



Hawaii Employer-Union Health Benefits Trust Fund State of Hawaii

Schedule of Changes in Fiduciary Net Position by Employer
(With Independent Auditors' Report Thereon)

June 30, 2021 and 2020

Submitted by
**THE AUDITOR
STATE OF HAWAII**

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2021 and 2020

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Independent Auditors' Report

The Auditor
State of Hawaii:

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
State of Hawaii:

We have audited the fiduciary net position as of June 30, 2021 and 2020, and the changes in fiduciary net position for the year ended June 30, 2021, included in the accompanying schedule of changes in fiduciary net position by employer (the Schedule) of the Hawaii Employer-Union Health Benefits Trust Fund of the State of Hawaii (the EUTF), and the related notes. We have also audited the fiduciary net position of each individual employer as of June 30, 2021 and 2020, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2021, included in the accompanying Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the fiduciary net position and the changes in fiduciary net position included in the Schedule based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fiduciary net position and the changes in fiduciary net position included in the Schedule are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the fiduciary net position and the changes in fiduciary net position included in the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the fiduciary net position and the changes in fiduciary net position included in the Schedule 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 fiduciary net position and the changes in fiduciary net position included in the Schedule.

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

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of the EUTF as of June 30, 2021 and 2020, and the changes in fiduciary net position for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the Schedule referred to above presents fairly, in all material respects, the fiduciary net position of each individual employer as of June 30, 2021 and 2020, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the EUTF as of and for the years ended June 30, 2020 and 2019, and our reports thereon, dated November 30, 2020 and November 27, 2019, respectively, expressed unmodified opinions on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the Auditor, State of Hawaii, the Board of Trustees and management of the EUTF, and participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

KKDL Y LLC

Honolulu, Hawaii
September 20, 2021

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Schedule of Changes in Fiduciary Net Position by Employer

As of June 30, 2021 and 2020 and for the Year Ended June 30, 2021

Employer	Changes in Fiduciary Net Position for the Year Ended June 30, 2021						Fiduciary Net Position	
	Employer Contributions	Net Investment Income	Benefits Paid	Administrative Expenses	Other	Net Increase	June 30, 2020	June 30, 2021
State of Hawaii	\$ 814,659,000	\$ 43,496,593	\$ (364,564,672)	\$ (306,882)	\$ 273,029	\$ 493,557,068	\$ 1,962,159,495	\$ 2,455,716,563
City and County of Honolulu	183,677,000	13,620,263	(84,671,535)	(102,413)	(152,799)	112,370,516	619,689,139	732,059,655
Honolulu Authority for Rapid Transportation	790,000	38,758	(96,116)	(326)	18,023	750,339	1,991,063	2,741,402
County of Hawaii	41,464,000	3,806,539	(19,277,123)	(29,192)	127,017	26,091,241	187,384,505	213,475,746
County of Maui	43,849,711	5,569,609	(18,980,360)	(44,376)	73,932	30,468,516	276,006,753	306,475,269
County of Kauai	17,238,000	2,674,371	(9,177,012)	(21,303)	58,952	10,773,008	137,693,673	148,466,681
Department of Water, County of Kauai	1,041,000	199,294	(516,535)	(1,598)	1,781	723,942	10,201,293	10,925,235
Board of Water Supply, City and County of Honolulu	8,165,000	1,666,459	(6,043,131)	(13,407)	(13,477)	3,761,444	87,622,469	91,383,913
Department of Water Supply, County of Hawaii	1,977,000	376,721	(1,036,438)	(3,013)	(2,264)	1,312,006	19,531,287	20,843,293
	<u>\$ 1,112,860,711</u>	<u>\$ 71,448,607</u>	<u>\$ (504,362,922)</u>	<u>\$ (522,510)</u>	<u>\$ 384,194</u>	<u>\$ 679,808,080</u>	<u>\$ 3,302,279,677</u>	<u>\$ 3,982,087,757</u>

See accompanying notes to schedule of changes in fiduciary net position by employer.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2021 and 2020

(1) General Information About the EUTF

Plan Description

Chapter 87A, Hawaii Revised Statutes (HRS) established the Hawaii Employer-Union Health Benefits Trust Fund (the Trust Fund). The Trust Fund was established to design, provide, and administer health and other benefit plans for the State of Hawaii (the State) and the county (Honolulu, Hawaii, Maui, and Kauai) employees, retirees and their eligible dependents beginning July 1, 2003. Chapter 87, HRS that established the Hawaii Public Employees Health Fund (the Health Fund) was repealed and the net assets of the Health Fund were transferred to the Trust Fund.

