STATE OF HAWAIʻI
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaiʻi 96813-2917

LESLIE H. KONDO
State Auditor
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DEPT. COMM. NO. 283

December 31, 2024

VIA EMAIL

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

VIA EMAIL

The Honorable Nadine K. Nakamura
Speaker, House of Representatives
415 South Beretania Street
Hawaiʻi State Capitol, Room 431
Honolulu, Hawaiʻi 96813

RE: Financial Audit of the Stadium Authority

Dear President Kouchi and Speaker Nakamura:

The audit report on the financial statements and compliance of the Stadium Authority for the fiscal year ended June 30, 2024, was issued on December 16, 2024. The Office of the Auditor retained N&K CPAs, Inc. to perform the financial and compliance audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial and compliance audit report.

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

https://files.hawaii.gov/auditor/Reports/2024_Audit/Stadium2024.pdf; and

https://files.hawaii.gov/auditor/Reports/2024_Audit/Stadium_Summary_2024.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

ec/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, 2024

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, 2024. The audit was conducted by N&K CPAs, Inc.*

About the Authority

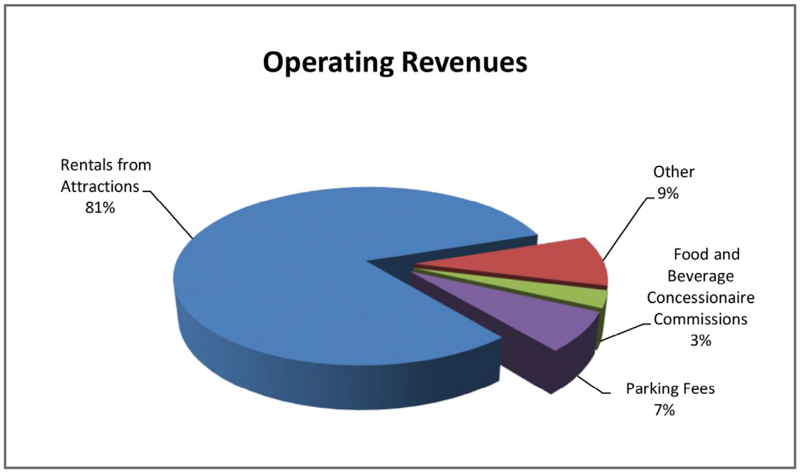
The Stadium Authority (Authority) was established in 1970 and is responsible for the operation, management, and maintenance of Aloha Stadium, located in Honolulu, Hawai‘i. The Authority functions under the direction of a nine-member board, appointed by the Governor. In addition, the president of the 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 Business, Economic Development and Tourism.

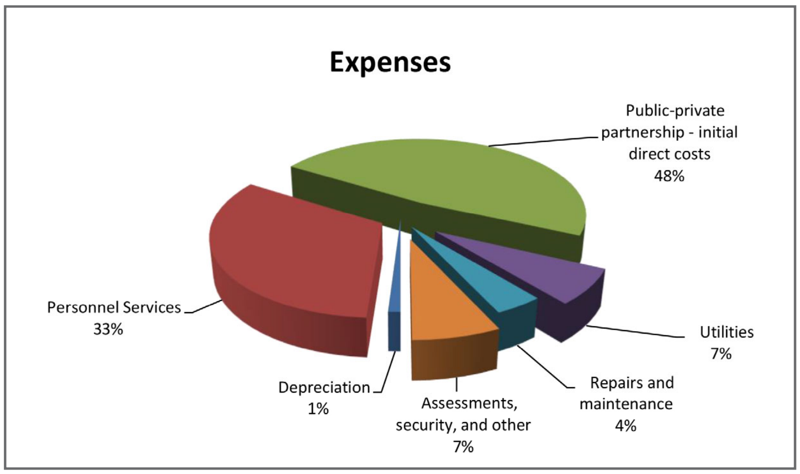
Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2024, the Authority reported total revenues of $7.4 million and total expenses of $9.4 million, resulting in a net operating loss of $2 million. Revenues consisted of $6 million from rentals from attractions, $200,000 from food and beverage concessionaire commissions, $500,000 in parking fees, and $700,000 in other revenues. The Authority’s net loss was partially offset by $4.7 million in capital contributions, which represents the portion of Aloha Stadium capital improvement costs that were paid by the State of Hawai‘i. In addition, the Authority received net transfers of $46.8 million, resulting in an increase in net position of $49.5 million.

Expenses consisted of (1) $100,000 for depreciation, (2) $3.1 million for personnel services, (3) $600,000 for utilities, and (4) $4.5 million for initial direct costs for a public-private partnership. Additional expenses totaled $1.1 million and included State central services assessments as well as security, professional services, repairs and maintenance, and other costs.

As of June 30, 2024, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, resulting in a net position of $62.3 million. Of this amount, $19 million was invested in capital assets, $49.4 million was restricted, and there is an unrestricted net deficit of $6.1 million. The agency reported total assets and deferred outflows of resources of $77 million, comprised of (1) cash of $55.8 million, (2) receivables, other assets, and deferred outflows of resources of $2.2 million, and (3) net capital assets of $19 million. The agency reported total liabilities and deferred inflows of resources of $14.7 million, comprised of (1) net pension liability of $6.3 million, (2) vacation and other retirement payables of $6 million, and (3) other liabilities and deferred inflows of resources of $2.4 million.





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 MATERIAL WEAKNESSES in internal control over financial reporting that were required to be reported under *Government Auditing Standards*.

Link to the complete report:

Financial Audit

https://files.hawaii.gov/auditor/Reports/2024_Audit/Stadium2024.pdf

FINANCIAL AUDIT OF THE STADIUM AUTHORITY STATE OF HAWAII

Fiscal Year Ended June 30, 2024

Submitted by
The Auditor
State of Hawaii

N&K CPAs, Inc.
ACCOUNTANTS | CONSULTANTS

999 BISHOP STREET, SUITE 2200 | HONOLULU, HAWAII 96813
T (808) 524-2255 F (808) 523-2090 | nkcpa.com

STADIUM AUTHORITY
STATE OF HAWAII

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STATE OF HAWAII

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PART I

FINANCIAL SECTION

N&K CPAs, Inc.
ACCOUNTANTS | CONSULTANTS

999 BISHOP STREET, SUITE 2200
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INDEPENDENT AUDITOR'S REPORT

To the Auditor
State of Hawaii

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Stadium Authority, State of Hawaii (the Authority), a component unit of the State of Hawaii, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority, as of June 30, 2024, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 to 11 and the schedules of proportionate share of the net pension liability, pension contributions, proportionate share of net OPEB liability, and OPEB contributions on pages 42 to 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

N+K CPAs, INC.

