility in fiscal year 2024.

The University’s net investment income of \$55.4 million in fiscal year 2024 represents an increase of \$32.9 million, or 145.8%, from fiscal year 2023. The fiscal year 2024 increase was primarily due to the \$14.8 million increase of interest and dividend income and \$14.6 million of unrealized gains on endowment and operating investments, as a result of rising interest rates and an overall improvement of the stock market.

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**Expenses Associated with Core Activities**

The University is committed to recruiting and retaining outstanding faculty and staff and providing compensation equivalent to peer institutions and nonacademic employers. Of the University's operating expenses, approximately 74.9% and 71.4% were related to compensation and benefits during fiscal years 2024 and 2023, respectively.

Compensation and benefits went up by \$176.9 million, or 16.3%, in fiscal year 2024. The fiscal year 2024 increase was attributable to a \$247.6 million increase in payroll expenses due to hiring of additional employees, annual raises, the COVID-19 temporary hazard pay settlement awarded during fiscal year 2024, and an \$18.4 million increase in pension adjustments due to the GASB 75 requirement previously established to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive liabilities, offset by a \$90.0 million decrease in OPEB adjustments.

Supplies, services, and cost of goods sold expense includes service fees, printing and binding, advertising, dues and subscriptions, non-capital property acquisitions, cost of goods sold for resale items, and other miscellaneous operating costs. Such expenses increased by \$10.1 million, or 4.7%, in fiscal year 2024. The fiscal year 2024 increase was primarily attributable to an increase in other service expenses, due to an increase in student activity relative to previous years, as student presence on campus continues to increase.

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

Total aid to students remained relatively constant between fiscal years 2024 and 2023 with amounts of \$165.7 million and \$164.6 million, respectively, representing an increase of \$1.1 million, or 0.7%.

Operating expenses includes travel expenses, repairs and maintenance, rental expenses, and other operating expenses. Other operating expenses decreased by \$6.9 million, or 6.7%, in fiscal year 2024. The decrease in fiscal year 2024 is primarily due to a \$6.7 million decrease in repairs and maintenance expenses.

The University depreciates its capital assets over their estimated useful lives using the straight-line method. The University also records amortization expense in relation to the deferred outflows of resources for asset retirement obligations. Depreciation and amortization expense increased by \$2.5 million, or 1.7%, during fiscal year 2024. The increase in fiscal year 2024 was primarily attributable to increases in depreciable assets relating to buildings and infrastructure.

**Other Nonoperating Activities**

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

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In fiscal year 2024, capital appropriations increased by \$46.5 million, or 28.8%. The increase in fiscal year 2024 was attributable to a \$41.0 million increase in capital appropriations allotted to the University by the State and a \$6.9 million increase in capital gifts and grants. In fiscal year 2024, \$197.1 million was allotted by the State, while in fiscal year 2023, \$156.1 million was allotted.

**Cash Flows**

The Statements of Cash Flows present the University’s significant sources and uses of cash and cash equivalents, including restricted cash balances. The University’s cash is comprised primarily of demand deposits and time certificates of deposit with an original maturity of three months or less. A summary of the University’s cash flows for the years ended June 30, 2024 and 2023 is as follows (in thousands of dollars):

	<b>2024</b>	<b>2023</b>	<b>2024 vs 2023 Change</b>
Cash received from operations	\$ 876,232	\$ 813,790	\$ 62,442
Cash payments for operations	(1,444,579)	(1,335,796)	(108,783)
Net cash used in operating activities	(568,347)	(522,006)	(46,341)
Net cash provided by noncapital financing activities	674,138	748,640	(74,502)
Net cash used in capital and related financing activities	(64,605)	(86,330)	21,725
Net cash used in investing activities	(55,052)	(104,447)	49,395
Net (decrease) increase in cash	(13,866)	35,857	(49,723)
<b>Cash</b>			
Beginning of year	156,377	120,520	35,857
End of year	\$ 142,511	\$ 156,377	\$ (13,866)

The net cash used in operating activities increased by \$46.3 million, or 8.9%, in fiscal year 2024. The increase in fiscal year 2024 was primarily attributable to an increase in payments to employees of \$101.1 million, offset by a \$65.7 million increase in grants and contracts.

The net cash provided by noncapital financing activities decreased by \$74.5 million due to a \$108.2 million decrease in COVID-19 funding, offset by a \$25.7 million increase in State appropriations.

The net cash used in capital and related financing activities decreased by \$21.7 million, or 25.2%, in fiscal year 2024. The decrease in fiscal year 2024 was primarily attributable to a \$23.6 million decrease in principal paid on capital debt and a \$10.0 million increase in transfers related to the construction of the Hale Haukani childcare facility, offset by a \$16.4 million increase in the purchases of capital assets.

The net cash used in investing activities decreased by \$49.4 million in fiscal year 2024, primarily due to an increase in proceeds from sales and maturities and investments of \$45.9 million.

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**Looking Forward**

The University of Hawai‘i (UH) offers opportunity and hope for every resident of Hawai‘i. As the sole provider of higher public education in the state, the UH can drive a more vibrant, sustainable, resilient, just and kind future across our islands. And our scholarship must address the opportunities and challenges of Hawai‘i, the Pacific, and our planet. We want the UH to be grounded in traditional Hawaiian values, in aloha, to create a strong sense of place, while also serving as a forward-looking economic engine driving hubs of innovation and research. As the UH progresses into its next 100 years of service, we must remain vigilant, anticipate what is coming, and act with agility and compassion to maintain a vital role in shaping the future of our island home.

A new six-year strategic plan for the UH 10-campus system was unanimously approved by the UH Board of Regents (“BOR”) at the Board’s November 7, 2024 meeting. The UH System Strategic Plan 2024–2030 – Hawai‘i’s University for Today and Tomorrow will guide the state’s only public higher education system and includes vision and mission statements, foundational principals, and four imperatives with metrics to measure success. The foundational principles include: Hawaiian place of learning; statewide need, diversity and equity; sustainability; and stewardship of resources. The imperatives identified are: fulfill kuleana (responsibility) to Hawaiians and Hawai‘i, promote successful students for a better future, meet Hawai‘i workforce needs of today and tomorrow, and diversify Hawai‘i’s economy through the University’s innovation and research.

UH President David Lassner announced his plans to retire at the end of 2024, after what will be more than a decade in the position. He has served as the 15th president of Hawai‘i’s 10-campus public higher education system since July 2014, after serving as the interim president from July 2013. The BOR has completed its extensive recruitment process and unanimously selected Wendy Hensel as the 16th president starting in January 2025.

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

- U.S. News and World Report released its 2025 Best Colleges rankings and includes:
  - University of Hawai‘i at Mānoa tied for No. 7 among national universities for ethnic diversity, ranked No. 92 as a top U.S. public university, No. 187 as a best value school, and No. 120 for best colleges for veterans.
  - The Shidler College of Business ranked No. 20 for international business programs and No. 127 among the best undergraduate business programs out of 532 ranked undergraduate business programs.
  - The Nancy Atmospera-Walch School of Nursing is the No. 96 best undergraduate nursing program among 686 ranked undergraduate nursing programs.
  - The College of Engineering placed No. 139 among the best undergraduate engineering programs that offer doctoral degrees in the United States, and the Information and Computer Sciences Department ranked as the No. 145 best undergraduate computer science programs out of 584 ranked programs.
  - UH-Hilo’s School of Nursing is the No. 182 best undergraduate nursing program, the College of Business and Economics placed No. 281 among the 532 best undergraduate business programs, and the Department of Psychology ranked No. 293 of the best 681 undergraduate psychology programs.
  - UH-West O‘ahu placed No. 2 among regional colleges for ethnic diversity, No. 6 for least student debt among regional colleges, and No. 10 overall among regional colleges in the West.



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The University’s strength is further demonstrated through its credit ratings. The University holds an Aa3 with stable outlook by Moody’s Investors Service, last updated in October 2020 and Fitch affirmed at AA with stable outlook in September 2024. Both credit agencies have cited some of the strong characteristics of the University:

- Dominant provider of higher education and important economic development driver in the State of Hawai‘i.
- Strong operating support from the State of Hawai‘i.
- Unique academic programming and research, and well-diversified revenue.
- Low debt burden which reflects strong and growing capital support from the State of Hawai‘i.
- Growing cash reserves to improved levels and building amounts of endowments and investments as further reserves.

**Enrollment and Tuition**

While there is some recovery in higher education enrollment in Fall 2023 compared to the immediate aftermath of the pandemic, the situation for the University remains complex and varies by campus and region. Factors such as the ongoing effects of the pandemic, economic conditions, and changes in learning preferences may continue to impact higher education enrollment. Some campuses, such as Hilo and West O‘ahu, have seen significant declines over the past two years. UH-Mānoa has seen growth with a 4% enrollment boost from Fall 2023. UH Community Colleges have experienced growth for the first time since Fall 2011 with a 3.6% increase in enrollment. As of August 2024, the State unemployment rate was 2.9%, which is slightly lower compared to August 2023. Nationally, the seasonally adjusted unemployment rate was 4.2% for August 2024.

Fall census headcount comparisons are as follows:

	<b>Fall 2024</b>	<b>Fall 2023</b>	<b>% Change</b>	<b>Fall 2022</b>	<b>% Change</b>
Mānoa	20,028	19,256	4.0	19,074	1.0
Hilo	2,668	2,781	(4.1)	2,977	(6.6)
West O‘ahu	2,814	2,863	(1.7)	2,913	(1.7)
Community Colleges	24,908	24,033	3.6	23,409	2.7
	<u>50,418</u>	<u>48,933</u>	<u>3.0</u>	<u>48,373</u>	<u>1.2</u>

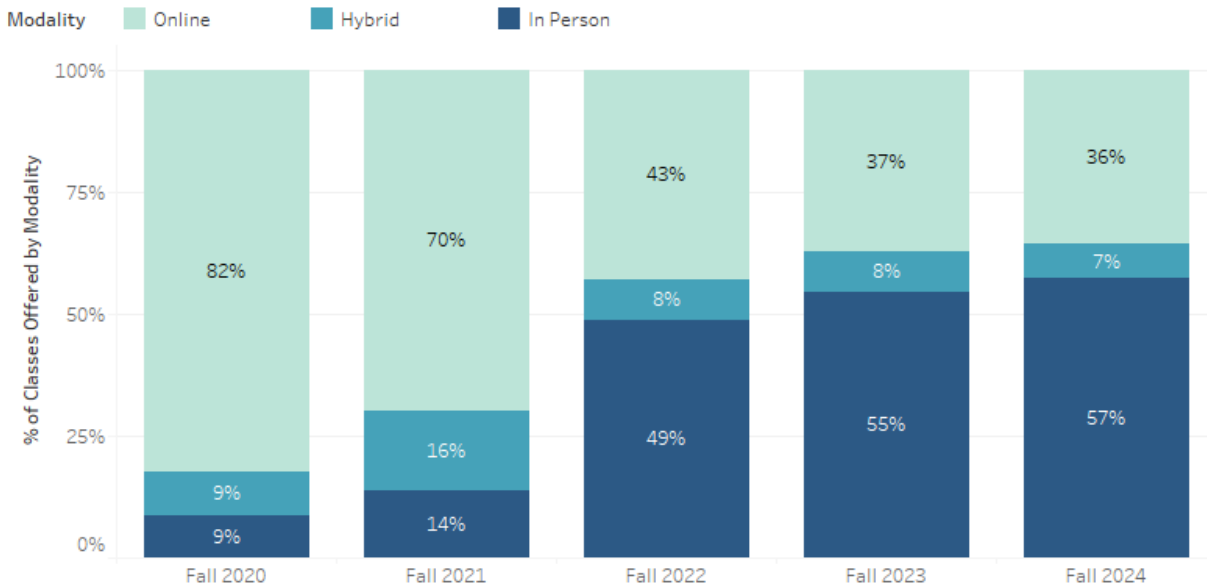
**Fall Course Offerings by Class Type**

With the pandemic pivot, most courses moved to an online format. Online formats appear to be approaching a new normal at 35.6% in Fall 2024 from 38.0% in Fall 2023. In Fall 2024, 77.6% of UH-Mānoa classes were offered in-person, compared to 77.4% in Fall 2023. UH-Hilo is still seeing a decrease in online classes with 28.3% of its classes online in Fall 2024, down from 31.8% in Fall 2023 and 41.6% from Fall 2022. UH-West O‘ahu saw a slight drop in online classes from 64.0% in Fall 2023 to 62.6% in Fall 2024. The UH Community Colleges showed a slight increase in in-person courses to 39.8% in Fall 2024 from 36.6% in Fall 2023. Class fill rates could serve as a significant indicator in determining future modality offerings across programs and/or subjects.

