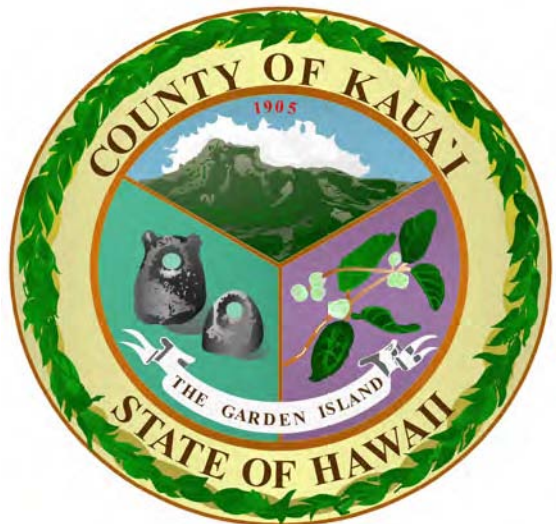


SINGLE AUDIT REPORTS

County of Kauaʻi, Hawaiʻi



For the Fiscal Year Ended
June 30, 2014

December 1, 2014

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, 2014. 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, 2014, 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, and 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 and regulations.
4. To determine whether the County has complied with the laws and regulations that may have a material effect on the financial statements and on its major federal financial assistance programs.

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, 2014.

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

TABLE OF CONTENTS

	<u>Page</u>
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 <i>Government Auditing Standards</i>	6 - 7
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 on Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards	9 - 11
Schedule of Expenditures of Federal Awards	12 - 29
Notes to Schedule of Expenditures of Federal Awards	30 - 31
PART III SCHEDULE OF FINDINGS AND QUESTIONED COSTS	33 - 35
PART IV SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	
Status Report	37
PART V CORRECTIVE ACTION PLAN	
Response of County of Kaua'i	39 - 41

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 AUDITOR'S 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, 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, 2014, 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 1, 2014. 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 auditor's 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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

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*.

In addition, we noted other matters involving internal control and its operation that we have reported to management of the County, in a separate letter dated December 1, 2014.

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. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

N&K CPAs, Inc.

Honolulu, Hawai'i
December 1, 2014

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 AUDITOR'S 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, 2014. The County's major federal programs are identified in the summary of auditor's 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.

Auditor's 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 types of 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, 2014.

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 1, 2014, 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 OMB 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.

N&K CPAs, Inc.

