



# **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, 2023 and 2022

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, 2023 and 2022

**Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1
Schedule of Changes in Fiduciary Net Position by Employer	4
Notes to Schedule of Changes in Fiduciary Net Position by Employer	5
Table 1 – Summary of Net OPEB Liability by Employer	14
Table 2 – Summary of Changes in Total OPEB Liability by Employer	15
Table 3 – Sensitivity of Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates by Employer	16
Table 4 – Summary of OPEB Expense by Employer	17
Table 5 – Summary of Deferred Outflows and Inflows Related to OPEB by Employer	18
Table 6 – Deferred Inflows to be Recognized in Future OPEB Expense by Employer	19
Table 7 – Summary of Actuarially Determined and Actual Contributions by Employer	20

## 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, 2023 and 2022, and the changes in fiduciary net position for the year ended June 30, 2023, 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, 2023 and 2022, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2023, included in the accompanying Schedule.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the fiduciary net position of the EUTF as of June 30, 2023 and 2022, and the changes in fiduciary net position for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the accompanying Schedule presents fairly, in all material respects, the fiduciary net position of each individual employer as of June 30, 2023 and 2022, and the changes in fiduciary net position of each individual employer for the year ended June 30, 2023, 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, intentional 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, 2022 and 2021, and our reports thereon, dated December 7, 2022 and November 29, 2021, 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 15, 2023

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

Schedule of Changes in Fiduciary Net Position by Employer

As of June 30, 2023 and 2022 and for the Year Ended June 30, 2023

<b>Employer</b>	<b>Changes in Fiduciary Net Position for the Year Ended June 30, 2023</b>						<b>Fiduciary Net Position</b>	
	<b>Employer Contributions</b>	<b>Net Investment Loss</b>	<b>Benefits Paid</b>	<b>Administrative Expenses</b>	<b>Other</b>	<b>Net Increase</b>	<b>June 30, 2022</b>	<b>June 30, 2023</b>
State of Hawaii	\$ 533,563,242	\$ (77,248,509)	\$ (372,316,297)	\$ (319,517)	\$ 1,041,099	\$ 84,720,018	\$ 3,975,403,947	\$ 4,060,123,965
City and County of Honolulu	197,569,000	(22,698,380)	(87,138,641)	(90,227)	(223,155)	87,418,597	1,033,764,891	1,121,183,488
Honolulu Authority for Rapid Transportation	918,000	(98,665)	(191,785)	(371)	(38,297)	588,882	4,169,909	4,758,791
County of Hawaii	38,439,395	(5,410,114)	(19,891,212)	(24,126)	1,910	13,115,853	289,809,720	302,925,573
County of Maui	44,547,000	(8,234,718)	(19,370,062)	(36,607)	38,887	16,944,500	416,501,141	433,445,641
County of Kauai	18,309,000	(3,658,484)	(9,597,454)	(16,657)	14,807	5,051,212	197,456,676	202,507,888
Department of Water, County of Kauai	1,143,000	(283,267)	(524,110)	(1,242)	4,335	338,716	14,456,210	14,794,926
Board of Water Supply, City and County of Honolulu	8,918,000	(2,258,563)	(6,268,080)	(10,108)	(29,490)	351,759	118,689,650	119,041,409
Department of Water Supply, County of Hawaii	2,148,000	(518,406)	(1,213,715)	(2,283)	20,789	434,385	26,653,635	27,088,020
	<u>\$ 845,554,637</u>	<u>\$ (120,409,106)</u>	<u>\$ (516,511,356)</u>	<u>\$ (501,138)</u>	<u>\$ 830,885</u>	<u>\$ 208,963,922</u>	<u>\$ 6,076,905,779</u>	<u>\$ 6,285,869,701</u>

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

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

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

**(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 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  
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

*Employees Covered by Benefit Terms*

At June 30, 2022, the following employees were covered by the benefit terms:

Active employees	64,083
Inactive employees or beneficiaries currently receiving benefit payments	52,534
Inactive employees entitled to but not yet receiving benefit payments	<u>9,014</u>
	<u><u>125,631</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.



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

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

**(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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

*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	3.75% to 6.75%, including inflation
Demographic assumptions	Based on the 2022 actuarial experience study for the Employees' Retirement System of the State of Hawaii (the ERS), as conducted June 30, 2021
Mortality	System-specific mortality tables utilizing ultimate scale MP2021 to project generational mortality improvement.
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (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 6.40%, declining to a rate of 4.25% after 22 years
HMO**	Initial rate of 6.40%, declining to a rate of 4.25% after 22 years
Part B & BMC	Initial rate of 5.00%, declining to a rate of 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

\* Blended rates for medical and prescription drugs.

\*\* Includes prescription drug assumptions.

