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## Constitutional Mandate

The Office of the Auditor, pursuant to Article VII, Section 10 of the Hawai'i State Constitution, is required to conduct post-audits of the transactions, accounts, program and performance of departments, offices and agencies of the State and its political subdivisions, and to certify to the accuracy of all financial statements issued by the respective accounting officers.

# Financial Audit of the Department of Transportation, Highways Division

## Financial Statements, Fiscal Year Ended June 30, 2012

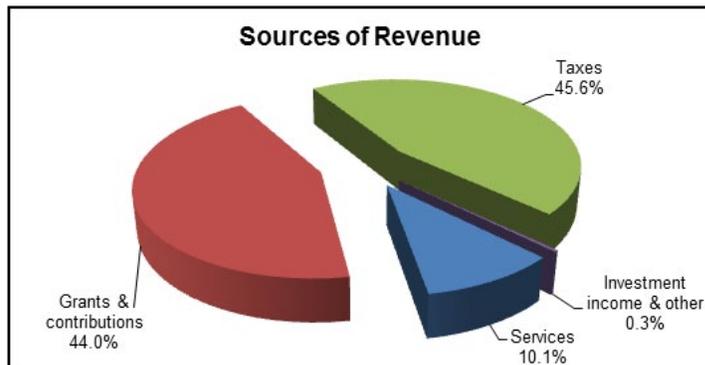
*The primary purpose of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of Transportation, Highways Division (DOT-Highways) as of and for the fiscal year ended June 30, 2012, and to comply with the requirements of federal OMB Circular A-133, which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by KMH, LLP.*

## About the Division

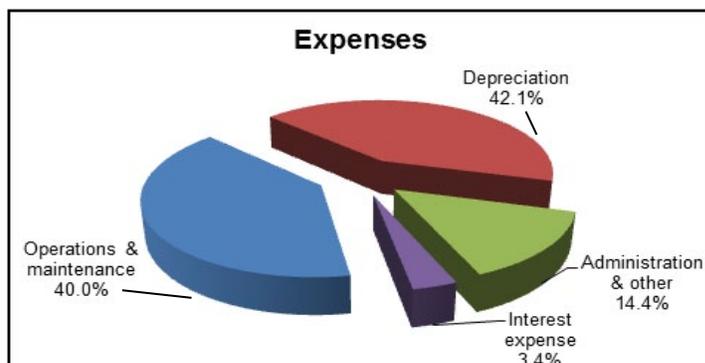
The mission of DOT-Highways is to facilitate the rapid, safe, and economical movement of people and goods within the State by providing, maintaining, and operating land transportation facilities and support services. The major goals of DOT-Highways are to plan, design, construct, and maintain highway facilities. In addition, the division, together with the Statewide Transportation Planning Office, implements innovative and diverse approaches to congestion management to increase the efficiency of the transportation system.

## Financial Highlights

For fiscal year ended June 30, 2012, DOT-Highways reported total revenues of approximately \$425 million and total expenses of \$503 million, resulting in a deficiency of \$78 million. Revenues consisted of \$194 million in taxes, \$187 million in grants and contributions from the Federal Highway Administration, \$43 million in charges for services, and \$1 million in investment income and other sources of revenue.



Expenses consisted of \$201 million for operations and maintenance, \$212 million in depreciation, \$72 million for administration and other, and \$17 million in interest.





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## Auditors' Opinions

Financial Statements: +  
Unmodified opinion

Federal Compliance: +  
Unmodified opinion

## Issues of Concern

**Material Weaknesses**  
0  
**Significant Deficiencies**  
0

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<http://auditor.hawaii.gov/>

Total assets of DOT–Highways exceeded total liabilities by approximately \$5 billion. Of this amount, \$121 million is unrestricted and may be used to meet ongoing expenses and obligations. Total assets of \$5.525 billion were comprised of cash of \$282 million, net capital assets of \$5.148 billion, and \$95 million in other assets. Liabilities totaled \$561 million, including \$446 million in revenue bonds. Eight million dollars was transferred from DOT–Highways to other state departments for the payment of debt service on general obligation bonds.

DOT–Highways has numerous capital projects ongoing statewide; construction in progress totaled \$324 million at the end of the fiscal year.

## Auditors' Opinions

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

## Findings

There were no reported deficiencies in internal control over financial reporting that were considered to be material weaknesses. There were no findings that were considered material weaknesses in internal control over compliance.

For the complete report and financial statements visit our website at:  
[http://files.hawaii.gov/auditor/Reports/2012\\_Audit/DOT\\_Highways2012.pdf](http://files.hawaii.gov/auditor/Reports/2012_Audit/DOT_Highways2012.pdf)