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

LESLIE H. KONDO
State Auditor
(808) 587-0800
lao.auditors@hawaii.gov

DEPT. COMM. NO. 374

March 25, 2026

VIA EMAIL (senkouchi@capitol.hawaii.gov)
The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawaiʻi State Capitol, Room 409
Honolulu, Hawaiʻi 96813

VIA EMAIL (repnakamura@capitol.hawaii.gov)
The Honorable Nadine K. Nakamura
Speaker, House of Representatives
415 South Beretania Street
Hawaiʻi State Capitol, Room 431
Honolulu, Hawaiʻi 96813

RE: Financial Audit of the Stadium Authority

Dear President Kouchi and Speaker Nakamura:

The audit report on the financial statements of the Stadium Authority for the fiscal year ended June 30, 2025, was issued on December 8, 2025. The Office of the Auditor retained KKDLY LLC to perform the financial audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial audit report.

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

https://files.hawaii.gov/auditor/Reports/2025_Audit/Stadium2025.pdf; and

https://files.hawaii.gov/auditor/Reports/2025_Audit/Stadium_Summary_2025.pdf.

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

Very truly yours,

Leslie H. Kondo
State Auditor

lml

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, 2025



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, 2025. The audit was conducted by KKDLY LLC.

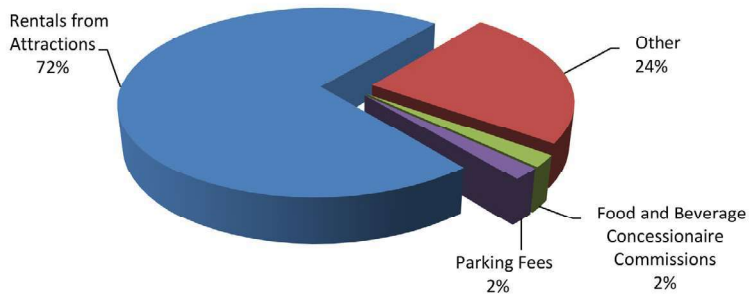
About the Authority

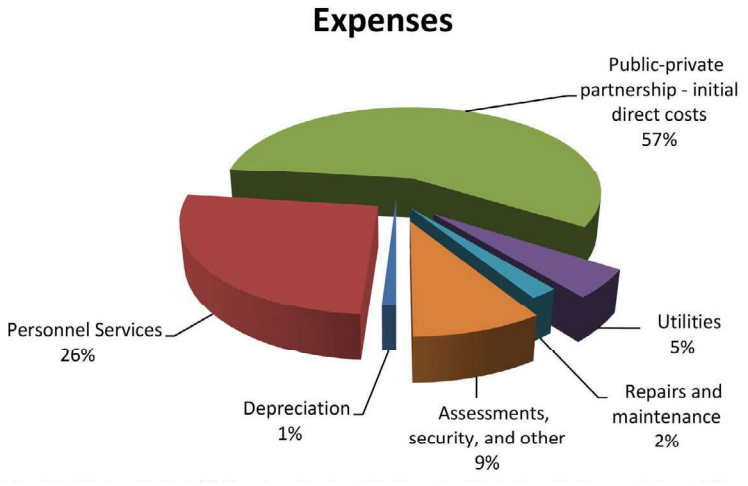
The Stadium Authority (Authority) was established in 1970 and is responsible for the operation, management, and maintenance of Aloha Stadium, located in Honolulu, Hawai'i. The Authority functions under the direction of a nine-member board, appointed by the Governor. In addition, the president of the 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, 2025, the Authority reported total revenues of $8.5 million and total expenses of $11.1 million, resulting in a net operating loss of $2.6 million. Revenues consisted of $6.1 million from rentals from attractions, $200,000 from food and beverage concessionaire commissions, $200,000 in parking fees, and $2 million in other revenues. The Authority's net loss was partially offset by $6.5 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 had net transfers out of $1.4 million, resulting in an increase in net position of $2.5 million.

Operating Revenues





Expenses consisted of (1) $100,000 for depreciation, (2) $2.8 million for personnel services, (3) $600,000 for utilities, and (4) $6.4 million for initial direct costs for a public-private partnership. Additional expenses totaled $1.2 million and included State central services assessments as well as security, professional services, repairs and maintenance, and other costs.

As of June 30, 2025, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, resulting in a net position of $64.5 million. Of this amount, $19.4 million was invested in capital assets, $49.5 million was restricted, and there is an unrestricted net deficit of $4.4 million. The agency reported total assets and deferred outflows of resources of $78.8 million, comprised of (1) cash of $56.6 million, (2) receivables, other assets, and deferred outflows of resources of $2.8 million, and (3) net capital assets of $19.4 million. The agency reported total liabilities and deferred inflows of resources of $14.3 million, comprised of (1) net pension liability of $6.5 million, (2) vacation and other retirement payables of $5.8 million, and (3) other liabilities and deferred inflows of resources of $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 material weaknesses in internal control over financial reporting that were required to be reported under *Government Auditing Standards*.

Link to the complete report:
https://files.hawaii.gov/auditor/Reports/2025_Audit/Stadium2025.pdf

KDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stadium Authority
State of Hawaii
(A Component Unit of the State of Hawaii)

Financial Statements and Required Supplementary Information
(With Independent Auditors' Report Thereon)

June 30, 2025

Submitted by

THE AUDITOR
STATE OF HAWAII

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Financial Statements and Required Supplementary Information

June 30, 2025

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STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Financial Statements and Required Supplementary Information

June 30, 2025

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PART I

INTRODUCTION SECTION

December 8, 2025

The Auditor
State of Hawaii:

Members of the Stadium Authority
State of Hawaii:

We have completed our audit of the financial statements of the Stadium Authority, State of Hawaii (the Authority), a component unit of the State of Hawaii, as of and for the year ended June 30, 2025. We transmit herewith our independent auditors' report containing our opinion on those financial statements and our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

Audit Objectives

The objectives of the audit were as follows:

1. To provide an opinion on the fair presentation of the Authority's financial statements in accordance with accounting principles generally accepted in the United States of America.

