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. 357

January 25, 2023

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 Scott K. Saiki
Speaker, House of Representatives
415 South Beretania Street
Hawaiʻi State Capitol, Room 431
Honolulu, Hawaiʻi 96813

RE: Financial and Compliance Audit of the Department of Transportation, Airports Division

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements and compliance of the Department of Transportation, Airports Division for the fiscal year ended June 30, 2022, was issued on December 22, 2022. The Office of the Auditor retained KPMG LLP 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/2022_Audit/DOT_Airports_2022.pdf; and

https://files.hawaii.gov/auditor/Reports/2022_Audit/DOT_Airports_Summary_2022.pdf.

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

Very truly yours,

Leslie H. Kondo
State Auditor

LHK:LYK:emo
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 and Compliance Audit of the Department of Transportation, Airports Division

Financial Statements, Fiscal Year Ended June 30, 2022

PHOTO: HAWAII DOT AIRPORTS DIVISION

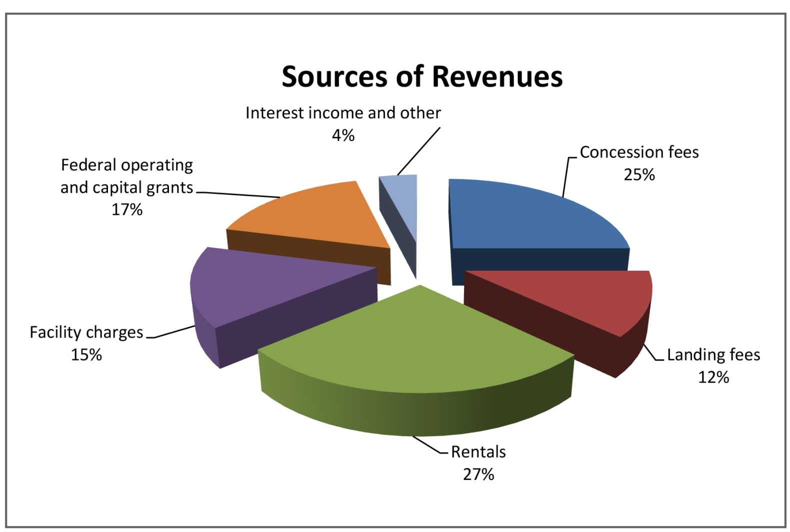
THE PRIMARY PURPOSE *of the audit was to form an opinion on the fairness of the presentation of the financial statements of the Department of Transportation, Airports Division, as of and for the fiscal year ended June 30, 2022. The audit was conducted by KPMG LLP.*

About the Division

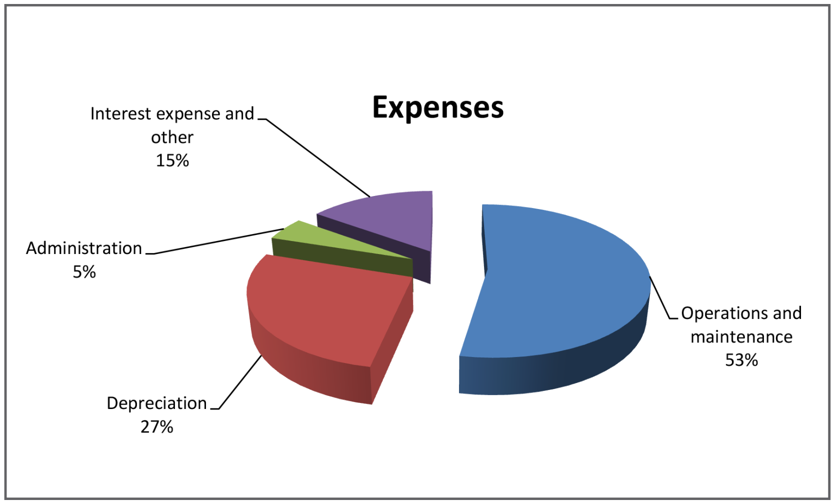
The Department of Transportation, Airports Division (DOT-Airports), operates and maintains 15 airports at various locations within the State of Hawai'i as a single integrated system for management and financial purposes. Daniel K. Inouye International Airport is the principal airport in the airports system, providing facilities for interisland flights, domestic overseas flights, and international flights to destinations in the Pacific Rim. DOT-Airports is authorized to impose and collect rates and charges for the airports system services and properties to generate revenues to fund operating expenses. The Capital Improvements Program is primarily funded by airports system revenue bonds and lease revenue certificates of participation issued by DOT-Airports, federal grants, passenger facility charges, customer facility charges, and DOT-Airports revenues.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2022, DOT-Airports reported total revenues of $666 million and total expenses of $623 million, resulting in an increase in net position of $43 million. Revenues consisted of (1) $169 million in concession fees, (2) $81 million in landing fees, (3) $179 million in rentals, (4) $99 million in facility charges, (5) $111 million in federal operating and capital grants, and (6) $27 million in interest and other revenues.



Total expenses of $623 million consisted of (1) $330 million for operations and maintenance, (2) $167 million in depreciation, (3) $29 million for administration, and (4) $97 million in interest and other expenses.



As of June 30, 2022, the department reported total assets and deferred outflows of resources of $6.14 billion, comprised of (1) cash of $1.28 billion, (2) investments of $229 million, (3) net capital assets of $4 billion, and (4) $633 million in receivables, other assets, and deferred outflows of resources. Total liabilities and deferred inflows of resources totaled $3.57 billion, which includes $1.91 billion in airports system revenue bonds and $1.66 billion in other liabilities and deferred inflows of resources.

Revenue bonds for DOT-Airports are rated as follows:

- Standard & Poor's Corporation: A+
- Moody's Investors Service: A1
- Fitch IBCA, Inc.: A+

DOT-Airports has numerous capital projects ongoing state-wide; construction-in-progress totaled $690 million at the end of the fiscal year.

Auditors' Opinions

DOT-AIRPORTS RECEIVED AN UNMODIFIED OPINION that its 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*.

For the complete report and financial statements visit our website at:
https://files.hawaii.gov/auditor/Reports/2022_Audit/DOT_Airports_2022.pdf

KPMG

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII

(An Enterprise Fund of the State of Hawaii)

Financial Statements

June 30, 2022

(With Independent Auditors' Report Thereon)

Submitted by

THE AUDITOR
STATE OF HAWAII

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII

(An Enterprise Fund of the State of Hawaii)

Table of Contents

KPMG LLP
Suite 2210
1003 Bishop Street
Honolulu, HI 96813-6400

Independent Auditors' Report

The Auditor
State of Hawaii:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Department of Transportation, Airports Division, State of Hawaii (the Airports Division), an enterprise fund of the State of Hawaii, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Airports Division as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airports Division 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.

Emphasis of Matters

Reporting Entity

As discussed in Note 1, the financial statements present only the Airports Division and do not purport to, and do not, present fairly the financial position of the State of Hawaii, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Pronouncement

As discussed in Note 2(u), in 2022, the Airport Division adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Airports Division'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.

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

U.S. generally accepted accounting principles require that the management's discussion and analysis 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.

Management has omitted the schedule of proportionate share of the net pension liability, schedule of employer contributions related to pensions, schedule of proportionate share of the net OPEB liability, and the schedule of employer contributions related to OPEB that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airports Division's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Certain information included in Schedules 5, 7, and 8 labeled unaudited, were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the Airports Division'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 Airports Division'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 Airports Division's internal control over financial reporting and compliance.

KPMG LLP

Honolulu, Hawaii
December 22, 2022

The following Management's Discussion and Analysis of the Airports Division, Department of Transportation, State of Hawaii (the Airports Division) activities and financial performance provides the reader with an introduction and overview of the financial statements of the Airports Division for the fiscal year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Airports Division operates and maintains 15 airports at various locations within the State of Hawaii (the State) as a single integrated system for management and financial purposes. Daniel K. Inouye International Airport on the Island of Oahu is the principal airport in the airports system providing facilities for interisland flights, domestic overseas flights, and international flights to destinations in the Pacific Rim. It has four runways, two of which (12,000 and 12,300 feet long) are among the nation's longest. In addition, it has the only reef runway in the nation (12,000 feet long by 200 feet wide). Kahului Airport on the Island of Maui, Hilo International Airport and Ellison Onizuka Kona International Airport at Keahole, both on the Island of Hawaii, and Lihue Airport on the Island of Kauai are the other major airports in the airports system, all of which provide facilities for both interisland flights and domestic overseas flights. Kahului Airport and Ellison Onizuka Kona International Airport at Keahole also provide facilities for flights to and from Canada. Ellison Onizuka Kona International Airport at Keahole also provided facilities for international flights to and from Japan prior to the COVID-19 pandemic, which were suspended through FY 2022. The Daniel K. Inouye International Airport accommodated 50.1% of total passenger traffic in the airports system during fiscal year 2022. The other four principal airports accommodated 48.9% of the total passenger traffic for fiscal year 2022.

The other airports in the airports system are Port Allen on the Island of Kauai, Dillingham Airfield (currently leased from the U.S. military) and Kalaeloa Airport on the Island of Oahu, Kapalua and Hana airports on the Island of Maui, Waimea-Kohala and Upolu airports on the Island of Hawaii, Lanai Airport on the Island of Lanai, and Molokai and Kalaupapa airports on the Island of Molokai. These facilities are utilized by air carriers, general aviation, and by the military, with the exception of the Upolu and Port Allen airports, which are used exclusively by general aviation. The Airports Division assumed operations of Kalaeloa Airport (formerly, Barbers Point Naval Air Station) on the Island of Oahu as a general reliever airport for the Daniel K. Inouye International Airport on July 1, 1999. The other airports in the airports system accommodated 1.0% of the total passenger traffic for fiscal year 2022.

The Airports Division is self-sustaining. The Department of Transportation (DOT) is authorized to impose and collect rates and charges for the airports system services and properties to generate revenue to fund operating expenses. The Capital Improvements Program is primarily funded by airports system revenue bonds and lease revenue certificates of participation issued by the Airports Division, federal grants, passenger facility charges (PFCs), customer facility charges (CFCs), and the Airports Division's revenues.

Overview of the Financial Statements

The Airports Division is accounted for as a proprietary fund and utilizes the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. The proprietary fund includes the enterprise fund type, which is used to account for the acquisition, operation, and maintenance of government facilities and services that are entirely or predominantly supported by user charges.

The Airports Division's financial report includes three financial statements: the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows. The financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

The Airports Division implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB 87) in fiscal year 2022. This standard improves accounting and financial reporting for leases by governments. Adoption of GASB87 resulted in the recognition of a lease receivable and deferred inflow related to leases of approximately $314 million. There was no effect on net position previously reported as of July 1, 2021.

Airports Division Activities and Highlights

In June 2022, enplaned passenger count recovered to 93.7 percent of the June 2019 level. For analysis purposes, we compare the fiscal year 2022 to the fiscal year 2019, since that is the last full fiscal year pre-pandemic. In FY 2022, total passengers, revenue landed weights and revenue passenger landings recovered to 84.4 percent, 99.3 percent, and 91.2 percent of the corresponding level of the fiscal year 2019 respectively. However, deplaning international passengers using international arriving facilities decreased from 2,844,761 for the fiscal year June 2019 to 313,785 for the fiscal year June 2022, which was only 11 percent of the fiscal year 2019 level.

The Daniel K. Inouye International Airport continues to be the dominant airport, although a portion of the market share shifted to the Kahului Airport, Ellison Onizuka Kona International Airport at Keahole, and Lihue Airport as a result of increased direct flights to such destinations.

(Continued)

Financial Operations Highlights

Revenues

A summary of revenues for the years ended June 30, 2022 and 2021 and the amount and percentage of change in relation to prior year amounts is as follows:

	2022		2021		Increase (decrease) 2022 from 2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage
Operating revenues:						
Concession fees:						
Duty free	$ 950,577	0.1 %	$ —	— %	$ 950,577	100.0 %
Retail	5,130,341	0.8	600,925	0.1	4,529,416	753.7
Airport parking	27,107,114	4.1	11,826,288	2.2	15,280,826	129.2
Car rental	113,392,492	17.0	38,250,117	7.1	75,142,375	196.5
Food and beverage	7,202,125	1.1	2,354,519	0.5	4,847,606	205.9
Other concessions	14,919,014	2.2	6,148,201	1.1	8,770,813	142.7
Total concession fees	168,701,663		59,180,050		109,521,613	185.1
Airport landing fees, net	81,184,120	12.2	61,735,345	11.4	19,448,775	31.5
Aeronautical rentals:						
Nonexclusive joint-use premise charges	76,818,959	11.5	65,711,488	12.2	11,107,471	16.9
Exclusive-use premise charges	75,204,821	11.3	64,344,732	11.9	10,860,089	16.9
Nonaeronautical rentals	27,177,174	4.1	21,853,443	4.0	5,323,731	24.4
Other	12,968,240	1.9	9,796,667	1.8	3,171,573	32.4
Total operating revenues	442,054,977	66.3	282,621,725	52.3	159,433,252	56.4
Nonoperating revenues:						
Interest income:						
Investments	8,758,615	1.3	5,684,477	1.1	3,074,138	54.1
Direct financing leases	1,069,277	0.2	1,222,031	0.2	(152,754)	(12.5)
Other loans and investment	8,607	—	20,990	—	(12,383)	(59.0)
Leases	3,951,224	0.6	—	—	3,951,224	100.0
Federal operating grants	93,763,270	14.1	152,191,434	28.2	(58,428,164)	(38.4)
Passenger facility charges	39,104,851	5.9	19,879,320	3.7	19,225,531	96.7
Rental car customer facility charges	60,076,681	9.0	29,570,866	5.5	30,505,815	103.2
Other	8,161	—	53,838	—	(45,677)	—
Total nonoperating revenues	206,740,686	31.1	208,622,956	38.7	(1,882,270)	(0.9)
Capital contributions:						
Federal capital grants and state capital contributions	17,727,600	2.6	48,636,125	9.0	(30,908,525)	(63.6)
Total capital contributions	17,727,600	2.6	48,636,125	9.0	(30,908,525)	(63.6)
Total revenues	$ 666,523,263	100.0 %	$ 539,880,806	100.0 %	$ 126,642,457	23.5 %

The financial results for fiscal years 2022 and 2021 reflected income (loss) before capital contributions of $26.1 million and ($113.1 million), respectively. Operating revenues increase by $159.4 million, or 56.4%, resulting from increased revenue from concessions revenue, airport landing fees, and nonaeronautical rentals. The increase is primarily attributable to higher domestic traffic activities since early 2021. Total nonoperating revenues decreased by $1.9 million, or .9%, mainly due to an decrease in federal operating grants offset by increases in interest income, rental car customer facility charges, and passenger facility charges.

- Income before capital contributions for fiscal year 2022 of $26.1. million as compared to loss before capital contributions of $113.1 million for fiscal year 2021 was a result of an increase in operating and non-operating revenue as noted above.

- Capital contributions decreased by 63.6%, or $30.9 million, in fiscal year 2022, due to an decrease in federal capital grant revenue.

