

August 21, 2025

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 Nadine K. Nakamura
Speaker, House of Representatives
415 South Beretania Street
Hawai'i State Capitol, Room 431
Honolulu, Hawai'i 96813

Re: 2024 Annual Report

Dear President Kouchi and Speaker Nakamura:

Please find attached a copy of our *2024 Annual Report*, which includes summaries of the performance and financial audit reports that were issued from July 1, 2023 to December 31, 2024.

The report is accessible through our website at:
<https://files.hawaii.gov/auditor/Reports/2024/2024AnnualReport.pdf>.

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

Very truly yours,

Leslie H. Kondo
State Auditor

Attachment

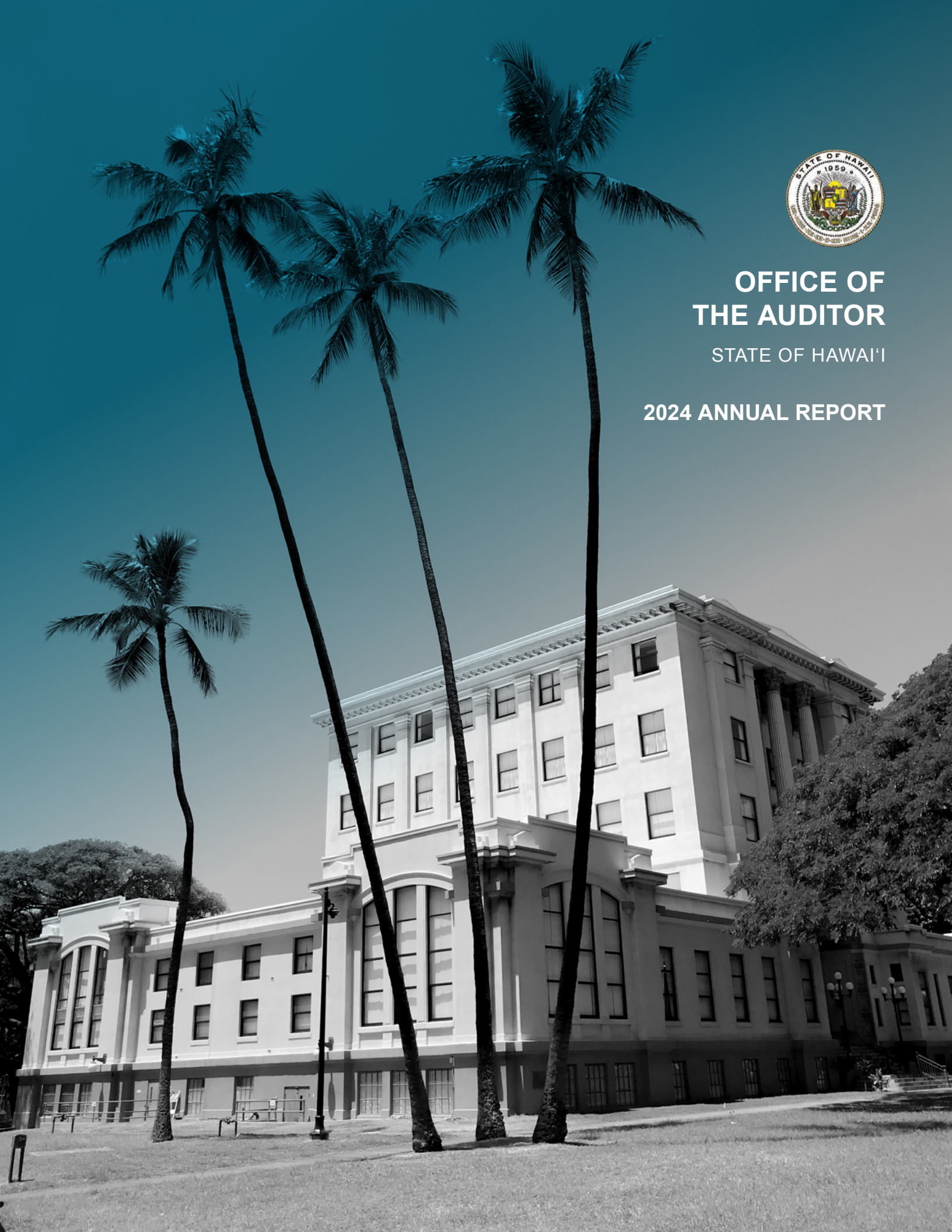
cc/attach: Members of the Senate
Members of the House of Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk



OFFICE OF THE AUDITOR

STATE OF HAWAII

2024 ANNUAL REPORT





OFFICE OF THE AUDITOR STATE OF HAWAII

Constitutional Mandate

Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Work

We conduct performance audits (also called management or operations audits), which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the governor and the Legislature to help them make informed decisions.

For more information on the Office of the Auditor, visit our website:
<https://auditor.hawaii.gov>

Table of Contents

Message from the Auditor	1
---------------------------------------	----------

Making an Impact.....	2
------------------------------	----------

Summary of Reports July 1, 2023 to December 31, 2024

23-08 Follow-Up on Recommendations from Report No. 18-18, <i>Audit of the Office of Health Care Assurance’s Adult Residential Care Home Program</i>	6
--	----------

23-09 Report on the Implementation of State Auditor’s Recommendations 2018 – 2021	7
--	----------

23-10 Study of Proposed Mandatory Health Insurance Coverage for Various Sexual and Reproductive Health Care Services.....	8
--	----------

23-11 Study of Proposed Mandatory Health Insurance Coverage for Standard Fertility Preservation Services.....	10
--	-----------

23-12 Proposed Mandatory Health Insurance Coverage for Pharmacist Services.....	12
--	-----------

23-13 Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Agriculture	13
---	-----------

23-14 Review of General Excise and Use Tax Provisions Pursuant to Section 23-75, Hawai’i Revised Statutes	14
--	-----------

23-15 Review of Income Tax Provisions Pursuant to Section 23-94, Hawai’i Revised Statutes.....	15
---	-----------

23-16 Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Defense	16
---	-----------

23-17 Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Accounting and General Services	17
---	-----------

24-01 Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Budget and Finance.....	18
---	-----------

24-02 Audit of the Hawai’i State Hospital’s Implementation of the Hawai’i Information Portal	19
---	-----------

24-03 Analyses of Proposed Special and Revolving Funds 2024	22
--	-----------

24-04 Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation.....	23
---	-----------

24-05 Audit of the Department of Human Services’ Child Welfare Services Branch.....	24
--	-----------

24-06 Review of General Excise and Use Tax Provisions Pursuant to Section 23-76, Hawai’i Revised Statutes	28
--	-----------

24-07 Review of Income Tax Provisions
Pursuant to Section 23-95, Hawai‘i
Revised Statutes..... 29

24-08 Review of Special Funds,
Revolving Funds, Trust Funds,
and Trust Accounts of the Department
of Land and Natural Resources 30

24-09 Report on the Implementation
of State Auditor’s Recommendations
2019 – 2022..... 32

**Summary of Financial Audits
July 1, 2023 to December 31, 2024....33**

**Office of the Auditor Appropriations
and Expenditures on a Budgetary
Basis for the Fiscal Year Ended
June 30, 2024.....55**

Message from the Auditor

WELCOME to this annual report, which highlights the Office of the Auditor’s work from July 1, 2023 to December 31, 2024.

This report summarizes a performance audit of the Hawai‘i State Hospital’s implementation of the Hawai‘i Information Portal (HIP); the Department of Human Services’ (DHS) Child Welfare Services Branch (CWSB); financial audits of 21 agencies and programs; reviews of non-general funds for the Department of Budget and Finance, the Department of Transportation, and the Department of Land and Natural Resources; reports on specific general excise tax, use tax, and income tax provisions; and a report on the status of all recommendations made in audits issued from 2019 through 2022. Copies of our reports are available on our website: auditor.hawaii.gov.

Our audit of the Hawai‘i State Hospital’s implementation of HIP, the State’s electronic payroll and time and leave system, found the hospital did not follow standard operating policies and procedures issued by the Department of Accounting and General Services for agencies transitioning to HIP. Instead the hospital created its own process which required as many as 11 employees to input every hospital employee’s pay adjustments for each day the employee worked as well as most employees’ leave requests. We found the procedures developed by the hospital deviated fundamentally from HIP’s foundational premise – timely self-entry of any adjustments to their regular or base pay such as overtime and compensatory time, as well as leave requests. We described a failure to implement automated timeclocks, which were an integral part of the hospital’s implementation strategy and are widely used in the healthcare industry to track staff’s actual time, that would have largely eliminated the need for the manual entry of time and attendance.

Our audit of DHS’ Child Welfare Services Branch (CWSB) examined how CWSB licensed foster homes. We found DHS’ internal procedures did not comport with the department’s legal authority for issuing provisional certificates to child-specific homes and that DHS had, on its own, extended the maximum length of a provisional certificate from the 60 days authorized under the law to 90 days. Even then, we found that DHS struggled to license child-specific homes within 90 days or even in 150 days.

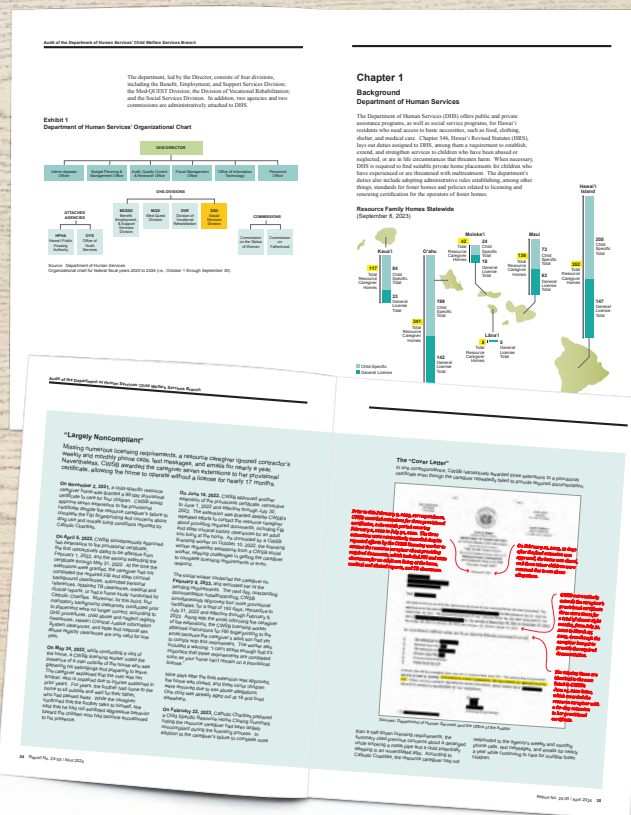
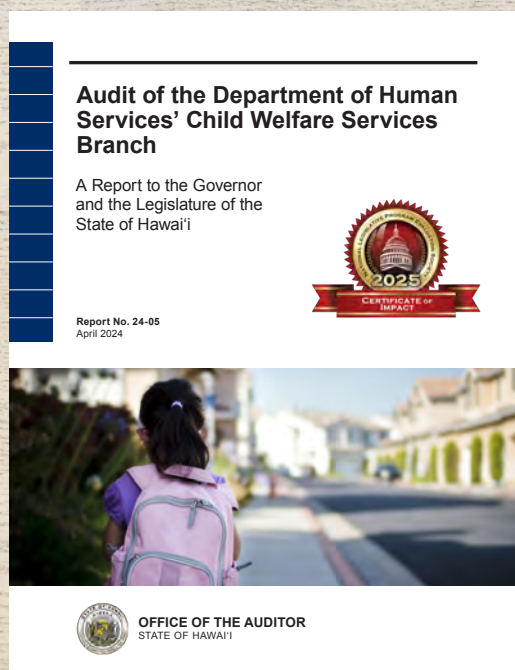
The Office of the Auditor is a valuable resource for legislators to understand how state programs are performing. This work is possible because of the dedicated and hard-working employees of the Office of the Auditor. I thank them for the important work that they do.



PHOTO: MICHAEL KEANY

Mission of the Office of the Auditor

Improving government through independent and objective analyses.



Making an Impact

Getting recognition for the impact of your work is nice. Affecting real change is better.

RECENTLY, WE LEARNED that we have been awarded a 2025 Certificate of Impact from the National Legislative Program Evaluation Society (NLPES) for Report No. 24-05, *Audit of the Department of Human Services Child Welfare Services Branch*. NLPES is a professional staff organization for state legislative agencies that do program evaluation or performance auditing. NLPES provides its members with training, opportunities for exchanging ideas and information, and recognition for superior performance. And one of its annual awards is the Certificate of Impact, which honors reports that have resulted in documented public policy changes, program improvements, dollar savings, or other public impacts.

Report No. 24-05, which we released in April 2024, examined how the Department of Human Services' (DHS) Child Welfare Services Branch (CWSB) licensed foster homes. We looked at processes

meant to ensure that homes and families approved to temporarily care for children on the State's behalf meet specific health, safety, and housing standards. We found that one type of placement home – a general license home – must meet licensing requirements before being allowed to foster children. But the state also licenses “child-specific homes,” which agree to foster children who are family members or otherwise familiar to the caregivers (e.g., family friends, teachers, and coaches).

Child-specific homes that meet basic health and safety requirements are commonly issued provisional certificates that allow them to care for children up to 60 days while the foster family works to fulfill all licensing requirements. We found that CWSB did not remove children from homes that could not or would not complete licensing requirements within the legal timeframe. In fact, our testing of 10 percent of active foster homes found 78 percent of child-specific homes

in our sample took five months, on average, to obtain a license, and half of the applications were open for 270 days or more. Provisional certificates were extended, or new ones were reissued, often retroactively, to paper over lapses when homes caring for children were neither licensed or provisionally certified.

We also found that CWSB was not trying to meet the 60-day deadline that DHS established in its administrative rules as a reasonable amount of time for children to remain in homes that may be missing FBI fingerprint-based background checks, training requirements, and extensive home studies conducted by CWSB.

Report No. 24-05 was covered by various media shortly after its release as well as over the course of many months. Later in the year, I was asked to present the audit findings and recommendations at a Senate Committee on Health and Human Services briefing at which time DHS presented its plan for corrective actions to address our report's many recommendations. This includes developing an electronic system to track foster home licensing and reduce manual paperwork as well as amending licensing requirements contained in statutes, administrative rules, policies, and procedures and then training of its staff on the changes. In addition, during the 2025 legislative session, the Senate introduced a bill to establish an oversight commission housed in the Department of the Attorney General. The bill was later deferred.

A tough job

Over the course of an audit, our analysts immerse themselves in the work of our auditees. They study and document an agency's policies and procedures, research the relevant criteria, observe agency staff perform relevant duties, and conduct extensive interviews with management and staff. In this audit, we learned of the myriad challenges that CWSB faces in placing children in foster homes. The branch has a tough job, maybe one of the most important in state government – CWSB is responsible for protecting vulnerable children and youth. And even though CWSB had blown through many deadlines and ignored other licensing requirements, administrators assured us that the safety net for foster children is wide and includes other entities that are helping to assure the safety of the kids.

“The backlog of paperwork was enormous. But it was still hard not to sympathize with staff, considering the nature and amount of work that needs to be done. Then again, paperwork was what keeps things – and people – from falling through the cracks,” said one of our analysts.

And we found cracks.

In our review of CWSB's case files, we found an instance in which a child-specific home was granted a provisional license despite missing numerous licensing requirements, including FBI and state criminal background clearances. The foster parent ignored weekly and monthly phone calls, text messages, and emails for nearly a year. Nevertheless, CWSB would award the caregiver seven extensions to its provisional certificate, allowing the home to operate without a license for nearly 17 months or nearly 15 months longer than the law allows.

Nine days after the final extension was approved, the home was closed, and three minor children were removed due to sex abuse allegations.

