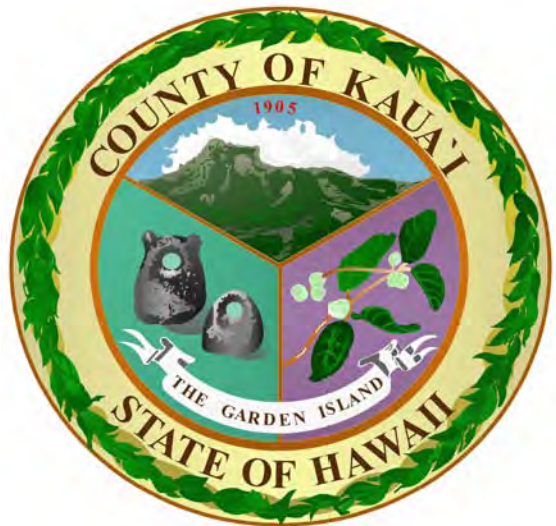


SINGLE AUDIT REPORTS

County of Kauaʻi, Hawaiʻi



For the Fiscal Year Ended
June 30, 2011

December 15, 2011

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, 2011. 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, 2011, 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, 2011.

ORGANIZATION OF THE REPORT

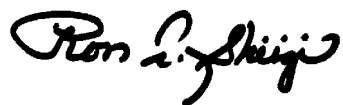
This report is presented in five parts as follows:

- 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.



Ron T. Shiigi
Principal

COUNTY OF KAUA'I, HAWAI'I

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PART I

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

**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
Lihue, 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 fiscal year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2011. Our report includes a reference to other auditors. 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. Other auditors 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 includes our consideration of 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. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2011-01 to be a significant deficiency. 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.

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 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 15, 2011.

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.

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

N&K CPAs, Inc.

Honolulu, Hawai'i
December 15, 2011

PART II

**AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON 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
Lihue, Kaua'i, Hawai'i

Compliance

We have audited the compliance of the County of Kaua'i (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (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 fiscal year ended June 30, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Department of Water, a discretely presented component unit, which expended \$1,497,942 in federal awards which is not included in the schedule during the fiscal year ended June 30, 2011. Our audit, described below, did not include the operations of the Department of Water because it engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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. 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 could have a direct and material effect on its major federal programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those 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 item 2011-02.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. 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 to determine the 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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. 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 of Kaua'i (the County), as of and for the fiscal year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2011. 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 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 is not a required part of 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 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 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.

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

N&K CPAs, Inc.

Honolulu, Hawai'i
December 15, 2011

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2011

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 2010		P10003	\$ 41,212	\$ 23,969	\$ 40,875	\$ 337
High Intensity Drug Traffic, Fiscal year 2009		P09003	<u>31,125</u>	<u>208</u>	<u>31,125</u>	<u>--</u>
Total High Intensity Drug Trafficking Areas Program	95.001		<u>72,337</u>	<u>24,177</u>	<u>72,000</u>	<u>337</u>
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			<u>72,337</u>	<u>24,177</u>	<u>72,000</u>	<u>337</u>
U.S. DEPARTMENT OF AGRICULTURE						
Passed through State Department of Land and Natural Resources - Cooperative Forestry Assistance:						
Volunteer Fire Assistance (F10001)		09-DG-11-52012-255	97,365	63,085	63,085	34,280
Volunteer Fire Assistance (F09001)		08-DG-11052012-160	<u>50,000</u>	<u>25,014</u>	<u>50,000</u>	<u>--</u>
Total Cooperative Forestry Assistance	10.664		<u>147,365</u>	<u>88,099</u>	<u>113,085</u>	<u>34,280</u>
Direct Award:						
Emergency Watershed Protection Program Natural Resources Conservation Service:						
Wailapa/Kilauea		W10050	<u>4,000,000</u>	<u>3,908,343</u>	<u>3,908,343</u>	<u>91,657</u>
Total Emergency Watershed Protection Program	10.923		<u>4,000,000</u>	<u>3,908,343</u>	<u>3,908,343</u>	<u>91,657</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>4,147,365</u>	<u>3,996,442</u>	<u>4,021,428</u>	<u>125,937</u>
U.S. DEPARTMENT OF COMMERCE						
Passed through Office of State Planning - Coastal Zone Management Administration Awards:						
Fiscal Year 2011		Z11001	287,721	247,205	247,563	40,158
Fiscal Year 2010		Z10001	<u>259,830</u>	<u>50</u>	<u>259,829</u>	<u>1</u>
Total Coastal Zone Management Administration Awards	11.419		<u>\$ 547,551</u>	<u>\$ 247,255</u>	<u>\$ 507,392</u>	<u>\$ 40,159</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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 COMMERCE (Continued)						
Passed through State Civil Defense Agency -						
Public Safety Interoperable Communications Grant Program (PSIC):						
PSIC Communication Grant (C07400)		2007-GS-H7-0005	\$ 1,376,974	\$ 1,178,609	\$ 1,374,224	\$ 2,750
Total Public Safety Interoperable Communications Grant Program	11.555		<u>1,376,974</u>	<u>1,178,609</u>	<u>1,374,224</u>	<u>2,750</u>
TOTAL U.S. DEPARTMENT OF COMMERCE			<u>1,924,525</u>	<u>1,425,864</u>	<u>1,881,616</u>	<u>42,909</u>
U.S. DEPARTMENT OF ENERGY						
Passed through State Department of Business, Economic Development and Tourism - Energy Extension Service:						
Ni'ihau Photovoltaic		PHOTOV	25,000	2,376	25,000	--
EES Administration Extension Service 2011		D10159	72,269	59,454	59,454	12,815
EES Administration 2010		D10059	<u>72,269</u>	<u>2,735</u>	<u>72,267</u>	<u>2</u>
Total State Energy Program	81.041		<u>169,538</u>	<u>64,565</u>	<u>156,721</u>	<u>12,817</u>
Direct Award:						
ARRA Energy Efficiency and Conservation Block Grant Program (EECBG):						
ARRA EECBG Kealia Fire Station		D10061	<u>267,900</u>	<u>44,451</u>	<u>44,451</u>	<u>223,449</u>
Total ARRA Energy Efficiency and Conservation Block Grant Program	81.128		<u>267,900</u>	<u>44,451</u>	<u>44,451</u>	<u>223,449</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>437,438</u>	<u>109,016</u>	<u>201,172</u>	<u>236,266</u>
ENVIRONMENTAL PROTECTION AGENCY						
Direct Award:						
Congressionally Mandated Projects:						
Pakala/Kaumakani WWT Work (W07017- 410 fund)		XP-96967701-1	<u>382,300</u>	<u>275,562</u>	<u>275,562</u>	<u>106,738</u>
Total Congressionally Mandated Projects	66.202		<u>\$ 382,300</u>	<u>\$ 275,562</u>	<u>\$ 275,562</u>	<u>\$ 106,738</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/Title	CFDA Number	Grant Project Number	Program or Award Amount	Current Year Expenditure Amount	Total Cumulative Expenditures	Grant Balance
ENVIRONMENTAL PROTECTION AGENCY (Continued)						
Passed through State Department of Health -						
ARRA - Capitalization Grants for Clean Water State Revolving Funds:						
ARRA Waimea WWTP		W10008 (410)	\$ 7,438,075	\$ 3,652,531	\$ 4,066,754	\$ 3,371,321
Total ARRA Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>7,438,075</u>	<u>3,652,531</u>	<u>4,066,754</u>	<u>3,371,321</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>7,820,375</u>	<u>3,928,093</u>	<u>4,342,316</u>	<u>3,478,059</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Passed through State Executive Office on Aging -						
Special Programs for the Aging - Title III, Part C - Nutrition Services:						
HOME 2007		E07008	75,082	1	75,082	--
C1 KEO 2007 AEA		E07011	113,197	19,282	113,197	--
C1 KEO 2008		E08004	51,937	15,140	51,937	--
C1 KEO 09 Other Services		E09004	77,643	34,495	77,643	--
C1 KEO 2010		E10004	77,548	3,121	3,121	74,427
C2 KEO 2008		E08006	76,945	1	76,945	--
HP3D 2008		E08007	7,678	1	7,678	--
HP3D 2007		E07003	7,799	1	7,799	--
C2 KEO 2010		E10005	85,059	21,288	63,740	21,319
C2 KEO 2011		E11005	89,044	63,522	63,522	25,522
CONG 2007		E07002	45,928	1	45,928	--
C1 AEA 2010		E10003	95,586	20,028	46,700	48,886
C1 AEA 2011		E11003	<u>103,481</u>	<u>30,520</u>	<u>30,520</u>	<u>72,961</u>
Total Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		<u>906,927</u>	<u>207,401</u>	<u>663,812</u>	<u>243,115</u>
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers:						
I & R Area 2009 Salary		E09001	135,018	23,876	135,015	3
AREA 2011		E11001	117,974	48,560	48,560	69,414
AREA 2010		E10001	\$ 140,057	\$ 28,968	\$ 165,010	\$ (24,953)