2. To consider the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

3. To perform tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Scope of Audit

We performed an audit of the Authority's financial statements as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of the audit of the Authority's financial statements, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
P: 808.521.3962 | F: 808.531.3217 | www.kkdly.com

Organization of Report

This report has been organized into three parts as follows:

1. The Introduction Section describes briefly the objectives and scope of our audit and the organization and contents of this report.

2. The Financial Section includes management's discussion and analysis (unaudited), the Authority's financial statements, required supplementary information (unaudited), and the related notes as of and for the year ended June 30, 2025, and our independent auditors' report thereon.

3. The Internal Control and Compliance Section contains our independent auditors' report on the Authority's internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

* * * * * * *

We would like to take this opportunity to express our appreciation for the courtesy and assistance extended to us by the personnel of the Authority during the course of our audit. Should you wish to discuss any of the matters contained herein, we will be pleased to meet with you at your convenience.

Very truly yours,

KKDLY LLC

PART II

FINANCIAL SECTION

Independent Auditors' Report

The Auditor
State of Hawaii:

Members of the Stadium Authority
State of Hawaii:

Report on the Audit of the Financial Statements

We have audited the financial statements of the Stadium Authority, State of Hawaii (the Authority), a component unit of the State of Hawaii, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the Authority's basic 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 Authority as of June 30, 2025, and the changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No, 101, *Compensated Absences*, effective July 1, 2024. Our opinion is not modified with respect to this matter.

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
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Relationship to the State of Hawaii

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the State of Hawaii that is attributable to the transactions of the Authority, They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 auditing standards generally accepted in the United States of America 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of proportionate share of the net pension liability, pension contributions, proportionate share of the net OPEB liability, and OPEB contributions 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KKDLY LLC

Honolulu, Hawaii
December 8, 2025

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Management's Discussion and Analysis

June 30, 2025

Management of the Stadium Authority, State of Hawaii (the Authority) offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities of Aloha Stadium as of and for the year ended June 30, 2025. This management's discussion and analysis is designed to assist the reader in focusing on the Authority's financial issues and activities to identify any significant changes in the Authority's financial position. The Authority encourages readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Overview of the Financial Statements

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

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

Statement of Net Position

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

Statement of Revenues, Expenses, and Changes in Net Position

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

Statement of Cash Flows

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

Notes to Financial Statements

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

Condensed Financial Information

The following are summaries from the Authority's financial statements as of and for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Net Position:		
Assets:		
Current assets	$ 8,859	$ 7,499
Capital assets, net	19,443	18,983
Restricted cash and cash equivalents	49,500	49,500
Other assets	31	31
Total assets	77,833	76,013
Deferred outflows of resources	1,047	973
Liabilities:		
Current liabilities	824	1,070
Noncurrent liabilities	12,366	12,299
Total liabilities	13,190	13,369
Deferred inflows of resources	1,127	1,275
Net position:		
Investment in capital assets	19,443	18,983
Restricted	49,500	49,500
Unrestricted	(4,380)	(6,141)
Total net position	$ 64,563	$ 62,342

	2025	2024
Changes in Net Position:		
Operating revenues:		
Rentals from attractions	$ 6,149	$ 5,955
Parking	229	482
Commissions from food and beverage concessionaire	189	158
Other	13	82
Total operating revenues	6,580	6,677
Operating expenses:		
PPP initial direct costs	(6,355)	(4,458)
Personnel services	(2,847)	(3,055)
Utilities	(564)	(634)
Security	(287)	(283)
Repairs and maintenance	(231)	(369)
Depreciation	(116)	(126)
Other	(703)	(399)
Total operating expenses	(11,103)	(9,324)
Operating loss	(4,523)	(2,647)
Nonoperating revenues (expenses):		
Interest and investment income, net	1,897	661
Gain on disposal of capital assets	34	-
Loss before capital contributions and transfers	(2,592)	(1,986)
Capital contributions and transfers:		
Capital contributions	6,547	4,699
Transfers out	(1,420)	(2,714)
Transfers in	-	49,500
Change in net position	2,535	49,499
Net position at beginning of year, as previously reported	62,342	12,843
Adjustment for change in accounting principle	(314)	-
Net position at beginning of year, as restated	62,028	12,843
Net position at end of year	$ 64,563	$ 62,342

Change in Accounting Principle

Effective July 1, 2024, the Authority adopted the provisions of GASB Statement No. 101, *Compensated Absences* (Statement No. 101). The primary objective of the statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement requires recognition of a liability for compensated absences that (1) is attributed to services already rendered; (2) accumulates; and (3) is more likely than not to be used for time off or otherwise paid or settled,

As further discussed in Note 2 to the financial statements, the cumulative effect of applying the provisions of this statement has been reported as a restatement of the beginning net position for the year ended June 30, 2025. Specifically, the adoption of Statement No. 101 had the effect of decreasing net position as of June 30, 2024 by $314,308. The restatement of the comparative financial data for the prior period presented was not practical due to the unavailability of requisite information.

Financial Analysis

Current assets increased by $1,360,000 or 18.1% from the previous fiscal year. The increase is primarily due to the increase in unrestricted cash and cash equivalents of $867,000, and interest receivable of $819,000, offset by a decrease of lease receivable of $282,000. The increase in unrestricted cash and cash equivalents is attributable to realized interest income. After transferring $49,500,000 from the State's General Fund to the Authority, these funds became eligible to participate in the State's investment pool, resulting in additional interest income in the current fiscal year.