In another case, a youth with special needs, who required a wheelchair, was placed with his grandfather and cared for by an unrelated caregiver. Grandfather and grandson, who was “medically fragile,” lived in a one-bedroom apartment that had electricity cut off twice. According to the case file, the licensing worker suggested the child be removed from the home as living conditions were no longer sustainable. However, no action had been taken when we reviewed the foster home's file. When we asked for an update of the case, we were informed that the youth was eventually moved to another foster home, but he had since passed away.

It's hard to say how or if CWSB's inaction contributed to these instances of child abuse and even death; however, the revelations were sobering, reminding us of the importance of the work – both theirs and ours: Laws matter. Rules and regulations, policies and procedures, they all matter. And yes, even the prompt processing of paperwork matters.



Summary of Reports

July 1, 2023 to December 31, 2024



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2023/
23-08.pdf](https://files.hawaii.gov/auditor/Reports/2023/23-08.pdf)



PHOTO: ISTOCK.COM

Follow-Up on Recommendations from Report No. 18-18, *Audit of the Office of Health Care Assurance's Adult Residential Care Home Program*

Report No. 23-08, November 2023

IN REPORT NO. 18-18, we examined the Office of Health Care Assurance's (OHCA) process for relicensing adult residential care homes (ARCHs) and expanded adult residential care homes (E-ARCHs), which provide residents with a higher level of care. We found OHCA relicensed ARCHs and E-ARCHs without first completing the relicensing process, substituted less rigorous unannounced visits for required annual relicensing inspections, and in some cases issued licenses without inspecting or visiting the facility, as required by law. About half of the 214 care homes we sampled were allowed to operate with expired licensed or licenses that had been reissued before the relicensing process was completed. We further found OHCA had no written guidelines for enforcement if facilities did not or would not comply with quality of care standards, including guidance on how many deficiencies in quality of control standards would disqualify a home from license renewal. The audit reported OHCA did not sanction or fine a single home from 2007 to 2017, even if homes had substantial or repeated deficiencies; the agency's primary objective appeared to support the continued operations of care homes, rather than ensuring the health, safety, and welfare of the facilities' residents.

Of the nine recommendations made in the 2018 audit, we found OHCA has implemented three recommendations, partially implemented four recommendations, did not implement one recommendation, and a recommendation that was not implemented is no longer relevant. Since our audit, OHCA has instituted specific policies and procedures related to inspections, unannounced visits, enforcement, and the online posting of inspection reports. OHCA also completed initial phases of its centralized data management system.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2023/
23-09.pdf](https://files.hawaii.gov/auditor/Reports/2023/23-09.pdf)



PHOTO: OFFICE OF THE AUDITOR

Report on the Implementation of State Auditor's Recommendations 2018 – 2021

Report No. 23-09, November 2023

EVERY YEAR, we follow up on recommendations made in our audit reports. One year after we issue an audit, we begin asking agencies to provide us with the implementation status of our recommendations. After two or three years, we conduct a more rigorous follow-up review. Those reviews, which we refer to as “active reviews,” include interviewing selected personnel from the agency and examining the agency’s relevant policies, procedures, records, and documents to assess whether action on recommendations has been taken. Our efforts are limited to reviewing and reporting on an agency’s implementation of recommendations made in the original audit report. We do not explore new issues or revisit issues from the report unrelated to our original recommendations.

From 2018 to 2021, we made 202 audit recommendations. Based on information self-reported by the agencies and information from active reviews, 148 of those recommendations have been partially or fully implemented.

We based our scope and methodology on guidelines published by the United States Government Accountability Office (GAO) – formerly the General Accounting Office – including *How to Get Action on Audit Recommendations* and *Government Auditing Standards*, as well as on Hawai‘i Revised Statutes, Section 23-7.5.

According to the GAO, saving tax dollars, improving programs and operations, and providing better service to the public represent audit work’s “bottom line.” Recommendations are the vehicles by which these objectives are sought. However, it is action on recommendations – not the recommendations themselves – that helps government work better. Effective follow-up is essential to realizing the full benefits of audit work.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2023/
23-10.pdf](https://files.hawaii.gov/auditor/Reports/2023/23-10.pdf)



PHOTO: ISTOCK.COM

Study of Proposed Mandatory Health Insurance Coverage for Various Sexual and Reproductive Health Care Services

Report No. 23-10, November 2023

IN THE 2023 LEGISLATIVE SESSION, the Hawai‘i State Legislature contemplated mandating insurance coverage for various sexual and reproductive health care services. The Legislature was concerned about the federal government’s attempts to restrict and repeal the Patient Protection and Affordable Care Act, also known as the Affordable Care Act (ACA), and limit access to sexual and reproductive health care. The Legislature found “access to sexual and reproductive health is critical for the health and economic security of all people in Hawaii” and determined “it is vital to preserve certain aspects of the Patient Protection and Affordable Care Act and ensure access to health care for residents of Hawaii.” House Bill No. 1179 (HB 1179), introduced during the 2023 Legislative Session, is intended “to ensure comprehensive coverage for sexual and reproductive health care services, including family planning and abortion, for all people in Hawaii.”

State law requires an impact assessment by the Auditor before any legislative measure mandating health insurance coverage for a specific health service, disease, or provider can be considered. In Report No. 23-10, *Study of Proposed Mandatory Health Insurance Coverage for Various Sexual and Reproductive Health Care Services*, we found there will be little-to-no social or financial impact should HB 1179 be enacted into law, as nearly all of the services, drugs, devices, products, and

We found that the social and financial impacts, if any, are likely negligible because the sexual and reproductive health care services for which the bill would mandate health insurance coverage are already covered by policies issued in the State of Hawai‘i.

procedures that would be mandated are, except for a relatively small number of “grandfathered” plans, currently covered by Hawai‘i health insurance plans, including those plans available under the ACA. Mandating insurance coverage for sexual and reproductive health care services as described by the Legislature, with limited exceptions, does not expand coverage currently provided to insureds.

Social and Financial Impacts of House Bill No. 1179

We surveyed major health insurance providers for information necessary to complete our assessment. We also independently researched certain aspects of the ACA and Hawai‘i’s Prepaid Health Care Act, Chapter 393, Hawai‘i Revised Statutes (HRS). We conducted this assessment from May 2023 through September 2023 in accordance with Sections 23-51 and 23-52, HRS.

We found that the social and financial impacts, if any, are likely negligible because the sexual and reproductive health care services for which the bill would mandate health insurance coverage are already covered by policies issued in the State of Hawai‘i.¹ And, because the benchmark policy for the plans offered under the ACA in the Hawai‘i marketplace is the Hawai‘i Medical Service Association (HMSA) Preferred Provider Plan 2010, which HMSA represented includes coverage for the services identified in HB 1179, individual and small group health insurance plans purchased in Hawai‘i under the requirements of the ACA also include coverage for those sexual and reproductive health care services. Accordingly, mandating that health insurers include coverage for the sexual and reproductive health care services listed in HB 1179 does not change the status quo and likely will not result in any significant social or financial impact, which the providers who responded to our survey confirmed.

We note, however, that some plans require cost-sharing by their members in the form of copayments or deductibles for certain treatments, such as family planning and abortion care. HB 1179 would prohibit an insurer from imposing any cost-sharing requirements with respect to the coverage for the sexual and reproductive health care services, including copayments, coinsurance, or deductibles. While eliminating the cost-sharing that the policies currently may require adds costs that insurers must bear, we believe that those costs are relatively insignificant to insurers’ total costs and any financial impact, if any, will likewise be immaterial.

¹ Similarly, some health insurance providers have grandfathered plans purchased on or before March 23, 2010 that are not subject to certain requirements under the ACA, such as coverage for pre-existing conditions and free preventive care. Such policies do not cover all treatment or service required under the ACA or may provide such treatment or service with a member’s copayment.



Link to the complete report:

<https://files.hawaii.gov/auditor/Reports/2023/23-11.pdf>



PHOTO: ISTOCK.COM

Study of Proposed Mandatory Health Insurance Coverage for Standard Fertility Preservation Services

Report No. 23-11, November 2023

IN THE 2023 LEGISLATIVE SESSION, the Hawai‘i State Legislature contemplated mandating insurance coverage for standard fertility preservation services. Senate Bill No. 1446 (SB 1446) requires each individual or group health insurance policy to provide coverage to the policyholder and individuals under 26 years of age covered under the policy for standard fertility preservation services if they undergo a medically necessary treatment that may directly or indirectly cause iatrogenic infertility.¹ In addition, House Concurrent Resolution No. 96 (HCR 96), also adopted in the Regular Session of 2023, requests the Auditor, in accordance with Sections 23-51 and 23-52, Hawai‘i Revised Statutes (HRS), to assess the social and financial effects of mandating health insurance coverage for fertility preservation services for certain insured persons who have been diagnosed with cancer and whose cancer or cancer treatment may adversely affect the insured person’s fertility.

HCR 96 further requests the Auditor to examine “the necessity of extending the mandatory health

If the bill is considered during the upcoming legislative session, we suggest the Legislature consider clarifying those parts of the bill to help insurers as well as the public better understand who, when, and what is covered by the mandate.

insurance coverage for fertility preservation procedures for the spouse or partner of an insured person who has been diagnosed with cancer or whose cancer treatment may adversely affect the insured person’s fertility, to allow the insured person to have a child in the future, and the social and financial effects of extending the mandatory coverage to such spouses or partners.”

In Report No. 23-11, *Study of Proposed Mandatory Health Insurance Coverage for Standard Fertility Preservation Services*, to conduct our assessment of

¹ SB 1446 will also require individual and group hospital or medical service plans issued by a mutual benefit society or health maintenance organization pursuant to Chapter 432 or Chapter 432D, HRS, respectively, to include the identical coverage for standard fertility preservation services. Our discussion regarding the coverage proposed to be mandated for health insurance policies is equally applicable to the coverage proposed under the plans issued by a mutual benefit society or health maintenance organization.

the impacts of the proposed mandatory coverage for standard fertility preservation services as provided in SB 1446, we had to make numerous and significant assumptions about the Legislature's intent in order to resolve certain ambiguities in SB 1446 and HCR 96. Among the assumptions we had to make was that any cancer-related medical treatment with a likely side effect of infertility would be covered under the proposed coverage. We also had to assume that coverage would not include the cost of storing cryopreserved material and that coverage had no maximum age for the policyholder. Additionally, SB 1446 specifically excludes a policyholder's spouse from coverage for standard fertility preservation services as defined by SB 1446 if that spouse is aged 26 years or older.

If the bill is considered during the upcoming legislative session, we suggest the Legislature consider clarifying those parts of the bill to help insurers as well as the public better understand who, when, and what is covered by the mandate.

What is the Relationship Between Cancer and Fertility Preservation?

Cancer treatment can impact a person's fertility. The effects of cancer treatment on fertility depends on a variety of factors, such as the medicine used, the size and location of the radiation field, the dose, dose intensity, or method of administration, or the age, sex, and fertility of the patient before treatment. In males, chemotherapy or radiotherapy can negatively affect sperm number, motility, morphology, and DNA integrity. In females, any treatment that decreases the number of primordial follicles,¹ affects hormonal balance, or interferes with the functioning of the ovaries, fallopian tubes, uterus, or cervix can negatively affect fertility.

Additionally, surgical treatments for cancer can cause fertility problems such as through the removal of all or part of the testicles, penis, ovaries, uterus, or cervix.

Some aggressive forms of cancer such as leukemia require immediate treatment, while treatment for other forms of cancer may be delayed to allow a patient time to preserve their fertility. This is of particular importance for female patients, as they need additional time for stimulation and retrieval of their oocytes.²

¹ Primordial follicles can transform into pre-ovulatory follicles after puberty which, during ovulation, release mature oocytes.

² Oocytes are female germ cells that can mature into an egg, which is the cell that can be fertilized to produce an embryo.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2023/
23-12.pdf](https://files.hawaii.gov/auditor/Reports/2023/23-12.pdf)



PHOTO: ISTOCK.COM

Proposed Mandatory Health Insurance Coverage for Pharmacist Services

Report No. 23-12, November 2023

IN THE 2023 LEGISLATIVE SESSION, the Hawai‘i State Legislature contemplated mandating insurance coverage for pharmacist services. The Legislature is concerned about the current statewide physician shortage and believes “that pharmacists can help bridge the gaps created by the physician shortage” by providing health care services in medically underserved areas of the State.

Senate Bill No. 165 (SB 165), introduced in the Regular Session of 2023, will mandate insurance coverage for services provided by pharmacists within their scope of practice by private and public health plans in the State, noting that in addition to dispensing medication, pharmacists are skilled in educating patients on how and when to check blood sugar, ways to avoid and manage hypoglycemia, how to take medications correctly to avoid adverse effects, and various medication utilization techniques.

Senate Concurrent Resolution No. 17, Senate Draft 1, House Draft 1 (2023 Regular Session) (SCR 17, SD 1, HD 1) requests the Auditor to assess the social and financial impacts of mandating health insurance coverage for services provided by pharmacists, as proposed in SB 165. SCR 17, SD 1, HD 1 also requests the Auditor to assess the impact of Section 1311(d)(3) of the federal Patient Protection and Affordable Care Act (ACA) on the proposed mandatory health insurance coverage in SB 165 that includes, but is not limited to, the additional cost to the State of benefits beyond the

essential health benefits of Hawai‘i’s qualified health plans under the ACA.

The proposed health insurance coverage is not “mandatory” and does not extend coverage for additional health care services or diseases.

In Proposed Mandatory Health Insurance Coverage for Pharmacist Services, Report No. 23-12, we found that because insurers are not required to provide insurance coverage for services performed by any pharmacist, the proposed coverage is not mandatory. Therefore, we cannot assess the impacts of the proposed coverage. For instance, without knowing the number of pharmacists whose health care services will be covered, i.e., the number of pharmacists that will contract with insurers to provide health care services, we cannot assess the extent the proposed coverage for services provided by pharmacists will increase or decrease the cost of health care services.

Additionally, the Auditor assessed the impact of Section 1311(d)(3) of the federal ACA to determine the actuarial cost of the defrayment to the State for the reimbursement of services provided by pharmacists. Since the policies offered under the ACA currently include coverage for most of the services that the bill proposes to mandate insurance coverage for pharmacists to perform, the proposed coverage likely will not require the State to defray costs, if enacted.



Link to the complete report:

<https://files.hawaii.gov/auditor/Reports/2023/23-13.pdf>



PHOTO: DEPARTMENT OF AGRICULTURE

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Agriculture

Report No. 23-13, December 2023

OUR REVIEW of fourteen special funds, seven revolving funds, six trust funds, and six trust accounts of the Department of Agriculture (HDOA)¹ found five special funds, two revolving funds, and two trust funds did not meet the criteria for special funds, revolving funds, and trust funds, respectively, and should be closed or reclassified.

Section 23-12, Hawai‘i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department’s funds are reviewed once every five years. Although not mandated by statute, we included trust accounts as part of our review. This is our seventh review of HDOA’s revolving funds, trust funds, and trust accounts. It is our third review of the special funds held by HDOA since Act 130, Session Laws of Hawai‘i 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data, which is provided for informational

purposes. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

We noted that HDOA did not file statutorily required reports for non-general funds totaling approximately \$1.3 million, administratively created non-general funds totaling approximately \$394,000, non-general funds with balances totaling approximately \$1.8 million under the program measures reporting requirement, and non-general funds with balances totaling approximately \$1.4 million under the cost element reporting requirement. Accurate and complete reporting will greatly improve the Legislature’s oversight and control of these funds.

HDOA concurred with our findings and stated that it will ensure compliance with all statutory reporting requirements. However, HDOA noted that certain special and revolving funds that did not meet criteria have a clear nexus between fund revenues and the program it supports. We maintain our assessment that these funds do not meet criteria for those types of funds established by the Legislature as the program they support can be supported by the General Fund appropriation process.

¹ Act 236, signed on June 27, 2025, renamed the Department of Agriculture (HDOA) the Department of Agriculture & Biosecurity (DAB).



