Department of Transportation, Airports, State of Hawaii

(an enterprise fund of the State of Hawaii)

Financial Report
with Supplementary Information
June 30, 2025

Contents

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Independent Auditor's Report

To the Auditor and the Department of
Transportation Director
State of Hawaii

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Department of Transportation, Airports, State of Hawaii (the "Airports"), an enterprise fund of the State of Hawaii, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Airports' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Department of Transportation, Airports, State of Hawaii as of June 30, 2025 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

We draw attention to Note 1, which explains that these financial statements present only the Airports and do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2025 and the changes in its financial position and, where applicable, its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2025, the Airports adopted new accounting guidance under GASB 101. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

To the Auditor and the Department of
Transportation Director
State of Hawaii

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Airports' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the schedule of proportionate share of the net pension liability, schedule of employer contributions related to pensions, schedule of proportionate share of the net OPEB liability, and schedule of employer contributions related to OPEB that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

To the Auditor and the Department of
Transportation Director
State of Hawaii

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department of Transportation, Airports, State of Hawaii's basic financial statements. The supplementary information, as identified in the table of contents (excluding certain information included in Schedules 5, 7, and 8 labeled unaudited), is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as identified in the table of contents (excluding certain information included in Schedules 5, 7, and 8 labeled unaudited), is fairly stated in all material respects in relation to the basic financial statements as a whole.

Additional Information

Management is responsible for the accompanying information in Schedules 5, 7, and 8 labeled unaudited, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinion on the financial statements does not cover such information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2025 on our consideration of the Department of Transportation, Airports, State of Hawaii's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department of Transportation, Airports, State of Hawaii's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department of Transportation, Airports, State of Hawaii's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 21, 2025

The following management’s discussion and analysis of the Department of Transportation, Airports, State of Hawaii's (the "Airports") activities and financial performance provides the reader with an introduction and overview of the financial statements of the Airports for the fiscal year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Airports operate and maintain 15 airports at various locations within the State of Hawaii (the "State") as a single integrated system for management and financial purposes. Daniel K. Inouye International Airport on the Island of Oahu is the principal airport in the airports system providing facilities for interisland flights, domestic overseas flights, and international flights to destinations in the Pacific Rim. Kahului Airport on the Island of Maui, Ellison Onizuka Kona International Airport at Keahole on the Island of Hawaii, and Lihue Airport on the Island of Kauai are the other major airports in the airports system that provide interisland and domestic overseas flights. Kahului Airport and Ellison Onizuka Kona International Airport at Keahole also provide facilities for flights to and from Canada. Hilo International Airport currently provides facilities for interisland flights. The Daniel K. Inouye International Airport accommodated 56.8 percent of total passenger traffic in the airport system during fiscal year 2025. The other 4 principal airports accommodated 42.5 percent of the total passenger traffic for fiscal year 2025.

The other airports in the airports system are Port Allen on the Island of Kauai, Dillingham Airfield (currently leased from the U.S. military) and Kalaeloa Airport on the Island of Oahu, Kapalua and Hana airports on the Island of Maui, Waimea-Kohala and Upolu airports on the Island of Hawaii, Lanai Airport on the Island of Lanai, and Molokai and Kalaupapa airports on the Island of Molokai. These facilities are utilized by air carriers, general aviation, and the military, with the exception of the Upolu and Port Allen airports, which are used exclusively by general aviation. The Airports assumed operations of Kalaeloa Airport (formerly, Barbers Point Naval Air Station) on the Island of Oahu as a general reliever airport for the Daniel K. Inouye International Airport on July 1, 1999. The other airports in the airports system accommodated 0.7 percent of the total passenger traffic for fiscal year 2025.

The Airports are self-sustaining. The Department of Transportation (DOT) is authorized to impose and collect rates and charges for the airports system services and properties to generate revenue to fund operating expenses. The Capital Improvements Program is primarily funded by the Airports' system revenue bonds and lease revenue certificates of participation issued by the Airports, federal grants, passenger facility charges (PFCs), customer facility charges (CFCs), and the Airports’ cash.

Overview of the Financial Statements

The Airports are accounted for as a proprietary fund and utilize the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. The proprietary fund includes the enterprise fund type, which is used to account for the acquisition, operation, and maintenance of government facilities and services that are entirely or predominantly supported by user charges.

The Airports' financial report includes three financial statements: the statement of net position; the statement of revenue, expenses, and changes in net position; and the statement of cash flows. The financial statements are prepared in accordance with U.S. generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board.

The Airports implemented the provisions of Governmental Accounting Standards Board Statement No. 87 (GASB 87), *Leases*, in fiscal year 2022. This standard improves accounting and financial reporting for leases by governments. During fiscal year 2025, leases receivable related to eligible GASB 87 leases decreased by approximately $40 million.

The Airports' Net Position

	2024	2025	Change	Percent Change
Assets				
Current and other assets	$ 2,003,110,995	$ 2,561,357,349	$ 558,246,354	27.9
Capital assets	4,182,509,266	4,333,033,429	150,524,163	3.6
Total assets	6,185,620,261	6,894,390,778	708,770,517	11.5
Deferred Outflows of Resources	56,815,832	65,428,819	8,612,987	15.2
Liabilities				
Current liabilities	297,857,573	309,726,862	11,869,289	4.0
Noncurrent liabilities	2,667,862,072	3,223,902,235	556,040,163	20.8
Total liabilities	2,965,719,645	3,533,629,097	567,909,452	19.1
Deferred Inflows of Resources	427,958,638	414,912,602	(13,046,036)	(3.0)
Net Position				
Net investment in capital assets	1,806,653,524	1,774,663,111	(31,990,413)	(1.8)
Restricted	760,342,876	917,255,592	156,912,716	20.6
Unrestricted	281,761,410	319,359,195	37,597,785	13.3
Total net position	**$ 2,848,757,810**	**$ 3,011,277,898**	**$ 162,520,088**	5.7

The largest portion of the Airports' net position (58.9 percent and 63.4 percent at June 30, 2025 and 2024, respectively) represents their investment in capital assets (e.g., land, buildings and improvements, and equipment), less related indebtedness outstanding to acquire those capital assets. The Airports use these capital assets to provide services to passengers and visitors using the airports system; consequently, these assets are not available for future spending. Although the Airports' investment in their capital assets is reported net of related debt, the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay such liabilities.

The restricted portion of the Airports' net position (30.5 percent and 26.7 percent at June 30, 2025 and 2024, respectively) represents bond reserve funds that are subject to external restrictions on how they can be used under the Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds (the "Certificate"), as well as PFCs and CFCs that can be used only for specific projects.

The largest portion of the Airports' unrestricted net position represents unrestricted cash and cash equivalents in the amount of $737.9 million and $601.9 million at June 30, 2025 and 2024, respectively. The unrestricted cash balance provides the Airports with substantial flexibility, as such unrestricted assets may be used to meet any of the Airports' ongoing operations and to fund the CIP projects.

The Airports' Changes in Net Position

	2024	2025	Change	Percent Change
Operating Revenue				
Concession fees	$ 157,200,688	$ 172,326,108	$ 15,125,420	9.6
Airport landing fees - Net	126,187,581	138,669,310	12,481,729	9.9
Aeronautical rentals - Nonexclusive joint-use premise charges	138,384,523	146,279,435	7,894,912	5.7
Aeronautical rentals - Exclusive premise charges	101,526,292	101,748,656	222,364	0.2
Nonaeronautical rentals	31,362,577	30,730,998	(631,579)	(2.0)
Aviation fuel tax	2,623,798	2,686,453	62,655	2.4
Miscellaneous	9,351,618	11,162,862	1,811,244	19.4
Total operating revenue	566,637,077	603,603,822	36,966,745	6.5
Operating Expenses				
Depreciation	184,227,270	202,168,421	17,941,151	9.7
Salaries and wages	130,192,822	139,243,886	9,051,064	7.0
Other personnel services	111,068,617	139,073,745	28,005,128	25.2
Utilities	51,406,590	49,326,106	(2,080,484)	(4.0)
Repairs and maintenance	80,967,542	91,225,715	10,258,173	12.7
State of Hawaii surcharge on gross receipts	18,068,339	18,550,915	482,576	2.7
Department of Transportation general administration expenses	8,870,514	14,482,335	5,611,821	63.3
Materials and supplies	11,355,033	9,918,863	(1,436,170)	(12.6)
Workers' compensation and other insurance claims	4,627,884	4,615,290	(12,594)	(0.3)
Insurance	5,151,757	5,307,692	155,935	3.0
Miscellaneous	18,166,515	-	(18,166,515)	(100.0)
Total operating expenses	624,102,883	673,912,968	49,810,085	8.0
Operating Loss	(57,465,806)	(70,309,146)	(12,843,340)	22.3
Nonoperating (Expense) Revenue				
(Loss) gain on disposal of assets	(39,276)	1,446	40,722	(103.7)
Interest income	70,227,495	67,587,262	(2,640,233)	(3.8)
Federal operating grants	15,627,919	-	(15,627,919)	(100.0)
Passenger facility charges	45,306,387	55,596,176	10,289,789	22.7
Rental car customer facility charges	67,082,352	72,701,409	5,619,057	8.4
Airports system revenue bonds interest expense	(66,765,391)	(69,067,157)	(2,301,766)	3.4
Special facility revenue bonds interest expense	(4,712)	(178,446)	(173,734)	3,687.1
Lease revenue certificates of participation interest expense	(6,110,103)	(5,269,543)	840,560	(13.8)
Other interest expense	(13,447,061)	(16,344,392)	(2,897,331)	21.5
Total nonoperating revenue	111,877,610	105,026,755	(6,850,855)	(6.1)
Income - Before capital contributions	54,411,804	34,717,609	(19,694,195)	(36.2)
Capital Contributions - Federal capital grants	93,388,217	145,498,500	52,110,283	55.8
Change in Net Position	147,800,021	180,216,109	32,416,088	21.9
Net Position - Beginning of year, as previously reported	2,700,957,789	2,848,757,810	147,800,021	5.5
Cumulative Effect of Change in Accounting	-	(17,696,021)	(17,696,021)	-
Net Position - Beginning of year	2,700,957,789	2,831,061,789	130,104,000	4.8
Net Position - End of year	**$ 2,848,757,810**	**$ 3,011,277,898**	**$ 162,520,088**	5.7

The financial results for fiscal years 2025 and 2024 reflected income before capital contributions of $34.7 million and $54.4 million, respectively. Operating revenue increased by $37.0 million, or 6.5 percent, resulting from increased revenue from concessions revenue, airport landing fees, and aeronautical rentals. The increase is primarily attributable to higher domestic traffic activities that started in early 2021 and continue to grow. Total nonoperating revenue decreased by $6.8 million, or 6.1 percent, mainly due to the closeout of federal operating grants related to COVID-19.

- Income before capital contributions for fiscal year 2025 of $34.7 million compared to before capital contributions of $54.4 million for fiscal year 2024 was a result of an increase in operating expenses.
- Capital contributions increased by 55.8 percent, or $52.1 million, in fiscal year 2025 due to an increase in federal capital grant revenue.
- Operating expenses before depreciation for fiscal year 2025 increased by 8.0 percent, or $49.8 million, compared to fiscal year 2024 mainly due to increases in salaries and wages, other personnel services, repairs and maintenance, and other miscellaneous expenses offset by decreases in utilities, materials and supplies, and other miscellaneous expenses. Depreciation expense increased by 9.7 percent, or $17.9 million.

Total nonoperating expenses for fiscal year 2025 decreased by 6.1 percent, or $6.8 million, compared to fiscal year 2024 mainly due to closeout of federal operating grants related to COVID-19.

As a result of the above fluctuations in revenue and expenses, net position for the Airports increased by $180.2 million during 2025.

In summary, in fiscal year 2025, the Airports generated operating income before depreciation and positive cash flows from operating activities. The Airports continue to obtain revenue from a diverse mix of sources. The Airports continue to monitor signatory airline requirements and adjust rates and charges accordingly to assure financial stability and bond certificate requirements are met on a semiannual and annual basis.

Capital Acquisitions and Construction Activities

As of June 30, 2025 and 2024, the Airports had capital assets of approximately $4,333.0 million and $4,182.5 million, respectively. These amounts are net of accumulated depreciation of approximately $3,458.6 million and $3,257.8 million, respectively.

In fiscal year 2025, there were five construction bid openings totaling an estimated $39 million in construction contracts, with one still in the award process. The projects include Fire Alarm System Improvements and Fire Sprinkler System Upgrade at Daniel K. Inouye International Airport, Underground Storage Tank Removal and Replacement with Above Ground Storage Tanks and Parking Lot Improvements at Lihue Airport, and Cesspools and Individual Wastewater System Replacement at Hilo International Airport.

There were also many ongoing construction projects that were initiated prior to fiscal year 2025, which were under construction during the fiscal year. Major projects include Runway and Taxiway Shoulder Rehabilitation and Ticket Lobby Renovations at Daniel K. Inouye International Airport, Holdroom and Gate Improvements, and Resurface Runway 2-20 at Kahului Airport, Runway 17-35 Rehabilitation at Ellison Onizuka Kona International Airport at Keahole, and Taxiway and Runway Lighting Replacement and Drainage and Windcone Improvements at Hilo International Airport.

Finally, there were three projects that were substantially completed in fiscal year 2025 that involved construction projects at airports statewide to preserve, maintain, and modernize facilities. These projects include Resurface Runway 2-20 at Kahului Airport; Restroom Improvements; and Terminal Modernization, Phase 1, at Ellison Onizuka Kona International Airport at Keahole.

The Airports continue their mission to modernize airport facilities for safety and efficiency and enhance the passenger experience. In fiscal year 2026, several projects will be advertised for construction that improve safety and preserve infrastructure. Major projects include Parking Structure at Ualena Street, Taxiway C Reconstruction, and Terminal 2 parking structure at Daniel K. Inouye International Airport; Repave Runway 4R and Utility System Improvements at Kalaeloa Airport; Apron Light Replacement at Kahului Airport and Lanai Airport; and Runway 5-23 Pavement Rehabilitation at Molokai Airport.

Additional information on the Airports' capital assets can be found in Note 4 to the financial statements.

Indebtedness

The Airports System Revenue Bonds

In February 2025, the Airports completed the issuance of the Series 2025A Bonds (AMT), the Series 2025B Bonds (Non-AMT), the Refunding Series 2025C (AMT), and the Refunding Series 2025D (non-AMT) for a total principal amount of $848.535 million. The last maturity of the Series 2025A Bonds is scheduled on July 1, 2054.

