

# **Hawaii Public Housing Authority**

Financial Statements

June 30, 2021

Together with Independent Auditor's Report

Submitted by

**THE AUDITOR  
STATE OF HAWAII**

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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, 2021 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, 2021, 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, 2021, 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 6 through 23, 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 84 to 92 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Combining Financial Statements of Nonmajor Other Enterprise and Internal Service Funds and Reconciliation of Cash schedules on pages 94 – 105 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Financial Statements of Nonmajor Other Enterprise and Internal Service Funds and Reconciliation of Cash schedules 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 Combining Financial Statements of Nonmajor Other Enterprise and Internal Service Funds and Reconciliation of Cash schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KMH LLP

KMH LLP

Honolulu, Hawaii  
December 16, 2021

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2021

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, 2021. 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, 2021, 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, 2020 to June 30, 2021, the HPHA administered the following programs:

- **Federal Public Housing Programs**  
The HPHA administered 5,286 federal public housing units statewide with funds received from the United States Department of Housing and Urban Development (HUD). The 5,286 housing units consist of 18 Asset Management Projects (AMPs) under HUD and 73 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.
- **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, Non-Elder Disabled Voucher Program and Foster Youth to Independence Program. The HPHA also administered a State funded rental assistance program. These programs subsidize monthly rental payments to qualified households.

# Hawaii Public Housing Authority

Management Discussion and Analysis

June 30, 2021

- 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 subcontractor, Du & Associates.

## 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 \$457.70 million. Of this amount, \$375.17 million was invested in capital assets. (As detailed on *Government-Wide Statement of Net Position*, pages 24 and 25).
- The HPHA's government wide net position decreased by \$8.88 million. The change is a result of the following governmental and business-type activities:
  - a. Governmental activities – an increase of \$9.29 million in net position is affected by State allotted appropriations of \$27.91 million (net of lapsed funds of \$1.58 million) and net transfers of \$13.67 million (capital expenditure/outlay of \$9.68 million and operating transfers of \$3.99 million to Business-type activities) (as detailed on *Government-Wide Statement of Activities*, page 26).
  - b. Business-type activities – a decrease in net position of \$18.17 million (as detailed on *Government-Wide Statement of Activities*, page 26) is due to capital contributions of \$9.68 million and operating transfers-in of \$3.99 million from Governmental activities, offset by a loss before transfers of \$31.84 million.

\$9.68 million of capital contributions is the Capital Project fund (as detailed on *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*, page 29) expended for the benefit of business-type activities.

\$3.99 million of operating transfers-in consists of: \$1.81 million for operating expenses of the State rental housing programs, \$2.18 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 34 and 35).

\$31.84 million of loss before transfers is because the revenues are insufficient to support the operating expenses. It increased \$4.58 million in comparison to the previous fiscal year's loss before transfers of \$27.26 million. The loss expansion is primarily due to \$3.72 million higher repair and maintenance costs and \$1.95 million higher personnel



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Management Discussion and Analysis

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services expenses (as detailed on *Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 34 and 35).

## 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 2021.

**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, 2021

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, 2021

## 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, 2021 and June 30, 2020						
(In thousands of dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current & other assets	\$ 72,856	\$ 66,318	\$ 91,981	\$ 98,070	\$ 164,837	\$ 164,388
Capital assets	3,806	3,788	371,362	377,093	375,168	380,881
Other assets	-	-	8,717	8,717	8,717	8,717
<b>Total Assets</b>	<b>76,662</b>	<b>70,106</b>	<b>472,060</b>	<b>483,880</b>	<b>548,722</b>	<b>553,986</b>
Deferred Outflows of Resources	622	746	8,899	10,095	9,521	10,841
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 77,284</b>	<b>\$ 70,852</b>	<b>\$ 480,959</b>	<b>\$ 493,975</b>	<b>\$ 558,243</b>	<b>\$ 564,827</b>
<b>Liabilities</b>						
Current & other liabilities	\$ 4,296	\$ 7,353	\$ 8,958	\$ 7,150	\$ 13,254	\$ 14,503
Long-term liabilities	5,891	5,865	77,879	76,641	83,770	82,506
<b>Total Liabilities</b>	<b>10,187</b>	<b>13,218</b>	<b>86,837</b>	<b>83,791</b>	<b>97,024</b>	<b>97,009</b>
Deferred Inflows of Resources	195	22	3,322	1,214	3,517	1,236
<b>Net Position</b>						
Investment in capital assets, net of related debt	3,806	3,788	371,362	377,093	375,168	380,881
Restricted	207	3,001	-	-	207	3,001
Unrestricted	62,889	50,823	19,438	31,877	82,327	82,700
<b>Total Net Position</b>	<b>66,902</b>	<b>57,612</b>	<b>390,800</b>	<b>408,970</b>	<b>457,702</b>	<b>466,582</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 77,284</b>	<b>\$ 70,852</b>	<b>\$ 480,959</b>	<b>\$ 493,975</b>	<b>\$ 558,243</b>	<b>\$ 564,827</b>

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2021

## 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 \$457.70 million, \$375.17 million of net assets was invested in capital assets. As discussed in the financial highlights, net position decreased by \$8.88 million during the fiscal period (as detailed on *Government-Wide Statement of Net Position and Statement of Activities*, pages 24 to 26).

Of the HPHA's total assets and deferred outflows of resources, \$375.17 million (or 67%) represents capital assets. Cash and Due from the State of Hawaii in the amount of \$162.36 million comprise 29% of total assets and deferred outflows of resources. The rest of \$20.71 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 24). \$64.15 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 78% of the HPHA's total current liabilities (as detailed in the *Government-Wide Statement of Net Position*, page 25). Long term liabilities increased by \$1.27 million from the previous year mainly due to a higher Net Pension Liability. Total long-term liabilities and deferred inflows of resources were \$87.29 million, or 87% of total liabilities and deferred inflows of resources, as compared to \$83.74 million and 85% in fiscal year 2020.

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Management Discussion and Analysis  
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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, 2021 and June 30, 2020  
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Elimination		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues								
Program Revenues:								
Charges for services	\$ 550	\$ 497	\$ 24,489	\$ 24,990	\$ (944)	\$ (854)	\$ 24,095	\$ 24,633
Operating grants & contributions	85,451	76,999	33,687	31,070	-	-	119,138	108,069
Capital grants & contributions	-	-	5,863	3,005	-	-	5,863	3,005
Other income	1	17	206	405	-	-	207	422
General Revenues:								
State allotted appropriations, net of lapsed funds	27,908	8,769	-	-	-	-	27,908	8,769
Total Revenues	113,910	86,282	64,245	59,470	(944)	(854)	178,155	145,752
Expenses								
Governmental Activities								
Rental housing assistance program	90,948	79,600	-	-	(944)	(854)	90,004	78,746
Business-Type Activities								
Rental assistance program	-	-	79,783	70,155	-	-	79,783	70,155
Housing development program	-	-	11,272	11,180	-	-	11,272	11,180
Other expenses	-	-	5,032	5,389	-	-	5,032	5,389
Total government-wide expenses	90,948	79,600	96,087	86,724	(944)	(854)	187,035	166,324
Excess (deficiency) of revenues over (under) expenses	22,962	6,682	(31,842)	(27,254)	-	-	(8,880)	(20,572)
Capital contributions	(9,676)	(28,152)	9,676	28,152	-	-	-	-
Transfers	(3,996)	(5,614)	3,996	5,614	-	-	-	-
CHANGES IN NET POSITION	9,290	(27,084)	(18,170)	6,512	-	-	(8,880)	(20,572)
Net position, beginning of year	57,612	84,696	408,970	402,458	-	-	466,582	487,154
Net position, end of year	\$ 66,902	\$ 57,612	\$ 390,800	\$ 408,970	\$ -	\$ -	\$ 457,702	\$ 466,582

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Management Discussion and Analysis  
June 30, 2021

## Statement of Activities

Government-wide operating grants and contributions increased by \$11.08 million, or 10.24% in the current year from \$108.06 million to \$119.14 million. HUD capital grants increased by \$2.86 million in the current year from \$3.01 million to \$5.86 million. HUD operating subsidies for federal public housing program increased by \$2.62 million or 8.4%, from \$31.07 million in fiscal year 2020 to \$33.69 million. Business-type activities operating loss increased by \$4.39 million for the year to \$32.05 million, from prior year's \$27.66 million (as detailed in the *Government – Wide Statement of Activities*, page 26).

Governmental activities net position increased by \$9.29 million from previous year's \$57.61 million to current year's \$66.90 million. This increase is primarily due to \$13.67 million of capital contributions and operating transfers to other programs smaller than \$27.91 million of State allotted appropriations, net of lapsed funds (as detailed in *Government-Wide Statement of Activities*, page 26).

## 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 29).

- At the end of the fiscal year, the balance of governmental funds was \$68.56 million, an increase of \$9.59 million from the balance of \$58.97 million at the end of fiscal year 2020. Of the \$68.56 million fund balance, \$60.95 million or 89% was reserved for capital projects, (as detailed in *Governmental Funds, Balance Sheet*, page 27 and *Statement of Revenues, Expenditures and Changes in Fund Balances*, page 29).
- Under the General Fund, excess of revenues over expenditures at the end of the fiscal year was \$3.76 million. During the fiscal year, \$3.62 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 29).
- The Capital Project Fund balance increased by \$8.61 million, to \$60.95 million from previous year's \$52.34 million (as detailed on *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*, page 29). The HPHA received allotted appropriations of \$18.67 million (net of lapsed fund of \$1.33 million due to uncompleted contracts). Capital outlay was \$9.68 million, and operating transfers out was \$0.38 million.

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## Management Discussion and Analysis

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- The Housing Choice Voucher Program fund balance increased by \$0.43 million, to \$3.43 million because of an excess of revenues over expenditures.
- The Section 8 Contract Administration fund balance increased by \$0.41 million to \$3.60 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 with more details.

- 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 \$31.84 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 34 and 35), \$4.58 million higher than the previous year's loss of \$27.26. The increase of loss was because of \$9.36 million higher operating expenses, offset by \$2.62 million higher of total HUD operating grants.
- The COCC's loss before transfers was \$3.93 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 34 and 35), in comparison to previous year's loss of \$4.23 million. The decline in loss was mainly because of an increase of \$0.42 million of fee-for-service revenue. The loss brought the net position to \$(7.10) million from prior year's \$(3.17) million.
- The loss before transfers of the Federal Low Rent Program was \$21.49 million, an increase of \$4.73 million compared to the previous year's loss of \$16.76 million. The rise in losses was due to \$0.57 million less operating revenues and \$9.63 million higher operating expense, offset by \$5.48 million higher federal grants (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 34 and 35).
- The State family housing program's loss before transfers was \$3.22 million, an increase of \$0.07 million compared to the previous year's loss of \$3.15 million. The expansion in loss was because rental income received was not enough to support operational expenses. The program's net position reduced \$2.27 million to \$19.02 million due to \$0.95 million of capital contributions and operating

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## Management Discussion and Analysis

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transfers in from Governmental activities (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 34 and 35).

