

State of Hawaii
Department of Education

Financial Report

July 1, 2008 - June 30, 2009

State of Hawaii • Department of Education
Office of Fiscal Services • RS 11-0533 • October 2010



**The Honorable Linda Lingle
Governor, State of Hawaii**

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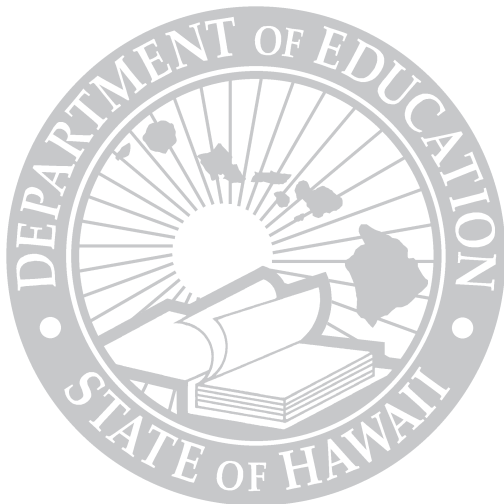
MESSAGE FROM THE SUPERINTENDENT

The Department of Education presents its Annual Financial Report to inform the public of the total cost of public education in Hawaii. It is a key component of department accountability and public transparency.

The Annual Financial Report provides both Operating and Capital Improvement Project fund information, including operating revenues, receipts and expenditures.

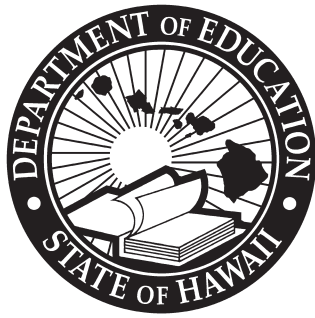
We have included operational costs such as repairs and maintenance of school facilities, and other expenses incurred by state and county agencies for public education purposes.

I invite you, as a partner and shareholder, to learn more about Hawaii public schools. We are focused on improving our services and providing a quality education for all students.



A handwritten signature in black ink, which appears to read "Kathryn S. Matayoshi".

Kathryn S. Matayoshi
Superintendent of Education



Find current and past DOE Financial Reports online at:
<http://doe.k12.hi.us/reports/financialreports.htm>

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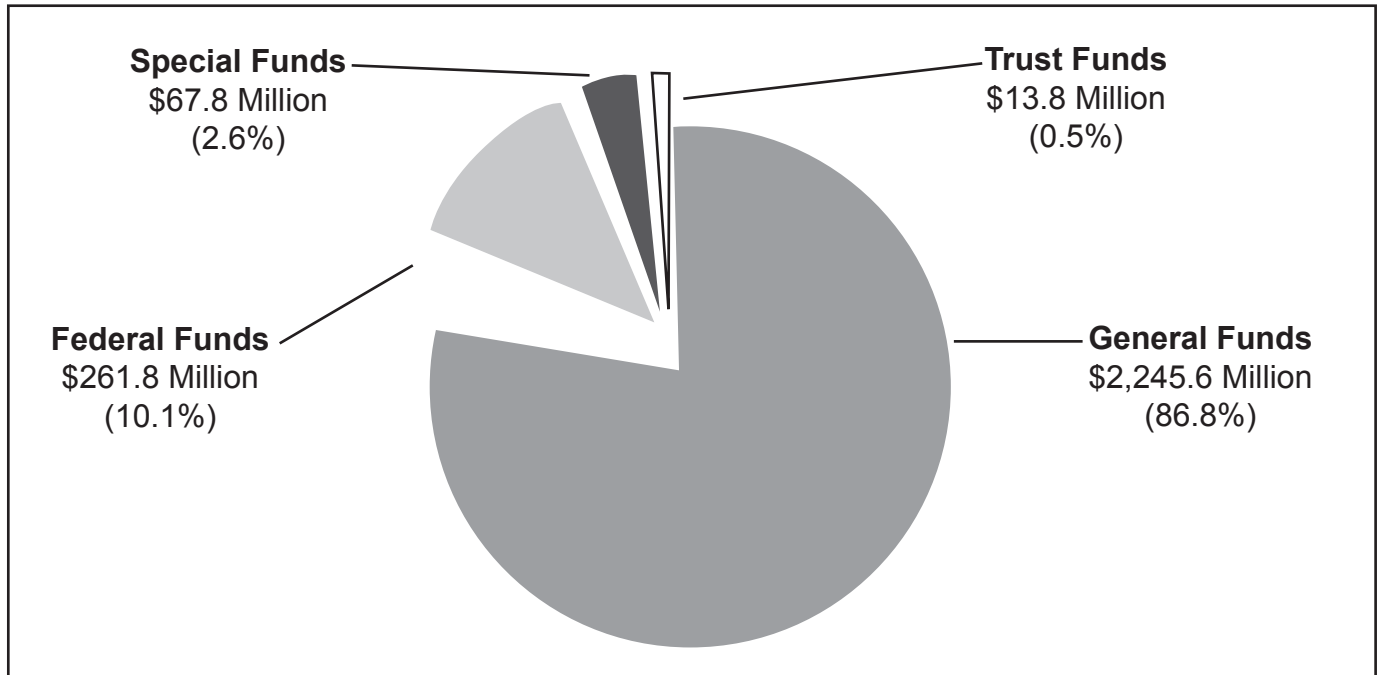
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FINANCIAL HIGHLIGHTS

Fiscal Year 2008-09

Operating Budget

The Hawaii Department of Education's (DOE) budget for the Fiscal Year (FY) 2008-09 totaled to \$2,589.0 million, consisting of the following funding sources:



As shown in the pie chart above, most of the funding comes from state general funds, primarily from state tax revenues. State funding provides the daily operational funding base for the statewide public school system, including school instruction; support services such as food service; safety and security; operations and maintenance; student transportation; as well as state and complex area administration.

Other funding sources include:

Federal funds

The DOE receives federal grants from several federal agencies, primarily from the U.S. Departments of Education; Agriculture; Defense; Health and Human Services; and the National Science Foundation. Funding is received through national formula-driven grants, or from successful applications for discretionary grants.

Special funds

Special funds are established for revenue-generating activities. These include school food services for collection of student meal payments; summer school tuition; use of school facilities; After-School Plus (A+) program collections; adult education; driver education fees; student bus transportation collections; and lost textbook fees.

Trust funds

Trust funds are held for specific purposes. For example, these include donations and gifts; foundation and other grants; "fair share" developer fees; and school athletic activity collections.