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
SLP AREA 2011		E11002	\$ 105,000	\$ 74,908	\$ 74,908	\$ 30,092
SLP AREA 2010		E10002	78,021	30,975	78,021	--
Total Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		576,070	207,287	501,514	74,556
Special Programs for the Aging - Title III, Part E:						
CARE AEA and Respite		E08008	53,877	19,695	53,876	1
Outreach 2008		E08002	37,889	1	37,889	--
3E 2011 CARE		E11007	56,934	12,803	12,803	44,131
3E CARE ELDER		E10007	53,975	20,320	52,304	1,671
3E 2009 Care Elderly		E09008	54,194	10,923	53,412	782
Caregiver FY 06		E06003	28,535	1,821	28,535	--
Total National Family Caregiver Support, Title III, Part E	93.052		285,404	65,563	238,819	46,585
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:						
CDSMP 2010		E10010	19,444	5,294	6,400	13,044
Enhance Fitness 2011		E11011	43,030	3,565	3,565	39,465
Enhance Fitness 2010		E10011	31,547	(13,717)	(9,949)	41,496
Enhance Fitness 2007		E07006	53,190	1	53,190	--
HP3D 2010		E10006	7,678	2,223	2,223	5,455
HP3D 2009		E09006	7,678	1,977	7,678	--
Total Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Service	93.043		162,567	(657)	63,107	99,460
Special Programs for the Aging - Title IV and Title II Discretionary Projects:						
Community Living FY 10-11		E10014	58,363	1,826	1,826	56,537
ADRC FY 10-12		E10013	\$ 116,571	\$ 2,374	\$ 2,416	\$ 114,155

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
Enhance Fitness 2008		E09011	\$ 74,000	\$ 12,689	\$ 73,998	\$ 2
Total Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048		248,934	16,889	78,240	170,694
ARRA - Cronic Disease DSM		E11010	21,460	1,596	1,596	19,864
Total ARRA Special programs for the Aging - Title IV and Title II Discretionary Projects	93.048		21,460	1,596	1,596	19,864
Administration Aging - Nutrition Services Incentive Program:						
Food Distribution:						
NSIP 11		E11008	45,637	(3,838)	(3,838)	49,475
NSIP 10		E10008	41,699	40,231	41,699	--
Total Nutrition Services Incentive Program	93.053		87,336	36,393	37,861	49,475
Drug-Free Communities Support Program Grants:						
(Formally under Dept. of Justice CFDA#16.729)						
Drug Free Community Support Program (grant close out)		DFCP99	425,000	126	425,000	--
Total Drug-Free Communities Support Program Grants	93.276		425,000	126	425,000	--
Passed through National Youth Sports Program Fund, Inc. -						
Administration for Children and Families:						
Community Services Block Grant - Discretionary Awards:						
Youth Sports FY 03		NYSP03	44,188	11,856	44,188	--
Youth Sports FY 04		NYSP04	51,813	4,563	51,813	--
Total Community Services Block Grant - Discretionary Awards	93.570		96,001	16,419	96,001	--
Passed through State Administration on Aging -						
ARRA - Aging Congregate Nutrition Services for States		E09015	22,979	368	22,979	--
Total ARRA Aging Congregate Nutrition Services for States	93.707		\$ 22,979	\$ 368	\$ 22,979	\$ --