Honolulu, Hawaii
December 16, 2024

Management of the Stadium Authority, State of Hawaii (the Authority) offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities of Aloha Stadium as of and for the fiscal year ended June 30, 2024. This management's discussion and analysis is designed to assist the reader in focusing on the Authority's financial issues and activities to identify any significant changes in the Authority's financial position. The Authority encourages readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements comprise four components: (1) statement of net position; (2) statement of revenues, expenses, and changes in net position; (3) statement of cash flows; and (4) notes to the financial statements.

The financial statements are designed to provide the reader with a broad overview of the Authority's finances in a manner similar to private sector business. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the full accrual basis of accounting. The difference between these items are reported as net position. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Thus, assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses are reported in these statements for some items that will result in cash flows in future periods (e.g., uncollected rental receipts, earned but unused vacation leave, etc.). These financial statements present the financial position, the changes in net position, and cash flows that are attributable to the transactions of the Authority.

Statement of Net Position

The statement of net position presents all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator to determine whether the financial position of the Authority is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents information showing the Authority's revenues and expenses for the fiscal year. Functional activities are highlighted in this statement.

Statement of Cash Flows

The statement of cash flows presents the increases and decreases in cash from the Authority's operating, investing, and financing activities during the fiscal year.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Condensed Financial Information

The following are summaries from the Authority's financial statements as of and for the fiscal years ended June 30, 2024 and 2023 (in thousands):

	2024	2023
NET POSITION:		
Assets:		
Current assets	$ 7,499	$ 7,448
Capital assets, net	18,983	18,694
Restricted cash and cash equivalents	49,500	--
Other assets	31	31
Total assets	76,013	26,173
Deferred outflows of resources	973	737
Liabilities:		
Current liabilities	1,070	691
Noncurrent liabilities	12,299	12,037
Total liabilities	13,369	12,728
Deferred inflows of resources	1,275	1,339
Net position:		
Net investment in capital assets	18,983	18,694
Restricted for capital projects	49,500	--
Unrestricted	(6,141)	(5,851)
Total net position	$ 62,342	$ 12,843
CHANGES IN NET POSITION:		
Operating revenues:		
Rentals from swap meet and attractions	$ 5,955	$ 5,803
Other	722	548
Total operating revenues	6,677	6,351
Operating expenses:		
PPP - Initial direct costs	(4,458)	(3,256)
Personnel services	(3,055)	(2,647)
Other	(1,811)	(1,789)
Total operating expenses	(9,324)	(7,692)
Operating loss	(2,647)	(1,341)
Nonoperating revenues:		
Interest and investment income, net	661	89
Loss before capital contributions and transfers	(1,986)	(1,252)
Capital contributions and transfers:		
Capital contributions	4,699	3,398
Transfers in	49,500	500
Transfers out	(2,714)	(177)
	51,485	3,721
Change in net position	49,499	2,469
Net position at beginning of year	12,843	10,374
Net position at end of year	$ 62,342	$ 12,843

Financial Analysis

Current assets increased by $51,000 or .7% from the previous fiscal year. The increase is the net effect of a decrease in cash and cash equivalents as well as an increase in receivables. Cash decreased as the Authority prepares to relocate the swap meet from Circular Road to the Upper Halawa Parking Lot so that the New Aloha Stadium Entertainment District (NASED) project may proceed as planned.

Receivables increased with regards to interest income and leases. After transferring $49.5 million from the general fund to the special fund, these funds became eligible to participate in the State's investment pool and earn interest income.

The Authority continues to search for new revenue-generating opportunities. One revenue generating opportunity that has been successful is renting the parking lot to different entities for extended periods of time, which led to an increase in lease receivables.

Capital assets, net increased by $289,000 or 1.5% from the previous fiscal year. As part of the swap meet relocation, the Authority purchased shipping containers that will be converted into restrooms. The completed restrooms are scheduled for delivery by the end of 2024.

Restricted cash and cash equivalents increased by $49.5 million or 100% from the previous fiscal year. The $49.5 million is to be expended for stadium costs for operations, maintenance, and contract costs to developers of the stadium.

Current liabilities increased by $379,000 or 54.8% from the previous fiscal year. The increase is primarily due to accrued temporary hazard pay (THP) for eligible Hawaii Government Employees Association (HGEA) employees who worked onsite during the COVID-19 pandemic. The first installment of the THP was paid in October 2024 and the second installment will be paid in March 2025.

Noncurrent liabilities increased by $262,000 or 2.2% from the previous fiscal year. The increase is due to an increase in the net pension liability.

Net position increased by $49,500,000 or 385.4% from the previous fiscal year. The increase is due to cash transferred from the general fund to the special fund. Also refer to restricted cash and cash equivalents above.

Operating revenues increased by $326,000 or 5.1% from the previous fiscal year. The increase is the result of an increase in rental income, food and beverage commissions, and parking income. The Authority rented the parking lot to different entities. Refer to current assets above. The Authority hosted five concert dates (Rebel Souljahz, 2-day Birthday Bash, and 2-day May Jah Ray Jah Music Festival) during the fiscal year. These concerts were held in the parking lot and contributed to the Authority's increase in revenues. The Authority hopes to host more parking lot concerts in the future.

Operating expenses increased by $1,632,000 or 21.2% from the previous fiscal year. A couple of factors contributed to the net increase. The first factor is an increase in initial direct costs of $1.2 million related to the procurement of the developer for the NASED project. The second factor is an increase of $408,000 in personnel services.

Nonoperating revenues increased by $572,000 or 642.7% from the previous fiscal year. This amount represents interest income earned via the State's investment pool. Most of this income, however, has not been realized.

Capital contributions increased by $1.3 million or 38.3% from the previous fiscal year. The increase is attributed to initial direct costs for the NASED project that were paid by another State department.

Transfer in. The $49.5 million represents a transfer in from the general fund for the NASED project.

Transfer out. The $2.7 million represents a transfer to the Department of Accounting and General Services, Public Works Division, who will oversee the Aloha Stadium Portable Structures and Site Improvements Project. This project is to provide the infrastructure necessary to relocate the swap meet on stadium property.

