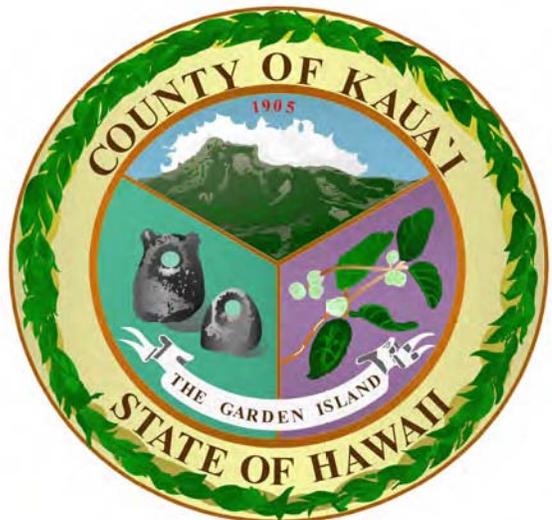


# SINGLE AUDIT REPORTS

County of Kauaʻi, Hawaiʻi



For the Fiscal Year Ended  
June 30, 2013

December 12, 2013

To the Chair and Members of  
the County Council of Kaua'i, Hawai'i  
Lihue, Kaua'i, Hawai'i

We have completed our financial audit of the basic financial statements of the County of Kaua'i (the County), as of and for the fiscal year ended June 30, 2013. Our report containing our opinion on those basic financial statements is included in the County's *Comprehensive Annual Financial Report*. We submit herein our reports on the County's internal control over financial reporting and compliance, the County's compliance with requirements that could have a direct and material effect on each of its major federal programs, and our report on the schedule of expenditures of federal awards.

## **OBJECTIVES OF THE AUDIT**

The primary purpose of our audit was to form an opinion on the fairness of the presentation of the County's basic financial statements as of and for the fiscal year ended June 30, 2013, and to comply with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, which establishes audit requirements for state and local governments that receive federal financial assistance. More specifically, the objectives of the audit were as follows:

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

## SCOPE OF THE AUDIT

Our audit was performed in accordance with auditing standards generally accepted in the United States of America as prescribed by the American Institute of Certified Public Accountants; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133. The scope of our audit included an examination of the transactions and accounting records of the County for the fiscal year ended June 30, 2013.

## ORGANIZATION OF THE REPORT

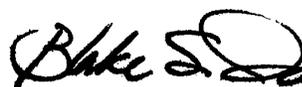
This report is presented in five parts as follows:

- Part I - Our report on internal control over financial reporting and on compliance and other matters.
- Part II - Our report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance.
- Part III - The schedule of findings and questioned costs.
- Part IV - The summary schedule of prior audit findings.
- Part V - The corrective action plan.

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

Sincerely,

N&K, CPAs, INC.



Blake Isobe  
Principal

COUNTY OF KAUA'I, HAWAI'I

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**PART I**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

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

**INDEPENDENT AUDITORS' REPORT**

To the Chair and Members of  
the County Council of Kaua'i, Hawai'i  
Lihue, Kaua'i, Hawai'i

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Kaua'i, Hawai'i (the County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 12, 2013. Our report includes a reference to other auditors who audited the financial statements of the Department of Water, which is the County's discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A

significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County, in a separate letter dated December 12, 2013.

### **County's Response to Findings**

The County's response to the findings identified in our audit is described in Part V, Corrective Action Plan of this report. We did not audit the County's response and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

N&K CPAs, Inc.

Honolulu, Hawai'i  
December 12, 2013

**PART II**

**REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB  
CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

**INDEPENDENT AUDITORS' REPORT**

To the Chair and Members of  
the County Council of Kaua'i, Hawai'i  
Lihue, Kaua'i, Hawai'i

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

We have audited the County of Kaua'i's (the County) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

The County's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance with those requirements.

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

In our opinion, the County, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that is appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Kaua'i (the County), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 12, 2013, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Department of Water, which is the County's discretely presented component unit. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The County's response to the findings identified in our audit is described in Part V, Corrective Action Plan of this report. We did not audit the County's response and, accordingly, we express no opinion on it.

