

December 13, 2021

VIA EMAIL

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawaii State Capitol, Room 409
Honolulu, Hawaii 96813

VIA EMAIL

The Honorable Scott K. Saiki
Speaker, House of Representatives
415 South Beretania Street
Hawaii State Capitol, Room 431
Honolulu, Hawaii 96813

RE: Financial Audit of the Employees' Retirement System of the State of Hawaii

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements of the Employees' Retirement System of the State of Hawaii for the fiscal year ended June 30, 2020, was issued on November 9, 2021. The Office of the Auditor retained KPMG LLP to perform the financial audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial audit report.

You may view the financial audit report and Auditor's Summary on our website at:

https://files.hawaii.gov/auditor/Reports/2020_Audit/ERS2020.pdf; and

https://files.hawaii.gov/auditor/Reports/2020_Audit/ERS_Summary_2020.pdf.

If you have any questions about the report, please contact me.

Very truly yours,

Leslie H. Kondo
State Auditor

LHK:LYK:emo

Attachment

ec/attach (Auditor's Summary only): Members of the Senate

Members of the House of Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Auditor's Summary

Financial Audit of the Employees' Retirement System of the State of Hawai'i

Financial Statements, Fiscal Year Ended June 30, 2020



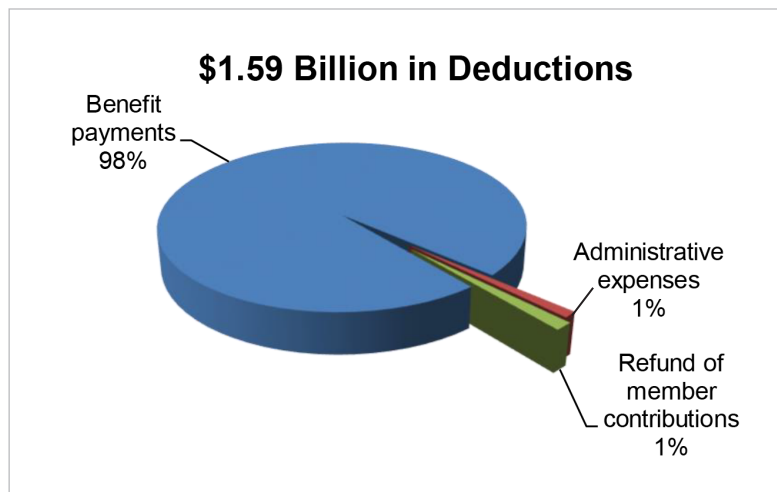
***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Employees' Retirement System of the State of Hawai'i, as of and for the fiscal year ended June 30, 2020. The audit was conducted by KPMG LLP.*

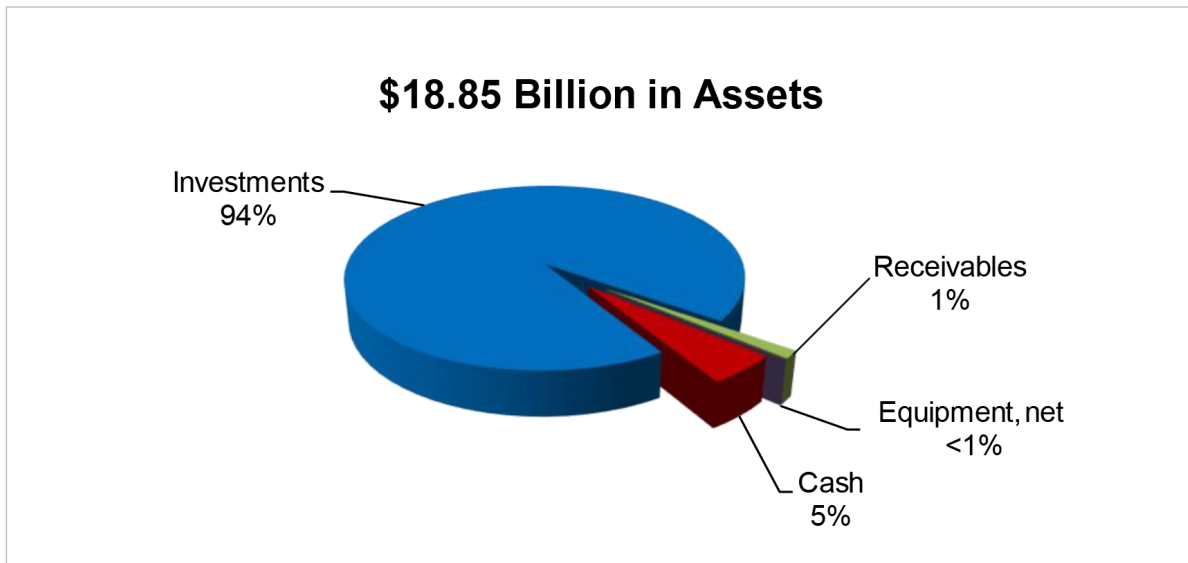
About the System

The Employees' Retirement System of the State of Hawai'i (ERS) is a cost-sharing, multiple-employer retirement system for government workers. Through its pension benefits program, ERS provides a defined-benefit pension plan for all state and county employees, including teachers, professors, police officers, firefighters, correction officers, judges, and elected officials. ERS is governed by a Board of Trustees, which consists of eight members.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2020, ERS reported total net additions of approximately \$1.74 billion. Additions consisted of \$1.39 billion from contributions and \$358 million in net investment income.





Total deductions of approximately \$1.59 billion consisted of (1) \$1.55 billion for benefit payments; (2) \$18 million for administrative expenses; and (3) \$22 million for refund of member contributions.

As of June 30, 2020, assets totaled \$18.85 billion and liabilities totaled \$1.46 billion, leaving a net position balance of \$17.39 billion. Total assets included (1) investments of \$17.6 billion; (2) receivables of \$250 million; (3) cash of \$953 million; and (4) net equipment of \$8 million.

Auditor's Opinion

ERS RECEIVED AN UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Findings

THERE WERE NO REPORTED DEFICIENCIES IN INTERNAL CONTROL over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

For the complete report and financial statements visit our website at:
https://files.hawaii.gov/auditor/Reports/2020_Audit/ERS2020.pdf