As of June 30, 2025, $2,460.7 million of airports system revenue bonds, including related discounts and premiums, was outstanding compared to $1,853.3 million as of June 30, 2024

At June 30, 2025, the balance of legislatively approved and appropriated but unissued airports system revenue bonds was $2,804.6 million.

Lease Revenue Certificates of Participation

Section 36-41 of the Hawaii Revised Statutes authorizes the DOT to enter into multiyear energy performance contracts, including financing agreements, in order to implement energy conservation or alternate energy measures in state facilities. The Airports released an invitation for proposal to procure the energy saving projects (the "ESCO Project") in May 2011 and selected Johnson Controls, Inc. (JCI) in January 2012. The Airports executed a contract with JCI and issued Series 2013 Lease Revenue Certificates of Participation (COPs) with a par value of $167.7 million in December 2013. The Airports are using the net proceeds of COPs, totaling $150.2 million, to implement the ESCO Project. JCI has agreed in the contract to guarantee utility savings at approximately 91.7 percent of expected annual savings, which are expected to exceed annual debt service on COPs.

On April 13, 2016, the Airports issued Series 2016 Lease Revenue Certificates of Participation financing, which provided an additional $8.1 million for the ESCO Project.

On March 31, 2017, the Airports issued Series 2017 Lease Revenue Certificates of Participation to provide an additional $51.5 million for the ESCO Project.

As of June 30, 2025, $120.5 million of COPs was outstanding compared to $140.3 million as of June 30, 2024.

Special Facility Revenue Bonds

The state Legislature has authorized $200,000,000 of special facility revenue bonds pursuant to Section 261-52 of the Hawaii Revised Statutes. As of June 30, 2025, there were no outstanding bond obligations. The DOT expects to finance additional special facility projects from time to time for qualified entities. All special facility revenue bonds are payable solely from the revenue derived from the leasing of special facilities financed with the proceeds of special facility revenue bonds.

Additional information regarding the Airports' indebtedness can be found in Note 5 to the financial statements.

Customer Facility Charge Revenue Bonds

In July 2017, the Department of Transportation issued Airports System Customer Facility Revenue Bonds, Series 2017A (the "2017 CFC Bonds") with a par amount of $249,805,000 to provide $250 million of construction funds for certain rental car-related projects at Hawaii Airports System. The 2017 CFC Bonds are special facility bonds issued pursuant to the Indenture of Trust between the State and MUFG Union Bank, N.A. as trustee, which was assigned to Union Bank. In August 2019, the Department of Transportation issued Airports System Customer Facility Revenue Bonds, Series 2019A (the "2019 CFC Bonds") with a par amount of $194,710,000 to refund a prior loan and to provide an additional $105 million of construction funds for certain rental car-related projects at Hawaii Airports System. At June 30, 2025, $381.4 million of customer facility charge revenue bonds was outstanding compared to $392.5 million as of June 30, 2024.

Credit Rating and Bond Insurance

As of June 30, 2025, there were 17 series of airports system revenue bonds outstanding in the principal amount of $2,282.0 million. Payment of principal and interest on the bonds was insured by bond insurance policies issued by the Federal Guaranty Insurance Company (FGIC) at the time of issuance of the bonds. The airports system revenue bonds are rated as follows:

Standard & Poor's Corporation	AA-
Moody's Investors Service	Aa3
Fitch IBCA, Inc.	AA-1

Economic Factors and Next Year's Budgets and Rates

The airports system generates airline revenue primarily according to the airport airline lease agreements, generates concession revenue based on various commercial agreements, pays expenses to maintain and operate the facilities, and issues airports system revenue bonds from time to time to fund capital projects, all of which are directly or indirectly affected by the general economic conditions of the State of Hawaii, the United States, and certain foreign countries such as Japan. Changes in economic conditions may impact the financial conditions of the airports system. However, the airport airline lease agreements have established a hybrid residual ratemaking methodology, which enables the airports system to retain net revenue if any, and to generate at least adequate revenue to meet obligations during an economic downturn, as more fully described in such agreements. The airports system establishes annual airline rates and charges before the start of a fiscal year and publishes such rate schedules at https://hidot.hawaii.gov/airports/doing business/.

Selected events subsequent to the end of fiscal year 2025 on June 30, 2025 include the following:

- On October 1, 2025, the federal government entered a shutdown after Congress failed to pass appropriations legislation for the 2026 fiscal year. On November 7, 2025, Daniel K. Inouye International Airport was on a list of 40 airports, for which the Federal Aviation Administration (FAA) planned to reduce airline traffic by up to 10 percent. The order was cancelled on November 13, 2025.
- On October 29, 2025, Alaska Airlines received a single operating certificate (SOC) from the FAA to operate along with Hawaiian Airlines as two separate brands.

Requests for Further Information

This financial report is intended to provide a general overview of the Airports' finances and demonstrate the Airports' accountability for the money it receives. If you have questions about this report or need additional information, please contact Ford N. Fuchigami, Airports Administrator, State of Hawaii, Department of Transportation, Airports at airadministrator@hawaii.gov. This report, township budgets, and other financial information are available on the Airports' website at www.hidot.hawaii.gov/airports/.

Statement of Net Position

	June 30, 2025
Assets	
Current assets:	
Cash and cash equivalents	$ 743,227,477
Receivables:	
Accounts - Net of allowance	43,638,161
Leases receivable	78,605,513
Interest	36,998,799
Claims - Federal grants	32,874,496
Aviation fuel tax	253,284
Inventories of materials and supplies at cost	737,233
Restricted assets:	
Cash and cash equivalents	342,926,674
Prepaid airport use charge fund	16,975,044
Passenger facility charges receivable	10,646,035
Rental car customer facility charges receivable	11,358,111
Total current assets	1,318,240,827
Noncurrent assets:	
Restricted assets:	
Restricted cash and cash equivalents	639,039,772
Restricted investment securities	341,214,186
Leases receivable	261,318,473
Capital assets:	
Assets not subject to depreciation	1,430,969,205
Assets subject to depreciation - Net	2,902,064,224
Lease interest receivable	1,447,964
Right-of-use lease asset	96,127
Total noncurrent assets	5,576,149,951
Total assets	6,894,390,778
Deferred Outflows of Resources	
Deferred loss on refunding	4,370,276
Deferred pension costs	37,866,122
Deferred OPEB costs	23,192,421
Total deferred outflows of resources	65,428,819

See notes to financial statements.

Statement of Net Position (Continued)

	June 30, 2025
Liabilities	
Current liabilities:	
Payable from unrestricted assets:	
Vouchers and contracts payable	$ 42,564,643
Current portion of workers' compensation	3,080,477
Current portion of compensated absences	8,502,692
Accrued wages	21,442,417
Other	17,235,253
Payable from restricted assets:	
Contracts payable	74,096,972
Accrued interest	54,387,297
Current portion of airport system revenue bonds	43,410,000
Current portion of lease revenue certificates of participation	20,754,604
Current portion of customer facility charge revenue bonds	11,370,000
Security deposits	12,882,507
Total current liabilities	309,726,862
Noncurrent liabilities - Net of current portion:	
Workers compensation	11,525,937
Compensated absences	24,322,510
Airport system revenue bonds	2,417,259,392
Lease revenue certificates of participation	99,747,704
Customer facility charge revenue bonds	370,035,000
Net pension liability	174,898,720
Net OPEB liability	126,044,768
Lease liability	68,204
Total noncurrent liabilities - Net of current portion	3,223,902,235
Total liabilities	3,533,629,097
Deferred Inflows of Resources	
Deferred gain on refunding	13,081,004
Deferred pension cost reductions	6,292,371
Deferred OPEB cost reductions	31,504,442
Leases	364,034,785
Total deferred inflows of resources	414,912,602
Net Position	
Net investment in capital assets	1,774,663,111
Restricted:	
Debt service requirement	603,316,716
Capital projects	313,938,876
Unrestricted	319,359,195
Total net position	**$ 3,011,277,898**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30, 2025
Operating Revenue	
Concession fees	$ 172,326,108
Airport landing fees - Net	138,669,310
Aeronautical rentals - Nonexclusive joint-use premise charges	146,279,435
Aeronautical rentals - Exclusive premise charges	101,748,656
Nonaeronautical rentals	30,730,998
Aviation fuel tax	2,686,453
Miscellaneous	11,162,862
Total operating revenue	603,603,822
Operating Expenses	
Depreciation	202,168,421
Salaries and wages	139,243,886
Other personnel services	139,073,745
Utilities	49,326,106
Repairs and maintenance	91,225,715
State of Hawaii surcharge on gross receipts	18,550,915
Department of Transportation general administration expenses	14,482,335
Materials and supplies	9,918,863
Workers' compensation and other insurance claims	4,615,290
Insurance	5,307,692
Total operating expenses	673,912,968
Operating Loss	(70,309,146)
Nonoperating Revenue (Expense)	
Gain on disposal of assets	1,446
Interest income	67,587,262
Passenger facility charges	55,596,176
Rental car customer facility charges	72,701,409
Airports system revenue bonds interest expense	(69,067,157)
Special facility revenue bonds interest expense	(178,446)
Lease revenue certificates of participation interest expense	(5,269,543)
Other interest expense	(16,344,392)
Total nonoperating revenue	105,026,755
Income - Before capital contributions	34,717,609
Capital Contributions - Federal capital grants	145,498,500
Change in Net Position	180,216,109
Net Position - Beginning of year, as previously reported	2,848,757,810
Cumulative Effect of Change in Accounting	(17,696,021)
Net Position - Beginning of year, as adjusted	2,831,061,789
Net Position - End of year	**$ 3,011,277,898**

See notes to financial statements.

Statement of Cash Flows

	Year Ended June 30, 2025
Cash Flows from Operating Activities	
Receipts from customers	$ 603,347,588
Payments to suppliers	(184,522,069)
Payments to employees and fringes	(296,516,672)
Payments to State of Hawaii	(44,121)
Net cash and cash equivalents provided by operating activities	122,264,726
Cash Flows from Capital and Related Financing Activities	
Issuance of bonds	671,395,966
Receipt of capital grants	134,752,876
Proceeds from passenger facility charge and customer facility charge programs	109,588,803
Proceeds from sale of capital assets	1,446
Purchase of capital assets	(349,891,200)
Principal and interest paid on capital debt	(175,540,251)
Debt issuance costs	(3,211,310)
Net cash and cash equivalents provided by capital and related financing activities	387,096,330
Cash Flows from Investing Activities	
Interest received on investments	70,355,442
Purchases of investment securities	(106,293,774)
Net cash and cash equivalents used in investing activities	(35,938,332)
Net Increase in Cash and Cash Equivalents	473,422,724
Cash and Cash Equivalents - Beginning of year	1,251,771,199
Cash and Cash Equivalents - End of year	**$ 1,725,193,923**
Classification of Cash and Cash Equivalents	
Cash and cash equivalents	$ 743,227,477
Restricted cash - Current	342,926,674
Restricted cash - Noncurrent	639,039,772
Total cash and cash equivalents	**$ 1,725,193,923**

Statement of Cash Flows (Continued)

	Year Ended June 30, 2025
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	$ (70,309,146)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	202,168,421
Changes in assets and liabilities:	
Receivables	69,373
Inventories	(253,646)
Net pension liability and related deferrals	(3,973,259)
Net OPEB liability and related deferrals	(16,490,643)
Accounts payable	8,788,765
Accrued and other liabilities	2,264,861
Total adjustments	192,573,872
Net cash and cash equivalents provided by operating activities	**$ 122,264,726**
Significant Noncash Transactions	
Amortization of bond premiums and discounts (net)	$ 9,629,730
Amortization of deferred gain on refunding revenue bonds	(51,812)
Bond refunding through fiscal agent	(249,815,813)
Bond proceeds held by fiscal agent	233,040,981
Capital assets acquired through accounts payable	2,801,185

See notes to financial statements.

Note 1 - Reporting Entity

The Department of Transportation, Airports, State of Hawaii (the "Airports") was established on July 1, 1961 to succeed the Hawaii Aeronautics Commission under the provisions of Act 1, Hawaii State Government Reorganization Act of 1959, Second Special Session Laws of Hawaii. The Airports have jurisdiction over and control of all State of Hawaii (the "State") airports and air navigation facilities and general supervision of aeronautics within the State. The Airports currently operate and maintain 15 airports located throughout the State.

The accompanying financial statements present only the activities of the Airports and are not intended to present fairly the financial position of the State or the changes in its financial position or, where applicable, its cash flows in conformity with U.S. generally accepted accounting principles.

Note 2 - Significant Accounting Policies

Basis of Accounting

An enterprise fund is established to account for an activity that is financed with debt secured solely by a pledge of net revenue from fees and charges of the activity or when laws and regulations require that the activity's costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges rather than with taxes or similar revenue. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The Airports use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Accounting and Reporting Principles

The Airports follow accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Airports:

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Airports classify investments in the State's investment pool (the "Pool") as cash and cash equivalents, regardless of the underlying maturity of the Pool's investments, as the Airports can withdraw amounts from the Pool without penalty or notice. All other highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased are considered to be cash equivalents.

Receivables

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on collection history and current information regarding the creditworthiness of the tenants and others doing business with the Airports. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected. At June 30, 2025, the Airports reported an allowance of $2,971,718 related to receivables.

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

Restricted assets consist of moneys and other resources, the use of which is limited because of an externally enforceable constraint. Certain proceeds of the airports system revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained separately and the use of the proceeds is limited by applicable bond covenants and resolutions. Restricted assets account for the principal and interest amounts accumulated to make debt service payments, unspent bond proceeds, amounts restricted for bond reserve requirements, unspent passenger facility charges (PFCs), unspent customer facility charges (CFCs), security deposits, customer advances, and the prepaid airport use charge fund.

When both restricted and unrestricted resources are available for use, it is the policy of the Airports to use restricted resources first and then unrestricted resources as they are needed.

Capital Assets

Capital assets acquired by purchase or construction are recorded at cost. Contributed property is recorded at acquisition value as of the date of contribution. Assets are depreciated by the straight-line method over their estimated useful lives.

	Depreciable Life - Years	Capitalization Threshold
Land improvements	10 to 20	$ 100,000
Buildings	45	100,000
Building improvements	20	100,000
Machinery and equipment	10	5,000

Disposals of assets are recorded by removing the costs and related accumulated depreciation from the accounts with a resulting gain or loss.

Repairs and maintenance, minor replacements, renewals, and betterments are charged against operations for the year. Major replacements, renewals, and betterments are capitalized in the year incurred.

