

December 27, 2024

**VIA EMAIL**

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

**VIA EMAIL**

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

**RE: Financial Audit of the Hawaii Public Housing Authority**

Dear President Kouchi and Speaker Nakamura:

The audit report on the financial statements of the Hawaii Public Housing Authority for the fiscal year ended June 30, 2024, was issued on December 10, 2024. The Office of the Auditor retained Plante & Moran, PLLC to perform the financial audit. For your information, we are attaching a copy of the two-page Auditor's Summary of the financial audit report.

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

[https://files.hawaii.gov/auditor/Reports/2024\\_Audit/HPHA2024.pdf](https://files.hawaii.gov/auditor/Reports/2024_Audit/HPHA2024.pdf); and

[https://files.hawaii.gov/auditor/Reports/2024\\_Audit/HPHA\\_Summary\\_2024.pdf](https://files.hawaii.gov/auditor/Reports/2024_Audit/HPHA_Summary_2024.pdf).

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

Very truly yours,

Leslie H. Kondo  
State Auditor

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Attachment

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

# Auditor's Summary

## Financial Audit of the Hawai'i Public Housing Authority

Financial Statements, Fiscal Year Ended June 30, 2024



***THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Public Housing Authority as of and for the fiscal year ended June 30, 2024. The audit was conducted by Plante & Moran, PLLC.*

### About the Authority

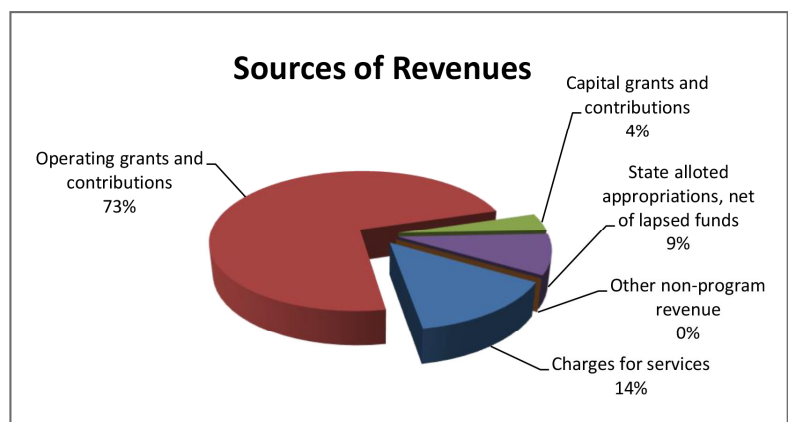
The mission of the Hawai'i Public Housing Authority (HPHA) is to provide safe, decent, and sanitary dwellings for low and moderate-income residents of Hawai'i and to operate its housing programs in accordance with federal and State laws and regulations. Some of HPHA's housing assistance programs are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

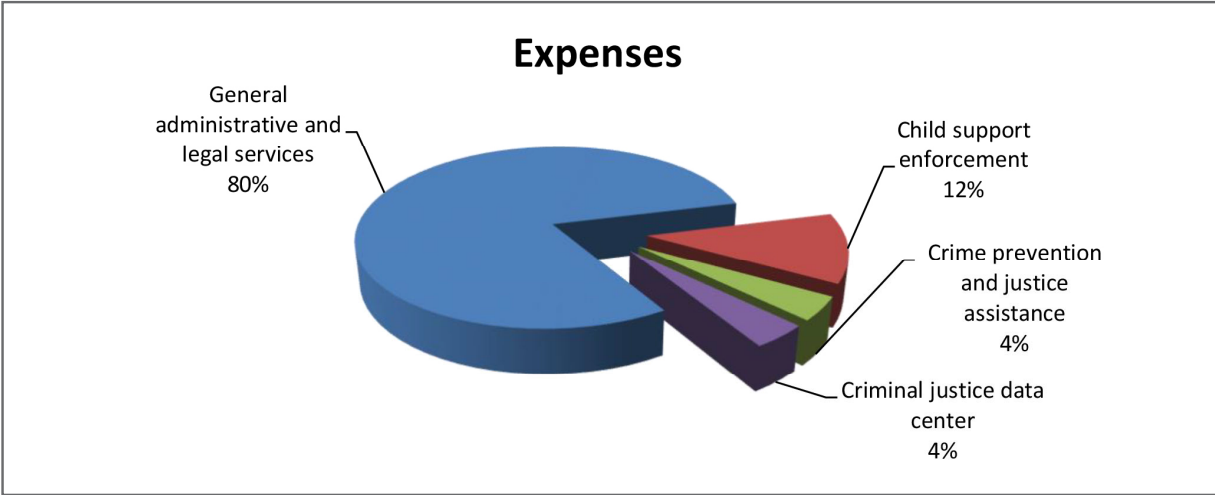
HPHA is administratively attached to the Hawai'i Department of Human Services (DHS). HPHA operates under the direction of an Executive Director and Board of Directors, which consists of eleven board members, nine of whom are appointed by the Governor. The Director of DHS and a Governor's designee are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

### Financial Highlights

**FOR THE FISCAL YEAR** ended June 30, 2024, HPHA reported total revenues of \$229.5 million and total expenses of \$220.2 million, resulting in an increase in net position of \$9.3 million.

Total revenues of \$229.5 million consisted of (1) \$31.4 million in charges for services and other revenues, (2) \$153.6 million in operating grants and contributions, (3) \$5 million in capital grants





and contributions, (4) \$38.6 million in State allotted appropriations, net of lapsed funds, and (5) \$900,000 in other non-program revenue.

Total expenses of \$220.2 million consisted of (1) \$117.6 million for the rental housing assistance program, (2) \$85 million for the rental assistance program, (3) \$11.9 million for the housing development program, and (4) \$5.7 million for other costs.

As of June 30, 2024, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$482 million. The agency reported total assets and deferred outflows of resources of \$590.2 million which were comprised of (1) cash of \$127.3 million, (2) amounts due from State of \$88.4 million, (3) notes and other receivables of \$12.7 million, (4) net capital assets of \$352.2 million, and (5) other assets and deferred outflows or resources of \$9.6 million. The agency also reported total liabilities and deferred inflows of resources of \$108.2 million which were comprised of (1) net pension liability of \$40.7 million, (2) net other postemployment benefits other than pensions of \$33.2 million, (3) accounts payable and accrued expenses of \$21.2 million, and (4) other liabilities and deferred inflows of resources of \$13.1 million.

## Auditor's Opinions

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

## Findings

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



Link to the complete report:

**Financial Audit**

[https://files.hawaii.gov/auditor/Reports/2024\\_Audit/HPHA2024.pdf](https://files.hawaii.gov/auditor/Reports/2024_Audit/HPHA2024.pdf)

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# Hawaii Public Housing Authority

(a Component Unit of the State of Hawaii)

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**Financial Report**  
**with Supplemental Information**  
**June 30, 2024**

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## **Independent Auditor's Report**

To the Auditor  
State of Hawaii

To the Board of Directors  
Hawaii Public Housing Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hawaii Public Housing Authority (the "Authority"), a component unit of the State of Hawaii, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Hawaii Public Housing Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hawaii Public Housing Authority as of June 30, 2024 and the changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As described in Note 1 to the financial statements, the financial statements present only the Hawaii Public Housing Authority and do not purport to, and do not, present fairly the financial position of the State of Hawaii as of June 30, 2024 and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Directors  
Hawaii Public Housing Authority

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 OPEB liability and related ratios, and schedule of the Authority's OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.



To the Board of Directors  
Hawaii Public Housing Authority

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hawaii Public Housing Authority's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024 on our consideration of Hawaii Public Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hawaii Public Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hawaii Public Housing Authority's internal control over financial reporting and compliance.



December 10, 2024

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2024

The Management Discussion and Analysis (MD&A) highlights the Hawaii Public Housing Authority's (HPHA) financial performance for the fiscal year ended June 30, 2024. This section aims to:

1. Focus on significant financial issues,
2. Review the HPHA's financial activities,
3. Highlight changes in the HPHA's financial position, including its capacity to address challenges in the coming years, and
4. Identify any issues or concerns related to individual funds.

The MD&A is intended to provide a focused overview of HPHA's financial activities for the fiscal year ended June 30, 2024. Readers are encouraged to review it alongside the accompanying financial statements.

## INTRODUCTION

The Hawaii Public Housing Authority (HPHA) is a full-service agency attached to the State's Department of Human Services for "administrative purposes only". Its Board of Directors consists of eleven members: nine public members appointed by the Governor and two ex officio voting members—the Director of the Department of Human Services and the Governor's designee.

Public members represent the counties of Honolulu, Hawaii, Maui, and Kauai. One public member must advocate for low-income or homeless persons, and another must either have a disability or advocate for persons with disabilities. In compliance with federal statutes, at least one Board Director must be a recipient of federal low-rent public housing or federal Housing Choice Voucher (Section 8) assistance during their service on the board. HPHA board actions require an affirmative vote from at least six members.

During the audited period from July 1, 2023, to June 30, 2024, the HPHA administered the following programs:

- **Federal Public Housing Programs**  
HPHA managed 4,731 federal public housing units across Hawaii, funded by the U.S. Department of Housing and Urban Development (HUD). These units are organized into 16 Asset Management Projects (AMPs) under HUD and 72 housing projects overseen by HPHA.
- **State Public Housing Programs**  
HPHA administered 864 state-funded public housing units, including six family housing projects and four elderly housing projects.

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2024

- **Federal and State Rent Subsidy Programs**  
HPHA provided rental assistance through various federally funded programs, such as the Section 8 Housing Choice Voucher Program, Veterans Affairs Supportive Housing (VASH) Program, Non-Elderly Disabled (NED) Voucher Program, Foster Youth to Independence Program, Mainstream Voucher Program, and Emergency Housing Voucher Program. Additionally, HPHA administered a state-funded rental assistance program, offering monthly rent subsidies to qualified households.
- **Federal Rental Assistance Program**  
HPHA managed a Special Allocation Program, including a Performance-Based Contract Administration program, under a federal government contract facilitated by a subcontractor, Du & Associates.

## FINANCIAL HIGHLIGHTS

- At the end of the fiscal year, the Hawaii Public Housing Authority's (HPHA) total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$482.02 million. Of this amount, \$352.03 million was invested in capital assets, as detailed in the Government-Wide Statement of Net Position.
- The HPHA's government-wide net position increased by \$9.37 million due to the following activities:
  - a. **Governmental Activities**  
The net position increased by \$15.26 million, driven by State appropriations totaling \$38.63 million (net of \$0.15 million in lapsed funds) and \$22.23 million in net transfers out. This is detailed in the Government-Wide Statement of Activities.
  - b. **Business-Type Activities**  
The net position decreased by \$5.89 million, primarily due to a loss before transfers of \$28.12 million, partially offset by \$22.23 million in net transfers from Governmental Activities. This is also detailed in the Government-Wide Statement of Activities.

## OVERVIEW OF FINANCIAL STATEMENTS

The HPHA's financial statements consist of three main components:

1. Government-wide Financial Statements
2. Governmental Fund Financial Statements
3. Proprietary Fund Financial Statements

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2024

In addition to the financial statements, supplemental information is provided to offer a comprehensive overview of the HPHA's financial activities for FY 2024.

## Government-wide Financial Statements

The government-wide financial statements provide a broad overview of the HPHA's finances, similar to reports prepared by private-sector businesses. These include:

- **Statement of Net Position:**  
This statement presents HPHA's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, reflecting its financial position. Changes in net position over time can indicate whether the HPHA's financial health is improving or deteriorating.
- **Statement of Activities:**  
This statement details how the HPHA's net position changed due to financial activities during the year. It is prepared using the accrual basis of accounting, meaning transactions are recorded when they occur, not when payments are received or made.

The government-wide statements include two categories of activities:

1. **Governmental Activities:**  
These activities are primarily funded by state appropriations and HUD contributions. They focus on the flow of funds and year-end balances. The governmental fund financial statements include:
  - Balance Sheet
  - Statement of Revenues, Expenditures, and Changes in Fund Balances

These statements use the current financial resources measurement focus and the modified accrual basis of accounting, offering a short-term perspective on available financial resources. Additional information is provided to reconcile these with the long-term focus of the government-wide statements.

2. **Business-Type Activities (Proprietary Funds):**  
These activities are financed and operated similarly to private enterprises, with costs recovered through user charges. The proprietary fund statements include:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position

These statements are prepared using the accrual basis of accounting and the economic resources measurement focus.

# **Hawaii Public Housing Authority**

Management Discussion and Analysis  
June 30, 2024

## **Fund Financial Statements**

HPHA uses fund accounting to segregate financial transactions related to specific government functions and ensure legal compliance. Each fund operates as a separate accounting entity with a self-balancing set of accounts.

Funds are classified as major or non-major, as defined by the Governmental Accounting Standards Board (GASB) Statement 34. Major funds are presented individually in the financial statements, while non-major funds are aggregated. Details of non-major funds are provided in the Supplementary Information section.

## **Notes to the Financial Statements**

The notes provide essential details to support the information in the government-wide and fund financial statements, offering additional context and clarity for a complete understanding of HPHA's financial data.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

# Hawaii Public Housing Authority

## Management Discussion and Analysis June 30, 2024

HAWAII PUBLIC HOUSING AUTHORITY  
Condensed Statements of Net Position  
June 30, 2024 and June 30, 2023  
(In thousands of dollars)

	Governmental Activities		Business Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	103,104	86,079	116,363	108,241	219,467	194,320
Capital assets	3,608	3,786	348,585	358,752	352,193	362,538
Other assets	-	-	9,662	7,178	9,662	7,178
<b>Total Assets</b>	<b>106,712</b>	<b>89,864</b>	<b>474,610</b>	<b>474,172</b>	<b>581,322</b>	<b>564,036</b>
Deferred Outflows of Resources	617	467	8,273	6,532	8,890	6,999
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>107,329</b>	<b>90,331</b>	<b>482,883</b>	<b>480,704</b>	<b>590,212</b>	<b>571,036</b>
<b>Liabilities</b>						
Current and other liabilities	8,067	6,217	17,468	8,774	25,535	14,990
Long-term liabilities	5,236	5,094	70,719	68,312	75,955	73,406
<b>Total Liabilities</b>	<b>13,303</b>	<b>11,310</b>	<b>88,186</b>	<b>77,086</b>	<b>101,489</b>	<b>88,396</b>
Deferred Inflows of Resources	452	708	6,247	9,276	6,699	9,984
<b>Net position</b>						
Investment in capital assets	3,608	3,786	348,421	358,752	352,028	362,538
Restricted	248	1,537	-	-	248	1,537
Unrestricted	89,719	72,990	40,030	35,590	129,748	108,579
<b>Total Net Position</b>	<b>93,574</b>	<b>78,313</b>	<b>388,450</b>	<b>394,342</b>	<b>482,024</b>	<b>472,655</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>107,329</b>	<b>90,331</b>	<b>482,883</b>	<b>480,704</b>	<b>590,212</b>	<b>571,036</b>

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2024

## Statement of Net Position

Net position is a key indicator of the HPHA's financial health. At the end of the fiscal year, the HPHA's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$482.02 million, with \$352.03 million of this amount invested in capital assets. As noted in the financial highlights, the net position increased by \$9.37 million during the fiscal year (refer to the Government-Wide Statement of Net Position and Statement of Activities).

