



January 25, 2024

VIA EMAIL

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

VIA EMAIL

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

RE: Financial and Compliance Audit of the Stadium Authority

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements and compliance of the Stadium Authority for the fiscal year ended June 30, 2023, was issued on December 18, 2023. The Office of the Auditor retained N&K CPAs, Inc. to perform the financial and compliance audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial and compliance audit report.

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

https://files.hawaii.gov/auditor/Reports/2023_Audit/Stadium2023.pdf; and

https://files.hawaii.gov/auditor/Reports/2023_Audit/Stadium_Summary_2023.pdf.

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

Very truly yours,

Leslie H. Kondo
State Auditor

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Attachment

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

Auditor's Summary

Financial Audit of the Stadium Authority

Financial Statements, Fiscal Year Ended June 30, 2023



PHOTO: ALOHA STADIUM

THE PRIMARY PURPOSE of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Stadium Authority, as of and for the fiscal year ended June 30, 2023. The audit was conducted by N&K CPAs, Inc.

About the Authority

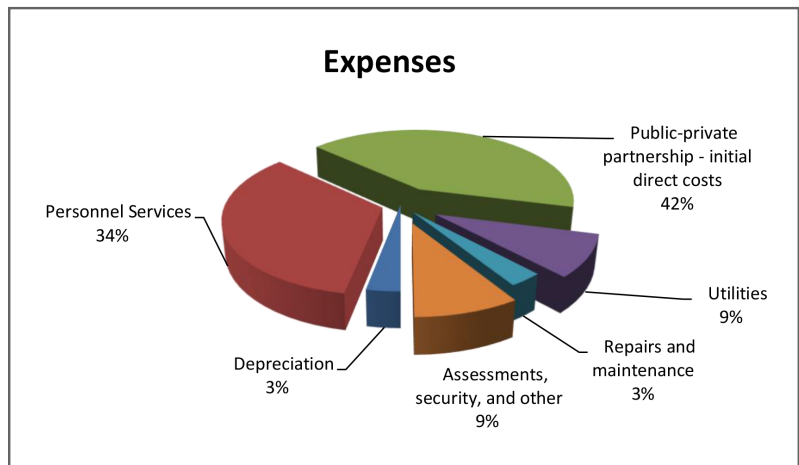
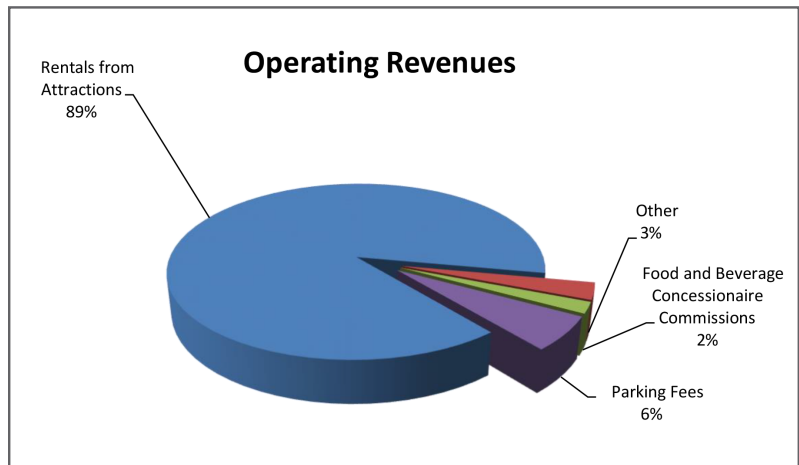
The Stadium Authority (Authority) was established in 1970 and is responsible for the operation, management, and maintenance of Aloha Stadium, located in Honolulu, Hawai'i. The Authority functions under the direction of a nine-member board, appointed by the Governor. In addition, the president of the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

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2023, the Authority reported total revenues of \$6.5 million and total expenses of \$7.7 million, resulting in a net operating loss of \$1.2 million. Revenues consisted of \$5.8 million from rentals from attractions and \$700,000 in parking fees and other revenues. The Authority's net loss was partially offset by \$3.4 million in capital contributions, which represents the portion of Aloha Stadium capital improvement costs that were paid by the State of Hawai'i. In addition, the Authority received net transfers of \$300,000, resulting in an increase in net position of \$2.5 million.

Expenses consisted of (1) \$200,000 for depreciation, (2) \$2.6 million for personnel services, (3) \$700,000 for utilities, and (4) \$3.3 million for initial direct costs for a public-private partnership. Additional expenses totaled \$900,000 and included State central services assessments as well as security, professional services, repairs and maintenance, and other costs.

As of June 30, 2023, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, resulting in a net position of \$12.8 million. Of this amount, \$18.7 million was invested in capital assets and there is an unrestricted net deficit of \$5.9 million. The agency reported total assets and deferred outflows of resources of \$26.9 million, comprised of (1) cash of \$7.1 million, (2) receivables, other assets, and deferred outflows of resources of \$1.1 million, and (3) net capital assets of \$18.7 million. The agency reported total liabilities and deferred inflows of resources of \$14.1 million, comprised of (1) net pension liability of \$6 million, (2) vacation and other retirement payables of \$5.9 million, and (3) other liabilities and deferred inflows of resources of \$2.2 million.



Auditors' Opinion

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

Findings

THERE WERE NO REPORTED DEFICIENCIES in internal control over financial reporting and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, the auditors identified one material weakness in internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. The material weakness is described on pages 52-53 of the report.



For the complete report and financial statements, visit our website at:
https://files.hawaii.gov/auditor/Reports/2023_Audit/Stadium2023.pdf