The Trust Fund is administered by a Board of Trustees (the Board) composed of 10 trustees appointed by the Governor of the State. The Board is responsible for determining the nature and scope of benefit plans offered by the Trust Fund, negotiating and entering into contracts with insurance carriers, establishing eligibility and management policies for the Trust Fund, and overseeing all Trust Fund activities. The Board relies on professional services provided by a salaried Administrator, the State Department of the Attorney General, a benefits consultant, and an investment consultant.

Chapter 87A, HRS was amended on July 9, 2012 to allow the Board to establish a separate trust fund for the purpose of receiving employer contributions that will pre-fund other post-employment benefits (OPEB) for retirees and their beneficiaries. Pursuant to this amendment, the Board executed an irrevocable declaration of trust establishing the Hawaii Employer-Union Health Benefits Trust Fund for Other Post-Employment Benefits (the OPEB Trust) effective June 30, 2013. The OPEB Trust is governed by the Board of the Trust Fund. Its assets are held for the exclusive purpose of providing other post-employment benefits and are legally protected from creditors. The OPEB Trust and the Trust Fund described above are collectively referred to as the EUTF.

Act 268, Session Laws of Hawaii 2013 (Act 268), further amended Chapter 87A, HRS (codified as Chapter 87A-42). Effective July 1, 2018, annual employer contributions for retirees and their beneficiaries are equal to the amount of the annual required contribution as determined by an actuary and placed into the OPEB Trust. Accordingly, all employer contributions for retirees and their beneficiaries are required to be placed in the OPEB Trust effective July 1, 2018.

The EUTF, an agent multiple-employer defined benefit OPEB plan, is administratively attached to the State Department of Budget and Finance.

Benefits Provided

The EUTF currently provides medical, prescription drug, chiropractic, dental, vision, supplemental medical and prescription drug, and group life insurance benefits. The medical plans include a statewide preferred provider organization (PPO) benefit plan and a federally-qualified health maintenance organization (HMO) plan.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2021 and 2020

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Active employees	66,537
Inactive employees or beneficiaries currently receiving benefit payments	50,305
Inactive employees entitled to but not yet receiving benefit payments	<u>9,178</u>
	<u><u>126,020</u></u>

Employer Contributions

Employer contributions for retirees and their beneficiaries are prescribed by the HRS and are equal to the amount of the annual required contribution as determined by an actuary and placed into the OPEB Trust. The annual required contribution is defined as the employer's contribution that is sufficient to cover (1) the normal cost, which is the cost of other post-employment benefits attributable to the current year of service, and (2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next 30 years.

(2) Summary of Significant Accounting Policies

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EUTF, and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. 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 by investment income.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2021 and 2020

(3) Basis of Presentation

The accompanying schedule of changes in fiduciary net position by employer (the Schedule) presents amounts that are considered elements of the financial statements of the EUTF or its participating employers. Accordingly, they do not purport to be a complete presentation of the fiduciary net position or changes in fiduciary net position of the EUTF or its participating employers. The amounts presented in the Schedule were prepared in accordance with accounting principles generally accepted in the United States of America. Such preparation requires management of the EUTF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

(4) Net OPEB Liability

The net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2021 and 2020

Actuarial Methods and Assumptions

The total OPEB liability in the actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Discount rate	7.00%
Inflation	2.50%
Salary increases	3.50% to 7.00%, including inflation
Investment rate of return	7.00%, net of investment expenses, including inflation
Demographic assumptions	Based on the experience study covering the five-year period ended June 30, 2018, as conducted for the Employees' Retirement System of the State of Hawaii (the ERS)
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (the BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B
Healthcare cost trend rates:	
PPO*	Initial rate of 7.50%; declining to a rate of 4.70% after 13 years
HMO*	Initial rate of 7.50%; declining to a rate of 4.70% after 13 years
Part B & BMC	Initial rate of 5.00%; declining to a rate of 4.70% after 10 years
Dental	Initial rate of 5.00% for first year, followed by 4.00% for all future years
Vision	Initial rate of 0.00% for first year, followed by 2.50% for all future years
Life insurance	0.00%

* Blended rates for medical and prescription drugs.

Assumption changes during the current measurement period include updating the trend rates to reflect the repeal of the excise tax or "Cadillac Tax" on high-cost employer health plans. The changes in assumptions had the effect of decreasing the total OPEB liability at June 30, 2021 by \$82,967,480.