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Title</u>	<u>CFDA Number</u>	<u>Grant Project Number</u>	<u>Program or Award Amount</u>	<u>Current Year Expenditure Amount</u>	<u>Total Cumulative Expenditures</u>	<u>Grant Balance</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)						
Passed through State Department of Health - Centers for Disease Control and Prevention:						
ARRA - Communities Putting Prevention to Work (CPPW) Grant		M11001	\$ <u>100,000</u>	\$ <u>26,757</u>	\$ <u>26,757</u>	\$ <u>73,243</u>
Total ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724		<u>100,000</u>	<u>26,757</u>	<u>26,757</u>	<u>73,243</u>
Passed through State Administration on Aging - Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations:						
Hospital Discharge FY10-12		E10012	<u>247,485</u>	<u>15,600</u>	<u>15,600</u>	<u>231,885</u>
Total Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		<u>247,485</u>	<u>15,600</u>	<u>15,600</u>	<u>231,885</u>
Health Resources Services Administration (HRSA):						
Health Care and Other Facilities #C76HF06278		ARTFEQ	<u>383,005</u>	<u>96,570</u>	<u>96,570</u>	<u>286,435</u>
Total Health Care and Other Facilities	93.887		<u>383,005</u>	<u>96,570</u>	<u>96,570</u>	<u>286,435</u>
Passed through State Department of Health - Alcohol and Drug Abuse Division - Substance Abuse and Mental Health Services Administration (SAMSHA):						
Block Grants for Prevention and Treatment of Substance Abuse:						
SPF SIG Underage Drinking Prevention Grant Phase 2		M10012	1,237,825	303,357	303,357	934,468
SPF SIG Underage Drinking Prevention Grant Phase 1		M10001	<u>313,950</u>	<u>193,128</u>	<u>289,518</u>	<u>24,432</u>
Total Block Grants for Prevention and Treatment of Substance Abuse	93.959		<u>1,551,775</u>	<u>496,485</u>	<u>592,875</u>	<u>958,900</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ <u>5,114,943</u>	\$ <u>1,186,797</u>	\$ <u>2,860,731</u>	\$ <u>2,254,212</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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						
Passed through State Department of Business, Economic Development and Tourism - Home Investment Partnerships Program, Title II:						
Fiscal year 2008		H08005	\$ 989,345	\$ 747,681	\$ 791,555	\$ 197,790
Fiscal year 2001		HIPA01	963,000	(17,445)	644,972	318,028
Fiscal year 2009		H10005	996,792	71,910	71,910	924,882
Fiscal year 2007		HIPA07	995,755	350,384	833,057	162,698
Program Income		HIPAXX	<u>5,772,651</u>	<u>897,514</u>	<u>4,917,104</u>	<u>855,547</u>
Total Home Investment Partnerships Program	14.239		<u>9,717,543</u>	<u>2,050,044</u>	<u>7,258,598</u>	<u>2,458,945</u>
Direct Programs:						
Lower Income Housing Assistance Program - Section 8 Housing Choice Vouchers (252 fund)						
			<u>7,631,018</u>	<u>6,931,865</u>	<u>6,931,865</u>	<u>699,153</u>
Total Section 8 Housing Choice Vouchers	14.871		<u>7,631,018</u>	<u>6,931,865</u>	<u>6,931,865</u>	<u>699,153</u>
Community Development Block Grants (CDBG) - State-Administered CDBG Cluster						
State's Program and Non-Entitlement Grants in Hawai'i :						
Disaster Program Income		CDBGDX	2,740,978	232,919	2,691,907	49,071
Fiscal year 2010		H10004	880,943	606,408	606,408	274,535
Fiscal year 2005		CDBG05	892,821	61,084	892,821	--
Fiscal year 2009		H09004	805,594	113,042	695,876	109,718
Fiscal year 2007		CDBG07	812,305	113,652	798,783	13,522
Fiscal year 2008		H08004	793,056	118,950	760,099	32,957
Neighborhood Stabilization Grant NSP1		H09001	3,402,152	1,379,614	3,320,795	81,357
Program Income		CDBGXX	<u>1,798,362</u>	<u>285,677</u>	<u>1,660,768</u>	<u>137,594</u>
Total State's Program and Non-Entitlement Grants in Hawaii	14.228		<u>12,126,211</u>	<u>2,911,346</u>	<u>11,427,457</u>	<u>698,754</u>
State's Program and Non-Entitlement Grants in Hawai'i :						
ARRA - CDBG Recovery						
		H10001	<u>215,156</u>	<u>152,468</u>	<u>172,187</u>	<u>42,969</u>
Total ARRA - State's Program and Non-Entitlement Grants in Hawaii	14.255		<u>215,156</u>	<u>152,468</u>	<u>172,187</u>	<u>42,969</u>
Total CDBG - State - Administered CDBG Cluster			<u>\$ 12,341,367</u>	<u>\$ 3,063,814</u>	<u>\$ 11,599,644</u>	<u>\$ 741,723</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
Office of Community Planning and Development - Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants						
		H11006	\$ 243,500	\$ 39,101	\$ 39,101	\$ 204,399
Total Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants		14.251	243,500	39,101	39,101	204,399
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>29,933,428</u>	<u>12,084,824</u>	<u>25,829,208</u>	<u>4,104,220</u>
U.S. DEPARTMENT OF THE INTERIOR						
National Park Service:						
Passed through State Department of Land and Natural Resources - Historic Preservation Funds Grants-In-Aid (#15-09-21817)						
		Z11002	1,320	1,320	1,320	--
Total Historic Preservation Fund Grants-In-Aid		15.904	1,320	1,320	1,320	--
TOTAL DEPARTMENT OF THE INTERIOR			<u>1,320</u>	<u>1,320</u>	<u>1,320</u>	<u>--</u>
U.S. DEPARTMENT OF JUSTICE						
Passed through Office of State Attorney General:						
Crime Victim Assistance:						
VOCA FY 2010		A10021	194,208	79,775	194,077	131
VOCA FY 2009		A09012	35,641	34,716	34,716	925
VOCA 2008		A11021	184,256	135,034	135,034	49,222
Total Crime Victim Assistance		16.575	<u>414,105</u>	<u>249,525</u>	<u>363,827</u>	<u>50,278</u>
Edward Byrne Memorial Formula Grant Program:						
Statewide Narcotics Task Force, FY 11		P11005	68,212	9,665	9,665	58,547
Statewide Narcotics Task Force Supplemental		P10105	16,887	1,246	1,246	15,641
Statewide Narcotics Task Force, FY 10		P10005	16,002	9,311	16,002	--
Statewide Marijuana Task Force, Fiscal Year 2008		P09004	46,603	16,949	46,603	--
USDOJ/DEA DCE Program FY 2011		P11001	100,000	4,576	4,576	95,424
USDOJ/DEA DCE Program FY 2010		P10001	160,000	92,542	160,000	--
HIDTA 2010		P11003	36,465	21,758	21,758	14,707
Total Edward Byrne Memorial Formula Grant Program		16.579	<u>\$ 444,169</u>	<u>\$ 156,047</u>	<u>\$ 259,850</u>	<u>\$ 184,319</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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 - Violence Against Women Formula Grants:						
Property Crime Prosecuting Unit FY 08		A09009	\$ 69,845	\$ 11,603	\$ 69,844	\$ 1
Domestic Violence Prosecuting Unit FY 2009		A11024	75,771	75,771	75,771	--
Domestic Violence Prosecuting Unit		A09008	21,762	36	21,762	--
Stop Violence Against Women - 2011		A11005	47,002	17,355	17,356	29,646
Stop Violence Against Women - 2010		A10005	46,578	15,052	22,578	24,000
Total ARRA - Violence Against Women Formula Grants	16.588		<u>260,958</u>	<u>119,817</u>	<u>207,311</u>	<u>53,647</u>
JAG Program Cluster:						
Edward Byrne Memorial Justice Assistance Grant Program:						
Marijuana Eradication Task Force		P11004	80,244	18,873	18,874	61,370
JAG FY 10 Local		A11025	40,854	3,000	3,000	37,854
Drug Prosecution Unit		A11022	105,000	65,113	65,113	39,887
Property Crime Prosecuting Unit		A11023	44,667	44,667	44,667	--
JAG Subpoena Services 2010		A10001	14,145	9,545	11,920	2,225
JAG Local Solicitation 2009		A10025	44,831	4,571	14,804	30,027
JAG 2007 Subpoena Services		A08001	44,074	74	44,074	--
Total Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>373,815</u>	<u>145,843</u>	<u>202,452</u>	<u>171,363</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/ Grants to States and Territories:						
ARRA Drug Prosecution Unit		A10022	115,938	46,600	111,737	4,201
ARRA Property Crime Unit		A10023	122,000	67,021	122,000	--
Total ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803		<u>237,938</u>	<u>113,621</u>	<u>233,737</u>	<u>4,201</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government:						
ARRA Edward Byrne Grant		A09011	191,079	18,065	42,142	148,937
Total ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government	16.804		<u>191,079</u>	<u>18,065</u>	<u>42,142</u>	<u>148,937</u>
Total JAG program Cluster			<u>\$ 802,832</u>	<u>\$ 277,529</u>	<u>\$ 478,331</u>	<u>\$ 324,501</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
Passed through State Department of Health - ADAD -						
Enforcing Underage Drinking Laws Program:						
Prohibited Alcohol Sale to minors FY 11		P11017	\$ 17,000	\$ 1,883	\$ 1,883	\$ 15,117
Prohibited Alcohol Sale to minors FY 10		P10017	<u>12,000</u>	<u>10,566</u>	<u>10,566</u>	<u>1,434</u>
Total Enforcing Underage Drinking Laws Program	16.727		<u>29,000</u>	<u>12,449</u>	<u>12,449</u>	<u>16,551</u>
Passed through Pierce County Alliance - ARRA -						
Public Safety Partnership and Community Policing Grants:						
Meth Training Grant (#NMTTAC08106)		M10006	<u>1,997</u>	<u>(3)</u>	<u>1,997</u>	<u>--</u>
Total ARRA - Public Safety Partnership and Community Policing Grants	16.710		<u>1,997</u>	<u>(3)</u>	<u>1,997</u>	<u>--</u>
Passed through Office of Youth Services - State of Hawaii -						
Title V - Delinquency Prevention Program:						
Big Brothers and Sisters Title V Program		M07002	<u>180,000</u>	<u>15,000</u>	<u>180,000</u>	<u>--</u>
Total Title V - Delinquency Prevention Program	16.548		<u>180,000</u>	<u>15,000</u>	<u>180,000</u>	<u>--</u>
Passed through State Department of Human Services Office of						
Youth Services - Juvenile Accountability Block Grants:						
JABG FY 10 Hale Opio Kaua'i Inc. (DHS-11-OYS-123)		A11004	<u>22,750</u>	<u>20,580</u>	<u>20,580</u>	<u>2,170</u>
Total Juvenile Accountability Block Grants	16.523		<u>22,750</u>	<u>20,580</u>	<u>20,580</u>	<u>2,170</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>2,155,811</u>	<u>850,944</u>	<u>1,524,345</u>	<u>631,466</u>
U.S. DEPARTMENT OF LABOR						
Passed through State Department of Labor and Industrial Relations -						
Reed Act Agreement Reed-06-K						
		D07070	<u>1,258,994</u>	<u>521</u>	<u>1,236,999</u>	<u>21,995</u>
Total Uniformed Services Employment and Reemployment Rights	17.803		<u>\$ 1,258,994</u>	<u>\$ 521</u>	<u>\$ 1,236,999</u>	<u>\$ 21,995</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
ARRA Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors						
ARRA- State Energy Sector Partnership (SESP) II Grant Program		D11064	\$ 273,278	\$ 19,285	\$ 19,285	\$ 253,993
Total ARRA Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275		273,278	19,285	19,285	253,993
Workforce Investment Act (WIA) Cluster:						
Adult Program FY 2011		D11050	152,768	20,000	20,000	132,768
Adult Program Local area funds, Title I, FY 2010		D10050	114,056	7,436	76,872	37,184
Total WIA Adult Program	17.258		266,824	27,436	96,872	169,952
ARRA Adult Program		D09202	80,376	22,606	79,499	877
Total ARRA - WIA Adult Program	17.258		80,376	22,606	79,499	877
Dislocated Workers, FY 2011		D11051	186,619	52,000	52,000	134,619
Dislocated Workers, FY 2010		D10051	123,826	79,924	111,875	11,951
Total WIA Dislocated Workers	17.260		310,445	131,924	163,875	146,570
ARRA Dislocated Worker		D09201	91,558	35,557	90,614	944
Total ARRA - WIA Dislocated Workers	17.260		91,558	35,557	90,614	944
Youth Programs 2011		D11061	44,525	127	127	44,398
Youth Programs 2011		D11060	94,520	127	127	94,393
Youth Programs 2010		D10060	94,154	7,531	84,874	9,280
Youth Program 2009 (IN)		D09061	12,268	3,196	9,836	2,432
Youth Program 2009 (OUT)		D09060	90,989	4,742	88,947	2,042
Total WIA Youth Activities	17.259		336,456	15,723	183,911	152,545
ARRA WIA Youth IN/OUT		D09203	115,768	31,155	115,439	329
Total ARRA - WIA Youth Activities	17.259		\$ 115,768	\$ 31,155	\$ 115,439	\$ 329

