



January 6, 2022

**VIA EMAIL**

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

**VIA EMAIL**

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

**RE: Financial and Compliance Audit of the Department of Transportation, Airports Division**

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements and compliance of the Department of Transportation, Airports Division for the fiscal year ended June 30, 2021, was issued on December 23, 2021. The Office of the Auditor retained KPMG LLP 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\\_Airports\\_2021.pdf](https://files.hawaii.gov/auditor/Reports/2021_Audit/DOT_Airports_2021.pdf); and

[https://files.hawaii.gov/auditor/Reports/2021\\_Audit/DOT\\_Airports\\_Summary\\_2021.pdf](https://files.hawaii.gov/auditor/Reports/2021_Audit/DOT_Airports_Summary_2021.pdf).

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

Very truly yours,

A handwritten signature in blue ink, appearing to read "LH Kondo", is written over a faint, larger signature.

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 and Compliance Audit of the Department of Transportation, Airports Division

Financial Statements, Fiscal Year Ended June 30, 2021



PHOTO: HAWAII DOT AIRPORTS DIVISION

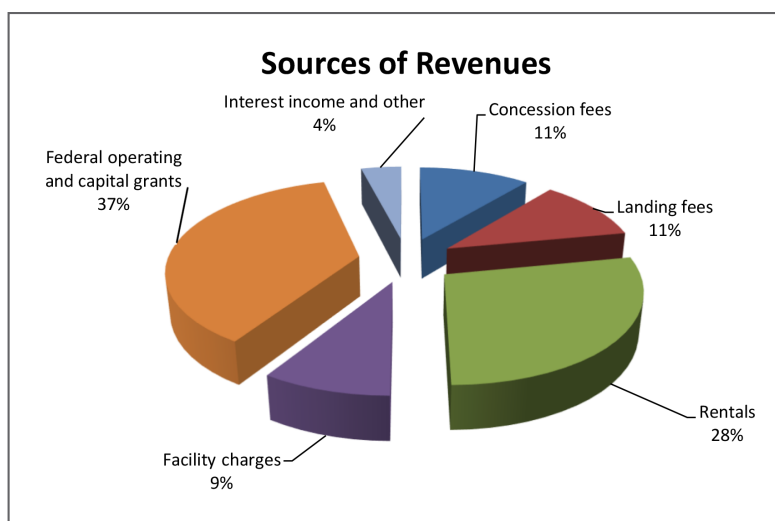
**THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements of the Department of Transportation, Airports Division, as of and for the fiscal year ended June 30, 2021. The audit was conducted by KPMG LLP.

### About the Division

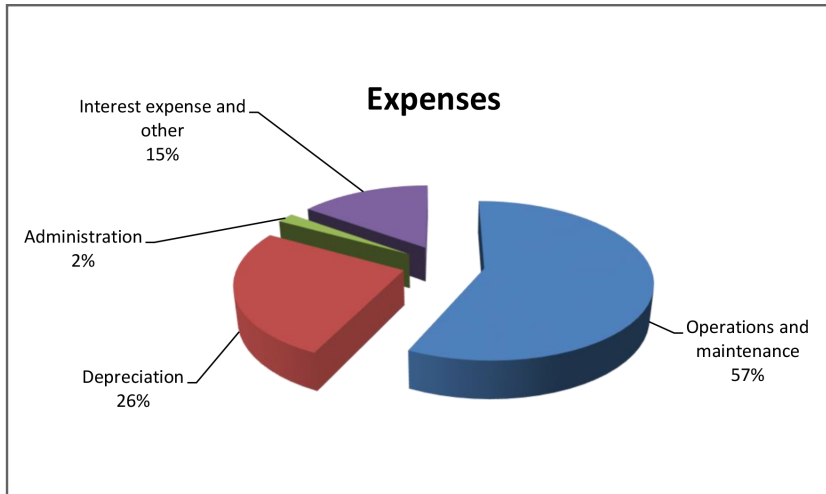
The Department of Transportation, Airports Division (DOT-Airports), operates and maintains 15 airports at various locations within the State of Hawai'i as a single integrated system for management and financial purposes. Daniel K. Inouye International Airport is the principal airport in the airports system, providing facilities for interisland flights, domestic overseas flights, and international flights to destinations in the Pacific Rim. DOT-Airports is authorized to impose and collect rates and charges for the airports system services and properties to generate revenues to fund operating expenses. The Capital Improvements Program is primarily funded by airports system revenue bonds and lease revenue certificates of participation issued by DOT-Airports, federal grants, passenger facility charges, customer facility charges, and DOT-Airports revenues.

### Financial Highlights

**FOR THE FISCAL YEAR** ended June 30, 2021, DOT-Airports reported total revenues of \$540 million and total expenses of \$604 million, resulting in a decrease in net position of \$64 million. Revenues consisted of (1) \$59 million in concession fees, (2) \$62 million in landing fees, (3) \$152 million in rentals, (4) \$49 million in facility charges, (5) \$201 million in federal operating and capital grants, and (6) \$17 million in interest and other revenues.



Total expenses of \$604 million consisted of (1) \$345 million for operations and maintenance, (2) \$158 million in depreciation, (3) \$14 million for administration, and (4) \$87 million in interest and other expenses.



As of June 30, 2021, the department reported total assets and deferred outflows of resources of \$5.45 billion, comprised of (1) cash of \$1.04 billion, (2) investments of \$240 million, (3) net capital assets of \$3.97 billion, and (4) \$197 million in receivables, other assets, and deferred outflows of resources. Total liabilities and deferred inflows of resources totaled \$2.92 billion, which includes (1) \$1.66 billion in airports system revenue bonds, (2) \$1.23 billion in other liabilities and deferred inflows of resources, and (3) \$22 million in special facility revenue bonds.

Revenue bonds for DOT-Airports are rated as follows:

- Standard & Poor's Corporation: A+
- Moody's Investors Service: A1
- Fitch IBCA, Inc.: A+

DOT-Airports has numerous capital projects ongoing state-wide; construction-in-progress totaled \$1.53 billion at the end of the fiscal year.

## Auditors' Opinions

**DOT-AIRPORTS RECEIVED AN UNMODIFIED OPINION** that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

## Findings

**THERE WERE NO MATERIAL WEAKNESSES** in internal control over financial reporting that were 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/2021\\_Audit/DOT\\_Airports\\_2021.pdf](https://files.hawaii.gov/auditor/Reports/2021_Audit/DOT_Airports_2021.pdf)