



State of Hawaii Oahu Metropolitan Planning Organization

Financial and Compliance Audit
June 30, 2021

Submitted by
The Auditor
State of Hawaii



State of Hawaii
Oahu Metropolitan Planning Organization
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June 30, 2021

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PART I
Financial Statements



Report of Independent Auditors

The Auditor
State of Hawaii

The Policy Board
State of Hawaii, Oahu Metropolitan Planning Organization

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the special revenue fund of the State of Hawaii, Oahu Metropolitan Planning Organization (“OahuMPO”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the OahuMPO’s basic financial statements as listed in the index.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.


Auditors’ Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the special revenue fund of OahuMPO as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of OahuMPO are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the special revenue fund of the State of Hawaii that is attributable to the transactions of OahuMPO. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.


Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OahuMPO's basic financial statements. The schedule of expenditures by agency and the schedule of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are not a required part of the basic financial statements. As described in Note 2 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



The schedule of expenditures by agency and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures by agency and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021 on our consideration of OahuMPO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OahuMPO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OahuMPO's internal control over financial reporting and compliance.

Accuity LLP

Honolulu, Hawaii
October 18, 2021

State of Hawaii
Oahu Metropolitan Planning Organization
Management's Discussion and Analysis (Unaudited)
June 30, 2021

This section of the annual financial report presents an analysis of OahuMPO's financial performance during the year ended June 30, 2021. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

For the year ended June 30, 2021, the COVID-19 pandemic and related government restrictions did not have a significant impact on OahuMPO's operating and financial activities. However, because of the government restrictions as well as other factors such as staff retirements and previously planned telework initiatives, certain procedures that were performed on paper documents for a part of fiscal year 2020 were changed to electronic forms, including the use of e-signatures. Although the form of the impacted procedures was changed, the actual procedures themselves were not impacted by these changes. OahuMPO did experience increases in both revenues and expenses from FY2020 to FY2021. The increases were directly related to various projects which were on hold during the FY2020 and were able to get underway in FY2021. Generally, these were City and County projects in which the OahuMPO experienced increased activity.

Key government-wide financial highlights for the year ended June 30, 2021 compared to the prior year ended June 30, 2020 are as follows:

- OahuMPO's net position decreased by \$43,000.
- During the year, OahuMPO's revenues increased by \$896,000, and expenses increased by \$912,000.

These changes are reflective of the cycle of annual planning studies and activities with which OahuMPO is charged with overseeing, as the number of studies increase or decrease from fiscal year to fiscal year.

Introduction to Basic Financial Statements

The financial statements of OahuMPO present combined information about the organization as a whole and the activities of its special revenue fund. The financial statements begin with the presentation of fund financial statements, which explains how government activities were financed in the short-term, as well as what resources remain for future spending. These financial statements were prepared on the modified accrual basis of accounting, which reports revenues when both measurable and available, and expenditures/expenses when the related liabilities are incurred. The fund financial statements were then adjusted to the accrual basis of accounting to present OahuMPO's activities as a whole. The accrual basis of accounting, which is similar to the accounting used by most private-sector companies, recognizes revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position and Governmental Fund Balance Sheet includes all of OahuMPO's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations of the organization to its creditors (liabilities). The Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance reports OahuMPO's activities and the changes in its net position as a result of its activities.

State of Hawaii
Oahu Metropolitan Planning Organization
Management’s Discussion and Analysis (Unaudited)
June 30, 2021

Financial Analysis

The following presents a comparative view of net position and changes in net position as of and for the fiscal years ended June 30, 2021 and 2020, respectively.

Condensed Statements of Net Position
June 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Assets		
Current assets	\$ 1,887,506	\$ 1,820,912
Total assets	<u>1,887,506</u>	<u>1,820,912</u>
Liabilities		
Current liabilities	1,320,202	1,253,915
Long-term liabilities	<u>99,658</u>	<u>55,967</u>
Total liabilities	<u>1,419,860</u>	<u>1,309,882</u>
Net position		
Restricted	<u>467,646</u>	<u>511,030</u>
Total net position	<u>\$ 467,646</u>	<u>\$ 511,030</u>

OahuMPO’s net position decreased by \$43,000, or 8.5%, between June 30, 2021 and 2020. At June 30, 2021, all of OahuMPO’s net position was restricted and represents the amount that can be used to finance day-to-day operations.

