

STATE OF HAWAII

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



PREPARED BY
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

RAYMOND H. SATO
COMPTROLLER

STATE OF HAWAII

Comprehensive Annual Financial Report Table of Contents

June 30, 2000

PART I: INTRODUCTION SECTION

| | <u>Page</u> |
|---|-------------|
| Principal Officials for Finance-Related Functions | 8 |
| State of Hawaii Organizational Chart | 9 |
| Letter of Transmittal | 10 |
| GFOA Certificate of Achievement | 23 |

PART II: FINANCIAL SECTION

| | <u>Exhibit/Schedule</u> | <u>Page</u> |
|---|-------------------------|-------------|
| Independent Auditors' Report | | 27 |
| GENERAL PURPOSE FINANCIAL STATEMENTS: | | |
| Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units | A-1 | 30 |
| Combined Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances (Deficit) - All Governmental Fund Types and Expendable Trust Funds | A-2 | 35 |
| Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds | A-3 | 39 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Enterprise Funds and Discretely Presented Component Units | A-4 | 40 |
| Combined Statement of Cash Flows - Enterprise Funds and Discretely Presented Component Units | A-5 | 42 |
| Combined Statement of Changes in Fund Balances - Component Unit - University Funds | A-6 | 44 |
| Statement of Current Funds Revenues, Expenditures and Other Changes - Component Unit - University Funds | A-7 | 48 |
| Notes to General Purpose Financial Statements | | 51 |

STATE OF HAWAII

Comprehensive Annual Financial Report Table of Contents

June 30, 2000

| | <u>Exhibit/Schedule</u> | <u>Page</u> |
|---|-------------------------|-------------|
| COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES: | | |
| General Fund: | | |
| Balance Sheet | B-1 | 115 |
| Statement of Revenues, Expenditures and Changes in Unreserved Fund Balance | B-2 | 116 |
| Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) | B-3 | 118 |
| Supplementary Schedule of Unreserved - Undesignated Fund Balance - Budgetary (Cash) Basis to GAAP Basis | B-4 | 120 |
| Special Revenue Funds: | | |
| Combining Balance Sheet | C-1 | 124 |
| Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances | C-2 | 126 |
| Combining Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) | C-3 | 132 |
| Combining Schedule of Revenues and Expenditures - Enterprise and Component Unit Funds Budgeted as Special Revenue Funds - Budget and Actual (Budgetary Basis) | C-4 | 142 |
| Debt Service Fund: | | |
| Balance Sheet | D-1 | 148 |
| Statement of Revenues, Expenditures and Changes in Unreserved Fund Balance | D-2 | 149 |
| Capital Projects Fund: | | |
| Balance Sheet | E-1 | 152 |
| Statement of Revenues, Expenditures and Changes in Unreserved Fund Deficit | E-2 | 153 |
| Supplementary Schedule of Reconciliation With Bonds Issued | E-3 | 154 |

STATE OF HAWAII

Comprehensive Annual Financial Report Table of Contents

June 30, 2000

| | <u>Exhibit/Schedule</u> | <u>Page</u> |
|---|-------------------------|-------------|
| Enterprise Funds: | | |
| Combining Balance Sheet | F-1 | 158 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings | F-2 | 160 |
| Combining Statement of Cash Flows | F-3 | 162 |
| Schedule of Changes in Long-Term Bonded Indebtedness - Revenue Bonds | F-4 | 164 |
| Schedule of Revenue Bonds Outstanding | F-5 | 166 |
| Trust and Agency Funds: | | |
| Combining Balance Sheet | G-1 | 170 |
| Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Expendable Trust Funds | G-2 | 171 |
| Combining Statement of Changes in Assets and Liabilities - All Agency Funds | G-3 | 172 |
| General Fixed Assets Account Group: | | |
| Schedule of General Fixed Assets by Function | H-1 | 176 |
| Schedule of Changes in General Fixed Assets by Function | H-2 | 177 |
| General Long-Term Obligations Account Group: | | |
| Schedule of General Long-Term Obligations | I-1 | 181 |
| Schedule of Changes in General Long-Term Bonded Indebtedness - General Obligation Bonds | I-2 | 182 |
| Schedule of General Obligation Bonds Outstanding | I-3 | 184 |
| Schedule of Matured General Obligation Bonds Outstanding | I-4 | 190 |

STATE OF HAWAII

Comprehensive Annual Financial Report Table of Contents

June 30, 2000

| | <u>Exhibit/Schedule</u> | <u>Page</u> |
|---|-------------------------|-------------|
| Component Units: | | |
| Combining Balance Sheet | J-1 | 194 |
| Combining Balance Sheet - Component Unit - University Funds | J-2 | 196 |
| Combining Balance Sheet - Discretely Presented Component Units - Enterprise Funds | J-3 | 198 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Discretely Presented Component Units - Enterprise Funds | J-4 | 200 |
| Combining Statement of Cash Flows - Discretely Presented Component Units - Enterprise Funds | J-5 | 202 |
| Schedule of Changes in Long-Term Bonded Indebtedness - Revenue Bonds - Discretely Presented Component Units - University and Enterprise Funds | J-6 | 204 |
| Schedule of Revenue Bonds Outstanding - Discretely Presented Component Units - University and Enterprise Funds | J-7 | 206 |

PART III: STATISTICAL SECTION

| | | |
|--|------|-----|
| Schedule of Revenues by Source - All Governmental Fund Types, Last Ten Fiscal Years | K-1 | 210 |
| Schedule of Expenditures by Function - All Governmental Fund Types, Last Ten Fiscal Years | K-2 | 211 |
| Schedule of Ratio of Net General Obligation Bonded Debt Per Capita, Last Ten Fiscal Years | K-3 | 212 |
| Schedule of Ratio of Annual Debt Service for General Obligation Bonded Debt to Total General Expenditures, Last Ten Fiscal Years | K-4 | 213 |
| Schedule of Revenue Bond Coverage, Last Ten Fiscal Years | K-5 | 214 |
| Schedule of Legal Debt Margin, June 30, 2000 | K-6 | 215 |
| Schedule of Demographic Statistics, Last Ten Years | K-7 | 216 |
| Schedule of Bank Deposits, Last Ten Calendar Years | K-8 | 217 |
| Schedule of Ten Largest Private Employers, June 30, 2000 | K-9 | 218 |
| Schedule of Miscellaneous Statistics, June 30, 2000 | K-10 | 219 |

PART I: INTRODUCTION SECTION

STATE OF HAWAII

Principal Officials for Finance-Related Functions

June 30, 2000



Raymond H. Sato
Comptroller

| | |
|-----------------------------------|-----------------------------|
| Governor | Benjamin J. Cayetano |
| Director of Finance | Neal H. Miyahira |
| Director of Taxation | Marie Y. Okamura |
| Comptroller | Raymond H. Sato |

Notes:

The Director of Finance is also department head of the Department of Budget and Finance.

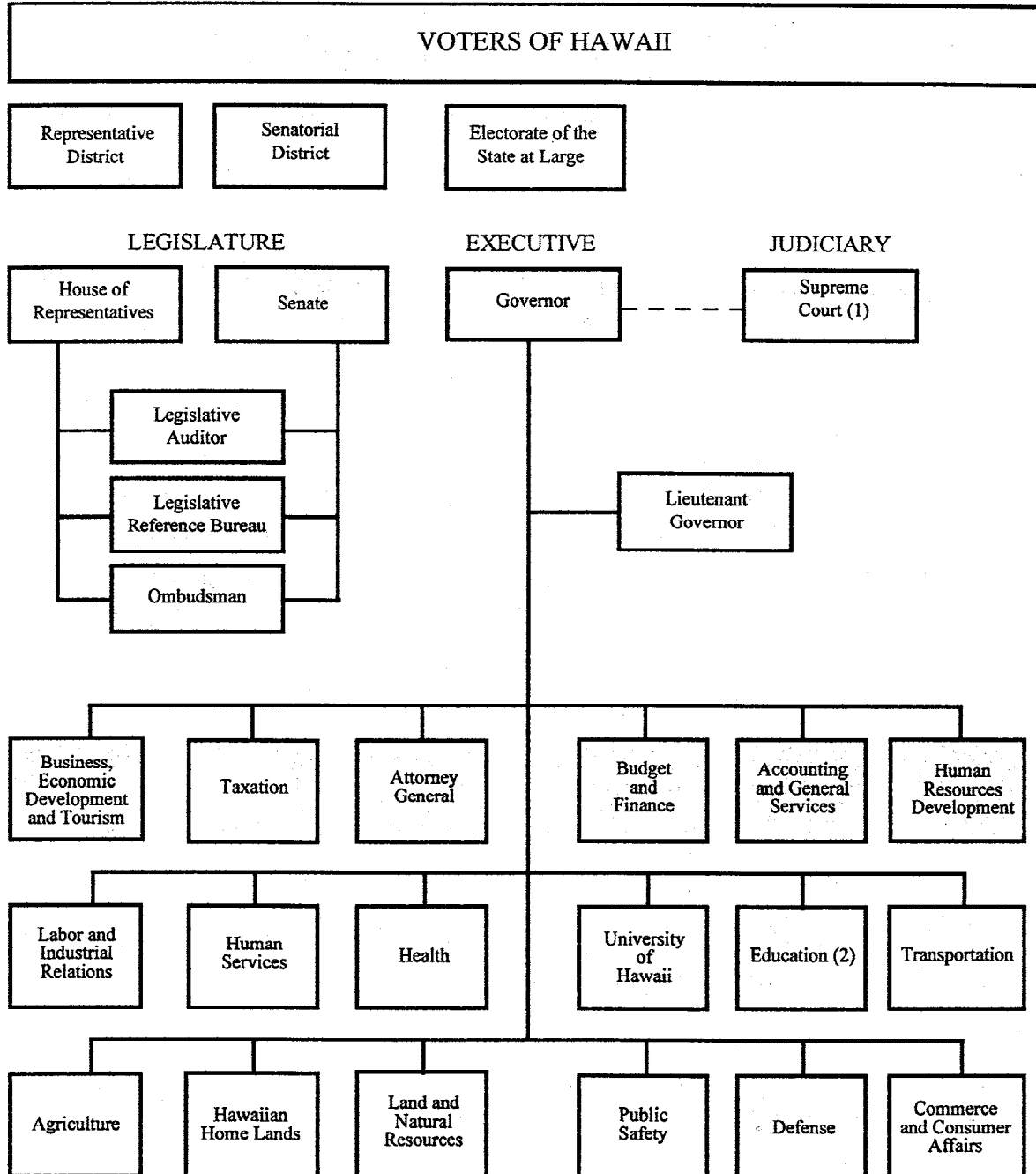
The Comptroller is also department head of the Department of Accounting and General Services.

An organizational chart including those and other departments and agencies of the State of Hawaii government is presented on the following page.

STATE OF HAWAII

Organizational Chart

June 30, 2000



(1) The Governor's appointment of justices of the Supreme Court confirmed by the Senate.

(2) Board of Education elected.



**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES**

P.O. BOX 119
HONOLULU, HAWAII 96810-0119

RAYMOND H. SATO
COMPTROLLER

MARY ALICE EVANS
DEPUTY COMPTROLLER

December 29, 2000

To the Honorable Governor of the State of Hawaii
To the Honorable Members of the Twenty-first State
Legislature of the State of Hawaii

In accordance with the provisions of Section 40-5 of the Hawaii Revised Statutes, it is my privilege to present to you the Comprehensive Annual Financial Report of the State of Hawaii (State) for the fiscal year ended June 30, 2000. This report has been prepared by the State's Department of Accounting and General Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the State. I believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds and account groups; and that all the information necessary to enable the reader to gain the maximum understanding of the State's financial affairs has been included.

The report is presented in three sections: introduction; financial; and statistical. The introduction section includes this transmittal letter, the State's organizational chart and a list of principal officials. The financial section includes the independent auditors' report, general purpose financial statements, notes to the general purpose financial statements, and combining and individual fund and account group financial statements and schedules. The statistical section includes selected financial and demographic information.

The Reporting Entity and Its Services

With Hawaii's highly centralized state government, the State provides a full range of services as mandated by statute. These services include, but are not limited to, education (lower and higher), welfare, transportation (highways, airports and harbors), health, hospitals, public safety, housing, culture and recreation, economic development and conservation of natural resources.

In accordance with Governmental Accounting Standards Board Statement No. 14 ("GASB Statement No. 14"), "The Financial Reporting Entity," this report includes the various funds and account groups comprising the State, including all entities that are accountable to the State. The Employees' Retirement System of the State of Hawaii, which is administered on behalf of public employees for both the state and county governments, and the Office of Hawaiian Affairs, which exists for the betterment of the conditions of native Hawaiians, are not included in the State's general purpose financial statements since those agencies, based on the fiscal independence and/or separate legal entity status criteria of GASB Statement No. 14, are not accountable to the State.

Economic Outlook

State of the Economy

Overview

Hawaii's economy showed strong growth in the first nine months of 2000. The upturn touched all areas; visitor arrivals were up, personal income continued its steady rise, building permits increased, and tax revenues increased as compared to the first nine months of 1999. One particularly important indicator of economic strength, nonagricultural wage and salary jobs, is up by nearly 2 percent.

Labor

Civilian employment increased by 2.8 percent, while the number of unemployed declined faster than the increase in the labor force. As a result, the unemployment rate dropped by 1.3 percentage points to 4.5 percent, the lowest level since 1993.

The number of nonagricultural wage and salary jobs grew at a rate of 1.9 percent in the first nine months of 2000 as compared to the same period in 1999. This is the first year since 1991 that jobs grew by more than one percent.

By industry, the largest job gain in the first three quarters of 2000 was in construction jobs, with a growth rate of 9.6 percent. Relatively strong job growth was also seen in hotels and trade. Agricultural wage and salary jobs grew more than 7.0 percent in the first nine months of the year.

Taxes

Another indicator of economic activity, general fund tax revenues, increased 7.8 percent for the first nine months of 2000. General excise and use tax collections, which is the largest source of revenue and a good measure of economic activity, showed a 9.9 percent increase for the same period. Additionally, transient accommodations tax revenue increased by 14.0 percent, showing the positive impact of rising visitor demand.

Individual income tax revenues also increased as incomes and jobs in the State rose. Much of the increase came from withholding taxes on wages.

Personal Income

Hawaii's personal income grew 4.1 percent in the second quarter of 2000 relative to the year-earlier period according to data provided by the U.S. Bureau of Economic Analysis. Most of the increase in personal income came from increases in wages and salaries (4.2 percent) and proprietors' income (7.5 percent).

Transfer payments also contributed to the growth of personal income, growing at a rate of 5.1 percent. Property income (dividends, interests and rents) increased 3.6 percent. Other labor income increased slightly at 0.3 percent during the same period.

By industry, earnings increased from the second quarter of 1999 to the second quarter of 2000 in all industries except manufacturing. Construction, transportation and public utilities, and agricultural services, forestry and fishing experienced the largest increase of 13.2 percent, 11.1 percent, and 9.9 percent, respectively. Wholesale and retail trade followed by 5.8 percent and 5.3 percent. Finance, insurance and real estate increased by 2.6 percent. Earnings in services, and government and government enterprises also increased by 2.2 percent. The highest increase in government earnings was in state and local government, which increased by 2.9 percent. Earnings in the manufacturing industry declined by 6.8 percent.

Prices

Inflation in Hawaii is increasing but still remains relatively low. Between the first half of 1999 and the first half of 2000, the Honolulu Consumer Price Index (CPI) for urban consumers increased by 1.9 percent. In comparison, the CPI for the U.S. increased at a 3.3 percent annual rate over the same period. The index for all the major consumer expenditure categories, except apparel and upkeep, increased in the first half of 2000 from the same period in 1999. The largest increases were in education and communication (4.6 percent) and transportation (3.3 percent). Medical care increased by 2.1 percent followed by recreation, 1.8 percent, and food and beverages by 1.9 percent. Housing, which includes home rental, increased by only 1.0 percent. Prices of apparel and upkeep decreased by 1.4 percent.

Recent Developments in Hawaii's Major Industries

Visitor Industry

Visitor numbers through the first nine months of 2000 showed continued strength in the visitor industry. During this period, visitor arrivals on domestic flights (flights originating in the U.S.) increased by 5.8 percent relative to the same period in 1999. International arrivals (visitors on flights originating outside the U.S.) increased slightly by 0.6 percent.

The number of visitor days (visitor arrivals multiplied by average length of stay) increased by 3.9 percent from the first nine months of 1999 to the same period in 2000. The increase in visitor days was due to the 6.6 percent increase in visitor days for visitors on domestic flights. Visitor days by visitors arriving on international flights decreased by 3.1 percent. Although international arrivals increased slightly by 0.6 percent, the decrease of 3.6 percent in average length of stay by international visitors decreased the number of visitor days for this group.

The increase in visitor arrivals also led to an increase in hotel occupancy rates. For the first nine months of 2000, the 76.9 percent hotel occupancy rate was 3.8 percentage points higher than the rate experienced in the first nine months of 1999.

Construction

The general excise tax base for contracting, an indicator of construction output, increased by 19.1 percent during the first eight months of 2000 over the same period in 1999. The increase in construction output is also reflected in the 9.6 percent increase in the number of construction wage and salary jobs for the first nine months of 2000 over the same period in 1999.

The value of private building authorizations, an indicator of future construction, increased by 13.3 percent during the first six months of 2000 compared to the same period in 1999. Among privately funded buildings, the value of residential building construction permits increased by 34.9 percent, but the value of commercial and industrial building permits decreased by 32.0 percent. The value of additions and alterations was up 28.8 percent between the first six months of 1999 and 2000.

The latest data indicate that state government capital improvement project expenditures fell by 26.1 percent in the second quarter of 2000 from the same period in 1999. Government contracts awarded were down by 7.7 percent.

Defense Activity

Military spending in Hawaii remains a relatively stable and important source of outside income. Overall, federal spending in Hawaii is estimated at 12.4 percent of Gross State Product (GSP) in 1998, with much of it being defense related. Per capita federal spending in Hawaii in fiscal 1999 ranked fifth highest among the states after Alaska, Virginia, Maryland and New Mexico. Hawaii maintained its ranking as second in per capita federal defense expenditures in 1999. This was the fourth year in a row that the federal government spent more than a billion dollars in procurement in Hawaii.

At the national level, defense spending increased during 1999. Because of the strategic location of Hawaii in the Pacific, the overall fluctuations in military spending have had only limited impact on Hawaii's \$3.4 billion federal defense sector.

The latest data from the U.S. Department of Commerce indicate that the total earnings of military personnel in the second quarter of 2000 were 1.6 percent higher than a year earlier.

Total federal civilian jobs in the armed forces decreased by 1.9 percent during the first nine months of 2000 from the same period in 1999.

Agriculture

The agricultural sector improved in the first nine months of 2000 compared to the same period a year earlier. Agricultural wage and salary jobs increased 7.3 percent during this period.

County Economic Conditions

City and County of Honolulu

The City and County of Honolulu showed strong growth during the first nine months of 2000. It experienced the largest increase in visitor arrivals among all the counties in the first nine months of 2000 compared to the same period in 1999. Total visitor arrivals increased 3.1 percent for the first three quarters of 2000. This was due to a 7.7 percent increase in domestic visitor arrivals. International visitor arrivals to Oahu declined by 1.5 percent during the same period in 2000. This overall increase in visitor arrivals was also reflected in Oahu's year-to-date hotel occupancy rate of 76.1 percent, which was 3.7 percentage points higher than the comparable period in 1999.

Honolulu's 3.9 percent unemployment rate for the first nine months of 2000 was 1.2 percentage points below the same period in 1999. The number of nonagricultural wage and salary jobs increased 1.6 percent. The construction industry led the gain in jobs at 5.0 percent, followed by manufacturing (2.8 percent), trade (2.1 percent), services (1.8 percent) and government (1.5 percent). The transportation, communication and utilities industry showed a slight increase of 0.3 percent. The number of finance, insurance and real estate, and agricultural wage and salary jobs declined by 2.1 and 2.3 percent, respectively.

Hawaii

Hawaii County's visitor arrival count for the first three quarters of 2000 was up 1.3 percent over the comparable period in 1999. International visitor arrivals in Hawaii County increased by 6.6 percent, but domestic visitor arrivals decreased slightly by 0.6 percent. The county's 72.1 percent hotel occupancy rate this year through September represented a 4.9 percentage point increase over the same period in 1999.

A 2.9 percent increase in nonagricultural wage and salary jobs helped reduce Hawaii County's unemployment rate by 2.2 percentage points, to 7.0 percent for the year to date. Compared to the first three quarters of 1999, job counts in most sectors increased, except manufacturing and retail trade, during the first three quarters in 2000. Notable job gains occurred in construction and the federal government sector (up 32.6 percent and 23.5 percent, respectively). The hiring of census workers probably caused the increase in federal civilian jobs. Jobs in other services were up by 6.8 percent. Transportation, communication and utilities jobs were up by 3.5 percent. Hotel jobs were up slightly by 0.8 percent. The industries that experienced job loss were manufacturing, which lost 6.5 percent of jobs, and retail trade, which lost 0.9 percent of jobs during the same period. Agricultural wage and salary jobs were up by 4.3 percent.

Maui

The number of international visitors to Maui County increased by 7.3 percent, while the number of domestic visitors to Maui decreased 1.2 percent, resulting in an overall 0.3 percent moderate increase in total visitor arrivals for the first nine months of 2000. The hotel occupancy rate for Maui averaged 82.8 percent for the period, an increase of 4.9 percentage points over the comparable 1999 period.

Maui's unemployment rate dropped 1.4 percentage points below the first three quarters of 1999 as nonagricultural wage and salary jobs increased by 2.6 percent. The largest job gain other than federal civilian jobs, which is a small percentage of total jobs, was in construction (17.0 percent) and agriculture (14.3 percent). Hotel jobs increased by 6.4 percent followed by manufacturing (2.9 percent), local government jobs (2.6 percent), transportation, communication and utilities (2.2 percent), and trade (1.0 percent). Health was the only sector which experienced a decrease in jobs (2.1 percent).

Kauai

Visitor arrivals to Kauai County increased 2.9 percent during the first nine months in 2000. The 45.1 percent increase in international visitors more than offset the 3.2 percent decline in domestic visitors. The hotel occupancy rate on Kauai increased by 5.4 percentage points. The increase in the occupancy rate was the largest among the counties during the first nine months of 2000.

The unemployment rate in Kauai County decreased by 1.1 percentage points in the first nine months of 2000. Reflecting this decrease, the number of nonagricultural wage and salary jobs increased 2.6 percent, and the agricultural wage and salary jobs increased by 17.6 percent during the same period. Other than federal civilian jobs, construction led the increase in jobs at 5.9 percent. Transportation, communication and utilities jobs increased by 5.9 percent followed by hotels (4.2 percent), finance, insurance and real estate (4.0 percent), and trade (3.6 percent). The health sector experienced a job loss of 6.5 percent during the same period.

Outlook for Hawaii's Economy

The outlook for Hawaii's economy remains bright. After adjusting for inflation, Hawaii's economic growth in 1999 was 2.5 percent, a growth rate not seen since 1990. This growth was due to the combination of a higher number of visitors, a relatively low inflation rate, and the modest increase in jobs in that year.

The September 10, 2000 Blue Chip Economic Indicators (Blue Chip) (a consensus of 50 top U.S. economic forecasters) reported that the expectation for real economic growth in 2000 had risen to 5.2 percent. For 2001, Blue Chip expects real gross domestic product to rise by 3.5 percent.

California, a particularly important market for Hawaii, experienced real personal income growth of 5.0 percent in 1999. The UCLA Anderson Forecast predicts growth of 4.0 percent in 2000 and of 3.2 percent in 2001.

Economic growth in the other major external economy affecting Hawaii is also expected to increase. Japan's economy should grow by 1.5 percent in 2000 and by 1.9 percent in 2001, according to Blue Chip.

Elsewhere in Asia, Blue Chip raised the forecast for South Korea to 8.3 percent real growth in 2000 and 6.2 percent in 2001. Taiwan's economy should grow by 6.7 percent in 2000 and by 6.2 in 2001. Furthermore, China's economy is expected to expand by 7.9 percent in 2000 and 7.8 percent in 2001.

Based on current trends, state economists at the Department of Business, Economic Development and Tourism (DBEDT) expect that the visitor industry will show a robust growth of 4.8 percent this year and will continue to grow at 3.9 percent in 2001. Real GSP should expand at a 3.5 percent annual rate in 2000 and by 2.9 percent in 2001. Wage and salary jobs should increase 2.1 percent in 2000 and 1.9 percent in 2001.

DBEDT expects inflation, as measured by changes in the Honolulu CPI, to grow at a rate of 2.1 percent in 2000 and by 2.4 percent in 2001.

Major Initiatives

Major Capital Improvement Projects

Major capital improvement projects, which received funding in fiscal 2000, again focused on education and general government. They include \$49.4 million for increments 1 and 2 of Kapolei High School; \$31.5 million for construction of new facilities at the Maui Community College; \$25.5 million for the construction of increments 2 and 3 of Keaau High School; \$23.7 million to finance land acquisition and construction of infrastructure in the Kakaako Community Development District on the island of Oahu; and \$17.2 million for construction of new facilities at the University of Hawaii at Hilo.

Housing Tax Credits

In fiscal 2000, the Housing and Community Development Corporation of Hawaii awarded \$73 million in State and Federal Low Income Housing Tax Credits for the construction of a housing project in Honolulu and the acquisition and rehabilitation of four rental apartments on the islands of Oahu and Hawaii. This will result in \$133 million in new construction and \$50.6 million to acquire and rehabilitate affordable units to help low income families and senior citizens. The Tax Credit Program is one of a number of initiatives the State offers to developers of affordable housing, in addition to low-interest loans, predevelopment and feasibility funds, permanent financing and general excise tax waivers.

Internet Portal

The State has formed a partnership with the Hawaii Information Consortium, Inc., to develop an internet portal for all government information and services. The portal will provide citizens and businesses with a single online gateway to all state services at no cost to the taxpayers. Citizens and businesses will be able to file taxes, register businesses, and apply for licenses without leaving their homes or offices.

Civil Service Reform

In fiscal 2000, the Governor signed into law a bill to reform the existing public employment laws to implement two constitutional mandates – civil service based on merit and the right of public employees to bargain collectively. This law will help bring about changes that will make state government become more productive and efficient.

Accounting System and Budgetary Control

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust and Agency Funds. Revenues are recognized when they become measurable and available to finance operations during the fiscal year or liquidate liabilities at the end of the fiscal year. Revenues susceptible to accrual include federal grants and taxpayer-assessed tax revenues. Taxpayer-assessed tax revenues primarily consist of income and general excise taxes. Revenues which are not considered susceptible to accrual and therefore are not accrued include fines, forfeitures and penalties, licenses, permits and franchises. Expenditures are recorded on the modified accrual basis of accounting when the related fund liability is incurred except for principal and interest on general long-term bond obligations, which are recognized when payment is due or when amounts have been accumulated in the Debt Service Fund for payments of principal and interest to be made early in the following fiscal year.

The State uses the accrual basis of accounting for the Enterprise Funds and Component Units. Revenues are recognized when they are earned and expenses are recorded when they are incurred. Depreciation expense related to the Component Unit - University Funds' plant fund assets is not recorded.

In developing and maintaining the State's accounting system, consideration is given to the effectiveness of internal control, which is designed to accomplish certain objectives of management including:

1. Transactions are executed in accordance with management's general and specific authorization.
2. Transactions are recorded as necessary to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and to maintain accountability for assets.
3. Access to assets is permitted only in accordance with management's authorization.

I believe that the State's internal control is effective in accomplishing management's objectives.

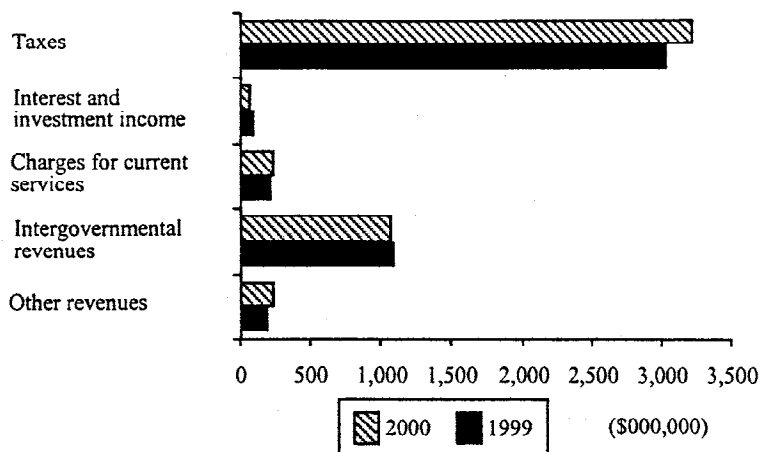
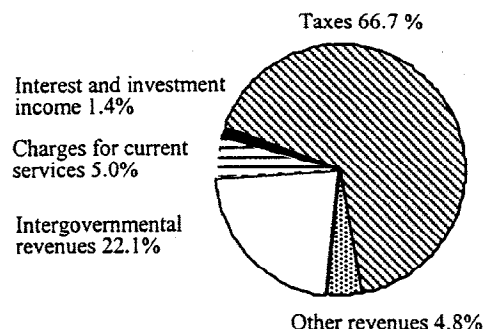
By statutory provision, the State prepares a biennial budget for its programs. Budgeted expenditures are derived primarily from the General Appropriations Act of 1999, as amended, and from other authorizations contained in the State Constitution, the Hawaii Revised Statutes and other specific appropriations acts in various Session Laws of Hawaii (SLH). Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated periodically during the fiscal year.

An allotment system and encumbrance accounting are utilized by the State for 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. Open encumbrances are reported as reservations of fund balances at June 30, 2000. To the extent not expended or encumbered, General Fund and Special Revenue Fund appropriations subject to budgetary control generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

General Governmental Functions

Revenues for general governmental functions are provided from the General, Special Revenue, Debt Service and Capital Projects Funds and totaled \$4,840.0 million in fiscal 2000, representing an increase of 4.1 percent over fiscal 1999. The revenues from various major revenue sources and the changes from the previous fiscal year are presented in the following tabulation (expressed in millions):

| <u>Source</u> | <u>Fiscal 2000</u> | <u>Percent Of Total</u> | <u>Increase Over (Decrease From) Fiscal 1999</u> | |
|--------------------------------|-------------------------|-----------------------------|--|----------------|
| | | | <u>Amount</u> | <u>Percent</u> |
| Taxes | \$3,226.3 | 66.7% | \$ 176.6 | 5.8% |
| Interest and investment income | 69.1 | 1.4 | (21.8) | (24.0) |
| Charges for current services | 239.9 | 5.0 | 19.5 | 8.8 |
| Intergovernmental revenues | 1,070.5 | 22.1 | (20.8) | (1.9) |
| Other revenues | <u>234.2</u> | <u>4.8</u> | <u>34.9</u> | 17.5 |
| Total | <u>\$4,840.0</u> | <u>100.0%</u> | <u>\$ 188.4</u> | 4.1% |

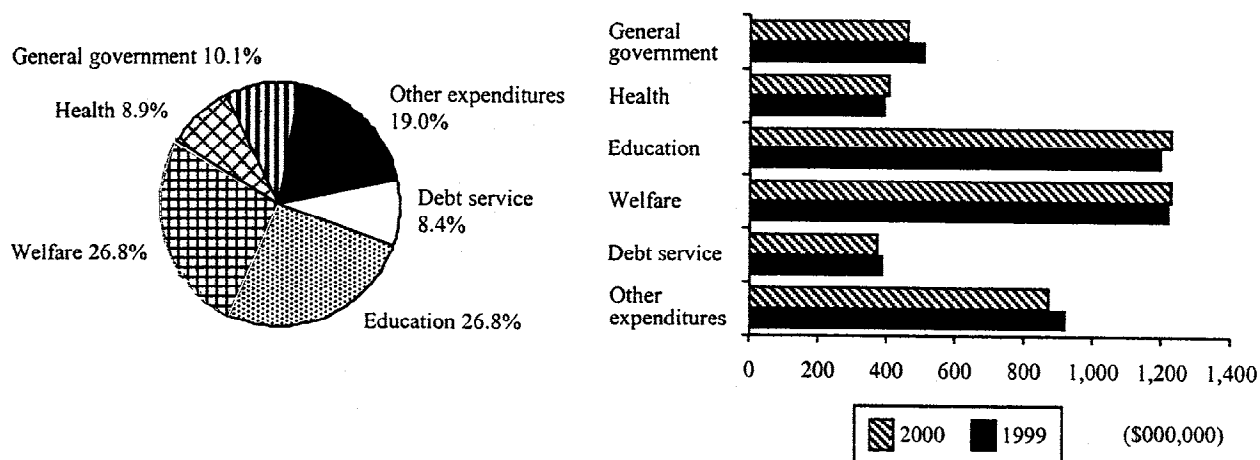


The net increase of \$176.6 million or 5.8 percent in tax revenues is primarily comprised of increases in general excise taxes of \$93.6 million, transient accommodations taxes of \$38.3 million, individual and corporate income taxes of \$21.3 million, the tax on premiums of insurance companies of \$15.9 million, and motor vehicle taxes of \$12.5 million, which were offset by decreases in inheritance and estate taxes of \$6.0 million.

The increase of \$34.9 million or 17.5 percent in other revenues was attributed primarily to the proceeds received from the tobacco settlement offset by a decrease in the State's share of insurance carrier refunds, rate credits and accrued interest by the Hawaii Public Employees Health Fund.

Expenditures for general governmental functions totaled \$4,573.0 million in fiscal 2000, representing a decrease of 1.5 percent from fiscal 1999. The expenditures by function and the change from the previous fiscal year are presented in the following tabulation (expressed in millions):

| <u>Function</u> | <u>Fiscal 2000</u> | <u>Percent of Total</u> | <u>Increase Over (Decrease From) Fiscal 1999</u> | |
|---|------------------------|-----------------------------|--|----------------|
| | | | <u>Amount</u> | <u>Percent</u> |
| General government | \$ 461.2 | 10.1% | \$ (50.4) | (9.9)% |
| Public safety | 212.2 | 4.6 | 8.7 | 4.3 |
| Highways | 235.3 | 5.1 | 15.2 | 6.9 |
| Conservation of natural resources | 43.3 | 0.9 | (3.5) | (7.5) |
| Health | 404.5 | 8.9 | 9.4 | 2.4 |
| Welfare | 1,226.8 | 26.8 | 4.5 | 0.4 |
| Education | 1,227.0 | 26.8 | 28.5 | 2.4 |
| Culture and recreation | 60.8 | 1.3 | 3.4 | 5.9 |
| Urban redevelopment and housing | 11.5 | 0.3 | (1.1) | (8.7) |
| Economic development and assistance | 212.8 | 4.7 | 16.6 | 8.5 |
| Social security and pension contributions | 84.6 | 1.9 | (74.4) | (46.8) |
| Other expenditures | 9.4 | 0.2 | (18.8) | (66.7) |
| Intergovernmental expenditures | - | 0.0 | (0.2) | (100.0) |
| Debt service | 383.6 | 8.4 | (6.0) | (1.5) |
| Total | \$4,573.0 | 100.0% | \$ (68.1) | (1.5)% |



Expenditures for general government decreased \$50.4 million or 9.9% from the previous fiscal year. The decrease was primarily the result of the State's purchase of the Kapolei State Office Building in the previous fiscal year.

The increase of \$28.5 million or 2.4% in expenditures for education was mainly attributed to general school support and various capital improvement projects.

The decrease of \$74.4 million or 46.8 percent for social security and pension contributions from the previous fiscal year was due to changes in salary growth assumptions and investment earnings pursuant to Act 100, Session Laws of Hawaii of 1999.

For further information on long-range trends in the expenditures for general governmental functions, Part III contains a tabulation covering the last ten fiscal years (Schedule K-2).

The operations of the State's General Fund for fiscal 2000 resulted in an unreserved-undesignated fund balance of \$432.2 million at June 30, 2000, compared with \$331.9 million at June 30, 1999. The financial details of the General Fund's operations are included in the "Statement of Revenues, Expenditures and Changes in Unreserved Fund Balance - General Fund" in Part II.

Debt Administration

The amount of net general obligation bonded debt per capita is a useful indicator of the State's debt position to its citizens. The amount at June 30, 2000 was \$2,746; a schedule with such information for the last ten fiscal years is presented in Part III of this report (Schedule K-3). The State issued \$300 million of general obligation bonds, Series CT, dated September 15, 1999, with interest rates ranging from 4.50% to 5.88%. The bonds begin to mature on September 1, 2003 and were issued for the purpose of financing public improvement projects.

The State's general obligation bonds have been rated Aa3 by Moody's Investors Service, A+ by Standard & Poor's Corporation and AA- by Fitch, Inc.

Cash Management

During fiscal 2000, the State Treasury earned \$33.1 million for the General Fund by investing its temporary cash surpluses, a decrease of \$29.6 million from the amount earned in the previous fiscal year. The fiscal 2000 earnings represent an average investment yield of 4.2%, down from the 5.1% of the previous fiscal year.

Risk Management

The State obtains third-party coverage for property losses in excess of \$250,000 per occurrence. The property loss limit is \$300 million per occurrence, except for earthquake and flood with a limit of \$50 million per occurrence. The State also acquires general liability insurance, medical insurance, faithful performance of duty and depositors' forgery insurance for state employees, but is self-insured for other perils including workers' compensation and automobile losses. Expenditures for workers' compensation, automobile losses and general liability (for amounts not covered by insurance) are appropriated annually.

Capital Projects Fund

Proceeds of general obligation and revenue bonds issued are primarily accounted for in the Capital Projects Fund. General obligation bonds issued in fiscal 2000 amounted to \$300 million. No revenue bonds were issued in fiscal 2000. Authorized but unissued general obligation bonds totaled \$645.0 million at June 30, 2000.

Enterprise Funds

The Enterprise Funds are comprised of the State's Airports and Harbors operations.

The retained earnings of Airports increased from \$1,044.0 million in fiscal 1999 to \$1,076.3 million in fiscal 2000. Operating revenues increased from \$242.0 million in fiscal 1999 to \$279.6 million in fiscal 2000, and operating expenses increased, from \$202.9 million to \$214.4 million between the respective periods. Outstanding bonds, included in long-term liabilities, at June 30, 2000 totaled \$1,083.1 million, a decrease from \$1,139.2 million at June 30, 1999.

The retained earnings of Harbors increased from \$260.3 million in fiscal 1999 to \$284.0 million in fiscal 2000. Operating revenues increased from \$61.7 million in fiscal 1999 to \$62.6 million in fiscal 2000, and operating expenses decreased from \$34.8 million to \$33.9 million between the respective periods. Outstanding bonds, included in long-term liabilities, at June 30, 2000 totaled \$225.9 million, an increase from \$209.8 million at June 30, 1999.

Component Units

University Funds

The combined fund equity of the University Funds decreased from \$1,526.6 million in fiscal 1999 to \$1,486.4 million in fiscal 2000. In fiscal 2000, combined revenues and other additions totaled \$474.0 million, and combined expenditures and other deductions totaled \$761.4 million. These represent a decrease from fiscal 1999 of \$7.5 million and an increase of \$20.2 million, respectively. Combined subsidies from other funds totaled \$377.8 million in fiscal 2000, an increase from \$356.4 million in fiscal 1999. Outstanding bonds totaled \$38.5 million at June 30, 2000 and \$39.3 million at June 30, 1999.

Enterprise Funds

Enterprise Funds consist of the Housing and Community Development Corporation of Hawaii (HCDCH), the Hawaii Hurricane Relief Fund (HHRF) and the Hawaii Health Systems Corporation (HHSC).

The fund equity of the HCDCH, the HHRF and the HHSC increased from \$929.8 million in fiscal 1999 to \$947.9 million in fiscal 2000. Operating revenues decreased from \$410.0 million in fiscal 1999 to \$394.1 million in fiscal 2000, while operating expenses including depreciation increased from \$441.5 million to \$451.0 million between the respective periods. Contributions by the U.S. Department of Housing and Urban Development totaled \$9.9 million in fiscal 2000 and \$11.5 million in fiscal 1999. Outstanding revenue bonds totaled \$858.9 million in fiscal 2000, an increase from \$777.7 million at June 30, 1999. Nonoperating revenues (expenses) and operating transfers totaled \$55.0 million in fiscal 2000 and \$26.2 million in fiscal 1999.

General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions. They exclude the fixed assets of the Enterprise Funds and Component Units. As of June 30, 2000, the general fixed assets amounted to \$5,317.0 million. Depreciation on general fixed assets is not recorded in the State's records.

Employees Union Contracts

The State Constitution grants public employees in Hawaii the right to organize for the purpose of collective bargaining as provided by law. There are thirteen bargaining units, of which twelve bargaining units have state employees as members. All of the bargaining units are currently engaged in the collective bargaining process with the employer. Ten bargaining units had their contracts extended to January 31, 2000; one unit's contract was extended to June 30, 2000; and one unit had its contract expire on June 30, 1999.

Independent Audit

Although the state statutes do not require an annual audit of all fund types and account groups of the State, the State engaged a firm of independent certified public accountants to audit the State's general purpose financial statements for the fiscal year ended June 30, 2000. The Independent Auditors' Report has been included in Part II of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. This was the eleventh consecutive year that the State has received this prestigious award.


In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year.

I believe our current report continues to conform to the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for the certificate.

Acknowledgments

I wish to extend my appreciation to the staff of the various state agencies whose dedicated time and effort made the preparation of this report possible. Their combined efforts have produced a report that I believe will serve as a helpful source of information for anyone having an interest in the financial operations of our State.

Respectfully submitted,


Raymond H. Sato
Comptroller, State of Hawaii

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Hawaii

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

PART II: FINANCIAL SECTION

Independent Auditors' Report

Comptroller
State of Hawaii

We have audited the accompanying general purpose financial statements of the State of Hawaii as of June 30, 2000 and for the year then ended, as listed in the table of contents under Part II: Financial Section. These general purpose financial statements are the responsibility of the State of Hawaii's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Enterprise Funds, comprised of the Department of Transportation - Airports and Harbors Divisions, or the Component Units of the State of Hawaii - the Housing and Community Development Corporation of Hawaii, the Hawaii Hurricane Relief Fund, the Hawaii Health Systems Corporation consisting of the State Hospitals, and the University Funds comprised of the State of Hawaii's public institutions of higher education. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the Enterprise Funds and Component Units, is based solely on the reports of the other auditors.

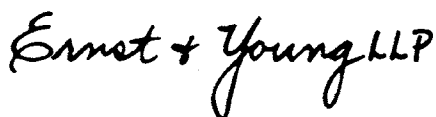
We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Hawaii as of June 30, 2000, and the results of its operations and cash flows of its Enterprise Funds and Component Units for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2000 on our consideration of the State of Hawaii's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents under Part II: Financial Section are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Hawaii. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introduction and statistical sections (Parts I and III) of this report and, accordingly, express no opinion thereon.



December 29, 2000

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**Combined Balance Sheet - All Fund Types,
Account Groups and Discretely Presented Component Units**

June 30, 2000

(Amounts in thousands)

| ASSETS AND OTHER DEBITS | Governmental Fund Types | | | |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Cash and short-term investments (note 4)..... | \$ 323,317 | \$127,608 | \$ 2,174 | \$ 203,426 |
| Receivables: | | | | |
| Taxes (note 5)..... | 233,988 | - | - | - |
| Accounts and accrued interest, net (note 5)..... | - | - | - | - |
| Notes and loans, net (note 5)..... | 520 | 225,297 | - | - |
| Federal government..... | - | - | - | - |
| Other..... | 188 | - | - | - |
| Due from other funds (note 15) | 89,916 | 2,806 | 258 | 1,450 |
| Due from Component Units (note 15) | 6,000 | - | - | - |
| Due from Primary Government (note 15)..... | - | - | - | - |
| Investments (note 4) | 65,115 | 600,630 | - | - |
| Advances to Enterprise Funds (note 15)..... | 18 | - | - | - |
| Inventories: | | | | |
| Materials and supplies | - | - | - | - |
| Developments in progress and dwelling units..... | - | - | - | - |
| Net investment in financing lease (note 10)..... | - | - | - | - |
| Restricted assets (notes 4, 6 and 10) | - | - | - | - |
| Property, plant and equipment (notes 7, 8 and 10)..... | - | - | - | - |
| Less accumulated depreciation | - | - | - | - |
| Net property, plant and equipment | - | - | - | - |
| Other assets: | | | | |
| Unamortized bond issue costs..... | - | - | - | - |
| Prepaid expenses..... | - | - | - | - |
| Interest in perpetual trusts held by others | - | - | - | - |
| Other..... | - | 1 | - | - |
| Amount available in Debt Service Fund..... | - | - | - | - |
| Resources to be provided in future years for retirement of general long-term obligations..... | - | - | - | - |
| Total Assets and Other Debits | \$719,062 | \$956,342 | \$ 2,432 | \$ 204,876 |

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

| <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Account Groups</u> | | <u>Total Primary Government (Memorandum Only)</u> | <u>Component Units</u> | <u>Total Reporting Entity (Memorandum Only)</u> |
|----------------------------------|--------------------------------|---------------------------------|--|---|----------------------------|---|
| <u>Enterprise</u> | <u>Trust and Agency</u> | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> | | | |
| \$ 761,267 | \$ 415,534 | \$ - | \$ - | \$ 1,833,326 | \$ 444,398 | \$ 2,277,724 |
| 343 | 42,718 | - | - | 277,049 | - | 277,049 |
| 47,189 | - | - | - | 47,189 | 82,002 | 129,191 |
| - | 5 | - | - | 225,822 | 137,033 | 362,855 |
| 4,914 | - | - | - | 4,914 | 32,315 | 37,229 |
| - | - | - | - | 188 | 9,671 | 9,859 |
| - | - | - | - | 94,430 | 15,072 | 109,502 |
| - | - | - | - | 6,000 | - | 6,000 |
| - | - | - | - | - | 4,858 | 4,858 |
| - | 133,992 | - | - | 799,737 | 383,285 | 1,183,022 |
| - | - | - | - | 18 | - | 18 |
| 250 | - | - | - | 250 | 26,495 | 26,745 |
| - | - | - | - | - | 112,233 | 112,233 |
| - | - | - | - | - | 18,952 | 18,952 |
| 431,607 | - | - | - | 431,607 | 683,441 | 1,115,048 |
| 3,032,105 | - | 5,316,954 | - | 8,349,059 | 2,080,336 | 10,429,395 |
| (924,302) | - | - | - | (924,302) | (357,527) | (1,281,829) |
| 2,107,803 | - | 5,316,954 | - | 7,424,757 | 1,722,809 | 9,147,566 |
| 14,238 | - | - | - | 14,238 | 7,229 | 21,467 |
| 1,212 | - | - | - | 1,212 | 9,019 | 10,231 |
| - | - | - | - | - | 11,785 | 11,785 |
| - | - | - | - | 1 | 177 | 178 |
| - | - | - | 1,057 | 1,057 | - | 1,057 |
| - | - | - | 4,180,723 | 4,180,723 | 251 | 4,180,974 |
| <u>\$3,368,823</u> | <u>\$ 592,249</u> | <u>\$5,316,954</u> | <u>\$4,181,780</u> | <u>\$15,342,518</u> | <u>\$3,701,025</u> | <u>\$19,043,543</u> |

(continued)

STATE OF HAWAII

**Combined Balance Sheet - All Fund Types,
Account Groups and Discretely Presented Component Units (Cont'd)**

June 30, 2000

(Amounts in thousands)

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------|-----------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| <u>LIABILITIES, EQUITY AND OTHER CREDITS</u> | | | | |
| Liabilities: | | | | |
| Vouchers and contracts payable..... | \$ 43,562 | \$ 8,892 | \$ - | \$ 287 |
| Other accrued liabilities..... | 54,655 | 13,187 | - | - |
| Prepaid airport use charge fund (note 17)..... | - | - | - | - |
| Claims and judgments payable (notes 12, 19 and 22)..... | - | - | - | - |
| Due to individuals, businesses and counties..... | - | - | - | - |
| Due to other funds (note 15)..... | 258 | - | - | 90,208 |
| Due to Component Units (note 15)..... | 4,858 | - | - | - |
| Due to Primary Government (note 15)..... | - | - | - | - |
| Advances from General Fund (note 15)..... | - | - | - | - |
| Due to federal government and others..... | - | - | - | - |
| Payable from restricted assets: | | | | |
| Contracts payable, accrued interest and other..... | - | - | - | - |
| Matured bonds and interest payable..... | - | - | 1,375 | - |
| Revenue bonds payable, net (note 10)..... | - | - | - | - |
| General obligation bonds payable (note 9)..... | - | - | - | - |
| General obligation bonds payable (notes 9 and 12)..... | - | - | - | - |
| Notes, mortgage and installment contracts payable (note 8)..... | - | - | - | - |
| Deferred revenue..... | - | - | - | - |
| Accrued vacation payable (note 12)..... | - | - | - | - |
| Security deposits..... | - | - | - | - |
| Revenue bonds payable, net (notes 10 and 12)..... | - | - | - | - |
| Estimated future costs of land sold..... | - | - | - | - |
| Unearned premiums..... | - | - | - | - |
| Reserve for losses and loss adjustment costs (notes 12 and 22)..... | - | - | - | - |
| Capital lease obligations (notes 12 and 17)..... | - | - | - | - |
| Other..... | - | - | - | - |
| Total Liabilities | 103,333 | 22,079 | 1,375 | 90,495 |
| Equity and Other Credits: | | | | |
| Investment in fixed assets..... | - | - | - | - |
| Contributed capital (note 14)..... | - | - | - | - |
| Retained earnings - reserved for bond requirements and other..... | - | - | - | - |
| Retained earnings - unreserved..... | - | - | - | - |
| Fund balances (deficit): | | | | |
| Reserved for refundable federal grants..... | - | - | - | - |
| Reserved for continuing appropriations..... | 149,090 | 202,560 | 258 | 696,527 |
| Reserved for receivables and advances..... | 634 | 225,297 | - | - |
| Reserved for federal aid highway projects encumbrances..... | - | - | - | 117,896 |
| Reserved for Hawaiian programs..... | - | - | - | - |
| Reserved for unemployment compensation, bond redemption and other..... | - | 1 | 799 | - |
| Unreserved: | | | | |
| Designated for future expenditures..... | 33,836 | 187,410 | - | - |
| Undesignated..... | 432,169 | 318,995 | - | (700,042) |
| Total Equity and Other Credits | 615,729 | 934,263 | 1,057 | 114,381 |
| Commitments and contingencies (notes 17, 18 and 19) | | | | |
| Total Liabilities, Equity and Other Credits | \$719,062 | \$956,342 | \$2,432 | \$ 204,876 |

| <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Account Groups</u> | | <u>Total Primary Government (Memorandum Only)</u> | <u>Component Units</u> | <u>Total Reporting Entity (Memorandum Only)</u> |
|----------------------------------|--------------------------------|---------------------------------|--|---|----------------------------|---|
| <u>Enterprise</u> | <u>Trust and Agency</u> | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> | | | |
| \$ 13,024 | \$ 7,022 | \$ - | \$ - | \$ 72,787 | \$ 54,788 | \$ 127,575 |
| 13,910 | - | - | - | 81,752 | 134,984 | 216,736 |
| 730 | - | - | - | 730 | - | 730 |
| - | - | - | 326,256 | 326,256 | - | 326,256 |
| - | 117,043 | - | - | 117,043 | - | 117,043 |
| 1,466 | 2,498 | - | - | 94,430 | 15,072 | 109,502 |
| - | - | - | - | 4,858 | - | 4,858 |
| - | - | - | - | - | 6,000 | 6,000 |
| 18 | - | - | - | 18 | - | 18 |
| - | - | - | - | - | 25,321 | 25,321 |
| 54,265 | - | - | - | 54,265 | - | 54,265 |
| 1,463 | - | - | - | 2,838 | - | 2,838 |
| 66,641 | - | - | - | 66,641 | 2,515 | 69,156 |
| 849 | - | - | - | 849 | - | 849 |
| 1,795 | - | - | 3,278,479 | 3,280,274 | 18,740 | 3,299,014 |
| - | - | - | - | - | 12,637 | 12,637 |
| 26,907 | - | - | - | 26,907 | 25,074 | 51,981 |
| - | - | - | 140,545 | 140,545 | - | 140,545 |
| - | - | - | - | - | 2,253 | 2,253 |
| 1,307,554 | - | - | 192,520 | 1,500,074 | 876,111 | 2,376,185 |
| - | - | - | - | - | 17,928 | 17,928 |
| - | - | - | - | - | 15,638 | 15,638 |
| - | - | - | 192,000 | 192,000 | - | 192,000 |
| - | - | - | 51,980 | 51,980 | 21,204 | 73,184 |
| - | 5,320 | - | - | 5,320 | 38,518 | 43,838 |
| <u>1,488,622</u> | <u>131,883</u> | <u>-</u> | <u>4,181,780</u> | <u>6,019,567</u> | <u>1,266,783</u> | <u>7,286,350</u> |
| - | - | 5,316,954 | - | 5,316,954 | 1,131,563 | 6,448,517 |
| 519,907 | - | - | - | 519,907 | 554,697 | 1,074,604 |
| 137,998 | - | - | - | 137,998 | - | 137,998 |
| 1,222,296 | - | - | - | 1,222,296 | 207,122 | 1,429,418 |
| - | - | - | - | - | 125,421 | 125,421 |
| - | - | - | - | 1,048,435 | 11,979 | 1,060,414 |
| - | - | - | - | 225,931 | - | 225,931 |
| - | - | - | - | 117,896 | - | 117,896 |
| - | 97,617 | - | - | 97,617 | - | 97,617 |
| - | 362,749 | - | - | 363,549 | 94,199 | 457,748 |
| - | - | - | - | 221,246 | - | 221,246 |
| - | - | - | - | 51,122 | 309,261 | 360,383 |
| <u>1,880,201</u> | <u>460,366</u> | <u>5,316,954</u> | <u>-</u> | <u>9,322,951</u> | <u>2,434,242</u> | <u>11,757,193</u> |
| <u>\$3,368,823</u> | <u>\$592,249</u> | <u>\$5,316,954</u> | <u>\$4,181,780</u> | <u>\$15,342,518</u> | <u>\$3,701,025</u> | <u>\$19,043,543</u> |

**Combined Statement of Revenues, Expenditures and Changes in
Unreserved Fund Balances (Deficit) - All Governmental Fund
Types and Expendable Trust Funds**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Governmental Fund Types</u> | | | | <u>Fiduciary Fund Type</u> | <u>Total (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|--------------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| Revenues: | | | | | | |
| Taxes (note 5) | \$2,968,996 | \$ 257,265 | \$ - | \$ - | \$148,525 | \$3,374,786 |
| Interest and investment income | 33,443 | 34,543 | - | 1,163 | 26,763 | 95,912 |
| Charges for current services | 111,535 | 128,395 | - | - | 373 | 240,303 |
| Intergovernmental | 2,834 | 1,067,714 | - | - | 7,393 | 1,077,941 |
| Rentals | 5,321 | 17,434 | - | - | 1,262 | 24,017 |
| Fines, forfeitures and penalties | 18,135 | 7,114 | - | - | - | 25,249 |
| Licenses and fees | 945 | 20,658 | - | - | - | 21,603 |
| Donations, contributions and deposits | - | - | - | - | 22,078 | 22,078 |
| Revenues from private sources | 9,918 | 49,457 | - | - | - | 59,375 |
| Accrued interest on general obligation bonds sold | 655 | - | - | - | - | 655 |
| Income tax designation for election campaign | - | - | - | - | 14 | 14 |
| Other | <u>56,595</u> | <u>47,907</u> | <u>-</u> | <u>-</u> | <u>571</u> | <u>105,073</u> |
| Total Revenues | <u>3,208,377</u> | <u>1,630,487</u> | <u>-</u> | <u>1,163</u> | <u>206,979</u> | <u>5,047,006</u> |
| Other Financing Sources: | | | | | | |
| Proceeds from general obligation bonds (note 9) | - | - | - | 300,000 | - | 300,000 |
| Operating transfers in from other funds (note 16) | - | 38,496 | 383,627 | 68,806 | 411 | 491,340 |
| Operating transfers in from component units (note 16) ... | <u>-</u> | <u>86</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>86</u> |
| Total Other Financing Sources | <u>-</u> | <u>38,582</u> | <u>383,627</u> | <u>368,806</u> | <u>411</u> | <u>791,426</u> |
| Total Revenues and Other Financing Sources | <u>3,208,377</u> | <u>1,669,069</u> | <u>383,627</u> | <u>369,969</u> | <u>207,390</u> | <u>5,838,432</u> |

