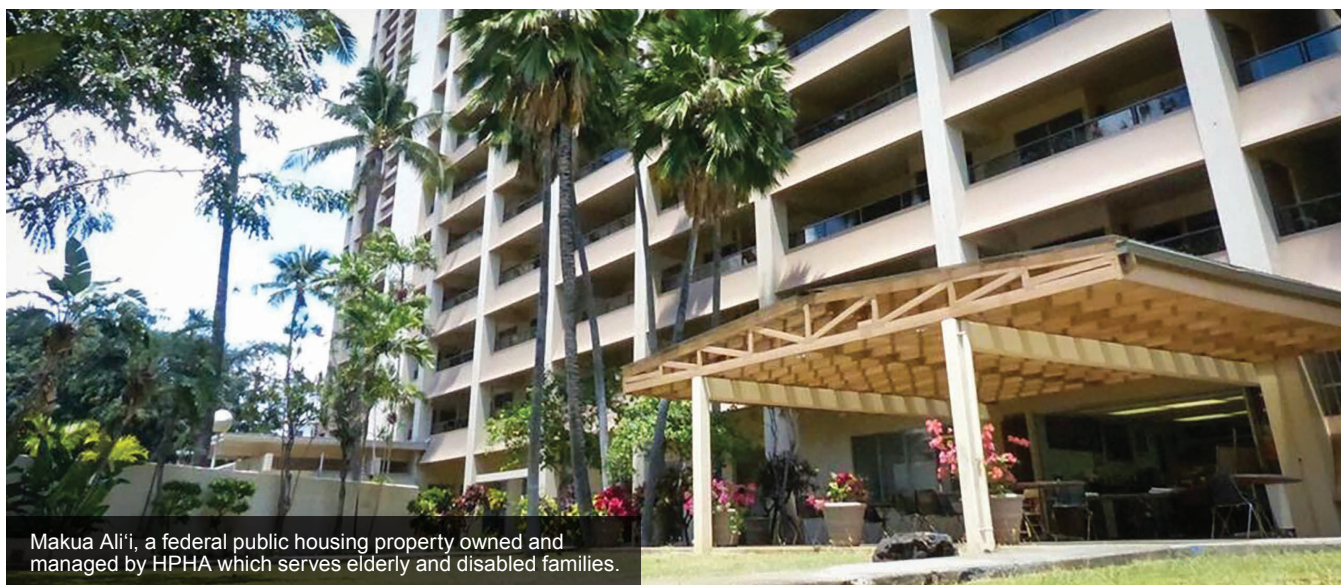


Auditor's Summary

Financial Audit of the Hawai'i Public Housing Authority

Financial Statements, Fiscal Year Ended June 30, 2016



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 (HPHA) as of and for the fiscal year ended June 30, 2016, 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 KMH LLP.

About the Authority

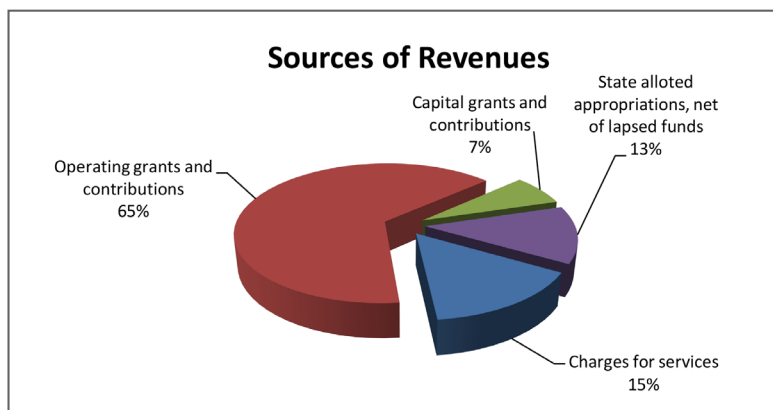
THE MISSION of HPHA is to provide safe, decent, and sanitary dwelling for low- and moderate- income residents of Hawai'i and to operate its housing programs in accordance with federal and state laws and regulations. Some of HPHA's housing assistance programs are funded by the U.S. Department of Housing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