Request for Information
The financial report is designed to provide a general overview of the Authority's finances for all those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Stadium Manager, Stadium Authority, P.O. Box 30666, Honolulu, Hawaii 96820-0666.

General information relating to the Authority and Aloha Stadium can be found at the Authority's website: *https://alohastadium.hawaii.gov*.
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Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
STATEMENT OF NET POSITION
June 30, 2024

ASSETS	
Current assets	
Cash and cash equivalents	$ 6,268,775
Receivables from concessionaire and other, net	405,164
Lease receivable	281,947
Interest receivable	543,308
Total current assets	7,499,194
Restricted cash and cash equivalents	49,500,000
Capital assets, net	18,983,187
Other assets	30,966
Total assets	76,013,347
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	524,317
Related to other postemployment benefits	448,586
Total deferred outflows of resources	972,903
LIABILITIES	
Current liabilities	
Vouchers payable	223,925
Accrued payroll	547,774
Accrued vacation - due within one year	112,992
Workers compensation - due within one year	7,400
Unemployment	22,830
Due to State General Fund for advances for Imprest Fund	30,000
Other	124,464
Total current liabilities	1,069,385
Net pension liability	6,313,356
Net other postemployment benefits liability	5,595,108
Accrued vacation - due in more than one year	246,935
Workers compensation - due in more than one year	20,003
Licensees' deposits	124,062
Total liabilities	13,368,849
DEFERRED INFLOWS OF RESOURCES	
Related to pension	268,729
Related to other postemployment benefits	749,560
Related to leases	256,833
Total deferred inflows of resources	1,275,122
NET POSITION	
Net investment in capital assets	18,983,187
Restricted for capital projects	49,500,000
Unrestricted	(6,140,908)
Total net position	$ 62,342,279

See accompanying notes to the basic financial statements.

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Year Ended June 30, 2024

OPERATING REVENUES		
Rentals from swap meet and attractions	$	5,954,952
Parking		481,521
Commissions from food and beverage concessionaire		158,067
Other		81,882
Total operating revenue		6,676,422
OPERATING EXPENSES		
Public-private partnership - initial direct costs		4,457,796
Personnel services		3,054,924
Utilities		633,689
Repairs and maintenance		369,475
Security		283,164
Professional services		134,488
Depreciation		125,901
Other		264,258
Total operating expenses		9,323,695
Operating loss		(2,647,273)
NONOPERATING REVENUES		
Interest and investment income, net		661,489
Loss before capital contributions and transfers		(1,985,784)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions		4,698,867
Transfers in		49,500,000
Transfers out		(2,714,000)
		51,484,867
Change in net position		49,499,083
NET POSITION AT BEGINNING OF YEAR		12,843,196
NET POSITION AT END OF YEAR	$	62,342,279

See accompanying notes to the basic financial statements.

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 6,570,162
Cash paid to suppliers	(1,192,847)
Cash paid to employees	(3,291,991)
Net cash provided by operating activities	2,085,324
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in	49,500,000
Transfers out	(2,714,000)
Purchase of capital assets	(324,644)
Net cash provided by capital and related financing activities	46,461,356
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income	133,748
Net cash provided by investing activities	133,748
Net increase in cash and cash equivalents	48,680,428
CASH AND CASH EQUIVALENTS	
Beginning of year	7,088,347
End of year	$ 55,768,775
Reconciliation of cash and cash equivalents to the statement of net position	
Unrestricted	$ 6,268,775
Restricted - capital projects	49,500,000
	$ 55,768,775

See accompanying notes to the basic financial statements.

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
STATEMENT OF CASH FLOWS (Continued)
Fiscal Year Ended June 30, 2024

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$	(2,647,273)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		125,901
Capital contributions - initial direct costs		4,457,796
Capital contributions - repairs and maintenance		146,174
Loss on disposal of capital assets		4,309
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables from concessionaires and other		(81,596)
Lease receivable		(261,052)
Deferred outflows of resources related to pension		(57,281)
Deferred outflows of resources related to other postemployment benefits		(178,044)
Vouchers payable		84,230
Accrued payroll and vacation		316,777
Other liabilities		(7,724)
Net other postemployment benefits liability		(21,159)
Net pension liability		268,065
Deferred inflows of resources related to pension		(231,681)
Deferred inflows of resources related to other postemployment benefits		(68,506)
Deferred inflows of resources related to leases		236,388
Net cash provided by operating activities	$	2,085,324
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital contributions	$	4,698,867

See accompanying notes to the basic financial statements.

NOTE A - FINANCIAL REPORTING ENTITY

The Stadium Authority, State of Hawaii (the Authority) was established by Act 172, Session Laws of Hawaii (SLH) 1970, effective June 30, 1970, and was placed within the Department of Budget and Finance, State of Hawaii (B&F), for administrative purposes. Effective June 1, 1980, Act 302, SLH 1980 and Executive Order No. 80-5 dated June 20, 1980 transferred the administrative responsibility for the Authority from B&F to the State of Hawaii, Department of Accounting and General Services (DAGS). Effective July 1, 2022, Act 220, SLH 2022 transferred the administrative responsibility for the Authority from DAGS to the State of Hawaii, Department of Business, Economic Development, and Tourism (DBEDT).

The Authority, under the direction of an eleven-member board, is responsible for the operation, management, and maintenance of Aloha Stadium, located in Honolulu, Hawaii. The Governor appoints nine members. The president of the University of Hawaii (UH) and the superintendent of education are nonvoting ex-officio members.

The Authority is a blended component unit of the State of Hawaii (the State). The State Comptroller maintains the central accounts for all the State's funds and publishes financial statements for the State annually, which include the Authority's financial activities. The accompanying financial statements are intended to present the net position, the changes in net position, and cash flows that are attributable to the transactions of the Authority.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

(1) ***Basis of Accounting*** - The accounts of the Authority are reported on a flow of economic resource measurements focus using the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations, management, and maintenance of the Aloha Stadium. The principal operating revenues are from swap meet and rental charges, while operating expenses include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Revenue from capital contributions are reported separately after nonoperating revenues and expenses.

