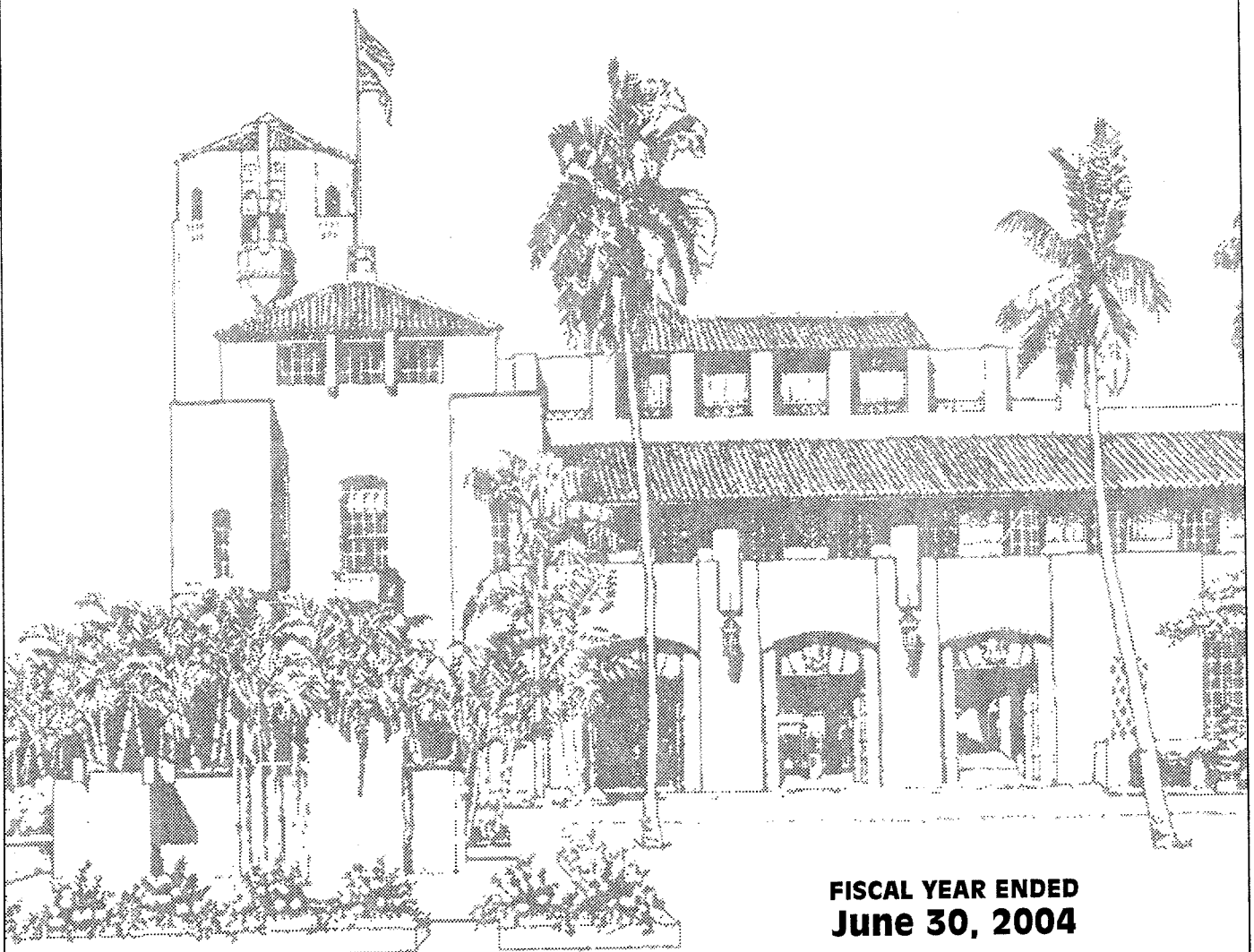
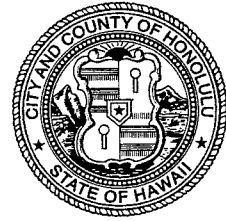


**CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII**

Comprehensive Annual Financial Report



**FISCAL YEAR ENDED
June 30, 2004**



**JEREMY HARRIS, Mayor
City and County of Honolulu**

CITY AND COUNTY OF HONOLULU
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2004

Prepared by:
DEPARTMENT OF BUDGET AND FISCAL SERVICES
IVAN M. LUI-KWAN
DIRECTOR

**CITY AND COUNTY OF HONOLULU
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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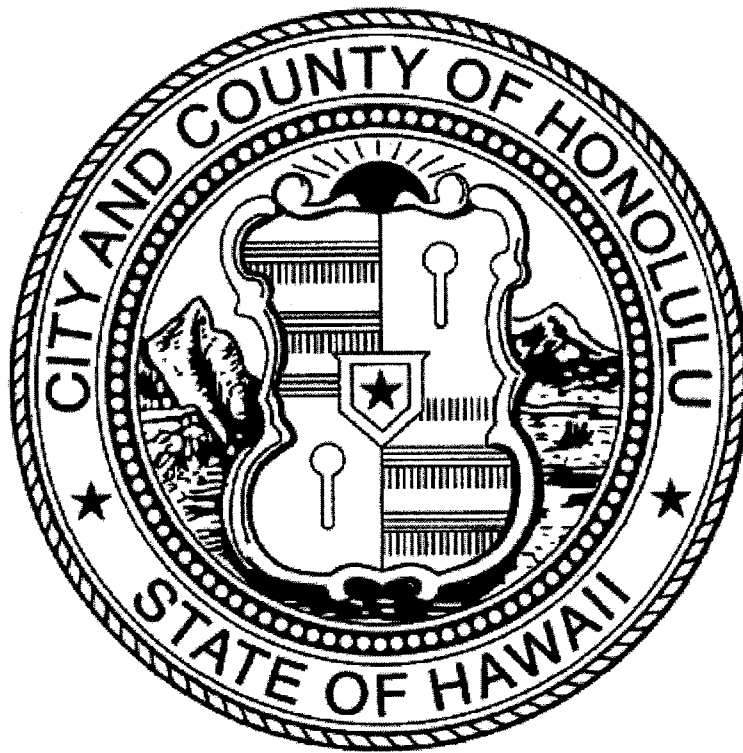
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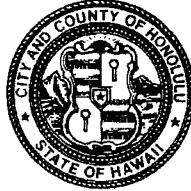
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INTRODUCTORY SECTION

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 523-4616 • FAX: (808) 523-4771 • INTERNET: www.co.honolulu.hi.us



JEREMY HARRIS
MAYOR

IVAN M. LUI-KWAN
DIRECTOR

CHRIS A. DIEBLING
DEPUTY DIRECTOR

December 30, 2004

Honorable Mayor Jeremy Harris
Honorable Donovan Dela Cruz, Chair
and Presiding Officer and
Members of the City Council
City and County of Honolulu
Honolulu, Hawaii 96813

Dear Mayor and Members of the City Council:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City and County of Honolulu (City), State of Hawaii, for the fiscal year ended June 30, 2004. This report was prepared by the Department of Budget and Fiscal Services, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all funds of the City, its component units and its financial statements. The CAFR is organized into three sections:

- The Introductory Section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of the services it provides, and specifics of its legal operating environment. This section is composed of this transmittal letter, the City government's organization chart and a list of elected officials.
- The Financial Section includes the audited basic financial statements, disclosure notes, required supplementary information, supporting statements and schedules necessary to fairly present the financial position and the results of operations of the City in conformity with generally accepted accounting principles, the independent auditor's report on the basic financial statements, and the management's discussion and analysis (MD&A).

- The Statistical Section contains comprehensive statistical data on the City's financial, physical, economic, social and political characteristics.

REPORTING ENTITY

This report presents the financial status of the City (the primary government) and its discretely presented component unit, the Board of Water Supply (BWS). In other words, the financial information for the BWS is reported in a separate column in the government-wide financial statements to emphasize the legal separation from the primary government and to differentiate its financial position and results of operations from those of the primary government.

The City provides the full range of municipal services required by the Constitution of the State of Hawaii, the Hawaii Revised Statutes, the Revised Charter of the City and County of Honolulu, and the Revised Ordinances of Honolulu. The services include police and fire protection, emergency medical care services, culture and recreation, planning, zoning and permitting, sewage and solid waste collection and disposal, public mass transportation, human services, traffic safety and control, and construction and maintenance of public streets, roads, bridges, walkways, and drainage and flood control systems for the island of Oahu.

ECONOMIC CONDITION AND OUTLOOK

The performance of the local economy has been quite favorable due in part to steady domestic visitor growth, an increase in Japanese tourists arrivals, a booming construction industry, and sizzling home sales. Although Honolulu's future economic outlook is dependent on the rate of economic expansion in the mainland U.S. and Japan, economic indicators are optimistic.

- The island's main industry, tourism, is experiencing continued growth. Hotel occupancy increased 2.5% to 85%, average daily room rates rose 7.6% to \$128.69 and room revenue per available room jumped 10.9% to \$109.39 for August 2004 in comparison to the same month the year earlier. Comparisons of statistics for the year-to-date period through August 2004 and 2003 are generally positive: hotel occupancy, room rates and room revenue rose 8.2%, 6.5% and 18.5%, respectively. International arrivals surged 15.9% for the eight months ended August 31, 2004 in comparison to the same period the year earlier primarily due to the rebound of the Japanese market with the long-awaited improvement in Japan's economy. However, international length of stay decreased 1.5%. Similarly, domestic visitor arrivals grew 7% while domestic length of stay slipped a modest 0.8% during the same period.
- Retailing receipts on Oahu increased 5.6% to \$16.6 billion for fiscal year 2004 compared to the last fiscal year, but declined 16% to \$1 billion for the month ended July 31, 2004 as compared to the same month in 2003.

- Along with the impact of military construction and the growth of private building permits, building activity on Oahu is robust. The number of building permits amounted to 24,177 with an estimated value of \$2.1 billion for fiscal year 2004 in comparison to 21,266 permits valued at \$1.9 billion for the prior fiscal year, representing increases of 13.7% in number and 10.5% in value. For the nine months ended September 30, 2004, a total of 12,209 permits were issued at a value of \$1.1 billion, representing an increase of 4% in number and 1.5% in value as compared to the same period last year. On the other hand, contracting receipts dipped a slight 2.9% from \$3.5 billion for the last fiscal year to \$3.4 billion for fiscal year 2004. Likewise, contracting receipts slipped 5.3% from \$277 million for the one month ended July 31, 2003 to \$262.2 million for the same month this year.
- With interest rates still at affordable levels, sales of homes on Oahu continue to be strong. Total residential resales climbed 34.2% to \$3.4 billion for the first nine months of 2004 compared to the same period in 2003. Sales volume on a year-to-date basis through September grew 15.6% representing 5,894 condominiums and 5.3% for 3,468 single-family homes. The median resale price for condominiums reached a record-high of \$219,000 in September 2004 in contrast to \$180,000 the previous September, representing an increase of 21.7%. Likewise, the median resale price for single-family homes jumped 20.3% in September 2004 to \$475,000 compared to \$395,000 for the prior fiscal year.

With a healthy tourism industry, a strong construction trade and a robust home sale market, the local economy has rebounded from the short-term setbacks of the September 11, 2001 attack on America, the scare from the severe acute respiratory syndrome (SARS) and the war in Iraq. It is hoped that sustained growth will continue in the local economy despite these times of global uncertainties.

Sources:

City and County of Honolulu, Department of Planning and Permitting, "Monthly Bulletin – Building Permits," <http://www.honoluluodpp.org/calendar>.

Honolulu Board of Realtors, <http://www.hicentral.com/press>.

Laney, Dr. Leroy O., First Hawaiian Bank, "Economic Forecast," 2004-2005 Edition.

State of Hawaii, Department of Business, Economic Development & Tourism, <http://www2.hawaii.gov/DBEDT>.

State of Hawaii, Department of Taxation, <http://www.state.hi.us/tax/txcolrptarchive.html>.

University of Hawaii Economic Research Organization, <http://www.uhero.hawaii.edu>.

MAJOR INITIATIVES CAPITAL PROGRAM

The City demonstrated fiscal restraint in developing the fiscal year 2004 capital budget which amounted to \$276.8 million, a 39.2% decrease in comparison to the previous fiscal year. The capital improvement budget was drafted with the cooperation of community vision teams and neighborhood boards. To invest in the future and improve the quality of life for residents and visitors, the capital budget focused on wastewater collection and treatment systems, road resurfacing and human services.

General Government

The capital improvement budget of \$27.3 million for the general government function reflected a 25.2% decline over the prior year. The following were the major general government projects: Procurement of Major Equipment (\$12 million), Telecommunications Project (\$2.5 million) and Halawa Corporation Yard (\$2.3 million).

Public Safety

In contrast to \$31.2 million for the previous year, public safety appropriations in the capital improvement budget totaled \$23.4 million in fiscal year 2004. The major public safety projects included the East Honolulu Police District Station (\$5.5 million), the Computerized Traffic Control System (\$2.4 million) and Kawa Stream Improvements (\$1.9 million).

Highways and Streets

\$66.7 million is designated in the capital improvement budget for highways and streets, an increase of 13.5% compared to the last fiscal year. Major highways and streets projects included Rehabilitation of Streets and Parking Lots (\$30.7 million), Curb Ramps at Various Locations (\$13.7 million), Street Improvements (\$3.6 million), Sidewalk Improvements (\$3.4 million) and Bridge Rehabilitation at Various Locations (\$3 million).

Sanitation

In the capital improvement budget, \$73 million was provided for wastewater projects, representing a decrease of 52.9% over the prior year. The following were the major sewer projects for fiscal year 2004: Honouliuli Wastewater Treatment Plant Solids Handling System (\$21 million), Kalaheo Avenue Reconstructed Sewer (\$17.7 million), Project Management for Wastewater Projects (\$5.6 million), Wastewater Equipment (\$4 million), Kaneohe/ Kamehameha Highway Reconstructed Sewer (\$3.3 million), Nimitz Highway Sewer Reconstruction at Oahu Community Correctional Center (\$3.2 million), Small Sewer Mainline and Lateral Projects (\$3 million) and Wastewater Facilities Replacement Reserve (\$3 million).

Human Services

The City designated \$23.9 million in the capital improvement budget for human services, 31.9% more than the previous year. The major human services projects included the Transitional Residential Center (\$6 million), Palolo Chinese Home – Food Service Complex (\$1.9 million) and Housing Partnership Program (\$1.9 million).

Culture-Recreation

For participant, spectator and other recreation projects, \$41.4 million was appropriated in the capital improvement budget, 49.8% less than the year earlier. Major projects included Renovate Recreational Facilities (\$4 million), Reconstruct Wastewater Systems for Parks (\$2.5 million) and Honolulu Zoo Front Entrance Improvements (\$2.4 million).

Transportation

The capital improvement budget appropriations of \$20.7 million for mass transit represented a 66.5% drop compared to the previous year. Major public transit projects include the Bus and Handi-Van Acquisition Program (\$13.8 million), Middle Street Transit Center (\$2.5 million) and Bus Stop Site Improvements (\$2.3 million).

For the Future

The City's capital improvement budget of \$298.3 million for fiscal year 2005 represents an increase of 7.7% compared to the previous year. The increase is primarily due to an emphasis on upgrading infrastructure such as wastewater collection and treatment systems, streets, parking lots, sidewalks and curbs. In addition, the capital improvement budget has a focus on human services and public safety.

General Government

The capital improvement budget totaling \$27.2 million for the general government function reflected a slight decrease in comparison to the prior year. The following are the major general government projects: Procurement of Major Equipment (\$8.2 million), Energy Conservation Improvements and Solar Energy Initiatives (\$7.9 million) and Public Building Facilities Improvements (\$2.3 million).

Public Safety

In contrast to \$23.4 million for the previous year, public safety appropriations in the capital improvement budget rose slightly to \$27.4 million for fiscal year 2005. The major public safety projects include McCully Fire Station Replacement (\$3.9 million), Honolulu Police Department Equipment Acquisition (\$2.7 million) and Rockfall Potential and Other Earth Stability Hazard Inspections and Mitigative Improvements (\$2.4 million).

Highways and Streets

\$56.9 million is designated in the capital improvement budget for highways and streets in fiscal year 2005, compared to \$66.7 million for the last fiscal year. Major highways and streets projects include Street and Parking Lot Improvements (\$40 million), Sidewalk Improvements (\$3.8 million) and Curb Ramps at Various Locations (\$3.6 million).

Sanitation

In the capital improvement budget, \$120.8 million has been provided for wastewater projects, representing an increase of 65.5% over the prior year. The following are the major sewer projects for fiscal year 2005: Sand Island Wastewater Treatment Plant Expansion, Primary Treatment (\$52.3 million), Honouliuli Wastewater Treatment Plant Solids Handling System (\$16 million), Sand Island Wastewater Treatment Plant, Unit 1,

Phase 2A - Headworks (\$8.7 million), Project Management for Wastewater Projects (\$5.2 million), Sand Island Wastewater Treatment Plant Disinfection Facility and Effluent Pump Station (\$4.5 million), Sand Island Wastewater Treatment Plant Construction Soil Management (\$4.5 million) and Wastewater Equipment (\$4 million).

Human Services

The City has designated \$29.3 million in the capital improvement budget for human services, 22.4% more than the previous year. The major human services projects include Hawaii Housing Development Corporation - Tusitala Vista (\$2.9 million), ORI, Anuenue Hale, Inc. - Facility (\$2.5 million) and Housing Opportunities for Persons with AIDS – HOPWA (\$2 million).

Culture-Recreation

For participant, spectator and other recreation projects, \$20.6 million is appropriated in the capital improvement budget, 50.3% less than the year earlier. Major projects include Honolulu Zoo - Discovery Zone Center (\$2 million), Reconstruct Wastewater Systems for Parks (\$1.7 million), Maunalani Community Park (\$1 million), Oahu Parks and Playground Improvements (\$1 million) and Pupukea Paumalu Nature Preserve (\$1 million).

Transportation

The capital improvement budget appropriations of \$12.7 million for mass transit represent a 38.9% drop compared to the previous year. Major public transit projects include the Bus and Handi-Van Acquisition Program (\$6.4 million), Wahiawa Transit Center (\$2 million), Middle Street Intermodal Center (\$1.6 million) and Dillingham Boulevard Transit Improvements (\$1.3 million).

FINANCIAL INFORMATION

The Basic Financial Statements include two government-wide financial statements, the Statement of Net Assets and the Statement of Activities. The government-wide financial statements present the City's financial statements in a more corporate style, e.g., by reporting depreciation and long-term debt. Additionally, the government-wide financial statements provide a big picture view of the City's financial condition and position.

The government-wide financial statements for the primary government are summarized and reported by governmental activities and business-type activities. The City's business-type activities are consolidated into a single column of the government-wide financial statements and include the proprietary funds of the primary government, specifically, housing, sewer, solid waste and the public transportation system.

The following is a brief description of the City's proprietary funds:

- The Housing Development Special Fund accounts for monies designated for the development of housing for sale or rental by the City.
- The Sewer Fund accounts for all monies received pursuant to provisions of the Federal Water Pollution Control Act amendments of 1972 and the Hawaii Revised Statutes and expended for the purposes authorized.

- The Solid Waste Special Fund accounts for all revenues derived from the operations of the City's Refuse Division, solid waste disposal program, glass recycling program and other recycling programs. All monies placed in this fund are maintained in separate accounts identified with and expended for the intended purposes.
- The Public Transportation System was created for the management, operation and maintenance of the bus transportation system including the City bus system (TheBus) and the special transit service (The Handi-Van).

The financial information of the City (known as the primary government) and its component unit, the Board of Water Supply (BWS), are reported separately in the government-wide financial statements.

Another element of the Basic Financial Statements is the fund financial statements. These statements are designed to address the major individual funds by category (governmental, proprietary and fiduciary).

Financial analysis of the primary government is provided in the MD&A section of this report.

Internal Controls

Establishing and maintaining the internal control system is the responsibility of City managers. Creating the internal control system requires estimates and judgments to assess the expected benefits and related costs of control procedures. The objective of an internal control system is to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Management must also develop adequate internal controls to ensure compliance with applicable laws and regulations related to federal and State financial assistance programs.

The internal control system is subject to periodic evaluation by the City's internal audit staff. We believe the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City maintains budgetary controls to ensure that legal provisions of the annual budget are complied with and that expenditures do not exceed budgeted amounts. Controls are exercised by integrating the budgetary accounts in fund ledgers for all budgeted funds. An encumbrance system is also used to account for purchase orders and other contractual commitments. Encumbered balances of appropriations at year-end are reported as reservations of fund balance and are not reappropriated in the following year's budget.

Cash Management

The primary objectives of the City's cash management and investment program are the safety and preservation of principal, liquidity and yield. The City takes full advantage of temporarily idle cash and the scheduling of vendor payments. To ensure the most competitive rates on investments, the cash resources of the individual funds are combined to form a pool of cash and investments. The investment pool's portfolio is composed of obligations of the U.S. Government and its agencies, repurchase agreements fully collateralized by obligations of the U.S. Government or its agencies, and time certificates of deposit.

The average ratio of invested funds to available cash during the year was 89.2%. The City earned interest income during the year at an average rate of return of 0.98%.

Risk Management

The risk management function was established under Section 2-5 of the Revised Ordinances of Honolulu requiring the creation of a risk management program to identify and control the City's exposures to liability. The program covers all City departments and agencies except the Board of Water Supply and Oahu Transit Services. Risk management activities focus on risk financing programs, claims management, loss prevention and other areas to minimize the adverse financial impacts of losses.

The City relies on a combination of commercial insurance and self-insurance to finance risk. Commercial insurance is purchased to cover aircraft, medical liabilities, and real and personal property the City owns or controls. Also, automobile liability insurance is purchased to cover privately owned police vehicles in conformity with a labor contract agreement. For workers' compensation and automobile liabilities, the City qualifies as a self-insurer in accordance with the applicable Hawaii Revised Statutes. With all other risks, the City has elected to self-insure.

OTHER INFORMATION

Independent Audit

Section 3-114 of the City Charter requires an annual financial audit by independent certified public accountants. The accounting firm of PricewaterhouseCoopers LLP was selected by City Council to perform the audit. The auditor's report is included in the financial section of this report. Deloitte & Touche LLP was selected by the Board of Directors of the Board of Water Supply for the audit of its financial statements.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City and County of Honolulu for its comprehensive annual financial report for the fiscal year ended June 30, 2003. The City has received the award in 17 of the last 18 years. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past 5 years. To qualify for the award, the government must publish a budget document that meets program criteria as a policy document, a financial plan and a communications device.

Acknowledgments

I am deeply grateful for the efforts of the Accounting Division personnel who contributed to the preparation of this report. My heartfelt appreciation is extended also to the Mayor, City Council and department heads for their leadership and support in maintaining the City's sound financial position.

Respectfully submitted,



Ivan M. Lui-Kwan
Director of Budget and Fiscal Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City and County Honolulu,
Hawaii

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

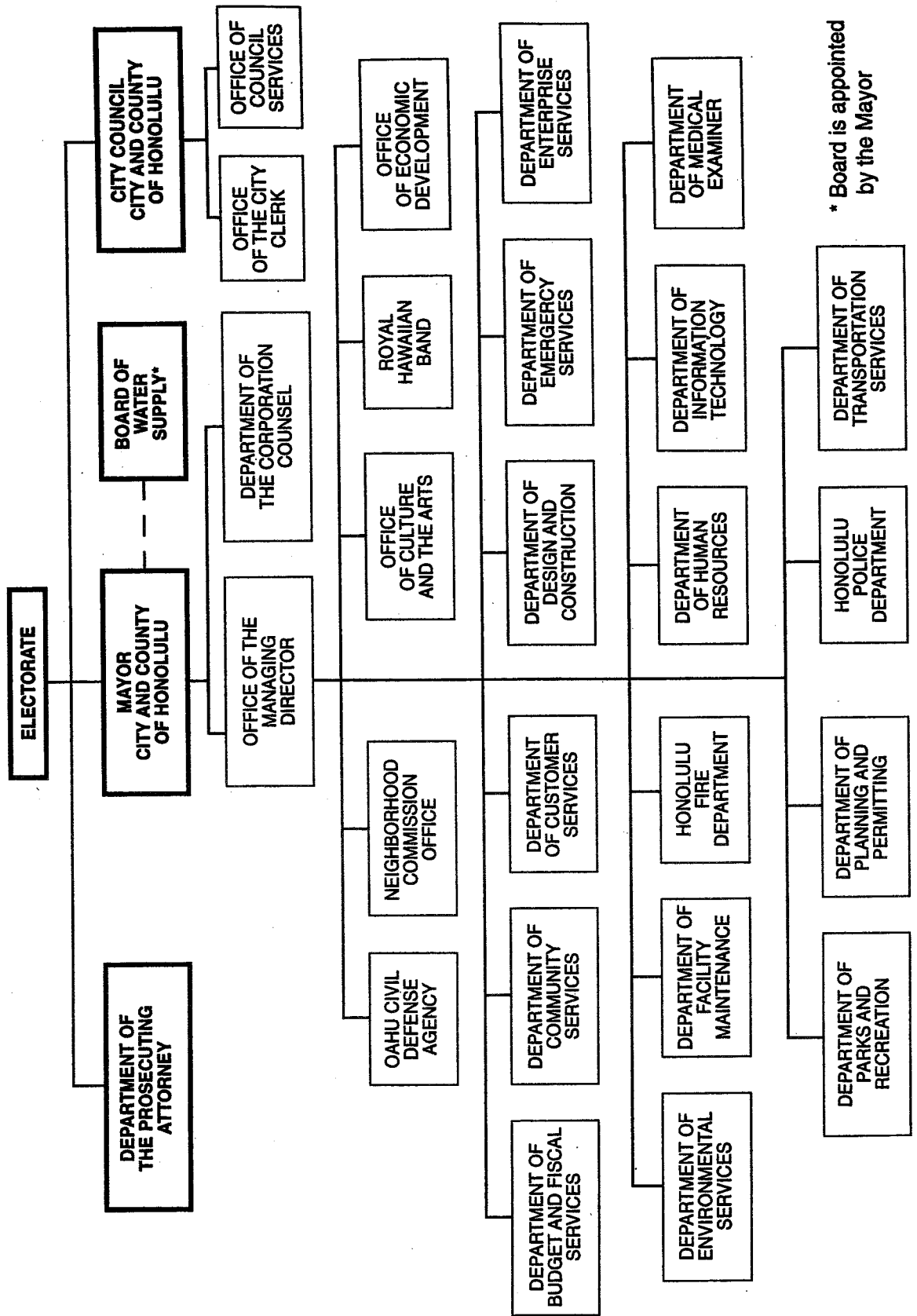
President

Jeffrey R. Emor

Executive Director

CITY AND COUNTY OF HONOLULU ORGANIZATION CHART

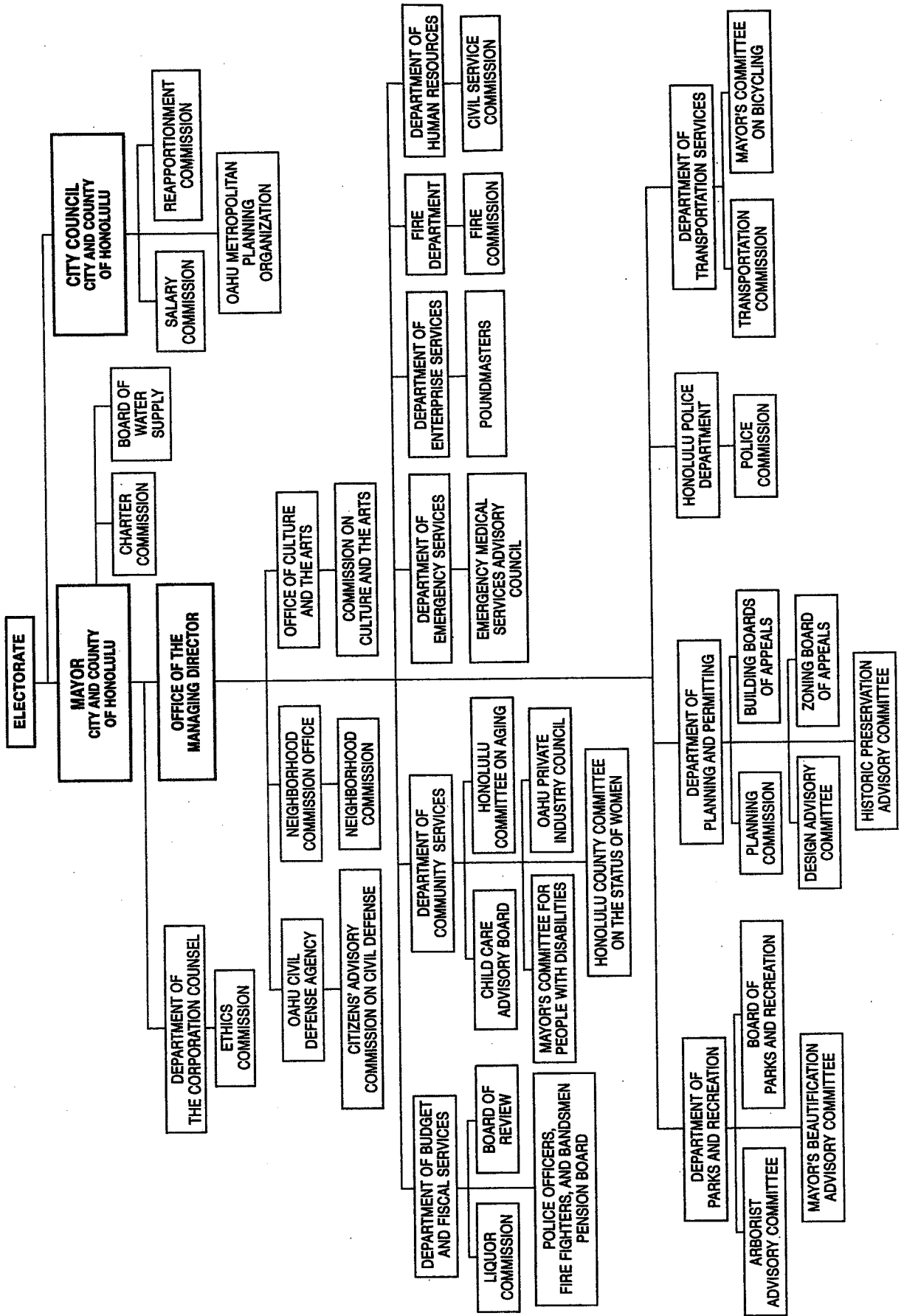
FISCAL YEAR 2003 - 04



* Board is appointed by the Mayor

CITY AND COUNTY OF HONOLULU CHART OF BOARDS, COMMISSIONS AND ADVISORY BODIES

FISCAL YEAR 2003 - 04



CITY AND COUNTY OF HONOLULU

ELECTED OFFICIALS

EXECUTIVE BRANCH
(2001-2004)

Mayor.....Jeremy Harris

Prosecuting Attorney.....Peter Carlisle

In the general election on November 2, 2004, Mufi Hannemann was elected Mayor for a four-year term commencing January 2, 2005.

Peter Carlisle was re-elected to another four-year term as Prosecuting Attorney in the primary election on September 18, 2004.

CITY COUNCIL

<u>Council District</u>	<u>Councilmember</u>
First	Mike Gabbard
Second	Donovan Dela Cruz
Third	Barbara Marshall
Fourth	Charles Djou
Fifth	Ann Kobayashi
Sixth	Rod Tam
Seventh	Romy Cachola
Eighth	Gary Okino
Ninth	Nestor Garcia

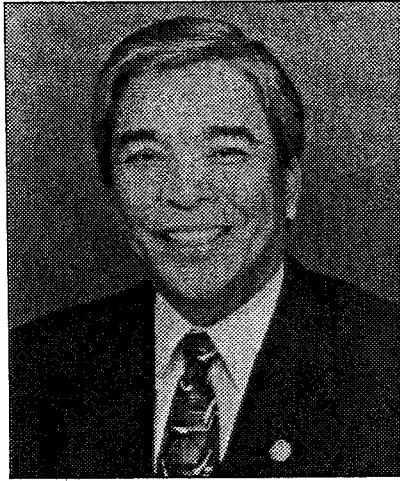
The staggered terms of Councilmembers elected in November 2002 commenced on January 2, 2003. Councilmembers of odd-numbered districts were elected to two-year terms while Councilmembers of even-numbered districts were elected to four-year terms.

As a result of primary elections in September 2004, Councilmembers of odd-numbered districts were elected to four-year terms commencing on January 2, 2005. Todd Apo was elected to represent the first district, and incumbents were re-elected in the third, fifth, seventh, and ninth districts.

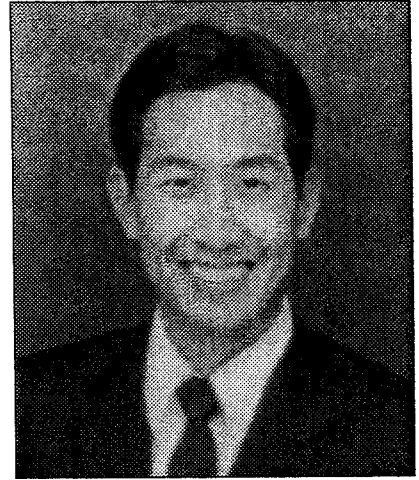
LEGISLATIVE BRANCH
City Council



Donovan M. Dela Cruz
Chair, District II



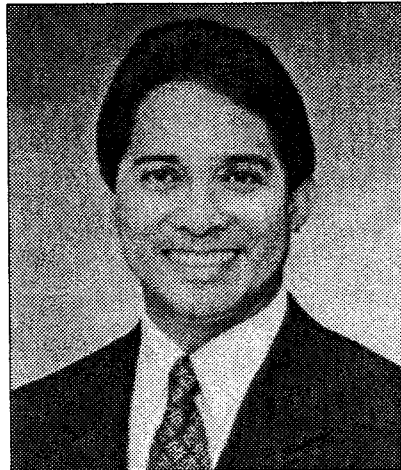
Romy M. Cachola
Councilmember, District VII



Charles K. Djou
Councilmember, District IV



Mike Gabbard
Councilmember, District I



Nestor Garcia
Councilmember, District IX



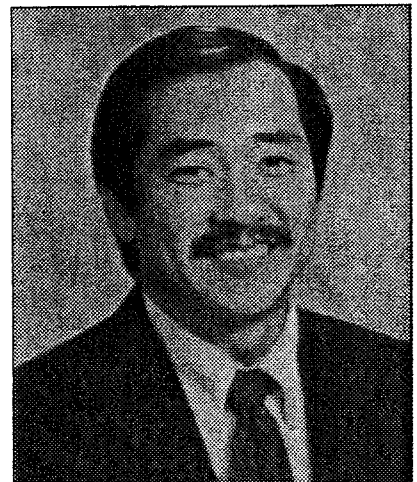
Ann H. Kobayashi
Councilmember, District V



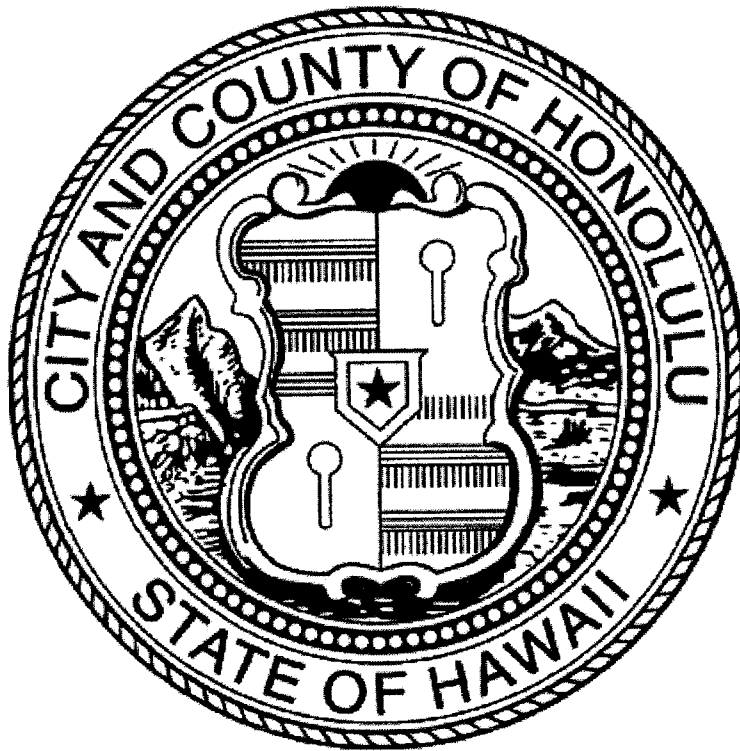
Barbara Marshall
Councilmember, District III



Gary H. Okino
Councilmember, District VIII



Rodney Tam
Councilmember, District VI



FINANCIAL SECTION

Report of Independent Auditors

To the Chair and Members of the City Council
City and County of Honolulu
Honolulu, Hawaii

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and County of Honolulu, State of Hawaii ("City"), as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City and County of Honolulu's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Water Supply, which is the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Water Supply, is based on the report of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and County of Honolulu, State of Hawaii, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2004 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 17 through 32 and 85 through 88 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City and County of Honolulu's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents under other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents under other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PricewaterhouseCoopers LLP

Honolulu, Hawaii
December 23, 2004

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is designed to provide an overview of the financial performance of the City and County of Honolulu for the fiscal year ended June 30, 2004. The information presented in this MD&A should be considered in conjunction with the letter of transmittal in the Introductory Section of this report and the financial statements that follow this subsection.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2004

- For the fiscal year ended June 30, 2004, taxes and other revenues for governmental programs totaled \$891.7 million while expenses amounted to \$844.8 million (before transfers), representing an improvement in comparison to last fiscal year when expenses exceeded revenues by \$12.3 million.
- With the City's business-type activities, revenues increased from \$312.7 million for fiscal year 2003 to \$339.3 million during fiscal year 2004 while expenses decreased from \$444.9 million in the prior fiscal year to \$426.8 million for the fiscal year ended June 30, 2004.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$168.9 million, compared to \$130.3 million the year before. The change in fund balance is detailed further on page 28.
- Total fund balance in the General Fund as of June 30, 2004 decreased by \$10.5 million to \$62.3 million. Likewise, unreserved fund balance in the General Fund declined by \$10 million to \$41.5 million at the end of the 2004 fiscal year.
- The capital assets for the governmental activities amounted to \$1.7 billion at the close of the 2004 and 2003 fiscal years.
- The City's net debt applicable to the legal debt margin of \$11.9 billion was \$1.5 billion for the fiscal year ended June 30, 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A serves as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances, in a manner similar to the private sector. Accordingly, it provides both long-term and short-term information about the City's financial status.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as an indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents how the City's net assets changed during the fiscal year. Revenues and expenses are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. As such, the statement includes information for some items that will result in cash flows in the future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that recover all or a significant portion of its costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, human services, culture and recreation, and utilities. The business-type activities of the City include four enterprises: housing, sewer, solid waste and public transportation. The governmental activities and the business-type activities comprise the City's primary government.

