

**BOARD OF WATER SUPPLY
KA 'OIHANA WAI
CITY AND COUNTY OF HONOLULU**

630 SOUTH BERETANIA STREET • HONOLULU, HAWAII 96843
Phone: (808) 748-5000 • www.boardofwatersupply.com

RICK BLANGIARDI
MAYOR
MEIA

ERNEST Y. W. LAU, P.E.
MANAGER AND CHIEF ENGINEER
MANAKIA A ME KAHU WILIKI

ERWIN KAWATA
DEPUTY MANAGER
HOPE MANAKIA



NĀ'ĀLEHU ANTHONY, Chair
JONATHAN KANESHIRO, Vice Chair
LANCE WILHELM
JEFFREY LAUPOLA
EDWIN H. SNIFFEN, Ex-Officio
GENE C. ALBANO, P.E., Ex-Officio

February 17, 2026

NOTICE

The Board of Water Supply, City and County of Honolulu, Regular Meeting will be held on Monday, February 23, 2026 at 2:00 p.m. in the Boardroom, Public Service Building, 630 South Beretania Street, Honolulu, HI 96843.

Limited seating will be available for in-person testifiers in the Boardroom. The public may also view the livestream of the meeting from the lobby of the Board of Water Supply, Public Service Building, 630 South Beretania Street, Honolulu, HI 96843.

Public parking for this meeting is available in the Public Service Building customer parking lot.

TESTIMONY

Testimony may be submitted as follows:

- **Written testimony** should include the submitter's address, email address, and phone number. Testimony should be received by Monday, February 23, 2026, at noon. Submit written testimony by:
 - Email to board@hbws.org
 - Online at boardofwatersupply.com/testimony
 - Mail to Board of Water Supply, 630 South Beretania Street, Honolulu, HI 96843
 - Fax to (808) 748-5079
- **Oral testimony** will be accepted remotely and in person during the meeting. Pre-registration is encouraged to facilitate as much remote and in-person testimony as reasonably possible during the time allotted. Testifiers should also consider submitting a written version of their oral testimony.
 - To testify remotely by phone or video using the Zoom videoconferencing platform, please submit your request by:
 - Email to board@hbws.org
 - Online at boardofwatersupply.com/testimonyZoom registration instructions, as well as participant guidelines, will be sent to the contact information provided. Once confirmed as registered, testifiers will receive an email containing the links and instructions to join the Zoom session. Submit your request to testify remotely by Friday, February 20, 2026, at noon.
 - To testify in person at the Board of Water Supply, Public Service Building, 630 South Beretania Street, Honolulu, HI 96843, please pre-register by submitting your request by Monday, February 23, 2026:
 - Email to board@hbws.org
 - Online at boardofwatersupply.com/testimony

In-person testifiers should check in with building security and then with testimony staff located in the lobby. Testifiers will be escorted to and from the Board Room. On-site registration will be available for walk-in requests.

Testimony is limited to two (2) minutes and shall be presented by the registered speaker only. Testimony submitted in writing or orally, electronically or in person, for use in the meeting process is public information. All testimony will be included as part of the approved meeting minutes at boardofwatersupply.com/boardmeetings.

MATERIALS AVAILABLE FOR INSPECTION

Meeting materials ("board packet" under HRS §92-7.5) are accessible at www.boardofwatersupply.com/boardmeetings.

VIEWING THE MEETING

The meeting will be viewable via live streaming on the BWS website: www.boardofwatersupply.com/live. Video will appear on screen. You may have to click the arrow on video to start it. You may have to unmute audio, as muted audio tends to be the default setting.

SPECIAL REQUESTS AND ACCOMMODATIONS

If you require special assistance, an auxiliary aid or service, and/or an accommodation due to a disability to participate in this meeting (i.e., sign language interpreter, interpreter for language other than English, or wheelchair accessibility), please call Joy at (808) 748-5172 or email your request to board@hbws.org **at least three business days prior to the meeting date**. If a response is received after the requested three business days before the meeting date deadline, we will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be filled.

Upon request, this notice is available in alternate formats such as large print, Braille, or electronic copy.

The agenda for February 23, 2026, Regular Meeting of the Board of Water Supply is as follows:

ITEMS REQUIRING BOARD ACTION

1. Approval of the Minutes of the Regular Meeting Held on December 15, 2025
2. Adoption of Resolution No. 1008, 2026, Acceptance of Gifts to the Board of Water Supply from Various Donors in Support of the 2026 Water Conservation Week Program
3. Adoption of Resolution No. 1009, 2026, Recommending to the City Council, City and County of Honolulu, the Cancellation of Easements 2846, 4764, and 6295, Situate at Waipi'o, 'Ewa, O'ahu, Hawai'i
4. Introduction of Resolution No. 1010, 2026, Providing for the Acquisition by Eminent Domain of a Portion of Lot 2 of the Nahalekeha Subdivision, Situate at Kaonohi, Kalauao, 'Ewa, O'ahu, Hawai'i, Tax Map Key 9-8-011:056 (Portion)

ITEMS FOR INFORMATION

1. Update on the Board of Water Supply's Response to the Potential Impacts of the Red Hill Fuel Contamination
2. Financial Statements and Supplementary Information with Independent Auditors' Report, Fiscal Year Ended June 30, 2025
3. Capital Improvement Program Semi-Annual Update
4. Financial Update for the Quarter Ended December 31, 2025
5. Recruitment Status
6. Briefing on New Conservation Rebates
7. Status Update of Groundwater Levels at All Index Stations
8. Water Main Repair Report for December 2025 and January 2026

If the need arises with respect to any item on this agenda, Hawai'i Revised Statutes Sections 92-5(a)(4), the Board may consult with its attorneys in executive session on questions and issues pertaining to the Board's powers, duties, privileges, immunities and/or liabilities relating to that item.

EXECUTIVE SESSION

The Board anticipates convening into Executive Session Pursuant to Hawai'i Revised Statutes Section 92-4 and 92-5 (a)(4) to Consult in a Closed Meeting with the Board's Attorney on Questions and Issues Pertaining to Claims and Other Matters on the Board's Powers, Duties, Privileges, Immunities, and/or Liabilities.

1. Approval of the Minutes of the Executive Session Held on October 27, 2025
2. To Consult with the Board's Attorney on Questions and Issues Pertaining to the Board's Powers, Duties, Privileges, Immunities, and Liabilities Pertaining to Matters Concerning the Red Hill Bulk Fuel Storage Facility [HRS §92-5(a)(4)]

MINUTES

To watch the recording of this meeting, please click on the following link:
<https://vimeo.com/bwshonolulu/feb-23-2026>. Closed captioning is available.

THE REGULAR MEETING OF THE BOARD OF WATER SUPPLY

February 23, 2026

At 2:00 PM on February 23, 2026, in the Public Service Building Board Room at 630 South Beretania Street, Honolulu, Hawai'i, Chair Nā'ālehu Anthony called to order the Regular Meeting.

Present: Nā'ālehu Anthony, Chair via Zoom
Jonathan Kaneshiro, Vice Chair
Lance Wilhelm, Board Member
Jeffrey Laupola, Board Member
Gene Albano, Ex-Officio

Also Present: Ernest Lau, Manager and Chief Engineer
Erwin Kawata, Deputy Manager
Jennifer, Elflein Program Administrator,
Customer Care via Vimeo
Kathleen Elliott-Pahinui, Information Officer,
Communications Office
Megan Marumatsu, Acting Executive Assistant I,
Executive Support Office via Vimeo
Daniel Lee, Acting Assistant Program Administrator,
Field Operations Division
Jennifer Faler, Program Administrator,
Capital Projects Division
Leanne Matsumoto, Waterworks Controller,
Finance Division
Teriann Akana, Human Resources Specialist VI,
Human Resources Office
Kenrick Wong, Data Processing Systems Analyst V,
Information Technology Division
Michael Matsuo, Land Administrator, Land Division
Kirk Iwamoto, Water Quality Laboratory Director,
Water Quality Division
Barry Usagawa, Program Administrator,
Water Resources Division
Kimberly Kuwaye, Manager's Secretary
Joy Cruz-Achiu, Board Secretary
Stella Bernardo, Information Specialist II,
Communications Office via Zoom
Michele Harman, Community Relations Specialist I,
Communications Office via Zoom

Wayne Maria, Information Specialist II,
Communications Office
Ella Foley Gannon, Esq.,
Morgan, Lewis & Bockius, LLP
Matthew Sepp, Esq.,
Morgan, Lewis & Bockius, LLP
via Zoom
Joseph A. Stewart, Esq.,
Kobayashi Sugita & Goda, LLP

Others Present: Jessica Wong, Deputy Corporation Counsel
via Zoom
Jeff Lau, Deputy Corporation Counsel

Absent: Edwin Sniffen, Ex-Officio

Chair Nā'ālehu Anthony opened the Board meeting with an 'olelo no'eau:

Aloha mai kākou e nā hoa makamaka mai ka lā hiki a ka lā kau. Welina nui me ke aloha!

Mahalo nui no kēia 'ākoakoa 'ana o kākou no ka pono o ka lāhui, no ka pono o ka 'āina, a no ka pono o ka wai nō ho'i. Eia he mana'o mai ka wahine e kakau ka puke 'ōlelo no'eau e kālele ana i ke ko'iko'i o ka wai a me ka 'aina kekahi.

Chair Anthony translated the 'olelo no'eau: Aloha from the rising to the setting sun. Thank you all for coming together today for the people, the land, and the water. Here is a short Hawaiian Proverb that helps us remember the importance of fresh water and land.

'Ōlelo: Hala ka ua, ka mea maka'u.

Chair Anthony translated 'ōlelo: The rain we feared is gone.

Chair Anthony welcomed everyone to the February 23, 2026, Regular Meeting of the Board of Water Supply (BWS). He stated that the Board of Water Supply is dedicated to providing safe, dependable, and affordable supply of water now and into the future.

Chair Anthony shared that there were guests in attendance intending to testify on a topic not included on the February agenda. He explained that, under the Sunshine Law, no testimony on a topic not properly agendaized would be heard.

Before continuing the meeting, Chair Anthony stated that a recording would play to share reminders for public participation and virtual meeting regulations required by law.

The recording played: Goals for this meeting under Hawai'i Revised Statutes, Section 92-7.5 are accessible at www.boardofwatersupply.com/boardmeeting. The Public may attend this meeting in person at the Public Service building located at 630 South Beretania Street. The Public may also view a live stream of today's meeting on our website at www.boardofwatersupply.com/live. We have been accepting written or oral testimony for today's meeting. Instructions and an online submittal form are available at boardofwatersupply.com/testimony. The deadline to submit advance written testimony has passed. Testimony received by noon today has been distributed to the board members. We will continue to accept written testimony today through our online form. Oral testimony in person or remotely will be accepted during today's meeting. To facilitate as much in-person and remote testimony as reasonably possible during the time allotted, preregistration and submittal of a written version of testimony at boardofwatersupply.com/testimony is strongly encouraged. To testify in person, please register using our online form or come to the public service building at 630 South Beretania Street. We have a representative in the lobby to provide intake and further instructions. To request to testify remotely, please complete the online form at boardofwatersupply.com/testimony. Requestors will receive an email containing links and instructions on how to join the Zoom session. Testifiers will have two minutes to state their position. A timekeeper will alert testifiers when there is one minute remaining. Once the two minutes are up, please summarize to allow time for questions from the Board. Then, make room for the next testifier. Board members attending any board meeting remotely must be visible to the Public to be considered, present, and meet quorum guidelines. Board members participating remotely must also disclose their location and anyone present at their location during roll call. Meeting participants who are calling or video conferencing in, please mute your microphone when you're not speaking. If you have a

question, comment, or wish to enter or second a motion on an action item, please unmute your microphone and identify yourself before continuing to speak. If you encounter technical issues during today's meeting, please use the Zoom chat to send a direct message to our support team. Their names are listed in the message to all participants. To open the chat window, please click the text Bubble icon on the Zoom Toolbar.

Chair Anthony requested a roll call for the Regular Meeting. In the Board room, Vice Chair Jonathan Kaneshiro responded aye; Board Member Lance Wilhelm responded "e'o"; Board Member Jeffrey Laupola responded aye; and Board Member Gene Albano responded aye. Chair Nā'ālehu Anthony was also present in the Board room. Board Member Edwin Sniffen was absent.

Chair Anthony introduced those in the Boardroom: Manager Ernest Lau, Deputy Manager Erwin Kawata, Board Secretary Joy L. Cruz-Achui, Manager Secretary Kimberly Kuwaye, Information Specialist II Wayne Maria, and Deputy Jeff Lau from the City and County Corporation Counsel. Also, from City and County Corporation Counsel Deputy Jessica Wong joined via Zoom.

REGULAR MEETING

APPROVAL OF MINUTES

Approval of the Minutes of the Regular Meeting Held December 15, 2025.

MOTION TO APPROVE

Gene Albano and Lance Wilhelm motioned and seconded, respectively, to approve the Minutes of the Regular Meeting Held on December 15, 2025

Ms. Cruz-Achiu conducted a roll call: Vice Chair Jonathan Kaneshiro, aye; Board Member Lance Wilhelm, aye; Board Member Jeffrey Laupola, aye; Board Member Gene Albano, aye; and Chair Nā’ālehu Anthony, aye. Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen was absent.

THE MINUTES OF THE REGULAR MEETING HELD ON DECEMBER 15, 2025, WERE APPROVED AT THE FEBRUARY 23, 2026, BOARD MEETING			
	AYE	NO	COMMENT
NĀ’ĀLEHU ANTHONY	X		
JONATHAN KANESHIRO	X		
LANCE WILHELM	X		
JEFFREY LAUPOLA	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		

DISCUSSION

Public Guest Dyani Cantu stated that she signed up to provide oral testimony and written testimony on Action item #1.

A Public Guest who did not identify himself also mentioned that he, along with others, intended to provide oral testimony, some of whom provided written testimony.

Chair Anthony referred back to the testimony list. He noted that there was only a written testimony provided for Action Item #3, the Adoption of Resolution No. 1009, 2026, Recommending to the City Council, City and County of Honolulu, the Cancellation of Easements 2846, 4764, and 6295, Situate at Waipi’o, ‘Ewa, O’ahu, Hawai’i. He stated that if the testimony pertains to Union Plaza, it is not part of the February 23, 2026, agenda and therefore cannot take place under the Sunshine Law. The 1136 Union Plaza story is still developing. Once management is named, Manager Lau will discuss the matter.

Public Guest Laulani Teale asked for the Sunshine Law about Board Meeting Agendas be reiterated.

Ms. Jessica Wong, Deputy Corporation Counsel, shared that Hawai’i Revised Statutes (HRS) 92-7(d) states that no item shall be added to the agenda if it is of reasonably major importance and the action taken by the Board will affect a significant number of persons. She explained that,

since the 1136 Union Plaza matter is of major importance and will affect a significant number of persons, it cannot be added to the agenda. With respect to the issue of whether testimony can be taken on a non-agenda item, Ms. Wong further explained that allowing testimony on an item not on the agenda is not advisable because the Board would not be permitted to ask questions of the testifiers or discuss the testimony. Therefore, no substantive discussion can take place.

Public Guest, who did not identify himself, shared that they had previously requested that the BWS add an agenda item.

Ms. Teale shared that the Public has requested an action item to be added to the February agenda. She commented that not allowing the Public to comment on non-agendized items, but may relate to other items on the agenda, in her opinion, violates the Sunshine Law. Ms. Teale suggested that, as a solution to keep the peace amongst everyone, public comment should be allowed during the meeting regarding the agenda items.

Chair Anthony shared that the first mention of the Public wanting matters of 1136 Union Plaza added to the agenda occurred on the deadline date that the BWS was required to submit its Notice and Agenda to meet Sunshine Law requirements. He mentioned that at the next meeting, he would be willing to include a broad topic on how someone in a single-family home or building can access a water meter.

Ms. Teale commented that the Public would like the item to be an action item, as they are seeking changes to the rules.

Ms. Wong stated that the extensive discussion regarding 1136 Union Plaza may violate the Sunshine Law. She further addressed the Public's concern regarding public comment. She explained that the Hawai'i Office of Information Practices (OIP) stated that running a meeting in an open forum where the public raises issues of concern is fundamentally inconsistent with the Sunshine Law's notice requirements.

Chair Anthony stated that the BWS has reviewed the testimonies received and has been carefully tracking the various issues regarding 1136 Union Plaza. Once the new management is named, the Board has asked Manager Lau to reach out to rectify the issue. No action will be taken to change the BWS rules during this or the next meeting. However, in a future meeting, he stated that he would be willing to add an agenda item to provide information on the fundamental operation of the BWS and all ratepayers.

A public guest asked whether the remaining written testimonies could be submitted.

Chair Anthony responded that additional testimony may be submitted for the Board Members' review. However, it will not be testimony for any of the February 23, 2026, agenda items.

A public guest asked, "When is the next Board Meeting?"

Chair Anthony stated that the next Board Meeting is on Monday, March 23, 2026, at 2:00 PM.

Ms. Teale mentioned that Union Plaza Tenant Rex Matsuo was in attendance and wished to comment.

Chair Anthony stated that he would allow testimony if it pertained to the action items. If testimony is taken and it does not apply to the action item, the testifier will be stopped, as advised by counsel, due to the strict Sunshine Law. He shared that the Sunshine Law is to protect everyone.

"February 23, 2026

ADOPTION OF
RESOLUTION
NO. 1008, 2026,
ACCEPTANCE OF
GIFTS TO THE
BOARD OF
WATER SUPPLY
FROM VARIOUS
DONORS IN
SUPPORT OF THE
2026 WATER
CONSERVATION
WEEK PROGRAM

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Adoption of Resolution No. 1008, 2026, Acceptance of Gifts to the Board of Water Supply from Various Donors in Support of the 2026 Water Conservation Week Program

We recommend the adoption of the attached Resolution No. 1008, 2026, that accepts proposed gifts to the Board of Water Supply (BWS), City and County of Honolulu, in support of the 2026 Water Conservation Week (WCW) Program. Monetary and in-kind gifts from the donors total \$14,400.00.

<u>Donor Name</u>	<u>Amount</u>
Friends of Hālawā Xeriscape Garden	\$ 2,000.00
Sodexo (Refreshments for awards ceremony)	\$ 4,900.00
Hawaiian Financial Federal Credit Union	\$ 2,000.00
Aloha Pacific Federal Credit Union	\$ 2,000.00
Alexander and Baldwin, Incorporated	\$ 1,000.00
Hawai'i Energy	\$ 1,000.00
Pasha Hawai'i	<u>\$ 1,500.00</u>
TOTAL	\$14,400.00

This well-established education outreach program is in its 48th year of existence. It uses a poster and poetry contest to engage Oahu's students in grades Kindergarten through 12 and teach them the value of water. Studies have shown that youth who adopt water conservation practices at an early age are likely to encourage their parents to be water-efficient and later raise their own water-smart families. Through this program, the BWS seeks to motivate more customers to embrace behaviors that support water conservation.

Sponsor gifts will help the BWS offset program costs that include the printing of 25,000 copies of the 2027 Water Conservation Calendars, which will feature the winning entries from the 2026 WCW Poster and Poetry contests, as well as an awards ceremony for place-winners and honorable mentions of the 2026 contests. The calendars are distributed to all Oahu schools, elected officials, and the Public.

We deeply appreciate the continued support of this Board for this very valuable and worthwhile public education program. All participants in our

WCW program are encouraged to always embrace their roles as responsible stewards of our precious water resource.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

DISCUSSION: Kathleen Elliott-Pahinui, Information Officer, Communications Office, gave the report.

After Ms. Elliott-Pahinui’s PowerPoint presentation, Manager Lau inquired about the theme for 2027.

Ms. Elliott-Pahinui responded, Everyday Conservation.

Board Member Lance Wilhem shared that he serves on the Pasha Hawai’i Board and, as a Board Member, participates in voting on donations. He expressed his appreciation for all the work.

Ms. Elliott-Pahinui stated that teamwork is required.

Chair Anthony asked how long the BWS has been participating in and engaging in this education outreach program.

Ms. Elliott-Pahinui replied that the education outreach program has been in place for 48 years, and the poetry contest for 17 years.

Chair Anthony agreed that the program had been in existence when he was an intern. He commented that it is important to stay connected with children. Chair Anthony thanked the BWS Staff.

**MOTION
TO APPROVE**

Jonathan Kaneshiro and Gene Albano motioned and seconded, respectively, to Adopt Resolution No. 1008, 2026, Acceptance of Gifts to the Board of Water Supply from Various Donors in Support of the 2026 Water Conservation Week Program.

Ms. Cruz-Achiu conducted a roll call: Vice Chair Jonathan Kaneshiro, aye; Board Member Lance Wilhelm, abstain; Board Member Jeffrey Laupola, aye; Board Member Gene Albano, aye; and Chair Nā’ālehu Anthony, aye. Ms. Cruz-Achiu announced that the motion passed with four ayes and one abstention. Board Member Edwin Sniffen was absent.

ADOPTION OF RESOLUTION NO. 1008, 2026,
ACCEPTANCE OF GIFTS TO THE BOARD OF WATER
SUPPLY FROM VARIOUS DONORS IN SUPPORT OF
THE 2026 WATER CONSERVATION WEEK PROGRAM
WAS ADOPTED ON FEBRUARY 23, 2026, BOARD
MEETING

	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
JONATHAN KANESHIRO	X		
LANCE WILHELM			ABSTAIN
JEFFREY LAUPOLA	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

RESOLUTION NO. 1008, 2026

ACCEPTANCE OF GIFTS TO THE BOARD OF WATER SUPPLY
FROM VARIOUS DONORS IN SUPPORT OF THE
2026 WATER CONSERVATION WEEK PROGRAM

WHEREAS, the Board of Water Supply's (BWS) annual Water Conservation Week program uses a poster and poetry contest to inspire Oahu students to reflect on the importance of efficient water use in their lives and features the winning and honorable mention entries in a yearly Water Conservation Calendar that is distributed to the public; and

WHEREAS, the BWS may solicit gifts to the Department, as long as it does not provide special consideration, treatment, advantage, privilege, or exemption for or coerces a potential donor; and

WHEREAS, the BWS will solicit for gifts on its agency website, which is available for access by any interested person or business; and

WHEREAS, the Friends of Hālawā Xeriscape Garden, Sodexo, Hawaiian Financial Federal Credit Union, Board of Water Supply Branch, Aloha Pacific Federal Credit Union, Alexander and Baldwin, Incorporated, Hawai'i Energy, and Pasha Hawai'i are offering monetary and in-kind gifts totaling \$14,400.00 in support of the 2026 Water Conservation Week program; and

WHEREAS, a gift to the BWS benefits the Department because it assists ongoing efforts, such as this well-established public education program, and reduces the need for ratepayer funds to support the program's key components; and

WHEREAS, the gifts will be used to offset reasonable and necessary costs of the printing and delivery of about 25,000 Water Conservation Calendars featuring the contest's winning entries and efforts to recognize the student winners and honorable mentions; now, therefore

BE IT RESOLVED that the Board of Water Supply hereby accepts the various gifts valued at \$14,400.00 and directs the Manager and Chief Engineer, or his delegate, to accept and thank the various donors for these gifts.

ADOPTED:



NĀ'ĀLEHU ANTHONY
Chair

Honolulu, Hawai'i
February 23, 2026

ADOPTION OF RESOLUTION NO. 1008, 2026, ACCEPTANCE OF GIFTS TO THE BOARD OF WATER SUPPLY FROM VARIOUS DONORS IN SUPPORT OF THE 2026 WATER CONSERVATION WEEK PROGRAM WAS ADOPTED ON FEBRUARY 23, 2026, BOARD MEETING			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
JONATHAN KANESHIRO	X		
LANCE WILHELM			ABSTAIN
JEFFREY LAUPOLA	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		



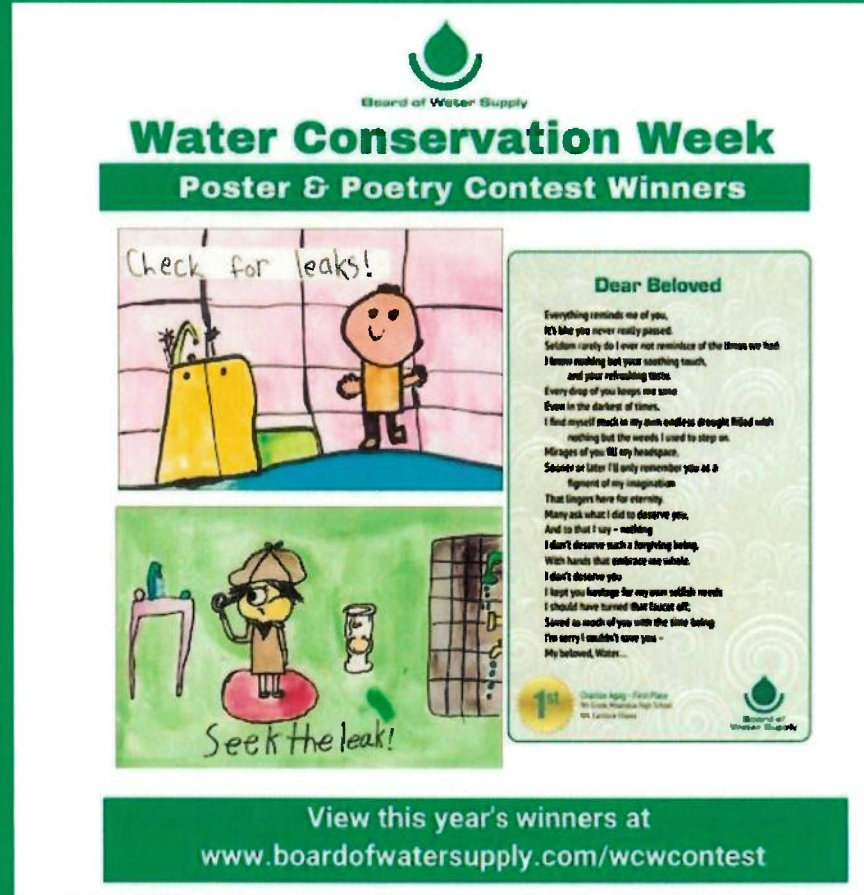
POSTER & POETRY CONTEST HIGHLIGHTS

Kathleen Pahinui, Communications
February 23, 2026

Annual Calendar Contest

2025 Stats:

- Poster Schools: 46
- Poem Schools: 15
- Number submitted:
 - Posters: 997
 - Poems: 357



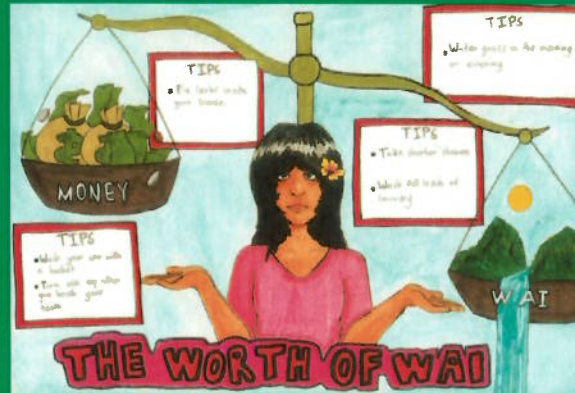
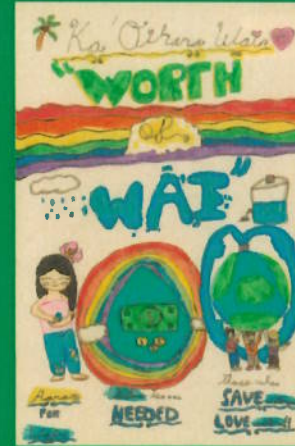
The image is a promotional graphic for the Water Conservation Week Poster & Poetry Contest. At the top center is the Board of Water Supply logo, a green water drop. Below it, the text reads "Board of Water Supply" and "Water Conservation Week Poster & Poetry Contest Winners".

There are two hand-drawn posters. The top poster is titled "Check for leaks!" and shows a boy in a yellow shirt standing next to a yellow bag with a green sprayer nozzle. The bottom poster is titled "Seek the leak!" and shows a boy in a brown shirt and hat looking through a magnifying glass at a small green puddle on a pink circular mat. In the background, there is a white table with a blue bottle and a glass of water, and a window with a grid pattern.

To the right of the posters is a poem titled "Dear Beloved". The poem is written in a simple, childlike font. At the bottom left of the poem box is a gold "1st" award ribbon. At the bottom right is the Board of Water Supply logo.

View this year's winners at www.boardofwatersupply.com/wcwcontest

Poster Winners 2025



Poetry Winners 2025

Save Every Drop

Water is precious, clear and cool,
Humans need it at home, at work, at school.
It fills our oceans, bodies, and streams,
Helping us and others dreams.

But every drip we waste today
May not be there the next
A running faucet, a leaking pipe,
Wastes fresh water day and night.

Oahu is known as paradise
but here's some advice,
we need to shape up,
c'mon it can even just be one cup

If we all do a little each day,
Our water supply won't fade away.
So let's work together, do our part,
And keep clean water in our hearts.

Take shorter showers, turn off the sink,
Use just enough pause and think.
Fix the leaks, don't let it flow,
Saving water helps it grow.



Sisifale Haunga
7th Grade, Sacred Hearts Academy
Ms. Johanna Manfred



Makamae (Precious) Wai

Millions of years ago, wai shaped the land;
Ancient rivers carved valleys, from mauka to the sand.
Kahuli and kōlea, creatures arrived to stay;
All life sustained by wai - each and every day.
Moana steered voyagers, who found a new abode;
Ample lo'i and loko ʻā, blessings of wai bestowed;
Embodying Ola I Ka Wai, as life from water flowed.

Present times are different, yet wai remains essential;
Remember to conserve, our efforts consequential.
Every hose should have a nozzle, check toilets for a leak;
Carefully water lawns: max three times per week.
Install efficient plumbing, keep each shower short;
Optimize this resource, we need everyone's support.
Understand our kuleana, so future faucets don't run dry;
Sustain our precious freshwater, our makamae wai.



Kenton Chan
10th Grade, Punahou School
Mr. Blaine Bolibol



We Drink the Earth

We use the tap, we fill our cups,
Yet never think from where it comes.
The water flows, clear and deep,
A treasure we too often reap.

We waste and use without a care,
Not seeing how it's growing rare.
Rivers run, but not forever
If we don't act now we'll lose it, don't say never.

We share this gift, this fragile link,
And if we're wise, we'll stop to think.
It's not just ours, but all who need
Think of the fish, the plants, let's stop this greed.

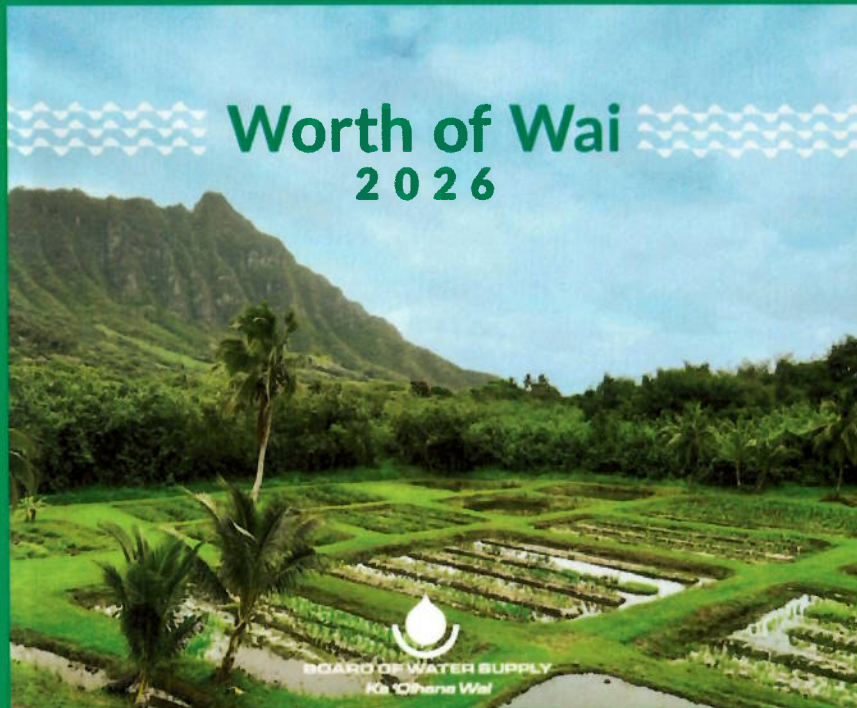
To guard the streams, the lakes, the sky,
We must act now, or say goodbye.
For every drop, for every drop,
Let's all protect, we must not stop.



Cardon Wynn
11th Grade, Mililani High School
Dr. Namthip Sittachitta



2026 Calendar & Contest Theme



OUR 2026 CONTEST THEME IS:
Everyday Conservation

For information on entering the 2026 Board of Water Supply
Poster & Poetry contest, please visit our website:
www.boardofwatersupply.com/wcwcontest



Mahalo!

BOARD OF
WATER SUPPLY

Providing safe, dependable, and affordable
drinking water, now and into the future.

"February 23, 2026

ADOPTION
OF RESOLUTION
NO. 1009, 2026,
RECOMMENDING
TO THE CITY
COUNCIL, CITY
AND COUNTY OF
HONOLULU, THE
CANCELLATION
OF EASEMENTS
2846, 4764, AND
6295, SITUATE
AT WAIFI'O, 'EWA,
'OAHU, HAWAI'I

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Adoption of Resolution No. 1009, 2026, Recommending to the City Council, City and County of Honolulu, the Cancellation of Easements 2846, 4764, and 6295
Situate at Waipi'o, 'Ewa, O'ahu, Hawai'i

We recommend the adoption of Resolution No. 1009, 2026, which recommends to the City Council that they approve the cancellation of Easements 2846, 4764, 6295 (collectively the "BWS Easements").

BACKGROUND:

The BWS Easements were obtained for access and water pipeline purpose for the Board of Water Supply ("BWS") Waipi'o Heights Wells III and Waipi'o Heights 595' Reservoir. The BWS Easements contain the 20-inch waterline to the Waipi'o Heights wells and reservoir.

The real properties affected by the BWS Easements are owned by Castle and Cooke Homes Hawaii, Inc. ("CCHHI"), and on which CCHHI is constructing its Koa Ridge development. CCHHI has constructed a network of roads and water distribution system, which includes 16-inch, 20-inch and 24-inch waterlines that is intended to replace the existing BWS 20-inch waterline. BWS has accepted the new waterlines and had no objections to abandoning the existing 20-inch waterline.

CCHHI is in the process of subdividing the real properties affected by the BWS Easements and conveying them to new owners. Thus, CCHHI has requested that BWS cancel the BWS Easements so that the titles to these newly subdivided parcels can be cleared of the encumbrance prior to conveyance.

The Department of the Corporation Counsel determined that the cancellation of the BWS Easements is considered a disposal and indicated that per Chapter 7-105 (f) of the Revised Charter of the City and County of Honolulu 1973 (Revised 2017 Edition), BWS is authorized to recommend to the City Council for their approval the disposal of real property and real property interests under BWS control.

Thus, we request the Board recommend to the City Council that the BWS Easements be cancelled.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

DISCUSSION: Michael Matsuo, Land Administrator, Land Division, gave the report.

Board Member Wilhem inquired whether the BWS is liable for damages and injuries resulting from the abandoned waterline upon disposal of the easements, since the waterline will remain underground.

Mr. Michael Matsuo responded that the waterline would be plugged at both ends, so no one would be able to connect to or use it for water service.

Manager Lau commented that the BWS will review its disclosure to ensure it notes that the waterline will remain underground.

Mr. Matsuo mentioned that when Castle and Cooke Homes sells parcels affected by the abandoned waterline, they should disclose that information.

Manager Lau stated that BWS will ensure that this concern is conveyed to Castle and Cooke Homes. Mr. Matsuo agreed with Manager Lau.

Board Member Wilhem commented that including information about the abandoned waterline would protect the BWS in the event that someone in the future uncovers it.

Mr. Matsuo agreed and stated that the information would run with the land and also be noted in the deed.

Board Member Wilhelm commented that if the information is on the deed, the BWS would be ok.

There was written testimony:

Kapiolani Street	<i>In support of Resolution No. 1009, 2026</i>
-------------------------	--

MOTION TO APPROVE

Lance Wilhelm and Jonathan Kaneshiro motioned and seconded, respectively, to Adopt Resolution No. 1009, 2026, Recommending to the City Council, City and County of Honolulu, the Cancellation of Easements 2846, 4764, and 6295, Situate at Waipi'o, 'Ewa, O'ahu, Hawai'i

Ms. Cruz-Achiu conducted a roll call: Vice Chair Jonathan Kaneshiro, aye; Board Member Lance Wilhelm, aye; Board Member Jeffrey Laupola, aye;

Board Member Gene Albano, aye; and Chair Nā'ālehu Anthony, aye. Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen was absent.

ADOPTION OF RESOLUTION NO. 1009, 2026, RECOMMENDING TO THE CITY COUNCIL, CITY AND COUNTY OF HONOLULU, THE CANCELLATION OF EASEMENTS 2846, 4764, AND 6295, SITUATE AT WAIPI'O, 'EWA, O'AHU, HAWAI'I WAS ADOPTED ON FEBRUARY 23, 2026, BOARD MEETING			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
JONATHAN KANESHIRO	X		
LANCE WILHELM	X		
JEFFREY LAUPOLA	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		



CANCELLATION OF
EASEMENTS 2846,
4764 & 6295 SERVING
THE WAIFI'O HEIGHTS
WELLS III & 595
RESERVOIR

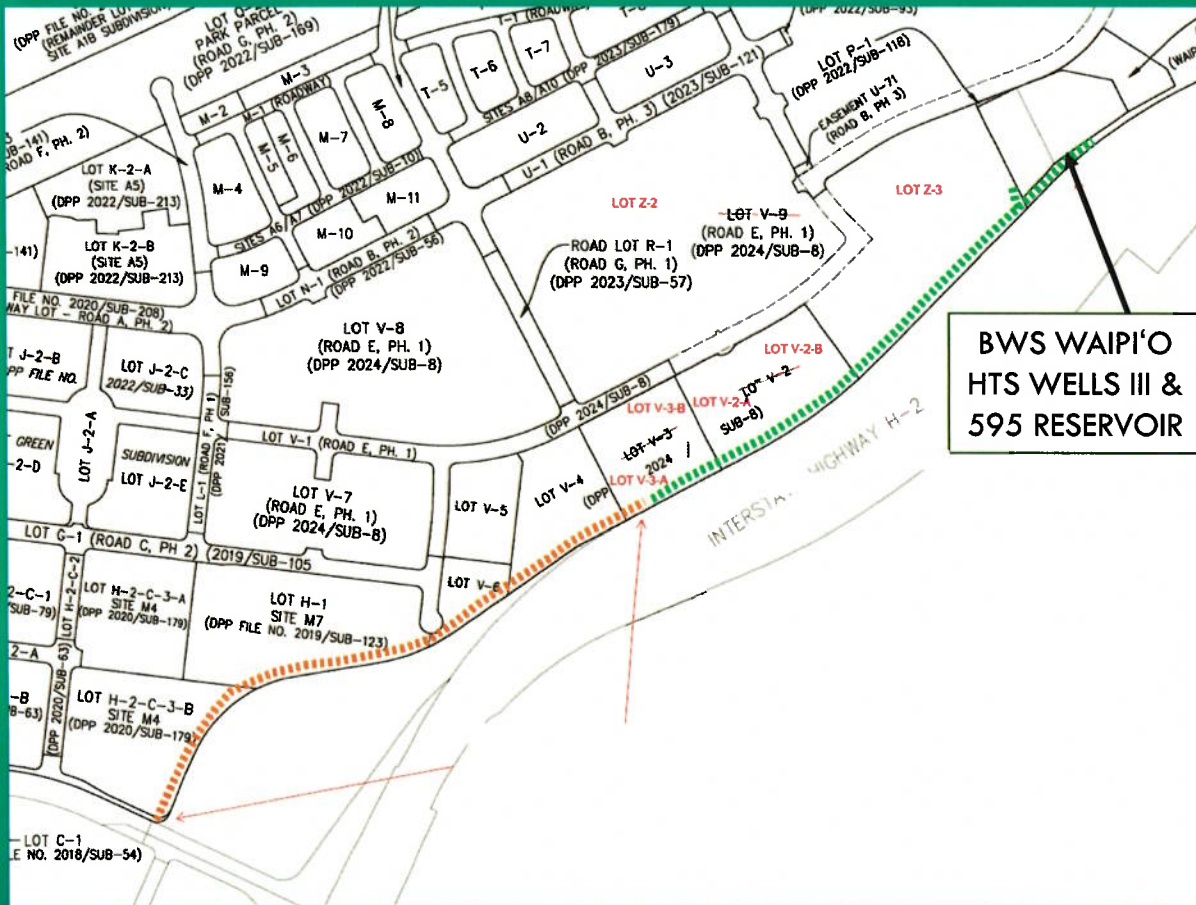
Michael Matsuo
February 23, 2026
boardofwatersupply.com

CANCELLATION OF EASEMENTS 2846, 4764 & 6295 SERVING THE WAIPĪ'O HEIGHTS WELLS III & 595 RESERVOIR

- WE ARE RECOMMENDING THE BOARD ADOPT A RESOLUTION THAT RECOMMENDS TO THE CITY COUNCIL THE CANCELLATION OF EASEMENTS 2846, 4764 & 6295 THAT SERVE THE WAIPĪ'O HEIGHTS WELLS III & 595 RESERVOIR
- THE DEPARTMENT OF THE CORPORATION COUNSEL HAS OPINED THAT THE CANCELLATION OF THESE EASEMENTS IS A “DISPOSAL”
- SECTION 7-105 (f) OF THE REVISED CHARTER OF THE CITY & COUNTY OF HONOLULU, AUTHORIZES THE BOARD OF WATER SUPPLY TO RECOMMEND TO THE COUNCIL THE SALE, EXCHANGE OR TRANSFER (I.E. DISPOSAL) OF AN REAL PROPERTY OR INTEREST UNDER ITS CONTROL



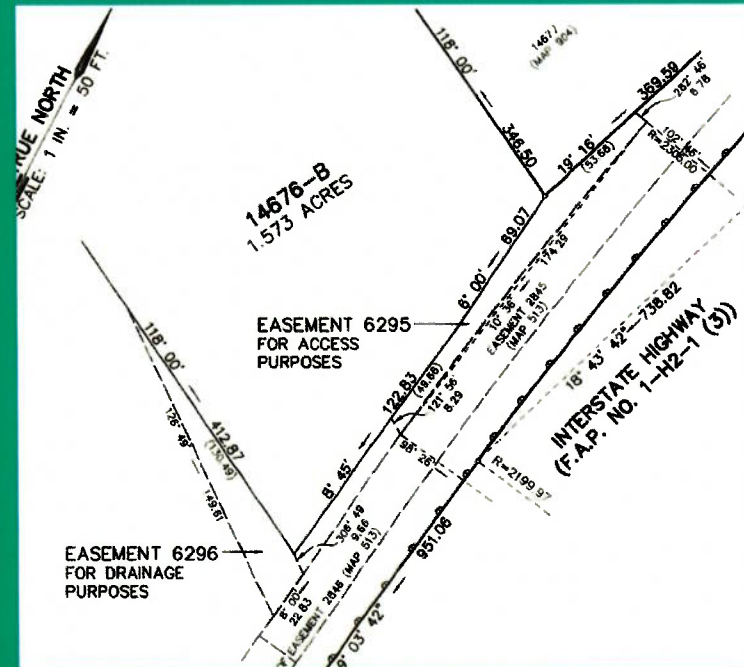
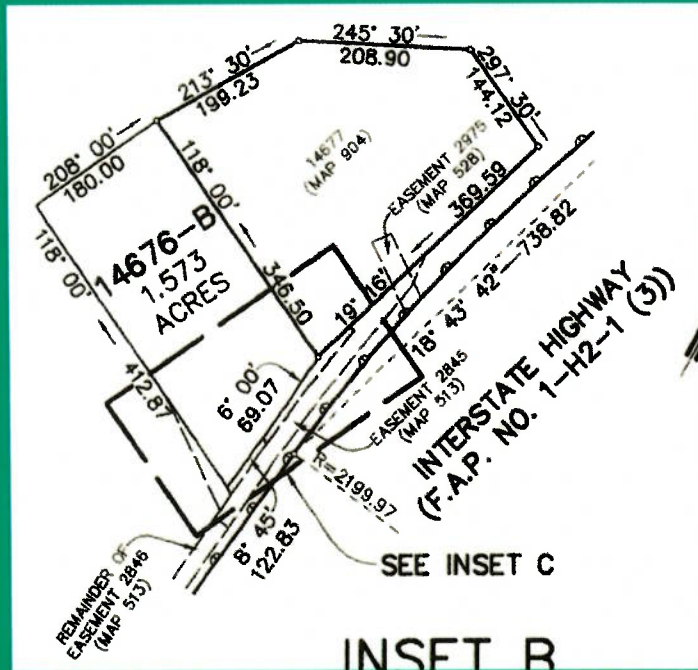
CANCELLATION OF EASEMENTS 2846, 4764 & 6295 SERVING THE WAIPI'O HEIGHTS WELLS III & 595 RESERVOIR