Capital assets, net increased by $460,000 or 2.4% from the previous fiscal year. The increase is primarily due to the net increase in construction in progress (CIP) of $529,000, which was offset by the depreciation of capital assets, which amounted to $116,000. As part of the swap meet relocation, the Authority purchased shipping containers that will be converted into restrooms and shipping containers that will be rented to swap meet vendors as retail units. All shipping containers are scheduled to be placed in service in fiscal 2026. The Authority's investment in capital assets as of June 30, 2025 amounted to $19,443,000 (net of accumulated depreciation of $2,162,000). This investment in capital assets includes land and land improvements, CIP, and equipment, furniture, and fixtures. Additional information on the Authority's capital assets can be found in Note 5, Capital Assets, to financial statements.

Current liabilities decreased by $246,000 or 23.0% from the previous fiscal year. Fluctuations in the current liabilities is primarily due to the decrease in accrued payroll of $243,000. The decrease is primarily due to accrued temporary hazard pay (THP) recorded at June 30, 2024 for eligible Hawaii Government Employees Association employees who worked onsite during the COVID-19 pandemic. The first installment of the THP was paid in October 2024 and the second installment was paid in March 2025.

Net position increased by $2,535,000 or 4.1% from the previous fiscal year. The increase is due primarily to interest and investment income, net of $1,897,000 and current year's capital contributions of $6,547,000, offset by current year's operating loss of $4,523,000 and transfers out to DAGS, Public Works Division of $1,420,000 for costs to provide the infrastructure to relocate the swap meet on the stadium property.

By far, the largest portion of the Authority's net position amounting to $64,563,000 at June 30, 2025 reflects its net investment in capital assets ($19,443,000) and restricted net position ($49,500,000). The Authority uses capital assets to provide services to the customers of Aloha Stadium; consequently, these assets are not available for future spending. The Authority's restricted net position represents restricted resources that are restricted for the cost to design and construct the new stadium. The remaining portion of the Authority's net position is unrestricted and reflects a deficit balance of $4,380,000, due primarily to the recording of the Authority's allocated share of the State's net pension and net other postemployment benefits liabilities.

Operating revenues decreased by $97,000 or 1.5% from the previous fiscal year. The decrease was mainly due to a decrease in parking revenues of $253,000, offset by an increase in rental from attractions of $194,000.

Operating expenses increased by $1,779,000 or 19.1% from the previous fiscal year. The increase was due primarily to increases in public-private partnership initial direct costs of $1,897,000 related to designing and constructing the new stadium.

Capital contributions increased by $1,848,000 or 39.3% from the previous fiscal year. The increase in capital contributions is primarily due to the increase in ongoing CIP projects.

Requests for Information

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

General information relating to the Authority and Aloha Stadium can be found at the Authority's website: *http://alohastadium.hawaii.gov/*.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Statement of Net Position

June 30, 2025

Assets:	
Current assets:	
Cash and cash equivalents	$ 7,136,169
Interest receivable	1,362,555
Receivables from concessionaire and other, net	360,222
Total current assets	8,858,946
Restricted cash and cash equivalents	49,500,000
Capital assets, net	19,442,948
Other assets	30,966
Total assets	77,832,860
Deferred Outflows of Resources:	
Related to pension	590,975
Related to other postemployment benefits	456,647
Total deferred outflows of resources	1,047,622
Liabilities:	
Current liabilities:	
Vouchers payable	162,750
Accrued payroll	304,923
Accrued compensated absences – due within one year	156,991
Workers compensation – due within one year	45,100
Due to State General Fund for advances for Imprest Fund	30,000
Other	124,485
Total current liabilities	824,249
Net pension liability	6,522,223
Net other postemployment benefits liability	5,166,643
Accrued compensated absences – due in more than one year	457,396
Workers compensation – due in more than one year	159,900
Licensees' deposits	59,922
Total liabilities	13,190,333
Deferred Inflows of Resources:	
Related to pension	210,638
Related to other postemployment benefits	916,374
Total deferred inflows of resources	1,127,012
Net Position:	
Net investment in capital assets	19,442,948
Restricted	49,500,000
Unrestricted	(4,379,811)
Total net position	$ 64,563,137

See accompanying notes to financial statements.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2025

Operating Revenues:	
Rentals from attractions	$ 6,148,533
Parking	229,022
Commissions from food and beverage concessionaire	188,965
Other	13,909
Total operating revenues	6,580,429
Operating Expenses:	
Public-private partnership initial direct costs	6,354,812
Personnel services	2,846,737
Utilities	564,281
Security	286,823
Repairs and maintenance	231,316
Professional services	209,696
Depreciation	116,034
Other	493,621
Total operating expenses	11,103,320
Operating loss	(4,522,891)
Nonoperating Revenues:	
Interest and investment income, net	1,897,497
Gain on disposal of capital assets	33,862
Loss before capital contributions and transfers	(2,591,532)
Capital Contributions	6,546,698
Transfers Out	(1,420,000)
Change in net position	2,535,166
Net Position at Beginning of Year, as Previously Reported	62,342,279
Adjustment for change in accounting principle	(314,308)
Net Position at Beginning of Year, as Restated	62,027,971
Net Position at End of Year	$ 64,563,137

See accompanying notes to financial statements.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Statement of Cash Flows

Year Ended June 30, 2025

Cash flows from operating activities:	
Cash received from customers	$ 6,907,318
Cash paid to suppliers	(1,719,166)
Cash paid to employees	(3,437,075)
Net cash provided by operating activities	1,751,077
Cash flows from capital and related financing activities:	
Transfers out	(1,420,000)
Purchase of capital assets	(575,795)
Proceeds from sale of capital assets	33,862
Net cash used in capital and related financing activities	(1,961,933)
Cash provided by investing activities:	
Interest and investment income	1,078,250
Net increase in cash and cash equivalents	867,394
Cash and cash equivalents at beginning of year	55,768,775
Cash and cash equivalents at end of year	$ 56,636,169
Reconciliation of cash and cash equivalents to statement of net position:	
Unrestrcited	$ 7,136,169
Restricted - capital assets	49,500,000
	$ 56,636,169

See accompanying notes to financial statements.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Statement of Cash Flows (Continued)

Year Ended June 30, 2025

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (4,522,891)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	116,034
Capital contributions	6,546,698
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Lease receivable	281,947
Receivables from concessionaires and other	44,942
Deferred outflows of resources	(74,719)
Vouchers payable	(61,175)
Accrued payroll	(242,851)
Accrued compensated absences	(59,848)
Workers compensation	177,597
Other liabilities	(22,809)
Net pension liability	208,867
Net other postemployment benefits liability	(428,465)
Licensees' deposits	(64,140)
Deferred inflows of resources	(148,110)
Net cash provided by operating activities	$ 1,751,077
Supplemental disclosure of noncash investing, capital and related financing activity:	
Capital assets contributed	$ 6,546,698

See accompanying notes to financial statements.