State of Hawaii
Oahu Metropolitan Planning Organization
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Condensed Statements of Activities
Years Ended June 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Expenses		
Regional transportation monitoring and analysis	\$ 75,072	\$ 36,594
Regional transportation forecasting and long-range planning	25,920	146,665
Short-range transportation system management / transportation demand management planning	1,365,768	218,292
Emergency management	21,852	254,397
Coordination of the planning program	1,646,127	1,566,531
Total expenses	<u>3,134,739</u>	<u>2,222,479</u>
Revenues		
Federal grant contributions	2,473,080	1,756,669
State and City contributions	618,275	439,170
Total revenues	<u>3,091,355</u>	<u>2,195,839</u>
Change in net position	(43,384)	(26,640)
Beginning net position	<u>511,030</u>	<u>537,670</u>
Ending net position	<u>\$ 467,646</u>	<u>\$ 511,030</u>

OahuMPO's total expenses increased by \$912,000, or 41.0% between the years ended June 30, 2021 and 2020. OahuMPO's revenues increased by \$896,000, or 40.8% between the years ended June 30, 2021 and 2020. The changes in revenues were attributed largely to the correlating increase in Federal grant and State and City contributions.

Financial Analysis of the Special Revenue Fund

Net change in fund balance was zero for the years ended June 30, 2021 and 2020 which is a reflection that all its activities are on a cost reimbursement arrangement. Revenues for the special revenue fund are the same amount as revenues on the statements of activities.

Capital Assets

As of June 30, 2021, and 2020, the capital assets of OahuMPO were fully depreciated. OahuMPO did not have any capital acquisitions for both the years ended June 30, 2021 and 2020. OahuMPO did not dispose of any capital assets during the years ended June 30, 2021 and 2020.

Requests for Information

The financial report is designed to provide a general overview of OahuMPO's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Alvin Au, Executive Director, Oahu Metropolitan Planning Organization, 707 Richards Street, Suite 200, Honolulu, HI 96813.

State of Hawaii
Oahu Metropolitan Planning Organization
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2021

	Special Revenue Fund	Adjustments (Note 3)	Statement of Net Position
Assets			
Current assets			
Equity in cash and cash equivalents and investments in State Treasury	\$ 939,302	\$ -	\$ 939,302
Receivables from Federal government	948,204	-	948,204
Total current assets	<u>1,887,506</u>	<u>-</u>	<u>1,887,506</u>
Total assets	<u>\$ 1,887,506</u>	<u>\$ -</u>	<u>\$ 1,887,506</u>
Liabilities			
Current liabilities			
Vouchers payable	\$ 867,274	\$ -	\$ 867,274
Advances from other agencies	338,552	-	338,552
Accrued liabilities	99,287	15,089	114,376
Total current liabilities	<u>1,305,113</u>	<u>15,089</u>	<u>1,320,202</u>
Noncurrent liabilities			
Accrued compensated absences	<u>-</u>	<u>99,658</u>	<u>99,658</u>
Total liabilities	<u>1,305,113</u>	<u>114,747</u>	<u>1,419,860</u>
Fund Balance / Net Position			
Restricted fund balance	<u>582,393</u>	<u>(582,393)</u>	-
Total liabilities and fund balance	<u>\$ 1,887,506</u>		
Net position			
Restricted		<u>467,646</u>	<u>467,646</u>
Total net position		<u>\$ 467,646</u>	<u>\$ 467,646</u>

The accompanying notes are an integral part of these financial statements.

State of Hawaii
Oahu Metropolitan Planning Organization
Statement of Activities and Governmental Fund Revenues, Expenditures,
and Change in Fund Balance
Year Ended June 30, 2021

	Special Revenue Fund	Adjustments (Note 4)	Statement of Activities
Expenditures			
Regional transportation monitoring and analysis	\$ 75,072	\$ -	\$ 75,072
Regional transportation forecasting and long-range planning	25,920	-	25,920
Short-range transportation system management / transportation demand management planning	1,365,768	-	1,365,768
Emergency management	21,852	-	21,852
Coordination of the planning program	1,602,743	43,384	1,646,127
Total expenditures	<u>3,091,355</u>	<u>43,384</u>	<u>3,134,739</u>
Revenues			
Federal grant contributions	2,473,080	-	2,473,080
Local contributions			
City and County of Honolulu	391,107	-	391,107
State of Hawaii	113,584	-	113,584
Honolulu Authority for Rapid Transportation (“HART”)	113,584	-	113,584
Total revenues	<u>3,091,355</u>	<u>-</u>	<u>3,091,355</u>
Change in net position	-	(43,384)	(43,384)
Fund balances / net position			
Beginning of year	<u>582,393</u>	<u>(71,363)</u>	<u>511,030</u>
End of year	<u>\$ 582,393</u>	<u>\$ (114,747)</u>	<u>\$ 467,646</u>

The accompanying notes are an integral part of these financial statements.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

1. Organization

The State of Hawaii, Oahu Metropolitan Planning Organization (“OahuMPO”) was established by agreement between the Governor of the State of Hawaii and the Chairperson of the City Council of the City and County of Honolulu to serve as the decision-making body responsible to carry out the continuing, comprehensive and cooperative transportation planning and programming for the island of Oahu as required by Federal law.