- IN 1979, EASEMENT 2846 (GREEN & ORANGE DASHED LINES) WAS GRANTED TO BWS BY GENTRY-WAIPI'O FOR ACCESS & WATERLINE PURPOSES
- EASEMENT 2846 ORIGINALLY EXTENDED TO KA UKA BOULEVARD
- IN 1989, A PORTION OF EASEMENT 2846 (ORANGE DASHED LINE) WAS DELETED & REPLACED BY EASEMENT 4764



CANCELLATION OF EASEMENTS 2846, 4764 & 6295 SERVING THE WAIPI'O HEIGHTS WELLS III & 595 RESERVOIR

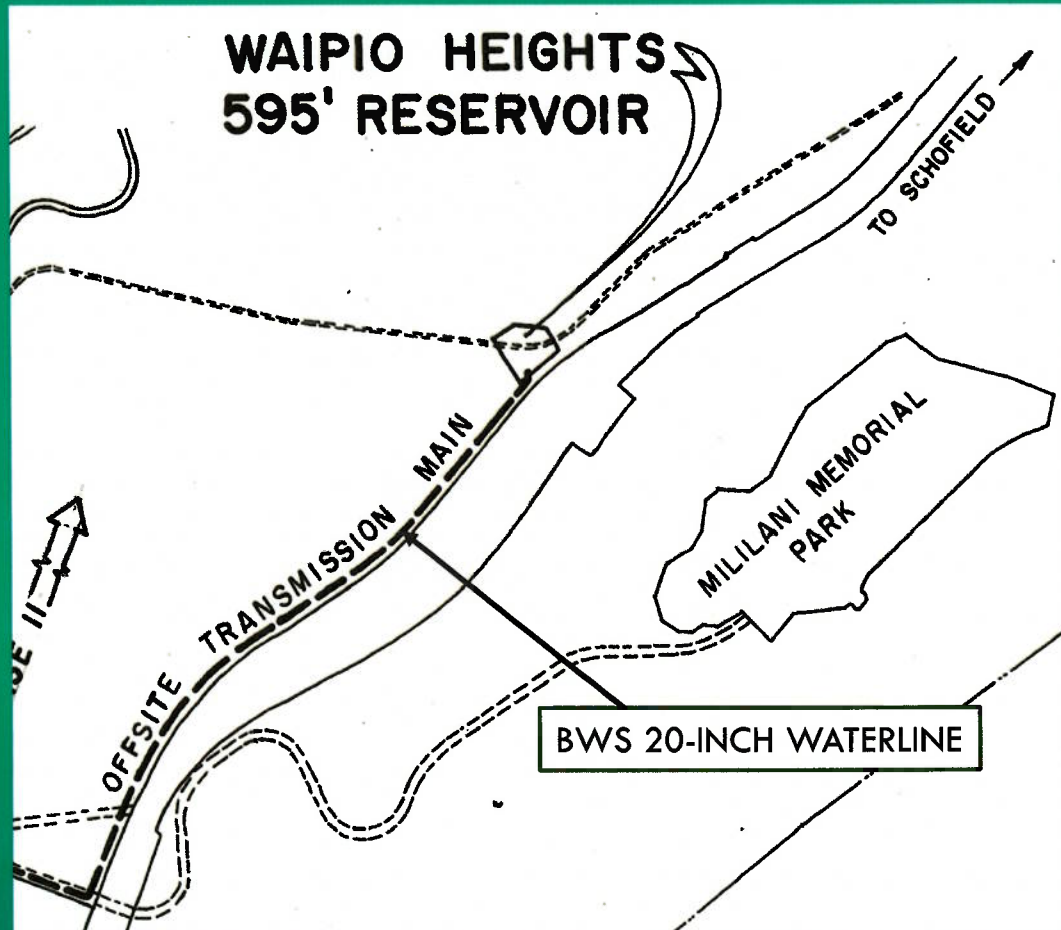


IN 2002, EASEMENT 6295 WAS GRANTED TOGETHER WITH THE DEED TO LOT 14676-B FROM CASTLE & COOKE HOMES HAWAI'I TO BWS TO EXPAND THE WAIPI'O HEIGHTS SITE TO ACCOMMODATE A NEW WATER TREATMENT FACILITY



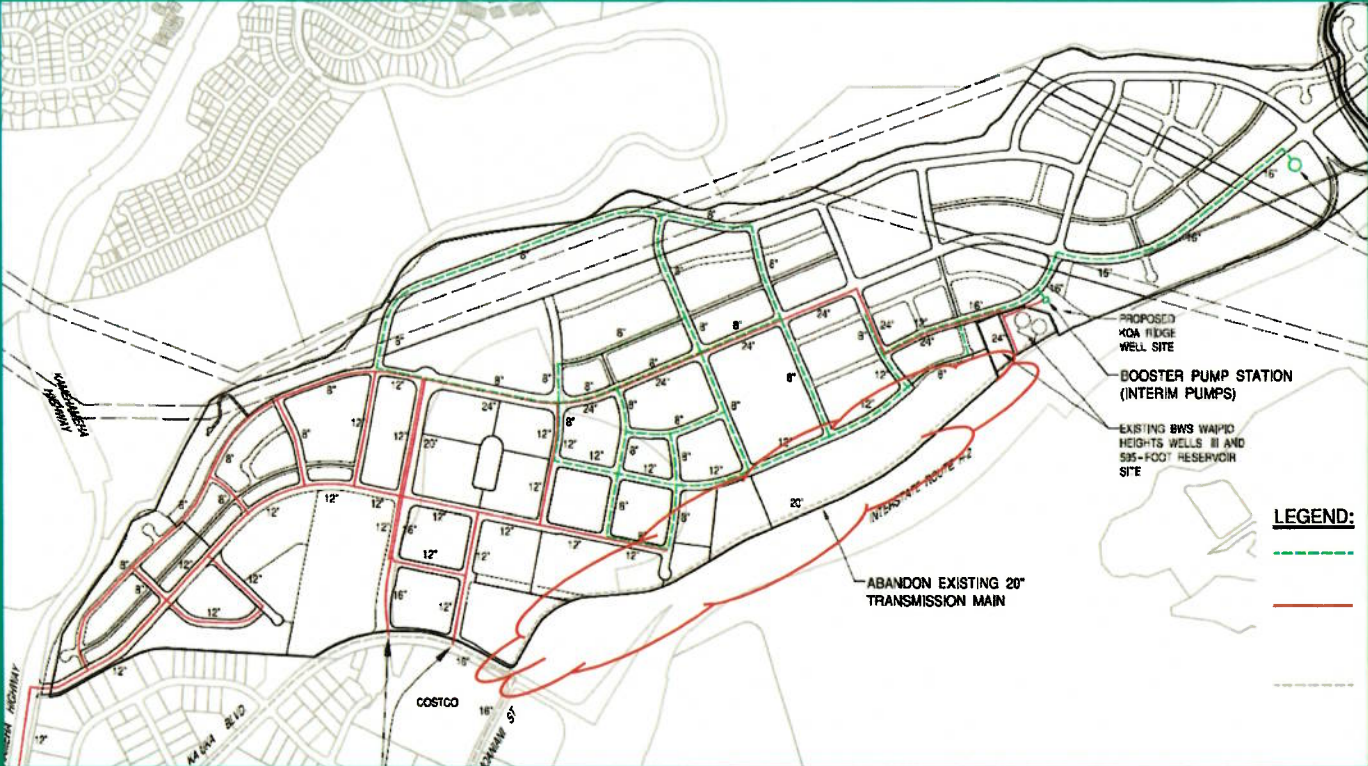
CANCELLATION OF EASEMENTS 2846, 4764 & 6295 SERVING THE WAIPI'O HEIGHTS WELLS III & 595 RESERVOIR

THE BWS 20-INCH WATERLINE, CONSTRUCTED IN 1980 FOR THE WAIPI'O HEIGHTS 595 RESERVOIR, IS LOCATED WITHIN EASEMENTS 2846, 4764 AND 6295



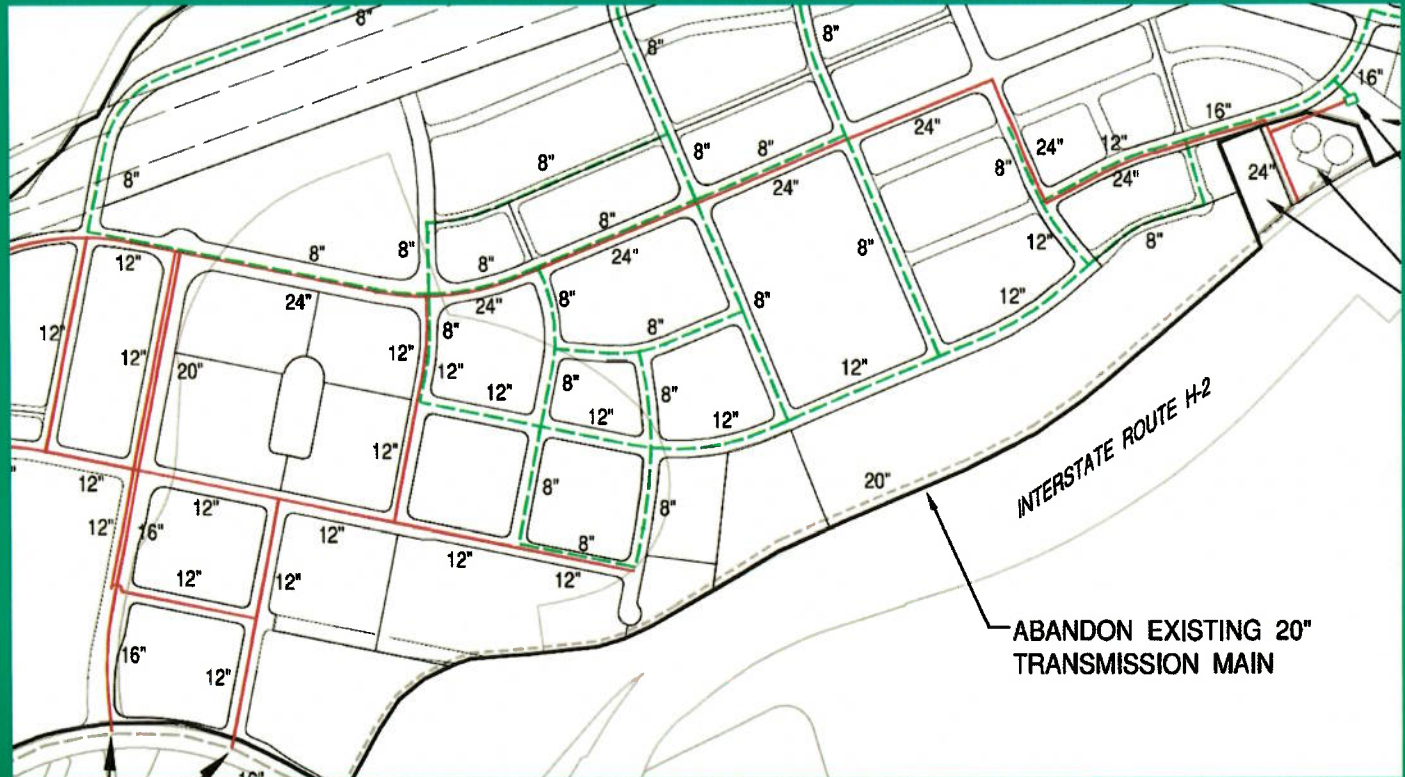
CANCELLATION OF EASEMENTS 2846, 4764 & 6295 SERVING THE WAIPI'O HEIGHTS WELLS III & 595 RESERVOIR

THE BWS 20-INCH WATERLINE & EASEMENTS 2846, 4764 & 6295 AFFECT LAND IN CASTLE & COOKE HOMES HAWAII'S KOA RIDGE DEVELOPMENT (CLOUDED AREA)



CANCELLATION OF EASEMENTS 2846, 4764 & 6295 SERVING THE WAIPI'O HEIGHTS WELLS III & 595 RESERVOIR

- CASTLE & COOKE HOMES HAWAII CONSTRUCTED NEW 16-INCH, 20-INCH & 24-INCH WATERLINES AS PART OF ITS KOA RIDGE WATER SYSTEM TO REPLACE THE EXISTING BWS 20-INCH WATERLINE SO IT COULD BE ABANDONED
- BWS HAD NO OBJECTION TO ABANDONING THE EXISTING 20-INCH WATERLINE
- ABANDONING THE 20-INCH WATERLINE ELIMINATES THE NEED FOR EASEMENTS 2846, 4764 & 6295





Mahalo!

BOARD OF WATER SUPPLY

Cancellation of Easements 2846, 4764 & 6295
serving the Waipi'o Heights Wells III & 595 Reservoir

Michael Matsuo

(808) 748-5951, mmatsuo@hbws.org

boardofwatersupply.com for more information

February 23, 2026

Providing safe, dependable, and affordable
drinking water, now and into the future.

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

RESOLUTION NO. 1009, 2026

RECOMMENDING TO THE CITY COUNCIL, CITY AND COUNTY OF HONOLULU,
THE CANCELLATION OF EASEMENTS 2846, 4764, AND 6295,
SITUATE AT WAIPĪŌ, 'EWA, O'AHU, HAWAI'I

WHEREAS, Easements 2846, 4764, and 6295 for access and water pipeline purposes (hereinafter collectively the "BWS Easements") were granted to the City and County of Honolulu, for the use of the Board of Water Supply (hereinafter the "BWS"), affecting those certain real properties situate at Waipi'o, 'Ewa, O'ahu, Hawaii, bearing Tax Map Key Nos. 9-4-006:052, 113, 123, 173, 175 to 177, 179, and 182 to 184; and

WHEREAS, a BWS 20-inch diameter water pipeline (hereinafter the "BWS Waipi'o Waterline") for the BWS Waipi'o Heights Wells III and 595 Reservoir (hereinafter the "BWS Waipi'o Heights Facility") is located within the BWS Easements; and

WHEREAS, the real properties affected by the BWS Easements are part of the Castle and Cooke Homes Hawaii, Inc. (hereinafter "CCHHI") Koa Ridge development; and

WHEREAS, CCHHI constructed new 16-inch, 20-inch, and 24-inch diameter water pipelines as part of the Koa Ridge water system to replace the BWS Waipi'o Waterline so it could be abandoned; and

WHEREAS, BWS has no objection to abandoning the BWS Waipi'o Waterline; and

WHEREAS, abandoning the BWS Waipi'o Waterline eliminates the need for the BWS Easements; and

WHEREAS, CCHHI is in the process of conveying some of the affected real properties to others and has requested that BWS cancel the BWS Easements so that the titles can be cleared of this encumbrance before conveyance; and



February 23, 2026

Honolulu Board of Water Supply
630 South Beretania Street
Honolulu, HI 96843

Chair and Members of the Honolulu Board of Water Supply Board of Directors:

My name is Kapiolani Street, and I am providing written testimony on behalf of the developer, Castle & Cooke Homes Hawaii, Inc. in strong support of Resolution No. 1009, 2026, recommending the cancellation of Easements 2846, 4764, and 6295, located within the master planned community of Koa Ridge.

These easements are no longer necessary. Through subsequent planning, design refinements, and coordination with the relevant agencies and utility providers, the functions previously served by these easements have been addressed through alternative infrastructure configurations. Their cancellation will eliminate obsolete encumbrances and allow for more efficient land use consistent with the project's approved plans.

Importantly, the requested cancellations will not adversely affect water service, access, utilities, drainage, or any public facilities. All required services and connections have been, or will be, maintained through appropriate easements and agreements. The resolution reflects careful coordination and does not diminish any public rights or operational needs. Approval of this measure will support orderly development, improve administrative clarity, and ensure that property records accurately reflect current conditions.

We respectfully request the Board's favorable consideration and adoption of Resolution No. 1009, 2026.

Thank you for the opportunity to provide testimony.

Sincerely,

Kapiolani Street
Manager, Engineering & Site Development

“February 23, 2026

INTRODUCTION OF RESOLUTION NO. 1010, 2026, PROVIDING FOR THE ACQUISITION BY EMINENT DOMAIN OF A PORTION OF SUBDIVISION LOT 2 OF NAHALEKEHA SUBDISVISION, SITUATE AT KAONOHI, KALALUAO, ‘EWA, O’AHU, HAWAI’I, TAX MAP KEY 9-8-011-.056 (PORTION)

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai’i 96843

Chair and Members:

Subject: Introduction of Resolution No. 1010, 2026, Providing for the Acquisition by Eminent Domain of a Portion of Lot 2 of Nahalekeha Subdivision, Situate at Kaonohi, Kalauao, ‘Ewa, O’ahu, Hawai’i, Tax Map Key 9-8-011:056 (Portion)

We recommend the introduction of Resolution No. 1010, 2026, authorizing proceedings in eminent domain for the acquisition of a portion of Lot 2 of the Nahalekeha Subdivision (“Nahalekeha”).

Nahalekeha is a gated residential community located at the end of ‘Ōnikiniki Street above Pearlridge and is comprised of two lots. Lot 1 is the residential portion, and Lot 2, which surrounds the Board of Water Supply (“BWS”) Kaonohi 850’ Reservoir, is undeveloped except for a small portion that is being used as Nahalekeha’s recreation center.

BWS wishes to acquire a 2.484-acre portion of the 2.833-acre Lot 2 to develop a new water source to help replace capacity lost from ‘Aiea and Hālawa wells that were shut down due to potential contamination from leakage from the Red Hill Bulk Fuel Storage Facility.

Negotiations with the Nahalekeha Association of Apartment Owners (“Nahalekeha AOA”) to acquire the subject property were initiated through their attorney, Philip Nerney. Mr. Nerney indicated that the sale of the subject property would require the approval by all Nahalekeha residents. Because the Nahalekeha AOA will not be able to do so, per Mr. Nerney, BWS determined that it may need to acquire the subject property by eminent domain.

This Resolution, upon publication and subsequent adoption, will authorize the Corporation Counsel, or such litigation counsel as the Board may employ, to initiate eminent domain proceedings on behalf of the Board.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

DISCUSSION: Michael Matsuo, Land Administrator, Land Division, gave the report.

Chair Anthony, for clarification, asked whether he understood the steps the BWS is taking to acquire the Nahalakeha property: that the BWS had the property appraised and made an offer, but the property owner countered it. Therefore, the BWS is considering alternate means of acquiring the property.

Mr. Matsuo responded that the Corporation Counsel recommended that the BWS review their appraisal and update it to the BWS's appraisal.

Board Member Wilhelm commented that eminent domain is being sought because not all tenants have agreed to sell. Therefore, the BWS must proceed with acquiring the property in this manner.

Mr. Matsuo mentioned that the Nahalakeha Board President shared that they, too, have a fiduciary duty and need to look into the matter.

Board Member Wilhem commented that, since an association owns the property, the process is more difficult.

Manager Lau added that it is very difficult to make changes.

Mr. Matsuo shared that one resident would not agree to sell.

Board Member Wilhelm also mentioned that some residents may be difficult to reach or locate.

Chair Anthony inquired if this is for the reservoir.

Manager Lau responded that it is the BWS's reservoir; however, the BWS would like to drill a new well to replace the capacity lost due to the shutdown of Hālawa Shaft.

Vice Chair Jonathan Kaneshiro referred to page 6 of the PowerPoint (PPT) presentation and asked why the property was proposed to be subdivided rather than acquiring it as a whole, except for the community center.

ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

- BWS IS INTERESTED IN ACQUIRING A 2.484 ACRE PORTION OF LOT 2 (AREA BOUNDED BY RED DASHED LINES)
- LOT 2 WOULD HAVE TO BE SUBDIVIDED TO CREATE THE SMALLER LOT



Manager Lau replied that the property was subdivided to create the parcel for the recreation center.

Mr. Matsuo added the red outlined area is the 2.484 acre portion of the large lot that the BWS is trying to acquire.

Vice Chair Kaneshiro mentioned the green outline.

Mr. Matsuo responded that the green outline is landscape around the recreation center, which is the brown rectangle.

**MOTION
TO APPROVE**

Jonathan Kaneshiro and Lance Wilhelm motioned and seconded, respectively, the Introduction of Resolution No. 1010, 2026, Providing for the Acquisition by Eminent Domain of a Portion of Lot 2 of the Nahalekeha Subdivision, Situate at Kaonohi, Kalauao, 'Ewa, O'ahu, Hawai'i, Tax Map Key 9-8-011:056 (Portion).

Ms. Cruz-Achiu conducted a roll call: Vice Chair Jonathan Kaneshiro, aye; Board Member Lance Wilhelm, aye; Board Member Jeffrey Laupola, aye; Board Member Gene Albano, aye; and Chair Nā'ālehu Anthony, aye. Ms. Cruz-Achiu announced that the motion passed with five ayes. Board Member Edwin Sniffen was absent.

INTRODUCTION OF RESOLUTION NO. 1010, 2026, PROVIDING FOR THE ACQUISITION BY EMINENT DOMAIN OF A PORTION OF LOT 2 OF THE NAHALEKEHA SUBDIVISION, SITUATE AT KAONOHI, KALAUAO, 'EWA, O'AHU, HAWAII, TAX MAP KEY 9-8-011:056 (PORTION), WAS INTRODUCED AT THE FEBRUARY 23, 2026, BOARD MEETING

	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
JONATHAN KANESHIRO	X		
LANCE WILHELM	X		
JEFFREY LAUPOLA	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

RESOLUTION NO. 1010, 2026

PROVIDING FOR THE ACQUISITION BY EMINENT DOMAIN OF
A PORTION OF LOT 2 OF THE NAHALEKEHA SUBDIVISION
SITUATE AT KAONOHI, KALAUAO, 'EWA, O'AHU, HAWAII
TAX MAP KEY: 9-8-011:056 (PORTION)

BE IT RESOLVED by the Board of Water Supply, City and County of Honolulu:

I.

That for public use and purposes, to-wit, the development and use of a new water source to replace existing water sources in 'Aiea and Hālawā that were shut down due to possible contamination from leakage from the Red Hill Bulk Fuel Storage Facility, proceedings in eminent domain as provided by the law be instituted for the acquisition of the subject real property described in the attached Exhibit "A" and shown on the attached Exhibit "B," which by this reference, both exhibits are incorporated herein and made a part hereof.

The acquisition of the foregoing real property by eminent domain is deemed necessary for the aforesaid public use and purposes.

II.

That the Corporation Counsel of the City and County of Honolulu, or such litigation counsel as the Board of Water Supply may employ pursuant to Section 7-116 of the Revised Charter of the City and County of Honolulu 1973 (Amended 2017 Edition), shall be and is hereby authorized and empowered to institute and carry out said proceedings in the name and on behalf of the Board of Water Supply and the City and County of Honolulu. The Corporation Counsel or such litigation counsel shall be and is hereby further authorized and empowered to

negotiate terms of any settlement, subject to the approval of the Board of Water Supply and/or the court before which such proceedings are commenced.

INTRODUCED BY:


NĀ'ĀLEHU ANTHONY
Chair

Date of Introduction: February 23, 2026
Honolulu, Hawai'i

INTRODUCTION OF RESOLUTION NO. 1010, 2026, PROVIDING FOR THE ACQUISITION BY EMINENT DOMAIN OF A PORTION OF LOT 2 OF THE NAHALEKEHA SUBDIVISION, SITUATE AT KAONOHI, KALAUAO, 'EWA, O'AHU, HAWAI'I, TAX MAP KEY 9-8-011:056 (PORTION), WAS INTRODUCED AT THE FEBRUARY 23, 2026, BOARD MEETING

	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
JONATHAN KANESHIRO	X		
LANCE WILHELM	X		
JEFFREY LAUPOLA	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		

A copy of the foregoing Resolution No. 1010, 2026 is on file at the Office of the Manager and Chief Engineer, Board of Water Supply, at 630 South Beretania Street, for use and examination by the public.

EXHIBIT "A"

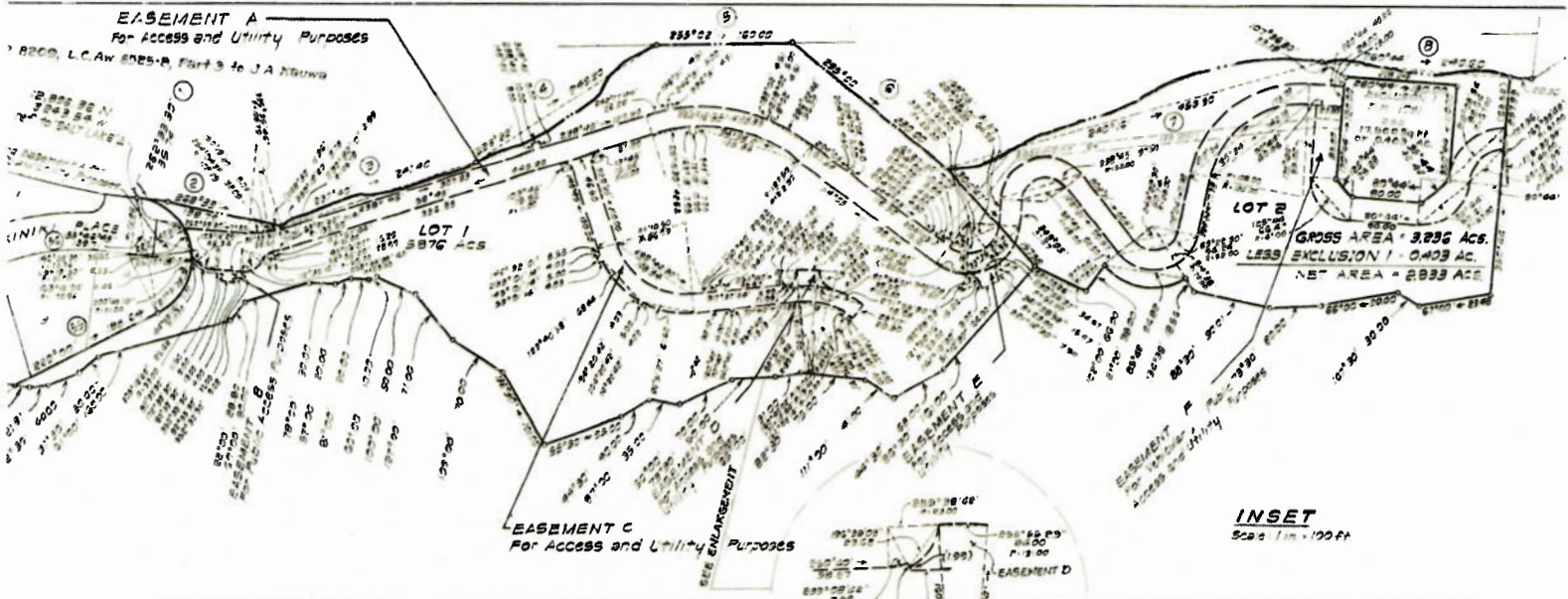
EXHIBIT "A"

Being a portion of that certain parcel of land, being a portion of Royal Patent 1963, Land Commission Award 5524, Apana 6 to L. Konia, situate at Kaonohi, Kalauao, 'Ewa, O'ahu, Hawai'i, and more particularly described as follows:

Lot 2, area of 2.833 acres, more or less, as shown on File Plan No. 1892 filed in the Bureau of Conveyances of the State of Hawai'i ("Bureau"). The area of Lot 2 reflects the exclusion therefrom of Exclusion No. 1, area of 0.403 acres, as shown on File Plan No. 1982, being also Lot 235 of the KAONOHI RIDGE SUBDIVISION UNIT 2-B, as shown on File Plan No. 1091, filed in the Bureau.

The portion of Lot 2 to be acquired by eminent domain has an area of approximately 2.484 acres and is the area bounded by the red dashed lines.

EXHIBIT "B"





ACQUISITION OF
A PORTION OF LOT 2
OF NAHALEKEHA BY
EMINENT DOMAIN TO
DEVELOP A NEW
WATER SOURCE

Michael Matsuo
February 23, 2026
boardofwatersupply.com

ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

WE ARE RECOMMENDING THE BOARD INTRODUCE A RESOLUTION THAT
DOES THE FOLLOWING:

- MAKES KNOWN THAT THE BOARD OF WATER SUPPLY INTENDS TO ACQUIRE A PORTION OF LOT 2 OF THE GATED COMMUNITY KNOWN AS NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE; AND
- AUTHORIZES AND EMPOWERS THE CORPORATION COUNSEL OF THE CITY AND COUNTY OF HONOLULU OR LITIGATION COUNSEL THAT THE DEPARTMENT MAY HIRE PURSUANT TO SECTION 7-116 OF THE REVISED CITY CHARTER, TO INITIATE PROCEEDINGS IN EMINENT DOMAIN



ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

- SECTION 7-105 (e) OF THE REVISED CHARTER OF THE CITY AND COUNTY OF HONOLULU, AUTHORIZES THE BOARD OF WATER SUPPLY TO ACQUIRE REAL PROPERTY AND REAL PROPERTY INTERESTS (I.E. EASEMENTS) IN THE NAME OF THE CITY BY VARIOUS MEANS, INCLUDING EMINENT DOMAIN
- EMINENT DOMAIN PROCEEDINGS ARE BEING CONTEMPLATED BECAUSE OBTAINING THE APPROVAL OF ALL NAHALEKEHA RESIDENTS FOR THE ACQUISITION OF A PORTION OF LOT 2 WOULD BE DIFFICULT TO ACHIEVE
- THE RESOLUTION WILL ALLOW THE CORPORATION COUNSEL OR LITIGATION COUNSEL TO NEGOTIATE THE TERMS OF SETTLEMENT WITH THE OWNER SUBJECT TO THE APPROVAL OF THE BOARD AND THE COURT



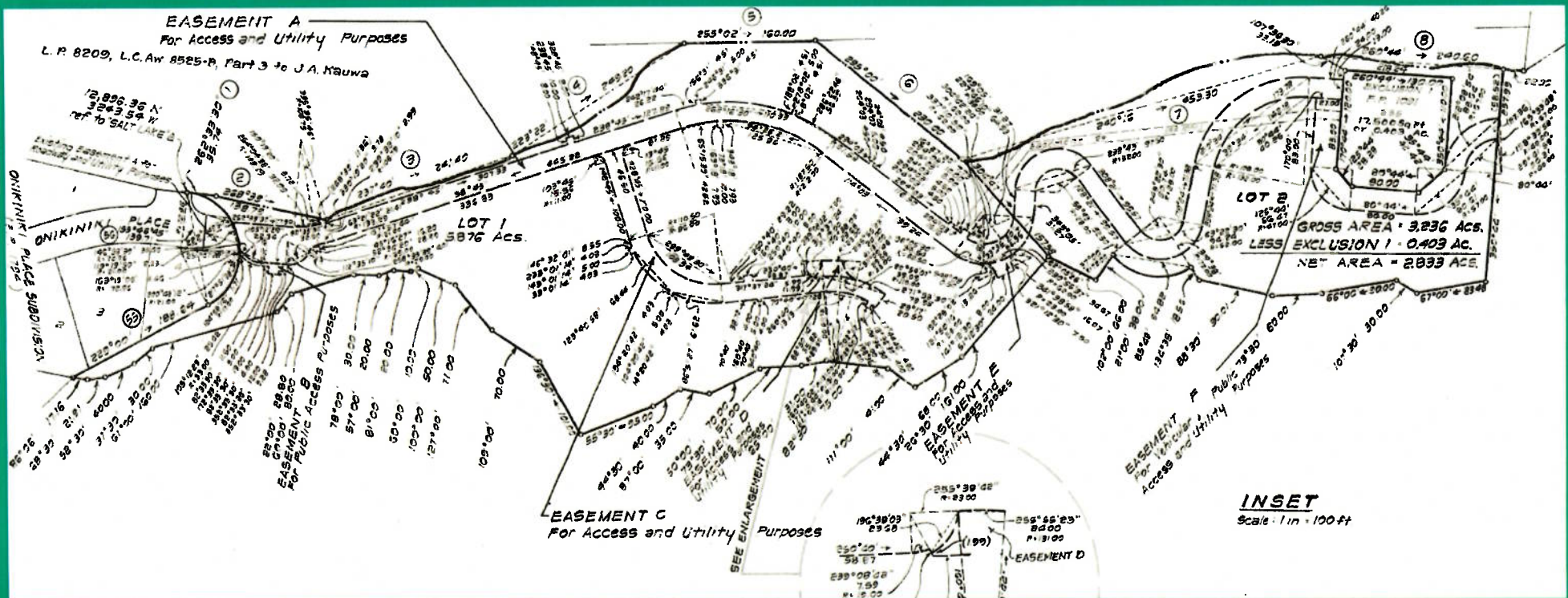
ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY
EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE



NAHALEKEHA IS A GATED RESIDENTIAL COMMUNITY
TAX MAP KEY 9-8-011:056



ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE



- PER FILE PLAN NO. 1892, NAHALEKEHA IS COMPRISED OF TWO LOTS
- LOT 1 IS THE RESIDENTIAL AREA
- LOT 2 AROUND THE BWS KAONOHI 850 RESERVOIR IS UNDEVELOPED, EXCEPT FOR A SMALL PORTION FOR THEIR RECREATION CENTER



ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

- BWS IS INTERESTED IN ACQUIRING A 2.484 ACRE PORTION OF LOT 2 (AREA BOUNDED BY RED DASHED LINES)
- LOT 2 WOULD HAVE TO BE SUBDIVIDED TO CREATE THE SMALLER LOT



ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

CHRONOLOGY OF EVENTS TO ACQUIRE A PORTION OF LOT 2:

DATE	ACTION
8/1/22	SENT LETTER TO NAHALEKEHA ASSOCIATION OF APARTMENT OWNERS (AOAO) EXPRESSING BWS INTEREST IN ACQUIRING A PORTION OF LOT 2 TO DEVELOP A NEW WATER SOURCE TO REPLACE THE AIEA AND HALAWA SOURCES SHUT DOWN DUE TO POSSIBLE CONTAMINATION FROM RED HILL BULK FUEL STORAGE FACILITY LEAKS
8/31/22	THE AOAO'S ATTORNEY PHIL NERNEY INDICATED THAT THE AOAO BOAD IS INTERESTED IN SELLING A PORTION OF LOT 2 TO BWS AND IS IN THE PROCESS OF OBTAINING THE APPROVAL OF ALL RESIDENTS ON THE SALE
10/19/22	MR. NERNEY INDICATED GETTING ALL RESIDENTS TO APPROVE THE SALE WILL NOT BE POSSIBLE; BECAUSE OF THIS, BWS DETERMINED THAT IT MAY NEED TO ACQUIRE THE SUBJECT PORTION OF LOT 2 BY EMINENT DOMAIN



ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

CHRONOLOGY OF EVENTS TO ACQUIRE A PORTION OF LOT 2 (CONT.):

DATE	ACTION
7/28/23	HIRED JOHN CHILD AND COMPANY TO PERFORM AN APPRAISAL TO DETERMINE THE FAIR MARKET VALUE OF THE SUBJECT PORTION OR LOT 2
9/25/23	JOHN CHILD AND COMPANY SUBMITTED THEIR APPRAISAL REPORT THAT INDICATES THE FAIR MARKET VALUE TO BE \$242,000
11/20/23	SENT LETTER TO NAHALEKEHA AOA VIA MR. NERNEY WITH OFFER OF \$242,000 TO ACQUIRE THE SUBJECT PORTION OF LOT 2
4/8/24	MR. NERNEY INDICATED THAT THE NAHALEKEHA AOA BOARD HAS COMMISSIONED THEIR OWN APPRAISAL AND WILL RESPOND TO OUR OFFER AFTER THEIR APPRAISAL IS COMPLETED
6/24/24	MR. NERNEY INDICATED THAT THEIR APPRAISAL CONDUCTED BY PONSAR VALUATION LLC APPRAISED THE SUBJECT PORTION OF LOT 2 AT \$380,000



ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

CHRONOLOGY OF EVENTS TO ACQUIRE A PORTION OF LOT 2 (CONT.):

DATE	ACTION
10/2/25	HIRED JOHN CHILD AND COMPANY TO REVIEW THE PONSAR VALUATION APPRAISAL AND UPDATE THEIR SEPTEMBER 2023 APPRAISAL
10/27/25	JOHN CHILD AND COMPANY INDICATED THEY COMPLETED THEIR REVIEW OF THE PONSAR APPRAISAL AND OPINED A LOWER FAIR MARKET VALUE OF \$320,000
1/23/26	ASKED JOHN CHILD AND COMPANY TO UPDATE THEIR SEPTEMBER 2023 APPRAISAL BASED ON THEIR REVIEW OF THE PONSAR APPRAISAL



ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

ACQUISITION BY EMINENT DOMAIN PROCESS:

- INTRODUCTION OF A RESOLUTION AUTHORIZING THE ACQUISITION OF THE PROPERTY BY EMINENT DOMAIN STARTS THE PROCESS.
- LETTER IS SENT TO OWNER TO NOTIFY THEM OF THE INTRODUCED RESOLUTION AND BWS' INTENTION TO ACQUIRE THE PROPERTY BY EMINENT DOMAIN.
- A LEGAL NOTICE NEEDS TO BE PUBLISHED ONCE IN A LOCAL NEWSPAPER AT LEAST THREE (3) DAYS BEFORE THE RESOLUTION IS ADOPTED.
- ONCE THE RESOLUTION IS ADOPTED BY THE BOARD, A MEMORANDUM WITH RELEVANT INFORMATION IS SUBMITTED TO THE DEPARTMENT OF THE CORPORATION COUNSEL.



ACQUISITION OF A PORTION OF LOT 2 OF NAHALEKEHA BY EMINENT DOMAIN TO DEVELOP A NEW WATER SOURCE

ACQUISITION BY EMINENT DOMAIN PROCESS (CONT.):

- CORPORATION COUNSEL TAKES THE NECESSARY ACTIONS FOR THE MATTER TO BE BROUGHT BEFORE CIRCUIT COURT, SUCH AS BUT NOT LIMITED TO PREPARING THE COMPLAINT AND SUMMONS.
- IF CIRCUIT COURT RULES IN FAVOR OF BWS, A FINAL ORDER OF CONDEMNATION IS ISSUED AND SENT TO BWS.
- BOARD WILL BE NOTIFIED OF THE FINAL ORDER OF CONDEMNATION.





Mahalo!

BOARD OF WATER SUPPLY

Acquisition of a Portion of Lot 2 of Nahalekeha by
Eminent Domain to Develop a New Water Source

Michael Matsuo

(808) 748-5951, mmatsuo@hbws.org

boardofwatersupply.com for more information

February 23, 2026

Providing safe, dependable, and affordable
drinking water, now and into the future.

ITEM FOR INFORMATION NO. 1

“February 23, 2026

UPDATE ON
THE BOARD OF
WATER SUPPLY'S
RESPONSE TO
THE POTENTIAL
IMPACTS OF
RED HILL FUEL
CONTAMINATION

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Update on the Board of Water Supply's Response to the Potential Impacts of the Red Hill Fuel Contamination

Joyce Le, Acting Departmental Staff Executive Assistant, Office of the Manager and Chief Engineer, will give an Update on the Board of Water Supply's Response to the Potential Impacts of the Red Hill Fuel Contamination.

Respectfully Submitted,

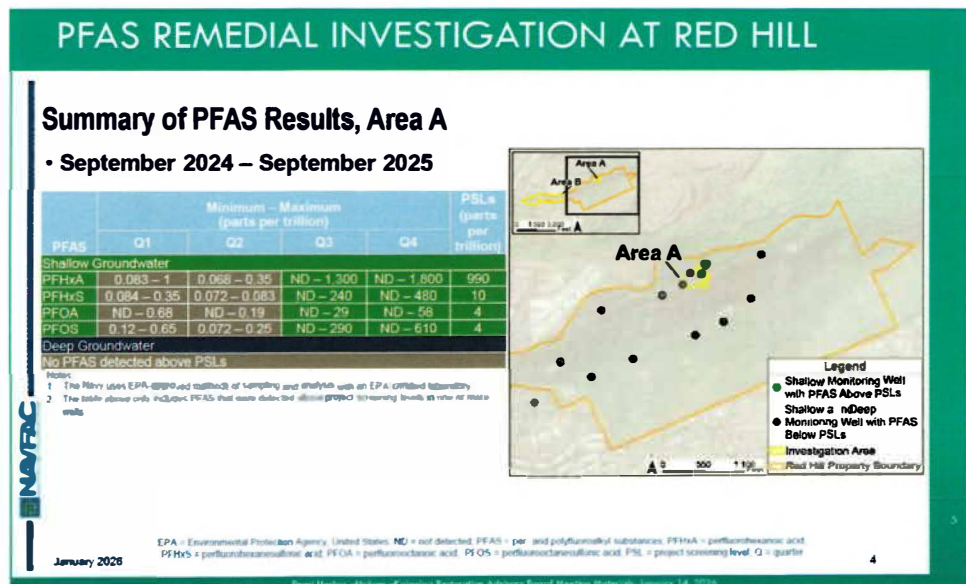
/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

The foregoing was for information only.

DISCUSSION: Ernest Lau, Office of the Manager and Chief Engineer, gave the report.

Chair Anthony referred to slide five of the PPT and asked if the green column to the right is the limit.



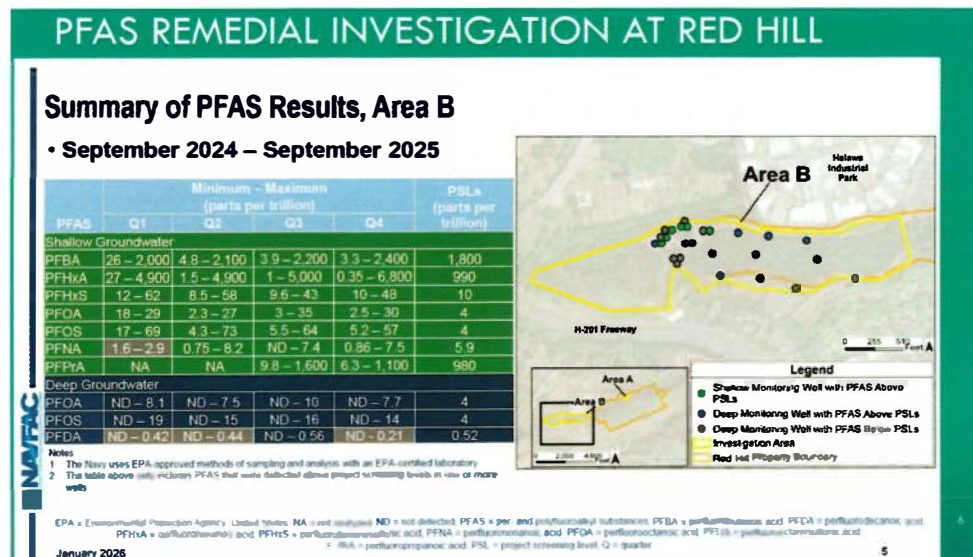
Manager Lau responded that the far right column is the Project Screening Limits (PSL). He explained that if the detected level is below the PSL set by the Environmental Protection Agency (EPA), no action is needed. However, that does not mean the contamination does not exist.

Chair Anthony asked for clarification: the first two quarters from September 2024 to September 2025 fell below the PSL and are shaded in grey, and the last two quarters are shaded in green, indicating they are above the PSL limit.

Chair Anthony inquired about the Red Hill tanks within the orange outline and how many feet they are from Hālawā Shaft.