The City's government-wide financial statements include separate component unit reporting for the semi-autonomous operations of the Board of Water Supply. The focus of the government-wide statements is clearly on the primary government although the presentation allows the user to address the relative relationship with the component unit. Complete financial statements of the Board of Water Supply, which include its MD&A, may be obtained from the Board of Water Supply at 630 South Beretania Street, Honolulu, Hawaii 96843.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

CITY AND COUNTY OF HONOLULU

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains 30 governmental funds, each individually categorized as major or non-major. The General Fund is always classified as a major fund. Other major funds consist of the Highway Fund, and the General Obligation Bond and Interest Redemption Fund. A fund is considered major if its revenues, expenditures, assets, or liabilities is at least 10% of corresponding totals for all governmental funds and at least 5% of the aggregate amount for all governmental and enterprise funds for the same item. Even though the General Improvement Bond Fund did not meet the qualifying criteria for a major fund in fiscal year 2004, the City chose to present it separately like the other major funds in the Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds. Information for the other 26 funds are included in the nonmajor category and are combined into a single, aggregated presentation in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in this report.

Proprietary Funds. Enterprise services for which the City charges fees to customers are reported as proprietary funds. Like the government-wide financial statements, the proprietary fund statements report long-term and short-term financial information. The Statement of Cash Flows for the proprietary funds presents changes in cash and cash equivalents, resulting from operating, financing and investing activities; cash receipts and cash disbursements are reported without consideration of the earnings event, when an obligation arises, and excluding depreciation of capital assets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Information

In addition to the basic financial statements and accompanying notes, the Financial Section of this report presents certain required supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The individual fund statements and schedules can be found following the combining statements of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (GOVERNMENT-WIDE)

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. Excluding its component unit, the City's assets exceeded liabilities by \$1 billion in contrast to \$1.1 billion at the end of last fiscal year.

The largest portion of the primary government's net assets (94.5% and 91.5% at the end of fiscal years 2004 and 2003, respectively) is reflected as invested in capital assets (i.e., land, construction work in progress, buildings and improvements, equipment and machinery, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately \$32.6 million and \$68.2 million of the net assets for the primary government were unrestricted at June 30, 2004 and 2003, respectively. For the City's governmental activities, the unrestricted net assets of \$84.8 million at the end of fiscal year 2004 may be used to meet the City's ongoing obligations to citizens and creditors. With regard to the City's business-type activities, the unrestricted net assets amounted to a deficit of \$52.2 million at June 30, 2004 which was attributable to losses from operations after transfers and contributions, acquisition of capital assets, debt service payments and an increase in debt service reserves. A small percentage (2.3%) of the City's net assets at June 30, 2004 represents resources that are subject to external restrictions on how they may be used.

**CITY AND COUNTY OF HONOLULU
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is a summary of the Statement of Net Assets with comparative data of the prior year:

**Summary Statement of Net Assets
(Amounts in Millions)**

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 297.2	\$ 233.6	\$ 241.9	\$ 376.6	\$ 539.1	\$ 610.2
Capital assets, net of accumulated depreciation	1,732.6	1,655.6	1,793.4	1,710.1	3,526.0	3,365.7
Total assets	2,029.8	1,889.2	2,035.3	2,086.7	4,065.1	3,975.9
Noncurrent liabilities	1,678.0	1,535.5	1,231.8	1,256.8	2,909.8	2,792.3
Other liabilities	54.9	42.1	85.2	85.7	140.1	127.8
Total liabilities	1,732.9	1,577.6	1,317.0	1,342.5	3,049.9	2,920.1
Net assets:						
Invested in capital assets, net of debt	211.1	262.8	747.9	702.8	959.0	965.6
Restricted	1.0	1.4	22.6	20.6	23.6	22.0
Unrestricted	84.8	47.4	(52.2)	20.8	32.6	68.2
Total net assets	\$ 296.9	\$ 311.6	\$ 718.3	\$ 744.2	\$ 1,015.2	\$ 1,055.8

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following are the key elements of the changes in the City's net assets for fiscal years 2004 and 2003:

Changes in Net Assets (Amounts in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ 140.4	\$ 125.0	\$ 252.6	\$ 254.5	\$ 393.0	\$ 379.5
Operating grants and contributions	93.6	85.5	-	-	93.6	85.5
Capital grants and contributions	67.7	33.8	75.7	45.2	143.4	79.0
General revenues:						
Property taxes	439.0	385.1	-	-	439.0	385.1
Other taxes	98.9	94.4	-	-	98.9	94.4
Other	52.1	73.6	11.0	13.0	63.1	86.6
Total revenues	<u>891.7</u>	<u>797.4</u>	<u>339.3</u>	<u>312.7</u>	<u>1,231.0</u>	<u>1,110.1</u>
Expenses						
General government	147.3	148.4	-	-	147.3	148.4
Public safety	259.1	264.4	-	-	259.1	264.4
Highways and streets	19.7	45.0	-	-	19.7	45.0
Sanitation	0.7	0.6	-	-	0.7	0.6
Human services	70.2	74.5	-	-	70.2	74.5
Culture and recreation	61.2	68.3	-	-	61.2	68.3
Utilities	93.9	44.3	-	-	93.9	44.3
Retirement and health benefits	99.0	82.7	-	-	99.0	82.7
Miscellaneous	29.2	21.3	-	-	29.2	21.3
Interest	64.6	60.2	-	-	64.6	60.2
Housing	-	-	16.2	24.1	16.2	24.1
Sewer	-	-	123.6	130.2	123.6	130.2
Solid waste	-	-	136.6	140.1	136.6	140.1
Public transportation	-	-	150.3	150.5	150.3	150.5
Total expenses	<u>844.9</u>	<u>809.7</u>	<u>426.7</u>	<u>444.9</u>	<u>1,271.6</u>	<u>1,254.6</u>
Decrease before transfers	46.8	(12.3)	(87.4)	(132.2)	(40.6)	(144.5)
Transfers	(61.5)	(32.5)	61.5	32.5	-	-
Change in net assets	(14.7)	(44.8)	(25.9)	(99.7)	(40.6)	(144.5)
Net assets - beginning	311.6	356.4	744.2	843.9	1,055.8	1,200.3
Net assets - ending	<u>\$ 296.9</u>	<u>\$ 311.6</u>	<u>\$ 718.3</u>	<u>\$ 744.2</u>	<u>\$ 1,015.2</u>	<u>\$ 1,055.8</u>

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Total revenues for the primary government rose 10.9% from \$1.11 billion in fiscal year 2003 to \$1.23 billion for the fiscal year 2004. The revenue gains for fiscal year 2004 may be attributed to a variety of sources such as increased real property tax collections and federal capital grants for utilities (governmental activities).

Expenses for the primary government totaled \$1.27 billion for fiscal year 2004 of which \$844.9 million applied to governmental activities and \$426.7 million related to business-type activities. For the prior fiscal year, expenses for the primary government totaled \$1.25 billion; expenses comprised of \$809.7 million for governmental activities and \$444.9 million for business-type activities. Depreciation, included as expenses in the above schedule, amounted to \$66.8 million for the governmental activities and \$66 million for business-type activities for fiscal year 2004.

Highways and streets expenses dropped from \$45 million for fiscal year 2003 to \$19.7 million for fiscal year 2004 primarily due to the decrease in capital outlays. For example, \$13.2 million was expended for the reconstruction, rehabilitation and resurfacing of streets in fiscal year 2003 compared to \$4.1 million in fiscal year 2004. Similarly, \$4.3 million was expended for wheelchair ramps in fiscal year 2003 compared to \$199 thousand in fiscal year 2004.

Utilities expenses increased from \$44.3 million for fiscal year 2003 to \$93.9 million for fiscal year 2004 primarily due to the contribution of capital assets to the Public Transportation System for the bus acquisition program and the cost of studies to improve bus service for the primary transportation corridor.

Housing expenses decreased from \$24.1 million for fiscal year 2003 to \$16.2 million for fiscal year 2004 due to the cost of sales totaling \$9.1 million for Ewa Villages Areas D and H sold in fiscal year 2003.

Statement of Activities

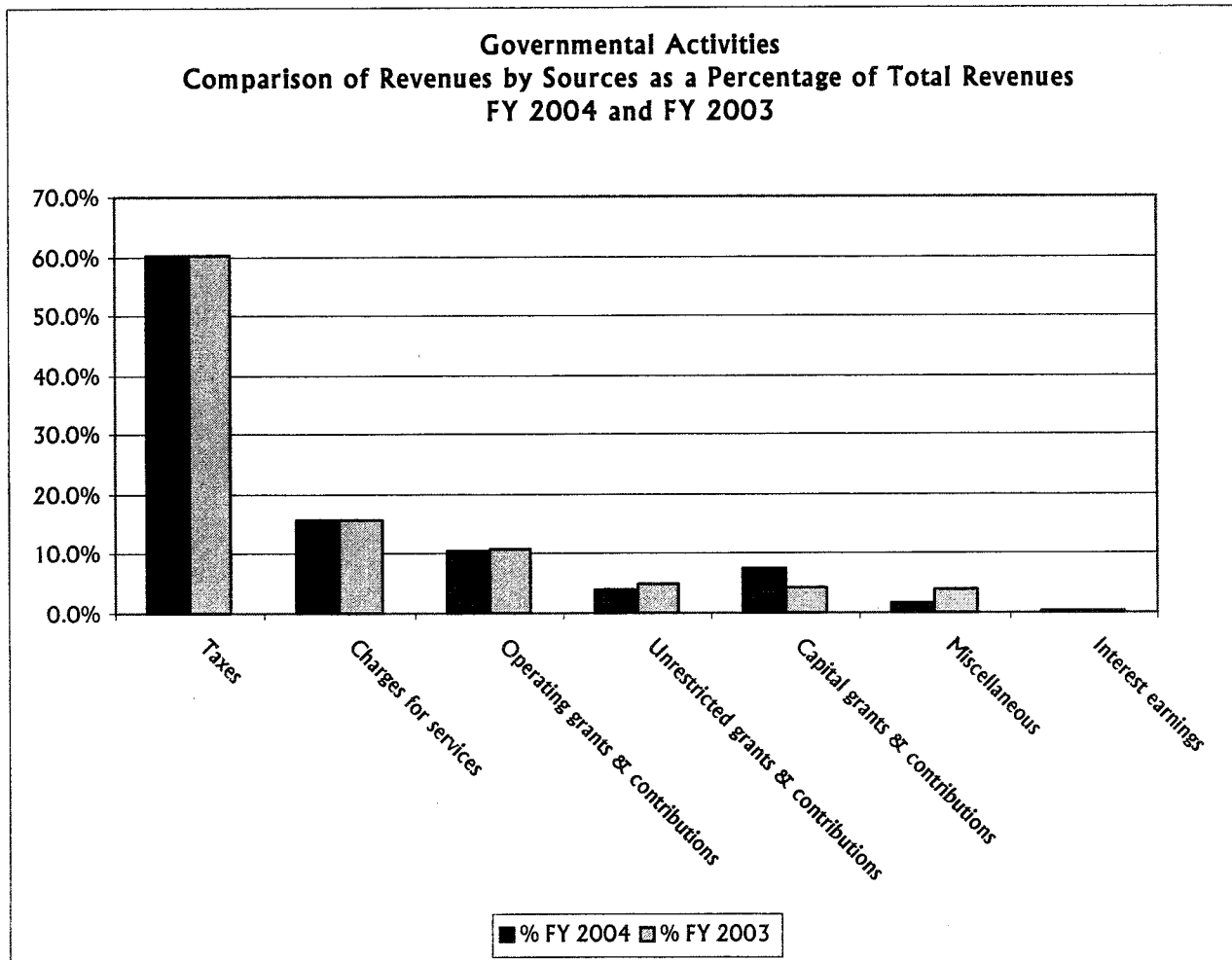
As noted earlier, the Statement of Activities presents how the City's net assets changed during the current fiscal year. Revenues and expenses are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. As such, the statement includes information for some items that will result in cash flows in the future fiscal periods (e.g., uncollected taxes).

Governmental Activities

Governmental activities decreased the City's net assets by \$14.7 million in fiscal year 2004 in contrast to \$44.8 million the year earlier. Key elements of the decrease in net assets for both years were depreciation expense for capital assets, high retirement benefits expense, increased normal wage costs and inflation. However, the change in net assets improved from the prior year due primarily to increased real property tax collections and federal grants.

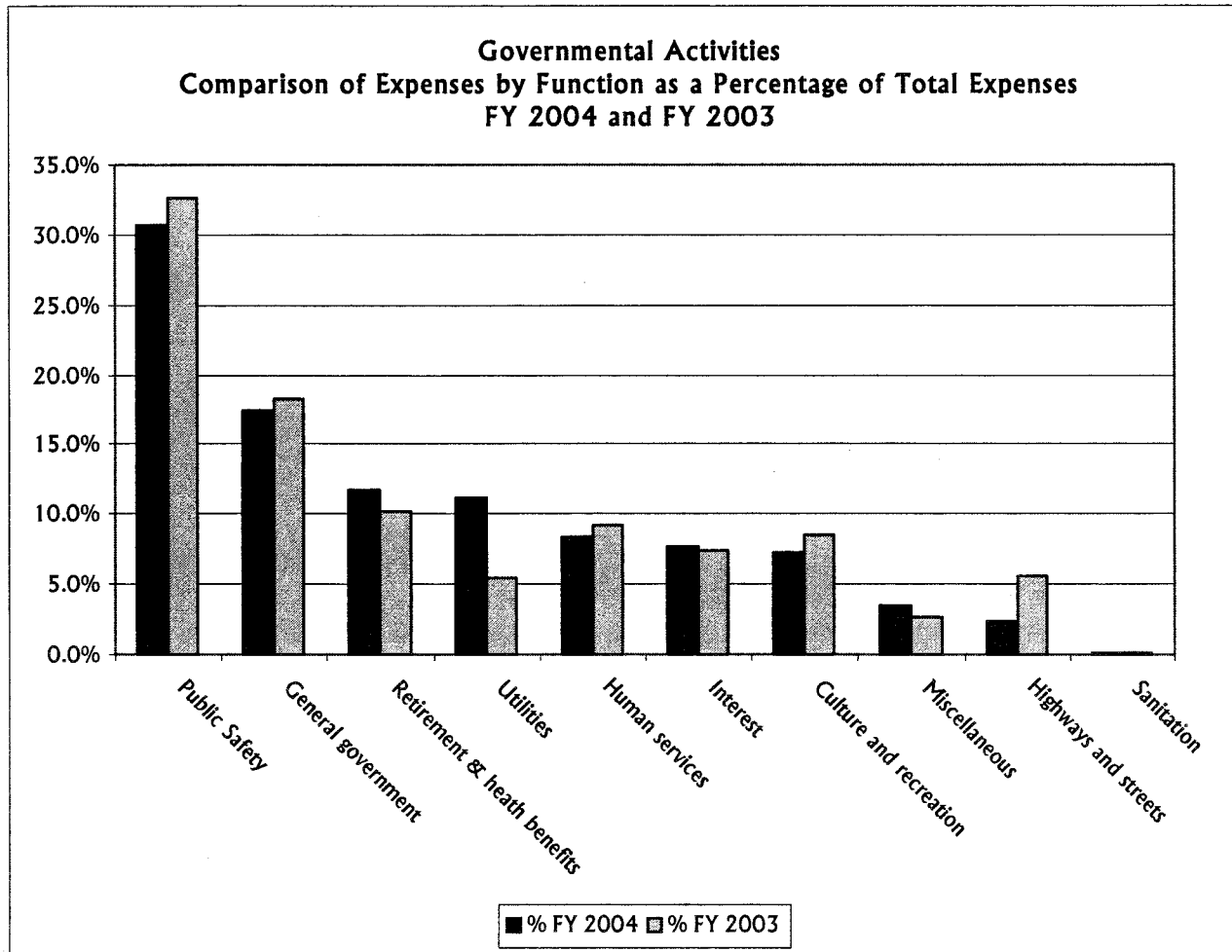
CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues. The following exhibit, Comparison of Revenues by Sources as a Percentage of Total Revenues, indicates revenues from governmental activities remained virtually unchanged for the last two fiscal years. For example, taxes for fiscal year 2004, including real property taxes of \$439 million, amounted to 60.3% of revenues from governmental activities in contrast to 60.1% the year before. As an exception, capital grants and contributions increased to 7.6% for fiscal year 2004, up from 4.2% the prior year.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses. During the 2004 fiscal year, the City spent \$259.1 million or 30.7% of the governmental activities budget on public safety, \$147.3 million or 17.4% on general government and \$99 million or 11.7% on retirement and health benefits as displayed below on the exhibit of expenses by function. In the prior fiscal year, the City spent 32.7%, 18.3% and 10.2% on public safety, general government, and retirement and health benefits, respectively.

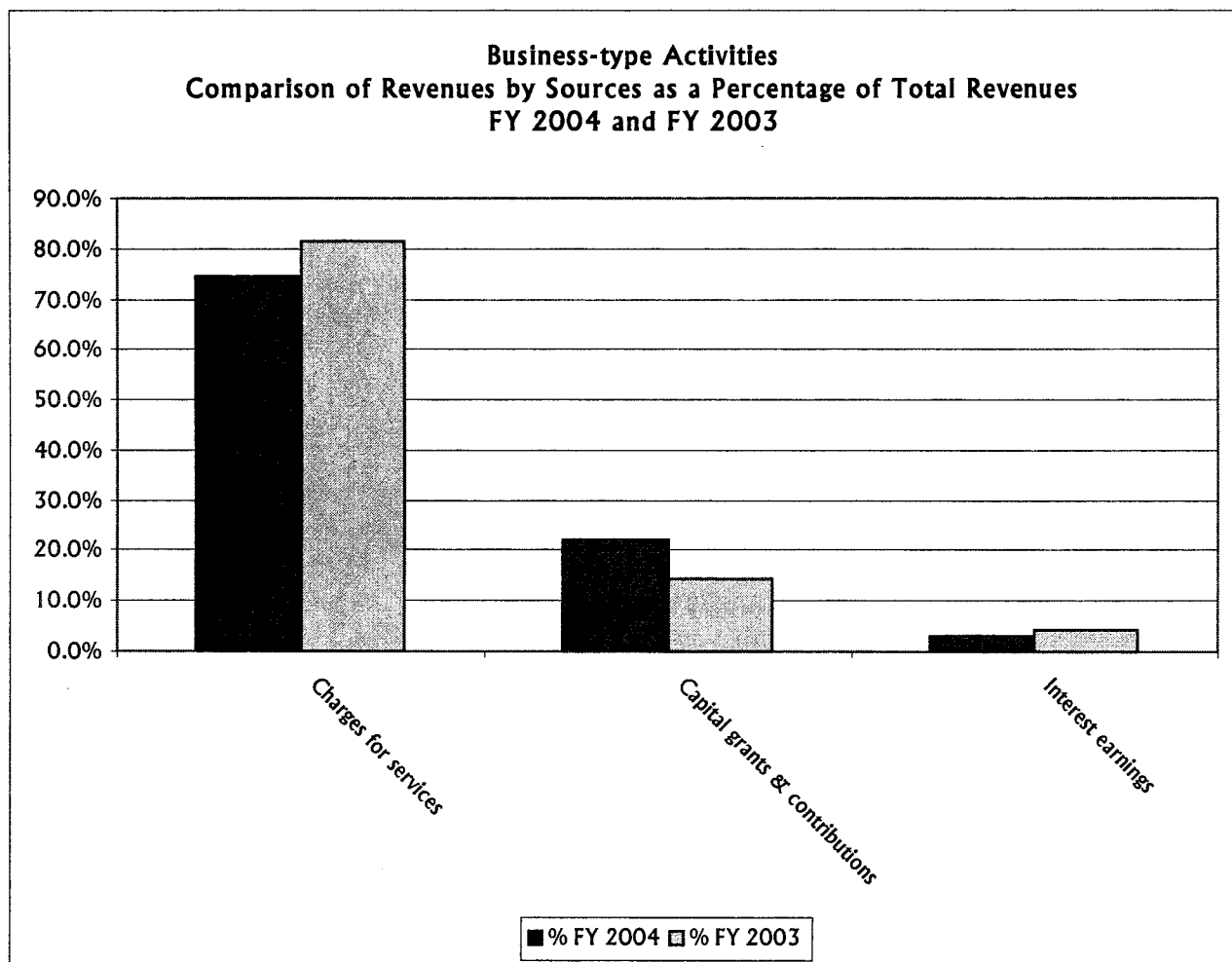


CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

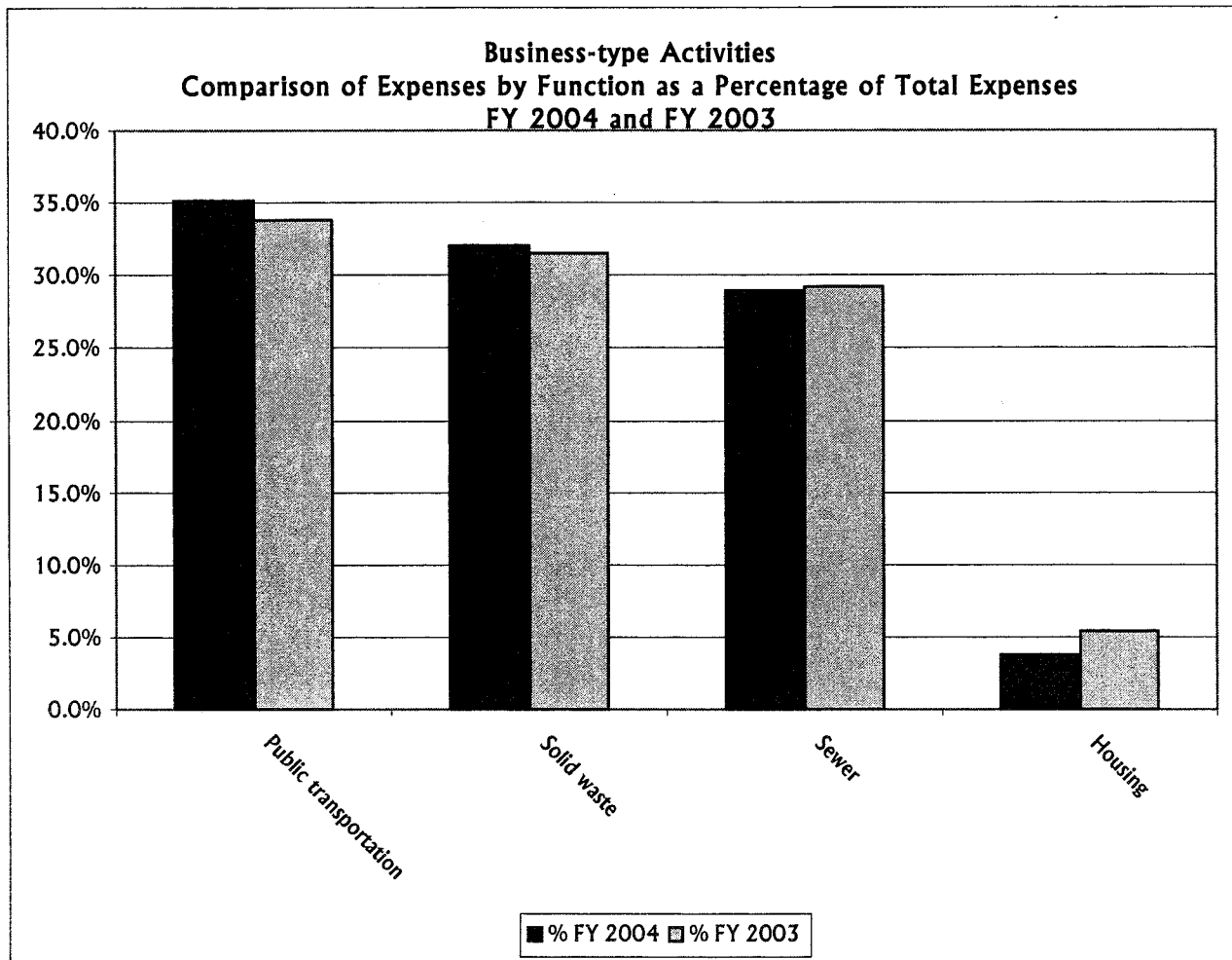
The net assets from the City's business-type activities decreased \$25.9 million for fiscal year 2004 in comparison to the decline of \$99.7 million for the prior year. The declines were due to a variety of factors such as not raising key user fees to cover increases for normal wage and inflation expenses and costs for expanded services.

Revenues. The exhibit below indicates that charges for services provided 74.4% of the revenues for business-type activities for fiscal year 2004 in contrast to 81.4% for the previous year. Charges for services totaled \$252.6 million for fiscal year 2004 and can be disaggregated as follows: housing (\$8 million), sewer (\$115 million), solid waste (\$94.3 million) and public transportation (\$35.3 million). In comparison to fiscal year 2003, total charges for services for business-type activities decreased \$1.9 million, partially resulting from the sale of vacant lands, namely Ewa Villages Areas D and H, for \$9.9 million in the prior fiscal year, offset in part by insurance proceeds of \$4.7 million received in the current fiscal for property damage and business interruption for failure of the electric generator at the H-POWER facility.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses. As displayed in the exhibit below, expenses by business-type activities changed slightly in contrast to the prior year. Public transportation used the most resources (35.2%), followed by solid waste (32%) and sewer (29%) for fiscal year 2004. The public transportation (bus and handi-van) operations were subsidized by the governmental activities in the amount of \$74.2 million and \$75.8 million for fiscal year 2004 and 2003, respectively.



FINANCIAL ANALYSIS OF THE CITY GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CITY AND COUNTY OF HONOLULU
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table summarizes the changes in fund balances for the City's governmental funds as of the end of the 2004 fiscal year, amounting to a surplus of \$38.5 million in comparison to a deficit of \$50 million for the prior fiscal year.

**Changes in Fund Balances
(Amounts in Millions)**

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	All Other Funds	Totals	
						2004	2003
Revenues:							
Taxes	\$ 458.1	\$ 74.7	\$ -	\$ -	\$ -	\$ 532.8	\$ 480.8
Other	164.2	43.2	-	-	181.3	388.7	341.3
Total Revenues	622.3	117.9	-	-	181.3	921.5	822.1
Expenditures	478.2	57.2	337.4	74.3	188.0	1,135.1	964.9
Subtotal	144.1	60.7	(337.4)	(74.3)	(6.7)	(213.6)	(142.8)
Transfers and Other	(154.6)	(62.9)	337.4	93.0	39.2	252.1	92.8
Changes in Fund Balances	\$ (10.5)	\$ (2.2)	\$ -	\$ 18.7	\$ 32.5	\$ 38.5	\$ (50.0)

The above changes in fund balances for the governmental funds differ from the changes in net assets for governmental activities on page 22. The differences relate to certain financial resources and expenditures such as debt financing and capital outlays that are included in the changes in fund balances but are not reported in the changes in net assets as described on page 39.

General Fund.

The General Fund is the chief operating fund of the City. At June 30, 2004, unreserved fund balance of the General Fund was \$41.5 million, while total fund balance amounted to \$62.3 million, representing decreases of \$10 million and \$10.5 million, respectively, in comparison to the prior fiscal year end.

Real property taxes, the primary General Fund revenue source, jumped \$49.4 million, a rise of 12.8% compared to the prior year. The increase resulted primarily from higher assessed valuations on real property.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Highway Fund.

The Highway Fund includes special revenue proceeds that have been earmarked by law for highway and related activities. Major revenue sources include the City fuel tax, vehicle weight tax and public utility franchise tax. The unreserved fund balance decreased 9.6% from \$25.5 million at the close of the prior fiscal year to \$23.1 million as of June 30, 2004. Similarly, total fund balance dropped 8.2% to \$24.8 million during the same period.

General Obligation Bond and Interest Redemption Fund.

The General Obligation Bond and Interest Redemption Fund accounts for principal and interest payments on general obligation serial bonds that have been issued by the City. The balance of matured bonds and interest payable was unchanged at \$358,000 as of June 30, 2004 compared to the prior year.

General Improvement Bond Fund.

Although the General Improvement Bond Fund did not meet the qualifying criteria for a major fund in fiscal year 2004, the City elected to classify it as major. Deposits into the fund include proceeds from the sale of general obligation bonds and tax exempt commercial paper borrowings for payment of public improvements appropriated and expended from the fund as specified in the Executive Capital Budget and Program Ordinance. Also, the fund consists of maturing City improvement district assessment bonds and special assessment collections. Encumbered contracts underway, one component of fund balance, decreased 1.3% from \$294.9 million at the end of last year to \$291.1 million at the close of the 2004 fiscal year. Unreserved capital projects, the other component of fund balance, reflected deficits of \$289.5 million as of June 30, 2004 and \$312 million at the end of the prior year. The total fund balance reflected a surplus of \$1.6 million at end of the fiscal year while a deficit of \$17.1 million was reported the year before.

All Other Funds.

All other funds consist of the City's nonmajor governmental funds. The surplus fund balance of \$32.5 million for fiscal year 2004 was attributed primarily to the \$93.5 million proceeds of general obligation bonds, commercial paper and long-term notes for the Highway Improvement Bond Fund. On the other hand, the deficiency of \$38.4 million in fund balance for fiscal year 2003 resulted in most part from the excess of expenditures and other uses over revenues and other sources for the Highway Improvement Bond Fund and Federal Grants Capital Projects Fund. The surplus in fiscal year 2004 for the nonmajor funds along with the beginning fund balance of \$47.6 million resulted in an ending fund balance of \$80.1 million.

Proprietary Funds

The City's proprietary funds are reported in the fund financial statements and as business-type activities in the government-wide financial statements.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

There was no significant difference between the original budget and the final amended budget for the General Fund. Changes represent appropriation transfers within the General Fund, resulting in no total difference between the original and final budget.

Actual revenues exceeded budgetary estimates by \$3.5 million or 0.6% for fiscal year 2004 resulting primarily from a rise in real property tax collections and the sale of Block J, offset by deferred revenues from the State for emergency ambulance services. For the prior year, actual revenues surpassed budgeted revenues by \$8.8 million or 1.6% primarily due to increased collections of real property taxes, building permit fees and motor vehicle weight taxes. With expenditure control measures, actual expenditures were less than budgetary estimates by \$24.1 million or 4.6% for fiscal year 2004 and by \$25.2 million or 5% for the previous year. The net changes in fund balance were favorable variances of \$46.3 million for fiscal year 2004 and \$27.4 million for last year, thereby eliminating the need to draw upon existing reserves.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, totaled \$3.5 billion for the primary government of which \$1.7 billion pertained to governmental activities as of June 30, 2004. This investment in capital assets includes land, construction work in progress, buildings and improvements, equipment and machinery, and infrastructure.

Some of the major capital asset additions for the governmental funds during the 2004 fiscal year included dedication of the Ward Avenue Extension (\$8 million), land acquisition for Heeia Kea Park (\$4 million), building improvements for the Halawa Corporation Yard (\$3.6 million), restoration of the City Hall Annex Auditorium (\$2 million) and shoreline protection for Mauna Lahilahi Beach Park (\$1.4 million).

Conversely, capital assets were reduced \$1.5 million for the sale of Block J for \$10.5 million to Pflueger Group, LLC.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of the capital assets for governmental activities as of June 30, 2004 in comparison to the previous year:

Summary of Capital Assets (Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Non-depreciable assets:						
Land	\$ 477.7	\$ 454.8	\$ 118.1	\$ 105.5	\$ 595.8	\$ 560.3
Construction work in progress	169.7	165.8	269.9	186.5	439.6	352.3
Other capital assets:						
Buildings and improvements	926.0	864.2	653.3	651.9	1,579.3	1,516.1
Equipment and machinery	222.4	217.4	467.4	430.5	689.8	647.9
Infrastructure	777.5	734.8	794.4	793.3	1,571.9	1,528.1
Less: accumulated depreciation	(840.7)	(781.4)	(509.7)	(457.6)	(1,350.4)	(1,239.0)
Net	<u>\$ 1,732.6</u>	<u>\$ 1,655.6</u>	<u>\$ 1,793.4</u>	<u>\$ 1,710.1</u>	<u>\$ 3,526.0</u>	<u>\$ 3,365.7</u>

Additional information on the City's capital assets can be found in the notes of this report.

Long-Term Debt

At June 30, 2004, the City's long-term debt consisted of \$2.7 billion total bonded debt outstanding (net of \$38.4 million unamortized premium, \$25.2 million unamortized discount and \$20.2 million deferred loss on refunding), \$86.7 million notes payable, \$103,085 capital lease obligations, \$1.5 million installment purchase contracts and \$1 million special assessments bonds. Of the total bonded debt, \$896 million (net of \$24.1 million unamortized discount) represent revenue bonds secured solely by specified revenue sources.

Debt activity during the year include the following:

- \$250 million of General Obligation bonds were issued on August 8, 2003 for refunding of \$145.3 million of general obligation tax-exempt commercial paper notes and for various capital improvement projects.
- \$100 million of Water System Revenue Bonds were issued on January 28, 2004.
- \$321.6 million of General Obligation refunding bonds were issued at a premium of \$29.6 million less issuance costs, loss on refunding and interest of \$22.7 million on April 14, 2004 to refund \$8.1 million of general obligation tax-exempt commercial paper notes and \$320.4 million of general obligation bonds.
- \$100.1 million of general obligation tax-exempt commercial paper notes were issued on various dates for general obligation bond refunding of \$11.5 million and for various capital improvement projects.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Concurrent with the issuance of the aforementioned bonds, the City purchased Financial Guarantee Insurance Policies from MBIA Insurance Corporation. The policies unconditionally guarantee the payment of principal and interest on the bonds in the event of nonpayment by the City. As a result, Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services assigned ratings of AAA, Aaa and AAA, respectively, for the bonds issued on August 8, 2003 and April 14, 2004.

The City is within all of its legal debt limitations. State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its net assessed valuation. The debt limitation for the City is \$11.9 billion for the 2004 fiscal year. Net debt, excluding debt issued for enterprise fund activities and special assessments, applicable to legal debt margin amounted to \$1.5 billion.

Additional information on the City's debt can be found in the notes of this report and in the Statistical Section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Indicators suggest that the local economy continues to be strong. Unemployment is at a record low; personal income, proprietors' income, civilian employment, job counts, consumer spending and federal defense spending are up; and bankruptcy filings declined. On the other hand, inflation, energy costs, housing prices and interest rates have been rising.

The assessed valuation of real property on Oahu increased 16.7% to \$92.4 billion for fiscal year 2005 from \$79.2 billion for the previous fiscal year. Additionally, real property tax rates were raised slightly for unimproved residential, hotel and resort, commercial, and industrial properties. However, tax rates were lowered nominally for agricultural and preservation lands.

At the same time, motor vehicle weight tax rates increased effective for the registration period commencing January 1, 2004.