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Long-Term Expected Rate of Return

The long-term expected rate of return on the EUTF's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the EUTF's 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Non-U.S. equity	16.00%	7.72%
U.S. equity	14.00%	6.23%
Core real estate	10.00%	5.98%
Private equity	10.00%	9.66%
Trend following	8.00%	2.12%
U.S. microcap	6.00%	7.85%
Global options	6.00%	4.65%
Private credit	6.00%	5.50%
Long treasuries	6.00%	0.86%
Reinsurance	5.00%	4.34%
Alternative risk premia	5.00%	1.56%
TIPS	5.00%	0.11%
Core bonds	3.00%	0.08%
	<u>100.00%</u>	

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on the EUTF's investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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A single discount rate of 7.00% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on the EUTF's investments of 7.00%. The funding policy of the State of Hawaii is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. In July 2020, the Governor's office issued the Tenth Proclamation related to the COVID-19 Emergency, allowing employers of the EUTF to suspend Act 268 contributions for fiscal year ending June 30, 2021, and instead limit their contribution amounts to the OPEB benefits due. This temporary Act 268 suspension would not derail the EUTF's long-term funding progress. Even if Act 268 is suspended through fiscal year ending June 30, 2025, the EUTF's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the EUTF's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(5) Changes in the Net OPEB Liability

The components of the net OPEB liability (total OPEB liability less plan fiduciary net position) as of June 30, 2021 and 2020 for each participating employer are presented in Table 1, *Summary of Net OPEB Liability by Employer*.

The total OPEB liability as of June 30, 2021 and 2020, and the changes in total OPEB liability for the year ended June 30, 2021 for each participating employer are presented in Table 2, *Summary of Changes in Total OPEB Liability by Employer*.

The total fiduciary net position as of June 30, 2021 and 2020, and the changes in fiduciary net position for the year ended June 30, 2021 for each participating employer are presented in the accompanying Schedule.

The net OPEB liability was measured as of July 1, 2020 and 2019. Accordingly, participating employers will report their respective plan fiduciary net position as of June 30, 2021 and 2020 (as presented in Table 1), and their respective changes in fiduciary net position for the year ended June 30, 2021 (as presented in the Schedule), based upon information contained in the EUTF's audited financial statements as of June 30, 2020 and 2019, and for the year ended June 30, 2020, respectively.

(6) Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates

Table 3, *Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates by Employer*, presents the net OPEB liability as of June 30, 2021 for each participating employer, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate.

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June 30, 2021 and 2020

Table 3 also presents the net OPEB liability as of June 30, 2021 for each participating employer, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

(7) EUTF's Fiduciary Net Position

Detailed information about the EUTF's fiduciary net position is available in the separately issued EUTF financial statements.

(8) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The OPEB expense to be recognized by each participating employer for the year ended June 30, 2021 is presented in Table 4, *Summary of OPEB Expense by Employer*.

Deferred outflows of resources and deferred inflows of resources by source at June 30, 2021 for each participating employer are presented in Table 5, *Summary of Deferred Outflows and Inflows Related to OPEB by Employer*.

Deferred outflows of resources related to OPEB at June 30, 2021, resulting from employer contributions subsequent to the measurement date (refer to Table 5), will be recognized by each participating employer as a reduction of the OPEB liability in the year ending June 30, 2022.

The net OPEB liability was measured as of July 1, 2020. Accordingly, participating employers will report their respective deferred outflows of resources as of June 30, 2021 (as presented in Table 5) based upon employer contributions made by each participating employer during the year ended June 30, 2021.

The amounts reported as deferred outflows of resources related to OPEB at June 30, 2021, resulting from the net difference between projected and actual earnings on investments, the difference between expected and actual experience, and the changes in assumptions, and the amounts reported as deferred inflows of resources related to OPEB at June 30, 2021, resulting from the difference between expected and actual experience and the changes in assumptions (refer to Table 5), will be recognized in OPEB expense by each participating employer as presented in Table 6, *Deferred Inflows (Outflows) to be Recognized in Future OPEB Expense by Employer*.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2021 and 2020

(9) Employer Contributions

Table 7, *Summary of Actuarially Determined and Actual Contributions by Employer*, presents the actuarially determined contributions for the year ended June 30, 2021, based upon an actuarial valuation as of July 1, 2018 for all participating employers and the actuarially determined contributions for the year ended June 30, 2020, based upon an actuarial valuation as of July 1, 2017 for the State of Hawaii and July 1, 2018 for all other participating employers. Table 7 also presents the actual contributions made during the years ended June 30, 2021 and 2020, and the contribution deficiency (excess), which is the difference between the actuarially determined contributions and the actual contributions made.

