

Auditor's Summary

Financial and Compliance Audit of the Department of Education

Financial Statements, Fiscal Year Ended June 30, 2022



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, 2022, 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.

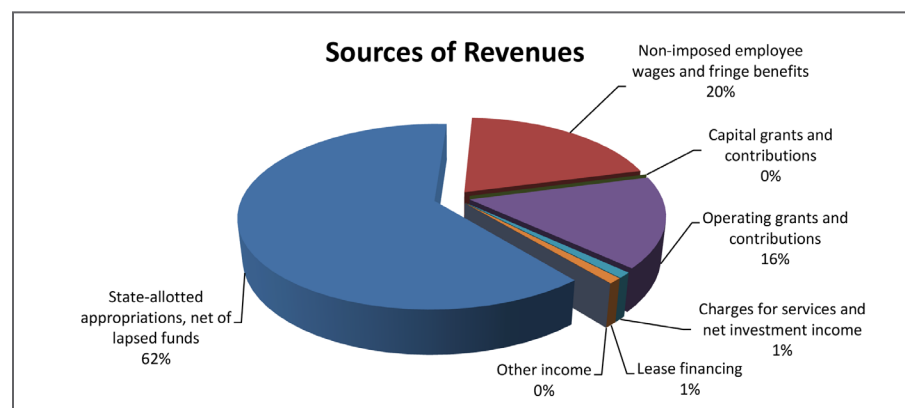
About the Department

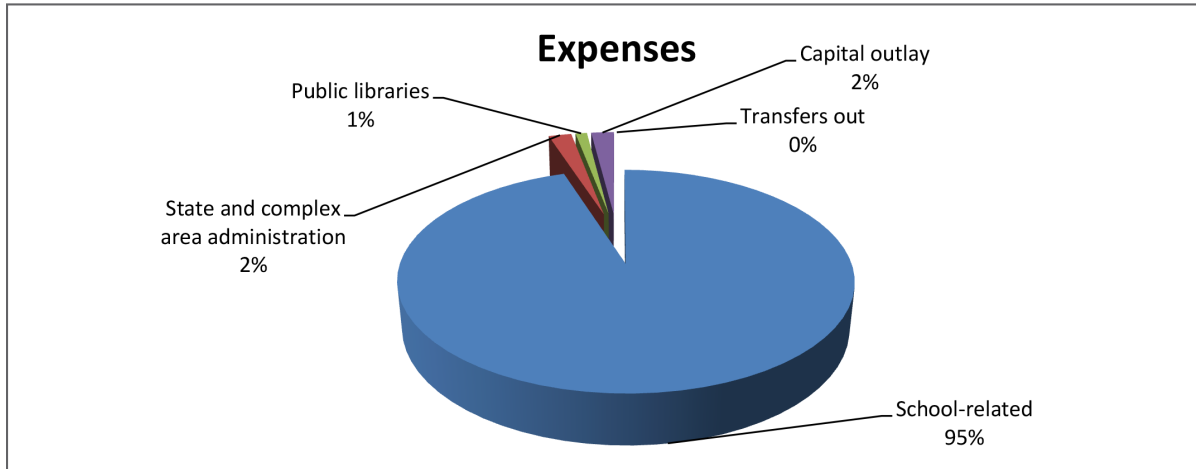
The Department of Education (DOE) administers the statewide system of public schools and public libraries. DOE is also responsible for administering state laws regarding regulation of private school operations through a program of inspection and licensing and the professional certification of all teachers 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, 2022, DOE reported total revenues of \$3.57 billion and total expenses of \$3.28 billion, resulting in an increase in net position of \$290 million.

Total revenues of \$3.57 billion consisted of (1) \$2.22 billion in state-allotted appropriations, net of lapsed funds, (2) \$727.4 million in non-imposed employee wages and fringe benefits, (3) \$551.2 million in operating grants and contributions, (4) \$2.2 million in capital grants and contributions, (5) \$45.3 million in charges for services, (6) \$25.2 million in lease financing, and (7) \$800,000 in other income.





Total expenses of \$3.28 billion consisted of (1) \$3.11 billion for school-related costs, (2) \$57.2 million for state and school complex area administration, (3) \$48.4 million for public libraries, and (4) \$73 million for capital outlay.

As of June 30, 2022, total assets exceeded total liabilities by \$3.44 billion. Of this amount, \$1.23 billion is unrestricted and may be used to meet ongoing expenses and obligations. Total assets of \$4.04 billion were comprised of (1) cash of \$1.71 billion, (2) receivables of \$68.1 million, and (3) net capital assets of \$2.27 billion. Total liabilities of \$603.4 million were comprised of (1) vouchers and contracts payable of \$162 million, (2) accrued wages and employee benefits of \$173.5 million, (3) accrued compensated absences of \$86.8 million, (4) workers' compensation claims reserve of \$140.1 million, (5) amount due to the state general fund of \$5 million, (6) notes payable of \$33 million, and (7) lease liability of \$3 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 a significant deficiency that is required to be reported under *Government Auditing Standards*. The significant deficiency is described on page 53 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 findings are described on pages 54-57 of the report.



Link to the complete report:

Financial and Compliance Audit

https://files.hawaii.gov/auditor/Reports/2022_Audit/DOE2022.pdf