STATE OF HAWAII

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CURT T. OTAGURO
COMPTROLLER

STATE OF HAWAII

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Prepared by Accounting Division
Department of Accounting and General Services

Independent Audit Contracted and Administered by
Office of the State Auditor

State of Hawaii
Comprehensive Annual Financial Report
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PART I: INTRODUCTORY SECTION

State of Hawaii
Principal Officials for Finance-Related Functions
June 30, 2020

Curt T. Otaguro
Comptroller

Audrey Hidano
Deputy Comptroller

Governor	**David Y. Ige**
Director of Finance	**Craig Hirai**
Director of Taxation	**Isaac W. Choy**
Comptroller	**Curt T. Otaguro**
Deputy Comptroller	**Audrey Hidano**

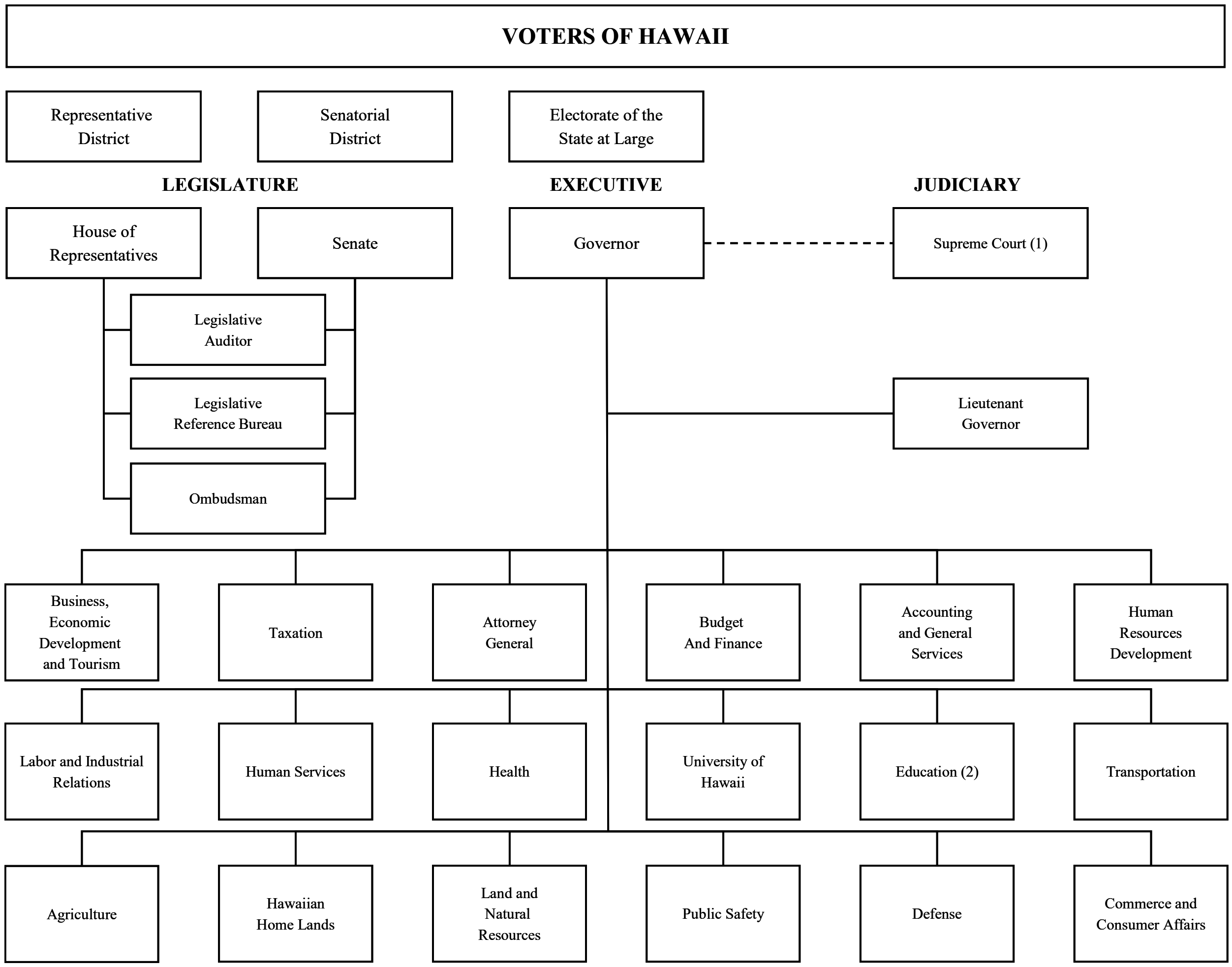
Notes:

The Director of Finance is also department head of the Department of Budget and Finance.

The Comptroller is also department head of the Department of Accounting and General Services.

An organizational chart including those and other departments and agencies of the State of Hawaii government is presented on the following page.

State of Hawaii
Organizational Chart
June 30, 2020



(1) The Governor's appointment of justices of the Supreme Court confirmed by the Senate.

(2) The Board of Education is appointed by the Governor.

DAVID Y. IGE
GOVERNOR

CURT T. OTAGURO
COMPTROLLER

AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

December 30, 2020

To the Honorable Governor of the State of Hawaii
To the Honorable Members of the Thirty-First State
Legislature of the State of Hawaii

In accordance with the provisions of Section 40-5 of the Hawaii Revised Statutes, it is our privilege to present to you the Comprehensive Annual Financial Report (CAFR) of the State of Hawaii (the State) for the fiscal year ended June 30, 2020. The State's Department of Accounting and General Services has prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the State. We believe the information, as presented, is fairly stated in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all the information necessary to enable the reader to gain the maximum understanding of the State's financial affairs has been included.

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A is included in Part II of this report.

THE REPORTING ENTITY AND ITS SERVICES

With Hawaii's highly centralized state government, the State provides a full range of services as mandated by statute. These services include, but are not limited to, education (lower and higher), welfare, transportation (highways, airports and harbors), health, hospitals, public safety, housing, culture and recreation, economic development, and conservation of natural resources.

This report includes the various funds comprising the State, including all entities that are accountable to the State. The Employees' Retirement System of the State of Hawaii, which is administered on behalf of public employees for both the state and county governments, and the Office of Hawaiian Affairs, which exists for the betterment of the conditions of native Hawaiians, are not included in the State's basic financial statements because those agencies, based on their fiscal independence and/or separate legal entity status, are not accountable to the State.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the basic financial statements is perhaps best understood when considered from the broader perspective of the specific environment within which the State operates.

State of the Economy

Overview

During the third quarter of 2020, Hawaii's economic indicators were mostly negative. Visitor arrivals, wage and salary jobs, and State general fund tax revenues all decreased compared to third quarter 2019. Only government contracts awarded and private building authorizations increased in the quarter.

Labor
For the first time since the fourth quarter of 2010, Hawaii's jobs decreased. During the first nine months of 2020, Hawaii's total civilian employment averaged 566,050 persons, a decrease of 80,000 persons or 12.4% over the same period in 2019. The number of wage and salary jobs was down 76,900 to 581,000 for a decrease of 11.7%. Job decreases were most notable in food services and drinking places (21,500), accommodation (19,800), and transportation, warehousing and utilities (5,900). Only two sectors experienced inclines including natural resources, mining and construction (400) and federal government (400). Hawaii's civilian unemployment rate (not seasonally adjusted) averaged 12.3% for the first nine months of 2020, compared to 2.8% for the same period in 2019.

Taxes
The State General Fund tax revenues decreased $680.7 million, or 12.1%, during the first nine months of 2020 compared to the same period in 2019. Among its components, net individual income tax collections decreased $67.1 million or 3.2%, general excise and use tax (GET) collections decreased $393.2 million or 14.4%, and transient accommodations tax (TAT) collections were down $236.4 million or 47.8%. Net corporate income tax revenues decreased $111.2 million or 89.7%.

Personal Income
Total nominal personal income, not adjusted for inflation, increased $14.5 billion, or 9.1% in the first half of 2020 compared to the same period in 2019. Among its components, the fastest growth was seen in personal current transfer receipts which increased $18.3 billion or 73.0% and dividends, interest and rent which increased $184 million or 0.5%. The remaining categories had declines that ranged from 1.3% to 4.0%. Contributions for government social insurance, which are subtracted from personal income, also decreased by 2.3%.

Prices
Honolulu's consumer price index (CPI) increased 1.6% for the first half of 2020 compared to the same period in 2019, above the 1.2% United States (U.S.) average CPI-U increase. The Honolulu increase was primarily due to increases in apparel (4.9%), food and beverages (2.7%), recreation (2.7%), housing (2.6%), education and communication (0.9%). Prices decreased for transportation (4.5%) and other goods and services (1.4%).

Recent Developments in Hawaii's Major Industries

Visitor Industry
In the first nine months of 2020, total visitor arrivals by air decreased 5,544,000 or 71.7% compared to the same period of 2019. Domestic arrivals (visitors on flights originating inside of the U.S.) decreased 71.3% while international arrivals decreased 72.6%. Total visitor days (visitor arrivals multiplied by average length of stay) decreased 67.4% in the first nine months of 2020 compared to the same period of 2019 and total visitor spending decreased $601.6 million or 13.4% over the same period. Statewide hotel occupancy rate averaged 42.5% in the first nine months of 2020, 38.8% lower than the average rate during the same period of 2019.

Construction
Hawaii's construction industry has been one of the steady contributors to job growth over the past few years. In the first nine months of 2020, the construction sector added 400 jobs or 1.2% from the same period of 2019. Before the recession, specifically the period from 2002 to 2007, construction job growth averaged 8.0% per year. The strength of the current construction job market is a sharp contrast to the recession period. From the second quarter of 2008 until the second quarter of 2011, construction job growth was negative. The construction industry was the only private sector that added jobs in the third quarter of 2020 compared to the same quarter of 2019.

Outlook for Hawaii's Economy

Hawaii's economy has been greatly impacted by the COVID-19 pandemic. During the April-September 2020 period, the average unemployment rate (not seasonally adjusted) was 17.1%. Hawaii lost 114,700 non-agricultural payroll jobs during the April to September period as compared to the same period of 2019. Overall, statewide non-agriculture payroll jobs decreased by 17.1% in the third quarter of 2020. Hawaii's economy depends significantly on conditions in the U.S. economy and key international economies, especially Japan. The November 2020 Blue Chip Economic Indicators report expects the U.S. economic growth rate in 2020 to decrease 3.7% and projects a positive 4.0% U.S. economic growth rate for 2021. The Department of Business, Economic Development and Tourism (DBEDT) projects that Hawaii's economic growth rate, as measured by the real gross domestic product (GDP), will decline by 11.2% in 2020, then will increase at 2.1% in 2021, 2.0% in 2022, and 1.2% in 2023.

The visitor arrivals are expected to increase gradually in the next three years to 6.2 million in 2021, 7.7 million in 2022 and 8.8 million in 2023. Visitor spending is also expected to increase gradually over the next three years by 105.6% in 2021, 27.2% in 2022 and 14.1% in 2023.

DBEDT projects total non-agricultural wage and salary jobs to decrease 11.9% in 2020, then will increase by 6.1% in 2021, 2.5% in 2022, and 1.9% in 2023. Nominal Personal Income is expected to decrease 7.8% in 2021 with real GDP projected to decrease 11.2% in 2020, then will increase at 2.1% in 2021, 2.0% in 2022, and 1.2% in 2023.

DBEDT projects Hawaii's inflation, as measured in terms of changes in the Honolulu CPI, to increase at rates between 1.6% and 2.3% in the next few years. The State GDP deflator is forecast to grow 1.8% in 2021.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and maintaining the State's accounting system, consideration is given to the effectiveness of internal control, which is designed to accomplish certain objectives of management, including:

1. Transactions are executed in accordance with management's general and specific authorization.

2. Transactions are recorded as necessary to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and to maintain accountability for assets.

3. Access to assets is permitted only in accordance with management's authorization.

Internal controls are designed to provide reasonable, but not absolute, assurance that the above objectives were accomplished. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control. The evaluation of costs and benefits requires estimates and judgments by management. We believe that the State's internal controls are effective in accomplishing management's objectives.

By statutory provision, the State prepares a biennial budget for its programs. Budgeted expenditures are derived primarily from the General Appropriations Act of 2019 (Act 5, SLH 2019), and from other authorizations contained in the State Constitution, the Hawaii Revised Statutes, and other specific appropriations acts in various Session Laws of Hawaii. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated periodically during the fiscal year.

An allotment system and encumbrance accounting are utilized by the State for budgetary control purposes. Obligations in the form of purchase orders or contracts are recorded as encumbrances at the time purchase orders or contracts are awarded and executed. To the extent not expended or encumbered, General Fund and Special Revenue Fund appropriations subject to budgetary control generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

EMPLOYEE UNION CONTRACTS

The State Constitution grants public employees in Hawaii the right to organize for the purpose of collective bargaining as provided by law. Of the 14 collective bargaining units, 13 include State employees. Units 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13 and 14 have collective bargaining agreements in effect through June 30, 2021.

INDEPENDENT AUDIT

Although the State statutes do not require an annual audit of the State's financial statements, the State engaged a firm of independent certified public accountants to audit the State's basic financial statements for the fiscal year ended June30, 2020. The independent auditors' report has been included in Part II of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

We extend our appreciation to the staff of the various State agencies whose dedicated time and effort made the preparation of this report possible. Their combined efforts have produced a report that we believe will serve as a helpful source of information for anyone having an interest in the financial operations of the State.

Respectfully submitted,

CURT T. OTAGURO
Comptroller, State of Hawaii

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Hawaii

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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PART II: FINANCIAL SECTION

CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

The Auditor
State of Hawaii

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Hawaii (the State) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State of Hawaii's basic financial statements (pages 28–117) as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these respective financial statements based on our audit. We did not audit the financial statements of the Department of Transportation – Airports and Harbors Divisions, which are major enterprise funds; the Hawaii Employer-Union Health Benefits Trust Fund, the Water Pollution Control Revolving Fund, and the Drinking Water Treatment Revolving Loan Fund, which are nonmajor enterprise funds; and the Hawaii Public Housing Authority, the Hawaii Community Development Authority, and the Hawaii Health Systems Corporation which are discretely presented component units, which represent the following percentages of total assets and revenues and additions for the indicated opinion units.

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Business-Type Activities	98%	39%
Aggregate Discretely Presented Component Units	19%	26%
Fiduciary Funds	78%	100%

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Those financial statements listed above were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Transportation – Airports and Harbors Divisions, the Water Pollution Control Revolving Fund, the Drinking Water Treatment Revolving Loan Fund, the Hawaii Employer-Union Health Benefits Trust Fund, the Hawaii Public Housing Authority, the Hawaii Community Development Authority, and the Hawaii Health Systems Corporation, is based solely on the reports of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Hawaii, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 13–26), budgetary comparison information (pages 120–124 and 136–142), Schedule of the Proportionate Share of the Net Pension Liability (page 125), Schedule of Pension Contributions (page 126), Schedule of the Proportionate Share of the Net OPEB Liability (page 127), and Schedule of OPEB Contributions (page 128) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 and other auditors 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Hawaii's basic financial statements. The combining and individual fund statements (pages 132–135 and 143–147), introductory section (pages 1–7) and statistical section (pages 150–183) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of the State of Hawaii's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the State of Hawaii's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 State of Hawaii's internal control over financial reporting and compliance.

Accuity LLP

Honolulu, Hawaii
December 30, 2020

As management of the State of Hawaii (the State), we offer readers of the State's basic financial statements this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in our letter of transmittal, which can be found on pages 3–6 of this report.

Financial Highlights

Government-Wide Highlights

The liabilities and deferred inflows of resources of the State exceeded its assets and deferred outflows of resources at June 30, 2020 by $3.2 billion (net position). Unrestricted net position, which may be used to meet the State's ongoing obligations to citizens and creditors, was a negative $12.3 billion, a decrease of $1.5 billion from the previous year. Net position of governmental activities and business-type activities decreased by $413.2 million and $538.1 million, respectively, due to current year activity. The total deferred outflows of resources decreased to $2.0 billion, a $179.5 million decrease. This was due to the decrease in deferred loss on refunding and deferred outflows on net pension liability in the amounts of $15.9 million and $160.7 million, respectively. The deferred inflows of resources decreased to $164.1 million, with the decrease of both deferred inflows of resources from net pension liability and net other postemployment benefits liability in the amounts of $55.5 million and $35.4 million, respectively.

Fund Highlights

At June 30, 2020, the State's Governmental Funds reported combined ending fund balances of $3.3 billion, a decrease of $244.9 million from the prior fiscal year. Of this amount, $1.3 billion, or 38.7%, of total fund balances was in the General Fund, and the remaining $2.0 billion represent amounts in other funds designated for specific purposes. The Proprietary Funds reported net fund position of $4.5 billion at June 30, 2020, a decrease of $538.1 million during the fiscal year.

Liabilities

The State's liabilities increased during the current year to $28.4 billion, an increase of $1.5 billion. During fiscal 2020, the State issued a bond anticipation note in the amount of $600.0 million.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*, the State's liability for postemployment benefits other than pension increased to $7.0 billion, an increase of $8.5 million for the fiscal year ended June 30, 2020.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting For Pensions,* the State's liability pensions increased to $7.2 billion, an increase of $389.0 million for the fiscal year ended June 30, 2020.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements are comprised of three components: (1) Government-Wide financial statements, (2) Fund financial statements, and (3) notes to basic financial statements. This report also contains supplementary information required by GASB and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements
The Government-Wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the State'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 of whether the financial position of the State is improving or deteriorating.

The statement of activities presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and unused vacation leave).

Both of the Government-Wide financial statements distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the State include general government, public safety, conservation of natural resources, highways, health, welfare, education, culture and recreation, urban redevelopment and housing, economic development and assistance, and interest on long-term debt. The business-type activities of the State include the Department of Transportation – Airports Division (Airports), Department of Transportation – Harbors Division (Harbors), and the Unemployment Compensation Fund, which are considered to be major funds, while the remaining business-type activities are combined into a single aggregate presentation.

The Government-Wide financial statements include not only the State itself (known as the Primary Government), but also the activities of seven legally separate Component Units: the Hawaii Community Development Authority, the Hawaii Health Systems Corporation, the Hawaii Housing Finance and Development Corporation, the Hawaii Hurricane Relief Fund, the Hawaii Public Housing Authority, the Hawaii Tourism Authority, and the University of Hawaii, comprised of the State's public institutions of higher education, for which the State is financially accountable. Financial information for these Component Units is reported separately from the financial information presented for the Primary Government itself. The Component Units issue separate financial statements containing management's discussion and analysis.

The Government-Wide financial statements can be found on pages 28–30 of this report.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: (1) Governmental Funds, (2) Proprietary Funds, and (3) Fiduciary Funds.

Governmental Funds
Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide financial statements. However, unlike the Government-Wide financial statements, Governmental Funds financial statements focus on near term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financing decisions. Both the Governmental Funds balance sheet and the Governmental Funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities in the Government-Wide financial statements.

Information is presented separately in the Governmental Funds balance sheet and in the Governmental Funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Med-Quest Special Revenue Fund, and Administrative Support Special Revenue Fund, each of which is considered to be a major fund. Data from the other Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor Governmental Funds is provided in the form of combining financial statements in the supplementary information section of this report.

The State adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund and each Special Revenue Fund to demonstrate compliance with this budget. The budgetary comparison schedules for the General Fund, Med-Quest Special Revenue Fund, and Administrative Support Special Revenue Fund are located in the required supplementary information and the budgetary comparison statements for each of the other Special Revenue Funds are located in the supplementary information section of this report.

The basic Governmental Funds financial statements can be found on pages 32–35 of this report.

Proprietary Funds

Proprietary Funds are used to show activities that operate more like those of commercial enterprises. They are known as Enterprise Funds because they charge fees for services provided to outsiders. They are used to report the same functions presented as business-type activities in the Government-Wide financial statements. The State uses Enterprise Funds to account for the operations of Airports, Harbors, the Unemployment Compensation Fund, and its other business-type activities.

Proprietary Funds provide the same type of information as the Government-Wide financial statements, only in more detail. The Proprietary Funds financial statements provide separate information for Airports, Harbors, and the Unemployment Compensation Fund, each of which are considered to be major funds of the State. Conversely, the other business-type activities are combined into a single, aggregate presentation in the Proprietary Funds financial statements.

The basic Proprietary Funds financial statements can be found on pages 36–40 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the State. Fiduciary Funds are not reflected in the Government-Wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The basic Fiduciary Funds financial statements can be found on pages 41–42 of this report.

Notes to Basic Financial Statements
The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes to basic financial statements can be found on pages 50–117 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents a section of required supplementary information (RSI) other than management's discussion and analysis, which contains budget-to-actual schedules for the State's General Fund, Med-Quest Special Revenue Fund, and Administrative Support Special Revenue Fund as well as accompanying notes. This section also includes a Schedule of the Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, Schedule of the Proportionate Share of the Net OPEB Liability, and Schedule of OPEB Contributions.

Other Supplementary Information

The combining financial statements referred to earlier are presented in the supplementary information immediately following the RSI other than management's discussion and analysis. These combining statements provide details about the nonmajor Governmental, nonmajor Proprietary, and Fiduciary Funds. The total columns of these combining financial statements carry to the applicable Fund financial statements.

The statistical section containing information regarding financial trends, revenue capacity, and debt capacity, as well as demographic, economic and operating, information follows immediately after the supplementary information.

Government-Wide Financial Analysis

The following financial analysis focuses on the Primary Government (governmental and business-type activities of the State). Separate financial statements for each of the State's Component Units, including their respective management's discussion and analysis, can be obtained from the Department of Accounting and General Services.

Net position is a useful indicator of a government's financial position. For the State, total liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by $3.2 billion as of June 30, 2020, and net position decreased $951.3 million, or 42.8% from June 30, 2019 balances. The net position of the governmental activities decreased by $413.2 million, or 5.7%, and business-type activities had a decrease of $538.1 million, or 10.6% due to the fiscal year 2020 activity. The following table was derived from the Government-Wide Statement of Net Position.

Summary Schedule of Net Position
June 30, 2020 and 2019
(Amounts in thousands)

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	$ 5,496,602	$ 4,845,579	$ 3,075,722	$ 3,657,842	$ 8,572,324	$ 8,503,421
Capital assets, net	10,101,526	9,807,124	4,701,609	4,424,224	14,803,135	14,231,348
Total assets	$ 15,598,128	$ 14,652,703	$ 7,777,331	$ 8,082,066	$ 23,375,459	$ 22,734,769
Deferred outflows of resources						
Deferred loss on refunding	$ 119,823	$ 134,575	$ 1,842	$ 2,976	$ 121,665	$ 137,551
Deferred outflows on net pension liability	1,171,683	1,327,625	40,310	45,092	1,211,993	1,372,717
Deferred outflows on net other postemployment benefits liability	676,377	681,561	24,828	22,568	701,205	704,129
Total deferred outflows of resources	$ 1,967,883	$ 2,143,761	$ 66,980	$ 70,636	$ 2,034,863	$ 2,214,397
Liabilities						
Long-term liabilities	$ 22,892,042	$ 22,474,255	$ 2,820,861	$ 2,771,220	$ 25,712,903	$ 25,245,475
Other liabilities	2,211,465	1,358,692	497,210	314,084	2,708,675	1,672,776
Total liabilities	$ 25,103,507	$ 23,832,947	$ 3,318,071	$ 3,085,304	$ 28,421,578	$ 26,918,251
Deferred inflows of resources						
Deferred inflows on net pension liability	$ 50,692	$ 104,223	$ 2,721	$ 4,729	$ 53,413	$ 108,952
Deferred inflows on net other postemployment benefits liability	107,265	141,576	3,421	4,483	110,686	146,059
Total deferred inflows of resources	$ 157,957	$ 245,799	$ 6,142	$ 9,212	$ 164,099	$ 255,011
Net position						
Net investment in capital assets	$ 2,478,200	$ 2,459,159	$ 2,629,344	$ 2,459,973	$ 5,107,544	$ 4,919,132
Restricted	2,345,000	2,089,246	1,639,488	1,580,020	3,984,488	3,669,266
Unrestricted	(12,518,653)	(11,830,687)	251,266	1,018,193	(12,267,387)	(10,812,494)
Total net position	$ (7,695,453)	$ (7,282,282)	$ 4,520,098	$ 5,058,186	$ (3,175,355)	$ (2,224,096)

Analysis of Net Position

By far, the largest portion of the State's net position ($5.1 billion or negative 160.9%) reflects its investment in capital assets (e.g., land, infrastructure, buildings and equipment), less any related debt used to acquire those assets that is still outstanding. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net position ($4.0 billion or negative 125.5%) represents resources that are subject to external restrictions or enabling legislation on how they may be used. The remaining balance of negative $12.3 billion or 386.3% represents unrestricted net position.

At June 30, 2020, the State is able to report positive balances in two of the categories of net position for governmental activities and all three categories for business-type activities. The negative balance of unrestricted net position for governmental activities is primarily attributed to the State's net other postemployment benefit liability of $7.0 billion and net pension liability of $7.2 billion.

Changes in Net Position

The State's net position decreased by $951.3 million, or 42.8%, during the year fiscal ended June 30, 2020. Approximately 52.2% of the State's total revenues came from taxes, while 25.5% resulted from grants and contributions (including federal aid). Charges for various goods and services and other income provided 22.4% of the total revenues. The State's expenses cover a range of services. The largest expenses were for higher and lower education, welfare, health, general government, public safety, and highways.

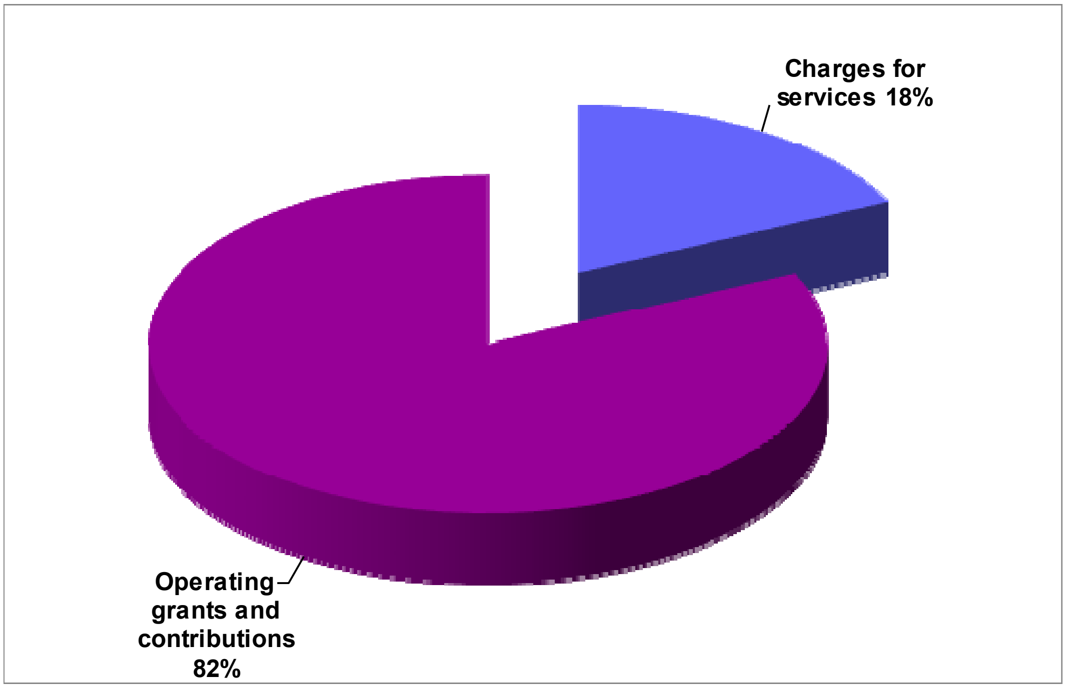
The following financial information was derived from the Government-Wide Statement of Activities and reflects how the State's net position changed during the fiscal year.

Summary Schedule of Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019
(Amounts in thousands)

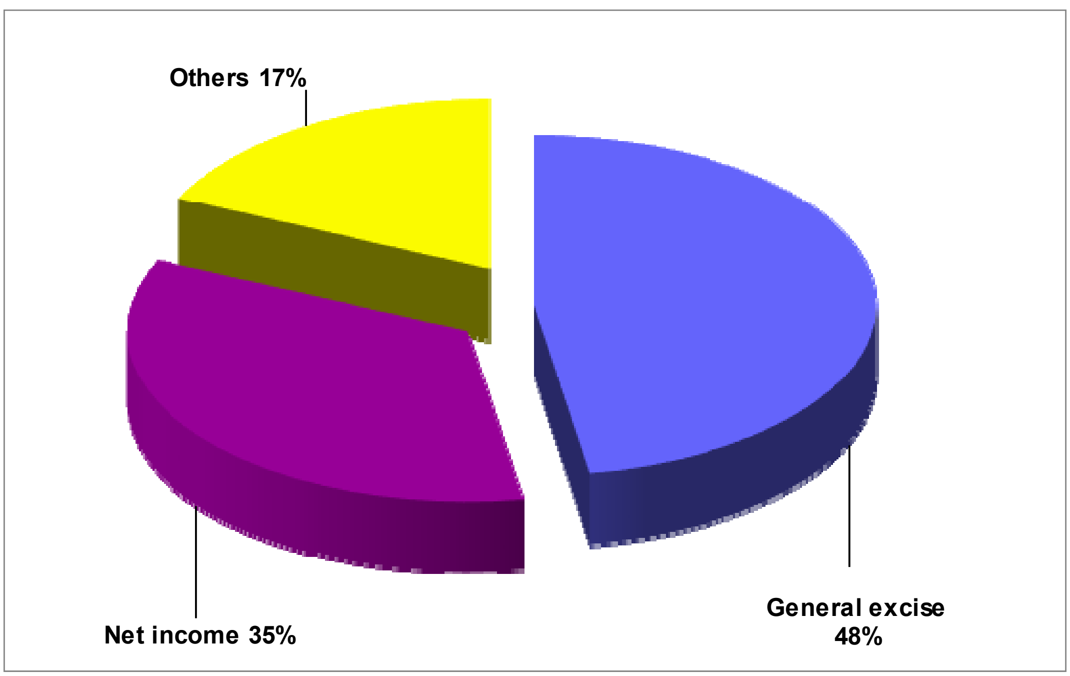
	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	$ 797,989	$ 834,246	$ 2,196,094	$ 1,052,449	$ 2,994,083	$ 1,886,695
Operating grants and contributions	3,597,822	3,082,678	-	-	3,597,822	3,082,678
Capital grants and contributions	-	-	95,720	78,010	95,720	78,010
General revenues						
Taxes	7,571,137	7,797,519	-	-	7,571,137	7,797,519
Investment income and other	164,354	(186,766)	84,866	48,887	249,220	(137,879)
Total revenues	12,131,302	11,527,677	2,376,680	1,179,346	14,507,982	12,707,023
Expenses						
General government	1,129,769	1,054,935	-	-	1,129,769	1,054,935
Public safety	642,353	675,663	-	-	642,353	675,663
Highways	531,105	552,741	-	-	531,105	552,741
Conservation of natural resources	109,093	224,266	-	-	109,093	224,266
Health	1,138,450	1,019,160	-	-	1,138,450	1,019,160
Welfare	3,678,820	3,379,304	-	-	3,678,820	3,379,304
Lower education	3,595,747	3,527,097	-	-	3,595,747	3,527,097
Higher education	1,050,582	950,253	-	-	1,050,582	950,253
Other education	16,936	18,376	-	-	16,936	18,376
Culture and recreation	155,261	110,711	-	-	155,261	110,711
Urban redevelopment and housing	246,495	179,794	-	-	246,495	179,794
Economic development and assistance	4,868	174,629	-	-	4,868	174,629
Interest expense	244,994	251,294	-	-	244,994	251,294
Airports	-	-	559,374	469,321	559,374	469,321
Harbors	-	-	98,998	85,007	98,998	85,007
Unemployment compensation	-	-	2,147,598	165,134	2,147,598	165,134
Nonmajor proprietary funds	-	-	108,798	103,954	108,798	103,954
Total expenses	12,544,473	12,118,223	2,914,768	823,416	15,459,241	12,941,639
Change in net position	(413,171)	(590,546)	(538,088)	355,930	(951,259)	(234,616)
Net position						
Beginning of year	(7,282,282)	(6,691,736)	5,058,186	4,702,256	(2,224,096)	(1,989,480)
End of year	$ (7,695,453)	$ (7,282,282)	$ 4,520,098	$ 5,058,186	$ (3,175,355)	$ (2,224,096)

The following charts depict revenues of the governmental activities for the fiscal year:

Program Revenues by Source – Governmental Activities
Fiscal Year Ended June 30, 2020



Tax Revenues by Source – Governmental Activities
Fiscal Year Ended June 30, 2020



Analysis of Changes in Net Position

The State's net position decreased by $951.3 million during the current fiscal year. This is explained in the governmental and business-type activities discussion and is primarily due to decrease in net position of governmental activities of $413.2 million and Unemployment Compensation Fund of $704.1 million and increase in Airports of $8.2 million, Harbors of $77.3 million, and Nonmajor Proprietary Funds of $80.5 million.

Governmental Activities

Governmental activities decreased the State's net position by $413.2 million. The elements of this decrease are reflected below:

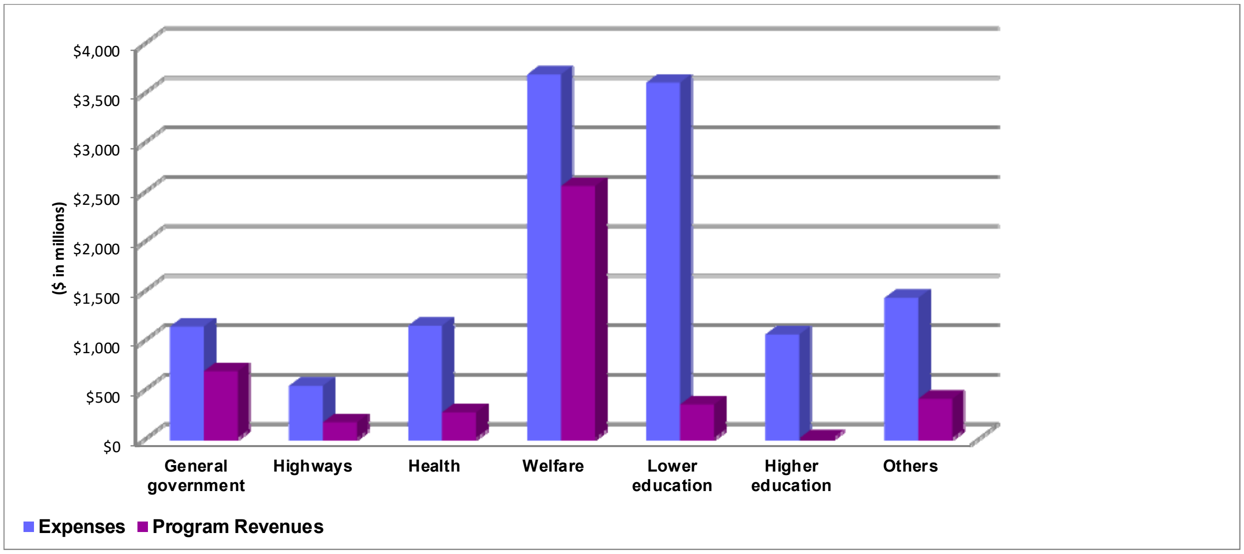
	Governmental Activities (Amounts in thousands)	
	2020	**2019**
General revenues		
Taxes	$ 7,571,137	$ 7,797,519
Interest and investment income and other	164,354	(186,766)
Total general revenues	7,735,491	7,610,753
Expenses, net of program revenues		
General government	451,682	711,458
Public safety	506,210	551,340
Highways	369,022	303,914
Conservation of natural resources	(1,171)	111,119
Health	875,798	747,421
Welfare	1,127,849	1,077,234
Lower education	3,253,012	3,166,635
Higher education	1,050,483	950,253
Other education	16,936	18,376
Culture and recreation	142,028	92,353
Urban redevelopment and housing	201,292	135,497
Economic development and assistance	(89,473)	84,405
Interest expense	244,994	251,294
Total governmental activities expenses, net of program revenues	8,148,662	8,201,299
Decrease in governmental activities net position	$ (413,171)	$ (590,546)

Tax revenues decreased by $226.4 million, or 2.9%, from the previous fiscal year. The decrease was primarily due to a decrease in general excise tax of $127.0 million and corporations and individuals net income taxes of $67.4 million due to decline in the State economy caused by the COVID-19 pandemic and government restrictions to protect the public.

Expenses, net of program revenues decreased by $52.6 million mainly due to the increase in charges for services and operating grants and contributions. The largest variance was in the General government program with an increase in revenues of $334.6 million.

A comparison of the cost of services by function of the State's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities. This format identifies the extent to which each governmental function is self-financing through fees and intergovernmental aid or draws from the general revenues of the State:

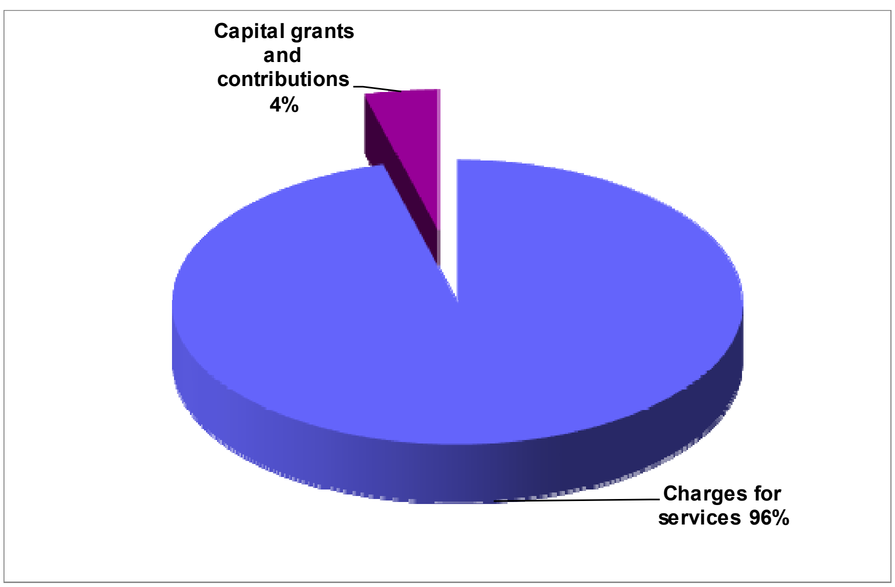
Expenses and Program Revenues – Governmental Activities
Fiscal Year Ended June 30, 2020



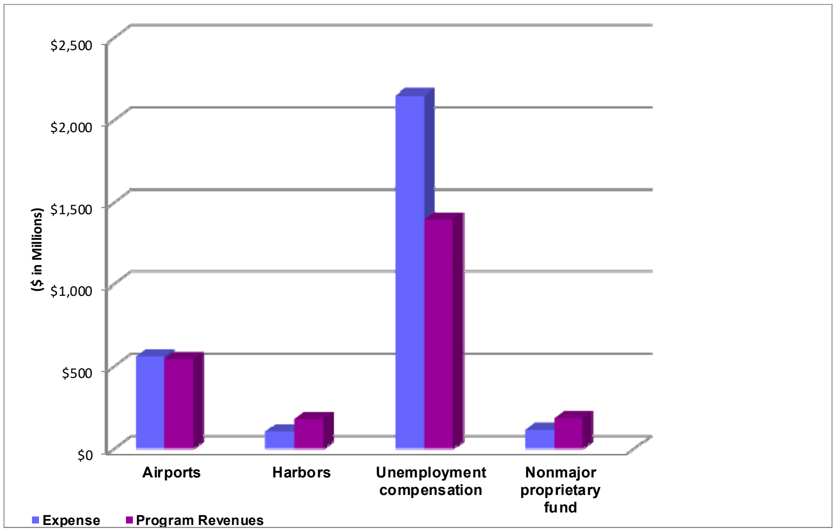
Business-Type Activities

The following charts depict revenues and expenses of the business-type activities for the fiscal year:

Program Revenues by Source – Business-Type Activities
Fiscal Year Ended June 30, 2020



Expenses and Program Revenues – Business-Type Activities
Fiscal Year Ended June 30, 2020



Business-type activities decreased the State's net position by $538.1 million in fiscal 2020, compared to an increase of $355.9 million in fiscal 2019. Key elements of this decrease are as follows:

- Airports' net position increased $8.2 million compared to an increase of $172.2 million in the prior fiscal year. Charges for current services decreased by $87.4 million primarily due to a decrease in landing fees from lower passenger traffic. Operating and capital grants and contributions increased $15.4 million due to an increase in federal capital grants and state capital contributions. Airport's expenses increased $90.1 million due to increases in personnel costs and interest expense on revenue bonds.