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



The Board of Regents approved the proposed tuition plan on January 19, 2023 for academic years from 2024 to 2027. Under this plan, tuition fees at the UH Community Colleges will remain unchanged for all four academic years included in the new schedule. For undergraduate students, there will be no increase in tuition for the academic years 2024–2025, after which a 2% increment in resident tuition rates will occur at the three four-year UH campuses in the academic years 2025–2026, followed by another 2% increase in the academic years 2026–2027. Nonresident undergraduate tuition rates will see equivalent dollar increases during those two academic years. Graduate-level tuition rates will remain frozen for the entirety of the four academic years, except for the tuition at the UH-Mānoa William S. Richardson School of Law (“WSRSL”), which will experience a 2% increase in each of the three years, beginning in the academic years 2024–2025, with the aim of generating revenue to support WSRSL.

**Research and Innovation**

The University’s extramural fund awards include a mix of research and non-research programs that provide financial stability and balance to the University. About 40% to 50% of the projects are non-research in nature and are intended for training, workforce development, outreach and community services, clinical trials, and other projects. The University of Hawai‘i at Mānoa, the flagship campus, was ranked by the National Science Foundation as 104th among 637 public and private universities for research and development expenditures in fiscal year 2022.

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Extramural awards totaled \$615.7 million in fiscal year 2024, marking the third time that the University exceeded the \$500 million mark, and the highest level of the past five years due to the continued hard work and dedication of our research faculty and support staff. Here are some highlights of fiscal year 2024:

- School of Ocean and Earth Science and Technology, the research powerhouse of the University, received \$125.3 million in extramural awards.
- John A. Burns School of Medicine received \$75.7 million in extramural awards.
- \$464.9 million in grant awards during fiscal year 2023 to programs affiliated to the UH-Mānoa campus; \$71.2 million awarded to units associated with the UH System offices; \$51.1 million awarded to the campuses of the Community College system (including UH-Maui College); \$22.6 million awarded to the UH-Hilo campus; and \$5.9 million awarded to the UH-West O‘ahu campus.

**Facilities and Infrastructure**

Improvement and modernization of the University’s physical assets is key to delivering 21st century facilities that support the University’s strategic directions related to learning, teaching, and research. The University has continued updating its rolling six-year plan for fiscal years 2022–2027 (the “6-Year CIP Plan”) that sets forth a vision of a physical environment that supports and enables the high-quality education and research that takes place at our University. It presents a coordinated, long-term strategy that: (1) prioritizes classrooms, laboratories, and student spaces with a focus on modernization and improving the learning and research environment; (2) uses data and analytics on how we use our spaces, and the condition of our facilities, to prioritize upgrades to the interior/exterior structures, building roofs, mechanical and electrical systems, pedestrian pathways, roadways investments in facilities with the highest programmatic utility and poorest conditions; and (3) focuses more on upgrading existing space, rather than expanding, to elevate the overall quality of spaces across the University in a financially responsible way.

The State of Hawai‘i continued its financial support of the University’s capital improvement program and provided a total of \$159.8 million for fiscal year 2024 and \$202.0 million for fiscal year 2025 through a combination of general obligation bond funds and general funds.

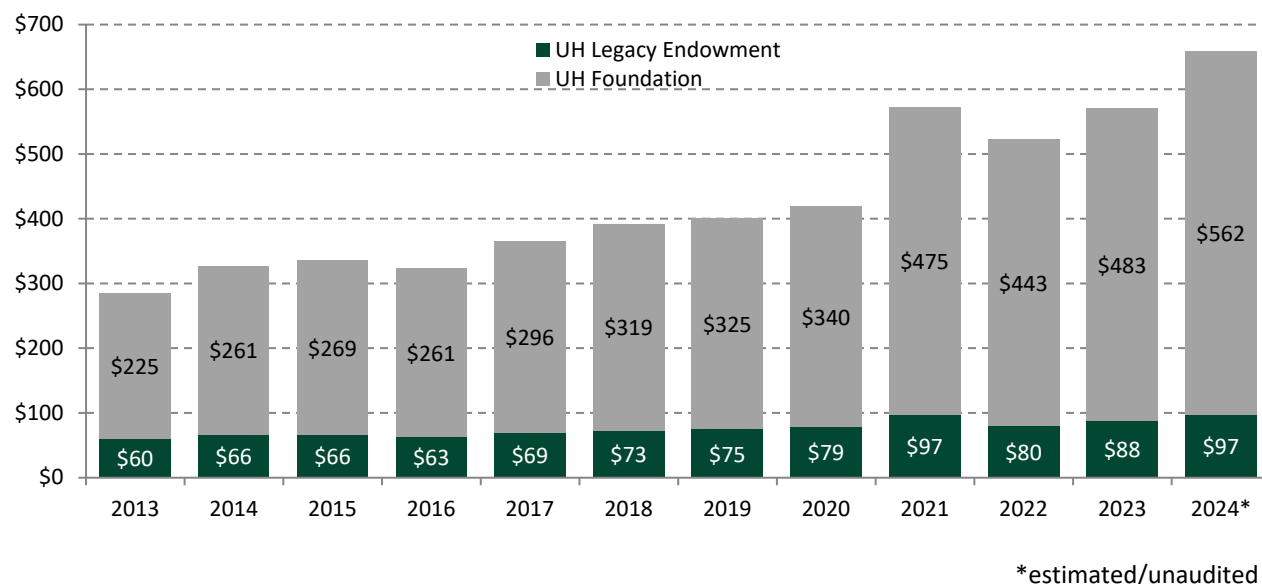
The University also continues to strive to meet the demand for modern, university housing at a reasonable cost through P3 (Public, Private Partnership) Housing Projects. The Atherton Project (now referred to as the Walter Dods, Jr. RISE Center), in partnership with UH Foundation and Hunt Development Group, was developed to house over 370 students in a world-class mixed-use space that includes an innovation and entrepreneurship center. The total construction costs of the project were approximately \$79 million and the housing component was completed in time for the Fall 2023 semester. The NOAA project (now referred to as Hale Haukani), includes mixed-use, family-oriented rental housing for graduate students, UH faculty and staff. This project is being completed in partnership with Greystar Real Estate Partners and Collegiate Housing Foundation, and will have approximately 316 individual units/ 558 beds (studios, two-, three-, and four-bedroom units). The total construction costs of the project are estimated at approximately \$170 million and completion is expected by the Fall 2025 semester.

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**Fundraising**

The UH Foundation raised \$115.2 million during fiscal year 2024, which exceeded the goal of \$100.0 million. The Foundation is launching the public phase of the \$1 billion Comprehensive Campaign for UH, which was in a quiet phase since July 1, 2018. As of June 30, 2024, the UH Foundation raised 65% of the \$1 billion goal or \$650.8 million. Both the Legacy Endowment and the UH Foundation performance recovered from the previous fiscal year as the market adjusted to the volatile macroeconomic conditions.



**State General Fund Appropriations**

While the individual and localized impact of the wildfires in August 2023 are tremendous, the overall economic impact to the state was not as detrimental as anticipated. Over the next several years, the impacts of the income tax changes made in Act 46, Session Laws of Hawai‘i 2024 will reduce the growth of General Fund collections.

For the year ended June 30, 2023, State General Fund revenues were \$9.20 billion. For the year ended June 30, 2024, State General Fund revenues were \$9.56 billion, a 4.0% increase. The Council on Revenues is currently forecasting a 3.5% growth rate for fiscal year 2025, and 2.2% for fiscal year 2026, largely due to significant tax reductions passed in the 2024 Legislative Session.

During the most recent legislative session, the Legislature increased the General Fund operating appropriation to the University by \$32.9 million for fiscal year 2025, resulting in a General Fund appropriation of \$650.0 million. Tuition revenues are projected to remain relatively flat in the near future but collective bargaining (+5% in fiscal year 2025) and utility costs are expected to increase.

UH fund balances remain strong due to pandemic-era austerity measures, substantial federal relief, and stronger than expected State revenues. Efforts to proactively build fund balances in the face of widespread concerns have been extraordinarily successful, even factoring in the impacts of the pandemic. These reserve balances can be used to accommodate projected fiscal shortfalls as well as investments in Strategic Imperatives, which will be prioritized through nonrecurring investments and continual re-prioritization of current funding appropriations.



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**Statement of Net Position – University of Hawai‘i**  
**June 30, 2024**  
*(All dollars reported in thousands)*

<b>Assets and Deferred Outflows of Resources</b>	
Current assets	
Cash and cash equivalents	\$ 142,511
Operating investments	772,960
Due from State of Hawai‘i	6,824
Accounts receivable, net	158,983
Current portion of notes receivable, net	317
Other current assets	28,813
Total current assets	<u>1,110,408</u>
Noncurrent assets	
Due from State of Hawai‘i	626,852
Endowment and other investments	122,888
Notes receivable, net	2,516
Capital assets, net	2,212,888
Other noncurrent assets	26,328
Total noncurrent assets	<u>2,991,472</u>
Total assets	<u>4,101,880</u>
Deferred outflows of resources	
Deferred outflows on net pension liability, OPEB liability and other	403,855
Total deferred outflows of resources	<u>403,855</u>
Total assets and deferred outflows of resources	<u>\$ 4,505,735</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	
Current liabilities	
Accounts payable	\$ 54,815
Accrued payroll and fringe benefits	108,529
Advances from sponsors	43,245
Unearned revenue	26,624
Due to State of Hawai‘i	6,181
Due to the Research Corporation of the University of Hawai‘i, net	12,651
Current portion of long-term liabilities	72,527
Other current liabilities	5,129
Total current liabilities	<u>329,701</u>
Noncurrent liabilities	
Accrued vacation	47,958
Accrued workers’ compensation	13,335
Revenue bonds payable	395,098
Equipment financing obligations	1,498
Net pension liability	1,613,838
Other postemployment benefits	1,533,982
Other noncurrent liabilities	22,225
Total noncurrent liabilities	<u>3,627,934</u>
Total liabilities	<u>3,957,635</u>
Deferred inflows of resources	
Deferred inflows on net pension, OPEB liability and other	347,955
Total deferred inflows of resources	<u>347,955</u>
Commitments and contingencies	
Net position	
Net investment in capital assets	1,804,712
Restricted	
Nonexpendable	10,493
Expendable	587,716
Unrestricted	(2,202,776)
Total net position	<u>200,145</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,505,735</u>

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

# University of Hawai‘i

## State of Hawai‘i

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

### Statement of Financial Position – University of Hawai‘i Foundation

June 30, 2024

(All dollars reported in thousands)