The financial statements of OahuMPO are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the special revenue fund of the State of Hawaii that is attributable to the transactions of OahuMPO. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The State Comptroller maintains the central accounts for all State funds and publishes financial statements for the State of Hawaii (“State”) annually, which include OahuMPO’s financial activities.

2. Summary of Significant Accounting Policies

OahuMPO’s financial statements are prepared in accordance with GAAP, as prescribed by the Governmental Accounting Standards Board (“GASB”). The significant accounting policies used by OahuMPO are described below.

Measurement Focus, Basis of Accounting, and Financial Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, OahuMPO considers revenues other than federal grants and assistance awards to be available if they are collected within 60 days of the end of the current fiscal year. Federal grant revenues are recognized when reimbursement claims are made.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Fund Accounting

The financial transactions of OahuMPO are recorded in a fund. A fund is considered a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate the legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

OahuMPO has only one fund, the special revenue fund. The special revenue fund is used to account for the proceeds of specific revenue sources (other than expendable trusts) that are restricted to expenditures for specified purposes. The special revenue fund was established to account for the contracts that the State entered into for OahuMPO with the U.S. Department of Transportation, Federal Highway Administration, Federal Transit Administration (“FTA”), and those between OahuMPO and FTA prior to enactment of the Intermodal Surface Transportation Efficiency Act of 1991.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Equity in Cash and Cash Equivalents and Investments in State Treasury

Substantially all of OahuMPO’s cash is held in the State Treasury.

The State Director of Finance is responsible for the safekeeping of cash in the State Treasury in accordance with State laws. The Director of Finance may invest any monies of the State which, in the Director’s judgment, are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited into approved financial institutions or in the State Treasury investment pool. Funds in the investment pool accrue interest based on the average weighted cash balances of each account.

The State requires that depository banks pledge, as collateral, government securities held in the name of the State for deposits not covered by Federal deposit insurance.

OahuMPO’s monies are held in the State cash pool. OahuMPO does not manage its own investments and the types of investments and related interest rate, credit and custodial risks are not determinable specific to OahuMPO. The risk disclosures of the State’s cash pool are included in the State’s Annual Comprehensive Financial Report (“ACFR”) which may be obtained from the State Department of Accounting and General Services’ website:

<https://ags.hawaii.gov/accounting/annual-financial-reports/>.

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Notes to Financial Statements
June 30, 2021

OahuMPO also maintains cash in bank which is held separately from cash in the State Treasury. As of June 30, 2021, the carrying amount of the total bank balance was approximately \$400, which is insured by the Federal Deposit Insurance Corporation.

Receivables from Federal Government

Revenues for all Federal reimbursement type grants are recorded as a receivable from Federal government when costs are incurred.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported in the statement of net position and governmental fund balance sheet, at cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation expense is computed using the straight-line method over the estimated useful life of seven years for furniture and equipment.

Compensated Absences

OahuMPO permits employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since sick leave is not convertible to pay upon termination of employment. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

Fund Balance

Fund balance is classified using a hierarchy based on the extent to which OahuMPO is bound to follow constraints on how resources can be spent. Classifications include:

- **Nonspendable** – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.
- **Restricted** – Restricted fund balance is restricted to specific purposes which is usually imposed by external parties such as grantors, contributors, or laws or regulations of other governments.
- **Committed** – Committed fund balance includes amounts that can only be used for specific purposes pursuant to formal action of the State Legislature.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

- **Assigned** – Assigned fund balance includes amounts that are constrained by the Policy Board or management for specific purposes but are neither restricted nor committed.
- **Unassigned** – This classification includes any negative residual balance when actual expenditures exceed available resources of the fund.

OahuMPO has only a restricted fund balance.

Risk and Uncertainties

OahuMPO is exposed to various risks for losses related to torts; theft of, damage to, or destruction of assets; errors or omissions; natural disasters; and injuries to employees. A liability for a claim for a risk of loss is established if information indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss is reasonably estimable.

The COVID-19 pandemic and the related restrictive measures have had a significant adverse impact upon many sectors of the economy, including OahuMPO, and remains an evolving situation. The extent of the impact of COVID-19 on OahuMPO's operations and financial results will depend on future developments, including the duration and spread of the outbreak which are highly uncertain.