*N&K CPAs, Inc.*

Honolulu, Hawai'i  
December 12, 2013

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>						
Office of National Drug Control Policy						
High Intensity Drug Trafficking Areas Program:						
High Intensity Drug Traffic, Fiscal year 2011		P12003	\$ 31,465	\$ 12,929	\$ 31,506	\$ (41)
High Intensity Drug Traffic, Fiscal year 2013		P13003	<u>31,465</u>	<u>15,091</u>	<u>15,091</u>	<u>16,374</u>
Total High Intensity Drug Trafficking Areas Program	95.001		<u>62,930</u>	<u>28,020</u>	<u>46,597</u>	<u>16,333</u>
<b>TOTAL EXECUTIVE OFFICE OF THE PRESIDENT</b>			<u>62,930</u>	<u>28,020</u>	<u>46,597</u>	<u>16,333</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Pass-through State of Hawai'i - Hawai'i Child Nutrition Programs --						
Summer Food Service Program for Children:						
Summer Fun Meals FY 2013		R13036	<u>40,591</u>	<u>20,000</u>	<u>40,591</u>	<u>--</u>
Total Summer Food Service Program for Children	10.559		<u>40,591</u>	<u>20,000</u>	<u>40,591</u>	<u>--</u>
Pass-through State Department of Land and Natural Resources - Cooperative Forestry Assistance:						
Volunteer Fire Assistance (F10001)		09-DG-11052012-255	97,365	(1)	97,364	1
Volunteer Fire Assistance (F12001)		11-DG-11052012-031	96,457	80,382	89,638	6,819
Volunteer Fire Assistance (F13019)		12-DG-11052012-156	<u>65,187</u>	<u>5,330</u>	<u>5,330</u>	<u>59,857</u>
Total Cooperative Forestry Assistance	10.664		<u>259,009</u>	<u>85,711</u>	<u>192,332</u>	<u>66,677</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>299,600</u>	<u>105,711</u>	<u>232,923</u>	<u>66,677</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>						
Pass-through Office of State Planning -						
Coastal Zone Management Administration Awards:						
Fiscal Year 2012		Z12001	287,721	55,933	287,721	--
Fiscal Year 2013		Z13001	<u>287,721</u>	<u>229,751</u>	<u>229,751</u>	<u>57,970</u>
Total Coastal Zone Management Administration Awards	11.419		<u>575,442</u>	<u>285,684</u>	<u>517,472</u>	<u>57,970</u>
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			<u>\$ 575,442</u>	<u>\$ 285,684</u>	<u>\$ 517,472</u>	<u>\$ 57,970</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>ENVIRONMENTAL PROTECTION AGENCY</b>						
Direct Award:						
Congressionally Mandated Projects:						
Wailua WWTP Improvements (W12075-410 Fund)		XP-00T11101-0	\$ 970,000	\$ 1,762	\$ 3,095	\$ 966,905
Water Infrastructure Waimea (W13016-410 Fund)		XP-00T99801-0	<u>255,993</u>	<u>861</u>	<u>861</u>	<u>255,132</u>
Total Congressionally Mandated Projects	66.202		<u>1,225,993</u>	<u>2,623</u>	<u>3,956</u>	<u>1,222,037</u>
Pass-through State Department of Health -						
Capitalization Grants for Clean Water State Revolving Funds:						
Waimea Expansion - Sewer Revolving Funds		W10009 (410)	<u>10,561,925</u>	<u>2,652,166</u>	<u>9,083,079</u>	<u>1,478,846</u>
Total Capitalization Grants for Clean Water State	66.458		<u>10,561,925</u>	<u>2,652,166</u>	<u>9,083,079</u>	<u>1,478,846</u>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>			<u>11,787,918</u>	<u>2,654,789</u>	<u>9,087,035</u>	<u>2,700,883</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Pass-through State Executive Office on Aging -						
Special Programs for the Aging - Title III, Part C - Nutrition Services:						
C1 AEA 2010		E10003	56,167	9,467	56,167	--
C1 KEO 2010		E10004	27,548	4,841	27,548	--
C2 KEO 2010		E10005	125,346	61,606	125,346	--
C1 AEA 2011		E11003	55,598	16,746	47,298	8,300
C1 KEO 2011		E11004	70,212	51,199	57,415	12,797
C2 KEO 2011		E11005	89,207	8,969	89,207	--
C2 AEA KEO 2012		E12005	89,044	51,425	51,425	37,619
C1 AEA 2013		E13003	136,150	(537)	(537)	136,687
C1 KEO 2013		E13004	<u>70,510</u>	<u>4,783</u>	<u>4,783</u>	<u>65,727</u>
Total Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		<u>\$ 719,782</u>	<u>\$ 208,499</u>	<u>\$ 458,652</u>	<u>\$ 261,130</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>						
Special Programs for the Aging - Title III, Part B -						
Grants for Supportive Services and Senior Centers:						
AEA AREA 2010		E10001	\$ 190,543	\$ 486	\$ 190,543	\$ --
AEA AREA 2011		E11001	171,249	57,340	171,249	--
AEA AREA 2012		E12001	171,529	110,809	136,257	35,272
AEA AREA 2012		E12002	105,000	26,646	105,000	--
AEA AREA 2013		E13001	73,071	(309)	(309)	73,380
AEA AREA 2013		E13002	<u>105,000</u>	<u>49,119</u>	<u>49,119</u>	<u>55,881</u>
Total Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		<u>816,392</u>	<u>244,091</u>	<u>651,859</u>	<u>164,533</u>
Special Programs for the Aging - Title III, Part E:						
Care Elder 3E 2009		E10007	54,179	961	54,179	--
Elder Care 3E 2011		E11007	57,049	8,032	57,049	--
Elder Care 2012		E12007	56,934	15,788	46,597	10,337
CARE Elderly 2013		E13007	<u>53,746</u>	<u>31,460</u>	<u>31,460</u>	<u>22,286</u>
Total National Family Caregiver Support, Title III, Part E	93.052		<u>221,908</u>	<u>56,241</u>	<u>189,285</u>	<u>32,623</u>
Special Programs for the Aging - Title III, Part D -						
Disease Prevention and Health Promotion Services:						
HP3D 2010		E10006	7,678	2,353	7,678	--
HP3D 2011 Elderly		E11006	7,662	5,685	7,662	--
Enhance Fitness 2011		E11011	43,030	1,548	43,030	--
HP3D 2012 Elderly		E12006	7,648	4,678	7,648	--
HP3D 2013 Elderly		E13006	<u>7,175</u>	<u>4,048</u>	<u>4,048</u>	<u>3,127</u>
Total Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Service	93.043		<u>\$ 73,193</u>	<u>\$ 18,312</u>	<u>\$ 70,066</u>	<u>\$ 3,127</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>						
Special Programs for the Aging - Title IV and Title II Discretionary						
ADRC FY 10-12		E10013	\$ 58,285	\$ 27,564	\$ 33,974	\$ 24,311
Community Living		E10014	58,363	56,537	58,363	--
HDCM-ADRC Enhance		E10017	66,902	6,980	40,943	25,959
ARRA-Cronic DSM		E11010	22,360	892	22,360	--
CDSMP AND EF COST		E12010	<u>41,282</u>	<u>13,662</u>	<u>41,282</u>	<u>--</u>
Total Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048		<u>247,192</u>	<u>105,635</u>	<u>196,922</u>	<u>50,270</u>
Administration on Aging - Nutrition Services Incentive Program:						
Food Distribution:						
NSIP 11		E11008	45,731	3,838	45,731	--
NSIP 12		E12008	43,473	43,472	43,472	1
NSIP 13		E13008	<u>53,753</u>	<u>53,753</u>	<u>53,753</u>	<u>--</u>
Total Nutrition Services Incentive Program	93.053		<u>142,957</u>	<u>101,063</u>	<u>142,956</u>	<u>1</u>
Pass-through State Administration on Aging - Centers for Medicare and Medicaid Services:						
Hospital Discharge FY10-12		E10012	<u>92,735</u>	<u>25,887</u>	<u>70,187</u>	<u>22,548</u>
Total Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		<u>92,735</u>	<u>25,887</u>	<u>70,187</u>	<u>22,548</u>
Administration for Children and Families:						
Child Care Development Block Grant 1992-1994		CCDBG4	<u>59,999</u>	<u>(480)</u>	<u>59,518</u>	<u>481</u>
Total Administration for Children and Families	93.575		<u>\$ 59,999</u>	<u>\$ (480)</u>	<u>\$ 59,518</u>	<u>\$ 481</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>						
Pass-through State Department of Health - Alcohol and Drug Abuse Division - Substance Abuse and Mental Health Services Administration (SAMHSA): Block Grants for Prevention and Treatment of Substance Abuse:						
SPF SIG Underage Drinking Prevention Grant Phase 2		M10012	\$ 1,512,441	\$ 124,079	\$ 1,118,520	\$ 393,921
Total Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		<u>1,512,441</u>	<u>124,079</u>	<u>1,118,520</u>	<u>393,921</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>3,886,599</u>	<u>883,327</u>	<u>2,957,965</u>	<u>928,634</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Pass-through State Department of Business, Economic Development and Tourism - Home Investment Partnerships Program, Title II:						
Fiscal year 2010		H11005	999,574	30,205	810,000	189,574
Fiscal year 2011		H12005	975,364	38,553	417,626	557,738
Program Income		HIPAXX	<u>6,889,423</u>	<u>331,032</u>	<u>5,916,047</u>	<u>973,376</u>
Total Home Investment Partnerships Program	14.239		<u>8,864,361</u>	<u>399,790</u>	<u>7,143,673</u>	<u>1,720,688</u>
Direct Programs:						
Lower Income Housing Assistance Program - Section 8 Housing Choice Vouchers (252 fund)			<u>6,697,656</u>	<u>6,554,322</u>	<u>6,554,322</u>	<u>143,334</u>
Total Section 8 Housing Choice Vouchers	14.871		<u>6,697,656</u>	<u>6,554,322</u>	<u>6,554,322</u>	<u>143,334</u>
Community Development Block Grants						
State's Program and Non-Entitlement Grants in Hawai'i :						
Fiscal year 2003		H10001	900,000	1	900,000	--
Disaster Program Income		CDBGDX	3,767,685	390,609	3,167,616	600,069
Program Income		CDBGXX	2,271,364	223,720	1,974,743	296,621
Fiscal year 2008		H08004	\$ 793,056	\$ 28,357	\$ 793,056	\$ --