#### Assets

Cash and cash equivalents	\$ 20,889
Assets whose use is limited or restricted	6,476
Contributions receivable, net	61,854
Prepaid expenses and other receivables	7,475
Property and equipment, at cost, net of accumulated depreciation and amortization of \$3,824	91,604
Other assets, at cost	2,484
Investments	745,330
Beneficial interest in trusts held by others	27,035
Total assets	<u>\$ 963,147</u>

#### Liabilities and Net Assets

Accounts payable	\$ 13,324
Liabilities under split-interest agreements	14,481
Amounts held for others	3,548
Long-term debt	92,868
Other liabilities	1,417
Total liabilities	<u>125,638</u>
Commitments and contingencies	
Net assets	
Without donor restrictions	14,422
With donor restrictions	823,087
Total net assets	<u>837,509</u>
Total liabilities and net assets	<u>\$ 963,147</u>

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

# University of Hawai'i

## State of Hawai'i

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

### Statement of Revenues, Expenses, and Changes in Net Position – University of Hawai'i

Year Ended June 30, 2024

(All dollars reported in thousands)

<b>Operating revenues</b>	
Student tuition and fees	\$ 403,996
Less: Scholarship allowances	<u>136,558</u>
Net student tuition and fees	267,438
Federal appropriations, grants and contracts	432,455
State and local grants and contracts	48,267
Nongovernmental sponsored programs	54,082
Sales and services of educational departments, other	18,944
Auxiliary enterprises	
Bookstores	12,511
Student housing, net of scholarship allowances of \$1,652	30,153
Other auxiliary enterprises revenues	45,836
Other operating revenues	<u>441</u>
Total operating revenues	<u>910,127</u>
<b>Operating expenses</b>	
Compensation and benefits	1,263,751
Supplies, services, and cost of goods sold	225,254
Depreciation and amortization	148,809
Telephone and utilities	73,809
Scholarships and fellowships	29,150
Travel expenses	31,260
Repairs and maintenance	31,770
Rental expenses	10,336
Other operating expenses	<u>22,936</u>
Total operating expenses	<u>1,837,075</u>
Operating loss	<u>(926,948)</u>
<b>Nonoperating revenues (expenses)</b>	
State appropriations	611,673
Federal Pell grants	52,783
Federal nonoperating revenues (coronavirus)	5,655
Private gifts	2,387
Net investment income	55,403
Interest expense	(12,689)
Net transfers from State of Hawai'i	334,253
Loss on disposal of capital assets	(4,916)
Other, net	<u>198</u>
Net nonoperating revenues before capital and endowment additions	<u>1,044,747</u>
Capital – state appropriations	197,105
Capital – federal grants/subsidies	3,298
Capital – gifts and grants	8,407
Net transfers to State of Hawai'i for capital assets	(1,012)
Transfers from State of Hawai'i, Hale Haukani graduate housing	10,000
Transfers from State of Hawai'i, Tobacco settlement	8,833
Transfers from State of Hawai'i, University of Hawai'i Cancer Center	6,913
Net transfers from other State agencies	<u>239</u>
Total other revenues	<u>233,783</u>
Total net nonoperating revenues	<u>1,278,530</u>
Change in net position	<u>351,582</u>
<b>Net position</b>	
Beginning of year	<u>(151,437)</u>
End of year	<u>\$ 200,145</u>

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

**University of Hawai‘i**  
**State of Hawai‘i**  
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**Statement of Activities – University of Hawai‘i Foundation**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Contributions	\$ 184	\$ 86,410	\$ 86,594
Fees, honoraria, royalties and other	8,802	735	9,537
Investment gain, net	11,538	52,254	63,792
Administrative fees	10,735	(10,735)	-
Fundraising events and projects	291	1,571	1,862
Net assets released from restrictions	63,717	(63,717)	-
Total revenue	95,267	66,518	161,785
<b>Expenses</b>			
Program services			
Extension and public services	1,821	-	1,821
Academic support	8,791	-	8,791
Research	12,487	-	12,487
Student aid and services	16,054	-	16,054
Faculty and staff support	3,619	-	3,619
Capital projects	732	-	732
Athletics	5,187	-	5,187
Special programs	15,382	-	15,382
Other	(356)	-	(356)
Total program services	63,717	-	63,717
Supporting services			
Administrative, management, and fiscal services	13,632	-	13,632
Development	9,993	-	9,993
Total supporting services	23,625	-	23,625
Total expenses	87,342	-	87,342
Change in net assets	7,925	66,518	74,443
Net assets at beginning of year	6,497	756,569	763,066
Net assets at end of year	\$ 14,422	\$ 823,087	\$ 837,509

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

**University of Hawai‘i**  
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**Statement of Cash Flows – University of Hawai‘i**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

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<b>Cash flows from operating activities</b>	
Student tuition and fees	\$ 261,968
Grants and contracts	503,854
Other revenues	110,410
Payments to employees	(1,013,619)
Payments to suppliers and other	(401,763)
Payments for scholarships and fellowships	(29,197)
Net cash used in operating activities	<u>(568,347)</u>
<b>Cash flows from noncapital financing activities</b>	
State appropriations	607,076
Gifts and grants for other than capital purposes	61,861
Net transfers from State of Hawai‘i	5,136
Other disbursements	65
Net cash provided by noncapital financing activities	<u>674,138</u>
<b>Cash flows from capital and related financing activities</b>	
Capital appropriations	120,583
Capital gifts and grants	3,452
Purchases of capital assets	(176,535)
Proceeds from sale of capital assets	158
Principal paid on capital debt and equipment financing arrangements	(21,231)
Interest paid on capital debt and equipment financing arrangements	(16,778)
Transfer from State of Hawai‘i for	
Tobacco Settlement	8,833
Hale Haukani Graduate Housing	10,000
University of Hawai‘i Cancer Center	6,913
Net cash used in capital and related financing activities	<u>(64,605)</u>
<b>Cash flows from investing activities</b>	
Interest and dividends on investments, net	29,162
Proceeds from sales and maturities of investments	513,200
Purchase of investments	(597,414)
Net cash used in investing activities	<u>(55,052)</u>
Net decrease in cash and cash equivalents	(13,866)
<b>Cash and cash equivalents</b>	
Beginning of year	156,377
End of year	<u>\$ 142,511</u>

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

**University of Hawai‘i**  
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**Statement of Cash Flows – University of Hawai‘i**  
**Year Ended June 30, 2024**  
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**Reconciliation of operating loss to net cash used in operating activities**

Operating loss	\$ (926,948)
Adjustments to reconcile operating loss to net cash used in operating activities	
On behalf payments by State for fringe benefits	329,117
Depreciation and amortization expense	148,809
Pension and other postretirement healthcare benefit expense	(143,981)
Bad debt expense, net	2,131
Changes in operating assets and liabilities	
Accounts receivable	(38,890)
Due from the Research Corporation of the University of Hawai‘i, net	17,888
Notes receivable	507
Prepaid expenses and other assets	(4,942)
Accounts payable	(4,105)
Accrued payroll and fringe benefits	39,554
Accrued workers’ compensation liability	12,487
Advances from sponsors	4,544
Other, net	(4,518)
Net cash used in operating activities	<u>\$ (568,347)</u>

**Supplemental disclosure of noncash investing and financing activities**

Net transfers from other State agencies	\$ 1,057
Accounts payable for capital assets	34,658

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

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**Notes to Financial Statements**  
**June 30, 2024**  
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**1. Organization and Summary of Significant Accounting Policies**

**Financial Reporting Entity**

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

The Research Corporation of the University of Hawai‘i (the “Research Corporation”) is a legally separate, tax-exempt entity that provides administrative support services for research and training programs of the University. At June 30, 2024, the net position of the Research Corporation was \$12,803. The University has determined that the Research Corporation meets the criteria to be considered a component unit of the University, however, has excluded the Research Corporation from the accompanying financial statements due to materiality.

The University of Hawai‘i Foundation (the “Foundation”) is a legally separate, not-for-profit organization established to solicit and manage funds for the benefit of the University. Although the University does not control the timing, purpose or amount of its receipts from the Foundation, the resources that the Foundation holds and invests can only be used by, or for the benefit of, the University. Because of the nature and significance of the Foundation’s relationship with the University, the Foundation is considered a component unit of the University and is discretely presented in the accompanying financial statements. In addition, the Foundation’s significant notes are summarized in Note 16.

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

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

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



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

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

**Basis of Presentation**

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

**Cash, Cash Equivalents, and Investments**

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

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

**Investments**

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

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

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**Fair Value Measurements**

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

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

**Due from and Due to State**

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

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

**Accounts Receivable**

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

**Due to the Research Corporation of the University of Hawaii, Net**

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

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**Leases**

***Lessee***

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

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

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

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

- The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the periods covered by an option to extend, if it is reasonably certain the option will be exercised or to terminate if it is reasonably certain that the option will not be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the University is reasonably certain to exercise.

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

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

***Lessor***

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

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

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

- The University uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the periods covered by an option to extend, if it is reasonably certain the option will be exercised or to terminate if it is reasonably certain that the option will not be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

**Subscription-Based Information Technology Arrangements (“SBITA”)**

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

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

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

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

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

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

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

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

- The University uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for the SBITA.
- The subscription term includes periods covered by an option to extend, if it is reasonably certain the option will be exercised or to terminate if it is reasonably certain that the option will not be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and the purchase option price that the University is reasonably certain to exercise.

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

**Capital Assets**

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

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

**Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows (inflows) of resources represent a consumption of (benefit to) net assets that applies to a future period. The University defers recognition of the loss on debt refunding related to issuance of its revenue bonds and amortizes these costs over the life of the bonds using the effective interest rate method.

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The deferred outflow of resources and deferred inflow of resources related to pensions resulted from differences between expected and actual experiences on pension plan investments, changes in assumptions, and changes in proportion on pension plan investments, which will be amortized over the estimated average remaining service life of the plan members. The deferred outflow of resources and deferred inflow of resources related to postemployment benefits other than pension (“OPEB”) resulted from differences between expected and actual experiences and changes in assumptions which will be amortized over the estimated remaining service life of the plan members. The net difference between projected and actual earnings on plan investments for both pension and OPEB resulted in a deferred outflow of resources which is amortized over five years. The University’s contributions to the pension and OPEB plans subsequent to the measurement date of the actuarial valuations for the pension and OPEB plans, which will be recognized as a reduction of the net pension liability and net OPEB liability in the subsequent fiscal year. The deferred outflow of resources related to asset retirement obligations (“AROs”) represents the difference between the AROs and the cash received to assume the related AROs, and are amortized over the remaining useful life of the related capital assets. The deferred inflow of resources related to leases was initially measured as the amount of the lease receivable. Subsequently, the deferred inflows of resources related to leases are recognized as revenue over the lease term.

**Advances from Sponsors**

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

**Unearned Revenue**

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

**Pensions**

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

**Postemployment Benefits Other Than Pensions**

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

**Revenue Bonds Payable**

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

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**Asset Retirement Obligations**

AROs represent the liabilities where both an external obligating event and internal obligating event have occurred, and the liability is reasonably estimable and recorded based on the University’s best estimates of the current value of outlays expected to be incurred. The AROs are reevaluated annually for the effects of general inflation or deflation and any events that would cause a significant change in the estimated outlays. AROs are included in other noncurrent liabilities. Refer to Note 13 for more information.

**Net Position**

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

- **Net investment in capital assets** – This component of net position represents the University’s total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those capital assets.
- **Restricted**
  - Nonexpendable – Net position subject to externally imposed stipulations that it be maintained permanently by the University, which includes the University’s permanent endowment funds.
  - Expendable – Net position that is restricted for specific purposes by sponsors, donors or law. Restrictions in these assets are released when the University complies with the stipulations required by the sponsor, donor or legislative act.
- **Unrestricted** – Net position not classified as restricted or net investment in capital assets and not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents (“Board”) or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives and capital asset programs.