Despite the growth in the economy, the City is making every effort to contain costs while maintaining the expected level of service to the public. Specifically, the capital improvement budget was slashed from \$455.6 million for fiscal year 2003 to \$276.8 million for fiscal year 2004 but was raised to \$298.3 million for fiscal year 2005 primarily to fund sewer infrastructure improvements. Increases in retirement system contributions, negotiated salaries, health fund contributions, FICA taxes, workers compensation and risk management prompted modest raises in the operating budgets: from \$1,390.7 million last fiscal year, \$1,444.1 million this fiscal year, and \$1,531.3 million for next fiscal year.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Budget and Fiscal Services, City and County of Honolulu, 530 South King Street, Honolulu, Hawaii 96813.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY AND COUNTY OF HONOLULU
STATEMENT OF NET ASSETS
 JUNE 30, 2004
 (Amounts in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 109,439	\$ 105,985	\$ 215,424	\$ 16,944
Investments	57,786	76,942	134,728	65,701
Receivables (net)	130,002	34,080	164,082	14,664
Internal balances	(50)	50	--	--
Inventories	36	15,909	15,945	4,251
Deferred charges and other	--	4,309	4,309	3,041
Restricted assets:				
Cash and cash equivalents	--	587	587	65,384
Investments	--	--	--	51,036
Other	--	4,013	4,013	2,099
Capital assets (net of accumulated depreciation):				
Land	477,703	118,122	595,825	30,090
Buildings and improvements	618,685	529,795	1,148,480	90,617
Equipment and machinery	83,614	166,321	249,935	85,530
Infrastructure	382,893	709,229	1,092,122	677,273
Construction work in progress	169,739	269,928	439,667	155,757
Total assets	<u>2,029,847</u>	<u>2,035,270</u>	<u>4,065,117</u>	<u>1,262,387</u>
LIABILITIES				
Accounts payable	30,170	29,108	59,278	24,825
Matured bonds and interest payable ...	367	--	367	--
Accrued interest payable	20,521	19,949	40,470	3,636
Due to fiduciary funds	2,605	21	2,626	--
Other liabilities	1,229	36,167	37,396	12,808
Noncurrent liabilities:				
Due within one year	126,315	59,073	185,388	1,135
Due in more than one year	1,551,664	1,172,679	2,724,343	219,801
Total liabilities	<u>1,732,871</u>	<u>1,316,997</u>	<u>3,049,868</u>	<u>262,205</u>
NET ASSETS				
Invested in capital assets, net of related debt	211,083	747,875	958,958	876,242
Restricted for:				
Capital activity	--	--	--	48,925
Debt service	1,056	22,584	23,640	--
Unrestricted	84,837	(52,186)	32,651	75,015
Total net assets	<u>\$ 296,976</u>	<u>\$ 718,273</u>	<u>\$ 1,015,249</u>	<u>\$ 1,000,182</u>

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government.....	\$ 147,296	\$ 90,126	\$ 3,327	\$ 7,031
Public safety.....	259,067	26,058	8,880	1,154
Highways and streets.....	19,667	2,232	162	7,549
Sanitation.....	699	5	--	1,933
Human services.....	70,165	2,033	57,693	17,198
Culture and recreation.....	61,158	20,012	488	1,131
Utilities.....	93,954	--	23,040	31,679
Retirement and health benefits...	99,021	--	--	--
Miscellaneous.....	29,232	--	--	--
Interest.....	64,558	--	--	--
Total governmental activities...	844,817	140,466	93,590	67,675
Business-type activities:				
Housing.....	16,247	7,948	--	--
Sewer.....	123,653	115,032	--	1,442
Solid Waste.....	136,623	94,321	--	--
Public Transportation.....	150,267	35,333	--	74,216
Total business-type activities....	426,790	252,634	--	75,658
Total primary government.....	\$ 1,271,607	\$ 393,100	\$ 93,590	\$ 143,333
Component unit:				
Board of Water Supply.....	\$ 119,766	\$ 101,499	\$ 406	\$ 15,819
General revenues:				
Property taxes.....				
Public service company tax.....				
Fuel tax				
Public utility franchise tax.....				
Investment earnings.....				
Unrestricted grants and contributions.....				
Other.....				
Transfers.....				
Total general revenues and transfers.....				
Change in net assets.....				
Net assets - beginning, as restated for Component Unit.....				
Net assets - ending.....				

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

(Page 2 of 2)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (46,812)	\$ --	\$ (46,812)	\$ --
(222,975)	--	(222,975)	--
(9,724)	--	(9,724)	--
1,239	--	1,239	--
6,759	--	6,759	--
(39,527)	--	(39,527)	--
(39,235)	--	(39,235)	--
(99,021)	--	(99,021)	--
(29,232)	--	(29,232)	--
(64,558)	--	(64,558)	--
<u>(543,086)</u>	<u>--</u>	<u>(543,086)</u>	<u>--</u>
--	(8,299)	(8,299)	--
--	(7,179)	(7,179)	--
--	(42,302)	(42,302)	--
--	(40,718)	(40,718)	--
<u>--</u>	<u>(98,498)</u>	<u>(98,498)</u>	<u>--</u>
<u>(543,086)</u>	<u>(98,498)</u>	<u>(641,584)</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,042)</u>
438,964	--	438,964	--
22,819	--	22,819	--
49,271	--	49,271	--
26,800	--	26,800	--
1,907	11,037	12,944	4,429
36,127	--	36,127	--
14,120	--	14,120	--
(61,505)	61,505	--	--
<u>528,503</u>	<u>72,542</u>	<u>601,045</u>	<u>4,429</u>
(14,583)	(25,956)	(40,539)	2,387
311,559	744,229	1,055,788	997,795
<u>\$ 296,976</u>	<u>\$ 718,273</u>	<u>\$ 1,015,249</u>	<u>\$ 1,000,182</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

MAJOR FUNDS

General Fund

This fund accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

Highway Fund

This fund accounts for disposition of proceeds from special revenues earmarked by law for highway and related activities. Major revenue sources include the City fuel tax, vehicle weight tax and public utility franchise tax.

Debt Service Fund

General Obligation Bond and Interest Redemption Fund

This fund accounts for payments of principal and interest on general obligation serial bonds issued by the City.

Capital Projects Fund

General Improvement Bond Fund

This fund accounts for proceeds of general obligation bonds issued to pay all or part of those appropriations in the Capital Budget Ordinance for public improvements specified to be expended from this fund.

NONMAJOR FUNDS

Special Revenue Funds

Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund

This fund accounts for receipts from each certificate of registration. These monies are expended primarily for the beautification of highways under the jurisdiction of the City and the disposition of abandoned vehicles.

Bikeway Fund

This fund accounts for the bicycle biennial registration fee, which is earmarked for operating, acquisition and other costs related to bikeways.

Parks and Playgrounds Fund

All monies received in lieu of providing land in perpetuity or dedicating land, together with facilities for park and playground purposes are recorded in this fund. These monies must be expended for the purchase of land for parks and playgrounds, park and playground equipment, and/or the improvement of existing parks and playgrounds.

Federal Revenue Sharing Fund

All monies received from the federal government under the State and Local Fiscal Assistance Act of 1972 are deposited in this fund and expended for purposes authorized by the provisions of the Act.

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Liquor Commission Fund

This fund accounts for all monies collected by as well as received on behalf of the Liquor Commission and used for operational and administrative costs of the Liquor Commission.

Rental Assistance Fund

This fund accounts for all net receipts from the Hale Pauahi parking structure which are expended for monthly rental assistance payments to landlords on behalf of eligible applicants.

Zoo Animal Purchase Fund

This fund accounts for the proceeds from the sale of surplus animals from the Honolulu Zoo and all donations made specifically for the purchase of animals. Funds in this account shall be expended for the acquisition of zoo animals to include shipping, insurance, travel and other related costs.

Hanauma Bay Nature Preserve Fund

This fund accounts for receipts from the entrance and vehicle admission fees to the Hanauma Bay Nature Preserve and is earmarked primarily for the operation, maintenance and improvement of the Nature Preserve.

Special Reserve Fund

This fund accounts for all monies determined to be in excess of expenditures at the end of each fiscal year. All monies deposited into this fund shall be used solely for (1) natural disaster relief, (2) unanticipated obligations to third parties, and/or (3) significant events endangering the health, welfare or safety of the residents of the island of Oahu.

Community Development Fund

Monies are provided by the federal government under the Housing and Community Development Act of 1974, as amended; the National Affordable Housing Act of 1990, as amended; monies generated as program income; and monies carried over from prior years. Funds are expended to carry out the objectives of the Acts.

Golf Fund

Receipts for this fund are derived from the operation of the City's golf facilities. All funds are expended for the management, operation and maintenance of the municipal golf courses.

Special Events Fund

This fund accounts for all revenues derived from the operation of the City's auditorium facilities, Waikiki Shell and Honolulu Zoo. All funds are expended for the operation of the Department of Enterprise Services.

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Farmers Home Administration Loan Fund

This fund accounts for all proceeds from the issuance and sale of bonds to the Farmers Home Administration for the purpose of financing portions of the cost of such projects as approved by the Farmers Home Administration.

Special Projects Fund

This fund accounts for all monies received under special contracts executed between the City and the State of Hawaii. Monies received from various other sources for operating and capital improvement expenditures for which no financing has been provided in other funds, such as contributions from property owners exclusive of improvement district assessment collections, are also accounted for in this fund.

Federal Grants Fund

This fund accounts for all monies received from the federal government as grants for specific projects as well as supporting monies from other sources, where such monies are not accountable in any other fund. All monies placed in the fund are maintained in separate accounts identified with, and expended for, the intended purposes.

Housing and Community Development Rehabilitation Loan Fund

This fund makes loan monies available primarily to low and moderate income applicants unable to secure or qualify for funds under the Rehabilitation Loan Program sponsored by the federal government.

Pauahi Project Expenditures, Hawaii R-15 Fund

This fund was created to facilitate financing of the Pauahi Project redevelopment plan providing for the acquisition, clearance, construction of site improvements, and sale or lease of home, apartment and commercial sites to private parties for development in accordance with said plan.

Housing and Community Development Section 8 Contract Fund

This fund accounts for all monies received from the federal government under the Housing and Community Development Act of 1974 for the purposes set forth under Title II of the Act.

Leasehold Conversion Fund

This fund accounts for all monies to assist lessees to purchase, at fair and reasonable prices, lands upon which residential condominium, cooperative housing or residential planned development are situated.

Improvement District Revolving Fund

Monies in this revolving fund are available to cover deficiencies, advance interest due, reimburse the General Fund in the event the payment of assessments are late or insufficient, and pay all expenses in connection with the sale of delinquent lots as bid for and purchased for the City by the Director of Budget and Fiscal Services.

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Housing and Community Development Revolving Fund

This fund serves as a working capital fund to facilitate the expenditure of joint costs.

Municipal Stores Revolving Fund

This fund is used to finance the Municipal Stores through bulk purchases and resale of regularly used standard printed forms and various publications dealing with City matters.

Debt Service Fund

Improvement District Bond and Interest Redemption Fund

This fund accounts for the redemption of maturing City improvement district assessment bonds and collections of special assessments.

Capital Projects Funds

Highway Improvement Bond Fund

Proceeds of general obligation bonds issued to pay all or a part of those appropriations in the Capital Budget Ordinance for highway and related public improvements are accounted for in this fund.

Federal Grants Capital Projects Fund

All monies received from the federal government in the form of grants, entitlements or payments in lieu of taxes, to fund capital projects, and Federal Revenue Sharing funds appropriated for capital projects are deposited or transferred into this fund and expended for the purposes for which such monies are received or appropriated.

Capital Projects Fund

Monies received from sources other than the federal government in the form of grants, entitlements, shared revenues or payments in lieu of taxes, to fund capital projects, and City monies appropriated for capital projects are deposited or transferred into this fund and expended for the purposes for which such monies are received or appropriated. All transactions relating to acquisition of capital improvements financed by special assessments are also accounted for in this fund.

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2004

(Amounts in thousands)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments:						
With Treasury	\$ 45,964	\$ 20,429	\$ 358	\$ 7,098	\$ 93,376	\$ 167,225
Receivables	20,462	17,593	--	--	91,947	130,002
Due from other funds	21,571	--	--	5,197	297	27,065
Inventories	--	--	--	--	36	36
Total Assets	\$ 87,997	\$ 38,022	\$ 358	\$ 12,295	\$ 185,656	\$ 324,328
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 5,089	\$ 183	\$ --	\$ 5,824	\$ 14,937	\$ 26,033
Accrued payroll	3,735	261	--	--	141	4,137
Due to other funds	2,815	93	--	4,876	21,936	29,720
Matured bonds and interest payable.....	--	--	358	--	9	367
Deferred revenue	14,041	12,709	--	--	68,463	95,213
Total Liabilities	25,680	13,246	358	10,700	105,486	155,470
Fund Balances:						
Reserved for:						
Encumbrances	20,838	1,696	--	291,086	310,466	624,086
Debt service	--	--	--	--	1,056	1,056
Unreserved, reported in:						
General fund	41,479	--	--	--	--	41,479
Special revenue funds	--	23,080	--	--	(9)	23,071
Capital projects funds	--	--	--	(289,491)	(231,343)	(520,834)
Total Fund Balances	62,317	24,776	--	1,595	80,170	168,858
Total Liabilities and Fund Balances	\$ 87,997	\$ 38,022	\$ 358	\$ 12,295	\$ 185,656	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,732,634

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 95,213

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (1,699,729)

Net assets of governmental activities \$ 296,976

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes.....	\$ 458,116	\$ 74,688	\$ --	\$ --	\$ --	\$ 532,804
Special assessments.....	--	--	--	--	56	56
Licenses and permits.....	34,258	36,907	--	--	2,973	74,138
Intergovernmental.....	35,584	--	--	--	145,262	180,846
Charges for services.....	4,650	4,462	--	--	13,033	22,145
Fines and forfeits.....	417	5	--	--	235	657
Miscellaneous:						
Reimbursements and recoveries.....	77,403	263	--	--	10	77,676
Interest.....	1,908	--	--	--	565	2,473
Other.....	9,934	1,556	--	--	19,220	30,710
Total Revenues.....	622,270	117,881	--	--	181,354	921,505
Expenditures:						
Current:						
General government.....	94,690	11,827	--	--	9,458	115,975
Public safety.....	229,602	19,888	--	--	6,741	256,231
Highways and streets.....	2,076	12,726	--	--	162	14,964
Sanitation.....	--	692	--	--	--	692
Human services.....	1,403	--	--	--	55,591	56,994
Culture-recreation.....	42,917	--	--	--	16,595	59,512
Utilities or other enterprises.....	--	1,296	--	--	23,040	24,336
Miscellaneous:						
Retirement and health benefits.....	85,664	9,321	--	--	4,143	99,128
Other.....	20,250	1,453	--	--	510	22,213
Capital Outlay:						
General government.....	--	--	--	28,176	2,378	30,554
Public safety.....	--	--	--	4,576	6,978	11,554
Highways and streets.....	--	--	--	6,329	28,566	34,895
Sanitation.....	--	--	--	--	7	7
Human services.....	--	--	--	--	17,636	17,636
Culture-recreation.....	--	--	--	35,282	1,339	36,621
Utilities or other enterprises.....	--	--	--	--	14,388	14,388
Debt service:						
Principal.....	1,336	--	256,883	--	365	258,584
Interest.....	205	--	80,488	--	81	80,774
Total Expenditures.....	478,143	57,203	337,371	74,363	187,978	1,135,058
Revenues over (under) Expenditures.....	144,127	60,678	(337,371)	(74,363)	(6,624)	(213,553)
Other Financing Sources (Uses):						
Proceeds of general obligation bonds	--	--	153,435	41,815	63,543	258,793
Proceeds of tax exempt commercial paper ...	--	--	18,022	51,242	30,000	99,264
Proceeds of long-term notes	--	--	--	--	13	13
Proceeds of refunding bonds	--	--	275,444	--	--	275,444
Payment of refunded bonds	--	--	(275,444)	--	--	(275,444)
Sales of general fixed assets.....	10,544	276	--	--	--	10,820
Transfers in.....	85,686	--	165,914	--	23,123	274,723
Transfers out.....	(250,856)	(63,159)	--	--	(22,213)	(336,228)
Capital Contributions.....	--	--	--	(20)	(55,265)	(55,285)
Total Other Financing Sources (Uses).....	(154,626)	(62,883)	337,371	93,037	39,201	252,100
Net change in fund balances.....	(10,499)	(2,205)	--	18,674	32,577	38,547
Fund Balances - July 1.....	72,816	26,981	--	(17,079)	47,593	130,311
Fund Balances - June 30.....	\$ 62,317	\$ 24,776	\$ --	\$ 1,595	\$ 80,170	\$ 168,858

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**
(Amounts in thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances--total governmental funds	\$ 38,547
Governmental funds report capital outlays as expenditures. The Statement of Activities reports depreciation expense on capital assets. This is the difference between the two amounts for this year.	77,034
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	15,086
Proceeds from the issuance of long-term debt are reported as providing current financial resources in the governmental funds, but are reported as long-term debt in the government-wide financial statements. Repayment of such debt is reported as an expenditure for governmental funds but is reported as a reduction of debt in the government-wide financial statements.	(133,688)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(11,562)
Change in net assets of governmental activities	<u>\$ (14,583)</u>

The notes to the financial statements are an integral part of this statement.

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Proprietary Fund Financial Statements

Housing Development Special Fund

This fund accounts for monies designated for the development of housing for sale or for rental by the City. Transactions in this fund are incorporated in the special statements for the housing program.

Sewer Fund

This fund accounts for all monies received pursuant to the provisions of the Federal Water Pollution Control Act amendments of 1972 and the Hawaii Revised Statutes and expended for the purposes authorized.

Solid Waste Special Fund

This fund accounts for all revenues derived from the operation of the City's Refuse Division, solid waste disposal programs, glass recycling program, and other recycling programs. All monies placed in this fund are maintained in separate accounts identified with and expended for the intended purposes.

Public Transportation System

The Bus Transportation Fund was created for the management, operation, and maintenance of the bus transportation system, including the City bus system (TheBus) and the special transit service (The Handi-Van).

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2004
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 22,581	\$ 59,971	\$ 20,003	\$ 3,430	\$ 105,985
Investments	--	63,673	11,557	1,712	76,942
Receivables:					
Accounts (net of allowance for uncollectibles of \$4,045)	717	15,658	10,632	1,403	28,410
Interest	18	199	1,341	--	1,558
Intergovernmental	--	--	1,647	--	1,647
Note	2,465	--	--	--	2,465
Due from other funds	--	4,885	139	--	5,024
Inventories of parts, materials and supplies, at cost (net of \$50 reserve for obsolescence)	--	4,711	--	6,661	11,372
Inventories of real estate held for sale	4,537	--	--	--	4,537
Prepaid expenses and other assets	23	--	551	--	574
Total Current Assets	30,341	149,097	45,870	13,206	238,514
Restricted Assets:					
Cash and cash equivalents	--	--	--	587	587
Other	4,013	--	--	--	4,013
Fixed Assets:					
Land	13,890	5,856	24,148	74,228	118,122
Buildings and improvements	108,504	441,618	52,483	50,720	653,325
Transmission and distribution system	--	794,390	--	--	794,390
Equipment and machinery	237	24,384	247,454	32,191	304,266
Buses and other transit vehicles	--	--	--	163,073	163,073
Construction work in progress	6,478	262,113	295	1,042	269,928
Accumulated depreciation	(39,735)	(143,975)	(191,420)	(134,579)	(509,709)
Deferred charges and other	2,454	--	422	859	3,735
Total Assets	126,182	1,533,483	179,252	201,327	2,040,244
LIABILITIES					
Current Liabilities:					
Accounts payable	773	17,391	8,380	2,564	29,108
Interest payable-current	1,746	11,438	6,765	--	19,949
Notes payable-current	--	5,756	--	--	5,756
Bonds payable-current	4,960	10,832	20,817	--	36,609
Tax-exempt commercial paper	--	10,022	837	--	10,859
Operating fee obligation, net of note receivable	--	--	5,534	--	5,534
Due to other funds	1	217	4,777	--	4,995
Reserve for insurance claims payable	--	--	--	11,381	11,381
Accrued payroll	--	290	387	1	678
Other current liabilities	102	330	149	1,111	1,692
Total Current Liabilities	7,582	56,276	47,646	15,057	126,561
Notes payable	--	74,124	--	--	74,124
General obligation bonds payable, net	106,453	48,344	166,181	--	320,978
Revenue bonds payable, net	--	677,652	--	--	677,652
Operating fee obligation, net of note receivable	--	--	84,970	--	84,970
Estimated liability for landfill closure and postclosure care costs	--	--	15,272	--	15,272
Other liabilities	10,609	5,430	3,108	3,267	22,414
Total Liabilities	124,644	861,826	317,177	18,324	1,321,971
NET ASSETS					
Invested in capital assets, net of related debt	(22,040)	638,114	(54,874)	186,675	747,875
Restricted for debt service	--	22,584	--	--	22,584
Unrestricted	23,578	10,959	(83,051)	(3,672)	(52,186)
Total Net Assets (Deficit)	\$ 1,538	\$ 671,657	\$ (137,925)	\$ 183,003	\$ 718,273

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Operating Revenues:					
Sales of dwelling units and lots	\$ 255	\$ --	\$ --	\$ --	\$ 255
Rental income	7,693	--	3,223	--	10,916
Sewer service charges	--	111,886	--	--	111,886
Disposal and collection fees	--	--	55,424	--	55,424
Electrical energy fee	--	--	29,094	--	29,094
Passenger fares for transit services	--	--	--	34,887	34,887
Other revenue	--	3,146	1,242	446	4,834
Total Operating Revenues	7,948	115,032	88,983	35,333	247,296
Operating Expenses:					
Administrative and general	816	29,990	38,507	336	69,649
Maintenance	1,275	170	169	3	1,617
Depreciation	3,591	30,575	16,922	14,865	65,953
Contractual services	771	8,231	40,589	104,018	153,609
Supplemental operating fee	--	--	3,223	--	3,223
Fringe benefits	94	10,348	7,700	--	18,142
Materials and supplies	26	5,336	2,283	9,785	17,430
Fuel and lubricants	--	1,654	216	6,481	8,351
Insurance	156	--	1,945	10,978	13,079
State taxes - fuel	--	--	88	2,102	2,190
Utilities	921	7,585	188	1,152	9,846
Cost of sales - dwelling units and lots ...	141	--	--	--	141
Other	--	22	--	490	512
Total Operating Expenses	7,791	93,911	111,830	150,210	363,742
Operating Income (Loss)	157	21,121	(22,847)	(114,877)	(116,446)
Nonoperating Revenues (Expenses):					
Interest revenue	297	1,540	9,191	12	11,040
Interest expense	(4,578)	(26,573)	(24,711)	--	(55,862)
Gain (Loss) from disposal of property ..	--	(2,790)	--	(57)	(2,847)
Amortization expense	(99)	--	(82)	--	(181)
Net decrease in the fair value of investments	--	--	--	(3)	(3)
Other	(3,779)	(379)	5,338	--	1,180
Total Nonoperating Revenues (Expenses)	(8,159)	(28,202)	(10,264)	(48)	(46,673)
Loss before Transfers and Capital Contributions.....	(8,002)	(7,081)	(33,111)	(114,925)	(163,119)
Transfers In	8	--	56,494	74,071	130,573
Transfers Out	--	(31,077)	(37,991)	--	(69,068)
Capital Contributions	--	1,442	--	74,216	75,658
Change in Net Assets	(7,994)	(36,716)	(14,608)	33,362	(25,956)
Net Assets - July 1	9,532	708,373	(123,317)	149,641	744,229
Net Assets - June 30	\$ 1,538	\$ 671,657	\$ (137,925)	\$ 183,003	\$ 718,273

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Cash flows from operating activities:					
Receipts from customers.....	\$ 9,302	\$ 115,482	\$ 85,685	\$ 34,364	\$ 244,833
Payments to suppliers.....	(5,153)	(30,898)	(62,235)	(132,508)	(230,794)
Payments to employees.....	--	(37,355)	(18,677)	(926)	(56,958)
Payments for interfund services used....	--	20,140	(1,354)	--	18,786
Other receipts (payments).....	2,101	31	(2,336)	--	(204)
Net cash provided by (used in) operating activities	<u>6,250</u>	<u>67,400</u>	<u>1,083</u>	<u>(99,070)</u>	<u>(24,337)</u>
Cash flows from noncapital financing activities:					
Transfers in	8	--	53,832	74,071	127,911
Transfers out	--	(31,077)	(35,325)	--	(66,402)
Contributions	--	--	--	25,093	25,093
Net cash provided by (used in) noncapital financing activities	<u>8</u>	<u>(31,077)</u>	<u>18,507</u>	<u>99,164</u>	<u>86,602</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(83)	(92,276)	(2,539)	--	(94,898)
Proceeds from issuing notes	--	3	837	--	840
Proceeds from issuing tax exempt commercial paper	--	10,022	--	--	10,022
Principal paid on operating fee obligation	--	--	(19,217)	--	(19,217)
Interest paid on operating fee obligation	--	--	(11,396)	--	(11,396)
Proceeds from issuing bonds	36,471	56	7,811	--	44,338
Principal paid on notes	--	(5,619)	--	--	(5,619)
Principal paid on bonds	(43,656)	(10,844)	(20,089)	--	(74,589)
Interest paid on notes	--	(2,771)	(2)	--	(2,773)
Interest paid on bonds	(4,438)	(27,070)	(11,433)	--	(42,941)
Net cash used in capital and related financing activities	<u>(11,706)</u>	<u>(128,499)</u>	<u>(56,028)</u>	<u>--</u>	<u>(196,233)</u>
Cash flows from investing activities:					
Purchase of investments	(282,500)	(309,417)	(138,925)	(23,336)	(754,178)
Proceeds from maturities of investments	282,500	344,376	138,703	22,712	788,291
Principal received on notes receivable ...	1,740	--	14,282	--	16,022
Interest received on notes receivable	40	--	9,039	--	9,079
Deposits into restricted assets	(339)	--	--	--	(339)
Interest on investments	256	1,642	402	12	2,312
Net cash provided by (used in) investing activities	<u>1,697</u>	<u>36,601</u>	<u>23,501</u>	<u>(612)</u>	<u>61,187</u>
Net decrease in cash and cash equivalents	(3,751)	(55,575)	(12,937)	(518)	(72,781)
Cash and cash equivalents - July 1	<u>26,332</u>	<u>115,546</u>	<u>32,940</u>	<u>4,535</u>	<u>179,353</u>
Cash and cash equivalents - June 30	<u>\$ 22,581</u>	<u>\$ 59,971</u>	<u>\$ 20,003</u>	<u>\$ 4,017</u>	<u>\$ 106,572</u>

(Public Transportation includes \$587 in cash and cash equivalents in restricted assets)

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 3 of 2)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 157	\$ 21,121	\$ (22,847)	\$ (114,877)	\$ (116,446)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,591	30,575	16,922	14,865	65,953
Other revenues (expenses)	2,101	--	5,140	(513)	6,728
Writeoff of capital assets	--	218	--	--	218
(Increase) decrease in accounts receivable	1,354	679	3,427	(827)	4,633
Increase in intergovernmental receivable	--	--	(1,647)	--	(1,647)
(Increase) decrease in due from other funds	--	20,239	(182)	--	20,057
Increase in parts, materials and supplies	--	(287)	--	(80)	(367)
Decrease in real estate held for sale	138	--	--	--	138
(Increase) decrease in prepaid expenses and other assets	(1)	--	114	--	113
Increase (decrease) in trade accounts payables	(904)	(4,685)	453	--	(5,136)
Increase in reserve for insurance claims payable	--	--	--	1,011	1,011
Decrease in deferred credits	(187)	--	(20)	(143)	(350)
Increase (decrease) in other liabilities	1	(521)	(345)	1,494	629
Increase in due to other funds	--	61	68	--	129
Net cash provided by (used in) operating activities	<u>\$ 6,250</u>	<u>\$ 67,400</u>	<u>\$ 1,083</u>	<u>\$ (99,070)</u>	<u>\$ (24,337)</u>

Supplemental disclosure of noncash capital and related financing activities (amounts in thousands):

Housing

Amortization of deferred refinancing charges amounted to \$99 for the year ended June 30, 2004. Amortization of bond premium, included as interest expense, amounted to \$52 for the year ended June 30, 2004.

Sewer

The Sewer Fund received \$1,443 in contributions of capital assets from government agencies and developers which are recorded as contributed capital at their cost or estimated cost for the year ended June 30, 2004. Amortization of bond discount amounted to \$1,633 for the year ended June 30, 2004.

Solid Waste

Amortization of bond discount and bond issuance cost amounted to \$82 for the year ended June 30, 2004. Interest expense for bond premium and bond deferred loss on refunding amounted to \$18 for the year ended June 30, 2004.

Public Transportation System

The Public Transportation System received contributions of fixed assets from the City and County of Honolulu amounting to \$60,068 for the year ended June 30, 2004.

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Financial Statements

General Trust Fund

This fund accounts for monies received by the various agencies of the City for specific purposes, as trustee, escrow agent, custodian or security holder, for which no special fund exists.

Treasury Trust Fund

Receipts and disbursements of monies from this fund are made through commercial checking accounts authorized by the Director of Budget and Fiscal Services.

Real Property Tax Trust Fund

This fund is used for the purpose of making refunds and adjustments relating to real property taxes.

Payroll Clearance Fund

This fund is used to clear payments of all salaries and wages.

CITY AND COUNTY OF HONOLULU
STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2004
 (Amounts in thousands)

	Private-purpose Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,567	\$ 16,877
Investments	2,617	6,323
Due from other funds	--	2,626
Total assets	4,184	25,826
<u>LIABILITIES</u>		
Accounts payable	--	2,766
Other current liabilities	--	23,060
Total liabilities	--	25,826
<u>NET ASSETS</u>		
Held in trust for individuals, organizations and other governments	\$ 4,184	\$ --

The notes to the financial statements are an integral part of this statement.

CITY AND COUNTY OF HONOLULU
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2004
 (Amounts in thousands)

	Private-purpose Trust Fund
<u>ADDITIONS</u>	
Interest	\$ 16
Collections for sundry creditors, contributions, etc.....	615
Total additions	631
<u>DEDUCTION</u>	
Payments in accordance with trust agreements	785
Change in net assets	(154)
Net assets - July 1	4,338
Net assets - June 30	\$ 4,184

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

The City and County of Honolulu, State of Hawaii ("City") is a municipal corporation governed by an elected mayor and a nine-member City Council. The City operates under a City Charter, which was originally adopted in 1959 and last amended in 1998.

The accompanying financial statements present the operations of the City, as primary government, as well as its discretely presented component unit, the Board of Water Supply.

The City's operations are organized by the following general functions: general government, public safety, highways and streets, sanitation, health and human resources, culture and recreation, urban redevelopment and housing, and utilities or other enterprises.

State of Hawaii ("State") agencies assume full responsibility for several major functions usually performed by local governments such as education, welfare, health and judicial functions. These agencies are not dependent on the City and therefore, are not included in these financial statements. There are no separate city, county or township governments nor any school district, special districts, authorities or public corporations with overlapping authority presented in the accompanying financial statements.

Discretely Presented Component Unit – The component unit column in the financial statements includes the financial data of the City's discretely presented component unit, the Board of Water Supply ("Board"), which is a semi-autonomous proprietary agency of the City. It is reported in a separate column to emphasize that it is legally separate from the City.

A majority of the members of the Board, the governing body, are appointed by the Mayor and confirmed by the City Council. The Board has been granted corporate powers by the City Charter. The City does not have the authority to modify or approve the Board's budgets. Water and revenue bonds payable of the Board are general obligations of the City. As the City would be obligated to repay these bonds in the event of default by the Board, the City is financially accountable for the debts of the Board. Complete financial statements of the Board may be obtained from the Board of Water Supply, 630 South Beretania Street, Honolulu, Hawaii 96843.

Government-wide and Fund Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

The statement of activities reflects the direct expenses of the functional category or segment, which are supported by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, included in the fiduciary fund financial statements, apply the accrual basis of accounting but does not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amounts are determinable. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues not considered available are recorded as deferred revenues. Revenues susceptible to accrual are real property taxes collected within sixty days after fiscal year end, fuel taxes, rents and concessions, interest and special assessments. Licenses and permits revenues, franchise taxes, charges for current services, fines, forfeitures, penalties and other miscellaneous revenues are not susceptible to accrual because they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are essentially two types of these revenues. For one type of revenues, monies must be expended for a specific purpose or project and revenues are recognized to the extent of such expenditures. Revenues of this type are deferred for monies received in advance of expenditures and accrued for expenditures in advance of monies received. For the other type of revenues, monies are virtually unrestricted as to purpose of the expenditure. These

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary funds are presented in the fund financial statement by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Fund Types – The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balances, revenues and expenditures/expenses. There are certain minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statement and detailed in the combining section.

The City has the following fund types:

Governmental Fund Types

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

The City's governmental fund types are as follows:

General Fund – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, debt principal, interest and related costs.

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The City maintains four proprietary enterprise fund types as well as its discretely presented component unit under the following criteria:

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises (a) where the intent of the governing body is that the costs (i.e., expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds

The City maintains the following fiduciary fund types:

Private-Purpose Trust Fund – The private-purpose trust fund is used to account for resources held by the City for the benefit of parties outside the government.

Agency Funds – Agency funds are custodial in nature and are used to receive and disburse funds for an entity/individual, which is not part of the City. Agency funds function as a clearing account and do not measure results of operations.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted funds first, then unrestricted resources as they are needed.

The accompanying financial statements of the City have been prepared in conformity with generally accepted accounting principles ("GAAP") for governments as prescribed by the Governmental Accounting Standards Board ("GASB"). Pronouncements of the Financial Accounting Standards Board ("FASB") issued after November 30, 1989 are not applied in the presentation of the financial statements of the proprietary fund types in accordance with GASB Statement No. 34.

CITY AND COUNTY OF HONOLULU

Notes to Financial Statements

June 30, 2004

The City follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

Budgets and Budgetary Accounting

Annual operating and project-length capital budgets are adopted on a basis consistent with GAAP except that encumbrances are treated as budgeted expenditures in the year the commitments are made.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable operating budget appropriation, is employed as an extension of formal budgetary integration in the general fund and in certain special revenue funds (in the fund financial statements). Capital projects funds (in the fund financial statements) employ encumbrance accounting in order to reserve for construction contracts that portion of the applicable capital projects appropriation.

Encumbrances are recorded at the time purchase orders, construction contracts or other contracts or commitments are awarded, except for contracts awarded contingent upon the availability of nonbudgeted federal or state grant monies. Encumbrances outstanding at year end are reported as reservations of fund balances (in the fund financial statements) and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash and Investments

Cash and cash equivalents are considered to be demand and time deposits primarily with various financial institutions in Hawaii, with fiscal agents, short-term investments with original maturity of three months or less from date of acquisition, and imprest and change funds. Cash on deposit with financial institutions is collateralized in accordance with State statutes.

Investments consist of investments in U.S. government securities, investments purchased under agreements to resell to banks (repurchase agreements), time certificates of deposit and mutual funds. Included are participating interest-earning investment contracts (repurchase agreements and U.S. government securities), as well as nonparticipating interest-earning investment contracts (time certificates of deposit and repurchase agreements). Both categories of investments are stated at amortized cost.

The City values investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement provides fair value standards for investments in certain types of financial instruments. The City’s investments fall into categories that can be valued by cost-based measures.

CITY AND COUNTY OF HONOLULU

Notes to Financial Statements

June 30, 2004

Real Property Taxes

Real property taxes are assessed and billed annually. The City's real property taxes, which are levied on July 1 and billed on July 20 of each year are based on assessed valuations as of January 1, and are due in two equal installments on the following August 20 and February 20. Accordingly, real property taxes receivable at June 30 of each year are delinquent and amounts that are not collected within sixty days after June 30 of each year are reported as deferred revenue in the fund financial statements. A lien for real property taxes attaches as of July 1 of each year.

Unbilled Receivables

Included in the enterprise fund – discretely presented component unit and enterprise fund – proprietary fund type receivables at June 30, 2004, were unbilled water and sewer charges (due to the use of cycle billings) in the amounts of \$6.9 million and \$9.3 million, respectively.

Inventories of Parts, Materials and Supplies

Inventories of parts, materials and supplies are stated at weighted average cost, which approximates fair value. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Inventory of Real Estate Held for Sale

Real estate held for sale is stated at the lower of cost or estimated net realizable value, with cost being determined by the specific identification method. All estimated costs to the anticipated date of disposition are considered in the determination of estimated net realizable value. Costs include all costs directly related to the planning of improvements to be constructed on the land, interest and other carrying charges. Interest on loans used to finance development or construction activities is capitalized during the development period.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets acquired prior to fiscal year ended June 30, 1980 are reported in the capital assets. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more for equipment and \$100,000 for buildings, structures and infrastructure, and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated and accepted capital assets are recorded at estimated fair market value or appraised value at time of acceptance by City Council. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs related to repairs and maintenance are expensed as incurred.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Depreciation on all assets is provided for on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Infrastructure	8-75
Buildings and improvements	10-50
Transmission and distribution system	13-60
Equipment and machinery	5-25
Buses and other transit vehicles	7-12

Bond Issue Costs, Original Issue Discount or Premium and Deferred Loss on Refundings

Bond issue costs are deferred and are amortized over the life of the respective issue on a straight-line basis. Original issue discount or premium and deferred loss on refundings are amortized using the effective interest method over the terms of the respective issues and are added to or offset against the bonds payable in the statement of net assets.