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)</b>						
Neighborhood Stabilization Grant NSP1		H09001	\$ 3,402,152	\$ 96,443	\$ 3,333,796	\$ 68,356
Fiscal year 2009		H09004	805,594	49,089	757,843	47,751
Fiscal year 2010		H10004	880,943	82,313	861,957	18,986
Fiscal year 2011		H11004	740,145	146,726	631,334	108,811
Fiscal year 2012		H12004	709,480	276,397	276,397	433,083
Program Income - NSP		HNSPXX	<u>1,606,860</u>	<u>593,121</u>	<u>936,235</u>	<u>670,625</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		<u>15,877,279</u>	<u>1,886,776</u>	<u>13,632,977</u>	<u>2,244,302</u>
Development Initiative-Special Project, Neighborhood Initiative and Misc. Grants:						
Kaua'i County Self Help Housing Construction Project		H11006	<u>243,500</u>	<u>204,398</u>	<u>243,500</u>	<u>--</u>
Total Economic Development Initiative-Special Projects, Neighborhood Initiative and Micellaneous Grants	14.251		<u>243,500</u>	<u>204,398</u>	<u>243,500</u>	<u>--</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>31,682,796</u>	<u>9,045,286</u>	<u>27,574,472</u>	<u>4,108,324</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Pass-through Office of State Attorney General:						
Crime Victim Assistance Grants:						
VOCA FY 2008		A11021	184,256	(6,318)	172,286	11,970
VOCA FY 2009		A12021	192,417	47,201	182,125	10,292
VOCA FY 2010		A13021	<u>203,109</u>	<u>118,180</u>	<u>118,180</u>	<u>84,929</u>
Total Crime Victim Assistance	16.575		<u>579,782</u>	<u>159,063</u>	<u>472,591</u>	<u>107,191</u>
Passed-through State of Hawai'i Office of Youth Services:						
Title V Delinquency Prevention Program:						
Community Prevention Grant		M13003	<u>80,698</u>	<u>19,233</u>	<u>19,233</u>	<u>61,465</u>
Total Title V Delinquency Prevention Programs	16.548		<u>\$ 80,698</u>	<u>\$ 19,233</u>	<u>\$ 19,233</u>	<u>\$ 61,465</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF JUSTICE (Continued)</b>						
Violence Against Women Formula Grants:						
Stop Violence Against Women - 2009		A11005	\$ 47,002	\$ 1,951	\$ 47,002	\$ --
Stop Violence Against Women - 2010		A13005	47,927	52,229	52,229	(4,302)
Stop Violence Against Women - 2012		A13029	47,903	10,000	10,000	37,903
SANE Recruit/Train - 09-WF-11		P12023	36,039	34,738	34,738	1,301
SANE Exams and DNA - 10-WF-01		P12024	<u>47,927</u>	<u>10,985</u>	<u>10,985</u>	<u>36,942</u>
Total Violence Against Women Formula Grants	16.588		<u>226,798</u>	<u>109,903</u>	<u>154,954</u>	<u>71,844</u>
Edward Byrne Memorial Grants - State and Local Law Enforcement:						
Domestic Eradication FY 1995		DCESP5	90,566	140	90,566	--
Domestic Eradication FY 1998		ERAD98	96,000	154	96,000	--
DCE/SP Grant CY 2011		P11001	100,000	42	100,000	--
Marijuana Eradication Task Force - 09-DJ-02		P11004	80,244	(4,021)	63,163	17,081
HNTF - 09-DJ-03		P11005	76,712	12,581	76,712	--
JAG FY 10 Local		A11025	40,854	6,229	15,311	25,543
DCE/SP FY 2014 -LOA #2013-70		P13001	73,000	2,063	2,063	70,937
DCE/SP FY 2012		P12001	75,000	57,212	75,000	--
Marijuana Eradication Task Force - 09-SU-26		P12004	74,120	74,120	74,120	--
HNTF - 10-DJ-05		P12005	65,709	33,135	33,135	32,574
Cold Case Prosecuting Unit		A12027	96,500	16,635	22,933	73,567
Drug Prosecuting Unit FY 2013		A12022	106,000	63,301	106,000	--
JAG Grant Local Solicitation FY 2011		A12025	45,443	714	714	44,729
JAG Grant Local Solicitation FY 2012		A13027	<u>41,491</u>	<u>17,470</u>	<u>17,470</u>	<u>24,021</u>
Total Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>1,061,639</u>	<u>279,775</u>	<u>773,187</u>	<u>288,452</u>
Community Oriented Policing Services						
Passed-through Hawai'i Community Foundation						
Crystal Meth Initiative Grant #20060456		M07004	<u>90,000</u>	<u>10,356</u>	<u>87,659</u>	<u>2,341</u>
Total Public Safety Partnership and Community Policing Grants	16.710		<u>\$ 90,000</u>	<u>\$ 10,356</u>	<u>\$ 87,659</u>	<u>\$ 2,341</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF JUSTICE (Continued)</b>						
ARRA - Edward Byrne Memorial Justice Assistance						
Grant Program/Grants to Units of Local Government:						
ARRA Edward Byrne Grant		A09011	\$ 191,079	\$ 74,059	\$ 177,043	\$ 14,036
Total ARRA - Edward Byrne Memorial Justice Assistance						
Grant (JAG) Program/Grants to Units of Local Government	16.804		<u>191,079</u>	<u>74,059</u>	<u>177,043</u>	<u>14,036</u>
Pass-through State Department of Health - ADAD -						
Project Grants Enforcing Underage Drinking Laws Program:						
Prohibited Alcohol Sale to Minors FY 13		P12017	13,500	13,500	13,500	--
Total Enforcing Underage Drinking Laws Program	16.727		<u>13,500</u>	<u>13,500</u>	<u>13,500</u>	--
Pass-through State Department of Human Services						
Office of Youth Services						
Juvenile Accountability Block Grants (JABG):						
JABG FY 13 Hale Opio Kaua'i Inc. (DHS-13-OYS-309)		A13028	18,694	10,056	10,056	8,638
JABG FY 11 Hale Opio Kaua'i Inc. (DHS-11-OYS-123)		A12004	15,685	15,685	15,685	--
Total Juvenile Accountability Block Grants	16.523		<u>34,379</u>	<u>25,741</u>	<u>25,741</u>	<u>8,638</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>2,277,875</u>	<u>691,630</u>	<u>1,723,908</u>	<u>553,967</u>
<b>U.S. DEPARTMENT OF LABOR</b>						
Pass-through State Department of Labor and Industrial Relations:						