(continued)

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

STATE OF HAWAII

**Combined Statement of Revenues, Expenditures and Changes in
Unreserved Fund Balances (Deficit) - All Governmental Fund
Types and Expendable Trust Funds (Cont'd)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Governmental Fund Types</u> | | | | <u>Fiduciary Fund Type</u> | <u>Total (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|--------------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government..... | \$ 413,057 | \$ 29,302 | \$ - | \$ - | \$ - | \$ 442,359 |
| Public safety..... | 150,857 | 51,700 | - | - | - | 202,557 |
| Highways | - | 114,523 | - | - | - | 114,523 |
| Conservation of natural resources | 22,945 | 17,931 | - | - | - | 40,876 |
| Health..... | 290,858 | 107,832 | - | - | - | 398,690 |
| Welfare | 510,459 | 716,330 | - | - | - | 1,226,789 |
| Lower education | 873,413 | 147,327 | - | - | - | 1,020,740 |
| Other education..... | 4,510 | 10,023 | - | - | - | 14,533 |
| Culture and recreation | 32,952 | 23,136 | - | - | - | 56,088 |
| Urban redevelopment and housing | 1,328 | 8,847 | - | - | - | 10,175 |
| Economic development and assistance..... | 29,270 | 162,385 | - | - | - | 191,655 |
| Social security and pension contributions | 84,609 | - | - | - | - | 84,609 |
| Unemployment compensation and other ... | - | - | - | - | 177,535 | 177,535 |
| Other | 3,382 | 6,045 | - | - | - | 9,427 |
| Capital outlay..... | 392 | - | - | 375,971 | - | 376,363 |
| Debt service | - | - | 383,572 | - | - | 383,572 |
| Total Expenditures | <u>2,418,032</u> | <u>1,395,381</u> | <u>383,572</u> | <u>375,971</u> | <u>177,535</u> | <u>4,750,491</u> |
| Other Financing Uses: | | | | | | |
| Operating transfers out to other funds (note 16)..... | 333,317 | 152,046 | - | 5,756 | 221 | 491,340 |
| Operating transfers out to Component Units (note 16)..... | <u>378,953</u> | <u>-</u> | <u>-</u> | <u>42,061</u> | <u>-</u> | <u>421,014</u> |
| Total Other Financing Uses | <u>712,270</u> | <u>152,046</u> | <u>-</u> | <u>47,817</u> | <u>221</u> | <u>912,354</u> |
| Total Expenditures and Other Financing Uses | <u>3,130,302</u> | <u>1,547,427</u> | <u>383,572</u> | <u>423,788</u> | <u>177,756</u> | <u>5,662,845</u> |
| Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | <u>78,075</u> | <u>121,642</u> | <u>55</u> | <u>(53,819)</u> | <u>29,634</u> | <u>175,587</u> |

STATE OF HAWAII

**Combined Statement of Revenues, Expenditures and Changes in
Unreserved Fund Balances (Deficit) - All Governmental Fund
Types and Expendable Trust Funds (Cont'd)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Governmental Fund Types</u> | | | | <u>Fiduciary Fund Type</u> | <u>Total (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|--------------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| Other Changes in Unreserved Fund Balances: | | | | | | |
| Add: | | | | | | |
| Continuing appropriations, July 1, 1999..... | \$ 153,670 | \$ 208,783 | \$ 223 | \$ 700,948 | \$ - | \$ 1,063,624 |
| Deduct: | | | | | | |
| Continuing appropriations, June 30, 2000..... | <u>(149,090)</u> 4,580 | <u>(202,560)</u> 6,223 | <u>(258)</u> (35) | <u>(696,527)</u> 4,421 | <u>-</u> - | <u>(1,048,435)</u> 15,189 |
| Decrease (increase) in reserve for federal aid highway projects encumbrances, unemployment compensation, Hawaiian programs, bond redemption and other | <u>-</u> | <u>-</u> | <u>(20)</u> | <u>14,825</u> | <u>(29,634)</u> | <u>(14,829)</u> |
| Total Other Changes in Unreserved Fund Balances | <u>4,580</u> | <u>6,223</u> | <u>(55)</u> | <u>19,246</u> | <u>(29,634)</u> | <u>360</u> |
| Excess of Revenues and Other Financing Sources over (under) Expenditures, Other Financing Uses and Other Changes in Unreserved Fund Balances | 82,655 | 127,865 | - | (34,573) | - | 175,947 |
| Unreserved Fund Balances (Deficit), July 1, 1999 | 359,959 | 401,931 | - | (661,534) | - | 100,356 |
| Residual equity transfer in from (out to) other funds (note 16)..... | 23,391 | (23,391) | - | - | - | - |
| Residual equity transfer out to Component Units..... | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,935)</u> | <u>-</u> | <u>(3,935)</u> |
| Unreserved Fund Balances (Deficit), June 30, 2000 | <u>\$ 466,005</u> | <u>\$ 506,405</u> | <u>\$ -</u> | <u>\$ (700,042)</u> | <u>\$ -</u> | <u>\$ 272,368</u> |

**Combined Statement of Revenues and Expenditures -
Budget and Actual (Budgetary Basis) - General
and Special Revenue Funds (Note 3)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | General Fund | | | Special Revenue Funds | | |
|---|------------------|--------------------------------|--|-----------------------|--------------------------------|--|
| | Budget | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) | Budget | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Taxes | \$3,032,219 | \$2,964,759 | \$(67,460) | \$ 233,130 | \$ 260,580 | \$ 27,450 |
| Interest and investment income | 60,087 | 33,443 | (26,644) | 113,499 | 142,629 | 29,130 |
| Charges for current services | 103,197 | 111,535 | 8,338 | 864,493 | 688,143 | (176,350) |
| Intergovernmental | 3,886 | 2,834 | (1,052) | 1,140,518 | 1,132,319 | (8,199) |
| Rentals | 5,543 | 5,321 | (222) | 64,326 | 55,906 | (8,420) |
| Fines, forfeitures and penalties | 20,323 | 18,135 | (2,188) | 3,972 | 7,291 | 3,319 |
| Licenses and fees | 1,252 | 945 | (307) | 18,889 | 20,658 | 1,769 |
| Revenues from private sources | 6,995 | 9,918 | 2,923 | 375 | 49,402 | 49,027 |
| Accrued interest on general obligation bonds sold | 700 | 655 | (45) | - | - | - |
| Debt service reimbursements | 55,312 | 56,593 | 1,281 | - | - | - |
| Other | 25,106 | 79,986 | 54,880 | 219,886 | 586,651 | 366,765 |
| Total Revenues | 3,314,620 | 3,284,124 | (30,496) | 2,659,088 | 2,943,579 | 284,491 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 849,493 | 815,505 | 33,988 | 65,944 | 35,689 | 30,255 |
| Public safety | 155,304 | 149,913 | 5,391 | 76,637 | 51,834 | 24,803 |
| Highways | - | - | - | 179,083 | 151,227 | 27,856 |
| Conservation of natural resources | 26,656 | 25,250 | 1,406 | 31,074 | 18,890 | 12,184 |
| Health | 325,518 | 322,399 | 3,119 | 198,219 | 110,992 | 87,227 |
| Hospitals | 28,250 | 28,250 | - | 242,670 | 150,189 | 92,481 |
| Welfare | 516,605 | 509,687 | 6,918 | 572,653 | 536,459 | 36,194 |
| Lower education | 884,355 | 850,647 | 33,708 | 208,513 | 149,561 | 58,952 |
| Higher education | 282,794 | 281,154 | 1,640 | 231,891 | 191,730 | 40,161 |
| Other education | 4,728 | 4,556 | 172 | 10,171 | 9,708 | 463 |
| Culture and recreation | 31,960 | 31,252 | 708 | 31,883 | 22,642 | 9,241 |
| Urban redevelopment and housing | 1,360 | 1,341 | 19 | 18,029 | 9,787 | 8,242 |
| Economic development and assistance | 30,067 | 29,189 | 878 | 254,125 | 204,971 | 49,154 |
| Airports | - | - | - | 268,478 | 252,208 | 16,270 |
| Water transportation and terminals | - | - | - | 53,194 | 49,370 | 3,824 |
| Housing | 7,670 | 7,308 | 362 | 65,192 | 35,100 | 30,092 |
| Social security and pension contributions .. | 111,008 | 106,219 | 4,789 | - | - | - |
| Other | 10,541 | 10,259 | 282 | 22,379 | 6,071 | 16,308 |
| Total Expenditures | 3,266,309 | 3,172,929 | 93,380 | 2,530,135 | 1,986,428 | 543,707 |
| Excess of Revenues over Expenditures | \$ 48,311 | \$ 111,195 | \$ 62,884 | \$ 128,953 | \$ 957,151 | \$ 828,198 |

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

**Combined Statement of Revenues, Expenses and
Changes in Retained Earnings/Fund Balance -
Enterprise Funds and Discretely Presented Component Units**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Enterprise Funds | Component Units | Total Reporting Entity (Memorandum Only) |
|---|---------------------|--------------------|---|
| Operating Revenues: | | | |
| Concession fees..... | \$ 181,002 | \$ - | \$ 181,002 |
| Sales of dwelling units..... | - | 185 | 185 |
| Sales of land..... | - | 3,583 | 3,583 |
| Net patient service revenues..... | - | 235,426 | 235,426 |
| Airport use charges..... | 31,810 | - | 31,810 |
| Assessments..... | - | 16,105 | 16,105 |
| Special mortgage recording fees..... | - | 5,387 | 5,387 |
| Rentals..... | 83,909 | 32,344 | 116,253 |
| Services and others..... | 41,754 | - | 41,754 |
| Interest..... | - | 49,973 | 49,973 |
| Premiums earned..... | - | 41,165 | 41,165 |
| Other..... | 3,738 | 9,932 | 13,670 |
| Total Operating Revenues | 342,213 | 394,100 | 736,313 |
| Operating Expenses: | | | |
| Personal services..... | 84,595 | 16,355 | 100,950 |
| Nursing services..... | - | 138,351 | 138,351 |
| Medical supplies and drugs..... | - | 26,060 | 26,060 |
| Professional services..... | - | 20,877 | 20,877 |
| Purchased services..... | - | 18,217 | 18,217 |
| Other supplies..... | - | 9,569 | 9,569 |
| Interest..... | - | 41,463 | 41,463 |
| Depreciation and amortization..... | 87,119 | 26,698 | 113,817 |
| Repairs and maintenance..... | 17,919 | 4,508 | 22,427 |
| Cost of sales - land..... | - | 6,337 | 6,337 |
| Airports operations..... | 29,022 | - | 29,022 |
| Harbors operations..... | 6,743 | - | 6,743 |
| Fireboat operations..... | 1,258 | - | 1,258 |
| Loan servicing fees and amortization of bond issue costs..... | - | 1,069 | 1,069 |
| Premiums ceded..... | - | 57,792 | 57,792 |
| General administration..... | 20,560 | 11,284 | 31,844 |
| Project expense..... | - | 8,749 | 8,749 |
| Provision for uncollectible accounts..... | 620 | 13,005 | 13,625 |
| Net decrease in fair value of investments..... | - | 20,874 | 20,874 |
| Other..... | 483 | 29,838 | 30,321 |
| Total Operating Expenses | 248,319 | 451,046 | 699,365 |
| Operating Income (Loss) | 93,894 | (56,946) | 36,948 |

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

STATE OF HAWAII

**Combined Statement of Revenues, Expenses and
Changes in Retained Earnings/Fund Balance -
Enterprise Funds and Discretely Presented Component Units (Cont'd)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Enterprise Funds | Component Units | Total Reporting Entity (Memorandum Only) |
|--|---------------------|--------------------|---|
| Nonoperating Revenues (Expenses): | | | |
| Interest income..... | \$ 60,276 | \$ 15,073 | \$ 75,349 |
| Aviation fuel tax | 3,361 | - | 3,361 |
| Interest expense..... | (89,977) | (416) | (90,393) |
| Amortization of bond discount and bond issue costs..... | (595) | - | (595) |
| HUD annual contributions | - | 9,910 | 9,910 |
| Loss on disposal of property, plant and equipment..... | (26,111) | - | (26,111) |
| Gain on transfer of property, plant and equipment | 2,580 | - | 2,580 |
| Other | 206 | 2,194 | 2,400 |
| Total Net Nonoperating Revenues (Expenses) | <u>(50,260)</u> | <u>26,761</u> | <u>(23,499)</u> |
| Income (Loss) before Operating Transfers In and Extraordinary Item | <u>43,634</u> | <u>(30,185)</u> | <u>13,449</u> |
| Operating Transfers In From (note 16): | | | |
| General Fund..... | - | 28,252 | 28,252 |
| Income (Loss) before Extraordinary Item | <u>43,634</u> | <u>(1,933)</u> | <u>41,701</u> |
| Extraordinary Item: | | | |
| Loss from early redemption of revenue bonds payable (note 20)..... | - | (68) | (68) |
| Net Income (Loss) | 43,634 | (2,001) | 41,633 |
| Excess of revenues and other financing sources over expenditures and other financing uses from governmental operations..... | - | 16,499 | 16,499 |
| Depreciation on contributed fixed assets that reduces contributed capital..... | 12,447 | 8,952 | 21,399 |
| Restricted contributions, net | - | 290 | 290 |
| Net Change in Retained Earnings/Fund Balance | <u>56,081</u> | <u>23,740</u> | <u>79,821</u> |
| Retained Earnings/Fund Balance*, July 1, 1999, as previously reported | 1,304,213 | 355,997 | 1,660,210 |
| Adjustment (note 14)..... | - | (18,659) | (18,659) |
| Retained Earnings/Fund Balance*, July 1, 1999, as restated | 1,304,213 | 337,338 | 1,641,551 |
| Residual equity transfer in from Capital Projects Fund (note 16) | - | 3,935 | 3,935 |
| Retained Earnings/Fund Balance*, June 30, 2000 | <u>\$1,360,294</u> | <u>\$365,013</u> | <u>\$1,725,307</u> |

*Fund balance relates to the Hawaii Health Systems Corporation only.

Combined Statement of Cash Flows - Enterprise Funds and Discretely Presented Component Units

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Enterprise Funds | Component Units | Total Reporting Entity (Memorandum Only) |
|---|---------------------|--------------------|---|
| Cash Flows from Operating Activities: | | | |
| Operating income (loss)..... | \$ 93,894 | \$ (56,946) | \$ 36,948 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Provision for uncollectible accounts..... | 620 | 13,005 | 13,625 |
| Gain on sale of property and equipment..... | - | (57) | (57) |
| Interest paid on bonds..... | - | 40,978 | 40,978 |
| Depreciation and amortization..... | 87,119 | 26,698 | 113,817 |
| Aviation fuel tax..... | 3,361 | - | 3,361 |
| Nonoperating revenue, net..... | 206 | - | 206 |
| Interest on investments..... | - | (40,772) | (40,772) |
| Interest on financing lease..... | - | (869) | (869) |
| Lender commitment fees canceled..... | - | (1,117) | (1,117) |
| Amounts released from restrictions..... | - | 542 | 542 |
| Amounts released from HHSC Board of Directors' designations..... | - | 2,995 | 2,995 |
| Net decrease in fair value of investments..... | - | 20,874 | 20,874 |
| Decrease (increase) in assets: | | | |
| Accounts and accrued interest receivable..... | 43,680 | (6,059) | 37,621 |
| Notes and loans receivable..... | - | 5,986 | 5,986 |
| Mortgage loans receivable..... | - | 5,117 | 5,117 |
| Other assets..... | 31 | 1,805 | 1,836 |
| Increase (decrease) in liabilities: | | | |
| Vouchers and contracts payable..... | (1,190) | 6,750 | 5,560 |
| Other accrued liabilities..... | (3,726) | (15,154) | (18,880) |
| Prepaid airport use charge fund..... | 616 | - | 616 |
| Deferred revenue..... | 161 | - | 161 |
| Other restricted liabilities..... | 284 | - | 284 |
| Security deposits..... | - | 495 | 495 |
| Arbitrage rebates payable..... | - | 1,270 | 1,270 |
| Deferred gain on sale of dwelling units and land..... | - | (677) | (677) |
| Unearned premiums..... | - | (7,855) | (7,855) |
| Estimated future costs of land sold..... | - | (1,667) | (1,667) |
| Net Cash Provided by (Used in) Operating Activities | 225,056 | (4,658) | 220,398 |
| Cash Flows from Noncapital Financing Activities: | | | |
| Proceeds from sale of revenue bonds..... | - | 108,765 | 108,765 |
| Bond issue costs..... | - | (866) | (866) |
| Principal payments on bond maturities..... | - | (18,275) | (18,275) |
| Interest paid on bonds..... | - | (32,807) | (32,807) |
| Payments advanced to State of Hawaii..... | (71) | - | (71) |
| HUD operating subsidy..... | - | 8,968 | 8,968 |
| Operating transfer in from General Fund..... | - | 28,252 | 28,252 |
| Contribution returned to State of Hawaii and others..... | - | (5) | (5) |
| Lender commitment fees received..... | - | 2,157 | 2,157 |
| Receipts from State of Hawaii..... | - | 7 | 7 |
| Sale of property, plant and equipment..... | - | 149 | 149 |
| Advances from other funds..... | - | 4,303 | 4,303 |
| Subsidies and other..... | - | 1,713 | 1,713 |
| Net Cash Provided by (Used in) Noncapital Financing Activities | (71) | 102,361 | 102,290 |

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

STATE OF HAWAII

**Combined Statement of Cash Flows -
Enterprise Funds and Discretely Presented Component Units (Cont'd)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Enterprise Funds | Component Units | Total Reporting Entity (Memorandum Only) |
|---|---------------------|--------------------|---|
| Cash Flows from Capital and Related Financing Activities: | | | |
| Proceeds from sale of revenue bonds..... | \$ - | \$ 3,750 | \$ 3,750 |
| Proceeds from issuance of refunding revenue bonds..... | 373,781 | - | 373,781 |
| Proceeds from sale of land, property and equipment..... | - | 91 | 91 |
| Proceeds from transfer of property..... | 8,773 | - | 8,773 |
| Acquisition and construction of property and equipment..... | (52,104) | (22,650) | (74,754) |
| Repayment of bond principal..... | (45,794) | - | (45,794) |
| Payments to refund revenue bonds..... | (353,002) | - | (353,002) |
| Bond issue costs..... | (4,065) | - | (4,065) |
| Interest paid on bonds..... | (87,199) | (8,941) | (96,140) |
| Principal payments on revenue bond maturities and redemptions..... | - | (4,399) | (4,399) |
| Principal payments on notes and bonds payable..... | - | (36) | (36) |
| Principal payments on mortgage loans..... | - | (2,306) | (2,306) |
| Proceeds from federal, state and capital grants..... | 6,803 | 16,343 | 23,146 |
| Repayments on capital lease obligations and interest income..... | - | (2,125) | (2,125) |
| Net Cash Used in Capital and Related Financing Activities | <u>(152,807)</u> | <u>(20,273)</u> | <u>(173,080)</u> |
| Cash Flows from Investing Activities: | | | |
| Purchase of investments..... | (118,338) | (1,000,240) | (1,118,578) |
| Proceeds from sales and maturities of investments..... | 381,146 | 991,776 | 1,372,922 |
| Interest from investments..... | 48,905 | 52,431 | 101,336 |
| Payment received on direct financing lease..... | - | 1,240 | 1,240 |
| Issuance of notes receivable..... | - | (111) | (111) |
| Net decrease in restricted deposits and funded reserves..... | - | 1,429 | 1,429 |
| Net Cash Provided by Investing Activities | <u>311,713</u> | <u>46,525</u> | <u>358,238</u> |
| Net Increase in Cash and Cash Equivalents | 383,891 | 123,955 | 507,846 |
| Cash and Cash Equivalents, including Restricted Amounts, July 1, 1999 | <u>631,918</u> | <u>86,304</u> | <u>718,222</u> |
| Cash and Cash Equivalents, including Restricted Amounts, June 30, 2000 | <u>\$1,015,809</u> | <u>\$ 210,259</u> | <u>\$1,226,068</u> |
| Reconciliation of Cash and Cash Equivalents to Balance Sheet: | | | |
| Cash and short-term investments..... | \$ 761,267 | \$ 180,325* | \$ 941,592 |
| Restricted assets (note 6)..... | <u>254,542</u> | <u>29,934</u> | <u>284,476</u> |
| | <u>\$1,015,809</u> | <u>\$ 210,259</u> | <u>\$1,226,068</u> |
| Noncash Investing, Capital and Financing Activities: | | | |
| Capital assets contributed by federal and state agencies..... | \$ 99,844 | \$ 3,935 | \$ 103,779 |
| Amortization of bond discount and bond issue costs..... | 2,902 | - | 2,902 |
| Interest capitalized on construction projects..... | - | 362 | 362 |
| Equipment acquired under capital leases..... | - | 3,337 | 3,337 |
| Transfer of land to Primary Government..... | - | (727) | (727) |
| Recognition of gain on sale of housing project as contributed capital..... | - | 1,170 | 1,170 |
| Project costs written off..... | 26,086 | - | 26,086 |

* Excludes \$4,525 of time certificates of deposit with original maturities greater than three months, \$31,400 of cash included in the governmental operations of the Housing and Community Development Corporation of Hawaii and \$228,148 of cash and short-term investments included in the University Funds.

Combined Statement of Changes in Fund Balances - Component Unit - University Funds

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Current Funds | | Loan Funds | Endowment and Similar Funds |
|--|----------------------|-------------------|-------------------|------------------------------------|
| | Unrestricted | Restricted | | |
| Revenues and Other Additions: | | | | |
| Unrestricted current funds revenues..... | \$213,566 | \$ - | \$ - | \$ - |
| Tuition and fees..... | - | 988 | - | - |
| Federal appropriations..... | - | 2,543 | - | - |
| State appropriations..... | - | - | - | - |
| Federal grants and contracts..... | - | 136,358 | 72 | - |
| State grants and contracts..... | - | 10,800 | - | - |
| Local grants and contracts..... | - | 1,164 | - | - |
| Private gifts, grants and contracts | - | 32,264 | - | 5,785 |
| Endowment and investment income | - | 8,695 | 635 | 228 |
| Sales and services of educational activities..... | - | 1 | - | - |
| Realized gains on investments | - | - | - | 14,035 |
| Unrealized gains on investments..... | - | - | - | 6,672 |
| Expended for plant facilities | - | - | - | - |
| Amount spent for construction in progress | - | - | - | - |
| Transfers from other state agencies..... | - | - | - | - |
| Retirement of indebtedness | - | - | - | - |
| Other | - | 665 | 253 | - |
| Total Revenues and Other Additions | 213,566 | 193,478 | 960 | 26,720 |
| Expenditures and Other Deductions: | | | | |
| Educational and general expenditures..... | 463,070 | 189,522 | - | - |
| Auxiliary enterprises expenditures..... | 60,747 | 217 | - | - |
| Independent operations expenditures | 5,452 | 409 | - | - |
| Administrative and collection cost..... | - | - | 48 | - |
| Expenditures for plant facilities (including uncapitalized expenditures of \$8,428) | - | - | - | - |
| Loan cancellations and write-offs | - | - | 230 | - |
| Increase in allowance for uncollectible loans.... | - | - | 654 | - |
| Retirement of indebtedness - bonds | - | - | - | - |
| Interest on indebtedness - bonds | - | - | - | - |
| Funds lapsed..... | - | - | - | - |
| Other | - | - | 282 | - |
| Total Expenditures and Other Deductions | 529,269 | 190,148 | 1,214 | - |

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

| Plant Funds | | | | |
|-------------------|--|---|------------------------------------|----------------|
| <u>Unexpended</u> | <u>Renewals and Replacements</u> | <u>Retirement of Indebtedness</u> | <u>Investment in Plant</u> | <u>Total</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 213,566 |
| - | - | - | - | 988 |
| - | - | 370 | - | 2,913 |
| 76 | - | - | - | 76 |
| 852 | - | - | - | 137,282 |
| 20 | - | - | - | 10,820 |
| - | - | - | - | 1,164 |
| 661 | - | - | 535 | 39,245 |
| 99 | 56 | - | - | 9,713 |
| - | - | - | - | 1 |
| - | - | - | - | 14,035 |
| - | - | - | - | 6,672 |
| - | - | - | 30,794 | 30,794 |
| - | - | - | 527 | 527 |
| - | - | - | 313 | 313 |
| - | - | - | 5,011 | 5,011 |
| - | - | - | - | 918 |
| <u>1,708</u> | <u>56</u> | <u>370</u> | <u>37,180</u> | <u>474,038</u> |
| - | - | - | - | 652,592 |
| - | - | - | - | 60,964 |
| - | - | - | - | 5,861 |
| - | - | - | - | 48 |
| 23,367 | 709 | - | - | 24,076 |
| - | - | - | - | 230 |
| - | - | 5,011 | - | 5,665 |
| - | - | 3,224 | - | 3,224 |
| - | - | - | 7,627 | 7,627 |
| 76 | - | - | - | 76 |
| - | - | - | 748 | 1,030 |
| <u>23,443</u> | <u>709</u> | <u>8,235</u> | <u>8,375</u> | <u>761,393</u> |

(continued)

STATE OF HAWAII

**Combined Statement of Changes in Fund Balances -
Component Unit - University Funds (Cont'd)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Current Funds</u> | | <u>Loan Funds</u> | <u>Endowment and Similar Funds</u> |
|--|----------------------|-------------------|-----------------------|--|
| | <u>Unrestricted</u> | <u>Restricted</u> | | |
| University Interfund Transfers In (Out): | | | | |
| Mandatory: | | | | |
| Institutional contributions: | | | | |
| Federal Perkins Loan Program..... | \$ (21) | \$ - | \$ 21 | \$ - |
| Retirement of indebtedness | (7,824) | (33) | - | - |
| Renewals and replacements | (217) | - | - | - |
| Voluntary: | | | | |
| Renewals and replacements | (8,571) | - | - | - |
| Quasi-endowment - restricted | - | (14) | - | 14 |
| Quasi-endowment - fund transfer | 976 | (924) | - | (52) |
| Housing assistance loans | (110) | - | 110 | - |
| Interfund transfer | <u>(1,139)</u> | <u>872</u> | <u>-</u> | <u>(1)</u> |
| Total University Interfund Transfers In (Out) | <u>(16,906)</u> | <u>(99)</u> | <u>131</u> | <u>(39)</u> |
| Transfers In From (Out To) (note 16): | | | | |
| General Fund | 343,263 | 181 | - | - |
| Special Revenue Funds | - | - | - | - |
| Capital Projects Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Transfers In (Out) | <u>343,263</u> | <u>181</u> | <u>-</u> | <u>-</u> |
| Net Increase (Decrease) for the Fiscal Year before Cumulative Effect of Accounting Change | 10,654 | 3,412 | (123) | 26,681 |
| Cumulative effect of accounting change (note 7) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Increase (Decrease) for the Fiscal Year after Cumulative Effect of Accounting Change | 10,654 | 3,412 | (123) | 26,681 |
| Fund Balances, July 1, 1999 | <u>52,055</u> | <u>18,212</u> | <u>23,229</u> | <u>173,136</u> |
| Fund Balances, June 30, 2000 | <u>\$ 62,709</u> | <u>\$21,624</u> | <u>\$23,106</u> | <u>\$199,817</u> |

| Plant Funds | | | | |
|-------------------|--|---|------------------------------------|--------------------|
| <u>Unexpended</u> | <u>Renewals and Replacements</u> | <u>Retirement of Indebtedness</u> | <u>Investment in Plant</u> | <u>Total</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | 7,857 | - | - |
| - | 217 | - | - | - |
| - | 8,571 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>-</u> | <u>(3)</u> | <u>-</u> | <u>271</u> | <u>-</u> |
| <u>-</u> | <u>8,785</u> | <u>7,857</u> | <u>271</u> | <u>-</u> |
| - | - | - | - | 343,444 |
| (86) | - | - | - | (86) |
| <u>34,487</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>34,487</u> |
| <u>34,401</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>377,845</u> |
| 12,666 | 8,132 | (8) | 29,076 | 90,490 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(130,732)</u> | <u>(130,732)</u> |
| 12,666 | 8,132 | (8) | (101,656) | (40,242) |
| <u>28,752</u> | <u>21,133</u> | <u>5,038</u> | <u>1,205,050</u> | <u>1,526,605</u> |
| <u>\$41,418</u> | <u>\$29,265</u> | <u>\$5,030</u> | <u>\$1,103,394</u> | <u>\$1,486,363</u> |

Statement of Current Funds Revenues, Expenditures and Other Changes - Component Unit - University Funds

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------|----------------|
| Revenues and Other Additions: | | | |
| Educational and general: | | | |
| Tuition and fees | \$111,642 | \$ 988 | \$ 112,630 |
| Federal appropriations | - | 2,543 | 2,543 |
| Federal grants and contracts | 16,360 | 136,365 | 152,725 |
| State grants and contracts | 1,178 | 11,159 | 12,337 |
| Local grants and contracts | - | 1,164 | 1,164 |
| Private gifts, grants and contracts | 58 | 32,915 | 32,973 |
| Endowment income | 1,264 | 4,200 | 5,464 |
| Sales and services of educational activities | 10,746 | 1 | 10,747 |
| Other | <u>4,357</u> | <u>665</u> | <u>5,022</u> |
| Total educational and general | 145,605 | 190,000 | 335,605 |
| Sales and services of auxiliary enterprises | <u>67,961</u> | - | <u>67,961</u> |
| Total Revenues and Other Additions | <u>213,566</u> | <u>190,000</u> | <u>403,566</u> |
| Expenditures, Other Deductions and Mandatory Transfers: | | | |
| Educational and general: | | | |
| Instruction | 214,800 | 28,420 | 243,220 |
| Research | 49,252 | 104,072 | 153,324 |
| Public services | 25,431 | 16,101 | 41,532 |
| Academic support | 59,158 | 5,276 | 64,434 |
| Student services | 27,193 | 6,991 | 34,184 |
| Institutional support | 44,765 | 8,448 | 53,213 |
| Operation and maintenance of plant | 40,587 | 616 | 41,203 |
| Scholarships and fellowships | <u>1,884</u> | <u>19,598</u> | <u>21,482</u> |
| | 463,070 | 189,522 | 652,592 |
| Mandatory transfers for: | | | |
| Institutional contributions: | | | |
| Federal Perkins Loan Program | <u>21</u> | - | <u>21</u> |
| Total educational and general | <u>463,091</u> | <u>189,522</u> | <u>652,613</u> |

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

STATE OF HAWAII

Statement of Current Funds Revenues, Expenditures and
Other Changes - Component Unit - University Funds (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------|------------------|
| Independent Operations: | | | |
| Expenditures | \$ 5,452 | \$ 409 | \$ 5,861 |
| Auxiliary Enterprises: | | | |
| Expenditures | 60,747 | 217 | 60,964 |
| Mandatory transfers for: | | | |
| Retirement of indebtedness | 7,824 | 33 | 7,857 |
| Renewals and replacements | <u>217</u> | <u>-</u> | <u>217</u> |
| Total auxiliary enterprises | <u>68,788</u> | <u>250</u> | <u>69,038</u> |
| Total Expenditures, Other Deductions and Mandatory Transfers | <u>537,331</u> | <u>190,181</u> | <u>727,512</u> |
| University Interfund Transfers and Other Additions (Deductions): | | | |
| Excess of restricted revenues of \$193,659 over expenditures of \$190,181 | - | 3,478 | 3,478 |
| Voluntary transfer to renewals and replacements | (8,571) | - | (8,571) |
| Quasi-endowment - restricted | - | (14) | (14) |
| Quasi-endowment - fund transfer | 976 | (924) | 52 |
| Housing assistance loans | (110) | - | (110) |
| Interfund transfer | <u>(1,139)</u> | <u>872</u> | <u>(267)</u> |
| Total University Interfund Transfers and Other Additions (Deductions) | <u>(8,844)</u> | <u>3,412</u> | <u>(5,432)</u> |
| Transfers In From - General Fund | <u>343,263</u> | <u>181</u> | <u>343,444</u> |
| Net Increase in Fund Balances | <u>\$ 10,654</u> | <u>\$ 3,412</u> | <u>\$ 14,066</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

1. Financial Statements Presentation

General

The accompanying general purpose financial statements of the State of Hawaii (State) present the financial position of the various fund types and account groups, the results of operations of the various fund types and the changes in retained earnings/fund balance and cash flows of the Enterprise Funds and Component Units as of and for the fiscal year ended June 30, 2000.

Definition of Reporting Entity

The State has defined its reporting entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity." This statement establishes standards for defining and reporting on the financial reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Other criteria include legal standing and fiscal dependency.

The financial reporting entity consists of the Primary Government, which is the State, and all potential component units for which the Primary Government is financially accountable and other organizations for which the nature and significance of their relationship with the Primary Government are such that exclusion would cause the State's general purpose financial statements to be misleading or incomplete. The following branches and departments are included in the State's reporting entity because of the significance of their operational or financial relationships with the State and are thus included in the accompanying general purpose financial statements:

Executive:

- Accounting and General Services
- Agriculture
- Attorney General
- Budget and Finance
- Business, Economic Development
and Tourism
- Commerce and Consumer Affairs
- Defense
- Education
- Hawaiian Home Lands
- Health
- Human Resources Development
- Human Services
- Labor and Industrial Relations
- Land and Natural Resources
- Public Safety
- Taxation
- Transportation

Judicial

Legislative

Discretely Presented Component Units

The Component Units column in the general purpose financial statements includes the financial data of the State's discretely presented Component Units. They are reported in a separate column to emphasize that they are legally separate from the State. The governing bodies of these discretely presented Component Units are appointed by the State. The discretely presented Component Units are as follows:

University Funds

The State established the University Funds (University) to account for the financial activities of the State's public institutions of higher education whose functions are to provide instruction and conduct research in, and

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

disseminate knowledge of, agriculture, economics, history, languages, literature, mathematics, mechanical arts, natural sciences, philosophy, political and social sciences, physics and such other branches of advanced learning as the Board of Regents of the University of Hawaii (UH), may prescribe, and the federal government require.

Hawaii Revised Statutes (HRS) Chapter 304 governs the activities of the UH. The activities of the UH are under the general management of the Board of Regents consisting of 11 members who are appointed and may be removed by the Governor.

Housing and Community Development Corporation of Hawaii

The Housing and Community Development Corporation of Hawaii (HCDCH) was established as a corporate body to be placed within the Department of Business, Economic Development and Tourism for administrative purposes. In accordance with Act 350, Session Laws of Hawaii (SLH) of 1997, effective July 1, 1998, the functions and employees of the former Housing Finance and Development Corporation, the former Hawaii Housing Authority and the Rental Housing Trust Fund were transferred to the HCDCH. The HCDCH's housing programs will include performing housing finance, housing development, and residential leasehold functions; and clearing, replanning and reconstructing areas in response to the State Legislature's determination that there exists a critical shortage of safe and sanitary, affordable housing units for lower income residents. The State has the ability to influence the budget and programs of the HCDCH.

HRS Chapter 201G states that the HCDCH shall be a public body and a body corporate and politic. That statute provides that the HCDCH shall be headed by a Board of Directors comprised of nine members. The nine members consist of the following:

- Six public members appointed by the Governor (two appointed at large, and the remaining four appointed from each of the counties of Honolulu, Hawaii, Maui, and Kauai);
- The Director of Business, Economic Development and Tourism;
- The Director of Human Services; and
- The Representative of the Governor's Office.

Hawaii Hurricane Relief Fund

The Hawaii Hurricane Relief Fund (HHRF) was organized pursuant to, and operates in accordance with, HRS Chapter 431P. The HHRF, which began its operations on July 1, 1993, was established as a public body and a body corporate and politic to be placed within the Department of Commerce and Consumer Affairs for administrative purposes. The HHRF was primarily organized to provide hurricane property insurance policies in Hawaii in the event the private insurance market does not make such policies readily available to consumers in Hawaii.

The HHRF began issuing hurricane property insurance policies beginning June 1, 1994. Premiums charged by the HHRF are subject to

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

approval by the Insurance Commissioner. Residential policies cover dwelling, contents and additional living expenses, and coverage for small businesses and condominium associations are for building and its contents. The policies are made available to the general public by property and casualty insurance companies under servicing facility agreements. Under such servicing facility agreements, the insurance companies are responsible for providing underwriting, policy management, and settlement of losses on behalf of the HHRF.

In addition to income from policies written by servicing carriers (premiums), the HHRF is entitled to annually charge all Hawaii licensed property or casualty insurers a 3.75% assessment on each insurer's gross direct written premiums for property and casualty insurance in Hawaii (exclusive of motor vehicle premiums) for the preceding calendar year. The rate may be increased to an amount not to exceed 5% (inclusive of motor vehicle premiums) in a year in which a covered event occurs.

In the event of a loss from a covered event, the HHRF may also assess those insurers who acted as servicing facilities in the year preceding the year of a covered event in an amount not exceeding \$500 million. The total assessment shall be a fixed percentage of the total coverage provided by the HHRF during the month preceding the month in which the covered event occurred.

The HHRF is also entitled to collect a special mortgage recording fee from mortgagors of one-tenth of one percent of the stated principal amount of the debt secured by the mortgage or in the case of an amendment to a mortgage, the same percentage based on the increase of the stated principal debt.

The monies collected from premiums and other revenues, assessments and special mortgage recording fees are required to be deposited into a Hurricane Reserve Trust Fund to be administered by the HHRF. Upon dissolution of the HHRF, the net monies of the Hurricane Reserve Trust Fund shall revert to the State's General Fund, after any payments by the HHRF on behalf of licensed property and casualty insurers or the State that are required to be made pursuant to any federal disaster insurance program enacted to provide insurance or reinsurance for hurricane risks. The HHRF ceased issuing hurricane property insurance policies effective December 1, 2000.

The HHRF uses premiums and other revenues to purchase reinsurance. In the event of a covered event, claims will be paid with loss assessments, reinsurance proceeds and available monies of the HHRF. If the total amount available to the HHRF is insufficient to pay all necessary claims, the available monies will be prorated among the claimants. Any unpaid portion will be paid as monies become available.

The HHRF is administered and operated by a Board of Directors. The Board consists of the following seven members:

- The Insurance Commissioner, as an Ex Officio voting member, appointed by the Governor; and
- Six members appointed by the Governor with the advice and consent of the Senate:
 - Two members appointed by the Governor;
 - Two members appointed by the Governor from a list of nominations submitted by the President of the Senate; and

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

- Two members appointed by the Governor from a list of nominations submitted by the Speaker of the House of Representatives.

Hawaii Health Systems Corporation

The Hawaii Health Systems Corporation (HHSC) was established as a corporate body to be placed within the Department of Health for administrative purposes. The HHSC, consisting of the State Hospitals, was created to provide quality health care for all of the people in the State, including those served by small rural facilities, by freeing the facilities from unwarranted bureaucratic oversight.

Act 262, SLH of 1996, states that the HHSC shall be a public body corporate and politic and an instrumentality and agency of the State. The HHSC commenced operations on July 1, 1996. The statute provides that the HHSC shall be governed by a Board of Directors. The Board consists of the following thirteen members:

- Ten members appointed by the Governor:
 - One member from each of the counties of Honolulu, Kauai, and Maui;
 - Two members from the county of Hawaii;
 - One member from either the county of Kauai, or the county of Maui (district of Hana or island of Lanai); and
 - Four at-large members;
- The chairperson of the executive public health facility management advisory committee, as an Ex Officio voting member;

- A physician appointed by the executive public health facility management advisory committee; and
- The Director of Health, as an Ex Officio voting member.

The State has provided significant operating subsidies to the HHSC since its inception. Accordingly, a financial benefit/burden relationship exists between the State and the HHSC.

Negotiations between the HHSC and the State relating to the allocation of assets, liabilities and fund balances between the Department of Health and the HHSC pursuant to Act 262 were ongoing as of June 30, 2000. Accordingly, the assets, liabilities and fund balances of the HHSC reflected in the accompanying general purpose financial statements at June 30, 2000 may be significantly different from those included in the final settlement.

The HHSC is comprised of the following State Hospitals:

Hilo Medical Center
Hale Ho'ola Hamakua fka Honokaa Hospital
Ka'u Hospital
Kauai Veterans Memorial Hospital
Kohala Hospital
Kona Community Hospital
Kula Hospital
Lanai Community Hospital
Leahi Hospital
Samuel Mahelona Memorial Hospital
Maluhia (A Long-Term Care Health Center)
Maui Memorial Medical Center

The financial statements of the HHSC have been prepared in accordance with the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide - Health Care Organizations.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Combining financial statements for the discretely presented Component Units are presented at Exhibit J. Information for obtaining financial statements for the discretely presented Component Units may be obtained from the Department of Accounting and General Services.

The following agencies are excluded from the State's reporting entity:

- Employees' Retirement System (ERS)
- Office of Hawaiian Affairs (OHA)

Fund Accounting

The financial activities are recorded in individual funds classified by type and described in the following sections, each of which is deemed to be a separate accounting entity. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses. Account groups are used to establish accounting control and accountability for the State's general fixed assets and general long-term obligations. Account groups are not funds as they do not reflect available financial resources and related liabilities.

GOVERNMENTAL FUND TYPES

General Fund

Financial resources obtained and used for services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the General Fund.

Special Revenue Funds

Financial resources obtained from specific revenue sources and used for restricted purposes are accounted for in the Special Revenue Funds.

Debt Service Fund

Financial resources obtained and used for the payment of principal and interest on general long-term bond obligations are accounted for in the Debt Service Fund.

Capital Projects Fund

Substantially all financial resources obtained and used for the acquisition or construction of state general fixed assets and facilities are reflected in the Capital Projects Fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the Special Revenue Funds.

PROPRIETARY FUND TYPE

Enterprise Funds

The Enterprise Funds are comprised of the following:

- Department of Transportation - Airports Division (Airports) which operates the State's airports and air navigation facilities and is responsible for general supervision of aeronautics within the State.
- Department of Transportation - Harbors Division (Harbors) which maintains and operates the State's Commercial Harbors System.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

FIDUCIARY FUND TYPE

Trust and Agency Funds

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in the Trust and Agency Funds. Trust and Agency Funds are comprised of:

- Expendable Trust Funds which account for assets held in trust to be expended for designated purposes.
- Agency Funds which account for employee benefit receipts and payments to the Hawaii Public Employees Health Fund and the clearance accounts for state payroll and tax collections, including protested tax payments.

ACCOUNT GROUPS

General Fixed Assets Account Group

General Fixed Assets Account Group is used to account for all fixed assets of the State other than those accounted for in the Enterprise Funds and Component Units.

General Long-Term Obligations Account Group

General Long-Term Obligations Account Group is used to account for the unmatured long-term general obligation and revenue bonds, excluding those accounted for in the Enterprise Funds and Component Units. Certain claims and judgments payable, accrued self-insurance claims and accrued vacation payable for Governmental Fund Types are reflected in the General Long-Term Obligations Account Group.

COMPONENT UNITS

University Funds

Financial activities of the State's public institutions of higher education are accounted for in the Component Unit - University.

Enterprise Funds

Component Units - Enterprise Funds are comprised of (1) the HCDCH which provides dwelling units for low and moderate income residents of the State; (2) the HHRF which funds, assesses and provides, when necessary, hurricane property insurance to residents of the State; and (3) the HHSC which was established to provide quality health care for all of the people of the State.

2. Summary of Significant Accounting Policies

GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST AND AGENCY FUNDS

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. Operating statements of those funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

The State uses the modified accrual basis of accounting for the General, Special Revenue, Debt Service, Capital Projects and Expendable Trust and Agency Funds. Under the modified accrual basis of accounting, revenues and related current assets are recognized in the accounting period when they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at year-end. Measurable means that the amount of the transaction can be determined. Available means that the amount is collected in the current fiscal year or soon enough after year-end to liquidate liabilities existing at the end of the fiscal year. Revenues susceptible to accrual include federal grants and taxpayer-assessed tax revenues. Taxpayer-assessed tax revenues primarily consist of income and general excise taxes.

Other revenues which are not considered susceptible to accrual, and therefore, are not accrued include fines, forfeitures and penalties, licenses, permits and franchises.

Expenditures are recorded when the related fund liabilities are incurred with the exception that principal and interest on general long-term bond obligations are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments of principal and interest to be made early in the following fiscal year.

Encumbrances are recorded obligations in the form of purchase orders or contracts. The State records encumbrances at the time purchase orders or contracts are awarded and executed. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Cash and Short-Term Investments

Cash and short-term investments include all cash, repurchase agreements with original maturities of three months or less, and all time certificates of deposit.

Investments

Investments in U.S. government securities, corporate debt and equity securities are carried at fair value. Investments in time certificates of deposit and repurchase agreements are carried at cost.

Accumulated Vacation and Sick Leave

State employees' accumulated vacation is expected to be liquidated with future expendable resources and therefore is accrued in the General Long-Term Obligations Account Group. Sick leave is not convertible to pay upon termination of employment and is recorded as an expenditure when taken.

Fund Balances

Portions of fund balances are reserved for the following:

- Continuing appropriations which are comprised of encumbrances and unencumbered allotment balances. Encumbrances represent outstanding commitments which generally are liquidated in the subsequent fiscal year. Unencumbered allotment balances represent amounts that have been released and made available for encumbrance or expenditure and are legally segregated for a specific future use.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

- Notes and loans receivable, advances and investments which are not currently available for expenditure at the balance sheet date.
- Federal aid highway projects encumbrances.
- Expendable trust fund balances which are restricted to the purpose of the accounts.

Portions of the unreserved fund balances are designated for future capital and operating expenditures. Those designated fund balances represent appropriations which have not been allotted and are established to reflect tentative plans for the future use of financial resources. It has been the policy of the State to limit such designations in the event that their accumulation and presentation would cause a negative unreserved, undesignated fund balance to occur.

PROPRIETARY FUND TYPE

Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of those funds are included in the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital, fund balance and retained earnings components. Proprietary Fund Type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accounts of the Proprietary Fund Type are reported under the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned and expenses are recorded when they are incurred. The

Proprietary Fund Type has not applied Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

Cash and Cash Equivalents

Cash and cash equivalents for the purpose of the Combined Statement of Cash Flows - Enterprise Funds and Discretely Presented Component Units include all cash and investments with original maturities of three months or less.

Investments

Investments in U.S. government securities, corporate bonds and corporate stocks are stated at fair value. Investments in repurchase agreements and other short-term investments are stated at cost. Contributed investments are recorded at fair market value at date of receipt.

Inventories

Materials and supplies are stated at the lower of cost or market, with cost being determined principally using the first-in, first-out method.

Property, Plant and Equipment

Property, plant and equipment acquired by purchase or construction are recorded at cost. Airports facilities are depreciated on the straight-line basis over estimated useful lives of 20 to 45 years for land improvements and buildings and improvements and 10 years for machinery and equipment.

Depreciation on Harbors facilities is provided on the straight-line basis over estimated useful lives using composite rates of 1% to 4% for land improvements, 1% to 20% for buildings and improvements and 8% for machinery and

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

equipment. Depreciation on Harbors facilities is not provided for in the year of acquisition, but is provided for an entire year in the year of disposal.

Maintenance, repairs, minor replacements, renewals and betterments are charged to operations as incurred. Major replacements, renewals and betterments are capitalized. Disposal of assets is recorded by removing the cost and related accumulated depreciation from the accounts with the resulting gain or loss reflected in operations.

Depreciation on property acquired through grants is included in depreciation expense presented in the Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Enterprise Funds and Discretely Presented Component Units, and is transferred to the contributed capital account.

Bond Issue Costs

Costs related to the issuance of bonds are capitalized and amortized using the straight-line method over the term of the obligations.

Unamortized Bond Premium and Discount

Bond premium and discount are amortized using the effective interest method over the term of the related debt. The unamortized balance is offset against the related long-term debt.

Unamortized Loss on Refunding

The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense in a systematic and rational

manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. The unamortized loss on refunding is reported as a deduction from the new debt liability.

Interest Cost

Total interest cost incurred for the fiscal year ended June 30, 2000 amounted to \$94,123,000, of which \$4,146,000 was capitalized as part of the acquisition cost of facilities.

Restricted Assets Investments

Revenue bond indentures authorize the State's trustees to invest monies in time certificates of deposit, money market funds and investment securities, including U.S. government or agency obligations, certain municipal bonds and repurchase agreements. Uninsured time certificates of deposit are required to be collateralized by investment securities of an equal or greater market value. The underlying securities for repurchase agreements are required to be U.S. government or agency obligations of an equal or greater market value held by the State's agent in the State's name.

ACCOUNT GROUPS

General Fixed Assets

General fixed assets are recorded at cost. Certain assets for which cost is not determinable have been valued at estimated historical cost. Contributed fixed assets are recorded at fair market value at date of receipt. Infrastructure assets consisting principally of highways, roads and bridges are expended in the Capital Projects Fund and are not capitalized or reported in the General Fixed Assets Account Group. Such

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

assets are normally immovable and of value only to the State. Depreciation is not provided on general fixed assets.

COMPONENT UNITS

Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments are presented on the same basis of accounting as those of the Proprietary Fund Type.

University Funds

Basis of Accounting

The accounts of the Component Unit - University are reported using the current financial resources measurement focus.

The financial statements of the Component Unit - University have been prepared on the accrual basis of accounting with the following exceptions:

- Depreciation expense related to plant fund assets is not recorded.
- Revenues and expenditures of an academic program encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominantly conducted.

The Combined Statement of Changes in Fund Balances - Component Unit - University Funds is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or the net

income or loss for the period as would a statement of income or a statement of revenues and expenses. To the extent that current funds are used to finance plant fund assets, the amounts so provided are accounted for as (1) expenditures, in the case of equipment and library books; (2) mandatory transfers, in the case of required provisions for debt agreements and equipment renewal and replacement; and (3) nonmandatory transfers in all other cases.

Fund Accounting

The financial activities of the UH are recorded in funds which classify the various transactions by specified activities or objectives.

Restricted gifts, grants, endowment income and other restricted resources are accounted for in the Current Funds - Restricted, Loan Funds, Endowment and Similar Funds, and Plant Funds. Revenues and expenditures reported in the Current Funds - Restricted are designated for specific current operating purposes.

Transactions related to the various student loan programs are accounted for in the Loan Funds. Resources restricted for the acquisition of and investment in property, plant and equipment are accounted for in the Plant Funds.

Endowment and Similar Funds are subject to donor restrictions requiring the principal to be invested in perpetuity with only the related income to be utilized.

Agency Funds include all funds held by the UH as custodian or fiscal agent for others.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Enterprise Funds

Basis of Accounting

All Component Units - Enterprise Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of those funds are included in the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital, fund balance and retained earnings components. Component Units - Enterprise Funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accounts of the Component Units - Enterprise Funds are reported under the accrual basis of accounting. Under this basis of accounting, revenues are recognized when they are earned and expenses are recorded when they are incurred.

Inventories

Inventories for the HCDCH consist of developments in progress and dwelling units available for sale which are stated at the lower of cost or estimated net realizable value, with cost being determined by the specific identification method. All estimated carrying costs to the anticipated date of disposition are considered in the determination of estimated net realizable value. Units available for sale include constructed units, developed lots and repurchased units available for sale. Developments in progress include construction in progress and land held for future development. The HCDCH currently has three development projects in progress. Those master planned community projects include Kapolei (Oahu),

La'i'opua (Hawaii), and Leiali'i (Maui). Costs included in developments in progress relate to infrastructure construction for those master planned communities.

Materials and supplies are presented on the same basis of accounting as those of the Proprietary Fund Type.

Property, Plant and Equipment

Depreciation is provided by the HCDCH on its property and equipment on the straight-line basis over estimated useful lives of 10 to 40 years for buildings and improvements and 1 to 10 years for equipment.

Depreciation on HHSC facilities is provided on the straight-line basis over estimated useful lives of 5 to 50 years for buildings and improvements and 3 to 25 years for machinery and equipment.

Transfer of depreciation on the HCDCH's assets acquired or constructed from U.S. Department of Housing and Urban Development (HUD) annual contributions is limited to the lesser of the depreciation expense or HUD annual contributions received for the payment of debt principal.

Profit Recognition of Dwelling Unit Sales

The recognition of profit from the sale of dwelling units is dependent on a number of factors relating to the nature of the property sold, the terms of the sale and the future involvement of the HCDCH in the property sold. If a real estate transaction does not meet established financial criteria, profit recognition is deferred until such time as the criteria are met.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Commitment Fees

Commitment fees collected are deferred and amortized as an adjustment of the related loan's yield. The State has anticipated prepayments and is amortizing those amounts over an estimated economic life of twelve years. Costs relating to additional due diligence procedures performed by the State prior to acquiring the loans are expensed as incurred.

Recognition of Premiums and Other Revenues and Premiums Ceded

Premiums are recognized by the HHRF as revenue on a pro rata basis over the policy term. Reinsurance premiums ceded are recognized as incurred over the contract period in proportion to the amount of insurance protection provided.

Assessments

The HHRF recognizes assessments as revenue in the period the assessments are charged which is based on the insurers' gross direct written premiums for the preceding calendar year.

Special Mortgage Recording Fees

The HHRF recognizes special mortgage recording fees as revenue upon the recordation of each mortgage or amendment to a mortgage in the bureau of conveyances or filing with the assistant registrar of the land court of the State.

Servicing Facility Agreements

The HHRF has entered into servicing facility agreements with various property and casualty insurers. Under the terms of those servicing facility agreements, participating insurance companies receive a servicing fee equal to \$25

for each policy issued or renewed on an annual basis. For the fiscal year ended June 30, 2000, servicing fees amounted to \$2,201,000.

Reinsurance Arrangements

The HHRF accounts for its reinsurance arrangements in accordance with GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which establishes accounting and financial reporting standards for risk financing and insurance related activities of state governmental entities. That statement generally requires entities such as the HHRF to follow the accounting and financial reporting standards for similar business enterprises based primarily on Statement of Financial Accounting Standards No. 60, "Accounting and Reporting by Insurance Enterprises."

Medicare and Medicaid Reimbursements

Revenues from services reimbursed under Medicare and Medicaid programs are recorded at the estimated reimbursable amounts. Final determination of the amounts earned is subject to review by the fiscal intermediary or a peer review organization. The State is of the opinion that adequate provision has been made for any adjustments that may result from such reviews.

ALL FUNDS

Risk Management

The State is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and workers' compensation. The State generally retains the first \$250,000 per occurrence of property losses and the first \$2 million with

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

respect to general liability claims. Losses in excess of those retention amounts are insured with commercial insurance carriers. The limit per occurrence for property losses is \$300 million (\$50 million for earthquake and flood) and the annual aggregate for general liability losses per occurrence is \$50 million. The State also has an insurance policy to cover medical malpractice risk in the amount of \$40 million per occurrence with no annual aggregate limit. The State is generally self-insured for workers' compensation and automobile claims. The estimated reserve for losses and loss adjustment costs includes the accumulation of estimates for losses and claims reported prior to year-end, estimates (based on projections of historical developments) of claims incurred but not reported, and estimates of costs for investigating and adjusting all incurred and unadjusted claims. Amounts reported are subject to the impact of future changes in economic and social conditions. The State believes that, given the inherent variability in any such estimates, the reserves are within a reasonable and acceptable range of adequacy. Reserves are continually monitored and reviewed, and as settlements are made and reserves adjusted, the differences are reported in current operations. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the general purpose financial statements and the amount of the loss is reasonably estimable.

Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all state employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not

available to employees until termination, retirement, death or unforeseeable emergency.

GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," requires deferred compensation plans to be reported as an expendable trust if they meet the fiduciary fund criteria defined in National Council on Governmental Accounting Statement 1. The State's deferred compensation plan does not meet those criteria. Accordingly, the assets and liabilities of the State's deferred compensation plan are not reported in the accompanying Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units.

Federal Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenue when available and entitlement occurs. All other federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred.

Intrafund and Interfund Transactions

Transfers of financial resources between departments and activities included within the same fund are eliminated. Transfers from funds receiving revenues to funds through which the resources are to be expended are recorded as operating transfers unless the transfers are considered to be nonrecurring or nonroutine transfers of equity, which are then recorded as residual equity transfers.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Recently Issued Accounting Standards

In December 1998, the GASB issued GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," which will be effective for the State beginning in the fiscal year ending June 30, 2001. In June 1999, the GASB issued GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB Statement No. 34 will be effective for the State beginning in the fiscal year ending June 30, 2002, and will significantly affect the way the State reports its financial information. Management has not yet performed an analysis to determine the effects of these statements.

Total Columns on General Purpose Financial Statements

The total columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Information in those columns do not purport to present financial position, results of operations, or cash flows of the State in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund balances and transactions have not been eliminated.