Annual audit

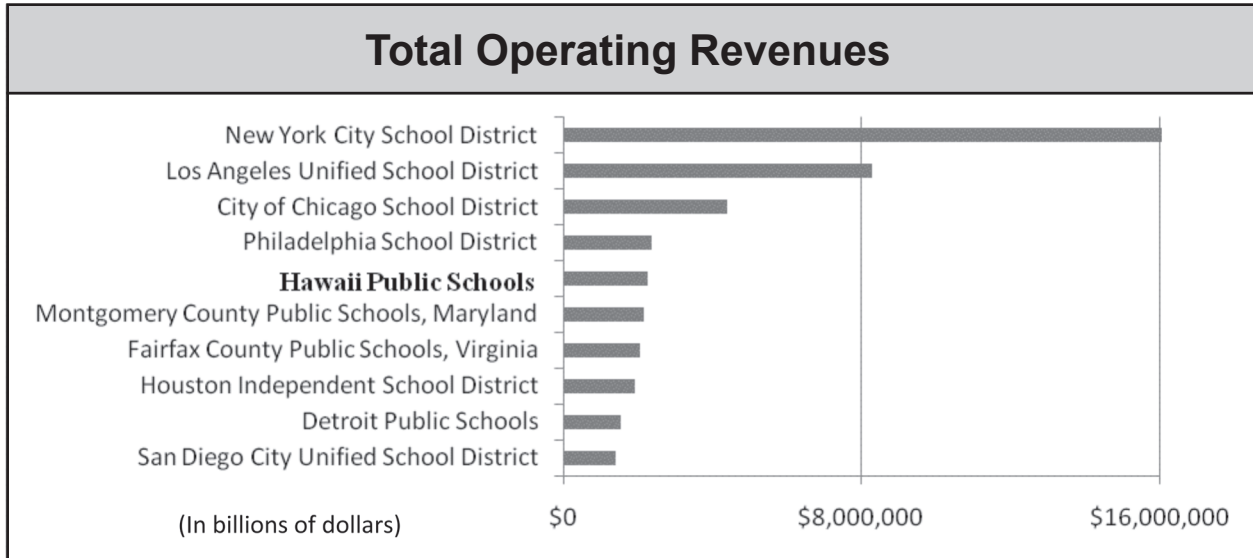
The DOE's financial statements are audited annually by an external certified public accounting firm, in accordance with the Federal Single Audit Act, and Federal Office of Management and Budget (OMB) Circular A-133. The Department's audited financial statements are available online at doe.k12.hi.us.

Note: The above revenues for FY 2008-09 include general fund appropriations made by the State Legislature and approved by the Governor; and receipts of federal, special and trust funds. The amounts do not include appropriations for "Other Funds" expenditures, made by the state and county agencies for public education purposes, as reported on pages 4 and 15.

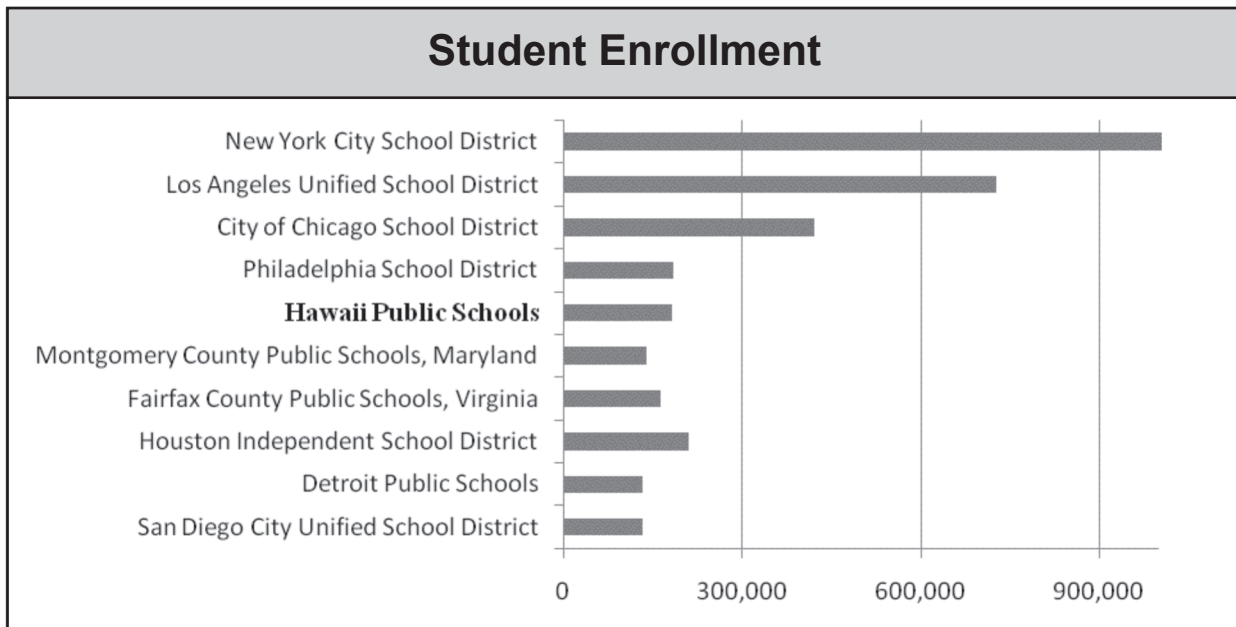
COMPARISON TO OTHER LARGE URBAN SCHOOL DISTRICTS NATIONWIDE

On the next two pages are graphs which compare the DOE's revenues, expenditures and student enrollment statistics with that of other large school districts for Fiscal Year 2005-06, the most recent available national comparison data for school districts from the National Center for Education Statistics, U.S. Department of Education.

The DOE's FY 2005-06 annual operating budget of \$2.2 billion, serving 182,818 public school students for the entire State of Hawaii, is comparable to other large urban school districts nationwide in terms of annual operating budget and number of students served, as shown below:



Source: National Center for Education Statistics, 2005-2006.