(1) Financial Reporting Entity

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

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

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

(2) Summary of Significant Accounting Policies

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

Basis of Accounting

The accounts of the Authority are reported on a flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

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

Use of Estimates

The preparation of financial statements, in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statement and the accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents reported in the statements of net position and cash flows include amounts held in State Treasury, cash in bank accounts, and cash on hand.

The State's investments held in the State Treasury are reported at fair value within the fair value hierarchy established by GAAP. Investment earnings are allocated to the pool participants, including the Authority, based upon their equity interest in the pooled monies.

Receivables from Concessionaire and Other

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

Capital Assets

Capital assets acquired by purchase are recorded at cost. Contributed capital assets are recorded at estimated fair market value at the date received.

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

Land improvements	14 - 30 years
Equipment, furniture, and fixtures	5 - 15 years

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

Public-Private and Public-Public Partnership (PPP)

A PPP is an arrangement which the Authority contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Initial direct costs incurred by the Authority, including costs incurred to originate a PPP and costs directly related to specified activities performed by the Authority for that PPP, are reported as operating expenses (public-private partnership initial direct costs). Refer to Note 12 for further detailed information regarding the PPP arrangement with Aloha Halawa District Partners for the New Aloha Stadium Entertainment District.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows (inflows) of resources represent a consumption of (acquisition of) net position that applies to a future period.

The deferred outflows of resources related to pensions and other postemployment benefits (OPEB) resulted from differences between expected and actual experience, changes in assumptions, changes in proportion and differences between contributions and proportionate share of contributions, and net difference between projected and actual earnings on OPEB plan investments, which will be amortized over five years, and the Authority's contributions to the pension and OPEB plans subsequent to the measurement date of the actuarial valuations for the pension and OPEB plans, which will be recognized as a reduction of the net pension liability and net OPEB liability in the subsequent fiscal year.

The deferred inflows of resources related to pension and OPEB resulted from differences between expected and actual experience, changes in assumptions, changes in proportion and difference between contributions and proportionate share of contributions, and net difference between the projected and actual earnings on pension plan investments, which will be amortized over five years.

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits, as well as participate in the leave donation pool and the direct sharing programs (collectively, compensated absences). A liability is recognized only for leave that is (a) attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used, paid, or settled. The liability for vacation and compensatory time leave is measured using the pay or salary rates in effect at the financial statement date, including shortage differentials. The measurement also includes fringe benefits associated with payments made for vacation leave. The liability for sick leave that is more likely than not to be used, paid, or settled through cash or noncash means is measured using the historical average use approach. This method is based upon the Authority's historical experience with sick leave usage through payouts over the last five years, and considers past trends to determine the amount of sick leave expected to be used or paid in the future. The liability of the leave donation pool is measured using the average rate of entitled employees utilizing the leave donation as of the financial statement date. The liability for the direct sharing program is measured using the rate of the employee utilizing the leave as of the financial statement date. All leave is accrued when incurred in the financial statements and presented under the caption accrued compensated absences in the accompanying statement of net position.

Net Position

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

Capital Contributions

The State pays for portions of construction costs related to various capital projects at the Aloha Stadium. These nonexchange transactions are recorded as capital contributions in the accompanying statement of revenues, expenses, and changes in net position.

Pension

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 Employees' Retirement System of the State of Hawaii (the ERS) and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they

are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The ERS' investments are reported at fair value.

Postemployment Benefits Other Than Pensions

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 (the EUTF) and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

Risk Management

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

The estimated reserve for losses and loss adjustment costs includes the accumulation of estimates for losses and claims reported prior to fiscal year-end, non-incremental estimates (based on projections of historical developments) of claims incurred but not reported, and non-incremental estimates of costs for investigating and adjusting all incurred and unadjusted claims. Amounts reported are subject to the impact of future changes in economic and social conditions. The Authority believes that, given the inherent variability in any such estimates, the reserves are within a reasonable and acceptable range of adequacy. Reserves are continually monitored and reviewed and, as settlements are made and reserves adjusted, the differences are reported in current operations.

Recently Issued or Adopted Accounting Pronouncements

GASB Statement No. 101

During fiscal year 2025, the Authority implemented GASB Statement No. 101, *Compensated Absences*. The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires recognition of a liability for compensated absences that (1) is attributed to services already rendered; (2) accumulates; and (3) is more likely than not to be used for time off or otherwise paid or settled.

Upon implementation of this statement, the beginning net position balance has been restated to reflect the cumulative effect of this statement. The impact of the changes is summarized as follows:

Beginning net position, as previously reported	$ 62,342,279
Adjustment for GASB Statement No. 101	(314,308)
Beginning net position, as restated	$ 62,027,971

GASB Statement No. 102

During fiscal year 2025, the Authority implemented GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective this statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability.

GASB Statement No. 103

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for reporting periods beginning after June 15, 2025. The Authority is currently evaluating the impact that this statement will have on its financial statements.

GASB Statement No. 104

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025. The Authority is currently evaluating the impact that this statement will have on its financial statements.

