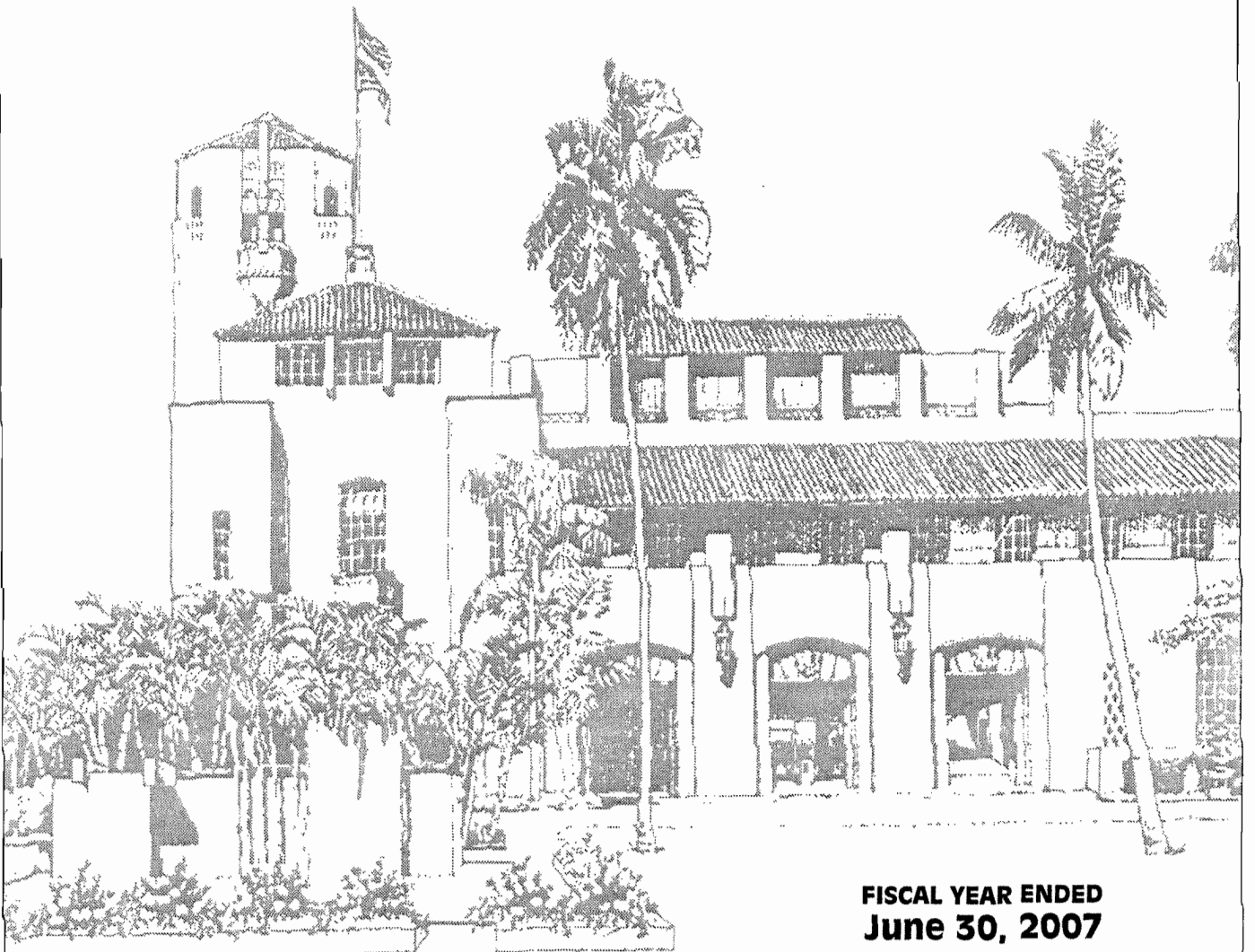
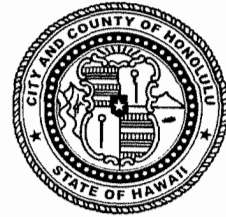


**CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII**

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# **Comprehensive Annual Financial Report**



**FISCAL YEAR ENDED  
June 30, 2007**

# EXECUTIVE BRANCH

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**Mufi Hannemann**  
Mayor

**CITY AND COUNTY OF HONOLULU**  
Honolulu, Hawaii  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2007**

**Prepared by:**  
**DEPARTMENT OF BUDGET AND FISCAL SERVICES**  
**MARY PATRICIA WATERHOUSE**  
**DIRECTOR**

**CITY AND COUNTY OF HONOLULU  
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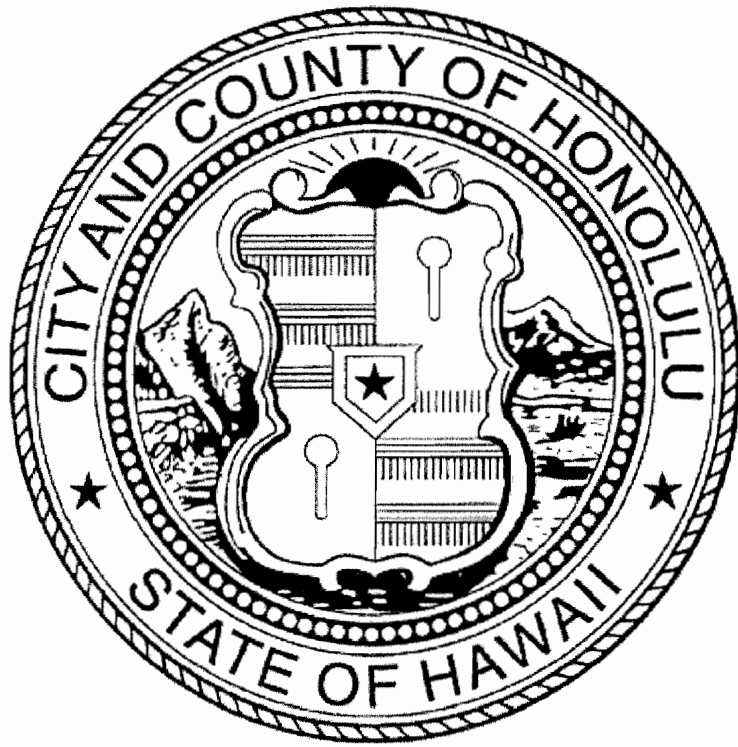
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## **INTRODUCTORY SECTION**

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
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PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

MUFI HANNEMANN  
MAYOR



MARY PATRICIA WATERHOUSE  
DIRECTOR

December 31, 2007

The Honorable Mufi Hannemann, Mayor  
The Honorable Barbara Marshall, Chair  
and Members of the City Council  
City and County of Honolulu  
530 South King Street  
Honolulu, Hawaii 96813

Dear Mayor Hannemann, Chair Marshall, and Councilmembers:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City and County of Honolulu (City) for the fiscal year ended June 30, 2007. The CAFR was prepared by the Department of Budget and Fiscal Services, which is responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data presented in the CAFR 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 City management during the year, covering all funds of the City, its component unit, and its financial statements.

## **REPORTING ENTITY**

The CAFR presents the financial status of the City (the primary government) and its discretely presented component unit, the Board of Water Supply (BWS). The financial information for the BWS is reported in a separate column in the government-wide financial statements to emphasize its 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 transportation; human services; traffic safety and control; and construction and maintenance of public streets, bridges, walkways, and drainage and flood control systems for Oahu.

## **ECONOMIC CONDITION AND OUTLOOK**

The local economy experienced moderate growth in the past year, and is expected to sustain slow to moderate growth into 2008.

- Tourism, Oahu's main industry, has cooled slightly but continues to be sound. The following are comparisons of October 2007 statistics with the same month in the prior year: October visitor expenditures increased 2.9% to \$457.8 million; the average daily room rate increased 8.9% to \$163.69 although hotel occupancy decreased 2.2% to 74.6%; domestic arrivals increased 1.9% while international arrivals decreased 6.7%; and domestic length of stay increased 2.6% while international length of stay decreased 0.8%.
- The construction industry has been a strong sector of the local economy, but signs indicate a future leveling off. Contracting receipts grew 20.3% to \$5.7 billion for fiscal year 2007. In addition, construction commitments and authorizations increased for the fiscal year ended June 30, 2007, i.e., 23,947 permits with an estimated value of \$3.0 billion were issued for the 2007 fiscal year, representing a 0.7% increase in number and a 29.7% increase in value compared to the prior fiscal year. However, 13,468 building permits were issued for \$1.9 billion for the 11 months ended November 30, 2007, representing a decrease of 10.7% in number and an increase of 12.7% in value, compared to the same period last year.
- Although the resale housing market on Oahu has softened, the median resale prices for single family homes and condominiums on a year-to-date basis through November 2007 rose 2.4% to \$645,000 and 4.8% to \$325,000, respectively, compared to the same period in the prior year. The total dollar sales volume amounted to \$4.65 billion for the first 11 months of 2007, representing a decrease of 7.5% compared to the same period last year. Home mortgage financing continues to improve with interest rates down to about 5.5% in November.
- Retailing receipts on Oahu rose 5.4% to \$20.3 billion for fiscal year 2007 compared to the last fiscal year.

- The military continues to be recognized as a major segment of the island's economy with expenditures in Hawaii exceeding \$5.0 billion annually.
- Civilian jobs totaled 447,400 in October 2007, a decrease of less than 1.0% compared to October 2006.
- For October 2007, Oahu's unemployment rate of 2.4% continues to be lower than the state jobless rate of 2.7% and the national seasonally adjusted rate of 4.7%.
- Personal income growth continued to be solid, increasing 6.7% for the first six months of 2007 compared to the same period last year, with annual increases of 6.8% and 7.9% for 2006 and 2005, respectively.
- The consumer price index for Honolulu increased 5.0%, double the U.S. average of 2.5%, for the first half of 2007 compared to the same period in the prior year. The higher prices in Honolulu are due primarily to rising costs for housing, food and beverages.

**Sources:**

City and County of Honolulu, Department of Planning and Permitting, <http://www.honoluluodpp.org/calendar>.

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

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

State of Hawaii, Department of Labor and Industrial Relations, <http://www.hawaii.gov/labor>.

State of Hawaii, Department of Taxation, [http://www.hawaii.gov/tax/a5\\_3txcolrptarchive.htm](http://www.hawaii.gov/tax/a5_3txcolrptarchive.htm).

The Honolulu Advertiser, <http://www.honoluluadvertiser.com>.

**MAJOR INITIATIVES**

Beginning January 1, 2007, and expiring December 31, 2022, the City has been receiving a half-percent excise tax surcharge to fund the operating and capital costs of a new public transportation system.

The executive operating budget for fiscal year 2007 amounted to \$1.49 billion net of interfund transfers, representing an increase of 8.8% compared to the prior year. The increase was primarily due to higher anticipated costs such as for salaries and wages (\$29.9 million for higher payroll costs and pay raises awarded through collective bargaining), debt service (\$22.7 million), bus operations (\$16.1 million largely for higher fuel and wage costs), and employee retirement system contributions (\$3.2 million).

The City's capital improvement budget of \$680.7 million for fiscal year 2007 represented an increase of 42.5% compared to the previous year. More than half of that total was dedicated to sewer system improvements.

## **General Government**

The general government function of the capital improvement budget increased slightly to \$48.4 million for fiscal year 2007 compared to last fiscal year. The following were the major general government projects: Procurement of Major Equipment (\$17.8 million), Integrated Financial and Human Resource System – Financial Accounting System (\$7.2 million), National Pollutant Discharge Elimination System Modification for Corporation Yards (\$5.3 million), Fire Sprinkler System Installation at the Frank F. Fasi Municipal Building (\$5.1 million), and Kapolei Consolidated Corporation Yard (\$4.6 million).

## **Public Safety**

Public safety appropriations in the capital improvement budget increased 70.9% to \$43.4 million for fiscal year 2007. The major public safety projects included the following: Police Headquarters – Crime Lab Expansion (\$10.0 million), Kuahea Street Area Movement, Palolo Valley (\$5.0 million), Waimalu Stream Dredging (\$3.0 million), Honolulu Police Department Equipment Acquisition (\$2.9 million), Computerized Traffic Control System (\$2.3 million), Traffic Signals at Various Locations (\$2.3 million), and Fire Station Building Improvements (\$2.0 million).

## **Highways and Streets**

A sum of \$97.8 million was designated in the capital improvement budget for highways and streets in fiscal year 2007, up 94.0% compared to last fiscal year. Major highways and streets projects included Rehabilitation of Streets (\$44.0 million), North-South Road (Kapolei Parkway)/Park Row Roadway (\$33.1 million), Manana Infrastructure Improvements, Pearl City (\$4.4 million), Drainage Improvements at Various Locations (\$1.6 million), and Curb Ramps at Various Locations (\$1.5 million).

## **Sanitation**

In the capital improvement budget for fiscal year 2007, \$356.6 million had been provided for solid waste and sewage collection and disposal projects, representing an increase of 27.4% over the prior year. The following were the major sanitation projects for fiscal year 2007: Sand Island Wastewater Treatment Plant Expansion, Primary Treatment (\$64.0 million), Kalihi Valley Reconstructed Sewer (\$23.0 million), Honouliuli Wastewater Treatment Plant Solids Handling System (\$22.0 million), Kalihi/Nuuuanu Area Sewer Rehabilitation (\$21.2 million), Wilhelmina Rise Sewer Rehabilitation (\$20.0 million), Beachwalk Wastewater Pump Station Force Main (\$19.0 million), Sand Island Wastewater Treatment Plant Disinfection Facility and Effluent Pump Station (\$15.2 million), Wanaao Road/Keolu Drive Reconstructed Sewer (\$15.2 million), Wastewater Treatment Plant, Pump Station and Force Main Projects (\$13.0 million), Kalaheo Avenue/Mokapu Road/Aikahi Loop Sewer Rehabilitation (\$10.8 million), Renton Road Sewer and Manhole Rehabilitation (\$10.2 million), Honouliuli Wastewater Treatment Plant Upgrade (\$10.1 million), Waimalu Sewer Rehabilitation/Reconstruction (\$9.5 million), Kailua/Kaneohe Sewer Rehabilitation (\$7.7 million), Houghtailing Street Area Sewer Rehabilitation (\$7.6 million), Sewer Manhole and Pipe Rehabilitation at Various Locations (\$7.5 million), Project Management for Wastewater Projects (\$6.2 million), and Kapiolani Area Revised Sewer System (\$6.0 million).



### **Human Services**

The human services function of the capital improvement budget for fiscal year 2007 increased minimally compared to the prior fiscal year to \$15.8 million, and included the Community Development Block Grant Program (\$9.1 million) and HOME program (\$5.3 million).

### **Culture-Recreation**

For participant, spectator, and other recreation projects, \$42.0 million was appropriated in the capital improvement budget, 39.5% more than the year earlier. Major projects included the Sunset Beach Recreation Center (\$3.1 million), Reconstruction of Wastewater Systems for Parks (\$2.9 million), Blaisdell Center – Arena Risers (\$2.3 million), Ala Moana Regional Park (\$1.8 million), McCully District Park (\$1.8 million), and Honolulu Zoo Improvements (\$1.5 million).

### **Transportation**

The capital improvement budget appropriations of \$76.8 million for mass transit represented a 176.5% increase compared to the previous year. Major public transit projects included the Honolulu High Capacity Transit Project (\$50.2 million), Bus and Handi-Van Acquisition Program (\$13.5 million), Middle Street Intermodal Center (\$5.2 million), Wahiawa Transit Center (\$2.5 million), and Alapai Transportation Management Center (\$2.2 million).

## **FOR THE FUTURE**

The executive operating budget for fiscal year 2008 amounts to \$1.6 billion net of interfund transfers, representing an increase of 9.9% compared to the prior year. The budget increases are attributed to such factors as settled union contracts for City employees (\$50.4 million), transfers to the other post employment benefits fund (\$40.0 million), and debt service costs (\$36.4 million).

The City's capital improvement budget of \$789.5 million for fiscal year 2008 represents an increase of 16.0% compared to the previous year. A significant portion (44.4%) of that total is dedicated to sewer system improvements.

### **General Government**

Compared to the prior fiscal year, the capital improvement budget of \$57.9 million for the general government function increased 19.6% for fiscal year 2008. The following are the major general government projects: Procurement of Major Equipment (\$19.8 million), Telecommunications Facilities Upgrade (\$5.5 million), National Pollutant Discharge Elimination System Modification for Corporation Yards (\$5.4 million), City Hall – Legislative Branch Improvements (\$5.1 million), and Walter Murray Gibson Building Renovation (\$5.1 million).

## **Public Safety**

Public safety appropriations in the capital improvement budget increased 30.9% to \$56.8 million for fiscal year 2008. The major public safety projects include Honolulu Police Department Equipment Acquisition (\$5.7 million), Waipo Point Access Road Improvements (\$5.1 million), Traffic Signal Maintenance Facility (\$3.9 million), Kaneohe Stream Bank Restoration near Keole Place (\$3.9 million), Computerized Traffic Control System (\$3.5 million), Honolulu Fire Department Equipment Acquisition (\$3.4 million), Flood Control Improvements at Various Locations (\$3.3 million), and Emergency Medical Services - Young Street Facility (\$3.3 million).

## **Highways and Streets**

A sum of \$70.0 million was designated in the capital improvement budget for highways and streets in fiscal year 2008. Major highways and streets projects include Rehabilitation of Streets (\$49.8 million), North-South Road (Kapolei Parkway/Park Row Roadway) (\$2.3 million), Kamokila Boulevard Extension (\$1.9 million), Curb Ramps at Various Locations (\$1.6 million), Pearl City Area (Momilani) Street Lighting Improvements (\$1.6 million), Bridge Rehabilitation at Various Locations (\$1.4 million), and Drainage Improvements at Various Locations (\$1.3 million).

## **Sanitation**

The capital improvement budget for solid waste and sewage collection and disposal projects increased 12.8% over the prior year to \$402.3 million for fiscal year 2008. The following are the major sanitation projects: Sand Island Wastewater Treatment Plant Expansion, Primary Treatment (\$66.0 million), Solid Waste To Energy Facility – Pollution Control Improvements (\$40.0 million), Kalihi/Nuuanu Area Sewer Rehabilitation (\$31.0 million), Kailua Wastewater Treatment Plant Improvements (\$25.0 million), Beachwalk Wastewater Pump Station Force Main (\$22.5 million), Waimalu Sewer Rehabilitation/Reconstruction (\$21.1 million), Kalaniana'ole Highway Sewer System Improvements (\$18.6 million), Kahanu Street, School Street, and Umi Street Relief Sewers (\$16.4 million), Wastewater Treatment Plant, Pump Station, and Force Main Projects (\$16.4 million), Central Oahu Wastewater Facilities and Effluent Reuse (\$16.4 million), Honouliuli Wastewater Treatment Plant Solids Handling System and Improvements (\$15.0 million), Waipahu Ash Landfill Closure (\$10.5 million), Kailua/Kaneohe Sewer Rehabilitation (\$8.3 million), Laie Sewers (\$7.2 million), and Project Management For Wastewater Projects (\$6.7 million).

## **Human Services**

The capital improvement budget of \$14.6 million for fiscal year 2008 for the human services function decreased a slight \$1.2 million compared to the last fiscal year, and includes appropriations for the Community Development Block Grant Program (\$8.7 million) and Home Investment Partnership Program (\$4.6 million).