- Harbors' net position increased $77.3 million in fiscal 2020 compared to an increase of $105.7 million in fiscal 2019. Charges for current services decreased by $14.6 million due to decreased Wharfage revenues and a decrease in tariff rates, while expenses increased $14.0 million.

- The Unemployment Compensation Fund's net position decreased $704.1 million compared to an increase of $42.0 million in the prior fiscal year. The change was primarily due to an increase in unemployment program revenues of $1.2 billion and increase in unemployment benefits paid of $2.0 billion.

- The Nonmajor Proprietary Fund's net position increased $80.5 million in fiscal 2020 compared to an increase of $36.1 million in fiscal 2019.

- Key elements of the State's business-type activities for the fiscal years ended June 30, 2020 and 2019 are as follows:

Business-Type Activities (Amounts in thousands)

	Program Revenues: Charges for Services		Program Revenues: Operating and Capital Grants and Contributions		Program Revenues: Total		Expenses		Program Revenues Net of Expenses	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Airports	$ 475,064	$ 562,436	$ 67,183	$ 51,743	$ 542,247	$ 614,179	$ 559,374	$ 469,321	$ (17,127)	$ 144,858
Harbors	176,132	190,717	163	-	176,295	190,717	98,998	85,007	77,297	105,710
Unemployment compensation	1,391,747	193,093	-	-	1,391,747	193,093	2,147,598	165,134	(755,851)	27,959
Nonmajor proprietary funds	153,151	106,203	28,374	26,267	181,525	132,470	108,798	103,954	72,727	28,516
Total	$ 2,196,094	$ 1,052,449	$ 95,720	$ 78,010	$ 2,291,814	$ 1,130,459	$ 2,914,768	$ 823,416	$ (622,954)	$ 307,043

Financial Analysis of the State's Individual Funds

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds
The focus of the State's Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the State's financing requirements. The fund balance classifications comprise a hierarchy based primarily on the extent the State is bound to honor constraints on the specific purpose for which amounts can be spent.

At the end of the fiscal year, the State's Governmental Funds reported combined ending fund balances of $3.3 billion. Of this amount, $16.0 million is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional $1.0 billion has been committed to specific purposes. An additional $1.8 billion has been assigned to specific purposes by management. The unassigned fund balance was $427.4 million at fiscal year end.

The General Fund is the chief operating fund of the State. At the end of the fiscal year, the total fund balance of the General Fund was $1.3 billion compared to $1.6 billion in fiscal 2019. The fund balance of the State's Capital Projects Fund decreased $152.0 million during the fiscal year. The Capital Projects Fund decrease is a result of the State's policy of recording expenditures upon the allotment of general obligation bond appropriations expended by component units and incurring general obligation bond expenditures in excess of cash available. The deficit caused by the recording of expenditures when funds are allotted is $577.5 million and is reflected on the balance sheet as Due to Component Units. The fund balance of the Med-Quest Special Fund decreased $6.6 million, Administrative Support Special Revenue Fund increased by $267.8 million, and other Nonmajor Governmental Funds decreased $390 thousand.

Proprietary Funds
The State's Proprietary Funds provide the same type of information found in the Government-Wide financial statements, but in more detail. At the end of the current fiscal year, Airports had an increase in net position of $8.2 million, Harbors had an increase in net position of $77.3 million, the Unemployment Compensation Fund had a decrease in net position of $704.1 million, and the Nonmajor Proprietary Funds had an increase in net position of $80.5 million. Other factors concerning the finances of Airports, Harbors, the Unemployment Compensation Fund, and the Nonmajor Proprietary Funds have already been addressed in the discussion of the State's business-type activities.

General Fund Budgetary Highlights
The General Fund revenues were $684.8 million or 8.3% less than the final budget. The negative variance was attributed to unfavorable tax revenues of $687.1 million and favorable non-tax revenues of $2.4 million. General excise tax, corporate income tax, and individual tax all collected less than what was projected by $235.9 million, $148.6 million and $297.8 million, respectively. The favorable variance in non-tax revenues is mainly comprised of changes for current services and pension and social security reimbursements.

The difference between the final budget and actual expenditures on a budgetary basis was $299.3 million. The difference is mostly due to the general government variance of $159.9 million and lower education variance of $106.0 million. The general government variance is mostly due to $24.1 million of appropriations made to the State Legislature that can be carried over to the next fiscal year. As in previous years, the positive variance in lower education resulted when the Department of Education carried over $60.3 million of unencumbered appropriations into the next fiscal year. The Department of Education is allowed by statute to carry up to 5% of its unencumbered appropriations. Spending restrictions imposed on all executive branch departments resulted in positive variances across most all functions of government except Public Safety and Highways. The significant negative variance for Public Safety was due to emergency spending from flooding and other natural disasters.

Capital Assets

The State's capital assets for its governmental and business-type activities as of June 30, 2020, amounted to $14.8 billion (net of accumulated depreciation of $13.9 billion), an increase of $571.8 million from fiscal 2019. The increase is due to an increase in governmental activities assets of $793.8 million and in business-type assets of $444.8 million offset by increases in governmental activities and business-type activities accumulated depreciation of $499.4 million and $167.4 million, respectively. Major capital improvement projects, which received funding in the fiscal year ended June 30, 2020, included the following:

- $674.3 million for various capital improvements at airports statewide.
- $449.8 million for various capital improvement projects and repair and maintenance of public school facilities throughout the State.
- $237.9 million for various capital improvement projects at harbors statewide.
- $202.1 million for various highway improvement projects throughout the State.
- $191.1 million for various building improvement projects throughout the State.

Additional information on the State's capital assets can be found in Note 3 to the basic financial statements.

Debt Administration

At the end of the current fiscal year, the State had total bonded debt outstanding of $10.6 billion. Of this amount, $7.9 billion comprises debt backed by the full faith and credit of the State and $2.7 billion (i.e., revenue bonds) is revenue-bonded debt that is payable from and secured solely by the specified revenue sources. A breakdown of the State's total bonded debt is shown below:

Long-Term Debt
June 30, 2020 and 2019
(Amounts in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	$ 7,294,070	$ 7,914,382	$ 18,690	$ 21,026	$ 7,312,760	$ 7,935,408
Bond anticipation note	600,000	-	-	-	600,000	-
Revenue bonds	623,120	571,306	2,093,075	1,968,315	2,716,195	2,539,621
Total	$ 8,517,190	$ 8,485,688	$ 2,111,765	$ 1,989,341	$ 10,628,955	$ 10,475,029

The State's total long-term debt increased by $153.9 million, or 1.5%, during the current fiscal year. The increase is primarily due to bond maturities and issuances of GO bond anticipation note and revenue bonds (see Notes 4 and 5 to the basic financial statements).

As of June 30, 2020, the State's underlying general obligation bond ratings were Moody's Investors Service (Aa2), Standard and Poor's Corporation (AA+), and Fitch Ratings (AA+) based on the credit of the State.

The State Constitution limits the amount of general obligation bonds that may be issued. As required by law, the Director of Finance has confirmed that the State was within its legal debt limit. The legal debt margin at June 30, 2020 was $676.9 million.

Additional information on the State's long-term debt can be found in Notes 4, 5 and 6 to the basic financial statements.

Economic Factors and Next Year's Budget

The statewide seasonally adjusted unemployment rate for October 2020 was 14.2%, while the seasonally adjusted national unemployment rate was 6.9%. One year ago, the State's seasonally adjusted unemployment rate stood at 2.7%, while the seasonally adjusted national unemployment rate was 3.6%.

The Council of Revenues in September 2020 revised the State's General Fund tax revenue growth rate for fiscal year 2021 from negative12.0% to negative 11.0%. The council also revised the General Fund tax revenue growth rate for fiscal year 2022 from 12.0% to 8.5%. The Council forecasted that General Fund tax revenues will grow by 6.0%, 4.0%, and 3.0% in fiscal years 2023, 2024, and 2025–2027 respectively.

Cumulative general fund tax revenues for the first five months of fiscal 2021 was $2.7 billion, a decrease of $229.8 million from the same period last fiscal year. General excise and use tax collections, which are the largest source of revenue and a good measure of economic growth, decreased 24.0%.

On March 4, 2020, the State of Hawaii Governor proclaimed the spread of COVID-19 in Hawaii to be a disaster, declared a state of emergency, and announced State responses, including the use of disaster relief funds, to address the spread of COVID-19. The Governor subsequently issued seventeen supplementary proclamations through December 16, 2020, and a series of executive orders restricting non-essential business, activities, and government operations for the duration of the public health emergency. On March 17, 2020, the Governor asked visitors to postpone their trips to Hawaii and then implemented a mandatory fourteen-day self-quarantine requirement for all persons entering the State, as well as for inter-island travelers.

Since the first case was reported on February 17, 2020, there have been over 19,500 confirmed cases and 278 deaths from COVID-19 in the State as of December 16, 2020. The spread of COVID-19 and responsive measures have had a negative impact on the State's economy. Economic activity in the State has slowed significantly, due to restrictions on non-essential businesses, traveler quarantine requirements, and substantial reduction in visitors to Hawaii. Airlines have suspended nearly all flights to and from the State and the U.S. Mainland and Asia, resulting in a reduction in air seat capacity.

The impact on State finances has been severe. The State's expenditures to respond to the COVID-19 pandemic were not budgeted, and State tax revenues have declined with the suspension of economic activity. It is likely that the fiscal impact of the COVID-19 pandemic will last for several years and continue to change as the situation further develops. The fiscal impact will depend on the future events outside of the State's control, including actions of the federal government. In response to these budget shortfalls, the Governor has imposed a 10% spending restriction on discretionary operating expenses of general funds for all departments and agencies of the Executive Branch for fiscal year 2021. The Governor also implemented a two day per month furlough starting January 1, 2021 for most employees, but in light of the Federal COVID–19 relief bill providing additional aid to state and local governments, the furlough has been postponed to an unknown date.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller, Department of Accounting and General Services, P.O. Box 119, Honolulu, Hawaii 96810-0119. General information about the State can be found at the State's website: http://www.hawaii.gov.

BASIC FINANCIAL STATEMENTS

State of Hawaii
Statement of Net Position
June 30, 2020
(Amounts in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 880,262	$ 944,699	$ 1,824,961	$ 1,168,733
Receivables				
Taxes	569,020	53,190	622,210	-
Accounts and accrued interest, net	-	53,390	53,390	194,678
Notes, loans, mortgages and contributions, net	142,776	661,079	803,855	679,687
Federal government	83,977	40,731	124,708	715
Premiums	-	75,801	75,801	-
Drug rebate	91,560	-	91,560	-
Other, net	27,933	43,652	71,585	18,865
Total receivables	915,266	927,843	1,843,109	893,945
Internal balances	1,617	(1,617)	-	-
Due from component units	256,000	-	256,000	-
Due from primary government	-	-	-	581,714
Due from agency fund	461,711	-	461,711	-
Investments	2,971,607	84,914	3,056,521	1,134,375
Inventories				
Materials and supplies	-	199	199	21,988
Developments in progress and dwelling units	-	-	-	35,956
Total inventories	-	199	199	57,944
Restricted assets	-	1,113,595	1,113,595	103,527
Other assets				
Prepaid expenses	6,255	6,089	12,344	31,193
Other	3,884	-	3,884	30,064
Total other assets	10,139	6,089	16,228	61,257
Capital assets				
Land and land improvements	2,371,333	2,627,756	4,999,089	599,869
Infrastructure	10,428,613	-	10,428,613	323,886
Construction in progress	1,106,707	1,731,677	2,838,384	399,121
Buildings, improvements and equipment	6,890,008	3,395,316	10,285,324	5,137,036
Intangible assets – software	154,627	-	154,627	-
Accumulated depreciation and amortization	(10,849,762)	(3,053,140)	(13,902,902)	(3,116,251)
Total capital assets, net	10,101,526	4,701,609	14,803,135	3,343,661
Total assets	15,598,128	7,777,331	23,375,459	7,345,156
Deferred outflows of resources				
Deferred asset retirement obligations	-	-	-	2,402
Deferred loss on refunding	119,823	1,842	121,665	11,588
Deferred outflows on net pension liability	1,171,683	40,310	1,211,993	394,007
Deferred outflows on net other postemployment benefits liability	676,377	24,828	701,205	227,750
Total deferred outflows of resources	$ 1,967,883	$ 66,980	$ 2,034,863	$ 635,747

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Statement of Net Position
June 30, 2020
(Amounts in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Liabilities				
Vouchers and contracts payable	$ 319,099	$ 284,016	$ 603,115	$ 135,684
Other accrued liabilities	427,731	168,663	596,394	87,172
Advance from federal government	775,181	-	775,181	-
Due to component units	581,714	-	581,714	-
Due to primary government	-	-	-	256,000
Unearned revenue	-	-	-	81,356
Premiums payable	-	44,531	44,531	-
Other	107,740	-	107,740	27,698
Long-term liabilities				
Due within one year				
Payable from restricted assets – revenue bonds payable, net	-	61,989	61,989	-
General obligation (GO) bonds payable	569,751	2,451	572,202	-
Notes, mortgages and installment contracts payable	-	-	-	5,631
Bond anticipation note payable	300,000	-	300,000	-
Accrued vacation and retirement benefits payable	77,765	4,972	82,737	53,746
Revenue bonds payable, net	50,729	-	50,729	21,340
Reserve for losses and loss adjustment costs	33,135	2,419	35,554	8,198
Capital lease obligations	6,481	1,024	7,505	3,583
Lease revenue certificates of participation	-	12,116	12,116	-
Customer facility charge revenue bonds	-	10,140	10,140	-
Due more than one year				
Prepaid airport use charge fund	-	312	312	-
GO bonds payable	6,724,319	16,239	6,740,558	-
Bond anticipation note payable	300,000	-	300,000	-
Notes, mortgages and installment contracts payable	-	-	-	58,470
Accrued vacation and retirement benefits payable	167,631	11,688	179,319	60,837
Revenue bonds payable, net	572,391	2,020,946	2,593,337	501,000
Reserve for losses and loss adjustment costs	237,506	4,525	242,031	20,351
Capital lease obligations	108,666	23,525	132,191	5,402
Lease revenue certificates of participation	-	187,710	187,710	-
Unearned revenue	-	-	-	21,140
Estimated future costs of land sold	-	-	-	36,738
Net pension liability	6,999,063	227,353	7,226,416	2,429,510
Net other postemployment benefits liability	6,744,270	233,452	6,977,722	2,409,409
Other	335	-	335	86,010
Total liabilities	25,103,507	3,318,071	28,421,578	6,309,275
Deferred inflows of resources				
Deferred inflows on net pension liability	50,692	2,721	53,413	43,083
Deferred inflows on net other postemployment benefits liability	107,265	3,421	110,686	34,557
Total deferred inflows of resources	157,957	6,142	164,099	77,640
Net position				
Net investment in capital assets	2,478,200	2,629,344	5,107,544	2,790,432
Restricted for				
Capital maintenance projects	155,486	-	155,486	-
Health and welfare	267,526	-	267,526	-
Natural resources	168,884	-	168,884	-
Native Hawaiian programs	393,280	-	393,280	-
Education	191,276	-	191,276	-
Regulatory and economic development	295,864	-	295,864	-
Administrative support	830,313	-	830,313	-
Other purposes	42,219	-	42,219	-
Bond requirements and other	152	1,639,488	1,639,640	1,245,481
Unrestricted	(12,518,653)	251,266	(12,267,387)	(2,441,925)
Total net position	$ (7,695,453)	$ 4,520,098	$ (3,175,355)	$ 1,593,988

State of Hawaii
Statement of Activities
Year Ended June 30, 2020
(Amounts in thousands)

		Program Revenues			Net Revenue (Expense) and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary government								
Governmental activities								
General government	$ 1,129,769	$ 292,428	$ 385,659	$ -	$ (451,682)	$ -	$ (451,682)	
Public safety	642,353	82,296	53,847	-	(506,210)	-	(506,210)	
Highways	531,105	10,183	151,900	-	(369,022)	-	(369,022)	
Conservation of natural resources	109,093	78,019	32,245	-	1,171	-	1,171	
Health	1,138,450	130,082	132,570	-	(875,798)	-	(875,798)	
Welfare	3,678,820	101,966	2,449,005	-	(1,127,849)	-	(1,127,849)	
Lower education	3,595,747	42,474	300,261	-	(3,253,012)	-	(3,253,012)	
Higher education	1,050,582	65	34	-	(1,050,483)	-	(1,050,483)	
Other education	16,936	-	-	-	(16,936)	-	(16,936)	
Culture and recreation	155,261	8,306	4,927	-	(142,028)	-	(142,028)	
Urban redevelopment and housing	246,495	20,641	24,562	-	(201,292)	-	(201,292)	
Economic development and assistance	4,868	31,529	62,812	-	89,473	-	89,473	
Interest expense	244,994	-	-	-	(244,994)	-	(244,994)	
Total governmental activities	12,544,473	797,989	3,597,822	-	(8,148,662)	-	(8,148,662)	
Business-type activities								
Airports	559,374	475,064	-	67,183	-	(17,127)	(17,127)	
Harbors	98,998	176,132	-	163	-	77,297	77,297	
Unemployment compensation	2,147,598	1,391,747	-	-	-	(755,851)	(755,851)	
Nonmajor proprietary funds	108,798	153,151	-	28,374	-	72,727	72,727	
Total business-type activities	2,914,768	2,196,094	-	95,720	-	(622,954)	(622,954)	
Total primary government	$ 15,459,241	$ 2,994,083	$ 3,597,822	$ 95,720	(8,148,662)	(622,954)	(8,771,616)	
Component units								
University of Hawaii	$ 1,883,252	$ 379,994	$ 437,936	$ -				$ (1,065,322)
Hawaii Housing Finance and Development Corporation	273,016	48,430	20,719	-				(203,867)
Hawaii Public Housing Authority	166,325	25,487	108,069	3,005				(29,764)
Hawaii Health Systems Corporation	701,535	460,131	1,201	18,660				(221,543)
Hawaii Tourism Authority	88,007	6,716	-	-				(81,291)
Hawaii Community Development Authority	19,791	3,766	-	-				(16,025)
Hawaii Hurricane Relief Fund	1	-	-	-				(1)
Total component units	$ 3,131,927	$ 924,524	$ 567,925	$ 21,665				(1,617,813)
General revenues								
Taxes								
General excise tax					3,667,538	-	3,667,538	-
Net income tax – corporations and individuals					2,661,618	-	2,661,618	-
Public service companies tax					134,639	-	134,639	-
Transient accommodations tax					304,012	-	304,012	79,583
Tobacco and liquor tax					150,065	-	150,065	-
Liquid fuel tax					79,187	-	79,187	-
Tax on premiums of insurance companies					183,563	-	183,563	-
Vehicle weight and registration tax					125,119	-	125,119	-
Rental motor/tour vehicle surcharge tax					72,502	-	72,502	-
Franchise tax					35,271	-	35,271	-
Other tax					157,623	-	157,623	-
Interest and investment income					164,354	84,866	249,220	32,248
Payments from the primary government, net					-	-	-	1,299,218
Gifts and subsidies					-	-	-	40,617
Other					-	-	-	27,519
Total general revenues					7,735,491	84,866	7,820,357	1,479,185
Change in net position					(413,171)	(538,088)	(951,259)	(138,628)
Net position								
Beginning of year					(7,282,282)	5,058,186	(2,224,096)	1,732,616
End of year					$ (7,695,453)	$ 4,520,098	$ (3,175,355)	$ 1,593,988

The accompanying notes are an integral part of the basic financial statements.

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State of Hawaii
Governmental Funds
Balance Sheet
June 30, 2020
(Amounts in thousands)

	General Fund	Capital Projects Fund	Med-Quest Special Revenue Fund	Administrative Support Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 104,176	$ 13,178	$ 13,127	$ 293,893	$ 455,888	$ 880,262
Receivables						
Taxes	481,568	-	-	-	-	481,568
Notes and loans, net of allowance for doubtful accounts of $46,949	1,340	-	-	-	141,436	142,776
Federal government	-	-	61,196	-	22,781	83,977
Drug rebate	-	-	91,560	-	-	91,560
Medical assistance	-	-	33	-	-	33
Other	7,900	-	-	-	-	7,900
Due from other funds	195,610	-	-	-	152	195,762
Due from proprietary funds	20	1,597	-	-	-	1,617
Due from agency funds	455,012	-	-	6,700	-	461,712
Due from component units	6,000	-	-	250,000	-	256,000
Investments	445,648	306,244	52,509	1,061,843	1,105,363	2,971,607
Other assets	3,882	-	-	-	-	3,882
Total assets	$ 1,701,156	$ 321,019	$ 218,425	$ 1,612,436	$ 1,725,620	$ 5,578,656
Liabilities and Fund Balances						
Liabilities						
Vouchers and contracts payable	$ 123,599	$ 81,808	$ 4,484	$ 1,405	$ 107,498	$ 318,794
Other accrued liabilities	305,837	-	59,826	5,525	56,539	427,727
Advance from federal government	-	-	-	775,181	-	775,181
Due to other funds	152	-	125,465	-	70,145	195,762
Due to component units	2,979	577,453	-	-	-	580,432
Payable from restricted assets						
Matured bonds and interest payable	-	-	-	-	335	335
Total liabilities	432,567	659,261	189,775	782,111	234,517	2,298,231
Fund balances						
Restricted	-	14,567	-	-	1,451	16,018
Committed	-	9,339	-	702,352	329,879	1,041,570
Assigned	479,071	-	28,650	127,973	1,159,773	1,795,467
Unassigned	789,518	(362,148)	-	-	-	427,370
Total fund balances	1,268,589	(338,242)	28,650	830,325	1,491,103	3,280,425
Total liabilities and fund balances	$ 1,701,156	$ 321,019	$ 218,425	$ 1,612,436	$ 1,725,620	$ 5,578,656

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020
(Amounts in thousands)

Total fund balance – Governmental funds	$ 3,280,425
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of	
Land and land improvements	2,371,333
Infrastructure	10,428,613
Construction in progress	1,106,707
Buildings, improvements and equipment	6,890,008
Intangible assets – software	154,627
Accumulated depreciation and amortization	(10,849,762)
	10,101,526
Accrued interest and other payables are not recognized in governmental funds.	(108,053)
Other assets and liabilities are not available to pay or be used for current-period expenditures and are not recognized in governmental funds, such as unearned revenue and settlement receivables.	113,713
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of	
General obligation bonds payable	(7,294,070)
Bond anticipation note payable	(600,000)
Accrued vacation payable	(245,396)
Revenue bonds payable	(623,120)
Reserve for losses and loss adjustment costs	(270,641)
Other postemployment benefits liability	(6,744,270)
Net pension liability	(6,999,063)
Long-term transactions with component units	(1,283)
Capital lease obligations	(115,147)
	(22,892,990)
Deferred outflows of resources are for future periods and are not reported in the funds. Those deferred outflows consist of	
Deferred loss on refunding	119,823
Deferred outflows on net pension liability	1,171,683
Deferred outflows on other postemployment benefits liability	676,377
	1,967,883
Deferred inflows of resources benefit future periods and are not reported in the funds. Those deferred inflows consist of	
Deferred inflows on net pension liability	(50,692)
Deferred inflows on other postemployment benefits liability	(107,265)
	(157,957)
Net position of governmental activities	$ (7,695,453)

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020
(Amounts in thousands)

	General Fund	Capital Projects Fund	Med-Quest Special Revenue Fund	Administrative Support Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
General excise tax	$ 3,364,897	$ -	$ -	$ 267,733	$ -	$ 3,632,630
Net income tax – corporations and individuals	2,657,551	-	-	-	-	2,657,551
Public service companies tax	134,639	-	-	-	-	134,639
Transient accommodations tax	303,176	-	-	-	-	303,176
Tobacco and liquor tax	125,532	-	-	1,712	22,821	150,065
Liquid fuel tax	-	-	-	-	79,187	79,187
Tax on premiums of insurance companies	180,753	-	-	-	2,810	183,563
Vehicle weight and registration tax	-	-	-	-	125,119	125,119
Rental motor/vehicle surcharge tax	2	-	-	-	72,500	72,502
Franchise tax	33,271	-	-	-	2,000	35,271
Other	85,441	-	-	53,857	18,293	157,591
Total taxes	6,885,262	-	-	323,302	322,730	7,531,294
Interest and investment income	91,740	-	-	20,114	52,500	164,354
Charges for current services	218,697	-	-	78,200	198,112	495,009
Intergovernmental	14,169	-	1,663,018	378,016	1,278,193	3,333,396
Rentals	408	-	-	817	33,810	35,035
Fines, forfeitures and penalties	18,670	-	-	155	9,754	28,579
Licenses and fees	877	-	-	238	44,648	45,763
Revenues from private sources	5,571	-	74,227	2,131	46,472	128,401
Other	65,216	-	95,453	3,680	165,275	329,624
Total revenues	7,300,610	-	1,832,698	806,653	2,151,494	12,091,455
Expenditures						
Current						
General government	587,460	47,018	-	468,341	34,455	1,137,274
Public safety	438,510	31,049	-	27,110	115,422	612,091
Highways	23,600	178,876	-	-	297,736	500,212
Conservation of natural resources	81,675	16,647	-	21	69,040	167,383
Health	780,726	106,663	-	-	209,055	1,096,444
Welfare	1,240,717	1,812	1,750,999	14,582	645,100	3,653,210
Lower education	2,671,404	229,200	-	4,826	445,878	3,351,308
Higher education	851,779	198,803	-	-	-	1,050,582
Other education	7,407	-	-	-	9,529	16,936
Culture and recreation	82,271	15,618	-	13,542	32,308	143,739
Urban redevelopment and housing	23,595	7,828	-	-	46,638	78,061
Economic development and assistance	60,989	29,005	-	-	76,393	166,387
Housing	34,306	119,105	-	-	-	153,411
Other	4,999	-	-	6,896	1,398	13,293
Debt service	-	-	-	-	896,501	896,501
Total expenditures	6,889,438	981,624	1,750,999	535,318	2,879,453	13,036,832
Excess (deficiency) of revenues over (under) expenditures	411,172	(981,624)	81,699	271,335	(727,959)	(945,377)
Other financing sources (uses)						
Issuance of bond anticipation note	-	600,000	-	-	-	600,000
Issuance of revenue and refunding revenue bonds – par	-	81,835	-	-	-	81,835
Issuance of revenue and refunding revenue bonds – premium	-	18,661	-	-	-	18,661
Transfers in	175,694	131,353	3,835	8,160	1,005,861	1,324,903
Transfers out	(940,592)	(2,212)	(92,120)	(11,687)	(278,292)	(1,324,903)
Total other financing sources (uses)	(764,898)	829,637	(88,285)	(3,527)	727,569	700,496
Net change in fund balances	(353,726)	(151,987)	(6,586)	267,808	(390)	(244,881)
Fund balances						
Beginning of year	1,622,315	(186,255)	35,236	562,517	1,491,493	3,525,306
End of year	$ 1,268,589	$ (338,242)	$ 28,650	$ 830,325	$ 1,491,103	$ 3,280,425

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2020
(Amounts in thousands)

Total net change in fund balances – Governmental funds	$ (244,881)
Amounts reported for governmental activities in the statement of activities are different because	
Capital outlays are reported as expenditures in governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are	
Capital asset additions	1,422,646
Capital asset disposals	(628,874)
Accumulated depreciation on disposals	22,781
Depreciation expense	(522,151)
Excess of capital outlay over depreciation expense	294,402
Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period, this is the amount of proceeds received from general obligation and revenue bonds issued.	(700,495)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of	
Bond principal retirement	564,222
Capital lease payments	7,775
Total long-term debt repayment	571,997
Because some revenues will not be collected for several months after the State's fiscal year end, they are not considered available revenues and are deferred in the governmental funds.	39,843
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Change in accrued vacation payable	(15,217)
Change in reserve for losses and loss adjustment costs	5,852
Change in accrued interest on bonds payable	(1,397)
Change in accrued interest on capital leases	(1,833)
Amortization of bond premium and deferred amount on refunding	96,539
Net pension activity	(478,927)
Net other postemployment benefits activity	20,946
Total	(374,037)
Change in net position of governmental activities	$ (413,171)

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Proprietary Funds
Statement of Fund Net Position
June 30, 2020
(Amounts in thousands)

	Airports	Harbors	Unemployment Compensation	Nonmajor Proprietary Funds	Total Proprietary Funds
Assets					
Current assets					
Cash and cash equivalents	$ 494,687	$ 199,316	$ 92,644	$ 158,052	$ 944,699
Investments	-	-	-	84,914	84,914
Restricted assets – cash and short-term investments	220,101	34,357	-	-	254,458
Receivables					
Taxes	46	-	53,144	-	53,190
Accounts and accrued interest, net of allowance for doubtful accounts of $19,061	36,229	16,694	-	467	53,390
Promissory note receivable, net of allowance for doubtful accounts of $2,180	-	409	-	48,647	49,056
Federal government	40,261	-	-	470	40,731
Premiums	-	-	-	75,801	75,801
Other	21,924	-	-	21,728	43,652
Materials and supplies inventory	199	-	-	-	199
Prepaid expenses and other assets	-	808	-	5,281	6,089
Total current assets	813,447	251,584	145,788	395,360	1,606,179
Noncurrent assets					
Capital assets					
Land and land improvements	1,997,185	630,571	-	-	2,627,756
Construction in progress	1,497,315	234,362	-	-	1,731,677
Buildings and improvements	2,403,049	617,192	-	-	3,020,241
Equipment	332,814	28,156	-	14,105	375,075
	6,230,363	1,510,281	-	14,105	7,754,749
Less: Accumulated depreciation	(2,568,037)	(472,448)	-	(12,655)	(3,053,140)
Net capital assets	3,662,326	1,037,833	-	1,450	4,701,609
Promissory note receivable	-	-	-	612,023	612,023
Restricted assets – net direct financing leases	21,878	-	-	-	21,878
Restricted assets – cash and cash equivalents	327,257	188,680	-	-	515,937
Restricted assets – investments	321,322	-	-	-	321,322
Total noncurrent assets	4,332,783	1,226,513	-	613,473	6,172,769
Total assets	5,146,230	1,478,097	145,788	1,008,833	7,778,948
Deferred outflows of resources					
Deferred loss on refunding	353	1,489	-	-	1,842
Deferred outflows on net pension liability	31,846	5,931	-	2,533	40,310
Deferred outflows on net other postemployment benefits liability	19,774	3,574	-	1,480	24,828
Total deferred outflows of resources	$ 51,973	$ 10,994	$ -	$ 4,013	$ 66,980

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Proprietary Funds
Statement of Fund Net Position
June 30, 2020
(Amounts in thousands)

	Airports	Harbors	Unemployment Compensation	Nonmajor Proprietary Funds	Total Proprietary Funds
Liabilities					
Current liabilities					
Vouchers and contracts payable	$ 47,226	$ 7,605	$ 228,065	$ 1,120	$ 284,016
Payable from restricted assets – contracts payable, accrued interest, and other	120,214	23,389	-	-	143,603
Other accrued liabilities	18,415	-	-	1,293	19,708
Due to governmental funds	20	1,597	-	-	1,617
Benefit claims payable	-	-	-	5,352	5,352
General obligation bonds payable, current portion	-	2,451	-	-	2,451
Reserve for losses and loss adjustment costs	2,143	276	-	-	2,419
Capital lease obligations	-	1,024	-	-	1,024
Lease revenue certificates of participation	12,116	-	-	-	12,116
Customer facility charge revenue bonds	10,140	-	-	-	10,140
Accrued vacation, current portion	4,115	627	-	230	4,972
Payable from restricted assets – revenue bond payable	44,690	17,299	-	-	61,989
Premiums payable	-	-	-	44,531	44,531
Total current liabilities	259,079	54,268	228,065	52,526	593,938
Noncurrent liabilities					
General obligation bonds payable	-	16,239	-	-	16,239
Accrued vacation	8,936	2,092	-	660	11,688
Revenue bonds payable, net of unamortized bond premium and bond discount	1,778,808	242,138	-	-	2,020,946
Reserve for losses and loss adjustment cost	3,422	1,103	-	-	4,525
Capital lease obligations	-	23,525	-	-	23,525
Lease revenue certificates of participation	187,710	-	-	-	187,710
Net pension liability	176,969	37,288	-	13,096	227,353
Net other postemployment benefits liability	180,998	38,397	-	14,057	233,452
Prepaid airport use charge fund	312	-	-	-	312
Total noncurrent liabilities	2,337,155	360,782	-	27,813	2,725,750
Total liabilities	2,596,234	415,050	228,065	80,339	3,319,688
Deferred inflows of resources					
Deferred inflows on net pension liability	1,808	373	-	540	2,721
Deferred inflows on net other postemployment benefits liability	2,691	527	-	203	3,421
Total deferred inflows of resources	4,499	900	-	743	6,142
Net position					
Net investment in capital assets	1,891,249	736,646	-	1,449	2,629,344
Restricted for bond requirements and other	657,898	209,525	-	772,065	1,639,488
Unrestricted	48,323	126,970	(82,277)	158,250	251,266
Net position	$ 2,597,470	$ 1,073,141	$ (82,277)	$ 931,764	$ 4,520,098

State of Hawaii
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2020
(Amounts in thousands)

	Airports	Harbors	Unemployment Compensation	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues					
Concession fees	$ 151,025	$ -	$ -	$ -	$ 151,025
Unemployment compensation	-	-	1,391,747	-	1,391,747
Aviation fuel tax	2,191	-	-	-	2,191
Airport use charges	74,357	-	-	-	74,357
Rentals	147,762	27,120	-	-	174,882
Services and others	-	147,896	-	-	147,896
Administrative fees	-	-	-	4,803	4,803
Premium revenue – self insurance	-	-	-	103,180	103,180
Experience refunds, net	-	-	-	41,831	41,831
Other	7,623	1,116	-	3,337	12,076
Total operating revenues	382,958	176,132	1,391,747	153,151	2,103,988
Operating expenses					
Personnel services	219,138	23,692	-	8,227	251,057
Depreciation and amortization	135,992	32,453	-	447	168,892
Repairs and maintenance	53,250	1,550	-	320	55,120
Airports operations	41,935	-	-	-	41,935
Harbors operations	-	18,849	-	-	18,849
General administration	22,111	11,970	-	5,368	39,449
Unemployment compensation	-	-	2,147,598	-	2,147,598
Claims	-	-	-	88,136	88,136
Other	2,610	-	-	6,300	8,910
Total operating expenses	475,036	88,514	2,147,598	108,798	2,819,946
Operating income (loss)	(92,078)	87,618	(755,851)	44,353	(715,958)
Nonoperating revenues (expenses)					
Interest and investment income	25,277	-	51,797	7,792	84,866
Interest expense	(84,338)	(6,107)	-	-	(90,445)
Federal grants	51,506	-	-	-	51,506
Loss on disposal of capital assets	(1)	(4,377)	-	-	(4,378)
Rental car customer and passenger facility charges	93,891	-	-	-	93,891
Other	(1,784)	-	-	-	(1,784)
Total nonoperating revenues (expenses)	84,551	(10,484)	51,797	7,792	133,656
Income (loss) before capital contributions	(7,527)	77,134	(704,054)	52,145	(582,302)
Capital contributions	15,677	163	-	28,374	44,214
Change in net position	8,150	77,297	(704,054)	80,519	(538,088)
Net position					
Beginning of year	2,589,320	995,844	621,777	851,245	5,058,186
End of year	$ 2,597,470	$ 1,073,141	$ (82,277)	$ 931,764	$ 4,520,098

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2020
(Amounts in thousands)

	Airports	Harbors	Unemployment Compensation	Nonmajor Proprietary Funds	Total Proprietary Funds
Cash flows from operating activities					
Cash received from customers	$ 379,859	$ 179,790	$ -	$ -	$ 559,649
Cash received from taxes	-	-	200,589	-	200,589
Cash received from employers and employees for premiums and benefits	-	-	-	661,623	661,623
Cash paid to suppliers	(208,952)	(34,005)	-	(4,595)	(247,552)
Cash paid to employees	(114,596)	(20,923)	-	(8,603)	(144,122)
Cash paid for unemployment compensation	-	-	(1,925,287)	-	(1,925,287)
Cash paid for premiums and benefits payable	-	-	-	(626,034)	(626,034)
Other cash receipts	-	-	1,189,897	-	1,189,897
Net cash provided by (used in) operating activities	56,311	124,862	(534,801)	22,391	(331,237)
Cash flows from noncapital financing activities					
Proceeds from federal operating grants	14,548	-	-	23,314	37,862
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(386,378)	(102,916)	-	(107)	(489,401)
Proceeds from federal, state and capital grants and contributions	25,342	-	-	4,708	30,050
Proceeds from customer facility charge revenue bonds	194,710	-	-	-	194,710
Principal paid on airports system revenue bonds	(42,585)	-	-	-	(42,585)
Repayment of general obligation and revenue bonds principal	-	(19,702)	-	-	(19,702)
Bond issue costs paid	(1,718)	-	-	-	(1,718)
Proceeds from airports system revenue bonds	6,461	-	-	-	6,461
Payments for lease revenue certificates of participation	(10,301)	-	-	-	(10,301)
Payments to refund airports system revenues bonds	(6,314)	-	-	-	(6,314)
Interest paid on outstanding debt	(91,282)	-	-	-	(91,282)
Proceeds from passenger facility charges program	45,611	-	-	-	45,611
Proceeds from rental car customer facility charges program	65,947	-	-	-	65,947
Principal paid on rental car customer facility charges program	(5,120)	-	-	-	(5,120)
Interest paid on bonds	-	(13,284)	-	-	(13,284)
Principal paid on capital lease obligation	-	(915)	-	-	(915)
Principal paid on loan payable	(76,000)	-	-	-	(76,000)
Net cash provided by (used in) capital and related financing activities	(281,627)	(136,817)	-	4,601	(413,843)
Cash flows from investing activities					
Proceeds from sales and maturities of investments	401,698	-	-	-	401,698
Interest received from investments	44,124	14,746	51,795	11,090	121,755
Purchase of investments	(448,856)	-	-	(23,636)	(472,492)
Principal repayments on notes receivable	-	-	-	43,382	43,382
Disbursement of note receivable proceeds	-	-	-	(159,100)	(159,100)
Interest income from notes receivable	-	-	-	1,659	1,659
Administrative loan fees	-	-	-	4,533	4,533
Net cash provided by (used in) investing activities	(3,034)	14,746	51,795	(122,072)	(58,565)
Net increase (decrease) in cash and cash equivalents	(213,802)	2,791	(483,006)	(71,766)	(765,783)
Cash and cash equivalents, including restricted amounts					
Beginning of year	1,255,847	419,562	575,650	229,818	2,480,877
End of year	$ 1,042,045	$ 422,353	$ 92,644	$ 158,052	$ 1,715,094

(continued)

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2020
(Amounts in thousands)

	Airports	Harbors	Unemployment Compensation	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	$ (92,078)	$ 87,618	$ (755,851)	$ 44,353	$ (715,958)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	135,992	32,453	-	447	168,892
Provision for uncollectible accounts	71	5,971	-	-	6,042
Premium reserves held by insurance companies	-	-	-	(35,404)	(35,404)
Principal forgiveness of loans	-	-	-	5,174	5,174
Interest income from loans	-	-	-	(1,708)	(1,708)
Administrative loan fees	-	-	-	(4,803)	(4,803)
Changes in assets, deferred outflows, liabilities and deferred inflows					
Receivables	1,363	(5,077)	(1,261)	11,578	6,603
Prepaid and other expenses	-	-	-	49	49
Other current assets	10	(7)	-	-	3
Net deferred outflows/inflows of resources	(1,081)	463	-	71	(547)
Vouchers and contracts payable	3,442	(1,903)	222,311	291	224,141
Net pension liability	9,360	2,174	-	916	12,450
Other postemployment benefits liability	224	44	-	17	285
Other accrued liabilities	(992)	3,126	-	557	2,691
Benefit claims payable	-	-	-	853	853
Net cash provided by (used in) operating activities	$ 56,311	$ 124,862	$ (534,801)	$ 22,391	$ (331,237)
Supplemental information					
Noncash investing, capital and financing activities					
Amortization of bond discount, bond premium, and loss on refunding	$ (4,521)	$ (627)	$ -	$ -	$ (5,148)
Interest payments relating to special facility revenue bonds	1,222	-	-	-	1,222
Amortization of certificates of participation premium	(557)	-	-	-	(557)
Amounts included in contracts payable for the acquisition of capital assets	83,041	8,964	-	-	92,005
Payments to refund airports system revenue bonds	(241,181)	-	-	-	(241,181)
Proceeds from issuance of refunding airports system revenue bonds	247,642	-	-	-	247,642
Other assets utilized for the acquisition of capital assets	1	1,288	-	-	1,289
Capital contributions	-	163	-	-	163

(concluded)

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020
(Amounts in thousands)

	Agency Funds	OPEB Trust Fund
Assets		
Cash and cash equivalents	$ 692,039	$ 415,650
Receivables		
Taxes	5,666	-
Rebates and other receivables from insurance companies	-	48,594
Experience refunds due from insurance companies	-	5,926
Other	-	15
Investments		
Certificates of deposit	114,733	-
U.S. government securities	344,199	240,624
Equity securities	-	462,167
Mutual funds	-	71,949
Commingled funds	-	1,812,782
Alternative investments	-	589,910
Real estate	-	375,657
Derivatives	-	(450)
Invested securities lending collateral	-	18,499
Other assets, primarily due from individuals, businesses and counties	5,208	8,165
Total assets	1,161,845	4,049,488
Liabilities and Net Position		
Liabilities		
Vouchers payable	20,975	-
Due to other funds	461,712	-
Due to individuals, businesses and counties	679,158	-
Premium payable	-	26,500
Benefit claims payable	-	19,849
Securities lending collateral	-	18,499
Other accrued liabilities	-	2,553
Total liabilities	1,161,845	67,401
Net position restricted for OPEB	$ -	$ 3,982,087

The accompanying notes are an integral part of the basic financial statements.