The Authority is currently pursuing an arrangement where a private-sector partner will be designing, building, operating, and maintaining a new multi-use stadium and developing the surrounding district. Initial direct costs incurred to originate the public-private partnership and costs directly related to specified activities performed for this public-private partnership are reported as operating expenses as incurred.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) ***Use of Estimates*** - The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) ***Cash and Cash Equivalents*** - Cash and cash equivalents consists of cash on hand, cash in bank and amounts held in State Treasury.

(4) ***Receivables from Concessionaire and Other*** - Receivables are recorded at contracted or invoiced amounts. The Authority records an allowance on a specific account basis by considering a number of factors, including the length of time receivables are past due and the concessionaire's or other third party's current ability to pay its obligations to the Authority.

(5) ***Capital Assets*** - Capital assets purchased are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date received.

Depreciation expense is computed using the straight-line method over the following estimated useful lives:

Land improvements	14 - 30 years
Furniture and equipment	5 - 15 years

The Authority's capitalization thresholds are $100,000 for land improvements and $5,000 for furniture and equipment. Maintenance, repairs, minor replacements, and renewals are charged to operations as incurred. Major replacements, renewals, and betterments are capitalized. Sales and retirements of depreciable property are recorded by removing the related cost and accumulated depreciation from the accounts. Gains or losses on sales and retirements of property are reflected in the statement of revenues, expenses, and changes in net position. Capital assets are evaluated for impairment when events or changes in circumstances suggest that the service utility of a capital asset may have significantly and unexpectedly declined.

(6) ***Public-Private and Public-Public Partnership (PPP)*** - A PPP is an arrangement in which the Authority contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Any initial direct costs incurred by the Authority, for example, costs incurred to originate a PPP and costs directly related to specified activities performed by the Authority for that PPP, are reported as outflows of resources (for example, expense).

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(7) ***Deferred Outflows of Resources and Deferred Inflows of Resources*** - Deferred outflows (inflows) of resources represent a consumption of (benefit to) net position that applies to a future period. The deferred outflows (inflows) of resources related to pensions and other postemployment benefits (OPEB) resulted from differences between expected and actual experiences, changes in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion which will be amortized over approximately five years, and the Authority's contributions to the pension and OPEB plans subsequent to the measurement date of the actuarial valuations for the pension and OPEB plans which will be recognized as a reduction of the net pension liability and net OPEB liability in the subsequent fiscal year.

The deferred inflows of resources related to leases is initially measured as the amount of the initial measurement of the lease receivable and is subsequently reduced as inflows of resources are recognized in a systematic and rational manner over the term of the lease.

(8) ***Compensated Absences*** - The Authority permits employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since sick leave is not convertible to pay upon termination of employment. All vacation pay is accrued when incurred in the accompanying financial statements.

(9) ***Leases*** - *Lessee recognition and measurement*: The Authority has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the financial statements. The Authority recognizes lease liabilities with an initial, individual value of $25,000 or more with a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

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

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses the State's estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

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

Lease assets are reported as right-to-use along with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Lessor recognition and measurement: The Authority recognizes a lease receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease receivable.

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

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

- The Authority uses the State's estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Authority leases facilities and parking space to others with fixed monthly payments ranging from $2,900 to $16,800 that expire on various dates through December 2025. The Authority recognized revenue, comprised of lease revenue and interest revenue, of approximately $187,000 for the fiscal year ended June 30, 2024.

(10) ***Net Position*** - Net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when constraints placed on net position use are either 1) externally imposed by creditors, grantors, contributions, or laws or regulations of other governments or 2) imposed by law through constitutional provision or enabling legislation. Unrestricted net position may be used to meet the Authority's ongoing obligations such as future operational expenses, replacement equipment, and personnel costs. The deficit balance in the unrestricted net position is due primarily to recording the net pension liability and the net OPEB liability for financial statement reporting purposes.

(11) ***Capital Contributions*** - The State pays for portions of construction costs related to various capital projects. The nonexchange transactions are recorded as capital contributions in the accompanying statement of revenues, expenses and changes in net position.

(12) ***Risk Management*** - The Authority is exposed to various risks for losses related to torts; theft of, damage to, or destruction of assets; errors or omissions; workers' compensation; and acts of terrorism. A liability for a claim for a risk of loss is established if information indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss is reasonably estimable.

(13) ***Pension*** - The actuarial valuation of the Employees' Retirement System of the State of Hawaii (ERS) does not provide pension benefits information by department or agency. Accordingly, the State's policy on the accounting and reporting for pension benefits is to allocate a portion of the State's net pension liability, and any adjustment to the net pension liability, to component units and proprietary funds that are reported separately in stand-alone departmental financial statements or in the State's Annual Comprehensive Financial Report (ACFR). The State allocates annual pension expense to component units and proprietary funds based on their proportionate percentage of the State's total covered payroll.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(14) ***Postemployment Benefits Other than Pensions*** - The actuarial valuation of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) does not provide OPEB information by department or agency. Accordingly, the State's policy on the accounting and reporting for OPEB is to allocate a portion of the State's net OPEB liability, and any adjustment to the net OPEB liability, to component units and proprietary funds that are reported separately in stand-alone departmental financial statements or in the State's ACFR. The State allocates annual OPEB expense to component units and proprietary funds based on their proportionate percentage of the State's total contribution to the EUTF plan.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EUTF and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

NOTE C - BUDGETING

The Authority's operations are subject to a comprehensive budget. Estimated revenues and expenses are provided to the State for accumulation with budgeted amounts of the other state departments and offices. Those accumulated estimated revenues and expenses are provided to the State legislature for approval. Once approved by the legislature, the estimates are provided to the Governor of the State for final approval. Budgeted revenues are estimates of rental, commissions, and other revenues to be received during the fiscal year. Budgeted expenses are estimates of expenditures to be made.

NOTE D - CASH AND CASH EQUIVALENTS

The Director of Finance of the State 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 of Finance's judgment, are in excess of the amounts necessary for meeting the specific requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited into approved financial institutions or in the State Treasury Investment Pool System. Funds in the investment pool accrue interest based on the average weighted cash balances of each account.

The State requires that depository banks pledge as collateral, government securities held in the name of the State for deposits not covered by federal deposit insurance.