Interfund and Interfund Transactions

Interfund receivables and payables are reported in each fund. Transfers of financial resources between agencies and activities included in the same fund, which are recorded as revenues by the transferee and expenditures or expenses by the transferor, have been eliminated. Transactions that represent reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund reimbursed.

Transfers from the primary government include operating loss subsidies of \$74.1 million to the Public Transportation System and authorized transfers from funds receiving revenues to funds that will expend those resources. Contributions to the capital accounts of enterprise funds are reflected in the statement of revenue, expenses and changes in fund net assets.

Net Assets

Net assets comprise the various net earnings (losses) from operating and nonoperating revenues, expenses, transfers and contributed capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted net assets. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year-end are not included in the calculation of the amount invested in capital assets, net of related debt. Restricted for capital activity and debt service consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling

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June 30, 2004

legislation, including self-imposed legal mandates. Unrestricted net assets consist of all other net assets not included in the above categories.

Retirement Plan Contributions

The City's contribution to the Employees' Retirement System of the State of Hawaii is based upon actuarial computations and is comprised of the normal cost plus a level annual payment required to amortize an unfunded actuarial accrued liability over the remaining period of 27 years from July 1, 2002. The City is required by State statute to fund the actuarially determined pension contribution requirement annually.

Deferred Compensation Plan

All full-time employees of the City and its component unit are eligible to participate in the City and County of Honolulu's Public Employees' Deferred Compensation Program ("Plan"), adopted pursuant to Internal Revenue Code Section 457. The plan permits eligible employees to defer a portion of their salary until future years by contributing to a fund managed by a plan administrator. The deferred compensation amounts are not available to employees until termination, retirement, death or unforeseeable emergency.

A trust fund (annuity contract) was established to protect plan assets from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. Deferred compensation plan assets of \$301 million are not reported in the accompanying basic financial statements at June 30, 2004.

Compensated Absences

The City accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee. Vacation benefits accrue at a rate of one and three-quarters working days for each month. Each employee is allowed to accumulate a maximum of 90 days of vacation as of the end of the calendar year.

Sick leave accumulates at the rate of one and three-quarters working days for each month, without limit. Sick leave is taken only in the event of illness and is not convertible to pay; accordingly, sick leave is not accrued in the accompanying financial statements. Employees who retire or leave government service in good standing with sixty or more unused sick leave days are entitled to an additional service credit in the retirement system. At June 30, 2004, accumulated sick leave amounted to \$293 million.

Leases

Leases that transfer substantially all of the risks and benefits of ownership are accounted for as capital leases. Other leases are operating leases. Capital leases are included in fixed assets and, where appropriate, are amortized over the shorter of their estimated economic useful lives or lease terms. The related capital lease obligations are included in long-term debt. Operating leases are expensed (or expensed) when the related liability is incurred.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Enterprise Funds

The City maintains five enterprise funds consisting of the Public Transportation System ("PTS"), the Solid Waste Special Fund, the Sewer Fund and the Housing Development Special Fund, which are included in the proprietary fund type, and the Board of Water Supply, which is a discretely presented component unit.

Information describing these enterprise funds, including significant accounting policies, is described in Notes 11 and 15.

Deficit Balances

At June 30, 2004 the \$137.9 million accumulated deficit in the Solid Waste Special Fund resulted from deficits of H-POWER due to transfers to the general fund and due to operating losses. It is anticipated that the City will continue to provide significant operating subsidies to the H-POWER facility to finance operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses/expenditures, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. This Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement should also be disclosed. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2004. The City has not yet determined the effect this Statement will have on its financial statements.

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2004. The City has not yet determined the effect this Statement will have on its financial statements.

In May 2004, the GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1*. This Statement establishes and modifies requirements related to the supplementary information presented in the statistical section that accompanies the basic financial statements. The provisions of this Statement are

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

effective for statistical sections prepared for periods beginning after June 15, 2005. The City has not yet determined the effect this Statement will have on its financial statements.

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition and display of other postretirement benefits expense/expenditures and related liabilities (assets), note disclosures and required supplementary information in the financial reports of state and local governmental employers. The provisions of this Statement are effective for the City for periods beginning after December 15, 2006. The City has not yet determined the effect this Statement will have on its financial statements.

Financial Statement Presentation

Certain prior year information have been presented in the supplementary fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds.

2. Budgets and Budgetary Accounting

On or before March 2, the Mayor submits to the City Council proposed operating and capital budgets for the ensuing fiscal year commencing on July 1. The budgets are on a basis consistent with GAAP except that encumbrances are treated as budgeted expenditures in the year the commitments are made. After public hearings, and on or prior to June 15, the budgets are legally enacted through passage of a budget ordinance by the City Council.

Formal budgetary integration is employed (i.e., annual operating budgets are legally adopted) for the general fund and special revenue funds. Effective budgetary control for debt service, trust and agency, and revolving funds is achieved through bond indentures, contractual provisions and legislation. Formal budgetary integration is not employed for capital projects because effective budgetary control is achieved through contractual provisions and project oversight. Flexible budgeting (i.e., the relationship of costs to revenues) is employed for enterprise funds.

Appropriations lapse at the end of the fiscal year if not expended or encumbered, except that appropriations for capital projects lapse six months after the end of the fiscal year if not at least partially expended or encumbered. Certain federal and state grant funds are automatically appropriated when received.

The Mayor is authorized to transfer appropriations between activities within a department. To transfer appropriations between departments, the legal level of budgeting, amendments must be made to the enacted budget ordinance. Only the Mayor may propose amendments to the enacted budget ordinance.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

The financial statements aggregate budgetary information at the functional level. The legal level of budgetary control (i.e., department level) is reported in the individual fund statements.

The budget figures presented include all amendments to the enacted budget ordinances. During the year, a supplementary appropriations ordinance was adopted. The overall effect of this supplementary appropriations ordinance on the budget was not significant.

3. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance of total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that, "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. However, all current and long-term liabilities are reported in the statement of net assets. The details of this \$1.7 billion difference are as follows (amounts in thousands):

Long-term liabilities (see Note 8)	\$ (1,677,979)
Accrued interest payable and other	(21,750)
	<u>\$ (1,699,729)</u>

The government fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances of total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that, "Governmental funds report capital outlays as expenditures. The statement of activities reports depreciation expense on capital assets." The details of this \$77 million difference are as follows (amounts in thousands):

Capital outlays	\$ 143,792
Depreciation expense	(66,758)
	<u>\$ 77,034</u>

Another element of that reconciliation states that, "Proceeds from the issuance of long-term debt are reported as providing current financial resources in the governmental funds, but are reported as long-term debt in the government-wide financial statements. Repayment of such debt is reported as an expenditure for governmental funds but is reported as a reduction of

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
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debt in the government-wide financial statements.” The details of this \$134 million difference are as follows (amounts in thousands):

Debt Issued:

General obligation bonds, net	\$ (537,978)
Tax-exempt commercial paper	(89,242)
Notes payable	(13)
Total	<u>(627,233)</u>

Principal Repayments:

General obligation bonds, net	338,282
Tax-exempt commercial paper	153,400
Other long-term debt	1,863
Total	<u>493,545</u>
Net adjustment	<u>\$ (133,688)</u>

Another element of that reconciliation states that, “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$12 million difference are as follows (amounts in thousands):

Compensated absences	\$ (1,412)
Claims and judgments	(7,515)
Early incentive retirement payable	107
Other	(2,742)
Net adjustment	<u>\$ (11,562)</u>

4. Cash and Investments

The City maintains a cash and investment pool that is used by all funds including the component unit, except the workers’ compensation trust fund, which is held separately by the independent plan administrator. Each of the funds’ and the component unit’s portion of this pool are displayed in the accompanying financial statements.

Cash and Cash Equivalents

The City’s demand and time certificates of deposits, including those of its fiduciary funds and component unit, are categorized below to give an indication of the level of risk assumed at June 30, 2004. Category 1 includes bank balances, which are fully insured or collateralized with securities held by the City or its agent in the City’s name. Category 2 includes bank balances that are collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name. Category 3 includes uninsured and uncollateralized cash.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Bank balances and deposits at June 30, 2004 were as follows (amounts in thousands):

	<u>Category</u>			<u>Bank Balances</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary government	\$ 230,964	\$ -	\$ 10	\$ 230,974	\$ 216,011
Component unit	<u>82,328</u>	-	-	<u>82,328</u>	<u>82,328</u>
Total	<u>\$ 313,292</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 313,302</u>	<u>\$ 298,339</u>
 Fiduciary funds	 <u>\$ 18,444</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 18,444</u>	 <u>\$ 18,444</u>

Approximately \$600,000 of total bank balances of deposits was covered by federal depository insurance.

The City reports cash with fiscal agents as City cash until the agents use the cash to pay the bond principal and interest amounts due. The fiscal agents typically pay the principal and interest amounts due within two days after receiving the cash from the City. At June 30, 2004, \$10,000 was classified as Category 3.

Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of other states, cities, and counties, mutual funds and bank repurchase agreements. Investments in repurchase agreements are primarily U.S. government or federal agency securities. To minimize credit risk, the City invests in U.S. government securities through the book entry systems of the two largest commercial banks in the State. Book entry securities are held in the banks' custodial (i.e., safekeeping) accounts at a Federal Reserve Bank.

The following tables present the City's investments at June 30, 2004 and provide information about the credit and market risks associated with the City's investments. Category 1 includes investments that are insured or registered, or securities held by the City or its agent in the City's name. Category 2 includes investments which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Investment balances at June 30, 2004 were as follows (amounts in thousands):

	<u>Category</u>			<u>Reported Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary Government:					
Repurchase agreements	\$ 61,580	\$ -	\$ -	\$ 61,580	\$ 61,580
Time certificates of deposit	10,100	-	-	10,100	10,100
U.S. government securities	<u>63,048</u>	-	-	<u>63,048</u>	<u>63,344</u>
Total	<u>\$ 134,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,728</u>	<u>\$ 135,024</u>
Component Unit:					
Mutual funds	\$ 17	\$ -	\$ -	\$ 17	\$ 17
U.S. government securities	<u>116,720</u>	-	-	<u>116,720</u>	<u>116,720</u>
Total	<u>\$ 116,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,737</u>	<u>\$ 116,737</u>
Fiduciary Funds:					
Repurchase agreements	\$ 1,676	\$ -	\$ -	\$ 1,676	\$ 1,676
U.S. government securities	<u>7,264</u>	-	-	<u>7,264</u>	<u>7,264</u>
Total	<u>\$ 8,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,940</u>	<u>\$ 8,940</u>

5. Receivables

Receivable balances, net of allowances for uncollectible accounts, at June 30, 2004 consisted of the following (amount in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Real property taxes	\$ 8,265	\$ -
Accounts	752	32,455
Special assessments	13,985	-
Notes	63,575	2,465
Intergovernmental	40,125	1,647
Interes	-	1,558
CASE fees	3,300	-
Allowance for uncollectible accounts	-	<u>(4,045)</u>
	<u>\$ 130,002</u>	<u>\$ 34,080</u>

The only receivables not expected to be collected within one year are the noncurrent portion of the notes receivable, which are generally due to the City on various dates through 2055.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

6. Capital Assets

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2004 (amounts in thousands):

	<u>Primary Government</u>			<u>Balance at June 30, 2004</u>
	<u>Balance at July 1, 2003</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	
Governmental Activities:				
Depreciable Assets –				
Infrastructure	\$ 734,771	\$ 42,733	\$ (19)	\$ 777,485
Buildings and improvements	864,226	65,182	(3,386)	926,022
Equipment and machinery	<u>217,423</u>	<u>14,724</u>	<u>(9,789)</u>	<u>222,358</u>
Total depreciable assets	<u>1,816,420</u>	<u>122,639</u>	<u>(13,194)</u>	<u>1,925,865</u>
Less Accumulated Depreciation –				
Infrastructure	(375,402)	(19,191)	1	(394,592)
Buildings and improvements	(276,182)	(31,434)	279	(307,337)
Equipment and machinery	<u>(129,835)</u>	<u>(16,133)</u>	<u>7,224</u>	<u>(138,744)</u>
Total accumulated depreciation	<u>(781,419)</u>	<u>(66,758)</u>	<u>7,504</u>	<u>(840,673)</u>
	1,035,001	55,881	(5,690)	1,085,192
Land	454,834	25,909	(3,040)	477,703
Construction Work in Progress	<u>165,765</u>	<u>99,511</u>	<u>(95,537)</u>	<u>169,739</u>
Governmental activities – capital assets, net	<u>\$1,655,600</u>	<u>\$ 181,301</u>	<u>\$ (104,267)</u>	<u>\$1,732,634</u>

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

	Primary Government			Balance at June 30, 2004
	Balance at July 1, 2003	Additions	Retirements/ Transfers	
Business-type Activities:				
Depreciable Assets –				
Infrastructure	\$ 793,269	\$ 5,225	\$ (4,104)	\$ 794,390
Buildings and improvements	651,893	1,888	(456)	653,325
Equipment and machinery	430,498	49,437	(12,596)	467,339
Total depreciable assets	<u>1,875,660</u>	<u>56,550</u>	<u>(17,156)</u>	<u>1,915,054</u>
Less Accumulated Depreciation –				
Infrastructure	(68,586)	(17,914)	1,339	(85,161)
Buildings and improvements	(105,765)	(17,782)	17	(123,530)
Equipment and machinery	(283,236)	(30,257)	12,475	(301,018)
Total accumulated depreciation	<u>(457,587)</u>	<u>(65,953)</u>	<u>13,831</u>	<u>(509,709)</u>
	1,418,073	(9,403)	(3,325)	1,405,345
Land	105,480	16,395	(3,753)	118,122
Construction Work in Progress	<u>186,553</u>	<u>98,828</u>	<u>(15,453)</u>	<u>269,928</u>
Business-type activities – capital assets, net	<u>\$ 1,710,106</u>	<u>\$ 105,820</u>	<u>\$ (22,531)</u>	<u>\$ 1,793,395</u>
	Component Unit			
Depreciable Assets –				
Infrastructure	\$ 979,914	\$ 41,016	\$ (926)	\$ 1,020,004
Buildings and improvements	117,752	4,130	-	121,882
Equipment and machinery	169,196	10,639	(1,419)	178,416
Total depreciable assets	<u>1,266,862</u>	<u>55,785</u>	<u>(2,345)</u>	<u>1,320,302</u>
Less Accumulated Depreciation –				
Infrastructure	(319,258)	(23,727)	254	(342,731)
Buildings and improvements	(28,388)	(2,877)	-	(31,265)
Equipment and machinery	(84,983)	(9,186)	1,284	(92,885)
Total accumulated depreciation	<u>(432,629)</u>	<u>(35,790)</u>	<u>1,538</u>	<u>(466,881)</u>
	834,233	19,995	(807)	853,421
Land	30,090	-	-	30,090
Construction Work in Progress	<u>121,579</u>	<u>87,998</u>	<u>(53,821)</u>	<u>155,756</u>
Component unit – capital assets, net	<u>\$ 985,902</u>	<u>\$ 107,993</u>	<u>\$ (54,628)</u>	<u>\$ 1,039,267</u>

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Depreciation expense was charged as follows (amounts in thousands):

Governmental Activities:	
General government	\$ 12,753
Public safety	22,730
Highways and streets	14,009
Health and human services	1,040
Culture-recreation	<u>16,226</u>
Total depreciation expense – governmental activities	<u>\$ 66,758</u>
Business-type Activities:	
Sewer	\$ 30,575
Solid waste	16,922
Housing	3,591
Public Transportation System	<u>14,865</u>
Total depreciation expense – business-type activities	<u>\$ 65,953</u>
Component Unit:	
Board of Water Supply (\$877 of depreciation expense was capitalized to projects)	<u>\$ 34,913</u>

The component unit's beginning balance of accumulated depreciation at July 1, 2003 reflects an adjustment to decrease the amount previously reported by \$6.1 million. The adjustment is the result of a change in depreciation method, as described in Note 15.

7. Interfund Balances

The following is a summary of amounts due from and due to other funds at June 30, 2004 (amounts in thousands):

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 21,571	\$ 2,815
Highway Fund	-	93
General Improvement Bond Fund	5,197	4,876
Nonmajor Governmental Funds	297	21,936
Fiduciary Funds	2,626	-
Enterprise Funds:		
Housing Development Special Fund	-	1
Sewer Fund	4,885	217
Solid Waste Special Fund	<u>139</u>	<u>4,777</u>
	<u>\$ 34,715</u>	<u>\$ 34,715</u>

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

There are no interfund balances that are not expected to be repaid by June 30, 2005.

The following is a summary of amounts transferred from and transferred to other funds at June 30, 2004 (amounts in thousands):

	Transferred From Other Funds	Transferred To Other Funds
General Fund	\$ 85,686	\$ 250,856
Highway Fund	-	63,159
General Obligation Bond and Interest Redemption Fund	165,914	-
Nonmajor Governmental Funds	23,123	22,213
Enterprise Funds:		
Housing Development Special Fund	8	-
Sewer Fund	-	31,077
Solid Waste Special Fund	56,494	37,991
Public Transportation System	74,071	-
	<u>\$ 405,296</u>	<u>\$ 405,296</u>

The main purpose for these interfund transfers, as provided by ordinance, are for: the recovery of central administrative expenses; debt service payments and recoveries through the general fund; and reimbursement for capital contributions to the general fund.

There are no significant transfers that either do not occur on a routine basis or are inconsistent with the fund making the transfer.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

8. Long-Term Liabilities

The following is a summary of changes in long-term liabilities included in the governmental activities, business-type activities, and the component unit during the fiscal year ended June 30, 2004 (amounts in thousands):

	Balance at July 1, 2003	Additions	Reductions	Balance at June 30, 2004	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 1,254,315	\$ 521,194	\$ 337,315	\$ 1,438,194	\$ 39,421
Tax-exempt commercial paper	128,100	89,242	153,400	63,942	63,942
Special assessment bonds with government commitment	1,375	-	365	1,010	365
Notes payable to federal and state governments	7,173	13	350	6,836	361
Capital lease obligations (Note 12)	694	-	591	103	103
Installment purchase contracts	2,032	-	557	1,475	579
Compensated absences	74,091	24,049	22,637	75,503	3,837
Claims and judgments (Note 13)	59,370	27,743	20,228	66,885	17,600
Early incentive retirement payable	9,227	-	107	9,120	107
	<u>1,536,377</u>	<u>662,241</u>	<u>535,550</u>	<u>1,663,068</u>	<u>126,315</u>
Add unamortized premium	-	36,677	1,668	35,009	-
Less:					
Unamortized discount	(906)	(222)	(332)	(796)	-
Deferred loss on refunding	-	(19,671)	(369)	(19,302)	-
Total	<u>\$ 1,535,471</u>	<u>\$ 679,025</u>	<u>\$ 536,517</u>	<u>\$ 1,677,979</u>	<u>\$ 126,315</u>
Business-Type Activities:					
General obligation bonds	\$ 385,264	\$ 50,426	\$ 81,459	\$ 354,231	\$ 35,469
Revenue bonds	704,020	-	1,095	702,925	1,140
Tax-exempt commercial paper	-	10,858	-	10,858	10,858
Notes payable to state governments	85,494	3	5,617	79,880	5,756
Operating fee obligation (Note 11)	92,690	-	2,186	90,504	5,534
Estimated liability for landfill closure and post closure care costs (Note 14)	15,587	-	315	15,272	316
	<u>1,283,055</u>	<u>61,287</u>	<u>90,672</u>	<u>1,253,670</u>	<u>59,073</u>
Add unamortized premium	-	3,547	110	3,437	-
Less:					
Unamortized discount	(26,226)	(8)	(1,792)	(24,442)	-
Deferred loss on refunding	-	(932)	(19)	(913)	-
Total	<u>\$ 1,256,829</u>	<u>\$ 63,894</u>	<u>\$ 88,971</u>	<u>\$ 1,231,752</u>	<u>\$ 59,073</u>
Discretely Presented Component Unit:					
Revenue bonds	\$ 119,270	\$ 100,000	\$ 2,090	\$ 217,180	\$ 1,135
Add unamortized premium	-	4,968	143	4,825	-
Less:					
Unamortized discount	(580)	-	(21)	(559)	-
Deferred loss on refunding	(765)	-	(255)	(510)	-
Total	<u>\$ 117,925</u>	<u>\$ 104,968</u>	<u>\$ 1,957</u>	<u>\$ 220,936</u>	<u>\$ 1,135</u>

CITY AND COUNTY OF HONOLULU

Notes to Financial Statements

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General Obligation Bonds

The City issues general obligation bonds for the construction of major capital facilities. General obligation bonds in the governmental activities are direct obligations of the City for which its full faith and credit are pledged. Debt service is paid from the debt service fund. These bonds were issued during the fiscal years 1977 through 2004 in the original amount of \$2.4 billion, less discounts of \$796,000 and adjusted for a premium of \$35 million at June 30, 2004 which are being amortized over the related term of the bonds. These bonds bear interest at 1.18% to 8%, and mature serially through fiscal year 2029. General obligation debt authorized but not yet issued amounted to \$511 million at June 30, 2004.

General obligation bonds in the City's business-type activities are expected to be paid from their respective revenues. These instruments are also direct obligations of the City for which its full faith and credit is pledged. These bonds were issued during the fiscal years 1991 through 2004 in the original amount of \$936 million, less a discount of \$300,000 and adjusted for a premium of \$3.4 million at June 30, 2004, which are being amortized over the related term of the bonds. These bonds bear interest at 1.18% to 8%, and mature serially through fiscal year 2029.

In April 2004, the City issued general obligation refunding bonds in the aggregate amount of \$321.6 million in three series: Series 2004A for \$123 million, Series 2004B for \$192.9 million and Series 2004C for \$5.7 million. The bonds bear interest at 2% to 5.25% and mature annually on July 1, 2005 through 2028. The Series 2004A and Series 2004B bonds are subject to redemption, at the option of the City, in whole or in part in any order of maturity on or after July 1, 2014. Series 2004C is not subject to redemption prior to maturity. Proceeds from the bonds were used to advance refund certain outstanding general obligations and certain general obligation tax-exempt commercial paper of the City. All of the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statements. The premium generated by each issue will be amortized and credited to interest expense over the life of the related bonds.

The City advance refunded those certain outstanding general obligations to level overall debt service requirements in future years. Series 2000A were refunded by Series 2004A increasing debt service payments by \$49 million with an economic loss of \$13.2 million. Series 2000B were refunded by Series 2004C increasing debt service payments by \$18,000 with an economic gain of \$85,000. The Series 2004B advance refunded various bonds decreasing debt service payments by \$27.9 million at an economic gain of \$7.5 million.

Short-term general obligation tax-exempt commercial paper in a maximum aggregate principal amount not to exceed \$150 million outstanding at any time was authorized for issuance by the City, in accordance with Ordinance 01-28, during June 2001, to refinance long-term bonds. The \$74.8 million commercial paper bear interest at variable rates (0.9% to 1.2% at June 30, 2004) with varying maturities to a maximum of 270 days from the respective date of issue, and are not subject to redemption prior to maturity. In connection with the issuance, the City entered into an irrevocable letter of credit agreement in which the City may borrow

CITY AND COUNTY OF HONOLULU
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up to \$150 million for payment of principal and up to \$13.3 million for payment of interest. There were no drawings on the letter of credit during fiscal 2004.

Interest on the Series 2001C variable-rate general obligation bonds was set at 1.18% until December 4, 2004, after which the interest resets weekly at prevailing rates.

Revenue Bonds

Water system revenue bonds in the City's component unit were issued during fiscal years 2001, 2002 and 2004 in the original amount of \$221 million. Water system revenue bonds are subject to redemption on and after specified dates prior to maturity at the option of the Board at a price equal to 100% of the principal amount thereof, plus accrued interest. The bonds bear interest at variable rates (1.2% auction rate to 5% at June 30, 2004) and mature serially through July 1, 2033. Proceeds from the bonds were primarily used to fund the acquisition of a water reclamation facility, to fund capital improvement projects and to retire outstanding bonds. The revenue bonds are collateralized by the component unit's revenues.

Wastewater system revenue bonds in the City's business-type activities were issued during fiscal years 1999 through 2003, in the original amount totaling \$706 million, less a discount (\$24.1 million at June 30, 2004, which is being amortized over the related term of the bond). The bonds are subject to redemption, at the option of the City, prior to maturity, on or after July 1, 2011. The bonds bear interest at 1.3% to 5.5% at June 30, 2004 and mature at various dates through fiscal year 2033. The revenue bonds are collateralized by the wastewater system revenues.

Annual debt service requirements to maturity for general obligation bonds (including tax-exempt commercial paper) and revenue bonds at June 30, 2004, including interest of \$1.6 billion, were as follows (amounts in thousands):

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Component Unit</u>		<u>Total</u>	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
Year Ending June 30:								
2005	\$ 64,348	\$ 103,363	\$ 50,571	\$ 47,467	\$ 8,123	\$ 1,135	\$ 123,042	\$ 151,965
2006	68,407	61,212	48,868	40,437	8,380	4,070	125,655	105,719
2007	64,629	72,288	46,298	43,040	8,276	4,220	119,203	119,548
2008	61,333	80,719	43,767	47,595	8,175	4,350	113,275	132,664
2009	57,447	82,819	40,919	50,195	8,053	4,505	106,419	137,519
2010 - 2014	213,057	489,162	153,147	192,107	38,014	25,475	404,218	706,744
2015 - 2019	111,109	329,281	158,215	160,265	32,887	31,775	302,211	521,321
2020 - 2024	45,502	187,450	101,104	192,041	25,762	40,370	172,368	419,861
2025 - 2029	12,718	95,842	46,607	218,963	16,415	51,495	75,740	366,300
2030 - 2034	-	-	7,260	75,904	4,886	49,785	12,146	125,689
Total	\$ 698,550	\$ 1,502,136	\$ 696,756	\$ 1,068,014	\$ 158,971	\$ 217,180	\$ 1,554,277	\$ 2,787,330

General obligation bonds are generally subject to redemption by the City for a premium.

Total interest costs incurred by the business-type activities and the component unit for the fiscal year ended June 30, 2004 was \$66.6 million, of which \$9.4 million was capitalized.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Other Long-Term Debt

In December 1994, the City issued \$4.4 million of special assessment refunding bonds, which bear interest at variable rates (6.7% at June 30, 2004) and require annual principal and interest payments through fiscal year 2007. These bonds are collateralized by liens on the properties the assessments are levied against and are term bonds subject to prior redemption based on the availability of funds. They are reported under the governmental activities column of the City's government wide statement of net assets because, should collections of special assessments be insufficient, the City is authorized to use funds in the improvement district revolving fund to make principal and interest payments. These bonds amounted to \$1 million at June 30, 2004.

The note payable to federal government is for the City's share of costs for a federal project to develop recreational facilities and fish and wildlife resources at the Kaneohe Reservoir. The note bears interest at 5.1% and requires annual principal and interest payments through fiscal year 2016. The note amounted to \$3.2 million at June 30, 2004.

The notes payable to state government are for the construction of necessary treatment works and for other projects intended for wastewater reclamation or waste management. The notes amounted to \$83.5 million at June 30, 2004, bear interest at 2.06% to 3.02%, and require annual principal and interest payments through fiscal year 2023.

The City has lease purchase contracts for certain equipment, which are accounted for as capital leases (see Note 12).

The City also utilizes installment purchase contracts to finance purchases of equipment. The equipment is recorded at cost.

Annual debt service requirements to maturity for the City's governmental activities and business-type activities for other long-term debt at June 30, 2004, including interest of \$23 million, were as follows (amounts in thousands):

	Special Assessment Bonds		Notes, Leases and Contracts		Total	
	Interest	Principal	Interest	Principal	Interest	Principal
Year Ending June 30:						
2005	\$ 56	\$ 365	\$ 3,003	\$ 6,799	\$ 3,059	\$ 7,164
2006	32	355	2,823	7,164	2,855	7,519
2007	10	290	2,637	6,426	2,647	6,716
2008	-	-	2,447	6,587	2,447	6,587
2009	-	-	2,250	6,755	2,250	6,755
2010 – 2014	-	-	7,841	35,109	7,841	35,109
2015 – 2019	-	-	1,934	17,584	1,934	17,584
2020 – 2023	-	-	103	1,870	103	1,870
Total	\$ 98	\$ 1,010	\$ 23,038	\$ 88,294	\$ 23,136	\$ 89,304

CITY AND COUNTY OF HONOLULU
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The compensated absences liability attributable to the governmental activities will be liquidated primarily by the City's general and highway funds.

Refunded Bonds

The City and the Board of Water Supply defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the assets of the irrevocable trusts and the liability for the defeased bonds are not included in the City's basic financial statements. At June 30, 2004, \$524 million of the City's and \$43 million of the Board of Water Supply's bonds outstanding were considered defeased.

9. Net Assets

At June 30, 2004, net assets of the primary government consisted of the following (amounts in thousands):

	Governmental Activities	Business-Type Activities
Invested in Capital Assets, Net of Related Debt:		
Net property, plant and equipment	\$ 1,732,634	\$ 1,793,395
Less:		
General obligation bonds payable, net	(1,453,105)	(356,447)
Revenue bonds payable, net	-	(678,791)
Notes payable and other long-term debt	(9,424)	(79,880)
Tax-exempt commercial paper	(63,942)	(10,858)
Amount of debt related to unspent debt proceeds	4,920	80,456
	211,083	747,875
Restricted for Debt Service	1,056	22,584
Unrestricted	84,837	(52,186)
Total net assets	\$ 296,976	\$ 718,273

10. Employee Benefit Plans

Defined Benefit Pension Plans

Plan Description – Substantially all eligible employees of the City are members of the Employees' Retirement System of the State of Hawaii ("ERS"), a cost-sharing multiple-employer defined benefit pension plan. The ERS provides retirement benefits as well as death and disability benefits and is governed by a Board of Trustees. All contributions, benefits and eligibility requirements are established by HRS Chapter 88, and can be amended by legislative action.

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The ERS is composed of a contributory retirement plan and a noncontributory retirement plan. Prior to June 30, 1984, the plan consisted of only a contributory option. In 1984, legislation was enacted to create a new noncontributory option for members of the ERS who are also covered under social security. Persons employed in positions not covered by social security are precluded from the noncontributory option. The noncontributory option provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were allowed to continue under the contributory option or to elect the new noncontributory option and receive a refund of employee contributions. All benefits vest after five and ten years of credited service under the contributory and noncontributory options, respectively. Both options provide a monthly retirement allowance based on the employee's age, years of credited service, and average final compensation ("AFC"). The AFC is the average salary earned during the five highest paid years of service, including the vacation payment, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after that date and prior to January 1, 2003 is based on the three highest paid years of service, excluding the vacation payment. Effective January 1, 2003, the AFC is the highest three calendar years or highest five calendar years plus lump sum vacation payment or, highest three school contract years, or last 36 credited months or last 60 credited months plus lump sum vacation payment.

Most covered employees of the contributing option are required to contribute 7.8% or 12.2% of their salary. The City is required to contribute the remaining amounts necessary to pay contributory plan benefits and all amounts necessary to pay noncontributory benefits when due. The funding method used to calculate the total employer contribution requirement is the Entry Age Normal Actuarial Cost Method. Under this method, employer contributions to the ERS are comprised of normal cost plus level annual payments required to amortize the unfunded actuarial accrued liability over the remaining period of 29 years from July 1, 2000. The City's contributions to the ERS, inclusive of its component unit, for the fiscal years ended June 30, 2002, 2003 and 2004 were \$34.4 million, \$18.5 million and \$33.3 million, respectively, which were equal to the required contributions for each year.

The ERS issues a Comprehensive Annual Financial Report that may be obtained by writing to the Employees' Retirement System of the State of Hawaii, 201 Merchant Street, Suite 1400, Honolulu, Hawaii 96813.

Post-Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State of Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") provides certain health care (medical, prescription, vision and dental) and life insurance benefits for retired City employees. Act 88 established the EUTF during the 2001 legislative session and is codified in Chapter 87A, Hawaii Revised Statutes. Contributions are based on negotiated collective bargaining agreements and are limited by State statute to the actual cost of benefit coverage. Prior to July 1, 1996, the City pays for 100% of these benefits for employees who have at least 10 years of service. According to

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Act 217, SLH 1995, employees hired after June 30, 1996 with 25 years or more of service receive 100% employer funding. The City's share of the cost of these benefits is prorated for employees with less than 25 years of service. The City also reimburses 100% of Medicare premium costs for retirees and qualified dependents (through the State) who are at least 65 years of age and have at least 10 years of service. Currently, approximately 9,565 retirees and qualified dependents are receiving post retirement health care and benefits paid for by the City. The City's contributions for post retirement benefits, which are funded as accrued, amounted to \$39.1 million for the fiscal year ended June 30, 2004.

Early Retirement Incentive

Act 212 of the 1994 regular session of the State legislature authorized an early retirement incentive to state and county employees with at least 25 years of service as of December 31, 1994. Qualifying employees received two additional years of service credits for purposes of calculating their retirement benefits. 571 City employees received early retirement benefits, which cost the City \$7.5 million in payouts for accrued vacation during fiscal 1995.

Act 147 of the 2002 State Legislative Session lowered the employer contributions to ERS by extending the payment schedule for the actuarial present value cost of the early retirement incentive bonus to 29 years effective for the year end 2000. The City's annual payments approximated \$800,000 per year. Based on the per-employee analysis of additional retirement contributions calculated by the ERS, the additional retirement contribution, including interest, to be paid by the City for the early retirees is \$20.3 million. At June 30, 2004, the remaining balance was \$9.1 million.

11. Enterprise Funds

The City maintains five enterprise funds: the Housing Development Special Fund, the Sewer Fund, the Solid Waste Special Fund and the Public Transportation System, which are business-type activities, and the Board of Water Supply, which is a discretely presented component unit.

Housing Development Special Fund

The Housing Development Special Fund was created to develop affordable housing for sale or for rental by the City. At June 30, 2004, the City had \$111.4 million of general obligation bonds outstanding, which were used to finance the development of various residential lots and recreational facilities.

Sewer Fund

The Sewer Fund was created to account for the operations of the City's wastewater system and is operated primarily through user charges. The Sewer Fund also accounts for the proceeds of revenue bonds issued to pay all or part of those appropriations for improvements, repairs, and maintenance of the wastewater treatment system.

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Solid Waste Special Fund

The Solid Waste Special Fund accounts for the following activities related to the operations of the refuse division:

- the City's refuse collection and disposal operations, which are funded primarily through general fund subsidies.
- the recycling program revenues assessed as 12% of refuse disposal charges and are expended for the establishment, operation, management and expansion of the City's recycling programs, including programs for waste reduction, development of recycling markets and recycling awareness.
- the glass incentive program revenues derived for the recycling of glass containers and paying incentives to glass recyclers.
- operation of the solid waste disposal and energy and materials recovery project ("H-POWER Facility").

H-POWER Facility

The City has agreements with Honolulu Resource Recovery Venture ("HRRV") to operate a solid waste disposal and energy recovery project, the Honolulu Program of Waste Energy Recovery (the "H-POWER Facility"). The H-POWER Facility processes and disposes of solid waste and, together with combustion facilities, produces steam used for the generation of electricity. Revenues are generated from user tip fees and from the sale of energy products and recovered materials. The operating agreement with HRRV has a 20-year term, and the H-POWER Facility's revenues and expenses are reported in the accompanying financial statements. The operating agreements also require a supplemental operating fee to be paid by the City equivalent to the ground lease payments. The H-POWER Facility commenced commercial operations on May 21, 1990, and the City has a 20-year contract to sell electricity generated to a utility company.

In November 1989, the City sold the H-POWER Facility for \$312.5 million, receiving an \$80 million cash payment and a 20-year note for \$232.5 million with interest at 8.04%. On the same date, HRRV entered into a 20-year lease for the H-POWER Facility with the new owner. Although the City is not a party to this lease agreement, the operating fee to be paid by the City to HRRV was increased by an amount equal to the lease payments. Accordingly, the H-POWER Facility has been recorded as an asset and a liability in the H-POWER Facility enterprise fund at an amount equal to the present value of this increase in the operating fee for the lease payments.

In November 1989, the City leased the land underlying the H-POWER Facility to the owner of the H-POWER Facility for 35 years.

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The note receivable and the obligation for the increase in the operating fee for the H-POWER facility lease payments (\$98.1 million and \$188.6 million at June 30, 2004, respectively) have been offset for financial statement reporting purposes. At June 30, 2004, future payments are as follows (amounts in thousands):

Year Ending June 30:	Operating Fee Obligation	Note Receivable	Difference
2005	\$ 30,613	\$ 22,894	\$ 7,719
2006	30,613	24,294	6,319
2007	30,613	21,881	8,732
2008	30,613	21,338	9,275
2009	30,613	29,401	1,212
2010	<u>93,114</u>	<u>5,013</u>	<u>88,101</u>
Subtotal	246,179	124,821	121,358
Less: Amount representing interest	<u>57,535</u>	<u>26,681</u>	<u>30,854</u>
Total	<u>\$ 188,644</u>	<u>\$ 98,140</u>	<u>\$ 90,504</u>

At June 30, 2004, the City had \$110.2 million of general obligation bonds outstanding, which were used to finance the construction of the H-POWER Facility.