Honolulu, Hawai'i
December 1, 2014

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
EXECUTIVE OFFICE OF THE PRESIDENT						
Office of National Drug Control Policy						
High Intensity Drug Trafficking Areas Program:						
High Intensity Drug Traffic, Fiscal year 2004		HIDTA4	\$ 70,410	\$ 156	\$ 70,410	\$ --
High Intensity Drug Traffic, Fiscal year 2005		HIDTA5	70,410	250	39,602	30,808
DCE/SP Program Fiscal year 2006		DCES06	187,922	5,127	184,146	3,776
High Intensity Drug Traffic, Fiscal year 2011		P12003	31,465	(41)	31,465	--
High Intensity Drug Traffic, Fiscal year 2013		P13003	45,816	30,726	45,817	(1)
High Intensity Drug Traffic, Dare program		P13018	9,949	9,948	9,948	1
High Intensity Drug Traffic, Fiscal year 2014		P14003	31,465	26,389	26,389	5,076
High Intensity Drug Traffic, Fiscal year 2013		P14800	10,000	(6,959)	(6,959)	16,959
High Intensity Drug Traffic, Training NASRO		P14018	10,000	6,959	6,959	3,041
Total High Intensity Drug Trafficking Areas Program	95.001		<u>467,437</u>	<u>72,555</u>	<u>407,777</u>	<u>59,660</u>
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			<u>467,437</u>	<u>72,555</u>	<u>407,777</u>	<u>59,660</u>
U.S. DEPARTMENT OF AGRICULTURE						
Pass-through State of Hawai'i - Hawai'i Child Nutrition Programs -						
Summer Food Service Program for Children:						
Summer Fun Meals FY 2014		R13036	55,521	14,930	55,520	1
Total Summer Food Service Program for Children	10.559		<u>55,521</u>	<u>14,930</u>	<u>55,520</u>	<u>1</u>
Pass-through State Department of Land and Natural						
Resources - Cooperative Forestry Assistance:						
Volunteer Fire Assistance (F13019)		12-DG-11052012-156	65,187	56,766	62,096	3,091
Volunteer Fire Assistance (F14005)		13-DG-11052012-102	50,000	13,567	13,567	36,433
Total Cooperative Forestry Assistance	10.664		<u>\$ 115,187</u>	<u>\$ 70,333</u>	<u>\$ 75,663</u>	<u>\$ 39,524</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF AGRICULTURE (Continued)						
Direct funding from Department of Agriculture via Cooperative Agreement						
Emergency Watershed Protection Program - ARRA						
Wailapa & Kilauea River Sediment Removal (W10050)		68-9251-10-867	\$ 4,000,000	\$ 4,503	\$ 3,912,846	\$ 87,154
Total Emergency Watershed Protection Program	10.923		<u>4,000,000</u>	<u>4,503</u>	<u>3,912,846</u>	<u>87,154</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>4,170,708</u>	<u>89,766</u>	<u>4,044,029</u>	<u>126,679</u>
U.S. DEPARTMENT OF COMMERCE						
Pass-through Office of State Planning -						
Coastal Zone Management Administration Awards:						
Fiscal Year 2013		Z13001	287,721	9,060	238,811	48,910
Fiscal Year 2014		Z14001	<u>287,731</u>	<u>281,706</u>	<u>281,706</u>	<u>6,025</u>
Total Coastal Zone Management Administration Awards	11.419		<u>575,452</u>	<u>290,766</u>	<u>520,517</u>	<u>54,935</u>
Direct Award:						
Meteorologic and Hydrologic Modernization Development						
National Oceanic Project NA09NWS46700		C13999	<u>29,669</u>	<u>29,669</u>	<u>29,669</u>	--
Total Meteorologic and Hydrologic Modernization Development	11.467		<u>29,669</u>	<u>29,669</u>	<u>29,669</u>	--
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>605,121</u>	<u>320,435</u>	<u>550,186</u>	<u>54,935</u>
ENVIRONMENTAL PROTECTION AGENCY						
Direct Award:						
Congressionally Mandated Projects:						
Wailua WWTP Improvements (W12075-410 Fund)		XP-00T11101-0	970,000	879,946	883,041	86,959
Water Infrastructure Waimea (W13016-410 Fund)		XP-00T99801-0	<u>255,993</u>	<u>35,618</u>	<u>36,478</u>	<u>219,515</u>
Total Congressionally Mandated Projects	66.202		<u>\$ 1,225,993</u>	<u>\$ 915,564</u>	<u>\$ 919,519</u>	<u>\$ 306,474</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
ENVIRONMENTAL PROTECTION AGENCY (Continued)						
Pass-through State Department of Health -						
Capitalization Grants for Clean Water State Revolving Funds:						
Ele'ele WWTP - Sewer Revolving Funds		W13015 (410)	\$ 5,000,000	\$ 35,350	\$ 35,350	\$ 4,964,650
Total Capitalization Grants for Clean Water State	66.458		<u>5,000,000</u>	<u>35,350</u>	<u>35,350</u>	<u>4,964,650</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>6,225,993</u>	<u>950,914</u>	<u>954,869</u>	<u>5,271,124</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Pass-through State Executive Office on Aging -						
Special Programs for the Aging - Title III, Part C - Nutrition Services:						
C1 AEA 2011		E11003	55,598	8,300	55,598	--
C1 KEO 2011		E11004	70,212	12,797	70,212	--
C1 AEA 2012		E12003	29,926	13,607	13,607	16,319
C1 KEO 2012		E12004	95,000	28,263	82,733	12,267
C2 KEO 2012		E12005	89,044	37,619	89,044	--
C1 AEA 2013		E13003	49,686	537	(1)	49,687
C1 KEO 2013		E13004	205,540	20,947	25,730	179,810
C2 KEO 2013		E13005	<u>241,100</u>	<u>109,465</u>	<u>109,465</u>	<u>131,635</u>
Total Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		<u>\$ 836,106</u>	<u>\$ 231,535</u>	<u>\$ 446,388</u>	<u>\$ 389,718</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)						
Special Programs for the Aging - Title III, Part B -						
Grants for Supportive Services and Senior Centers:						
AEA AREA 2012		E12001	\$ 171,529	\$ 29,085	\$ 165,343	\$ 6,186
AEA AREA 2013		E13001	345,350	135,576	135,267	210,083
AEA AREA 2013		E13002	110,799	19,881	69,000	41,799
AEA AREA 2014		E14001	88,363	3	3	88,360
AEA AREA 2014		E14002	<u>126,997</u>	<u>52,341</u>	<u>52,341</u>	<u>74,656</u>
Total Special Programs for the Aging - Title III, Part B -						
Grants for Supportive Services and Senior Centers	93.044		<u>843,038</u>	<u>236,886</u>	<u>421,954</u>	<u>421,084</u>
National Family Caregiver Support, Title III, Part E:						
3E 2012 Care Elder		E12007	56,934	10,336	56,934	--
3E 2013 Care Elder		E13007	<u>107,714</u>	<u>22,507</u>	<u>53,968</u>	<u>53,746</u>
Total National Family Caregiver Support, Title III, Part E	93.052		<u>164,648</u>	<u>32,843</u>	<u>110,902</u>	<u>53,746</u>
Special Programs for the Aging - Title III, Part D -						
Disease Prevention and Health Promotion Services:						
HP3D 2013 Elderly		E13006	14,380	3,156	7,205	7,175
HP3D 2014 Elderly		E14006	<u>7,175</u>	<u>2,132</u>	<u>2,132</u>	<u>5,043</u>
Total Special Programs for the Aging - Title III, Part D -						
Disease Prevention and Health Promotion Service	93.043		\$ <u>21,555</u>	\$ <u>5,288</u>	\$ <u>9,337</u>	\$ <u>12,218</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)						
Special Programs for the Aging - Title IV and Title II Discretionary						
ADRC FY 10-12		E10013	\$ 58,285	\$ 24,311	\$ 58,285	\$ --
HDPM-ADRC Enhance		E10017	<u>66,902</u>	<u>24,293</u>	<u>65,235</u>	<u>1,667</u>
Total Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048		<u>125,187</u>	<u>48,604</u>	<u>123,520</u>	<u>1,667</u>
Administration on Aging - Nutrition Services Incentive Program:						
Food Distribution:						
NSIP 13		E13008	53,976	223	53,976	--
NSIP 14		E14008	<u>58,343</u>	<u>2,937</u>	<u>2,937</u>	<u>55,406</u>
Total Nutrition Services Incentive Program	93.053		<u>112,319</u>	<u>3,160</u>	<u>56,913</u>	<u>55,406</u>
Passed through State of Hawai'i Administration on Aging - Coordination and Development of Primary Care Offices:						
3E FY 2014 CARE		E14007	<u>53,746</u>	<u>40,989</u>	<u>40,989</u>	<u>12,757</u>
Total Coordination and Development of Primary Care	93.130		<u>53,746</u>	<u>40,989</u>	<u>40,989</u>	<u>12,757</u>
Pass-through State Administration on Aging - Centers for Medicare and Medicaid Services:						
Hospital Discharge FY10-12		E10012	<u>71,822</u>	<u>1,635</u>	<u>71,822</u>	<u>--</u>
Total Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		<u>71,822</u>	<u>1,635</u>	<u>71,822</u>	<u>--</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 2,228,421</u>	<u>\$ 600,940</u>	<u>\$ 1,281,825</u>	<u>\$ 946,596</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Pass-through State Department of Business, Economic						
Development and Tourism - Home Investment Partnerships Program, Title II:						
Fiscal year 2001		HIPA01	\$ 963,000	\$ 194,722	\$ 839,694	\$ 123,306
Fiscal year 2007		HIPA07	995,755	43,961	526,634	469,121
Fiscal year 2008		H08005	989,345	122,213	727,578	261,767
Fiscal year 2009		H10005	996,792	46,114	131,114	865,678
Fiscal year 2010		H11005	999,574	275	810,275	189,299
Fiscal year 2011		H12005	975,364	36,475	454,102	521,262
Fiscal year 2013		H14005	2,850,000	2,157,122	2,157,122	692,878
HOME - Program Income		HIPAXX	<u>7,274,405</u>	<u>999,291</u>	<u>6,915,338</u>	<u>359,067</u>
Total Home Investment Partnerships Program	14.239		<u>16,044,235</u>	<u>3,600,173</u>	<u>12,561,857</u>	<u>3,482,378</u>
Direct Programs:						
Lower Income Housing Assistance Program -						
Section 8 Housing Choice Vouchers (252 fund)			<u>7,027,400</u>	<u>6,773,958</u>	<u>6,773,958</u>	<u>253,442</u>
Total Section 8 Housing Choice Vouchers	14.871		\$ <u>7,027,400</u>	\$ <u>6,773,958</u>	\$ <u>6,773,958</u>	\$ <u>253,442</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)						
Community Development Block Grants						
State's Program and Non-Entitlement Grants in Hawai'i:						
CDBG - Disaster Program Income		CDBGDX	\$ 4,730,366	\$ 526,346	\$ 3,693,962	\$ 1,036,404
Neighborhood Stabilization Grant NSP 1		H09001	3,402,152	68,355	3,402,151	1
Fiscal year 2009		H09004	805,594	11,732	769,575	36,019
Fiscal year 2010		H10004	880,943	609	862,566	18,377
Fiscal year 2011		H11004	740,145	46,671	678,005	62,140
Fiscal year 2012		H12004	709,480	259,646	536,043	173,437
Fiscal year 2013		H13004	708,555	179,612	179,612	528,943
