



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, 2022 and 2021

Submitted by
**THE AUDITOR
STATE OF HAWAII**

Independent Auditors' Report

The Auditor
State of Hawaii:

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

Opinion

We have audited the fiduciary net position as of June 30, 2022 and 2021, and the changes in fiduciary net position for the year ended June 30, 2022, 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, 2022 and 2021, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2022, included in the accompanying Schedule.

In our opinion, the accompanying Schedule referred to above presents fairly, in all material respects, the fiduciary net position of the EUTF as of June 30, 2022 and 2021, and the changes in fiduciary net position for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the accompanying Schedule referred to above presents fairly, in all material respects, the fiduciary net position of each individual employer as of June 30, 2022 and 2021, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Schedule* section of our report. We are required to be independent of the EUTF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the Schedule, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the EUTF's ability to continue as a going concern within one year after the date that the Schedule is available to be issued.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are 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, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of this Schedule.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EUTF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the EUTF's ability to continue as a going concern for a reasonable period of time.

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

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, 2021 and 2020, and our report thereon, dated November 29, 2021, expressed an unmodified opinion 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.

KKDLY LLC

Honolulu, Hawaii
October 19, 2022

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

Schedule of Changes in Fiduciary Net Position by Employer

As of June 30, 2022 and 2021 and for the Year Ended June 30, 2022

Employer	Changes in Fiduciary Net Position for the Year Ended June 30, 2022						Fiduciary Net Position	
	Employer Contributions	Net Investment Income	Benefits Paid	Administrative Expenses	Other	Net Increase	June 30, 2021	June 30, 2022
State of Hawaii	\$ 1,232,456,000	\$ 646,072,788	\$ (358,645,091)	\$ (329,828)	\$ 133,515	\$ 1,519,687,384	\$ 2,455,716,563	\$ 3,975,403,947
City and County of Honolulu	190,106,000	195,285,487	(83,430,214)	(100,005)	(156,032)	301,705,236	732,059,655	1,033,764,891
Honolulu Authority for Rapid Transportation	818,000	788,001	(179,060)	(400)	1,966	1,428,507	2,741,402	4,169,909
County of Hawaii	38,334,627	57,339,331	(19,280,575)	(29,421)	(29,988)	76,333,974	213,475,746	289,809,720
County of Maui	41,984,000	86,585,392	(18,603,206)	(44,523)	104,209	110,025,872	306,475,269	416,501,141
County of Kauai	17,842,000	40,280,548	(9,149,546)	(20,762)	37,755	48,989,995	148,466,681	197,456,676
Department of Water, County of Kauai	1,077,000	2,973,978	(520,381)	(1,541)	1,919	3,530,975	10,925,235	14,456,210
Board of Water Supply, City and County of Honolulu	8,452,000	24,898,909	(6,018,504)	(12,847)	(13,821)	27,305,737	91,383,913	118,689,650
Department of Water Supply, County of Hawaii	1,210,523	5,666,092	(1,063,301)	(2,922)	(50)	5,810,342	20,843,293	26,653,635
	<u>\$ 1,532,280,150</u>	<u>\$ 1,059,890,526</u>	<u>\$ (496,889,878)</u>	<u>\$ (542,249)</u>	<u>\$ 79,473</u>	<u>\$ 2,094,818,022</u>	<u>\$ 3,982,087,757</u>	<u>\$ 6,076,905,779</u>

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

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2022 and 2021

(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.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2022 and 2021

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active employees	65,371
Inactive employees or beneficiaries currently receiving benefit payments	51,396
Inactive employees entitled to but not yet receiving benefit payments	<u>8,982</u>
	<u><u>125,749</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, 2022 and 2021

(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, 2021, 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, 2022 and 2021

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
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 7.25%, declining to a rate of 4.70% after 12 years
HMO*	Initial rate of 7.25%, declining to a rate of 4.70% after 12 years
Part B & BMC	Initial rate of 5.00%, declining to a rate of 4.70% after 9 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

* Blended rates for medical and prescription drugs.

There were no assumption changes during the current measurement period.

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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2022 and 2021

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>
U.S. equity	16.00%	6.09%
Private equity	12.50%	10.19%
Non-U.S. equity	11.50%	7.12%
Real assets	10.00%	6.16%
Trend following	10.00%	2.01%
Private credit	8.00%	5.83%
U.S. microcap	6.00%	7.62%
Long treasuries	6.00%	1.06%
Global options	5.00%	4.33%
TIPS	5.00%	-0.07%
Alternative risk premia	5.00%	1.46%
Reinsurance	5.00%	4.44%
	<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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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2022 and 2021

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 ended June 30, 2021, and instead limit their contribution amounts to the OPEB benefits due. This relief provision related to OPEB funding was extended to the fiscal year ended June 30, 2022 and 2023 by Act 229, Session Laws of Hawaii 2021. The EUTF's fiduciary net position is still 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, 2022 and 2021 for each participating employer are presented in Table 1, *Summary of Net OPEB Liability by Employer*.