Postemployment Benefits Other than Pensions

The actuarial valuation of the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") does not provide other postemployment benefit ("OPEB") information by department or agency. Accordingly, the State's policy on the accounting and reporting for OPEB is to allocate a portion of the State's net OPEB liability, and any adjustment to the net OPEB liability, to component units and proprietary funds that are reported separately in the State's ACFR. The State allocates annual OPEB expense to component units and proprietary funds based on their proportionate percentage of the State's total contribution to the EUTF plan. Accordingly, OahuMPO does not receive any allocation of OPEB expense.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the EUTF, and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

Pension Benefits

The actuarial valuation of the Employees' Retirement System of the State of Hawaii ("ERS") does not provide pension benefits information by department or agency. Accordingly, the State's policy on the accounting and reporting for pension benefits is to allocate a portion of the State's net pension liability, and any adjustment to the net pension liability, to component units and proprietary funds that are reported separately in the State's ACFR. The State allocates annual pension expense to component units and proprietary funds based on their proportionate percentage of the State's total covered payroll. Accordingly, OahuMPO does not receive any allocation of pension expense.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the ERS, and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at their fair value.

3. Explanation of Differences Between the Governmental Fund Balance Sheet and Statement of Net Position

OahuMPO's financial statements include a combined government-wide and fund financial statement. The financial statements begin with the fund financial statement and include an adjustment column that reconciles amounts reported in the fund to an accrual basis of accounting under the government-wide financial statement.

Reconciling items include long-term liabilities. Long-term liabilities applicable to OahuMPO's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and noncurrent) are reported in the statement of net position. At June 30, 2021, long-term liabilities amounted to approximately \$115,000, which is comprised of accrued compensated absences.

4. Explanation of Differences Between the Governmental Fund Operating Statement and the Statement of Activities

OahuMPO's financial statements include a combined government-wide and fund financial statement. The financial statements begin with the fund financial statement and include an adjustment column that reconciles amounts reported in the fund to an accrual basis of accounting under the government-wide financial statement.

Reconciling items include long-term liability transactions for which expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund. For OahuMPO, this difference is due to a net adjustment resulting from a net change in accrued compensated absences of approximately \$43,000.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

5. Federal Grants

Federal Highway Administration (“FHWA”) Grants

The FHWA – Planning (“FHWA-PL”) grants represent apportionments under 23 USC Section 104(f) made to OahuMPO through the State Department of Transportation (“HDOT”) Highways Division. The FHWA-PL grants reimburse 80% of allowable expenditures claimed by OahuMPO, and the remaining 20% is contributed by the participating State and county agencies. Allowable expenditures to the FHWA-PL grants include labor and non-labor expenditures incurred that are recorded based on the approved Overall Work Program (“OWP”).

OahuMPO has the following FHWA grants outstanding as of June 30, 2021:

- PL-0052(43) for fiscal year 2021.
- PL-0052(42) for the fiscal year 2020.
- PL-0052(41) for the fiscal year 2019.
- PL-0052(40) for the fiscal year 2018.

Federal Transit Administration (“FTA”) Grants

The FTA apportions funds annually for Section 5303 Metropolitan Planning Program and for Section 5304 State Planning and Research Program. The apportionment is based on the State’s urbanized area population as defined by the U.S. Census Bureau and is made to OahuMPO through the HDOT Statewide Transportation Planning Office.

The FTA grants provide for the undertaking of (1) metropolitan planning activities pursuant to 49 USC Section 5303 (previously known as Section 8 of the Federal Transit Act), and (2) state planning and research activities pursuant to 49 USC Section 5304 (previously known as Section 5313(b) of the Federal Transit Act). Under Sections 5303 and 5304 grants, FTA participates in 80% of allowable costs claimed by OahuMPO. The remaining 20% is contributed by the participating State and county agencies. Allowable expenditures to the FTA grants include labor and non-labor expenditures incurred that are recorded based on the approved OWP.

OahuMPO has the following FTA grants outstanding as of June 30, 2021:

- HI-2020-009 (fiscal year 2021).
- HI-2019-015 (fiscal year 2020).
- HI-2018-012 (fiscal year 2019).
- HI-2018-003 (fiscal year 2018).

State of Hawaii
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Notes to Financial Statements
June 30, 2021

6. Budgeting and Budgetary Control

A budget, known as the OWP, is prepared by OahuMPO on an annual basis. The budget and any additions thereto, are approved by OahuMPO’s Policy Board and subsequently and jointly by FHWA and the FTA. The OWP encompasses various projects (work elements), in which work performed is specifically for OahuMPO, the State, the City and County of Honolulu (“C&C”), or the Honolulu Authority for Rapid Transportation (“HART”), and are worked on over a multi-year period.