Program Income - NSP		HNSPXX	<u>2,133,499</u>	<u>1,189,419</u>	<u>2,125,654</u>	<u>7,845</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawai'i	14.228		<u>14,110,734</u>	<u>2,282,390</u>	<u>12,247,568</u>	<u>1,863,166</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>37,182,369</u>	<u>12,656,521</u>	<u>31,583,383</u>	<u>5,598,986</u>
U.S. DEPARTMENT OF INTERIOR						
Passed through State of Hawai'i - Department of Land and Natural Resources -						
Historic Preservation Fund Grants-In-Aid:						
Historic - Certified Local Government (CLG)		Z13004	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>--</u>
Total Historic Preservation Fund Grants-In-Aid	15.904		<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>--</u>
Direct Award from Department of the Interior - National Park Services						
Rivers, Trails and Conservation Assistance						
Playground Equipment Hanapepe (Agree # 15-00151.2)		LCWF05	<u>42,000</u>	<u>(4,457)</u>	<u>37,453</u>	<u>4,547</u>
Total Rivers, Trails and Conservation Assistance	15.921		<u>42,000</u>	<u>(4,457)</u>	<u>37,453</u>	<u>4,547</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>\$ 92,000</u>	<u>\$ 45,543</u>	<u>\$ 87,453</u>	<u>\$ 4,547</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF JUSTICE						
Direct Award from Department of Justice:						
Joint Law Enforcement Operations (JLEO)						
DCE/SP FY 2015 #2014-67		P14101	\$ 73,000	\$ 35,083	\$ 35,083	\$ 37,917
Total Joint Law Enforcement Operations	16.111		<u>73,000</u>	<u>35,083</u>	<u>35,083</u>	<u>37,917</u>
Passed through State of Hawai'i Office of Youth Services:						
Title V Delinquency Prevention Program:						
Community Prevention Grant		M13003	128,198	77,848	97,081	31,117
Total Title V Delinquency Prevention Programs	16.548		<u>128,198</u>	<u>77,848</u>	<u>97,081</u>	<u>31,117</u>
Pass-through Office of State Attorney General:						
Crime Victim Assistance Grants:						
VOCA FY 2008		A11021	184,256	11,970	184,256	--
VOCA FY 2009		A12021	192,417	10,292	192,417	--
VOCA FY 2010		A13021	203,109	84,929	203,109	--
VOCA FY 2011		A14021	<u>210,392</u>	<u>103,799</u>	<u>103,799</u>	<u>106,593</u>
Total Crime Victim Assistance	16.575		<u>\$ 790,174</u>	<u>\$ 210,990</u>	<u>\$ 683,581</u>	<u>\$ 106,593</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF JUSTICE (Continued)						
Violence Against Women Formula Grants:						
Stop Violence Against Women - 2010		A13005	\$ 47,927	\$ (4,302)	\$ 47,927	\$ --
Stop Violence Against Women - 2012		A13029	47,903	37,903	47,903	--
Stop Violence Against Women - 2012		A14005	48,045	10,042	10,042	38,003
SANE Recruit/Train - 09-WF-11		P12023	36,039	1,301	36,039	--
SANE Exams and DNA - 10-WF-01		P12024	47,927	12,760	23,745	24,182
SANE Stand-by Pay		P13023	<u>47,903</u>	<u>24,350</u>	<u>24,350</u>	<u>23,553</u>
Total Violence Against Women Formula Grants	16.588		<u>275,744</u>	<u>82,054</u>	<u>190,006</u>	<u>85,738</u>
Edward Byrne Memorial Grants - State and Local Law Enforcement:						
JAG 2009 Local Solicitation		A10025	27,684	971	27,684	--
FY 2011 Drug Prosecuting Unit		A11022	105,000	6,851	105,000	--
JAG FY 2010		A11025	40,854	25,543	40,854	--
JAG Grant Local Solicitation		A12025	45,443	26,620	27,333	18,110
Cold Case Prosecution		A12027	102,806	29,330	52,264	50,542
JAG FY 2012 Local Solicitation		A13027	41,491	38,524	55,994	(14,503)
Non Compliant Offenders		A14029	25,053	2,100	2,100	22,953
HIDTA FY 2010		P11003	36,465	76	36,465	--
MJ Eradication Task Force		P11004	80,244	17,081	80,244	--
HNTF 10-DJ-05 Grant		P12005	65,709	27,319	60,453	5,256
DCE/SP FY 2014		P13001	73,000	70,937	73,000	--
Hawaii Narcotic Task Force		P13005	21,433	8,508	8,508	12,925
JJIS/RMS Interface		P13900	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>--</u>
Total Edward Byrne Memorial Justice Assistance						
Grant Program	16.738		<u>\$ 690,182</u>	<u>\$ 278,860</u>	<u>\$ 594,899</u>	<u>\$ 95,283</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF JUSTICE (Continued)						
Direct Grant Award from DOJ - Office of Community Oriented Policing Services:						
Public Safety Partnership and Community Policing Grants						
Community Oriented Policing 2001SHWX0410		COPS02	\$ 500,000	\$ 40,699	\$ 406,559	\$ 93,441
Community Oriented Policing 2002SHWX0666		COPS03	375,001	(40,699)	--	375,001
Total Public Safety Partnership & Comm. Policing	16.710		<u>875,001</u>	<u>--</u>	<u>406,559</u>	<u>468,442</u>
Pass-through State Department of Health - ADAD -						
Project Grants Enforcing Underage Drinking Laws Program:						
Prohibited Alcohol Sale to Minors FY 13		P12017	22,500	6,047	19,547	2,953
Total Enforcing Underage Drinking Laws Program	16.727		<u>22,500</u>	<u>6,047</u>	<u>19,547</u>	<u>2,953</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	8,638	18,694	--
JABG FY 14 Hale Opio Kaua'i Inc. (DHS-13-OYS-123 Supp 1)		A14028	44,703	17,971	17,971	26,732
Total Juvenile Accountability Block Grants	16.523		<u>63,397</u>	<u>26,609</u>	<u>36,665</u>	<u>26,732</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>2,918,196</u>	<u>717,491</u>	<u>2,063,421</u>	<u>854,775</u>
U.S. DEPARTMENT OF LABOR						
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) Grant Program		D11064	203,728	1,686	203,728	--
Total ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275		<u>\$ 203,728</u>	<u>\$ 1,686</u>	<u>\$ 203,728</u>	<u>\$ --</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF LABOR (Continued)						
Workforce Investment Act (WIA):						
Adult Program FY 2007 WIA-06-AP-K		D07050	\$ 172,472	\$ 235	\$ 172,469	\$ 3
Adult Program FY 2008 WIA-07-AP-K		D08050	157,147	(235)	146,823	10,324
Adult Program FY 2013 WIA-12-AP-K		D13050	149,985	126,573	131,226	18,759
Adult Program FY 2014 WIA-13-AP-K		D14050	<u>144,430</u>	<u>7,392</u>	<u>7,392</u>	<u>137,038</u>
Total WIA Adult Program	17.258		<u>624,034</u>	<u>133,965</u>	<u>457,910</u>	<u>166,124</u>
Dislocated Workers, FY 2013 - WIA-12-DWP-K		D13051	135,665	96,790	125,165	10,500
Dislocated Workers, FY 2014 - WIA-13-DWP-K		D14051	<u>183,037</u>	<u>23,349</u>	<u>23,349</u>	<u>159,688</u>
Total WIA Dislocated Workers	17.260		<u>318,702</u>	<u>120,139</u>	<u>148,514</u>	<u>170,188</u>
Youth Programs 2013 - WIA-12-YP-K		D13060	71,976	12,111	63,309	8,667
Youth Programs 2013 - WIA-12-YP-K		D13061	69,616	11,663	60,946	8,670
Youth Programs 2014 - WIA-13-YP-K		D14060	66,349	40,146	40,146	26,203
Youth Programs 2014 - WIA-13-YP-K		D14061	<u>64,002</u>	<u>38,587</u>	<u>38,587</u>	<u>25,415</u>
Total WIA Youth Activities	17.259		<u>271,943</u>	<u>102,507</u>	<u>202,988</u>	<u>68,955</u>
Administrative, FY 2012 - WIA-12-LAC-K		D13049	47,470	18,261	18,261	29,209
Administrative, FY 2012 - WIA-13-LAC-K		D14049	<u>35,603</u>	<u>571</u>	<u>571</u>	<u>35,032</u>
Total WIA Administrative	N/A		<u>83,073</u>	<u>18,832</u>	<u>18,832</u>	<u>64,241</u>
Total Workforce Investment Act (WIA)			<u>1,297,752</u>	<u>375,443</u>	<u>828,244</u>	<u>469,508</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>\$ 1,501,480</u>	<u>\$ 377,129</u>	<u>\$ 1,031,972</u>	<u>\$ 469,508</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF TRANSPORTATION						
Pass-through State Department of Transportation:						
Formula Grants for Other Rural Areas -						
Federal Transit Administration (FTA), Section 5311:						
FTA Section 5311, FFY 08 - HI-18-X027		T10001	\$ 1,082,378	\$ 360	\$ 1,082,378	\$ --
FTA Section 5311 (b) (2), FY 09 - HI-18-X027 (b) (2)		T10002	20,941	596	20,941	--
FTA Section 5311, FFY 10 - HI-18-X028		T11001	554,680	1,416	554,680	--
FTA Section 5311, FFY 11 - HI-18-X029		T12001	1,072,028	369,942	956,486	115,542
FTA Section 5311, FFY 10 - HI-18-X029		T12002	10,795	10,793	10,793	2
FTA Section 5311, FFY 12 - HI-18X030		T13001	595,843	344,012	595,843	--
FTA Section 5311, FFY 13 - HI-18X031		T14001	<u>1,000,000</u>	<u>334,801</u>	<u>334,801</u>	<u>665,199</u>
Total Formula Grants for Rural Areas	20.509		\$ <u>4,336,665</u>	\$ <u>1,061,920</u>	\$ <u>3,555,922</u>	\$ <u>780,743</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF TRANSPORTATION (Continued)						
FTA Federal Transit Capital Investment Grants, Section 5309:						
FTA Section 5309, FY 2005 - HI-03-0039		FTA039	\$ 1,457,666	\$ (15,442)	\$ 1,442,224	\$ 15,442
FTA Section 5309, FY 2006 - HI-04-0003		T07001	1,485,000	110,691	1,485,000	--
FTA Section 5309, FY 2008 - HI-04-0002		T10010	509,200	82,096	473,247	35,953
FTA Section 5309, FY 2009 & 2010 - HI-04-0004		T11010	1,772,133	1,242,922	1,622,896	149,237
FTA Section 5309, FY 2010		T12010	<u>925,000</u>	<u>893,479</u>	<u>893,479</u>	<u>31,521</u>
Total Federal Transit - Capital Investment Grants	20.500		<u>6,148,999</u>	<u>2,313,746</u>	<u>5,916,846</u>	<u>232,153</u>
Highway Planning and Construction (Federal-Aid Highway Program):						
Bridge Replacement - Off system:						
Omao Puuopae Kilauea Bridge BR-0700(32)		OMAO	9,056,025	36,981	9,056,025	--
Olohena Bridge BR-0700(36)		OLOHEN (410)	3,281,240	28,709	2,799,809	481,431
Hanapēpē Bridge Repair BR-0545(1)		W09017 (410)	1,363,525	4,469	50,008	1,313,517
Puuopae Bridge Repair BR-0700(59)		W09019 (410)	480,000	21,198	261,181	218,819
Kapahi Bridge Replacement BR-0700(53)		KAPAHI (410)	436,000	92,477	344,313	91,687
Kamalu Bridge Erosion Protection Repairs BR-0581(005)		W12068 (410)	305,652	159,039	160,838	144,814
Opaekaa Bridge Design BR-0700(60)		W10002 (410)	520,000	26,984	295,706	224,294
Bridge Inspection BR-NBIS(51)		W12071 (410)	100,000	6,264	72,403	27,597
Bridge Inspection BR-NBIS(8)		W14077	\$ 100,000	\$ 8,898	\$ 8,898	\$ 91,102