The following assumption changes were made for the July 1, 2022 valuation:

1. The demographic and salary related assumptions were updated to reflect the 2022 actuarial experience study for the ERS.
2. The short-term healthcare trend assumptions were updated to reflect the plan's anticipated experience.

The changes in assumptions had the effect of decreasing the total OPEB liability by \$374,671,012.

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

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

*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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global equity	27.50%	6.62%
Private equity	12.50%	11.72%
Real assets	10.00%	6.59%
Trend following	10.00%	4.53%
Private credit	8.00%	6.38%
Long treasuries	6.00%	2.32%
U.S. microcap	6.00%	8.28%
Alternative risk premia	5.00%	3.74%
Global options	5.00%	4.45%
Reinsurance	5.00%	4.81%
TIPS	5.00%	1.35%
	100.00%	

*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).

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

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

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% and the municipal bond rate of 3.69% (based on the daily rate closest to but not later than the measurement date of the Fidelity 20-year municipal GO AA Index). 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 years 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, 2023 and 2022 for each participating employer are presented in Table 1, *Summary of Net OPEB Liability by Employer*.

The total OPEB liability as of June 30, 2023 and 2022, and the changes in total OPEB liability for the year ended June 30, 2023 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, 2023 and 2022, and the changes in fiduciary net position for the year ended June 30, 2023 for each participating employer are presented in the accompanying Schedule.

The net OPEB liability was measured as of July 1, 2022 and 2021. Accordingly, participating employers will report their respective plan fiduciary net position as of June 30, 2023 and 2022 (as presented in Table 1), and their respective changes in fiduciary net position for the year ended June 30, 2023 (as presented in the Schedule), based upon information contained in the EUTF's audited financial statements as of June 30, 2022 and 2021, and for the year ended June 30, 2022, 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, 2023 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  
STATE OF HAWAII**

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

Table 3 also presents the net OPEB liability as of June 30, 2023 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, 2023 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, 2023 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, 2023, 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, 2024.

The net OPEB liability was measured as of July 1, 2022. Accordingly, participating employers will report their respective deferred outflows of resources as of June 30, 2023 (as presented in Table 5) based upon employer contributions made by each participating employer during the year ended June 30, 2023.

The amounts reported as deferred outflows of resources related to OPEB at June 30, 2023, 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, 2023, 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*.

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

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

**(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, 2023 and 2022, based upon actuarial valuations as of July 1, 2020 and 2019, respectively, for all participating employers. Table 7 also presents the actual contributions made during the years ended June 30, 2023 and 2022, 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, 2023 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)	14.9 to 22.3 as of fiscal year ending June 30, 2023
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 ending 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

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

Notes to Schedule of Changes in Fiduciary Net Position by Employer

June 30, 2023 and 2022

Healthcare cost trend rates:

PPO (B)	Initial rate of 7.50%, declining to an ultimate rate of 4.70% after 13 years
HMO (B)	Initial rate of 7.50%, declining to an ultimate rate of 4.70% after 13 years
Part B	Initial rate of 5.00%, declining to an ultimate 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%

(A) Board of Water Supply, City and County of Honolulu (15.0); Department of Water Supply, County of Hawaii (14.9); Department of Water, County of Kauai (15.3); County of Kauai (15.1); City and County of Honolulu (16.0); County of Maui (15.5); County of Hawaii (16.4); State of Hawaii (22.0); and Honolulu Authority for Rapid Transportation (22.3)

(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 and creating significant volatility and disruption in financial markets. 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.

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

Summary of Net OPEB Liability by Employer

June 30, 2023 and 2022

<b>Employer</b>	<b>June 30, 2023</b>			<b>June 30, 2022</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
State of Hawaii	\$ 10,908,073,664	\$ 4,060,123,965	\$ 6,847,949,699	\$ 11,602,200,753	\$ 3,975,403,947	\$ 7,626,796,806
City and County of Honolulu	2,365,893,579	1,121,183,488	1,244,710,091	2,506,062,535	1,033,764,891	1,472,297,644
Honolulu Authority for Rapid Transportation	6,998,492	4,758,791	2,239,701	7,367,400	4,169,909	3,197,491
County of Hawaii	571,101,431	302,925,573	268,175,858	601,313,413	289,809,720	311,503,693
County of Maui	577,215,493	433,445,641	143,769,852	610,049,909	416,501,141	193,548,768
County of Kauai	273,812,579	202,507,888	71,304,691	290,056,251	197,456,676	92,599,575
Department of Water, County of Kauai	18,530,589	14,794,926	3,735,663	19,322,501	14,456,210	4,866,291
Board of Water Supply, City and County of Honolulu	149,928,478	119,041,409	30,887,069	161,441,785	118,689,650	42,752,135
Department of Water Supply, County of Hawaii	34,900,490	27,088,020	7,812,470	37,105,421	26,653,635	10,451,786
	<u>\$ 14,906,454,795</u>	<u>\$ 6,285,869,701</u>	<u>\$ 8,620,585,094</u>	<u>\$ 15,834,919,968</u>	<u>\$ 6,076,905,779</u>	<u>\$ 9,758,014,189</u>