Of the HPHA's total assets:

- \$352.03 million (60%) represents capital assets.
- \$215.67 million (36%) is in cash and amounts due from the State of Hawaii.
- \$22.51 million (4%) consists of receivables and deferred outflows of resources.

Within the \$88.39 million categorized as Due from the State of Hawaii:

- \$78.31 million is allocated for state-allotted appropriations designated for capital improvement projects.
- The remaining amount is for the state rental supplement program and the maintenance of public housing projects.

This composition is consistent with the previous fiscal year, where capital assets also constituted the majority of total assets.

Accounts payable and accrued current liabilities totaled \$19.08 million, comprising 75% of the HPHA's total current liabilities (detailed in the Government-Wide Statement of Net Position).

Long-term liabilities increased by \$2.55 million compared to the prior year, primarily due to higher pension and Other Post-Employment Benefits (OPEB) obligations. Total long-term liabilities and deferred inflows of resources amounted to \$82.65 million (76%) of total liabilities and deferred inflows, compared to \$83.39 million (85%) in FY 2023.

# Hawaii Public Housing Authority

## Management Discussion and Analysis June 30, 2024

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

HAWAII PUBLIC HOUSING AUTHORITY								
Government-Wide Statements of Activities								
June 30, 2024 and June 30, 2023								
(In thousands of dollars)								
	Governmental Activities		Business Activities		Elimination		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Revenues</b>								
<b>Program Revenues:</b>								
Charges for services	113	154	31,320	28,838	(1,630)	(1,545)	29,803	27,447
Operating grants and contributions	116,297	110,717	37,287	37,556			153,584	148,273
Capital grants and contributions	-	-	4,963	7,335			4,963	7,335
Other income	2	1	885	492			887	493
<b>General Revenues:</b>								
State allotted appropriations, net of lapsed funds	38,635	19,403	-	-			38,635	19,403
<b>Total revenues</b>	<b>155,047</b>	<b>130,275</b>	<b>74,455</b>	<b>74,221</b>	<b>(1,630)</b>	<b>(1,545)</b>	<b>227,871</b>	<b>202,951</b>
<b>Expenses</b>								
<b>Governmental Activities</b>								
Rental housing assistance program	117,560	107,960			(1,630)	(1,545)	115,930	106,415
<b>Business-type activities</b>								
Federal low rent housing program			84,950	73,310			84,950	73,310
State and other housing program			11,921	11,504			11,921	11,504
Other program			5,701	2,380			5,701	2,380
<b>Total government-wide expenses</b>	<b>117,560</b>	<b>107,960</b>	<b>102,573</b>	<b>87,194</b>	<b>(1,630)</b>	<b>(1,545)</b>	<b>218,503</b>	<b>193,609</b>
Excess (deficiency) of revenues over (under) expenses	37,487	22,315	(28,118)	(12,973)	-	-	9,369	9,342
Net transfers	(22,226)	(18,764)	22,226	18,764			-	-
Changes in net position	15,261	3,551	(5,892)	5,791	-	-	9,369	9,342
Net position, beginning of year	78,313	74,762	394,342	388,551			472,655	463,313
<b>Total net position, end of year</b>	<b>93,574</b>	<b>78,313</b>	<b>388,450</b>	<b>394,342</b>	<b>-</b>	<b>-</b>	<b>482,024</b>	<b>472,655</b>



# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2024

## Statement of Activities

Government-wide expenses increased by \$24.98 million, rising from \$195.15 million in FY 2023 to \$220.13 million in the current fiscal year. This includes a \$9.60 million increase in governmental activities expenses, primarily due to higher housing assistance payments, and a \$15.38 million increase in business-type activities expenses, driven by higher costs for repairs and maintenance, and personnel services.

Government-wide charges for services and other revenues rose by \$2.44 million, from \$28.99 million in the previous fiscal year to \$31.43 million in the current year. Federal operating grants and contributions grew by \$5.31 million, increasing from \$148.27 million to \$153.58 million. However, HUD capital grants decreased by \$2.37 million, dropping from \$7.33 million to \$4.96 million.

The loss from business-type activities rose significantly by \$15.54 million, from \$13.46 million in the prior year to \$29.00 million in the current year. This loss was partially offset by \$22.23 million in transfers from governmental activities and \$0.88 million in interest and investment revenue. As a result, the net position decreased by \$5.89 million (see the Government-Wide Statement of Activities for details).

The net position for governmental activities increased by \$15.26 million, rising from \$78.31 million in the prior year to \$93.57 million in the current year. This increase is attributed to:

- \$38.63 million in state-allocated appropriations, net of lapsed funds,
- Offset by \$22.23 million in net transfers out to business-type activities,
- A \$1.15 million deficit of revenue under expenditures, and
- \$0.01 million in interest and investment revenue.

(Refer to the Government-Wide Statement of Activities for further details.)

## 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. This information is valuable for assessing the HPHA's ability to meet its financing requirements. Unreserved fund balances can serve as a useful measure of the HPHA's net resources available for spending at the end of the fiscal year (as detailed in the *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*).

# Hawaii Public Housing Authority

Management Discussion and Analysis  
June 30, 2024

- **Governmental Fund Balance:** At the end of the fiscal year, the fund balance of governmental funds was \$95.04 million, an increase of \$15.18 million from \$79.86 million at the end of FY 2023. Of the \$95.04 million fund balance, \$73.51 million (77%) consisted of capital funds (as detailed in the *Governmental Funds, Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances*).
- **General Fund:** The General Fund reported an excess of revenues over expenses of \$12.71 million at the end of the fiscal year. During the year, \$8.12 million from the General Fund was transferred out to support the HPHA’s business-type activities (as detailed in the *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*).
- **Capital Fund:** The Capital Fund balance increased by \$10.59 million, rising from \$62.92 million in the prior year to \$73.51 million. This increase is attributable to the receipt of \$24.70 million in allotted appropriations (net of \$0.10 million in lapsed funds) and a net transfer out of \$14.11 million (as detailed in the *Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances*).
- **Housing Assistance Voucher Programs:** The fund balance for Housing Assistance Voucher Programs decreased by \$0.44 million to \$7.25 million due to an excess of revenues over expenditures.
- **Section 8 Contract Administration:** The fund balance for the Section 8 Contract Administration program increased by \$0.43 million to \$4.97 million, driven by an excess of revenues over expenditures.

## Proprietary funds

The HPHA’s proprietary funds provide detailed information similar to that presented in the government-wide financial statements.

- **Central Office Cost Center (COCC):** With the implementation of HUD’s Asset Management and Project-Based Budgeting, the HPHA established the HUD-mandated COCC fund to account for costs related to general oversight of the programs and projects administered by the HPHA, as well as other indirect and administrative costs. The COCC fund charges fees to the HPHA’s various housing programs for administrative services and general oversight.
- **Overall Proprietary Funds:** The loss before transfers (fund transfers from Governmental Funds) for Proprietary Funds totaled \$28.12 million, as detailed in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position.

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This represents a \$15.15 million increase compared to the previous year's loss of \$12.97 million. The main factors contributing to this increase were:

- A \$10.18 million higher operating loss, driven by increased costs for repairs and maintenance, and personnel services.
- A \$5.78 million decrease in HUD operating subsidies and capital grants.
- A \$2.32 million increase in other expenses.

These losses were partially offset by \$3.13 million in additional federal grant revenues.

- **COCC Financial Performance:** The COCC's loss before transfers was \$2.54 million (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*), compared to income of \$0.12 million in the previous year. This increased loss resulted from:

- \$2.61 million higher operating expenses.
- \$0.20 million lower operating revenue.

These were slightly offset by \$0.15 million in additional other revenue. The COCC received a net transfer of \$0.65 million during the year. Its net position decreased by \$1.89 million to -\$7.72 million from the prior year's -\$5.83 million.

- **Federal Low Rent Program:** The program reported a loss before transfers of \$18.74 million, an increase of \$12.40 million from the prior year's loss of \$6.34 million. This increase was due to higher operating expenses for repairs and maintenance, and personnel services, along with reduced federal grant revenue (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*).
- **State Family Housing Program:** The program incurred a loss before transfers of \$3.14 million, \$0.49 million higher than the previous year's loss of \$2.65 million, primarily due to increased operational expenditures. The program received a net transfer of \$1.61 million from Governmental activities, reducing its net position by \$1.53 million to \$16.24 million (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*).
- **State Elderly Housing Program:** The program reported a loss before transfers of \$3.17 million, an improvement from the prior year's loss of \$3.47 million. The loss was due to rental income being insufficient to cover operational expenditures. However, due to net transfers from Governmental activities, the program's net position increased by \$1.94 million to \$40.30 million (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*).

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- **Other Enterprise Funds:** These funds reported a loss before transfers of \$0.58 million (*Proprietary Funds, Statement of Revenues, Expenses, and Changes in Net Position*), a slight improvement compared to the previous fiscal year’s loss of \$0.65 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

The HPHA’s investment in capital assets as of June 30, 2024 is \$352.03 million (*net of related debt*). This investment includes land, buildings and improvements, equipment, furniture and fixtures, construction in progress, and right of use assets (as detailed in *Notes to the Financial Statements, Note 5*).

Hawaii Public Housing Authority Capital Assets  
June 30, 2024 and June 30, 2023  
(In thousand of dollars)

	Governmental Activities		Business Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,373	\$ 2,373	\$ 22,966	\$ 22,966	\$ 25,339	\$ 25,339
Buildings and improvements	15,614	15,614	792,064	789,871	807,678	805,484
Equipment	1,492	1,492	12,771	12,765	14,263	14,257
Construction in progress	-	-	62,344	56,711	62,344	56,711
Right of use assets	-	-	14	9	14	9
Total	19,478	19,478	890,159	882,491	909,637	901,969
Accumulated depreciation	(15,870)	(15,692)	(541,739)	(523,739)	(557,609)	(539,431)
Total Capital Assets, Net	3,608	\$ 3,786	\$ 348,421	\$ 358,752	\$ 352,028	\$ 362,538

### **Major project outstanding balances in construction in progress at the end of FY2024**

- AMP 30 Puuwai Momi, Waipahu I and Waipahu II, Design for Spall Repair and Security Improvements, 0.12 million
- AMP 32 Mayor Wright Homes, MWH Redevelopment, \$2.92 million
- AMP 32 Mayor Wright Homes, Design for Redevelopment of Mayor Wrights, \$0.29 million
- AMP 33 Kaahumanu Homes and Kamehameha Homes, Construction for Water Heating Systems upgrade, \$2.29 million
- AMP 33 Kaahumanu Homes and Kamehameha Homes, Design for Water Heating Systems upgrade, \$0.10 million
- AMP 34 Kalakaua Homes, Makua Alii and Paoakalani, Design for Modernization of Elevators, \$0.11 million

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- AMP 34 Kalakaua Homes, Makua Alii and Paoakalani, Design for Upgrade of Emergency Generators, \$0.17 million
- AMP 34 Makua Alii, Design for Burnt Unit Repairs and Security Improvements, \$0.14 million
- AMP 35 Kalanihuia, Punchbowl Homes, Pumehana and Makamae, Design for Modernization of Elevators, \$0.15 million
- AMP 35 Kalanihuia, Punchbowl Homes and Pumehana, Design for Upgrade of Emergency Generators, \$0.13 million
- AMP 35 Punchbowl Homes, Design and Engineering for Exterior repair, Re-roofing, Site and ADA Improvements, \$0.90 million
- AMP 35 Kalanihuia and Makamae, Design for Re-roofing and Repairs, \$0.21 million
- AMP 35 Punchbowl Homes, Construction for Exterior repairs, Re-roofing, Site and ADA Improvements, \$12 million
- AMP 35 Kalanihuia and Makamae, Construction for Re-roofing and Repairs, \$3.22 million
- AMP 35 Kalanihuia and Pumehana, Design for Security Upgrades, \$0.23 million
- AMP 35 Kalanihuia and Pumehana, Construction for Security Upgrades, \$2.01 million
- AMP 35 Punchbowl Homes, Design for Exterior Repairs, Reroofing, Site and ADA Improvements, \$0.12 million
- AMP 35 Punchbowl Homes, Design for Upgrade to Fire Alarm Systems, \$.11 million
- AMP 37 Hale Aloha O' Puna, Construction for Site and Building Improvements, \$0.85 million
- AMP 37 Pomaikai, Hale Aloha O'Puna, Pahala Elderly, Design for Site and Building Improvements, \$0.67 million
- AMP 37 Lanakila Homes, Design for Planning Service for the Hawaii Multi-Model Transportation, \$0.38 million
- AMP 37 Pahala, Construction for Utility Improvements, \$0.30 million
- AMP 37 Hale Aloha O' Puna, Design for Site and Building Improvements, \$0.13 million
- AMP 38 Kapaa Homes and Hui O'Hanamaulu, Design for Lead-Based Paint Abatement, \$0.99 million
- AMP 39 Piilani Homes, Design for Site and Dwelling Improvements, \$0.67 million
- AMP 39 Piilani Homes, Construction for Site and Dwelling Improvements, \$6.78 million
- AMP 39 Makani Kai Hale, Construction for Burnt Unit and Gas Line Repair, \$0.45 million
- AMP 39 David Malo Circle, Lead-Based Paint Abatement, \$0.35 million
- AMP 42 Hale Po'ai, Lai'ola, Kamalu Hoolulu, Halia Hale, Design for Upgrade of Emergency Generators, \$0.15 million
- AMP 42 Hale Po'ai, Design for Site and Building Improvements, \$0.65 million
- AMP 42 Lai'ola, Design for Roof Replacement and Exterior Concrete Spall Repairs, \$0.25 million

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- AMP 42 Hale Po'ai, Construction for Site and Building Improvements, \$12.8 million
- AMP 43 Kaimana, Design for Site and Building Improvements, \$0.38 million
- AMP 44 Waimaha Sunflower, Construction for Reroof, \$2.5 million
- AMP 45 Hookipa Kahaluu, Construction for ADA and Site Improvements, \$2.53 million
- AMP 45 Hookipa Kahaluu, Design for ADA and Site Improvements, \$0.28 million
- AMP 49 Wahiawa Terrace, Design for New Sewage Pump Station, \$0.17 million
- AMP 50 Palolo Valley Homes, Construction for Modernization Phase 4, \$2.14 million
- AMP 50 Palolo Valley Homes, Design for Modernization Phase 4, \$0.57 million
- AMP 50 Palolo Valley Homes, Design for Modernization Phase 5, \$1.10 million
- State low rent housing project (Fund 318) Puahala Homes, Design for Site and Building Improvements, \$0.96 million

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

HPHA continues to hold title of the State-owned shelter facilities of the 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 effective July 1, 2010. Approximately \$22,000,000 of the net assets was transferred at that time.