Public Transportation System

The Department of Transportation Services oversees the administration and operation of the Public Transportation System (the City's bus and paratransit systems or "PTS") on the island of Oahu.

The City has an agreement with Oahu Transit Services, Inc. ("OTS"), which expires on September 30, 2007, to provide for the management of the City's bus and paratransit systems. OTS provides the employees to operate and manage the bus and paratransit systems. The City reimburses OTS for operating expenses. The annual management fee for the period October 1, 2003 through September 30, 2004 is \$385,000, is increased to \$395,000 for the following year, and is further increased an additional \$15,000 for each of the remaining two years.

The agreement provides that the City furnish, but retain title to, the transit buses, paratransit buses, properties, facilities and equipment used in the systems. Revenues collected by OTS, excluding management fees, are the property of the City and are remitted to a depository controlled by the City.

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Restricted Assets – OTS established trust funds for the purpose of maintaining adequate funds for expenses incurred through its workers' compensation, general, and auto liability self-insurance programs. At June 30, 2004, the restricted assets held by OTS amounted to \$587,000.

Reserve for Insurance Claims Payable – The City sponsors an automotive and general liability self-insurance program for OTS. The self-insurance program is for claims up to \$1 million, which increased to \$3 million effective July 1, 2004. The City also has a workers' compensation self-insurance program, which covers OTS claims up to \$300,000 per occurrence for policy periods through June 30, 1995, \$250,000 per occurrence from July 1, 1995 through June 30, 2002, and \$1 million per occurrence from July 1, 2002. OTS has obtained excess insurance coverage for general liability, automotive claims and workers' compensation through various insurance companies for amounts in excess of claims covered under the two self-insurance programs.

CITY AND COUNTY OF HONOLULU
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12. Commitments

Leases

The City leases equipment and office space under capital and operating leases, which expire at various dates through 2058. At June 30, 2004, the cost of equipment recorded under capital lease arrangements and included in capital assets amounted to \$5.9 million, which was fully depreciated as of June 30, 2004.

Future minimum obligations under capital and operating leases at June 30, 2004 were as follows (amounts in thousands):

	Capital Leases	Operating Leases
Year Ending June 30:		
2005	\$ 104	\$ 2,409
2006	-	2,056
2007	-	1,453
2008	-	954
2009	-	388
2010 – 2014	-	894
2015 – 2019	-	572
2020 – 2024	-	572
2025 – 2029	-	453
2030 – 2034	-	175
2035 – 2058 (\$175 for each five-year increment except for 2056 – 2058)	-	736
Total minimum payments	104	\$ 10,662
Less: Amount representing interest	1	
Present value of future minimum capital lease payments	\$ 103	

Certain leases provide for payment of common area charges and for periodic renegotiation of rents. Rent expense under operating leases, principally recorded in the general fund, amounted to \$5.0 million for the fiscal year ended June 30, 2004.

CITY AND COUNTY OF HONOLULU
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The City leases to others concession rights and real property under operating leases, which expire at various dates through 2045. Certain leases provide for periodic renegotiation of rents. Future minimum rental income under such leases at June 30, 2004 were as follows (amounts in thousands):

Year Ending June 30:	
2005	\$ 7,249
2006	6,259
2007	6,111
2008	4,363
2009	3,961
2010 – 2014	19,586
2015 – 2019	19,190
2020 – 2024	16,706
2025 – 2029	3,649
2030 – 2034	398
2035 – 2039	348
2040 – 2045	343
	<hr/>
Total minimum rental income	<u>\$ 88,163</u>

Other Commitments

Business-type activities, which do not employ encumbrance accounting, have contractual commitments of approximately \$341 million at June 30, 2004, primarily for construction contracts, which includes the Board's commitments of \$153 million. Other contractual commitments for the expenditure of City monies are encumbered in the governmental funds.

Litigation

OTS and the City are involved in various lawsuits arising from the normal operations of the City bus and paratransit systems. Claims for punitive damages related to certain lawsuits may not be covered by insurance. As provided in the management agreement with the City, the City indemnifies OTS from any and all claims made against OTS and the City for legal liability, damages and injuries where such claims are reasonably related to the providing of mass transportation services.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

13. Contingent Liabilities

The City is exposed to various risks of loss due to claims filed against the City for personal injury, property and other damages. The City's Corporation Counsel reported that these cases are set for pretrial conferences, awaiting actions from plaintiffs, being investigated, ready for trial calendar, or on appeal.

The City is substantially self-insured for workers' compensation claims, general liability claims up to \$1 million, except for public official's liability insured up to \$100,000, and automobile claims up to \$1 million, with certain exceptions. The City purchases excess liability insurance through insurance companies for claims in excess of self-insured amounts as well as when required by contract or law. Settled claims have not exceeded these coverages in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The basis for estimating the liabilities for unpaid claims includes the effects of specific incremental claim adjustment expenses, salvage, and subrogation, and other allocated or unallocated claim adjustment expenses. At June 30, 2004, the estimated total liability of the City for claims and judgments amounted to \$66.9 million, which included claims incurred but not reported by the claimant and settled claims for which funds have not yet been appropriated. The estimated total liability has been determined through case-by-case analysis and from actuary studies performed by independent third parties. Expenditures for claims and judgments are appropriated annually. In the opinion of management, the City has adequately reserved for such claims.

During fiscal 2003, the City entered into a settlement agreement with certain landowners to address claims arising from the City's designation and down zoning of certain parcels in East Honolulu to prevent shoreline development. In accordance with the settlement agreement, the City has made an initial lump sum payment of \$5 million to the landowners and began selling City-owned parcels of land to various third parties. The City sold the largest parcel subsequent to June 30, 2004 for \$17.9 million and the net proceeds of \$17.4 million from the sale were remitted to the landowners. The City will sell the remaining City-owned parcels and remit the proceeds to the landowners in exchange for ownership of the property subject to claims. It is the City's belief that these claims are not likely to have a material adverse effect on the City's financial position. Accordingly, no provision for any liabilities that might result from the resolution of these claims has been made in the accompanying financial statements.

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Notes to Financial Statements
June 30, 2004

The following is a summary of changes in the claims and judgments liability account during the fiscal year (amounts in thousands):

	<u>Automobile and General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Balance at July 1, 2002	\$ 19,564	\$ 37,382	\$ 56,946
Incurred losses and loss adjustment expenses	1,147	21,066	22,213
Payments	<u>(4,640)</u>	<u>(15,149)</u>	<u>(19,789)</u>
Balance at June 30, 2003	16,071	43,299	59,370
Incurred losses and loss adjustment expenses	13,324	14,419	27,743
Payments	<u>(4,464)</u>	<u>(15,764)</u>	<u>(20,228)</u>
Balance at June 30, 2004	<u>\$ 24,931</u>	<u>\$ 41,954</u>	<u>\$ 66,885</u>

The claims and judgment liability will be liquidated from the City's general fund.

14. Environmental Issues

Solid Waste Landfill Costs

GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, which is based on the October 9, 1991 United States Environmental Protection Agency ("EPA") rule, "Solid Waste Disposal Facility Criteria," establishes closure requirements for all municipal solid waste landfills that receive waste after October 9, 1991. The EPA rule also establishes thirty-year postclosure care requirements for those landfills that accept solid waste after October 9, 1993 or for those landfills that stopped accepting solid waste between October 9, 1991 and October 9, 1993 and have not met certain requirements established by the EPA rule. In accordance with GASB Statement No. 18, the City estimates in advance the total cost of closure and postclosure care during the life of those landfills rather than after their closings.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Federal and state laws and regulations require the City to place final covers on certain landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Annual additions to the liability for closure and postclosure care costs are based on landfill capacity used as of each balance sheet date. The \$15.3 million reported as the liability in the Solid Waste Special Fund for closure and postclosure care costs at June 30, 2004 represents the cumulative amount reported to date based on the percentage of the estimated capacity used for the following landfills (amounts in thousands). Actual costs may differ from estimates if additional postclosure care requirements are determined (due to inflation or deflation, changes in technology, or changes in applicable laws or regulations).

	<u>Capacity Used</u>	<u>Closure Date</u>	<u>Liability at June 30, 2004</u>	<u>Total Estimated Cost</u>
Waipahu incinerator landfill	100.0%	October 1991	\$ 10,402	\$ 11,950
Kapaa sanitary landfill	100.0%	May 1997	<u>4,870</u>	<u>14,237</u>
Total			<u>\$ 15,272</u>	<u>\$ 26,187</u>

For fiscal year 2004, the City has provided the financial resources that will be available to provide for closure, postclosure care and remediation or containment of environmental hazards at the above landfills. The EPA has proposed amendments to the existing financial assurance rules. The proposed amendments added a local government financial test consisting of a financial component, a public notice component, and a recordkeeping and reporting component. Local governments are required to satisfy each of the three components to pass the annual test. Management believes that the City has satisfied each of the components of the local government financial assurance requirements.

Clean Water Act

In 1991, the EPA filed an administrative action against the City alleging violations of the Clean Water Act and conditions and limitations of the National Pollutant Discharge Elimination System Permits by failing to develop and administer pretreatment programs for all of its treatment plants and for unauthorized discharges from the collection system. As a result of a settlement reached between the EPA and the City, a consent decree has been filed which requires certain compliance actions and penalties of \$1.2 million, which were paid in fiscal year 1995. The City has implemented certain compliance actions such as developing rehabilitation and maintenance of the collection system and implementation of the plans. The City has committed to spend at least \$20 million for effluent reuse. The City is currently recycling approximately 7.0 million gallons per day from the Honouliuli Reclamation Facility, which was recently purchased by the Board of Water Supply.

CITY AND COUNTY OF HONOLULU

Notes to Financial Statements

June 30, 2004

The City has committed to spend at least \$10 million for sludge reuse. Sludge reuse is being accomplished through the U.S. Navy Biosolids Treatment Facility. The cost to the City is \$82 per wet ton of sludge delivered to the facility. Currently, the City is delivering an average of 11.7 dry tons per day. The consent decree cites potential stipulated penalties of \$2,000 per day per violation for failure to comply.

The State and certain environmental groups (nonprofit organizations) also filed actions against the City for declaratory judgment, injunctive relief and civil penalties for violations of the Clean Water Act for the following wastewater treatment plants.

Kailua and Kaneohe – As a result of a settlement reached between the parties, a consent decree has been filed for the Kailua and Kaneohe plants, which requires certain compliance actions such as developing a facilities plan, constructing a feasible ultraviolet disinfection facility and establishing and supporting an advisory council. The conceptual facilities plan and the environmental impact statement preparation notice were completed in September 1998. The design phase of the ultraviolet disinfection project was completed in October 1998. Responses to public comments were completed in June 1999. The City contracted a construction company to complete the construction phase for approximately \$2.3 million, which was completed in November 2000. Approximately \$5.3 million has been paid as of June 30, 2004, related to these compliance actions. The Kailua Bay Advisory Council was established in October 1995. The City established a \$2.1 million trust fund; hired a program administrator and a third party to provide watershed mapping services; awarded grant projects to four community groups; developed short-term implementation plans for erosion control initiatives, stream bank restoration and refuse control; and developed a web site for the Kailua Bay Advisory Council to disseminate information to the public.

The consent decree cites total costs of at least \$7.4 million for capital improvements, consulting and other fees. The consent decree cites stipulated penalties of \$500 per day per violation for failure to meet the specified obligations and deadlines. The City was assessed a fee of \$493,000 for noncompliance of emission limits for one of the odor control units in October 2000. Corrective action to remediate the situation was completed and the fee was paid by the City in fiscal 2004. The Kaneohe treatment facility has been converted into a temporary pre-treatment facility, and pumps wastewater to the Kailua treatment facility.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

Wahiawa – A civil action was filed by the State for operating the Wahiawa plant without a permit. Settlement with the State was reached and a consent decree was approved on February 27, 1998. The consent decree requires the City to upgrade the existing treatment plant to produce water suitable for reuse and adjust the outfall. The consent decree stipulates damages of \$600,000 plus \$1,000 – \$5,000 per day if the upgrades are not completed by specified deadlines. In June 2001, the City completed construction of the reclamation system, which amounted to approximately \$12 million. As required by the consent decree, the City also disbursed \$150,000 to various agencies for supplemental environmental projects. A motion to terminate the consent decree has not been filed by the State or City.

Sand Island – The Sand Island wastewater treatment plant operates under a 301(h) waiver permit issued by the EPA. The current permit was effective November 1998. That permit included, amongst other things, a specific timetable for various construction projects related to the Sand Island plant. In October 1999, the EPA issued a finding of violation and order for compliance that required corrective measures and compliance with the November 1998 permit. Although the City responded to that order, some of the construction projects are behind the permit schedule due to unanticipated construction difficulties. For example, an Ultraviolet Disinfection facility was to be constructed by July 1, 2002. That facility is still under construction and is not currently estimated to be completed until June 29, 2005. In October 2002, the EPA identified that the Sand Island plant violated certain discharge limits and ordered the City to stop discharge violations at the Sand Island plant and to submit a plan by December 1, 2002, to bring the facility into continuous compliance with its EPA permit. The City submitted the required plan and compliance schedule on November 29, 2002. Upon review by the EPA, the City submitted a revised plan on May 1, 2003, which is still subject to the EPA's final approval. Failure to comply with the EPA orders could result in fines up to \$27,500 per day and a revocation or non-renewal of the 301(h) waiver permit. Revocation or non-renewal of the 301(h) waiver permit would require the City to upgrade the Sand Island plant to a secondary facility at a construction cost of hundreds of million of dollars.

Waipahu – A complaint was filed on February 24, 2003 with the State claiming that the City improperly disposed of solid waste, operated an open dump, stored and disposed of hazardous waste without a permit and operated a solid waste management system without a permit. The City was assessed an administrative penalty of approximately \$542,000. As a settlement of the administrative penalty, the City will pay a \$425,000 penalty and will provide an additional \$117,000 worth of in-kind services over a 4-year period for cleanup projects designated by the State.

In the opinion of management, the final outcome of these matters is unknown at this time but should not have a material adverse effect on the City's financial statements.

CITY AND COUNTY OF HONOLULU

Notes to Financial Statements

June 30, 2004

15. Component Unit Disclosure

Board of Water Supply

The Board is a semi-autonomous agency of the City which has full and complete authority to manage, control and operate the City's water system and related properties.

Other Legal Matters

The Board is party to various legal proceedings arising in the normal course of business. The outcome of individual matters is not predictable. However, management believes that the ultimate resolution of all such matters, after considering insurance coverages, will not have a material adverse effect on the Board's financial position, results of operations or liquidity.

Major Transactions with the City –

Billing and Collection Services – The Board has an agreement with the Department of Environmental Services, City and County of Honolulu to provide certain services through June 30, 2004, relating to the billing and collection of sewer service charges. Fees related to these services were negotiated at approximately \$100,000 per year through fiscal 2004. The revenues related to these fees are included in other operating revenues and the corresponding expense in the Sewer Fund.

Central Administrative Services Expense (“CASE”) Fee – During fiscal year 2000, the Board entered into an agreement with the City to pay a Central Administrative Services Expense (“CASE”) fee for treasury, personnel, purchasing and other services that the City provides to the Board on an on-going basis. The Board's Charter allows for a CASE fee to the extent that it represents a reasonable charge for services necessary for the Board to perform its duties. Although CASE fees for fiscal years subsequent to 2001 are still being negotiated between the Board and the City, the Board paid the City \$6.6 million on June 30, 2004 for fiscal years 2003 and 2004, leaving an unpaid balance of \$3.3 million related to fiscal 2002.

In fiscal year 2004, the Board changed the method used to calculate depreciation expense. Prior to fiscal year 2004, depreciation was calculated based on asset groups, but commencing in fiscal year 2004, depreciation is being calculated based on individual assets. The Board believes that this change in accounting principle is preferable, as it results in a more accurate calculation of depreciation of the individual capital assets held by the Board. Accordingly, the July 1, 2003 net asset balance was adjusted by approximately \$6.1 million as follows (amounts in thousands):

Net assets, as previously reported	\$ 991,652
Adjustment	<u>6,143</u>
Net assets, as restated	<u>\$ 997,795</u>

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2004

16. Subsequent Event

The City sold the leased fee interests in Harbor Court, a commercial/residential building in Honolulu, on December 15, 2004 for \$27.5 million. The sale was for the fee title interest in Office Apartments 14 through 31, Retail Apartments 1 through 3, Restaurant Apartments 1 and 2, Parking Apartments 1 and 4, and Management Apartments 1 and 2. The proceeds were deposited to the general fund to fund the fiscal 2005 operating budget.

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**REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN MD&A**

BUDGETARY COMPARISON SCHEDULES

For a brief explanation of the General Fund and Highway Fund, please refer to the divider page for the Governmental Fund Financial Statements preceding page 37.

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 451,964	\$ 451,964	\$ 458,116	\$ 6,152
Licenses and permits	33,215	33,215	34,258	1,043
Intergovernmental	37,417	37,417	35,584	(1,833)
Charges for services	5,290	5,290	4,650	(640)
Fines and forfeits	125	125	417	292
Miscellaneous:				
Reimbursements and recoveries	81,732	81,732	77,403	(4,329)
Interest	5,602	5,602	1,908	(3,694)
Other	3,467	3,467	9,934	6,467
Total Revenues	<u>618,812</u>	<u>618,812</u>	<u>622,270</u>	<u>3,458</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	12,695	12,695	12,064	631
City Clerk	2,359	2,384	2,315	69
City Council	5,233	5,344	5,256	88
Corporation Counsel	9,017	9,100	7,089	2,011
Customer Services	17,342	17,342	16,750	592
Design and Construction	13,813	13,188	11,228	1,960
Facility Maintenance	12,073	12,140	12,054	86
Human Resources	4,532	4,532	4,329	203
Information Technology	10,513	9,967	8,913	1,054
Mayor	4,072	4,072	3,890	182
Planning and Permitting	6,460	6,500	6,210	290
Prosecuting Attorney	13,961	13,961	13,381	580
Total General government	<u>112,070</u>	<u>111,225</u>	<u>103,479</u>	<u>7,746</u>
Public safety:				
Emergency Services	23,646	23,646	20,660	2,986
Fire	66,430	66,527	64,753	1,774
Mayor	598	598	542	56
Medical Examiner	1,075	1,075	1,060	15
Planning and Permitting	3,998	3,958	3,914	44
Police	144,024	149,269	146,263	3,006
Transportation Services	113	113	--	113
Total Public safety	<u>239,884</u>	<u>245,186</u>	<u>237,192</u>	<u>7,994</u>
Highways and streets:				
Facility Maintenance	2,356	2,281	2,239	42
Sanitation:				
Environmental Services	28	28	28	--
Human services:				
Community Services	1,763	1,763	1,472	291

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

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	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Culture-recreation:				
Enterprise Services	20	20	20	--
Mayor	1,676	1,676	1,652	24
Parks and Recreation	46,903	46,903	44,248	2,655
Total Culture-recreation	48,599	48,599	45,920	2,679
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services	79	79	49	30
City Council	1,610	1,600	1,575	25
Provisional	88,708	88,681	84,040	4,641
Total Retirement and health benefits	90,397	90,360	85,664	4,696
Other:				
Budget and Fiscal Services	6,992	6,992	6,814	178
City Council	206	96	58	38
Provisional	15,004	15,004	14,574	430
Total Other	22,202	22,092	21,446	646
Total Miscellaneous	112,599	112,452	107,110	5,342
Debt Service:				
Budget and Fiscal Services	359	359	359	--
City Council	--	11	11	--
Design and Construction	--	625	625	--
Information Technology	--	546	546	--
Total Debt service	359	1,541	1,541	--
Total Expenditures	517,658	523,075	498,981	24,094
Revenues over Expenditures	101,154	95,737	123,289	27,552
Other Financing Sources (Uses):				
Sales of general fixed assets	272	272	10,544	10,272
Transfers in	87,498	87,498	85,686	(1,812)
Transfers out	(266,565)	(261,148)	(250,856)	10,292
Total Other Financing Sources (Uses)	(178,795)	(173,378)	(154,626)	18,752
Net change in Fund Balance	(77,641)	(77,641)	(31,337)	46,304
Encumbrances	--	--	20,838	20,838
Fund Balance - July 1	78,490	78,490	72,816	(5,674)
Fund Balance - June 30	\$ 849	\$ 849	\$ 62,317	\$ 61,468

Budgetary basis includes encumbrances.

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

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	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 72,251	\$ 72,251	\$ 74,688	\$ 2,437
Licenses and permits	26,523	31,948	36,907	4,959
Charges for services	4,066	4,066	4,462	396
Fines and forfeits	60	60	5	(55)
Miscellaneous:				
Reimbursements and recoveries	11	11	263	252
Other	1,570	1,570	1,556	(14)
Total Revenues	104,481	109,906	117,881	7,975
Expenditures:				
Current:				
General government:				
Design and Construction	3,992	3,992	3,534	458
Facility Maintenance	7,326	7,726	7,798	(72)
Planning and Permitting	1,254	1,254	1,238	16
Total General government	12,572	12,972	12,570	402
Public safety:				
Police	17,438	17,438	16,945	493
Transportation Services	3,589	3,589	3,297	292
Total Public safety	21,027	21,027	20,242	785
Highways and streets:				
Facility Maintenance	13,486	13,086	13,089	(3)
Sanitation:				
Environmental Services	918	918	881	37
Utilities or other enterprises:				
Transportation Services	1,402	1,402	1,343	59
Miscellaneous:				
Retirement and health benefits:				
Provisional	9,901	9,901	9,321	580
Other:				
Provisional	1,829	1,829	1,453	376
Total Miscellaneous	11,730	11,730	10,774	956
Total Expenditures	61,135	61,135	58,899	2,236
Revenues over Expenditures	43,346	48,771	58,982	10,211

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source (Use):				
Sales of general fixed assets	135	135	276	141
Transfers out	(59,254)	(64,679)	(63,159)	1,520
Total Other Financing Source (Use)	(59,119)	(64,544)	(62,883)	1,661
Net change in Fund Balance	(15,773)	(15,773)	(3,901)	11,872
Encumbrances	--	--	1,696	1,696
Fund Balance - July 1	15,773	15,773	26,981	11,208
Fund Balance - June 30	\$ --	\$ --	\$ 24,776	\$ 24,776

Budgetary basis includes encumbrances.

**OTHER SUPPLEMENTARY
INFORMATION**

NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS

For a brief explanation of the individual nonmajor governmental funds, please refer to the divider page for the Governmental Fund Financial Statements preceding page 37.

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 6)

	Special Revenue Funds		
	Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	Bikeway Fund	Parks and Playgrounds Fund
<u>ASSETS</u>			
Cash and investments:			
With Treasury and banks.....	\$ 490	\$ 226	\$ 3,163
Receivables:			
Accounts	--	--	--
Special Assessments	--	--	--
Loans	--	--	--
Intergovernmental	--	--	--
Due from other funds	--	--	--
Inventories - Municipal Stores	--	--	--
Total Assets	\$ 490	\$ 226	\$ 3,163
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 54	\$ --	\$ --
Interest and bonds payable-matured	--	--	--
Due to other funds	--	--	--
Accrued payroll	--	--	--
Deferred revenue	--	--	--
Total Liabilities	54	--	--
Fund Balances:			
Reserved for encumbrances	335	--	--
Reserved for debt service	--	--	--
Unreserved - undesignated	101	226	3,163
Total Fund Balances	436	226	3,163
Total Liabilities and Fund Balances	\$ 490	\$ 226	\$ 3,163

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 6)

Special Revenue Funds

<u>Federal Revenue Sharing Fund</u>	<u>Liquor Commission Fund</u>	<u>Rental Assistance Fund</u>	<u>Zoo Animal Purchase Fund</u>	<u>Hanauma Bay Nature Preserve Fund</u>	<u>Special Reserve Fund</u>
\$ 47	\$ 1,083	\$ 1,038	\$ 40	\$ 1,906	\$ 5,034
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 47</u>	<u>\$ 1,083</u>	<u>\$ 1,038</u>	<u>\$ 40</u>	<u>\$ 1,906</u>	<u>\$ 5,034</u>
\$ --	\$ 1	\$ 6	\$ --	\$ 209	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	16	--	--	11	--
--	--	--	--	--	--
--	<u>17</u>	<u>6</u>	--	<u>220</u>	--
--	141	--	--	270	--
--	--	--	--	--	--
<u>47</u>	<u>925</u>	<u>1,032</u>	<u>40</u>	<u>1,416</u>	<u>5,034</u>
<u>47</u>	<u>1,066</u>	<u>1,032</u>	<u>40</u>	<u>1,686</u>	<u>5,034</u>
<u>\$ 47</u>	<u>\$ 1,083</u>	<u>\$ 1,038</u>	<u>\$ 40</u>	<u>\$ 1,906</u>	<u>\$ 5,034</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2004
 (Amounts in thousands)

(Page 3 of 6)

	Special Revenue Funds		
	Community Development Fund	Golf Fund	Special Events Fund
ASSETS			
Cash and investments:			
With Treasury and banks.....	\$ 153	\$ 725	\$ 196
Receivables:			
Accounts	--	--	--
Special Assessments	--	--	--
Loans	195	--	--
Intergovernmental	874	--	--
Due from other funds	--	--	202
Inventories - Municipal Stores	--	--	--
Total Assets	\$ 1,222	\$ 725	\$ 398
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 799	\$ 176	\$ 103
Interest and bonds payable-matured	--	--	--
Due to other funds	79	--	--
Accrued payroll	--	39	75
Deferred revenue	195	--	--
Total Liabilities	1,073	215	178
Fund Balances:			
Reserved for encumbrances	13,931	229	157
Reserved for debt service	--	--	--
Unreserved - undesignated	(13,782)	281	63
Total Fund Balances	149	510	220
Total Liabilities and Fund Balances	\$ 1,222	\$ 725	\$ 398

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2004
 (Amounts in thousands)

(Page 4 of 6)

Special Revenue Funds

Farmers Home Administration Loan Fund	Special Projects Fund	Federal Grants Fund	Housing and Community Development Rehabilitation Loan Fund	Pauahi Project Expenditures Hawaii R-15 Fund	Housing and Community Development Section 8 Contract Fund
\$ 46	\$ 3,824	\$ 11,013	\$ 9,245	\$ 2,816	\$ 3,627
--	--	--	--	--	285
--	--	--	--	--	--
--	--	1,330	12,103	--	3,360
--	--	21,542	--	--	339
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 46</u>	<u>\$ 3,824</u>	<u>\$ 33,885</u>	<u>\$ 21,348</u>	<u>\$ 2,816</u>	<u>\$ 7,611</u>
\$ --	\$ 204	\$ 45	\$ --	\$ --	\$ 116
--	--	--	--	--	--
--	--	21,305	--	--	--
--	--	--	--	--	--
--	180	1,546	12,103	--	3,984
--	384	22,896	12,103	--	4,100
--	1,777	14,553	9,245	1,764	3,466
--	--	--	--	--	--
46	1,663	(3,564)	--	1,052	45
46	3,440	10,989	9,245	2,816	3,511
<u>\$ 46</u>	<u>\$ 3,824</u>	<u>\$ 33,885</u>	<u>\$ 21,348</u>	<u>\$ 2,816</u>	<u>\$ 7,611</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2004
 (Amounts in thousands)

(Page 5 of 6)

	Special Revenue Funds			
	Leasehold Conversion Fund	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund
<u>ASSETS</u>				
Cash and investments:				
With Treasury and banks.....	\$ 709	\$ 1,516	\$ 224	\$ 110
Receivables:				
Accounts	--	--	--	--
Special Assessments	--	--	--	--
Loans	--	--	--	--
Intergovernmental	--	--	--	--
Due from other funds	--	--	--	--
Inventories - Municipal Stores	--	--	--	36
Total Assets	\$ 709	\$ 1,516	\$ 224	\$ 146
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Interest and bonds payable-matured	--	--	--	--
Due to other funds	--	--	--	--
Accrued payroll	--	--	--	--
Deferred revenue	392	--	--	--
Total Liabilities	392	--	--	--
Fund Balances:				
Reserved for encumbrances	--	--	--	--
Reserved for debt service	--	--	--	--
Unreserved - undesignated	317	1,516	224	146
Total Fund Balances	317	1,516	224	146
Total Liabilities and Fund Balances	\$ 709	\$ 1,516	\$ 224	\$ 146

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2004
 (Amounts in thousands)

(Page 6 of 6)

Debt Service Fund	Capital Projects Funds			
Improvement District Bond and Interest Redemption Fund	Highway Improvement Bond Fund	Federal Grants Capital Projects Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 1,037	\$ 10,595	\$ 9,378	\$ 25,135	\$ 93,376
--	--	--	--	285
1,276	--	--	--	1,276
--	--	46,587	--	63,575
--	--	4,056	--	26,811
--	--	--	95	297
--	--	--	--	36
<u>\$ 2,313</u>	<u>\$ 10,595</u>	<u>\$ 60,021</u>	<u>\$ 25,230</u>	<u>\$ 185,656</u>
\$ 4	\$ 7,472	\$ 5,439	\$ 309	\$ 14,937
9	--	--	--	9
95	457	--	--	21,936
--	--	--	--	141
1,149	--	48,914	--	68,463
<u>1,257</u>	<u>7,929</u>	<u>54,353</u>	<u>309</u>	<u>105,486</u>
--	207,380	43,902	13,316	310,466
1,056	--	--	--	1,056
--	(204,714)	(38,234)	11,605	(231,352)
<u>1,056</u>	<u>2,666</u>	<u>5,668</u>	<u>24,921</u>	<u>80,170</u>
<u>\$ 2,313</u>	<u>\$ 10,595</u>	<u>\$ 60,021</u>	<u>\$ 25,230</u>	<u>\$ 185,656</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(Amounts in thousands)

(Page 1 of 6)

	Special Revenue Funds		
	Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	Bikeway Fund	Parks and Playgrounds Fund
Revenues:			
Special assessments	\$ --	\$ --	\$ --
Licenses and permits.....	--	387	--
Intergovernmental.....	--	--	--
Charges for services.....	2,969	--	--
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	--
Interest.....	--	--	--
Other.....	42	--	313
Total Revenues.....	3,011	387	313
Expenditures:			
Current:			
General government.....	2,618	--	--
Public safety.....	--	302	--
Highways and streets.....	--	--	--
Human services.....	--	--	--
Culture-recreation.....	304	--	--
Utilities or other enterprises.....	--	--	--
Miscellaneous:			
Retirement and health benefits.....	--	--	--
Other.....	--	--	--
Capital Outlay:			
General government.....	--	--	--
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	--	--	--
Culture-recreation.....	--	--	--
Utilities or other enterprises.....	--	--	--
Debt service:			
Principal.....	--	--	--
Interest.....	--	--	--
Total Expenditures.....	2,922	302	--
Revenues over (under) Expenditures.....	89	85	313
Other Financing Sources (Uses):			
Proceeds of general obligation bonds	--	--	--
Proceeds of commercial paper & long-term notes	--	--	--
Transfers in.....	--	84	770
Transfers out.....	--	(511)	(3,500)
Capital Contributions	--	--	--
Total Other Financing Sources (Uses).....	--	(427)	(2,730)
Revenues and Other Sources over (under) Expenditures and Other Uses.....	89	(342)	(2,417)
Fund Balances - July 1.....	347	568	5,580
Fund Balances - June 30.....	\$ 436	\$ 226	\$ 3,163

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

(Page 2 of 6)

Special Revenue Funds

Federal Revenue Sharing Fund	Liquor Commission Fund	Rental Assistance Fund	Zoo Animal Purchase Fund	Hanauma Bay Nature Preserve Fund	Special Reserve Fund
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	2,586	--	--	--	--
--	--	--	--	--	--
--	125	--	--	3,411	--
--	235	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	1	177	2	1,074	--
--	2,947	177	2	4,485	--
--	2,261	--	--	--	--
--	--	--	--	382	--
--	--	--	--	--	--
--	--	172	--	--	--
--	--	--	3	1,732	--
--	--	--	--	--	--
--	458	--	--	252	--
--	196	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	2,915	172	3	2,366	--
--	32	5	(1)	2,119	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	500	--
--	(281)	(12)	--	(1,696)	--
--	--	--	--	--	--
--	(281)	(12)	--	(1,196)	--
--	(249)	(7)	(1)	923	--
47	1,315	1,039	41	763	5,034
\$ 47	\$ 1,066	\$ 1,032	\$ 40	\$ 1,686	\$ 5,034

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

(Page 3 of 6)

	Special Revenue Funds		
	Community Development Fund	Golf Fund	Special Events Fund
Revenues:			
Special assessments	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--
Intergovernmental.....	14,482	--	--
Charges for services.....	--	5,157	1,371
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	10
Interest.....	--	--	11
Other.....	--	3,215	5,042
Total Revenues.....	<u>14,482</u>	<u>8,372</u>	<u>6,434</u>
Expenditures:			
Current:			
General government.....	159	--	94
Public safety.....	--	--	--
Highways and streets.....	162	--	--
Human services.....	1,587	--	--
Culture-recreation.....	--	6,734	7,185
Utilities or other enterprises.....	700	--	--
Miscellaneous:			
Retirement and health benefits.....	--	1,496	1,937
Other.....	--	54	260
Capital Outlay:			
General government.....	--	--	--
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	11,389	--	--
Culture-recreation.....	180	--	--
Utilities or other enterprises.....	--	--	--
Debt service:			
Principal.....	--	--	--
Interest.....	--	--	--
Total Expenditures.....	<u>14,177</u>	<u>8,284</u>	<u>9,476</u>
Revenues over (under) Expenditures.....	<u>305</u>	<u>88</u>	<u>(3,042)</u>
Other Financing Sources (Uses):			
Proceeds of general obligation bonds	--	--	--
Proceeds of commercial paper & long-term notes	--	--	--
Transfers in.....	--	9,042	8,295
Transfers out.....	(342)	(9,202)	(5,648)
Capital Contributions	--	--	--
Total Other Financing Sources (Uses).....	<u>(342)</u>	<u>(160)</u>	<u>2,647</u>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	<u>(37)</u>	<u>(72)</u>	<u>(395)</u>
Fund Balances - July 1.....	186	582	615
Fund Balances - June 30.....	<u>\$ 149</u>	<u>\$ 510</u>	<u>\$ 220</u>

CITY AND COUNTY OF HONOLULU
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 4 of 6)

Special Revenue Funds					
Farmers Home Administration Loan Fund	Special Projects Fund	Federal Grants Fund	Housing and Community Development Rehabilitation Loan Fund	Pauahi Project Expenditures Hawaii R-15 Fund	Housing and Community Development Section 8 Contract Fund
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	6,130	43,143	--	--	33,285
--	--	--	--	--	--
--	--	--	--	--	--
--	6	48	97	230	47
--	1,023	1,831	2,330	284	376
--	<u>7,159</u>	<u>45,022</u>	<u>2,427</u>	<u>514</u>	<u>33,708</u>
--	1,693	2,280	--	--	308
--	761	5,296	--	--	--
--	--	--	--	--	--
--	4,233	13,497	2,409	--	33,597
--	372	265	--	--	--
--	--	22,340	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	<u>7,059</u>	<u>43,678</u>	<u>2,409</u>	<u>--</u>	<u>33,905</u>
--	<u>100</u>	<u>1,344</u>	<u>18</u>	<u>514</u>	<u>(197)</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	100	1,344	18	514	(197)
46	3,340	9,645	9,227	2,302	3,708
<u>\$ 46</u>	<u>\$ 3,440</u>	<u>\$ 10,989</u>	<u>\$ 9,245</u>	<u>\$ 2,816</u>	<u>\$ 3,511</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(Amounts in thousands)

(Page 5 of 6)

	Special Revenue Funds			
	Leasehold Conversion Fund	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund
Revenues:				
Special assessments	\$ --	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--	--
Intergovernmental.....	--	--	--	--
Charges for services.....	--	--	--	--
Fines and forfeits.....	--	--	--	--
Miscellaneous:				
Reimbursements and recoveries.....	--	--	--	--
Interest.....	3	--	--	--
Other.....	109	--	--	38
Total Revenues.....	112	--	--	38
Expenditures:				
Current:				
General government.....	--	2	--	43
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
Human services.....	96	--	--	--
Culture-recreation.....	--	--	--	--
Utilities or other enterprises.....	--	--	--	--
Miscellaneous:				
Retirement and health benefits.....	--	--	--	--
Other.....	--	--	--	--
Capital Outlay:				
General government.....	--	--	--	--
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
Sanitation.....	--	--	--	--
Human services.....	--	--	--	--
Culture-recreation.....	--	--	--	--
Utilities or other enterprises.....	--	--	--	--
Debt service:				
Principal.....	--	--	--	--
Interest.....	--	--	--	--
Total Expenditures.....	96	2	--	43
Revenues over (under) Expenditures.....	16	(2)	--	(5)
Other Financing Sources (Uses):				
Proceeds of general obligation bonds	--	--	--	--
Proceeds of commercial paper & long-term notes ..	--	--	--	--
Transfers in.....	--	--	--	--
Transfers out.....	--	--	--	--
Capital Contributions	--	--	--	--
Total Other Financing Sources (Uses).....	--	--	--	--
Revenues and Other Sources over (under) Expenditures and Other Uses.....	16	(2)	--	(5)
Fund Balances - July 1.....	301	1,518	224	151
Fund Balances - June 30.....	\$ 317	\$ 1,516	\$ 224	\$ 146

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(Amounts in thousands)

(Page 6 of 6)

Debt Service Improvement District Bond and Interest Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Highway Improvement Bond Fund	Federal Grants Capital Projects Fund	Capital Projects Fund	
\$ 56	\$ --	\$ --	\$ --	\$ 56
--	--	--	--	2,973
--	--	48,222	--	145,262
--	--	--	--	13,033
--	--	--	--	235
--	--	--	--	10
123	--	--	--	565
6	--	--	3,357	19,220
<u>185</u>	<u>--</u>	<u>48,222</u>	<u>3,357</u>	<u>181,354</u>
--	--	--	--	9,458
--	--	--	--	6,741
--	--	--	--	162
--	--	--	--	55,591
--	--	--	--	16,595
--	--	--	--	23,040
--	--	--	--	4,143
--	--	--	--	510
--	7	2,337	34	2,378
--	5,763	1,148	67	6,978
--	20,353	8,032	181	28,566
--	--	--	7	7
--	--	6,247	--	17,636
--	534	148	477	1,339
--	12,921	1,467	--	14,388
365	--	--	--	365
81	--	--	--	81
<u>446</u>	<u>39,578</u>	<u>19,379</u>	<u>766</u>	<u>187,978</u>
(261)	(39,578)	28,843	2,591	(6,624)
--	63,543	--	--	63,543
--	30,000	--	13	30,013
--	--	342	4,090	23,123
(95)	--	--	(926)	(22,213)
--	(23,878)	(31,387)	--	(55,265)
(95)	69,665	(31,045)	3,177	39,201
(356)	30,087	(2,202)	5,768	32,577
1,412	(27,421)	7,870	19,153	47,593
<u>\$ 1,056</u>	<u>\$ 2,666</u>	<u>\$ 5,668</u>	<u>\$ 24,921</u>	<u>\$ 80,170</u>

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**FIDUCIARY FUNDS
COMBINING FINANCIAL STATEMENT**

CITY AND COUNTY OF HONOLULU
AGENCY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2004
 (Amounts in thousands)

	Agency Funds				Total
	General Trust Fund	Treasury Trust Fund	Real Property Tax Trust Fund	Payroll Clearance Fund	
<u>ASSETS</u>					
Cash and investments:					
With Treasury	\$ 14,791	\$ 2,538	\$ 3,755	\$ 1,878	\$ 22,962
Imprest and change funds	60	178	--	--	238
Due from other funds:					
General Fund	66	--	2,522	--	2,588
Community Development Fund	12	--	--	--	12
Federal Grants Fund	5	--	--	--	5
Solid Waste Fund - HPOWER Account	21	--	--	--	21
Total Assets	<u>14,955</u>	<u>2,716</u>	<u>6,277</u>	<u>1,878</u>	<u>25,826</u>
<u>LIABILITIES</u>					
Liabilities:					
Accounts payable	2,766	--	--	--	2,766
Other current liabilities	12,189	2,716	6,277	1,878	23,060
Total Liabilities	<u>14,955</u>	<u>2,716</u>	<u>6,277</u>	<u>1,878</u>	<u>25,826</u>
<u>NET ASSETS</u>					
Held in trust for individuals, organizations and other governments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

FUND SCHEDULES

For a brief explanation of the individual funds, please refer to the divider page for the Governmental Fund Financial Statements preceding page 37.