### **Culture-Recreation**

For fiscal year 2008, \$29.4 million was appropriated in the capital improvement budget for participant, spectator, and other recreation projects. The major culture-recreation projects include the Ewa Mahiko District Park (\$3.0 million), McCully District Park (\$2.4 million), Renovate Recreational Facilities (\$2.2 million), Mitigative Improvements at Parks (\$2.0 million), Enterprise Facilities Improvements (\$1.9 million), Waipio Peninsula Recreation Complex, (\$1.8 million), and Lanakila District Park (\$1.2 million).

### **Transportation**

The capital improvement budget appropriations for mass transit increased 106.3% to \$158.4 million for fiscal year 2008, primarily for the Honolulu High Capacity Transit Project (\$85.0 million). Other noteworthy public transit projects include the Bus and Handi-Van Acquisition Program (\$25.3 million), Halawa Bus Maintenance Facility Land Acquisition (\$20.0 million), Middle Street Intermodal Center (\$17.5 million), Alapai Transportation Management Center (\$4.0 million), and Wahiawa Transit Center (\$2.6 million).

## **FINANCIAL INFORMATION**

The basic financial statements include two government-wide financial statements, the Statement of Net Assets and the Statement of Activities. These government-wide financial statements are corporate in style, and present a big-picture view of the City's financial condition and position with the reporting of depreciation and long-term debt.

The financial information of the City (known as the primary government) are summarized and reported by governmental activities and business-type activities. The business-type activities are consolidated into a single column of the government-wide financial statements and include the proprietary funds, specifically, housing, sewer, solid waste, and the public transportation system. The financial analysis of the primary government is provided in the MD&A section of this report.

The City's component unit, the Board of Water Supply (BWS), is reported separately from the primary government on the City's 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).

### **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 both internal and external auditors. 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 in compliance and 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, and repurchase agreements fully collateralized by obligations of the U.S. government or its agencies.

The average ratio of invested funds to available cash during the year was 93.4%. The City earned interest income during the year at an average rate of return of 5.07%.

### **Risk Management**

Risk management activities focus on risk financing programs, claims management, loss prevention, and other areas to minimize the adverse financial impact of losses.

The City relies on a combination of commercial insurance and self-insurance to finance risk. Primary commercial insurance is purchased to cover aircraft and professional liabilities, and loss or damage to real and personal property the City owns or controls.

Also, automobile liability insurance is purchased to cover privately owned police vehicles in compliance with a labor contract. The City qualifies as a self-insurer with respect to its automobile and workers' compensation liabilities in accordance with applicable State statutes. With all other risks, the City has elected to self-insure a significant portion of each and every loss. For catastrophic losses, commercial excess liability insurance is in place.

## **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 Nishihama & Kishida, CPAs, Inc. was selected by the Office of the City Auditor to perform the audit. The auditor's report is included in the financial section of this report. In addition, Nishihama & Kishida, CPAs, Inc. 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 for its CAFR for the fiscal year ended June 30, 2006. The City has received the award in 20 of the last 21 years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past eight years.

### **Acknowledgments**

I am deeply grateful for the efforts of the Accounting and Fiscal Services Division personnel who contributed to the preparation of the CAFR. 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,



Mary Patricia Waterhouse  
Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City and County  
of Honolulu, Hawaii

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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.

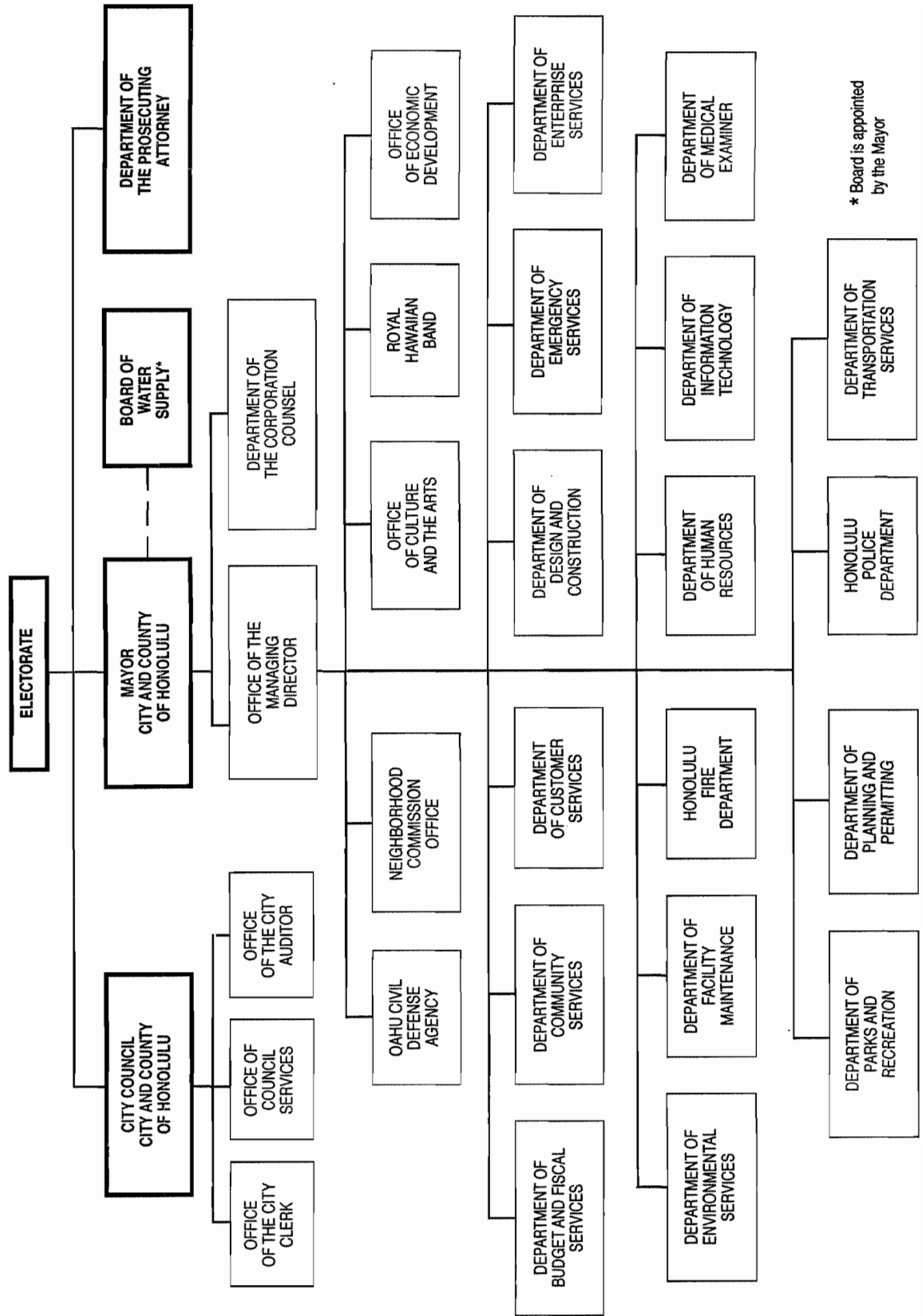


President

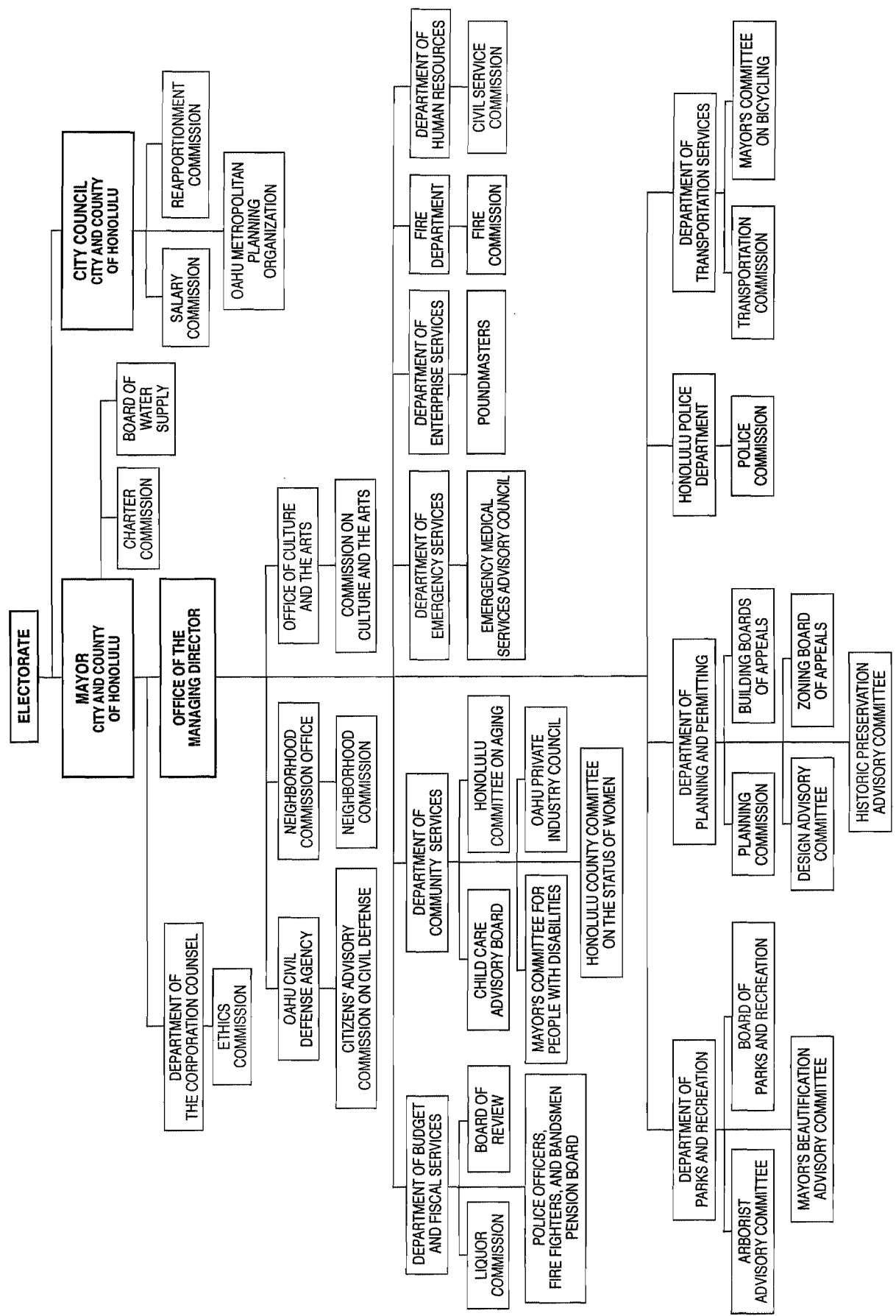
Executive Director

# CITY AND COUNTY OF HONOLULU ORGANIZATION CHART

FISCAL YEAR 2006 - 07



# CITY AND COUNTY OF HONOLULU CHART OF BOARDS, COMMISSIONS AND ADVISORY BODIES FISCAL YEAR 2006 - 07





# CITY AND COUNTY OF HONOLULU

## ELECTED OFFICIALS

### EXECUTIVE BRANCH

(2005 - 2008)

Mayor.....Mufi Hannemann

Prosecuting Attorney.....Peter Carlisle

### LEGISLATIVE BRANCH

<u>Council District</u>	<u>Councilmember</u>
First	Todd K. Apo
Second	Donovan M. Dela Cruz
Third	Barbara Marshall
Fourth	Charles K. Djou
Fifth	Ann H. Kobayashi
Sixth	Rodney Tam
Seventh	Romy M. Cachola
Eighth	Gary H. Okino
Ninth	Nestor Garcia

As a result of primary elections in September 2004, Councilmembers of odd-numbered districts were elected to four-year terms commencing in January 2005. Similarly, primary elections in September 2006 resulted in Councilmembers of even-numbered districts being re-elected to four-year terms beginning in January 2007.

# LEGISLATIVE BRANCH

## CITY COUNCIL



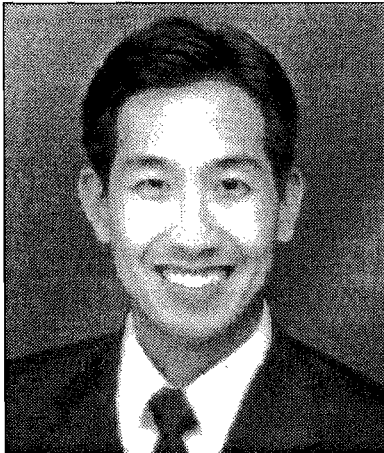
**Todd K. Apo**  
Councilmember, District I



**Donovan M. Dela Cruz**  
Chair, District II



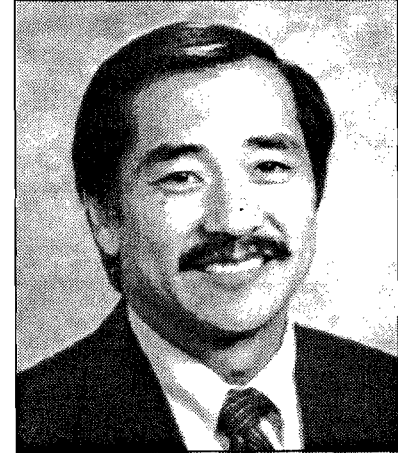
**Barbara Marshall**  
Councilmember, District III



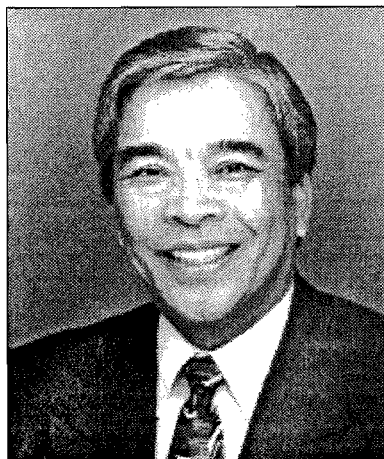
**Charles K. Djou**  
Councilmember, District IV



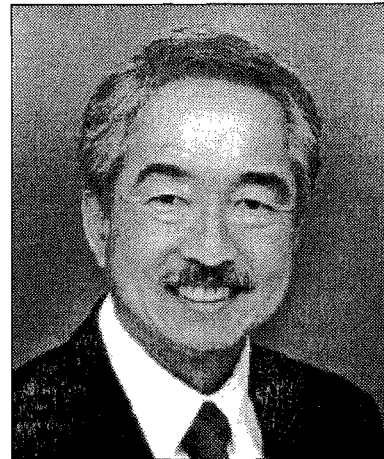
**Ann H. Kobayashi**  
Councilmember, District V



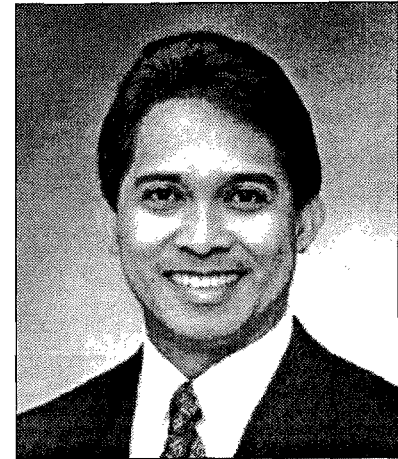
**Rodney Tam**  
Councilmember, District VI



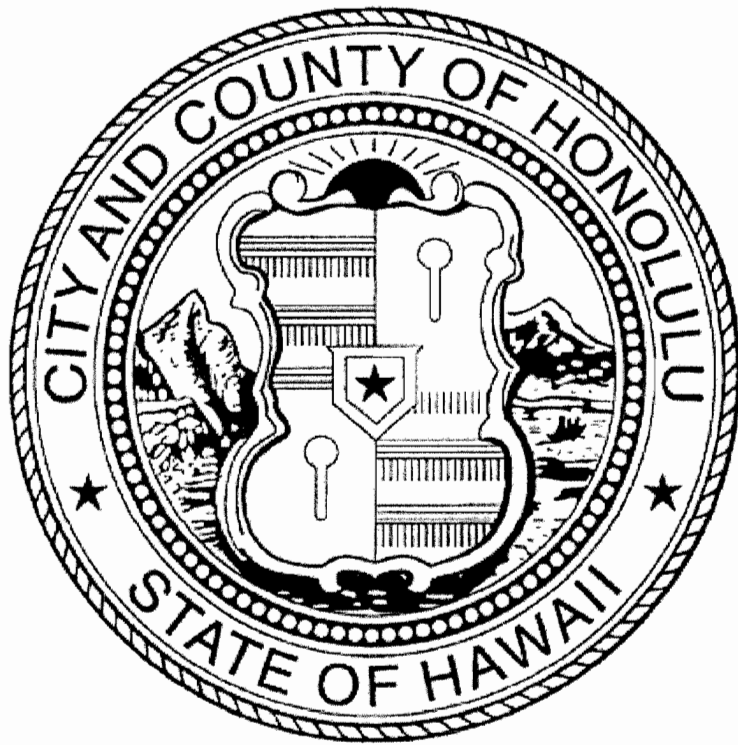
**Romy M. Cachola**  
Councilmember, District VII



**Gary H. Okino**  
Councilmember, District VIII



**Nestor Garcia**  
Councilmember, District IX



## **FINANCIAL SECTION**



NISHIHAMA & KISHIDA, CPAs, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN SAVINGS BANK TOWER  
1001 BISHOP STREET, SUITE 1700  
HONOLULU, HAWAII 96813-3696  
TELEPHONE (808) 524-2255  
FAX (808) 523-2090

## INDEPENDENT AUDITORS' REPORT

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, the discretely presented component unit, 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 fiscal year ended June 30, 2007, 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's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, 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 for the City, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal 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 31, 2007, on our consideration of the City's internal control over financial reporting and 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 33 and 95 through 98 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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's basic financial statements. The introductory section, combining and individual fund financial statements, and schedules listed in the table of contents under other supplementary information and statistical section 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.

*Nishihama & Kishida, CPAs, Inc.*

Honolulu, Hawaii  
December 31, 2007

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

The following Management's Discussion and Analysis (MD&A) is designed to provide an overview of the financial performance for the fiscal year ended June 30, 2007 for the City and County of Honolulu (City). The information presented in this MD&A should be considered in conjunction with the letter of transmittal in the Introductory Section of the Comprehensive Annual Financial Report (CAFR) and the financial statements that follow this subsection.

**FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2007**

- Taxes and other revenues for governmental activities totaled \$1.28 billion while expenses before transfers amounted to \$1.01 billion, resulting in excess revenues of \$265.1 million for the fiscal year ended June 30, 2007. In comparison, revenues exceeded expenses by \$134.0 million for fiscal year 2006. The excess revenues for both fiscal years can be attributed primarily to increased real property tax collections. The governmental activities are summarized on page 22, discussed on pages 23 to 25, and reported on pages 36 and 37.
- Revenues for the City's business-type activities increased to \$397.8 million for fiscal year 2007 from \$344.8 million for fiscal year 2006 while expenses before transfers increased to \$508.6 million for the current fiscal year compared to \$473.1 million for fiscal year 2006. The business-type activities are summarized on page 22, discussed on pages 26 to 27, and reported on pages 36 and 37.
- The combined ending governmental fund balances as of June 30, 2007 increased by \$84.8 million (as summarized on page 28) to \$345.3 million (as reported on page 39).
- Total fund balance in the General Fund as of June 30, 2007 increased by \$57.2 million (as summarized on page 28) to \$155.8 million (as reported on pages 39 and 119). Likewise, unreserved fund balance in the General Fund improved by \$51.4 million for fiscal year 2007 to \$128.0 million as reported on page 39.
- Net capital assets for the governmental activities remained at \$1.9 billion at the close of fiscal years 2007 and 2006. For the business-type activities, net capital assets amounted to \$2.0 billion at the close of the current fiscal year and \$1.9 billion at the end of the prior fiscal year. Capital assets are discussed on pages 30 and 31, and reported on pages 69 to 71 in the Notes to Financial Statements.
- The City's debt applicable to the legal debt margin of \$21.9 billion was \$1.7 billion for the fiscal year ended June 30, 2007. Further Information on the City's long-term debt may be found on pages 31 and 32, on pages 73 to 77 in the Notes to Financial Statements, and on pages 223 to 226 in the Statistical Section.

