

# **Hawaii Public Housing Authority**

Financial Statements

June 30, 2020

Together with Independent Auditor's Report

Submitted by

**THE AUDITOR  
STATE OF HAWAII**



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A Hawaii Limited Liability Partnership

March 18, 2021

Mr. Hakim Ouansafi  
Executive Director  
Hawaii Public Housing Authority  
State of Hawaii

Dear Mr. Ouansafi:

This is our report on the financial audit of the Hawaii Public Housing Authority (Authority) as of and for the fiscal year ended June 30, 2020. Our audit was performed in accordance with the terms of our contract with the State of Hawaii and 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).

#### **OBJECTIVES OF THE AUDIT**

The primary purpose of our audit was to form an opinion on the fairness of the presentation of the Authority's basic financial statements as of and for the fiscal year ended June 30, 2020, and to comply with the requirements of the Uniform Guidance. The objectives of the audit were as follows:

1. To provide a basis for an opinion on the fairness of the presentation of the Authority's basic financial statements.
2. To determine whether expenditures and other disbursements have been made and all revenues and other receipts to which the Authority is entitled have been collected and accounted for in accordance with the laws, rules and regulations, and policies and procedures of the State of Hawaii and the federal government.
3. To determine whether the Authority has established sufficient internal controls to properly manage federal financial assistance programs and to comply with the applicable laws and regulations.
4. To determine whether the Authority has complied with the laws and regulations that may have a material effect on the basic financial statements and on its major federal financial assistance programs.

## SCOPE OF THE AUDIT

Our audit was performed in accordance with auditing standards generally accepted in the United States of America as prescribed by the American Institute of Certified Public Accountants; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Uniform Guidance. The scope of our audit included an examination of the transactions and accounting records of the Authority as of and for the fiscal year ended June 30, 2020.

## ORGANIZATION OF THE REPORT

This report is presented in four parts as follows:

- Part I – The basic financial statements and related notes of the Authority as of and for the fiscal year ended June 30, 2020, and our opinion on the basic financial statements.
- Part II – Our report on internal control over financial reporting and compliance.
- Part III – Our report on compliance for each major program; internal control over compliance; and report on schedule of expenditures of federal awards.
- Part IV – The schedule of findings and questioned costs.
- Part V – The summary schedule of prior audit findings.

We wish to express our sincere appreciation for the excellent cooperation and assistance extended by the officers and staff of the Authority.

Sincerely,



Wilcox Choy  
Partner

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**PART I**  
**FINANCIAL SECTION**



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A Hawaii Limited Liability Partnership

## **Independent Auditor's Report**

The Auditor  
State of Hawaii

Board of Directors  
Hawaii Public Housing Authority:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hawaii Public Housing Authority (Authority), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position, changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, business-type activities, each major fund, and the aggregate other fund information of the State of Hawaii that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2020, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 through 24, the Budgetary Comparison schedules, Schedule of the Authority's Proportionate Share of the Net Pension Liability, Schedule of the Authority's Pension Contributions, Schedule of the Authority's Proportionate Share of the Changes in Net Other Post Employment Benefits (OPEB) Liability and Related Ratios and Schedule of the Authority's OPEB Contributions on pages 86 to 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Federal Awards on pages 96 and 97, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Modernization of Funds and Modernization Costs and Financial Data Schedule on pages 98 and 99 through 105, respectively, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Federal Awards and the Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KMH LLP

KMH LLP

Honolulu, Hawaii  
March 18, 2021

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

The Management Discussion and Analysis (MD&A) provides the highlights of the Hawaii Public Housing Authority's (HPHA) financial performance for the fiscal year ended June 30, 2020. The MD&A is designed to: 1) focus on significant financial issues; 2) review the HPHA's financial activity; 3) highlight changes in the HPHA's financial position (its ability to address the next and subsequent year challenges); and 4) identify individual fund issues or concerns. Since the MD&A is designed to focus on the financial activities of the HPHA for the fiscal year ended June 30, 2020, readers should review this in conjunction with the financial statements that follow.

## INTRODUCTION

The HPHA is a full service agency attached to the State's Department of Human Services for "administrative purposes only". The HPHA's Board of Directors consists of eleven members, of whom nine are public members appointed by the Governor. Public members are appointed from each of the counties of Honolulu, Hawaii, Maui, and Kauai. One of the public members must be an advocate for low-income or homeless persons. Another one must be a person with a disability or an advocate for persons with disabilities. As required by federal statutes, at least one Board Director shall be a person who is directly assisted by the authority under the federal low-rent public housing or federal Housing Choice Voucher (section 8) program while serving on the board. The Director of the Department of Human Services and the Governor's designee are ex-officio voting members. All HPHA board actions are taken by the affirmative vote of at least six members.

During the audited period of July 1, 2019 to June 30, 2020, the HPHA administered the following programs:

- **Federal Public Housing Programs**  
The HPHA administered 5,130 federal public housing units statewide with funds received from the United States Department of Housing and Urban Development (HUD). The 5,130 housing units consist of 17 Asset Management Projects (AMPs) under HUD and 72 housing projects under the HPHA's management which are accounted for as individual business entities.
- **State Public Housing Programs**  
The HPHA administered over 864 state public housing family units developed with State funds, which include 6 family housing and 4 elderly housing projects across 5 management units. These properties are considered individual business entities.
- **Federal and State Rent Subsidy Programs**  
The HPHA administered federally funded rental assistance programs including Section 8 Housing Choice Voucher Program, Veterans Affairs Supportive Housing Program, Mainstream Voucher Program and Foster Youth to Independence Program. The HPHA also administered the State

# Hawaii Public Housing Authority

## Management Discussion and Analysis

June 30, 2020

funded rental assistance program. These programs subsidize monthly rental payments to qualified households.

- Federal Rental Assistance Program

HPHA managed a Special Allocation Program which administered a Performance Based Contract Administration program under a contract with the federal government through a subcontract, Contract Management Services (a subsidiary of the Bremerton Housing Authority) before May 1, 2020 and Du & Associates since May 1, 2020. This program provides rental assistance for 60 properties throughout the State.

## FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the assets and deferred outflows of resources of the HPHA exceeded its liabilities and deferred inflows of resources by \$466.58 million. Of this amount, \$380.88 million was invested in capital assets. (As detailed on *Government-Wide Statement of Net Position*, pages 25 and 26).
- The HPHA's government wide net position decreased by \$20.57 million. The change is a result of the following governmental and business-type activities:
  - a. Governmental activities – a decrease of \$27.08 million in net position is affected by State allotted appropriations of \$8.77 million (net of lapsed funds of \$1.67 million) and net transfers of \$33.77 million (capital expenditure/outlay of \$28.15 million and operating transfers of \$5.62 million to Business-type activities) (as detailed on *Government-Wide Statement of Activities*, page 27).
  - b. Business-type activities – an increase in net position of \$6.51 million (as detailed on *Government-Wide Statement of Activities*, page 27) is due to capital contributions of \$28.15 million and operating transfers-in of \$5.61 million from Governmental activities, offset by a loss before transfers of \$27.26 million.

\$28.15 million of capital contributions is the Capital Project fund (as detailed on *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*, page 30) expended for the benefit of business-type activities.

\$5.61 million of operating transfers-in consists of: \$2.67 million for operating expenses of the State rental housing programs, \$2.93 million for federal low rent program's security services and utilities, and \$0.01 million for central office cost center. (as detailed on *Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*, pages 35 and 36).

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

\$27.26 million of loss before transfers is because the revenues are insufficient to support the operating expenses. It increased \$6.40 million in comparison to the previous fiscal year's loss before transfers of \$20.86 million. The loss expansion is primarily due to \$0.82 million higher repair and maintenance costs, \$1.66 million higher personnel services expenses, and \$3.79 million lower HUD capital fund subsidies (as detailed on *Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 35 and 36).

## OVERVIEW OF FINANCIAL STATEMENTS

The HPHA's financial statements comprise of three components:

- 1) Government-wide financial statements;
- 2) Governmental fund financial statements; and
- 3) Proprietary fund financial statements.

Supplemental information in addition to the financial statements is provided. The financial statements summarize the financial transactions in fiscal year 2020.

**Government-wide Financial Statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the HPHA's finances in a manner like a private-sector business. The two government-wide financial statements – *Statement of Net Position* and the *Statement of Activities* provide both long-term and short-term information about the HPHA's overall financial status.

The *Statement of Net Position* presents information of HPHA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The statement displays the financial position of the HPHA. Over time, increases or decreases in net position may serve as an indicator of whether the HPHA's financial position is improving or deteriorating.

The *Statement of Activities* shows how the HPHA's net position changed as a result of the current year's financial activities. The statement is prepared with an accrual basis of accounting method. All revenues and expenses are recorded and reported when a transaction occurs rather than when payment is received or made.

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

The government-wide financial statements of the HPHA consist of two categories:

- **Governmental activities.** The activities in this category are primarily supported by State appropriations and by HUD contributions, and focus on money flow into and out of those funds and the balances left at year-end. The governmental funds statements – the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances* – are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund statements provide a detailed short-term view to help determine whether there are more or fewer financial resources to finance the HPHA’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to explain the relationship (or differences) between them.
- **Business-type activities.** Business type activities (also referred to as “proprietary funds”) are financed and operated in a manner similar to private business enterprises, where funding to recover costs of providing goods and services to the general public is derived through user charges. The business-type funds statements – the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position* are reported using an accrual basis of accounting and the economic resources measurement focus.

**Fund Financial Statements:** The HPHA uses fund accounting to report on its financial position and results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate the legal compliance and to aid financial management by segregating transactions related to certain government functions.

The financial activities of the HPHA are recorded in individual funds. Funds have been classified into either a major or non-major fund. The criteria for determining “major” or “non-major” funds are provided by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - Management’s Discussion and Analysis for State and Local Governments*. Major funds are reported separately, while non-major funds are combined in a column in the fund financial statements. Details for the non-major funds can be found in the *Supplementary Information* section.

**Notes to the Financial Statements:** Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table was derived from the government-wide statement of net position.

HAWAII PUBLIC HOUSING AUTHORITY						
Condensed Statements of Net Position						
June 30, 2020 and June 30, 2019						
(In thousands of dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current & other assets	\$ 66,318	\$ 93,296	\$ 98,070	\$ 97,514	\$ 164,388	\$ 190,810
Capital assets	3,788	3,920	377,093	367,160	380,881	371,080
Other assets	-	-	8,717	8,717	8,717	8,717
<b>Total Assets</b>	<b>70,106</b>	<b>97,216</b>	<b>483,880</b>	<b>473,391</b>	<b>553,986</b>	<b>570,607</b>
Deferred Outflows of Resources	746	759	10,095	10,786	10,841	11,545
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 70,852</b>	<b>\$ 97,975</b>	<b>\$ 493,975</b>	<b>\$ 484,177</b>	<b>\$ 564,827</b>	<b>\$ 582,152</b>
<b>Liabilities</b>						
Current & other liabilities	\$ 7,353	\$ 7,632	\$ 7,150	\$ 5,750	\$ 14,503	\$ 13,382
Long-term liabilities	5,865	5,581	76,641	74,249	82,506	79,830
<b>Total Liabilities</b>	<b>13,218</b>	<b>13,213</b>	<b>83,791</b>	<b>79,999</b>	<b>97,009</b>	<b>93,212</b>
Deferred Inflows of Resources	22	66	1,214	1,720	1,236	1,786
<b>Net Position</b>						
Investment in capital assets, net of related debt	3,788	3,920	377,093	367,160	380,881	371,080
Restricted	3,001	3,231	-	-	3,001	3,231
Unrestricted	50,823	77,545	31,877	35,298	82,700	112,843
<b>Total Net Position</b>	<b>57,612</b>	<b>84,696</b>	<b>408,970</b>	<b>402,458</b>	<b>466,582</b>	<b>487,154</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 70,852</b>	<b>\$ 97,975</b>	<b>\$ 493,975</b>	<b>\$ 484,177</b>	<b>\$ 564,827</b>	<b>\$ 582,152</b>

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

## Statement of Net Position

Net position may serve over time as a useful indicator of the HPHA's financial position. At the close of the fiscal year, the HPHA's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$466.58 million, \$380.88 million of net assets was invested in capital assets. As discussed in the financial highlights, net position decreased by \$20.57 million during the fiscal period (as detailed on *Government-Wide Statement of Net Position and Statement of Activities*, pages 25 to 27).

Of the HPHA's total assets and deferred outflows of resources, \$380.88 million (or 67%) represents capital assets. Cash and Due from the State of Hawaii in the amount of \$162.04 million comprise 29% of total assets and deferred outflows of resources. The rest of \$21.91 million, or 4% of total assets and deferred outflows of resources are Receivables and Deferred Outflows of Resources (as presented in the detailed *Government-Wide Statement of Net Position*, page 25). \$57.15 million of Due from the State of Hawaii represents available State allotted appropriations designated for capital improvement projects. Net position at the end of the previous fiscal year had a similar composition of which the majority of total assets and deferred outflows of resources was capital assets.

Accounts payable and accrued current liabilities of \$10.36 million comprise 71% of the HPHA's total current liabilities (as detailed in the *Government-Wide Statement of Net Position*, page 26). Long term liabilities increased by \$2.68 million from the previous year mainly due to a higher Net Pension Liability. Total long-term liabilities and deferred inflows of resources were \$83.74 million, or 85% of total liabilities and deferred inflows of resources, as compared to \$81.62 million and 86% in fiscal year 2019.

# Hawaii Public Housing Authority

## Management Discussion and Analysis June 30, 2020

The following financial information was derived from the government-wide statement of activities.

HAWAII PUBLIC HOUSING AUTHORITY  
Government-Wide Statements of Activities  
Years Ended June 30, 2020 and June 30, 2019  
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 497	\$ -	\$ 24,990	\$ 24,814	\$ 25,487	\$ 24,814
Operating grants & contributions	76,999	71,220	31,070	24,833	108,069	96,053
Capital grants & contributions	-	-	3,005	6,799	3,005	6,799
Other income	17	664	405	559	422	1,223
General Revenues:						
State allotted appropriations, net of lapsed funds	8,769	31,611	-	-	8,769	31,611
Total Revenues	<u>86,282</u>	<u>103,495</u>	<u>59,470</u>	<u>57,005</u>	<u>145,752</u>	<u>160,500</u>
Expenses						
Governmental Activities						
Rental housing assistance program	79,600	74,381	-	-	79,600	74,381
Business-Type Activities						
Rental assistance program	-	-	70,155	61,135	70,155	61,135
Housing development program	-	-	11,180	10,342	11,180	10,342
Other expenses	-	-	5,389	6,389	5,389	6,389
Total government-wide expenses	<u>79,600</u>	<u>74,381</u>	<u>86,724</u>	<u>77,866</u>	<u>166,324</u>	<u>152,247</u>
Excess (deficiency) of revenues over (under) expenses	6,682	29,114	(27,254)	(20,861)	(20,572)	8,253
Capital contributions	(28,152)	(30,477)	28,152	30,102	-	(375)
Transfers	(5,614)	(9,493)	5,614	9,493	-	-
CHANGES IN NET POSITION	<u>(27,084)</u>	<u>(10,856)</u>	<u>6,512</u>	<u>18,734</u>	<u>(20,572)</u>	<u>7,878</u>
Net position, beginning of year	<u>84,696</u>	<u>95,552</u>	<u>402,458</u>	<u>383,724</u>	<u>487,154</u>	<u>479,276</u>
Net position, end of year	<u>\$ 57,612</u>	<u>\$ 84,696</u>	<u>\$ 408,970</u>	<u>\$ 402,458</u>	<u>\$ 466,582</u>	<u>\$ 487,154</u>

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

## Statement of Activities

Government-wide operating grants and contributions increased by \$12.02 million, or 12.5% in the current year from \$96.05 million to \$108.07 million. HUD capital grants decreased by \$3.79 million in the current year from \$6.80 million to \$3.01 million. HUD operating subsidies for federal public housing program increased by \$6.24 million or 25%, from \$24.83 million in fiscal year 2019 to \$31.07 million. Business-type activities operating loss increased by \$6.80 million for the year to \$27.66 million, from prior year's \$20.86 million (as detailed in the *Government – Wide Statement of Activities*, page 27).

Governmental activities net position decreased by \$27.08 million from previous year's \$84.70 million to current year's \$57.61 million. This decrease is primarily due to \$33.77 million of capital contributions and operating transfers to other programs larger than \$8.77 million of State allotted appropriations, net of lapsed funds (as detailed in *Government-Wide Statement of Activities*, page 27).

## FINANCIAL ANALYSIS OF THE HPHA'S FUNDS

### Governmental Funds

The focus of the HPHA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the HPHA's ability to meet its financing requirements. Unreserved fund balances may serve as a useful measure of the HPHA's net resources available for spending at the end of the fiscal year (as detailed in *Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balance*, page 30).

- At the end of the fiscal year, the balance of governmental funds was \$58.97 million, a decrease of \$26.70 million from the balance of \$85.66 million at the end of fiscal year 2019. Of the \$58.97 million fund balance, \$52.34 million or 89% was reserved for capital projects, (as detailed in *Governmental Funds, Balance Sheet*, page 28 and *Statement of Revenues, Expenditures and Changes in Fund Balances*, page 30).
- Under the General Fund, excess of revenues over expenditures at the end of the fiscal year was \$4.06 million. During the fiscal year, \$5.06 million of the General Fund was transferred out to support the HPHA's business type activities (as detailed in *Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balances*, page 30).
- The Capital Project Fund balance decreased by \$25.75 million, to \$52.34 million from previous year's \$78.09 million (as detailed on *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*, page 30). The HPHA received allotted appropriations of \$2.95 million (net of lapsed fund of \$1.55 million due to uncompleted contracts and unused contract amounts for reimbursable expenses). Capital outlay was \$28.15 million, and operating transfers out was \$0.55 million.

# Hawaii Public Housing Authority

## Management Discussion and Analysis

June 30, 2020

- The Housing Choice Voucher Program fund balance decreased by \$0.23 million, to \$3.00 million because of a deficit of expenditures over revenues.
- The Section 8 Contract Administration fund balance increased by \$0.30 million to \$3.19 million because of an excess of revenues over expenditures.

### Proprietary Funds

The HPHA's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- With the implementation of HUD's Asset Management and Project Based Budgeting, the HPHA established the HUD-mandated Central Office Cost Center (COCC) fund to account for costs related to the general oversight of the programs and projects the HPHA administers, and other indirect and administrative costs of the HPHA. The COCC fund charges fees to the HPHA's various housing programs for administrative services and general oversight.
- The loss before transfers (fund transfers from Governmental Funds) of Proprietary Funds was \$27.26 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 35 and 36), \$6.40 million higher than previous year's loss of \$20.86. The increase of loss was because of \$8.68 million higher operating deficit of Proprietary Funds, offset by \$2.44 million higher of total HUD grants.
- The COCC's loss before transfers was \$4.23 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 35 and 36), in comparison to previous year's loss of \$5.16 million. The decline in loss was mainly because of an increase of \$2.87 million of fee-for-service revenue. The loss brought the net position to \$(3.17) million from prior year's \$0.82 million, a drop of \$3.99 million.
- The loss before transfers of the Federal Low Rent Program was \$16.76 million, an increase of \$7.20 million compared to the previous year's loss of \$9.56 million. The rise in losses was due to \$0.62 million less operating revenues and \$9.02 million higher operating expense, offset by \$2.44 million higher federal grants (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 35 and 36).
- The State family housing program's loss before transfers was \$3.15 million, an increase of \$0.80 million compared to the previous year's loss of \$2.35 million. The expansion in loss was because rental income received was not enough to support operational expenses. The program's net position reduced only \$1.88 million to \$21.29 million due to \$1.27 million of capital contributions and operating transfers in from Governmental activities (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 35 and 36).