(3) Budgeting

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

(4) Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2025 consisted of the following:

Amounts held in State Treasury	$ 56,405,560
Cash in bank (see Note 8)	200,609
Petty cash and change funds	30,000
Total cash and cash equivalents	$ 56,636,169

Reported in the accompanying statement of net position as follows:

Unrestricted	$ 7,136,169
Restricted for capital projects (see Note 11)	49,500,000
Total cash and cash equivalents	$ 56,636,169

The State Director of Finance (the Director) is responsible for safekeeping of all monies paid into the State Treasury. The Director may invest any monies of the State, which in the Director's judgment are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited into approved financial institutions or in the State Treasury Investment Pool System. Funds in the investment pool accrue interest based on the average weighted cash balances of each account. The State requires that depository banks pledge as collateral, governmental securities held in the name of the State for deposits not covered by federal deposit insurance.

The Authority's funds are held in the State's investment pool. The Authority does not manage its own investments and the types of investments, and related interest rate, credit, and custodial risks are not determinable at the Authority's level. The risk disclosures and fair value leveling table of the State's investment pool are included in the State's Annual Comprehensive Financial Report (ACFR), which may be obtained from the State Department of Accounting and General Services' website: *ags.hawaii.gov/accounting/annual-financial-reports/.*

Cash in Bank

The Authority also maintains cash in bank which is held separately from amounts held in the State Treasury. At June 30, 2025, the carrying value and bank balance of the Authority's cash in bank balance was $200,609, which is insured by the Federal Deposit Insurance Corporation.

(5) Capital Assets

For the fiscal year ended June 30, 2025, the changes in capitals assets were as follows:

	Balance at June 30, 2024	Additions	Deductions	Transfers	Balance at June 30, 2025
Land improvements	$ 3,000,433	$ -	$ -	$ -	$ 3,000,433
Equipment, furniture, and fixtures	2,759,456	46,319	(2,334,150)	(372,321)	99,304
	5,759,889	46,319	(2,334,150)	(372,321)	3,099,737
Less accumulated depreciation for:					
Land improvements	(1,999,965)	(100,146)	-	-	(2,100,111)
Equipment, furniture, and fixtures	(2,752,832)	(15,888)	2,334,150	372,321	(62,249)
Total accumulated depreciation	(4,752,797)	(116,034)	2,334,150	372,321	(2,162,360)
Total depreciable capital assets, net	1,007,092	(69,715)	-	-	937,377
Land	11,518,621	-	-	-	11,518,621
Construction in progress	6,457,474	529,476	-	-	6,986,950
Total capital assets, net	$ 18,983,187	$ 459,761	$ -	$ -	$ 19,442,948

Depreciation expense amounted to $116,034 for the fiscal year ended June 30, 2025.

(6) Long-Term Liabilities

Changes in long-term liabilities of the Authority were as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Accrued compensated absences	$ 674,235 *	$ 195,615	$ (255,463)	$ 614,387	$ 156,991
Workers compensation	27,403	233,828	(56,231)	205,000	45,100
Licensees' deposits	124,062	-	(64,140)	59,922	-
Total long-term liabilities	$ 825,700	$ 429,443	$ (375,834)	$ 879,309	$ 202,091

* Restatement of beginning balance of accrued compensated absences:

Accrued compensated absences as of June 30, 2024, as previously reported	$ 359,927
Adjustment for GASB Statement No. 101 (see Note 2)	314,308
Accrued compensated absences balance as of July 1, 2024, as restated	$ 674,235

(7) Retirement Benefits

Pension Plan

Plan Description

Generally, all full-time employees of the State and counties, which includes the Authority, are required to be members of the ERS, a cost-sharing multiple-employer defined benefit pension plan that administers the State's pension benefits program. Benefits, eligibility, and contribution requirements are governed by HRS Chapter 88 and can be amended through legislation.

Benefits Provided

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

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

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

Noncontributory Class

Retirement Benefits

General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with 10 years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. 10 years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

Death Benefits

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

Ordinary death benefits are available to employees who were active at the time of death with at least 10 years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/reentry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

Contributory Class for Members Hired Prior to July 1, 2012

Retirement Benefits

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

Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. 10 years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

Death Benefits

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

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

Retirement Benefits

General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 60.

Disability and Death Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. 10 years of credited service is required for ordinary disability.

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

Hybrid Class for Members Hired Prior to July 1, 2012

Retirement Benefits

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

Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. 10 years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

Death Benefits

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

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired after June 30, 2012

Retirement Benefits

General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60.

Disability and Death Benefits

Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least 10 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributions

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every three years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rate for fiscal year 2025 was 24% for general employees. Contributions to the ERS from the Authority was $363,201 for the fiscal year ended June 30, 2025.

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

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

Measurement of the actuarial valuation of the pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension is made for the State as a whole and is not separately computed for the individual state departments and agencies such as the Authority. The State allocates the pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension to the various departments and agencies based upon a systematic methodology. Additional disclosures and required supplementary information stipulated by GASB Statement Nos. 68 and 71 pertaining to the State's net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pension can be found in the State's ACFR.

At June 30, 2025, the Authority reported a net pension liability of $6,522,223 for its proportionate share of the State's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At June 30, 2025, the Authority's proportionate share of the State's (primary government) net pension liability was 0.08%.

There was no change in actuarial assumptions from June 30, 2023 to June 30, 2024. There were no changes between the measurement date, June 30, 2024, and the reporting date, June 30, 2025, that are expected to have a significant effect on the Authority's proportionate share of the State's net pension liability.

For the year ended June 30, 2025, the Authority recognized pension expense of $404,120. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 363,201	$ -
Differences between expected and actual experience	165,639	(48,565)
Changes in proportion and differences between contributions and proportionate share of contributions	62,135	(11,707)
Net difference between projected and actual earnings on pension plan investments	-	(85,318)
Changes in assumptions	-	(65,048)
Total	$ 590,975	$ (210,638)

The $363,201 reported as deferred outflows of resources related to pension at June 30, 2025 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at June 30, 2025 will be recognized in pension expense as follows:

Year Ended June 30:	
2026	$ (3,460)
2027	11,471
2028	6,441
2029	2,684
	$ 17,136

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS' Board of Trustees on August 8, 2022, based on the 2021 experience study for the five-year period from July 1, 2016 through June 30, 2021.