Manager Lau replied that the orange outline is the parcel where the Red Hill Bulk Fuel Storage Facility sits, which lies approximately 5,000 feet (ft.) away from BWS Halawa Shaft. The BWS is detecting perfluorooctaine sulfonate (PFOS) at its Hālawā Shaft without it pumping. The BWS is taking dip samples from the water table of the aquifer where per- and polyfluoroalkyl substances (PFAS) have been detected.

Chair Anthony referred to slide six of the PPT. He commented that Area B, which is located below Area A, where the Red Bulk Fuel Storage Facility sits, has consistently detected PFAS, PFOS, and perfluorooctanoic acid (PFOA) over the PSL over the last year.



Manager Lau agreed with Chair Anthony’s comment and added that PFAS, PFOS, and PFOA are detected in both shallow and deep groundwater of the aquifer that the BWS and the Navy utilize. He shared that heavy rain can cause the contamination to migrate from shallow to deeper groundwater aquifer.

Chair Anthony shared that a week after the Red Hill Bulk Fuel Storage Facility spill, he witnessed the Navy cementing the contaminated area before any test results were available, during a tour of the Facility. The cement was meant to contain contamination from spreading if heavy rain were to arrive.

Manager Lau commented that the ridge is known for heavy rain and water seepage. He explained that water seepage is rainwater that seeps into the tunnel.

Vice Chair Kaneshiro asked what the differences are between PSL and Environmental Action Limits (EAL).

Manager Lau responded that the EPA uses PSL, and the Department of Health (DOH) uses EAL, both of which determine value and may differ slightly.

Vice Chair Kaneshiro asked what would be required by the DOH if the EAL is above the limit.

Manager Lau replied that, in this situation, the DOH would be required to conduct soil samples. He shared that Area B is part of a Superfund site and was used by the Navy as an oily waste disposal facility. Therefore, the EPA is requesting the DOH to reopen its remedial investigation. Currently, the EPA has not determined on any final actions. He also shared that the remedial investigation is conducted under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) as it pertains to the oily waste. The Resource Conservation and Recovery Act (RCRA) pertains to petroleum.

Chair Anthony stated that the BWS has been highlighting the need for a wider monitoring well network to track contamination as it moves through the waters. The lack of monitoring wells has made it difficult to track and provides no warning before it reaches the well sites.

Manager Lau shared that the BWS continues to sample its wells that are shut down: Hālawā Shaft, Hālawā Wells, and Aiea Wells, where it consistently detects PFAS. The BWS has also detected the maximum contaminant level (MCL) of 4 parts per trillion for PFOS at its Kaamilo Wells, where a temporary water treatment system is installed to treat PFAS. He also mentioned that the Navy is installing a water treatment system at its Red Hill Shaft and a temporary system at the Aiea Hālawā Shaft.

There was in-person testimony:

Laulani Teale	<i>Thanked the BWS for its advocacy for Kapukaki. She requested that the advocate ask the Navy to be a participant in the Community Representation Initiative?</i>
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FEBRUARY 2026 RED HILL UPDATES

February 23, 2026

boardofwatersupply.com

RECENT EVENTS

December 16, 2025

- Community Representation Initiative Meeting #27

January 10th

- Restoration Advisory Board (RAB) Field Visit to Aiea Laundry Site

January 14th

- Pearl Harbor-Hickam-Kalaheo RAB Meeting

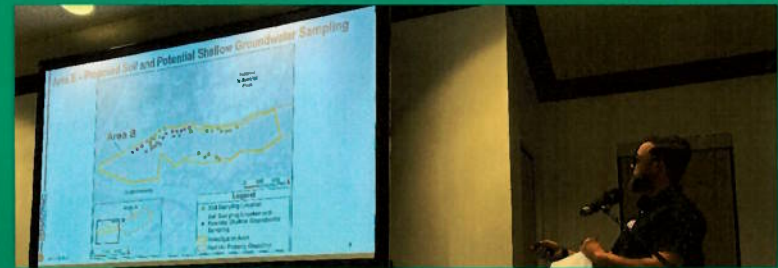


Navy Closure Task Force –Red Hill Open House, December 11, 2025



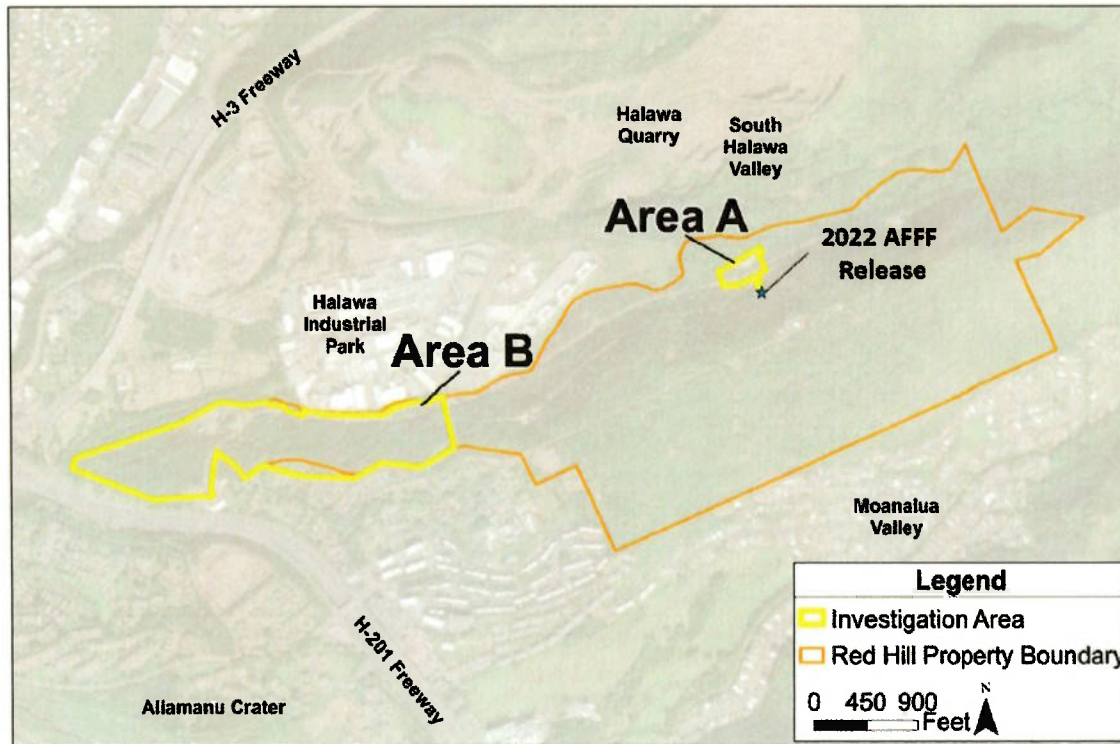
PEARL HARBOR-HICKAM-KALAELOA RESTORATION ADVISORY BOARD

- Site visit to the former Aiea Laundry Site on January 10, 2026.
- RAB Meeting on January 14, 2026 provided an update on the Barber's Point Sanitary Landfill and the Red Hill Bulk Fuel Storage Facility's PFAS Remedial Investigation.
- Next RAB meeting is tentatively May 13, 2026.
- More info on: redhillern.com



PFAS REMEDIAL INVESTIGATION AT RED HILL

Remedial Investigation Areas



January 2026



PFAS REMEDIAL INVESTIGATION AT RED HILL

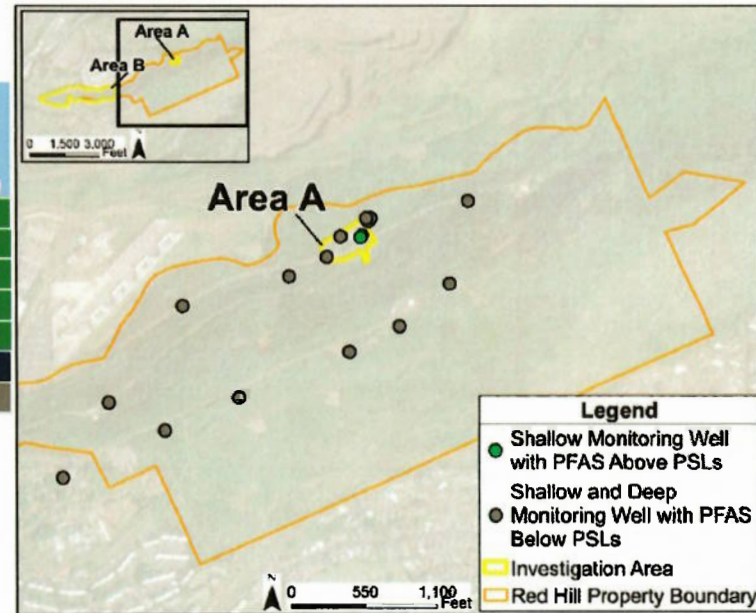
Summary of PFAS Results, Area A

• September 2024 – September 2025

PFAS	Minimum – Maximum (parts per trillion)				PSLs (parts per trillion)
	Q1	Q2	Q3	Q4	
Shallow Groundwater					
PFHxA	0.083 – 1	0.068 – 0.35	ND – 1,300	ND – 1,800	990
PFHxS	0.084 – 0.35	0.072 – 0.083	ND – 240	ND – 480	10
PFOA	ND – 0.68	ND – 0.19	ND – 29	ND – 58	4
PFOS	0.12 – 0.65	0.072 – 0.25	ND – 290	ND – 610	4
Deep Groundwater					
No PFAS detected above PSLs					

Notes:

1. The Navy uses EPA-approved methods of sampling and analysis with an EPA-certified laboratory.
2. The table above only includes PFAS that were detected above project screening levels in one or more wells.



PFAS REMEDIAL INVESTIGATION AT RED HILL

Summary of PFAS Results, Area B

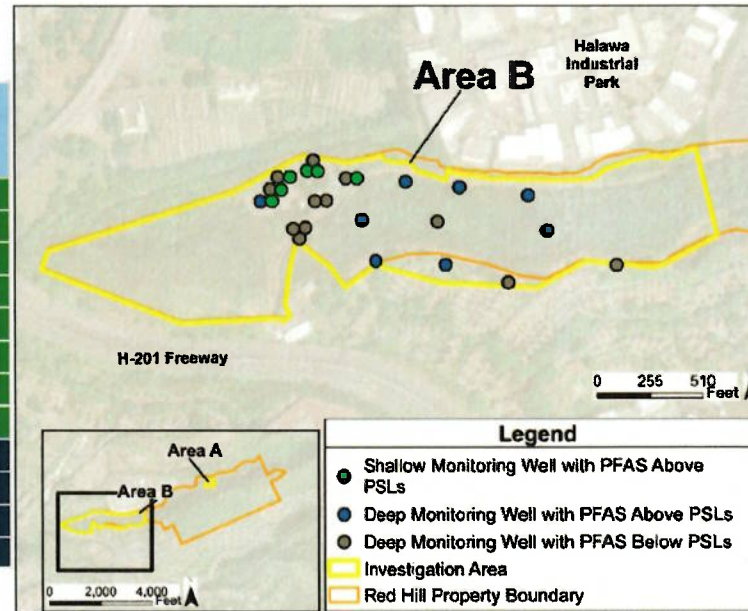
• September 2024 – September 2025

PFAS	Minimum – Maximum (parts per trillion)				PSLs (parts per trillion)
	Q1	Q2	Q3	Q4	
Shallow Groundwater					
PFBA	26 – 2,000	4.8 – 2,100	3.9 – 2,200	3.3 – 2,400	1,800
PFHxA	27 – 4,900	1.5 – 4,900	1 – 5,000	0.35 – 6,800	990
PFHxS	12 – 62	8.5 – 58	9.6 – 43	10 – 48	10
PFOA	18 – 29	2.3 – 27	3 – 35	2.5 – 30	4
PFOS	17 – 69	4.3 – 73	5.5 – 64	5.2 – 57	4
PFNA	1.6 – 2.9	0.75 – 8.2	ND – 7.4	0.86 – 7.5	5.9
PFPrA	NA	NA	9.8 – 1,600	6.3 – 1,100	980
Deep Groundwater					
PFOA	ND – 8.1	ND – 7.5	ND – 10	ND – 7.7	4
PFOS	ND – 19	ND – 15	ND – 16	ND – 14	4
PFDA	ND – 0.42	ND – 0.44	ND – 0.56	ND – 0.21	0.52

Notes:

1. The Navy uses EPA-approved methods of sampling and analysis with an EPA-certified laboratory.
2. The table above only includes PFAS that were detected above project screening levels in one or more wells.

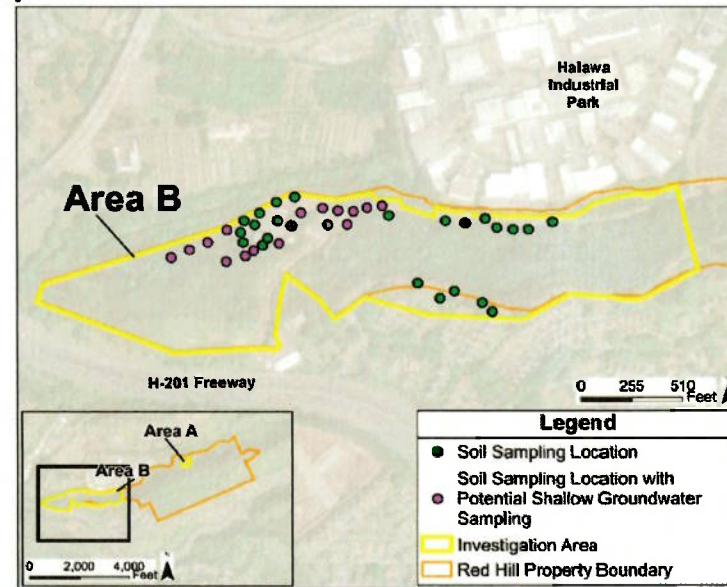
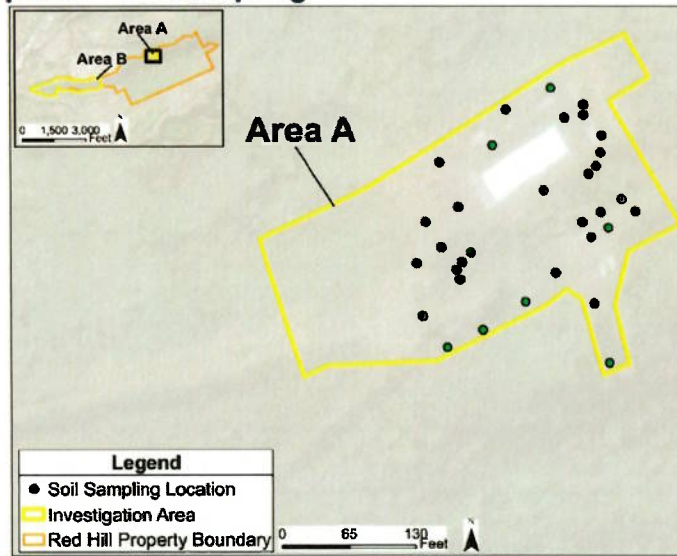
EPA = Environmental Protection Agency, United States; NA = not analyzed; ND = not detected; PFAS = per- and polyfluoroalkyl substances; PFBA = perfluorobutanoic acid; PFDA = perfluorodecanoic acid; PFHxA = perfluorohexanoic acid; PFHxS = perfluorohexanesulfonic acid; PFNA = perfluorononanoic acid; PFOA = perfluorooctanoic acid; PFOS = perfluorooctanesulfonic acid; PFPrA = perfluoropropanoic acid; PSL = project screening level; Q = quarter



PFAS REMEDIAL INVESTIGATION AT RED HILL NEXT STEPS

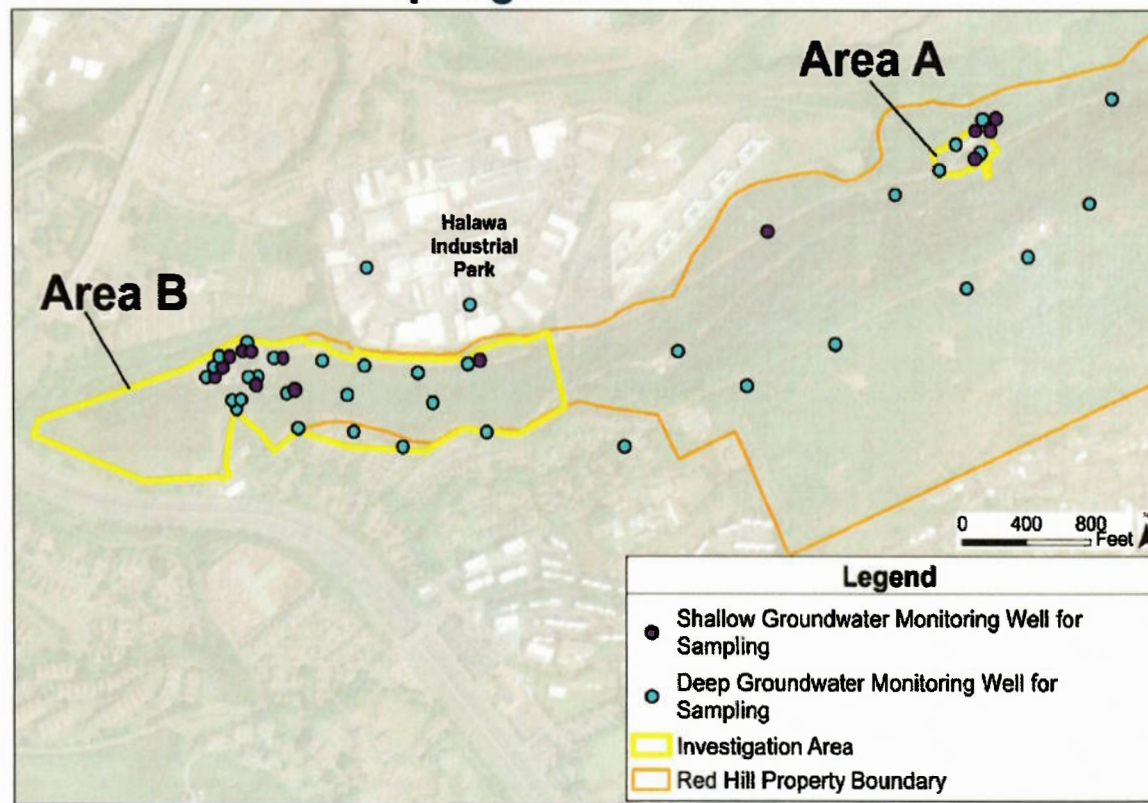
Area B – Proposed Soil and Potential Shallow Groundwater Sampling

Area A – Proposed Soil Sampling



PFAS REMEDIAL INVESTIGATION AT RED HILL NEXT STEPS

Proposed Groundwater Sampling



NAVY CLOSURE TASK FORCE UPDATES



Rear Admiral Brad Collins
Commander



Rear Admiral Lester Ortiz
Deputy Commander



UPDATES FROM NAVY CLOSURE TASK FORCE –RED HILL



Navy Closure Task Force-Red Hill Operations Dashboard

TANK CLEANING

Status	
Step	Tank(s)
1	15
2	2, 4, 20
3	3, 5, 6
4	7, 8



1,831
gallons of residual fuel removed


390
gallons of sludge removed

*Gray tanks were empty and not in service before defueling

Tank Cleaning Steps

Step 1: Preparation Approximately 2-3 months	<ul style="list-style-type: none"> Isolate tank and disconnect piping Install tank ventilation equipment Inject water to soften sludge and remove flowable sludge Forced air degassing of the tank
Step 2: Solid Sludge Removal Approximately 2-3 months	<ul style="list-style-type: none"> Structural inspection and repairs/modifications Remove solid sludge Install and load test booms and baskets
Step 3: Pressure Washing Approximately 1-2 months	<ul style="list-style-type: none"> Pressure wash with up to 3% Simple Green solution Contractor quality control and Government quality assurance Third party independent cleanliness validation in accordance with approved plan Submit reports for EPA and DOH concurrence of cleanliness
Step 4: Tank Decommissioning Approximately 1-2 months	<ul style="list-style-type: none"> Demobilize contractor equipment Secure the manways with lockable hatches Prepare for post closure monitoring Submit closure report to EPA and DOH for approval

www.navyclosuretaskforce.navy.mil
Updated: Feb. 2, 2026




Navy Closure Task Force-Red Hill Operations Dashboard

PIPELINE REMOVAL

F24

Fuel




91%
of pipeline clean

480 gallons of residual fuel removed

JP5

Fuel




96%
of pipeline clean

1,298 gallons of residual fuel removed

F76

Fuel




91%
of pipeline clean

734 gallons of residual fuel removed

2,512 total gallons of residual fuel removed as part of pipeline cleaning efforts

Pipeline Removal Process


01



Preparation

- Install supplemental utilities
- Install train engines and cars
- Environmental Protection Plan approved
- Multiple Work Plans approved
- Demolition Plan approved
- Abatement Plans approved
- Asbestos abatement
- Work plans for demolition and environmental protection
- Conduct spill response exercises

02




Drain & Clean

- Remove valves
- Drain Residual fuel
- Cable pigging*
- Air pigging*

*Pigging: Process of cleaning or inspecting pipelines.


03



Cut & Remove

- Cut 9' pipe sections
- Lower pipe sections
- Transport to Adit 2 for staging

04



Transport & Recycle

- Transport pipes to JBPHH staging area
- Transport to the U.S. mainland
- Final disposition

www.navyclosuretaskforce.navy.mil
Updated: Feb. 2, 2026



2026 LEGISLATION

- House Bill (HB) 1987 –Relating to the Fuel Tank Advisory Committee
- Senate Bill (SB) 2093 –Relating to the Fuel Tank Advisory Committee
- HB1926 –Relating to Red Hill
- SB2475 –Relating to Red Hill
- SB2046 –Relating to Underground Storage Tanks



UPCOMING EVENTS

February 26

Red Hill Community Representation Initiative Meeting

March 10

Red Hill Subject Matter Expert Meeting

April 9

Fuel Tank Advisory Committee Meeting

May 13

Restoration Advisory Board Meeting





MAHALO!

February 2026 Red Hill Updates

Providing safe, dependable, and affordable drinking water, now and into the future.

ITEM FOR INFORMATION NO. 2

“February 23, 2026

FINANCIAL
UPDATE FOR THE
QUARTER ENDED
SEPTEMBER 30TH,
2025

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843
Chair and Members:

Subject: Financial Statements and Supplementary Information
with Independent Auditors' Report, Fiscal Year Ended
June 30, 2025

Our auditors, Accuity LLP, have completed the audit of the financial statements and federal awards of the Board of Water Supply and issued an unmodified opinion. They have indicated that there were no material weaknesses or significant deficiencies on internal control over the financial statements.

Attached are copies of the financial statements of the Board of Water Supply and the reports thereon by Accuity LLP, covering the results of their examination of the accounts and financial status of the Board of Water Supply for the year ended June 30, 2025, as required under Article VII, Section 7-108 of the Revised Charter.

Donn Nakamura and Caylee Weinhouse from Accuity LLP will present the required communications and highlights from the auditors' report.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

The foregoing was for information only.

DISCUSSION: Donn Nakamura and Caylee Weinhouse, Advisors, Accuity LLP, gave the report.

Manager Lau inquired whether there were any significant changes in water sales from 2024 to 2025. He mentioned that calendar year 2025 was the second-driest of the last 100 years in the State of Hawai'i; therefore, the BWS saw an increase in water demand.

Mr. Donn Nakamura replied that the dollar amount increased, which may also be related to the rate increase.

Manager Lau commented that the monthly water usage average was higher than the five-year moving average.

Mr. Nakamura shared that in the Financial Statements, under the Management's Discussion and Analysis Section, there are comparisons between the 2025 and the previous year.

Board Member Jeffrey Laupola referred to page 10 of the BWS Financial Statements and the Supplementary Information book and asked whether there was anything significant about the 78% decrease in the Restricted and Other Assets.

Financial Condition

Condensed Statements of Net Position				
(Amounts in thousands)				
	2025	2024	2025-2024	
			Increase (Decrease)	% Change
Current assets	\$ 540,145	\$ 537,044	\$ 3,101	0.6 %
Noncurrent assets				
Capital assets, net	1,499,139	1,433,737	65,402	4.6 %
Investments	299,433	184,466	114,967	62.3 %
Restricted and other assets	<u>26,322</u>	<u>121,793</u>	<u>(95,471)</u>	(78.4)%

Mr. Nakamura responded that it does not specify the reason for the \$95.5 million (M) decrease in non-current restricted and other assets, other than that a decrease occurred.

Board Member Laupola also inquired about the 62% increase in Noncurrent Assets Investments and whether it had any significant changes.

Mr. Nakamura responded that, on page 11 of the Financial Statement, the first paragraph indicates an increase in non-current investments and a decrease in non-current restricted and other assets. He explained that the classification is sometimes determined by how the BWS utilizes its funding. Utilizing funding for certain projects within a period may decrease investment balances if used. Whereas, cash may remain higher if it is not used for capital expenditures or both.

At the conclusion of Accuity's presentation, Mr. Nakamura noted that on page five of the PPT regarding the adoption of GASB Statement 101, there were reclassified journal entries and one uncorrected misstatement related to the cumulative effect adjustment resulting from the adoption on July 1, 2024. He explained that it should have been adjusted; however, management determined that the uncorrected misstatement was not material, and Accuity concurred. Although it was not material under auditing standards, Accuity notified management that it exceeded their minimum threshold for the financial statement audit and noted it.

Manager Lau asked if the reclassified journal entries pertained to paid sick leave.

Mr. Nakamura replied, yes, that is correct.

To confirm, Chair Anthony reiterated what was presented by Mr. Nakamura and Ms. Caylee Weinhouse: there was one item that was flagged; however, Accuity concurred with management's decision on how it was handled, making the audit for Year Ending June 30, 2025, a clean audit.

Mr. Nakamura agreed with Chair Anthony's statement.



ACCUITY

Board of Water Supply

City and County of Honolulu

June 30, 2025 Audit Results
Presentation to the Board

January 26, 2026

Table of Contents



Pages

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Financial Statement Highlights.....2

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Scope of Services

- Provide an opinion on the fair presentation of the financial statements of the Board of Water Supply (“BWS”) as of and for the year ended June 30, 2025.
- Consider the BWS’s internal control over financial reporting in relation to our audit of the financial statements.
- Perform tests of the BWS’s compliance with certain provisions of laws, regulations, contracts and grant agreements in relation to the financial statements.
- Provide an opinion on BWS’s compliance with requirements related to major federal programs in accordance with the Office of Management and Budget’s (“OMB”) Compliance Supplement and consider internal control over compliance.

Financial Statement Highlights



- Net position increased by \$133.1 million in fiscal year 2025 compared to \$89.5 million in fiscal year 2024. In comparison to the prior year, operating revenues increased by \$41.3 million, interest income increased by \$5.8 million, the fair value of investments decreased by \$35.0 million, and the federal grant revenue increased by \$6.2 million.
- Compensated absences was \$23.4 million at June 30, 2025, which was a \$15.7 million increase from the prior year. The increase was primarily due to the adoption of GASB 101 and a \$14.0 million accrual for sick leave compensation
- Unrestricted current assets was \$317.0 million at June 30, 2025, which exceeded total current liabilities by \$202.6 million.
- Net capital assets was \$1.5 billion as of June 30, 2025, which was a \$65.4 million increase from the the prior year. The increase was primarily due to current year construction activity, offset by current year depreciation expense.
- Net pension liability was \$122.8 million as of June 30, 2025, which was a \$5.7 million decrease from the prior year.
- Net OPEB liability was \$9.9 million, which was an \$18.8 million decrease from the prior year.
- Revenue bonds payable at June 30, 2025 was \$427.6 million, which was a \$17.2 million decrease from the prior year primarily due to principal repayments.
- Notes payable was \$125.6 million, which was a \$7.2 million decrease from the prior year.

Required Communications



Matter to be communicated	Our response
<p>Auditors’ responsibility under Generally Accepted Auditing Standards. The auditors’ level of responsibility assumed for internal controls, whether the financial statements are free of material misstatement, and the detection of fraud should be communicated.</p>	<p>Our primary responsibility as the BWS’s independent auditors is to evaluate and report on the fairness of the BWS’s financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Based upon the results of our audit, which was performed in accordance with U.S. generally accepted auditing standards and <i>Government Auditing Standards</i>, we issued an unmodified opinion on the BWS’s financial statements.</p>
<p>Overview of the planned scope of the audit. The overview of the planned scope and timing of the audit should be communicated to those charged with governance.</p>	<p>This was communicated in our Contract No. C22590001 dated February 7, 2022 and engagement letter dated July 18, 2025.</p>
<p>Significant risks of material misstatement as part of our audit planning.</p>	<p>We identified the following significant risks of material misstatement during the planning phase of our audit:</p> <ul style="list-style-type: none"> • Improper revenue recognition due to fraud. • Management override of controls. • Improper accounting of net pension and other postemployment benefits and related amounts as calculations are complex and involves actuarial assumptions that may not be appropriate. • Improper classification of capital assets between construction in progress and in-service. • Improper accounting of compensated absences in accordance with GASB Statement No. 101, <i>Compensated Absences</i>.

Required Communications



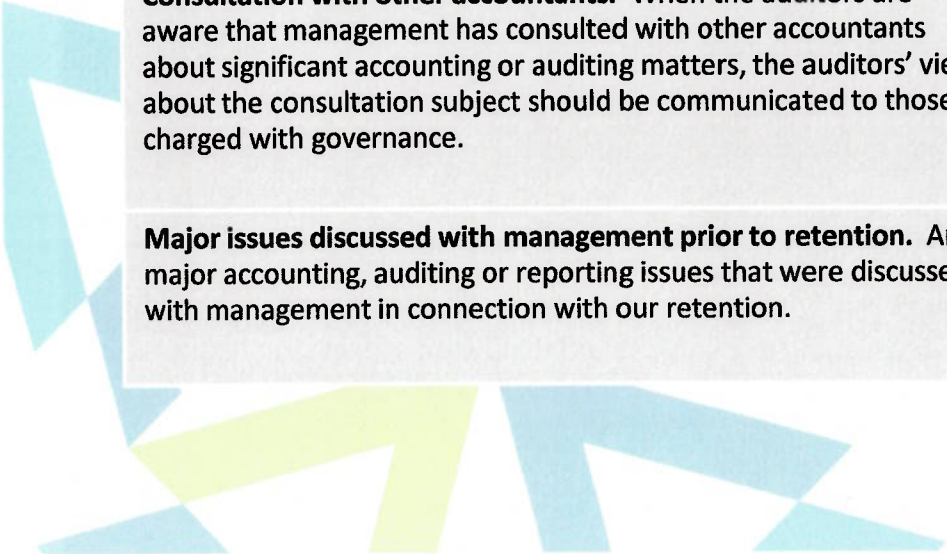
Matter to be communicated	Our response
<p>Significant accounting policies, including critical accounting policies, and the auditors’ judgment about the quality of accounting principles. The entity’s initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus should be communicated to those charged with governance.</p>	<p>Accounting policies adopted in the current year are disclosed in Note 2 to the financial statements and listed below:</p> <p>GASB Statement No. 101, <i>Compensated Absences</i>, was adopted effective July 1, 2024. The adoption resulted in recording of compensated absences liabilities of \$23.4 million as of June 30, 2025.</p> <p>GASB Statement No. 102, <i>Certain Risk Disclosures</i>, was adopted effective July 1, 2024. There was no additional disclosure made to the BWS financial statements.</p>
<p>Management judgments and accounting estimates. Those charged with governance should be informed about the process used by management in formulating sensitive accounting estimates and about the auditors’ conclusions regarding the reasonableness of those estimates.</p>	<p>The more difficult and subjective judgments and estimates were:</p> <ul style="list-style-type: none"> • Allowance for uncollectible receivables. • Depreciation and useful lives of capital assets. • Calculation of net pension benefits, net other postemployment benefits, and workers’ compensation liabilities. • Calculation of sick leave liability as a compensated absence under GASB Statement No. 101. <p>Management’s estimates were evaluated and appeared to be reasonable.</p>

Required Communications

Matter to be communicated	Our response
<p>Significant unusual transactions. Those charged with governance should be informed about the auditors' view on the policies and practices that management used to account for significant unusual transactions and the auditors' understanding of the business purpose for the significant unusual transactions.</p>	<p>No significant unusual transactions were noted during our audit.</p>
<p>Audit adjustments. All significant financial statement adjustments arising from the audit or proposed during the audit and any uncorrected misstatements that were determined to be immaterial by management, individually and in the aggregate, should be communicated to those charged with governance.</p>	<p>Summaries of the adjusting and reclassifying journal entries arising from our audit were attached to the management representation letter.</p> <p>There was one uncorrected misstatement noted related to the cumulative effect adjustment to beginning net position due to implementation of GASB Statement No. 101, which management determined was immaterial.</p>
<p>Potential effect on the financial statements of any significant risks and exposures. Those charged with governance should be aware of major risks and exposures facing the BWS and how they are disclosed.</p>	<p>Risk and exposure related to the Red Hill Bulk Fuel Storage Facility are disclosed in the audited financial statements.</p>
<p>Matters that are difficult or contentious for which the auditors consulted outside the engagement team and that are, in the auditors' professional judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process.</p>	<p>No such matters noted during our audit.</p>

Required Communications

Matter to be communicated	Our response
<p>Material uncertainties related to events and conditions, specifically going concern issues. Any doubt regarding the BWS’s ability to continue as a going concern and any other material uncertainties should be communicated.</p>	<p>No issues related to BWS’s ability to continue as a going concern or other material uncertainties were noted.</p>
<p>Other information in documents containing audited financial statements. Those charged with governance should be informed of the auditors’ responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</p>	<p>The BWS’s audited financial statements are included in the online submission of the single audit with the Federal Audit Clearinghouse.</p>
<p>Disagreements with management. Disagreements with management, whether or not satisfactorily resolved, about matters that could be significant to the BWS’s financial statements or the auditors’ report should be communicated.</p>	<p>There were no disagreements with management.</p>
<p>Consultation with other accountants. When the auditors are aware that management has consulted with other accountants about significant accounting or auditing matters, the auditors’ view about the consultation subject should be communicated to those charged with governance.</p>	<p>We know of no such consultations made by management.</p>
<p>Major issues discussed with management prior to retention. Any major accounting, auditing or reporting issues that were discussed with management in connection with our retention.</p>	<p>There were no major issues discussed with management prior to our retention.</p>



Required Communications

Matter to be communicated	Our response
<p>Difficulties encountered in performing the audit. Serious difficulties encountered in dealing with management that related to the performance of the audit are required to be brought to the attention of those charged with governance.</p>	<p>None.</p>
<p>Internal control deficiencies. Those charged with governance should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</p>	<p>There were no material weaknesses or significant deficiencies reported.</p>
<p>Fraud or illegal acts. Fraud or illegal acts involving senior management or those responsible for internal controls or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist should be communicated. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</p>	<p>We are not aware of any fraud or illegal acts.</p>
<p>Independence. The auditors should communicate all relationships between the Firm and the BWS that, in our professional judgment, may reasonably be thought to bear on our independence.</p>	<p>We confirm that, in our professional judgment, we are independent accountants within the meaning of the Code of Professional Conduct of the American Institute of Certified Public Accountants and <i>Government Auditing Standards</i>.</p>
<p>Representations requested from management. Those charged with governance should be informed of the representations that the auditors are requesting from management.</p>	<p>Management representation letter is available upon request.</p>



FIRST HAWAIIAN CENTER

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Board of Water Supply City and County of Honolulu

Financial Statements and Supplementary Information

June 30, 2025



**Board of Water Supply
City and County of Honolulu
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June 30, 2025**

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**Board of Water Supply
City and County of Honolulu
Introduction (Unaudited)
Year Ended June 30, 2025**

The Board of Water Supply of the City and County of Honolulu (the “BWS”) is pleased to present its Annual Financial Report for fiscal year 2025 (“FY25”). This introduction provides a brief overview of the mission, organization, and operations of the BWS. The following management’s discussion and analysis is intended to provide the reader with an easily understandable analysis of the BWS’s financial performance and all aspects of its financial position. Financial statements presenting the financial position, results of operations, and cash flows of the BWS in conformity with accounting principles generally accepted in the United States of America, accompanied by the independent auditors’ report, follows the management’s discussion and analysis.

History of the Board of Water Supply

The BWS was created in 1929 by the Territorial Legislature in response to public outcry for a truly effective water management system that was not influenced by politics. The 1929 Legislature passed Act 96 to create and define the powers and duties of the Honolulu Board of Water Supply. Although it remained as a department of the City and County of Honolulu (the “City”), the BWS was designed to be a semi-autonomous and self-supporting agency with the authority to charge for water usage to support its capital improvement and operating expenses and set long-term plans for O’ahu’s water future.

Powers, Duties and Functions

The BWS manages O’ahu’s municipal water resources and distribution system, providing residents with a safe, dependable and affordable drinking water supply. The BWS is the largest municipal water utility in the state of Hawai’i. In FY25, the BWS delivered potable and non-potable water to approximately one million customers on O’ahu. The BWS carefully and proactively manages and invests in its intricate system, consisting of 94 active potable water sources, 172 reservoirs, and over 2,200 miles of pipeline.

The BWS is a financially self-sufficient, semi-autonomous agency of the City. Its operations and projects are financed with revenues generated by water transmission and distribution fees. It receives no tax money from the City. The BWS also pursues federal and state grants to help subsidize BWS projects.

The BWS is governed by a Board of Directors (“Board”), consisting of seven members. Five members are appointed by the Mayor and are confirmed by the Honolulu City Council. The remaining two serve in their capacities as the Director of the State Department of Transportation, and the Director and Chief Engineer of the City’s Department of Facility Maintenance. The Board appoints the BWS Manager and Chief Engineer to administer the BWS.

The BWS consists of the following ten divisions: Capital Projects Division, Customer Care Division, Field Operations Division, Finance Division, Information Technology Division, Land Division, Office of the Manager and Chief Engineer, Water Quality Division, Water Resources Division, and Water System Operations Division. There are also three staff offices in the Office of the Manager and Chief Engineer: Executive Support Office, Human Resources Office, and the Communications Office.

Vision

‘Ka Wai Ola – Water for Life’ – The vision of the BWS captures the critical need for water, which is the basis for life. With this vision comes the responsibility of the BWS’s stewardship of, and duty to manage, our natural water resources and watersheds for present and future generations.

**Board of Water Supply
City and County of Honolulu
Introduction (Unaudited)
Year Ended June 30, 2025**

Mission

The BWS's mission is to provide a safe, dependable and affordable water supply now and into the future, focusing in three strategic areas: resource, operational and financial sustainability.

- **Resource Sustainability (Safe)** – Protect and manage O’ahu’s water resources and watersheds now and into the future through adaptive and integrated strategies.
- **Operational Sustainability (Dependable)** – Manage and continuously refine an effective organization that can evolve and adapt its human and physical resources to provide dependable service.
- **Financial Sustainability (Affordable)** – Implement sound fiscal strategies to support our mission.

Accomplishments

BWS employees work diligently to provide safe, dependable and affordable water service to customers by concentrating their efforts to achieve the BWS’s strategic goals:

- **Resource Sustainability (Safe)**
 - Conducted 22,395 chemical tests, 23,013 microbiological tests, and collected 28,026 samples from BWS sources, distribution systems, and treatment facilities to ensure all water served is safe to drink; tests performed during FY25 include regulatory compliance testing, groundwater quality testing, and response to customer inquiries about water quality.
 - Safeguarded the drinking water system from any reverse flow of water back into the distribution system by ensuring more than 9,817 backflow prevention assemblies island-wide were tested and functioning properly, conducted more than 2,228 cross-connection control field inspections, and 38 R-1 water cross-connection control surveys.
 - In response to Red Hill, the BWS is installing new monitoring wells and looking at an exploratory well in the Aiea area. The agency is also installing a Granulated Activated Carbon treatment system to address PFAs found in the wells at Ka’amilo.
 - In June 2024, BWS completed its annual production and delivery of the Consumer Confidence Report (“CCR”), also known as the Water Quality Report, to all BWS customers. The report provides information on the quality of the water delivered from the BWS system and was mailed to all customers on record and is also available at www.boardofwatersupply.com. The BWS also placed ads in Honolulu newspapers, including various ethnic language publications, to inform community members of the distribution.
 - The BWS and Kalaeloa Desalco, LLC are working on the planning, permitting and design of the Kalaeloa Seawater Desalination Facility, which will be the first municipal desalination facility in the state of Hawai’i, to be located at Campbell Industrial Park, and will have a capacity of 1.7 to 2.55 million gallons per day (mgd), and is expected to be operational by 2028.

**Board of Water Supply
City and County of Honolulu
Introduction (Unaudited)
Year Ended June 30, 2025**

- The BWS sponsored its 47th annual Water Conservation Week Poster Contest and the 17th annual Water Conservation Week Poetry Contest with 997 posters and 357 poems from 46 O‘ahu schools, focused on the theme, “Worth of Wai.” All winning entries will be featured in the 2026 Water Conservation Calendar scheduled for distribution in December 2025.
- **Operational Sustainability (Dependable)**
 - Responded to 307 main breaks, or about 15 breaks per 100 miles of pipeline, and conducted leak detection surveys for 571 points of interest, which resulted in the Leak Detection Team finding and repairing 482 leaks (including 40 leaks to main lines) before major property damages or system interruptions occurred.
 - BWS staff helped protect O‘ahu’s water resources and prevent damage to BWS infrastructure by handling 9,228 One Call underground pipeline location requests and providing in-field support for 518 water line leaks and breaks. In FY25, 13,798 meter investigations were conducted to ensure accurate and timely billing and assisted 3,796 customers with concerns about bills reflecting high water consumption. BWS staff assisted 78,232 customers: 48,218 (61.6%) by phone; 16,284 (20.8%) via web requests; 12,333 (15.8%) via ePortal service orders; and 1,397 (1.8%) in-person.
- **Financial Sustainability (Affordable)**
 - The 2024 water system revenue bonds were rated AAA by S&P Global and Fitch Ratings. In FY25, a total of \$26.6 million of state revolving fund loans were awarded and \$4.6 million in principal forgiven.
 - Awarded and issued \$143 million in construction work and \$11.7 million in professional services design work for projects to maintain and improve water system facilities, including well and booster stations, reservoirs, corporation yards, and for the systematic replacement of aging and deteriorated water mains and improvements for fire protection.
 - Initiated design work for more than 2.3 miles of water main replacements in the Pearlridge/‘Aiea and downtown areas. Awarded contracts for the construction of over 1.8 miles of water main in ‘Aiea, Mānoa, and Foster Village areas.
 - Awarded design and construction contracts for renovations and improvements at the following BWS facilities: ‘Aiea Gulch Wells, ‘Āina Koa Well & Booster No. 1, ‘Āina Koa 1100 Reservoir, Barbers Point Non Potable Well, Beretania Engineering Building Courtyard, Beretania Microbiology Lab, Hawai‘i Loa Booster No. 1, Kalauao Wells, Kalihi Corporation Yard, Kalihi Pump Station, Kalihi Low to High Service Booster, Kalihi Uka Booster, Kaonohi Booster No. 2, Kunia Booster, Makakilo Booster No. 1, Nānākuli Booster, Nu‘uanu Reservoir No. 1, Punanani Wells, Wai‘au Wells, Wai‘alae Iki Booster V, Waihe‘e Inclined Wells, Waipahu Wells III, Waipahu Wells IV, and Wilhelmina Rise 811 Reservoir.
 - BWS processes payments through various methods: automatic bill payment (36.0%), lockbox (22.9%), online customer portal (23.6%), BWS Cashiers (12.2%), Call Center (1.6%), automated pay-by-phone (2.7%), and Satellite City Hall locations (1.0%).



Report of Independent Auditors

To the Board of Directors
Board of Water Supply
City and County of Honolulu

Opinion

We have audited the accompanying financial statements of the Board of Water Supply (the "BWS"), a component unit of the City and County of Honolulu (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the BWS's basic financial statements as listed in the index.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the BWS as of June 30, 2025, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BWS, 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 Matter

As discussed in Note 2, the financial statements present only the activities of the BWS, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Principle

As discussed in Note 2, the BWS adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, in fiscal year 2025. 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 these 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about the BWS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 auditing standards generally accepted in the United States of America 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 BWS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BWS's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 and the schedules of proportionate share of the net pension liability, pension contributions, changes in the net OPEB liability and related ratios, and OPEB contributions on pages 50 through 55 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 GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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

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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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the BWS's basic financial statements. The schedules of bonds payable and net revenue requirement are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of bonds payable and net revenue requirement are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedules of bonds payable and net revenue requirement are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 BWS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 BWS'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 BWS's internal control over financial reporting and compliance.