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

**Net Position Restricted by Enabling Legislation**

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*, requires that limitations on the use of net position imposed by enabling legislation to be reported as restricted net position. GASB Statement No. 46 also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Restricted net position at June 30, 2024 amounted to \$598,209, of which \$594,755 was restricted by enabling legislation for capital activity.



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**Operating and Nonoperating Activities**

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

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

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

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

Room and other rental revenues are recognized over the period the room is occupied. Room and other rental revenues for the summer term are recognized in the fiscal year in which the term primarily falls. If the room and other rental revenues for the summer term had 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 financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. These estimates, among others, include workers’ compensation liabilities, net pension liabilities, postemployment benefit liabilities, AROs, allowances for uncollectible receivables, the useful lives of capital assets, the valuation of investments, and the current versus noncurrent classification of assets and liabilities.

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

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compensation liabilities based on available information. The University’s estimated liability for workers’ compensation claims is included in other liabilities in the accompanying Statement of Net Position (see Note 9).

The University records its estimated pension liability and its proportional share of the State’s share of the EUTF, net OPEB liability through the State’s allocation schedules to its component units and proprietary funds. The actuarial assumptions used to determine the liabilities are described in Notes 11 and 12.

The University records its estimated liability for certain costs associated with the future retirement of their telescopes. The assumptions used to determine the liabilities are described in Note 13.

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

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

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

**Recently Issued Accounting Pronouncements**

***GASB Statement No. 99***

The GASB issued Statement No. 99, *Omnibus*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement were effective immediately while other requirements are effective for fiscal years beginning after June 15, 2022 and June 15, 2023, respectively. The requirements of this Statement did not have a material effect on the University’s financial statements.

***GASB Statement No. 100***

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement were effective for the State’s fiscal year ended June 2024 but did not have a material effect on the University’s financial statements.

***GASB Statement No. 101***

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

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***GASB Statement No. 102***

The GASB issued Statement No. 102, *Certain Risk Disclosures*. The primary objective of the Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024. The University has not determined the effect this Statement will have on its financial statements.

***GASB Statement No. 103***

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025. The University has not determined the effect this Statement will have on its financial statements.

***GASB Statement No. 104***

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025. The University has not determined the effect this Statement will have on its financial statements.

**2. Cash and Investments**

The carrying amount of cash and cash equivalents and time certificates of deposit held outside of the State Treasury as of June 30, 2024, classified as cash and cash equivalents and operating investments, was \$154,511 with corresponding bank balances of \$131,508. The portion of bank balances covered by the Federal Deposit Insurance Corporation (“FDIC”) or by collateral held by the State Director of Budget & Finance in the name of the University totaled \$119,508 at June 30, 2024.

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

Cost of securities sold is determined using the first-in first-out (“FIFO”) method.

As a result of market fluctuations, the fair value of certain donor-restricted endowments may fall below the historical cost of such funds and are recorded as reductions in unrestricted net position. Future market gains will be used to restore this deficiency in unrestricted net position before any net appreciation above the historical cost value of such funds increases restricted expendable net position. There were no deficiencies of this nature as of June 30, 2024.

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

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

The remaining portion of the donor-restricted endowment fund that is not classified in restricted nonexpendable net position is classified as restricted expendable net position until those amounts are expended and distributed by the University in accordance with its Board-approved spending rate policy and in a manner consistent with the standard of prudence prescribed by HUPMIFA. In fiscal year 2024, the University’s spending rate policy provided for annual distributions at 4.05% of the trailing five-year moving average of the endowment fair value.

At June 30, 2024, the University’s investments were comprised of the following:

	<b>Fair Value</b>	<b>Cost</b>
Cash and money market funds	\$ 1,752	\$ 1,752
Time certificates of deposit	12,000	12,000
Fixed income securities	800,913	812,579
Equity securities	79,708	52,039
Other investments	<u>1,475</u>	<u>1,475</u>
Total investments	895,848	879,845
Less: Current portion	<u>772,960</u>	<u>782,283</u>
Total noncurrent investments	<u>\$ 122,888</u>	<u>\$ 97,562</u>

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Changes in the University’s investments for the year ended June 30, 2024 were as follows:

	Fair Value	Cost Basis	Net Change in Unrealized Gain (Loss)	Net Realized Gain
<b>University Endowment Pool</b>				
End of year	\$ 96,568	\$ 73,464	\$ 23,104	
Beginning of year	87,508	71,876	15,632	
Net change	<u>9,060</u>	<u>1,588</u>	<u>7,472</u>	\$ 2,439
<b>Associated Students of the University of Hawai‘i</b>				
End of year	11,462	9,290	2,172	
Beginning of year	10,354	9,091	1,263	
Net change	<u>1,108</u>	<u>199</u>	<u>909</u>	133
<b>School of Medicine</b>				
End of year	2,351	2,351	-	
Beginning of year	2,270	2,270	-	
Net change	<u>81</u>	<u>81</u>	<u>-</u>	-
<b>University Bond System</b>				
End of year	11,032	10,982	50	
Beginning of year	11,045	10,999	46	
Net change	<u>(13)</u>	<u>(17)</u>	<u>4</u>	97
<b>Operating investments</b>				
End of year	772,960	782,283	(9,323)	
Beginning of year	675,449	696,874	(21,425)	
Net change	<u>97,511</u>	<u>85,409</u>	<u>12,102</u>	275
<b>Other</b>				
End of year	1,475	1,475	-	
Beginning of year	1,397	1,397	-	
Net change	<u>78</u>	<u>78</u>	<u>-</u>	-
<b>Total investments</b>				
End of year	895,848	879,845	16,003	
Beginning of year	788,023	792,507	(4,484)	
Net change	<u>\$ 107,825</u>	<u>\$ 87,338</u>	<u>\$ 20,487</u>	<u>\$ 2,944</u>

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Net investment income for the year ended June 30, 2024 was as follows:

**Summary of net investment income**

Net change in unrealized net gain	\$ 20,487
Net realized gain	2,944
	<u>23,431</u>
Interest and dividend income	<u>32,557</u>
Investment income before management fees	55,988
Less: Management fees	585
Net investment income	<u>\$ 55,403</u>

The University’s investments reported at fair value on a recurring basis have been categorized based on the fair value hierarchy in Note 1 at June 30, 2024 as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Not Categorized Within the Fair Value Hierarchy
Cash and money market funds	\$ 1,752	\$ 1,752	\$ -	\$ -
Time certificates of deposit	12,000	-	-	12,000
Fixed income securities	800,913	501,875	299,038	-
Equity securities	79,708	79,708	-	-
Other investments	<u>1,475</u>	<u>-</u>	<u>-</u>	<u>1,475</u>
Total investments	<u>\$ 895,848</u>	<u>\$ 583,335</u>	<u>\$ 299,038</u>	<u>\$ 13,475</u>

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

The University’s investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forward and futures, commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University’s risk of loss in the event of counterparty default is typically limited to the amounts recognized in the Statement of Net Position and is not represented by the contract or notional amounts of the instruments.

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**Investment Risk Factors**

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

**Concentration Risk**

Concentration risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit development. The University limits its risk of concentration of assets by limiting individual bond positions other than obligations of the U.S. government to not more than 5.0% of the total fixed income portion of the portfolio. Individual equities are limited to not more than 4.0% of the total market value of the stock portfolio. In addition, investment in any one stock is not to exceed 1.0% of a corporation’s outstanding common stock.

**Credit Risk**

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

The composition of fixed income securities at June 30, 2024, along with credit quality ratings, is summarized below:

	Credit Quality Rating						
	U.S. Govt- Exempt	AAA	AA	A	BBB	BB or Lower	Unrated
U.S. Treasury	\$ 501,022	\$ 501,022	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. government agencies	290,792	4,511	-	286,281	-	-	-
Corporate bonds	9,099	-	315	872	3,362	4,284	266
Total fixed income securities	<u>\$ 800,913</u>	<u>\$ 505,533</u>	<u>\$ 315</u>	<u>\$ 287,153</u>	<u>\$ 3,362</u>	<u>\$ 4,284</u>	<u>\$ 266</u>

**Interest Rate Risk**

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

At June 30, 2024, the composition of the University’s fixed income investments and maturities is summarized below:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury	\$ 501,022	\$ 205,732	\$ 290,525	\$ 1,497	\$ 3,268
U.S. government agencies	290,792	80,970	204,458	262	5,102
Corporate bonds	9,099	546	5,537	1,283	1,733
Total fixed income securities	<u>\$ 800,913</u>	<u>\$ 287,248</u>	<u>\$ 500,520</u>	<u>\$ 3,042</u>	<u>\$ 10,103</u>



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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 investments in publicly-traded foreign securities.

At June 30, 2024, the University’s exposure to foreign currency risk expressed in U.S. dollars was not significant.

**3. Accounts Receivable**

The composition of accounts receivable, net of allowance for uncollectible receivables, of \$42,037 at June 30, 2024 is summarized as follows:

U.S. government	\$ 104,612
State and local government	15,596
Private agencies	20,699
Student tuition and fees	11,105
Other	6,971
	<u>\$ 158,983</u>

At June 30, 2024, private agency receivables from the Foundation were \$14,194. Private grant revenue from the Foundation approximated \$17,559 during fiscal year 2024.

The University has an agreement with the Foundation to receive fundraising and alumni services through June 30, 2024. The annual compensation under this agreement amounted to \$3,000 for fiscal year 2024. The service expense was paid in full as of the year ended June 30, 2024, and is reported in supplies, services, and cost of goods sold in the Statement of Revenues, Expenses, and Changes in Net Position.

**4. U.S. Government Funding**

The federal government reimburses the University for certain overhead costs (e.g., facilities and administrative costs) incurred in support of federally-sponsored programs based on cost reimbursement rates negotiated with the University’s cognizant agency, the U.S. Department of Health and Human Services. The reimbursement amounted to approximately \$67,772 in 2024 and is reported in federal appropriations, grants, and contracts revenue.

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

**5. Direct Loan Programs**

During the year ended June 30, 2024, the University awarded \$121,178 in Direct Loan programs. These awards and related funding sources are not included as expenses or revenues in the accompanying financial statements. There were no distributions of any student loans through the U.S. Department of Education Federal Perkins Loan Program.

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**6. Other Current Assets**

Other current assets at June 30, 2024 were comprised of:

Accrued interest receivable	\$	6,826
Inventories		5,680
Investment trade settlements receivable		1,145
Short term lease receivable		1,627
Prepaid expenses		13,535
	\$	<u>28,813</u>

The inventories and the methods of valuation at June 30, 2024 are summarized below:

University of Hawai‘i Bookstore merchandise inventory		\$	2,442
University of Hawai‘i Chemistry Stockroom	Cost applied on the first-in, first-out basis.		1,288
University of Hawai‘i Facilities Management Warehouse	Cost applied on the first-in, first-out basis.		1,008
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.		770
University of Hawai‘i other inventory	Lower of cost or market using the weighted average cost method.		172
		\$	<u>5,680</u>

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**7. Capital Assets**

A summary of capital assets, including ROU assets, at June 30, 2024 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Transfers</b>	<b>Ending Balance</b>
Nondepreciable capital assets					
Land	\$ 74,784	\$ -	\$ -	\$ 1,094	\$ 75,878
Construction-in-progress	191,749	156,665	-	(116,504)	231,910
Total capital assets not being depreciated	266,533	156,665	-	(115,410)	307,788
Depreciable capital assets					
Land improvements	180,040	325	-	15,344	195,709
Infrastructure	311,375	1,748	-	7,177	320,300
Buildings	2,998,557	6,162	6,935	90,159	3,087,943
Equipment	424,780	27,834	19,080	2,730	436,264
Library materials	182,836	1,417	-	-	184,253
Total capital assets being depreciated	4,097,588	37,486	26,015	115,410	4,224,469
Less: Accumulated depreciation	2,198,140	147,205	21,120	-	2,324,225
Leased assets					
Buildings	2,469	5,957	-	-	8,426
Total leased assets	2,469	5,957	-	-	8,426
Less: Accumulated amortization					
Buildings	2,105	1,465	-	-	3,570
Capital assets, net	\$ 2,166,345	\$ 51,438	\$ 4,895	\$ -	\$ 2,212,888

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

Depreciation expense amounted to \$147,343 during fiscal year 2024.