Program of Competitive Grants for Worker Training and Placement in High						
Growth and Emerging Industry Sectors						
ARRA- State Energy Sector Partnership (SESP) II Grant Program		D11064	273,278	79,976	202,042	71,236
Total ARRA - Program of Competitive Grants for Worker Training and						
Placement in High Growth and Emerging Industry Sectors	17.275		<u>273,278</u>	<u>79,976</u>	<u>202,042</u>	<u>71,236</u>
Workforce Investment Act (WIA):						
Adult Program FY 2011		D11050	152,768	7,500	113,145	39,623
Adult Program FY 2012		D12050	142,143	101,031	101,506	40,637
Adult Program FY 2013		D13050	149,985	4,653	4,653	145,332
Total WIA Adult Program	17.258		<u>\$ 444,896</u>	<u>\$ 113,184</u>	<u>\$ 219,304</u>	<u>\$ 225,592</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF LABOR (Continued)</b>						
Dislocated Workers, FY 2012		D12051	\$ 166,015	\$ 116,940	\$ 117,415	\$ 48,600
Dislocated Workers, FY 2013		D13051	<u>135,665</u>	<u>28,375</u>	<u>28,375</u>	<u>107,290</u>
Total WIA Dislocated Workers	17.260		<u>301,680</u>	<u>145,315</u>	<u>145,790</u>	<u>155,890</u>
Youth Programs 2012		D12060	70,861	16,080	54,211	16,650
Youth Programs 2012		D12061	64,146	15,613	52,621	11,525
Youth Programs 2013		D13060	71,976	51,198	51,198	20,778
Youth Programs 2013		D13061	<u>69,616</u>	<u>49,284</u>	<u>49,284</u>	<u>20,332</u>
Total WIA Youth Activities	17.259		<u>276,599</u>	<u>132,175</u>	<u>207,314</u>	<u>69,285</u>
Administrative, FY 2009		D09049	49,932	(9,728)	49,932	--
Administrative, FY 2012		D12049	<u>49,239</u>	<u>10,178</u>	<u>16,692</u>	<u>32,547</u>
Total WIA Administrative	N/A		<u>99,171</u>	<u>450</u>	<u>66,624</u>	<u>32,547</u>
Total Workforce Investment Act (WIA)			<u>1,122,346</u>	<u>391,124</u>	<u>639,032</u>	<u>483,314</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>1,395,624</u>	<u>471,100</u>	<u>841,074</u>	<u>554,550</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Pass-through State Department of Transportation:						
Formula Grants for Other Than Urbanized Areas -						
Federal Transit Administration (FTA), Section 5311:						
FTA Section 5311 X024/25		T12005	268,840	288	268,840	--
FTA Section 5311 FFY 12-HI-18-X030		T13001	595,843	251,831	251,831	344,012
FTA Section 5311 FFY 11-HI-18-X029		T12001	589,394	586,544	586,544	2,850
FTA Section 5311 FFY 10-HI-18-X028		T11001	554,680	378,971	553,264	1,416
FTA Section 5311 Grant (b) (2), FFY 09-HI-18-X027 (b) (2)		T10002	20,941	9,965	20,345	596
FTA Section 5311 FFY 09-HI-18-X027		T10001	1,082,378	18,373	1,082,018	360
FTA Section 5311 FFY 08-HI-18-X026		T09001	<u>513,023</u>	<u>1,219</u>	<u>513,023</u>	<u>--</u>
Total Formula Grants for Other Than Urbanized Areas	20.509		<u>\$ 3,625,099</u>	<u>\$ 1,247,191</u>	<u>\$ 3,275,865</u>	<u>\$ 349,234</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</b>						
FTA Federal Transit Capital Investment Grants, Section 5309:						
FTA Section 5309, FFY 2005		FTA039	\$ 1,457,666	\$ (2)	\$ 1,457,666	\$ --
FTA Section 5309, FFY 2006		T07001	1,485,000	(712)	1,374,309	110,691
FTA Section 5309, FFY 2008		T10010	509,200	20,117	391,151	118,049
FTA Section 5309, FFY 2009 & 2010		T11010	<u>1,772,133</u>	<u>199,083</u>	<u>379,974</u>	<u>1,392,159</u>
Total Federal Transit - Capital Investment Grants	20.500		<u>5,223,999</u>	<u>218,486</u>	<u>3,603,100</u>	<u>1,620,899</u>
ARRA - Highway Planning and Construction (Federal-Aid Highway Program):						
Statewide Transportation Improvement Program						
ARRA - Lydgate-Kapaa Bikepath CMAQ-0700(49)		W10041 (410)	<u>4,120,000</u>	<u>2,954,509</u>	<u>4,120,000</u>	<u>--</u>
Total - ARRA Highway Planning and Construction	20.205		<u>4,120,000</u>	<u>2,954,509</u>	<u>4,120,000</u>	<u>--</u>
Highway Planning and Construction (Federal-Aid Highway Program):						
Bridge Replacement - Off system:						
Hanapēpē Bridge Repair BR-0545(1)		W09017 (410)	1,363,525	466	45,539	1,317,986
Puuopae Bridge Repair BR-0700(59)		W09019 (410)	480,000	13,325	239,983	240,017
Kapahi Bridge Replacement BR-0700(53)		KAPAHI (410)	436,000	63	251,837	184,163
Kamalu Bridge Erosion Protection Repairs BR-0581(005)		W12068 (410)	305,652	1,799	1,799	303,853
Opaekaa Bridge Design BR-0700(60)		W10002 (410)	520,000	5,328	268,721	251,279
Bridge Inspection BR-NBIS(51)		W12071 (410)	100,000	66,139	66,139	33,861
Bridge Inspection BR-NBIS(8)		A88086 (250)	8,131	597	8,131	--
Statewide Transportation Improvement Program:						
Kuna Bay - Anahola Bike and Pedestrian Path CMAQ-0700(56)		KUNABA (410)	390,000	6,475	76,183	313,817
Maluhia Road Improvements STP-0520(3)		MALUHI (410)	776,002	1,057	15,241	760,761
Kokee Road Resurfacing STP-0552(3)		W09018 (410)	4,345,437	3,483,105	3,601,010	744,427
Ahukini to Lydgate Park Bike and Pedestrian Path STP-0700(51)		AHULYD (410)	625,000	22,301	473,647	151,353
North Leg Kōloa Rd. STP-05220(002)		W07007 (410)	992,000	34,539	38,873	953,127
Lydgate-Kapaa Bikepath CMAW-0700(49)		LYDKAP (410)	7,483,792	2,512,370	6,292,025	1,191,767
Lydgate-Kapaa Bikepath STP-0700(61)		LYDPHB (410)	4,485,041	3,595,199	3,595,199	889,842
Safety Improvements Kūhi'ō to Rice St. STP-5720(1)		STP572 (410)	\$ 6,422,373	\$ 50,732	\$ 197,016	\$ 6,225,357

