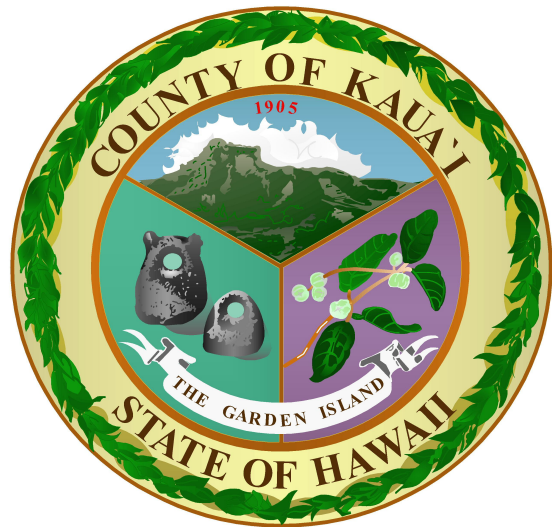


# **SINGLE AUDIT REPORTS**

**of the**

**County of Kaua'i, Hawai'i**



**For the Fiscal Year Ended  
June 30, 2010**

December 15, 2010

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

We have completed our audit of the basic financial statements of the County of Kaua'i, Hawai'i (the County), as of and for the year ended June 30, 2010. Our report containing our opinion on those basic financial statements is included in the County's Comprehensive Annual Financial Report. We transmit herewith our reports on internal control and compliance with applicable laws and regulations in accordance with the Single Audit Act of 1984, as amended, and the provisions of the US Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Circular A-133, *Compliance Supplemental Addendum #1*.

### **Objectives and Scope of Examination**

The primary objective of our audit was to form an opinion as to whether the above mentioned financial statements present fairly the financial position of the County as of June 30, 2010 and the results of its operations for the year then ended.

Our audit was made in accordance with the specifications as outlined in the Request for Proposals for Professional Financial Auditing Services for Fiscal Years 2008-2010.

The scope of the audit was as follows:

1. Conduct a financial audit of the County to provide a basis to report on the fair presentation of the County's basic financial statements.
2. Provide an "in-relation-to" report on the combining and individual non-major fund financial statements and supporting schedules based on the auditing procedures applied during the audit of the basic financial statements.
3. Provide an "in-relation-to" report on the Schedule of Expenditures of Federal Awards based on the auditing procedures applied during the audit of the basic financial statements. The Schedule of Expenditures of Federal Awards and related report, as well as the reports on the internal controls and compliance were not included in the Comprehensive Annual Financial Report, but were issued separately.

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Our audit was performed in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the US General Accounting Office's *Government Auditing Standards*, the provisions of the Single Audit Act of 1984, as amended, and the provisions of the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Circular A-133, *Compliance Supplemental Addendum #1*.

We have also reviewed and updated the findings and other weaknesses identified in the County's previous financial statement audit for the fiscal year ended June 30, 2009.

## **Organization of Report**

This Single Audit Report includes the following:

- Independent Auditors' 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 on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs

The basic financial statements and related notes, along with other financial information of the County, as of and for the year ended June 30, 2010, and our opinion as to the fairness of the presentation of those statements are included in a separate report dated December 15, 2010.

We would like to take this opportunity to thank the staff of the County for their courteous cooperation and assistance during our audit.

RC HOLSINGER ASSOCIATES, P.C.

*RC Holsinger Associates, P.C.*

Honolulu, Hawai'i  
December 15, 2010

COUNTY OF KAUAI, HAWAII  
SINGLE AUDIT REPORTS  
JUNE 30, 2010

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INDEPENDENT AUDITORS' 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

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

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, Hawai'i (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-01 through 10-17.

This report is intended solely for the information and use of management, Members of the County Council of Kaua'i, others within the entity, the State of Hawai'i, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

RC HOLSINGER ASSOCIATES, P.C.

*RC Holsinger Associates, P.C.*

Honolulu, Hawai'i  
December 15, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**  
**AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

**Compliance**

We have audited the County of Kaua'i, Hawai'i (the County's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* and *Circular A-133, Compliance Supplement Addendum #1* that are applicable to each of its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements referred to above is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and OMB Circular A-133, *Compliance Supplement Addendum #1*. 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 identified in the accompanying Schedule of Findings and Questioned Costs 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-01 through 10-17.

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## Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

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, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2010. Our responsibility is to express opinions on these financial statements based on our audit. 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, *Audits of States, Local Governments, and Non-Profit Organizations* and OMB Circular A-133, *Compliance Supplement Addendum #1*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Members of the County Council of Kaua'i, others within the entity, the State of Hawai'i, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

RC HOLSINGER ASSOCIATES, P.C.