State of Hawaii
Fiduciary Funds
Statement of Changes in Fiduciary Net Position – OPEB Trust Fund
Year Ended June 30, 2020
(Amounts in thousands)

Additions	
Employer contributions	$ 1,112,861
Investment income	
Investing activities	
Interest	65,324
Net appreciation in the fair value of investments	13,786
	79,110
Less: Investment expenses	8,149
Net investment income from investing activities	70,961
Securities lending activities	
Securities lending income	625
Less: Securities lending expenses	137
Net investment income from securities lending activities	488
Total net investment income	71,449
Other revenues, net	382
Total additions	1,184,692
Deductions	
Benefits claims expense and carrier payments	504,885
Total deductions	504,885
Net increase in fiduciary net position	679,807
Net position	
Beginning of year	3,302,280
End of year	$ 3,982,087

The accompanying notes are an integral part of the basic financial statements.

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State of Hawaii
Component Units
Statement of Net Position
June 30, 2020
(Amounts in thousands)

	University of Hawaii	Hawaii Housing Finance and Development Corporation	Hawaii Public Housing Authority	Hawaii Health Systems Corporation
Assets				
Current assets				
Cash and cash equivalents	$ 102,561	$ 634,592	$ 104,889	$ 199,253
Receivables				
Accounts and accrued interest, net of allowance for doubtful accounts of $63,697	92,146	37,698	655	61,539
Notes, loans, mortgages and contributions, net of allowance for doubtful accounts of $2,193	11,554	507	-	-
Federal government	-	-	715	-
Other, net of allowance for doubtful accounts of $136	9,394	2,563	75	6,833
Due from primary government	1,951	5,902	56,303	41,939
Investments	371,244	-	-	7,961
Inventories – materials and supplies	8,601	-	885	12,502
Prepaid expenses and other assets	28,640	1,216	866	-
Total current assets	626,091	682,478	164,388	330,027
Restricted assets				
Cash and cash equivalents	-	14,889	-	22,875
Investments	-	40,561	-	-
Deposits, funded reserves and other	-	1,010	-	-
Total restricted assets	-	56,460	-	22,875
Capital assets				
Land and land improvements	221,000	82,564	25,340	10,807
Infrastructure	279,572	-	-	-
Construction in progress	252,282	-	96,484	30,571
Buildings, improvements and equipment	3,284,334	52,684	724,976	829,546
Less: Accumulated depreciation	(1,843,972)	(38,893)	(465,919)	(534,344)
Total capital assets, net	2,193,216	96,355	380,881	336,580
Other assets				
Notes, loans, mortgages and contributions, net of allowance for doubtful accounts of $5,986	19,946	623,447	8,717	-
Due from primary government	474,418	-	-	-
Inventories – developments in progress and dwelling units	-	35,956	-	-
Investments	558,916	-	-	-
Other assets	29,732	-	-	14
Total other assets	1,083,012	659,403	8,717	14
Total assets	3,902,319	1,494,696	553,986	689,496
Deferred outflows of resources				
Deferred asset retirement obligations	2,402	-	-	-
Deferred loss on refunding	11,588	-	-	-
Deferred outflows on net pension liability	297,072	1,835	6,482	87,422
Deferred outflows on net other postemployment benefits liability	165,614	1,174	4,358	55,486
Total deferred outflows of resources	$ 476,676	$ 3,009	$ 10,840	$ 142,908

The accompanying notes are an integral part of the basic financial statements.

Hawaii Tourism Authority	Hawaii Community Development Authority	Hawaii Hurricane Relief Fund	Total Component Units
$ 101,815	$ 25,195	$ 428	$ 1,168,733
919	743	978	194,678
-	-	-	12,061
-	-	-	715
-	-	-	18,865
-	1,201	-	107,296
-	-	194,240	573,445
-	-	-	21,988
471	-	-	31,193
103,205	27,139	195,646	2,128,974
24,192	-	-	61,956
-	-	-	40,561
-	-	-	1,010
24,192	-	-	103,527
131,497	128,661	-	599,869
-	44,314	-	323,886
3,739	16,045	-	399,121
229,102	16,394	-	5,137,036
(169,456)	(63,667)	-	(3,116,251)
194,882	141,747	-	3,343,661
-	15,516	-	667,626
-	-	-	474,418
-	-	-	35,956
2,014	-	-	560,930
-	318	-	30,064
2,014	15,834	-	1,768,994
324,293	184,720	195,646	7,345,156
-	-	-	2,402
-	-	-	11,588
984	212	-	394,007
596	522	-	227,750
$ 1,580	$ 734	$ -	$ 635,747

(continued)

State of Hawaii
Component Units
Statement of Net Position
June 30, 2020
(Amounts in thousands)

	University of Hawaii	Hawaii Housing Finance and Development Corporation	Hawaii Public Housing Authority	Hawaii Health Systems Corporation
Liabilities				
Current liabilities				
Vouchers and contracts payable	$ 64,866	$ 271	$ 6,748	$ 60,312
Other accrued liabilities	78,398	4,726	3,612	-
Due to primary government	6,000	250,000	-	-
Unearned revenue	35,793	385	2,854	42,204
Notes, mortgages and installation contracts payable	-	14	-	5,617
Accrued vacation and retirement benefits payable	37,922	-	-	15,597
Revenue bonds payable, net	19,695	1,645	-	-
Reserve for losses and loss adjustment costs	5,282	-	-	2,916
Capital lease obligations	1,551	-	-	2,032
Other liabilities	5,430	-	1,290	15,297
Total current liabilities	254,937	257,041	14,504	143,975
Noncurrent liabilities				
Notes, mortgages and installment contracts payable	7,400	86	-	50,984
Accrued vacation and retirement benefits payable	44,810	-	-	15,571
Revenue bonds payable, net	486,264	14,736	-	-
Reserve for losses and loss adjustment costs	11,683	-	-	8,668
Capital lease obligations	-	-	-	5,402
Unearned revenue	-	21,140	-	-
Estimated future cost of land sold	-	36,738	-	-
Net pension liability	1,791,098	10,781	40,401	576,688
Net other postemployment benefits liability	1,802,492	10,330	40,340	547,830
Other liabilities	52,364	1,756	1,764	19,297
Total noncurrent liabilities	4,196,111	95,567	82,505	1,224,440
Total liabilities	4,451,048	352,608	97,009	1,368,415
Deferred inflows of resources				
Deferred inflows on net pension liability	15,265	442	647	26,490
Deferred inflows on net other postemployment benefits liability	25,443	158	589	8,293
Total deferred inflows of resources	40,708	600	1,236	34,783
Net position				
Net investment in capital assets	1,674,236	96,255	380,881	302,432
Restricted	1,019,515	97,600	3,001	8,617
Unrestricted	(2,806,512)	950,642	82,699	(881,843)
Total net position	$ (112,761)	$ 1,144,497	$ 466,581	$ (570,794)

The accompanying notes are an integral part of the basic financial statements.

Hawaii Tourism Authority	Hawaii Community Development Authority	Hawaii Hurricane Relief Fund	Total Component Units
$ 2,847	$ 640	$ -	$ 135,684
286	150	-	87,172
-	-	-	256,000
-	120	-	81,356
-	-	-	5,631
143	84	-	53,746
-	-	-	21,340
-	-	-	8,198
-	-	-	3,583
-	1,391	4,290	27,698
3,276	2,385	4,290	680,408
-	-	-	58,470
270	186	-	60,837
-	-	-	501,000
-	-	-	20,351
-	-	-	5,402
-	-	-	21,140
-	-	-	36,738
6,523	4,019	-	2,429,510
5,618	2,799	-	2,409,409
-	10,829	-	86,010
12,411	17,833	-	5,628,867
15,687	20,218	4,290	6,309,275
175	64	-	43,083
73	1	-	34,557
248	65	-	77,640
194,881	141,747	-	2,790,432
115,057	1,691	-	1,245,481
-	21,733	191,356	(2,441,925)
$ 309,938	$ 165,171	$ 191,356	$ 1,593,988

(concluded)

State of Hawaii
Component Units
Statement of Activities
Year Ended June 30, 2020
(Amounts in thousands)

	University of Hawaii	Hawaii Housing Finance and Development Corporation	Hawaii Public Housing Authority	Hawaii Health Systems Corporation
Expenses	$ 1,883,252	$ 273,016	$ 166,325	$ 701,535
Program revenues				
Charges for services	379,994	48,430	25,487	460,131
Operating grants and contributions	437,936	20,719	108,069	1,201
Capital grants and contributions	-	-	3,005	18,660
Total program revenues	817,930	69,149	136,561	479,992
Net program revenues (expenses)	(1,065,322)	(203,867)	(29,764)	(221,543)
General revenues (expenses)				
Interest and investment income	16,482	-	-	1,217
Transient accommodations tax	-	-	-	-
Payments from State, net	1,046,831	119,125	8,769	127,501
Gifts and subsidies	40,617	-	-	-
Other	18,410	-	422	7,313
Net general revenues	1,122,340	119,125	9,191	136,031
Change in net position	57,018	(84,742)	(20,573)	(85,512)
Net position				
Beginning of year	(169,779)	1,229,239	487,154	(485,282)
End of year	$ (112,761)	$ 1,144,497	$ 466,581	$ (570,794)

The accompanying notes are an integral part of the basic financial statements.

Hawaii Tourism Authority	Hawaii Community Development Authority	Hawaii Hurricane Relief Fund	Total Component Units
$ 88,007	$ 19,791	$ 1	$ 3,131,927
6,716	3,766	-	924,524
-	-	-	567,925
-	-	-	21,665
6,716	3,766	-	1,514,114
(81,291)	(16,025)	(1)	(1,617,813)
2,252	607	11,690	32,248
79,583	-	-	79,583
-	1,165	(4,173)	1,299,218
-	-	-	40,617
424	950	-	27,519
82,259	2,722	7,517	1,479,185
968	(13,303)	7,516	(138,628)
308,970	178,474	183,840	1,732,616
$ 309,938	$ 165,171	$ 191,356	$ 1,593,988

1. Summary of Significant Accounting Policies

The basic financial statements of the State of Hawaii (the State) 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 State's significant accounting policies are described below.

Reporting Entity

The accompanying basic financial statements present the financial activity of the State (Primary Government) and its Component Units, entities for which the Primary Government is considered to be financially accountable. Discretely presented Component Units are legally separate organizations for which the Primary Government is financially accountable or for which the nature and significance of their relationship to the Primary Government are such that exclusion would cause the State's reporting entity to be misleading or incomplete.

Primary Government

The following branches and departments are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

Executive:

- Accounting and General Services
- Agriculture
- Attorney General
- Budget and Finance
- Business, Economic Development and Tourism
- Commerce and Consumer Affairs
- Defense
- Education
- Hawaiian Home Lands
- Health
- Human Resource Development
- Human Services
- Labor and Industrial Relations
- Land and Natural Resources
- Public Safety
- Taxation
- Transportation

Judicial

Legislative

Discretely Presented Component Units
The Component Units column in the basic financial statements includes the financial data for the State's discretely presented Component Units. They are reported in a separate column to emphasize their legal separation from the State. The discretely presented Component Units are:

- ***University of Hawaii*** – The University of Hawaii (UH) is Hawaii's sole public higher education system. Hawaii Revised Statutes (HRS) Chapter 304 governs the activities of the UH.

  The UH is comprised of ten campuses and provides a broad range of degree (baccalaureate to post-doctoral level) programs, through a framework of sixteen colleges and nine professional schools. Through its seven community colleges on Oahu, Hawaii, Maui and Kauai, the UH offers certificate and associate degree programs and in certain areas, baccalaureate degrees. In addition to organized research institutes and administrative service and distance learning centers, the UH houses more than a hundred centers with a research, instruction or public service purpose. The UH is also engaged in instructional research and service activities at hundreds of Hawaii schools, hospitals and community sites, and carries out these activities across the Pacific Islands and in foreign countries.

  The UH Board of Regents is appointed by the Governor of the State of Hawaii. The UH is a separate legal entity that is financially accountable to and fiscally dependent (potential to impose a financial burden) on the State and is therefore included as a discretely presented Component Unit. The UH's complete financial statements are available online at: https://www.hawaii.edu/offices/budget-finance/.

- ***Hawaii Housing Finance and Development Corporation*** – The Hawaii Housing Finance and Development Corporation (HHFDC) was established by Act 196, Session Laws of Hawaii (SLH) 2005, as amended by Act 180, SLH 2006. The HHFDC is a corporate body placed within the Department of Business Economic Development and Tourism (DBEDT) for administrative purposes. The HHFDC's mission is to increase the supply of workforce and affordable homes by providing tools and resources to facilitate housing development. Tools and resources include housing tax credits, low interest construction loans, equity gap loans, developable land, and expedited land use approvals.

  The HHFDC's Board of Directors is appointed by the Governor of the State of Hawaii. The HHFDC is a separate legal entity that is financially accountable to and fiscally dependent (potential to impose a financial burden) on the State and is therefore included as a discretely presented Component Unit. The HHFDC's complete financial statements are available online at: http ://dbedt.hawaii.gov/hhfdc/resources/Reports/.

- ***Hawaii Public Housing Authority*** – The Hawaii Public Housing Authority (HPHA) was established by Act 196, SLH 2005, as amended by Act 180, SLH 2006. The HPHA is administratively attached to the Department of Human Services. Its mission is to provide safe, decent and sanitary dwellings for low and moderate income residents of the State of Hawaii and to operate its housing program in accordance with federal and State of Hawaii laws and regulations.

  The HPHA's Board of Directors is appointed by the Governor of the State of Hawaii. The HPHA is a separate legal entity that is financially accountable to and fiscally dependent (potential to impose a financial burden) on the State and is therefore included as a discretely presented Component Unit. The HPHA's complete financial statements are available online at: http://www.hpha.hawaii.gov/reportsstudies/index.htm.

- ***Hawaii Health Systems Corporation*** – Act 262, SLH 1996, transferred all facilities previously under the Department of Health – Division of Community Hospitals to the Hawaii Health Systems Corporation (HHSC). The HHSC is administratively attached to the Department of Health. Its mission is to provide and enhance accessible and comprehensive healthcare services that are quality-driven, customer-focused, and cost-effective. It operates the following facilities:

  East Hawaii Region:
  Hilo Medical Center
  Hale Hoʻola Hamakua
  Kaʻu Hospital
  Yukio Okutsu Veterans Care Home

  West Hawaii Region:
  Kona Community Hospital
  Kohala Hospital

  Kauai Region:
  Kauai Veterans Memorial Hospital
  Samuel Mahelona Memorial Hospital

  Oahu Region:
  Leahi Hospital
  Maluhia

  Kahuku Medical Center

  The HHSC's Board of Directors is appointed by the Governor of the State of Hawaii. The HHSC is a public body corporate and politic and an instrumentality and agency of the State of Hawaii that is financially accountable to and fiscally dependent (potential to impose a financial burden) on the State and is therefore included as a discretely presented Component Unit. The HHSC's complete financial statements are available online at: https://www.hhsc.org/about-us/hhsc-reports/.

- ***Hawaii Tourism Authority*** – The Hawaii Tourism Authority (HTA) was established by Act 156, SLH 1998. The HTA is administratively attached to DBEDT. The HTA is responsible for developing and implementing a strategic tourism marketing plan and developing measures of effectiveness to assess the overall benefits and effectiveness of the marketing plan as it relates to the State's tourism industry, employment taxes, and lesser-known and underutilized destinations.

  Effective July 2002, in accordance with Executive Order No. 3817, the HTA assumed control and management of the Hawaii Convention Center (Center). Effective July 1, 2002, the Center, by statute, became the responsibility of the HTA. The Center offers approximately 350,000 square feet of rentable space including 51 meeting rooms.

  The HTA's Board of Directors is appointed by the Governor of the State of Hawaii. The HTA is a separate legal entity that is financially accountable to and fiscally dependent (potential to impose a financial burden) on the State and is therefore included as a discretely presented Component Unit. Information for obtaining the HTA's complete financial statements may be obtained from the Hawaii Tourism Authority, 1801 Kalakaua Avenue, Honolulu, Hawaii 96815.

- ***Hawaii Community Development Authority*** – The Hawaii Community Development Authority (HCDA) was established by HRS Chapter 206E to join the strengths of private enterprise, public development, and regulation into a form capable of long-term planning and implementation of improved community development in the urban areas of the State of Hawaii. The HCDA was established as a body corporate and a public instrumentality of the State and is administratively attached to DBEDT. The HCDA has three Community Development Districts: Kakaʻako, Kalaeloa and Heʻeia.

  The HCDA's Board of Directors is appointed by the Governor of the State of Hawaii. The HCDA is a separate legal entity that is financially accountable to and fiscally dependent (potential to impose a financial burden) on the State and is therefore included as a discretely presented Component Unit. Information for obtaining the HCDA's complete financial statements may be obtained from the Hawaii Community Development Authority, 547 Queen Street, Honolulu, Hawaii 96813.

- ***Hawaii Hurricane Relief Fund*** – The Hawaii Hurricane Relief Fund (HHRF) was organized pursuant to and operates in accordance with HRS Chapter 431P. The HHRF was established as a public body and a body corporate and politic and is administratively attached to the Department of Commerce and Consumer Affairs.

  The HHRF was primarily organized to provide residential and commercial hurricane property insurance coverage to Hawaii consumers in situations where insurance companies will not underwrite such business in the State. Due to the increase in availability of hurricane insurance coverage from the private sector, the HHRF ceased writing policies effective December 1, 2000. However, it was determined that the HHRF should not be dissolved as it may need to reenter the insurance market in the future.

  In the event of dissolution of the HHRF, the net monies within the hurricane reserve trust fund shall revert to the State General Fund after any payments on behalf of licensed property and casualty insurers or the State that are required to be made pursuant to any federal disaster insurance program enacted to provide insurance or reinsurance for hurricane risks.

  The HHRF's Board of Directors is appointed by the Governor of the State of Hawaii. The HHRF is financially accountable, poses a financial burden or benefit to the State, and is therefore included as a discretely presented Component Unit. Information for obtaining the HHRF's complete financial statements may be obtained from the Department of Commerce and Consumer Affairs, 335 Merchant Street, Honolulu, Hawaii 96813.

The Employees' Retirement System of the State of Hawaii (ERS), which is administered on behalf of public employees for both the State and county governments, and the Office of Hawaiian Affairs (OHA), which exists for the betterment of the conditions of native Hawaiians, are excluded from the State's reporting entity because those agencies, based on the fiscal independence and/or separate legal entity status, are not accountable to the State.

Government-Wide and Fund Financial Statements
The Government-Wide financial statements (the statement of net position and the statement of activities) report information of all of the nonfiduciary activities of the Primary Government and its Component Units. For the most part, the effect of interfund activity has been removed from these Government-Wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from the legally separate Component Units for which the Primary Government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not included in program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The State does not allocate general government (indirect) expenses to other functions.

Net position is restricted when legally enforceable enabling legislation places restrictions or when restrictions are externally imposed by citizens and/or public interest groups. Additionally, restricted net position is reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if the government has other cause for reconsideration. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally, it is the State’s policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, Fiduciary Funds, and discretely presented Component Units. However, the Fiduciary Funds are not included in the Government-Wide financial statements. Major individual Governmental Funds and major individual Proprietary Funds are reported as separate columns in the Fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements
The Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental Funds Financial Statements
The Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues other than federal grants and assistance awards to be available if they are collected within 60 days of the end of the current fiscal year. Revenues susceptible to accrual include taxpayer-assessed tax revenues.

Taxpayer-assessed tax revenues primarily consist of income and general excise taxes. Other revenues which are not considered susceptible to accrual and, therefore, are not accrued include fines, forfeitures and penalties, licenses, permits, and franchise taxes.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenue when available and entitlement occurs which is generally within 12 months of the end of the current fiscal year. All other federal reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred as of fiscal year-end and funds are available.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements
The financial statements of the Proprietary Funds, Fiduciary Funds, and Component Units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the Government-Wide financial statements described above. The financial statements of the Other Postemployment Benefits (OPEB) Trust Fund are reported as a fiduciary fund using the economic resource measurement focus and the accrual basis of accounting. Agency Funds do not have a measurement focus and report only assets and liabilities.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting
The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the State that are reported in the accompanying Fund financial statements have been classified into the following major and nonmajor Governmental and Proprietary Funds. In addition, a description of the Fiduciary Funds and Component Units are as follows:

Governmental Fund Types – The State reports the following major Governmental Funds:

- ***General Fund*** – This fund is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- ***Capital Projects Fund*** – This fund accounts for substantially all of the financial resources obtained and used for the acquisition or construction of the State's capital assets and facilities. Such resources are derived principally from proceeds of general obligation and revenue bond issues, federal grants, and transfers from the Special Revenue Funds.

- ***Med-Quest Special Revenue Fund*** – This fund accounts for the State's Medicaid program through which healthcare is provided to the low-income population. The Medicaid program is jointly financed by the State and the federal government.

- **Administrative Support Special Revenue Fund** – This fund accounts for the proceeds of specific revenue sources that are for specific purposes of certain administrative agencies.

The nonmajor Governmental Funds are comprised of the following:

- ***Special Revenue Funds*** – These funds account for the financial resources obtained from specific revenue sources and used for restricted purposes.

- ***Debt Service Fund*** – This fund accounts for the financial resources obtained and used for the payment of principal and interest on long-term bond obligations. This fund also accounts for financial resources obtained and used to refund existing debt.

Proprietary Fund Type – Enterprise Funds – The major Enterprise Funds are comprised of the following:

- ***Department of Transportation – Airports Division*** (Airports) – Airports operates the State's airports and air navigation facilities and is responsible for general supervision of aeronautics within the State.

- ***Department of Transportation – Harbors Division*** (Harbors) – Harbors maintains and operates the State's commercial harbors system.

- ***Unemployment Compensation Fund*** – This fund accounts for the unemployment compensation benefits to qualified recipients.

The nonmajor Enterprise Funds are comprised of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF), the Water Pollution Control Revolving Fund (WPCF), and the Drinking Water Treatment Revolving Loan Fund (DWTLF). The EUTF accounts for the benefits relating to active employees and beneficiaries, which includes medical, dental and life insurance coverage. The WPCF accounts for loans to county agencies for the construction of wastewater treatment facilities. The DWTLF accounts for loans to county agencies for construction of drinking water treatment facilities.

Fiduciary Fund Types –

- ***Agency Funds*** – Agency Funds account for various taxes, deposits and property held by the State, pending distribution to other governments and individuals.

- ***OPEB Trust Fund*** – This fund accounts for retiree healthcare benefits, which includes medical, dental and life insurance coverage as well as for plan assets and related expenses from the pre-funding contributions made by the State and counties. The OPEB Trust Fund meets the criteria for plans that are administered as trusts or equivalent arrangements.

Component Units – Component Units are comprised of the following:

- ***UH*** – Comprises the State's public institutions of higher education.
- ***HHFDC*** – Finances housing programs for residents of the State.
- ***HPHA*** – Manages federal and state housing programs.
- ***HHSC*** – Provides quality healthcare for the people of the State.
- ***HTA*** – Manages the State's convention center and markets the State's visitor industry.

- ***HCDA*** – Coordinates private and public community development for residents of the State.
- ***HHRF*** – Funds, assesses and provides, when necessary, hurricane property insurance to residents of the State.

Cash and Cash Equivalents
Cash and cash equivalents include all cash, repurchase agreements, and U.S. government securities with original maturities of three months or less, and time certificates of deposit. For purposes of the statement of cash flows, the State has defined cash equivalents to be all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

Receivables and Payables
Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the Government-Wide financial statements as internal balances.

All tax and other receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Investments
The State's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles.

Inventories
Inventories of developments in progress and units available for sale are stated at the lower of cost or estimated net realizable value, with cost being determined by the specific-identification method. All estimated carrying costs to the anticipated date of disposition are considered in the determination of estimated net realizable value. Units available for sale include constructed units, developed lots, and repurchased units available for sale. Developments in progress include construction in progress and land held for future development.

Materials and supplies inventories are stated at cost, with cost being determined principally using the first-in, first-out method.

Restricted Assets
Revenue bond indentures authorize the State's trustees to invest monies in time certificates of deposit, money market funds, and investment securities, including U.S. government or agency obligations, certain municipal bonds, and repurchase agreements. Uninsured time certificates of deposit are required to be collateralized by investment securities of an equal or greater market value. The underlying securities for repurchase agreements are required to be U.S. government or agency obligations of an equal or greater market value held by the State's agent in the State's name.

Capital Assets
Capital assets, which include land and land improvements, infrastructure assets (e.g., roads, bridges, sidewalks and similar items), buildings and improvements, equipment, and computer software, are reported in the applicable governmental and business-type activities columns, as well as the Component Units column, in the Government-Wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Major outlays for capital assets and improvements capitalized as projects are constructed to the extent the State's capitalization thresholds are met.

The State's capitalization thresholds are $5,000 for equipment, and $100,000 for land and land improvements, infrastructure, and buildings and improvements. The Primary Government's capitalization threshold is $1,000,000 for purchased and internally generated software and $100,000 for other intangible assets. Component units and major enterprise funds establish separate capitalization thresholds and estimated useful lives, as appropriate. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts, and any resulting gain or loss is recognized in the statement of activities.

Capital assets of the Primary Government, as well as the Component Units, are depreciated or amortized using the straight-line method over the following estimated useful lives:

Infrastructure	12–50 years
Buildings and improvements	15–30 years
Equipment	5–7 years
Computer software	5–15 years
Other intangible assets	30 years

Works of art and historical treasures held for public exhibition, education or research in furtherance of public service, rather than financial gain, are capitalized. These items are protected, kept encumbered, conserved, and preserved by the State. It is the State's policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

Deferred Outflows of Resources and Deferred Inflows of Resources
Deferred outflows (inflows) of resources represent a consumption of (benefit to) net position that applies to a future period. The State defers recognition of the loss on debt refunding related to issuance of its general obligation and revenue bonds and amortizes these costs over the life of the bonds using the effective interest rate method.

The deferred outflow of resources related to pensions and OPEB resulted from differences between expected and actual experiences on pension plan investments, changes in assumptions, the net difference between projected and actual earnings, and changes in proportion on pension plan investments which will be amortized over five years, and the State'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 inflow of resources related to pension and OPEB resulted from differences between expected and actual experiences, changes in assumptions on pension plan investments, the net difference between projected and actual earnings, and changes in proportion of the pension plan which will be amortized over five years.

Compensated Absences
It is the State's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since sick leave is not convertible to pay upon termination of employment. All vacation pay is accrued when incurred in the Government-Wide, Proprietary Funds, and Component Units financial statements. A liability for these amounts is reported in the Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations
In the Government-Wide financial statements, Proprietary Fund financial statements, and Component Unit financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, Proprietary Fund, or Component Units statement of net position. Initial-issue bond premiums and discounts, as well as prepaid insurance costs, are deferred and amortized over the life of the bonds using the effective-interest method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the life of the refunding debt or the remaining life of the refunded debt. Bond issuance costs, except any portion related to prepaid insurance costs, are expensed in the period incurred. Amortization of bond premiums or discounts, prepaid insurance costs, and deferred amounts on refunding is included in interest expense.

In the Fund financial statements, Governmental Funds recognize bond premiums, discounts and prepaid insurance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Balance
In the Government-Wide financial statements and Proprietary Funds and Component Units financial statements, net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represents net position restricted by parties outside of the State (such as citizens, public interest groups, or the judiciary), or imposed by law through enabling legislation, and includes unspent proceeds of bonds issued to acquire or construct capital assets.

The State classifies fund balance based primarily on the extent to which a government is bound to follow constraints on how resources can be spent in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Classifications include:

- **Restricted** – Balances that are restricted for specific purposes by external parties such as creditors, grantors or other governments. Sources of these externally enforceable legal restrictions include creditors, grantors or other governments.

- **Committed** – Balances that can only be used for specific purposes pursuant to constraints imposed by formal action (i.e., legislation) of the State's Legislature, the highest level of decision-making authority. Legislation is required to modify or rescind a fund balance commitment.

- **Assigned** – Balances that are constrained by management to be used for specific purposes, as authorized by the Hawaii Revised Statutes, but are not restricted or committed. For general fund only, encumbrance balances at fiscal year-end are classified as assigned.

- **Unassigned** – Residual balances that are not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance.

The State spends restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar-for-dollar spending. Additionally, the State would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The following table presents the State's fund balance by major function at June 30, 2020 (amounts expressed in thousands):

	General Fund	Capital Projects Fund	Med-Quest Special Revenue Fund	Administrative Support Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Restricted for						
Welfare	$ -	$ -	$ -	$ -	$ 1,451	$ 1,451
Highways	-	14,567	-	-	-	14,567
	-	14,567	-	-	1,451	16,018
Committed to						
General government	-	-	-	694,186	-	694,186
Public safety	-	-	-	-	76,193	76,193
Highways	-	9,339	-	-	-	9,339
Conservation of natural resources	-	-	-	-	24,961	24,961
Health	-	-	-	-	224,632	224,632
Welfare	-	-	-	-	4,093	4,093
Culture and recreation	-	-	-	8,166	-	8,166
	-	9,339	-	702,352	329,879	1,041,570
Assigned to						
General government	37,458	-	-	126,485	4,166	168,109
Public safety	57,192	-	-	-	65,013	122,205
Highways	3,584	-	-	-	155,486	159,070
Conservation of natural resources	18,315	-	-	-	148,220	166,535
Health	73,655	-	-	-	13,681	87,336
Welfare	184,743	-	28,650	-	249	213,642
Education	80,760	-	-	-	190,936	271,696
Culture and recreation	4,395	-	-	1,488	340	6,223
Urban development and housing	4,353	-	-	-	393,280	397,633
Economic development	14,616	-	-	-	188,402	203,018
	479,071	-	28,650	127,973	1,159,773	1,795,467
Unassigned	789,518	(362,148)	-	-	-	427,370
Total	$ 1,268,589	$ (338,242)	$ 28,650	$ 830,325	$ 1,491,103	$ 3,280,425

The following describes the purposes, by function, for the most significant fund balances:

- **Urban development and housing** – To develop and deliver Hawaiian home lands to native Hawaiians by identifying and assessing the needs of beneficiaries of the Hawaiian Homes Commission Act; to develop, market and manage lands not immediately needed; to develop lands for homesteading and income-producing purposes; and to develop waiting lists of applicants for homestead leases.

- **Highways** – To provide a safe, efficient, accessible and sustainable inter-modal transportation system that ensures the mobility of people and enhances and/or preserves economic prosperity and the quality of life. This is accomplished through planning, designing and supervising the construction and maintenance of the State Highway System.

- **Education** – For the public education system, to serve the community by developing the academic achievement, character and social-emotional well-being of the State's students to the fullest potential and to work with partners, families and communities to ensure that all students reach their aspirations from early-learning through college, career and citizenship. For the public charter commission, to authorize high-quality public charter schools throughout the State.

- **Health** – To administer programs designed to protect, preserve, care for, and improve the physical and mental health of the people of the State.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the ERS, and additions to/deductions from the ERS 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. Investments are reported at their 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, 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.

Nonexchange Transactions
The Enterprise Funds and Component Units recognize contributed capital as nonoperating revenues.

Medicare and Medicaid Reimbursements
Revenues from services reimbursed under Medicare and Medicaid programs are recorded at the estimated reimbursable amounts. Final determination of the amounts earned is subject to review by the fiscal intermediary or a peer review organization. The State administration's opinion is that adequate provision has been made for any adjustments that may result from such reviews.

Fair Value Measurements
The State measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value, as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Inputs other than quoted market prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3** – Unobservable inputs for an asset or liability reflecting the reporting entity's own assumptions. Level 3 inputs are used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Risk Management
The State is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and workers' compensation. The State generally retains the first $1,000,000 per occurrence of property losses such as fires and 3% of a property's replacement cost value for catastrophic losses such as hurricanes, earthquakes and floods; the first $5,000,000 with respect to general liability claims; and the first $500,000 of losses due to crime and cyber liability. Losses in excess of those retention amounts are insured with commercial insurance carriers. The limit per occurrence for property losses is $200,000,000, except for terrorism, which is $100,000,000 per occurrence. The annual aggregate limit for general liability losses is $9,000,000 per occurrence, $50,000,000 for cyber liability losses and, for crime losses, the limit per occurrence is $10,000,000 with no aggregate limit. The State also has an insurance

policy to cover medical malpractice risk in the amount of $35,000,000 per occurrence and $39,000,000 in the aggregate. The State is generally self-insured for workers' compensation and automobile claims.

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 State 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. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss is reasonably estimable.

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

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

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

Newly Issued Accounting Pronouncements

GASB Statement No. 84
The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, postponed by GASB Statement No. 95 for one year. The State has not yet determined the effect this Statement will have on its financial statements.

GASB Statement No. 87
The GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, postponed by GASB Statement No. 95 for eighteen months. The State has not yet determined the effect this Statement will have on its financial statements.

GASB Statement No. 89
During fiscal year 2020, the State implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement replaces paragraph 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This Statement did not have any effect on the State's financial statements.

GASB Statement No. 90
The GASB issued Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, postponed by GASB Statement No. 95 for one year. The State has not yet determined the effect this Statement will have on its financial statements.

GASB Statement No. 91
During fiscal year 2020, the State implemented GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement did not have a material effect on the State's financial statements.

GASB Statement No. 92
The GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective at multiple periods depending on when certain Statements are implemented, postponed by GASB Statement No. 95 for one year. The State has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 93
The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020, postponed by GASB Statement No. 95 for one year. The State has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 94
The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The State has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 95
During fiscal year 2020, the State implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The requirements of this Statement are effective immediately. This Statement did not have any effect on the State's financial statements.

GASB Statement No. 96
The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The State has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 97
The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The main objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Certain requirements of this Statement are effective immediately while other requirements, like reporting for section 457 plans are effective for fiscal years beginning after June 15, 2021. The State has not determined the effect this Statement will have on its financial statements.

2. Cash and Investments

The Director of Finance is responsible for the safekeeping of all monies paid into the State Treasury. The Director of Finance pools and invests any monies of the State, which in the Director of Finance's judgment, are in excess of the amounts necessary for meeting the specific requirements of the State. Investment earnings are allocated to the Primary Government based on its equity interest in the pooled monies. Legally authorized investments include obligations of or guaranteed by the U.S. government, obligations of the State, federally-insured savings and checking accounts, time certificates of deposit, and repurchase agreements with federally-insured financial institutions.

Cash
The State maintains bank accounts for various purposes at locations throughout the State and the nation. Bank deposits for the State Treasury are under the custody of the Director of Finance. For financial statement reporting purposes, cash and cash equivalents consist of cash, time certificates of deposit, and money market accounts. Cash and cash equivalents also include repurchase agreements and U.S. government securities with original maturities of three months or less.

The carrying amount of the State's unrestricted and restricted deposits (cash, time certificates of deposit, and money market accounts) for the Primary Government as of June 30, 2020 was $1,824,961,000 and $1,113,595,000, respectively, and unrestricted cash for the Fiduciary Funds as of June 30, 2020 was $1,107,689,000.

Information relating to the bank balance, insurance and collateral of cash deposits is determined on a statewide basis and not for individual departments or divisions. Total bank balances of deposits for the Primary Government and Fiduciary Funds amounted to approximately $2,849,256,000 at June 30, 2020. Of that amount, approximately $2,412,308,000 represents bank balances covered by federal deposit insurance or by collateral held either by the State Treasury or by the State's fiscal agents in the name of the State. Bank balances of $95,595,000 represent deposits with the U.S. Department of the Treasury for the State's Unemployment Trust Fund, which were uncollateralized, and the Special Revenue Funds' and Proprietary Funds' cash in bank, which was uninsured and uncollateralized. The Special Revenue Funds' and Proprietary Funds' cash balances were held by fiscal agents in the State's name for the purpose of satisfying outstanding bond obligations. Accordingly, these deposits were exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the State's deposits may not be returned to it. For demand or checking accounts and time certificates of deposit, the State requires that the depository banks pledge collateral based on the daily available bank balances to limit its exposure to custodial credit risk. The use of daily available bank balances to determine collateral requirements results in the available balances being under-collateralized at various times during the fiscal year. All securities pledged as collateral are held either by the State Treasury or by the State's fiscal agents in the name of the State. The State also requires that no more than 60% of the State's total funds available for deposit and on deposit in the State Treasury may be deposited in any one financial institution.

Investments
The State holds investments both for its own benefit and as an agent for other parties.

Further, the State pools all excess funds into an investment pool that is administered by the State Department of Budget and Finance (Budget and Finance). The pool's investment options are limited to investments listed in the HRS.

At the end of each quarter, Budget and Finance allocates the investment pool amount to each of the participants including those participants who are part of the Proprietary Funds and Fiduciary Funds. The allocation is based on the average monthly investment balance of each participant in the investment pool.

The EUTF maintains a separate investment pool. The EUTF board is responsible for safekeeping these monies and has appointed an Investment Committee responsible for investing EUTF assets in compliance with HRS Sections 87A-24(2) and 88-119. Money is invested in accordance with EUTF's investment policy.

The following table presents the fair value of the State’s investments by level of input at June 30, 2020 (amounts expressed in thousands):

		Fair Value Measurements Using		
	Reported Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments − Primary government				
Investments by fair value level				
U.S. government securities	$ 2,228,705	$ 1,431,333	$ 797,372	$ -
Mutual funds	84,914	84,914	-	-
Total investments by fair value level	2,313,619	$ 1,516,247	$ 797,372	$ -
Investments measured at amortized cost				
Certificates of deposit	742,902			
Total investments	$ 3,056,521			
Investments – Fiduciary funds				
Investments by fair value level				
Equity securities	$ 462,167	$ 462,167	$ -	$ -
U.S. government securities	584,823	221,053	363,770	-
Mutual funds	71,949	71,949	-	-
Derivatives	(450)	-	(450)	-
	1,118,489	$ 755,169	$ 363,320	$ -
Investments at net asset value (NAV)				
Commingled funds				
Domestic equity	814,557			
International equity	703,635			
Domestic core fixed income	109,944			
Domestic inflation-linked fixed income	184,646			
Real estate	375,657			
Alternative investments	589,910			
Total investments at fair value	3,896,838			
Investments measured at amortized cost				
Certificates of deposit	114,733			
Total investments	$ 4,011,571			
Invested securities lending collateral at NAV				
Money market fund	$ 18,499			

Cash and Cash Equivalents, Certificates of Deposit, and Repurchase Agreements
The State considers all cash and investments with original maturities of three months or less to be cash equivalents. The carrying amounts reported in the accompanying statement of net position for cash equivalents, certificates of deposit, and repurchase agreements are measured at amortized cost.

The following methods and assumptions were used by the State in estimating the fair value of its financial instruments:

- ***Debt securities*** – Debt securities held by the State consist of U.S. government obligations including U.S. Treasury bills and U.S. Treasury notes and bonds. The fair value of these investments are based on quoted prices in active markets or other observable inputs, including pricing matrices. These investments are categorized in either Level 1 or Level 2 of the fair value hierarchy.