Amounts shown in the OWP include amounts budgeted for in prior fiscal years and for the current year. Because OahuMPO does not operate under a legally adopted budget, as defined by GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, budgetary comparison information is not included in the accompanying financial statements.

The portion of OahuMPO’s budget representing work elements to be fully or partially funded by FHWA is financed by current and prior fiscal years’ FHWA apportionments, which were obligated by the State as a pass-through agency to and for OahuMPO. An obligation is a commitment – the federal government’s promise to pay the State for the federal share of a project’s eligible cost. This commitment occurs when the project is approved, and the project agreement is executed. Unobligated FHWA apportionments are available for reprogramming for a period of three years following the federal fiscal year for which they are apportioned.

The amount of unexpended FHWA obligated funds amounted to approximately \$4,079,000, \$501,000, \$501,000 and \$128,000 related to the years 2021, 2020, 2019 and 2018, respectively, for a total amount of approximately \$5,209,000 as of June 30, 2021.

The portion of OahuMPO’s budget representing amounts allowable under specific FTA grants are financed by current and prior fiscal years’ annual grant agreements which were approved, executed and obligated to OahuMPO through HDOT. At the end of each fiscal year, the unexpended portion of these obligated funds are carried forward to the following fiscal year.

The amount of unexpended FTA funds amounted to approximately \$432,000 as of June 30, 2021.

7. Capital Assets

The changes in capital assets were as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental activities				
Furniture and equipment, at cost	\$ 10,955	\$ -	\$ -	\$ 10,955
Less: Accumulated depreciation	(10,955)	-	-	(10,955)
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

No depreciation expense was incurred during the year ended June 30, 2021. Depreciation expense, if any, is charged to coordination of the planning program function.

8. Long-Term Liability

The only long-term liability for governmental activities is accrued compensated absences. Long-term liability activity during the year ended June 30, 2021 was as follows:

	Amount
Balance at July 1, 2020	\$ 71,363
Additions	58,596
Deductions	<u>(15,212)</u>
Balance at June 30, 2021	114,747
Less: Current portion	<u>15,089</u>
Noncurrent portion	<u>\$ 99,658</u>

9. Pension Plan

Plan Description

Generally, all full-time employees of the State and counties are required to be members of the ERS, a cost-sharing multiple-employer defined benefit pension plan that administers the State's pension benefits program. Benefits, eligibility and contribution requirements are governed by HRS Chapter 88 and can be amended through legislation.

The ERS issues publicly available annual financial reports that can be obtained at ERS's website: <https://ers.ehawaii.gov/resources/financials>.

Benefits Provided

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability and death benefits with three membership classes known as the noncontributory, contributory and hybrid retirement classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2%) multiplied by the average final compensation multiplied by years of credit service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

State of Hawaii
Oahu Metropolitan Planning Organization
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Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Class

- Retirement Benefits – General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at time of death with at least ten years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/reentry into a new reciprocal beneficiary relationship) and dependent children (up to age 18) receive a benefit equal to a percentage of the member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

Contributory Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.
- Disability and Death Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability.

Death benefits for contributory class members hired after June 30, 2012 are generally the same as those for contributory class members hired June 30, 2012 and prior.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

Hybrid Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.
- Death Benefits – For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member’s contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member’s contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

- *Disability and Death Benefits* – Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributions

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2021 was 24% for all employees other than police and firefighter employees. Contributions to the pension plan from OahuMPO were approximately \$134,000 for the year ended June 30, 2021.

Per Act 17, SLH 2017, employer contributions from the State and counties increased over four years beginning July 1, 2017. The contribution rate for fiscal year 2021 for all employees other than police and fire employees increased to 24% on July 1, 2020.

The employer is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.8% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.8% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0% of their salary.

Measurement of the actuarial valuation is made for the State as a whole and is not separately computed for the individual state departments and agencies such as OahuMPO. It is the State's policy to recognize the proportionate share of the pension liability, pension expense, deferred inflows related to pensions, and deferred outflows related to pension for only component units and proprietary funds that are reported separately in the State's ACFR. Therefore, the share of the pension liability, pension expense, deferred inflows related to pensions, and deferred outflows related to pension for OahuMPO are not included in the financial statements. The State's ACFR includes the note disclosures and required supplementary information on the State's pension plans.

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report. The ERS's complete financial statements are available at <https://ers.ehawaii.gov/resources/financials>.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

Payable to the Pension Plan

At June 30, 2021, OahuMPO's payable to the ERS was approximately \$12,000.

Required Supplementary Information and Disclosures

The State's ACFR includes the required disclosures and required supplementary information on the State's pension plan.