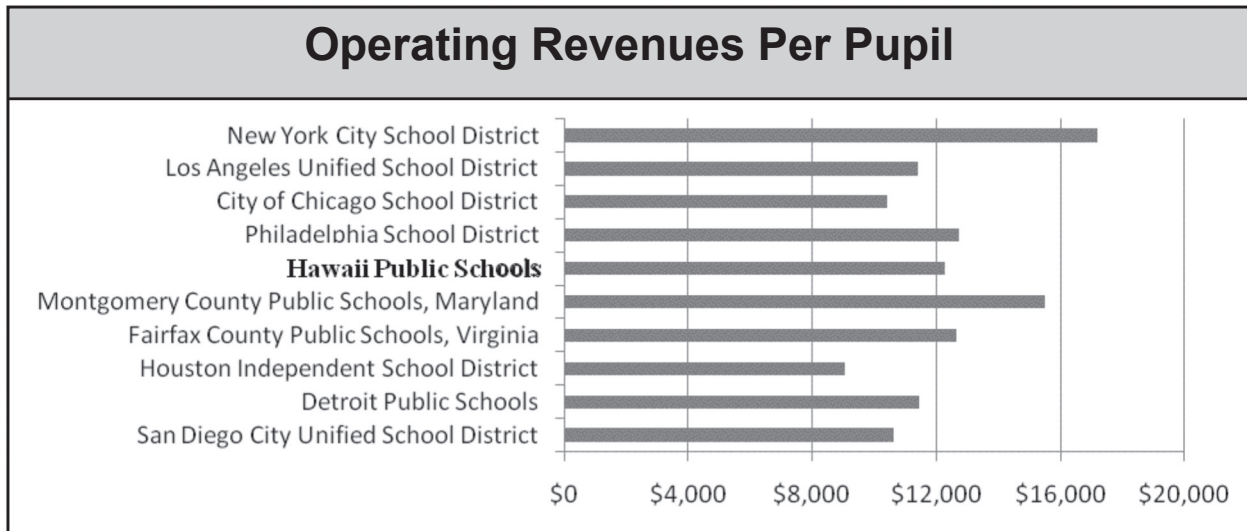


Source: National Center for Education Statistics, 2005-2006.

Note: The revenues for FY 2005-06 were erroneously reported as \$2.7 billion to the National Center for Education Statistics. Corrected revenues were \$2.2 billion.

The U.S. Department of Education National Center for Education Statistics (NCES) publishes volumes of educational and financial statistics of states and school districts across the nation. Most of the NCES financial published data focuses on “expenditures per pupil.”

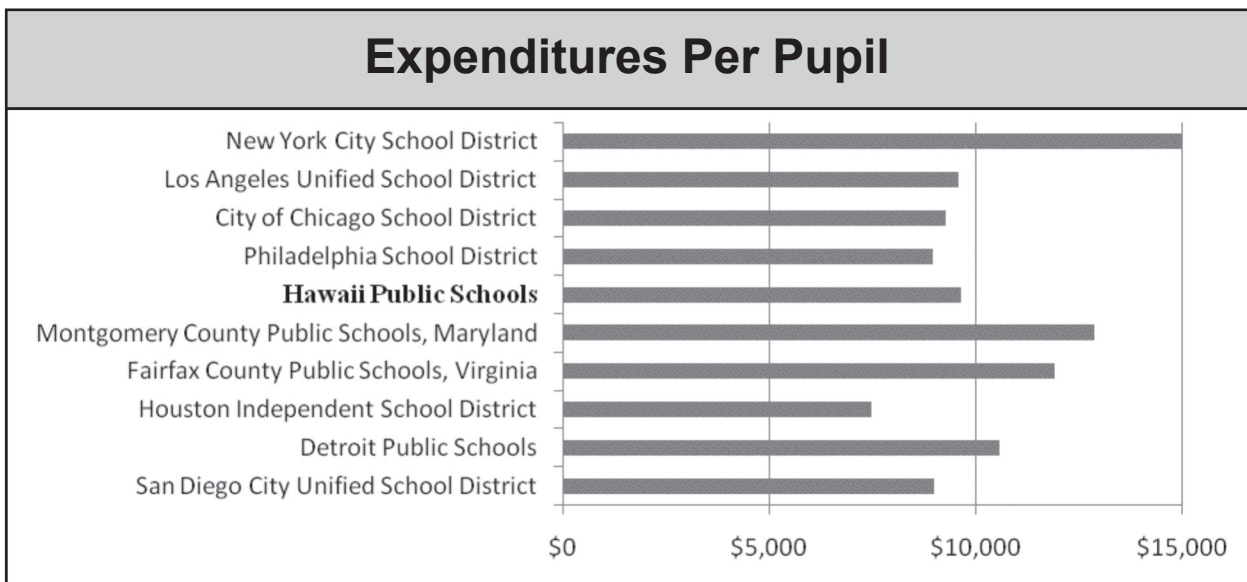
For informational purposes, the ratio of annual budget to student enrollment for the above-mentioned large urban school districts has been calculated to provide a comparison of annual budget per pupil as shown below.



Source: National Center for Education Statistics, 2005-2006.

As indicated in the chart, the DOE’s annual budget per pupil is well within the average, compared to large urban school districts nationwide.

The national data also provides expenditures per pupil, as follows:



Source: National Center for Education Statistics, 2005-2006.

U.S. Department of Education National Center for Education Statistics (NCES) data are available online at nces.ed.gov.

EXPENDITURES

Fiscal Year 2008-09

The expenditures for public education totaled \$2.5 billion in Fiscal Year 2008-09 including \$1.7 billion in personnel service costs. This is an increase of \$110.4 million, or 4.8%, from the previous year's expenditures of \$2.4 billion.

APPROPRIATED FUNDS AND EXPENDITURES BY CATEGORY AND FUND TYPE (In Millions of Dollars)							
	General	Federal	Special	Trust	Other	Total	Percent
State Budget Appropriation	\$ 2,160.5	\$ 261.8	\$ 67.8	\$ 13.8	\$ 0.0	\$ 2,503.9	
Prior Year Carryover	41.0	0.0	0.0	0.0	0.0	41.0	
Net transfers/lapses	44.0	0.0	0.0	0.0	0.0	44.0	
Allotments	\$ 2,245.6	\$ 261.8	\$ 67.8	\$ 13.8	\$ 0.0	\$ 2,589.0	
Percent	86.8%	10.1%	2.6%	0.5%	0.0%	100.0%	
<u>Expenditures</u>							
Personal Services	1,614.3	78.6	5.7	1.0	0.0	1,699.6	65.6%
Other	614.9	137.2	28.0	6.7	12.5	799.3	30.9%
Total Expenditures	2,229.2	215.8	33.7	7.7	12.5	2,498.9	96.5%
Lapsed Balances	0.0	0.7	0.0	0.0	0.0	0.7	0.0%
Unencumbered Balance	\$ 16.4	\$ 45.3	\$ 34.1	\$ 6.1	\$ (12.5)	\$ 89.4	3.5%

EDUCATION-RELATED EXPENDITURES BY STATE AND COUNTY AGENCIES

A total of \$12.5 million was expended by other state and county agencies for educational purposes in FY 2008-09. These other state and county agency educational expenditures are included on page 15 in the Consolidated Annual Financial Report, Fiscal Year 2008-09, "Other Funds" column, in order to determine the total cost of public education. Expenditures in this category include school repairs and maintenance by the Department of Accounting and General Services (\$5.3 million); central services by the Department of Budget & Finance and the City & County of Honolulu (\$6.1 million); and safety and security services by the City & County of Honolulu and neighbor island counties (\$1.1 million).