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

Summary of Changes in Total OPEB Liability by Employer

As of June 30, 2023 and 2022 and for the Year Ended June 30, 2023

Employer	Year Ended June 30, 2023						
	Balance June 30, 2022	Service Cost	Interest on Total OPEB Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Benefits Paid	Balance June 30, 2023
State of Hawaii	\$ 11,602,200,753	\$ 241,724,795	\$ 807,583,350	\$(1,092,624,046)	\$ (278,494,891)	\$ (372,316,297)	\$ 10,908,073,664
City and County of Honolulu	2,506,062,535	46,582,963	174,004,929	(221,001,132)	(52,617,075)	(87,138,641)	2,365,893,579
Honolulu Authority for Rapid Transportation	7,367,400	235,195	517,237	(767,216)	(162,339)	(191,785)	6,998,492
County of Hawaii	601,313,413	13,200,983	41,857,781	(50,903,860)	(14,475,674)	(19,891,212)	571,101,431
County of Maui	610,049,909	12,929,059	42,478,059	(54,117,123)	(14,754,349)	(19,370,062)	577,215,493
County of Kauai	290,056,251	6,246,785	20,186,664	(25,679,038)	(7,400,629)	(9,597,454)	273,812,579
Department of Water, County of Kauai	19,322,501	438,674	1,349,585	(1,388,028)	(668,033)	(524,110)	18,530,589
Board of Water Supply, City and County of Honolulu	161,441,785	2,607,754	11,172,814	(14,141,673)	(4,884,122)	(6,268,080)	149,928,478
Department of Water Supply, County of Hawaii	37,105,421	754,223	2,581,297	(3,112,836)	(1,213,900)	(1,213,715)	34,900,490
	<u>\$ 15,834,919,968</u>	<u>\$ 324,720,431</u>	<u>\$ 1,101,731,716</u>	<u>\$(1,463,734,952)</u>	<u>\$ (374,671,012)</u>	<u>\$ (516,511,356)</u>	<u>\$ 14,906,454,795</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, 2023

Employer	Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	Current Healthcare Cost Trend Rates		
				1% Decrease	1% Increase	1% Increase
State of Hawaii	\$ 8,480,829,424	\$ 6,847,949,699	\$ 5,550,145,994	\$ 5,479,628,472	\$ 6,847,949,699	\$ 8,597,507,288
City and County of Honolulu	1,597,736,023	1,244,710,091	965,412,987	954,351,070	1,244,710,091	1,615,359,196
Honolulu Authority for Rapid Transportation	3,479,439	2,239,701	1,283,742	1,264,530	2,239,701	3,502,669
County of Hawaii	356,559,610	268,175,858	198,330,384	194,749,881	268,175,858	362,317,831
County of Maui	234,173,281	143,769,852	72,302,174	68,750,857	143,769,852	239,746,782
County of Kauai	113,239,480	71,304,691	38,128,907	36,531,639	71,304,691	115,777,842
Department of Water, County of Kauai	6,571,747	3,735,663	1,470,222	1,348,188	3,735,663	6,765,806
Board of Water Supply, City and County of Honolulu	52,025,866	30,887,069	14,062,611	13,481,451	30,887,069	53,006,836
Department of Water Supply, County of Hawaii	12,882,158	7,812,470	3,742,204	3,503,603	7,812,470	13,263,452
	<u>\$10,857,497,028</u>	<u>\$ 8,620,585,094</u>	<u>\$ 6,844,879,225</u>	<u>\$ 6,753,609,691</u>	<u>\$ 8,620,585,094</u>	<u>\$11,007,247,702</u>

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

Summary of OPEB Expense by Employer

For the Year Ended June 30, 2023

<u>Employer</u>	
State of Hawaii	\$ 354,176,911
City and County of Honolulu	55,910,313
Honolulu Authority for Rapid Transportation	(634,689)
County of Hawaii	17,495,318
County of Maui	6,801,974
County of Kauai	4,026,711
Department of Water, County of Kauai	206,455
Board of Water Supply, City and County of Honolulu	(759,180)
Department of Water Supply, County of Hawaii	107,757
	<u>\$ 437,331,570</u>