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF TRANSPORTATION (Continued)						
Statewide Transportation Improvement Program:						
Kuna Bay - Anahola Bike and Pedestrian Path CMAQ-0700(56)		KUNABA (410)	\$ 390,000	\$ 208	\$ 76,391	\$ 313,609
Maluhia Road Improvements STP-0520(3)		MALUHI (410)	776,002	602	15,843	760,159
Kokee Road Resurfacing STP-0552(3)		W09018 (410)	4,345,437	109,488	3,710,498	634,939
Ahukini to Lydgate Park Bike and Pedestrian Path STP-0700(51)		AHULYD (410)	625,000	7,173	480,820	144,180
North Leg Kōloa Rd. STP-05220(002)		W07007 (410)	992,000	962	39,835	952,165
Lydgate-Kapaa Bikepath STP-0700(44)		LYDGAT (410)	2,883,240	8,897	2,883,240	--
Lydgate-Kapaa Bikepath CMAW-0700(49)		LYDKAP (410)	7,683,792	998,844	7,290,869	392,923
Lydgate-Kapaa Bikepath STP-0700(61)		LYDPHB (410)	4,485,041	399,085	3,994,284	490,757
Lydgate/Kapaa Bikepath Phase C STP-0700(64)		LYDPHC (410)	700,000	4,104	4,104	695,896
Safe Improvements Kūhi'ō to Rice St. STP-5720(1)		STP572 (410)	7,369,920	1,254,522	1,451,539	5,918,381
Lihue Bypass Circulation Study SPR-0010(34)		W13006	360,000	314,239	314,239	45,761
Kōloa Safety Improvements HHRP-0530(001)		W12065 (410)	135,000	61,627	102,423	32,577
Hanapēpē Road Improvements STP-0545(2)		W12067 (410)	200,000	562	4,834	195,166
Puhi Road Ultra Thin Layer STP-5010(1)		W10042 (410)	187,200	114,702	148,271	38,929
Nawiliwili/Ahukini Bikepath CMAQ-0700(57)		NAWAHU (410)	1,094,001	20,788	479,876	614,125
KPD Youth Deterrence No. Flex 2014-Project 3		P14008	25,631	867	867	24,764
Total - Highway Planning and Construction	20.205		\$ 47,894,706	\$ 3,681,689	\$ 34,047,114	\$ 13,847,592