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

Amounts due from and due to the State of Hawai‘i at June 30, 2024 were as follows:

	<b>Due from</b>	<b>Due to</b>
State appropriations for current operations	\$ 6,824	
State capital appropriations – noncurrent	626,852	
Total due from State of Hawai‘i	<u>\$ 633,676</u>	
Imprest/petty cash advances		\$ 181
Advance		6,000
Total due to State of Hawai‘i		<u>\$ 6,181</u>

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**9. Long-Term Liabilities**

Long-term liability activities at June 30, 2024 are summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Revenue bonds payable	\$ 416,765	\$ -	\$ 21,155	\$ 395,610	\$ 22,150
Add: Unamortized premiums	<u>30,327</u>	<u>-</u>	<u>4,495</u>	<u>25,832</u>	<u>4,194</u>
Total revenue bonds payable	447,092	-	25,650	421,442	26,344
Other liabilities					
Workers' compensation	14,079	5,019	964	18,134	4,799
Accrued vacation	86,946	32,235	29,905	89,276	41,318
Net pension liability (Note 11)	1,529,823	226,835	142,820	1,613,838	-
Postemployment health care/life insurance benefits (Note 12)	1,543,369	25,567	34,954	1,533,982	-
Equipment financing obligations	<u>1,641</u>	<u>-</u>	<u>77</u>	<u>1,564</u>	<u>66</u>
Total other liabilities	<u>3,175,858</u>	<u>289,656</u>	<u>208,720</u>	<u>3,256,794</u>	<u>46,183</u>
Total long-term liabilities	<u>\$ 3,622,950</u>	<u>\$ 289,656</u>	<u>\$ 234,370</u>	<u>\$ 3,678,236</u>	<u>\$ 72,527</u>

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**Revenue Bonds Payable**

The University's revenue bonds payable at June 30, 2024 is as follows:

	<b>Series</b>	<b>Date Issued</b>	<b>Authorized</b>	<b>Outstanding Balance</b>
Hilo College of Pharmacy and Law School Expansion and Modernization (interest rate, 1.05% to 4.69%)	2015A	September 24, 2015	\$ 8,575	\$ 7,065
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.00% to 5.00%)	2015B(R)	September 24, 2015	47,010	41,600
University Health & Wellness Center (interest rate, 5.00%)	2015E(R)	April 20, 2016	67,400	54,225
Sinclair Library Basement Renovation (interest rate, 2.00% to 5.00%)	2017A	December 28, 2017	3,990	2,680
University Health & Wellness Center (interest rate, 3.00%)	2017B	December 28, 2017	12,040	12,040
University Health & Wellness Center (interest rate, 3.28% to 3.38%)	2017C	December 28, 2017	4,110	4,110
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.00%)	2017D	December 28, 2017	13,185	13,185
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.28% to 3.65%)	2017E	December 28, 2017	4,450	4,450
Various acquisition and construction projects (interest rate, 5.00%)	2017F	December 28, 2017	52,275	42,860
Various acquisition and construction projects (interest rate, 2.10% to 3.85%)	2017G	December 28, 2017	20,745	16,285
Parking facilities at Mānoa (interest rate, 0.54% to 3.20%)	2020A	October 28, 2020	10,045	8,765
University of Hawai‘i Cancer Center (interest rate, 3.00% to 5.00%)	2020B	October 28, 2020	44,555	35,220
University of Hawai‘i Cancer Center (interest rate, 2.27% to 3.20%)	2020C	October 28, 2020	54,300	54,300
Various acquisition and construction projects (interest rate, 3.00% to 5.00%)	2020D	October 28, 2020	77,135	67,695
Various acquisition and construction projects (interest rate, 3.20%)	2020E	October 28, 2020	31,130	31,130
			<u>\$ 450,945</u>	<u>\$ 395,610</u>

In October 2020, the University issued \$217,165 in Series 2020A (\$10,045, taxable new money), 2020B (\$44,555, tax-exempt refunding), 2020C (\$54,300, taxable refunding), 2020D (\$77,135, tax-exempt refunding), and 2020E (\$31,130, taxable refunding) Bonds (collectively, the "Series 2020 Bonds") for the purpose of financing the costs of a University project and refunding previously issued bonds. All Series 2020 bonds were delivered on October 28, 2020. Total premium for the Series 2020 Bonds approximated \$25,710. The proceeds of the Series 2020A Bonds will be used to renovate and repair parking facilities at the University's Mānoa campus.

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The proceeds of the Series 2020B, 2020C, 2020D and 2020E Bonds were used to prepay and redeem the Series 2010A-1 and 2010B-1 University Revenue Bonds. During the year ended June 30, 2021, \$230,955 of bonds outstanding from the Series 2010A-1 and 2010B-1 University Revenue Bonds were considered defeased. The defeasance resulted in an accounting gain of \$44,017 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$35,207. Deferred loss on refunding for Series 2020 Bonds amounted to \$459 at June 30, 2024. The coupon interest rates of the Series 2020 Bonds range from 0.54% to 5.00% (the first interest payment was paid on April 1, 2021) with the last maturity on October 1, 2040.

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

The proceeds of the Series 2017B, 2017C, 2017D, 2017E, 2017F and 2017G Bonds were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the outstanding principal of the Series 2006A University Revenue Bonds and Refunding Series 2006A University Bonds, and to provide for the defeasance and redemption of a portion of the Series 2009A University Revenue Bonds. Accordingly, the trust account assets and liabilities relating to the defeased bonds are not recorded in the financial statements of the University. During the year ended June 30, 2018, \$33,535 of bonds outstanding from the Series 2006A University Revenue Bonds and Refunding Series 2006A University Bonds were refunded on a current basis, and \$76,400 of bonds outstanding from the Series 2009A University Revenue Bonds were considered defeased. The refunding and defeasance resulted in an accounting gain of \$17,502 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$15,550. Deferred loss on refunding for Series 2017 Bonds amounted to \$3,254 at June 30, 2024. The coupon interest rates for the Series 2017 Bonds range from 2.00% to 5.00% (the first interest payment was paid on April 1, 2018) with the last maturity on October 1, 2038.

In September 2015, the University issued \$166,285 in Series 2015A (\$8,575, taxable new money), 2015B(R) (\$47,010, tax-exempt refunding), 2015C(R) (\$17,585, taxable refunding), and 2015E(R) (\$67,400, tax-exempt forward delivery refunding) Bonds (collectively, the “Series 2015 Bonds”) for the purpose of financing the costs of University projects and refunding previously issued bonds. All Series 2015 Bonds were delivered on September 24, 2015 with the exception of the forward delivery Series 2015E(R) Bonds, which were delivered on April 20, 2016. Total premium for the Series 2015 Bonds approximated \$13,698. Deferred loss on refunding for Series 2015 Bonds amounted to \$3,555 at June 30, 2024. The University projects include the UH-Mānoa Law School Expansion and Modernization Project and the UH-Hilo College of Pharmacy Project.

The proceeds of the Series 2015B(R), 2015C(R) and 2015E(R) Bonds were deposited into an irrevocable trust with an escrow agent to provide for a portion of the future debt service payments on the Series 2006A University Revenue Bonds and the Refunding Series 2006A University Bonds. Accordingly, the trust account assets and liabilities relating to the defeased bonds are not recorded in the financial statements of the University. During the year ended June 30, 2016, \$163,245 of bonds outstanding from the Series 2006A University Revenue Bonds and the Refunding Series 2006A University Bonds were considered defeased. The defeasance resulted in an accounting gain of \$15,080 and an economic gain (difference between the present

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values of the debt service payment on the old and new debt) of \$9,573. The coupon interest rates for the Series 2015 Bonds range from 0.81% to 5.00% (first interest payment due on April 1, 2016) with the last maturity on October 1, 2044.

The University receives funds from the State of Hawai‘i Tobacco Settlement Special Fund for the payment of principal and interest on the Series 2015E(R), 2017B and 2017C Bonds to finance the cost of construction of the medical school facility. The funds received from the State of Hawai‘i Tobacco Settlement Special Fund for debt service amounted to \$8,833 in 2024.

The revenue bonds are paid from certain unrestricted revenues in annual installments, including semi-annual interest payments ranging from \$12 to \$8,144 with the final payment due in October 2044. Interest on the Series 2015, 2017 and 2020 Bonds is payable semi-annually on April 1 and October 1, and the principal is payable on October 1 of each year. The Bond Resolution adopted on November 16, 2001 and supplemented Bond Resolution (“Bond Resolution”) stipulates that revenues of the University Bond System, including legislative appropriations and moneys in any special or revolving fund of the University, are pledged to the payment of the Series 2015, 2017 and 2020 Bonds, interest and premiums (if any).

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

The Bond Resolution permits the holders of not less than 25% of the aggregate principal amount of outstanding revenue bonds to declare the principal of all revenue bonds then outstanding, together with all accrued and unpaid interest thereon, to be due and payable immediately upon the occurrence and during the continuation of an Event of Default by the University under the Bond Resolution. Events of Default include, but are not limited to, the failure to pay principal when due or interest within 30 days of the date due, a breach of the terms of the Bond Resolution by the University which goes uncured for the applicable cure period, if any, or the dissolution, bankruptcy or receivership of the University.

At June 30, 2024, future maturities of revenue bonds are as follows:

	Principal	Interest
<b>Years ending June 30,</b>		
2025	\$ 22,150	\$ 15,772
2026	23,210	14,701
2027	23,320	13,584
2028	25,280	12,526
2029	26,290	11,509
2030–2034	135,365	39,379
2035–2039	107,795	14,997
2040–2044	31,690	1,341
2045	510	12
	<u>\$ 395,610</u>	<u>\$ 123,821</u>

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**Bond Premiums**

Activity related to the premiums on revenue bonds for the year ended June 30, 2024 is as follows:

	Series	Beginning Balance	Additions	Reductions	Ending Balance
Student Housing	2015B(R)	\$ 3,301	\$ -	\$ 333	\$ 2,968
John A. Burns School of Medicine	2015E(R)	3,591	-	596	2,995
Sinclair Library basement renovation	2017A	267	-	39	228
John A. Burns School of Medicine	2017B	140	-	28	112
Student Housing	2017D	63	-	10	53
Student Housing	2017F	5,827	-	624	5,203
University of Hawai‘i Cancer Center	2020B	5,791	-	1,239	4,552
Various construction projects	2020D	11,347	-	1,626	9,721
Total bond premiums		<u>\$ 30,327</u>	<u>\$ -</u>	<u>\$ 4,495</u>	<u>\$ 25,832</u>

**10. Leases**

The University leases certain properties to other users. Such property includes special purpose facilities, office space, and commercial space. The lease receivable consists of agreements with others for the right to use the underlying assets at various locations owned by the University. The terms of the arrangements range from 2 to 41 years. The calculated interest rates used vary depending on the length of the lease. For the year ended June 30, 2024, the University recognized \$1,934 in lease revenue and \$540 in interest revenue.