*RC Holsinger Associates, P.C.*

Honolulu, Hawai'i  
December 15, 2010

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-through Grantor/Title</b>	<b>CFDA Number</b>	<b>Grant Project Number</b>	<b>Program or Award Amount</b>	<b>Current Year Expenditure Amount</b>	<b>Total Cumulative Expenditures</b>	<b>Grant Balance</b>
<b>AMERICAN RECOVERY AND REINVESTMENT ACT</b>						
ARRA Edward Byrne - Office of Prosecuting Attorney	16.804	A09011	\$ 191,079	\$ 24,077	\$ 24,077	\$ 167,002
ARRA Drug Prosecution Unit - OPA	16.803	A10022	117,000	65,137	65,137	51,863
ARRA Property Crime Unit - OPA	16.803	A10023	122,000	54,979	54,979	67,021
ARRA Domestic Violence Prosecution Unit - OPA	16.803	A10024	72,000	72,000	72,000	-
ARRA WIA Administration - Office of Economic Dev.	N/A	D09200	31,965	19,904	19,904	12,061
ARRA WIA Dislocated Worker - OED	17.260	D09201	93,759	55,057	55,057	38,702
ARRA WIA Adult - OED	17.258	D09202	78,175	56,893	56,893	21,282
ARRA WIA Youth In and Out of School - OED	17.259	D09203	115,768	84,284	84,284	31,484
ARRA Home Delivered Meals - Office on Elderly Affairs	93.705	E09014	11,313	11,313	11,313	-
ARRA Congregate Meals - OEA	93.707	E09015	22,979	22,611	22,611	368
ARRA CDBG Recovery - County Housing Agency (KCHA)	14.255	H10001	215,156	19,719	19,719	195,437
ARRA Federal Transit Authority (FTA) SEC 5340	20.500	T09010	977,812	977,812	977,812	-
ARRA Waimea WWTP - Public Works	66.418	W10008 (410)	7,438,075	414,223	414,223	7,023,852
<b>TOTAL AMERICAN RECOVERY REINVESTMENT ACT</b>			<b>\$ 9,487,081</b>	<b>\$ 1,878,009</b>	<b>\$ 1,878,009</b>	<b>\$ 7,609,072</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>						
Office of National Drug Control Policy						
High Intensity Drug Trafficking Areas Program:						
High Intensity Drug Traffic, Fiscal year 2010		P10003	\$ 41,212	\$ 16,906	\$ 16,906	\$ 24,306
High Intensity Drug Traffic, Fiscal year 2008		P08003	45,794	4,539	45,794	-
High Intensity Drug Traffic, Fiscal year 2009		P09003	31,125	26,652	30,917	208
<b>TOTAL EXECUTIVE OFFICE OF THE PRESIDENT</b>	95.001		<b>\$ 118,131</b>	<b>\$ 48,097</b>	<b>\$ 93,617</b>	<b>\$ 24,514</b>
<b>U.S. DEPARTMENT OF INTERIOR, □BUREAU OF LAND MANAGEMENT</b>						
National Fire Plan -- Wildland Urban Interface Comm. Assistance						
U.S. Fish and Wildlife Service:						
Grant Coop. Agreement No. 101329G001 with KFD		F10005	\$ 2,800	\$ 2,800	\$ 2,800	\$ -
<b>TOTAL U.S. DEPARTMENT OF INTERIOR, BUREAU OF LAND MANAGEMENT</b>	15.228		<b>\$ 2,800</b>	<b>\$ 2,800</b>	<b>\$ 2,800</b>	<b>\$ -</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through State Department of Land and Natural Resources--						
Cooperative Forestry Assistance:						
Volunteer Fire Assistance (F09001)		08-DG-11052012-160	\$ 50,000	\$ 18,429	\$ 24,986	\$ 25,014
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>	10.664		<b>\$ 50,000</b>	<b>\$ 18,429</b>	<b>\$ 24,986</b>	<b>\$ 25,014</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>						
Passed Through Office of State Planning--						
Coastal Zone Management Program Administration Grants--						
Coastal Zone Management:						
Fiscal year 2010-2011		Z11001	\$ 287,721	\$ 715	\$ 715	\$ 287,006
Fiscal year 2009		Z09002	307,601	1,462	269,160	38,441
Fiscal year 2009-2010		Z10001	287,721	259,619	259,780	27,941
Total Coastal Zone Management	11.419		883,043	261,796	529,655	353,388
EDA Special Project Funding:						
Fishbowl Training Facility		D08011	480,000	183,489	480,000	-
Total EDA Special Project Funding	11.300		480,000	183,489	480,000	-
Passed Through State Civil Defense Agency--						
Public Safety Interoperable Communications (PSIC):						
PSIC 2007 (C07400)		2007-GS-H7-0005	1,376,974	195,614	195,614	1,181,360
Total PSIC	11.555		1,376,974	195,614	195,614	1,181,360
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			<b>\$ 2,740,017</b>	<b>\$ 640,899</b>	<b>\$ 1,205,269</b>	<b>\$ 1,534,748</b>
<b>U.S. DEPARTMENT OF ENERGY</b>						
Passed Through State Department of Business,						
Economic Development and Tourism--						
State Energy Program:						
EES Administration 2006		EES006	\$ 69,825	\$ 21	\$ 69,290	\$ 535
EES Administration 2009		D09059	72,269	11,107	72,269	-
EES Administration 2010		D10059	72,269	69,532	69,532	2,737
Total State Energy Program	81.041		214,363	80,660	211,091	3,272
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>\$ 214,363</b>	<b>\$ 80,660</b>	<b>\$ 211,091</b>	<b>\$ 3,272</b>

See notes to the schedule of expenditures of federal awards.

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-through Grantor/Title</b>	<b>CFDA Number</b>	<b>Grant Project Number</b>	<b>Program or Award Amount</b>	<b>Current Year Expenditure Amount</b>	<b>Total Cumulative Expenditures</b>	<b>Grant Balance</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Passed Through State Executive Office on Aging--						
Special Programs for the Aging - Title III, Part C:						
C1 AEA 2010		E10003	\$ 95,586	\$ 26,672	\$ 26,672	\$ 68,914
C1 AEA 2009		E09003	69,953	25,637	69,953	-
C1 KEO 09 Other Services		E09004	77,643	43,148	43,148	34,495
C2 KEO 2008		E08006	76,945	9,992	76,944	1
C2 KEO 2009		E09005	84,238	51,445	57,851	26,387
C2 KEO 2010		E10005	85,059	42,452	42,452	42,607
CONG 2007		E07002	45,928	27,944	45,926	2
Home Delivered Nutrition Services, Fiscal year 2009		E09012	65,000	22,224	65,000	-
Total Title III, Part C	93.045		600,352	249,514	427,946	172,406
Special Programs for the Aging - Title III, Part B:						
Grants for Supportive Services:						
I & R Area 2009 Salary		E09001	135,018	514	111,139	23,879
AREA 2010		E10001	140,057	114,944	136,043	4,014
SLP AREA 2010		E10002	78,021	47,046	47,046	30,975
AREA 2009		E09002	105,000	53,229	105,000	-
Total Title III, Part B	93.044		458,096	215,733	399,228	58,868
Special Programs for the Aging - Title III, Part E:						
3E CARE ELDER		E10007	53,975	31,726	31,984	21,991
3E 2009 Care Elderly		E09008	54,194	17,468	42,490	11,704
Total Title III, Part E	93.052		108,169	49,194	74,474	33,695
Special Programs for the Aging - Title III, Part D:						
Disease Prevention and Health Promotion Services						
CDSMP 2010		E10010	19,444	1,106	1,106	18,338
Enhance Fitness 2010		E10011	31,547	3,768	3,768	27,779
HP3D 2009		E09006	7,678	1,425	5,701	1,977
Total Title III, Part D	93.043		58,669	6,299	10,575	48,094
Administration on Aging - Special Programs for the Aging:						
Title IV and Title II Discretionary Projects:						
ADRC FY 10-12		E10013	58,286	42	42	58,244
CDSMP Grant 2009		E09010	8,000	2,492	8,000	-
Enhance Fitness 2008		E09011	74,000	28,275	61,308	12,692
Total Title IV and Title II Discretionary	93.048		140,286	30,809	69,350	70,936
Administration on Aging - Nutrition Service Incentive Program:						
National Family Caregiver Support Food Distribution:						
NSIP 10		E10008	41,512	1,467	1,467	40,045
NSIP 09		E09007	37,864	17,363	37,864	-
Total National Family Caregiver Support Food Distribution	93.053		79,376	18,830	39,331	40,045
Passed Through Department of Health - Alcohol and Drug Abuse Division--						
Block Grants for Prevention and Treatment of Substance Abuse						
Substance Abuse and Mental Health Services Administration (SAMHSA):						
State Incentive Grant - Strategic Prevention Framework Year 1		M10001	313,950	96,390	96,390	217,560
Total State Incentive Grant	93.959		313,950	96,390	96,390	217,560
Drug Free Community Support Program:						
(Formally under Dept. of Justice CFDA # 16.729)						
Drug Free Community Support Program (grant close out)		DFCP99	437,252	11,606	424,874	12,378
Total Drug Free Community Support Program	93.276		437,252	11,606	424,874	12,378
Total SAMHSA			751,202	107,996	521,264	229,938
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 2,196,150	\$ 678,375	\$ 1,542,168	\$ 653,982

See notes to the schedule of expenditures of federal awards.