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
Administrative, FY 2011		D11049	\$ 53,158	\$ 40,202	\$ 40,202	\$ 12,956
Administrative, FY 2010		D10049	33,729	4,040	30,820	2,909
Total WIA Administrative	N/A		86,887	44,242	71,022	15,865
ARRA Administrative		D09200	31,965	11,444	31,348	617
Total ARRA - WIA Administrative Cluster	N/A		31,965	11,444	31,348	617
Total Workforce Investment Act (WIA)			1,320,279	320,087	832,580	487,699
TOTAL U.S. DEPARTMENT OF LABOR			2,852,551	339,893	2,088,864	763,687
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through State Department of Transportation:						
Formula Grants for Other Than Urbanized Areas -						
Federal Transit Administration (FTA), Section 5311:						
FTA Section 5311 (b) (2)		T10002	20,941	1,674	1,674	19,267
FTA 5311 Grant 2010		T10001	1,082,378	453,358	733,344	349,034
FTA 5311 Grant 2009		T09001	513,023	5,275	501,948	11,075
FTA 5311 FFY 2006		T08001	488,131	4,065	481,144	6,987
Total Formula Grants for Other Than Urbanized Areas	20.509		2,104,473	464,372	1,718,110	386,363
ARRA - Federal Transit - Capital Investment Grants:						
FTA Federal Transit Administration		FTA039	1,457,667	4,633	1,125,634	332,033
FTA 5309 FY 11		T10010	509,200	1,170	1,170	508,030
FTA Section 5309 FY 09 - 10		T11010	1,772,133	62,896	62,895	1,709,238
FTA Section 5309 Facilities		T07001	1,485,000	3,300	1,228,604	256,396
Total ARRA - Federal Transit - Capital Investment Grants	20.500		5,224,000	71,999	2,418,303	2,805,697
FTA New Freedom Program, Section 5317:						
FTA Section 5317 Award		T11020	121,123	50,300	50,300	70,823
Total New Freedom Program	20.521		\$ 121,123	\$ 50,300	\$ 50,300	\$ 70,823

