

December 17, 2021

**VIA EMAIL**

The Honorable Ronald D. Kouchi  
Senate President  
415 South Beretania Street  
Hawai'i State Capitol, Room 409  
Honolulu, Hawai'i 96813

**VIA EMAIL**

The Honorable Scott K. Saiki  
Speaker, House of Representatives  
415 South Beretania Street  
Hawai'i State Capitol, Room 431  
Honolulu, Hawai'i 96813

**RE: Financial Audit of the Stadium Authority**

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements of the Stadium Authority for the fiscal year ended June 30, 2021, was issued on November 30, 2021. The Office of the Auditor retained N&K CPAs, Inc. to perform the financial audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial audit report.

You may view the financial audit report and Auditor's Summary on our website at:

[https://files.hawaii.gov/auditor/Reports/2021\\_Audit/Stadium2021.pdf](https://files.hawaii.gov/auditor/Reports/2021_Audit/Stadium2021.pdf); and

[https://files.hawaii.gov/auditor/Reports/2021\\_Audit/Stadium\\_Summary\\_2021.pdf](https://files.hawaii.gov/auditor/Reports/2021_Audit/Stadium_Summary_2021.pdf).

If you have any questions about the report, please contact me.

Very truly yours,

Leslie H. Kondo  
State Auditor

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Attachment

cc/attach (Auditor's Summary only): Members of the Senate  
Members of the House of Representatives  
Carol Taniguchi, Senate Chief Clerk  
Brian Takeshita, House Chief Clerk

# Auditor's Summary

## Financial Audit of the Stadium Authority

Financial Statements, Fiscal Year Ended June 30, 2021



PHOTO: ALOHA STADIUM

**THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Stadium Authority, as of and for the fiscal year ended June 30, 2021. The audit was conducted by N&K CPAs, Inc.

### About the Authority

The Stadium Authority (Authority) was established in 1970 and is responsible for the operation, management, and maintenance of Aloha Stadium, located in Honolulu, Hawai'i. The Authority functions under the direction of a nine-member board, appointed by the Governor. In addition, the president of the University of Hawai'i and the state superintendent of education are nonvoting ex-officio members of the board. For administrative purposes, the Authority is placed within the State of Hawai'i's Department of Accounting and General Services.

### Financial Highlights

**FOR THE FISCAL YEAR** ended June 30, 2021, the Authority reported total revenues of \$2.9 million and total expenses of \$6.7 million, resulting in an operating net loss of \$3.8 million. Revenues consisted of (1) \$2.6 million from rentals from attractions, (2) \$100,000 in parking fees, and (3) \$200,000 in advertising and other revenues. The Authority's net loss was partially offset by \$9 million in capital contributions, which represents the portion of Aloha Stadium capital improvement costs that were paid by the State of Hawai'i. However, the Authority also reported an extraordinary item for an impairment loss of \$73.3 million related to the existing stadium structure resulting in a decrease in net position of \$68.1 million.

Expenses consisted of (1) \$200,000 for depreciation, (2) \$4.4 million for personnel services, (3) \$900,000 for utilities, and (4) \$300,000 for repairs and maintenance. Additional expenses totaled \$900,000 and included state central services

assessments as well as security, professional services, and other costs.

As of June 30, 2021, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, resulting in a net position of \$18.6 million. Of this amount, \$30.2 million was invested in capital assets and there is an unrestricted net deficit of \$11.6 million. The agency reported total assets and deferred outflows of resources of \$34.4 million, comprised of (1) cash of \$2.4 million, (2) receivables, other assets, and deferred outflows of resources of \$1.8 million, and (3) net capital assets of \$30.2 million. The agency reported total liabilities and deferred inflows of resources of \$15.8 million, comprised of (1) net pension liability of \$6.9 million, (2) vacation and other retirement payables of \$6.7 million, and (3) other liabilities and deferred inflows of resources of \$2.2 million.

## Impairment Loss

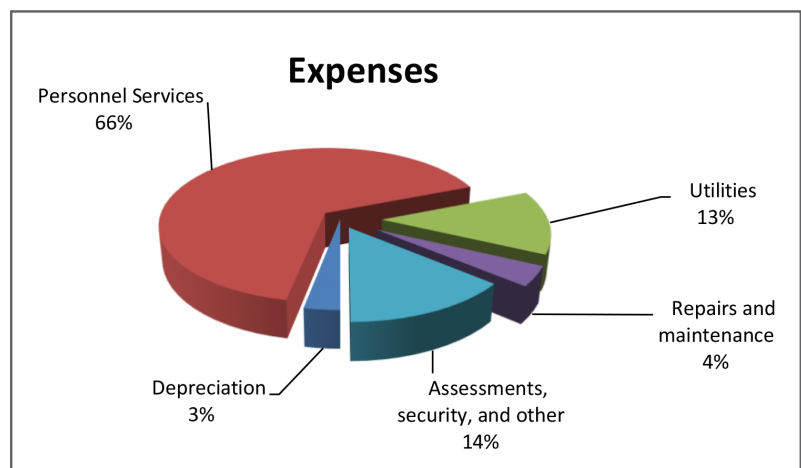
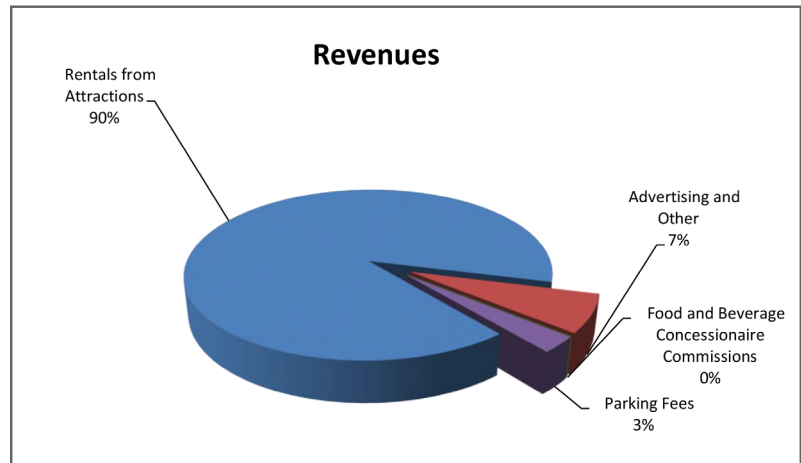
In fiscal year 2021, partly due to the COVID-19 pandemic, the Authority determined that the existing stadium structure experienced a significant and unexpected decline in service utility and determined it will no longer be used for its originally intended purpose of serving as a gathering place for the people of Hawai'i. Accordingly, the Authority recorded an impairment loss of approximately \$73.3 million as of June 30, 2021, which is reported as an extraordinary item in the financial statements and there is no carrying value remaining on the statement of net position for the stadium structure.

## Auditors' Opinion

**THE AUTHORITY RECEIVED AN UNMODIFIED OPINION** that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles

## Findings

**THERE WERE NO SIGNIFICANT DEFICIENCIES** in internal control over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.



For the complete report and financial statements visit our website at:  
[https://files.hawaii.gov/auditor/Reports/2021\\_Audit/Stadium2021.pdf](https://files.hawaii.gov/auditor/Reports/2021_Audit/Stadium2021.pdf)