Investments

Investments held outside of the State Treasury pool consist of certificates of deposit, U.S. Treasury bills, and repurchase agreements. The certificates of deposit and repurchase agreements are reported at amortized cost due to the nonparticipating nature of these securities. U.S. Treasury bills are measured at fair value within the fair value hierarchy established by generally accepted accounting principles and are based on quoted prices or other observable inputs, including pricing matrices.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are a consumption of net position by the Airports that is applicable to a future reporting period, while deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources consist of deferred losses on refunding and items related to pension items and OPEB items. Deferred inflows of resources consist of items related to deferred gain on refunding and the pension, OPEB, and lease items.

Deferred Gain/Loss on Refunding

Deferred gains and losses on refundings are amortized using the effective interest method over the shorter of the remaining term of the original or refunded debt. Deferred gains on refundings are reflected in the deferred inflows of resources on the statement of net position, and deferred losses on refundings are reflected in the deferred outflows of resources on the statement of net position.

Note 2 - Significant Accounting Policies (Continued)

Compensated Absences Payable

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

Pensions

The Airports' contributions to the Employees' Retirement System of the State of Hawaii (ERS) are based on the current contribution rate determined by the State Department of Budget and Finance. The Airports' policy is to fund their required contribution annually.

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the ERS and additions to/deductions from the ERS’ fiduciary net position have been determined on the same basis as they are reported by the ERS.

Postemployment Benefits Other Than Pensions (OPEB)

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund (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. Investments are reported at their fair value.

Bond Original Issue Discount or Premium

Original issue discounts or premiums are amortized using the effective-interest method over the terms of the respective debt issues and are added to, or offset against, the long-term debt in the statement of net position.

Bond Issuance Costs

Bond issue costs, with the exception of bond insurance, are recognized as outflows of resources (expense) in the period when the debt is issued. Bond insurance is capitalized and amortized over the lives of the related debt issues using the effective-interest method.

Operating Revenue and Expenses

Revenue from airlines, concessions, rental cars (excluding customer facility charges), federal operating grants, and parking are reported as operating revenue. Transactions that are capital, financing, or investing related are reported as nonoperating revenue. All expenses related to operating the Airports are reported as operating expenses. Generally, interest expense and financing costs are reported as nonoperating expenses. Revenue from capital contributions is reported separately, after nonoperating revenue and expenses.

Note 2 - Significant Accounting Policies (Continued)

Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airports to impose a passenger facility charge of $4.50 per passenger effective September 1, 2010. The net receipts from PFCs are restricted to be used for funding FAA-approved capital projects. PFC revenue, along with the related interest income, is reported as nonoperating revenue in the statement of revenue, expenses, and changes in net position.

The passenger facility charge is an airport user fee with restricted uses. Before collecting and using PFC revenue, a U.S. airport operator must submit a PFC application to the FAA and receive FAA authorization. Airlines collect PFC revenue from certain enplaned passengers on the airport's behalf and then remit the PFC revenue to the airport operator after deducting an administrative fee of $0.11 per collection. PFC revenue can be used only for the capital costs of the approved eligible projects, with very limited exceptions.

Rental Car Customer Facility Charge

The state Legislature authorized the Airports to impose a customer facility charge of $4.50 a day on all u-drive rentals at a state airport. The net receipts from CFCs are restricted to be used for funding approved rental car facility capital projects. CFC revenue, along with the related interest income, is reported as nonoperating revenue in the statement of revenue, expenses, and changes in net position.

Capital Contributions

The Airports receive federal grants from the FAA and other federal agencies. Grant revenue is considered earned as the related allowable expenditures are incurred. Grants for the acquisition and/or construction of land, property, and certain types of equipment are reported in the statement of revenue, expenses, and changes in net position as capital contributions.

Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Risk Management

The Airports are exposed to various risks of loss from torts; theft of, damage to, or destruction of assets; errors or omissions; natural disasters; and injuries to employees. The Airports are self-insured for workers' compensation claims, as discussed later in these notes. Liabilities related to these losses are reported when it is probable that the losses have occurred and the amount of those losses can be reasonably estimated.

Leases

<u>Lessee</u>

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset unless the lease contains a purchase option that is reasonably certain to be exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Note 2 - Significant Accounting Policies (Continued)

Key estimates and judgments related to leases include (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Airports use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Airports generally use the estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Airports are reasonably certain to exercise.

The Airports monitor changes in circumstances that would require a remeasurement of their lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-of-use assets with other capital assets, and lease liabilities are reported with long-term liabilities on the statement of net position.

Lessor

The Airports recognize leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include (1) the discount rate used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Airports use their estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Airports monitor changes in circumstances that would require a remeasurement of their lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Accounting Changes and Error Corrections

Adoption of New Accounting Pronouncements

During the current year, the Airports adopted GASB Statement No. 101, *Compensated Absences*. The primary objective of the statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement requires recognition of a liability for compensated absences that (1) is attributed to services already rendered, (2) accumulates, and (3) is more likely than not to be used for time off or otherwise paid or settled. Implementation of this statement had a significant effect on the State's financial statements for the fiscal year ended June 30, 2025. As a result, the liability for compensated absences in the statement of net position has been calculated to comply with this new pronouncement. The financial statements for the year ended June 30, 2024 have been restated in order to adopt GASB Statement No. 101. The effects of this adoption of a new accounting pronouncement are shown in the table at the end of this section.

Note 2 - Significant Accounting Policies (Continued)

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

Adjustment to and Restatement of Beginning Balance

During fiscal year 2024, the adoption of GASB Statement No. 101 noted above resulted in an adjustment to and restatement of beginning net position as follows:

	June 30, 2024 As Previously Reported	Adoption of GASB 101	June 30, 2024 As Restated
Net position	$ 2,848,757,810	$ (17,696,021)	$ 2,831,061,789

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Airports' financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Airports' financial statements for the year ending June 30, 2026.

Note 3 - Cash and Investments

The State has an established policy where all unrestricted and certain restricted cash is required to be invested in the State's Treasury (the "investment pool") in accordance with Section 36-21 of the Hawaii Revised Statutes.

The state director of finance (the "State Director") is responsible for the safekeeping of all moneys paid into the investment pool. The State Director may invest any moneys of the State that, in the State Director's judgment, are in excess of amounts necessary for meeting the immediate requirements of the State. Legally authorized investments include obligations of or guarantees by the U.S. government, obligations of the State, federally insured savings and checking accounts, time certificates of deposit, and repurchase agreements with federally insured financial institutions.

Information relating to the State's investment pool at June 30, 2025 will be included in the Annual Comprehensive Financial Report of the State when issued.

At June 30, 2025, the amount reported as amounts held in State Treasury reflects the Airports' relative position in the State's investment pool and amounted to $1,849,117,482.

Note 3 - Cash and Investments (Continued)

Deposits and investments are reported in the financial statements as follows:

Petty cash	$ 4,765
Amounts held in State Treasury	1,849,117,482
U.S. government securities	151,245,263
Money market mutual fund	66,040,599
Total deposits and investments	$ 2,066,408,109

Amounts are reflected in the statement of net position as of June 30, 2025 as follows:

Cash and cash equivalents	$ 743,227,477
Restricted cash and cash equivalents	342,926,674
Noncurrent assets - Restricted cash and cash equivalents	639,039,772
Noncurrent assets - Restricted investment securities	341,214,186
Noncurrent assets - Restricted investment securities	16,975,044
Total	$ 2,083,383,153

The Airports' cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Airports' deposits may not be returned to them. Information relating to individual bank balances, insurance, and collateral of cash deposits is determined on a statewide basis and not for individual departments or divisions. Information regarding the carrying amount and corresponding bank balances of the State's investment pool and collateralization of those balances is included in the Annual Comprehensive Financial Report of the State. A portion of the bank balances is covered by federal deposit insurance, collateral held by the State Treasury, or the State's fiscal agents in the name of the State. Other bank balances are held by fiscal agents in the State's name for the purpose of satisfying outstanding bond obligations. Accordingly, these deposits are exposed to custodial credit risk.

For demand or checking accounts and time certificates of deposit, the State requires that the depository banks pledge collateral based on the daily available bank balances to limit its exposure to custodial credit risk. The use of daily available bank balances to determine collateral requirements results in the available balances being undercollateralized at various times during the fiscal year. All securities pledged as collateral are held either by the State Treasury or by the State's fiscal agents in the name of the State. The State also requires that no more than 60 percent of the State's total funds available for deposit and on deposit in the State Treasury may be deposited in any one financial institution.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Airports will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The Airports' and the State's investments are held at broker-dealer firms that are protected by the Securities Investor Protection Corporation (SIPC) up to a maximum amount. In addition, excess SIPC coverage is provided by the firm's insurance policies. The Airports and the State require the institutions to set aside, in safekeeping, certain types of securities to collateralize repurchase agreements. The Airports and the State monitor the market value of these securities and obtain additional collateral when appropriate.

Note 3 - Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. As a means of limiting their exposure to fair value losses arising from interest rates, the Airports follow the State’s policy of limiting maturities on investments to generally not more than five years from the date of investment. The Airports' U.S. Treasury bills have maturities that range from six months to one year.

Credit Risk

The Airports follow the State’s policy of limiting their investments, as authorized in the Hawaii Revised Statutes. The State’s general investment policy limits investments, in state and U.S. Treasury securities, time certificates of deposit, U.S. government or agency obligations, repurchase agreements, commercial paper, bankers’ acceptances, and money market funds maintaining a Triple-A rating. As of June 30, 2025, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
U.S. Bank - Federated government obligations fund	$ 3,879,238	AAA-mmf	Fitch
U.S. Bank - Dreyfus Government Cash Fund	126,596,513	AAA-mmf	Fitch

Concentration of Credit Risk

The State’s policy provides guidelines for portfolio diversification by placing limits on the amount the State may invest in any one issuer, types of investment instruments, and position limits per issue of an investment instrument. At June 30, 2025, the Airports did not hold any investments with one issuer that represent more than 5 percent of total investments.

Fair Value Measurements

The Airports categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Airports’ assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Airports have the following recurring fair value measurements as of June 30, 2025:

- U.S. government securities of $151,245,263 are valued using quoted marketed prices (Level 1 inputs).

Certain investments, such as the Airports' interest in the State's investment pool, are measured using net asset value per share (or its equivalent) practical expedient and are not required to be classified in the fair value hierarchy. The Airports have no unfunded commitments or restrictions on redemptions with regard to their investment in the State's investment pool.

The money market mutual funds are measured at amortized cost and, therefore, are not categorized within the fair value hierarchy.

Note 4 - Capital Assets

Capital asset activity of the Airports' business-type activities was as follows:

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	$ 333,564,645	$ 23,023,318	$ -	$ -	$ 356,587,963
Land improvements	59,038,665	476	-	-	59,039,141
Construction in progress	918,613,998	(252,735,885)	349,463,988	-	1,015,342,101
Subtotal	1,311,217,308	(229,712,091)	349,463,988	-	1,430,969,205
Capital assets being depreciated:					
Buildings and improvements	3,680,342,731	175,565,863	-	-	3,855,908,594
Machinery and equipment	390,997,908	2,692,829	3,228,397	(1,343,990)	395,575,144
Land improvements	2,058,722,730	51,453,399	-	-	2,110,176,129
Subtotal	6,130,063,369	229,712,091	3,228,397	(1,343,990)	6,361,659,867
Accumulated depreciation:					
Buildings and improvements	1,724,478,288	-	120,765,796	-	1,845,244,084
Machinery and equipment	322,865,555	-	11,671,625	(1,343,990)	333,193,190
Land improvements	1,211,427,369	-	69,731,000	-	1,281,158,369
Subtotal	3,258,771,212	-	202,168,421	(1,343,990)	3,459,595,643
Net capital assets being depreciated	2,871,292,157	229,712,091	(198,940,024)	-	2,902,064,224
Net business-type activity capital assets	$ 4,182,509,465	$ -	$ 150,523,964	$ -	$ 4,333,033,429

Note 4 - Capital Assets (Continued)

Construction Commitments

At June 30, 2025, the Airports have total construction and service contract commitments of $1,635,893,784, of which $761,016,658 remains to be paid.

Note 5 - Long-term Debt

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
Airport system revenue bonds	$ 1,704,550,000	$ 848,535,000	$ (271,115,000)	$ 2,281,970,000	$ 43,410,000
Airport system revenue bonds premiums	148,731,993	55,901,947	(25,893,074)	178,740,866	-
Airport system revenue bonds discounts	(42,939)	-	1,465	(41,474)	-
Airport systems customer facility charge revenue bonds	392,485,000	-	(11,080,000)	381,405,000	11,370,000
Lease revenue certificates of participation	140,250,675	-	(19,760,459)	120,490,216	20,754,604
Lease revenue certificates of participation premiums	116,563	-	(104,471)	12,092	-
Total direct borrowings and direct placements principal outstanding	2,386,091,292	904,436,947	(327,951,539)	2,962,576,700	75,534,604
Workers' compensation	12,452,080	4,780,464	(2,626,130)	14,606,414	3,080,477
Compensated absences*	34,912,031	-	(3,086,829)	31,825,202	8,502,692
Prepaid airport use charge fund	17,231,164	(17,231,164)	-	-	-
Net OPEB liability	149,221,999	-	(23,177,231)	126,044,768	-
Net pension liability	168,533,071	6,365,649	-	174,898,720	-
Lease liability	66,811	23,445	(22,052)	68,204	29,822
Total business-type activities long-term debt	$ 2,768,508,448	$ 898,375,341	$ (356,863,781)	$ 3,310,020,008	$ 87,147,595

*Beginning balance is restated for GASB 101 adoption. See Note 2.

The Airports System Revenue Bonds

In 1969, the director issued the Certificate of the Director of Transportation Providing for the Issuance of State of Hawaii Airports System Revenue Bonds (the "Certificate"), under which $40,000,000 of revenue bonds was initially authorized for issuance. Subsequent issues of revenue bonds were covered by 1st through 31st supplemental certificates to the original 1969 Certificate.

Certain amendments to the Certificate contained in the 26th Supplemental Certificate took effect contemporaneously with the 27th Supplemental Certificate and delivery of the Airports System Revenue Bonds, Refunding Series of 2001. Other amendments, which required the consent of 100 percent of the bondholders, took effect as of June 30, 2004 with the issuance of the Airports System Revenue Bonds, Refunding Series of 2003.