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
ARRA - Highway Planning and Construction:						
Bridge Replacement - Off system:						
Bridge Inspection Various		NBIS33(410)	\$ 88,000	\$ (2,362)	\$ 77,574	\$ 10,426
Hanapepe Bridge Repair		W09017 (410)	100,000	20,387	24,806	75,194
Puuopae Bridge Repair		W09019 (410)	480,000	4,123	7,102	472,898
Bridge Inspection and Appraisal BRNBIS(43)		W09022 (410)	102,400	59,354	62,598	39,802
Oma'o Road Bridge Construction		OMAOCO (410)	1,288,980	(2,385)	1,211,098	77,882
Opaekaa Bridge Design		W10002 (410)	400,000	5,212	8,979	391,021
Statewide Transportation Improvement Program:						
Kuna Bay - Anahola		KUNABA(410)	390,000	172	69,709	320,291
Maluhia Road Improvements STP-0520(3)		MALUHI (410)	496,000	4,367	6,284	489,716
Kokee Road Resurfacing STP-0552(3)		W09018 (410)	6,092,866	17,166	84,799	6,008,067
Ahukini to Lydgate bikepath STP-0700(51)		AHULYD (410)	625,000	157	432,024	192,976
Kapaa-Kauai Bikepath STP-0700(48)		STP048 (410)	13,810,000	21,855	13,357,642	452,358
Lydgate-Kapaa Bikepath CMAW-0700(49)		LYDKAP(410)	6,891,769	362,765	2,958,849	3,932,920
Ala Kinoiki Phase One		ALAKIN(410)	1,930,288	(1,280)	1,865,782	64,506
Safe Improvements Kūhiō to Rice St.		STP572 (410)	256,000	31,185	31,787	224,213
Kapahi Bridge Replacement		KAPAHI (410)	436,000	3,952	7,997	428,003
FHWA Emergency Evacuation Road PL-0700(55)		GPSGIS (410)	327,403	74,808	327,359	44
Puhi Road Ultra Thin layer		W10042 (410)	84,000	6,766	17,290	66,710
Nawiliwili/Ahukini Bikepath CMAQ-0700(57)		NAWAHU (410)	1,094,001	409	386,034	707,967
FHWA Multi-Modal Land Transportation Plan HI021(2005)		T11030 (250)	400,000	25,713	25,713	374,287
Total ARRA - Highway Planning and Construction	20.205		<u>35,292,707</u>	<u>632,364</u>	<u>20,963,426</u>	<u>14,329,281</u>
State and Community Highway Safety:						
Highway Safety Grant - Prosecutors - FY 11		A11026	14,400	8,982	8,982	5,418
Highway Safety Grant - Prosecutors - FY 10		A10026	4,016	727	4,016	--
Roadblock PGM - Police - 2011		P11010	146,300	80,638	80,638	65,662
Roadblock PGM - Police - 2010		P10010	50,138	15,612	50,139	(1)
KPD Distracted Driver 2011		P11007	\$ 28,004	\$ 5,075	\$ 5,075	\$ 22,929