## Hawaii Public Housing Authority

### Management Discussion and Analysis

June 30, 2020

- The loss before transfers of the State Elderly Housing program was \$2.54 million in comparison to the previous year's loss of \$2.72 million. The loss was a result of rental income being insufficient to support the operational expenses. Due to capital contributions and operating funds transferred from Governmental activities, the net position increased by \$0.88 million to \$37.22 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 35 and 36).
- Other Enterprise Funds loss before transfers amounted to \$0.70 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Positions*, pages 35 and 36) compared to the prior fiscal year loss of \$1.10 million.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

The HPHA's investment in capital assets for the fiscal year ended June 30, 2020 is \$380.88 million (net of related debt). This investment in capital assets includes land, buildings and improvements, equipment, furniture, and fixtures, and construction in progress. (Detailed in *Notes to the Financial Statements*, #5)

HPHA Capital Assets  
Years Ended June 30, 2020 and June 30, 2019  
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,373	\$ 2,373	\$ 22,966	\$ 22,966	\$ 25,339	\$ 25,339
Buildings and improvements	15,325	15,325	697,915	674,117	713,240	689,442
Equipment	1,332	1,332	10,404	10,396	11,736	11,728
Construction in progress	-	-	96,484	89,379	96,484	89,379
Total	19,030	19,030	827,769	796,858	846,799	815,888
Accumulated depreciation	(15,242)	(15,110)	(450,676)	(429,698)	(465,918)	(444,808)
Total Capital Assets, net	\$ 3,788	\$ 3,920	\$ 377,093	\$ 367,160	\$ 380,881	\$ 371,080

# Hawaii Public Housing Authority

Management Discussion and Analysis

June 30, 2020

## Major project outstanding balances in construction in progress at the end of FY2020

- AMP 30 Salt Lake Apartment, Modernization, Phase II, \$7.9 million
- AMP 30 Salt Lake Apartment, Modernization, Phase I & II, \$0.86 million
- AMP 31 Kahili Valley Homes, Modernize Buildings & ADA Improvements, \$9.6 million
- AMP 31 Kalihi Valley Homes, Site, Dwelling and Accessibility Improvements, \$2.1 million
- AMP 32 Mayor Wright Homes, Modernize Electric Meters, Panels, and Communication Boxes, \$0.43 million
- AMP 34 Makua Alii (E), Re-roof and Structural Repairs, \$2.2 million
- AMP 34 Makua Alii (E), Upgrade Fire Alarm and Call for Aid Systems, \$1.8 million
- AMP 34 Makua Alii (E), Structural Investigation and Repairs, \$0.78 million
- AMP 34 Makua Alii (E), Design for Building and ADA Improvements, \$0.25 million
- AMP 34 Makua Alii (E), Building and ADA Improvements, \$0.22 million
- AMP 34 Paoakalani (E), Upgrade Fire Alarm and Call for Aid Systems, \$2.4 million
- AMP 34 Paoakalani (E), Building and ADA Improvements, \$0.54 million
- AMP 34 Paoakalani (E), Design for Building and ADA Improvements, \$0.18 million
- AMP 34 Kalakaua Homes, Upgrade Fire Alarm and Call for Aid Systems, \$2.2 million
- AMP 34 Makua (E), Paoakalani (E), Kalakaua, Upgrade existing Major Systems, \$0.23 million
- AMP 35 Punchbowl Homes (E), Exterior Repair, Re-roofing, Site and ADA Improvements, \$9.3 million
- AMP 35 Punchbowl Homes (E), Upgrade Call for Aid Systems, \$1.3 million
- AMP 35 Punchbowl Homes (E), Design and Engineering of Exterior Repair, Re-roofing, Site and ADA Improvements, \$0.75 million
- AMP 35 Punchbowl Homes (E), Repair Trash Chutes, \$0.54 million
- AMP 35 Kalanihuia (E), Re-roof and Repairs, \$0.82 million
- AMP 35 Makamae (E), Re-roof and Repairs, \$0.66 million
- AMP 35 Makamae (E), Repair Trash Chutes, \$0.43 million
- AMP 35 Pumehana (E), Repair Trash Chutes, \$0.48 million
- AMP 37 Lanakila Homes I, Demolition of Wooden Duplex Structures, \$5.87 million
- AMP 37 Lanakila Homes I, Design for new construction of Buildings, \$0.80 million
- AMP 37 Lanakila Homes I, Major Utility Systems Upgrade, \$0.72 million
- AMP 37 Pomaikai Homes (E), Design to Replace Valve Boxes, Site and Building Improvements, \$0.19 million
- AMP 37 Pahala (E), Site & Building Improvements, \$1.09 million
- AMP 37 Pahala (E), Design to Replace Valve Boxes, Site and Building Improvements, \$0.29 million
- AMP 37 Hale Aloha O Puna (E), Design to Replace Valve Boxes, Site and Building Improvements, \$0.18 million
- AMP 37 Lanakila Homes IV, New Construction of 4 single-story Townhouses, \$6.2 million
- AMP 38 Kapaa, Modernization, \$0.34 million
- AMP 38 Eleele Homes, Building, Site and Accessibility Improvements, \$0.30 million
- AMP 38 Hui O Hanamaulu, Infrastructure & Site Improvements, \$0.31 million

# Hawaii Public Housing Authority

## Management Discussion and Analysis

June 30, 2020

- AMP 38 Hale Nana Kai O Kea (E), Design for Infrastructure and Site Improvements, \$0.13 million
- AMP 38 Hale Nana Kai O Kea (E), Infrastructure & Site Improvements, \$0.19 million
- AMP 38 Hale Hoonanea (E), Infrastructure & Site Improvements, \$0.38 million
- AMP 38 Kawailehua, Infrastructure & Site Improvements, \$0.14 million
- AMP 39 Piilani Homes (E), Design for Site & Dwelling Improvements, \$0.53 million
- AMP 42 Hale Po'ai (E), Upgrade Elevators, \$0.69 million
- AMP 42 Hale Po'ai (E), Site & Building Improvements, \$0.43 million
- AMP 42 La'iola (E), Upgrade Elevators, \$0.69 million
- AMP 42 Halia Hale (E), Upgrade Elevators, \$0.46 million
- AMP 42 Halia Hale (E), Upgrade Fire Alarm System, \$0.29 million
- AMP 42 Hale Po'ai (E), La'iola (E), Kamalu Ho'olulu (E), Halia Hale (E), Upgrade existing Major Systems, \$0.23 million
- AMP 44 Kau'iokalani, Site and Building Improvements, \$7.6 million
- AMP 44 Kau'iokalani, Design for Site and Building Improvements, \$0.40 million
- AMP 45 Kaneohe Apartments, Upgrade Fire Alarm System, \$0.24 million
- AMP 45 Hookipa Kahaluu, Accessibility & Site Improvements, \$0.40 million
- AMP 45 Hookipa Kahaluu, Design for Accessibility & Site Improvements, \$0.18 million
- AMP 49 Wahiawa Terrace, Site and Building Improvements, \$9.1 million
- AMP 49 Wahiawa Terrace, Design for Site and Building Improvements, \$0.89 million
- AMP 49 Kupuna Home O' Waialua (E), Design for ADA and Site Improvements, \$0.30 million
- AMP 50 Palolo Valley Homes, Modernization and Site Improvements, \$6.9 million
- AMP 50 Palolo Valley Homes, Modernization, Phase 1 & 2, \$3.8 million
- AMP 50 Palolo Valley Homes, Design of Modernization, Site & Infrastructure Improvements, \$1.2 million
- AMP 50 Palolo Valley Homes, Design of Modernization, Phase 3, \$0.60 million
- AMP 50 Palolo Valley Homes, Design of Modernization, Buildings 1-9, \$0.40 million
- AMP 50 Palolo Valley Homes, Design of Modernization, \$0.17 million
- State low rent housing Project (Fund 318) Hauiki Homes, Design Electrical Distribution System, \$0.30 million
- State low rent housing project (Fund 318) Puahala Homes, Design for Improvements, for Safety, Maintainability & Energy Conservation, \$0.61 million
- State low rent housing project (Fund 318) Kawailehua, Infrastructure & Site Improvements, \$0.17 million
- Central Office Cost Center (Fund 181) School St. Campus, Repairs to existing sewer pipes, \$0.23 million

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

## **CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

HPHA continues to hold title of the State-owned shelter facilities of homeless program. During 2009 legislative session, S.B. bill No. 910 was enacted and required the transfer of the functions and duties of the homeless program to the Department of Human Services effectively July 1, 2010. Approximately \$22,000,000 of the net assets was transferred at that time.

### **HUD Funding provided pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136)**

HPHA received \$4,128,858 of the supplemental Public Housing Operating funding provided pursuant to the CARES Act (Public Law 116-136) in May 2020. As of June 30, 2020, \$445,702 of the funding has been expended for the COVID-19 related costs and recognized as revenues of HUD operating subsidies under Federal Low Rent Program. \$3,683,156 of the funding balance is available for HPHA to expend for the COVID-19 related costs under the Federal Low Rent Program until December 31, 2021.

HPHA received \$538,838 of the supplemental HCV Program administrative fee funding provided pursuant to CARES Act (Public Law 116-136) in May 2020. As of June 30, 2020, \$21,292 has been expended for the COVID-19 related costs and recognized as revenues of PHA Administrative Fees Earned under Housing Choice Vouchers Program. \$538,838 of the funding balance is available for HPHA to expend for the COVID-19 related costs under the HCV Program until December 31, 2021.

HPHA received a notice from HUD on June 9, 2020 for a funding of Mainstream Program Vouchers Program under CARES Act (Public Law 116-136). The amount of funding is \$269,084 for a term of 12 months effective August 1, 2020.

HPHA received \$707,968 of the 2<sup>nd</sup> round supplemental HCV Program administrative fee funding provided pursuant to CARES Act (Public Law 116-136) in August 2020. HPHA will expend the fund for the COVID-19 related costs under the program until December 31, 2021

HPHA received \$1,030,609 Housing Assistance Payments (HAP) Allocation from the CARES Act (Public Law 116-136) in November 1, 2020. HPHA will expend the fund for the increase of HAP due to COVID-19 until December 31, 2021

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

## PENDING CASES

Sophia Karsom, et al. v. State of Hawaii, et al. (Civil No. 17-1-0843, First Circuit Court)

Plaintiffs allege that an employee of HPHA, driving an HPHA maintenance vehicle, struck a four (4) year-old boy who was playing on the sidewalk in front of his home at 1555 Haka Drive, on or about August 26, 2016. The complaint alleges that the boy suffered a fractured pelvis, broken bones and internal injuries.

Following service in October 2017, the State, the HPHA, and the employee answered the Amended Complaint. The State filed a third-party complaint against the minor's grandmother, Cynthia Kaminanga. In January 2020, the court granted the employee's Motion for Summary Judgment. On October 8, 2020, the Court filed its Order Granting the State of Hawaii and the Hawaii Public Housing Authority's Motion for Summary Judgment, Filed January 10, 2020. The final judgment has not yet been filed and therefore, the Plaintiff may appeal the dismissal within 30 days after the filing of the final judgment.

Steven Rodrigues, as Personal Representative of the Estate of Iris Rodrigues-Kaikana, and in his individual capacity vs. Corbit K. Ahn, Kamehameha IV Housing Project, Hawaii Public Housing Authority, City & County of Honolulu, State of Hawaii, Mixed Martial Arts Academy, LLC, A Domestic Limited Liability Corporation

In August 2009, Iris Rodrigues-Kaikana was murdered by Corbit Ahn at the Kamehameha Homes in Kalihi. Her body was discovered in an alley adjacent to the housing complex. The Complaint alleges, among other things, that the State: failed to secure, to properly monitor and light the premises; "encouraged hoodlums like Defendant Ahn to enter the premises"; removed gates to keep "gangsters" out; "allowed sexual predators onto the premises"; and refused to enforce a curfew for hoodlums.

A jury in the criminal case against Ahn found him guilty of Murder in the Second Degree and Sexual Assault in the Third Degree. He was sentenced on July 9, 2012 to a mandatory life term in prison. The conviction was upheld on appeal.

The civil case was stayed from October 2012 to June 2015, pending completion of the appeal of Ahn's criminal conviction. The parties then completed a CAAP arbitration hearing where the arbitrator found the State not liable and Defendant Ahn 100% liable. Plaintiffs appealed.

In September 2018, the court granted the State, HPHA, and Kamehameha Homes' Motion for Summary Judgment as to all claims. Plaintiff has not filed a final judgment in this case as Plaintiff intends to re-file a Motion for Default Judgment against Defendant Corbit Ahn. As such, it remains unknown at this time if Plaintiffs intend to appeal the order granting the motion for summary judgment.

## **Hawaii Public Housing Authority**

Management Discussion and Analysis

June 30, 2020

### McJerold William, et al. v. Hawaii Public Housing Authority, et al.

This case involves five separate incidents of alleged mistreatment by the security guards at Kalihi Valley Homes. Plaintiffs allege there were two assaults by Kiamalu Security Services (“Kiamalu”) security guard(s) and three assaults by Universal Protection Services (“UPS”) security guards.

There had been an asset purchase of security companies. Kiamalu was the security guard company for the first two incidents including the William one. Then UPS bought Kiamalu, including its contract with the HPHA.

Kiamalu's insurer has appointed counsel. UPS retained private counsel because of the large self insured retention on the insurance it selected. UPS did not accept the HPHA's tender of defense. Instead, counsel for UPS, the Plaintiffs, and Kiamalu agreed to an early mediation. Although the HPHA had not been served with the Complaint, the deputy attorney general attended the mediation, with the understanding that HPHA would not pay for the cost of the mediation, would not be making any offer (as it understood that UPS is obligated under its contract with the HPHA, and the facts), and there would not be any discovery requests aimed at the HPHA before the mediation. Following the mediation, four (4) Plaintiffs dismissed their claims against the HPHA pursuant to these Plaintiffs’ respective settlement agreements with UPS and Kiamalu in early 2018. In July 2020, the remaining Plaintiff dismissed his claims against UPS but the filed stipulation to dismiss did not include or reference HPHA. To clarify the court record, HPHA intends to file a stipulation that dismisses all claims against HPHA and the State by the remaining Plaintiff.

### Tangee R. Lazarus v. Hakim Ouansafi et al. (Case No. 1:2020CV00313, U.S. District Court)

Plaintiff Tangee R. Lazarus is a tenant at Kalakaua Homes, AMP 34. Plaintiff names seven HPHA employees in her Complaint and alleges discrimination by the HPHA employees on the basis of race and disability. Plaintiff claims that she has been subjected to various acts of harassment and assault by her neighbors at Kalakaua Homes and claims that the HPHA employees have not taken any action following the incidents involving her neighbors, that the HPHA employees have improperly disclosed her confidential information and spread false rumors about her, and that the HPHA employees have retaliated against her following the incidents involving her neighbors.

Plaintiff seeks \$200,000 or “whatever the Court deems appropriate” in damages. Plaintiff has not yet effected proper service on any of the HPHA employees. A scheduling conference is currently pending in the U.S. District Court.

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2020

## HPHA's Redevelopment Efforts

### Mayor Wright Homes Redevelopment

On July 16, 2020, the HPHA Board of Directors approved a For Action Motion To Terminate the Master Development Agreement between the HPHA and MWH Partners, LLC ("Hunt") for the Redevelopment of Mayor Wright Homes for Convenience. The HPHA, the Attorney General's Office and Reno and Cavanaugh, HPHA's specialized legal counsel, are actively negotiating a potential settlement with Hunt. The Board of Directors has formed a Development Task Force to determine next steps in the redevelopment effort for this Project

### N. School Street Redevelopment

The HPHA Board of Directors approved Resolution No. 19-07 authorizing the Executive Director to enter into a Master Development Agreement with Retirement Housing Foundation on October 31, 2019. Execution of the MDA obligated HPHA to 50% of the shared predevelopment costs for project related activities such as planning and environmental review, subject to the availability of funding. During 2020, HPHA continued working with Retirement Housing Foundation and its partners to redevelop its administrative offices located at 1002 N. School Street. The project will include new HPHA offices, affordable housing units and commercial uses that best serve the surrounding community. Entitlements for the approval of the project under HRS 201H have been presented to the City and County of Honolulu City Council under Resolution 20-251 CD-1.

### Kuhio Park Terrace Low Rises and Kuhio Homes and KPT Towers 1, LLC

During 2020, A motion For Action recommending approval of the Restated and Amended Master Development Agreement (MDA) between HPHA and Michaels Development Company (MDC) was approved by the Board of Directors at the June 25, 2020 Directors meeting. HPHA continues working with Michaels Development Company to redevelop additional phases at Kuhio Park Terrace Low Rises and Kuhio Homes. The project anticipates demolition of the remaining structures at the property and new construction of senior and family housing units.

A For Action recommending approval of the RAD conversion for KPT Towers 1 LLC was approved by the Board at its June 4, 2020 Directors meeting.

## CONTACT INFORMATION

This financial report is designed to provide a general overview of the HPHA's finances for all those with an interest in the HPHA's finances. If you have any questions about this report or need additional financial information, contact the Office of the Executive Director, Hawaii Public Housing Authority 1002 North School Street, Honolulu, HI 96817.

Hawaii Public Housing Authority

GOVERNMENT-WIDE  
STATEMENT OF NET POSITION

June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash	\$ 5,973,028	\$ 93,611,137	\$ 99,584,165
Restricted cash	896,902	4,407,666	5,304,568
Due from State of Hawaii	57,150,381	-	57,150,381
Receivables:			
Accrued interest	-	51,654	51,654
Tenant receivables, less allowance for doubtful receivables of \$2,141,385	-	602,927	602,927
Other	32,793	41,914	74,707
	<u>32,793</u>	<u>696,495</u>	<u>729,288</u>
Internal balances	2,002,932	(2,002,932)	-
Due from HUD	261,896	453,150	715,046
Inventories	-	885,290	885,290
Prepaid expenses and other assets	-	19,799	19,799
Total current assets	<u>66,317,932</u>	<u>98,070,605</u>	<u>164,388,537</u>
Notes Receivable	-	8,716,630	8,716,630
Capital Assets, less accumulated depreciation	<u>3,787,928</u>	<u>377,092,605</u>	<u>380,880,533</u>
Total assets	70,105,860	483,879,840	553,985,700
Deferred Outflows of Resources	<u>745,703</u>	<u>10,094,725</u>	<u>10,840,428</u>
Total assets and deferred outflows of resources	<u>\$ 70,851,563</u>	<u>\$ 493,974,565</u>	<u>\$ 564,826,128</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENT-WIDE  
STATEMENT OF NET POSITION (continued)

June 30, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Governmental Activities	Business-Type Activities	Total
Current Liabilities:			
Accounts payable	\$ 4,421,157	\$ 2,327,008	\$ 6,748,165
Accrued expenses	389,496	3,222,380	3,611,876
Security deposits	-	1,289,542	1,289,542
Deferred income	2,542,258	311,341	2,853,599
Total current liabilities	7,352,911	7,150,271	14,503,182
Accrued Expenses	254,875	1,509,434	1,764,309
Net Other Post Employment Benefits (OPEB) Liability	2,759,606	37,580,219	40,339,825
Net Pension Liability	2,850,187	37,551,072	40,401,259
Total liabilities	13,217,579	83,790,996	97,008,575
Deferred Inflows of Resources	22,265	1,213,575	1,235,840
Commitments and Contingencies			
Net Position:			
Invested in capital assets, net of related debt	3,787,928	377,092,605	380,880,533
Restricted by legislation and contractual agreements	3,000,530	-	3,000,530
Unrestricted	50,823,261	31,877,389	82,700,650
Total net position	57,611,719	408,969,994	466,581,713
Total liabilities, deferred inflows of resources, and net position	\$ 70,851,563	\$ 493,974,565	\$ 564,826,128

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Functions/Programs:	Expenses	Program Revenues			Net (expense) revenue and changes in net position			
		Charges for services and other revenues	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Elimination	Total
Governmental activity --								
Rental Housing and Assistance Program	\$ 79,600,271	\$ 497,137	\$ 76,999,018	\$ -	\$ (2,104,116)	\$ -	\$ 854,325	\$ (1,249,791)
Total governmental activities	<u>79,600,271</u>	<u>497,137</u>	<u>76,999,018</u>	<u>-</u>	<u>(2,104,116)</u>	<u>-</u>	<u>854,325</u>	<u>(1,249,791)</u>
Business-type activities:								
Rental assistance program	70,154,999	19,312,006	31,070,214	3,004,873	-	(16,767,906)	-	(16,767,906)
Rental housing program	11,180,602	4,690,263	-	-	-	(6,490,339)	-	(6,490,339)
Others	5,389,162	987,157	-	-	-	(4,402,005)	(854,325)	(5,256,330)
Total business-type activities	<u>86,724,763</u>	<u>24,989,426</u>	<u>31,070,214</u>	<u>3,004,873</u>	<u>-</u>	<u>(27,660,250)</u>	<u>(854,325)</u>	<u>(28,514,575)</u>
Total government-wide	<u>\$ 166,325,034</u>	<u>\$ 25,486,563</u>	<u>\$ 108,069,232</u>	<u>\$ 3,004,873</u>	<u>(2,104,116)</u>	<u>(27,660,250)</u>	<u>-</u>	<u>(29,764,366)</u>
State Allotted Appropriations, net of lapsed funds of \$1,672,539					8,768,898	-	-	8,768,898
Other Non-Program Revenue					17,437	404,658	-	422,095
Net Transfers					<u>(33,766,805)</u>	<u>33,766,805</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>(24,980,470)</u>	<u>34,171,463</u>	<u>-</u>	<u>9,190,993</u>
Change in net position					<u>(27,084,586)</u>	<u>6,511,213</u>	<u>-</u>	<u>(20,573,373)</u>
Net Position at July 1, 2019					<u>84,696,305</u>	<u>402,458,781</u>	<u>-</u>	<u>487,155,086</u>
Net Position at June 30, 2020					<u>\$ 57,611,719</u>	<u>\$ 408,969,994</u>	<u>\$ -</u>	<u>\$ 466,581,713</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS  
BALANCE SHEET

June 30, 2020

ASSETS	General	Capital Projects	Housing Choice Voucher	Section 8 Contract Administration	Total Governmental Funds
<b>Current Assets:</b>					
Cash	\$ -	\$ -	\$ 2,850,803	\$ 3,122,225	\$ 5,973,028
Restricted cash	-	-	895,937	965	896,902
Due from State of Hawaii	654,546	56,495,835	-	-	57,150,381
Due from other funds	2,002,197	-	735	-	2,002,932
Other receivables	-	-	32,793	-	32,793
Due from HUD	-	-	40,833	221,063	261,896
<b>Total current assets</b>	<b>\$ 2,656,743</b>	<b>\$ 56,495,835</b>	<b>\$ 3,821,101</b>	<b>\$ 3,344,253</b>	<b>\$ 66,317,932</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 143,110	\$ 4,156,824	\$ 121,223	\$ -	\$ 4,421,157
Accrued expenses	80,774	-	157,090	151,632	389,496
Deferred income	2,000,000	-	542,258	-	2,542,258
<b>Total current liabilities</b>	<b>2,223,884</b>	<b>4,156,824</b>	<b>820,571</b>	<b>151,632</b>	<b>7,352,911</b>
<b>Fund Balances:</b>					
Restricted by legislation and contractual agreements	-	-	3,000,530	-	3,000,530
Committed	-	18,205,555	-	-	18,205,555
Assigned	432,859	34,133,456	-	3,192,621	37,758,936
<b>Total fund balances</b>	<b>432,859</b>	<b>52,339,011</b>	<b>3,000,530</b>	<b>3,192,621</b>	<b>58,965,021</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,656,743</b>	<b>\$ 56,495,835</b>	<b>\$ 3,821,101</b>	<b>\$ 3,344,253</b>	<b>\$ 66,317,932</b>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION

June 30, 2020

Total fund balance - governmental funds		\$	58,965,021
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	3,787,928		
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(153,143)		
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds	(101,732)		
Other post employment benefits are not due and payable in the current period and therefore are not reported in the funds	(2,759,606)		
Pension benefits are not due and payable in the current period and therefore are not reported in the funds	(2,850,187)		
Deferred outflows of resources related to the pension and other post employment benefits liabilities are not financial resources and therefore not reported in the funds	745,703		
Deferred inflows of resources related to the pension and other post employment benefits liabilities are not due and payable in the current period and therefore are not reported in the funds	(22,265)		(1,353,302)
Net position of governmental activities		\$	<u>57,611,719</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended June 30, 2020