PER-PUPIL EXPENDITURES

The per pupil expenditure increased by \$607, or 5.1%, from \$11,800 in FY 2007-08 to \$12,407 in FY 2008-09. Excluded from per-pupil expenditures were Adult Education, \$11.0 million; After – School Plus (A+) Program, \$11.0 million; Capitalized Construction-Related labor Cost, \$1.1 million; Capitalized Equipment Expenditures, \$11.2 million; and Debt Service, \$236.9 million. These exclusions are based on U.S. Department of Education specifications for national public education statistics.

ENROLLMENT

The DOE – Official Enrollment Count decreased from 179,900 in FY 2007-08 to 179,478 in FY 2008-09, a decrease of 422 students. The Official Enrollment decreased in Honolulu, Leeward, Windward, Hawaii, Kauai and Special Schools partially offset by increases in Central, Maui, and Charter Schools. The Department of Education schools' daily enrollment decreased by 1,159 students while charter schools increased by 737 students.

Detailed financial highlights are presented on the following pages.

COMPARATIVE DATA

Fiscal Years 2007-08 and 2008-09

APPROPRIATED FUNDS	(In Millions of Dollars)			Percent Increase (Decrease)
	FY 2007-08	FY 2008-09	Increase (Decrease)	
General Funds	\$ 2,065.2	\$ 2,160.5	\$ 95.3	4.6%
Federal Funds	262.2	261.8	(0.4)	(0.2)%
Special Funds	58.4	67.8	9.4	16.1%
Trust Funds	6.3	13.8	7.5	119.0%
Total	\$ 2,392.1	\$ 2,503.9	\$ 111.8	4.7%
EXPENDITURES	(In Millions of Dollars)			Percent Increase (Decrease)
	FY 2007-08	FY 2008-09	Increase (Decrease)	
General Funds	\$ 2,113.3	\$ 2,229.2	\$ 115.9	5.5%
Federal Funds	225.1	215.8	(9.3)	(4.1)%
Special Funds	32.3	33.7	1.4	4.3%
Trust Funds	5.5	7.7	2.2	40.0%
Other Agency Funds	11.5	12.5	1.0	8.7%
Total	\$ 2,387.7	\$ 2,498.9	\$ 111.2	4.7%
PER-PUPIL EXPENDITURES	FY 2007-08	FY 2008-09	Increase (Decrease)	Percent Increase (Decrease)
Per Pupil Cost Based on Official Enrollment	\$ 11,800	\$ 12,412	\$ 612	5.2%
ENROLLMENT AND NUMBER OF SCHOOLS	FY 2007-08	FY 2008-09	Increase (Decrease)	Percent Increase (Decrease)
Official Enrollment				
Department of Education Schools	173,237	172,078	(1,159)	(0.7)%
Charter Schools	6,663	7,400	737	11.1%
Total Official Enrollment	179,900	179,478	(422)	(0.2)%
Number of Schools				
Department of Education Schools	259	257	(2)	
Charter Schools	28	28	0	
Total Number of Schools	287	285	(2)	

SCHEDULE OF GENERAL FUND APPROPRIATION AND EXPENDITURES*
Fiscal Years 2007-08 and 2008-09

DESCRIPTION	FY 2007-08	%	FY 2008-09	%
ALLOTMENTS				
Current Year	\$ 2,110,692,806		\$ 2,204,540,224	
Carryover from the Prior Year	43,619,523		41,033,804	
TOTAL ALLOTMENTS	\$ 2,154,312,329		\$ 2,245,574,028	
EXPENDITURES				
SCHOOL - LEVEL INSTRUCTION & RELATED SERVICES				
General Instruction	\$ 785,291,833		\$ 804,741,786	
Special Education	449,665,821		474,492,658	
Supplemental Educational Services	9,363,205		9,594,887	
Other Instructional Programs (Note 1)	44,176,303		40,272,352	
Counseling	47,015,080		48,113,741	
School Libraries	24,642,913		24,731,304	
School Administration	128,176,812		140,893,445	
Total Instructional and Related Services	\$ 1,488,331,967	80.0%	\$ 1,542,840,173	78.3%
INSTRUCTIONAL SUPPORT				
Professional Development	\$ 13,204,254		\$ 16,588,521	
Curriculum Services	18,086,109		13,210,935	
School Health Services	5,308,819		6,283,982	
Total Instructional Support	\$ 36,599,182	2.0%	\$ 36,083,438	1.8%
SCHOOL SUPPORT				
Safety and Security Services	\$ 7,202,389		\$ 8,358,134	
School Food Services	51,273,560		54,606,148	
Operation & Maintenance	162,351,324		169,775,354	
Other School Support	257,174		1,651,721	
Student Transportation Services	47,349,486		70,923,665	
Total School Support	\$ 268,433,933	14.4%	\$ 305,315,022	15.5%
SUPPORT SERVICES				
State & Complex Area Administration	\$ 66,827,202		\$ 86,063,458	
Total Support Services	\$ 66,827,202	3.6%	\$ 86,063,458	4.4%
TOTAL EXPENDITURES	\$ 1,860,192,284	100.0%	\$ 1,970,302,091	100.0%
Exclusions in accordance with US DOE National Center for Education Statistics (NCES) Common Core of Data Specifications:				
Adult Education	\$ 8,538,139		\$ 8,078,196	
After-School Plus (A+) Program (Note 1)	4,229,849		1,594,823	
Capitalized Construction-Related Labor Costs	1,005,162		1,129,043	
Capitalized Equipment Expenditures	12,700,628		11,186,211	
Debt Service Costs	226,612,463		236,896,511	
TOTAL EXCLUSIONS	\$ 253,086,241		\$ 258,884,784	
GRAND TOTAL EXPENDITURES	\$ 2,113,278,525		\$ 2,229,186,875	
TOTAL GENERAL FUND BALANCE	\$ 41,033,804		\$ 16,387,153	

*Includes public charter schools.

Note 1: In the prior year Financial Report, the FY 2007-08 expenditures for Other Instructional Programs and After-School Plus (A+) were erroneously reported as \$35,282,710 and \$13,123,442, respectively. Expenditures were corrected and restated in this current year Financial Report as \$44,176,303 and \$4,229,849, respectively. There was no effect on the total general fund expenditures for FY 2007-08.