Note 5 - Long-term Debt (Continued)

These revenue bonds are payable solely from and are collateralized solely by the revenue generated by the Airports, including all aviation fuel taxes levied. The amended Certificate established an order of priority for the appropriation, application, or expenditure of this revenue as follows:

- To pay or provide for the payment of the costs of operation, maintenance, and repair of airport properties
- To pay when due all bonds and interest. Payment shall be provided from the following accounts:
  - Interest account
  - Serial bond principal account
  - Sinking fund account
  - Debt service reserve account
- To fund the major maintenance, renewal, and replacement account
- To reimburse the state General Fund for general obligation bond requirements
- To provide for betterments and improvements to the Airports
- To provide such special reserve funds and other special funds created by law
- To provide for any other purpose connected with or pertaining to the bonds or the Airports authorized by law

The amended Certificate requires that the Airports impose, prescribe, and collect revenue that, together with unencumbered funds, will yield net revenue and taxes at least equal to 1.25 times the total interest, principal, and sinking fund requirements for the ensuing 12 months. The Airports are also required to maintain adequate insurance on their properties.

The outstanding airports system revenue bonds contain (1) a provision that, in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenue and taxes during the year are less than 125 percent of debt service coverage due in the following year and (2) a provision that, if the Airports are unable to make payment, outstanding amounts are due immediately. The outstanding airports system revenue bonds contain a subjective acceleration clause that allows the bondholders to accelerate payment of the entire principal amount to become immediately due if the bondholders determine that a material adverse change has occurred.

At June 30, 2025, the amount credited to the revenue bond debt service reserve accounts was in accordance with applicable provisions of the Certificate.

At June 30, 2025, the revenue bond debt service reserve accounts (reported as restricted assets in the accompanying statement of net position) consisted of the following:

Debt service reserve account	$ 197,639,598
Major maintenance, renewal, and replacement account	60,333,515
Total	257,973,113
Principal and interest due on July 1	128,184,881
Total	$ 386,157,994

At June 30, 2025, the balance of legislatively approved and appropriated but unissued airports system revenue bonds was $2,805,147,892.

The revenue bonds are subject to redemption at the option of the Department of Transportation (DOT) and the State during specific years at prices ranging from 102 to 100 percent of principal.

Note 5 - Long-term Debt (Continued)

The following is a summary of the airports system revenue bonds issued and outstanding at June 30, 2025, excluding premiums and discounts:

Series	Original Issue Amount	Interest Rate	Final Maturity Date (July 1)	Outstanding Amount
NM 2015A	$ 235,135,000	3.85 - 4.20	2045	$ 1,685,000
NM 2015B	9,125,000	4.02	2045	9,125,000
2018A	388,560,000	5.00	2048	388,560,000
2018B	26,125,000	3.00 - 5.00	2027	26,125,000
2018C	93,175,000	3.58	2028	74,020,000
2018D	142,150,000	5.00	2034	142,150,000
2020A (AMT)	113,140,000	4.00 - 5.00	2040	113,140,000
2020B (Taxable)	165,885,000	3.48	2050	165,885,000
2020C (Non AMT)	20,295,000	5.00	2050	20,295,000
Refunding 2020D (Non-Amt)	184,855,000	4.00 - 5.00	2039	184,855,000
Refunding 2020E (Taxable)	98,315,000	1.392 - 2.330	2030	98,315,000
Series 2022A	209,280,000	4.00 - 5.00	2051	209,280,000
Refunding Series 2022B	53,035,000	5.00	2024	-
Series 2025A (AMT)	333,265,000	5.00 - 5.25	2054	333,265,000
Series 2025B (Non-AMT)	294,605,000	5.00	2049	294,605,000
Refunding Series 2025C (AMT)	166,275,000	5.00	2045	166,275,000
Refunding Series 2025D (Non-AMT)	54,390,000	5.00	2045	54,390,000
Subtotal				2,281,970,000
Add unamortized premium				178,740,866
Less unamortized discount				(41,474)
Less current portion				(43,410,000)
Total				$ 2,417,259,392

Annual debt service requirements to maturity for the airports system revenue bonds are as follows:

Years Ending	Principal	Interest	Total
2026	$ 43,410,000	$ 97,847,581	$ 141,257,581
2027	44,660,000	104,218,986	148,878,986
2028	46,065,000	102,770,602	148,835,602
2029	47,560,000	101,205,942	148,765,942
2030	49,195,000	99,384,029	148,579,029
2031-2035	281,340,000	459,714,471	741,054,471
2036-2040	354,150,000	385,941,450	740,091,450
2041-2045	425,920,000	295,381,875	721,301,875
2046-2050	540,185,000	179,037,869	719,222,869
2051-2055	449,485,000	51,193,421	500,678,421
Total	$ 2,281,970,000	$ 1,876,696,226	$ 4,158,666,226

Note 5 - Long-term Debt (Continued)

Pledged Future Revenue

In accordance with the Certificate, the Airports have pledged future revenue net of operation, maintenance, and repair expenses and certain adjustments (net revenue and taxes available for debt service) to repay $2,281,970,000 in revenue bonds issued in 2011, 2015, 2018, 2020, 2022, and 2025 and payable through 2055. The total debt service remaining to be paid on the revenue bonds for the Airports is $4,107,803,531. In fiscal year 2025, total debt service paid, exclusive of amounts refunded, and net revenue and taxes available for debt service for the Airports was $108,233,170 and $200,641,156, respectively.

Lease Revenue Certificates of Participation

The Airports entered into a lease agreement with Johnson Controls, Inc. in December 2013. The costs relating to the lease and installation of certain equipment to implement the Energy Performance Contract between the Airports and Johnson Controls, Inc. was financed by lease revenue certificates of participation issued by the Airports in the amount of $167,740,000 at interest rates ranging from 3.00 to 5.25 percent, payable annually, with a final maturity date of 2029.

On April 13, 2016, the Airports entered into another lease agreement with Johnson Controls, Inc., amending the Energy Performance Contract dated December 19, 2013, to finance improvements to Daniel K. Inouye International Airport’s cooling infrastructure. The costs relating to the lease and installation of certain equipment to implement the third amendment to the Energy Performance Contract between the Airports and Johnson Controls, Inc. was financed by lease revenue certificates of participation issued by the Airports in the amount of $8,056,521 at an interest rate of 1.74 percent, payable annually, with a final maturity date of 2026.

On March 31, 2017, the Airports entered into another lease agreement with Johnson Controls, Inc. amending the Energy Performance Contract dated December 19, 2013 to finance improvements to the lighting infrastructure at multiple airports. The costs relating to the purchase and installation of certain equipment to implement the fourth amendment to the Energy Performance Contract between the Airports and Johnson Controls, Inc. was financed by lease revenue certificates of participation issued by the Airports in the amount of $51,473,427 at an interest rate of 2.87 percent, payable annually, with a final maturity date of 2034.

The lease revenue certificates of participation are payable from revenue derived by the Airports from the ownership and operation of the airports system and the receipts from aviation fuel taxes imposed by the State of Hawaii. The certificates of participation represent participations in equipment lease rent payments to be made by the Airports. Lease rent payments to holders of the certificates of participation are payable from revenue and aviation fuel taxes, subordinate in right of payment to the payments of debt service on bonds.

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

At June 30, 2025, the outstanding balances of the lease revenue certificates of participation and the unamortized premium are $120,490,216 and $12,092, respectively.

Note 5 - Long-term Debt (Continued)

The schedule of lease rent payments for the lease revenue certificates of participation is as follows:

Years Ending	Principal	Interest	Total
2026	$ 20,754,604	$ 4,826,606	$ 25,581,210
2027	22,769,583	3,767,301	26,536,884
2028	25,411,030	2,619,075	28,030,105
2029	28,458,186	1,360,045	29,818,231
2030	4,542,212	630,521	5,172,733
2031-2034	18,554,601	1,099,643	19,654,244
Total	$ 120,490,216	$ 14,303,191	$ 134,793,407

Customer Facility Charge Revenue Bonds

In July 2017, the Airports issued $249,805,000 of the airports system customer facility charge revenue bonds (Customer Facility Charge Revenue Bonds, Series 2017A) at interest rates ranging from 1.70 to 4.14 percent. The Series 2017 bonds are being issued for the costs of design, development, and construction of consolidated rental motor vehicle facility projects at certain airports and to fund the rolling coverage fund requirement and the debt service reserve fund requirements for the Series 2017 bonds and to pay certain costs of issuance relating to the Series 2017 bonds. The bonds are special limited obligations of the State, payable solely from and secured by the receipts from collection of the rental motor vehicle customer facility charge imposed by the State on rental motor vehicle customers who use or benefit from rental car facilities at all airports in the Airports' system. At June 30, 2025, the outstanding balance of the Series 2017A Bonds is $212,210,000, with a maturity of July 1, 2047.

At June 30, 2025, the amount credited to the revenue bond debt service reserve accounts was in accordance with the applicable provisions of the official statement.

In August 2019, the Airports issued $194,710,000 of the airports system customer facility charge revenue bonds (Customer Facility Charge Revenue Bonds, Series 2019A) at interest rates ranging from 1.819 to 2.733 percent. The Series 2019A Bonds are being issued for the costs of design, development, and construction of consolidated rental motor vehicle facility projects at certain airports and to fund the rolling coverage fund requirement and the debt service reserve fund requirements for the Series 2019 bonds and to pay certain costs of issuance relating to the Series 2019 bonds. The bonds are special limited obligations of the State, payable solely from and secured by the receipts from collection of the rental motor vehicle customer facility charge imposed by the State on rental motor vehicle customers who use or benefit from rental car facilities at all airports in the Airports' system. At June 30, 2025, the outstanding balance of the Series 2019A Bonds is $169,195,000, with a maturity of July 1, 2047.

Annual debt service requirements to maturity for the customer facility charge revenue bonds are as follows:

Years Ending	Principal	Interest	Total
2026	$ 11,370,000	$ 12,983,853	$ 24,353,853
2027	11,680,000	12,676,756	24,356,756
2028	12,000,000	12,352,045	24,352,045
2029	12,350,000	12,006,989	24,356,989
2030	12,715,000	11,641,119	24,356,119
2031-2035	69,890,000	51,889,135	121,779,135
2036-2040	82,845,000	38,925,293	121,770,293
2041-2045	99,410,000	22,363,334	121,773,334
2046-2048	69,145,000	3,929,698	73,074,698
Total	$ 381,405,000	$ 178,768,222	$ 560,173,222

Note 5 - Long-term Debt (Continued)

The official statement for the customer facility charge revenue bonds requires that the aggregate amount of customer facility charge and minimum annual requirement deficiency payments paid by the rental car facilities in each fiscal year plus the amount on deposit in the rolling coverage fund provide no less than 1.40 times the aggregate debt service on the bonds.

The outstanding customer facility charge revenue bonds contain (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenue and taxes during the year are less than 140 percent of debt service coverage due in the following year and (2) a provision that, if the Airports are unable to make payment, outstanding amounts are due immediately. The outstanding customer facility charge revenue bonds contain a subjective acceleration clause that allows the bondholders to accelerate payment of the entire principal amount to become immediately due if the bondholders determine that a material adverse change has occurred. No material adverse changes occurred during the fiscal year ended June 30, 2025.

Current Bond Refunding

During the year, the Airports issued $848,535,000 in Airports System Revenue Bonds, Series A, B, C, and D. These bonds have an average interest rate of 5 percent, of which $220,665,000 was used to refund a portion the 2015 airports system revenue bonds, which had a average interest rate of 4 percent. As a result, a portion of the liability for the 2015 bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next 29 years by approximately $12,785,000, which represents an economic gain of approximately $13,000,000.

Note 6 - Leases

The Airports lease certain building spaces and improvements to concessionaires, airline carriers, and other airport users. The terms of these leases range from 4 to 15 years for concessionaires and up to 35 years for other airport users. Leases receivable consist of agreements with others for the right to use the underlying assets and are measured at the present value of payments expected to be received during the lease term. The discount rates used vary depending on the length of the lease.

During the year ended June 30, 2025, the Airports recognized the following related to their lessor agreements:

Lease revenue	$ 65,557,482
Interest income related to leases	14,016,311

Note 6 - Leases (Continued)

Future principal and interest payment requirements related to the Airports' leases receivable at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	$ 78,605,513	$ 13,991,479	$ 92,596,992
2027	68,156,368	10,476,330	78,632,698
2028	59,203,477	7,501,242	66,704,719
2029	42,871,740	5,101,968	47,973,708
2030	26,312,293	3,612,426	29,924,719
2031-2035	45,054,955	7,810,100	52,865,055
2036-2040	10,687,026	3,418,951	14,105,977
2041-2045	5,419,203	1,136,841	6,556,044
2046-2050	2,122,326	557,010	2,679,336
2051-2055	1,491,085	103,655	1,594,740
Total	$ 339,923,986	$ 53,710,002	$ 393,633,988

The leases with concessionaires are generally based on the greater of a percentage of sales or a minimum annual guarantee (MAG). Additional rents included in concession fees for the fiscal year ended June 30, 2025 were approximately $29,892,214, including higher MAG amount after annual reset and additional percentage rents above MAGs.

The Airports also have short-term lease agreements, leases with only variable rents, and nonlease agreements of airports user fees with various concessionaries, which generated $79,198,054 in concession revenue for the fiscal year ended June 30, 2025.

Such lease agreement has been subject to rebids, extensions, and renewals over the years.

Regulated Leases

The Airports are party to certain regulated leases, as defined by GASB Statement No. 87 (GASB 87). In accordance with GASB 87, the Airports do not recognize a lease receivable or a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings (e.g., the U.S. Department of Transportation and the Federal Aviation Administration regulated aviation leases between airports, air carriers, and other aeronautical users).

<u>Airport-Airline Lease Agreement</u>

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

Note 6 - Leases (Continued)

Effective January 1, 2008, under the First Amended Lease Extension Agreement, the airports system rates and charges are calculated using a rate-making methodology that recovers costs of specific airports system facilities from the signatory airlines that directly use them. The airports system rates and charges consist of the following: (1) exclusive-use terminal charges based on a cost center residual rate-setting methodology and recovered on a per square foot basis, (2) joint-use premises charges (for nonexclusive use of terminal space, except for commuter terminal space) based on a cost center residual rate-setting methodology and recovered on a per enplaning or deplaning passenger basis, (3) commuter terminal charges based on appraisal and recovered on a per enplaning passenger basis, (4) international arrivals building charges based on a cost center residual rate-setting methodology and recovered on a per deplaning international passenger basis, (5) landing fees based on a cost center residual rate-setting methodology and recovered on a revenue landing landed weight basis (per 1,000-pound units), and (6) system support charges based on an airports system residual rate-setting methodology and recovered on a revenue landing landed weight basis (per 1,000-pound units).

Nonsignatory airlines are subject to the administrative rules, which require the payment of specified amounts for landing fees; airports system support charges; and certain other rates, fees, and charges. Under the First Amended Lease Extension Agreement, the DOT agreed to amend the methodology for calculating fees and charges so that nonsignatory airline fees and charges would be 125 percent of signatory airline fees and charges.