The Authority's monies are held in the State cash and investment pool. The Authority does not manage its own investments and the types of investments and related interest rate, credit and custodial risks are not determinable specific to the Authority. The risk disclosures of the State's cash pool are included in the State's ACFR which may be obtained from the State Department of Accounting and General Services' website: *ags.hawaii.gov/accounting/annual-financial-reports/.*

The Authority also maintains cash in bank which is held separately from cash in the State Treasury. As of June 30, 2024, the carrying amount of the total bank balance was $336,175, which is insured by the Federal Deposit Insurance Corporation.

NOTE E - CAPITAL ASSETS

The changes in capital assets were as follows:

	Balance June 30, 2023	Additions	Deductions	Transfers	Balance June 30, 2024
Land improvements	$ 3,000,433	$ --	$ --	$ --	$ 3,000,433
Equipment, furniture and fixtures	3,016,340	--	(235,339)	(21,545)	2,759,456
	6,016,773	--	(235,339)	(21,545)	5,759,889
Less accumulated depreciation					
Land improvements	(1,899,819)	(100,146)	--	--	(1,999,965)
Equipment, furniture and fixtures	(2,979,652)	(25,755)	235,339	17,236	(2,752,832)
Total accumulated depreciation	(4,879,471)	(125,901)	235,339	17,236	(4,752,797)
Total depreciable assets, net	1,137,302	(125,901)	--	(4,309)	1,007,092
Land	11,518,621	--	--	--	11,518,621
Construction in progress	6,037,933	419,541	--	--	6,457,474
	$ 18,693,856	$ 293,640	$ --	$ (4,309)	$ 18,983,187

Depreciation expense amounted to $125,901 for the fiscal year ended June 30, 2024.

NOTE F - LONG-TERM LIABILITIES

Changes in long-term liabilities for the fiscal year ended June 30, 2024 were as follows:

	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
Accrued vacation	$ 321,966	$ 182,550	$ (144,589)	$ 359,927	$ 112,992
Workers compensation	47,235	--	(19,832)	27,403	7,400
Licensees' deposits	111,213	73,639	(60,790)	124,062	--
	$ 480,414	$ 256,189	$ (225,211)	$ 511,392	$ 120,392

NOTE G - RETIREMENT BENEFITS

Plan Description

Generally, all full-time employees of the State and counties are required to be members of the ERS, a cost-sharing multiple-employer defined benefit pension plan that administers the State's pension benefits program. Benefits, eligibility, and contribution requirements are governed by Hawaii Revised Statutes (HRS) Chapter 88 and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at the ERS website: *https://ers.ehawaii.gov/resources/financials.*

Benefits Provided

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

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

NOTE G - RETIREMENT BENEFITS (Continued)

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Class

Retirement Benefits:
General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits:
Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

Death Benefits:
For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or dependent children, no benefit is payable.

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

Contributory Class for Members Hired prior to July 1, 2012

Retirement Benefits:
General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.

NOTE G - RETIREMENT BENEFITS (Continued)

Police officers and firefighters' retirement benefits are determined using the benefit multiplier of 2.5% for qualified service, up to a maximum of 80% of average final compensation. Police officers and firefighters with five years of credited service are eligible to retire at age 55. Police officers and firefighters with 25 years of credited service are eligible to retire at any age, provided the last five years is service credited in these occupations.

Disability Benefits:
Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

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

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

Contributory Class for Members Hired After June 30, 2012

Retirement Benefits:
General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.

Police officers and firefighters' retirement benefits are determined using the benefit multiplier of 2.25% for qualified service, up to a maximum of 80% of average final compensation. Police officers and firefighters with ten years of credited service are eligible to retire at age 60. Police officers and firefighters with 25 years of credited service are eligible to retire at age 55, provided the last five years is service credited in these occupations.

NOTE G - RETIREMENT BENEFITS (Continued)

Disability and Death Benefits:
Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability.

For police officers and firefighters, ordinary disability benefits are 1.75% of average final compensation for each year of service and are payable immediately, without an actuarial reduction, at a minimum of 30% of average final compensation.

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

Hybrid Class for Members Hired Prior to July 1, 2012

Retirement Benefits:
General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits:
Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

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

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

NOTE G - RETIREMENT BENEFITS (Continued)

Hybrid Class for Members Hired After June 30, 2012

Retirement Benefits:
General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and emergency medical technicians may retire with 25 years of credited service at age 55.

Disability and Death Benefits:
Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributions

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2024 were 41% for police officers and firefighters and 24% for all other employees. Contributions to the ERS from the Authority was $377,270 for the fiscal year ended June 30, 2024.

The employer is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.8% of their salary, except for police officers and firefighters who are required to contribute 12.2% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.8% of their salary, except for police officers and firefighters who are required to contribute 14.2% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0% of their salary.

NOTE G - RETIREMENT BENEFITS (Continued)

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

At June 30, 2024, the Authority reported a liability of $6,313,356 for its proportionate share of the State's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At the measurement date, June 30, 2023, the Authority's proportionate share of the State's net pension liability was .05%, which was a decrease of .02% from its proportionate share measured as of June 30, 2022.

There were no changes to the actuarial assumptions or benefit terms that affected the measurement of the total pension liability since the prior measurement date, June 30, 2022. There were no changes between the measurement date, June 30, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the fiscal year ended June 30, 2024, the Authority recognized pension expense of $356,373. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ (21,225)	$ (53,784)
Net difference between projected and actual earnings on pension plan investments	--	(137,732)
Differences between expected and actual experience	124,801	(62,113)
Changes in proportion and differences between the Authority contributions and proportionate share of contributions	43,471	(15,100)
Contributions subsequent to the measurement date	377,270	--
	$ 524,317	$ (268,729)

NOTE G - RETIREMENT BENEFITS (Continued)

At June 30, 2024, the $377,270 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions at June 30, 2024 will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount
2025	$ 32,879
2026	137,586
2027	(201,912)
2028	(87,406)
2029	(2,829)
	$ (121,682)

Actuarial Assumptions

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

Inflation	2.50%
Payroll growth rate	3.50% for police and fire employees; 3.00% for general employees and teachers
Investment rate of return	7.00% per year, including inflation

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

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience. Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality tables based on the occupation of the member.