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</b>						
Kōloa Safety Improvements HHRP-0530(001)		W12065 (410)	\$ 135,000	\$ 34,891	\$ 40,796	\$ 94,204
Hanapēpē Road Improvements STP-0545(2)		W12067 (410)	200,000	2,561	4,272	195,728
Puhi Road Ultra Thin Layer STP-5010(1)		W10042 (410)	187,200	1,856	33,569	153,631
Nawiliwili/Ahukini Bikepath CMAQ-0700(57)		NAWAHU (410)	1,094,001	69,120	459,088	634,913
FHWA Multi-Model Land Transportation Plan HI021(2005)		T11030 (250)	<u>399,917</u>	<u>84,876</u>	<u>399,917</u>	<u>--</u>
Total - Highway Planning and Construction	20.205		<u>30,749,071</u>	<u>9,986,799</u>	<u>16,108,985</u>	<u>14,640,086</u>
<b>State and Community Highway Safety:</b>						
Highway Safety Grant - Prosecutors - FY 12		A12026	8,390	1,651	6,174	2,216
Highway Safety Grant - Prosecutors - FY 13		A13026	6,220	4,883	4,883	1,337
DOT Telecrib - FY 12		F12003	30,495	30,495	30,495	--
Hybrid Extrication Training - FY 13		F13016	5,332	4,059	4,059	1,273
KFD Safety Glasses - FY 13		F13017	1,167	1,066	1,066	101
KFD Safety Light Flares - FY 13		F13018	4,768	4,768	4,768	--
KPD Distracted Driver - FY 13		P12007	29,930	2,963	8,755	21,175
Traffic Records - FY 12		P12009	51,800	586	1,879	49,921
KPD Alcohol Road Block - FY 12		P12010	105,925	22,192	39,227	66,698
KPD Seat Belt Program - FY 12		P12014	90,920	7,559	42,412	48,508
KPD Distracted Driver - FY 13		P13007	49,884	11,690	11,690	38,194
KPD Youth Deterrence - FY 13		P13008	25,631	5,883	5,883	19,748
KPD Traffic Records - FY 13		P13009	208,140	147,246	147,246	60,894
KPD Alcohol Road Block - FY 13		P13010	120,565	43,695	43,695	76,870
KPD Speed Enforcement - FY 13		P13012	39,123	10,514	10,514	28,609
KPD Traffic Services - FY 13		P13013	17,690	13,362	13,362	4,328
KPD Seat Belt Program - FY 13		P13014	<u>90,780</u>	<u>36,706</u>	<u>36,706</u>	<u>54,074</u>
Total State and Community Highway Safety	20.600		<u>886,760</u>	<u>349,318</u>	<u>412,814</u>	<u>473,946</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>\$ 44,604,929</u>	<u>\$ 14,756,303</u>	<u>\$ 27,520,764</u>	<u>\$ 17,084,165</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
Direct Program -						
Retired Senior Volunteer Program (RSVP):						
Title II, Part A, Older Americans Volunteer Program:						
RSVP - CY 2012 - 12SRPHI001		E12016	\$ 53,847	\$ 47,259	\$ 53,847	\$ --
RSVP - CY 2013 - 09SHRPI001		E13016	<u>73,347</u>	<u>23,330</u>	<u>23,330</u>	<u>50,017</u>
Total Retired and Senior Volunteer Program	94.002		<u>127,194</u>	<u>70,589</u>	<u>77,177</u>	<u>50,017</u>
<b>TOTAL CORPORATION FOR NATIONAL SERVICE</b>			<u>127,194</u>	<u>70,589</u>	<u>77,177</u>	<u>50,017</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Federal Emergency Management Agency (FEMA):						
Assistance to Fire Fighters Grant Program (AFG) Fire Grants						
SAFER Grant - EMW-2009-FF-00748		F09SFR	1,625,700	146,472	1,625,697	3
AFG Prevention Grant - EMW-2010-FP-01364		F12016	104,000	103,948	103,948	52
AFG OPS AND Safety - EMW-2011-FO-07300		F12021	<u>77,936</u>	<u>77,936</u>	<u>77,936</u>	<u>--</u>
Total Assistance to Firefighters Grant	97.044		<u>1,807,636</u>	<u>328,356</u>	<u>1,807,581</u>	<u>55</u>
Civil Defense - State and Local Emergency						
Hazard Mitigation Grant Program:						
Pi'ikoi Building Retrofit FEMA-1640-DR-HI		W09020	<u>183,000</u>	<u>79,391</u>	<u>175,817</u>	<u>7,183</u>
Total Hazard Mitigation Grant	97.039		<u>183,000</u>	<u>79,391</u>	<u>175,817</u>	<u>7,183</u>
Pass-through State Department of Defense:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters):						
Rain Event Kauai Civil Defense FEMA-4062-DR-HI		C12RAI	10,129	(1)	10,129	--
PWC011 NO. 45-0 RR Culvert FEMA-4062-DR-HI		PWC011	574,620	128,968	128,968	445,652
PWC011 NO. 44-0 RR Culvert FEMA-4062-DR-HI		PWC013	731,977	252,750	252,750	479,227
PWC015 NO. 46-0 RR Culvert FEMA-4062-DR-HI		PWC015	<u>573,783</u>	<u>92,876</u>	<u>92,876</u>	<u>480,907</u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>\$ 1,890,509</u>	<u>\$ 474,593</u>	<u>\$ 484,723</u>	<u>\$ 1,405,786</u>