Inflation	2.50%
Payroll growth rate	3.50%
Investment rate of return	7.00% per year, compounded annual including inflation

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

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality tables with full generational projections in future years. Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

There have been no changes in benefit terms or actuarial assumptions since the last valuation.

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' 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 rate of returns based on ERS' investment consultant as of June 30, 2025, are summarized in the following table:

Classes	Strategic Class Weights	Long-Term Expected Geometric Rate of Return
Broad growth:		
Public equiy	20.00%	7.20%
Private equity	19.00%	9.90%
Liquid credit	4.00%	6.50%
Private credit	8.00%	9.20%
Real estate	9.00%	6.30%
Infrastructure	7.00%	7.30%
Timber/agriculture/infrastructure	3.00%	5.30%
Diversifying strategies		
Systematic trend following	8.00%	3.80%
Long US treasuries	4.00%	4.30%
Intermediate government	14.00%	4.00%
Reinsurance	4.00%	5.30%
Total investments	100.00%	

Discount Rate

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the State's net pension liability	$ 8,711,662	$ 6,522,223	$ 4,708,710

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

The State's employer contributions payable to the ERS, which includes the Authority, was approximately $81,300,000 at June 30, 2025.

Postemployment Health Care and Life Insurance Benefits

Plan Description

The State, which includes the Authority, provides certain health care and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State contributes to the EUTF, an agent multiple-employer defined benefit plan 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.

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.

Members Covered by Benefit Terms

At July 1, 2024, the following number of plan members of the State were covered by benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	40,158
Inactive plan members entitled to but not yet receiving benefits	7,381
Active plan members	49,427
Total plan members	96,966

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the EUTF from the Authority was $318,640 for the fiscal year ended June 30, 2025. The Authority is required to make all contributions for members.

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

Measurement of the actuarial valuation of the OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB is made for the State as a whole and is not separately computed for the individual state departments and agencies such as the Authority. The State allocates the OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB to the various departments and agencies based upon a systematic methodology. Additional disclosures and required supplementary information stipulated by GASB Statement No. 75 pertaining to the State's net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB can be found in the State's ACFR.

At June 30, 2025, the Authority reported a net OPEB liability of $5,166,643 for its proportionate share of the State's net OPEB liability. The net OPEB liability was measured as of July 1, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by valuation as of that date.

At June 30, 2025, the Authority's proportionate share of the State's (primary government) net OPEB liability was 0.09%.

There were no changes between the measurement date, July 1, 2024, and the reporting date, June 30, 2025, that are expected to have a significant effect on the Authority's proportionate share of the State's net OPEB liability.

For the year ended June 30, 2025, the Authority recognized OPEB expense of $48,930. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 318,640	$ -
Changes in assumptions	38,227	(80,670)
Net difference between projected and actual earnings on OPEB plan investments	99,780	-
Difference between expected and actual experience	-	(835,704)
Total	$ 456,647	$ (916,374)

The $318,640 reported as deferred outflows of resources related to OPEB at June 30, 2025 resulting from the Authority's contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026.

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 Ended June 30:	
2026	$ (275,620)
2027	(173,109)
2028	(174,588)
2029	(82,974)
2030	(72,076)
	$ (778,367)

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF's Board of Trustees on January 9, 2023, based on the experience study covering the five-year period ended June 30, 2022 as conducted for the ERS:

Inflation	2.50%
Salary increases	3.75% to 6.75% including inflation
Investment rate of return	7.00%
Healthcare cost trend rates:	
PPO*	Initial rate of 6.20%, declining to a rate of 4.25% after 20 years
HMO**	Initial rate of 6.20%, declining to a rate of 4.25% after 20 years
Part B and Base Monthly Contribution (BMC)	Initial rate of 5.00%, declining to a rate of 4.25% after 20 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

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

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

There were no assumption changes during the current measurement period.

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

The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	30.00%	6.00%
Private equity	15.00%	10.10%
Real assets	12.00%	5.00%
Private credit	10.00%	7.80%
Trend following	10.00%	2.40%
Reinsurance	5.50%	5.10%
Long treasuries	5.00%	2.60%
Alternative risk premia	5.00%	3.80%
U.S. microcap	3.00%	8.30%
TIPS	2.50%	2.10%
Tail risk/long volatility	2.00%	-1.30%
	100.00%	

Single Discount Rate

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

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. The EUTF's complete financial statements are available at *https://eutf.hawaii.gov/reports/.*

Changes in the Authority's Proportionate Share of the State's Net OPEB Liability

The following table represents a schedule of changes in the Authority's proportionate share of the State's net OPEB liability. The ending balances are as of the measurement date, July 1, 2024.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	$ 7,624,932	$ 2,029,824	$ 5,595,108
Service cost	89,678	-	89,678
Interest on the total OPEB liability	304,911	-	304,911
Difference between expected and actual experiences	(341,305)	-	(341,305)
Employer contributions	-	316,755	(316,755)
Net investment income	-	165,177	(165,177)
Benefit payments	(156,608)	(156,608)	-
Administrative expense	-	(160)	160
Other	-	(23)	23
Net changes	(103,324)	325,141	(428,465)
Ending balance	$ 7,521,608	$ 2,354,965	$ 5,166,643

Sensitivity of the Authority's Proportionate Share of the State's Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the State's net OPEB liability	$ 6,661,277	$ 5,166,643	$ 3,964,698

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the State's net OPEB liability	$ 3,902,191	$ 5,166,643	$ 6,776,949

Payables to the OPEB Plan

There was no contributions payable from the State to the EUTF as of June 30, 2025.

Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The plan, which is available to all State employees (excluding part-time, temporary, and casual/seasonal), permits employees to defer a portion of their compensation 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 State's or the Authority's financial statements.