- ***Mutual funds*** – The mutual funds held by the State are open-ended mutual funds that are registered with the Securities Exchange Commission (SEC). The fair value of these mutual funds are valued at the daily closing price as reported by the fund. These funds are required to publish their daily NAV and to transact at that price. These investments are categorized in Level 1 of the fair value hierarchy.

- ***Commingled funds*** – Investments in commingled funds are valued at the NAV of units of a bank commingled investment vehicle. The NAV is based on the fair value of the underlying assets held by the fund less its liabilities.

- ***Money market funds*** – Investments in money market funds are valued at the NAV of the custodian bank liquid asset portfolio. The NAV is based on the fair value of the underlying assets held by the fund less its liabilities.

The preceding measurements described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The market volatility of equity-based investments is expected to substantially impact the value of such investments at any given time. It is likely that the State's investments have fluctuated since June 30, 2020.

(amounts expressed in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency	Required Redemption Notice
Investments measured at NAV				
Commingled funds				
Domestic equity	$ 814,557	None	Daily/Monthly	Same as trade date/ Trade date – 2
International equity	703,635	None	Daily	Same as trade date
Domestic core fixed income	109,944	None	Daily	Trade date – 2
Domestic inflation-linked fixed income	184,646	None	Daily	Trade date – 2
Real estate	375,657	$ 37,606	Quarterly	Various up to trade date – 90
Alternative investments	589,910	411,508	Monthly/Quarterly/ Annually	Various up to trade date – 90
Total investments measured at NAV	$ 2,778,349			
Invested securities lending collateral				
Money market fund	$ 18,499			Same as trade date

- ***Domestic equity*** – Northern Trust Russell 3000 Index Fund – Lending – primary objective is to approximate the risk and return characteristics of the Russell 3000 Index. This Index is commonly used to represent the broad U.S. equity market.

- ***International equity*** – Northern Trust Common All Country World Index (ACWI) EX-US Fund – Lending – primary objective is to provide investment results that approximate the overall performance of the MSCI All Country World ex-US Index.
- ***Domestic core fixed income*** – BlackRock U.S. Debt Index Fund B – primary objective is to provide investment results that correspond generally to the price and yield performance of Barclays U.S. Aggregate Bond Index.
- ***Domestic inflation-linked fixed income*** – BlackRock U.S. Inflation-Linked Bond Fund B – primary objective is to maximize real return by investing in inflation-linked fixed income securities issued by the U.S. government.
- ***Money market fund*** – The Northern Trust Corporation Liquid Asset Portfolio is a money market fund that seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity by investing exclusively in high quality money market investments.

The following table presents the State's investments by maturity period at June 30, 2020 (amounts expressed in thousands):

	Reported Value	Maturity (in years)		
		Less than 1	1−5	>5
Investments − Primary government				
Certificates of deposit	$ 742,902	$ 686,304	$ 56,598	$ -
U.S. government securities	2,228,705	1,500,400	728,305	-
	2,971,607	$ 2,186,704	$ 784,903	$ -
Mutual funds	84,914			
Total investments	$ 3,056,521			
Investments – Fiduciary funds				
Certificates of deposit	$ 114,733	$ 110,296	$ 4,437	$ -
U.S. government securities	584,823	187,494	397,329	-
Derivatives	(450)	-	(450)	-
	699,106	$ 297,790	$ 401,316	$ -
Equity securities	462,167			
Mutual funds	71,949			
Commingled funds	1,812,782			
Real estate	375,657			
Alternative investments	589,910			
Total investments	$ 4,011,571			

Interest Rate Risk
As a means of limiting its exposure to fair value losses arising from rising interest rates, the State's investment policy generally limits maturities on investments to not more than five years from the date of investment.

Credit Risk
The State's general investment policy limits investments in state and U.S. Treasury securities, time certificates of deposit, U.S. government or agency obligations, repurchase agreements, commercial paper, bankers' acceptances, and money market funds maintaining a Triple-A rating.

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

Concentration of Credit Risk
The State's policy provides guidelines for portfolio diversification by placing limits on the amount the State may invest in any one issuer, types of investment instruments, and position limits per issue of an investment instrument.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The EUTF's asset allocation and investment policy allows for active and passive investments in international securities. The foreign currency risk exposure to the State arises from the international equity investment holdings, including commingled funds, common stocks, and exchange traded funds.

Securities Lending
The EUTF participates in a securities lending program administered by its custodian bank, Northern Trust. Under this program, which is permissible by State statutes and EUTF's investment policy, certain equity securities are lent to participating broker-dealers and banks (borrowers). In return, the EUTF receives cash, securities and/or letters of credit as collateral at 102% to 105% of the principal plus accrued interest for reinvestment. The collateral is marked to market daily. If the market value of the collateral falls below the minimum collateral requirements, additional collateral is provided. Accordingly, management believes that the EUTF has no credit risk exposure to borrowers because the amounts the EUTF owed the borrowers equaled or exceeded the amounts the borrowers owed the EUTF. The contract with the EUTF requires the custodian bank to indemnify the EUTF. In the event a borrower goes into default, the custodian bank will liquidate the collateral to purchase replacement securities. Any shortfall between the replacement securities cost and the collateral value is covered by the custodian bank. All securities loans can be terminated on demand within a period specified in each agreement by either the EUTF or the borrowers.

Cash collateral is invested in a separate account by the custodian bank using approved lender's investment guidelines. As such, maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. The EUTF does not impose any restrictions on the amount of loans the bank custodian makes on behalf of the EUTF. The securities lending program in which the EUTF participates only allows pledging or selling securities in the case of borrower default.

At June 30, 2020, the total securities lent for collateral amounted to $223,492,000. The total cash and noncash collateral received amounted to $18,499,000 and $210,778,000, respectively.

Each of the four commingled funds held in the EUTF investment pool participates in securities lending.

3. Capital Assets

For the fiscal year ended June 30, 2020, capital assets activity for the Primary Government (governmental activities and business-type activities) was as follows (amounts expressed in thousands):

	Governmental Activities			
	Balance at July 1, 2019	Additions	Deductions	Balance at June 30, 2020
Capital assets not being depreciated				
Land and land improvements	$ 2,357,661	$ 13,675	$ (3)	$ 2,371,333
Construction in progress	1,251,417	456,264	(600,974)	1,106,707
Total capital assets not being depreciated	3,609,078	469,939	(600,977)	3,478,040
Capital assets being depreciated				
Infrastructure	10,163,803	268,309	(3,499)	10,428,613
Buildings and improvements	5,404,818	659,458	(2,945)	6,061,331
Equipment	826,130	24,000	(21,453)	828,677
Intangible assets – software	153,687	940	-	154,627
Total capital assets being depreciated	16,548,438	952,707	(27,897)	17,473,248
Less: Accumulated depreciation and amortization				
Infrastructure	(6,548,999)	(226,401)	114	(6,775,286)
Buildings and improvements	(3,079,236)	(226,490)	5,544	(3,300,182)
Equipment	(599,242)	(61,798)	17,123	(643,917)
Intangible assets – software	(122,915)	(7,462)	-	(130,377)
Total accumulated depreciation and amortization	(10,350,392)	(522,151)	22,781	(10,849,762)
Total capital assets, net	$ 9,807,124	$ 900,495	$ (606,093)	$ 10,101,526

	Business-type Activities			
	Balance at July 1, 2019	Additions	Deductions	Balance at June 30, 2020
Capital assets not being depreciated				
Land and land improvements	$ 690,057	$ 149	$ -	$ 690,206
Construction in progress	1,496,806	448,463	(213,592)	1,731,677
Total capital assets not being depreciated	2,186,863	448,612	(213,592)	2,421,883
Capital assets being depreciated				
Land and improvements	1,893,911	43,639	-	1,937,550
Buildings and improvements	2,863,666	160,591	(4,016)	3,020,241
Equipment	365,501	11,900	(2,326)	375,075
Total capital assets being depreciated	5,123,078	216,130	(6,342)	5,332,866
Less: Accumulated depreciation				
Land and improvements	(1,015,516)	(63,854)	-	(1,079,370)
Buildings and improvements	(1,571,341)	(92,386)	120	(1,663,607)
Equipment	(298,860)	(12,652)	1,349	(310,163)
Total accumulated depreciation	(2,885,717)	(168,892)	1,469	(3,053,140)
Total capital assets, net	$ 4,424,224	$ 495,850	$ (218,465)	$ 4,701,609

Depreciation expense for the fiscal year ended June 30, 2020, was charged to functions/ programs of the Primary Government as follows (amounts expressed in thousands):

Governmental activities		
Highways	$	214,207
Lower education		121,763
General government		22,606
Welfare		10,434
Urban redevelopment and housing		23,559
Conservation of natural resources		91,356
Public safety		21,998
Health		7,740
Culture and recreation		3,857
Economic development and assistance		4,631
Total depreciation expense – governmental activities	$	522,151

Business-type activities		
Airports	$	135,992
Harbors		32,453
EUTF		94
DWTLF		217
WPCF		136
Total depreciation expense – business-type activities	$	168,892

4. General Obligation Bonds Payable

The State issues general obligation bonds primarily to provide for the acquisition and construction of major capital facilities. Although certain general obligation debt is being retired from the resources of the Proprietary Funds – Airports and Harbors and is recorded in those funds, all general obligation bonds are backed solely by the full faith and credit of the State.

All issues contain call provisions except Series EL, issued November 21, 2013; Series EX, issued October 29, 2015; Series FJ, issued October 13, 2016; and Series FR, issued December 12, 2017. Stated interest rates range from 1.00% to 5.53%.

On April 9, 2020, the State issued a $600,000,000 bond anticipation note (BAN) of 2020. In accordance with HRS Section 39-15, the State requires that BANs be converted to long-term obligations within five years of original issue date. The BAN is subject to optional redemption. Outstanding principal amounts that mature on or after April 15, 2021 are subject to optional redemption with restrictions.

The State defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust, to provide for all future debt service payments on the refunding bonds. Accordingly, the trust accounts and the refunded bonds are not included in the State's basic financial statements. At June 30, 2020, $1,645,270,000 of bonds outstanding are considered defeased from prior years' refunding bonds. At June 30, 2020, the general obligation bonds consisted of the following (amounts expressed in thousands):

Callable	$ 6,629,098
Noncallable	75,500
Total general obligation bonds outstanding	6,704,598
Add: Unamortized bond premium	608,162
Less: Amount recorded as a liability of proprietary funds – Harbors	(18,690)
Amount recorded in the governmental activities of the primary government	$ 7,294,070

A summary of general obligation bonds outstanding by series as of June 30, 2020, is as follows (amounts expressed in thousands):

Series	Date of Issue	Interest Rates	Maturity Dates	Original Amount of Issue	Outstanding Amount
DQ	June 23, 2009	3.600%–5.000%	June 1, 2020–2026	$ 500,000	$ 11,930
DS	November 5, 2009	0.800%–1.450%	September 15, 2019–2024	32,000	14,880
DX	February 18, 2010	4.450%–5.530%	February 1, 2020–2030	500,000	353,285
DZ	December 7, 2011	3.500%–5.000%	December 1, 2019–2031	800,000	56,740
EA	December 7, 2011	3.000%–5.000%	December 1, 2019–2023	403,455	220,555
EE	December 4, 2012	1.000%–5.000%	November 1, 2019–2032	444,000	179,480
EF	December 4, 2012	5.000%	November 1, 2019–2024	396,990	266,365
EG	December 4, 2012	1.600%–3.625%	November 1, 2019–2032	26,000	21,840
EH	November 21, 2013	4.000%–5.000%	August 1, 2019–2033	635,000	345,975
EL	November 21, 2013	1.500%–5.000%	August 1, 2019–2023	50,860	30,805
EM	November 21, 2013	2.450%–4.800%	August 1, 2019–2033	25,000	22,595
EN	November 21, 2013	2.450%–4.800%	August 1, 2019–2033	29,795	26,065
EO	November 25, 2014	3.000%–5.000%	August 1, 2019–2034	575,000	521,635
EP	November 25, 2014	5.000%	August 1, 2019–2026	209,015	187,225
EQ	November 25, 2014	2.035%–3.915%	August 1, 2019–2034	25,000	23,770
ET	October 29, 2015	2.000%–5.000%	October 1, 2019–2035	190,000	174,940
EU	October 29, 2015	2.000%–3.500%	October 1, 2019–2035	35,000	31,895
EX	October 29, 2015	2.000%–4.000%	October 1, 2019–2025	25,035	21,790
EY	October 29, 2015	5.000%	October 1, 2020–2027	212,120	212,120
EZ	October 29, 2015	5.000%	October 1, 2019–2028	215,590	198,550
FA	October 29, 2015	1.950%–4.400%	October 1, 2019–2035	25,000	22,845
FB	April 14, 2016	3.000%–5.000%	April 1, 2020–2036	500,000	462,150
FC	April 14, 2016	1.660%–1.750%	April 1, 2020–2021	25,000	5,140
FE	April 14, 2016	3.000%–5.000%	October 1, 2019–2028	219,690	202,290
FF	April 14, 2016	1.309%–2.902%	October 1, 2019–2028	119,730	108,825
FG	October 13, 2016	3.000%–5.000%	October 1, 2019–2036	375,000	361,480
FH	October 13, 2016	3.000%–5.000%	October 1, 2021–2031	379,295	379,295
FI	October 13, 2016	2.000%–5.000%	October 1, 2021–2033	2,710	2,710
FJ	October 13, 2016	1.151%–1.921%	October 1, 2019–2022	25,000	15,205
FK	May 24, 2017	2.000%–5.000%	May 1, 2020–2037	575,000	553,325
FN	May 24, 2017	5.000%	October 1, 2021–2031	229,355	229,355
FO	May 24, 2017	1.850%–2.250%	May 1, 2020–2021	37,500	18,920
FP	May 24, 2017	1.850%–3.940%	May 1, 2020–2037	7,500	7,175
FR	December 12, 2017	2.000%–2.180%	October 1, 2019–2021	15,090	7,700
FS	December 12, 2017	2.220%–2.950%	October 1, 2022–2033	275,363	275,363
FT	February 14, 2018	3.000%–5.000%	January 1, 2022–2038	631,215	631,215
FU	February 14, 2018	2.200%–2.750%	January 1, 2020–2021	50,000	17,000
FW	February 21, 2019	2.000%–5.000%	January 1, 2023–2039	431,665	431,665
FX	February 21, 2019	2.650%–3.250%	January 1, 2020–2022	75,000	50,500
					$ 6,704,598

The general obligation bonds outstanding financed the Hawaiian Home Lands Trust settlement and the acquisition, construction, extension or improvement of various public improvement projects, including public buildings and facilities, public schools, community college and university facilities, public libraries and parks, and other public purposes.

A summary of the general obligation bond premium activity for fiscal year 2020 is as follows (amounts expressed in thousands):

Balance – July 1, 2019	$ 705,575
Current-year amortization	(97,413)
Balance – June 30, 2020	$ 608,162

A summary of debt service requirements to maturity on the governmental activities' general obligation bonds is as follows (amounts expressed in thousands):

Fiscal Year	Principal	Interest	Total
2021	$ 476,563	$ 288,701	$ 765,264
2022	481,938	263,144	745,082
2023	459,674	241,916	701,590
2024	467,385	220,334	687,719
2025	449,619	198,654	648,273
2026–2030	2,054,361	686,899	2,741,260
2031–2035	1,525,475	268,979	1,794,454
2036–2040	487,830	39,458	527,288
	$ 6,402,845	$ 2,208,085	$ 8,610,930

A summary of debt service requirements to maturity on the governmental activities' direct placements is as follows (amounts expressed in thousands):

Fiscal Year	Principal	Interest	Total
2021	$ 3,810	$ 7,252	$ 11,062
2022	3,890	7,169	11,059
2023	19,971	6,905	26,876
2024	20,424	6,451	26,875
2025	20,900	5,975	26,875
2026–2030	112,538	21,840	134,378
2031–2034	101,530	5,972	107,502
	$ 283,063	$ 61,564	$ 344,627

A summary of debt service requirements to maturity on the governmental activities' bond anticipation note is as follows (amounts expressed in thousands):

Fiscal Year	Principal	Interest	Total
2021	$ 300,000	$ 4,830	$ 304,830
2022	300,000	2,640	302,640
	$ 600,000	$ 7,470	$ 607,470

A summary of debt service requirements to maturity on the business-type activities' general obligation bonds are as follows (amounts expressed in thousands):

Fiscal Year	Principal	Interest	Total
2021	$ 2,451	$ 930	$ 3,381
2022	2,572	808	3,380
2023	2,701	680	3,381
2024	2,835	546	3,381
2025	2,977	404	3,381
2026–2028	5,154	400	5,554
	$ 18,690	$ 3,768	$ 22,458

The State Constitution limits the amount of general obligation bonds which may be issued. As required by law, the Director of Finance has confirmed that the State was within its legal debt limit on the aforementioned issues. The legal debt margin at June 30, 2020 was $676,925,000.

At June 30, 2020, general obligation bonds authorized but unissued were approximately $2,799,730,000.

5. Revenue Bonds Payable

Governmental Activities

Revenue bonds are payable from and collateralized by each Department's revenues generated from certain capital improvement projects. On December 11, 2019, the Department of Transportation – Highways Division (Highways) issued $81,835,000 of State of Hawaii Revenue Bonds Series 2019A (the 2019A Bonds). The 2019A Bonds bear interest at rates ranging from 3.0% to 5.0% and mature in annual installments through 2040. These bonds were issued at a premium of $18,660,847. The 2019A Bonds maturing on and before January 1, 2029 are not subject to redemption prior to their respective maturity dates. The 2019A Bonds maturing on or after January 1, 2030 are subject to redemption prior to their respective maturity dates at the option of the State at 100% plus accrued interest.

On August 25, 2017, the Department of Hawaiian Home Lands (DHHL) issued $30,940,000 in State of Hawaii Revenue Bonds, Series 2017, with interest rates ranging from 3.00% to 5.00% to refund State of Hawaii Revenue Bonds, Series 2009 previously issued by DHHL. The bonds are payable on April 1 and October 1, annually through 2032.

On September 8, 2016, Highways issued $103,395,000 in State of Hawaii Highway Revenue Bonds of 2016, Series A, with interest rates ranging from 2.0% to 5.0% to provide funds for certain highway capital improvement projects. The bonds are payable annually on January 1 through 2036.

On September 8, 2016, Highways issued $101,090,000 in State of Hawaii Highway Revenue Bonds of 2016, Series B, with interest rates ranging from 1.3% to 5.0% to advance refund $111,590,000 of certain highway revenue bonds previously issued. Due to the advanced refunding, the Highways increased its total debt service payments over the next 10 years by $14,904,000 and incurred an economic loss (difference between the present values of the debt service payments on the old and new debt) of $13,575,000. The bonds are payable annually on January 1, commencing 2021 through 2030.

On November 13, 2014, the DBEDT issued $150,000,000 in State of Hawaii Green Energy Market Securitization Bonds of 2014, Series A, to provide funds for environmentally beneficial projects. The Series A is comprised of Tranche A-1 for $50,000,000 and Tranche A-2 for $100,000,000. The interest rate for Tranche A-1 is 1.467%, with bonds payable semi-annually on January 1 and July 1 through 2020. The interest rate for Tranche A-2 is 3.242%, with bonds payable semi-annually beginning July 1, 2020 through January 1, 2029. Both tranches have a final maturity date which is two years later than the scheduled final payment date to allow for any final true-ups for balances owed.

On August 14, 2014, Highways issued $103,375,000 in State of Hawaii Highway Revenue Bonds of 2014, Series A, with interest rates ranging from 2.0% to 5.0% to provide funds for certain highway capital improvement projects. The bonds are payable annually on January 1 through 2034.

On August 14, 2014, Highways issued $32,285,000 in State of Hawaii Highway Revenue Bonds of 2014, Series B, with interest rates ranging from 3.0% to 5.0% to advance refund $36,195,000 of certain highway revenue bonds previously issued. The bonds are payable annually on January 1 through 2026.

On December 15, 2011, Highways issued $5,095,000 in State of Hawaii Highway Revenue Bonds of 2011, Series B, with an interest rate of 4.0% to advance refund $5,400,000 of certain outstanding highway revenue bonds previously issued. The bond is payable on January 1, 2023.

On December 15, 2011, Highways issued $112,270,000 in State of Hawaii Highway Revenue Bonds of 2011, Series A, with interest rates ranging from 0.75% to 5.0% to finance certain highway capital improvement projects and related projects. The bonds are payable annually on January 1 through 2032.

On March 15, 2005, Highways issued $123,915,000 of State of Hawaii Highway Revenue Bonds of 2005, Series B, with interest rates ranging from 3.0% to 5.25% to advance refund $128,705,000 of certain outstanding highway revenue bonds previously issued. The bonds are payable annually on July 1 through 2021.

The bonds are payable solely from and collateralized by the revenues, consisting primarily of highway fuel taxes, vehicle registration fees, vehicle weight taxes, rental motor vehicle and tour vehicle surcharge taxes and green infrastructure fees.

The liabilities for the refunded bond issues and the related securities and trust accounts are not included in the accompanying basic financial statements, as DHHL and Highways defeased their obligations for payment of those bonds upon completion of those refunding transactions.

The following is a summary of the State's revenue bonds issued and outstanding at June 30, 2020 (amounts expressed in thousands):

Series	Date of Issue	Interest Rates	Maturity Dates	Original Amount of Issue	Outstanding Amount
Highways					
2005B	March 15, 2005	5.25%	July 1, 2019–2021	$ 123,915	$ 12,555
2011A	December 15, 2011	2.50%–5.00%	January 1, 2020–2032	112,270	37,605
2011B	December 15, 2011	4.00%	January 1, 2023	5,095	5,095
2014A	August 14, 2014	5.00%	January 1, 2020–2034	103,375	82,430
2014B	August 14, 2014	5.00%	January 1, 2020–2026	32,285	21,105
2016A	September 8, 2016	1.25%–5.00%	January 1, 2020–2036	103,395	90,590
2016B	September 8, 2016	4.00%–5.00%	January 1, 2021–2030	101,090	100,270
2019A	December 11, 2019	3.00%–5.00%	January 1, 2023–2040	81,835	81,835
DHHL					
2017	August 25, 2017	3.00%–5.00%	April 1, 2020–2032	30,940	26,610
DBEDT					
2014A-A1	November 13, 2014	1.467%	July 1, 2022	50,000	2,420
2014A-A2	November 13, 2014	3.242%	January 1, 2031	100,000	100,000
					560,515
Add: Unamortized bond premium					62,605
					$ 623,120

A summary of the revenue bond premium activity for fiscal year 2020 is as follows (amounts expressed in thousands):

	Revenue Bonds
Balance – July 1, 2019	$ 51,302
Current-year additions	18,661
Current-year amortization	(7,358)
Balance – June 30, 2020	$ 62,605

Debt service requirements to maturity on revenue bonds are aggregated below (amounts expressed in thousands):

	Principal	Interest	Total
Fiscal Year			
2021	$ 42,381	$ 24,906	$ 67,287
2022	40,066	22,982	63,048
2023	40,122	21,393	61,515
2024	41,620	19,902	61,522
2025	43,118	18,057	61,175
2026–2030	205,993	61,192	267,185
2031–2035	109,390	22,316	131,706
2036–2040	37,825	4,986	42,811
	$ 560,515	$ 195,734	$ 756,249

Business-Type Activities
Revenue bonds are backed by a pledge of resources derived from users of the related facilities and are not supported by the full faith and credit of the State.

Airports System Revenue Bonds
The Airports system revenue bonds are payable solely from and collateralized by airport revenues, which include all aviation fuel taxes levied. The Airports system revenue bonds are subject to redemption at the option of the Department of Transportation (DOT) and the State during specific years at prices ranging from 102% to 100% of principal.

The following is a summary of the Airports system revenue bonds issued and outstanding at June 30, 2020 (amounts expressed in thousands):

	Interest Rates	Final Maturity Date (July 1)	Original Amount of Issue	Outstanding Amount
Series				
2010A, refunding	2.00%–5.25%	2039	$ 478,980	$ 230,790
2010B, refunding	3.00%–5.00%	2020	166,000	21,650
2011, refunding	2.00%–5.00%	2024	300,885	150,400
2015A, non-refunding	4.125%–5.00%	2045	235,135	235,135
2015B, non-refunding	4.00%	2045	9,125	9,125
2018A, non-refunding	5.00%	2048	388,560	388,560
2018B, non-refunding	3.00%–5.00%	2027	26,125	26,125
2018C, refunding	3.58%	2028	93,175	93,175
2018D, refunding	5.00%	2034	142,150	142,150
			$ 1,840,135	1,297,110
Add: Unamortized premium				82,200
Less: Unamortized discount				(1,762)
				1,377,548
Less: Current portion				(44,690)
Noncurrent portion				$ 1,332,858

In August 2018, Airports executed two forward delivery bond purchase contracts relating to its $93,175,000 Airports System Revenue Bonds, Refunding Series 2018C and $142,150,000 Airports System Revenue Bonds, Refunding Series 2018D. Subject to the terms of such contracts, Airports issued and delivered the Series 2018C Bonds and the Series 2018D Bonds in April 2020 to refund $245,385,000 of outstanding Series 2010A Bonds on July 1, 2020.

Airports entered into these agreements with the respective purchasers for the purpose of effecting a refunding of an outstanding issue that cannot be advance refunded.

On August 9, 2018, the purchaser agreed to purchase the Series 2018C Bonds in the principal amount of $93,175,000 for the amount of $93,175,000. The Series 2018C Bonds will bear an interest rate of 3.58% and maturity dates ranging from 2021 through 2028.

On August 9, 2018, the purchaser agreed to purchase the Series 2018D Bonds in the principal amount of $142,150,000 at a price of $154,466,536. The Series 2018D Bonds will bear an interest rate of 5.00% with maturity dates ranging from 2029 through 2034.

On April 7, 2020, the Airports Division issued the Series 2018C and Series 2018D Bonds to refund a portion of its outstanding Series 2010A Bonds. Of the net proceeds of $247,641,537 (after payment of $154,328 in underwriting fees, insurance, and other costs), along with an additional $4,204,417 from the debt service reserve account, $251,691,625 was deposited into an irrevocable trust with an escrow agent to provide for the redemption of the refunded portion of Refunding Series 2010A bonds on July 1, 2020. As a result, the refunded portion of the Refunding Series 2010A bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $7,137 (deferred gain on refunding of $1,309,991 for Series 2018C Bonds and deferred loss on refunding of $1,302,854 for Series 2018D Bonds). This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations over the next 9 to 15 years.

Airports Special Facility Leases and Revenue Bonds
Airports entered into two special facility lease agreements with Continental Airlines, Inc. (Continental) in November 1997 and July 2000. The construction of the related facilities was financed by special facility revenue bonds issued by Airports in the amounts of $25,255,000 and $16,600,000, respectively. The $16,600,000 special facility revenue bond was called in full on May 18, 2015. The remaining bond is payable solely from and collateralized solely by certain rentals and other monies derived from the special facility.

$25,255,000 Issue
The bonds bear interest at 5.625% per annum, and are subject to redemption on or after November 15, 2007 at the option of Airports upon the request of Continental at prices ranging from 101% to 100%, depending on the dates of redemption, or at 100% plus interest, if the facilities are destroyed or damaged extensively.

Interest-only payments of $611,000 are due semiannually on May 15 and November 15 of each year until the bonds mature on November 15, 2027, at which time the entire principal amount is due.

Special facility revenue bonds payable at June 30, 2020 consisted of $21,725,000, and is classified as noncurrent.

The special facility lease is accounted for and recorded as a direct financing lease. The remaining lease payments to be paid by the lessees (including debt service requirements on the special facility revenue bonds) are recorded as a restricted asset, and the special facility revenue bonds outstanding are recorded as a liability in the accompanying basic financial statements.

In July 2017, Airports issued $249,805,000 of Airports system customer facility charge revenue bonds (Customer Facility Charge Revenue Bonds, Series 2017A) at interest rates ranging from 1.70% to 4.14%. The Series 2017 Bonds are being issued for the costs of design, development and construction of consolidated rental motor vehicle projects at certain airports and to fund the Rolling Coverage Fund Requirement and the Debt Service Reserve Fund Requirement for the Series 2017 Bonds and to pay certain costs of issuance relating to the Series 2017 bonds. The Bonds are special limited obligations of the State, payable solely from and secured by the receipts from collection of the Rental Motor Vehicle Customer Facility Charge imposed by the State on rental motor vehicle customers who use or benefit from rental car facilities at all airports in the Airports system. At June 30, 2020, the outstanding balance of the Series 2017A Bonds is $239,655,000 with a maturity date of July 1, 2047.

In August 2019, the Airports Division issued $194,710,000 of airports system customer facility charge revenue bonds (Customer Facility Charge Revenue Bonds, Series 2019A) at interest rates ranging from 1.819% to 2.733%. The Series 2019A Bonds are being issued for the costs of design, development and construction of consolidated rental motor vehicle facility projects at certain airports and to fund the Rolling Coverage Fund Requirement and the Debt Service Reserve Fund Requirements for the Series 2019 Bonds and to pay certain costs of issuance relating to the Series 2019 bonds. The Bonds are special limited obligations of the State, payable solely from and secured by the receipts from collection of the Rental Motor Vehicle Customer Facility Charge imposed by the State on rental motor vehicle customers who use or benefit from rental car facilities at all airports in the Airports System. At June 30, 2020, the outstanding balance of the Series 2019A Bonds is $194,710,000 with a maturity of July 1, 2047.

Harbors Revenue Bonds

The Harbors revenue bonds are collateralized by a charge and lien on the gross revenues of the commercial harbors system and upon all improvements and betterments thereto, and all funds and securities created in whole or in part from revenues or from the proceeds of any bonds issued. The Harbors revenue bonds are subject to redemption at the option of the DOT and the State during specific years at prices ranging from 102% to 100% of face value.

The following is a summary of the Harbors' revenue bonds issued and outstanding as of June 30, 2020 (amounts expressed in thousands):

				Current			
	Final Redemption Date	Interest Rates	Original Amount of Issue	Principal Due July 1, 2020	Due January 1, 2021	Total	Noncurrent
Year of Issue							
2010	July 1, 2040	3.00%–5.75%	$ 201,390	$ 9,340	$ -	$ 9,340	$ 145,180
2013	July 1, 2029	3.25%	23,615	60	-	60	13,345
2016	January 1, 2031	1.99%–3.09%	113,660	3,625	4,265	7,890	83,675
			$ 338,665	$ 13,025	$ 4,265	17,290	242,200
Add: Unamortized premium (discount)						9	(62)
						$ 17,299	$ 242,138

Debt service requirements to maturity on the business-type activities' revenue bonds for fiscal years ending June 30, 2020 are aggregated below (amounts expressed in thousands):

	Principal	Interest	Total
Fiscal Year			
2021	$ 72,120	$ 85,746	$ 157,866
2022	75,535	85,419	160,954
2023	78,790	82,135	160,925
2024	77,885	78,820	156,705
2025	80,610	75,529	156,139
2026–2030	303,300	341,256	644,556
2031–2035	296,775	276,704	573,479
2036–2040	365,470	199,734	565,204
2041–2045	410,950	106,862	517,812
2046–2048	251,255	19,921	271,176
	$ 2,012,690	$ 1,352,126	$ 3,364,816

The above debt service requirements are set forth based upon funding requirements. Principal and interest payments are required to be funded in the twelve-month and six-month periods, respectively, preceding the date on which the payments are due.

Revenue Bonds Authorized, but Unissued
At June 30, 2020, revenue bonds authorized, but unissued, were approximately $5,316,759,000.

Special Purpose Revenue Bonds
HRS Chapter 39A authorizes the State (with legislative approval) to issue special purpose revenue bonds. Proceeds from those bonds are loaned to certain enterprises for projects deemed to be in the public interest. The bonds are not general obligations of the State and are payable solely from monies received by the State under project agreements with the recipients of the bond proceeds. Accordingly, the State has not included those bonds in its basic financial statements. Bonds outstanding at June 30, 2020 amounted to approximately $1,233,860,000. At June 30, 2020, special purpose revenue bonds of $1,629,081,000 were authorized, but unissued.

6. Changes in Long-Term Liabilities

Changes in the long-term liabilities for the Primary Government (governmental activities and business-type activities) were as follows (amounts expressed in thousands):

	Governmental Activities				
	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
General obligation bonds payable	$ 6,922,014	$ -	$ (519,169)	$ 6,402,845	$ 476,563
Add: Unamortized premium	705,575	-	(97,413)	608,162	89,378
Direct placements	286,793	-	(3,730)	283,063	3,810
Total general obligation bonds payable	7,914,382	-	(620,312)	7,294,070	569,751
Revenue bonds payable	520,004	81,834	(41,323)	560,515	42,381
Add: Unamortized premium	51,302	18,661	(7,358)	62,605	8,348
Total revenue bonds payable	571,306	100,495	(48,681)	623,120	50,729
Bond anticipation note	-	600,000	-	600,000	300,000
Accrued vacation payable	230,179	113,097	(97,880)	245,396	77,765
Reserve for losses and loss adjustment costs	276,493	32,472	(38,324)	270,641	33,135
Net pension liability	6,622,548	678,563	(302,048)	6,999,063	-
Net other postemployment benefits liability	6,736,090	548,411	(540,231)	6,744,270	-
Capital lease obligations	122,922	-	(7,775)	115,147	6,481
Total	$ 22,473,920	$ 2,073,038	$ (1,655,251)	$ 22,891,707	$ 1,037,861

	Business-type Activities				
	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
General obligation bonds payable, net	$ 21,026	$ -	$ (2,336)	$ 18,690	$ 2,451
Revenue bonds payable	1,893,110	430,035	(310,455)	2,012,690	72,120
Add: Unamortized premium, net	75,205	10,207	(5,027)	80,385	9
Total revenue bonds payable	1,968,315	440,242	(315,482)	2,093,075	72,129
Accrued vacation and retirement benefits payable	16,015	7,923	(7,278)	16,660	4,972
Reserve for losses and loss adjustment costs	5,336	3,547	(1,939)	6,944	2,419
Net pension liability	214,902	29,914	(17,463)	227,353	-
Net other postemployment benefits liability	233,167	20,255	(19,970)	233,452	-
Capital lease obligations	236,147	-	(11,772)	224,375	13,140
Prepaid airport use charge fund	312	-	-	312	-
Loan payable	76,000	-	(76,000)	-	-
Total	$ 2,771,220	$ 501,881	$ (452,240)	$ 2,820,861	$ 95,111

The accrued vacation liability attributable to the governmental activities will be liquidated by the State's governmental funds. Approximately 83%, 16%, and 1% of the accrued vacation liability has been paid by the General Fund, Special Revenue Funds, and Capital Projects Fund, respectively, during the fiscal year ended June 30, 2020.

The net pension and net OPEB liabilities will be liquidated by the General Fund.

7. Interfund Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2020 (amounts expressed in thousands):

	Due From	Due To
Governmental Funds		
General Fund		
Special Revenue Funds	$ 70,145	$ -
Med-Quest Special Revenue Fund	125,465	-
Proprietary Fund	20	-
Debt Service Fund	-	152
	195,630	152
Capital Projects Fund		
Proprietary Fund	1,597	-
Med-Quest Special Revenue Fund		
General Fund	-	125,465
Nonmajor Governmental Funds		
General Fund	152	70,145
Proprietary Funds		
Airports	-	20
Harbors	-	1,597
	-	1,617
	$ 197,379	$ 197,379

The interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occurred, transactions are recorded, and payment between funds are made.

8. Transfers

Transfers between funds occur when a fund receiving revenues transfers resources to a fund where the resources are to be expended, or when nonrecurring or nonroutine transfers between funds occur. For the fiscal year ended June 30, 2020, transfers by fund were as follows (amounts expressed in thousands):

	Transfers In	Transfers Out
Governmental Funds		
General Fund		
Med-Quest Special Revenue Fund	$ 91,614	$ 3,590
Capital Projects Fund	-	2,792
Administrative Support Special Revenue Fund	7,903	4,091
Nonmajor Governmental Funds	76,177	930,119
	175,694	940,592
Capital Projects Fund		
General Fund	2,792	-
Administrative Support Special Revenue Fund	-	2,212
Nonmajor Governmental Funds	128,561	-
	131,353	2,212
Med-Quest Special Revenue Fund		
General Fund	3,590	91,614
Nonmajor Governmental Funds	245	506
	3,835	92,120
Administrative Support Special Revenue Fund		
General Fund	4,091	7,903
Capital Projects Fund	2,212	-
Nonmajor Governmental Funds	1,857	3,784
	8,160	11,687
Nonmajor Governmental Funds		
General Fund	930,119	76,177
Capital Projects Fund	-	128,561
Med-Quest Special Revenue Fund	506	245
Administrative Support Special Revenue Fund	3,784	1,857
Other Nonmajor Governmental Funds	71,452	71,452
	1,005,861	278,292
	$ 1,324,903	$ 1,324,903

The General Fund transferred approximately $830,765,000 to the Nonmajor Governmental Funds for debt service payments and approximately $107,035,000 to subsidize various Special Revenue Funds' programs, and approximately $2,792,000 to the Capital Projects Fund to finance capital projects. Approximately $128,561,000 of Highways receipts were transferred from the Nonmajor Governmental Funds to the Capital Projects Fund to finance capital projects.

9. Leases

Lease Commitments

Governmental Activities

The State leases office facilities and equipment under various operating leases expiring through fiscal 2030. Future minimum lease commitments for noncancelable operating leases as of June 30, 2020, were as follows (amounts expressed in thousands):

Fiscal Year		
2021	$	16,808
2022		12,684
2023		7,832
2024		4,981
2025		2,053
2026–2030		768
Total future minimum lease payments	$	45,126

Rent expenditures for operating leases for the fiscal year ended June 30, 2020 amounted to approximately $36,163,000.

On July 25, 2017, the State issued $15,125,000 in Certificates of Participation (COPS) 2017 Series A to fully refund $24,500,000 of the 2009 Series A Certificate which proceeds were used to purchase the Kapolei State Office Building and Capitol District Building. Wells Fargo Bank, NA was paid $18,739,000 by the Bank of New York Mellon Trust Company, NA on August 25, 2017 from the net proceeds of $20,292,000 which include original issue premium of $2,614,000 and funds on hand of $2,553,000. The remaining amounts of $152,000 was used as cost of issuance and $1,401,000 was deposited to the Certificate Reserve Fund. Payments of principal and interest commenced on November 1, 2017 and will be payable every May 1 and November 1 until 2031, with interest rates ranging from 2% to 4% until 2022 and fixed at 5% starting in 2023.

An equipment lease purchase agreement between the Department of Transportation Highways Division and Johnson Controls, Inc. was entered into on July 8, 2015 to fund the construction, acquisition and installation of energy conservation systems throughout the State. The proceeds of $60,286,091 were deposited into an acquisition fund held in trust by an acquisition fund custodian to provide for future payments as requested by the Highways Division. Payments commenced on August 1, 2017 and continue through August 1, 2031 at an interest rate of 2.63%.

An equipment lease purchase agreement between DAGS and Banc of America Public Capital Corp. was entered into on August 1, 2013, to fund the construction, acquisition and installation of energy conservation systems throughout the State. The proceeds of $18,835,000 were deposited in an acquisition fund held in trust by an acquisition fund custodian to provide for future payments as requested by the State. Payments commenced on March 20, 2014 and continue through September 20, 2033 at an interest rate of 3.63%.

On April 14, 2011, an equipment lease purchase agreement between the Department of Public Safety and Capital One Public Funding, LLC was entered into, to fund the acquisition and installation of energy conservation equipment at the Halawa Correctional Facility and Oahu Community Correctional Center. An escrow agent to provide for future vendor payments as requested by the State deposited the proceeds of $25,512,000 in an escrow fund. Payments commenced on May 1, 2012 and continue through November 1, 2030 at an interest rate of 5.021%.

An equipment lease purchase agreement between the DAGS and Capital One Public Funding, LLC was entered into on September 3, 2009, to fund the acquisition and installation of energy conservation equipment at various State buildings in the downtown Honolulu district. The proceeds of $12,377,000 were deposited in an escrow fund by an escrow agent to provide for future vendor payments as requested by the State. Payments commenced on June 1, 2010 and continue through June 1, 2026 at an interest rate of 5.389%.