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
<b>U.S. DEPARTMENT OF HOMELAND SECURITY (Continued)</b>						
Homeland Security Grant Program/State Homeland Security:						
Homeland Security Grant 2010		C10100	\$ 1,102,512	\$ 52,014	\$ 711,505	\$ 391,007
Homeland Security Grant 2009		C09100	1,000,000	868,141	996,724	3,276
Homeland Security Grant 2008		C08100	1,077,180	115,179	1,075,485	1,695
Citizen Corp 2008		C08300	9,819	(320)	7,704	2,115
Citizen Corp 2009		C09300	29,193	27,550	27,550	1,643
Citizen Corp 2010		C10300	24,979	1,696	1,696	23,283
Homeland Security 2012		C12100	<u>335,000</u>	<u>3,595</u>	<u>3,595</u>	<u>331,405</u>
Total Homeland Security Grant Program	97.067		<u>3,578,683</u>	<u>1,067,855</u>	<u>2,824,259</u>	<u>754,424</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>7,459,828</u>	<u>1,950,195</u>	<u>5,292,380</u>	<u>2,167,448</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 104,160,735</u>	<u>\$ 30,942,634</u>	<u>\$ 75,871,767</u>	<u>\$ 28,288,968</u>

**County of Kaua'i, Hawai'i**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Fiscal Year Ended June 30, 2013**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activities of the County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