FEDERAL FUND RECEIPTS AND EXPENDITURES

Fiscal Year 2008-09

GRANT TITLE	Available Beginning Balance	Expenditures & Encumbrances	Lapsed Balance	Available Ending Balance
INSTRUCTIONAL SERVICE GRANTS				
Carol M. White PE Program - McKinley Complex	\$ 421,916	\$ 305,917	\$ 0	\$ 115,999
Carol M. White PE Program - Moanalua High School	83,381	83,381	0	0
Compact Of Freely Associated States	(3,259)	(11,146)	0	7,887
Dept. Of Defense Financial Assist Local Education Agencies (LEAs)	8,866,207	3,694,321	0	5,171,886
DHHS Coordinated School Health Programs	354,515	276,053	3,833	74,629
Education Of Native Hawaiians-Kaunakakai	49,095	36,567	12,528	0
Education Of Native Hawaiians-Nanaikapono	493,126	376,344	5,391	111,391
Education Of Native Hawaiians-Waiau	286,951	145,879	0	141,072
Enhanced Assessment Grant-Idaho DOE FY07	125,475	(27)	125,502	0
Enhanced Assessment Grant-Georgia DOE FY07	118,526	118,526	0	0
Expanding Hawaii's Pathways To Leadership	237,432	230,777	0	6,655
Foreign Languages Assistance (Honolulu Center for Asian Language Learners (CALL))	611,985	26,785	0	585,200
Gear Up Program	1,238,527	1,015,450	118,958	104,119
Hana Like-Education of Native Hawaiians	5,227	3,803	1,424	0
Hawaii 3R'S - Repair, Remodel, Restore	1,228,163	1,228,163	0	0
Highway Safety Act - Driver Education Program	41,957	13,194	28,763	0
Highway Safety Act - Traffic Safety	1,837	1,500	337	0
Impact Aid Program	68,862,666	21,393,911	0	47,468,755
Kauai Watershed Project	46,564	33,371	0	13,193
Learn And Serve - America	140,042	82,830	0	57,212
Middle School Uplink-Department of Human Services (DHS)	3,316,306	2,380,388	68,634	867,284
Migrant Education Even Start - Project Kamalii	248,561	199,625	0	48,936
Molokai Uplink Program	50,088	50,001	87	0
Native Hawaiian Special Education Project - UH	2,455,375	1,607,678	0	847,697
National Fish and Wild Life Foundation (NFWF)- Care For Land, Care For Sea (HI)	717	0	717	0
No Child Left Behind (NCLB)				
NCLB - After School Learning Center	9,419,720	3,949,222	0	5,470,498
NCLB - Educational Technology State Grant	1,621,117	1,107,503	0	513,614
NCLB - English Language Acquisition	5,310,335	2,491,891	0	2,818,444
NCLB - Even Start State Grants	470,607	294,205	0	176,402
NCLB - Fund for the Improvement of Education (FIE) Earmark Grant Awards	478,492	477,739	0	753
NCLB - Improving Teacher Quality State Grant	28,088,232	11,032,978	0	17,055,254
NCLB - Mathematics And Science Partnerships	1,764,033	707,125	0	1,056,908
NCLB - Migrant Education Program Consortium Incentive	195,943	137,847	0	58,096
NCLB - Migrant Education Title 1	1,254,492	907,167	0	347,325
NCLB - Migrant Student Information Exchange (Note 1) (MSIX) State Data Quality Grants	0	31,309	0	(31,309)
NCLB - Neglected & Delinquent Title 1	538,434	412,103	0	126,331
NCLB - Reading First	2,333,067	1,532,103	0	800,964

FEDERAL FUND RECEIPTS AND EXPENDITURES (Continued)

Fiscal Year 2008-09

GRANT TITLE	Available Beginning Balance	Expenditures & Encumbrances	Lapsed Balance	Available Ending Balance
NCLB - State & Local Programs - Safe and Drug Free Schools and Communities-Readiness & Emergency Management for Schools	\$ 747,978	\$ 66,768	\$ 0	\$ 681,210
NCLB - State & Local Programs - Safe and Drug Free Schools and Communities	1,981,564	1,228,576	0	752,988
NCLB - State Assessment And Related Activities	3,904,968	2,037,280	0	1,867,688
NCLB - Supplemental School Improvement Grants	1,965,070	760,957	0	1,204,113
NCLB - Title 1 Grants To LEA Administration	878,241	801,779	0	76,462
NCLB - Title 1 Grants To LEA School Improvement	7,762,606	6,655,674	0	1,106,932
NCLB - Title V Innovative Education	749,838	197,467	0	552,371
NCLB - Title 1 Grants To LEA Basic-Consolidated	49,023,057	37,117,119	0	11,905,938
Office of Youth Services (OYS)- Lanakila Learning Center	2,539	0	2,539	0
Parent Project Fences FY08	55,598	22,543	0	33,055
Part B - Preschool Grants Individuals with Disabilities Education Act (IDEA)	1,470,853	993,516	0	477,337
Promoting Alternative Thinking Strategies (PATH)s Program-County of HI FY07	2,241	0	2,241	0
Peer Education Program-DOH FY07 <small>(Note 1)</small>	56,462	81,253	3,462	(28,253)
Pinnacle of Success Grant FY09	4,841,721	687,943	0	4,153,778
Robert C. Byrd Honors Scholarship Program	156,000	156,000	0	0
Smaller Learning Communities	0	0	0	0
Smaller Learning Communities (OVAE) - Kalaheo High School	1,016,248	421,308	0	594,940
Smaller Learning Communities (OVAE) - Kalani High School	5,390	5,390	0	0
State Grants - Sped Grants To State Individual with Disabilities Education Act	55,809,449	42,545,491	0	13,263,958
Teaching American History Grants	800,887	284,632	0	516,255
Team Nutrition Training	74,034	73,901	133	0
Teen Parent Child Care Center - Department of Human Services (DHS)	614,953	337,925	206,619	70,409
Teen Pregnancy Prevention Training - DHS	79,375	77,783	1,592	0
Vocational Education-Basic Grant To States	3,526,380	3,175,748	0	350,632
Vocational Education - Tech Prep	90,281	90,281	0	0
Total Instructional Service Grants	\$ 276,371,585	\$ 154,193,817	\$ 582,760	\$121,595,008
AMERICAN RECOVERY AND REINVESTMENT ACT				
Child Nutrition Program Recovery Act - National School Lunch Program Equipment Assistance Grant	\$ 348,600	\$ 274,514	\$ 0	\$ 74,086
Education For Homeless Children and Youth, Recovery Act	175,966	0	0	175,966
Education Technology State Grants, Recovery Act	3,209,375	0	0	3,209,375
Title I Grants To Local Educational Agencies, Recovery Act	16,585,937	1,570,936	0	15,015,001
Special Education - Grants to States, Recovery Act	19,962,635	19,962,635	0	0
Special Education - Preschool Grants, Recovery Act	530,535	0	0	530,535
Total American Recovery and Reinvestment Act	\$ 40,813,048	\$ 21,808,085	\$ 0	\$ 19,004,963

FEDERAL FUND RECEIPTS AND EXPENDITURES (Continued)