3. Budgeting and Budgetary Control

The budget of the State is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year; (2) the estimated revenues available to finance the operating plan; and (3) the estimated spending

requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated periodically during the fiscal year. Amounts reflected as budgeted revenues in the Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds are those estimates as compiled by the Council on Revenues and the Director of Finance. Budgeted expenditures are derived primarily from the General Appropriations Act of 1999 (Act 91, SLH of 1999), as amended by the Supplemental Appropriations Act of 2000 (Act 281, SLH of 2000), and from other authorizations contained in the State Constitution, the HRS and other specific appropriations acts in various SLH.

All expenditures of those appropriated funds are made pursuant to the appropriations in the fiscal 1999-2001 biennial budget.

The General Fund and Special Revenue Funds (except for revolving funds) have legally appropriated annual budgets. Capital Projects Fund appropriated budgets are for projects that may extend over several fiscal years.

The final legally adopted budget in the accompanying Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds represents the original appropriations, transfers and other legally authorized legislative and executive changes.

The legal level of budgetary control is maintained at the appropriation line item level by department, program and source of funds as

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

established in the appropriations acts. The Governor is authorized to transfer appropriations between programs within the same department and source of funds; however, transfers of appropriations between departments generally require legislative authorization. Records and reports reflecting the detail level of control are maintained by and are available at the Department of Accounting and General Services. During the fiscal year ended June 30, 2000, there were no expenditures in excess of appropriations in the individual funds.

To the extent not expended or encumbered, General Fund and Special Revenue Funds appropriations generally lapse at the end of the fiscal year for which the appropriations are made. The State Legislature specifies the lapse dates and any other contingencies which may terminate the authorizations for other appropriations.

Budgets adopted by the State Legislature for the General Fund and Special Revenue Funds are

presented in the Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - General and Special Revenue Funds. The State's annual budget is prepared on the modified accrual basis of accounting with several differences, principally related to (1) the encumbrance of purchase order and contract obligations and equipment acquired through long-term financing (basis difference); (2) the accounting for transfers of debt service payments through the General Fund (perspective difference); and (3) Special Revenue Funds programs which do not require legal appropriations (entity difference). The first two differences represent departures from accounting principles generally accepted in the United States of America (GAAP).

A reconciliation of the budgetary to GAAP basis operating results for the fiscal year ended June 30, 2000 follows (amounts expressed in thousands):

| | Funds | |
|---|------------------|-------------------|
| | General | Special Revenue |
| Excess of revenues over expenditures - actual (budgetary basis) | \$ 111,195 | \$ 957,151 |
| Reserve for encumbrances at year-end* | 131,101 | 132,613 |
| Expenditures for liquidation of prior fiscal year encumbrances and for unbudgeted programs, principally expenditures for capital projects accounts and revolving funds..... | (208,359) | (246,501) |
| Enterprise Funds and Component Units** | - | (744,685) |
| Residual equity transfers..... | (23,391) | 23,391 |
| Tax refunds payable..... | (12,799) | - |
| Accrued liabilities..... | 63,292 | (327) |
| Accrued revenues | <u>17,036</u> | <u>-</u> |
| Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis | <u>\$ 78,075</u> | <u>\$ 121,642</u> |

* Amount reflects the encumbrance balances (included in continuing appropriations) for budgeted programs only.

** Certain accounts of the Enterprise Funds and Component Units are included as Special Revenue Funds for budgetary purposes but excluded under GAAP.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

4. Cash and Investments

The Director of Finance is responsible for the safekeeping of all monies paid into the State Treasury. The Director of Finance pools and invests any monies of the State which in the Director's judgment are in excess of the amounts necessary for meeting the specific requirements of the State. Investment earnings are allocated to the Primary Government and Component Units based on their equity interest in the pooled monies. Legally authorized investments include obligations of or guaranteed by the U.S. government, obligations of the State, federally-insured savings and checking accounts, time certificates of deposit and repurchase agreements with federally-insured financial institutions.

Cash

The State maintains approximately 20 bank accounts for various purposes at locations throughout the State and the nation. Bank deposits are under the custody of the Director of Finance. For financial statement reporting purposes, cash and short-term investments consist of cash, time certificates of deposit and money market accounts. Cash and short-term investments also include repurchase agreements and U.S. government securities with original maturities of three months or less.

For demand or checking accounts and time certificates of deposit, the State requires that the depository banks pledge collateral based on the daily available bank balances. The use of daily available bank balances to determine collateral requirements results in the available balances being under-collateralized at various times during the fiscal year. All securities pledged as

collateral are held either by the State Treasury or by the State's fiscal agents in the name of the State.

The carrying amount of the State's deposits (cash, time certificates of deposit and money market accounts) as of June 30, 2000 was \$1,492,818,000 for the Primary Government and \$475,821,000 for the Component Units. The difference between deposits and cash and short-term investments as reflected in the general purpose financial statements relate to repurchase agreements and U.S. government securities with original maturities of three months or less amounting to \$623,364,000 (Primary Government - \$623,364,000; Component Units - \$0).

Information relating to the bank balance, insurance and collateral of cash deposits is determined on a statewide basis and not for individual departments or divisions. Total bank balances of deposits amounted to \$1,332,681,000 at June 30, 2000. The portion of such bank balances covered by federal deposit insurance or by collateral held either by the State Treasury or by the State's fiscal agents in the name of the State totaled \$1,095,045,000. The remaining bank balances of \$237,636,000 represent deposits with the U.S. Department of the Treasury for the State's Unemployment Trust Fund, which were uncollateralized, and the Special Revenue Funds' and Enterprise Funds' cash in bank which was uninsured and uncollateralized. The Special Revenue Funds' and Enterprise Funds' cash balances were held by fiscal agents in the State's name for the purpose of satisfying outstanding bond obligations.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Investments

The State holds investments both for its own benefit and as an agent for other parties. The State's investment of funds not required for immediate payments are predominantly comprised of U.S. government securities.

The following tables present the State's investments at June 30, 2000 (amounts expressed in thousands), and provide information about the credit and market risks associated with the State's investments. The three categories of credit risks are:

- Category 1: investments which are insured or registered, or securities held by the State or its agent in the State's name.
- Category 2: investments which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.
- Category 3: investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name.

| | Fair Value | Category | | | Not Categorized |
|--|-------------------|-------------------|-------------|-------------|--------------------|
| | | 1 | 2 | 3 | |
| Investments - Primary Government: | | | | | |
| U.S. government securities | \$ 194,808 | \$ 194,808 | \$ - | \$ - | \$ - |
| Repurchase agreements..... | 843,476 | 843,476 | - | - | - |
| Corporate stocks and bonds | 27,922 | 27,922 | - | - | - |
| Miscellaneous | <u>503,359</u> | <u>503,359</u> | - | - | - |
| | 1,569,565 | 1,569,565 | - | - | - |
| Less: | | | | | |
| Restricted assets investments* | (146,464) | (146,464) | - | - | - |
| Investments reported as cash and short-term investments | <u>(623,364)</u> | <u>(623,364)</u> | - | - | - |
| | <u>\$ 799,737</u> | <u>\$ 799,737</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
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* Restricted assets investments include \$61,424 in repurchase agreements for the Primary Government with original maturities of three months or less which were reclassified as restricted cash and short-term investments.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

5. Receivables

Taxes Receivable

The State recognizes taxpayer-assessed tax revenues on a modified accrual basis as required by GASB Statement No. 22, "Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds." The State recognizes revenue for general excise tax, individual income tax, corporate income tax,

unemployment compensation tax and miscellaneous other taxes that are collected by merchants and other government agencies and earned by the State as of June 30, 2000, and are due and payable shortly thereafter.

At June 30, 2000, taxes receivable, net of refunds for income taxes of \$26,945,000, consisted of the following (amounts expressed in thousands):

| | <u>Funds</u> | |
|--|------------------|-------------------------|
| | <u>General</u> | <u>Expendable Trust</u> |
| General excise tax..... | \$170,100 | \$ - |
| Income taxes - corporate and individual..... | 63,888 | - |
| Unemployment compensation tax..... | - | 42,718 |
| | <u>\$233,988</u> | <u>\$42,718</u> |

Accounts and Accrued Interest Receivable

At June 30, 2000, accounts and accrued interest receivable for the Enterprise Funds and

Component Units consisted of the following (amounts expressed in thousands):

| | <u>Enterprise Funds</u> | | |
|---|-------------------------|-----------------|-----------------|
| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
| Airport services and fees | \$26,629 | \$ - | \$26,629 |
| Harbor services and fees..... | - | 9,816 | 9,816 |
| Accrued interest..... | <u>16,202</u> | <u>1,945</u> | <u>18,147</u> |
| | 42,831 | 11,761 | 54,592 |
| Less allowance for doubtful accounts..... | <u>(4,533)</u> | <u>(2,870)</u> | <u>(7,403)</u> |
| Accounts and accrued interest receivable, net | <u>\$38,298</u> | <u>\$ 8,891</u> | <u>\$47,189</u> |

| | <u>Component Units</u> | | | | |
|---|------------------------|-----------------|----------------|------------------|------------------|
| | <u>University</u> | <u>HCDCH</u> | <u>HHRF</u> | <u>HHSC</u> | <u>Total</u> |
| Hospital patient services | \$ - | \$ - | \$ - | \$136,944 | \$136,944 |
| Accrued interest..... | 4,015 | 10,215 | 3,221 | - | 17,451 |
| Other..... | <u>20,430</u> | - | - | - | <u>20,430</u> |
| | 24,445 | 10,215 | 3,221 | 136,944 | 174,825 |
| Less allowance for doubtful accounts..... | <u>(997)</u> | - | - | <u>(91,826)</u> | <u>(92,823)</u> |
| Accounts and accrued interest receivable, net | <u>\$23,448</u> | <u>\$10,215</u> | <u>\$3,221</u> | <u>\$ 45,118</u> | <u>\$ 82,002</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Notes and Loans Receivable

At June 30, 2000, notes and loans receivable, net of estimated uncollectible amounts, consisted of the following (amounts expressed in thousands):

Primary Government

General Fund

| | |
|--|-----------|
| Molokai Task Force loans | \$ 153 |
| Independent sugar growers loans | 6 |
| Emergency farm loans | 148 |
| OHA - economic development loans | 47 |
| Hamakua low interest loans | 68 |
| Molokai Loan Program Revolving Fund..... | <u>98</u> |

Total General Fund \$ 520

Special Revenue Funds

Agriculture:

| | |
|---|-----------|
| Farm loans..... | \$ 20,997 |
| Hawaii agricultural products loans..... | 123 |
| Hawaii aquacultural loans..... | 160 |

Business, Economic Development and Tourism:

| | |
|---|-------|
| Commercial fishing vessel repairs and maintenance loans | 55 |
| Hawaii capital loans..... | 9,302 |
| Fisheries new vessel loans | 1,844 |
| State disaster loans..... | 89 |
| Hawaii innovation loans..... | 446 |
| Hawaii community-based development loans..... | 369 |
| Hawaii Community Development Authority relocation loans | 12 |

Hawaiian Home Lands*:

| | |
|---|----------------|
| Native Hawaiian Rehabilitation Fund | 13 |
| Homesteaders loans | 4,826 |
| Hawaiian Home Lands general loans..... | 41,453 |
| Health - wastewater treatment plant loans | <u>145,608</u> |

Total Special Revenue Funds \$225,297

Trust and Agency Funds

| | |
|--|-------------|
| Native Hawaiian Rehabilitation Fund loans..... | <u>\$ 5</u> |
|--|-------------|

Component Units

University Funds

| | |
|---|------------------|
| Student loans, net of allowance for doubtful accounts of \$6,138..... | <u>\$ 20,682</u> |
|---|------------------|

Enterprise Funds

HCDCH:

| | |
|---|---------|
| Notes and loans, net of deferred gain and income of \$193 on sale of housing projects | 4,715 |
| Mortgage loans, net of deferred gain of \$623 | 111,525 |

HHSC:

| | |
|-----------------------|------------|
| Notes and loans | <u>111</u> |
|-----------------------|------------|

Total Enterprise Funds 116,351

Total Component Units \$137,033

*Hawaiian Home Lands loans are generally collateralized by real property.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

6. Restricted Assets

Restricted assets are primarily restricted for revenue bond and general obligation bond debt and costs incurred in connection with repairs and maintenance of facilities and equipment.

At June 30, 2000, restricted assets for the Enterprise Funds and Component Units consisted of the following (amounts expressed in thousands):

| <u>Enterprise Funds</u> | | | |
|--|------------------|------------------|------------------|
| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
| Cash | \$ 99,934 | \$ 69,604 | \$169,538 |
| Time certificates of deposit (includes cash equivalents of \$23,580 for Airports and \$0 for Harbors) | 51,401 | 493 | 51,894 |
| Repurchase agreements (cash equivalents) | 35,823 | 25,601 | 61,424 |
| Investments: | | | |
| Repurchase agreements* | 85,040 | - | 85,040 |
| Net direct financing leases | <u>45,325</u> | <u>18,386</u> | <u>63,711</u> |
| | <u>\$317,523</u> | <u>\$114,084</u> | <u>\$431,607</u> |
| <u>Component Units</u> | | | |
| | <u>HCDCH</u> | <u>HHSC</u> | <u>Total</u> |
| Cash | \$ 1,145 | \$ - | \$ 1,145 |
| Time certificates of deposit (includes cash equivalents of \$28,789 for the HCDCH) | 30,278 | - | 30,278 |
| Investments: | | | |
| U.S. government securities, at fair value | 8,694 | - | 8,694 |
| Mortgage-backed securities, at fair value | 404,717 | - | 404,717 |
| Repurchase agreements* | 231,300 | - | 231,300 |
| Guaranteed investment contract | 144 | - | 144 |
| Deposits, funded reserves and other | <u>5,270</u> | <u>1,893</u> | <u>7,163</u> |
| | <u>\$681,548</u> | <u>\$1,893</u> | <u>\$683,441</u> |

*The repurchase agreements are with certain regulated financial institutions and are collateralized by U.S. government securities. The securities collateralizing the repurchase agreements are held by the State's agent in the State's name.

See note 4 for fair values of investments by type and investment risk categories.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Certain leases of state-owned special facilities to parties engaged in airline and maritime operations are accounted for as direct financing

leases. At June 30, 2000, net direct financing leases consisted of the following (amounts expressed in thousands):

| | <u>Enterprise Funds</u> | | |
|--|-------------------------|------------------|------------------|
| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
| Total minimum lease payments receivable..... | \$104,776 | \$ 28,518 | \$133,294 |
| Estimated unguaranteed residual value | - | 3,600 | 3,600 |
| Less amount representing interest | <u>(65,521)</u> | <u>(13,732)</u> | <u>(79,253)</u> |
| | 39,255 | 18,386 | 57,641 |
| Cash with trustee and other | <u>6,070</u> | <u>-</u> | <u>6,070</u> |
| | <u>\$ 45,325</u> | <u>\$ 18,386</u> | <u>\$ 63,711</u> |

Minimum future rentals to be received under direct financing leases as of June 30, 2000 consisted of the following (amounts expressed in thousands):

| | <u>Enterprise Funds</u> | | |
|-----------------------------|-------------------------|-----------------|-------------------|
| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
| Fiscal year ending June 30: | | | |
| 2001..... | \$ 4,307 | \$ 949 | \$ 5,256 |
| 2002..... | 4,306 | 949 | 5,255 |
| 2003..... | 4,275 | 949 | 5,224 |
| 2004..... | 4,240 | 949 | 5,189 |
| 2005..... | 4,332 | 949 | 5,281 |
| Thereafter | <u>83,316</u> | <u>23,773</u> | <u>107,089</u> |
| | <u>\$104,776</u> | <u>\$28,518</u> | <u>\$ 133,294</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

7. Property, Plant and Equipment**Enterprise Funds and Component Units**

At June 30, 2000, property, plant and equipment for the Enterprise Funds and Component Units

consisted of the following (amounts expressed in thousands):

| | Enterprise Funds | | |
|-------------------------------------|-------------------------|-----------------------|---------------------|
| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
| Land and land improvements | \$ 927,505 | \$323,429 | \$1,250,934 |
| Buildings and improvements | 1,192,930 | 286,351 | 1,479,281 |
| Machinery and equipment..... | <u>161,477</u> | <u>11,117</u> | <u>172,594</u> |
| | 2,281,912 | 620,897 | 2,902,809 |
| Less accumulated depreciation | <u>(815,774)</u> | <u>(108,528)</u> | <u>(924,302)</u> |
| | 1,466,138 | 512,369 | 1,978,507 |
| Construction in progress | <u>104,505</u> | <u>24,791</u> | <u>129,296</u> |
| | <u>\$1,570,643</u> | <u>\$537,160</u> | <u>\$2,107,803</u> |

| | Component Units | | | |
|-------------------------------------|--------------------------|---------------------|--------------------|---------------------|
| | <u>University</u> | <u>HCDCH</u> | <u>HHSC</u> | <u>Total</u> |
| Land and land improvements | \$ 95,910 | \$ 63,119 | \$ 3,357 | \$ 162,386 |
| Buildings and improvements | 712,610 | 553,907 | 175,345 | 1,441,862 |
| Machinery and equipment..... | 194,028 | 12,724 | 80,530 | 287,282 |
| Library and other books | 122,011 | - | - | 122,011 |
| Livestock..... | <u>205</u> | <u>-</u> | <u>-</u> | <u>205</u> |
| | 1,124,764 | 629,750 | 259,232 | 2,013,746 |
| Less accumulated depreciation | <u>-</u> | <u>(233,791)</u> | <u>(123,736)</u> | <u>(357,527)</u> |
| | 1,124,764 | 395,959 | 135,496 | 1,656,219 |
| Construction in progress | <u>35,272</u> | <u>16,012</u> | <u>15,306</u> | <u>66,590</u> |
| | <u>\$1,160,036</u> | <u>\$411,971</u> | <u>\$ 150,802</u> | <u>\$1,722,809</u> |

During fiscal 2000, Airports expensed approximately \$26,086,000 of costs capitalized as construction in progress to adjust the carrying values to estimated net realizable values. The expense is included in loss on disposal of property, plant and equipment in the Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Enterprise Funds and Discretely Presented Component Units.

On July 1, 1999, the U.S. Department of the Navy, pursuant to the Defense Base Closure

Realignment Act of 1990, as amended, the Federal Property and Administrative Service Act of 1949, as amended, and rules, orders and regulations issued pursuant thereto, conveyed certain property of the Barbers Point Naval Air Station located on the island of Oahu to Airports. The property conveyed, which had a fair market value of \$99,843,500, consisted of approximately 750 acres of land, buildings and improvements, and machinery and equipment for the development, improvement, operation and maintenance of an airport.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

In June 2000, Airports transferred land and construction costs related to the Hana Highway Widening Project to the Department of Transportation - Highways Division (Highways). Airports received proceeds of \$8,773,000 from Highways, resulting in a gain of \$2,580,000.

Effective July 1, 1999, the UH raised its equipment capitalization threshold from \$500 to \$5,000. Management believes the new capitalization threshold is more consistent with the industry standard and will lessen the administrative burden on the UH's faculty and

staff. The effect of this change in accounting principle was approximately \$130,732,000 of previously capitalized equipment recorded as a deduction in fiscal 2000 to the net change in fund balance of Component Unit - University in the accompanying general purpose financial statements.

General Fixed Assets Account Group

Changes in general fixed assets during the fiscal year ended June 30, 2000 were as follows (amounts expressed in thousands):

| | <u>Land</u> | <u>Buildings and Improvements</u> | <u>Equipment</u> | <u>Construction In Progress</u> | <u>Total</u> |
|------------------------|-------------------|---------------------------------------|------------------|-------------------------------------|--------------------|
| Balance, July 1, 1999 | \$ 790,644 | \$3,076,270 | \$499,477 | \$ 689,133 | \$5,055,524 |
| Additions..... | 46,875 | 155,892 | 28,740 | 152,964 | 384,471 |
| Deductions | - | (1,111) | (7,727) | (114,203) | (123,041) |
| Balance, June 30, 2000 | <u>\$ 837,519</u> | <u>\$3,231,051</u> | <u>\$520,490</u> | <u>\$ 727,894</u> | <u>\$5,316,954</u> |

8. Notes, Mortgage and Installment Contracts Payable - Component Units

University Funds

At June 30, 2000, notes payable to various banks amounted to \$172,000. The notes are payable in monthly or annual installments with interest ranging from 5.88% to 6.75% and are secured by various plant facilities.

At June 30, 2000, installment contracts payable arising from purchases of certain equipment amounted to \$1,387,000 with interest ranging from 5.30% to 12.00% per annum.

HCDCH

At June 30, 2000, the HCDCH had three mortgage notes payable to the U. S. Department of Agriculture, Farmers Home Administration, amounting to \$567,000. Two notes were

originated in August 1976, and are payable in combined monthly installments of \$2,207, including interest at 1.00%, with the final combined payment due in August 2009. The final note was originated in October 1994, and is payable in monthly installments of \$1,315, with the final payment due in October 2027. The notes are secured by property and rental receipts.

During fiscal 1996, the State of Hawaii Affordable Rental Program (SHARP) borrowed \$3.5 million from the Department of Budget and Finance, Rental Housing Trust Fund, and issued approximately \$7 million of revenue bonds to purchase the Kekuiani Courts Rental Housing Project from an outside party. The full amount of the non-interest bearing note is due and payable upon the earlier of June 30, 2027, or the redemption of all SHARP revenue bonds associated with the Kekuiani Courts Rental Housing Project.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

At June 30, 2000, the note payable consisted of a \$171,000, unsecured promissory note payable to an individual. The entire principal balance plus accrued interest, 4.08% at June 30, 2000, is due on February 15, 2018.

In October 1976, the Banyan Street Manor Project entered into a mortgage note agreement amounting to \$1,728,000 with USGI, Inc. (insured by HUD). In September 1996, Greystone Servicing Corporation, Inc. became the new servicing agent and mortgagee. The mortgage loan bears interest at 7.50% and is collateralized by the rental property. Principal and interest are payable in monthly installments of \$11,370. The mortgage loan matures on January 1, 2018 and amounted to \$1,015,000 at June 30, 2000.

In January 1977, the Wilikina Apartments Project (Wilikina) entered into a mortgage note agreement amounting to \$3,536,000 with the State of Michigan, Department of Treasury (insured by HUD). During fiscal 2000, Wilikina exercised its prepayment option and fully paid the mortgage note balance.

In December 1996, the HCDCH entered into mortgage agreements with the U.S. Department of Agriculture, Rural Development, in the

amount of approximately \$5,214,000 and with the Rental Housing Trust Fund Commission in the amount of approximately \$696,000. The first mortgage loan bears interest at 7.25% and is collateralized by a low-income housing project. Principal and interest are payable in monthly installments of \$11,509. The first mortgage loan matures on December 1, 2046 and amounted to \$5,173,000 at June 30, 2000. The second mortgage loan bears interest at 1.00% and is collateralized by the same low-income housing project. Principal and interest are payable in monthly installments of \$1,475. The second mortgage loan matures on January 1, 2047 and amounted to \$652,000 at June 30, 2000.

The HCDCH also entered into an interest credit and rental assistance agreement in December 1996 with the U.S. Department of Agriculture, Rural Development, which reduces the HCDCH's principal and interest payments. During fiscal 2000, the HCDCH realized approximately \$256,000 of interest credit which reduced the interest expense.

Debt service requirements to maturity on notes, mortgage and installment contracts payable for fiscal years ending June 30 are summarized below (amounts expressed in thousands):

| | | | Total Principal Required | Total Interest | Total Amount Required |
|------------------|----------------|-----------------|--------------------------------|-------------------|-----------------------------|
| Fiscal year: | University | HCDCH | | | |
| 2001..... | \$1,052 | \$ 124 | \$ 1,176 | \$ 585 | \$ 1,761 |
| 2002..... | 426 | 130 | 556 | 520 | 1,076 |
| 2003..... | 51 | 137 | 188 | 129 | 317 |
| 2004..... | 27 | 145 | 172 | 122 | 294 |
| 2005..... | 3 | 153 | 156 | 117 | 273 |
| Thereafter | - | 10,389 | 10,389 | 1,185 | 11,574 |
| | <u>\$1,559</u> | <u>\$11,078</u> | <u>\$12,637</u> | <u>\$2,658</u> | <u>\$15,295</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

9. General Obligation Bonds Payable

The State issues general obligation bonds primarily to provide for the acquisition and construction of major capital facilities. Although certain general obligation debt is being retired from the resources of the Enterprise Funds and Component Unit - University and is recorded in those funds, all general obligation bonds are backed solely by the full faith and credit of the State.

All issues except Series BL, issued December 6, 1988; \$26,667,738 of Series BQ, issued November 28, 1989; Series BW and BX, issued March 1, 1992; Series BY and BZ, issued October 1, 1992; Series CA and CB, issued January 1, 1993; \$167,425,000 of Series CC, issued February 1, 1993; Series CD, issued February 1, 1993; Series CF, issued July 1, 1993; Series CH and CI, issued November 1, 1993; \$59,560,000 of Series CJ, issued January 1, 1995; \$33,330,000 of Series CK, issued September 1, 1995; \$49,995,000 of

Series CL, issued March 1, 1996; Series CM, issued December 1, 1996; \$136,430,000 of Series CN, issued March 1, 1997; Series CO, issued March 1, 1997; \$99,565,000 of Series CP, issued October 1, 1997; Series CQ, issued October 1, 1997; \$101,215,000 of Series CR, issued April 1, 1998; and Series CS, issued April 1, 1998, contain call provisions (call prices range from 103 to 100). Stated interest rates range from 3.80% to 8.25%.

In September 1999, the State issued \$300,000,000 of general obligation bonds, Series CT, dated September 15, 1999, with interest rates ranging from 4.50% to 5.88%. The bonds contain call provisions (call prices range from 101 to 100). The bonds begin to mature on September 1, 2003 and were issued for the purpose of financing public improvement projects.

At June 30, 2000, the general obligation bonds consisted of the following (amounts expressed in thousands):

| | | |
|--|---------------|--------------------|
| Callable | | \$ 866,230 |
| Noncallable | | <u>2,433,633</u> |
| Total general obligation bonds outstanding | | 3,299,863 |
| Less amount recorded as a liability of: | | |
| Enterprise Funds, including \$849 payable from restricted assets | \$ 2,644 | |
| Component Unit - University | <u>18,740</u> | |
| | | <u>21,384</u> |
| Amount recorded in the General Long-Term Obligations Account Group | | <u>\$3,278,479</u> |

Proceeds of certain general obligation bonds have been contributed as capital to Component Unit - HCDCH. Those bonds are recorded in the General Long-Term Obligations Account Group since principal repayments are funded through

the State's General Fund. Component Unit - HCDCH reimbursed the State's General Fund approximately \$48,000 for the interest portion of the debt service in fiscal 2000.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

A summary of debt service requirements to maturity follows (amounts expressed in thousands):

| | <u>Principal</u> | <u>Interest</u> | | <u>Principal</u> | <u>Interest</u> |
|--------------|------------------|-----------------|--------------|--------------------|--------------------|
| Fiscal year: | | | Fiscal year: | | |
| 2001..... | \$ 205,005 | \$ 178,745 | 2011..... | \$ 168,665 | \$ 46,768 |
| 2002..... | 227,445 | 169,115 | 2012..... | 125,325 | 38,291 |
| 2003..... | 293,910 | 157,922 | 2013..... | 123,770 | 31,505 |
| 2004..... | 258,319 | 144,512 | 2014..... | 110,505 | 25,067 |
| 2005..... | 264,925 | 131,826 | 2015..... | 101,095 | 19,464 |
| 2006..... | 240,729 | 128,270 | 2016..... | 70,045 | 14,011 |
| 2007..... | 247,570 | 117,593 | 2017..... | 105,205 | 10,168 |
| 2008..... | 247,575 | 106,911 | 2018..... | 68,575 | 4,745 |
| 2009..... | 246,424 | 96,041 | 2019..... | 26,826 | 1,576 |
| 2010..... | 167,950 | 69,744 | | | |
| | | | | <u>\$3,299,863</u> | <u>\$1,492,274</u> |

In prior fiscal years, the State defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust accounts and the refunded bonds are not included in the State's general purpose financial statements. At June 30, 2000, \$644,260,000 of bonds outstanding are considered defeased.

The State Constitution limits the amount of general obligation bonds which may be issued. As required by law, the Director of Finance has confirmed that the State was within its legal debt limit on the aforementioned issues. The legal debt margin at June 30, 2000 was \$124,859,000.

At June 30, 2000, general obligation bonds authorized but unissued was approximately \$645,000,000.

10. Revenue Bonds Payable

Primary Government

The Department of Hawaiian Home Lands (DHHL) issued \$18,000,000 of revenue bonds in October 1991 (Series of 1991 bonds). Those bonds are payable from and secured by the DHHL's revenues from available lands and are due in annual installments through July 1, 2011. Interest on those bonds increases from 5.50% to 7.65% and is payable semi-annually on January 1 and July 1. The bonds maturing on or after July 1, 2002 are subject to redemption prior to their stated maturities at the option of the DHHL.

On January 15, 1999, the DHHL issued revenue bonds, Refunding Series of 1999, in the principal amount of \$13,370,000. Bond proceeds related to this issue amounted to \$13,334,000. The difference in the principal amount and proceeds relates to bond discount and accrued interest.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

The bonds bear interest at rates ranging from 3.80% to 4.45% and mature in increasing annual installments through fiscal 2012. The proceeds from the bonds were used to advance refund certain maturities of the Series of 1991 bonds. The bonds are payable from and secured by the DHHL's revenues from available lands.

On September 1, 1993, Highways issued \$75,000,000 in State of Hawaii Highway revenue bonds, Series of 1993. The bonds bear interest at rates ranging from 2.60% to 5.00% and mature in increasing annual installments through fiscal 2013. On September 1, 1996, Highways issued \$55,000,000 in State of Hawaii Highway revenue bonds, Series of 1996. The bonds bear interest at rates ranging from 3.80% to 6.00% and mature in increasing annual installments through fiscal 2014. On July 1, 1998, Highways issued State of Hawaii Highway revenue bonds, Series of 1998, in the principal amount of \$94,920,000. Bond proceeds related to this issue amounted to \$97,542,000, of which \$71,921,000 is to be used to finance certain highway improvements and other related projects for the State Highways System, and \$25,621,000 was used to refund certain outstanding State of Hawaii Highway revenue bonds. The difference in the principal amount and proceeds relates to bond premium and accrued interest.

The bonds bear interest at rates ranging from 4.00% to 5.50% and mature in annual installments through fiscal 2019. The bonds are payable solely from and collateralized by the revenues consisting primarily of highway fuel taxes, vehicle registration fees, vehicle weight taxes and rental motor vehicle and tour vehicle surcharge taxes.

The proceeds of the DHHL's revenue bonds, Refunding Series of 1999, and a portion of the proceeds of the State of Hawaii Highway revenue bonds, Series of 1998 (see above), were placed in irrevocable trusts and used to purchase securities of the U.S. government to meet the debt service requirements of the refunded bonds.

The liabilities for the refunded bond issues and the related securities and trust accounts are not included in the accompanying general purpose financial statements as the DHHL and Highways defeased its obligations for payment of those bonds upon completion of those refunding transactions.

Debt service requirements to maturity on the DHHL's and Highways' revenue bonds are summarized below (amounts expressed in thousands):

| | <u>DHHL</u> | <u>Highways</u> | <u>Total Principal Required</u> | <u>Total Interest</u> | <u>Total Amount Required</u> |
|-----------------------------|-----------------|------------------|---|---------------------------|--------------------------------------|
| Fiscal year ending June 30: | | | | | |
| 2001..... | \$ 745 | \$ 5,840 | \$ 6,585 | \$ 9,640 | \$ 16,225 |
| 2002..... | 800 | 6,080 | 6,880 | 9,313 | 16,193 |
| 2003..... | 1,115 | 6,385 | 7,500 | 8,952 | 16,452 |
| 2004..... | 1,155 | 6,705 | 7,860 | 8,581 | 16,441 |
| 2005..... | 1,200 | 7,040 | 8,240 | 7,755 | 15,995 |
| Thereafter | <u>9,900</u> | <u>145,555</u> | <u>155,455</u> | <u>60,976</u> | <u>216,431</u> |
| | <u>\$14,915</u> | <u>\$177,605</u> | <u>\$192,520</u> | <u>\$ 105,217</u> | <u>\$297,737</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Enterprise Funds and Component Unit - HCDCH

Revenue bonds are backed by a pledge of resources derived from users of the related facilities and are not supported by the full faith and credit of the State.

At June 30, 2000, revenue bonds payable (net of unamortized bond premium and discount and unamortized loss on refunding) for the Enterprise Funds and Component Unit - HCDCH consisted of the following (amounts expressed in thousands):

| | Current (Payable From Restricted Assets) | Noncurrent | Total |
|---|--|--------------------|--------------------|
| Enterprise Funds | | | |
| Airports system revenue bonds | \$52,120 | \$1,038,020 | \$1,090,140 |
| Airports special facility revenue bonds | 665 | 44,320 | 44,985 |
| Harbors revenue bonds | 13,856 | 208,714 | 222,570 |
| Harbors special facility revenue bonds | - | 16,500 | 16,500 |
| | <u>66,641</u> | <u>1,307,554</u> | <u>1,374,195</u> |
| Component Unit | | | |
| HCDCH revenue bonds | <u>2,515</u> | <u>856,396</u> | <u>858,911</u> |
| | <u>\$69,156</u> | <u>\$2,163,950</u> | <u>\$2,233,106</u> |

Airports System Revenue Bonds

The Airports system revenue bonds are payable solely from and collateralized by airport revenues, which include all aviation fuel taxes levied. The Airports system revenue bonds are subject to redemption at the option of the

Department of Transportation (DOT) and the State during specific years at prices ranging from 102 to 100.

The following is a summary of the outstanding Airports system revenue bonds at June 30, 2000 (amounts expressed in thousands):

| | Final Maturity Date | Interest Rates | Original Amount Of Issue | Outstanding |
|---|---------------------------|----------------|--------------------------------|--------------------|
| Series: | | | | |
| 1990 | 2020 | 6.450 - 7.375% | \$ 100,000 | \$ 1,940 |
| 1990, second | 2020 | 6.600 - 7.500 | 200,000 | 3,795 |
| 1991 | 2020 | 5.700 - 7.000 | 200,000 | 175,900 |
| 1991, second | 2021 | 5.400 - 7.000 | 400,000 | 351,320 |
| 1992, refunding | 2000 | 2.800 - 5.250 | 19,400 | 1,850 |
| 1993, refunding | 2013 | 4.000 - 6.450 | 131,035 | 111,890 |
| 1994, first refunding | 2004 | 4.150 - 5.600 | 63,455 | 45,745 |
| 1994, second refunding | 2004 | 4.400 - 5.850 | 79,070 | 44,740 |
| 1994, third refunding | 2009 | 3.750 - 5.750 | 94,045 | 76,335 |
| 2000A, refunding | 2021 | 5.500 - 6.000 | 26,415 | 26,415 |
| 2000B, refunding | 2020 | 5.000 - 8.000 | 261,465 | 261,465 |
| | | | <u>\$1,574,885</u> | <u>1,101,395</u> |
| Add unamortized bond premium | | | | 7,737 |
| Less: | | | | |
| Unamortized bond discount | | | | (5,938) |
| Unamortized loss on refunding | | | | (13,054) |
| | | | | <u>1,090,140</u> |
| Less current portion (payable from restricted assets), net of unamortized bond discount | | | | <u>(52,120)</u> |
| | | | | <u>\$1,038,020</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

The certificate providing for the issuance of revenue bonds provides for the levying and collection of minimum net revenues to service and provide reserves for maturing debt principal, interest, sinking fund and replacement and maintenance reserve requirements, and also provides for the maintenance of certain insurance coverages for fire, workers' compensation and public liability. At June 30, 2000, \$215,421,000 was on credit in the revenue bond debt service sinking fund and reserve accounts.

On May 25, 2000, Airports issued \$26,415,000 and \$261,465,000 of Airports system revenue bonds (Refunding Series of 2000A and Refunding Series of 2000B, respectively) at average interest rates of 5.75% and 6.43%, respectively, to refund \$24,260,000 of its outstanding Series of 1990 and Series of 1991 bonds, and \$261,570,000 of its outstanding Series of 1990 bonds, respectively. The average interest rates of the refunded bonds were 6.86% and 7.43%, respectively. The net proceeds of \$291,618,000 (after payment of \$2,933,000 in underwriting fees, insurance, and other costs), along with an additional \$8,787,000 from Airports' debt service reserve account and the Airport Revenue Fund were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the refunded portion of the Series of 1990 and Series of 1991 bonds on July 1, 2000. As a result, the refunded portion of the Series of 1990 and Series of 1991 bonds are considered to be defeased, and the liability for those bonds are not included in the accompanying general purpose financial statements. At June 30, 2000, the outstanding defeased bonds amounted to \$285,830,000.

Although those refundings resulted in the recognition of an accounting loss (difference between the reacquisition price and the net carrying amount of the old debt) of \$13,157,000, of which \$103,000 was realized for the fiscal year ended June 30, 2000, Airports in effect reduced its aggregate debt service payments by approximately \$28,517,000 over the next 21 years and obtained an economic gain (difference between the present values of the old and the new debt service payments) of approximately \$22,267,000.

Airports Special Facility Revenue Bonds

Airports has four special facility lease agreements with Western Airlines, Inc. in 1975 (merged with Delta Airlines, Inc. in 1987), with Continental Airlines, Inc. in July 1990 and November 1997 and with Caterair International Corporation in December 1990. The construction of the related facilities was financed by special facility revenue bonds issued by Airports in the amounts of \$2,300,000, \$20,000,000, \$25,255,000 and \$6,600,000, respectively. Those bonds are payable solely from and collateralized solely by certain rentals and other monies derived from the special facilities.

The following is a summary of pertinent information on Airports special facility revenue bonds at June 30, 2000:

\$2,300,000 Issue

The bonds have a stated maturity date of June 1, 2005 and bear interest at 6.50% per annum. The bonds are subject to early redemption at the option of Airports, at 100.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

\$20,000,000 Issue

The bonds bear interest at rates ranging from 9.60% to 9.70% and are subject to redemption on or after June 1, 2000, at the option of Airports, upon the request of Continental Airlines, Inc., at prices ranging from 102 to 100, depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

On July 15, 2000, Airports issued \$16,600,000 of term special facility bonds (Continental Airlines, Inc.), Refunding Series of 2000, with an interest rate of 7.00%, due June 1, 2020, to, in part, refund \$18,225,000 of its outstanding Series of 1990 bonds (Continental Airlines, Inc.).

\$25,255,000 Issue

The bonds bear interest at 5.625% and are subject to redemption on or after November 15, 2007, at the option of Airports, upon the request of Continental Airlines, Inc., at prices ranging from 101 to 100, depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively. During fiscal 2000, Airports redeemed \$3,400,000 in bonds.

Interest only payments are due semiannually on May 15 and November 15 of each year until the bonds mature on November 15, 2027, at which time the entire principal amount is due.

Harbors Revenue Bonds

The Harbors revenue bonds are collateralized by a charge and lien on the gross revenues of the Commercial Harbors System and upon all improvements and betterments thereto and all

\$6,600,000 Issue

The bonds bear interest at 10.125% and are subject to redemption on or after December 1, 2000, at the option of Airports, upon the request of Caterair International Corporation, at prices ranging from 103 to 100, depending on the dates of redemption, or at 100 plus interest if the facilities are destroyed or damaged extensively.

The special facility leases are accounted for and recorded as direct financing leases. The remaining lease payments to be paid by the lessees (including debt service requirements on the special facility revenue bonds) are recorded as a restricted asset and the special facility revenue bonds outstanding are recorded as a liability.

Debt service requirements to maturity on Airports special facility revenue bonds for fiscal years ending June 30 are summarized below (amounts expressed in thousands):

| | |
|-----------------|-----------------|
| Fiscal year: | |
| 2001 | \$ 665 |
| 2002 | 725 |
| 2003 | 760 |
| 2004 | 795 |
| 2005 | 860 |
| Thereafter..... | <u>41,180</u> |
| | <u>\$44,985</u> |

funds and securities created in whole or in part from revenues or from the proceeds of any bonds issued. The Harbors revenue bonds are subject to redemption at the option of the DOT and the State during specific years at prices ranging from 102-1/2 to 100.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

The following is a summary of the outstanding Harbors revenue bonds at June 30, 2000 (amounts expressed in thousands):

| <u>Year of Issue</u> | <u>Final Maturity Date</u> | <u>Interest Rates</u> | <u>Original Amount of Issue</u> | <u>Outstanding</u> |
|--|----------------------------|-----------------------|---------------------------------|--------------------|
| 1990..... | 2017 | 6.10 - 7.25% | \$ 57,890 | \$ 1,370 |
| 1992..... | 2019 | 5.10 - 6.50 | 19,450 | 17,400 |
| 1992, refunding..... | 2008 | 4.75 - 6.20 | 13,195 | 10,630 |
| 1993, refunding..... | 2008 | 4.50 - 6.40 | 16,525 | 11,440 |
| 1994..... | 2024 | 5.50 - 6.25 | 54,010 | 54,010 |
| 1997..... | 2027 | 3.95 - 5.75 | 56,290 | 55,545 |
| 2000..... | 2029 | 4.50 - 6.00 | 79,405 | 79,405 |
| | | | <u>\$296,765</u> | <u>229,800</u> |
| Less: | | | | |
| Unamortized bond discount..... | | | | (3,890) |
| Unamortized loss on refunding..... | | | | (3,340) |
| | | | | <u>222,570</u> |
| Less current portion (payable from restricted assets), net of unamortized bond discount..... | | | | <u>(13,856)</u> |
| | | | | <u>\$ 208,714</u> |

On April 1, 2000, Harbors issued \$79,405,000 in Harbors revenue bonds, Series A of 2000, at an average interest rate of 5.75%. A portion of those bonds, \$53,150,000, was issued at an average interest rate of 5.74% to refund \$51,640,000 of its outstanding Series of 1990 bonds. The remaining portion of the Series of 2000 bonds was issued for the construction of certain new facilities and improvement of certain existing facilities of the Commercial Harbors System. The net proceeds of \$78,098,000 (after payment of \$1,132,000 in underwriting fees, insurance and other costs), along with an additional \$1,220,000 from Harbors' debt service reserve account, were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the refunded portion of the Series of 1990 bonds on April 11, 2000. As a result, the refunded portion of the Series of 1990 bonds is considered to be defeased, and the liability for those bonds is not included in the accompanying general purpose financial statements. At June 30, 2000, the outstanding defeased bonds amounted to \$51,640,000.

Although those refundings resulted in the recognition of an accounting loss of \$2,358,000 for the fiscal year ended June 30, 2000, Harbors in effect reduced its aggregate debt service payments by approximately \$1,497,000 over the next 22 years and obtained an economic gain of approximately \$3,737,000.

Harbors Special Facility Revenue Bonds

In 1980, the State Legislature authorized the issuance of special facility revenue bonds for the construction, acquisition, remodeling, furnishing and equipping of state-owned special facilities for lease to parties engaged in maritime operations.

Pursuant to this authorization, \$15,700,000 of 8-1/2% special facility revenue bond anticipation notes were issued in 1981 to finance the construction of container terminal facilities on Sand Island for the exclusive use of Matson Terminals, Inc. In 1983, special facility revenue bonds of \$16,750,000 were issued to refund the

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

notes and to provide additional funds for construction. On April 15, 1993, special facility revenue bonds of \$16,500,000 were issued to refund the outstanding Series of 1983 bonds. The bonds, which bear interest at 5.75% per annum, mature on March 1, 2013, subject to optional redemption on or after March 1, 2003, at prices ranging from 102 to 100. Payment of the principal and interest on the bonds has been guaranteed by Matson Navigation Company, Inc., parent company of the lessee.

Component Unit - HCDCH Revenue Bonds

The State Legislature has enacted various acts which authorized the issuance of HCDCH revenue bonds. Through June 30, 2000, \$1,873,935,000 of revenue bonds have been issued. The revenue bonds are payable solely from and collateralized by the HCDCH (comprised principally of investments and mortgage loans receivable aggregating \$895,331,000), which are pledged under the indentures.

During fiscal 1998, the HCDCH, through its Single-Family Mortgage Purchase Revenue Bond Fund, issued \$325,490,000 of Single-Family Mortgage Purchase revenue bonds. The bonds were issued to provide funds to purchase single pool mortgage-backed securities and to effect redemptions of certain bonds previously issued by the HCDCH. As a result, those bonds were considered to be in-substance defeased, and the liability for those bonds is no longer reported. The remaining unamortized deferred refunding cost amounted to approximately \$2,074,000 at June 30, 2000. This difference is recorded as a deduction from revenue bonds payable and is being charged to operations through fiscal 2029.

In June 2000, the HCDCH, through its Single-Family Mortgage Purchase Revenue Bond Fund, issued \$106,785,000 of 2000 Series A and \$1,980,000 of 2000 Series B Single-Family Mortgage Purchase revenue bonds. The 2000 Series bonds were issued to provide funds to purchase single pool mortgage-backed securities and to effect a redemption of certain bonds previously issued by the HCDCH. The net proceeds of \$8,765,000 that were earmarked for the redemption of bonds were used to purchase repurchase agreements. Those repurchase agreements were deposited in irrevocable trusts to provide for the redemption of portions of the 1998 Series A, 1997 Series A, 1994 Series A, 1991 Series A and B, and 1990 Series A bonds, by July 1, 2000. As a result, those bonds were considered to be in-substance defeased, and the liability for those bonds is no longer reported. The fiscal 2000 advanced refunding resulted in an accounting loss of approximately \$30,000. This difference is recorded as a deduction from revenue bonds payable and is being charged to operations through fiscal 2008. The HCDCH completed the advanced refunding to reduce its total debt service payments over the next 30 years by approximately \$880,000 and to obtain economic gains of approximately \$370,000.

The University of Hawaii Faculty Housing Program revenue bonds of \$17,680,000 were issued on November 1, 1995 by the HCDCH on behalf of the UH. The UH pays the principal and interest to the HCDCH pursuant to a capital lease agreement. Under the lease and sublease agreement (Agreement), the HCDCH leases the land under the housing project from the UH for an annual rental of \$1 and then subleases the leased land, buildings and improvements and equipment back to the UH. The UH will make certain lease rental payments to the HCDCH, including amounts sufficient to pay the principal,

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

premium, if any, and interest on the bonds as the same become due and payable. The Agreement expires on June 30, 2026. Upon expiration of the Agreement, the ownership of the buildings and improvements and equipment will revert to the UH.

The following lists the components of the HCDCH's net investment in financing lease as of June 30, 2000 (amounts expressed in thousands):

| | |
|--|------------------|
| Total minimum lease payments to be received..... | \$ 35,015 |
| Less unearned interest income | (16,063) |
| Net investment in financing lease | <u>\$ 18,952</u> |

See note 17 describing the UH's capital lease obligation related to this Agreement. The difference between the HCDCH's net investment in financing lease and the UH's capital lease obligation is the result of differences in the HCDCH's implicit interest rate and the interest rate on the revenue bonds described above, and the accounting treatment related to a \$2,450,000 payment from the UH to the HCDCH.

At June 30, 2000, such HCDCH serial and term revenue bonds payable were comprised of the following (amounts expressed in thousands):

| | Year of Issue | Final Maturity Date | Interest Rates | Original Amount of Issue | Outstanding |
|--|------------------|---------------------------|-------------------|--------------------------------|------------------|
| Single-family mortgage purchase revenue bonds: | | | | | |
| Series A..... | 1989 | 2030 | 7.25 - 7.80% | \$ 120,145 | \$ 1,720 |
| Series A..... | 1990 | 2024 | 7.10 - 8.00 | 50,000 | 9,585 |
| Series A..... | 1991 | 2025 | 6.45 - 7.10 | 57,105 | 14,680 |
| Series B..... | 1991 | 2032 | 6.90 - 7.00 | 62,415 | 21,445 |
| Series A..... | 1994 | 2027 | 4.75 - 6.00 | 184,380 | 127,685 |
| Series B..... | 1994 | 2028 | 5.70 - 5.90 | 87,285 | 87,285 |
| Series A..... | 1997 | 2031 | 4.25 - 5.75 | 116,530 | 100,805 |
| Series B..... | 1997 | 2018 | 4.45 - 5.45 | 45,400 | 45,400 |
| Series A..... | 1998 | 2031 | 4.10 - 5.40 | 148,915 | 143,000 |
| Series B..... | 1998 | 2029 | 5.30 | 11,085 | 11,085 |
| Series C..... | 1998 | 2021 | 5.35 | 4,060 | 4,060 |
| Series A..... | 2000 | 2032 | 5.30 - 6.38 | 106,785 | 106,785 |
| Series B..... | 2000 | 2015 | 6.00 | 1,980 | 1,980 |
| Multi-family housing revenue bonds: | | | | | |
| Series A..... | 1985 | 2011 | 4.40 | 32,000 | 32,000 |
| Series A..... | 1999 | 2035 | 6.30 | 3,750 | 3,750 |
| Rental housing system revenue bonds: | | | | | |
| Series A..... | 1989 | 2025 | Variable | 16,500 | 15,500 |
| Series A..... | 1990 | 2026 | Variable | 33,500 | 32,800 |
| Series B..... | 1990 | 2026 | Variable | 35,700 | 35,100 |
| Series A..... | 1993 | 2019 | 4.65 - 5.70 | 14,025 | 11,985 |
| State of Hawaii affordable rental housing program revenue bonds: | | | | | |
| Series A..... | 1993 | 2028 | Variable | 30,700 | 30,700 |
| Series A..... | 1995 | 2031 | 6.00 - 6.10 | 7,020 | 6,835 |
| University of Hawaii faculty housing program revenue bonds: | | | | | |
| 1995 issue | 1995 | 2026 | 4.35 - 5.70 | <u>17,680</u> | <u>16,800</u> |
| | | | | <u>\$1,186,960</u> | <u>860,985</u> |
| Less unamortized loss on refunding..... | | | | | (2,074) |
| Less current portion (payable from restricted assets)..... | | | | | <u>(2,515)</u> |
| | | | | | <u>\$856,396</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Principal and interest maturities of the Enterprise Funds (excluding Airports and Harbors special facility revenue bonds) and Component Unit - HCDCH revenue bonds, including interest for

Airports of \$782,984,000, for Harbors of \$181,029,000 and for the HCDCH of \$942,817,000 were as follows (amounts expressed in thousands):

| | Revenue Bonds | | | | |
|-------------------------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| | Enterprise Funds | | | Component Unit - | Total |
| | Airports | Harbors | Total | HCDCH | |
| Fiscal year ending June 30: | | | | | |
| 2001 | \$ 169,114 | \$ 27,120 | \$ 196,234 | \$ 45,736 | \$ 241,970 |
| 2002 | 112,629 | 19,703 | 132,332 | 53,349 | 185,681 |
| 2003 | 112,692 | 19,720 | 132,412 | 54,421 | 186,833 |
| 2004 | 114,136 | 19,729 | 133,865 | 55,256 | 189,121 |
| 2005 | 100,594 | 19,745 | 120,339 | 56,837 | 177,176 |
| Thereafter | <u>1,275,214</u> | <u>304,812</u> | <u>1,580,026</u> | <u>1,538,203</u> | <u>3,118,229</u> |
| | 1,884,379 | 410,829 | 2,295,208 | 1,803,802 | 4,099,010 |
| Add: | | | | | |
| Unamortized bond premium | 7,737 | - | 7,737 | - | 7,737 |
| Less: | | | | | |
| Unamortized bond discount | (5,938) | (3,890) | (9,828) | - | (9,828) |
| Unamortized loss on refunding | <u>(13,054)</u> | <u>(3,340)</u> | <u>(16,394)</u> | <u>(2,074)</u> | <u>(18,468)</u> |
| | <u>\$1,873,124</u> | <u>\$403,599</u> | <u>\$2,276,723</u> | <u>\$1,801,728</u> | <u>\$4,078,451</u> |

Component Unit - University Funds

Component Unit - University revenue bonds are collateralized by current funds revenues and are not supported by the full faith and credit of the

State. At June 30, 2000, such revenue bonds were comprised of the following (amounts expressed in thousands):

| | Series | Interest Rates | Outstanding |
|--|--------|----------------|-----------------|
| Student housing system at Manoa | C, D | 3.000 - 3.500% | \$ 935 |
| Telecommunications system at Manoa | G | 2.400 - 5.700 | 14,405 |
| Student housing system at Manoa | I | 3.400 - 5.500 | <u>4,375</u> |
| | | | <u>\$19,715</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

At June 30, 2000, principal and interest maturities of the revenue bonds, including interest of \$11,535,000, were as follows (amounts expressed in thousands):

Fiscal year ending

June 30:

| | |
|-----------------|-----------------|
| 2001 | \$ 1,731 |
| 2002 | 1,730 |
| 2003 | 1,727 |
| 2004 | 1,726 |
| 2005 | 1,727 |
| Thereafter..... | <u>22,609</u> |
| | <u>\$31,250</u> |

All of the revenue bond obligations of the Component Unit - University have provisions for early redemption at the option of the UH Board of Regents. The premiums on bond redemption, as a percentage of the bond principal amount redeemed, range up to 2.00%.

Revenue Bonds Authorized But Unissued

At June 30, 2000, revenue bonds authorized but unissued was approximately \$3,774,159,000.

Special Purpose Revenue Bonds

HRS Chapter 39A authorizes the State (with legislative approval) to issue special purpose revenue bonds. Proceeds from those bonds are loaned to certain enterprises for projects deemed to be in the public interest. The bonds are not general obligations of the State and are payable solely from monies received by the State under project agreements with the recipients of the bond proceeds. Accordingly, the State has not included those bonds in its general purpose financial statements. Bonds outstanding at

June 30, 2000 amounted to \$1,407,124,000. At June 30, 2000, special purpose revenue bonds of \$1,206,270,000 were authorized but unissued.

Improvement District Bonds

The Hawaii Community Development Authority is authorized to issue improvement district bonds under HRS Chapter 206E. Proceeds from the bond issues are utilized to finance the redevelopment of districts designated by the State Legislature. The bonds are not general obligations of the State and are payable solely by assessment liens on the real property of the designated district. Accordingly, the State has not included those bonds in its general purpose financial statements. Bonds outstanding as of June 30, 2000 amounted to \$6,780,000.