Expenses

A summary of expenses for the year ended June 30, 2022 and 2021 and the amount and percentage of change in relation to prior year amounts is as follows:

	2022		2021		Increase (decrease) 2022 from 2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage
Operating expenses:						
Salaries and wages	$ 105,997,915	17.0 %	$ 131,907,339	21.8 %	$ (25,909,424)	(19.6)%
Other personnel services	107,041,759	17.2	114,234,346	18.9	(7,192,587)	(6.3)
Repairs and maintenance	43,934,537	7.1	48,483,867	8.0	(4,549,330)	(9.4)
Utilities	43,593,856	7.0	32,223,234	5.3	11,370,622	35.3
Special maintenance	13,642,916	2.2	9,485,059	1.6	4,157,857	43.8
State of Hawaii surcharge on gross receipts	17,040,611	2.7	8,042,464	1.3	8,998,147	111.9
Department of transportation general administration expenses	11,481,991	1.8	6,102,003	1.0	5,379,988	88.2
Materials and supplies	12,540,635	2.0	5,744,770	1.0	6,795,865	118.3
Workers' compensation and other insurance claims	2,082,041	0.3	3,000,866	0.5	(918,825)	(30.6)
Insurance	3,165,187	0.5	2,502,691	0.4	662,496	26.5
Other	2,957,156	0.6	2,711,858	0.5	245,298	9.0
Total operating expenses before depreciation	363,478,604	58.4	364,438,497	60.3	(959,893)	(0.3)
Depreciation	167,110,609	26.8	158,337,699	26.2	8,772,910	5.5
Total operating expenses	530,589,213	85.2	522,776,196	86.5	7,813,017	1.5

	2022		2021		Increase (decrease) 2022 from 2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage
Nonoperating expenses:						
Interest expense:						
Revenue bonds:						
Airports system	$ 63,447,931	10.2 %	$ 54,881,634	9.1 %	$ 8,566,297	15.6 %
Special facility	1,069,277	0.2	1,222,031	0.2	(152,754)	(12.5)
Lease revenue certificates of participation	7,383,693	1.2	7,873,882	1.3	(490,189)	(6.2)
Other	13,890,634	2.2	14,113,874	2.3	(223,240)	(1.6)
Loss on disposal of capital assets	4,549,232	0.7	575,733	0.1	3,973,499	690.2
Bond issue costs	1,744,078	0.3	2,921,334	0.5	(1,177,256)	(40.3)
Total nonoperating expenses	92,084,845	14.8	81,588,488	13.5	10,496,357	12.9
Total expenses	$ 622,674,058	100.0 %	$ 604,364,684	100.0 %	$ 18,309,374	3.0

Operating expenses before depreciation for fiscal year 2022 decreased by .3%, or $0.9 million, as compared to fiscal year 2021 mainly due to decreases in salaries and wages, other personnel services, and repairs and maintenance expenses offset by increases in utilities, special maintenance, State of Hawaii surcharge on gross receipts, Department of Transportation general administration expenses, materials and supplies. Depreciation expense increased by 5.5% due or $8.8 million due to capital asset additions in fiscal year 2022.

Total nonoperating expenses for fiscal year 2022 increased by 12.9%, or $10.5 million, as compared to fiscal year 2021 mainly due to increases in interest expense on Airports System Revenue Bonds and loss on disposal of assets offset by an decrease in bond issue costs due to issuing Airports Systems Revenue Bonds Series 2020 ABC and Refunding Series 2020 D & E during the fiscal year.

As a result of the above fluctuations in revenues and expenses, net position for the Airports Division increased $43.9 million during 2022.

In summary, in fiscal year 2022, the Airports Division generated operating income before depreciation, as well as positive cash flows from operating activities due to the effects of recovery from COVID-19 on Airport operations. The Airports Division continues to obtain its revenue from a diverse mix of sources. The Airports Division continues to monitor signatory airline requirements and adjust rates and charges, accordingly, to assure financial stability and bond certificate requirements are met on a semiannual and annual basis.

(Continued)

Financial Position Summary

A condensed summary of the Airports Division's net position at June 30, 2022 and 2021 is shown below:

	2022	2021
Assets and Deferred Outflows of Resources		
Current assets:		
Unrestricted assets	$ 697,825,470	512,042,440
Restricted assets	234,900,587	249,457,334
Noncurrent assets:		
Capital assets	4,435,881,246	3,972,321,543
Restricted assets	735,068,874	660,936,199
Total assets	6,103,676,177	5,394,757,516
Deferred outflows of resources	40,534,179	53,356,330
Total assets and deferred outflows of resources	$ 6,144,210,356	5,448,113,846
Liabilities and Deferred Inflows of Resources		
Current liabilities:		
Payable from unrestricted assets	$ 83,075,534	86,476,195
Payable from restricted assets	99,586,375	135,963,804
Noncurrent liabilities	2,828,288,857	2,676,648,774
Total liabilities	3,010,950,766	2,899,088,773
Deferred inflows of resources	556,866,393	16,036,081
Total liabilities and deferred inflows of resources	$ 3,567,817,159	2,915,124,854
Net Position		
Net investment in capital assets	$ 1,832,262,733	1,943,324,203
Restricted	585,110,097	563,873,270
Unrestricted	159,465,367	25,791,519
Total net position	$ 2,576,838,197	2,532,988,992

The largest portion of the Airports Division's net position (71.1% and 76.7% at June 30, 2022 and 2021, respectively) represents its investment in capital assets (e.g., land, buildings and improvements, and equipment), less related indebtedness outstanding to acquire those capital assets. The Airports Division uses these capital assets to provide services to its passengers and visitors using the airports system; consequently, these assets are not available for future spending. Although the Airports Division's investment in its capital assets is reported net of related debt, the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay such liabilities.

The restricted portion of the Airports Division's net position (23.0% and 22.3% at June 30, 2022 and 2021, respectively) represents bond reserve funds that are subject to external restrictions on how they can be used under the *Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds* (the Certificate), as well as PFCs and CFCs that can only be used for specific projects.

The largest portion of the Airports Division's unrestricted net position represents unrestricted cash and cash equivalents in the amount of $551.8 million and $432.7 million at June 30, 2022 and 2021, respectively. The unrestricted cash balance provides the Airports Division with substantial flexibility, as such unrestricted assets may be used to meet any of the Airports Division's ongoing operations and to fund the CIP projects.

Capital Acquisitions and Construction Activities

As of June 30, 2022 and 2021, the Airports Division had capital assets of approximately $3,999.5 million and $3,972.3 million, respectively. These amounts are net of accumulated depreciation of approximately $2,890.4 million and $2,724.4 million, respectively.

In fiscal year 2022, there were 6 construction bid openings totaling an estimated $184.0 million in construction contracts. The projects include Overseas Terminal Roof Replacement and Runway and Taxiway Shoulder Rehabilitation at Daniel K. Inouye International Airport, Restroom Improvements and Perimeter Fence Replacement at Ellison Onizuka Kona International Airport at Keahole, NAVAID and Windcone Replacement at Lihue Airport, and Taxiway and Runway Lighting Replacement at Hilo International Airport .

There were also many ongoing construction projects that were initiated prior to fiscal year 2022, which were under construction during the fiscal year. Major projects include Ticket Lobby Improvements, Restroom Improvements Phases 1 and 2, Overseas Terminal Asbestos Abatement, Consolidated Car Rental Facility, and Mauka Extension at Daniel K. Inouye International Airport, Federal Inspection Services Building and USDA Inspection Building at Ellison Onizuka Kona International Airport at Keahole, and Holdroom and Gate Improvements at Kahului Airport.

Finally, there were 9 projects that were substantially completed in fiscal year 2022 that involved construction projects at large, medium, and small hub airports statewide to preserve, maintain, and modernize facilities. These projects include West Ramp Demolition and Lease Lots at Hilo International Airport, Airfield Lighting Improvements, South Ramp Taxiway and Ramp Improvements, and Federal Inspection Services Building at Ellison Onizuka Kona International Airport at Keahole, Holdrooms A, B and E Restroom Improvements at Kahului Airport, Restroom Improvements at Lanai Airport, Concession Improvements at Diamond Head Concourse, Consolidated Car Rental Facility, and Mauka Extension at Daniel K. Inouye International Airport.

The Airports Division continues its mission to modernize airport facilities for safety and efficiency and enhance the passenger experience. In fiscal year 2023 several projects will be advertised for construction that improve safety and preserve terminal infrastructure. Major projects include Ewa and Diamond Head Concourse Roadway Improvements, and Biometric Facial Recognition System at Daniel K. Inouye International Airport,

(Continued)

Renovation of Airport Control Tower at Kalaeloa Airport, Apron Improvements at Ellison Onizuka Kona International Airport at Keahole, and Drainage and Wind Cone Improvements at Hilo International Airport.

Additional information on the Airports Division's capital assets can be found in note 4 of this report.

Indebtedness

Airports System Revenue Bonds

In February 2022, the Airports Division has completed the issuance of the Series 2022A Bonds (AMT) and the Series 2022B Bonds (Non-AMT) for a total principal amount of $262.3 million. The last maturity of the Series 2022A Bonds is scheduled on July 1, 2051.

As of June 30, 2022, $1,907.9 million of airports system revenue bonds were outstanding as compared to $1,661.0 as of June 30, 2021.

At June 30, 2022, the balance of legislatively approved and appropriated but unissued airports system revenue bonds was $1,223.8 million.

Lease Revenue Certificates of Participation

Section 36-41 of Hawaii Revised Statutes authorizes the DOT to enter into multiyear energy performance contracts, including financing agreements, in order to implement energy conservation or alternate energy measures in state facilities. The Airports Division released an invitation for proposal to procure the energy saving projects (the ESCO Project) in May 2011, and selected Johnson Controls, Inc. (JCI) in January 2012. The Airports Division executed a contract with JCI, and issued Series 2013 Lease Revenue Certificates of Participation (COPs) with a par value of $167.7 million in December 2013. The Airports Division is using the net proceeds of COPs, totaling $150.2 million, to implement the ESCO Project. JCI has agreed in the contract to guarantee utility savings at approximately 91.7% of expected annual savings, which are expected to exceed annual debt service on COPs.

On April 13, 2016, the Airports Division issued Series 2016 Lease Revenue Certificates of Participation financing which provided an additional $8.1 million for the ESCO Project.

On March 31, 2017, the Airports Division issued Series 2017 Lease Revenue Certificates of Participation to provide an additional $51.5 million for the ESCO Project.

As of June 30, 2022, $172.7 million of COPs were outstanding as compared to $187.3 million as of June 30, 2021.

Special Facility Revenue Bonds

The State Legislature has authorized $200,000,000 of special facility revenue bonds pursuant to Section 261-52 of the Hawaii Revised Statutes. As of June 30, 2022, there were no outstanding bond obligations. The DOT expects to finance additional special facility projects from time to time for qualified entities. All special facility revenue bonds are payable solely from the revenue derived from the leasing of special facilities financed with the proceeds of special facility revenue bonds.

Additional information regarding the Airports Division's indebtedness can be found in notes 5, 6, 7, and 8 of this report.

Customer Facility Charge Revenue Bonds

In July 2017, the Department of Transportation issued Airports System Customer Facility Revenue Bonds, Series 2017A (the 2017 CFC Bonds) with a par amount of $249,805,000 to provide $250 million of construction funds for certain rental car related projects at Hawaii Airports System. The 2017 CFC Bonds are special facility bonds issued pursuant to the Indenture of Trust between the State and MUFG Union Bank, N.A. as Trustee, which was assigned to Union Bank. In August 2019, the Department of Transportation issued Airports System Customer Facility Revenue Bonds, Series 2019A (the 2019 CFC Bonds) with a par amount of $194,710,000 to refund a prior loan and to provide an additional $105 million of construction funds for certain rental car related projects at Hawaii Airports System. At June 30, 2022, $413.9 million of customer facility charge revenue bonds were outstanding as compared to $424.2 million as of June 30, 2021.

Credit Rating and Bond Insurance

As of June 30, 2022, there were 13 series of airports system revenue bonds outstanding in the principal amount of $1,907 million. Payment of principal and interest on the bonds was insured by bond insurance policies issued by Federal Guaranty Insurance Company (FGIC) at the time of issuance of the bonds. The airports system revenue bonds are rated as follows:

Standard & Poor's Corporation	A+
Moody's Investors Service	A1
Fitch IBCA, Inc.	A+

Request for Information

This financial report is designed to provide a general overview of the Airports Division's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to Ross Higashi, Deputy Director, State of Hawaii, Department of Transportation, Airports Division, 400 Rodgers Boulevard, Suite 700, Honolulu, Hawaii 96819-1880, or by e-mail to *airadministrator@hawaii.gov*.

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Statement of Net Position

June 30, 2022

Assets

Current assets:		
Unrestricted assets:		
Cash and cash equivalents – unrestricted	$	551,753,980
Receivables:		
Accounts, net of allowance of $6,666,010 for uncollectible accounts		49,482,498
Lease receivable		71,375,677
Interest		9,760,728
Claims – federal grants		10,967,629
Due from state of Hawaii agencies		3,965,797
Aviation fuel tax		270,557
Total receivables		145,822,886
Inventories of materials and supplies at cost		248,604
Total unrestricted current assets		697,825,470
Restricted assets:		
Cash and cash equivalents		206,113,615
Investments – customer facility charge debt service reserve		17,524,024
Passenger facility charges receivable		5,717,149
Rental car customer facility charges receivable		5,545,799
Total restricted current assets		234,900,587
Total current assets	$	932,726,057

(Continued)

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Statement of Net Position

June 30, 2022

Noncurrent assets:	
Unrestricted assets:	
Capital assets, net of accumulated depreciation	$ 3,999,542,537
Lease receivable	435,039,718
Interest	1,238,276
Right-of-use lease assets	60,715
Total unrestricted noncurrent assets	4,435,881,246
Restricted assets:	
Cash and cash equivalents	524,049,614
Investments	211,019,260
Total restricted noncurrent assets	735,068,874
Total noncurrent assets	5,170,950,120
Total assets	$ 6,103,676,177

Deferred Outflows of Resources

Related to loss on refunding	$ 5,987,994
Related to pensions	25,514,911
Related to OPEB	9,031,274
Total deferred outflows of resources	$ 40,534,179

(Continued)

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Statement of Net Position

June 30, 2022

Liabilities

Current liabilities:		
Payable from unrestricted assets:		
Vouchers and contracts payable	$	53,647,730
Current portion of workers' compensation		2,208,826
Current portion of compensated absences		6,332,358
Accrued wages		11,134,141
Other		18,309,544
Total payable from unrestricted assets		91,632,599
Payable from restricted assets:		
Contracts payable		39,775,539
Current portion of airports system revenue bonds		445,000
Accrued interest		48,035,423
Current portion of lease revenue certificates of participation		15,203,668
Current portion of customer facility charge revenue bonds		10,575,000
Security deposits		11,330,413
Total payable from restricted assets		125,365,043
Total current liabilities		216,997,642
Long-term liabilities – net of current portion:		
Workers' compensation		4,726,136
Compensated absences		8,564,431
Net other postemployment benefit (OPEB) liability		160,997,803
Net pension liability		147,601,872
Lease liability		44,830
Airports system revenue bonds		1,907,414,783
Lease revenue certificates of participation		158,002,020
Customer facility charge revenue bonds		403,300,000
Prepaid airport use charge fund		2,856,249
Total long-term liabilities – net of current portion		2,793,508,124
Total liabilities	$	3,010,505,766

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Statement of Net Position

June 30, 2022

Deferred Inflows of Resources

Related to leases	$	505,985,042
Related to pensions		34,509,797
Related to OPEB		16,371,554
Total deferred inflows of resources	$	556,866,393

Net Position

Net investment in capital assets	$	1,832,262,733
Restricted for:		
Debt service requirement		360,450,726
Capital projects		224,659,371
Total restricted		585,110,097
Unrestricted		159,465,367
Total net position	$	2,576,838,197

See accompanying notes to financial statements.

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2022

Operating revenues:	
Concession fees	$ 168,701,663
Airport landing fees, net	81,184,120
Aeronautical rentals:	
Nonexclusive joint-use premise charges	76,818,959
Exclusive-use premise charges	75,204,821
Nonaeronautical rentals	27,177,174
Aviation fuel tax	3,118,711
Miscellaneous	9,849,529
Operating revenues	442,054,977
Operating expenses:	
Salaries, wages and benefits	105,997,915
Depreciation	167,110,609
Other personnel services	107,041,759
Repairs and maintenance	43,934,537
Utilities	43,593,856
Special maintenance	13,642,916
State of Hawaii surcharge on gross receipts	17,040,611
Department of Transportation general administration expenses	11,481,991
Materials and supplies	12,540,635
Workers' compensation and other insurance claims	2,082,041
Insurance	3,165,187
Miscellaneous	2,957,156
Total operating expenses	530,589,213
Operating loss	$ (88,534,236)

(Continued)

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2022

Nonoperating revenues (expenses):	
Interest income	$ 12,718,446
Interest income - investments in direct financing leases	1,069,277
Interest expense:	
Revenue bonds:	
Airports system	(63,447,931)
Special facility	(1,069,277)
Lease revenue certificates of participation	(7,383,693)
Other	(13,890,634)
Federal operating grants	1,458,206
Federal operating grants - COVID	92,305,064
Passenger facility charges	39,104,851
Rental car customer facility charges	60,076,681
Bond issue costs	(1,744,078)
Loss on disposal of capital assets	(4,549,232)
Other	8,161
Total nonoperating revenues, net	114,655,841
Income before capital contributions	26,121,605
Capital contributions:	
Federal capital grants	17,041,970
State capital contributions	685,630
Total capital contributions	17,727,600
Change in net position	43,849,205
Total net position, beginning of year	2,532,988,992
Total net position, end of year	$ 2,576,838,197

See accompanying notes to financial statements.