	General	Capital Projects	Housing Choice Voucher	Section 8 Contract Administration	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental – HUD annual contributions and others	\$ -	\$ -	\$ 38,451,300	\$ 38,547,718	\$ 76,999,018
State allotted appropriations, net of lapsed funds of \$1,672,539	5,821,506	2,947,392	-	-	8,768,898
Other	60	-	514,210	304	514,574
<b>Total revenues</b>	<b>5,821,566</b>	<b>2,947,392</b>	<b>38,965,510</b>	<b>38,548,022</b>	<b>86,282,490</b>
<b>Expenditures:</b>					
Housing assistance payments	1,634,937	-	35,894,505	37,131,491	74,660,933
Administration	25,301	-	1,031,764	1,073,624	2,130,689
Personnel services	63,197	-	1,787,598	-	1,850,795
Professional services	39,508	-	54,577	43,657	137,742
Tenant services	7	-	6,917	-	6,924
Utilities	846	-	20,725	-	21,571
Repairs and maintenance	449	-	54,120	-	54,569
Security	240	-	2,887	-	3,127
Bad debt expense	-	-	332,937	-	332,937
Insurance	522	-	10,132	4,599	15,253
Capital outlays	-	28,152,494	-	-	28,152,494
<b>Total expenditures</b>	<b>1,765,007</b>	<b>28,152,494</b>	<b>39,196,162</b>	<b>38,253,371</b>	<b>107,367,034</b>
Excess (deficiency) of revenues over (under) expenditures	4,056,559	(25,205,102)	(230,652)	294,651	(21,084,544)
Other Financing Uses - Transfers Out	(5,064,464)	(549,847)	-	-	(5,614,311)
<b>Net change in fund balances</b>	<b>(1,007,905)</b>	<b>(25,754,949)</b>	<b>(230,652)</b>	<b>294,651</b>	<b>(26,698,855)</b>
Fund Balances at July 1, 2019	1,440,764	78,093,960	3,231,182	2,897,970	85,663,876
<b>Fund Balances at June 30, 2020</b>	<b>\$ 432,859</b>	<b>\$ 52,339,011</b>	<b>\$ 3,000,530</b>	<b>\$ 3,192,621</b>	<b>\$ 58,965,021</b>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE CHANGE IN FUND  
BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Net change in fund balances - total governmental funds		\$ (26,698,855)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those governmental activities assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense of those governmental activity assets amounted to approximately \$132,000.</p>		
Expenditures for capital assets	28,152,494	
Less current year depreciation expense	<u>(132,054)</u>	28,020,440
Transfer of capital assets between governmental activities and business-type activities		(28,152,494)
Long-term compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		19,656
Family Self-Sufficiency program expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		(57,722)
Funds report expenditures for other post employment benefit (OPEB) contributions. The government-wide statements report changes in deferred outflows, deferred inflows and net OPEB liability as OPEB expense.		36,435
Funds report expenditures for pension contributions. The government-wide statements report changes in deferred outflows, deferred inflows and net position liability as pension expense		<u>(252,046)</u>
Change in net position of governmental activities		<u>\$ (27,084,586)</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION

June 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Elimination	Total Enterprise Funds	Internal Service Funds
<b>Current Assets:</b>								
Cash	\$ 55,786,470	\$ 1,162,528	\$ 5,419,781	\$ 18,975,470	\$ 10,739,960	\$ -	\$ 92,084,209	\$ 1,526,928
Restricted cash	1,903,139	44,339	165,329	2,248,027	46,832	-	4,407,666	-
	<u>57,689,609</u>	<u>1,206,867</u>	<u>5,585,110</u>	<u>21,223,497</u>	<u>10,786,792</u>	<u>-</u>	<u>96,491,875</u>	<u>1,526,928</u>
<b>Receivables:</b>								
Accrued interest	-	3,739	17,564	25,264	-	-	46,567	5,087
Tenant receivables, less allowance for doubtful accounts of \$2,141,385	543,036	29,269	-	-	30,622	-	602,927	-
Other	16,243	15,432	-	1,681	8,558	-	41,914	-
	<u>559,279</u>	<u>48,440</u>	<u>17,564</u>	<u>26,945</u>	<u>39,180</u>	<u>-</u>	<u>691,408</u>	<u>5,087</u>
Due from other funds	126,717	103,945	111,572	9,661,599	1,888,708	(11,892,541)	-	-
Due from HUD	453,150	-	-	-	-	-	453,150	-
Inventories	772,151	39,008	50,199	23,932	-	-	885,290	-
Prepaid expenses and other assets	-	-	-	19,799	-	-	19,799	-
<b>Total current assets</b>	<u>59,600,906</u>	<u>1,398,260</u>	<u>5,764,445</u>	<u>30,955,772</u>	<u>12,714,680</u>	<u>(11,892,541)</u>	<u>98,541,522</u>	<u>1,532,015</u>
Notes Receivable	8,716,630	-	-	-	-	-	8,716,630	-
Capital Assets, less accumulated depreciation	312,584,730	22,666,370	31,807,343	949,669	9,083,942	-	377,092,054	551
<b>Total assets</b>	<u>380,902,266</u>	<u>24,064,630</u>	<u>37,571,788</u>	<u>31,905,441</u>	<u>21,798,622</u>	<u>(11,892,541)</u>	<u>484,350,206</u>	<u>1,532,566</u>
Deferred Outflows of Resources	4,435,602	326,332	-	5,332,791	-	-	10,094,725	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 385,337,868</u>	<u>\$ 24,390,962</u>	<u>\$ 37,571,788</u>	<u>\$ 37,238,232</u>	<u>\$ 21,798,622</u>	<u>\$ (11,892,541)</u>	<u>\$ 494,444,931</u>	<u>\$ 1,532,566</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (continued)

June 30, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Elimination	Total Enterprise Funds	Internal Service Funds
Current Liabilities:								
Accounts payable	\$ 1,502,807	\$ 23,066	\$ 77,331	\$ 382,072	\$ 341,732	\$ -	\$ 2,327,008	\$ -
Accrued expenses	2,008,390	93,145	110,516	887,754	122,575	-	3,222,380	-
Due to other funds	1,888,708	-	-	126,717	11,880,048	(11,892,541)	2,002,932	-
Security deposits	1,033,045	44,339	165,329	-	46,829	-	1,289,542	-
Deferred income	300,791	5,307	3,138	-	2,105	-	311,341	-
Total current liabilities	<u>6,733,741</u>	<u>165,857</u>	<u>356,314</u>	<u>1,396,543</u>	<u>12,393,289</u>	<u>(11,892,541)</u>	<u>9,153,203</u>	<u>-</u>
Accrued Expenses	699,000	55,036	-	755,398	-	-	1,509,434	-
Net OPEB Liability	16,710,474	1,343,050	-	19,526,695	-	-	37,580,219	-
Net Pension Liability	17,965,427	1,502,071	-	18,083,574	-	-	37,551,072	-
Total liabilities	<u>42,108,642</u>	<u>3,066,014</u>	<u>356,314</u>	<u>39,762,210</u>	<u>12,393,289</u>	<u>(11,892,541)</u>	<u>85,793,928</u>	<u>-</u>
Deferred Inflows of Resources	<u>530,817</u>	<u>38,587</u>	<u>-</u>	<u>644,171</u>	<u>-</u>	<u>-</u>	<u>1,213,575</u>	<u>-</u>
Commitments and Contingencies								
Net Position:								
Invested in capital assets, net of related debt	312,584,730	22,666,370	31,807,343	949,669	9,083,942	-	377,092,054	551
Unrestricted	30,113,679	(1,380,009)	5,408,131	(4,117,818)	321,391	-	30,345,374	1,532,015
Total net position	<u>342,698,409</u>	<u>21,286,361</u>	<u>37,215,474</u>	<u>(3,168,149)</u>	<u>9,405,333</u>	<u>-</u>	<u>407,437,428</u>	<u>1,532,566</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 385,337,868</u>	<u>\$ 24,390,962</u>	<u>\$ 37,571,788</u>	<u>\$ 37,238,232</u>	<u>\$ 21,798,622</u>	<u>\$ (11,892,541)</u>	<u>\$ 494,444,931</u>	<u>\$ 1,532,566</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE PROPRIETARY FUNDS NET POSITION  
TO THE STATEMENT OF NET POSITION

June 30, 2020

Total net position of enterprise funds	\$ 407,437,428
Amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities	<u>1,532,566</u>
Net position of business-type activities	<u><u>\$ 408,969,994</u></u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2020

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Eliminating Entries	Total Enterprise Funds	Internal Service Funds
Operating Revenues:								
Rental	\$ 18,977,674	\$ 1,228,868	\$ 2,101,864	\$ -	\$ 1,158,880	\$ -	\$ 23,467,286	\$ -
Fee-for-service	-	-	-	10,622,446	-	(9,768,121)	854,325	-
Other	334,332	3,839	177,436	8,295	19,376	-	543,278	124,537
Total operating revenues	19,312,006	1,232,707	2,279,300	10,630,741	1,178,256	(9,768,121)	24,864,889	124,537
Operating Expenses:								
Personnel services	12,722,115	949,489	-	13,020,824	21,962	-	26,714,390	-
Depreciation	17,485,464	1,237,281	1,597,150	65,166	560,322	-	20,945,383	32,360
Administration	12,234,821	902,801	852,882	632,200	358,594	(7,459,408)	7,521,890	-
Provision for losses	460,632	95,937	8	-	-	-	556,577	-
Professional services	679,431	36,581	41,856	761,294	7,392	-	1,526,554	6,303
Tenant services	181,659	4,742	4,025	244,927	-	-	435,353	-
Security	3,574,007	-	6,229	17,084	290,832	-	3,888,152	-
Insurance	367,649	24,424	42,562	12,574	16,806	-	464,015	754
Repairs and maintenance	11,748,032	457,134	1,069,271	228,049	333,385	(2,308,713)	11,527,158	-
Utilities	10,493,868	694,353	1,290,597	135,748	283,987	-	12,898,553	-
Payments in lieu of taxes	207,321	-	-	-	-	-	207,321	-
Total operating expenses	70,154,999	4,402,742	4,904,580	15,117,866	1,873,280	(9,768,121)	86,685,346	39,417
Operating (loss) income carried forward	(50,842,993)	(3,170,035)	(2,625,280)	(4,487,125)	(695,024)	-	(61,820,457)	85,120

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (continued)

Year Ended June 30, 2020

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Eliminating Entries	Total Enterprise Funds	Internal Service Funds
Operating (loss) income brought forward	(50,842,993)	(3,170,035)	(2,625,280)	(4,487,125)	(695,024)	-	(61,820,457)	85,120
Nonoperating Revenues:								
HUD operating subsidies	31,070,214	-	-	-	-	-	31,070,214	-
HUD capital fund subsidies	3,004,873	-	-	-	-	-	3,004,873	-
Other revenues	6,653	24,556	90,639	256,273	-	-	378,121	26,537
Net nonoperating revenues	34,081,740	24,556	90,639	256,273	-	-	34,453,208	26,537
(Loss) income before transfers	(16,761,253)	(3,145,479)	(2,534,641)	(4,230,852)	(695,024)	-	(27,367,249)	111,657
Capital Contributions	25,906,162	298,253	1,712,310	235,769	-	-	28,152,494	-
Net Transfers	2,927,967	969,875	1,706,398	10,071	-	-	5,614,311	-
Change in net position	12,072,876	(1,877,351)	884,067	(3,985,012)	(695,024)	-	6,399,556	111,657
Net Position at July 1, 2019	330,625,533	23,163,712	36,331,407	816,863	10,100,357	-	401,037,872	1,420,909
Net Position at June 30, 2020	<u>\$ 342,698,409</u>	<u>\$ 21,286,361</u>	<u>\$ 37,215,474</u>	<u>\$ (3,168,149)</u>	<u>\$ 9,405,333</u>	<u>\$ -</u>	<u>\$ 407,437,428</u>	<u>\$ 1,532,566</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

RECONCILIATION OF THE CHANGE IN NET POSITION  
OF PROPRIETARY FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Change in net position - total enterprise funds	\$ 6,399,556
Change in net position - internal service funds	<u>111,657</u>
Change in net position of business-type activities	<u>\$ 6,511,213</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>							
Cash received from renters	\$ 18,545,047	\$ 1,194,713	\$ 2,100,750	\$ -	\$ 1,149,077	\$ 22,989,587	\$ -
Cash payments to employees	(12,722,115)	(944,007)	-	(13,004,517)	(21,962)	(26,692,601)	-
Cash payments to suppliers	(38,436,082)	(2,077,788)	(3,363,004)	(1,427,906)	(1,278,670)	(46,583,450)	-
Cash receipts from (payments to) other funds	3,193,759	997,171	1,681,125	14,445,019	(1,776,646)	18,540,428	124,537
Other cash receipts (payments)	1,596,966	599,236	177,436	900,496	85,121	3,359,255	(7,057)
Net cash (used in) provided by operating activities	(27,822,425)	(230,675)	596,307	913,092	(1,843,080)	(28,386,781)	117,480
<b>Cash Flows from Noncapital Financing Activity --</b>							
HUD operating subsidy received	30,742,717	-	-	-	-	30,742,717	-
Net cash provided by noncapital financing activities	30,742,717	-	-	-	-	30,742,717	-
<b>Cash Flows from Capital and Related Financing Activities:</b>							
HUD capital subsidy received	3,136,631	-	-	-	-	3,136,631	-
Payments for acquisition of property and equipment	(3,174,382)	-	-	(768,593)	-	(3,942,975)	-
Other	6,653	-	-	-	-	6,653	-
Net cash provided by capital and related financing activities	(31,098)	-	-	(768,593)	-	(799,691)	-
Subtotal carried forward	2,889,194	(230,675)	596,307	144,499	(1,843,080)	1,556,245	117,480

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>							
Cash received from renters	\$ 18,545,047	\$ 1,194,713	\$ 2,100,750	\$ -	\$ 1,149,077	\$ 22,989,587	\$ -
Cash payments to employees	(12,722,115)	(944,007)	-	(13,004,517)	(21,962)	(26,692,601)	-
Cash payments to suppliers	(38,436,082)	(2,077,788)	(3,363,004)	(1,427,906)	(1,278,670)	(46,583,450)	-
Cash receipts from (payments to) other funds	3,193,759	997,171	1,681,125	14,445,019	(1,776,646)	18,540,428	124,537
Other cash receipts (payments)	1,596,966	599,236	177,436	900,496	85,121	3,359,255	(7,057)
Net cash (used in) provided by operating activities	(27,822,425)	(230,675)	596,307	913,092	(1,843,080)	(28,386,781)	117,480
<b>Cash Flows from Noncapital Financing Activity --</b>							
HUD operating subsidy received	30,742,717	-	-	-	-	30,742,717	-
Net cash provided by noncapital financing activities	30,742,717	-	-	-	-	30,742,717	-
<b>Cash Flows from Capital and Related Financing Activities:</b>							
HUD capital subsidy received	3,136,631	-	-	-	-	3,136,631	-
Payments for acquisition of property and equipment	(3,174,382)	-	-	(768,593)	-	(3,942,975)	-
Other	6,653	-	-	-	-	6,653	-
Net cash provided by capital and related financing activities	(31,098)	-	-	(768,593)	-	(799,691)	-
Subtotal carried forward	2,889,194	(230,675)	596,307	144,499	(1,843,080)	1,556,245	117,480

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS (continued)

Year Ended June 30, 2020

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Subtotal brought forward	\$ 2,889,194	\$ (230,675)	\$ 596,307	\$ 144,499	\$ (1,843,080)	\$ 1,556,245	\$ 117,480
Cash Flows from Investing Activity --							
Receipts of Interest	-	48,389	167,684	393,836	-	609,909	48,065
Net cash provided by investing activities	-	48,389	167,684	393,836	-	609,909	48,065
Net increase (decrease) in cash	2,889,194	(182,286)	763,991	538,335	(1,843,080)	2,166,154	165,545
Cash at July 1, 2019	54,800,415	1,389,153	4,821,119	20,685,162	12,629,872	94,325,721	1,361,383
Cash at June 30, 2020	<u>\$ 57,689,609</u>	<u>\$ 1,206,867</u>	<u>\$ 5,585,110</u>	<u>\$ 21,223,497</u>	<u>\$ 10,786,792</u>	<u>\$ 96,491,875</u>	<u>\$ 1,526,928</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (continued)

Year Ended June 30, 2020

	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:							
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:							
Operating (loss) income	\$ (50,842,993)	\$ (3,170,035)	\$ (2,625,280)	\$ (4,487,125)	\$ (695,024)	\$ (61,820,457)	\$ 85,120
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:							
Depreciation	17,485,464	1,237,281	1,597,150	65,166	560,322	20,945,383	32,360
Provision for losses	460,632	95,937	8	-	-	556,577	-
Loss on capital asset write off	388,788	560,943	-	-	-	949,731	-
Changes in assets and liabilities:							
Tenant receivables	(648,202)	(38,466)	(8)	-	(11,569)	(698,245)	-
Other receivables	(16,243)	(3,842)	-	187	888	(19,010)	-
Due from other funds	2,889,407	1,044,180	1,725,493	3,784,013	(1,833,491)	7,609,602	-
Inventories	(221,104)	26,968	10,991	(10,045)	-	(193,190)	-
Prepaid expenses and other assets	-	-	-	(2,369)	-	(2,369)	-
Deferred outflows of resources related to pension and OPEB	299,439	48,873	-	342,915	-	691,227	-
Accounts payable	545,037	12,000	(28,024)	303,968	91,631	924,612	-
Accrued expenses	427,334	(40,112)	(38,549)	(14,192)	(14,448)	320,033	-
Due to other funds	335,981	(59,754)	(44,368)	38,560	56,845	327,264	-
Security deposits	114,601	1,176	(1,327)	-	-	114,450	-
Deferred income	100,974	3,135	221	-	1,766	106,096	-
Net OPEB liability	-	-	-	14,923	-	14,923	-
Net pension liability	1,098,383	68,623	-	1,126,168	-	2,293,174	-
Deferred inflows of resources related to pension and OPEB	(239,923)	(17,582)	-	(249,077)	-	(506,582)	-
Net cash (used in) provided by operating activities	<u>\$ (27,822,425)</u>	<u>\$ (230,675)</u>	<u>\$ 596,307</u>	<u>\$ 913,092</u>	<u>\$ (1,843,080)</u>	<u>\$ (28,386,781)</u>	<u>\$ 117,480</u>

The accompanying notes are an integral part of this statement.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies

### a. General

Act 196, SLH 2005, as amended by Act 180, SLH 2006, created the Hawaii Public Housing Authority (the Authority).

The Authority's mission is to provide safe, decent and sanitary dwelling for low and moderate income residents of Hawaii and to operate its housing program in accordance with federal and state of Hawaii laws and regulations.

For financial reporting purposes, the Authority includes all funds that are controlled by or dependent on the Authority's Board of Directors. Control by or dependence on the Authority was determined on the basis of statutory authority and monies flowing through the Authority to each fund. The Authority is a component unit of the State of Hawaii.

The financial statements of the Authority are intended to present the financial position, changes in financial position, and cash flows where applicable, of only that portion of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the State of Hawaii that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2020, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. The State Comptroller maintains the central accounts for all State funds and publishes financial statements for the State annually, which include the Authority's financial activities.

### b. Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and the statement of activities, report information of all of the non-fiduciary activities of the Authority. Governmental activities, which normally are supported by State allotments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

# Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### b. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are allocated to a specific function in accordance with the U.S. Department of Housing and Urban Development requirements. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function.

Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. State allotments and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than program revenues.

Net positions are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first then unrestricted resources as they are needed.

The fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are summarized into a single column.

### c. Measurement Focus and Basis of Accounting

#### i. Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### c. Measurement Focus and Basis of Accounting (continued)

#### ii. Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. In applying the susceptible to accrual concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when applicable requirements, including timing requirements are met.

Principal revenue sources considered susceptible to accrual include federal grants and rental income. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the State's present appropriation system. These revenues have been accrued in accordance with generally accepted accounting principles since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the Authority.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include employees' long-term compensated absences, family self-sufficiency program costs, net other post employment benefits (OPEB) liability, net pension liability, and deferred inflows and outflows of resources, which are recorded as expenditures when utilized or paid. The amount of indebtedness related to long-term compensated absences, family self-sufficiency program costs, net other post employment benefits liability, net pension liability and deferred inflows and outflows of resources at June 30, 2020 has been reported in the government-wide financial statements.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### c. Measurement Focus and Basis of Accounting (continued)

#### iii. Proprietary Funds

The financial statements of proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services or goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the Authority's enterprise funds is rental income. Federal grants are reported as nonoperating income.

### d. Fund Accounting

The financial activities of the Authority are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Authority uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate the legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the Authority that are reported in the accompanying fund financial statements have been classified into the following major and non-major governmental and proprietary funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### d. Fund Accounting (continued)

#### i. Governmental Funds

General Fund – The general fund is the general operating fund of the Authority. It is used to account for all financial activities except those required to be accounted for in another fund. This fund includes the Rent Housing and Assistance Program. The annual operating budget as authorized by the State Legislature provides the basic framework within which the resources and obligations of the general fund are accounted.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. These funds include Housing Choice Voucher Program and Section 8 Contract Administration.

Capital Projects Fund – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary fund type).

The Authority reports the following major governmental funds:

- General Fund
- Capital Projects Fund
- Housing Choice Voucher Program – accounts for federal contributions for housing assistance payments under the Housing Choice Voucher Program and Family Self-Sufficiency Program.
- Section 8 Contract Administration – accounts for federal contributions primarily for housing payments under the Project-Based Section 8 Program.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### d. Fund Accounting (continued)

#### ii. Proprietary Funds

Enterprise Funds – These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to customers, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

The enterprise funds include the Federal Low Rent Program, Housing Revolving Fund, Housing for Elders Revolving Fund, Central Office Cost Center Fund and other funds. The other funds include the Wilikina Apartments Project, Kekumu at Waikoloa Project, Disbursing Fund and Kuhio Park Terrace (KPT) Resource Center.