The total OPEB liability as of June 30, 2022 and 2021, and the changes in total OPEB liability for the year ended June 30, 2022 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, 2022 and 2021, and the changes in fiduciary net position for the year ended June 30, 2022 for each participating employer are presented in the accompanying Schedule.

The net OPEB liability was measured as of July 1, 2021 and 2020. Accordingly, participating employers will report their respective plan fiduciary net position as of June 30, 2022 and 2021 (as presented in Table 1), and their respective changes in fiduciary net position for the year ended June 30, 2022 (as presented in the Schedule), based upon information contained in the EUTF's audited financial statements as of June 30, 2021 and 2020, and for the year ended June 30, 2021, 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, 2022 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.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2022 and 2021

Table 3 also presents the net OPEB liability as of June 30, 2022 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, 2022 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, 2022 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, 2022, 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, 2023.

The net OPEB liability was measured as of July 1, 2021. Accordingly, participating employers will report their respective deferred outflows of resources as of June 30, 2022 (as presented in Table 5) based upon employer contributions made by each participating employer during the year ended June 30, 2022.

The amounts reported as deferred outflows of resources related to OPEB at June 30, 2022, resulting from 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, 2022, resulting from the net difference between projected and actual earnings on investments, 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 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, 2022 and 2021

(9) Employer Contributions

Table 7, *Summary of Actuarially Determined and Actual Contributions by Employer*, presents the actuarially determined contributions for the years ended June 30, 2022 and 2021, based upon actuarial valuations as of July 1, 2019 and 2018, respectively, for all participating employers. Table 7 also presents the actual contributions made during the years ended June 30, 2022 and 2021, 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, 2022 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)	15.9 to 24.1 as of fiscal year ended June 30, 2022
Asset valuation method	Four-year smoothed market
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, 2018 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, 2022 and 2021

Healthcare cost trend rates:

PPO (B)	Initial rate of 8.00%; declining to an ultimate rate of 4.86% after 12 years
HMO (B)	Initial rate of 8.00%; declining to an ultimate rate of 4.86% after 12 years
Part B	Initial rate of 5.00%; declining to an ultimate rate of 4.70% after 11 years
Dental	Initial rate of 5.00% for first two years; then 4.00% for all future years
Vision	Initial rate of 0.00% for first two years; then 2.50% for all future years
Life insurance	0.00%

- (A) Board of Water Supply, City and County of Honolulu (16.0); Department of Water Supply, County of Hawaii (15.9); Department of Water, County of Kauai (16.2); County of Kauai (16.1); City and County of Honolulu (17.2); County of Maui (17.3); County of Hawaii (17.6); State of Hawaii (23.0); and Honolulu Authority for Rapid Transportation (24.1)
- (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, together with the recent geopolitical events and rising inflation, 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 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 these matters.

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 2021-2022. Act 229, Session Laws of Hawaii continued the suspension for fiscal years 2022-2023.

**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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Summary of Net OPEB Liability by Employer

June 30, 2022 and 2021

Employer	June 30, 2022			June 30, 2021		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
State of Hawaii	\$ 11,602,200,753	\$ 3,975,403,947	\$ 7,626,796,806	\$ 11,272,718,024	\$ 2,455,716,563	\$ 8,817,001,461
City and County of Honolulu	2,506,062,535	1,033,764,891	1,472,297,644	2,455,564,805	732,059,655	1,723,505,150
Honolulu Authority for Rapid Transportation	7,367,400	4,169,909	3,197,491	8,969,180	2,741,402	6,227,778
County of Hawaii	601,313,413	289,809,720	311,503,693	586,581,909	213,475,746	373,106,163
County of Maui	610,049,909	416,501,141	193,548,768	593,391,646	306,475,269	286,916,377
County of Kauai	290,056,251	197,456,676	92,599,575	282,322,143	148,466,681	133,855,462
Department of Water, County of Kauai	19,322,501	14,456,210	4,866,291	18,651,967	10,925,235	7,726,732
Board of Water Supply, City and County of Honolulu	161,441,785	118,689,650	42,752,135	158,891,762	91,383,913	67,507,849
Department of Water Supply, County of Hawaii	37,105,421	26,653,635	10,451,786	35,237,107	20,843,293	14,393,814
	<u>\$ 15,834,919,968</u>	<u>\$ 6,076,905,779</u>	<u>\$ 9,758,014,189</u>	<u>\$ 15,412,328,543</u>	<u>\$ 3,982,087,757</u>	<u>\$ 11,430,240,786</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, 2022 and 2021 and for the Year Ended June 30, 2022