- The loss before transfers of the State Elderly Housing program was \$3.08 million in comparison to the previous year's loss of \$2.54 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 decreased only by \$1.66 million to \$35.55 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Position*, pages 34 and 35).
- Other Enterprise Funds loss before transfers amounted to \$0.13 million (*Proprietary Funds, Statement of Revenues, Expenses and Changes in Net Positions*, pages 34 and 35) compared to the prior fiscal year loss of \$0.70 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

The HPHA's investment in capital assets for the fiscal year ended June 30, 2021 is \$375.17 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, 2021 and June 30, 2020  
(In thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,373	\$ 2,373	\$ 22,966	\$ 22,966	\$ 25,339	\$ 25,339
Buildings and improvements	15,325	15,325	771,927	697,915	787,252	713,240
Equipment	1,492	1,332	12,718	10,404	14,210	11,736
Construction in progress	-	-	40,076	96,484	40,076	96,484
Total	19,190	19,030	847,687	827,769	866,877	846,799
Accumulated depreciation	(15,385)	(15,242)	(476,326)	(450,676)	(491,711)	(465,918)
Total Capital Assets, net	<u>\$ 3,805</u>	<u>\$ 3,788</u>	<u>\$ 371,361</u>	<u>\$ 377,093</u>	<u>\$ 375,166</u>	<u>\$ 380,881</u>



# Hawaii Public Housing Authority

Management Discussion and Analysis

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## Major project outstanding balances in construction in progress at the end of FY2021

- AMP 32 Mayor Wright Homes, Upgrade Electric Meters, Panels and Communication Boxes, \$0.27 million
- AMP 32 Mayor Wright Homes, Redevelopment of Mayor Wrights, \$0.18 million
- AMP 33 Kaahumanu Homes, Modernization, \$0.13 million
- AMP 34 Makua Alii and Paoakalani, Design of Building and ADA Improvements, \$0.53 million
- AMP 34 Makua Alii and Paoakalani, Building and ADA Improvements, \$2.8 million
- AMP 35 Punchbowl Homes, Design and Engineering of Exterior repair, Re-roofing, Site and ADA Improvements, \$0.79 million
- AMP 35 Kalanihuia and Punchbowl Homes, Upgrade Elevators, \$0.13 million
- AMP 35 Kalanihuia and Makamae, Design of Re-roofing and Repairs, \$0.20 million
- AMP 35 Kalanihuia and Makamae, Re-roofing and Repairs, \$3.12 million
- AMP 35 Punchbowl Homes, Exterior repairs, Re-roofing, Site and ADA Improvements, \$10.4 million
- AMP 35 Kalanihuia and Pumehana, Security Upgrades, \$0.14 million
- AMP 37 Pomaikai (E), Hale Aloha O’Puna (E), Pahala Elderly (E), Site and Building Improvements, \$0.67 million
- AMP 37 Lanakila Homes, Site and Infrastructure Improvements, \$0.72 million
- AMP 37 Lanakila Homes, Demolition of Wooden Duplex Structures, \$9.3 million
- AMP 37 Lanakila Homes, Exterior Lighting and Security Improvements, \$0.24 million
- AMP 38 Eleele Homes, Building and Site Improvements, \$0.34 million
- AMP 38 Kapaa, Building and Site Improvements, \$0.43 million
- AMP 38 Hale Hoonanae, Kalaheo Homes and Kawailehua, Infrastructure and Site Improvements, \$0.57 million
- AMP 39 Piilani Homes, Design for Site and Dwelling Improvements, \$0.56 million
- AMP 39 Kahekili Terrace, Building Improvements, \$0.22 million
- AMP 39 Piilani Homes, Site and Dwelling Improvements, \$1.5 million
- AMP 42 Hale Po’ai (E), Site and Building Improvements, \$0.51 million
- AMP 42 Hale Po’ai, Lai’ola, Kamalu Ho’olulu, Halia Hale, Upgrade Elevators, \$0.12 million
- AMP 42 Lai’ola, Roof Replacement and Exterior Concrete Spall Repairs, \$0.10 million
- AMP 45, Hookipa Kahaluu, ADA and Site Improvements, \$0.21 million
- AMP 49 Kupuna Home O’ Waialua (E), Design for ADA and Site Improvements, \$0.30 million
- AMP 49 Wahiawa Terrace, Design of New Sewage Pump Station, \$0.11 million
- AMP 50 Palolo Valley Homes, Design of Modernization, \$0.53 million
- State low rent housing project (Fund 318) Puahala Homes, Site and Building Improvements, \$0.61 million
- State low rent housing project (Fund 318) Kawailehua, Infrastructure and Site Improvements, \$0.18 million

# Hawaii Public Housing Authority

## Management Discussion and Analysis

June 30, 2021

- Central Office Cost Center (Fund 181) Develop and furnish Tiny Homes under the Kauhale at Kaleloa Pilot Project, \$0.72 million
- Central Office Cost Center (Fund 181) Renovation of Building 32 at Kaleloa Pilot Project, \$1.1 million
- Central Office Cost Center (Fund 181) School Street Redevelopment Project, \$0.79 million

### **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, 2021, \$1,866,861 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. \$2,261,997 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 and received \$707,968 of the 2<sup>nd</sup> round supplemental HCV Program administrative fee funding in August 2020. As of June 30, 2021, \$601,116 has been expended for the COVID-19 related costs and recognized as revenues of PHA Administrative Fees Earned under Housing Choice Vouchers Program. \$666,982 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 \$67,271 of Mainstream Program Vouchers Program under CARES Act (Public Law 116-136) during fiscal year 2021. The amount of funding, however, was returned to HUD per request because no such vouchers were issued.

HPHA received \$1,030,609 Housing Assistance Payments (HAP) Allocation from the CARES Act (Public Law 116-136) in November 1, 2020. The fund was expended for this purpose during fiscal year 2021.

Although unknown at this time, the HPHA anticipates that additional Federal funds could become available for the public housing and/or Section 8 program under the recent Biden Administration's bill.

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2021

## PENDING CASES

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

Plaintiffs allege that an employee of the Hawai'i Public Housing Authority ("HPHA"), driving an HPHA 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 HPHA, and the employee answered the Amended Complaint. The State filed a third-party complaint against the minor's grandmother, Cynthia Kaminanga. 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 Hawai'i and the Hawaii Public Housing Authority's Motion for Summary Judgment, Filed January 10, 2020. The final judgment in this case was filed on February 17, 2021, and Plaintiffs filed their Notice of Appeal. This case is currently pending in the Intermediate Court of Appeals.

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, Hawai'i Public Housing Authority, City & County of Honolulu, State of Hawai'i, Mixed Martial Arts Academy, LLC, A Domestic Limited Liability Corporation (Civil No. 10- 1-1411-06, First Circuit Court)

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  
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McJerold William, et al. v. Hawai'i Public Housing Authority, et al. (Civil No. 15-1-0388-3, First Circuit Court)

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 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. (Civil No. 1:21-CV-00247-HG-RT, U.S. District Court)

Plaintiff Tangee R. Lazarus is a tenant at Kalakaua Homes, AMP 34. Plaintiff names three HPHA employees in her Complaint and alleges discrimination by the HPHA employees on the basis of race and disability, and negligence due to the alleged discrimination. 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 \$214,100 from two of the HPHA employees, compensatory and punitive damages, and injunctive relief.

In October 2021, the parties placed settlement terms on the record in the U.S. District Court. Plaintiff subsequently repudiated the settlement. HPHA intends to file a motion to compel the settlement.

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2021

## HPHA's Redevelopment Efforts

### School Street Elderly Affordable Housing

The HPHA has partnered with nonprofit Retirement Housing Foundation to redevelop HPHA's administrative campus located at 1002 N. School Street for affordable housing. The project will deliver 800 age restricted Senior affordable Housing units over three development phases expected to be completed over an 8 to 10-year development horizon. Community engagement has been a hallmark of the development effort, culminating in the approval of the project's 201H zoning and entitlement application by the Honolulu City Council on November 5, 2020 as Resolution 20- 251, CD1, FD1. The Resolution granted the project approximately \$9.9 million in fee and other exemptions from statutes, ordinances, charter provisions, and rules relating to planning, zoning, construction standards for subdivision and development pursuant to HRS Sections 46-15.1 and 201H-38. In addition, the project received \$40 million in appropriation support as part of the Governor's FY 21- 22 Budget. The project has applied for Low Income Housing Tax Credits (LIHTC) under the State's Qualified Allocation Plan administered by the Hawaii Housing Finance and Development Corporation (HHFDC). While the HPHA and its development partner await HHFDC's determination on the allocation of LIHTC, the project team continues to prepare its permit submission to the City and County of Honolulu Department of planning and permitting.

### Kuhio Park Terrace Low-rises and Homes

Working under a Restated and Amended Master Development Agreement (MDA) executed between HPHA and The Michaels Development Company I, LP (MDC) in June 2020, HPHA and the MDC are moving forward expeditiously with this project. Contracts have been finalized and executed with the primary consulting team including the project Architect, Planner and Civil engineer. With these consultants in place, the updated Master Planning and Environmental Review efforts are now underway.

### Kuhio Park Towers RAD Conversion

HPHA and MDC are also moving forward with the Rental Assistance Demonstration (RAD) conversion for Kuhio Park Towers, which will convert the remaining 347 public housing units in this development to a Project Based Voucher (PBV) subsidy program to best serve our residents. The United States Department of Housing and Urban Development (HUD) issued Commitments to Enter into a Housing Assistance Payment (CHAP) to the HPHA in October of 2018 for Kuhio Park Towers, Kuhio Homes, Kuhio Park Terrace Low-Rise. A Financing Plan for the conversion for KPT Towers was submitted to HUD in December 2020 and HUD's Office of Multifamily Housing issued a RAD Conversion Commitment (RCC) for the conversion of the remaining Public Housing Units at KPT Towers to PBV under the RAD program on May 16, 2021. The RAD conversion is now in the final closing stage, and the transaction is expected to be completed in Q4 2021.

# Hawaii Public Housing Authority

Management Discussion and Analysis

June 30, 2021

## Mayor Wright

Much progress has been made on this project since HPHA terminated its Master Development Agreement with Hunt Companies (Hunt) for convenience in July 2020. HPHA has been working with an architectural firm to complete several potential gross massing designs for the project based on the existing master plan. The gross massing design will inform the final 201H-38 zoning and entitlement application for the project and will also be presented for comment during public engagement once the new development partner has been selected and Covid-19 protocols allow. A procurement for a new development partner for phase 1 of the project is now underway.