NOTE G - RETIREMENT BENEFITS (Continued)

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

Classes	Target Allocation	Long-term expected rate of return	Long-term expected real rate of return*
Broad growth:			
Private equity	13.5%	10.0%	7.4%
Global equity	20.0%	7.9%	5.3%
Low volatility equity	4.0%	7.1%	4.5%
Global options	4.0%	5.8%	3.2%
Credit	6.0%	8.0%	5.4%
Core real estate	6.0%	6.0%	3.4%
Non-core real estate	4.5%	7.9%	5.3%
Timber/agriculture/infrastructure	5.0%	7.2%	4.6%
Diversifying Strategies:			
TIPs	2.0%	3.2%	0.6%
Global macro	4.0%	6.0%	3.4%
Reinsurance	4.0%	7.0%	4.4%
Alternative risk premia	8.0%	5.0%	2.4%
Long treasuries	5.0%	3.8%	1.2%
Intermediate government	4.0%	3.2%	0.6%
Systematic trend following	10.0%	4.7%	2.1%

* Uses an expected inflation rate of 2.6%

NOTE G - RETIREMENT BENEFITS (Continued)

Discount Rate

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 8,404,951	$ 6,313,356	$ 4,581,155

Pension Plan Fiduciary Net Position

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

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

NOTE H - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description

The State provides certain health care and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State contributes to the EUTF, an agent multiple-employer defined benefit plan. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees and their dependents. The EUTF issues a publicly available annual financial report that can be obtained at *https://eutf.hawaii.gov/reports*.

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

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For employees retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

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

Employees Covered by Benefit Terms

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

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

NOTE H - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (Continued)

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Employer contributions to the EUTF from the Authority was $316,755 for the fiscal year ended June 30, 2024. The employer is required to make all contributions for members.

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

At June 30, 2024, the Authority reported a net OPEB liability of $5,595,108. The net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

For the fiscal year ended June 30, 2024, the Authority recognized OPEB expense of $49,046. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 42,346	$ (102,535)
Net difference between projected and actual earnings on OPEB plan investments	89,485	48,291
Difference between expected and actual experience	--	(695,316)
Contributions subsequent to the measurement date	316,755	--
	$ 448,586	$ (749,560)

NOTE H - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (Continued)

At June 30, 2024, the $316,755 reported as deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	Amount
2025	$ (195,603)
2026	(210,452)
2027	(101,755)
2028	(103,328)
2029	(6,104)
Thereafter	(487)
	$ (617,729)

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF Board of Trustees, on January 9, 2023, based on the experience study covering the period ended June 30, 2021 as conducted for the ERS:

Inflation	2.50%
Salary increases	3.75% to 6.75%, including inflation
Investment rate of return	7.00%, net of investment expenses, including inflation
Healthcare Cost Trend Rates:	
PPO*	Initial rate of 6.30%; declining to a rate of 4.25% after 21 years
HMO**	Initial rate of 6.30%; declining to a rate of 4.25% after 21 years
Part B & Base Monthly Contribution	Initial rate of 5.00%; declining to a rate of 4.25% after 21 years
Dental	4.00%
Vision	2.50%
Life Insurance	0.00%

*Blended rates for medical and prescription drug.
**Includes prescription drug assumptions

Mortality rates are based on system-specific mortality tables utilizing scale MP2021 to project generational mortality improvement.

NOTE H - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private equity	15.00%	10.00%
U.S. microcap	3.00%	8.70%
Global equity	27.50%	7.60%
Global options	0.00%	4.90%
Real assets	12.00%	4.30%
Private credit	10.00%	7.80%
TIPS	5.00%	2.00%
Long treasuries	5.50%	2.40%
Reinsurance	5.00%	3.40%
Alternative risk premia	5.00%	3.30%
Trend following	10.00%	2.40%
Tail risk / Long volatility	2.00%	-1.10%
	100.00%	

Single Discount Rate

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

NOTE H - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (Continued)

OPEB Plan Fiduciary Net Position

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

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

Changes in the Net OPEB Liability

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	$ 7,540,300	$ 1,924,033	$ 5,616,267
Changes for the fiscal year:			
Service cost	38,771	--	38,771
Interest on the total OPEB liability	132,751	--	132,751
Contributions - employer	--	147,292	(147,292)
Net investment income	--	32,241	(32,241)
Difference between expected and actual experience	(13,060)	--	(13,060)
Changes of assumptions	--	--	--
Benefit payments	(73,830)	(73,830)	--
Administrative expense	--	(46)	46
Other	--	134	(134)
Net changes	84,632	105,791	(21,159)
Ending balance	$ 7,624,932	$ 2,029,824	$ 5,595,108

NOTE H - POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (Continued)

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net OPEB liability	$ 6,996,584	$ 5,595,108	$ 4,476,492

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB liability	$ 4,344,033	$ 5,595,108	$ 7,196,441

NOTE I - 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 (excluding part-time, temporary, and casual/seasonal), 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 an unforeseeable emergency.

All plan assets are held in a trust fund to protect them from claims of general creditors. The State has no responsibility for loss due to the investment or failure of investments of funds and assets in the plan, but has the duty of due care that would be required of an ordinary prudent investor. Accordingly, the assets and liabilities of the State's deferred compensation plan are not reported in the State's or the Authority's financial statements.

NOTE J - STADIUM SPECIAL ACCOUNT

Contracts with licensees of the Authority and the related ticket sales are controlled in the Stadium Special Account. This account's cash balance and liabilities to third parties, net of amounts owed to the Authority, are included in the accompanying statement of net position and amounted to $303,337 at June 30, 2024. The activity in the account is included in the accompanying statement of revenues, expenses, and changes in net position only as it relates to the Authority's rentals from attractions, expense reimbursements from users, and other miscellaneous transactions (i.e., excludes ticket sales proceeds held on behalf of the licensees).

NOTE K - COMMITMENTS AND CONTINGENCIES

Encumbrances

Encumbrances totaled $1,058,929 as of June 30, 2024.

Accumulated Sick Leave

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but can be taken only in the event of illness and is not convertible to pay upon termination of employment. However, an Authority employee who retires or leaves government service in good standing with sixty days or more of unused sick leave is entitled to additional service credit in the ERS. Accumulated sick leave as of June 30, 2024 totaled $955,251.

Legal Matters

The Authority is involved in various actions, the outcome of which, in the opinion of management, will not have a material adverse effect on the Authority's financial position. Losses, if any, are either covered by insurance or will be paid from legislative appropriations of the State's General Fund.

Temporary Hazard Pay

The State entered into multiple settlement agreements regarding the Temporary Hazard Pay (THP) with unions for periods covering dates in March 2020 through March 2022, for those employees who performed essential functions during the COVID-19 pandemic. Total accrued liabilities related to temporary hazard pay as of June 30, 2024 was $293,000.