#### **Pending Cases Re: Hawaii Public Housing Authority**

##### **Edwin K. Kalamau, Sr. v. State of Hawaii**

Civil Case No. 1CCV 22-0000701, First Circuit Court

This alleged State law slip and fall case occurred in May 2021. Plaintiff alleges that he was walking on the ramp in the parking garage of Pumehana when he slipped and fell in a puddle of water. He fractured his cervical spine and received approximately \$165,000 in medical care, including surgery.

The arbitration award was entered as final judgment in favor of Plaintiff in the amount of \$102,702.62. Plaintiff was also awarded costs in the amount of \$610.88.

##### **Sophia Karsom, et al. v. State of Hawaii, et al.**

Civil Case No. 17-1-0843, First Circuit Court

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

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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 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 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.

### **Aaron Lewis v. State of Hawaii, et al.**

Civil Case No. 3CCV 22-0000311, Third Circuit Court

Plaintiff alleges State law negligence claims. Plaintiff claims that he was struck by an HPHA truck driven by HPHA employee Andrade in the parking lot of Home Depot in August 2019 and sustained an injury to his leg.

The arbitration award was entered as final judgment in favor of Plaintiff in the amount of \$15,700. Plaintiff was also awarded costs in the amount of \$1,482.76.

### **Adeline Liftee v. HPHA, et al.**

Civil Case No. 1CCV 22-0000756; First Circuit Court

Plaintiff Adeline A. Liftee alleges that she was walking her dog on a leash on the grounds of Kuhio Homes when she was attacked by two dogs, one of which was a white pit bull. The dogs rushed out from the open door of a neighboring unit and attacked Plaintiff in the common area hallway. Plaintiff suffered serious and permanent bite wounds to her left thigh/leg, which required surgery, skin grafting, hospitalization, and extensive medical treatment.

The Complaint further alleges that the State and/or HPHA had a "Pets and Assistance Animals Policy" which was applicable to all tenants living at Kuhio Homes. The pet policy prohibited full or mixed pit bull dogs, or other dangerous dogs, from being kept on the property.

Nevertheless, the Complaint alleges that the dog owner was allowed to harbor a full or mixed pit bull in his housing unit for several months prior to March 5, 2022. The Complaint further alleges that the State and HPHA knew or should have known that was keeping a full or mixed pit bull in his unit because the owner often walked the dog in the common areas of the complex. Despite having actual or "constructive knowledge" that the dog owner was harboring a full or mixed pit bull in his unit, the State and HPHA "failed to take appropriate measures to have the dog removed from the premises.

Hawaii Affordable Properties, Inc. ("HAPI") provided property management services at Kuhio Homes. Under its contract with HPHA, HAPI agreed to provide, in strict accordance with the contract, basic property management functions such as enforcing all covenants and conditions of

## **Hawaii Public Housing Authority**

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the Rental Agreement. HAPI's "minimum" property management services included implementation and compliance with HPHA's Pet Ownership Policy. Based on available information, it appears that HAPI had received previous complaints about the unauthorized dogs being kept at Kuhio Homes, but took no action to have the dogs removed.

HAPI accepted a tender of the case. The case was settled and HAPI has agreed to pay the entire settlement amount.

### **Debbie Pregil v. Hawaii Affordable Properties and HPHA**

Civil Case No. 1CCV 23-13255; First Circuit Court

The Plaintiff is a resident in HPHA property located at 1050 Queen Street. It is managed by Hawaii Affordable Properties. Plaintiff allegedly made multiple complaints about conditions in her bathroom. In March 2021, after work started in her bathroom but before it was completed, plaintiff fell in her shower. She claims that it was due to the broken bathroom light. She also claims that she was exposed to toxic paint thinner from repairs to bathroom tiles.

An answer was filed and the case was tendered to Hawaii Affordable Properties, Inc. to defend. We are waiting for them to assign counsel. An arbitration is to be scheduled, pending resolution of the insurance issue.

### **Nancy Schroeder v. Sapigao Construction, Inc., et al.**

Civil Case No. 1CCV 21-0001178; First Circuit Court

Plaintiff asserts State law negligence claims arising out of injuries she sustained when her wheelchair got trapped during construction in a common area. HPHA filed a cross-claim against its contractor, Sapigao Construction, which was supposed to do exterior repairs, re-roofing, and site and ADA improvements to the project.

Sapigao accepted a tender of the case. The case was settled and Sapigao has agreed to pay the entire settlement amount.

### **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



## **Hawaii Public Housing Authority**

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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. The HPHA filed a motion to compel the settlement. US District Court Judge denied the HPHA's motion to enforce the settlement. The case went to trial, and after trial, the jury found in favor of the HPHA on all claims.

### **Sinisio Sarafin, et al. v. Hawaii Public Housing Authority, et al.**

Civil No. 1:24-00066-LEK-WRP, U.S. District Court

In this lawsuit, Plaintiffs Sinisio Sarafin and Legal Aid Society of Hawaii ("Plaintiffs") bring federal and state law claims against the Hawaii Public Housing Authority ("HPHA"), HPHA Director Hakim Ouansafi, and HPHA Chief Compliance Officer Ryan Akamine (collectively, "Defendants") alleging discrimination based on disability and national origin. The First Amended Complaint ("FAC") asserts the following five claims: violations of the FHA against Ouansafi and Akamine in their official and personal capacities (*i.e.* First Claim); the ADA, Title VI, and Rehabilitation Act against HPHA, and Ouansafi and Akamine in their personal capacities (*i.e.* Second, Third, and Fourth Claims); and the Hawaii Fair Housing Act against HPHA and Ouansafi and Akamine (*i.e.* Fifth Claim). Plaintiffs seek declaratory and injunctive relief, compensatory and punitive damages as to Sarafin only, and attorney's fees and costs. The State is self-insured and the potential exposure is not anticipated to exceed the State's self-insured-retention.

The court's decision on the Defendants' motion to dismiss the FAC is pending.

### **Laurie Thorson v. Hawaii Public Housing Authority, et al.**

(Civil No. 1:23-CV-00412-LEK-WRP, U.S. District Court)

Plaintiff Laurie Thorson is a holder of an HPHA Section 8 voucher, which she uses to rent a two-bedroom dwelling unit. Plaintiff has been approved for a live-in-aide and the extra bedroom is intended to be used by her live-in-aide. Plaintiff's son was approved by the HPHA to be her live-in-aide. Plaintiff names three HPHA employees in her Complaint and alleges discrimination, intimidation, harassment, defamation, and retaliation against her alleging intentional interference with her housing and interference with her approved reasonable accommodation. Plaintiff alleges that HPHA adopted an illegal policy for rent reasonableness determination in its Section 8 voucher program, which resulted in her receiving an approval of inadequate rent amount and in the HPHA accumulating improper surplus grant funds. Plaintiff further alleges that because she complained to the HPHA about the improper rent reasonableness policy, the HPHA retaliated against her by approving an improper rent amount, by interfering with her live-in aide, and by defaming her. Plaintiff seeks \$350,000 in general damages and \$5,000,000 in punitive damages.

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The HPHA intends to file a motion to dismiss Plaintiff's complaint.

### **HPHA's Redevelopment Efforts**

#### **School Street Elderly Affordable Housing**

In 2015 the HPHA selected Retirement Housing Foundation (RHF), a non-profit affordable housing developer, to plan and implement the mixed-income, mixed-use redevelopment of its administrative campus located at 1002 N. School Street. The redevelopment is intended to deliver 800 affordable housing units for our kapuna over the course of three phases. In late 2023, RHF and HPHA decided to separate for mutual reasons and to transfer the School Street master plan and development rights created by RHF to Highridge Costa Development Company (HCDC). RHF transferred the development and associated agreements over to HCDC on January 11, 2024.

On January 11, 2024, HHFDC awarded Phase I (250 senior units) additional Hula Mae Multi-Family Tax Exempt Revenue Bonds, increasing from \$71,500,000 to \$85,152,621, additional Federal LIHTC over a 10-year period to \$6,131,601 from \$5,257,493 and annual State LIHTC over a 5-year period to \$6,131,601 from \$5,257,493 from the non-volume pool (4% LIHTC) as well as increasing the RHRF project award from \$40,000,000 to \$67,860,277. HPHA then held a groundbreaking for Phase I on January 12. Building M was relocated in February with staff starting to move into the building on February 29. Buildings D and H were demolished in April.

The HPHA Board approved the Disposition and Development Agreement, Ground Lease, Memorandum of Ground Lease, Purchase Option and Right of First Refusal, Subdevelopment Fee Agreement, Asset Management Fee Agreement, HPHA Property Management Fee Agreement and Performance and Completion Guarantee for Phase I closing on April 4, 2024. On May 15, the HHFDC Board authorized the closing of the School Street project and Phase I closed on June 6 and recorded on June 7 with RBC Capital Markets as the LIHTC investor, First Hawaiian Bank as the construction lender, Citi Community Capital as the perm lender, HCDC as the General Partner and HPHA as Co-General Partner. Construction is currently under way with grading and foundation work scheduled through the end of the year (as of September 30 the work is 8.5% complete) and lease-up scheduled to start in mid-2026.

#### **Kuhio Park Low-Rises and Homes**

The HPHA is partnering with the Michaels Development Corporation (MDC), an affordable housing developer, to redevelop Kuhio Park Low-Rise and Homes (KPLR) located between Linapuni and Ahonui Streets in the Kalihi neighborhood of Honolulu. The three-phase redevelopment will provide approximately 650 affordable housing units within eight new

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buildings. The first phase of development will provide 304 affordable housing units in four mid-rise buildings.

On January 11, HHFDC approved an allocation of up to \$8,384,158 in annual Federal Low Income Housing Tax Credits (LIHTC) over a 10-year period and \$8,384,158 in annual State LIHTC over a 5-year period from the non-volume pool (4% LIHTC) as well as a loan of \$48,556,752 in RHRF for Phase I.

On January 23, the Governor's Office published the Notice of Intent to Request Release of Funds/Finding of No Significant Impact in the Star Advertiser with the public comment period expiring on February 14. No comments were received and the Governor's Office submitted the Request for Release of Funds to HUD on February 20. On March 12, HUD approved the Authorization to Use Grant Funds. On March 7, HPHA submitted the Section 18 Disposition application for Phase I to HUD for approval.

The relocation planning process also began in earnest in May with 58 of the 60 affected households completing relocation preference surveys. At the same time, the Resident Relocation Plan was shared with the HUD Special Applications Center in support of HPHA's Section 18 Disposition application. On July 11, HPHA and MDC held two community update meetings for all residents of Kuhio Park Low-Rises and Homes.

In August, the team received Letters of Intent from Redstone for federal LIHTC, Berkadia for state LIHTC and Bank of Hawaii for construction and perm debt. Also in August, Albert C. Kobayashi, Inc., the selected general contractor, provided updated pricing on the 100% construction set and the team began work on value engineering.

MDC held an additional community information meeting to answer questions from residents about relocation on August 16. The Notice of Eligibility and 90-Day Notices were issued to residents affected by Phase I on September 20. The Relocation Plan has been finalized in addition to a Relocation Frequently Asked Questions (FAQ) with both posted on the project website. Residents out of compliance with their lease have been notified to resolve outstanding issues via repayment plans or will begin eviction. HUD issued the first set of 41 Tenant Protection Vouchers in mid-November with the final 19 expected to be received on December 1. Seneca Relocation Services, relocation consultant under contract to TMO, has started on-site relocation activities with all families.

As of November 2024, the Civil drawing vellums have been approved and signed, the 201H agreement recorded, and building permits are in their final review with the expectation they will be issued by DPP by the end of the month. The Issued for Construction set of drawings was finalized on September 6 and final pricing is expected by the end of November.

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A supplemental funding application was submitted to HHFDC on October 15. With the anticipation of an \$8 million Affordable Housing Fund grant from the City and County of Honolulu along with an increase in bonds and LIHTC, there is no need for additional RHRF from HHFDC. TMO and HPHA continue to work on finalizing the DDA, Ground Lease, Use Agreement and Condo Regime documents. Once the \$8 million award letter is received, the parties will have to work on the terms for HPHA to lend the funds to the partnership. Closing is currently projected to occur in late 1<sup>st</sup> quarter 2025.

### **Ka Lei Momi Redevelopment**

The HPHA continued to work with its development partner (HCDC) for Ka Lei Momi to refine master plans for each of the 9 preferred sites and to achieve the goal of replacing one-for-one all existing public housing units while also creating 10,000 new affordable units.

The Mayor Wright Homes entitlement application (201H/EP) was accepted by HHFDC on January 11 and for Kapaa on February 8. HCDC held a town hall meeting for Mayor Wright Homes in coordination with DPP as part of the 201H/EP application on January 22 and presented the Kapaa Homes redevelopment to the Kauai County Council in January with all six members in attendance approving a Resolution in support. The Kauai County Planning Director then approved the 201H application on February 12. Consolidated funding applications were then submitted to HHFDC on February 16 for both sites. We are still awaiting notification from HHFDC for both Mayor Wright Homes and Kapaa funding awards.

Design teams for both Mayor Wright Homes and Kapaa were selected in June with schematic drawings moving forward over the summer. The Mayor Wright Homes set was sent for review by the HUD architect on October 2 with a follow up call with her and the team to discuss accessibility and other HUD comments on November 26.

