

Office of the Auditor
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Jan K. Yamane
Acting State Auditor
State of Hawai'i

Constitutional Mandate

The Office of the Auditor, pursuant to Article VII, Section 10 of the Hawai'i State Constitution, is required to conduct post-audits of the transactions, accounts, program and performance of departments, offices and agencies of the State and its political subdivisions, and to certify to the accuracy of all financial statements issued by the respective accounting officers.

Financial Audit of the Hawai'i Housing Finance and Development Corporation

Financial Statements, Fiscal Year Ended June 30, 2015

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 Housing Finance and Development Corporation, as of and for the fiscal year ended June 30, 2015, and to comply with the requirements of federal OMB Circular A-133, which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Accuity LLP.

About the Corporation

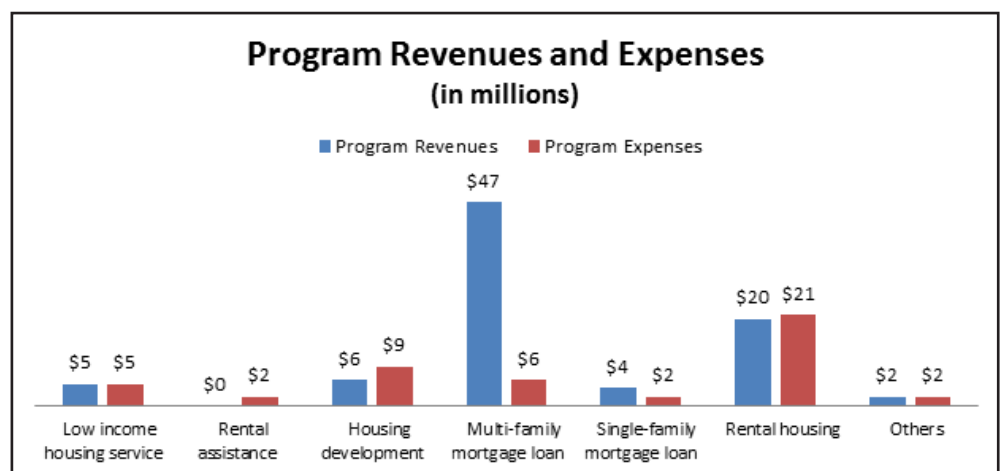
The Hawai'i Housing Finance and Development Corporation was created to perform housing finance, housing development, and residential leasehold functions. The corporation's mission is to increase the supply of workforce and affordable homes by providing tools and resources to facilitate housing development, such things as housing tax credits, low-interest construction loans, equity gap loans, and developable land and expedited land use approvals. The corporation is administratively attached to the State Department of Business, Economic Development, and Tourism.

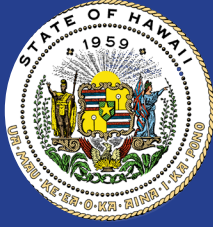
Financial Highlights

The corporation has two types of funds: governmental and proprietary. The corporation's governmental funds are supported primarily by federal grants and proceeds of the State's general obligation bonds allotted to the corporation. Governmental funds include the HOME Investment Partnership Program, the National Foreclosure Mitigation Counseling Program Fund, the General Obligation Bond Fund, the Neighborhood Stabilization Program Fund, the Tax Credit Assistance Program Fund, and the Emergency Homeowners' Loan Fund.

The corporation's proprietary funds operate similar to business-type activities and are used to account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing services to customers. The corporation's proprietary funds include the Rental Housing Trust Fund, the Dwelling Unit Revolving Fund, four revenue bond funds, and five other funds.

For the fiscal year ended June 30, 2015, the corporation reported total program revenues of \$84 million and total program expenses of \$47 million.





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Auditors' Opinions

Financial Statements: +
Unmodified opinion

Federal Compliance: +
Unmodified opinion

Issues of Concern

Material Weaknesses

0

Significant Deficiencies

0

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<http://auditor.hawaii.gov/>

The corporation reported total assets in excess of \$1 billion and total liabilities of \$386 million. Total assets included cash of \$268 million, investments of \$86 million, notes and loans receivable of \$504 million, capital assets of \$91 million, and other assets of \$66 million. Total liabilities included revenue bonds payable of \$300 million, unearned income of \$22 million, estimated future costs of development of \$38 million, and other liabilities of \$26 million.

Auditors' Opinions

The corporation received an unmodified opinion that the basic financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. The corporation also received an unmodified opinion on its compliance with major federal programs in accordance with OMB Circular A-133.

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*. There were no findings that were considered material weaknesses in internal control over compliance.

For the complete report, visit our website at:
http://files.hawaii.gov/auditor/Reports/2015_Audit/HHFDC2015.pdf