

January 24, 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 Scott K. Saiki  
Speaker, House of Representatives  
415 South Beretania Street  
Hawaii State Capitol, Room 431  
Honolulu, Hawaii 96813

**RE: Financial Audit of the Hawaii Community Development Authority**

Dear President Kouchi and Speaker Saiki:

The audit report on the financial statements of the Hawaii Community Development Authority for the fiscal year ended June 30, 2023, was issued on December 4, 2023. The Office of the Auditor retained KKDLY LLC 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/2023\\_Audit/HCDA2023.pdf](https://files.hawaii.gov/auditor/Reports/2023_Audit/HCDA2023.pdf); and

[https://files.hawaii.gov/auditor/Reports/2023\\_Audit/HCDA\\_Summary\\_2023.pdf](https://files.hawaii.gov/auditor/Reports/2023_Audit/HCDA_Summary_2023.pdf).

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

Very truly yours,

Leslie H. Kondo  
State Auditor

LHK:LYK:emo

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 Community Development Authority

Financial Statements, Fiscal Year Ended June 30, 2023



PHOTO: OFFICE OF THE AUDITOR

**THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Community Development Authority, as of and for the fiscal year ended June 30, 2023. The audit was conducted by KKDLY LLC.

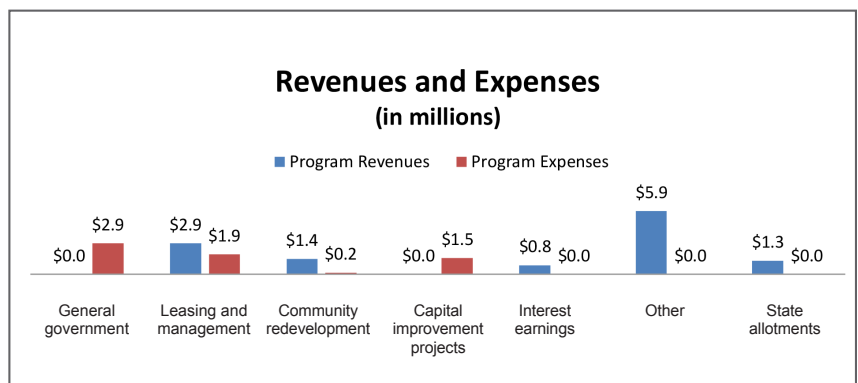
### About the Authority

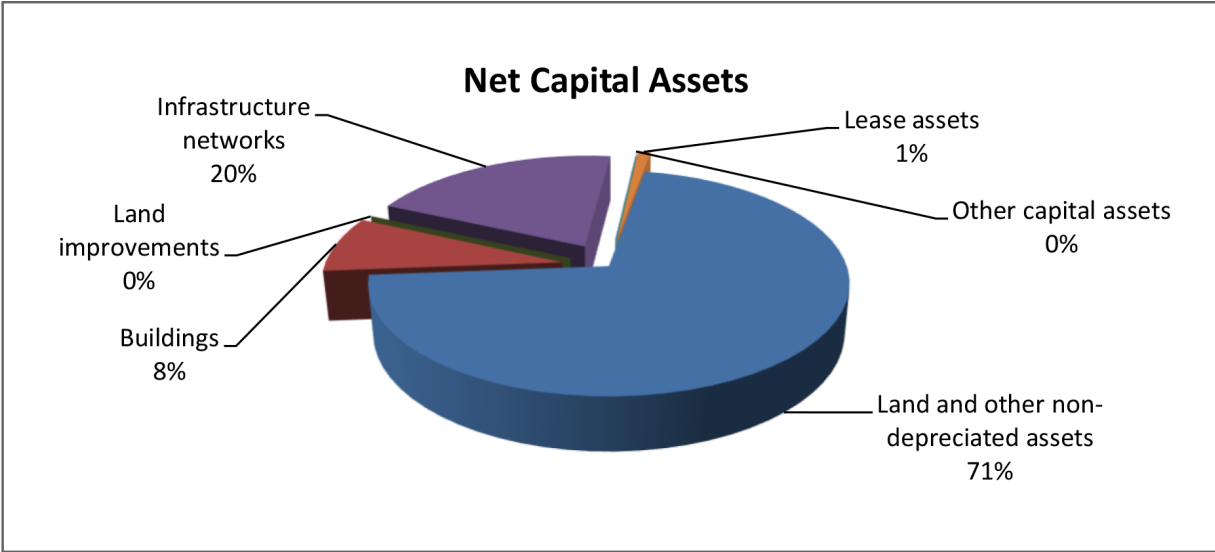
The Hawai'i Community Development Authority (HCDA) was established in 1976 by Chapter 206E, Hawai'i Revised Statutes, to establish community development plans in community development districts, to determine community development programs, and to cooperate with private enterprises and various components of federal, state, and county governments to bring community plans to fruition. HCDA is administratively attached to the Department of Business, Economic Development and Tourism.

### Financial Highlights

**FOR THE FISCAL YEAR** ended June 30, 2023, HCDA reported total revenues of \$12.3 million, total expenses of \$6.4 million, and net transfers out of \$18,000, resulting in an increase in net position of \$5.9 million. Revenues consisted of (1) leasing and management activities of \$2.9 million, (2) community redevelopment activities of \$1.4 million, (3) investment earnings of \$800,000, (4) net state appropriations of \$1.3 million, and (5) other revenue of \$5.9 million.

The following graph illustrates a comparative breakdown of HCDA's revenues and expenses.





As of June 30, 2023, total assets and deferred outflows of resources of \$159.4 million exceeded total liabilities and deferred inflows of resources of \$32.1 million resulting in a net position of \$127.3 million.

Of the net position balance of \$127.3 million, \$29.9 million is unrestricted and may be used to meet ongoing expenses, \$100,000 is restricted for capital projects, and \$97.3 million is invested in net capital assets. The agency reported total assets and deferred outflows of resources comprised of (1) net capital assets of \$97.9 million, (2) cash of \$32.2 million, and (3) receivables, other assets, and deferred outflows of resources of \$29.3 million.

## Auditors' Opinion

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



For the complete report and financial statements, visit our website at:  
[https://files/hawaii.gov/auditor/Reports/2023\\_Audit/HCDA2023.pdf](https://files/hawaii.gov/auditor/Reports/2023_Audit/HCDA2023.pdf)