HPHA and HCDC met with Mayor Mitch Roth and his cabinet on March 13 to update them on the Lanakila plans for redevelopment with the goal of applying for 201H/EP for both Lanakila Homes and Kaahumanu Homes in time to receive approval prior to HHFDC funding applications in February 2025. Technical studies related to NEPA, Historic Preservation and Section 18 were also pursued over the summer. On July 23, HPHA and HCDC hosted a resident meeting on site at Kaahumanu Homes to update residents on the relocation process and redevelopment plans as well as a Town Hall meeting for Kaahumanu Homes on August 15 at Palama Settlement. A Town Hall meeting for Lanakila Homes was held on September 25.

In May, HCDC provided a presentation to the HPHA Board on the status of the Ka Lei Momi effort. At the same meeting, the Board authorized the Executive Director to undertake all actions necessary to create Special Purpose Legal Entities for HPHA to participate as a partner in its redevelopment efforts. The Board also approved the Predevelopment Budget and additional

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redevelopment funding related to Kuhio Park Low-Rises and Homes Phase I as well as the Predevelopment Budget and additional redevelopment funding related to Mayor Wright Homes Phase I.

At its June meeting, the HPHA Board approved the Predevelopment Budget and redevelopment funding related to Kapaa Homes.

Additional master planning refinements for Puuwai Momi, Hale Laulima and Kahekili Terrace were pursued over the summer in conjunction with OPSD TOD grants.

HCDC provided another presentation on the status of Ka Lei Momi to the HPHA Board at its August meeting with additional details specifically related to Kaahumanu Homes and in October details on Lanakila Homes were presented to the Board. Both 201H/EP applications have been accepted by HHFDC and are moving forward for approval in time to submit funding applications for Phase I of each site in February 2025.

## **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, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets			
Cash	\$ 12,808,006	\$ 109,701,759	\$ 122,509,765
Restricted cash	1,352,592	3,423,108	4,775,700
Due from State of Hawaii	88,390,494	-	88,390,494
Receivables:			
Interest receivable	-	203,689	203,689
Tenant receivables, less allowance for doubtful receivables of \$5,964,630	-	1,768,834	1,768,834
Other receivable	45,519	43,666	89,185
	<u>102,596,611</u>	<u>115,141,055</u>	<u>217,737,666</u>
Due from other state agencies	-	-	-
Due from HUD	556,425	420,242	976,666
Internal balance	(48,717)	48,717	-
Inventories	-	750,326	750,326
Prepaid expenses and other assets	-	2,620	2,620
	<u>103,104,319</u>	<u>116,362,960</u>	<u>219,467,278</u>
Noncurrent Assets			
Notes Receivable	-	9,661,988	9,661,988
Capital assets:			
Capital assets not being depreciated	2,373,410	85,310,600	87,684,010
Capital assets being depreciated	17,105,544	805,013,414	822,118,958
Less: accumulated depreciation	(15,871,393)	(541,738,819)	(557,610,211)
Total noncurrent assets	<u>3,607,562</u>	<u>358,247,183</u>	<u>361,854,744</u>
Total assets	<u>106,711,880</u>	<u>474,610,142</u>	<u>581,322,023</u>
Deferred outflows of resources	<u>616,740</u>	<u>8,273,142</u>	<u>8,889,882</u>
	<u>\$ 107,328,620</u>	<u>\$ 482,883,285</u>	<u>\$ 590,211,905</u>

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GOVERNMENT-WIDE  
STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 4,861,428	\$ 4,531,724	\$ 9,393,153
Accrued liabilities	2,863,278	6,820,304	9,683,582
Security deposits	-	1,625,796	1,625,796
Unearned revenue	342,162	4,489,826	4,831,988
Total current liabilities	<u>8,066,868</u>	<u>17,467,649</u>	<u>25,534,518</u>
<b>Noncurrent Liabilities</b>			
Net OPEB Liability	2,182,406	30,999,814	33,182,220
Net pension liability	2,880,177	37,779,742	40,659,919
Accrued other liabilities	173,271	1,939,197	2,112,468
Total noncurrent liabilities	<u>5,235,854</u>	<u>70,718,753</u>	<u>75,954,607</u>
Total Liabilities	<u>13,302,722</u>	<u>88,186,403</u>	<u>101,489,125</u>
Deferred inflows of resources	<u>451,798</u>	<u>6,246,792</u>	<u>6,698,590</u>
<b>Net position:</b>			
Net investment in capital assets	3,607,562	348,420,515	352,028,077
Restricted by legislation and contractual agreements	247,664	-	247,664
Unrestricted net position	89,718,874	40,029,574	129,748,449
Total net position	<u>93,574,100</u>	<u>388,450,090</u>	<u>482,024,190</u>
Total Liabilities, deferred inflows of resources and net position	<u>\$ 107,328,620</u>	<u>\$ 482,883,285</u>	<u>\$ 590,211,905</u>

Hawaii Public Housing Authority

GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES  
Fiscal Year ended June 30, 2024

	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for services and other revenues	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Elimination	Total
Functions/Programs:								
Governmental activities								
Rental Housing and Assistance Program	\$ 117,560,022	\$ 113,205	\$ 116,297,568	\$ -	\$ (1,149,249)	\$ -	\$ 1,630,416	\$ 481,167
Total governmental activities	117,560,022	113,205	116,297,568	-	(1,149,249)	-	1,630,416	481,167
Business-type activities								
Federal low rent housing program	84,950,465	23,921,565	37,286,771	4,963,032	-	(18,779,096)	-	(18,779,096)
State and other housing program	11,921,376	4,840,074	-	-	-	(7,081,301)	-	(7,081,301)
Other program	5,701,416	2,558,254	-	-	-	(3,143,162)	(1,630,416)	(4,773,578)
Total business-type activities	102,573,256	31,319,893	37,286,771	4,963,032	-	(29,003,560)	(1,630,416)	(30,633,976)
Total government-wide	\$ 220,133,279	\$ 31,433,098	\$ 153,584,339	\$ 4,963,032	\$ (1,149,249)	\$ (29,003,560)	\$ -	\$ (30,152,808)
State Allotted Appropriations, net of lapsed funds of \$149,863					38,635,329	-	-	38,635,329
Interest and investment revenue					1,613	885,079	-	886,692
Net Transfers					(22,226,482)	22,226,482	-	-
Total general revenues and transfers					16,410,460	23,111,561	-	39,522,021
Changes in net position					15,261,211	(5,891,999)	-	9,369,212
Net Position at beginning					78,312,889	394,342,089	-	472,654,978
Net Position at end					\$ 93,574,100	\$ 388,450,090	\$ -	\$ 482,024,190



Hawaii Public Housing Authority

GOVERNMENTAL FUNDS  
BALANCE SHEET

June 30, 2024

	General	Capital Funds	Housing Assistance Vouchers - MTW	Section 8 Contract Administration	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 74,216	\$ -	\$ 7,832,754	\$ 4,901,036	\$ 12,808,006
Restricted cash	-	-	1,351,627	965	1,352,592
Due from State of Hawaii	10,077,033	78,313,461	-	-	88,390,494
Due from HUD	-	-	298,145	258,280	556,425
Other receivable (net of allowance)	-	-	45,519	-	45,519
Total assets	10,151,249	78,313,461	9,528,045	5,160,281	103,153,036
<b>LIABILITIES</b>					
Accounts payable	699,408	2,968,533	1,105,705	87,783	4,861,428
Accrued liabilities	72,364	1,836,614	853,299	101,001	2,863,278
Due to other funds	379	-	48,262	76	48,717
Unearned revenue	74,216	-	267,946	-	342,162
Total liabilities	846,367	4,805,147	2,275,212	188,860	8,115,586
<b>FUND BALANCE</b>					
Restricted by legislation and contractual agreements	-	-	247,664	-	247,664
Committed - obligations of contracts/agreements	7,430,947	62,658,413	-	-	70,089,359
Assigned - appropriation less encumbrance	-	10,849,901	-	-	10,849,901
Assigned - program administrative fees	-	-	7,005,169	4,971,421	11,976,590
Unassigned	1,873,935	-	-	-	1,873,935
Total fund balances	9,304,882	73,508,314	7,252,833	4,971,421	95,037,449
Total liabilities and fund balance	\$ 10,151,249	\$ 78,313,461	\$ 9,528,045	\$ 5,160,281	\$ 103,153,036

Hawaii Public Housing Authority

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

June 30, 2024

Total fund balance - governmental funds		\$ 95,037,449
Amount 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 are not reported in the funds	3,607,562	
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(63,228)	
Long-term compensated absences are not due and payable in the current period and therefore are not reported in the funds	(110,042)	
Other post-employment employee benefit are not due and payable in the current period and therefore are not reported in the funds	(2,182,406)	
Pension benefits are not due and payable in the current period and therefore are not reported in the funds	(2,880,177)	
Deferred outflows of resources related to the pension liability are not financial resources and therefore are not reported in the funds	616,740	
Deferred inflows of resources related to the pension liability are not due and payable in the current period and therefore are not reported in the funds	(451,798)	
Total		<u>(1,463,349)</u>
Net position of governmental activities		<u><u>\$ 93,574,100</u></u>

Hawaii Public Housing Authority

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES POSITION  
Fiscal Year ended June 30, 2024

	General	Capital Fund	Housing Assistance Vouchers - MTW	Section 8 Contract Administration	Total Governmental Funds
<b>Revenue</b>					
HUD PHA Grants	\$ -	\$ -	\$ 60,543,311	\$ 47,987,105	\$ 108,530,415
PHA Administrative Fees Earned	-	-	6,075,002	1,692,151	7,767,153
State allotted appropriations, net of lapsed funds of \$149,863	13,936,264	24,699,065	-	-	38,635,329
Other revenue	181	-	114,152	485	114,818
<b>Total revenue</b>	<b>13,936,445</b>	<b>24,699,065</b>	<b>66,732,465</b>	<b>49,679,740</b>	<b>155,047,715</b>
<b>Expenditure</b>					
Housing assistance payments	1,014,677	-	61,866,933	47,987,105	110,868,715
Administration	89,357	-	1,763,471	1,197,261	3,050,090
Personnel services	98,176	-	2,843,441	-	2,941,617
Professional services	21,509	-	102,335	53,746	177,590
Tenant services	272	-	57,167	-	57,439
Utilities	1,462	-	39,431	-	40,893
Repairs and maintenance	766	-	20,690	-	21,457
Security	349	-	8,636	-	8,985
Insurance	648	-	17,248	12,448	30,344
Bad debt	-	-	7,508	-	7,508
Other expenses	-	-	441,246	-	441,246
<b>Total expenditure</b>	<b>1,227,216</b>	<b>-</b>	<b>67,168,106</b>	<b>49,250,560</b>	<b>117,645,883</b>
<b>Excess (deficiency) of revenue over (under) expenditure</b>	<b>12,709,228</b>	<b>24,699,065</b>	<b>(435,641)</b>	<b>429,180</b>	<b>37,401,832</b>
<b>Other Financing Uses - Net Transfers</b>	<b>(8,119,505)</b>	<b>(14,106,977)</b>	<b>-</b>	<b>-</b>	<b>(22,226,482)</b>
<b>Net change in fund balances</b>	<b>4,589,723</b>	<b>10,592,088</b>	<b>(435,641)</b>	<b>429,180</b>	<b>15,175,350</b>
<b>Fund Balances - Beginning</b>	<b>4,715,158</b>	<b>62,916,226</b>	<b>7,688,475</b>	<b>4,542,241</b>	<b>79,862,099</b>
<b>Fund Balances - Ending</b>	<b>\$ 9,304,882</b>	<b>\$ 73,508,314</b>	<b>\$ 7,252,833</b>	<b>\$ 4,971,421</b>	<b>\$ 95,037,449</b>

Hawaii Public Housing Authority

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

Fiscal Year ended June 30, 2024

Net change in fund balances - total governmental funds	\$	15,175,350
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report purchases of capital assets as expenditures. In the statement of activities, the cost of capital assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Current year depreciation expense		(178,201)
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		37,935
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		3,106
Other post-employment employee benefit 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		238,038
Pension 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		(15,017)
Change in net position of governmental activities in Government-Wide Activities	\$	<u>15,261,211</u>

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION

June 30, 2024

	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>ASSETS AND DEFERRED OUTFLOWS</b>								
<b>Current Assets</b>								
Cash	\$ 83,262,960	\$ 1,082,812	\$ 1,453,231	\$ 17,380,026	\$ 5,342,747	\$ -	\$ 108,521,775	\$ 1,179,984
Restricted cash	1,384,085	-	-	2,007,069	31,954	-	3,423,108	-
Total cash and restricted cash	84,647,045	1,082,812	1,453,231	19,387,095	5,374,701	-	111,944,882	1,179,984
Receivables:								
Interest receivable	-	18,438	56,667	101,870	-	-	176,975	26,714
Tenant receivables, less allowance for doubtful accounts of \$5,964,630	1,630,642	95,980	3,092	-	39,121	-	1,768,834	-
Other receivable	9,381	4,331	(95)	80	29,968	-	43,666	-
Total receivables	1,640,023	118,749	59,664	101,950	69,089	-	1,989,475	26,714
Due from HUD	420,242	-	-	-	-	-	420,242	-
Due from other funds	-	-	-	5,161,503	-	(5,112,786)	48,717	8,745
Inventories	668,048	29,677	44,965	7,635	-	-	750,326	-
Prepaid expenses and other assets	-	-	-	2,620	-	-	2,620	-
Total current assets	87,375,358	1,231,238	1,557,860	24,660,803	5,443,790	(5,112,786)	115,156,262	1,215,443
<b>Noncurrent Assets</b>								
Notes Receivable	6,585,173	-	-	3,076,815	-	-	9,661,988	-
Capital assets:								
Capital assets not being depreciated	60,240,179	3,311,457	20,244,091	-	1,514,873	-	85,310,600	-
Capital assets being depreciated	681,172,278	39,252,655	63,752,707	3,041,541	14,970,008	-	802,189,189	2,824,225
Less: accumulated depreciation	(459,427,699)	(24,459,362)	(44,831,582)	(946,520)	(9,642,227)	-	(539,307,390)	(2,431,429)
Other assets								
Total noncurrent assets	288,569,931	18,104,750	39,165,215	5,171,837	6,842,654	-	357,854,387	392,796
Total Assets	375,945,289	19,335,988	40,723,074	29,832,640	12,286,444	(5,112,786)	473,010,648	1,608,239
Deferred outflow of resources	3,651,020	286,480	-	4,335,642	-	-	8,273,142	-
Total Assets & Deferred outflows of resources	\$ 379,596,309	\$ 19,622,469	\$ 40,723,074	\$ 34,168,282	\$ 12,286,444	\$ (5,112,786)	\$ 481,283,791	\$ 1,608,239

