

March 4, 2022

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 and Compliance Audit of the Department of Transportation,
Administration Division**

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements and compliance of the Department of Transportation, Administration Division for the fiscal year ended June 30, 2021, was issued on December 14, 2021. The Office of the Auditor retained Egami & Ichikawa CPAs, Inc. to perform the financial and compliance audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial and compliance audit report.

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

https://files.hawaii.gov/auditor/Reports/2021_Audit/DOT_Admin_2021.pdf; and

https://files.hawaii.gov/auditor/Reports/2021_Audit/DOT_Admin_Summary_2021.pdf.

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

Very truly yours,

Leslie H. Kondo
State Auditor

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Attachment

cc/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 and Compliance Audit of the Department of Transportation, Administration Division

Financial Statements, Fiscal Year Ended June 30, 2021



PHOTO: OFFICE OF THE AUDITOR

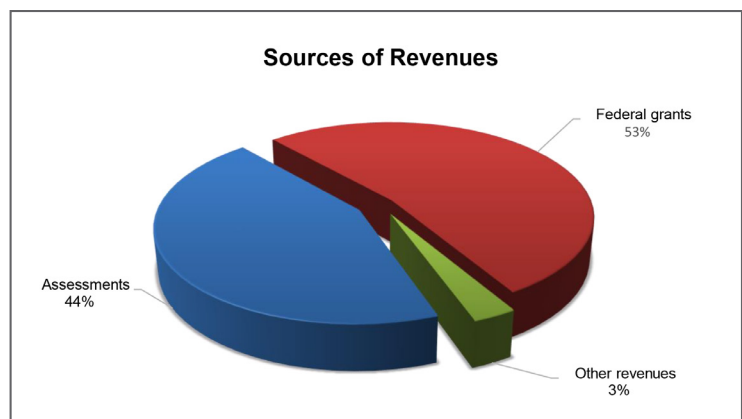
THE PRIMARY PURPOSE of the audit was to form an opinion on the fairness of the presentation of the financial statements of the Department of Transportation, Administration Division, as of and for the fiscal year ended June 30, 2021, and to comply with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Egami & Ichikawa, Certified Public Accountants, Inc.

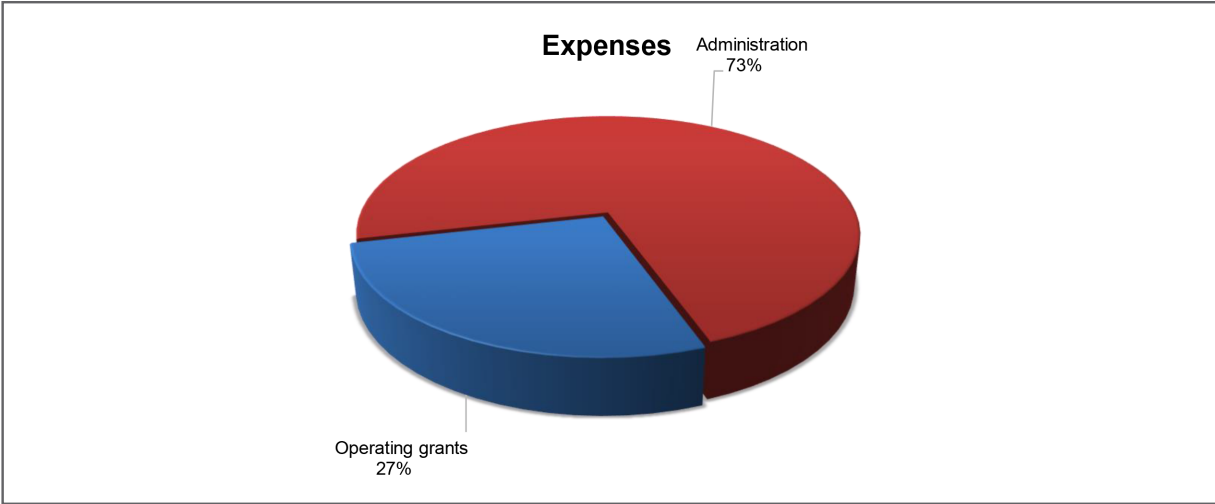
About the Division

Four divisions (Airports, Harbors, Highways, and Administration) make up the State's Department of Transportation. The Administration Division (DOT-Administration) consists of the Office of the Director of Transportation, the Statewide Transportation Planning Office, and Departmental Staff Services Offices. Collectively, these offices provide overall administrative support for the Department of Transportation. The financial statements for the Division reflect the financial activities of DOT-Administration and the Aloha Tower Development Corporation, which is attached to the Department for administrative purposes. DOT-Administration receives a percentage of the Airports, Harbors, and Highways Divisions' state-allotted appropriations to cover general administration expenses. The Department's Statewide Transportation Planning Office administers certain Federal Transit Administration and Federal Highway Administration grants.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2021, DOT-Administration reported total revenues of \$43.5 million, total expenses of \$41 million, and transfers to other DOT divisions of \$6 million, resulting in a decrease in net position of \$3.5 million. The transfers relate to unencumbered cash balances related to assessment revenues from those divisions. Revenues consisted of \$19.3 million from assessments, \$22.9 million from federal grants, and \$1.3 million from other revenue sources.





Total expenses of \$41 million consisted of \$11.1 million for operating grants and \$29.9 million for administration.

As of June 30, 2021, total assets of \$20.3 million were comprised of (1) cash of \$16.2 million, (2) accounts receivable of \$2.7 million, and (3) net capital assets of \$1.4 million. Liabilities totaled \$14.1 million, including a \$1.8 million Aloha Tower Development Corporation note payable to the Harbors Division.

Auditors' Opinions

DOT—ADMINISTRATION RECEIVED AN UNMODIFIED OPINION opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DOT—Administration also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.

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 that are required to be reported under *Government Auditing Standards*. There were no findings that were considered material weaknesses in internal control over compliance in accordance with the *Uniform Guidance*.

Audit reports for the Department's Airports Division, Harbors Division, and Highways Division are available on our website.

For the complete report and financial statements visit our website at:
https://files.hawaii.gov/auditor/Reports/2021_Audit/DOT_Admin_2021.pdf