

January 23, 2024

VIA EMAIL

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawaii State Capitol, Room 409
Honolulu, Hawaii 96813

VIA EMAIL

The Honorable Scott K. Saiki
Speaker, House of Representatives
415 South Beretania Street
Hawaii State Capitol, Room 431
Honolulu, Hawaii 96813

RE: Financial Audit of the Hawaii Public Housing Authority

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements of the Hawaii Public Housing Authority for the fiscal year ended June 30, 2023, was issued on December 13, 2023. The Office of the Auditor retained KMH LLP to perform the financial audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial audit report.

You may view the financial audit report and Auditor's Summary on our website at:

https://files.hawaii.gov/auditor/Reports/2023_Audit/HPHA2023.pdf; and

https://files.hawaii.gov/auditor/Reports/2023_Audit/HPHA_Summary_2023.pdf.

If you have any questions about the report, please contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read "LH Kondo".

Leslie H. Kondo
State Auditor

LHK:LYK:emo

Attachment

ec/attach (Auditor's Summary only): Members of the Senate
Members of the House of Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Auditor's Summary

Financial Audit of the Hawai'i Public Housing Authority

Financial Statements, Fiscal Year Ended June 30, 2023



***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Public Housing Authority as of and for the fiscal year ended June 30, 2023. The audit was conducted by KMH LLP.*

About the Authority

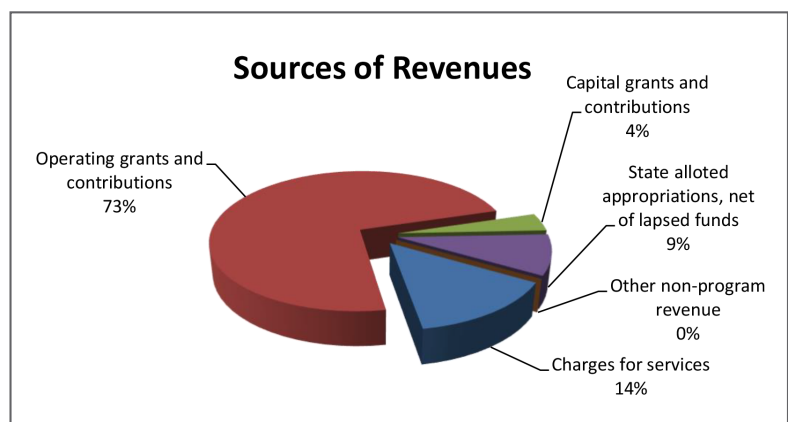
The mission of the Hawai'i Public Housing Authority (HPHA) is to provide safe, decent, and sanitary dwellings for low and moderate-income residents of Hawai'i and to operate its housing programs in accordance with federal and State laws and regulations. Some of HPHA's housing assistance programs are funded by the U.S. Department of Housing and Urban Development (HUD).

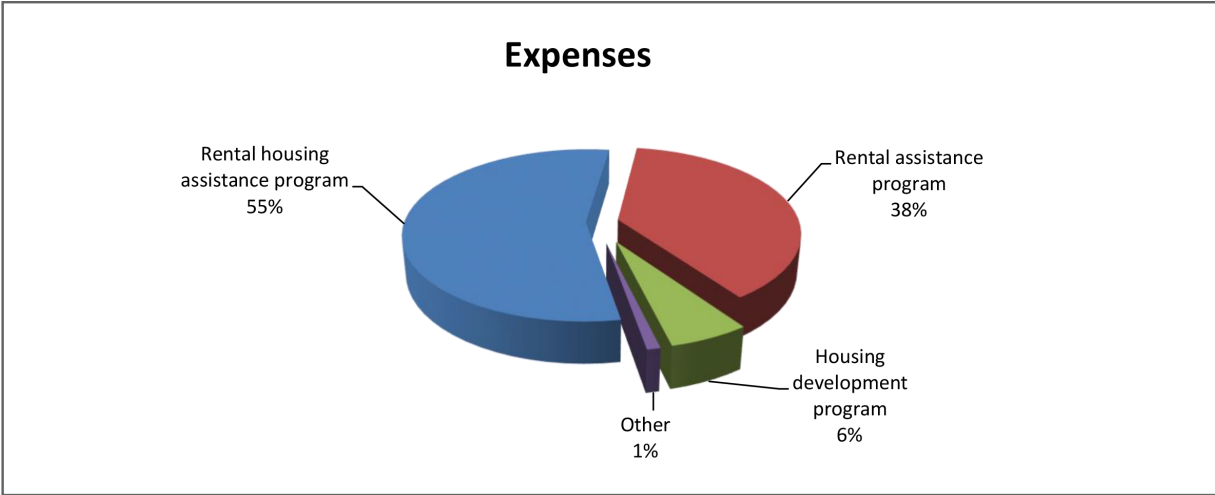
HPHA is administratively attached to the Hawai'i Department of Human Services (DHS). HPHA operates under the direction of its Executive Director and Board of Directors, which consists of eleven board members, nine of whom are appointed by the Governor. The Director of DHS and the Governor's designee are ex-officio members.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2023, HPHA reported total revenues of \$204.5 million and total expenses of \$195.2 million, resulting in an increase in net position of \$9.3 million.

Total revenues of \$204.5 million consisted of (1) \$29 million in charges for services and other revenues, (2) \$148.3 million in operating grants and contributions, (3) \$7.3 million in capital





grants and contributions, (4) \$19.4 million in State allotted appropriations, net of lapsed funds, and (5) \$500,000 in other non-program revenue.

Total expenses of \$195.2 million consisted of (1) \$108 million for the rental housing assistance program, (2) \$73.3 million for the rental assistance program, (3) \$11.5 million for the housing development program, and (4) \$2.4 million for other costs.

As of June 30, 2023, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$472.7 million. The agency reported total assets and deferred outflows of resources of \$571.1 million which were comprised of (1) cash of \$116.8 million, (2) amounts due from State of \$72.6 million, (3) notes and other receivables of \$11.4 million, (4) net capital assets of \$362.5 million, and (5) other assets and deferred outflows or resources of \$7.8 million. The agency also reported total liabilities and deferred inflows of resources of \$98.4 million which were comprised of (1) net pension liability of \$38 million, (2) net other postemployment benefits other than pensions of \$33.4 million, (3) accounts payable and accrued expenses of \$14.9 million, and (4) other liabilities and deferred inflows of resources of \$12.1 million.

Auditor’s Opinions

HPHA RECEIVED AN UNMODIFIED OPINION that its financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Findings

THERE WERE NO MATERIAL WEAKNESSES in internal control over financial reporting that were required to be reported under *Government Auditing Standards*.



For the complete report and financial statements, visit our website at:
https://files.hawaii.gov/auditor/Reports/2023_Audit/HPHA2023.pdf