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
KPD Seat Belt Program 2011		P11014	\$ 72,867	\$ 44,145	\$ 44,145	\$ 28,722
KPD Seat Belt Program 2010		P10014	49,996	18,464	49,996	--
KPD Speed Enforcement 2011		P11012	36,008	9,500	9,500	26,508
KPD Speed Enforcement 2010		P10012	29,773	22,398	29,773	--
KPD Traffic Service 2011		P11013	13,770	2,479	2,479	11,291
KPD Traffic Record FY 10		P10009	4,238	2,477	4,238	--
KPD Traffic Record FY 11		P11009	50,810	2,180	2,180	48,630
KPD Youth Deterrence - 2010		P10008	24,408	24,407	24,408	--
KPD Youth Deterrence - 2011		P11008	25,100	1,303	1,303	23,797
KFD Spine Board		SPINEB	<u>2,924</u>	<u>(902)</u>	<u>1,048</u>	<u>1,876</u>
Total State and Community Highway Safety	20.600		<u>552,752</u>	<u>237,485</u>	<u>317,920</u>	<u>234,832</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>43,295,055</u>	<u>1,456,520</u>	<u>25,468,059</u>	<u>17,826,996</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
Direct Program -						
Retired Senior Volunteer Program (RSVP):						
Title II, Part A, Older Americans Volunteer Program:						
RSVP - Calendar Year (CY) 2009 - 09SRPHI002		E09013	76,271	5	76,271	--
RSVP - CY 2010 - 09SRPHI002		E10016	78,559	59,256	78,558	1
RSVP - CY 2011 - 09SRPHI002		E11016	<u>78,559</u>	<u>34,255</u>	<u>34,255</u>	<u>44,304</u>
Total Retired and Senior Volunteer Program	94.002		<u>233,389</u>	<u>93,516</u>	<u>189,084</u>	<u>44,305</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>233,389</u>	<u>93,516</u>	<u>189,084</u>	<u>44,305</u>
U.S. DEPARTMENT OF HOMELAND SECURITY						
Assistance to Fire Fighters Grant :						
AFG 2005 Wellness and Fitness		F05001	131,447	(27,103)	131,447	--
SAFER Grant - EMW-2009-FF-00748		F09SFR	<u>1,625,700</u>	<u>471,906</u>	<u>1,186,612</u>	<u>439,088</u>
Total Assistance to Fire Fighters Grant	97.044		<u>\$ 1,757,147</u>	<u>\$ 444,803</u>	<u>\$ 1,318,059</u>	<u>\$ 439,088</u>

County of Kaua'i, Hawai'i
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

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)						
Passed Through State Department of Defense: Civil Defense - State and Local Emergency - Hazard Mitigation Grant:						
Retrofit Mo'ikeha Building		W09023	\$ 80,250	\$ 64,875	\$ 64,875	\$ 15,375
Pi'ikoi Building Retrofit		W09020	183,000	13,600	32,800	150,200
Historic County Building Hazard Mitigation		W11002	<u>461,250</u>	<u>409,865</u>	<u>409,865</u>	<u>51,385</u>
Total Hazard Mitigation Grant	97.039		<u>724,500</u>	<u>488,340</u>	<u>507,540</u>	<u>216,960</u>
Passed Through State Department of Defense:						
Homeland Security Grant Program:						
Homeland Security Grant 2010		C10100	906,508	27,809	27,809	878,699
Homeland Security Grant 2009		C09100	1,000,000	2,703	2,703	997,297
Homeland Security Grant 2008		C08100	1,077,180	124,256	280,794	796,386
Homeland Security Grant 2007		C07100	924,407	266,745	922,389	2,018
Law Enforcement Terrorism Prevention Program 2007		C07200	400,310	14,172	400,271	39
Citizen Corp 2008		C08300	18,281	6,975	6,975	11,306
Citizen Corp 2007		C07300	<u>10,000</u>	<u>1,535</u>	<u>9,615</u>	<u>385</u>
Total Homeland Security Grant Program	97.067		<u>4,336,686</u>	<u>444,195</u>	<u>1,650,556</u>	<u>2,686,130</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>6,818,333</u>	<u>1,377,338</u>	<u>3,476,155</u>	<u>3,342,178</u>
TOTAL ALL FEDERAL PROGRAMS			<u>\$ 104,806,870</u>	<u>\$ 26,874,744</u>	<u>\$ 71,956,298</u>	<u>\$ 32,850,572</u>

County of Kaua'i, Hawai'i
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2011

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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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:

<u>Federal Grantor/Program/Grant</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
U.S. Department of Labor		
Workforce Investment Act Youth Activities	17.259	\$ 18,737
Workforce Investment Act Adult Program	17.258	54,084
Workforce Investment Act Dislocated Workers	17.260	<u>155,957</u>
Total U.S. Department of Labor		<u>228,778</u>
U.S. Department of Housing and Urban Development		
Community Development Block Grant/State Programs and Non-entitlement Grants in Hawaii	14.228	<u>275,760</u>
Total U.S. Department of Housing and Urban Development		<u>275,760</u>
U.S. Department of Health and Human Services		
Special Programs for the Aging, Title III, Part B	93.044	105,883
Special Programs for the Aging, Title III, Part C	93.045	158,414
Special Programs for the Aging, Title III, Part D	93.043	2,250
Special Programs for the Aging, Title III, Part E	93.052	<u>58,711</u>
Total U.S. Department of Health and Human Services		<u>325,258</u>
Total Provided to Subrecipients		<u>\$ 829,796</u>

County of Kaua'i, Hawai'i
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Fiscal Year Ended June 30, 2011

NOTE C - LOANS OUTSTANDING

The County had the following newly issued loan balances outstanding as of June 30, 2011. 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>
Community Development Block Grants	14.228	\$ <u>856,325</u>

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, 2011

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 checked="" type="checkbox"/> yes	<input type="checkbox"/> no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.923	Emergency Watershed Protection Program
11.555	Public Safety Interoperable Communications Grant Program
14.228	Community Development Block Grants - State's Program and Non-Entitlement Grants in Hawai'i
14.255	ARRA - Community Development Block Grants - State's Program and Non-Entitlement Grants in Hawai'i
14.239	Home Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$806,242
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Auditee qualified as a low-risk auditee?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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County of Kaua'i, Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref.

No. Internal Control Findings

2011-01 Compile Vacation and Sick Leave Records Properly

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 16 instances where the employee's current year beginning balance for accrued vacation and/or sick leave did not agree to the prior year's ending balance.
- There were five instances where sick leave hours per the employee's leave log did not agree to the department's summary sheet.
- There were two instances where there were missing vacation request forms, that were necessary to support what was recorded in the employee's leave log.

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.

County of Kaua'i, Hawai'i
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Fiscal Year Ended June 30, 2011

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Ref.		Questioned
<u>No.</u>	Compliance and Internal Control Findings	<u>Costs</u>

2011-02 Ensure that Equipment Acquisitions Funded by Federal Awards are Properly Recorded

Federal agency: U.S. Department of Commerce, National Telecommunications and Information Administration
Pass through entity: State of Hawaii, Department of Defense
CFDA No.: 11.555
Program: Public Safety Interoperable Communications Grant Program

Criteria: 15 CFR Part 24 defines "equipment" as tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. 15 CFR Part 24 requires that equipment records be maintained that include, among other things, a description of the property, a serial number or other identification number, and the cost of the property acquired.

Condition: We noted one (1) instance where equipment with an individual unit acquisition cost of \$5,000 or more was not recorded to the County's fixed asset records as of June 30, 2011.

Cause: The County has a form to be completed and submitted to the Department of Finance whenever an asset with an individual unit cost of \$5,000 or more is acquired. The Department of Finance will review the data and input the equipment information to the County's fixed assets records. However, the employee responsible for communicating this information to the Department of Finance was not aware of the established procedures to record fixed asset acquisitions.

Effect: Assets with an individual unit cost of \$5,000 or more with an estimated useful life greater than one year were not properly recorded to the County's fixed assets records.

\$ --

Recommendation

The County should ensure that all agencies comply with the established procedures to properly report fixed assets to the Department of Finance.

PART IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

County of Kaua'i, Hawai'i
STATUS REPORT
Fiscal Year Ended June 30, 2011

This section contains the current status of the prior auditors' recommendations. The recommendations are referenced to the pages of the previous audit report for the fiscal year ended June 30, 2010, dated December 15, 2010.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

<u>Recommendations</u>	<u>CFDA Number</u>	<u>Status</u>
<p>2010-01 Performance Reporting Form HUD 60002 was not submitted for the Ele'ele sewer line construction project through Habitat for Humanity (page 16)</p> <p>The Kaua'i County Housing Agency should file all required compliance reports on a timely basis.</p>	14.228	Accomplished.
<p>2010-02 The amount of expenditures reported by the Agency could not be substantiated (page 17)</p> <p>The Agency of Elderly Affairs should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.</p>	93.707	Accomplished.
<p>2010-03 The amount of expenditures reported by the Office could not be substantiated (page 18)</p> <p>The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.</p>	16.803	Accomplished.
<p>2010-04 The Office did not submit the required reports in accordance with Addendum #1 in a timely manner (page 19)</p> <p>The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.</p>	16.803	Accomplished.

County of Kaua'i, Hawai'i
STATUS REPORT (Continued)
Fiscal Year Ended June 30, 2011

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

<u>Recommendations</u>	<u>CFDA Number</u>	<u>Status</u>
<p>2010-05 The amount of expenditures reported by the Agency could not be substantiated (page 20)</p> <p>The Kaua'i County Housing Agency should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.</p>	14.255	Accomplished.
<p>2010-06 The amount of expenditures reported by the Office could not be substantiated (page 22)</p> <p>The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.</p>	16.804	Accomplished.
<p>2010-07 The Office did not submit the required reports in accordance with Addendum #1 in a timely manner (page 23)</p> <p>The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.</p>	16.804	Accomplished.
<p>2010-08 The Office did not submit the required reports in accordance with Addendum #1 in a timely manner (page 24)</p> <p>The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.</p>	16.803	Accomplished.
<p>2010-09 The Office did not submit the required reports in accordance with Addendum #1 in a timely manner (page 25)</p> <p>The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.</p>	16.803	Accomplished.