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-through Grantor/Title</b>	<b>CFDA Number</b>	<b>Grant Project Number</b>	<b>Program or Award Amount</b>	<b>Current Year Expenditure Amount</b>	<b>Total Cumulative Expenditures</b>	<b>Grant Balance</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Passed Through State Department of Business, Economic						
Development and Tourism--Home Investment Partnerships Program, Title II:						
Fiscal year 2008		H08005	\$ 989,345	\$ 43,875	\$ 43,875	\$ 945,470
Fiscal year 2001		HIPAA01	963,000	17,444	662,417	300,583
Fiscal year 2003		HIPAA03	1,547,034	2,622	1,545,119	1,915
Fiscal year 2004		HIPAA04	1,069,380	18,355	1,016,995	52,385
Fiscal year 2005		HIPAA05	1,006,556	19,582	666,838	339,718
Fiscal year 2006		HIPAA06	996,172	1,195	901,826	94,346
Fiscal year 2007		HIPAA07	995,755	86,054	482,673	513,082
Program Income		HIPAXX	5,564,083	204,610	4,019,590	1,544,493
Total Home Investment Partnerships Program, Title II	14.239		13,131,325	393,737	9,339,333	3,791,992
Direct Programs:						
Lower Income Housing Assistance Program--						
Section 8 - Housing Choice Vouchers (252 Fund)						
			7,682,161	7,546,763	7,447,222	234,939
Total Lower Income Housing Assistance Program	14.871		7,682,161	7,546,763	7,447,222	234,939
Community Development Block Grants--States Program:						
Disaster Program Income		CDBGDX	2,535,781	918,114	2,458,989	76,792
Neighborhood Stabilization - Program Income		HNSPXX	128,265	128,265	128,265	-
Fiscal year 1999		CDBG99	877,000	1,557	877,000	-
Fiscal year 2005		CDBG05	892,821	82,314	831,737	61,084
Fiscal year 2009		H09004	805,594	582,834	582,834	222,760
Fiscal year 2007		CDBG07	812,305	37,640	685,131	127,174
Fiscal year 2008		H08004	793,056	234,443	641,149	151,907
Neighborhood Stabilization Grant NSP1		H09001	4,745,800	1,861,167	1,941,181	2,804,619
Program Income		CDBGXX	1,687,123	254,717	1,375,091	312,032
Total Non-entitlement Grants in Hawai'i	14.228		13,277,745	4,101,051	9,521,377	3,756,368
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ 34,091,231	\$ 12,041,551	\$ 26,307,932	\$ 7,783,299
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Passed Through Office of State Attorney General:						
Crime Victims Assistance Grants:						
VOCA FY 2010		A10021	\$ 194,208	\$ 114,302	\$ 114,302	\$ 79,906
VOCA Exp. Project		A09021	186,840	18,334	186,840	-
Total Crime Victims Assistance Grants	16.575		381,048	132,636	301,142	79,906
Edward Byrne Memorial Formula Grant Program:						
Statewide Narcotics Task Force, Fiscal year 2010		P10005	21,336	6,691	6,691	14,645
Statewide Narcotics Task Force, Fiscal year 2008		P09005	16,000	10,725	15,975	25
Statewide Marijuana Task Force, Fiscal year 2008		P09004	47,660	16,655	29,654	18,006
US DOJ/DEA DCE Program FY 2010		P10001	160,000	67,458	67,458	92,542
US DOJ/DEA DCE/SP Program FY 2009 LOA # 2009-67		P09001	160,000	106,063	147,726	12,274
US DOJ/DEA DCE/SP Program FY 2008		P08001	151,000	2,871	131,898	19,102
JAG Memorial Justice Grant 2007		P07026	25,654	25,653	25,653	1
Total Byrne Formula Grants	16.579		581,650	236,116	425,055	156,595
Edward Byrne Memorial Grants-State and Local Law Enforcement:						
Property Crime Prosecution Unit PCPU		A09009	70,740	25,262	58,241	12,499
SANE 2007/2008		P07029	23,157	2,615	23,157	-
SART/SANE Training 2006		SART06	15,804	3,281	15,804	-
Domestic Violence Prosecuting Unit		A09008	21,762	3,188	21,726	36
Stop Violence Against Women		A09005	46,403	20,887	46,403	-
Stop Violence Against Women - 2010		A10005	46,578	7,526	7,526	39,052
Total Stop Violence Against Women Grants	16.588		\$ 224,444	\$ 62,759	\$ 172,857	\$ 51,587

See notes to the schedule of expenditures of federal awards.

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-through Grantor/Title</b>	<b>CFDA Number</b>	<b>Grant Project Number</b>	<b>Program or Award Amount</b>	<b>Current Year Expenditure Amount</b>	<b>Total Cumulative Expenditures</b>	<b>Grant Balance</b>
<b>U.S. DEPARTMENT OF JUSTICE (Continued)</b>						
Edward Byrne Memorial Local Law Enforcement Block Grant						
LLEBG 2002		LLEBG2	\$ 23,904	\$ (220)	\$ 23,684	\$ 220
Total LLEBG	16.592		23,904	(220)	23,684	220
JAG Subpoena Services 2010		A10001	14,145	2,375	2,375	11,770
JAG Local Solicitation 2009		A10025	44,831	10,233	10,233	34,598
JAG 2007 Subpoena Services		A08001	44,074	21,130	44,000	74
Total JAG Special Projects	16.738		103,050	33,738	56,608	46,442
Passed Through State Department of Health - ADAD--						
Project Grants Enforcing Underage Drinking Laws Program:						
Prohibited Alcohol Sale of Alcohol (HTH-440)		P09017	12,200	12,200	12,200	-
Total Enforcing Underage Drinking Laws Grant	16.727		12,200	12,200	12,200	-
Public Safety Partnership and Community Policing Grants						
Passed Through Hawai'i Community Foundation:						
Education and Prevention:						
HCF KPD Crystal Meth 2008 - Year Two		P08002	250,000	13,907	249,277	723
HCF KPD Crystal Meth 2009 - Supplemental Award		P09002	221,950	194,431	194,431	27,519
Community Oriented Policing FY 2005		COPPAL	24,750	(216)	24,750	-
HCF Drug Summit		M10008	8,573	7,988	7,988	585
Passed Through Pierce County Alliance Tacoma WA:						
Meth Training Grant		M10006	11,000	2,000	2,000	9,000
Total COPS Education and Prevention	16.710		516,273	218,110	478,446	37,827
Title V Delinquency Prevention Program OJJDP:						
Passed Through Office of Youth Services - State of Hawai'i:						
Big Brothers and Sisters Title V Program		M07002	180,000	50,000	165,000	15,000
Total Office of Youth Services	16.548		180,000	50,000	165,000	15,000
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ 2,022,569	\$ 745,339	\$ 1,634,992	\$ 387,577
<b>U.S. DEPARTMENT OF LABOR</b>						
Passed Through State Department of Labor and Industrial Relations:						
Reed Act Agreement Reed-06-K:		D07070	\$ 1,258,994	\$ 163,170	\$ 1,236,479	\$ 22,515
Uniformed Services Employment and Reemployment Rights	17.803		1,258,994	163,170	1,236,479	22,515
Workforce Investment Act:						
Adult Program Local Area Funds, Title I, FY 2010		D10050	114,056	69,436	69,436	44,620
Adult Program Local Area Funds, Title I, FY 2009		D09050	90,612	603	82,172	8,440
Total Adult Programs	17.258		204,668	70,039	151,608	53,060
Dislocated Workers, FY 2010		D10051	123,826	31,950	31,950	91,876
Dislocated Workers, FY 2009		D09051	47,048	313	41,698	5,350
Total Dislocated Workers	17.260		170,874	32,263	73,648	97,226
Youth Program 2010		D10060	94,154	77,344	77,344	16,810
Youth Program 2009 (IN)		D09061	12,268	1,361	6,640	5,628
Youth Program 2009 (OUT)		D09060	90,989	25,003	84,205	6,784
Total Youth Programs	17.259		197,411	103,708	168,189	29,222
WIA Administration PY 2005		WIA006	61,946	30	61,946	-
Administrative, FY 2010		D10049	33,729	26,781	26,781	6,948
Administrative, FY 2009		D09049	49,932	22,444	59,660	(9,728)
Total Administrative			145,607	49,255	148,387	(2,780)
Total Workforce Investment Act			718,560	255,265	541,832	176,728
TOTAL U.S. DEPARTMENT OF LABOR			\$ 1,977,554	\$ 418,435	\$ 1,778,311	\$ 199,243