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Statement of Cash Flows

Year ended June 30, 2022

Cash flows from operating activities:	
Cash received from providing services	$ 472,618,418
Cash paid to suppliers	(263,333,181)
Cash paid to employees	(110,620,921)
Net cash provided by operating activities	98,664,316
Cash flows from noncapital financing activity:	
Proceeds from federal operating grants	112,490,841
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(236,648,705)
Proceeds from federal and other capital grants and contributions	15,953,098
Proceeds from airports system revenue bonds	256,437,107
Principal paid on airports system revenue bonds	(430,000)
Bond issue costs paid	(1,744,078)
Principal paid on lease revenue certificates of participation	(13,752,812)
Interest paid on outstanding debt	(89,600,521)
Proceeds from passenger facility charges program	38,593,071
Proceeds from rental car customer facility charges	59,023,445
Principal paid on customer facility charge revenue bonds	(10,350,000)
Receipts – other	8,161
Net cash provided by capital and related financing activities	17,488,766
Cash flows from investing activities:	
Proceeds from sale and maturities of investments	124,535,188
Interest received on investments	7,245,205
Purchases of investments	(117,617,895)
Net cash provided by investing activities	14,162,498
Net increase in cash and cash equivalents	242,806,421
Cash and cash equivalents, beginning of year	1,039,110,788
Cash and cash equivalents, end of year (note 3)	$ 1,281,917,209

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Statement of Cash Flows

Year ended June 30, 2022

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (88,534,236)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	167,110,609
Bad debt expense	1,906
Overpayment of airport system charges	38,397,137
Loss on disposal of capital assets	4,549,232
Changes in operating assets and liabilities, deferred inflows of resources and deferred outflows of resources:	
Accounts receivable	(4,468,494)
Lease receivable	20,916,426
Interest	(1,238,276)
Due from State of Hawaii agencies	(2,346,391)
Aviation fuel tax receivable	(4,394)
Inventory of material and supplies at cost	(44,521)
Deferred outflows of resources – pensions	8,674,498
Deferred outflows of resources – OPEB	2,896,982
Vouchers payable	(693,938)
Contracts payable	(7,316,873)
Accrued wages	993,988
Compensated absences	6,881
Net other postemployment benefit (OPEB) liability	(7,549,613)
Net pension liability	(44,491,012)
Security deposits	319,996
Other liabilities	(2,014,082)
Deferred inflows of resources – leases	(21,346,779)
Deferred inflows of resources – net pension liability	33,922,879
Deferred inflows of resources – other postemployment benefits liability	922,391
Net cash provided by operating activities	$ 98,664,316
Supplemental information:	
Noncash investing, capital and financing activities:	
The Airports Divisions noncash capital and financing activities related to bonds payable included the following:	
Interest payments on special facility revenue bonds by trustee	$ 1,069,277
Principal payments on special facility revenue bonds by trustee	21,725,000
Amortization of revenue bond premium	8,735,674
Amortization of revenue bond discount	(13,492)
Amortization of certificates of participation premium	319,323
Amortization of deferred loss on refunding revenue bonds	875,002
Bond refunding through fiscal agent	(57,391,801)
Bond proceeds held by fiscal agent	57,010,907
Contract payable included for acquisition of capital assets	50,438,802

See accompanying notes to financial statements.

(1) Reporting Entity

The Department of Transportation, Airports Division, State of Hawaii (the Airports Division) was established on July 1, 1961 to succeed the Hawaii Aeronautics Commission under the provisions of Act 1, Hawaii State Government Reorganization Act of 1959, Second Special Session Laws of Hawaii. The Airports Division has jurisdiction over and control of all State of Hawaii (the State) airports and air navigation facilities and general supervision of aeronautics within the State. The Airports Division currently operates and maintains 15 airports located throughout the State.

The accompanying financial statements present only the activities of the Airports Division and are not intended to present fairly the financial position of the State, the changes in its financial position or, where applicable, its cash flows in conformity with U.S. generally accepted accounting principles.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenues from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenues. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). As an enterprise fund, the Airport uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred (flow of economic resources measurement focus).

(b) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

The Airports Division classifies its investments in the State's investment pool (Pool) as cash and cash equivalents, regardless of the underlying maturity of the Pool's investments as the Airports Division can withdraw amounts from the Pool without penalty or notice. All other highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased are considered to be cash equivalents.

(d) Receivables

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on collection history and current information regarding the creditworthiness of the tenants and others doing business with the Airports Division. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected.

An aging of the accounts receivable at June 30, 2022 was as follows: current – $49,992,591; 30 days – $1,473,100; 60 days – $8,791; and over 90 days – $4,674,026.

(e) Restricted Assets

Restricted assets consist of monies and other resources, the use of which is limited because of an externally enforceable constraint. Certain proceeds of the airports system revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position because they are maintained separately and the use of the proceeds is limited by applicable bond covenants and resolutions. Restricted assets account for the principal and interest amounts accumulated to make debt service payments, unspent bond proceeds, amounts restricted for bond reserve requirements, unspent Passenger Facility Charges (PFCs), unspent Customer Facility Charges (CFCs), security deposits, customer advances, and the prepaid airport use charge fund.

When both restricted and unrestricted resources are available for use, it is the policy of the Airports Division to use restricted resources first and then unrestricted resources as they are needed.

(f) Capital Assets

Capital assets acquired by purchase or construction are recorded at cost. Contributed property is recorded at acquisition value as of the date of contribution. Buildings, improvements, and machinery and equipment are depreciated by the straight-line method over their estimated useful lives as follows:

Class of assets	Estimated useful lives	Capitalization threshold
Land improvements	10 to 20 years	$ 100,000
Buildings	45 years	100,000
Building improvements	20 years	100,000
Machinery and equipment	10 years	5,000

Disposals of assets are recorded by removing the costs and related accumulated depreciation from the accounts with a resulting gain or loss.

Repairs and maintenance, minor replacements, renewals, and betterments are charged against operations for the year. Major replacements, renewals, and betterments are capitalized in the year incurred.

(g) Investments

Investments held outside of the State Treasury pool consist of certificates of deposit, U.S. Treasury bills and repurchase agreements. The certificates of deposit and repurchase agreements are reported at amortized cost due to the nonparticipating nature of these securities. U.S. Treasury bills are measured at fair value within the fair value hierarchy established by generally accepted accounting principles and are based on quoted prices or other observable inputs, including pricing matrices.

(h) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources is a consumption of net position by the Airports Division that is applicable to a future reporting period, while deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources consist of deferred losses on refunding and items related to pension items and OPEB items. Deferred inflows of resources consist of items related to the pension, OPEB, and lease items.

(i) Deferred Loss on Refundings

Deferred loss on refundings are amortized using the effective-interest method over the shorter of the remaining term of the original or refunded debt. The deferred loss on refundings are reflected in the deferred outflows of resources on the statements of net position.

(j) Compensated Absences Payable

The Airports Division accrues all vacation and compensatory pay at current salary rates, including additional amounts for certain salary-related expenses associated with the payment of compensated absences (such as employer payroll taxes and fringe benefits), in accordance with the vesting method provided under GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation is earned at the rate of 168 or 240 hours per calendar year, depending upon job classification. Accumulation of such vacation credits is limited to 720 or 1,056 hours at calendar year-end and is convertible to pay upon termination of employment.

(k) Pensions

The Airports Division contributions to the Employees Retirement System of the State of Hawaii (ERS) are based on the current contribution rate determined by the State Department of Budget and Finance. The Airports Division policy is to fund its required contribution annually.

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 ERS's fiduciary net position have been determined on the same basis as they are reported by the ERS.

(l) Postemployment Benefits Other Than Pensions (OPEB)

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 Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and additions to/deductions from the

EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. Investments are reported at their fair value.

(m) Bond Original Issue Discount or Premium

Original issue discounts or premiums are amortized using the effective-interest method over the terms of the respective debt issues and are added to, or offset against, the long-term debt in the statements of net position.

(n) Bond Issue Costs

Bond issue costs, with the exception of bond insurance, are recognized as outflows of resources (expense) in the period when the debt is issued. Bond insurance is capitalized and amortized over the lives of the related debt issues using the effective-interest method.

(o) Operating Revenues and Expenses

Revenue from airlines, concessions, rental cars (excluding customer facility charges), federal operating grants, and parking are reported as operating revenue. Transactions that are capital, financing, or investing related are reported as nonoperating revenue. All expenses related to operating the Airports Division are reported as operating expenses. Generally, interest expense and financing costs are reported as nonoperating expenses. Revenue from capital contributions are reported separately, after nonoperating revenues and expenses.

(p) Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airports Division to impose a Passenger Facility Charge of $4.50 per passenger effective September 1, 2010. The net receipts from PFCs are restricted to be used for funding FAA-approved capital projects. PFC revenue, along with the related interest income, is reported as nonoperating revenue in the statements of revenue, expenses, and changes in net position.

The Passenger Facility Charge is an airport user fee with restricted uses. Before collecting and using PFC revenues, a U.S. airport operator must submit a PFC application to the FAA and receive FAA authorization. Airlines collect PFC revenues from certain enplaned passengers on the airport's behalf, then remit the PFC revenues to the airport operator after deducting an administrative fee of $0.11 per collection. PFC revenues can be used only for the capital costs of the approved eligible projects, with very limited exceptions.

(q) Rental Car Customer Facility Charge

The State Legislature authorized the Airports Division to impose a Customer Facility Charge of $4.50 a day on all u-drive rentals at a state airport. The net receipts from CFCs are restricted to be used for funding approved rental car facility capital projects. CFC revenue, along with the related interest income, is reported as nonoperating revenue in the statements of revenue, expenses and changes in net position.

(Continued)

(r) Capital Contributions

The Airports Division receives federal grants from the FAA and other federal agencies. Grant revenue is considered earned as the related allowable expenditures are incurred. Grants for the acquisition and/or construction of land, property, and certain types of equipment are reported in the statements of revenue, expenses and changes in net position as capital contributions.

Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

(s) Risk Management

The Airports Division is exposed to various risks of loss from torts; theft of, damage to, or destruction of assets; errors or omissions; natural disasters; and injuries to employees. The Airports Division is self-insured for workers' compensation claims as discussed later in these notes. Liabilities related to these losses are reported when it is probable that the losses have occurred and the amount of those losses can be reasonably estimated.

(t) Leases

Lessee

At the commencement of a lease, the lease liability is measured 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 is reasonably certain to be exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

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

- The Airports Division uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Airports Division generally uses the estimated incremental borrowing rate as the discount rate for leases.

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

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

(Continued)

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

The Airports Division recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease receivable.

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

Key estimates and judgments include (1) the discount rate used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Airports Division uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Airports Division 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.

(u) Recently Adopted Accounting Standards

In 2022, the Airports Division adopted GASB Statement No. 87, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, as a lessee, the Airports Division is required to recognize a lease liability and an intangible right-to-use lease asset, and as a lessor, the Airports Division is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Airports Division's leasing activities. Adoption of GASB 87 resulted in the recognition of a lease receivable and a deferred inflow related to leases of approximately $314 million. There was no effect on net position previously reported as of July 1, 2021.

(3) Cash and Cash Equivalents and Investments

The State has an established policy whereby all unrestricted and certain restricted cash is required to be invested in the State's Treasury (the investment pool) in accordance with Section 36-21, of the Hawaii Revised Statutes.

(Continued)

The State Director of Finance (the State Director) is responsible for the safekeeping of all monies paid into the investment pool. The State Director may invest any monies of the State, which, in the State Director's judgment, are in excess of amounts necessary for meeting the immediate requirements of the State. Legally authorized investments include obligations of or guaranteed by the U.S. government, obligations of the State, federally insured savings and checking accounts, time certificates of deposit, and repurchase agreements with federally insured financial institutions.

Information relating to the State's investment pool at June 30, 2022 will be included in the annual comprehensive financial report of the State when issued.

At June 30, 2022, the amount reported as amounts held in State Treasury reflects the Airports Division's relative position in the State's investment pool and amounted to $1,374,078,383.

Airports Division's cash and cash equivalents and investments as of June 30, 2022 consisted of the following:

Petty cash	$ 4,765
Amounts held in State Treasury	1,374,078,383
Certificates of deposit	11,000,000
U.S. government securities	106,500,731
Money market mutual funds	18,876,614
	$ 1,510,460,493

Such amounts are reflected in the statements of net position as of June 30, 2022 as follows:

Cash and cash equivalents:	
Unrestricted	$ 551,753,980
Restricted	730,163,229
Total cash and cash equivalents	1,281,917,209
Investments	228,543,284
Total cash and cash equivalents and investments	$ 1,510,460,493

(a) Deposits

Information relating to individual bank balances, insurance, and collateral of cash deposits is determined on a statewide basis and not for individual departments or divisions. Information regarding the carrying amount and corresponding bank balances of the State's investment pool and collateralization of those balances is included in the comprehensive annual financial report of the State.

A portion of the bank balances is covered by federal deposit insurance, or by collateral held by the State Treasury, or by the State's fiscal agents in the name of the State. Other bank balances are held by fiscal agents in the State's name for the purpose of satisfying outstanding bond obligations.

Accordingly, these deposits are exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the State's deposits may not be returned to it. For demand or checking accounts and time certificates of deposit, the State requires that the depository banks pledge collateral based on the daily available bank balances to limit its exposure to custodial credit risk. The use of daily available bank balances to determine collateral requirements results in the available balances being under collateralized at various times during the fiscal year. All securities pledged as collateral are held either by the State Treasury or by the State's fiscal agents in the name of the State. The State also requires that no more than 60% of the State's total funds available for deposit and on deposit in the State Treasury may be deposited in any one financial institution.

(b) Investments

At June 30, 2022, the investments held by the Airports Division consisted of money market mutual funds, nonnegotiable certificates of deposit, and U.S. Treasury bills. Such investments were insured or collateralized with securities held by the State Treasury or by the State's fiscal agent in the name of the State.

The Airports Division categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters. Such securities are classified as Level 2 of the valuation hierarchy. In certain cases where Level 1 and Level 2 inputs are not available, the fair values of securities are estimated using significant unobservable inputs and are therefore classified within Level 3 of the hierarchy. The fair value of U.S. government securities, which are comprised of U.S. Treasury bills held by the Airports Division are measured using Level 1 inputs.

Certain investments, such as the Airports Division's interest in the State investment pool, are measured using the net asset value per share (or its equivalent) practical expedient and are not required to be classified in the fair value hierarchy. The Airports Division has no unfunded commitments or restrictions on redemptions with regard to its investment in the State investment pool.

The nonnegotiable certificates of deposit and money market mutual funds are measured at amortized cost and therefore are not categorized within the fair value hierarchy.

(i) Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rates, the Airports Division follows the State's policy of limiting maturities on investments to generally not more than five years from the date of investment. The Airports Division's U.S. Treasury bills have maturities that range from six months to one year.

(ii) Credit Risk

The Airports Division follows the State's policy of limiting its investments as authorized in the Hawaii Revised Statutes.

At June 30, 2022, the Airports Divisions investments were rated by Moody's as follows:

		Fair value	Ratings Moody's
Money market mutual funds:			
U.S. Bank – Federated government obligations fund	$	2,083,586	Aaa-mf
U.S. Treasury bill		16,793,028	Aaa-mf
	$	18,876,614	

(iii) Custodial Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Airports Division or the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Airports Division and the State's investments are held at broker-dealer firms that are protected by the Securities Investor Protection Corporation (SIPC) up to a maximum amount. In addition, excess SIPC coverage is provided by the firm's insurance policies. The Airports Division and the State require the institutions to set aside, in safekeeping, certain types of securities to collateralize repurchase agreements. The Airports Division and the State monitor the market value of these securities and obtain additional collateral when appropriate.

(iv) Concentration of Credit Risk

The State's policy provides guidelines for portfolio diversification by placing limits on the amount the State may invest in any one issuer, types of investment instruments, and position limits per issue of an investment instrument. At June 30, 2022, the Airports Division did not hold any investments with one issuer that represent more than 5% of total investments.

