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# Auditor's Summary

## Financial and Compliance Audit of the Department of Hawaiian Home Lands

Financial Statements, Fiscal Year Ended June 30, 2018



***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of Hawaiian Home Lands (DHHL), as of and for the fiscal year ended June 30, 2018, and to comply with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Akamine, Oyadomari & Kosaki CPA's Inc.*

### About the Department

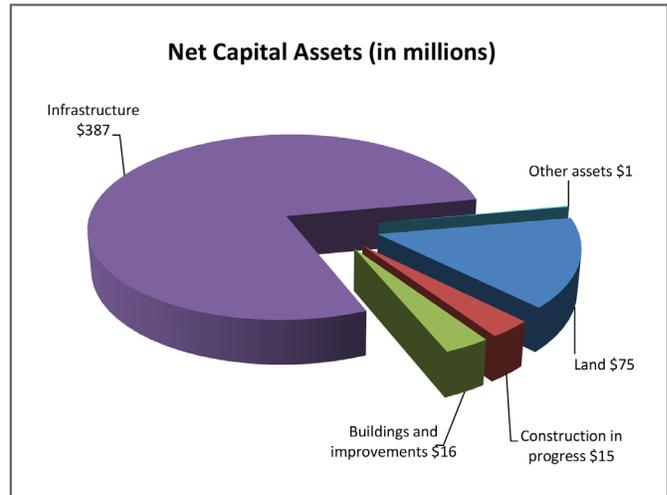
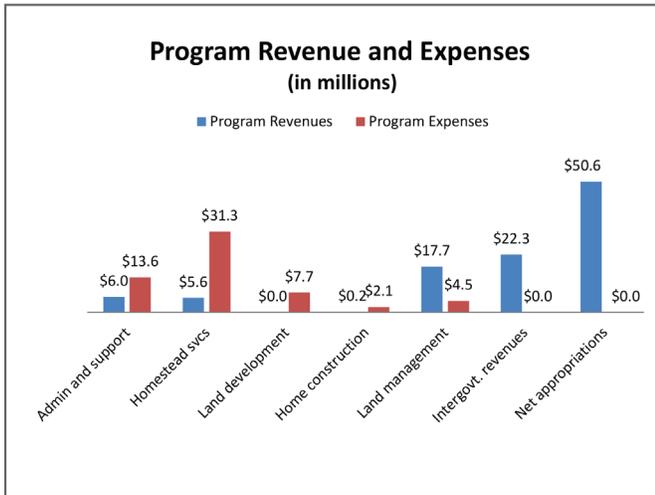
**DHHL IS HEADED** by the Hawaiian Homes Commission. DHHL was established by Section 24 of Act 1 (the Hawai'i State Government Reorganization Act of 1959), and is responsible for the administration of the Hawaiian Homes Commission Act of 1920, enacted by the United States Congress. The Hawaiian Homes Commission Act sets aside certain public lands as Hawaiian home lands to be utilized in the rehabilitation of native Hawaiians.

### Financial Highlights

**FOR THE FISCAL YEAR** ended June 30, 2018, DHHL's total revenues exceeded total expenditures by \$43.1 million. Total revenues were \$102.4 million (program revenue of \$51.8 million and State appropriations, transfers, and adjustments of \$50.6 million), and expenses totaled \$59.2 million. Approximately 19 percent of program revenues of \$51.8 million came from interest income, 43 percent from grants and contributions, 34 percent from the general lease program, and 4 percent from other sources.

As of June 30, 2018, total assets of \$974 million exceeded total liabilities of \$107 million, resulting in a net position balance of \$867 million. Total assets included net capital assets of \$494 million, cash of \$349 million, loans receivable of \$95 million, and other assets and deferred outflows of resources of \$36 million. Loans receivable consisted of 1,375 loans made to native Hawaiian lessees for the purposes specified in the Hawaiian Homes Commission Act. Loans are for a maximum amount of approximately \$354,000 and for a maximum term of 30 years.

Interest rates on outstanding loans range up to 10 percent. Total liabilities included notes, bonds, and capital lease obligations totaling \$56 million, and temporary deposits payable and other liabilities of \$51 million.



## Auditors' Opinions

**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*.

## Findings

**THERE WERE NO REPORTED DEFICIENCIES IN INTERNAL CONTROL** over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. There were no findings that were considered material weaknesses in internal control over compliance in accordance with the *Uniform Guidance*.

For the complete report and financial statements visit our website at:  
[http://files.hawaii.gov/auditor/Reports/2018\\_Audit/DHHL2018.pdf](http://files.hawaii.gov/auditor/Reports/2018_Audit/DHHL2018.pdf)