On November 5, 2009, the State issued $41,120,000 in COPS 2009 Series A to fully refund $47,185,000 of the 1998 Series A Certificates and the 2000 Series A Certificates, which proceeds were used to purchase the Kapolei State Office Building and the Capitol District Building. The net proceeds of $43,490,000 (including a premium of $2,876,000 and after-payment of $503,000 in underwriting fees) were deposited to the Depository Trust Company in an irrevocable trust with an escrow agent to provide for all future debt service payments on the previously issued outstanding COPS. As a result, these certificates are considered to be defeased, and the liability for these certificates has been removed from the Government-Wide financial statements. Payments commenced on May 1, 2010 and continued through May 1, 2020 with interest rates ranging from 2.0% to 5.0%. As of June 30, 2020, the capital lease obligation was fully paid.

Future minimum lease payments for these capital leases are as follows (amounts expressed in thousands):

	Principal	Interest	Total
Fiscal Year			
2021	$ 6,481	$ 4,154	$ 10,635
2022	7,037	3,898	10,935
2023	7,761	3,620	11,381
2024	8,456	3,312	11,768
2025	9,221	2,972	12,193
2026–2030	51,076	9,500	60,576
2031–2034	25,115	1,224	26,339
Total future minimum lease payments	$ 115,147	$ 28,680	$ 143,827

Capital assets acquired under these capital leases are as follows (amounts expressed in thousands):

Asset type	
Buildings and improvements	$ 56,245
Equipment	117,010
Total assets	$ 173,255

Business-Type Activities

Airports – Lease Revenue Certificates of Participation
Airports entered into a lease agreement with Johnson Controls, Inc. in December 2013. The costs relating to the lease and installation of certain equipment to implement the energy performance contract between Airports and Johnson Controls, Inc. was financed by lease revenue COPS issued by Airports in the amount of $167,740,000 at interest rates ranging from 3.00% to 5.25%.

On April 13, 2016, Airports entered into a lease agreement with Johnson Controls, Inc. amending the Energy Performance Contract dated December 19, 2013 to finance improvements to Daniel K. Inouye International Airport's cooling infrastructure. The costs relating to the lease and installation of certain equipment to implement the third amendment to the Energy Performance Contract between Airports and Johnson Controls, Inc. was financed by lease revenue COPS issued by Airports in the amount of $8,056,521 at an interest rate of 1.74%.

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

The lease revenue COPS are payable from revenue derived by Airports from the ownership and operation of the Airports system and the receipts from aviation fuel taxes imposed by the State. The COPS represent participation in equipment lease rent payments made by the Department of Transportation. Lease rent payments to holders of the COPS are payable from revenues and aviation fuel taxes, subordinate in right of payments of debt service on bonds.

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

At June 30, 2020, the outstanding balance of the lease revenue COPS and the unamortized premium were approximately $198,547,000 and $1,279,000, respectively. Future lease rent payments for the lease revenue COPS as of June 30, 2020 are as follows (amounts expressed in thousands):

	Principal	Interest	Total
Fiscal Year			
2021	$ 12,116	$ 8,551	$ 20,667
2022	13,753	7,982	21,735
2023	15,204	7,343	22,547
2024	17,224	6,633	23,857
2025	19,760	5,797	25,557
2026–2030	101,936	13,204	115,140
2031–2034	18,554	1,100	19,654
	$ 198,547	$ 50,610	$ 249,157

Harbors – Equipment Lease Agreement
Harbors entered into an equipment lease purchase agreement to fund the installation and acquisition of energy conservation measures at selected Harbors Division locations. Annual lease payments commenced on October 1, 2017 and will continue through October 1, 2032 at an interest rate of 2.74%. Future minimum lease commitments as of June 30, 2020 were as follows (amounts expressed in thousands):

	Principal	Interest	Total
Fiscal Year			
2021	$ 1,024	$ 673	$ 1,697
2022	1,140	645	1,785
2023	1,264	613	1,877
2024	1,396	579	1,975
2025	1,537	540	2,077
2026–2030	10,131	1,985	12,116
2031–2033	8,057	443	8,500
	$ 24,549	$ 5,478	$ 30,027

Lease Rentals

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

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

Airports – Prepaid Airport Use Charge Fund
The DOT and the signatory airlines entered into an agreement in August 1995 to extend the prepaid airport use charge fund (PAUCF). Net excess payments for fiscal years 1996 through 2020 have been transferred to the PAUCF.

Airports – Aviation Fuel Tax
In May 1996, the Department of Taxation issued a tax information release which stated that, effective July 1, 1996, the Hawaii fuel tax will not apply to the sale of bonded aviation/jet fuel to air carriers departing for foreign ports or arriving from foreign ports on stopovers before continuing on to their final destination. The aviation fuel tax amounted to approximately $2,191,000 for fiscal year 2020.

Airports – System Rates and Charges
Signatory and non-signatory airlines were assessed the following rates and charges:

- Landing fees amounted to approximately $75,922,000 for fiscal year 2020. Airport landing fees are shown, net of aviation fuel tax credits of approximately $2,191,000, for fiscal year 2020 on the statement of revenues, expenses, and changes in net position, which resulted in net airport landing fees of approximately $74,357,000 for fiscal year 2020. Airport landing fees are based on a computed rate per 1,000-pound units of approved maximum landing weight for each aircraft used in revenue landings. Airport interisland landing fees for signatory airlines were set at 47% of the airport landing fees for overseas flights for fiscal year 2020, and are scheduled to increase 1% annually until it reaches 100%.

- Nonexclusive joint-use premise charges for terminal rentals amounted to approximately $64,137,000 for fiscal year 2020. Overseas and interisland joint-use premise charges were established to recover Airports system costs allocable to the overseas and interisland terminals joint-use space based on terminal rental rates, and are recovered based on a computed rate per enplaning or deplaning passenger.

- Exclusive use premise charges amounted to approximately $60,841,000 for fiscal year 2020, and were computed using a fixed rate per square footage. Exclusive use premise charges for terminal rentals amounted to approximately $32,853,000 for fiscal year 2020.

Airports – Other Operating Leases
Airports leases certain building spaces and improvements to concessionaires, airline carriers, and other airport users. The terms of those leases range from 4 to 15 years for concessionaires and up to 65 years for other airport users. Concessionaire lease rentals are generally based on the greater of a percentage of sales or a minimum guarantee. Percentage rent included in concession fees revenues for the fiscal year ended June 30, 2020 was approximately $67,183,000.

Concession fees revenues from the DFS Group L.P. (DFS), which operates the in-bond (duty free) concession, the Honolulu International Airport retail concession, and the Kahului retail concession, accounted for approximately 24% of total concession fees revenues for the fiscal year ended June 30, 2020.

DFS was awarded a ten-year lease agreement for the in-bond concessions with the term commencing on June 1, 2007, and terminating on May 31, 2017. On August 31, 2010, the lease was amended under provisions of Act 33, SLH 2009-883.

Effective October 31, 2014, the in-bond concession lease agreement was amended and the lease was extended through May 31, 2027. The amended lease contract provides (1) for the period from June 1, 2017 through May 31, 2019, $40 million, (2) for the period of June 1, 2019 through May 31, 2020, $47.5 million, (3) for the period June 1, 2020 through May 31, 2021, 85% of the actual annual fee paid and payable (either minimum annual guarantee (MAG) rent or percentage rent) for the previous year, (4) for the period of June 1, 2021 through May 31, 2022, the same as the previous year, (5) for the period of June 1, 2022 through May 31, 2023, 85% of the actual fee paid and payable for the previous year, and (6) for the period from June 1, 2023 through May 31, 2027, the same as the MAG rent for the period of June 1, 2022 through May 31, 2023. The percentage fee for the extension period will be set at 30% of gross receipts from on-airport sales and 18% of gross receipts from off-airport sales. Percentage fee for merchandise converted from duty free status to duty paid status shall be 1.25%, and the concession fee for items that are "High Price/Low Margin Merchandise" shall be 2.5% of the gross receipts from the sale. In addition, DFS agreed to pay $27.9 million for improvements to the Central Waiting Lobby Building at Daniel K. Inouye International Airport.

In March 2009, DFS was awarded a five-year lease agreement for the retail concession at the Daniel K. Inouye International Airport, with the term commencing on April 1, 2009, and scheduled to terminate on March 14, 2014. Rents were computed as the higher of (1) percentage rent of 20% of gross receipts, and (2) MAG rent (85% of the actual annual fee paid for the preceding year). The lease agreement was extended for a holdover period through March 31, 2015. During the holdover period, the MAG rent was $12 million. Subsequently, on October 31, 2014, the lease agreement was amended to extend the term through March 31, 2025. The amendment provided that the MAG rent be $12 million for the period April 1, 2015 through March 31, 2016 and, for each subsequent year thereafter, the MAG rent will be 85% of the actual annual fee paid for the preceding year.

Harbors – Leasing Operations

Harbors leases land, wharf and building spaces under month-to-month revocable permits and long-term leases. The long-term leases expire during various years through August 2087. Those leases generally call for rental increases every five to ten years based on a step-up or independent appraisals of the fair rental value of the leased property.

Revenues for the fiscal year ended June 30, 2020 amounted to $27,120,000 and have been included in rental revenues.

The following schedule presents the approximate future minimum lease rentals under noncancelable operating leases of the Proprietary Funds as of June 30, 2020 (amounts expressed in thousands):

	Proprietary Funds		
	Airports	Harbors	Total
Fiscal Year			
2021	$ 101,245	$ 7,677	$ 108,922
2022	92,820	8,005	100,825
2023	84,519	8,024	92,543
2024	78,970	7,880	86,850
2025	63,887	7,752	71,639
2026–2030	155,403	38,692	194,095
2031–2035	20,868	34,288	55,156
2036–2040	4,855	27,483	32,338
2041–2045	5,939	20,722	26,661
2046–2050	7,005	8,727	15,732
2051–2055	-	7,737	7,737
2056–2060	-	6,583	6,583
2061–2065	-	5,137	5,137
2066–2070	-	5,137	5,137
2071–2075	-	5,137	5,137
2076–2080	-	5,137	5,137
2081–2085	-	5,137	5,137
2086–2088	-	2,187	2,187
	$ 615,511	$ 211,442	$ 826,953

Net Investment in Direct Financing Leases

Certain leases of state-owned special facilities to parties engaged in airline operations are accounted for as direct financing leases. At June 30, 2020, net investments in direct financing leases of Airports consisted of the following (amounts expressed in thousands):

Total minimum lease payments receivable	$ 29,262
Less: Amount representing interest	(9,012)
	20,250
Cash with trustee and other	1,628
	$ 21,878

Minimum future rentals to be received under direct financing leases of Airports as of June 30, 2020, consisted of the following (amounts expressed in thousands):

Fiscal Year		
2021	$	1,222
2022		1,222
2023		1,222
2024		1,222
2025		1,222
2026–2028		24,780
	$	30,890

10. Significant Transactions with Component Units

Hawaii Housing Finance and Development Corporation
Amounts payable from the State to the HHFDC represent amounts due from DHHL related to a previous agreement to transfer certain land and development rights to the State. Pursuant to this agreement, the State was required to commence 15 annual $1,700,000 payments to the HHFDC in December 2004. Effective at that time, the HHFDC recorded the sale of the land and development rights at the net present value of the estimated future cash flows from the State using an imputed interest rate. As of June 30, 2020, the principal amount due to the HHFDC is approximately $1,283,000.

Pursuant to Act 9, SLH 2020, the amount payable from HHFDC to the State of $250,000,000 at June 30, 2020 represents amounts due to the Emergency and Budget Reserve Fund.

Hawaii Health Systems Corporation
The amount due to the State of $19,008,000 at June 30, 2020 is comprised of cash advances that was assumed by the HHSC.

Hawaii Hurricane Relief Fund
In 2002, Act 179, SLH 2002, provided that all interest and dividends earned from the principal in the hurricane reserve trust fund be transferred and deposited into the State General Fund each year that the hurricane reserve trust fund remains in existence, beginning with fiscal year 2003. For the year ended June 30, 2020, interest and dividends earned and earmarked for transfer into the State General Fund amounted to $4,290,000.

Hawaii Tourism Authority
The governor’s Sixth Supplementary (emergency) Proclamation, issued on April 25, 2020, suspended specific provisions of law. Included were Sections 237D-6.5(b), HRS, distribution of the TAT. The Proclamation was extended through December 31, 2020.

11. Retirement Benefits

Pension Plan

Plan Description

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

Benefits Provided

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability and death benefits with three membership classes known as the noncontributory, contributory and hybrid retirement plans. 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 ten years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

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

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

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

Contributory Class for Members Hired Prior to July 1, 2012

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

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

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

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

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

Contributory Class for Members Hired After June 30, 2012

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

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

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

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

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

Hybrid Class for Members Hired Prior to July 1, 2012

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

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

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

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

Hybrid Class for Members Hired After June 30, 2012

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

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

Contributions
Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2020 were 36% for police officers and firefighters and 22% for all other employees. Contributions to the pension plan from the State was approximately $563,879,000 for the fiscal year ended June 30, 2020.

Per Act 17 SLH 2017, employer contributions from the State and counties are expected to increase over four years beginning July 1, 2017. The rate for police and firefighters increased to 36% on July 1, 2019; and increased to 41% on July 1, 2020. The rate for all other employees increased to 22% on July 1, 2019; and increased to 24% on July 1, 2020.

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

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

At June 30, 2020, the State reported a liability of approximately $7.2 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2019, the State's proportion was 55.7491% which was a decrease of 0.3407% from its proportion measured as of June 30, 2018.

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

- The assumed salary increase schedules include an ultimate component for general wage inflation that may add on additional increases for individual merit and then an additional component for step rates based on service.

- Mortality rates generally decreased due to the continued improvements in using a fully generational approach and Scale BB.

- The rates of disability of active employees increased for all general employees and teachers, and for police and fire from duty-related reasons.

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

There were no changes between the measurement date, June 30, 2019, and the reporting date, June 30, 2020, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the year ended June 30, 2020, the State recognized pension expense of approximately $1,042,451,000. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 131,323	$ (14,158)
Changes in assumptions	498,005	(116)
Net difference between projected and actual earnings on pension plan investments	1,005	-
Changes in proportion and differences between State contributions and proportionate share of contributions	17,781	(39,139)
State contributions subsequent to the measurement date	563,879	-
Total	$ 1,211,993	$ (53,413)

At June 30, 2020, the approximate $563,879,000 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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

Year ending June 30,	
2021	$ 355,062
2022	157,447
2023	32,458
2024	43,468
2025	6,266
	$ 594,701

Actuarial Assumptions
The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS Board of Trustees on August 12, 2019, based on the 2018 Experience Study for the five-year period from July 1, 2013 through June 30, 2018:

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 allowances.

Post-retirement mortality rates are based on the 2016 Public Retirees of Hawaii mortality table with adjustments based on generational projections of the BB projection table for 2016 and full generational projections in future years. Pre-retirement mortality rates are based on multiples of RP-2014 mortality table based on the occupation of the member.

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

	Target Allocation	Long-Term Expected Real Rate of Return
Strategic allocation (risk-based classes)		
Broad growth	63.0%	7.1%
Principal protection	7.0%	2.5%
Real return	10.0%	4.1%
Crisis risk offset	20.0%	4.6%
Total investments	100.0%	

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

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (amounts expressed in thousands):

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net pension liability	$ 9,378,109	$ 7,226,416	$ 5,677,236

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

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

Payables to the Pension Plan
The State's employer contributions payable to the ERS by fiscal year end was paid by June 30, 2020. Excess payments of $14,122,000 are being applied to amounts due in fiscal year 2021.

Postemployment Healthcare and Life Insurance Benefits

Plan Description
The State provides certain healthcare 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. The EUTF issues an annual financial report that is available to the public at https://eutf.hawaii.gov/reports/. The report may also be obtained by writing to the EUTF at P.O. Box 2121, Honolulu, Hawaii 96805-2121.

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

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

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

Employees Covered by Benefit Terms
At July 1, 2019, the State had the following number of plan members covered:

Inactive plan members or beneficiaries currently receiving benefits	36,993
Inactive plan members entitled to but not yet receiving benefits	7,678
Active plan members	50,591
Total plan members	95,262

Contributions
Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan from the State was $593,980,000 for the fiscal year ended June 30, 2020. The employer is required to make all contributions for members.

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

At June 30, 2020, the State reported a net OPEB liability of approximately $7.0 billion. The net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

There were no changes between the measurement date, July 1, 2019, and the reporting date, June 30, 2020, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2020, the State recognized OPEB expense of approximately $533,745,000. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (110,686)
Changes in assumptions	102,353	-
Net difference between projected and actual earnings on OPEB plan investments	11,471	-
State contributions subsequent to the measurement date	587,381	-
Total	$ 701,205	$ (110,686)

At June 30, 2020, the approximate $587,381,000 reported as deferred outflows of resources related to OPEB resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

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

Year ending June 30,	
2020	$ (1,920)
2021	(1,920)
2022	546
2023	1,176
2024	5,256
	$ 3,138

Actuarial Assumptions
The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF's Board of Trustees on January 13, 2020, based on the experience study covering the five-year period ended June 30, 2018 as conducted for the ERS:

Inflation	2.50%
Salary increases	3.50% to 7.00% including inflation
Investment rate of return	7.00%
Healthcare cost trend rates	
PPO*	Initial rates of 8.00%; declining to a rate of 4.86% after 12 years
HMO*	Initial rates of 8.00%; declining to a rate of 4.86% after 12 years
Contribution	Initial rates of 5.00% ; declining to a rate of 4.7% after 11 years
Dental	Initial rates of 5.00% for the first two years; followed by 4.00%
Vision	Initial rates of 0.00% for the first two years; followed by 2.50%
Life insurance	0.00%

* Blended rates for medical and prescription drugs.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private equity	10.0%	8.80%
U.S. microcap	7.0%	7.30%
U.S. equity	15.0%	5.35%
Non-U.S. equity	17.0%	6.90%
Global options	7.0%	4.75%
Core real estate	10.0%	3.90%
Private credit	6.0%	5.60%
Core bonds	3.0%	1.50%
TIPS	5.0%	1.20%
Long treasuries	6.0%	2.00%
Alternative risk premia	5.0%	2.75%
Trend following	9.0%	3.25%
Total investments	100.0%	

Single Discount Rate
The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00% and the municipal bond rate of 3.62% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-year Municipal GO AA Index"). 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 OPEB plan 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 Net OPEB Liability

The following table represents a schedule of changes in the net OPEB liability. The ending balances are as of the measurement date, July 1, 2019.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	$ 7,953,187	$ 983,930	$ 6,969,257
Service cost	178,385	-	178,385
Interest on the total OPEB liability	562,281	-	562,281
Difference between expected and actual experience	(4,682)	-	(4,682)
Changes of assumptions	45,192	-	45,192
Employer contributions	-	593,980	(593,980)
Net investment income	-	54,004	(54,004)
Benefit payments	(269,274)	(269,274)	-
Administrative expense	-	(371)	371
Other	-	125,098	(125,098)
Net changes	511,902	503,437	8,465
Ending balance	$ 8,465,089	$ 1,487,367	$ 6,977,722

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

The following table presents the State's net OPEB liability calculated using the discount rate of 7.00%, as well as what the State'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 (amounts expressed in thousands):

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
State's proportionate share of the net OPEB liability	$ 8,313,832	$ 6,977,722	$ 5,923,468

The following table presents the State's net OPEB liability calculated using the assumed healthcare cost trend rate, as well as what 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 (amounts expressed in thousands):

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State's proportionate share of the net OPEB liability	$ 5,875,442	$ 6,977,722	$ 8,401,855

Payables to the OPEB Plan

The State's employer contributions payable to the EUTF by fiscal year end was paid by June 30, 2020.

12. Commitments and Contingencies

Commitments

General Obligation Bonds
The State has issued general obligation bonds in which repayments, including interest, are reimbursed from specific revenue sources of the Special Revenue Funds with terms corresponding to that of the related general obligation bonds (see Note 4). At June 30, 2020, outstanding commitments to repay general obligation bonds consisted of the following (amounts expressed in thousands):

Special Revenue Funds		
Agriculture	$	4,899
Natural Resources		32,868
	$	37,767

Accumulated Sick Leave
Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit but may be taken only in the event of illness and is not convertible to pay upon termination of employment. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the ERS. At June 30, 2020, accumulated sick leave was approximately $1,250,493,000.

Intergovernmental Expenditures
In accordance with HRS Section 237D-6.5, as amended by Act 1, SLH Special Session 2017, $103,000,000 in transient accommodation tax revenues collected are to be distributed annually to the counties.

Pursuant to HRS Section 248-2.7, the State has established a mass transit Special Fund. For the period beginning on January 1, 2018 to December 31, 2030, transient accommodations tax and surcharge on state tax revenues allocated to the mass transit special fund pursuant to HRS Sections 237D-2(e), and 248-2.6 shall be deposited into the special fund. As of June 30, 2020, the City and County of Honolulu, Hawaii County, and Kauai County had adopted ordinances for a surcharge.

The governor’s Sixth Supplementary (emergency) Proclamation, issued on April 25, 2020, suspended specific provisions of law. Included were Sections 237D-6.5, HRS, distribution of the TAT. The Proclamation was extended through December 31, 2020 which resulted in no TAT revenues distributed through November 30, 2020. A total of $17,167,000 in TAT revenues was not distributed during the last two months of fiscal 2020.

Encumbrances
Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. These amounts generally will become liabilities in future periods.

Significant encumbrances at June 30, 2020 include (amounts expressed in thousands):

Fund Type	
General	$ 523,756
Capital Projects	2,716,716
Med-Quest Special Revenue	40,472
Administrative Support Special Revenue	27,173
Other Governmental	1,411,699
	$ 4,719,816

Guarantees of Indebtedness
The State is authorized to guarantee indebtedness of others at a maximum amount of approximately $233,500,000 for aquaculture/agriculture loans, Hawaiian Home Lands loans, various projects involving mortgage loans for rental homes made by private nonprofit corporations or governmental corporations, mortgage loans for housing projects, and rental assistance obligations of Component Units – HHFDC and HPHA. The State has not paid, nor does it expect to pay, any amounts as a result of such guarantees as of June 30, 2020.

Proprietary Fund Type – Enterprise Funds

Construction and Service Contracts
At June 30, 2020, the Enterprise Funds had commitments of approximately $691,730,000 for construction and service contracts.

Contingencies
The State has been named as defendant in numerous lawsuits and claims arising in the normal course of operations. To the extent that the outcome of such litigation has been determined to result in probable financial loss to the State, such loss has been accrued in the basic financial statements. Of the remaining claims, a number of claims may possibly result in adverse judgments against the State. However, such claim amounts cannot be reasonably estimated at this time. The litigation payments relating to the years ended June 30, 2020, 2019 and 2018 approximated $466,000, $10,553,000 and $5,948,000, respectively.

Tobacco Settlement
In November 1998, the State settled its tobacco lawsuit as part of a nationwide settlement involving 46 other states and various tobacco industry defendants. Under the settlement, those tobacco companies that have joined in the Master Settlement Agreement (MSA) will pay the State approximately $1.3 billion over a 25-year period. The State is to receive proceeds from this settlement in January and April of the subsequent year through 2004 and thereafter on April 15 of each subsequent year. The State received approximately $35,309,000 during the fiscal year ended June 30, 2020. As of June 30, 2020, the State expects to receive $20,000,000 for the first six months of fiscal 2021.

The MSA requires the State to diligently enforce certain requirements enacted in the Tobacco Liability Act. Failure may result in a state losing a significant portion of its MSA payments. Participating tobacco manufacturers who have joined in the MSA are challenging whether the State of Hawaii diligently enforced the provisions of the Tobacco Liability Act for the entirety of 2004. Preliminary phases of the 2004 Diligent Enforcement Arbitration commenced, and in March 2018, the State agreed to a multi-million dollar arbitration settlement with the Tobacco Industry to avoid the expense and uncertainty of arbitrating each calendar year from 2004 through and including 2017. During the fiscal year ended June 30, 2018, the State received a lump sum arbitration settlement of approximately $58,711,000. The settlement was reduced by approximately $15,875,000 in a "one time" arbitration credit and other arbitration adjustments. The arbitration settlement also resulted in credits over a five-year period, beginning in 2018. The State expects reductions of approximately $6 million through fiscal year 2022.

Office of Hawaiian Affairs and Ceded Lands

In 1898, the former Republic of Hawaii transferred certain lands to the United States. Upon Hawaii's admission to the Union in 1959, the United States reconveyed title to those lands (collectively, the Ceded Lands) to the State of Hawaii to be held as a public trust for five purposes: (1) public education; (2) betterment of the conditions of native Hawaiians; (3) development of farm and home ownership; (4) making public improvements; and (5) provision of land for public use. On November 7, 1978, the State Constitution was amended expressly to provide that the Ceded Lands, excluding any "available lands" as defined in the Hawaiian Homes Commission Act of 1920, as amended, were to be held as a public trust for native Hawaiians and the general public, and to establish OHA to administer and manage the proceeds and income derived from a pro rata portion of the Ceded Lands as provided by law to better the conditions of native Hawaiians. In 1979, the Legislature adopted HRS Chapter 10 (Chapter 10), which, as amended in 1980, specified, among other things, that OHA expend 20% of the funds derived by the State from the Ceded Lands for the betterment of native Hawaiians. Since then, the State's management of the Ceded Lands and its disposition of the proceeds and income from the Ceded Lands have been challenged by OHA, and individual native Hawaiians, Hawaiians and non-Hawaiians. Claims have been made under Article XII, Sections 4 and 6 of the Hawaii Constitution to the effect that the State has breached the public trust, and OHA has not received from the Ceded Lands all of the income and proceeds that it should be receiving. Except for the claims pending in the *OHA v. HHA* case discussed below, the Legislature, the state and federal courts, and the State's governors have acted to address the concerns raised. However, there can be no assurance that in the future there will not be asserted against the State new claims made under Article XII, Sections 4 and 6 of the Hawaii Constitution that the State has breached the public trust, or that OHA is not receiving from the Ceded Lands all of the income and proceeds that it should be receiving.

In OHA v. HHA, OHA filed suit on July 27, 1995 (*OHA v. HHA, et al.*, Civil No. 95-2682-07 (1st Cir.)) against the Hawaii Housing Authority (the HHA, since succeeded by the Hawaii Public Housing Authority, as described below), the executive director of the HHA, the board members of the HHA, and the Director of Finance to secure additional compensation and an itemized accounting of the sums previously paid to OHA for five specifically identified parcels of Ceded Lands which were transferred to the HHA for its use to develop, construct and manage additional affordable public rental housing units under HRS Chapter 201G. On January 11, 2000, all proceedings in this suit were stayed pending the Hawaii Supreme Court's decision in *OHA, et al. v. State of Hawaii, et al.,* Civil No. 94-0205-01 (1st Cir.). The September 12, 2001 decision of the Hawaii Supreme Court (*OHA v. State of Hawaii,* 96 Haw. 399 (2001)) includes elements, with which OHA disagrees, that would require dismissal of OHA's claims in *OHA v. HHA*. On November 20, 2018, State Defendants and the Plaintiffs executed and filed with the First Circuit Court a stipulation for dismissal with prejudice of all claims and parties to this case.

On March 2, 2020, OHA filed a motion for summary judgment regarding the claim for fiduciary duty. On April 20, 2020, the State filed a motion for partial summary judgment with respect to all claims for breach of fiduciary duty brought under Chapter 673, HRS, and with respect to the public-land trust and/or the native Hawaiian public trust. On May 20, 2020, the circuit court orally denied both motions.

On May 22, 2020, the State filed its First Amended Answer to the Complaint. Discovery is ongoing, and there is currently no trial date set.

The State intends to defend vigorously against OHA's claim in *OHA v. HHA* and in *OHA v. State of Hawaii, UH, DLNR, BLNR*. The State is currently unable to predict with reasonable certainty the magnitude of its potential liability, if any, for such claims. The State is not aware of any other claims OHA may have or assert against the State. Resolution of all claims in favor of OHA and its beneficiaries could have a material adverse effect on the State's financial condition.

Department of Hawaiian Home Lands

In 1991, the Legislature enacted HRS Chapter 674, entitled "Individual Claims Resolution Under the Hawaiian Home Lands Trust," which established a process for individual beneficiaries of the Hawaiian Homes Commission Act of 1920 (HHCA) to file claims to recover actual economic damages they believed they suffered from a breach of trust caused by an act or omission of an official of the State between August 21, 1959, when Hawaii became a state, and June 30, 1988. Claims were required to be filed no later than August 31, 1995. There were 4,327 claims filed by 2,753 individuals.

The process was a three step process which: (1) began with informal proceedings presided over by the Hawaiian Home Lands Trust Individual Claims Review Panel (the Panel) to provide the Legislature with non-binding findings and advisory opinions for each claim; (2) provided for the Legislature's review and consideration of the Panel's findings and advisory opinions, and appropriations of funds to pay the actual economic damages the Legislature deemed appropriate; and (3) allowed claimants to bring de novo civil actions by December 31, 1999 if they were not satisfied with the Panel's findings and advisory opinions, or the Legislature's response to the Panel's recommendations.

In 1997, the Legislature declared its intent to postpone acting upon the Panel's recommendations until all claims had been reviewed and forwarded to it. Legislation to allow the Panel and the Legislature until September 30, 2000 to act on all claims, and postpone the deadline for unsatisfied claimants to file suit until December 31, 2000, was adopted by the Legislature, but vetoed by the Governor in the 1999 regular session, and the Panel sunsetted on December 31, 1999.

On December 29, 1999, three claimants filed a class action lawsuit in the state circuit court for declaratory and injunctive relief and for general, special and punitive damages for breach of trust or fiduciary duty under HRS Chapters 674 and 673, violation of the due process, equal protection and native rights clauses of the State Constitution, and breach of contract under HRS Chapter 661.

Kalima et al. v. State of Hawaii et al., Civil No. 99-4771 12VSM (1st Cir.) (*Kalima I*). Five other claimants filed similar individual claims actions for themselves on or before December 31, 1999. The plaintiffs in these other actions stipulated to stay all proceedings in their actions pending the resolution of all questions of law in *Kalima I* that are common to the questions of law presented in their suits. Following the dismissal without prejudice of the actions of four of the five claimants, only one lawsuit, *Aguiar v. State of Hawaii, et al.*, Civil No. 99-612 (3rd Cir.) (*Aguiar),* is pending and stayed.

On March 30, 2000, the three named plaintiffs in *Kalima I* filed a second class action lawsuit in the state circuit court for declaratory and injunctive relief, and for damages under HRS Chapter 673, for the Panel's and Legislature's alleged failure to remedy their breach of trust claims under HRS Chapter 674.

Kalima et al. v. State of Hawaii, et al., Civil No. 00-1-1041-03 (1st Cir.) (*Kalima II*). All proceedings in this action were stayed by stipulation, pending the resolution of those questions of law in *Kalima I* that are common to both *Kalima I* and *Kalima II*. *Kalima I, Kalima II* and *Aguiar* are collectively referred to under this caption as the "Individual Claims Cases."

The plaintiffs in *Kalima I* filed a motion for partial summary judgment and asked the circuit court to declare that they were entitled to sue for breach of trust and recover damages under HRS Chapter 674. The State moved to dismiss the complaint and all claims in *Kalima I* for lack of subject matter jurisdiction. The circuit court granted the plaintiffs' motion and denied the State's motion. The State was permitted to make an interlocutory appeal. In an opinion issued June 30, 2006, the Hawaii Supreme Court affirmed the circuit court's determination that the plaintiffs were entitled to pursue their claims under HRS Chapter 674, but did not have a right to sue under HRS Chapter 661, and remanded the case back to the trial court for further proceedings.

The plaintiffs in *Kalima I* have since filed first and second amended complaints to add 11 plaintiffs, and to divide the class into nine subclasses to include those with claims for damages for injuries allegedly suffered by (1) allegedly waiting too long to receive a homestead, (2) being barred from or delayed in receiving a homestead by allegedly ultra vires rules, (3) receiving allegedly uninhabitable homesteads, (4) allegedly lost applications, (5) allegedly defectively constructed homes or infrastructure, (6) allegedly being prevented from or delayed in succeeding to a parent's or spouse's homestead, (7) the manner in which the loans were administered, (8) the manner in which the leases were administered, and (9) other allegedly wrongful conduct. The court granted the plaintiffs' motion to try the waiting list subclass' claims separately and first, and after a six-week bifurcated trial to determine liability only, the circuit judge for *Kalima II* ruled on November 3, 2009 that the State committed three breaches of trust between 1959 and 1988, and further proceedings were necessary to determine the amount of out-of-pocket damages the waiting list subclass members sustained, if any, as a result of those breaches.

By orders entered on November 24, 2009 and June 6, 2011, respectively, the Waiting List Liability Subclass certified for purposes of determining liability was recertified for the purpose of establishing causation and the fact of damages (over the State's objection), and again as the Waiting List Damages Model Subclass for the purpose of devising a model for use on a class-wide basis to determine the amount of damages subclass members may be awarded. Notice to the putative members of the Waiting List Damages Model Subclass of the right to opt out of the Waiting List Damages Model Subclass was mailed to all members of the Waiting List Liability Subclass on May 22, 2012, and published on the DHHL Website, and in the DHHL and OHA newsletters.

Multiple motions to establish a damages model were filed and heard between March 2011 and August 31, 2012. Orders were entered on January 24, 2012 and February 14, 2013. After a three-day trial completed on October 3, 2013, the court ruled in a minute order that (1) the annual fair market rental values used to calculate damages for claimants who applied for Oahu residential leases be based on 4% of the fee simple value of a 5,000 square foot lot in Maili, obtained from a "best fit" curve derived from actual fee simple Maili valuations from 1959 through July 8, 2013, (2) for damage calculations the rents adjust annually, and (3) that there are no increases for the consumer price index or other present value adjustments. However, to date, no proceeding or procedure has been scheduled or devised to apply the damages model to determine whether and how much each claimant would be awarded in damages. The parties have participated in a private mediation on the matters in controversy in the case, pursuant to the circuit court's order approving the parties' Stipulation to Participate in Private Mediation, etc., filed on September 13, 2013.

On January 20, 2015, Plaintiffs filed a motion for summary judgment to compute the damages of members of the Waiting List Damages Subclass (none of whom were named plaintiffs) who applied for a residential homestead on Oahu. The motion was heard on June 30, 2015. An order granting and denying the motion in part was entered on July 26, 2017. The court concluded the Plaintiffs' motion was premature, and entered an order which makes certain findings of facts about twelve members of the Waiting List Subclass, and rules on procedural issues raised in the motion.

The parties have agreed to make every effort to facilitate the entry of a final judgment in the case as expeditiously as possible. In furtherance of that effort, Plaintiffs filed seven motions in June and July of 2016. The State filed cross motions to three of Plaintiffs' motions, and opposed all Plaintiffs' motions. The circuit court heard all motions on September 2, 2016, and took them under advisement. Plaintiffs filed four additional motions and the State filed three additional motions, which were heard on November 4, 2016, December 12, 2016, and January 30, 2017, respectively.

The circuit court has entered orders granting (in whole or in part) eleven of Plaintiffs' motions and denying (in whole or in part) two of Plaintiffs' motions. The circuit court entered orders granting (in whole or in part) three of the State's motions and cross motions and denying (in whole or in part) three of the State's motions and cross motions and denying (in whole or in part) four of the State's motions and cross motions.

An HRCP Rule 54(b) Final Judgment was entered on January 9, 2018 in favor of the Waiting List Subclass and against the State, DHHL, the DHHL Trust Individual Claims Review Panel, and the Governor of the State of Hawaii. State Defendants and the Plaintiffs, respectively, filed an appeal and a cross-appeal from the HRCP Rule 54(b) Final Judgment in favor of the Waiting List Subclass and against the State Defendants, in the Intermediate Court of Appeals. The opening briefs in the appeal and cross-appeal were filed through October 4, 2018. The reply briefs were filed on December 28, 2018. Oral arguments and the answering briefs have not yet been scheduled.

Plaintiffs filed an Application for Transfer to the Supreme Court of Hawaii on December 31, 2018 and State Defendants informed the Supreme Court that they did not oppose the application in a response to the application on January 7, 2019. The case was fully briefed and oral argument was presented in the Supreme Court on August 21, 2019. The case was taken under advisement by the court.

In an opinion issued on June 30, 2020, the Supreme Court of Hawaii ruled as follows:

- The circuit court did not err in adopting a fair market rental value model to determine damages for each Waiting List Subclass member as opposed to requiring each member to prove their out-of-pocket loss individually.
- The circuit court did not err in adopting State Defendant's 'best fit curve" for use in their fair market value model.
- The circuit court did not err in applying the fair market value rental value model, which was created using a sample lot on Oahu, to all Waiting List Subclass members, regardless of whether they lived in another island.
- All Waiting List Subclass members are entitled to damages under the fair market rental value model, and State Defendants have the burden of establishing any applicable defenses that would reduce those damages.

- Damages for Waiting List Subclass members cannot be adjusted to present value to account for inflation.
- The circuit court erred in ruling that damages for Waiting List Subclass members only begins to accrue six years after DHHL received their homestead applications.
- The circuit court did not err in finding that the State of Hawaii breached its trust duties by failing to recover lands that were withdrawn from the trust corpus by the federal government before Statehood.
- The circuit court did not err in establishing a list of Waiting List Subclass members; each member will go through the claims administration process to determine if they have a viable claim for damages. The court held that inclusion of a claimant is automatically entitled to damages.

The Supreme Court directed that the case be remanded to the circuit court for further proceedings consistent with its opinion, but a judgment appeal has not been entered nor has a circuit court judge been assigned to the case. While it is not possible to predict the outcome of this litigation or the scope of damages, if any, the cost to the State could be substantial and could have a material adverse effect on the State's financial condition.

Nelson – In the First Amended Complaint filed on October 19, 2007 in *Nelson et al., v. Hawaiian Homes Commission, et al.*, Civil No. 07-1-1663-08 BIA (1st Cir.) *(Nelson)*, the plaintiffs allege all defendants breached their duties under Article XII, Sections 1 and 2 of the Hawaii Constitution by not providing sufficient funds to DHHL to place as many beneficiaries on residential, agricultural and pastoral homesteads within a reasonable period of time, and provide a fully functioning farm, ranch and aquaculture support program to maximize utilization of the homestead lands. They also allege that the Hawaiian Homes Commission and its members are in breach of the Hawaiian Home Lands trust for failing to obtain sufficient funds from the Legislature, and otherwise enforcing the provisions of Article XII, Sections 1 and 2 of the Hawaii Constitution, including filing suit against the State. Further, they allege that DHHL and the Hawaiian Homes Commission and its members have violated the Hawaiian Homes Commission Act (HHC Act) by leasing Hawaiian home lands solely to generate revenue and for commercial developments that are unrelated to actual homesteading programs, and without adhering to the requirements of Section 207(a) of the HHC Act.

As beneficiaries of the Hawaiian Home Lands trust and the HHC Act, the *Nelson* plaintiffs asked the court to issue a mandatory injunction requiring DHHL and the Hawaiian Homes Commission and its members to seek, and the State to provide, sufficient funds for DHHL to place as many beneficiaries on the land within a reasonable period of time. On January 21, 2009, the court granted the defendants' motion for entry of summary judgment rejecting all claims that are based on the theory that the Hawaii State Legislature, the State of Hawaii, or any State agency or employee, is required to appropriate, request or otherwise provide or secure particular amounts of money for DHHL and its programs now and in the future. The court concluded that the political question doctrine barred it from deciding those claims because initial policy determinations that the court lacked authority to make were needed to resolve the parties' dispute over the definition and determination of "sufficient sums" as that term is used in Article XII, Section 1 of the Hawaii Constitution.

A final judgment in favor of the State was filed on September 23, 2009, and the plaintiffs appealed. On January 12, 2011, the Intermediate Court of Appeals concluded that the political question doctrine did not preclude the courts from deciding the plaintiffs' claims, and vacated the judgment and remanded the case to the circuit court for further proceedings. On May 4, 2011, the State and Director of Finance filed an application for writ of certiorari in the Hawaii Supreme Court to reverse the Intermediate Court of Appeals' judgment on appeal, and affirm the circuit court's final judgment. In the Hawaii Supreme Court, DHHL and the Hawaiian Homes Commission and its members changed their position, and no longer supported the political question doctrine defense.