Accuity LLP

Honolulu, Hawai'i
November 21, 2025

**Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2025**

This section presents management's discussion and analysis ("MD&A") of the financial condition and activities for the Board of Water Supply of the City and County of Honolulu (the "BWS") for the year ended June 30, 2025. This information should be read in conjunction with the BWS's basic financial statements.

Financial Highlights

The BWS implemented the second of six rate increases in July 2024 to continue to provide safe and dependable water to the customers and meet increased operating and infrastructure improvement expenses. In fiscal year 2025 ("FY25"), water rates increased by 10%, which equates to \$6.31 of the monthly water charges for a single-family residential customer with average water consumption of 9,000 gallons per month.

The BWS maintains a relatively strong financial performance with a manageable capital program. Meanwhile, management continues to carefully evaluate the BWS's finances to ensure optimum performance. In addition to meeting all debt covenants, outstanding debt and cash reserves were kept at levels appropriate for maintaining favorable bond ratings. Key financial highlights are listed below:

- Net position increased by \$133.1 million in FY25, compared to the \$89.5 million increase in fiscal year 2024 ("FY24").
- Total assets were \$2.4 billion as of June 30, 2025 and \$2.3 billion as of June 30, 2024, which exceeded liabilities by \$1.6 billion as of June 30, 2025 and \$1.4 billion as of June 30, 2024.
- The BWS's unrestricted current assets at June 30, 2025 were 9.4 times its related current liabilities, compared to 10.5 times at June 30, 2024.
- The BWS's debt-to-equity ratio was 35.3% and 40.3% at June 30, 2025 and 2024, respectively, indicating the continuance of capacity to issue additional debt.

Overview of the Financial Statements

The BWS is a semi-autonomous agency of the City. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred.

The MD&A represents management's analysis and comments on the BWS's financial condition and performance. Summary financial data, key financial and operational indicators used in the BWS's annual report, budget, bond resolutions, and other management tools were used for this analysis.

The basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. The statement of net position presents the resources and obligations of the BWS as of the end of the reporting period. The statement of revenues, expenses, and changes in net position presents the changes in net position for the fiscal year then ended, and the resultant ending net position balance. The statement of cash flows presents changes in cash and cash equivalents (short-term investments with original maturities of three months or less from the date of acquisition), resulting from operating, investing, capital and related financing activities, and non-capital financing activities.

**Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2025**

Results of Operations

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
(Amounts in thousands)**

	2025	2024	2025-2024	
			Increase (Decrease)	% Change
Operating revenues	\$ 301,433	\$ 260,139	\$ 41,294	15.9 %
Operating expenses				
Administrative and general	82,622	69,760	12,862	18.4 %
Depreciation and amortization	50,000	50,343	(343)	(0.7)%
Power and pumping	43,279	44,609	(1,330)	(3.0)%
Other operating expenses	63,021	55,367	7,654	13.8 %
Total operating expenses	238,922	220,079	18,843	8.6 %
Operating income	62,511	40,060	22,451	56.0 %
Nonoperating income (expenses)				
Interest income	24,615	18,780	5,835	31.1 %
Interest expense	(15,976)	(14,037)	(1,939)	13.8 %
Others, net	33,424	23,806	9,618	40.4 %
Total nonoperating income	42,063	28,549	13,514	47.3 %
Contributions in aid of construction	28,506	20,903	7,603	36.4 %
Change in net position	\$ 133,080	\$ 89,512	\$ 43,568	48.7 %

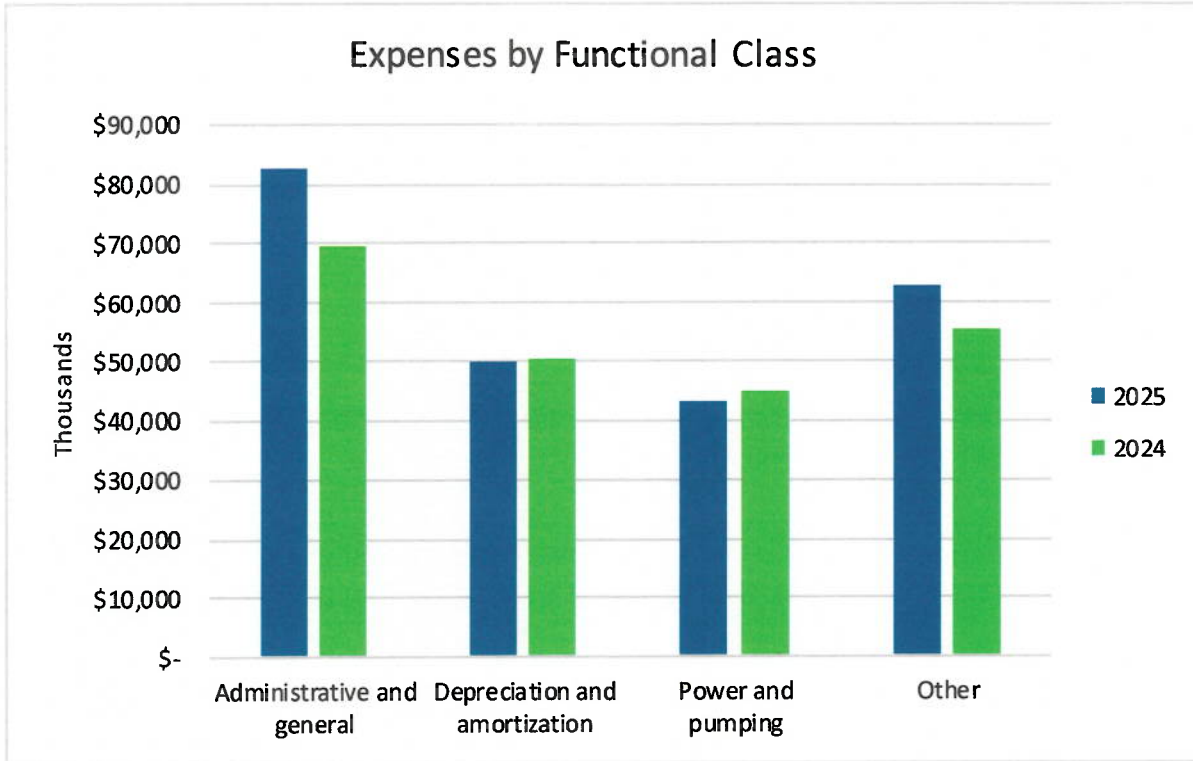
Operating revenues for the year ended June 30, 2025 totaled \$301.4 million compared to \$260.1 million for the year ended June 30, 2024; an increase of \$41.3 million or 15.9% from the year ended June 30, 2024. This was due to increases in water consumption for the single family residential class by \$18.7 million, non-residential class by \$13.5 million, and the multi-family residential class by \$8.6 million in FY25.

Total operating expenses increased by \$18.8 million in FY25. Factors contributing to the increase are explained below:

- Administrative and general expenses increased by \$12.9 million in FY25. The increase is mainly due to the recording of the sick leave accrual required by GASB Statement No. 101, *Compensated Absences*.
- Other operating expenses increased by \$7.6 million during FY25 mainly due to the increase in in the source of supply maintenance.
- Power and pumping and depreciation expenses decreased in FY25 to offset the increase in total of operating expenses.

For the year ended June 30, 2025, net nonoperating income increased by \$13.5 million. This was the result of increases in Federal Grant Revenue of \$6.2 million, other grant revenue of \$2.8 million, and interest income of \$5.8 million.

**Board of Water Supply
City and County of Honolulu
Management’s Discussion and Analysis (Unaudited)
June 30, 2025**



Contributions in aid of construction resulting from the Water System Facilities Charges (“WSFC”) are levied against all new developments and residential properties requiring water from the BWS’s systems. Those contributions do not include developments that have paid for and installed a complete water system including sources, transmission, and daily storage facilities. In addition, contributions of capital assets from governmental agencies, developers and customers are recorded at their cost as contributions in aid of construction. The BWS realized contributions in aid of construction of \$28.5 million in FY25 compared to \$20.9 million in FY24. The increase was primarily due to increases in contributions from developers of \$9.0 million, offset by a decrease in contributions from government of \$0.4 million and SRF debt principal forgiveness of \$1.0 million. During the year ended June 30, 2025, the major developments were Ho’opili Development Phases 10A and 13 Backbone Roadway Improvement, and Ho’opili Phases 13 Parcel 96 & 101.

**Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2025**

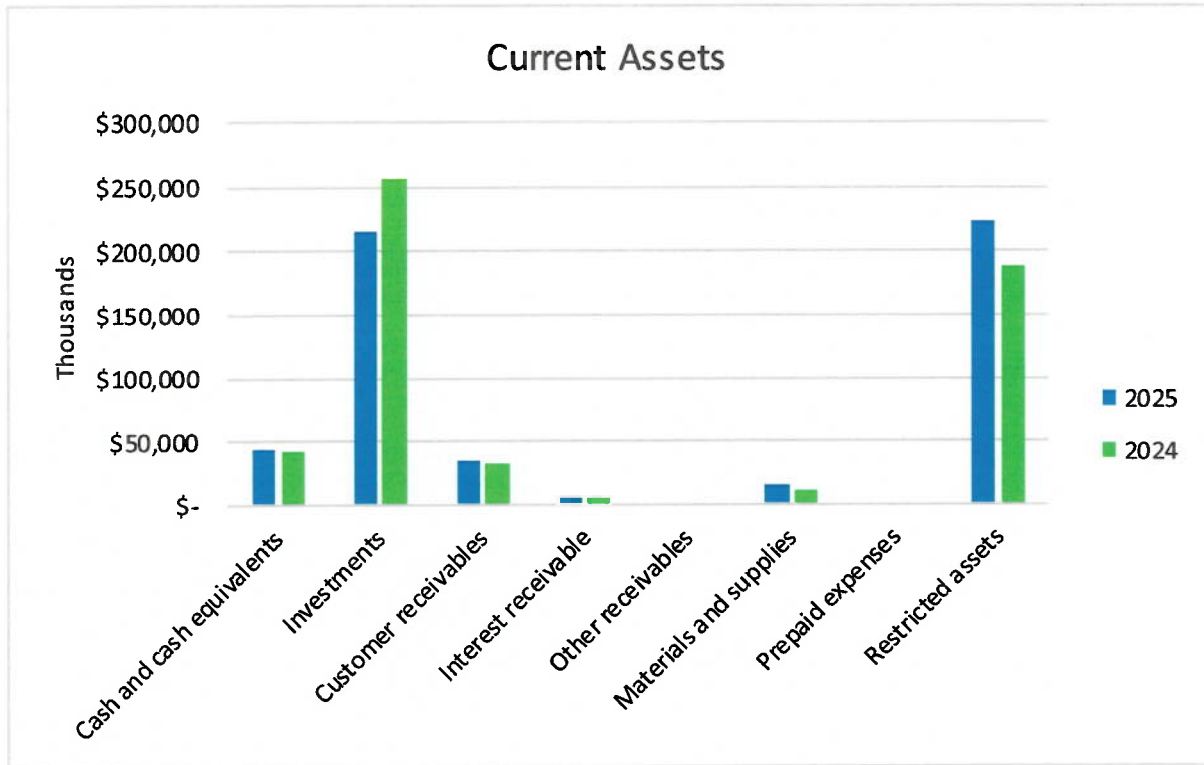
Financial Condition

**Condensed Statements of Net Position
(Amounts in thousands)**

	2025	2024	2025-2024	
			Increase (Decrease)	% Change
Current assets	\$ 540,145	\$ 537,044	\$ 3,101	0.6 %
Noncurrent assets				
Capital assets, net	1,499,139	1,433,737	65,402	4.6 %
Investments	299,433	184,466	114,967	62.3 %
Restricted and other assets	26,322	121,793	(95,471)	(78.4)%
Total assets	<u>2,365,039</u>	<u>2,277,040</u>	<u>87,999</u>	3.9 %
Deferred outflows of resources	<u>40,304</u>	<u>43,795</u>	<u>(3,491)</u>	(8.0)%
Total assets and deferred outflows of resources	<u>\$ 2,405,343</u>	<u>\$ 2,320,835</u>	<u>\$ 84,508</u>	3.6 %
Current liabilities	\$ 114,424	\$ 135,277	\$ (20,853)	(15.4)%
Noncurrent liabilities				
Bonds payable, noncurrent	410,699	429,634	(18,935)	(4.4)%
Notes payable, noncurrent	116,877	124,060	(7,183)	(5.8)%
Net pension liability	122,807	128,552	(5,745)	(4.5)%
Net OPEB liability	9,928	28,726	(18,798)	(65.4)%
Compensated absences payable	20,042	4,180	15,862	379.5 %
Other liabilities	8,600	11,096	(2,496)	(22.5)%
Total liabilities	<u>803,377</u>	<u>861,525</u>	<u>(58,148)</u>	(6.7)%
Deferred inflows of resources	<u>34,419</u>	<u>24,843</u>	<u>9,576</u>	38.5 %
Net position				
Net investment in capital assets	1,132,238	1,092,038	40,200	3.7 %
Restricted for capital activity and debt service	14,988	4,039	10,949	271.1 %
Unrestricted	<u>420,321</u>	<u>338,390</u>	<u>81,931</u>	24.2 %
Total net position	<u>1,567,547</u>	<u>1,434,467</u>	<u>133,080</u>	9.3 %
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,405,343</u>	<u>\$ 2,320,835</u>	<u>\$ 84,508</u>	3.6 %

The BWS's current assets were 4.7 and 4.0 times its related current liabilities as of June 30, 2025 and 2024, respectively. The current assets include current restricted assets. Investments decreased by \$35.2 million and cash and cash equivalents increased \$27.9 million. The current liabilities also decreased by \$20.9 million as of June 30, 2025.

**Board of Water Supply
City and County of Honolulu
Management’s Discussion and Analysis (Unaudited)
June 30, 2025**



Noncurrent assets increased by \$84.9 million in FY25. The increase is primarily due to the increase in noncurrent investments by \$115.0 million and capital assets of \$65.4 million offset by a decrease in noncurrent restricted and other assets by \$95.5 million during FY25.

Noncurrent bonds payable decreased by \$18.9 million as of June 30, 2025. The decrease is attributed to not issuing bonds in FY25 and the scheduled debt service payments in FY25.

Noncurrent notes payable decreased by \$7.2 million as of June 30, 2025. The decrease is due to \$10.5 million in scheduled debt service payments in FY25, principal forgiveness of \$4.6 million offset by the receipt of loan proceeds for new projects utilizing financing from the state revolving fund loan program totaling \$8.0 million.

The net pension liability decreased by \$5.7 million as of June 30, 2025, which was mainly due to favorable changes in proportionate share of contributions, and unfavorable net difference between projected and actual investment earnings.

The net OPEB liability decreased by \$18.8 million as of June 30, 2025, which was mainly due to favorable net difference between expected and actual experience, and favorable change in assumptions.

**Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2025**

Capital Assets and Long-Term Debt

During FY25 and FY24, the BWS capitalized \$32.5 million and \$46.5 million, respectively, to its utility plant in service. Major assets added during FY25 were Kahiku Wells Unit No. 3, \$3.2 million; Rehabilitation of Pipeline and Tunnels at Keanu and Fort Ruger Tunnels, \$2.9 million; and Kalawahine 180' 2.0 MG Reservoir, \$1.8 million; and Corrosion Control and Repair at Waipio Wells III, \$1.0 million.

The BWS issues long-term bonds to finance part of its capital improvement program. The BWS has maintained a low debt-to-equity ratio at 35.3% and 40.3% as of June 30, 2025 and 2024, respectively.

All outstanding bonds have been assigned underlying ratings of AAA from S&P Global and AAA from Fitch Ratings.

Rate Covenant

The BWS is required under its bond indenture, among other things, to fix, charge and collect such rates and other charges in each fiscal year to meet the net revenue requirement for such fiscal year. The net revenue requirement is the greater of 1) the sum of the aggregate debt service and all deposits required by bond resolution to be made, or 2) 1.20 times the aggregate debt service. The BWS met the net revenue requirements for the year ended June 30, 2025.

Red Hill Bulk Fuel Storage Facility

The U.S. Navy's Red Hill Bulk Fuel Storage Facility ("RHBFSF") consists of 20 steel-lined underground storage tanks that were built from 1940 to 1943. Each tank is 100 feet in diameter and 250 feet tall. The RHBFSF can store up to 250 million gallons of fuel. The tanks are located 100 feet above the groundwater aquifer that the Navy uses to provide water to Pearl Harbor and the Board of Water Supply also uses to provide drinking water to its metropolitan Honolulu water system, spanning from Moanalua Valley to Hawaii Kai. Following the 27,000 gallon leak of jet fuel in January 2014, the Navy entered into an Administrative Order of Consent with the U.S. Environmental Protection Agency and Hawaii State Department of Health to conduct various studies to improve tank inspection, repair and maintenance practices, understand the condition of the tanks, identify upgrade alternatives, assess the risk of future leaks, determine the area's groundwater flow direction, and investigate and remediate releases.

The Navy's RHBFSF experienced additional leaks in 2021. On December 2, 2021, the BWS shut down the Hālawā Shaft pumping station to prevent any fuel contamination of the BWS Honolulu water system. The Hālawā Shaft delivered 20% of the water to the metropolitan Honolulu water system. On December 8, 2021, the BWS also shut down its 'Aiea Well and Hālawā Well to prevent such contamination.

The BWS is pumping at higher rates from other well stations that also serve metropolitan Honolulu to make up for the production loss from shutting down the Hālawā Shaft, 'Aiea Well, and Hālawā Well. This condition is being monitored closely as extended pumping at higher rates can cause water salinity levels to rise and affect both the aquifer and the water pumped. Presently, the situation with the BWS wells serving urban Honolulu is stable. Voluntary water conservation continues to be requested and aquifer conditions are being monitored.

On March 7, 2022, Lloyd Austin, Secretary of Defense, announced that the Navy would permanently close the RHBFSF. The tanks completed gravity defueling in March 2024 and is in the process of venting, cleaning and closing the facility. The Navy continues to work to determine the nature and extent of the contamination in the aquifer affecting its Red Hill Shaft water source. This finding is critical to determining the long-term impact of the contamination on the aquifer and to existing water sources in the area.

**Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2025**

Polycyclic aromatic hydrocarbons (PAHs), chemicals indicating petroleum contamination, were first detected in BWS ground water monitoring well DH-43 located in Moanalua Valley on August 4, 2022. More recently, PAHs were also detected during regular water quality monitoring on May 13, 2024 and June 4, 2024, at the currently shutdown BWS 'Aiea Well. The PAH levels are very low and not expected to pose a significant threat to human health or the environment. Further study is warranted and BWS will increase the testing of its wells to monitor for any changes in levels and occurrence. The detections of PAHs affirm the necessity of the BWS's decision to shut down Hālawā Shaft, Hālawā Well, and 'Aiea Well to prevent any petroleum contamination in the aquifer from reaching those sources and ultimately entering the BWS urban Honolulu water system.

The Navy denied the BWS' Federal Tort Claims Act claim on January 10, 2025. On July 1, 2025, the BWS filed a lawsuit against the Navy in federal court seeking to recover over \$1.2 billion in damages. There is no current timetable for a final decision in this litigation and the BWS expects this action to last at least a couple of years. As of the date of the filing of its Federal Tort Claims Act claim, the BWS had incurred or committed in excess of \$24 million on costs related to the Red Hill fuel releases.

The BWS cannot predict the ultimate costs of these actions or whether and to what extent it will be reimbursed by the Navy. The BWS's 2018 Long Range Financial Plan developed a scenario for handling a major water source contamination event. The related financial impact on the BWS's financial statements cannot be reasonably determined at this time.

Requests for Information

This financial report is designed to provide a general overview of the BWS's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Water Supply, City and County of Honolulu, 630 S. Beretania Street, Honolulu, Hawaii 96843.

**Board of Water Supply
City and County of Honolulu
Statement of Net Position
June 30, 2025**

Assets

Current assets

Cash and cash equivalents	\$ 43,577,550
Investments	215,235,316
Interest receivable	5,379,474
Customer receivables	
Billed, less allowance for uncollectible accounts of \$3,459,183	20,116,849
Unbilled	14,304,531
Other receivables, less allowance for uncollectible accounts of \$510,868	1,569,876
Materials and supplies	15,085,142
Prepaid expenses	1,760,792
Restricted assets	
Cash and cash equivalents	82,920,693
Prepaid expenses	24,116,342
Investments	116,078,171
Total current assets	<u>540,144,736</u>

Noncurrent assets

Capital assets

Infrastructure	1,752,600,931
Building and improvements	210,352,457
Equipment and machinery	425,790,756
	<u>2,388,744,144</u>
Less: Accumulated depreciation and amortization	<u>(1,350,577,670)</u>
	1,038,166,474
Land	32,370,754
Construction work-in-progress	428,602,170
Net capital assets	<u>1,499,139,398</u>
Investments	299,432,573
Restricted assets	
Investments	23,493,925
Other assets	2,828,115
Total noncurrent assets	<u>1,824,894,011</u>
Total assets	<u>2,365,038,747</u>

Deferred Outflows of Resources

Deferred loss on refunding of debt and other	9,691,395
Deferred outflows of resources related to pensions	21,726,338
Deferred outflows of resources related to OPEB	8,886,511
Total deferred outflows of resources	<u>40,304,244</u>
Total assets and deferred outflows of resources	<u>\$2,405,342,991</u>

(continued)

The accompanying notes are an integral part of these financial statements.

Board of Water Supply
City and County of Honolulu
Statement of Net Position
June 30, 2025

Liabilities

Current liabilities

Payable from current assets	
Accounts payable	\$ 17,166,285
Contracts payable, including retainages	8,574,069
Compensated absences payable – current	3,357,552
Accrued workers’ compensation – current	1,091,456
Other	<u>3,596,466</u>
Total payable from current assets	33,785,828
Payable from restricted assets	
Contracts payable, including retainages	21,527,214
Accrued interest payable	7,671,665
Bonds payable – current	16,865,000
Notes payable – current	8,703,078
Refundable advances	<u>25,871,210</u>
Total payable from restricted assets	<u>80,638,167</u>
Total current liabilities	114,423,995

Noncurrent liabilities

Bonds payable – noncurrent	410,699,124
Notes payable – noncurrent	116,876,947
Net pension liability	122,806,482
Net OPEB liability	9,928,148
Compensated absences payable – noncurrent	20,041,806
Accrued workers’ compensation – noncurrent	2,535,178
Customer advances	339,412
Claims liabilities	2,023,509
Other	<u>3,701,954</u>
Total noncurrent liabilities	<u>688,952,560</u>
Total liabilities	803,376,555

Deferred Inflows of Resources

Deferred inflows of resources related to pensions	9,677,444
Deferred inflows of resources related to OPEB	22,521,392
Deferred inflows of resources related to leases	<u>2,220,542</u>
Total deferred inflows of resources	34,419,378

Net Position

Net investment in capital assets	1,132,238,130
Restricted for capital activity and debt service	14,987,556
Unrestricted	<u>420,321,372</u>
Total net position	<u>1,567,547,058</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$2,405,342,991</u>

(concluded)

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2025**

Operating revenues	
Water sales	\$ 298,968,886
Other, principally contract and service fees	<u>2,464,247</u>
Total operating revenues	<u>301,433,133</u>
Operating expenses	
Administrative and general	82,622,425
Depreciation and amortization	49,999,568
Power and pumping	43,278,698
Transmission and distribution	27,886,769
Maintenance	20,818,913
Water reclamation	6,563,325
Customers' accounting and collection	4,452,097
Central administrative services expense fees	<u>3,300,000</u>
Total operating expenses	<u>238,921,795</u>
Operating income	62,511,338
Nonoperating income (expenses)	
Interest income	24,614,970
Interest expense, net of amortization of bond premiums of \$2,069,423	(15,976,630)
Loss from disposal of capital assets	(155,846)
Net increase in the fair value of investments	15,211,977
Federal grant revenue	15,266,584
Other	<u>3,101,440</u>
Total nonoperating income, net	42,062,495
Contributions in aid of construction	<u>28,506,005</u>
Change in net position	133,079,838
Net position	
Beginning of year	<u>1,434,467,220</u>
End of year	<u>\$1,567,547,058</u>

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Statement of Cash Flows
Year Ended June 30, 2025**

Cash flows from operating activities	
Cash received from customers	\$ 298,348,420
Payments to suppliers for goods and services	(124,904,945)
Payments to employees for services	(51,874,855)
Other	(13,710,776)
Net cash provided by operating activities	<u>107,857,844</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(108,671,811)
Customer payments for capital projects	7,804,966
Federal and State grants received	772,548
Principal paid on bonds	(15,150,000)
Interest paid on bonds	(13,862,767)
Proceeds from notes payable	7,979,385
Interest paid on notes payable	(1,881,642)
Principal paid on notes payable	(10,549,948)
Lease receipts	162,819
Lease and subscription payments	(830,228)
Net cash used in capital and related financing activities	<u>(134,226,678)</u>
Cash flows from investing activities	
Purchase of investments	(541,782,190)
Proceeds from maturity of investments	572,460,169
Interest on investments	23,593,125
Net cash provided by investing activities	<u>54,271,104</u>
Net increase in cash and cash equivalents	27,902,270
Cash and cash equivalents	
Beginning of year	<u>98,595,973</u>
End of year	<u>\$ 126,498,243</u>
Reconciliation of cash and cash equivalents to the statement of net position	
Unrestricted	\$ 43,577,550
Restricted	<u>82,920,693</u>
	<u>\$ 126,498,243</u>

(continued)

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Statement of Cash Flows
Year Ended June 30, 2025**

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 62,511,338
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	52,571,348
Provision for doubtful accounts	329,432
Changes in operating assets, deferred outflows of resources, operating liabilities, and deferred inflows of resources	
Customer receivables	(2,358,847)
Other receivables	(637,534)
Materials and supplies	(3,816,103)
Prepaid expenses and other	(2,888,491)
Deferred outflows of resources related to pensions	122,661
Deferred outflows of resources related to OPEB	1,753,367
Accounts and contracts payable	1,088,712
Compensated absences payable	15,701,083
Accrued workers' compensation	229,718
Other liabilities	(1,932,695)
Net pension liability	(5,745,721)
Net OPEB liability	(18,797,728)
Deferred inflows of resources related to pensions	5,683,320
Deferred inflows of resources related to OPEB	4,043,984
Net cash provided by operating activities	<u>\$ 107,857,844</u>

Supplemental schedule of noncash investing, capital, and related financing activities	
Changes in fair value of investments	\$ 15,211,977
Forgiveness of principal due on notes payable	4,588,520
Contributions of capital assets from government agencies, developers and customers that are recorded as contributions in aid of construction	15,976,796
Capital asset additions included in contracts and accounts payable at year-end	30,101,244
Subscription and leased asset additions included in equipment and machinery at year-end	376,566
Amortization of bond premium, net, and other costs	2,069,470
Amortization of deferred loss on refunding	1,615,233

(concluded)

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2025**

1. Operations

The Revised Charter of the City and County of Honolulu provides for the operation of the Board of Water Supply (the "BWS") as a semi-autonomous body of the City and County of Honolulu (the "City") government. The BWS has full and complete authority to manage, control and operate the City's water system and related properties.

Article VII of the Revised Charter of the City and County of Honolulu states that the BWS's seven-member Board of Directors has the authority to establish and adjust water rates and charges so that the revenues derived shall be sufficient to make the BWS self-supporting. The Board of Directors is required to follow certain procedures that include holding public hearings before implementing changes in the water rate schedules.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The BWS is a component unit of the City (the "primary government"). The accompanying financial statements present only the financial position and activities of the BWS and do not purport to, and do not present the financial position of the City, the changes in its financial position, or its cash flows.

Measurement Focus and Basis of Accounting

The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, allowance for uncollectible receivables, accrued workers' compensation, and pensions and postretirement benefits. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the BWS considers all cash on hand, demand deposits, and short-term investments (including restricted assets) with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

Investments

Investments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The cost of securities sold is generally determined by the weighted average method.

Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2025

Receivables

Receivables are recorded at the invoiced amount and do not bear interest. The allowance for uncollectible accounts is the BWS's best estimate of the amount of probable credit losses in the BWS's existing receivables. The BWS determines the allowance based on past collection experience and the length of time individual receivables are past due. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Materials and Supplies

Materials and supplies are stated at weighted average cost (which approximates the first-in, first-out method). The cost of materials and supplies are recorded as expenses when consumed rather than when purchased.

Restricted Assets

Restricted assets are comprised of cash and cash equivalents and investments maintained in accordance with bond resolutions and other agreements for the purpose of funding certain debt service payments, construction, improvements, and renewal and replacements of the water system. When both restricted and unrestricted assets are available for use, it is the BWS's policy to use restricted assets first, then unrestricted assets as they are needed. Restricted assets comprise the following:

- The debt service account accumulates transfers from the operating account throughout the fiscal year to make principal and interest payments on the outstanding water system revenue bonds and other notes payable.
- The renewal and replacement account and the reserve release fund provide funding for improvements, reconstruction, emergency or extraordinary repairs, and renewals or replacements of the water system.
- The improvement account holds the proceeds of the series bond issuance pursuant to the series resolution or series certificates. These proceeds are only applied to costs specified in the applicable series resolution or series certificates.
- The extramural account holds reimbursements received from any governmental agency or private entity, pursuant to negotiated agreements, contracts and/or grants.

Capital Assets

Capital assets include those assets in excess of \$5,000 with a useful life of more than one year. Capital assets are stated at cost and include contributions by governmental agencies, private subdividers, and customers at their cost or estimated cost of new construction.

Major replacements, renewals and betterments are capitalized. The BWS also capitalizes certain indirect costs to construction work based upon actual construction direct labor. Maintenance, repairs and replacements that do not improve or extend the lives of the assets are recorded to operating expenses.

Assets are depreciated over the estimated useful life of the individual assets using the straight-line method. Depreciation on both purchased and contributed assets is charged against operations.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2025**

The estimated useful lives of capital assets are as follows:

Source of Supply	20 to 100 years
Pumping Plant	20 to 50 years
Water Treatment Plant	20 to 30 years
Transmission and Distribution Plant	13-1/3 to 50 years
Water Reclamation Plant	20 to 50 years
Ocean Cooling Plant	20 years
General Plant	5 to 50 years

Gains or losses resulting from the sale, retirement or disposal of capital assets in service are recorded to nonoperating income (expenses).

Leases – Lessee

The BWS has a policy to recognize a lease liability and a right-to-use lease asset (“ROU asset”) in the statement of net position. The BWS recognizes lease liabilities with an initial, individual value of \$5,000 or more and a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the BWS initially measures the lease liability 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.

ROU 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 ROU asset into service. ROU 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 the BWS has determined reasonably certain of being exercised. In this case, the ROU asset is amortized over the useful life of the underlying asset.

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

- The BWS uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the BWS generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease as well as any periods covered by the BWS’s option to extend the lease if it is reasonably certain, based on all relevant factors, that the BWS will exercise that option. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the BWS is reasonably certain to exercise.

The BWS monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any ROU asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The BWS’s ROU assets and lease liabilities are recorded in equipment and machinery and other noncurrent liabilities, respectively, in the statement of net position.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2025**

Leases – Lessor

The BWS is a lessor for leases of special purpose utility facilities, office and commercial space. The BWS recognizes lease receivables and deferred inflows of resources in the financial statements with an initial, individual value of \$5,000 or more and a lease term greater than one year. 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 BWS initially measures the lease receivable 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 the 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 how the BWS determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) the lease term, and (3) lease receipts.

- The BWS uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the lease as well as any periods covered by the lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lease.

The BWS monitors changes in circumstances that would require a remeasurement of its 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. The BWS's lease receivables are recorded in other assets in the statement of net position.

Subscription-Based Information Technology Arrangements ("SBITA")

The BWS has a policy to recognize a subscription liability and a right-to-use subscription asset ("subscription asset") in the statement of net position. The BWS recognizes subscription liabilities with an initial, individual value of \$5,000 or more and a term greater than one year.

At the commencement of an arrangement, the BWS initially measures the subscription liability at the present value of payments expected to be made during the term. Subsequently, the subscription liability is reduced by the principal portion of payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, less any payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the shorter of the term or the useful life of the underlying asset unless the agreement contains a purchase option that the BWS has determined reasonably certain of being exercised. In this case, the asset is amortized over the useful life of the underlying asset.

Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2025

Key estimates and judgments related to SBITAs include how the BWS determines (1) the discount rate it uses to discount the expected payments to present value, (2) the term, and (3) payments.

- The BWS uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the BWS generally uses its estimated incremental borrowing rate as the discount rate for the arrangement.
- The term includes the noncancellable period of the arrangement as well as any periods covered by the BWS's option to extend the subscription asset if it is reasonably certain, based on all relevant factors, that the BWS will exercise that option. Payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the BWS is reasonably certain to exercise.

The BWS monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. The BWS's subscription assets and liabilities are recorded in equipment and machinery and other noncurrent liabilities, respectively, in the statement of net position.

Bond Issue Prepaid Insurance Costs, Original Issue Discounts or Premiums, and Deferred Loss on Refunding of Debt

Bond issue costs are expensed when incurred, except for prepaid insurance, which are amortized over the life of the respective issue on a straight-line basis. Bond issue prepaid insurance costs are presented as other assets in the statement of net position.

Original issue discounts or premiums are amortized using the effective interest method over the terms of the respective issues. Original issue discounts or premiums are offset against or added to bonds payable in the statement of net position.

Deferred loss on refunding of debt is amortized using the straight-line method over the remaining life of the refunded debt or the life of the new debt, whichever is shorter. The deferred loss on refunding of debt is presented as deferred outflows of resources in the statement of net position.

Compensated Absences

Vacation is earned at the rate of one and three-quarters working days for each month of service. Vacation days may be accumulated to a maximum of 90 days as of the end of the calendar year and are convertible to pay upon termination.

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but can be taken only in the event of illness and is not convertible to pay upon termination of employment. However, an employee who retires or leaves government service in good standing with 60 or more unused sick days is entitled to additional service credit in the State of Hawaii's Employees' Retirement System.

The BWS accrues a liability for compensated absences and additional amounts for certain salary-related payments including payroll taxes and fringe benefits. The liability is measured using the employee's pay rate as of the financial statement date and includes applicable salary-related payments. The BWS uses historical usage data and employment policies to estimate the portion of accumulated leave that is expected to be paid or used.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2025**

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is classified in the following three components: net investment in capital assets, restricted for capital activity and debt service, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year-end is not included in the calculation of net investment in capital assets. Restricted for capital activity and debt service consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations or enabling legislation. Unrestricted consists of the remaining balance not included in the above categories.

Operating Revenues and Expenses

The BWS distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the BWS's principal ongoing water operations. The principal operating revenues are derived from charges for water usage, while operating expenses include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue Recognition

Charges for water sales are based on usage. The BWS's policy is to bill customers on a cyclical monthly basis. The accrual for unbilled water revenues and related receivables reflected in the accompanying financial statements is based on estimated usage from the latest meter reading date to the end of the fiscal year.

Contributions in Aid of Construction

Contributions in aid of construction represent cash or capital assets received by the BWS to aid in the construction of infrastructure assets. It also includes the forgiveness of principal due on state revolving fund loans that were used to finance the costs of infrastructure needed to maintain the water system. Contributions in aid of construction are recognized when they are accepted by the BWS and when all applicable eligibility requirements have been met.

Water System Facilities Charge

A water system facilities charge is levied against all new developments and residential properties requiring water from the BWS's systems, except those developments that have paid for and installed a complete water system, including source, transmission and daily storage facilities. The amounts collected are initially recorded as customer advances and are recognized as contributions in aid of construction when water service is made available to the customer. The use of these funds is designated for the construction of water facilities.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawaii (the "ERS") and additions to/deductions from the ERS's fiduciary net position have been determined using the accrual basis of accounting, which is the same basis as they are reported by the ERS. For this purpose, employer and member contributions are recognized in the period in which the contributions are legally due, and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2025**

Postemployment Benefits Other Than Pensions (“OPEB”)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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. For this purpose, the EUTF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for investments in commingled and money market funds, which are reported at net asset value (“NAV”). The NAV is based on the fair value of the underlying assets held by the respective fund less its liabilities.

Deferred Compensation Plan

All full-time employees are eligible to participate in the City and County of Honolulu’s Public Employees’ Deferred Compensation Plan (the “Plan”), adopted pursuant to Internal Revenue Code Section 457. The Plan permits eligible employees to defer a portion of their salary until future years. The deferred compensation amounts are not available to employees until termination, retirement, death or unforeseeable emergency.

A trust fund was established to protect plan assets from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. Accordingly, the BWS has excluded the Plan’s assets and liabilities from the financial statements because the BWS and the City do not have significant administrative involvement in the Plan nor perform the investment function for the Plan.

Risk Management

The BWS is exposed to various risks of loss from: (1) torts, (2) theft of, damage to, and destruction of assets, (3) employee injuries and illnesses, (4) natural disasters, and (5) employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

The ranges of insurance limits and deductibles are as follows:

Policy	Limit (in millions)	Deductibles
Property	\$60	\$ 500,000
Public entity liability	5	1,000,000
Excess workers’ compensation	25	600,000
Employment practices	5	100,000
Storage tank liability	6	10,000
Pollution legal liability	5	250,000
Crime	5	25,000
Cyber liability	3	100,000

There were no significant reductions in insurance coverages from the prior fiscal year.

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Recently Adopted Accounting Pronouncements

GASB Statement No. 101

The GASB issued Statement No. 101, *Compensated Absences*, in June 2022. This Statement aims to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023. The BWS adopted the provisions of this Statement in the year ended June 30, 2025.

The adoption of Statement No. 101 resulted in the recording of compensated absences liabilities of approximately \$23,399,000 as of June 30, 2025. The BWS determined the compensated absences liabilities as of July 1, 2024 did not have a material effect to its financial statements and beginning net position was not restated.

GASB Statement No. 102

The GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. This Statement aims to provide users of government financial statements with essential information about the risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for fiscal years beginning after June 15, 2024. The BWS adopted the provisions of this Statement in the year ended June 30, 2025.

Recently Issued Accounting Pronouncements

GASB Statement No. 103

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement clarifies the definition and reporting of unusual or infrequent items and updates the presentation of proprietary fund statement of revenue, expenses, and changes in net position. This Statement is effective for fiscal years beginning after June 15, 2025. Management has not yet determined the effect this Statement will have on the BWS's financial statements.

GASB Statement No. 104

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2023. This Statement provides users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement is effective for fiscal years beginning after June 15, 2025. Management has not yet determined the effect this Statement will have on the BWS's financial statements.

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3. Cash and Investments

Cash deposited with the City is maintained by the Department of Budget and Fiscal Services of the City. The City maintains a cash and investment pool that is used by all of the City's Funds and the BWS. The Hawai'i Revised Statutes ("HRS") provide for the City's Director of Finance to deposit the cash with any national or state bank or federally insured financial institution authorized to do business in the state of Hawai'i, provided that all deposits are fully insured or collateralized. The City's demand deposits are fully insured or collateralized with securities held by the City or its agents in the City's name.

The HRS authorizes the BWS to invest, with certain restrictions, in obligations of the state of Hawai'i or the United States of America, in federally insured savings accounts, time certificates of deposit, and bank repurchase agreements with federally insured financial institutions authorized to do business in the state of Hawai'i. The BWS's portfolio is managed by various investment managers. These investments consist of U.S. Treasury obligations, U.S. government agencies securities, and State municipal bonds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses, the BWS invests operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Excluding cash deposited with the City, all cash, money market mutual funds, and investment securities as of June 30, 2025 were held in trust by two financial institutions in the state of Hawai'i.

All investment securities are registered in the name of the BWS and are not exposed to custodial credit risk. Money market mutual funds are not considered investment securities for purposes of custodial credit risk classification and are not exposed to custodial credit risk. Cash held in trust with these financial institutions are uncollateralized, however, amounts in excess of depository insurance are covered by commercial insurance obtained by each financial institution designed to insure against losses resulting from errors and omissions or fraud.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2025, all investment securities and money market mutual funds were rated Aaa and Aaa-mf, respectively, by Moody's Investors Services. The BWS's concentration of credit risk related to investments in debt securities has been mitigated by limiting such investments to only debt obligations of the U.S. government and U.S. government agencies.

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The historical cost and estimated fair value of investments at June 30, 2025 consisted of the following:

	Cost	Fair Value
U.S. Treasury obligations	\$ 566,735,631	\$ 566,861,740
U.S. government agencies	62,779,040	63,667,253
State municipal bonds	23,570,000	23,710,992
	<u>\$ 653,084,671</u>	<u>\$ 654,239,985</u>

As of June 30, 2025, the credit exposure as a percentage of total investments was as follows:

	Percent of Total	Fair Value
U.S. Treasury obligations	86.7%	\$ 566,861,740
U.S. government agencies		
Federal National Mortgage Association	1.5%	9,972,116
Federal Home Loan Mortgage Corporation	3.2%	21,154,828
Federal Home Loan Bank	4.7%	30,940,128
Federal Farm Credit Bank	0.3%	1,600,181
State municipal bonds	3.6%	23,710,992
	<u>100%</u>	<u>\$ 654,239,985</u>

The fair value of investments by contractual maturity at June 30, 2025 is shown below:

	Investment Maturities (In Years)		
	Fair Value	Less Than 1	1 – 5
U.S. Treasury obligations	\$ 566,861,740	\$ 311,765,918	\$ 255,095,822
U.S. government agencies	63,667,253	19,547,570	44,119,683
State municipal bonds	23,710,992	-	23,710,992
	<u>\$ 654,239,985</u>	<u>\$ 331,313,488</u>	<u>\$ 322,926,497</u>

4. Restricted Assets

At June 30, 2025, the BWS's restricted assets were comprised of cash, cash equivalents, prepaid expenses, and investments and were held for the following purposes:

Construction, renewals and replacements	\$ 206,512,748
Debt service	40,096,383
	<u>\$ 246,609,131</u>

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5. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- **Level 1** – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in markets that are not active.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- **Level 3** – Inputs that are unobservable for an asset or liability.

Following is a description of the valuation techniques used by the BWS to measure fair value:

- **U.S. Treasury obligations** – Valued using quoted prices in active markets for identical assets.
- **U.S. government agencies obligations** – Valued using quoted prices for identical or similar assets in markets that are not active.
- **State municipal bonds** – Valued using quoted prices for identical or similar assets in markets that are not active.

The following table sets forth by level, within the fair value hierarchy, assets measured at fair value on a recurring basis as of June 30, 2025:

	Assets at Fair Value			
	Total	Level 1	Level 2	Level 3
U.S. Treasury obligations	\$ 566,861,740	\$ 566,861,740	\$ -	\$ -
U.S. government agencies	63,667,253	-	63,667,253	-
State municipal bonds	23,710,992	-	23,710,992	-
	<u>\$ 654,239,985</u>	<u>\$ 566,861,740</u>	<u>\$ 87,378,245</u>	<u>\$ -</u>

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6. Capital Assets

Capital assets activity during the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Transfers	Retirements	Balance June 30, 2025
Depreciable assets					
Infrastructure	\$ 1,732,246,401	\$ 15,921,591	\$ 5,699,321	\$ (1,266,382)	\$ 1,752,600,931
Building and improvements	208,931,462	-	2,197,651	(776,656)	210,352,457
Equipment and machinery	418,590,881	1,350,597	7,337,376	(5,497,777)	421,781,077
Leased equipment and machinery	1,160,019	376,566	-	(96,894)	1,439,691
Subscription assets	2,569,987	-	1	-	2,569,988
Total depreciable assets	2,363,498,750	17,648,754	15,234,349	(7,637,709)	2,388,744,144
Less: accumulated depreciation	(1,303,664,105)	(51,526,622)	815	7,369,793	(1,347,820,119)
Less: accumulated amortization	(1,712,825)	(1,044,726)	-	-	(2,757,551)
Total depreciable assets, net	<u>1,058,121,820</u>	<u>(34,922,594)</u>	<u>15,235,164</u>	<u>(267,916)</u>	<u>1,038,166,474</u>
Land	32,370,754	-	-	-	32,370,754
Construction work-in-progress	343,244,419	100,592,915	(15,235,164)	-	428,602,170
Capital assets, net	<u>\$ 1,433,736,993</u>	<u>\$ 65,670,321</u>	<u>\$ -</u>	<u>\$ (267,916)</u>	<u>\$ 1,499,139,398</u>

The BWS recorded approximately \$52,571,000 of total depreciation expense, of which \$2,572,000 of depreciation charges were recorded to various functions, for the year ended June 30, 2025.

