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Jan K. Yamane
Acting State Auditor
State of Hawai'i

Constitutional Mandate

The Office of the Auditor, pursuant to Article VII, Section 10 of the Hawai'i State Constitution, is required to conduct post-audits of the transactions, accounts, program and performance of departments, offices and agencies of the State and its political subdivisions, and to certify to the accuracy of all financial statements issued by the respective accounting officers.

Financial Audit of the Hawai'i Community Development Authority

Financial Statements, Fiscal Year Ended June 30, 2013

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 Community Development Authority as of and for the fiscal year ended June 30, 2013. The audit was conducted by Ohata Chun Yuen LLP.

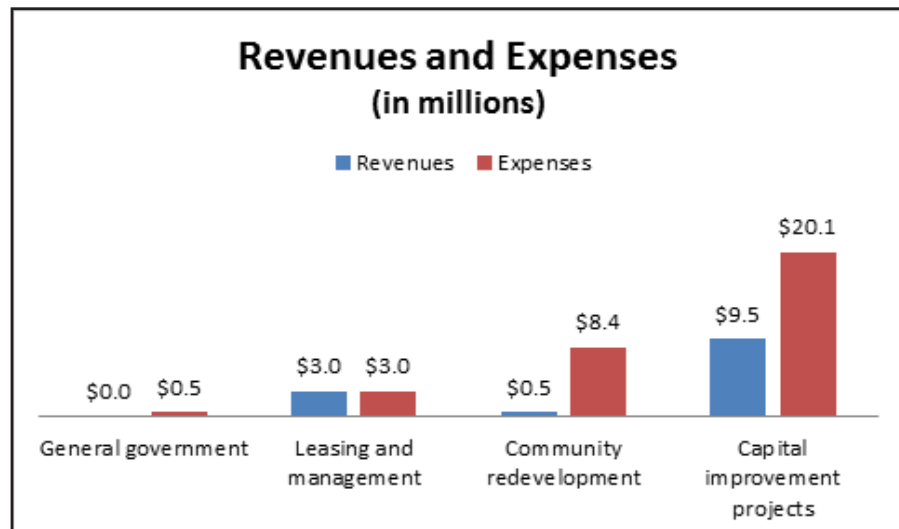
About the Authority

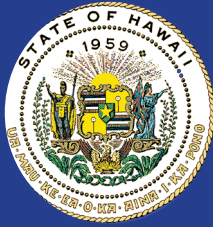
The Hawai'i Community Development Authority was established to supplement traditional community renewal methods by promoting and coordinating public- and private-sector community developments. The authority is tasked with planning for and revitalizing urban areas designated "community development districts," which are determined to be underused or deteriorating but with potential, once redeveloped, to address the needs of Hawai'i's people and to provide economic opportunities for the State of Hawai'i. The authority is administratively attached to the Department of Business, Economic Development and Tourism.

Financial Highlights

For the fiscal year ended June 30, 2013, the authority's total expenditures exceeded total revenues by \$19 million. Total revenues were \$13 million, and expenses totaled \$32 million. Revenues consisted of leasing and management of \$3 million, community redevelopment of \$500,000 and State appropriations net of lapses of \$9.5 million.

The following chart illustrates a comparative breakdown of the authority's revenues and expenses.





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Auditors' Opinion

Financial Statements: **Unmodified opinion** +

Issues of Concern

Material Weaknesses

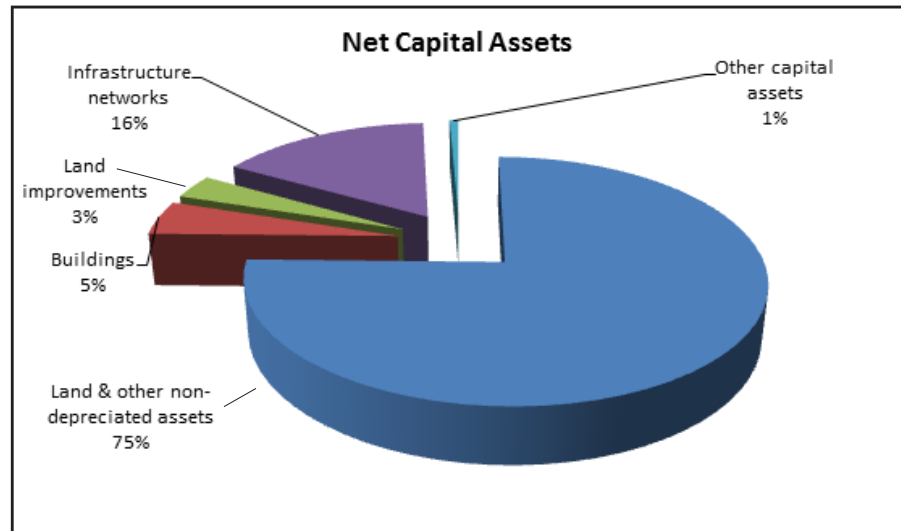
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Significant Deficiencies

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<http://auditor.hawaii.gov/>

Total assets of the authority exceeded total liabilities by \$168 million. Of this amount, \$10 million is unrestricted and may be used to meet ongoing expenses. Total assets were \$199 million and total liabilities were \$31 million. Total assets were comprised of net capital assets of \$150 million, cash of \$20 million, and receivables and other assets of \$29 million.



Auditors' Opinion

The authority received an unmodified opinion that the basic financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Findings

There were no reported deficiencies in internal control over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

For the complete report and financial statements, visit our website at:
http://files.hawaii.gov/auditor/Reports/2013_Audit/HCDA2013.pdf