Fiscal Year 2008-09

GRANT TITLE	Available Beginning Balance	Expenditures & Encumbrances	Lapsed Balance	Available Ending Balance
FOOD SERVICE GRANTS				
Child Nutrition-SAE Summer Program	\$ 58,744	\$ 27,426	\$ 104	\$ 31,214
Child Nutrition - State Admin. Expense	866,409	679,488	0	186,921
Food Nutrition Service	439,914	0	0	439,914
Food Stamp Nutrition Education (FSNE) Program - Waimanalo Department of Health (DOH)	313,820	97,524	97,555	118,741
Fresh Fruit and Vegetable Program	33,016	15,664	0	17,352
National School Lunch Program	34,123,726	30,273,644	0	3,850,082
Nutrition Education In Schools FY08	60,910	60,763	147	0
Total Food Service Grants	\$ 35,896,539	\$ 31,154,509	\$ 97,806	\$ 4,644,224
ADMINISTRATIVE SUPPORT SERVICE GRANTS				
Common Core Of Data Survey Project	\$ 41,618	\$ 7,563	\$ 0	\$ 34,055
Education For Homeless Children & Youth	358,147	184,367	0	173,780
Grant Management	492,337	17,846	0	474,491
Indirect Cost Recovery ^(Note 2)	0	(1,083,650)	0	1,083,650
National Assessment of Educational Progress (NAEP) State Coordinator	323,924	200,441	11,662	111,821
NCLB - Administration	(184,170)	(666,527)	0	482,357
State Program Improvement Grants	514,484	396,875	0	117,609
Test Fee Program - Advanced Placement Fee (APF)	36,532	34,349	1	2,182
Unemployment Insurance	3,758,567	220,121	0	3,538,446
Workers' Compensation ^(Note 1)	718,557	737,354	0	(18,797)
Total Administrative Support Service Grants	\$ 6,059,996	\$ 48,739	\$ 11,663	\$ 5,999,594
PUBLIC SERVICE GRANTS				
A+ Intra-Department Transfer-DHS	\$ 8,135,325	\$ 6,572,073	\$ 0	\$ 1,563,252
Adult Education - State Administered	2,721,039	1,984,979	0	736,060
Total Public Service Grants	\$ 10,856,364	\$ 8,557,052	\$ 0	\$ 2,299,312
TOTAL FEDERAL GRANTS	\$ 369,997,532	\$ 215,762,202	\$ 692,229	\$153,543,101

Note 1: The expenditure which created this deficit was transferred against the allotment for next fiscal year.

Note 2: Under the terms of its federal grants, the Hawaii Department of Education is permitted to recover some of the cost of its administrative services in support of federal grants by levying a charge to most federal grants based upon rates that were negotiated with the U.S. Department of Education. These funds are accumulated here and can be used to support other activities of the Department.

SPECIAL FUND RECEIPTS AND EXPENDITURES

Fiscal Year 2008-09

PROGRAMS	FUNDS AVAILABLE	EXPENDITURES/ ENCUMBRANCES	ENDING BALANCE
Adult Education Special Fees/Act 179	\$ 1,274,602	\$ 706,997	\$ 567,605
Adult Education Revolving Fund Secondary 9-12	517,357	223,630	293,727
After School Plus (A+ Program) Revolving Fund	3,404,400	2,881,727	522,673
Arts in Public Places	416,273	285,132	131,141
Driver Education Underwriter's Fees	4,868,359	1,471,210	3,397,149
Education Design & Construction Project Assessment Fund	2,017,958	637,374	1,380,584
Education Research & Development	213,035	0	213,035
Federal Revenue Maximization (Medicaid) Revolving (Note 1)	668,258	0	668,258
Felix Response Team Title IV-E	4,156	0	4,156
Hawaii Teachers Standards Board	2,586,550	661,679	1,924,871
Human Resources Stipend Program	115,723	0	115,723
Regular Instruction HI Schools	26,154	3,222	22,932
Reimbursement for Lost Textbooks and Equipment	1,436,420	250,276	1,186,144
School Bus Revolving Fund	3,755,596	1,976,243	1,779,353
School Food Services	30,674,742	20,559,735	10,115,007
School Level Minor Repair & Maintenance	226,218	5,852	220,366
Searching Discretionary Grants and Developing Program Applications	3,703,839	328,483	3,375,356
Summer School	1,745,140	1,692,498	52,642
Teacher Housing	1,180,959	879,379	301,580
Use of School Facilities	3,428,916	1,159,430	2,269,486
TOTAL SPECIAL FUNDS	\$ 62,264,655	\$ 33,722,867	\$ 28,541,788

Definitions:

Funds Available = Cash available at the beginning of the period being reported plus cash receipts in the current year.

Expenditures/Encumbrances = Payments/Funds obligated through a purchase order or contract as of the period being reported.

Ending Cash = Cash available at the end of the period being reported.

Note 1: Medicaid reimbursement revolving account.

TRUST FUND RECEIPTS AND EXPENDITURES

Fiscal Year 2008-09

PROGRAMS	FUNDS AVAILABLE	EXPENDITURES/ ENCUMBRANCES	ENDING BALANCE
Alu Like, Inc. Grants	\$ 339,746	\$ 268,892	\$ 70,854
Donations & Gifts (Note 2)			
Fair Share Trust Accounts (Impact Fees) (Note 3)	4,557,679	0	4,557,679
All Others	1,327,066	334,702	992,364
Foundations & Other Grants	13,499,009	5,955,542	7,543,467
Office of Hawaiian Affairs Grants	804,725	77,956	726,769
OLELO – Educational Programs on Public Access TV	1,587,851	448,195	1,139,656
School Athletic Fund	1,324,412	659,711	664,701
TOTAL TRUST FUNDS	\$ 23,440,488	\$ 7,744,998	\$ 15,695,490

Definitions:

Funds Available = Cash available at the beginning of the period being reported plus cash receipts in the current year.

Expenditures/Encumbrances = Payments/Funds obligated through a purchase order or contract as of the period being reported.

Ending Cash = Cash available at the end of the period being reported.

Note 2: The bulk of the money in this program is made up of Fair Share money or interest earned on this money. When developers are given permission by the Land Use Commission to get a higher zoning on their property, one of the conditions of rezoning is the requirement that they make a cash contribution to the Department of Education to offset the cost of building additional school facilities in the community that the land parcel is in.

Note 3: In return for being granted a higher zoning of their property, developers have been required by the Land Use Commission to pay fees to the Hawaii Department of Education (DOE) to mitigate the DOE's cost of providing school facilities. These contributions to the DOE are referred to as either Fair Share Contributions or Impact Fees and are to be expended by the Office of School Facilities and Support Services for school facilities needs.

LOCAL SCHOOL FUNDS (NON-APPROPRIATED)

FISCAL YEAR 2008-2009

Local School Funds are used for school activities that take place outside of the formal class period and are not required for class work or credit. Local School Fund monies collected and maintained by the school are held in a custodial capacity for the students and do not require deposit into the State Treasury. Typical local school activities fall under the fiscal categories of School Activity, Revenue Raising, Student Activities, and Trust/Agency Funds.