**NOTE B - SUBRECIPIENTS**

Of the federal expenditures presented in the schedule of expenditures of federal awards, the County provided federal awards to subrecipients as follows:

Federal Grantor/Program/Grant	CFDA Number	Amount Provided to Subrecipients
U.S. Department of Labor		
Workforce Investment Act Youth Activities	17.259	\$ 118,000
Workforce Investment Act Adult Program	17.258	120,694
Workforce Investment Act Dislocated Workers	17.260	116,000
State Energy Sector Partnership Grant (ARRA)	17.275	<u>150,000</u>
Total U.S. Department of Labor		<u>504,694</u>
U.S. Department of Housing and Urban Development		
Community Development Block Grant/State Programs and Non-entitlement Grants in Hawaii	14.228	<u>299,724</u>
Total U.S. Department of Housing and Urban Development		<u>299,724</u>
U.S. Department of Health and Human Services		
Special Programs for the Aging, Title III, Part B	93.044	75,765
Special Programs for the Aging, Title III, Part C	93.045	182,823
Special Programs for the Aging, Title III, Part D	93.043	16,764
Special Programs for the Aging, Title III, Part E	93.052	<u>56,241</u>
Total U.S. Department of Health and Human Services		<u>331,593</u>
Total Provided to Subrecipients		<u>\$ 1,136,011</u>

**County of Kaua'i, Hawai'i**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**Fiscal Year Ended June 30, 2013**

**NOTE C - LOANS OUTSTANDING**

The County had the following newly issued loan balances outstanding as of June 30, 2013. These loan program amounts are also included in the federal expenditures presented in the schedule of expenditures of federal awards.

Cluster/Program Title Outstanding	CFDA Number	Amount
Community Development Block Grants	14.228	\$ <u>306,253</u>

**NOTE D - OUTSTANDING LOAN BALANCES**

The State Revolving Fund Loans are for the construction of necessary wastewater treatment facilities and projects. As of June 30, 2013, the outstanding principal amounted to \$20,194,396 that bears interest at 0.50 percent to 3.78 percent. The loans require semi-annual principal and interest payments and loan fees through fiscal year 2030. The County has 10 projects funded with these loans.

**PART III**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Fiscal Year Ended June 30, 2013**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**Federal Awards**

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants - State's Program and Non-Entitlement Grants in Hawai'i
14.871	Section 8 Housing Choice Vouchers
20.205	Highway Planning and Construction
20.500	Federal Transit – Capital Investment Grants
20.509	Formula Grants for Other Than Urbanized Areas
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$928,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

**County of Kaua'i, Hawai'i**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Fiscal Year Ended June 30, 2013**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Ref.**

**No.**      **Internal Control Findings**

**2013-01    Compile Vacation and Sick Leave Records Properly - Significant Deficiency**

The County prepared a summary leave schedule to compute its accrued compensated absence liability balance and reported the liability to the Department of Finance. The liability was based on the balance of earned hours per individual leave records multiplied by each employee's hourly salary rate. Each department in the County uses a different manual process to maintain and report the vacation and sick leave records which resulted in errors in the amount of hours and dollars reported to the Department of Finance. The following were the conditions noted during our review of vacation and sick leave files:

- There were four instances (out of 60 samples) where vacation or sick leave hours per the employee's leave log did not agree to the department's summary sheet.

**Recommendation**

The County should validate the amounts of vacation and sick leave balances being reported against the personnel and payroll records to ensure accuracy and completeness before reporting the balance to the Department of Finance. The County should implement a standardized process and schedule to track employees' leave hours. The County should also increase the number of random quality control reviews of leave records to ensure that vacation and sick leave records are accurately reported.

**PART IV**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**County of Kaua‘i, Hawai‘i  
STATUS REPORT  
Fiscal Year Ended June 30, 2013**

This section contains the current status of our prior audit recommendations. The recommendations are referenced to the pages of the previous audit report for the fiscal year ended June 30, 2012, dated December 12, 2012.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

