



Office of the Auditor
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Jan K. Yamane
Acting State Auditor
State of Hawai'i

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 Employees' Retirement System of the State of Hawai'i

Financial Statements, Fiscal Year Ended June 30, 2014

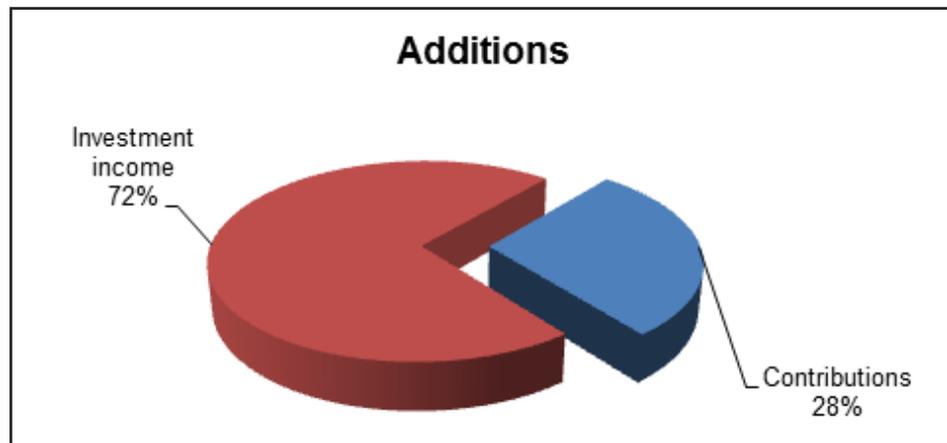
The primary purpose of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Employees' Retirement System of the State of Hawai'i, as of and for the fiscal year ended June 30, 2014. The audit was conducted by KPMG LLP.

About the System

The Employees' Retirement System of the State of Hawai'i (the ERS) is a cost-sharing, multiple-employer defined benefit pension plan established to administer a pension benefits program for all State and county employees including teachers, police officers, firefighters, correction officers, judges and elected officials. The ERS is governed by a Board of Trustees, which consists of eight members.

Financial Highlights

For the fiscal year ended June 30, 2014, the ERS reported total additions of approximately \$3.03 billion. Additions consisted primarily of \$2.18 billion from investing activities and \$859 million from contributions.



Total deductions of \$1.14 billion consisted of \$1.12 billion for benefit payments, \$13 million for administrative expenses, and \$8 million for refund of member contributions.



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Auditors' Opinion

Financial Statements: +
Unmodified opinion

Issues of Concern

Material Weaknesses

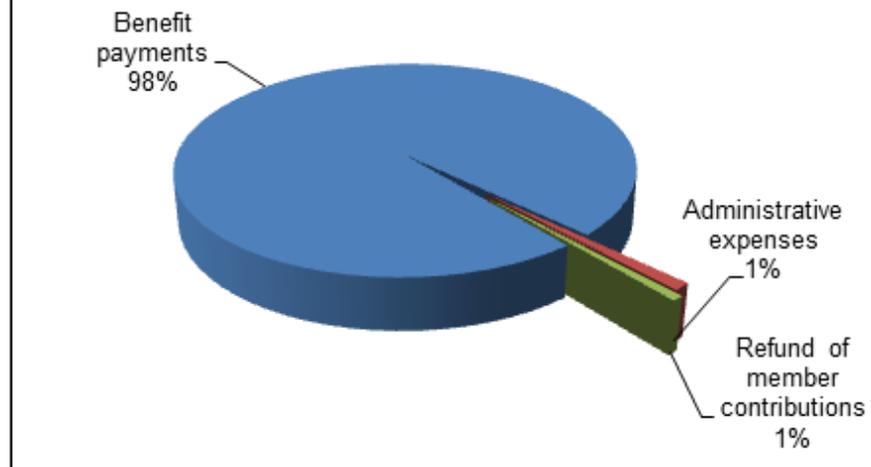
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Significant Deficiencies

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

Deductions



As of June 30, 2014, assets totaled \$15.92 billion and liabilities totaled \$1.72 billion, leaving a net position balance of \$14.2 billion. Total assets included cash of \$46 million, investments of \$15.67 billion, receivables of \$189 million, and net capital assets of \$10 million.

Auditors' Opinion

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

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*.

For the complete report and financial statements visit our website at:
http://files.hawaii.gov/auditor/Reports/2014_Audit/ERS2014.pdf