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7. Bonds Payable

At June 30, 2025, bonds payable consisted of the following:

Water System Revenue Bonds, Series 2020A, annual principal due ranging from \$1,035,000 to \$3,165,000 through July 1, 2049, with interest ranging from 2.50% to 5.0%.	\$ 54,640,000
Water System Revenue Bonds, Series 2020B, annual principal due ranging from \$580,000 to \$5,370,000 through July 1, 2033, with interest ranging from 1.77% to 2.38%.	44,350,000
Water System Revenue Bonds, Series 2021A, annual principal due ranging from \$855,000 to \$2,955,000 through July 1, 2050, with interest ranging from 3.0% to 5.0%.	47,320,000
Water System Revenue Bonds, Series 2021B, annual principal due ranging from \$60,000 to \$8,155,000 through July 1, 2031, with interest ranging from 0.95% to 2.07%.	36,580,000
Water System Revenue Bonds, Series 2022A, annual principal due ranging from \$1,385,000 to \$4,290,000 through July 1, 2051, with interest ranging from 3.0% to 5.0%.	79,855,000
Water System Revenue Bonds, Series 2022B, annual principal due ranging from \$55,000 to \$8,770,000 through July 1, 2036, with interest ranging from 2.17% to 3.14%.	51,585,000
Water System Revenue Bonds, Series 2023, annual principal due ranging from \$565,000 to \$885,000 through July 1, 2052, with interest of 5.0%.	17,425,000
Water System Revenue Bonds, Series 2024A, annual principal due ranging from \$0 to \$7,325,000 through July 1, 2053, with interest ranging from 4.0% to 5.25%.	<u>65,545,000</u>
	397,300,000
Add: Unamortized premium	<u>30,264,124</u>
	427,564,124
Less: Current portion	<u>16,865,000</u>
Noncurrent portion	<u>\$ 410,699,124</u>

The BWS has pledged future revenues, net of specified operating and maintenance expenses, for the security and payment of the water system revenue bonds outstanding. Proceeds from the bonds were used to finance the construction of various components of the water system or to refund the principal amounts of previously issued water system revenue bonds. As of June 30, 2025, the total principal and interest remaining to be paid on the bonds was approximately \$596,262,000. Aggregate debt service for the current year and revenues, net of specified operating and maintenance expenses, were approximately \$31,368,000 and \$140,656,000, respectively.

The BWS's outstanding water system revenue bonds contain a provision that, in the event of a default, the holders of not less than 25% of the bonds may declare the principal and interest due immediately. An event of default includes, but is not limited to, the following situations: failure to pay the principal and interest due, failure to punctually perform any of the covenants, agreements or conditions of the resolution, and bankruptcy. The BWS has covenanted and agreed to maintain the water system in good repair; to fix rates and charges sufficient to meet the net revenue requirement, as defined in the bond indenture; not to dispose of the properties comprising the water system; to maintain and keep proper books; and other actions consistent with conducting the business of the water system in an efficient and economical manner.

As of June 30, 2025, the total amount of debt defeased for financial reporting purposes that remains outstanding was \$7,490,000.

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Water system revenue bonds are subject to redemption on and after specific dates prior to maturity at the option of the BWS. The redemption amount equals the outstanding principal amount plus accrued interest without premium on the date of redemption.

Debt service requirements on bonds payable at June 30, 2025 are as follows:

	Principal	Interest	Total
Years ending June 30,			
2026	\$ 16,865,000	\$ 14,178,000	\$ 31,043,000
2027	17,690,000	13,590,000	31,280,000
2028	18,195,000	13,082,000	31,277,000
2029	18,465,000	12,563,000	31,028,000
2030	19,460,000	12,028,000	31,488,000
2031–2035	90,010,000	51,245,000	141,255,000
2036–2040	59,635,000	38,067,000	97,702,000
2041–2045	56,295,000	27,348,000	83,643,000
2046–2050	69,015,000	14,612,000	83,627,000
2051–2054	31,670,000	2,249,000	33,919,000
	<u>\$ 397,300,000</u>	<u>\$ 198,962,000</u>	<u>\$ 596,262,000</u>

8. Notes Payable

At June 30, 2025, notes payable from direct borrowings consisted of the following:

Notes payable to Department of Health

Note payable in semi-annual installments of approximately \$146,900, including interest and loan fees at 1.5% per annum, due May 2034.	\$ 2,294,568
Note payable in semi-annual installments of approximately \$145,900, including interest and loan fees at 1.5% per annum, due May 2034.	2,279,174
Note payable in semi-annual installments of approximately \$144,000, including interest and loan fees at 1.5% per annum, due November 2034.	2,360,301
Non-interest bearing note payable in semi-annual installments of approximately \$202,000, including loan fees at 1.0% per annum, due November 2034.	3,381,655
Non-interest bearing note payable in semi-annual installments of approximately \$764,900, including loan fees at 1.0% per annum, due April 2034.	12,185,035
Non-interest bearing note payable in semi-annual installments of approximately \$258,700, including loan fees at 1.0% per annum, due December 2037.	6,065,519
Non-interest bearing note payable in semi-annual installments of approximately \$865,600, including loan fees at 1.0% per annum, due February 2039.	<u>23,386,505</u>
Subtotal	<u>51,952,757</u>

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Subtotal carried forward	<u>51,952,757</u>
Note payable in semi-annual installments of approximately \$148,300, including interest and loan fees at 1.5% per annum, due October 2036.	3,118,968
Note payable in semi-annual installments of approximately \$231,800, including interest and loan fees at 1.25% per annum, due October 2038.	5,738,204
Note payable in semi-annual installments of approximately \$418,500, including interest and loan fees at 1.75% per annum, due October 2039.	10,660,202
Note payable in semi-annual installments of approximately \$175,700, including interest and loan fees at 0.25% per annum, due April 2040.	5,512,333
Note payable in semi-annual installments of approximately \$119,500, including interest and loan fees at 2.15% per annum, due March 2039.	2,968,510
Note payable in semi-annual installments of approximately \$364,500, including interest and loan fees at 1.75% per annum, due October 2040.	9,851,323
Note payable in semi-annual installments of approximately \$193,400, including interest and loan fees at 2.15% per annum, due January 2040.	4,943,246
Note payable in semi-annual installments of approximately \$349,300, including interest and loan fees at 1.75% per annum, due October 2041.	9,969,741
Note payable in semi-annual installments of approximately \$577,100, including interest and loan fees at 1.75% per annum, due October 2042.	17,326,517
Note payable in semi-annual installments of approximately \$89,000, including interest and loan fees at 1.75% per annum, due October 2043.	2,801,126
Note payable in semi-annual installments of approximately \$16,000, including interest and loan fees at 2.25% per annum, due October 2054.	<u>699,682</u>
	125,542,609
Note payable to other lenders	
Note payable in monthly installments of approximately \$15,700, including interest at 5.0%, repaid in September 2025.	<u>37,416</u>
	125,580,025
Less: Current maturities	<u>8,703,078</u>
Noncurrent portion	<u>\$ 116,876,947</u>

The notes payable to the Department of Health are state revolving fund loans and are secured by the net revenue of the BWS, subject to and subordinate to the pledge of the net revenue securing the outstanding water system revenue bonds described in Note 7. Proceeds from the loans were used to finance the construction of various components of the water system. As of June 30, 2025, the total principal, interest and loan fees remaining to be paid on the loans totaled \$139,619,000.

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The BWS's outstanding state revolving fund loans contain a provision that, in the event of default, the outstanding amounts become due immediately with the consent of the majority of the holders of the BWS's water system revenue bonds. An event of default includes, but is not limited to, the following situations: failure to pay the principal and interest due; failure to punctually perform any of the covenants, agreements or conditions of the resolution; and bankruptcy. The BWS has covenanted and agreed to maintain the water system in good repair; to fix rates and charges sufficient to meet the net revenue requirement, as defined in the bond indenture; not to dispose of the properties comprising the water system; to maintain and keep proper books; and other actions consistent with conducting the business of the water system in an efficient and economical manner.

Debt service requirements on notes payable from direct borrowings at June 30, 2025 are as follows:

	Principal	Interest	Loan Fee	Total
Years ending June 30,				
2026	\$ 8,703,000	\$ 399,000	\$ 1,372,000	\$ 10,474,000
2027	8,760,000	372,000	1,279,000	10,411,000
2028	8,856,000	347,000	1,184,000	10,387,000
2029	8,953,000	320,000	1,088,000	10,361,000
2030	9,052,000	294,000	991,000	10,337,000
2031–2035	44,617,000	1,058,000	3,465,000	49,140,000
2036–2040	31,462,000	398,000	1,286,000	33,146,000
2041–2045	4,899,000	30,000	124,000	5,053,000
2046–2050	139,000	8,000	16,000	163,000
2051–2055	139,000	3,000	5,000	147,000
	<u>\$ 125,580,000</u>	<u>\$ 3,229,000</u>	<u>\$ 10,810,000</u>	<u>\$ 139,619,000</u>

9. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Bonds payable	\$ 412,450,000	\$ -	\$ (15,150,000)	\$ 397,300,000	\$ 16,865,000
Add: Unamortized premium	32,333,547	-	(2,069,423)	30,264,124	-
Total bonds payable	444,783,547	-	(17,219,423)	427,564,124	16,865,000
Notes payable	132,739,108	7,979,385	(15,138,468)	125,580,025	8,703,078
Compensated absences (net change)	7,698,275	15,701,083	-	23,399,358	3,357,552
Accrued workers' compensation	3,396,916	1,918,798	(1,689,080)	3,626,634	1,091,456
Customer advances	475,135	9,766,902	(9,902,625)	339,412	-
Net pension liability	128,552,203	43,506,094	(49,251,815)	122,806,482	-
Net OPEB liability	28,725,876	13,194,493	(31,992,221)	9,928,148	-
Claims liability	3,747,742	379,600	(2,103,833)	2,023,509	-
Lease liability	486,252	376,566	(389,009)	473,809	-
Subscription liability	1,551,413	-	(743,962)	807,451	-
Other	2,434,355	74,125	(87,786)	2,420,694	-
	<u>\$ 754,590,822</u>	<u>\$ 92,897,046</u>	<u>\$ (128,518,222)</u>	<u>\$ 718,969,646</u>	<u>\$ 30,017,086</u>

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10. Net Position

The BWS's net position consisted of the following as of June 30, 2025:

Net investment in capital assets	
Capital assets, net	\$1,499,139,398
Deferred loss on refunding of debt	9,691,395
Less: Water system revenue bonds payable	(427,564,124)
Less: Notes payable	(125,580,025)
Unspent debt proceeds	176,551,486
	<u>1,132,238,130</u>
Restricted for capital activity and debt service	
Restricted cash and cash equivalents	82,920,693
Restricted prepaid expenses	24,116,342
Restricted investments	139,572,096
Less: Unspent debt proceeds	(176,551,486)
Less: Accrued interest payable	(7,671,665)
Less: Contracts payable	(21,527,214)
Less: Refundable advances	(25,871,210)
	<u>14,987,556</u>
Unrestricted	420,321,372
	<u>\$1,567,547,058</u>

11. Leases

The BWS leases certain properties to other users, primarily utility and telecommunications companies, under multi-year license agreements with terms ranging from five to thirty years through December 2041. At June 30, 2025, lease receivables of approximately \$2,477,000 were reported in other assets. For the year ended June 30, 2025, lease revenue and interest revenue of approximately \$151,000 and \$68,000, respectively, were reported in other nonoperating revenues.

The BWS leased space for its deep seawater cooling project on O'ahu under a lease that extended through September 2025. The BWS also has leases conveying the right to use various office and information technology equipment under contracts that extend through May 2029.

12. Subscription-Based Information Technology Arrangements

The BWS has agreements conveying the right to use various information technology systems under contracts that extend through April 2028.

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The future principal and interest requirements for the subscription liability at June 30, 2025 are as follows:

	Principal	Interest	Total
Years ending June 30,			
2026	\$ 461,000	\$ 24,000	\$ 485,000
2027	211,000	10,000	221,000
2028	135,000	3,000	138,000
	<u>\$ 807,000</u>	<u>\$ 37,000</u>	<u>\$ 844,000</u>

13. Related Party Transactions

The BWS has an agreement with the City’s Department of Environmental Services to provide certain services relating to the billing and collection of sewer service charges. For the year ended June 30, 2025, fees related to these services totaled approximately \$5,000,000, which are netted against operating expenses on the statement of revenues, expenses, and changes in net position.

The BWS has an agreement with the City to pay a central administrative services expense (“CASE”) fee for treasury, personnel, purchasing and other services that the City provides to the BWS on an on-going basis. The BWS’s Charter allows for CASE fees to the extent that they represent reasonable charges for services necessary for the BWS to perform its duties. CASE fees totaled \$3,300,000 for the year ended June 30, 2025.

As of June 30, 2025, amounts due from the City for water charges totaled approximately \$1,290,000 and are included in customer receivables in the statement of net position.

The BWS has entered into several agreements with the City for joint capital projects. As of June 30, 2025, the unexpended advanced funds totaled approximately \$826,000.

14. Retirement Benefits

Pension Plan

Plan Description

The Employees’ Retirement System (“ERS”) is a cost-sharing, multiple-employer public employee retirement system established as a defined benefit pension plan to administer a pension benefits program for all eligible employees of the state and counties of Hawai‘i. Benefit terms, eligibility, and contribution requirements are governed by Chapter 88 of the HRS and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at the ERS website: <http://ers.ehawaii.gov/resources/financials>.

Benefits Provided

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability and death benefits with three membership classes known as the noncontributory, contributory and hybrid retirement classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2.25%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary

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paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Class

- **Retirement Benefits** – General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with thirty years of credited service are eligible to retire at age 55.
- **Disability Benefits** – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.
- **Death Benefits** – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or surviving dependent children, no benefit is payable.

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

Contributory Class for Members Hired Prior to July 1, 2012

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

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- **Disability Benefits** – Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member’s contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.
- **Death Benefits** – For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member’s contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

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

Contributory Class for Members Hired After June 30, 2012

- **Retirement Benefits** – General employees’ retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.
- **Disability and Death Benefits** – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service are required for ordinary disability.

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

Hybrid Class for Members Hired Prior to July 1, 2012

- **Retirement Benefits** – General employees’ retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with thirty years of credited service are eligible to retire at age 55.
- **Disability Benefits** – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

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

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

Hybrid Class for Members Hired After June 30, 2012

- ***Retirement Benefits*** – General employees’ retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with thirty years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and emergency medical technicians may retire with 25 years of credited service at age 55.
- ***Disability and Death Benefits*** – Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member’s contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributions

The employer contribution rate is a fixed percentage of compensation. The employer contribution rate for general employees was 24% for the year ended June 30, 2025. For the year ended June 30, 2025, contributions to the pension plan from the BWS totaled approximately \$11,823,000.

The employer is required to make all contributions for noncontributory members. For contributory class employees hired prior to July 1, 2012, general employees are required to contribute 7.8% of their salary. For contributing class employees hired after June 30, 2012, general employees are required to contribute 9.8% of their salary. Hybrid class members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid class members hired after June 30, 2012 are required to contribute 8.0% of their salary.

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

At June 30, 2025, the BWS reported a liability of approximately \$122,806,000, for its proportionate share of the net pension liability. The net pension liability 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 those dates. The BWS’s proportion of the net pension liability was based on the actual employer contributions to the

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pension plan relative to the contributions of all participating employers. At June 30, 2024, the BWS's proportionate share was 0.87%.

For the year ended June 30, 2025, the BWS recognized pension expense of approximately \$11,885,000. At June 30, 2025, the BWS 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
Differences between expected and actual experience	\$ 3,571,984	\$ 824,921
Changes of assumptions	-	722,768
Net difference between projected and actual earnings on pension plan investments	2,847,833	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,483,392	8,129,755
Employer contributions subsequent to the measurement date	<u>11,823,129</u>	<u>-</u>
	<u>\$ 21,726,338</u>	<u>\$ 9,677,444</u>

At June 30, 2025, the BWS reported approximately \$11,823,000 of deferred outflows of resources related to pensions resulting from BWS contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025 will be recognized in pension expense as follows:

Years ending June 30,	Net Deferred Outflows
2026	\$ (1,946,253)
2027	3,158,878
2028	173,067
2029	<u>(1,159,927)</u>
	<u>\$ 225,765</u>

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Investment rate of return, including inflation at 2.50%	7.00 %
Projected salary increases, including inflation at 2.50%	
General employees	3.75% to 6.75%

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Mortality rates used in the actuarial valuation as of June 30, 2024 were based on the following:

- **Active members** – Scale MP-2022 mortality table for active employees based on the occupation of the member.
- **Healthy retirees** – The 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by Scale MP from the year 2022 (with immediate convergence) and with multiplier and setbacks based on plan and group experience.
- **Disabled retirees** – Base Table for healthy retiree’s occupation, set forward three years, generational projection using the MP projection table from the year 2022 with immediate convergence. Minimum mortality rate of 3.5% for males and 2.5% for females.

The actuarial assumptions used in the actuarial valuation as of June 30, 2024 were based on the results of an experience study as of June 30, 2021, with most of the assumptions based on the period from July 1, 2016 through June 30, 2021.

The long-term expected rate of return on pension plan investments was determined using a “top down approach” of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as “re-sampling with replacement” that directly keys in on specific plan-level risk factors as stipulated by the ERS Board) 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 nominal real rates of return (real returns + inflation) by the target asset allocation percentage. The rates of return, based on ERS’s investment consultant as of June 30, 2024, are summarized in the following table:

Strategic Allocation (Risk-Based Classes)	Target Allocation	Expected Long- Term Geometric Average Return*
Broad growth	70.00 %	8.40 %
Diversifying strategies	<u>30.00 %</u>	4.40 %
	<u>100.00 %</u>	7.40 %

*Uses an expected inflation of 2.4%.

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2024 was 7.00%. 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 employers 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.

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Sensitivity of the BWS’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the BWS’s proportionate share of the net pension liability calculated as of the year ended June 30, 2025 using the discount rate of 7.00%, as well as what the BWS’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	<u>\$ 163,869,200</u>	<u>\$ 122,806,482</u>	<u>\$ 88,794,212</u>

Pension Plan Fiduciary Net Position

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

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

Payable to the Pension Plan

At June 30, 2025, the amounts payable to the ERS totaled approximately \$993,000, which consists of excess pension costs required by the HRS for fiscal year 2025.

Postemployment Benefits Other Than Pensions (“OPEB”)

Plan Description

Chapter 87A of the HRS established the EUTF, an agent multiple-employer defined benefit plan, which provides a single delivery system of health and other benefits for state and county workers, retirees and their eligible dependents. The EUTF issues a stand-alone financial report that is available to the public on its website at <https://eutf.hawaii.gov/reports>. The report may also be obtained by submitting a request to the EUTF at 201 Merchant Street, Suite 1700, Honolulu, HI 96813.

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Benefits Provided

Chapter 87A of the HRS grants the authority to establish and amend the benefit terms to the board of trustees of the EUTF. The EUTF currently provides medical, prescription drug, dental, vision, chiropractic, supplemental medical and prescription drug, and group life insurance benefits for retirees and their dependents. The following table provides a summary of the number of employees covered by the benefit terms as of July 1, 2024:

Inactive employees or beneficiaries currently receiving benefits	588
Inactive employees entitled but not yet receiving benefits	50
Active employees	<u>539</u>
	<u>1,177</u>

Contributions

The BWS's contribution levels are established by Chapter 87A of the HRS. For the year ended June 30, 2025, the BWS was required to contribute a minimum amount equal to 100% of the annual required contribution ("ARC"), as determined by an actuary retained by the board of trustees of the EUTF. The ARC represents a level of funding that is sufficient to cover (1) the normal cost, which is the cost of the other postemployment benefits attributable to the current year of service; and (2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next thirty years. For the year ended June 30, 2025, contributions to the OPEB plan from the BWS totaled \$8,386,000, which resulted in an average contribution rate of approximately 17% of covered-employee payroll.

For employees hired before July 1, 1996, the BWS pays the entire base monthly contribution for employees retiring with ten or more years of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents. The BWS's contribution is based on the plan selected by the retiree (single, two-party, or family plans).

For employees hired after June 30, 1996, but before July 1, 2001, and who retire with fewer than ten years of service, the BWS makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the BWS pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the BWS pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the BWS pays 100% of the base monthly contribution. The BWS's contribution is based on the plan selected by the retiree (single, two-party, or family plans).

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

Net OPEB Liability

The BWS's net OPEB liability as of June 30, 2025 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 those dates.

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Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.75% to 6.75% including inflation
Investment rate of return	7.00%
Healthcare cost trend rates	
PPO*	Initial rate of 6.20%, declining to a rate of 4.25% after 20 years
HMO*	Initial rate of 6.20%, declining to a rate of 4.25% after 20 years
Part B and base monthly contribution	Initial rate of 5.00%, declining to a rate of 4.25% after 20 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

*Blended rates for medical and prescription drugs.

Mortality rates used in the actuarial valuation as of July 1, 2024 were based on the system-specific mortality tables utilizing ultimate scale MP-2021 to project generational mortality improvement.

The actuarial assumptions used in the actuarial valuation as of July 1, 2024 were based on the results of an experience study as of June 30, 2021, with most of the assumptions based on the period from July 1, 2016 through June 30, 2021.

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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 weighing 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 major asset class as of July 1, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	30.00 %	6.00 %
Private equity	15.00 %	10.10 %
Real assets	12.00 %	5.00 %
Private credit	10.00 %	7.80 %
Trend following	10.00 %	2.40 %
Reinsurance	5.50 %	5.10 %
Long treasuries	5.00 %	2.60 %
Alternative risk premia	5.00 %	3.80 %
U.S. microcap	3.00 %	8.30 %
TIPS	2.50 %	2.10 %
Tail risk / Long volatility	2.00 %	(1.30%)
Total investments	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2025 was 7.00%. The projection of cash flows used to determine the discount rate assumed that BWS contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position

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

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

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Changes in the Net OPEB Liability

The following schedules present the changes in the net OPEB liability for the year ended June 30, 2025:

	Increase (Decrease)		
	Total OPEB Liability (a)	Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2024	\$ 154,622,118	\$ 125,896,242	\$ 28,725,876
Changes for the fiscal year			
Service cost	2,449,565	-	2,449,565
Interest on the total OPEB liability	10,682,254	-	10,682,254
Difference between expected and actual experience	(12,533,090)	-	(12,533,090)
Changes of assumptions	-	-	-
Contributions – employer	-	8,303,000	(8,303,000)
Net investment income	-	11,156,131	(11,156,131)
Benefit payments	(6,486,547)	(6,486,547)	-
Administrative expense	-	(11,285)	11,285
Other	-	(51,389)	51,389
Net changes	(5,887,818)	12,909,910	(18,797,728)
Balance at June 30, 2025	\$ 148,734,300	\$ 138,806,152	\$ 9,928,148

The healthcare trend assumption was updated in the July 1, 2024 actuarial valuation to reflect the 2022 ERS actuarial experience study, which resulted in a decrease to the total OPEB liability as of June 30, 2025.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	\$ 30,439,600	\$ 9,928,148	\$ (6,520,221)

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

The following presents the net OPEB liability of the BWS, as well as what the BWS's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ (7,074,543)	\$ 9,928,148	\$ 31,475,085

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

For the year ended June 30, 2025, the BWS recognized OPEB credit of approximately \$4,614,000. At June 30, 2025, the BWS 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
Differences between expected and actual experience	\$ -	\$ 20,153,719
Changes of assumptions	-	2,367,673
Net difference between projected and actual earnings on OPEB plan investments	500,511	-
Employer contributions subsequent to the measurement date	8,386,000	-
	<u>\$ 8,886,511</u>	<u>\$ 22,521,392</u>

At June 30, 2025, the BWS reported \$8,386,000 as deferred outflows of resources related to OPEB resulting from BWS contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2025 will be recognized in OPEB expense as follows:

Years ending June 30,	Net Deferred Inflows
2026	\$ (8,960,632)
2027	(3,882,659)
2028	(4,406,342)
2029	(2,766,098)
2030	(2,005,150)
	<u>\$ (22,020,881)</u>

Payables to the OPEB Plan

There was no contributions payable to the EUTF as of June 30, 2025.

15. Commitments and Contingencies

Contract Commitments

Commitments, primarily for capital improvements, approximated \$611,226,000 as of June 30, 2025. Such amounts are to be funded by operating revenues, contributed capital, cash and investments on hand.

Workers' Compensation Self-Insurance Liability

The BWS is self-insured for workers' compensation and disability claims up to \$600,000 and in excess of \$25,000,000. The BWS has obtained excess insurance coverage for claims that are not self-insured. The BWS provides reserves for claims not covered by insurance that in the opinion of management will result in probable judgment against the BWS.

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The liability for losses and loss adjustment expenses is comprised of case reserves and incurred but not reported loss reserves ("IBNR"). Case or outstanding loss reserves represent estimates of ultimate costs to settle reported claims.

Determination of a reserve account for workers' compensation is a significant estimate. It is reasonably possible that one or more future events could result in a material change in the estimated claims loss in the near term.

Safe Drinking Water

The BWS is subject to the requirements of the Safe Drinking Water Act (the "Act"), which is administered by the State Department of Health on behalf of the U.S. Environmental Protection Agency. Management believes that the BWS is in full compliance with the requirements of the Act and is not aware of any matters under the Act that may materially affect the BWS's customer service area.

Other Legal Matters

The BWS is party to various legal proceedings arising in the normal course of business. The outcome of individual matters is not predictable. However, management believes that the ultimate resolution of all such matters, after considering insurance coverage, will not have a material adverse effect on the BWS's financial position, results of operations, or liquidity.

16. Red Hill Bulk Fuel Storage Facility

The Navy reported a fuel spill from its Red Hill Bulk Fuel Storage Facility ("RHBFSF") in late November 2021. On December 2, 2021, following the Navy's determination that its Red Hill Shaft water source was contaminated with petroleum from that leak, the BWS immediately shut down the Hālawa Shaft pumping station. On December 8, 2021, the BWS took further precautionary measures and shut down its 'Aiea Well and Hālawa Well. On March 7, 2022, the Secretary of Defense directed the Navy to permanently close the RHBFSF. The tanks completed gravity defueling in March 2024 and is in the process of venting, cleaning and closing the facility.

The BWS remains vigilant in protecting its current water sources as well as developing new water sources. The related financial impact on the BWS's financial statements cannot be reasonably determined at this time.

**Required Supplementary Information
(Unaudited)**

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Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years**

Measurement Period Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.87 %	\$ 122,806,482	\$ 40,982,176	300 %	62.62 %
June 30, 2023	0.93 %	128,552,197	39,568,266	325 %	61.91 %
June 30, 2022	0.93 %	121,159,266	39,674,737	305 %	62.80 %
June 30, 2021	0.87 %	106,763,854	41,699,341	256 %	64.25 %
June 30, 2020	0.87 %	132,989,070	39,537,387	336 %	53.18 %
June 30, 2019	0.81 %	114,807,821	38,390,927	299 %	54.87 %
June 30, 2018	0.90 %	120,348,341	36,816,067	327 %	55.48 %
June 30, 2017	0.88 %	113,350,294	35,912,898	316 %	54.80 %
June 30, 2016	0.87 %	116,342,916	34,536,085	337 %	51.28 %
June 30, 2015	0.93 %	81,526,553	33,412,761	244 %	62.42 %

See report of independent auditors and accompanying note to the required supplementary information.

**Board of Water Supply
City and County of Honolulu
Schedule of Pension Contributions
Last Ten Fiscal Years**

Year Ended	Statutorily Required Contribution	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2025	\$ 11,823,129	\$ 11,823,129	\$ -	\$ 45,034,197	26.3 %
June 30, 2024	11,272,197	11,272,197	-	40,982,176	27.5 %
June 30, 2023	11,376,565	11,376,565	-	39,568,266	28.8 %
June 30, 2022	10,978,412	10,978,412	-	39,674,737	27.7 %
June 30, 2021	10,642,688	10,642,688	-	41,699,341	25.5 %
June 30, 2020	9,411,347	9,411,347	-	39,537,387	23.8 %
June 30, 2019	7,387,857	7,387,857	-	38,390,927	19.2 %
June 30, 2018	7,561,614	7,561,614	-	36,816,067	20.5 %
June 30, 2017	6,885,401	6,885,401	-	35,912,898	19.2 %
June 30, 2016	6,647,884	6,647,884	-	34,536,085	19.2 %

See report of independent auditors and accompanying note to the required supplementary information.

Board of Water Supply

City and County of Honolulu

Note to Required Supplementary Information Required by GASB Statement No. 68 Year Ended June 30, 2025

1. Changes of Assumptions

There were no changes of assumptions or other inputs that significantly affected the measurement of the total pension liability since the measurement period ended June 30, 2019.

Amounts reported in the schedule of the proportionate share of the net pension liability as of the measurement period ended June 30, 2024 (year ended June 30, 2025) were impacted by the following changes in actuarial assumptions:

- The assumed salary increase schedules include an ultimate component for general wage inflation that may add on additional increases for individual merit and then an additional component for step rates based on service.
- Mortality rates generally decreased due to the continued improvements in using a fully generational approach and Scale MP-2022.
- The rates of turnover were lowered to reflect recent experience.

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years***

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 2,449,565	\$ 2,404,066	\$ 2,607,754	\$ 2,597,273	\$ 2,663,788	\$ 2,598,017	\$ 2,480,098	\$ 2,404,087
Interest on the total OPEB liability	10,682,254	10,342,694	11,172,814	11,002,680	11,182,364	10,592,452	10,129,142	9,685,512
Difference between expected and actual experience	(12,533,090)	(1,297,649)	(14,141,673)	(5,031,426)	(9,526,120)	(28,736)	(2,312,485)	-
Changes of assumptions	-	-	(4,884,122)	-	(822,863)	1,247,028	2,183,447	-
Benefit payments	(6,486,547)	(6,755,471)	(6,268,080)	(6,018,504)	(6,043,131)	(5,985,550)	(5,855,338)	(5,724,727)
Net change in total OPEB liability	(5,887,818)	4,693,640	(11,513,307)	2,550,023	(2,545,962)	8,423,211	6,624,864	6,364,872
Total OPEB liability								
Beginning of year	154,622,118	149,928,478	161,441,785	158,891,762	161,437,724	153,014,513	146,389,649	140,024,777
End of year	\$ 148,734,300	\$ 154,622,118	\$ 149,928,478	\$ 161,441,785	\$ 158,891,762	\$ 161,437,724	\$ 153,014,513	\$ 146,389,649
Plan fiduciary net position								
Contributions – employer	\$ 8,303,000	\$ 8,180,000	\$ 8,918,000	\$ 8,452,000	\$ 8,165,000	\$ 7,945,000	\$ 8,855,338	\$ 11,724,727
Net investment income	11,156,131	5,475,062	(2,258,563)	24,898,909	1,666,459	3,430,974	5,235,037	6,029,726
Benefit payments	(6,486,547)	(6,755,471)	(6,268,080)	(6,018,504)	(6,043,131)	(5,985,550)	(5,855,338)	(5,724,727)
Administrative expense	(11,285)	(7,948)	(10,108)	(12,847)	(13,407)	(25,068)	(15,933)	(13,794)
Other	(51,389)	(36,810)	(29,490)	(13,821)	(13,477)	2,370,283	-	78,200
Net change in plan fiduciary net position	12,909,910	6,854,833	351,759	27,305,737	3,761,444	7,735,639	8,219,104	12,094,132
Plan fiduciary net position								
Beginning of year	125,896,242	119,041,409	118,689,650	91,383,913	87,622,469	79,886,830	71,667,726	59,573,594
End of year	\$ 138,806,152	\$ 125,896,242	\$ 119,041,409	\$ 118,689,650	\$ 91,383,913	\$ 87,622,469	\$ 79,886,830	\$ 71,667,726
Net OPEB liability	\$ 9,928,148	\$ 28,725,876	\$ 30,887,069	\$ 42,752,135	\$ 67,507,849	\$ 73,815,255	\$ 73,127,683	\$ 74,721,923
Plan fiduciary net position as a percentage of the total OPEB liability	93.32 %	81.42 %	79.40 %	73.52 %	57.51 %	54.28 %	52.21 %	48.96 %
Covered-employee payroll	\$ 43,819,952	\$ 41,993,204	\$ 41,719,615	\$ 43,914,484	\$ 41,038,526	\$ 39,801,114	\$ 38,254,167	\$ 36,968,407
Net OPEB liability as a percentage of covered-employee payroll	22.66 %	68.41 %	74.03 %	97.35 %	164.50 %	185.46 %	191.16 %	202.12 %

* This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See report of independent auditors and accompanying note to the required supplementary information.

**Board of Water Supply
City and County of Honolulu
Schedule of OPEB Contributions
Last Ten Fiscal Years**

Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
June 30, 2025	\$ 8,386,000	\$ 8,386,000	\$ -	\$ 49,022,050	17.1 %
June 30, 2024	8,303,000	8,303,000	-	43,819,952	18.9 %
June 30, 2023	8,180,000	8,180,000	-	41,993,204	19.5 %
June 30, 2022	8,918,000	8,918,000	-	41,719,615	21.4 %
June 30, 2021	8,452,000	8,452,000	-	43,914,484	19.2 %
June 30, 2020	8,165,000	8,165,000	-	41,038,526	19.9 %
June 30, 2019	7,945,000	7,945,000	-	39,801,114	20.0 %
June 30, 2018	8,467,000	8,855,338	(388,338)	38,254,167	23.1 %
June 30, 2017	8,181,000	11,724,727	(3,543,727)	36,968,407	31.7 %
June 30, 2016	8,826,000	11,728,539	(2,902,539)	35,467,175	33.1 %

See report of independent auditors and accompanying note to the required supplementary information.

**Board of Water Supply
City and County of Honolulu**

**Note to Required Supplementary Information Required by GASB Statement No. 75
Year Ended June 30, 2025**

1. Significant Methods and Assumptions

The actuarially determined annual required contributions (“ARC”) for the year ended June 30, 2025 was developed in the July 1, 2022 valuation. The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution for the year ended June 30, 2025:

Actuarial valuation date	July 1, 2022
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent, closed
Equivalent single amortization period	13.0 as of year ending June 30, 2025
Asset valuation method	4-year smoothed market
Inflation	2.50%
Investment rate of return	7.00%
Amortization growth rate	2.50%
Salary increases	3.75% to 6.75% including inflation
Demographic assumptions	Based on the 2022 Hawaii ERS Actuarial Experience Study, as conducted June 30, 2021 for the Hawaii Employees’ Retirement System (“ERS”)
Mortality	System-specific mortality tables utilizing ultimate scale MP2021 to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (“BMC”). Healthcare participation rates of 25%, 65% and 90% for retirees that receive 0%, 50% or 75% of the base monthly contribution, respectively. 100% for Life Insurance and 98% for Medicare Part B
Healthcare cost trend rates	
PPO	Initial rate of 6.40%, declining to a rate of 4.25% after 22 years
HMO	Initial rate of 6.40%, declining to a rate of 4.25% after 22 years
Part B	Initial rate of 5.00%, declining to a rate of 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

The actuarial valuation as of July 1, 2009, which was used to develop the ARC for fiscal year 2011, included a reduction to the discount rate used from the prior valuation. The discount rate changed from a blended discount rate of 7% – 8% to 7%. This resulted in an overall increase to the actuarially determined OPEB liability and the ARC.

There were no other factors that significantly affected trends in the amounts reported in the schedule of changes in the net OPEB liability and related ratios or the schedule of OPEB contributions.

See report of independent auditors.

Supplementary Information

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2025**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2025
Water System Revenue Bonds					
Series 2020A (Tax Exempt)					
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2025	(2)	\$ 1,265,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2026	(2)	1,330,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2027	(2)	1,395,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2028	(2)	1,470,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2029	(2)	1,545,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2030	(2)	1,620,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2031	7/1/2030	1,705,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2032	7/1/2030	1,790,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2033	7/1/2030	1,885,000
Insured Serial Bonds	2.500 %	3/25/2020	7/1/2034	(2)	1,955,000
Insured Serial Bonds	4.000 %	3/25/2020	7/1/2035	7/1/2030	2,020,000
Insured Serial Bonds	4.000 %	3/25/2020	7/1/2036	7/1/2030	2,105,000
Insured Serial Bonds	4.000 %	3/25/2020	7/1/2037	7/1/2030	2,190,000
Insured Serial Bonds	2.625 %	3/25/2020	7/1/2038	(2)	2,265,000
Insured Serial Bonds	4.000 %	3/25/2020	7/1/2039	7/1/2030	2,340,000
Insured Serial Bonds	2.750 %	3/25/2020	7/1/2040	(2)	2,420,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2041	7/1/2030	2,490,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2042	7/1/2030	2,565,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2043	7/1/2030	2,645,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2044	7/1/2030	2,725,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2045	7/1/2030	2,805,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2046	7/1/2030	2,895,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2047	7/1/2030	2,980,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2048	7/1/2030	3,070,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2049	7/1/2030	3,165,000
					<u>54,640,000</u>
Water System Revenue Bonds					
Series 2020B Taxable Serial Bonds					
Insured Serial Bonds	1.770 %	3/25/2020	7/1/2025	(2)	4,535,000
Insured Serial Bonds	1.933 %	3/25/2020	7/1/2026	(2)	4,620,000
Insured Serial Bonds	1.983 %	3/25/2020	7/1/2027	(2)	4,715,000
Insured Serial Bonds	2.027 %	3/25/2020	7/1/2028	(2)	4,815,000
Insured Serial Bonds	2.077 %	3/25/2020	7/1/2029	(2)	4,910,000
Insured Serial Bonds	2.127 %	3/25/2020	7/1/2030	(2)	5,015,000

(1) Call dates indicated are optional.

(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2025**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2025
Insured Serial Bonds	2.227 %	3/25/2020	7/1/2031	(2)	5,125,000
Insured Serial Bonds	2.327 %	3/25/2020	7/1/2032	(2)	5,245,000
Insured Serial Bonds	2.377 %	3/25/2020	7/1/2033	(2)	<u>5,370,000</u>
					<u>44,350,000</u>
Water System Revenue Bonds					
Series 2021A (Tax Exempt)					
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2025	(2)	995,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2026	(2)	1,045,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2027	(2)	1,100,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2028	(2)	1,155,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2029	(2)	1,215,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2030	(2)	1,275,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2031	(2)	1,340,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2032	7/1/2031	1,410,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2033	7/1/2031	1,480,000
Insured Serial Bonds	3.000 %	3/25/2021	7/1/2034	7/1/2031	1,540,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2035	7/1/2031	1,595,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2036	7/1/2031	1,660,000
Insured Serial Bonds	3.000 %	3/25/2021	7/1/2037	7/1/2031	1,720,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2038	7/1/2031	1,785,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2039	7/1/2031	1,855,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2040	7/1/2031	1,930,000
Insured Serial Bonds	3.000 %	3/25/2021	7/1/2041	7/1/2031	2,000,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2042	7/1/2031	2,070,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2043	7/1/2031	2,155,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2044	7/1/2031	2,245,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2045	7/1/2031	2,335,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2046	7/1/2031	2,430,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2047	7/1/2031	2,545,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2048	7/1/2031	2,675,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2049	7/1/2031	2,810,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2050	7/1/2031	<u>2,955,000</u>
					<u>47,320,000</u>

- (1) Call dates indicated are optional.
(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2025**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2025
Water System Revenue Bonds					
Series 2021B Taxable Serial Bonds					
Insured Serial Bonds	0.950 %	3/25/2021	7/1/2025	(2)	990,000
Insured Serial Bonds	1.160 %	3/25/2021	7/1/2026	(2)	1,000,000
Insured Serial Bonds	1.450 %	3/25/2021	7/1/2027	(2)	7,700,000
Insured Serial Bonds	1.600 %	3/25/2021	7/1/2028	(2)	6,890,000
Insured Serial Bonds	1.820 %	3/25/2021	7/1/2029	(2)	7,965,000
Insured Serial Bonds	1.970 %	3/25/2021	7/1/2030	(2)	8,155,000
Insured Serial Bonds	2.070 %	3/25/2021	7/1/2031	(2)	3,880,000
					<u>36,580,000</u>
Water System Revenue Bonds					
Series 2022A (Tax Exempt)					
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2025	(2)	1,530,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2026	(2)	1,610,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2027	(2)	1,695,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2028	(2)	1,780,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2029	(2)	1,870,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2030	(2)	1,965,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2031	(2)	2,070,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2032	(2)	2,175,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2033	7/1/2032	2,285,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2034	7/1/2032	2,405,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2035	7/1/2032	2,515,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2036	7/1/2032	2,615,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2037	7/1/2032	2,735,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2038	7/1/2032	2,865,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2039	7/1/2032	2,980,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2040	7/1/2032	3,100,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2041	7/1/2032	3,230,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2042	7/1/2032	3,360,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2043	7/1/2032	3,495,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2044	7/1/2032	3,640,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2048	7/1/2032	4,290,000
					<u>54,210,000</u>

(1) Call dates indicated are optional.