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**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. In addition to the basic financial statements, the CAFR also contains other supplementary information.

**Government-Wide Financial Statements**

The government-wide financial statements include the Statement of Net Assets and Statement of Activities and are intended to provide a broad overview of the City's finances, in a manner similar to the private sector. Accordingly, it provides both long-term (noncurrent) and short-term (current) 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 (transportation). 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.

Separate reporting of the City's component unit, the semi-autonomous operations of the Board of Water Supply (BWS), is included in the government-wide financial statements. Although the focus of the government-wide statements is clearly on the primary government, the presentation informs the user of the relative relationship with the component unit. Complete financial statements of BWS, which include its MD&A, may be obtained from BWS at 630 South Beretania Street, Honolulu, Hawaii 96843.

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**Fund Financial Statements**

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**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 (current) 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 (current) 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 reported 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. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate the comparison between governmental funds and governmental activities.

The City maintains 32 governmental funds, each individually categorized as major or nonmajor. 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 2007, the City has historically chosen 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 28 funds are included in the nonmajor category and are combined into a single, aggregated presentation in the Balance Sheet and the 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 financial statements under Other Supplementary Information of this report.



**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**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 (noncurrent) and short-term (current) 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 excludes depreciation of capital assets. The City's proprietary funds, comprised of the Housing Development Special Fund, Sewer Fund, Solid Waste Special Fund, and the Public Transportation System, are reported on pages 43 to 46. In addition, the proprietary funds are classified as business-type activities in the government-wide financial statements on pages 35 to 37.

**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. The financial statements of the fiduciary funds are reported on pages 47 and 48 of this report while the agency funds are reported on pages 114 and 115.

**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.

**Other Information**

In addition to the basic financial statements and accompanying notes, the Financial Section of the CAFR presents certain required supplementary information. The combining financial 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 financial statements.

**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 \$1.14 billion in contrast to \$981.2 million at the end of last fiscal year.

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

The largest portion of the primary government's net assets (72.6% and 86.3% at the end of fiscal years 2007 and 2006, 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 \$250.1 million and \$98.4 million of the net assets for the primary government were unrestricted at June 30, 2007 and 2006, respectively. For the City's governmental activities, the unrestricted net assets of \$233.3 million at the end of fiscal year 2007 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 improved to \$16.8 million at June 30, 2007 primarily due to capital contributions from other City funds for public transportation and the 10% rate increase for sewer service charges. A small percentage (5.3%) of the City's net assets at June 30, 2007 represents resources that are subject to external restrictions on how they may be used.

The following is a summary of the Statement of Net Assets as of June 30, 2007 and 2006:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 482.1	\$ 394.8	\$ 455.7	\$ 259.0	\$ 937.8	\$ 653.8
Restricted assets	-	-	6.5	7.4	6.5	7.4
Capital assets, net of accumulated depreciation	1,878.1	1,857.6	1,974.7	1,874.9	3,852.8	3,732.5
Total assets	<u>2,360.2</u>	<u>2,252.4</u>	<u>2,436.9</u>	<u>2,141.3</u>	<u>4,797.1</u>	<u>4,393.7</u>
Noncurrent liabilities	1,938.3	1,931.7	1,544.8	1,315.0	3,483.1	3,246.7
Other liabilities	73.7	70.2	104.8	95.6	178.5	165.8
Total liabilities	<u>2,012.0</u>	<u>2,001.9</u>	<u>1,649.6</u>	<u>1,410.6</u>	<u>3,661.6</u>	<u>3,412.5</u>
Net assets:						
Invested in capital assets, net of debt	113.8	151.5	711.1	694.8	824.9	846.3
Restricted	1.1	1.1	59.4	35.4	60.5	36.5
Unrestricted	233.3	97.9	16.8	0.5	250.1	98.4
Total net assets	<u>\$ 348.2</u>	<u>\$ 250.5</u>	<u>\$ 787.3</u>	<u>\$ 730.7</u>	<u>\$ 1,135.5</u>	<u>\$ 981.2</u>

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

The following is a summary of the Statement of Activities for fiscal years 2007 and 2006:

**Summary Statement of Activities**

(Amounts in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 196.2	\$ 168.2	\$ 325.5	\$ 303.5	\$ 521.7	\$ 471.7
Operating grants and contributions	104.4	100.8	17.9	23.5	122.3	124.3
Capital grants and contributions	50.1	35.2	32.7	4.3	82.8	39.5
General revenues:						
Property taxes	685.9	595.0	-	-	685.9	595.0
Other taxes	128.2	115.7	-	-	128.2	115.7
Other	114.9	58.9	21.7	13.5	136.6	72.4
Total revenues	<u>1,279.7</u>	<u>1,073.8</u>	<u>397.8</u>	<u>344.8</u>	<u>1,677.5</u>	<u>1,418.6</u>
<b>Expenses</b>						
General government	172.7	145.2	-	-	172.7	145.2
Public safety	337.1	300.2	-	-	337.1	300.2
Highways and streets	39.1	35.8	-	-	39.1	35.8
Sanitation	6.7	3.1	-	-	6.7	3.1
Human services	73.7	79.9	-	-	73.7	79.9
Culture and recreation	95.7	86.2	-	-	95.7	86.2
Utilities	68.4	33.6	-	-	68.4	33.6
Retirement and health benefits	137.6	134.7	-	-	137.6	134.7
Miscellaneous	4.4	39.6	-	-	4.4	39.6
Interest	79.2	81.5	-	-	79.2	81.5
Housing	-	-	12.9	12.3	12.9	12.3
Sewer	-	-	157.7	140.3	157.7	140.3
Solid waste	-	-	153.7	145.2	153.7	145.2
Public transportation	-	-	184.3	175.3	184.3	175.3
Total expenses	<u>1,014.6</u>	<u>939.8</u>	<u>508.6</u>	<u>473.1</u>	<u>1,523.2</u>	<u>1,412.9</u>
Increase (decrease) before transfers	265.1	134.0	(110.8)	(128.3)	154.3	5.7
Transfers	<u>(167.4)</u>	<u>(135.5)</u>	<u>167.4</u>	<u>135.5</u>	<u>-</u>	<u>-</u>
Change in net assets	97.7	(1.5)	56.6	7.2	154.3	5.7
Net assets - beginning	250.5	252.0	730.7	723.5	981.2	975.5
Net assets - ending	<u>\$ 348.2</u>	<u>\$ 250.5</u>	<u>\$ 787.3</u>	<u>\$ 730.7</u>	<u>\$ 1,135.5</u>	<u>\$ 981.2</u>

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

Total revenues for the primary government rose to \$1.68 billion for the fiscal year 2007 from \$1.42 billion for fiscal year 2006. The revenue gains for fiscal year 2007 resulted principally from increased real property tax collections, higher sewer service charge rates, and additional capital grants and contributions.

Expenses for the primary government totaled \$1.52 billion for fiscal year 2007 of which \$1.01 billion applied to governmental activities and \$508.6 million related to business-type activities. For the prior fiscal year, expenses for the primary government totaled \$1.41 billion; \$939.8 million pertained to governmental activities and \$473.1 million to business-type activities. Depreciation, included as expenses in the above schedule, amounted to \$69.4 million for the governmental activities and \$74.6 million for business-type activities for fiscal year 2007.

General government expenses for fiscal year 2007 increased by \$27.5 million compared to fiscal year 2006, principally due to pay raises for City employees.

Likewise, public safety expenses for fiscal year 2007 increased by \$36.9 million, primarily due to collective bargaining costs for police officers and firefighters.

Utilities (transportation) expenses increased to \$68.4 million for fiscal year 2007 from \$33.6 million for fiscal year 2006, mainly as a result of capital contributions to the Public Transportation System for bus and handi-van acquisitions.

Miscellaneous expenses decreased by \$35.2 million from fiscal year 2006 to fiscal year 2007, largely due to a long-term liability adjustment for a workers' compensation actuarial report.

**Statement of Activities**

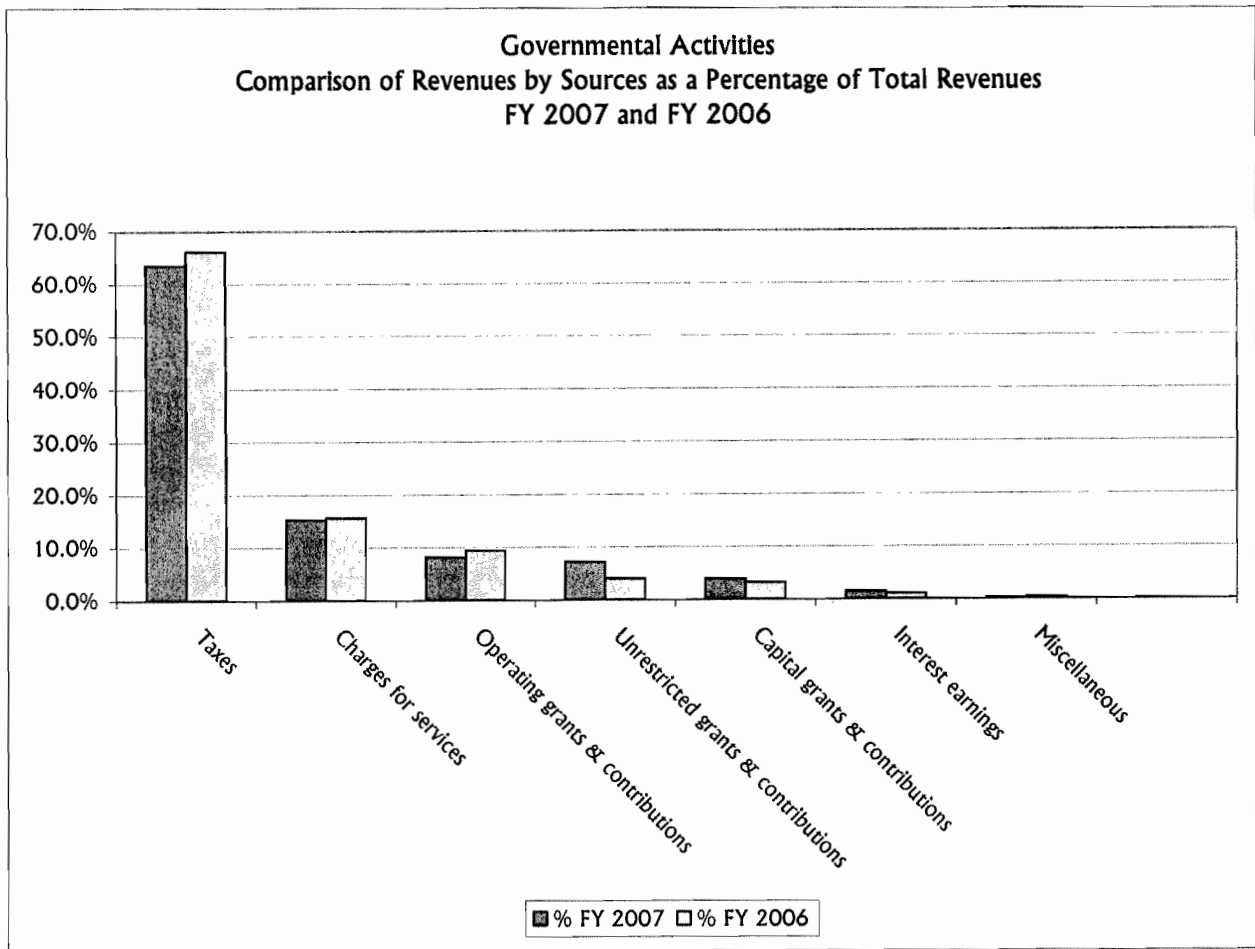
As noted earlier, the Statement of Activities presents how the City's net assets changed during the current fiscal year. Revenues and expenses are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. As such, the statement includes information for some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

**Governmental Activities**

The net assets for the City's governmental activities improved, exhibiting an increase of \$97.7 million in fiscal year 2007 as compared to a decrease of \$1.5 million in fiscal year 2006. The increase in net assets is due to key revenue sources, primarily real property taxes and motor vehicle weight taxes, outpacing the rise in operating expenses.

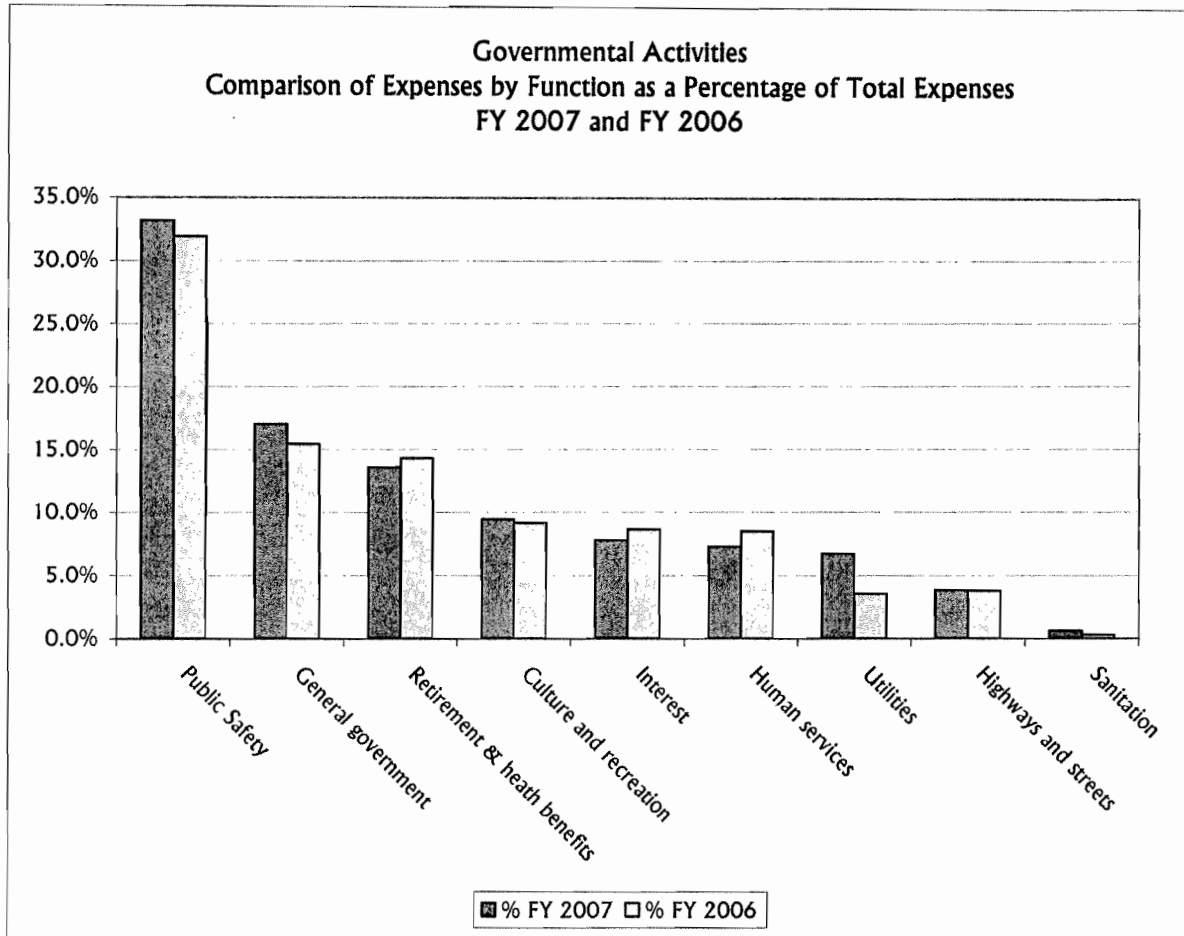
**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**Revenues.** The following exhibit, Comparison of Revenues by Sources as a Percentage of Total Revenues, indicates revenues from governmental activities were relatively stable for the last two fiscal years. Taxes represented 63.6% (\$814.1 million) of the revenues from governmental activities for fiscal year 2007 and 66.2% (\$710.7 million) in contrast to the year before. Specifically, real property tax collections increased to \$685.9 million for fiscal year 2007 from \$595.0 million for fiscal year 2006, primarily a result of higher real property tax valuations, despite real property tax exemptions, credits and one-time discount. Weight taxes for motor vehicles were increased during the middle of fiscal year 2006. With a full year of collections at the higher rates during fiscal year 2007, motor vehicle weight taxes rose by \$12.8 million, representing a 21.8% increase compared to fiscal year 2006.



**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**Expenses.** During the 2007 fiscal year, the City spent 33.2% (\$337.1 million) of the governmental activities budget on public safety, 17.0% (\$172.7 million) on general government, and 13.6% (\$137.6 million) on retirement and health benefits as displayed below on the Comparison of Expenses by Function as a Percentage of Total Expenses. In the prior fiscal year, the City spent 31.9% (\$300.2 million) on public safety, 15.4% (\$145.2 million) on general government, and 14.3% (\$134.7 million) on retirement and health benefits.