(Continued)

(4) Capital Assets

Capital assets activity for the year ended June 30, 2022 consists of the following:

	Balance, June 30, 2021	Increases	Decreases	Transfers	Balance, June 30, 2022
Capital assets not being depreciated:					
Land	$ 324,937,876	—	—	8,626,769	333,564,645
Land improvements	58,580,290	—	—	456,827	59,037,117
Construction in progress	1,528,570,222	195,099,492	(4,622,339)	(1,029,491,492)	689,555,883
Total capital assets not being depreciated	1,912,088,388	195,099,492	(4,622,339)	(1,020,407,896)	1,082,157,645
Capital assets being depreciated:					
Land improvements	1,796,092,294	—	—	140,952,384	1,937,044,678
Buildings and improvements	2,607,048,521	—	—	878,720,824	3,485,769,345
Machinery and equipment	381,541,660	3,885,309	(1,195,865)	734,688	384,965,792
Total capital assets being depreciated	4,784,682,475	3,885,309	(1,195,865)	1,020,407,896	5,807,779,815
Less accumulated depreciation:					
Land improvements	(1,013,380,218)	(60,884,428)	—	—	(1,074,264,646)
Buildings and improvements	(1,422,792,868)	(92,366,558)	—	—	(1,515,159,426)
Machinery and equipment	(288,276,234)	(13,859,623)	1,165,006	—	(300,970,851)
Total depreciation	(2,724,449,320)	(167,110,609)	1,165,006	—	(2,890,394,923)
Capital assets being depreciated, net	2,060,233,155	(163,225,300)	(30,859)	1,020,407,896	2,917,384,892
Total capital assets	$ 3,972,321,543	31,874,192	(4,653,198)	—	3,999,542,537

(5) Long-term Liabilities

A summary of the long-term liabilities changes during fiscal years 2022 and 2021 is as follows:

	Balance, June 30, 2021	Increases	Decreases	Balance, June 30, 2022	Amounts due within one year
Bonds:					
Airports system revenue bonds (note 6)	$ 1,533,375,000	262,315,000	(57,045,000)	1,738,645,000	445,000
Airports system revenue bonds premiums (note 6)	127,639,975	51,133,014	(9,512,504)	169,260,485	—
Airports system revenue bonds discounts (note 6)	(59,194)	—	13,492	(45,702)	—
Airports system customer facility charge revenue bonds (note 8)	424,225,000	—	(10,350,000)	413,875,000	10,575,000
Lease revenue certificates of participation (note 7)	186,431,335	—	(13,752,812)	172,678,523	15,203,668
Lease revenue certificates of participation premiums (note 7)	846,488	—	(319,323)	527,165	—
Special facility revenue bonds (note 9)	21,725,000	—	(21,725,000)	—	—
Other liabilities:					
Workers' compensation (note 17)	6,934,962	2,127,896	(2,127,896)	6,934,962	2,208,826
Compensated absences	14,889,908	11,021,251	(11,014,370)	14,896,789	6,332,358
Prepaid airport use charge fund (notes 10 and 18)	—	2,856,249	—	2,856,249	—
Net postemployment liability (note 14)	168,547,416	—	(7,549,613)	160,997,803	—
Net pension liability (note 13)	192,092,884	—	(44,491,012)	147,601,872	—
Lease liability	—	68,986	(8,275)	60,711	15,881
	$ 2,676,648,774	329,522,396	(177,882,313)	2,828,288,857	34,780,733

(6) Airports System Revenue Bonds

In 1969, the Director issued the Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds (the Certificate) under which $40,000,000 of revenue bonds were initially authorized for issuance. Subsequent issues of revenue bonds were covered by First through Thirty-first supplemental certificates to the original 1969 Certificate.

Certain amendments to the Certificate contained in the Twenty-Sixth Supplemental Certificate took effect contemporaneously with the Twenty-Seventh Supplemental Certificate and delivery of the Airports System Revenue Bonds, Refunding Series of 2001. Other amendments, which required the consent of 100% of the bondholders, took effect as of June 30, 2004 with the issuance of the Airports System Revenue Bonds, Refunding Series of 2003.

These revenue bonds are payable solely from and are collateralized solely by the revenue generated by the Airports Division including all aviation fuel taxes levied. The amended Certificate established an order of priority for the appropriation, application, or expenditure of these revenue as follows:

a. To pay or provide for the payment of the costs of operation, maintenance, and repair of airport properties

b. To pay when due all bonds and interest. Payment shall be provided from the following accounts:

   1. Interest account

   2. Serial bond principal account

   3. Sinking fund account

   4. Debt service reserve account

c. To fund the major maintenance, renewal, and replacement account

d. To reimburse the State General Fund for general obligation bond requirements

e. To provide for betterments and improvements to the airports

f. To provide such special reserve funds and other special funds as created by law

g. To provide for any other purpose connected with or pertaining to the bonds or the airports authorized by law

The amended Certificate requires that the Airports Division impose, prescribe, and collect revenue that, together with unencumbered funds, will yield net revenue and taxes at least equal to 1.25 times the total interest, principal, and sinking fund requirements for the ensuing 12 months. The Airports Division is also required to maintain adequate insurance on its properties.

The outstanding airports system revenue bonds contain (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenues and taxes during the year are less than 125 percent of debt service coverage due in the following year and (2) a provision that if the Airports Division is unable to make payment, outstanding amounts are due immediately. The outstanding airports system revenue bonds contain a subjective acceleration clause that allows the bondholders to accelerate payment of the entire principal amount to become immediately due if the bondholders determines that a material adverse change occurs.

At June 30, 2022, the amount credited to the revenue bond debt service reserve accounts was in accordance with applicable provisions of the Certificate.

(Continued)

At June 30, 2022, the revenue bond debt service reserve accounts (reported as restricted assets in the accompanying statements of net position) consisted of the following:

Debt service reserve account	$	117,502,457
Major maintenance, renewal and replacement account		59,804,602
		177,307,059
Principal and interest due July 1		32,802,867
	$	210,109,926

At June 30, 2022, the balance of legislatively approved and appropriated but unissued airports system revenue bonds was $1,223,776,246.

The revenue bonds are subject to redemption at the option of the Department of Transportation (the DOT) and the State during specific years at prices ranging from 102% to 100% of principal.

The following is a summary of airports system revenue bonds issued and outstanding at June 30, 2022:

Series	Interest rate	Final maturity date (July 1)	Original amount of issue	Outstanding amount
2011, refunding	2.00%–5.00%	2024	300,885,000	—
2015A, nonrefunding	4.125%–5.00%	2045	235,135,000	235,135,000
2015B, nonrefunding	4.00%	2045	9,125,000	9,125,000
2018A, nonrefunding	5.00%	2048	388,560,000	388,560,000
2018B, nonrefunding	3.00%–5.00%	2027	26,125,000	26,125,000
2018C, refunding	3.58%	2028	93,175,000	92,745,000
2018D, refunding	5.00%	2034	142,150,000	142,150,000
2020A, nonrefunding	4.00%–5.00%	2045	113,140,000	113,140,000
2020B, nonrefunding	3.48%	2050	165,885,000	165,885,000
2020C, nonrefunding	5.00%	2050	20,295,000	20,295,000
2020D, refunding	4.00%–5.00%	2039	184,855,000	184,855,000
2020E, refunding	1.392%–2.330%	2030	98,315,000	98,315,000
2022A, nonrefunding	4.00%–5.00%	2051	209,280,000	209,280,000
2022B, refunding	5.00%	2024	53,035,000	53,035,000
			$ 2,039,960,000	1,738,645,000
Add unamortized premium				169,260,485
Less unamortized discount				(45,702)
Less current portion				(445,000)
Noncurrent portion				$ 1,907,414,783

Annual debt service requirements to maturity for airports system revenue bonds are as follows:

		Principal	Interest	Total
Years ending June 30:				
2023	$	445,000	76,273,687	76,718,687
2024		33,650,000	76,556,155	110,206,155
2025		37,665,000	74,903,068	112,568,068
2026		43,410,000	73,463,577	116,873,577
2027		44,660,000	72,137,985	116,797,985
2028–2032		247,415,000	335,089,649	582,504,649
2033–2037		297,585,000	271,230,501	568,815,501
2038–2042		318,790,000	203,081,076	521,871,076
2043–2047		379,985,000	117,875,083	497,860,083
2048–2052		335,040,000	33,805,399	368,845,399
	$	1,738,645,000	1,334,416,180	3,073,061,180

On February 3, 2022, the Airports Division issued $209,280,000 and $53,035,000 of Airports System Revenue Bonds (Series 2022A and Series 2022B, respectively) at interest rates ranging from 4.00% - 5.00%. The Series 2022A Bonds were issued to pay costs of capital improvement projects at certain facilities of the State's airports system, to pay capitalized interest on the Series 2022A bonds, to fund a deposit into the Debt Service Reserve Account, and to pay certain costs of issuance relating to the Series 2022A Bonds. The Series 2022B Bonds were issued to refund the remaining outstanding Series 2011 Refunded Bonds and to pay certain costs of issuance relating to the Series 2022B Bonds. Of the net proceeds of $312,442,070 (after payment of $235,745 in underwriting fees, insurance, and other costs), along with an additional $228,801 from the debt service reserve account, $57,010,907 were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the refunded portion of Refunding Series 2011 bonds on February 3, 2022. As a result, the refunded portion of the Refunding Series 2011 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

(7) Lease Revenue Certificates of Participation

The Airports Division entered into a lease agreement with Johnson Controls, Inc. in December 2013. The costs relating to the lease and installation of certain equipment to implement the Energy Performance Contract between Airports Division and Johnson Controls, Inc. was financed by lease revenue certificates of participation issued by the Airports Division in the amount of $167,740,000 at interest rates ranging from 3.00% to 5.25%, payable annually with a final maturity date of 2029.

On April 13, 2016, the Airports Division entered into another lease agreement with Johnson Controls, Inc., amending the Energy Performance Contract dated December 19, 2013, to finance improvements to Daniel K. Inouye International Airport's cooling infrastructure. The costs relating to the lease and installation of certain equipment to implement the third amendment to the Energy Performance Contract between Airports

Division and Johnson Controls, Inc. was financed by lease revenue certificates of participation issued by the Airports Division in the amount of $8,056,521 at an interest rate of 1.74%, payable annually with a final maturity date of 2026.

On March 31, 2017, the Airport Division entered into another lease agreement with Johnson Controls, Inc. amending the Energy Performance Contract dated December 19, 2013 to finance improvements to the lighting infrastructure at multiple airports. The costs relating to the purchase and installation of certain equipment to implement the fourth amendment to the Energy Performance Contract between Airports Division and Johnson Controls, Inc. was financed by lease revenue certificates of participation issued by the Airports Division in the amount of $51,473,427 at an interest rate of 2.87%, payable annually with a final maturity date of 2034.

The lease revenue certificates of participation are payable from revenue derived by the Airports Division from the ownership and operation of the Airports system and the receipts from aviation fuel taxes imposed by the State of Hawaii. The certificates of participation represent participations in equipment lease rent payments to be made by the Department. Lease rent payments to holders of the certificates of participation are payable from Revenues and Aviation Fuel Taxes, subordinate in right of payment to the payments of debt service on bonds.

The outstanding lease revenue certificates of participation contains a provision that if the Airports Division is unable to make payment, outstanding amounts are due immediately. The lease revenue certificates of participation contains a subjective acceleration clause that allows the holders to accelerate payment of the entire principal amount to become immediately due if the holders determines that a material adverse change occurs.

At June 30, 2022, the outstanding balance of the lease revenue certificates of participation and the unamortized premium are $172,678,523 and $527,165, respectively.

The schedule of lease rent payments for the lease revenue certificates of participation are as follows:

	Principal	Interest	Total
Years ending June 30:			
2023	$ 15,203,668	7,343,039	22,546,707
2024	17,224,180	6,632,805	23,856,985
2025	19,760,449	5,797,450	25,557,899
2026	20,754,604	4,826,606	25,581,210
2027	22,769,583	3,767,301	26,536,884
2028–2032	68,696,602	5,459,790	74,156,392
2033–2034	8,269,437	249,494	8,518,931
	$ 172,678,523	34,076,485	206,755,008

(8) Customer Facility Charge Revenue Bonds

In July 2017, the Airports Division issued $249,805,000 of airports system customer facility charge revenue bonds (Customer Facility Charge Revenue Bonds, Series 2017A) at interest rates ranging from 1.70% to 4.14%. The Series 2017 Bonds are being issued for the costs of design, development and construction of consolidated rental motor vehicle facility projects at certain airports and to fund the Rolling Coverage Fund Requirement and the Debt Service Reserve Fund Requirements for the Series 2017 Bonds and to pay certain costs of issuance relating to the Series 2017 bonds. The Bonds are special limited obligations of the State, payable solely from and secured by the receipts from collection of the Rental Motor Vehicle Customer Facility Charge imposed the State on rental motor vehicle customers who use or benefit from rental car facilities at all airports in the Airports System. At June 30, 2022, the outstanding balance of the Series 2017A Bonds is $229,085,000, with a maturity of July 1, 2047.

At June 30, 2022, the amount credited to the revenue bond debt service reserve accounts was in accordance with the applicable provisions of the official statement.

In August 2019, the Airports Division issued $194,710,000 of airports system customer facility charge revenue bonds (Customer Facility Charge Revenue Bonds, Series 2019A) at interest rates ranging from 1.819% to 2.733%. The Series 2019A Bonds are being issued for the costs of design, development and construction of consolidated rental motor vehicle facility projects at certain airports and to fund the Rolling Coverage Fund Requirement and the Debt Service Reserve Fund Requirements for the Series 2019 Bonds and to pay certain costs of issuance relating to the Series 2019 bonds. The Bonds are special limited obligations of the State, payable solely from and secured by the receipts from collection of the Rental Motor Vehicle Customer Facility Charge imposed the State on rental motor vehicle customers who use or benefit from rental car facilities at all airports in the Airports System. At June 30, 2022, the outstanding balance of the Series 2019A Bonds is $184,790,000, with a maturity of July 1, 2047.

Annual debt service requirements to maturity for the customer facility charge revenue bonds are as follows:

	Principal	Interest	Total
Years ending June 30:			
2023	$ 10,575,000	13,782,432	24,357,432
2024	10,815,000	13,538,156	24,353,156
2025	11,080,000	13,271,288	24,351,288
2026	11,370,000	12,983,853	24,353,853
2027	11,680,000	12,676,756	24,356,756
2028–2032	63,675,000	58,096,890	121,771,890
2033–2037	74,675,000	47,101,643	121,776,643
2038–2042	89,015,000	32,759,451	121,774,451
2043–2047	107,080,000	14,698,563	121,778,563
2048	23,910,000	445,065	24,355,065
	$ 413,875,000	219,354,097	633,229,097

The official statement for the customer facility charge revenue bonds requires that the aggregate amount of customer facility charge and minimum annual requirement deficiency payments paid by the Rental Car Facilities in each fiscal year plus the amount on deposit in the rolling coverage fund to provide no less than 1.40 times the aggregate debt service on the bonds.

The outstanding customer facility charge revenue bonds contain (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenues and taxes during the year are less than 140 percent of debt service coverage due in the following year and (2) a provision that if the Airports Division is unable to make payment, outstanding amounts are due immediately. The outstanding customer facility charge revenue bonds contain a subjective acceleration clause that allows the bondholders to accelerate payment of the entire principal amount to become immediately due if the bondholders determines that a material adverse change occurs. No material adverse changes occurred during the fiscal year ended June 30, 2022.

(9) Special Facility Revenue Bonds

The Airports Division entered into special facility lease agreements with Continental Airlines, Inc. in November 1997. The construction of the related facilities was financed by special facility revenue bonds issued by the Airports Division in the amount of $25,255,000. The bonds were called in full on June 25, 2022. The bonds were subject to redemption on or after November 15, 2007 at the option of the Airports Division, upon the request of Continental Airlines, Inc., at prices ranging from 101% to 100% of principal, depending on the dates of redemption or, if the facilities are destroyed or damaged extensively, at 100% plus interest.

(10) Leases

(a) Regulated Leases

In accordance with GASB Statement No. 87, the Airports Division does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration regulated aviation leases between airports, air carriers and other aeronautical users.