Link to the complete report:

<https://files.hawaii.gov/auditor/Reports/2023/23-14.pdf>



PHOTO: ISTOCK.COM

Review of General Excise and Use Tax Provisions Pursuant to Section 23-75, Hawai‘i Revised Statutes

Report No. 23-14, December 2023

THIS REPORT ASSESSES seven exemptions and one exclusion under Hawai‘i’s General Excise Tax (GET) and Use Tax laws. Section 23-71 et seq., Hawai‘i Revised Statutes (HRS), requires the Auditor to review GET and Use Tax provisions annually, on a 10-year recurring cycle. In fiscal year 2022, which ended June 30, 2022, GET and Use Tax revenues accounted for \$4 billion, or nearly 38 percent of the State’s total tax revenue from all sources.

Specifically, this report reviews the following eight tax provisions:

- GET exemption for the loading, transportation, and unloading of agricultural commodities shipped for a producer or produce dealer on one island to a person, firm or organization on another island, Section 237-24.3(1), HRS;
- GET exemption for the loading or unloading of cargo from ships, barges, vessels, or aircraft, including stevedoring services, Section 237-24.3(3)(A), HRS;
- GET exemption for tugboat services, including pilotage fees and fees from the towage of ships, barges, or vessels in and out of state harbors, or from one pier to another, Section 237-24.3(3)(B), HRS;
- GET exemption for the transportation of pilots or governmental officials to offshore vessels; rigging gear; checking freight; standby charges; and use and running of mooring lines, Section 237-24.3(3)(C), HRS;

- Use Tax exclusion for imported oceangoing vehicles used for the interisland public transportation of passengers, Section 238-1, paragraph 7 of “use” definition, HRS;
- Use Tax exemption for imported alcohol and tobacco to be consumed outside Hawai‘i by vessel and airline passengers and crew, Section 238-3(g), HRS;
- Use Tax exemption for imported vessels constructed before July 1, 1969, under the Fisheries New Vessel Construction Loan Program, Section 238-3(h), HRS; and
- GET exemption for shipbuilding and ship repairs rendered to surface vessels federally owned or engaged in interstate or international trade, Section 237-28.1, HRS.

We determined that one Use Tax exclusion and three GET exemptions are meeting their stated or inferred purposes, and that one GET exemption is not meeting its purpose. As we explain in the report, making conclusions as to whether purposes are being met is challenging when amounts claimed are not tracked or where no benchmarks or metrics are statutorily set forth to assess whether a provision is achieving its intended purpose.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2023/
23-15.pdf](https://files.hawaii.gov/auditor/Reports/2023/23-15.pdf)



ILLUSTRATION: ISTOCK.COM

Review of Income Tax Provisions Pursuant to Section 23-94, Hawai‘i Revised Statutes

Report No. 23-15, December 2023

THIS REPORT ASSESSES eight credits and two exclusions allowable under Hawai‘i’s Income Tax laws. Section 23-91 et seq., Hawai‘i Revised Statutes (HRS), requires the Auditor to review income tax provisions annually, on a five-year recurring cycle.

Specifically, this report reviews the following tax provisions:

- Exclusion of intangible income of trusts with nonresident beneficiaries, Section 235-4.5(a), HRS;
- Exclusion of intangible income of foreign corporations owned by such trusts, Section 235-4.5(b), HRS;
- Credit for taxes paid to another jurisdiction by trusts, Section 235-4.5(c), HRS;
- Credit for taxes paid to another jurisdiction by S corporations, Section 235-129(a), HRS;
- Credit to S corporation shareholders for credits earned by S corporations, Section 235-129(b), HRS;
- Credit for taxes paid to another jurisdiction by individuals, Section 235-55, HRS;
- Credit to shareholders for taxes on undistributed capital gains of regulated investment companies, Section 235-71(c), HRS;
- Credit for commercial fisher fuel taxes, Section 235-110.6, HRS;

- Credit for costs of maintaining Important Agricultural Lands, Section 235-110.93, HRS; and
- Credit for qualified businesses in Enterprise Zones, Section 209E-10, HRS.

We determined that six provisions accomplish their purposes and one does not, but were unable to determine whether three other provisions achieved the primary purposes for which they were adopted. The inability to draw conclusions with respect to those three provisions stemmed primarily from a lack of data regarding their utilization. Determining whether purposes have been met was also frustrated by a lack of claim tracking or statutorily identified benchmarks or metrics. With respect to some provisions, it was difficult to determine what outcomes the Legislature intended to achieve, as there is no clear indication from underlying bills or their legislative histories.

We recommend that other state agencies be tasked with performing cost-benefit analyses of the commercial fisher fuel tax credit (Section 235-110.6, HRS) and the Enterprise Zone credit (Section 209E-10, HRS). While independent, objective, and well-suited to conduct performance audits and studies on the effectiveness of agency operations, we do not have ready access to the specialized economic data and other resources necessary to conduct a thorough cost-benefit analysis of either credit.



Link to the complete report:

<https://files.hawaii.gov/auditor/Reports/2023/23-16.pdf>



PHOTO: DEPARTMENT OF DEFENSE

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Defense

Report No. 23-16, December 2023

OUR REVIEW of one special fund, one revolving fund, five trust funds, and three trust accounts of the Department of Defense (DOD) found one special fund did not meet the criteria for a special fund and should be closed or reclassified.

Section 23-12, Hawai‘i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department’s funds are reviewed once every five years. Although not mandated by statute, we included trust accounts as part of our review. This is our third review of DOD’s revolving funds, trust funds, and trust accounts. It is our third review of the special funds held by DOD since Act 130, Session Laws of Hawai‘i 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data, which is provided for informational purposes. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

We noted that DOD did not file statutorily required reports for non-general funds totaling approximately \$875,000, administratively created non-general funds totaling approximately \$12.6 million, and non-general funds with balances totaling approximately \$13.5 million under the cost element and program measures reporting requirements. Accurate and complete reporting will greatly improve the Legislature’s oversight and control of these funds.

Agency response

DOD did not believe any revisions to the report were necessary and offered no further comments.



Link to the complete report:

<https://files.hawaii.gov/auditor/Reports/2023/23-17.pdf>



PHOTO: OFFICE OF THE AUDITOR

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Accounting and General Services

Report No. 23-17, December 2023

OUR REVIEW of seven special funds, five revolving funds, nine trust funds, and twelve trust accounts of the Department of Accounting and General Services (DAGS) found one revolving fund, one trust fund, and five trust accounts did not meet the criteria for revolving funds, trust funds, and trust accounts, respectively, and should be closed or reclassified.

Section 23-12, Hawai‘i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department’s funds are reviewed once every five years. Although not mandated by statute, we included trust accounts as part of our review. This is our seventh review of DAGS’ revolving funds, trust funds, and trust accounts. It is our third review of the special funds held by DAGS since Act 130, Session Laws of Hawai‘i 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data, which is provided for informational purposes. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

We noted that DAGS did not file statutorily required reports for administratively created non-general funds totaling approximately \$118,000, non-general funds with balances totaling approximately \$3.96 million under the program measures reporting requirement, and non-general funds with balances totaling approximately -\$5.4 million under the cost element reporting requirement. Accurate and complete reporting will greatly improve the Legislature’s oversight and control of these funds.

Agency response

DAGS concurred with most of our findings and stated that it will ensure compliance with all statutory reporting requirements. However, DAGS noted that the revolving fund that did not meet criteria did not have a General Fund appropriation for FY2024 deposited into the fund. DAGS noted the trust fund that did not meet criteria was established as a trust fund by statute and would not be financially self-sustaining if the fund classification changed. We maintain our assessment that these funds do not meet criteria for those types of funds established by the Legislature. The program the revolving fund supports can be supported by the General Fund appropriation process and the revenue stream for the trust fund does not meet the definition of a trust fund.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2024/
24-01.pdf](https://files.hawaii.gov/auditor/Reports/2024/24-01.pdf)



PHOTO: OFFICE OF THE AUDITOR

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Budget and Finance

Report No. 24-01, January 2024

OUR REVIEW of three special funds, four trust funds, and eleven trust accounts of the Department of Budget and Finance (B&F) found two trust accounts did not meet the criteria for trust accounts and should be closed or reclassified.

Section 23-12, Hawai‘i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department’s funds are reviewed once every five years. Although not mandated by statute, we included trust accounts as part of our review. This is our seventh review of B&F’s revolving funds, trust funds, and trust accounts. It is our third review of the special funds held by B&F since Act 130, Session Laws of Hawai‘i 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data, which is provided for informational purposes. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

We noted that B&F did not file statutorily required reports for non-general funds totaling approximately \$22.3 billion, administratively created non-general funds totaling approximately \$0, non-general funds with balances totaling approximately \$22.6 billion under the program measures reporting requirement, and non-general funds with balances totaling approximately \$22.6 billion under the cost element reporting requirement. Accurate and complete reporting will greatly improve the Legislature’s oversight and control of these funds.

Agency response

B&F represented that it will thoroughly review each of the items noted in the report and take appropriate actions to address them.



Link to the complete report:

<https://files.hawaii.gov/auditor/Reports/2024/24-02.pdf>



PHOTO: OFFICE OF THE AUDITOR

Audit of the Hawai'i State Hospital's Implementation of the Hawai'i Information Portal

Report No. 24-02, January 2024

THE STATE'S NEW ELECTRONIC PAYROLL AND TIME AND LEAVE SYSTEM, accessed through the Hawai'i Information Portal (HIP), is premised on employees' entering time they work outside of regular hours, such as overtime, as well as requests for paid and unpaid leave. In addition, HIP features a dashboard that allows State of Hawai'i personnel to view and manage their payroll and leave information. Employees may also input adjustments to their payable time as well as leave requests, subject to supervisor approval.

To facilitate the State's transition to HIP, the State of Hawai'i Office of Enterprise Technology Services (ETS), which shepherded the system's development and implementation, published the *HIP – Time & Leave Standard Operating Policies and Procedures* (SOPPs), among other efforts to provide instruction and guidance to employees and supervisors. The SOPPs include processes for employees' use of HIP that start with timely self-entry of hours worked and leave requests, and are expressly intended to ensure (1) employees receive compensation based on hours worked; (2) departments' operations with respect to submitting time and leave into HIP are efficient; and (3) payroll is calculated accurately.

The Hawai'i State Hospital (the hospital) transitioned to HIP in August of 2021. In its preparation for that transition, the hospital decided that the SOPPs – most significantly, the employee

The hospital did not have confidence that its employees, which include both regular hourly employees and shift workers, could and/or would accurately input their own pay exceptions and leave requests.

self-entry of payable time and leave requests as well as the supervisor review and approval of both – could not be successfully implemented with its staff. Specifically, the hospital did not have confidence that its employees could accurately input their own payable time and leave requests. The hospital was also concerned that supervisors would not provide a thorough and meaningful review of pay and leave requests, which is one of the important controls (or checks) contemplated in the SOPPs.

What we found

Instead of following HIP's SOPPs, the hospital created its own process, which requires as many as 11 employees to input every hospital employee's adjustments to base pay for each day the employee works as well as most employees' leave requests. The process requires handwritten daily rosters to be manually transcribed into a Microsoft Excel spreadsheet before being entered into HIP, and because the hospital's process prioritizes the inputting of payable time, employee leave may not be inputted timely.

HIP relies on the timely entry of time and leave to ensure that employees' pay is accurately calculated. Delays in entering either may result in incorrect paychecks. This is especially the case with employees who have little or no accrued leave balances. Those employees may be paid for time when they are on leave that should be unpaid. The hospital struggles to recover these types of overpayments.

In addition, the hospital's modified system is highly dependent – perhaps, entirely dependent – on the accuracy of those inputting every employee's time and leave. That type of unfettered confidence in the group of clerical employees may increase the risk of overpayments and underpayments to employees.

We also found that the hospital's process minimizes the role of supervisor oversight that ETS intended would serve as a "control" or safeguard to ensure the accuracy of entries. Furthermore, the hospital made this fundamental alteration without designing alternative controls or other types of checks to mitigate the increased risk of data entry errors or fraud. The hospital's modified process has also created a high-stress environment that we were told is contributing to staff turnover.

Why do these problems occur?

The hospital did not have confidence that its employees, which include both regular hourly employees and shift workers, could and/or would accurately input their own pay exceptions and leave requests. Employee involvement, particularly the timely self-entry of time and leave, is the centerpiece of the HIP payroll and leave system. Employees and their supervisors are intended to have fundamental roles and responsibilities from which time and leave processes flow. For instance, employee-submitted time requests in HIP are automatically routed to a supervisor for review and approval; the system is programmed to identify unusual transactions that might require correction or need closer review, which supervisors must clear. In addition, employees must forecast their accrued leave balances to ensure they have sufficient leave before they can submit requests for time off; and HIP requires certain queries (mandatory audits) be run at specified frequencies.

Despite these safeguards (both programmed and procedural) built into HIP and its SOPPs to ensure the correct entry of time and leave, the hospital's Human Resources (HR) unit was concerned that the system would not detect employee-inputted errors. HR had been heavily involved in the manual processing of payroll paperwork before HIP and was familiar with the numerous time and leave reporting discrepancies observed in the past. However, these concerns appear to be largely about the capabilities – and the integrity – of staff and not concerns about HIP or the SOPPs. HR was also concerned about employees' understanding of the adjustments to base pay in their respective bargaining unit contracts and applying those adjustments to their payable time in HIP.

Why do these problems matter?

In the hospital's modified application of HIP, data-entry staff enter time and leave requests on employees' behalf. To do so, staff perform a series of manual processes, which include everyday calls to verify time and attendance and transcribing daily rosters into a Microsoft Excel spreadsheet, which in turn is manually entered into the HIP system. Instead of streamlining payroll processes by providing greater functionality and efficiency, the hospital's version of HIP has had the opposite effect.

In addition, data-entry staff now have considerably more payroll processing responsibilities. Missing are the oversight functions originally designed in the SOPPs. The data-entry staff are generally aware of these duties and that some are mandatory. When they do perform them, they are generally done on an ad hoc basis and at the discretion of the individual data-entry staff. In addition, because they are now responsible for the input and review of information as well as the correction of discrepancies, staff tasked with entering time and leave for employees are not in the position to provide oversight of their own activities, even if they have the awareness or the inclination to do so.

It does not appear that the hospital thoroughly assessed safeguards developed by ETS in its SOPPs to address concerns regarding an employee's ability to self-enter time and leave accurately, but it is clear that the hospital did not develop controls of its own to replace them or to otherwise ensure the accuracy of the time and leave entered by its HR data-entry staff.

As previously noted, since implementing HIP, as many as 11 hospital employees have been assigned data-entry responsibilities in addition to their regular duties, including unit clerks and section secretaries who would not normally perform human resources functions. According to the HR Specialist, who supervised data-entry staff, approximately 60 percent of their time is devoted to time and leave entry into HIP, which might require overtime depending on the length of the pay period; a pay period shortened by a holiday guarantees data-

entry staff will accrue overtime to catch up. The HR Specialist could not give us an estimate of how many hours of overtime are needed to complete the payroll process.

According to HR staff, data entry of time is "chaotic" for unit clerks tasked with tracking 24-hour attendance on the daily roster. And according to the HR Specialist, the HIP-related duties contributed to the departure of two employees specifically hired to enter employee time and leave into the system. Without policies and procedures or any type of organizational infrastructure in place, the long-term – even short-term – sustainability of the current system is doubtful.