Internal Service Funds – These funds account for those activities which provide goods or services primarily to the Authority, rather than to external parties. In the government-wide statements, internal service funds are included with business-type activities. These funds include the Equipment Rental Fund and Vehicle Rental Fund.

The Authority reports the following as major proprietary funds:

Federal Low-Rent Program accounts for the proceeds from federal contributions for the development of rental property and rental income and federal operating subsidies from such properties.

Housing Revolving Fund accounts for various state multifamily housing projects located throughout the State of Hawaii.

Housing for Elders Revolving Fund accounts for various state elderly housing projects located throughout the State of Hawaii.

Central Office Cost Center Fund was established to account for costs related to the general oversight of its housing projects and other indirect and administrative costs of the Authority. The fund charges fees to the Authority's various housing projects for such services. In addition to the fee income to operate the public housing programs, the Authority also earns fees from its other federal and state programs. The fee income earned by the fund is considered to be de-federalized.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### e. Department of Housing and Urban Development (HUD) Subsidized Programs

The Federal Low-Rent Program Fund operates under HUD's Annual Contribution Contract and consists of the operations of low-rent housing properties. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained and managed by the Authority. The properties are acquired, developed and modernized under HUD's comprehensive grant programs. Funding for the properties is provided by federal operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

The Section 8 Programs consists of the Housing Choice Voucher Program Fund and the Section 8 Contract Administration Fund. The Housing Choice Voucher Program Fund provides rental housing assistance subsidies to qualified participants. The purpose of the program is to assist low-income families, the elderly and the disabled to afford decent, safe and sanitary housing in the private market. Federal housing assistance is provided on behalf of the family or individuals and is paid directly to the landlord directly by the Authority. The family or individual is responsible for finding a suitable housing unit in which the landlord agrees to rent under the program. The Section 8 Contract Administration Fund administers non-Authority owned housing units used for low-income housing. HUD provides a contracted dollar amount to the Authority, which is used to provide rental payment assistance to landlords.

### f. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities in the government-wide financial statements and proprietary funds financial statements. Capital assets are defined by the Authority as land and those assets with estimated useful lives greater than one year and with an acquisition cost greater than:

Land improvements	\$ 100,000
Building and building improvements	\$ 100,000
Equipment	\$ 5,000

Purchased and constructed capital assets are valued at cost. Donated assets are recorded at their fair market value at the date of donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### f. Capital Assets (continued)

Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds financial statements. The Authority utilizes the straight-line method over the assets' estimated useful life. No depreciation is recorded for land and land improvements. Generally, the useful lives are as follows:

	<u>Governmental Activities</u>	<u>Proprietary Fund and Business-Type Activities</u>
Building and building improvements	25 years	10 - 40 years
Equipment	7 years	1 - 10 years

### g. Cash and Cash Equivalents

Cash and cash equivalents, if any, for the purpose of the statement of cash flows – proprietary funds, include all cash and investments with original purchased maturities of three months or less.

### h. Inventories

Materials and supplies inventories are stated at the lower of cost or market, with cost being determined principally using the first-in, first-out method. The cost of inventories is recorded as an expenditure when consumed.

### i. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### j. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent consumptions of net position that apply to future periods and will not be recognized as an outflow of resources (expenditures) until then. The balances as of June 30, 2020 are as follows:

	Governmental Funds	Business-Type Funds	Total
Deferred pension related costs	\$ 402,829	\$ 6,079,935	\$ 6,482,764
Deferred OPEB related costs	342,874	4,014,790	4,357,664
	<u>\$ 745,703</u>	<u>\$ 10,094,725</u>	<u>\$ 10,840,428</u>

Deferred inflows of resources represent acquisitions of net position that apply to future periods and will not be recognized as an inflow of resources (revenues) until then. The balances as of June 30, 2020 are as follows:

	Governmental Funds	Business-Type Funds	Total
Deferred pension related costs	\$ 21,271	\$ (667,720)	\$ (646,449)
Deferred OPEB related costs	(43,536)	(545,855)	(589,391)
	<u>\$ (22,265)</u>	<u>\$ (1,213,575)</u>	<u>\$ (1,235,840)</u>

### k. HUD Annual Contributions

The Authority receives annual contributions and subsidies from HUD for operating the Authority's housing assistance payment programs and the development and operation of low-income housing projects. The Authority also receives annual subsidies from HUD for housing assistance payments and operating deficits incurred in the operation of the programs. Annual subsidies recorded in the proprietary fund types are recognized as nonoperating revenue when realized and earned and are accounted for in the statement of revenues, expenses and changes in fund net position – proprietary funds as HUD operating subsidy.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### l. Vacation

Employees are credited with vacation at a rate of 168 hours per calendar year. Accumulation of such vacation credits is limited to 720 hours at calendar year end and is convertible to pay upon termination of employment. Liabilities for accumulated unpaid vacation are accrued at the end of each accounting period utilizing current salary rates. Such vacation credits are recorded as accrued wages and employee benefits payable in the government-wide and the enterprise funds financial statements at the balance sheet date. Accumulated unpaid vacation estimated to be used or paid during the next year is approximately \$735,000.

The change in accumulated unpaid vacation during the year is approximately as follows:

<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2020</u>
<u>\$ 2,280,000</u>	<u>\$ 1,182,000</u>	<u>\$ 1,116,000</u>	<u>\$ 2,346,000</u>

As of June 30, 2020, approximately \$148,000 and \$2,198,000 of the unpaid vacation balance was for government-wide activities and business-type activities, respectively, and is included in accrued expenses in the accompanying statement of net position.

### m. Restrictions of Net Positions and Fund Balances

Net positions are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, it is generally the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority classifies fund balances into specifically defined classifications for governmental fund types. Classifications include the following:

*Restricted.* Balances that are restricted for specific purposes by external parties such as creditors, grantors or other governments.

# Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### m. Restrictions of Net Positions and Fund Balances (continued)

*Committed.* Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the state legislature. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned.* Balances that are constrained by management to be used for specific purposes but are neither restricted nor committed. The general and capital projects fund balances are assigned for continuing appropriations, which are comprised of encumbrances and unencumbered allotment balances. Encumbrances represent outstanding commitments, which generally are liquidated in the subsequent fiscal year. Unencumbered allotment balances represent amounts that have been released and made available for encumbrance or expenditure and are legally segregated for a specific future use.

*Unassigned.* Residual balances that are not contained in the other classifications.

### n. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawaii (ERS) and additions to/deductions from the ERS fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

### o. Other Post Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and additions to/deductions from the EUTF's fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 1. Organization and Significant Accounting Policies (continued)

### p. Risk Management

Liabilities related to certain types of losses (including torts, theft of, damage to, or destruction of assets, errors or omissions, natural disasters and injuries to employees) are reported when it is probable that the losses have occurred and the amount of those losses can be reasonably estimated.

### q. Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Significant estimates and assumptions include the valuation for accounts receivable, the liabilities of other post employment benefits and pension. Actual results could differ from those estimates.

## 2. Budgeting and Budgetary Control

The budget of the Authority is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenues available to finance the operating plan, and (3) the estimated spending requirements of the operating plan. The budget represents a process through which financial policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the fiscal year. Amounts reflected as budgeted revenues in the accompanying required supplementary information – budgetary comparison schedule are estimates as compiled by the Authority and reviewed by the Department of Budget and Finance. Budgeted expenditures are derived primarily from acts of the State Legislature and from other authorizations contained in the State Constitution, the Hawaii Revised Statutes (HRS) and other specific appropriation acts in various Session Laws of Hawaii.

Expenditures of these appropriated funds are made pursuant to the appropriations in the biennial budget as amended by subsequent supplemental appropriations. Budgetary control is maintained at the departmental level. Budget revisions and interdepartmental transfers may be affected with certain executive and legislative branch approvals.

# Hawaii Public Housing Authority

Notes to Financial Statements

June 30, 2020

## 2. Budgeting and Budgetary Control (continued)

The general fund and certain special revenue funds have legally appropriated annual budgets. The final legally adopted budget in the accompanying required supplementary information – budgetary comparison schedules represent the original appropriations, transfers and other legally authorized legislative and executive changes.

To the extent not expended or encumbered, general fund and special revenue funds appropriations generally lapse at the end of the fiscal year or grant period for which the appropriations were made. The State Legislature or federal government specifies the lapse dates and any other contingencies that may terminate the authorization for other appropriations. Known lapses occurring in the year of appropriation, if any, are included in the amended budgets, and are netted against revenues in the accompanying required supplementary information – budgetary comparison schedule.

A comparison of both the original budget and the final budget to the actual revenues and expenditures of the general and certain special revenue funds are presented in the accompanying required supplementary information – budgetary comparison schedule. Differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP are mainly due to revenues and expenditures of unbudgeted funds and the different methods used to recognize resource uses. For budgeting purposes, resource uses are recognized when cash disbursements are made or funds are encumbered.

For financial statements presented in accordance with GAAP, expenditures are recognized when incurred and encumbrances are not reported as resources used.

A summation of the differences between revenues and expenditures reported on the budgetary basis and those reported in accordance with GAAP for the general and certain special revenue funds for the year ended June 30, 2020 is set forth in the required supplementary information.

## 3. Cash

The State maintains a cash pool that is available to all funds. The Director of Finance is responsible for the safekeeping of all monies paid into the State Treasury. The Director of Finance may invest any monies of the State, which in the Director's judgment are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited with approved financial institutions or invested in the State Treasury Investment Pool. Cash accounts that participate in the investment pool accrue interest based on the average weighted cash balances of each account.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

### 3. Cash (continued)

The State requires that the depository banks pledge, as collateral, government securities held in the name of the State for deposits not covered by federal deposit insurance.

At June 30, 2020, total cash, including restricted cash and deposits, reported in the statement of net position is \$104,888,733 which consisted of the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
State pool and petty cash	\$ -	\$ 17,916,641	\$ 17,916,641
Cash in bank (book balance)	<u>6,869,930</u>	<u>80,102,162</u>	<u>86,972,092</u>
	<u>\$ 6,869,930</u>	<u>\$ 98,018,803</u>	<u>\$ 104,888,733</u>

Bank balance of cash in bank was approximately \$92,466,000 of which \$750,000 was covered by federal depository insurance and \$91,716,000 by collateral held by the pledging financial institution's trust department or agent in the name of the Authority.

### 4. Notes Receivable for Sale of Kuhio Park Terrace Towers – Federal Low Rent Program

On May 1, 2011, the Authority entered into an Acquisitions Financing Agreement (Agreement) to sell, transfer and convey unto a third party the buildings, structures, equipment, machinery, apparatus, fixtures and fittings (Improvements) of the two high rise buildings known as Kuhio Park Terrace Towers (Project), and for the execution of a ground lease for the land underlying the Improvements (Property), as defined in the Agreement. The ground lease annual rent is one dollar (\$1) and expires on May 11, 2076, with an option for an additional ten (10) years. The buyer, as defined in the Agreement, is required to redevelop the Project to include 555 units, 347 of which will be operated as public housing. In order to assist the buyer in financing the rehabilitation of the Project, the State of Hawaii, Hawaii Housing and Finance Development Corporation issued revenue bonds in the amount of \$66,000,000 for which the proceeds were used to make a mortgage loan to the buyer.

Pursuant to the Agreement, the buyer agreed to pay the Authority an acquisition fee of \$4,665,000 in consideration for acquiring the leasehold interest in the Property and \$45,000,000 for the Improvements, such that the total purchase price was \$49,665,000. Of the total purchase price, \$3,162,943 was paid in cash and the remaining balance of \$46,502,057 was financed pursuant to the

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 4. Notes Receivable for Sale of Kuhio Park Terrace Towers – Federal Low Rent Program (continued)

Agreement by a note. The note, which is secured by a leasehold mortgage and security agreement, matures in May 2051 and accrues interest at the greater of 4.19 percent per annum or the long term annually compounding applicable federal rate. The note is payable from cash flows from the Property in the amounts and priority set forth in the note, provided that the payments due shall not exceed seventy-five percent (75%) of the borrower's surplus cash, as defined in the note. Additionally, the note is subordinate to the rights of certain financing agreements related to the issuance of revenue bonds for the redevelopment of the Project. Any remaining unpaid principal and accrued interest balance is due and payable on the maturity date of the note.

The sale of the Project is being accounted for under the cost recovery method. Under this method, the gain on sale is deferred until the total payments made by the buyer exceed the cost of the Project. However, a portion of the deferred gain is recognized as income to the extent that the deferred gain exceeds the note receivable from the buyer plus the maximum contingent liability to the Authority for other debt on the Project.

During 2020, the interest earned on the note receivable amounted to approximately \$2,033,000 and has been recorded in deferred gain. As of June 30, 2020, the net note receivable, inclusive of all principal, accrued interest of approximately \$19,536,000 and deferred gain related to the Project, is as follows and reflected under the Federal Low Rent Program statement of net position:

Principal and accrued interest	\$ 66,037,805
Deferred gain	<u>(61,221,175)</u>
Net note receivable	<u>\$ 4,816,630</u>

Additionally, prior to the execution of the ground lease and sale of the Improvements, several planned capital improvements related to the Project had not been completed. As both the Authority and the buyer agreed that the work is necessary, the buyer agreed to complete the work and the Authority agreed to provide the financing. Accordingly, the Authority agreed to loan the buyer up to \$3,900,000 from Public Housing Capital Funds and State of Hawaii Capital Improvement Projects Funds. Payment of principal is deferred until the maturity date, whereupon all principal is due, subject to the availability of surplus cash, as defined in the note agreement. The note does not bear interest unless the borrower defaults upon the maturity date of May 2051. As of June 30, 2020, the Authority loaned the full \$3,900,000 to the buyer, which is included in the accompanying statement of net position under the Federal Low Rent Program.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 5. Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,373,410	\$ -	\$ -	\$ 2,373,410
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,373,410</u>	<u>-</u>	<u>-</u>	<u>2,373,410</u>
Capital assets, being depreciated:				
Building and improvements	15,325,444	-	-	15,325,444
Equipment	<u>1,331,660</u>	<u>-</u>	<u>-</u>	<u>1,331,660</u>
Total capital assets being depreciated	<u>16,657,104</u>	<u>-</u>	<u>-</u>	<u>16,657,104</u>
Less accumulated depreciation for:				
Building and improvements	13,851,065	116,960	-	13,968,025
Equipment	<u>1,259,467</u>	<u>15,094</u>	<u>-</u>	<u>1,274,561</u>
Total accumulated depreciation	<u>15,110,532</u>	<u>132,054</u>	<u>-</u>	<u>15,242,586</u>
Governmental activities capital assets, net	<u>\$ 3,919,982</u>	<u>\$ (132,054)</u>	<u>\$ -</u>	<u>\$ 3,787,928</u>
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 22,966,200	\$ -	\$ -	\$ 22,966,200
Construction in progress	<u>89,378,995</u>	<u>31,972,007</u>	<u>(24,867,302)</u>	<u>96,483,700</u>
Total capital assets not being depreciated	<u>112,345,195</u>	<u>31,972,007</u>	<u>(24,867,302)</u>	<u>119,449,900</u>
Capital assets, being depreciated:				
Building and improvements	674,117,391	23,807,395	(9,459)	697,915,327
Equipment	<u>10,396,332</u>	<u>7,327</u>	<u>-</u>	<u>10,403,659</u>
Total capital assets being depreciated	<u>684,513,723</u>	<u>23,814,722</u>	<u>(9,459)</u>	<u>708,318,986</u>
Less accumulated depreciation for:				
Building and improvements	421,302,185	20,720,064	-	442,022,249
Equipment	<u>8,396,353</u>	<u>257,679</u>	<u>-</u>	<u>8,654,032</u>
Total accumulated depreciation	<u>429,698,538</u>	<u>20,977,743</u>	<u>-</u>	<u>450,676,281</u>
Business-type activities capital assets, net	<u>\$ 367,160,380</u>	<u>\$ 34,808,986</u>	<u>\$ (24,876,761)</u>	<u>\$ 377,092,605</u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 5. Capital Assets (continued)

Current-period depreciation expense was charged to function as follows:

Governmental Activity - -	
Rental Housing and Assistance Program	<u>\$ 132,054</u>
Business-Type Activities:	
Federal Low Rent Program	17,485,464
Housing Revolving Fund	1,237,281
Housing for Elders Revolving Fund	1,597,150
Central Office Cost Center Fund	65,166
Internal Services	32,360
Others	<u>560,322</u>
Total depreciation expense - business type activities	<u>20,977,743</u>
Total depreciation expense	<u><u>\$ 21,109,797</u></u>

At June 30, 2020, capital assets for the proprietary funds consisted of the following:

	Enterprise Funds						Internal Service Funds	Total
	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center	Other Enterprise Funds	Total Enterprise Funds		
Land	\$ 13,093,629	\$ 2,252,881	\$ 6,104,817	\$ -	\$ 1,514,873	\$ 22,966,200	\$ -	\$ 22,966,200
Buildings and improvements	585,362,920	37,962,638	59,304,756	315,005	14,970,008	697,915,327	-	697,915,327
Equipment, furniture, and fixtures	5,658,025	995,117	1,036,396	602,399	-	8,291,937	2,111,722	10,403,659
Construction in progress	92,186,498	837,737	2,963,021	496,444	-	96,483,700	-	96,483,700
Less accumulated depreciation	<u>383,716,342</u>	<u>19,382,003</u>	<u>37,601,647</u>	<u>464,179</u>	<u>7,400,939</u>	<u>448,565,110</u>	<u>2,111,171</u>	<u>450,676,281</u>
Net property and equipment	<u><u>\$ 312,584,730</u></u>	<u><u>\$ 22,666,370</u></u>	<u><u>\$ 31,807,343</u></u>	<u><u>\$ 949,669</u></u>	<u><u>\$ 9,083,942</u></u>	<u><u>\$ 377,092,054</u></u>	<u><u>\$ 551</u></u>	<u><u>\$ 377,092,605</u></u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 6. Commitments and Contingencies

### a. Lease Commitments

The Authority leases from the City and County of Honolulu the land upon which its former Banyan Street Manor Project building is situated on, and subleases it to the Project's new owner. The lease is for a term of 55 years beginning May 27, 2011. Lease rent in the amount of \$75 was prepaid by the new owner for the entire term of the lease. As part of the sales price of the Project building, reserves and operating funds on May 27, 2011, \$75 was allocated for the ground lease interest and other property, as defined in the agreement.

The Authority leases the land upon which its former Wilikina Apartments Project building is situated on to its new owner. The lease is for a term of 65 years beginning May 22, 2012. Lease rent in the amount of \$1 was prepaid by the new owner for the entire term of the lease.

### b. Construction Contracts

At June 30, 2020, the Federal Low Rent Program fund and the Capital Projects fund had outstanding construction contract commitments to expend approximately \$15,273,000 and \$18,206,000, respectively, for the construction and renovation of housing projects.

### c. Consulting Agreement

In conjunction with the sale of Kuhio Park Terrace Towers (see Note 4), the Authority entered into a consulting agreement with the developer to provide the developer with certain consulting services related to the rehabilitation of the Project. The consulting fee is 19.7 percent of the total development fee charged to the buyer by the developer, or \$3,176,488. As part of the initial sale agreement, the buyer is to receive state tax credits upon payment or release. If the buyer, in accordance with terms defined in the sale agreement, determines that unpaid state tax credits should be released, the Authority would be obligated to pay the buyer for these state tax credits up to its portion of the consulting fees earned and received. The Authority would be able to recover amounts paid to the buyer upon payment/release of the previously unpaid tax credits by the State.

In accordance with the consulting agreement, the amount paid to the Authority shall be held in an interest bearing escrow account by an escrow agent mutually agreed upon by the Authority and the buyer until the state tax credit release date. Approximately \$2,248,000 of restricted cash recorded under the Central Office Cost Center as of June 30, 2020 is held in an approved escrow account.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 6. Commitments and Contingencies (continued)

### d. Torts

The Authority is involved in various actions, the outcome of which, in the opinion of management and the Attorney General, will not have a material adverse effect on the Authority's financial position. Losses, if any, are either covered by insurance or will be a liability against the State of Hawaii.

### e. Workers' Compensation Policy

The State is self-insured for workers' compensation. Accordingly, the Authority is liable for workers' compensation claims filed by its employees. The basis for estimating the liabilities for unpaid claims include the effects of specific incremental claim adjustment expenses, salvage and subrogation, and other allocated or unallocated claim adjustment expenses. These liabilities include an amount for claims that have been incurred but not reported. As of June 30, 2020, the Authority has determined there is not a significant liability for workers' compensation claims.

### f. Accumulated Sick Leave Pay

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limitation. It may be taken only in the event of illness and is not convertible to pay upon termination of employment; accordingly, sick leave is not accrued in the accompanying statement of net position. However, a State employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the Employees' Retirement System of the State of Hawaii (ERS). Accumulated sick leave at June 30, 2020 amounted to approximately \$4,810,000.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 6. Commitments and Contingencies (continued)

### g. Litigation

Steven Rodrigues, as Personal Representative of the Estate of Iris Rodrigues-Kaikana, and in his individual capacity vs. Corbit K. Ahn, Kamehameha IV Housing Project, Hawaii Public Housing Authority, City & County of Honolulu, State of Hawaii, Mixed Martial Arts Academy, LLC, A Domestic Limited Liability Corporation

In August 2009, Iris Rodrigues-Kaikana was murdered by Corbit Ahn at the Kamehameha Homes in Kalihi. Her body was discovered in an alley adjacent to the housing complex. The Complaint alleges, among other things, that the State: failed to secure, to properly monitor and light the premises; “encouraged hoodlums like Defendant Ahn to enter the premises”; removed gates to keep “gangsters” out; allowed sexual predators onto the premises”; and refused to enforce a curfew for hoodlums.