The actuarially determined contributions for the year ended June 30, 2021 was determined using the following actuarial methods and assumptions:

Actuarial Methods and Assumptions

Actuarial cost method	Entry age normal
Discount rate	7.00%
Inflation	2.50%
Amortization method	Level percent. Closed bases are established at each valuation for new unfunded liabilities.
Equivalent single amortization period (A)	16.8 to 24.5 as of fiscal year ending June 30, 2021
Payroll growth	3.50%
Salary increases	3.50% to 7.00%; including inflation
Demographic assumptions	Based on the experience study covering the five-year period ended June 30, 2015 as conducted for the ERS
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the BMC. Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2021 and 2020

Healthcare cost trend rates:

PPO (B)	Initial rate of 10.00%; declining to a rate of 4.86% after 13 years
HMO (B)	Initial rate of 10.00%; declining to a rate of 4.86% after 13 years
Part B	Initial rates of 4.00% and 5.00%; declining to a rate of 4.70% after 12 years
Dental	Initial rate of 5.00% for first 3 years; then 4.00% for all future years
Vision	Initial rate of 0.00% for first 3 years; then 2.50% for all future years
Life insurance	0.00%

(A) Board of Water Supply, City and County of Honolulu (16.8); Department of Water Supply, County of Hawaii (16.9); Department of Water, County of Kauai (17.1); County of Kauai (17.2); City and County of Honolulu (18.1); County of Maui (18.2); County of Hawaii (18.3); State of Hawaii (24.0); and Honolulu Authority for Rapid Transportation (24.5)

(B) Blended rates for medical and prescription drugs

(10) Economic Uncertainties

On March 11, 2020, the World Health Organization declared the coronavirus infection known as COVID-19 to be a global pandemic. The pandemic has adversely affected the global economy by, among other things, disrupting supply chains, creating significant volatility and disruption in financial markets, and increasing unemployment levels. The full impact of COVID-19 on the EUTF's operating results, including investment performance and health care costs, cannot be reasonably estimated at this time because of the uncertainties surrounding the duration and severity of this pandemic.

The Fourteenth Supplementary Proclamation, issued by Hawaii Governor David Y. Ige on October 13, 2020, suspended specific provisions of law. Included were Sections 87A-42(b) – (f), HRS, other post-employment benefits trust, 87A-43, HRS, payment of public employer contributions to the other post-employment 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 the fiscal year 2020-2021.

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Summary of Net OPEB Liability by Employer

June 30, 2021 and 2020

Employer	June 30, 2021			June 30, 2020		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
State of Hawaii	\$ 11,272,718,024	\$ 2,455,716,563	\$ 8,817,001,461	\$ 11,382,907,652	\$ 1,962,159,495	\$ 9,420,748,157
City and County of Honolulu	2,455,564,805	732,059,655	1,723,505,150	2,491,272,332	619,689,139	1,871,583,193
Honolulu Authority for Rapid Transportation	8,969,180	2,741,402	6,227,778	8,938,641	1,991,063	6,947,578
County of Hawaii	586,581,909	213,475,746	373,106,163	594,650,754	187,384,505	407,266,249
County of Maui	593,391,646	306,475,269	286,916,377	593,048,146	276,006,753	317,041,393
County of Kauai	282,322,143	148,466,681	133,855,462	282,905,748	137,693,673	145,212,075
Department of Water, County of Kauai	18,651,967	10,925,235	7,726,732	18,727,177	10,201,293	8,525,884
Board of Water Supply, City and County of Honolulu	158,891,762	91,383,913	67,507,849	161,437,724	87,622,469	73,815,255
Department of Water Supply, County of Hawaii	35,237,107	20,843,293	14,393,814	35,611,034	19,531,287	16,079,747
	<u>\$ 15,412,328,543</u>	<u>\$ 3,982,087,757</u>	<u>\$ 11,430,240,786</u>	<u>\$ 15,569,499,208</u>	<u>\$ 3,302,279,677</u>	<u>\$ 12,267,219,531</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Summary of Changes in Total OPEB Liability by Employer