Prepaid Airport Use Charge Fund

The Prepaid Airport Use Charge Fund (PAUCF) was established in 1994 to provide a process to transfer moneys paid to the Airports by the signatory airlines in excess of the amounts required under each lease. The PAUCF is co-terminus with the First Amended Lease Extension Agreement.

Net excess over- and underpayments for fiscal years 1996 through 2024 have been transferred to the PAUCF. Excess overpayments are required to be set aside as restricted, are the property of the signatory airlines, and can be spent only for purposes mutually designated by the State and the Airlines Committee of Hawaii that substantially benefit the state airport system. Underpayments may be collected from the signatory airlines through agreed-upon rate increases in subsequent periods.

The Airports System Rates and Charges

Signatory and nonsignatory airlines were assessed the following airports system rates and charges:

- Airport landing fees amounted to $140,679,680 for fiscal year 2025. Airport landing fees are shown net of aviation fuel tax credits of $2,010,370 on the statement of revenue, expenses, and changes in net position, which resulted in net airport landing fees of $138,669,310. Airport landing fees are based on a computed rate per 1000-pound units of approved maximum landing weight for each aircraft used in revenue landings. The interisland airport landing fees for signatory airlines are set at 53 percent for fiscal year 2025 and are scheduled to increase by 1 percent annually until they reach 100 percent.

- Overseas and interisland joint-use premise charges were established to recover airports system costs allocable to the overseas and interisland terminals joint-use space based on terminal rental rates and are recovered based on a computed rate per enplaning or deplaning passenger. Nonexclusive joint-use premise charges for terminal rentals amounted to $146,279,435 for fiscal year 2025.

- Exclusive-use premise charges amounted to $101,748,656 for fiscal year 2025 and are computed using a fixed rate per square footage per year. Included in exclusive-use premise charges are terminal rentals amounting to $57,688,218 Remaining charges include other nonterminal rentals.

Note 6 - Leases (Continued)

Other Regulated Leases

The Airports also entered into agreements with airline carriers and other airport users to lease land and nonterminal and terminal buildings for aeronautical purposes. The terms of these leases mostly range from 15 to 35 years, with some up to 75 years. Rents from these leases were $24,835,694 for the fiscal year ended June 30, 2025.

Future expected minimum payments from the leases with signatory airlines and other users related to land and buildings for aeronautical purposes at June 30, 2025 are as follows:

2026	$ 25,138,245
2027	24,415,972
2028	22,057,363
2029	19,246,409
2030	17,303,871
2031-2035	37,179,463
2036-2040	9,945,678
2041-2045	5,909,674
2046-2050	6,853,771
2051-2055	2,893,826
Total	$ 170,944,272

Note 7 - Passenger Facility Charges

Passenger facility charge activity for the year ended June 30, 2025 is as follows:

Restricted assets - Passenger facility charges - Beginning of year	$ 200,410,825
Passenger facility charges during the year	46,711,308
Interest earned on passenger facility charges during the year	8,884,868
Capital expenditures during the year	(21,618,050)
Restricted assets - Passenger facility charges - End of year	$ 234,388,951

Restricted assets - Passenger facility charges are presented on the statement of net position as of June 30, 2025 as follows:

Cash and cash equivalents	$ 223,109,496
Receivable	10,646,035
Other reconciling items	641,843
Payable	(8,423)
Total restricted assets - Passenger facility charges	$ 234,388,951

Note 8 - Rental Car Customer Facility Charge

Rental car customer facility charge activity for the year ended June 30, 2025 is as follows:

Restricted assets - Rental car customer facility charge - Beginning of year	$ 118,527,110
Rental car customer facility charges during the year	67,438,302
Interest earned on rental care customer facility charges during the year	5,263,107
Operating and maintenance expenditures during the year	(25,808,613)
Capital expenditures during the year	(9,580,042)
Principal and interest paid on debt service	(24,351,289)
Restricted assets - Rental car customer facility charges - End of year	$ 131,488,575

Note 8 - Rental Car Customer Facility Charge (Continued)

Restricted assets - Rental car customer facility charges are presented on the statement of net position as of June 30, 2025 as follows:

Cash and cash equivalents	$ 2,026,688
Investments	120,694,626
Receivable	11,358,111
Payable	(2,590,850)
Total restricted assets - Rental car customer facility charges	$ 131,488,575

Note 9 - Pension Plan

Plan Description

All eligible employees of the Airports are required by Chapter 88, Hawaii Revised Statutes (HRS), to become members of the ERS, a cost-sharing, multiple-employer public defined benefit pension plan. The ERS provides retirement, survivor, and disability benefits with multiple benefit structures known as contributory, hybrid, and noncontributory. All contributions, benefits, and eligibility requirements are established by Chapter 88, HRS, and can be amended by legislative action.

Employees covered by Social Security on June 30, 1984 were given the option of becoming noncontributory members or remain contributory members. All new employees hired after June 30, 1984 and before July 1, 2006 who are covered by Social Security were generally required to become noncontributory members. Qualified contributory and noncontributory members were given the option to become hybrid members, effective July 1, 2006, or remain in their existing class. Starting on July 1, 2006, all new employees covered by Social Security are required to be hybrid members.

Benefits Provided

The three benefit structures provide a monthly retirement allowance equal to the benefit multiplier percentage (1.25 percent or 2.00 percent), multiplied by the average final compensation (AFC), multiplied by years of credited service. The benefit multiplier decreased by 0.25 percent for new hybrid and contributory plan members hired after June 30, 2012. The AFC is the average salary earned during the five highest paid years of service, including the payment of salary in lieu of vacation, or three highest paid years of service, excluding the payment of salary in lieu of vacation, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after this date is based on the three highest paid years of service, excluding the payment of salary in lieu of vacation. For new members hired after June 30, 2012, the AFC is based on the five highest paid years of service, excluding the payment of salary in lieu of vacation.

For postretirement increases, every retiree's original retirement allowance is increased by 2.5 percent on each July 1 following the calendar year of retirement. This cumulative benefit is not compounded and increases each year by 2.5 percent of the original retirement allowance without a ceiling (2.5 percent of the original retirement allowance the first year, 5.0 percent the second year, 7.5 percent the third year, etc.). For new members hired after June 30, 2012, the postretirement annuity increase was decreased to 1.5 percent per year.

Note 9 - Pension Plan (Continued)

Contributions

The following summarizes the plan provisions relevant to the general employees of the respective classes:

Contributory

Police officers, firefighters, and certain other members who are not covered by Social Security first hired prior to July 1, 2012 contribute 12.2 percent of their salary and receive a retirement benefit using the benefit multiplier of 2.5 percent for qualified service, up to a maximum of 80 percent of the AFC. These members may retire at age 55 with 5 years of credited service or at any age with 25 years of credited service, provided the last 5 years of credited service are for any of the qualified occupations.

Police officers, firefighters, and certain other members who are not covered by Social Security first hired after June 30, 2012 contribute 14.20 percent of their salary and receive a retirement benefit using the benefit multiplier of 2.25 percent for qualified service, up to a maximum of 80 percent of the AFC. These members may retire at age 60 with 10 years of credited service or at any age with 25 years of credited service, provided the last 5 years of credited service are for any of the qualified occupations.

All other employees in the contributory class are required to contribute 7.8 percent of their salary and are fully vested for benefits upon receiving 5 years of credited service. The Airports may also make contributions for these members. Under the contributory class, employees may retire with full benefits at age 55 with 5 years of credited service or may retire early at any age with at least 25 years of credited service and reduced benefits. The benefit multiplier is 2.0 percent for employees covered by Social Security.

New employees in the contributory class hired after June 30, 2012 are required to contribute 9.8 percent of their salary and are fully vested for benefits upon receiving 10 years of credited service. These members may retire with full benefits at age 60 with 10 years of credited service or at age 55 with 25 years of credited service with reduced benefits. The benefit multiplier is 1.75 percent for employees covered by Social Security.

Hybrid

Employees in the hybrid class are required to contribute 6.0 percent of their salary and are fully vested for benefits upon receiving 5 years of credited service. The Airports may also make contributions for these members. Employees may retire with full benefits at age 62 with 5 years of credited service or at age 55 with 30 years of credited service or at age 55 with 20 years of service with reduced benefits. The benefit multiplier used to calculate retirement benefits is 2.0 percent.

New employees in the hybrid class hired after June 30, 2012 are required to contribute 8 percent of their salary and are fully vested for benefits upon receiving 10 years of credited service. Employees may retire with full benefits at age 65 with 10 years of credited service or at age 60 with 30 years of credited service or at age 55 with 20 years of service with reduced benefits. The benefit multiplier is 1.75 percent for employees covered by Social Security.

Noncontributory

Employees in the noncontributory class are fully vested upon receiving 10 years of credited service. The Airports are required to make all contributions for these members.

Employees may retire with full benefits at age 62 with 10 years of credited service or at age 55 with 30 years of credited service or at age 55 with 20 years of credited service with reduced benefits. The benefit multiplier used to calculate retirement benefits is 1.25 percent.

Note 9 - Pension Plan (Continued)

The ERS funding policy provides for periodic employer contributions at actuarially determined rates, expressed as a percentage of annual covered payroll, such that the employer contributions, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate sufficient assets to pay benefits when due. The funding method used to calculate the total employer contribution required is the entry age normal actuarial cost method.

Since July 1, 2005, employer contribution rates are a fixed percentage of compensation, including the normal cost plus amounts to pay for the unfunded actuarial accrued liability. The contribution rates for fiscal year 2022 were 41.00 percent for police officers and firefighters and 24.00 percent for all other employees. Employer rates are set by statute based on the recommendation of the ERS actuary resulting from an experience study conducted every 5 years.

The required pension contributions by the Airports for the year ended June 30, 2025 were $24,987,520. Measurement of assets and actuarial valuations are made for the ERS as a whole and are not separately computed for individual participating employers such as the Airports.

Net Pension Liability

At June 30, 2025, the Airports reported a liability of $174,898,720 for their proportionate share of the net pension liability. The net pension liability at June 30, 2025 was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airports' proportion of the net pension liability is determined by a systematic methodology, based on an estimation of covered payroll, utilized by the Department of Accounting and General Services to allocate the State’s proportion of the collective net pension liability to the various departments and agencies across the State.

At June 30, 2024, the Airports' proportion was 2.6 percent, which was an increase of 0.04 percent from their proportion measured as of June 30, 2023.

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

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

For the year ended June 30, 2025, the Airports recognized pension expense of $21,014,261.

At June 30, 2025, the Airports reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,596,232	$ 1,266,215
Changes in assumptions	-	4,857,028
Net difference between projected and actual earnings on pension plan investments	5,014,694	-
Changes in proportion and differences between the Airports' contributions and proportionate share of contributions	2,267,676	169,128
Airports' contributions subsequent to the measurement date	24,987,520	-
Total	$ 37,866,122	$ 6,292,371

Note 9 - Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2026	$ (1,329,210)
2027	4,406,034
2028	2,474,427
2029	1,034,980
Total	$ 6,586,231

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS' board of trustees on August 8, 2022, based on the 2021 Experience Study for the five-year period from July 1, 2016 through June 30, 2021:

- Inflation: 2.50 percent
- Payroll growth rate: 3.50 percent
- Investment rate of return: 7.00 percent per year, compounded annual including inflation
- There were no changes to ad hoc postemployment benefits, including cost of living allowances.
- Postretirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality table with full generational projections in future years. Preretirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

Discount Rate

The discount rate used to measure the net pension liability was 7.00 percent, consistent with the rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the State will be made at statutorily required rates, actuarially determined.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 9 - Pension Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a top-down approach of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as "resampling with a replacement" that directly keys in on specific plan-level risk factors stipulated by the ERS' board of trustees) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return (real returns plus inflation) by the target asset allocation percentage. The rates of return based on the ERS' investment consultant as of June 30, 2024 are summarized in the following table:

Strategic Allocation (Risk-based Classes)	Strategic Class Weights	Long-term Expected Geometric Rate of Return
Broad growth:		
Public equity	20.00 %	7.20 %
Private equity	19.00	9.90
Liquid credit	4.00	6.50
Private credit	8.00	9.20
Real estate	9.00	6.30
Infastructure	7.00	7.30
Timber/Agriculture/Infrastructure	3.00	5.30
Diversifying strategies:		
Systematic trend following	8.00	3.80
Reinsurance	4.00	5.30
Long U.S. Treasurys	4.00	4.30
Intermediate government	14.00	4.00

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Airports, calculated using the discount rate of 7.00 percent, as well as what the Airports' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
Airports' proportionate share of the net pension liability	$ 233,610,292	$ 174,898,720	$ 126,267,895

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued ERS Annual Comprehensive Financial Report (ACFR). The ERS ACFR can be obtained from http://ers.ehawaii.gov/resources/financials or from the address below:

Employees' Retirement System of the State of Hawaii
201 Merchant Street, Suite 1400
Honolulu, HI 96813

The State issues an Annual Comprehensive Financial Report that includes the required note disclosures and the required supplementary information in accordance with the provisions of GASB Statement No. 68. This report can be obtained from http://ags.hawaii.gov/accounting/annual-financial-reports/.

Note 10 - Other Postemployment Benefit Plan

Plan Description

The State provides certain health care and life insurance benefits to all qualified employees and retirees. Pursuant to Act 88, SLH 2001, the State contributions to the EUTF, an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees, and their dependents. The EUTF issues a publicly available annual financial report that can be obtained at http://eutf.hawaii.gov.

While the EUTF is an agent multiple-employer defined benefit OPEB plan, for the purpose of the Airports' financial statements, the EUTF is reported as a cost-sharing multiple-employer plan in accordance with the requirements of GASB 75.

Benefits Provided

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with 10 years or more of credited service and 50 percent of the base monthly contribution for employees retiring with fewer than 10 years of credited service. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 1996 but before July 1, 2001 and who retire with fewer than 10 years of service, the State makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the State pays 50 percent of the base monthly contribution. For employees retiring with at least 15 years but fewer than 25 years of service, the State pays 75 percent of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100 percent of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001 and who retire with fewer than 10 years of service, the State makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the State pays 50 percent of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the State pays 75 percent of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100 percent of the base monthly contribution. Only single-plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

At July 1, 2024, the State’s plan members covered by benefit terms consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	40,185
Inactive plan members entitled to but not yet receiving benefits	7,381
Active plan members	49,427
Total plan members	96,966

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Employer contributions to the OPEB plan from the Airports were $19,137,462 for the fiscal year ended June 30, 2025. The employer is also required to make all contributions for members, which is charged to salaries, wages, and benefits expense.