A jury in the criminal case against Ahn found him guilty of Murder in the Second Degree and Sexual Assault in the Third Degree. He was sentenced on July 9, 2012 to a mandatory life term in prison. The conviction was upheld on appeal.

The civil case was stayed from October 2012 to June 2015, pending completion of the appeal of Ahn’s criminal conviction. The parties then completed a CAAP arbitration hearing where the arbitrator found the State not liable and Defendant Ahn 100% liable. Plaintiffs appealed. In September 2018, the court granted the State, the Authority, and Kamehameha Homes’ Motion for Summary Judgment as to all claims. The Plaintiff has not filed a final judgment in this case as the Plaintiff intends to re-file a Motion for Default Judgment against Defendant Corbit Ahn. As such, it remains unknown at this time if the Plaintiffs intend to appeal the order granting the motion for summary judgment.

McJerold William et.al. vs. Hawaii Public Housing Authority, et.al.

This case involves five separate incidents of alleged mistreatment by the security guards at Kalihi Valley Homes. Plaintiffs allege there were two assaults by Kiamalu Security Services (Kiamalu) security guards and three assaults by Universal Protection Services (UPS) security guards.

There had been an asset purchase of security companies. Kiamalu was the security guard company for the first two incidents including the William one. Then UPS bought Kiamalu, including its contract with the Authority.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 6. Commitments and Contingencies (continued)

### g. Litigation (continued)

#### McJerold William et.al. vs. Hawaii Public Housing Authority, et.al. (continued)

Kiamalu's insurer has appointed counsel. UPS retained private counsel because of the large self-insured retention on the insurance it selected. UPS has not accepted the Authority's tender of defense. Instead, counsel for UPS, the Plaintiffs, and Kiamalu agreed to an early mediation. Although the Authority has not been served with the Complaint, the deputy attorney general attended the mediation, with the understanding that the Authority would not pay for the cost of the mediation and would not be making any offer (as it understood that UPS is obligated under its contract with the Authority, and the facts), and there would not be any discovery requests aimed at the Authority before mediation. Following the mediation, four Plaintiffs dismissed their claims against the Authority pursuant to these Plaintiffs' respective settlement agreements with UPS and Kiamalu in early 2018. In July 2019, the remaining Plaintiff dismissed his claims against UPS but the filed stipulation to dismiss did not include or reference the Authority. To clarify the court record, the Authority intends to file a stipulation that dismisses all claims against the Authority and the State by the remaining Plaintiff.

#### Sophia Karsom, et al. v. State of Hawaii, et al. Civil No. 17-1-0843, First Circuit Court

Plaintiffs allege that an employee of the Authority driving an Authority maintenance vehicle struck a four year-old boy who was playing on the sidewalk in front of his home at 1555 Haka Drive, on or about August 26, 2016. The complaint alleges that the boy suffered a fractured pelvis, broken bones and internal injuries.

Following service in October 2017, the State, the Authority, and the employee answered the Amended Complaint. The State filed a third-party complaint against the minor's grandmother, Cynthia Kaminaga. In January 2019, the court granted the employee's Motion for Summary Judgment. On October 8, 2020, the Court filed its Order Granting the State of Hawaii and the Authority's Motion for Summary Judgment, filed January 10, 2020. The final judgment has not yet been filed and therefore, the Plaintiff may appeal the dismissal within 30 days after the filing of the final judgment.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 6. Commitments and Contingencies (continued)

### g. Litigation (continued)

Tangee R. Lazarus v. Hakim Ouansafi et al. (Case No. 1:2020CV00313, U.S. District Court)

Plaintiff Tangee R. Lazarus is a tenant at Kalakaua Homes, AMP 34. Plaintiff names seven Authority employees in her Complaint and alleges discrimination by the Authority employees on the basis of race and disability. Plaintiff claims that she has been subjected to various acts of harassment and assault by her neighbors at Kalakaua Homes and claims that the Authority employees have not taken any action following the incidents involving her neighbors, that the Authority employees have improperly disclosed her confidential information and spread false rumors about her, and that the Authority employees have retaliated against her following the incidents involving her neighbors.

Plaintiff seeks \$200,000 or “whatever the Court deems appropriate” in damages. Plaintiff has not yet effected proper service on any of the Authority employees. A scheduling conference is currently pending in the U.S. District Court.

## 7. Retirement Plan

### a. Plan Description

Generally, all full-time employees of the State and counties are required to be members of the ERS, a cost-sharing multiple-employer defined benefit pension plan that administers the State’s pension benefits program. Benefits, eligibility, and contribution requirements are governed by HRS Chapter 88 and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at ERS’ website <http://www.ers.hawaii.gov>.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### b. Benefits Provided

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability and death benefits with three membership classes known as the noncontributory, contributory and hybrid retirement classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2.25%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

#### Noncontributory Class

##### Retirement Benefits

General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with 10 years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### b. Benefits Provided (continued)

#### Noncontributory Class (continued)

##### Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

##### Death Benefits

For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at time of death with at least ten years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/reentry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of the member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### b. Benefits Provided (continued)

#### Contributory Class for Members Hired prior to July 1, 2012

##### Retirement Benefits

General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with 5 years of credited service are eligible to retire at age 55.

##### Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75 percent of average final compensation multiplied by the years of credited services but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

##### Death Benefits

For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump-sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### b. Benefits Provided (continued)

#### Contributory Class for Members Hired After June 30, 2012

##### Retirement Benefits

General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.

##### Disability and Death Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability.

Death benefits for contributory class members hired after June 30, 2012 are generally the same as those for contributory class members hired June 30, 2012 and prior.

#### Hybrid Class for Members Hired Prior to July 1, 2012

##### Retirement Benefits

General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with 5 years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.

##### Disability Benefits

Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### b. Benefits Provided (continued)

#### Hybrid Class for Members Hired Prior to July 1, 2012 (continued)

##### Death Benefits

For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least 5 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

#### Hybrid Class for Employees Hired After June 30, 2012

##### Retirement Benefits

General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and EMTs may retire with 25 years of credited service at age 55.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### b. Benefits Provided (continued)

#### Hybrid Class for Employees Hired After June 30, 2012 (continued)

##### Disability and Death Benefits

Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least 10 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

### c. Contributions

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rate for fiscal year 2020 was 22.00% for Authority employees. Contributions to the pension plan from the Authority was approximately \$3,319,000 for the fiscal year ended June 30, 2020.

Pursuant to Act 17 (SLH 2017), employer contributions from the State and counties are expected to increase over four years beginning July 1, 2017. The rate for Authority employees increased to 22.00% on July 1, 2019 and increases to 24.00% on July 1, 2020.

The employer is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.8% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.8% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0% of their salary.

The payroll for all of the Authority's employees and employees covered by the plan was approximately \$16,033,000 for 2020.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### d. Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pensions

At June 30, 2020, the Authority reported a liability of \$40,401,259 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2019, the Authority's proportion was 0.29%, which was consistent with its proportion measured as of June 30, 2018.

The following changes were made to the actuarial assumptions as of June 30, 2018 to June 30, 2019:

- The assumed salary increase schedules include an ultimate component for general wage inflation that may add on additional increases for individual merit and then an additional component for step rates based on service.
- Mortality rates generally decreased due to the continued improvements in using a fully generational approach and Scale BB.
- The rates of disability of active employees increased for all general employees and teachers, and for police and fire from duty-related reasons.
- There were minor increases in the retirement rates for members in certain groups based on age, employment group and/or membership class.

There were no changes between the measurement date, June 30, 2019, and the reporting date, June 30, 2020, that are expected to have a significant effect on the proportionate share of the net pension liability.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### d. Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pensions (continued)

For the year ended June 30, 2020, the Authority recognized pension expense of \$6,507,469. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 733,508	\$ (74,755)
Changes in assumptions	2,340,647	(722)
Net difference between projected and actual earnings on pension plan investments	-	(346,568)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	89,236	(224,404)
Authority contributions subsequent to the measurement date	<u>3,319,373</u>	<u>-</u>
Total	<u>\$6,482,764</u>	<u>\$ (646,449)</u>

At June 30, 2020, the \$3,319,373 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending June 30,	
2021	\$ 577,000
2022	577,000
2023	577,000
2024	577,000
2025	<u>208,942</u>
Total	<u>\$ 2,516,942</u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### e. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS Board of Trustees on August 12, 2019, based on the 2018 Experience Study for the five-year period from July 1, 2013 through June 30, 2018.

Inflation	2.50 percent
Payroll growth rate	3.50 percent
Investment rate of return	7.00 percent per year, compounded annually, including inflation

There were no changes to ad hoc postemployment benefits including cost of living allowances.

Post-retirement mortality rates are based on the 2016 Public Retirees of Hawaii mortality table with adjustments based on generational projections of the BB projection table for 2016 and full generational projections in future years. Pre-retirement mortality rates are based on multiples of RP-2014 mortality table based on the occupation of the member.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### e. Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a "top down approach" of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as "re-sampling with a replacement" that directly keys in on specific plan-level risk factors as stipulated by the ERS Board of Trustees) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return (real returns and inflation) by the target asset allocation percentage. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Strategic Allocation (risk-based classes)</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Rate of Return</u>
Broad Growth	63%	7.1%
Principal Protection	7	2.5
Real Return	10	4.1
Crisis Risk Offset	<u>20</u>	4.6
	<u>100%</u>	

The discount rate used to measure the net pension liability was 7.00%, consistent with the rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 7. Retirement Plan (continued)

### e. Actuarial Assumptions (continued)

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

	1 percent Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1 percent Increase <u>(8.00%)</u>
Authority's proportionate share of the net pension liability	\$ 58,432,874	\$ 40,401,259	\$ 35,373,574

### f. Pension Plan Fiduciary Net Pension

The pension plan's fiduciary net position is determined on the same basis used by the pension plan. The ERS financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded as of their trade date. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report. ERS's complete financial statements are available at <http://www.ers.ehawaii.gov>.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 8. Postemployment Health Care and Life Insurance Benefits

### a. Plan Descriptions

The Authority provides certain health care and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the Authority contributes to the EUTF, an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees and their dependents. The EUTF issues an annual financial report that is available to the public. The report may be obtained by writing to the EUTF at P.O. Box 2121, Honolulu, Hawaii 96805-2121.

For employees hired before July 1, 1996, the Authority pays the entire base monthly contribution for employees retiring with 10 years or more of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with less than 10 years of service, the Authority makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the Authority pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the Authority pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the Authority pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001, and who retire with less than 10 years of service, the Authority makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the Authority pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service the Authority pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the Authority pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

### b. Employees Covered by Benefit Terms

At July 1, 2019, the following number of plan members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	36,993
Inactive plan members entitled to but not yet receiving benefits	7,678
Active plan members	<u>50,591</u>
Total plan members	<u><u>95,262</u></u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 8. Postemployment Health Care and Life Insurance Benefits (continued)

### c. Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan from the Authority was approximately \$3,694,000 for the fiscal year ended June 30, 2020. The employer is required to make all contributions for members.

### d. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the Authority reported a net OPEB liability of approximately \$40,339,825. The net OPEB liability was measured as of July 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

There were no changes between the measurement date, July 1, 2019, and the reporting date, June 30, 2020, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2020, the Authority recognized OPEB expense of approximately \$3,232,769. At June 30, 2020 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (589,391)
Changes in assumptions	570,902	-
Net difference between projected and actual earnings on pension plan investments	93,130	-
Authority contributions subsequent to the measurement date	<u>3,693,632</u>	<u>-</u>
Total	<u>\$4,357,664</u>	<u>\$ (589,391)</u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 8. Postemployment Health Care and Life Insurance Benefits (continued)

### d. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2020, the \$3,693,632 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the years ending June 30,	
2021	\$ 19,623
2022	19,623
2023	19,623
2024	19,623
2025	(3,660)
Thereafter	<u>(191)</u>
Total	<u>\$ 74,641</u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 8. Postemployment Health Care and Life Insurance Benefits (continued)

### e. Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF Board of Trustees on January 13, 2020, based on the experience study covering the five year period ended June 30, 2018 as conducted for the ERS:

Inflation	2.50 percent
Salary Increases	3.50 percent to 7.00 percent including inflation
Investment Rate of Return	7.00 percent

### Healthcare Cost Trend Rates

PPO*	Initial rate of 8.00 percent, declining to a rate of 4.86 percent after 12 years
HMO*	Initial rate of 8.00 percent, declining to a rate of 4.86 percent after 12 years
Contribution	Initial rate of 5.00 percent; declining to a rate of 4.70 percent after 11 years
Dental	5.00 percent for the first two years, then 4.00 percent for all future years
Vision	0.00 percent for the first two years, then 2.50 percent for all future years
Life Insurance	0.00 percent

\*Blended rates for medical and prescription drug

Mortality rates are based on system-specific mortality tables utilizing scale BB to project generational mortality improvement.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 8. Postemployment Health Care and Life Insurance Benefits (continued)

### e. Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

Asset Class	Target Allocation	Long- Term Expected Real Rate
Private Equity	10 %	8.80 %
U.S. Microcap	7	7.30
U.S. Equity	15	5.35
Non-U.S. Equity	17	6.90
Global Options	7	4.75
Core Real Estate	10	3.90
Private Credit	6	5.60
Core Bonds	3	1.50
TIPS	5	1.20
Long Treasuries	6	2.00
Alternative Risk Premia	5	2.75
Trend Following	9	3.25
	100 %	

### f. Single Discount Rate

The discount rate used to measure the net OPEB liability was 7.00 percent, based on the expected rate of return on OPEB plan investments of 7.00 percent and the municipal bond rate of 3.13 percent (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-year Municipal GO AA index”). Beginning with the fiscal year 2019 contribution, the Authority’s funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 8. Postemployment Health Care and Life Insurance Benefits (continued)

### f. Single Discount Rate (continued)

projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### g. OPEB Plan Fiduciary Net Position

The OPEB plan's fiduciary net position has been determined on the same basis used by the OPEB plan. The EUTF's financial statements are prepared using the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the cash flows. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued EUTF financial report. EUTF's complete financial statements are available at <http://eutf.hawaii.gov>.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 8. Postemployment Health Care and Life Insurance Benefits (continued)

### h. Changes in Net OPEB Liability

The following table represents a schedule of changes in the net OPEB liability. The ending balances are as of the measurement date, July 1, 2019.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning Balance	\$ 45,400,755	\$ 5,112,211	\$ 40,288,544
Service Cost	1,080,428	-	1,080,428
Interest on the total OPEB liability	3,405,607	-	3,405,607
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(28,356)	-	(28,356)
Changes in assumptions	273,716	-	273,716
Employer contributions	-	3,597,601	(3,597,601)
Net investment income	-	327,087	(327,087)
Benefit payments	(1,630,932)	(1,630,932)	-
Administrative expense	-	(2,251)	2,251
Other	-	757,677	(757,677)
Net Changes	<u>3,100,463</u>	<u>3,049,182</u>	<u>51,281</u>
Ending balance	<u>\$ 48,501,218</u>	<u>\$ 8,161,393</u>	<u>\$ 40,339,825</u>

### i. Sensitivity of Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following table presents the Authority's net OPEB liability calculated using the discount rate of 7.00 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current discount rate:

	1 percent Decrease (6.00%)	Current Discount Rate (7.00%)	1 percent Increase (8.00%)
Authority's proportionate share of the net OPEB liability	\$ 48,064,175	\$ 40,339,825	\$ 34,244,931

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 8. Postemployment Health Care and Life Insurance Benefits (continued)

### i. Sensitivity of Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates (continued)

The following table presents the Authority's net OPEB liability calculated using the assumed healthcare cost trend rate, as well as what the Authority's net OPEB liability would be if it were calculated using the trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1 percent Decrease (6.00%)	Current Discount Rate (7.00%)	1 percent Increase (8.00%)
Authority's proportionate share of the net OPEB liability	\$ 33,967,279	\$ 40,339,825	\$ 48,573,056

## 9. Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. All plan assets are held in a trust fund to protect them from claims of general creditors. The State has no responsibility for loss due to the investment or failure of investment of funds and assets in the plan, but has the duty of due care that would be required of an ordinary prudent investor.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 10. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2020 is as follows:

Current Due from	General Fund	Housing Choice Voucher	Federal Low-Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Non-major Enterprise
Federal Low Rent Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,888,708
Central Office Cost Center	-	-	126,717	-	-	-	-
Non-major - Enterprise	2,002,197	735	-	103,945	111,572	9,661,599	-
Total	<u>\$ 2,002,197</u>	<u>\$ 735</u>	<u>\$ 126,717</u>	<u>\$ 103,945</u>	<u>\$ 111,572</u>	<u>\$ 9,661,599</u>	<u>\$ 1,888,708</u>

The current interfund receivable and payable balances are due to interfund services provided or reimbursable expenditures and payments between funds.

In the previous year, non-current interfund balances of \$16,678,845 and \$1,355,795 due from the Federal Low Rent Program and Housing Revolving Fund, respectively, represented each funds allocated portion of the OPEB liability, which was reported under the Central Office Cost Center. In the current year, the Authority, in accordance with the guidance provided by HUD, now recognizes each funds allocated portion of the OPEB liability directly under the respective funds.

## 11. Net Transfers

The composition of net transfer balances reflected in the financial statements as of June 30, 2020 is as follows:

Transfer From	Federal Low-Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Capital Projects
General Fund	\$ 2,397,985	\$ 920,991	\$ 1,735,417	\$ 10,071	\$ -
Capital Projects	529,982	48,884	-	-	-
Housing for Elders Revolving Fund	-	-	-	-	29,019
Total	<u>\$ 2,927,967</u>	<u>\$ 969,875</u>	<u>\$ 1,735,417</u>	<u>\$ 10,071</u>	<u>\$ 29,019</u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 11. Net Transfers (continued)

The following describes the transfers noted above:

General Fund: The General Fund expended approximately \$5,064,000 from the current year annual State of Hawaii appropriations to pay for rental housing service shortfalls and administrative expenses under certain enterprise funds.

Capital Projects: The Capital Projects Fund expended approximately \$579,000 from the current year annual State of Hawaii appropriations to primarily pay for capital improvement administrative expenses and rental housing service repairs and maintenance under certain enterprise funds.

Housing for Elders Revolving Fund: The Housing Revolving Fund expended approximately \$29,000 to pay for administrative expenses under the Capital Projects fund.

## 12. Capital Contributions

During 2020, the Capital Projects Fund expended approximately \$28,152,000 from the current year annual State of Hawaii appropriations to pay for capital outlays that were contributed to enterprise funds. The composition of capital contribution balances reflected in the Proprietary Funds financial statements as of June 30, 2020 is as follows:

Contributed From	Federal Low-Rent Program	Housing Revolving Fund	Housing Elders Revolving Fund	Central Office Cost Center Fund	Total
Capital Projects	\$ 25,906,162	\$ 298,253	\$ 1,712,310	\$ 235,769	\$ 28,152,494

For the government-wide, statement of activities, these amounts have been reflected as transfers.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2020

## 13. Subsequent Events

On March 4, 2020, in response to a new disease commonly known as COVID-19 caused by a novel strain of coronavirus, Hawaii Governor David Y. Ige (the Governor) proclaimed the spread of COVID-19 in Hawaii to be a disaster and declared a state of emergency in Hawaii. Several emergency proclamations have been issued.

The Tenth Supplementary Proclamation, issued on July 17, 2020, suspended specific provisions of law. Included were Sections 87A-42(b) – (f), HRS, other post-employment benefits trust, 81A-43, HRS, payment of public employer contributions to the other post-employment benefits trust, and 237-31(3), HRS, remittances, related to the requirement for public employers to pay the annual required contribution to the Hawaii Employer-Union Health Benefits Trust Fund in the fiscal year 2020-2021.

**Required Supplementary Information  
Other Than Management's Discussion and Analysis**

Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -  
MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	General Fund		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>
Revenues -			
State allotted appropriations	<u>\$ 5,941,437</u>	<u>\$ 5,941,437</u>	<u>\$ 5,941,437</u>
Expenditures -			
Rental housing and assistance program	<u>5,941,437</u>	<u>5,941,437</u>	<u>5,821,506</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,931</u>
	Housing Choice Voucher Program		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>
Revenues -			
HUD contributions	<u>38,358,008</u>	<u>\$ 38,358,008</u>	<u>\$ 38,358,008</u>
Expenditures -			
Rental housing and assistance program	<u>38,358,008</u>	<u>38,358,008</u>	<u>39,195,717</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (837,709)</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -  
MAJOR GOVERNMENTAL FUNDS (continued)

Year Ended June 30, 2020

	<u>Section 8 Contract Administration</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>
Revenues -			
HUD contributions	<u>\$ 38,547,718</u>	<u>\$ 38,547,718</u>	<u>\$ 38,547,718</u>
Expenditures -			
Rental housing and assistance program	<u>38,547,718</u>	<u>38,547,718</u>	<u>38,205,115</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,603</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -  
BUDGET-TO-GAAP RECONCILIATION

Year Ended June 30, 2020

	<u>General Fund</u>	<u>Housing Choice Voucher Program</u>	<u>Section 8 Contract Administration</u>
Excess (deficiency) of revenues over (under) expenditures and other sources and uses - actual on budgetary basis	\$ 119,931	\$ (837,709)	\$ 342,603
Reserve for encumbrance at year end*	654,546	-	-
Expenditures for liquidation of prior year's encumbrances	(2,215,355)	-	-
Reversion of prior year's allotments	(119,931)	-	-
Accrual adjustments, operating transfers and other	<u>552,904</u>	<u>607,057</u>	<u>(47,952)</u>
 (DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES AND OTHER USES - US GAAP BASIS	 <u>\$ (1,007,905)</u>	 <u>\$ (230,652)</u>	 <u>\$ 294,651</u>

\* Amount reflects the encumbrance balance included in continuing appropriation.

See accompanying independent auditor's report.