10. Postemployment Health Care and Life Insurance Benefits

Plan Description

The State provides certain health care and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State contributes to the EUTF, an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees, and their dependents. The EUTF issues a publicly available annual financial report that can be obtained at <https://eutf.hawaii.gov/reports>.

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with ten years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For employees retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

The State is required to contribute the annual required contribution ("ARC") of the employer, an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

Measurement of the actuarial valuation and the ARC are made for the State as a whole and are not separately computed for the individual state departments and agencies such as OahuMPO. The State has only computed the allocation of the OPEB liability, OPEB expense, and deferred outflows of resources, and deferred inflows of resources related to OPEB to component units and proprietary funds that are reported separately in the State's ACFR. Therefore, the OPEB costs for OahuMPO were not available and are not included in the financial statements. The State's ACFR includes the note disclosures and required supplementary information on the State's OPEB plans.

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. The employer is required to make all contributions for members.

The governor's Fourteenth Supplementary (emergency) Proclamation, issued on October 13, 2020, suspended specific provisions of law. Included were Sections 87A-42(b) – (f), HRS, other postemployment benefits trust, 87A-43, HRS, payment of public employer contributions to the other postemployment benefits trust, and 237-31(3), HRS, remittances, related to the requirement for public employers to pay the annual required contribution to the EUTF in the fiscal year 2020–2021. Due to the governor's proclamation, contributions to the OPEB plan from OahuMPO were approximately \$3,000 for the year ended June 30, 2021.

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued EUTF financial report. The EUTF's complete financial statements are available at <https://eutf.hawaii.gov/reports/>.

Payable to the OPEB Plan

At June 30, 2021, OahuMPO had no contributions payable to EUTF.

Disclosures and Required Supplementary Information

The State's ACFR includes the required disclosures and required supplementary information on the State's OPEB plan.

11. Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All plan assets are held in a trust fund to protect them from claims of general creditors. The State has no responsibility for loss due to the investment or failure of investment of funds and assets in the plan but does have the duty of due care that would be required of an ordinary prudent investor.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

12. Commitments and Contingencies

Encumbrances

Encumbrances totaled approximately \$738,000 as of June 30, 2021.

Accumulated Sick Leave

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit but can be taken only in the event of illness and is not convertible to pay upon termination of employment. However, an OahuMPO employee who retires or leaves government service in good standing with sixty days or more of unused sick leave is entitled to additional service credit in the ERS. Accumulated sick leave as of June 30, 2021 approximated \$158,000.

Leases

OahuMPO leases its office space situated at The Block-Richards Building, 707 Richards Street, Suite 200, Honolulu, Hawaii, under a lease agreement entered into in March 2019, which expires in April 2025. Under the terms and conditions of the lease agreement, OahuMPO is responsible for the monthly base rent and a share of operating costs.

OahuMPO is also leasing copier equipment under a five-year operating lease agreement that expires in January 2024. In addition to the base rent, OahuMPO is responsible for all operating costs related to the use of this equipment.

At June 30, 2021, future minimum lease payments, not including common area fees or operating expenses, were as follows:

Fiscal years ending June 30,	
2022	\$ 55,000
2023	55,000
2024	54,000
2025	42,000
	<u>\$ 206,000</u>

The total rental expense incurred on the office space lease, including common area fees and on the equipment lease, for the year ended June 30, 2021, was as follows:

	Amount
Minimum rentals under noncancelable operating leases	\$ 53,000
Common area fees and other	63,000
	<u>\$ 116,000</u>

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Financial Statements
June 30, 2021

Risk Management

Insurance coverage is maintained at the State level. The State records a liability for risk financing and insurance related losses if it is determined that a loss has been incurred and the amount can be reasonably estimated. The State retains various risks and insures certain excess layers with commercial insurance companies. The excess layers insured with commercial insurance companies are consistent with the prior fiscal year. Settled claims have not exceeded the coverage provided by commercial insurance companies in any of the past ten fiscal years. A summary of the State's underwriting risks can be found in the State ACFR.

Torts and Litigation

OahuMPO may be subject to various actions, the outcome of which, in the opinion of management, will not have a material adverse effect on OahuMPO's financial position. Losses, if any, are either covered by insurance or will be paid from legislative appropriations of the State of Hawaii's general fund.

13. Related-Party Transactions

OahuMPO uses HDOT for staff support, accounting, information technology, human resources, and other services as per an Administrative Agreement between OahuMPO and HDOT. The Code of Federal Regulations requires that there be an agreement between the State, the transit operator, and OahuMPO specifying the cooperative procedures for carrying out transportation planning. A Comprehensive Agreement between the State, the C&C, HART and OahuMPO was executed on July 20, 2015.