SCHOOL FUNDS	Balance July 1, 2008	Receipts	Disbursements	Balance June 30, 2009
School Activity	\$ 3,212,298	\$ 5,204,467	\$ 5,063,372	\$ 3,353,393
Revenue Raising	586,806	7,206,286	7,228,791	564,301
Student Activity	5,548,860	9,054,445	8,705,736	5,897,569
Trust and Agency	9,778,271	14,944,503	13,934,488	10,788,286
TOTAL	\$ 19,126,235	\$ 36,409,701	\$ 34,932,387	\$ 20,603,549

DEFINITION OF PROGRAMS

- School Activity** Funds used for school-wide administrative and/or educational purposes, such as yearbook, newspaper funds, and general school activities.
- Revenue Raising** Funds derived from projects specifically designed to produce revenue for the school. Profits from these projects should be transferred to the appropriate sub-account.
- Student Activity** Funds held for various student organizations, such as student government and class/grade level dues.
- Trust and Agency** Funds created by gifts, grants, or contributions for designated purposes. The funds are temporary deposits held until final disposition for such things as P.E. uniforms sales, P.E. towel rentals, excursions, bus fares, and admissions, etc.

SCHOOL FOOD SERVICES PROGRAM

TOTAL LUNCHES SERVED - Fiscal Years 2007-08 to 2008-09

	FY 2007-08	FY 2008-09
Student Lunches - Paid	9,723,367	9,493,299
Student Lunches - Free	6,311,482	6,633,992
Student Lunches - Reduced	2,353,222	2,438,991
Adult and Other Lunches	1,621,407	1,758,426
Total	20,009,478	20,324,708

TOTAL BREAKFASTS SERVED - Fiscal Years 2007-08 to 2008-09

	FY 2007-08	FY 2008-09
Student Breakfasts - Paid	2,451,583	2,416,726
Student Breakfasts - Free	2,967,106	3,159,450
Student Breakfasts - Reduced	814,762	848,738
Adult Breakfasts	211,877	216,423
Total	6,445,328	6,641,337

FINANCIAL HIGHLIGHTS - Fiscal Years 2007-08 to 2008-09

SOURCE OF FUND	FY 2007-08		FY 2008-09	
	AMOUNT	PERCENT	AMOUNT	PERCENT
General Fund	\$34,927,609	40.8%	\$35,965,184	39.4%
Special Fund	14,583,475	17.0%	20,559,735	22.5%
Federal Cash Subsidy	33,023,981	38.6%	31,938,998	35.0%
Federal Commodities	3,065,380	3.6%	2,889,680	3.1%
Total - Source of Fund	\$85,600,445	100.0%	\$91,353,597	100.0%
EXPENDITURE CATEGORY				
Personal Services	\$29,339,961	34.2%	\$30,902,602	33.8%
Fringe Benefits	12,633,761	14.8%	14,782,511	16.2%
Food	31,736,815	37.1%	31,040,890	34.0%
Supplies	4,539,845	5.3%	4,665,021	5.1%
Other Expenses	6,274,730	7.3%	9,427,924	10.3%
Equipment	1,075,333	1.3%	534,649	0.6%
Total Expenditures	\$85,600,445	100.0%	\$91,353,597	100.0%

COST PER MEAL ANALYSIS - Fiscal Years 2007-08 to 2008-09

PER MEAL - SOURCE OF FUND	LUNCH		BREAKFAST	
	FY 07-08	FY 08-09	FY 07-08	FY 08-09
General Fund	\$2.10	\$2.30	\$0.67	\$0.17
Special Fund	0.66	0.95	0.21	0.20
Federal Cash Subsidy	1.33	1.05	0.88	1.46
Federal Commodities	0.12	0.13	0.00	0.00
Total	\$4.21	\$4.43	\$1.76	\$1.83
PER MEAL - EXPENDITURE CATEGORY				
Personal Services	\$1.72	\$1.85	\$0.49	\$0.52
Fringe Benefits	0.64	0.63	0.18	0.18
Food	1.25	1.31	0.75	0.78
Other	0.46	0.45	0.29	0.29
Indirect	0.14	0.19	0.05	0.06
Total	\$4.21	\$4.43	\$1.76	\$1.83

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM ACTIVITY

Fiscal Year 2008-09

The objectives of the Department of Education's (DOE) Capital Improvement Program (CIP) are (1) to provide facilities that are well placed, sufficient in number, flexible, functional, and creatively designed and (2) to insure that facilities accommodate population changes in residential areas throughout the state; support the educational program, and promote the health and safety of students, employees and the public.

To support the release of legislative appropriations, the DOE and the Department of Budget and Finance continued for the fourth year their Memorandum of Understanding, which sets forth procedures for planned allotment releases. Prior knowledge of when releases will occur allows the program to better schedule and sequence construction. During FY 2008-09, a total of 43 allotment requests were approved by the Governor totaling \$242,916,370.

A summary of CIP transactions follows:

1. Funds Encumbered But Not Yet Expended as of July 1, 2008:.....	\$ 53,316,158
2. Funds encumbered during FY 2008-09.....	279,444,369
3. Funds expended during FY 2008-09 for design and construction:.....	<u>98,697,441</u>
4. Funds encumbered but not yet expended as of June 30, 2009:.....	\$ <u>234,063,086</u>

The DOE's construction program serves over 265 schools and administrative offices statewide totaling approximately 25 million square feet. Activities include the construction of schools, new buildings, support facilities, and general repair and maintenance (R&M) work. Examples of key projects are highlighted as follows:

Representative Highlights of Major CIP Projects Completed

Major Buildings

August Ahrens Elementary School, Special Education Renovation A/C Rooms 19A and 19B
Mililani High School, 10-Classroom Building
Kealakehe Intermediate School, Admin/Library and Renovation of Existing Spaces

Portable Classrooms (quantity):

De Silva Elementary School (1)
Keoneula Elementary School (3)
Waimea Elementary School (2)
Webling Elementary School (2)

Representative Highlights of Major Repair and Maintenance Work Completed

Multi-Component Repair and Maintenance Projects:

Molokai High & Intermediate School, Disconnecting Cesspools
Moanalua Elementary School, Building C, Replace Both A/C Units

Electrical Upgrades:

Aiea High School, Electrical System Improvements
Keaau Middle School, Building A, Replace Electrical Conduits & Upgrade Panel

SUMMARY OF CAPITAL IMPROVEMENT PROGRAM ACTIVITY (Continued)

Fiscal Year 2008-09

Reroofing:

Central Middle School, Reroof Building G
Farrington High School, Building A (Wing 9), Reroof and Replace Soffit
Kahala Elementary School, Reroof Building G and OCISS Annex Building 302
Wahiawa Middle School, Reroof Building A, C, and F
Waipahu Intermediate School, Reroof Building C
Webling Elementary School, Reroof Building D

Other Significant Work:

Kamehameha III Elementary School, Site Work for two Temporary Facilities
Konawaena High School, Campus Elevator, Extend Landing Improvements
Leilehua High School, Building X, Remove Diesel Tank

R&M funds were primarily used to fund projects that ranged from informally bid projects of less than \$100,000, to major renovation work that costs several million dollars. Statewide, \$18.5 million was expended in FY 2008-09 on R&M projects that were funded by CIP appropriations.