Hawaii Public Housing Authority

Schedule of the Authority's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Authority's proportion of the net pension liability	0.29%	0.28%	0.29%	0.29%	0.29%	0.29%	0.29%			
Authority's proportionate share of the net pension liability	\$ 40,401,259	\$ 37,880,199	\$ 37,036,049	\$ 38,216,244	\$ 25,085,181	\$ 23,355,937	\$ 25,740,677			
Authority's covered-employee payroll	14,709,141	14,806,198	14,516,008	13,576,230	13,759,120	12,683,355	11,885,355			
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	274.67%	255.84%	255.14%	281.49%	281.49%	182.32%	216.57%			
Plan fiduciary net position as a percentage of the total pension liability	54.87%	55.48%	54.80%	51.28%	62.42%	63.92%	57.96%			

\*This data is presented for years for which information is available

See accompanying independent auditor's report.

Hawaii Public Housing Authority

Schedule of the Authority's Pension Contributions  
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 3,319,373	\$ 2,816,511	\$ 2,510,750	\$ 2,348,866	\$ 2,172,048	\$ 2,159,495	\$ 1,965,345	\$ 1,788,664	\$ 1,571,123	\$ 1,536,848
Contributions in relation to the contractually required contribution	(3,319,373)	(2,816,511)	(2,510,750)	(2,348,866)	(2,172,048)	(2,159,495)	(1,965,345)	(1,788,664)	(1,571,123)	(1,536,848)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 16,033,163	\$ 14,709,141	\$ 14,806,198	\$ 14,516,008	\$ 13,576,230	\$ 13,759,120	\$ 12,683,355	\$ 11,885,355	\$ 10,400,580	\$ 9,850,368
Contributions as a percentage of covered-employee payroll	20.70%	19.15%	16.96%	16.18%	16.00%	15.70%	15.50%	15.05%	15.11%	15.60%

See accompanying independent auditor's report.

## Hawaii Public Housing Authority

Notes to the Schedule of the Authority's Pension Contributions  
Year ended June 30, 2020

Contribution rates are a percentage of pensionable payroll and are set by statute based on the recommendation of the ERS actuary. Act 256/2007 established contribution rates beginning July 1, 2008 through June 30, 2012. Act 163/2011 established new contribution rates beginning July 1, 2012 through July 1, 2015. Act 17/2017 established new contribution rates beginning July 1, 2018 until statutory changes are implemented. Contribution rates by year are as follows:

<u>Effective Starting</u>	<u>General Employees</u>
July 1, 2020	24.0%
July 1, 2019	22.0%
July 1, 2018	19.0%
July 1, 2017	18.0%
July 1, 2015	17.0%
July 1, 2014	16.5%
July 1, 2013	16.0%
July 1, 2012	15.5%
July 1, 2011	15.0%

Act 152/2012 amended the definition of compensation for new employees hired after June 30, 2012 for the purpose of pension benefit calculations. Compensation is defined as normal periodic payments and does not include overtime, supplemental payments, bonuses, lump sum salary differentials and other types of differentials. For employees hired prior to July 1, 2012 compensation includes overtime, supplemental payments, bonuses and other types of differentials for the purpose of pension benefit calculations.

Act 153/2012 requires employers to pay additional contributions for those employees who retire on or after July 1, 2012 with significant "non-base pay" increase in the three or five years used to calculate their average final compensation and maximum retirement allowances. The amount is determined by comparing the maximum retirement allowance that would have been received without the significant non-base pay increase to the actual maximum allowance. These amounts are assessed, on a fiscal year basis, for all retirees meeting the criteria during the previous fiscal year.

Hawaii Public Housing Authority

Schedule of the Authority's Proportionate Share of the Changes in Net OPEB Liability and Related Ratios  
Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Total OPEB Liability</b>										
Service cost	\$ 1,080,428	\$ 948,455	\$ 733,947							
Interest on the total OPEB liability	3,405,607	2,936,634	2,228,580							
Changes of benefit terms	-	-	-							
Difference between expected and actual experience of total OPEB liability	(28,356)	(868,350)	-							
Changes of assumptions	273,716	525,552	-							
Benefit payments	<u>(1,630,932)</u>	<u>(1,429,888)</u>	<u>(1,101,878)</u>							
Net change in total OPEB liability	3,100,463	2,112,403	1,860,649							
Total OPEB liability - beginning	<u>45,400,755</u>	<u>43,288,352</u>	<u>41,427,703</u>							
Total OPEB liability - ending	<u>\$ 48,501,218</u>	<u>\$ 45,400,755</u>	<u>\$ 43,288,352</u>							
<b>Plan fiduciary net position</b>										
Employer contributions	\$ 3,597,601	\$ 2,825,229	\$ 2,191,159							
Net investment income	327,087	325,516	219,382							
Benefit payments	(1,630,932)	(1,429,888)	(1,101,878)							
OPEB plan administrative expense	(2,251)	(1,066)	(561)							
Other	<u>757,677</u>	<u>-</u>	<u>17,616</u>							
Net change in plan fiduciary position	3,049,182	1,719,791	1,325,718							
Plan fiduciary net position - beginning	<u>5,112,211</u>	<u>3,392,420</u>	<u>2,066,702</u>							
Plan fiduciary net position - ending	<u>\$ 8,161,393</u>	<u>\$ 5,112,211</u>	<u>\$ 3,392,420</u>							
<b>Net OPEB liability - ending</b>	\$ 40,339,825	\$ 40,288,544	\$ 39,895,932							
Plan fiduciary net position as a percentage of total OPEB liability	17%	11%	8%							
Covered-employee payroll	14,709,141	14,806,198	14,516,008							
Net OPEB liability as a percentage of covered-employee payroll	274%	272%	275%							

\*This data is presented for years for which information is available

See accompanying independent auditor's report.

Hawaii Public Housing Authority

Schedule of the Authority's OPEB Contributions  
Last 10 Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 3,856,767	\$ 3,466,987	\$ 3,187,682							
Contributions in relation to the actuarially determined contribution	<u>3,693,632</u>	<u>3,597,601</u>	<u>2,825,229</u>							
Contributions deficiency (excess)	<u>\$ 163,135</u>	<u>\$ (130,614)</u>	<u>\$ 362,453</u>							
Authority's covered-employee payroll	\$ 16,033,163	\$ 14,709,141	\$ 14,806,198							
Contributions as a percentage of covered-employee payroll	24.05%	23.57%	21.53%							

\*This data is presented for years for which information is available

See accompanying independent auditor's report.

## Hawaii Public Housing Authority

Notes to the Schedule of the Authority's OPEB Contributions  
Year ended June 30, 2020

Actuarial Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization method*	Level percent, closed
Remaining amortization period	25 years
Asset valuation method	Market
<b>Actuarial Assumptions</b>	
Investment rate of return	7.00 percent
Projected salary increases	3.50 percent
<b>Healthcare Cost Trend Rates</b>	
PPO**	Initial rates of 6.60 percent and 9.00 percent, 4.86 percent after 14 years
HMO**	Initial rate of 9.00 percent, 4.86 percent after 14 years
Contribution	Initial rates of 2.00 percent and 5.00 percent, 4.70 percent after 14 years
Dental	3.50 percent
Vision	2.50 percent

\* Closed bases are established at each valuation for new unfunded liabilities.

\*\* Blended rates for medical and prescription drug.

## **Supplementary Information**

Hawaii Public Housing Authority

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2020

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>		
Section 8 Project-Based Cluster --		
Section 8 Housing Assistance Payments - Special Allocations	14.195	\$ 38,253,371
COVID 19 Public and Indian Housing	14.850	445,702
Public and Indian Housing	14.850	26,881,420
COVID 19 Section 8 Housing Choice Vouchers	14.871	21,292
Section 8 Housing Choice Vouchers	14.871	38,358,008
Resident Opportunity & Supporting Services	14.870	72,000
Public Housing Capital Fund	14.872	<u>6,747,961</u>
Total federal expenditures		<u><u>\$ 110,779,754</u></u>

The accompanying notes are an integral part of this schedule.

## **Hawaii Public Housing Authority**

Notes to the Schedule of Expenditures of Federal Awards  
Year ended June 30, 2020

### NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Hawaii Public Housing Authority (the Authority) under the programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance 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). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Hawaii Public Housing Authority

SCHEDULES OF MODERNIZATION FUNDS AND  
MODERNIZATION COSTS  
Year ended June 30, 2020

	Grant No. <u>HI-08-P001-501-16</u>
Funds approved	<u>\$ 9,184,654</u>
Funds disbursed	<u>\$ 9,184,654</u>
Funds expended (actual modernization cost)	<u>\$ 9,184,654</u>
Amounts to be recaptured	<u>\$ -</u>
EXCESS OF FUNDS DISBURSED	<u><u>\$ -</u></u>

Notes:

1. All modernization work in connection with the modernization grant has been completed.
2. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.
3. There are no undischarged mechanics', laborers', contractors', or material-men's liens against
4. The time in which such liens could be filed has expired.

Hawaii Public Housing Authority  
Financial Data Schedule  
Entity-Wide Balance Sheet  
June 30, 2020

Line Item Number	Description	Federal	Public Housing	Section 8 Housing	Section 8 Housing	Section 8 Housing		Business	Central Office	Central Office Cost		Total
		Low Rent Program	CARES Act Funding 14.PHC	Assistance Payments 14.195	Family Self-Sufficiency Program 14.896	Choice Voucher Program 14.871	HCV CARES Act Funding 14.HCC			State/Local	Activities	
111	Cash - Unrestricted	55,786,470	-	3,122,225	-	2,850,803	-	57,150,381	18,849,197	18,975,470	-	156,734,546
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	870,094	-	965	-	356,988	538,838	-	-	2,248,027	-	4,014,912
114	Cash - Tenant Security Deposits	1,033,045	-	-	-	-	-	-	256,500	-	-	1,289,545
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	111	-	-	-	-	-	111
<b>100</b>	<b>Total Cash</b>	<b>57,689,609</b>	<b>-</b>	<b>3,123,190</b>	<b>-</b>	<b>3,207,902</b>	<b>538,838</b>	<b>57,150,381</b>	<b>19,105,697</b>	<b>21,223,497</b>	<b>-</b>	<b>162,039,114</b>
121	Accounts Receivable - PHA Projects	-	-	-	-	297,343	-	-	-	-	-	297,343
122	Accounts Receivable - HUD Other Projects	125,652	327,498	221,063	-	40,833	-	-	-	-	-	715,046
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	13,591	-	-	-	-	-	-	23,863	198,791	-	236,245
126	Accounts Receivable - Tenants	1,470,911	-	-	-	-	-	-	1,236,585	-	-	2,707,496
126.1	Allowance for Doubtful Accounts - Tenants	(925,223)	-	-	-	-	-	-	(1,176,564)	-	-	(2,101,787)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	(269,206)	-	-	-	(197,110)	-	(466,316)
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	232,682	-	-	-	-	-	232,682
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	(228,026)	-	-	-	-	-	(228,026)
129	Accrued Interest Receivable	-	-	-	-	-	-	-	26,390	25,264	-	51,654
<b>120</b>	<b>Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>684,931</b>	<b>327,498</b>	<b>221,063</b>	<b>-</b>	<b>73,626</b>	<b>-</b>	<b>-</b>	<b>110,274</b>	<b>26,945</b>	<b>-</b>	<b>1,444,337</b>
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	19,799	-	19,799
143	Inventories	772,151	-	-	-	-	-	-	89,207	23,932	-	885,290
143.1	.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	126,717	-	-	-	735	-	2,002,197	2,104,226	9,661,599	(13,895,474)	-
	<b>Total Other Current Assets</b>	<b>898,868</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>735</b>	<b>-</b>	<b>2,002,197</b>	<b>2,193,433</b>	<b>9,705,330</b>	<b>(13,895,474)</b>	<b>905,089</b>
<b>150</b>	<b>Total Current Assets</b>	<b>59,273,408</b>	<b>327,498</b>	<b>3,344,253</b>	<b>-</b>	<b>3,282,263</b>	<b>538,838</b>	<b>59,152,578</b>	<b>21,409,404</b>	<b>30,955,772</b>	<b>(13,895,474)</b>	<b>164,388,540</b>
161	Land	13,093,629	-	-	-	-	-	2,373,410	9,872,571	-	-	25,339,610
162	Buildings	585,362,920	-	-	-	-	-	15,325,444	112,237,402	315,005	-	713,240,771
163	Furniture, Equipment & Machinery - Dwellings	3,361,885	-	-	-	-	-	-	920,810	-	-	4,282,695
164	Furniture, Equipment & Machinery - Administration	2,296,140	-	-	-	39,791	-	1,291,869	3,222,425	602,399	-	7,452,624
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(383,716,683)	-	-	-	(16,108)	-	(15,226,478)	(66,495,760)	(464,179)	-	(465,919,208)
167	Construction in Progress	92,186,839	-	-	-	-	-	-	3,800,758	496,444	-	96,484,041
<b>160</b>	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>312,584,730</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,683</b>	<b>-</b>	<b>3,764,245</b>	<b>63,558,206</b>	<b>949,669</b>	<b>-</b>	<b>380,880,533</b>
171	Notes, Loans and Mortgages Receivable - Non-Current	8,716,630	-	-	-	-	-	-	-	-	-	8,716,630
	<b>Total Other Non-Current Assets</b>	<b>8,716,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,716,630</b>
<b>180</b>	<b>Total Non-Current Assets</b>	<b>321,301,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,683</b>	<b>-</b>	<b>3,764,245</b>	<b>63,558,206</b>	<b>949,669</b>	<b>-</b>	<b>389,597,163</b>
<b>190</b>	<b>Total Assets</b>	<b>380,574,768</b>	<b>327,498</b>	<b>3,344,253</b>	<b>-</b>	<b>3,305,946</b>	<b>538,838</b>	<b>62,916,823</b>	<b>84,967,610</b>	<b>31,905,441</b>	<b>(13,895,474)</b>	<b>553,985,703</b>
200	Deferred Outflow of Resources	4,435,602	-	-	-	707,802	-	41,759	326,332	5,332,791	-	10,844,286
<b>290</b>	<b>Total Assets and Deferred Outflow of Resources</b>	<b>385,010,370</b>	<b>327,498</b>	<b>3,344,253</b>	<b>-</b>	<b>4,013,748</b>	<b>538,838</b>	<b>62,958,582</b>	<b>85,293,942</b>	<b>37,238,232</b>	<b>(13,895,474)</b>	<b>564,829,989</b>
312	Accounts Payable <= 90 Days	1,127,231	-	-	-	7,497	-	143,110	429,819	334,873	-	2,042,530
321	Accrued Wage/Payroll Taxes Payable	505,881	-	-	-	104,691	-	2,584	40,091	490,422	-	1,143,669
322	Accrued Compensated Absences - Current Portion	318,912	-	-	-	39,618	-	6,796	25,109	344,642	-	735,077
333	Accounts Payable - Other Government	207,321	-	-	-	-	-	-	-	-	-	207,321
341	Tenant Security Deposits	1,033,045	-	-	-	-	-	-	256,497	-	-	1,289,542
342	Deferred Revenues	300,791	-	-	-	3,420	538,838	2,000,000	10,550	-	-	2,853,599
345	Other Current Liabilities	375,575	-	-	-	113,837	-	3,910,899	12,310	47,202	-	4,459,823
346	Accrued Liabilities - Other	976,276	-	151,632	-	12,670	-	317,317	261,035	52,690	-	1,771,620
347	Inter Program - Due To	1,561,211	327,498	-	-	-	-	-	11,880,048	126,717	(13,895,474)	-
<b>310</b>	<b>Total Current Liabilities</b>	<b>6,406,243</b>	<b>327,498</b>	<b>151,632</b>	<b>-</b>	<b>281,733</b>	<b>538,838</b>	<b>6,380,706</b>	<b>12,915,459</b>	<b>1,396,546</b>	<b>(13,895,474)</b>	<b>14,503,181</b>
353	Non-Current Liabilities - Other	-	-	-	-	153,141	-	-	-	-	-	153,141
354	Accrued Compensated Absences - Non Current	699,000	-	-	-	86,835	-	14,897	55,036	755,398	-	1,611,166
357	Accrued Pension and OPEB Liabilities	34,675,901	-	-	-	5,254,053	-	355,740	2,845,121	37,610,268	-	80,741,083
<b>350</b>	<b>Total Non-Current Liabilities</b>	<b>35,374,901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,494,029</b>	<b>-</b>	<b>370,637</b>	<b>2,900,157</b>	<b>38,365,666</b>	<b>-</b>	<b>82,505,390</b>
<b>300</b>	<b>Total Liabilities</b>	<b>41,781,144</b>	<b>327,498</b>	<b>151,632</b>	<b>-</b>	<b>5,775,762</b>	<b>538,838</b>	<b>6,751,343</b>	<b>15,815,616</b>	<b>39,762,212</b>	<b>(13,895,474)</b>	<b>97,008,571</b>
400	Deferred Inflow of Resources	530,817	-	-	-	26,123	-	-	38,587	644,171	-	1,239,698
508.4	Invested in capital assets, net of related debt	312,584,730	-	-	-	23,683	-	3,764,245	63,558,206	949,669	-	380,880,533
511.4	Restricted Fund Balance	-	-	-	-	90,121	-	-	-	-	-	90,121
512.4	Unrestricted Net Assets	30,113,679	-	3,192,621	-	(1,901,941)	-	52,442,994	5,881,533	(4,117,820)	-	85,611,066
<b>513</b>	<b>Total Equity/Net Assets</b>	<b>342,698,409</b>	<b>-</b>	<b>3,192,621</b>	<b>-</b>	<b>(1,788,137)</b>	<b>-</b>	<b>56,207,239</b>	<b>69,439,739</b>	<b>(3,168,151)</b>	<b>-</b>	<b>466,581,720</b>
<b>600</b>	<b>Total Liabilities, Deferred Inflows of Resources and Equity/Net Assets</b>	<b>385,010,370</b>	<b>327,498</b>	<b>3,344,253</b>	<b>-</b>	<b>4,013,748</b>	<b>538,838</b>	<b>62,958,582</b>	<b>85,293,942</b>	<b>37,238,232</b>	<b>(13,895,474)</b>	<b>564,829,989</b>

See accompanying independent auditor's report.

Hawaii Public Housing Authority  
Financial Data Schedule  
Entity-Wide Revenue and Expense Summary  
June 30, 2020

Line Item Number	Description	Federal	Public Housing	Section 8 Housing	Section 8 Housing Choice			Business	Central Office	Central Office Cost		Total	
		Low Rent Program	CARES Act Funding 14.PHC	Assistance Payments 14.195	Family Self-Sufficiency Program 14.896	Voucher Program 14.871	HCV CARES Act Funding 14.HCC			State/Local	Center CARES Act Funding 14.CCC		Elimination
70300	Net Tenant Rental Revenue	18,552,459	-	-	-	-	-	-	-	-	-	22,973,915	
70400	Tenant Revenue - Other	425,215	-	-	-	-	-	-	-	-	-	493,371	
<b>70500</b>	<b>Total Tenant Revenue</b>	<b>18,977,674</b>	-	-	-	-	-	-	-	-	-	<b>23,467,286</b>	
70600	HUD PHA Operating Grants	30,624,512	445,702	38,547,718	72,000	38,358,008	21,292	-	-	-	-	108,069,232	
70610	Capital Grants	3,004,873	-	-	-	-	-	-	-	-	-	3,004,873	
70710	Management Fee	-	-	-	-	-	-	-	6,057,077	-	(6,057,077)	-	
70720	Asset Management Fee	-	-	-	-	-	-	-	565,800	-	(565,800)	-	
70730	Bookkeeping Fee	-	-	-	-	-	-	-	696,677	-	(696,677)	-	
70740	Front Line Service Fee	-	-	-	-	-	-	-	3,001,300	-	(3,001,300)	-	
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-	
<b>70700</b>	<b>Total Fee Revenue</b>	<b>33,629,385</b>	<b>445,702</b>	<b>38,547,718</b>	<b>72,000</b>	<b>38,358,008</b>	<b>21,292</b>	-	<b>10,320,854</b>	-	<b>(10,320,854)</b>	<b>111,074,105</b>	
70800	Other Government Grants	-	-	-	-	-	-	8,768,898	-	-	-	8,768,898	
71100	Investment Income - Unrestricted	6,653	-	304	-	327	-	-	141,740	256,273	-	405,297	
71400	Fraud Recovery	-	-	-	-	50,288	-	-	-	-	-	50,288	
71500	Other Revenue	334,332	-	-	-	463,477	-	60	325,188	8,295	301,590	1,131,352	
72000	Investment Income - Restricted	-	-	-	-	118	-	-	-	-	-	118	
	<b>Total Other Revenue</b>	<b>340,985</b>	-	<b>304</b>	-	<b>514,210</b>	-	<b>8,768,958</b>	<b>466,928</b>	<b>264,568</b>	<b>301,590</b>	<b>(301,590)</b>	<b>10,355,953</b>
<b>70000</b>	<b>Total Revenue</b>	<b>52,948,044</b>	<b>445,702</b>	<b>38,548,022</b>	<b>72,000</b>	<b>38,872,218</b>	<b>21,292</b>	<b>8,768,958</b>	<b>4,956,540</b>	<b>10,585,422</b>	<b>301,590</b>	<b>(10,622,444)</b>	<b>144,897,344</b>
91100	Administrative Salaries	2,270,871	-	-	-	1,110,403	-	62,004	168,807	4,939,908	-	8,551,993	
91200	Auditing Fees	108,059	-	43,657	-	48,794	-	39,508	68,266	25,308	-	333,592	
91300-010	Management Fee - to COCC	5,059,502	301,590	-	-	603,166	-	11,850	382,559	-	-	(6,358,667)	
91300-020	Management Fee - to 3rd Party	447,000	-	1,073,624	-	-	-	-	363,677	-	-	1,884,301	
91310	Bookkeeping Fee	398,603	-	-	-	217,351	-	7,426	73,298	-	-	(696,678)	
91400	Advertising and Marketing	163	-	-	-	714	-	-	207	27,981	-	29,065	
91500	Employee Benefit Contributions - Administration	1,842,972	48,368	-	-	818,847	-	13,124	141,448	3,884,680	-	6,749,439	
91600	Office Expenses	808,530	-	-	-	67,884	-	4,527	93,286	370,375	86,394	1,444,871	
91700	Legal Expense	126,710	-	-	-	3,066	-	-	144	631,412	-	761,332	
91800	Travel	22,715	-	-	-	551	-	-	2,365	96,585	-	122,216	
91900	Other	2,547,345	7,545	-	-	24,515	-	1,419	658,359	86,412	13,107	2,666,559	
<b>91000</b>	<b>Total Operating - Administrative</b>	<b>13,632,470</b>	<b>357,503</b>	<b>1,117,281</b>	-	<b>2,895,291</b>	<b>19,878</b>	<b>139,858</b>	<b>1,952,416</b>	<b>10,062,661</b>	<b>99,501</b>	<b>(7,733,491)</b>	<b>22,543,368</b>
<b>92000</b>	<b>Asset Management Fee</b>	<b>565,800</b>	-	-	-	-	-	-	-	-	-	<b>(565,800)</b>	-
92100	Tenant Services - Salaries	-	270	-	44,150	-	-	-	128	-	-	44,548	
92200	Relocation Costs	7,726	-	-	-	-	-	-	-	-	-	7,726	
92300	Employee Benefit Contributions - Tenant Services	-	-	-	27,850	-	-	-	-	-	-	27,850	
92400	Tenant Services - Other	85,734	87,929	-	-	5,503	1,414	7	8,639	42,838	202,089	434,153	
<b>92500</b>	<b>Total Tenant Services</b>	<b>93,460</b>	<b>88,199</b>	-	<b>72,000</b>	<b>5,503</b>	<b>1,414</b>	<b>7</b>	<b>8,767</b>	<b>42,838</b>	<b>202,089</b>	-	<b>514,277</b>
93100	Water	2,717,010	-	-	-	762	-	35	350,455	4,215	-	3,072,477	
93200	Electricity	2,054,223	-	-	-	18,288	-	735	983,705	122,980	-	3,179,931	
93300	Gas	1,481,164	-	-	-	-	-	-	89,703	-	-	1,570,867	
93400	Fuel	-	-	-	-	-	-	-	-	(21)	-	(21)	
93600	Sewer	4,241,471	-	-	-	1,675	-	76	845,074	8,574	-	5,096,870	
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-	-	
<b>93000</b>	<b>Total Utilities</b>	<b>10,493,868</b>	-	-	-	<b>20,725</b>	-	<b>846</b>	<b>2,268,937</b>	<b>135,748</b>	-	-	<b>12,920,124</b>

See accompanying independent auditor's report.