See notes to the schedule of expenditures of federal awards.

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-through Grantor/Title</b>	<b>CFDA Number</b>	<b>Grant Project Number</b>	<b>Program or Award Amount</b>	<b>Current Year Expenditure Amount</b>	<b>Total Cumulative Expenditures</b>	<b>Grant Balance</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed Through State Department of Transportation:						
Public Transportation for Nonurbanized Areas--						
Federal Transit Administration, Section 5311:						
FTA HI-18-X020		FTA020	\$ 325,319	\$ 25,154	\$ 175,554	\$ 149,765
FTA 5311 Grant 2010		T10001	526,853	279,987	279,987	246,866
FTA 5311 Grant 2009		T09001	513,023	88,304	496,673	16,350
FTA HI-18-X025 OPS 2008		T08001	488,131	11,948	477,079	11,052
Total Public Transportation, Section 5311						
Formula Grants for other than Urbanized Areas	20.509		1,853,326	405,393	1,429,293	424,033
Federal Transit Administration, Section 5309:						
FTA Federal Transit Administration		FTA039	1,457,667	187,483	1,121,001	336,666
FTA Section 5309 Facilities		T07001	1,485,000	705,445	1,225,304	259,696
Total Federal Transit Administration, Section 5309						
Capital Investment Grants	20.500		2,942,667	892,928	2,346,305	596,362
Highways Planning and Construction (Federal-Aid Highway Program):						
Bridge Replacement - Off system:						
Omao/Puuopae/Kilauea Bridge BR-0700(32)		OMAO (410)	10,273,042	25,095	9,019,044	1,253,998
Hanapepe Bridge Repair BR-0545(1)		W09017 (410)	100,000	4,420	4,420	95,580
Puuopae Bridge Repair BR-0700(59)		W09019 (410)	480,000	2,979	2,979	477,021
Bridge Inspection and Appraisal BR-NBIS(43)		W09022 (410)	102,400	3,245	3,245	99,155
Opaekaa Bridge Design BR-0700(60)		W10002 (410)	400,000	3,766	3,766	396,234
Statewide Transportation Improvement Program:						
Maluhia Rd. STP-0520(3)		MALUHI(410)	496,000	1,917	1,917	494,083
Kokee Rd. Resurfacing STP-0552(3)		W09018 (410)	160,000	38,993	67,632	92,368
Ahukini to Lydgate Bikepath STP-0700(51)		AHULYD (410)	625,000	1,864	431,866	193,134
Kapa'a-Kauai Bikepath STP-0700(48)		STP048 (410)	13,810,000	57,142	13,335,787	474,213
Lydgate-Kapa'a Bikepath CMAW-0700(49)		LYDKAP (410)	6,671,160	657,243	2,596,084	4,075,076
ADA Curb Ramps CMAQ-0700(52)		CMAQ52 (410)	2,809,476	331	2,218,679	590,797
Safe Improvements Kūhi'o to Rice St. STP-5720(1)		STP572 (410)	80,000	602	602	79,398
Kapahi Bridge Replacement BR-0700(53)		KAPAHU (410)	329,147	4,045	4,045	325,102
FHWA Emergency Evacuation Road PL-0700(55)		GPSGIS (410)	327,403	27,726	252,551	74,852
Puhi Road Ultra Thin Layer STP-05010(1)		W10042 (410)	84,000	10,525	10,525	73,475
Nawiliwili/Ahukini Bikepath CMAQ-0700(57)		NAWAHU (410)	630,001	157,228	385,626	244,375
Total Highways Planning and Construction	20.205		37,377,629	997,121	28,338,768	9,038,861
State and Community Highway Safety:						
Highway Safety Grant - Prosecutors - FY 09		A09010	6,023	1,108	6,023	-
Highway Safety Grant - Prosecutors - FY 10		A10026	8,340	3,289	3,289	5,051
Roadblock PGM 2010		P10010	106,371	34,527	34,527	71,844
Roadblock PGM 2009		P09010	46,017	13,102	46,017	-
Highway Equipment Fire Department - FY 10		F10002	600	469	469	131
KPD Seat Belt Program 2010		P10014	77,312	31,532	31,532	45,780
KPD Seat Belt Program 2009		P09014	27,982	2,763	27,980	2
Speed Enforcement 2010		P10012	45,238	7,375	7,375	37,863
Speed Enforcement 2009		P09012	29,318	1,572	29,318	-
KPD Traffic Record - FY 10		P10009	55,800	1,761	1,761	54,039
Traffic Data 2009		P09009	3,990	1,971	3,990	-
KPD Traffic Services - FY 10		P10013	6,260	5,090	5,090	1,170
Total State and Community Highway Safety	20.600		413,251	104,559	197,371	215,880
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ 42,586,873	\$ 2,400,001	\$ 32,311,737	\$ 10,275,136
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>						
Direct Program--						
Retired Senior Volunteer Program (RSVP):						
Title II, Part A, Older Americans						
Volunteer Program:						
RSVP - Calendar Year 2009 - 09SRPHI002		E09013	\$ 76,271	\$ 46,210	\$ 76,266	\$ 5
RSVP - FY 2010		E10016	76,271	19,301	19,301	56,970
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE	94.002		\$ 152,542	\$ 65,511	\$ 95,567	\$ 56,975

See notes to the schedule of expenditures of federal awards.