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF TRANSPORTATION (Continued)						
State and Community Highway Safety:						
Highway Safety Grant - Prosecutors - FY13		A13026	\$ 6,220	\$ 36	\$ 4,919	\$ 1,301
DOT Highway Safety Grant		A14026	10,700	11,378	11,378	(678)
Traffic Records FY 12 - TR12-03 (07-K-01)		P12009	51,800	23,333	25,212	26,588
KPD Seat Belt Program - FY 12 - OP12-05 (01-K-04)		P12014	90,920	(133)	42,279	48,641
KPD Distracted Driver - FY 13 - DD12-10(01-K-04)		P13007	49,884	889	12,578	37,306
KPD Youth Deterrence - FY 13 - AL13-02(15-K-02)		P13008	25,631	10,823	16,707	8,924
KPD Traffic Records - FY 13 - DD12-03(07-K-01)		P13009	208,140	554	147,800	60,340
KPD Alcohol Road Block - FY 13 - AL13-02(01-K-04)		P13010	70,053	26,357	70,052	1
KPD Speed Enforcement - FY 13 - DD12-06(01-K-04)		P13012	24,788	14,273	24,787	1
KPD Seat Belt Program - FY 13 - OP13-05(01-K-04)		P13014	53,149	16,443	53,149	--
KPD Distracted Driver - FY14 - DD14-10(04-K-01)		P14007	49,884	10,716	10,716	39,168
KPD Traffic Records - FY14 - TR14-03(07-K01)		P14009	63,160	7,674	7,674	55,486
KPD Alcohol Roadblock - FY14		P14010	129,327	40,601	40,601	88,726
KPD Speed Enforcement - FY14 SC14-06(01-K04)		P14012	50,058	20,885	20,885	29,173
KPD Seat Belt Program - FY14 OP14-05(01-K-04)		P14014	127,740	37,906	37,906	89,834
			<u>1,011,454</u>	<u>221,735</u>	<u>526,643</u>	<u>484,811</u>
Total State and Community Highway Safety	20.600					
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>\$ 59,391,824</u>	<u>\$ 7,279,090</u>	<u>\$ 44,046,525</u>	<u>\$ 15,345,299</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Direct Program -						
Retired Senior Volunteer Program (RSVP):						
Title II, Part A, Older Americans Volunteer Program:						
RSVP - CY 13 - 12SRPHI001		E13016	\$ 72,153	\$ 48,823	\$ 72,152	\$ 1
RSVP - CY 14 - 12SHRPI001		E14016	<u>66,541</u>	<u>26,061</u>	<u>26,061</u>	<u>40,480</u>
Total Retired and Senior Volunteer Program	94.002		<u>138,694</u>	<u>74,884</u>	<u>98,213</u>	<u>40,481</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>138,694</u>	<u>74,884</u>	<u>98,213</u>	<u>40,481</u>
U.S. DEPARTMENT OF HOMELAND SECURITY						
Federal Emergency Management Agency (FEMA):						
Assistance to Fire Fighters Grant Program (AFG) Fire Grants						
AFG Smoke Alarms - EMW-2012-FP-00911		F14002	10,400	10,360	10,360	40
AFG Radio Upgrade - EMW-2012-FO-06888		F14004	<u>396,183</u>	<u>368,926</u>	<u>368,926</u>	<u>27,257</u>
Total Assistance to Firefighters Grant	97.044		<u>406,583</u>	<u>379,286</u>	<u>379,286</u>	<u>27,297</u>
Pass-through State Department of Defense:						
Disaster Grants - Public Assistance (Presidentially Declared Disasters):						
Rain Event Kaua'i Fire Department FEMA-4062-DR-HI		F12RAI	12,851	(1)	12,851	--
PDE002 NO. 05-0 Police Cruiser FEMA-4062-DR-HI		PDE002	4,875	4,875	4,875	--
PWC003 NO. 043-0 Replace Road FEMA-4062-DR-HI		PWC003	15,275	1,141	1,141	14,134
PWC006 NO. 17-0 Restore Embankment FEMA-4062-DR-HI		PWC006	62,001	14,625	14,625	47,376
PWC007 NO. 049-0 Repair Road FEMA-4062-DR-HI		PWC007	322,502	104,091	104,091	218,411
PWC008 NO. 024-0 Resotre Road FEMA-4062-DR-HI		PWC008	\$ 28,402	\$ 2,222	\$ 2,222	\$ 26,180