Net OPEB Liability

At June 30, 2025, the Airports reported a net OPEB liability of $126,044,768 for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Airports' proportion of the net OPEB liability was based on the Airports' contributions to the EUTF for the fiscal year relative to the total contributions of participating employers to the EUTF.

Note 10 - Other Postemployment Benefit Plan (Continued)

As of July 1, 2024, the Airports' proportion of the net OPEB liability was 2.0845 percent, which was an increase of 1.1555 percent from their proportion measured as of July 1, 2023 of 0.9290 percent.

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

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

For the year ended June 30, 2025, the Airports recognized OPEB expense of $2,646,819.

At June 30, 2025, the Airports reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 29,221,847
Changes in assumptions	798,395	2,282,594
Net difference between projected and actual earnings on OPEB plan investments	3,256,564	-
Airports' contributions to the plan subsequent to the measurement date	19,137,462	-
Total	$ 23,192,421	$ 31,504,441

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending June 30	Amount
2026	$ (9,719,814)
2027	(6,105,823)
2028	(6,158,096)
2029	(2,925,564)
2030	(2,448,018)
Thereafter	(92,167)
Total	$ (27,449,482)

Actuarial Assumptions

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

The investment rate of return was assumed to be 7.00 percent, net of OPEB plan investment expense, including inflation.

Note 10 - Other Postemployment Benefit Plan (Continued)

Inflation - 2.50 percent

Salary increase - 3.75 percent to 6.75 percent including inflation

Health Care Cost Trend Rates

PPO* - Initial rate of 6.20 percent; declining to a rate of 4.25 percent after 20 years
HMO** - Initial rate of 6230 percent; declining to a rate of 4.25 percent after 20 years
Part B and Base Monthly Contribution - Initial rate of 5.00 percent; declining to a rate of 4.25 percent after 20 years
Dental - 4.00 percent
Vision - 2.50 percent
Life insurance - 0.00 percent

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

Mortality Rates

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

Discount Rate

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

Investment Rate of Return

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

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

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

Note 10 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Airports, calculated using the discount rate of 7.0 percent, as well as what the Airports' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
Airports' proportionate share of the net OPEB liability	$ 162,507,657	$ 126,044,768	$ 96,722,254

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Airports, calculated using the assumed health care cost trend rate, as well as what the Airports' net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Airports' proportionate share of the net OPEB liability	$ 95,197,362	$ 126,044,768	$ 165,329,574

OPEB Plan Fiduciary Net Position

The OPEB plan’s fiduciary net position has been determined on the same basis used by the OPEB plan. The EUTF’s financial statements are prepared using the accrual basis of accounting under which revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the cash flows. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued EUTF financial report. The EUTF’s complete financial statements are available at http://eutf.hawaii.gov.

Note 11 - Transactions with Other Government Agencies

The State assesses a surcharge of 5 percent for central service expenses on all receipts of the Airports, after deducting any amounts pledged, charged, or encumbered, for the payment of bonds and interest during the year. The assessments amounted to $18,550,915 in fiscal year 2025.

The Airports is assessed a percentage of the cost of the general administration expenses of the DOT. The assessments amounted to $14,482,335 in fiscal year 2025. During fiscal year 2025, the Airports received assessment refunds from the DOT amounting to $4,350,830.

During fiscal year 2025, revenue received from other state agencies totaled $3,459,549, and expenditures to other state agencies totaled $25,263,550. The revenue received relates to various rental agreements that the Airports have with the State of Hawaii. The expenses paid relate to various items, including security, salary, and insurance.

At June 30, 2025, the Airports had a payable due to state agencies for $383,290.

Note 12 - Risk Management

The Airports are exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Airports generally address these risks through commercial insurance policies. Settled claims have not exceeded this commercial coverage in any of the past three years.

Torts

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

Property and Liability Insurance

The Airports are covered by commercial general liability policies with a $750 million limit per occurrence. These commercial general liability policies have no deductible and cover bodily injuries and property damage for occurrences arising out of the ownership, operation, and maintenance of state airports.

The Airports are covered under the State of Hawaii Statewide Insurance Program for Property, Auto and Crime Insurance.

Workers' Compensation

The State is self-insured for workers' compensation. Accordingly, the Airports are liable for all workers' compensation claims filed by their employees. Liabilities for workers' compensation claims are established if information indicates that it is probable that liabilities have been incurred and the amount of those claims can be reasonably estimated. The basis for estimating the liabilities for unpaid claims includes the effects of specific incremental claim adjustment expenses, salvage, and subrogation and other allocated or unallocated claim adjustment expenses. These liabilities include an amount for claims that have been incurred but not reported. At June 30, 2025, the workers' compensation reserve was $14,606,414, of which $3,080,477 is included in current liabilities (payable from unrestricted net assets) and $11,525,937 is included in long-term liabilities in the accompanying statement of net position. In the opinion of management, the Airports have adequately reserved for such claims.

Changes in the estimated liability for the past two fiscal years were as follows:

	2025	2024
Estimated liability - Beginning of year	$ 12,452,080	$ 9,724,293
Estimated claims incurred, including changes in estimates	4,780,464	2,986,900
Claim payments	(2,626,130)	(259,113)
Estimated liability - End of year	$ 14,606,414	$ 12,452,080

Note 13 - Contingent Liabilities

Litigation

The State is subject to a number of lawsuits arising in the ordinary course of its airport operations. While the ultimate liabilities, if any, in the disposition of these matters are presently difficult to estimate, it is management's belief that the outcomes are not likely to have a material adverse effect on the Airports' financial position. In addition, the State has not determined whether the ultimate liabilities, if any, will be imposed on the Airports. Accordingly, no provisions for any liabilities that might result have been made in the accompanying financial statements.

Note 13 - Contingent Liabilities (Continued)

Arbitrage

In compliance with the requirements of Section 148 of the Internal Revenue Code of 1986, as amended, the Airports are required to calculate rebates due to the U.S. Treasury on the airports system revenue bonds issued since 1986. Rebates are calculated by bond series based on the amount by which the cumulative amount of investment income exceeds the amount that would have been earned had funds been invested at the bond yield. In the opinion of management, rebates payable as of June 30, 2025, if any, are not material to the financial statements. Accordingly, no rebates payable have been recorded in the accompanying financial statements.

Supplementary Information

DEPARTMENT OF TRANSPORTATION, AIRPORTS
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)
Operating Revenues and Operating Expenses Other than Depreciation
Year ended June 30, 2025

Schedule 1

			Airports					
	Totals	**Statewide**	**Daniel K. Inouye International**	**Kahului**	**Lihue**	**Ellison Onizuka Kona International at Keahole**	**Hilo International**	**All Others**
Operating revenue:								
Concession fees:								
Duty free	$ 18,369,913	$ -	$ 18,369,913	$ -	$ -	$ -	$ -	$ -
Retail	8,306,375	-	8,003,444	302,931	-	-	-	-
Airport parking	33,067,474	-	20,158,854	4,639,456	2,813,190	3,665,292	1,790,682	-
Car rental	73,715,501	-	24,753,684	16,708,191	14,336,364	15,215,270	2,493,034	208,958
Food and beverage	15,483,543	-	10,341,831	2,644,266	1,448,610	963,550	85,285	-
Other concessions	23,383,775	-	12,806,781	5,954,954	1,601,101	2,787,783	204,180	28,977
Total concession fees	$ 172,326,582	$ -	$ 94,434,507	$ 30,249,799	$ 20,199,265	$ 22,631,895	$ 4,573,181	$ 237,935
Airport landing fees	$ 138,669,310	$ -	$ 90,912,276	$ 21,343,972	$ 10,237,207	$ 12,482,204	$ 3,075,934	$ 617,717
Aeronautical Rentals:								
Nonexclusive Joint-Use Premises	146,279,435	-	121,688,780	10,225,456	4,271,770	6,927,469	3,165,960	-
Exclusive-Use Premise Charges	101,748,656	-	74,631,926	10,498,401	5,890,886	4,995,978	2,630,895	3,100,570
Non Aeronical Rentals	30,730,999	-	21,140,735	4,908,046	1,287,750	2,802,261	443,462	148,745
Aviation Fuel Tax	2,686,453	-	1,426,800	627,046	247,748	384,860	-	-
Miscellaneous	11,162,862	2,530,152	5,748,111	1,181,971	592,748	796,414	44,909	268,559
	$ 603,604,297	$ 2,530,152	$ 409,983,135	$ 79,034,690	$ 42,727,374	$ 51,021,079	$ 13,934,341	$ 4,373,526
Allocation of statewide miscellaneous revenues (note 1)		(2,530,152)	1,725,776	332,687	179,856	214,767	58,655	18,410
Net Operating Revenue	$ 603,604,297	$ -	$ 411,708,911	$ 79,367,377	$ 42,907,230	$ 51,235,847	$ 13,992,996	$ 4,391,936
Operating expenses other than depreciation:								
Salaries and wages	$ 139,243,886	$ 10,641,912	$ 62,144,994	$ 19,792,681	$ 13,428,337	$ 10,371,188	$ 9,882,387	$ 12,982,386
Other personnel services	139,073,743	29,053,271	72,049,943	9,451,715	8,068,414	8,146,537	7,581,222	4,722,641
Repairs and maintenance	59,414,435	24,140,145	29,100,862	3,028,704	731,094	1,173,015	649,132	591,484
Utilities	49,326,105	(113,825)	32,470,301	8,097,414	2,877,099	3,600,352	1,597,308	797,457
Special maintenance	31,811,280	26,925,927	4,250,300.38	386,948	(34,596)	21,499	102,691	158,512
State of Hawaii surcharge on gross receipts (note 2)	18,550,915	18,550,915	-	-	-	-	-	-
Department of Transportation general administration expenses	14,482,335	14,482,335	-	-	-	-	-	-
Materials and supplies	10,080,426	193,645	5,100,922	2,646,702	768,274	681,641	382,733	306,509
Insurance	5,307,692	5,307,692	-	-	-	-	-	-
Workers' compensation and other insurance claims	4,615,290	2,202,680	809,416	461,509	115,785	467,122	257,839	300,939
Miscellaneous	(131,873)	(2,599,280)	1,186,990	(2,378,755)	2,989,773	(1,287,615)	(444,326)	2,401,340
	$ 471,774,234	$ 128,785,417	$ 207,113,729	$ 41,486,917	$ 28,944,179	$ 23,173,737	$ 20,008,986	$ 22,261,268
Less Bond Interest	-	-	-	-	-	-	-	-
	$ 471,774,234	$ 128,785,417	$ 207,113,729	$ 41,486,917	$ 28,944,179	$ 23,173,737	$ 20,008,986	$ 22,261,268
Allocation of statewide expenses (3)	$ -	(128,785,417)	77,767,049	15,577,505	10,867,958	8,701,273	7,512,973	8,358,659
Total operating expenses other than depreciation for statement of revenue, expenses and changes in net position	$ 471,774,234	$ -	$ 284,880,777	$ 57,064,422	$ 39,812,138	$ 31,875,010	$ 27,521,958	$ 30,619,928

Notes:
(1) Statewide miscellaneous revenue is allocated to the airports based upon their respective current year miscellaneous revenue to total current year miscellaneous revenue for all airports.
(2) State of Hawaii surgcharge on gross receipts consists of transfers to the State General Fund to defray central service expenses as required by HRS Section 36-28.5.
(3) Statewide expenses are allocated to the airpors based upon their respective current year operating expenses to total current year operating expenses for all airports.

See accompanying independent auditors' report.

Schedule 2

DEPARTMENT OF TRANSPORTATION, AIRPORTS
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)
Calculations of Net Revenue and Taxes and Debt Service Requirement
Year ended June 30, 2025

Net revenue and taxes:		
Concession fees	$	172,326,582
Airport landing fees		138,669,310
Aeronautical rentals:		
Nonexclusive joint-use premise charges		146,279,435
Exclusive-use premise charges		101,748,656
Nonaeronautical rentals		30,730,999
Aviation fuel tax		2,686,453
Airport system support charges		-
Interest income, exclusive of interest on investments in direct financing leases and including interest income of $6,277,236.51 on revenue bond proceeds.		67,587,267
Federal operating grants		
Miscellaneous		11,162,862
Subtotal		671,191,564
Deductions:		
Operating expense other than depreciation (Schedule 1)		471,774,234
Less: operating expenses for Special Facility (note 3)		(25,356,162)
Non-cash pension, OPEB and other compensated expenses (note 4)		19,111,430
Less: Operating expenses paid from major maintenance, renewal and		-
Annual reserve required on major maintenance, renewal and replacement		-
Total deductions		465,529,503
Net revenue and taxes		205,662,062
Add funded coverage per bond certificate		29,375,614
Adjusted net revenue and taxes		235,037,676
Debt service requirement:		43,410,000
Interest (note 1)		75,774,615
Total debt service		119,184,615
Less funds deposited into the Airport Revenue Fund for credit to interest account		(21,499,095)
Total debt service requirement		97,685,520
Debt service coverage percentage		125%
Total debt service with coverage requirement		122,106,900
Excess of net revenue and taxes over debt service requirement	$	112,930,776

Notes:
(1) For purposes of calculating the debt service requirement, interest payments for airports system revenue bonds exclude the amortization of the deferred loss on refunding and original issue discount and premium, which are reported as interest expense for financial statement reporting purposes, and amounts from the Series 2025 bond proceeds used to pay interest on the Series 2025 bonds until the projects funded by the Series 2025 bonds are in service.

(2) Pursuant to the provisions in Section 6.01 of the Certificate and Hawaii Revised Statutes Section 261-5.5, the Airports Division transferred $21,499,095 of Passenger Facility Charge revenue into the Airport Revenue Fund for credit to the interest account for Passenger Facility Charge eligible debt service.

(3) Pursuant to the provisions in Article XI of the Certificate, operating expenses related to Special Facility, such as the consolidated rental car facility, are excluded from the debt service requirement calculation.

(4) Pursuant to the amendment of the definition "Costs of Operation, Maintenance and Repair" in the 32nd Supplemental Certificate, certain expenses including "any amount of pension and other post-retirement benefits expenses that exceed the amount that the Department deposits to the State funds for the proportional share related to the Undertaking" shall be excluded.

See accompanying independent auditors' report.