County of Kaua'i, Hawai'i
STATUS REPORT (Continued)
Fiscal Year Ended June 30, 2011

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

<u>Recommendations</u>	<u>CFDA Number</u>	<u>Status</u>
<p>2010-10 The amount of expenditures reported by the Office could not be substantiated (page 26)</p> <p>The Office of the Prosecuting Attorney should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.</p>	16.803	Accomplished.
<p>2010-11 The amount of expenditures reported by the Office could not be substantiated (page 27)</p> <p>The Office of Economic Development should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.</p>	17.260	Accomplished.
<p>2010-12 The Office did not submit the required reports in accordance with Addendum #1 in a timely manner (page 28)</p> <p>The Office of Economic Development should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.</p>	17.260	Accomplished.
<p>2010-13 The Office did not submit the required reports in accordance with Addendum #1 in a timely manner (page 29)</p> <p>The Office of Economic Development should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.</p>	N/A	Accomplished.
<p>2010-14 The amount of expenditures reported by the Office could not be substantiated (page 30)</p> <p>The Office of Economic Development should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.</p>	N/A	Accomplished.

County of Kaua'i, Hawai'i
STATUS REPORT (Continued)
Fiscal Year Ended June 30, 2011

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

<u>Recommendations</u>	<u>CFDA Number</u>	<u>Status</u>
<p>2010-15 The Office did not submit the required reports in accordance with Addendum #1 in a timely manner (page 31)</p> <p>The Office of Economic Development should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.</p>	17.259	Accomplished.
<p>2010-16 The Office did not submit the required reports in accordance with Addendum #1 (page 32)</p> <p>The Office of Economic Development should work in conjunction with the Department of Finance to ensure the timely submittal of required Project reports.</p>	17.258	Accomplished.
<p>2010-17 The amount of expenditures reported by the Office could not be substantiated (page 33)</p> <p>The Office of Economic Development should work in conjunction with the Department of Finance to ensure accounting records are accurate and all-inclusive.</p>	17.258	Accomplished.

PART V
CORRECTIVE ACTION PLAN

Bernard P. Carvalho, Jr.
Mayor



Wallace G. Rezentes, Jr.
Director of Finance

Gary K. Heu
Managing Director

Sally A. Motta
Deputy Director of Finance

DEPARTMENT OF FINANCE
County of Kauai, State of Hawaii
4444 Rice Street, Suite 280, Lihu'e, Hawaii 96766
TEL (808) 241-4200 FAX (808) 241-6529

December 15, 2011

Ronald T. Shiigi
N&K CPAs, Inc.
American Savings Bank Tower
1001 Bishop Street, Suite 1700
Honolulu, HI 96813-3696

Dear Mr. Shiigi:

Attached are the County of Kauai's responses and corrective action plans related to your fiscal year 2011 audit report finding and recommendations. We appreciate the opportunity to comment on the audit report.

Sincerely,

A handwritten signature in black ink, appearing to read "Wallace G. Rezentes, Jr.", is written over a faint, larger version of the same signature.

WALLACE G. REZENTES, JR.
Director of Finance

Attachment

An Equal Opportunity Employer

Ref. No. 2011-01 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 Plan: The County intends to review software tools that could be implemented county-wide to improve the accuracy and timeliness of sick leave and vacation information. Possible solutions include time and attendance or other leave management software tools. The Administration intends to discuss options including funding in the upcoming FY 2013 budget.

Of the 16 instances noted, one (1) instance occurred within the Accounting Division. Based on a review of the Accounting Division vacation log and individual employee record, it was determined the beginning balance as of July 1, 2010 was correctly reported. Furthermore, the balance at June 30, 2010 was incorrect and understated in the prior year. The Accounting Division will increase its review of vacation and sick leave requests and update its report on a quarterly basis to mitigate the risk of inaccuracies.

End Date: On-going

Responding Person: Renee M. Yadao, Accounting Systems Administrator
Phone: (808) 241-4211

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 Plan: In total, there were 20 instances affecting nine employees within the Department of Personnel Services (DPS). As a result of these findings, DPS will perform the following: 1) Clean up prior year errors; 2) Maintain both manual and electronic files to ensure accuracy; 3) Conduct quarterly internal audits of vacation and sick leave balances and shall notify employees of their balances on a monthly basis; 4) Assign an individual other than the preparer of the report to review prior to submitting the balances to the Department of Finance.

**Ref. No. 2011-01 COMPILE VACATION AND SICK LEAVE RECORDS PROPERLY
(Continued)**

End Date: On-going

Responding Person: Malcolm Fernandez, Director of Personnel Services
Phone: (808) 241-4956

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 Plan: We agree with the recommendations of the auditors. The leave records at Public Works are maintained and balances are calculated manually. We will look into converting our manual records to electronic spreadsheets that automatically calculate accruals and leave balances to help reduce human errors. We will also perform internal quality control reviews of our leave records on a quarterly basis.

End Date: On-going

Responding Person: Crystal Fujikawa, Public Works Personnel Officer
Phone: (808) 241-4998

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 Plan: Police Department (KPD) had two (2) instances where vacation request forms were missing from our leave application files. In spite of the high number of leave applications properly processed for our employees during the year, we are disappointed by this unfortunate oversight, and will take the recommended corrective measures.

KPD will continue to require that all vacation request forms are properly reviewed and filed. We will continue to require that all timesheets reflecting vacation leave have a corresponding vacation leave request on file. In addition, we will conduct quarterly internal audits to ensure that the required paperwork has been submitted and is on file.

**Ref. No. 2011-01 COMPILE VACATION AND SICK LEAVE RECORDS PROPERLY
(Continued)**

End Date: On-going

Responding Daurice Arruda, Fiscal Officer ATB
Person: Phone: (808) 241-1652

**Ref. No. 2011-02 ENSURE THAT EQUIPMENT ACQUISITIONS FUNDED BY FEDERAL
AWARDS ARE PROPERLY RECORDED**

Auditor's The County should ensure that all agencies comply with the established
Recommendation: procedures to properly report fixed assets to the Department of Finance.

Corrective Action Civil Defense acknowledges this oversight and is continuously working with
Plan: the Accounting Division and Grants Management to correct this matter.
The Accounting Division and Grants Program Manager shall continue to
provide guidance and training to fiscal personnel in County departments.

End Date: On-going

Responding Renee M. Yadao, Accounting Systems Administrator
Person: Phone: (808) 241-4211

Ann M.K. Wooton, Grants Program Manager
Phone: (808) 241-4213