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION

June 30, 2024

	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>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts payable	\$ 3,230,589	\$ 105,320	\$ 209,745	\$ 420,982	\$ 565,088	\$ -	\$ 4,531,724	\$ -
Accrued liabilities	3,470,964	255,987	39,259	3,022,697	31,397	-	6,820,304	-
Due to other funds	974,073	57,086	6,678	-	4,083,694	(5,112,786)	8,745	-
Security deposits	1,361,610	51,374	169,783	-	43,029	-	1,625,796	-
Unearned revenue	4,480,113	5,915	1,294	-	2,504	-	4,489,826	-
<b>Total current liabilities</b>	<b>13,517,349</b>	<b>475,681</b>	<b>426,760</b>	<b>3,443,679</b>	<b>4,725,712</b>	<b>(5,112,786)</b>	<b>17,476,394</b>	<b>-</b>
<b>Noncurrent Liabilities</b>								
Net OPEB Liability	13,561,683	1,103,065	-	16,335,066	-	-	30,999,814	-
Net pension liability	18,114,916	1,520,896	-	18,143,930	-	-	37,779,742	-
Accrued other liabilities	1,024,642	62,889	-	851,666	-	-	1,939,197	-
<b>Total Noncurrent liabilities</b>	<b>32,701,241</b>	<b>2,686,851</b>	<b>-</b>	<b>35,330,662</b>	<b>-</b>	<b>-</b>	<b>70,718,753</b>	<b>-</b>
<b>Total liabilities</b>	<b>46,218,590</b>	<b>3,162,532</b>	<b>426,760</b>	<b>38,774,341</b>	<b>4,725,712</b>	<b>(5,112,786)</b>	<b>88,195,148</b>	<b>-</b>
Deferred inflows of resources	2,916,690	218,219	-	3,111,883	-	-	6,246,792	-
<b>Net position:</b>								
Net investment in capital assets	281,820,079	18,104,750	39,165,215	2,095,022	6,842,654	-	348,027,719	392,796
Unrestricted net position	48,640,950	(1,863,033)	1,131,100	(9,812,964)	718,078	-	38,814,132	1,215,443
<b>Total net position (deficit)</b>	<b>330,461,029</b>	<b>16,241,717</b>	<b>40,296,315</b>	<b>(7,717,942)</b>	<b>7,560,732</b>	<b>-</b>	<b>386,841,851</b>	<b>1,608,239</b>
<b>Total Liabilities, deferred inflows, and net position (deficit)</b>	<b>\$ 379,596,309</b>	<b>\$ 19,622,469</b>	<b>\$ 40,723,074</b>	<b>\$ 34,168,282</b>	<b>\$ 12,286,444</b>	<b>\$ (5,112,786)</b>	<b>\$ 481,283,791</b>	<b>\$ 1,608,239</b>

Hawaii Public Housing Authority

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

June 30, 2024

Total net position of enterprise funds	\$ 386,841,851
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>1,608,239</u>
Net position of business-type activities	<u><u>\$ 388,450,090</u></u>

Hawaii Public Housing Authority

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Fiscal Year ended June 30, 2024

	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
Operating Revenue								
Rental income	\$ 23,531,259	\$ 1,439,031	\$ 2,290,662	\$ -	\$ 1,037,973	\$ -	\$ 28,298,925	\$ -
Fee-for-service	-	-	-	10,158,729	-	(8,528,313)	1,630,416	-
Other revenue	390,306	16,757	36,103	822,896	19,549	-	1,285,610	104,941
Total operating revenues	23,921,565	1,455,788	2,326,765	10,981,625	1,057,522	(8,528,313)	31,214,952	104,941
Operating Expenses								
Administration	10,803,338	410,356	972,183	482,082	477,881	(7,612,193)	5,533,647	-
Personnel services	13,535,897	1,099,023	-	12,227,660	24,991	-	26,887,571	-
Professional services	582,388	22,417	29,713	627,980	29,743	-	1,292,241	6,508
Tenant services	363,403	4,709	10,128	4,119	-	-	382,358	-
Utilities	11,665,508	791,514	1,436,833	138,781	298,421	-	14,331,056	-
Repairs and maintenance	18,908,521	703,742	1,261,730	411,924	213,997	(916,120)	20,583,794	-
Security	3,641,056	132,195	6,145	36,880	-	-	3,816,276	-
Insurance	912,786	52,716	90,903	14,668	25,416	-	1,096,488	1,681
Bad debt	2,379,625	158,316	7,815	-	6,999	-	2,552,756	-
Depreciation	19,065,690	1,276,008	1,817,159	174,954	560,322	-	22,894,133	101,786
Payments in lieu of taxes	370,943	-	-	-	-	-	370,943	-
Other expenses	7,594	-	-	706	-	-	8,299	-
Total operating expenses	82,236,747	4,650,996	5,632,609	14,119,753	1,637,771	(8,528,313)	99,749,563	109,976
Operating income (loss)	(58,315,182)	(3,195,209)	(3,305,844)	(3,138,127)	(580,249)	-	(68,534,611)	(5,035)
Nonoperating Revenues (Expenses):								
HUD operating subsidies	34,150,711	-	-	-	-	-	34,150,711	-
HUD capital fund grants	4,963,032	-	-	-	-	-	4,963,032	-
Other Federal grants	3,136,060	-	-	-	-	-	3,136,060	-
Other revenue (expenses)	(2,671,791)	50,508	138,807	598,628	78	-	(1,883,770)	55,131
Total nonoperating revenues (expenses)	39,578,013	50,508	138,807	598,628	78	-	40,366,034	55,131
Income (loss) before transfers	(18,737,169)	(3,144,701)	(3,167,037)	(2,539,500)	(580,171)	-	(28,168,577)	50,097
Net Transfers	14,852,378	1,611,983	5,107,271	654,850	-	-	22,226,482	-
Change in net position	(3,884,792)	(1,532,718)	1,940,234	(1,884,650)	(580,171)	-	(5,942,096)	50,097
Net position (deficit) - Beginning	334,345,821	17,774,435	38,356,081	(5,833,292)	8,140,903		392,783,947	1,558,142
Net position (deficit) - Ending	\$ 330,461,029	\$ 16,241,717	\$ 40,296,315	\$ (7,717,942)	\$ 7,560,732	\$ -	\$ 386,841,851	\$ 1,608,239

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

Fiscal Year ended June 30, 2024

Changes in net position - total enterprise funds	\$ (5,942,096)
Changes in net position - internal service funds	<u>50,097</u>
Changes in net position of business-type activities	<u>\$ (5,891,999)</u>

Hawaii Public Housing Authority  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 Fiscal Year ended June 30, 2024

	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	\$ 24,863,806	\$ 1,254,616	\$ 2,289,729	\$ -	\$ 1,019,228	\$ 29,427,378	\$ -
Cash payments to employees	(12,725,311)	(1,023,446)	-	(11,073,112)	(24,991)	(24,846,860)	-
Cash payments to suppliers	(47,188,906)	(2,048,642)	(3,777,637)	(1,524,073)	(891,909)	(55,431,167)	(8,190)
Cash due from (to) other funds	(264,899)	37,895	4,604	12,070,966	(1,181,132)	10,667,434	-
Other cash receipts (payments)	19,363	2,312	(8,873)	677,263	19,549	709,614	86,139
Net cash provided by (used in) operating activities	(35,295,947)	(1,777,265)	(1,492,177)	151,044	(1,059,256)	(39,473,601)	77,949
<b>Cash Flows from Noncapital Financing Activities</b>							
HUD operating subsidy received	34,250,711	-	-	-	-	34,250,711	-
State appropriation transfers in	9,173,792	1,536,075	307,101	395,408	-	11,412,377	-
Net cash provided by noncapital financing activities	43,424,503	1,536,075	307,101	395,408	-	45,663,088	-
<b>Cash Flows from Capital and Related Financing Activities</b>							
HUD capital subsidy received	6,940,717	-	-	-	-	6,940,717	-
State appropriation transfers in	8,714,646	75,908	4,800,170	259,441	-	13,850,165	-
Payments for acquisition of property and equipment	(13,677,678)	(75,908)	(4,800,170)	(278,446)	-	(18,832,201)	-
Reimbursement of capitalized predevelopment fees	-	-	-	3,289,752	-	3,289,752	-
Net cash provided by (used in) capital and related financing activities	1,977,685	-	-	3,270,748	-	5,248,433	-
<b>Cash Flow from Investing Activities</b>							
Development loans	-	-	-	(2,483,779)	-	(2,483,779)	-
Receipts of interest	41,927	50,508	138,807	598,628	78	829,948	55,131
Net cash provided by (used in) investing activities	41,927	50,508	138,807	(1,885,151)	78	(1,653,831)	55,131
<b>Net increase (decrease) in cash</b>	10,148,168	(190,682)	(1,046,269)	1,932,049	(1,059,177)	9,784,089	133,081
Cash and restricted cash at beginning	74,498,877	1,273,493	2,499,500	17,455,045	6,433,878	102,160,793	1,046,903
Cash and restricted cash at ending	\$ 84,647,045	\$ 1,082,812	\$ 1,453,231	\$ 19,387,095	\$ 5,374,701	\$ 111,944,882	\$ 1,179,984

Hawaii Public Housing Authority  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 Fiscal Year ended June 30, 2024

	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 Flow from Operating Activities							
Reconciliation of operating loss to net cash provided by (used in ) operating activities							
Operating loss	\$ (58,315,182)	\$ (3,195,209)	\$ (3,305,844)	\$ (3,138,127)	\$ (580,249)	\$ (68,534,611)	\$ (5,035)
Adjustments to reconcile operating gain (loss) to net cash (used in) provided by operating activities							
Depreciation	19,065,691	1,276,008	1,817,159	174,954	560,322	22,894,134	101,786
Changes in assets and liabilities							
Tenant receivables	(439,610)	(24,318)	1,661	-	(9,679)	(471,947)	-
Other receivables	2,593	(11,118)	(44,881)	51,476	(9,319)	(11,250)	(18,802)
Due from other funds	(264,899)	34,556	4,604	1,715,127	(1,171,813)	317,575	-
Deferred outflow	(861,395)	(69,985)	-	(809,491)	-	(1,740,871)	-
Inventories	(11,250)	4,423	(3,843)	7,041	-	(3,629)	-
Prepaid expenses and other assets	-	-	-	5,895	-	5,895	-
Notes Receivable	-	-	-	-	-	-	-
Accounts payable	(364,592)	52,935	22,513	203,976	149,128	63,960	-
Accrued Liabilities	3,245,251	279,055	11,327	3,345,811	4,421	6,885,865	-
Due to other funds	-	-	-	-	-	-	-
Security deposits	62,492	(596)	5,593	-	(3,040)	64,449	-
Unearned revenue	4,086,697	(1,172)	(466)	-	973	4,086,033	-
Deferred inflow	(1,501,742)	(121,843)	-	(1,405,618)	-	(3,029,203)	-
Net cash (used in) provided by operating activities	\$ (35,295,947)	\$ (1,777,265)	\$ (1,492,177)	\$ 151,044	\$ (1,059,256)	\$ (39,473,601)	\$ 77,949

**Note 1 - Organization and Significant Accounting Policies**

**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, 2024, 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.

**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 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.

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. Nonmajor funds are summarized into a single column.

**Note 1 - Organization and Significant Accounting Policies (Continued)**

***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.

***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 60 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, 2024 has been reported in the government-wide financial statements.

***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.

***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.

June 30, 2024

**Note 1 - Organization and Significant Accounting Policies (Continued)**

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

**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 Assistance Vouchers Moving To Work (MTW) 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 Assistance Vouchers MTW Program - Accounts for federal contributions for housing assistance payments under the Housing Choice Voucher Program, Emergency Housing Voucher Program, Mainstream 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.

**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 Waiikina 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.

**Note 1 - Organization and Significant Accounting Policies (Continued)**

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.

**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).

In August 2022, the Authority became a Moving to Work (MTW) agency. MTW is a demonstration program through HUD for public housing authorities that provides them the opportunity to design and test innovative, locally designed strategies that use Federal dollars more efficiently and increases housing choices for low-income families among other things. MTW allows the Authority exemptions from many existing public housing and voucher rules and provides funding flexibility with how they use their Federal funds. The Authority is part of an expansion of MTW agencies referred to as the "Landlord Incentives Cohort". The MTW Demonstration Program does not provide any additional funding to the Authority. Funding originates from the Federal Low-Rent Program and Housing Assistance Vouchers MTW Program. MTW program activities are reported in the Federal Low-Rent Program Fund for operating subsidies and capital and reported in the Housing Assistance Voucher Program Fund for housing assistance vouchers.

The Section 8 Programs consists of the Housing Assistance Voucher Program Fund and the Section 8 Contract Administration Fund. The Housing Assistance 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.

**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 acquisition value at the date of donation.

**Note 1 - Organization and Significant Accounting Policies (Continued)**

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

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. Generally, the useful lives are as follows:

	Governmental Activities	Proprietary Fund and Business- type Activities
Building, building improvements, and land improvements	25 years	10 - 40 years
Equipment	7 years	7 - 10 years

**Leases**

The Authority has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The Authority recognizes lease liabilities with an initial, individual value of \$100,000 or more for land and building leases and \$25,000 or more for equipment and others, with a lease term of greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the Authority has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a measurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term accrued expenses on the statement of net position.

**Cash and Cash Equivalents**

Cash and cash equivalents, if any, include all cash and investments with original purchased maturities of three months or less.



**Note 1 - Organization and Significant Accounting Policies (Continued)**

***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.

***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.

***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, 2024 are as follows:

	Governmental Activities	Business-type Activities	Total
Deferred pension related costs	\$ 231,718	\$ 3,794,100	\$ 4,025,818
Deferred OPEB related costs	385,022	4,479,042	4,864,064
Total	<u>\$ 616,740</u>	<u>\$ 8,273,142</u>	<u>\$ 8,889,882</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, 2024 are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred pension related costs	\$ 15,180	\$ 1,054,770	\$ 1,069,950
Deferred OPEB related costs	436,618	5,192,022	5,628,640
Total	<u>\$ 451,798</u>	<u>\$ 6,246,792</u>	<u>\$ 6,698,590</u>

**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.

**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 \$862,000.

**Note 1 - Organization and Significant Accounting Policies (Continued)**

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

Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024
\$ 2,549,000	\$ 1,367,682	\$ (1,165,595)	\$ 2,751,087

As of June 30, 2024, approximately \$160,000 and \$2,591,000 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.