DEPARTMENT OF TRANSPORTATION, AIRPORTS
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)
Summary of Debt Service Requirements to Maturity - Airports System Revenue Bonds
Year Ended June 30, 2025

		Annual Principal & Interest Requirements		
		Airports System Revenue Bonds		
		Principal	Interest	Total
Year ending June 30:				
2026	$	43,410,000	97,847,581	141,257,581
2027		44,660,000	104,218,986	148,878,986
2028		46,065,000	102,770,602	148,835,602
2029		47,560,000	101,205,942	148,765,942
2030		49,195,000	99,384,029	148,579,029
2031		51,200,000	97,282,861	148,482,861
2032		53,395,000	94,851,215	148,246,215
2033		56,065,000	92,114,715	148,179,715
2034		58,870,000	89,241,340	148,111,340
2035		61,810,000	86,224,340	148,034,340
2036		64,900,000	83,320,065	148,220,065
2037		67,620,000	80,443,040	148,063,040
2038		70,655,000	77,338,115	147,993,115
2039		73,830,000	74,092,040	147,922,040
2040		77,145,000	70,748,190	147,893,190
2041		77,285,000	67,197,890	144,482,890
2042		81,015,000	63,376,090	144,391,090
2043		84,930,000	59,312,465	144,242,465
2044		89,145,000	55,003,590	144,148,590
2045		93,545,000	50,491,840	144,036,840
2046		98,170,000	45,764,895	143,934,895
2047		103,000,000	40,927,417	143,927,417
2048		107,845,000	35,970,079	143,815,079
2049		112,915,000	30,764,611	143,679,611
2050		118,255,000	25,610,867	143,865,867
2051		123,225,000	20,325,568	143,550,568
2052		128,825,000	14,191,988	143,016,988
2053		62,320,000	9,145,126	71,465,126
2054		65,750,000	5,623,201	71,373,201
2055		69,365,000	1,907,538	71,272,538
TOTAL	$	**2,281,970,000**	**1,876,696,226**	**4,158,666,226**

See accompanying independent auditors' report.

DEPARTMENT OF TRANSPORTATION, AIRPORTS
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)
Debt Service Requirements to Maturity - Airports System Revenue Bonds
Year ended June 30, 2025

Year Ending June 30:	New Issue 2015A 4.125% to 5.25%	New Issue 2015B 4.00%	New Issue 2018A 5.00%	New Issue 2018B 3.00% to 5.00%	Refunding Series 2018C 3.58%	Refunding Series 2018D 5.00%	Series 2020A AMT 4% to 5%	Series 2020B Taxable 3.48%	2020C Non AMT 5.00%	Refunding Series 2020D Non AMT 4.00% to 5.00%	Refunding Series 2020E Taxable 1.392% to 2.330%	Series 2022A (AMT) 4.00% to 5.00%	New Issue Series 2025A AMT 5.00% to 5.25%	New Issue Series 2025B Non AMT 5.00%	Refunding Series 2025C AMT 5.00%	Refunding Series 2025D Non AMT 5.00%	Total	Interest	Total Requirements
2026	-	-	-	8,305,000	16,805,000	-		-	-	-	18,300,000	-	-	-	-	-	43,410,000	97,847,581	141,257,581
2027	-	-	-	8,695,000	19,015,000	-		-	-	-	16,950,000	-	-	-	-	-	44,660,000	104,218,986	148,878,986
2028	-	-	-	9,125,000	18,095,000	-		-	-	1,725,000	17,120,000	-	-	-	-	-	46,065,000	102,770,602	148,835,602
2029	-	-	9,800,000	-	20,105,000	-		-	-	1,715,000	15,940,000	-	-	-	-	-	47,560,000	101,205,942	148,765,942
2030	-	-	10,750,000	-	-	20,185,000		-	-	1,980,000	16,280,000	-	-	-	-	-	49,195,000	99,384,029	148,579,029
2031	-	-	11,280,000	-	-	21,935,000	2,920,000	-	-	1,340,000	13,725,000	-	-	-	-	-	51,200,000	97,282,861	148,482,861
2032	-	-	11,840,000	-	-	23,210,000	17,110,000	-	-	1,235,000	-	-	-	-	-	-	53,395,000	94,851,215	148,246,215
2033	-	-	12,435,000	-	-	24,365,000	17,965,000	-	-	1,300,000	-	-	-	-	-	-	56,065,000	92,114,715	148,179,715
2034	-	-	13,050,000	-	-	25,590,000	18,865,000	-	-	1,365,000	-	-	-	-	-	-	58,870,000	89,241,340	148,111,340
2035	-	-	13,710,000	-	-	26,865,000	19,805,000	-	-	1,430,000	-	-	-	-	-	-	61,810,000	86,224,340	148,034,340
2036	-	-	12,205,000	-	-	-	20,795,000	-	-	31,900,000	-	-	-	-	-	-	64,900,000	83,320,065	148,220,065
2037	-	-	12,820,000	-	-	-	1,330,000	-	-	33,170,000	-	8,620,000	-	11,680,000	-	-	67,620,000	80,443,040	148,063,040
2038	-	-	13,450,000	-	-	-	1,385,000	-	-	34,505,000	-	9,050,000	-	12,265,000	-	-	70,655,000	77,338,115	147,993,115
2039	-	-	14,130,000	-	-	-	1,440,000	-	-	35,880,000	-	9,500,000	-	12,880,000	-	-	73,830,000	74,092,040	147,922,040
2040	-	-	14,840,000	-	-	-	1,500,000	-	-	37,310,000	-	9,975,000	-	13,520,000	-	-	77,145,000	70,748,190	147,893,190
2041	-	1,375,000	18,445,000	-	-	-	1,555,000	-	-	-	-	10,375,000	-	12,845,000	24,630,000	8,060,000	77,285,000	67,197,890	144,482,890
2042	-	1,430,000	19,375,000	-	-	-	1,610,000	-	-	-	-	10,795,000	-	13,480,000	25,860,000	8,465,000	81,015,000	63,376,090	144,391,090
2043	-	1,490,000	20,340,000	-	-	-	1,675,000	-	-	-	-	11,225,000	-	14,165,000	27,155,000	8,880,000	84,930,000	59,312,465	144,242,465
2044	-	1,545,000	21,355,000	-	-	-	1,745,000	-	-	-	-	11,785,000	-	14,870,000	28,515,000	9,330,000	89,145,000	55,003,590	144,148,590
2045	-	1,610,000	22,420,000	-	-	-	1,815,000	-	-	-	-	12,355,000	-	15,610,000	29,940,000	9,795,000	93,545,000	50,491,840	144,036,840
2046	1,685,000	1,675,000	23,540,000	-	-	-	1,625,000	265,000	-	-	-	12,945,000	-	16,400,000	30,175,000	9,860,000	98,170,000	45,764,895	143,934,895
2047	-	-	35,775,000	-	-	-	-	18,960,000	-	-	-	11,570,000	-	36,695,000	-	-	103,000,000	40,927,417	143,927,417
2048	-	-	37,560,000	-	-	-	-	19,620,000	-	-	-	12,135,000	-	38,530,000	-	-	107,845,000	35,970,079	143,815,079
2049	-	-	39,440,000	-	-	-	-	20,305,000	-	-	-	12,715,000	-	40,455,000	-	-	112,915,000	30,764,611	143,679,611
2050	-	-	-	-	-	-	-	62,425,000	-	-	-	13,350,000	1,270,000	41,210,000	-	-	118,255,000	25,610,866	143,865,866
2051	-	-	-	-	-	-	-	44,310,000	20,295,000	-	-	14,010,000	44,610,000	-	-	-	123,225,000	20,325,568	143,550,568
2052	-	-	-	-	-	-	-	-	-	-	-	38,875,000	89,950,000	-	-	-	128,825,000	14,191,987	143,016,987
2053	-	-	-	-	-	-	-	-	-	-	-	-	62,320,000	-	-	-	62,320,000	9,145,126	71,465,126
2054	-	-	-	-	-	-	-	-	-	-	-	-	65,750,000	-	-	-	65,750,000	5,623,200	71,373,200
2055	-	-	-	-	-	-	-	-	-	-	-	-	69,365,000	-	-	-	69,365,000	1,907,537	71,272,537
	1,685,000	9,125,000	388,560,000	26,125,000	74,020,000	142,150,000	113,140,000	165,885,000	20,295,000	184,855,000	98,315,000	209,280,000	333,265,000	294,605,000	166,275,000	54,390,000	2,281,970,000	1,876,696,222	4,158,666,222

See accompanying independent auditors' report.

DEPARTMENT OF TRANSPORTATION, AIRPORTS
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)
Airports System Charges - Fiscal year 2008 Lease Extension
Year ended June 30, 2025

	Airline Activity (Unaudited)			Airports System Charges Billed									
				Nonexclusive Joint Use Premise Charges Billed									
Carrier	**Approved Maximun Revenue Landing Weights (1,000 pound units)**	**Revenue Passenger Landings**	**Deplaned International Passengers**	**Airports Landing Fees**	**International Arrivals Building Charges**	**Joint Use Charges - Overseas Baggage**	**Joint Use Charges - Overseas Holdroom**	**Joint Use Charges - Overseas Baggage Make Up**	**Joint Use Charges Interisland Baggage**	**Joint Use Charges Interisland Holdroom**	**Preferential Use**	**Exclusive Use Premises Charges- Terminal Space**	**TOTAL**
AEKO KULA, INC.	1,231,738	-	-	$ 3,289,477	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 136,591	$ 3,426,068
AIR CANADA	150,508	853	133,346	717,771	-	560,521	362,516	190,869	-	-	-	588,404	2,420,081
AIR NEW ZEALAND LTD.	63,879	152	33,808	333,982	603,036	-	110,110	69,681	-	-	-	-	1,116,809
AIR PACIFIC, LTD.	23,990	156	15,719	123,236	280,141	-	52,613	33,295	-	-	-	-	489,285
ALASKA AIRLINES, INC.	1,510,134	9,246	-	7,521,326	-	4,678,360	458,331	1,272,340	-	-	927,918	2,379,457	17,237,731
ALL NIPPON AIRWAYS CO., LTD.	787,791	1,003	305,847	3,676,685	5,401,258	-	1,024,142	648,107	-	-	-	2,951,451	13,701,643
AMERICAN AIRLINES, INC.	1,114,363	4,931	-	5,763,840	-	3,270,428	2,260,460	979,299	-	-	-	2,877,445	15,151,472
ASIANA AIRLINES, INC.	120,976	269	68,821	639,736	1,207,697	-	223,147	141,214	-	-	-	166,418	2,378,211
ATLAS AIR INC.	305,659	19	-	1,413,936	-	-	-	-	-	-	-	-	1,413,936
CHINA AIRLINES	456	1	127	2,359	71	-	-	-	-	-	-	-	2,430
CONTINENTAL AIRLINES, INC.	-	-	-	-	-	-	-	-	-	-	-	(7,593)	(7,593)
DELTA AIR LINES, INC.	1,678,347	6,850	66,762	9,306,400	1,179,035	5,000,832	3,457,987	1,773,787	-	-	-	6,187,995	26,906,036
FEDERAL EXPRESS CORPORATION	871,489	-	-	3,759,376	-	-	-	-	-	-	-	43,978	3,803,354
HAWAIIAN AIRLINES, INC.	10,399,487	68,877	539,372	40,530,597	9,631,358	-	6,982,718	627,168	19,843,638	339,699	12,184,178	19,904,985	110,044,341
JAPAN AIRLINES INTERNATIONAL CO., LTD.	576,270	1,556	308,513	2,990,276	5,440,569	-	1,004,080	632,662	-	-	-	3,018,280	13,085,867
JETSTAR AIRWAYS PTY LIMITED	108,300	269	76,516	528,477	1,338,858	-	263,059	166,472	-	-	-	-	2,296,866
KALITTA AIR, L.L.C.	286,314	-	-	1,348,237	-	-	-	-	-	-	-	-	1,348,237
KOREAN AIRLINES COMPANY, LTD.	218,773	365	103,715	943,049	1,824,984	-	324,210	205,170	-	-	-	516,972	3,814,386
NORTHERN AIR CARGO, LLC	125,184	-	-	397,759	-	-	-	-	-	-	-	-	397,759
PHILIPPINE AIRLINES, INC.	122,364	255	66,861	617,712	1,180,765	-	201,820	127,718	-	-	-	208,404	2,336,419
QANTAS AIRWAYS LIMITED	217,709	355	59,548	1,146,685	1,048,721	-	191,496	121,184	-	-	-	1,232,779	3,740,865
SINGAPORE AIRLINES, INC.	294,400	-	-	1,287,201	-	-	-	-	-	-	-	-	1,287,201
SOUTHERN AIRWAYS EXPRESS LLC	326,466	29,518	-	688,187	-	-	-	-	-	-	-	73,236	761,423
SOUTHWEST AIRLINES CO.	4,538,651	28,028	-	14,123,132	-	10,514,606	129,106	3,088,027	-	629,306	3,552,360	5,498,480	37,535,017
SUN COUNTRY, INC.	-	-	-	-	-	-	-	-	-	-	-	19,525	19,525
UNITED AIRLINES, INC.	3,149,635	10,071	138,365	15,483,834	2,088,807	8,439,478	5,913,528	2,973,005	-	-	-	9,972,000	44,870,651
UNITED PARCEL SERVICE CO.	1,447,037	-	-	6,638,975	-	-	-	-	-	-	-	54,634	6,693,609
WESTJET	244,605	1,399	218,829	1,174,288	-	731,414	499,663	212,904	-	-	-	234,221	2,852,491
TOTAL SIGNATORY AIRLINES	29,914,525	164,173	2,136,149	$ 124,446,535	$ 31,225,299	$ 33,195,638	$ 23,458,985	$ 13,262,900	$ 19,843,638	$ 969,006	$ 16,664,456	$ 56,057,662	$ 319,124,119
TOTAL NON-SIGNATORY AIRLINES	1,622,063	77,177	25,352	5,334,561	556,474	96,573	-	78,142	-	-	-	1,892,447	7,958,197
TOTAL AIRPORT SYSTEM CHARGES BILLED	31,536,588	241,350	2,161,501	$ 129,781,096	$ 31,781,774	$ 33,292,211	$ 23,458,985	$ 13,341,042	$ 19,843,638	$ 969,006	$ 16,664,456	$ 57,950,109	$ 327,082,316
Signatory Airlines billed				$ 124,446,535	$ 31,225,299	$ 33,195,638	$ 23,458,985	$ 13,262,900	$ 19,843,638	$ 969,006	$ 16,664,456	$ 56,057,662	$ 319,124,119
Signatory Airlines requirements				134,653,835	35,655,638	33,290,977	23,345,868	12,614,297	19,975,366	1,005,400	17,314,338	58,243,803	336,099,523
Fiscal year 2025 underpayment				$ 10,207,301	$ 4,430,339	$ 95,339	$ (113,117)	$ (648,604)	$ 131,728	$ 36,395	$ 649,882	$ 2,186,141	$ 16,975,404

Note: Certain other aeronautical rentals revenue are not included in the airports system rates and charges under the Airport Airline Lease Agreement. Those aeronautical rentals revenue for the year ended June 30, 2025 were as follows:

Signatory Airlines	$ 20,730,433
Nonsignatory Airlines	25,901,391
	$ 46,631,824

See accompanying independent auditors' report.