After nearly one year since their termination, Hunt finally produced copies of the expense invoices HPHA had requested to substantiate Hunt's claim for possible reimbursement of predevelopment costs Hunt had incurred related to the project. Hunt submitted an enormous volume of pdf documentation that filled an entire banker's box when printed. This documentation included everything from \$2.00 mileage reimbursements for Hunt employees to travel from Hunt's office downtown to HPHA's offices in Kalihi, \$800.00 lavish prime rib dinners featuring fine wines and whisky for Hunt employees, completely redacted invoices for legal fees, invoices for lobbyists which HPHA has repeatedly informed Hunt it would not pay and nearly \$500,000 in fees to Moss & Associates, a construction firm with an entity identity of interest to Hunt for which no contract was ever reviewed or approved by the HPHA. HPHA is working with Reno & Cavanagh, HPHA's specialized counsel, to resolve settlement negotiations with Hunt.

## Puuwai Momi

On August 31, 2021, the HPHA submitted a proposal to the Office of Planning and Sustainable Development (OPSD) for a CIP TOD planning grant (Act 88, Session Laws of Hawai'i 2021, Section 36, Item K, Capital Project No. 2 appropriating \$2 million in CIP funds to OPSD for State TOD planning and implementation statewide) for our Puuwai Momi property, an aging, 260-unit, public housing community located in 99-132 Kohomua Street, Aiea, Hawaii 96701 [TMK: (1) 9-9-003:056, 064]. The HPHA is exploring the possibility of a mixed-use, mixed-income redevelopment of Puuwai Momi, an aging 260-unit, public housing community built in 1969. The site is comprised of three land parcels totaling 11.74 acres and is considered an especially attractive redevelopment candidate due to the higher density housing available under the City and County of Honolulu Halawa Area Transit-Oriented Development (TOD) Plan recently adopted in December 2020, its proximity immediately south of the Aloha Stadium HART station and the redevelopment of Aloha Stadium which anticipates a new sports stadium surrounded by entertainment venues, retail, restaurants, residential, hotels, recreational and green space areas. On September 15, 2021, OPSD informed the HPHA that it has been awarded a \$400,000 CIP TOD planning grant to develop a preliminary master plan for the Project.

## Hawai'i County - Lanakila housing project

HPHA's Lanakila project on the Island of Hawai'i has been selected by the state Office of Planning and Sustainable Development (OPSD) for funding under its FY21 \$1.5 million CIP (GO) appropriation (Act

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2021

6, SLH 2020, Section 3, Item K, Capital Project No. 0.1). Four projects out of nine submitted were selected for funding. HPHA's Lanakila project was granted the largest award at \$550,000. The award was publicly announced at the TOD Council's October 13, 2020 meeting.

The HPHA has a grandfathered right to redevelop 62 low-income public housing units at its Lanakila property located to the south of downtown Hilo at 60 Holomalia Street, Hilo HI, 96720 (TMK (3) 2-4-028:007). These units typically serve area residents in the 30% Area Median Income ("AMI") and below. In addition, the property also has the potential to support additional density for affordable, work force and/or market rate units.

The OPSD grant will provide funding for an updated master plan for the site to address new site conditions and streets that will need to be constructed to recently revised County of Hawai'i Standards. The new master plan will also examine how additional density could deliver additional affordable housing units to the community, the appropriate demographic mix of those units and determine what infrastructure may be required to support them. Additionally, as the County of Hawai'i moves forward with its Complete Streets and a multi-modal transportation system, it is important to create adjacent streetscapes that provides "first and last mile" walking and bicycling opportunities. This can facilitate ease of access to future nearby bus facilities along Moho'uli and Kino'ole Streets. Improvements may include sidewalk infill, installation of bike lanes, curb extensions, safe crossings, and potential bus stops.

## Maui County

The HPHA's Kahekili project located in the Wailuku redevelopment district of Maui also submitted a proposal to the OPSD for a CIP TOD planning grant in FY21. Unfortunately, this project was not selected for a planning award. However, the property was added to the State's Strategic TOD plan, which better positioned the property for future grant and funding opportunities. On August 31, 2021, the HPHA submitted an updated proposal to the OPSD for a CIP TOD planning grant for FY22 for Kahekili. On September 15, 2021, OPSD informed the HPHA that it has been awarded a \$225,000 CIP TOD planning grant to develop a preliminary master plan for the redevelopment of this property.

## Kauai County

HPHA continues to explore the possible development or redevelopment of HPHA properties on Kauai, including a vacant parcel of land next to the Hale Ho'olulu property and HPHA's public housing site at 4726 Malu Rd. However, no definitive plans have been confirmed at this time due to Covid-19.

## Kalaeloa Kauhale

The legislature of the State of Hawaii finds that homelessness is one of the most pressing problems facing the state; one that requires a robust, comprehensive solution to increase the pace at which the State is gaining ground on addressing the homeless issue. In support of these legislative efforts, HPHA's Board of Directors authorized the HPHA's Executive Director to Implement a Pilot Project to develop a "Kauhale" or small village for housing homeless individuals and families on a vacant HPHA land parcel

# **Hawaii Public Housing Authority**

Management Discussion and Analysis

June 30, 2021

located in Kalaeloa, Oahu (TMK No. (1} 9-1-013:053). A Kauhale is part of a new, wider approach to quickly develop permanent housing communities for chronically homeless adults from specific demographics, while providing help for their underlying issues. The Kauhale program is based on a similar project in Austin, Texas, where builders and donors come together to quickly create communities of "tiny homes" for the homeless. The Kauhale at HPHA's Kalaeloa property has been planned to accommodate a total of up to 39 tiny homes that are each approximately 100 square feet.

HomeAid Hawaii is leading the building effort for the tiny homes and the HPHA has also contracted HomeAid to renovate an existing, derelict building (Building 32) located on the site containing over 2,000 square feet. A critical element to ensure the Kauhale's success, Building 32 has been redeveloped to provide communal bathrooms, showers, commercial kitchen, laundry services and meeting space. On February 14, 2020, the HPHA also entered into a ground lease agreement with U.S. VETS, a California non-profit public benefit corporation, as the operator of the Kauhale pilot project. Residents would be expected to pay approximately \$250 in monthly rent to participate in the program and abide by the program rules established by the operator.

## **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, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash	\$ 6,615,065	\$ 86,413,829	\$ 93,028,894
Restricted cash	1,606,060	3,576,729	5,182,789
Due from State of Hawaii	64,147,932	-	64,147,932
Receivables:			
Accrued interest	-	154,634	154,634
Tenant receivables, less allowance for doubtful receivables of \$2,687,534	-	830,301	830,301
Other	17,626	16,523	34,149
	<u>17,626</u>	<u>1,001,458</u>	<u>1,019,084</u>
Internal balances	39,114	(39,114)	-
Due from HUD	429,770	191,013	620,783
Inventories	-	823,542	823,542
Prepaid expenses and other assets	-	13,754	13,754
Total current assets	<u>72,855,567</u>	<u>91,981,211</u>	<u>164,836,778</u>
Notes Receivable	-	8,716,630	8,716,630
Capital Assets, less accumulated depreciation	<u>3,805,610</u>	<u>371,361,756</u>	<u>375,167,366</u>
Total assets	76,661,177	472,059,597	548,720,774
Deferred Outflows of Resources	<u>622,764</u>	<u>8,899,541</u>	<u>9,522,305</u>
Total assets and deferred outflows of resources	<u>\$ 77,283,941</u>	<u>\$ 480,959,138</u>	<u>\$ 558,243,079</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENT-WIDE  
STATEMENT OF NET POSITION (continued)

June 30, 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Governmental Activities	Business-Type Activities	Total
Current Liabilities:			
Accounts payable	\$ 2,930,112	\$ 3,755,237	\$ 6,685,349
Accrued expenses	322,031	3,351,052	3,673,083
Security deposits	-	1,443,811	1,443,811
Deferred income	1,043,930	407,521	1,451,451
Total current liabilities	4,296,073	8,957,621	13,253,694
Accrued Expenses	221,154	1,721,872	1,943,026
Net Other Post Employment Benefits (OPEB) Liability	2,540,151	35,062,305	37,602,456
Net Pension Liability	3,129,751	41,095,246	44,224,997
Total liabilities	10,187,129	86,837,044	97,024,173
Deferred Inflows of Resources	194,714	3,321,876	3,516,590
Commitments and Contingencies			
Net Position:			
Invested in capital assets, net of related debt	3,805,610	371,361,756	375,167,366
Restricted by legislation and contractual agreements	207,094	-	207,094
Unrestricted	62,889,394	19,438,462	82,327,856
Total net position	66,902,098	390,800,218	457,702,316
Total liabilities, deferred inflows of resources, and net position	\$ 77,283,941	\$ 480,959,138	\$ 558,243,079

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

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	\$ 90,947,830	\$ 550,805	\$ 85,451,072	\$ -	\$ (4,945,953)	\$ -	\$ 944,383	\$ (4,001,570)
Total governmental activities	<u>90,947,830</u>	<u>550,805</u>	<u>85,451,072</u>	<u>-</u>	<u>(4,945,953)</u>	<u>-</u>	<u>944,383</u>	<u>(4,001,570)</u>
Business-type activities:								
Rental assistance program	79,783,232	18,739,357	33,686,892	5,863,259	-	(21,493,724)	-	(21,493,724)
Rental housing program	11,272,010	4,745,746	-	-	-	(6,526,264)	-	(6,526,264)
Others	5,031,568	1,003,733	-	-	-	(4,027,835)	(944,383)	(4,972,218)
Total business-type activities	<u>96,086,810</u>	<u>24,488,836</u>	<u>33,686,892</u>	<u>5,863,259</u>	<u>-</u>	<u>(32,047,823)</u>	<u>(944,383)</u>	<u>(32,992,206)</u>
Total government-wide	<u>\$ 187,034,640</u>	<u>\$ 25,039,641</u>	<u>\$ 119,137,964</u>	<u>\$ 5,863,259</u>	<u>(4,945,953)</u>	<u>(32,047,823)</u>	<u>-</u>	<u>(36,993,776)</u>
State Allotted Appropriations, net of lapsed funds of \$1,580,357					27,907,775	-	-	27,907,775
Other Non-Program Revenue					949	205,655	-	206,604
Net Transfers and Capital Contributions					<u>(13,672,392)</u>	<u>13,672,392</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>14,236,332</u>	<u>13,878,047</u>	<u>-</u>	<u>28,114,379</u>
Change in net position					<u>9,290,379</u>	<u>(18,169,776)</u>	<u>-</u>	<u>(8,879,397)</u>
Net Position at July 1, 2020					<u>57,611,719</u>	<u>408,969,994</u>	<u>-</u>	<u>466,581,713</u>
Net Position at June 30, 2021					<u>\$ 66,902,098</u>	<u>\$ 390,800,218</u>	<u>\$ -</u>	<u>\$ 457,702,316</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS  
BALANCE SHEET