As of June 30, 2021 and 2020 and for the Year Ended June 30, 2021

Employer	Year Ended June 30, 2021						
	Balance June 30, 2020	Service Cost	Interest on Total OPEB Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Benefits Paid	Balance June 30, 2021
State of Hawaii	\$ 11,382,907,652	\$ 246,845,777	\$ 792,683,374	\$ (725,733,120)	\$ (59,420,987)	\$ (364,564,672)	\$ 11,272,718,024
City and County of Honolulu	2,491,272,332	48,212,108	173,112,983	(158,493,059)	(13,868,024)	(84,671,535)	2,455,564,805
Honolulu Authority for Rapid Transportation	8,938,641	358,765	634,898	(841,412)	(25,596)	(96,116)	8,969,180
County of Hawaii	594,650,754	13,182,551	41,412,243	(39,988,932)	(3,397,584)	(19,277,123)	586,581,909
County of Maui	593,048,146	12,967,049	41,302,904	(31,423,659)	(3,522,434)	(18,980,360)	593,391,646
County of Kauai	282,905,748	6,217,396	19,699,816	(15,714,058)	(1,609,747)	(9,177,012)	282,322,143
Department of Water, County of Kauai	18,727,177	426,197	1,307,741	(1,183,289)	(109,324)	(516,535)	18,651,967
Board of Water Supply, City and County of Honolulu	161,437,724	2,663,788	11,182,364	(9,526,120)	(822,863)	(6,043,131)	158,891,762
Department of Water Supply, County of Hawaii	35,611,034	773,607	2,483,573	(2,403,748)	(190,921)	(1,036,438)	35,237,107
	<u>\$ 15,569,499,208</u>	<u>\$ 331,647,238</u>	<u>\$ 1,083,819,896</u>	<u>\$ (985,307,397)</u>	<u>\$ (82,967,480)</u>	<u>\$ (504,362,922)</u>	<u>\$ 15,412,328,543</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates by Employer

June 30, 2021

Employer	Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
State of Hawaii	\$ 10,579,740,752	\$ 8,817,001,461	\$ 7,427,969,942	\$ 7,365,134,431	\$ 8,817,001,461	\$ 10,694,974,474
City and County of Honolulu	2,104,858,282	1,723,505,150	1,424,061,071	1,414,184,389	1,723,505,150	2,122,593,364
Honolulu Authority for Rapid Transportation	7,985,424	6,227,778	4,881,277	4,851,634	6,227,778	8,018,569
County of Hawaii	467,722,033	373,106,163	298,973,454	295,862,259	373,106,163	473,298,259
County of Maui	384,345,641	286,916,377	210,550,041	207,373,576	286,916,377	389,920,327
County of Kauai	179,214,903	133,855,462	98,306,518	96,944,340	133,855,462	181,658,273
Department of Water, County of Kauai	10,757,583	7,726,732	5,329,440	5,207,742	7,726,732	10,974,769
Board of Water Supply, City and County of Honolulu	91,034,131	67,507,849	48,945,425	48,480,126	67,507,849	91,969,052
Department of Water Supply, County of Hawaii	19,857,974	14,393,814	10,046,035	9,809,296	14,393,814	20,268,633
	<u>\$ 13,845,516,723</u>	<u>\$ 11,430,240,786</u>	<u>\$ 9,529,063,203</u>	<u>\$ 9,447,847,793</u>	<u>\$ 11,430,240,786</u>	<u>\$ 13,993,675,720</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Summary of OPEB Expense by Employer

For the Year Ended June 30, 2021

<u>Employer</u>	
State of Hawaii	\$ 774,461,308
City and County of Honolulu	152,681,852
Honolulu Authority for Rapid Transportation	835,856
County of Hawaii	38,674,214
County of Maui	32,911,256
County of Kauai	16,013,179
Department of Water, County of Kauai	969,491
Board of Water Supply, City and County of Honolulu	6,988,658
Department of Water Supply, County of Hawaii	1,571,788
	<u>\$ 1,025,107,602</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Summary of Deferred Outflows and Inflows Related to OPEB by Employer