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-through Grantor/Title</b>	<b>CFDA Number</b>	<b>Grant Project Number</b>	<b>Program or Award Amount</b>	<b>Current Year Expenditure Amount</b>	<b>Total Cumulative Expenditures</b>	<b>Grant Balance</b>
<b>U.S. DEPARTMENT OF TREASURY</b>						
Passed Through State Department of Education-- Gang Resistance Education and Training FY 2006		GREAO6	\$ 42,499	\$ 6,604	\$ 36,990	\$ 5,509
TOTAL U.S. DEPARTMENT OF TREASURY	16.737		\$ 42,499	\$ 6,604	\$ 36,990	\$ 5,509
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Federal Emergency Management Agency:						
Assistance to Fire Fighters Grant Program (AFG) Fire Grants:						
SAFER Grant - EMW-2009-FF-00748		F09SFR	\$ 1,625,700	\$ 600,653	\$ 714,716	\$ 910,984
Total Assistance to Fire Fighters Grant Program	97.044		1,625,700	600,653	714,716	910,984
Passed Through State Department of Defense: Civil Defense - State and Local Emergency-- Hazard Mitigation Grant Program (HMGP): Critical Infrastructure GIS Hazard Mitigation Grant Piikoi Building Retrofit		X08001 W09020	206,250 183,000	31,527 19,200	153,676 19,200	52,574 163,800
Total Hazard Mitigation Grant Program	97.039		389,250	50,727	172,876	216,374
Passed Through State Department of Defense: Presidentially Declared Disaster Grants Public Assistance:						
FEMA 1743-DR HI		C08001	1,253	1,216	1,253	-
Police Department FEMA 1814-DR-HI-DEC		P09040	6,611	6,611	6,611	-
1814-DR-HI - Parks and Recreation		R09008	862	861	861	1
FEMA Wailua Golf Course - Parks and Recreation		R10006	9,625	9,625	9,625	-
FEMA Project 60-00 - Parks and Recreation		R10007	3,799	3,799	3,799	-
Total Presidentialy Declared Disaster Grants Public Assistance	97.036		22,150	22,112	22,149	1
Passed Through State Department of Defense: Emergency Management Performance Grant:						
Emergency Management Performance Grant		C09500	71,860	71,860	71,860	-
Total Emergency Management Performance Grant	97.042		71,860	71,860	71,860	-
Passed Through State Department of Defense: Homeland Security Grant Program/State Homeland Security:						
State Domestic Preparedness Equipment Support Program 2006	97.004	C06100	832,000	543,114	828,624	3,376
State Domestic Preparedness Equipment Support Program 2007	97.004	C07100	924,407	391,590	655,645	268,762
Homeland Security Grant 2008	97.067	C08100	1,077,180	156,538	153,538	923,642
Law Enforcement Terrorism Prevention Program 2007	97.067	C07200	400,310	376,267	386,099	14,211
Law Enforcement Terrorism Prevention Program 2006	97.067	C06200	268,000	20,260	266,813	1,187
Citizen Corp 2007	97.067	C07300	10,000	8,079	8,079	1,921
Citizen Corp 2006	97.067	C06300	38,582	15,222	30,530	8,052
Total Homeland Security Grant program			3,550,479	1,511,070	2,329,328	1,221,151
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			\$ 5,659,439	\$ 2,256,422	\$ 3,310,929	\$ 2,348,510
TOTAL ALL FEDERAL PROGRAMS			\$ 101,341,249	\$ 21,281,132	\$ 70,434,398	\$ 30,906,851

See notes to the schedule of expenditures of federal awards.

COUNTY OF KAUAI, HAWAII  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2010

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity 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* and OMB Circular A-133, *Compliance Supplement Addendum #1*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
<b>US Department of Labor</b>		
Workforce Investment Act Youth Activities	17.259	\$ 94,154
Workforce Investment Act Adult Program	17.258	114,056
Workforce Investment Act Dislocated Workers	17.260	<u>123,826</u>
Total US Department of Labor		332,036
<b>US Department of Housing and Urban Development</b>		
Community Development Block Grant/State Programs and Non-entitlement Grants in Hawai'i	14.228	454,714
<b>US Department of Health and Human Services</b>		
Special Programs for the Aging, Title III, Part B	93.044	100,275
Special Programs for the Aging, Title III, Part C	93.045	95,903
Special Programs for the Aging, Title III, Part D	93.043	1,425
Special Programs for the Aging, Title III, Part E	93.130	<u>49,194</u>
Total US Department of Health and Human Services		<u>701,511</u>
<b>Grand Total</b>		<u><u>\$ 1,033,547</u></u>



COUNTY OF KAUAI, HAWAII  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED  
JUNE 30, 2010

**3. Loans Outstanding**

The County had the following newly issued loan balances outstanding as of June 30, 2010. These loan program amounts are also included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards.

<u>Cluster/Program Title Outstanding</u>	<u>CFDA Number</u>	<u>Amount</u>
Home Investment Partnership Program	14.239	\$ 441,292
Community Development Block Grants	14.228	<u>127,065</u>
<b>Grand Total</b>		<u><u>\$ 568,357</u></u>

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditors' Results

***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified: \_\_\_yes √no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_yes √none reported
- Noncompliance material to financial statements noted: \_\_\_yes √no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes √no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_yes √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 Circular A-133? \_\_\_yes √no

Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
	<b>Department of Housing and Urban Development</b>
14.871	Section 8 Housing Choice Vouchers
14.228	Community Development Block Grant/State's Cities Program
14.255	ARRA Community Development Block Grant/State's Program and Non-entitlement Grants in Hawaii
	<b>Department of Justice</b>
16.803	ARRA Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
16.804	ARRA Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government
	<b>Department of Labor</b>
17.258	ARRA WIA Adult Program
17.259	ARRA WIA Youth Activities
17.260	ARRA WIA Dislocated Workers
N/A	ARRA WIA Administration - Office of Economic Development

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

<u>CFDA Number</u>	<u>Federal Program</u>
	<b>Department of Transportation</b>
20.500	ARRA Federal Transit Capital Investment Grants Environmental Protection Agency
	<b>Environmental Protection Agency</b>
66.418	ARRA Construction Grants for Wastewater Treatment Works
	<b>Department of Health and Human Services</b>
93.705	ARRA Aging Home-Delivered Nutrition Services for States
93.707	ARRA Aging Congregate Nutrition Services for States

Dollar threshold used to distinguish between type A and type B programs? \$638,434

Auditee qualified as low-risk auditee?   yes   no

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs

**Finding No.:** 10-01  
**CFDA No.:** 14.228  
**Programs:** Community Development Block Grants  
**Federal Agency:** Kaua'i County Housing Agency  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** For each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public construction, the prime recipient must submit form HUD 60002 (Section 3 Summary Report, Economic Opportunities for Low and Very Low Income Persons).

**Condition:** Performance Reporting Form HUD 60002 was not submitted for the Elele sewer line construction project through Habitat for Humanity.