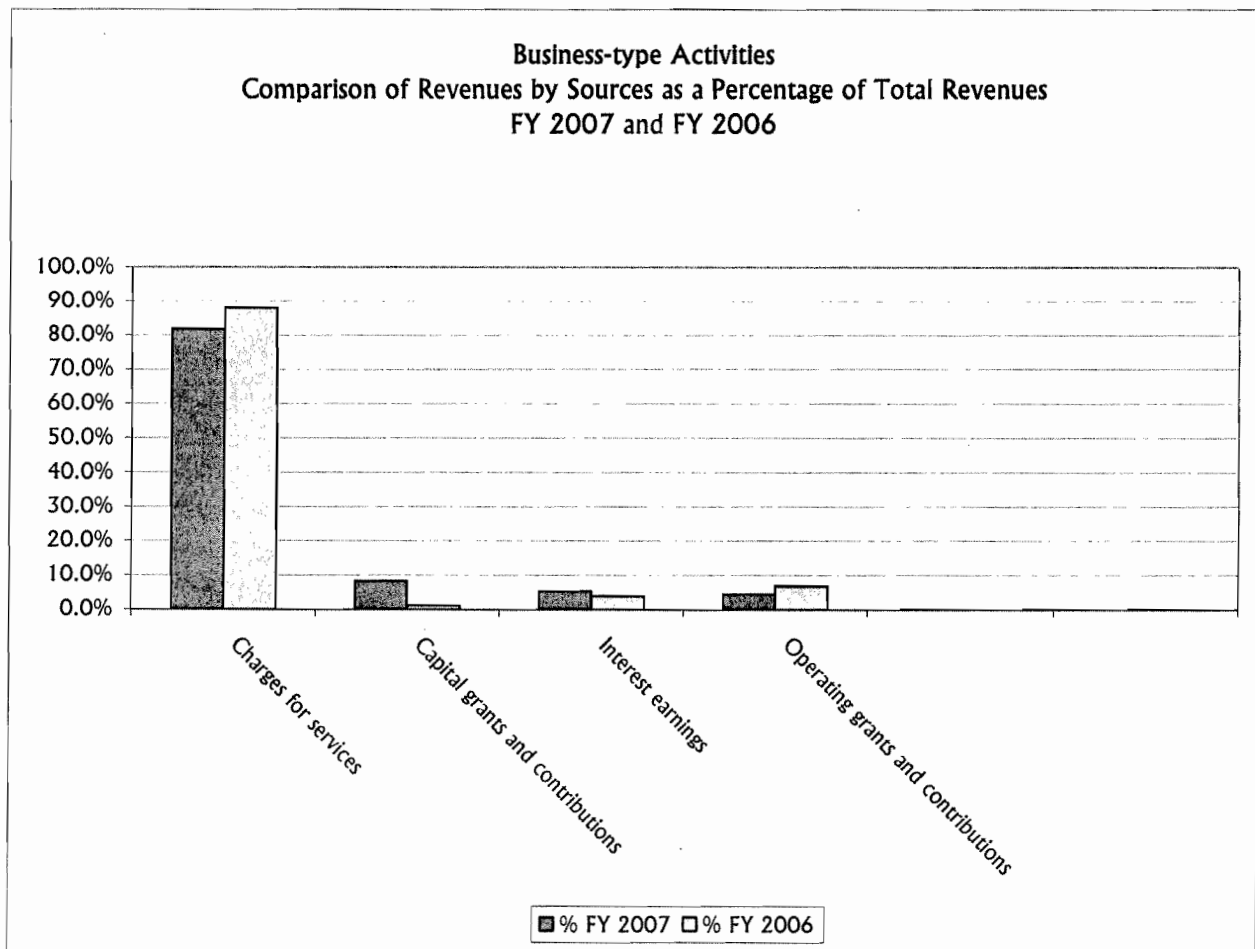


**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**Business-type Activities**

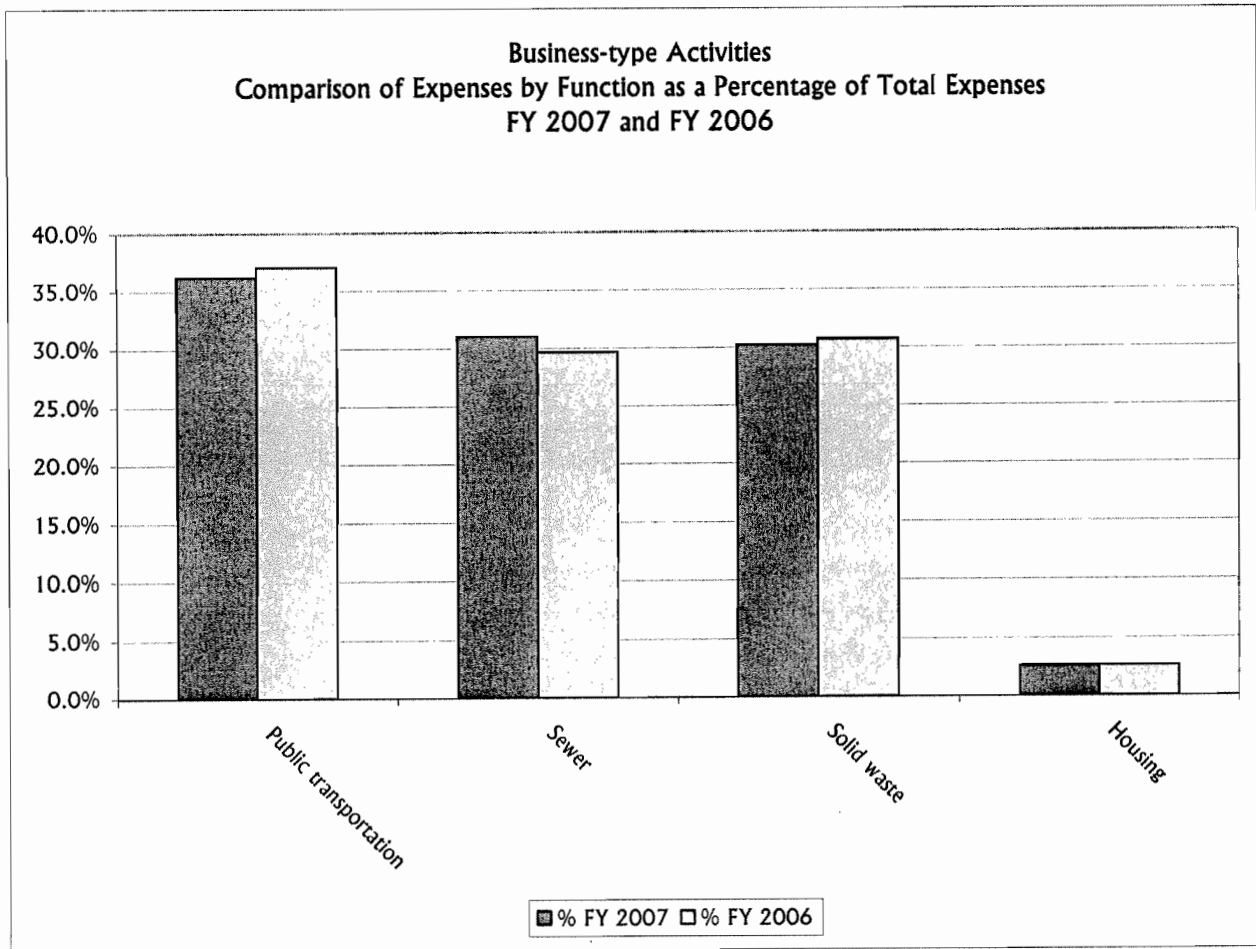
The net assets for the City's business-type activities increased by \$56.6 million for fiscal year 2007 in comparison to \$7.2 million for fiscal year 2006. The improvement in net assets resulted primarily from the \$26.9 million increase in capital contribution for the purchase of public transportation buses and handi-vans by the Federal Grants Capital Projects Fund and the Highway Improvement Bond Fund, and the 10% rate increase for sewer service charges effective at the beginning of fiscal year 2007.

**Revenues.** The Comparison of Revenues by Sources as a Percentage of Total Revenues for business-type activities below indicates that charges for services provided 81.8% of the revenues for business-type activities for fiscal year 2007 in contrast to 88.0% for the previous year. Charges for services totaled \$325.5 million for fiscal year 2007 and can be disaggregated as follows: housing (\$8.3 million), sewer (\$165.9 million), solid waste (\$107.7 million), and public transportation (\$43.6 million). For fiscal year 2006, charges for services totaled \$303.5 million: housing (\$8.4 million), sewer (\$151.2 million), solid waste (\$100.4 million), and public transportation (\$43.5 million). Capital grants and contributions increased \$28.4 million while operating grants and contributions decreased \$5.7 million for fiscal year 2007 compared to fiscal year 2006.



**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**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 (36.2%), followed by sewer (31.0%) and solid waste (30.2%) for fiscal year 2007. The net transfers in for the business-type activities from the governmental activities amounted to \$167.5 million for fiscal year 2007, and \$135.5 million for fiscal year 2006. Specifically, net transfers in for public transportation (bus and handi-van) operations amounted to \$106.1 million for fiscal year 2007, and \$93.1 million for fiscal year 2006; net transfers in for solid waste operations amounted to \$63.2 million for fiscal year 2007, and \$49.4 million for fiscal year 2006; and net transfers out for sewer operations amounted to \$1.9 million for fiscal year 2007, and \$7.0 million for fiscal year 2006.





**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**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 (current) inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The following table summarizes the changes in fund balances for the City's governmental funds as of the end of the 2007 fiscal year, amounting to a surplus of \$84.8 million in comparison to a surplus of \$86.4 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	
						2007	2006
Revenues:							
Taxes	\$ 727.0	\$ 88.3	\$ -	\$ -	\$ -	\$ 815.3	\$ 705.5
Other	251.4	84.0	-	0.6	185.1	521.1	415.9
Total Revenues	978.4	172.3	-	0.6	185.1	1,336.4	1,121.4
Expenditures	584.2	72.9	205.8	72.1	245.3	1,180.3	1,229.4
Subtotal	394.2	99.4	(205.8)	(71.5)	(60.2)	156.1	(108.0)
Transfers and Other	(337.0)	(94.3)	205.8	56.0	98.2	(71.3)	194.4
Changes in Fund Balances	\$ 57.2	\$ 5.1	\$ -	\$ (15.5)	\$ 38.0	\$ 84.8	\$ 86.4

The above changes in fund balances for the governmental funds differ from the changes in net assets for governmental activities summarized 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 governmental fund balances but are not reported in the changes in net assets as detailed on page 41.

**General Fund.** The General Fund is the chief operating fund of the City. The unreserved fund balance of the General Fund was \$128.0 million at June 30, 2007, while total fund balance amounted to \$155.8 million, representing increases of \$51.4 million and \$57.2 million, respectively, in comparison to the prior fiscal year end.

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

Real property taxes, the primary General Fund revenue source, increased \$98.0 million, a rise of 16.6% compared to the prior year. The increase resulted primarily from higher assessed real property valuations.

**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 increased 18.5% to \$27.6 million as of June 30, 2007 from \$23.3 million at the close of the prior fiscal year. Similarly, total fund balance rose 19.5% to \$31.8 million during the same period. The increases resulted mainly from higher weight tax rates for motor vehicles in fiscal year 2007.

**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 \$323,000 for matured bonds and interest payable at June 30, 2007 remained unchanged compared to the end of the prior fiscal year.

**General Improvement Bond Fund.** Deposits into the General Improvement Bond Fund include proceeds from 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. Encumbered contracts underway, one component of fund balance, increased 4.8% to \$228.1 million at the close of fiscal year 2007 from \$217.6 million at the end of last fiscal year. The deficit for unreserved capital projects, the other component of fund balance, increased to \$222.5 million at the end of fiscal year 2007 compared to \$196.5 million at the end of the previous fiscal year. Likewise, the \$5.6 million surplus for total fund balance at June 30, 2007 represents a decrease of \$15.5 million compared to the prior fiscal year end.

**All Other Funds.** All other funds (excluding the proprietary funds and the fiduciary funds) are considered the City's nonmajor governmental funds. The fund balances for the nonmajor funds increased by \$38.0 million from \$114.1 million at June 30, 2006 to \$152.1 million at June 30, 2007. The increase can be attributed primarily to the issuance of \$38.0 million in tax exempt commercial paper for the Highway Improvement Bond Fund and the transfers of \$47.8 million from the General Fund to the Transit Fund (Capital Account). On the other hand, large capital outlays from the Highway Improvement Bond Fund and the Federal Grants Capital Projects Fund reduced the fund balances for the nonmajor funds. Specifically, \$39.2 million was expended from the highways and streets function of the Highway Improvement Bond Fund mainly for the rehabilitation and resurfacing of streets. For the utilities (transportation) function, \$14.1 million was expended from the Highway Improvement Bond Fund and \$31.3 million from the Federal Grants Capital Projects Fund for projects like the Middle Street Intermodal Center, and the bus and handi-van acquisition program.

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There was an 8.7% increase between the original appropriation budget and the final amended budget for the General Fund, comprised of an additional \$5.0 million funding for costs to be incurred by the State of Hawaii for the collection of the City's excise tax surcharge effective from January 1, 2007.

Actual revenues exceeded budgetary estimates by 4.7% (\$43.5 million) for fiscal year 2007 and by 1.5% (\$11.7 million) for fiscal year 2006. The increases in both years were due in large part to more real property tax collections, increased reimbursements from the State for emergency ambulance services, public service company tax, transient accommodation tax, and investment interest. In addition, collections of licenses and permits increased by \$4.4 million for fiscal year 2007.

Due to implementation of expenditure control measures, actual expenditures were less than budgetary estimates by 7.3% (\$48.3 million) for fiscal year 2007 and by 7.4% (\$45.4 million) for the previous fiscal year. The net changes in fund balance reflected favorable variances of \$92.1 million for fiscal year 2007 and \$72.6 million for last year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets, net of accumulated depreciation, totaled \$3.9 billion for the primary government of which \$1.9 billion pertained to governmental activities as of June 30, 2007. This investment in capital assets includes land, construction work in progress, buildings and improvements, equipment and machinery, and infrastructure.

The increase in capital assets is attributed to costs incurred for various ongoing capital improvement projects during fiscal year 2007 such as the Hart Street Wastewater Pump Station Alternative (\$22.0 million), Salt Lake Boulevard Widening (\$20.3 million), Ala Moana Wastewater Pump Station Modification (\$18.6 million), and Historic Kakaako Fire Station No. 9 (\$16.7 million).

Completed projects during fiscal year 2007 include various modifications to the Sand Island Wastewater Treatment Plant (\$226.6 million), Beachwalk Wastewater Pump Station and Force Main (\$27.8 million), and Kapiolani Boulevard Trunk Sewer Rehabilitation (\$15.3 million).

Additional information on the City's capital assets can be found in the Notes to Financial Statements on pages 69 to 71.

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

The following is a summary of the capital assets for the primary government as of June 30, 2007 in comparison to the previous year:

**Summary of Capital Assets**

(Amounts in millions)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2007	2006	2007	2006	2007	2006
Non-depreciable assets:						
Land	\$ 456.4	\$ 487.1	\$ 120.8	\$ 124.6	\$ 577.2	\$ 611.7
Construction work in progress	315.3	238.9	161.1	373.9	476.4	612.8
Other capital assets:						
Buildings and improvements	1,032.5	1,025.9	925.0	665.1	1,957.5	1,691.0
Equipment and machinery	248.5	232.4	497.2	475.9	745.7	708.3
Infrastructure	843.7	835.8	969.6	872.5	1,813.3	1,708.3
Less: accumulated depreciation	(1,018.3)	(962.5)	(699.0)	(637.1)	(1,717.3)	(1,599.6)
Net	\$ 1,878.1	\$ 1,857.6	\$ 1,974.7	\$ 1,874.9	\$ 3,852.8	\$ 3,732.5

**Long-Term Debt**

At June 30, 2007, the City's long-term debt consisted of \$3.4 billion of bonded debt and \$134.5 million of notes payable. The total bonded debt is comprised of \$2.0 billion in general obligation bonds, and \$1.4 billion in revenue bonds secured by water and wastewater system revenue sources.

The following is a summary of the debt activities during the fiscal year:

- On September 6, 2006, \$340.8 million of wastewater system revenue bonds were issued to fund additional improvements for the wastewater system and to refund \$22.5 million of wastewater system revenue Series 2003A-1 variable rate bonds and \$8.7 million of general obligation bonds.
- On September 15, 2006, \$32.1 million of wastewater system revenue Series 2003A-1 and \$54.6 million of wastewater system revenue Series 2003B-1 were converted to fixed rate bonds.
- \$100.0 million of general obligation tax-exempt commercial paper notes were issued on various dates for various capital improvement projects.

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

Concurrent with the issuance of the aforementioned bonds, the City purchased a financial guarantee insurance policy from MBIA Insurance Corporation. The policy unconditionally guarantees the payment of principal and interest on the bonds in the event of nonpayment by the City. As a result, Fitch Inc., Moody's Investors Service, and Standard & Poor's Ratings Group assigned ratings of AAA, Aaa and AAA, respectively, for the bonds issued on September 6, 2006. For the bonds converted on September 15, 2006, Fitch Ratings and Moody's Investors Service assigned ratings of AAA and Aaa.

The Hawaii Revised Statutes limit the amount of general obligation debt the City may issue to 15.0% of its net assessed valuation. The statutory debt limit for fiscal year 2007 was \$21.9 billion. The City's outstanding debt applicable to the legal debt margin totaled \$1.7 billion for fiscal year 2007, well below the statutory debt limitation.

Additional information on the City's debt are reported on pages 73 to 77 in the Notes to Financial Statements and on pages 223 to 226 in the Statistical Section of this report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Indicators suggest that the local economy continues to be healthy. Unemployment is among the lowest in the nation; bankruptcies are down; interest rates are steady; personal income, civilian employment, job counts, and federal defense spending are up. On the other hand, inflation, energy costs, and housing prices are high.

The assessed valuation of real property (including new added property inventory) on Oahu increased 14.3% to \$167.0 billion for fiscal year 2008 from \$146.1 billion for fiscal year 2007.

Sewer fees were raised 10.0% during fiscal year 2007, and are scheduled to increase 10.0% in each of the following 4 years. A 0.5% excise tax surcharge on gross proceeds or gross income taxable under Chapter 237 of the Hawaii Revised Statutes became effective January 1, 2007 to fund the Honolulu High-Capacity Transit Project. To implement the transit project, a new Rapid Transit Division within the Department of Transportation Services is being established and was funded in fiscal year 2008.

Despite the stability in the economy, the City is making every effort to contain costs while maintaining the expected level of public services. The operating budget net of inter-fund transfers increased from \$1.49 billion as amended for fiscal year 2007 to \$1.64 billion for fiscal year 2008. Increased retirement system funding, negotiated public worker pay increases and associated FICA taxes, and upward trending energy rates (both electric and fuel) are the key drivers to the operating budget increase.

**CITY AND COUNTY OF HONOLULU  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2007**

**FINANCIAL CONTACT**

The CAFR 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.