A summary of changes in lease receivable for the year ended June 30, 2024 is as follows:

Beginning Balance	Additions	Deletion	Ending Balance	Due Within One Year	Due in More Than One Year
<u>\$ 10,649</u>	<u>\$ 22,935</u>	<u>\$ 5,849</u>	<u>\$ 27,735</u>	<u>\$ 1,627</u>	<u>\$ 26,108</u>



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Lease receivable is due as follows:

	Principal	Interest	Total
<b>Years ending June 30,</b>			
2025	\$ 1,627	\$ 148	\$ 1,775
2026	1,681	156	1,837
2027	1,593	105	1,698
2028	1,390	47	1,437
2029	1,474	3	1,477
2030-2034	7,107	13	7,120
2035-2039	2,799	4	2,803
2040-2044	3,198	5	3,203
2045-2049	3,366	5	3,371
2050-2054	1,250	-	1,250
2055-2059	1,250	-	1,250
2060-2064	1,000	-	1,000
	<u>\$ 27,735</u>	<u>\$ 486</u>	<u>\$ 28,221</u>

**11. Employee Benefits**

**Employees’ Retirement System Pension Plan**

***Plan Description***

Generally, all full-time employees of the University are required to be members of the Employees’ Retirement System of the State of Hawai‘i (“ERS”), a cost-sharing multiple-employer defined benefit pension plan that administers the University’s pension benefits program.

Benefits, eligibility and contribution requirements are governed by HRS Chapter 88 and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at ERS’s website: <http://www.ers.ehawaii.gov/resources/financials>.

***Benefits Provided***

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

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Each retiree’s original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.50% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.50% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

Noncontributory Class

- Retirement Benefits – General employees’ retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.50% of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or surviving dependent children, no benefit is payable.

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

Contributory Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member’s contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

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- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member’s contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member’s contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.
- Disability and Death Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service are required for ordinary disability.

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

Hybrid Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

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- Death Benefits – For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60.
- Disability and Death Benefits – Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

***Contributions***

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rate was 24.24% for fiscal year 2024. Contributions to the pension plan for the University for the year ended June 30, 2024 were \$144,540.

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

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

At June 30, 2024, the University reported a liability of \$1,613,838 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2023, the University's proportion was 11.69%, which was a decrease of 0.11% from its proportion at June 30, 2022.

There were no changes in actuarial assumptions as of June 30, 2022 to June 30, 2023. There were no changes between the measurement date, June 30, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the year ended June 30, 2024, the University recognized pension expense of \$111,769.

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 31,797	\$ 16,563
Net difference between projected and actual investment earnings on pension plan investments	17,566	-
Change in assumptions	531	14,512
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	75,379
Contributions subsequent to the measurement date	144,540	-
Total deferred inflows and outflows of resources	<u>\$ 194,434</u>	<u>\$ 106,454</u>

At June 30, 2024, the \$144,540 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

<b>Years ending June 30,</b>	
2025	\$ (41,014)
2026	(56,569)
2027	25,734
2028	15,092
2029	197
	<u>\$ (56,560)</u>

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***Actuarial Assumptions***

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS’s Board of Trustees on August 8, 2022, based on the 2021 experience study for the five-year period from July 1, 2016 through June 30, 2021:

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

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

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

Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

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

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The rate of returns based on ERS’s investment consultant as of June 30, 2023 is summarized in the following table:

<b>Classes</b>	<b>Strategic Class Weights</b>	<b>Long-Term Expected Geometric Rate of Return</b>
Broad growth		
Private equity	13.50 %	10.00 %
Global equity	20.00 %	7.90 %
Low volatility equity	4.00 %	7.10 %
Global options	4.00 %	5.80 %
Credit	6.00 %	8.00 %
Core real estate	6.00 %	6.00 %
Non-core real estate	4.50 %	7.90 %
Timber/agriculture/infrastructure	5.00 %	7.20 %
Diversifying strategies		
TIPS	2.00 %	3.20 %
Global macro	4.00 %	6.00 %
Reinsurance	4.00 %	7.00 %
Alternative risk premia	8.00 %	5.00 %
Long treasuries	5.00 %	3.80 %
Intermediate government	4.00 %	3.20 %
Systematic trend following	10.00 %	4.70 %
Total investments	<u>100.00 %</u>	

***Discount Rate***

The discount rate used to measure the net pension liability was 7.00%, consistent with the rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the University will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University’s proportionate share of the net pension liability, calculated using the discount rate of 7.00%, for the measurement date, June 30, 2023, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
The University’s proportionate share of the net pension liability	<u>\$ 2,146,775</u>	<u>\$ 1,613,838</u>	<u>\$ 1,172,474</u>

***Pension Plan Fiduciary Net Position***

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

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

***Payable to the Pension Plan***

The University’s employer contributions payable to the ERS for fiscal year 2024 was paid by June 30, 2024. Excess payments of \$32,795 are being applied to amounts due in fiscal year 2025.

***Other Benefits***

The State absorbs the fringe benefit cost for the University’s general funded employees. Fringe benefit costs included in total revenue and total expenditures amounted to \$329,117 for fiscal year 2024.

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

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



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Sick leave accumulates at the rate of 14 hours for each full month of service without limit, but can be taken only in the event of an illness and is not convertible to pay upon termination of employment. Accordingly, accumulated sick leave, earned but not taken, is not reflected as an accrual in the accompanying financial statements. Employees who retire with 60 days of unused sick leave are entitled to three months of service credit in the ERS. For each additional 20 days, or major fraction thereof, of unused sick leave they have in excess of 60 days, their service period is increased by one month. As of June 30, 2024, accumulated sick leave approximated \$531,886.

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

The University manages its workers’ compensation program. Medical-related payments amounted to \$4,189 for fiscal year 2024.

**12. Postemployment Healthcare and Life Insurance Benefits**

***Plan Description***

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

Hawaii Employer-Union Health Benefits Trust Fund  
P.O. Box 2121  
Honolulu, Hawaii 96805-2121

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with ten years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 1996, but before July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years, but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For employees retiring with at least 15 years, but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001 and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years, but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For those retiring with at least 15 years, but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage, but must pay the difference.

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***Employees Covered by Benefit Terms***

At July 1, 2023, the following number of plan members was covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	40,136
Inactive plan members entitled to but not yet receiving benefits	7,520
Active plan members	<u>48,709</u>
Total plan members	<u>96,365</u>

***Contributions***

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan for the University were \$135,144 the year ended June 30, 2024. The employer is required to make all contributions for members.

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

At June 30, 2024, the University reported a net OPEB liability of \$1,533,982 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

There were no changes between the measurement date, July 1, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2024, the University recognized OPEB expense of approximately \$21,759. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 10,738	\$ 29,729
Net difference between projected and actual earnings on OPEB plan investments	45,280	-
Difference between expected and actual experience	-	185,248
Contributions subsequent to the measurement date	<u>135,144</u>	<u>-</u>
Total deferred inflows and outflows of resources	<u>\$ 191,162</u>	<u>\$ 214,977</u>

At June 30, 2024, the \$135,144 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

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

<b>Years ending June 30,</b>	
2025	\$ (50,334)
2026	(54,155)
2027	(26,185)
2028	(26,589)
2029	(1,571)
Thereafter	(125)
	<u>\$ (158,959)</u>

**Actuarial Assumptions**

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

Actuarial valuation date	July 1, 2023
Date of adoption	January 9, 2023
Five-year experience study end date	June 30, 2022
Inflation	2.50%
Payroll growth rate (including inflation)	3.75% to 6.75%
Investment rate of return	7.00%
<b>PPO*</b>	
Initial rates	6.30%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	21
<b>HMO*</b>	
Initial rates	6.30%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	21
<b>Medicare Part B Contribution</b>	
Initial rates	5.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	21
<b>Dental</b>	
Rate	4.00%
<b>Vision</b>	
Rate	2.5%
<b>Life Insurance</b>	
Rate	0.00%

\* Blended rates for medical and prescription drugs.

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

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

	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Strategic Allocation (risk-based classes)</b>		
Private equity	15.00 %	10.00 %
U.S. microcap	3.00 %	8.70 %
Global equity	27.50 %	7.60 %
Global options	0.00 %	4.90 %
Real assets	12.00 %	4.30 %
Private credit	10.00 %	7.80 %
TIPS	5.00 %	2.00 %
Long treasuries	5.50 %	2.40 %
Reinsurance	5.00 %	3.40 %
Alternative risk premia	5.00 %	3.30 %
Trend following	10.00 %	2.40 %
Trail risk / long volatility	2.00 %	(1.10)%
	<u>100.00 %</u>	

***Single Discount Rate***

The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. Beginning with the fiscal year 2019 contribution, the State’s funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all future benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***OPEB Plan Fiduciary Net Position***

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

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

***Changes in Net OPEB Liability***

The following table represents a schedule of changes in the net OPEB liability. The ending balances are as of the measurement date, July 1, 2023.

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Beginning balance	\$ 2,059,557	\$ 516,188	\$ 1,543,369
Service cost	17,201	-	17,201
Interest on the total OPEB liability	58,895	-	58,895
Employer contributions	-	65,347	(65,347)
Net investment income	-	14,304	(14,304)
Benefit payments	(32,755)	(32,755)	-
Difference between expected and actual experience in the measurement of total OPEB liability	(5,794)	-	(5,794)
Administrative expense	-	(20)	20
Other	-	58	(58)
Net changes	<u>37,547</u>	<u>46,934</u>	<u>(9,387)</u>
Ending balance	<u>\$ 2,097,104</u>	<u>\$ 563,122</u>	<u>\$ 1,533,982</u>

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

The following table presents the University’s net OPEB liability calculated using the discount rate of 7.00%, for the measurement date, July 1, 2023, as well as what the University’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
The University’s proportionate share of the net OPEB liability	<u>\$ 1,918,217</u>	<u>\$ 1,533,982</u>	<u>\$ 1,227,297</u>

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
The University’s proportionate share of the net OPEB liability	<u>\$ 1,190,981</u>	<u>\$ 1,533,982</u>	<u>\$ 1,973,011</u>

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***Payables to the OPEB Plan***

There were no contributions payable to the EUTF as of June 30, 2024.

**13. Asset Retirement Obligations**

The University accounts for certain costs associated with the future and on-going dismantling and removal of three remaining telescopes on the summit of Mauna Kea in accordance with GASB Statement No. 83. Under GASB Statement No. 83, the execution of the General Lease No. 4191 dated January 1, 1968, between the Board of Land and Natural Resources of the State of Hawai‘i and the University and the University’s acts of acquiring and placing the telescopes into service, serve as external and internal obligating events, respectively, that require the University to recognize a liability and corresponding deferred outflow of resources equal to the estimated current cost of activities to perform upon future retirement of the telescopes. The AROs are associated with three telescopes that currently have estimated remaining useful lives ranging from 5 to 15 years.

The AROs were determined based on the most likely amount of what it would cost to perform all the dismantling and removal tasks. Estimates were based on decommissioning of the comparable Mauna Kea Caltech Submillimeter Observatory, which was decommissioned as of June 2024, and will be adjusted for inflation. Actual costs may be higher due to inflation or changes in construction costs or technology.

The ARO liability at June 30, 2024 was \$18,000 and is included in other noncurrent liabilities in the University’s Statement of Net Position. Deferred outflows of resources related to AROs amounted to \$10,990 at June 30, 2024.

**14. State Appropriations**

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

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

Act 164, SLH 2023 General Appropriations Act of 2023, Section 3, provided \$144,232 in general fund appropriations directly to the Department of Budget and Finance to pay for debt service on general obligation bonds issued for the University. As a result, the University itself received no appropriations and made no transfers for debt service on general obligation bonds for the year ended June 30, 2024.