<u>Recommendations</u>	<u>Status</u>
<p><b>2012-01    Compile Vacation and Sick Leave Records Properly</b> (page 31)</p> <p>The County should validate the amounts of vacation and sick leave balances being reported against the personnel and payroll records to ensure accuracy and completeness before reporting the balance to the Department of Finance. The County should implement a standardized process and schedule to track employees' leave hours. The County should also increase the number of random quality control reviews of leave records to ensure that vacation and sick leave records are accurately reported.</p>	<p>Not accomplished. Refer to finding 2013-01.</p>
<p><b>2012-02    Recognize Tax Appeals Filed in the Period Taxes Are Paid</b> (page 32)</p> <p>The County should establish procedures to ensure that the balance in the Real Property Trust Fund is properly stated which would include reconciling the balance to the active appeals at fiscal year end.</p>	<p>Accomplished</p>
<p><b>2012-03    Reconcile Real Property Tax Trust Fund Account</b> (page 33-34)</p> <p>The County should establish procedures to ensure that the balance in the Real Property Tax Trust Fund is properly stated which would include reconciling the report of active and open appeals to the balance in the trust fund at fiscal year end. The reconciliation of the account should be done monthly with the bank reconciliation and should support the balance in the account.</p>	<p>Accomplished</p>
<p><b>2012-04    Properly Record and Maintain Housing Records</b> (page 35)</p> <p>The County should establish procedures to ensure that the capital asset records of the County are properly stated. These procedures should include reconciling the balance reported in the financial statements to the capital asset records of the County. In addition, the County should establish procedures to ensure that development agreements are reviewed for proper recording of the expenditures.</p>	<p>Accomplished</p>

**County of Kaua'i, Hawai'i**  
**STATUS REPORT**  
**Fiscal Year Ended June 30, 2013**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

<u>Recommendations</u>	<u>CFDA Number</u>	<u>Status</u>
<p><b>2012-05 Properly Identify All Federal Programs</b> (page 36-37)</p> <p>The County should ensure that all federal programs are properly identified. The County receives various funding from the State departments and should ensure that any federal funds are properly identified and reported in accordance with OMB Circular A-133.</p>	<b>66.458</b>	Accomplished
<p><b>2012-06 Certification for Federally Funded Employees</b> (page 38)</p> <p>The County should obtain semi-annual certifications from all employees that spend 100% of their time on federally funded grants, confirming that they worked solely on grant related activities. The certification should be signed by either the employees or their supervisors.</p>	<b>14.871</b>	Accomplished
<p><b>2012-07 Identification of Subrecipient Expenditures</b> (page 39)</p> <p>The County should implement policies and procedures to review current fiscal year expenditures to identify expenditures provided to subrecipients and ensure that those expenditures are supported by subrecipient activity.</p>	<b>14.228</b> <b>14.255</b>	Accomplished
<p><b>2012-08 Federal Funding Accountability and Transparency Act (FFATA) Reporting</b> (page 40)</p> <p>The County should implement policies and procedures to comply with federal regulations and submit the required FFATA reports for the program.</p>	<b>14.228</b> <b>14.255</b>	Accomplished
<p><b>2012-09 Reconcile Federal Expenditures</b> (page 41-42)</p> <p>The Department should follow the County's established policies and procedures to reconcile financial reports to the general ledger accounting system.</p>	<b>20.500</b> <b>20.509</b>	Accomplished

**County of Kaua'i, Hawai'i**  
**STATUS REPORT**  
**Fiscal Year Ended June 30, 2013**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

<u>Recommendations</u>	<u>CFDA Number</u>	<u>Status</u>
<b>2012-10    Improve Controls Over Matching</b> (page 43)  The Department should follow the County's established policies and procedures to reconcile financial reports to the general ledger accounting system.	<b>20.500</b>	Accomplished

**PART V**  
**CORRECTIVE ACTION PLAN**

**Bernard P. Carvalho, Jr.**  
Mayor



**Steven A. Hunt**  
Director of Finance

**Nadine K. Nakamura**  
Managing Director

**Sally A. Motta**  
Deputy Director of Finance

**DEPARTMENT OF FINANCE**  
**County of Kaua'i, State of Hawai'i**

4444 Rice Street, Suite 280, Lihu'e, Hawai'i 96766  
TEL (808) 241-4200 FAX (808) 241-6529

December 12, 2013

Blake S. Isobe  
N & K CPAs, Inc.  
American Savings Bank Tower  
1001 Bishop Street, Suite 1700  
Honolulu, HI 96813-3696

Dear Mr. Isobe:

Attached are the County of Kaua'i's responses and corrective action plans related to your fiscal year 2013 audit report OMB A-133 *Single Audit Report's* Current Finding and Recommendations. We appreciate the opportunity to comment on the audit report.

Sincerely,

Steven A. Hunt  
Director of Finance

Attachment

*An Equal Opportunity Employer*

## SECTION II – FINANCIAL STATEMENT FINDINGS

### Ref No. 2013-01      **COMPILE VACATION AND SICK LEAVE RECORDS PROPERLY**

Auditor's Recommendation:      The County should validate the amounts of vacation and sick leave balances being reported against the personnel and payroll records to ensure accuracy and completeness before reporting the balance to the Department of Finance. The County should implement a standardized process and schedule to track employees' leave hours. The County should also increase the number of random quality control reviews of leave records to ensure that vacation and sick leave records are accurately reported.

Corrective Action      The Finance Department and the Department of Personnel Services have jointly begun work on developing an integrated HR-IS solution that will be meld hiring (NeoGov), personnel recordkeeping (Sungard), payroll (GMBA), and time & attendance records (manual timesheets) into a fully automated solution. This plan leverages our existing software applications as well as adds a new module for time & attendance. Presently, we are contracted with Sungard to merge the NeoGov employee hiring software with the personnel recordkeeping software. Concurrently, we are also scrubbing the personnel records to assure that all the required data elements are entered in the necessary fields so that it may interface with the payroll system.

Finance Department's Payroll Staff continues to diligently work with all of the departmental personnel to reconcile and correct any inaccuracies that may be found from the reconciling of accruals of leave and sick leave records. Moreover, Payroll Staff have also begun training fiscal officers on how to accurately maintain the reconciled accruals going forward.

The ultimate goal is to convert our currently manual accrual recording system to an online accrual system that will be interfaced with the payroll and personnel system.

End Date:      On-going

Responding Person:      Steven A. Hunt, Director of Finance  
Department of Finance  
Phone: 808-241-4200