Link to the complete report:

<https://files.hawaii.gov/auditor/Reports/2024/24-03.pdf>

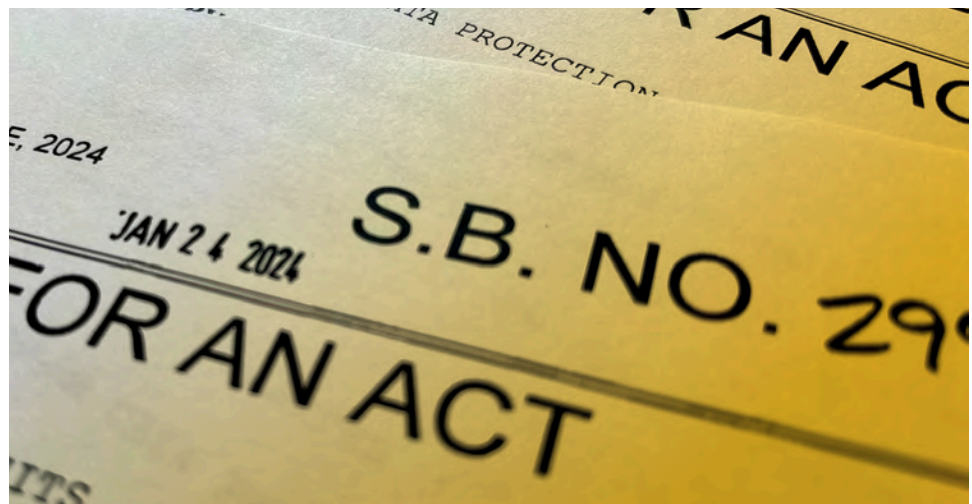


PHOTO: OFFICE OF THE AUDITOR

Analyses of Proposed Special and Revolving Funds 2024

Report No. 24-03, February 2024

ONLY ABOUT HALF OF THE MONEY the State spends each year comes from its main financial account, the General Fund. The other half of expenditures are financed by special, revolving, federal, and trust funds. Between 2008 and 2012, the number of these non-general funds and the amount of money contained in them substantially increased. Much of that upward trend had been caused by an increase in special funds, which are funds set aside by law for a specified object or purpose.

In 2013, the Legislature amended Section 23-11, Hawai‘i Revised Statutes (HRS), after the Auditor recommended changes to stem a trend in the proliferation of special and revolving funds over the past 30 years. Such funds erode the Legislature’s ability to control the State budget through the general fund appropriation process. General funds, which made up about two-thirds of state operating budget outlays in the late 1980s, had dwindled to about half of outlays.

By 2011, special funds amounted to \$2.48 billion, or 24.3 percent, of the State’s \$10.2 billion operating budget. Also ballooning were revolving funds, which are used to pay for goods and services and are replenished through charges to users of the goods and services or transfers from other accounts or funds. By 2011, revolving funds made up \$384.2 million, or 3.8 percent, of the State’s

operating budget. Further hampering the Legislature’s control over the budget process was a 2008 court case. In *Hawai‘i Insurers Council v. Linda Lingle, Governor of the State of Hawai‘i*, the Hawai‘i Supreme Court determined that under only certain conditions could the Legislature “raid” special funds to balance the State budget. In 2013, in order to gain more control over the budget process, the Legislature built new safeguards into the criteria for establishing special and revolving funds.

This year, applying the criteria required by Section 23-11, HRS, we reviewed 83 Senate and House bills introduced during the 2024 legislative session that propose 65 new special and revolving funds. We determined that none of the proposed special and revolving funds satisfied the criteria established by the Legislature.



Link to the complete report:

<https://files.hawaii.gov/auditor/Reports/2024/24-04.pdf>



PHOTO: OFFICE OF THE AUDITOR

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation

Report No. 24-04, March 2024

OUR REVIEW of twelve special funds, six revolving funds, eight trust funds, and seventeen trust accounts of the Department of Transportation (DOT) found two special funds, five revolving funds, one trust fund, and one trust account did not meet the criteria for special funds, revolving funds, trust funds, and trust accounts, respectively, and should be closed or reclassified.

Section 23-12, Hawai‘i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department’s funds are reviewed once every five years. Although not mandated by statute, we included trust accounts as part of our review. This is our seventh review of DOT’s revolving funds, trust funds, and trust accounts.

It is our third review of the special funds held by DOT since Act 130, Session Laws of Hawai‘i 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data, which is provided for informational

purposes. We do not present conclusions about the effectiveness of programs or their management, or whether the programs should be continued.

Reporting shortfall

We noted that DOT did not file statutorily required reports for non-general funds totaling approximately \$28.3 million, administratively created non-general funds totaling approximately \$530.2 million, non-general funds with balances totaling approximately \$1.57 billion under the program measures reporting requirement, and non-general funds with balances totaling approximately \$2.19 billion under the cost element reporting requirement. Accurate and complete reporting will greatly improve the Legislature’s oversight and control of these funds.

Agency response

DOT concurred with our recommendations for fund reclassification and stated they will reach out to the Department of Accounting and General Services to implement these recommendations. DOT acknowledged the Safe Routes to School Program Special Fund could be successfully implemented using the General Fund. DOT, with concurrence from the Safe Routes to School Advisory Committee, can transfer funds to the counties to implement the Safe Routes to School Program plan and projects.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2024/
24-05.pdf](https://files.hawaii.gov/auditor/Reports/2024/24-05.pdf)



Audit of the Department of Human Services' Child Welfare Services Branch

Report No. 24-05, April 2024

THE DEPARTMENT OF HUMAN SERVICES (DHS) is charged with providing services “for the protection and care of abused or neglected children and children in danger of becoming delinquent to make paramount the safety and health of children who are harmed or are in life circumstances that threaten harm.” The importance of that responsibility – protecting Hawai‘i’s keiki – simply cannot be overstated. When children cannot remain safely in their homes, DHS’ Child Welfare Services Branch (CWSB) places children in foster homes, which the department refers to as resource family homes, until those children can be reunited with their families or placed with adoptive parents or legal guardians.

Foster homes must have a license issued by the department to care for a child. The licensing requirements are contained in the administrative rules promulgated by DHS and are the standards of conditions, management, and competency that the department determined foster homes must meet to provide a safe, stable, and nurturing environment.

DHS recognizes two types of foster homes: homes in which the caregivers have no relation to the youth they foster, referred to as general license homes, and child-specific homes where the caregivers have an existing relationship with the child. While the licensing requirements are the same for both types of homes, only general license homes must be unconditionally licensed before children are placed

in the home. DHS can issue provisional certificates, which are temporary licenses, to child-specific homes to allow foster children to be placed in those homes while the homes complete the licensing requirements, which include FBI fingerprint background checks, medical clearances, and home studies. By law, the provisional certificates are, generally, not to exceed 60 days and can only be approved by DHS “if it is reasonable to assume that all licensing requirements will be met within sixty days and that there are no risks to the health, safety, or well-being of a child.”

To expedite foster home licensing, DHS has contracted with Catholic Charities Hawai‘i (Catholic Charities) to perform the home studies and compile the documentation necessary for the department to license the homes. For contracts relating to health and human services, such as DHS’ contracts with Catholic Charities, the law requires DHS to “formulate and implement a monitoring plan” for those contracts, which includes, among other things, “a manual or other set of guidelines” describing the objectives, procedures, and requirements of the department’s monitoring process. DHS is also required to develop criteria and procedures to evaluate contracts after they expire or are terminated.

REGARDING THE DEPARTMENT OF HUMAN SERVICES:

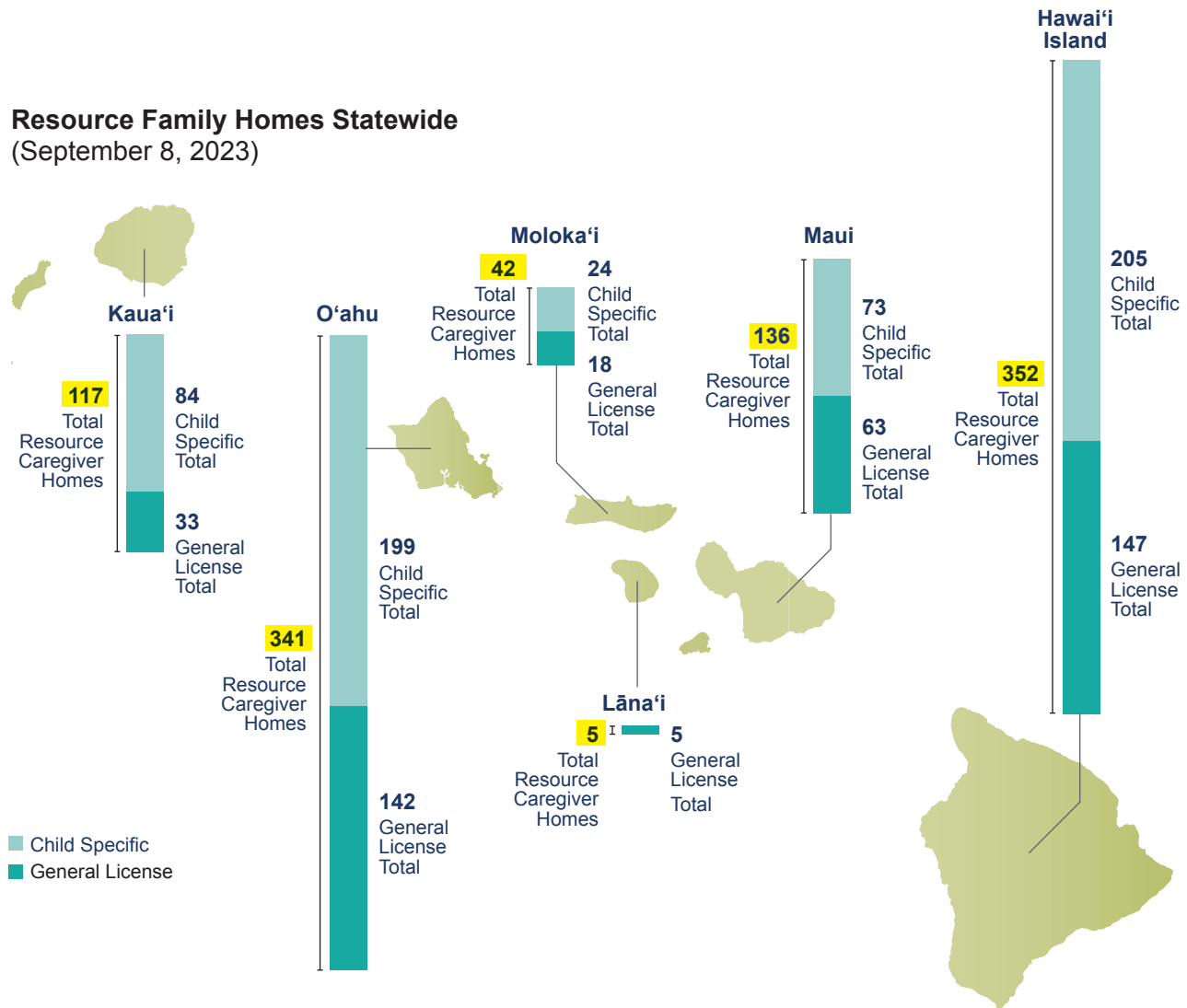
By disregarding and overwriting the policies and requirements in its administrative rules, DHS’ approach, which allowed children to be in unlicensed child-specific homes much longer than 60 days, seemed to prioritize factors other than the safety and health of the children under its care and increased the risk that children might be harmed in those homes. And, that risk is not simply theoretical.

What we found

We found that DHS’ internal procedures – and, more significantly, its actual practices – did not comport with the department’s legal authority to issue provisional certificates to child-specific homes. DHS has greatly expanded its ability to approve provisional certificates for child-specific homes, which has resulted in foster children staying in homes that have not completed the licensing requirements for far longer than 60 days. In 2019, DHS changed its licensing procedures through an “Internal Communication Form” (ICF), akin to an internal memorandum, to extend the length of a provisional certificate from 60 days, as directed in DHS’ administrative rules, to 90 days; the ICF also sanctioned one additional 60-day provisional certificate in two very narrow circumstances – potentially allowing children to stay in homes that DHS had yet to determine were safe, stable, and nurturing environments for up to 150 days, i.e., 90 days longer than authorized under the administrative rules. Yet, even under the more lenient procedures, we found that DHS struggled to license child-specific homes within 90 days or even in 150 days.

We found that DHS allowed children to be in unlicensed child-specific homes, i.e., those with only provisional certificates, for many months, sometimes even more than a year, by approving multiple consecutive provisional certificates to the same home. Our random sample of roughly 10 percent of CWSB’s “active” licensing files included 30 child-specific homes. None of those homes completed the licensing requirements within 60 days, and none of the children in those homes were removed, as directed under DHS’ licensing procedures. For those homes in our sample, the licensing process took an average of 314 days. Many child-specific homes had been caring for foster children for more than 60 days but had not completed the licensing requirements as of the date on which we reviewed the department’s files. For example, DHS had approved multiple provisional certificates to one of those homes that covered 720 days – and counting. We found that CWSB extended or issued additional provisional certificates and often retroactively dated those certificates to cover periods when children were in homes with expired provisional certificates. This common practice allowed children to stay indefinitely in homes that had not, and in some cases could not, meet the requirements that DHS, itself, had established to ensure that homes were safe.

Resource Family Homes Statewide (September 8, 2023)



Source: Department of Human Services

This graphic includes foster homes with licenses and provisional certificates

CWSB also did not monitor or evaluate Catholic Charities' performance to ensure the services the State paid for were delivered. In fact, Social Services Division staff involved in contracting were unaware that they were legally required to do so. Although DHS was aware Catholic Charities was underperforming, it continued paying the contractor's invoices and, in 2023, extended Catholic Charities' licensing contract, and a separate support services contract, for another two years. The contract's payment structure is "cost reimbursement," where the State pays Catholic

Charities up to \$2 million per year, essentially reimbursing Catholic Charities' personnel and administrative costs associated with the contract. However, reimbursement of those costs is expressly conditioned on Catholic Charities satisfactorily delivering the services required in the contract. We found that DHS reimbursed Catholic Charities' costs without regard to performance of the services; the department's payment process effectively removed the requirement that the contracted services be "satisfactorily performed."

Why do these problems matter?

The CWSB Administrator identified the branch's licensing of foster homes as the activity posing the most risk to children, telling us: "If a child gets hurt in a home that's not licensed, it's devastating and the liability around that is huge ... You don't even place children in a home that is not licensed [or] licensable." The Administrator's comment clearly reflects her concern about the risk to children placed in homes that have not completed the requirements the department determined are necessary to provide assurance that homes are safe and healthy environments for children under the DHS' care.

The department, through CWSB, is responsible for "the safety and health of children who have been harmed or are in life circumstances that threaten harm." Requiring homes to have licenses issued by DHS is one of the policies that the department included in its administrative rules to perform that critically important responsibility. However, unless a home completed the requirements and was awarded an unconditional license, DHS did not know whether a home was a safe and healthy environment and children in that home were at risk of harm.

According to the CWSB Administrator, "The expectation is that these children will be in homes that will keep them safe ... I think we follow the rules, and we try to do our best with that, and on occasion, children are being hurt in those homes." By disregarding and overwriting the policies and requirements in those rules, DHS' approach, which allowed children to be in unlicensed child-specific homes much longer than 60 days, seemed to prioritize factors other than the safety and health of the children under its care and increased the risk that children might be harmed in those homes. And, that risk is not simply theoretical. We found a number of cases, which are described in the report, in which children in child-specific homes operating under multiple consecutive provisional certificates were actually harmed.

In addition, the State lost a significant amount of Title IV-E federal funds. Those funds, which reimburse the State for eligible foster care payments, are accessible for payments to licensed homes; the State was not able to claim the Title IV-E funds for foster homes with provisional certificates.

With respect to the contracts with Catholic Charities licensing support services, one purpose of which was to expedite the licensing of child-specific homes, DHS did not hold Catholic Charities accountable for performing the services under the contract. As we found, DHS' licensing of child-specific homes was neither expedited nor in accordance with legal requirements. Without any monitoring program and confusion between offices as to which was responsible for ensuring performance of the contract, DHS essentially reimbursed Catholic Charities' personnel and administrative costs without ensuring that satisfactory performance of the services. That approach resulted in a waste of state funds.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2024/
24-06.pdf](https://files.hawaii.gov/auditor/Reports/2024/24-06.pdf)



PHOTO: ISTOCK.COM

Review of General Excise and Use Tax Provisions Pursuant to Section 23-76, Hawai‘i Revised Statutes

Report No. 24-06, August 2024

THIS REPORT ASSESSES nine exemptions under the Hawai‘i’s General Excise Tax (GET) and Use Tax laws. Section 23-71 et seq., Hawai‘i Revised Statutes (HRS), require the Auditor to review GET and Use Tax provisions annually, on a 10-year recurring cycle.