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS
(An Enterprise Fund of the State of Hawaii)
Approved Maximum Revenue Landing Weights and Airport Landing Fees - Signatory Airlines
Year ended June 30, 2025

	Signatory airlines	Nonsignatory airlines	Total
Gross airport landing fees billed	$ 124,446,535	$ 5,334,561	$ 129,781,096
Less aviation fuel tax credit	(2,253,261)	(29,265)	(2,282,526)
Net airport landing fees billed	$ 122,193,274	$ 5,305,296	$ 127,498,570

See accompanying independent auditors' report.

DEPARTMENT OF TRANSPORTATION, AIRPORTS
STATE OF HAWAII
(An Enterprise Fund of the State of Hawaii)
Approved Maximum Revenue Landing Weights and Airport Landing Fees Billed - Signatory Airlines
Year ended June 30, 2025

	Approved Maximum Revenue Landing Weights (unaudited) (1,000 pound units)				Airport Landing Fees Billed: Daniel K. Inouye International Airport & Kona International Airport					Airport Landing Fees Billed: All Other Airports			
Carrier	**Daniel K. Inouye International Airport**	**Kona International Airport**	**All Other Airports**	**Total**	**Daniel K. Inouye International Airport**	**Kona International Airport**	**Total**	**Aviation Fuel Tax Credit**	**Adjusted Airport Landing Fees**	**All Other Airports**	**Aviation Fuel Tax Credit**	**Adjusted Airport Landing Fees**	**Total Adjusted Airport Landing Fees Billed**
AEKO KULA, INC.	405,819	199,677	629,482	1,234,978	$ 1,089,630	$ 542,410	$ 1,632,040	$ -	$ 1,632,040	$ 1,657,437	$ -	$ 1,657,437	$ 3,289,477
AIR CANADA	101,795	15,280	31,124	148,199	505,268	65,568	570,836	-	570,836	146,936	-	146,936	717,771
AIR NEW ZEALAND LTD.	64,304	-	-	64,304	333,982	-	333,982	-	333,982	-	-	-	333,982
AIR PACIFIC, LTD.	23,990	-	-	23,990	123,236	-	123,236	-	123,236	-	-	-	123,236
ALASKA AIRLINES, INC.	689,363	320,505	496,216	1,506,085	3,153,653	1,697,473	4,851,126	(174,377)	4,676,749	2,670,200	-	2,670,200	7,346,949
ALL NIPPON AIRWAYS CO., LTD.	790,403	-	-	790,403	3,676,686	-	3,676,686	-	3,676,686	-		-	3,676,686
AMERICAN AIRLINES, INC.	559,810	131,129	424,120	1,115,059	2,940,779	675,229	3,616,008	(404,593)	3,211,415	2,147,832	-	2,147,832	5,359,247
ATLAS AIR INC.	143,287	79,654	79,008	301,949	1,248,198	108,636	1,356,834	-	1,356,834	57,102	-	57,102	1,413,936
ASIANA AIRLINES, INC.	120,516	-	-	120,516	639,736	-	639,736	-	639,736	-	-	-	639,736
CHINA AIRLINES	456	-	-	456	2,359	-	2,359	-	2,359	-	-	-	2,359
CONTINENTAL AIRLINES, INC.	-	-	-	-	-	-	-	-	-	-	-	-	-
DELTA AIR LINES, INC.	1,244,532	128,492	343,225	1,716,249	6,552,990	683,134	7,236,124	(123,777)	7,112,347	2,070,276	-	2,070,276	9,182,623
FEDERAL EXPRESS CORPORATION	842,140	-	-	842,140	3,759,376	-	3,759,376	-	3,759,376	-	-	-	3,759,376
HAWAIIAN AIRLINES, INC.	6,078,309	917,312	3,419,753	10,415,374	26,011,598	2,768,377	28,779,975	(1,402,722)	27,377,253	11,750,623	-	11,750,623	39,127,875
JAPAN AIRLINES INTERNATIONAL CO., LTD.	570,120	5,890	-	576,010	2,964,633	25,643	2,990,276	(2,132)	2,988,144	-	-	-	2,988,144
JETSTAR AIRWAYS PTY LIMITED	108,680	-	-	108,680	528,477	-	528,477	-	528,477	-	-	-	528,477
KALITTA AIR, L.L.C.	284,358	11,084	-	295,442	1,335,732	12,505	1,348,237	-	1,348,237	-	-	-	1,348,237
KOREAN AIRLINES COMPANY, LTD.	211,240	-	-	211,240	943,049	-	943,049	-	943,049	-	-	-	943,049
MOKULELE FLIGHT SERVICE, INC.	-	-	-	-	-	-	-	-	-	-	-	-	-
NORTHERN AIR CARGO, LLC	116,382	-	-	116,382	397,759	-	397,759	-	397,759	-	-	-	397,759
PHILIPPINE AIRLINES, INC.	121,952	-	-	121,952	617,712	-	617,712	-	617,712	-	-	-	617,712
QANTAS AIRWAYS LIMITED	217,077	-	-	217,077	1,146,685	-	1,146,685	-	1,146,685	-	-	-	1,146,685
SINGAPORE AIRLINES, INC.	285,775	-	-	285,775	1,287,201	-	1,287,201	-	1,287,201	-	-	-	1,287,201
SOUTHERN AIRWAYS EXPRESS LLC	88,467	6,044	227,758	322,268	193,682	6,544	200,227	(3,619)	196,608	487,960	-	487,960	684,568
SOUTHWEST AIRLINES CO.	2,202,604	513,523	1,806,054	4,522,182	7,217,860	1,629,958	8,847,818	-	8,847,818	5,275,314	-	5,275,314	14,123,132
UNITED AIRLINES, INC.	1,972,046	398,772	722,572	3,093,389	10,323,877	1,522,776	11,846,653	(129,618)	11,717,036	3,637,180	-	3,637,180	15,354,216
UNITED PARCEL SERVICE CO.	1,108,892	164,033	177,996	1,450,921	5,619,408	369,946	5,989,355	(12,423)	5,976,932	649,620	-	649,620	6,626,552
WESTJET	108,750	20,862	109,327	238,939	571,637	120,665	692,302	-	692,302	481,987	-	481,987	1,174,288
TOTAL:	18,461,067	2,912,257	8,466,636	29,839,959	$ 83,185,203	$ 10,228,867	$ 93,414,070	$ (2,253,261)	$ 91,160,809	$ 31,032,466	$ -	$ 31,032,466	$ 122,193,275

Overseas (Sig and NonSig)	Landed Wgt	19,250,739
interisland (Sig and NonSig)	Landed Wgt	12,211,822
		31,462,560

Fuel Tax Credit:	Signatory	$ (2,253,261.10)
	Non-Signatory	(29,265.17)
		$ (2,282,526.27)

Note: The above schedule presents airport landing fees billed to signatory airlines for the year ended June 30, 2025.
See accompanying independent auditors' report.

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
AIRPORTS
(An Enterprise Fund of the State of Hawaii)
Approved Maximum Revenue Landing Weights and Airport Landing Fees Billed - Nonsignatory Airlines
Year ended June 30, 2025

	Approved Maximum Revenue Landing Weights (unaudited) (1,000 pound units)				Airport Landing Fees Billed								
					Daniel K. Inouye International Airport & Kahului Airport					All Other Airports			
Carrier	Daniel K. Inouye International Airport	Kahului Airport	All Other Airports	Total	Daniel K. Inouye International Airport	Kahului Airport	Total	Aviation Fuel Tax Credit	Adjusted Airport Landing Fees	All Other Airports	Aviation Fuel Tax Credit	Adjusted Airport Landing Fees	Total Adjusted Airport Landing Fees Billed
AERO MICRONESIA, INC.	71,190	-	-	71,190	$ 473,182.50	$ -	$ 473,182.50	$ -	$ 473,182.50	$ -	$ -	$ -	$ 473,182.50
AIR PREMIA, INC.	15,725	-	-	15,725	-	-	-	-	-	-	-	-	-
AIR SERVICE HAWAII, INC	42,454	24,687	63,396	130,538	84,391	56,686	141,077	-	141,077	135,634	-	135,634	276,710
AIR TRANSPORT INTERNATIONL LLC	257,533	34,412	148,156	440,101	1,253,279	317,405	1,570,685	(17,137)	1,553,547	1,179,649	-	1,179,649	2,733,196
AIR VENTURES HAWAII, LLC	74	-	9,740	9,814	-	-	-	-	-	6,842	-	6,842	6,842
AIRBORNE AVIATION INC.	6,762	-	16,392	23,154	9,050	-	9,050	-	9,050	12,441	-	12,441	21,491
ALEXAIR, INC.	-	10,122	-	10,122	-	9,804	9,804	-	9,804	-	-	-	9,804
ALOHA HELICOPTER TOURS LLC	-	-	4,303	4,303	-	-	-	-	-	3,508	-	3,508	3,508
ARIS, INC.	-	20,562	9,089	29,651	-	17,663	17,663	(1,422)	16,240	8,505	-	8,505	24,745
BRADLEY PACIFIC AVIATION, INC.	79,553	57,153	77,786	214,493	172,296	115,041	287,337	-	287,337	154,981	-	154,981	442,318
CASTLE & COOKE HOMES HAWAII, INC.	27,558	-	-	27,558	69,723	-	69,723	-	69,723	-	-	-	69,723
CORPORATE AIR	21,973	-	22,831	44,804	78,653	-	78,653	-	78,653	81,008	-	81,008	159,661
GOJUMP HAWAII, LLC	-	-	26,784	26,784	-	-	-	-	-	26,379	-	26,379	26,379
GEORGE'S AVIATION SERVICES, INC.	-	-	-	-	24	12	36	-	36	30	-	30	65
GUARDIAN FLIGHT LLC	-	-	-	-	9,033	-	9,033	-	9,033	-	-	-	9,033
HAWAII HELICOPTERS LLC	140	-	482	623	116	233	349	-	349	214	-	214	563
HAWAII PACIFIC AVIATION INC.	2,215	-	13,866	16,081	1,528	-	1,528	-	1,528	12,118	-	12,118	13,646
HELICOPTER CONSULTANTS OF MAUI, INC.	14,773	17,527	35,557	67,857	11,207	15,462	26,669	(4,814)	21,855	28,053	-	28,053	49,908
HONOLULU HELICOPTER TOURS INC	1,778	-	-	1,778	2,085	-	2,085	-	2,085	-	-	-	2,085
HONOLULU HELICOPTER TOURS LLC	972	-	-	972	-	-	-	-	-	-	-	-	-
HONOLULU SOARING CLUB, INC.	-	-	781	781	-	-	-	-	-	546	-	546	546
ISLAND HELICOPTERS KAUAI, INC.	-	-	19,592	19,592	-	-	-	-	-	17,926	-	17,926	17,926
JACK HARTER HELICOPTERS, INC.	-	-	14,022	14,022	-	-	-	-	-	11,977	(1,351)	10,626	10,626
K & S HELICOPTERS, INC.	-	-	3,289	3,289	-	-	-	-	-	644	-	644	644
KAMAKA AIR, INC.	35,998	8,640	41,722	86,360	27,059	6,818	33,877	-	33,877	32,744	-	32,744	66,621
LANI LEA SKY TOURS LLC	58	-	-	58	49	-	49	-	49	-	-	-	49
MAKANI KAI HELICOPTERS, LTD.	3,220	-	174	3,393	1,285	-	1,285	-	1,285	24	-	24	1,309
MISCELLANEOUS	2,710	-	-	2,710	16,710	-	16,710	-	16,710	-	-	-	16,710
MN AIRLINES LLC	-	-	-	-	-	-	-	-	-	-	-	-	-
NATIONAL AIRLINES - NPB	26,080	-	-	26,080	155,437	-	155,437	-	155,437	-	-	-	155,437
NIIHAU HELICOPTERS, INC.	-	-	357	357	-	-	-	-	-	400	-	400	400
NOVICTOR AVIATION, LLC	19,744	-	-	19,744	14,032	-	14,032	-	14,032	-	-	-	14,032
OMNI AIR INTERNATIONAL, INC.	16,880	-	-	16,880	97,066	-	97,066	-	97,066	-	-	-	97,066
PACIFIC AIR CHARTERS, INC.	-	-	-	-	88	20	109	-	109	75	-	75	184
PACIFIC HELICOPTER TOURS, INC.	-	-	-	-	-	-	-	-	-	-	-	-	-
POFOLK AVIATION HAWAII, INC.	-	-	21,910	21,910	-	-	-	-	-	17,844	-	17,844	17,844
RESORT AIR, LLC	1,412	71	318	1,800	1,140	-	1,140	-	1,140	-	-	-	1,140
SAFARI AVIATION, INC.	-	-	13,152	13,152	-	-	-	-	-	13,477	-	13,477	13,477
SUNSHINE HELICOPTERS, INC.	-	3,045	7,102	10,148	-	669	669	-	669	1,392	(315)	1,077	1,745
TRANS EXECUTIVE AIRLINES OF HAWAII, INC.D	24,745	2,147	22,325	49,216	17,965	1,577	19,542	(4,225)	15,316	23,127	-	23,127	38,443
TRANSAIR	-	-	-	-	8,170	-	8,170	-	8,170	-	-	-	8,170
WESTERN AIRCRAFT INC.	59,538	139	55,322	114,999	53,594	126	53,721	-	53,721	51,484	-	51,484	105,205
WESTERN GLOBALAIRLINES	10,924	-	-	10,924	130,573	-	130,573	-	130,573	-	-	-	130,573
WINGS OVER KAUAI LLC	-	-	4,000	4,000	-	-	-	-	-	3,988	-	3,988	3,988
ZIPAIR TOKYO, INC.	67,640	-	-	67,640	280,299	-	280,299	-	280,299	-	-	-	280,299
TOTAL:	811,649	178,505	632,447	1,622,601	$ 2,968,036	$ 541,514	$ 3,509,550	$ (27,598)	$ 3,481,952	$ 1,825,010	$ (1,667)	$ 1,823,344	$ 5,305,296

Overseas Landed Weight:	793,141
Interisland Landed Weight:	829,460
Total Landed Weight:	1,622,601

Note: The above schedule presents airport landing fees billed to nonsignatory airlines for the year ended June 30, 2025.
See accompanying independent auditors' report.