(i) Airports Division

The DOT and the airline companies serving the airports system (signatory airlines) operated pursuant to an airport-airline lease agreement that was originally set to expire on July 31, 1992 (lease agreement). Under the lease agreement, the signatory airlines each have the nonexclusive right to use the facilities, equipment, improvements, and services of the airports system and to occupy certain premises and facilities thereon. The lease agreement was extended under a series of five subsequent agreements, the last of which was executed in June 1994, and extended the expiration date to June 30, 1997 (hereafter, the lease agreement and the five subsequent agreements are collectively referred to as the Lease Extension Agreement). The Lease Extension Agreement contains a provision under which the expiration date is automatically extended on a quarterly basis after June 30, 1997, unless terminated by either party upon at least 60 days prior written notice. In October 2007, the DOT and a majority of the signatory airlines executed the First Amended Lease Extension Agreement, effective January 1, 2008.

Effective January 1, 2008, under the First Amended Lease Extension Agreement, the airports system rates and charges are calculated using a rate-making methodology that recovers costs of specific airports system facilities from the signatory airlines that directly use them. The airports system rates and charges consist of the following: (1) exclusive-use terminal charges based on a cost center residual rate-setting methodology and recovered on a per-square-foot basis, (2) joint-use premises charges (for nonexclusive use of terminal space, except for commuter terminal space) based on a cost center residual rate-setting methodology and recovered on a per enplaning or deplaning passenger basis, (3) commuter terminal charges based on appraisal and recovered on a per enplaning passenger basis, (4) international arrivals building charges based on a cost center residual rate-setting methodology and recovered on a per deplaning international passenger basis, (5) landing fees based on a cost center residual rate-setting methodology and recovered on a revenue landing landed weight basis (per 1,000-pound units), and (6) system support charges based on an airports system residual rate-setting methodology and recovered on a revenue landing landed weight basis (per 1,000-pound units).

Nonsignatory airlines are subject to the Administrative Rules, which require the payment of specified amounts for landing fees, Airports System Support Charges, and certain other rates, fees, and charges. Under the First Amended Lease Extension Agreement, the Department agreed to amend the methodology for calculating fees and charges so that nonsignatory airline fees and charges would be 125% of Signatory Airline fees and charges.

(ii) Prepaid Airport Use Charge Fund

The Prepaid Airport Use Charge Fund (the PAUCF) was established in 1994 to provide a process to transfer monies paid to the Airports Division by the signatory airlines in excess of the amounts required under each lease. The PAUCF is co-terminous with the First Amended Lease Extension Agreement.

Net excess over- and under- payments for fiscal years 1996 through 2022 have been transferred to the PAUCF (note 18). Excess overpayments are required to be set aside as restricted, and are the property of the signatory airlines, and can only be spent for purposes mutually designated by the State and the Airlines Committee of Hawaii, which substantially benefit the state airport system. Underpayments may be collected from the signatory airlines through agreed upon rate increases in subsequent periods.

(iii) Airports System Rates and Charges

Signatory and nonsignatory airlines were assessed the following airports system rates and charges:

- Airport landing fees amounted to $83,293,359 for fiscal year ended 2022. Airport landing fees are shown net of aviation fuel tax credits of $2,109,239 on the statements of revenue, expenses, and changes in net position, which resulted in net airport landing fees of

$81,184,120. Airport landing fees are based on a computed rate per 1000-pound units of approved maximum landing weight for each aircraft used in revenue landings. The interisland airport landing fees for signatory airlines is set at 50% for fiscal year 2022, and are scheduled to increase 1% annually until it reaches 100%.

- Overseas and interisland joint-use premise charges were established to recover airports system costs allocable to the overseas and interisland terminals joint-use space based on terminal rental rates and are recovered based on a computed rate per enplaning or deplaning passenger. Nonexclusive joint-use premise charges for terminal rentals amounted to $76,818,959 for fiscal year 2022.

  International arrivals building charges were established to recover airports system costs allocable to the international arrivals area based on terminal rental rates and are recovered based on a computed rate per deplaning international passenger using the international arrivals area. Beginning fiscal year 2000, nonsignatory airline revenue was applied as a credit in calculating the joint-use premise charge and international arrivals building charges.

- Exclusive-use premise charges amounted to $75,204,821 for fiscal year 2022, and are computed using a fixed rate per square footage per year. Included in exclusive-use premise charges are terminal rentals amounting to $37,151,537.

Expected future minimum lease payments from the leases with signatory airlines and other users related to land and buildings for aeronautical purposes at June 30, 2022 are as follows:

Years ending June 30:		
2023	$	24,162,546
2024		29,417,017
2025		26,091,413
2026		23,631,185
2027		21,136,916
2028-2032		83,235,985
2023-2037		18,064,552
2038-2042		9,443,252
2043-2047		10,035,506
2048-2052		10,915,911
	$	256,134,283

(b) Other Leases

The Airports Division also leases certain building spaces and improvements to concessionaires, airline carriers and other airport users. The terms of these leases range from 4 to 15 years for concessionaires and up to 35 years for other airport users. Lease receivable consists of agreements with others for the right-to-use of the underlying assets and as measured at the present value of payments expected to be received during the lease term. The discount rates used vary depending on the length of the lease. For fiscal year ended June 30, 2022, the Airports Division recognized $21,346,779 in lease revenue and $3,951,224 in interest revenue.

Lease receivable are due in the upcoming years as follows:

	Principal	Interest	Total
Years ending June 30:			
2023	$ 71,375,677	13,437,198	84,812,875
2024	72,355,529	11,400,369	83,755,898
2025	71,755,548	9,287,440	81,042,988
2026	66,425,951	7,312,494	73,738,445
2027	53,107,824	5,615,260	58,723,084
2028–2032	166,271,791	9,637,323	175,909,114
2033–2037	2,143,540	487,436	2,630,976
2038–2042	801,896	373,920	1,175,816
2043–2047	924,661	250,141	1,174,802
2048	1,252,978	94,265	1,347,243
	$ 506,415,395	57,895,846	564,311,241

The leases with concessionaires are generally based on the greater of a percentage of sales or a minimum guarantee. Percentage rents included in concession fees for fiscal year 2022 was $154,933,147.

Concession fee revenue from the DFS Group, L.P. (DFS), which operates the in-bond (Duty Free) concession, accounted for approximately 10% of total concession fee revenue for fiscal year 2022. The Airports Division waived the Minimum Annual Guarantees (MAGs) for eligible concessionaires in April 2020 and reinstated the MAG requirements effective May 1, 2022, except for the in-bond concession lease that continues to receive the MAG waivers on a month-to-month basis.

Such lease agreement has been subject to rebids, extensions, and renewals over the years.

Effective October 31, 2014, the in-bond concession lease agreement was amended and the lease was extended through May 31, 2027. The amended lease contract provides (a) for the period from June 1, 2017 through May 31, 2019, $40 million, (b) for the period of June 1, 2019 through May 31, 2020, $47.5 million, (c) for the period June 1, 2020 through May 31, 2021, 85% of the actual annual fee paid and payable (either minimum annual guarantee rent or percentage rent) for the previous year, (d) for the period of June 1, 2021 through May 31, 2022, the same as the previous year, (e) for the period of June 1, 2022 through May 31, 2023, 85% of the actual fee paid and payable for the previous year, (f) for the period from June 1, 2023 through May 31, 2027, the same as the minimum annual guarantee rent for the period of June 1, 2022 through May 31, 2023, (3) the percentage fees for the extension period will be set at 30% of gross receipts from on-airport sales and 18% of gross receipts from off-airport sales, (4) the percentage fee for merchandise converted from duty free status to duty paid status shall be 1.25%, and (5) the concession fee for items that are High Price/Low Margin Merchandise shall be 2.5% of the gross receipts from the sale. In addition, DFS agreed to pay $27.9 million for improvements to the Central Waiting Lobby Building at Daniel K. Inouye International Airport.

In March 2009, DFS was awarded a five-year lease agreement for the retail concession at the Daniel K. Inouye International Airport, with the term commencing on April 1, 2009 and scheduled to terminate on March 14, 2014. The lease agreement was extended for a holdover period through March 31, 2015. Subsequently, on October 31, 2014, the lease agreement was amended to extend the term through March 31, 2025. The amendment provided that the minimum annual guarantee rent for the period April 1, 2015 through March 31, 2016 be $12 million and for each subsequent year, the minimum annual guarantee rent will be 85% of the actual annual fee paid for the preceding year.

(11) Passenger Facility Charges

Passenger facility charge activity for the year ended June 30, 2022 is as follows:

Restricted assets – passenger facility charges, beginning of year	$	124,792,987
Passenger facility charges during the year		37,670,275
Interest earned on passenger facility charges during the year		1,434,576
Capital expenditures during the year		(17,298,975)
Restricted assets – passenger facility charges, end of year	$	146,598,863

Restricted assets – passenger facility charges are presented on the statements of net position as of June 30, 2022 as follows:

Cash and cash equivalents	$	140,885,848
Receivable		5,717,149
Payable		(4,134)
Total restricted assets – passenger facility charges	$	146,598,863

(12) Rental Car Customer Facility Charge

Rental car customer facility charge activity for the year ended June 30, 2022 is as follows:

Restricted assets – rental car customer facility charge beginning of year	$	110,017,610
Rental car customer facility charges during the year		59,962,100
Interest earned on rental care customer facility charges during the year		114,581
Operating and maintenance expenditures during the year		(10,847,978)
Capital expenditures during the year		(35,651,528)
Interest paid on debt service		(24,355,961)
Restricted assets – rental car customer facility charges, end of year	$	99,238,824

Restricted assets – rental car customer facility charges are presented on the statement of net position as of June 30, 2022 as follows:

Cash and cash equivalents	$	1,855,027
Investments		91,995,677
Receivable		5,545,799
Payable		(157,679)
Total restricted assets – rental car customer facility charges	$	99,238,824

(13) Pension Information

(a) Plan Description

All eligible employees of the Airports Division are required by Chapter 88, Hawaii Revised Statutes (HRS), to become members of the ERS, a cost-sharing, multiple-employer public defined-benefit pension plan. The ERS provides retirement, survivor and disability benefits with multiple benefit structures known as the contributory, hybrid and noncontributory. All contributions, benefits and eligibility requirements are established by Chapter 88, HRS, and can be amended by legislative action.

Employees covered by Social Security on June 30, 1984 were given the option of becoming noncontributory members or remain contributory members. All new employees hired after June 30, 1984 and before July 1, 2006, who are covered by Social Security, were generally required to become a noncontributory member. Qualified contributory and noncontributory members were given the option of becoming hybrid members, effective July 1, 2006, or remain in their existing class. Starting July 1, 2006, all new employees covered by Social Security are required to be hybrid members.

(b) Benefits Provided

The three benefit structures provide a monthly retirement allowance equal to the benefit multiplier percentage (1.25% or 2.00%), multiplied by the average final compensation (AFC), multiplied by years of credited service. The benefit multiplier decreased by 0.25% for new hybrid and contributory plan members hired after June 30, 2012. The AFC is the average salary earned during the five highest paid years of service, including the payment of salary in lieu of vacation, or three highest paid years of service, excluding the payment of salary in lieu of vacation, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after this date is based on the three highest paid years of service, excluding the payment of salary in lieu of vacation. For new members hired after June 30, 2012, the AFC is based on the five highest paid years of service excluding the payment of salary in lieu of vacation.

For postretirement increases, every retirees original retirement allowance is increased by 2.5% on each July 1 following the calendar year of retirement. This cumulative benefit is not compounded and increases each year by 2.5% of the original retirement allowance without a ceiling (2.5% of the original retirement allowance the first year, 5.0% the second year, 7.5% the third year, etc.). For new members hired after June 30, 2012, the postretirement annuity increase was decreased to 1.5% per year.

(c) Contributions

The following summarizes the plan provisions relevant to the general employees of the respective classes:

(i) Contributory

Police officers, firefighters, and certain other members that are not covered by Social Security first hired prior to July 1, 2012 contribute 12.2% of their salary and receive a retirement benefit using the benefit multiplier of 2.5% for qualified service, up to a maximum of 80% of AFC. These members may retire at age 55 with five years of credited service or at any age with 25 years of credited service, provided the last five years of credited service is any of the qualified occupations.

Police officers, firefighters, and certain other members that are not covered by Social Security first hired after June 30, 2012 contribute 14.20% of their salary and receive a retirement benefit using the benefit multiplier of 2.25% for qualified service, up to a maximum of 80% of AFC. These members may retire at age 60 with 10 years of credited service or at any age with 25 years of credited service, provided the last five years of credited service is any of the qualified occupations.

All other employees in the contributory class are required to contribute 7.8% of their salary and are fully vested for benefits upon receiving five years of credited service. The Airports Division may also make contributions for these members. Under the contributory class, employees may retire with full benefits at age 55 and five years credited service, or may retire early at any age with at least 25 years of credited service and reduced benefits. The benefit multiplier is 2.0% for employees covered by Social Security.

New employees in the contributory class hired after June 30, 2012 are required to contribute 9.8% of their salary and are fully vested for benefits upon receiving 10 years of credited service. These members may retire with full benefits at age 60 and 10 years of credited service, or may retire at age 55 with 25 years of credited service with reduced benefits. The benefit multiplier is 1.75% for employees covered by Social Security.

(ii) Hybrid

Employees in the hybrid class are required to contribute 6.0% of their salary and are fully vested for benefits upon receiving five years of credited service. The Airports Division may also make contributions for these members. Employees may retire with full benefits at age 62 and 5 years of credited service or at age 55 and 30 years of credited service, or may retire at age 55 and 20 years' service with reduced benefits. The benefit multiplier used to calculate retirement benefits is 2.0%.

New employees in the hybrid class hired after June 30, 2012 are required to contribute 8% of their salary and are fully vested for benefits upon receiving 10 years of credited service. Employees may retire with full benefits at age 65 and 10 years of credited service, or at age 60 with 30 years of credited service, or may retire at age 55 and 20 years of service with reduced benefits. The benefit multiplier is 1.75% for employees covered by Social Security.

(iii) Noncontributory

Employees in the noncontributory class are fully vested upon receiving 10 years of credited service. The Airports Division is required to make all contributions for these members.

Employees may retire with full benefits at age 62 and 10 years of credited service or age 55 and 30 years of credited service or age 55 and 20 years of credited service with reduced benefits. The benefit multiplier used to calculate retirement benefits is 1.25%.

The ERS funding policy provides for periodic employer contributions at actuarially determined rates, expressed as a percentage of annual covered payroll, such that the employer contributions, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate sufficient assets to pay benefits when due. The funding method used to calculate the total employer contribution required is the entry age normal actuarial-cost method. Since July 1, 2005, employer contribution rates are a fixed percentage of compensation, including the normal cost plus amounts to pay for the unfunded actuarial accrued liability. The contribution rates for fiscal year 2022 was 41.00% for police officers and firefighters, and 24.00% for all other employees. Employer rates are set by statute based on the recommendation of the ERS actuary resulting from an experience study conducted every five years.

The required pension contributions by the Airports Division for the year ended June 30, 2022 was $19,967,580. Measurement of assets and actuarial valuations are made for the ERS as a whole and are not separately computed for individual participating employers such as the Airports Division.

(Continued)

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

At June 30, 2022, the Airports Division reported a liability of $147,601,872, for its proportionate share of the net pension liability. The net pension liability at June 30, 2022 was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airports Division's proportion of the net pension liability is determined by a systematic methodology, based on an estimation of covered payroll, utilized by the Department of Accounting and General Services to allocate the State's proportion of the collective net pension liability to the various departments and agencies across the State.

At June 30, 2021, the Airports Division's proportion was 2.59% which was a decrease of 0.04% from its proportion measured as of June 30, 2020.

There were no changes in actuarial assumptions that affected the measurement of the total pension liability since the prior measurement date. There were no changes between the measurement date, June 30, 2021, and the reporting date, June 30, 2022, respectively, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the year ended June 30, 2022, the Airports Division recognized pension expense of $18,073,946. At June 30, 2022, the Airports Division 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
Differences between expected and actual experience	$ 4,755,324	—
Changes in assumptions	—	3,123,181
Net difference between projected and actual earnings on pension plan investments	—	30,558,175
Changes in proportion and differences between Airports: Division contributions and proportionate share of contributions	792,007	828,441
Airports Division contributions subsequent to the measurement date	19,967,580	—
	$ 25,514,911	34,509,797

The $19,967,580 reported as deferred outflows of resources related to pension resulting for the Airports Division contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

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

Year ending June 30:		
2023	$	(6,149,690)
2024		(5,815,115)
2025		(6,978,901)
2026		(10,151,857)
2027		133,097
	$	(28,962,466)

(e) Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Investment rate of return, including inflation at 2.5%	7.0% per year

Projected salary increases, including inflation at 2.50%

Police and fire employees	5.00% to 7.00%
General employees	3.50% to 6.50%
Teacher	3.75% to 5.75%

For the June 30, 2021 actuarial valuations, postretirement mortality rates are based on the 2019 public retirees of Hawaii mortality table, based on generational projections of the BB projection table from the year 2019 and for generational projections for future years.