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF HOMELAND SECURITY (Continued)						
PWC012 NO. 48-0 FEMA Disaster		PWC012	\$ 3,061	\$ 745	\$ 744	\$ 2,317
PWE017 NO. 003-0 Roof Civic Center FEMA-4062-DR-HI		PWE017	27,672	27,668	27,668	4
PWE019 NO. 039-0 Photovoltaic FEMA-4062-DR-HI		PWE019	18,785	18,093	18,093	692
Parks and Recreation 03/2012 FEMA-4062-DR-HI (60-1, 61-1 & 62-1)		R14016	15,522	15,522	15,522	--
STORM#1 Eligible Projects/Expenses FEMA-1640-DR-HI		X07006	922,429	(80,135)	922,429	--
STORM#1 Administrative Fees FEMA-1640-DR-HI		X07007	6,587	(19,418)	6,587	--
PW Debris Removal/Protective Measure FEMA-1814-DR-HI		W10010	<u>45,032</u>	<u>45,032</u>	<u>45,032</u>	<u>--</u>
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>1,484,994</u>	<u>134,460</u>	<u>1,175,880</u>	<u>309,114</u>
Civil Defense - State and Local Emergency:						
Hazard Mitigation Grant Program (HMGP):						
Mo'iikeha Building Retrofit FEMA-1640-DR-HI		W09023	80,250	9,731	74,606	5,644
Anahola NC Hardening FEMA-961-DR-HI		HMGANA	18,339	15,325	18,339	--
Kauai War Memorial Hardening FEMA-961-DR-HI		HMGESS	<u>273,577</u>	<u>10,056</u>	<u>238,178</u>	<u>35,399</u>
Total Hazard Mitigation Grant Program	97.039		<u>372,166</u>	<u>35,112</u>	<u>331,123</u>	<u>41,043</u>
Passed Through State Department of Defense -						
Emergency Management Performance Grants (EMPG):						
EMPG FY2013		C13500	<u>100,000</u>	<u>83,593</u>	<u>83,593</u>	<u>16,407</u>
Total Emergency Management Performance Grants	97.042		<u>\$ 100,000</u>	<u>\$ 83,593</u>	<u>\$ 83,593</u>	<u>\$ 16,407</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
U.S. DEPARTMENT OF HOMELAND SECURITY (Continued)						
Homeland Security Grant Program/State Homeland Security:						
Homeland Security Grant Citizen Corp 2006		C06300	\$ 30,530	\$ 1	\$ 30,530	\$ --
Homeland Security 2010 - MOA# 2010-SS-TO-0006		C10100	1,102,512	390,105	1,101,611	901
Homeland Security Grant 2011		C11100	575,075	351,003	351,003	224,072
Homeland Security Statewide Outreach		C11300	24,925	4,853	4,853	20,072
Homeland Security 2012		C12100	335,000	67,521	71,116	263,884
Homeland Security Citizen Corp 2012		C12300	24,925	3,800	3,800	21,125
Homeland Security 2013		C13100	<u>475,000</u>	<u>10,704</u>	<u>10,704</u>	<u>464,296</u>
Total Homeland Security Grant Program	97.067		<u>2,567,967</u>	<u>827,987</u>	<u>1,573,617</u>	<u>994,350</u>
Direct award from Department of Homeland Security-						
Staffing for Adequate Fire and Emergency Response (SAFER):						
SAFER Grant Award - Fire Department FY 2014		F14006	<u>944,700</u>	<u>73,465</u>	<u>73,465</u>	<u>871,235</u>
Total Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		<u>944,700</u>	<u>73,465</u>	<u>73,465</u>	<u>871,235</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>5,876,410</u>	<u>1,533,903</u>	<u>3,616,964</u>	<u>2,259,446</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 120,798,653</u>	<u>\$ 24,719,171</u>	<u>\$ 89,766,617</u>	<u>\$ 31,032,036</u>