Employer	Balance June 30, 2021	Year Ended June 30, 2022				Balance June 30, 2022
		Service Cost	Interest on Total OPEB Liability	Difference Between Expected and Actual Experience	Benefits Paid	
State of Hawaii	\$ 11,272,718,024	\$ 236,421,280	\$ 784,812,428	\$ (333,105,888)	\$ (358,645,091)	\$ 11,602,200,753
City and County of Honolulu	2,455,564,805	46,591,482	170,600,181	(83,263,719)	(83,430,214)	2,506,062,535
Honolulu Authority for Rapid Transportation	8,969,180	169,228	627,498	(2,219,446)	(179,060)	7,367,400
County of Hawaii	586,581,909	12,764,228	40,832,661	(19,584,810)	(19,280,575)	601,313,413
County of Maui	593,391,646	12,653,194	41,329,165	(18,720,890)	(18,603,206)	610,049,909
County of Kauai	282,322,143	5,976,462	19,651,492	(8,744,300)	(9,149,546)	290,056,251
Department of Water, County of Kauai	18,651,967	432,883	1,302,575	(544,543)	(520,381)	19,322,501
Board of Water Supply, City and County of Honolulu	158,891,762	2,597,273	11,002,680	(5,031,426)	(6,018,504)	161,441,785
Department of Water Supply, County of Hawaii	35,237,107	762,769	2,456,079	(287,233)	(1,063,301)	37,105,421
	<u>\$ 15,412,328,543</u>	<u>\$ 318,368,799</u>	<u>\$ 1,072,614,759</u>	<u>\$ (471,502,255)</u>	<u>\$ (496,889,878)</u>	<u>\$ 15,834,919,968</u>

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

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

June 30, 2022

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	\$ 9,433,942,443	\$ 7,626,796,806	\$ 6,200,939,406	\$ 6,123,966,302	\$ 7,626,796,806	\$ 9,568,010,534
City and County of Honolulu	1,860,678,760	1,472,297,644	1,167,112,437	1,154,671,698	1,472,297,644	1,881,830,656
Honolulu Authority for Rapid Transportation	4,527,732	3,197,491	2,176,696	2,178,415	3,197,491	4,512,585
County of Hawaii	408,287,091	311,503,693	235,582,609	231,702,450	311,503,693	414,952,816
County of Maui	293,002,204	193,548,768	115,503,626	111,578,113	193,548,768	299,625,047
County of Kauai	139,014,368	92,599,575	56,175,913	54,481,008	92,599,575	141,911,764
Department of Water, County of Kauai	8,015,359	4,866,291	2,374,052	2,237,121	4,866,291	8,249,324
Board of Water Supply, City and County of Honolulu	66,604,475	42,752,135	23,921,370	23,276,197	42,752,135	67,787,595
Department of Water Supply, County of Hawaii	16,140,504	10,451,786	5,915,712	5,643,775	10,451,786	16,601,852
	<u>\$12,230,212,936</u>	<u>\$ 9,758,014,189</u>	<u>\$ 7,809,701,821</u>	<u>\$ 7,709,735,079</u>	<u>\$ 9,758,014,189</u>	<u>\$12,403,482,173</u>

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

Summary of OPEB Expense by Employer

For the Year Ended June 30, 2022

<u>Employer</u>		
State of Hawaii	\$	562,738,142
City and County of Honolulu		98,197,577
Honolulu Authority for Rapid Transportation		174,090
County of Hawaii		24,972,991
County of Maui		14,840,808
County of Kauai		7,712,353
Department of Water, County of Kauai		402,602
Board of Water Supply, City and County of Honolulu		1,868,683
Department of Water Supply, County of Hawaii		581,414
	<u>\$</u>	<u>711,488,660</u>