For the June 30, 2021 actuarial valuation, preretirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

The actuarial assumptions used in the June 30, 2021 valuation were adopted by the ERS Board of Trustees on August 12, 2019 based on the 2018 actuarial experience study for the five year period from July 1, 2013 through June 30, 2018.

The following changes were made to the actuarial assumptions as of June 30, 2018 to June 30, 2019, based on the 2018 actuarial experience study:

- The assumed salary increase schedules include an ultimate component for general wage inflation that may add on additional increases for individual merit (which would include promotions) and then an additional component for step rates based on service. There were no changes for General Employees and Teachers. The overall impact increased for salary rate increase rates received for most Police and Fire over their career due to extending the two year step schedule to 25 years.

- Mortality rates generally decreased due to the continued improvements in using a fully generational approach and Scale BB (published by the Society of Actuaries), although mortality rates increased in certain age groups across all employment groups.

- The rates of disability of active employees increased for all General Employees and Teachers, and for Police and Fire from duty-related reasons.

- There were minor increases in the retirement rates for members in certain groups based on age, employment group and/or membership class.

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

The target allocation and best estimates of geometric real rates of return for the June 30, 2021 actuarial valuation for each major asset class are summarized in the following tables:

Strategic allocation (risk-based classes)	Target allocation	Long-term expected geometric rate of return
June 30, 2021:		
Broad growth:		
Private Equity	13.50 %	9.90 %
Global Equity	20.00	7.30
Low Volatility Equity	4.00	6.50
Global Options	4.00	4.80
Credit	6.00	5.70
Core Real Estate	6.00	5.60
Non-Core Real Estate	4.50	9.30
Timber/Agriculture/Infrastructure	5.00	7.60
Diversifying strategies:		
TIPS	2.00	1.80
Global Macro	4.00	6.10
Reinsurance	4.00	6.00
Alternative Risk Premise	8.00	6.10
Long Treasuries	5.00	2.60
Intermediate Government	4.00	1.40
Systematic Trend Following	10.00	5.50
	100.00 %	

(f) *Discount Rate*

The discount rate used to measure the net pension liability was 7.00%, which was the same discount rate from the valuation completed at June 30, 2020. 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 period of projected benefit payments to determine the total pension liability.

(g) Sensitivity of the Airports Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Airports Division's proportionate share of the net pension liability calculated using the discount rate of 7.00% 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%)
Airports Division's proportionate share of the net pension liability	$	201,465,344	147,601,872	103,194,548

(h) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued ERS annual comprehensive financial report (ACFR). The ERS ACFR can be obtained from: http://ers.ehawaii.gov/resources/financials or from the address below:

Employees' Retirement System of the State of Hawaii
201 Merchant Street, Suite 1400
Honolulu, Hawaii 96813

The State issues an annual comprehensive financial report that includes the required note disclosures and the required supplementary information in accordance with the provisions of GASB Statement No. 68. This report can be obtained from http://ags.hawaii.gov/accounting/annual-financial-reports/.

(14) Postretirement Healthcare and Life Insurance Benefits under GASB Statement No. 75, as of and for the year ended June 30, 2022

(a) Plan Descriptions

The State provides certain health care and life insurance benefits to all qualified employees and retirees. Pursuant to Act 88, SLH 2001, the State contributions to the EUTF, an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees and their dependents. The EUTF issues a publicly available annual financial report that can be obtained at http://eutf.hawaii.gov.

While the EUTF is an agent-multiple employer defined benefit OPEB plan, for purposes of the Airports Division's financial statements, the EUTF is reported as a cost-sharing multiple-employer plan in accordance with the requirements of GASB 75.

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with 10 years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than 10 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 10 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 10 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 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.

At July 1, 2021, the State's plan members covered by benefit terms consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	38,534
Inactive plan members entitled to but not yet receiving benefits	7,539
Active plan members	49,700
Total plan members	95,773

(b) Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Employer contributions to the OPEB plan from the Airports Division were $7,299,757 for the fiscal year ended June 30, 2022. The employer is also required to make all contributions for members, which is charged to salaries, wages and benefits expense.

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

At June 30, 2022 the Airports Division reported a net OPEB liability of $160,997,803 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. Airports Division's proportion of the net OPEB liability was based on Airports Division's contributions to the EUTF for the fiscal year relative to the total contributions of participating employers to the EUTF.

As of July 1, 2021 the Airports Division's proportion was 0.6343%, which was a decrease of 1.4279% from its proportion measured as of July 1, 2020 of 2.0622%.

There were no changes between the measurement date, July 1, 2021, and the reporting date, June 30, 2022, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2022, the Airports Division recognized OPEB expense of approximately $3,569,516. At June 30, 2022, the Airports Division 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
Net difference between projected and actual earnings on OPEB plan investments	$	—	217,414
Differences between expected and actual experience		—	15,195,490
Change in assumptions		1,731,517	958,650
Airports Division contributions subsequent to the measurement date		7,299,757	—
	$	9,031,274	16,371,554

The $7,299,757 reported as deferred outflows of resources related to OPEB resulting from the Airports Division contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023.

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

Year ending June 30:		
2023	$	(3,390,682)
2024		(3,370,841)
2025		(3,259,922)
2026		(3,869,717)
2027		(746,838)
Thereafter		(2,037)
	$	(14,640,037)

(d) Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions adopted by the Board of Trustees of the EUTF on January 13, 2020, based on the experience study covering the five year period ended June 30, 2018:

Inflation	2.5%
Payroll growth rate	3.5%–7.0%
Discount rate	7.0%
Investment rate of return, including inflation at 2.5%	7.0% per year

Healthcare Cost Trend Rates

July 1, 2021:	
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 and Base Monthly Contribution (BMC)	Initial rates of 5.00%; declining to a rate of 4.70% after 9 years
Dental	4.00%
Vision	2.50%
Life Insurance	0.00
Participation rates	98% healthcare participation assumption for retirees that receive 100% o f 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.

* Blended rates for medical and prescription drug

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 for the July 1, 2021 actuarial valuations are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
July 1, 2021:		
Non-U.S. equity	11.50 %	7.12 %
U.S. equity	16.00	6.09
Private equity	12.50	10.19
Core real estate	10.00	6.16
Trend following	10.00	2.01
U.S. microcap	6.00	7.62
Global options	5.00	4.33
Private credit	8.00	5.83
Long treasuries	6.00	1.06
Reinsurance	5.00	4.44
Alternative risk premia	5.00	1.46
TIPS	5.00	(0.07)
	100.00 %	

(e) 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. In July 2020, the Governor's office issued the Tenth Proclamation related to the COVID-19 Emergency, allowing employers of the EUTF to suspend Act 268 contributions for the fiscal year ending June 30, 2021 and instead limit their contribution amounts to the OPEB benefits due. This temporary Act 268 suspension would not derail the plan's long-term funding progress. Even if Act 268 is suspended through fiscal year ending June 30, 2025, as is being discussed, the OPEB plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Act 229, Session Laws of Hawaii 2021, suspends the contribution requirement for fiscal years 2022 and 2023. The State has made its full Annual Required Contribution in fiscal year 2022 and intends to make contributions for fiscal year 2023. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(f) 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 http://eutf.hawaii.gov.

(g) Sensitivity of Airports Division's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following table presents the Airports Division's proportionate share of the net OPEB liability calculated using the discount rate of 7.00%, as well as what the Airports Division's proportionate share of the 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%)
Airports Division's proportionate share of the net OPEB liability	$	199,145,729	160,997,803	130,898,679

The following table presents the Airports Division's proportionate share of the net OPEB liability calculated using the assumed healthcare cost trend rates, as well as what the Airports Division's proportionate share of the net OPEB liability would be if it were calculated using the trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

		1% Decrease	Current trend rates	1% Increase
Airports Division's proportionate share of the net OPEB liability	$	129,273,815	160,997,803	201,975,839

(15) Transactions with Other Government Agencies

The State assesses a surcharge of 5% for central service expenses on all receipts of the Airports Division, after deducting any amounts pledged, charged, or encumbered, for the payment of bonds and interest during the year. The assessments amounted to $17,040,611 in fiscal year 2022.

The Airports Division is assessed a percentage of the cost of the general administration expenses of the DOT. The assessments amounted to $11,481,991 in fiscal year 2022. During fiscal year 2022, the Airports Division received assessment refunds from the DOT amounting to $1,606,882, which is recorded as a receivable due from State of Hawaii at year-end. Such refunds reduced operating expenses in the accompanying statement of revenue, expenses and changes in net position.

During fiscal year 2022, revenue received from other state agencies totaled $13,450,068 and expenditures to other state agencies totaled $12,143,784. The revenue received relates to various rental agreements that the Airports Division has with the State of Hawaii. The expenses paid relate to various items including security, salary and insurance.

At June 30, 2022, the Airports Division had a receivable due from state agencies for $3,965,797. The receivable includes an assessment refund and rental revenue outstanding at year-end.

(16) Commitments

(a) Sick Pay

Accumulated sick leave at June 30, 2022 was $27,434,834. Sick leave accumulates at the rate of 14 or 20 hours per month of service without limit, depending on the employee’s job classification, but can be taken only in the event of illness and is not convertible to pay upon termination of employment.

Accordingly, no liability for sick pay is recorded. However, an Airports Division employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit with the ERS.

(b) Deferred Compensation Plan

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

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 investment of funds and assets in the plan, but does have 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 accompanying financial statements.

(c) Pledged Future Revenue

In accordance with the Certificate, the Airports Division has pledged future revenue net of operation, maintenance and repair expenses, and certain adjustments (net revenue and taxes available for debt service) to repay $1,738,645,000 in revenue bonds issued in 2011, 2015, 2018, 2020, and 2022 and payable through 2052. The total debt service remaining to be paid on the revenue bonds for the Airports Division is $3,073,061,180. In fiscal year 2022, total debt service paid, exclusive of amounts refunded, and net revenue and taxes available for debt service for the Airports Division was $67,899,043 and $96,474,681, respectively. See also note 6 for further discussion on the revenue bonds.

(d) Other

At June 30, 2022, the Airports Division has commitments totaling $678,812,639 for construction and service contracts.

(17) Risk Management

The Airports Division is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; natural disasters; and injuries to employees. The Airports Division generally addresses these risks through commercial insurance policies. Settled claims have not exceeded this commercial coverage in any of the past three years.

(a) Torts

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

(b) Property and Liability Insurance

The Airports Division is covered by commercial general liability policies with a $750 million limit per occurrence. These commercial general liability policies have no deductible and cover bodily injuries and property damage for occurrences arising out of the ownership, operation, and maintenance of state airports.

The Airports Division is covered under the State of Hawaii Statewide Insurance Program for Property, Auto and Crime Insurance.

(c) Workers' Compensation

The State is self-insured for workers' compensation. Accordingly, the Airports Division is liable for all workers' compensation claims filed by its employees. Liabilities for workers' compensation claims are established if information indicates that it is probable that liabilities have been incurred and the amount of those claims can be reasonably estimated. The basis for estimating the liabilities for unpaid claims includes the effects of specific incremental claim adjustment expenses, salvage, and subrogation, and other allocated or unallocated claim adjustment expenses. These liabilities include an amount for claims that have been incurred but not reported. At June 30, 2022, the workers compensation reserve was $6,934,962, of which $2,208,826 is included in current liabilities (payable from unrestricted net assets), and $4,726,136 is included in long-term liabilities in the accompanying statement of net position. In the opinion of management, the Airports Division has adequately reserved for such claims.

The change in claims payable for June 30, 2022, including an estimate of incurred but not reported claims, is as follows:

Beginning balance – July 1	$	6,934,962
Current year claims and changes in estimates		2,127,896
Claims settled		(2,127,896)
Ending balance – June 30	$	6,934,962

(18) Contingent Liabilities and Other

(a) Litigation

The State is subject to a number of lawsuits arising in the ordinary course of its airport operations. While the ultimate liabilities, if any, in the disposition of these matters are presently difficult to estimate, it is management’s belief that the outcomes are not likely to have a material adverse effect on the Airports Division’s financial position. In addition, the State has not determined whether the ultimate liabilities, if any, will be imposed on the Airports Division. Accordingly, no provisions for any liabilities that might result have been made in the accompanying financial statements.

(b) Arbitrage

In compliance with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended, the Airports Division is required to calculate rebates due to the U.S. Treasury on the airports system revenue bonds issued since 1986. Rebates are calculated by bond series based on the amount by which the cumulative amount of investment income exceeds the amount that would have been earned had funds been invested at the bond yield. In the opinion of management, rebates payable as of June 30, 2022, if any, are not material to the financial statements. Accordingly, no rebates payable have been recorded in the accompanying financial statements.

(c) Asserted Claims

In fiscal year 2022, there were no changes to the PAUCF. In fiscal year 2022, there was an overpayment from the signatory airlines resulting in a prepaid airport use charge payable at June 30, 2022 of $2,856,249.

(19) Subsequent Events

The Airports Division has evaluated subsequent events from the balance sheet date through December 22, 2022, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

SUPPLEMENTARY INFORMATION

Schedule 1

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Operating Revenues and Operating Expenses Other than Depreciation

Year ended June 30, 2022

			Airports					
	Totals	Statewide	Daniel K. Inouye International	Hilo International	Ellison Onizuka Kona International at Keahole	Kahului	Lihue	All others
Operating revenue:								
Concession fees:								
Duty free	$ 950,577	—	950,577	—	—	—	—	—
Retail	5,130,341	—	4,847,280	—	—	283,061	—	—
Airport parking	27,107,114	—	16,729,383	951,086	2,755,670	4,543,685	2,127,290	—
Car rental	113,392,492	—	29,389,504	2,509,922	18,951,552	41,066,327	21,173,740	301,447
Food and beverage	7,202,125	—	3,931,762	58,457	632,790	1,733,168	845,348	600
Other concessions	14,919,014	—	6,882,504	126,236	1,831,307	4,788,419	1,281,159	9,389
Total concession fees	168,701,663	—	62,731,010	3,645,701	24,171,319	52,414,660	25,427,537	311,436
Airport landing fees	81,184,120	—	46,484,466	1,595,302	8,313,651	17,895,866	6,571,050	323,785
Aeronautical rentals:								
Nonexclusive joint-use premise charges	76,818,959	—	58,244,028	1,795,439	4,781,689	8,180,295	3,817,508	—
Exclusive-use premise charges	75,204,821	—	53,910,009	2,009,144	3,500,833	10,256,483	3,633,537	1,894,815
Nonaeronautical rentals	27,177,174	—	16,759,407	378,103	3,696,722	5,062,245	1,259,346	21,351
Aviation fuel tax	3,118,711	—	1,250,299	—	517,093	1,053,104	298,215	—
Miscellaneous	9,849,529	3,840,338	3,155,913	51,202	713,761	821,205	646,422	620,688
	442,054,977	3,840,338	242,535,132	9,474,891	45,695,068	95,683,858	41,653,615	3,172,075
Allocation of statewide miscellaneous revenue (note 1)	—	(3,840,338)	2,016,874	32,722	456,148	524,813	413,113	396,668
Net operating revenue	$ 442,054,977	—	244,552,006	9,507,613	46,151,216	96,208,671	42,066,728	3,568,743
Operating expenses other than depreciation:								
Salaries and wages	$ 105,997,915	5,904,494	47,614,233	7,559,328	8,500,387	14,397,544	11,145,077	10,876,852
Other personnel services	107,041,759	13,217,288	59,960,459	5,480,779	5,506,144	12,178,962	6,466,221	4,231,906
Repairs and maintenance	43,934,537	20,602,717	15,875,221	892,183	907,524	4,034,221	842,852	779,819
Utilities	43,593,856	6,793	28,491,398	1,389,065	3,095,894	7,301,767	2,569,140	739,799
Special maintenance	13,642,916	9,779,797	1,965,688	31,688	—	1,164,530	8,768	692,445
State of Hawaii surcharge on gross receipts (note 2)	17,040,611	17,040,611	—	—	—	—	—	—
Department of Transportation general administration expenses	11,481,991	11,481,991	—	—	—	—	—	—
Materials and supplies	12,540,635	5,152,990	3,305,406	520,296	640,896	2,133,591	560,571	226,885
Insurance	3,165,187	3,165,187	—	—	—	—	—	—
Workers' compensation and other insurance claims	2,082,041	64,105	1,266,624	118,460	203,266	247,261	83,011	99,314
Miscellaneous	2,957,156	787,695	1,056,649	198,665	308,396	328,923	151,275	125,553
	363,478,604	87,203,668	159,535,678	16,190,464	19,162,507	41,786,799	21,826,915	17,772,573
Allocation of statewide expenses (note 3)	—	(87,203,668)	50,354,995	5,110,510	6,048,633	13,189,976	6,889,652	5,609,902
Total operating expenses other than depreciation for statement of revenue, expenses and changes in net position	$ 363,478,604	—	209,890,673	21,300,974	25,211,140	54,976,775	28,716,567	23,382,475

Notes:
(1) Statewide miscellaneous revenue is allocated to the airports based upon their respective current year miscellaneous revenue to total current year miscellaneous revenue for all airports.
(2) State of Hawaii surcharge on gross receipts consists of transfers to the State General Fund to defray central service expenses as required by HRS Section 36-28.5.
(3) Statewide expenses are allocated to the airports based upon their respective current year operating expenses to total current year operating expenses for all airports.