(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2025**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2025
Water System Revenue Bonds					
Series 2022A (2047 Term Bond)					
2047 Term Bond	4.000 %	3/23/2022	7/1/2045	7/1/2032	3,790,000
2047 Term Bond	4.000 %	3/23/2022	7/1/2046	7/1/2032	3,940,000
2047 Term Bond	4.000 %	3/23/2022	7/1/2047	7/1/2032	4,105,000
					<u>11,835,000</u>
Water System Revenue Bonds					
Series 2022A (2051 Term Bond)					
2051 Term Bond	3.000 %	3/23/2022	7/1/2049	(2)	4,465,000
2051 Term Bond	3.000 %	3/23/2022	7/1/2050	(2)	4,600,000
2051 Term Bond	3.000 %	3/23/2022	7/1/2051	(2)	4,745,000
					<u>13,810,000</u>
Water System Revenue Bonds					
Series 2022B Taxable Serial Bonds					
Insured Serial Bonds	2.174 %	3/23/2022	7/1/2025	(2)	225,000
Insured Serial Bonds	2.274 %	3/23/2022	7/1/2026	(2)	6,620,000
Insured Serial Bonds	2.377 %	3/23/2022	7/1/2027	(2)	55,000
Insured Serial Bonds	2.477 %	3/23/2022	7/1/2028	(2)	55,000
Insured Serial Bonds	2.489 %	3/23/2022	7/1/2029	(2)	1,955,000
Insured Serial Bonds	2.539 %	3/23/2022	7/1/2030	(2)	1,995,000
Insured Serial Bonds	2.589 %	3/23/2022	7/1/2031	(2)	2,040,000
Insured Serial Bonds	2.639 %	3/23/2022	7/1/2032	(2)	6,510,000
Insured Serial Bonds	2.789 %	3/23/2022	7/1/2033	(2)	6,690,000
Insured Serial Bonds	2.939 %	3/23/2022	7/1/2034	(2)	8,255,000
Insured Serial Bonds	3.039 %	3/23/2022	7/1/2035	(2)	8,415,000
Insured Serial Bonds	3.139 %	3/23/2022	7/1/2036	(2)	8,770,000
					<u>51,585,000</u>
Water System Revenue Bonds					
Series 2023 (Tax Exempt)					
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2034	7/1/2033	565,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2035	7/1/2033	590,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2036	7/1/2033	620,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2037	7/1/2033	655,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2038	7/1/2033	690,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2039	7/1/2033	725,000

(1) Call dates indicated are optional.
(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2025**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2025
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2040	7/1/2033	760,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2041	7/1/2033	800,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2042	7/1/2033	840,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2043	7/1/2033	885,000
					<u>7,130,000</u>
Water System Revenue Bonds					
Series 2023 (2048 Term Bond)					
2048 Term Bond	5.000 %	3/23/2023	7/1/2044	7/1/2033	930,000
2048 Term Bond	5.000 %	3/23/2023	7/1/2045	7/1/2033	975,000
2048 Term Bond	5.000 %	3/23/2023	7/1/2046	7/1/2033	1,025,000
2048 Term Bond	5.000 %	3/23/2023	7/1/2047	7/1/2033	1,080,000
2048 Term Bond	5.000 %	3/23/2023	7/1/2048	7/1/2033	1,135,000
					<u>5,145,000</u>
Water System Revenue Bonds					
Series 2023 (2052 Term Bond)					
2052 Term Bond	5.000 %	3/23/2023	7/1/2049	7/1/2033	1,190,000
2052 Term Bond	5.000 %	3/23/2023	7/1/2050	7/1/2033	1,255,000
2052 Term Bond	5.000 %	3/23/2023	7/1/2051	7/1/2033	1,320,000
2052 Term Bond	5.000 %	3/23/2023	7/1/2052	7/1/2033	1,385,000
					<u>5,150,000</u>
Water System Revenue Bonds					
Series 2024A (Tax Exempt)					
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2025	(2)	7,325,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2026	(2)	1,465,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2027	(2)	1,535,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2028	(2)	2,300,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2031	(2)	4,265,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2037	7/1/2034	1,875,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2038	7/1/2034	1,975,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2039	7/1/2034	2,075,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2040	7/1/2034	2,180,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2041	7/1/2034	2,295,000
Insured Serial Bonds	4.000 %	4/3/2024	7/1/2042	7/1/2034	2,400,000
Insured Serial Bonds	5.000 %	4/3/2024	7/1/2043	7/1/2034	2,510,000
Insured Serial Bonds	4.000 %	4/3/2024	7/1/2044	7/1/2034	2,625,000
					<u>34,825,000</u>

(1) Call dates indicated are optional.
(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2025**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2025
Water System Revenue Bonds					
Series 2024A (2049 Term Bond)					
2049 Term Bond	5.250 %	4/3/2024	7/1/2045	7/1/2034	2,750,000
2049 Term Bond	5.250 %	4/3/2024	7/1/2046	7/1/2034	2,895,000
2049 Term Bond	5.250 %	4/3/2024	7/1/2047	7/1/2034	3,055,000
2049 Term Bond	5.250 %	4/3/2024	7/1/2048	7/1/2034	3,220,000
2049 Term Bond	5.250 %	4/3/2024	7/1/2049	7/1/2034	3,390,000
					<u>15,310,000</u>
Water System Revenue Bonds					
Series 2024A (2053 Term Bond)					
2053 Term Bond	5.000 %	4/3/2024	7/1/2050	7/1/2034	3,570,000
2053 Term Bond	5.000 %	4/3/2024	7/1/2051	7/1/2034	3,750,000
2053 Term Bond	5.000 %	4/3/2024	7/1/2052	7/1/2034	3,945,000
2053 Term Bond	5.000 %	4/3/2024	7/1/2053	7/1/2034	4,145,000
					<u>15,410,000</u>
					<u>\$ 397,300,000</u>
Total					

(1) Call dates indicated are optional.

(concluded)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Net Revenue Requirement
Year Ended June 30, 2025**

Revenues	
Water sales	\$ 298,968,886
Interest income, net	24,547,057
Other	<u>2,464,247</u>
Total revenues	<u>325,980,190</u>
Deductions	
Operating expenses	238,921,795
Less: Depreciation and amortization	(49,999,568)
Less: Allocated depreciation charges	<u>(2,571,780)</u>
Total deductions	<u>186,350,447</u>
Net revenues	<u>\$ 139,629,743</u>
 Net revenue requirement	
Greater of	
1) Aggregate debt service	\$ 31,367,684
Required deposits	-
	<u>\$ 31,367,684</u>
2) Aggregate debt service	\$ 31,367,684
Minimum required debt service ratio	x 1.20
Net revenue requirement	<u>\$ 37,641,221</u>
Net revenue to aggregate debt service ratio	<u>4.45</u>

See report of independent auditors.



**Board of Water Supply
City and County of Honolulu**

**Single Audit of Federal Financial Assistance Programs
Year Ended June 30, 2025**



**Board of Water Supply
City and County of Honolulu
Index
Year Ended June 30, 2025**

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Single Audit Reports



**Report of Independent Auditors on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Board of Water Supply
City and County of Honolulu

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the Board of Water Supply (the "BWS"), a component unit of the City and County of Honolulu, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the BWS's basic financial statements, and have issued our report thereon dated November 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the BWS's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BWS's internal control. Accordingly, we do not express an opinion on the effectiveness of the BWS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BWS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BWS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BWS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accuity LLP

Honolulu, Hawaii
November 21, 2025



**Report of Independent Auditors on Compliance
for Each Major Program, Internal Control Over
Compliance, and the Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

To the Board of Directors
Board of Water Supply
City and County of Honolulu

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Board of Water Supply's (the "BWS") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the BWS's major federal programs for the year ended June 30, 2025. The BWS's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the BWS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the BWS and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the BWS's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the BWS's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the BWS's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the BWS's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 BWS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the BWS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the BWS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the BWS as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the BWS's basic financial statements. We issued our report thereon dated November 21, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Accuity LLP

Honolulu, Hawaii
December 8, 2025

Schedule of Expenditures of Federal Awards

**Board of Water Supply
City and County of Honolulu
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

Federal Program or Pass-through Entity	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury			
Pass-through from the City and County of Honolulu			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	24823-3030	<u>\$ 14,494,036</u>
Total U.S. Department of the Treasury			14,494,036
U.S. Environmental Protection Agency			
Pass-through from the State of Hawaii, Department of Health			
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water State			
Revolving Funds	66.468	ASO LOG #24-090	<u>7,157,676</u>
Total U.S. Environmental Protection Agency			<u>7,157,676</u>
U.S. Department of Homeland Security			
Pass-through from the Hawaii Emergency Management Agency			
Hazard Mitigation Grant Program	97.039	MXJRU9ACKMC3	<u>697,548</u>
Total U.S. Department of Homeland Security			<u>697,548</u>
Total expenditures of federal awards			<u><u>\$ 22,349,260</u></u>

See report of independent auditors and notes to the schedule of expenditures of federal awards.

**Board of Water Supply
City and County of Honolulu
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Board of Water Supply (the "BWS") under programs of the federal government for the year ended June 30, 2025 and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the BWS, it is not intended to and does not present the financial position, changes in net position, or cash flows of the BWS.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures under the Capitalization Grants for Drinking Water State Revolving Funds program are reported when incurred and when reimbursed by federal loan proceeds received from the pass-through entity during the audit period. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The BWS has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

See report of independent auditors.

Schedule of Findings and Questioned Costs

**Board of Water Supply
City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued

Unmodified

Internal control over financial reporting

- Material weakness(es) identified?

 yes X no

- Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs

- Material weakness(es) identified?

 yes X no

- Significant deficiency(ies) identified?

 yes X none reported

Type of auditors’ report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance?

 yes X no

Identification of major programs

Assistance

Listing

Number Name of Federal Program or Cluster

21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

 X yes no

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

Section II – Financial Statement Findings

None noted.

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

Section III – Federal Award Findings and Questioned Costs

None noted.

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025**

There were no prior year findings or questioned costs.

ITEM FOR INFORMATION NO. 3

“February 23, 2026

CAPITAL
IMPROVEMENT
PROGRAM
SEMI-ANNUAL
UPDATE

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843
Chair and Members:

Subject: Capital Improvement Program Semi-Annual Update

Jennifer Faler, Program Administrator, Capital Projects Division, will provide an update on the execution of the first and second quarters of FY 2026 Capital Improvement Program Budget.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

The foregoing was for information only.

DISCUSSION:

Jennifer Faler, Program Administrator, Capital Projects Division, gave the report.

Board Member Lance Wilhelm mentioned that the Board approved a two-year Capital Improvement Program (CIP) Budget, which would allow time to complete projects in a timely manner rather than completing all projects in the last quarter of the fiscal year. He asked when the BWS would be seeing changes in the report and whether the BWS should be reporting differently.

Manager Lau responded that the approved two-year CIP Budget does apply to all projects. The approval of the two-year CIP Budget applies to bond-funded projects, allowing the money to be encumbered for two years.

Ms. Jennifer Faler agreed with Manager Lau and stated that the two-year CIP Budget funding is initially only for Bond Funding.

Manager Lau added that the biggest challenge continues to be the permitting process to begin the work.

Board Member Wilhem mentioned budget execution and stated that completing tasks in the “hockey stick” way is ineffective.

Manager Lau commented that the last quarter is normally the busiest for both City and State agencies.

Board Member Wilhelm commented that even if most of the work were done in the second quarter, that would be an improvement.

He stated that the Board approved the two-year CIP for Fiscal Year 2026, and asked that the Board allow the BWS time to improve.

Board Member Wilhelm commented that Hawai'i is limited to contractors and material suppliers. Therefore, encourages Ms. Faler to work closely with contractors to learn and understand their limitations and resources. He also encouraged the BWS to reach out to the General Contractors Association of Hawai'i (GCAH) and other associations to help with planning and collaboration.

Manager Lau shared that Ms. Faler attended the Pacific Water Conference and has been introduced to GCAH and the American Council of Engineering Companies of Hawai'i (ACECH).

Chair Anthony welcomed Ms. Faler and appreciated her determination to tackle the challenges the BWS faces with its CIP permitting. He shared that the BWS and other agencies have been challenged by permitting and bureaucratic hurdles; however, the BWS must continue to find ways to shorten the time to begin work.

Ms. Faler thanked the Board for approving the two-year funding and shared that it will help the Capital Projects Division address its backlog. Previously, the BWS was pushing projects into construction before they were ready, and now it is managing those issues while moving new projects to bid and award. Ms. Faler mentioned that, in addition to reaching out to the GCAH and the ACECH, she has also contacted other agencies to learn how to streamline project management and reduce bureaucracy.

Chair Anthony stated that the Board is here to support and assist.

**BOARD OF WATER SUPPLY
FY2026 CAPITAL IMPROVEMENTS
PROGRAM BUDGET EXECUTION**

JENNIFER FALER, CAPITAL PROJECTS DIVISION



**Quarterly Capital Improvement Program Status Report
All Divisions
as of December 31, 2025**

Quarter Awarded	JUL - SEP		OCT - DEC		JAN - MAR		APR - JUN		Awarded to Date	Total Budgeted
Design Contracts Awarded (#/\$)		\$ -		\$ -		\$ -		\$ -	\$ -	\$ 21,325,000.00
Construction Contracts Awarded (#/\$)	2	\$ 3,819,820.00	4	\$ 1,227,765.00		\$ -		\$ -	\$ 5,047,585.00	\$ 180,550,000.00
Land Purchases (#/\$)		\$ -		\$ -		\$ -		\$ -	\$ -	\$ 6,310,000.00
Project Totals	2	\$ 3,819,820.00	4	\$ 1,227,765.00		\$ -		\$ -	\$ 5,047,585.00	\$ 208,185,000.00

Quarter Completed	JUL - SEP		OCT - DEC		JAN - MAR		APR - JUN		Totals
Design Contracts Completed (#/\$)	2	\$ 1,556,874.00	6	\$ 1,478,942.70		\$ -		\$ -	\$ 3,035,816.70
Construction Contracts Completed (#/\$)		\$ -	7	\$ 8,490,955.73		\$ -		\$ -	\$ 8,490,955.73
Totals	2	\$ 15,858,866.60	13	\$ 9,969,898.43		\$ -		\$ -	\$ 11,526,772.43

Ongoing Projects	Totals
Ongoing Design Projects (#)	320
Ongoing Design Projects (\$)	\$164,016,249.66
Ongoing Construction Projects (#)	138
Ongoing Construction Projects (\$)	\$600,729,314.22



**Quarterly Capital Improvement Program Status Report
All Divisions**

DESIGN AND CONSTRUCTION PROJECTS AWARDED - FIRST QUARTER FY 2026

Item No.	Project Title	Expend Type	Budget Amount	Awarded
029	Temporary Drinking Water Treatment Systems	Const	5,000,000.00	3,751,077.00
33B	Beretania PSB 2nd Floor Tile Repair and Replacement	Const	68,743.00	68,743.00
	1st Quarter Totals		\$5,068,743.00	\$3,819,820.00

DESIGN AND CONSTRUCTION PROJECTS COMPLETED - FIRST QUARTER FY 2026

Job/Item No.	Project Title	Type	Completion Date	Contract Amount
2013-012	Barbers Point Line Booster Improvements	P&E	09/09/2025	360,790.00
2016-021	Pearl City Water System Improvements, Part IV	P&E	09/26/2025	1,196,084.00
	1st Quarter Totals			\$1,556,874.00



**Quarterly Capital Improvement Program Status Report
All Divisions**

DESIGN AND CONSTRUCTION PROJECTS AWARDED - SECOND QUARTER FY 2026

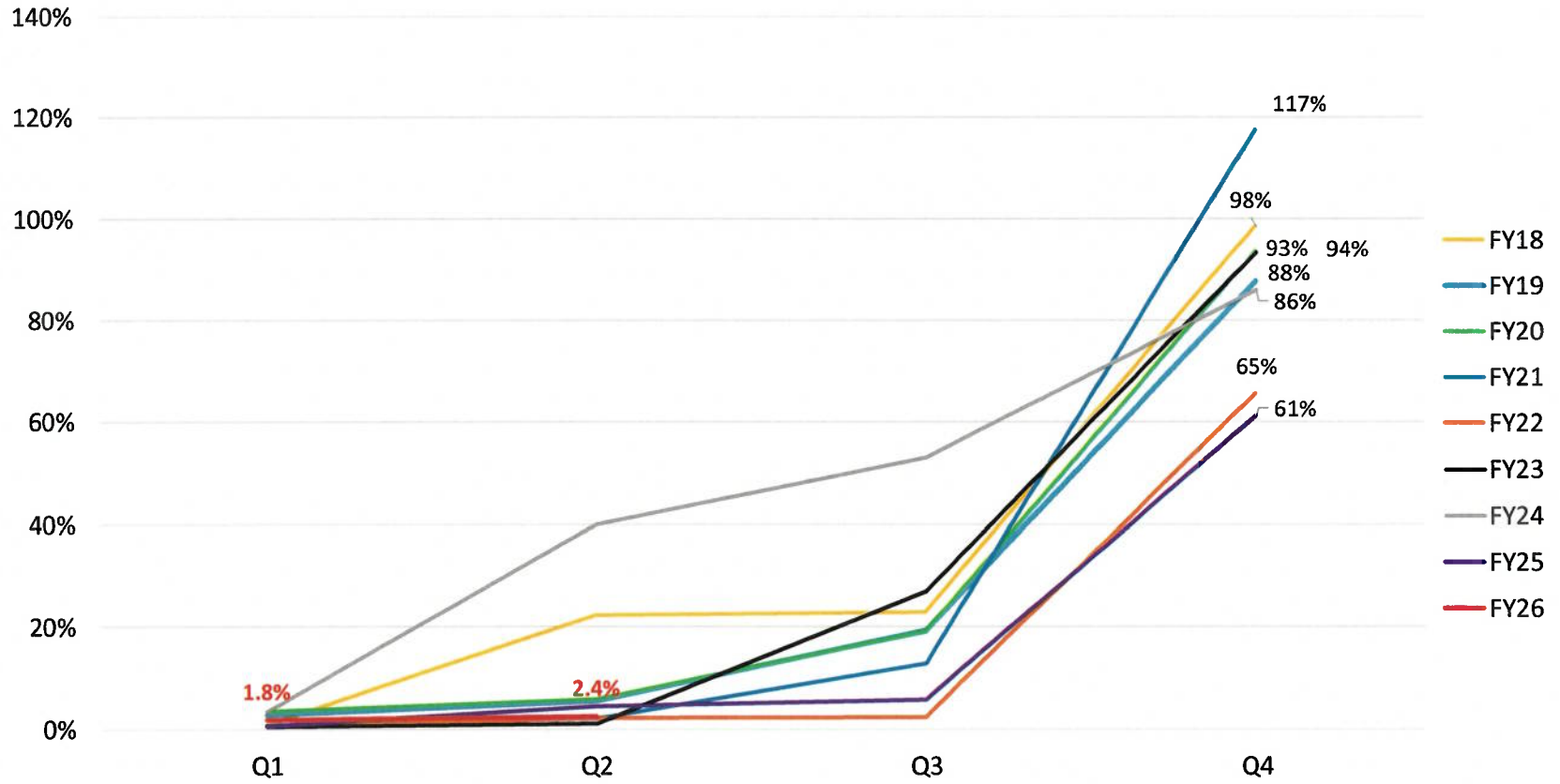
Item No.	Project Title	Expend Type	Budget Amount	Awarded
10A	Waipahu Wells IV Pump 3 Column	Const	10,181.00	10,181.00
10J	Replace Vertical Turbine Pump Aiea Gulch Pump Station Pump 1	Const	355,529.00	355,529.00
10K	Replace Vertical Turbine Pump Aiea Gulch Pump Station Pump 2	Const	360,269.00	360,269.00
33A	Beretania Engineering Building Marquee Repair	Const	501,786.00	501,786.00
2nd Quarter Totals			\$1,227,765.00	\$1,227,765.00

DESIGN AND CONSTRUCTION PROJECTS COMPLETED - SECOND QUARTER FY 2026

Job/Item No.	Project Title	Type	Completion Date	Contract Amount
20-047	Security Fencing at Hoaeae, Mililani Wells I and Wai'au Wells	Const	10/01/2025	990,402.20
22-010E	HECO Wai'au Wells, Replacement of Pumps 1B and 2B	Const	10/07/2025	190,578.00
22-010B	HECO Wai'au Wells, Replacement of Pumps 1A and 2A	Const	10/07/2025	190,578.00
24-026B	Security Fencing at Kalauao Wells	Const	10/08/2025	913,000.00
2019-061A	Archaeological Services for Wahiawā Water system Improvements, Part I'A	P&E	10/23/2025	181,572.14
21-019	Beretania Street Inactive 12-Inch Blow-off Main	Const	10/24/2025	257,700.00
2022-044D	Wai'alae Nui Well Condition Assessment	P&E	11/01/2025	91,960.77
2021-034	Topographic Survey for Service Lateral Replacements in Pālolo and St. Louis Heights	P&E	11/04/2025	246,945.00
24-013	Halupa Street: 12-Inch Mains	Const	11/07/2025	3,842,319.00
2002-055	Woodlawn Drive: 8-Inch Water Main	P&E	11/14/2025	512,248.65
16-009	Barbers Point Line Booster Improvements	Const	11/20/2025	2,106,378.53
2018-031	Halupa Street: 12-Inch Water Main	P&E	11/28/2025	296,618.14
2021-050A	COVID-19 HVAC Renovation	P&E	12/04/2025	149,598.00
2nd Quarter Totals				\$9,969,898.43



Cumulative % Budget Execution by Quarter



ITEM FOR INFORMATION NO. 4

“February 23, 2026

FINANCIAL
UPDATE FOR THE
QUARTER
ENDED
DECEMBER
31, 2025

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843
Chair and Members:

Subject: Financial Update for the Quarter Ended December 31, 2025

The following Board of Water Supply's financial reports and graphs are attached:

- Budget vs Actual Revenue and Expense Totals
- Statement of Revenues, Expenses and Change in Net Assets
- Balance Sheet
- Budget vs Actual Appropriation Budget – Total BWS Summary
- Graph Representing Operating Expenditures by Category
- Graphs of Total Budgeted Operating Expenditures and Total Budgeted Operating Revenues

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

The foregoing was for information only.

DISCUSSION:

Leanne Matsumoto, Program Administrator, Finance Division, gave the report.

Chair Anthony asked why the revenue is much higher than budgeted.

Manager Lau responded that revenue was budgeted by gauging how the BWS was above the five-year monthly average almost every month of the year, total water sales, and increased rates. He explained that water-use projections were used for the rate study, which can sometimes be difficult due to unpredictable drought conditions. The BWS rate increase began on July 1, 2025.

Chair Anthony inquired about Hawaiian Electric Company (HECO).

Manager Lau replied that during the BWS's rate study, HECO increased its rates, which were overbudgeted at \$33M, but have since stabilized. The BWS will look into its water sales and compare them with previous years, rainfall, and water usage to better understand its revenue.

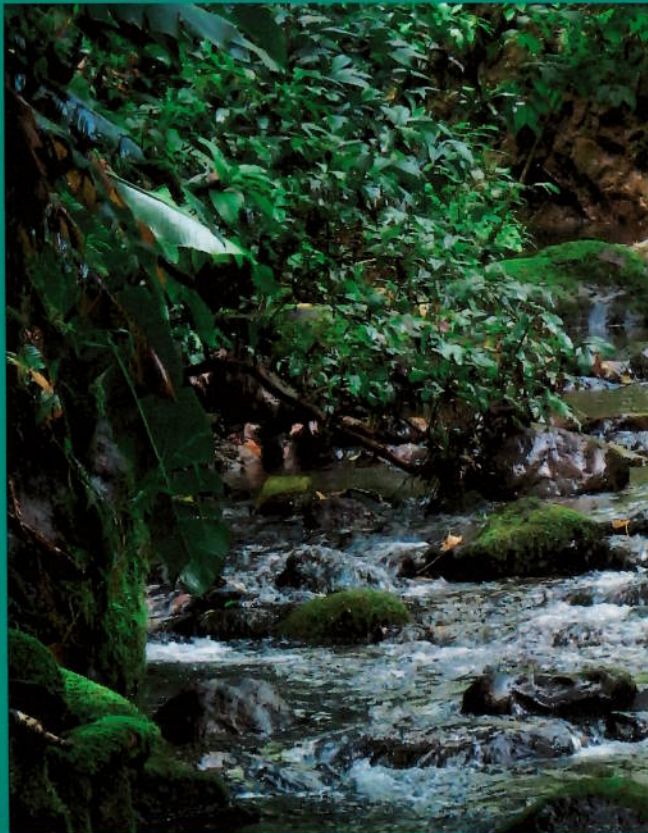
Vice Chair Kaneshiro asked how many days of working capital the BWS currently holds.

Ms. Leanne Matsumoto responded that the BWS currently has 230 days of working capital.

Vice Chair Kaneshiro commented that the days working capital is a good metric to benchmark.

Manager Lau shared that the Board policy targets a maximum of 180 days and a minimum of 60 days.

Vice Chair Kaneshiro requested that the days of working capital be incorporated into the next financial update report.



FINANCIAL PERFORMANCE JULY 2025–DEC 2025

Leanne Matsumoto
February 23, 2026
boardofwatersupply.com



BUDGET TO ACTUAL JULY 2025 – DECEMBER 2025

- Actual Revenue \$184.9 million vs.
- Budgeted Revenue \$166.7 million

- Operating costs are \$131.6 million vs.
- Budgeted costs of \$147.5 million

- Actual Net Revenue \$53.3 million vs.
- Budgeted Net Revenue \$19.2 million



COST DRIVERS

Year to Date December 2025

	Actual (millions)	Budget (millions)
• Personnel	\$28.9	\$29.2
• Material, Supplies & Services	\$44.3	\$53.1
• Equipment	\$.7	\$ 1.9
• Debt Service	\$ 20.3	\$ 21.3
• Utilities	\$ 15.6	\$ 19.3



OPERATING BUDGET VS ACTUAL

FY2026 2ND QUARTER - YEAR TO DATE: OCTOBER – DECEMBER 2025

BUDGETED EXPENDITURES ARE \$147.5M VS. ACTUAL EXPENDITURES OF \$131.6M
OF THE \$15.9M VARIANCE...

Fixed Charges - \$6.4M Under Budget

- Electric Power Water Distrib Fac (\$3.6M Under)
- Notes Payable (SRF) (\$1.2M Under)
- Employee Retirement Sys (\$1.2M Under)

Field Operations - \$5.4M Under Budget

- Other Contractual Services (\$2M Under)
- Salaries & Wages (\$900K Under)
- Meters (Storeroom) (\$863K Under)
- Materials & Supplies (Storeroom) (\$861K Under)

Water System Operations - \$3.0M Under Budget

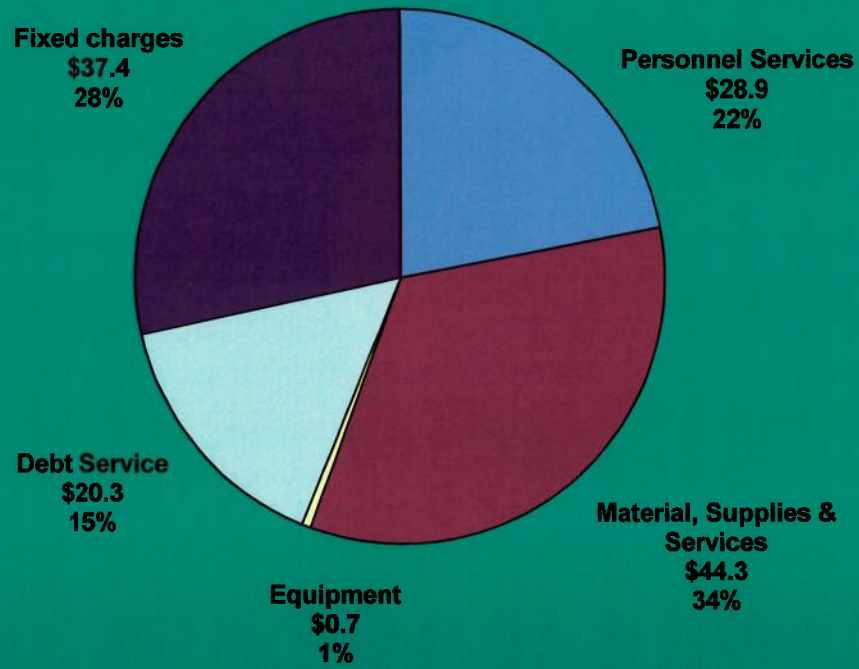
- General Plant & Equip over \$5k (\$1.7M Under)
- Salaries & Wages (\$846K Under)
- Other Contractual Services (\$452K Under)

Water Resources - \$2.0M Under Budget

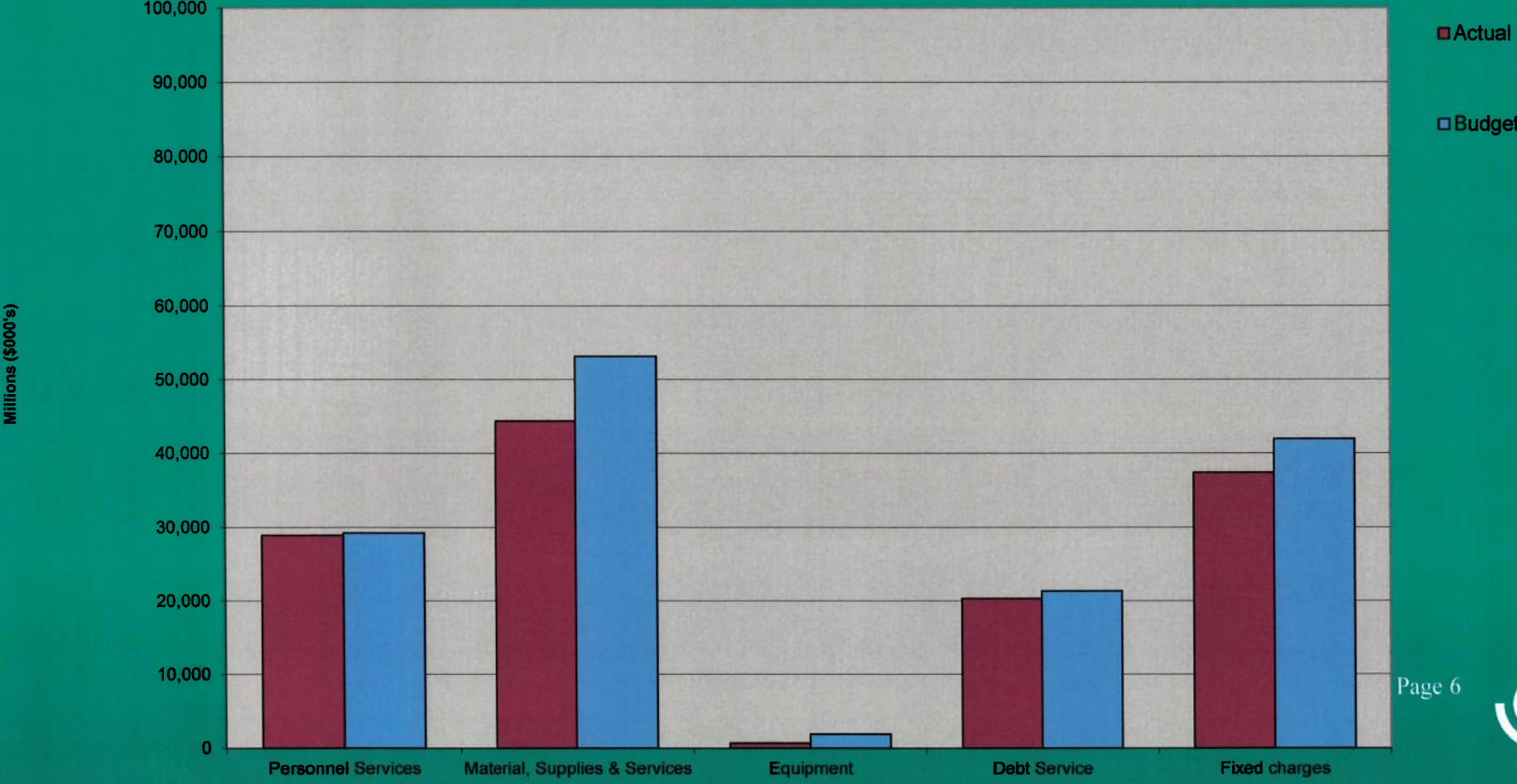
- Non-Potable Water Trtmnt Pit Costs (\$876K Under)
- Other Services (\$748K Under)
- Repair & Maint – Recycled Water Pit (\$719K Under)



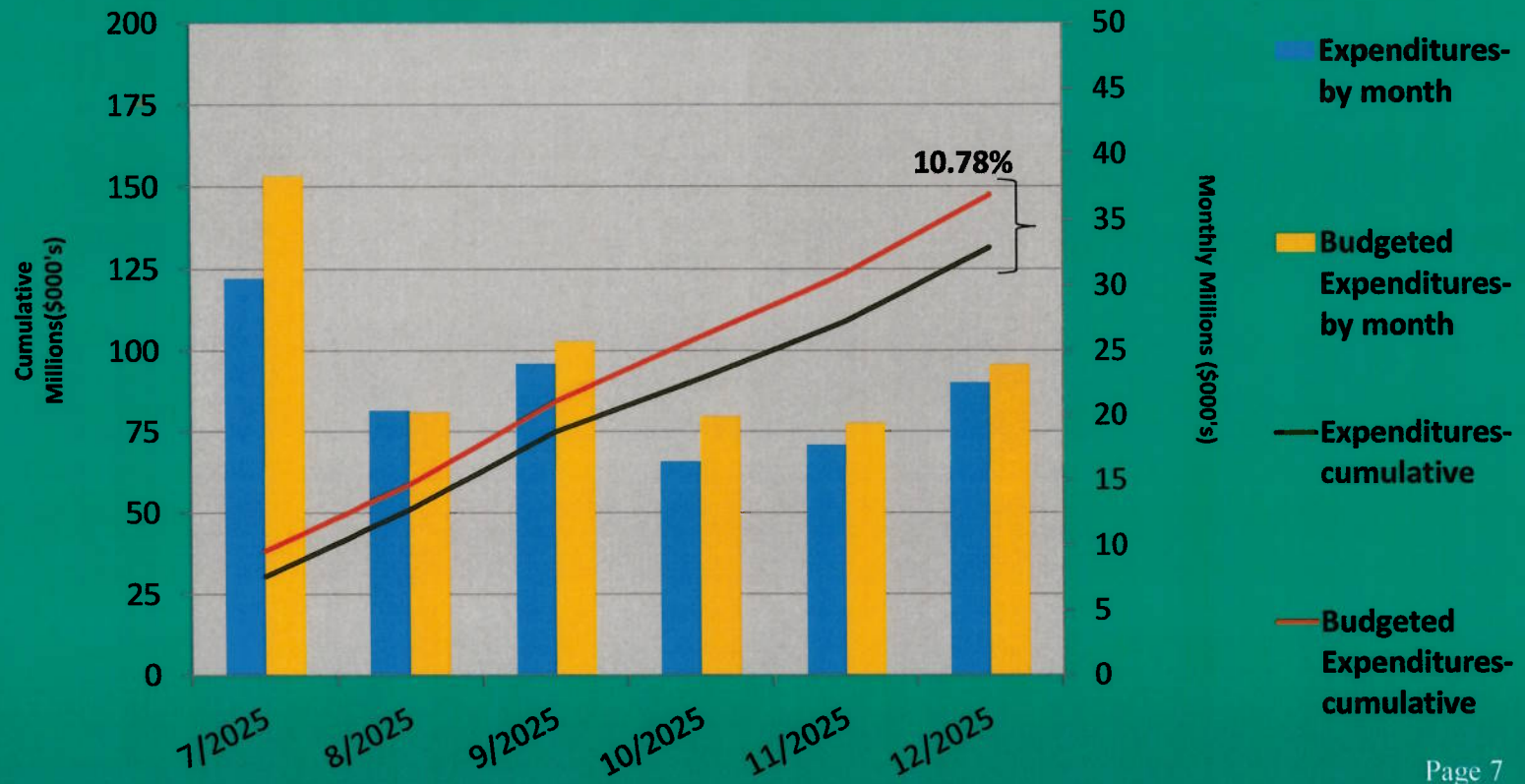
Total Operating Expenditures - \$131.6
As of December, 2025
(millions of dollars)



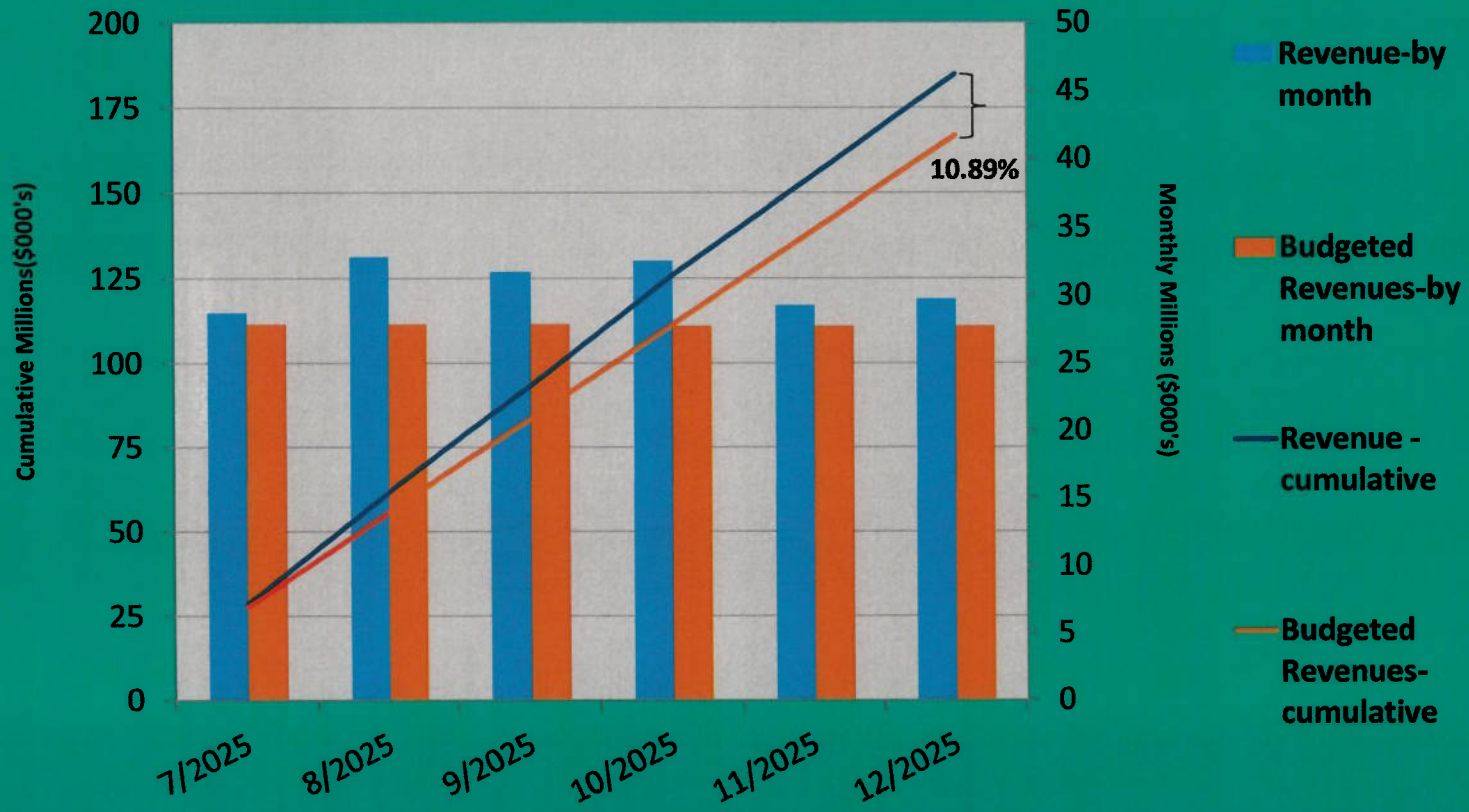
**Operating Expenditures by Category (Budget vs. Actual)
As of December, 2025**



BUDGETED OPERATING EXPENDITURES FY 2026



BUDGETED OPERATING REVENUES FY 2026





Mahalo!