June 30, 2021

ASSETS	General	Capital Projects	Housing Choice Voucher	Section 8 Contract Administration	Total Governmental Funds
<b>Current Assets:</b>					
Cash	\$ -	\$ -	\$ 3,101,006	\$ 3,514,059	\$ 6,615,065
Restricted cash	-	-	1,605,095	965	1,606,060
Due from State of Hawaii	1,080,106	63,067,826	-	-	64,147,932
Due from other funds	94,326	-	-	-	94,326
Other receivables	-	-	17,626	-	17,626
Due from HUD	-	-	197,174	232,596	429,770
<b>Total current assets</b>	<b>\$ 1,174,432</b>	<b>\$ 63,067,826</b>	<b>\$ 4,920,901</b>	<b>\$ 3,747,620</b>	<b>\$ 72,910,779</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 500,138	\$ 2,117,821	\$ 312,153	\$ -	\$ 2,930,112
Accrued expenses	26,117	-	151,465	144,449	322,031
Due to other funds	1,360	-	53,852	-	55,212
Deferred income	74,216	-	969,714	-	1,043,930
<b>Total current liabilities</b>	<b>601,831</b>	<b>2,117,821</b>	<b>1,487,184</b>	<b>144,449</b>	<b>4,351,285</b>
<b>Fund Balances:</b>					
Restricted by legislation and contractual agreements	-	-	207,094	-	207,094
Committed	-	18,205,555	-	-	18,205,555
Assigned	572,601	42,744,450	3,226,623	3,603,171	50,146,845
<b>Total fund balances</b>	<b>572,601</b>	<b>60,950,005</b>	<b>3,433,717</b>	<b>3,603,171</b>	<b>68,559,494</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,174,432</b>	<b>\$ 63,067,826</b>	<b>\$ 4,920,901</b>	<b>\$ 3,747,620</b>	<b>\$ 72,910,779</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, 2021

Total fund balance - governmental funds		\$ 68,559,494
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	3,805,610	
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(123,677)	
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds	(97,477)	
Other post employment benefits are not due and payable in the current period and therefore are not reported in the funds	(2,540,151)	
Pension benefits are not due and payable in the current period and therefore are not reported in the funds	(3,129,751)	
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	622,764	
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	<u>(194,714)</u>	<u>(1,657,396)</u>
Net position of governmental activities		<u>\$ 66,902,098</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, 2021

	General	Capital Projects	Housing Choice Voucher	Section 8 Contract Administration	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental – HUD annual contributions and others	\$ -	\$ -	\$ 44,700,993	\$ 40,750,079	\$ 85,451,072
State allotted appropriations, net of lapsed funds of \$1,580,357	9,239,834	18,667,941	-	-	27,907,775
Other	49	-	551,365	342	551,756
<b>Total revenues</b>	<b>9,239,883</b>	<b>18,667,941</b>	<b>45,252,358</b>	<b>40,750,421</b>	<b>113,910,603</b>
<b>Expenditures:</b>					
Housing assistance payments	1,421,897	-	41,019,011	39,402,283	81,843,191
Administration	33,304	-	1,356,408	888,497	2,278,209
Personnel services	65,209	-	1,984,874	-	2,050,083
Professional services	39,376	-	135,334	44,313	219,023
Tenant services	3,923,113	-	7,211	-	3,930,324
Utilities	702	-	17,735	-	18,437
Repairs and maintenance	489	-	35,053	-	35,542
Security	129	-	1,854	-	1,983
Bad debt expense	-	-	91,287	-	91,287
Insurance	477	-	10,169	4,778	15,424
Capital outlays	-	9,676,423	160,235	-	9,836,658
<b>Total expenditures</b>	<b>5,484,696</b>	<b>9,676,423</b>	<b>44,819,171</b>	<b>40,339,871</b>	<b>100,320,161</b>
<b>Excess of revenues over expenditures</b>	<b>3,755,187</b>	<b>8,991,518</b>	<b>433,187</b>	<b>410,550</b>	<b>13,590,442</b>
<b>Other Financing Uses - Transfers Out</b>	<b>(3,615,445)</b>	<b>(380,524)</b>	<b>-</b>	<b>-</b>	<b>(3,995,969)</b>
<b>Net change in fund balances</b>	<b>139,742</b>	<b>8,610,994</b>	<b>433,187</b>	<b>410,550</b>	<b>9,594,473</b>
Fund Balances at July 1, 2020	432,859	52,339,011	3,000,530	3,192,621	58,965,021
<b>Fund Balances at June 30, 2021</b>	<b>\$ 572,601</b>	<b>\$ 60,950,005</b>	<b>\$ 3,433,717</b>	<b>\$ 3,603,171</b>	<b>\$ 68,559,494</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, 2021

Net change in fund balances - total governmental funds		\$ 9,594,473
Amounts reported for governmental activities in the statement of activities are different because:		
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 \$143,000.		
Expenditures for capital assets	9,836,658	
Less current year depreciation expense	<u>(142,553)</u>	9,694,105
Transfer of capital assets between governmental activities and business-type activities		(9,676,423)
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		4,255
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		29,466
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.		(128,952)
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>(226,545)</u>
Change in net position of governmental activities		<u>\$ 9,290,379</u>

The accompanying notes are an integral part of this statement.

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION

June 30, 2021

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	\$ 53,559,018	\$ 422,483	\$ 5,462,538	\$ 19,424,330	\$ 6,106,764	\$ -	\$ 84,975,133	\$ 1,438,696
Restricted cash	1,250,781	-	-	2,290,221	35,727	-	3,576,729	-
	<u>54,809,799</u>	<u>422,483</u>	<u>5,462,538</u>	<u>21,714,551</u>	<u>6,142,491</u>	<u>-</u>	<u>88,551,862</u>	<u>1,438,696</u>
<b>Receivables:</b>								
Accrued interest	-	10,343	64,976	61,139	-	-	136,458	18,176
Tenant receivables, less allowance for doubtful accounts of \$2,687,534	752,888	42,092	-	-	35,321	-	830,301	-
Other	3,106	7,507	-	441	5,469	-	16,523	-
	<u>755,994</u>	<u>59,942</u>	<u>64,976</u>	<u>61,580</u>	<u>40,790</u>	<u>-</u>	<u>983,282</u>	<u>18,176</u>
Due from other funds	241,201	2,190	14,515	5,311,735	391,389	(5,961,030)	-	8,748
Due from HUD	191,013	-	-	-	-	-	191,013	-
Inventories	714,265	34,363	51,739	23,175	-	-	823,542	-
Prepaid expenses and other assets	49	-	-	13,705	-	-	13,754	-
<b>Total current assets</b>	<u>56,712,321</u>	<u>518,978</u>	<u>5,593,768</u>	<u>27,124,746</u>	<u>6,574,670</u>	<u>(5,961,030)</u>	<u>90,563,453</u>	<u>1,465,620</u>
Notes Receivable	8,716,630	-	-	-	-	-	8,716,630	-
Capital Assets, less accumulated depreciation	306,913,196	21,488,037	30,567,283	3,171,467	8,523,620	-	370,663,603	698,153
<b>Total assets</b>	<u>372,342,147</u>	<u>22,007,015</u>	<u>36,161,051</u>	<u>30,296,213</u>	<u>15,098,290</u>	<u>(5,961,030)</u>	<u>469,943,686</u>	<u>2,163,773</u>
<b>Deferred Outflows of Resources</b>	<u>3,870,718</u>	<u>286,036</u>	<u>-</u>	<u>4,742,787</u>	<u>-</u>	<u>-</u>	<u>8,899,541</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 376,212,865</u>	<u>\$ 22,293,051</u>	<u>\$ 36,161,051</u>	<u>\$ 35,039,000</u>	<u>\$ 15,098,290</u>	<u>\$ (5,961,030)</u>	<u>\$ 478,843,227</u>	<u>\$ 2,163,773</u>

The accompanying notes are an integral part of this statement.



Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (continued)

June 30, 2021

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	\$ 2,298,490	\$ 56,495	\$ 141,180	\$ 313,302	\$ 331,806	\$ -	\$ 3,141,273	\$ 613,964
Accrued expenses	2,029,507	95,127	297,033	906,943	22,442	-	3,351,052	-
Due to other funds	318,901	16,513	2,123	257,907	5,413,448	(5,961,030)	47,862	-
Security deposits	1,184,075	47,083	165,823	-	46,830	-	1,443,811	-
Deferred income	389,791	3,381	2,870	463	11,016	-	407,521	-
Total current liabilities	<u>6,220,764</u>	<u>218,599</u>	<u>609,029</u>	<u>1,478,615</u>	<u>5,825,542</u>	<u>(5,961,030)</u>	<u>8,391,519</u>	<u>613,964</u>
Accrued Expenses	792,107	62,142	-	867,623	-	-	1,721,872	-
Net OPEB Liability	15,518,201	1,255,899	-	18,288,205	-	-	35,062,305	-
Net Pension Liability	19,645,764	1,626,896	-	19,822,586	-	-	41,095,246	-
Total liabilities	<u>42,176,836</u>	<u>3,163,536</u>	<u>609,029</u>	<u>40,457,029</u>	<u>5,825,542</u>	<u>(5,961,030)</u>	<u>86,270,942</u>	<u>613,964</u>
Deferred Inflows of Resources	<u>1,529,646</u>	<u>112,085</u>	<u>-</u>	<u>1,680,145</u>	<u>-</u>	<u>-</u>	<u>3,321,876</u>	<u>-</u>
Commitments and Contingencies								
Net Position:								
Invested in capital assets, net of related debt	306,913,196	21,488,037	30,567,283	3,171,467	8,523,620	-	370,663,603	698,153
Unrestricted	25,593,187	(2,470,607)	4,984,739	(10,269,641)	749,128	-	18,586,806	851,656
Total net position	<u>332,506,383</u>	<u>19,017,430</u>	<u>35,552,022</u>	<u>(7,098,174)</u>	<u>9,272,748</u>	<u>-</u>	<u>389,250,409</u>	<u>1,549,809</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 376,212,865</u>	<u>\$ 22,293,051</u>	<u>\$ 36,161,051</u>	<u>\$ 35,039,000</u>	<u>\$ 15,098,290</u>	<u>\$ (5,961,030)</u>	<u>\$ 478,843,227</u>	<u>\$ 2,163,773</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, 2021

Total net position of enterprise funds	\$ 389,250,409
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>1,549,809</u>
Net position of business-type activities	<u><u>\$ 390,800,218</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, 2021