Specifically, this report reviews the following nine exemptions:

- GET exemption for employee benefit plans, Section 237-24.3(4), HRS;
- GET exemption for food stamps and vouchers under the Special Supplemental Nutrition Program for Women, Infants, and Children, Section 237-24.3(5), HRS;
- GET exemption for prescriptions and prosthetics, Section 237-24.3(6), HRS;
- GET exemption for merchants association dues for advertising or promotion, Section 237-24.3(8), HRS;
- GET exemption for labor organization real property leases, Section 237-24.3(9), HRS;
- GET exemption for reimbursements to the Hawai‘i Convention Center operator from the Hawai‘i Tourism Authority, Section 237-24.75(2), HRS;
- GET exemption for wage and fringe benefit reimbursements to professional employer organizations, Section 237-24.75(3), HRS; and
- Two GET exemptions for Enterprise Zones, regarding both qualified Enterprise Zone businesses and Enterprise Zone construction contractors, Section 209E-11, HRS.

We determined that six GET exemptions are meeting their stated or inferred purposes. We could not determine whether three GET exemptions were achieving their purposes. As we explain in the report, making conclusions as to whether purposes are being met is challenging when amounts claimed are not tracked or where no benchmarks or metrics are set forth in statute to assess whether a provision is achieving its intended purpose.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2024/
24-07.pdf](https://files.hawaii.gov/auditor/Reports/2024/24-07.pdf)



PHOTO: OFFICE OF THE AUDITOR

Review of Income Tax Provisions Pursuant to Section 23-95, Hawai‘i Revised Statutes

Report No. 24-07, August 2024

THIS REPORT ASSESSES four credits and three deductions allowable under Hawai‘i’s Income Tax laws. Section 23-91 et seq., Hawai‘i Revised Statutes (HRS), require the Auditor to review income tax provisions annually, on a five-year recurring cycle.

Specifically, this report reviews the following tax provisions:

- Deduction for individual housing account deposits, Section 235-5.5, HRS;
- Deduction for property losses due to a natural disaster, Section 235-7(f), HRS;
- Credit for cesspool upgrades, conversions, or connections, Section 235-16.5, HRS;
- Deduction for the maintenance of an exceptional tree, Section 235-19, HRS;
- Credit for the employment of a vocational rehabilitation referral, Section 235-55.91, HRS;
- Credit for in-kind services contributions for public school repair and maintenance, Section 235-110.2, HRS; and
- Credit for ownership of a low-income housing building, Sections 235-110.8 and 241-4.7, HRS.

We determined that three provisions accomplish their purposes and two do not. However, we were unable to determine whether one other provision achieved the primary purpose for which it was adopted and could not analyze the achievement of purpose of one provision that had been repealed. The inability to draw conclusions with respect to one provision stemmed primarily from a lack of data regarding its utilization. Determining whether purposes have been met was also frustrated by a lack of claim tracking or statutorily identified benchmarks or metrics. With respect to some provisions, our analysis of underlying bills or their legislative histories could not determine what outcomes the Legislature had intended to achieve.

We recommend that the Legislature retain four provisions and modify two. We recommend that the Legislature remove from future reviews the seventh provision, the credit for cesspool upgrades, conversions, or connections (Section 235-16.5, HRS). That credit was repealed on December 31, 2020.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2024/
24-08.pdf](https://files.hawaii.gov/auditor/Reports/2024/24-08.pdf)



PHOTO: OFFICE OF THE AUDITOR

Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Land and Natural Resources

Report No. 24-08, September 2024

OUR REVIEW of nineteen special funds, two revolving funds, nine trust funds, and seven trust accounts of the Department of Land and Natural Resources (DLNR) found four special funds, two trust funds, and two trust accounts did not meet the criteria for special funds, trust funds, and trust accounts, respectively, and should be closed or reclassified.

Section 23-12, Hawai‘i Revised Statutes (HRS), requires the Auditor to review all existing special, revolving, and trust funds every five years. Reviews are scheduled so that each department’s funds are reviewed once every five years. Although not mandated by statute, we included trust accounts as part of our review. This is our seventh review of DLNR’s revolving funds, trust funds, and trust accounts. It is our third review of the special funds held by DLNR since Act 130, Session Laws of Hawai‘i 2013, amended Section 23-12, HRS, to require review of special funds along with revolving funds and trust funds.

We used criteria developed by the Legislature and by our office based on public finance and accounting literature. For each fund, we present a five-year financial summary, the purpose of the fund, and conclusions about its use. We did not audit the financial data, which is provided for informational purposes. We do not present conclusions about the effectiveness of programs or

**Accurate and complete
reporting will greatly improve
the Legislature’s oversight
and control of these funds.**

their management, or whether the programs should be continued.

Reporting shortfall

We noted that DLNR did not file statutorily required reports for non-general funds totaling approximately \$6.1 million, administratively created non-general funds totaling approximately \$372,000, non-general funds with balances totaling approximately \$57.7 million under the program measures reporting requirement, and non-general funds with balances totaling approximately \$52.8 million under the cost element reporting requirement. Accurate and complete reporting will greatly improve the Legislature’s oversight and control of these funds.

Agency response

DLNR concurred with our recommendations for reclassification and/or closure for two trust funds and two trust accounts and will consider our recommendations for two special funds after further review. DLNR noted that one of the special funds that did not meet criteria is necessary to separate revenues from the harvest of non-native forest products from the forest reserves. DLNR also noted that one of the trust accounts that did not meet criteria is a clearing account for certain holders of revocable permits for the use of State waters and stream gauging services provided by the United States Geological Survey, both non-state agencies. We maintain our assessment that these funds do not meet criteria for those types of funds established by the Legislature. The special fund is not being used for the purpose for which it was established, and the trust account functions more like a trust fund. DLNR stated that it will take appropriate measures to ensure compliance with all statutory reporting requirements but they disagreed with our findings related to reporting requirements pursuant to Sections 37-48 and 37-49, HRS.

We maintain our assessment that these funds and accounts should have been reported pursuant to Sections 37-48 and 37-49, HRS, as there are no exceptions to the reporting requirements based on fund type or budget status.



Link to the complete
report:

[https://files.hawaii.gov/
auditor/Reports/2024/
24-09.pdf](https://files.hawaii.gov/auditor/Reports/2024/24-09.pdf)



Report on the Implementation of State Auditor's Recommendations 2019 – 2022

Report No. 24-09, November 2024

EVERY YEAR, we follow up on recommendations made in our audit reports. We ask agencies to provide us with the status of their implementation of the recommendations made as part of our audit starting a year after the report was issued. After two or three years, we conduct a more rigorous follow-up review. Those reviews, which we refer to as “active reviews,” include interviewing selected personnel from the agency and examining the agency’s relevant policies, procedures, records, and documents to assess whether action on recommendations has been taken. Our efforts are limited to reviewing and reporting on an agency’s implementation of recommendations made in the original audit report. We do not explore new issues or revisit issues from the report unrelated to our original recommendations.

From 2019 to 2022, we made 118 audit recommendations. Based on information self-reported by the agencies and information from active reviews, 91 of those recommendations have been partially or fully implemented.

We based our scope and methodology on guidelines published by the United States Government Accountability Office (GAO) – formerly the General Accounting Office – including *How to Get Action on Audit Recommendations* and *Government Auditing Standards*, as well as on Hawai‘i Revised Statutes, Section 23-7.5.

According to the GAO, saving tax dollars, improving programs and operations, and providing better service to the public represent audit work’s “bottom line.” Recommendations are the vehicles by which these objectives are sought. However, it is action on recommendations – not the recommendations themselves – that helps government work better. Effective follow-up is essential to realizing the full benefits of audit work.



Summary of Financial Audits

July 1, 2023 to December 31, 2024

Summary of 2024 Financial Audits

The Office of the Auditor contracts with independent certified public accountants for the financial audits of certain departments, agencies, and programs as well as the State of Hawai‘i’s Annual Comprehensive Financial Report. We strongly support the independent audits of departments, agencies, and programs’ financial statements. Among other things, independent audits provide assurance that their respective financial statements are presented fairly in accordance with generally accepted accounting principles. State departments, agencies, and programs must be accountable for their use of public funds, and the financial audit is one aspect of that accountability.

The following summary includes financial audits completed after July 1, 2023. To give the reader a “bigger picture” of the State’s financial position, we present statewide summaries first; summaries of financial statements for departments and any programs or agencies associated with that department follow.

STATEWIDE AUDITS

Financial Audit of the Annual Comprehensive Financial Report (ACFR) of the State of Hawai‘i Financial Statements, Fiscal Year Ended June 30, 2023

The State of Hawai‘i provides a range of services in the areas of education (both lower and higher), welfare, transportation (including highways, airports, and harbors), health, hospitals, public safety, housing, culture and recreation, economic development, and conservation of natural resources.

The State’s ACFR includes the audited financial statements of the State’s governmental activities (functions of the state that are typically supported by taxes and intergovernmental revenues) and its business-type activities (which rely to a significant extent on fees and charges for support). The State’s business-type activities include the Department of Transportation’s Airports Division, the Department of Transportation’s Harbors Division, and the Unemployment Compensation Fund. These functions are intended to recover all or a significant portion of their costs through user fees and charges. The activities of seven legally separate component units (the Hawai‘i Community Development Authority, the Hawai‘i Health Systems Corporation, the Hawai‘i Housing Finance and Development Corporation, the Hawai‘i Hurricane Relief Fund, the Hawai‘i Public Housing Authority, Hawai‘i Tourism

Authority, and the University of Hawai‘i) are also included.

For the fiscal year ended June 30, 2023, total revenues were \$18.9 billion and total expenses were \$15.2 billion, resulting in an increase in net position of \$3.7 billion. Approximately 59 percent of the State of Hawai‘i’s total revenues came from taxes of \$11.1 billion, 29 percent from grants and contributions of \$5.4 billion, and 12 percent from charges for various goods and services of \$2.4 billion. Total tax revenues of \$11.1 billion consisted of general excise taxes of \$4.8 billion, net income taxes of \$3.6 billion, and other taxes of \$2.7 billion. The largest expenses were for welfare at \$5 billion, lower education at \$3.6 billion, higher education at \$1.1 billion, health at \$1 billion, and general government at \$1.3 billion. Other expenses totaled \$3.2 billion.

As of June 30, 2023, total assets and deferred outflows of resources of \$32.5 billion exceeded total liabilities and deferred inflows of resources of \$31 billion, resulting in a net position of \$1.5 billion. Of this amount, \$3.9 billion was for the State’s net investment in capital assets, \$5.1 billion was restricted for specific programs, and a negative \$7.4 billion was unrestricted assets.

The State of Hawai‘i received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Single Audit of Federal Financial Assistance Programs of the State of Hawai'i Financial Statements, Fiscal Year Ended June 30, 2023

Each year, the federal government provides over \$400 billion dollars in grants to state and local governments. Single audits provide assurance to the federal government that state agencies and programs receiving federal funds are expending those funds properly and in accordance with federal requirements. This report included the total federal expenditures and findings for the following departments: Labor and Industrial Relations; Budget and Finance; Public Safety; Law Enforcement; Agriculture; Accounting and General Services; Business; Economic Development and Tourism; Land and Natural Resources; Defense, and the Office of the Governor. Federal expenditures for these departments totaled approximately \$797 million, a decrease of \$1.7 billion over FY2022. Federal expenditures and findings for other departments, including the Department of Health and Department of Transportation, are reported in individual single audit reports.

The auditors identified three significant deficiencies in internal controls over financial reporting that are required to be reported in accordance with *Government Auditing Standards*.

The auditors expressed a qualified opinion on certain major programs and identified three material weaknesses and eight significant deficiencies over compliance with major federal programs that are required to be reported in accordance with the *Uniform Guidance*.

DEPARTMENT OF THE ATTORNEY GENERAL

Financial and Compliance Audit of the Department of the Attorney General Financial Statements, Fiscal Year Ended June 30, 2022

The Department of the Attorney General (AG) administers and renders legal services, including furnishing written legal opinions to the Governor, Legislature, and the heads of State departments and offices as the Governor may direct; represents the State in all civil actions in which the State is a party; and approves as to legality and form all documents relating to the acquisition of any land or interest in the State. AG's Child Support Enforcement Agency provides assistance to children by locating parents, establishing paternity and support obligations, and enforcing those obligations.

For the fiscal year ended June 30, 2022, AG reported total revenues of \$107.1 million and total expenses of \$99.1 million, resulting in an increase in net position of approximately \$8 million. Revenues include general revenues of \$49 million, primarily state appropriations; program revenues consisting of charges for services of \$24.4 million; and operating grants and contributions of \$33.7 million. Expenses of \$99.1 million consisted of \$59.3 million for general administrative and legal services; \$19.3 million for child support enforcement; \$14.3 million for crime prevention and justice assistance; and \$6.2 million for criminal justice data center activities.

AG received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. AG also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. There were no material weaknesses in internal control over financial reporting that was 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*. However, the auditors identified a significant deficiency in internal control over compliance.

Financial and Compliance Audit of the Department of the Attorney General Financial Statements, Fiscal Year Ended June 30, 2023

For the fiscal year ended June 30, 2023, AG reported total revenues of \$461.8 million and total expenses of \$450.9 million, resulting in an increase in net position of approximately \$10.8 million. Revenues include general revenues of \$389.4 million, primarily state appropriations; program revenues consisting of charges for services of \$37 million; and operating grants and contributions of \$35.4 million. Expenses of \$450.9 million consisted of \$409.6 million for general administrative and legal services; \$24.6 million for child support enforcement; \$10.6 million for crime prevention and justice assistance; and \$6.2 million for criminal justice data center activities.

AG received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. AG also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. There were no material weaknesses in internal control over financial reporting that was 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*.

Financial and Compliance Audit of the Department of the Attorney General Financial Statements, Fiscal Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, AG reported total revenues of \$207.6 million and total expenses of \$221.3 million, resulting in a decrease in net position of approximately \$13.7 million. Revenues include general revenues of \$138.3 million, primarily state appropriations; program revenues consisting of charges for services of \$33.2 million; and operating grants and contributions of \$36.1 million. Expenses of

\$221.3 million consisted of \$176.8 million for general administrative and legal services; \$27 million for child support enforcement; \$9.7 million for crime prevention and justice assistance; and \$7.8 million for criminal justice data center activities.

AG received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. AG also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. There were no material weaknesses in internal control over financial reporting that was 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*.

DEPARTMENT OF BUDGET AND FINANCE

Financial Audit of the Employees' Retirement System of the State of Hawai'i Financial Statements, Fiscal Year Ended June 30, 2022

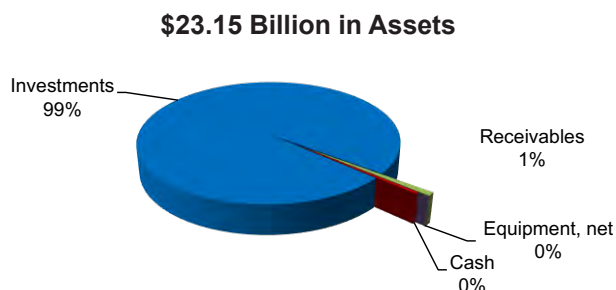
The Employees' Retirement System (ERS) administers a pension benefits program for all state and county employees, including teachers, professors, police officers, firefighters, correction officers, judges, and elected officials.