Hawaii Public Housing Authority  
Financial Data Schedule  
Entity-Wide Revenue and Expense Summary  
June 30, 2020

Line Item Number	Description	Federal	Public Housing	Section 8 Housing	Family Self-Sufficiency	Section 8 Housing Choice	HCV CARES Act Funding	State/Local	Business	Central Office	Central Office Cost	Elimination	Total
		Low Rent Program	CARES Act Funding 14.PHC	Assistance Payments 14.195	Program 14.896	Voucher Program 14.871	14.HCC		Activities	Cost Center	Funding 14.CCC		
94100	Ordinary Maintenance and Operations - Labor	4,750,340	-	-	-	-	-	-	349,404	2,337,273	-	-	7,437,017
94200	Ordinary Maintenance and Operations - Materials and Other	2,915,453	-	-	-	9,126	-	111	234,566	76,610	-	-	3,235,866
94300	Ordinary Maintenance and Operations Contracts	8,786,881	-	-	-	21,594	-	338	1,617,275	116,559	-	(2,323,153)	8,219,494
94500	Employee Benefit Contributions - Ordinary Maintenance	3,772,661	-	-	-	-	-	-	301,423	1,807,943	-	-	5,882,027
<b>94000</b>	<b>Total Maintenance</b>	<b>20,225,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,720</b>	<b>-</b>	<b>449</b>	<b>2,502,668</b>	<b>4,338,385</b>	<b>-</b>	<b>(2,323,153)</b>	<b>24,774,404</b>
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	3,562,336	-	-	-	-	-	-	290,832	2,065	-	-	3,855,233
95300	Protective Services - Other	11,671	-	-	-	2,887	-	240	6,229	15,019	-	-	36,046
<b>95000</b>	<b>Total Protective Services</b>	<b>3,574,007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,887</b>	<b>-</b>	<b>240</b>	<b>297,061</b>	<b>17,084</b>	<b>-</b>	<b>-</b>	<b>3,891,279</b>
96110	Property Insurance	324,316	-	-	-	23	-	-	67,493	319	-	-	392,151
96120	Liability Insurance	25,648	-	4,599	-	4,614	-	272	14,226	1,772	-	-	51,131
96130	Workmen's Compensation	31,162	-	-	-	4,931	-	224	2,389	26,898	-	-	65,604
96140	All Other Insurance	17,685	-	-	-	564	-	26	2,827	10,481	-	-	31,583
<b>96100</b>	<b>Total Insurance Premiums</b>	<b>398,811</b>	<b>-</b>	<b>4,599</b>	<b>-</b>	<b>10,132</b>	<b>-</b>	<b>522</b>	<b>86,935</b>	<b>39,470</b>	<b>-</b>	<b>-</b>	<b>540,469</b>
96200	Other General Expenses	2,518,014	-	-	-	181,542	-	76	572,200	90,801	-	-	3,362,633
96210	Compensated Absences	54,033	-	-	-	(33,438)	-	3,810	7,980	24,123	-	-	56,508
96300	Payments in Lieu of Taxes	207,321	-	-	-	-	-	-	-	-	-	-	207,321
96400	Bad Debt - Tenant Rents	460,632	-	-	-	-	-	-	95,945	-	-	-	556,577
96600	Bad Debt - Other	-	-	-	-	332,937	-	-	-	-	-	-	332,937
96800	Severance Expense	83	-	-	-	-	-	-	-	-	-	-	83
<b>96000</b>	<b>Total Other General Expenses</b>	<b>3,240,083</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>481,041</b>	<b>-</b>	<b>3,886</b>	<b>676,125</b>	<b>114,924</b>	<b>-</b>	<b>-</b>	<b>4,516,059</b>
<b>96900</b>	<b>Total Operating Expenses</b>	<b>52,223,834</b>	<b>445,702</b>	<b>1,121,880</b>	<b>72,000</b>	<b>3,446,299</b>	<b>21,292</b>	<b>145,808</b>	<b>7,792,909</b>	<b>14,751,110</b>	<b>301,590</b>	<b>(10,622,444)</b>	<b>69,699,980</b>
<b>97000</b>	<b>Excess of Operating Revenue Over Operating Expenses</b>	<b>724,210</b>	<b>-</b>	<b>37,426,142</b>	<b>-</b>	<b>35,425,919</b>	<b>-</b>	<b>8,623,150</b>	<b>(2,836,369)</b>	<b>(4,165,688)</b>	<b>-</b>	<b>-</b>	<b>75,197,364</b>
97300	Housing Assistance Payments	-	-	37,131,491	-	35,458,113	-	1,634,937	-	-	-	-	74,224,541
97350	HAP Portability-In	-	-	-	-	436,392	-	-	-	-	-	-	436,392
97400	Depreciation Expense	17,485,464	-	-	-	5,684	-	126,370	3,427,113	65,166	-	-	21,109,797
<b>97000</b>	<b>Subtotal</b>	<b>17,485,464</b>	<b>-</b>	<b>37,131,491</b>	<b>-</b>	<b>35,900,189</b>	<b>-</b>	<b>1,761,307</b>	<b>3,427,113</b>	<b>65,166</b>	<b>-</b>	<b>-</b>	<b>95,770,730</b>
<b>90000</b>	<b>Total Expenses</b>	<b>69,709,298</b>	<b>445,702</b>	<b>38,253,371</b>	<b>72,000</b>	<b>39,346,488</b>	<b>21,292</b>	<b>1,907,115</b>	<b>11,220,022</b>	<b>14,816,276</b>	<b>301,590</b>	<b>(10,622,444)</b>	<b>165,470,710</b>
10010	Operating Transfer In	1,904,792	-	-	-	-	-	-	4,686,836	245,840	-	(6,837,468)	-
10020	Operating Transfer Out	(1,904,792)	-	-	-	-	-	(4,932,676)	-	-	-	6,837,468	-
10091	Inter Project Excess Cash Transfer In	1,500,000	-	-	-	-	-	-	-	-	-	(1,500,000)	-
10092	Inter Project Excess Cash Transfer Out	(1,500,000)	-	-	-	-	-	-	-	-	-	1,500,000	-
10093	Transfers Between Program and Project - In	28,834,130	-	-	-	-	-	-	-	-	-	(28,834,130)	-
10094	Transfers Between Program and Project - Out	-	-	-	-	-	-	(28,834,130)	-	-	-	28,834,130	-
<b>10100</b>	<b>Total Other Financing Sources (Uses)</b>	<b>28,834,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33,766,806)</b>	<b>4,686,836</b>	<b>245,840</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000</b>	<b>Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>12,072,876</b>	<b>-</b>	<b>294,651</b>	<b>-</b>	<b>(474,270)</b>	<b>-</b>	<b>(26,904,963)</b>	<b>(1,576,646)</b>	<b>(3,985,014)</b>	<b>-</b>	<b>-</b>	<b>(20,573,366)</b>
11030	Beginning Equity	330,625,533	-	2,897,970	-	(1,313,867)	-	83,112,202	71,016,385	816,863	-	-	487,155,086
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	12,072,876	-	294,651	-	(474,270)	-	(26,904,963)	(1,576,646)	(3,985,014)	-	-	(20,573,366)
11040-010	Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
11040-070	Equity Transfer of Capital Contributions From Capital Projects Fund	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Ending Equity</b>	<b>342,698,409</b>	<b>-</b>	<b>3,192,621</b>	<b>-</b>	<b>(1,788,137)</b>	<b>-</b>	<b>56,207,239</b>	<b>69,439,739</b>	<b>(3,168,151)</b>	<b>-</b>	<b>-</b>	<b>466,581,720</b>

See accompanying independent auditor's report.

Hawaii Public Housing Authority  
Financial Data Schedule  
Project Balance Sheet  
June 30, 2020

Line Item Number	Description	HI001000030	HI001000031	HI001000032	HI001000033	HI001000034	HI001000035	HI001000037	HI001000038	HI001000039	HI001000040	HI001000043	HI001000044	HI001000045	HI001000046	HI001000049	HI001000050	HI001000052	Total Project
111	Cash - Unrestricted	5,740,834	8,058,371	7,033,557	4,018,554	5,730,360	5,672,926	2,136,833	2,368,960	1,273,145	1,888,321	1,193,047	3,034,008	2,894,643	843,249	1,119,360	2,780,302	-	55,786,470
112	Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	Cash - Other Restricted	-	32,326	9,748	-	12,887	-	-	-	-	-	-	11,287	803,846	-	-	-	-	870,094
114	Cash - Tenant Security Deposits	92,939	103,488	77,066	82,032	91,538	104,472	73,198	69,188	51,852	42,929	41,706	60,258	49,849	28,190	34,207	30,133	-	1,033,045
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>100</b>	<b>Total Cash</b>	<b>5,833,773</b>	<b>8,194,185</b>	<b>7,120,371</b>	<b>4,100,586</b>	<b>5,834,785</b>	<b>5,777,398</b>	<b>2,210,031</b>	<b>2,438,148</b>	<b>1,324,997</b>	<b>1,931,250</b>	<b>1,234,753</b>	<b>3,105,553</b>	<b>3,748,338</b>	<b>871,439</b>	<b>1,153,567</b>	<b>2,810,435</b>	<b>-</b>	<b>57,689,609</b>
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	-	-	-	-	87,870	37,782	-	-	-	-	-	-	-	-	-	-	-	125,652
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	13,591	-	-	-	-	-	-	-	13,591
126	Accounts Receivable - Tenants	136,837	175,510	248,562	98,738	81,173	75,447	49,068	189,786	91,587	106,380	22,398	25,604	41,515	57,806	26,077	44,423	-	1,470,911
126.1	.1 Allowance for Doubtful Accounts - Tenants	(91,311)	(85,693)	(147,988)	(59,937)	(58,593)	(54,396)	(24,308)	(162,788)	(64,923)	(69,582)	(3,461)	(14,766)	(25,593)	(27,100)	(11,035)	(23,749)	-	(925,223)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>120</b>	<b>Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>45,526</b>	<b>89,817</b>	<b>100,574</b>	<b>38,801</b>	<b>110,450</b>	<b>58,833</b>	<b>24,760</b>	<b>26,998</b>	<b>26,664</b>	<b>50,389</b>	<b>18,937</b>	<b>10,838</b>	<b>15,922</b>	<b>30,706</b>	<b>15,042</b>	<b>20,674</b>	<b>-</b>	<b>684,931</b>
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
143	Inventories	33,110	96,525	108,427	52,779	86,749	59,359	10,732	38,477	61,887	68,412	23,689	6,367	51,706	35,501	16,615	21,816	-	772,151
143.1	.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	-	6,924	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119,793	126,717
	<b>Total Other Current Assets</b>	<b>33,110</b>	<b>103,449</b>	<b>108,427</b>	<b>52,779</b>	<b>86,749</b>	<b>59,359</b>	<b>10,732</b>	<b>38,477</b>	<b>61,887</b>	<b>68,412</b>	<b>23,689</b>	<b>6,367</b>	<b>51,706</b>	<b>35,501</b>	<b>16,615</b>	<b>21,816</b>	<b>119,793</b>	<b>898,868</b>
<b>150</b>	<b>Total Current Assets</b>	<b>5,912,409</b>	<b>8,387,451</b>	<b>7,329,372</b>	<b>4,192,166</b>	<b>6,031,984</b>	<b>5,895,590</b>	<b>2,245,523</b>	<b>2,503,623</b>	<b>1,413,548</b>	<b>2,050,051</b>	<b>1,277,379</b>	<b>3,122,758</b>	<b>3,815,966</b>	<b>937,646</b>	<b>1,185,224</b>	<b>2,852,925</b>	<b>119,793</b>	<b>59,273,408</b>
161	Land	2,534,474	550,848	207,679	319,507	297,702	1,953,866	1,707,058	548,446	512,658	419,374	955,313	815,673	125,890	192,885	1,639,118	313,138	-	13,093,629
162	Buildings	48,185,429	56,395,387	27,038,717	43,919,670	34,624,529	37,733,532	66,706,140	49,898,930	36,712,842	15,129,809	33,349,724	35,505,919	43,893,028	19,754,974	18,296,505	18,217,785	-	585,362,920
163	Furniture, Equipment & Machinery - Dwellings	72,608	105,792	1,211,821	370,981	234,607	262,284	276,575	154,490	116,727	42,624	55,005	159,476	103,545	89,639	34,187	71,524	-	3,361,885
164	Furniture, Equipment & Machinery - Administration	397,847	167,773	437,717	98,483	91,492	131,119	466,192	175,199	79,008	75,682	19,048	48,148	13,654	7,734	5,989	81,055	-	2,296,140
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(36,591,778)	(40,662,924)	(19,817,695)	(27,414,156)	(25,302,357)	(23,978,873)	(39,755,748)	(27,749,235)	(19,354,566)	(10,866,612)	(21,484,165)	(27,557,686)	(29,744,113)	(10,908,248)	(15,444,652)	(7,083,875)	-	(383,716,683)
167	Construction in Progress	8,838,594	11,759,064	428,219	59,301	10,919,874	14,898,120	15,477,577	2,122,350	502,683	3,000	51,633	8,010,053	839,860	58,666	10,295,660	7,922,185	-	92,186,839
<b>160</b>	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>23,437,174</b>	<b>28,315,940</b>	<b>9,506,458</b>	<b>17,353,786</b>	<b>20,865,847</b>	<b>31,000,048</b>	<b>44,877,794</b>	<b>25,150,180</b>	<b>18,569,352</b>	<b>13,520,507</b>	<b>12,946,558</b>	<b>16,981,583</b>	<b>15,231,864</b>	<b>9,195,650</b>	<b>14,826,807</b>	<b>19,521,812</b>	<b>-</b>	<b>312,584,730</b>
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-	-	8,716,630	-	-	-	-	-	-	-	8,716,630
	<b>Total Other Non-Current Assets</b>	<b>-</b>	<b>8,716,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,716,630</b>								
<b>180</b>	<b>Total Non-Current Assets</b>	<b>23,437,174</b>	<b>28,315,940</b>	<b>9,506,458</b>	<b>17,353,786</b>	<b>20,865,847</b>	<b>31,000,048</b>	<b>44,877,794</b>	<b>25,150,180</b>	<b>18,569,352</b>	<b>13,520,507</b>	<b>12,946,558</b>	<b>16,981,583</b>	<b>15,231,864</b>	<b>9,195,650</b>	<b>14,826,807</b>	<b>19,521,812</b>	<b>-</b>	<b>321,301,360</b>
<b>190</b>	<b>Total Assets</b>	<b>29,349,583</b>	<b>36,703,391</b>	<b>16,835,830</b>	<b>21,545,952</b>	<b>26,897,831</b>	<b>36,895,638</b>	<b>47,123,317</b>	<b>27,653,803</b>	<b>19,982,900</b>	<b>15,570,558</b>	<b>14,223,937</b>	<b>20,104,341</b>	<b>19,047,830</b>	<b>10,133,296</b>	<b>16,012,031</b>	<b>22,374,737</b>	<b>119,793</b>	<b>380,574,768</b>
200	Deferred Outflow of Resources	646,030	400,059	398,580	412,460	640,636	625,889	473,715	491,469	346,764	-	-	-	-	-	-	-	-	4,435,602
<b>290</b>	<b>Total Assets and Deferred Outflow of Resources</b>	<b>29,995,613</b>	<b>37,103,450</b>	<b>17,234,410</b>	<b>21,958,412</b>	<b>27,538,467</b>	<b>37,521,527</b>	<b>47,597,032</b>	<b>28,145,272</b>	<b>20,329,664</b>	<b>15,570,558</b>	<b>14,223,937</b>	<b>20,104,341</b>	<b>19,047,830</b>	<b>10,133,296</b>	<b>16,012,031</b>	<b>22,374,737</b>	<b>119,793</b>	<b>385,010,370</b>
312	Accounts Payable <= 90 Days	27,219	75,080	95,933	16,396	29,781	84,853	91,258	76,825	73,844	97,268	93,073	83,586	89,111	67,201	80,111	45,692	-	1,127,231
321	Accrued Wage/Payroll Taxes Payable	73,531	54,700	43,398	45,169	71,757	83,021	54,978	42,529	36,798	-	-	-	-	-	-	-	-	505,881
322	Accrued Compensated Absences - Current Portion	46,695	36,556	25,751	26,802	50,194	41,537	41,021	25,299	25,057	-	-	-	-	-	-	-	-	318,912
333	Accounts Payable - Other Government	-	-	-	-	-	-	69,104	64,168	47,376	-	6,454	-	20,219	-	-	-	-	207,321
341	Tenant Security Deposits	92,939	103,488	77,066	82,032	91,538	104,472	73,198	69,188	51,852	42,929	41,706	60,258	49,849	28,190	34,207	30,133	-	1,033,045
342	Deferred Revenues	13,432	30,479	14,675	22,293	28,648	14,348	10,460	18,036	11,779	26,396	18,495	32,015	20,209	11,736	7,977	19,813	-	300,791
345	Other Current Liabilities	2,344	69,260	19,996	7,607	113,173	40,194	8,637	12,456	8,311	8,402	16,943	19,179	30,965	8,799	5,640	3,669	-	375,575
346	Accrued Liabilities - Other	22,327	78,328	97,742	17,350	52,731	71,582	44,241	21,925	17,776	122,618	74,525	80,571	75,525	40,260	73,852	74,259	10,664	976,276
347	Inter Program - Due To	74,900	-	530,356	257,279	118,311	66,077	19,200	433,498	9,855	7,109	7,231	16,536	9,808	2,514	4,636	3,901	-	1,561,211
<b>310</b>	<b>Total Current Liabilities</b>	<b>353,387</b>	<b>447,891</b>	<b>904,917</b>	<b>474,928</b>	<b>556,133</b>	<b>506,084</b>	<b>412,097</b>	<b>763,924</b>	<b>282,648</b>	<b>304,722</b>	<b>258,427</b>	<b>292,145</b>	<b>275,467</b>	<b>178,919</b>	<b>206,423</b>	<b>177,467</b>	<b>10,664</b>	<b>6,406,243</b>
353	Non-Current Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	102,349	80,126	56,441	58,744	110,017	91,041	89,910	55,451	54,921	-	-	-	-	-	-	-	-	699,000
357	Accrued Pension and OPEB Liabilities	4,771,961	3,651,346	3,082,544	3,179,626	4,932,744	5,132,203	3,802,963	3,420,548	2,701,966	-	-	-	-	-	-	-	-	34,675,901
<b>350</b>	<b>Total Non-Current Liabilities</b>	<b>4,874,310</b>	<b>3,731,472</b>	<b>3,138,985</b>	<b>3,238,370</b>	<b>5,042,761</b>	<b>5,223,244</b>	<b>3,892,873</b>	<b>3,475,999</b>	<b>2,756,887</b>	<b>-</b>	<b>-</b>	<b>35,374,901</b>						
<b>300</b>	<b>Total Liabilities</b>	<b>5,227,697</b>	<b>4,179,363</b>	<b>4,043,902</b>	<b>3,713,298</b>	<b>5,598,894</b>	<b>5,729,328</b>	<b>4,304,970</b>	<b>4,239,923</b>	<b>3,039,535</b>	<b>304,722</b>	<b>258,427</b>	<b>292,145</b>	<b>275,467</b>	<b>178,919</b>	<b>206,423</b>	<b>17</b>		

Hawaii Public Housing Authority  
Financial Data Schedule  
Project Revenue and Expense Summary  
June 30, 2020