	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	\$ 18,432,397	\$ 1,267,330	\$ 2,080,288	\$ -	\$ 1,285,256	\$ -	\$ 23,065,271	\$ -
Fee-for-service	-	-	-	11,044,320	-	(10,099,937)	944,383	-
Other	306,960	3,222	99,687	43,987	9,963	-	463,819	15,363
Total operating revenues	18,739,357	1,270,552	2,179,975	11,088,307	1,295,219	(10,099,937)	24,473,473	15,363
Operating Expenses:								
Personnel services	13,951,834	1,114,875	-	13,573,345	22,682	-	28,662,736	-
Depreciation	21,945,195	1,251,931	1,810,903	66,079	560,322	-	25,634,430	14,900
Administration	12,261,302	352,143	875,679	330,838	417,618	(7,207,771)	7,029,809	-
Provision for losses	489,295	37,470	3,560	-	-	-	530,325	-
Professional services	440,029	35,276	46,233	654,425	9,589	-	1,185,552	3,866
Tenant services	986,196	5,065	34,656	197,768	-	-	1,223,685	-
Security	3,128,686	-	(5,171)	10,159	(3,951)	-	3,129,723	-
Insurance	369,410	23,875	42,333	11,429	6,226	-	453,273	733
Repairs and maintenance	15,614,612	939,389	1,276,228	142,880	162,677	(2,892,166)	15,243,620	-
Utilities	10,363,746	746,840	1,252,863	125,083	252,699	-	12,741,231	-
Payments in lieu of taxes	232,927	-	-	-	-	-	232,927	-
Total operating expenses	79,783,232	4,506,864	5,337,284	15,112,006	1,427,862	(10,099,937)	96,067,311	19,499
Operating loss carried forward	(61,043,875)	(3,236,312)	(3,157,309)	(4,023,699)	(132,643)	-	(71,593,838)	(4,136)

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, 2021

	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 brought forward	(61,043,875)	(3,236,312)	(3,157,309)	(4,023,699)	(132,643)	-	(71,593,838)	(4,136)
Nonoperating Revenues:								
HUD operating subsidies	33,686,892	-	-	-	-	-	33,686,892	-
HUD capital fund subsidies	5,863,259	-	-	-	-	-	5,863,259	-
Other revenues	6,025	13,073	76,796	88,324	58	-	184,276	21,379
Net nonoperating revenues	39,556,176	13,073	76,796	88,324	58	-	39,734,427	21,379
(Loss) income before transfers	(21,487,699)	(3,223,239)	(3,080,513)	(3,935,375)	(132,585)	-	(31,859,411)	17,243
Capital Contributions	9,110,639	(10,408)	570,842	5,350	-	-	9,676,423	-
Net Transfers	2,185,034	964,716	846,219	-	-	-	3,995,969	-
Change in net position	(10,192,026)	(2,268,931)	(1,663,452)	(3,930,025)	(132,585)	-	(18,187,019)	17,243
Net Position at July 1, 2020	342,698,409	21,286,361	37,215,474	(3,168,149)	9,405,333	-	407,437,428	1,532,566
Net Position at June 30, 2021	<u>\$ 332,506,383</u>	<u>\$ 19,017,430</u>	<u>\$ 35,552,022</u>	<u>\$ (7,098,174)</u>	<u>\$ 9,272,748</u>	<u>\$ -</u>	<u>\$ 389,250,409</u>	<u>\$ 1,549,809</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, 2021

Change in net position - total enterprise funds	\$ (18,187,019)
Change in net position - internal service funds	<u>17,243</u>
Change in net position of business-type activities	<u>\$ (18,169,776)</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, 2021

	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	\$ 17,973,280	\$ 1,217,855	\$ 2,076,954	\$ -	\$ 1,289,469	\$ 22,557,558	\$ -
Cash payments to employees	(13,951,834)	(1,107,769)	-	(13,461,120)	(22,682)	(28,543,405)	-
Cash payments to suppliers	(41,864,280)	(2,022,236)	(3,273,995)	(925,308)	(870,592)	(48,956,411)	-
Cash receipts from (payments to) other funds	500,743	1,082,984	945,399	15,530,724	(4,969,281)	13,090,569	6,615
Other cash receipts (payments)	1,806,990	124,226	99,687	1,582,186	(71,273)	3,541,816	(4,599)
Net cash (used in) provided by operating activities	<u>(35,535,101)</u>	<u>(704,940)</u>	<u>(151,955)</u>	<u>2,726,482</u>	<u>(4,644,359)</u>	<u>(38,309,873)</u>	<u>2,016</u>
<b>Cash Flows from Noncapital Financing Activity --</b>							
HUD operating subsidy received	29,932,684	-	-	-	-	29,932,684	-
Net cash provided by noncapital financing activities	<u>29,932,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,932,684</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
HUD capital subsidy received	9,879,604	-	-	-	-	9,879,604	-
Payments for acquisition of property and equipment	(7,163,022)	-	-	(2,287,877)	-	(9,450,899)	(98,538)
Other	6,025	(85,913)	-	-	-	(79,888)	-
Net cash provided by (used in) capital and related financing activities	<u>2,722,607</u>	<u>(85,913)</u>	<u>-</u>	<u>(2,287,877)</u>	<u>-</u>	<u>348,817</u>	<u>(98,538)</u>
Subtotal carried forward	<u>(2,879,810)</u>	<u>(790,853)</u>	<u>(151,955)</u>	<u>438,605</u>	<u>(4,644,359)</u>	<u>(8,028,372)</u>	<u>(96,522)</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, 2021

	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	\$ (2,879,810)	\$ (790,853)	\$ (151,955)	\$ 438,605	\$ (4,644,359)	\$ (8,028,372)	\$ (96,522)
Cash Flows from Investing Activity --							
Receipts of Interest	-	6,469	29,383	52,449	58	88,359	8,290
Net cash provided by investing activities	-	6,469	29,383	52,449	58	88,359	8,290
Net (decrease) increase in cash	(2,879,810)	(784,384)	(122,572)	491,054	(4,644,301)	(7,940,013)	(88,232)
Cash and Restricted Cash at July 1, 2020	57,689,609	1,206,867	5,585,110	21,223,497	10,786,792	96,491,875	1,526,928
Cash and Restricted Cash at June 30, 2021	<u>\$ 54,809,799</u>	<u>\$ 422,483</u>	<u>\$ 5,462,538</u>	<u>\$ 21,714,551</u>	<u>\$ 6,142,491</u>	<u>\$ 88,551,862</u>	<u>\$ 1,438,696</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, 2021

	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	\$ (61,043,875)	\$ (3,236,312)	\$ (3,157,309)	\$ (4,023,699)	\$ (132,643)	\$ (71,593,838)	\$ (4,136)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:							
Depreciation	21,945,195	1,251,931	1,810,903	66,079	560,322	25,634,430	14,900
Provision for losses	489,295	37,470	3,560	-	-	530,325	-
Loss on capital asset write off	-	1,907	-	-	-	1,907	-
Changes in assets and liabilities:							
Tenant receivables	(699,147)	(50,293)	(3,560)	-	(4,699)	(757,699)	-
Other receivables	13,137	7,925	-	1,240	3,089	25,391	-
Due from other funds	2,070,550	1,066,471	943,276	4,355,214	1,497,319	9,932,830	(8,748)
Inventories	57,886	4,645	(1,540)	757	-	61,748	-
Prepaid expenses and other assets	(49)	-	-	6,094	-	6,045	-
Deferred outflows of resources related to pension and OPEB	564,884	40,296	-	590,004	-	1,195,184	-
Accounts payable	795,683	33,429	63,849	(68,770)	(9,926)	814,265	-
Accrued expenses	114,224	9,088	186,517	131,414	(100,132)	341,111	-
Due to other funds	(1,569,807)	16,513	2,123	131,190	(6,466,600)	(7,886,581)	-
Security deposits	151,030	2,744	494	-	-	154,268	-
Deferred income	89,000	(1,926)	(268)	463	8,911	96,180	-
Net OPEB liability	(1,192,273)	(87,151)	-	(1,238,490)	-	(2,517,914)	-
Net pension liability	1,680,337	124,825	-	1,739,012	-	3,544,174	-
Deferred inflows of resources related to pension and OPEB	998,829	73,498	-	1,035,974	-	2,108,301	-
Net cash (used in) provided by operating activities	<u>\$ (35,535,101)</u>	<u>\$ (704,940)</u>	<u>\$ (151,955)</u>	<u>\$ 2,726,482</u>	<u>\$ (4,644,359)</u>	<u>\$ (38,309,873)</u>	<u>\$ 2,016</u>

The accompanying notes are an integral part of this statement.



# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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, 2021, 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, 2021

## 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, 2021

## 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, 2021 has been reported in the government-wide financial statements.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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, 2021

## 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, 2021

## 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 – 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, 2021

## 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, 2021

## 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, 2021

## 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, 2021 are as follows:

	<u>Governmental Funds</u>	<u>Business-Type Funds</u>	<u>Total</u>
Deferred pension related costs	\$ 420,930	\$ 6,380,975	\$ 6,801,905
Deferred OPEB related costs	<u>201,834</u>	<u>2,518,566</u>	<u>2,720,400</u>
	<u>\$ 622,764</u>	<u>\$ 8,899,541</u>	<u>\$ 9,522,305</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, 2021 are as follows:

	<u>Governmental Funds</u>	<u>Business-Type Funds</u>	<u>Total</u>
Deferred pension related costs	\$ 56,189	\$ (183,784)	\$ (127,595)
Deferred OPEB related costs	<u>(250,903)</u>	<u>(3,138,092)</u>	<u>(3,388,995)</u>
	<u>\$ (194,714)</u>	<u>\$ (3,321,876)</u>	<u>\$ (3,516,590)</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, 2021

## 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 \$830,000.

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

<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2021</u>
<u>\$ 2,346,000</u>	<u>\$ 1,280,000</u>	<u>\$ 977,000</u>	<u>\$ 2,649,000</u>

As of June 30, 2021, approximately \$142,000 and \$2,507,000 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, 2021

## 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, 2021

## 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, 2021

## 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, 2021 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, 2021

### 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, 2021, total cash, including restricted cash, reported in the statement of net position is \$98,211,683 which consisted of the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
State pool and petty cash	\$ -	\$ 12,108,059	\$ 12,108,059
Cash in bank (book balance)	<u>8,221,125</u>	<u>77,882,499</u>	<u>86,103,624</u>
	<u>\$ 8,221,125</u>	<u>\$ 89,990,558</u>	<u>\$ 98,211,683</u>

Restricted cash includes amounts under the Housing Choice Voucher Program of approximately \$1,605,000 and consists of amounts restricted by HUD for housing assistance payments and the Family Self Sufficiency Program.