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Net general and capital appropriations for the year ended June 30, 2024 were as follows:

**General appropriations**

Act 164, SLH 2023, Appropriation Warrant No. 10	\$ 614,066
Act 64, SLH 2023, Appropriation Warrant No. 36	310
Act 164, SLH 2023, Appropriation Warrant No. 64	300
Act 64, SLH 2023, Appropriation Warrant No. 39	330
Act 258, SLH 2023, Appropriation Warrant No. 94	125
Act 181, SLH 2023, Appropriation Warrant No. 80	246
Act 164, SLH 2023, Appropriation Transfer	<u>9,648</u>
	625,025
Total funds lapsed	<u>(13,352)</u>
Total general appropriations	<u>\$ 611,673</u>

**Capital appropriations**

Section 7 of Act 164, SLH 2023	\$ 199,750
Sections 26, Act 88, SLH 2021, Amended by Act 248, SLH 2022	250
Total funds lapsed	<u>(2,895)</u>
Total capital appropriations	<u>\$ 197,105</u>

Net transfers from the State for the year ended June 30, 2024 were as follows:

Fringe benefits	\$ 329,117
Hawai‘i Barrel Tax	1,375
School of Nursing	2,047
University of Hawai‘i Cancer Center	<u>1,714</u>
	<u>\$ 334,253</u>

**15. Litigation, Other Contingent Liabilities, and Commitments**

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

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

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

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

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

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

**Risk Management**

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

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

- **General Liability Insurance** – The University has general liability insurance with a loss limit of \$10,000 per occurrence, a \$10,000 aggregate, and a \$1,000 Self-Insured Retention (“SIR”).
- **Management Liability Insurance** – The University has management liability insurance with a limit of \$10,000 per claim and a \$1,000 SIR.

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

- **Property Insurance** – The University has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is \$200,000, except for terrorism losses, which has a \$100,000 per occurrence limit. There are two different types of deductibles for the property coverage. The deductible for losses such as windstorm, flood, tsunami, and earthquakes is 3% of replacement costs subject to a per occurrence minimum of \$1,000. The deductible for all other perils except for terrorism is \$1,000 per occurrence. The deductible for terrorism is \$10 per occurrence.
- **Crime Insurance** – The University also has a crime insurance policy for various types of coverages with a limit of loss of \$10,000 per occurrence, except for client’s property which has a \$5,000 limit per occurrence and claims expense coverage, supplemental funds transfer coverage, and social engineering which has a \$500 limit per occurrence. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services (“Risk Management Office”), and losses not covered by insurance are paid from the State’s General Fund.



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- **Cyber Liability Insurance** – The University is insured for various types of cyber-related activities with a loss limits ranging from \$50 to \$5,000 and deductibles ranging from \$100 to \$1,000 per claim. Coverage includes business interruption loss, dependent business loss, cyber extortion loss, data recovery costs, data and network liability, regulatory defense and penalties, payment card liabilities and costs, media liability, fraudulent instruction, funds transfer fraud, telephone fraud, and criminal reward.

**Construction and Other Contracts**

The University is committed under contracts awarded for construction and other services. These commitments amounted to approximately \$487,856 as of June 30, 2024.

**Collective Bargaining Agreements**

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

As the University is part of the State, most employees working at the University are included in a bargaining unit as provided by HRS Section 89-6(a), depending on the nature of their positions. The University is responsible for administering eight collective bargaining agreements (“CBAs”) associated with the aforementioned bargaining units. The number of University employees in each bargaining unit (“Unit”) as of September 6, 2024 is as follows:

- Unit 1 (nonsupervisory employees in blue collar positions) – 497
- Unit 2 (supervisory employees in blue collar positions) – 14
- Unit 3 (nonsupervisory employees in white collar positions) – 439
- Unit 4 (supervisory employees in white collar positions) – 35
- Unit 7 (faculty of the University and community colleges) – 4,216
- Unit 8 (personnel of the University and community colleges other than faculty) – 2,632
- Unit 9 (registered professional nurses) – 10
- Unit 10 (institutional, health and correctional workers) – 2

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

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

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

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

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**16. Foundation Disclosures**

**Investments**

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

The Foundation’s estimated fair values of investments measured on a recurring basis as of June 30, 2024 were as follows:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Not Categorized Within the Fair Value Hierarchy
	Fair Value				
Domestic equities	\$ 82,950	\$ 82,950	\$ -	\$ -	\$ -
Fixed income securities	211,522	158,120	53,402	-	-
Foreign equities	113,218	57,435	-	-	55,783
Money market funds	29,876	29,876	-	-	-
Natural resources/real estate	24,714	-	-	5,181	19,533
Hedge funds	190,765	6,910	-	-	183,855
Private equity securities	92,285	-	-	106	92,179
Total investments	<u>\$ 745,330</u>	<u>\$ 335,291</u>	<u>\$ 53,402</u>	<u>\$ 5,287</u>	<u>\$ 351,350</u>

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

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

- **Domestic equities** – These investments can be redeemed on a monthly or quarterly basis, with notification provided between 15 and 30 days prior to redemption.

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- **Foreign equities** – These investments can be redeemed on a monthly basis with notification provided between 5 and 30 days prior to redemption.
- **Natural resources/real estate and private equity securities** – These investments can be redeemed at the discretion of the investment managers. The Foundation has commitments to contribute additional amounts to this class of investments of approximately \$56,531 at June 30, 2024.
- **Hedge funds** – Redemption frequency for these investments range from monthly to annually, with notification provided between 2 and 90 days prior to redemption. Additionally, certain investments can be redeemed at the discretion of the investment managers.

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

**Property and Equipment**

The components of net property and equipment at June 30, 2024 were as follows:

Land	\$ 7,927
Equipment	1,823
Buildings	83,371
Leasehold improvements	1,917
Furniture and fixtures	390
	<u>95,428</u>
Less: Accumulated depreciation and amortization	<u>(3,824)</u>
Property and equipment, net	<u>\$ 91,604</u>

**Long-term Debt**

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

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

The Foundation entered a continuing disclosure agreement for the benefit of revenue bondholders; it agreed to provide certain financial information and operating data relating to the Foundation with respect to its revenue bonds to the Municipal Securities Rulemaking Board. The Foundation, based on consultation with its bond counsel and bond underwriter, has complied in all material respects with the continuing disclosure requirements. As of June 30, 2024, the Foundation is in compliance with the covenants in its debt agreements, including financial ratios and other restrictions.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Notes to Financial Statements**  
**June 30, 2024**  
*(All dollars reported in thousands)*

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The Foundation’s revenue bonds payable on June 30, 2024 is as follows:

Series	Interest Rate	Date Issued	Amount
2021A-1	4.00 %	November 1, 2021	\$ 62,205
2021A-2	4.85 %	November 1, 2021	2,730
2021A-2	5.35 %	November 1, 2021	11,480
2021B	5.25 %	November 1, 2021	<u>15,500</u>
			91,915
Unamortized premium on bonds			3,117
Less: Unamortized debt issuance costs			<u>(2,164)</u>
Long-term debt, net unamortized debt issuance costs			<u>\$ 92,868</u>

At June 30, 2024, future maturities of revenue bonds are as follows:

Years ending June 30,	
2025	\$ -
2026	-
2027	155
2028	260
2029	385
Thereafter	<u>91,115</u>
	<u>\$ 91,915</u>

For the year ended June 30, 2024, the Foundation paid and capitalized interest cost of \$337 to CIP recorded in property and equipment, net.

**17. Temporary Hazard Pay**

The State entered into multiple settlement agreements regarding the Temporary Hazard Pay with unions for the periods covering dates in March 2020 through March 2022, for those employees who performed essential functions during the COVID-19 pandemic. The University’s total accrued payroll for the year ended June 30, 2024 related to temporary hazard pay was approximately \$42.5 million.

Act 049, SLH 2024 provided emergency appropriations for public employment cost items and cost adjustments for employees of certain collective bargaining units. Effective July 1, 2024, the State appropriated a total of \$458.8 million as a result of a negotiated settlement for employees who met certain requirements during the COVID-19 pandemic.

As of December 6, 2024, the State continues to negotiate with the remaining unions, and it was not practical to estimate the total liability owed to eligible employees.

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

# University of Hawai‘i

## State of Hawai‘i

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

### Schedule of the Proportionate Share of the Net Pension Liability (Unaudited)

Last Ten Fiscal Years

*(All dollars reported in thousands)*

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportionate share of the net pension liability	11.69 %	11.80 %	12.10 %	12.34 %	12.64 %	12.73 %	12.73 %	12.75 %	13.11 %	13.60 %
Proportion of the net pension liability	\$ 1,613,838	\$ 1,529,823	\$ 1,476,618	\$ 1,889,437	\$ 1,791,098	\$ 1,695,800	\$ 1,648,600	\$ 1,704,470	\$ 1,144,564	\$ 1,089,882
Covered payroll	\$ 628,584	\$ 592,534	\$ 575,216	\$ 606,426	\$ 603,076	\$ 591,759	\$ 587,203	\$ 569,235	\$ 564,736	\$ 550,758
Proportionate share of the net pension liability as a percentage of its covered payroll	256.74 %	258.18 %	256.71 %	311.57 %	296.99 %	286.57 %	280.75 %	299.43 %	202.67 %	197.89 %
Plan fiduciary net position as a percentage of total net pension liability	61.91 %	62.76 %	64.25 %	53.18 %	54.87 %	55.48 %	54.80 %	51.28 %	63.42 %	63.92 %

See accompanying report of independent auditors.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 152,355	\$ 142,821	\$ 138,619	\$ 147,213	\$ 133,759	\$ 115,001	\$ 111,436	\$ 98,865	\$ 97,394	\$ 93,949
Contributions in relation to the contractually required contribution	<u>152,355</u>	<u>142,821</u>	<u>138,619</u>	<u>147,213</u>	<u>133,759</u>	<u>115,001</u>	<u>111,436</u>	<u>98,865</u>	<u>97,394</u>	<u>93,949</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 628,584	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759	\$ 587,203	\$ 569,235	\$ 564,736
Contributions as a percentage of covered payroll	24.24 %	24.10 %	24.10 %	24.17 %	22.06 %	19.07 %	18.83 %	16.84 %	17.11 %	16.64 %

**1. Changes of Benefit Terms**

There were no changes of benefit terms in 2015 through 2024.

**2. Changes of Assumptions**

There were no significant changes in actuarial assumptions in 2024.

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

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

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

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

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

There were no significant changes in actuarial assumptions in 2015.

See accompanying report of independent auditors.