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

Summary of Deferred Outflows and Inflows Related to OPEB by Employer

June 30, 2022

Employer	Deferred Outflows				Deferred Inflows			
	Contributions Subsequent to the Measurement Date	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Outflows	Net Difference Between Projected and Actual Earnings on Investments	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Inflows
State of Hawaii	\$ 533,563,242	\$ -	\$ 73,072,333	\$ 606,635,575	\$ 276,527,601	\$ 835,670,595	\$ 39,637,731	\$ 1,151,835,927
City and County of Honolulu	197,569,000	-	18,048,045	215,617,045	87,473,980	189,048,058	9,101,562	285,623,600
Honolulu Authority for Rapid Transportation	918,000	244,287	2,209	1,164,496	371,978	1,879,245	24,614	2,275,837
County of Hawaii	38,439,395	5,209,092	4,099,958	47,748,445	25,718,707	46,651,915	2,405,834	74,776,456
County of Maui	44,547,000	2,072,206	4,369,815	50,989,021	40,034,369	41,131,510	2,475,120	83,640,999
County of Kauai	18,309,000	2,085,655	1,998,127	22,392,782	18,144,717	18,604,081	1,115,041	37,863,839
Department of Water, County of Kauai	1,143,000	18,843	150,151	1,311,994	1,333,454	1,371,031	78,169	2,782,654
Board of Water Supply, City and County of Honolulu	8,918,000	-	1,086,443	10,004,443	11,140,550	10,761,678	523,319	22,425,547
Department of Water Supply, County of Hawaii	2,148,000	-	246,074	2,394,074	2,558,725	2,566,499	133,761	5,258,985
	<u>\$ 845,554,637</u>	<u>\$ 9,630,083</u>	<u>\$ 103,073,155</u>	<u>\$ 958,257,875</u>	<u>\$ 463,304,081</u>	<u>\$ 1,147,684,612</u>	<u>\$ 55,495,151</u>	<u>\$ 1,666,483,844</u>

Table 6

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

Deferred Inflows to be Recognized in Future OPEB Expense by Employer

June 30, 2022

Employer	Year Ending June 30:						Total
	2023	2024	2025	2026	2027	Thereafter	
State of Hawaii	\$ 252,077,399	\$ 251,019,099	\$ 244,649,803	\$ 274,429,108	\$ 56,432,809	\$ 155,376	\$ 1,078,763,594
City and County of Honolulu	62,529,994	61,929,214	64,151,129	66,476,299	12,488,919	-	267,575,555
Honolulu Authority for Rapid Transportation	781,845	814,895	317,851	114,750	-	-	2,029,341
County of Hawaii	12,538,995	12,516,263	13,382,169	16,040,965	8,190,944	2,798,070	65,467,406
County of Maui	15,867,850	15,723,834	17,118,880	20,037,495	6,583,801	1,867,118	77,198,978
County of Kauai	6,746,000	6,658,013	7,489,800	9,485,520	2,691,126	709,598	33,780,057
Department of Water, County of Kauai	514,338	512,236	562,542	684,808	262,646	77,090	2,613,660
Board of Water Supply, City and County of Honolulu	4,946,876	4,907,738	5,502,367	5,530,047	452,076	-	21,339,104
Department of Water Supply, County of Hawaii	1,116,608	1,114,177	1,167,543	1,289,397	309,489	15,697	5,012,911
	<u>\$ 357,119,905</u>	<u>\$ 355,195,469</u>	<u>\$ 354,342,084</u>	<u>\$ 394,088,389</u>	<u>\$ 87,411,810</u>	<u>\$ 5,622,949</u>	<u>\$ 1,553,780,606</u>

Table 7

**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, 2022 and 2021

Employer	2022			2021		
	Actuarially Determined Contributions	Actual Contributions	Contributions Deficiency / (Excess)	Actuarially Determined Contributions	Actual Contributions	Contributions Deficiency / (Excess)
State of Hawaii	\$ 877,193,000	\$ 533,563,242	\$ 343,629,758	\$ 842,456,000	\$ 1,232,456,000	(390,000,000)
City and County of Honolulu	197,569,000	197,569,000	-	190,106,000	190,106,000	-
Honolulu Authority for Rapid Transportation	918,000	918,000	-	818,000	818,000	-
County of Hawaii	45,147,000	38,439,395	6,707,605	42,917,000	38,334,627	4,582,373
County of Maui	38,547,000	44,547,000	(6,000,000)	36,984,000	41,984,000	(5,000,000)
County of Kauai	18,309,000	18,309,000	-	17,842,000	17,842,000	-
Department of Water, County of Kauai	1,143,000	1,143,000	-	1,077,000	1,077,000	-
Board of Water Supply, City and County of Honolulu	8,918,000	8,918,000	-	8,452,000	8,452,000	-
Department of Water Supply, County of Hawaii	2,148,000	2,148,000	-	2,046,000	1,210,523	835,477
	<u>\$ 1,189,892,000</u>	<u>\$ 845,554,637</u>	<u>\$ 344,337,363</u>	<u>\$ 1,142,698,000</u>	<u>\$ 1,532,280,150</u>	<u>\$ (389,582,150)</u>