**Classifications of Net Position and Fund Balance**

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.

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

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.

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.

***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.

**Note 1 - Organization and Significant Accounting Policies (Continued)**

***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.

***Temporary Hazard Pay***

The State entered into multiple settlement agreements regarding the temporary hazard pay for unions with periods covering dates in March 2020 through March 2022, for those employees who performed essential functions during the COVID-19 pandemic, including employees of the Authority. Total accrued payroll for the fiscal year ended June 30, 2024 related to temporary hazard pay was approximately \$2.34 million. Act 049, SLH 2024 provided emergency appropriations for public employment cost items and cost adjustments for employees of certain bargaining units from the State. Effective July 1, 2024, the State appropriated additional dollars to the Authority as a result of a negotiated settlement for employees who met certain requirements during the COVID-19 pandemic.

As of December 10, 2024, the State continues to negotiate with the remaining unions, and it was not practical to estimate the total liability owed to eligible employees.

***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.

***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.

***Upcoming Accounting Pronouncements***

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

June 30, 2024

### Note 1 - Organization and Significant Accounting Policies (Continued)

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. The Statement also requires additional disclosures for capital assets held for sale. The provisions of this Statement are effective for the Authority's financial statements for the year ending June 30, 2026

### Note 2 - Budgeting and Budgetary Control

#### ***Budgetary Information***

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. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, (and object). The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function (object) level. 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. State law requires the Authority to have its budget in place by July 1. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

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.

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.

**Note 2 - Budgeting and Budgetary Control (Continued)**

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, 2024 is set forth in the required supplementary information.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Note 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.

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, 2024, total cash, including restricted cash, reported in the statement of net position is \$127,285,465 which consisted of the following:

	Governmental Activities	Business-type Activities	Total
State pool and petty cash	\$ -	\$ 12,097,432	\$ 12,097,432
Cash in bank (book balance)	14,160,598	101,027,435	115,188,033
Total	<u>\$ 14,160,598</u>	<u>\$ 113,124,867</u>	<u>\$ 127,285,465</u>

Restricted cash under the Housing Assistance Vouchers MTW Program of approximately \$1,353,000 consists of amounts restricted by HUD for housing assistance payments and the Family Self Sufficiency Program. Restricted cash under the Federal Low Rent Program and Kekumu at Waikoloa Project of approximately \$1,384,000 and \$32,000, respectively, consists primarily of tenant security deposits. Restricted cash under the Central Office Cost Center of approximately \$2,007,000 consists of amounts held in an approved escrow account (see Note 6).

Bank balance of cash in bank was approximately \$117,703,000 of which \$1,000,000 was covered by federal depository insurance and \$116,703,000 by collateral held by the pledging financial institution’s trust department or agent in the name of the Authority.

**Note 4 - Kuhio Park Terrace Towers and Homes - Notes Receivable and Rental Assistance Demonstration**

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 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 2024, the interest earned on the note receivable amounted to approximately \$3,206,000 and has been recorded in deferred gain. The Authority did not receive any payments during the year ended June 30, 2024. As the total cash received from the buyer has not yet exceeded the cost of the Project, the cash payment received was recorded in deferred gain. As of June 30, 2024, the net note receivable, inclusive of all principal, accrued interest of approximately \$33,213,000, 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	\$	79,715,259
Deferred gain		<u>(77,030,088)</u>
Net note receivable	\$	<u>2,685,171</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. The Authority loaned the full \$3,900,000 to the buyer prior to the year ended June 30, 2024, which is included in the accompanying statement of net position under the Federal Low Rent Program.

June 30, 2024

**Note 4 - Kuhio Park Terrace Towers and Homes - Notes Receivable and Rental Assistance Demonstration (Continued)**

In June 2020, the Authority entered into a Restated and Amended Master Development Agreement (MDA) with a third party developer to redevelop Kuhio Park Terrace and Kuhio Homes. Pursuant to the MDA, the Authority intends to lend up to \$1,750,000 to the developer to cover up to 50 percent of Multiphase Predevelopment Costs, as defined, incurred by the developer. Payment of principal will be repaid on a pro rata basis at the closing of each Development Phase, as defined. The note does not bear interest unless the borrower defaults upon the maturity date of July 8, 2030. As of June 30, 2024, the Authority had loaned approximately \$3 million to the developer, which is included in the accompanying statement of net position under the Central Office Cost Center.

The Rental Assistance Demonstration (RAD) program is a federal housing program enacted as part of the Consolidated and Further Continuing Appropriations Act of 2012 and administered by HUD. To better serve the public housing residents of the Kuhio Park Terrace Towers, the Authority and the developer converted the public housing units funded under the Federal Low Rent Program to Project Based Voucher units funded under the Housing Assistance Vouchers MTW Program through the RAD program. HUD's Office of Multifamily Housing issued a RAD Conversion Commitment for the conversion of 347 public housing units on May 16, 2021. The RAD conversion subsequently closed on November 30, 2021, with a Housing Assistance Payment contract effective December 1, 2021.

**Note 5 - Capital Assets**

Capital asset activity, including lease assets, of the Authority's governmental and business-type activities for the year ended June 30, 2024 was as follows:

**Governmental Activities**

	Balance July 1, 2023	Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated - Land	\$ 2,373,410	\$ -	\$ -	\$ -	\$ 2,373,410
Capital assets being depreciated:					
Buildings and improvements	15,613,649	-	-	-	15,613,649
Equipment	1,491,895	1	-	-	1,491,896
Subtotal	17,105,544	1	-	-	17,105,545
Accumulated depreciation:					
Buildings and improvements	14,316,638	-	143,928	-	14,460,566
Equipment	1,376,555	-	34,272	-	1,410,827
Subtotal	15,693,193	-	178,200	-	15,871,393
Net capital assets being depreciated	1,412,351	1	(178,200)	-	1,234,152
Net governmental activities capital assets	<u>\$ 3,785,761</u>	<u>\$ 1</u>	<u>\$ (178,200)</u>	<u>\$ -</u>	<u>\$ 3,607,562</u>

June 30, 2024

**Note 5 - Capital Assets (Continued)**

*Proprietary Funds*

	Balance July 1, 2023	Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 22,966,200	\$ -	\$ -	\$ -	\$ 22,966,200
Construction in progress	56,710,480	(9,889,588)	15,523,508	-	62,344,400
Subtotal	79,676,680	(9,889,588)	15,523,508	-	85,310,600
Capital assets being depreciated:					
Buildings and improvements	789,870,772	9,889,588	-	(7,696,226)	792,064,134
Equipment	12,765,111	-	18,775	(2,837,275)	9,946,611
Right-of-use asset	178,444	-	-	-	178,444
Subtotal	802,814,327	9,889,588	18,775	(10,533,501)	802,189,189
Accumulated depreciation:					
Buildings and improvements	514,659,849	-	22,504,010	(4,995,728)	532,168,131
Equipment	9,065,745	-	383,557	(2,329,641)	7,119,661
Right-of-use asset	13,032	-	6,566	-	19,598
Subtotal	523,738,626	-	22,894,133	(7,325,369)	539,307,390
Net capital assets being depreciated	279,075,701	9,889,588	(22,875,358)	(3,208,132)	262,881,799
Net proprietary funds capital assets	<u>\$ 358,752,381</u>	<u>\$ -</u>	<u>\$ (7,351,850)</u>	<u>\$ (3,208,132)</u>	<u>\$ 348,192,399</u>

Current period depreciation expense was charged to programs as follows:

Governmental activities - Rental Housing and Assistance Program	<u>\$ 178,200</u>
Proprietary funds:	
Federal Low Rent Program	\$ 19,059,124
Housing Revolving Fund	1,276,008
Housing for Elders Revolving Fund	1,817,159
Central Office Cost Center Fund	174,954
Others	<u>566,888</u>
Total proprietary funds	<u>\$ 22,894,133</u>



**Note 5 - Capital Assets (Continued)**

At June 30, 2024, capital assets for the business-type activities consisted of the following:

	Enterprise Funds							Total
	Federal Low Rent Program	Housing Revolving Fund	Housing for Elders Revolving Fund	Central Office Cost Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
Land	\$ 13,093,629	\$ 2,252,881	\$ 6,104,817	\$ -	\$ 1,514,873	\$ 22,966,200	\$ -	\$ 22,966,200
Buildings and improvements	674,019,283	38,171,625	62,716,310	2,186,908	14,970,008	792,064,134	-	792,064,134
Equipment, furniture, and fixtures	6,974,555	1,081,029	1,036,396	854,631	-	9,946,611	2,824,225	12,770,836
Construction in progress	47,146,551	1,058,576	14,139,273	-	-	62,344,400	-	62,344,400
Less accumulated depreciation	(459,408,103)	(24,459,362)	(44,831,582)	(946,520)	(9,642,227)	(539,287,792)	(2,431,429)	(541,719,221)
Right-of-use asset	178,444	-	-	-	-	178,444	-	178,444
Less accumulated amortization	(19,598)	-	-	-	-	(19,598)	-	(19,598)
<b>Net property and equipment</b>	<b>\$ 281,984,761</b>	<b>\$ 18,104,749</b>	<b>\$ 39,165,214</b>	<b>\$ 2,095,019</b>	<b>\$ 6,842,654</b>	<b>\$ 348,192,399</b>	<b>\$ 392,796</b>	<b>\$ 348,585,195</b>

**Note 6 - Commitments and Contingencies**

**Construction Contracts**

At June 30, 2024, the Authority had outstanding construction contract commitments to expend approximately \$9,600,000 for the construction and renovation of housing projects.

**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 \$2,007,069 of restricted cash recorded under the Central Office Cost Center as of June 30, 2024 is held in an approved escrow account.

**Master Planning and Predevelopment Agreement**

In June 2023, the Authority entered into a Master Planning and Predevelopment Agreement (the Agreement) with a third-party master developer to play a lead role in transforming a portion of the Authority’s public housing portfolio of properties to preserve or replace existing public housing units on a one-for-one basis and to add at least 10,000 additional housing units by redeveloping under-utilized Authority assets (the Ka Lei Momi Redevelopment). The Ka Lei Momi Redevelopment is expected to be completed in multiple phases estimated at roughly two years per phase over a total period of at least 10 years, although, this timeline is contingent upon permit approvals, market forces, funding, and the availability of financing. It is anticipated that a Master Plan for all the Targeted Portfolio Sites, as defined in the Agreement, will be created by the Master Developer and delivered to the Authority within two years of the Effective Date of entering into the Agreement.

**Note 6 - Commitments and Contingencies (Continued)**

In relation to the Ka Lei Momi Redevelopment, the Authority entered into a Master Development Agreement with a third-party developer for the revitalization and redevelopment of Mayor Wright Homes within a ten-year period, subject to extension, as defined.

***Torts***

The Authority is subject to various legal proceedings and claims that arise in the ordinary course of its business. The opinion of management and the Attorney General believes that the amount, if any, of ultimate liability with respect to legal actions will be covered by insurance or will be a liability against the State of Hawaii.

***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, 2024, the Authority has determined there is not a significant liability for workers' compensation claims.

***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, 2024 amounted to approximately \$5,083,000.

***Litigation***

The Authority is subject to various legal proceedings and claims that arise in the ordinary course of its business. The opinion of management and the Attorney General believes that the amount, if any, of ultimate liability with respect to legal actions will be covered by insurance or will be a liability against the State of Hawaii.

**Note 7 - Retirement Plan**

***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://ers.ehawaii.gov/resources/financials>.

**Note 7 - Retirement Plan (Continued)**

***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 plans. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% to 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 ten 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.

**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 surviving 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.

**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 five years of credited service are eligible to retire at age 55.

**Note 7 - Retirement Plan (Continued)**

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% of average final compensation multiplied by the years of credited service 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 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 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.

**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 members hired after June 30, 2012 are generally the same as those for contributory 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 five 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.

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.

**Note 7 - Retirement Plan (Continued)**

Ordinary death benefits are available to employees who were active at time of death with at least five 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 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.

**Hybrid 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 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and emergency medical technicians may retire with 25 years of credited service at age 55.

*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 ten 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.

***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 rates for fiscal year 2024 was 24% for Authority employees. Contributions to the pension plan from the Authority was \$3,618,165 for the fiscal year ended June 30, 2024.

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 covered by the plan was approximately \$15,076,000 for 2024.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2024, the Authority reported a liability of \$40,659,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the Authority's proportion was 0.51 percent compared to the 0.29 percent proportion measured as of June 30, 2022.

There were no changes in actuarial assumptions as of June 30, 2022 to June 30, 2023. There were no changes between the measurement date, June 30, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the proportionate share of the net pension liability.

June 30, 2024

**Note 7 - Retirement Plan (Continued)**

For the year ended June 30, 2024, the Authority recognized pension expense of \$3,848,832. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Changes in Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 809,840	\$ (490,238)
Changes in assumptions	(741,477)	(426,114)
Net difference between projected and actual earnings on pension plan investments	-	(63,286)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	292,054	(90,312)
Authority contributions subsequent to the measurement date	3,665,401	-
<b>Total</b>	<b>\$ 4,025,818</b>	<b>\$ (1,069,950)</b>

At June 30, 2024, the \$3,665,401 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 ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ 191,716
2026	802,281
2027	(1,177,375)
2028	(509,675)
2029	(16,480)
<b>Total</b>	<b>\$ (709,533)</b>

**Actuarial Assumptions**

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS's Board of Trustees on August 8, 2022, based on the 2021 Experience Study for the five-year period from July 1, 2016 through June 30, 2021:

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 2022 Public Retirees of Hawaii mortality table with 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.