Refunded Revenue Bonds Escrow Agent

The Director of Finance is the escrow agent of the irrevocable trusts created as a result of the Airports Refunding Series of 2000A and 2000B and Harbors Series A of 2000 revenue bonds. Investment income on the U.S. government securities ("Securities") held in the irrevocable trusts accrue to the benefit of the holders of the refunded bonds. Approximately \$354,891,000 of Securities held in those irrevocable trusts at June 30, 2000 are not owned by the State. Accordingly, the Securities and the related liability to the holders of the refunded bonds are not included in the accompanying general purpose financial statements.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

11. Fund Balances

Governmental Fund Types and Expendable Trust Funds

Changes in the State's fund balances during the fiscal year ended June 30, 2000 were as follows (amounts expressed in thousands):

| | <u>Governmental Fund Types</u> | | | | <u>Expendable Trust Funds</u> |
|--|--------------------------------|------------------------|---------------------|-------------------------|-------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| Fund balances (deficit), July 1, 1999: | | | | | |
| Reserved | \$154,387 | \$423,185 | \$1,002 | \$ 833,669 | \$430,732 |
| Unreserved: | | | | | |
| Designated for future expenditures | 28,068 | 106,449 | - | - | - |
| Undesignated | 331,891 | 295,482 | - | (661,534) | - |
| | <u>514,346</u> | <u>825,116</u> | <u>1,002</u> | <u>172,135</u> | <u>430,732</u> |
| Residual equity transfer in from (out to) other funds and Component Units | <u>23,391</u> | <u>(23,391)</u> | <u>-</u> | <u>(3,935)</u> | <u>-</u> |
| Changes in reserved fund balances: | | | | | |
| Increase (decrease) in reserve for continuing appropriations | (4,580) | (6,223) | 35 | (4,421) | - |
| Increase (decrease) in reserve for receivables and advances | (83) | 10,896 | - | - | - |
| Decrease in reserve for federal aid highway projects encumbrances | - | - | - | (14,825) | - |
| Increase in reserve for unemployment compensation, bond redemption and other | - | - | 20 | - | 52,933 |
| Decrease in reserve for Hawaiian programs | <u>(4,663)</u> | <u>4,673</u> | <u>55</u> | <u>(19,246)</u> | <u>(23,299)</u> |
| Increase in unreserved fund balances-designated for future expenditures | <u>5,768</u> | <u>80,961</u> | <u>-</u> | <u>-</u> | <u>29,634</u> |
| Increase (decrease) in unreserved - undesignated fund balances | <u>76,887</u> | <u>46,904</u> | <u>-</u> | <u>(34,573)</u> | <u>-</u> |
| Fund balances, June 30, 2000 | <u>\$615,729</u> | <u>\$ 934,263</u> | <u>\$ 1,057</u> | <u>\$ 114,381</u> | <u>\$ 460,366</u> |
| Fund balances (deficit), June 30, 2000: | | | | | |
| Reserved | \$149,724 | \$ 427,858 | \$ 1,057 | \$ 814,423 | \$ 460,366 |
| Unreserved: | | | | | |
| Designated for future expenditures | 33,836 | 187,410 | - | - | - |
| Undesignated | 432,169 | 318,995 | - | (700,042)* | - |
| | <u>\$615,729</u> | <u>\$ 934,263</u> | <u>\$ 1,057</u> | <u>\$ 114,381</u> | <u>\$ 460,366</u> |

* The deficit balance of \$700,042 is shown net of unreserved fund balances - designated for future expenditures totaling \$807,478 at June 30, 2000. The deficit balance resulted primarily from continuing appropriations and federal encumbrances in excess of general obligation bonds issued.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

At June 30, 2000, the Expendable Trust Funds' fund balance reserved for unemployment compensation and other consisted of the following (amounts expressed in thousands):

| | |
|--------------------------------|------------------|
| Unemployment compensation..... | \$317,395 |
| Other | <u>142,971</u> |
| | <u>\$460,366</u> |

12. Changes in General Long-Term Obligations Account Group

Changes in the General Long-Term Obligations Account Group were as follows (amounts expressed in thousands):

| | Claims and Judgments <u>Payable</u> | General Obligation Bonds <u>Payable</u> | Accrued Vacation <u>Payable</u> | Revenue Bonds <u>Payable</u> | Reserve for Losses and Loss Adjustment <u>Costs</u> | Capital Lease <u>Obligation</u> | <u>Total</u> |
|---|--|--|---------------------------------------|------------------------------------|---|---------------------------------------|--------------------|
| Balance, July 1, 1999 | \$342,474 | \$3,166,880 | \$162,871 | \$198,290 | \$213,000 | \$53,850 | \$4,137,365 |
| Bonds issued | - | 300,000 | - | - | - | - | 300,000 |
| Net decrease in accrued vacation payable | - | - | (22,326) | - | - | - | (22,326) |
| EIR Program (note 18) | (16,218) | - | - | - | - | - | (16,218) |
| Bonds retired | - | (188,401) | - | (5,770) | - | - | (194,171) |
| Net decrease in reserve for losses and loss adjustment costs | - | - | - | - | (21,000) | - | (21,000) |
| Capital lease obligation payments (note 17) | - | - | - | - | - | (1,870) | (1,870) |
| Balance, June 30, 2000 | <u>\$326,256</u> | <u>\$3,278,479</u> | <u>\$140,545</u> | <u>\$192,520</u> | <u>\$192,000</u> | <u>\$51,980</u> | <u>\$4,181,780</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

13. Segment and Condensed Financial Information

Segment information and condensed financial statements for the State's Enterprise Funds and

Component Units - University and Enterprise Funds (see note 1 for individual fund descriptions) as of and for the fiscal year ended June 30, 2000 were as follows (amounts expressed in thousands):

Condensed Statements of Revenues, Expenses and Changes in Fund Equity

| | Enterprise Funds | | | Component Units - Enterprise Funds | | | |
|--|--------------------|------------------|--------------------|------------------------------------|------------------|------------------|-------------------|
| | Airports | Harbors | Total | HCDCH | HHRF | HHSC | Total |
| Operating revenues | \$ 279,607 | \$ 62,606 | \$ 342,213 | \$ 93,716 | \$ 62,637 | \$ 237,727 | \$ 394,100 |
| Operating expenses: | | | | | | | |
| Depreciation | 76,974 | 10,145 | 87,119 | 14,142 | - | 12,378 | 26,520 |
| Other | 137,410 | 23,790 | 161,200 | 118,394 | 61,360 | 244,772 | 424,526 |
| | <u>214,384</u> | <u>33,935</u> | <u>248,319</u> | <u>132,536</u> | <u>61,360</u> | <u>257,150</u> | <u>451,046</u> |
| Operating income (loss) | 65,223 | 28,671 | 93,894 | (38,820) | 1,297 | (19,423) | (56,946) |
| Interest income | 52,876 | 7,400 | 60,276 | 5,382 | 9,691 | - | 15,073 |
| Interest expense | (77,517) | (12,460) | (89,977) | (416) | - | - | (416) |
| Amortization of bond discount and bond issue costs | - | (595) | (595) | - | - | - | - |
| HUD annual contributions | - | - | - | 9,910 | - | - | 9,910 |
| Aviation fuel tax | 3,361 | - | 3,361 | - | - | - | - |
| Gain on transfer of property, plant and equipment | 2,580 | - | 2,580 | - | - | - | - |
| Loss on disposal of property, plant and equipment | (26,086) | (25) | (26,111) | - | - | - | - |
| Other non-operating revenues (expenses) | - | 206 | 206 | - | - | 2,194 | 2,194 |
| Operating transfers in | - | - | - | - | - | 28,252 | 28,252 |
| Income (loss) before extraordinary item | 20,437 | 23,197 | 43,634 | (23,944) | 10,988 | 11,023 | (1,933) |
| Extraordinary item | - | - | - | (68) | - | - | (68) |
| Net income (loss) | 20,437 | 23,197 | 43,634 | (24,012) | 10,988 | 11,023 | (2,001) |
| Excess of revenues and other financing sources over expenditures and other financing uses from governmental operations | - | - | - | 16,499 | - | - | 16,499 |
| Depreciation on contributed fixed assets that reduces contributed capital | 11,896 | 551 | 12,447 | 8,952 | - | - | 8,952 |
| Increase in investment in fixed assets | - | - | - | 947 | - | - | 947 |
| Restricted contributions, net | - | - | - | - | - | 290 | 290 |
| Fund equity, July 1, 1999, as restated | 1,292,658 | 431,667 | 1,724,325 | 628,122 | 168,997 | 113,478 | 910,597 |
| Residual equity transfer in from Capital Projects Fund | - | - | - | - | - | 3,935 | 3,935 |
| Capital contributions, net of depreciation | 99,516 | 279 | 99,795 | 8,660 | - | - | 8,660 |
| Fund equity, June 30, 2000 | <u>\$1,424,507</u> | <u>\$455,694</u> | <u>\$1,880,201</u> | <u>\$ 639,168</u> | <u>\$179,985</u> | <u>\$128,726</u> | <u>\$ 947,879</u> |

Other Segment Information

| | | | | | | | |
|--|--------------------|------------------|--------------------|--------------------|------------------|------------------|--------------------|
| Net working capital | \$ 694,924 | \$ 63,840 | \$ 758,764 | \$ 183,357 | \$179,985 | \$ (3,517) | \$ 359,825 |
| Total assets | <u>\$2,647,015</u> | <u>\$721,808</u> | <u>\$3,368,823</u> | <u>\$1,580,229</u> | <u>\$197,498</u> | <u>\$219,325</u> | <u>\$1,997,052</u> |
| Bonds and other long-term liabilities: | | | | | | | |
| Payable from operating revenues | <u>\$1,083,082</u> | <u>\$225,911</u> | <u>\$1,308,993</u> | <u>\$ 902,720</u> | <u>\$ -</u> | <u>\$ 24,876</u> | <u>\$ 927,596</u> |
| Payable from restricted assets | <u>\$ 87,170</u> | <u>\$ 36,048</u> | <u>\$ 123,218</u> | <u>\$ 2,515</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,515</u> |
| Property, plant and equipment: | | | | | | | |
| Additions | <u>\$ 130,429</u> | <u>\$ 21,601</u> | <u>\$ 152,030</u> | <u>\$ 16,993</u> | <u>\$ -</u> | <u>\$ 12,929</u> | <u>\$ 29,922</u> |
| Deductions | <u>\$ 34,690</u> | <u>\$ -</u> | <u>\$ 34,690</u> | <u>\$ 6,190</u> | <u>\$ -</u> | <u>\$ 3,290</u> | <u>\$ 9,480</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Condensed Balance Sheets - Component Units

| <u>Assets</u> | University <u>Funds</u> | <u>Enterprise Funds</u> | | |
|--|----------------------------|-------------------------|------------------|------------------|
| | | <u>HCDCH</u> | <u>HHRF</u> | <u>HHSC</u> |
| Due from Primary Government | \$ 3,952 | \$ 906 | \$ - | \$ - |
| Other current assets | 323,725 | 221,698 | 197,498 | 62,206 |
| Property, plant and equipment, net | 1,160,036 | 411,971 | - | 150,802 |
| Other assets | <u>216,260</u> | <u>945,654</u> | <u>-</u> | <u>6,317</u> |
| Total Assets | <u>\$1,703,973</u> | <u>\$1,580,229</u> | <u>\$197,498</u> | <u>\$219,325</u> |
| <u>Liabilities and Fund Equity</u> | | | | |
| Liabilities: | | | | |
| Due to Primary Government | \$ 6,000 | \$ - | \$ - | \$ - |
| Other current liabilities | 154,796 | 38,341 | 17,513 | 65,723 |
| Bonds payable | 38,455 | 858,911 | - | - |
| Other long-term liabilities | <u>18,359</u> | <u>43,809</u> | <u>-</u> | <u>24,876</u> |
| Total Liabilities | <u>217,610</u> | <u>941,061</u> | <u>17,513</u> | <u>90,599</u> |
| Fund Equity: | | | | |
| Investment in fixed assets | 1,103,394 | 28,169 | - | - |
| Federal grants refundable | 125,421 | - | - | - |
| Contributed capital | - | 554,596 | 101 | - |
| Retained earnings/fund balance: | | | | |
| Restricted | 81,125 | 23,509 | - | 1,544 |
| Unrestricted | <u>176,423</u> | <u>32,894</u> | <u>179,884</u> | <u>127,182</u> |
| Total Fund Equity | <u>1,486,363</u> | <u>639,168</u> | <u>179,985</u> | <u>128,726</u> |
| Total Liabilities and Fund Equity | <u>\$1,703,973</u> | <u>\$1,580,229</u> | <u>\$197,498</u> | <u>\$219,325</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

14. Contributed Capital - Enterprise Funds and Component Units - HCDCH and HHRF

During the fiscal year ended June 30, 2000, contributed capital increased as follows (amounts expressed in thousands):

| | Enterprise Funds | | | Component Units | | |
|---|------------------|-------------------|------------------|------------------|--------------|------------------|
| | Airports | Harbors | Total | HCDCH | HHRF | Total |
| Contributed capital, July 1, 1999, as previously reported | \$248,708 | \$ 171,404 | \$420,112 | \$546,483 | \$101 | \$546,584 |
| Adjustment*: | | | | | | |
| HUD collateralized liabilities | - | - | - | 27,259 | - | 27,259 |
| Net property and equipment | - | - | - | (27,806) | - | (27,806) |
| Contributed capital, July 1, 1999, as restated | 248,708 | 171,404 | 420,112 | 545,936 | 101 | 546,037 |
| Federal grants | 111,412 | 830 | 112,242 | - | - | - |
| Transfer of land to Primary Government | - | - | - | (727) | - | (727) |
| HUD annual contributions | - | - | - | 17,173 | - | 17,173 |
| Transfer of depreciation from retained earnings | (11,896) | (551) | (12,447) | (8,952) | - | (8,952) |
| Other | - | - | - | 1,166 | - | 1,166 |
| | <u>99,516</u> | <u>279</u> | <u>99,795</u> | <u>8,660</u> | <u>-</u> | <u>8,660</u> |
| Contributed capital, June 30, 2000 | <u>\$348,224</u> | <u>\$ 171,683</u> | <u>\$519,907</u> | <u>\$554,596</u> | <u>\$101</u> | <u>\$554,697</u> |

*During fiscal 2000, the HCDCH determined that it had erroneously capitalized certain expenditures as fixed assets in the prior years. In addition, certain fixed assets were not properly depreciated over their estimated useful lives. Accordingly, the beginning retained earnings and contributed capital balances as previously reported have been restated by approximately \$18,659 and \$27,806, respectively.

The contributed capital of the HUD Subsidized Programs in the HCDCH includes HUD-guaranteed (bonds and loans) and HUD-direct debt incurred to finance development and modernization of HCDCH-owned housing projects. HUD, through its annual contribution contract payments, is obligated to fund the debt service requirements, including housing bonds issued by the HCDCH. On July 1, 1999, the HCDCH determined that \$27,259 of certain HUD collateralized liabilities and HUD notes payable did not constitute debt of the HCDCH and, accordingly, have been reclassified as contributed capital.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

15. Interfund Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2000 (amounts expressed in thousands):

| | <u>Due From</u> | <u>Due To</u> | <u>Advances To</u> | <u>Advances From</u> |
|---|------------------|------------------|--------------------|----------------------|
| Primary Government | | | | |
| General Fund: | | | | |
| Debt Service Fund..... | \$ - | \$ 258 | \$ - | \$ - |
| Capital Projects Fund..... | 89,900 | - | - | - |
| Enterprise Funds: | | | | |
| Airports..... | - | - | 18 | - |
| Harbors..... | 16 | - | - | - |
| Total Enterprise Funds | <u>16</u> | <u>-</u> | <u>18</u> | <u>-</u> |
| | <u>89,916</u> | <u>258</u> | <u>18</u> | <u>-</u> |
| Component Units: | | | | |
| University Funds: | | | | |
| Current Funds - Unrestricted..... | - | 3,952 | - | - |
| Current Funds - Restricted..... | 6,000 | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Enterprise Funds: | | | | |
| HCDCH..... | - | 906 | - | - |
| Total Component Units | <u>6,000</u> | <u>4,858</u> | <u>-</u> | <u>-</u> |
| | <u>95,916</u> | <u>5,116</u> | <u>18</u> | <u>-</u> |
| Special Revenue Funds: | | | | |
| Trust and Agency Funds - Custodial and Clearance..... | 2,498 | - | - | - |
| Capital Projects..... | 308 | - | - | - |
| | <u>2,806</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt Service Fund: | | | | |
| General Fund..... | 258 | - | - | - |
| Capital Projects Fund: | | | | |
| General Fund..... | - | 89,900 | - | - |
| Special Revenue Funds - Highways..... | - | 308 | - | - |
| Enterprise Funds - Harbors..... | 1,450 | - | - | - |
| | <u>1,450</u> | <u>90,208</u> | <u>-</u> | <u>-</u> |
| Enterprise Funds: | | | | |
| General Fund..... | - | 16 | - | 18 |
| Capital Projects Fund..... | - | 1,450 | - | - |
| | <u>-</u> | <u>1,466</u> | <u>-</u> | <u>18</u> |
| Trust and Agency Funds - Custodial and Clearance: | | | | |
| Special Revenue Funds - Highways..... | - | 2,498 | - | - |
| | <u>-</u> | <u>2,498</u> | <u>-</u> | <u>-</u> |
| Component Units | | | | |
| University Funds: | | | | |
| General Fund..... | 3,952 | 6,000 | - | - |
| Internal University Funds..... | 15,072 | 15,072 | - | - |
| | <u>19,024</u> | <u>21,072</u> | <u>-</u> | <u>-</u> |
| Enterprise Funds: | | | | |
| General Fund..... | 906 | - | - | - |
| | <u>\$120,360</u> | <u>\$120,360</u> | <u>\$18</u> | <u>\$18</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

16. Transfers

Operating and other transfers between funds occur when a fund receiving revenues transfers resources to a fund where the resources are to be expended. Residual equity transfers are non-

recurring or nonroutine transfers of equity between funds. For the fiscal year ended June 30, 2000, transfers by fund were as follows (amounts expressed in thousands):

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|-------------------------|--------------------------|
| Operating and Other Transfers: | | |
| Primary Government | | |
| General Fund: | | |
| Special Revenue Funds: | | |
| Natural Resources | \$ - | \$ 191 |
| Human Services | - | 14,162 |
| Economic Development | - | 653 |
| Administrative Support | - | 2,553 |
| All Other | - | <u>1,161</u> |
| Total Special Revenue Funds | - | 18,720 |
| Debt Service Fund | - | <u>314,597</u> |
| | - | <u>333,317</u> |
| Component Units: | | |
| University Funds: | | |
| Current Funds - Unrestricted | - | 343,263 |
| Current Funds - Restricted | - | <u>181</u> |
| Total University Funds | - | 343,444 |
| HCDCH | - | 7,257* |
| HHSC | - | <u>28,252</u> |
| Total Component Units | - | <u>378,953</u> |
| | - | <u>712,270</u> |
| Special Revenue Funds: | | |
| General Fund | 18,720 | - |
| Other Special Revenue Funds | 14,020 | 14,020 |
| Debt Service Fund | - | 68,809 |
| Capital Projects Fund | 5,756 | 68,806 |
| Trust and Agency Funds: | | |
| Expendable Trust Funds | - | <u>411</u> |
| | <u>38,496</u> | <u>152,046</u> |
| Component Units: | | |
| University Funds - Plant Funds - Unexpended | <u>86</u> | - |
| Total Component Units | <u>86</u> | - |
| | <u>38,582</u> | <u>152,046</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

| | Transfers <u>In</u> | Transfers <u>Out</u> |
|--|------------------------|-------------------------|
| Debt Service Fund: | | |
| General Fund | \$ 314,597 | \$ - |
| Special Revenue Funds: | | |
| Highways | 37,448 | - |
| Economic Development | 27,787 | - |
| Hawaiian Programs | 1,384 | - |
| Administrative Support | 676 | - |
| All Other | 1,514 | - |
| Total Special Revenue Funds | 68,809 | - |
| Trust and Agency Funds: | | |
| Expendable Trust Funds | 221 | - |
| | <u>383,627</u> | <u>-</u> |
| Capital Projects Fund: | | |
| Special Revenue Funds: | | |
| Health | - | 3,846 |
| Highways | 68,806 | - |
| Administrative Support | - | 1,910 |
| Total Special Revenue Funds | 68,806 | 5,756 |
| | <u>68,806</u> | <u>5,756</u> |
| Component Units: | | |
| University Funds - Plant Funds - Unexpended | - | 34,487 |
| HCDCH | - | 7,574* |
| Total Component Units | - | 42,061 |
| | <u>68,806</u> | <u>47,817</u> |
| Trust and Agency Funds: | | |
| Special Revenue Funds: | | |
| Hawaiian Programs | 411 | - |
| Total Special Revenue Funds | 411 | - |
| Debt Service Fund | - | 221 |
| | <u>411</u> | <u>221</u> |
| Component Units | | |
| University Funds: | | |
| General Fund | 343,444 | - |
| Special Revenue Funds - Administrative Support | - | 86 |
| Capital Projects Fund | 34,487 | - |
| Total University Funds | <u>377,931</u> | <u>86</u> |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------------|-------------------------|--------------------------|
| HCDCH: | | |
| General Fund | \$ 7,257 | \$ - |
| Capital Projects Fund | <u>7,574</u> | <u>-</u> |
| Total HCDCH | <u>14,831*</u> | <u>-</u> |
| HHSC: | | |
| General Fund | <u>28,252</u> | <u>-</u> |
| Total HHSC | <u>28,252</u> | <u>-</u> |
| | <u>421,014</u> | <u>86</u> |
| | <u>\$912,440</u> | <u>\$912,440</u> |
| Residual Equity Transfers: | | |
| Primary Government | | |
| General Fund: | | |
| Special Revenue Funds: | | |
| Highways | \$ 11,000 | \$ - |
| Natural Resources | 45 | - |
| Health | 699 | - |
| Economic Development | 6,416 | - |
| Regulatory | 584 | - |
| Administrative Support | <u>4,647</u> | <u>-</u> |
| Total Special Revenue Funds | <u>23,391</u> | <u>-</u> |
| | <u>23,391</u> | <u>-</u> |
| Special Revenue Funds: | | |
| General Fund | <u>-</u> | <u>23,391</u> |
| | <u>-</u> | <u>23,391</u> |
| Capital Projects Fund: | | |
| Component Units: | | |
| HHSC | <u>-</u> | <u>3,935</u> |
| Total Component Units | <u>-</u> | <u>3,935</u> |
| | <u>-</u> | <u>3,935</u> |
| Component Units | | |
| HHSC: | | |
| Capital Projects Fund | <u>3,935</u> | <u>-</u> |
| | <u>3,935</u> | <u>-</u> |
| | <u>\$ 27,326</u> | <u>\$ 27,326</u> |

* Represents operating transfers to HCDCH's governmental operations that are not separately presented in the accompanying general purpose financial statements.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

17. Leases

Lease Commitments

Governmental Fund Types and Expendable Trust Funds

The State leases office facilities and equipment under various operating leases expiring through fiscal 2022. Future minimum lease commitments for noncancelable operating leases as of June 30, 2000 were as follows (amounts expressed in thousands):

Fiscal year ending June 30:

| | |
|-------------------------------------|-----------------|
| 2001 | \$ 5,019 |
| 2002 | 3,974 |
| 2003 | 3,199 |
| 2004 | 2,404 |
| 2005 | 1,304 |
| Thereafter | <u>12,714</u> |
| Total future minimum lease payments | <u>\$28,614</u> |

In November 1998, the State issued \$54,850,000 in Certificates of Participation (COPS) to purchase the Kapolei State Office Building (Building). The proceeds of the COPS were remitted to the Building's developer. The holders of the COPS are the current owners of the Building. Accordingly, the State's rental payments for the use of the Building are paid to a trustee, who then remits those amounts to the holders of the COPS. Payments commenced on May 1, 1999 and continue through May 1, 2018, with interest rates ranging from 3.10% to 5.25%.

Title to the Building will transfer to the State upon the payment of all required rents. Future minimum lease payments for this capital lease are as follows (amounts expressed in thousands):

Fiscal year ending June 30:

| | |
|---|------------------|
| 2001 | \$ 4,405 |
| 2002 | 4,401 |
| 2003 | 4,401 |
| 2004 | 4,402 |
| 2005 | 4,403 |
| Thereafter | <u>57,235</u> |
| Total future minimum lease payments | 79,247 |
| Less amount representing interest | <u>(27,267)</u> |
| Present value of net minimum lease payments | <u>\$ 51,980</u> |

Rent expenditures for operating leases for the fiscal year ended June 30, 2000 amounted to approximately \$48,000,000.

Component Units

The Component Units lease land and facilities under various operating leases expiring through fiscal 2056. Future minimum lease commitments for noncancelable operating leases as of June 30, 2000 were as follows (amounts expressed in thousands):

Fiscal year ending June 30:

| | |
|-------------------------------------|-----------------|
| 2001 | \$ 1,185 |
| 2002 | 1,062 |
| 2003 | 767 |
| 2004 | 690 |
| 2005 | 655 |
| Thereafter | <u>10,688</u> |
| Total future minimum lease payments | <u>\$15,047</u> |

Rent expenditures for the fiscal year ended June 30, 2000 amounted to approximately \$1,560,000.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

University Funds - Capital Lease

As of June 30, 2000, future minimum lease commitments for the capital lease between the University and the HCDCH related to the University of Hawaii Faculty Housing Program revenue bonds, including interest of \$15,142,000, were as follows (amounts expressed in thousands):

| | |
|-------------------------------------|-----------------|
| Fiscal year ending June 30: | |
| 2001 | \$ 1,242 |
| 2002 | 1,237 |
| 2003 | 1,237 |
| 2004 | 1,236 |
| 2005 | 1,239 |
| Thereafter | <u>25,751</u> |
| Total future minimum lease payments | <u>\$31,942</u> |

Lease Rentals

Proprietary Fund Type - Enterprise Funds

Airports - Airport-Airline Lease Agreement

Airports had an airport-airline lease agreement with certain major airline carriers (signatory airlines) which expired on July 31, 1992. The expired lease agreement provided the lessees with the nonexclusive right to use the Airports system facilities, equipment, improvements and services, in addition to occupying certain premises and facilities. From August 1, 1992 through June 30, 1993, the signatory airlines continued operations under monthly negotiated agreements with the DOT.

In January 1994, the DOT and the signatory airlines executed a letter agreement to extend the expired airport-airline lease agreement to June 30, 1994.

Under the terms of the letter agreement, the signatory airlines would continue to operate under the terms of the expired airport-airline lease agreement, with an adjustment for terms and provisions relating to Airports system rates and charges, which include landing fees, nonexclusive joint-use premise charges for terminal rentals (overseas terminal, new interisland terminal and the international arrivals building), exclusive use premise rentals and Airports system support charges. The letter agreement further stipulated that the aggregate of all such rates and charges, together with aviation fuel taxes (as adjusted for aviation fuel tax credits), payable to the DOT by the signatory airlines would not exceed \$84,175,000. The foregoing rates and charges were adjusted retroactively to July 1, 1993.

In June 1994, the DOT and the signatory airlines executed a lease extension agreement to extend the expired airport-airline lease agreement effective July 1, 1994 to June 30, 1997. Under the terms of the lease extension agreement, the signatory airlines would continue to operate under the terms of the expired airport-airline lease agreement, with an adjustment for terms and provisions relating to Airports system rates and charges. The nature of these charges are similar to those of the expired letter agreement; however, the lease extension agreement does not stipulate a maximum amount for aggregate Airports system charges. Instead, the lease extension agreement's residual rate-setting methodology provides for a final year-end reconciliation containing actual Airports system cost data to determine whether Airports system charges assessed to the signatory airlines were sufficient to recover Airports system costs, including debt service requirements under the certificate providing for the issuance of revenue bonds. Annual settlements based on this final

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

reconciliation are made in accordance with the terms of the lease extension agreement. This final reconciliation resulted in a net overpayment by the signatory airlines of \$1,143,000 for fiscal 2000, which is included in deferred revenue.

The DOT and the signatory airlines have mutually agreed to continue to operate under the terms of the lease extension agreement which provides for an automatic extension on a quarterly basis unless either party provides 60 days written notice to the other party of termination.

In September 1997, the Governor announced the DOT's implementation of a two-year moratorium (effective September 1, 1997) on landing fees and Airports system support charges assessed to signatory and non-signatory airlines. Landing fees and Airports systems support charges have been reinstated effective September 1, 1999. Landing fees and Airports system support charges aggregated to \$32,617,000 for fiscal 2000.

Airports - Prepaid Airport Use Charge Fund

The DOT and the signatory airlines entered into an agreement in August 1995 to extend the prepaid airport use charge fund (PAUCF). During fiscal 2000, the parties agreed to transfer \$1,256,000 of the signatory airlines' net excess payments for fiscal 1999, 1998, 1997 and 1996 into the PAUCF, and Airports then paid \$640,000 out of the PAUCF to the signatory airlines.

Airports - Aviation Fuel Tax

In May 1996, the Department of Taxation issued a tax information release which stated that effective July 1, 1996, the Hawaii fuel tax will

not apply to the sale of bonded aviation/jet fuel to air carriers departing for foreign ports or arriving from foreign ports on stopovers before continuing on to their final destination. The aviation fuel tax amounted to \$3,361,000 for fiscal 2000.

Airports - System Rates and Charges

Signatory and non-signatory airlines were assessed the following rates and charges:

- Landing fees, net of aviation fuel tax credits, amounted to \$31,810,000 for fiscal 2000 based on a computed rate per 1,000 pound units of approved maximum landing weight for each aircraft used in revenue landings. The interisland landing fees for signatory and non-signatory airlines are set at 36% and 32%, respectively, of the landing fees for overseas flights.
- Nonexclusive joint-use premise charges for terminal rentals amounted to \$26,534,000 for fiscal 2000. Overseas and interisland joint-use premise charges were established to recover Airports system costs allocable to the overseas and interisland terminals joint-use space based on terminal rental rates and are recovered based on a computed rate per revenue passenger landing. Effective July 1, 1996, a joint-use premise charge for the neighbor island terminals at Kahului Airport, Kona International Airport at Keahole, Lihue Airport and Hilo International Airport was established to recover from the signatory airlines Airports system costs allocable to the baggage claim, baggage tug drive and joint-use baggage makeup areas based on

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

terminal rental rates and are recovered based on a computed rate per revenue passenger landing in accordance with the lease extension agreement. Effective March 1, 1997, a blended overseas joint-use charge was established to recover costs allocable to Hawaiian Airlines, Inc.'s consolidated terminal operations at the Honolulu International Airport. International arrivals building charges were established to recover Airports system costs allocable to the international arrivals area based on terminal rental rates and are recovered based on a computed rate per deplaning international passenger who uses the international arrivals area. For fiscal 2000, non-signatory airlines revenue was applied as a credit in calculating the joint-use premise charges and international arrivals building charges.

- Exclusive use premise charges amounted to \$26,723,000 for fiscal 2000 and were computed using a fixed rate per square footage. Exclusive use premise charges for terminal rentals amounted to \$15,852,000 for fiscal 2000.
- Airports system support charges amounted to \$807,000 for fiscal 2000. The charges were established to recover residual costs of the Airports system and are based on a computed rate per 1,000 pound units of approved maximum landing weight for each aircraft used in revenue landings.

The following summarizes rates used to compute Airports system charges as of June 30, 2000:

Landing fees:

| | |
|--------------------------|----------|
| Signatory airlines: | |
| Overseas flights | \$ 1.930 |
| Interisland flights..... | 0.695 |
| Non-signatory airlines: | |
| Overseas flights | 2.980 |
| Interisland flights..... | 0.954 |

Nonexclusive joint-use premise charges:

| | |
|--|---------|
| Overseas and interisland terminal joint-use charges: | |
| Signatory airlines: | |
| Overseas terminal | 489.625 |
| Blended overseas | 414.972 |
| Interisland terminal | 69.455 |
| Non-signatory airlines: | |
| Overseas terminal | 457.344 |
| Interisland terminal | 69.375 |

International arrivals building charges:

| | |
|------------------------------|-------|
| Signatory airlines | 4.051 |
| Non-signatory airlines | 3.346 |

Neighbor island terminals joint-use charges:

| | |
|--------------------------|--------|
| Signatory airlines | 13.986 |
|--------------------------|--------|

Airports system support charges:

| | |
|--------------------------|-------|
| Non-signatory airlines: | |
| Overseas flights | 0.618 |
| Interisland flights..... | 0.198 |

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Airports - Other Operating Leases

Airports leases building spaces and improvements to concessionaires, airline carriers and other airport users. The terms of those leases range from 4 to 15 years for concessionaires and up to 45 years for other airport users. Concessionaire lease rentals are generally based on the greater of a percentage of sales or a basic minimum rent. Percentage rent included in concession fees revenues for the fiscal year ended June 30, 2000 was approximately \$38,634,000.

Concession fees revenues from the DFS Group L.P. (DFS) concession contract accounted for approximately 59% of total concession fees revenues for the fiscal year ended June 30, 2000. The DFS concession contract, effective June 1, 1997, provides for payment of 20% of gross sales against minimum guarantee payments aggregating \$420,000,000 over the four-year contract. Deferred revenue related to the DFS concession contract amounted to \$18,000,000 at June 30, 2000.

During fiscal 1997, Airports received lease assignment consent fees from DFS and MJR Corporation, amounting to \$5,400,000 and \$1,319,000, respectively. In October 1997, Airports received an additional \$600,000 from DFS as a final settlement. Those consent fees are being amortized over the remaining lease terms, and are included in miscellaneous operating revenues in the Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Enterprise Funds and Discretely Presented Component Units. Deferred revenue related to the consent fees amounted to \$48,000 at June 30, 2000.

Harbors - Aloha Tower Complex Development

The Aloha Tower Development Corporation (ATDC) is a state agency established under HRS Chapter 206J, primarily to redevelop the Aloha Tower complex. The complex encompasses Piers 5 to 23 of Honolulu Harbor. In September 1993, Harbors entered into a lease with the ATDC transferring to the ATDC portions of the Aloha Tower complex. The ATDC is required annually to reimburse Harbors for any losses in revenues during the term of the lease caused by any action of the ATDC or the developer and to provide replacement facilities for maritime activities at no cost to Harbors.

In September 1993, the ATDC subleased lands surrounded by Piers 8 and 9 and a portion of land surrounded by Pier 10 to a developer and entered into a capital improvements, maintenance, operations and securities agreement (Operations Agreement) with the developer and Harbors. Harbors continues to operate the harbor facilities at Piers 8, 9 and 10. The lease between the ATDC and the developer requires the developer to construct, at the developer's cost, various facilities as designated in the developer's proposal and to reimburse Harbors for all losses in revenues and increased expenses which may be incurred by Harbors. The ATDC and the developer have agreed to offset reimbursements due to Harbors for losses in revenues during the construction period, with certain work performed by the developer to repair the structure of Piers 8 through 11, the cost of which would otherwise be incurred by Harbors. The developer is entitled to offset the cost of repairs, not to exceed \$1.1 million, against its obligation to reimburse Harbors for losses in revenues.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

The first phase of the Aloha Tower complex development has been completed.

The loss in revenues for fiscal 2000 amounted to \$1,657,000, and has been included in Harbors' rental revenues. As of June 30, 2000, the amount due to Harbors was \$2,016,000.

Harbors - Leasing Operations

Harbors leases land, wharf and building spaces under month-to-month revocable permits and long-term leases. The long-term leases expire during various years through fiscal 2058. Those leases generally call for rental increases every five to ten years based on independent appraisals of the fair rental value of the leased property.

Enterprise Funds and Component Unit - HCDCH

Component Unit - HCDCH leases land to developers and home buyers. The leases are generally for 55 years with the last 25 years' lease rent negotiated based on the fair market value of the land.

The following schedule presents the approximate future minimum lease rentals under noncancelable operating leases of the Enterprise Funds and Component Unit - HCDCH as of June 30, 2000 (amounts expressed in thousands):

| | Enterprise Funds | | | Component Unit |
|-----------------------------|------------------|------------------|------------------|----------------|
| | Airports | Harbors | Total | HCDCH |
| Fiscal year ending June 30: | | | | |
| 2001..... | \$118,870 | \$ 7,974 | \$126,844 | \$ 325 |
| 2002..... | 17,237 | 8,043 | 25,280 | 326 |
| 2003..... | 14,890 | 7,928 | 22,818 | 326 |
| 2004..... | 13,130 | 7,551 | 20,681 | 326 |
| 2005..... | 12,756 | 7,061 | 19,817 | 284 |
| Thereafter | <u>119,548</u> | <u>133,681</u> | <u>253,229</u> | <u>2,729</u> |
| | <u>\$296,431</u> | <u>\$172,238</u> | <u>\$468,669</u> | <u>\$4,316</u> |

18. Retirement Benefits

Plan Description

All eligible employees of the State and counties are required by HRS Chapter 88 to become members of the ERS, a cost-sharing multiple-employer public employee retirement plan. The ERS provides retirement benefits as well as death and disability benefits. The ERS is governed by a Board of Trustees. All contributions, benefits and eligibility

requirements are established by HRS Chapter 88 and can be amended by legislative action. The ERS issues a comprehensive annual financial report that is available to the public. That report may be obtained by writing to the ERS at 201 Merchant Street, Suite 1400, Honolulu, Hawaii 96813.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Prior to June 30, 1984, the plan consisted of only a contributory option. In 1984, legislation was enacted to add a new noncontributory option for members of the ERS who are also covered under Social Security. Police officers, firefighters, judges, elected officials and persons employed in positions not covered by Social Security are precluded from the noncontributory option. The noncontributory option provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were allowed to continue under the contributory option or to elect the new noncontributory option and receive a refund of employee contributions. All benefits vest after five and ten years of credited service under the contributory and noncontributory options, respectively.

Both options provide a monthly retirement allowance based on the employee's age, years of credited service, and average final compensation (AFC). The AFC is the average salary earned during the five highest paid years of service, including the vacation payment, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after that date is based on the three highest paid years of service, excluding the vacation payment.

Funding Policy

Most covered employees of the contributory option are required to contribute 7.8% of their salary. Police officers, firefighters, investigators of the departments of the County Prosecuting Attorney and the Attorney General, narcotics enforcement investigators, and public safety investigators are required to contribute 12.2% of their salary. The funding method used to calculate the total employer contribution requirement is the Entry Age Normal Actuarial

Cost Method. Under this method, employer contributions to the ERS are comprised of normal cost plus level annual payments required to liquidate the unfunded actuarial liability over the remaining period of 19 years from July 1, 1997.

The State's contribution requirements as of June 30, 2000, 1999 and 1998 were approximately \$7,320,000, \$105,033,000 and \$220,632,000. The State contributed 100% of its required contributions for those years. Changes in salary growth assumptions and investment earnings pursuant to Act 100, SLH of 1999, decreased the June 30, 2000 required contribution. Covered payroll for the fiscal year ended June 30, 2000 was approximately \$1,663,198,000.

Early Incentive Retirement (EIR) Program

Act 212, SLH of 1994, effective July 1, 1994, allowed up to two years of additional service credit for certain members of the ERS as an incentive to retire immediately on a service pension. In addition, no age reduction penalties would be applied to those members opting for retirement under this program. Employees of the Department of Education or the UH with at least 25 years of credited service by December 31, 1994 had to retire on June 30, 1995 under the EIR program, and other employees with at least 25 years of credited service at the time of retirement had to retire no later than December 31, 1994. There were 2,925 state employees who retired under the EIR program. Of those employees, 1,485 retired in 1994 and 1,440 retired on June 30, 1995. Act 216, SLH of 2000, changed the funding period for the EIR program's costs from five years to nineteen years retroactive to June 30, 1997.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Funding for the cost of the additional benefits paid under the EIR program is to be handled differently from the standard ERS funding. The costs of the additional benefits were determined as the excess of the actuarial value of the actual EIR program benefits paid at retirement over the actuarial value of the earliest retirement benefits the retiring employees could have received from the ERS if no EIR program existed. The State's obligation, considering the change in funding period, discounted at approximately 7% was \$68,500,000. The State's actuarially determined obligation is to be paid in annual payments of \$6,620,000. To date, the State has paid \$27,750,000 (includes interest of \$13,928,000) of its obligation. The State's remaining discounted obligation of \$54,835,000 is included in claims and judgments payable in the General Long-Term Obligations Account Group.

Post-Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State, pursuant to HRS Chapter 87, provides certain health care and life insurance benefits to all qualified employees.

For employees hired before July 1, 1996, the State pays the entire monthly health care premium for employees retiring with ten or more years of credited service, and 50 percent of the monthly premium for employees retiring with fewer than ten years of credited service.

For employees hired after June 30, 1996, and who retire with fewer 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 percent of the retired employees' monthly Medicare or non-Medicare premium. For employees hired after June 30, 1996, and who retire with at least 15 years but fewer than 25 years of service, the State pays 75 percent of the retired employees' monthly Medicare or non-Medicare premium; for those retiring with over 25 years of service, the State pays the entire health care premium.

There are currently approximately 21,600 state retirants receiving such benefits. Free life insurance coverage for retirants and free dental coverage for dependents under age 19 are also available. Retirants covered by the medical portion of Medicare are eligible to receive a reimbursement of the basic medical coverage premium. Contributions are based upon negotiated collective bargaining agreements, and are funded by the State as accrued. During fiscal 2000, expenditures of \$96,100,000 were recognized for post-retirement health care and life insurance benefits, approximately \$25,630,000 of which is attributable to the Component Units.

19. Commitments and Contingencies

Commitments

General Obligation Bonds

The State has issued general obligation bonds in which repayments, including interest, are reimbursed from specific revenue sources of the Special Revenue Funds with terms corresponding to that of the related general obligation bonds. At June 30, 2000, outstanding commitments to repay general obligation bonds

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

consisted of the following (amounts expressed in thousands):

Special Revenue Funds:

| | |
|-----------------------------|------------------|
| Highways..... | \$153,888 |
| Economic Development..... | 337,875 |
| Natural Resources..... | 11,525 |
| Administrative Support..... | 3,188 |
| All Other..... | <u>8,149</u> |
| | <u>\$514,625</u> |

Accumulated Sick Leave

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but may be taken only in the event of illness and is not convertible to pay upon termination of employment. However, a state employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the ERS. At June 30, 2000, accumulated sick leave approximated \$1,025,166,000.

Intergovernmental Expenditures

In accordance with Act 98, SLH of 1999, 45% of revenues generated by the transient accommodations tax are to be distributed to the counties.

Guarantees of Indebtedness

The State is authorized to guarantee indebtedness of others at a maximum amount of approximately \$238,500,000 for aquacultural loans, Hawaiian Home Lands loans, various projects involving mortgage loans for rental homes made by private nonprofit corporations or governmental corporations, mortgage loans for housing projects and rental assistance obligations of Component Unit - HCDCH. The State has not paid, nor does it expect to pay, any amounts as a

result of such guarantees as of June 30, 2000.

Proprietary Fund Type - Enterprise Funds

Construction and Service Contracts

At June 30, 2000, the Enterprise Funds had commitments of approximately \$129,808,000 for construction and service contracts.

Harbors - Kapalama Land Development

In fiscal 1993, the State issued a request for proposals (RFP) to have a private developer develop a portion of the former Kapalama Military Reservation. Negotiations were conducted with a developer, but were terminated and the State plans to issue another RFP. Future development of the area is under study, and therefore, the effect on Harbors is uncertain.

Component Units - Enterprise Funds

Construction and Service Contracts

At June 30, 2000, the HCDCH had commitments of approximately \$13,450,000 for construction and service contracts. In addition, the HCDCH has authorization to provide approximately \$10,574,000 in interim construction loans relating to such contracts.

Loan Commitments and Guarantee

The HCDCH had outstanding commitments to purchase loans from participating lenders of approximately \$135,000,000 at June 30, 2000. In addition, the HCDCH has committed to provide maximum rental assistance subsidies of approximately \$69,129,000 on various projects. The HCDCH also has an agreement to guarantee up to \$40,000,000 of mortgage loans held by the

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

ERS. Under the agreement, the HCDCH guarantees that upon the 120th day of any delinquency or default, it will either cure the arrearage of principal and interest or repurchase the delinquent loan. At June 30, 2000, approximately \$2,308,000 in mortgage loans sold to the ERS were covered by the mortgage loan guarantee. The HCDCH has another agreement to provide interim construction financing of approximately \$67,000,000 subject to the satisfaction of certain terms and conditions of the agreement. The term of the loan matures 48 months from the effective date of the agreement and accrues interest at 7.50%. In July 2000, the HCDCH extended the period of execution of the agreement to February 2001.

Development Costs

At June 30, 2000, the HCDCH has approved funding of development costs for various projects of approximately \$108,600,000, of which approximately \$61,244,000 has been expended, net of approximately \$13,123,000 of reimbursements from the county of Maui and the DOT.

Third-Party Payor Settlements

The estimated third-party payor settlements of the HHSC included in other accrued liabilities in the accompanying Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units as of June 30, 2000 are based on preliminary estimates. Such amounts are subject to adjustments in future periods as final settlements are determined.

Reinsurance Agreements

In the normal course of business, the HHRF seeks to reduce the loss that may arise in the

event of a hurricane that causes unfavorable underwriting results by reinsuring under contracts with reinsurers. The HHRF is currently covered under three excess of loss agreements with reinsurers to be indemnified with respect to the net excess liability as a result of any loss or losses which may be ascribed to hurricane coverage for property. Although the HHRF obtains reinsurance, the HHRF is not relieved of its primary obligation to the policy holder in a reinsurance transaction. The HHRF performs due diligence procedures to ensure that amounts due from unrelated reinsurers will be collectible.

The HHRF's reinsurance program provides for a total of \$585 million for any one loss occurrence in excess of the HHRF's Maximum Industry Loss Assessment (MILA). Coverage is available for multiple loss occurrences up to a maximum of two times the available limit for each loss occurrence. Currently, the \$585 million of reinsurance is divided into three layers comprised of \$106 million, \$214 million and \$265 million, respectively. The overall effect is the first layer provides \$106 million in excess of the MILA. The second layer provides \$214 million in excess of the MILA plus \$106 million. The third layer provides \$265 million in excess of the MILA plus \$320 million. Reinsurance is also purchased for premiums required to reinstate limits under those reinsurance contracts to their original amounts. Earned premiums have been reduced by \$57,792,000 for amounts ceded to reinsurers for the fiscal year ended June 30, 2000.

Contingencies

The State has been named as defendant in numerous lawsuits and claims arising in the normal course of operations. To the extent that

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

the outcome of such litigation has been determined to result in probable financial loss to the State, such loss has been accrued in the general purpose financial statements. Of the remaining claims (including the OHA matter disclosed in note 21), a number of claims may possibly result in adverse judgments against the State. However, such claim amounts cannot be reasonably estimated at this time. The litigation payments relating to the fiscal years ended June 30, 2000, 1999 and 1998 approximated \$6,200,000, \$6,000,000 and \$6,200,000, respectively.

In the opinion of the Attorney General, the outcome of all contingencies and litigation will not have a material adverse effect on the financial position of the State.

Tobacco Settlement

In November 1998, the State settled its tobacco lawsuit as part of a nationwide settlement involving 46 other states and various tobacco industry defendants. Under the settlement, those tobacco companies that have joined in the Master Settlement Agreement will pay the State approximately \$1.3 billion over a 25-year period. Through June 30, 2000, the State has received approximately \$48,600,000. The State is to receive proceeds from this settlement in January and April of each year through 2003 and thereafter on April 15 of each year.

20. Extraordinary Item

During fiscal 2000, the HCDCH redeemed revenue bonds totaling \$12,800,000. The related unamortized bond issue costs, bond discount and other costs of \$68,000 were written off when the early redemptions were approved and are reflected as an extraordinary item in the

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Enterprise Funds and Discretely Presented Component Units. The revenue bonds redeemed were not refunded.

21. Related Party Transactions

Office of Hawaiian Affairs

Under the Admission Act, lands ceded by the Republic of Hawaii to the United States in 1898 and subsequently conveyed to the State by the United States at or following Hawaii's admission to the Union as a state in 1959 ("ceded lands"), together with income and the proceeds and income from the sale, lease or other disposition of any ceded lands, are required to be held as a public land trust for the support of the public schools and other public educational institutions, for the betterment of the conditions of native Hawaiians, for the development of farm and home ownership on as widespread a basis as possible, for the making of public improvements and for provision of lands for public use.

In 1978, the State Constitution was amended to provide that ceded lands are to be held as a public land trust for native Hawaiians and the general public, and to establish OHA to manage and administer the pro rata portion of the public land trust set aside to benefit native Hawaiians.

In 1979, the State Legislature adopted* HRS Chapter 10, which, as amended in 1980, specified, among other things, that OHA expend 20% of all funds derived by the State from the ceded lands for the betterment of native Hawaiians.

In 1990, the State Legislature adopted Act 304, SLH of 1990, which (i) defined "public land

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

trust" and "revenue," (ii) specified that 20% of the "revenue" derived from the "public land trust" was to be expended by OHA for the betterment of native Hawaiians, and (iii) established a process for OHA and the Director of Finance to jointly determine the amount of monies which the State would pay OHA to retroactively settle all of OHA's claims for the period June 16, 1980 through June 30, 1991. Since fiscal 1992, the State, through its departments and agencies, has been paying 20% of "revenue" to OHA on a quarterly basis.

The State Legislature enacted, as part of the Supplemental Appropriations Act of 1992 (Act 300, SLH of 1992), legislation approving approximately \$135,000,000, including interest, as OHA's 20% share of revenues for the use of ceded lands of the State for the period from June 16, 1980 through June 30, 1991. The State paid the above settlement in fiscal 1993.

In fiscal 1994, OHA filed suit against the State for its share of revenues on ceded lands which it alleges was not covered by the previous \$135,000,000 settlement. In May 1996, OHA filed four motions for partial summary judgment as to the State's liability to pay OHA 20% of monies from four specific sources: (1) Airports' in-bond duty-free airport concession (including receipts from the concessionaire's off-airport sales operations); (2) the state-owned and operated Hilo Medical Center (including patient service receipts); (3) the State's rental public housing projects and affordable housing developments; and (4) interest income (collectively "Sources").

The State opposed OHA's four motions on the merits and raised several affirmative defenses. The State also filed a motion to dismiss on sovereign immunity grounds.

On October 24, 1996, the Circuit Court of the First Circuit of the State of Hawaii (First Circuit Court) filed an order denying the State's motion to dismiss and rejecting its affirmative defenses. Also on October 24, 1996, the First Circuit Court filed an order granting OHA's four motions for partial summary judgment with respect to the State's liability to pay OHA 20% of the monies it receives from each of the Sources, and deferred establishing amounts owed from those Sources for further proceedings or trial. The State's motion for leave to file an interlocutory appeal from both the order denying its motion to dismiss and the order granting OHA's four motions for partial summary judgment was granted, and all proceedings in the suit have been stayed pending the Hawaii Supreme Court's disposition of the State's appeal. The Hawaii Supreme Court heard oral arguments in the State's appeal on April 20, 1998. The Hawaii Supreme Court's decision regarding the State's appeal is currently pending.

In a second lawsuit, OHA filed a complaint for declaratory and injunctive relief on November 4, 1994 (*OHA v. Housing Finance and Development Corporation et al.*, Civil No. 94-4207-11 (First Circuit)) to enjoin the State from alienating any ceded lands or, alternatively, to preclude the extinguishing of any rights native Hawaiians may have in ceded lands which may be alienated.

On April 2, 1996, the First Circuit Court denied the Defendants' motion for partial summary judgment which sought a ruling from the court that the State has the authority to alienate ceded lands. On March 12, 1998, the Defendants filed another motion (Motion to Dismiss Certain Counts and for Partial Summary Judgment) which the court heard on July 9, 1998 and denied on August 27, 1998. On September 3, 1998, the

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Defendants filed a Motion for Leave to File Interlocutory Appeal from Order Denying Motion. This motion was heard on September 24, 1998, and was denied on October 7, 1998. The trial date for this case has not been set.

In a third lawsuit, OHA filed suit against the Hawaii Housing Authority (the "HHA"), the executive director of the HHA and the Director of Finance on July 27, 1995 (*OHA v. HHA, et al.*, Civil No. 95-2682-07 (First Circuit)) to secure additional compensation and an itemized accounting of the sums previously paid to OHA for five specifically identified parcels of ceded lands which were transferred to the HHA for its use to develop, construct and manage additional affordable public rental housing units under HRS Chapter 356. On January 11, 2000, all proceedings in this suit were stayed pending the Hawaii Supreme Court's decision in the State's appeal in *OHA v. State of Hawaii*, Civil No. 94-0205-01 (First Circuit).

During the 1997 legislative session, the State Legislature adopted and the Governor approved Act 329, SLH of 1997. The principal purpose of Act 329 is to establish a process and earmark resources to resolve all outstanding issues relating to the public land trust. Act 329 creates a task force which is allowed until January 1999 to consider all issues and make recommendations to the State Legislature. Act 329 also fixed the amount of proceeds and income OHA would receive during the two-year period ending June 30, 1999 at \$15,100,000. The State has paid \$30,200,000 pursuant to Act 329. Act 329 further requires the completion of a comprehensive inventory of the public trust lands. At the present time, the State is not able to estimate with any reasonable certainty the magnitude of the potential liability as it may be determined either by judicial rulings (either at

trial or on appeal) or by legislation enacted as a result of the process established in Act 329. Accordingly, no estimate of loss has been made in the accompanying general purpose financial statements. However, an ultimate decision against the State could have a material adverse effect on the financial position of the State.

Department of Hawaiian Home Lands

Act 14, Special SLH of 1995, was approved by the Governor on June 29, 1995 and obligates the State to make 20 annual deposits of \$30,000,000, or their discounted value equivalent, into the Hawaiian Home Lands Trust Fund beginning in the fiscal year ended June 30, 1996. The primary purpose of Act 14 is to resolve controversies and claims related to the Hawaiian Home Lands trust which arose between August 31, 1959 and July 1, 1988. Act 14 also established in the State Treasury a trust fund known as the Hawaiian Home Lands Trust Fund.

The State prepaid its June 30, 2000 obligation in a prior fiscal year. Accordingly, no amounts were transferred to the Hawaiian Home Lands Trust Fund during the fiscal year ended June 30, 2000.

To date, the State has transferred approximately \$150,000,000 to the Hawaiian Home Lands Trust Fund. The State's remaining \$450,000,000 obligation discounted at 6% assuming annual payments of \$30,000,000 over the remaining term of the obligation, is approximately \$271,000,000. This amount is included in claims and judgments payable in the General Long-Term Obligations Account Group.

Act 95, SLH of 1996, authorizes the transfer of certain parcels of land to the DHHL. The properties were conveyed in fiscal 1997 and the

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

allocated costs were charged against contributed capital. The estimated future costs of those parcels will be recognized as contributions returned to the State and others when costs are incurred. The estimated allocated project costs and allocated costs incurred to date of those parcels of land were approximately \$20,535,000 and \$10,509,000, respectively.

22. Risk Management

GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," establishes accounting and financial reporting standards for risk financing and insurance related activities of state governmental entities and requires the recordation of 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. Previously, those losses were recorded on a pay-as-you-go basis. The State retains various risks and insures certain excess layers with commercial insurance companies. The excess layers insured with commercial insurance companies are consistent with the prior fiscal year. Settled claims have not exceeded the coverage provided by commercial insurance companies in any of the past three fiscal years. A summary of the State's underwriting risks are as follows:

Property Insurance

The State has an insurance policy with a variety of insurers in a variety of layers for property coverage. The deductible is \$250,000 per occurrence. The deductible for windstorm coverage is 2% of loss subject to a \$250,000 per occurrence minimum and a \$3,000,000 per

occurrence maximum. The limit of loss per occurrence is \$300,000,000. This policy includes earthquake and flood coverage whose limit of loss per occurrence is \$50,000,000 with a deductible of 2% of loss subject to the \$250,000 deductible.

The State also has \$10,000,000 insurance policies for faithful performance of duty and depositors forgery with \$50,000 deductibles. Losses not covered by insurance are paid from legislative appropriations of the State's General Fund.

General Liability (including Torts)

Claims under \$10,000 are handled by the risk management office of the Department of Accounting and General Services. All other claims are handled by the Department of the Attorney General. The State has a personal injury and property damage liability, including automobile and public errors and omissions, insurance policy in force with a \$2,000,000 deductible per occurrence. The annual aggregate per occurrence is \$50,000,000.

Losses under the deductible amount or over the aggregate limit are paid from legislative appropriations of the State's General Fund.

Medical Insurance

The State's community hospitals included in the HHSC are insured by a comprehensive hospital liability policy. The policy covers losses from personal injury, professional liability, patient property damage and employee benefits. This policy covers losses up to a limit of \$40,000,000 per occurrence with no annual aggregate limit.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

Self-Insured Risks

The State generally self-insures its automobile no-fault and workers' compensation losses. Automobile losses are administered by third-party administrators. The State administers its workers' compensation losses.

Reserve for Losses

A liability for workers' compensation, automobile and general liability claims is established if information indicates that a loss

has been incurred as of June 30, 2000 and the amount of the loss can be reasonably estimated. The liability also includes an estimate for amounts incurred but not reported. The amount of the estimated loss is recorded in the General Long-Term Obligations Account Group as those losses will be liquidated with future expendable resources. The estimated losses will be paid from legislative appropriations of the State's General Fund. The following table represents changes in the amount of the estimated losses and the loss adjustment costs at June 30 (amounts expressed in thousands):

| | <u>2000</u> | <u>1999</u> |
|--|------------------|------------------|
| Unpaid losses and loss adjustment costs at the beginning of the fiscal year | \$213,000 | \$218,000 |
| Incurred losses and loss adjustment costs: | | |
| Provision for insured events of current fiscal year..... | 18,000 | 24,000 |
| Decrease in provision for insured events of prior fiscal years..... | <u>(14,000)</u> | <u>(5,000)</u> |
| Total incurred losses and loss adjustment costs | <u>4,000</u> | <u>19,000</u> |
| Payments: | | |
| Losses and loss adjustment costs attributable to insured events of current fiscal year | 2,000 | 3,000 |
| Losses and loss adjustment costs attributable to insured events of prior fiscal years | <u>23,000</u> | <u>21,000</u> |
| Total payments | <u>25,000</u> | <u>24,000</u> |
| Unpaid losses and loss adjustment costs at the end of the fiscal year | <u>\$192,000</u> | <u>\$213,000</u> |

23. Subsequent Events

General Obligation Bond Issue

In October 2000, the State issued \$150,000,000 of general obligation bonds, Series CU, with interest rates of 4.60% to 5.88%. Those bonds begin to mature on April 1, 2001 and were issued for the purpose of financing or reimbursing the State for the Hawaiian Home Lands settlement (note 21), and the costs of acquisition,

construction, extension or improvement of various public improvement projects. Public improvement projects include public buildings and facilities, elementary and secondary schools, community college and university facilities, public libraries and parks.