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# **BASIC FINANCIAL STATEMENTS**



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY AND COUNTY OF HONOLULU**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**  
(Amounts in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents .....	\$ 97,007	\$ 75,690	\$ 172,697	\$ 34,075
Investments .....	208,019	304,830	512,849	91,853
Receivables (net) .....	178,991	42,731	221,722	20,554
Internal balances .....	(1,918)	1,918	--	--
Inventories .....	20	17,632	17,652	4,814
Deferred charges and other .....	--	12,953	12,953	3,933
Restricted assets:				
Cash and cash equivalents .....	--	6,457	6,457	37,161
Investments .....	--	--	--	49,036
Other .....	--	11	11	--
Capital assets (net of accumulated depreciation):				
Land .....	456,442	120,750	577,192	32,373
Buildings and improvements .....	632,049	745,700	1,377,749	96,781
Equipment and machinery .....	80,573	119,514	200,087	88,504
Infrastructure .....	393,770	827,629	1,221,399	722,582
Construction work in progress .....	315,269	161,059	476,328	202,690
Total assets .....	<u>2,360,222</u>	<u>2,436,874</u>	<u>4,797,096</u>	<u>1,384,356</u>
<b>LIABILITIES</b>				
Accounts payable .....	37,292	31,920	69,212	30,901
Matured bonds and interest payable ...	332	--	332	--
Accrued interest payable .....	35,971	30,583	66,554	7,737
Due to fiduciary funds .....	61	--	61	--
Other liabilities .....	--	42,304	42,304	27,000
Noncurrent liabilities:				
Due within one year .....	243,739	84,039	327,778	6,490
Due in more than one year .....	1,694,625	1,460,718	3,155,343	333,705
Total liabilities .....	<u>2,012,020</u>	<u>1,649,564</u>	<u>3,661,584</u>	<u>405,833</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt .....	113,778	711,150	824,928	863,367
Restricted for:				
Capital activity .....	--	--	--	72,238
Debt service .....	1,085	59,409	60,494	--
Unrestricted .....	<u>233,339</u>	<u>16,751</u>	<u>250,090</u>	<u>42,918</u>
Total net assets .....	<u>\$ 348,202</u>	<u>\$ 787,310</u>	<u>\$ 1,135,512</u>	<u>\$ 978,523</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, 2007  
 ( Amounts in thousands )

(Page 1 of 2)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government.....	\$ 172,695	\$ 135,587	\$ 5,686	\$ 957
Public safety.....	337,052	35,663	14,195	2,150
Highways and streets.....	39,126	2,149	3,699	2,713
Sanitation.....	6,742	77	--	103
Human services.....	73,725	636	59,080	12,870
Culture and recreation.....	95,655	22,128	588	38
Utilities.....	68,406	--	21,149	31,247
Retirement and health benefits....	137,615	--	--	--
Miscellaneous.....	4,357	--	--	--
Interest.....	79,176	--	--	--
<b>Total governmental activities....</b>	<b>1,014,549</b>	<b>196,240</b>	<b>104,397</b>	<b>50,078</b>
<b>Business-type activities:</b>				
Housing.....	12,905	8,306	--	--
Sewer.....	157,724	165,914	--	4,228
Solid Waste.....	153,736	107,682	--	--
Public Transportation.....	184,304	43,598	17,840	28,476
<b>Total business-type activities....</b>	<b>508,669</b>	<b>325,500</b>	<b>17,840</b>	<b>32,704</b>
<b>Total primary government.....</b>	<b>\$ 1,523,218</b>	<b>\$ 521,740</b>	<b>\$ 122,237</b>	<b>\$ 82,782</b>
<b>Component unit:</b>				
Board of Water Supply.....	\$ 139,876	\$ 117,254	\$ --	\$ 14,938

<b>General revenues:</b>	
Property taxes.....	.....
Public service company tax.....	.....
Fuel tax .....	.....
Public utility franchise tax.....	.....
Investment earnings.....	.....
Unrestricted grants and contributions.....	.....
Other.....	.....
Transfers.....	.....
<b>Total general revenues and transfers.....</b>	<b>.....</b>
Change in net assets.....	.....
Net assets - beginning.....	.....
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, 2007  
 (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
\$ (30,465)	\$ --	\$ (30,465)	\$ --
(285,044)	--	(285,044)	--
(30,565)	--	(30,565)	--
(6,562)	--	(6,562)	--
(1,139)	--	(1,139)	--
(72,901)	--	(72,901)	--
(16,010)	--	(16,010)	--
(137,615)	--	(137,615)	--
(4,357)	--	(4,357)	--
(79,176)	--	(79,176)	--
(663,834)	--	(663,834)	--
--	(4,599)	(4,599)	--
--	12,418	12,418	--
--	(46,054)	(46,054)	--
--	(94,390)	(94,390)	--
--	(132,625)	(132,625)	--
(663,834)	(132,625)	(796,459)	--
--	--	--	(7,684)
685,868	--	685,868	--
37,640	--	37,640	--
52,221	--	52,221	--
38,356	--	38,356	--
19,676	21,734	41,410	10,910
92,884	--	92,884	--
2,329	--	2,329	--
(167,452)	167,452	--	--
761,522	189,186	950,708	10,910
97,688	56,561	154,249	3,226
250,514	730,749	981,263	975,297
\$ 348,202	\$ 787,310	\$ 1,135,512	\$ 978,523

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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 motor vehicle registration certificates. 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 bicycle and moped permanent registration fees, transfer fees, penalties, fines, and charges for duplicate tags and certificates of registration. These monies are 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.

#### **Reserve for Fiscal Stability Fund**

This fund accounts for monies determined to be in excess of expenditures, monies appropriated to the fund by City Council, and monies realized from the conveyance of City property and designated for deposit into the fund by City Council resolution. The reserves are designated for economic and revenue downturns and emergency situations.

#### **Transit Fund (Operating Account)**

This fund receives and expends monies for the operating costs of a locally preferred alternative for a mass transit project.

#### **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**

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

#### **Transit Fund (Capital Improvement Account)**

This fund receives and expends monies for the capital costs of a locally preferred alternative for a mass transit project.

CITY AND COUNTY OF HONOLULU  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
 JUNE 30, 2007

(Amounts in thousands)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments:						
With Treasury .....	\$ 136,752	\$ 28,832	\$ 323	\$ 15,558	\$ 123,561	\$ 305,026
Receivables .....	64,296	22,556	--	--	92,139	178,991
Due from other funds .....	22,334	--	--	2,143	35,799	60,276
Inventories .....	--	--	--	--	20	20
Total Assets .....	<u>\$ 223,382</u>	<u>\$ 51,388</u>	<u>\$ 323</u>	<u>\$ 17,701</u>	<u>\$ 251,519</u>	<u>\$ 544,313</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable .....	\$ 8,951	\$ 1,079	\$ --	\$ 8,864	\$ 12,551	\$ 31,445
Accrued payroll .....	5,098	503	--	--	246	5,847
Due to other funds .....	36,689	--	--	3,232	22,334	62,255
Matured bonds and interest payable.....	--	--	323	--	9	332
Deferred revenue .....	16,842	18,024	--	--	64,281	99,147
Total Liabilities .....	<u>67,580</u>	<u>19,606</u>	<u>323</u>	<u>12,096</u>	<u>99,421</u>	<u>199,026</u>
Fund Balances:						
Reserved for:						
Encumbrances .....	27,767	4,194	--	228,071	361,601	621,633
Debt service .....	--	--	--	--	1,085	1,085
Unreserved, reported in:						
General fund .....	128,035	--	--	--	--	128,035
Special revenue funds .....	--	27,588	--	--	17,466	45,054
Capital projects funds .....	--	--	--	(222,466)	(228,054)	(450,520)
Total Fund Balances .....	<u>155,802</u>	<u>31,782</u>	<u>--</u>	<u>5,605</u>	<u>152,098</u>	<u>345,287</u>
Total Liabilities and Fund Balances .....	<u>\$ 223,382</u>	<u>\$ 51,388</u>	<u>\$ 323</u>	<u>\$ 17,701</u>	<u>\$ 251,519</u>	

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.	1,878,103
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	99,147
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,974,335)</u>
Net assets of governmental activities	<u>\$ 348,202</u>

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, 2007  
 ( Amounts in thousands )

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes.....	\$ 727,015	\$ 88,269	\$ --	\$ --	\$ --	\$ 815,284
Special assessments.....	--	--	--	--	354	354
Licenses and permits.....	40,648	75,852	--	--	4,302	120,802
Intergovernmental.....	92,760	--	--	--	146,166	238,926
Charges for services.....	5,752	5,259	--	--	13,743	24,754
Fines and forfeits.....	557	17	--	--	294	868
<b>Miscellaneous:</b>						
Reimbursements and recoveries.....	86,793	310	--	--	10	87,113
Interest.....	19,071	--	--	605	1,283	20,959
Other.....	5,865	2,629	--	--	18,909	27,403
<b>Total Revenues.....</b>	<b>978,461</b>	<b>172,336</b>	<b>--</b>	<b>605</b>	<b>185,061</b>	<b>1,336,463</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government.....	115,200	15,282	--	--	10,977	141,459
Public safety.....	268,521	24,079	--	--	13,561	306,161
Highways and streets.....	2,239	17,286	--	--	1,475	21,000
Sanitation.....	2,245	419	--	--	10	2,674
Human services.....	2,356	--	--	--	58,527	60,883
Culture-recreation.....	51,844	--	--	--	19,240	71,084
Utilities or other enterprises.....	--	1,654	--	--	21,263	22,917
<b>Miscellaneous:</b>						
Retirement and health benefits.....	119,430	13,294	--	--	4,891	137,615
Other.....	21,806	841	--	--	185	22,832
<b>Capital Outlay:</b>						
General government.....	--	--	--	24,906	963	25,869
Public safety.....	--	--	--	19,428	6,396	25,824
Highways and streets.....	--	--	--	1,919	43,244	45,163
Sanitation.....	--	--	--	--	4,068	4,068
Human services.....	--	--	--	--	12,978	12,978
Culture-recreation.....	--	--	--	25,850	1,627	27,477
Utilities or other enterprises.....	--	--	--	--	45,622	45,622
<b>Debt service:</b>						
Principal.....	395	--	102,109	--	290	102,794
Interest.....	166	--	103,693	--	10	103,869
<b>Total Expenditures.....</b>	<b>584,202</b>	<b>72,855</b>	<b>205,802</b>	<b>72,103</b>	<b>245,327</b>	<b>1,180,289</b>
Revenues over (under) Expenditures.....	394,259	99,481	(205,802)	(71,498)	(60,266)	156,174
<b>Other Financing Sources (Uses):</b>						
Issuance of tax exempt commercial paper .....	--	--	--	56,000	38,000	94,000
Capital leases .....	1,674	--	--	--	--	1,674
Sales of capital assets.....	74	351	--	5	--	430
Transfers in.....	84,300	--	205,802	--	87,488	377,590
Transfers out.....	(423,113)	(94,658)	--	--	(27,271)	(545,042)
<b>Total Other Financing Sources (Uses).....</b>	<b>(337,065)</b>	<b>(94,307)</b>	<b>205,802</b>	<b>56,005</b>	<b>98,217</b>	<b>(71,348)</b>
Net change in fund balances.....	57,194	5,174	--	(15,493)	37,951	84,826
Fund Balances - July 1.....	98,608	26,608	--	21,098	114,147	260,461
<b>Fund Balances - June 30.....</b>	<b>\$ 155,802</b>	<b>\$ 31,782</b>	<b>\$ --</b>	<b>\$ 5,605</b>	<b>\$ 152,098</b>	<b>\$ 345,287</b>

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, 2007  
 ( Amounts in thousands )

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

Net change in fund balances--total governmental funds	\$ 84,826
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.	20,474
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(2,712)
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.	(22,405)
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.	17,505
Change in net assets of governmental activities	\$ 97,688

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, 2007  
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				
	Housing	Sewer	Solid Waste	Public Transportation System	Totals
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents .....	\$ 8,932	\$ 35,361	\$ 25,335	\$ 6,062	\$ 75,690
Investments .....	--	240,484	52,827	11,519	304,830
<b>Receivables:</b>					
Accounts (net of allowance for uncollectibles of \$5,891) .....	647	23,531	15,033	1,487	40,698
Interest .....	19	733	966	--	1,718
Intergovernmental .....	--	--	315	--	315
Due from other funds .....	--	3,928	267	--	4,195
Inventories of parts, materials and supplies, at cost...	--	6,350	--	7,063	13,413
Inventories of real estate held for sale .....	4,219	--	--	--	4,219
<b>Restricted assets:</b>					
Cash and cash equivalents .....	4,127	--	--	2,330	6,457
Investments .....	--	--	--	--	--
Other .....	11	--	--	--	11
Prepaid expenses and other assets .....	89	2,975	496	2,161	5,721
<b>Total Current Assets .....</b>	<b>18,044</b>	<b>313,362</b>	<b>95,239</b>	<b>30,622</b>	<b>457,267</b>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Land .....	14,390	6,065	24,063	76,232	120,750
Buildings and improvements .....	108,504	712,564	52,725	51,241	925,034
Transmission and distribution system .....	--	969,641	--	--	969,641
Equipment and machinery .....	279	30,098	259,289	26,842	316,508
Buses and other transit vehicles .....	--	--	--	180,648	180,648
Construction work in progress .....	6,478	138,054	6,552	9,975	161,059
Accumulated depreciation .....	(50,619)	(239,605)	(241,347)	(167,417)	(698,988)
Deferred charges and other .....	2,098	4,753	381	--	7,232
<b>Total Noncurrent Assets .....</b>	<b>81,130</b>	<b>1,621,570</b>	<b>101,663</b>	<b>177,521</b>	<b>1,981,884</b>
<b>Total Assets .....</b>	<b>99,174</b>	<b>1,934,932</b>	<b>196,902</b>	<b>208,143</b>	<b>2,439,151</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable .....	191	16,792	12,519	2,418	31,920
Interest payable-current .....	2,123	23,751	4,709	--	30,583
Notes payable-current .....	--	8,852	--	--	8,852
Bonds payable-current .....	5,692	15,375	24,841	--	45,908
Tax-exempt commercial paper .....	--	--	17,837	--	17,837
Operating fee obligation, net of note receivable .....	--	--	7,662	--	7,662
Due to other funds .....	--	26	2,251	--	2,277
Reserve for insurance claims payable .....	--	--	--	14,303	14,303
Accrued payroll .....	--	307	713	--	1,020
Other current liabilities .....	777	225	3,938	1,749	6,689
<b>Total Current Liabilities .....</b>	<b>8,783</b>	<b>65,328</b>	<b>74,470</b>	<b>18,470</b>	<b>167,051</b>
<b>Noncurrent Liabilities:</b>					
Notes payable .....	--	103,894	--	--	103,894
General obligation bonds payable, net .....	88,457	21,418	106,156	--	216,031
Revenue bonds payable, net .....	--	1,048,323	--	--	1,048,323
Operating fee obligation, net of note receivable .....	--	--	75,573	--	75,573
Estimated liability for landfill closure and postclosure care costs.....	--	--	16,897	--	16,897
Other liabilities .....	9,312	5,291	3,398	6,071	24,072
<b>Total Noncurrent Liabilities .....</b>	<b>97,769</b>	<b>1,178,926</b>	<b>202,024</b>	<b>6,071</b>	<b>1,484,790</b>
<b>Total Liabilities .....</b>	<b>106,552</b>	<b>1,244,254</b>	<b>276,494</b>	<b>24,541</b>	<b>1,651,841</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt .....	(15,118)	596,298	(47,551)	177,521	711,150
Restricted for debt service .....	--	59,409	--	--	59,409
Unrestricted .....	7,740	34,971	(32,041)	6,081	16,751
<b>Total Net Assets (Deficit) .....</b>	<b>\$ (7,378)</b>	<b>\$ 690,678</b>	<b>\$ (79,592)</b>	<b>\$ 183,602</b>	<b>\$ 787,310</b>

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, 2007  
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
<b>Operating Revenues:</b>					
Sales of dwelling units and lots .....	\$ 210	\$ --	\$ --	\$ --	\$ 210
Rental income .....	8,096	--	3,223	--	11,319
Sewer service charges .....	--	160,963	--	--	160,963
Disposal and collection fees .....	--	--	62,183	--	62,183
Electrical energy fee .....	--	--	39,865	--	39,865
Passenger fares for transit services .....	--	--	--	43,002	43,002
Other revenue .....	--	4,951	2,411	596	7,958
<b>Total Operating Revenues .....</b>	<b>8,306</b>	<b>165,914</b>	<b>107,682</b>	<b>43,598</b>	<b>325,500</b>
<b>Operating Expenses:</b>					
Administrative and general .....	579	36,749	41,483	1,194	80,005
Maintenance .....	1,034	436	447	2	1,919
Depreciation .....	3,685	35,311	17,447	18,181	74,624
Contractual services .....	1,893	8,687	54,250	123,298	188,128
Supplemental operating fee .....	--	--	3,223	--	3,223
Fringe benefits .....	124	11,762	10,996	--	22,882
Materials and supplies .....	114	5,079	4,598	9,903	19,694
Fuel and lubricants .....	--	2,162	1,197	14,565	17,924
Insurance .....	212	--	1,655	12,285	14,152
State taxes - fuel .....	--	--	88	2,615	2,703
Utilities .....	1,231	11,867	271	2,056	15,425
Cost of sales - dwelling units and lots ...	176	--	--	--	176
Other .....	--	--	--	176	176
<b>Total Operating Expenses .....</b>	<b>9,048</b>	<b>112,053</b>	<b>135,655</b>	<b>184,275</b>	<b>441,031</b>
<b>Operating Income (Loss) .....</b>	<b>(742)</b>	<b>53,861</b>	<b>(27,973)</b>	<b>(140,677)</b>	<b>(115,531)</b>
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue .....	587	13,736	7,326	85	21,734
Interest expense .....	(4,558)	(44,266)	(18,097)	--	(66,921)
Gain (Loss) from disposal of property ..	--	(931)	--	(29)	(960)
Amortization expense .....	(99)	(314)	(36)	--	(449)
Other .....	800	(160)	52	17,840	18,532
<b>Total Nonoperating Revenues (Expenses) .....</b>	<b>(3,270)</b>	<b>(31,935)</b>	<b>(10,755)</b>	<b>17,896</b>	<b>(28,064)</b>
<b>Income (Loss) before Transfers and Capital Contributions.....</b>	<b>(4,012)</b>	<b>21,926</b>	<b>(38,728)</b>	<b>(122,781)</b>	<b>(143,595)</b>
Transfers In .....	--	5,139	72,881	106,095	184,115
Transfers Out .....	--	(7,031)	(9,632)	--	(16,663)
Capital Contributions .....	--	4,228	--	28,476	32,704
<b>Change in Net Assets .....</b>	<b>(4,012)</b>	<b>24,262</b>	<b>24,521</b>	<b>11,790</b>	<b>56,561</b>
<b>Net Assets - July 1 .....</b>	<b>(3,366)</b>	<b>666,416</b>	<b>(104,113)</b>	<b>171,812</b>	<b>730,749</b>
<b>Net Assets - June 30 .....</b>	<b>\$ (7,378)</b>	<b>\$ 690,678</b>	<b>\$ (79,592)</b>	<b>\$ 183,602</b>	<b>\$ 787,310</b>

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, 2007  
 (Amounts in thousands)

(Page 1 of 2)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
<b>Cash flows from operating activities:</b>					
Receipts from customers.....	\$ 8,559	\$ 162,933	\$ 102,885	\$ 43,934	\$ 318,311
Payments to suppliers.....	(5,216)	(47,535)	(72,115)	(162,873)	(287,739)
Payments to employees.....	(558)	(28,872)	(28,222)	(664)	(58,316)
Payments for interfund services used.....	--	322	(88)	--	234
Other receipts (payments).....	800	(176)	(10,843)	--	(10,219)
Net cash provided by (used in) operating activities .....	<u>3,585</u>	<u>86,672</u>	<u>(8,383)</u>	<u>(119,603)</u>	<u>(37,729)</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfers in .....	--	--	68,654	106,095	174,749
Transfers out .....	--	(7,031)	(5,405)	--	(12,436)
Grants and contributions .....	--	--	--	21,703	21,703
Net cash provided by (used in) noncapital financing activities .....	<u>--</u>	<u>(7,031)</u>	<u>63,249</u>	<u>127,798</u>	<u>184,016</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets .....	--	(124,085)	(6,255)	(216)	(130,556)
Proceeds from issuing notes .....	--	51,719	6,000	--	57,719
Principal paid on operating fee obligation .....	--	--	(23,455)	--	(23,455)
Interest paid on operating fee obligation .....	--	--	(7,158)	--	(7,158)
Proceeds from issuing bonds .....	--	202,736	--	--	202,736
Principal paid on notes .....	--	(7,311)	--	--	(7,311)
Principal paid on bonds .....	(5,824)	(7,356)	(23,813)	--	(36,993)
Interest paid on notes .....	--	(2,507)	(137)	--	(2,644)
Interest paid on bonds .....	(4,834)	(39,987)	(8,367)	--	(53,188)
Net cash provided by (used in) capital and related financing activities .....	<u>(10,658)</u>	<u>73,209</u>	<u>(63,185)</u>	<u>(216)</u>	<u>(850)</u>
<b>Cash flows from investing activities:</b>					
Purchase of investments .....	(129,000)	(561,840)	(218,858)	(61,255)	(970,953)
Proceeds from maturities of investments .....	129,000	396,699	206,227	57,047	788,973
Principal received on notes receivable ....	--	--	16,613	--	16,613
Interest received on notes receivable .....	--	--	5,268	--	5,268
Assets held in property management.....	14	--	--	--	14
Interest on investments .....	609	13,302	2,064	85	16,060
Net cash provided by (used in) investing activities .....	<u>623</u>	<u>(151,839)</u>	<u>11,314</u>	<u>(4,123)</u>	<u>(144,025)</u>
Net increase (decrease) in cash and cash equivalents .....	<u>(6,450)</u>	<u>1,011</u>	<u>2,995</u>	<u>3,856</u>	<u>1,412</u>
Cash and cash equivalents - July 1 .....	<u>19,509</u>	<u>34,350</u>	<u>22,340</u>	<u>4,536</u>	<u>80,735</u>
Cash and cash equivalents - June 30 .....	<u>\$ 13,059</u>	<u>\$ 35,361</u>	<u>\$ 25,335</u>	<u>\$ 8,392</u>	<u>\$ 82,147</u>

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, 2007  
 (Amounts in thousands)

(Page 2 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) .....	\$ (742)	\$ 53,861	\$ (27,973)	\$ (140,677)	\$ (115,531)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation .....	3,685	35,311	17,447	18,181	74,624
Other revenues .....	800	4,733	51	--	5,584
Writeoff of capital assets .....	--	247	--	--	247
(Increase) decrease in accounts receivable .....	257	(2,655)	(2,981)	352	(5,027)
Decrease in intergovernmental receivable .....	--	--	91	--	91
Decrease in due from other funds .....	--	39	1,096	--	1,135
Increase in parts, materials and supplies .....	--	(2,436)	--	(478)	(2,914)
Decrease in real estate held for sale .....	87	--	--	--	87
(Increase) decrease in prepaid expenses and other assets .....	(67)	--	22	2	(43)
Increase (decrease) in trade accounts payables .....	(293)	(2,429)	(1,777)	70	(4,429)
Increase in reserve for insurance claims payable .....	--	--	--	1,390	1,390
Increase (decrease) in deferred credits .....	(142)	--	1,520	285	1,663
Increase in other liabilities .....	--	1	3,120	1,272	4,393
Increase in due to other funds .....	--	--	1,001	--	1,001
Net cash provided by (used in) operating activities .....	<u>\$ 3,585</u>	<u>\$ 86,672</u>	<u>\$ (8,383)</u>	<u>\$ (119,603)</u>	<u>\$ (37,729)</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, 2007. Interest expense for bond premium and bond deferred loss on refunding amounted to (\$223) for the year ended June 30, 2007.

