

*State of Hawaii  
Department of  
Transportation—  
Airports Division*

*Passenger Facility Charge Report for the  
Fiscal Year Ended June 30, 2005*

*Submitted by  
The Auditor  
State of Hawaii*

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Auditor  
State of Hawaii:

We have audited the financial statements of the Airports Division, Department of Transportation, State of Hawaii ("Airports Division") as of and for the year ended June 30, 2005, and have issued our report thereon dated December 14, 2005. 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.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Airports Division's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airports Division's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management of the Airports Division and the Federal Aviation Administration, U.S. Department of Transportation, and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

December 14, 2005

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND COMPLIANCE AND OTHER MATTERS AND ON THE SCHEDULE OF PASSENGER FACILITY CHARGES**

The Auditor  
State of Hawaii:

### **Internal Control over Compliance**

The management of the Airports Division, Department of Transportation, State of Hawaii ("Airports Division") is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Airports Division's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration ("Guide").

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

We have audited the compliance of the Airports Division with the types of compliance requirements described in the Guide that are applicable to the passenger facility charge program for the year ended June 30, 2005. Compliance with the requirements of laws and regulations applicable to the passenger facility charge program is the responsibility of the Airports Division's management. Our responsibility is to express an opinion on the Airports Division's compliance based on our audit.

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 Guide. Those standards and the Guide 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 the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airports Division'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. Our audit does not provide a legal determination on the Airports Division's compliance with those requirements.

In our opinion, the Airports Division complied, in all material respects, with the requirements referred to above that are applicable to the passenger facility charge program for the year ended June 30, 2005.

### **Schedule of Passenger Facility Charges**

We have audited the financial statements of the Airports Division as of and for the year ended June 30, 2005, and have issued our report thereon dated December 14, 2005. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of passenger facility charges is presented for the purpose of additional analysis as required by the Guide and is not a required part of the financial statements. This schedule is the responsibility of the management of the Airports Division. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects when considered in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the management of the Airports Division and the Federal Aviation Administration, U. S. Department of Transportation, and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

December 14, 2005

**STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION—AIRPORTS DIVISION**

**SCHEDULE OF PASSENGER FACILITY CHARGES  
FOR THE YEAR ENDED JUNE 30, 2005**

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<b>Program</b>	<b>Receipts</b>	<b>Expenditures</b>
Passenger facility charges	<u>\$15,168,852</u>	<u>\$ -</u>

See note to schedule of passenger facility charges.

**STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION—AIRPORTS DIVISION**

**NOTE TO SCHEDULE OF PASSENGER FACILITY CHARGES  
FOR THE YEAR ENDED JUNE 30, 2005**

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1. The accompanying schedule of passenger facility charges includes the passenger facility charge program activity of the Airports Division and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Audit Guide for Public Agencies, issued by the Federal Aviation Administration.

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