# University of Hawai‘i

## State of Hawai‘i

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

### Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited)

Last Ten Fiscal Years\*

(All dollars reported in thousands)

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service cost	\$ 17,201	\$ 28,628	\$ 12,767	\$ 41,952	\$ 42,039	\$ 40,189	\$ 31,124
Interest	58,895	95,645	42,381	134,717	132,510	124,435	94,505
Difference between expected and actual experience	(5,794)	(129,403)	(17,988)	(123,339)	(1,103)	(36,795)	-
Changes of assumptions	-	(32,983)	-	(10,099)	10,650	22,269	-
Benefit payments	(32,755)	(44,095)	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
Net change in total OPEB liability	37,547	(82,208)	17,792	(18,727)	120,638	89,509	78,904
Total OPEB liability – beginning	2,059,557	2,141,765	2,123,973	2,142,700	2,022,062	1,932,553	1,853,649
Total OPEB liability – ending	\$ 2,097,104	\$ 2,059,557	\$ 2,141,765	\$ 2,123,973	\$ 2,142,700	\$ 2,022,062	\$ 1,932,553
<b>Plan fiduciary net position</b>							
Employer contributions	\$ 65,347	\$ 63,192	\$ 66,555	\$ 138,452	\$ 139,980	\$ 119,714	\$ 92,918
Net investment income	14,304	(9,149)	34,889	7,393	12,727	13,793	9,303
Benefit payments	(32,755)	(44,095)	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
OPEB plan administrative expense	(20)	(38)	(18)	(52)	(87)	(45)	(23)
Other	58	124	7	46	29,480	-	747
Net change in plan fiduciary net position	46,934	10,034	82,065	83,881	118,642	72,873	56,220
Plan fiduciary net position – beginning	516,188	506,154	424,089	340,208	221,566	148,693	92,473
Plan fiduciary net position – ending	563,122	516,188	506,154	424,089	340,208	221,566	148,693
Net OPEB liability – ending	\$ 1,533,982	\$ 1,543,369	\$ 1,635,611	\$ 1,699,884	\$ 1,802,492	\$ 1,800,496	\$ 1,783,860
Plan fiduciary net position as a percentage of OPEB liability	26.85 %	25.06 %	23.63 %	19.97 %	15.88 %	10.96 %	7.69 %
Covered-employee payroll	\$ 628,584	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759
Net OPEB liability as a percentage of covered-employee payroll	244.04 %	260.47 %	284.35 %	279.04 %	297.23 %	298.55 %	301.45 %

\* Information for 2015–2017 is unavailable.

See accompanying report of independent auditors.

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

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 135,144	\$ 65,347	\$ 103,889	\$ 45,460	\$ 144,567	\$ 134,898	\$ 135,072
Contributions in relation to the actuarially required contribution	<u>135,144</u>	<u>65,347</u>	<u>63,192</u>	<u>66,555</u>	<u>138,452</u>	<u>139,980</u>	<u>119,714</u>
Contributions excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,697</u>	<u>\$ (21,095)</u>	<u>\$ 6,115</u>	<u>\$ (5,082)</u>	<u>\$ 15,358</u>
University's covered-employee payroll	\$ 628,584	\$ 592,534	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759
Contributions as a percentage of covered employee payroll	21.50 %	11.03 %	10.99 %	10.93 %	22.83 %	23.21 %	20.23 %

**1. Changes of Benefit Terms**

There were no changes of benefit terms in 2018 through 2024.

**2. Changes of Assumptions**

Actuarial assumption changes during the fiscal year 2024 included updating the healthcare trend assumptions to better anticipate short-term premium experience and the payroll growth rate. The actuarial methods and assumptions used to calculate the actuarially determined contribution for fiscal year 2024 are as follows:

Actuarial valuation date	July 1, 2023
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	21 years
Asset valuation method	4-year smoothed market
Actuarial assumptions	
Investment rate of return	7.00%
Projected salary increases	3.50% to 7.00%
Healthcare inflation rates	
PPO**	7.25%, declining rate of 4.70% after 12 years
HMO**	7.25%, declining rate of 4.70% after 12 years
Dental	4.00%
Vision	2.50%
Medicare Part B	Initial rates of 5.00% declining to rate of 4.70% after 9 years

\* Information for 2015–2017 is unavailable.

\*\* Blended rates for medical and prescription drugs.

See accompanying report of independent auditors.

## **Other Supplementary Information**



## Report of Independent Auditors on Supplemental Information

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

We have audited the basic financial statements of the University of Hawai'i as of and for the year ended June 30, 2024, and our report thereon dated December 6, 2024, which expressed an unmodified opinion, appears on pages 1 to 3. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information (Schedules I, II, III, IV, V, VI, VII, VIII, IX, X and XI) included hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Accuity* LLP

Honolulu, Hawai'i  
December 6, 2024

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

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

**Condensed Statement of Net Position****Condensed Statement of Revenues, Expenses, and Changes in Net Position****Current Unrestricted Funds Excluding General Fund****As of and for the Year Ended June 30, 2024***(All dollars reported in thousands)***Schedule I****Condensed statement of net position**

## Assets

Current assets	\$ 844,075
Noncurrent assets	1,587
Total assets	<u>845,662</u>

## Deferred outflows of resources

Deferred outflows on asset retirement obligation	6,383
Total deferred outflows of resources	<u>6,383</u>
Total assets and deferred outflows of resources	<u>\$ 852,045</u>

## Liabilities

Current liabilities	\$ 56,590
Noncurrent liabilities	17,493
Total liabilities	<u>74,083</u>

## Net position

Unrestricted	<u>777,962</u>
Total net position	<u>777,962</u>
Total liabilities and net position	<u>\$ 852,045</u>

**Condensed statement of revenues, expenses, and changes in net position**

Operating revenues	\$ 485,324
Operating expenses	<u>369,606</u>
Operating income	115,718
Nonoperating revenues and transfers	58,465
Nonoperating expenses and transfers	<u>(105,908)</u>
Change in net position	68,275

**Net position**

Beginning of year	<u>709,687</u>
End of year	<u>\$ 777,962</u>

**1. Basis of Presentation**

The accompanying condensed statement of net position and related condensed statement of revenues, expenses, and changes in net position present the financial position and results of operations of certain of the University's Special and Revolving Funds, which are pledged as collateral on the University's Series 2015A, 2015B(R), 2015C(R), 2015E(R), 2017A, 2017B, 2017C, 2017D, 2017E, 2017F, 2017G, 2020A, 2020B, 2020C, 2020D and 2020E revenue bonds, and are presented on the accrual basis of accounting. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

# University of Hawai‘i

## State of Hawai‘i

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

### Condensed Statement of Net Position

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

### Current Unrestricted Funds Excluding General Fund

As of and for the Year Ended June 30, 2024

*(All dollars reported in thousands)*

**Schedule I**

#### **2. Employee Benefits**

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

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

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2002A University Bond Proceeds Activity**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule II**

<b>Beginning balance</b>	\$ 2,270
Additions	
Interest and investment income	123
Total additions	<u>123</u>
Deductions	
Payments – building, construction in progress, other	40
Management fees	<u>2</u>
Total deductions	<u>42</u>
<b>Ending balance</b>	<u>\$ 2,351</u>

**1. Basis of Presentation**

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

**2. Refinancing**

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

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

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

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

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2006A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule III**

<b>Beginning balance</b>	\$ 4,324
Additions	
Interest and investment income	234
Total additions	<u>234</u>
Deductions	
Management fees	4
Total deductions	<u>4</u>
<b>Ending balance</b>	<u><u>\$ 4,554</u></u>

**1. Basis of Presentation**

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

**2. Refinancing**

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

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



**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2009A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule IV**

<b>Beginning balance</b>	\$ 1,676
Additions	
Interest and investment income	90
Total additions	<u>90</u>
Deductions	
Management fees	1
Total deductions	<u>1</u>
<b>Ending balance</b>	<u><u>\$ 1,765</u></u>

**1. Basis of Presentation**

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

**2. Refinancing**

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

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2010A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule V**

	<b>2010A-1</b>	<b>2010A-2</b>
<b>Balance at June 30, 2023</b>	\$ 120	\$ 335
Additions		
Interest and investment income	6	18
Total additions	<u>6</u>	<u>18</u>
Deductions		
Payments – building, construction in progress, other	-	-
Total deductions	<u>-</u>	<u>-</u>
<b>Balance at June 30, 2024</b>	<u>\$ 126</u>	<u>\$ 353</u>

**1. Basis of Presentation**

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

**2. Refinancing**

In October 2020, the University refinanced the outstanding Series 2010A-1 revenue bonds through the issuance of Series 2020B and 2020C revenue bonds.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2010B Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule VI**

	<b>2010B-1</b>	<b>2010B-2</b>
<b>Balance at June 30, 2023</b>	\$ 460	\$ 910
Additions		
Interest and investment income	24	52
Total additions	<u>24</u>	<u>52</u>
Deductions		
Management fees	-	1
Total deductions	<u>-</u>	<u>1</u>
<b>Balance at June 30, 2024</b>	<u>\$ 484</u>	<u>\$ 961</u>

**1. Basis of Presentation**

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

**2. Refinancing**

In October 2020, the University refinanced the outstanding Series 2010B-1 revenue bonds through the issuance of Series 2020D and 2020E revenue bonds.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2015A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule VII**

<b>Beginning balance</b>	\$ 494
Additions	
Interest and investment income	26
Total additions	<u>26</u>
Deductions	
Payments – building, construction in progress, other	-
Management fees	-
Total deductions	<u>-</u>
<b>Ending balance</b>	<u>\$ 520</u>

**1. Basis of Presentation**

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

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2017A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule VIII**

<b>Beginning balance</b>	\$ 1,930
Additions	
Interest and investment income	107
Total additions	<u>107</u>
Deductions	
Payments – building, construction in progress, other	128
Management fees	<u>2</u>
Total deductions	<u>130</u>
<b>Ending balance</b>	<u><u>\$ 1,907</u></u>

**1. Basis of Presentation**

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

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2020A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule IX**

<b>Beginning balance</b>	\$ 796
Additions	
Interest and investment income	22
Total additions	<u>22</u>
Deductions	
Payments – building, construction in progress, other	455
Management fees	1
Total deductions	<u>456</u>
<b>Ending balance</b>	<u>\$ 362</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2020A revenue bond proceeds activity presents the sources and uses of bond proceeds associated with the renovation and repair to the parking facilities on the Mānoa campus. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**University of Hawai‘i****State of Hawai‘i****(A Component Unit of the State of Hawai‘i)****Condensed Statement of Net Position****Condensed Statement of Revenues, Expenses, and Changes in Net Position****University Bond System****As of and for the Year Ended June 30, 2024***(All dollars reported in thousands)***Schedule X****Condensed statement of net position**

## Assets and deferred outflows of resources

Current assets	\$ 159,678
Capital assets, net	364,201
Other assets	11,032
Total assets	<u>534,911</u>
Deferred outflows of resources	7,268
Total deferred outflows of resources	<u>7,268</u>
Total assets and deferred outflows of resources	<u>\$ 542,179</u>

## Liabilities

Current liabilities	\$ 34,625
Noncurrent liabilities	399,292
Total liabilities	<u>433,917</u>

## Net position

Net investment in capital assets	(39,079)
Restricted expendable	1,042
Unrestricted	146,299
Total net position	<u>108,262</u>
Total liabilities and net position	<u>\$ 542,179</u>

**Condensed statement of revenues, expenses, and changes in net position**

## Operating revenues

Bookstores	\$ 13,972
Room and other rentals	31,699
Parking	9,002
Telecommunications	2,141
Other operating revenues	12,078
Total operating revenues	<u>68,892</u>

## Operating expenses (including \$27,534 in depreciation expense in 2024)

Operating loss	<u>(12,371)</u>
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## Nonoperating revenues

## Nonoperating expenses

Change in net position	27,025
------------------------	--------

**Net position**

Beginning of year	81,237
End of year	<u>\$ 108,262</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Condensed Statement of Cash Flows**  
**University Bond System**  
**As of and for the Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule XI**

**Condensed statement of cash flows**

Net cash flows provided by operating activities	\$ 11,152
Net cash flows provided by non-capital financing activities	2,875
Net cash flows provided by capital and related financing activities	3,499
Net cash flows used in investing activities	<u>(17,926)</u>
Net decrease in cash and cash equivalents	(400)
<b>Cash and cash equivalents</b>	
Beginning of year	<u>20,616</u>
End of year	<u>\$ 20,216</u>

**1. Reporting Entity**

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

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

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

**2. Basis of Presentation**

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



**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Condensed Statement of Cash Flows**  
**University Bond System**  
**As of and for the Year Ended June 30, 2024**  
*(All dollars reported in thousands)*

**Schedule XI**

**3. Employee Benefits**

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

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