BOARD OF WATER SUPPLY

WWW.BOARDOFWATERSUPPLY.COM

Page 9



Budget vs. Actual
Revenue and Expense Totals
As of December, 2025

	YTD Actuals	YTD Budget	Favorable/ (Unfavorable) Variance
Revenues	184,864	166,712	18,152
Operating Expenses	(131,540)	(147,453)	15,913
Net Revenues (expenditures)	53,324	19,259	34,065

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
As of December 31, 2025

Current Month Actual	% Revenue	Last Year Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
REVENUE									
27,927,198.43	100.00	25,662,300.77	100.00	OPERATING REVENUE	173,814,811.13	100.00	156,361,930.15	100.00	11.16
27,927,198.43	100.00	25,662,300.77	100.00	REVENUE	173,814,811.13	100.00	156,361,930.15	100.00	11.16
OPERATING EXPENSES									
4,185,949.47-	14.99	3,648,669.21-	14.22	LABOR COSTS	27,113,386.89-	15.60	21,418,111.85-	13.70	26.59
3,168,328.61-	11.34	3,727,231.87-	14.52	SERVICES	18,726,807.08-	10.77	15,569,531.52-	9.96	20.28
550,594.49-	1.97	400,963.04-	1.56	SUPPLIES	3,387,947.27-	1.95	3,666,353.99-	2.34	7.59-
9,556.80-	.03	1,325.71-	.01	EDUCATION & TRAINING	52,760.01-	.03	28,242.78-	.02	86.81
2,992,399.58-	10.72	2,503,156.85-	9.75	UTILITIES	13,051,349.48-	7.51	13,733,523.32-	8.78	4.97-
452,852.10-	1.62	459,994.68-	1.79	REPAIR AND MAINTENANCE	1,327,656.68-	.76	1,245,036.79-	.80	6.64
2,940,688.88-	10.53	1,196,635.03-	4.66	MISC	11,971,286.00-	6.89	10,070,534.27-	6.44	18.87
3,196,944.70-	11.45	2,454,613.46-	9.57	RETIREMENT SYSTEM CONTRIBUTIO	19,362,608.98-	11.14	17,752,248.29-	11.35	9.07
72,498.48-	.26	61,640.35-	.24	MISC EMPLOYEES' BENEFITS	35,505.31-	.02	272,569.56-	.17	86.97-
17,569,813.11-	62.91	14,454,230.20-	56.32	OPERATING EXPENSES	95,029,307.70-	54.67	83,756,152.37-	53.57	13.46
2,376,037.14	8.51	1,241,372.27	4.84	NON OPERATING REVENUE AND EXPE	19,536,511.24	11.24	17,986,338.36	11.50	8.62
746,765.41	2.67	5,432,324.81	21.17	CONTRIBUTION IN AID	9,435,287.89	5.43	11,186,025.56	7.15	15.65-
138,214.12-	.49	223,404.92-	.87	LEASE	310,251.85-	.18	449,230.24-	.29	30.94-
4,085,525.76-	14.63	4,118,267.38-	16.05	OTHER EXPENSES	24,838,935.57-	14.29	24,711,875.33-	15.80	.51
9,256,447.99	33.14	13,540,095.35	52.76	Change In Net Assets	82,608,115.14	47.53	76,617,036.13	49.00	7.82

Board Of Water Supply
Balance Sheet
As of December 31, 2025

Description	Amounts			Change	
	Current	Last Month End	Last Year End	This Month	This Year
ASSETS					
CURRENT ASSETS	67,377,136.65	73,257,256.78	64,516,346.06	(5,880,120.13)	2,860,790.59
RESTRICTED ASSETS	27,727,056.06	13,298,339.38	47,819,916.76	14,428,716.68	(20,092,860.70)
INVESTMENTS	760,083,290.88	764,345,921.59	748,047,933.65	(4,262,630.71)	12,035,357.23
OTHER ASSETS	10,524,523.09	11,042,357.56	12,458,829.05	(517,834.47)	(1,934,305.96)
PROPERTY / PLANT	1,530,869,289.21	1,526,016,797.83	1,499,139,392.42	4,852,491.38	31,729,896.79
DEFERRED OUTFLOWS OF RESOURCE	8,886,511.00	8,886,511.00	8,886,511.00	-	-
DEFERRED OUTFLOWS OF RESOURCE	27,344,302.14	27,344,302.14	27,344,302.14	-	-
ASSETS	2,432,812,109.03	2,424,191,486.28	2,408,213,231.08	8,620,622.75	24,598,877.95
LIABILITIES					
CURRENT LIABILITIES	21,524,727.02	21,315,904.66	54,939,232.35	208,822.36	(33,414,505.33)
OTHER LIABILITIES	79,896,726.42	80,639,279.96	88,831,102.07	(742,553.54)	(8,934,375.65)
BONDS PAYABLE, NONCURRENT	507,650,740.37	507,534,501.80	522,842,610.08	116,238.57	(15,191,869.71)
LEASE LIABILITY	3,033,315.77	3,251,648.40	3,501,802.27	(218,332.63)	(468,486.50)
NET PENSION LIABILITY	122,806,482.00	122,806,482.00	122,806,482.00	-	-
NET OPEB LIABILITY	32,449,540.00	32,449,540.00	32,449,540.00	-	-
DEFERRED INFLOWS OF RESOURCES	15,295,408.00	15,295,408.00	15,295,408.00	-	-
LIABILITIES	782,656,939.58	783,292,764.82	840,666,176.77	(635,825.24)	(58,009,237.19)
NET ASSETS					
RETAINED EARNINGS	390,492,015.81	388,359,045.35	335,384,093.94	-	-
FUND BALANCE	594,633,831.66	594,633,831.66	594,633,831.66	-	-
RESERVE FOR ENCUMBRANCES	582,421,206.84	584,554,177.30	637,529,128.71	-	-
CURRENT YEAR CHANGES TO FU	82,608,115.14	73,351,667.15		9,256,447.99	82,608,115.14
NET ASSETS	1,650,155,169.45	1,640,898,721.46	1,567,547,054.31	9,256,447.99	82,608,115.14
TOTAL LIABILITIES AND NET ASSETS	2,432,812,109.03	2,424,191,486.28	2,408,213,231.08	8,620,622.75	24,598,877.95

Board Of Water Supply
 Budget vs Actual Appropriation Budget - Total BWS Summary

(\$000's)

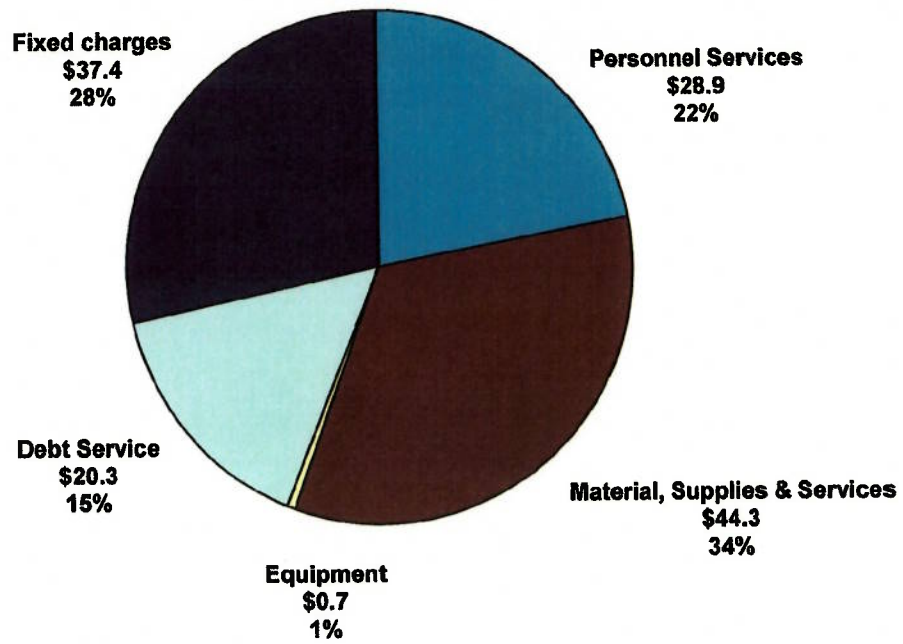
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AS OF 12/31/2025

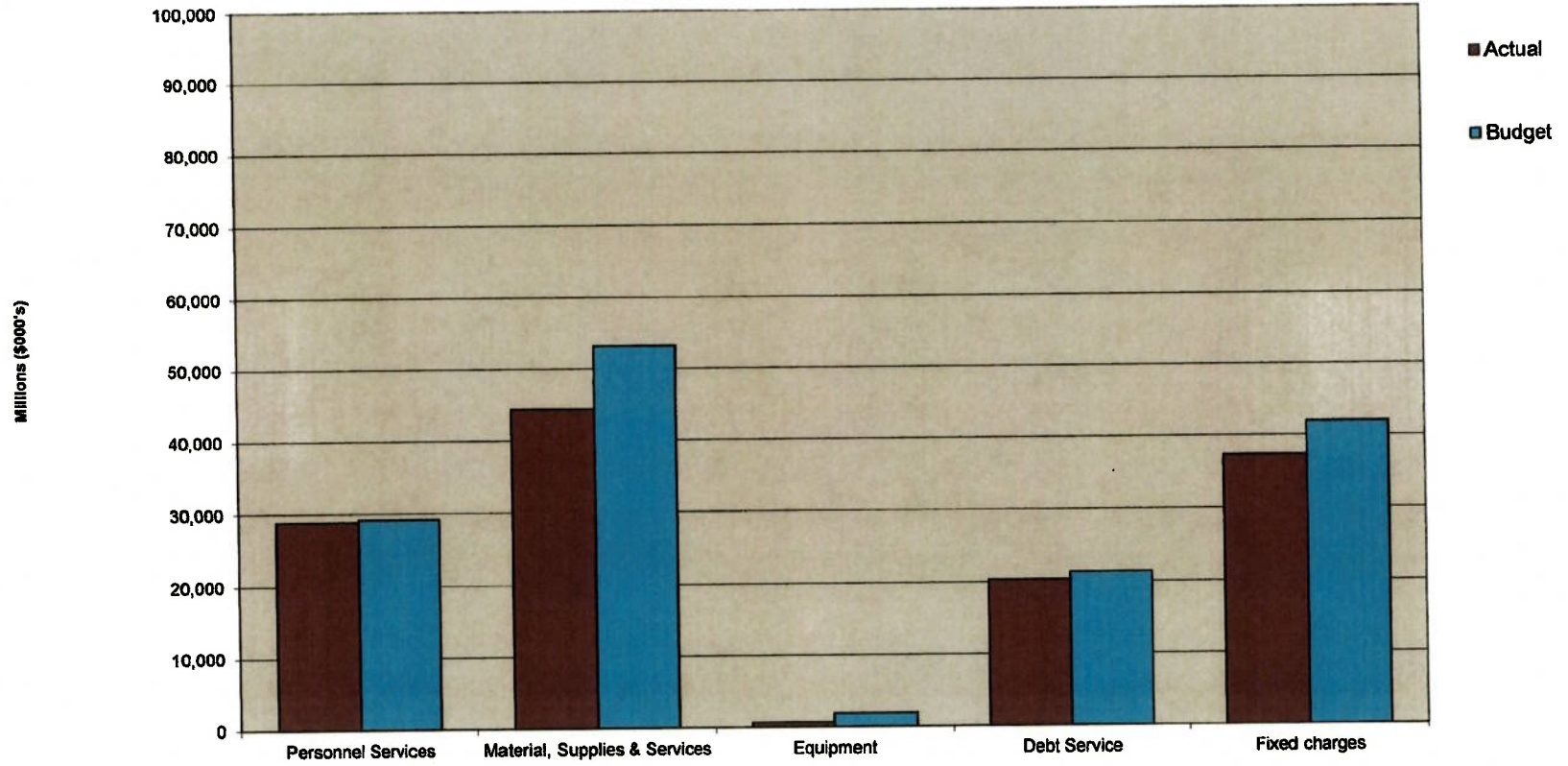
OPER UNIT ALL
 BUSINESS UNIT ALL

YTD-TO-DATE				FOR THE FISCAL YEAR					
YTD Actuals	YTD Budget	Avail/ (Over)	%	Object Description	Revenues/ Expend	Open Encumb	Annual Budget	Avail/ (Over)	%
<u>184,864</u>	<u>166,712</u>	<u>(18,152)</u>	<u>10.89-</u>	REVENUE	<u>184,864</u>		<u>333,025</u>	<u>148,161</u>	<u>44.49</u>
				OPERATING EXPENSES:					
28,870	29,195	325	1.11	Personnel Services	28,870		62,065	33,195	53.48
				MATERIALS AND SUPPLIES					
23,191	25,359	2,168	8.55	Services	10,757	12,434	54,928	31,737	57.78
8,246	10,593	2,347	22.16	Supplies	5,947	2,299	20,240	11,994	59.26
149	339	190	56.05	Education & Training	149		708	559	78.95
				Utilities					
2,266	3,161	895	28.31	Repairs & Maint	984	1,282	4,583	2,317	50.56
10,505	13,681	3,176	23.21	Misc	6,303	4,202	17,505	7,000	39.99
				Equipment	75	589	5,666	5,002	88.28
20,291	21,313	1,022	4.80	Debt Service	20,291		42,234	21,943	51.96
				FIXED CHARGES:					
15,689	19,318	3,629	18.79	Utilities	15,689		38,636	22,947	59.39
1,650	1,650			Case Fees	1,650		3,300	1,650	50.00
8,222	9,700	1,478	15.24	Retirement System Contribution	8,222		19,400	11,178	57.62
11,797	11,260	(537)	4.77-	Misc Employees' Benefits	11,797		14,050	2,253	16.04
<u>131,540</u>	<u>147,453</u>	<u>15,913</u>	<u>10.79</u>	TOTAL OPERATING EXPENDITURES	<u>110,734</u>	<u>20,806</u>	<u>283,315</u>	<u>151,775</u>	<u>53.57</u>
<u>53,324</u>	<u>19,259</u>	<u>(34,065)</u>		NET REVENUES (EXPENDITURES)	<u>74,130</u>	<u>(20,806)</u>	<u>49,710</u>	<u>(3,614)</u>	

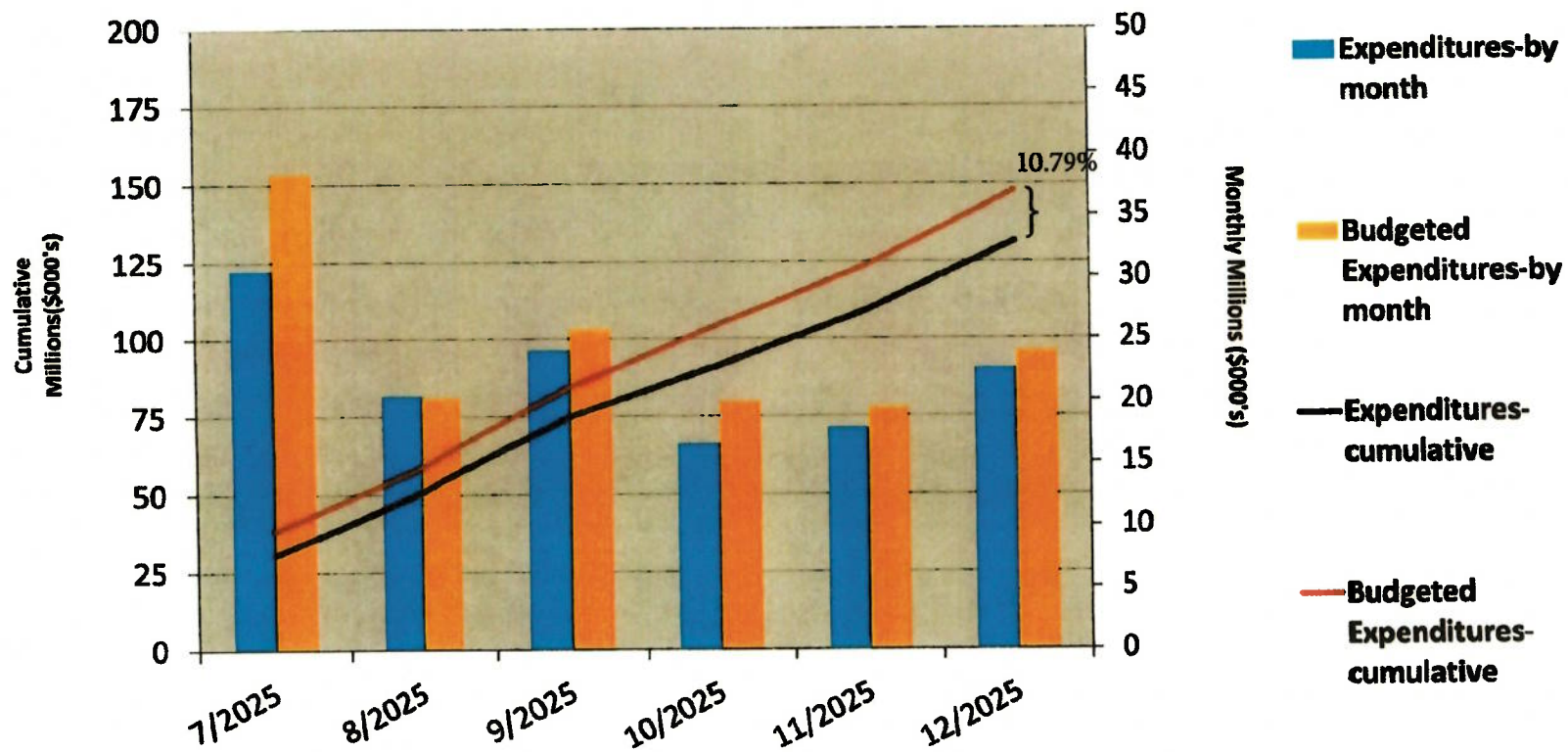
Total Operating Expenditures - \$131.6
As of December, 2025
(millions of dollars)



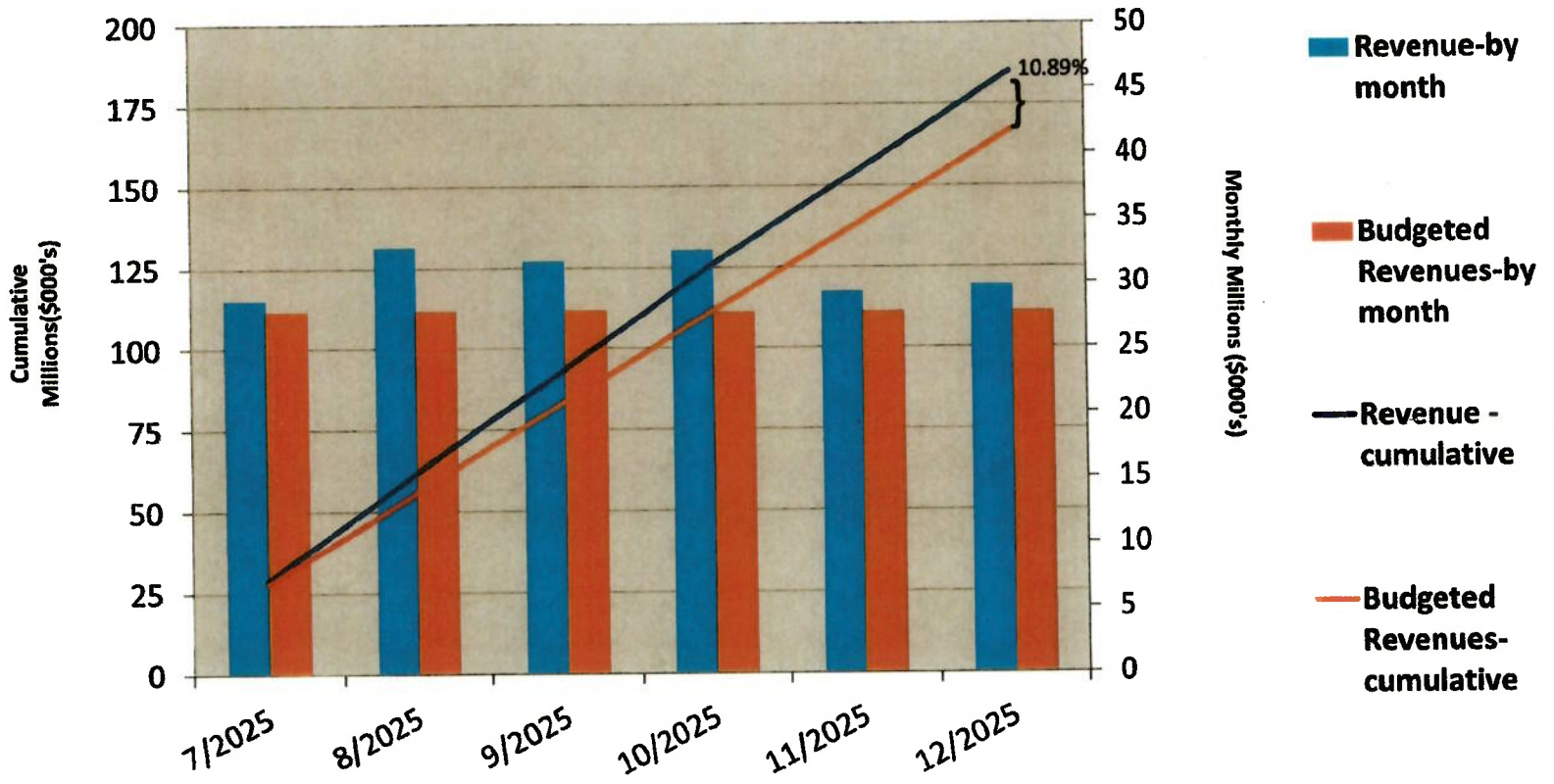
**Operating Expenditures by Category (Budget vs. Actual)
As of December, 2025**



BUDGETED OPERATING EXPENDITURES FY 2026



BUDGETED OPERATING REVENUES FY 2026



ITEM FOR INFORMATION NO. 5

“February 23, 2026

**RECRUITMENT
STATUS**

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Recruitment Status

Michele L. Thomas, Executive Assistant, Human Resources Office, will be presenting an update on the Recruitment Status for the period of October 2025 to December 2025.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

The foregoing was for information only.

DISCUSSION:

Teriann Akana, Human Resources Specialist VI, Human Resources Office, gave the report.

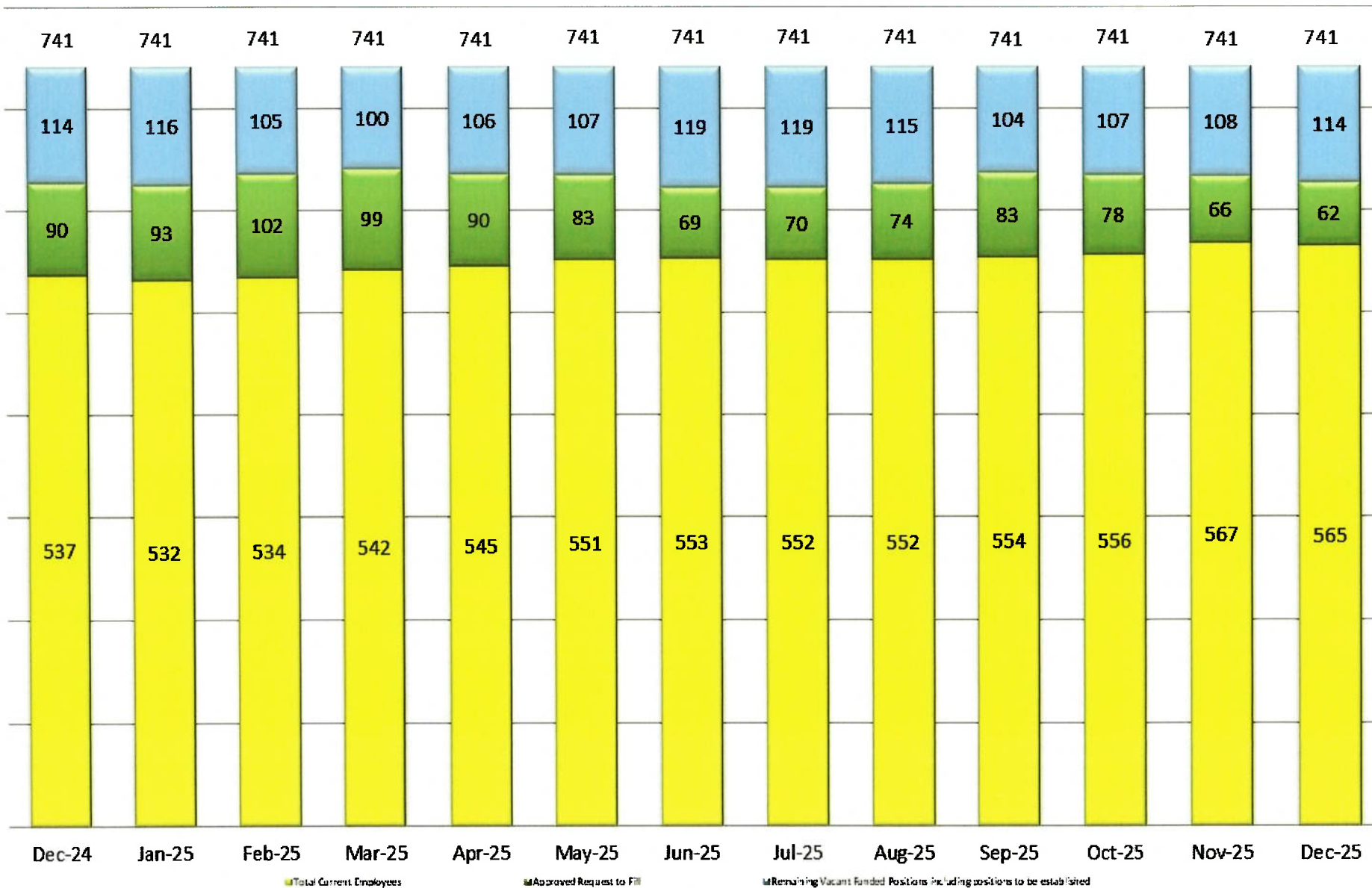
Chair Anthony asked to confirm the amount of positions filled.

Ms. Teriann Akana replied that 25 positions were filled in the second quarter. She explained that in the second quarter, the BWS does well filling positions with a lag during the holidays. The BWS currently anticipates filling 19 positions this quarter, and can steadily fill 70-80 positions each year.

Manager Lau commented that there are some turnovers.

After Ms. Akana shared her PPT on events in which the BWS participates, Manager Lau shared that the BWS also works with the Chamber of Commerce.

Positions Filled December 1, 2024 through December 31, 2025



For the period Oct25-Dec25 Actions: 25 New Hires; 4 Promotions; 1 Demotion; 14 Separations; 2 Cancelled Requests

BOARD OF WATER SUPPLY

City and County of Honolulu

RECRUITMENT AND SEPARATION STATUS For Period October 1, 2025 to December 31, 2025

Status of Positions Under Recruitment

	as of		
	10/31/2025	11/30/2025	12/31/2025
Pending DHR Open List (external recruitment)	20	22	26
Pending Internal recruitments	7	1	4
Pending Final Interview Questions	3	3	2
Pending Interviews with Division	25	28	21
Anticipated Starts (pre-employment clearances)	22	11	9
Cancelled Requests	1	1	0
Total Positions Under Recruitment	78	66	62

Filled Positions

Month	Oct-25	Nov-25	Dec-25
Open list	6	13	7
Internal Promotions	1	0	2
Internal Demotions/Transfers	0	1	0
Reallocations	4	6	4

Separations

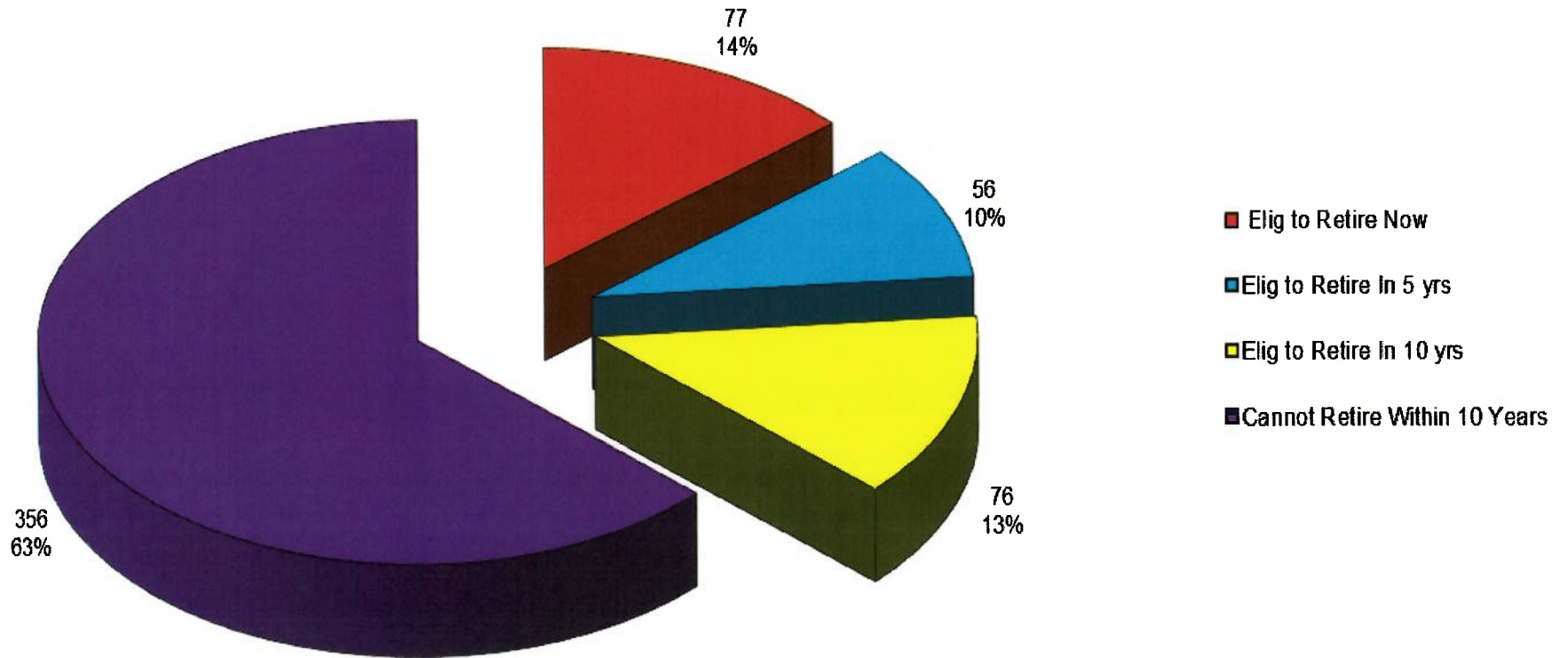
Month	Oct-25	Nov-25	Dec-25
Retire	0	0	3
Resign/Termination/Other	3	2	6

Legend:

DHR = Department of Human Resources City and County of Honolulu

Reallocation = Employee has demonstrated competency in higher level position and position was adjusted

BWS Retirement Projections As of December 31, 2025





RECRUITMENT STATUS UPDATE

Michele L. Thomas
February 23, 2026
boardofwatersupply.com



BWS RECRUITING ACTIVITIES



BWS EDUCATIONAL OUTREACH

WATER PLANT MAINTENANCE MECHANIC (BC-11)

Water System Operations Division
Plant Operations Branch



Water:
Our most precious resource.

TRADES APPRENTICESHIP

PIPEFITTER
Field Operations Division

**PLANT ELECTRICAL/ELECTRONIC
EQUIPMENT REPAIRER (PEEER)**
Water System Operations Division



*It takes more than pipes and pumps
to deliver water; it takes people.*

FLEET MECHANIC III (BC-11)

Water System Operations Division
Automotive Branch



Water:
Our most precious resource.



NEXT UP...



UNIVERSITY of HAWAI'I at MĀNOA
COLLEGE OF ENGINEERING

UH College of Engineering Career Expo, Spring 2026



Friday, February 27, 2026, from
12:00 pm - 4:00 pm HST at the UH
Campus Center

Come discover our new opportunities!



ITEM FOR INFORMATION NO. 6

“February 23, 2026

BRIEFING ON
NEW
CONSERVATION
REBATES Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Briefing on New Conservation Rebates

The Board of Water Supply views conservation as a cornerstone in protecting our precious wai and undertakes a variety of activities to promote water conservation across our island. In partnership with the City and County of Honolulu’s Department of Environmental Services, the Board has doubled select WaterSensible rebates for residential and commercial customers.

Today, we are pleased to share an update on this increased rebate initiative.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment”

The foregoing was for information only.

DISCUSSION: Kathleen Elliott-Pahinu, Information Officer, Communications Office, gave the report.

Chair Anthony commented that, regarding energy savings, it would be great to see the BWS partner with other utility agencies.

Ms. Kathleen Elliott-Pahinui shared that BWS and HECO will attend an event together. The BWS has been to 6-7 events and aims to target kupuna and low-income individuals. individuals

Manager Lau also mentioned that the BWS is collaborating with Hawai'i Energy.

Ms. Elliott-Pahinui commented that BWS is constantly seeking new partnerships and welcomes any ideas.



DOUBLE THE REBATES

Kathleen Pahinui, Communications
February 23, 2026



RESIDENTIAL REBATES

Measure	New Rebate	Previous Rebate	Notes
ENERGY STAR Clothes Washer	\$150	\$75	
WaterSense-Labeled Toilet	\$200	\$100	
Smart Water Monitor	\$400	\$200	
Rain Barrel		\$40	No change

COMMERCIAL REBATES

Measure	New Rebate	Previous Rebate	Notes
Cooling Tower – Conductivity Controller	\$2,000	\$1,000	
Cooling Tower – Flow Meter	\$2,000	\$1,000	
Cooling Tower – Overflow Alarm	\$1,000	\$500	
WaterSense-Labeled Toilet	\$200	\$100	
WaterSense-Labeled Urinal	\$100	\$50	
ENERGY STAR Clothes Washer	\$150	\$75	
Submeter – Multifamily Units	\$300	\$150	
ENERGY STAR Commercial Dishwasher	\$500	\$250	
ENERGY STAR Batch-Type Ice Machine	\$200	\$100	
Dipper Well	\$300	\$150	
Pre-Rinse Spray Valve	\$100	\$50	
Weather Based Irrigation Controller		\$100	No change
Soil Moisture Sensor		\$35	No change
Rain Barrel/Tote		\$150	No change

www.boardofwatersupply.com/watersensible

**terms and conditions apply*

Effective 01/01/2026



Residential Rebates

REBATES DOUBLED!

Doubled rebates made possible by our partnership with ENV



NOW \$200 REBATE EPA WaterSense® Toilet

- High-efficiency toilets use 20-30% less water
- Save up to 13,000 gallons of water per year
- Must use 1.28 gallons per flush or less



NOW \$150 REBATE ENERGY STAR® Clothes Washer

- Use 30-50% less water
- Energy-efficient washers extract more water to reduce drying time



NOW \$400 REBATE Smart Water Monitor

- Monitor your water use in real-time
- Protect your home from costly water leaks

WaterSensible



boardofwatersupply.com/watersensible



Rebate amounts cannot exceed the purchase price of the product.



Commercial Rebates

WaterSensible



Commercial Rebate Program

REBATES DOUBLED!



Cooling Tower Equipment

- Conductivity Controller (Rebate: **NOW \$2,000**)
- Flow Meter (Rebate: **NOW \$2,000**)
- Overflow Alarm (Rebate: **NOW \$1,000**)



Plumbing

- EPA WaterSense® Toilet (Rebate: **NOW \$200**)
- EPA WaterSense® Urinal (Rebate: **NOW \$100**)
- Energy Star® Clothes Washer (Rebate: **NOW \$150**)
- Submeter (Rebate: **NOW \$300**)



Kitchens

- Pre-Rinse Spray Valve (Rebate: **NOW \$100**)
- Dipper Well (Rebate: Up to **NOW \$300**)
- Energy Star® Dishwasher (Rebate: **NOW \$500**)
- Energy Star® Rated Batch Type Ice-Machine (Rebate: **NOW \$200**)



For more rebates, information, and forms: boardofwatersupply.com/watersensible

Rebate amounts cannot exceed the purchase price of the product





WaterSensible Rebate Program Highlights

Overall Rebates & Water Savings:

Gallons Saved/Year	125,719,884
Rebates Issued	23,098
(\$) Rebates Provided	\$1,723,350
(\$) Saved Per Life of Equipment	\$10,320,932

Residential Rebates Issued:

Clothes Washers	Toilets	Rain Barrels	WBICs	Smart Water Monitor
13,577	5,970	1,569	660	38

Commercial Rebates Issued:

Kitchen Sector	Plumbing Sector	Landscape Sector	Cooling Tower Equipment
11	1,226	40	7



www.boardofwatersupply.com

www.boardofwatersupply.com/watersensible

Board of Water Supply
KA OIHAHA IHAU

Search... ABOUT US ACCOUNT

PERMITS CUSTOMER SERVICE WATER QUALITY CONSERVATION WATER RESOURCES NEWS & EVENTS

VIEW OR PAY BILLS ONLINE
VIEW NOW

WATER SENSIBLE REBATES
GET INFO

RED HILL UPDATES
BWS LAWSUIT

BWS IS HIRING FIND A JOB
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GO TO: Commercial Rebates | EPA WaterSense® | FAQs | Food Service | Residential Rebates | WaterWisdom

WaterSensible

#WaterSensible #WaterForLife #KaWaIa #BoardOfWaterSupply #WaterConservation

The Honolulu Board of Water Supply (BWS) is working hard to preserve and protect our most essential resource – water. Through the Water Sensible program, Oahu residents and businesses will have the opportunity to save water and money. Water Sensible launched with a residential water conservation rebate program and has expanded its offerings to include the commercial sector. It has also recently launched a WaterWisdom program to help condominiums and townhome complexes improve their water conservation efforts.

Commercial Rebates

Food Service Program

Residential Rebates

Water Wisdom

Trade Ally Program

For More information:
Call: (808) 237-6877
Email: watersensible@boardofwatersupply.com



Mahalo!

BOARD OF
WATER SUPPLY

Providing safe, dependable, and affordable
drinking water, now and into the future.

ITEM FOR INFORMATION NO. 7

"February 23, 2026

STATUS
UPDATE OF
GROUNDWATER
LEVELS AT
ALL INDEX
STATIONS

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Status Update of Groundwater Levels at All Index Stations

Eight aquifer index stations were in low groundwater condition for the production month of January 2026. Beretania, Moanalua, Pearl City, Waipahu, Kaluanui, and Waialua are in Caution Status. Kaimukī and Punalu'u are in Alert Status. The monthly production average for January 2026 was 123.99 million gallons per day.

The Board of Water Supply (BWS) rainfall index for the month of January 2026 was 90 percent of normal, with a 5-month moving average of 81 percent. As of February 3, 2026, the Hawai'i Drought Monitor shows no drought conditions across most of O'ahu, grading to abnormally dry conditions along narrow portions of the northern, windward, and southern coasts, then to moderate drought conditions along the southeastern coast. The National Weather Service is forecasting above-normal precipitation through May 2026.

Most monitoring wells exhibited increasing head levels for the month of January 2026. This likely reflects the relatively higher rainfall over the past month, combined with seasonal decreased production. Consumer water conservation measures, as encouraged by recent BWS community awareness messaging, may also play a role. Average monthly production for January 2026 is lower than January 2025 and the 5-year monthly average.

Respectfully Submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment"

The foregoing was for information only.

DISCUSSION: Barry Usagawa, Program Administrator, Water Resources Division, gave the report. There were no comments or discussion.

**PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF JANUARY 2026**

POTABLE

STATION	MGD
HONOLULU (1)	
KULIOUOU	0.06
WAILUPE	0.00
AINA KOA	0.00
AINA KOA II	0.00
MANOA II	0.80
PALOLO	1.46
KAIMUKI HIGH	2.26
KAIMUKI LOW	0.71
WILDER	8.19
BERETANIA HIGH	0.83
BERETANIA LOW	0.91
KALIHI HIGH	3.82
KALIHI LOW	2.65
KAPALAMA	0.30
KALIHI SHAFT	7.19
MOANALUA	2.53
HALAWA SHAFT	0.00
KAAMILO	0.00
KALAUAO	7.83
PUNANANI	10.49
KAAHUMANU	0.25
HECO WAIU	2.72
MANANA	0.21
WAIALAE IKI	0.27
WELLS SUBTOTAL:	53.49
MANOA TUNNEL	0.17
PALOLO TUNNEL	0.00
GRAVITY SUBTTL:	0.17
HONOLULU SUBTTL:	53.66

STATION	MGD
WINDWARD (2)	
WAIMANALO II	0.23
WAIMANALO III	0.00
KUOU I	0.00
KUOU II	0.15
KUOU III	0.72
LULUKU	0.84
HAIKU	0.04
IOLEKAA	0.00
KAHALUU	0.47
KAHANA	0.32
PUNALUU I	0.00
PUNALUU II	2.40
PUNALUU III	0.99
KALUANUI	1.09
MAAKUA	0.32
HAUULA	0.20
WELLS SUBTOTAL:	7.75
WAIM. TUNNELS I & II	0.00
WAIM. TUNNELS III&IV	0.21
WAIHEE INCL. WELLS	0.01
WAIHEE TUNNEL	4.66
LULUKU TUNNEL	0.15
HAIKU TUNNEL	0.32
KAHALUU TUNNEL	1.75
GRAVITY SUBTOTAL:	7.11
WIND. SUBTOTAL:	14.86

STATION	MGD
NORTH SHORE (3)	
KAHUKU	0.31
OPANA	1.10
WAIALEE I	0.46
WAIALEE II	0.00
HALEIWA	0.00
WAIALUA	1.26
N.SHORE SUBTOTAL:	3.13

MILILANI (4)	MGD
MILILANI I	3.29
MILILANI II	0.00
MILILANI III	0.57
MILILANI IV	0.00
MILILANI SUBTOTAL:	3.85

WAHIAWA (5)	MGD
WAHIAWA	1.18
WAHIAWA II	1.47
WAHIAWA SUBTOTAL:	2.65

PEARL CITY-HALAWA (6)	MGD
HALAWA 277	0.00
HALAWA 550	0.00
AIEA	0.00
AIEA GULCH 497	1.08
AIEA GULCH 550	0.23
KAONOHI I	1.75
WAIMALU I	0.00
NEWTOWN	1.92
WAIU	1.65
PEARL CITY I	0.83
PEARL CITY II	1.01
PEARL CITY III	0.13
PEARL CITY SHAFT	0.92
PEARL CITY-HALAWA SUBTOTAL:	9.51

STATION	MGD
WAIPAHU-EWA (7)	
WAIPIO HTS.	1.14
WAIPIO HTS. I	0.73
WAIPIO HTS. II	0.16
WAIPIO HTS. III	0.69
WAIPAHU	6.72
WAIPAHU II	2.56
WAIPAHU III	2.37
WAIPAHU IV	2.61
KUNIA I	4.86
KUNIA II	1.68
KUNIA III	1.49
HOAEAE	4.23
HONOULIULI I	0.00
HONOULIULI II	3.93
MAKAKILO	0.00
WAIPAHU-EWA SUBTOTAL:	33.16

WAIANAE (8)	MGD
MAKAHA I	0.51
MAKAHA II	0.00
MAKAHA III	0.39
MAKAHA V	0.12
MAKAHA VI	0.00
MAKAHA SHAFT	0.00
KAMAILE	0.00
WAIANAE I	0.00
WAIANAE II	0.07
WAIANAE III	0.68
WELLS SUBTOTAL:	1.77
WAI. C&C TUNNEL	1.40
WAI. PLANT. TUNNELS	0.00
GRAVITY SUBTOTAL:	1.40
WAIANAE SUBTOTAL:	3.17

NONPOTABLE

NONPOTABLE	MGD
KALAUAO SPRINGS	0.42
BARBERS POINT WELL	0.82
GLOVER TUNNEL NP	0.28
NONPOTABLE TOTAL:	1.52

RECYCLED WATER (DECEMBER 2025)

RECYCLED WATER	MGD
HONOULIULI WRF R-1	3.87
HONOULIULI WRF RO	1.58
RECYCLED TOTAL:	5.45

**PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF JANUARY 2026**

PRODUCTION SUMMARIES

TOTAL WATER	MGD
PUMPAGE	115.32
GRAVITY	8.68
POTABLE TOTAL:	123.99
NONPOTABLE	1.52
RECYCLED WATER	5.45
TOTAL WATER:	130.96

CWRM PERMITTED USE AND BWS ASSESSED YIELDS FOR BWS POTABLE SOURCES				
WATER USE DISTRICTS		A	B	C
		PERMITTED USE/ BWS YLDS	JAN 2026	DIFF. A-B
1	HONOLULU	83.32	53.49	29.83
2	WINDWARD	25.02	14.86	10.16
3	NORTH SHORE	4.70	3.13	1.57
4	MILILANI	7.53	3.85	3.68
5	WAHIAWA	4.27	2.65	1.62
6	PEARL CITY-HALAWA	12.25	9.51	2.74
7	WAIPAHU-EWA	50.63	33.16	17.47
8	WAIANAE	4.34	3.17	1.17
TOTAL:		192.06	123.82	68.23

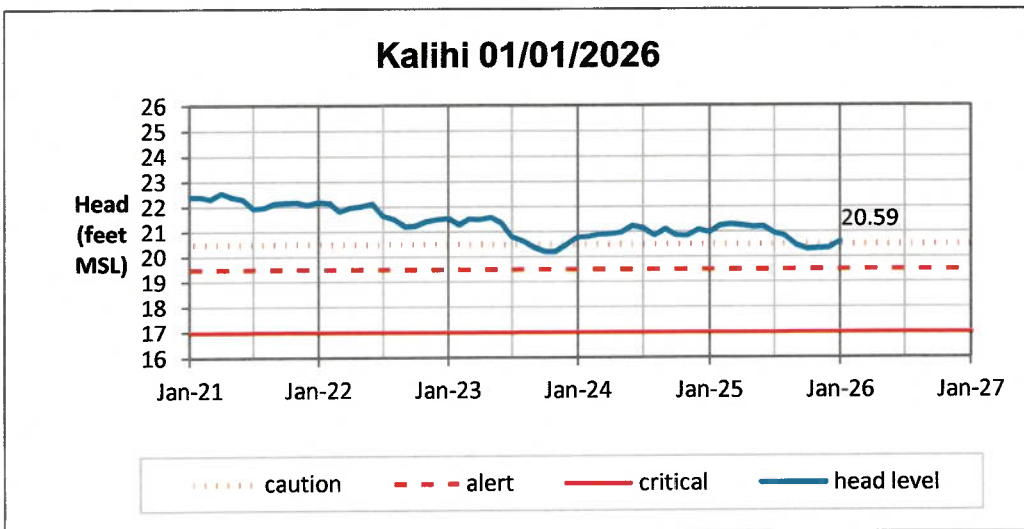
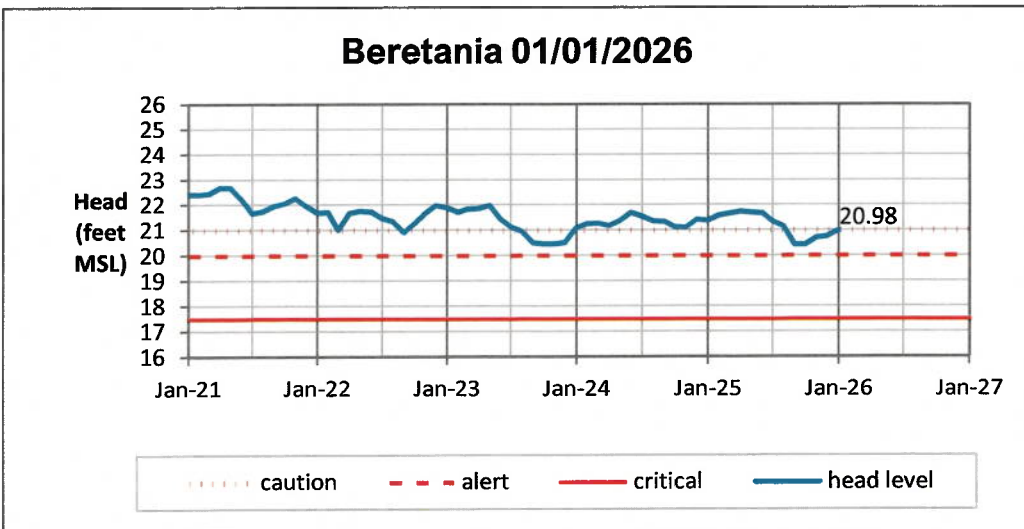
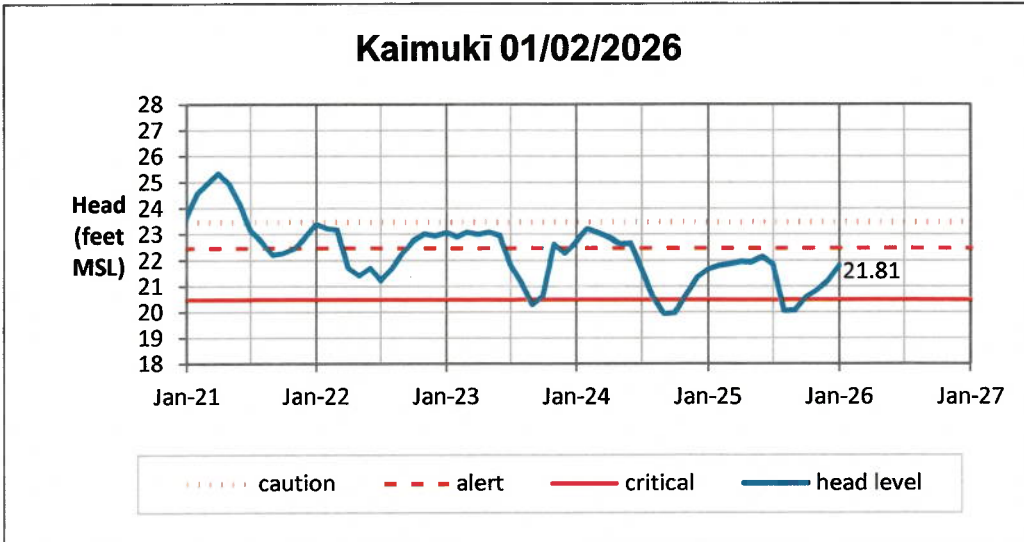
CWRM PERMITTED USE FOR BWS NONPOTABLE SOURCES				
WATER USE DISTRICTS		A	B	C
		PERMITTED USE	JAN 2026	DIFF. A-B
7	WAIPAHU-EWA (BARBERS POINT WELL)	1.00	0.82	0.18
TOTAL:		1.00	0.82	0.18