**Cause:** There was employee turnover in the compliance officer position.

**Effect:** The Agency is in noncompliance with HUD.

**Recommendation:** The Agency should file all required compliance reports on a timely basis.

**Management Response:** The annual HUD 60002 Section 3 Summary Report was not submitted to HUD before the September 30, 2010 deadline. Since HUD 60002 Section 3 Summary Reports are due at the same time as the Consolidated Annual Performance and Evaluation Report (CAPER), which is September 30th of each year, we have added a new section to the CAPER to report on the County's requirements for the annual submittal of Section 3 Summary Reports. This change to the CAPER will serve as a reminder to our Compliance Officer and CDBG staff to prepare and submit HUD 600002 Section 3 Summary Reports for the same program year covered by the CAPER (e.g. July 1 - June 30) prior to the September 30th due date.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-02  
**CFDA No.:** 93.707  
**Programs:** Congregate Meals (E09015)  
**Federal Agency:** Agency of Elderly Affairs  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Agency of Elderly Affairs is required to have complete expenditure transparency in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplement Addendum #1*. This requirement is met by posting the Project expenditures on the County's website <http://www.kauai.gov/Government/OfficeoftheMayor/AmericanRecoveryandReinvestmentAct/>.

**Condition:** The amount of expenditures reported by the Agency could not be substantiated.

**Cause:** The Agency did not reconcile their expenditures with the Department of Finance's general ledger accounting system.

**Effect:** The reported Project expenditures are not correct and the ARRA funding stipulation of transparency is not met.

**Recommendation:** The Agency of Elderly Affairs should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.

**Management Response:** AEA understands our discrepancy and have taken corrective action. Our corrective action will include consulting with the Grants Program Manager on expenses posted in the General Ledger prior to submitting the report.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-03  
**CFDA No.:** 16.803  
**Programs:** Byrne Justice Assistance Grant FY10 Property Crime Prosecution Unit (A10023)  
**Federal Agency:** Office of the Prosecuting Attorney  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of the Prosecuting Attorney is required to have complete expenditure transparency in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*. This requirement is met by posting the Project expenditures on the County's website <<http://www.kauai.gov/Government/OfficeoftheMayor/AmericanRecoveryandReinvestmentAct/>>.

**Condition:** The amount of expenditures reported by the Office could not be substantiated.

**Cause:** The Office did not reconcile their expenditures with the Department of Finance's general ledger accounting system.

**Effect:** The reported Project expenditures are not correct and the ARRA funding stipulation of transparency is not met.

**Recommendation:** The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.

**Management Response:** The Office of the Prosecuting Attorney is a sub-recipient of the American Recovery Reinvestment Act Byrne Justice Assistance Grant FY 10 through the State of Hawai'i, Department of the Attorney General's Crime Prevention and Justice Assistance Division. Prior to submitting the required financial reports, the Grant Coordinator shall work with the Department of Finance Grant Manager to review the financial statements for the reporting period to ensure records are accurate and coincide with the general ledger.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-04  
**CFDA No.:** 16.803  
**Programs:** Byrne Justice Assistance Grant FY10 Property Crime Prosecution Unit (A10023)  
**Federal Agency:** Office of the Prosecuting Attorney  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kauai, Office of the Prosecuting Attorney is required to submit Project reports in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*.

**Condition:** The Office did not submit the required reports in accordance with Addendum #1 in a timely manner.

**Cause:** The Office administering ARRA Project A10023 is not transmitting data timely to their funding oversight Agency.

**Effect:** The Project is considered to be in delinquent status given the Office's noncompliance with the reporting requirements.

**Recommendation:** The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.

**Management Response:** The Office of the Prosecuting Attorney is a sub-recipient of the American Recovery Reinvestment Act Byrne Justice Assistance Grant FY 10 through the State of Hawaii, Department of the Attorney General's Crime Prevention and Justice Assistance Division. The Office of the Prosecuting Attorney Grant Coordinator has established all deadlines for the project reports to ensure that all project reports are including reports submitted online at [www.Federalreporting.gov](http://www.Federalreporting.gov), [www.bjaperformancetools.org](http://www.bjaperformancetools.org), <https://grants.ojp.usdoj.gov/gmsexternal/>, and to the State of Hawaii, Attorney General's Office. Prior to submitting the required financial reports, the Grant Coordinator shall work with the Department of Finance Grant Manager to review the financial statements for the reporting period to ensure records are accurate.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-05  
**CFDA No.:** 14.255  
**Programs:** Head Start Improvement & Kapaa New Park ADA Improvements (H10001)  
**Federal Agency:** Kaua'i County Housing Agency  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Kaua'i County Housing Agency is required to have complete expenditure transparency in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*. This requirement is met by posting the Project expenditures on the County's website <<http://www.kauai.gov/Government/OfficeoftheMayor/AmericanRecoveryandReinvestmentAct/>>.

**Condition:** The amount of expenditures reported by the Agency could not be substantiated.

**Cause:** The Agency did not reconcile their expenditures with the Department of Finance's general ledger accounting system.

**Effect:** The reported Project expenditures are not correct and the ARRA funding stipulation of transparency is not met.

**Recommendation:** The Kaua'i County Housing Agency should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.

**Management Response:** The total expenditures figure reported on *FederalReporting.gov* by the Kaua'i County Housing Agency (KCHA) for the period ended 6/30/2010 was based on payment requests received and processed before the reporting deadline of July 10, 2010. The auditors determined that KCHA reported an unsubstantiated amount because the amount did not match the total expenditures for the same period as reported by the Department of Finance based on their general ledger accounting system. The total amount reported by the Department of Finance (DOF) encompassed payment requests received and processed after July 10 for project expenditures incurred in the months of May and June.

KCHA is required to report on the use of CDBG-R funds by the 10th day after the end of each calendar quarter. To ensure that the total expenditures reported by KCHA is congruent with the County's general ledger, KCHA will request a general ledger report from the grants manager at the DOF in order to reconcile expenditures before final submittal of the quarter's report. However, there may be additional expenditures for the reporting period received and processed after the final report is submitted. KCHA proposes the following to ensure accurate reporting of the quarter's expenditures.



COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

After the initial reporting deadline, there are two windows of time when KCHA will be able to correct data in the initial quarterly report submitted to FederalReporting.gov. The first window occurs between days 13 - 29 following the end of the quarter when HUD reviews and comments on the submitted data. On day 27, KCHA will request an updated general ledger report from the DOF grants manager, reconcile the figures, and make corrections if necessary. Corrections must be submitted by the 29th day at which time the system is “locked.”

KCHA can also make corrections between days 33 - 75 after the end of the quarter when the reports are “unlocked” permitting corrections to be made for quality assurance. KCHA will request an updated general ledger report from the DOF grants manager on day 60 which may include additional expenditures for the quarter being reported on. If necessary, the total expenditures amount as posted on FederalReporting.gov can be corrected before day 75 when the reports are again “locked”.

This process will ensure that the amount of total expenditures for the quarter as reported on FederalReporting.gov is congruent with the County’s general ledger.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-06  
**CFDA No.:** 16.804  
**Programs:** Byrne Justice Assistance Grant FY09 (A09011)  
**Federal Agency:** Office of the Prosecuting Attorney  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kauai, Office of the Prosecuting Attorney is required to have complete expenditure transparency in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*. This requirement is met by posting the Project expenditures on the County's website <http://www.kauai.gov/Government/OfficeoftheMayor/AmericanRecoveryandReinvestmentAct/>.

**Condition:** The amount of expenditures reported by the Office could not be substantiated.

**Cause:** The Office did not reconcile their expenditures with the Department of Finance's general ledger accounting system.