Line Item Number	Description	HI001000030	HI001000031	HI001000032	HI001000033	HI001000034	HI001000035	HI001000037	HI001000038	HI001000039	HI001000040	HI001000043	HI001000044	HI001000045	HI001000046	HI001000049	HI001000050	HI001000052	Total Project
70300	Net Tenant Rental Revenue	1,812,734	1,688,485	1,791,469	1,339,871	1,881,497	1,889,021	1,070,542	1,294,254	901,113	915,399	614,328	948,130	943,932	398,083	559,925	503,676	-	18,552,459
70400	Tenant Revenue - Other	26,993	78,913	29,247	17,619	17,199	19,075	13,954	58,787	59,526	35,833	16,362	10,790	7,284	10,393	6,810	16,430	-	425,215
<b>70500</b>	<b>Total Tenant Revenue</b>	<b>1,839,727</b>	<b>1,767,398</b>	<b>1,820,716</b>	<b>1,357,490</b>	<b>1,898,696</b>	<b>1,908,096</b>	<b>1,084,496</b>	<b>1,353,041</b>	<b>960,639</b>	<b>951,232</b>	<b>630,690</b>	<b>958,920</b>	<b>951,216</b>	<b>408,476</b>	<b>566,735</b>	<b>520,106</b>	<b>-</b>	<b>18,977,674</b>
70600	HUD PHA Operating Grants	1,877,183	2,541,683	2,640,821	2,363,636	4,086,978	3,699,649	1,478,093	1,510,459	858,079	1,442,967	1,066,271	1,436,390	1,217,823	472,664	945,268	792,330	2,194,218	30,624,512
70610	Capital Grants	-	-	-	6,690	508,727	2,449,450	-	-	-	-	-	-	-	-	29,326	10,680	-	3,004,873
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>70700</b>	<b>Total Fee Revenue</b>	<b>1,877,183</b>	<b>2,541,683</b>	<b>2,640,821</b>	<b>2,370,326</b>	<b>4,595,705</b>	<b>6,149,099</b>	<b>1,478,093</b>	<b>1,510,459</b>	<b>858,079</b>	<b>1,442,967</b>	<b>1,066,271</b>	<b>1,436,390</b>	<b>1,217,823</b>	<b>472,664</b>	<b>974,594</b>	<b>803,010</b>	<b>2,194,218</b>	<b>33,629,385</b>
70800	Other Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	573	824	1,614	456	589	608	231	252	131	161	120	301	359	64	89	281	-	6,653
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other Revenue	8,856	23,447	4,621	11,168	69,613	93,875	15,095	19,628	16,123	946	18,678	20,534	6,559	10,425	14,271	493	-	334,332
	<b>Total Other Revenue</b>	<b>9,429</b>	<b>24,271</b>	<b>6,235</b>	<b>11,624</b>	<b>70,202</b>	<b>94,483</b>	<b>15,326</b>	<b>19,880</b>	<b>16,254</b>	<b>1,107</b>	<b>18,798</b>	<b>20,835</b>	<b>6,918</b>	<b>10,489</b>	<b>14,360</b>	<b>774</b>	<b>-</b>	<b>340,985</b>
<b>70000</b>	<b>Total Revenue</b>	<b>3,726,339</b>	<b>4,333,352</b>	<b>4,467,772</b>	<b>3,739,440</b>	<b>6,564,603</b>	<b>8,151,678</b>	<b>2,577,915</b>	<b>2,883,380</b>	<b>1,834,972</b>	<b>2,395,306</b>	<b>1,715,759</b>	<b>2,416,145</b>	<b>2,175,957</b>	<b>891,629</b>	<b>1,555,689</b>	<b>1,323,890</b>	<b>2,194,218</b>	<b>52,948,044</b>
91100	Administrative Salaries	291,328	187,591	188,088	195,765	280,039	365,546	314,084	257,383	191,047	-	-	-	-	-	-	-	-	2,270,871
91200	Auditing Fees	7,446	8,409	4,288	4,200	8,989	7,531	12,353	6,153	6,638	4,288	4,256	6,992	4,576	4,207	8,083	9,650	-	108,059
91300-010	Management Fee - to COCC	343,637	365,156	356,604	362,672	1,119,988	947,757	307,468	305,684	179,255	108,328	129,976	153,972	142,750	65,043	90,527	80,685	-	5,059,502
91300-020	Management Fee - to 3rd Party	-	-	-	-	-	-	-	-	-	62,345	72,417	93,144	83,255	39,761	53,775	42,303	-	447,000
91310	Bookkeeping Fee	29,505	31,628	30,893	31,358	50,918	51,495	26,453	26,288	15,244	14,790	17,633	21,240	19,680	9,165	12,443	9,870	-	398,603
91400	Advertising and Marketing	-	-	-	-	-	-	-	163	-	-	-	-	-	-	-	-	-	163
91500	Employee Benefit Contributions - Administration	229,526	154,947	139,873	145,551	247,113	278,546	254,670	227,087	165,659	-	-	-	-	-	-	-	-	1,842,972
91600	Office Expenses	59,190	51,415	54,200	49,091	85,665	85,407	54,838	78,179	44,098	83,011	39,503	35,272	29,328	17,757	20,160	21,416	-	808,530
91700	Legal Expense	1,118	1,301	21,526	1,838	1,017	3,448	8,055	9,114	5,523	18,582	11,707	18,144	19,868	3,793	1,344	332	-	126,710
91800	Travel	-	-	144	-	-	-	15,625	2,551	4,375	-	-	-	20	-	-	-	-	22,715
91900	Other	80,743	88,277	79,727	81,485	126,755	135,226	23,433	25,083	16,502	340,848	214,714	313,693	299,090	169,753	278,028	273,988	-	2,547,345
<b>91000</b>	<b>Total Operating - Administrative</b>	<b>1,042,493</b>	<b>888,724</b>	<b>875,343</b>	<b>871,960</b>	<b>1,920,484</b>	<b>1,874,956</b>	<b>1,016,979</b>	<b>937,522</b>	<b>628,504</b>	<b>632,192</b>	<b>490,206</b>	<b>642,457</b>	<b>598,547</b>	<b>309,499</b>	<b>464,360</b>	<b>438,244</b>	<b>-</b>	<b>13,632,470</b>
<b>92000</b>	<b>Asset Management Fee</b>	<b>43,560</b>	<b>44,760</b>	<b>43,680</b>	<b>44,760</b>	<b>69,960</b>	<b>70,440</b>	<b>38,640</b>	<b>38,520</b>	<b>23,520</b>	<b>20,880</b>	<b>24,240</b>	<b>31,200</b>	<b>27,120</b>	<b>12,360</b>	<b>18,000</b>	<b>14,160</b>	<b>-</b>	<b>565,800</b>
92200	Relocation Costs	-	-	-	-	360	2,924	2,500	1,942	-	-	-	-	-	-	-	-	-	7,726
92400	Tenant Services - Other	2,713	5,362	7,429	7,655	29,738	16,613	1,736	32	1,583	2,400	-	2,381	147	198	-	7,747	-	85,734
<b>92500</b>	<b>Total Tenant Services</b>	<b>2,713</b>	<b>5,362</b>	<b>7,429</b>	<b>7,655</b>	<b>30,098</b>	<b>19,537</b>	<b>4,236</b>	<b>1,974</b>	<b>1,583</b>	<b>2,400</b>	<b>-</b>	<b>2,381</b>	<b>147</b>	<b>198</b>	<b>-</b>	<b>7,747</b>	<b>-</b>	<b>93,460</b>
93100	Water	169,288	301,644	238,510	235,468	188,538	198,687	130,170	209,790	134,499	201,786	192,395	149,243	156,588	49,242	58,103	103,059	-	2,717,010
93200	Electricity	100,375	63,970	54,195	48,448	416,966	495,809	115,983	119,840	57,805	132,873	107,177	63,466	27,429	40,434	195,050	14,403	-	2,054,223
93300	Gas	17,446	-	304,727	2,917	126,763	186,632	28,271	193,085	115,884	151,950	205,531	6,263	8,636	37,414	52,941	42,704	-	1,481,164
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93600	Sewer	343,579	466,395	417,246	423,210	530,504	539,207	91,384	129,857	119,172	280,182	44,670	303,614	269,113	68,609	112,166	102,563	-	4,241,471
93800	Other Utilities Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>93000</b>	<b>Total Utilities</b>	<b>630,688</b>	<b>832,009</b>	<b>1,014,678</b>	<b>710,043</b>	<b>1,262,771</b>	<b>1,420,335</b>	<b>365,808</b>	<b>652,572</b>	<b>427,360</b>	<b>766,791</b>	<b>549,773</b>	<b>522,586</b>	<b>461,766</b>	<b>195,699</b>	<b>418,260</b>	<b>262,729</b>	<b>-</b>	<b>10,493,868</b>

See accompanying independent auditor's report.

Hawaii Public Housing Authority  
Financial Data Schedule  
Project Revenue and Expense Summary  
June 30, 2020

Line Item Number	Description	HI001000030	HI001000031	HI001000032	HI001000033	HI001000034	HI001000035	HI001000037	HI001000038	HI001000039	HI001000040	HI001000043	HI001000044	HI001000045	HI001000046	HI001000049	HI001000050	HI001000052	Total Project
94100	Ordinary Maintenance and Operations - Labor	578,138	479,915	499,863	520,265	724,243	776,490	457,144	409,383	304,899	-	-	-	-	-	-	-	-	4,750,340
94200	Ordinary Maintenance and Operations - Materials & Other	138,135	279,846	127,173	326,999	303,059	270,011	253,577	246,009	79,432	195,980	85,230	193,666	179,270	66,481	54,717	115,868	-	2,915,453
94300	Ordinary Maintenance and Operations Contracts	388,390	491,586	263,933	1,328,137	629,496	549,877	196,619	1,183,653	111,395	614,501	638,901	580,669	521,075	367,554	559,886	361,209	-	8,786,881
94500	Employee Benefit Contributions - Ordinary Maintenance	481,078	383,660	379,878	395,309	569,832	623,809	375,956	321,868	241,271	-	-	-	-	-	-	-	-	3,772,661
<b>94000</b>	<b>Total Maintenance</b>	<b>1,585,741</b>	<b>1,635,007</b>	<b>1,270,847</b>	<b>2,570,710</b>	<b>2,226,630</b>	<b>2,220,187</b>	<b>1,283,296</b>	<b>2,160,913</b>	<b>736,997</b>	<b>810,481</b>	<b>724,131</b>	<b>774,335</b>	<b>700,345</b>	<b>434,035</b>	<b>614,603</b>	<b>477,077</b>	<b>-</b>	<b>20,225,335</b>
95100	Protective Services - Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	246,180	642,443	964,076	318,801	360,322	488,926	-	-	-	540,108	-	887	-	-	-	593	-	3,562,336
95300	Protective Services - Other	-	5,225	-	-	-	5,494	952	-	-	-	-	-	-	-	-	-	-	11,671
<b>95000</b>	<b>Total Protective Services</b>	<b>246,180</b>	<b>647,668</b>	<b>964,076</b>	<b>318,801</b>	<b>360,322</b>	<b>494,420</b>	<b>952</b>	<b>-</b>	<b>-</b>	<b>540,108</b>	<b>-</b>	<b>887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>593</b>	<b>-</b>	<b>3,574,007</b>
96110	Property Insurance	27,658	32,351	16,363	25,394	19,870	19,876	36,752	26,570	17,512	8,707	19,113	19,404	25,173	11,359	10,488	7,726	-	324,316
96120	Liability Insurance	580	1,046	718	514	1,200	1,250	1,267	723	367	2,541	2,943	3,797	3,287	1,500	2,191	1,724	-	25,648
96130	Workmen's Compensation	3,362	3,057	3,211	3,289	4,259	4,259	4,101	2,903	2,119	-	-	-	602	-	-	-	-	31,162
96140	All Other Insurance	1,963	1,108	1,169	1,403	1,078	2,281	3,751	2,538	2,322	(73)	-	(5)	-	-	-	150	-	17,685
<b>96100</b>	<b>Total Insurance Premiums</b>	<b>33,563</b>	<b>37,562</b>	<b>21,461</b>	<b>30,600</b>	<b>26,407</b>	<b>27,666</b>	<b>45,871</b>	<b>32,734</b>	<b>22,320</b>	<b>11,175</b>	<b>22,056</b>	<b>23,196</b>	<b>29,062</b>	<b>12,859</b>	<b>12,679</b>	<b>9,600</b>	<b>-</b>	<b>398,811</b>
96200	Other General Expenses	5,400	29,624	5,400	-	3,879	17,880	-	-	-	-	-	-	12,588	-	-	358,154	2,085,089	2,518,014
96210	Compensated Absences	12,361	7,997	8,918	9,281	18,127	(6,400)	26,596	(8,198)	(14,649)	-	-	-	-	-	-	-	-	54,033
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	69,104	64,168	47,376	-	6,454	-	-	20,219	-	-	-	207,321
96400	Bad Debt - Tenant Rents	55,006	37,735	97,894	24,644	31,141	21,953	7,970	82,267	74,097	7,865	(1,790)	(9,974)	8,912	(2,256)	2,518	22,650	-	460,632
96600	Bad Debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96800	Severance Expense	83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83
<b>96000</b>	<b>Total Other General Expenses</b>	<b>72,850</b>	<b>75,356</b>	<b>112,212</b>	<b>33,925</b>	<b>53,147</b>	<b>33,433</b>	<b>103,670</b>	<b>138,237</b>	<b>106,824</b>	<b>7,865</b>	<b>4,664</b>	<b>(9,974)</b>	<b>21,500</b>	<b>17,963</b>	<b>2,518</b>	<b>380,804</b>	<b>2,085,089</b>	<b>3,240,083</b>
<b>96900</b>	<b>Total Operating Expenses</b>	<b>3,657,788</b>	<b>4,166,448</b>	<b>4,309,726</b>	<b>4,588,454</b>	<b>5,949,819</b>	<b>6,160,974</b>	<b>2,859,452</b>	<b>3,962,472</b>	<b>1,947,108</b>	<b>2,791,892</b>	<b>1,815,070</b>	<b>1,987,068</b>	<b>1,838,487</b>	<b>982,613</b>	<b>1,530,420</b>	<b>1,590,954</b>	<b>2,085,089</b>	<b>52,223,834</b>
<b>97000</b>	<b>Excess of Operating Revenue Over Operating Expenses</b>	<b>68,551</b>	<b>166,904</b>	<b>158,046</b>	<b>(849,014)</b>	<b>614,784</b>	<b>1,990,704</b>	<b>(281,537)</b>	<b>(1,079,092)</b>	<b>(112,136)</b>	<b>(396,586)</b>	<b>(99,311)</b>	<b>429,077</b>	<b>337,470</b>	<b>(90,984)</b>	<b>25,269</b>	<b>(267,064)</b>	<b>109,129</b>	<b>724,210</b>
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97350	HAP Portability-In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	890,352	2,319,002	562,592	1,151,434	995,724	1,231,345	2,293,409	1,371,173	1,316,485	251,260	869,232	772,482	990,975	798,733	465,064	1,206,202	-	17,485,464
<b>97000</b>	<b>Subtotal</b>	<b>890,352</b>	<b>2,319,002</b>	<b>562,592</b>	<b>1,151,434</b>	<b>995,724</b>	<b>1,231,345</b>	<b>2,293,409</b>	<b>1,371,173</b>	<b>1,316,485</b>	<b>251,260</b>	<b>869,232</b>	<b>772,482</b>	<b>990,975</b>	<b>798,733</b>	<b>465,064</b>	<b>1,206,202</b>	<b>-</b>	<b>17,485,464</b>
<b>90000</b>	<b>Total Expenses</b>	<b>4,548,140</b>	<b>6,485,450</b>	<b>4,872,318</b>	<b>5,739,888</b>	<b>6,945,543</b>	<b>7,392,319</b>	<b>5,152,861</b>	<b>5,333,645</b>	<b>3,263,593</b>	<b>3,043,152</b>	<b>2,684,302</b>	<b>2,759,550</b>	<b>2,829,462</b>	<b>1,781,346</b>	<b>1,995,484</b>	<b>2,797,156</b>	<b>2,085,089</b>	<b>69,709,298</b>
10010	Operating Transfer In	262,761	149,415	210,580	347,991	559,558	236,583	17,329	17,276	10,548	31,361	10,871	13,993	12,118	5,299	9,288	9,821	-	1,904,792
10020	Operating Transfer Out	(262,761)	(149,415)	(210,580)	(347,991)	(559,558)	(236,583)	(17,329)	(17,276)	(10,548)	(31,361)	(10,871)	(13,993)	(12,118)	(5,299)	(9,288)	(9,821)	-	(1,904,792)
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	500,000	-	300,000	100,000	-	300,000	300,000	-	-	-	1,500,000
10092	Inter Project Excess Cash Transfer Out	-	-	(1,500,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,500,000)
10093	Transfers Between Program and Project - In	1,182,256	2,756,908	892,020	413,210	1,121,030	9,519,934	2,584,552	2,588,769	240,471	552,364	56,057	4,054,182	173,149	9,703	1,887,815	801,710	-	28,834,130
10094	Transfers Between Program and Project - Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>10100</b>	<b>Total Other Financing Sources (Uses)</b>	<b>1,182,256</b>	<b>2,756,908</b>	<b>(607,980)</b>	<b>413,210</b>	<b>1,121,030</b>	<b>9,519,934</b>	<b>2,584,552</b>	<b>3,088,769</b>	<b>240,471</b>	<b>852,364</b>	<b>156,057</b>	<b>4,054,182</b>	<b>173,149</b>	<b>309,703</b>	<b>2,187,815</b>	<b>801,710</b>	<b>-</b>	<b>28,834,130</b>
<b>10000</b>	<b>Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>360,455</b>	<b>604,810</b>	<b>(1,012,526)</b>	<b>(1,587,238)</b>	<b>740,090</b>	<b>10,279,293</b>	<b>9,606</b>	<b>638,504</b>	<b>(1,188,150)</b>	<b>204,518</b>	<b>(812,486)</b>	<b>3,710,777</b>	<b>(480,356)</b>	<b>(580,014)</b>	<b>1,748,020</b>	<b>(671,556)</b>	<b>109,129</b>	<b>12,072,876</b>
11030	Beginning Equity	24,294,755	32,277,671	14,162,521	19,789,508	21,104,187	21,441,422	43,234,619	23,217,417	18,449,176	15,061,318	14,777,996	16,101,419	19,252,719	10,534,391	14,057,588	22,868,826	-	330,625,533
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	360,455	604,810	(1,012,526)	(1,587,238)	740,090	10,279,293	9,606	638,504	(1,188,150)	204,518	(812,486)	3,710,777	(480,356)	(580,014)	1,748,020	(671,556)	109,129	12,072,876
11040-010	Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11040-070	Equity Transfer of Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Ending Equity</b>	<b>24,655,210</b>	<b>32,882,481</b>	<b>13,149,995</b>	<b>18,202,270</b>	<b>21,844,277</b>	<b>31,720,715</b>	<b>43,244,225</b>	<b>23,855,921</b>	<b>17,261,026</b>	<b>15,265,836</b>	<b>13,965,510</b>	<b>19,812,196</b>	<b>18,772,363</b>	<b>9,954,377</b>	<b>15,805,608</b>	<b>22,197,270</b>	<b>109,129</b>	<b>342,698,409</b>

See accompanying independent auditor's report.

**Hawaii Public Housing Authority**  
**Financial Data Schedule**  
**GASB No. 54 Supplemental Reporting Schedule**  
**June 30, 2020**

<u>FDS Line Item</u>	<u>FDS Line Item Name</u>	<u>CFDA No. 14.871 Housing Choice Voucher Program</u>	<u>CFDA No. 14.195 Section 8 Housing Assistance Payments</u>	<u>State/Local</u>	<u>Total</u>
513	Total Equity as Reported in FDS	<u>\$ (1,788,137)</u>	<u>\$ 3,192,621</u>	<u>\$ 56,207,239</u>	<u>\$ 57,611,723</u>
508.3	Nonspendable Fund Balance	\$ 23,683	\$ -	\$ 3,764,265	\$ 3,787,948
509.3	Restricted Fund Balance	90,121	-	-	90,121
510.3	Committed Fund Balance	-	-	18,205,555	18,205,555
511.3	Assigned Fund Balance	(1,901,941)	3,192,621	34,237,419	35,528,099
512.3	Unassigned Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Equity as Calculated	<u>\$ (1,788,137)</u>	<u>\$ 3,192,621</u>	<u>\$ 56,207,239</u>	<u>\$ 57,611,723</u>

See accompanying independent auditor's report.

**PART II**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**



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A Hawaii Limited Liability Partnership

**Independent Auditor's Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

Board of Directors  
Hawaii Public Housing Authority

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hawaii Public Housing Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 18, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including applicable provisions of the Hawaii Public Procurement Code (Chapter 103D of the Hawaii Revised Statutes) and procurement rules, directives and circulars, noncompliance with which could have a direct and material effect on the determination of the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KMH LLP*

KMH LLP

Honolulu, Hawaii  
March 18, 2021

**PART III**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED  
BY THE UNIFORM GUIDANCE**



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A Hawaii Limited Liability Partnership

**Independent Auditor's Report on Compliance for Each Major  
Federal Program; Report on Internal Control Over Compliance;  
And Report on Schedule of Expenditures of Federal Awards Required  
By The Uniform Guidance**

Board of Directors  
Hawaii Public Housing Authority

**Report on Compliance for Each Major Federal Program**

We have audited the Hawaii Public Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2020. The Authority's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit 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). Those standards and the Uniform Guidance 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Authority as of and for the year ended June 30, 2020, and have issued our report thereon dated March 18, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*KMH LLP*

KMH LLP

Honolulu, Hawaii

March 18, 2021

**PART IV**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

# Hawaii Public Housing Authority

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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## Section I – Summary of Auditor’s Results

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### *Financial Statements*

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

### *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None reported

Type of auditor’s report issued on compliance for major programs: Unmodified for all major programs

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?  Yes  No

# **Hawaii Public Housing Authority**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2020

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## **Section II – Financial Statement Findings**

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No matters were reported.

# **Hawaii Public Housing Authority**

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2020

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## **Section III – Federal Award Findings and Questioned Costs**

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No matters were reported.

**PART V**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

# **Hawaii Public Housing Authority**

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

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## **Section I – Summary Schedule of Prior Audit Findings**

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No matters were reported.