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

The State continues to negotiate with the remaining unions, and it was not practical to estimate the total liability owed to eligible employees.

NOTE L - RISK MANAGEMENT

Insurance Coverage

Insurance coverage is maintained at the State level. The State records a liability for risk financing and insurance related losses if it is determined that a loss has been incurred and the amount can be reasonably estimated. The 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 ten fiscal years. A summary of the State's underwriting risks is as follows:

Property Insurance - The State has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is $200,000,000, except for terrorism losses, which has a $100,000,000 per occurrence limit. The deductible for losses such as windstorm, tsunamis, floods and earthquakes are 3% of the replacement costs to the property subject to a $1,000,000 per occurrence minimum. The deductible for all other losses, except terrorism, is $1,000,000 per occurrence. The deductible for terrorism is $10,000 per occurrence.

Crime Insurance - The State also has a crime insurance policy for various types of coverages with a limit of loss of $10,000,000 per occurrence with a $500,000 deductible per occurrence, except for social engineering fraud (with Official Authorization) which has a $100,000 limit per occurrence and a $25,000 deductible, social engineering fraud (without Official Authorization) which has a $25,000 limit per occurrence and a $25,000 deductible, claims and computer investigation expenses which has a $100,000 limit per occurrence and a $0 deductible, and corporate credit card fraud which has a $10,000,000 limit per occurrence and a $1,000 deductible. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services, and losses not covered by insurance are paid from the State's General Fund.

Casualty and Professional Liability - Liability claims up to $25,000 are handled by the Risk Management Office. All other claims are handled by the Department of the Attorney General. The State has various types of coverages with a $5,000,000 self-insured retention per occurrence, including $2,500,000 corridor. The annual aggregate limit for the various coverages is $5,000,000. Losses under the deductible amount but over the Risk Management Office authority or over the aggregate limit are paid from legislative appropriations of the State's General Fund.

Cyber Liability Insurance - The State is insured for various types of cyber-related activities with a loss limit up to $10,000,000 with self-insured retention of $1,000,000. This policy covers all departments and divisions except for UH and includes (with sub-limits) media content liability, PCI-DSS assessment coverage, reputational risk response, reputational loss coverage, E-discovery consultant services, data recovery amendatory system failure non-physical damage loss of use (bricking), system failure coverage, criminal reward expense, claim avoidance expense, crypto jacking coverage, fraudulent impersonation and telecommunication fraud coverage, court attendance cost coverage, company definition amendatory-scheduled entities with varying co-insurance (tier 1 & 2). The UH has a separate cyber policy with various limits and self-insured retention amounts.

NOTE L - RISK MANAGEMENT (Continued)

Medical Professional Liability Insurance - The State's community hospitals (HHSC) are insured by a comprehensive medical professional liability policy. The policy provides coverage for professional and general liability claims with a private insurance carrier. This primary policy covers losses up to a limit of $1,000,000 per claim and $5,000,000 in annual aggregate. HHSC also purchased additional excess insurance with a $34,000,000 per claim and aggregate limit.

Self-Insured Risks - The State, including the Authority, generally self-insures its automobile no-fault and workers' compensation losses. Automobile losses up to $25,000 per claim are administered by the Risk Management Office. The State administers its workers' compensation losses via the Department of Human Resources and Development.

A liability for workers' compensation is established if information indicates that a loss has been incurred as of June 30, 2024, and the amount of the loss can be reasonably estimated. The liability includes an estimate for amounts incurred but not reported and loss adjustment expenses.

NOTE M - TRANSACTIONS WITH OTHER STATE DEPARTMENTS

New Aloha Stadium Entertainment District (NASED) Project - During the fiscal year ended June 30, 2024, the Governor of the State approved the release, transfer, and allotment of $49,500,000 in general funds appropriated by Act 248, SLH 2022 to the Authority to be expended on stadium costs for operations, maintenance, and contract costs to developers of the new stadium.

Aloha Stadium Portable Structures and Site Improvements Project - During the fiscal year ended June 30, 2024, the Authority transferred $2,714,000 to DAGS, Public Works Division for costs to provide the infrastructure necessary to relocate the swap meet on the stadium property. This relocation ensures the continued provision of services to the people of the State during the implementation of the NASED project.

These transactions are reported as transfers in the statement of revenues, expenses and changes in net position for the fiscal year ended June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Ten Fiscal Years

Measurement Period Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a %age of Covered Payroll	Plan Fiduciary Net Position as a %age of the Total Pension Liability
June 30, 2023	0.05%	$ 6,313,356	$ 1,326,482	475.9%	61.9%
June 30, 2022	0.07%	$ 6,045,291	$ 1,876,850	322.1%	62.8%
June 30, 2021	0.08%	$ 5,653,404	$ 2,282,426	247.7%	64.3%
June 30, 2020	0.08%	$ 6,939,575	$ 2,275,342	305.0%	53.2%
June 30, 2019	0.08%	$ 6,434,053	$ 2,277,716	282.5%	54.9%
June 30, 2018	0.08%	$ 6,018,240	$ 2,122,949	283.5%	55.5%
June 30, 2017	0.08%	$ 5,909,158	$ 1,984,731	297.7%	54.8%
June 30, 2016	0.08%	$ 6,080,439	$ 2,012,765	302.1%	51.3%
June 30, 2015	0.08%	$ 4,020,448	$ 1,918,411	209.6%	62.4%
June 30, 2014	0.08%	$ 3,759,853	$ 1,853,903	202.8%	63.9%

See accompanying notes to required supplementary information.

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
SCHEDULE OF PENSION CONTRIBUTIONS
Last Ten Fiscal Years

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a %age of Covered Payroll
June 30, 2024	$ 377,270	$ 377,270	$ --	$ 1,651,517	22.84%
June 30, 2023	$ 316,405	$ 316,405	$ --	$ 1,326,482	23.85%
June 30, 2022	$ 445,674	$ 445,674	$ --	$ 1,876,850	23.75%
June 30, 2021	$ 537,238	$ 537,238	$ --	$ 2,282,426	23.54%
June 30, 2020	$ 497,020	$ 497,020	$ --	$ 2,275,342	21.84%
June 30, 2019	$ 426,961	$ 426,961	$ --	$ 2,277,716	18.75%
June 30, 2018	$ 378,904	$ 378,904	$ --	$ 2,122,949	17.85%
June 30, 2017	$ 338,418	$ 338,418	$ --	$ 1,984,731	17.05%
June 30, 2016	$ 340,386	$ 340,386	$ --	$ 2,012,765	16.91%
June 30, 2015	$ 315,405	$ 315,405	$ --	$ 1,918,411	16.44%

See accompanying notes to required supplementary information.