Whole School Classroom Renovations Statewide

A total of \$40 million in general fund appropriations for whole school classroom renovations was released by the Governor in FY 2007-08. As of June 30, 2009, \$35.9 million has been expended for consultant design services and construction, and \$3.4 million was encumbered but not yet expended. A total of \$100 million for whole school classroom renovations through bond funds was appropriated by the 2008 legislature and released by the Governor as of November 2008. As of June 30, 2009, \$13.9 million has been expended for construction, and \$83.6 million was encumbered but not yet expended.

Status of final phase of whole school classroom renovations for 96 schools as of June 30, 2009:

20 Schools Completed from FY 2007 through FY 2009
23 Under Construction
14 Bidding Completed, Pending Award or Notice to Proceed
2 Design Completed, Pending Bid Phase
30 Design Completed, Additional Appropriation Required for Construction
7 Deferred Due to Closure or Change in School Status
96 Total Schools

The following whole school classroom renovation projects were completed during Fiscal Year 2008-09:

Linapuni Elementary School
Puuhale Elementary School
Iliahi Elementary School
Makalapa Elementary School
Solomon Elementary School
Webling Elementary School
Hookena Elementary School
Konawaena Middle School
Waiakeawaena Elementary School
Waimea Elementary School
Kihei Elementary School
Lahaina Intermediate School
Keaukaha Elementary School
Enchanted Lakes Elementary School

CONSOLIDATED ANNUAL FINANCIAL REPORT OF EXPENDITURES*

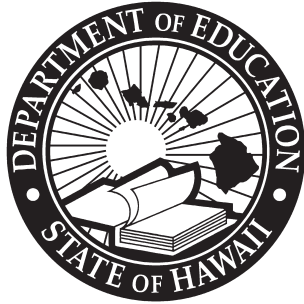
Fiscal Year 2008-09

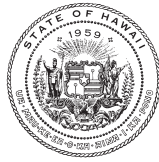
Official Hawaii Department of Education Enrollment - 179,478

DESCRIPTION	General Fund	Federal Fund	Special Fund	Trust Fund	(Note 1) Other Funds	Total All Funds	Percent of Total	Per Pupil Cost Based on Official Enrollment
INSTRUCTION & RELATED SERVICES								
General Instruction	\$ 804,741,786	\$ 27,964,588	\$ 0	\$ 0	\$ 0	\$ 832,706,374		
Special Education	474,492,658	67,529,287	0	0	0	542,021,945		
Supplemental Educational Services	9,594,887	55,620,364	0	0	0	65,215,251		
Other Instructional Programs	40,272,352	5,940,190	3,166,931	7,235,508	0	56,614,981		
Counseling	48,113,741	0	0	0	0	48,113,741		
School Libraries	24,731,304	0	0	0	0	24,731,304		
School Administration	140,893,445	0	256,127	0	0	141,149,572		
Total Instruction & Related Services	\$ 1,542,840,173	\$ 157,054,429	\$ 3,423,058	\$ 7,235,508	\$ 0	\$ 1,710,553,168	77%	\$ 9,531
INSTRUCTIONAL SUPPORT								
Professional Development	\$ 16,588,521	\$ 11,103,559	\$ 285,132	\$ 377,098	\$ 0	\$ 28,354,310		
Curriculum Services	13,210,935	142,758	0	2,495	0	13,356,188		
School Health Services	6,283,982	0	0	0	0	6,283,982		
Total Instructional Support	\$ 36,083,438	\$ 11,246,317	\$ 285,132	\$ 379,593	\$ 0	\$ 47,994,480	2%	\$ 267
SCHOOL SUPPORT SERVICES								
Safety & Security Services	\$ 8,358,134	\$ 0	\$ 0	\$ 0	\$ 1,087,174	\$ 9,445,308		
School Food Services	54,606,148	31,181,664	20,559,735	0	0	106,347,547		
Operations & Maintenance								
Custodial Services	64,211,663	0	0	0	0	64,211,663		
Utilities	51,362,986	0	0	0	0	51,362,986		
Repairs & Maintenance	54,200,705	2,595,689	2,479,040	0	5,309,025	64,584,459		
Other School Support	1,651,721	0	0	0	0	1,651,721		
Student Transportation Services	70,923,665	2,379,216	2,304,726	0	0	75,607,607		
Total School Support Services	\$ 305,315,022	\$ 36,156,569	\$ 25,343,501	\$ 0	\$ 6,396,199	\$ 373,211,291	17%	\$ 2,079
ADMINISTRATION								
State & Complex Administration	\$ 86,063,458	\$ 2,728,925	\$ 858,822	\$ 129,897	\$ 0	\$ 89,781,102		
Other Government Agencies	0	0	0	0	6,062,171	6,062,171		
Total Administration	\$ 86,063,458	\$ 2,728,925	\$ 858,822	\$ 129,897	\$ 6,062,171	\$ 95,843,273	4%	\$ 534
Total Expenditures (Before Exclusions)	\$1,970,302,091	\$ 207,186,240	\$ 29,910,513	\$ 7,744,998	\$ 12,458,370	\$ 2,227,602,212	100%	\$ 12,412
Exclusions in accordance with US DOE National Center for Education Statistics (NCES) Common Core of Data Specifications:								
Adult Education	\$ 8,078,196	\$ 2,003,889	\$ 930,627	\$ 0	\$ 0	\$ 11,012,712		
After-School Plus (A+), Program	1,594,823	6,572,073	2,881,727	0	0	11,048,623		
Capitalized Construction-Related Labor Costs	1,129,043	0	0	0	0	1,129,043		
Capitalized Equipment Expenditures	11,186,211	0	0	0	0	11,186,211		
Debt Service Costs	236,896,511	0	0	0	0	236,896,511		
TOTAL EXCLUSIONS	\$ 258,884,784	\$ 8,575,962	\$ 3,812,354	\$ 0	\$ 0	\$ 271,273,100		
GRAND TOTAL	\$2,229,186,875	\$ 215,762,202	\$ 33,722,867	\$ 7,744,998	\$ 12,458,370	\$ 2,498,875,312		

*Includes public charter schools.

Note 1: Please refer to page 4 for details of education-related expenditures by other state and county agencies for public education purposes.





State of Hawaii
Department of Education

Financial Report

July 1, 2008 - June 30, 2009