County of Kaua'i, Hawai'i
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2014

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	\$ 100,277
Workforce Investment Act Adult Program	17.258	132,567
Workforce Investment Act Dislocated Workers	17.260	<u>118,639</u>
Total U.S. Department of Labor		<u>351,483</u>
U.S. Department of Housing and Urban Development		
Community Development Block Grant/State Programs and Non-entitlement Grants in Hawaii	14.228	<u>287,456</u>
Total U.S. Department of Housing and Urban Development		<u>287,456</u>
U.S. Department of Health and Human Services		
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services	93.044	72,222
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	175,306
Special Programs for the Aging, Title III, Part D	93.043	5,288
Special Programs for the Aging, Title III, Part E	93.052	32,843
Coordination and Development of Primary Care Offices	93.130	<u>40,989</u>
Total U.S. Department of Health and Human Services		<u>326,648</u>
Total Provided to Subrecipients		\$ <u><u>965,587</u></u>

County of Kaua'i, Hawai'i
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2014

NOTE C - LOANS OUTSTANDING

The County had the following newly issued loan balances outstanding as of June 30, 2014. 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>467,893</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, 2014, the outstanding principal amounted to \$19,166,416 that bears interest at 0.50 percent to 3.50 percent. The loans require semi-annual principal and interest payments and loan fees through fiscal year 2034. 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, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> ✓ </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> ✓ </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> </u> yes	<u> ✓ </u> 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
14.239	HOME Investment Partnerships Program
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 Rural Areas
66.202	Congressionally Mandated Projects
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$741,575
Auditee qualified as a low-risk auditee?	<u> </u> yes <u> ✓ </u> no

County of Kauaʻi, Hawaiʻi
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref.