EFFECTIVE WATER DEMAND PER DISTRICT

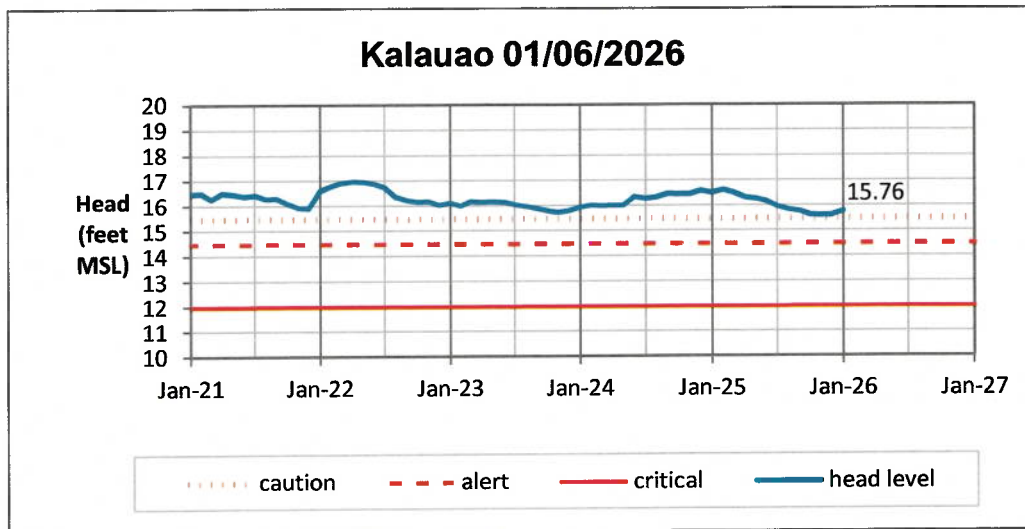
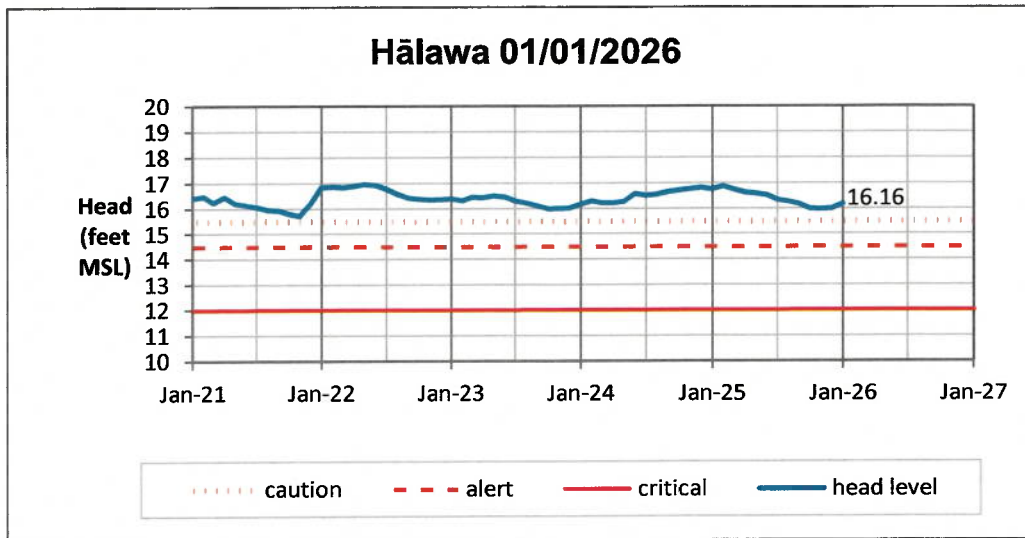
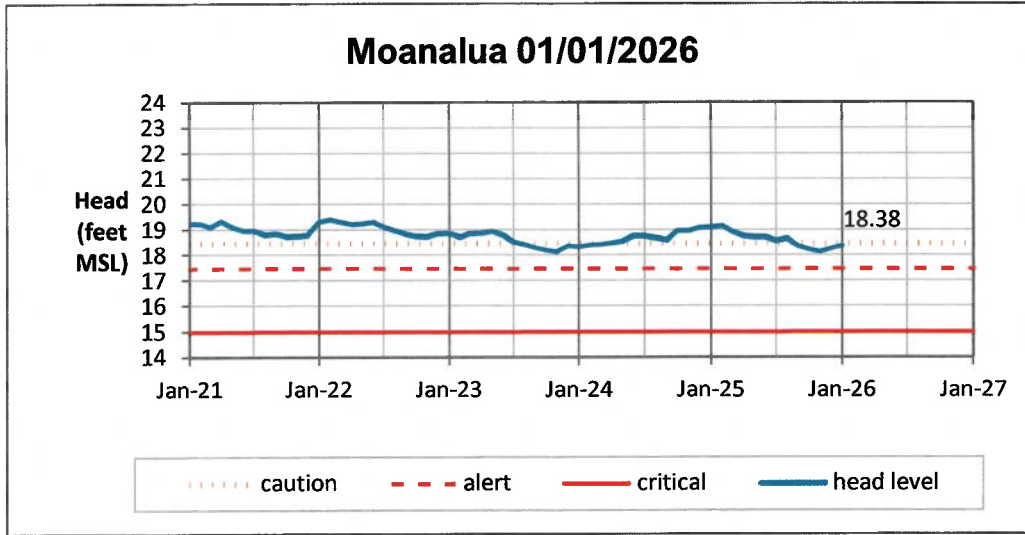
IMPORT/EXPORT BETWEEN WATER USE DISTRICTS			
FROM	TO		MGD
2	1	WINDWARD EXPORT	0.10
7	8	BARBERS PT LB	4.77

WATER USE DISTRICTS		SUBTOTAL	IMPORT	EXPORT	EFFECTIVE WATER DEMAND
1	HONOLULU	53.66	0.10	-	53.76
2	WINDWARD	14.86	-	0.10	14.76
3	NORTH SHORE	3.13	-	-	3.13
4	MILILANI	3.85	-	-	3.85
5	WAHIAWA	2.65	-	-	2.65
6	PEARL CITY-HALAWA	9.51	-	-	9.51
7	WAIPAHU-EWA	33.16	-	4.77	28.39
8	WAIANAE	3.17	4.77	-	7.93
TOTAL:		123.99	4.87	4.87	123.99

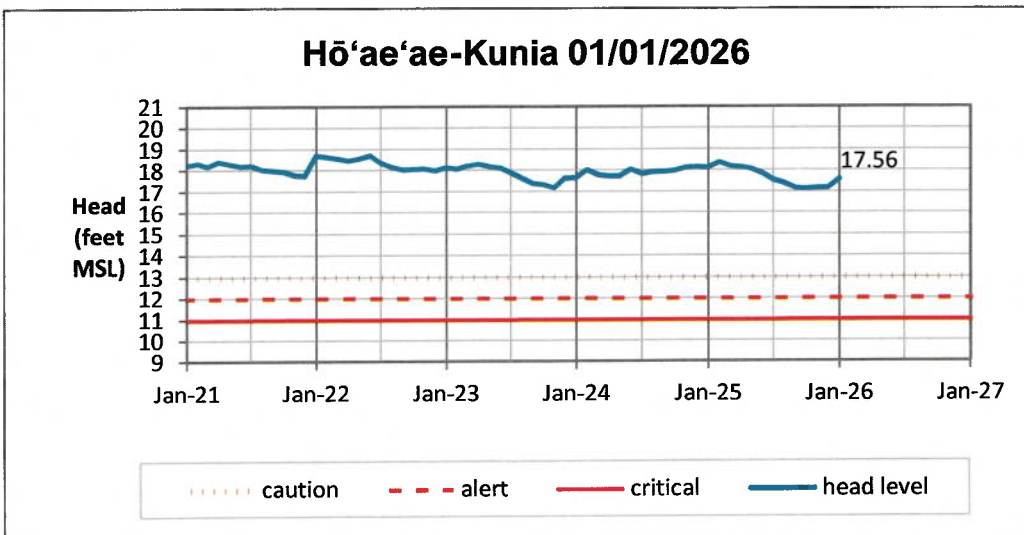
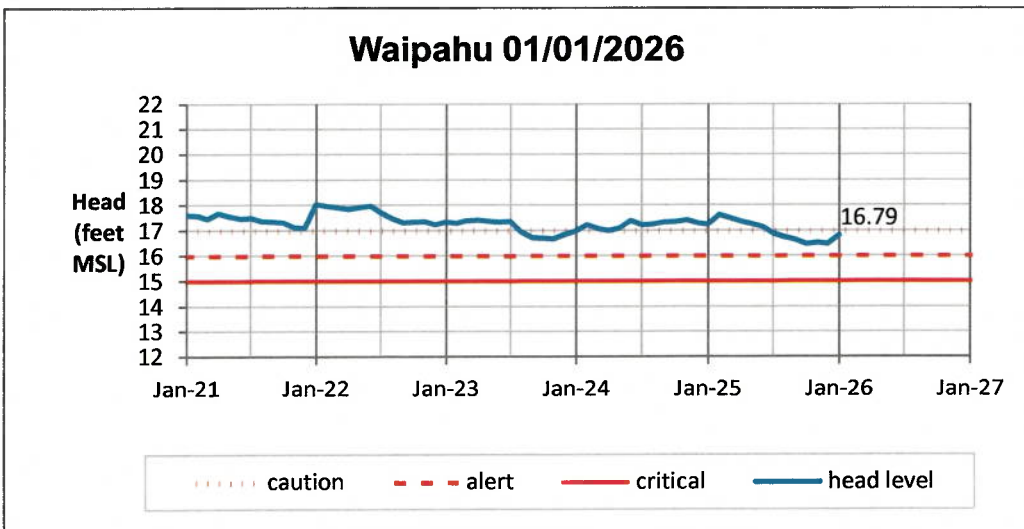
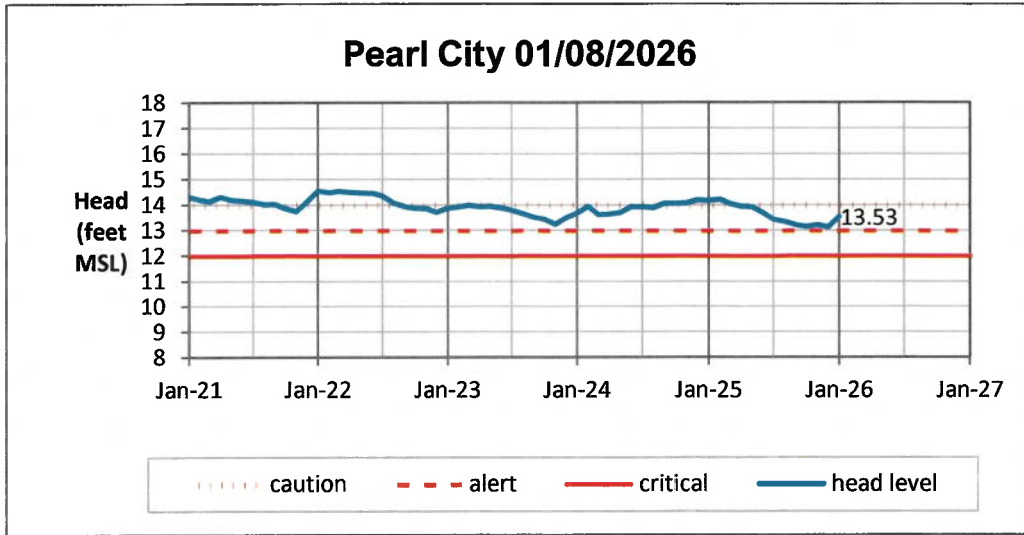
Head Report



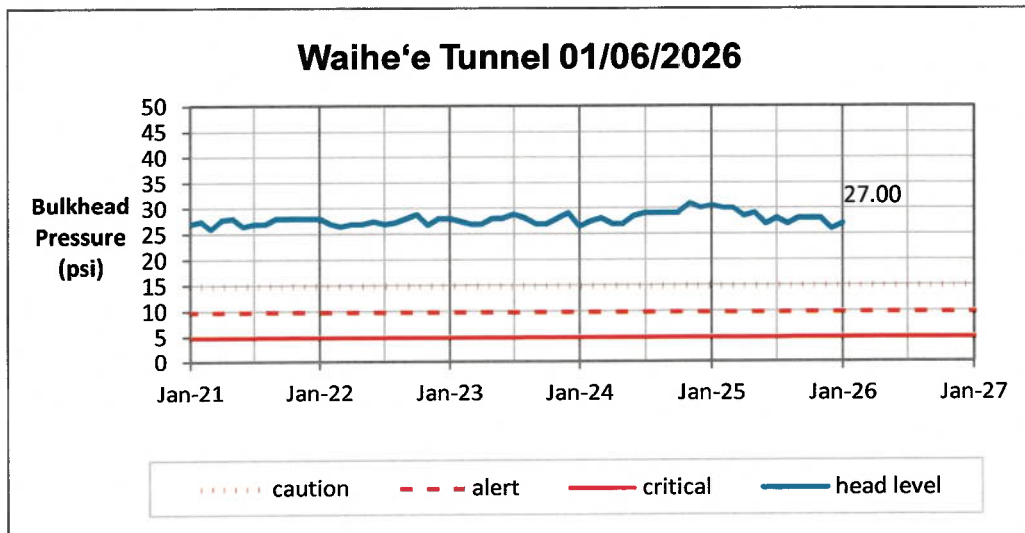
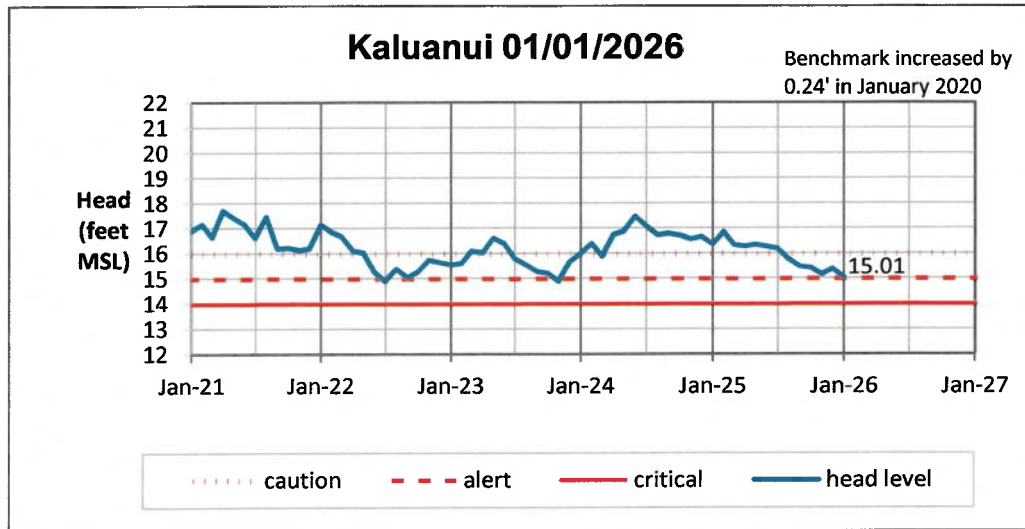
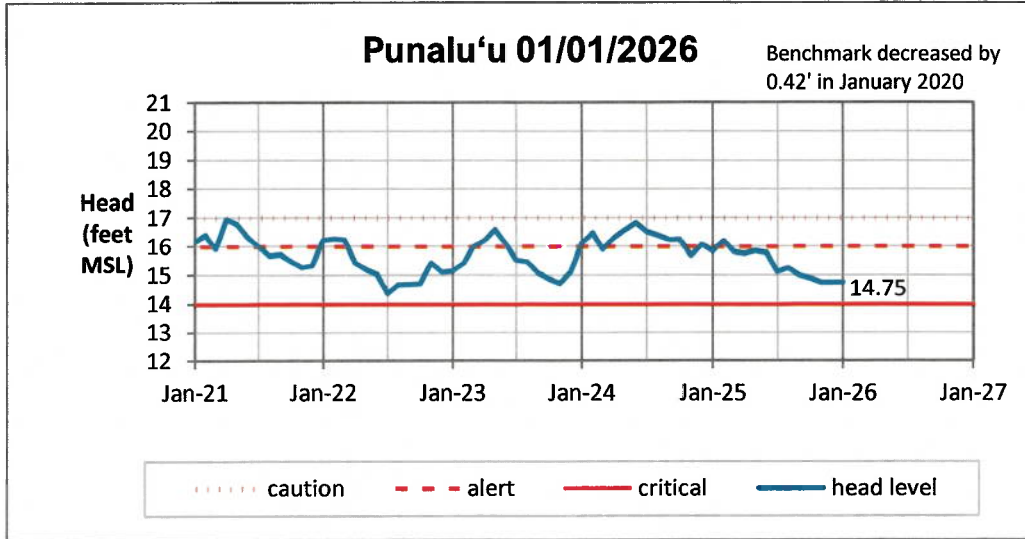
Head Report



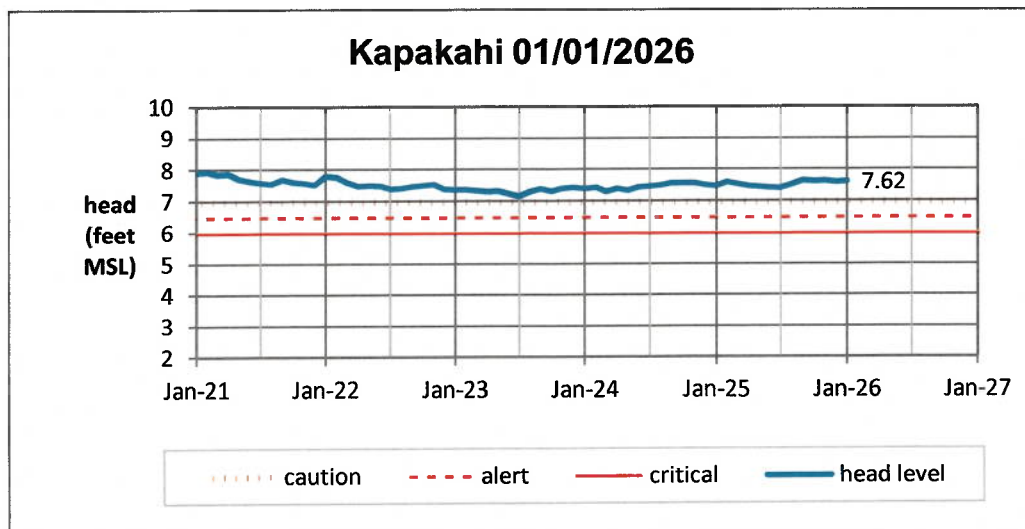
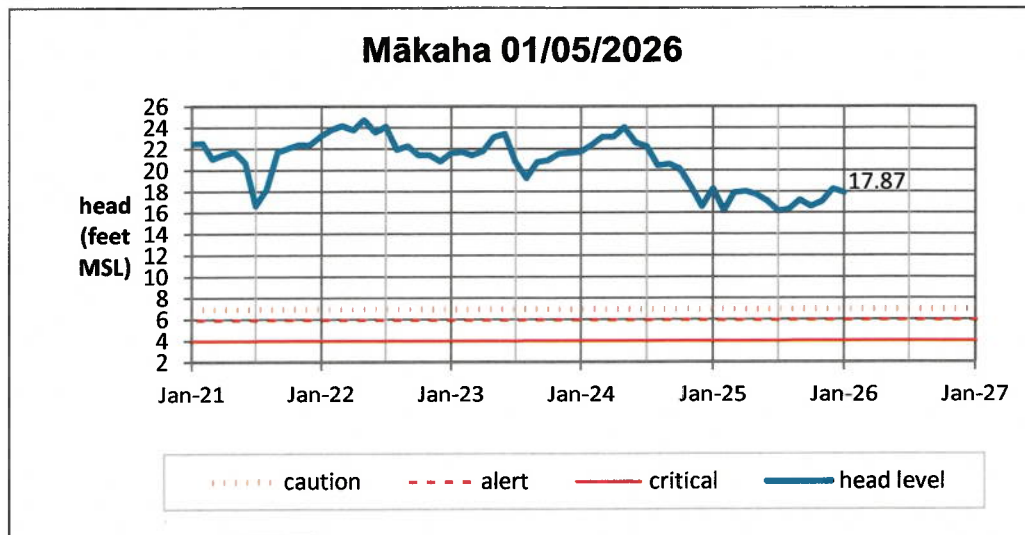
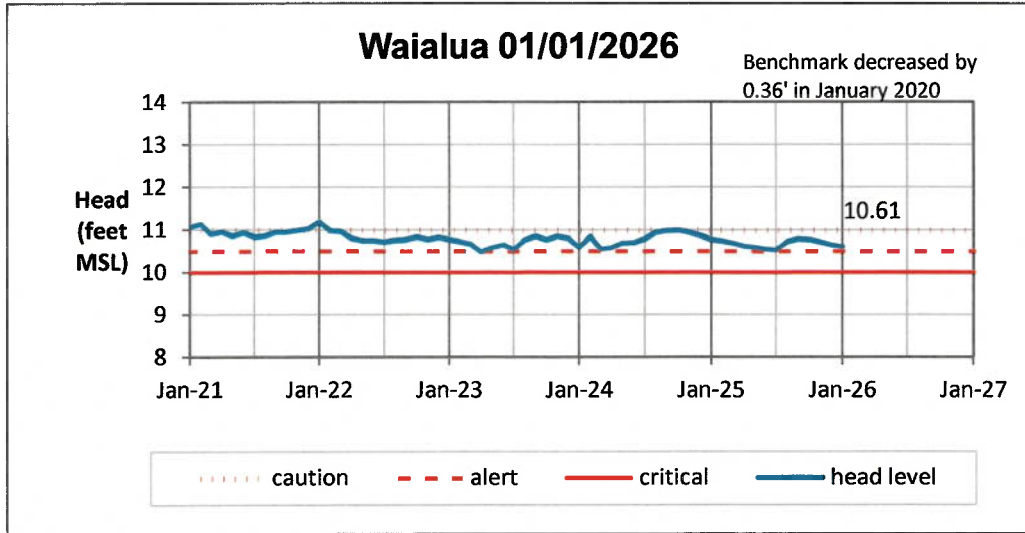
Head Report

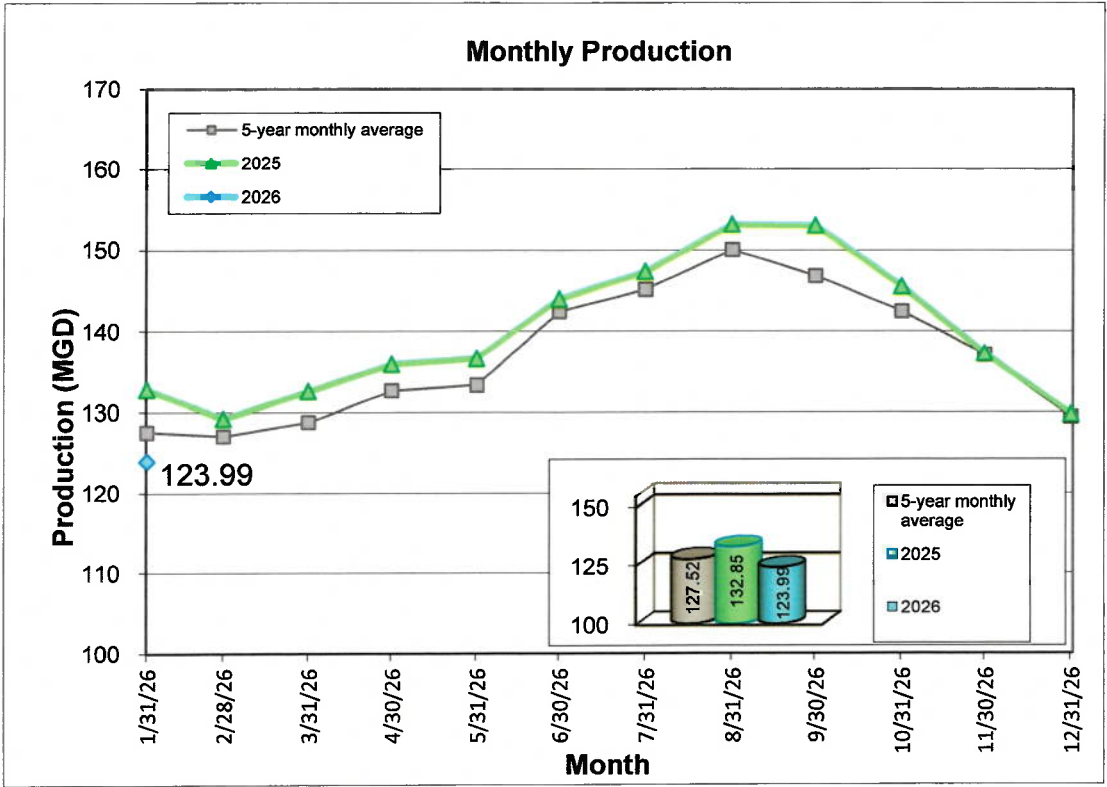
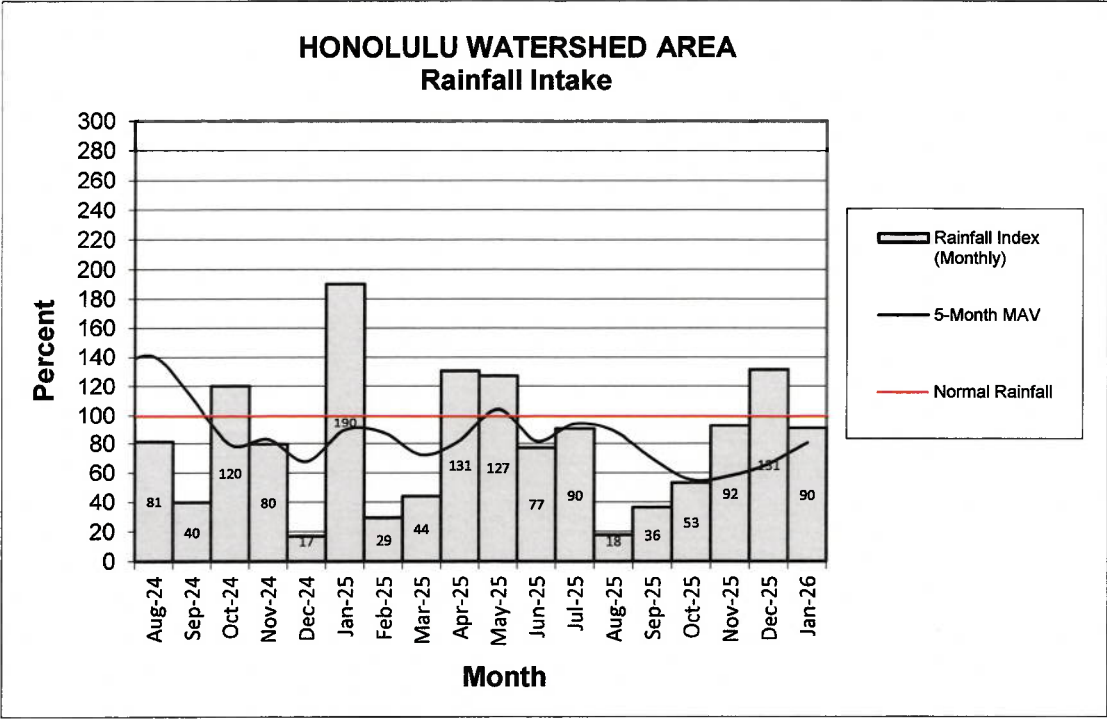


Head Report



Head Report





Hawaii

[Home](#) / [Hawaii](#)

Map released: Thurs. February 5, 2026

Data valid: February 3, 2026 at 7 a.m. EST

Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

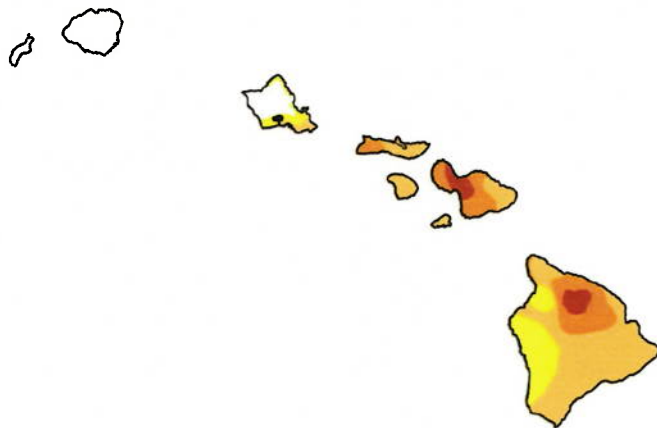
Authors

United States and Puerto Rico Author(s):

[Lindsay Johnson](#), National Drought Mitigation Center

Pacific Islands and Virgin Islands Author(s):

[Curtis Riganti](#), National Drought Mitigation Center



ITEM FOR INFORMATION NO. 8

"February 23, 2026

WATER MAIN
REPAIR
REPORT FOR
DECEMBER 2025
AND JANUARY
2026

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawai'i 96843

Chair and Members:

Subject: Water Main Repair Report for December 2025 and
January 2026

Daniel Lee, Acting Program Administrator, Field Operations Division, will report on water main repair work for the month of December 2025 and January 2026.

Respectfully submitted,

/s/ ERNEST Y. W. LAU, P.E
Manager and Chief Engineer

Attachment"

The foregoing was for information only.

DISCUSSION:

Daniel Lee, Acting Assistant Program Administrator, Field Operations Division, gave the report.

Chair Anthony asked where emergency repairs fall under in the budget.

Manager Lau replied that labor would fall under personnel costs in the budget.

Mr. Daniel Lee replied that the emergency repair materials budget is under the storeroom.

Ms. Matsumoto confirmed that the storeroom's budget falls under the materials, supplies, and services category.

Mr. Daniel Lee added that parts and materials are replenished throughout the year.

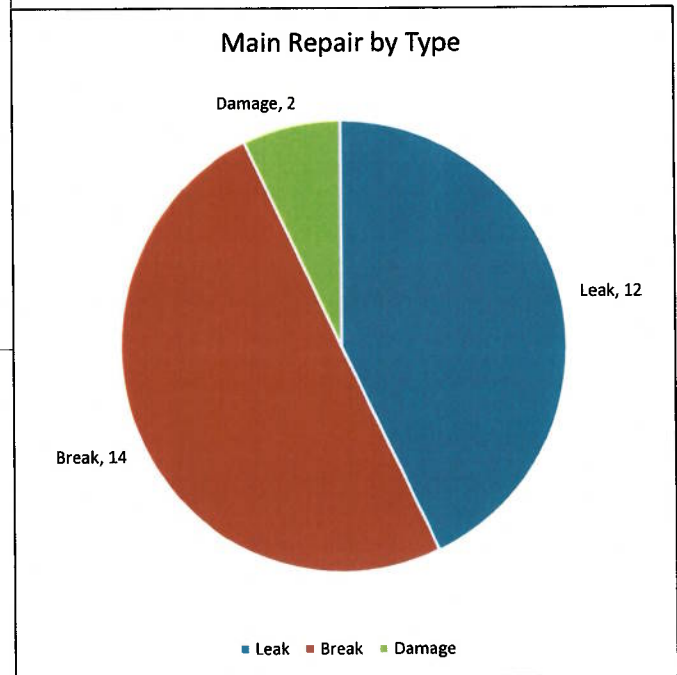
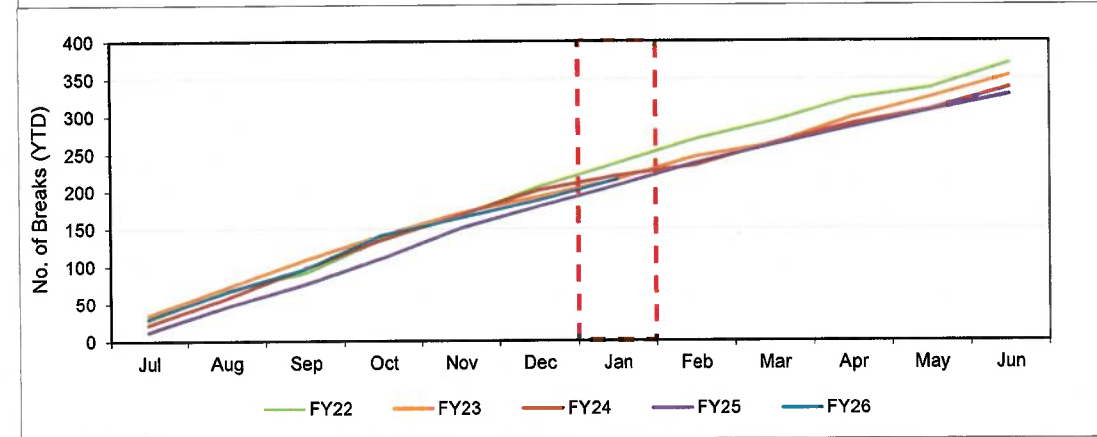
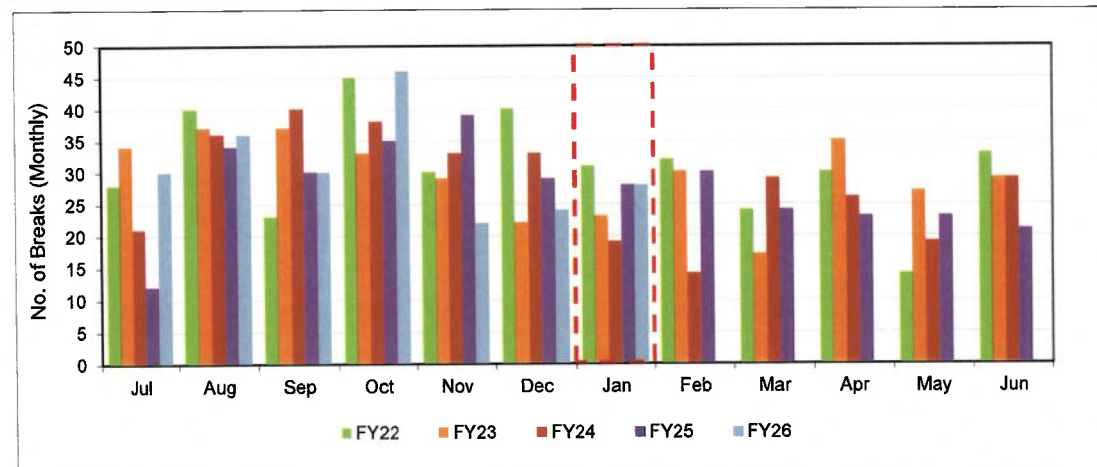
**WATER MAIN REPAIR REPORT
for January 2026**

Monthly Main Breaks

FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2026	30	36	30	46	22	24	28	0	0	0	0	0	216
2025	12	34	30	35	39	29	28	30	24	23	23	21	328
2024	21	36	40	38	33	33	19	14	29	26	19	29	337
2023	34	37	37	33	29	22	23	30	17	35	27	29	353
2022	28	40	23	45	30	40	31	32	24	30	14	33	370

Main Repair by Type

Type	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Leak	12	15	11	13	7	17	12	0	0	0	0	0	87
Break	17	20	17	32	15	5	14	0	0	0	0	0	120
Damage	1	1	2	1	0	1	2	0	0	0	0	0	8
Total	30	36	30	46	22	23	28	0	0	0	0	0	215



Date	Address	Size (In)	Pipe Type	Date	Address	Size (In)	Pipe Type
1/3/2026	1039 Waakaua Pl, Honolulu	12	CI	1/27/2026	1621 Kino St, Honolulu	8	CI
1/7/2026	Kamehameha Hwy & Kawailoa Dr, Haleiwa	4	CI	1/29/2026	51-180D Kamehameha Hwy, Kaaawa	6	CI
1/7/2026	41-902 Kalaniana'ole Hwy, Waimanalo	4	CI				
1/7/2026	91-762 Oneula Pl, Ewa Beach	8	PVC				
1/8/2026	46-209 Aeloa St, Kaneohe	8	CI				
1/9/2026	1404 Akamai Pl, Kailua	8	CI				
1/9/2026	99-750 Halawa Heights Rd, Aiea	12	CI				
1/9/2026	1085 Kamookoa Pl, Honolulu	8	DI				
1/10/2026	98-250 Kaonohi St, Aiea	12	CI				
1/10/2026	4121 Nuuanu Pali Dr, Honolulu	4	AC				
1/11/2026	61-727 Kamehameha Hwy, Haleiwa	4	CI				
1/11/2026	87-499 Kulaaupuni St, Waianae	8	CI				
1/12/2026	1111 13th Ave, Honolulu	6	CI				
1/14/2026	5896 Haleola St, Honolulu	8	CI				
1/14/2026	47-526 Nenehiwa Pl, Kaneohe	8	CI				
1/15/2026	99-791 Hukaa St, Aiea	8	CI				
1/16/2026	506 Iliaina St, Kailua	8	AC				
1/17/2026	1620 Piikea St, Honolulu	8	PVC				
1/18/2026	98-1723 Ulu St, Aiea	8	CI				
1/19/2026	2570 S. Beretania St, Honolulu	6	CI				
1/21/2026	1330 Kainui Dr, Kailua	12	CI				
1/22/2026	3124 Beaumont Woods Pl, Honolulu	8	CI				
1/24/2026	44-731 Malulani St, Kaneohe	6	CI				
1/25/2026	372 Auwinala Rd, Kailua	6	CI				
1/25/2026	433 Niu St, Honolulu	8	AC				
1/26/2026	2312 Kamehameha Hwy, Honolulu	6	CI				

LEAK DETECTION for January 2026

POIs Investigated

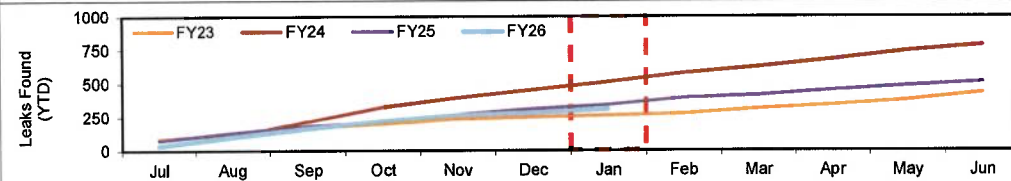
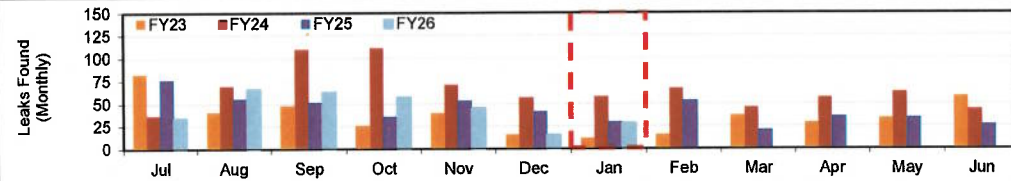
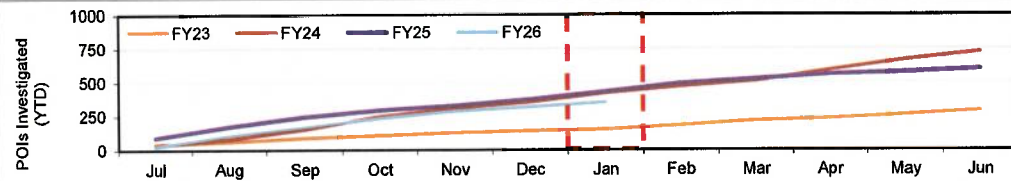
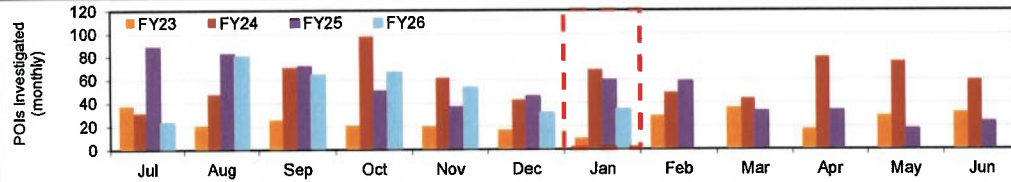
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2026	23	80	64	66	53	31	34	0	0	0	0	0	351
2025	88	82	71	50	36	45	59	58	32	33	17	23	594
2024	31	47	70	97	61	42	68	48	43	79	75	59	720
2023	37	20	25	20	19	16	9	28	35	17	28	31	285

Leaks Found

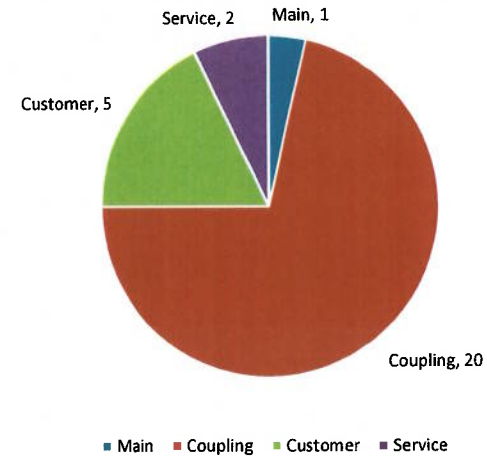
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2026	34	66	63	57	45	15	28	0	0	0	0	0	308
2025	76	55	51	35	53	41	29	53	20	35	34	26	508
2024	36	69	109	111	70	56	57	66	45	56	62	43	780
2023	82	40	47	25	39	15	11	15	36	28	33	57	428

Satellite Leak by Type

Type	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Main	2	3	6	2	1	0	1	0	0	0	0	0	15
Coupling	19	49	38	40	26	10	20	0	0	0	0	0	202
Customer	5	11	14	11	12	5	5	0	0	0	0	0	63
Service	8	3	5	4	6	0	2	0	0	0	0	0	28
Total	34	66	63	57	45	15	28	0	0	0	0	0	308



Satellite Leak by Type



**MOTION TO
RECESS INTO
EXECUTIVE
SESSION**

There being no further business, Chair Anthony, at 4:13 PM, called for a motion to adjourn Open Session. Gene Albano so moved; seconded by Jonathan Kaneshiro and unanimously carried.

Upon unanimous approved motion, the Board recessed into Executive Session Pursuant to [HRS § 92-5 (a)(4)] at 4:14 PM to Consider Issues Pertaining to Matters Posted for Discussion at an Executive Session.

**OPEN
SESSION**

The Board reconvened in Open Session at 5:13 PM.

EXECUTIVE SESSION #1

“February 23, 2026

**APPROVAL OF
MINUTES**

Approval of the Minutes of the Executive Session on October 27, 2025

**MOTION
TO APPROVE**

Gene Albano and Jonathan Kaneshiro motioned and seconded, respectively, to approve the Minutes of the Executive Session of October 27, 2025.

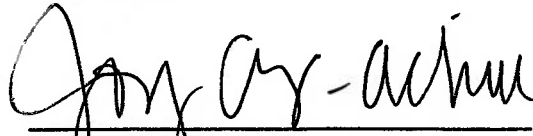
In lieu of a roll call vote, Chair Anthony requested a voice vote on the motion and requested that Board Members in favor of the motion say “Aye.” The Board members present responded with a verbal “Aye.” Chair Anthony then inquired if any Board Members would like to object or vote “Nay” on the motion. There were no objections or “Nay” votes. Vice Chair Anthony announced that the motion was unanimously carried.

THE MINUTES OF THE EXECUTIVE SESSION MEETING HELD ON OCTOBER 27, 2025, WERE APPROVED AT THE JANUARY 26, 2026, BOARD MEETING			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
JONATHAN KANESHIRO	X		
LANCE WILHELM	X		
JEFFREY LAUPOLA	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		

**MOTION TO
ADJOURN**

There being no further business, Chair Anthony, at 5:16 PM, called for a motion to adjourn the Regular Session. Lance Wilhelm so moved, seconded by Jeffrey Laupola, and unanimously carried.

The minutes of the Regular Meeting held on February 23, 2026, are respectfully submitted,



 JOY CRUZ-ACHIU

APPROVED:



 NĀ'ĀLEHU ANTHONY
 Chair of the Board

APR 27 2026

 Date

THE MINUTES OF THE REGULAR MEETING HELD ON FEBRUARY 23, 2026, WERE APPROVED AT THE APRIL 27, 2026, BOARD MEETING			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
JONATHAN KANESHIRO	X		
LANCE WILHELM	X		
JEFFREY LAUPOLA	X		
DARIAN CHUN			ABSTAIN
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		