Bank balance of cash in bank was approximately \$90,431,000 of which \$750,000 was covered by federal depository insurance and \$89,681,000 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, 2021

## 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 2021, the interest earned on the note receivable amounted to approximately \$2,033,000 and has been recorded in deferred gain. As of June 30, 2021, the net note receivable, inclusive of all principal, accrued interest of approximately \$21,569,000 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	\$ 68,071,451
Deferred gain	<u>(63,254,821)</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, 2021, 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, 2021

## 5. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	July 1, 2020	Increases	Decreases	June 30, 2021
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,373,410	\$ -	\$ -	\$ 2,373,410
Construction in progress	-	-	-	-
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	1,331,660	160,235	-	1,491,895
Total capital assets being depreciated	<u>16,657,104</u>	<u>160,235</u>	<u>-</u>	<u>16,817,339</u>
Less accumulated depreciation for:				
Building and improvements	13,968,025	116,013	-	14,084,038
Equipment	1,274,561	26,540	-	1,301,101
Total accumulated depreciation	<u>15,242,586</u>	<u>142,553</u>	<u>-</u>	<u>15,385,139</u>
Governmental activities capital assets, net	<u>\$ 3,787,928</u>	<u>\$ 17,682</u>	<u>\$ -</u>	<u>\$ 3,805,610</u>
	July 1, 2020	Increases	Decreases	June 30, 2021
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 22,966,200	\$ -	\$ -	\$ 22,966,200
Construction in progress	96,483,700	17,647,748	(74,055,471)	40,075,977
Total capital assets not being depreciated	<u>119,449,900</u>	<u>17,647,748</u>	<u>(74,055,471)</u>	<u>63,042,177</u>
Capital assets, being depreciated:				
Building and improvements	697,915,327	74,014,879	(3,433)	771,926,773
Equipment	10,403,659	2,314,758	-	12,718,417
Total capital assets being depreciated	<u>708,318,986</u>	<u>76,329,637</u>	<u>(3,433)</u>	<u>784,645,190</u>
Less accumulated depreciation for:				
Building and improvements	442,022,249	25,441,189	-	467,463,438
Equipment	8,654,032	208,141	-	8,862,173
Total accumulated depreciation	<u>450,676,281</u>	<u>25,649,330</u>	<u>-</u>	<u>476,325,611</u>
Business-type activities capital assets, net	<u>\$ 377,092,605</u>	<u>\$ 68,328,055</u>	<u>\$ (74,058,904)</u>	<u>\$ 371,361,756</u>



# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 5. Capital Assets (continued)

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

Governmental Activity - -	
Rental Housing and Assistance Program	<u>\$ 142,553</u>
Business-Type Activities:	
Federal Low Rent Program	21,945,195
Housing Revolving Fund	1,251,931
Housing for Elders Revolving Fund	1,810,903
Central Office Cost Center Fund	66,079
Internal Services	14,900
Others	<u>560,322</u>
Total depreciation expense - business type activities	<u>25,649,330</u>
Total depreciation expense	<u><u>\$ 25,791,883</u></u>

At June 30, 2021, capital assets for the proprietary funds consisted of the following:

	Enterprise Funds					Total 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			
Land	\$ 13,093,629	\$ 2,252,881	\$ 6,104,817	\$ -	\$ 1,514,873	\$ 22,966,200	\$ -	\$ 22,966,200
Buildings and improvements	657,044,811	37,971,868	61,619,734	320,352	14,970,008	771,926,773	-	771,926,773
Equipment, furniture, and fixtures	6,977,885	1,081,029	1,036,396	798,883	-	9,894,193	2,824,224	12,718,417
Construction in progress	35,458,752	815,850	1,218,886	2,582,489	-	40,075,977	-	40,075,977
Less accumulated depreciation	<u>405,661,881</u>	<u>20,633,591</u>	<u>39,412,550</u>	<u>530,257</u>	<u>7,961,261</u>	<u>474,199,540</u>	<u>2,126,071</u>	<u>476,325,611</u>
Net capital assets	<u><u>\$306,913,196</u></u>	<u><u>\$ 21,488,037</u></u>	<u><u>\$ 30,567,283</u></u>	<u><u>\$ 3,171,467</u></u>	<u><u>\$8,523,620</u></u>	<u><u>\$370,663,603</u></u>	<u><u>\$ 698,153</u></u>	<u><u>\$371,361,756</u></u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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, 2021, the Federal Low Rent Program fund and the Capital Projects fund had outstanding construction contract commitments to expend approximately \$16,506,000 and \$35,298,000, 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 \$2,290,000 of restricted cash recorded under the Central Office Cost Center as of June 30, 2021 is held in an approved escrow account.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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, 2021, 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. Accumulated sick leave at June 30, 2021 amounted to approximately \$5,217,000.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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, 2021

## 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 in this case was filed on February 17, 2021, and the Plaintiffs filed their Notice of Appeal. This case is currently pending in the Intermediate Court of Appeals.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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. This case was dismissed without prejudice and a new case was filed by the same plaintiff (Tangee R. Lazarus v. Hakim Ouansafi et al (Civil No. 1:21-CV-00247-HG-RT, U.S. District Court).

Plaintiff seeks \$214,100 from two of the Authority employees, compensatory and punitive damages, and injunctive relief.

In October 2021, the parties placed settlement terms on the record in the U.S. District Court. Plaintiff subsequently repudiated the settlement. The Authority intends to file a motion to compel the settlement.

## 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 the ERS website: <http://www.ers.hawaii.gov/resources/financials>.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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, 2021

## 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, 2021

## 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, 2021

## 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, 2021

## 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, 2021

## 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 2021 was 24.00% for Authority employees. Contributions to the pension plan from the Authority was approximately \$3,907,000 for the fiscal year ended June 30, 2021.

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 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 \$17,185,000 for 2021.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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, 2021, the Authority reported a liability of \$44,224,997 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Authority's proportion was 0.29%, which was consistent with its proportion measured as of June 30, 2019.

There were no changes in actuarial assumptions as of June 30, 2019 to June 30, 2020. There were no changes between the measurement date, June 30, 2020, and the reporting date, June 30, 2021, 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, 2021

## 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, 2021, the Authority recognized pension expense of \$6,892,787. At June 30, 2021, 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	\$ 496,385	\$ 14,274
Changes in assumptions	644,282	(657)
Net difference between projected and actual earnings on pension plan investments	1,485,584	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	268,605	(141,212)
Authority contributions subsequent to the measurement date	<u>3,907,049</u>	<u>-</u>
Total	<u>\$6,801,905</u>	<u>\$ (127,595)</u>

At June 30, 2021, the \$3,907,049 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense approximately as follows:

For the years ending June 30,	
2022	\$ 676,000
2023	676,000
2024	676,000
2025	676,000
2026	<u>63,261</u>
Total	<u>\$ 2,767,261</u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 7. Retirement Plan (continued)

### e. Actuarial Assumptions

The total pension liability in the June 30, 2020 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 2019 Public Retirees of Hawaii mortality table with adjustments based on generational projections of the BB projection table for 2019 and full generational projections in future years. Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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%	7.9%
Diversifying Strategies	<u>37</u>	3.7
	<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, 2021

## 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.

	<u>1 percent Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1 percent Increase (8.00%)</u>
Authority's proportionate share of the net pension liability	\$ 62,583,329	\$ 44,224,997	\$ 37,285,130

### 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/resources/financials>.

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 8. Postemployment Health Care and Life Insurance Benefits

### a. Plan Description

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 at <https://eutf.hawaii.gov/reports/>. The report may also 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, 2020, the following number of plan members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	37,767
Inactive plan members entitled to but not yet receiving benefits	7,576
Active plan members	<u>50,831</u>
Total plan members	<u>96,174</u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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 \$1,812,000 for the fiscal year ended June 30, 2021. 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, 2021, the Authority reported a net OPEB liability of \$37,602,456. The net OPEB liability was measured as of July 1, 2020, 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, 2020, and the reporting date, June 30, 2021, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2021, the Authority recognized OPEB expense of \$3,511,378. At June 30, 2021 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (3,169,900)
Changes in assumptions	430,708	(224,565)
Net difference between projected and actual earnings on pension plan investments	483,286	-
Authority contributions subsequent to the measurement date	<u>1,811,876</u>	<u>-</u>
Total	<u>\$2,725,870</u>	<u>\$ (3,394,465)</u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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, 2021, the \$1,811,876 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense approximately as follows:

For the years ending June 30,	
2022	\$ (470,000)
2023	(470,000)
2024	(470,000)
2025	(470,000)
2026	(591,000)
Thereafter	<u>(9,471)</u>
Total	<u><u>\$(2,480,471)</u></u>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

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

### e. Actuarial Assumptions

The total OPEB liability in the July 1, 2020 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 EUTF:

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 7.50 percent, declining to a rate of 4.70 percent after 13 years
HMO*	Initial rate of 7.50 percent, declining to a rate of 4.70 percent after 13 years
Contribution	Initial rate of 5.00 percent; declining to a rate of 4.70 percent after 10 years
Dental	Initial rate of 5.00 percent for the first year; followed by 4.00 percent for all future years
Vision	Initial rate of 0.00 percent for the first year; followed by 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, 2021

## 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 of Return
Private Equity	10 %	9.66 %
U.S. Microcap	6	7.85
U.S. Equity	14	6.23
Non-U.S. Equity	16	7.72
Global Options	6	4.65
Core Real Estate	10	5.98
Private Credit	6	5.50
Core Bonds	3	0.08
TIPS	5	0.11
Long Treasuries	6	0.86
Alternative Risk Premia	5	1.56
Trend Following	8	2.12
Reinsurance	5	4.34
	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. Beginning with the fiscal year 2019 contribution, the State's funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. In July 2020, the Governor's office issued the Tenth Proclamation related to the COVID-19 Emergency, allowing employers of the EUTF to suspend Act 268 contributions for the fiscal year ended June 30, 2021 and instead limit their contribution amounts to the OPEB benefits due. This

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

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

### f. Single Discount Rate (continued)

temporary Act 268 suspension would not derail the plan's long-term funding progress. Even if Act 268 is suspended through fiscal year ending June 30, 2025, as is being discussed, the OPEB plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Act 229, SLH 2021 suspends the contribution requirement for fiscal years 2022 and 2023. The Authority has made its full Annual Required Contribution in fiscal year 2021 and intends to make contributions for fiscal years 2022 and 2023. Therefore, the long-term expected rate of return on the 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, 2021

## 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, 2020.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning Balance	\$ 48,501,218	\$ 8,161,393	\$ 40,339,825
Service Cost	1,119,189	-	1,119,189
Interest on the total OPEB liability	3,593,996	-	3,593,996
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(3,290,446)	-	(3,290,446)
Changes in assumptions	(269,412)	-	(269,412)
Employer contributions	-	3,693,632	(3,693,632)
Net investment income	-	197,212	(197,212)
Benefit payments	(1,652,922)	(1,652,922)	-
Administrative expense	-	(1,386)	1,386
Other	-	1,238	(1,238)
Net Changes	<u>(499,595)</u>	<u>2,237,774</u>	<u>(2,737,369)</u>
Ending balance	<u>\$ 48,001,623</u>	<u>\$ 10,399,167</u>	<u>\$ 37,602,456</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	\$ 45,120,130	\$ 37,602,456	\$ 31,678,561



# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 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:

	<u>1 percent Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1 percent Increase</u>
Authority's proportionate share of the net OPEB liability	\$ 31,410,583	\$ 37,602,456	\$ 45,611,575

## 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, 2021

## 10. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2021 is as follows:

Current Due from	General Fund	Federal Low-Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center Fund	Non-major Enterprise	Internal Service Funds
Federal Low Rent Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,901	\$ -
Central Office Cost Center	-	241,201	2,190	14,515	-	-	-
Housing Revolving Fund	-	-	-	-	-	16,513	-
Housing for Elders Revolving Fund	-	-	-	-	-	2,123	-
Housing Choice Voucher Program	-	-	-	-	-	53,852	-
General Fund	-	-	-	-	1,360	-	-
Non-major - Enterprise	94,326	-	-	-	5,310,375	-	8,748
<b>Total</b>	<b>\$ 94,326</b>	<b>\$ 241,201</b>	<b>\$ 2,190</b>	<b>\$ 14,515</b>	<b>\$ 5,311,735</b>	<b>\$ 391,389</b>	<b>\$ 8,748</b>

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

## 11. Net Transfers

The composition of net transfer balances reflected in the financial statements as of June 30, 2021 is as follows:

Transfer From	Federal Low-Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Total
General Fund	\$ 1,828,735	\$ 957,708	\$ 829,002	\$ 3,615,445
Capital Projects	356,299	7,008	17,217	380,524
<b>Total</b>	<b>\$ 2,185,034</b>	<b>\$ 964,716</b>	<b>\$ 846,219</b>	<b>\$ 3,995,969</b>

# Hawaii Public Housing Authority

Notes to Financial Statements  
June 30, 2021

## 11. Net Transfers (continued)

The following describes the transfers noted above:

General Fund: The General Fund expended approximately \$3,615,000 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 \$381,000 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.

## 12. Capital Contributions

During 2021, the Capital Projects Fund and Housing Revolving Fund expended approximately \$9,700,000 and \$17,000, respectively, from the current year annual State of Hawaii appropriations to pay for capital outlays that were contributed to other funds. The composition of capital contribution balances reflected in the Proprietary Funds financial statements as of June 30, 2021 is as follows:

Contributed From	Federal Low-Rent Program	Housing Revolving Fund	Housing Elders Revolving Fund	Central Office Cost Center Fund	Capital Projects Fund	Total
Capital Projects	\$ 9,110,639	\$ 6,783	\$ 570,842	\$ 5,350	\$ -	\$ 9,693,614
Housing Revolving Fund	-	-	-	-	17,191	17,191
Total	\$ 9,110,639	\$ 6,783	\$ 570,842	\$ 5,350	\$ 17,191	\$ 9,710,805

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

Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -  
MAJOR GOVERNMENTAL FUNDS  
(UNAUDITED)

Year Ended June 30, 2021

	General Fund		
	Original Budget	Final Budget	Budgetary Actual
Revenues -			
State allotted appropriations	\$ 9,488,132	\$ 9,488,132	\$ 9,488,132
Expenditures -			
Rental housing and assistance program	9,488,132	9,488,132	9,239,834
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,298</u>
	Housing Choice Voucher Program		
	Original Budget	Final Budget	Budgetary Actual
Revenues -			
HUD contributions	42,926,572	\$ 42,926,572	\$ 42,926,572
Expenditures -			
Rental housing and assistance program	42,926,572	42,926,572	44,818,562
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,891,990)</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -  
 MAJOR GOVERNMENTAL FUNDS (continued)  
 (UNAUDITED)

Year Ended June 30, 2021

	<u>Section 8 Contract Administration</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>
Revenues -			
HUD contributions	<u>\$ 40,750,079</u>	<u>\$ 40,750,079</u>	<u>\$ 40,750,079</u>
Expenditures -			
Rental housing and assistance program	<u>40,750,079</u>	<u>40,750,079</u>	<u>40,290,780</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 459,299</u></u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE -  
BUDGET-TO-GAAP RECONCILIATION  
(UNAUDITED)

Year Ended June 30, 2021

	<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	\$ 248,298	\$ (1,891,990)	\$ 459,299
Reserve for encumbrance at year end*	1,080,106	-	-
Expenditures for liquidation of prior year's encumbrances	(563,904)	-	-
Reversion of prior year's allotments	(248,298)	-	-
Accrual adjustments, operating transfers and other	<u>(376,460)</u>	<u>2,325,177</u>	<u>(48,749)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES - US GAAP BASIS</b>	<u><u>\$ 139,742</u></u>	<u><u>\$ 433,187</u></u>	<u><u>\$ 410,550</u></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\*  
(Unaudited)

	<u>2021</u>	<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>
Authority's proportion of the net pension liability	0.29%	0.29%	0.28%	0.29%	0.29%	0.29%	0.29%	0.29%		
Authority's proportionate share of the net pension liability	\$ 44,224,997	\$ 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	16,033,163	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	275.83%	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%	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  
(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,907,049	\$ 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
Contributions in relation to the contractually required contribution	(3,907,049)	(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)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 17,185,380	\$ 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
Contributions as a percentage of covered-employee payroll	22.73%	20.70%	19.15%	16.96%	16.18%	16.00%	15.70%	15.50%	15.05%	15.11%

See accompanying independent auditor's report.

## Hawaii Public Housing Authority

Notes to the Schedule of the Authority's Pension Contributions  
Year ended June 30, 2021

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\*  
(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total OPEB Liability</b>										
Service cost	\$ 1,119,189	\$ 1,080,428	\$ 948,455	\$ 733,947						
Interest on the total OPEB liability	3,593,996	3,405,607	2,936,634	2,228,580						
Changes of benefit terms	-	-	-	-						
Difference between expected and actual experience of total OPEB liability	(3,290,446)	(28,356)	(868,350)	-						
Changes of assumptions	(269,412)	273,716	525,552	-						
Benefit payments	(1,652,922)	(1,630,932)	(1,429,888)	(1,101,878)						
Net change in total OPEB liability	(499,595)	3,100,463	2,112,403	1,860,649						
Total OPEB liability - beginning	48,501,218	45,400,755	43,288,352	41,427,703						
Total OPEB liability - ending	<u>\$ 48,001,623</u>	<u>\$ 48,501,218</u>	<u>\$ 45,400,755</u>	<u>\$ 43,288,352</u>						
<b>Plan fiduciary net position</b>										
Employer contributions	\$ 3,693,632	\$ 3,597,601	\$ 2,825,229	\$ 2,191,159						
Net investment income	197,212	327,087	325,516	219,382						
Benefit payments	(1,652,922)	(1,630,932)	(1,429,888)	(1,101,878)						
OPEB plan administrative expense	(1,386)	(2,251)	(1,066)	(561)						
Other	1,238	757,677	-	17,616						
Net change in plan fiduciary position	2,237,774	3,049,182	1,719,791	1,325,718						
Plan fiduciary net position - beginning	8,161,393	5,112,211	3,392,420	2,066,702						
Plan fiduciary net position - ending	<u>\$ 10,399,167</u>	<u>\$ 8,161,393</u>	<u>\$ 5,112,211</u>	<u>\$ 3,392,420</u>						
<b>Net OPEB liability - ending</b>	\$ 37,602,456	\$ 40,339,825	\$ 40,288,544	\$ 39,895,932						
Plan fiduciary net position as a percentage of total OPEB liability	22%	17%	11%	8%						
Covered-employee payroll	16,033,163	14,709,141	14,806,198	14,516,008						
Net OPEB liability as a percentage of covered-employee payroll	235%	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\*  
 (Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,237,587	\$ 3,856,767	\$ 3,466,987	\$ 3,187,682						
Contributions in relation to the actuarially determined contribution	<u>1,811,876</u>	<u>3,693,632</u>	<u>3,597,601</u>	<u>2,825,229</u>						
Contributions deficiency (excess)	<u>\$ (574,289)</u>	<u>\$ 163,135</u>	<u>\$ (130,614)</u>	<u>\$ 362,453</u>						
Authority's covered-employee payroll	\$ 17,185,380	\$ 16,033,163	\$ 14,709,141	\$ 14,806,198						
Contributions as a percentage of covered-employee payroll	7.20%	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, 2021

Actuarial Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal
Amortization method*	Level percent, closed
Remaining amortization period	24 years
Asset valuation method	Market
<b>Actuarial Assumptions</b>	
Investment rate of return	7.00 percent
Projected salary increases	3.50 percent to 7.00 percent
<b>Healthcare Cost Inflation Rates</b>	
PPO**	10.00 percent declining rate of 4.86 percent after 13 years
HMO**	10.00 percent declining rate of 4.86 percent after 13 years
Dental	5.00 percent initial rate for the first three years, declining to 4.00 percent for all future years
Vision	0.00 percent initial rate for the first three years, then 2.50 percent for all future rates
Medicare Part B	Initial rates of 4.00 percent and 5.00 percent declining to a rate of 4.70 percent after 12 years

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

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

## **Supplementary Information**

Hawaii Public Housing Authority

COMBINING STATEMENT OF NET POSITION – NONMAJOR OTHER ENTERPRISE FUNDS

June 30, 2021

ASSETS	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Current Assets:					
Cash	\$ 457,201	\$ 268,631	\$ 5,056,115	\$ 324,817	\$ 6,106,764
Restricted cash	-	35,727	-	-	35,727
Tenant receivables, less allowance for doubtful accounts	-	24,006	-	11,315	35,321
Other receivables	-	4,172	1,297	-	5,469
Due from other funds	-	-	391,389	-	391,389
Total current assets	<u>457,201</u>	<u>332,536</u>	<u>5,448,801</u>	<u>336,132</u>	<u>6,574,670</u>
Capital Assets, less accumulated depreciation	<u>1,514,873</u>	<u>2,046,818</u>	<u>-</u>	<u>4,961,929</u>	<u>8,523,620</u>
Total assets	<u>\$ 1,972,074</u>	<u>\$ 2,379,354</u>	<u>\$ 5,448,801</u>	<u>\$ 5,298,061</u>	<u>\$ 15,098,290</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF NET POSITION – NONMAJOR OTHER ENTERPRISE FUNDS (continued)

June 30, 2021

LIABILITIES AND NET POSITION	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Current Liabilities:					
Accounts payable	\$ -	\$ 16,157	\$ 35,353	\$ 280,296	\$ 331,806
Accrued expenses	-	-	-	22,442	22,442
Due to other funds	-	-	5,413,448	-	5,413,448
Security deposits	-	35,720	-	11,110	46,830
Deferred income	-	11,016	-	-	11,016
Total current liabilities	<u>-</u>	<u>62,893</u>	<u>5,448,801</u>	<u>313,848</u>	<u>5,825,542</u>
Net Position:					
Invested in capital assets, net of related debt	1,514,873	2,046,818	-	4,961,929	8,523,620
Unrestricted	<u>457,201</u>	<u>269,643</u>	<u>-</u>	<u>22,284</u>	<u>749,128</u>
Total net position	<u>1,972,074</u>	<u>2,316,461</u>	<u>-</u>	<u>4,984,213</u>	<u>9,272,748</u>
Total liabilities and net position	<u>\$ 1,972,074</u>	<u>\$ 2,379,354</u>	<u>\$ 5,448,801</u>	<u>\$ 5,298,061</u>	<u>\$ 15,098,290</u>

See accompanying independent auditor's report.