On May 9, 2012, the Hawaii Supreme Court concluded that there are no judicially manageable standards for determining "sufficient sums" for purposes of (1) developing lots, (2) loans, and (3) rehabilitation projects, which are the first three items listed in Article XII, Section 1. The Hawaii Supreme Court thus held plaintiffs' claims with respect to those items should have been rejected on political question grounds, and the Intermediate Court of Appeals erred in not so concluding. However, the Hawaii Supreme Court did uphold the Intermediate Court of Appeals as to item (4) of Article XII, Section 1, concluding that there are judicially manageable standards to determine what constitutes sufficient sums for "administrative and operating expenses." Determination of this amount awaits further litigation in the circuit court on remand. Pursuant to the Judgment on Appeal issued on July 25, 2013, the case was remanded to the circuit court for further proceedings.

On November 27, 2015, the circuit court issued its Findings of Fact, Conclusions of Law, and Order, which declared and ordered (1) the State has failed to provide sufficient funds to DHHL for its administrative and operating budget (budget) in violation of the State's constitutional duty, (2) the State must fulfill its constitutional duty by appropriating sufficient general funds to DHHL for its budget so that DHHL does not need to use or rely on revenue from general leases, and (3) although what is "sufficient" will change over the years, the sufficient sums that the legislature is constitutionally obligated to appropriate in general funds for DHHL's budget (not including significant repairs) is more than $28 million for fiscal year 2016. The circuit court also ruled that prior to 2012, DHHL breached its trust duties by failing to take all reasonable efforts, including filing suit, to obtain all the funding it needs for its budget, and shall prospectively fulfill its constitutional duties and trust responsibilities and are enjoined from violating these obligations.

On December 21, 2015, after judgment was entered, the State filed a motion for reconsideration or to alter or amend the judgment and order, which the court granted in part and denied in part. The court rejected the State's position that (1) the legislature, not the courts, has the exclusive prerogative to decide what is a "sufficient sum" for DHHL's budget under Article XII, Section 1, and (2) there was insufficient evidence to support the court's conclusion that the "sufficient sum" for DHHL's budget is more than $28 million for fiscal year 2016. The court granted reconsideration with the State's position that the judicial courts lack the authority, under the separation of powers doctrine, to order the legislative branch to appropriate any particular amount of funds to DHHL. The court amended its original Order to state that $9,632,000 is not sufficient and that the State is required to fund DHHL's expenses by making sufficient general funds available to DHHL for fiscal year 2016.

Plaintiffs filed a motion for reconsideration which the court denied. The State filed a notice of appeal and the Plaintiff filed a notice of cross-appeal, both filed in the Intermediate Court of Appeals. Briefing in both appeals is completed, and on February 23, 2017, the Legislature was allowed, and filed an amicus curiae brief in support of the State's positions. On March 8, 2017, in response to the DHHL's application for transfer, the Hawaii Supreme Court transferred the appeal and cross-appeal from the Intermediate Court of Appeals to the Hawaii Supreme Court.

The Hawaii Supreme Court heard oral arguments in the appeal and cross-appeal on July 6, 2017. By its decision filed on February 9, 2018, the Hawaii Supreme Court vacated and remanded the case to the circuit court after holding that the circuit court is to use a baseline of $1.3 to $1.6 million, adjusted for inflation, to determine whether the State provided sufficient sums for DHHL's administrative and operating budget. The case has been assigned to the circuit court, and the court set a status conference for December 16, 2019. On remand, the circuit court directed, and the parties filed motions that set out their positions on how the court should proceed in response to the *Nelson II* decision. The motions were heard on June 1, 2020, and denied in a Minute Order filed on June 23, 2020 which provides that the circuit court will hold an evidentiary hearing, applying the Hawaii Rules of Evidence, to complete the task the court was given on remand: to determine the administrative and operating budget for the fiscal year 2016 budget by using the 1978 baseline of $1,300,000 to $1,600,000 adjusted for inflation.

A two-day evidentiary hearing was held on September 9 and 10, 2020, at which each of the parties presented differing expert testimony for adjusting the 1978 baseline of $1,300,000 to $1,600,000 for inflation, and determining whether the Legislature had provided sufficient sums for DHHL's fiscal year 2016 administrative and operating budget. Proposed findings of fact and conclusions of law are to be filed by the parties on October 5, 2020, after which the court will hear closing arguments, and rule, or take the matter under advisement.

The State is currently unable to predict with reasonable certainty the magnitude of its potential liability, if any, for such claims. Resolution of the plaintiffs' claims in the Individual Claims Cases, and some of the plaintiffs' claims in Nelson, in the respective plaintiffs' favor, could have a material adverse effect on the State's financial condition.

Hawaii Employer-Union Health Benefits Trust Fund

In June 2006, certain retired public employees (Plaintiffs) filed a class action lawsuit in the First Circuit Court, State of Hawaii, against the State, all of the counties of the State, the EUTF, and the EUTF's Board of Trustees (collectively, the Defendants). *See Marion Everson, et al. v. State of Hawaii, et al.*, Civil No. 06-1-1141-06, First Circuit Court, State of Hawaii (Civil No. 06-1-1141-06). In relevant part, Plaintiffs claimed that Defendants violated their constitutional, contractual and statutory rights under Article XVI, Section 2 of the Hawaii Constitution and HRS Chapters 87 and 87A by not providing healthcare benefits to retirees and their dependents that are equivalent to those provided to active employees and their dependents.

Following a related proceeding that commenced in 2007, the Hawaii Supreme Court held that health benefits for retired state and county employees constitute "accrued benefits" pursuant to Article XVI, Section 2 of the Hawaii Constitution, but that HRS Chapter 87A (particularly HRS Section 87A-23) did not require that retiree health benefits reasonably approximate those provided to active employees. *See Everson v. State*, 122 Hawai'i 401, P.3d 282 (2010). The Hawaii Supreme Court did not decide when retiree health benefits "accrued" so as to be protected under Article XVI, Section 2 of the Hawaii Constitution nor did it decide whether the enactment of any part of HRS Chapter 87A violated Article XVI, Section 2 of the Hawaii Constitution.

In December 2010, Plaintiffs filed a Second Amended Complaint in Civil No. 06-1-1140-06 (nka *James Dannenberg, et al. v. State of Hawaii, et al.*) claiming that Defendants have violated their constitutional, contractual and statutory rights under Article XVI, Section 2 of the Hawaii Constitution and HRS Chapter 87 by failing to provide them and other State and county retirees with: (a) healthcare benefits that are equivalent to those provided to State and county active employees; and/or (b) healthcare benefits that are equivalent to benefits provided to other employee-beneficiaries and dependent-beneficiaries, regardless of age. The Second Amended Complaint also claims that State and county employees, who retired prior to July 1, 2001, are contractually entitled to have their employers pay for all their health plan premiums despite the contribution caps in Sections 87A-33 through 87A-36, HRS. The Second Amended Complaint also claims that the EUTF was negligent in failing to properly interpret constitutional, statutory and contractual requirements when it created retiree health plans. Plaintiffs seek declaratory and injunctive relief and monetary damages. The monetary damages sought are: (1) the amount that retirees and their dependents have had to personally pay for healthcare because Defendants refused or failed to provide them with the health benefits that they were constitutionally or contractually entitled to; (2) damages for healthcare that retirees and their dependents have foregone because Defendants refused or failed to provide them with the health benefits that they were constitutionally or contractually entitled to; and (3) damages for pain and suffering. In January 2011, the Defendants filed an answer denying the substantive allegations of the Second Amended Complaint.

On August 29, 2013, the First Circuit Court entered an Order Granting Plaintiffs' Motion for Class Action Certification. The class certified is all employees (and their dependent-beneficiaries) who began working for the Territory of Hawaii, State of Hawaii, or any political subdivision thereof, before July 1, 2003, and who have accrued or will accrue a right to post-retirement health benefits as a retiree or dependent-beneficiary of such a retiree. This includes: (a) those who have not yet received any post-retirement health benefits from Defendants as a retiree or dependent-beneficiary of such a retiree; and (b) those who have received any post-retirement health benefits from Defendants since July 1, 2003 as a retiree or dependent-beneficiary of such a retiree. For purposes of damages only, if any, the class shall also include the estates and heirs of any deceased retiree or deceased dependent-beneficiary of a retiree who is or was a member of the class.

On December 10, 2012, Plaintiffs filed Plaintiffs' Motion for Partial Summary Judgment seeking judgment in their favor and against Defendants on the liability issues in the lawsuit, i.e., that Plaintiffs be granted their requested declaratory and injunctive relief, and that Defendants be found liable for monetary damages in an amount to be determined later. On July 25, 2013, State Defendants filed State Defendants' Motion for Partial Summary Judgment seeking judgment in their favor and against Plaintiffs on all of Plaintiffs' claims that are based on the allegations that: (1) State Defendants have violated the constitutional, contractual and statutory rights of Plaintiffs by not providing healthcare benefits for retirees and their dependents that are equivalent to those provided to active employees and their dependents; (2) State Defendants have violated the constitutional and contractual rights of Plaintiffs by not providing healthcare benefits to retirees and their dependents that are equivalent to those provided to other employee-beneficiaries and dependent-beneficiaries, regardless of age; and (3) State Defendants were negligent in providing health benefits to retirees and their dependents. Both motions were heard by the First Circuit Court on October 30, 2013, and taken under advisement. On October 16, 2014, the Court issued an Order Denying Plaintiffs' Motion for Partial Summary Judgment and Order Granting State Defendants' Motion for Partial Summary Judgment (Order). The Court ruled that Plaintiffs' accrued health benefits have not been reduced, diminished or impaired inasmuch as the health benefits that retirees received under the Hawaii Public Employees Health Fund. Plaintiffs filed a motion for reconsideration of the Order or alternatively for an interlocutory appeal. On November 13, 2014, the Court issued a minute order denying the motion. On State Defendants' motion, the case was transferred to the Hawaii Supreme Court. Briefing was completed in October 2015. In October 2016, the Hawaii Supreme Court issued an opinion affirming the circuit court's decision in the State's favor, but also ruled that the State was not entitled to judgment as a matter of law, and remanded the case to the trial court. Plaintiffs filed their Third Amended Complaint on December 28, 2017. Since that time, the parties have conducted discovery and have filed several motions, including motions related to the purported class of plaintiffs. The State's motion to decertify the class was granted; therefore, later in the litigation, Plaintiffs will need to file a new motion to certify the class in this case. On December 3, 2018, Plaintiffs consequently filed a Motion for Recertification of the Class and for Certification of a Damages Subclass. On February 6, 2019, the Court granted Plaintiffs' Motion for Recertification and an Order granting Plaintiffs' Motion for Recertification was filed on June 21, 2019.

A trial date has been set commencing October 26, 2021 and the State intends to vigorously defend all claims brought against the State, the EUTF, and the EUTF Board in the case. The State is currently unable to predict with reasonable certainty the magnitude of its potential liability, if any, for such claims. Resolution of the Plaintiffs' claims in their favor in this case could have a material adverse effect on the State's financial condition.

Tax Foundation of Hawaii

On October 21, 2015, the Tax Foundation of Hawaii filed a class action lawsuit against the State of Hawaii seeking a judicial determination that the 10% withheld from the County Surcharge on State General Excise Tax under Section 248-2.6(a), HRS, is unconstitutional because it exceeds the actual cost for the State to assess, collect and distribute the County Surcharges to the City and County of Honolulu (*Tax Foundation of the State of Hawaii v. State of Hawaii, Case No. 15-a-2020-10, 1st Cir.*). Since 2007, the Department of Budget and Finance has transferred $228.4 million from County Surcharge Proceeds into the General Fund (through December 31, 2018). The circuit court entered a final judgment in favor of the State on June 1, 2016, and the plaintiff has appealed that ruling to the State Intermediate Court of Appeals and that ruling is pending. On January 13, 2017, the case was transferred to the Hawaii Supreme Court. On July 6, 2017, the case was argued and the Court took the case under advisement. On March 21, 2019, the Hawaii Supreme Court issued an opinion in the State's favor concluding that the withholding of 10% of the County Surcharge was permitted by statute. The case was remanded back to the circuit court with instructions to grant the State's motion for summary judgment.

The State intends to vigorously defend against all claims brought against the State in this case. The State is currently unable to predict with reasonable certainty the magnitude of its potential liability, if any, for such claims. Resolution of the plaintiff's claim in their favor in this case could have a material adverse on the State's financial condition.

13. Risk Management

The State records a liability for risk financing and insurance related losses if it is determined that a loss has been incurred and the amount can be reasonably estimated. The State retains various risks and insures certain excess layers with commercial insurance companies. The excess layers insured with commercial insurance companies are consistent with the prior fiscal year. Settled claims have not exceeded the coverage provided by commercial insurance companies in any of the past ten fiscal years. A summary of the State's underwriting risks is as follows:

Property Insurance

The State has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is $200,000,000, except for terrorism losses, which has a $100,000,000 per occurrence limit. There are two different types of deductibles for the property coverage. The deductible for losses such as hurricanes, 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 perils such as a fire is $1,000,000. The deductible for terrorism coverage is $1,000,000.

Crime Insurance
The State also has a crime insurance policy for various types of coverages with a limit of loss of $10,000,000 per occurrence with a $500,000 deductible per occurrence, except for claims expense coverage, which has a $100,000 limit per occurrence and a $1,000 deductible. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services and losses not covered by insurance are paid from legislative appropriations of the State's General Fund.

General Liability (Including Torts)
Liability claims up to $10,000 and automobile claims up to $15,000 are handled by the Risk Management Office. All other claims are handled by the Department of the Attorney General. The State has personal injury and property damage liability, including automobile and public errors and omissions, employment liability, and employee benefits liability insurance policy in force with a $5,000,000 self-insured retention per occurrence. The annual aggregate per occurrence is $9,000,000 and for crime loss, $10,000,000 with no aggregate limit. Losses under the deductible amount but over the Risk Management Office authority or over the aggregate limit are typically paid from legislative appropriations of the State's General Fund.

Cyber Liability Insurance
The State is insured for various types of cyber-related activities with a loss limit of $50,000,000 with a deductible of $500,000 per occurrence. This policy includes (with sub-limits) system failure business interruption, dependent business interruption, dependent business interruption system failure, and Payment Card Industry – Data Security Standard coverage.

Medical Insurance
The State's community hospitals included in the HHSC are insured by a comprehensive hospital professional liability policy. The policy covers losses from personal injury, professional liability, patient property damage, and employee benefits. This policy covers losses up to a limit of $35,000,000 per occurrence and $39,000,000 in aggregate.

Self-Insured Risks
The State generally self-insures its automobile no-fault and workers' compensation losses. Automobile losses up to $15,000 are administered by the Risk Management Office. The State administers its workers' compensation losses.

Reserve for Losses and Loss Adjustment Costs
A liability for workers' compensation and general liability claims is established if information indicates that a loss has been incurred as of June 30, 2020, and the amount of the loss can be reasonably estimated. The liability also includes an estimate for amounts incurred but not reported. The amount of the estimated loss is recorded in the accompanying statement of net position, as those losses will be liquidated with future expendable resources. The estimated losses are generally paid from legislative appropriations of the State's General Fund.

The following table represents changes in the amount of the estimated losses and the loss adjustment costs for governmental activities at June 30, 2020 and 2019, respectively (amounts expressed in thousands):

	2020	2019
Unpaid losses and loss adjustment costs		
Beginning of the fiscal year	$ 276,493	$ 247,254
Incurred losses and loss adjustment costs		
Provision for insured events of current fiscal year	47,698	71,490
Change in provision for insured events of prior fiscal years	(15,226)	3,569
Total incurred losses and loss adjustment costs	32,472	75,059
Payments		
Losses and loss adjustment costs attributable to insured events of current fiscal year	(17,536)	(11,432)
Losses and loss adjustment costs attributable to insured events of prior fiscal year	(20,788)	(34,388)
Total payments	(38,324)	(45,820)
Unpaid losses and loss adjustment costs		
End of the fiscal year	$ 270,641	$ 276,493

14. Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus infection known as COVID-19 to be a global pandemic. The financial impact of COVID-19 on the economy of the United States, including Hawaii, is expected to be significant. Management is currently evaluating the short-term and long-term impact that COVID-19 could have on the State's operations. Because of the uncertainties surrounding the duration and severity of this pandemic, management is unable to make a reasonable estimate regarding the long-term effect on its operations and financial condition.

The 14th supplementary proclamation, issued on October 13, 2020, suspended specific provisions of law. Included were Sections 87A-42(b)- (f), HRS, other postemployment benefits trust, 87A-43, HRS, payment of public employer contributions to the other postemployment benefits trust, and 237-31(3), HRS, remittances, related to the requirement for public employers to pay the annual required contribution to the EUTF in fiscal year 2021.

As of June 2020, the State received approximately $862.8 million in funding from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), of which approximately $88.4 million of eligible expenses were incurred in fiscal year 2020. The balance will be applied to fiscal year 2021 eligible expenses.

Aloha Stadium

After 45 years, Aloha Stadium, which has hosted University of Hawaii Warriors football, NFL Pro Bowls, Major League Baseball, and some concerts is reducing operations at least three years before a replacement stadium will be built. On December 17, 2020, it was announced that a temporary moratorium on new events and reduced operations are in place due to ongoing COVID-19 safety restrictions and budgetary issues. The pandemic restrictions have severely limited revenue-generation opportunities. There is no specific timeline on how long the moratorium may last.

All events reserved prior to the announcement will still be honored, which include the Hula Bowl in January 2021. Activities in the parking lot, such as the drive-thru holiday wonderland fundraiser and Saturday swap meets, will continue.

COVID-19 Pandemic Relief Package

In December 2020, the U.S. Congress passed and the President signed an approximately $900 billion pandemic relief package that would deliver long-sought cash to businesses and individuals and resources to vaccinate the nation. The aid package does not provide designated funding to state and local government to help with revenue shortfalls. However, it does provide direct funding for mitigation measures the State would have to pay for otherwise, such as vaccine distribution, testing, contact tracing, education, unemployment assistance, rent relief, and help for small businesses, among others.

Collective Bargaining Agreements

The Hawaii State Constitution under Article XIII, Section 2, grants public employees in the State the right to organize for the purpose of collective bargaining as provided by law. HRS Chapter 89 provides for the recognized bargaining units for public employees throughout the State. Each bargaining unit is represented by an employee organization otherwise known as the exclusive representative or “union” of all employees in the unit, which negotiates wages, hours, and terms and conditions of employment with the public employers. As of September 15, 2020, all collective bargaining agreements are effective through June 30, 2021.

Department of Transportation – Airports Division

On October 21, 2020, Airports issued $582,490,000 of airports system revenue bonds (Series 2020 A–E) at interest rates ranging from 1.82% to 3.484%. The amounts are not included in the revenue bonds payable balance as of June 30, 2020.

Department of Transportation – Harbors Division

Harbors executed a contract with BofA Securities, Inc. on November 19, 2020 to underwrite a total of $266,550,000 of Hawaii Harbors System Revenue Bonds (Revenue Bonds). This contract allows for a public sale of $147,520,000 Series A of 2020 Revenue Bonds (AMT), $15,685,000 Series B of 2020 Revenue Bonds (Taxable), and $103,345,000 Series C of 2020 Revenue Bonds (Non-AMT), all of these Series are the 2020 Revenue Bonds. The closing date for this public sale of the 2020 Revenue Bonds was December 2, 2020. Proceeds in the amount of $145,090,000 from the Series A of 2020 Revenue Bonds (AMT) and proceeds of $9,770,000 from the Series B of 2020 Revenue Bonds (Taxable) will be used to provide funding for the Harbors Division Capital Improvement Program, primarily for the Kapalama Container Terminal Phase I and Phase II projects.

The remaining proceeds obtained from the Series A and the Series B of 2020 Revenue Bonds will be used to partially refund existing Series A and Series B of 2010 Revenue Bonds balances outstanding as of June 30, 2020. The Series C of 2020 Revenue Bonds (Non-AMT) will refund the remaining portion of the existing Series A of 2010 Revenue Bonds (Non-AMT) balances outstanding as of June 30, 2020.

Department of Transportation – Highways Division

Highways will issue $23,130,000 of State of Hawaii Revenue Bonds Series 2019B (the 2019B Bonds) with a forward delivery scheduled for October 7, 2021. The 2019B Bonds bear interest at rates 5.0% and mature in annual installments through 2032. These bonds were issued at a premium of $4,051,000. The Highways Division issued the bonds to advance refund $26,825,000 of the outstanding callable series 2011A bonds with interest rates ranging from 4.0% to 5.0%. The 2019B Bonds are not subject to redemption prior to their respective maturity dates.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

State of Hawaii
General Fund
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)
Year Ended June 30, 2020
(Amounts in thousands)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget – Positive (Negative)
Revenues				
Taxes				
General excise tax	$ 3,632,594	$ 3,665,396	$ 3,429,459	$ (235,937)
Net income tax				
Corporations	125,521	156,960	8,407	(148,553)
Individuals	2,631,165	2,656,822	2,359,003	(297,819)
Inheritance and estate tax	30,621	19,280	45,451	26,171
Liquor permits and tax	53,392	52,573	50,674	(1,899)
Public service companies tax	127,152	131,151	134,639	3,488
Tobacco tax	83,110	75,370	74,858	(512)
Tax on premiums of insurance companies	167,000	170,000	180,753	10,753
Franchise tax (banks and other financial institutions)	13,035	26,547	33,271	6,724
Transient accommodations tax	420,732	388,990	337,601	(51,389)
Other taxes, primarily conveyances tax	52,770	38,788	40,631	1,843
Total taxes	7,337,092	7,381,877	6,694,747	(687,130)
Non-taxes				
Interest and investment income	10,012	71,767	91,740	19,973
Charges for current services	359,800	361,844	357,674	(4,170)
Intergovernmental	11,848	11,905	14,169	2,264
Rentals	825	751	408	(343)
Fines, forfeitures and penalties	23,200	22,657	18,670	(3,987)
Licenses and fees	1,030	1,030	877	(153)
Revenues from private sources	3,001	3,001	5,571	2,570
Debt service requirements	6,519	6,519	6,519	-
Other	290,844	394,781	380,988	(13,793)
Total non-taxes	707,079	874,255	876,616	2,361
Total revenues	8,044,171	8,256,132	7,571,363	(684,769)
Expenditures				
General government	3,452,404	3,525,771	3,365,828	159,943
Public safety	311,020	311,550	357,654	(46,104)
Highways	75	23,075	4,922	18,153
Conservation of natural resources	66,137	66,144	61,086	5,058
Health	546,321	546,425	545,328	1,097
Hospitals	125,986	125,986	125,701	285
Welfare	1,229,867	1,229,886	1,201,250	28,636
Lower education	1,845,243	1,856,275	1,750,304	105,971
Higher education	524,579	524,684	521,081	3,603
Other education	6,646	6,646	6,098	548
Culture and recreation	57,510	57,543	56,093	1,450
Economic development and assistance	71,525	71,527	51,230	20,297
Housing	36,859	33,860	33,415	445
Other	18,788	22,065	22,099	(34)
Total expenditures	8,292,960	8,401,437	8,102,089	299,348
Excess of expenditures over revenues	(248,789)	(145,305)	(530,726)	(385,421)
Other financing sources – Transfers in	36,775	66,613	65,757	(856)
Excess of expenditures and other sources over revenues	$ (212,014)	$ (78,692)	$ (464,969)	$ (386,277)

State of Hawaii
Med-Quest Special Revenue Fund
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)
Year Ended June 30, 2020
(Amounts in thousands)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget – Positive (Negative)
Revenues – non-taxes				
Intergovernmental	$ -	$ -	$ 233	$ 233
Revenues from private sources	-	-	74,227	74,227
Other	-	-	3,590	3,590
Total revenues – non-taxes	-	-	78,050	78,050
Total revenues	-	-	78,050	78,050
Expenditures				
Welfare	118,701	118,701	84,881	33,820
Total expenditures	118,701	118,701	84,881	33,820
Excess of expenditures over revenues	$ (118,701)	$ (118,701)	$ (6,831)	$ 111,870

State of Hawaii
Administrative Support Special Revenue Fund
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)
Year Ended June 30, 2020
(Amounts in thousands)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Revenues				
Taxes				
Tobacco tax	$ 1,652	$ 1,752	$ 1,712	$ (40)
Transient accommodations tax	-	60,670	53,857	(6,813)
Total taxes	1,652	62,422	55,569	(6,853)
Non-taxes				
Interest and investment income	3,287	3,597	4,947	1,350
Charges for current services	45,128	51,177	79,569	28,392
Rentals	4,135	4,351	3,967	(384)
Fines, forfeitures and penalties	225	225	155	(70)
Licenses and fees	100	200	238	38
Revenues from private sources	1,665	1,670	2,131	461
Other	11,239	16,511	11,416	(5,095)
Total non-taxes	65,779	77,731	102,423	24,692
Total revenues	67,431	140,153	157,992	17,839
Expenditures				
General government	448,271	1,749,331	380,420	1,368,911
Public safety	12,459	12,459	9,742	2,717
Conservation of natural resources	285	285	-	285
Welfare	656	656	556	100
Lower education	7,290	7,290	4,826	2,464
Culture and recreation	14,872	14,665	13,274	1,391
Other	27,285	26,951	7,093	19,858
Total expenditures	511,118	1,811,637	415,911	1,395,726
Excess of expenditures over revenues	$ (443,687)	$ (1,671,484)	$ (257,919)	$ 1,413,565

The budget of the State is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year; (2) the estimated revenues available to finance the operating plan; and (3) the estimated spending requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated periodically during the fiscal year. Amounts reflected as budgeted revenues in the General Fund Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) are those estimates as compiled by the Council on Revenues and the Director of Finance. Budgeted expenditures are derived primarily from the General Appropriations Act of 2019 (Act 113 SLH 2019) and from other authorizations contained in the State Constitution, the HRS, and other specific appropriations acts in various SLH. During July 2020, Act 7 SLH 2020 and Act 9 SLH 2020 retroactively amended certain budgeted expenditures from the General Appropriation Act of 2019.

All expenditures of appropriated funds have been made pursuant to the appropriations in the fiscal 2019–2021 biennial budget and executive supplemental budget.

The General Fund and Special Revenue Funds have legally appropriated annual budgets. The Capital Projects Fund's appropriated budgets are for projects that may extend over several fiscal years.

The final legally adopted budgets in the accompanying General Fund and Special Revenue Funds Schedules of Revenues and Expenditures – Budget and Actual (Budgetary Basis) represent the original appropriations, transfers, and other legally authorized legislative and executive changes.

The legal level of budgetary control is maintained at the appropriation line item level by department, program, and source of funds as established in the appropriations acts. The Governor is authorized to transfer appropriations between programs within the same department and source of funds; however, transfers of appropriations between departments generally require legislative authorization. Records and reports reflecting the detailed level of control are maintained by and are available at the Department of Accounting and General Services. During the fiscal year ended June 30, 2020, there were no expenditures in excess of appropriations in the individual funds.

To the extent not expended or encumbered, General Fund and Special Revenue Funds appropriations subject to budgetary control generally lapse at the end of the fiscal year for which the appropriations are made. The State Legislature specifies the lapse dates and any other contingencies, which may terminate the authorizations for other appropriations.

Budgets adopted by the State Legislature for the General Fund and Special Revenue Funds are presented in the General Fund and Special Revenue Funds schedules of revenues and expenditures – budget and actual (budgetary basis). The State's annual budget is prepared on the cash basis of accounting except for the encumbrance of purchase order and contract obligations (basis difference), which is a departure from GAAP.

State of Hawaii
Major Governmental Funds
Reconciliation of the Budgetary to GAAP Basis
Year Ended June 30, 2020
(Amounts in thousands)

A reconciliation of the budgetary to GAAP basis operating results for the fiscal year ended June 30, 2020 follows (amounts expressed in thousands):

	General Fund	Med-Quest Special Revenue Fund	Administrative Support Special Revenue Fund
Deficiency of revenues and other sources under expenditures – actual (budgetary basis)	$ (464,969)	$ (6,831)	$ (257,919)
Transfers	765,052	88,442	167
Reserve for encumbrances at fiscal year end*	518,432	-	7,007
Expenditures for liquidation of prior fiscal year encumbrances	(527,240)	(545,328)	(17,819)
Revenues and expenditures for unbudgeted programs and capital projects accounts, net	(2,792)	509,505	1,064,982
Tax refunds payable	(47,133)	-	-
Accrued liabilities	(67,092)	(30,401)	98
Accrued revenues	236,914	66,312	(525,181)
Excess of revenues over expenditures – GAAP basis	$ 411,172	$ 81,699	$ 271,335

* Amount reflects the encumbrance balances (included in continuing appropriations) for budgeted programs only.

State of Hawaii
Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*
(Amounts in millions)

	2020	2019	2018	2017	2016	2015	2014
State of Hawaii, excluding UH**							
State's proportion of the net pension liability	55.749%	56.090%	56.607%	56.600%	57.238%	58.483%	57.638%
State's proportionate share of the net pension liability	$ 7,865	$ 7,438	$ 7,331	$ 7,567	$ 4,999	$ 4,689	$ 5,148
State's covered payroll	$ 2,616	$ 2,540	$ 2,559	$ 2,496	$ 2,424	$ 2,341	$ 2,177
State's proportionate share of the net pension liability as a percentage of its covered payroll	300.6%	292.8%	286.5%	303.2%	206.2%	200.3%	236.5%
Plan fiduciary net position as a percentage of total net pension liability	54.9%	55.5%	54.8%	51.3%	62.4%	63.9%	58.0%
UH							
Proportion of the net pension liability	12.641%	12.732%	12.730%	12.750%	13.110%	13.600%	13.750%
Proportionate share of the net pension liability	$ 1,791	$ 1,696	$ 1,649	$ 1,704	$ 1,145	$ 1,090	$ 1,228
Covered payroll	$ 603	$ 592	$ 587	$ 569	$ 565	$ 551	$ 518
Proportionate share of the net pension liability as a percentage of its covered payroll	297.0%	286.5%	280.9%	299.5%	202.7%	197.8%	237.1%
Plan fiduciary net position as a percentage of total net pension liability	54.9%	55.5%	54.8%	51.3%	62.4%	63.9%	58.0%

* Information for 2011–2013 is unavailable.

** Amounts consist of the primary government and discretely presented component units other than UH.

State of Hawaii
Schedule of Pension Contributions
Last Ten Fiscal Years*
(Amounts in millions)

	2020	2019	2018	2017	2016	2015	2014
State of Hawaii, excluding UH**							
Statutorily required contribution	$ 606	$ 508	$ 470	$ 445	$ 432	$ 410	$ 380
Contributions in relation to the contractually required contribution	606	508	470	445	432	410	380
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's covered payroll	$ 2,689	$ 2,616	$ 2,540	$ 2,559	$ 2,496	$ 2,424	$ 2,341
Contributions as a percentage of covered payroll	22.5%	19.4%	18.5%	17.4%	17.3%	16.9%	16.2%
UH							
Statutorily required contribution	$ 134	$ 115	$ 111	$ 99	$ 97	$ 94	$ 88
Contributions in relation to the contractually required contribution	134	115	111	99	97	94	88
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 606	$ 603	$ 592	$ 587	$ 569	$ 565	$ 551
Contributions as a percentage of covered payroll	22.1%	19.1%	18.8%	16.9%	17.0%	16.6%	16.0%

* Information for 2011–2013 is unavailable.

** Amounts consist of the primary government and discretely presented component units other than UH.

State of Hawaii
Schedule of the Proportionate Share of the Net OPEB Liability
Last Ten Fiscal Years*
(Amounts in thousands)

	2020	2019	2018
Total OPEB liability			
Service cost	$ 236,384	$ 229,157	$ 220,828
Interest	745,104	709,522	670,530
Differences between expected and actual experience	(6,204)	(209,802)	-
Changes of assumptions or other inputs	59,886	126,979	-
Benefit payments	(356,827)	(345,476)	(331,522)
Net change in total OPEB liability	678,343	510,380	559,836
Total OPEB liability – beginning	10,704,566	10,194,186	9,634,350
Total OPEB liability – ending	$ 11,382,909	$ 10,704,566	$ 10,194,186
Plan fiduciary net position			
Employer contributions	$ 787,110	$ 682,605	$ 659,271
Net investment income	71,563	78,648	66,007
Benefit payments	(356,827)	(345,476)	(331,522)
Administrative expense	(492)	(258)	(169)
Other	165,770	-	5,300
Net change in plan fiduciary net position	667,124	415,519	398,887
Plan fiduciary net position – beginning	1,295,035	879,516	480,629
Plan fiduciary net position – ending	$ 1,962,159	$ 1,295,035	$ 879,516
Net OPEB liability – ending	$ 9,420,750	$ 9,409,531	$ 9,314,670
Plan fiduciary net position as a percentage of total OPEB liability	20.83%	13.76%	9.44%
Covered payroll	$ 2,615,866	$ 2,539,755	$ 2,559,162
Net OPEB liability as a percentage of covered payroll	360.14%	370.49%	363.97%

Note: Amounts include all component units and the Office of Hawaiian Affairs.

* Information for 2011–2017 is unavailable.

State of Hawaii
Schedule of OPEB Contributions
Last Ten Fiscal Years*
(Amounts in thousands)

	2020	2019	2018
Actuarially determined contribution	$ 814,659	$ 787,110	$ 770,297
Contributions in relation to the actuarially determined contribution	780,200	816,763	682,605
Contribution deficiency (excess)	$ 34,459	$ (29,653)	$ 87,692
Covered payroll	$ 2,688,865	$ 2,615,866	$ 2,539,755
Contributions as a percentage of covered payroll	29%	31%	27%

Actuarial valuation date	July 1, 2019
Actuarial cost method	Entry age normal
Amortization method**	Level percent, closed
Remaining amortization period	25 years
Asset valuation method	Market
Actuarial assumptions	
Investment rate of return	7.0%
Projected salary increases	3.5%
Healthcare inflation rates	
PPO***	6.6% and 9.0% initial, 4.86% after 14 years
HMO***	9.0% initial, 4.86% after 14 years
Dental	3.5%
Vision	2.5%
Medicare Part B	2.0% and 5.0% initial, 4.7% after 14 years

* Information for 2011–2017 is unavailable.

** Closed bases are established at each valuation for new unfunded liabilities.

*** Blended rates for medical and prescription drugs.

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SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. Certain Special Revenue Funds are presented separately in the accompanying combining financial statements, with the remainder grouped as a single entity. The Special Revenue Funds are as follows:

Highways – Accounts for programs related to maintaining and operating land transportation facilities.

Natural Resources – Accounts for programs related to the conservation, development, and utilization of agriculture, aquaculture, water, land and other natural resources of the State.

Health – Accounts for programs related to mental health, nutrition services, communicable disease, and for other public health services.

Human Services – Accounts for social service programs, which include public welfare, eligibility and disability determination, and housing assistance.

Education – Accounts for programs related to instructional education, school food services, and student driver education.

Economic Development – Accounts for programs related to the development and promotion of industry and international commerce, energy development and management, economic research and analysis, and the utilization of resources.

Employment – Accounts for programs related to employment and training, disability compensation, placement services, and occupational safety and health.

Regulatory – Accounts for programs related to consumer protection, business registration, and cable television regulation.

Hawaiian Programs – Accounts for programs related to the betterment of the conditions of native Hawaiians.

All Other – Accounts for programs related to water recreation, inmate stores, and driver training and education.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds serviced by the General Fund and general obligation bonds and revenue bonds serviced by the Special Revenue Funds.