Note: the revolving funds are comprised of the Improvement District Revolving Fund, Housing and Community Development Revolving Fund and Municipal Stores Revolving Fund.

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 45,964	\$ 13,490
Receivables:		
Real property taxes	8,265	4,354
Accounts	467	2,471
Interest	--	340
Intergovernmental	8,430	6,582
Component unit - CASE fees	3,300	6,600
Due from other funds:		
Highway Fund	84	--
Sewer Fund	103	--
Community Development Fund	67	124
Federal Grants Fund	21,300	--
General Improvement Bond Fund	--	24,000
Highway Improvement Bond Fund	--	34,000
Housing Development Special Fund	1	--
Municipal Stores Revolving Fund	--	135
Solid Waste Special Fund	16	519
General Trust Fund	--	221
Total Assets	\$ 87,997	\$ 92,836
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 5,089	\$ 3,854
Due to other funds:		
Highway Fund	--	114
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	--	85
Sewer Fund	--	193
Special Events Fund	202	--
Solid Waste Special Fund	25	39
General Trust Fund	66	--
Real Property Tax Trust Fund	2,522	4,840
Accrued payroll	3,735	3,887
Deferred revenue	14,041	7,008
Total Liabilities	25,680	20,020
Fund Balance:		
Reserved for encumbrances	20,838	21,320
Unreserved - undesignated	41,479	51,496
Total Fund Balance	62,317	72,816
Total Liabilities and Fund Balance	\$ 87,997	\$ 92,836

CITY AND COUNTY OF HONOLULU
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Amounts in thousands)

	<u>2004</u>	<u>2003</u>
Revenues:		
Taxes	\$ 458,116	\$ 411,043
Licenses and permits	34,258	29,340
Intergovernmental	35,584	32,763
Charges for services	4,650	4,250
Fines and forfeits	417	303
Miscellaneous:		
Reimbursements and recoveries	77,403	78,878
Interest	1,908	3,099
Other	<u>9,934</u>	<u>10,616</u>
Total Revenues	<u>622,270</u>	<u>570,292</u>
Expenditures:		
Current:		
General government	94,690	94,835
Public safety	229,602	222,366
Highways and streets	2,076	2,478
Human services	1,403	1,689
Culture-recreation	42,917	44,578
Miscellaneous:		
Retirement and health benefits	85,664	71,524
Other	20,250	17,252
Debt Service:		
Principal retirement	1,336	1,311
Interest charges	<u>205</u>	<u>264</u>
Total Expenditures	<u>478,143</u>	<u>456,297</u>
Revenues over Expenditures	<u>144,127</u>	<u>113,995</u>
Other Financing Sources (Uses):		
Sales of general fixed assets	10,544	310
Transfers in	85,686	99,180
Transfers out	<u>(250,856)</u>	<u>(195,019)</u>
Total Other Financing Sources (Uses)	<u>(154,626)</u>	<u>(95,529)</u>
Revenues and Other Sources over (under) Expenditures and Other Uses	(10,499)	18,466
Fund Balance - July 1	<u>72,816</u>	<u>54,350</u>
Fund Balance - June 30	<u>\$ 62,317</u>	<u>\$ 72,816</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 451,964	\$ 451,964	\$ 458,116	\$ 6,152
Licenses and permits	33,215	33,215	34,258	1,043
Intergovernmental	37,417	37,417	35,584	(1,833)
Charges for services	5,290	5,290	4,650	(640)
Fines and forfeits	125	125	417	292
Miscellaneous:				
Reimbursements and recoveries	81,732	81,732	77,403	(4,329)
Interest	5,602	5,602	1,908	(3,694)
Other	3,467	3,467	9,934	6,467
Total Revenues	618,812	618,812	622,270	3,458
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	12,395	12,395	11,774	621
City Clerk	2,000	2,025	1,968	57
City Council	5,047	5,170	5,147	23
Corporation Counsel	7,425	7,508	5,825	1,683
Customer Services	15,363	15,363	14,912	451
Design and Construction	11,523	11,523	9,627	1,896
Facility Maintenance	10,909	10,976	10,976	--
Human Resources	4,459	4,459	4,265	194
Information Technology	9,481	9,481	8,472	1,009
Mayor	3,505	3,505	3,341	164
Planning and Permitting	6,394	6,433	6,144	289
Prosecuting Attorney	13,677	13,677	13,128	549
Total General government	102,178	102,515	95,579	6,936
Public safety:				
Emergency Services	22,744	22,744	19,777	2,967
Fire	65,053	65,151	63,433	1,718
Mayor	580	580	524	56
Medical Examiner	1,052	1,052	1,043	9
Planning and Permitting	3,998	3,958	3,914	44
Police	139,468	144,713	142,114	2,599
Transportation Services	113	113	--	113
Total Public safety	233,008	238,311	230,805	7,506

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 3)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Highways and streets:				
Facility Maintenance	2,217	2,142	2,142	--
Human services:				
Community Services	1,691	1,691	1,401	290
Culture-recreation:				
Mayor	1,638	1,638	1,614	24
Parks and Recreation	44,460	44,460	42,196	2,264
Total Culture-recreation	<u>46,098</u>	<u>46,098</u>	<u>43,810</u>	<u>2,288</u>
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services	79	79	49	30
City Council	1,610	1,600	1,575	25
Provisional	88,708	88,681	84,040	4,641
Total Retirement and health benefits	<u>90,397</u>	<u>90,360</u>	<u>85,664</u>	<u>4,696</u>
Other:				
Budget and Fiscal Services	5,927	5,927	5,749	178
City Council	172	61	23	38
Provisional	14,336	14,336	12,970	1,366
Total Other	<u>20,435</u>	<u>20,324</u>	<u>18,742</u>	<u>1,582</u>
Total Miscellaneous	<u>110,832</u>	<u>110,684</u>	<u>104,406</u>	<u>6,278</u>
Debt Service:				
Budget and Fiscal Services	359	359	359	--
Total Expenditures	<u>496,383</u>	<u>501,800</u>	<u>478,502</u>	<u>23,298</u>
Revenues over Expenditures	<u>122,429</u>	<u>117,012</u>	<u>143,768</u>	<u>26,756</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 3 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Sources (Uses):				
Sales of general fixed assets	272	272	10,544	10,272
Transfers in:				
Central administrative service expenses	21,307	21,307	20,943	(364)
Debt service	40,320	40,320	38,800	(1,520)
Other	25,871	25,871	25,943	72
Transfers out:				
Debt service - Budget and Fiscal Services	(176,206)	(176,206)	(165,914)	10,292
Other - Budget and Fiscal Services	(44,440)	(44,440)	(44,440)	--
Other - Facility Maintenance	--	(8)	(8)	--
Bus subsidy - Budget and Fiscal Services	(45,919)	(40,494)	(40,494)	--
Total Other Financing Sources (Uses)	(178,795)	(173,378)	(154,626)	18,752
 Revenues and Other Sources under Expenditures and Other Uses	 (56,366)	 (56,366)	 (10,858)	 45,508
 Unreserved - Undesignated Fund Balance - July 1	 57,215	 57,215	 51,496	 (5,719)
 Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	 <u>\$ 849</u>	 <u>\$ 849</u>	 40,638	 <u>\$ 39,789</u>
 Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			14,927	
Expenditures - prior year encumbrances			(13,541)	
Accrued expenditures			(971)	
Accrued payroll			(56)	
Decrease in reserved for encumbrances			482	
 Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			 41,479	
 Reserved for Encumbrances - June 30			 20,838	
 Fund Balance - June 30 (GAAP Basis)			 <u>\$ 62,317</u>	

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>TAXES</u>			
GENERAL PROPERTY TAXES:			
Real Property Tax	\$ 427,464	\$ 435,297	\$ 7,833
PUBLIC SERVICE COMPANY TAX:			
Public Service Company Tax	24,500	22,819	(1,681)
TOTAL TAXES	451,964	458,116	6,152
<u>LICENSES AND PERMITS</u>			
BUSINESS LICENSES AND PERMITS:			
Police and Protective:			
Second-Hand and Junk Dealers	14	12	(2)
Alarm Permits	150	162	12
Other	9	16	7
Professional and Occupational:			
Refuse Collector	8	8	--
Total Business Licenses and Permits	181	198	17
NON-BUSINESS LICENSES AND PERMITS:			
Building Structures and Equipment Permits:			
Building	10,400	12,317	1,917
Signs	32	31	(1)
Motor Vehicle Licenses and Fees:			
Motor Vehicle Plate and Tag Fees	1,593	1,693	100
Motor Vehicle Transfer Fees and Penalty	2,753	2,860	107
Duplicate Registration and Ownership Certificates	227	229	2
Motor Vehicle Registration Annual Fee	13,206	13,058	(148)
Other	32	8	(24)
Other Vehicle Licenses and Fees:			
Passenger and Freight Vehicle Permit Fees	68	80	12
Nonresident Vehicle Permit	21	20	(1)
Motor Vehicle Drivers' Licenses	3,935	3,049	(886)
Animal Licenses:			
Dog Licenses and Tag Fees	262	251	(11)
Street, Sidewalk and Curb Permits:			
Easement Grants	126	75	(51)
Newsstands	19	27	8
Dispensing Rack	130	5	(125)
Fire Code Permits and License Fees	230	357	127
Total Non-Business Licenses and Permits	33,034	34,060	1,026
TOTAL LICENSES AND PERMITS	33,215	34,258	1,043

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>			
FEDERAL GRANTS:			
Civil Defense Administration Expense	112	166	54
Total Federal Grants	<u>112</u>	<u>166</u>	<u>54</u>
STATE GRANT:			
Transient Accommodation Tax	37,300	35,384	(1,916)
Total State Grant	<u>37,300</u>	<u>35,384</u>	<u>(1,916)</u>
INTERGOVERNMENTAL PAYMENTS IN LIEU OF TAXES:			
Fish and Wildlife Service	5	34	29
Total Intergovernmental Payments in Lieu of Taxes	<u>5</u>	<u>34</u>	<u>29</u>
TOTAL INTERGOVERNMENTAL	<u>37,417</u>	<u>35,584</u>	<u>(1,833)</u>
<u>CHARGES FOR SERVICES</u>			
GENERAL GOVERNMENT:			
Data Processing Services:			
Duplication of Master Tapes	52	45	(7)
Data Processing Service - State	186	445	259
Data Processing Service - U.S. Government	13	10	(3)
Data Processing Service - Other Counties	320	319	(1)
Legal Services (BWS)	30	30	--
Service Fee for Dishonored Checks	28	20	(8)
Band Collections	4	1	(3)
Automotive Equipment Service Charges	214	262	48
Subdivision Fees	180	116	(64)
Application Fees for Zoning Regulations	215	192	(23)
Plan Review Use Fees	1,000	1,137	137
Administrative Fee--Multi-Family Housing Program.....	69	137	68
Zoning/Flood Clearance Fee	14	18	4
Fees for Certificates, Copies and Extracts of Records ...	141	134	(7)
Fees for Services	2	117	115
Custodial and Attendant Services	--	247	247
Spay-Neuter Service	351	315	(36)
Other	5	13	8
Total General Government	<u>2,824</u>	<u>3,558</u>	<u>734</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 3 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
PUBLIC SAFETY:			
Police Charges:			
Taxicab Drivers' and Pedicab Operators' Certificates .	41	41	--
HPD Special Duty Fees	130	163	33
Corrections:			
Care of Federal Prisoners	2	--	(2)
Miscellaneous:			
Other	1	1	--
Total Public Safety	174	205	31
HIGHWAYS AND STREETS:			
Parking:			
City Employees	485	442	(43)
HPD Parking Lot	140	137	(3)
Total Highways and Streets	625	579	(46)
CULTURE-RECREATION:			
Commercial Activities:			
Scuba and Snorkeling	--	24	24
Windsurfing	--	5	5
Commercial Filming	--	13	13
Summer Fun Program	188	92	(96)
Fall and Spring Program	25	20	(5)
Fees for Use of Parks	1,314	--	(1,314)
Foster Botanic Garden	105	119	14
Fees for Community Garden	35	35	--
Total Culture-Recreation	1,667	308	(1,359)
TOTAL CHARGES FOR SERVICES	5,290	4,650	(640)
<u>FINES AND FORFEITS</u>			
FINES:			
Fines	75	234	159
Liquidated Contract Damages	--	3	3
Total Fines	75	237	162
FORFEITS:			
Forfeiture of Seized Property	50	180	130
TOTAL FINES AND FORFEITS	125	417	292

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 4 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
REIMBURSEMENTS AND RECOVERIES:			
Reimbursements from State:			
Fireboat Operations	1,816	1,235	(581)
HPD Civil Defense Coordinator	29	37	8
Motor Vehicle Inspection Program	384	919	535
Administration Cost - Ewa Highway Impact Fee	--	49	49
Family Support Program	890	816	(74)
Emergency Ambulance Services	17,209	13,822	(3,387)
Collection Cost - State Motor Vehicle			
Weight Tax, etc.	582	1,746	1,164
Commercial Drivers' License Program	406	723	317
Recoveries:			
Overhead Charges	201	178	(23)
Workers' Compensation Payment	350	688	338
Central Administrative Service Expenses:			
Board of Water Supply	5,100	3,300	(1,800)
Debt Service Charges - Enterprise Funds:			
Sewer	10,554	10,537	(17)
Solid Waste	31,245	31,001	(244)
Housing	12,816	11,622	(1,194)
Workers' Compensation Claims (Third Party)	90	11	(79)
Fuel Taxes for Off-Highway Use Vehicles	50	65	15
Recoveries - Other	10	654	644
Total Reimbursements and Recoveries	<u>81,732</u>	<u>77,403</u>	<u>(4,329)</u>
INTEREST:			
Interest Earnings:			
Investments	5,600	1,869	(3,731)
Other Sources	2	39	37
Total Interest	<u>5,602</u>	<u>1,908</u>	<u>(3,694)</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 5 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
OTHER MISCELLANEOUS:			
Rents:			
Rental Units:			
Rental Units (City Property)	181	204	23
Rental Units (HCD Property)	--	333	333
Rental - Ambulance Facilities	64	64	--
Rental of Parks and Recreational Facilities:			
Perquisite Housing	24	23	(1)
Other	--	1	1
Rental of Equipment	15	4	(11)
Rental for Use of Land	63	72	9
Rental of Other Properties:			
Harbor Court Lease Rent	1,250	1,319	69
Chinatown Community Service Center	--	11	11
Total Rents	1,597	2,031	434
Concessions:			
Other Concessions:			
Food Concession - HPD	30	23	(7)
Public Pay Phones	8	1	(7)
Other Concessions	--	44	44
Total Concessions	38	68	30
Contributions from Private Sources:			
Contributions to the City	--	300	300
Developers' Premium	--	48	48
Unclaimed Monies:			
Police Department	--	5	5
Cancelled Warrants	--	114	114
Total Contributions from Private Sources	--	467	467
Other:			
Towing Service Premiums	537	557	20
Vacation Accumulation Deposits	30	168	138
Miscellaneous Sales	142	242	100
Sundry Refunds	1,068	6,382	5,314
Sundry Realizations	55	19	(36)
Total Other	1,832	7,368	5,536
Total Other Miscellaneous	3,467	9,934	6,467
TOTAL MISCELLANEOUS	90,801	89,245	(1,556)
TOTAL REVENUES	618,812	622,270	3,458

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 6 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES			
SALES OF GENERAL FIXED ASSETS:			
Sale of Fixed Assets	272	10,544	10,272
TOTAL SALES OF GENERAL FIXED ASSETS ...	272	10,544	10,272
TRANSFERS FROM OTHER FUNDS:			
Recovery of Central Administrative Service Expenses:			
Highway Fund	5,663	5,663	--
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	164	--	(164)
Bikeway Fund	16	16	--
Sewer Fund	5,570	5,570	--
Liquor Commission Fund	181	181	--
Rental Assistance Fund	12	12	--
Hanauma Bay Nature Preserve Fund	191	191	--
Golf Fund	916	916	--
Special Events Fund	758	558	(200)
Solid Waste Special Fund	7,836	7,836	--
Recovery of Debt Service Charges:			
Highway Fund	25,439	23,919	(1,520)
Hanauma Bay Nature Preserve Fund	1,505	1,505	--
Golf Fund	8,286	8,286	--
Special Events Fund	5,090	5,090	--
Other Transfers:			
Sewer Fund	25,507	25,507	--
Liquor Commission Fund	100	100	--
Solid Waste Special Fund	264	264	--
Capital Projects Fund	--	72	72
TOTAL TRANSFERS FROM OTHER FUNDS	87,498	85,686	(1,812)
TOTAL OTHER FINANCING SOURCES	87,770	96,230	8,460
TOTAL GENERAL FUND	\$ 706,582	\$ 718,500	\$ 11,918

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 20,429	\$ 23,333
Receivables:		
Public Utilities	12,709	11,326
Intergovernmental	4,884	4,145
Due from other funds:		
General Fund	--	114
Solid Waste Fund - Refuse General Account	--	12
Total Assets	\$ 38,022	\$ 38,930
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 183	\$ 334
Due to other funds:		
General Fund	84	--
Sewer Fund	9	--
Accrued payroll	261	289
Deferred revenue	12,709	11,326
Total Liabilities	13,246	11,949
Fund Balance:		
Reserved for encumbrances	1,696	1,463
Unreserved - undesignated	23,080	25,518
Total Fund Balance	24,776	26,981
Total Liabilities and Fund Balance	\$ 38,022	\$ 38,930

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 72,251	\$ 72,251	\$ 74,688	\$ 2,437
Licenses and permits	26,523	31,948	36,907	4,959
Charges for services	4,066	4,066	4,462	396
Fines and forfeits	60	60	5	(55)
Miscellaneous:				
Reimbursements and recoveries	11	11	263	252
Other	1,570	1,570	1,556	(14)
Total Revenues	104,481	109,906	117,881	7,975
Expenditures:				
Current:				
General government:				
Design and Construction	3,709	3,709	3,255	454
Facility Maintenance	7,140	7,540	7,532	8
Planning and Permitting	1,231	1,231	1,216	15
Total General government	12,080	12,480	12,003	477
Public safety:				
Police	17,309	17,309	16,847	462
Transportation Services	3,293	3,293	3,005	288
Total Public safety	20,602	20,602	19,852	750
Highways and streets:				
Facility Maintenance	13,202	12,802	12,802	--
Sanitation:				
Environmental Services	709	709	671	38
Utilities or other enterprises:				
Transportation Services	1,350	1,350	1,292	58
Miscellaneous:				
Retirement and health benefits:				
Provisional	9,900	9,900	9,321	579
Other:				
Provisional	1,829	1,829	1,453	376
Total Miscellaneous	11,729	11,729	10,774	955
Total Expenditures	59,672	59,672	57,394	2,278
Revenues over Expenditures	44,809	50,234	60,487	10,253

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source (Uses):				
Sales of general fixed assets	135	135	276	141
Transfers out:				
Debt service - Budget and Fiscal Services	(25,439)	(25,439)	(23,919)	1,520
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(5,663)	(5,663)	(5,663)	--
Bus subsidy - Budget and Fiscal Services	(28,152)	(33,577)	(33,577)	--
Total Transfers out.....	(59,254)	(64,679)	(63,159)	1,520
Total Other Financing Source (Uses)	(59,119)	(64,544)	(62,883)	1,661
Revenues and Other Source under Expenditures and Other Uses	(14,310)	(14,310)	(2,396)	11,914
Unreserved - Undesignated Fund Balance - July 1	14,310	14,310	25,518	11,208
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis).....	\$ --	\$ --	23,122	\$ 23,122
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			1,392	
Expenditures - prior year encumbrances			(1,071)	
Accrued expenditures			(130)	
Increase in reserved for encumbrances			(233)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			23,080	
Reserved for Encumbrances - June 30			1,696	
Fund Balance - June 30 (GAAP Basis)			\$ 24,776	

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>TAXES</u>				
GROSS RECEIPTS BUSINESS TAXES:				
Public Utility Franchise Tax	\$ 24,131	\$ 24,131	\$ 25,417	\$ 1,286
SELECTIVE SALES AND USE TAXES:				
Fuel Tax	48,120	48,120	49,271	1,151
TOTAL TAXES	72,251	72,251	74,688	2,437
<u>LICENSES AND PERMITS</u>				
NON-BUSINESS LICENSES AND PERMITS:				
Building Structures and Equipment Permits -				
Grading, Excavations and Fills	143	143	225	82
Other Permits	8	8	8	--
Motor Vehicle Licenses and Fees -				
Motor Vehicle Weight Tax	25,125	30,550	34,854	4,304
Other Vehicle Licenses and Fees	928	928	1,521	593
Street and Sidewalk Use - Taxi Stand	9	9	7	(2)
Freight Curb and Passenger Loading Zone Permits	219	219	218	(1)
Excavation and Repair of Streets and Sidewalks	91	91	74	(17)
TOTAL LICENSES AND PERMITS	26,523	31,948	36,907	4,959
<u>CHARGES FOR SERVICES</u>				
GENERAL GOVERNMENT:				
Sidewalk and Driveway Specifications Filing Fees	--	--	14	14
HIGHWAYS AND STREETS:				
Street and Sidewalk Charges	45	45	44	(1)
Street Parking Meter Collections	2,200	2,200	2,420	220
Other Parking Meter Collections	1,792	1,792	1,960	168
Other	29	29	24	(5)
Total Highways and Streets	4,066	4,066	4,448	382
TOTAL CHARGES FOR SERVICES	4,066	4,066	4,462	396
<u>FINES AND FORFEITS</u>				
FINES:				
Fines	60	60	5	(55)
TOTAL FINES AND FORFEITS	60	60	5	(55)

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS				
REIMBURSEMENTS AND RECOVERIES:				
Reimbursement from State for				
Traffic Signal Maintenance	--	--	248	248
Recovery of Overhead Charges	11	11	11	--
Recovery of Embezzlement Loss	--	--	4	4
Total Reimbursements and Recoveries	<u>11</u>	<u>11</u>	<u>263</u>	<u>252</u>
OTHER MISCELLANEOUS:				
Rents:				
Rental for Use of Land	68	68	68	--
Total Rents	<u>68</u>	<u>68</u>	<u>68</u>	<u>--</u>
Concessions:				
Kekaulike Parking Lot	25	25	--	(25)
Marin Towers Garage	210	210	47	(163)
Harbor Court Garage	370	370	344	(26)
Kukui Plaza Garage	640	640	684	44
Smith-Beretania Garage	--	--	31	31
Total Concessions	<u>1,245</u>	<u>1,245</u>	<u>1,106</u>	<u>(139)</u>
Other:				
Vacation Accumulation Deposits	--	--	10	10
Miscellaneous Sales	1	1	2	1
Sundry Realization	250	250	--	(250)
Sundry Refunds	6	6	370	364
Total Other	<u>257</u>	<u>257</u>	<u>382</u>	<u>125</u>
Total Other Miscellaneous	<u>1,570</u>	<u>1,570</u>	<u>1,556</u>	<u>(14)</u>
TOTAL MISCELLANEOUS	<u>1,581</u>	<u>1,581</u>	<u>1,819</u>	<u>238</u>
TOTAL REVENUES	<u>104,481</u>	<u>109,906</u>	<u>117,881</u>	<u>7,975</u>
OTHER FINANCING SOURCES				
SALES OF GENERAL FIXED ASSETS:				
Sales of Fixed Assets	25	25	49	24
Compensation for Loss of Fixed Assets	110	110	227	117
TOTAL OTHER FINANCING SOURCES	<u>135</u>	<u>135</u>	<u>276</u>	<u>141</u>
TOTAL HIGHWAY FUND	<u>\$ 104,616</u>	<u>\$ 110,041</u>	<u>\$ 118,157</u>	<u>\$ 8,116</u>

CITY AND COUNTY OF HONOLULU
HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
VEHICLES REVOLVING FUND

BALANCE SHEET
JUNE 30, 2004
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
(Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 490	\$ 413
Due from other fund:		
General Fund	--	85
Total Assets	\$ 490	\$ 498
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 54	\$ 146
Accrued payroll	--	5
Total Liabilities	54	151
Fund Balance:		
Reserved for encumbrances	335	276
Unreserved - undesignated	101	71
Total Fund Balance	436	347
Total Liabilities and Fund Balance	\$ 490	\$ 498

CITY AND COUNTY OF HONOLULU
**HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
VEHICLES REVOLVING FUND**
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:			
Charges for services	\$ 2,935	\$ 2,969	\$ 34
Miscellaneous:			
Other	--	42	42
Total Revenues	<u>2,935</u>	<u>3,011</u>	<u>76</u>
Expenditures:			
Current:			
General government:			
Customer Services	2,723	2,723	--
Culture-recreation:			
Parks and Recreation	287	287	--
Miscellaneous:			
Retirement and health benefits:			
Provisional	246	--	246
Other:			
Provisional	31	--	31
Total Miscellaneous	<u>277</u>	<u>--</u>	<u>277</u>
Total Expenditures	<u>3,287</u>	<u>3,010</u>	<u>277</u>
Revenue over (under) Expenditures	(352)	1	353
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(164)	--	164
Revenue over (under) Expenditures and Other Use ..	(516)	1	517
Unreserved - Undesignated Fund Balance - July 1	516	71	(445)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ --</u>	72	<u>\$ 72</u>
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		270	
Expenditures - prior year encumbrances		(182)	
Increase in reserved for encumbrances		(59)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		101	
Reserved for Encumbrances - June 30		335	
Fund Balance - June 30 (GAAP Basis)		<u>\$ 436</u>	

CITY AND COUNTY OF HONOLULU
**HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
VEHICLES REVOLVING FUND**
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
<u>HIGHWAYS AND STREETS:</u>			
Highway Beautification Fees	\$ 2,935	\$ 2,969	\$ 34
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Other:			
Sundry Refunds	--	42	42
TOTAL HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED VEHICLES REVOLVING FUND REVENUES	<u>\$ 2,935</u>	<u>\$ 3,011</u>	<u>\$ 76</u>

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 226	\$ 568
Total Asset	\$ 226	\$ 568
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 226	\$ 568
Total Fund Balance	\$ 226	\$ 568

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 365	\$ 387	\$ 22
Total Revenues	365	387	22
Expenditures:			
Current:			
Public safety:			
Transportation Services	305	302	3
Highways and streets:			
Facility Maintenance	10	--	10
Total Expenditures	315	302	13
Revenue over Expenditures	50	85	35
Other Financing Source (Uses):			
Transfer in	--	84	84
Transfers out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(16)	(16)	--
Capital improvements:			
Budget and Fiscal Services	(1)	(1)	--
Design and Construction	(494)	(494)	--
Total Transfers out	(511)	(511)	--
Total Other Financing Source (Uses)	(511)	(427)	84
Revenue and Other Source under Expenditures and Other Uses	(461)	(342)	119
Unreserved - Undesignated Fund Balance - July 1	463	568	105
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 2	226	\$ 224
Adjustments to conform with generally accepted accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		226	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 226	

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>LICENSES AND PERMITS</u>			
NON-BUSINESS LICENSES AND PERMITS:			
Other Vehicle Licenses and Fees -			
Bicycle Licenses	\$ 365	\$ 387	\$ 22
TOTAL REVENUES	<u>365</u>	<u>387</u>	<u>22</u>
<u>OTHER FINANCING SOURCE</u>			
TRANSFER FROM OTHER FUND:			
Other Transfer -			
Capital Projects Fund	--	84	84
TOTAL OTHER FINANCING SOURCE	<u>--</u>	<u>84</u>	<u>84</u>
TOTAL BIKEWAY FUND	<u>\$ 365</u>	<u>\$ 471</u>	<u>\$ 106</u>

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 3,163	\$ 5,580
Total Asset	\$ 3,163	\$ 5,580
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 3,163	\$ 5,580
Total Fund Balance	\$ 3,163	\$ 5,580

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 313	\$ 313
Total Revenue	--	313	313
Other Financing Source (Uses):			
Transfer in	--	770	770
Transfers out:			
Capital improvements:			
Budget and Fiscal Services	(1)	(1)	--
Design and Construction	(3,499)	(3,499)	--
Total Other Financing Source (Uses)	(3,500)	(2,730)	770
Revenue and Other Source under Other Uses	(3,500)	(2,417)	1,083
Unreserved - Undesignated Fund Balance - July 1.....	4,223	5,580	1,357
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 723	3,163	\$ 2,440
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		3,163	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 3,163	

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Contributions from Private Sources:			
Subdividers' Contributions for Parks and Playgrounds	\$ --	\$ 313	\$ 313
 TOTAL REVENUE	 --	 313	 313
 <u>OTHER FINANCING SOURCE</u>			
TRANSFER FROM OTHER FUND:			
Other Transfer - Capital Projects Fund	--	770	770
 TOTAL OTHER FINANCING SOURCE	 --	 770	 770
 TOTAL PARKS AND PLAYGROUNDS FUND	 \$ --	 \$ 1,083	 \$ 1,083

CITY AND COUNTY OF HONOLULU
FEDERAL REVENUE SHARING FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 47	\$ 47
Total Asset	\$ 47	\$ 47
 <u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 47	\$ 47
Total Fund Balance	\$ 47	\$ 47

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 1,083	\$ 1,332
Total Asset	\$ 1,083	\$ 1,332
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1	\$ --
Accrued payroll	16	17
Total Liabilities	17	17
Fund Balance:		
Reserved for encumbrances	141	149
Unreserved - undesignated	925	1,166
Total Fund Balance	1,066	1,315
Total Liabilities and Fund Balance	\$ 1,083	\$ 1,332

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 2,558	\$ 2,586	\$ 28
Charges for services	123	125	2
Fines and forfeits	200	235	35
Miscellaneous:			
Other	--	1	1
Total Revenues	2,881	2,947	66
Expenditures:			
Current:			
General government:			
Budget and Fiscal Services	2,762	2,167	595
Corporation Counsel	131	55	76
Information Technology	37	36	1
Total General government	2,930	2,258	672
Miscellaneous:			
Retirement and health benefits:			
Provisional	463	458	5
Other:			
Provisional	217	197	20
Total Miscellaneous	680	655	25
Total Expenditures	3,610	2,913	697
Revenues over (under) Expenditures	(729)	34	763
Other Financing Uses:			
Transfers out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(181)	(181)	--
Other - Budget and Fiscal Services	(100)	(100)	--
Total Other Financing Uses	(281)	(281)	--
Revenues under Expenditures and Other Uses	(1,010)	(247)	763
Unreserved - Undesignated Fund Balance - July 1	1,010	1,166	156
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	919	\$ 919

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		128	
Expenditures - prior year encumbrances		(130)	
Decrease in reserved for encumbrances		8	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		925	
Reserved for Encumbrances - June 30		141	
Fund Balance - June 30 (GAAP Basis)		\$ 1,066	

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>LICENSES AND PERMITS</u>			
BUSINESS LICENSES AND PERMITS:			
Alcoholic Licenses and Permits	\$ 2,558	\$ 2,586	\$ 28
<u>CHARGES FOR SERVICES</u>			
GENERAL GOVERNMENT:			
Charges for Publications, Reports, Copies, etc.	2	2	--
Fees:			
Charge for Photo I.D.	115	119	4
Other	<u>6</u>	<u>4</u>	<u>(2)</u>
TOTAL CHARGES FOR SERVICES	<u>123</u>	<u>125</u>	<u>2</u>
<u>FINES AND FORFEITS</u>			
FINES:			
Fines - Liquor Commission	200	235	35
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Other:			
Sundry Refunds	<u>--</u>	<u>1</u>	<u>1</u>
TOTAL LIQUOR COMMISSION FUND REVENUES	<u>\$ 2,881</u>	<u>\$ 2,947</u>	<u>\$ 66</u>

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 1,038	\$ 1,039
Total Asset	\$ 1,038	\$ 1,039
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Accounts payable	\$ 6	\$ --
Total Liability	6	--
Fund Balance:		
Reserved for encumbrances	--	6
Unreserved - undesignated	1,032	1,033
Total Fund Balance	1,032	1,039
Total Liability and Fund Balance	\$ 1,038	\$ 1,039

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 177	\$ 177
Total Revenue	--	177	177
Expenditure:			
Current:			
Human services:			
Community Services	233	166	67
Total Expenditure	233	166	67
Revenue over (under) Expenditure	(233)	11	244
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(12)	(12)	--
Revenue under Expenditure and Other Use	(245)	(1)	244
Unreserved - Undesignated Fund Balance - July 1	792	1,033	241
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 547	1,032	\$ 485
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		(6)	
Decrease in reserved for encumbrances		6	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		1,032	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 1,032	

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Rents:			
Rental of Parking Stalls	\$ --	\$ 177	\$ 177
 TOTAL RENTAL ASSISTANCE FUND REVENUE	 \$ --	 \$ 177	 \$ 177

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 40	\$ 41
Total Asset	\$ 40	\$ 41
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 40	\$ 41
Total Fund Balance	\$ 40	\$ 41

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 2	\$ 2
Total Revenue	--	2	2
Expenditure:			
Current:			
Culture-recreation:			
Enterprise Services	10	3	7
Revenue under Expenditure	(10)	(1)	9
Unreserved - Undesignated Fund Balance - July 1	10	41	31
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	40	\$ 40
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		40	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 40	

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Other:			
Sale of Animals	\$ --	\$ 2	\$ 2
 TOTAL ZOO ANIMAL PURCHASE FUND REVENUE	 <u>\$ --</u>	 <u>\$ 2</u>	 <u>\$ 2</u>