Hawaii Public Housing Authority

COMBINING STATEMENT OF REVENUES AND EXPENSES – NONMAJOR OTHER ENTERPRISE FUNDS

Year Ended June 30, 2021

	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Operating Revenues:					
Rental	\$ -	\$ 427,743	\$ -	\$ 857,513	\$ 1,285,256
Other	-	9,963	-	-	9,963
Total operating revenues	-	437,706	-	857,513	1,295,219
Operating Expenses:					
Personnel services	-	22,682	-	-	22,682
Depreciation	-	64,130	-	496,192	560,322
Administration	-	201,873	-	215,745	417,618
Professional services	-	6,671	-	2,918	9,589
Security	-	-	-	(3,951)	(3,951)
Insurance	-	1,429	-	4,797	6,226
Repairs and maintenance	-	104,086	-	58,591	162,677
Utilities	-	131,940	-	120,759	252,699
Total operating expenses	-	532,811	-	895,051	1,427,862
Operating loss	-	(95,105)	-	(37,538)	(132,643)
Nonoperating Revenue --					
Other revenues	-	23	-	35	58
Net nonoperating revenues	-	23	-	35	58
Change in net position	\$ -	\$ (95,082)	\$ -	\$ (37,503)	\$ (132,585)

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF CHANGES IN NET POSITION – NONMAJOR OTHER ENTERPRISE FUNDS

Year Ended June 30, 2021

	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Net Position at July 1, 2020	\$ 1,972,074	\$ 2,411,543	\$ -	\$ 5,021,716	\$ 9,405,333
Change in Net Position	<u>-</u>	<u>(95,082)</u>	<u>-</u>	<u>(37,503)</u>	<u>(132,585)</u>
Net Position at June 30, 2021	<u>\$ 1,972,074</u>	<u>\$ 2,316,461</u>	<u>\$ -</u>	<u>\$ 4,984,213</u>	<u>\$ 9,272,748</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR OTHER ENTERPRISE FUNDS

Year Ended June 30, 2021

	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Cash Flows from Operating Activities:					
Cash received from renters	\$ -	\$ 439,931	\$ -	\$ 849,538	\$ 1,289,469
Cash payments to employees	-	(22,682)	-	-	(22,682)
Cash payments to suppliers	-	(443,299)	-	(427,293)	(870,592)
Cash payments to other funds	-	(195)	(4,722,512)	(246,574)	(4,969,281)
Other	-	9,963	(81,236)	-	(71,273)
Net cash (used in) provided by operating activities	-	(16,282)	(4,803,748)	175,671	(4,644,359)
Cash Flows from Investing Activity --					
Receipts of Interest	-	23	-	35	58
Net cash provided by investing activity	-	23	-	35	58
Net (decrease) increase in cash	-	(16,259)	(4,803,748)	175,706	(4,644,301)
Cash at July 1, 2020	457,201	320,617	9,859,863	149,111	10,786,792
Cash at June 30, 2021	<u>\$ 457,201</u>	<u>\$ 304,358</u>	<u>\$ 5,056,115</u>	<u>\$ 324,817</u>	<u>\$ 6,142,491</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS – NONMAJOR OTHER ENTERPRISE FUNDS (continued)

Year Ended June 30, 2021

	Wilikina Apartments Project	Kekumu at Waikoloa Project	Disbursing Fund	KPT Resource Center	Total
Cash Flows from Operating Activities:					
Reconciliation of operating loss to net cash (used in)					
provided by operating activities:					
Operating loss	\$ -	\$ (95,105)	\$ -	\$ (37,538)	\$ (132,643)
Adjustments to reconcile operating loss to net cash					
(used in) provided by operating activities:					
Depreciation	-	64,130	-	496,192	560,322
Changes in assets and liabilities:					
Tenant receivables	-	3,277	-	(7,976)	(4,699)
Due from other funds	-	-	1,497,319	-	1,497,319
Other receivables	-	-	3,089	-	3,089
Accounts payable	-	2,700	(84,325)	71,699	(9,926)
Accrued expenses	-	-	-	(100,132)	(100,132)
Due to other funds	-	(195)	(6,219,831)	(246,574)	(6,466,600)
Deferred income	-	8,911	-	-	8,911
Net cash (used in) provided by operating activities	<u>\$ -</u>	<u>\$ (16,282)</u>	<u>\$ (4,803,748)</u>	<u>\$ 175,671</u>	<u>\$ (4,644,359)</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS

June 30, 2021

ASSETS	Equipment Rental	Vehicle Rental	Total
Current Assets:			
Cash	\$ 805,166	\$ 633,530	\$ 1,438,696
Accrued interest receivable	9,903	8,273	18,176
Due from other funds	-	8,748	8,748
Total current assets	<u>815,069</u>	<u>650,551</u>	<u>1,465,620</u>
Capital Assets, less accumulated depreciation	-	698,153	698,153
Total assets	<u>\$ 815,069</u>	<u>\$ 1,348,704</u>	<u>\$ 2,163,773</u>
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ -	\$ 613,964	\$ 613,964
Total current liabilities	-	613,964	613,964
Net Position:			
Invested in capital assets	-	698,153	698,153
Unrestricted	<u>815,069</u>	<u>36,587</u>	<u>851,656</u>
Total net position	<u>815,069</u>	<u>734,740</u>	<u>1,549,809</u>
Total liabilities and net position	<u>\$ 815,069</u>	<u>\$ 1,348,704</u>	<u>\$ 2,163,773</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF REVENUES AND EXPENSES AND  
CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS

Year Ended June 30, 2021

	<u>Equipment Rental</u>	<u>Vehicle Rental</u>	<u>Total</u>
Operating Revenue - Rental	\$ -	\$ 15,363	\$ 15,363
Operating Expenses:			
Professional services	2,240	1,626	3,866
Depreciation	-	14,900	14,900
Insurance	733	-	733
Total operating expenses	<u>2,973</u>	<u>16,526</u>	<u>19,499</u>
Operating loss	(2,973)	(1,163)	(4,136)
Nonoperating Revenues --			
Interest income	<u>11,635</u>	<u>9,744</u>	<u>21,379</u>
Total nonoperating revenues	<u>11,635</u>	<u>9,744</u>	<u>21,379</u>
Change in net position	8,662	8,581	17,243
Net Position at July 1, 2020	<u>806,407</u>	<u>726,159</u>	<u>1,532,566</u>
Net Position at June 30, 2021	<u>\$ 815,069</u>	<u>\$ 734,740</u>	<u>\$ 1,549,809</u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

Year Ended June 30, 2021

	Equipment Rental	Vehicle Rental	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Cash Flows from Operating Activities:			
Cash receipts from other funds	\$ -	\$ 6,615	\$ 6,615
Other cash (payments) receipts	<u>(2,973)</u>	<u>(1,626)</u>	<u>(4,599)</u>
Net cash (used in) provided by operating activities	<u>(2,973)</u>	<u>4,989</u>	<u>2,016</u>
Cash Flows from Capital and Related Financing Activity --			
Payments for acquisition of property and equipment	<u>-</u>	<u>(98,538)</u>	<u>(98,538)</u>
Net cash used in capital and related financing activity	<u>-</u>	<u>(98,538)</u>	<u>(98,538)</u>
Cash Flows from Investing Activity --			
Receipts of Interest	<u>4,602</u>	<u>3,688</u>	<u>8,290</u>
Net cash provided by investing activity	<u>4,602</u>	<u>3,688</u>	<u>8,290</u>
Net increase (decrease) in cash	1,629	(89,861)	(88,232)
Cash at July 1, 2020	<u>803,537</u>	<u>723,391</u>	<u>1,526,928</u>
Cash at June 30, 2021	<u><u>\$ 805,166</u></u>	<u><u>\$ 633,530</u></u>	<u><u>\$ 1,438,696</u></u>

See accompanying independent auditor's report.

Hawaii Public Housing Authority

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS (continued)

Year Ended June 30, 2021

	<u>Equipment Rental</u>	<u>Vehicle Rental</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Reconciliation of operating loss to net cash (used in) provided by operating activities:			
Operating loss	\$ (2,973)	\$ (1,163)	\$ (4,136)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities			
Depreciation	-	14,900	14,900
Changes in assets and liabilities:			
Due from other funds	-	(8,748)	(8,748)
Accounts payable	-	-	-
Net cash (used in) provided by operating activities	<u>\$ (2,973)</u>	<u>\$ 4,989</u>	<u>\$ 2,016</u>

See accompanying independent auditor's report.



Hawaii Public Housing Authority

RECONCILIATION OF CASH

June 30, 2021

The Authority's cash consists of the following as of June 30, 2021:

Equity in State Treasury investment pool - Gov't Wide	\$ 12,108,059
Cash in banks	<u>86,103,624</u>
	<u>\$ 98,211,683</u>

Total cash is in agreement with the State Comptroller's central accounting records as of June 30, 2021, as reconciled below:

	<u>Appropriation symbol</u>	<u>June 30, 2021</u>
Cash in State Treasury		
Special Funds	S-16-337-K	\$ 2,151
	S-17-337-K	291,817
	S-18-337-K	164,055
	S-19-337-K	401
	S-20-337-K	153,260
	S-21-337-K	4,679,851
	S-21-335-K	633,530
	S-21-336-K	805,166
	S-19-308-K	28,265
	S-20-308-K	44,054
	S-21-308-K	246,193
	S-21-332-K	5,014,531
Trust Funds	T-11-913-K	353
	T-14-913-K	33,128
	<u>T-15-913-K</u>	<u>8,103</u>
Total cash held in State Treasury as reported by State Comptrollers accounting records carried forward		12,104,858

See accompanying independent auditor's report.

Hawaii Public Housing Authority

RECONCILIATION OF CASH (continued)

June 30, 2021

	<u>Appropriation symbol</u>	<u>June 30, 2021</u>
Subtotal brought forward		<u>12,104,858</u>
Reconciling item --		
Deposit in transit not recorded by DAGS		<u>3,201</u>
		<u>3,201</u>
Cash held outside State Treasury:		
Cash in bank		<u>86,103,624</u>
Cash on statement of net position		<u>\$ 98,211,683</u>

See accompanying independent auditor's report.