State of Hawaii
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020
(Amounts in thousands)

	Special Revenue Funds					
	Highways	Natural Resources	Health	Human Services	Education	Economic Development
Assets						
Cash and cash equivalents	$ 42,587	$ 30,917	$ 53,706	$ 13,047	$ 97,611	$ 112,285
Notes and loans receivable, net	-	21,475	-	-	-	56,356
Due from federal government	-	-	-	22,781	-	-
Due from other funds	-	-	-	-	-	-
Investments	170,350	123,668	214,821	52,187	124,578	5,390
Total assets	$ 212,937	$ 176,060	$ 268,527	$ 88,015	$ 222,189	$ 174,031
Liabilities and Fund Balances						
Liabilities						
Vouchers and contracts payable	$ 47,011	$ 2,720	$ 19,469	$ 13,600	$ 13,476	$ 1,424
Other accrued liabilities	10,440	4,056	10,745	588	17,437	1,219
Due to other funds	-	400	-	68,186	-	-
Payable from restricted assets – Matured bonds and interest payable	-	-	-	-	-	-
Total liabilities	57,451	7,176	30,214	82,374	30,913	2,643
Fund balances						
Restricted	-	-	-	1,299	-	-
Committed	-	24,961	224,632	4,093	-	-
Assigned	155,486	143,923	13,681	249	191,276	171,388
Total fund balances	155,486	168,884	238,313	5,641	191,276	171,388
Total liabilities and fund balances	$ 212,937	$ 176,060	$ 268,527	$ 88,015	$ 222,189	$ 174,031

	Employment	Regulatory	Hawaiian Programs	All Other	Total	Debt Service Fund	Total Nonmajor Governmental Funds
	$ 4,520	$ 22,907	$ 67,847	$ 10,126	$ 455,553	$ 335	$ 455,888
	-	-	63,605	-	141,436	-	141,436
	-	-	-	-	22,781	-	22,781
	-	-	-	-	-	152	152
	18,079	91,631	264,157	40,502	1,105,363	-	1,105,363
	$ 22,599	$ 114,538	$ 395,609	$ 50,628	$ 1,725,133	$ 487	$ 1,725,620
	$ 2,624	$ 1,006	$ 2,329	$ 3,839	$ 107,498	$ -	$ 107,498
	2,961	6,070	-	3,023	56,539	-	56,539
	-	-	-	1,559	70,145	-	70,145
	-	-	-	-	-	335	335
	5,585	7,076	2,329	8,421	234,182	335	234,517
	-	-	-	-	1,299	152	1,451
	-	76,193	-	-	329,879	-	329,879
	17,014	31,269	393,280	42,207	1,159,773	-	1,159,773
	17,014	107,462	393,280	42,207	1,490,951	152	1,491,103
	$ 22,599	$ 114,538	$ 395,609	$ 50,628	$ 1,725,133	$ 487	$ 1,725,620

State of Hawaii
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020
(Amounts in thousands)

	Special Revenue Funds					
	Highways	Natural Resources	Health	Human Services	Education	Economic Development
Revenues						
Taxes						
Franchise tax	$ -	$ -	$ -	$ -	$ -	$ -
Tobacco and liquor taxes	-	-	22,821	-	-	-
Liquid fuel tax	77,285	234	-	-	-	-
Tax on premiums of insurance companies	-	-	-	-	-	-
Vehicle weight and registration tax	119,564	-	5,555	-	-	-
Rental motor/tour vehicle surcharge tax	72,500	-	-	-	-	-
Other	-	13,890	1,249	-	-	1,367
Total taxes	269,349	14,124	29,625	-	-	1,367
Interest and investment income	11,101	5,757	7,915	75	1,736	4,860
Charges for current services	3,879	35,581	41,478	272	31,492	22,673
Intergovernmental	51,673	24,017	124,551	689,256	283,347	13,020
Rentals	757	9,718	-	-	540	1,392
Fines, forfeitures and penalties	3,505	126	650	-	-	-
Licenses and fees	2,043	719	2,654	78	36	9
Revenues from private sources	-	39	34,991	32	11,150	228
Other	100,230	7,119	1,593	1,280	17,797	7,172
Total revenues	442,537	97,200	243,457	690,993	346,098	50,721
Expenditures						
Current						
General government	-	7,204	194	-	-	-
Public safety	-	2,273	-	-	-	-
Highways	297,736	-	-	-	-	-
Conservation of natural resources	-	68,090	-	-	-	950
Health	-	-	209,053	-	-	-
Welfare	-	-	-	643,561	-	-
Lower education	-	-	-	-	445,878	-
Other education	-	-	-	9,529	-	-
Culture and recreation	-	12,537	-	-	2,900	-
Urban redevelopment and housing	-	-	-	638	-	-
Economic development and assistance	-	2,735	-	-	-	28,073
Other	613	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	298,349	92,839	209,247	653,728	448,778	29,023
Excess (deficiency) of revenues over (under) expenditures	144,188	4,361	34,210	37,265	(102,680)	21,698
Other financing sources (uses)						
Transfers in	54	3,405	418	2,260	96,380	170
Transfers out	(176,183)	(2,177)	(33,286)	(40,896)	(1,156)	(13,359)
Total other financing sources (uses)	(176,129)	1,228	(32,868)	(38,636)	95,224	(13,189)
Net change in fund balances	(31,941)	5,589	1,342	(1,371)	(7,456)	8,509
Fund balances						
Beginning of year	187,427	163,295	236,971	7,012	198,732	162,879
End of year	$ 155,486	$ 168,884	$ 238,313	$ 5,641	$ 191,276	$ 171,388

Employment	Regulatory	Hawaiian Programs	All Other	Total	Debt Service Fund	Total Nonmajor Governmental Funds
$ -	$ 2,000	$ -	$ -	$ 2,000	$ -	$ 2,000
-	-	-	-	22,821	-	22,821
-	-	-	1,668	79,187	-	79,187
-	2,810	-	-	2,810	-	2,810
-	-	-	-	125,119	-	125,119
-	-	-	-	72,500	-	72,500
1,787	-	-	-	18,293	-	18,293
1,787	4,810	-	1,668	322,730	-	322,730
444	3,636	16,087	889	52,500	-	52,500
2,038	26,204	3,229	31,266	198,112	-	198,112
42,186	78	1,843	48,222	1,278,193	-	1,278,193
-	-	17,400	4,003	33,810	-	33,810
2,066	1,871	-	1,536	9,754	-	9,754
-	38,187	-	922	44,648	-	44,648
-	-	-	32	46,472	-	46,472
432	568	22,719	6,365	165,275	-	165,275
48,953	75,354	61,278	94,903	2,151,494	-	2,151,494
-	10,641	-	16,416	34,455	-	34,455
1,919	56,102	-	55,128	115,422	-	115,422
-	-	-	-	297,736	-	297,736
-	-	-	-	69,040	-	69,040
2	-	-	-	209,055	-	209,055
-	-	-	1,539	645,100	-	645,100
-	-	-	-	445,878	-	445,878
-	-	-	-	9,529	-	9,529
-	-	-	16,871	32,308	-	32,308
-	-	46,000	-	46,638	-	46,638
45,585	-	-	-	76,393	-	76,393
785	-	-	-	1,398	-	1,398
-	-	-	-	-	896,501	896,501
48,291	66,743	46,000	89,954	1,982,952	896,501	2,879,453
662	8,611	15,278	4,949	168,542	(896,501)	(727,959)
1,360	707	-	4,454	109,208	896,653	1,005,861
(138)	(7,066)	(3,027)	(1,004)	(278,292)	-	(278,292)
1,222	(6,359)	(3,027)	3,450	(169,084)	896,653	727,569
1,884	2,252	12,251	8,399	(542)	152	(390)
15,130	105,210	381,029	33,808	1,491,493	-	1,491,493
$ 17,014	$ 107,462	$ 393,280	$ 42,207	$ 1,490,951	$ 152	$ 1,491,103

State of Hawaii
Nonmajor Special Revenue Funds
Combining Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)
Year Ended June 30, 2020
(Amounts in thousands)

	Highways			Natural Resources		
	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Revenue						
Taxes						
Liquid fuel tax – Highways	$ 84,073	$ 77,285	$ (6,788)	$ 250	$ 233	$ (17)
Vehicle registration fee tax	46,625	42,600	(4,025)	-	1,668	1,668
State vehicle weight tax	83,979	76,964	(7,015)	-	-	-
Rental/tour vehicle surcharge tax	55,394	72,500	17,106	-	-	-
Employment and training fund assessment	-	-	-	-	-	-
Tobacco tax	-	-	-	-	-	-
Conveyances tax	-	-	-	6,800	6,394	(406)
Environmental response tax	-	-	-	3,800	3,746	(54)
Transient accommodations tax	-	-	-	3,000	3,750	750
Franchise tax	-	-	-	-	-	-
Tax on premiums of insurance companies	-	-	-	-	-	-
Total taxes	270,071	269,349	(722)	13,850	15,791	1,941
Non-taxes						
Interest and investment income	2,327	10,759	8,432	1,289	3,134	1,845
Charges for current services	1,320	3,879	2,559	36,350	48,094	11,744
Intergovernmental	-	638	638	-	41	41
Rentals	1,000	757	(243)	8,797	13,726	4,929
Fines, forfeitures and penalties	5,791	3,505	(2,286)	182	154	(28)
Licenses and fees	2,152	2,043	(109)	954	719	(235)
Revenues from private sources	-	-	-	336	39	(297)
Other	59	2,363	2,304	3,476	9,105	5,629
Total non-taxes	12,649	23,944	11,295	51,384	75,012	23,628
Total revenues	282,720	293,293	10,573	65,234	90,803	25,569
Expenditures						
General government	-	-	-	7,555	5,734	1,821
Public safety	-	-	-	1,440	872	568
Highways	336,480	275,419	61,061	-	-	-
Conservation of natural resources	-	-	-	70,848	48,347	22,501
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Lower education	-	-	-	-	-	-
Culture and recreation	-	-	-	10,962	7,711	3,251
Urban redevelopment and housing	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-
Other	1,842	617	1,225	-	-	-
Total expenditures	338,322	276,036	62,286	90,805	62,664	28,141
Excess (deficiency) of revenues over (under) expenditures	$ (55,602)	$ 17,257	$ 72,859	$ (25,571)	$ 28,139	$ 53,710

Health			Human Services		
Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
5,775	5,555	(220)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,440	22,821	(1,619)	-	-	-
-	-	-	-	-	-
1,291	1,249	(42)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,506	29,625	(1,881)	-	-	-
493	7,914	7,421	-	75	75
90,580	77,453	(13,127)	305	272	(33)
1,550	5,373	3,823	240	883	643
-	-	-	-	-	-
1,147	647	(500)	-	-	-
3,835	2,654	(1,181)	128	78	(50)
36,604	34,962	(1,642)	35	3	(32)
913	1,334	421	1,000	951	(49)
135,122	130,337	(4,785)	1,708	2,262	554
166,628	159,962	(6,666)	1,708	2,262	554
293	209	84	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
227,994	182,408	45,586	-	-	-
-	-	-	7,735	1,545	6,190
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
228,287	182,617	45,670	7,735	1,545	6,190
$ (61,659)	$ (22,655)	$ 39,004	$ (6,027)	$ 717	$ 6,744

(continued)

State of Hawaii
Nonmajor Special Revenue Funds
Combining Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)
Year Ended June 30, 2020
(Amounts in thousands)

	Education			Economic Development		
	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Revenue						
Taxes						
Liquid fuel tax – Highways	$ -	$ -	$ -	$ -	$ -	$ -
Vehicle registration fee tax	-	-	-	-	-	-
State vehicle weight tax	-	-	-	-	-	-
Rental/tour vehicle surcharge tax	-	-	-	-	-	-
Employment and training fund assessment	-	-	-	-	-	-
Tobacco tax	-	-	-	-	-	-
Conveyances tax	-	-	-	-	-	-
Environmental response tax	-	-	-	3,800	1,367	(2,433)
Transient accommodations tax	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-
Tax on premiums of insurance companies	-	-	-	-	-	-
Total taxes	-	-	-	3,800	1,367	(2,433)
Non-taxes						
Interest and investment income	71	1,528	1,457	2,489	4,506	2,017
Charges for current services	41,721	29,321	(12,400)	16,986	22,651	5,665
Intergovernmental	30	5,085	5,055	-	56	56
Rentals	75	540	465	2,116	1,392	(724)
Fines, forfeitures and penalties	-	-	-	-	-	-
Licenses and fees	750	36	(714)	15	9	(6)
Revenues from private sources	276	61	(215)	3,073	208	(2,865)
Other	2,152	12,914	10,762	4,910	7,342	2,432
Total non-taxes	45,075	49,485	4,410	29,589	36,164	6,575
Total revenues	45,075	49,485	4,410	33,389	37,531	4,142
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	1,100	-	1,100
Highways	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Lower education	102,398	50,706	51,692	-	-	-
Culture and recreation	4,000	1,825	2,175	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Economic development and assistance	-	-	-	103,275	39,577	63,698
Other	-	-	-	-	-	-
Total expenditures	106,398	52,531	53,867	104,375	39,577	64,798
Excess (deficiency) of revenues over (under) expenditures	$ (61,323)	$ (3,046)	$ 58,277	$ (70,986)	$ (2,046)	$ 68,940

Employment			Regulatory		
Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,349	1,787	438	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,000	2,000	-
-	-	-	2,600	2,810	210
1,349	1,787	438	4,600	4,810	210
11,500	360	(11,140)	294	3,636	3,342
2,135	2,038	(97)	27,146	26,204	(942)
-	1,191	1,191	-	-	-
-	-	-	-	-	-
1	2,066	2,065	2,862	1,871	(991)
-	-	-	40,190	38,187	(2,003)
-	-	-	-	-	-
-	-	-	4,241	5,193	952
13,636	5,655	(7,981)	74,733	75,091	358
14,985	7,442	(7,543)	79,333	79,901	568
-	-	-	17,687	16,889	798
-	-	-	69,459	58,888	10,571
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
26,675	4,608	22,067	-	-	-
-	-	-	-	-	-
26,675	4,608	22,067	87,146	75,777	11,369
$ (11,690)	$ 2,834	$ 14,524	$ (7,813)	$ 4,124	$ 11,937

(continued)

State of Hawaii
Nonmajor Special Revenue Funds
Combining Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis)
Year Ended June 30, 2020
(Amounts in thousands)

	Hawaiian Programs			All Other		
	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
Revenue						
Taxes						
Liquid fuel tax – Highways	$ -	$ -	$ -	$ -	$ -	$ -
Vehicle registration fee tax	-	-	-	-	-	-
State vehicle weight tax	-	-	-	-	-	-
Rental/tour vehicle surcharge tax	-	-	-	-	-	-
Employment and training fund assessment	-	-	-	-	-	-
Tobacco tax	-	-	-	-	-	-
Conveyances tax	-	-	-	-	-	-
Environmental response tax	-	-	-	-	-	-
Transient accommodations tax	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-
Tax on premiums of insurance companies	-	-	-	-	-	-
Total taxes	-	-	-	-	-	-
Non-taxes						
Interest and investment income	80	702	622	43	254	211
Charges for current services	-	32	32	8,852	18,533	9,681
Intergovernmental	-	750	750	1,187	916	(271)
Rentals	16,938	16,404	(534)	-	-	-
Fines, forfeitures and penalties	-	-	-	2,359	1,507	(852)
Licenses and fees	-	-	-	680	922	242
Revenues from private sources	-	-	-	36	32	(4)
Other	3,610	10,990	7,380	7,526	10,253	2,727
Total non-taxes	20,628	28,878	8,250	20,683	32,417	11,734
Total revenues	20,628	28,878	8,250	20,683	32,417	11,734
Expenditures						
General government	-	-	-	19,860	16,617	3,243
Public safety	-	-	-	63,603	14,490	49,113
Highways	-	-	-	-	-	-
Conservation of natural resources	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	1,550	1,169	381
Lower education	-	-	-	-	-	-
Culture and recreation	-	-	-	20,537	17,387	3,150
Urban redevelopment and housing	12,125	5,065	7,060	-	-	-
Economic development and assistance	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	12,125	5,065	7,060	105,550	49,663	55,887
Excess (deficiency) of revenues over (under) expenditures	$ 8,503	$ 23,813	$ 15,310	$ (84,867)	$ (17,246)	$ 67,621

Total Special Revenue Funds		
Final Budget	Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
$ 84,323	$ 77,518	$ (6,805)
52,400	49,823	(2,577)
83,979	76,964	(7,015)
55,394	72,500	17,106
1,349	1,787	438
24,440	22,821	(1,619)
6,800	6,394	(406)
8,891	6,362	(2,529)
3,000	3,750	750
2,000	2,000	-
2,600	2,810	210
325,176	322,729	(2,447)
18,586	32,868	14,282
225,395	228,477	3,082
3,007	14,933	11,926
28,926	32,819	3,893
12,342	9,750	(2,592)
48,704	44,648	(4,056)
40,360	35,305	(5,055)
27,887	60,445	32,558
405,207	459,245	54,038
730,383	781,974	51,591
45,395	39,449	5,946
135,602	74,250	61,352
336,480	275,419	61,061
70,848	48,347	22,501
227,994	182,408	45,586
9,285	2,714	6,571
102,398	50,706	51,692
35,499	26,923	8,576
12,125	5,065	7,060
129,950	44,185	85,765
1,842	617	1,225
1,107,418	750,083	357,335
$ (377,035)	$ 31,891	$ 408,926

(concluded)

State of Hawaii
Nonmajor Special Revenue Funds
Reconciliation of the Budgetary to GAAP Basis
Year Ended June 30, 2020
(Amounts in thousands)

Excess of revenues and other sources over expenditures – actual (budgetary basis)	$	31,891
Reserve for encumbrance at year end*		151,783
Expenditures for liquidation of prior fiscal year encumbrances		(363,341)
Expenditures for unbudgeted programs, principally expenditures for capital projects accounts and revolving funds		121,044
Transfers		226,079
Accrued liabilities		(482,169)
Accrued revenues		483,255
Excess of expenditures over revenues – GAAP basis	$	168,542

*Amount reflects the encumbrance balances (included in continuing appropriations) for budgeted programs only.

State of Hawaii
Nonmajor Proprietary Funds
Combining Statement of Fund Net Position
June 30, 2020
(Amounts in thousands)

	Employer-Union Trust Fund	Water Pollution Control Revolving Fund	Drinking Water Treatment Revolving Loan Fund	Total Nonmajor Proprietary Funds
Assets				
Current assets				
Cash and cash equivalents	$ 36,445	$ 97,758	$ 23,849	$ 158,052
Investments	84,914	-	-	84,914
Receivables				
Accounts and accrued interest	-	348	119	467
Promissory note receivable	-	35,517	13,130	48,647
Federal government	-	-	470	470
Premiums	75,801	-	-	75,801
Other	19,762	1,178	788	21,728
Prepaid expenses and other assets	5,281	-	-	5,281
Total current assets	222,203	134,801	38,356	395,360
Capital assets – equipment	10,610	732	2,763	14,105
Less: Accumulated depreciation	(10,315)	(278)	(2,062)	(12,655)
Net capital assets	295	454	701	1,450
Promissory note receivable	-	421,589	190,434	612,023
Total noncurrent assets	295	422,043	191,135	613,473
Total assets	222,498	556,844	229,491	1,008,833
Deferred outflows of resources				
Deferred outflows on net pension liability	1,162	838	533	2,533
Deferred outflows on net other postemployment benefits liability	854	358	268	1,480
Total deferred outflows of resources	$ 2,016	$ 1,196	$ 801	$ 4,013
Liabilities				
Current liabilities				
Vouchers and contracts payable	$ 359	$ 157	$ 604	$ 1,120
Other accrued liabilities	1,293	-	-	1,293
Benefits claims payable	5,352	-	-	5,352
Accrued vacation, current portion	114	70	46	230
Premiums payable	44,531	-	-	44,531
Total current liabilities	51,649	227	650	52,526
Noncurrent liabilities				
Accrued vacation	297	188	175	660
Net pension liability	6,369	4,045	2,682	13,096
Net other postemployment benefits liability	7,499	3,741	2,817	14,057
Total noncurrent liabilities	14,165	7,974	5,674	27,813
Total liabilities	65,814	8,201	6,324	80,339
Deferred inflows of resources				
Deferred inflows on net pension liability	42	28	470	540
Deferred inflows on net other postemployment benefits liability	113	45	45	203
Total deferred inflows of resources	155	73	515	743
Net position				
Net investment in capital assets	295	454	700	1,449
Restricted for bond requirements and other	-	549,312	222,753	772,065
Unrestricted	158,250	-	-	158,250
Total net position	$ 158,545	$ 549,766	$ 223,453	$ 931,764

State of Hawaii
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2020
(Amounts in thousands)

	Employer-Union Trust Fund	Water Pollution Control Revolving Fund	Drinking Water Treatment Revolving Loan Fund	Total Nonmajor Proprietary Funds
Operating revenues				
Administrative fees	$ -	$ 2,449	$ 2,354	$ 4,803
Premium revenue – self insurance	103,180	-	-	103,180
Experience refunds, net	41,831	-	-	41,831
Other	1,628	1,249	460	3,337
Total operating revenues	146,639	3,698	2,814	153,151
Operating expenses				
Personnel services	5,528	1,551	1,148	8,227
Depreciation	94	136	217	447
Repairs and maintenance	197	-	123	320
General administration	3,205	963	1,200	5,368
Claims	88,136	-	-	88,136
Other	435	2,478	3,387	6,300
Total operating expenses	97,595	5,128	6,075	108,798
Operating income (loss)	49,044	(1,430)	(3,261)	44,353
Nonoperating revenues				
Interest and investment income	3,855	3,301	636	7,792
Income (loss) before capital contributions	52,899	1,871	(2,625)	52,145
Capital contributions	-	11,356	17,018	28,374
Change in net position	52,899	13,227	14,393	80,519
Net position				
Beginning of year	105,646	536,539	209,060	851,245
End of year	$ 158,545	$ 549,766	$ 223,453	$ 931,764

State of Hawaii
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
Year Ended June 30, 2020
(Amounts in thousands)

	Employer-Union Trust Fund	Water Pollution Control Revolving Fund	Drinking Water Treatment Revolving Loan Fund	Total Nonmajor Proprietary Funds
Cash flows from operating activities				
Cash received from employers and employees for premiums and benefits	$ 661,623	$ -	$ -	$ 661,623
Cash paid to suppliers	(3,342)	(124)	(1,129)	(4,595)
Cash paid to employees	(4,954)	(2,096)	(1,553)	(8,603)
Cash paid for premiums and benefits payable	(626,034)	-	-	(626,034)
Net cash provided by (used in) operating activities	27,293	(2,220)	(2,682)	22,391
Cash flows from noncapital financing activities				
Proceeds from federal operating grants	-	8,869	14,445	23,314
Cash flows from capital financing activities				
Purchase of equipment	(28)	(6)	(73)	(107)
State capital contributions	-	2,488	2,220	4,708
Net cash provided by (used in) capital financing activities	(28)	2,482	2,147	4,601
Cash flows from investing activities				
Purchase of investments	(23,636)	-	-	(23,636)
Principal repayments on notes receivable	-	31,967	11,415	43,382
Disbursement of notes receivable proceeds	-	(130,752)	(28,348)	(159,100)
Interest income from notes receivable	-	1,216	443	1,659
Administrative loan fees	-	2,195	2,338	4,533
Interest received from investments	3,855	6,168	1,067	11,090
Net cash used in investing activities	(19,781)	(89,206)	(13,085)	(122,072)
Net increase (decrease) in cash and cash equivalents	7,484	(80,075)	825	(71,766)
Cash and cash equivalents, including restricted amounts				
Beginning of year	28,961	177,833	23,024	229,818
End of year	$ 36,445	$ 97,758	$ 23,849	$ 158,052
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 49,044	$ (1,430)	$ (3,261)	$ 44,353
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	94	136	217	447
Principal forgiveness of loan	-	2,474	2,700	5,174
Interest income from loans	-	(1,248)	(460)	(1,708)
Administrative loan fees	-	(2,449)	(2,354)	(4,803)
Premium reserves held by insurance companies	(35,404)	-	-	(35,404)
Change in assets, deferred outflows, liabilities and deferred inflows				
Receivables	11,580	(2)	-	11,578
Prepaid and other expenses	49	-	-	49
Net deferred outflows/inflows of resources	16	12	43	71
Vouchers and contracts payable	11	45	235	291
Net pension liability	483	238	195	916
Other postemployment benefits liability	10	4	3	17
Other accrued liabilities	557	-	-	557
Benefits claim payable	853	-	-	853
Net cash provided by (used in) operating activities	$ 27,293	$ (2,220)	$ (2,682)	$ 22,391

State of Hawaii
Fiduciary Funds
Combining Statement of Fiduciary Net Position – Agency Funds
June 30, 2020
(Amounts in thousands)

	Agency Funds			Total Agency Funds
	Tax Collections	Custodial	Other	
Assets				
Cash and cash equivalents	$ 1,946	$ 193,444	$ 496,649	$ 692,039
Receivables – taxes	-	-	5,666	5,666
Investments	7,959	315,518	135,455	458,932
Other assets, primarily due from individuals, businesses and counties	5,208	-	-	5,208
Total assets	$ 15,113	$ 508,962	$ 637,770	$ 1,161,845
Liabilities				
Vouchers payable	$ 15,113	$ 6	$ 5,857	$ 20,976
Due to other funds	-	-	461,711	461,711
Due to individuals, businesses and counties	-	508,956	170,202	679,158
Total liabilities	$ 15,113	$ 508,962	$ 637,770	$ 1,161,845

State of Hawaii
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year Ended June 30, 2020
(Amounts in thousands)

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Tax collections				
Assets				
Cash and cash equivalents	$ 977	$ 9,650,070	$ (9,649,101)	$ 1,946
Due from individuals, businesses and counties	2,061	9,653,217	(9,650,070)	5,208
Investments	11,238	7,959	(11,238)	7,959
Total assets	$ 14,276	$ 19,311,246	$ (19,310,409)	$ 15,113
Liabilities				
Vouchers payable	$ 14,276	$ 15,113	$ (14,276)	$ 15,113
Total liabilities	$ 14,276	$ 15,113	$ (14,276)	$ 15,113
Custodial				
Assets				
Cash and cash equivalents	$ 119,394	$ 4,589,982	$ (4,515,932)	$ 193,444
Investments	239,114	315,518	(239,114)	315,518
Total assets	$ 358,508	$ 4,905,500	$ (4,755,046)	$ 508,962
Liabilities				
Vouchers payable	$ 90	$ 6	$ (90)	$ 6
Due to individuals, businesses and counties	358,418	4,589,949	(4,439,411)	508,956
Total liabilities	$ 358,508	$ 4,589,955	$ (4,439,501)	$ 508,962
Other				
Assets				
Cash and cash equivalents	$ 9,439	$ 617,480	$ (130,270)	$ 496,649
Receivables	14,557	5,666	(14,557)	5,666
Investments	102,746	135,455	(102,746)	135,455
Total assets	$ 126,742	$ 758,601	$ (247,573)	$ 637,770
Liabilities				
Vouchers payable	$ 4,860	$ 5,857	$ (4,860)	$ 5,857
Due to other funds	-	461,711	-	461,711
Due to individuals, businesses and counties	121,882	146,912	(98,592)	170,202
Total liabilities	$ 126,742	$ 614,480	$ (103,452)	$ 637,770
Total – All agency funds				
Assets				
Cash and cash equivalents	$ 129,810	$ 14,857,532	$ (14,295,303)	$ 692,039
Receivables	14,557	5,666	(14,557)	5,666
Due from individuals, businesses and counties	2,061	9,653,217	(9,650,070)	5,208
Investments	353,098	458,932	(353,098)	458,932
Total assets	$ 499,526	$ 24,975,347	$ (24,313,028)	$ 1,161,845
Liabilities				
Vouchers payable	$ 19,226	$ 20,976	$ (19,226)	$ 20,976
Due to other funds	-	461,711	-	461,711
Due to individuals, businesses and counties	480,300	4,736,861	(4,538,003)	679,158
Total liabilities	$ 499,526	$ 5,219,548	$ (4,557,229)	$ 1,161,845

PART III: STATISTICAL SECTION (UNAUDITED)

This Part of the State's comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information on the State's overall financial health.

Contents	**Page(s)**
Financial Trends Information: These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	150–159
Revenue Capacity Information: These schedules contain information to help the reader assess the State's most significant local revenue sources, the general excise tax and net income tax.	160–167
Debt Capacity Information: These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	168–174
Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	175–177
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services provided and the activities performed by the State.	178–183

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

State of Hawaii
Financial Trends Information
Net Position by Component (Accrual Basis of Accounting)
Ten Years Ended June 30, 2020
(Amounts in thousands)

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Governmental activities					
Net investment in capital assets	$ 2,478,200	$ 2,459,159	$ 2,661,730	$ 2,787,289	$ 2,727,055
Restricted	2,345,000	2,089,246	2,028,259	1,799,903	1,591,701
Unrestricted	(12,518,653)	(11,830,687)	(11,381,725)	(7,996,567)	(7,190,837)
Total governmental activities net position	$ (7,695,453)	$ (7,282,282)	$ (6,691,736)	$ (3,409,375)	$ (2,872,081)
Business-type activities					
Net investment in capital assets	$ 2,629,344	$ 2,459,973	$ 2,183,188	$ 2,022,844	$ 1,871,554
Restricted	1,639,488	1,580,020	1,444,009	1,309,392	1,305,799
Unrestricted	251,266	1,018,193	1,075,059	1,141,536	1,058,108
Total business-type activities net position	$ 4,520,098	$ 5,058,186	$ 4,702,256	$ 4,473,772	$ 4,235,461
Primary government					
Net investment in capital assets	$ 5,107,544	$ 4,919,132	$ 4,844,918	$ 4,810,133	$ 4,598,609
Restricted	3,984,488	3,669,266	3,472,268	3,109,295	2,897,500
Unrestricted	(12,267,387)	(10,812,494)	(10,306,666)	(6,855,031)	(6,132,729)
Total primary government net position	$ (3,175,355)	$ (2,224,096)	$ (1,989,480)	$ 1,064,397	$ 1,363,380

Notes: Amounts prior to fiscal 2014 have not been restated for GASB Statement No. 65.

Amounts prior to fiscal 2015 have not been restated for GASB Statements No. 68 and No. 71.

Amounts prior to fiscal 2017 have not been restated for GASB Statement No. 82.

Amounts prior to fiscal 2018 have not been restated for GASB Statement No. 75.

2015	2014	2013	2012	2011
$ 2,826,649	$ 2,772,220	$ 2,863,379	$ 2,794,481	$ 3,326,245
1,445,824	1,128,678	1,051,548	930,294	917,730
(7,379,890)	(3,096,065)	(2,669,391)	(2,394,874)	(2,384,187)
$ (3,107,417)	$ 804,833	$ 1,245,536	$ 1,329,901	$ 1,859,788
$ 1,773,613	$ 1,653,902	$ 1,599,483	$ 1,560,267	$ 1,476,136
1,227,441	1,160,551	1,068,146	966,042	956,894
995,207	1,050,981	899,740	649,583	579,383
$ 3,996,261	$ 3,865,434	$ 3,567,369	$ 3,175,892	$ 3,012,413
$ 4,600,262	$ 4,426,122	$ 4,462,862	$ 4,354,748	$ 4,802,381
2,673,265	2,289,229	2,119,694	1,896,336	1,874,624
(6,384,683)	(2,045,084)	(1,769,651)	(1,745,291)	(1,804,804)
$ 888,844	$ 4,670,267	$ 4,812,905	$ 4,505,793	$ 4,872,201

State of Hawaii
Financial Trends Information
Changes in Net Position (Accrual Basis of Accounting)
Ten Years Ended June 30, 2020
(Amounts in thousands)

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Expenses					
Governmental activities					
General government	$ 1,129,769	$ 1,054,935	$ 920,547	$ 631,052	$ 688,394
Public safety	642,353	675,663	639,888	552,671	485,985
Highways	531,105	552,741	614,847	457,374	399,997
Conservation of natural resources	109,093	224,266	118,637	161,924	107,740
Health	1,138,450	1,019,160	874,898	889,216	878,610
Welfare	3,678,820	3,379,304	3,542,771	3,481,679	3,343,392
Lower education	3,595,747	3,527,097	3,404,645	3,157,517	2,840,782
Higher education	1,050,582	950,253	950,843	899,199	673,217
Other education	16,936	18,376	23,827	27,248	23,379
Culture and recreation	155,261	110,711	89,647	106,875	106,511
Urban redevelopment and housing	246,495	179,794	392,921	245,819	122,981
Economic development and assistance	4,868	174,629	170,200	161,077	163,935
Interest expense	244,994	251,294	311,340	212,042	210,204
Total governmental activities expenses	12,544,473	12,118,223	12,055,011	10,983,693	10,045,127
Business-type activities					
Airports	559,374	469,321	429,884	408,517	377,393
Harbors	98,998	85,007	92,978	101,180	93,088
Unemployment compensation	2,147,598	165,134	177,009	173,735	144,481
Nonmajor proprietary funds	108,798	103,954	96,548	110,907	112,323
Total business-type activities expenses	2,914,768	823,416	796,419	794,339	727,285
Total primary government expenses	$ 15,459,241	$ 12,941,639	$ 12,851,430	$ 11,778,032	$ 10,772,412
Program revenues					
Governmental activities					
Charges for services					
General government	$ 292,428	$ 302,275	$ 319,043	$ 289,116	$ 209,598
Health	130,082	138,013	126,046	143,363	136,429
Other	375,479	393,958	479,847	357,034	371,823
Operating grants and contributions	3,597,822	3,082,678	3,154,479	3,068,752	2,986,842
Capital grants and contributions	-	-	-	-	113,006
Total governmental activities program revenues	4,395,811	3,916,924	4,079,415	3,858,265	3,817,698
Business-type activities					
Charges for services					
Airports	475,064	562,436	587,602	511,018	459,269
Unemployment compensation	1,391,747	193,093	186,239	176,212	187,215
Others	329,283	296,920	283,586	269,694	218,552
Capital grants and contributions	95,720	78,010	37,956	51,091	80,173
Total business-type activities program revenues	2,291,814	1,130,459	1,095,383	1,008,015	945,209
Total primary government program revenues	$ 6,687,625	$ 5,047,383	$ 5,174,798	$ 4,866,280	$ 4,762,907
Net (expense) revenue					
Governmental activities	$ (8,148,662)	$ (8,201,299)	$ (7,975,596)	$ (7,125,428)	$ (6,227,429)
Business-type activities	(622,954)	307,043	298,964	213,676	217,924
Total primary government net expenses	$ (8,771,616)	$ (7,894,256)	$ (7,676,632)	$ (6,911,752)	$ (6,009,505)

Notes: Amounts prior to fiscal 2014 have not been restated for GASB Statement No. 65.

Amounts prior to fiscal 2015 have not been restated for GASB Statements No. 68 and No. 71.

Amounts prior to fiscal 2017 have not been restated for GASB Statement No. 82.

Amounts prior to fiscal 2018 have not been restated for GASB Statement No. 75.

2015	2014	2013	2012	2011
$ 595,278	$ 567,941	$ 531,839	$ 552,788	$ 535,434
504,343	533,727	451,946	502,002	471,459
426,142	554,039	490,091	516,924	450,548
89,176	101,587	52,208	96,349	89,021
871,563	849,493	813,190	773,288	816,525
3,196,602	2,879,813	2,798,053	2,464,582	2,553,829
2,729,789	2,685,037	2,592,125	2,598,444	2,545,980
761,837	693,292	654,611	672,716	707,381
21,664	21,766	20,086	16,753	14,018
84,265	104,303	94,679	111,628	108,697
115,653	137,160	173,677	23,888	66,144
179,485	166,455	172,602	209,460	238,315
247,059	239,760	241,677	243,938	239,836
9,822,856	9,534,373	9,086,784	8,782,760	8,837,187
350,041	346,699	366,918	353,541	354,368
87,031	89,327	90,548	84,826	80,355
186,893	244,947	336,931	468,610	561,548
112,209	87,031	66,119	169,166	250,346
736,174	768,004	860,516	1,076,143	1,246,617
$ 10,559,030	$ 10,302,377	$ 9,947,300	$ 9,858,903	$ 10,083,804
$ 248,915	$ 223,066	$ 267,081	$ 266,878	$ 270,078
136,547	130,338	56,963	32,339	46,215
314,099	287,937	170,603	121,928	112,479
2,809,460	2,660,770	2,589,537	2,370,437	2,837,464
139,977	97,290	96,184	97,322	132,825
3,648,998	3,399,401	3,180,368	2,888,904	3,399,061
434,489	404,442	431,708	343,279	387,484
239,375	353,546	507,096	533,963	535,243
238,852	203,979	215,243	272,317	341,707
72,140	98,628	64,313	85,899	75,324
984,856	1,060,595	1,218,360	1,235,458	1,339,758
$ 4,633,854	$ 4,459,996	$ 4,398,728	$ 4,124,362	$ 4,738,819
$ (6,173,858)	$ (6,134,972)	$ (5,906,416)	$ (5,893,856)	$ (5,438,126)
248,682	292,591	357,844	159,315	93,141
$ (5,925,176)	$ (5,842,381)	$ (5,548,572)	$ (5,734,541)	$ (5,344,985)

(continued)

State of Hawaii
Financial Trends Information
Changes in Net Position (Accrual Basis of Accounting)
Ten Years Ended June 30, 2020
(Amounts in thousands)

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
General revenues and other changes in net position					
Governmental activities					
Taxes					
General excise tax	$ 3,667,538	$ 3,794,587	$ 3,553,975	$ 3,189,599	$ 3,192,469
Net income tax – corporations and individuals	2,661,618	2,728,991	2,407,338	2,330,408	2,160,872
Public service companies tax	134,639	126,691	117,641	122,159	152,760
Transient accommodations tax	304,012	356,670	304,521	299,712	233,082
Tobacco and liquor tax	150,065	151,438	157,988	160,906	161,239
Liquid fuel tax	79,187	85,146	85,211	84,933	89,702
Tax on premiums of insurance companies	183,563	176,420	162,318	166,836	154,690
Vehicle weight and registration tax	125,119	136,142	135,080	132,974	130,051
Rental motor/tour vehicle surcharge tax	72,502	57,994	54,846	53,189	54,873
Franchise tax	35,271	26,808	15,712	11,174	14,691
Other tax	157,623	156,632	145,861	103,204	109,072
Interest and investment income	164,354	40,141	36,527	30,676	22,564
Other	-	(2,797)	4,538	-	(13,300)
Assumption agreement with State, net	-	-	(250,697)	-	-
Debt cancellation with State	-	(224,110)	-	-	-
Total governmental activities	7,735,491	7,610,753	6,930,859	6,685,770	6,462,765
Business-type activities					
Interest and investment income	84,866	48,887	27,352	25,324	21,276
Other	-	-	-	-	-
Total business-type activities	84,866	48,887	27,352	25,324	21,276
Total primary government	$ 7,820,357	$ 7,659,640	$ 6,958,211	$ 6,711,094	$ 6,484,041
Changes in net position					
Governmental activities	$ (413,171)	$ (590,546)	$ (1,044,737)	$ (439,658)	$ 235,336
Business-type activities	(538,088)	355,930	326,316	239,000	239,200
Total primary government	$ (951,259)	$ (234,616)	$ (718,421)	$ (200,658)	$ 474,536

Notes: Amounts prior to fiscal 2014 have not been restated for GASB Statement No. 65.

Amounts prior to fiscal 2015 have not been restated for GASB Statements No. 68 and No. 71.

Amounts prior to fiscal 2017 have not been restated for GASB Statement No. 82.

Amounts prior to fiscal 2018 have not been restated for GASB Statement No. 75.

2015	2014	2013	2012	2011
$ 3,021,418	$ 2,816,346	$ 2,991,792	$ 2,774,636	$ 2,507,980
2,073,015	1,840,890	1,795,683	1,633,085	1,477,624
163,481	166,179	163,930	150,528	117,940
202,345	188,721	186,377	138,529	60,839
165,137	155,990	161,066	170,824	173,851
88,449	88,707	87,645	88,842	91,265
147,767	139,074	133,585	119,472	140,586
125,113	124,686	121,605	98,187	59,476
51,941	42,853	52,112	106,417	43,892
19,930	38,983	22,673	7,229	33,682
76,222	96,131	80,081	70,873	67,799
16,024	13,163	25,502	5,347	55,852
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
6,150,842	5,711,723	5,822,051	5,363,969	4,830,786
17,567	12,805	14,633	4,164	33,587
-	-	19,000	-	-
17,567	12,805	33,633	4,164	33,587
$ 6,168,409	$ 5,724,528	$ 5,855,684	$ 5,368,133	$ 4,864,373
$ (23,016)	$ (423,249)	$ (84,365)	$ (529,887)	$ (607,340)
266,249	305,396	391,477	163,479	126,728
$ 243,233	$ (117,853)	$ 307,112	$ (366,408)	$ (480,612)

(concluded)

State of Hawaii
Financial Trends Information
Fund Balances – Governmental Funds (Modified Accrual Basis of Accounting)
Ten Years Ended June 30, 2020
(Amounts in thousands)

	Fiscal Year Ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
General Fund (under GASB 54)					
Assigned	$ 479,071	$ 475,242	$ 503,201	$ 400,529	$ 394,581
Unassigned	789,518	1,147,073	974,719	1,305,542	1,400,783
Total General Fund	$ 1,268,589	$ 1,622,315	$ 1,477,920	$ 1,706,071	$ 1,795,364
All other governmental funds (under GASB 54)					
Restricted	$ 16,018	$ 22,006	$ 25,653	$ 110,750	$ 15,557
Committed	1,041,570	823,958	805,502	688,980	401,313
Assigned	1,316,396	1,267,999	1,226,984	1,117,520	1,199,080
Unassigned	(362,148)	(210,972)	(68,660)	(116,880)	(340,671)
Total all other governmental funds	$ 2,011,836	$ 1,902,991	$ 1,989,479	$ 1,800,370	$ 1,275,279

2015	2014	2013	2012	2011
$ 205,242	$ 256,483	$ 271,020	$ 236,779	$ 210,164
1,384,053	1,079,180	1,154,253	570,659	346,882
$ 1,589,295	$ 1,335,663	$ 1,425,273	$ 807,438	$ 557,046
$ 25,370	$ 27,145	$ 21,854	$ 109	$ 21,582
449,290	497,932	486,240	518,374	600,125
1,009,503	739,279	612,762	532,466	339,337
(576,980)	(588,405)	(611,097)	(408,575)	(766,665)
$ 907,183	$ 675,951	$ 509,759	$ 642,374	$ 194,379

State of Hawaii
Financial Trends Information
Changes in Fund Balances – Governmental Funds
(Modified Accrual Basis of Accounting)
Ten Years Ended June 30, 2020
(Amounts in thousands)

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Revenues					
Taxes					
General excise tax	$ 3,632,630	$ 3,794,585	$ 3,553,975	$ 3,189,599	$ 3,192,469
Net income tax – corporations and individuals	2,657,551	2,718,654	2,456,674	2,286,017	2,157,879
Public service companies tax	134,639	126,691	117,641	122,159	152,760
Transient accommodations tax	303,176	356,670	304,521	299,712	233,082
Tobacco and liquor tax	150,065	151,438	157,988	160,906	161,239
Liquid fuel tax	79,187	85,146	85,211	84,933	89,702
Tax on premiums of insurance companies	183,563	176,420	162,318	166,836	154,690
Vehicle weight and registration tax	125,119	136,142	135,080	132,974	130,051
Rental motor/tour vehicle surcharge tax	72,502	57,994	54,846	53,189	54,873
Franchise tax	35,271	26,808	15,712	11,174	14,691
Other	157,591	156,632	145,861	103,204	109,072
Total taxes	7,531,294	7,787,180	7,189,827	6,610,703	6,450,508
Interest and investment income	164,354	40,141	36,527	30,676	22,564
Charges for current services	495,009	518,531	477,717	460,211	431,181
Intergovernmental	3,333,396	2,783,538	2,878,717	2,938,557	2,995,768
Rentals	35,035	38,031	35,466	35,530	32,371
Fines, forfeitures and penalties	28,579	37,513	38,767	39,203	35,738
Licenses and fees	45,763	47,965	47,066	46,893	45,738
Revenues from private sources	128,401	122,017	184,661	105,857	126,450
Other	329,624	369,425	428,066	248,389	169,533
Total revenues	12,091,455	11,744,341	11,316,814	10,516,019	10,309,851
Expenditures					
Current					
General government	1,137,274	1,007,554	807,032	701,083	673,236
Public safety	612,091	634,120	579,980	531,545	479,047
Highways	500,212	526,148	609,538	461,523	389,744
Conservation of natural resources	167,383	145,383	157,639	180,697	181,563
Health	1,096,444	1,009,545	827,592	873,703	876,820
Welfare	3,653,210	3,332,469	3,495,974	3,442,279	3,349,414
Lower education	3,351,308	3,334,110	3,226,275	2,973,583	2,828,013
Higher education	1,050,582	950,253	950,843	899,199	673,217
Other education	16,936	18,376	23,827	27,248	23,379
Culture and recreation	143,739	116,381	104,964	104,655	101,351
Urban redevelopment and housing	78,061	79,236	124,292	63,807	54,446
Economic development and assistance	166,387	152,592	167,614	179,127	159,483
Housing	153,411	85,032	256,386	133,010	58,381
Other	13,293	13,691	12,388	10,613	20,193
Debt service					
Principal	564,222	464,518	464,518	484,274	444,791
Interest and others	332,279	390,856	321,150	296,482	315,321
Total expenditures	13,036,832	12,260,264	12,130,012	11,362,828	10,628,399
Excess of expenditures over revenues	(945,377)	(515,923)	(813,198)	(846,809)	(318,548)
Other financing sources (uses)					
Proceeds from borrowing and refunding	700,496	644,962	1,200,004	2,161,677	1,835,677
Payments to escrow agent	-	(69,730)	(424,887)	(879,070)	(989,950)
Transfers in	1,324,903	1,214,773	1,291,815	1,444,931	1,276,279
Transfers out	(1,324,903)	(1,214,773)	(1,291,815)	(1,444,931)	(1,276,279)
Other	-	(1,402)	(961)	-	46,986
Total other financing sources	700,496	573,830	774,156	1,282,607	892,713
Net change in fund balances	$ (244,881)	$ 57,907	$ (39,042)	$ 435,798	$ 574,165
Total debt service as a percent of noncapital expenditures (1)	7.4%	7.5%	7.0%	7.3%	7.6%

(1) Total debt service as a percent of noncapital expenditures is computed by debt service principal plus debt service interest and others divided by total expenditures less debt service principal and debt service interest and others.