See accompanying independent auditors’ report.

Schedule 2

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Calculations of Net Revenue and Taxes and Debt Service Requirement

Year ended June 30, 2022

Net revenue and taxes:	
Concession fees	$ 168,701,663
Airport landing fees	81,184,120
Aeronautical rentals:	
Nonexclusive joint-use premise charges	76,818,959
Exclusive-use premise charges	75,204,821
Nonaeronautical rentals	27,177,174
Aviation fuel tax	3,118,711
Airport system support charges	—
Interest income, exclusive of interest on investments in direct financing leases and including interest income of $1,663,711 on capital improvement projects	12,718,446
Federal operating grants	93,763,270
Miscellaneous	9,849,529
Subtotal	548,536,693
Deductions:	
Operating expenses other than depreciation (Schedule 1)	363,478,604
Less: operating expenses for Special Facility (note 3)	(10,721,540)
Non-cash pension and OPEB expenses (note 4)	5,623,875
Less: Operating expenses paid from major maintenance, renewal and replacement account	—
Annual reserve required on major maintenance, renewal and replacement account	195,398
Total deductions	358,576,337
Net revenue and taxes	189,960,356
Add funded coverage per bond certificate	26,864,977
Adjusted net revenue and taxes	216,825,333
Debt service requirement:	
Airports system revenue bonds:	
Principal	445,000
Interest (note 1)	61,836,152
Total debt service	62,281,152
Less funds deposited into the Airport Revenue Fund for credit to interest account (note 2)	(11,711,818)
Total debt service requirement	50,569,334
Debt service coverage percentage	125%
Total debt service with coverage requirement	63,211,668
Excess of net revenue and taxes over debt service requirement	$ 153,613,666

Notes:

(1) For purposes of calculating the debt service requirement, interest payments for airports system revenue bonds exclude the amortization of the deferred loss on refunding and original issue discount and premium, which are reported as interest expense for financial statement reporting purposes, and amounts from the Series 2020 and 2022 bond proceeds used to pay interest on the Series 2020 and 2022 bonds until the projects funded by the Series 2020 and 2022 bonds are in service.

(2) Pursuant to the provisions in Section 6.01 of the Certificate and Hawaii Revised Statutes Section 261-5.5, the Airports Division transferred $11,711,818 of Passenger Facility Charge revenue into the Airport Revenue Fund for credit to the interest account for Passenger Facility Charge eligible debt service. The transfer is approved by the Federal Aviation Administration.

(3) Pursuant to the provisions in Article XI of the Certificate, operating expenses related to Special Facility, such as the consolidated rental car facility, are excluded from the debt service requirement calculation.

(4) Pursuant to the amendment of the definition "Costs of Operation, Maintenance and Repair" in the 32nd Supplemental Certificate, certain expenses including "any amount of pension and other post-retirement benefits expenses that exceed the amount that the Department deposits to the State funds for the proportional share related to the Undertaking" shall be excluded.

See accompanying independent auditors' report.

Schedule 3

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Summary of Debt Service Requirements to Maturity – Airports System Revenue Bonds

Year ended June 30, 2022

	Annual principal and interest requirements		
	Airports system revenue bonds		
	Principal	Interest	Total
Year ending June 30:			
2023	$ 445,000	76,273,687	76,718,687
2024	33,650,000	76,556,155	110,206,155
2025	37,665,000	74,903,068	112,568,068
2026	43,410,000	73,463,577	116,873,577
2027	44,660,000	72,137,985	116,797,985
2028	46,065,000	70,689,602	116,754,602
2029	47,560,000	69,124,942	116,684,942
2030	49,195,000	67,303,029	116,498,029
2031	51,200,000	65,201,861	116,401,861
2032	53,395,000	62,770,215	116,165,215
2033	56,065,000	60,033,715	116,098,715
2034	58,870,000	57,160,340	116,030,340
2035	61,810,000	54,143,340	115,953,340
2036	64,900,000	51,239,065	116,139,065
2037	55,940,000	48,654,040	104,594,040
2038	58,390,000	46,147,740	104,537,740
2039	60,950,000	43,530,290	104,480,290
2040	63,625,000	40,846,440	104,471,440
2041	66,320,000	37,908,265	104,228,265
2042	69,505,000	34,648,340	104,153,340
2043	72,840,000	31,174,715	104,014,715
2044	76,450,000	27,485,465	103,935,465
2045	80,220,000	23,624,215	103,844,215
2046	84,170,000	19,580,395	103,750,395
2047	66,305,000	16,010,292	82,315,292
2048	69,315,000	12,933,579	82,248,579
2049	72,460,000	9,702,736	82,162,736
2050	75,775,000	6,623,954	82,398,954
2051	78,615,000	3,573,255	82,188,255
2052	38,875,000	971,875	39,846,875
Total	$ 1,738,645,000	1,334,416,180	3,073,061,180

See accompanying independent auditors’ report.

Schedule 4

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Debt Service Requirements to Maturity – Airports System Revenue Bonds

Year ended June 30, 2022

	New Issue Series 2015A, 4.125% to 5.25%	New Issue Series 2015B, 4.00%	New Issue Series 2018A, 5.00%	New Issue Series 2018B, 3.00% to 5.00%	Refunding Series 2018C, 3.58%	Refunding Series 2018D, 5.00%	New Issue Series 2020A, 4.00% to 5.00%	New Issue Series 2020B, 3.48%	New Issue Series 2020C, 5.00%	Refunding Series 2020D, 4.00% to 5.00%	Refunding Series 2020E, 1.392% to 2.330%	Refunding Series 2022A 4.00% to 5.00%	Refunding Series 2022B, 5.00%	Total	Interest	Total requirements
Year ending June 30:																
2023	—	—	—	—	445,000	—	—	—	—	—	—	—	—	445,000	76,273,687	76,718,687
2024	—	—	—	—	465,000	—	—	—	—	—	—	—	33,185,000	33,650,000	76,556,155	110,206,155
2025	—	—	—	—	17,815,000	—	—	—	—	—	—	—	19,850,000	37,665,000	74,903,068	112,568,068
2026	—	—	—	8,305,000	16,805,000	—	—	—	—	—	18,300,000	—	—	43,410,000	73,463,577	116,873,577
2027	—	—	—	8,695,000	19,015,000	—	—	—	—	—	16,950,000	—	—	44,660,000	72,137,985	116,797,985
2028	—	—	—	9,125,000	18,095,000	—	—	—	—	1,725,000	17,120,000	—	—	46,065,000	70,689,602	116,754,602
2029	—	—	9,800,000	—	20,105,000	—	—	—	—	1,715,000	15,940,000	—	—	47,560,000	69,124,942	116,684,942
2030	—	—	10,750,000	—	—	20,185,000	—	—	—	1,980,000	16,280,000	—	—	49,195,000	67,303,029	116,498,029
2031	—	—	11,280,000	—	—	21,935,000	2,920,000	—	—	1,340,000	13,725,000	—	—	51,200,000	65,201,861	116,401,861
2032	—	—	11,840,000	—	—	23,210,000	17,110,000	—	—	1,235,000	—	—	—	53,395,000	62,770,215	116,165,215
2033	—	—	12,435,000	—	—	24,365,000	17,965,000	—	—	1,300,000	—	—	—	56,065,000	60,033,715	116,098,715
2034	—	—	13,050,000	—	—	25,590,000	18,865,000	—	—	1,365,000	—	—	—	58,870,000	57,160,340	116,030,340
2035	—	—	13,710,000	—	—	26,865,000	19,805,000	—	—	1,430,000	—	—	—	61,810,000	54,143,340	115,953,340
2036	—	—	12,205,000	—	—	—	20,795,000	—	—	31,900,000	—	—	—	64,900,000	51,239,065	116,139,065
2037	—	—	12,820,000	—	—	—	1,330,000	—	—	33,170,000	—	8,620,000	—	55,940,000	48,654,040	104,594,040
2038	—	—	13,450,000	—	—	—	1,385,000	—	—	34,505,000	—	9,050,000	—	58,390,000	46,147,740	104,537,740
2039	—	—	14,130,000	—	—	—	1,440,000	—	—	35,880,000	—	9,500,000	—	60,950,000	43,530,290	104,480,290
2040	—	—	14,840,000	—	—	—	1,500,000	—	—	37,310,000	—	9,975,000	—	63,625,000	40,846,440	104,471,440
2041	34,570,000	1,375,000	18,445,000	—	—	—	1,555,000	—	—	—	—	10,375,000	—	66,320,000	37,908,265	104,228,265
2042	36,295,000	1,430,000	19,375,000	—	—	—	1,610,000	—	—	—	—	10,795,000	—	69,505,000	34,648,340	104,153,340
2043	38,110,000	1,490,000	20,340,000	—	—	—	1,675,000	—	—	—	—	11,225,000	—	72,840,000	31,174,715	104,014,715
2044	40,020,000	1,545,000	21,355,000	—	—	—	1,745,000	—	—	—	—	11,785,000	—	76,450,000	27,485,465	103,935,465
2045	42,020,000	1,610,000	22,420,000	—	—	—	1,815,000	—	—	—	—	12,355,000	—	80,220,000	23,624,215	103,844,215
2046	44,120,000	1,675,000	23,540,000	—	—	—	1,625,000	265,000	—	—	—	12,945,000	—	84,170,000	19,580,395	103,750,395
2047	—	—	35,775,000	—	—	—	—	18,960,000	—	—	—	11,570,000	—	66,305,000	16,010,292	82,315,292
2048	—	—	37,560,000	—	—	—	—	19,620,000	—	—	—	12,135,000	—	69,315,000	12,933,579	82,248,579
2049	—	—	39,440,000	—	—	—	—	20,305,000	—	—	—	12,715,000	—	72,460,000	9,702,736	82,162,736
2050	—	—	—	—	—	—	—	62,425,000	—	—	—	13,350,000	—	75,775,000	6,623,954	82,398,954
2051	—	—	—	—	—	—	—	44,310,000	20,295,000	—	—	14,010,000	—	78,615,000	3,573,255	82,188,255
2052	—	—	—	—	—	—	—	—	—	—	—	38,875,000	—	38,875,000	971,875	39,846,875
	$ 235,135,000	9,125,000	388,560,000	26,125,000	92,745,000	142,150,000	113,140,000	165,885,000	20,295,000	184,855,000	98,315,000	209,280,000	53,035,000	1,738,645,000	1,334,416,180	3,073,061,180

See accompanying independent auditors' report.

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Airports System Charges – Fiscal year 2008 Lease Extension

Year ended June 30, 2022

	Airline Activity (Unaudited)			Airports System Charges													
						Nonexclusive Joint-use Premise Charges											
	Approved Maximum Revenue Landing Weights (1,000-pound units)	Revenue Passenger Landings	Deplaning International Passengers	Airports Landing Fees	Airports System Support Charges	Joint-use Charges – Overseas Baggage	Joint-use Charges – Overseas Holdroom	Joint-use Charges – Overseas Baggage Make Up	Joint-use Charges – Overseas	Joint-use Charges – Interisland Baggage	Joint-use Charges – Interisland Holdroom	Joint-use Charges – Commuter Baggage	Joint-use Charges – Commuter Holdroom	International Arrivals Building Charges	Preferential Use	Exclusive Use Premise Charges – Terminal Space	Total
Signatory airlines:																	
AEKO KULA, INC.	1,064,764	—	—	$ 2,555,434	—	—	—	—	—	—	—	—	—	—	—	94,765	2,650,199
AIR CANADA	213,336	846	—	1,108,101	—	359,527	240,607	93,022	—	—	—	—	—	—	—	333,230	2,134,487
AIR NEW ZEALAND LTD.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AIR PACIFIC, LTD.	3,209	21	1,526	15,370	—	—	3,405	2,255	—	—	—	—	—	18,312	—	—	39,342
AIRASIA X BERHAD	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ALASKA AIRLINES, INC.	1,483,819	9,940	—	7,107,492	—	4,063,998	2,628,853	804,356	—	—	—	—	—	—	—	907,853	15,512,552
ALL NIPPON AIRWAYS CO., LTD.	112,585	165	14,780	539,281	—	—	35,471	23,495	—	—	—	—	—	177,360	—	1,695,038	2,470,645
AMERICAN AIRLINES, INC.	1,671,398	6,663	—	8,005,997	—	3,897,524	2,535,990	952,260	—	—	—	—	—	—	—	1,731,893	17,123,664
ATLAS AIR INC.	529,916	11	—	2,490,827	—	—	—	—	—	—	—	—	—	—	—	—	2,490,827
ASIANA AIRLINES, INC.	17,992	43	8,528	86,181	—	—	22,213	14,713	—	—	—	—	—	102,336	—	96,723	322,166
CHINA AIRLINES, LTD.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
CONTINENTAL AIRLINES, INC.	31,946	268	—	200,454	—	81,364	159,259	—	—	—	—	—	—	—	—	667,002	1,108,079
DELTA AIR LINES, INC.	1,344,856	5,051	101	6,441,862	—	3,656,318	2,161,302	970,715	—	—	—	—	—	1,212	—	3,661,327	16,892,736
FEDERAL EXPRESS CORPORATION	946,621	—	—	4,534,317	—	—	—	—	—	—	—	—	—	—	—	6,605	4,540,922
HAWAIIAN AIRLINES, INC.	9,401,748	60,743	65,653	31,163,513	—	—	5,251,335	—	—	15,745,465	7,569,784	—	—	901,764	—	13,665,494	74,297,355
JAPAN AIRLINES INTERNATIONAL CO., LTD.	184,610	321	30,468	884,282	—	—	80,984	53,640	—	—	—	—	—	365,616	—	1,734,531	3,119,053
JETSTAR AIRWAYS PTY LIMITED	32,540	82	20,744	155,868	—	—	49,657	32,890	—	—	—	—	—	248,928	—	—	487,343
JIN AIR CO., LTD.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	45,337	45,337
KALITTA AIR, L.L.C.	270,366	—	—	1,262,262	—	—	—	—	—	—	—	—	—	—	—	—	1,262,262
KOREAN AIRLINES COMPANY, LTD.	75,700	126	21,871	362,603	—	—	53,580	35,489	—	—	—	—	—	262,452	—	435,780	1,149,904
MOKULELE FLIGHT SERVICE, INC.	304,037	45,837	—	729,688	—	—	—	—	—	—	—	—	—	—	—	—	729,688
NORTHERN AIR CARGO, LLC	155,176	1	—	796,941	—	—	—	—	—	—	—	—	—	—	—	—	796,941
PHILIPPINE AIRLINES, INC.	48,627	95	17,297	232,923	—	—	53,256	35,274	—	—	—	—	—	207,564	—	191,107	720,124
POLAR AIR CARGO, LLC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
QANTAS AIRWAYS LIMITED	219,374	87	17,807	1,050,598	—	—	34,995	23,179	—	—	—	—	—	213,684	—	693,359	2,015,815
SOUTHWEST AIRLINES CO.	3,896,040	26,226	—	13,716,385	—	8,546,721	3,146,430	1,964,555	—	—	1,898,124	—	—	—	—	2,216,157	31,488,372
SUN COUNTRY, INC.	14,337	98	—	68,676	—	73,520	37,741	24,998	—	—	—	—	—	—	—	67,279	272,214
UNITED AIRLINES, INC.	3,778,039	12,834	109,072	18,170,413	—	7,803,600	4,989,404	2,096,171	—	—	—	—	—	1,220,723	—	6,099,282	40,379,593
UNITED PARCEL SERVICE CO.	1,535,748		—	6,409,293	—	—	—	—	—	—	—	—	—	—	—	38,729	6,448,022
WESTJET	230,761	1,132	—	1,105,343	—	382,939	275,514	76,304	—	—	—	—	—	—	—	177,095	2,017,195
Total Signatory Airlines	27,567,545	170,590	307,847	109,194,104	—	28,865,511	21,759,996	7,203,316	—	15,745,465	9,467,908	—	—	3,719,951	—	34,558,586	230,514,837
Nonsignatory airlines	1,477,376	335	5,938	3,930,297	—	15,424	24,210	18,218	—	—	—	—	—	88,361	—	1,069,645	5,146,155
Total airports system charges billed	29,044,921	170,925	313,785	113,124,401	—	28,880,935	21,784,206	7,221,534	—	15,745,465	9,467,908	—	—	3,808,312	—	35,628,231	235,660,992
Signatory airlines requirements				79,363,061	—	19,916,302	17,888,378	8,223,208	—	11,227,448	7,884,864	—	—	11,532,547	—	36,081,892	192,117,700
Nonsignatory airlines requirements				—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fiscal year 2022 overpayment				$ 29,831,043	—	8,949,209	3,871,618	(1,019,892)	—	4,518,017	1,583,044	—	—	(7,812,596)	—	(1,523,306)	38,397,137

Note: Certain other aeronatical rentals revenue are not included in the airports system rates and charges under the Airport Airline Lease Agreement. Those aeronautical rentals revenue for the year ended June 30, 2022 were as follows:

Signatory airlines	$ 16,776,446
Nonsignatory airlines	21,295,790
	$ 38,072,236

See accompanying independent auditors' report.