Sewer

The Sewer Fund received \$4,228 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, 2007. Amortization of bond discount and bond premium amounted to \$1,908 and \$1,513 respectively, while amortization for bond issuance cost amounted to \$314 for the year ended June 30, 2007.

Solid Waste

Amortization of bond discount and bond issuance cost amounted to \$93 for the year ended June 30, 2007. Interest expense for bond premium and bond deferred loss on refunding amounted to (\$621) for the year ended June 30, 2007.

Public Transportation System

The Public Transportation System received contributions of capital assets from the City and County of Honolulu amounting to \$28,477 for the year ended June 30, 2007.

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, 2007  
 (Amounts in thousands)

	Private-purpose Trust Fund	Agency Funds
<b><u>ASSETS</u></b>		
Cash and cash equivalents .....	\$ 185	\$ 25,251
Investments .....	3,661	28,493
Due from other funds .....	--	61
Total assets .....	3,846	53,805
<b><u>LIABILITIES</u></b>		
Accounts payable .....	--	14
Other current liabilities .....	--	53,791
Total liabilities .....	--	53,805
<b><u>NET ASSETS</u></b>		
Held in trust for individuals, organizations and other governments .....	\$ 3,846	\$ --

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  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

	Private-purpose Trust Fund
<b><u>ADDITIONS</u></b>	
Interest .....	\$ 44
Collections for sundry creditors, contributions, etc.....	940
Total additions .....	984
<b><u>DEDUCTION</u></b>	
Payments in accordance with trust agreements .....	1,557
Change in net assets .....	(573)
Net assets - July 1 .....	4,419
Net assets - June 30 .....	\$ 3,846

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

## **NOTES TO FINANCIAL STATEMENTS**

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

**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 (BWS).

The City's operations are organized by the following general functions: general government, public safety, highways and streets, sanitation, human services, culture and recreation, 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 by 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.



**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

**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 activities of the primary government and its component unit, excluding the fiduciary funds. 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.

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 the 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 proprietary (enterprise) funds are reported as separate columns in the fund financial statements.

The City reports the following as major governmental funds:

**General Fund**

This fund is the City's primary operating fund. It includes all financial resources of the general government, except those required to be accounted for in another 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.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

**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.

**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.

All of the City proprietary funds are reported as major:

**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 (The Bus) and the special transit service (The Handi-Van).

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

**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 do 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 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.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

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**  
**Fiscal Year Ended June 30, 2007**

**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 (Housing, Sewer, Solid Waste and Public Transportation) 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 fiduciary funds are used to account for assets and activities when a governmental unit is functioning as a trustee or an agent for another party. The following are the City's major fiduciary funds:

- Ewa Highway Master Plan Impact Fees
- Lester McCoy Pavilion
- Liquor Commission
- Parks and Playgrounds
- Payroll Clearance
- Planning and Permitting

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

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.

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.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

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 participating interest-earning contracts such as investments in U.S. government securities and investments purchased under agreements to resell to banks (repurchase agreements). 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.

**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 October 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, 2007, were unbilled water and sewer charges (due to the use of cycle billings) in the amounts of \$9.8 million and \$15.0 million, respectively.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

**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. All infrastructure assets acquired prior to fiscal year 1980 are capitalized and those acquired after this date are capitalized when certain thresholds are met. 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 are capitalized. 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**  
**Fiscal Year Ended June 30, 2007**

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 Losses 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 losses on refundings are amortized using the straight-line method over the terms of the respective issues and are added to or offset against the bonds payable in the statement of net assets.

**Intrafund 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 reimbursed fund.

Transfers from the primary government include operating loss subsidies of \$106.1 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.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

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

**Retirement Plan Contributions**

In fiscal year 2005, the City's contribution to the Employees' Retirement System of the State of Hawaii was based on an actuarial computation contribution which consisted 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. Effective July 1, 2005 a dollar contribution is not determined under the provisions of Act 181/2004. Instead a fixed percentage of payroll is contributed (15.75% for Police and Fire and 13.75% for All Other Employees).

**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 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 \$417.1 million are not reported in the accompanying basic financial statements at June 30, 2007.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

**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, 2007, accumulated sick leave amounted to \$334.6 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.

**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, 2007 the accumulated deficit in the Solid Waste Special Fund improved by \$24.5 million to \$79.6 million from fiscal year 2006 due to transfers from the General fund. It is anticipated that the City will continue to provide significant operating subsidies to the refuse collection and recycling operations.

The Housing Special Development Fund showed an increase in the deficit balance of \$4.0 million to \$7.4 million at June 30, 2007 as result of debt service payments of \$10.7 million.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

**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 June 2004, the Governmental Accounting Standards Board (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.

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The Statement establishes the criteria governments will use to ascertain whether proceeds received from intergovernmental sales and pledges of receivables and future revenues and intra-entity transfers of assets and future revenues should be reported as revenue or as a liability. The criteria should be used to determine the extent to which a transferor government retains or relinquishes control over the receivables or future revenues through its continuing involvement with those receivables or future revenues. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2006. The City is not currently involved in these types of transactions, so it is expected that this Statement will have minimal effect if any on its financial statements.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

In November 2006 the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care. A government is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired if one of five obligating events occur which are as follows: 1) the government is compelled to take pollution remediation action because of an imminent endangerment; 2) the government violates a pollution prevention-related permit or license; 3) the government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs; 4) the government is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation; or 5) the government commences or legally obligates itself to commence pollution remediation. The provisions of this statement are effective for the City for periods beginning after December 15, 2007. The City has not yet determined the effect this Statement will have on its financial statements.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures*, an amendment of GASB No. 25 and No. 27. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and further enhances information disclosed in notes to financial statements by pension plans and by employers that provide pension benefits. The provisions of this Statement are effective for the City for periods beginning after June 15, 2007. The City has not yet determined the effect this Statement will have on its financial statements.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and city governments. The provisions of this Statement are effective for the City for periods beginning after June 15, 2009. The City has not yet determined the effect this Statement will have on its financial statements.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The provisions of this Statement are effective for the City for periods beginning after June 15, 2008. The City has not yet determined the effect this Statement will have on its financial statements.

**Financial Statement Presentation**

Certain prior year information has 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.

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All proprietary funds have legally adopted annual budgets as well as the following governmental funds: General Fund, Highway Fund, Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund, Bikeway Fund, Parks and Playgrounds Fund, Federal Revenue Sharing Fund, Liquor Commission Fund, Rental Assistance Fund, Zoo Animal Purchase Fund, Hanauma Bay Nature Preserve Fund, Reserve for Fiscal Stability Fund, Transit Fund, Community Development Fund, Golf Fund, Special Events Fund, Special Projects Fund, Federal Grants Fund, Housing and Community Development Rehabilitation Loan Fund, Housing and Community Development Section 8 Contract Fund, and Leasehold Conversion Fund.

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 subject to certain limitations. 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.

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, several supplementary appropriations ordinances were adopted. The overall effect of these supplementary appropriations on the budget was not significant.

**CITY AND COUNTY OF HONOLULU**  
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**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 \$1.97 billion difference are as follows (amounts in thousands):

Long-term liabilities (see Note 8)	\$	(1,938,364)
Accrued interest payable and other		<u>(35,971)</u>
	\$	<u><u>(1,974,335)</u></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 \$20.5 million difference are as follows (amounts in thousands):

Capital outlays	\$	89,851
Depreciation expense		<u>(69,377)</u>
	\$	<u><u>20,474</u></u>



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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 debt in the government-wide financial statements." The details of this \$22.4 million difference are as follows (amounts in thousands):

<b>Debt Issued:</b>	
General obligation bonds, net	\$ -
Tax-exempt commercial paper	(94,000)
Other long-term debt	(1,674)
Total	<u>(95,674)</u>
<b>Principal Repayments:</b>	
General obligation bonds, net	69,711
Tax-exempt commercial paper	2,700
Other long-term debt	858
Total	<u>73,269</u>
Net adjustment	<u>\$ (22,405)</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 \$17.5 million difference are as follows (amounts in thousands):

Compensated absences	\$ (2,775)
Claims and judgments	18,475
Other	1,805
Net adjustment	<u>\$ 17,505</u>

**4. Cash and Investments**

The City maintains a cash and investment pool that is used by all funds, except the Oahu Transit Services, Inc. workers' compensation trust fund, which is held separately by the independent plan administrator (see note 11). Each of the funds' portions of this pool is displayed in the accompanying financial statements.

**CITY AND COUNTY OF HONOLULU**  
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**Cash and Cash Equivalents**

The City's demand deposits, including those of its fiduciary funds and component unit, are fully insured or collateralized with securities held by the City or its agents in the City's name. Section 38-3, Hawaii Revised Statutes and the City's policy on collateralization govern acceptable forms of collateral.

**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. Section 46-50, Hawaii Revised Statutes, the City's investment policy and resolution 98-295, CD1 govern acceptable types of investments. The City's resolution 07-51, CD1 govern the deposit and short-term investment of general excise and use tax revenues.

**Credit Risk and Foreign Currency Risk**

The City invests in obligations of the U.S. government, so it is not exposed to any credit rate risk or foreign currency risk.

**Interest Rate Risk**

The City does not have a formal investment policy that relates to interest rate risk. However, the City structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations avoiding the need to sell securities on the open market prior to maturity. This practice decreases the City's exposure to risk caused by the fluctuation in interest rates. The City also invests in operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. As of June 30, 2007, the City had no investments in money market mutual funds or external investment pools.

**CITY AND COUNTY OF HONOLULU**  
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The fair value and maturities of investments as of June 30, 2007 were as follows (amount in thousands):

	Reported Amount	Fair Value	Investment Maturity in Years			
			Less than One	1 to 5	6 to 10	More than 10
<b>Primary Government:</b>						
Repurchase agreements	\$ 79,000	\$ 79,000	\$ 79,000	\$ -	\$ -	\$ -
Guaranteed investment contracts	156,594	156,594	-	143,887	-	12,707
U.S. government securities	277,255	280,234	280,234	-	-	-
Total	<u>\$ 512,849</u>	<u>\$ 515,828</u>	<u>\$ 359,234</u>	<u>\$ 143,887</u>	<u>\$ -</u>	<u>\$ 12,707</u>
<b>Component Unit:</b>						
U.S. government securities	<u>\$ 140,889</u>	<u>\$ 140,889</u>	<u>\$ 76,820</u>	<u>\$ 64,069</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fiduciary Funds:</b>						
Repurchase agreements	\$ 1,830	\$ 1,830	\$ 1,830	\$ -	\$ -	\$ -
U.S. government securities	30,324	30,324	30,324	-	-	-
Total	<u>\$ 32,154</u>	<u>\$ 32,154</u>	<u>\$ 32,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**5. Receivables**

Receivable balances, net of allowances for uncollectible accounts, at June 30, 2007 consisted of the following (amount in thousands):

	Governmental Activities	Business-Type Activities
Real property taxes	\$ 9,168	\$ -
Accounts	1,840	46,589
Public utilities franchise tax	18,024	-
Special assessments	138	-
Notes	61,885	-
Intergovernmental	78,568	315
Interest	2,260	1,718
CASE fees	7,800	-
Allowance for uncollectible accounts	(692)	(5,891)
Total	<u>\$ 178,991</u>	<u>\$ 42,731</u>

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

Revenues not collected within 60 days of fiscal year end are recorded as deferred revenue. \$99.1 million of the receivables for governmental activities have been deferred at June 30, 2007. Notes receivable include \$7.8 million in grant loans, with indefinite repayment terms.

The only receivables not expected to be collected within one year are the noncurrent portion of the notes receivable in the amount of \$60.0 million, which are generally due to the City on various dates through 2055.

**6. Capital Assets**

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2007 (amounts in thousands):

	Primary Government			Balance at June 30, 2007
	Balance at July 1, 2006	Additions	Retirements/ Transfers	
<b>Governmental Activities:</b>				
<b>Depreciable Assets –</b>				
Infrastructure	\$ 835,848	\$ 13,250	\$ (5,437)	\$ 843,661
Buildings and improvements	1,025,938	13,367	(6,779)	1,032,526
Equipment and machinery	232,377	26,531	(10,380)	248,528
Total depreciable assets	<u>2,094,163</u>	<u>53,148</u>	<u>(22,596)</u>	<u>2,124,715</u>
<b>Less Accumulated Depreciation –</b>				
Infrastructure	(431,536)	(19,065)	710	(449,891)
Buildings and improvements	(371,198)	(33,923)	4,644	(400,477)
Equipment and machinery	(159,819)	(16,389)	8,253	(167,955)
Total accumulated depreciation	<u>(962,553)</u>	<u>(69,377)</u>	<u>13,607</u>	<u>(1,018,323)</u>
	1,131,610	(16,229)	(8,989)	1,106,392
<b>Land</b>	487,112	2,524	(33,194)	456,442
<b>Construction Work in Progress</b>	238,907	113,065	(36,703)	315,269
<b>Governmental activities – capital assets, net</b>	<u>\$ 1,857,629</u>	<u>\$ 99,360</u>	<u>\$ (78,886)</u>	<u>\$ 1,878,103</u>

**CITY AND COUNTY OF HONOLULU**  
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	Primary Government			Balance at June 30, 2007
	Balance at July 1, 2006	Additions	Retirements/ Transfers	
<b>Business-type Activities:</b>				
<b>Depreciable Assets –</b>				
Infrastructure	\$ 872,543	\$ 97,623	\$ (525)	\$ 969,641
Buildings and improvements	665,135	260,064	(165)	925,034
Equipment and machinery	475,853	34,491	(13,188)	497,156
Total depreciable assets	<u>2,013,531</u>	<u>392,178</u>	<u>(13,878)</u>	<u>2,391,831</u>
<b>Less Accumulated Depreciation –</b>				
Infrastructure	(122,252)	(19,906)	146	(142,012)
Buildings and improvements	(158,586)	(20,772)	24	(179,334)
Equipment and machinery	(356,253)	(33,946)	12,557	(377,642)
Total accumulated depreciation	<u>(637,091)</u>	<u>(74,624)</u>	<u>12,727</u>	<u>(698,988)</u>
	1,376,440	317,554	(1,151)	1,692,843
<b>Land</b>	124,635	112	(3,997)	120,750
<b>Construction Work in Progress</b>	373,871	140,835	(353,647)	161,059
<b>Business-type activities – capital assets, net</b>	<u>\$ 1,874,946</u>	<u>\$ 458,501</u>	<u>\$ (358,795)</u>	<u>\$ 1,974,652</u>
<b>Component Unit</b>				
<b>Depreciable Assets –</b>				
Infrastructure	\$ 1,112,106	\$ 6,181	\$ 15,924	\$ 1,134,211
Buildings and improvements	125,641	-	12,493	138,134
Equipment and machinery	189,705	3,673	13,270	206,648
Total depreciable assets	<u>1,427,452</u>	<u>9,854</u>	<u>41,687</u>	<u>1,478,993</u>
<b>Less Accumulated Depreciation –</b>				
Infrastructure	(387,875)	(24,664)	910	(411,629)
Buildings and improvements	(37,188)	(4,165)	-	(41,353)
Equipment and machinery	(108,932)	(11,399)	2,187	(118,144)
Total accumulated depreciation	<u>(533,995)</u>	<u>(40,228)</u>	<u>3,097</u>	<u>(571,126)</u>
	893,457	(30,374)	44,784	907,867
<b>Land</b>	32,373	-	-	32,373
<b>Construction Work in Progress</b>	183,541	71,285	(52,136)	202,690
<b>Component unit – capital assets, net</b>	<u>\$ 1,109,371</u>	<u>\$ 40,911</u>	<u>\$ (7,352)</u>	<u>\$ 1,142,930</u>

**CITY AND COUNTY OF HONOLULU**  
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Depreciation expense was charged as follows (amounts in thousands):

**Governmental Activities:**

General government	\$ 13,728
Public safety	22,599
Highways and streets	14,226
Health and human services	644
Culture-recreation	<u>18,180</u>
Total depreciation expense – governmental activities	<u>\$ 69,377</u>

**Business-type Activities:**

Sewer	\$ 35,311
Solid waste	17,447
Housing	3,685
Public Transportation System	<u>18,181</u>
Total depreciation expense – business-type activities	<u>\$ 74,624</u>

**Component Unit:**

Board of Water Supply (\$1,279 of depreciation expense was capitalized to projects)	<u>\$ 38,949</u>
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**7. Interfund Balances**

The following is a summary of amounts due from and due to other funds at June 30, 2007 (amounts in thousands):

	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$ 22,334	\$ 36,689
Highway Fund	-	-
G.O. Bond and Interest Redemption Fund	-	-
General Improvement Bond Fund	2,143	3,232
Nonmajor Governmental Funds	35,799	22,334
Fiduciary Funds	61	-
Enterprise Funds:		
Sewer Fund	3,928	26
Solid Waste Special Fund	267	2,251
	<u>\$ 64,532</u>	<u>\$ 64,532</u>

There are no interfund balances that are not expected to be repaid by June 30, 2007.