For the fiscal year ended June 30, 2022, ERS reported total net additions of approximately \$1.7 billion. Additions consisted of \$1.53 billion from contributions and \$165 million in net investment income. Total deductions of approximately \$1.78 billion consisted of \$1.74 billion for benefit payments; \$17 million for administrative expenses; and \$24 million for refund of member contributions. As of June 30, 2022, assets totaled \$22.73 billion and liabilities totaled \$872 million, leaving a net position balance of \$21.86 billion. Total assets included investments of \$22.47 billion; receivables of \$156 million; cash of \$99 million; and net equipment of \$5 million.

ERS received an unmodified opinion that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. The auditors identified a material weakness and a significant deficiency in internal control over financial reporting that were required to be reported under *Government Auditing Standards*. There were no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

Financial Audit of the Employees' Retirement System of the State of Hawai'i Financial Statements, Fiscal Year Ended June 30, 2023

For the fiscal year ended June 30, 2023, ERS reported total net additions of approximately \$2.41 billion. Additions consisted of \$1.58 billion from contributions and \$827 million in net investment income. Total deductions of approximately \$1.84 billion consisted of \$1.79 billion for benefit payments; \$19 million for administrative expenses; and \$26 million for refund of member contributions. As of June 30, 2023, assets totaled \$23.15 billion and liabilities totaled \$727 million, leaving a net position balance of \$22.42 billion. Total assets included investments of \$22.86 billion; receivables of \$200 million; cash of \$92 million; and net equipment of \$4 million.



SOURCE: OFFICE OF THE AUDITOR

ERS received an unmodified opinion that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. 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*.

Financial Audit of the Hawai'i Employer-Union Health Benefits Trust Fund Financial Statements, Fiscal Year Ended June 30, 2023

The Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) is a state agency that provides eligible State of Hawai'i and county (Honolulu, Hawai'i, Maui, and Kaua'i) employees and retirees and their eligible dependents with health and life insurance benefits. Active employee healthcare benefits and other postemployment benefits (OPEB) for retirees (including their respective beneficiaries) are reported separately for accounting purposes. EUTF is administratively attached to the State of Hawai'i Department of Budget and Finance.

The fund for active employee healthcare benefits.

For the fiscal year ended June 30, 2023, revenues totaled \$103.8 million and expenses totaled \$104.2 million, resulting in a net loss of \$400,000. Revenues consisted of premium revenue self-insurance of \$105.1 million, experience refunds of \$11.6 million, and investment earnings and other revenues of \$10.3 million. Expenses consisted of benefit claims expenses of \$93.5 million, administrative operating expenses of \$8.7 million, depreciation of \$1.5 million, and other operating expenses of \$500,000. Assets and deferred outflows of resources totaled \$279 million and liabilities and deferred inflows of resources totaled \$82 million, resulting in a net position of \$197 million.

The OPEB Trust Fund.¹ For the fiscal year ended June 30, 2023, total additions of \$1.43 billion, included \$1.14 billion from employer contributions, \$290 million from net investment earnings, and \$1.5 million from other sources. Total deductions were \$582.9 million, resulting in a change of fiduciary net position of \$849.7 million. As of June 30, 2023, the OPEB Trust Fund net position balance totaled \$7.14 billion. The OPEB Trust Fund held \$7.26 billion in assets and \$121.5 million in liabilities.

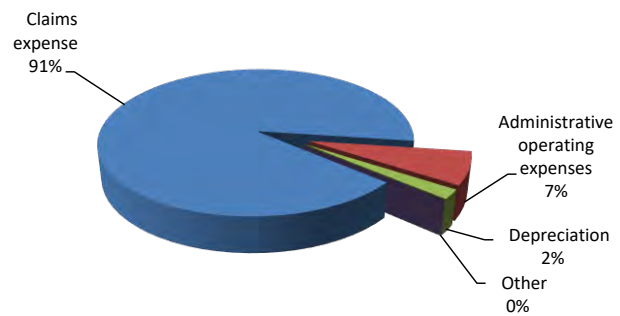
EUTF received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. There were no reported deficiencies in internal control over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Financial Audit of the Hawai'i Employer-Union Health Benefits Trust Fund Financial Statements, Fiscal Year Ended June 30, 2024

The fund for active employee healthcare benefits. For the fiscal year ended June 30, 2024, revenues totaled \$122.1 million and expenses totaled \$128 million, resulting in a net loss of \$5.9 million. Revenues consisted of premium revenue self-insurance of \$104.5 million, experience refunds of \$1.2 million, and investment earnings and other revenues of \$16.4 million. Expenses consisted of benefit claims expenses of \$116 million, administrative operating expenses of \$8.9 million, depreciation of \$2.6 million, and other operating expenses of \$500,000. Assets and deferred outflows of resources totaled \$270.6 million and liabilities and deferred inflows of resources totaled \$79.5 million, resulting in a net position of \$191.1 million.

¹ The OPEB trust fund was established by the EUTF Board of Trustees in 2013 to receive employer contributions to pre-fund OPEB for retirees and their beneficiaries.

Enterprise Fund Expenses



SOURCE: OFFICE OF THE AUDITOR

The OPEB Trust Fund. For the fiscal year ended June 30, 2024, total additions of \$1.8 billion included \$1.14 billion from employer contributions, \$656.2 million from net investment earnings, and \$200,000 from other sources. Total deductions were \$564.4 million, resulting in a change of fiduciary net position of \$1.24 billion. As of June 30, 2024, the OPEB Trust Fund net position balance totaled \$8.37 billion. The OPEB Trust Fund held \$8.49 billion in assets and \$120.9 million in liabilities.

EUTF received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. 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*.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM

Financial Audit of the Hawai'i Community Development Authority Financial Statements, Fiscal Year Ended June 30, 2023

The Hawai'i Community Development Authority (HCDA) was established in 1976 by Chapter 206E, Hawai'i Revised Statutes, to establish community development plans in community development districts, to determine community development programs and to cooperate with private enterprises and various components of federal, state, and county governments to bring community plans to fruition. HCDA is administratively attached to the Hawai'i Department of Business, Economic Development and Tourism.

For the fiscal year ended June 30, 2023, HCDA reported total revenues of \$12.3 million, total expenses of \$6.4 million, and net transfers out of \$18,000, resulting in an increase in net position of \$5.9 million. Revenues consisted of leasing and management activities of \$2.9 million, community redevelopment activities of \$1.4 million, investment earnings of \$800,000, net state appropriations of \$1.3 million, and other revenue of \$5.9 million. Total assets and deferred outflows of resources of \$159.4 million exceeded total liabilities and deferred inflows of resources of \$32.1 million resulting in a net position of \$127.3 million. Of the net position balance of \$127.3 million, \$29.9 million is unrestricted and may be used to meet ongoing expenses, \$100,000 is restricted for capital projects, and \$97.3 million is invested in net capital assets. The agency reported total assets and deferred outflows of resources comprised of net capital assets of \$97.9 million, cash of \$32.2 million, and receivables, other assets, and deferred outflows of resources of \$29.3 million.

HCDA received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. 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*.

Financial Audit of the Hawai'i Community Development Authority Financial Statements, Fiscal Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, HCDA reported total revenues of \$139.2 million and total expenses of \$7.3 million resulting in an increase in net position of \$131.9 million. Revenues consisted of leasing and management activities of \$3.3 million, community redevelopment activities of \$1.6 million, investment earnings of \$1.3 million, net state appropriations of \$132.3 million, and other revenue of \$700,000. Total assets and deferred outflows of resources of \$293.4 million exceeded total liabilities and deferred inflows of resources of \$34.1 million, resulting in a net position of \$259.3 million. Of the net position balance of \$259.3 million, \$32.6 million is unrestricted and may be used to meet ongoing expenses, \$129.6 million is restricted for capital projects, and \$97.1 million is invested in net capital assets. The agency reported total assets and deferred outflows of resources comprised of net capital assets of \$97.6 million, cash of \$35.2 million, and receivables, other assets, and deferred outflows of resources of \$160.6 million.

HCDA received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. 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*.

Special-Purpose Financial Audit of the Hawai'i Convention Center Financial Statements, Fiscal Year June 30, 2022

The Hawai'i Convention Center (Center) offers approximately 350,000 square feet of rentable space, including 51 meeting rooms for events including conventions and trade shows, public shows, and spectator events. The Hawai'i Tourism Authority is responsible for its operation, management, and maintenance and is reported as a special revenue fund of the Hawai'i Tourism Authority. Hawai'i Tourism Authority is placed within the Department of Business, Economic Development and Tourism for administrative purposes.

For the fiscal year ended June 30, 2022, the Center reported total revenues of \$7.3 million, total expenses of \$12.3 million, and \$22.3 million in net contributions from the Hawai'i Tourism Authority, which resulted in an increase in net assets of \$17.25 million. Revenues consisted of \$2.4 million from food and beverage; \$2.4 million from rental income; \$2.4 million from events; and \$100,000 from other revenues. Expenses consisted of \$5.2 million for personnel services; \$3.5 million for building-related expenses; \$1.2 million for cost of goods sold; and \$2.4 million for other costs. As of June 30, 2022, the Center's total assets of \$42.3 million were comprised of cash of \$12.5 million; amounts due from Hawai'i Tourism Authority of \$29.3 million; accounts receivable of \$400,000; and other assets of \$100,000. Total liabilities of \$4.6 million were comprised of accounts payable of \$1.8 million; amounts due to Hawai'i Tourism Authority of \$300,000; advance deposits of \$2 million; and other liabilities of \$500,000.

The Center received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with the management agreement between the Hawai'i Tourism Authority and ASM Global, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Special-Purpose Financial Audit of the Hawai'i Convention Center Financial Statements, Fiscal Year June 30, 2023

For the fiscal year ended June 30, 2023, the Center reported total revenues of \$14.4 million, total expenses of \$19.2 million, and \$7.8 million in net contributions from the Hawai'i Tourism Authority, which resulted in an increase in net assets of \$2 million. Revenues consisted of \$7.9 million from food and beverage; \$3.1 million from rental income; \$3.3 million from events; and \$100,000 from other revenues. Expenses consisted of \$6.4 million for personnel services; \$4.8 million for building-related expenses; \$3.5 million for cost of goods sold; and \$4.5 million for other costs. As of June 30, 2023, the Center's total assets of \$45 million were comprised of cash of \$42 million, amounts due from Hawai'i Tourism Authority of \$1.5 million, accounts receivable of \$1.4 million, and other assets of \$100,000. Total liabilities of \$5.2 million were comprised of accounts payable of \$2.6 million, advance deposits of \$2.2 million, and other liabilities of \$400,000.

The Center received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with the management agreement between the Hawai'i Tourism Authority and ASM Global, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Financial and Compliance Audit of the Hawai'i Housing Finance and Development Corporation Financial Statements, Fiscal Year Ended June 30, 2023

The mission of the Hawai'i Housing Finance and Development Corporation (HHFDC) is to increase the supply of workforce and affordable homes by providing tools and resources to facilitate housing development, such as housing tax credits, low-interest construction loans, equity gap loans, and developable land and expedited land use approvals. The agency is administratively attached to the Hawai'i Department of Business, Economic Development and Tourism.

HHFDC has two types of funds – governmental funds and proprietary funds. HHFDC’s governmental funds for the fiscal year ended June 30, 2023, include the General Fund, the General Obligation Bond Fund, the HOME Investment Partnership Program, the Housing Trust Fund Program, and the Homeowners Assistance Fund Program.

HHFDC’s proprietary funds operate similarly to business-type activities and are used to account for those activities for which the intent of management is to recover (primarily through user charges) the cost of providing services to customers. HHFDC’s proprietary funds include the Rental Housing Revolving Fund, the Dwelling Unit Revolving Fund, the Single Family Mortgage Purchase Revenue Bond Fund, the Housing Finance Revolving Fund, and several other non-major enterprise funds.

For the fiscal year ended June 30, 2023, HHFDC reported total program revenues of \$87 million and total program expenses of \$25.6 million. In addition, HHFDC reported state-allotted appropriations, net of lapses, of \$62 million and a loss on disposal of capital assets of \$1.7 million for the fiscal year ended June 30, 2023. Together with program revenues and expenses, this resulted in an overall increase in net position of \$121.7 million. As of June 30, 2023, the agency reported total assets and deferred outflows of resources of \$1.84 billion, comprised of cash of \$628.9 million, investments of \$19.3 million, notes and loans receivable of \$120.6 million, moneys due from the State of \$103.3 million, net capital assets of \$84 million, and other assets and deferred outflows of resources of \$887.2 million. The agency reported total liabilities and deferred inflows of resources of \$82.6 million, comprised of revenue bonds payable of \$3.7 million, unearned income of \$22.6 million, moneys due to other state departments of \$103.3 million, and other liabilities and deferred inflows of resources of \$33.6 million.

HHFDC received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally

accepted accounting principles. HHFDC also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. The auditors identified a material weakness in internal control over financial reporting that was required to be reported under *Government Auditing Standards*. There were no findings that were considered material weaknesses in internal control over compliance that are required to be reported under the *Uniform Guidance*.

Financial and Compliance Audit of the Hawai‘i Housing Finance and Development Corporation Financial Statements, Fiscal Year Ended June 30, 2024

HHFDC has two types of funds – governmental funds and proprietary funds. HHFDC’s governmental funds for the fiscal year ended June 30, 2024, include the General Fund, the General Obligation Bond Fund, the HOME Investment Partnership Program, the Housing Trust Fund Program, and the Homeowners Assistance Fund Program.

HHFDC’s proprietary funds operate similarly to business-type activities and are used to account for those activities for which the intent of management is to recover (primarily through user charges) the cost of providing services to customers. HHFDC’s proprietary funds include the Rental Housing Revolving Fund, the Dwelling Unit Revolving Fund, the Single Family Mortgage Purchase Revenue Bond Fund, the Housing Finance Revolving Fund, and several other non-major enterprise funds.

For the fiscal year ended June 30, 2024, HHFDC reported total program revenues of \$103 million and total program expenses of \$39.5 million. In addition, HHFDC reported state-allotted appropriations, net of lapses, of \$506.4 million for the fiscal year ended June 30, 2024. Together with program revenues and expenses, this resulted in an overall increase in net position of \$569.7 million. As of June 30, 2024, the agency reported total assets and deferred outflows of resources of \$2.39 billion, comprised of cash of \$1.1 billion, investments of

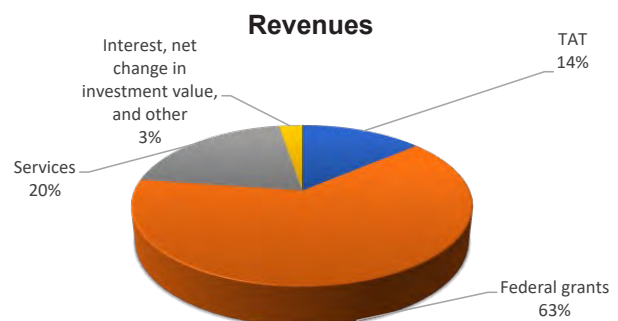
\$17.6 million, notes and loans receivable of \$110.4 million, moneys due from the State of \$5.7 million, net capital assets of \$139.6 million, and other assets and deferred outflows of resources of \$1 billion. The agency reported total liabilities and deferred inflows of resources of \$61.4 million, comprised of revenue bonds payable of \$3.2 million, unearned income of \$20.4 million, moneys due to other state departments of \$1.5 million, and other liabilities and deferred inflows of resources of \$36.3 million.

HHFDC received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. HHFDC also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. 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 that are required to be reported under the *Uniform Guidance*.

Financial and Compliance Audit of Hawai'i Tourism Authority Financial Statements, Fiscal Year Ended June 30, 2023

The Hawai'i Tourism Authority (HTA) is responsible for developing and implementing a strategic tourism marketing plan and developing measures of effectiveness to assess the overall benefits and effectiveness of its marketing plan and its progress toward achieving the agency's strategic plan goals. HTA is also responsible for the Hawai'i Convention Center. The primary source of funding for HTA's operations was the Transient Accommodations Tax (TAT) collected by the State. HTA is governed by a board of directors comprised of 12 voting members, each of whom is appointed by the Governor. HTA is placed within the Department of Business, Economic Development and Tourism for administrative purposes.