Schedule 6

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Summary of Billed Airport Landing Fees

Year ended June 30, 2022

		Signatory airlines	Nonsignatory airlines	Total
Gross airport landing fees billed	$	109,194,104	3,930,297	113,124,401
Less aviation fuel tax credit		(1,971,358)	(137,881)	(2,109,239)
Net airport landing fees billed	$	107,222,746	3,792,416	111,015,162

See accompanying independent auditors' report.

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Approved Maximum Revenue Landing Weights and Airport Landing Fees – Signatory Airlines

Year ended June 30, 2022

	Approved Maximum Revenue Landing Weights (Unaudited) (1,000-pount units)				Daniel K. Inouye International and Hilo International Airport					All Other Airports			
					Gross Airport Landing Fees								
	Daniel K. Inouye International Airport	Hilo International Airport	All Other Airports	Total	Daniel K. Inouye International Airport	Hilo International Airport	Total	Aviation Fuel Tax Credit	Adjusted Airport Landing Fees	Gross Airport Landing Fees	Aviation Fuel Tax Credit	Adjusted Airport Landing Fees	Total Adjusted Airport Landing Fees Billed
Aeko Kula, Inc.	441,612	132,240	490,912	1,064,764	$ 1,059,869	317,377	1,377,246	—	1,377,246	1,178,188	—	1,178,188	2,555,434
Air Canada	110,228	—	121,108	231,336	527,993	—	527,993	—	527,993	580,108	—	580,108	1,108,101
Air Pacific, Ltd.	3,209	—	—	3,209	15,370	—	15,370	—	15,370	—	—	—	15,370
Alaska Airlines, Inc.	518,306	—	965,513	1,483,819	2,482,684	—	2,482,684	(290,851)	2,191,833	4,624,808	—	4,624,808	6,816,641
All Nippon Airways Co., Ltd.	112,585	—	—	112,585	539,281	—	539,281	—	539,281	—	—	—	539,281
American Airlines, Inc.	777,674	—	893,724	1,671,398	3,725,059	—	3,725,059	(200,069)	3,524,990	4,280,938	—	4,280,938	7,805,928
Asiana Airlines, Inc.	17,992	—	—	17,992	86,181	—	86,181	—	86,181	—	—	—	86,181
Atlas Air Inc.	298,072	—	231,844	529,916	1,425,442	—	1,425,442	—	1,425,442	1,065,386	—	1,065,386	2,490,828
Continental Airlines, Inc.	—	31,946	—	31,946	—	200,454	200,454	—	200,454	—	—	—	200,454
Delta Air Lines, Inc.	818,553	—	526,303	1,344,856	3,920,867	—	3,920,867	(137,792)	3,783,075	2,520,994	—	2,520,994	6,304,069
Federal Express Corporation	946,621	—	—	946,621	4,534,317	—	4,534,317	—	4,534,317	—	—	—	4,534,317
Hawaiian Airlines, Inc.	5,099,684	440,271	3,861,793	9,401,748	18,358,650	1,056,651	19,415,301	(1,060,759)	18,354,542	11,748,212	—	11,748,212	30,102,754
Japan Airlines International Co., Ltd.	184,610	—	—	184,610	884,282	—	884,282	—	884,282	—	—	—	884,282
Jetstar Airways Pty Limited	32,540	—	—	32,540	155,868	—	155,868	—	155,868	—	—	—	155,868
Kalitta Air, LLC	256,646	—	13,720	270,366	1,229,334	—	1,229,334	—	1,229,334	32,928	—	32,928	1,262,262
Korean Airlines Company, Ltd.	75,700	—	—	75,700	362,603	—	362,603	—	362,603	—	—	—	362,603
Mokulele Flight Services, Inc.	89,845	10,362	203,830	304,037	215,628	24,868	240,496	(11,540)	228,956	489,192	—	489,192	718,148
Northern Air Cargo, LLC	155,176	—	—	155,176	796,941	—	796,941	—	796,941	—	—	—	796,941
Philippine Airlines, Inc.	48,627	—	—	48,627	232,923	—	232,923	—	232,923	—	—	—	232,923
Qantas Airways, Ltd.	219,374	—	—	219,374	1,050,598	—	1,050,598	—	1,050,598	—	—	—	1,050,598
Southwest Airlines, Co.	1,695,232	213,022	1,987,786	3,896,040	5,796,431	511,253	6,307,684	—	6,307,684	7,408,701	—	7,408,701	13,716,385
Sun Country Inc.	14,337	—	—	14,337	68,676	—	68,676	—	68,676	—	—	—	68,676
United Airlines, Inc.	2,177,450	—	1,600,589	3,778,039	10,430,088	—	10,430,088	(265,788)	10,164,300	7,740,325	—	7,740,325	17,904,625
United Parcel Service Co.	1,198,443	—	337,305	1,535,748	5,409,716	—	5,409,716	—	5,409,716	999,577	(4,559)	995,018	6,404,734
WestJet	62,502	—	168,259	230,761	299,385	—	299,385	—	299,385	805,958	—	805,958	1,105,343
Total	15,355,018	827,841	11,402,686	27,585,545	$ 63,608,186	2,110,603	65,718,789	(1,966,799)	63,751,990	43,475,315	(4,559)	43,470,756	107,222,746

Summary of revenue landing weights:	
Overseas	17,937,633
Interisland	9,647,912
	27,585,545

Aviation fuel tax credits of $3,118,711 was paid by the users for the year ended June 30, 2022. Users can claim a credit for aviation fuel taxes paid up to six months after payment.
Aviation fuel tax of $2,109,239 was credited against airport landing fees in accordance with Article V.E. of the Airport Airline Lease agreement as follows:

Signatory airlines	$ 1,971,358
Nonsignatory airlines	137,881
	$ 2,109,239

Note: The above schedule presents airport landing fees billed to signatory airlines for the year ended June 30, 2022.

See accompanying independent auditors' report.

Schedule 8

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Approved Maximum Revenue Landing Weights and Airport Landing Fees – Nonsignatory Airlines

Year ended June 30, 2022

	Approved Maximum Revenue Landing Weights (Unaudited) (1,000-pount units)				Daniel K. Inouye International and Hilo International Airport					All Other Airports			
					Gross Airport Landing Fees								
	Daniel K. Inouye International Airport	Hilo International Airport	All Other Airports	Total	Daniel K. Inouye International Airport	Hilo International Airport	Total	Aviation Fuel Tax Credit	Adjusted Airport Landing Fees	Gross Airport Landing Fees	Aviation Fuel Tax Credit	Adjusted Airport Landing Fees	Total Adjusted Airport Landing Fees Billed
808 Airmen LLC	—	—	—	—	$ —	—	—	—	—	—	—	—	—
Aero Micronesia, Inc.	87,150	—	420	87,570	518,196	—	518,196	—	518,196	3,774	—	3,774	521,970
Air Service Hawaii, Inc.	65,908	1,426	120,837	188,171	158,623	2,394	161,017	(104,081)	56,936	262,244	—	262,244	319,180
Air Japan Co, Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—
Air Transport International LLC	108,345	—	73,630	181,975	508,925	—	508,925	(6,543)	502,382	359,124	474	359,598	861,980
Air Ventures Hawaii, LLC	—	—	—	—	—	—	—	—	—	3,281	—	3,281	3,281
Airasia x Berhad	—	—	3,860	3,860	—	—	—	—	—	—	—	—	—
Airborne Aviation Inc.	—	—	4,953	4,953	—	—	—	—	—	4,210	—	4,210	4,210
Alexair, Inc.	43	—	21,999	22,042	35	—	35	—	35	18,699	—	18,699	18,734
Aloha Helicopter Tours LLC	—	—	2,135	2,135	—	—	—	—	—	1,815	—	1,815	1,815
Alika Aviation, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Aris, Inc.	—	—	40,290	40,290	—	—	—	—	—	34,247	(3,234)	31,013	31,013
Atlas Air Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Big Island Air, Inc.	—	—	643	643	—	—	—	—	—	547	—	547	547
Bradley Pacific Aviation, Inc.	42,175	1,258	143,183	186,616	113,297	3,263	116,560	—	116,560	473,351	—	473,351	589,911
Castle & Cooke Homes Hawaii, Inc.	25,796	—	—	25,796	62,198	—	62,198	—	62,198	—	—	—	62,198
Corporate Air	20,783	—	21,718	42,501	61,994	—	61,994	—	61,994	64,772	—	64,772	126,766
Delta Air Lines, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Fly Kauai	—	—	—	—	—	—	—	—	—	—	—	—	—
George's Aviation Services, Inc.	1,071	14	336	1,421	910	12	922	(694)	228	286	—	286	514
Hawaii Air Ambulance, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Hawaii Helicopters, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Hawaii Pacific Aviation, Inc.	5,220	—	16,586	21,806	4,437	—	4,437	(873)	3,564	14,098	(735)	13,363	16,927
Hawaii Wilderness Adventurs LLC	—	—	—	—	—	—	—	—	—	—	—	—	—
Helicopter Consultants Of Maui, Inc.	11,993	11,732	58,662	82,387	10,194	9,972	20,166	—	20,166	49,863	(9,076)	40,787	60,953
Honolulu Helicopter Tours LLC	2,160	—	—	2,160	1,836	—	1,836	—	1,836	—	—	—	1,836
Honolulu Soaring Club, Inc.	—	—	2,109	2,109	—	—	—	—	—	1,793	—	1,793	1,793
International Life Support, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Island Helicopters, Inc.	—	—	20,425	20,425	—	—	—	—	—	17,361	(1,533)	15,828	15,828
Jack Harter Helicopters, Inc.	—	—	16,528	16,528	—	—	—	—	—	14,049	(1,163)	12,886	12,886
Jetstar Airways Pty Limited	—	—	—	—	—	—	—	—	—	—	—	—	—
K&S Helicopters, Inc.	—	6,285	12,973	19,258	—	5,342	5,342	—	5,342	11,027	(2,254)	8,773	14,115
Kamaka Air, Inc.	23,346	684	40,581	64,611	19,844	581	20,425	—	20,425	34,494	—	34,494	54,919
Lani Lea Sky Tours LLC	137	—	1	138	116	—	116	—	116	—	—	—	116
Makani Kai Helicopters, Ltd.	8,915	—	—	8,915	7,577	—	7,577	(33)	7,544	—	—	—	7,544
Manuiwa Airways, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Maui IslandAir, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Miami Air International	23,896	—	(23,896)	—	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	23,894	23,894	143,137	—	143,137	—	143,137	35,256	—	35,256	178,393
MN Airlines LLC	—	—	—	—	—	—	—	—	—	—	—	—	—
National Airlines - NPB	5,328	—	—	5,328	31,915	—	31,915	—	31,915	—	—	—	31,915
Niihau Helicopters, Inc.	—	—	715	715	—	—	—	—	—	608	—	608	608
Novictor Aviation, LLC	22,703	—	—	22,703	19,298	—	19,298	—	19,298	—	—	—	19,298
Omni Air International, Inc.	40,110	—	1,580	41,690	222,896	—	222,896	—	222,896	5,568	—	5,568	228,464
Pacific Air Charters, Incorporated	168	113	1,198	1,479	143	96	239	(23)	216	1,018	—	1,018	1,234
Pacific Helicopter Tours, Inc.	—	—	507	507	—	—	—	—	—	431	(120)	311	311
Paragon Air Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Pofolk Aviation Hawaii, Inc.	—	—	60,822	60,822	—	—	—	—	—	51,699	—	51,699	51,699
Resort Air, LLC	133	—	80	213	113	—	113	(130)	(17)	68	—	68	51
Ryan International Airlines	—	—	—	—	—	—	—	—	—	—	—	—	—

DEPARTMENT OF TRANSPORTATION, AIRPORTS DIVISION
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)

Approved Maximum Revenue Landing Weights and Airport Landing Fees – Nonsignatory Airlines

Year ended June 30, 2022

	Approved Maximum Revenue Landing Weights (Unaudited) (1,000-pount units)				Daniel K. Inouye International and Hilo International Airport					All Other Airports			
					Gross Airport Landing Fees								
	Daniel K. Inouye International Airport	Hilo International Airport	All Other Airports	Total	Daniel K. Inouye International Airport	Hilo International Airport	Total	Aviation Fuel Tax Credit	Adjusted Airport Landing Fees	Gross Airport Landing Fees	Aviation Fuel Tax Credit	Adjusted Airport Landing Fees	Total Adjusted Airport Landing Fees Billed
Safari Aviation, Inc.	—	3,577	9,495	13,072	$ —	3,040	3,040	—	3,040	8,071	—	8,071	11,111
Scoot-Tigerair PTE, Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—
Sky-med, Inc.	—	—	19,134	19,134	—	—	—	—	—	16,264	—	16,264	16,264
Skyview Soaring Lcc	—	—	—	—	—	—	—	—	—	—	—	—	—
Smoky Mountain Helicopters, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Southern Air	—	—	—	—	—	—	—	—	—	—	—	—	—
Will Squyres Hilicopers Services, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Sunshine Helicopters, Inc.	—	92	24,210	24,302	—	78	78	—	78	20,578	(1,882)	18,696	18,774
Trans Executive Airlines Of Hawaii, Inc.	25,792	35,444	23,397	84,633	21,923	30,127	52,050	(5,981)	46,069	19,887	—	19,887	65,956
Universal Enterprise, Inc.	—	—	—	—	—	—	—	—	—	—	—	—	—
Western Aircraft Inc.	45,567	—	44,645	90,212	38,732	—	38,732	—	38,732	37,948	—	37,948	76,680
Western Global Airlines	10,420	—	1	10,421	60,868	—	60,868	—	60,868	—	—	—	60,868
Wings Over Kauai LLC	—	—	1,784	1,784	—	—	—	—	—	1,516	—	1,516	1,516
World Airways	—	—	—	—	—	—	—	—	—	—	—	—	—
Zipair Tokyo, Inc.	50,160	—	—	50,160	300,238	—	300,238	—	300,238	—	—	—	300,238
Total	627,319	60,625	789,435	1,477,379	$ 2,307,445	54,905	2,362,350	(118,358)	2,243,992	1,567,947	(19,523)	1,548,424	3,792,416

Summary of revenue landing weights:	
Overseas	632,882
Interisland	844,497
	1,477,379

Note: The above schedule presents airport landing fees billed to nonsignatory airlines for the year ended June 30, 2022.

See accompanying independent auditors' report.