**CITY AND COUNTY OF HONOLULU  
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The following is a summary of amounts transferred from and transferred to other funds at June 30, 2007 (amounts in thousands):

	<b>Transferred From Other Funds</b>	<b>Transferred To Other Funds</b>
General Fund	\$ 84,300	\$ 423,113
Highway Fund	-	94,658
G.O. Bond and Interest Redemption Fund	205,802	-
Nonmajor Governmental Funds	87,488	27,271
Enterprise Funds:		
Sewer Fund	5,139	7,031
Solid Waste Special Fund	72,881	9,632
Public Transportation System	106,095	-
	<u>\$ 561,705</u>	<u>\$ 561,705</u>

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

There are no significant transfers that either are non-recurring or are inconsistent with the fund making the transfer.

**CITY AND COUNTY OF HONOLULU**  
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**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, 2007 (amounts in thousands):

	Balance at July 1, 2006	Additions	Reductions	Balance at June 30, 2007	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 1,662,329	\$ -	\$ 63,841	\$ 1,598,488	\$ 73,706
Tax-exempt commercial paper	52,763	94,000	2,700	144,063	144,063
Special assessment bonds with government commitment	290	-	290	-	-
Notes payable to federal and state governments	6,100	-	391	5,709	407
Capital lease	-	1,674	177	1,497	339
Compensated absences	83,168	29,264	26,489	85,943	4,718
Claims and judgments (Note 13)	89,727	3,517	21,992	71,252	20,506
	<u>1,894,377</u>	<u>128,455</u>	<u>115,880</u>	<u>1,906,952</u>	<u>243,739</u>
Add unamortized premium	61,635	-	8,017	53,618	-
Less:					
Unamortized discount	(356)	-	(120)	(236)	-
Deferred loss on refunding	(23,997)	-	(2,027)	(21,970)	-
Total	<u>\$ 1,931,659</u>	<u>\$ 128,455</u>	<u>\$ 121,750</u>	<u>\$ 1,938,364</u>	<u>\$ 243,739</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 291,688	\$ -	\$ 39,087	\$ 252,601	\$ 38,618
Revenue bonds	851,050	340,760	143,035	1,048,775	7,290
Tax-exempt commercial paper	11,837	6,000	-	17,837	17,837
Notes payable to state governments	68,338	51,719	7,311	112,746	8,852
Operating fee obligation (Note 11)	86,715	-	3,480	83,235	7,662
Estimated liability for landfill closure and post closure care costs (Note 14)	15,767	7,079	2,169	20,677	3,780
	<u>1,325,395</u>	<u>405,558</u>	<u>195,082</u>	<u>1,535,871</u>	<u>84,039</u>
Add unamortized premium	13,563	19,488	2,253	30,798	-
Less:					
Unamortized discount	(20,748)	(165)	(1,956)	(18,957)	-
Deferred loss on refunding	(3,186)	-	(231)	(2,955)	-
Total	<u>\$ 1,315,024</u>	<u>\$ 424,881</u>	<u>\$ 195,148</u>	<u>\$ 1,544,757</u>	<u>\$ 84,039</u>
<b>Discretely Presented Component Unit:</b>					
Revenue bonds	\$ 210,925	213,805	\$ 105,570	\$ 319,160	\$ 5,690
Notes payable to state governments	7,071	9,244	261	16,054	800
	<u>217,996</u>	<u>223,049</u>	<u>105,831</u>	<u>335,214</u>	<u>6,490</u>
Add unamortized premium	4,340	4,075	932	7,483	-
Less:					
Unamortized discount	(518)	-	(378)	(140)	-
Deferred loss on refunding	-	(2,464)	(102)	(2,362)	-
Total	<u>\$ 221,818</u>	<u>\$ 224,660</u>	<u>\$ 106,283</u>	<u>\$ 340,195</u>	<u>\$ 6,490</u>



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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 2006 in the original amount of \$2.6 billion, less discounts of \$235,975 and adjusted for a premium of \$53.6 million at June 30, 2007 that are being amortized over the related term of the bonds. These bonds bear interest at 2.0% to 8.0%, and mature serially through fiscal year 2030. General obligation debt authorized but not yet issued amounted to \$430.0 million at June 30, 2007.

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 2006 in the original amount of \$945.7 million, less a discount of \$7,088 and adjusted for a premium of \$5.0 million at June 30, 2007, which are being amortized over the related term of the bonds. These bonds bear interest at 2.0% to 8.0%, and mature serially through fiscal year 2030.

Short-term general obligation tax-exempt commercial paper in a maximum aggregate principal amount not to exceed \$250.0 million outstanding at any time was authorized for issuance by the City, in accordance with Ordinance 04-36, during October 2004, to refinance long-term bonds. The \$161.9 million commercial paper bear interest at variable rates (3.56% to 3.75% at June 30, 2007) 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 up to \$250.0 million for payment of principal and up to \$22.2 million for payment of interest. There were no drawings on the letter of credit during fiscal 2007.

**Revenue Bonds**

Water system revenue bonds in the City's component unit were issued during fiscal years 2001, 2004 and 2007 in the original amount of \$380.4 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 rates ranging from 2.0% to 5.5% at June 30, 2007 and mature serially through July 1, 2036. The revenue bonds are collateralized by the component unit's revenues.

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In July 2006 the Board issued Series 2006A and 2006B (AMT bonds) water system revenue bonds in the aggregate amount of \$213.8 million, Series 2006A for \$165.2 million and Series 2006B for \$48.6 million. The Series 2006A bonds bear interest rates of 4.0% to 5.0% and mature serially on July 1, 2012 through 2036. The Series 2006B bonds bear interest rates of 4.5% to 5.25% and mature serially on July 1, 2007 through 2021. The 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. Proceeds from Series 2006A bonds were used to fund the cost of capital improvement projects to the water system of the Board, to fund the common reserve account and to advance refund certain outstanding Series 2001 and Series 2004 revenue bonds. The partial refunding of the Series 2001 and Series 2004 bonds reduced debt service payments by \$3.1 million with an economic gain of \$2.1 million. Proceeds from the Series 2006B bonds were used to fund the reserve fund policy premium and currently refund outstanding Series 2002A and 2002B revenue bonds.

Wastewater system revenue bonds in the City's business-type activities were issued during fiscal years 1999 through 2007, in the original amount totaling \$1,199.7 million, less discounts of \$18.9 million and adjusted for premiums of \$25.8 million at June 30, 2007, which are being amortized over the related term of the bonds. The bonds bear interest at 3.2% to 5.5% at June 30, 2007 and mature at various dates through fiscal year 2037. The wastewater system revenues collateralize the revenue bonds.

In September 2006, the City issued wastewater system revenue bonds in the aggregate amount of \$340.8 million, Series 2006A for \$190.9 million, Series 2006B for \$31.3 million and Series 2006C for \$118.6 million. The bonds bear interest rates of 4% to 5% and mature annually on July 1, 2007 through 2036. The bonds maturing after July 1, 2016 are subject to redemption at the option of the City on or after July 1, 2016, in whole or in part at any time from any maturity. Proceeds of the bond were used to fund additions and improvements to the wastewater system of the City, to fund the reserve account, currently refund certain outstanding general obligations and wastewater system revenue bonds and advance refund wastewater system revenue bonds. 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 and discount generated by each issue will be amortized over the life of the related bonds.

**CITY AND COUNTY OF HONOLULU**  
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A portion of the variable rate Series 2003A-1 was currently refunded by the Series 2006B to set interest rates. The Series 2006C advance refunded a portion of the Series 2001 decreasing debt service payments by \$6.8 million with an economic gain of \$4.5 million.

Annual debt service requirements to maturity for general obligation bonds (including tax exempt commercial paper) and revenue bonds at June 30, 2007, including interest of \$1.9 billion, were as follows (amounts in thousands):

Year Ending June 30:	Governmental Activities		Business-Type Activities		Primary Government Total		Component Unit	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2008	\$ 84,583	\$ 217,769	\$ 65,945	\$ 63,745	\$ 150,528	\$ 281,514	\$ 15,090	\$ 5,690
2009	75,612	76,141	57,799	50,058	133,411	126,199	14,869	5,910
2010	71,305	95,958	55,455	37,717	126,760	133,675	14,617	6,165
2011	65,818	107,215	53,383	35,696	119,201	142,911	14,349	6,435
2012	60,394	103,747	51,685	41,673	112,079	145,420	14,071	6,710
2013 - 2017	229,514	438,346	233,041	210,104	462,555	648,450	65,475	38,430
2018 - 2022	130,570	354,478	184,763	244,947	315,333	599,425	55,148	48,760
2023 - 2027	56,443	247,838	122,192	275,757	178,635	523,595	41,679	63,125
2028 - 2032	6,966	101,059	55,860	242,826	62,826	343,885	24,473	80,220
2033 - 2037	-	-	12,841	116,690	12,841	116,690	6,536	57,715
Total	\$ 781,205	\$ 1,742,551	\$ 892,964	\$ 1,319,213	\$ 1,674,169	\$ 3,061,764	\$ 266,307	\$ 319,160

Total interest costs incurred by the business-type activities and the component unit for the fiscal year ended June 30, 2007 were \$102.4 million, of which \$14.9 million was capitalized.

**Other Long-Term Debt**

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 \$2.5 million at June 30, 2007.

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 \$115.9 million at June 30, 2007, bear interest at 0.50% to 3.02%, and require annual principal and interest payments through fiscal year 2026.

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

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Annual debt service requirements to maturity for the City's governmental activities and business-type activities for other long-term debt at June 30, 2007, including interest of \$18.3 million, were as follows (amounts in thousands):

Year Ending June 30	Primary Government		Component Unit Notes	
	Notes and Leases			
	Interest	Principal	Interest	Principal
2008	\$ 2,856	\$ 9,597	\$ 129	\$ 800
2009	2,632	9,758	123	812
2010	2,403	9,949	118	817
2011	2,150	10,146	113	823
2012	1,899	10,173	108	828
2013-2017	5,086	39,238	449	4,228
2018-2022	1,094	21,881	275	4,402
2023-2027	159	9,210	66	3,345
Total	<u>\$ 18,279</u>	<u>\$ 119,952</u>	<u>\$ 1,381</u>	<u>\$ 16,055</u>

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, 2007, \$656.5 million of the City's and \$74.6 million of the Board of Water Supply's bonds outstanding were considered defeased.

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**9. Net Assets**

At June 30, 2007, net assets of the primary government consisted of the following (amounts in thousands):

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
<b>Invested in Capital Assets, Net of Related Debt:</b>		
Net property, plant and equipment	\$ 1,878,103	\$ 1,974,653
Less:		
General obligation bonds payable, net	(1,629,900)	(254,649)
Revenue bonds payable, net	-	(1,050,860)
Notes payable and other long-term debt	(7,206)	(112,746)
Tax-exempt commercial paper	(144,063)	(17,837)
Amount of debt related to unspent debt proceeds	16,844	172,589
	113,778	711,150
<b>Restricted for Debt Service</b>	1,085	59,409
<b>Unrestricted</b>	233,339	16,751
Total net assets	\$ 348,202	\$ 787,310

**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 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. Effective July 1, 2005 a dollar contribution is not determined under the provisions of Act 181/2004. Instead a fixed percentage of payroll is contributed (15.75% for Police and Fire and 13.75% for All Other Employees). The City's contributions to the ERS, inclusive of its component unit, for the fiscal years ended June 30, 2005, 2006 and 2007 were \$47.7 million, \$63.3 million and \$67.5 million respectively, which were equal to the required contributions for each year.

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The 2004 State of Hawaii legislative sessions approved a hybrid retirement plan, which took effect on July 1, 2006. Employees who chose to be under this plan are required to contribute 6.0% of their salary and will receive pensions based on a 2.0% benefit formula instead of a 1.25% benefit formula under the current non-contributory plan. The hybrid plan does not affect the City's contributions to the ERS.

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.

For employees hired before July 1, 1996, the City pays 100% of the monthly health care premium for employees retiring with ten or more years of credited service, and 50% of the monthly premium for employees retiring with fewer than ten years of credited service.

For employees hired after June 30, 1996 and retiring with 25 years or more of service the City pays the entire health care premium. For employees retiring with at least 15 years but fewer than 25 years of service, the City pays 75% of the monthly Medicare or non-Medicare premium. For those retiring with at least 10 years but fewer than 15 years of service, the City pays 50% of the retired employees' monthly Medicare or non-Medicare premium. For those retiring with fewer than 10 years of service, the City makes no contributions.

For employees hired after June 30, 2001 and retiring with over 25 years of service, the City pays 100% of the monthly premium based on the self plan. For those who retire with at least 15 years but fewer than 25 years of service, the City pays 75% of the retired employees' monthly Medicare or non-Medicare premium based on the self plan. For those retiring with at least 10 years but fewer than 15 years of service, the City pays 50% of the retired employees' monthly Medicare or non-Medicare premium based on the self plan. For those retiring with fewer than 10 years of service, the City makes no contributions.

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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 10,100 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 on a pay-as-you-go basis, amounted to \$44.5 million and \$44.4 million for the fiscal years ended June 30, 2007 and 2006, respectively.

**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 City created the Housing Development Special Fund to develop affordable housing for sale or for rental. At June 30, 2007, the City had \$94.1 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.

**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 12.0% 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.



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- 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 \$80.0 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 (\$48.9 million and \$132.1 million at June 30, 2007, respectively) have been offset for financial statement reporting purposes. At June 30, 2007, future payments are as follows (amounts in thousands):

	<b>Operating Fee Obligation</b>	<b>Note Receivable</b>	<b>Difference</b>
<b>Year Ending June 30:</b>			
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	154,340	55,752	98,588
Less: Amount representing interest	<u>(22,191)</u>	<u>(6,839)</u>	<u>(15,352)</u>
Total	<u>\$ 132,149</u>	<u>\$ 48,913</u>	<u>\$ 83,236</u>

At June 30, 2007, the City had \$51.5 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 June 30, 2010, 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, 2007 through June 30, 2008 is \$318,750, which increases to \$450,500 for the period July 1, 2008 to June 30, 2009 and increases to \$468,520 for the period July 1, 2009 to June 30, 2010.

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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**Other 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, 2007, these assets held by OTS amounted to \$2,330,000.

**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 \$2.0 million effective July 1, 2006. The City also has a workers' compensation self-insurance program, which covers OTS claims up to \$2.0 million per occurrence effective July 1, 2006. 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.

**12. Commitments**

**Leases**

The City leases equipment and office space under capital and operating leases, which expire at various dates through fiscal 2036. At June 30, 2007, the cost of equipment recorded under capital lease arrangements and included in capital assets amounted to \$1.5 million.

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Future minimum obligations under capital and operating leases at June 30, 2007 were as follows (amounts in thousands):

	<b>Capital Leases</b>	<b>Operating Leases</b>
<b>Year Ending June 30:</b>		
2008	\$ 375	\$ 3,978
2009	346	3,166
2010	346	2,506
2011	346	1,882
2012	173	1,232
2013-2017	-	1,831
2018-2022	-	50
2023-2027	-	50
2028-2032	-	50
2033-2037	-	38
Total minimum payments	1,586	\$ 14,783
Less amount representing interest	89	
Present value of future minimum capital lease payments	\$ 1,497	

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 \$6.7 million for the fiscal year ended June 30, 2007.

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The City leases to others concession rights and real property under operating leases, which expire at various dates through fiscal 2048. Certain leases provide for periodic renegotiation of rents. The cost, accumulated depreciation and net book value of these leased assets are as follows (amount in thousands):

<u>Asset Class</u>	<u>Cost at</u> <u>Date of Acquisition</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u> <u>Book Value</u>
Land	\$ 9,692	\$ -	\$ 9,692
Buildings and Improvements	46,938	(19,383)	27,555
Totals	<u>\$ 56,630</u>	<u>\$ (19,383)</u>	<u>\$ 37,247</u>

Future minimum rental income under such leases at June 30, 2007 were as follows (amounts in thousands):

<b>Year Ending June 30:</b>		
2008	\$	5,659
2009		5,123
2010		4,957
2011		4,084
2012		4,006
2013-2017		19,464
2018-2022		18,268
2023-2027		9,096
2028-2032		895
2033-2037		890
2038-2042		795
2043-2047		675
2048-2053		51
Total minimum rental income	<u>\$</u>	<u>73,963</u>

**Other Commitments**

Business-type activities, which do not employ encumbrance accounting, have contractual commitments of approximately \$436.2 million at June 30, 2007, primarily for construction contracts, which includes the Board of Water Supply's commitments of \$135.8 million. Other contractual commitments for the expenditure of City monies are encumbered in the governmental funds.

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In May 2006, the City settled the James Smith versus City and County of Honolulu, Civil No. 02-1-1006-04 (VSM) class action suit claiming improper calculation of Fair Labor Standards Act benefits with 2,225 employees. After an initial payment of \$6.0 million on July 31, 2006, the \$30.0 million settlement calls for annual payments of \$3.1 million to the employees beginning July 31, 2007 and ending on July 31, 2011. A \$2.1 million credit will be applied to the employee vacation accounts beginning July 31, 2008 and ending on July 31, 2011. The City recorded a \$5.0 million liability as of June 30, 2005 and recorded an additional \$25.0 million liability as of June 30, 2006 related to this settlement. Based on the agreement the City paid \$3.1 million to the employees on July 31, 2007 with the remaining \$20.9 million to be paid or credited to the employees annually.

**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.

**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 with no limit, and general liability claims and automobile claims for up to \$2.0 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.

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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, 2007, the estimated total liability of the City for claims and judgments amounted to \$71.3 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 made an initial lump sum payment of \$5.0 million to the landowners and began selling City-owned parcels of land to various third parties. During the fiscal year ended June 30, 2007, the City sold the two remaining parcels for a total of \$27.0 million and the net proceeds of \$25.6 million were remitted to the landowners. Once the City completes the ownership transfer and closure of certain sections of various streets the City will obtain 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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The following is a summary of changes in the claims and judgments liability account during the fiscal year (amounts in thousands):

	<b>Automobile and General Liability</b>	<b>Workers' Compensation</b>	<b>Total</b>
<b>Balance at July 1, 2005</b>	\$ 26,791	\$ 42,080	\$ 68,871
Incurring losses and loss adjustment expenses	22,031	16,486	38,517
Payments	<u>(5,038)</u>	<u>(12,623)</u>	<u>(17,661)</u>
<b>Balance at June 30, 2006</b>	43,784	45,943	89,727
Incurring losses and loss adjustment expenses	5,401	(1,884)	3,517
Payments:	<u>(7,854)</u>	<u>(14,138)</u>	<u>(21,992)</u>
<b>Balance at June 30, 2007</b>	<u>\$ 41,331</u>	<u>\$ 29,921</u>	<u>\$ 71,252</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.



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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 \$20.7 million reported as the liability in the Solid Waste Special Fund for closure and postclosure care costs at June 30, 2007 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, 2007</u>	<u>Total Estimated Cost</u>
Waipahu incinerator landfill	100.0%	October 1991	\$ 16,377	\$ 18,375
Kapaa sanitary landfill	100.0%	May 1997	4,300	14,237
Total			<u>\$ 20,677</u>	<u>\$ 32,612</u>

For fiscal year 2007, 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.

