

Auditor's Summary

Financial and Compliance Audit of the Department of Education

Financial Statements, Fiscal Year Ended June 30, 2021



PHOTO: OFFICE OF THE AUDITOR

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 Education, as of and for the fiscal year ended June 30, 2021, 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 Accuity LLP.

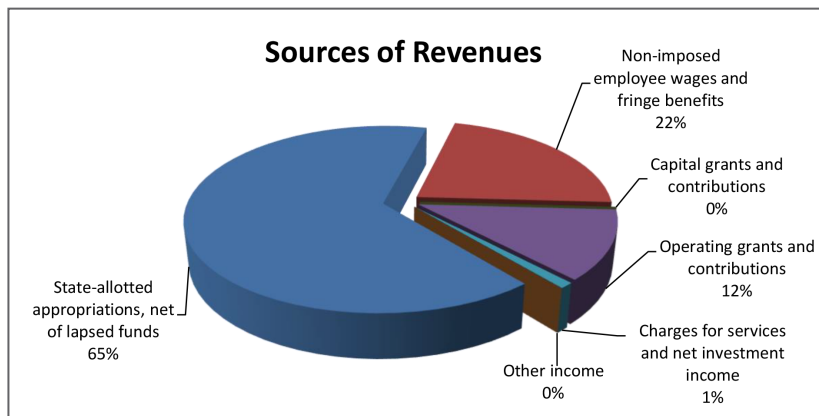
About the Department

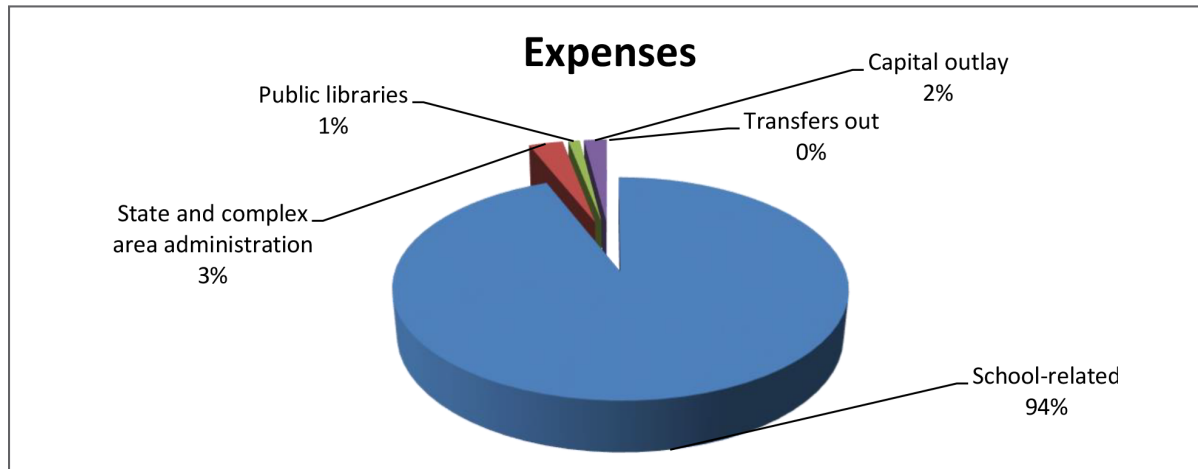
The Department of Education (DOE) administers the statewide system of public schools and public libraries. DOE is also responsible for administering state laws regarding regulation of private school operations through a program of inspection and licensing and the professional certification of all teachers 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.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2021, DOE reported total revenues of \$3.31 billion and total expenses of \$3.08 billion, resulting in an increase in net position of \$231 million.

Total revenues of \$3.31 billion consisted of (1) \$2.15 billion in state-allotted appropriations, net of lapsed funds, (2) \$733 million in non-imposed employee wages and fringe benefits, (3) \$388 million in operating grants and contributions, (4) \$2 million in capital grants and contributions, and (5) \$38 million in charges for services.





Total expenses of \$3.08 billion consisted of (1) \$2.89 billion for school-related costs, (2) \$88 million for state and school complex area administration, (3) \$48 million for public libraries, and (4) \$58 million for capital outlay.

As of June 30, 2021, total assets exceeded total liabilities by \$3.15 billion. Of this amount, \$1.07 billion is unrestricted and may be used to meet ongoing expenses and obligations. Total assets of \$3.72 billion were comprised of (1) cash of \$1.59 billion, (2) receivables of \$64 million, and (3) net capital assets of \$2.07 billion. Total liabilities of \$575 million were comprised of (1) vouchers and contracts payable of \$145 million, (2) accrued wages and employee benefits of \$168 million, (3) accrued compensated absences of \$87 million, (4) workers' compensation claims reserve of \$135 million, (5) amount due to the state general fund of \$5 million, and (6) notes payable of \$35 million.

Auditors' Opinion

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 in accordance with the *Uniform Guidance*.

Findings

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The finding is described on page 49 of the report.

THERE WERE NO FINDINGS that were considered material weaknesses in internal control over compliance in accordance with the *Uniform Guidance*. However, the auditors identified instances of noncompliance which are required to be reported in accordance with the *Uniform Guidance*. The finding is described on pages 50-51 of the report.

For the complete report and financial statements visit our website at:
https://files.hawaii.gov/auditor/Reports/2021_Audit/DOE2021.pdf