The State, the C&C and HART each contribute \$125,000 as dues to fund OahuMPO's operations. Any balance of unencumbered local funds and dues budgeted and provided by the State, Operator and the C&C for that year's OWP shall be used towards the following year's OWP dues. For the year ended June 30, 2021, the State, the C&C and HART each contributed \$115,000 to OahuMPO for those projects.

As discussed in Note 6, the OWP includes projects for the State, the C&C and HART. OahuMPO serves as the fiscal agent in processing the federal reimbursements to the State and the C&C. In these instances, the entity requesting the project pays for the entire cost of the project and is reimbursed 80% through federal grant monies. The remaining 20% is the local match as established in Federal regulations for these projects.

For the year ended June 30, 2021, the amount of local share contributed by the State, the C&C and HART was approximately \$115,000, \$321,000 and \$115,000, respectively.

OahuMPO processed approximately \$1,388,000 of federal reimbursement claims for the C&C for the year ended June 30, 2021.

As of June 30, 2021, OahuMPO had payables of approximately \$401,000 to the C&C for federal grant monies to be received by OahuMPO, which will be paid to the C&C.

Supplementary Information

State of Hawaii
Oahu Metropolitan Planning Organization
Schedule of Expenditures by Agency
Year Ended June 30, 2021

	W.E.	City	OMPO	Total
Regional Transportation Monitoring and Analysis	201			
Title IV and Environmental Justice	201.04	\$ -	\$ 8,909	\$ 8,909
2000 Census Data	201.05	-	66,163	66,163
		<u>-</u>	<u>75,072</u>	<u>75,072</u>
Regional Transportation Forecasting and Long-Range Planning	202			
Central Oahu Transportation Study	202.02	-	4,628	4,628
Farrington Highway Realignment Study	202.04	-	21,292	21,292
		<u>-</u>	<u>25,920</u>	<u>25,920</u>
Short-Range TSM/TDM Planning	203			
PM Peak Period Tow Away Zone Time Modifications	203.03	5,000	-	5,000
Review & Update of Planned (ROW)	203.07	302,729	-	302,729
Transit Rider Survey Project	203.09	141,470	-	141,470
Multi-Modal Transit Asset Management Plan	203.12	130,581	-	130,581
Ala Moana Transit Plaza Alternatives Analysis	203.14	318,489	-	318,489
Kapolei Maintenance Facility and Transit Center Alternatives	203.17	398,577	-	398,577
Work Where You Live	203.22	68,922	-	68,922
		<u>1,365,768</u>	<u>-</u>	<u>1,365,768</u>
Emergency Management	204			
Multi-Modal (TAM) Plan, Phase II	204.06	7,041	-	7,041
Active Transportation Monitoring Data	204.07	14,811	-	14,811
		<u>21,852</u>	<u>-</u>	<u>21,852</u>
Coordination of the Planning Program	301/302/303			
Program Support and Administration	301.01	-	529,392	529,392
Planning Resource	301.02	-	63,114	63,114
Overall Work Program	301.03	-	78,919	78,919
Single Audit	301.05	-	115,360	115,360
Public Participation Plan	301.06	-	41,562	41,562
Professional Development	301.09	-	7,799	7,799
Computer Network Maintenance	301.10	-	11,661	11,661
Subrecipient Monitoring	301.11	-	28,464	28,464
Computer Model Operations and Support	301.15	-	160,859	160,859
Oahu Regional Transportation Plan	301.16	-	335,081	335,081
Transportation Improvement Program	301.17	-	48,138	48,138
Bicycle & Pedestrian Coordination	301.18	-	13,123	13,123
Overhead (Indirect Costs)	302.01	-	146,765	146,765
Leave – PTO	303.03	-	22,506	22,506
		<u>-</u>	<u>1,602,743</u>	<u>1,602,743</u>
Total expenditures by agency		<u>\$ 1,387,620</u>	<u>\$ 1,703,735</u>	<u>\$ 3,091,355</u>

See accompanying independent auditors' report.

State of Hawaii
Oahu Metropolitan Planning Organization
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Amount Provided Through to Subrecipients
Department of Transportation				
Passed through State Department of Transportation				
Federal Highways Administration				
Highway Planning and Construction Cluster				
OahuMPO Work Program	20.205	PL-0052(41)	\$ 888,035	\$ 748,491
OahuMPO Work Program	20.205	PL-0052(42)	587,966	59,944
OahuMPO Work Program	20.205	PL-0052(43)	536,063	-
Total for Cluster			<u>2,012,064</u>	<u>808,435</u>
Federal Transit Authority				
Federal Transit Technical Studies Grant				
FTA, Section 5303	20.505	HI-2016-005	4,361	-
FTA, Section 5303	20.505	HI-2018-012	121,975	-
FTA, Section 5303	20.505	HI-2019-015	131,276	-
FTA, Section 5303	20.505	HI-2020-009	48,064	-
Total for Program			<u>305,676</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 2,317,740</u>	<u>\$ 808,435</u>

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

State of Hawaii
Oahu Metropolitan Planning Organization
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of OahuMPO under programs of the federal government for the year ended June 30, 2021.