2015	2014	2013	2012	2011
$ 3,021,418	$ 2,816,346	$ 2,991,792	$ 2,774,636	$ 2,507,980
2,047,327	1,840,963	1,804,409	1,633,412	1,473,188
163,481	166,179	163,930	150,528	117,940
202,345	188,721	186,377	138,529	60,839
165,137	155,990	161,066	170,824	173,851
88,449	88,707	87,645	88,842	91,265
147,767	139,074	133,585	119,472	140,586
125,113	124,686	121,605	98,187	59,476
51,941	42,853	52,112	106,417	43,892
19,930	38,983	22,673	7,229	33,682
76,222	96,131	80,079	70,873	67,799
6,109,130	5,698,633	5,805,273	5,358,949	4,770,498
16,024	13,163	25,502	5,347	55,854
384,380	363,791	369,269	337,765	348,108
2,803,989	2,650,876	2,372,480	2,238,639	2,567,266
31,127	31,846	28,633	25,421	23,319
37,201	33,087	36,802	35,083	34,712
42,463	47,209	46,839	46,390	41,557
121,366	112,916	104,670	65,085	54,857
191,472	173,483	235,516	152,091	343,318
9,737,152	9,125,004	9,024,984	8,264,770	8,239,489
573,820	543,129	408,538	487,596	487,848
484,960	519,954	432,024	454,957	423,716
455,563	403,559	418,991	414,629	376,780
145,516	108,703	92,601	98,428	93,600
855,797	828,088	779,755	729,841	757,482
3,192,807	2,945,370	2,773,241	2,443,936	2,526,743
2,619,156	2,603,774	2,358,763	2,330,130	2,208,303
761,837	693,292	654,611	672,716	707,380
21,664	21,766	20,086	16,753	14,018
96,676	107,846	107,940	109,974	117,306
71,384	65,228	66,243	48,484	73,789
176,919	158,379	157,468	147,445	158,104
48,565	63,683	112,614	46,133	61,352
15,179	29,818	32,716	12,108	12,223
444,791	458,983	399,382	313,721	191,244
289,524	278,315	288,267	274,039	266,737
10,254,158	9,829,887	9,103,240	8,600,890	8,476,625
(517,006)	(704,883)	(78,256)	(336,120)	(237,136)
1,518,709	948,190	1,066,848	1,600,308	-
(516,839)	(185,560)	(503,372)	(565,801)	-
1,171,272	1,066,780	1,033,917	950,717	921,433
(1,171,272)	(1,066,780)	(1,033,917)	(950,717)	(921,433)
-	18,835	-	-	37,889
1,001,870	781,465	563,476	1,034,507	37,889
$ 484,864	$ 76,582	$ 485,220	$ 698,387	$ (199,247)
7.7%	7.9%	8.0%	7.2%	5.7%

State of Hawaii
Revenue Capacity Information
Personal Income by Industry
Ten Years Ended June 30, 2020
(Amounts in millions)

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Farm earnings	$ 249	$ 271	$ 284	$ 274	$ 284
Nonfarm wage and salary worker					
Goods-producing industries					
Forestry, fishing-related activities, and other	90	97	94	87	76
Mining	32	31	35	35	39
Construction	4,531	4,538	4,372	4,391	4,038
Manufacturing – durable and nondurable goods	948	975	959	921	918
Subtotal goods – producing industries	5,601	5,641	5,460	5,434	5,071
Service-producing industries					
Transportation, communication and utilities	4,802	3,064	2,965	2,714	2,639
Trade	3,170	4,841	4,659	4,574	4,419
Information	830	893	766	711	742
Finance, insurance and real estate	3,714	3,626	3,373	3,192	3,051
Service	21,500	21,964	21,051	19,595	19,087
State and local government	7,313	7,235	6,907	6,970	6,949
Federal government	9,219	8,990	8,505	8,491	8,614
Subtotal service-producing industries	50,548	50,613	48,226	46,247	45,501
Total nonfarm wage and salary worker	56,149	56,254	53,686	51,681	50,572
Other (1)	27,963	23,638	22,506	21,042	19,814
Total personal income	$ 84,361	$ 80,163	$ 76,476	$ 72,997	$ 70,670
Total direct income tax rate (2)	N/A	N/A	N/A	N/A	N/A

(1) Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

(2) The total direct rate for personal income is not available.

Source: State of Hawaii Department of Business, Economic Development and Tourism – Data Book and Quarterly Statistical and Economic Report (QSER)
Bureau of Economic Analysis – SQ5N Personal Income by major source and earnings by major NAICS industry.

2015	2014	2013	2012	2011
$ 318	$ 349	$ 243	$ 288	$ 288
76	66	60	60	42
41	37	39	35	33
3,542	3,328	3,236	3,046	2,843
878	833	804	767	768
4,537	4,264	4,139	3,908	3,686
2,424	2,316	2,178	1,889	1,783
4,130	4,089	3,929	3,768	3,666
718	711	692	645	711
3,110	3,267	2,752	2,329	2,081
17,608	17,126	16,423	15,438	15,075
6,426	6,089	5,873	5,425	5,327
8,400	8,139	8,507	10,094	9,531
42,816	41,737	40,354	39,588	38,174
47,353	46,001	44,493	43,496	41,860
19,092	18,270	18,473	16,144	15,981
$ 66,763	$ 64,620	$ 63,209	$ 59,928	$ 58,129
N/A	N/A	N/A	N/A	N/A

State of Hawaii
Revenue Capacity Information
Personal Income Tax Rates
Ten Years Ending December 31, 2020

	Top Income Tax Rate is Applied to Taxable Income in Excess of					
Year	**Top Rate**	**Single**	**Top Rate**	**Married Filing Jointly**	**Top Rate**	**Head of Household**
2020	11.00% + $16,379	$ 200,000	11.00% + $32,757	$ 400,000	11.00% + $24,568	$ 300,000
2019	11.00% + $16,379	200,000	11.00% + $32,757	400,000	11.00% + $24,568	300,000
2018	8.25% + $3,214	48,000	8.25% + $6,427	96,000	8.25% + $4,820	72,000
2017	8.25% + $3,214	48,000	8.25% + $6,427	96,000	8.25% + $4,820	72,000
2016	11.00% + $16,379	200,000	11.00% + $32,757	400,000	11.00% + $24,568	300,000
2015	11.00% + $16,379	200,000	11.00% + $32,757	400,000	11.00% + $24,568	300,000
2014	11.00% + $16,379	200,000	11.00% + $32,757	400,000	11.00% + $24,568	300,000
2013	11.00% + $16,379	200,000	11.00% + $32,757	400,000	11.00% + $24,568	300,000
2012	11.00% + $16,379	200,000	11.00% + $32,757	400,000	11.00% + $24,568	300,000
2011	11.00% + $16,379	200,000	11.00% + $32,757	400,000	11.00% + $24,568	300,000

Source: State of Hawaii, Department of Taxation.

State of Hawaii
Revenue Capacity Information
Taxable Sales by Industry
Ten Years Ended June 30, 2020
(Amounts in millions)

	Fiscal Year Ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Taxable sales by activities					
Retailing	$ 35,679	$ 36,801	$ 35,454	$ 30,747	$ 29,498
Services	16,750	16,927	16,375	14,162	13,667
Contracting	9,541	9,706	8,914	8,418	8,185
Hotel rentals	5,215	5,669	5,527	4,898	4,442
All other rentals	8,667	8,564	8,171	6,669	6,474
All other (4%)	5,893	6,543	6,545	5,918	5,407
Subtotal	81,745	84,210	80,986	70,812	67,673
Producing	303	296	359	324	295
Manufacturing	561	596	640	731	734
Wholesaling	17,417	18,062	17,590	14,462	13,864
Use (0.5%)	6,886	7,280	7,640	6,799	7,354
Services (intermediary)	1,007	1,005	903	870	708
Insurance solicitors	702	754	650	495	485
Subtotal	26,876	27,993	27,782	23,681	23,440
Total all activities	$ 108,621	$ 112,203	$ 108,768	$ 94,493	$ 91,113

General excise and use tax is imposed on the gross income received by the business, as follows:

- 4% of sales of tangible personal property, services, contracting, theater amusement and broadcasting, commissions, transient accommodation rentals, other rentals, interest, and other business activities.
- 0.5% of sales from wholesaling, manufacturing, producing, wholesale services, and imports for resale.
- 0.15% on insurance producer commissions.

Source: State of Hawaii, Department of Taxation – Monthly Tax Collection Reports.

2015	2014	2013	2012	2011
$ 29,987	$ 31,152	$ 29,636	$ 29,095	$ 25,887
13,361	13,795	12,985	12,696	11,944
7,322	7,046	7,547	6,253	5,687
4,328	4,279	3,871	3,431	3,024
6,544	6,472	6,377	6,154	5,999
5,486	5,683	5,337	5,160	4,825
67,028	68,427	65,753	62,789	57,366
321	436	399	401	370
716	1,876	639	681	698
14,294	14,675	14,430	14,442	13,121
7,127	6,489	8,867	8,005	6,669
716	1,096	628	653	577
489	485	464	477	480
23,663	25,057	25,427	24,659	21,915
$ 90,691	$ 93,484	$ 91,180	$ 87,448	$ 79,281

State of Hawaii
Revenue Capacity Information
Sales Tax Revenue Payers by Industry
Ten Years Ended June 30, 2020
(Amounts in thousands)

Fiscal Year Ended June 30,

	2020		2019		2018		2017		2016	
	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total
Retailing	$ 1,427,180	41.5%	$ 1,472,039	41.5%	$ 1,418,176	41.8%	$ 1,229,860	38.0%	$ 1,179,911	36.8%
Services	670,010	19.5%	677,082	19.1%	655,007	19.3%	566,466	17.5%	546,684	17.1%
Contracting	381,641	11.1%	388,249	11.0%	356,576	10.5%	336,717	10.4%	327,394	10.2%
Theater, amusement, etc.	16,661	0.5%	19,978	0.6%	19,182	0.6%	17,248	0.5%	15,931	0.5%
Interest	127,396	3.7%	141,903	4.0%	142,359	4.2%	134,441	4.2%	1	0.0%
Commissions	51,076	1.5%	54,981	1.6%	55,832	1.6%	49,209	1.5%	44,777	1.4%
Hotel rentals	208,581	6.1%	226,764	6.4%	221,084	6.5%	195,919	6.0%	177,671	5.5%
All other rentals	346,685	10.1%	342,572	9.7%	326,823	9.6%	266,758	8.2%	258,977	8.1%
Use (4%)	40,580	1.2%	44,847	1.3%	44,390	1.3%	35,845	1.1%	35,620	1.1%
All other (4%)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	119,948	3.7%
Producing	1,514	0.1%	1,480	0.0%	1,794	0.1%	1,619	0.1%	1,473	0.0%
Manufacturing	2,807	0.1%	2,981	0.1%	3,201	0.1%	3,657	0.1%	3,670	0.1%
Wholesaling	87,088	2.5%	90,308	2.6%	87,952	2.6%	72,309	2.2%	69,322	2.2%
Use (0.5%)	34,428	1.0%	36,398	1.0%	38,201	1.1%	33,996	1.0%	36,872	1.2%
Services (Intermediary)	5,033	0.1%	5,026	0.1%	4,514	0.1%	4,352	0.1%	3,539	0.1%
Insurance solicitors	1,053	0.0%	1,131	0.0%	975	0.0%	743	0.1%	728	0.0%
Unallocated collections	34,405	1.0%	35,650	1.0%	19,500	0.6%	290,086	9.0%	383,736	12.0%
Total	$ 3,436,138	100.0%	$ 3,541,389	100.0%	$ 3,395,566	100.0%	$ 3,239,225	100.0%	$ 3,206,254	100.0%

Source: State of Hawaii, Department of Taxation – Monthly Tax Collection Reports.

Note: Information for number of filers is not available.

2015		2014		2013		2012		2011	
Tax Liability	Percentage of Total	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total	Tax Liability	Percentage of Total
$ 1,199,488	39.4%	$ 1,246,061	43.3%	$ 1,185,446	40.3%	$ 1,163,805	43.1%	$ 1,035,465	41.5%
534,442	17.5%	551,784	19.2%	519,419	17.6%	507,864	18.9%	477,753	19.3%
292,874	9.6%	281,839	9.8%	301,875	10.3%	250,122	9.3%	227,497	9.1%
15,955	0.5%	15,619	0.5%	15,986	0.5%	15,776	0.6%	14,945	0.6%
1	0.0%	3	0.0%	3	0.0%	4	0.0%	74	0.0%
45,619	1.5%	45,125	1.6%	42,064	1.4%	38,848	1.4%	36,574	1.5%
173,100	5.7%	171,162	5.9%	154,837	5.3%	137,222	5.1%	120,954	4.8%
261,743	8.6%	258,886	9.0%	255,074	8.7%	246,151	9.1%	239,944	9.6%
39,884	1.3%	40,277	1.4%	41,015	1.4%	41,797	1.5%	37,316	1.5%
118,014	3.9%	126,306	4.4%	114,396	3.9%	109,989	4.1%	104,073	4.2%
1,605	0.1%	2,181	0.1%	1,997	0.1%	2,004	0.1%	1,850	0.1%
3,581	0.1%	9,380	0.3%	3,194	0.1%	3,402	0.1%	3,488	0.1%
71,471	2.3%	73,373	2.5%	72,149	2.4%	72,210	2.7%	65,608	2.6%
35,634	1.2%	32,446	1.1%	44,337	1.5%	40,026	1.5%	33,347	1.3%
3,578	0.1%	5,480	0.2%	3,139	0.1%	3,265	0.1%	2,886	0.1%
733	0.0%	728	0.0%	697	0.0%	716	0.0%	721	0.0%
250,484	8.2%	19,893	0.7%	188,859	6.4%	64,750	2.4%	93,312	3.7%
$ 3,048,206	100.0%	$ 2,880,543	100.0%	$ 2,944,487	100.0%	$ 2,697,951	100.0%	$ 2,495,807	100.0%

State of Hawaii
Debt Capacity Information
Ratios of Outstanding Debt by Type
Ten Years Ended June 30, 2020
(Amounts in thousands except per capita data)

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Governmental activities					
General obligation bonds	$ 7,294,070	$ 7,914,382	$ 7,912,206	$ 7,635,827	$ 6,953,431
Revenue bonds	623,120	571,306	633,073	692,742	615,120
Capital leases	115,147	122,922	129,897	143,622	149,477
Total governmental activities	8,032,337	8,608,610	8,675,176	8,472,191	7,718,028
Business-type activities					
General obligation bonds	18,690	21,026	23,255	25,377	27,400
Revenue bonds	2,093,075	1,968,315	1,567,305	1,375,442	1,429,980
Lease revenue certificates of participation	224,375	236,147	244,979	252,806	179,985
Loan payable	-	76,000	76,000	76,000	34,910
Total business-type activities	2,336,140	2,301,488	1,911,539	1,729,625	1,672,275
Total primary government	$ 10,368,477	$ 10,910,098	$ 10,586,715	$ 10,201,816	$ 9,390,303
Hawaii total personal income	$ 84,361,000	$ 80,163,000	$ 76,476,000	$ 72,997,000	$ 71,767,000
Debt as a percentage of personal income	12.3%	13.6%	13.8%	14.0%	13.1%
Hawaii population	1,416	1,422	1,435	1,428	1,429
Amount of debt per capita	$ 7,322	$ 7,672	$ 7,378	$ 7,144	$ 6,571

Note: Details regarding the State's outstanding debt can be found in the notes to basic financial statements.

Source: State of Hawaii, Comprehensive Annual Financial Reports.
State of Hawaii, Department of Business, Economic Development and Tourism – QSER.

2015	2014	2013	2012	2011
$ 6,503,281	$ 5,784,139	$ 5,534,921	$ 5,475,348	$ 4,987,544
666,202	412,725	441,150	468,180	378,625
96,175	102,622	89,879	95,340	100,520
7,265,658	6,299,486	6,065,950	6,038,868	5,466,689
29,332	31,176	32,934	34,611	36,221
1,218,943	1,278,137	1,326,112	1,370,314	1,410,624
172,864	173,771	-	-	-
34,910	-	-	-	-
1,456,049	1,483,084	1,359,046	1,404,925	1,446,845
$ 8,721,707	$ 7,782,570	$ 7,424,996	$ 7,443,793	$ 6,913,534
$ 66,763,000	$ 64,620,000	$ 63,209,000	$ 59,928,000	$ 58,129,000
13.1%	12.0%	11.7%	12.4%	11.9%
1,432	1,420	1,404	1,392	1,375
$ 6,091	$ 5,481	$ 5,288	$ 5,348	$ 5,028

State of Hawaii
Debt Capacity Information
Ratios of Net General Bonded Debt Outstanding
Ten Years Ended June 30, 2020
(Amounts in thousands except ratio data)

Fiscal Year	Taxable Sales (1)	Population (2)	General Obligation Bonded Debt (3)(4)	Less: Debt Services Monies Available (3)	Net General Obligation Bonded Debt	Percentage of Taxable Sales	Net General Obligation Bonded Debt Per Capita
2020	$ 108,621,000	1,416	$ 7,312,760	$ 152	$ 7,312,608	6.7%	5,164
2019	112,203,000	1,422	7,935,408	-	7,935,408	7.1%	5,580
2018	108,768,000	1,435	7,935,461	-	7,935,461	7.3%	5,530
2017	94,493,000	1,428	7,661,204	35	7,661,169	8.1%	5,365
2016	91,113,000	1,429	6,980,831	35	6,980,796	7.7%	4,885
2015	90,691,000	1,432	6,532,613	35	6,532,578	7.2%	4,562
2014	93,484,000	1,420	5,815,315	35	5,815,280	6.2%	4,095
2013	91,181,000	1,404	5,567,855	63	5,567,792	6.1%	3,966
2012	87,448,000	1,392	5,509,959	64	5,509,895	6.3%	3,958
2011	79,281,000	1,375	5,023,765	109	5,023,656	6.3%	3,654

(1) **Source:** State of Hawaii, Department of Taxation.

(2) **Source:** State of Hawaii, Department of Business, Economic Development and Tourism – Census Data.

(3) **Source:** State of Hawaii, Department of Accounting and General Services, Accounting Division.

(4) Excludes Component Unit – UH general obligation bonds.

State of Hawaii
Debt Capacity Information
Legal Debt Margin Information
Ten Years Ended June 30, 2020
(Amounts in thousands)

	Fiscal Year Ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Average general fund revenues of the three preceding fiscal years	$ 7,732,620	$ 7,637,553	$ 7,359,330	$ 6,997,106	$ 6,577,966
Constitutional debt limit percentage	18.5%	18.5%	18.5%	18.5%	18.5%
Constitutional debt limit for total principal and interest payable in a current or future year	1,430,535	1,412,947	1,361,476	1,294,465	1,216,924
Less: Total principal and interest payable on outstanding general obligation bonds in highest debt service year	(753,610)	(836,170)	(792,143)	(739,852)	(712,592)
Legal debt margin	$ 676,925	$ 576,777	$ 569,333	$ 554,613	$ 504,332
Legal debt margin as a percentage of the debt limit	47.3%	40.8%	41.8%	42.8%	41.4%

The formula for the legal debt limit is contained in Article VII, Section 13 of the State Constitution.

2015	2014	2013	2012	2011
$ 6,294,642	$ 5,987,800	$ 5,659,152	$ 5,197,547	$ 4,992,943
18.5%	18.5%	18.5%	18.5%	18.5%
1,164,509	1,107,743	1,046,943	961,546	923,694
(693,934)	(693,677)	(693,592)	(667,041)	(618,711)
$ 470,575	$ 414,066	$ 353,351	$ 294,505	$ 304,983
40.4%	37.4%	33.8%	30.6%	33.0%

State of Hawaii
Debt Capacity Information
Pledge Revenue Coverage
Ten Years Ended June 30, 2020
(Amounts in thousands)

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue bonds – Airports										
Gross revenue (1)	$ 486,117	$ 495,315	$ 466,317	$ 431,726	$ 381,404	$ 355,948	$ 341,155	$ 385,841	$ 319,542	$ 322,639
Less: Operating expenses (2)	339,043	316,905	299,799	288,644	259,223	253,581	246,982	244,328	230,224	218,290
Net available revenue	147,074	178,410	166,518	143,082	122,181	102,367	94,173	141,513	89,318	104,349
Debt services										
Principal	44,690	42,585	40,755	38,935	37,290	35,725	34,210	40,305	30,579	25,370
Interest (3)	51,751	47,423	46,454	45,182	42,532	41,671	23,414	40,705	34,440	35,319
Total debt services	96,441	90,008	87,209	84,117	79,822	77,396	57,624	81,010	65,019	60,689
Coverage (4)	153%	198%	191%	170%	153%	132%	163%	175%	137%	172%
Revenue bonds – Harbors										
Gross revenue (5)	$ 183,623	$ 198,605	$ 170,560	$ 140,052	$ 131,858	$ 124,663	$ 122,379	$ 114,640	$ 104,678	$ 88,018
Less: Operating expenses (6)	48,834	47,461	53,543	53,396	47,133	43,132	43,837	44,048	41,202	37,650
Net available revenue	134,789	151,144	117,017	86,656	84,725	81,531	78,542	70,592	63,476	50,368
Debt services	28,940	28,936	29,114	31,176	31,187	31,176	31,528	31,531	27,770	27,965
Coverage (4)	466%	522%	402%	278%	272%	262%	249%	224%	229%	180%
Revenue bonds – Highways										
Gross revenue	N/A	N/A	N/A	N/A	N/A	N/A	$ 255,431	$ 256,102	$ 232,543	$ 197,142
Less: Operating expenses	N/A	N/A	N/A	N/A	N/A	N/A	205,872	184,696	173,811	165,857
Net available revenue	N/A	N/A	N/A	N/A	N/A	N/A	49,559	71,406	58,732	31,285
Debt services										
Principal	29,845	42,735	40,765	37,790	34,920	31,890	28,825	27,170	22,465	21,570
Interest	17,630	19,299	21,186	19,320	20,571	19,402	19,036	20,245	18,906	17,195
Total debt services	47,475	62,034	61,951	57,110	55,491	51,292	47,861	47,415	41,371	38,765
Coverage (7)	N/A	N/A	N/A	N/A	N/A	N/A	104%	151%	142%	81%
Revenue bonds – Department of Hawaiian Home Lands										
Revenue	$ 16,434	$ 17,361	$ 17,564	$ 15,867	$ 14,730	$ 15,230	$ 15,763	$ 12,585	$ 12,078	$ 12,036
Less: Operating expenses	-	-	-	-	-	-	-	-	-	-
Net available revenue	16,434	17,361	17,564	15,867	14,730	15,230	15,763	12,585	12,078	12,036
Debt services										
Principal	1,655	1,575	1,100	850	810	775	740	710	680	655
Interest	1,372	1,435	887	2,163	2,201	2,237	2,270	2,301	2,328	2,254
Total debt services	3,027	3,010	1,987	3,013	3,011	3,012	3,010	3,011	3,008	2,909
Coverage (4)	543%	577%	884%	527%	489%	506%	524%	418%	402%	414%

(1) Total operating revenues plus interest income and federal operating grants, exclusive of interest earned on investment in financing leases.

(2) Total operating expenses other than depreciation less (plus) excess of actual disbursements over (under) required reserve for major maintenance, renewal and replacement plus amounts required to be paid into the General Fund for general obligation bond requirements.

(3) For purposes of calculating the debt service requirement, interest payment for Airports system revenue bonds exclude the amortization of the deferred loss on refunding and original issue discount and premium, which are reported as interest expense for financial statement reporting purposes.

For fiscal years 2016, 2015 and 2014, Airports transferred $4,000,000, $18,500,000 and $19,000,000, respectively, of available funds from the Prepaid Airport Use Charge Fund into the Airport Revenue Fund for credit to the interest account in the current year to reduce the amount required to be deposited to the interest account, pursuant to the provisions of Section 6.01 in the "Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds."

(4) Revenue bond indentures require a minimum debt service coverage percentage of 125%.

(5) Total operating and nonoperating revenues exclusive of interest income on investment in financing leases and special facility construction fund and revenue fund investments.

(6) Total operating expenses other than depreciation, less State of Hawaii surcharge for central service expenses.

(7) Highways revenue bond indentures require a minimum debt service coverage percentage of 100% during a routine year, 200% during the year bonds are issued, and 135% is required for any year Highways' funds are transferred out (i.e., General Fund).

N/A Not available.

Coverage equals net available revenue divided by debt services.

Source: Airports Audited Financial Statements and Schedules of the State of Hawaii, Department of Transportation, Airports Division.
Harbors Financial Statements and Schedules of the State of Hawaii, Department of Transportation, Harbors Division.
Highways Financial Statements and Schedules of the State of Hawaii, Department of Transportation, Highways Division.
DHHL Audited Financial Statements and Schedules of the State of Hawaii, Department of Hawaiian Home Lands.

State of Hawaii
Demographic and Economic Information
Demographic and Economic Statistics
Ten Years Ended June 30, 2020

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Population (in thousands)										
State	1,416	1,422	1,435	1,428	1,429	1,432	1,420	1,404	1,392	1,375
Percentage change	(0.42%)	(0.91%)	0.49%	(0.07%)	(0.21%)	0.85%	1.14%	0.86%	1.24%	5.77%
National	329,872	331,884	327,734	325,719	323,128	321,419	318,857	316,129	313,914	311,592
Percentage change	(0.61%)	1.27%	0.62%	0.80%	0.53%	0.80%	0.86%	0.71%	0.75%	0.92%
Total personal income (in millions)										
State	$ 84,361	$ 80,163	$ 76,476	$ 72,997	$ 70,670	$ 66,763	$ 64,620	$ 63,209	$ 59,928	$ 58,129
Percentage change	5.24%	4.82%	4.77%	3.29%	5.85%	3.32%	2.23%	5.47%	3.09%	3.34%
National	$ 17,829,250	$ 17,855,326	$ 17,189,635	$ 16,152,011	$ 15,725,128	$ 14,991,944	$ 14,420,041	$ 13,904,502	$ 13,150,560	$ 12,691,347
Percentage change	(0.15%)	3.87%	6.42%	2.71%	4.89%	3.97%	3.71%	5.73%	3.62%	1.29%
Per capita personal income (in thousands)										
State	$ 59,577	$ 56,373	$ 53,293	$ 51,118	$ 49,454	$ 46,622	$ 45,507	$ 45,021	$ 43,052	$ 42,276
Percentage change	5.68%	5.78%	4.25%	3.36%	6.07%	2.45%	1.08%	4.57%	1.84%	(2.29%)
National	$ 54,049	$ 53,890	$ 52,450	$ 49,589	$ 48,665	$ 46,643	$ 45,224	$ 43,984	$ 41,892	$ 40,731
Percentage change	0.30%	2.75%	5.77%	1.90%	4.34%	3.14%	2.82%	4.99%	2.85%	0.36%
Resident civilian labor force and employment										
Civilian labor force employed	612,221	656,546	669,642	672,675	660,942	645,092	624,638	615,546	615,333	591,329
Unemployed	45,125	18,013	14,508	19,800	22,563	27,729	30,142	33,913	43,321	39,941
Unemployment rate	6.86%	2.70%	2.10%	2.90%	3.30%	4.10%	4.60%	5.20%	6.60%	6.30%

Note: The Per Capita Personal Income amount is computed by dividing Personal Income by Population, multiplied by 1,000.

Source: State of Hawaii, Department of Business, Economic Development and Tourism – QSER.
Bureau of Economic Analysis – Regional Economic Accounts.
State of Hawaii, Department of Labor and Industrial Relations –
Hawaii Workforce Infonet (HWI).

State of Hawaii
Demographic and Economic Information
Ten Largest Private Sector Employers
June 30, 2020 and June 30, 2011

2020

Employer	Employees	Percentage of Total State Employment
Hawaii Pacific Health	7,273	1.1%
Hawaiian Airlines	6,012	0.9%
Hawaiian Electric Industries, Inc.	3,845	0.6%
Kamehameha Schools	3,758	0.6%
Kokusai Kogyo Kanri Kabushiki Kaisha – U.S. Operations	2,926	0.4%
L&L Hawaii	2,188	0.3%
Outrigger Hospitality Group	3,800	0.6%
Securitas Security Services USA Inc.	2,344	0.3%
Servco Pacific Inc.	2,157	0.3%
The Queen’s Health Systems	7,479	1.1%

2011

Employer	Employees	Percentage of Total State Employment
Alexander & Baldwin, Inc.	2,300	0.4%
Bank of Hawaii Corp	2,484	0.4%
First Hawaiian Bank	2,231	0.4%
Hawaii Pacific Health	5,490	0.9%
Hawaiian Airlines	4,000	0.6%
Hilton Waikoloa Village	4,645	0.7%
Kaiser Permanente Hawaii	4,400	0.7%
Kyo-ya Co., Ltd	3,700	0.6%
Outrigger Enterprise Group	3,103	0.5%
The Queen’s Health Systems	5,166	0.8%

Note: Total Annual Average Employment for Hawaii for fiscal year 2020 – 672,000 and for fiscal year 2011 – 636,000.

Listed alphabetically.

Source: Hawaii Business, Annual August Issue.
State of Hawaii, Department of Labor and Industrial Relations – HWI – Labor (Total State Employees).

State of Hawaii
Demographic and Economic Information
State Employees by Function
Ten Years Ended June 30, 2020

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	4,478	4,533	4,517	4,538	4,537	4,571	4,572	4,419	4,394	4,381
Public safety	3,161	3,207	3,265	3,336	3,316	3,197	3,175	2,981	2,903	2,864
Transportation	2,258	2,210	2,229	2,234	2,263	2,295	2,254	2,275	2,202	2,160
Conservation of natural resources	1,144	1,079	1,051	1,008	1,015	1,007	1,007	972	929	941
Health	5,204	5,246	5,325	5,127	6,544	6,731	6,813	7,136	6,919	6,876
Welfare	1,915	1,948	1,957	1,940	1,913	1,927	1,941	1,940	1,800	1,788
Lower education	21,995	22,122	22,016	21,531	21,841	21,707	21,797	21,976	21,909	21,917
Higher education	8,633	8,660	8,647	8,620	8,746	8,802	9,080	8,978	8,795	8,687
Other education	497	493	508	486	496	488	492	-	454	473
Urban redevelopment and housing	136	138	132	130	118	123	127	116	127	130
Economic development and assistance	698	702	814	730	749	761	759	781	815	816
Total	50,119	50,338	50,461	49,680	51,538	51,609	52,017	51,574	51,247	51,033

Source: State of Hawaii, Department of Human Resources Development.

State of Hawaii
Operating Information
Operating Indicators by Function
Ten Years Ended June 30, 2020

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
General government					
Tax Commission					
Total individual net income returns	693,152	838,441	808,183	704,250	768,261
Number of individual net income returns filed electronically	543,820	579,720	552,464	536,273	529,527
Percentage of individual net income returns transmitted electronically	78.46%	69.14%	68.36%	76.15%	68.93%
Public safety					
Inmate population					
In-state facilities	3,326	3,991	4,017	4,052	4,584
Out-of-state facilities	1,199	1,507	1,460	1,617	1,386
Total	4,525	5,498	5,477	5,669	5,970
Conservation and natural resources					
Parks and Recreation					
Number of state-owned parks	50	51	52	54	54
Health					
Environmental health					
Air quality sites monitored	21	20	20	14	14
Water quality stations	197	197	187	169	160
Revolving loan funds	208	200	192	186	176
Mental health					
Adult consumers served	7,990	7,124	8,328	9,295	7,828
Individuals with developmental disabilities served	3,548	3,251	2,956	2,863	2,738
Welfare					
Temporary assistance to needy families recipients/temporary assistance to other needy families recipients (TANF/TAONF)					
Families per-month average	4,569	4,362	4,813	5,750	6,918
Average time on assistance	16.7	19.7	18.1	18.1	18.1
Monthly benefits paid for the month of July (in millions)	$ 2.71	$ 2.48	$ 2.26	$ 2.98	$ 3.90
General assistance					
Individuals per month	5,634	5,396	5,575	5,651	5,676
Food stamp program					
Number of persons participating	154,669	154,161	164,788	170,850	173,780
Number of households participating	79,811	79,702	84,297	85,491	87,636
Benefits issued (in millions)	$ 37.07	$ 36.89	$ 39.78	$ 40.26	$ 40.23
Medicaid programs					
Med-Quest enrollment	361,912	336,202	353,058	352,991	350,358

2015	2014	2013	2012	2011
715,706	737,205	612,373	703,262	747,237
509,409	483,817	397,178	430,421	388,463
71.18%	65.63%	64.86%	61.20%	51.99%
4,683	4,456	4,438	4,396	4,423
1,341	1,363	1,415	1,677	1,667
6,024	5,819	5,853	6,073	6,090
52	51	53	53	53
14	13	14	12	14
161	173	173	193	201
159	149	133	120	109
8,282	10,408	10,728	11,062	11,194
2,705	2,615	2,599	2,558	2,438
8,102	8,927	10,075	10,300	10,014
17.5	N/A	14.6	13.5	13.0
$ 3.60	$ 4.10	$ 5.47	$ 6.42	$ 6.17
5,699	5,598	5,687	5,633	5,298
191,918	193,565	187,062	172,676	154,496
96,502	98,440	94,649	86,418	77,133
$ 49.90	$ 43.39	$ 40.33	$ 37.18	$ 33.42
332,197	325,510	292,423	287,902	272,218

(continued)

State of Hawaii
Operating Information
Operating Indicators by Function
Ten Years Ended June 30, 2020

	Fiscal Year Ended June 30,				
	2020	2019	2018	2017	2016
Lower education					
Number of schools	293	292	292	290	290
Number of students	181,088	181,278	180,837	181,550	181,995
Staff					
Classroom teachers	12,221	12,132	12,033	11,782	11,747
Librarians	126	135	143	149	160
Counselors	660	660	653	634	634
Administrators	1,093	1,056	1,036	995	943
Other support staff	9,236	9,194	9,277	9,039	9,113
Total	23,336	23,177	23,142	22,599	22,597
Higher education					
Enrollment					
Number of credit students	49,594	49,977	51,063	51,674	53,418
Degrees earned					
Certificates/Associate Degrees/Advanced Professional certificates	4,800	5,191	4,912	5,102	5,192
Bachelor's degrees	4,473	4,681	4,693	4,735	4,841
Master's degrees/Professional diploma	1,031	868	1,035	1,040	1,126
Doctor's degrees/First Professional	489	479	513	482	472
Other	54	80	62	49	49
Total	10,847	11,299	11,215	11,408	11,680
Degrees by campus/college					
University of Hawaii at Manoa	4,519	4,551	4,726	4,712	5,104
University of Hawaii at Hilo	801	895	942	955	893
University of Hawaii at West Oahu	709	643	613	623	474
Hawaii Community College	552	587	586	576	693
Honolulu Community College	922	906	778	900	886
Kapiolani Community College	1,100	1,212	1,276	1,356	1,383
Kauai Community College	290	343	211	258	248
Leeward Community College	1,087	1,135	1,102	1,019	1,057
Maui Community College	593	701	638	668	594
Windward Community College	274	326	343	341	348
Total	10,847	11,299	11,215	11,408	11,680

N/A Not available.

Source: General Government – State of Hawaii, Department of Taxation.
Public Safety – State of Hawaii, Department of Public Safety.
Conservation of Natural Resources – State of Hawaii, Department of Land and Natural Resources.
Health – State of Hawaii, Department of Health.
Welfare – State of Hawaii, Department of Human Services.
Lower Education – State of Hawaii, Department of Education.
Higher Education – University of Hawaii.

2015	2014	2013	2012	2011
289	288	286	286	287
182,384	185,273	183,251	181,213	178,208
11,663	11,781	11,632	11,458	11,046
173	185	192	199	204
623	625	629	627	618
914	833	823	806	734
9,052	9,014	8,987	8,975	8,408
22,425	22,438	22,263	22,065	21,010
55,756	57,052	58,941	60,295	60,330
4,830	5,158	4,097	3,638	3,324
4,599	4,408	4,236	4,055	3,796
1,035	1,179	1,095	1,287	1,269
579	467	508	494	496
61	66	65	154	103
11,104	11,278	10,001	9,628	8,988
4,923	4,949	4,737	4,767	4,675
905	806	809	915	731
439	352	349	301	255
569	669	552	452	405
725	683	551	565	559
1,335	1,513	1,193	987	851
264	203	216	196	208
1,000	1,090	770	721	657
575	660	601	560	482
369	353	223	164	165
11,104	11,278	10,001	9,628	8,988

(concluded)

State of Hawaii
Operating Information
Capital Assets Statistics by Function
Ten Years Ended June 30, 2020

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Department of Accounting and General Services										
Buildings	79	79	79	79	81	79	78	74	74	74
Vehicles	692	675	644	644	673	650	650	608	600	592
Department of the Attorney General										
Buildings	6	6	6	6	6	6	6	5	5	5
Vehicles	4	3	3	3	4	3	3	3	3	3
The Judiciary										
Buildings	19	19	19	19	19	19	19	19	18	18
Vehicles	-	-	-	18	18	18	18	18	18	17
Other departments										
Buildings	21	21	21	21	21	23	23	22	24	24
Vehicles	3	3	3	3	3	3	4	4	4	4
Public safety										
Department of Public Safety										
Buildings and correction facilities	76	76	76	76	76	77	75	74	74	74
Vehicles	370	354	353	290	302	306	279	274	277	278
Department of Defense										
Buildings	99	99	99	99	99	99	98	98	97	97
Vehicles	126	128	121	108	104	96	128	118	112	81
Department of Commerce and Consumer Affairs										
Buildings	4	4	4	4	4	4	4	4	4	4
Highways										
Department of Transportation										
Highway lane miles	2,478	2,497	2,489	2,489	2,487	2,477	2,488	N/A	N/A	N/A
Highway bridges	752	752	752	752	752	752	752	N/A	N/A	N/A
Buildings	40	40	40	40	40	39	37	36	36	34
Vehicles	1,063	1,077	1,101	1,043	989	971	982	984	951	958

(continued)

N/A Not available.

Source: Buildings and Vehicles – State of Hawaii, Department of Accounting and General Services.
Lane Miles – State of Hawaii, Department of Transportation.
Land Area and Highway Bridges – State of Hawaii, Data Book 2020.

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Conservation of natural resources										
Department of Land and Natural Resources										
Land area (in square miles)	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423	6,423
Buildings	97	97	97	97	97	97	96	94	93	95
Vehicles	982	969	927	886	855	824	785	788	756	758
Department of Agriculture										
Buildings	33	33	33	33	33	33	32	32	32	32
Vehicles	164	165	163	159	161	164	166	167	170	176
Health										
Department of Health										
Buildings	73	73	73	73	74	74	74	74	74	74
Vehicles	272	278	269	258	241	230	227	238	252	259
Welfare										
Department of Human Services										
Buildings	18	18	18	18	18	18	18	18	18	18
Vehicles	93	94	95	99	99	104	116	110	107	111
Lower education										
Department of Education										
Buildings	8	8	8	8	8	8	8	8	8	8
Other education										
Department of Education – libraries										
Buildings	39	39	38	38	39	38	38	38	34	34
Vehicles	31	33	33	29	29	29	25	27	28	27
Urban redevelopment and housing										
Department of Hawaiian Home Lands										
Buildings	19	19	19	19	19	18	18	18	18	18
Vehicles	50	46	47	42	39	36	33	37	33	34
Economic development and assistance										
Department of Business, Economic Development and Tourism										
Buildings	33	33	32	32	32	32	32	32	33	33
Vehicles	29	32	32	30	32	32	28	30	32	33
Department of Labor and Industrial Relations										
Buildings	8	8	8	8	8	8	8	8	8	8
Vehicles	2	2	2	2	2	2	2	2	2	2

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