June 30, 2021

Employer	Deferred Outflows					Deferred Inflows		
	Contributions Subsequent to the Measurement Date	Net Difference Between Projected and Actual Earnings on Investments	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Outflows	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Inflows
State of Hawaii	\$ 1,232,456,000	\$ 101,898,201	\$ -	\$ 103,993,037	\$ 1,438,347,238	\$ 714,638,676	\$ 49,529,359	\$ 764,168,035
City and County of Honolulu	190,106,000	31,839,519	-	26,232,308	248,177,827	154,863,506	11,484,793	166,348,299
Honolulu Authority for Rapid Transportation	818,000	118,310	517,307	4,713	1,458,330	582,500	48,974	631,474
County of Hawaii	38,334,627	9,943,037	6,547,467	5,418,488	60,243,619	36,233,855	2,901,709	39,135,564
County of Maui	41,984,000	14,648,913	2,605,194	5,682,497	64,920,604	30,912,388	2,998,777	33,911,165
County of Kauai	17,842,000	7,059,188	2,671,942	2,716,390	30,289,520	13,738,943	1,362,394	15,101,337
Department of Water, County of Kauai	1,077,000	539,252	23,728	195,804	1,835,784	1,092,654	93,746	1,186,400
Board of Water Supply, City and County of Honolulu	8,452,000	4,595,008	-	1,731,095	14,778,103	8,819,719	673,091	9,492,810
Department of Water Supply, County of Hawaii	1,210,523	1,041,066	-	332,234	2,583,823	2,910,951	162,341	3,073,292
	<u>\$ 1,532,280,150</u>	<u>\$ 171,682,494</u>	<u>\$ 12,365,638</u>	<u>\$ 146,306,566</u>	<u>\$ 1,862,634,848</u>	<u>\$ 963,793,192</u>	<u>\$ 69,255,184</u>	<u>\$ 1,033,048,376</u>

Table 6

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Deferred Inflows (Outflows) to be Recognized in Future OPEB Expense by Employer

June 30, 2021

Employer	Year Ending June 30:						Total
	2022	2023	2024	2025	2026	Thereafter	
State of Hawaii	\$ 112,007,972	\$ 107,865,489	\$ 106,807,189	\$ 100,437,893	\$ 130,217,197	\$ 941,057	\$ 558,276,797
City and County of Honolulu	22,058,603	20,312,802	19,712,022	21,933,937	24,259,108	-	108,276,472
Honolulu Authority for Rapid Transportation	(23,537)	3,305	36,355	(24,979)	-	-	(8,856)
County of Hawaii	1,930,320	1,395,172	1,372,440	2,238,346	4,897,140	5,393,154	17,226,572
County of Maui	1,139,794	195,817	51,801	1,446,847	4,365,463	3,774,839	10,974,561
County of Kauai	(53,560)	(509,991)	(597,978)	233,809	2,229,528	1,352,009	2,653,817
Department of Water, County of Kauai	31,872	(2,074)	(4,176)	46,130	168,398	187,466	427,616
Board of Water Supply, City and County of Honolulu	677,009	347,544	308,406	903,035	930,713	-	3,166,707
Department of Water Supply, County of Hawaii	290,667	230,950	228,519	281,885	403,738	264,233	1,699,992
	<u>\$ 138,059,140</u>	<u>\$ 129,839,014</u>	<u>\$ 127,914,578</u>	<u>\$ 127,496,903</u>	<u>\$ 167,471,285</u>	<u>\$ 11,912,758</u>	<u>\$ 702,693,678</u>

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
STATE OF HAWAII**

Summary of Actuarially Determined and Actual Contributions by Employer

For the Years Ended June 30, 2021 and 2020

Employer	2021			2020		
	Actuarially Determined Contributions	Actual Contributions	Contributions Deficiency / (Excess)	Actuarially Determined Contributions	Actual Contributions	Contributions Deficiency / (Excess)
State of Hawaii	\$ 842,456,000	\$ 1,232,456,000	\$ (390,000,000)	\$ 814,659,000	\$ 814,659,000	\$ -
City and County of Honolulu	190,106,000	190,106,000	-	183,677,000	183,677,000	-
Honolulu Authority for Rapid Transportation	818,000	818,000	-	790,000	790,000	-
County of Hawaii	42,917,000	38,334,627	4,582,373	41,464,000	41,464,000	-
County of Maui	36,984,000	41,984,000	(5,000,000)	35,732,000	43,849,711	(8,117,711)
County of Kauai	17,842,000	17,842,000	-	17,238,000	17,238,000	-
Department of Water, County of Kauai	1,077,000	1,077,000	-	1,041,000	1,041,000	-
Board of Water Supply, City and County of Honolulu	8,452,000	8,452,000	-	8,165,000	8,165,000	-
Department of Water Supply, County of Hawaii	2,046,000	1,210,523	835,477	1,977,000	1,977,000	-
	<u>\$ 1,142,698,000</u>	<u>\$ 1,532,280,150</u>	<u>\$ (389,582,150)</u>	<u>\$ 1,104,743,000</u>	<u>\$ 1,112,860,711</u>	<u>\$ (8,117,711)</u>