(8) Stadium Special Account

Contracts with licensees of the Authority and the related ticket sales are controlled in the Stadium Special Account. This account's cash balance and liabilities to third parties, net of amounts owed to the Authority, are included in the accompanying statement of net position and amounted to $200,609 at June 30, 2025. The activity in the account is included in the accompanying statement of revenues, expenses, and change in net position only as it relates to the Authority's rentals from attractions, expense reimbursements from users, and other miscellaneous transactions (i.e., excludes ticket sales proceeds held on behalf of the licensees).

(9) Risk Management

The State retains various risks and insures certain excess layers with commercial insurance companies, except as noted below. The excess layers insured with commercial insurance companies are consistent with the prior fiscal year. Settled claims have not exceeded the coverage provided by commercial insurance companies in any of the past 10 fiscal years. A summary of the State's underwriting risks is as follows:

Property Insurance

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

Crime Insurance

The State also has a crime insurance policy for various types of coverages with a limit of loss of $10,000,000 per occurrence with a $500,000 deductible per occurrence. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services, and losses not covered by insurance are paid from the State's General Fund.

Casualty and Professional Liability

From July 1, 2024 to November 30, 2024, the State had an effective general liability insurance policy that provided $5,000,000 of coverage with a $7,500,000 deductible. As of December 1, 2024, the State does not have any liability insurance policy. Therefore, the State is self-insured thereafter. Liability claims up to $25,000 are handled by the Risk Management Office. All other claims are handled by the Department of the Attorney General and funded from legislative appropriations of the State's General Fund.

Cyber Liability Insurance

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

Self-Insured Risks

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

A liability for workers' compensation and general liability claims is established if information indicates that a loss has been incurred as of June 30, 2025, and the amount of the loss can be reasonably estimated. The liability includes an estimate for amounts incurred but not reported and loss adjustment expenses. See Note 6 for detailed information pertaining to the changes in the Authority's workers' compensation reserve.

(10) Commitments and Contingencies

Encumbrances

Encumbrances totaled $720,793 at June 30, 2025.

Legal Matters

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

(11) Transactions With Other State Departments

New Aloha Stadium Entertainment District (NASED) Project – During the fiscal year ended June 30, 2024, the Governor of the State approved the release, transfer, and allotment of $49,500,000 in general funds appropriated by Act 248, SLH 2022 to the Authority to be expended on stadium costs for operations, maintenance, and contract costs to developers of the new stadium. At June 30, 2025, this amount is reported as restricted cash and cash equivalents in the accompanying statement of net position.

Aloha Stadium Portable Structures and Site Improvements Project and Optimization Plan for Aloha Stadium Property – During the fiscal year ended June 30, 2025, the Authority transferred $1,420,000 to DAGS, Public Works Division for costs to provide the infrastructure necessary to relocate the swap meet on the stadium property and to provide legal and advisory services for the NASED Project. This relocation ensures the continued provision of services to the people of the State during the implementation of the NASED Project. This transaction is reported as transfers in the accompanying statement of revenues, expenses and changes in net positon for the fiscal year ended June 30, 2025.

(12) Subsequent Events

In September 2025, the Authority entered into the first two agreements (the Stadium Development and Operation Agreement and the Initial Ground Lease) with Aloha Halawa District Partners (AHDP) to support the New Aloha Stadium Entertainment District (NASED). The NASED project includes construction of a new, modern, multi-purpose stadium, as well as the surrounding development comprised of various aspects, including residential housing, hotels, retail, and office spaces. Execution of these agreements allows AHDP to commence work on the stadium project, including dismantling of the existing stadium and designing and constructing the new stadium. The remaining agreements related to the real estate parts of the NASED project are expected to be finalized over the following months.

The Authority has evaluated subsequent events from the statement of net position date through December 8, 2025, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years

Measurement Period Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a %age of Covered Payroll	Plan Fiduciary Net Position as a %age of the Total Pension Liability
June 30, 2024	0.08%	$ 6,522,223	$ 1,651,517	394.92%	62.62%
June 30, 2023	0.08%	6,313,356	1,326,482	475.95%	61.91%
June 30, 2022	0.08%	6,045,291	1,876,850	322.10%	62.76%
June 30, 2021	0.08%	5,653,404	2,282,426	247.69%	64.25%
June 30, 2020	0.08%	6,939,575	2,275,342	304.99%	53.18%
June 30, 2019	0.08%	6,434,053	2,277,716	282.48%	54.87%
June 30, 2018	0.08%	6,018,240	2,122,949	283.48%	55.48%
June 30, 2017	0.08%	5,909,158	1,984,731	297.73%	54.80%
June 30, 2016	0.08%	6,080,439	2,012,765	302.09%	51.28%
June 30, 2015	0.08%	4,020,448	1,918,411	209.57%	62.42%

See accompanying independent auditors' report and notes to required supplementary information.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Required Supplementary Information (Unaudited)

Schedule of Pension Contributions

Last Ten Fiscal Years

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a %age of Covered Payroll
June 30, 2025	$ 363,201	$ 363,201	$ -	$ 1,173,739	30.94%
June 30, 2024	377,270	377,270	-	1,651,517	22.84%
June 30, 2023	316,405	316,405	-	1,326,482	23.85%
June 30, 2022	445,674	445,674	-	1,876,850	23.75%
June 30, 2021	537,238	537,238	-	2,282,426	23.54%
June 30, 2020	497,020	497,020	-	2,275,342	21.84%
June 30, 2019	426,961	426,921	-	2,277,716	18.75%
June 30, 2018	378,904	378,904	-	2,122,949	17.85%
June 30, 2017	338,418	338,418	-	1,984,731	17.05%
June 30, 2016	340,386	340,386	-	2,012,765	16.91%

See accompanying independent auditors' report and notes to required supplementary information.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Notes to Required Supplementary Information
Required by GASB Statement No. 68 (Unaudited)