**Effect:** The reported Project expenditures are not correct and the ARRA funding stipulation of transparency is not met.

**Recommendation:** The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.

**Management Response:** Prior to submitting the required financial reports, the Grant Coordinator shall work with the Department of Finance Grant Manager to review the financial statements for the reporting period to ensure records are accurate.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-07  
**CFDA No.:** 16.804  
**Programs:** Byrne Justice Assistance Grant FY09 (A09011)  
**Federal Agency:** Office of the Prosecuting Attorney  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of the Prosecuting Attorney is required to submit Project reports in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*.

**Condition:** The Office did not submit the required reports in accordance with Addendum #1 in a timely manner.

**Cause:** The Office administering ARRA Project A09011 is not transmitting data timely to their funding oversight Agency.

**Effect:** The Project is considered to be in delinquent status given the Office's noncompliance with the reporting requirements.

**Recommendation:** The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.

**Management Response:** The Office of the Prosecuting Attorney is a sub-recipient of the American Recovery Reinvestment Act Byrne Justice Assistance Grant FY 10 through the State of Hawai'i, Department of the Attorney General's Crime Prevention and Justice Assistance Division. The Office of the Prosecuting Attorney Grant Coordinator has established all deadlines for the project reports to ensure that all project reports are including reports submitted online at [www.Federalreporting.gov](http://www.Federalreporting.gov), [www.bjaperformancetools.org](http://www.bjaperformancetools.org), <https://grants.ojp.usdoj.gov/gmsexternal/>, and to the State of Hawai'i, Attorney General's Office. Prior to submitting the required financial reports, the Grant Coordinator shall work with the Department of Finance Grant Manager to review the financial statements for the reporting period to ensure records are accurate.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-08  
**CFDA No.:** 16.803  
**Programs:** Byrne Justice Assistance Grant FY10 Domestic Violence Prosecution Unit (A10024)  
**Federal Agency:** Office of the Prosecuting Attorney  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kauai, Office of the Prosecuting Attorney is required to submit Project reports in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*.

**Condition:** The Office did not submit the required reports in accordance with Addendum #1 in a timely manner.

**Cause:** The Office administering ARRA Project A10024 is not transmitting data timely to their funding oversight Agency.

**Effect:** The Project is considered to be in delinquent status given the Office's noncompliance with the reporting requirements.

**Recommendation:** The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.

**Management Response:** The Office of the Prosecuting Attorney is a sub-recipient of the American Recovery Reinvestment Act Byrne Justice Assistance Grant FY 10 through the State of Hawai'i, Department of the Attorney General's Crime Prevention and Justice Assistance Division. The Office of the Prosecuting Attorney Grant Coordinator has established all deadlines for the project reports to ensure that all project reports are including reports submitted online at [www.Federalreporting.gov](http://www.Federalreporting.gov), [www.bjaperformancetools.org](http://www.bjaperformancetools.org), <https://grants.ojp.usdoj.gov/gmsexternal/>, and to the State of Hawai'i, Attorney General's Office. Prior to submitting the required financial reports, the Grant Coordinator shall work with the Department of Finance Grant Manager to review the financial statements for the reporting period to ensure records are accurate.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-09  
**CFDA No.:** 16.803  
**Programs:** Byrne Justice Assistance Grant FY10 Drug Prosecution Unit (A10022)  
**Federal Agency:** Office of the Prosecuting Attorney  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of the Prosecuting Attorney is required to submit Project reports in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*.

**Condition:** The Office did not submit the required reports in accordance with Addendum #1 in a timely manner.

**Cause:** The Office administering ARRA Project A10022 is not transmitting data timely to their funding oversight Agency.

**Effect:** The Project is considered to be in delinquent status given the Office's noncompliance with the reporting requirements.

**Recommendation:** The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.

**Management Response:** The Office of the Prosecuting Attorney is a sub-recipient of the American Recovery Reinvestment Act Byrne Justice Assistance Grant FY 10 through the State of Hawai'i, Department of the Attorney General's Crime Prevention and Justice Assistance Division. Prior to submitting the required financial reports, the Grant Coordinator shall work with the Department of Finance Grant Manager to review the financial statements for the reporting period to ensure records are accurate.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-10  
**CFDA No.:** 16.803  
**Programs:** Byrne Justice Assistance Grant FY10 Drug Prosecution Unit (A10022)  
**Federal Agency:** Office of the Prosecuting Attorney  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of the Prosecuting Attorney is required to have complete expenditure transparency in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*. This requirement is met by posting the Project expenditures on the County's website <http://www.kauai.gov/Government/OfficeoftheMayor/AmericanRecoveryandReinvestmentAct/>.

**Condition:** The amount of expenditures reported by the Office could not be substantiated.

**Cause:** The Office did not reconcile their expenditures with the Department of Finance's general ledger accounting system.

**Effect:** The reported Project expenditures are not correct and the ARRA funding stipulation of transparency is not met.

**Recommendation:** The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.

**Management Response:** The Office of the Prosecuting Attorney is a sub-recipient of the American Recovery Reinvestment Act Byrne Justice Assistance Grant FY 10 through the State of Hawai'i, Department of the Attorney General's Crime Prevention and Justice Assistance Division. Prior to submitting the required financial reports, the Grant Coordinator shall work with the Department of Finance Grant Manager to review the financial statements for the reporting period to ensure records are accurate.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-11  
**CFDA No.:** 17.260  
**Programs:** Workforce Investment Act Dislocated Worker Program (D09201)  
**Federal Agency:** Office of Economic Development  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of Economic Development is required to have complete expenditure transparency in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*. This requirement is met by posting the Project expenditures on the County's website <http://www.kauai.gov/Government/OfficeoftheMayor/AmericanRecoveryandReinvestmentAct/>.

**Condition:** The amount of expenditures reported by the Office could not be substantiated.

**Cause:** The Office did not reconcile their expenditures with the Department of Finance's general ledger accounting system.

**Effect:** The reported Project expenditures are not correct and the ARRA funding stipulation of transparency is not met.

**Recommendation:** The Office of Economic Development should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.

**Management Response:** We understand our discrepancy and have taken corrective action. Our corrective action will include consulting with the Grants Program Manager on expenses posted in the General Ledger prior to submitting the report. We will also review ARRA reporting statuses during our weekly OED meetings to ensure timely submission of reports.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-12  
**CFDA No.:** 17.260  
**Programs:** Workforce Investment Act Dislocated Worker Program (D09201)  
**Federal Agency:** Office of Economic Development  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of Economic Development is required to submit Project reports in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*.

**Condition:** The Office did not submit the required reports in accordance with Addendum #1 in a timely manner.

**Cause:** The Office administering ARRA Project D09201 is not transmitting data timely to their funding oversight Agency.

**Effect:** The Project is considered to be in delinquent status given the Office's noncompliance with the reporting requirements.

**Recommendation:** The Office of Economic Development should work in conjunction with the Department of Finance to ensure the timely submittal of required Projects reports.