No. **Internal Control Findings**

2014-001 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 25 instances (out of 60 samples) where vacation or sick leave hours per the employee's leave log were not properly supported by leave application forms. The following are the departments/agencies and the number of instances:

- Elderly Affairs - 8 instances (out of 10 samples)
- Planning - 9 instances (out of 10 samples)
- Public Works - 8 instances (out of 10 samples)

Recommendation

The County should provide adequate oversight over the 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. Management should also provide additional guidance to employees tasked with the facilitation of these functions to ensure the timely reconciliation and recording of leave applications to employee logs.

County of Kaua'i, Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Ref.

No.

Internal Control Findings

2014-002 Improve Internal Controls over Financial Agreements - Significant Deficiency

The County entered into an agreement with a company for the development and upgrading of the County's wastewater treatment plant in March 2009. In exchange for performing the development and upgrading of the wastewater treatment plant, the County agreed to provide the company with up to \$3,071,250 in Wastewater Treatment Capacity Assessment (WTCA) Fees credits.

During our audit and review of the agreement, we noted that the company completed the development and upgrades to the wastewater treatment plant and dedicated such improvements to the County on April 9, 2014. During our audit, we noted that the dedicated property and related liability for the WTCA fees due to the company were not recorded.

Proper information and communication to the Department of Finance should exist to properly record and account for all financial transactions. Based on our discussion with the Department of Finance, we noted that the department was unaware of the agreement until a letter was sent by the company to the Director of Finance and Chief of Wastewater Management requesting a refund of the WTCA fees. During our audit and discussion with the Department of Finance, the addition of the \$3.2 million capital asset, along with a liability for the \$758,550 in WTCA fees due to the company was adjusted for in the County's financial records.

Recommendation

The County should ensure that all agreements that relate to financial information are provided to the Department of Finance. The proper information and communication of relevant information to the Department of Finance would allow for proper and timely recording of the County's financial records.

PART IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

County of Kaua'i, Hawai'i
STATUS REPORT
Fiscal Year Ended June 30, 2014

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, 2013, dated December 12, 2013.

SECTION II - FINANCIAL STATEMENT FINDINGS

<u>Recommendations</u>	<u>Status</u>
<p>2013-01 Compile Vacation and Sick Leave Records Properly (page 29)</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>Partially accomplished. Refer to finding 2014-001.</p>

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 1, 2014

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 2014 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

2014-001 COMPILE VACATION AND SICK LEAVE RECORDS PROPERLY

Auditor's

Recommendation: The County should provide adequate oversight over the 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. Management should also provide additional guidance to employees tasked with the facilitation of these functions to ensure the timely reconciliation and recording of leave applications to employee logs.

Corrective Action: In response to Internal Control Findings Ref. No. 2014-01, on October 2013 the Accountant III in the Finance Department, Payroll Section along with departmental personnel were assigned the task of validating vacation and sick leave balances through the process of comparing departments manual summary records and Payroll/Personnel computerize AS/400 system. The ultimate goal would be migration from the current manual processing to a fully automated on line system.

The County of Kauai has 20 Departments and Agencies and 16 of these Departments and Agencies have gone through the reconciliation and validation process and now are participating in the parallel test process every pay period. The parallel test process is the final stage before leave balances are certified correct. The Accountant III continues to work closely with the remaining 4 Departments and Agencies to reconcile summary leave records.

The Central Payroll Accountant continues to work on pay codes such as workers compensation, leave sharing, leave without pay, which have been areas resulting in past variances. Updates to existing leave policies and procedures will be shared to ensure timely certification of leave applications. In addition, random sample testing of time sheets and leave records will be conducted to ensure compliance.

The Accountant III provides Accrual Reports to all Departments and Agencies as well as provides guidance in maintaining proper accrual reporting.

A detail and summary leave hours and liability schedule report will be generated for each Department and Agency to validate for accuracy and completeness prior to submitting to the Finance Department.

End Date: On-going

Responding Person(s):

Ken Villabrille, Central Payroll Accountant, Department of Personnel Services, (808) 241-4209

Carolyn Carveiro, Accountant III, Department of Personnel Services, (808) 241-4090

2014-002 IMPROVE INTERNAL CONTROLS OVER FINANCIAL AGREEMENTS

Auditor's

Recommendation: The County should ensure that all agreements that relate to financial information are provided to the Department of Finance. The proper information and communication of relevant information to the Department of Finance would allow for proper and timely recording of the County's financial records.

Corrective Action: A formal communication will be prepared to inform all department heads that any agreements that financially obligate the County of Kaua'i must be reviewed and approved by the Director of Finance before execution. Additionally, the County Attorney and the County Clerk will be individually advised of this requirement, since the agreement in question was approved by representatives for these departments without inclusion of the Director of Finance.

In addition, a memorandum shall be sent to both department heads and fiscal staff reminding them that all construction on County properties must be reported to the Department of Finance for inclusion on our fixed asset inventory list.

Status: Internal memorandums will be drafted and sent all departments on or before December 31, 2014 and the wastewater treatment plant improvements are being added to the fixed asset list. Public Works Wastewater division, however, must consider and budget for the eligible refunds in future budgets.

End Date: On-going

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

Sally A. Motta, Deputy Director of Finance, Department of Finance
(808) 241-4281