The information in the Schedule is presented in accordance 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"). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of OahuMPO, it is not intended to and does not present the financial position or change in net position of OahuMPO.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in the Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribe Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

OahuMPO has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Local Share

The FHWA and FTA grants reimburse 80% of the allowable expenditures claims by OahuMPO and the remaining 20% is contributed by the State, the C&C and HART. For the year ended June 30, 2021, the amounts contributed by the State, the C&C and HART were approximately \$115,000, \$321,000 and \$115,000, respectively.

See accompanying independent auditors' report.

PART II
Compliance and Internal Control



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Auditor
State of Hawaii

The Policy Board
State of Hawaii, Oahu Metropolitan Planning Organization

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the special revenue fund of the State of Hawaii, Oahu Metropolitan Planning Organization (“OahuMPO”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise OahuMPO’s basic financial statements, and have issued our report thereon dated October 18, 2021.

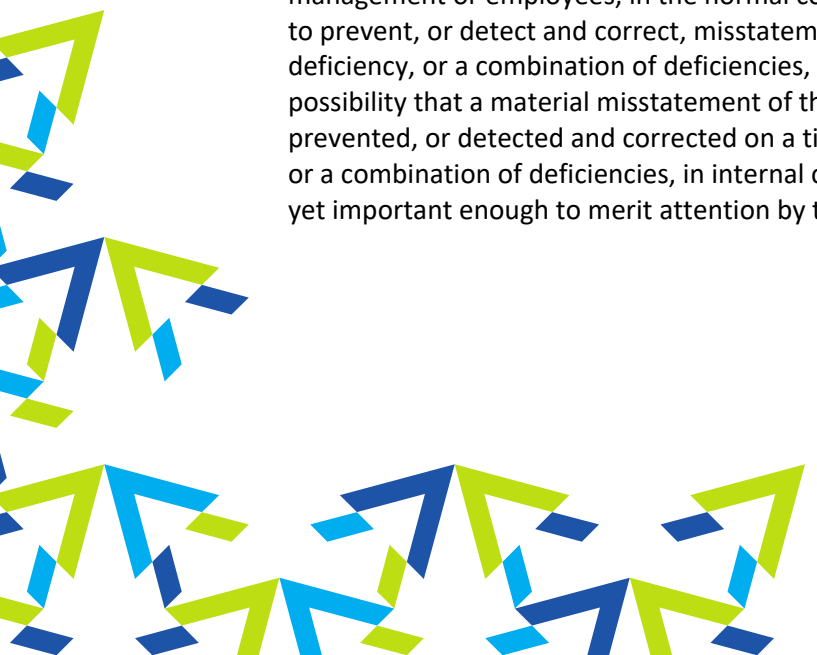
Internal Control Over Financial Reporting


In planning and performing our audit of the financial statements, we considered OahuMPO’s internal control over financial reporting (“internal control”) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OahuMPO’s internal control. Accordingly, we do not express an opinion on the effectiveness of OahuMPO’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OahuMPO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OahuMPO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OahuMPO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accuity LLP

Honolulu, Hawaii
October 18, 2021



**Report of Independent Auditors on Compliance
for Each Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

The Auditor
State of Hawaii

The Policy Board
State of Hawaii, Oahu Metropolitan Planning Organization

Report on Compliance for Each Major Federal Program

We have audited the State of Hawaii, Oahu Metropolitan Planning Organization's ("OahuMPO") compliance with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on OahuMPO's major federal program for the year ended June 30, 2021. OahuMPO's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of OahuMPO's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about OahuMPO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of OahuMPO's compliance.

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Opinion on Major Federal Program

In our opinion, OahuMPO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of OahuMPO is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered OahuMPO's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of OahuMPO's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Accuity LLP

Honolulu, Hawaii
October 18, 2021



State of Hawaii
Oahu Metropolitan Planning Organization
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	Unmodified	
Internal control over financial reporting		
• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs		
• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditors’ report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs
 Highway Planning and Construction Cluster

Assistance

Listing

Number	Name of Federal Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000	
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

State of Hawaii
Oahu Metropolitan Planning Organization
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

There were no prior year findings or questioned costs.