STATE OF HAWAII

Notes to General Purpose Financial Statements

June 30, 2000

State of Hawaii Highway Revenue Bonds

In October 2000, Highways issued \$50,000,000 in State of Hawaii Highway revenue bonds, Series of 2000. The bonds bear interest at rates ranging from 4.40% to 5.50% and mature in annual installments through fiscal 2021. The bond proceeds will be used to finance certain highway improvements and other related projects for the State Highways System.

Certificates of Participation

In December 2000, the State issued \$25,040,000 in Certificates of Participation (COPS) to purchase the No. 1 Capitol District State Office Building. The COPS will be secured by rental payments payable from the State's General Fund and do not constitute indebtedness of the State. Payments commence on May 1, 2002 and continue through May 1, 2020.

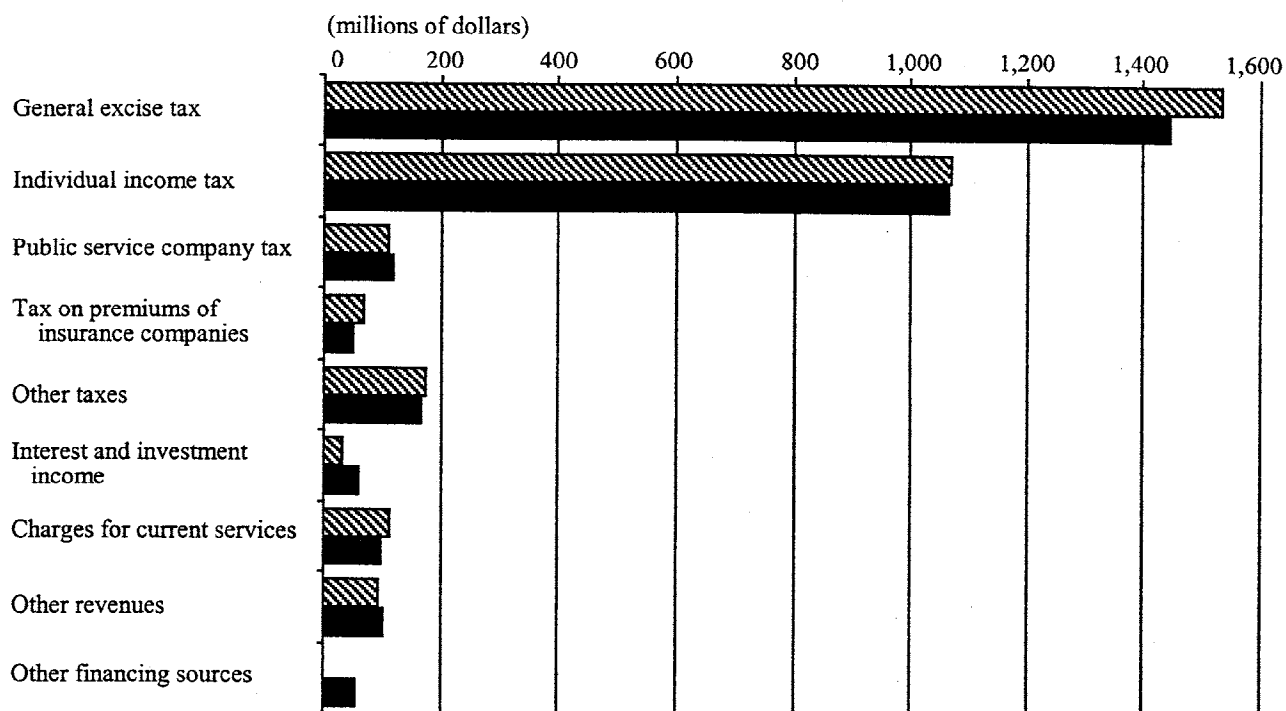
**COMBINING, INDIVIDUAL FUND AND
ACCOUNT GROUP FINANCIAL STATEMENTS
AND SCHEDULES**

GENERAL FUND

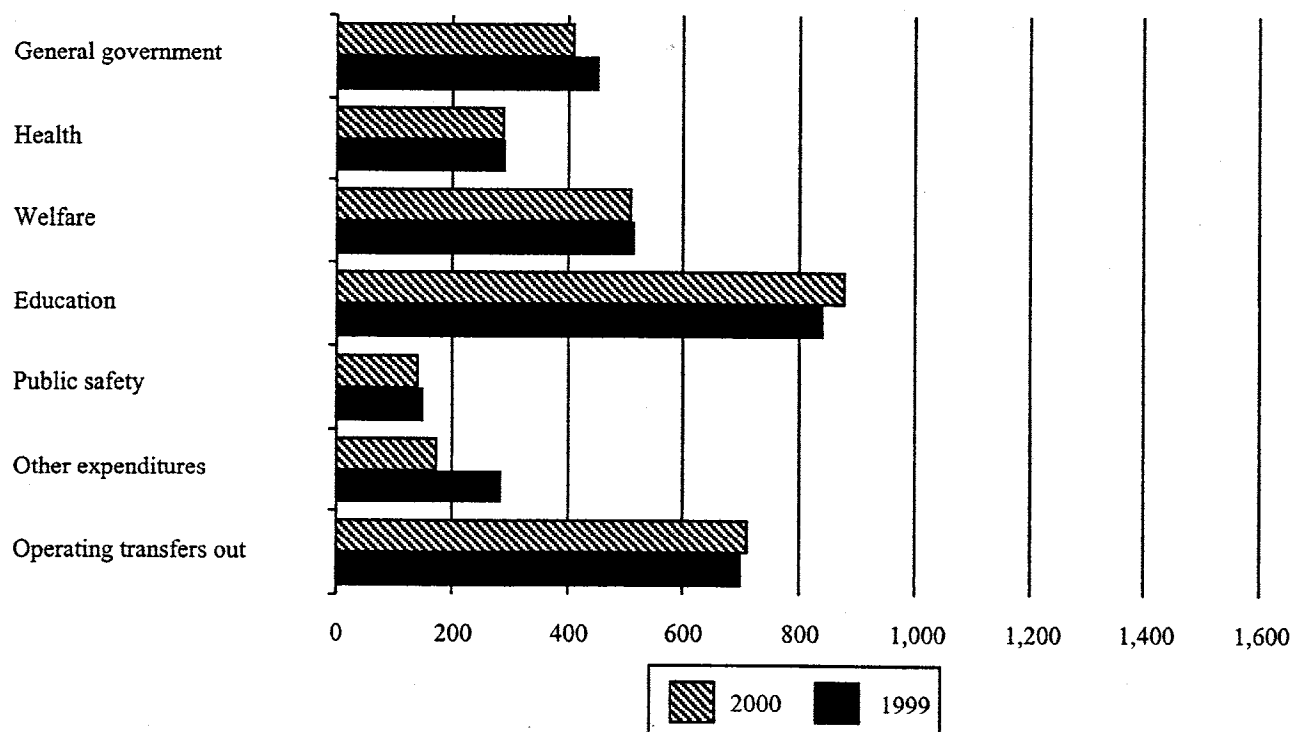
The General Fund is the general operating fund of the State. It is used to account for all financial resources except those required to be accounted for in another fund. Expenditures include those for general government, public safety, conservation of natural resources, health, welfare, education, and culture and recreation.

GENERAL FUND

Revenues and Other Financing Sources



Expenditures and Other Financing Uses



**General Fund
Balance Sheet**

June 30, 2000

(Amounts in thousands)

ASSETS

| | | |
|---------------------------------------|------------|------------------|
| Cash and short term investments | | \$323,317 |
| Receivables: | | |
| Taxes | \$233,988 | |
| Notes | 520 | |
| Other | <u>188</u> | |
| Total receivables | | 234,696 |
| Due from other funds: | | |
| Capital Projects Fund | 89,900 | |
| Enterprise Funds | <u>16</u> | |
| Total due from other funds | | 89,916 |
| Due from Component Units..... | | 6,000 |
| Investments..... | | 65,115 |
| Advances to Enterprise Funds | | <u>18</u> |
| Total Assets | | <u>\$719,062</u> |

LIABILITIES AND FUND BALANCE

| | | |
|--|----------------|------------------|
| Liabilities: | | |
| Vouchers payable..... | | \$ 43,562 |
| Other accrued liabilities | | 54,655 |
| Due to Debt Service Fund..... | | 258 |
| Due to Component Units..... | | <u>4,858</u> |
| Total Liabilities | | <u>103,333</u> |
| Fund Balance: | | |
| Reserved for continuing appropriations: | | |
| Unencumbered allotments | 7,899 | |
| Unliquidated encumbrances | <u>141,191</u> | |
| | | 149,090 |
| Reserved for receivables and advances..... | 634 | |
| Unreserved: | | |
| Designated for future expenditures..... | 33,836 | |
| Undesignated | <u>432,169</u> | |
| Total Fund Balance | | <u>615,729</u> |
| Total Liabilities and Fund Balance | | <u>\$719,062</u> |

General Fund
Statement of Revenues, Expenditures and Changes in
Unreserved Fund Balance

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

Revenues:

Taxes:

| | | |
|--|--------------|-------------|
| General excise tax | \$1,534,288 | |
| Net income tax: | | |
| Corporations..... | 61,377 | |
| Individuals..... | 1,070,189 | |
| Inheritance and estate tax..... | 22,784 | |
| Liquor permits and tax..... | 39,000 | |
| Public service company tax | 119,505 | |
| Tobacco tax | 42,341 | |
| Tax on premiums of insurance companies..... | 68,598 | |
| Franchise tax (banks and other financial institutions) | 4,557 | |
| Other taxes, primarily conveyances tax..... | <u>6,357</u> | |
| Total taxes | | \$2,968,996 |

Non-taxes:

| | | |
|---|---------------|------------------|
| Interest and investment income | 33,443 | |
| Charges for current services | 111,535 | |
| Intergovernmental..... | 2,834 | |
| Rentals | 5,321 | |
| Fines, forfeitures and penalties | 18,135 | |
| Licenses and fees | 945 | |
| Revenues from private sources | 9,918 | |
| Accrued interest on general obligation bonds sold | 655 | |
| Other..... | <u>56,595</u> | |
| Total non-taxes | | <u>239,381</u> |
| Total Revenues | | <u>3,208,377</u> |

STATE OF HAWAII

General Fund

**Statement of Revenues, Expenditures and Changes in
Unreserved Fund Balance (Cont'd)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

Expenditures:

| | |
|--|--------------|
| General government..... | \$ 413,057 |
| Public safety..... | 150,857 |
| Conservation of natural resources..... | 22,945 |
| Health..... | 290,858 |
| Welfare..... | 510,459 |
| Lower education..... | 873,413 |
| Other education..... | 4,510 |
| Culture and recreation..... | 32,952 |
| Urban redevelopment and housing..... | 1,328 |
| Economic development and assistance..... | 29,270 |
| Social security and pension contributions..... | 84,609 |
| Capital outlay..... | 392 |
| Other..... | <u>3,382</u> |

Total Expenditures \$2,418,032

Other Financing Uses - operating transfers out to:

| | |
|----------------------------|----------------|
| Special Revenue Funds..... | 18,720 |
| Debt Service Fund..... | 314,597 |
| Component Units..... | <u>378,953</u> |

Total Other Financing Uses 712,270

Total Expenditures and Other Financing Uses 3,130,302

Excess of Revenues over Expenditures and Other Financing Uses 78,075

Other Changes in Unreserved Fund Balance:

| | |
|---|------------------|
| Add: | |
| Continuing appropriations, July 1, 1999..... | 153,670 |
| Deduct: | |
| Continuing appropriations, June 30, 2000..... | <u>(149,090)</u> |

Total Other Changes in Unreserved Fund Balance 4,580

Excess of Revenues and Other Changes in Unreserved Fund Balance over
Expenditures and Other Financing Uses 82,655

Unreserved Fund Balance, July 1, 1999 359,959

Residual equity transfer in from Special Revenue Funds..... 23,391

Unreserved Fund Balance, June 30, 2000 \$ 466,005

General Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|------------------|---|---|
| Revenues: | | | |
| Taxes: | | | |
| General excise tax | \$1,512,163 | \$1,528,987 | \$ 16,824 |
| Net income tax: | | | |
| Corporations | 47,499 | 68,215 | 20,716 |
| Individuals | 1,167,259 | 1,064,303 | (102,956) |
| Inheritance and estate tax | 18,498 | 22,784 | 4,286 |
| Liquor permits and tax | 39,720 | 39,000 | (720) |
| Public service company tax | 122,457 | 119,505 | (2,952) |
| Tobacco tax | 44,566 | 42,341 | (2,225) |
| Tax on premiums of insurance companies | 61,262 | 68,598 | 7,336 |
| Franchise tax (banks and other financial institutions) .. | 13,543 | 4,557 | (8,986) |
| Other taxes, primarily conveyances tax | 5,252 | 6,469 | 1,217 |
| Total taxes | <u>3,032,219</u> | <u>2,964,759</u> | <u>(67,460)</u> |
| Non-taxes: | | | |
| Interest and investment income | 60,087 | 33,443 | (26,644) |
| Charges for current services | 103,197 | 111,535 | 8,338 |
| Intergovernmental | 3,886 | 2,834 | (1,052) |
| Rentals | 5,543 | 5,321 | (222) |
| Fines, forfeitures and penalties | 20,323 | 18,135 | (2,188) |
| Licenses and fees | 1,252 | 945 | (307) |
| Revenues from private sources | 6,995 | 9,918 | 2,923 |
| Accrued interest on general obligation bonds sold | 700 | 655 | (45) |
| Debt service reimbursements | 55,312 | 56,593 | 1,281 |
| Other | 25,106 | 79,986 | 54,880 |
| Total non-taxes | <u>282,401</u> | <u>319,365</u> | <u>36,964</u> |
| Total Revenues | <u>3,314,620</u> | <u>3,284,124</u> | <u>(30,496)</u> |

STATE OF HAWAII

General Fund

Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis) (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|------------------|---|---|
| Expenditures: | | | |
| General government | \$ 849,493 | \$ 815,505 | \$33,988 |
| Public safety | 155,304 | 149,913 | 5,391 |
| Conservation of natural resources | 26,656 | 25,250 | 1,406 |
| Health | 325,518 | 322,399 | 3,119 |
| Hospitals | 28,250 | 28,250 | - |
| Welfare | 516,605 | 509,687 | 6,918 |
| Lower education | 884,355 | 850,647 | 33,708 |
| Higher education | 282,794 | 281,154 | 1,640 |
| Other education | 4,728 | 4,556 | 172 |
| Culture and recreation | 31,960 | 31,252 | 708 |
| Urban redevelopment and housing | 1,360 | 1,341 | 19 |
| Economic development and assistance | 30,067 | 29,189 | 878 |
| Housing | 7,670 | 7,308 | 362 |
| Social security and pension contributions | 111,008 | 106,219 | 4,789 |
| Other | <u>10,541</u> | <u>10,259</u> | <u>282</u> |
| Total Expenditures | <u>3,266,309</u> | <u>3,172,929</u> | <u>93,380</u> |
| Excess of Revenues over Expenditures | <u>\$ 48,311</u> | <u>\$ 111,195</u> | <u>\$62,884</u> |

General Fund**Supplementary Schedule of Unreserved - Undesignated Fund Balance - Budgetary (Cash) Basis to GAAP Basis**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | |
|--|-------------------|
| Revenues | \$ 3,284,124 |
| Expenditures | <u>3,256,843</u> |
| Excess of Revenues over Expenditures | <u>27,281</u> |
| Other Changes in Unreserved - Undesignated Fund Balance: | |
| Add: | |
| Continuing appropriations, July 1, 1999 | 252,666 |
| Deduct: | |
| Continuing appropriations, June 30, 2000 | <u>196,877</u> |
| | <u>55,789</u> |
| Excess of Revenues and Other Changes in Unreserved - Undesignated Fund Balance over Expenditures | 83,070 |
| Unreserved - Undesignated Fund Balance, July 1, 1999, on a Budgetary (Cash) Basis | <u>189,034</u> |
| Unreserved - Undesignated Fund Balance, June 30, 2000, on a Budgetary (Cash) Basis | 272,104 |
| Adjustments from Budgetary (Cash) Basis to GAAP Basis: | |
| Accrued tax revenues | 260,933 |
| Accrued expenditures | (73,923) |
| Tax refund liability | <u>(26,945)</u> |
| Unreserved - Undesignated Fund Balance, June 30, 2000, on a GAAP Basis | <u>\$ 432,169</u> |

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted for specified purposes. The major Special Revenue Funds are presented separately in the accompanying combining financial statements, with the remainder grouped as a single entity. The major Special Revenue Funds are as follows:

Highways - accounts for programs related to maintaining and operating land transportation facilities.

Natural Resources - accounts for programs related to the conservation, development and utilization of agriculture, aquaculture, water, land and other natural resources of the State.

Health - accounts for programs related to mental health, nutrition services, communicable disease and for other public health services.

Human Services - accounts for social service programs which include public welfare, eligibility and disability determination, health care and housing assistance.

Education - accounts for programs related to instructional education, school food services and student driver education.

Economic Development - accounts for programs related to the development and promotion of industry and international commerce, energy development and

management, economic research and analysis and the utilization of resources.

Employment - accounts for programs related to employment and training, disability compensation, placement services, occupational safety and health and unemployment compensation.

Regulatory - accounts for programs related to consumer protection, business registration and cable television regulation.

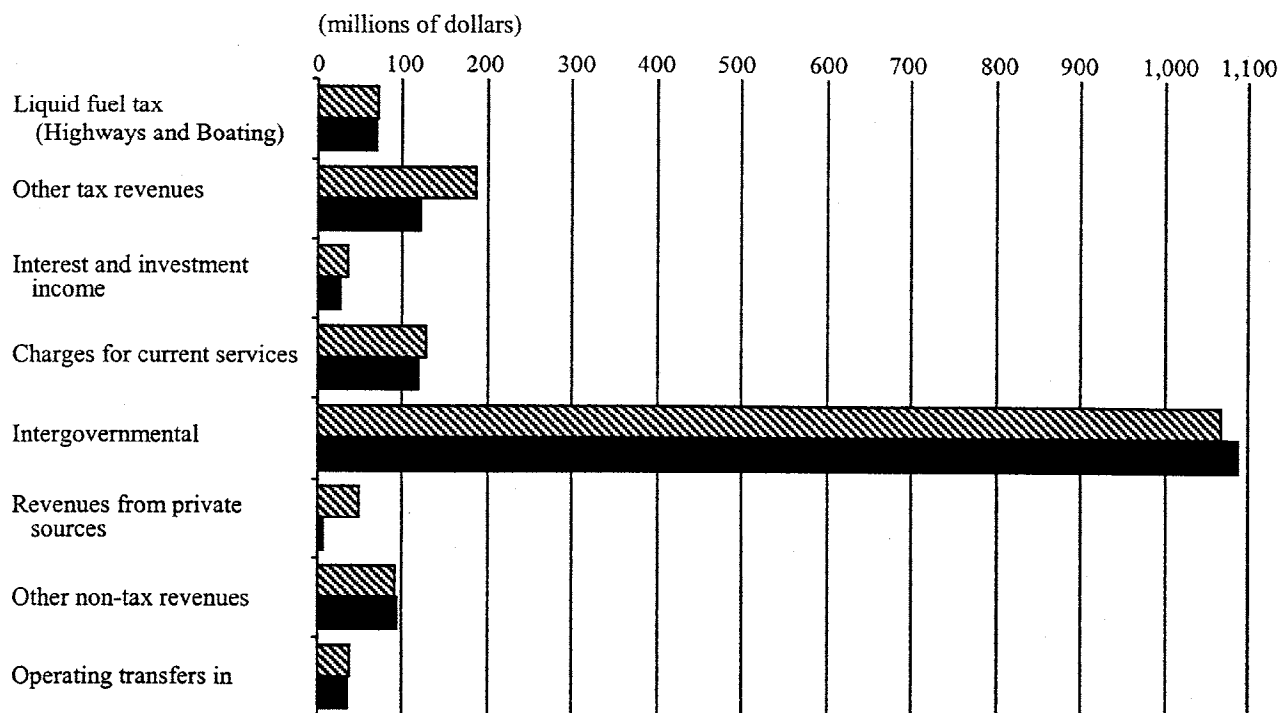
Hawaiian Programs - accounts for programs related to the betterment of native Hawaiians.

Administrative Support - accounts for programs of certain administrative agencies.

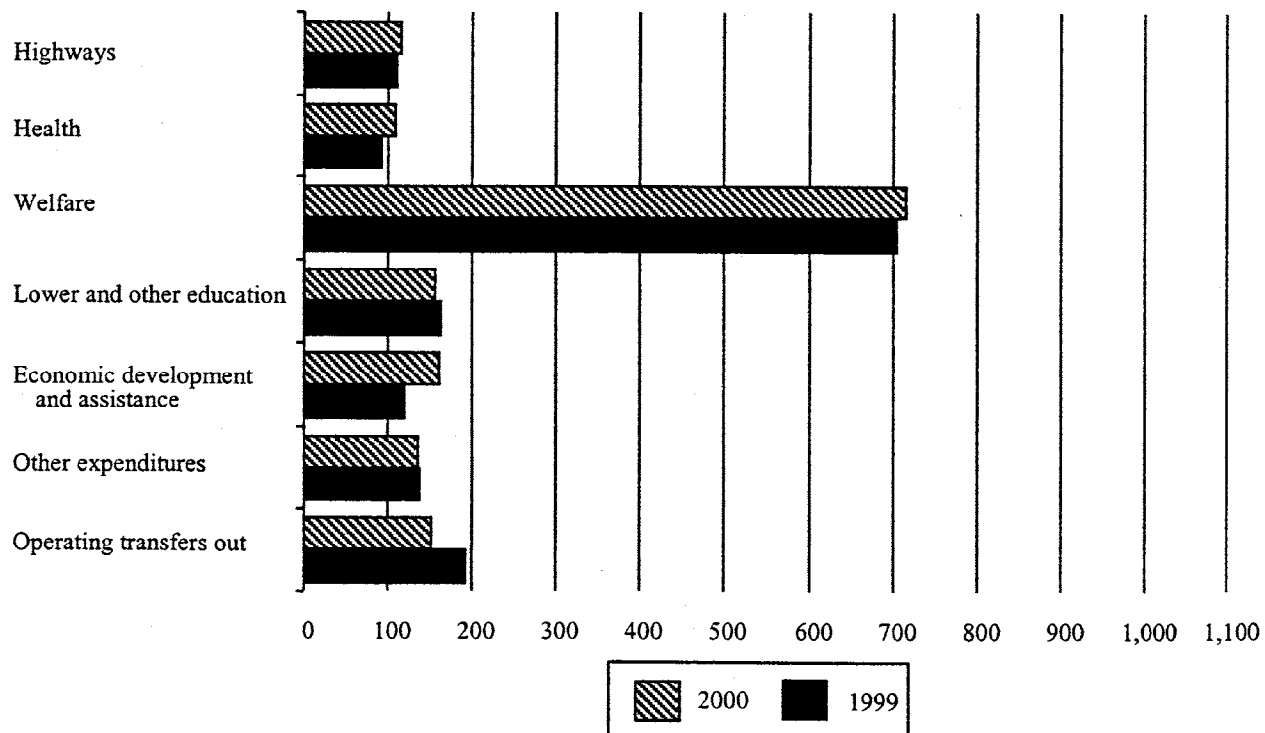
All Other - accounts for programs related to water recreation, inmate stores, and driver training and education.

SPECIAL REVENUE FUNDS

Revenues and Other Financing Sources



Expenditures and Other Financing Uses



Special Revenue Funds Combining Balance Sheet

June 30, 2000

(Amounts in thousands)

| <u>ASSETS</u> | <u>Highways</u> | <u>Natural Resources</u> | <u>Health</u> | <u>Human Services</u> | <u>Education</u> |
|--|-------------------------|------------------------------|-------------------------|---------------------------|------------------------|
| Cash and short-term investments* | \$ 5,053 | \$ 7,767 | \$ 14,302 | \$14,779 | \$23,710 |
| Receivables - notes | - | 21,280 | 145,608 | - | - |
| Due from other funds | 2,806 | - | - | - | - |
| Investments* | 149,600 | 46,994 | 121,508 | 11,592 | 22,852 |
| Other | - | 1 | - | - | - |
| Total Assets | <u>\$157,459</u> | <u>\$76,042</u> | <u>\$281,418</u> | <u>\$26,371</u> | <u>\$46,562</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Vouchers payable | \$ 1,207 | \$ 540 | \$ 2,529 | \$ 714 | \$ 2,241 |
| Other accrued liabilities | 223 | 495 | 2,041 | 4,682 | 2,055 |
| Total Liabilities | <u>1,430</u> | <u>1,035</u> | <u>4,570</u> | <u>5,396</u> | <u>4,296</u> |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Continuing appropriations - unliquidated encumbrances | 91,309 | 8,960 | 27,209 | 23,269 | 9,473 |
| Receivables | - | 21,280 | 145,608 | - | - |
| Other | - | 1 | - | - | - |
| | <u>91,309</u> | <u>30,241</u> | <u>172,817</u> | <u>23,269</u> | <u>9,473</u> |
| Unreserved: | | | | | |
| Designated for future expenditures | 18,959 | 14,744 | 81,876 | - | 250 |
| Undesignated | <u>45,761</u> | <u>30,022</u> | <u>22,155</u> | <u>(2,294)**</u> | <u>32,543</u> |
| Total Fund Balances | <u>156,029</u> | <u>75,007</u> | <u>276,848</u> | <u>20,975</u> | <u>42,266</u> |
| Total Liabilities and Fund Balances | <u>\$157,459</u> | <u>\$76,042</u> | <u>\$281,418</u> | <u>\$26,371</u> | <u>\$46,562</u> |

* Allocations of cash and short-term investments and investments among the departments are based on management's discretion.

** The deficit balance resulted primarily from federal encumbrances in excess of federal grants available.

| <u>Economic Development</u> | <u>Employment</u> | <u>Regulatory</u> | <u>Hawaiian Programs</u> | <u>Admini- strative Support</u> | <u>All Other</u> | <u>Total</u> |
|---------------------------------|-------------------|-------------------|------------------------------|---|----------------------|------------------|
| \$ 13,414 | \$ 4,783 | \$ 5,489 | \$ 20,670 | \$13,150 | \$ 4,491 | \$127,608 |
| 12,117 | - | - | 46,292 | - | - | 225,297 |
| - | - | - | - | - | - | 2,806 |
| 78,646 | 32,208 | 47,185 | 34,260 | 47,102 | 8,683 | 600,630 |
| - | - | - | - | - | - | 1 |
| <u>\$ 104,177</u> | <u>\$36,991</u> | <u>\$52,674</u> | <u>\$101,222</u> | <u>\$60,252</u> | <u>\$13,174</u> | <u>\$956,342</u> |
| | | | | | | |
| \$ 807 | \$ 437 | \$ 53 | \$ 51 | \$ 81 | \$ 232 | \$ 8,892 |
| 278 | 976 | 590 | 141 | 895 | 811 | 13,187 |
| <u>1,085</u> | <u>1,413</u> | <u>643</u> | <u>192</u> | <u>976</u> | <u>1,043</u> | <u>22,079</u> |
| | | | | | | |
| 20,036 | 500 | 3,196 | 1,280 | 11,730 | 5,598 | 202,560 |
| 12,117 | - | - | 46,292 | - | - | 225,297 |
| - | - | - | - | - | - | 1 |
| <u>32,153</u> | <u>500</u> | <u>3,196</u> | <u>47,572</u> | <u>11,730</u> | <u>5,598</u> | <u>427,858</u> |
| | | | | | | |
| 31,100 | - | - | - | 33,948 | 6,533 | 187,410 |
| <u>39,839</u> | <u>35,078</u> | <u>48,835</u> | <u>53,458</u> | <u>13,598</u> | - | <u>318,995</u> |
| <u>103,092</u> | <u>35,578</u> | <u>52,031</u> | <u>101,030</u> | <u>59,276</u> | <u>12,131</u> | <u>934,263</u> |
| <u>\$ 104,177</u> | <u>\$36,991</u> | <u>\$52,674</u> | <u>\$101,222</u> | <u>\$60,252</u> | <u>\$13,174</u> | <u>\$956,342</u> |

Special Revenue Funds**Combining Statement of Revenues, Expenditures and
Changes in Unreserved Fund Balances**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Highways</u> | <u>Natural Resources</u> | <u>Health</u> | <u>Human Services</u> | <u>Education</u> |
|---|-----------------|------------------------------|----------------|---------------------------|------------------|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Liquid fuel tax: | | | | | |
| Highways | \$ 69,437 | \$ 209 | \$ - | \$ - | \$ - |
| Boating | - | - | - | - | - |
| Vehicle registration fee tax | 17,216 | - | - | - | - |
| State vehicle weight tax | 23,479 | - | - | - | - |
| Rental/tour vehicle surcharge tax | 34,587 | - | - | - | - |
| General excise tax | - | - | - | - | - |
| Employment and training fund assessment | - | - | - | - | - |
| Conveyances tax | - | 2,363 | - | - | - |
| Environmental response tax | - | - | 1,714 | - | - |
| Hospital and nursing facility tax | - | - | - | 25 | - |
| Transient accommodations tax | - | - | - | - | - |
| Franchise tax | - | - | - | - | - |
| Tax on premiums of insurance companies | - | - | - | - | - |
| Total taxes | <u>144,719</u> | <u>2,572</u> | <u>1,714</u> | <u>25</u> | <u>-</u> |
| Non-taxes: | | | | | |
| Interest and investment income | 11,148 | 3,692 | 6,656 | 182 | 327 |
| Charges for current services | 1,337 | 10,349 | 14,535 | 482 | 22,572 |
| Intergovernmental | 67,947 | 8,503 | 84,278 | 672,396 | 136,632 |
| Rentals | 5 | 1,529 | - | - | 44 |
| Fines, forfeitures and penalties | 1,683 | 29 | 696 | - | - |
| Licenses and fees | 1,934 | 563 | 508 | 111 | 563 |
| Revenues from private sources | - | 1 | 48,615 | - | 471 |
| Other | <u>5,410</u> | <u>3,932</u> | <u>6,816</u> | <u>11,889</u> | <u>2,209</u> |
| Total non-taxes | <u>89,464</u> | <u>28,598</u> | <u>162,104</u> | <u>685,060</u> | <u>162,818</u> |
| Total Revenues | <u>234,183</u> | <u>31,170</u> | <u>163,818</u> | <u>685,085</u> | <u>162,818</u> |
| Other Financing Sources - operating transfers in from: | | | | | |
| General Fund | - | 191 | - | 14,162 | - |
| Other Special Revenue Funds | 14 | 1,125 | 110 | 778 | 1,277 |
| Capital Projects Fund | - | - | 3,846 | - | - |
| Component Unit - University Funds | - | - | - | - | - |
| Total Other Financing Sources | <u>14</u> | <u>1,316</u> | <u>3,956</u> | <u>14,940</u> | <u>1,277</u> |
| Total Revenues and Other Financing Sources | <u>234,197</u> | <u>32,486</u> | <u>167,774</u> | <u>700,025</u> | <u>164,095</u> |

| <u>Economic Development</u> | <u>Employment</u> | <u>Regulatory</u> | <u>Hawaiian Programs</u> | <u>Admini- strative Support</u> | <u>All Other</u> | <u>Total</u> |
|---------------------------------|-------------------|-------------------|------------------------------|---|----------------------|------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 69,646 |
| - | - | - | - | - | 1,313 | 1,313 |
| - | - | - | - | - | - | 17,216 |
| - | - | - | - | - | - | 23,479 |
| - | - | - | - | - | - | 34,587 |
| - | - | - | - | 7,289 | - | 7,289 |
| - | 3,922 | - | - | - | - | 3,922 |
| - | - | - | - | - | - | 2,363 |
| - | - | - | - | - | - | 1,714 |
| - | - | - | - | - | - | 25 |
| 93,049 | - | - | - | - | - | 93,049 |
| - | - | 2,500 | - | - | - | 2,500 |
| - | - | 162 | - | - | - | 162 |
| <u>93,049</u> | <u>3,922</u> | <u>2,662</u> | <u>-</u> | <u>7,289</u> | <u>1,313</u> | <u>257,265</u> |
| 6,088 | 1,619 | 1,477 | 1,543 | 1,521 | 290 | 34,543 |
| 8,682 | 15,366 | 19,880 | - | 24,179 | 11,013 | 128,395 |
| 10,244 | 52,585 | - | 89 | 19,743 | 15,297 | 1,067,714 |
| 4,059 | - | - | 5,600 | 6,071 | 126 | 17,434 |
| - | 1,208 | 1,501 | - | 305 | 1,692 | 7,114 |
| - | - | 7,914 | - | 8,683 | 382 | 20,658 |
| 370 | - | - | - | - | - | 49,457 |
| <u>1,627</u> | <u>374</u> | <u>28</u> | <u>7,308</u> | <u>3,164</u> | <u>5,150</u> | <u>47,907</u> |
| <u>31,070</u> | <u>71,152</u> | <u>30,800</u> | <u>14,540</u> | <u>63,666</u> | <u>33,950</u> | <u>1,373,222</u> |
| <u>124,119</u> | <u>75,074</u> | <u>33,462</u> | <u>14,540</u> | <u>70,955</u> | <u>35,263</u> | <u>1,630,487</u> |
| 653 | - | - | - | 2,553 | 1,161 | 18,720 |
| - | 6 | 2,210 | - | 5,881 | 2,619 | 14,020 |
| - | - | - | - | 1,910 | - | 5,756 |
| - | - | - | - | 86 | - | 86 |
| <u>653</u> | <u>6</u> | <u>2,210</u> | <u>-</u> | <u>10,430</u> | <u>3,780</u> | <u>38,582</u> |
| <u>124,772</u> | <u>75,080</u> | <u>35,672</u> | <u>14,540</u> | <u>81,385</u> | <u>39,043</u> | <u>1,669,069</u> |

(continued)

STATE OF HAWAII

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Unreserved Fund Balances (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Highways</u> | <u>Natural Resources</u> | <u>Health</u> | <u>Human Services</u> | <u>Education</u> |
|--|-----------------|------------------------------|----------------|---------------------------|------------------|
| Expenditures: | | | | | |
| General government | \$ - | \$ 936 | \$ - | \$ - | \$ - |
| Public safety | - | 568 | - | - | - |
| Highways | 113,744 | - | - | - | - |
| Conservation of natural resources | - | 17,885 | - | - | - |
| Health | - | - | 107,832 | - | - |
| Welfare | - | - | - | 704,272 | - |
| Lower education | - | - | - | - | 142,007 |
| Other education | - | - | - | 10,009 | - |
| Culture and recreation | - | 3,431 | - | - | 2,084 |
| Urban redevelopment and housing | - | - | - | - | - |
| Economic development and assistance | - | 1,457 | - | - | - |
| Other | - | 195 | - | - | - |
| Total Expenditures | <u>113,744</u> | <u>24,472</u> | <u>107,832</u> | <u>714,281</u> | <u>144,091</u> |
| Other Financing Uses - operating transfers out to: | | | | | |
| Other Special Revenue Funds | 1 | - | 5,800 | 99 | - |
| Debt Service Fund | 37,448 | - | - | - | - |
| Capital Projects Fund | 68,806 | - | - | - | - |
| Trust and Agency Funds | - | - | - | - | - |
| Total Other Financing Uses | <u>106,255</u> | <u>-</u> | <u>5,800</u> | <u>99</u> | <u>-</u> |
| Total Expenditures and Other Financing Uses | <u>219,999</u> | <u>24,472</u> | <u>113,632</u> | <u>714,380</u> | <u>144,091</u> |
| Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | <u>14,198</u> | <u>8,014</u> | <u>54,142</u> | <u>(14,355)</u> | <u>20,004</u> |

| <u>Economic Development</u> | <u>Employment</u> | <u>Regulatory</u> | <u>Hawaiian Programs</u> | <u>Admini- strative Support</u> | <u>All Other</u> | <u>Total</u> |
|---------------------------------|-------------------|-------------------|------------------------------|---|----------------------|------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 25,367 | \$ 2,999 | \$ 29,302 |
| 18 | 3,089 | 20,523 | - | 4,783 | 22,719 | 51,700 |
| - | - | - | - | 779 | - | 114,523 |
| - | - | - | - | 46 | - | 17,931 |
| - | - | - | - | - | - | 107,832 |
| - | - | - | - | 11,423 | 635 | 716,330 |
| - | - | - | - | 5,320 | - | 147,327 |
| - | - | - | - | 14 | - | 10,023 |
| - | - | - | - | 9,538 | 8,083 | 23,136 |
| - | - | - | 8,847 | - | - | 8,847 |
| 87,469 | 73,407 | - | - | 52 | - | 162,385 |
| - | - | 1,557 | - | 3,177 | 1,116 | 6,045 |
| <u>87,487</u> | <u>76,496</u> | <u>22,080</u> | <u>8,847</u> | <u>60,499</u> | <u>35,552</u> | <u>1,395,381</u> |
| - | 668 | 1,528 | - | 4,870 | 1,054 | 14,020 |
| 27,787 | - | - | 1,384 | 676 | 1,514 | 68,809 |
| - | - | - | - | - | - | 68,806 |
| - | - | - | 411 | - | - | 411 |
| <u>27,787</u> | <u>668</u> | <u>1,528</u> | <u>1,795</u> | <u>5,546</u> | <u>2,568</u> | <u>152,046</u> |
| <u>115,274</u> | <u>77,164</u> | <u>23,608</u> | <u>10,642</u> | <u>66,045</u> | <u>38,120</u> | <u>1,547,427</u> |
| <u>9,498</u> | <u>(2,084)</u> | <u>12,064</u> | <u>3,898</u> | <u>15,340</u> | <u>923</u> | <u>121,642</u> |

(continued)

STATE OF HAWAII

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Unreserved Fund Balances (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Highways</u> | <u>Natural Resources</u> | <u>Health</u> | <u>Human Services</u> | <u>Education</u> |
|---|------------------|------------------------------|------------------|---------------------------|------------------|
| Other Changes in Unreserved Fund Balances: | | | | | |
| Add: | | | | | |
| Continuing appropriations, July 1, 1999 | \$ 70,554 | \$7,537 | \$ 51,838 | \$19,977 | \$ 8,683 |
| Deduct: | | | | | |
| Continuing appropriations, June 30, 2000 | <u>(91,309)</u> | <u>(8,960)</u> | <u>(27,209)</u> | <u>(23,269)</u> | <u>(9,473)</u> |
| Total Other Changes in Unreserved Fund Balances | <u>(20,755)</u> | <u>(1,423)</u> | <u>24,629</u> | <u>(3,292)</u> | <u>(790)</u> |
| Excess of Revenues and Other Financing Sources over (under) Expenditures, Other Financing Uses and Other Changes in Unreserved Fund Balances | (6,557) | 6,591 | 78,771 | (17,647) | 19,214 |
| Unreserved Fund Balances, July 1, 1999 | 82,277 | 38,220 | 25,959 | 15,353 | 13,579 |
| Residual equity transfers out to General Fund | <u>(11,000)</u> | <u>(45)</u> | <u>(699)</u> | <u>-</u> | <u>-</u> |
| Unreserved Fund Balances, June 30, 2000 | <u>\$ 64,720</u> | <u>\$44,766</u> | <u>\$104,031</u> | <u>\$ (2,294)</u> | <u>\$ 32,793</u> |

| <u>Economic Development</u> | <u>Employment</u> | <u>Regulatory</u> | <u>Hawaiian Programs</u> | <u>Admini- strative Support</u> | <u>All Other</u> | <u>Total</u> |
|---------------------------------|-------------------|-------------------|------------------------------|---|----------------------|-------------------|
| \$ 15,699 | \$ 2,151 | \$ 3,161 | \$ 1,909 | \$ 18,233 | \$ 9,041 | \$ 208,783 |
| <u>(20,036)</u> | <u>(500)</u> | <u>(3,196)</u> | <u>(1,280)</u> | <u>(11,730)</u> | <u>(5,598)</u> | <u>(202,560)</u> |
| <u>(4,337)</u> | <u>1,651</u> | <u>(35)</u> | <u>629</u> | <u>6,503</u> | <u>3,443</u> | <u>6,223</u> |
| 5,161 | (433) | 12,029 | 4,527 | 21,843 | 4,366 | 127,865 |
| 72,194 | 35,511 | 37,390 | 48,931 | 30,350 | 2,167 | 401,931 |
| <u>(6,416)</u> | <u>-</u> | <u>(584)</u> | <u>-</u> | <u>(4,647)</u> | <u>-</u> | <u>(23,391)</u> |
| <u>\$ 70,939</u> | <u>\$35,078</u> | <u>\$48,835</u> | <u>\$ 53,458</u> | <u>\$47,546</u> | <u>\$ 6,533</u> | <u>\$ 506,405</u> |

Special Revenue Funds**Combining Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | | Highways | |
|--|------------------|--------------------------------|--|
| | Budget | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes: | | | |
| Liquid fuel tax: | | | |
| Highways | \$ 70,334 | \$ 69,437 | \$ (897) |
| Boating | - | - | - |
| Airports | - | - | - |
| Vehicle registration fee tax | 16,819 | 17,216 | 397 |
| State vehicle weight tax | 22,542 | 23,479 | 937 |
| Rental/tour vehicle surcharge tax | 24,048 | 34,587 | 10,539 |
| Employment and training fund assessment | - | - | - |
| General excise tax | - | - | - |
| Conveyances tax | - | - | - |
| Environmental response tax | - | - | - |
| Hospital and nursing facility tax | - | - | - |
| Franchise tax | - | - | - |
| Transient accommodations tax | - | - | - |
| Tax on premiums of insurance companies | - | - | - |
| Total taxes | <u>133,743</u> | <u>144,719</u> | <u>10,976</u> |
| Non-taxes: | | | |
| Interest and investment income | 5,200 | 11,148 | 5,948 |
| Charges for current services | 917 | 1,337 | 420 |
| Intergovernmental | 116,205 | 67,947 | (48,258) |
| Rentals | 5 | 5 | - |
| Fines, forfeitures and penalties | 1,116 | 1,683 | 567 |
| Licenses and fees | 1,583 | 1,934 | 351 |
| Revenues from private sources | - | - | - |
| Other | - | 20,440 | 20,440 |
| Total non-taxes | <u>125,026</u> | <u>104,494</u> | <u>(20,532)</u> |
| Total Revenues | <u>258,769</u> | <u>249,213</u> | <u>(9,556)</u> |
| Expenditures: | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Highways | 179,082 | 151,226 | 27,856 |
| Conservation of natural resources | - | - | - |
| Health | - | - | - |
| Hospitals | - | - | - |
| Welfare | - | - | - |
| Lower education | - | - | - |
| Higher education | - | - | - |
| Other education | - | - | - |
| Culture and recreation | - | - | - |
| Urban redevelopment and housing | - | - | - |
| Economic development and assistance | - | - | - |
| Airports | - | - | - |
| Water transportation and terminals | - | - | - |
| Housing | - | - | - |
| Other | - | - | - |
| Total Expenditures | <u>179,082</u> | <u>151,226</u> | <u>27,856</u> |
| Excess of Revenues over (under) Expenditures | <u>\$ 79,687</u> | <u>\$ 97,987</u> | <u>\$ 18,300</u> |

| Natural Resources | | | Health | | |
|-------------------|---|---|-------------------|---|---|
| <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> |
| \$ 221 | \$ 209 | \$ (12) | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 2,060 | 2,363 | 303 | - | - | - |
| - | - | - | 1,800 | 1,714 | (86) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>2,281</u> | <u>2,572</u> | <u>291</u> | <u>1,800</u> | <u>1,714</u> | <u>(86)</u> |
| 2,636 | 3,692 | 1,056 | 2,584 | 6,656 | 4,072 |
| 10,294 | 10,349 | 55 | 13,259 | 14,535 | 1,276 |
| 5,972 | 8,503 | 2,531 | 92,466 | 84,278 | (8,188) |
| 1,246 | 1,529 | 283 | - | - | - |
| 2 | 29 | 27 | 180 | 696 | 516 |
| 614 | 563 | (51) | 379 | 508 | 129 |
| 75 | 1 | (74) | - | 48,615 | 48,615 |
| <u>3,778</u> | <u>4,272</u> | <u>494</u> | <u>5,759</u> | <u>10,772</u> | <u>5,013</u> |
| <u>24,617</u> | <u>28,938</u> | <u>4,321</u> | <u>114,627</u> | <u>166,060</u> | <u>51,433</u> |
| <u>26,898</u> | <u>31,510</u> | <u>4,612</u> | <u>116,427</u> | <u>167,774</u> | <u>51,347</u> |
| 1,971 | 1,721 | 250 | - | - | - |
| 825 | 603 | 222 | - | - | - |
| - | - | - | - | - | - |
| 31,024 | 18,844 | 12,180 | 198,197 | 110,972 | 87,225 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 4,214 | 3,100 | 1,114 | - | - | - |
| - | - | - | - | - | - |
| 1,454 | 1,365 | 89 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>39,488</u> | <u>25,633</u> | <u>13,855</u> | <u>198,197</u> | <u>110,972</u> | <u>87,225</u> |
| <u>\$(12,590)</u> | <u>\$ 5,877</u> | <u>\$18,467</u> | <u>\$(81,770)</u> | <u>\$ 56,802</u> | <u>\$138,572</u> |

(continued)

STATE OF HAWAII

Special Revenue Funds

Combining Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis) (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | | Human Services | |
|--|-------------|--------------------------------|--|
| | | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) |
| | Budget | | |
| Revenues: | | | |
| Taxes: | | | |
| Liquid fuel tax: | | | |
| Highways | \$ - | \$ - | \$ - |
| Boating | - | - | - |
| Airports | - | - | - |
| Vehicle registration fee tax | - | - | - |
| State vehicle weight tax | - | - | - |
| Rental/tour vehicle surcharge tax | - | - | - |
| Employment and training fund assessment | - | - | - |
| General excise tax | - | - | - |
| Conveyances tax | - | - | - |
| Environmental response tax | - | - | - |
| Hospital and nursing facility tax | - | 25 | 25 |
| Franchise tax | - | - | - |
| Transient accommodations tax | - | - | - |
| Tax on premiums of insurance companies | - | - | - |
| Total taxes | - | 25 | 25 |
| Non-taxes: | | | |
| Interest and investment income | - | 182 | 182 |
| Charges for current services | - | 482 | 482 |
| Intergovernmental | 529,199 | 501,141 | (28,058) |
| Rentals | - | - | - |
| Fines, forfeitures and penalties | - | - | - |
| Licenses and fees | 291 | 111 | (180) |
| Revenues from private sources | - | - | - |
| Other | 850 | 26,828 | 25,978 |
| Total non-taxes | 530,340 | 528,744 | (1,596) |
| Total Revenues | 530,340 | 528,769 | (1,571) |
| Expenditures: | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Highways | - | - | - |
| Conservation of natural resources | - | - | - |
| Health | - | - | - |
| Hospitals | - | - | - |
| Welfare | 558,338 | 525,654 | 32,684 |
| Lower education | - | - | - |
| Higher education | - | - | - |
| Other education | 10,171 | 9,708 | 463 |
| Culture and recreation | - | - | - |
| Urban redevelopment and housing | - | - | - |
| Economic development and assistance | - | - | - |
| Airports | - | - | - |
| Water transportation and terminals | - | - | - |
| Housing | - | - | - |
| Other | - | - | - |
| Total Expenditures | 568,509 | 535,362 | 33,147 |
| Excess of Revenues over (under) Expenditures | \$ (38,169) | \$ (6,593) | \$ 31,576 |

| Education | | | Economic Development | | |
|-------------------|---|---|----------------------|---|---|
| <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 86,336 | 93,049 | 6,713 |
| - | - | - | - | - | - |
| - | - | - | <u>86,336</u> | <u>93,049</u> | <u>6,713</u> |
| - | 327 | 327 | 2,375 | 6,088 | 3,713 |
| 25,376 | 22,572 | (2,804) | 4,429 | 8,682 | 4,253 |
| 91,137 | 136,632 | 45,495 | 10,825 | 10,244 | (581) |
| - | 44 | 44 | 11,393 | 4,059 | (7,334) |
| - | - | - | - | - | - |
| 450 | 563 | 113 | - | - | - |
| - | 471 | 471 | 300 | 370 | 70 |
| 3,250 | 3,410 | 160 | 1,192 | 2,280 | 1,088 |
| <u>120,213</u> | <u>164,019</u> | <u>43,806</u> | <u>30,514</u> | <u>31,723</u> | <u>1,209</u> |
| <u>120,213</u> | <u>164,019</u> | <u>43,806</u> | <u>116,850</u> | <u>124,772</u> | <u>7,922</u> |
| - | - | - | - | - | - |
| - | - | - | 100 | - | 100 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 203,013 | 144,241 | 58,772 | - | - | - |
| - | - | - | - | - | - |
| 4,975 | 2,107 | 2,868 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 141,075 | 121,258 | 19,817 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>207,988</u> | <u>146,348</u> | <u>61,640</u> | <u>141,175</u> | <u>121,258</u> | <u>19,917</u> |
| <u>\$(87,775)</u> | <u>\$ 17,671</u> | <u>\$105,446</u> | <u>\$ (24,325)</u> | <u>\$ 3,514</u> | <u>\$27,839</u> |

(continued)

STATE OF HAWAII

Special Revenue Funds

Combining Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis) (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | | Employment | |
|--|--------------------|--------------------------------|--|
| | Budget | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes: | | | |
| Liquid fuel tax: | | | |
| Highways | \$ - | \$ - | \$ - |
| Boating | - | - | - |
| Airports | - | - | - |
| Vehicle registration fee tax | - | - | - |
| State vehicle weight tax | - | - | - |
| Rental/tour vehicle surcharge tax | - | - | - |
| Employment and training fund assessment | 3,700 | 3,922 | 222 |
| General excise tax | - | - | - |
| Conveyances tax | - | - | - |
| Environmental response tax | - | - | - |
| Hospital and nursing facility tax | - | - | - |
| Franchise tax | - | - | - |
| Transient accommodations tax | - | - | - |
| Tax on premiums of insurance companies | - | - | - |
| Total taxes | <u>3,700</u> | <u>3,922</u> | <u>222</u> |
| Non-taxes: | | | |
| Interest and investment income | 990 | 1,619 | 629 |
| Charges for current services | 17,700 | 15,366 | (2,334) |
| Intergovernmental | 45,521 | 52,585 | 7,064 |
| Rentals | - | - | - |
| Fines, forfeitures and penalties | 180 | 1,208 | 1,028 |
| Licenses and fees | - | - | - |
| Revenues from private sources | - | - | - |
| Other | 6 | 9,591 | 9,585 |
| Total non-taxes | <u>64,397</u> | <u>80,369</u> | <u>15,972</u> |
| Total Revenues | <u>68,097</u> | <u>84,291</u> | <u>16,194</u> |
| Expenditures: | | | |
| General government | - | - | - |
| Public safety | 3,780 | 2,767 | 1,013 |
| Highways | - | - | - |
| Conservation of natural resources | - | - | - |
| Health | - | - | - |
| Hospitals | - | - | - |
| Welfare | - | - | - |
| Lower education | - | - | - |
| Higher education | - | - | - |
| Other education | - | - | - |
| Culture and recreation | - | - | - |
| Urban redevelopment and housing | - | - | - |
| Economic development and assistance | 111,558 | 82,312 | 29,246 |
| Airports | - | - | - |
| Water transportation and terminals | - | - | - |
| Housing | - | - | - |
| Other | - | - | - |
| Total Expenditures | <u>115,338</u> | <u>85,079</u> | <u>30,259</u> |
| Excess of Revenues over (under) Expenditures | <u>\$ (47,241)</u> | <u>\$ (788)</u> | <u>\$ 46,453</u> |

| Regulatory | | | Hawaiian Programs | | |
|-------------------|---|---|-------------------|---|---|
| <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 2,500 | 2,500 | - | - | - |
| - | - | - | - | - | - |
| 250 | 162 | (88) | - | - | - |
| <u>250</u> | <u>2,662</u> | <u>2,412</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 1,477 | 1,477 | 1,275 | 1,543 | 268 |
| 23,598 | 19,880 | (3,718) | 1 | - | (1) |
| - | - | - | - | 89 | 89 |
| - | - | - | 6,000 | 5,600 | (400) |
| 250 | 1,501 | 1,251 | - | - | - |
| 5,400 | 7,914 | 2,514 | - | - | - |
| - | - | - | - | - | - |
| 2,514 | 2,238 | (276) | 2,196 | 7,308 | 5,112 |
| <u>31,762</u> | <u>33,010</u> | <u>1,248</u> | <u>9,472</u> | <u>14,540</u> | <u>5,068</u> |
| <u>32,012</u> | <u>35,672</u> | <u>3,660</u> | <u>9,472</u> | <u>14,540</u> | <u>5,068</u> |
| - | - | - | - | - | - |
| 33,881 | 22,764 | 11,117 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 18,029 | 9,787 | 8,242 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 5,535 | 1,416 | 4,119 | - | - | - |
| <u>39,416</u> | <u>24,180</u> | <u>15,236</u> | <u>18,029</u> | <u>9,787</u> | <u>8,242</u> |
| <u>\$ (7,404)</u> | <u>\$ 11,492</u> | <u>\$ 18,896</u> | <u>\$ (8,557)</u> | <u>\$ 4,753</u> | <u>\$ 13,310</u> |

(continued)