For the fiscal year ended June 30, 2023, HTA reported total revenues of \$79.6 million, along with \$5 million in transfers from other state departments, and total expenses of \$69.5 million. Revenues consisted of \$50.5 million from federal grants, \$11 million from TAT, \$16 million from charges for services, and \$2.1 million from interest and other revenues. Total expenses of \$69.5 million consisted of \$57.4 million for contracts, \$8.5 million for depreciation, and \$3.6 million for payroll, administrative, and other expenses.



SOURCE: OFFICE OF THE AUDITOR

Total assets and deferred outflows of resources of \$341.1 million exceeded total liabilities and deferred inflows of resources of \$55.3 million, resulting in a net position of \$285.8 million. Total assets and deferred outflows of resources included cash of \$109.6 million, land and net capital assets of \$180.5 million, and other assets and deferred outflows of resources of \$51 million.

HTA received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. HTA also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. 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*.

Financial Audit of the Stadium Authority Financial Statements, Fiscal Year Ended June 30, 2023

The Stadium Authority (Authority) is responsible for the operation, management, and maintenance of Aloha Stadium, located in Honolulu, Hawai‘i. Effective July 1, 2022, the Authority is placed within the State of Hawai‘i’s Department of Business, Economic Development and Tourism for administrative purposes.

For the fiscal year ended June 30, 2023, the Authority reported total revenues of \$6.5 million and total expenses of \$7.7 million, resulting in a net operating loss of \$1.2 million. Revenues consisted of \$5.8 million from rentals from attractions and \$700,000 in parking fees and other revenues. The Authority’s net loss was partially offset by \$3.4 million in capital contributions, which represents the portion of Aloha Stadium capital improvement costs that were paid by the State of Hawai‘i. In addition, the Authority received net transfers of \$300,000 resulting in an increase in net position of \$2.5 million. Expenses consisted of \$200,000 for depreciation, \$2.6 million for personnel services, \$700,000 for utilities, and \$3.3 million for initial direct costs for a public-private partnership. Additional expenses totaled \$900,000 and included state central services assessments as well as security, professional services, repairs and maintenance, and other costs. As of June 30, 2023, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, resulting in a net position of \$12.8 million.

The Authority received an unmodified opinion that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. There were no reported deficiencies in internal control over financial reporting and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, the auditors identified one material weakness in internal control over financial reporting.

Financial Audit of the Stadium Authority Financial Statements, Fiscal Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, the Authority reported total revenues of \$7.4 million and total expenses of \$9.4 million, resulting in a net operating loss of \$2 million. Revenues consisted of \$6 million from rentals from attractions, \$200,000 from food and beverage concessionaire commissions, \$500,000 in parking fees, and \$700,000 in other revenues. The Authority’s net loss was partially offset by \$4.7 million in capital contributions, which represents the portion of Aloha Stadium capital improvement costs that were paid by the State of Hawai‘i. In addition, the Authority received net transfers of \$46.8 million, resulting in an increase in net position of \$49.5 million. Expenses consisted of \$100,000 for depreciation, \$3.1 million for personnel services, \$600,000 for utilities, and \$4.5 million for initial direct costs for a public-private partnership. Additional expenses totaled \$1.1 million and included State central services assessments as well as security, professional services, repairs and maintenance, and other costs. As of June 30, 2024, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, resulting in a net position of \$62.3 million.

The Authority received an unmodified opinion that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. There were no material weaknesses in internal control over financial reporting that were required to be reported under *Government Auditing Standards*.

DEPARTMENT OF EDUCATION

Financial and Compliance Audit of the Department of Education Financial Statements, Fiscal Year Ended June 30, 2023

The Department of Education (DOE) administers the statewide system of public schools and public libraries. DOE is also responsible for administering state laws regarding regulation of private school operations through a program of inspection and licensing and the professional certification of all teachers for every academic and noncollege type of school. Federal grants received to support public school and public library programs are administered by DOE on a statewide basis.

For the fiscal year ended June 30, 2023, DOE reported total revenues of \$4.36 billion and total expenses of \$3.65 billion, resulting in an increase in net position of \$705.5 million. Total revenues of \$4.36 billion consisted of \$3.02 billion in state-allotted appropriations, net of lapsed funds, \$748.3 million in non-imposed employee wages and fringe benefits, \$493.3 million in operating grants and contributions, \$92.5 million in charges for services, and \$2.3 million in other income. Total expenses of \$3.65 billion consisted of \$3.39 billion for school-related costs, \$85.4 million for state and school complex area administration, \$54.6 million for public libraries, and \$119.3 million for capital outlay.

DOE received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DOE also received an unmodified opinion on its compliance with major federal programs, except for Economic, Social, and Political Development of the Territories and COVID-19 Education Stabilization Fund, which received a qualified opinion in accordance with the *Uniform Guidance*. There were no material weaknesses in internal controls over financial reporting that were required to be reported under *Government Auditing Standards*. However, the auditors identified a significant deficiency that is

required to be reported under *Government Auditing Standards*. There were two material weaknesses in internal control over compliance that were required to be reported in accordance with the *Uniform Guidance*. There were four other instances of noncompliance that were required to be reported in accordance with the *Uniform Guidance*.

DEPARTMENT OF HAWAIIAN HOME LANDS

Financial and Compliance Audit of the Department of Hawaiian Home Lands Financial Statements, Fiscal Year Ended June 30, 2023

The Hawaiian Homes Commission Act sets aside certain public lands as Hawaiian home lands to be utilized for the benefit of native Hawaiians. These public lands are managed by the Department of Hawaiian Home Lands (DHHL), a state agency headed by the Hawaiian Homes Commission, whose primary responsibilities are to serve its beneficiaries and to manage this extensive land trust. DHHL provides direct benefits to native Hawaiians in the form of 99-year homestead leases at \$1 per year for residential, agricultural, or pastoral purposes, and financial assistance through direct loans, insured loans, or loan guarantees for home purchase, construction, home replacement, or repair. In addition to administering the homesteading program, DHHL leases trust lands not in homestead use at market value and issues revocable permits, licenses, and rights-of-entry. Its financial statements include the public trusts controlled by the Hawaiian Homes Commission.

For the fiscal year ended June 30, 2023, DHHL's total revenues exceeded total expenses by \$207.8 million. Revenues totaled \$274.8 million and consisted of (1) program revenue of \$54 million and (2) state appropriations, transfers, and adjustments of \$220.8 million. Expenses totaled \$67 million. Program revenues were comprised of interest income (approximately 37 percent), grants and contributions (24 percent), revenue from the general lease program (34 percent), and other sources (5 percent).

As of June 30, 2023, total assets of \$1.54 billion exceeded total liabilities of \$398 million, resulting in a net position balance of \$1.1 billion. Total assets included net capital assets of \$490 million, cash of \$623 million, loans receivable of \$91 million, and other assets and deferred outflows of resources of \$334 million. Loans receivable consisted of 1,251 loans made to native Hawaiian lessees for the purposes specified in the Hawaiian Homes Commission Act. Loans are for a maximum amount of approximately \$452,000 and for a maximum term of 40 years. Interest rates on outstanding loans range up to 10 percent. Total liabilities included bonds and lease liabilities totaling \$44 million and temporary deposits payable and other liabilities of \$354 million.

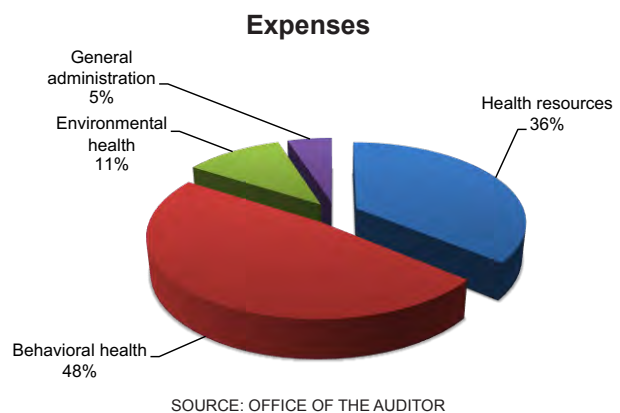
DHHL received an unmodified opinion that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DHHL also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. There were no reported deficiencies in internal control over financial reporting that are 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 are considered material weaknesses in internal control over compliance in accordance with the *Uniform Guidance*.

DEPARTMENT OF HEALTH

Financial and Compliance Audit of the Department of Health Financial Statements, Fiscal Year Ended June 30, 2023

The Department of Health (DOH) administers and oversees statewide personal health services, health promotion and disease prevention, mental health programs, monitoring of the environment, and the enforcement of environmental health laws. DOH also administers federal grants to support the State's health services and programs.

For the fiscal year ended June 30, 2023, DOH reported total revenues of \$952.7 million and total expenses of \$837.4 million, resulting in an increase in net position of \$115.3 million. Revenues included \$635.2 million from general revenues, \$267.4 million from operating grants and contributions, and \$50.1 million from service charges. Expenses included \$304.7 million for health resources, \$398 million for behavioral health, \$88.4 million for environmental health, and \$46.3 million for general administration.



DOH received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DOH received an unmodified opinion on its compliance for all major federal programs, except for Substance Abuse and Mental Health Services Projects of Regional and National Significance, Immunization Cooperative Agreements, Opioid STR, Block Grants for Community Mental Health Services, and Block Grants for Prevention and Treatment of Substance Abuse, which received a qualified opinion in accordance with the *Uniform Guidance*. There was a material weakness and three significant deficiencies in internal control over financial reporting that were required to be reported under *Government Auditing Standards*. There were six material weaknesses and one significant deficiency in internal control over compliance that are required to be reported in accordance with the *Uniform Guidance*.

Financial and Compliance Audit of the Department of Health, Drinking Water Treatment Revolving Loan Fund Financial Statements, Fiscal Year Ended June 30, 2023

The Safe Drinking Water Act was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1996 to provide funding for water system improvements. In 1997, the Hawai'i State Legislature established the Drinking Water Treatment Revolving Loan Fund (Revolving Fund) to receive federal capitalization grants from the U.S. Environmental Protection Agency. The Revolving Fund is used to provide loans in perpetuity to public drinking water systems for construction of drinking water treatment facilities. Such loans may be at or below market interest rates and must be fully amortized within twenty years. The Revolving Fund is administered by the State of Hawai'i Department of Health's Environmental Management Division, Safe Drinking Water Branch.

For the fiscal year ended June 30, 2023, the Revolving Fund reported total revenues of \$28.9 million and total operating expenses of \$7.5 million, resulting in a change in net position of \$21.4 million. Total revenues consisted of administrative loan fees of \$2.6 million, federal contributions of \$20.5 million, state contributions of \$4 million, and other income of \$1.8 million. Total expenses consisted of administrative expenses of \$1.4 million, state program management of \$900,000, water protection of \$400,000, and other expenses of \$4.8 million. Total assets and deferred outflows of resources were \$611.2 million and total liabilities and deferred inflows of resources were \$8.2 million. Total assets were comprised of cash and cash equivalents of \$91.9 million, loans receivable of \$515.1 million, and other assets and deferred outflows of resources of \$4.2 million.

The Revolving Fund received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles, and an unqualified opinion on its compliance with the

Drinking Water State Revolving Funds Program. 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*, and no findings that were considered material weaknesses in internal control over compliance with the Program.

Financial and Compliance Audit of the Department of Health, Drinking Water Treatment Revolving Loan Fund Financial Statements, Fiscal Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, the Revolving Fund reported total revenues of \$28.2 million and total operating expenses of \$23.1 million, resulting in a change in net position of \$5.1 million. Total revenues consisted of administrative loan fees of \$2.8 million, federal contributions of \$19.3 million, state contributions of \$3.6 million, and other income of \$2.5 million. Total expenses consisted of administrative expenses of \$1.5 million, state program management of \$1.6 million, water protection of \$500,000, and other expenses of \$19.6 million. Total assets and deferred outflows of resources were \$281.4 million and total liabilities and deferred inflows of resources were \$7 million. Total assets were comprised of cash and cash equivalents of \$44.7 million, loans receivable of \$233.2 million, and other assets and deferred outflows of resources of \$3.5 million. Total liabilities were comprised of net other post-employment benefits liability of \$2.4 million, net pension liability of \$2.7 million, and other liabilities and deferred inflows of resources of \$1.9 million.

The Revolving Fund received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles, and an unqualified opinion on its compliance with the Drinking Water State Revolving Funds Program. 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*, and no findings that were considered material weaknesses in internal control over compliance with the Program.

Financial and Compliance Audit of the Department of Health, Water Pollution Control Revolving Fund Financial Statements, Fiscal Year Ended June 30, 2023

From 1989 to 1994, the State of Hawai‘i has received more than \$72 million in State Revolving Fund (SRF) capitalization grants from the U.S. Environmental Protection Agency (EPA) under the federal Clean Water Act of 1987. Although the Act expired on September 30, 1995, the State continues to receive SRF capitalization grants annually from the EPA and, to date, has been awarded over \$342 million. Funds are administered by the State Water Pollution Control Revolving Fund (Revolving Fund), which provides loans in perpetuity to county and state agencies for the construction of wastewater treatment facilities and for non-point source projects.

For the fiscal year ended June 30, 2023, the Revolving Fund reported total revenues of \$24.1 million and total operating expenses of \$5 million, resulting in an increase in net position of \$19.1 million. Total revenues consisted of administrative loan fees of \$4 million, interest income of \$1.4 million, state contributions of \$3.9 million, federal contributions of \$12.6 million, and other income of \$2.2 million. Total expenses of \$5 million consisted of administrative expenses of \$3.4 million and other expenses of \$1.6 million. Total assets and deferred outflows of resources were \$611.2 million and total liabilities and deferred inflows of resources were \$8.2 million. Total assets were comprised of cash and cash equivalents of \$91.9 million, loans receivable of \$515.1 million, and other assets and deferred outflows of resources of \$4.2 million.

The Revolving Fund received an unmodified opinion that its financial statements were presented

fairly, in all material respects, in accordance with generally accepted accounting principles, and an unqualified opinion on its compliance with federal statutes, regulations, and terms and conditions of federal awards that apply to the Environmental Protection Agency Audit Guide for Clean Water and Drinking Water State Revolving Fund Programs. 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*, and no findings that were considered material weaknesses in internal control over compliance with the Program.

Financial and Compliance Audit of the Department of Health, Water Pollution Control Revolving Fund Financial Statements, Fiscal Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, the Revolving Fund reported total revenues of \$35.2 million and total operating expenses of \$7.9 million, resulting in an increase in net position of \$27.3 million. Total revenues consisted of administrative loan fees of \$4.4 million, interest income of \$1.4 million, state contributions of \$3.5 million, federal contributions of \$22.4 million, and other income of \$3.5 million. Total expenses of \$7.9 million consisted of administrative expenses of \$3.1 million and other expenses of \$4.8 million. Total assets and deferred outflows of resources were \$638.8 million and total liabilities and deferred inflows of resources were \$8.6 million. Total assets were comprised of cash and cash equivalents of \$93.9 million, loans receivable of \$539.7 million, and other assets and deferred outflows of resources of \$5.2 million. Total liabilities were comprised of net other post-employment benefits liability of \$3.1 million, net pension liability of \$4.2 million, and other liabilities and deferred inflows of resources of \$1.3 million.

The Revolving Fund received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with

generally accepted accounting principles, and an unqualified opinion on its compliance with federal statutes, regulations, and terms and conditions of federal awards that apply to the Environmental Protection Agency Audit Guide for Clean Water and Drinking Water State Revolving Fund Programs. 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*, and no findings that were considered material weaknesses in internal control over compliance with the Program.