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

Summary of Deferred Outflows and Inflows Related to OPEB by Employer

June 30, 2023

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	Net Difference Between Projected and Actual Earnings on Investments	Difference Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Inflows
State of Hawaii	\$ 839,445,000	\$ 73,432,301	\$ -	\$ 42,151,629	\$ 955,028,930	\$ -	\$ 1,532,416,476	\$ 261,391,824	\$ 1,793,808,300
City and County of Honolulu	188,090,000	10,916,941	-	9,863,782	208,870,723	-	323,799,488	50,485,656	374,285,144
Honolulu Authority for Rapid Transportation	793,000	43,786	-	-	836,786	-	1,385,496	92,732	1,478,228
County of Hawaii	42,910,000	890,677	3,870,717	2,781,428	50,452,822	-	81,085,326	14,308,660	95,393,986
County of Maui	41,344,000	-	1,539,218	3,057,133	45,940,351	730,507	78,611,032	14,487,680	93,829,219
County of Kauai	17,294,000	7,136	1,499,368	1,279,864	20,080,368	-	36,450,173	7,128,847	43,579,020
Department of Water, County of Kauai	1,058,000	3,133	13,958	104,498	1,179,589	-	2,294,291	635,040	2,929,331
Board of Water Supply, City and County of Honolulu	8,180,000	-	-	441,791	8,621,791	260,875	19,313,721	4,394,185	23,968,781
Department of Water Supply, County of Hawaii	1,961,000	-	-	159,914	2,120,914	82,797	4,560,134	1,128,967	5,771,898
	<u>\$ 1,141,075,000</u>	<u>\$ 85,293,974</u>	<u>\$ 6,923,261</u>	<u>\$ 59,840,039</u>	<u>\$ 1,293,132,274</u>	<u>\$ 1,074,179</u>	<u>\$ 2,079,916,137</u>	<u>\$ 354,053,591</u>	<u>\$ 2,435,043,907</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, 2023

Employer	Year Ending June 30:						Total
	2024	2025	2026	2027	2028	Thereafter	
State of Hawaii	\$ 409,440,616	\$ 403,071,320	\$ 432,850,625	\$ 214,854,326	\$ 218,007,483	\$ -	\$ 1,678,224,370
City and County of Honolulu	88,164,734	90,386,649	92,711,819	38,724,437	43,516,782	-	353,504,421
Honolulu Authority for Rapid Transportation	1,141,541	344,535	31,557	(83,191)	-	-	1,434,442
County of Hawaii	16,627,908	17,493,814	20,152,610	12,302,588	12,178,462	9,095,782	87,851,164
County of Maui	18,423,857	19,818,903	22,737,518	9,283,825	12,221,083	6,747,682	89,232,868
County of Kauai	8,194,313	9,026,100	11,021,820	4,227,424	5,802,852	2,520,143	40,792,652
Department of Water, County of Kauai	543,057	593,363	715,629	293,468	371,274	290,951	2,807,742
Board of Water Supply, City and County of Honolulu	6,139,539	6,734,168	6,761,848	1,683,875	2,207,560	-	23,526,990
Department of Water Supply, County of Hawaii	1,308,451	1,361,817	1,483,671	503,762	693,327	260,956	5,611,984
	<u>\$ 549,984,016</u>	<u>\$ 548,830,669</u>	<u>\$ 588,467,097</u>	<u>\$ 281,790,514</u>	<u>\$ 294,998,823</u>	<u>\$ 18,915,514</u>	<u>\$ 2,282,986,633</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, 2023 and 2022

Employer	2023			2022		
	Actuarially Determined Contributions	Actual Contributions	Contributions Deficiency / (Excess)	Actuarially Determined Contributions	Actual Contributions	Contributions Deficiency / (Excess)
State of Hawaii	\$ 839,445,000	\$ 839,445,000	\$ -	\$ 877,193,000	\$ 533,563,242	\$ 343,629,758
City and County of Honolulu	188,090,000	188,090,000	-	197,569,000	197,569,000	-
Honolulu Authority for Rapid Transportation	793,000	793,000	-	918,000	918,000	-
County of Hawaii	42,910,000	42,910,000	-	45,147,000	38,439,395	6,707,605
County of Maui	38,344,000	41,344,000	(3,000,000)	38,547,000	44,547,000	(6,000,000)
County of Kauai	17,294,000	17,294,000	-	18,309,000	18,309,000	-
Department of Water, County of Kauai	1,058,000	1,058,000	-	1,143,000	1,143,000	-
Board of Water Supply, City and County of Honolulu	8,180,000	8,180,000	-	8,918,000	8,918,000	-
Department of Water Supply, County of Hawaii	1,961,000	1,961,000	-	2,148,000	2,148,000	-
	<u>\$ 1,138,075,000</u>	<u>\$ 1,141,075,000</u>	<u>\$ (3,000,000)</u>	<u>\$ 1,189,892,000</u>	<u>\$ 845,554,637</u>	<u>\$ 344,337,363</u>