STATE OF HAWAII

Special Revenue Funds

Combining Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Budget</u> | <u>Administrative Support</u> | |
|---|--------------------|---|---|
| | | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> |
| Revenues: | | | |
| Taxes: | | | |
| Liquid fuel tax: | | | |
| Highways..... | \$ - | \$ - | \$ - |
| Boating..... | - | - | - |
| Airports..... | - | - | - |
| Vehicle registration fee tax..... | - | - | - |
| State vehicle weight tax..... | - | - | - |
| Rental/tour vehicle surcharge tax..... | - | - | - |
| Employment and training fund assessment..... | - | - | - |
| General excise tax..... | - | 7,289 | 7,289 |
| Conveyances tax..... | - | - | - |
| Environmental response tax..... | - | - | - |
| Hospital and nursing facility tax..... | - | - | - |
| Franchise tax..... | - | - | - |
| Transient accommodations tax..... | - | - | - |
| Tax on premiums of insurance companies..... | - | - | - |
| Total taxes..... | - | <u>7,289</u> | <u>7,289</u> |
| Non-taxes: | | | |
| Interest and investment income..... | 361 | 1,521 | 1,160 |
| Charges for current services..... | 17,686 | 24,179 | 6,493 |
| Intergovernmental..... | 23,789 | 19,743 | (4,046) |
| Rentals..... | 5,550 | 6,071 | 521 |
| Fines, forfeitures and penalties..... | 265 | 305 | 40 |
| Licenses and fees..... | 9,832 | 8,683 | (1,149) |
| Revenues from private sources..... | - | - | - |
| Other..... | <u>7,894</u> | <u>13,621</u> | <u>5,727</u> |
| Total non-taxes..... | <u>65,377</u> | <u>74,123</u> | <u>8,746</u> |
| Total Revenues..... | <u>65,377</u> | <u>81,412</u> | <u>16,035</u> |
| Expenditures: | | | |
| General government..... | 58,741 | 31,192 | 27,549 |
| Public safety..... | 11,436 | 6,727 | 4,709 |
| Highways..... | 1 | 1 | - |
| Conservation of natural resources..... | 50 | 46 | 4 |
| Health..... | 22 | 20 | 2 |
| Hospitals..... | - | - | - |
| Welfare..... | 13,665 | 10,155 | 3,510 |
| Lower education..... | 5,500 | 5,320 | 180 |
| Higher education..... | - | - | - |
| Other education..... | - | - | - |
| Culture and recreation..... | 10,225 | 7,840 | 2,385 |
| Urban redevelopment and housing..... | - | - | - |
| Economic development and assistance..... | 38 | 36 | 2 |
| Airports..... | - | - | - |
| Water transportation and terminals..... | - | - | - |
| Housing..... | - | - | - |
| Other..... | <u>15,717</u> | <u>3,539</u> | <u>12,178</u> |
| Total Expenditures..... | <u>115,395</u> | <u>64,876</u> | <u>50,519</u> |
| Excess of Revenues over (under) Expenditures..... | <u>\$ (50,018)</u> | <u>\$ 16,536</u> | <u>\$ 66,554</u> |

| All Other | | | Total | | |
|--------------------|--------------------------------|--|---------------------|--------------------------------|--|
| Budget | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) | Budget | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) |
| \$ - | \$ - | \$ - | \$ 70,555 | \$ 69,646 | \$ (909) |
| 1,450 | 1,313 | (137) | 1,450 | 1,313 | (137) |
| - | - | - | - | - | - |
| - | - | - | 16,819 | 17,216 | 397 |
| - | - | - | 22,542 | 23,479 | 937 |
| - | - | - | 24,048 | 34,587 | 10,539 |
| - | - | - | 3,700 | 3,922 | 222 |
| - | - | - | - | 7,289 | 7,289 |
| - | - | - | 2,060 | 2,363 | 303 |
| - | - | - | 1,800 | 1,714 | (86) |
| - | - | - | - | 25 | 25 |
| - | - | - | - | 2,500 | 2,500 |
| - | - | - | 86,336 | 93,049 | 6,713 |
| - | - | - | 250 | 162 | (88) |
| <u>1,450</u> | <u>1,313</u> | <u>(137)</u> | <u>229,560</u> | <u>257,265</u> | <u>27,705</u> |
| - | 290 | 290 | 15,421 | 34,543 | 19,122 |
| 12,422 | 11,013 | (1,409) | 125,682 | 128,395 | 2,713 |
| 8,705 | 15,297 | 6,592 | 923,819 | 896,459 | (27,360) |
| 105 | 126 | 21 | 24,299 | 17,434 | (6,865) |
| 1,644 | 1,692 | 48 | 3,637 | 7,114 | 3,477 |
| 340 | 382 | 42 | 18,889 | 20,658 | 1,769 |
| - | - | - | 375 | 49,457 | 49,082 |
| <u>9,577</u> | <u>8,212</u> | <u>(1,365)</u> | <u>37,016</u> | <u>108,972</u> | <u>71,956</u> |
| <u>32,793</u> | <u>37,012</u> | <u>4,219</u> | <u>1,149,138</u> | <u>1,263,032</u> | <u>113,894</u> |
| <u>34,243</u> | <u>38,325</u> | <u>4,082</u> | <u>1,378,698</u> | <u>1,520,297</u> | <u>141,599</u> |
| 5,232 | 2,776 | 2,456 | 65,944 | 35,689 | 30,255 |
| 26,615 | 18,973 | 7,642 | 76,637 | 51,834 | 24,803 |
| - | - | - | 179,083 | 151,227 | 27,856 |
| - | - | - | 31,074 | 18,890 | 12,184 |
| - | - | - | 198,219 | 110,992 | 87,227 |
| - | - | - | - | - | - |
| 650 | 650 | - | 572,653 | 536,459 | 36,194 |
| - | - | - | 208,513 | 149,561 | 58,952 |
| - | - | - | - | - | - |
| - | - | - | 10,171 | 9,708 | 463 |
| 12,469 | 9,595 | 2,874 | 31,883 | 22,642 | 9,241 |
| - | - | - | 18,029 | 9,787 | 8,242 |
| - | - | - | 254,125 | 204,971 | 49,154 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,127</u> | <u>1,116</u> | <u>11</u> | <u>22,379</u> | <u>6,071</u> | <u>16,308</u> |
| <u>46,093</u> | <u>33,110</u> | <u>12,983</u> | <u>1,668,710</u> | <u>1,307,831</u> | <u>360,879</u> |
| <u>\$ (11,850)</u> | <u>\$ 5,215</u> | <u>\$ 17,065</u> | <u>\$ (290,012)</u> | <u>\$ 212,466</u> | <u>\$ 502,478</u> |

(continued)

STATE OF HAWAII

Special Revenue Funds

Combining Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis) (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Enterprise and Component Unit Funds | | |
|---|-------------------------------------|--------------------------------|--|
| | Budget | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) |
| Revenues: | | | |
| Taxes: | | | |
| Liquid fuel tax: | | | |
| Highways | \$ - | \$ - | \$ - |
| Boating | - | - | - |
| Airports | 3,570 | 3,315 | (255) |
| Vehicle registration fee tax | - | - | - |
| State vehicle weight tax | - | - | - |
| Rental/tour vehicle surcharge tax | - | - | - |
| Employment and training fund assessment | - | - | - |
| General excise tax | - | - | - |
| Conveyances tax | - | - | - |
| Environmental response tax | - | - | - |
| Hospital and nursing facility tax | - | - | - |
| Franchise tax | - | - | - |
| Transient accommodations tax | - | - | - |
| Tax on premiums of insurance companies | - | - | - |
| Total taxes | <u>3,570</u> | <u>3,315</u> | <u>(255)</u> |
| Non-taxes: | | | |
| Interest and investment income | 98,078 | 108,086 | 10,008 |
| Charges for current services | 738,811 | 559,748 | (179,063) |
| Intergovernmental | 216,699 | 235,860 | 19,161 |
| Rentals | 40,027 | 38,472 | (1,555) |
| Fines, forfeitures and penalties | 335 | 177 | (158) |
| Licenses and fees | - | - | - |
| Revenues from private sources | - | (55) | (55) |
| Other | <u>182,870</u> | <u>477,679</u> | <u>294,809</u> |
| Total non-taxes | <u>1,276,820</u> | <u>1,419,967</u> | <u>143,147</u> |
| Total Revenues | <u>1,280,390</u> | <u>1,423,282</u> | <u>142,892</u> |
| Expenditures: | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Highways | - | - | - |
| Conservation of natural resources | - | - | - |
| Health | - | - | - |
| Hospitals | 242,670 | 150,189 | 92,481 |
| Welfare | - | - | - |
| Lower education | - | - | - |
| Higher education | 231,891 | 191,730 | 40,161 |
| Other education | - | - | - |
| Culture and recreation | - | - | - |
| Urban redevelopment and housing | - | - | - |
| Economic development and assistance | - | - | - |
| Airports | 268,478 | 252,208 | 16,270 |
| Water transportation and terminals | 53,194 | 49,370 | 3,824 |
| Housing | 65,192 | 35,100 | 30,092 |
| Other | - | - | - |
| Total Expenditures | <u>861,425</u> | <u>678,597</u> | <u>182,828</u> |
| Excess of Revenues over (under) Expenditures | <u>\$ 418,965</u> | <u>\$ 744,685</u> | <u>\$ 325,720</u> |

| Total Special Revenue Funds | | |
|-----------------------------|--------------------------------|--|
| Budget | Actual (Budgetary Basis) | Variance - Favorable (Unfavorable) |
| \$ 70,555 | \$ 69,646 | \$ (909) |
| 1,450 | 1,313 | (137) |
| 3,570 | 3,315 | (255) |
| 16,819 | 17,216 | 397 |
| 22,542 | 23,479 | 937 |
| 24,048 | 34,587 | 10,539 |
| 3,700 | 3,922 | 222 |
| - | 7,289 | 7,289 |
| 2,060 | 2,363 | 303 |
| 1,800 | 1,714 | (86) |
| - | 25 | 25 |
| - | 2,500 | 2,500 |
| 86,336 | 93,049 | 6,713 |
| 250 | 162 | (88) |
| <u>233,130</u> | <u>260,580</u> | <u>27,450</u> |
| 113,499 | 142,629 | 29,130 |
| 864,493 | 688,143 | (176,350) |
| 1,140,518 | 1,132,319 | (8,199) |
| 64,326 | 55,906 | (8,420) |
| 3,972 | 7,291 | 3,319 |
| 18,889 | 20,658 | 1,769 |
| 375 | 49,402 | 49,027 |
| <u>219,886</u> | <u>586,651</u> | <u>366,765</u> |
| <u>2,425,958</u> | <u>2,682,999</u> | <u>257,041</u> |
| <u>2,659,088</u> | <u>2,943,579</u> | <u>284,491</u> |
| 65,944 | 35,689 | 30,255 |
| 76,637 | 51,834 | 24,803 |
| 179,083 | 151,227 | 27,856 |
| 31,074 | 18,890 | 12,184 |
| 198,219 | 110,992 | 87,227 |
| 242,670 | 150,189 | 92,481 |
| 572,653 | 536,459 | 36,194 |
| 208,513 | 149,561 | 58,952 |
| 231,891 | 191,730 | 40,161 |
| 10,171 | 9,708 | 463 |
| 31,883 | 22,642 | 9,241 |
| 18,029 | 9,787 | 8,242 |
| 254,125 | 204,971 | 49,154 |
| 268,478 | 252,208 | 16,270 |
| 53,194 | 49,370 | 3,824 |
| 65,192 | 35,100 | 30,092 |
| <u>22,379</u> | <u>6,071</u> | <u>16,308</u> |
| <u>2,530,135</u> | <u>1,986,428</u> | <u>543,707</u> |
| <u>\$ 128,953</u> | <u>\$ 957,151</u> | <u>\$ 828,198</u> |

Special Revenue Funds**Combining Schedule of Revenues and Expenditures - Enterprise and Component Unit Funds Budgeted as Special Revenue Funds - Budget and Actual (Budgetary Basis)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | | Airports | |
|--|------------------|------------------|------------------|
| | | Actual | Variance - |
| | | (Budgetary | Favorable |
| | | Basis) | (Unfavorable) |
| | Budget | | |
| Revenues: | | | |
| Taxes: | | | |
| Liquid fuel tax: | | | |
| Airports | \$ 3,570 | \$ 3,315 | \$ (255) |
| Non-taxes: | | | |
| Interest and investment income | 36,546 | 42,273 | 5,727 |
| Charges for current services | 280,220 | 324,669 | 44,449 |
| Intergovernmental | 20,000 | 6,821 | (13,179) |
| Rentals | - | - | - |
| Fines, forfeitures and penalties | - | - | - |
| Revenues from private sources | - | - | - |
| Other | - | 117,620 | 117,620 |
| Total non-taxes | <u>336,766</u> | <u>491,383</u> | <u>154,617</u> |
| Total Revenues | <u>340,336</u> | <u>494,698</u> | <u>154,362</u> |
| Expenditures: | | | |
| Hospitals | - | - | - |
| Higher education | - | - | - |
| Airports | 268,478 | 252,208 | 16,270 |
| Water transportation and terminals | - | - | - |
| Housing | - | - | - |
| Total Expenditures | <u>268,478</u> | <u>252,208</u> | <u>16,270</u> |
| Excess of Revenues over (under) Expenditures | <u>\$ 71,858</u> | <u>\$242,490</u> | <u>\$170,632</u> |

| Harbors | | | University Funds | | |
|-----------------|---|---|------------------|---|---|
| <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4,915 | 5,548 | 633 | 4,428 | 8,560 | 4,132 |
| 64,058 | 62,108 | (1,950) | 144,438 | 145,400 | 962 |
| - | - | - | 107,887 | 154,304 | 46,417 |
| - | - | - | 7,129 | 6,919 | (210) |
| - | - | - | 335 | 177 | (158) |
| - | - | - | - | (55) | (55) |
| - | 20,145 | 20,145 | 37,233 | 49,203 | 11,970 |
| <u>68,973</u> | <u>87,801</u> | <u>18,828</u> | <u>301,450</u> | <u>364,508</u> | <u>63,058</u> |
| <u>68,973</u> | <u>87,801</u> | <u>18,828</u> | <u>301,450</u> | <u>364,508</u> | <u>63,058</u> |
| - | - | - | - | - | - |
| - | - | - | 231,891 | 191,730 | 40,161 |
| - | - | - | - | - | - |
| 53,194 | 49,370 | 3,824 | - | - | - |
| - | - | - | - | - | - |
| <u>53,194</u> | <u>49,370</u> | <u>3,824</u> | <u>231,891</u> | <u>191,730</u> | <u>40,161</u> |
| <u>\$15,779</u> | <u>\$38,431</u> | <u>\$22,652</u> | <u>\$ 69,559</u> | <u>\$172,778</u> | <u>\$103,219</u> |

(continued)

STATE OF HAWAII

Special Revenue Funds

Combining Schedule of Revenues and Expenditures - Enterprise and Component Unit Funds Budgeted as Special Revenue Funds - Budget and Actual (Budgetary Basis) (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Housing and Community Development Corporation of Hawaii | | |
|--|--|---|---|
| | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> |
| Revenues: | | | |
| Taxes: | | | |
| Liquid fuel tax: | | | |
| Airports | \$ - | \$ - | \$ - |
| Non-taxes: | | | |
| Interest and investment income | 52,189 | 51,705 | (484) |
| Charges for current services | 63,994 | 24,901 | (39,093) |
| Intergovernmental | 46,490 | 74,735 | 28,245 |
| Rentals | 32,896 | 31,553 | (1,343) |
| Fines, forfeitures and penalties | - | - | - |
| Revenues from private sources | - | - | - |
| Other | 145,482 | 133,051 | (12,431) |
| Total non-taxes | <u>341,051</u> | <u>315,945</u> | <u>(25,106)</u> |
| Total Revenues | <u>341,051</u> | <u>315,945</u> | <u>(25,106)</u> |
| Expenditures: | | | |
| Hospitals | - | - | - |
| Higher education | - | - | - |
| Airports | - | - | - |
| Water transportation and terminals | - | - | - |
| Housing | 65,192 | 35,100 | 30,092 |
| Total Expenditures | <u>65,192</u> | <u>35,100</u> | <u>30,092</u> |
| Excess of Revenues over (under) Expenditures | <u>\$ 275,859</u> | <u>\$280,845</u> | <u>\$ 4,986</u> |

| Hawaii Health Systems Corporation | | | Total | | |
|-----------------------------------|---|---|-------------------|---|---|
| <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> | <u>Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance - Favorable (Unfavorable)</u> |
| \$ - | \$ - | \$ - | \$ 3,570 | \$ 3,315 | \$ (255) |
| - | - | - | 98,078 | 108,086 | 10,008 |
| 186,101 | 2,670 | (183,431) | 738,811 | 559,748 | (179,063) |
| 42,322 | - | (42,322) | 216,699 | 235,860 | 19,161 |
| 2 | - | (2) | 40,027 | 38,472 | (1,555) |
| - | - | - | 335 | 177 | (158) |
| - | - | - | - | (55) | (55) |
| <u>155</u> | <u>157,660</u> | <u>157,505</u> | <u>182,870</u> | <u>477,679</u> | <u>294,809</u> |
| <u>228,580</u> | <u>160,330</u> | <u>(68,250)</u> | <u>1,276,820</u> | <u>1,419,967</u> | <u>143,147</u> |
| <u>228,580</u> | <u>160,330</u> | <u>(68,250)</u> | <u>1,280,390</u> | <u>1,423,282</u> | <u>142,892</u> |
| 242,670 | 150,189 | 92,481 | 242,670 | 150,189 | 92,481 |
| - | - | - | 231,891 | 191,730 | 40,161 |
| - | - | - | 268,478 | 252,208 | 16,270 |
| - | - | - | 53,194 | 49,370 | 3,824 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>65,192</u> | <u>35,100</u> | <u>30,092</u> |
| <u>242,670</u> | <u>150,189</u> | <u>92,481</u> | <u>861,425</u> | <u>678,597</u> | <u>182,828</u> |
| <u>\$ (14,090)</u> | <u>\$ 10,141</u> | <u>\$ 24,231</u> | <u>\$ 418,965</u> | <u>\$ 744,685</u> | <u>\$325,720</u> |

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest of general obligation bonds serviced by the General Fund and general obligation bonds and revenue bonds serviced by the Special Revenue Funds as described below:

General obligation bonds serviced by the General Fund - accounts for operating transfers from the General Fund for periodic payment of principal and interest of general obligation bonds and related costs.

General obligation bonds and revenue bonds serviced by the Special Revenue Funds - several funds utilize the proceeds from general obligation bonds and revenue bonds to finance capital expenditures and pay for their proportionate share of principal and interest. Those Special Revenue Funds include:

- Highways
- Natural Resources
- Economic Development
- Administrative Support

**Debt Service Fund
Balance Sheet**

June 30, 2000

(Amounts in thousands)

ASSETS

| | |
|---------------------------------------|----------------|
| Cash and short-term investments | \$2,174 |
| Due from General Fund | <u>258</u> |
| Total Assets | <u>\$2,432</u> |

LIABILITIES AND FUND BALANCE**Liabilities:**

| | |
|---|----------|
| Matured general obligation bond principal payable | \$1,292 |
| Matured revenue bond principal payable | 11 |
| Matured general obligation bond interest payable | 71 |
| Matured revenue bond interest payable | <u>1</u> |

Total Liabilities 1,375

Fund Balance - reserved for:

| | |
|---------------------------------|------------|
| Continuing appropriations | 258 |
| Bond redemption | <u>799</u> |

Total Fund Balance 1,057

Total Liabilities and Fund Balance \$2,432

Debt Service Fund
Statement of Revenues, Expenditures and
Changes in Unreserved Fund Balance

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

Other Financing Sources:

Operating transfers in from General Fund:

| | |
|--|----------------|
| Appropriation for debt service from Act 391, SLH of 1999 | \$322,776 |
| Deduct unrequired balance of General Fund appropriation lapsed | <u>(8,179)</u> |

| | |
|--|---------|
| Net operating transfers in from General Fund | 314,597 |
|--|---------|

| | |
|--|--------|
| Operating transfers in from Special Revenue Funds - contributions for payment of debt service requirements | 68,809 |
|--|--------|

| | |
|---|------------|
| Operating transfers in from Trust and Agency Funds - contributions for payment of debt service requirements | <u>221</u> |
|---|------------|

| | |
|-------------------------------|----------------|
| Total Other Financing Sources | <u>383,627</u> |
|-------------------------------|----------------|

Expenditures:

| | |
|--|------------|
| Principal on serial bonds | 193,075 |
| Interest on bonds | 190,308 |
| Fiscal agents' fees and other expenses | <u>189</u> |

| | |
|--------------------|----------------|
| Total Expenditures | <u>383,572</u> |
|--------------------|----------------|

| | |
|---|-----------|
| Excess of Other Financing Sources Over Expenditures | <u>55</u> |
|---|-----------|

Other Changes in Unreserved Fund Balance:

| | |
|---|--------------|
| Add continuing appropriations, July 1, 1999 | 223 |
| Deduct continuing appropriations, June 30, 2000 | <u>(258)</u> |
| | (35) |

| | |
|---|-------------|
| Increase in reserve for bond redemption | <u>(20)</u> |
|---|-------------|

| | |
|--|-------------|
| Total Other Changes in Unreserved Fund Balance | <u>(55)</u> |
|--|-------------|

| | |
|--|---|
| Excess of Other Financing Sources over Expenditures and Other Changes in Unreserved Fund Balance | - |
|--|---|

| | |
|---------------------------------------|----------|
| Unreserved Fund Balance, July 1, 1999 | <u>-</u> |
|---------------------------------------|----------|

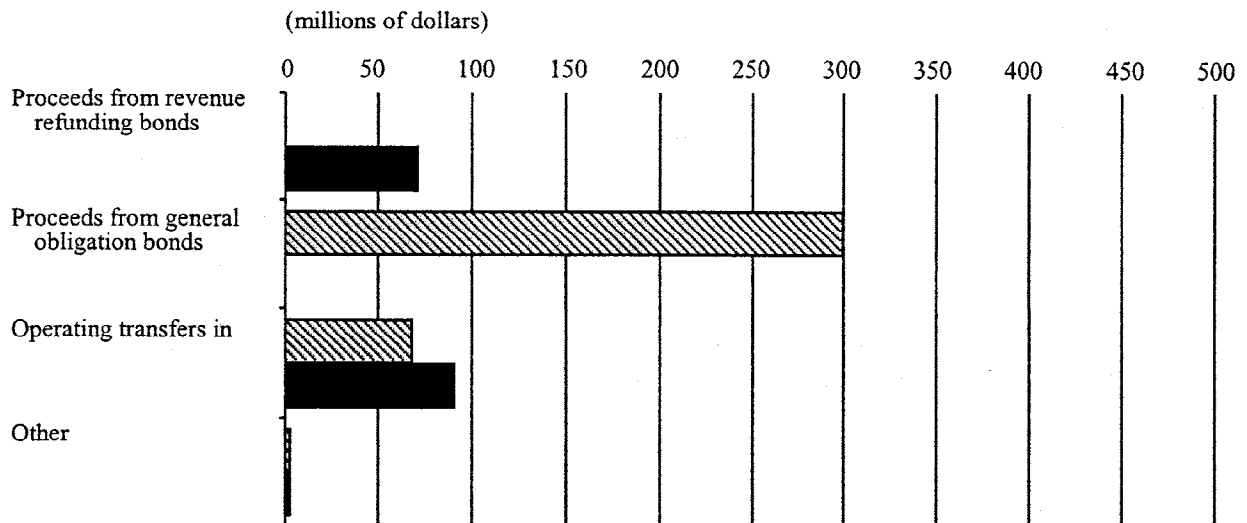
| | |
|--|-------------|
| Unreserved Fund Balance, June 30, 2000 | <u>\$ -</u> |
|--|-------------|

CAPITAL PROJECTS FUND

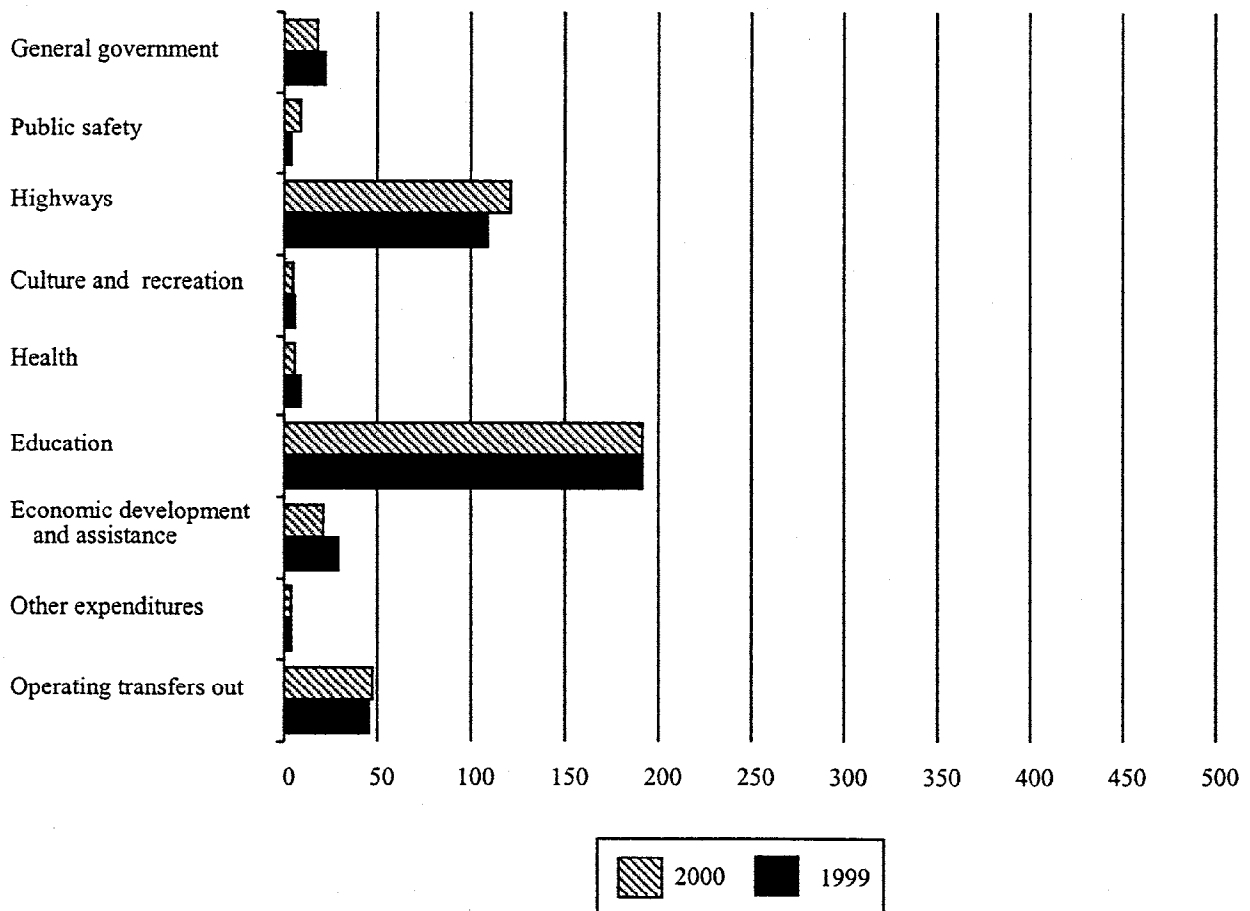
The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the Enterprise Funds or Component Units).

CAPITAL PROJECTS FUND

Revenues and Other Financing Sources



Expenditures and Other Financing Uses



Capital Projects Fund Balance Sheet

June 30, 2000

(Amounts in thousands)

ASSETS

| | |
|---------------------------------------|-------------------|
| Cash and short-term investments | \$ 203,426 |
| Due from Enterprise Funds | <u>1,450</u> |
| Total Assets | <u>\$ 204,876</u> |

LIABILITIES AND FUND BALANCE**Liabilities:**

| | |
|------------------------------------|---------------|
| Vouchers payable | \$ 287 |
| Due to General Fund | 89,900 |
| Due to Special Revenue Funds | <u>308</u> |
| Total Liabilities | <u>90,495</u> |

Fund Balance:

| | |
|--|-------------------|
| Reserved for continuing appropriations: | |
| Unencumbered allotments | \$186,391 |
| Unliquidated encumbrances | <u>510,136</u> |
| Total reserved for continuing appropriations | 696,527 |
| Reserved for federal aid highway projects encumbrances | <u>117,896</u> |
| | 814,423 |
| Unreserved | <u>(700,042)</u> |
| Total Fund Balance | <u>114,381</u> |
| Total Liabilities and Fund Balance | <u>\$ 204,876</u> |

Capital Projects Fund
Statement of Revenues, Expenditures and Changes
In Unreserved Fund Deficit

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | | |
|--|------------------|--------------------|
| Revenues - interest and investment income | | \$ 1,163 |
| Other Financing Sources: | | |
| Proceeds from general obligation bonds | 300,000 | |
| Operating transfers in from Special Revenue Funds | <u>68,806</u> | |
| Total Other Financing Sources | | <u>368,806</u> |
| Total Revenues and Other Financing Sources | | <u>369,969</u> |
| Expenditures: | | |
| General government | 18,481 | |
| Public safety | 9,580 | |
| Highways | 120,741 | |
| Conservation of natural resources | 2,443 | |
| Health | 5,803 | |
| Welfare | 46 | |
| Lower education | 139,940 | |
| Higher education | 51,775 | |
| Culture and recreation | 4,714 | |
| Urban redevelopment and housing | 1,296 | |
| Economic development and assistance | <u>21,152</u> | |
| Total Expenditures | | 375,971 |
| Other Financing Uses - operating transfers out to: | | |
| Special Revenue Funds | 5,756 | |
| Component Units | <u>42,061</u> | |
| Total Other Financing Uses | | <u>47,817</u> |
| Total Expenditures and Other Financing Uses | | <u>423,788</u> |
| Excess of Expenditures and Other Financing Uses over Revenues and Other Financing Sources | | (53,819) |
| Other Changes in Unreserved Fund Deficit: | | |
| Add continuing appropriations, July 1, 1999 | 700,948 | |
| Deduct continuing appropriations, June 30, 2000 | <u>(696,527)</u> | |
| | 4,421 | |
| Decrease in reserve for federal aid highway projects encumbrances | <u>14,825</u> | |
| Total Other Changes in Unreserved Fund Deficit | | <u>19,246</u> |
| Excess of Expenditures and Other Financing Uses over Revenues, Other Financing Sources and Other Changes in Unreserved Fund Deficit | | (34,573) |
| Unreserved Fund Deficit, July 1, 1999 | | (661,534) |
| Residual equity transfer out to Component Units | | <u>(3,935)</u> |
| Unreserved Fund Deficit, June 30, 2000 | | <u>\$(700,042)</u> |

Capital Projects Fund
Supplementary Schedule of Reconciliation
With Bonds Issued

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Bonds</u> | <u>Appropri-</u> | <u>Trans-</u> | <u>Expenditures</u> | | | |
|------------------------------|------------------|------------------|---------------|---------------------|----------------|------------------|-----------------|
| | <u>Issued</u> | <u>ations</u> | <u>fers</u> | <u>Prior</u> | <u>Current</u> | <u>Lapses</u> | <u>Balances</u> |
| | | | | <u>Years</u> | <u>Year</u> | | |
| General Obligation | | | | | | | |
| Bonds: | | | | | | | |
| General government | \$ 464,653 | \$2,793,977 | \$ (5,654) | \$1,021,335 | \$ 18,705 | \$ 1,666,895 | \$ 81,388 |
| Public safety | 157,131 | 274,548 | 4,852 | 213,380 | 3,995 | 23,618 | 38,407 |
| Highways | 359,452 | 622,570 | 674 | 537,949 | 154 | 79,950 | 5,191 |
| Conservation of | | | | | | | |
| natural resources | 149,228 | 279,840 | (623) | 242,066 | 2,443 | 26,627 | 8,081 |
| Health | 129,075 | 352,131 | (643) | 254,274 | 11,608 | 68,381 | 17,225 |
| Hospitals | 116,164 | 133,964 | 570 | 115,594 | 1,990 | 13,707 | 3,243 |
| Welfare | 143,673 | 388,468 | (2,182) | 222,862 | 6,320 | 138,064 | 19,040 |
| Lower education | 708,109 | 1,748,926 | 1,122 | 1,365,137 | 111,191 | 201,672 | 72,048 |
| Higher education | 469,094 | 937,558 | 2,798 | 579,522 | 74,866 | 57,013 | 228,955 |
| Other education | 5,154 | 5,383 | - | 5,154 | - | 228 | 1 |
| Culture and recreation | 297,168 | 555,270 | 1,780 | 435,575 | 4,817 | 77,302 | 39,356 |
| Urban redevelopment | | | | | | | |
| and housing | 127,572 | 252,165 | 704 | 238,491 | 604 | 10,552 | 3,222 |
| Economic development and | | | | | | | |
| assistance | 160,638 | 834,831 | (3,701) | 617,731 | 21,175 | 101,849 | 90,375 |
| Airports | 69,122 | 71,764 | 283 | 70,682 | 10 | 1,355 | - |
| Water transportation and | | | | | | | |
| terminals | 53,708 | 157,714 | 20 | 152,570 | - | 5,130 | 34 |
| Other | <u>2,881,914</u> | <u>90</u> | <u>-</u> | <u>90</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | | | | | | | |
| General | | | | | | | |
| Obligation | | | | | | | |
| Bonds | <u>6,291,855</u> | <u>9,409,199</u> | <u>-</u> | <u>6,072,412</u> | <u>257,878</u> | <u>2,472,343</u> | <u>606,566</u> |

STATE OF HAWAII

**Capital Projects Fund
Supplementary Schedule of Reconciliation
With Bonds Issued (Cont'd)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Bonds Issued | Appropri- ations | Prior Years | Expenditures Current Year | Lapses | Balances |
|---|--------------------|---------------------|--------------------|---------------------------------|--------------------|--------------------|
| Revenue Bonds: | | | | | | |
| Highways..... | \$ 202,129 | \$ 657,127 | \$ 112,540 | \$ 34,913 | \$ 283,803 | \$ 225,871 |
| Health | - | 696,220 | - | - | 9,000 | 687,220 |
| Hospitals..... | - | 57,820 | - | - | 38,000 | 19,820 |
| Welfare | 138,775 | 650,000 | 138,775 | - | 205,800 | 305,425 |
| Higher education | 29,055 | 49,366 | 28,909 | - | 13,706 | 6,751 |
| Urban redevelopment and housing..... | 1,586,150 | 3,262,768 | 1,586,068 | (5) | 125,855 | 1,550,850 |
| Economic development and assistance | - | 1,287,698 | - | - | 257,468 | 1,030,230 |
| Airports..... | 1,424,093 | 3,156,480 | 1,376,317 | (6,425) | 1,749,357 | 37,231 |
| Water transportation and terminals..... | <u>264,006</u> | <u>364,107</u> | <u>231,376</u> | <u>4,376</u> | <u>80,233</u> | <u>48,122</u> |
| Total Revenue Bonds | <u>3,644,208</u> | <u>10,181,586</u> | <u>3,473,985</u> | <u>32,859</u> | <u>2,763,222</u> | <u>3,911,520</u> |
| Total All Bonds | <u>\$9,936,063</u> | <u>\$19,590,785</u> | <u>\$9,546,397</u> | 290,737 | <u>\$5,235,565</u> | 4,518,086 |
| Reconciliation with Capital Projects Fund: | | | | | | |
| Add: | | | | | | |
| Reclassification of residual equity transfer out as expenditures | | | | 1,212 | | - |
| Special Revenue Funds: | | | | | | |
| Highways programs | | | | 85,691 | | 138,884 |
| School facilities improvement projects..... | | | | <u>113,432</u> | | <u>107,250</u> |
| Total Special Revenue Funds | | | | <u>199,123</u> | | <u>246,134</u> |
| Enterprise Funds: | | | | | | |
| Airports..... | | | | <u>6,415</u> | | <u>(37,232)</u> |
| Total Enterprise Funds | | | | <u>6,415</u> | | <u>(37,232)</u> |
| Subtotal | | | | <u>497,487</u> | | <u>4,726,988</u> |
| Deduct: | | | | | | |
| Enterprise Funds: | | | | | | |
| Harbors | | | | <u>(4,376)</u> | | <u>(48,156)</u> |
| Total Enterprise Funds | | | | <u>(4,376)</u> | | <u>(48,156)</u> |
| Component Units: | | | | | | |
| University Funds..... | | | | (22,260) | | (49,217) |
| Housing and Community Development Corporation of Hawaii | | | | (1,189) | | (1,820,444) |
| Hawaii Health Systems Corporation..... | | | | <u>(3,935)</u> | | <u>-</u> |
| Total Component Units | | | | <u>(27,384)</u> | | <u>(1,869,661)</u> |
| State Educational Facilities Improvement Special Fund..... | | | | (84,000) | | - |
| Reclassification of expenditures as operating transfer out..... | | | | (5,756) | | - |
| Special purpose revenue bonds not included in general purpose financial statements | | | | - | | (1,187,270) |
| Reclassification of unallotted appropriations against unreserved fund deficit..... | | | | - | | <u>(807,478)</u> |
| | | | | <u>\$ 375,971</u> | | <u>\$ 814,423</u> |

ENTERPRISE FUNDS

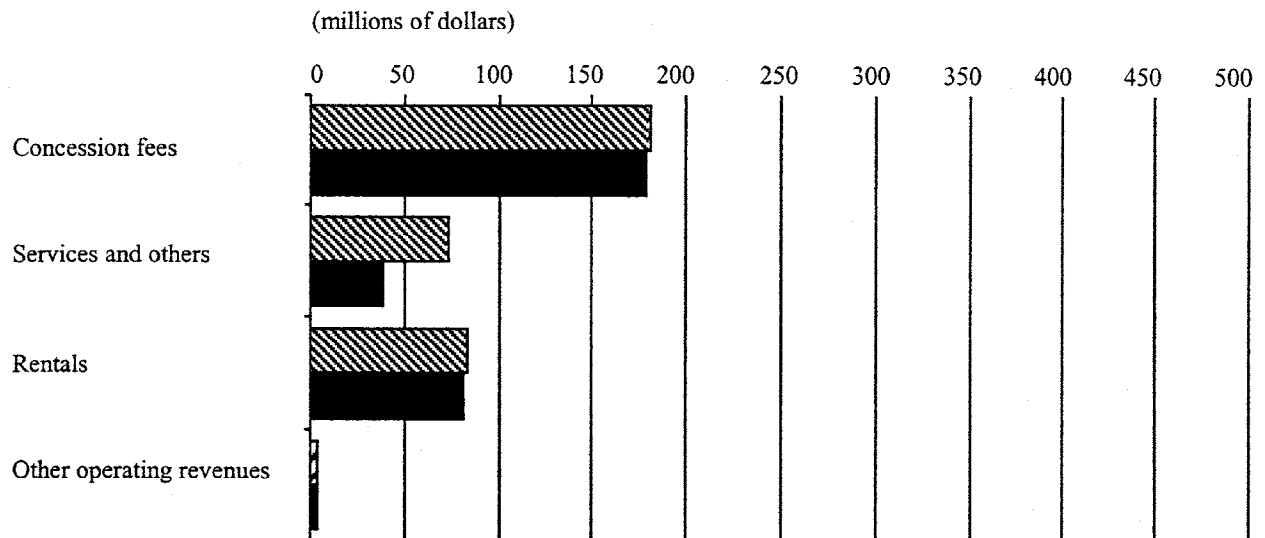
The Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The Enterprise Funds are comprised of the following:

Department of Transportation -
Airports Division (Airports) - responsible for the equipment, regulation and operation of the state airports as a financially self-sustaining system. It plans, designs and constructs new, expanded airports and improves existing facilities. The division also promotes aeronautical safety in the State.

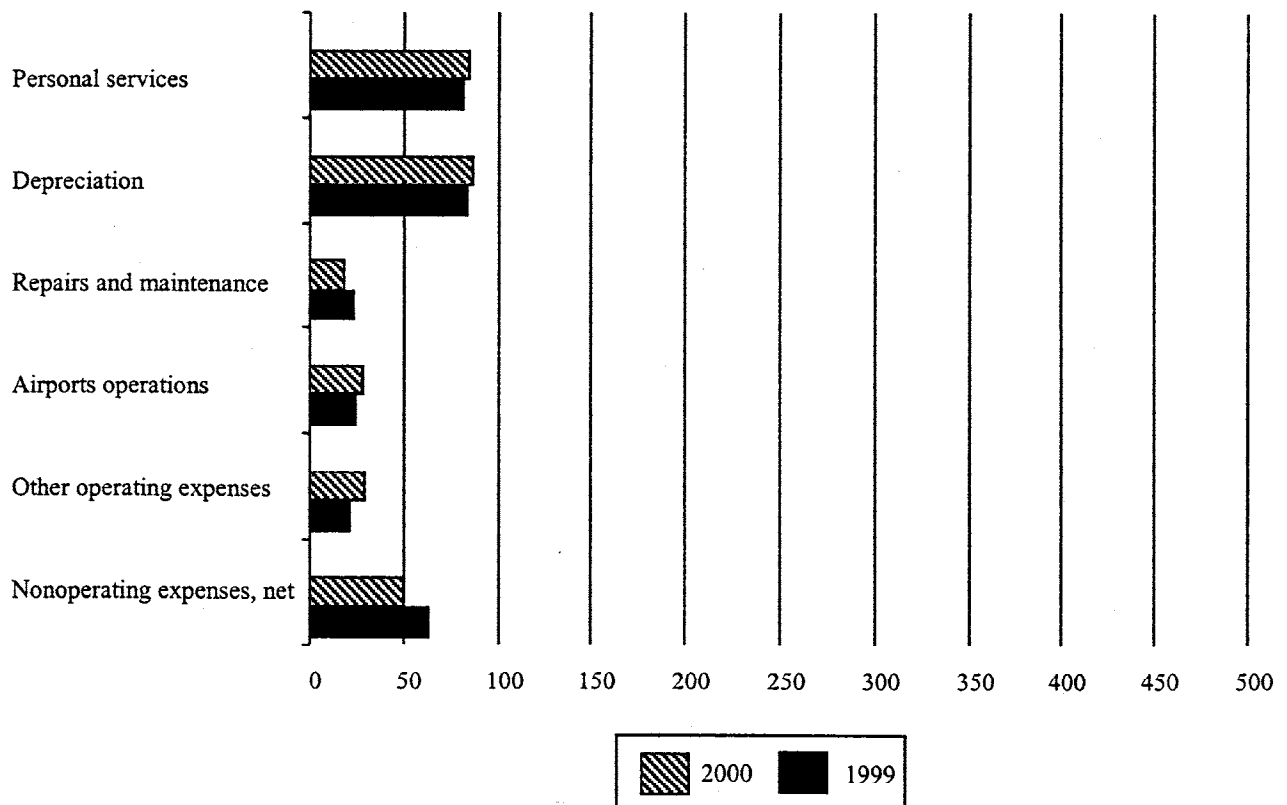
Department of Transportation -
Harbors Division (Harbors) - fosters the development of water transportation in Hawaii. The division supervises and maintains the harbor operations and plans the construction of new harbor facilities. It maintains control over ocean shores and promotes navigational safety.

ENTERPRISE FUNDS

Operating Revenues



Operating Expenses and Nonoperating Expenses



Enterprise Funds

Combining Balance Sheet

June 30, 2000

(Amounts in thousands)

| <u>ASSETS</u> | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
|---|-------------------------|----------------------|------------------------|
| Current Assets: | | | |
| Cash and short-term investments..... | \$ 703,421 | \$ 57,846 | \$ 761,267 |
| Receivables: | | | |
| Aviation fuel tax | 343 | - | 343 |
| Accounts (net of allowance for doubtful accounts of \$7,403) | 22,096 | 6,946 | 29,042 |
| Accrued interest | 16,202 | 1,945 | 18,147 |
| Federal government | 4,914 | - | 4,914 |
| Inventory of materials and supplies | 204 | 46 | 250 |
| Prepaid expenses and other assets | - | 1,212 | 1,212 |
| Total Current Assets | <u>747,180</u> | <u>67,995</u> | <u>815,175</u> |
| Restricted Assets: | | | |
| Cash and short-term investments | 187,158 | 95,698 | 282,856 |
| Investments: | | | |
| Repurchase agreements | 85,040 | - | 85,040 |
| Net direct financing leases | <u>45,325</u> | <u>18,386</u> | <u>63,711</u> |
| Total Restricted Assets | <u>317,523</u> | <u>114,084</u> | <u>431,607</u> |
| Property, Plant and Equipment: | | | |
| Land and land improvements | 927,505 | 323,429 | 1,250,934 |
| Buildings and improvements | 1,192,930 | 286,351 | 1,479,281 |
| Machinery and equipment | 161,477 | 11,117 | 172,594 |
| Construction in progress | <u>104,505</u> | <u>24,791</u> | <u>129,296</u> |
| | 2,386,417 | 645,688 | 3,032,105 |
| Less accumulated depreciation | <u>(815,774)</u> | <u>(108,528)</u> | <u>(924,302)</u> |
| Net Property, Plant and Equipment | <u>1,570,643</u> | <u>537,160</u> | <u>2,107,803</u> |
| Other Assets: | | | |
| Unamortized bond issue costs | <u>11,669</u> | <u>2,569</u> | <u>14,238</u> |
| Total Other Assets | <u>11,669</u> | <u>2,569</u> | <u>14,238</u> |
| Total Assets | <u>\$ 2,647,015</u> | <u>\$721,808</u> | <u>\$3,368,823</u> |

STATE OF HAWAII

Enterprise Funds
Combining Balance Sheet (Cont'd)

June 30, 2000

(Amounts in thousands)

| <u>LIABILITIES AND FUND EQUITY</u> | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
|---|--------------------|-------------------|--------------------|
| Current Liabilities: | | | |
| Vouchers and contracts payable | \$ 11,787 | \$ 1,237 | \$ 13,024 |
| Other accrued liabilities | 12,458 | 1,452 | 13,910 |
| Prepaid airport use charge fund | 730 | - | 730 |
| Due to General Fund | - | 16 | 16 |
| Due to Capital Projects Fund | - | 1,450 | 1,450 |
| General obligation bonds payable, current portion | 374 | - | 374 |
| Deferred revenue | <u>26,907</u> | <u>-</u> | <u>26,907</u> |
| Total Current Liabilities (Payable from Current Assets) | <u>52,256</u> | <u>4,155</u> | <u>56,411</u> |
| Liabilities Payable from Restricted Assets: | | | |
| Contracts payable and other | 1,924 | 2,114 | 4,038 |
| Accrued interest | 29,853 | 5,738 | 35,591 |
| Matured revenue bonds and interest coupons payable | - | 1,463 | 1,463 |
| Revenue bonds payable | 52,785 | 13,856 | 66,641 |
| General obligation bonds payable | - | 849 | 849 |
| Other restricted liabilities | <u>2,608</u> | <u>12,028</u> | <u>14,636</u> |
| Total Liabilities Payable from Restricted Assets | <u>87,170</u> | <u>36,048</u> | <u>123,218</u> |
| Long-Term Liabilities: | | | |
| Advances from General Fund | 18 | - | 18 |
| General obligation bonds payable | 724 | 697 | 1,421 |
| Revenue bonds payable (net of unamortized bond discount and loss on refunding) | <u>1,082,340</u> | <u>225,214</u> | <u>1,307,554</u> |
| Total Long-Term Liabilities | <u>1,083,082</u> | <u>225,911</u> | <u>1,308,993</u> |
| Total Liabilities | <u>1,222,508</u> | <u>266,114</u> | <u>1,488,622</u> |
| Fund Equity: | | | |
| Contributed capital | 477,291 | 179,938 | 657,229 |
| Less accumulated depreciation | <u>(129,067)</u> | <u>(8,255)</u> | <u>(137,322)</u> |
| Total contributed capital | <u>348,224</u> | <u>171,683</u> | <u>519,907</u> |
| Retained earnings: | | | |
| Reserved for bond requirements and other | 133,599 | 4,399 | 137,998 |
| Unreserved | <u>942,684</u> | <u>279,612</u> | <u>1,222,296</u> |
| Total retained earnings | <u>1,076,283</u> | <u>284,011</u> | <u>1,360,294</u> |
| Total Fund Equity | <u>1,424,507</u> | <u>455,694</u> | <u>1,880,201</u> |
| Total Liabilities and Fund Equity | <u>\$2,647,015</u> | <u>\$ 721,808</u> | <u>\$3,368,823</u> |

Enterprise Funds
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
|--|-----------------|----------------|----------------|
| Operating Revenues: | | | |
| Concession fees | \$ 181,002 | \$ - | \$ 181,002 |
| Airport use charges | 31,810 | - | 31,810 |
| Rentals | 62,250 | 21,659 | 83,909 |
| Services and others | 807 | 40,947 | 41,754 |
| Other | <u>3,738</u> | <u>-</u> | <u>3,738</u> |
| Total Operating Revenues | <u>279,607</u> | <u>62,606</u> | <u>342,213</u> |
| Operating Expenses: | | | |
| Personal services | 76,025 | 8,570 | 84,595 |
| Depreciation | 76,974 | 10,145 | 87,119 |
| Repairs and maintenance | 15,872 | 2,047 | 17,919 |
| Airports operations | 29,022 | - | 29,022 |
| Harbors operations | - | 6,743 | 6,743 |
| Fireboat operations | - | 1,258 | 1,258 |
| General administration | 16,008 | 4,552 | 20,560 |
| Provision for uncollectible accounts | - | 620 | 620 |
| Other | <u>483</u> | <u>-</u> | <u>483</u> |
| Total Operating Expenses | <u>214,384</u> | <u>33,935</u> | <u>248,319</u> |
| Operating Income | <u>65,223</u> | <u>28,671</u> | <u>93,894</u> |

STATE OF HAWAII

Enterprise Funds
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
|--|--------------------|-------------------|------------------|
| Nonoperating Revenues (Expenses): | | | |
| Interest income | \$ 52,876 | \$ 7,400 | \$ 60,276 |
| Aviation fuel tax | 3,361 | - | 3,361 |
| Interest expense | (77,517) | (12,460) | (89,977) |
| Amortization of bond discount and bond issue costs | - | (595) | (595) |
| Gain on transfer of property, plant and equipment | 2,580 | - | 2,580 |
| Loss on disposal of property, plant and equipment | (26,086) | (25) | (26,111) |
| Other | - | 206 | 206 |
| | <u>(44,786)</u> | <u>(5,474)</u> | <u>(50,260)</u> |
| Total Net Nonoperating Expenses | | | |
| | <u>(44,786)</u> | <u>(5,474)</u> | <u>(50,260)</u> |
| Net Income | 20,437 | 23,197 | 43,634 |
| Depreciation on contributed fixed assets that reduces contributed capital | 11,896 | 551 | 12,447 |
| | <u>11,896</u> | <u>551</u> | <u>12,447</u> |
| Retained Earnings, July 1, 1999 | <u>1,043,950</u> | <u>260,263</u> | <u>1,304,213</u> |
| Retained Earnings, June 30, 2000 | <u>\$1,076,283</u> | <u>\$ 284,011</u> | <u>1,360,294</u> |

Enterprise Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
|---|-------------------|-------------------|---------------------|
| Cash Flows from Operating Activities: | | | |
| Operating income | \$ 65,223 | \$ 28,671 | \$ 93,894 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Provision for uncollectible accounts | - | 620 | 620 |
| Depreciation and amortization | 76,974 | 10,145 | 87,119 |
| Aviation fuel tax | 3,361 | - | 3,361 |
| Nonoperating revenue, net | - | 206 | 206 |
| Decrease (increase) in assets: | | | |
| Receivables | 44,242 | (562) | 43,680 |
| Other assets | 31 | - | 31 |
| Increase (decrease) in liabilities: | | | |
| Vouchers and contracts payable | 376 | (1,566) | (1,190) |
| Other accrued liabilities | (3,857) | 131 | (3,726) |
| Prepaid airport use charge fund | 616 | - | 616 |
| Deferred revenue | 161 | - | 161 |
| Other restricted liabilities | 284 | - | 284 |
| Net Cash Provided by Operating Activities | <u>187,411</u> | <u>37,645</u> | <u>225,056</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Payments advanced to State of Hawaii | (71) | - | (71) |
| Net Cash Used in Noncapital Financing Activities | <u>(71)</u> | <u>-</u> | <u>(71)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Proceeds from issuance of refunding revenue bonds | 294,551 | 79,230 | 373,781 |
| Proceeds from transfer of property | 8,773 | - | 8,773 |
| Acquisition and construction of property and equipment | (30,585) | (21,519) | (52,104) |
| Repayment of general obligation bond principal | (374) | - | (374) |
| Repayment of revenue bond principal | (41,705) | (3,715) | (45,420) |
| Payments to refund revenue bonds | (300,405) | (52,597) | (353,002) |
| Bond issue costs | (2,933) | (1,132) | (4,065) |
| Interest paid on bonds | (74,022) | (13,177) | (87,199) |
| Proceeds from federal, state and capital grants | 6,803 | - | 6,803 |
| Net Cash Used in Capital and Related Financing Activities | <u>(139,897)</u> | <u>(12,910)</u> | <u>(152,807)</u> |
| Cash Flows from Investing Activities: | | | |
| Purchase of investments | (117,845) | (493) | (118,338) |
| Proceeds from sales and maturities of investments | 341,356 | 39,790 | 381,146 |
| Interest from investments | 42,273 | 6,632 | 48,905 |
| Net Cash Provided by Investing Activities | <u>265,784</u> | <u>45,929</u> | <u>311,713</u> |
| Net Increase in Cash and Cash Equivalents | 313,227 | 70,664 | 383,891 |
| Cash and Cash Equivalents, including Restricted Amounts, July 1, 1999 | <u>549,531</u> | <u>82,387</u> | <u>631,918</u> |
| Cash and Cash Equivalents, including Restricted Amounts, June 30, 2000 | <u>\$ 862,758</u> | <u>\$ 153,051</u> | <u>\$ 1,015,809</u> |

STATE OF HAWAII

Enterprise Funds

Combining Statement of Cash Flows (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Airports</u> | <u>Harbors</u> | <u>Total</u> |
|---|------------------|------------------|--------------------|
| Reconciliation of Cash and Cash Equivalents | | | |
| to Balance Sheet: | | | |
| Cash and cash equivalents - unrestricted | \$703,421 | \$ 57,846 | \$ 761,267 |
| Cash and cash equivalents - restricted | <u>159,337</u> | <u>95,205</u> | <u>254,542</u> |
| | <u>\$862,758</u> | <u>\$153,051</u> | <u>\$1,015,809</u> |
| Noncash Investing, Capital and Financing Activities: | | | |
| Capital assets contributed by federal agencies | \$ 99,844 | \$ - | \$ 99,844 |
| Amortization of bond discount and bond issue costs | 2,307 | 595 | 2,902 |
| Project costs written off..... | 26,086 | - | 26,086 |

Enterprise Funds
Schedule of Changes in Long-Term Bonded
Indebtedness - Revenue Bonds

Last Three Fiscal Years

(Amounts in thousands)

| | |
|--|---------------------------|
| Bonded indebtedness - revenue bonds (excluding unamortized bond discount and loss on refunding) at June 30, 1997 | \$1,471,815 |
| Less revenue bonds matured during the fiscal year ended June 30, 1998..... | (43,015) |
| Add Airports Special Facility Revenue Bonds | <u>25,255</u> |
| Bonded indebtedness - revenue bonds (excluding unamortized bond discount and loss on refunding) at June 30, 1998 | 1,454,055 |
| Less revenue bonds matured during the fiscal year ended June 30, 1999..... | <u>(41,475)</u> |
| Bonded indebtedness - revenue bonds (excluding unamortized bond discount and loss on refunding) at June 30, 1999 | 1,412,580 |
| Less revenue bonds matured during the fiscal year ended June 30, 2000..... | (387,185) |
| Add: | |
| Airports System Revenue Bonds, Refunding Series of 2000A | 26,415 |
| Airports System Revenue Bonds, Refunding Series of 2000B | 261,465 |
| Harbors Revenue Bonds, Series A of 2000 | <u>79,405</u> |
| Bonded indebtedness - revenue bonds (excluding unamortized bond premium, bond discount and loss on refunding) at June 30, 2000 | 1,392,680 |
| Add unamortized bond premium..... | 7,737 |
| Less: | |
| Unamortized bond discount | (9,828) |
| Unamortized loss on refunding | <u>(16,394)</u> |
| Bonded indebtedness - revenue bonds (net of unamortized bond premium, bond discount and loss on refunding) at June 30, 2000 | <u>\$1,374,195</u> |
| Bonded indebtedness - revenue bonds (net of unamortized bond premium, bond discount and loss on refunding) at June 30, 2000 is reflected in the following Enterprise Funds: | |
| Airports..... | \$1,135,125 |
| Harbors | <u>239,070</u> |
| | <u>\$1,374,195</u> |

Enterprise Funds

Schedule of Revenue Bonds Outstanding

Last Three Fiscal Years

(Amounts in thousands)

| <u>Purpose</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> | | |
|--|----------------------|----------------------|---------------------------|----------------------|----------------------|
| | | | <u>June 30, 1998</u> | <u>June 30, 1999</u> | <u>June 30, 2000</u> |
| <u>Airports:</u> | | | | | |
| Airports Special Facility Revenue Bonds | Various | April 1, 1978/2005 | \$ 49,610 | \$ 49,015 | \$ 44,985 |
| Airports System Revenue Bonds, Series of 1990 | Various | July 1, 1993/2020 | 92,995 | 91,295 | 1,940 |
| Airports System Revenue Bonds, Second Series of 1990 | Various | July 1, 1993/2020 | 186,375 | 183,065 | 3,795 |
| Airports System Revenue Bonds, Series of 1991 | Various | July 1, 1995/2020 | 190,100 | 186,400 | 175,900 |
| Airports System Revenue Bonds, Second Series of 1991 | Various | July 1, 1995/2021 | 381,490 | 374,605 | 351,320 |
| Airports System Revenue Bonds, Refunding Series of 1992 | Various | July 1, 1993/2000 | 8,995 | 5,510 | 1,850 |
| Airports System Revenue Bonds, Refunding Series of 1993 | Various | July 1, 1994/2013 | 119,895 | 115,995 | 111,890 |
| Airports System Revenue Bonds, First Refunding Series of 1994 | Various | July 1, 1995/2004 | 54,385 | 50,170 | 45,745 |
| Airports System Revenue Bonds, Second Refunding Series of 1994 | Various | July 1, 1995/2004 | 58,870 | 52,000 | 44,740 |
| Airports System Revenue Bonds, Third Refunding Series of 1994 | Various | July 1, 1995/2009 | 85,045 | 82,010 | 76,335 |
| Airports System Revenue Bonds, Refunding Series of 2000A | Various | July 1, 2009/2021 | - | - | 26,415 |
| Airports System Revenue Bonds, Refunding Series of 2000B | Various | July 1, 2000/2020 | - | - | 261,465 |
| | | | <u>1,227,760</u> | <u>1,190,065</u> | <u>1,146,380</u> |

STATE OF HAWAII

Enterprise Funds

Schedule of Revenue Bonds Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

| Purpose | Interest Rate | Maturity Date | Amount Outstanding | | |
|---|---------------|--------------------|--------------------|--------------------|--------------------|
| | | | June 30, 1998 | June 30, 1999 | June 30, 2000 |
| Harbors: | | | | | |
| Harbors Revenue Bonds, Series of 1990 | Various | July 1, 1993/2017 | \$ 55,505 | \$ 54,295 | \$ 1,370 |
| Harbors Revenue Bonds, Series of 1992 | Various | July 1, 1995/2019 | 18,280 | 17,855 | 17,400 |
| Harbors Revenue Bonds, Refunding Series of 1992 | Various | July 1, 1995/2008 | 12,380 | 11,525 | 10,630 |
| Harbors Revenue Bonds, Refunding Series of 1993 | Various | July 1, 1995/2008 | 13,330 | 12,410 | 11,440 |
| Harbors Special Facility Revenue Bonds, Refunding Series of 1993 | Various | April 1, 1993/2013 | 16,500 | 16,500 | 16,500 |
| Harbors Revenue Bonds, Series of 1994 | Various | July 1, 2001/2024 | 54,010 | 54,010 | 54,010 |
| Harbors Revenue Bonds, Series of 1997 | Various | July 1, 1998/2027 | 56,290 | 55,920 | 55,545 |
| Harbors Revenue Bonds, Series A of 2000 | Various | July 1, 2000/2029 | - | - | 79,405 |
| | | | <u>226,295</u> | <u>222,515</u> | <u>246,300</u> |
| Total bonded indebtedness-revenue bonds (excluding unamortized bond premium, bond discount and loss on refunding) | | | 1,454,055 | 1,412,580 | 1,392,680 |
| Add unamortized bond premium | | | - | - | 7,737 |
| Less: | | | | | |
| Unamortized bond discount | | | (15,942) | (14,532) | (9,828) |
| Unamortized loss on refunding | | | <u>(1,261)</u> | <u>(1,139)</u> | <u>(16,394)</u> |
| Total bonded indebtedness-revenue bonds (net of unamortized bond premium, bond discount and loss on refunding) | | | <u>\$1,436,852</u> | <u>\$1,396,909</u> | <u>\$1,374,195</u> |
| Bonded indebtedness - revenue bonds (net of unamortized bond premium, bond discount and loss on refunding) is reflected in the following Enterprise Funds: | | | | | |
| Airports | | | \$1,217,103 | \$1,180,467 | \$1,135,125 |
| Harbors | | | <u>219,749</u> | <u>216,442</u> | <u>239,070</u> |
| | | | <u>\$1,436,852</u> | <u>\$1,396,909</u> | <u>\$1,374,195</u> |

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. The Trust and Agency Funds consist of the following:

Expendable Trust Funds - primarily account for receipt of monies and payment of benefits for the unemployment compensation plan.