**Management Response:** We understand our discrepancy and have taken corrective action. Our corrective action will include consulting with the Grants Program Manager on expenses posted in the General Ledger prior to submitting the report. We will also review ARRA reporting statuses during our weekly OED meetings to ensure timely submission of reports.



COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-13  
**CFDA No.:** N/A  
**Programs:** Workforce Investment Act Administration (D09200)  
**Federal Agency:** Office of Economic Development  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of Economic Development is required to submit Project reports in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*.

**Condition:** The Office did not submit the required reports in accordance with Addendum #1 in a timely manner.

**Cause:** The Office administering ARRA Project D09200 is not transmitting data timely to their funding oversight Agency.

**Effect:** The Project is considered to be in delinquent status given the Office's noncompliance with the reporting requirements.

**Recommendation:** The Office of Economic Development should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.

**Management Response:** We understand our discrepancy and have taken corrective action. Our corrective action will include consulting with the Grants Program Manager on expenses posted in the General Ledger prior to submitting the report. We will also review ARRA reporting statuses during our weekly OED meetings to ensure timely submission of reports.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-14  
**CFDA No.:** N/A  
**Programs:** Workforce Investment Act Administration (D09200)  
**Federal Agency:** Office of Economic Development  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of Economic Development is required to have complete expenditure transparency in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*. This requirement is met by posting the Project expenditures on the County's website <<http://www.kauai.gov/Government/OfficeoftheMayor/AmericanRecoveryandReinvestmentAct/>>.

**Condition:** The amount of expenditures reported by the Office could not be substantiated.

**Cause:** The Office did not reconcile their expenditures with the Department of Finance's general ledger accounting system.

**Effect:** The reported Project expenditures are not correct and the ARRA funding stipulation of transparency is not met.

**Recommendation:** The Office of Economic Development should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.

**Management Response:** We understand our discrepancy and have taken corrective action. Our corrective action will include consulting with the Grants Program Manager on expenses posted in the General Ledger prior to submitting the report. We will also review ARRA reporting statuses during our weekly OED meetings to ensure timely submission of reports.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-15  
**CFDA No.:** 17.259  
**Programs:** Workforce Investment Act Youth Program (D09203)  
**Federal Agency:** Office of Economic Development  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of Economic Development is required to submit Project reports in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*.

**Condition:** The Office did not submit the required reports in accordance with Addendum #1 in a timely manner.

**Cause:** The Office administering ARRA Project D09203 is not transmitting data timely to their funding oversight Agency.

**Effect:** The Project is considered to be in delinquent status given the Office's noncompliance with the reporting requirements.

**Recommendation:** The Office of Economic Development should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.

**Management Response:** We understand our discrepancy and have taken corrective action. Our corrective action will include consulting with the Grants Program Manager on expenses posted in the General Ledger prior to submitting the report. We will also review ARRA reporting statuses during our weekly OED meetings to ensure timely submission of reports.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-16  
**CFDA No.:** 17.258  
**Programs:** Workforce Investment Act Adult Program (D09202)  
**Federal Agency:** Office of Economic Development  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of Economic Development is required to submit Project reports in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*.

**Condition:** The Office did not submit the required reports in accordance with Addendum #1 in a timely manner.

**Cause:** The Office administering ARRA Project D09202 is not transmitting data timely to their funding oversight Agency.

**Effect:** The Project is considered to be in delinquent status given the Office's noncompliance with the reporting requirements.

**Recommendation:** The Office of Economic Development should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.

**Management Response:** We understand our discrepancy and have taken corrective action. Our corrective action will include consulting with the Grants Program Manager on expenses posted in the General Ledger prior to submitting the report. We will also review ARRA reporting statuses during our weekly OED meetings to ensure timely submission of reports.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Federal Award Findings and Questioned Costs - Continued

**Finding No.:** 10-17  
**CFDA No.:** 17.258  
**Programs:** Workforce Investment Act Adult Program (D09202)  
**Federal Agency:** Office of Economic Development  
**Award Periods:** July 1, 2009 - June 30, 2010  
**Questioned Costs:** None

**Requirement:** The County of Kaua'i, Office of Economic Development is required to have complete expenditure transparency in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, *Compliance Supplemental Addendum #1*. This requirement is met by posting the Project expenditures on the County's website <http://www.kauai.gov/Government/OfficeoftheMayor/AmericanRecoveryandReinvestmentAct/>.

**Condition:** The amount of expenditures reported by the Office could not be substantiated.

**Cause:** The Office did not reconcile their expenditures with the Department of Finance's general ledger accounting system.

**Effect:** The reported Project expenditures are not correct and the ARRA funding stipulation of transparency is not met.

**Recommendation:** The Office of Economic Development should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.

**Management Response:** We understand our discrepancy and have taken corrective action. Our corrective action will include consulting with the Grants Program Manager on expenses posted in the General Ledger prior to submitting the report. We will also review ARRA reporting statuses during our weekly OED meetings to ensure timely submission of reports.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section III - Summary Schedule of Prior Audit Findings

**Finding No.:** 09-01

**Questioned Costs:** None

**Grants Management**

**Requirement:** Grants reimbursements must be filed in accordance with specific grant provisions.

**Condition:** Twenty grant programs were tested for compliance. Of the twenty tested programs, one failed to submit timely reimbursement reports.

**Cause:** The reimbursing agency is in the process of restructuring, causing a delay in the County's reconciliation process which is required before reimbursement is submitted.

**Effect:** Failure to properly track grant activities can impair planning and budgeting decisions due to the inaccuracy of information on available funds and cause the County to not receive its funds in a timely manner.

**Recommendation:** Grant management procedures should be evaluated and revised, if necessary.

**Status:** This finding has been resolved.

**Management Response:** The Grants Program Manager is continuing to provide assistance to departments in identifying fiscal and program weaknesses. Meetings will continue with departments to discuss topics in grants management. One-to-one training is still provided to departments that ask. A Grants Management system is still desired, but may not be cost effective at this time.

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2010

Section III - Summary Schedule of Prior Audit Findings - Continued

**Finding No.:** 09-02  
**CFDA No.:** 20.205  
**Programs:** Highway Planning and Construction  
**Federal Agency:** US Department of Transportation  
**Award Periods:** July 1, 2008 - June 30, 2009  
**Questioned Costs:** None

**Requirement:** County of Kaua'i Public Works under the above referenced federal funding is required to submit Quarterly Progress and Expenditure Reports within 30 days after the end of the fiscal quarter.

**Condition:** Quarterly Progress and Expenditure Reports relating to four projects were tested for compliance. Within the four projects tested, six reports were not filed in a timely manner.

**Cause:** The reimbursing agency is in the process of restructuring, causing a delay in the County's reconciliation process which is required before the Quarterly Progress and Expenditure Reports are submitted.

**Effect:** Failure to properly track grant activities can impair planning and budgeting decisions due to the inaccuracy of information on available funds and cause the County to not receive its funds in a timely manner.

**Recommendation:** Grant management procedures should be evaluated and revised as necessary.

**Status:** This finding has been resolved.

**Management Response:** All FHWA grant-related Progress and Expenditure Reports are currently filed on a quarterly basis. Reconciliation is done in a timely manner that enables agencies to be in compliance.