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 1,906	\$ 986
Total Asset	\$ 1,906	\$ 986
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 209	\$ 210
Accrued payroll	11	13
Total Liabilities	220	223
Fund Balance:		
Reserved for encumbrances	270	232
Unreserved - undesignated	1,416	531
Total Fund Balance	1,686	763
Total Liabilities and Fund Balance	\$ 1,906	\$ 986

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 3,660	\$ 3,411	\$ (249)
Miscellaneous:			
Other	1,030	1,074	44
Total Revenues	<u>4,690</u>	<u>4,485</u>	<u>(205)</u>
Expenditures:			
Current:			
Public safety:			
Emergency Services	417	414	3
Culture-recreation:			
Enterprise Services	14	10	4
Parks and Recreation	1,631	1,549	82
Total Culture-recreation	<u>1,645</u>	<u>1,559</u>	<u>86</u>
Miscellaneous:			
Retirement and health benefits:			
Provisional	252	252	--
Other:			
Provisional	9	--	9
Total Miscellaneous	<u>261</u>	<u>252</u>	<u>9</u>
Total Expenditures	<u>2,323</u>	<u>2,225</u>	<u>98</u>
Revenues over Expenditures	<u>2,367</u>	<u>2,260</u>	<u>(107)</u>
Other Financing Source (Uses):			
Transfer in	500	500	--
Transfers out:			
Debt service - Budget and Fiscal Services	(1,505)	(1,505)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(191)	(191)	--
Total Other Financing Uses	<u>(1,696)</u>	<u>(1,696)</u>	<u>--</u>
Total Other Financing Source (Uses)	<u>(1,196)</u>	<u>(1,196)</u>	<u>--</u>
Revenues and Other Source over Expenditures and Other Uses	1,171	1,064	(107)
Unreserved - Undesignated Fund Balance - July 1	--	531	531
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 1,171</u>	1,595	<u>\$ 424</u>

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		196	
Expenditures - prior year encumbrances		(137)	
Accrued expenditures		(200)	
Increase in reserved for encumbrances		(38)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		1,416	
Reserved for Encumbrances - June 30		270	
Fund Balance - June 30 (GAAP Basis)		\$ 1,686	

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
HIGHWAYS AND STREETS:			
Hanauma Bay Parking	\$ 160	\$ 201	\$ 41
CULTURE-RECREATION:			
Miscellaneous:			
Hanauma Bay Admission Fee	<u>3,500</u>	<u>3,210</u>	<u>(290)</u>
TOTAL CHARGES FOR SERVICES	<u>3,660</u>	<u>3,411</u>	<u>(249)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Concessions:			
Parks and Recreation Facilities:			
Hanauma Gift Shop Concession	--	28	28
Hanauma Beach Park Concession	203	265	62
Hanauma Shuttle Bus Service	37	15	(22)
Hanauma Snorkling Rental	790	724	(66)
Sundry Refunds	<u>--</u>	<u>42</u>	<u>42</u>
TOTAL MISCELLANEOUS	<u>1,030</u>	<u>1,074</u>	<u>44</u>
TOTAL REVENUES	<u>4,690</u>	<u>4,485</u>	<u>(205)</u>
<u>OTHER FINANCING SOURCE</u>			
TRANSFER FROM OTHER FUND:			
Other Transfer -			
General Fund	<u>500</u>	<u>500</u>	<u>--</u>
TOTAL HANAUMA BAY NATURE PRESERVE FUND	<u>\$ 5,190</u>	<u>\$ 4,985</u>	<u>\$ (205)</u>

CITY AND COUNTY OF HONOLULU
SPECIAL RESERVE FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 5,034	\$ 5,034
Total Asset	\$ 5,034	\$ 5,034
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 5,034	\$ 5,034
Total Fund Balance	\$ 5,034	\$ 5,034

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 153	\$ 186
Receivables:		
Loans	195	336
Intergovernmental	874	755
Total Assets	\$ 1,222	\$ 1,277
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 799	\$ 631
Due to other funds:		
General Fund	67	124
General Trust Fund	12	--
Deferred revenue	195	336
Total Liabilities	1,073	1,091
Fund Balance:		
Reserved for encumbrances	13,931	11,165
Unreserved - undesignated	(13,782)	(10,979)
Total Fund Balance	149	186
Total Liabilities and Fund Balance	\$ 1,222	\$ 1,277

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 15,814	\$ 15,814	\$ 14,482	\$ (1,332)
Total Revenues	15,814	15,814	14,482	(1,332)
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	90	90	71	19
Design and Construction	96	96	54	42
Total General government	186	186	125	61
Highways and streets:				
Facility Maintenance	500	500	162	338
Human services:				
Community Services	1,759	1,759	1,625	134
Utilities or other enterprises:				
Transportation Services	700	700	700	--
Capital improvements:				
Budget and Fiscal Services	1	1	1	--
Design and Construction	250	250	250	--
Community Services	14,392	14,392	14,392	--
Total Capital improvements	14,643	14,643	14,643	--
Total Expenditures	17,788	17,788	17,255	533
Revenues under Expenditures	(1,974)	(1,974)	(2,773)	(799)
Unreserved - Undesignated Fund Balance - July 1	3,337	3,337	(10,979)	(14,316)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 1,363	\$ 1,363	(13,752)	\$ (15,115)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			8,204	
Expenditures - prior year encumbrances			(5,126)	
Increase in reserved for encumbrances			(2,766)	
Transfers out - prior year encumbrances			(342)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			(13,782)	
Reserved for Encumbrances - June 30			13,931	
Fund Balance - June 30 (GAAP Basis)			\$ 149	

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>			
FEDERAL GRANTS:			
Community Development Block Grant	\$ 15,814	\$ 14,482	\$ (1,332)
 TOTAL COMMUNITY DEVELOPMENT FUND REVENUES	 <u>\$ 15,814</u>	 <u>\$ 14,482</u>	 <u>\$ (1,332)</u>

CITY AND COUNTY OF HONOLULU
GOLF FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 725	\$ 760
Total Asset	\$ 725	\$ 760
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 176	\$ 131
Accrued payroll	39	47
Total Liabilities	215	178
Fund Balance:		
Reserved for encumbrances	229	246
Unreserved - undesignated	281	336
Total Fund Balance	510	582
Total Liabilities and Fund Balance	\$ 725	\$ 760

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 6,611	\$ 5,157	\$ (1,454)
Miscellaneous:			
Other	3,573	3,215	(358)
Total Revenues	10,184	8,372	(1,812)
Expenditures:			
Current:			
Culture-recreation:			
Enterprise Services	8,221	6,759	1,462
Miscellaneous:			
Retirement and health benefits:			
Provisional	1,711	1,496	215
Other:			
Provisional	92	54	38
Total Miscellaneous	1,803	1,550	253
Total Expenditures	10,024	8,309	1,715
Revenues over Expenditures	160	63	(97)
Other Finance Source (Uses):			
Transfer in	9,042	9,042	--
Transfers out:			
Debt service - Budget and Fiscal Services	(8,286)	(8,286)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(916)	(916)	--
Total Other Financing Source (Uses)	(160)	(160)	--
Revenues and Other Source over (under) Expenditures and Other Uses	--	(97)	(97)
Unreserved - Undesignated Fund Balance - July 1	--	336	336
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	239	\$ 239

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		224	
Expenditures - prior year encumbrances		(199)	
Decrease in reserved for encumbrances		17	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		281	
Reserved for Encumbrances - June 30		229	
Fund Balance - June 30 (GAAP Basis)		\$ 510	

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
<u>CULTURE-RECREATION:</u>			
Golf Course Fees	\$ 6,611	\$ 5,157	\$ (1,454)
TOTAL CHARGES FOR SERVICES	6,611	5,157	(1,454)
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Rents:			
Golf Cart Rentals	3,074	2,622	(452)
Total Rents	3,074	2,622	(452)
Concessions:			
Food Concession - Golf Courses	133	126	(7)
Golf Course - Pro Shops	6	8	2
Golf Course - Driving Range	360	455	95
Total Concessions	499	589	90
Other:			
Sundry Refunds	--	4	4
TOTAL MISCELLANEOUS	3,573	3,215	(358)
TOTAL REVENUES	10,184	8,372	(1,812)
<u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
General Fund	9,042	9,042	--
TOTAL GOLF FUND	\$ 19,226	\$ 17,414	\$ (1,812)

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 196	\$ 801
Due from other fund:		
General Fund	202	--
Total Assets	\$ 398	\$ 801
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 103	\$ 104
Accrued payroll	75	82
Total Liabilities	178	186
Fund Balance:		
Reserved for encumbrances	157	132
Unreserved - undesignated	63	483
Total Fund Balance	220	615
Total Liabilities and Fund Balance	\$ 398	\$ 801

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,348	\$ 1,371	\$ 23
Miscellaneous:			
Reimbursements and recoveries	14	10	(4)
Interest	15	11	(4)
Other	6,136	5,042	(1,094)
Total Revenues	7,513	6,434	(1,079)
Expenditures:			
Current:			
General government:			
Budget and Fiscal Services	94	94	--
Culture-recreation:			
Enterprise Services	7,680	7,212	468
Miscellaneous:			
Retirement and health benefits:			
Provisional	1,946	1,937	9
Other:			
Provisional	326	260	66
Total Miscellaneous	2,272	2,197	75
Total Expenditures	10,046	9,503	543
Revenues under Expenditures	(2,533)	(3,069)	(536)
Other Finance Source (Uses):			
Transfer in	8,295	8,295	--
Transfers out:			
Debt service - Budget and Fiscal Services	(5,090)	(5,090)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(758)	(558)	200
Total Other Financing Source (Uses)	2,447	2,647	200

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues and Other Source under Expenditures and Other Uses	(86)	(422)	(336)
Unreserved - Undesignated Fund Balance - July 1	86	483	397
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	61	\$ 61
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		135	
Expenditures - prior year encumbrances		(108)	
Increase in reserved for encumbrances		(25)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		63	
Reserved for Encumbrances - June 30		157	
Fund Balance - June 30 (GAAP Basis)		\$ 220	

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
CHARGES FOR SERVICES			
GENERAL GOVERNMENT:			
Surcharge on Auditorium Tickets	\$ 85	\$ 41	\$ (44)
CULTURE-RECREATION:			
Honolulu Zoo	<u>1,263</u>	<u>1,330</u>	<u>67</u>
TOTAL CHARGES FOR SERVICES	<u>1,348</u>	<u>1,371</u>	<u>23</u>
MISCELLANEOUS			
REIMBURSEMENTS AND RECOVERIES:			
Recovery of Utility Charges	14	10	(4)
INTEREST:			
Interest Earnings:			
Investments	15	11	(4)
OTHER MISCELLANEOUS:			
Rents:			
Rental for Use of Land	20	19	(1)
Rental of Auditorium Facilities	1,831	1,385	(446)
Auditorium Equipment Rental	1,022	681	(341)
Rental of Other Properties:			
Parking Stalls	<u>3</u>	<u>--</u>	<u>(3)</u>
Total Rents	<u>2,876</u>	<u>2,085</u>	<u>(791)</u>
Concessions:			
Food Concession - Auditoriums	640	656	16
Food Concession - Honolulu Zoo	120	120	--
Food Concession - Parks	267	223	(44)
Parking - Auditoriums	1,620	1,238	(382)
Novelty Sales Concession - Auditoriums	60	20	(40)
Other - Auditoriums	4	2	(2)
Beach Concession - Parks	330	459	129
Pouring Rights	212	202	(10)
Other Concessions	<u>7</u>	<u>16</u>	<u>9</u>
Total Concessions	<u>3,260</u>	<u>2,936</u>	<u>(324)</u>

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
Other:			
Vacation Accumulation Deposits	--	15	15
Sundry Refunds	--	6	6
Total Other	--	21	21
Total Other Miscellaneous	6,136	5,042	(1,094)
TOTAL MISCELLANEOUS	6,165	5,063	(1,102)
TOTAL REVENUES	7,513	6,434	(1,079)
<u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
General Fund	8,295	8,295	--
TOTAL SPECIAL EVENTS FUND	\$ 15,808	\$ 14,729	\$ (1,079)

CITY AND COUNTY OF HONOLULU
FARMERS HOME ADMINISTRATION LOAN FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 46	\$ 46
Total Asset	\$ 46	\$ 46
 <u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 46	\$ 46
Total Fund Balance	\$ 46	\$ 46

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 3,824	\$ 3,642
Receivable:		
Intergovernmental	--	17
Total Assets	\$ 3,824	\$ 3,659
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 204	\$ 135
Accrued payroll	--	4
Deferred revenue	180	180
Total Liabilities	384	319
Fund Balance:		
Reserved for encumbrances	1,777	1,859
Unreserved - undesignated	1,663	1,481
Total Fund Balance	3,440	3,340
Total Liabilities and Fund Balance	\$ 3,824	\$ 3,659

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 9,384	\$ 12,371	\$ 6,130	\$ (6,241)
Miscellaneous:				
Interest	--	--	6	6
Other	--	--	1,023	1,023
Total Revenues	<u>9,384</u>	<u>12,371</u>	<u>7,159</u>	<u>(5,212)</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	--	126	2	124
City Council	--	44	44	--
Customer Services	43	43	43	--
Mayor	--	200	200	--
Prosecuting Attorney	1,032	1,594	1,206	388
Total General government	<u>1,075</u>	<u>2,007</u>	<u>1,495</u>	<u>512</u>
Public safety:				
Emergency Services	336	351	332	19
Fire	--	35	35	--
Mayor	--	55	39	16
Police	--	636	233	403
Transportation Services	--	2,367	89	2,278
Total Public safety	<u>336</u>	<u>3,444</u>	<u>728</u>	<u>2,716</u>
Human services:				
Community Services	7,202	7,469	4,404	3,065
Culture-recreation:				
Parks and Recreation	--	674	387	287
Total Expenditures	<u>8,613</u>	<u>13,594</u>	<u>7,014</u>	<u>6,580</u>
Revenues over (under) Expenditures	771	(1,223)	145	1,368
Unreserved - Undesignated Fund Balance - July 1	--	--	1,481	1,481
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 771</u>	<u>\$ (1,223)</u>	1,626	<u>\$ 2,849</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			573	
Expenditures - prior year encumbrances			(618)	
Decrease in reserved for encumbrances			<u>82</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			1,663	
Reserved for Encumbrances - June 30			<u>1,777</u>	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 3,440</u>	

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>				
STATE GRANTS:				
Community Programming	\$ --	\$ 44	\$ 87	\$ 43
Family Self-Sufficiency	--	51	282	231
Hawaii Career Criminal Prosecution	561	561	--	(561)
Healthy Hawaii Initiative	--	189	71	(118)
Ho'Ala - JTPA	384	580	620	40
HTA-County Product Enrichment	--	200	200	--
Jobs - JTPA	1,236	1,256	242	(1,014)
LEPC Emergency Planning and Preparedness	30	85	55	(30)
Lifeguard Services at State Parks	336	336	332	(4)
North-South Road, Phase I	--	2,177	--	(2,177)
Program on Aging-State Share	3,536	3,536	3,211	(325)
Public Health Preparedness	--	15	--	(15)
State Criminal Forfeiture	--	5	620	615
State Fire Council	--	35	35	--
Victim/Witness Kokua	416	416	375	(41)
State Grants-Other	313	313	--	(313)
Grants from Other Agencies	2,572	2,572	--	(2,572)
TOTAL INTERGOVERNMENTAL	9,384	12,371	6,130	(6,241)
<u>MISCELLANEOUS</u>				
INTEREST:				
Interest Earnings:				
Investments	--	--	6	6
OTHER MISCELLANEOUS:				
Other	--	--	1,023	1,023
TOTAL MISCELLANEOUS	--	--	1,029	1,029
TOTAL SPECIAL PROJECTS FUND REVENUES	\$ 9,384	\$ 12,371	\$ 7,159	\$ (5,212)

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
BALANCE SHEET
JUNE 30, 2004
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
(Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 11,013	\$ 8,542
Receivables:		
Loans	1,330	1,435
Intergovernmental	21,542	22,129
Total Assets	\$ 33,885	\$ 32,106
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 45	\$ 675
Accrued payroll	--	4
Due to other funds:		
General Fund	21,300	--
Sewer Fund	--	20,000
General Trust Fund	5	--
Deferred revenue	1,546	1,782
Total Liabilities	22,896	22,461
Fund Balance:		
Reserved for encumbrances	14,553	12,366
Unreserved - undesignated	(3,564)	(2,721)
Total Fund Balance	10,989	9,645
Total Liabilities and Fund Balance	\$ 33,885	\$ 32,106

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 47,069	\$ 80,700	\$ 43,143	\$ (37,557)
Miscellaneous:				
Interest	--	--	48	48
Other	--	--	1,831	1,831
Total Revenues	47,069	80,700	45,022	(35,678)
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	356	356	284	72
Design and Construction	--	16	7	9
Information Technology	101	101	70	31
Planning and Permitting	214	251	247	4
Prosecuting Attorney	857	1,271	1,021	250
Total General government	1,528	1,995	1,629	366
Public safety:				
Emergency Services	--	455	14	441
Fire	--	1,347	603	744
Mayor	--	12,365	2,745	9,620
Medical Examiner	--	2	2	--
Police	--	7,659	4,215	3,444
Total Public safety	--	21,828	7,579	14,249
Sanitation:				
Environmental Services	200	200	--	200
Human services:				
Community Services	16,085	26,350	15,984	10,366
Culture-recreation:				
Parks and Recreation	429	429	252	177
Utilities or other enterprises:				
Transportation Services	21,300	22,371	22,340	31
Total Expenditures	39,542	73,173	47,784	25,389

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues over (under) Expenditures	7,527	7,527	(2,762)	(10,289)
Unreserved - Undesignated Fund Balance - July 1	--	--	(2,721)	(2,721)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 7,527	\$ 7,527	(5,483)	\$ (13,010)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			11,770	
Expenditures - prior year encumbrances			(7,664)	
Increase in reserved for encumbrances			(2,187)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			(3,564)	
Reserved for Encumbrances - June 30			14,553	
Fund Balance - June 30 (GAAP Basis)			\$ 10,989	

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL				
FEDERAL GRANTS:				
Amtrak Funds	\$ --	\$ 1,000	\$ 1,000	\$ --
Assistance To Firefighters - FEMA	--	1,118	519	(599)
Bioterrorism Preparedness and Response Grant	--	3	3	--
Coastal Zone Management	216	253	247	(6)
Community Prosecution	--	--	2	2
Crime Victim Assistance Grant	350	576	545	(31)
DEA Marijuana Grant	--	153	153	--
Domestic Preparedness Equipment Support	--	280	169	(111)
Domestic Violence	132	132	76	(56)
Domestic Violence-Penal Summons and Prosecution ...	--	153	80	(73)
Equipment Support Funds	--	1,181	129	(1,052)
FEMA Supplemental Grant	--	225	85	(140)
Forensic DNA Testing Program	--	224	--	(224)
Federal Transit Administration	20,000	20,031	21,301	1,270
Gun Violence Prosecution Program	--	--	40	40
High Intensity Drug Trafficking Area Grant	--	3,298	1,579	(1,719)
Home Grant	570	570	143	(427)
Homeland Security Grant Funds	--	14,510	2,832	(11,678)
HUD - Youthbuild Program	--	382	337	(45)
Juvenile Accountability Incentive Block Grant	987	2,429	868	(1,561)
Juvenile Justice Waipahu	--	--	127	127
Local Law Enforcement Block Grants	275	607	493	(114)
Statewide Medical-Legal Collaborative Project	--	35	30	(5)
Metropolitan Medical Strike Team	--	305	14	(291)
Office of Youth Services Grant	93	93	--	(93)
PHDEP Grant	--	100	100	--
Program on Aging	3,807	3,807	3,075	(732)
Project Impact Initiative -FEMA	50	50	19	(31)
Rebuild America Program	--	16	7	(9)
Rural Fire Assistance	--	--	5	5
Rural Oahu Development Program	350	394	29	(365)
Shelter Plus Care Program	1,925	6,627	1,041	(5,586)
Summer Food Service Program	225	225	253	28
Supportive Housing Program	700	721	730	9
Volunteer Fire Assistance Grant	--	100	50	(50)
Walkwise Kupuna	--	40	39	(1)
Weed and Seed Grant	60	60	--	(60)
Workforce Investment Act	16,721	19,396	6,599	(12,797)
Youth Offender Demonstration Program	350	1,348	424	(924)
Federal Grants-Other	258	258	--	(258)
TOTAL INTERGOVERNMENTAL	47,069	80,700	43,143	(37,557)

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS				
INTEREST:				
Interest Earnings:				
Investments	--	--	48	48
OTHER MISCELLANEOUS:				
Other:				
Other	--	--	1,805	1,805
Sundry Refunds	--	--	26	26
Total Other	--	--	1,831	1,831
TOTAL MISCELLANEOUS	--	--	1,879	1,879
TOTAL FEDERAL GRANTS FUND REVENUES	\$ 47,069	\$ 80,700	\$ 45,022	\$ (35,678)

CITY AND COUNTY OF HONOLULU
**HOUSING AND COMMUNITY DEVELOPMENT
REHABILITATION LOAN FUND**

BALANCE SHEET
JUNE 30, 2004
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
(Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 9,245	\$ 9,227
Receivable:		
Loans	12,103	12,078
Total Assets	\$ 21,348	\$ 21,305
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ 12,103	\$ 12,078
Total Liability	12,103	12,078
Fund Balance:		
Reserved for encumbrances	9,245	9,299
Unreserved - undesignated	--	(72)
Total Fund Balance	9,245	9,227
Total Liability and Fund Balance	\$ 21,348	\$ 21,305

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
REHABILITATION LOAN FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous:			
Interest	\$ 280	\$ 97	\$ (183)
Other	2,591	2,330	(261)
Total Revenues	2,871	2,427	(444)
Expenditure:			
Current:			
Human services:			
Community Services	2,447	2,427	20
Total Expenditure	2,447	2,427	20
Revenues over Expenditure	424	--	(424)
Unreserved - Undesignated Fund Balance - July 1	--	(72)	(72)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 424	(72)	\$ (496)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		418	
Expenditures - prior year encumbrances		(400)	
Decrease in reserved for encumbrances		54	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		--	
Reserved for Encumbrances - June 30		9,245	
Fund Balance - June 30 (GAAP Basis)		\$ 9,245	

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
REHABILITATION LOAN FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
INTEREST:			
Interest Earnings:			
Investments	\$ 220	\$ 93	\$ (127)
Other Sources	60	4	(56)
	<hr/>	<hr/>	<hr/>
Total Interest	280	97	(183)
OTHER MISCELLANEOUS:			
Repayments of Department of Housing and Community Development Loans:			
Principal	2,450	2,250	(200)
Interest	140	79	(61)
Late Charge	1	1	--
	<hr/>	<hr/>	<hr/>
Total Other Miscellaneous	2,591	2,330	(261)
TOTAL HOUSING AND COMMUNITY DEVELOPMENT REHABILITATION LOAN FUND REVENUES			
	<u>\$ 2,871</u>	<u>\$ 2,427</u>	<u>\$ (444)</u>

CITY AND COUNTY OF HONOLULU
PAUHI PROJECT EXPENDITURES, HAWAII R-15 FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 2,816	\$ 2,789
Total Asset	\$ 2,816	\$ 2,789
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ --	\$ 487
Total Liability	--	487
Fund Balance:		
Reserved for encumbrances	1,764	1,764
Unreserved - undesignated	1,052	538
Total Fund Balance	2,816	2,302
Total Liability and Fund Balance	\$ 2,816	\$ 2,789

CITY AND COUNTY OF HONOLULU
PAUAAHI PROJECT EXPENDITURES, HAWAII R-15 FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Interest	\$ 113	\$ 230	\$ 117
Other	--	284	284
Total Revenue	113	514	401
Unreserved - Undesignated Fund Balance - July 1	618	538	(80)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 731	1,052	\$ 321
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		1,052	
Reserved for Encumbrances - June 30		1,764	
Fund Balance - June 30 (GAAP Basis)		\$ 2,816	

CITY AND COUNTY OF HONOLULU
PAUahi PROJECT EXPENDITURES, HAWAII R-15 FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
INTEREST:			
Interest Earnings:			
Investments	\$ 113	\$ 230	\$ 117
OTHER MISCELLANEOUS:			
Rents:			
Rental Units	--	284	284
TOTAL PAUahi PROJECT EXPENDITURES, HAWAII R-15 FUND REVENUES	<u>\$ 113</u>	<u>\$ 514</u>	<u>\$ 401</u>

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND

BALANCE SHEET
JUNE 30, 2004
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
(Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 3,627	\$ 4,155
Receivables:		
Accounts (net of allowance for uncollectibles)	285	187
Loans	3,360	--
Intergovernmental	339	--
Total Assets	\$ 7,272	\$ 4,342
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 116	\$ 91
Accrued payroll	--	31
Deferred revenue	3,984	512
Total Liabilities	4,100	634
Fund Balance:		
Reserved for encumbrances	3,466	4,173
Unreserved - undesignated	45	(465)
Total Fund Balance	3,511	3,708
Total Liabilities and Fund Balance	\$ 7,611	\$ 4,342

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 34,575	\$ 35,311	\$ 33,285	\$ (2,026)
Miscellaneous:				
Interest	400	400	47	(353)
Other	--	--	376	376
Total Revenues	<u>34,975</u>	<u>35,711</u>	<u>33,708</u>	<u>(2,003)</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	150	150	150	--
Information Technology	92	92	91	1
Total General government	<u>242</u>	<u>242</u>	<u>241</u>	<u>1</u>
Human services:				
Community Services	32,978	33,714	33,506	208
Total Expenditures	<u>33,220</u>	<u>33,956</u>	<u>33,747</u>	<u>209</u>
Revenues over (under) Expenditures	1,755	1,755	(39)	(1,794)
Unreserved - Undesignated Fund Balance - July 1	<u>--</u>	<u>--</u>	<u>(465)</u>	<u>(465)</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 1,755</u>	<u>\$ 1,755</u>	<u>(504)</u>	<u>\$ (2,259)</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			452	
Expenditures - prior year encumbrances			(610)	
Decrease in reserved for encumbrances			<u>707</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			45	
Reserved for Encumbrances - June 30			<u>3,466</u>	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 3,511</u>	

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Amounts in thousands)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>				
FEDERAL GRANTS:				
Section 8 Grants:				
Moderate Rehabilitation Program, (001)	\$ 65	\$ 65	\$ 54	\$ (11)
Existing Housing Voucher Program	34,400	35,136	33,124	(2,012)
Moderate Rehabilitation Program, (002)	110	110	107	(3)
TOTAL INTERGOVERNMENTAL	<u>34,575</u>	<u>35,311</u>	<u>33,285</u>	<u>(2,026)</u>
<u>MISCELLANEOUS</u>				
INTEREST:				
Interest Earnings:				
Investments	400	400	44	(356)
Other Sources	--	--	3	3
Total Interest	<u>400</u>	<u>400</u>	<u>47</u>	<u>(353)</u>
OTHER MISCELLANEOUS:				
Other:				
Escheats	--	--	37	37
Sundry Refunds	--	--	339	339
Total Other Miscellaneous	<u>--</u>	<u>--</u>	<u>376</u>	<u>376</u>
TOTAL MISCELLANEOUS	<u>400</u>	<u>400</u>	<u>423</u>	<u>23</u>
TOTAL HOUSING AND COMMUNITY DEVELOPMENT SECTION 8 CONTRACT FUND	<u>\$ 34,975</u>	<u>\$ 35,711</u>	<u>\$ 33,708</u>	<u>\$ (2,003)</u>

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 709	\$ 785
Total Asset	\$ 709	\$ 785
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ 392	\$ 484
Total Liability	392	484
Fund Balance:		
Unreserved - undesignated	317	301
Total Fund Balance	317	301
Total Liability and Fund Balance	\$ 709	\$ 785

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Interest	\$ 15	\$ 3	\$ (12)
Other	197	109	(88)
Total Revenue	212	112	(100)
Expenditures:			
Current:			
Human services:			
Community Services	197	96	101
Total Expenditures	197	96	101
Revenue over Expenditures	15	16	1
Unreserved - Undesignated Fund Balance - July 1	271	301	30
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 286	317	\$ 31
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		317	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 317	

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
INTEREST:			
Interest Earnings:			
Investments	\$ 15	\$ 3	\$ (12)
OTHER MISCELLANEOUS:			
Other:			
Sundry Realizations	<u>197</u>	<u>109</u>	<u>(88)</u>
 TOTAL LEASEHOLD CONVERSION FUND REVENUES	 <u>\$ 212</u>	 <u>\$ 112</u>	 <u>\$ (100)</u>

CITY AND COUNTY OF HONOLULU
 REVOLVING FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2004	2003
ASSETS					
Cash and investments:					
With Treasury	\$ 1,516	\$ 224	\$ 110	\$ 1,850	\$ 1,991
Inventories - Municipal Stores	--	--	36	36	45
Total Assets	<u>\$ 1,516</u>	<u>\$ 224</u>	<u>\$ 146</u>	<u>\$ 1,886</u>	<u>\$ 2,036</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 8
Due to other fund:					
General Fund	--	--	--	--	135
Total Liabilities	--	--	--	--	143
Fund Balances:					
Reserved for encumbrances	--	--	--	--	12
Unreserved - undesignated	1,516	224	146	1,886	1,881
Total Fund Balances	<u>1,516</u>	<u>224</u>	<u>146</u>	<u>1,886</u>	<u>1,893</u>
Total Liabilities and Fund Balances ..	<u>\$ 1,516</u>	<u>\$ 224</u>	<u>\$ 146</u>	<u>\$ 1,886</u>	<u>\$ 2,036</u>

CITY AND COUNTY OF HONOLULU
REVOLVING FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2004	2003
Revenue:					
Miscellaneous:					
Other	\$ --	\$ --	\$ 38	\$ 38	\$ 45
Total Revenue	<u> --</u>	<u> --</u>	<u> 38</u>	<u> 38</u>	<u> 45</u>
Expenditure:					
Current:					
General government	<u> 2</u>	<u> --</u>	<u> 43</u>	<u> 45</u>	<u> 33</u>
Total Expenditure	<u> 2</u>	<u> --</u>	<u> 43</u>	<u> 45</u>	<u> 33</u>
Revenue over (under) Expenditure	(2)	--	(5)	(7)	12
Other Financing Use:					
Transfer to other fund:					
General Fund	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> (135)</u>
Revenue under Expenditure and Other Use	(2)	--	(5)	(7)	(123)
Fund Balances - July 1	<u> 1,518</u>	<u> 224</u>	<u> 151</u>	<u> 1,893</u>	<u> 2,016</u>
Fund Balances - June 30	<u>\$ 1,516</u>	<u>\$ 224</u>	<u>\$ 146</u>	<u>\$ 1,886</u>	<u>\$ 1,893</u>

CITY AND COUNTY OF HONOLULU
GENERAL OBLIGATION BOND AND INTEREST REDEMPTION FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash and investments:		
With Treasury	\$ 355	\$ 358
With fiscal agents	3	--
Total Assets	\$ 358	\$ 358
 <u>LIABILITIES</u>		
Liabilities:		
Interest payable - matured	\$ 149	\$ 149
Bonds payable - matured	209	209
Total Liabilities	\$ 358	\$ 358

CITY AND COUNTY OF HONOLULU
GENERAL OBLIGATION BOND AND INTEREST REDEMPTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
Expenditures:		
Tax exempt commercial paper:		
Principal retirement	\$ 165,675	\$ --
Interest charges	6,412	--
General obligation bonds:		
Bond principal retirement	91,208	72,219
Interest charges	74,076	82,795
Total Expenditures	337,371	155,014
Other Financing Sources (Use):		
Proceeds of tax exempt commercial paper	18,022	36,732
Proceeds of general obligation bonds	153,435	--
Proceeds of refunding bonds	275,444	--
Transfers from other funds:		
General Fund - Principal	91,208	36,391
General Fund - Interest	74,706	81,891
Payment of refunded bonds	(275,444)	--
Total Other Financing Sources (Uses)	337,371	155,014
Other Financing Sources over Expenditures and Other Use	--	--
Fund Balances - July 1	--	--
Fund Balances - June 30	\$ --	\$ --

CITY AND COUNTY OF HONOLULU
IMPROVEMENT DISTRICT BOND AND INTEREST REDEMPTION FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash and investments:		
With Treasury	\$ 1,037	\$ 1,050
Receivables:		
Special assessments - current	127	516
Special assessments - deferred	<u>1,149</u>	<u>1,204</u>
Total Assets	<u>\$ 2,313</u>	<u>\$ 2,770</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 4	\$ 2
Interest payable - matured	4	4
Bonds payable - matured	5	5
Due to other funds:		
Capital Projects Fund	95	142
General Trust Fund	--	1
Deferred revenue	<u>1,149</u>	<u>1,204</u>
Total Liabilities	<u>1,257</u>	<u>1,358</u>
Fund Balance:		
Reserved for debt service	<u>1,056</u>	<u>1,412</u>
Total Fund Balance	<u>1,056</u>	<u>1,412</u>
Total Liabilities and Fund Balance	<u>\$ 2,313</u>	<u>\$ 2,770</u>

CITY AND COUNTY OF HONOLULU
IMPROVEMENT DISTRICT BOND AND INTEREST REDEMPTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
Revenues:		
Special assessments	\$ 56	\$ 520
Miscellaneous:		
Interest	123	158
Other	6	4
Total Revenues	185	682
Expenditures:		
Special assessment bonds:		
Bond principal retirement	365	370
Interest charges	81	105
Total Expenditures	446	475
Revenues over (under) Expenditures	(261)	207
Other Financing Use:		
Transfers to other fund:		
Capital Projects Fund	(95)	(142)
Revenues over (under) Expenditures and Other Use	(356)	65
Fund Balances - July 1	1,412	1,347
Fund Balances - June 30	\$ 1,056	\$ 1,412

CITY AND COUNTY OF HONOLULU
GENERAL IMPROVEMENT BOND FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 7,098	\$ 13,570
Due from other funds:		
Highway Improvement Bond Fund	457	--
Solid Waste Special Fund	4,740	3,122
Total Assets	\$ 12,295	\$ 16,692
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 5,824	\$ 4,330
Accrued payroll	--	5
Due to other funds:		
General Fund	--	24,000
Sewer Fund	4,876	5,436
Total Liabilities	10,700	33,771
Fund Balance:		
Reserved for encumbrances	291,086	294,930
Unreserved - undesignated	(289,491)	(312,009)
Total Fund Balance	1,595	(17,079)
Total Liabilities and Fund Balance	\$ 12,295	\$ 16,692

CITY AND COUNTY OF HONOLULU
GENERAL IMPROVEMENT BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
Revenue:		
Miscellaneous:		
Other	\$ --	\$ 305
Total Revenue	--	305
Expenditures:		
Capital outlay:		
General government	28,176	30,516
Public safety	4,576	5,527
Highways and streets	6,329	985
Culture-recreation	35,282	43,387
Total Expenditures	74,363	80,415
Revenue under Expenditures	(74,363)	(80,110)
Other Financing Sources (Use):		
Proceeds of tax exempt commercial paper	51,242	--
Proceeds of general obligation bonds	41,815	50,066
Capital Contributions:		
Public Transportation System	(20)	--
Total Other Financing Sources (Use)	93,037	50,066
Revenue and Other Sources over (under) Expenditures and Other Use	18,674	(30,044)
Fund Balance - July 1	(17,079)	12,965
Fund Balance - June 30	\$ 1,595	\$ (17,079)

CITY AND COUNTY OF HONOLULU
HIGHWAY IMPROVEMENT BOND FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 10,595	\$ 9,339
Total Asset	\$ 10,595	\$ 9,339
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 7,472	\$ 2,760
Due to other fund:		
General Fund	--	34,000
General Improvement Bond Fund	457	--
Total Liabilities	7,929	36,760
Fund Balance:		
Reserved for encumbrances	207,380	226,836
Unreserved - undesignated	(204,714)	(254,257)
Total Fund Balance	2,666	(27,421)
Total Liabilities and Fund Balance	\$ 10,595	\$ 9,339

CITY AND COUNTY OF HONOLULU
HIGHWAY IMPROVEMENT BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
Expenditures:		
Capital outlay:		
General government	\$ 7	\$ 319
Public safety	5,763	3,677
Highways and streets	20,353	41,973
Culture-recreation	534	4,786
Utilities or other enterprises	12,921	18,044
Total Expenditures	39,578	68,799
Other Financing Sources (Use):		
Proceeds of general obligation bonds	63,543	30,000
Proceeds from tax exempt commercial paper	30,000	--
Capital Contributions:		
Public Transportation System	(23,878)	--
Total Other Financing Sources (Use)	69,665	30,000
Revenue and Other Sources over (under) Expenditures and Other Use	30,087	(38,799)
Fund Balance - July 1	(27,421)	11,378
Fund Balance - June 30	\$ 2,666	\$ (27,421)