Tax Collections - clearing accounts for tax and certain collections pending subsequent distribution. It also accounts for taxes paid under protest and deposited in a trust account. Disposition of those funds is made once the Department of Taxation's Board of Review or the state courts have rendered a decision on the taxpayer's protest.

Employee Benefits - accounts for the Hawaii Public Employees Health Fund, which includes medical, dental and life insurance coverage, and the Hawaii State Employees U. S. Savings Bonds Investment Program.

Custodial and Clearance - accounts for insurance premiums pending appeal and other funds deposited in a trust account.

Trust and Agency Funds Combining Balance Sheet

June 30, 2000

(Amounts in thousands)

| <u>ASSETS</u> | <u>Expendable Trust Funds</u> | <u>Agency Funds</u> | | | <u>Total</u> |
|---|---------------------------------------|----------------------------|------------------------------|--|------------------|
| | | <u>Tax Collections</u> | <u>Employee Benefits</u> | <u>Custodial And Clearance</u> | |
| Cash and short-term investments | \$301,978 | \$ 11,471 | \$5,324 | \$ 96,761 | \$415,534 |
| Receivables: | | | | | |
| Taxes | 42,718 | - | - | - | 42,718 |
| Notes | 5 | - | - | - | 5 |
| Total Receivables | <u>42,723</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>42,723</u> |
| Investments: | | | | | |
| U.S. government securities | 11 | - | - | - | 11 |
| Repurchase agreements | 88,034 | - | - | 18,025 | 106,059 |
| Corporate stocks | 27,626 | - | - | - | 27,626 |
| Liquid asset funds | 296 | - | - | - | 296 |
| Total Investments | <u>115,967</u> | <u>-</u> | <u>-</u> | <u>18,025</u> | <u>133,992</u> |
| Total Assets | <u>\$460,668</u> | <u>\$11,471</u> | <u>\$5,324</u> | <u>\$114,786</u> | <u>\$592,249</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Vouchers payable | \$ 302 | \$ 6,437 | \$ 4 | \$ 279 | \$ 7,022 |
| Due to individuals, businesses and counties | - | 5,034 | - | 112,009 | 117,043 |
| Due to Special Revenue Funds | - | - | - | 2,498 | 2,498 |
| Other | - | - | 5,320 | - | 5,320 |
| Total Liabilities | <u>302</u> | <u>11,471</u> | <u>5,324</u> | <u>114,786</u> | <u>131,883</u> |
| Fund Balances - reserved for: | | | | | |
| Unemployment compensation | 317,395 | - | - | - | 317,395 |
| Hawaiian programs | 97,617 | - | - | - | 97,617 |
| Other | 45,354 | - | - | - | 45,354 |
| Total Fund Balances | <u>460,366</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>460,366</u> |
| Total Liabilities and Fund Balances | <u>\$460,668</u> | <u>\$11,471</u> | <u>\$5,324</u> | <u>\$114,786</u> | <u>\$592,249</u> |

Expendable Trust Funds
Statement of Revenues, Expenditures and
Changes in Unreserved Fund Balances

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

Revenues:

| | |
|--|------------|
| Unemployment compensation tax | \$148,525 |
| Interest and investment income | 26,763 |
| Charges for current services | 373 |
| Intergovernmental | 7,393 |
| Rentals | 1,262 |
| Donations, contributions and deposits | 22,078 |
| Income tax designation for election campaign | 14 |
| Other | <u>571</u> |

Total Revenues 206,979

Other Financing Sources - operating transfers in from:

| | |
|-----------------------------|------------|
| Special Revenue Funds | <u>411</u> |
|-----------------------------|------------|

Total Other Financing Sources 411

Total Revenues and Other Financing Sources 207,390

Expenditures:

| | |
|---------------------------------|---------------|
| Personal services | 6,008 |
| Unemployment compensation | 127,637 |
| Other | <u>43,890</u> |

Total Expenditures 177,535

Other Financing Uses - operating transfer out to:

| | |
|-------------------------|------------|
| Debt Service Fund | <u>221</u> |
|-------------------------|------------|

Total Other Financing Uses 221

Total Expenditures and Other Financing Uses 177,756

Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses 29,634

Other Changes in Unreserved Fund Balances - decrease (increase) in reserve for:

| | |
|---|---------------|
| Unemployment compensation and other | (52,933) |
| Hawaiian programs | <u>23,299</u> |

Total Other Changes in Unreserved Fund Balances (29,634)

Excess of Revenues and Other Financing Sources over Expenditures,
 Other Financing Uses and Other Changes in Unreserved Fund Balances -

Unreserved Fund Balances, July 1, 1999 -

Unreserved Fund Balances, June 30, 2000 \$ -

All Agency Funds
Combining Statement of Changes in Assets
and Liabilities

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Balance,</u> <u>July 1, 1999</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance,</u> <u>June 30, 2000</u> |
|--|--|------------------|-------------------|---|
| Tax Collections | | | | |
| Assets: | | | | |
| Cash and short-term investments | \$ 10,715 | \$3,873,577 | \$3,872,821 | \$ 11,471 |
| Total Assets | \$ 10,715 | \$3,873,577 | \$3,872,821 | \$ 11,471 |
| Liabilities: | | | | |
| Vouchers payable | \$ 622 | \$ 6,437 | \$ 622 | \$ 6,437 |
| Due to individuals, businesses and counties | 10,093 | 3,873,577 | 3,878,636 | 5,034 |
| Total Liabilities | \$ 10,715 | \$3,880,014 | \$3,879,258 | \$ 11,471 |
| Employee Benefits | | | | |
| Assets: | | | | |
| Cash and short-term investments | \$ 7,147 | \$ 323,947 | \$ 325,770 | \$ 5,324 |
| Total Assets | \$ 7,147 | \$ 323,947 | \$ 325,770 | \$ 5,324 |
| Liabilities: | | | | |
| Vouchers payable | \$ 3 | \$ 4 | \$ 3 | \$ 4 |
| Other | 7,144 | 323,947 | 325,771 | 5,320 |
| Total Liabilities | \$ 7,147 | \$ 323,951 | \$ 325,774 | \$ 5,324 |
| Custodial and Clearance | | | | |
| Assets: | | | | |
| Cash and short-term investments | \$ 84,587 | \$2,505,886 | \$2,493,712 | \$ 96,761 |
| Investments | 21,118 | 18,025 | 21,118 | 18,025 |
| Total Assets | \$105,705 | \$2,523,911 | \$2,514,830 | \$114,786 |
| Liabilities: | | | | |
| Vouchers payable | \$ 43 | \$ 279 | \$ 43 | \$ 279 |
| Due to individuals, businesses and counties | 104,650 | 2,504,398 | 2,497,039 | 112,009 |
| Due to Special Revenue Funds | 1,012 | 1,486 | - | 2,498 |
| Total Liabilities | \$105,705 | \$2,506,163 | \$2,497,082 | \$114,786 |

STATE OF HAWAII

**All Agency Funds
Combining Statement of Changes in Assets
and Liabilities (Cont'd)**

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | <u>Balance, July 1, 1999</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance, June 30, 2000</u> |
|--|----------------------------------|--------------------|--------------------|-----------------------------------|
| Total - All Agency Funds | | | | |
| Assets: | | | | |
| Cash and short-term investments | \$102,449 | \$6,703,410 | \$6,692,303 | \$113,556 |
| Investments | <u>21,118</u> | <u>18,025</u> | <u>21,118</u> | <u>18,025</u> |
| Total Assets | <u>\$123,567</u> | <u>\$6,721,435</u> | <u>\$6,713,421</u> | <u>\$131,581</u> |
| Liabilities: | | | | |
| Vouchers payable | \$ 668 | \$ 6,720 | \$ 668 | \$ 6,720 |
| Due to individuals, businesses and counties | 114,743 | 6,377,975 | 6,375,675 | 117,043 |
| Due to Special Revenue Funds | 1,012 | 1,486 | - | 2,498 |
| Other | <u>7,144</u> | <u>323,947</u> | <u>325,771</u> | <u>5,320</u> |
| Total Liabilities | <u>\$123,567</u> | <u>\$6,710,128</u> | <u>\$6,702,114</u> | <u>\$131,581</u> |

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for the fixed assets of the State, excluding those in the custody of the Enterprise Funds and Component Units.

General Fixed Assets Account Group
Schedule of General Fixed Assets by Function

June 30, 2000

(Amounts in thousands)

| <u>Function</u> | <u>Land</u> | <u>Buildings and Improvements</u> | <u>Equipment</u> | <u>Total</u> |
|--|------------------|---------------------------------------|------------------|--------------------|
| General government..... | \$307,310 | \$ 598,755 | \$ 12,401 | \$ 918,466 |
| Public safety | 11,468 | 219,830 | 38,578 | 269,876 |
| Highways | 7 | 9,178 | 49,668 | 58,853 |
| Conservation of natural resources..... | 212,291 | 69,549 | 34,390 | 316,230 |
| Health..... | 320 | 151,672 | 26,503 | 178,495 |
| Welfare | - | 12,726 | 14,581 | 27,307 |
| Education..... | 37,482 | 1,717,754 | 275,535 | 2,030,771 |
| Culture and recreation..... | 104,079 | 105,265 | 47,073 | 256,417 |
| Urban redevelopment and housing..... | 1,970 | 8,112 | 1,891 | 11,973 |
| Economic development and assistance..... | 156,712 | 338,210 | 19,870 | 514,792 |
| Housing..... | <u>5,880</u> | <u>-</u> | <u>-</u> | <u>5,880</u> |
| Total General Fixed Assets Allocated to Functions | <u>\$837,519</u> | <u>\$3,231,051</u> | <u>\$520,490</u> | 4,589,060 |
| Construction In Progress..... | | | | <u>727,894</u> |
| Total General Fixed Assets | | | | <u>\$5,316,954</u> |

See note 7 for the schedule of changes in general fixed assets.

Schedule of Changes in General Fixed Assets by Function

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| <u>Function</u> | <u>Balance, July 1, 1999</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance, June 30, 2000</u> |
|--|----------------------------------|------------------|-------------------|-----------------------------------|
| General government..... | \$ 823,844 | \$102,250 | \$ 7,628 | \$ 918,466 |
| Public safety | 269,801 | 183 | 108 | 269,876 |
| Highways | 58,714 | 139 | - | 58,853 |
| Conservation of natural resources..... | 306,439 | 10,705 | 914 | 316,230 |
| Health..... | 178,490 | 5 | - | 178,495 |
| Welfare | 18,016 | 9,463 | 172 | 27,307 |
| Education..... | 1,922,020 | 108,762 | 11 | 2,030,771 |
| Culture and recreation | 256,417 | - | - | 256,417 |
| Urban redevelopment and housing | 11,973 | - | - | 11,973 |
| Economic development and assistance | 514,797 | - | 5 | 514,792 |
| Housing | <u>5,880</u> | <u>-</u> | <u>-</u> | <u>5,880</u> |
| Total by Function | 4,366,391 | 231,507 | 8,838 | 4,589,060 |
| Construction In Progress..... | <u>689,133</u> | <u>152,964</u> | <u>114,203</u> | <u>727,894</u> |
| Total General Fixed Assets | <u>\$5,055,524</u> | <u>\$384,471</u> | <u>\$123,041</u> | <u>\$5,316,954</u> |

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The General Long-Term Obligations Account Group is used to account for all long-term obligations of the State, including general obligation bonds (except for those accounted for in the Enterprise Funds and Component Units) and other long-term obligations.

General Long-Term Obligations Account Group
Schedule of General Long-Term Obligations

June 30, 2000

(Amounts in thousands)

Amount Available and Resources to Be Provided in Future Years:

Amount available in Debt Service Fund \$ 1,057

Resources to be provided in future years -
retirement of:

| | |
|--|---------------|
| Claims and judgments payable..... | \$ 326,256 |
| General obligation bonds payable | 3,277,422 |
| Accrued vacation payable | 140,545 |
| Revenue bonds payable | 192,520 |
| Reserve for losses and loss adjustment costs | 192,000 |
| Capital lease obligation..... | <u>51,980</u> |

Total resources to be provided in future years 4,180,723

Total Amount Available and Resources to Be Provided in
Future Years \$4,181,780

General Long-Term Obligations:

| | |
|--|---------------|
| Claims and judgments payable..... | \$ 326,256 |
| General obligation bonds payable | 3,278,479 |
| Accrued vacation payable | 140,545 |
| Revenue bonds payable | 192,520 |
| Reserve for losses and loss adjustment costs | 192,000 |
| Capital lease obligation..... | <u>51,980</u> |

Total General Long-Term Obligations \$4,181,780

See note 12 for the schedule of changes in general long-term obligations.

General Long-Term Obligations Account Group
Schedule of Changes in General Long-Term Bonded
Indebtedness - General Obligation Bonds

Last Three Fiscal Years

(Amounts in thousands)

| | |
|---|--------------------|
| Bonded indebtedness - general obligation bonds at June 30, 1997 | \$3,102,288 |
| Less: | |
| General obligation bonds matured during the fiscal year ended June 30, 1998 | (221,089) |
| General obligation bonds, Series BO, dated August 1, 1989, defeased by general obligation refunding bonds of 1997, Series CQ, October 1, 1997 | (41,510) |
| General obligation bonds, Series BP, dated August 1, 1989, defeased by general obligation refunding bonds of 1997, Series CQ, October 1, 1997 | (5,570) |
| General obligation bonds, Series BQ, dated November 28, 1989, defeased by general obligation refunding bonds of 1997, Series CQ, October 1, 1997 | (4,445) |
| General obligation bonds, Series BV, dated November 1, 1991, defeased by general obligation refunding bonds of 1997, Series CQ, October 1, 1997 | (21,270) |
| General obligation bonds, Series CH, dated November 1, 1993, defeased by general obligation refunding bonds of 1997, Series CQ, October 1, 1997 | (3,890) |
| General obligation bonds, Series BP, dated August 1, 1989, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (11,140) |
| General obligation bonds, Series BR, dated June 1, 1990, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (5,555) |
| General obligation bonds, Series BS, dated September 1, 1990, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (8,335) |
| General obligation bonds, Series BT, dated February 1, 1991, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (41,670) |
| General obligation bonds, Series BU, dated November 1, 1991, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (16,665) |
| General obligation bonds, Series BV, dated November 1, 1991, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (7,090) |
| General obligation bonds, Series BZ, dated October 1, 1992, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (12,500) |
| General obligation bonds, Series CA, dated January 1, 1993, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (10,000) |
| General obligation bonds, Series CE, dated June 1, 1993, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (72,350) |
| General obligation bonds, Series CG, dated July 1, 1993, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (8,930) |
| General obligation bonds, Series CJ, dated January 1, 1995, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (29,780) |
| General obligation bonds, Series CK, dated September 1, 1995, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (55,555) |
| General obligation bonds, Series CL, dated March 1, 1996, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (22,230) |
| General obligation bonds, Series CN, dated March 1, 1997, defeased by general obligation refunding bonds of 1998, Series CS, April 1, 1998 | (30,161) |
| | <u>2,472,553</u> |
| | (continued) |

STATE OF HAWAII

**General Long-Term Obligations Account Group
Schedule of Changes in General Long-Term Bonded
Indebtedness - General Obligation Bonds (Cont'd)**

Last Three Fiscal Years

(Amounts in thousands)

Add:

| | |
|--|----------------|
| General obligation bonds issued, October 1, 1997 | \$ 200,000 |
| General obligation refunding bonds issued, October 1, 1997 | 78,815 |
| General obligation bonds issued, April 1, 1998 | 300,000 |
| General obligation refunding bonds issued, April 1, 1998 | <u>336,620</u> |

Bonded indebtedness - general obligation bonds at June 30, 1998 3,387,988

Less general obligation bonds matured during the
fiscal year ended June 30, 1999 (198,690)

Bonded indebtedness - general obligation bonds at June 30, 1999 3,189,298

Less general obligation bonds matured during the
fiscal year ended June 30, 2000 (189,435)

Add general obligation bonds issued, September 15, 1999 300,000

Bonded indebtedness - general obligation bonds at June 30, 2000 \$3,299,863

**Bonded indebtedness - general obligation bonds at June 30, 2000 is reflected in the
following account group and funds:**

| | |
|---|--------------------|
| General Long-Term Obligations Account Group | \$3,278,479 |
| Enterprise Funds | 2,644 |
| Component Unit - University Funds | <u>18,740</u> |
| | <u>\$3,299,863</u> |

General Long-Term Obligations Account Group
Schedule of General Obligation Bonds
Outstanding

Last Three Fiscal Years

(Amounts in thousands)

| <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> | | |
|----------------------|----------------------|-----------------------|---------------------------|----------------------|----------------------|
| | | | <u>June 30, 1998</u> | <u>June 30, 1999</u> | <u>June 30, 2000</u> |
| August 1, 1972 | 4.000% | August 1, 1993/2007 | \$ 2,525 | \$ 2,326 | \$ 2115 |
| March 1, 1987 | 5.700 | March 1, 1999 | 9,355 | - | - |
| December 6, 1988 | 7.081 | December 1, 1998 | 4,065 | - | - |
| December 6, 1988 | 7.181 | December 1, 1999 | 4,061 | 4,061 | - |
| December 6, 1988 | 7.281 | December 1, 2000 | 4,065 | 4,065 | 4,065 |
| December 6, 1988 | 7.381 | December 1, 2001 | 4,059 | 4,059 | 4,060 |
| December 6, 1988 | 7.481 | December 1, 2002 | 4,065 | 4,065 | 4,065 |
| December 6, 1988 | 7.581 | December 1, 2003 | 4,059 | 4,059 | 4,059 |
| December 6, 1988 | 7.631 | December 1, 2004 | 4,065 | 4,065 | 4,066 |
| December 6, 1988 | 7.681 | December 1, 2005/2008 | 16,250 | 16,250 | 16,250 |
| November 28, 1989 | 6.800 | December 1, 1999 | 4,445 | 4,445 | - |
| November 28, 1989 | 7.100 | December 1, 2005/2006 | 8,889 | 8,889 | 8,889 |
| November 28, 1989 | 7.150 | December 1, 2007/2009 | 13,334 | 13,334 | 13,334 |
| June 1, 1990 | 6.700 | June 1, 1999 | 5,555 | - | - |
| September 1, 1990 | 6.800 | September 1, 1998 | 8,335 | - | - |
| September 1, 1990 | 6.850 | September 1, 1999 | 8,335 | 8,335 | - |
| February 1, 1991 | 5.700 | February 1, 1999 | 13,890 | - | - |
| February 1, 1991 | 8.000 | February 1, 2001 | 13,890 | 13,890 | 13,890 |
| November 1, 1991 | 5.600 | November 1, 1998 | 5,555 | - | - |
| November 1, 1991 | 7.250 | November 1, 2000 | 5,555 | 5,555 | 5,555 |
| November 1, 1991 | 5.850 | November 1, 2001 | 5,555 | 5,555 | 5,555 |
| November 1, 1991 | 5.600 | November 1, 1998 | 7,090 | - | - |
| November 1, 1991 | 7.250 | November 1, 2000 | 7,090 | 7,090 | 7,090 |
| November 1, 1991 | 5.850 | November 1, 2001 | 7,090 | 7,090 | 7,090 |
| November 1, 1991 | 6.000 | November 1, 2002 | 7,090 | 7,090 | 7,090 |
| March 1, 1992 | 5.500 | March 1, 1999 | 5,555 | - | - |
| March 1, 1992 | 5.750 | March 1, 2000 | 5,555 | 5,555 | - |
| March 1, 1992 | 5.875 | March 1, 2001 | 5,555 | 5,555 | 5,555 |
| March 1, 1992 | 5.900 | March 1, 2002 | 5,555 | 5,555 | 5,555 |
| March 1, 1992 | 6.000 | March 1, 2003 | 5,555 | 5,555 | 5,555 |
| March 1, 1992 | 6.100 | March 1, 2004 | 5,555 | 5,555 | 5,555 |
| March 1, 1992 | 6.200 | March 1, 2005 | 5,555 | 5,555 | 5,555 |
| March 1, 1992 | 6.300 | March 1, 2006 | 5,555 | 5,555 | 5,555 |
| March 1, 1992 | 6.400 | March 1, 2007/2010 | 22,220 | 22,220 | 22,220 |
| March 1, 1992 | 6.375 | March 1, 2011 | 5,555 | 5,555 | 5,555 |
| March 1, 1992 | 6.250 | March 1, 2012 | 5,555 | 5,555 | 5,555 |
| March 1, 1992 | 5.500 | March 1, 1999 | 3,410 | - | - |
| March 1, 1992 | 5.750 | March 1, 2000 | 3,410 | 3,410 | - |
| March 1, 1992 | 5.875 | March 1, 2001 | 3,410 | 3,410 | 3,410 |
| March 1, 1992 | 5.900 | March 1, 2002 | 3,410 | 3,410 | 3,410 |
| October 1, 1992 | 6.300 | October 1, 1998 | 24,000 | - | - |
| October 1, 1992 | 6.500 | October 1, 1999 | 24,000 | 24,000 | - |
| October 1, 1992 | 5.250 | October 1, 2000 | 12,500 | 12,500 | 12,500 |
| October 1, 1992 | 5.400 | October 1, 2001 | 12,500 | 12,500 | 12,500 |
| October 1, 1992 | 6.250 | October 1, 2002 | 12,500 | 12,500 | 12,500 |
| October 1, 1992 | 5.600 | October 1, 2003 | 12,500 | 12,500 | 12,500 |
| October 1, 1992 | 5.700 | October 1, 2004 | 12,500 | 12,500 | 12,500 |
| October 1, 1992 | 5.800 | October 1, 2005 | 12,500 | 12,500 | 12,500 |
| October 1, 1992 | 5.900 | October 1, 2006 | 12,500 | 12,500 | 12,500 |
| October 1, 1992 | 6.000 | October 1, 2007/2012 | 75,000 | 75,000 | 75,000 |
| January 1, 1993 | 5.000 | January 1, 1999/2000 | 5,000 | 5,000 | - |
| January 1, 1993 | 5.250 | January 1, 2002 | 5,000 | 5,000 | 5,000 |
| January 1, 1993 | 5.375 | January 1, 2003 | 5,000 | 5,000 | 5,000 |
| January 1, 1993 | 5.500 | January 1, 2004/2006 | 15,000 | 15,000 | 15,000 |
| January 1, 1993 | 5.750 | January 1, 2007/2008 | 10,000 | 10,000 | 10,000 |
| January 1, 1993 | 6.000 | January 1, 2009 | 5,000 | 5,000 | 5,000 |
| January 1, 1993 | 5.750 | January 1, 2010/2011 | 10,000 | 10,000 | 10,000 |

(continued)

STATE OF HAWAII

General Long-Term Obligations Account Group
Schedule of General Obligation Bonds
Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

| Date of Issue | Interest Rate | Maturity Date | Amount Outstanding | | |
|------------------|---------------|-----------------------|--------------------|------------------|------------------|
| | | | June 30, 1998 | June 30, 1999 | June 30, 2000 |
| January 1, 1993 | 5.500% | January 1, 2012 | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| January 1, 1993 | 8.000 | January 1, 2013 | 5,000 | 5,000 | 5,000 |
| January 1, 1993 | 5.000 | January 1, 1999/2000 | 16,590 | 8,295 | - |
| January 1, 1993 | 5.125 | January 1, 2001 | 8,295 | 8,295 | 8,295 |
| January 1, 1993 | 5.250 | January 1, 2002 | 8,295 | 8,295 | 8,295 |
| January 1, 1993 | 5.375 | January 1, 2003 | 8,295 | 8,295 | 8,295 |
| January 1, 1993 | 5.500 | January 1, 2004/2006 | 24,885 | 24,885 | 24,885 |
| January 1, 1993 | 5.750 | January 1, 2007/2008 | 16,590 | 16,590 | 16,590 |
| February 1, 1993 | 4.400 | February 1, 1999 | 23,920 | - | - |
| February 1, 1993 | 4.600 | February 1, 2000 | 23,920 | 23,920 | - |
| February 1, 1993 | 4.700 | February 1, 2001 | 23,920 | 23,920 | 23,920 |
| February 1, 1993 | 7.750 | February 1, 2002 | 23,920 | 23,920 | 23,920 |
| February 1, 1993 | 5.000 | February 1, 2003/2005 | 71,760 | 71,760 | 71,760 |
| February 1, 1993 | 5.125 | February 1, 2006/2009 | 95,660 | 95,660 | 95,660 |
| February 1, 1993 | 4.400 | February 1, 1999 | 17,240 | - | - |
| February 1, 1993 | 4.600 | February 1, 2000 | 17,240 | 17,240 | - |
| February 1, 1993 | 4.700 | February 1, 2001 | 17,240 | 17,240 | 17,240 |
| February 1, 1993 | 4.900 | February 1, 2002 | 17,240 | 17,240 | 17,240 |
| February 1, 1993 | 5.000 | February 1, 2003 | 17,240 | 17,240 | 17,240 |
| June 1, 1993 | 4.600 | June 1, 1999 | 7,235 | - | - |
| June 1, 1993 | 4.500 | June 1, 2001 | 7,235 | 7,235 | 7,235 |
| June 1, 1993 | 8.000 | June 1, 2003 | 7,235 | 7,235 | 7,235 |
| June 1, 1993 | 5.200 | June 1, 2004 | 7,235 | 7,235 | 7,235 |
| June 1, 1993 | 5.250 | June 1, 2005/2007 | 7,235 | 7,235 | 7,235 |
| July 1, 1993 | 4.100 | July 1, 1998 | 17,525 | - | - |
| July 1, 1993 | 4.250 | July 1, 1999 | 17,525 | 17,525 | - |
| July 1, 1993 | 4.400 | July 1, 2000 | 17,525 | 17,525 | 17,525 |
| July 1, 1993 | 5.500 | July 1, 2001 | 17,525 | 17,525 | 17,525 |
| July 1, 1993 | 4.600 | July 1, 2002 | 17,525 | 17,525 | 17,525 |
| July 1, 1993 | 4.100 | July 1, 1998 | 1,025 | - | - |
| July 1, 1993 | 4.400 | July 1, 2000 | 1,115 | 1,115 | 1,115 |
| July 1, 1993 | 4.600 | July 1, 2002 | 1,220 | 1,220 | 1,220 |
| July 1, 1993 | 4.700 | July 1, 2003 | 1,280 | 1,280 | 1,280 |
| July 1, 1993 | 4.800 | July 1, 2004 | 1,340 | 1,340 | 1,340 |
| July 1, 1993 | 4.900 | July 1, 2005 | 1,405 | 1,405 | 1,405 |
| July 1, 1993 | 5.000 | July 1, 2006/2010 | 1,475 | 1,475 | 1,475 |
| November 1, 1993 | 4.750 | November 1, 1998/1999 | 13,890 | 13,890 | - |
| November 1, 1993 | 4.000 | November 1, 2000 | 10,000 | 10,000 | 10,000 |
| November 1, 1993 | 4.100 | November 1, 2001 | 13,890 | 13,890 | 13,890 |
| November 1, 1993 | 4.200 | November 1, 2002 | 13,890 | 13,890 | 13,890 |
| November 1, 1993 | 4.300 | November 1, 2003 | 13,890 | 13,890 | 13,890 |
| November 1, 1993 | 4.400 | November 1, 2004 | 13,890 | 13,890 | 13,890 |
| November 1, 1993 | 6.000 | November 1, 2005/2010 | 83,335 | 83,335 | 83,335 |
| November 1, 1993 | 4.750 | November 1, 2011/2013 | 41,655 | 41,655 | 41,655 |
| November 1, 1993 | 5.000 | November 1, 1996/1999 | 42,260 | 21,130 | - |
| November 1, 1993 | 4.000 | November 1, 2000 | 21,130 | 21,130 | 21,130 |
| November 1, 1993 | 4.100 | November 1, 2001 | 21,130 | 21,130 | 21,130 |
| November 1, 1993 | 4.200 | November 1, 2002 | 21,130 | 21,130 | 21,130 |
| November 1, 1993 | 4.300 | November 1, 2003 | 21,130 | 21,130 | 21,130 |
| November 1, 1993 | 4.400 | November 1, 2004 | 21,125 | 21,125 | 21,125 |
| November 1, 1993 | 4.500 | November 1, 2005 | 21,125 | 21,125 | 21,125 |
| November 1, 1993 | 4.600 | November 1, 2006 | 21,125 | 21,125 | 21,125 |
| November 1, 1993 | 4.700 | November 1, 2007 | 21,125 | 21,125 | 21,125 |
| November 1, 1993 | 4.750 | November 1, 2008/2009 | 42,250 | 42,250 | 42,250 |
| November 1, 1993 | 4.900 | November 1, 2010 | 21,125 | 21,125 | 21,125 |
| January 1, 1995 | 5.625 | January 1, 2002 | 14,890 | 14,890 | 14,890 |
| January 1, 1995 | 5.700 | January 1, 2003 | 14,890 | 14,890 | 14,890 |

(continued)

STATE OF HAWAII

General Long-Term Obligations Account Group
Schedule of General Obligation Bonds
Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

| Date of Issue | Interest Rate | Maturity Date | Amount Outstanding | | |
|-------------------|---------------|------------------------|--------------------|------------------|------------------|
| | | | June 30, 1998 | June 30, 1999 | June 30, 2000 |
| January 1, 1995 | 5.750% | January 1, 2004 | \$ 14,890 | \$ 14,890 | \$ 14,890 |
| January 1, 1995 | 5.800 | January 1, 2005 | 14,890 | 14,890 | 14,890 |
| September 1, 1995 | 5.000 | September 1, 1998/1999 | 5,560 | - | - |
| September 1, 1995 | 5.000 | September 1, 2000 | 5,555 | 5,555 | 5,555 |
| September 1, 1995 | 6.000 | September 1, 2001/2004 | 22,220 | 22,220 | 22,220 |
| September 1, 1995 | 5.000 | September 1, 2005/2006 | 11,110 | 11,110 | 11,110 |
| March 1, 1996 | 5.000 | March 1, 2002/2003 | 11,110 | 11,110 | 11,110 |
| March 1, 1996 | 4.900 | March 1, 2004 | 5,555 | 5,555 | 5,555 |
| March 1, 1996 | 5.000 | March 1, 2005 | 5,555 | 5,555 | 5,555 |
| March 1, 1996 | 5.100 | March 1, 2006 | 5,555 | 5,555 | 5,555 |
| March 1, 1996 | 6.000 | March 1, 2007/2011 | 27,775 | 27,775 | 27,775 |
| March 1, 1996 | 5.250 | March 1, 2012/2016 | 22,220 | 22,220 | 22,220 |
| December 1, 1996 | 5.000 | December 1, 1999/2001 | 25,005 | 25,005 | 16,670 |
| December 1, 1996 | 5.500 | December 1, 2002/2004 | 25,005 | 25,005 | 25,005 |
| December 1, 1996 | 6.000 | December 1, 2005/2010 | 50,010 | 50,010 | 50,010 |
| December 1, 1996 | 6.000 | December 1, 2011/2012 | 16,660 | 16,660 | 16,660 |
| December 1, 1996 | 6.500 | December 1, 2013/2016 | 33,320 | 33,320 | 33,320 |
| March 1, 1997 | 6.250 | March 1, 2002 | 13,660 | 13,660 | 13,660 |
| March 1, 1997 | 6.250 | March 1, 2003 | 14,515 | 14,515 | 14,515 |
| March 1, 1997 | 6.250 | March 1, 2004 | 15,420 | 15,420 | 15,420 |
| March 1, 1997 | 6.250 | March 1, 2005 | 16,385 | 16,385 | 16,385 |
| March 1, 1997 | 6.250 | March 1, 2006 | 17,410 | 17,410 | 17,410 |
| March 1, 1997 | 6.250 | March 1, 2007 | 18,500 | 18,500 | 18,500 |
| March 1, 1997 | 6.250 | March 1, 2008 | 19,655 | 19,655 | 19,655 |
| March 1, 1997 | 6.000 | March 1, 2009 | 20,885 | 20,885 | 20,885 |
| March 1, 1997 | 5.250 | March 1, 2010 | 22,135 | 22,135 | 22,135 |
| March 1, 1997 | 5.250 | March 1, 2011 | 23,300 | 23,300 | 23,300 |
| March 1, 1997 | 5.250 | March 1, 2012 | 24,520 | 24,520 | 24,520 |
| March 1, 1997 | 5.250 | March 1, 2013 | 25,810 | 25,810 | 25,810 |
| March 1, 1997 | 5.500 | March 1, 2014 | 27,165 | 27,165 | 27,165 |
| March 1, 1997 | 5.250 | March 1, 2015 | 28,660 | 28,660 | 28,660 |
| March 1, 1997 | 5.250 | March 1, 2017 | 31,820 | 31,820 | 31,820 |
| March 1, 1997 | 5.250 | March 1, 2000 | 13,915 | 13,915 | - |
| March 1, 1997 | 4.500 | September 1, 2000 | 7,325 | 7,325 | 7,325 |
| March 1, 1997 | 6.000 | March 1, 2001 | 7,485 | 7,485 | 7,485 |
| March 1, 1997 | 4.625 | September 1, 2001 | 7,710 | 7,710 | 7,710 |
| March 1, 1997 | 6.000 | March 1, 2002 | 7,890 | 7,890 | 7,890 |
| March 1, 1997 | 4.750 | September 1, 2002 | 8,125 | 8,125 | 8,125 |
| March 1, 1997 | 4.800 | March 1, 2003 | 8,320 | 8,320 | 8,320 |
| March 1, 1997 | 6.000 | September 1, 2003 | 8,520 | 8,520 | 8,520 |
| March 1, 1997 | 5.000 | March 1, 2004 | 8,775 | 8,775 | 8,775 |
| March 1, 1997 | 6.000 | September 1, 2004 | 8,995 | 8,995 | 8,995 |
| March 1, 1997 | 6.000 | March 1, 2005 | 9,265 | 9,265 | 9,265 |
| March 1, 1997 | 6.000 | September 1, 2005 | 9,545 | 9,545 | 9,545 |
| March 1, 1997 | 6.000 | March 1, 2006 | 9,830 | 9,830 | 9,830 |
| March 1, 1997 | 6.000 | September 1, 2006 | 10,125 | 10,125 | 10,125 |
| March 1, 1997 | 6.000 | March 1, 2007 | 10,425 | 10,425 | 10,425 |
| March 1, 1997 | 6.000 | September 1, 2007 | 10,740 | 10,740 | 10,740 |
| March 1, 1997 | 6.000 | March 1, 2008 | 11,060 | 11,060 | 11,060 |
| March 1, 1997 | 6.000 | September 1, 2008 | 11,395 | 11,395 | 11,395 |
| March 1, 1997 | 6.000 | March 1, 2009 | 11,735 | 11,735 | 11,735 |
| March 1, 1997 | 6.000 | September 1, 2009 | 12,090 | 12,090 | 12,090 |
| March 1, 1997 | 6.000 | March 1, 2010 | 12,450 | 12,450 | 12,450 |
| March 1, 1997 | 6.000 | September 1, 2010 | 12,825 | 12,825 | 12,825 |
| March 1, 1997 | 6.000 | March 1, 2011 | 13,210 | 13,210 | 13,210 |
| October 1, 1997 | 5.000 | October 1, 2000 | 6,915 | 6,915 | 6,915 |
| October 1, 1997 | 5.000 | October 1, 2001 | 7,270 | 7,270 | 7,270 |

(continued)

STATE OF HAWAII

General Long-Term Obligations Account Group
Schedule of General Obligation Bonds
Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

| Date of Issue | Interest Rate | Maturity Date | Amount Outstanding | | |
|--------------------|---------------|-------------------|--------------------|---------------|---------------|
| | | | June 30, 1998 | June 30, 1999 | June 30, 2000 |
| October 1, 1997 | 5.000% | October 1, 2002 | \$ 7,640 | \$ 7,640 | \$ 7,640 |
| October 1, 1997 | 5.000 | October 1, 2003 | 8,035 | 8,035 | 8,035 |
| October 1, 1997 | 5.000 | October 1, 2004 | 8,445 | 8,445 | 8,445 |
| October 1, 1997 | 5.000 | October 1, 2005 | 8,880 | 8,880 | 8,880 |
| October 1, 1997 | 5.500 | October 1, 2006 | 9,355 | 9,355 | 9,355 |
| October 1, 1997 | 5.500 | October 1, 2007 | 9,885 | 9,885 | 9,885 |
| October 1, 1997 | 5.500 | October 1, 2008 | 10,445 | 10,445 | 10,445 |
| October 1, 1997 | 5.500 | October 1, 2009 | 11,035 | 11,035 | 11,035 |
| October 1, 1997 | 5.500 | October 1, 2010 | 11,660 | 11,660 | 11,660 |
| October 1, 1997 | 5.000 | October 1, 2011 | 12,290 | 12,290 | 12,290 |
| October 1, 1997 | 5.000 | October 1, 2012 | 12,915 | 12,915 | 12,915 |
| October 1, 1997 | 5.000 | October 1, 2013 | 13,580 | 13,580 | 13,580 |
| October 1, 1997 | 5.000 | October 1, 2014 | 14,275 | 14,275 | 14,275 |
| October 1, 1997 | 5.000 | October 1, 2015 | 15,010 | 15,010 | 15,010 |
| October 1, 1997 | 5.000 | October 1, 2016 | 15,780 | 15,780 | 15,780 |
| October 1, 1997 | 5.000 | October 1, 2017 | 16,585 | 16,585 | 16,585 |
| October 1, 1997 | 4.250 | October 1, 1998 | 9,750 | - | - |
| October 1, 1997 | 4.250 | October 1, 1999 | 10,170 | 10,170 | - |
| October 1, 1997 | 4.000 | October 1, 2000 | 1,645 | 1,645 | 1,645 |
| October 1, 1997 | 5.000 | October 1, 2000 | 9,000 | 9,000 | 9,000 |
| October 1, 1997 | 4.100 | October 1, 2001 | 1,000 | 1,000 | 1,000 |
| October 1, 1997 | 5.000 | October 1, 2001 | 10,180 | 10,180 | 10,180 |
| October 1, 1997 | 5.000 | October 1, 2002 | 11,750 | 11,750 | 11,750 |
| October 1, 1997 | 4.250 | October 1, 2003 | 1,000 | 1,000 | 1,000 |
| October 1, 1997 | 5.000 | October 1, 2003 | 11,345 | 11,345 | 11,345 |
| October 1, 1997 | 5.000 | October 1, 2004 | 12,975 | 12,975 | 12,975 |
| April 1, 1998 | 6.000 | April 1, 2003 | 12,185 | 12,185 | 12,185 |
| April 1, 1998 | 5.500 | April 1, 2004 | 12,920 | 12,920 | 12,920 |
| April 1, 1998 | 5.500 | April 1, 2005 | 13,630 | 13,630 | 13,630 |
| April 1, 1998 | 5.500 | April 1, 2006 | 14,380 | 14,380 | 14,380 |
| April 1, 1998 | 5.500 | April 1, 2007 | 15,170 | 15,170 | 15,170 |
| April 1, 1998 | 5.750 | April 1, 2008 | 16,005 | 16,005 | 16,005 |
| April 1, 1998 | 5.750 | April 1, 2009 | 16,925 | 16,925 | 16,925 |
| April 1, 1998 | 5.250 | April 1, 2010 | 17,900 | 17,900 | 17,900 |
| April 1, 1998 | 5.250 | April 1, 2011 | 18,835 | 18,835 | 18,835 |
| April 1, 1998 | 5.250 | April 1, 2012 | 19,825 | 19,825 | 19,825 |
| April 1, 1998 | 5.250 | April 1, 2013 | 20,865 | 20,865 | 20,865 |
| April 1, 1998 | 5.000 | April 1, 2014 | 21,965 | 21,965 | 21,965 |
| April 1, 1998 | 5.000 | April 1, 2015 | 23,060 | 23,060 | 23,060 |
| April 1, 1998 | 5.000 | April 1, 2016 | 24,215 | 24,215 | 24,215 |
| April 1, 1998 | 5.000 | April 1, 2017 | 25,425 | 25,425 | 25,425 |
| April 1, 1998 | 4.750 | April 1, 2018 | 26,695 | 26,695 | 26,695 |
| April 1, 1998 | 5.250 | April 1, 2003 | 41,075 | 41,075 | 41,075 |
| April 1, 1998 | 5.250 | April 1, 2004 | 43,235 | 43,235 | 43,235 |
| April 1, 1998 | 5.250 | April 1, 2005 | 45,505 | 45,505 | 45,505 |
| April 1, 1998 | 5.250 | April 1, 2006 | 47,895 | 47,895 | 47,895 |
| April 1, 1998 | 5.000 | April 1, 2007 | 50,405 | 50,405 | 50,405 |
| April 1, 1998 | 5.000 | April 1, 2008 | 52,931 | 52,930 | 52,930 |
| April 1, 1998 | 5.000 | April 1, 2009 | 55,575 | 55,575 | 55,575 |
| September 15, 1999 | 5.250 | September 1, 2003 | - | - | 11,060 |
| September 15, 1999 | 4.500 | September 1, 2004 | - | - | 11,615 |
| September 15, 1999 | 5.250 | September 1, 2005 | - | - | 12,195 |
| September 15, 1999 | 5.500 | September 1, 2006 | - | - | 12,870 |
| September 15, 1999 | 5.250 | September 1, 2007 | - | - | 13,580 |
| September 15, 1999 | 5.250 | September 1, 2008 | - | - | 14,310 |
| September 15, 1999 | 5.250 | September 1, 2009 | - | - | 15,080 |
| September 15, 1999 | 5.750 | September 1, 2010 | - | - | 15,935 |

(continued)

STATE OF HAWAII

General Long-Term Obligations Account Group
Schedule of General Obligation Bonds
Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

| <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> | | |
|--|----------------------|----------------------|---------------------------|--------------------------|--------------------------|
| | | | <u>June 30, 1998</u> | <u>June 30, 1999</u> | <u>June 30, 2000</u> |
| September 15, 1999 | 5.750% | September 1, 2011 | \$ - | \$ - | \$ 16,880 |
| September 15, 1999 | 5.625 | September 1, 2012 | - | - | 17,865 |
| September 15, 1999 | 5.700 | September 1, 2013 | - | - | 18,910 |
| September 15, 1999 | 5.750 | September 1, 2014 | - | - | 20,025 |
| September 15, 1999 | 5.800 | September 1, 2015 | - | - | 21,215 |
| September 15, 1999 | 5.875 | September 1, 2016 | - | - | 22,490 |
| September 15, 1999 | 5.875 | September 1, 2017 | - | - | 23,850 |
| September 15, 1999 | 5.875 | September 1, 2018 | - | - | 25,295 |
| September 15, 1999 | 5.875 | September 1, 2019 | - | - | 26,825 |
| Total bonded indebtedness-general obligation bonds | | | <u>\$3,387,988</u> | <u>\$3,189,298</u> | <u>\$3,299,863</u> |
| Bonded indebtedness - general obligation bonds is reflected in the following account group and funds: | | | | | |
| General Long-Term Obligations Account Group | | | \$3,363,517 | \$3,166,880 | \$3,278,479 |
| Enterprise Funds | | | 4,312 | 3,468 | 2,644 |
| Component Unit - University Funds | | | 20,159 | 18,950 | 18,740 |
| | | | <u>\$3,387,988</u> | <u>\$3,189,298</u> | <u>\$3,299,863</u> |

General Long-Term Obligations Account Group
Schedule of Matured General Obligation Bonds
Outstanding

Last Three Fiscal Years

(Amounts in thousands)

| Date of Issue | Matured Bonds Outstanding June 30, 1997 | Fiscal Year Ended June 30, 1998 | | Matured Bonds Outstanding June 30, 1998 |
|------------------------|---|------------------------------------|------------------|---|
| | | Maturities | Redemptions | |
| May 1, 1956..... | \$ 1 | \$ - | \$ - | \$ 1 |
| May 15, 1957..... | 5 | - | - | 5 |
| March 1, 1969..... | 15 | - | - | 15 |
| April 1, 1970..... | 5 | - | - | 5 |
| October 1, 1970..... | 10 | - | - | 10 |
| September 1, 1971..... | 140 | - | - | 140 |
| February 1, 1972..... | 5 | - | - | 5 |
| August 1, 1972..... | - | 190 | 190 | - |
| February 1, 1973..... | 15 | - | 5 | 10 |
| December 1, 1973..... | 20 | - | - | 20 |
| April 1, 1974..... | 10 | - | - | 10 |
| March 1, 1975..... | 40 | - | - | 40 |
| September 1, 1975..... | 55 | - | 5 | 50 |
| March 1, 1976..... | 145 | - | - | 145 |
| June 1, 1976..... | 5 | - | 5 | - |
| September 1, 1976..... | 5 | - | - | 5 |
| December 1, 1976..... | 65 | - | - | 65 |
| April 1, 1977..... | 5 | - | - | 5 |
| August 1, 1977..... | 30 | 4,165 | 4,115 | 80 |
| February 1, 1978..... | 170 | 4,165 | 4,085 | 250 |
| June 1, 1978..... | 5 | - | - | 5 |
| March 1, 1985..... | 5 | - | 5 | - |
| July 1, 1985..... | 60 | - | 10 | 50 |
| August 1, 1986..... | 10 | - | - | 10 |
| November 1, 1986..... | 55 | - | 15 | 40 |
| March 1, 1987..... | 30 | 9,355 | 9,380 | 5 |
| April 1, 1988..... | 70 | - | 25 | 45 |
| December 6, 1988..... | - | 4,059 | 4,059 | - |
| June 1, 1989..... | 30 | 8,890 | 8,915 | 5 |
| August 1, 1989..... | 200 | 11,090 | 11,195 | 95 |
| November 28, 1989..... | - | 4,445 | 4,445 | - |
| June 1, 1990..... | 180 | 5,555 | 5,705 | 30 |
| September 1, 1990..... | - | 8,335 | 8,285 | 50 |
| February 1, 1991..... | 105 | 13,890 | 13,985 | 10 |
| November 1, 1991..... | - | 12,645 | 12,645 | - |
| March 3, 1992..... | 245 | 8,965 | 9,190 | 20 |
| October 1, 1992..... | - | 24,000 | 24,000 | - |
| January 1, 1993..... | 30 | 13,295 | 13,305 | 20 |
| February 1, 1993..... | 70 | 41,165 | 41,220 | 15 |
| June 1, 1993..... | - | 7,240 | 7,230 | 10 |
| July 1, 1993..... | - | 18,510 | 18,485 | 25 |
| November 1, 1993..... | - | 21,130 | 21,130 | - |
| September 1, 1995..... | - | - | - | - |
| December 1, 1996..... | - | - | - | - |
| March 1, 1997..... | - | - | - | - |
| October 1, 1997..... | - | - | - | - |
| | <u>\$1,841</u> | <u>\$221,089</u> | <u>\$221,634</u> | <u>\$1,296</u> |

| Fiscal Year Ended June 30, 1999 | | Matured Bonds Outstanding June 30, 1999 | Fiscal Year Ended June 30, 2000 | | Matured Bonds Outstanding June 30, 2000 |
|------------------------------------|------------------|---|------------------------------------|------------------|---|
| Maturities | Redemptions | | Maturities | Redemptions | |
| \$ - | \$ - | \$ 1 | \$ - | \$ - | \$ 1 |
| - | - | 5 | - | - | 5 |
| - | - | 15 | - | - | 15 |
| - | - | 5 | - | 5 | - |
| - | - | 10 | - | - | 10 |
| - | - | 140 | - | - | 140 |
| - | - | 5 | - | - | 5 |
| 200 | 195 | 5 | 210 | 210 | 5 |
| - | 5 | 5 | - | - | 5 |
| - | - | 20 | - | - | 20 |
| - | - | 10 | - | - | 10 |
| - | - | 40 | - | 5 | 35 |
| - | 30 | 20 | - | 20 | - |
| - | 40 | 105 | - | 10 | 95 |
| - | - | - | - | - | - |
| - | - | 5 | - | 5 | - |
| - | 5 | 60 | - | 5 | 55 |
| - | 5 | - | - | - | - |
| - | 55 | 25 | - | - | 25 |
| - | 65 | 185 | - | 10 | 175 |
| - | - | 5 | - | - | 5 |
| - | - | - | - | - | - |
| - | - | 50 | - | - | 50 |
| - | - | 10 | - | 10 | - |
| - | - | 40 | - | - | 40 |
| 9,355 | 9,100 | 260 | - | 250 | 10 |
| - | 10 | 35 | - | - | 35 |
| 4,065 | 4,065 | - | 4,060 | 4,060 | - |
| - | 5 | - | - | - | - |
| - | 80 | 15 | - | - | 15 |
| - | - | - | 4,445 | 4,235 | 210 |
| 5,555 | 5,565 | 20 | - | - | 20 |
| 8,335 | 8,325 | 60 | 8,335 | 8,320 | 75 |
| 13,890 | 13,800 | 100 | - | 60 | 40 |
| 12,645 | 12,630 | 15 | - | 15 | - |
| 8,965 | 8,920 | 65 | 8,965 | 8,979 | 51 |
| 24,000 | 24,000 | - | 24,000 | 24,000 | - |
| 8,295 | 8,280 | 35 | 13,295 | 13,285 | 45 |
| 41,160 | 41,105 | 70 | 41,160 | 41,160 | 70 |
| 7,235 | 6,930 | 315 | - | 315 | - |
| 18,550 | 18,550 | 25 | 17,525 | 17,525 | 25 |
| 21,130 | 21,130 | - | 35,020 | 35,020 | - |
| 5,560 | 5,560 | - | - | - | - |
| - | - | - | 8,335 | 8,335 | - |
| - | - | - | 13,915 | 13,915 | - |
| 9,750 | 9,750 | - | 10,170 | 10,170 | - |
| <u>\$198,690</u> | <u>\$198,205</u> | <u>\$ 1,781</u> | <u>\$189,435</u> | <u>\$189,924</u> | <u>\$ 1,292</u> |

COMPONENT UNITS

University Funds

The University Funds are used to account for all transactions relating to the State's public institutions of higher education. The University Funds are comprised of the following:

- Universities:
 - University of Hawaii at Hilo
 - University of Hawaii at Manoa
 - University of Hawaii at West Oahu
- Community colleges:
 - Hawaii Community College
 - Honolulu Community College
 - Kapiolani Community College
 - Kauai Community College
 - Leeward Community College
 - Maui Community College
 - Windward Community College

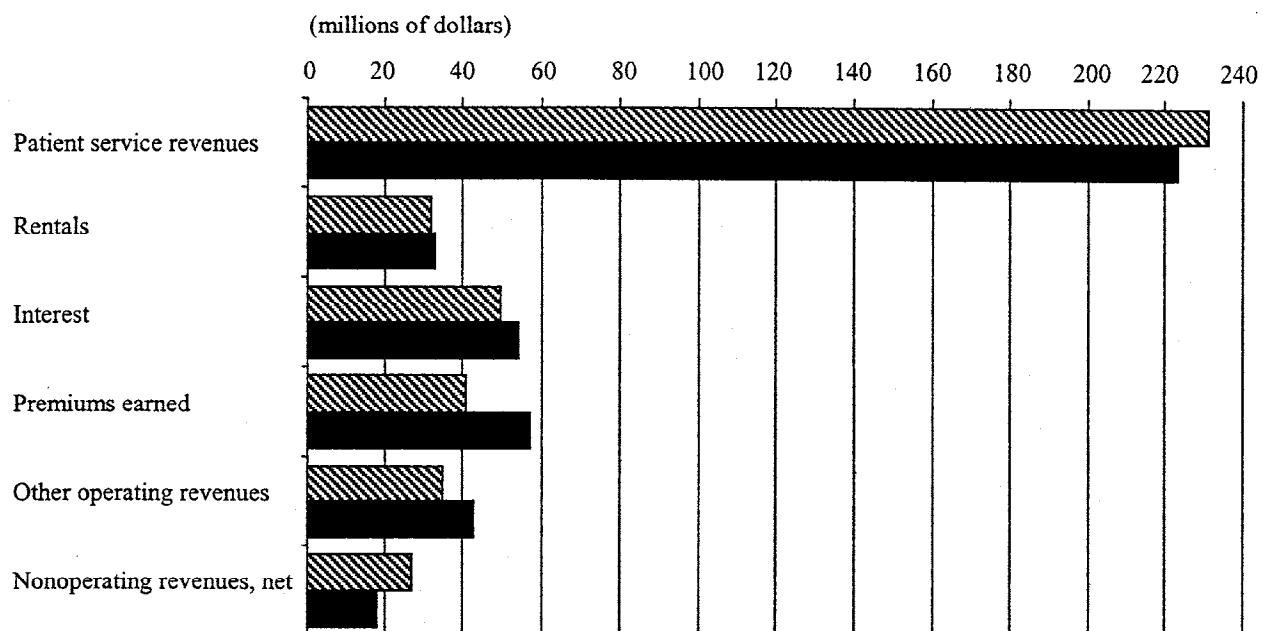
Enterprise Funds

The Housing and Community Development Corporation of Hawaii is responsible for the land reform programs, development and administration of state and federal rental housing projects, state-financed dwelling unit sales and issuance of mortgage revenue bonds. The Hawaii Hurricane Relief Fund funds, assesses and provides, when necessary, hurricane property insurance to residents of the State. The Hawaii Health Systems Corporation accounts for all transactions relating to hospitals owned and operated as hospital enterprises by the State. Those hospitals include:

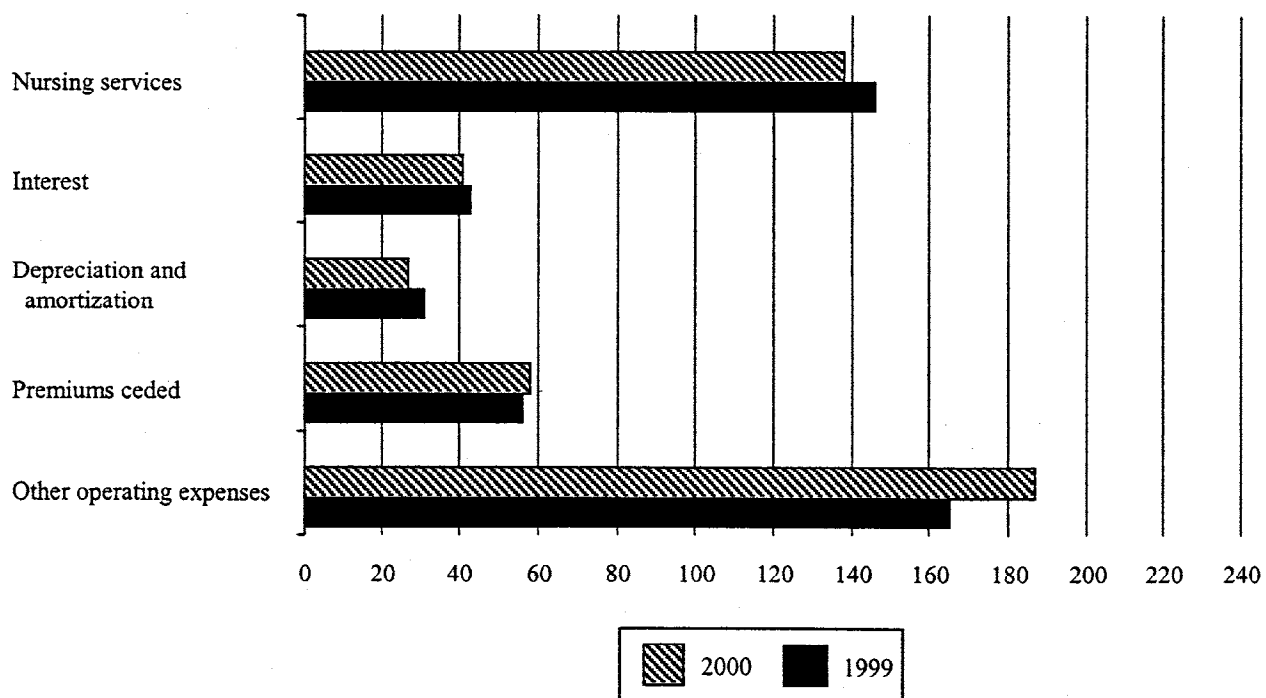
- Hilo Medical Center
- Hale Ho'ola Hamakua fka Honoka'a Hospital
- Ka'u Hospital
- Kauai Veterans Memorial Hospital
- Kohala Hospital
- Kona Community Hospital
- Kula Hospital
- Lanai Community Hospital
- Leahi Hospital
- Samuel Mahelona Memorial Hospital
- Maluhia (A Long-Term Care Health Center)
- Maui Memorial Medical Center

COMPONENT UNITS - ENTERPRISE FUNDS

Operating and Nonoperating Revenues



Operating and Nonoperating Expenses



STATE OF HAWAII

Exhibit J-1

Component Units

Combining Balance Sheet

June 30, 2000

(Amounts in thousands)

| <u>ASSETS</u> | <u>University Funds</u> | <u>Enterprise Funds</u> | <u>Total</u> |
|---|-------------------------|-------------------------|--------------|
| Cash and short-term investments | \$ 228,148 | \$ 216,250 | \$ 444,398 |
| Receivables: | | | |
| Accounts and accrued interest (net of allowance for doubtful accounts of \$92,823) | 23,448 | 58,554 | 82,002 |
| Notes and loans (net of deferred gain and income of \$193 and allowance for doubtful accounts of \$6,138) | 20,682 | 4,826 | 25,508 |
| Federal government | 32,315 | - | 32,315 |
| Other (net of allowance of \$3,426) | 3,598 | 6,073 | 9,671 |
| Due from Primary Government - General Fund | 3,952 | 906 | 4,858 |
| Due from Internal University Funds | 15,072 | - | 15,072 |
| Investments | 183,615 | 199,670 | 383,285 |
| Inventories: | | | |
| Materials and supplies | 20,095 | 6,400 | 26,495 |
| Developments in progress and dwelling units | - | 112,233 | 112,233 |
| Net investment in financing lease | - | 18,952 | 18,952 |
| Prepaid expenses and other assets | 1,050 | 7,969 | 9,019 |
| Restricted assets: | | | |
| Cash and short-term investments | - | 31,423 | 31,423 |
| Investments: | | | |
| U.S. government securities | - | 8,694 | 8,694 |
| Mortgage-backed securities | - | 404,717 | 404,717 |
| Repurchase agreements | - | 231,300 | 231,300 |
| Guaranteed investment contract | - | 144 | 144 |
| Deposits, funded reserves and other | - | 7,163 | 7,163 |
| Total restricted assets | - | 683,441 | 683,441 |
| Property, plant and equipment: | | | |
| Land and land improvements | 95,910 | 66,476 | 162,386 |
| Buildings and improvements | 712,610 | 729,252 | 1,441,862 |
| Machinery and equipment | 194,028 | 93,254 | 287,282 |
| Library and other books | 122,011 | - | 122,011 |
| Livestock | 205 | - | 205 |
| Construction in progress | 35,272 | 31,318 | 66,590 |
| 1,160,036 | 920,300 | 2,080,336 | |
| Less accumulated depreciation | - | (357,527) | (357,527) |
| Net property, plant and equipment | 1,160,036 | 562,773 | 1,722,809 |
| Other assets: | | | |
| Mortgage loans receivable (net of deferred gain of \$623) | - | 111,525 | 111,525 |
| Unamortized bond issue costs | - | 7,229 | 7,229 |
| Resources to be provided in future years for retirement of general long-term obligations | - | 251 | 251 |
| Interest in perpetual trusts held by others | 11,785 | - | 11,785 |
| Other | 177 | - | 177 |
| Total other assets | 11,962 | 119,005 | 130,967 |
| Total Assets | \$1,703,973 | \$1,997,052 | \$3,701,025 |

STATE OF HAWAII

**Component Units
Combining Balance Sheet (Cont'd)**

June 30, 2000

(Amounts in thousands)

| LIABILITIES AND FUND EQUITY | University Funds | Enterprise Funds | Total |
|---|-------------------------|-------------------------|--------------------|
| Liabilities: | | | |
| Vouchers and contracts payable | \$ 22,647 | \$ 32,141 | \$ 54,788 |
| Other accrued liabilities | 63,741 | 71,243 | 134,984 |
| Due to Primary Government - General Fund | 6,000 | - | 6,000 |
| Due to Internal University Funds | 15,072 | - | 15,072 |
| Due to HUD | - | 1,919 | 1,919 |
| Advances from federal government | 25,321 | - | 25,321 |
| Liabilities payable from restricted assets - revenue bonds payable | - | 2,515 | 2,515 |
| General obligations bonds payable | 18,740 | - | 18,740 |
| Notes payable | - | 4,238 | 4,238 |
| Mortgage payable | - | 6,840 | 6,840 |
| Long-term debt | 172 | - | 172 |
| Installment contracts payable | 1,387 | - | 1,387 |
| Deferred revenue | 19,405 | 5,669 | 25,074 |
| Security deposits | - | 2,253 | 2,253 |
| Revenue bonds payable (net of unamortized bond discount and loss on refunding) | 19,715 | 856,396 | 876,111 |
| Capital lease obligations | 16,800 | 4,404 | 21,204 |
| Reinsurance premiums payable | - | 512 | 512 |
| Deferred commitment fees | - | 7,005 | 7,005 |
| Advances from State of Hawaii | - | 20,123 | 20,123 |
| Unearned premiums | - | 15,638 | 15,638 |
| Estimated future costs of land sold | - | 17,928 | 17,928 |
| Other liabilities | 8,610 | 349 | 8,959 |
| Total Liabilities | 217,610 | 1,049,173 | 1,266,783 |
| Fund Equity: | | | |
| Investment in fixed assets | 1,103,394 | 28,169 | 1,131,563 |
| Federal grants refundable | 125,421 | - | 125,421 |
| Contributed capital | - | 734,378 | 734,378 |
| Less accumulated depreciation | - | (179,681) | (179,681) |
| Total contributed capital | - | 554,697 | 554,697 |
| Unreserved retained earnings | - | 207,122 | 207,122 |
| Fund balances: | | | |
| Reserved for continuing appropriations | - | 11,979 | 11,979 |
| Reserved for donor specified purposes | - | 6 | 6 |
| Reserved for other | 81,125 | 13,068 | 94,193 |
| Unreserved | 176,423 | 132,838 | 309,261 |
| Total fund balances | 257,548 | 157,891 | 415,439 |
| Total retained earnings/fund balances | 257,548 | 365,013 | 622,561 |
| Total Fund Equity | 1,486,363 | 947,879 | 2,434,242 |
| Total Liabilities and Fund Equity | \$1,703,973 | \$1,997,052 | \$3,701,025 |

Component Unit - University Funds
Combining Balance Sheet

June 30, 2000

(Amounts in thousands)

| ASSETS | Current Funds | | Loan Funds | Endowment and Similar Funds | Agency Funds |
|---|------------------|-----------------|-----------------|-----------------------------|----------------|
| | Unrestricted | Restricted | | | |
| Cash and short-term investments | \$121,429 | \$17,010 | \$ 2,178 | 7,443 | \$ 469 |
| Receivables: | | | | | |
| Accounts and accrued interest (net of allowance for doubtful accounts of \$997) | 8,676 | 14,088 | 253 | 268 | 101 |
| Notes (net of allowance for doubtful accounts of \$6,138) | - | - | 20,682 | - | - |
| Claims - federal grants | - | 32,245 | - | - | - |
| Other | - | 3,196 | - | - | - |
| Due from Internal University Funds | 14,208 | - | - | 286 | - |
| Due from Primary Government - General Fund | 3,952 | - | - | - | - |
| Investments | - | 1,239 | - | 180,067 | 2,309 |
| Inventory | 12,921 | 7,174 | - | - | - |
| Property, plant and equipment | - | - | - | - | - |
| Prepaid expenses | 1,050 | - | - | - | - |
| Interest in perpetual trusts held by others | - | - | - | 11,785 | - |
| Other | - | 177 | - | - | - |
| Total Assets | \$162,236 | \$75,129 | \$23,113 | \$199,849 | \$2,879 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Vouchers and contracts payable | \$ 16,179 | \$ 3,795 | \$ - | \$ - | \$2,534 |
| Other accrued liabilities | 55,364 | 7,713 | 7 | - | - |
| Due to Primary Government - General Fund | - | 6,000 | - | - | - |
| Due to Internal University Funds | 751 | 14,107 | - | - | 214 |
| Advances from federal government | 1,745 | 19,551 | - | - | - |
| General obligation bonds payable | - | - | - | - | - |
| Long-term debt | - | - | - | - | - |
| Installment contracts payable | - | - | - | - | - |
| Deferred revenue | 19,380 | - | - | - | - |
| Revenue bonds payable | - | - | - | - | - |
| Capital lease obligation | - | - | - | - | - |
| Other | 6,108 | 2,339 | - | 32 | 131 |
| Total Liabilities | 99,527 | 53,505 | 7 | 32 | 2,879 |
| Fund Balances: | | | | | |
| Investment in fixed assets | - | - | - | - | - |
| Federal grants refundable | - | - | 12,938 | 112,483 | - |
| University Funds: | | | | | |
| Restricted | - | 21,624 | 10,153 | 40,412 | - |
| Unrestricted | 62,709 | - | 15 | 46,922 | - |
| Total Fund Balances | 62,709 | 21,624 | 23,106 | 199,817 | - |
| Total Liabilities and Fund Balances | \$162,236 | \$75,129 | \$23,113 | \$199,849 | \$2,879 |

| Plant Funds | | | | |
|-------------------|--|---|------------------------------------|--------------------|
| <u>Unexpended</u> | <u>Renewals and Replacements</u> | <u>Retirement of Indebtedness</u> | <u>Investment in Plant</u> | <u>Total</u> |
| \$45,324 | \$29,273 | \$5,022 | \$ - | \$ 228,148 |
| 40 | 22 | - | - | 23,448 |
| - | - | - | - | 20,682 |
| 70 | - | - | - | 32,315 |
| 128 | - | 90 | 184 | 3,598 |
| - | - | 578 | - | 15,072 |
| - | - | - | - | 3,952 |
| - | - | - | - | 183,615 |
| - | - | - | - | 20,095 |
| - | - | - | 1,160,036 | 1,160,036 |
| - | - | - | - | 1,050 |
| - | - | - | - | 11,785 |
| - | - | - | - | 177 |
| <u>\$45,562</u> | <u>\$29,295</u> | <u>\$5,690</u> | <u>\$1,160,220</u> | <u>\$1,703,973</u> |
| \$ 109 | \$ 30 | \$ - | \$ - | \$ 22,647 |
| 10 | - | 647 | - | 63,741 |
| - | - | - | - | 6,000 |
| - | - | - | - | 15,072 |
| 4,025 | - | - | - | 25,321 |
| - | - | - | 18,740 | 18,740 |
| - | - | - | 172 | 172 |
| - | - | - | 1,387 | 1,387 |
| - | - | 13 | 12 | 19,405 |
| - | - | - | 19,715 | 19,715 |
| - | - | - | 16,800 | 16,800 |
| - | - | - | - | 8,610 |
| <u>4,144</u> | <u>30</u> | <u>660</u> | <u>56,826</u> | <u>217,610</u> |
| - | - | - | 1,103,394 | 1,103,394 |
| - | - | - | - | 125,421 |
| 626 | 5,376 | 2,934 | - | 81,125 |
| <u>40,792</u> | <u>23,889</u> | <u>2,096</u> | <u>-</u> | <u>176,423</u> |
| <u>41,418</u> | <u>29,265</u> | <u>5,030</u> | <u>1,103,394</u> | <u>1,486,363</u> |
| <u>\$45,562</u> | <u>\$29,295</u> | <u>\$5,690</u> | <u>\$1,160,220</u> | <u>\$1,703,973</u> |

Discretely Presented Component Units - Enterprise Funds

Combining Balance Sheet

June 30, 2000

(Amounts in thousands)

| | Housing and Community Development Corporation of Hawaii | Hawaii Hurricane Relief Fund | Hawaii Health Systems Corporation | Total |
|---|---|------------------------------------|--|-------------|
| ASSETS | | | | |
| Cash and short-term investments | \$ 198,160 | \$ 8,662 | \$ 9,428 | \$ 216,250 |
| Receivables: | | | | |
| Accounts and accrued interest (net of allowance for doubtful accounts of \$91,826) | 10,215 | 3,221 | 45,118 | 58,554 |
| Notes and loans (net of deferred gain and income of \$193) | 4,715 | - | 111 | 4,826 |
| Other (net of allowance of \$3,426) | 4,276 | 1,797 | - | 6,073 |
| Due from Primary Government - General Fund | 906 | - | - | 906 |
| Investments | 15,852 | 183,818 | - | 199,670 |
| Developments in progress and dwelling units inventory | 112,233 | - | - | 112,233 |
| Inventory of materials and supplies | 633 | - | 5,767 | 6,400 |
| Net investment in financing lease | 18,952 | - | - | 18,952 |
| Prepaid expenses and other assets | 1,763 | - | 6,206 | 7,969 |
| Restricted assets: | | | | |
| Cash and short-term investments | 31,423 | - | - | 31,423 |
| Investments: | | | | |
| U.S. government securities | 8,694 | - | - | 8,694 |
| Mortgage-backed securities | 404,717 | - | - | 404,717 |
| Repurchase agreements | 231,300 | - | - | 231,300 |
| Guaranteed investment contract | 144 | - | - | 144 |
| Deposits, funded reserves and other | 5,270 | - | 1,893 | 7,163 |
| Total restricted assets | 681,548 | - | 1,893 | 683,441 |
| Property, plant and equipment: | | | | |
| Land and land improvements | 63,119 | - | 3,357 | 66,476 |
| Buildings and improvements | 553,907 | - | 175,345 | 729,252 |
| Machinery and equipment | 12,724 | - | 80,530 | 93,254 |
| Construction in progress | 16,012 | - | 15,306 | 31,318 |
| 645,762 | 645,762 | - | 274,538 | 920,300 |
| Less accumulated depreciation | (233,791) | - | (123,736) | (357,527) |
| Net property, plant and equipment | 411,971 | - | 150,802 | 562,773 |
| Other assets: | | | | |
| Mortgage loans receivable (net of deferred gain of \$623) | 111,525 | - | - | 111,525 |
| Unamortized bond issue costs | 7,229 | - | - | 7,229 |
| Resources to be provided in future years for retirement of general long-term obligations | 251 | - | - | 251 |
| Total other assets | 119,005 | - | - | 119,005 |
| Total Assets | \$1,580,229 | \$197,498 | \$ 219,325 | \$1,997,052 |

STATE OF HAWAII

Discretely Presented Component Units - Enterprise Funds
Combining Balance Sheet (Cont'd)

June 30, 2000

(Amounts in thousands)

| | Housing and Community Development Corporation of Hawaii | Hawaii Hurricane Relief Fund | Hawaii Health Systems Corporation | Total |
|--|---|------------------------------------|--|--------------------|
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities: | | | | |
| Vouchers and contracts payable..... | \$ 6,368 | \$ 92 | \$ 25,681 | \$ 32,141 |
| Other accrued liabilities..... | 29,930 | 1,271 | 40,042 | 71,243 |
| Due to HUD..... | 1,919 | - | - | 1,919 |
| Liabilities payable from restricted assets - revenue bonds payable..... | 2,515 | - | - | 2,515 |
| Notes payable..... | 4,238 | - | - | 4,238 |
| Mortgage payable..... | 6,840 | - | - | 6,840 |
| Revenue bonds payable..... | 856,396 | - | - | 856,396 |
| Deferred revenue..... | 5,669 | - | - | 5,669 |
| Security deposits..... | 2,253 | - | - | 2,253 |
| Capital lease obligations..... | - | - | 4,404 | 4,404 |
| Reinsurance premiums payable..... | - | 512 | - | 512 |
| Deferred commitment fees..... | 7,005 | - | - | 7,005 |
| Advances from State of Hawaii..... | - | - | 20,123 | 20,123 |
| Unearned premiums..... | - | 15,638 | - | 15,638 |
| Estimated future costs of land sold..... | 17,928 | - | - | 17,928 |
| Other liabilities..... | - | - | 349 | 349 |
| Total Liabilities | 941,061 | 17,513 | 90,599 | 1,049,173 |
| Fund Equity: | | | | |
| Investment in fixed assets..... | 28,169 | - | - | 28,169 |
| Contributed capital..... | 734,277 | 101 | - | 734,378 |
| Less accumulated depreciation..... | (179,681) | - | - | (179,681) |
| Total contributed capital | 554,596 | 101 | - | 554,697 |
| Unreserved retained earnings..... | 27,238 | 179,884 | - | 207,122 |
| Fund balance: | | | | |
| Reserved for continuing appropriations..... | 11,979 | - | - | 11,979 |
| Reserved for donor specified purposes..... | - | - | 6 | 6 |
| Reserved for other..... | 11,530 | - | 1,538 | 13,068 |
| Unreserved..... | 5,656 | - | 127,182 | 132,838 |
| Total fund balance | 29,165 | - | 128,726 | 157,891 |
| Total retained earnings/fund balance | 56,403 | 179,884 | 128,726 | 365,013 |
| Total Fund Equity | 639,168 | 179,985 | 128,726 | 947,879 |
| Total Liabilities and Fund Equity | \$1,580,229 | \$197,498 | \$219,325 | \$1,997,052 |

Discretely Presented Component Units - Enterprise Funds
Combining Statement of Revenues,
Expenses and Changes in Retained Earnings/Fund Balance

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Housing and Community Development Corporation of Hawaii | Hawaii Hurricane Relief Fund | Hawaii Health Systems Corporation | Total |
|---|---|------------------------------------|--|-----------------|
| Operating Revenues: | | | | |
| Sales of dwelling units..... | \$ 185 | \$ - | \$ - | \$ 185 |
| Sales of land | 3,583 | - | - | 3,583 |
| Assessments..... | - | 16,105 | - | 16,105 |
| Special mortgage recording fees..... | - | 5,387 | - | 5,387 |
| Rentals | 32,344 | - | - | 32,344 |
| Patient service revenues (net of contractual allowances and adjustments of \$199,832)..... | - | - | 235,426 | 235,426 |
| Interest..... | 49,973 | - | - | 49,973 |
| Premiums earned | - | 41,165 | - | 41,165 |
| Other..... | 7,631 | - | 2,301 | 9,932 |
| Total Operating Revenues | 93,716 | 62,657 | 237,727 | 394,100 |
| Operating Expenses: | | | | |
| Personal services..... | 16,355 | - | - | 16,355 |
| Nursing services | - | - | 138,351 | 138,351 |
| Medical supplies and drugs..... | - | - | 26,060 | 26,060 |
| Professional services..... | - | - | 20,877 | 20,877 |
| Purchased services..... | - | - | 18,217 | 18,217 |
| Other supplies..... | - | - | 9,569 | 9,569 |
| Interest..... | 40,978 | - | 485 | 41,463 |
| Depreciation..... | 14,142 | - | 12,378 | 26,520 |
| Repairs and maintenance | 4,508 | - | - | 4,508 |
| Cost of sales - land..... | 6,337 | - | - | 6,337 |
| Loan servicing fees and amortization of bond issue costs | 1,069 | - | - | 1,069 |
| Amortization..... | 178 | - | - | 178 |
| Premiums ceded..... | - | 57,792 | - | 57,792 |
| General administration..... | 10,347 | 937 | - | 11,284 |
| Project expense..... | 8,749 | - | - | 8,749 |
| Provision for uncollectible accounts..... | 352 | - | 12,653 | 13,005 |
| Net decrease in fair value of investments | 20,874 | - | - | 20,874 |
| Other..... | 8,647 | 2,631 | 18,560 | 29,838 |
| Total Operating Expenses | 132,536 | 61,360 | 257,150 | 451,046 |
| Operating Income (Loss) | (38,820) | 1,297 | (19,423) | (56,946) |

STATE OF HAWAII

Discretely Presented Component Units - Enterprise Funds Combining Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Housing and Community Development Corporation of Hawaii | Hawaii Hurricane Relief Fund | Hawaii Health Systems Corporation | Total |
|--|---|------------------------------------|--|-------------------|
| Nonoperating Revenues (Expenses): | | | | |
| Interest income | \$ 5,382 | \$ 9,691 | \$ - | \$ 15,073 |
| Interest expense | (416) | - | - | (416) |
| HUD annual contributions | 9,910 | - | - | 9,910 |
| Other | - | - | 2,194 | 2,194 |
| Total Net Nonoperating Revenues | <u>14,876</u> | <u>9,691</u> | <u>2,194</u> | <u>26,761</u> |
| Income (Loss) before Operating Transfers In and Extraordinary Item | <u>(23,944)</u> | <u>10,988</u> | <u>(17,229)</u> | <u>(30,185)</u> |
| Operating Transfers In From: | | | | |
| General Fund | - | - | 28,252 | 28,252 |
| Income (Loss) before Extraordinary Item | <u>(23,944)</u> | <u>10,988</u> | <u>11,023</u> | <u>(1,933)</u> |
| Extraordinary Item | | | | |
| Loss from early redemption of revenue bonds payable | (68) | - | - | (68) |
| Net Income (Loss) | <u>(24,012)</u> | <u>10,988</u> | <u>11,023</u> | <u>(2,001)</u> |
| Excess of revenues and other financing sources over expenditures and other financing uses from governmental operations | 16,499 | - | - | 16,499 |
| Depreciation on contributed fixed assets that reduces contributed capital | 8,952 | - | - | 8,952 |
| Restricted contributions | - | - | 290 | 290 |
| Net Change in Retained Earnings/Fund Balance | <u>1,439</u> | <u>10,988</u> | <u>11,313</u> | <u>23,740</u> |
| Retained Earnings/Fund Balance*, July 1, 1999, as previously reported | 73,623 | 168,896 | 113,478 | 355,997 |
| Adjustment | <u>(18,659)</u> | - | - | <u>(18,659)</u> |
| Retained Earnings/Fund Balance*, July 1, 1999, as restated | 54,964 | 168,896 | 113,478 | 337,338 |
| Residual equity transfer in from Capital Projects Fund | - | - | 3,935 | 3,935 |
| Retained Earnings/Fund Balance*, June 30, 2000 | <u>\$ 56,403</u> | <u>\$ 179,884</u> | <u>\$ 128,726</u> | <u>\$ 365,013</u> |

*Fund balance relates to Hawaii Health Systems Corporation only.

Discretely Presented Component Units - Enterprise Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Housing and Community Development Corporation of Hawaii | Hawaii Hurricane Relief Fund | Hawaii Health Systems Corporation | Total |
|---|---|------------------------------------|--|-----------------|
| Cash Flows from Operating Activities: | | | | |
| Operating income (loss)..... | \$ (38,820) | \$ 1,297 | \$ (19,423) | \$ (56,946) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Gain on sale of property and equipment | (57) | - | - | (57) |
| Interest paid on bonds | 40,978 | - | - | 40,978 |
| Depreciation and amortization | 14,320 | - | 12,378 | 26,698 |
| Interest on investments | (40,772) | - | - | (40,772) |
| Interest on financing lease | (869) | - | - | (869) |
| Provision for uncollectible accounts | 352 | - | 12,653 | 13,005 |
| Net decrease in fair value of investments | 20,874 | - | - | 20,874 |
| Lender commitment fees canceled | (1,117) | - | - | (1,117) |
| Amounts released from restrictions | - | - | 542 | 542 |
| Amounts released from HHSC Board of Directors' designations | - | - | 2,995 | 2,995 |
| Decrease (increase) in assets: | | | | |
| Accounts and accrued interest receivable | 1,769 | - | (7,828) | (6,059) |
| Notes and loans receivable | 5,986 | - | - | 5,986 |
| Mortgage loans receivable | 5,117 | - | - | 5,117 |
| Other assets | 1,147 | 6,660 | (6,002) | 1,805 |
| Increase (decrease) in liabilities: | | | | |
| Vouchers and contracts payable | 876 | (292) | 6,166 | 6,750 |
| Other accrued liabilities | 908 | (1,415) | (14,647) | (15,154) |
| Security deposits | 495 | - | - | 495 |
| Arbitrage rebates payable | 1,270 | - | - | 1,270 |
| Deferred gain on sale of dwelling units and land | (677) | - | - | (677) |
| Unearned premiums | - | (7,855) | - | (7,855) |
| Estimated future costs of land sold | (1,667) | - | - | (1,667) |
| Net Cash Provided by (Used in) Operating Activities | 10,113 | (1,605) | (13,166) | (4,658) |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Proceeds from sale of revenue bonds | 108,765 | - | - | 108,765 |
| Bond issue costs | (866) | - | - | (866) |
| Principal payments on bond maturities | (18,275) | - | - | (18,275) |
| Interest paid on bonds | (32,807) | - | - | (32,807) |
| HUD operating subsidy | 8,968 | - | - | 8,968 |
| Operating transfer in from General Fund | - | - | 28,252 | 28,252 |
| Contribution returned to State of Hawaii and others | (5) | - | - | (5) |
| Receipts from State of Hawaii | - | - | 7 | 7 |
| Sale of property, plant and equipment | - | - | 149 | 149 |
| Lender commitment fees received | 2,157 | - | - | 2,157 |
| Advances from other funds | 4,303 | - | - | 4,303 |
| Subsidies and other | - | - | 1,713 | 1,713 |
| Net Cash Provided by Noncapital Financing Activities | 72,240 | - | 30,121 | 102,361 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Proceeds from sale of revenue bonds | 3,750 | - | - | 3,750 |
| Proceeds from sale of land, property and equipment | 71 | - | 20 | 91 |
| Acquisition and construction of property and equipment | (16,993) | - | (5,657) | (22,650) |
| Interest paid on bonds | (8,941) | - | - | (8,941) |
| Principal payments on revenue bond maturities and redemptions | (4,399) | - | - | (4,399) |
| Principal payments on notes and bonds payable | (36) | - | - | (36) |
| Principal payments on mortgage loans | (2,306) | - | - | (2,306) |
| Proceeds from federal, state and capital grants | 16,343 | - | - | 16,343 |
| Repayments on capital lease obligations and interest income | - | - | (2,125) | (2,125) |
| Net Cash Used in Capital and Related Financing Activities | (12,511) | - | (7,762) | (20,273) |

STATE OF HAWAII

Discretely Presented Component Units - Enterprise Funds Combining Statement of Cash Flows (Cont'd)

For the Fiscal Year Ended June 30, 2000

(Amounts in thousands)

| | Housing and Community Development Corporation of Hawaii | Hawaii Hurricane Relief Fund | Hawaii Health Systems Corporation | Total |
|---|---|------------------------------------|--|-------------------|
| Cash Flows from Investing Activities: | | | | |
| Purchase of investments | \$(421,355) | \$(578,885) | \$ - | \$(1,000,240) |
| Proceeds from sales and maturities of investments | 414,078 | 577,698 | - | 991,776 |
| Interest from investments | 43,315 | 9,116 | - | 52,431 |
| Payment received on direct financing lease | 1,240 | - | - | 1,240 |
| Issuance of notes receivable | - | - | (111) | (111) |
| Net decrease in restricted deposits and funded reserves | <u>1,429</u> | <u>-</u> | <u>-</u> | <u>1,429</u> |
| Net Cash Provided by (Used in) Investing Activities | <u>38,707</u> | <u>7,929</u> | <u>(111)</u> | <u>46,525</u> |
| Net Increase in Cash and Cash Equivalents | 108,549 | 6,324 | 9,082 | 123,955 |
| Cash and Cash Equivalents, including Restricted Amounts, July 1, 1999 | <u>83,620</u> | <u>2,338</u> | <u>346</u> | <u>86,304</u> |
| Cash and Cash Equivalents, including Restricted Amounts, June 30, 2000 | <u>\$ 192,169</u> | <u>\$ 8,662</u> | <u>\$9,428</u> | <u>\$ 210,259</u> |
| Reconciliation of Cash and Cash Equivalents to Balance Sheet: | | | | |
| Cash and short-term investments | \$ 162,235* | \$ 8,662 | \$9,428 | \$ 180,325 |
| Restricted assets | <u>29,934</u> | <u>-</u> | <u>-</u> | <u>29,934</u> |
| | <u>\$ 192,169</u> | <u>\$ 8,662</u> | <u>\$9,428</u> | <u>\$ 210,259</u> |
| Noncash Investing, Capital and Financing Activities: | | | | |
| Capital assets contributed by federal and state agencies | \$ - | \$ - | \$3,935 | \$ 3,935 |
| Interest capitalized on construction projects | - | - | 362 | 362 |
| Equipment acquired under capital leases | - | - | 3,337 | 3,337 |
| Transfer of land to Primary Government | (727) | - | - | (727) |
| Recognition of gain on sale of housing project as contributed capital | <u>1,170</u> | <u>-</u> | <u>-</u> | <u>1,170</u> |

* Excludes \$4,525 of time certificates of deposit with original maturities greater than three months and \$31,400 of cash included in governmental operations.

Discretely Presented Component Units - University and Enterprise Funds
Schedule of Changes in Long-Term Bonded
Indebtedness - Revenue Bonds

Last Three Fiscal Years

(Amounts in thousands)

| | |
|---|-------------------------|
| Bonded indebtedness - revenue bonds at June 30, 1997 | \$636,515 |
| Less: | |
| Revenue bonds matured during the fiscal year ended June 30, 1998 | (63,463) |
| Revenue bonds defeased during the fiscal year ended June 30, 1998 | <u>(64,060)</u> |
| | 508,992 |
| Add: | |
| Single-Family Mortgage Purchase Revenue Bonds, Series A of 1997 | 116,530 |
| Single-Family Mortgage Purchase Revenue Bonds, Series B of 1997 | 45,400 |
| Single-Family Mortgage Purchase Revenue Bonds, Series A of 1998 | 148,915 |
| Single Family Mortgage Purchase Revenue Bonds, Series B of 1998 | 11,085 |
| Single Family Mortgage Purchase Revenue Bonds, Series C of 1998 | <u>4,060</u> |
| Bonded indebtedness - revenue bonds at June 30, 1998 | 834,982 |
| Less revenue bonds matured during the fiscal year ended June 30, 1999 | <u>(19,982)</u> |
| Bonded indebtedness - revenue bonds at June 30, 1999 | 815,000 |
| Less revenue bonds matured during the fiscal year ended June 30, 2000 | <u>(46,815)</u> |
| | 768,185 |
| Add: | |
| Multi-Family Housing Revenue Bonds, Series A of 1999 | 3,750 |
| Single-Family Mortgage Purchase Revenue Bonds, Series A of 2000 | 106,785 |
| Single-Family Mortgage Purchase Revenue Bonds, Series B of 2000 | <u>1,980</u> |
| Bonded indebtedness - revenue bonds (exclusive of unamortized loss on refunding) at June 30, 2000 | 880,700 |
| Less unamortized loss on refunding | <u>(2,074)</u> |
| Bonded indebtedness - revenue bonds (net of unamortized loss on refunding) at June 30, 2000 | <u>\$878,626</u> |
| Bonded indebtedness - revenue bonds (net of unamortized loss on refunding) at June 30, 2000 is reflected in the following Component Units: | |
| University Funds | \$ 19,715 |
| Housing and Community Development Corporation of Hawaii | <u>858,911</u> |
| | <u>\$878,626</u> |

Discretely Presented Component Units - University and Enterprise Funds

Schedule of Revenue Bonds Outstanding

Last Three Fiscal Years

(Amounts in thousands)

| Purpose | Interest Rate | Maturity Date | Amount Outstanding | | |
|---|------------------|-----------------------|--------------------|------------------|------------------|
| | | | June 30, 1998 | June 30, 1999 | June 30, 2000 |
| University Funds | | | | | |
| University of Hawaii | 2.875% | April 1, 1974/2000 | \$ 54 | \$ 27 | \$ - |
| University of Hawaii | 3.500 | October 1, 1973/2001 | 78 | 59 | 40 |
| University of Hawaii | 3.000 | October 1, 1974/2006 | 1,120 | 1,010 | 895 |
| University of Hawaii | 2.400 - 5.700 | October 1, 1993/2007 | 14,830 | 14,765 | 14,405 |
| University of Hawaii | 2.950 - 4.200 | October 1, 1994/1998 | 350 | - | - |
| University of Hawaii | 3.400 - 5.500 | October 1, 1995/2018 | 4,640 | 4,510 | 4,375 |
| | | | <u>21,072</u> | <u>20,371</u> | <u>19,715</u> |
| Enterprise Funds | | | | | |
| <u>Housing and Community Development</u> | | | | | |
| <u>Corporation of Hawaii:</u> | | | | | |
| Multi-Family Housing Revenue | | | | | |
| Bonds, Series A of 1985 | Various | December 1, 1999/2011 | 35,384 | 35,319 | 32,000 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series A of 1989 | Various | July 1, 1994/2030 | 4,710 | 3,070 | 1,720 |
| Rental Housing System Revenue | | | | | |
| Bonds, Series A of 1989 | Various | July 1, 1995/2025 | 15,900 | 15,700 | 15,500 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series A of 1990 | Various | July 1, 1996/2024 | 11,000 | 10,605 | 9,585 |
| Rental Housing System Revenue | | | | | |
| Bonds, Series A of 1990 | Various | July 1, 1999/2026 | 33,000 | 32,900 | 32,800 |
| Rental Housing System Revenue | | | | | |
| Bonds, Series B of 1990 | Various | July 1, 1999/2026 | 35,300 | 35,200 | 35,100 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series A of 1991 | Various | July 1, 1996/2025 | 16,415 | 16,085 | 14,680 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series B of 1991 | Various | July 1, 2017/2032 | 23,425 | 23,425 | 21,445 |
| State of Hawaii Affordable Rental | | | | | |
| Housing Program Revenue | | | | | |
| Bonds, Series A of 1993 | Various | July 1, 2000/2028 | 30,700 | 30,700 | 30,700 |
| Rental Housing System Revenue | | | | | |
| Bonds, Series A of 1993 | Various | July 1, 2006/2019 | 12,720 | 12,360 | 11,985 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series A of 1994 | Various | July 1, 1998/2027 | 139,615 | 137,125 | 127,685 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series B of 1994 | Various | July 1, 2014/2028 | 87,285 | 87,285 | 87,285 |
| State of Hawaii Affordable Rental | | | | | |
| Housing Program Revenue Bonds, | | | | | |
| Series A of 1995 | Various | July 1, 2015/2031 | 7,020 | 6,835 | 6,835 |
| Multi-Family Housing Revenue | | | | | |
| Bonds, Series A of 1995 | Various | September 1, 2026 | 3,900 | - | - |
| University of Hawaii Faculty | | | | | |
| Housing Program Revenue Bonds | Various | October 1, 1997/2026 | 17,400 | 17,105 | 16,800 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series A of 1997 | Various | July 1, 1999/2031 | 114,515 | 108,555 | 100,805 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series B of 1997 | Various | July 1, 2003/2018 | 45,400 | 45,400 | 45,400 |
| Single-Family Mortgage Purchase | | | | | |
| Revenue Bonds, Series A of 1998 | Various | July 1, 1999/2031 | 148,915 | 147,095 | 143,000 |

STATE OF HAWAII

Discretely Presented Component Units - University and Enterprise Funds
Schedule of Revenue Bonds Outstanding (Cont'd)

Last Three Fiscal Years

(Amounts in thousands)

| <u>Purpose</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> | | |
|--|----------------------|----------------------|---------------------------|-------------------------|-------------------------|
| | | | <u>June 30, 1998</u> | <u>June 30, 1999</u> | <u>June 30, 2000</u> |
| Single-Family Mortgage Purchase Revenue Bonds, Series B of 1998 | Various | July 1, 2029 | \$ 11,085 | \$ 11,085 | \$ 11,085 |
| Single-Family Mortgage Purchase Revenue Bonds, Series C of 1998 | Various | July 1, 2021 | 4,060 | 4,060 | 4,060 |
| Low-Income Housing Bonds - HRS Chapter 356 | Various | August 1, 1991/2009 | 16,161 | 14,720 | - |
| Multi-Family Housing Revenue Bonds, Series A of 1999 | Various | February 20, 2035 | - | - | 3,750 |
| Single-Family Mortgage Purchase Revenue Bonds, Series A of 2000 | Various | July 1, 2002/2032 | - | - | 106,785 |
| Single Family Mortgage Purchase Revenue Bonds, Series B of 2000 | Various | July 1, 2015 | - | - | 1,980 |
| | | | <u>813,910</u> | <u>794,629</u> | <u>860,985</u> |
| Less unamortized loss on refunding | | | <u>(2,408)</u> | <u>(2,408)</u> | <u>(2,074)</u> |
| | | | <u>811,502</u> | <u>792,221</u> | <u>858,911</u> |
| Total bonded indebtedness-revenue bonds (net of unamortized loss on refunding) | | | <u>\$832,574</u> | <u>\$812,592</u> | <u>\$878,626</u> |
| Bonded indebtedness - revenue bonds (net of unamortized loss on refunding) is reflected in the following Component Units: | | | | | |
| University Funds | | | \$ 21,072 | \$ 20,371 | \$ 19,715 |
| Housing and Community Development Corporation of Hawaii..... | | | <u>811,502</u> | <u>792,221</u> | <u>858,911</u> |
| | | | <u>\$832,574</u> | <u>\$812,592</u> | <u>\$878,626</u> |

PART III: STATISTICAL SECTION

Schedule of Revenues by Source - All Governmental Fund Types

Last Ten Fiscal Years

(Amounts in millions)

| Source | For the Fiscal Year Ended June 30, | | | | | | | | | |
|---|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 |
| Taxes: | | | | | | | | | | |
| General excise..... | \$1,542 | \$1,448 | \$1,417 | \$1,430 | \$1,426 | \$1,365 | \$1,330 | \$1,298 | \$1,287 | \$1,275 |
| Income | 1,132 | 1,110 | 1,128 | 1,023 | 1,046 | 959 | 1,006 | 951 | 927 | 968 |
| Inheritance and estate..... | 23 | 29 | 20 | 22 | 17 | 16 | 28 | 12 | 16 | 12 |
| Liquor | 39 | 39 | 39 | 38 | 38 | 38 | 39 | 39 | 42 | 41 |
| Public service companies | 119 | 121 | 120 | 114 | 104 | 101 | 92 | 86 | 85 | 78 |
| Tobacco | 42 | 42 | 36 | 36 | 40 | 35 | 33 | 32 | 27 | 26 |
| Insurance companies | | | | | | | | | | |
| premiums..... | 69 | 53 | 87 | 75 | 85 | 64 | 173 | 68 | 60 | 44 |
| Franchise..... | 7 | 10 | 16 | 13 | 16 | 18 | 27 | 28 | 21 | 20 |
| Transient accommodations..... | 93 | 55 | 26 | 26 | 24 | 19 | 4 | 4 | 4 | 16 |
| Liquid fuel | 71 | 70 | 70 | 71 | 71 | 69 | 70 | 67 | 65 | 46 |
| Motor vehicle..... | 75 | 39 | 38 | 37 | 37 | 38 | 36 | 57 | 38 | 21 |
| Hospital and nursing facility(1)..... | - | - | 3 | 12 | 10 | 17 | 27 | - | - | - |
| Other | 14 | 34 | 32 | 34 | 33 | 33 | 32 | 7 | 5 | 6 |
| Total taxes | 3,226 | 3,050 | 3,032 | 2,931 | 2,947 | 2,772 | 2,897 | 2,649 | 2,577 | 2,553 |
| Non-taxes: | | | | | | | | | | |
| Interest and investment income..... | 69 | 91 | 89 | 82 | 92 | 113 | 78 | 97 | 133 | 169 |
| Charges for current services..... | 240 | 220 | 233 | 207 | 204 | 254 | 208 | 237 | 180 | 154 |
| Intergovernmental..... | 1,070 | 1,091 | 1,080 | 1,170 | 1,128 | 835 | 833 | 795 | 669 | 558 |
| Rentals | 23 | 22 | 24 | 22 | 29 | 32 | 23 | 25 | 25 | 16 |
| Fines, forfeitures and penalties..... | 25 | 23 | 23 | 21 | 18 | 18 | 17 | 19 | 23 | 22 |
| Licenses and fees | 22 | 20 | 19 | 16 | 16 | 14 | 12 | 10 | 8 | 6 |
| Other | 165 | 134 | 90 | 118 | 116 | 128 | 95 | 70 | 56 | 32 |
| Total Revenues - All Governmental Fund Types | <u>\$4,840</u> | <u>\$4,651</u> | <u>\$4,590</u> | <u>\$4,567</u> | <u>\$4,550</u> | <u>\$4,166</u> | <u>\$4,163</u> | <u>\$3,902</u> | <u>\$3,671</u> | <u>\$3,510</u> |

(1) Effective July 1, 1993, the hospital and nursing facility tax levied was authorized by Act 315, SLH of 1993.

Schedule of Expenditures by Function - All Governmental Fund Types

Last Ten Fiscal Years

(Amounts in millions)

| Function | For the Fiscal Year Ended June 30, | | | | | | | | | |
|---|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 |
| General government..... | \$ 442 | \$ 489 | \$ 413 | \$ 404 | \$ 404 | \$ 423 | \$ 432 | \$ 521 | \$ 374 | \$ 315 |
| Public safety..... | 203 | 199 | 185 | 165 | 164 | 174 | 166 | 158 | 142 | 155 |
| Highways..... | 115 | 111 | 111 | 115 | 94 | 102 | 86 | 79 | 82 | 71 |
| Conservation of natural resources..... | 41 | 45 | 37 | 36 | 33 | 38 | 39 | 43 | 39 | 36 |
| Health..... | 399 | 386 | 329 | 311 | 279 | 328 | 309 | 285 | 278 | 207 |
| Welfare..... | 1,226 | 1,222 | 1,210 | 1,278 | 1,236 | 1,023 | 812 | 777 | 723 | 532 |
| Education..... | 1,035 | 1,007 | 949 | 888 | 891 | 920 | 868 | 831 | 795 | 750 |
| Culture and recreation..... | 56 | 52 | 52 | 55 | 57 | 66 | 60 | 61 | 63 | 59 |
| Urban redevelopment and housing..... | 10 | 11 | 15 | 21 | 26 | 30 | 14 | 19 | 14 | 13 |
| Economic development and assistance..... | 192 | 166 | 155 | 163 | 176 | 196 | 164 | 154 | 135 | 95 |
| Social security and pension contributions..... | 85 | 159 | 222 | 226 | 222 | 150 | 229 | 185 | 134 | 127 |
| Intergovernmental..... | - | - | - | 3 | 3 | 4 | 2 | 2 | 1 | 3 |
| Debt service..... | 384 | 390 | 406 | 426 | 416 | 345 | 321 | 294 | 290 | 272 |
| Capital outlay..... | 376 | 376 | 373 | 611 | 488 | 554 | 725 | 587 | 596 | 482 |
| Other..... | 9 | 28 | 28 | 20 | 16 | 11 | 18 | 32 | 20 | 36 |
| Total Expenditures - All Governmental Fund Types | <u>\$4,573</u> | <u>\$4,641</u> | <u>\$4,485</u> | <u>\$4,722</u> | <u>\$4,505</u> | <u>\$4,364</u> | <u>\$4,245</u> | <u>\$4,028</u> | <u>\$3,686</u> | <u>\$3,153</u> |

Schedule of Ratio of Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

(Amounts in thousands except ratio data)

| <u>Fiscal Year</u> | <u>Population⁽¹⁾</u> | <u>General Obligation Bonded Debt⁽²⁾⁽³⁾</u> | <u>Less Debt Service Monies Available⁽²⁾</u> | <u>Net General Obligation Bonded Debt</u> | <u>Net General Obligation Bonded Debt Per Capita</u> |
|------------------------|---------------------------------|--|---|---|--|
| 2000 | 1,194 | \$3,278,479 | 258 | \$3,278,221 | \$2,746 |
| 1999 | 1,186 | 3,166,880 | 223 | 3,166,657 | 2,670 |
| 1998 | 1,191 | 3,363,517 | 338 | 3,363,179 | 2,824 |
| 1997 | 1,192 | 3,075,862 | 435 | 3,075,427 | 2,580 |
| 1996 | 1,184 | 2,841,069 | 240 | 2,840,829 | 2,399 |
| 1995 | 1,179 | 2,901,651 | 165 | 2,901,486 | 2,461 |
| 1994 | 1,179 | 2,834,234 | 46 | 2,834,188 | 2,404 |
| 1993 | 1,178 | 2,726,654 | 534 | 2,726,120 | 2,314 |
| 1992 | 1,150 | 2,281,875 | 66 | 2,281,809 | 1,984 |
| 1991 | 1,126 | 2,222,324 | 166 | 2,222,158 | 1,974 |

(1) Source: Hawaii State Department of Business, Economic Development and Tourism.

(2) Source: Hawaii State Department of Accounting and General Services, Accounting Division.

(3) Excludes Enterprise Funds and Component Unit - University Funds General Obligation Bonds.

**Schedule of Ratio of Annual Debt Service
for General Obligation Bonded Debt to
Total General Expenditures**

Last Ten Fiscal Years

(Amounts in thousands except ratio data)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest and Fees</u> | <u>Total Debt Service</u> | <u>Total General Expenditures</u> | <u>Ratio of Debt Service to General Expenditures</u> |
|------------------------|------------------|------------------------------|-------------------------------|---------------------------------------|--|
| 2000 | \$193,075 | \$190,497 | \$383,572 | \$4,572,956 | 8.39% |
| 1999 | 202,836 | 186,762 | 389,598 | 4,641,159 | 8.39 |
| 1998 | 231,756 | 174,577 | 406,333 | 4,485,334 | 9.06 |
| 1997 | 268,683 | 156,890 | 425,573 | 4,721,851 | 9.01 |
| 1996 | 260,156 | 155,888 | 416,044 | 4,504,746 | 9.24 |
| 1995 | 200,552 | 144,044 | 344,596 | 4,364,021 | 7.90 |
| 1994 | 169,277 | 151,753 | 321,030 | 4,245,217 | 7.56 |
| 1993 | 152,153 | 141,802 | 293,955 | 4,028,363 | 7.30 |
| 1992 | 151,358 | 139,118 | 290,476 | 3,685,948 | 7.88 |
| 1991 | 144,887 | 126,978 | 271,865 | 3,153,147 | 8.62 |

Schedule of Revenue Bond Coverage***Last Ten Fiscal Years**

(Amounts in thousands except coverage data)

Airports

| Fiscal Year | Gross Revenues(1) | Operating Expenses(2) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage(4) |
|-------------|-------------------|-----------------------|--|---------------------------|-------------|------------|-------------|
| | | | | Principal | Interest(3) | Total | |
| 2000 | \$ 332,264 | \$ 135,125 | \$ 197,139 | \$ 52,120 | \$ 53,046 | \$ 105,166 | 187% |
| 1999 | 285,353 | 127,136 | 158,217 | 41,705 | 35,349 | 77,054 | 205 |
| 1998 | 294,078 | 125,007 | 169,071 | 37,100 | 39,416 | 76,516 | 221 |
| 1997 | 317,943 | 126,612 | 191,331 | 37,595 | 59,440 | 97,035 | 197 |
| 1996 | 314,647 | 120,632 | 194,015 | 42,578 | 59,245 | 101,823 | 191 |
| 1995 | 306,848 | 129,376 | 177,472 | 41,130 | 53,786 | 94,916 | 187 |
| 1994 | 284,343 | 133,351 | 150,992 | 29,380 | 58,842 | 88,222 | 171 |
| 1993 | 411,696 | 128,135 | 283,561 | 29,770 | 101,700 | 131,470 | 216 |
| 1992 | 372,070 | 121,808 | 250,262 | 24,190 | 94,213 | 118,403 | 211 |
| 1991 | 364,678 | 101,065 | 263,613 | 22,675 | 62,582 | 85,257 | 309 |

Harbors

| Fiscal Year | Gross Revenues(5) | Operating Expenses(6) | Net Revenue Available for Debt Service | Debt Service Requirements During the Fiscal Year | Additional Debt Service Requirements | Total | Coverage(4) |
|-------------|-------------------|-----------------------|--|--|--------------------------------------|-----------|-------------|
| | | | | | | | |
| 2000 | \$ 68,931 | \$ 21,917 | \$ 47,014 | \$ 31,347 | \$ - | \$ 31,347 | 150% |
| 1999 | 64,729 | 22,891 | 41,838 | 30,152 | - | 30,152 | 139 |
| 1998 | 65,659 | 24,348 | 41,311 | 16,815 | - | 16,815 | 246 |
| 1997 | 55,496 | 20,824 | 34,672 | 16,444 | - | 16,444 | 211 |
| 1996 | 52,791 | 20,568 | 32,223 | 15,686 | - | 15,686 | 205 |
| 1995 | 54,092 | 21,498 | 32,594 | 14,997 | - | 14,997 | 217 |
| 1994 | 53,364 | 22,264 | 31,100 | 12,956 | - | 12,956 | 240 |
| 1993 | 57,247 | 23,245 | 34,002 | 15,248 | - | 15,248 | 223 |
| 1992 | 46,044 | 21,947 | 24,097 | 13,404 | - | 13,404 | 180 |
| 1991 | 41,155 | 15,661 | 25,494 | 11,886 | 5,560 | 17,446 | 146 |

(1) Total operating revenues plus interest income, exclusive of interest earned on investment in financing leases.

(2) Total operating expenses other than depreciation less (plus) excess of actual disbursements over (under) required reserve for major maintenance, renewal and replacement, plus amounts required to be paid into the General Fund for general obligation bond requirements.

(3) For fiscal 2000 and 1999, Airports deposited \$21,000,000 and \$41,000,000, respectively, of available funds into the Airport Revenue Fund for credit to the interest account. The available funds reduced the amount of funds required pursuant to the provisions of Section 6.01 to be paid or credited during such year to the interest account as required in the "Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds."

(4) Airports and Harbors revenue bond indentures require a minimum debt service coverage percentage of 135%.

(5) Total operating and nonoperating revenues exclusive of interest income on investment in financing leases and special facility construction fund and revenue fund investments.

(6) Total operating expenses other than depreciation less State of Hawaii surcharge for central service expenses (included in operating expenses prior to fiscal 1992).

Source:

Airports: Audited Financial Statements and Schedules of the State of Hawaii, Department of Transportation, Airports Division.

Harbors: Audited Financial Statements and Schedules of the State of Hawaii, Department of Transportation, Harbors Division.

* Information for the revenue bonds issued by the Component Units - University and Enterprise Funds is not available.

Schedule of Legal Debt Margin

June 30, 2000

(Amounts in thousands)

| | |
|--|-------------------|
| Average General Fund revenues of the three preceding fiscal years ended June 30, 1998, 1999 and 2000 | \$3,235,703 |
| Constitutional debt limit percentage | <u>18.5%</u> |
| Constitutional debt limit for total principal and interest payable in a current or future year | 598,605 |
| Less total principal and interest payable on outstanding general obligation bonds in highest debt service year (fiscal year ending June 30, 2009) | <u>473,746</u> |
| Legal debt margin | <u>\$ 124,859</u> |

The formula for the legal debt limit is contained in Article VII, Section 13 of the State Constitution.

Schedule of Demographic Statistics**Last Ten Years**

(Population amounts expressed in thousands)

| <u>Year</u> | <u>Population (1)</u> | <u>Per Capita Income(2)</u> | <u>School Enrollment(3)</u> | <u>Unemployment Rate(4)</u> |
|-------------|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| 2000 | 1,194 | \$ NA | NA | 4.50% |
| 1999 | 1,186 | 27,544 | 185,860 | 5.60 |
| 1998 | 1,191 | 26,725 | 188,069 | 6.20 |
| 1997 | 1,192 | 26,241 | 189,887 | 6.40 |
| 1996 | 1,184 | 25,661 | 186,581 | 6.40 |
| 1995 | 1,179 | 25,584 | 183,795 | 5.90 |
| 1994 | 1,179 | 25,335 | 180,428 | 6.10 |
| 1993 | 1,178 | 25,026 | 177,806 | 4.30 |
| 1992 | 1,150 | 24,227 | 175,114 | 4.60 |
| 1991 | 1,126 | 23,155 | 171,793 | 2.80 |

(1) Source: Hawaii State Department of Business, Economic Development and Tourism.

(2) Source: U. S. Department of Commerce, Bureau of Economic Analysis printouts.

(3) Source: Hawaii State Department of Education records. Data represents September enrollment for public schools.

(4) Source: Hawaii State Department of Labor and Industrial Relations records. 2000 is based on data for the first 9 months.

NA Not available for 2000.

Schedule of Bank Deposits**Last Ten Calendar Years**

(Amounts in millions)

| <u>Calendar Year</u> | <u>Bank Deposits</u> |
|--------------------------|--------------------------|
| 2000 | \$ NA |
| 1999 | 16,107 |
| 1998 | 16,038 |
| 1997 | 14,541 |
| 1996 | 14,033 |
| 1995 | 13,149 |
| 1994 | 12,600 |
| 1993 | 12,940 |
| 1992 | 13,911 |
| 1991 | 14,844 |

Source: Hawaii State Department of Commerce and Consumer Affairs. Data represents deposits in state chartered banks.

NA Not available for the calendar year 2000.

Schedule of Ten Largest Private EmployersJune 30, 2000

| <u>Company</u> | <u>Industry</u> |
|--|---------------------------------------|
| BancWest Corp. | Financial services |
| Hawaiian Airlines, Inc. | Air transportation |
| Hawaiian Electric Industries, Inc. | Utility, shipping, financial services |
| Kaiser Permanente Medical Care Program | Health care services |
| Kyo-ya Co., Ltd. | Hotel, food, retail sales, insurance |
| Liberty House, Inc. | Retail sales |
| McDonald's Restaurants of Hawaii | Food |
| Outrigger Hotels & Resorts | Hotel |
| Pacific Century Financial Corp. | Financial services |
| The Queen's Health Systems | Health care services |
| Verizon Hawaii, Inc. | Telecommunications |

Listed alphabetically.

Source: Hawaii Business, August 2000.

Schedule of Miscellaneous Statistics

June 30, 2000

| | |
|--|--------------------------------|
| Date of statehood | 1959 |
| Form of government | Legislative-Executive-Judicial |
| Number of state employees**** | 65,800 |
| Area in square miles* | 6,423 |
| Miles of streets and highways** | 4,164 |
| Recreation and culture: | |
| Number of parks and historic sites**** | 69 |
| Total acreage**** | 26,815 |
| Number of libraries**** | 50 |
| Public safety: | |
| Number of fire personnel**** | 1,752 |
| Number of police personnel**** | 3,432 |
| Sewage (millions of gallons)**** | 49,379 |
| Water system: | |
| Number of services**** | 234,893 |
| Consumption (millions of gallons)**** | 76,610 |
| Education: | |
| Number of public schools* | 246 |
| Number of teachers* | 11,629 |
| Hospitals: | |
| Number of hospitals*** | 76 |
| Number of beds*** | 10,673 |
| **** Represents 1999 data | |
| *** Represents 1998 data | |
| ** Represents 1997 data | |
| * Represents 1995 data | |

Source: Internet (1999) revised as of September 30, 2000, except for public safety personnel and number of public schools. Public safety personnel reflects data from the counties' comprehensive annual financial reports and number of public schools reflects data from Hawaii State Department of Education records.