**Note 7 - Retirement Plan (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 rate of returns based on ERS's investment consultant as of June 30, 2023 are summarized in the following table:

Classes	Strategic Class Weights	Long-term Expected Geometric Rate of Return
Broad growth:		
Private equity	13.50 %	10.00 %
Global equity	20.00	7.90
Low volatility equity	4.00	7.10
Global options	4.00	5.80
Credit	6.00	8.00
Core real estate	6.00	6.00
Noncore real estate	4.50	7.90
Timber/Agriculture/Infrastructure	5.00	7.20
Diversifying strategies:		
TIPS	2.00	3.20
Global macro	4.00	6.00
Reinsurance	4.00	7.00
Alternative risk premia	8.00	5.00
Long Treasuries	5.00	3.80
Intermediate government	4.00	3.20
Systematic trend following	10.00	4.70

**Discount Rate**

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 State 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.

**Note 7 - Retirement Plan (Continued)**

***Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 54,130,426	\$ 40,659,919	\$ 29,504,021

***Pension Plan Fiduciary Net Position***

The pension plan's fiduciary net position is determined on the same basis used by the pension plan. The ERS's 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. The ERS's complete financial statements are available at <http://www.ers.hawaii.gov/resources/financials>.

**Note 8 - Postemployment Health Care and Life Insurance Benefits**

***Plan Description***

The State provides certain health care and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State 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 State pays the entire base monthly contribution for employees retiring with ten 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 ten years of service, the State makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For employees retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.



June 30, 2024

**Note 8 - Postemployment Health Care and Life Insurance Benefits (Continued)**

For employees hired on or after July 1, 2001, and who retire with less than ten years of service, the State makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State 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.

**Contributions**

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan from the Authority was \$3,468,579 for the year ended June 30, 2024. The employer is required to make all contributions for members.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2024, the Authority reported a liability of \$33,182,220 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to projected contributions of all participants, actuarially determined. At June 30, 2023, the Authority's proportion was 0.4932 percent compared to its proportion at June 30, 2022 of 0.4881 percent.

There were no changes between the measurement date, July 1, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2024, the Authority recognized OPEB expense of approximately \$560,942. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,178,334	\$ -
Differences between expected and actual experience	-	(4,850,678)
Changes in assumptions	217,151	(777,962)
Authority contributions subsequent to the measurement date	3,468,579	-
Total	<u>\$ 4,864,064</u>	<u>\$ (5,628,640)</u>

At June 30, 2024, the \$3,468,579 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, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	\$ (1,340,426)
2026	(1,442,178)
2027	(697,306)
2028	(708,081)
2029	(45,164)
Total	<u>\$ (4,233,155)</u>

June 30, 2024

**Note 8 - Postemployment Health Care and Life Insurance Benefits (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF's Board of Trustees on January 9, 2023, based on the experience study covering the five-year period ended June 30, 2022 as conducted for the ERS:

Inflation	2.50%
Salary increases	3.75% to 6.75% including inflation
Investment rate of return	7.00%
Healthcare cost trend rates:	
PPO*	Initial rate of 6.30%; declining to a rate of 4.25% after 21 years
HMO*	Initial rate of 6.30%; declining to a rate of 4.25% after 21 years
Part B and Base Monthly Contribution	Initial rate of 5.00%; declining to a rate of 4.25% after 21 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

\* Blended rates for medical and prescription drugs

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

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:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Private equity	15.0%	10.0%
U.S. microcap	3.0 %	8.7%
Global equity	27.5%	7.6%
Global options	0.0%	4.9%
Real assets	12.0%	4.3%
Private credit	10.0%	7.8%
TIPS	5.0%	2.0%
Long Treasuries	5.5%	2.4%
Reinsurance	5.0%	3.4%
Alternative risk premia	5.0%	3.3%
Trend following	10.0%	2.1%
Tail risk / Long volatility	2.0%	(1.1)%

**Single Discount Rate**

The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. 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. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on the EUTF's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Note 8 - Postemployment Health Care and Life Insurance Benefits (Continued)**

***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. The EUTF’s complete financial statements are available at <https://eutf.hawaii.gov/reports/>.

***Sensitivity of the 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%, 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%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority’s proportionate share of the net OPEB liability	\$ 41,493,781	\$ 33,182,220	\$ 26,548,182

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority’s proportionate share of the net OPEB liability	\$ 25,762,624	\$ 33,182,220	\$ 42,679,045

**Note 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.

June 30, 2024

**Note 10 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Central Office Cost Center Fund	General Fund	\$ 379
	Housing Assistance Vouchers MTW Fund	48,262
	Section 8 Housing Assistance Payments	76
	Nonmajor Enterprise Funds	4,083,694
	Housing Revolving Fund	56,179
	Housing for Elders Revolving Fund	6,678
	Federal Low Rent Program Fund	<u>966,235</u>
	Total Central Office Cost Center Fund	5,161,503
Internal Service Funds	Federal Low Rent Program Fund	7,838
	Housing Revolving Fund	<u>907</u>
	Total Internal Service Funds	<u>8,745</u>
	Total	<u>\$ 5,170,248</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Federal Low Rent Program	\$ 5,902,839
	Housing Revolving Fund	1,528,769
	Housing for Elders Revolving Fund	292,489
	Central Office Cost Center Fund	<u>395,408</u>
	Total General Fund	8,119,505
Capital Projects Fund	Federal Low Rent Program	8,949,539
	Housing Revolving Fund	83,214
	Housing for Elders Revolving Fund	4,814,782
	Central Office Cost Center Fund	<u>259,442</u>
	Total Capital Projects Fund	<u>14,106,977</u>
	Total	<u>\$ 22,226,482</u>

The transfers from the General Fund to the Enterprise Funds represent the current year annual State of Hawaii appropriations to pay for rental housing service shortfalls and administrative expenses.

The transfers from the Capital Projects Fund to the Enterprise Funds represent the annual State of Hawaii appropriations for capital improvement, administrative expenses, and rental housing service repairs and maintenance.

**Note 11 - Risk Management**

The State records a liability for risk financing and insurance-related losses if it is determined that a loss has been incurred and the amount can be reasonably estimated. The State retains various risks and insures certain excess layers with commercial insurance companies. The excess layers insured with commercial insurance companies are consistent with the prior fiscal year. Settled claims have not exceeded the coverage provided by commercial insurance companies in any of the past ten fiscal years. A summary of the State's underwriting risks is as follows:

***Property Insurance***

The State has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is \$200,000,000, except for terrorism losses, which has a \$100,000,000 per occurrence limit. The deductible for losses such as windstorm, tsunamis, floods and earthquakes are 3% of the replacement costs to the property subject to a \$1,000,000 per occurrence minimum. The deductible for all other losses, except terrorism, is \$1,000,000 per occurrence. The deductible for terrorism is \$10,000 per occurrence.

***Crime Insurance***

The State also has a crime insurance policy for various types of coverages with a limit of loss of \$10,000,000 per occurrence with a \$500,000 deductible per occurrence, except for social engineering fraud (with Official Authorization) which has a \$100,000 limit per occurrence and a \$25,000 deductible, social engineering fraud (without Official Authorization) which has a \$25,000 limit per occurrence and a \$25,000 deductible, claims and computer investigation expenses which has a \$100,000 limit per occurrence and a \$0 deductible, and corporate credit card fraud which has a \$10,000,000 limit per occurrence and a \$1,000 deductible. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services, and losses not covered by insurance are paid from the State's General Fund.

***Casualty and Professional Liability***

liability claims up to \$25,000 are handled by the Risk Management Office. All other claims are handled by the Department of the Attorney General. The State has various types of coverages with a \$5,000,000 self-insured retention per occurrence, including \$2,500,000 corridor. The annual aggregate limit for the various coverages is \$5,000,000. Losses under the deductible amount but over the Risk Management Office authority or over the aggregate limit are paid from legislative appropriations of the State's General Fund.

***Cyber Liability Insurance***

The State is insured for various types of cyber-related activities with a loss limit up to \$10,000,000 with self-insured retention of \$1,000,000. This policy covers all departments and divisions except for UH and includes (with sub-limits) media content liability, PCI-DSS assessment coverage, reputational risk response, reputational loss coverage, E-discovery consultant services, data recovery amendatory system failure non-physical damage loss of use (bricking), system failure coverage, criminal reward expense, claim avoidance expense, crypto jacking coverage, fraudulent impersonation and telecommunication fraud coverage, court attendance cost coverage, company definition amendatory-scheduled entities with varying co-insurance (tier 1 & 2). The UH has a separate cyber policy with various limits and self-insured retention amounts.

***Medical Professional Liability Insurance***

The State's community hospitals (HHSC) are insured by a comprehensive medical professional liability policy. The policy provides coverage for professional and general liability claims with a private insurance carrier. This primary policy covers losses up to a limit of \$1,000,000 per claim and \$5,000,000 in annual aggregate. HHSC also purchased additional excess insurance with a \$34,000,000 per claim and aggregate limit.

**Note 11 - Risk Management (Continued)**

***Self-Insured Risks***

The State generally self-insures its automobile no-fault and workers' compensation losses. Automobile losses up to \$25,000 per claim are administered by the Risk Management Office. The State administers its workers' compensation losses via the Department of Human Resources and Development.

***Reserve for Losses and Loss Adjustment Costs***

A liability for workers' compensation and general liability claims is established if information indicates that a loss has been incurred as of June 30, 2024, and the amount of the loss can be reasonably estimated. The liability also includes an estimate for amounts incurred but not reported. The amount of the estimated loss is recorded in the accompanying statement of net position, as those losses will be liquidated with future expendable resources. The estimated losses are generally paid from legislative appropriations of the State's General Fund.

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## Required Supplementary Information

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HAWAII PUBLIC HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (UNAUDITED)  
 YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual
Revenues			
State allotted appropriations	\$ 13,936,264	\$ 13,936,264	\$ 13,936,264
Expenditures			
Rental housing and assistance program	13,936,264	13,936,264	9,346,721
Excess of revenues over expenditures	-	-	4,589,543



HAWAII PUBLIC HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - HOUSING ASSISTANCE VOUCHERS - MTW (UNAUDITED)  
 YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual
Revenues			
HUD contributions	<u>\$ 66,618,313</u>	<u>\$ 66,618,313</u>	<u>\$ 66,618,313</u>
Expenditures			
Rental housing and assistance program	<u>66,618,313</u>	<u>66,618,313</u>	<u>67,168,106</u>
Excess of expenditures over revenues	-	-	(549,793)

HAWAII PUBLIC HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - SECTION 8 CONTRACT ADMINISTRATION (UNAUDITED)  
 YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual
Revenues			
HUD contributions	<u>\$ 49,679,256</u>	<u>\$ 49,679,256</u>	<u>\$ 49,679,256</u>
Expenditures			
Rental housing and assistance program	<u>49,679,256</u>	<u>49,679,256</u>	<u>49,250,560</u>
Excess of revenues over expenditures	-	-	428,696

HAWAII PUBLIC HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGET-TO-GAAP RECONCILIATION (UNAUDITED)  
 YEAR ENDED JUNE 30, 2024

	General Fund	Housing Assistance Voucher MTW Program	Section 8 Contract Administration
Excess (deficiency) of revenues over (under) expenditures and other sources and uses - actual on a budgetary basis	\$ 4,589,543	\$ (549,793)	\$ 428,696
Other revenue	181	114,152	485
Excess of revenues over expenditures and other uses - GAAP basis	4,589,724	(435,641)	429,181

## Hawaii Public Housing Authority

### Required Supplementary Information Schedule of Authority's Proportionate Share of the Net Pension Liability Employees' Retirement System of the State of Hawaii

	<b>Last Ten Plan Years For the Plan Year Ended June 30</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.51000 %	0.29000 %	0.29000 %	0.29000 %	0.29000 %	0.28000 %	0.29000 %	0.29000 %	0.29000 %	0.29000 %
Authority's proportionate share of the net pension liability	\$ 40,659,919	\$ 37,965,808	\$ 34,794,569	\$ 44,224,997	\$ 40,401,259	\$ 37,880,199	\$ 37,036,049	\$ 38,216,244	\$ 25,085,181	\$ 23,355,937
Authority's covered payroll	\$ 16,208,597	\$ 16,635,736	\$ 17,185,380	\$ 16,033,163	\$ 14,709,141	\$ 14,806,198	\$ 14,516,008	\$ 13,576,230	\$ 13,759,120	\$ 12,683,355
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	250.85 %	228.22 %	202.47 %	275.83 %	274.67 %	255.84 %	255.14 %	281.49 %	182.32 %	184.15 %
Plan fiduciary net position as a percentage of total pension liability	61.90 %	62.80 %	64.30 %	53.20 %	54.90 %	55.50 %	54.80 %	51.30 %	62.40 %	63.90 %

## Hawaii Public Housing Authority

### Required Supplementary Information Schedule of the Authority's Pension Contributions Employees' Retirement System of the State of Hawaii

	<b>Last Ten Fiscal Years</b>									
	<b>Year Ended June 30</b>									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,665,401	\$ 3,618,165	\$ 3,768,544	\$ 3,907,049	\$ 3,319,373	\$ 2,816,511	\$ 2,510,750	\$ 2,348,866	\$ 2,172,048	\$ 2,159,495
Contributions in relation to the contractually required contribution	3,665,401	3,618,165	3,768,544	3,907,049	3,319,373	2,816,511	2,510,750	2,348,866	2,172,048	2,159,495
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Authority's covered payroll</b>	<b>\$ 15,075,388</b>	<b>\$ 16,208,597</b>	<b>\$ 16,635,736</b>	<b>\$ 17,185,380</b>	<b>\$ 16,033,163</b>	<b>\$ 14,709,141</b>	<b>\$ 14,806,198</b>	<b>\$ 14,516,008</b>	<b>\$ 13,579,230</b>	<b>\$ 13,759,120</b>
<b>Contributions as a percentage of covered payroll</b>	<b>24.31 %</b>	<b>22.32 %</b>	<b>22.65 %</b>	<b>22.73 %</b>	<b>20.70 %</b>	<b>19.15 %</b>	<b>16.96 %</b>	<b>16.18 %</b>	<b>16.00 %</b>	<b>15.70 %</b>

## Hawaii Public Housing Authority

### Required Supplementary Information Schedule of the Authority's Proportionate Share of the Net OPEB Liability Hawaii Employer-Union Health Benefits Trust Fund

	<b>Last Seven Plan Years For the Plan Year Ended June 30</b>						
	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	0.49324 %	0.48809 %	0.47000 %	0.43000 %	0.43000 %	0.43000 %	0.43000 %
Authority's proportionate share of the net OPEB liability	\$ 33,182,220	\$ 33,424,214	\$ 35,852,702	\$ 37,602,456	\$ 40,339,825	\$ 40,288,544	\$ 39,895,932
Authority's covered-employee payroll	\$ 16,208,597	\$ 16,635,736	\$ 17,185,380	\$ 16,033,163	\$ 14,709,141	\$ 14,806,198	\$ 14,516,008
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	204.72 %	200.92 %	208.62 %	234.53 %	274.25 %	272.11 %	274.84 %