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS CAPITAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 9,378	\$ 10,185
Receivables:		
Loans	46,587	42,054
Intergovernmental	4,056	619
Total Assets	\$ 60,021	\$ 52,858
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 5,439	\$ 1,487
Deferred revenue	48,914	43,501
Total Liabilities	54,353	44,988
Fund Balance:		
Reserved for encumbrances	43,902	66,633
Unreserved - undesignated	(38,234)	(58,763)
Total Fund Balance	5,668	7,870
Total Liabilities and Fund Balance	\$ 60,021	\$ 52,858

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	<u>2004</u>	<u>2003</u>
Revenue:		
Intergovernmental	\$ 48,222	\$ 16,876
Total Revenue	<u>48,222</u>	<u>16,876</u>
Expenditures:		
Capital outlay:		
General government	2,337	1,433
Public safety	1,148	154
Highways and streets	8,032	8,617
Human services	6,247	10,785
Culture-recreation	148	130
Utilities or other enterprises	<u>1,467</u>	<u>3,660</u>
Total Expenditures	<u>19,379</u>	<u>24,779</u>
Revenue under Expenditures	28,843	(7,903)
Other Financing Source (Use):		
Transfer from other fund:		
Community Development Fund	342	1,334
Capital Contributions:		
Public Transportation System	<u>(31,387)</u>	<u>--</u>
Total Other Financing Source (Use)	<u>(31,045)</u>	<u>1,334</u>
Revenue and Other Source under Expenditures and Other Use	(2,202)	(6,569)
Fund Balance - July 1	<u>7,870</u>	<u>14,439</u>
Fund Balance - June 30	<u>\$ 5,668</u>	<u>\$ 7,870</u>

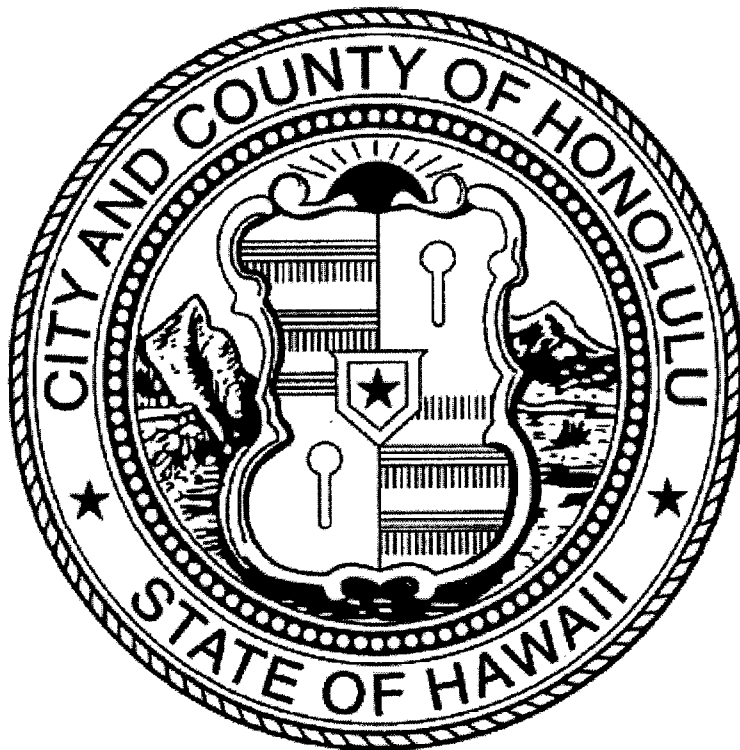
CITY AND COUNTY OF HONOLULU
CAPITAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 25,135	\$ 19,082
Due from other fund:		
Improvement District Bond and Interest Redemption Fund	95	142
Total Assets	\$ 25,230	\$ 19,224
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Accounts payable	\$ 309	\$ 71
Total Liability	309	71
Fund Balance:		
Reserved for encumbrances	13,316	10,381
Unreserved - undesignated	11,605	8,772
Total Fund Balance	24,921	19,153
Total Liability and Fund Balance	\$ 25,230	\$ 19,224

CITY AND COUNTY OF HONOLULU
CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	2004	2003
Revenue:		
Miscellaneous:		
Other	\$ <u>3,357</u>	\$ <u>992</u>
Total Revenue	<u>3,357</u>	<u>992</u>
Expenditures:		
Capital outlay:		
General government	34	428
Public safety	67	444
Highways and streets	181	4,210
Sanitation	7	196
Culture-recreation	<u>477</u>	<u>621</u>
Total Expenditures	<u>766</u>	<u>5,899</u>
Revenue over (under) Expenditures	<u>2,591</u>	<u>(4,907)</u>
Other Financing Sources (Uses):		
Proceeds of long-term notes	13	2,781
Transfers from other funds:		
Bikeway Fund	495	638
Parks and Playgrounds Fund	3,500	665
Improvement District Bond and Interest Redemption Fund	95	142
Transfers to other funds:		
General Fund	(72)	--
Bikeway Fund	(84)	(180)
Parks and Playgrounds Fund	<u>(770)</u>	<u>(1,076)</u>
Total Other Financing Sources (Uses)	<u>3,177</u>	<u>2,970</u>
Revenue and Other Sources over (under) Expenditures and Other Uses	<u>5,768</u>	<u>(1,937)</u>
Fund Balance - July 1	<u>19,153</u>	<u>21,090</u>
Fund Balance - June 30	<u>\$ 24,921</u>	<u>\$ 19,153</u>

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**STATISTICAL SECTION
(Unaudited)**

TABLE 1

CITY AND COUNTY OF HONOLULU
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
 LAST TEN FISCAL YEARS
 (Amounts in thousands)
 (Unaudited)

195	Fiscal Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Human Resources	Culture - Recreation	Urban Redevelopment and Housing	Utilities or Other Enterprises	Miscellaneous	Capital Outlay	Debt Service	Total
	1995	\$ 92,951	\$ 184,192	\$ 26,951	\$ 101,121	\$ 21,182	\$ 58,045	\$ 34,349	\$ 1,971	\$ 121,312	\$ 179,027	\$ 148,252	\$ 969,353
	1996	85,566	179,951	21,398	95,424	20,913	53,995	36,345	1,441	136,938	192,799	156,915	981,685
	1997	90,855	198,288	19,112	91,232	57,838	52,732	4,060	515	132,296	100,428	167,635	914,991
	1998	92,734	201,979	18,072	92,257	61,505	53,882	2,849	951	133,851	154,800	183,602	996,482
	1999	107,163	197,615	23,872	82,569	65,482	49,674	--	9,685	115,463	143,749	151,781	947,053
	2000	101,740	200,782	14,964	455	61,024	50,125	--	20,580	76,581	198,031	145,399	869,681
	2001	104,720	217,504	14,976	482	68,986	55,555	--	23,621	75,932	203,714	148,065	913,555
	2002	115,314	224,274	15,122	491	64,905	58,410	--	23,793	114,757	257,866	108,933	983,865
	2003	115,067	246,109	13,831	648	52,007	62,260	--	22,557	101,655	193,722	157,064	964,920
	2004	115,975	256,231	14,964	692	56,994	59,512	--	24,336	121,341	145,655	339,358	1,135,058

Note: Includes expenditures in General, Special Revenue, Debt Service and Capital Projects funds.

TABLE 2

CITY AND COUNTY OF HONOLULU
GENERAL GOVERNMENTAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (Amounts in thousands)
 (Unaudited)

Fiscal Year	Taxes	Special Assessments	Licenses and Permits	Inter- Governmental	Charges for Services	Miscellaneous			Total
						Reimbursements and Recoveries	Interest	Other	
1995	\$ 480,967	\$ 570	\$ 44,985	\$ 129,845	\$ 142,412	\$ 54,414	\$ 20,136	\$ 29,465	\$ 902,794
1996	481,495	551	46,464	123,528	145,963	63,807	20,048	23,914	905,770
1997	480,219	551	46,606	123,275	143,516	67,687	19,702	25,421	906,977
1998	470,385	517	46,483	159,759	146,807	66,446	20,844	22,522	933,763
1999	466,115	537	46,357	130,128	141,828	78,412	16,567	33,231	913,175
2000	461,255	447	55,157	165,189	20,489	97,143	15,098	29,273	844,051
2001	448,986	445	56,266	170,152	20,718	87,264	15,234	22,029	821,094
2002	477,746	440	56,614	145,439	18,482	76,873	10,086	38,659	824,339
2003	480,851	520	61,220	144,482	20,703	78,908	3,646	31,811	822,141
2004	532,804	56	74,138	180,846	22,145	77,676	2,473	31,367	921,505

Note: Includes revenues in General, Special Revenue, Debt Service and Capital Projects funds.

TABLE 3

CITY AND COUNTY OF HONOLULU
TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (Amounts in thousands)
 (Unaudited)

Fiscal Year	Real Property Tax	Fuel Tax	Public Service Company Tax	Public Utility Franchise Tax	Total
1995	\$419,113	\$ 44,708	\$ --	\$ 17,146	\$ 480,967
1996	416,987	45,990	--	18,518	481,495
1997	413,844	46,226	--	20,149	480,219
1998	404,415	45,214	--	20,756	470,385
1999	402,827	44,518	--	18,770	466,115
2000	399,115	42,901	--	19,239	461,255
2001	380,098	46,078	--	22,810	448,986
2002	382,449	46,728	24,821	23,748	477,746
2003	385,872	47,156	25,171	22,652	480,851
2004	435,297	49,271	22,819	25,417	532,804

TABLE 4

CITY AND COUNTY OF HONOLULU
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (Amounts in thousands)
 (Unaudited)

Fiscal Year	Assessed Value (a)	Estimated Actual Value	Ratio of Assessed to Estimated Actual Value (b)
1995	\$ 86,906,884	\$ 86,906,884	100 %
1996	85,753,264	85,753,264	100
1997	85,111,039	85,111,039	100
1998	81,732,984	81,732,984	100
1999	76,628,374	76,628,374	100
2000	71,820,676	71,820,676	100
2001	68,676,199	68,676,199	100
2002	69,671,573	69,671,573	100
2003	73,584,358	73,584,358	100
2004	79,154,545	79,154,545	100

(a) Assessed value is at 100% of market value.

(b) Statutory ratio.

Note: With the exception of public service companies, personal property is not taxed in the City and County of Honolulu.

TABLE 5

CITY AND COUNTY OF HONOLULU
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Amounts in thousands)
(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collections (a)	Per Cent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Per Cent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Per Cent of Current Levy
1995	\$ 425,084	\$ 407,700	95.9 %	\$ 11,413	\$ 419,113	98.6 %	\$ 12,008	2.8 %
1996	417,880	404,805	96.9	12,182	416,987	99.8	6,887	1.6
1997	404,248	405,008	100.2	8,836	413,844	102.4	5,663	1.4
1998	392,100	398,975	101.8	5,440	404,415	103.1	7,132	1.8
1999	392,962	396,949	101.0	5,878	402,827	102.5	7,025	1.8
2000	393,000	392,950	100.0	6,165	399,115	101.6	6,638	1.7
2001	374,099	375,668	100.4	4,430	380,098	101.6	5,950	1.6
2002	371,234	377,742	101.8	4,707	382,449	103.0	5,234	1.4
2003	383,724	384,432	100.2	1,440	385,872	100.6	4,354	1.1
2004	427,171	430,318	100.7	4,979	435,297	101.9	8,265	1.9

(a) Accrued real property tax receivable less contingencies in escrow.

TABLE 6

CITY AND COUNTY OF HONOLULU
REAL PROPERTY ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
 LAST TEN FISCAL YEARS (VALUES IN THOUSANDS)

(Unaudited)

(Page 1 of 2)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1,000	Value of Net Taxable Land	Land Tax Rates Per \$1,000	Value of Net Taxable Real Property
1995	Improved Residential	\$ 7,177,623	\$ 3.92	\$ 34,903,402	\$ 3.12	\$ 42,081,025
	Unimproved Residential	34,684	3.92	870,358	3.92	905,042
	Apartment	11,838,425	3.52	7,397,628	3.52	19,236,053
	Hotel/Resort	2,348,632	9.64	3,072,740	9.64	5,421,372
	Commercial	3,926,877	8.51	8,180,895	8.51	12,107,772
	Industrial	1,364,167	8.51	4,573,665	8.51	5,937,832
	Agricultural	116,305	9.00	602,838	9.00	719,143
	Conservation	54,757	9.00	443,888	9.00	498,645
	Total	<u>\$ 26,861,470</u>		<u>\$ 60,045,414</u>		<u>\$ 86,906,884</u>
1996	Improved Residential	\$ 7,695,925	\$ 3.92	\$ 34,476,962	\$ 3.12	\$ 42,172,887
	Unimproved Residential	40,176	3.92	1,007,570	3.92	1,047,746
	Apartment	11,883,537	3.52	7,768,722	3.52	19,652,259
	Hotel/Resort	2,241,829	9.64	2,729,852	9.64	4,971,681
	Commercial	4,016,803	8.51	7,053,885	8.51	11,070,688
	Industrial	1,442,338	8.51	4,285,282	8.51	5,727,620
	Agricultural	120,676	9.00	537,103	9.00	657,779
	Conservation	73,044	9.00	379,560	9.00	452,604
	Total	<u>\$ 27,514,328</u>		<u>\$ 58,238,936</u>		<u>\$ 85,753,264</u>
1997	Improved Residential	\$ 8,406,430	\$ 3.92	\$ 34,255,677	\$ 3.12	\$ 42,662,107
	Unimproved Residential	43,508	3.92	1,012,525	3.92	1,056,033
	Apartment	11,659,514	3.52	7,918,914	3.52	19,578,428
	Hotel/Resort	2,045,129	9.64	2,598,091	9.64	4,643,220
	Commercial	4,022,314	8.51	6,521,422	8.51	10,543,736
	Industrial	1,500,176	8.51	4,161,332	8.51	5,661,508
	Agricultural	91,537	9.00	429,454	9.00	520,991
	Conservation	70,484	9.00	374,532	9.00	445,016
	Total	<u>\$ 27,839,092</u>		<u>\$ 57,271,947</u>		<u>\$ 85,111,039</u>
1998	Improved Residential	\$ 8,654,984	\$ 3.92	\$ 31,966,315	\$ 3.12	\$ 40,621,299
	Unimproved Residential	40,156	3.92	917,495	3.92	957,651
	Apartment	10,949,973	3.52	7,481,771	3.52	18,431,744
	Hotel/Resort	2,186,204	9.64	2,584,261	9.64	4,770,465
	Commercial	4,140,514	8.51	6,428,698	8.51	10,569,212
	Industrial	1,512,774	8.51	3,929,058	8.51	5,441,832
	Agricultural	91,367	9.00	371,882	9.00	463,249
	Conservation	60,809	9.00	416,723	9.00	477,532
	Total	<u>\$ 27,636,781</u>		<u>\$ 54,096,203</u>		<u>\$ 81,732,984</u>
1999	Improved Residential	\$ 9,049,562	\$ 3.49	\$ 29,075,124	\$ 3.49	\$ 38,124,686
	Unimproved Residential	40,154	4.00	893,991	4.00	934,145
	Apartment	9,762,680	3.97	6,497,815	3.97	16,260,495
	Hotel/Resort	2,191,901	9.64	2,638,300	9.64	4,830,201
	Commercial	4,190,660	8.88	5,939,935	8.88	10,130,595
	Industrial	1,590,950	8.62	3,779,419	8.62	5,370,369
	Agricultural	92,320	9.00	398,599	9.00	490,919
	Conservation	62,262	9.00	424,699	9.00	486,961
	Total	<u>\$ 26,980,489</u>		<u>\$ 49,647,882</u>		<u>\$ 76,628,371</u>

TABLE 6

CITY AND COUNTY OF HONOLULU
REAL PROPERTY ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
LAST TEN FISCAL YEARS (VALUES IN THOUSANDS)
(Unaudited)

(Page 2 of 2)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1,000	Value of Net Taxable Land	Land Tax Rates Per \$1,000	Value of Net Taxable Real Property
2000	Improved Residential	\$ 9,230,152	\$ 3.65	\$ 27,176,656	\$ 3.65	\$ 36,406,808
	Unimproved Residential	41,303	4.66	760,369	4.66	801,672
	Apartment	8,770,891	4.49	5,583,553	4.49	14,354,444
	Hotel/Resort	2,181,039	9.96	2,495,333	9.96	4,676,372
	Commercial	4,376,172	9.25	5,349,767	9.25	9,725,939
	Industrial	1,592,304	9.39	3,336,296	9.39	4,928,600
	Agricultural	94,231	9.89	350,930	9.89	445,161
	Conservation	65,278	9.25	416,402	9.25	481,680
	Total	\$ 26,351,370		\$ 45,469,306		\$ 71,820,676
2001	Improved Residential	\$ 9,315,911	\$ 3.65	\$ 25,898,762	\$ 3.65	\$ 35,214,673
	Unimproved Residential	40,789	4.66	690,343	4.66	731,132
	Apartment	8,460,667	4.49	5,119,280	4.49	13,579,947
	Hotel/Resort	2,068,493	9.96	2,358,990	9.96	4,427,483
	Commercial	4,370,036	9.25	4,876,112	9.25	9,246,148
	Industrial	1,562,797	9.39	2,997,584	9.39	4,560,381
	Agricultural	88,643	9.89	318,530	9.89	407,173
	Conservation	77,821	9.25	431,440	9.25	509,261
	Total	\$ 25,985,157		\$ 42,691,041		\$ 68,676,198
2002	Improved Residential	\$ 10,066,199	\$ 3.65	\$ 26,533,079	\$ 3.65	\$ 36,599,278
	Unimproved Residential	41,985	4.66	428,191	4.66	470,176
	Apartment	8,480,325	4.21	5,038,002	4.21	13,518,327
	Hotel/Resort	2,121,627	9.96	2,435,463	9.96	4,557,090
	Commercial	4,361,423	9.25	4,798,891	9.25	9,160,314
	Industrial	1,581,298	9.39	2,838,754	9.39	4,420,052
	Agricultural	74,443	9.89	227,205	9.89	301,648
	Conservation	73,224	9.25	352,070	9.25	425,294
	Public Service	55,219	0.00	164,175	0.00	219,394
	Total	\$ 26,855,743		\$ 42,815,830		\$ 69,671,573
2003	Improved Residential	\$ 12,230,871	\$ 3.65	\$ 27,308,923	\$ 3.65	\$ 39,539,794
	Unimproved Residential	42,458	4.66	714,387	4.66	756,845
	Apartment	9,305,365	3.93	4,950,109	3.93	14,255,474
	Hotel/Resort	2,226,305	9.96	2,347,705	9.96	4,574,010
	Commercial	4,322,821	9.25	4,839,542	9.25	9,162,363
	Industrial	1,570,203	9.39	2,850,632	9.39	4,420,835
	Agricultural	100,594	9.89	308,874	9.89	409,468
	Conservation	70,744	9.25	359,754	9.25	430,498
	Public Service	14,870	0.00	20,201	0.00	35,071
	Total	\$ 29,884,231		\$ 43,700,127		\$ 73,584,358
2004	Improved Residential	\$ 13,252,080	\$ 3.75	\$ 30,260,954	\$ 3.75	\$ 43,513,034
	Unimproved Residential	46,627	5.35	655,236	5.35	701,863
	Apartment	11,059,012	3.75	5,074,205	3.75	16,133,217
	Hotel/Resort	2,266,433	10.63	2,251,393	10.63	4,517,826
	Commercial	4,349,397	10.63	4,766,874	10.63	9,116,271
	Industrial	1,568,117	10.63	2,802,730	10.63	4,370,847
	Agricultural	87,970	10.63	298,044	10.63	386,014
	Preservation	72,126	10.63	327,477	10.63	399,603
	Public Service	7,291	0.00	8,579	0.00	15,870
	Total	\$ 32,709,053		\$ 46,445,492		\$ 79,154,545

Notes: (1) Assessed value is at 100% of market value.
(2) There are no overlapping property tax rates in the City and County of Honolulu.

TABLE 7

CITY AND COUNTY OF HONOLULU
SPECIAL ASSESSMENT COLLECTIONS
 LAST TEN FISCAL YEARS
 (Amounts in millions)
 (Unaudited)

Fiscal Year	Current Assessments Due	Current Assessments Collected (a)	Ratio of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1995	\$ 518	\$ 674	130 %	\$ 5.3
1996	472	704	149	5.0
1997	453	553	122	4.4
1998	449	611	136	4.0
1999	436	558	128	3.4
2000	419	442	105	3.0
2001	423	483	114	2.6
2002	419	497	119	2.3
2003	409	540	132	1.7
2004	388	440	113	1.3

(a) Includes prepayments.

TABLE 8

CITY AND COUNTY OF HONOLULU
 RATIO OF DIRECT BONDED DEBT
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Resident Population As of July 1 (a)	Assessed Value (b) (thous. \$)	Direct Bonded Debt (c) (thous. \$)	Percentage of Direct Bonded Debt to Assessed Value	Direct Bonded Debt Per Capita
1995	881,399	86,906,884	1,078,373	1.24%	1,223.48
1996	883,443	85,753,264	1,132,844	1.32%	1,282.31
1997	886,711	85,111,039	856,596	1.01%	966.04
1998	886,909	81,732,984	870,856	1.07%	981.90
1999	878,906	76,628,374	978,576	1.28%	1,113.40
2000	875,654	71,820,676	987,147	1.37%	1,127.33
2001	882,550	68,676,199	1,103,082	1.61%	1,249.88
2002	892,562	69,671,573	1,309,395	1.88%	1,467.01
2003	902,704	73,584,358	1,381,509	1.88%	1,530.41
2004	(d)	79,154,545	1,501,544	1.90%	1,663.38 (e)

(a) Figures for 1995-2003 appear in the State of Hawaii Data Book 2003, Table 1.06, Residential Population , by Counties: 1990 to 2003.

(b) See Table 4, Assessed Value.

(c) Excludes non-tax supported debt.

(d) Not available.

(e) Based on 2003 resident population.

TABLE 9

CITY AND COUNTY OF HONOLULU
COMPUTATION OF LEGAL DEBT MARGIN
 June 30, 2004
 (Amounts in thousands)
 (Unaudited)

Gross Assessed Valuation of Real Property, January 30, 2003		\$ 95,052,358
Less Exempt Valuation		<u>15,096,915</u>
Assessor's Net Taxable Valuation		79,955,443
Less Valuation on Appeal		<u>1,601,796</u>
Taxpayers' Valuation		78,353,647
Add 50 Percent of Valuations on Appeal		<u>800,898</u>
Net Assessed Valuation of Real Property for Rate Purposes		<u>\$ 79,154,545</u>
Debt Limit - 15 Percent of Net Assessed Valuation		<u>\$ 11,873,182</u>
Less Funded and Other Indebtedness:		
General Obligation Bonds	\$ 1,866,331	
Notes Payable	<u>86,716</u>	
Gross Funded and Other Indebtedness		\$ 1,953,047
Less Exclusions: (a)		
General Obligation Bonds Issued for H-POWER Facility	110,185	
General Obligation Bonds Issued for Housing Developments	109,203	
General Obligation Bonds Issued for Solid Waste Projects	77,341	
General Obligation Bonds Issued for Sewer Projects	68,058	
State of Hawaii Notes Payable Issued for Sewer Projects	<u>79,880</u>	444,667
Net Funded and Other Indebtedness		<u>1,508,380</u>
Legal Debt Margin		10,364,802
Less General Obligation Debt Authorized for Issuance:		
1. Authorized by Ordinance No. 98-29	178,860	
Less Previously Issued	<u>177,189</u>	
Amount Not Yet Issued		1,671
2. Authorized by Ordinance No. 99-28	135,399	
Less Previously Issued	<u>132,418</u>	
Amount Not Yet Issued		2,981
3. Authorized by Ordinance No. 00-24	204,133	
Less Previously Issued	<u>195,602</u>	
Amount Not Yet Issued		8,531
4. Authorized by Ordinance No. 01-27	232,984	
Less Previously Issued	<u>131,279</u>	
Amount Not Yet Issued		101,705
5. Authorized by Ordinance No. 02-27	228,658	
Less Previously Issued	<u>6,373</u>	
Amount Not Yet Issued		222,285
6. Authorized by Ordinance No. 03-08	173,574	
Less Previously Issued	<u>--</u>	
Amount Not Yet Issued		173,574
Total Amount Authorized Not Yet Issued		<u>510,747</u>
Net Legal Debt Margin		<u>\$ 9,854,055</u>

(a) Excludable under Section 13, Article VII of the State of Hawaii Constitution.

TABLE 10

CITY AND COUNTY OF HONOLULU
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2004
 (Amounts in thousands)
 (Unaudited)

Name of Governmental Unit	Net Debt Outstanding (a)	Percentage Applicable to City and County of Honolulu	City and County of Honolulu's Share of Debt
City and County of Honolulu	\$1,508,380	100 %	\$ 1,508,380
Total Direct and Overlapping Debt			\$ 1,508,380

(a) See Table 9, Net Funded and Other Indebtedness.

Note: Excludes non-tax supported debt.

TABLE 11

CITY AND COUNTY OF HONOLULU
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL BONDED DEBT
 TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS

(Amounts in thousands)
 (Unaudited)

Fiscal Year	GENERAL OBLIGATION DEBT			Total General Governmental Expenditures (a)	Ratio Debt Service to General Governmental Expenditures
	Principal	Interest	Total Debt Service		
1995	\$ 54,431	\$ 87,114	\$ 141,545	\$ 969,353	14.6 %
1996	64,765	89,464	154,229	981,685	15.7
1997	72,782	92,385	165,167	914,991	18.1
1998	88,928	91,931	180,859	996,482	18.1
1999	66,342	82,567	148,909	947,053	15.7
2000	67,491	75,367	142,858	869,681	16.4
2001	68,715	77,382	146,097	913,555	16.0
2002	26,151	80,766	106,917	983,865	10.9
2003	72,219	82,795	155,014	964,920	16.1
2004	256,883 (b)	80,488	337,371	1,135,058	29.7

(a) See Table 1, Total Expenditures.

(b) The Tax Exempt Commercial Paper (TECP) dated 10/1/03 refunded in advance of maturity the 1993 Series "B" in the amount of \$8,403,845. The 10/8/03 TECP refunded in advance of maturity the 1997 Series "B" and the 1997 Series "C" in the amounts of \$249 and \$2,475,656 respectively. The 5/24/04 TECP refunded in advance of maturity the 6/1/92 Series One in the amount of \$663,614.

TABLE 12

CITY AND COUNTY OF HONOLULU
**SCHEDULE OF REVENUE BOND COVERAGE -
 BOARD OF WATER SUPPLY**
 LAST TEN FISCAL YEARS
 (Amounts in thousands)
 (Unaudited)

Fiscal Year	Gross		Net Revenues	Debt Service		Total	Coverage (b)
	Revenues (a)	Expenses (a)		Principal	Interest		
1995	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
1996	110,465	52,426	58,039	--	326	326	178.03
1997	107,201	53,755	53,446	380	979	1,359	39.33
1998	113,230	57,179	56,051	390	964	1,354	41.40
1999	113,256	55,993	57,263	410	948	1,358	42.17
2000	114,313	63,670	50,643	425	930	1,355	37.37
2001	114,164	66,469	47,695	445	911	1,356	35.17
2002	122,728	75,556	47,172	--	4,608	4,608	10.24
2003	112,184	79,007	33,177	780	5,367	6,147	5.40
2004	106,000	78,108	27,892	2,691	5,723	8,414	3.31

Note: The Board of Water Supply issued \$100,000,000 Water System Revenue Bonds on January 28, 2004.

**SCHEDULE OF REVENUE BOND COVERAGE -
 DEPARTMENT OF ENVIRONMENTAL SERVICES**
 LAST TEN FISCAL YEARS
 (Amounts in thousands)
 (Unaudited)

Fiscal Year	Gross		Net Revenues	Debt Service		Total	Coverage (b)
	Revenues (a)	Expenses (a)		Principal	Interest		
1995	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
1996	--	--	--	--	--	--	--
1997	--	--	--	--	--	--	--
1998	--	--	--	--	--	--	--
1999	114,430 (c)	59,869	54,561	--	8,187	8,187	6.66
2000	130,453 (c)	56,834	73,619	--	15,204	15,204	4.84
2001	118,967 (c)	66,973	51,994	--	14,034	14,034	3.70
2002	116,982 (c)	62,566	54,416	1,172	17,439	18,611	2.92
2003	113,994 (c)	59,697	54,297	1,050	21,409	22,459	2.42
2004	113,495 (c)	63,336	50,159	1,095	23,603	24,698	2.03

(a) As defined in applicable bond indenture. Expenses are exclusive of depreciation and amortization of property values or losses.

(b) Net revenues divided by total debt service.

(c) Revised for wastewater facility system charges (excluded) and interest on investment (included).

TABLE 13

CITY AND COUNTY OF HONOLULU
 DEMOGRAPHIC STATISTICS
 FISCAL YEARS 1994 THROUGH 2003
 (Unaudited)

Year	Resident Population as of July 1 (a)	Per Capita Income (b)	School Enrollment (c)	Unemployment Rate (d)
1994	878,591	26,430	154,557	4.6
1995	881,399	26,736	126,686	4.6
1996	883,443	26,766	128,209	5.3
1997	886,711	27,476	127,943	5.3
1998	886,909	27,929	126,745	5.4
1999	878,906	28,789	125,579	4.9
2000	875,654	30,383	123,658	3.7 (f)
2001	882,550	30,497	123,658	4.0 (f)
2002	892,562	31,707	123,387	3.9
2003	902,704	(e)	(e)	3.9

- (a) See Table 1.06, Resident Population, By Counties as of July 1, for fiscal years 1990-2003 in the updated State of Hawaii Data Book 2003.
- (b) Figures for 1994-2003 appear in the State of Hawaii Data Book 2003, Table 13.09, Personal Income, Total and Per Capita, and Population by County: 1996-2002--Con.
- (c) Enrollment figures for 1994-2003 obtained from the State of Hawaii, Department of Business, Economic Development and Tourism (DBEDT), State of Hawaii Data Book, various years. Enrollment include grades kindergarten -12, special education schools, nurseries and upgraded students in special schools. Effective 1994, data excludes UH Laboratory School. Effective 1995, excludes private schools.
- (d) Hawaii State Department of Labor and Industrial Relations, Labor Force Data Book (annual), and Internet site <http://www.hawaii.gov/dlir/rs/loihi/LFR/LAUS.HTM> accessed August 7, 2004. Data for 2000, 2001 and 2002 have been benchmarked but are currently considered preliminary until further review.
- (e) Not available.
- (f) Revised.

TABLE 14

CITY AND COUNTY OF HONOLULU
PROPERTY VALUE, AND CONSTRUCTION
FISCAL YEARS 1995-2004
(Unaudited)

Fiscal Year	Non-Residential Construction Value (a) (thous. \$)	Residential Construction (a)			Property Value (b)		
		Single Family Units	Multi Family Units	Value (thous. \$)	Commercial (thous. \$)	Residential (thous. \$)	Nontaxable (thous. \$)
1995	\$ 636,388	2,815	3,170	\$ 803,265	\$ 43,422,172	\$ 42,986,068	\$ 35,579,323
1996	691,087	1,938	1,518	535,843	42,080,028	43,220,635	35,092,835
1997	507,933	1,111	1,756	503,047	40,947,883	43,718,139	33,889,613
1998	412,179	1,359	453	338,130	39,676,502	41,578,950	33,331,715
1999	505,275	1,395	457	335,116	37,082,579	39,058,831	31,766,907
2000	495,780	1,540	589	397,474	34,130,519	37,208,479	30,632,220
2001	518,183	1,719	402	429,860	32,221,134	35,945,804	30,141,991
2002	524,384	1,431	558	467,973	32,176,820	37,069,456	30,161,241
2003	745,842	2,391	707	663,083	32,857,217	40,296,640	33,537,885
2004	498,328	2,177	1,640	855,879	34,524,175	44,214,897	33,641,905

Data Sources

- (a) City and County of Honolulu, Department of Planning and Permitting 's Summary of Building Permits. The residential construction value include permits issued for new, addition or renovation to residential property. The non-residential construction value include permits issued for all other construction, new, addition or renovation other than residential.
- (b) Department of Budget and Fiscal Services, Real Property Assessment Division. Commercial values include both land and building for properties zoned for commercial, hotel-apartments, industrial, and agricultural uses.

TABLE 15

CITY AND COUNTY OF HONOLULU
 PRINCIPAL TAXPAYERS
 JUNE 30, 2004
 (Unaudited)

<u>Taxpayer (a)</u>	<u>Type of Business</u>	<u>Gross Assessed Valuation (b)</u> (thous. \$)	<u>Percentage of Total Assessed Valuation</u>
Kyo-Ya Co., Ltd.	Restaurant & bar; retail; hotels	\$ 990,423	1.04 %
Bishop Estate	Educational trust estate	768,916	0.81
GGP Ala Moana LLC	Real estate investment	753,669	0.79
Hilton Haw'n Village Jt. Venture	Hotel operations	667,028	0.70
Outrigger Hotels Hawaii	Hotel operations	451,394	0.47
Dole Food Co.	Agriculture; manufacturing; merchandising	359,082	0.38
Bancorp Hawaii, Inc.	Banking services	305,399	0.32
Victoria Ward, Ltd.	Rental management of real estate	220,077	0.23
C. K. Corporation	Own and hold real estate	199,745	0.21
WBM Resort, L P	Real estate holdings	198,423	0.21

(a) Taxpayer's name as recorded in real property records.

(b) Assessed valuations were certified as of January 30, 2003 at 100% of market value.

TABLE 16

CITY AND COUNTY OF HONOLULU
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30, 2004
 (Unaudited)

(Page 1 of 2)

1. Date of Incorporation - April 30, 1907
2. Date First Charter Adopted - July, 1, 1959
3. Form of Government - Executive Branch (Mayor) and Legislative Branch (City Council)
4. Area (sq. mi.) - 604
5. Miles of Roads:
 - Paved - 1,389
 - Unpaved - 7
 - Alleys - less than 5
 - Sidewalks - 755
6. Miles of Sewers:
 - Storm - 699
 - Sanitary (mains) - 1,420
 - Sanitary (laterals) - 785
7. Building Permits:

Year Issued	No. of Permits Issued	Value of Permits
1994	16,927	\$ 1,424,891,175
1995	18,258	1,228,982,564
1996	16,093	1,063,827,218
1997	14,227	934,183,266
1998	13,886	798,720,326
1999	14,107	928,834,249
2000	13,151	891,567,126
2001	13,146	951,944,325
2002	13,647	1,178,166,969
2003	15,763	1,324,572,841

8. Fire Protection:
 - Number of Stations - 44 (a)
 - Number of Employees - 1,145
9. Police Protection:
 - Number of Stations - 11
 - Number of Employees - 2,468
 - Number of Reported Part I Offenses (2003) - 51,893
 - Number of Reported Part II Offenses (2003) - 66,477
10. Recreation:
 - Number of Parks and Recreational Areas - 285
 - Number of Beach Access/Rights-of-Ways - 87
 - Number of Traffic Related Landscaped Areas - 86
 - Number of Botanical Gardens - 5
 - Number of Municipal Golf Courses - 6
 - Number of Zoological Parks - 1
 - Number of Recreation Buildings - 93
 - Number of Gymnasiums - 26
 - Number of Swimming Pools - 20

TABLE 16

CITY AND COUNTY OF HONOLULU
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30, 2004
 (Unaudited)

(Page 2 of 2)

10. Recreation: (continued)		
Number of Baseball Fields	-	34
Number of Softball Fields	-	160
Number of Basketball Courts	-	220
Number of Tennis Courts	-	179
Number of Volleyball Courts	-	169
Number of Soccer Fields	-	80
11. Board of Water Supply:		
Number of Active Services	-	164,310
Annual Water Consumption	-	52,244,827,000 Gallons
Pumping Capacity - Million Gallons Per Day	-	80.0 (Metropolitan System only)
Miles of Water Mains	-	2,000.0
12. Number of Street Lights	-	45,922
13. Employees: (b)		
Civil Service, Permanent and Temporary	-	8,236 (c)
Exempt	-	343
14. Elections (2002): (d)		
Number of Registered Voters	-	470,327
Number of Votes Cast in Last General Election	-	270,071
Percentage of Registered Voters Voting in Last General Election	-	57.4%
15. Population:		
Resident Population (Census): (d)		
1960	-	500,409
1970	-	630,528
1980	-	762,565
1990	-	836,231
2000	-	876,156
16. Retail Sales (In Millions):		
1994		13,016.7 (e)
1995		13,445.2 (e)
1996		14,358.9 (e)
1997		14,999.0 (e)
1998		14,315.9 (f)
1999		13,397.0 (f)
2000		14,580.0 (f)
2001		14,862.7 (f)
2002		14,976.9 (f)
2003		15,649.2 (f)

(a) Includes one fireboat and one aircraft station.

(b) Excludes personal service contracts.

(c) Includes all full time and part time employees.

(d) State of Hawaii, Department of Business, Economic Development and Tourism (DBEDT)
State of Hawaii Data Book 2002, Table 1.01, Population of Counties: 1831 to 2000.

(e) Bank of Hawaii, Annual Economic Report, Vol. 48.

(f) State of Hawaii, Department of Taxation, General Excise and Use Tax Base for the Calendar Year.

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