NOTE A - CHANGES OF ASSUMPTIONS

There were no changes of assumptions or other inputs that significantly affected the measurement of the total pension liability since the measurement period ended June 30, 2016.

Amounts reported in the schedule of the proportionate share of net pension liability as of the measurement period ended June 30, 2016 (fiscal year ended June 30, 2017) were significantly impacted by the following changes of actuarial assumptions:

- The investment return assumption decreased from 7.65% to 7.00%

- Mortality assumptions were modified to assume longer life expectancies as well as to reflect continuous mortality improvement

Prior to the measurement period ended June 30, 2016 (fiscal year ended June 30, 2017), there were no other factors, including the use of different assumptions that significantly affect trends reported in these schedules.

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
Last Ten Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	$ 38,771	$ 88,174	$ 48,000	$ 167,508	$ 163,912	$ 143,240	$ 105,687
Interest on the total OPEB liability	132,751	294,581	159,338	537,909	516,664	443,505	320,913
Difference between expected and actual experience	(13,060)	(398,555)	(67,630)	(492,477)	(4,302)	(131,142)	--
Changes in assumptions	--	(101,586)	--	(40,323)	41,525	79,371	--
Benefit payments	(73,830)	(135,809)	(72,815)	(247,391)	(247,428)	(215,949)	(158,665)
Net change in total OPEB liability	84,632	(253,195)	66,893	(74,774)	470,371	319,025	267,935
Total OPEB liability - beginning	7,540,300	7,793,495	7,726,602	7,801,376	7,331,005	7,011,980	6,744,045
Total OPEB liability - ending	$ 7,624,932	$ 7,540,300	$ 7,793,495	$ 7,726,602	$ 7,801,376	$ 7,331,005	$ 7,011,980
Plan fiduciary net position							
Contributions - employer	$ 147,292	$ 194,627	$ 250,222	$ 552,822	$ 545,791	$ 426,680	$ 315,524
Net investment income	32,241	(28,178)	131,170	29,516	49,622	49,161	31,591
Benefit payments	(73,830)	(135,809)	(72,815)	(247,391)	(247,428)	(215,949)	(158,665)
Administrative expense	(46)	(116)	(67)	(208)	(341)	(162)	(81)
Other	134	380	27	185	114,948	--	2,537
Net change in plan fiduciary net position	105,791	30,904	308,537	334,924	462,592	259,730	190,906
Plan fiduciary net position - beginning	1,924,033	1,893,129	1,584,592	1,249,668	787,076	527,346	336,440
Plan fiduciary net position - ending	$ 2,029,824	$ 1,924,033	$ 1,893,129	$ 1,584,592	$ 1,249,668	$ 787,076	$ 527,346
Net OPEB liability	$ 5,595,108	$ 5,616,267	$ 5,900,366	$ 6,142,010	$ 6,551,708	$ 6,543,929	$ 6,484,634
Plan fiduciary net position as a percentage of the total OPEB liability	26.62%	25.52%	24.29%	20.51%	16.02%	10.74%	7.52%
Covered-employee payroll	$ 1,326,482	$ 1,876,850	$ 2,282,426	$ 2,275,342	$ 2,277,716	$ 2,122,949	$ 1,984,731
Net OPEB liability as a percentage of covered-employee payroll	421.80%	299.24%	258.51%	269.94%	287.64%	308.25%	326.73%

* This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information.

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
SCHEDULE OF OPEB CONTRIBUTIONS
Last Ten Fiscal Years *

Fiscal Year Ended	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a %age of Covered Payroll
June 30, 2024	$ 316,755	$ 316,755	$ --	$ 1,651,517	19.18%
June 30, 2023	$ 147,292	$ 147,292	$ --	$ 1,326,482	11.10%
June 30, 2022	$ 319,973	$ 194,627	$ 125,346	$ 1,876,850	10.37%
June 30, 2021	$ 170,912	$ 250,222	$ (79,310)	$ 2,282,426	10.96%
June 30, 2020	$ 577,238	$ 552,822	$ 24,416	$ 2,275,342	24.30%
June 30, 2019	$ 525,976	$ 545,791	$ (19,815)	$ 2,277,716	23.96%
June 30, 2018	$ 426,680	$ 426,680	$ --	$ 2,122,949	20.10%

* This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information.

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
REQUIRED BY GASB STATEMENT NO. 75
Fiscal Year Ended June 30, 2024

NOTE A - SIGNIFICANT METHODS AND ASSUMPTIONS

The actuarially determined contribution for the fiscal year ended June 30, 2024 was developed in the July 1, 2021 valuation. The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution for the fiscal year ended June 30, 2024:

Actuarial valuation date	July 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Equivalent single amortization period	21 as of June 30, 2024
Asset valuation method	4-year smoothed market
Inflation	2.50%
Discount rate	7.00%
Payroll growth	3.50%
Salary increases	3.50% to 7.00% including inflation
Demographic assumptions	Based on the experience study covering the five year period ending June 30, 2018 as conducted for the ERS
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B
Healthcare cost trend rates	
PPO	Initial rate of 7.50%, declining to a rate of 4.70% after 12 years
HMO	Initial rate of 7.50%, declining to a rate of 4.70% after 12 years
Part B	Initial rate of 5.00%; declining to a rate of 4.70% after 9 years
Dental	4.00%
Vision	2.50%
Life Insurance	0.00%

NOTE A - SIGNIFICANT METHODS AND ASSUMPTIONS (Continued)

Prior to the fiscal year ended June 30, 2024, there were no other factors, including the use of different assumptions that significantly affected trends in the amounts reported in the schedule of changes in the net OPEB liability and related ratios or the schedule of contributions (OPEB).

PART II

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Auditor
State of Hawaii

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Stadium Authority, State of Hawaii (the Authority), a component unit of the State of Hawaii, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

N+K CPAs, INC.

Honolulu, Hawaii
December 16, 2024