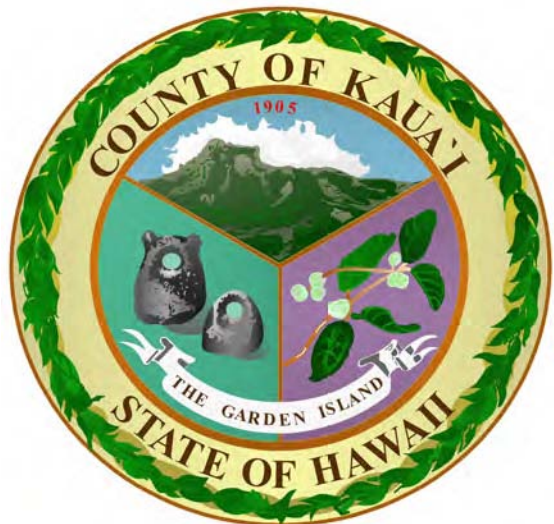


SINGLE AUDIT REPORTS

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 |
|--|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------|
| EXECUTIVE OFFICE OF THE PRESIDENT | | | | | | |
| 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 | 31,465 | 15,091 | 15,091 | 16,374 |
| 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> |
| TOTAL EXECUTIVE OFFICE OF THE PRESIDENT | | | <u>62,930</u> | <u>28,020</u> | <u>46,597</u> | <u>16,333</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 2013 | | R13036 | 40,591 | 20,000 | 40,591 | -- |
| 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 | 65,187 | 5,330 | 5,330 | 59,857 |
| Total Cooperative Forestry Assistance | 10.664 | | <u>259,009</u> | <u>85,711</u> | <u>192,332</u> | <u>66,677</u> |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u>299,600</u> | <u>105,711</u> | <u>232,923</u> | <u>66,677</u> |
| U.S. DEPARTMENT OF COMMERCE | | | | | | |
| 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 | 287,721 | 229,751 | 229,751 | 57,970 |
| Total Coastal Zone Management Administration Awards | 11.419 | | <u>575,442</u> | <u>285,684</u> | <u>517,472</u> | <u>57,970</u> |
| TOTAL U.S. DEPARTMENT OF COMMERCE | | | <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 |
|--|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|-------------------|
| ENVIRONMENTAL PROTECTION AGENCY | | | | | | |
| 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> |
| TOTAL ENVIRONMENTAL PROTECTION AGENCY | | | <u>11,787,918</u> | <u>2,654,789</u> | <u>9,087,035</u> | <u>2,700,883</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 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 |
|---|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------|
| 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 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 |
|--|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------|
| 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 | \$ 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 |
|---|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued) | | | | | | |
| 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> |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>3,886,599</u> | <u>883,327</u> | <u>2,957,965</u> | <u>928,634</u> |
| 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 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 |
|--|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued) | | | | | | |
| 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> |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>31,682,796</u> | <u>9,045,286</u> | <u>27,574,472</u> | <u>4,108,324</u> |
| U.S. DEPARTMENT OF JUSTICE | | | | | | |
| 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 |
|---|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------|
| U.S. DEPARTMENT OF JUSTICE (Continued) | | | | | | |
| 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 |
|---|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|-------------------|
| U.S. DEPARTMENT OF JUSTICE (Continued) | | | | | | |
| 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 | <u>13,500</u> | <u>13,500</u> | <u>13,500</u> | <u>--</u> |
| Total Enforcing Underage Drinking Laws Program | 16.727 | | <u>13,500</u> | <u>13,500</u> | <u>13,500</u> | <u>--</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 | <u>15,685</u> | <u>15,685</u> | <u>15,685</u> | <u>--</u> |
| Total Juvenile Accountability Block Grants | 16.523 | | <u>34,379</u> | <u>25,741</u> | <u>25,741</u> | <u>8,638</u> |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u>2,277,875</u> | <u>691,630</u> | <u>1,723,908</u> | <u>553,967</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) II Grant Program | | D11064 | <u>273,278</u> | <u>79,976</u> | <u>202,042</u> | <u>71,236</u> |
| 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 | <u>149,985</u> | <u>4,653</u> | <u>4,653</u> | <u>145,332</u> |
| 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 |
|---|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|-------------------|
| U.S. DEPARTMENT OF LABOR (Continued) | | | | | | |
| 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> |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u>1,395,624</u> | <u>471,100</u> | <u>841,074</u> | <u>554,550</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | |
| 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 |
|---|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|------------------|
| U.S. DEPARTMENT OF TRANSPORTATION (Continued) | | | | | | |
| 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 Kūhiō 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 |
|---|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|----------------------|
| U.S. DEPARTMENT OF TRANSPORTATION (Continued) | | | | | | |
| 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> |
| State and Community Highway Safety: | | | | | | |
| 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> |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | <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 |
|---|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|---------------------|
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | | | |
| 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> |
| TOTAL CORPORATION FOR NATIONAL SERVICE | | | <u>127,194</u> | <u>70,589</u> | <u>77,177</u> | <u>50,017</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | | |
| 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 |
|--|----------------|-------------------------|----------------------------|---------------------------------------|-------------------------------------|----------------------|
| U.S. DEPARTMENT OF HOMELAND SECURITY (Continued) | | | | | | |
| 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> |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | <u>7,459,828</u> | <u>1,950,195</u> | <u>5,292,380</u> | <u>2,167,448</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <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>2012-01 Compile Vacation and Sick Leave Records Properly (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>2012-02 Recognize Tax Appeals Filed in the Period Taxes Are Paid (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>2012-03 Reconcile Real Property Tax Trust Fund Account (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>2012-04 Properly Record and Maintain Housing Records (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>2012-05 Properly Identify All Federal Programs (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> | 66.458 | Accomplished |
| <p>2012-06 Certification for Federally Funded Employees (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> | 14.871 | Accomplished |
| <p>2012-07 Identification of Subrecipient Expenditures (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> | 14.228 14.255 | Accomplished |
| <p>2012-08 Federal Funding Accountability and Transparency Act (FFATA) Reporting (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> | 14.228 14.255 | Accomplished |
| <p>2012-09 Reconcile Federal Expenditures (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> | 20.500 20.509 | 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> |
|---|------------------------|---------------|
| 2012-10 Improve Controls Over Matching (page 43) The Department should follow the County's established policies and procedures to reconcile financial reports to the general ledger accounting system. | 20.500 | 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