## Hawaii Public Housing Authority

### Required Supplementary Information Schedule of the Authority's OPEB Contributions

	Last Seven Fiscal Years						
	Year Ended June 30						
	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 3,468,579	\$ 1,684,587	\$ 2,735,130	\$ 1,237,587	\$ 3,856,767	\$ 3,466,987	\$ 3,187,682
Contributions in relation to the actuarially determined contribution	<u>3,468,579</u>	<u>1,684,587</u>	<u>1,663,676</u>	<u>1,811,876</u>	<u>3,693,632</u>	<u>3,597,601</u>	<u>2,825,229</u>
Contribution excess (deficiency)	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ (1,071,454)</b></u>	<u><b>\$ 574,289</b></u>	<u><b>\$ (163,135)</b></u>	<u><b>\$ 130,614</b></u>	<u><b>\$ (362,453)</b></u>
Covered employee payroll	\$ 15,075,388	\$ 16,208,597	\$ 16,635,736	\$ 17,185,380	\$ 16,033,163	\$ 14,709,141	\$ 14,806,198
Contributions as a percentage of covered employee payroll	23.01 %	10.39 %	10.00 %	10.54 %	23.04 %	24.46 %	19.08 %

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## Supplementary Information

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Hawaii Public Housing Authority  
NONMAJOR OTHER ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2024

	Wilikina Apartments Project	Kekumu at Waikoloa Project	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
<b>Current Assets</b>					
Cash	\$ 457,201	\$ 263,230	\$ 529,457	\$ 4,092,858	\$ 5,342,747
Restricted cash	-	31,954	-	-	31,954
Total cash and restricted cash	<u>457,201</u>	<u>295,184</u>	<u>529,457</u>	<u>4,092,858</u>	<u>5,374,701</u>
<b>Receivables:</b>					
Interest receivable	-	-	-	-	-
Tenant receivables, less allowance for doubtful accounts of \$5,964,630	-	27,511	11,610	-	39,121
Other receivable	-	4,172	-	25,797	29,968
Total current assets	<u>457,201</u>	<u>326,867</u>	<u>541,067</u>	<u>4,118,655</u>	<u>5,443,790</u>
<b>Noncurrent Assets</b>					
<b>Capital assets:</b>					
Capital assets not being depreciated	1,514,873	-	-	-	1,514,873
Capital assets being depreciated	-	2,565,200	12,404,808	-	14,970,008
Less: accumulated depreciation	-	(710,772)	(8,931,455)	-	(9,642,227)
Other assets	-	-	-	-	-
Total noncurrent assets	<u>1,514,873</u>	<u>1,854,428</u>	<u>3,473,353</u>	<u>-</u>	<u>6,842,654</u>
Total Assets	<u>1,972,074</u>	<u>2,181,295</u>	<u>4,014,420</u>	<u>4,118,655</u>	<u>12,286,444</u>
Deferred outflow of resources	-	-	-	-	-
Total Assets & Deferred outflows of resources	<u>\$ 1,972,074</u>	<u>\$ 2,181,295</u>	<u>\$ 4,014,420</u>	<u>\$ 4,118,655</u>	<u>\$ 12,286,444</u>

Hawaii Public Housing Authority  
NONMAJOR OTHER ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2024

	Wilikina Apartments Project	Kekumu at Waikoloa Project	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ -	\$ 236,055	\$ 294,025	\$ 35,009	\$ 565,088
Accrued liabilities	-	-	31,397	-	31,397
Due to other funds	-	-	48	4,083,647	4,083,694
Security deposits	-	31,920	11,109	-	43,029
Unearned revenue	-	2,503	1	-	2,504
<b>Total current liabilities</b>	<b>-</b>	<b>270,478</b>	<b>336,579</b>	<b>4,118,655</b>	<b>4,725,712</b>
<b>Total liabilities</b>	<b>-</b>	<b>270,478</b>	<b>336,579</b>	<b>4,118,655</b>	<b>4,725,712</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position:</b>					
Net investment in capital assets	1,514,873	1,854,428	3,473,353	-	6,842,654
Unrestricted net position	457,201	56,389	204,488	-	718,078
<b>Total net position</b>	<b>1,972,074</b>	<b>1,910,817</b>	<b>3,677,841</b>	<b>-</b>	<b>7,560,732</b>
<b>Total Liabilities, deferred inflows, and net position</b>	<b>\$ 1,972,074</b>	<b>\$ 2,181,295</b>	<b>\$ 4,014,420</b>	<b>\$ 4,118,655</b>	<b>\$ 12,286,444</b>

Hawaii Public Housing Authority

NONMAJOR OTHER ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 Fiscal Year ended June 30, 2024

	Wilikina Apartments Project	Kekumu at Waikoloa Project	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
Operating Revenue					
Rental income	\$ -	\$ 395,678	\$ 642,295	\$ -	\$ 1,037,973
Fee-for-service	-	-	-	-	-
Other revenue	-	19,549	-	-	19,549
Total operating revenues	-	415,227	642,295	-	1,057,522
Operating Expenses					
Administration	-	224,269	253,612	-	477,881
Personnel services	-	24,991	-	-	24,991
Professional services	-	21,719	8,023	-	29,743
Utilities	-	144,759	153,662	-	298,421
Repairs and maintenance	-	112,212	101,786	-	213,997
Insurance	-	8,467	16,949	-	25,416
Bad debt	-	-	6,999	-	6,999
Depreciation	-	64,130	496,192	-	560,322
Total operating expense	-	600,547	1,037,224	-	1,637,771
Operating income (loss)	-	(185,320)	(394,929)	-	(580,249)
Nonoperating Revenues (Expenses):					
Other revenue (expenses)	-	26	53	-	78
Total nonoperating revenues (expenses)	-	26	53	-	78
Change in net position	-	(185,294)	(394,876)	-	(580,171)
Net position - beginning	1,972,074	2,096,111	4,072,718	-	8,140,903
Net position - ending	\$ 1,972,074	\$ 1,910,817	\$ 3,677,841	\$ -	\$ 7,560,732

Hawaii Public Housing Authority  
NONMAJOR OTHER ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Fiscal Year ended June 30, 2024

	Wilikina Apartments Project	Kekumu at Waikoloa Prject	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
<b>Cash Flows from Operating Activities</b>					
Cash received from renters	\$ -	\$ 391,049	\$ 628,179	\$ -	\$ 1,019,228
Cash payments to employees	-	(24,991)	-	-	(24,991)
Cash payments to suppliers	-	(382,127)	(527,376)	17,595	(891,909)
Cash due from (to) other funds	-	-	(192)	(1,180,940)	(1,181,132)
Other cash receipts (payments)	-	19,549	-	-	19,549
Net cash provided by (used in) operating activities	-	3,480	100,610	(1,163,346)	(1,059,256)
<b>Cash Flow from Investing Activities</b>					
Receipts of interest	-	26	53	-	78
Net cash provided by (used in) investing activities	-	26	53	-	78
<b>Net increase (decrease) in cash</b>	-	3,506	100,663	(1,163,346)	(1,059,177)
Cash and restricted cash at beginning	457,201	291,679	428,794	5,256,204	6,433,878
Cash and restricted cash at ending	\$ 457,201	\$ 295,184	\$ 529,457	\$ 4,092,858	\$ 5,374,701

Hawaii Public Housing Authority  
NONMAJOR OTHER ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Fiscal Year ended June 30, 2024

	Wilikina Apartments Project	Kekumu at Waikoloa Prject	KPT Resource Center	Disbursing Fund	Other Enterprise Funds
Cash Flow from Operating Activities					
Reconciliation of operating loss to net cash provided by (used in ) operating activities					
Operating loss	\$ -	\$ (185,320)	\$ (394,929)	\$ -	\$ (580,249)
Adjustments to reconcile operating gain (loss) to net cash (used in) provided by operating activities					
Depreciation	-	64,130	496,192	-	560,322
Changes in assets and liabilities					
Tenant receivables	-	(2,562)	(7,117)	-	(9,679)
Other receivables	-	-	-	(9,319)	(9,319)
Due from other funds	-	-	(192)	(1,171,621)	(1,171,813)
Accounts payable	-	129,299	2,235	17,595	149,128
Accrued Liabilities	-	-	4,421	-	4,421
Security deposits	-	(3,040)	-	-	(3,040)
Unearned revenue	-	973	-	-	973
Net cash (used in) provided by operating activities	<u>\$ -</u>	<u>\$ 3,480</u>	<u>\$ 100,610</u>	<u>\$ (1,163,346)</u>	<u>\$ (1,059,256)</u>

Hawaii Public Housing Authority  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2024

	Vehicle Rental Fund	Equipment Rental Fund	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>Current Assets</b>			
Cash	\$ 341,811	\$ 838,173	\$ 1,179,984
Receivables:			
Interest receivable	6,967	19,747	26,714
Due from other funds	8,745	-	8,745
	357,523	857,920	1,215,443
<b>Noncurrent Assets</b>			
Capital assets:			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated	1,507,272	1,316,953	2,824,225
Less: accumulated depreciation	(1,114,476)	(1,316,953)	(2,431,429)
Other assets			
Total noncurrent assets	392,796	-	392,796
Total Assets	750,319	857,920	1,608,239
Deferred outflow of resources	-	-	-
Total Assets & Deferred outflows of resources	\$ 750,319	\$ 857,920	\$ 1,608,239

Hawaii Public Housing Authority  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2024

	Vehicle Rental Fund	Equipment Rental Fund	Total
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Deferred inflows of resources			
	-	-	-
Net position:			
Net investment in capital assets	392,796	-	392,796
Unrestricted net position	357,523	857,920	1,215,443
Total net position	750,319	857,920	1,608,239
Total Liabilities, deferred inflows, and net position	\$ 750,319	\$ 857,920	\$ 1,608,239

Hawaii Public Housing Authority

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 Fiscal Year ended June 30, 2024

	Vehicle Rental Fund	Equipment Rental Fund	Internal Service Funds
Operating Revenue			
Other revenue	\$ 104,941	\$ -	\$ 104,941
Total operating revenues	<u>104,941</u>	<u>-</u>	<u>104,941</u>
Operating Expenses			
Professional services	2,958	3,550	6,508
Insurance	-	1,681	1,681
Depreciation	101,786	-	101,786
Total operating expense	<u>104,744</u>	<u>5,232</u>	<u>109,976</u>
Operating income (loss)	<u>197</u>	<u>(5,232)</u>	<u>(5,035)</u>
Nonoperating Revenues (Expenses):			
Other revenue (expenses)	<u>14,018</u>	<u>41,114</u>	<u>55,131</u>
Total nonoperating revenues (expenses)	<u>14,018</u>	<u>41,114</u>	<u>55,131</u>
Change in net position	14,215	35,882	50,097
Net position - beginning	<u>736,104</u>	<u>822,038</u>	<u>1,558,142</u>
Net position - ending	<u>\$ 750,319</u>	<u>\$ 857,920</u>	<u>\$ 1,608,239</u>



Hawaii Public Housing Authority  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Fiscal Year ended June 30, 2024

	Vehicle Rental Fund	Equipment Rental Fund	Internal Service Funds
<b>Cash Flows from Operating Activities</b>			
Cash payments to suppliers	\$ (2,958)	\$ (5,232)	\$ (8,190)
Cash due from (to) other funds	-	-	-
Other cash receipts (payments)	98,876	(12,737)	86,139
Net cash provided by (used in) operating activities	<u>95,918</u>	<u>(17,969)</u>	<u>77,949</u>
<b>Cash Flow from Investing Activities</b>			
Development loans	-	-	-
Receipts of interest	14,018	41,114	55,131
Net cash provided by (used in) investing activities	<u>14,018</u>	<u>41,114</u>	<u>55,131</u>
<b>Net increase (decrease) in cash</b>	<u>109,936</u>	<u>23,145</u>	<u>133,081</u>
Cash and restricted cash at beginning	<u>231,875</u>	<u>815,029</u>	<u>1,046,903</u>
Cash and restricted cash at ending	<u>\$ 341,811</u>	<u>\$ 838,173</u>	<u>\$ 1,179,984</u>

Hawaii Public Housing Authority  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Fiscal Year ended June 30, 2024

	Vehicle Rental Fund	Equipment Rental Fund	Internal Service Funds
Cash Flow from Operating Activities			
Reconciliation of operating loss to net cash provided by (used in ) operating activities			
Operating loss	\$ 197	\$ (5,232)	\$ (5,035)
Adjustments to reconcile operating gain (loss) to net cash (used in) provided by operating activities			
Depreciation	101,786	-	101,786
Changes in assets and liabilities			
Other receivables	(6,065)	(12,737)	(18,802)
Net cash (used in) provided by operating activities	<u>\$ 95,918</u>	<u>\$ (17,969)</u>	<u>\$ 77,949</u>

HAWAII PUBLIC HOUSING AUTHORITY  
 SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF CASH ON DEPOSIT AND ASSETS  
 JUNE 30, 2024

The Authority's cash consists of the following as of June 30, 2024:

Equity in State Treasury investment pool - Government-Wide	\$ 12,097,432
Cash in banks	115,188,033
	<u>\$ 127,285,465</u>

Total cash is in agreement with the State Comptroller's central accounting records as of June 30, 2024, as reconciled below:

Cash in State Treasury Special Funds	Appropriation Symbol	June 30, 2024
	S-20-337-K	\$ 6,840
	S-21-337-K	1,600
	S-22-308-K	624
	S-22-337-K	11,343
	S-23-337-K	106,852
	S-24-337-K	1,201,851
	S-24-335-K	341,811
	S-23-308-K	13,440
	S-24-308-K	920,079
	S-23-332-K	22,949
	S-24-332-K	4,144,125
	S-24-336-K	838,173
	S-24-553-K	4,489,487

Total cash held in State Treasury as reported by State Comptrollers accounting records carried forward	\$ 12,099,174
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Reconciling items--	
Outstanding checks not recorded by DAGS	(1,742)
	<u>12,097,432</u>

Cash held outside State Treasury: Cash in bank	115,188,033
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Cash and restricted cash on statement of net position	<u>\$ 127,285,465</u>
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