

Auditor's Summary

Financial Audit of the Department of Transportation, Harbors Division

Financial Statements, Fiscal Year Ended June 30, 2020



PHOTO: DOT HARBORS DIVISION

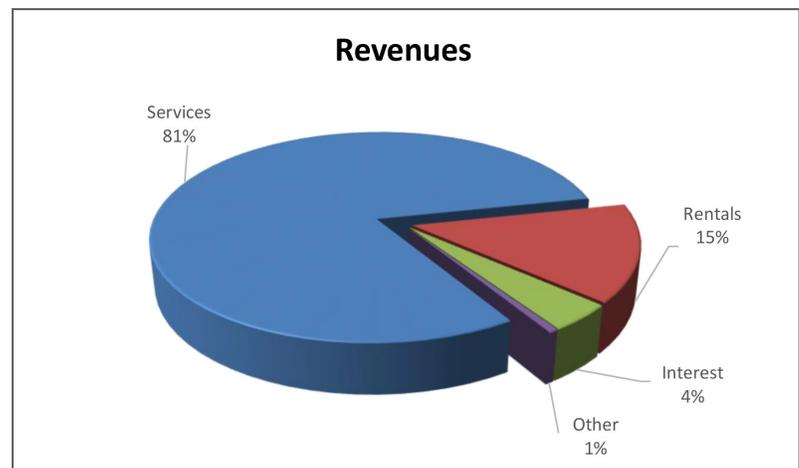
***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements of the Department of Transportation, Harbors Division, as of and for the fiscal year ended June 30, 2020. The audit was conducted by KKDLY LLC.*

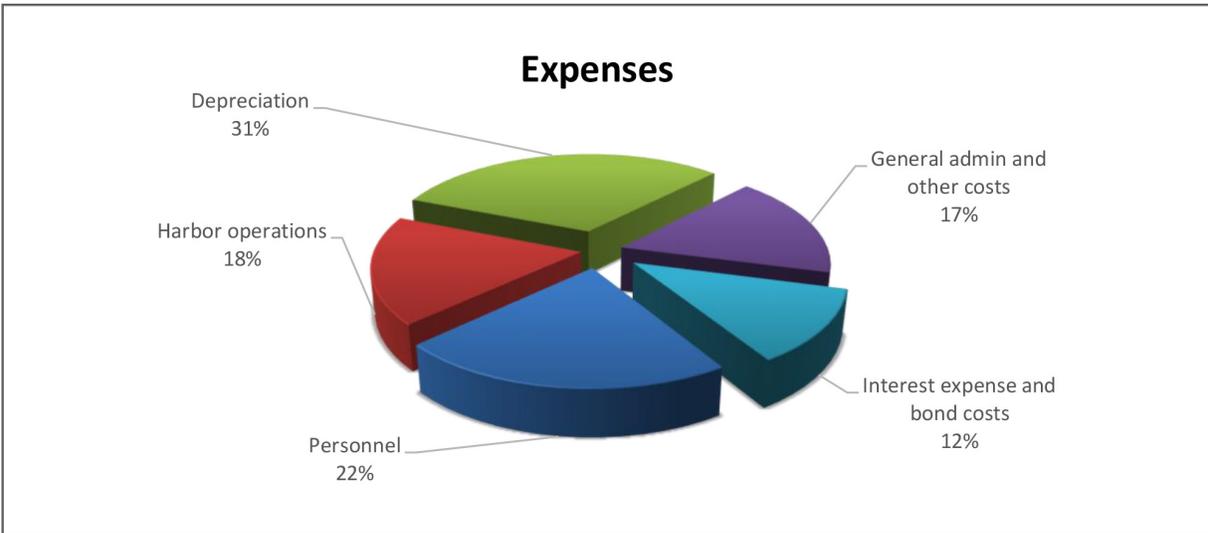
About the Division

The Department of Transportation, Harbors Division (DOT–Harbors) is responsible for Hawai'i's statewide system of commercial harbors consisting of ten harbors on six islands. Major activities include maintenance and operation, the construction of new harbor facilities, and the management of vessel traffic into, within, and out of Hawai'i's harbors. The Division receives no General Fund appropriations. Pursuant to Hawai'i Revised Statutes, rates and charges imposed and collected pay for the costs of operations, maintenance, and repairs, as well as debt service on revenue bonds and other outstanding obligations. A capital improvements program is funded by the revenue and proceeds from harbors system revenue bonds.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2020, DOT–Harbors reported total revenues of \$183.6 million, total expenses of \$106.5 million, and capital contributions of \$200,000 from federal grants restricted for capital asset acquisition and facility development, resulting in an increase in net position of \$77.3 million. Total revenues consisted of (1) \$147.9 million in services, (2) \$27.1 million in rentals, (3) \$7.5 million in interest income, and (4) \$1.1 million in other revenues.





Total expenses consisted of (1) \$32.5 million in depreciation, (2) \$18.8 million in harbor operations, (3) \$13.6 million in interest and bond costs, (4) \$23.7 million for personnel, and (5) \$17.9 million in administration and other costs.

As of June 30, 2020, the agency reported total assets and deferred outflows of resources of \$1.49 billion, comprised of (1) cash and cash equivalents of \$422.4 million, (2) receivables of \$17.1 million, (3) net capital assets of \$1.04 billion, and (4) other assets and deferred outflows of resources of \$11.8 million. Total liabilities and deferred inflows of resources totaled \$416 million, comprised of (1) \$265 million in revenue bonds payable and related accrued interest payable, (2) \$18.7 million in general obligation bonds payable, (3) \$25.1 million in capital lease obligation and related accrued interest payable, (4) \$7.1 million due to other State agencies, (5) \$16.6 million in accounts and contracts payable, and (6) \$83.5 million in other liabilities and deferred inflows of resources.

Auditors' Opinion

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

Findings

THERE WERE NO REPORTED DEFICIENCIES 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/2020_Audit/DOT_Harbors_2020.pdf