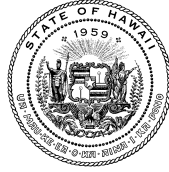


DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

Comptroller's Certification

The Director
Department of Budget and Finance:

We have verified the Honolulu Authority for Rapid Transportation's (HART) compliance with Hawaii Revised Statutes (HRS) §46-16.8(e) for capital costs in invoices submitted to the Comptroller by HART in the accompanying Schedule of Invoices. The management of HART is responsible for HART's compliance with HRS §46-16.8 (e). Our responsibility is to verify that the invoices for capital costs comply with HRS §46-16.8 (e).

As more fully described in Note 2 to the accompanying Schedule of Invoices, our verification procedures involved procedures to obtain evidence about whether the invoices submitted by HART for the capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

As more fully described in Note 3 to the accompanying Schedule of Invoices, adjustments may be made to reduce the amount of future reimbursements to HART for prior invoices certified by the Comptroller that are found to be in error due to fraud, illegal activities or other violations of laws and regulations.

Our verification procedures do not provide a legal determination of HART's compliance with HRS §46-16.8 (e). Further, as the objective of our procedures were limited to verifying that the costs in invoices submitted by HART complied with a specific law, our procedures have not been designed to detect fraud or other illegal activities.

Based on the results of our verification procedures performed, the invoices for capital costs in the accompanying Schedule of Invoices comply with HRS §46-16.8 (e).



Curt T. Otaguro
Comptroller
July 18, 2019

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Schedule of Invoices

<u>Vendor</u>	<u>Contract No.</u>	<u>Reference No.</u>	<u>Amount</u>
Ansaldo Honolulu JV	CT-1200106	00081	\$ 7,411,147.60
Ansaldo Honolulu JV	CT-1200106	00083	4,842,660.91
Ansaldo Honolulu JV	CT-1200106	00086	13,674,289.94
Chief Clerk - First Circuit Court	Eminent Domain	18-1-1554-10-JPC	13,674,061.00
Chief Clerk - First Circuit Court	Eminent Domain	18-1-1446-09 JHA	395,000.00
CH2M Hill, Inc.	SC-1400027	00157	566,215.12
CH2M Hill, Inc.	SC-1400027	00158	366,101.58
Hawaiian Dredging Construction Company, Inc.	CT-1500236	00033	863,516.03
Hawaiian Dredging Construction Company, Inc.	CT-1500236	00035	1,718,097.22
Lea + Elliott, Inc.	SC-1400049	00109	598,867.92
Nan, Inc.	CT-1500503	00029	1,386,784.44
Nan, Inc.	CT-1500503	00030	281,544.00
Nan, Inc.	CT-1800101	00008	446,938.87
Nan, Inc.	CT-1800101	00009	437,179.75
Nan, Inc.	CT-1800101	00010	752,560.25
PGH Wong Engineering, Inc.	SC-1400050	00182	145,382.41
PGH Wong Engineering, Inc.	SC-1400050	00186	283,789.84
PGH Wong Engineering, Inc.	SC-1400050	00187	358,924.89
PGH Wong Engineering, Inc.	SC-1400050	00189	423,104.11
PGH Wong Engineering, Inc.	SC-1400050	00192	440,379.12
PGH Wong Engineering, Inc.	SC-1400050	00194	652,112.68
Shimmick/Traylor/Granite, JV	CT-1600385	00027	9,929,623.11
Shimmick/Traylor/Granite, JV	CT-1600385	00028	13,413,011.39
Stantec Consulting Services, Inc.	SC-1600008	00071	854,544.61
Stantec Consulting Services, Inc.	SC-1600008	00072	553,250.18
Stantec Consulting Services, Inc.	SC-1600008	00073	654,492.89
Stantec Consulting Services, Inc.	SC-1600008	00074	702,712.63
Stantec Consulting Services, Inc.	SC-1600008	00075	663,457.51
Stantec Consulting Services, Inc.	SC-1600008	00076	791,916.74
Stantec Consulting Services, Inc.	SC-1600008	00077	750,185.09
Stantec Consulting Services, Inc.	SC-1600008	00079	901,394.74
Adjustment - Ansaldo Honolulu JV	CT-1200106	00084	(182,000.00)
	TOTAL		<u>\$ 78,751,246.57</u>

The accompanying notes are an integral part of the Schedule of Invoices.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Notes to Schedule of Invoices

1. Organization

The Honolulu Authority for Rapid Transportation (HART) is a semi-autonomous government unit of the City and County of Honolulu (City) which came into being pursuant to the Revised Charter of the City and County of Honolulu (RCH). HART is authorized under the RCH to develop, operate, maintain, and expand the City guideway system.

2. Hawaii Revised Statutes §46-16.8 (e) and §40-81.5

Hawaii Revised Statutes (HRS) §46-16.8 (e) provides for the use of surcharge revenues received from the State of Hawaii (State) for capital costs of a locally preferred alternative for a mass transit project provided that revenues derived from the county surcharge of State tax shall not be used:

- 1) To build or repair public roads or highways, bicycle paths, or support public transportation systems already in existence prior to July 12, 2005;
- 2) For operating or maintenance costs of a mass transit project or any purpose not consistent with this subsection; or
- 3) For administrative or operating, marketing, or maintenance costs, including personnel costs, of a rapid transportation authority (Authority) charged with the responsibility for constructing, operating or maintaining the mass transit project.

HRS §40-81.5 requires the Comptroller, upon request for payment by the rapid transportation authority, to verify that the Authority's invoices for capital costs of a locally preferred alternative for a mass transit project comply with HRS §46-16.8 (e). After submission of invoices by the Authority for capital costs of a locally preferred alternative for a mass transit project are verified by the Comptroller as an acceptable use of funds pursuant to a surcharge on State tax authorized pursuant to HRS §46-16.8, the Comptroller shall submit a certification statement, including any appropriate supporting documents, to the State Department of Budget and Finance for allocation of funds from the Mass Transit Special Fund, if available. The certification statement shall include, at a minimum, the total amount contained in the invoices for capital costs that are verified as an appropriate use of funds pursuant to HRS §46-16.8 (e).

As of July 18, 2019 the balance in the Mass Transit Special Fund totaled \$78,753,160.15. As disclosed in the accompanying Schedule of Invoices, the total amount certified by the Comptroller as of July 18, 2019 totaled \$78,751,246.57.

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Notes to Schedule of Invoices (Continued)

3. Fraud, Illegal Activities and/or Violations of Laws and Regulations

During February 2019 HART was served with three separate subpoenas by the United States Attorney for the District of Hawaii. Additionally, on March 8, 2019 the City Council of the City and County of Honolulu passed a resolution for the Office of the City Auditor to select an independent auditor to ensure that no City or HART employee, consultant, or contractor exploited the City's or HART's internal control weaknesses to misappropriate public assets or commit illegal actions. As a result of such actions by Federal and City authorities, DAGS has determined that adjustments to reduce the amount of future reimbursements to HART will be made should prior invoices certified by the Comptroller be determined to be in error due to fraud, illegal activities or other violations of laws and regulations as a result of investigations, audits and/or judicial proceedings by any governmental body. The scope of this policy includes the findings and conclusions of investigators, auditors or other third parties contracted by such governmental bodies for the purpose of examining HART for possible fraudulent and illegal activities or other violations of laws and regulations.