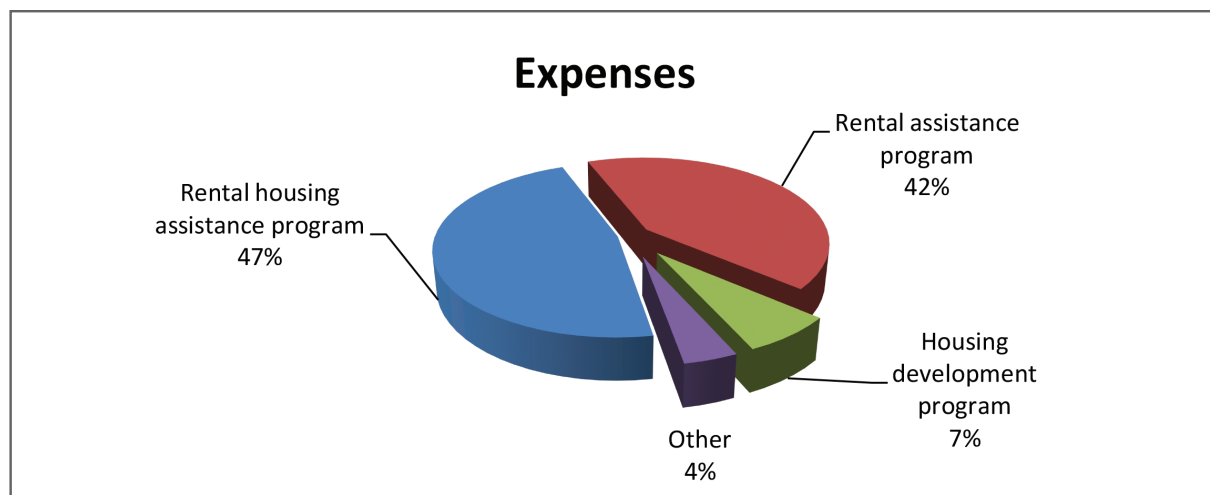
HPHA is administratively attached to the Department of Human Services (DHS). HPHA operates under the direction of its executive director and board of directors, which consists of 11 members, of whom nine are public members appointed by the governor. The director of DHS and the governor's designee are ex-officio voting members.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2016, HPHA reported total revenues of \$134 million and total expenses of \$133 million, resulting in a change in net position of \$1 million.

Total revenues of \$134 million included \$21 million in charges for services, \$87 million in operating grants and contributions, \$10 million in capital grants and contributions, and \$16 million in state appropriations, net of lapsed funds.





Total expenses of \$133 million consisted of \$63 million for the rental housing assistance program, \$56 million for the rental assistance program, \$10 million for the housing development program, and \$4 million for other costs.

As of June 30, 2016, total assets and deferred outflows of resources of HPHA exceeded total liabilities and deferred inflows of resources by \$470 million. Total assets and deferred outflows of resources of \$530 million were comprised of cash of \$79 million, due from State of \$104 million, other receivables of \$10 million, net capital assets of \$330 million, and other assets of \$7 million. Total liabilities and deferred inflows of resources totaled \$60 million.

Auditor's Opinions

HPHA RECEIVED AN UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. HPHA received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*, with the exception of the Public and Indian Housing Program, which received a qualified opinion for noncompliance with requirements applicable to this program.

Findings

THERE WERE NO REPORTED DEFICIENCIES in internal controls over financial reporting that were considered to be material weaknesses and required to be reported under *Government Auditing Standards*.

There was one material weakness in internal controls over compliance:

Material Weakness

- Tenant files did not maintain various supporting documents, forms were not completed in a timely manner, and contained errors of income calculation for the Public and Indian Housing Program.

For the complete report and financial statements visit our website at:
http://files.hawaii.gov/auditor/Reports/2016_Audit/HPHA2016.pdf