DEPARTMENT OF HUMAN SERVICES

Financial and Compliance Audit of the Department of Human Services Financial Statements, Fiscal Year Ended June 30, 2023

The Department of Human Services (DHS) works to provide benefits and services to individuals and families in need. The majority of DHS' budget is composed of federal funds. DHS' mission is to direct its funds toward protecting and helping those least able to care for themselves and to provide services designed toward achieving self-sufficiency for clients as quickly as possible. Activities include health care programs; general welfare assistance, employment and support services; child welfare and adult community care services; vocational rehabilitation and services for the blind; youth prevention, delinquency and correction services; and general administration. Attached programs include the Commission on the Status of Women and Commission on Fatherhood.

For the fiscal year ended June 30, 2023, DHS reported total revenues of \$5.23 billion and total expenses of \$5.14 billion. Revenues consisted of \$1.54 billion in state allotments, net of lapsed amounts plus non-imposed employee fringe benefits, and \$3.7 billion in operating grants from the federal government. Revenues from these federal grants paid for 71.9 percent of the cost of DHS' activities. Health care and general welfare

assistance programs comprised 70 and 25.2 percent, respectively, of the total cost.

As of June 30, 2023, DHS' total assets of \$538 million included cash of \$344 million, receivables of \$112 million, and net capital assets of \$82 million. Total liabilities of \$320 million included vouchers payable of \$10 million, accrued wages and employee benefits of \$11 million, amounts due to the state general fund of \$57 million, amounts due to other governments of \$148 million, accrued medical assistance payable of \$77 million, and accrued compensated absences of \$16 million.

DHS received an unmodified opinion that its financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. DHS received a qualified opinion on its compliance for all major federal programs, except for Economic, Social, Political Development of the Territories, COVID-19 Coronavirus State and Local Fiscal Recovery Funds, Social Services Block Grant, State Children's Health Insurance Program, and COVID-19 Medicaid Cluster, which received an unmodified opinion in accordance with the *Uniform Guidance*. The auditors identified a material weakness and a significant deficiency in internal control over financial reporting that was required to be reported under *Government Auditing Standards*. There were 10 material weaknesses in internal control over compliance that were required to be reported in accordance with the *Uniform Guidance*. There were five significant deficiencies in internal control over compliance that were required to be reported in accordance with the *Uniform Guidance*.

Financial and Compliance Audit of the Hawai‘i Public Housing Authority Financial Statements, Fiscal Year Ended June 30, 2023

The mission of the Hawai‘i Public Housing Authority (HPHA) is to provide safe, decent, and sanitary dwellings for low- and moderate-income residents of Hawai‘i and to operate its housing programs in accordance with federal and state laws and regulations. The agency is administratively attached to the Hawai‘i Department of Human Services.

For the fiscal year ended June 30, 2023, HPHA reported total revenues of \$204.5 million and total expenses of \$195.2 million, resulting in an increase in net position of \$9.3 million. Total revenues of \$204.5 million consisted of \$29 million in charges for services and other revenues, \$148.3 million in operating grants and contributions, \$7.3 million in capital grants and contributions, \$19.4 million in State allotted appropriations, net of lapsed funds, and \$500,000 in other non-program revenue. Total expenses of \$195.2 million consisted of \$108 million for the rental housing assistance program, \$73.3 million for the rental assistance program, \$11.5 million for the housing development program, and \$2.4 million for other costs.

HPHA received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. HPHA also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. There were no material weaknesses in internal control over financial reporting that was 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*.

Financial Audit of the Hawai‘i Public Housing Authority Financial Statements, Fiscal Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, HPHA reported total revenues of \$229.5 million and total expenses of \$220.2 million, resulting in an increase in net position of \$9.3 million. Total revenues of \$229.5 million consisted of \$31.4 million in charges for services and other revenues, \$153.6 million in operating grants and contributions, \$5 million in capital grants and contributions, \$38.6 million in State allotted appropriations, net of lapsed funds, and \$900,000 in other non-program revenue. Total expenses of \$220.2 million consisted of \$117.6 million for the rental housing assistance program, \$85 million for the rental assistance program, \$11.9 million for the housing development program, and \$5.7 million for other costs.

HPHA received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. 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*.

DEPARTMENT OF TRANSPORTATION

Financial and Compliance Audit of the Department of Transportation, Administration Division Financial Statements, Fiscal Year Ended June 30, 2023

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.

For the fiscal year ended June 30, 2023, DOT–Administration reported total revenues of \$43.7 million, total expenses of \$35.1 million, and net transfers of \$8.8 million, resulting in a decrease in net position of \$200,000. Revenues consisted of \$24 million from assessments, \$17.3 million from federal grants, and \$2.4 million from other revenue sources. Total expenses of \$35.1 million consisted of \$9.8 million for operating grants and \$25.3 million for administration.

Total assets of \$51 million were comprised of cash of \$21.4 million, accounts receivable of \$23.4 million, and net capital assets of \$6.2 million. Liabilities totaled \$41 million, including a \$1.4 million Aloha Tower Development Corporation note payable to the Harbors Division.

DOT–Administration received an unmodified 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*. 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*.

Financial and Compliance Audit of the Department of Transportation, Airports Division Financial Statements, Fiscal Year Ended June 30, 2023

The Department of Transportation, Airports Division (DOT–Airports) operates and maintains 15 airports at various locations throughout 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.

For the fiscal year ended June 30, 2023, DOT–Airports reported total revenues of \$773.7 million and total expenses of \$649.6 million, resulting in an increase in net position of \$124.1 million. Revenues consisted of \$183 million in concession fees, \$98.2 million in landing fees, \$197.4 million in rentals, \$114.5 million in facility charges, \$121.4 million in federal operating and capital grants, and \$59.2 million in interest and other revenues. Total expenses of \$649.6 million consisted of \$332.7 million for operations and maintenance, \$188.2 million in depreciation, \$26.1 million for administration, and \$102.6 million in interest and other expenses.

As of June 30, 2023, the department reported total assets and deferred outflows of resources of \$6.25 billion, comprised of cash of \$1.31 billion, investments of \$232 million, net capital assets of \$4.07 billion, and \$638 million in receivables, other assets, and deferred outflows of resources. Total liabilities and deferred inflows of resources totaled \$3.54 billion, which includes \$1.9 billion in airports system revenue bonds, \$157 million in lease

revenue certificates of participation, \$403 million in customer facility charge revenue bonds, and \$1.09 billion in other liabilities and deferred inflows of resources.

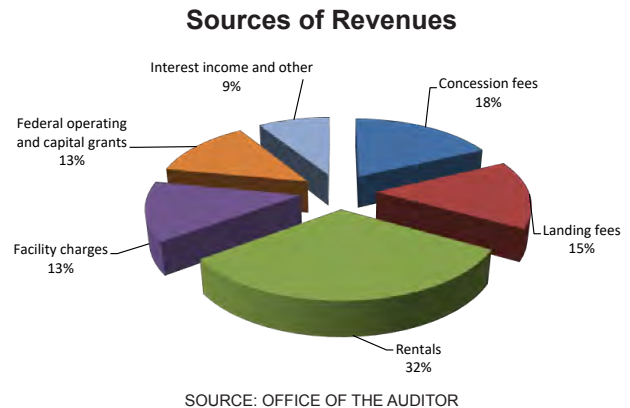
DOT–Airports received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DOT–Airports also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. There was a material weakness in internal control over financial reporting that was required to be reported under *Government Auditing Standards*. There was a material weakness in internal control over compliance that was required to be reported in accordance with the *Uniform Guidance*.

Financial and Compliance Audit of the Department of Transportation, Airports Division Financial Statements, Fiscal Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, DOT–Airports reported total revenues of \$858.3 million and total expenses of \$710.3 million, resulting in an increase in net position of \$148 million. Revenues consisted of \$157.2 million in concession fees, \$126.2 million in landing fees, \$271.3 million in rentals, \$112.4 million in facility charges, \$109 million in federal operating and capital grants, and \$82.2 million in interest and other revenues. Total expenses of \$710.3 million consisted of \$394.8 million for operations and maintenance, \$184.2 million in depreciation, \$26.9 million for administration, and \$104.4 million in interest and other expenses.

As of June 30, 2024, the department reported total assets and deferred outflows of resources of \$6.24 billion, comprised of cash of \$1.25 billion, investments of \$252 million, net capital assets of \$4.18 billion, and \$556 million in receivables, other assets, and deferred outflows of resources. Total liabilities and deferred inflows of resources totaled \$3.39 billion, which includes \$1.85 billion in airports system revenue bonds, \$140 million in lease

revenue certificates of participation, \$392 million in customer facility charge revenue bonds, and \$1.01 billion in other liabilities and deferred inflows of resources.



DOT–Airports received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DOT–Airports also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. There was a material weakness in internal control over financial reporting that was required to be reported under *Government Auditing Standards*. There was a material weakness in internal control over compliance that was required to be reported in accordance with the *Uniform Guidance*.

Financial Audit of the Department of Transportation, Harbors Division Financial Statements, Fiscal Year Ended June 30, 2023

The Department of Transportation, Harbors Division (DOT–Harbors) is responsible for the statewide system of commercial harbors, which consists of ten harbors on six islands. The system plays a vital role in Hawai‘i’s economy, as the harbors serve as the primary means for goods to enter and exit the State of Hawai‘i. Hawai‘i imports approximately 80 percent of what it consumes, the majority of which enters the state through the commercial harbors system. DOT–Harbors operations are self-sustaining. The Department of

Transportation is authorized to impose and collect rates and charges for use of the harbors system and its properties to generate revenues to fund operating expenses. Capital improvements are funded by the revenue and proceeds from the issuance of harbor system revenue bonds.

For the fiscal year ended June 30, 2023, DOT–Harbors reported total revenues of \$229.5 million, total expenses of \$118.1 million, and capital contributions of \$29,000 from federal grants restricted for capital asset acquisition and facility development, resulting in an increase in net position of \$111.4 million. Total revenues consisted of \$178.4 million in services, \$36.1 million in leases, \$12.5 million in interest income, and \$2.5 million in other revenues. Total expenses consisted of \$38.2 million in depreciation, \$25.2 million in harbor operations, \$11.2 million in interest, \$28.3 million for personnel, and \$15.2 million in administration and other costs.

The department reported total assets and deferred outflows of resources of \$1.96 billion, comprised of cash and cash equivalents of \$631.9 million, receivables of \$84.4 million, net capital assets of \$1.23 billion, and other assets and deferred outflows of resources of \$21 million. Total liabilities and deferred inflows of resources totaled \$604.8 million, comprised of \$377.3 million in revenue bonds payable and related accrued interest payable, \$11 million in general obligation bonds payable, \$21.6 million in financed purchase obligation and related accrued interest payable, \$5.2 million due to other State agencies, \$27.6 million in accounts and contracts payable, and \$162.1 billion in other liabilities and deferred inflows of resources.

DOT–Harbors received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. 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*.

Financial Audit of the Department of Transportation, Harbors Division Financial Statements, Fiscal Year Ended June 30, 2024

For the fiscal year ended June 30, 2024, DOT–Harbors reported total revenues of \$244.5 million, total expenses of \$123 million, and capital contributions of \$1.4 million from federal grants restricted for capital asset acquisition and facility development, resulting in an increase in net position of \$122.9 million. Total revenues consisted of \$185.2 million in services, \$37.3 million in leases, \$19.6 million in interest income, and \$2.4 million in other revenues. Total expenses consisted of \$37.7 million in depreciation, \$28.1 million in harbor operations, \$9.7 million in interest, \$24.5 million for personnel, and \$23 million in administration and other costs.

The department reported total assets and deferred outflows of resources of \$2.07 billion, comprised of cash and cash equivalents of \$657.9 million, receivables of \$110 million, net capital assets of \$1.28 billion, and other assets and deferred outflows of resources of \$26.3 million. Total liabilities and deferred inflows of resources totaled \$590.3 million, comprised of \$358 million in revenue bonds payable and related accrued interest payable, \$8.1 million in general obligation bonds payable, \$20.1 million in financed purchase obligation and related accrued interest payable, \$5.2 million due to other State agencies, \$28.7 million in accounts and contracts payable, and \$170.2 million in other liabilities and deferred inflows of resources.

DOT–Harbors received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. 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*.

Financial and Compliance Audit of the Department of Transportation, Highways Division Financial Statements, Fiscal Year Ended June 30, 2023

The mission of the Department of Transportation, Highways Division (DOT–Highways) is to provide a safe, efficient, and sustainable State Highway System that ensures the mobility of people and goods within the state. The division is charged with maximizing available resources to provide, maintain, and operate ground transportation facilities and support services that promote economic vitality and livability in Hawai‘i. The Department also works with the Statewide Transportation Planning Office on innovative and diverse approaches to congestion management.

For the fiscal year ended June 30, 2023, DOT–Highways reported total revenues of \$588 million and total expenses of \$598.6 million, resulting in a decrease in net position of \$10.6 million. Revenues consisted of \$266 million in tax collections; \$256.1 million in grants and contributions primarily from the Federal Highway Administration; \$57.4 million in charges for services; and \$8.5 million in investment income and other revenues. Expenses consisted of \$145.4 million for operations and maintenance; \$205.8 million in depreciation; \$235.2 million for administration and other expenses; and \$12.2 million in interest.

Total assets and deferred outflows of resources of \$5.52 billion were comprised of cash and investments of \$536.7 million; net capital assets of \$4.9 billion; and \$47.7 million in other assets and deferred outflows of resources. Total liabilities of \$796.1 million included \$572.1 million in revenue bonds and \$224 million in other liabilities. DOT–Highways has numerous capital projects ongoing statewide; construction in progress totaled \$351 million at the end of the fiscal year.

DOT–Highways received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

DOT–Highways also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. 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*. However, the auditors identified one significant deficiency in internal controls over financial reporting that is 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*.

Financial and Compliance Audit of the O‘ahu Metropolitan Planning Organization Financial Statements, Fiscal Year Ended June 30, 2023

Federal highway and transit statutes require urbanized areas greater than 50,000 in population to designate a metropolitan planning organization as a condition for spending federal highway or transit funds. O‘ahu Metropolitan Planning Organization (OahuMPO) is the designated metropolitan planning organization for the island of O‘ahu. Federal Transit Administration Grants are made to OahuMPO through the Department of Transportation’s Statewide Transportation Planning Office. The agency serves as the decision-making body responsible for carrying out continuing, comprehensive, and cooperative transportation planning and programming for the island of O‘ahu.

For the fiscal year ended June 30, 2023, OahuMPO reported total revenues of approximately \$3.74 million and total expenses of approximately \$3.73 million, resulting in minimal change in net position. Revenues consisted of \$3 million from federal grants and \$744,000 in contributions from the State of Hawai‘i and City and County of Honolulu. Total expenses consisted of \$358,000 for transportation forecasting and long-range planning; \$1.87 million for short-range transportation system and demand management planning; \$6,000 for transportation monitoring and analysis; and

\$1.49 million for program coordination and administration.

OahuMPO received an unmodified opinion that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. OahuMPO also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*. 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*. However, the auditors identified two significant deficiencies 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*.

Office of the Auditor Appropriations and Expenditures on a Budgetary Basis for the Fiscal Year Ended June 30, 2023

Appropriations

Act 2, SLH 2022 (Operations)	\$3,213,380
Act 2, SLH 2022 (Special Studies)	150,000
Act 2, SLH 2022 (Audit Revolving Fund)	2,800,000
Act 2, SLH 2022 (Accrued Vacation Payments)	68,106
	<u>\$6,231,486</u>

Expenditures

Staff salaries	\$2,068,107
Vacation payments	1,742
Contractual services (operational)	31,057
Other expenses	147,725
Special studies	0
Contractual services (Audit Revolving Fund)	2,800,000
	<u>5,048,631</u>

Excess of Appropriation over Expenditures

Act 2, SLH 2022 (operations)	\$966,491
Act 2, SLH 2022 (special studies)	150,000
Act 2, SLH 2022 (Audit Revolving Fund)	0
Act 2, SLH 2022 (Accrued Vacation Payments)	66,364
	<u>\$1,182,855</u>



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