June 30, 2025

(1) Changes of Assumptions

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

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

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

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

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

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Net OPEB Liability

Last Ten Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service cost	$ 89,678	$ 38,771	$ 88,174	$ 48,000	$ 167,508	$ 163,912	$ 143,240	$ 105,687
Interest on the total OPEB liability	304,911	132,751	294,581	159,338	537,909	516,664	443,505	320,913
Difference between expected and actual experience	(341,305)	(13,060)	(398,555)	(67,630)	(492,477)	(4,302)	(131,142)	-
Changes in assumptions	-	-	(101,586)	-	(40,323)	41,525	79,371	-
Benefit payments	(156,608)	(73,830)	(135,809)	(72,815)	(247,391)	(247,428)	(215,949)	(158,665)
Net change in total OPEB liability	(103,324)	84,632	(253,195)	66,893	(74,774)	470,371	319,025	267,935
Total OPEB liability - beginning	7,624,932	7,540,300	7,793,495	7,726,602	7,801,376	7,331,005	7,011,980	6,744,045
Total OPEB liability - ending	$ 7,521,608	$ 7,624,932	$ 7,540,300	$ 7,793,495	$ 7,726,602	$ 7,801,376	$ 7,331,005	$ 7,011,980
Plan Fiduciary Net Position:								
Employer contributions	$ 316,755	$ 147,292	$ 194,627	$ 250,222	$ 552,822	$ 545,791	$ 426,680	$ 315,524
Net investment income	165,177	32,241	(28,178)	131,170	29,516	49,622	49,161	31,591
Benefit payments	(156,608)	(73,830)	(135,809)	(72,815)	(247,391)	(247,428)	(215,949)	(158,665)
Administrative expense	(160)	(46)	(116)	(67)	(208)	(341)	(162)	(81)
Other	(23)	134	380	27	185	114,948	-	2,537
Net change in plan fiduciary net position	325,141	105,791	30,904	308,537	334,924	462,592	259,730	190,906
Plan fiduciary net position - beginning	2,029,824	1,924,033	1,893,129	1,584,592	1,249,668	787,076	527,346	336,440
Plan fiduciary net position - ending	$ 2,354,965	$ 2,029,824	$ 1,924,033	$ 1,893,129	$ 1,584,592	$ 1,249,668	$ 787,076	$ 527,346
Net OPEB Liability	$ 5,166,643	$ 5,595,108	$ 5,616,267	$ 5,900,366	$ 6,142,010	$ 6,551,708	$ 6,543,929	$ 6,484,634
Plan fiduciary net position as a percentage of the total OPEB liability	31.31%	26.62%	25.52%	24.29%	20.51%	16.02%	10.74%	7.52%
Covered-employee payroll	$ 1,651,517	$ 1,326,482	$ 1,876,850	$ 2,282,426	$ 2,275,342	$ 2,277,716	$ 2,122,949	$ 1,984,731
Net OPEB liability as a percentage of covered-employee payroll	312.84%	421.80%	299.24%	258.51%	269.94%	287.64%	308.25%	326.73%

* The schedule is intended to present information for 10 years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying independent auditors' report and notes to required supplementary information.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Required Supplementary Information (Unaudited)

Schedule of OPEB Contributions

Last Ten Fiscal Years*

Fiscal Year Ended	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a %age of Covered Payroll
June 30, 2025	$ 318,640	$ 318,640	$ -	$ 1,173,739	27.15%
June 30, 2024	316,755	316,755	-	1,651,517	19.18%
June 30, 2023	147,292	147,292	-	1,326,482	11.10%
June 30, 2022	319,973	194,627	125,346	1,876,850	10.37%
June 30, 2021	170,912	250,222	(79,310)	2,282,426	10.96%
June 30, 2020	577,238	552,822	24,416	2,275,342	24.30%
June 30, 2019	525,976	545,791	(19,815)	2,277,716	23.96%
June 30, 2018	426,680	426,680	-	2,122,949	20.10%

* This schedule is intended to present information for 10 years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying independent auditors' report and notes to required supplementary information.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Notes to Required Supplementary Information
Required by GASB Statement No. 75 (Unaudited)

June 30, 2025

(1) Significant Methods and Assumptions

The actuarially determined annual required contributions for the fiscal year ended June 30, 2025 was developed in the July 1, 2022 valuation. The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution for the fiscal year ended June 30, 2025:

Actuarial valuation date	July 1, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Equivalent single amortization period	20.0 as of fiscal year ended June 30, 2025
Asset valuation method	4-year smoothed market
Inflation rate	2.50%
Discount rate	7.00%
Amortization growth rate	2.50%
Salary increases	3.75% to 6.75%, including inflation
Demographic assumptions	Based on the 2022 Hawaii ERS Actuarial Experience Study, as conducted June 30, 2021 for the ERS
Mortality	System-specific mortality tables utilizing ultimate scale MP2021 to project generational mortality improvement
Participation Rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B
Healthcare cost trend rates:	
PPO*	Initial rate of 6.40%, declining to an ultimate rate of 4.25% after 22 years
HMO*	Initial rate of 6.40%, declining to an ultimate rate of 4.25% after 22 years
Part B	Initial rate of 5.00%, declining to an ultimate rate of 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

* Includes prescription drug assumptions.

STADIUM AUTHORITY
STATE OF HAWAII
(A Component Unit of the State of Hawaii)

Notes to Required Supplementary Information
Required by GASB Statement No. 75 (Unaudited)

June 30, 2025

Prior to the fiscal year ended June 30, 2025, there were no other factors, including the use of different assumptions that significantly affected trends in the amounts reported in the schedule of changes in the net OPEB liability and related ratios or the schedule of OPEB contributions.

PART III

INTERNAL CONTROL AND COMPLIANCE SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Auditor
State of Hawaii:

Members of the Stadium Authority
State of Hawaii:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Stadium Authority, State of Hawaii (the Authority), a component unit of the State of Hawaii, which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
P: 808.521.3962 | F: 808.531.3217 | www.kkdly.com

Report on Compliance and Other Matters

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

Purpose of this Report

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

KKDLY LLC

Honolulu, Hawaii
December 8, 2025