For the Waimanalo Gulch Landfill, the contractor shall provide post-closure maintenance of the landfill site for a period of thirty (30) years beyond the date of completion of closure of the landfill site.

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 on December 30, 2004 as part of a settlement agreement order between the City and the State. The City paid an administrative penalty of \$425,000 to the State on January 18, 2005 and will pay an additional \$117,000 worth of in-kind services over a 4-year period for cleanup projects designated by the State.

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**Sewer Fund – Litigation**

The City is a party to various legal proceedings arising in the normal course of business. Some of these matters relate to the Sewer Fund as follows:

**Clean Water Act**

A lawsuit filed by the U.S. Environmental Protection Agency (EPA) and the State against the City in 1994 resulted in a consent decree which requires the City, among other things, to comply with the Clean Water Act, to establish a schedule under which the City will implement preventive maintenance and sewer replacement and rehabilitation necessary to reduce and prevent spills, to implement and enforce its pretreatment program to regulate industrial discharges, and to develop and implement an effluent and sludge reuse program. The court has retained continuing jurisdiction over implementation of the consent decree. Pursuant to the consent decree, the City has established and is currently implementing a \$3.7 billion, 20-year capital improvement plan (Fiscal Year 1998 to Fiscal Year 2017) to upgrade its wastewater collection and treatment system.

In July 2004, the Sierra Club and other environmental groups filed a lawsuit against the City seeking injunctive relief and penalties for alleged Clean Water Act violations arising from the City's wastewater collection and treatment system. Of plaintiffs' original twelve claims, the court dismissed five claims and the plaintiffs agreed to dismiss three more. The plaintiffs filed a motion for summary judgment with respect to three of the four remaining claims in this litigation, which the court granted in part and denied in part in October 2007. The court's decision did not address the amount of penalties, if any, that would be assessed against the City. The outcome of this litigation cannot be predicted at this stage of the proceedings, and any potential liability in this litigation beyond the costs of the 20-year wastewater system capital improvement plan is speculative.

As a result of a March 2006 sewer spill and after one year of negotiations, the EPA, the U.S. Department of Justice, the State and the City signed a stipulated order that requires the City to take certain actions to evaluate, repair, rehabilitate or replace certain force mains and one pump station in its wastewater collection system, and develop site-specific spill contingency plans. This stipulated order, which has been accepted by the court, resolves the entire civil enforcement action that was simultaneously filed with the stipulated order against the City with respect to the spill. The estimated cost of the work in the stipulated order is approximately \$300 million.

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Although the outcome of individual matters is not predictable, no provision for any liability that may result from these lawsuits has been made in the Sewer Fund's financial statements since any such liabilities are normally paid from the City's General Fund. 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.

**Honouliuli and Sand Island Wastewater Treatment Plant Permits**

In March and December 2007, the EPA issued a tentative decision to deny an application for a renewed variance from secondary treatment for the Honouliuli and Sand Island wastewater treatment plants, respectively. The City is vigorously challenging the tentative decisions. If the City's applications are denied, the project costs of secondary treatment at Honouliuli and Sand Island is estimated to be \$400.0 million and \$800.0 million, respectively.

**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.

**CITY AND COUNTY OF HONOLULU**  
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**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, 2007, relating to the billing and collection of sewer service charges. Fees related to these services were negotiated at approximately \$700,000 per year through fiscal 2007. 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 accrued \$1.9 million (\$3.3 million in CASE fees less \$1.4 million for Kapolei Hale Improvements by BWS) on June 30, 2007 for fiscal year 2007, leaving an unpaid balance of \$7.8 million related to fiscal years 2005, 2006 and 2007.

**Amount Due to/from the City** – Amounts due from the City approximated \$1,689,900 as of June 30, 2007, and are included in other receivables. Amounts due to the City approximated \$7,800,000 as of June 30, 2007, and are included in accounts payable.

**16. Subsequent Event**

In August 2007, the City issued Series 2007A and Series 2007B wastewater system revenue bonds in the aggregate amount of \$171.9 million. The bonds bear interest rates of 4.0% to 5.0% and mature annually on July 1, 2012 through July 1, 2037. The bonds maturing after July 1, 2018 are subject to redemption at the option of the City on or after July 1, 2017, in whole or in part at any time, from any maturity. The proceeds from the bonds will be used to fund the cost of certain additions and improvements to the wastewater system of the City, a common reserve account and current and advance refunding of certain City general obligation bonds.

**CITY AND COUNTY OF HONOLULU**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2007**

In November 2007, the City issued Series 2007A general obligation bonds in the aggregate amount of \$268.6 million. The bonds bear interest from 4.00% to 5.25% and mature annually on July 1, 2012 through 2031. Proceeds of the bonds will be used to refund general obligation commercial paper notes and will fund certain capital projects. The bonds maturing after July 1, 2017 are subject to redemption at the option of the City on and after July 1, 2017, in whole or in part, at any time, from any maturity.

**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 39.

CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes .....	\$ 706,019	\$ 706,019	\$ 727,015	\$ 20,996
Licenses and permits .....	37,565	37,565	40,648	3,083
Intergovernmental .....	89,120	89,120	92,760	3,640
Charges for services .....	6,431	6,431	5,752	(679)
Fines and forfeits .....	295	295	557	262
<b>Miscellaneous:</b>				
Reimbursements and recoveries .....	86,753	86,753	86,793	40
Interest .....	6,161	6,161	19,071	12,910
Other .....	2,603	2,603	5,865	3,262
Total Revenues .....	<u>934,947</u>	<u>934,947</u>	<u>978,461</u>	<u>43,514</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Budget and Fiscal Services .....	16,007	21,007	14,806	6,201
City Clerk .....	3,822	3,826	3,289	537
City Council .....	6,956	7,048	6,548	500
Corporation Counsel .....	9,134	9,134	6,907	2,227
Customer Services .....	20,385	20,385	17,889	2,496
Design and Construction .....	15,892	15,892	11,999	3,893
Facility Maintenance .....	13,896	13,896	13,519	377
Human Resources .....	5,618	5,618	5,196	422
Information Technology .....	18,170	17,968	19,019	(1,051)
Mayor .....	4,298	4,305	4,178	127
Planning and Permitting .....	11,463	11,463	9,901	1,562
Prosecuting Attorney .....	15,906	15,906	15,037	869
Total General government .....	<u>141,547</u>	<u>146,448</u>	<u>128,288</u>	<u>18,160</u>
<b>Public safety:</b>				
Emergency Services .....	28,753	28,753	26,426	2,327
Fire .....	77,266	77,266	75,810	1,456
Mayor .....	699	699	647	52
Medical Examiner .....	1,330	1,391	1,359	32
Planning and Permitting .....	5,457	5,457	4,826	631
Police .....	170,649	171,449	164,083	7,366
Total Public safety .....	<u>284,154</u>	<u>285,015</u>	<u>273,151</u>	<u>11,864</u>
<b>Highways and streets:</b>				
Facility Maintenance .....	2,507	2,507	2,445	62
<b>Sanitation:</b>				
Environmental Services .....	3,810	3,810	3,266	544
<b>Human services:</b>				
Community Services .....	3,075	3,166	3,128	38



CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Culture-recreation:</b>				
Mayor .....	2,011	2,011	1,950	61
Parks and Recreation .....	58,459	58,743	55,849	2,894
<b>Total Culture-recreation .....</b>	<b>60,470</b>	<b>60,754</b>	<b>57,799</b>	<b>2,955</b>
<b>Miscellaneous:</b>				
<b>Retirement and health benefits:</b>				
Budget and Fiscal Services .....	50	50	21	29
City Council .....	2,541	2,541	2,241	300
Provisional .....	121,751	121,751	117,168	4,583
<b>Total Retirement and health benefits .....</b>	<b>124,342</b>	<b>124,342</b>	<b>119,430</b>	<b>4,912</b>
<b>Other:</b>				
Budget and Fiscal Services .....	8,261	8,261	8,257	4
City Council .....	357	261	36	225
Provisional .....	26,403	25,160	15,608	9,552
<b>Total Other .....</b>	<b>35,021</b>	<b>33,682</b>	<b>23,901</b>	<b>9,781</b>
<b>Total Miscellaneous .....</b>	<b>159,363</b>	<b>158,024</b>	<b>143,331</b>	<b>14,693</b>
<b>Debt Service:</b>				
Budget and Fiscal Services .....	359	359	359	--
Information Technology .....	--	202	202	--
<b>Total Debt service .....</b>	<b>359</b>	<b>561</b>	<b>561</b>	<b>--</b>
<b>Total Expenditures .....</b>	<b>655,285</b>	<b>660,285</b>	<b>611,969</b>	<b>48,316</b>
Revenues over Expenditures .....	279,662	274,662	366,492	91,830
<b>Other Financing Sources (Uses):</b>				
Capital leases .....	--	--	1,674	1,674
Sales of capital assets .....	45	45	74	29
Transfers in .....	86,445	86,445	84,300	(2,145)
Transfers out .....	(423,812)	(423,812)	(423,113)	699
<b>Total Other Financing Sources (Uses) .....</b>	<b>(337,322)</b>	<b>(337,322)</b>	<b>(337,065)</b>	<b>257</b>
<b>Net change in Fund Balance .....</b>	<b>(57,660)</b>	<b>(62,660)</b>	<b>29,427</b>	<b>92,087</b>
Encumbrances .....	--	--	27,767	27,767
Fund Balance - July 1 .....	59,313	64,313	98,608	34,295
Fund Balance - June 30 .....	<b>\$ 1,653</b>	<b>\$ 1,653</b>	<b>\$ 155,802</b>	<b>\$ 154,149</b>

Budgetary basis includes encumbrances.

CITY AND COUNTY OF HONOLULU  
**HIGHWAY FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes .....	\$ 81,997	\$ 88,269	\$ 6,272
Licenses and permits .....	71,421	75,852	4,431
Intergovernmental .....	170	--	(170)
Charges for services .....	5,756	5,259	(497)
Fines and forfeits .....	100	17	(83)
<b>Miscellaneous:</b>			
Reimbursements and recoveries .....	336	310	(26)
Other .....	1,853	2,629	776
<b>Total Revenues .....</b>	<b>161,633</b>	<b>172,336</b>	<b>10,703</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Design and Construction .....	5,130	4,270	860
Facility Maintenance .....	12,015	10,808	1,207
Planning and Permitting .....	1,626	1,431	195
<b>Total General government .....</b>	<b>18,771</b>	<b>16,509</b>	<b>2,262</b>
<b>Public safety:</b>			
Police .....	20,641	20,251	390
Transportation Services .....	4,835	4,579	256
<b>Total Public safety .....</b>	<b>25,476</b>	<b>24,830</b>	<b>646</b>
<b>Highways and streets:</b>			
Facility Maintenance .....	19,247	19,103	144
<b>Sanitation:</b>			
Environmental Services .....	597	597	--
<b>Utilities or other enterprises:</b>			
Transportation Services .....	1,947	1,875	72
<b>Miscellaneous:</b>			
<b>Retirement and health benefits:</b>			
Provisional .....	13,661	13,294	367
<b>Other:</b>			
Provisional .....	2,750	841	1,909
<b>Total Miscellaneous .....</b>	<b>16,411</b>	<b>14,135</b>	<b>2,276</b>
<b>Total Expenditures .....</b>	<b>82,449</b>	<b>77,049</b>	<b>5,400</b>
<b>Revenues over Expenditures .....</b>	<b>79,184</b>	<b>95,287</b>	<b>16,103</b>

CITY AND COUNTY OF HONOLULU  
**HIGHWAY FUND**  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

(Page 2 of 2)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b>Other Financing Source (Use):</b>			
Sales of capital assets .....	266	351	85
Transfers out .....	<u>(96,803)</u>	<u>(94,658)</u>	<u>2,145</u>
<b>Total Other Financing Source (Use) .....</b>	<b><u>(96,537)</u></b>	<b><u>(94,307)</u></b>	<b><u>2,230</u></b>
Net change in Fund Balance .....	(17,353)	980	18,333
Encumbrances .....	--	4,194	4,194
Fund Balance - July 1 .....	<u>17,353</u>	<u>26,608</u>	<u>9,255</u>
<b>Fund Balance - June 30 .....</b>	<b><u>\$ --</u></b>	<b><u>\$ 31,782</u></b>	<b><u>\$ 31,782</u></b>

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 39.

CITY AND COUNTY OF HONOLULU  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 JUNE 30, 2007  
 (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
<b><u>ASSETS</u></b>			
Cash and investments:			
With Treasury and banks.....	\$ 1,267	\$ 834	\$ 2,467
Receivables:			
Accounts .....	--	--	--
Special Assessments .....	--	--	--
Loans .....	--	--	--
Intergovernmental .....	--	--	--
Due from other funds .....	--	--	--
Inventories - Municipal Stores .....	--	--	--
Total Assets .....	\$ 1,267	\$ 834	\$ 2,467
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable .....	\$ 7	\$ --	\$ --
Interest and bonds payable-matured .....	--	--	--
Due to other funds .....	--	--	--
Accrued payroll .....	8	1	--
Deferred revenue .....	--	--	--
Total Liabilities .....	15	1	--
Fund Balances:			
Reserved for encumbrances .....	262	19	--
Reserved for debt service .....	--	--	--
Unreserved - undesignated .....	990	814	2,467
Total Fund Balances .....	1,252	833	2,467
Total Liabilities and Fund Balances .....	\$ 1,267	\$ 834	\$ 2,467

CITY AND COUNTY OF HONOLULU  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 JUNE 30, 2007  
 (Amounts in thousands)

(Page 2 of 6)

Special Revenue Funds					
Liquor Commission Fund	Rental Assistance Fund	Zoo Animal Purchase Fund	Hanauma Bay Nature Preserve Fund	Reserve for Fiscal Stability Fund	Transit Fund (Operating Account)
\$ 2,277	\$ 836	\$ 36	\$ 3,573	\$ 10,034	\$ 514
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
\$ 2,277	\$ 836	\$ 36	\$ 3,573	\$ 10,034	\$ 514
\$ 7	\$ --	\$ --	\$ 9	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
24	--	--	14	--	--
--	--	--	--	--	--
31	--	--	23	--	--
156	--	3	130	--	250
--	--	--	--	--	--
2,090	836	33	3,420	10,034	264
2,246	836	36	3,550	10,034	514
\$ 2,277	\$ 836	\$ 36	\$ 3,573	\$ 10,034	\$ 514

CITY AND COUNTY OF HONOLULU  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 JUNE 30, 2007  
 (Amounts in thousands)

(Page 3 of 6)

	Special Revenue Funds		
	Community Development Fund	Golf Fund	Special Events Fund
<b><u>ASSETS</u></b>			
Cash and investments:			
With Treasury and banks.....	\$ 135	\$ 3,501	\$ 4,283
Receivables:			
Accounts .....	--	--	--
Special Assessments .....	--	--	--
Loans .....	180	--	--
Intergovernmental .....	717	--	--
Due from other funds .....	--	--	19
Inventories - Municipal Stores .....	--	--	--
Total Assets .....	\$ 1,032	\$ 3,501	\$ 4,302
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable .....	\$ 703	\$ 60	\$ 155
Interest and bonds payable-matured .....	--	--	--
Due to other funds .....	--	--	--
Accrued payroll .....	--	70	129
Deferred revenue .....	180	--	--
Total Liabilities .....	883	130	284
Fund Balances:			
Reserved for encumbrances .....	9,776	1,013	1,074
Reserved for debt service .....	--	--	--
Unreserved - undesignated .....	(9,627)	2,358	2,944
Total Fund Balances .....	149	3,371	4,018
Total Liabilities and Fund Balances .....	\$ 1,032	\$ 3,501	\$ 4,302



CITY AND COUNTY OF HONOLULU  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 JUNE 30, 2007  
 (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	\$ 7,617	\$ 14,475	\$ 4,708	\$ 910	\$ 3,428
--	--	--	--	--	465
--	--	--	--	--	--
--	--	2,441	10,294	--	2,964
--	781	21,994	--	--	2,561
--	--	15	--	--	--
--	--	--	--	--	--
<u>\$ 46</u>	<u>\$ 8,398</u>	<u>\$ 38,925</u>	<u>\$ 15,002</u>	<u>\$ 910</u>	<u>\$ 9,418</u>
\$ --	\$ 583	\$ 212	\$ --	\$ --	\$ 108
--	--	--	--	--	--
--	448	21,826	--	--	--
--	--	--	--	--	--
--	270	2,493	10,294	--	3,738
--	1,301	24,531	10,294	--	3,846
--	4,540	21,396	4,708	--	3,375
--	--	--	--	--	--
46	2,557	(7,002)	--	910	2,197
46	7,097	14,394	4,708	910	5,572
<u>\$ 46</u>	<u>\$ 8,398</u>	<u>\$ 38,925</u>	<u>\$ 15,002</u>	<u>\$ 910</u>	<u>\$ 9,418</u>

CITY AND COUNTY OF HONOLULU  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 JUNE 30, 2007  
 (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
<b><u>ASSETS</u></b>				
Cash and investments:				
With Treasury and banks.....	\$ 468	\$ 1,510	\$ 165	\$ 151
Receivables:				
Accounts .....	--	--	--	--
Special Assessments .....	--	--	--	--
Loans .....	--	--	--	--
Intergovernmental .....	--	--	--	--
Due from other funds .....	--	--	59	--
Inventories - Municipal Stores .....	--	--	--	20
Total Assets .....	\$ 468	\$ 1,510	\$ 224	\$ 171
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable .....	\$ --	\$ --	\$ --	\$ 3
Interest and bonds payable-matured .....	--	--	--	--
Due to other funds .....	--	--	--	--
Accrued payroll .....	--	--	--	--
Deferred revenue .....	235	--	--	--
Total Liabilities .....	235	--	--	3
Fund Balances:				
Reserved for encumbrances .....	--	--	--	--
Reserved for debt service .....	--	--	--	--
Unreserved - undesignated .....	233	1,510	224	168
Total Fund Balances .....	233	1,510	224	168
Total Liabilities and Fund Balances .....	\$ 468	\$ 1,510	\$ 224	\$ 171

CITY AND COUNTY OF HONOLULU  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 JUNE 30, 2007  
 (Amounts in thousands)

(Page 6 of 6)

Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
Improvement District Bond and Interest Redemption Fund	Highway Improvement Bond Fund	Federal Grants Capital Projects Fund	Capital Projects Fund	Transit Fund (Capital Account)	
\$ 1,027	\$ 17,746	\$ 8,356	\$ 21,311	\$ 11,886	\$ 123,561
--	--	--	--	--	465
138	--	--	--	--	138
--	--	46,006	--	--	61,885
--	--	3,598	--	--	29,651
--	--	--	60	35,646	35,799
--	--	--	--	--	20
<u>\$ 1,165</u>	<u>\$ 17,746</u>	<u>\$ 57,960</u>	<u>\$ 21,371</u>	<u>\$ 47,532</u>	<u>\$ 251,519</u>
\$ --	\$ 6,507	\$ 4,113	\$ 84	\$ --	\$ 12,551
9	--	--	--	--	9
60	--	--	--	--	22,334
--	--	--	--	--	246
11	--	47,060	--	--	64,281
<u>80</u>	<u>6,507</u>	<u>51,173</u>	<u>84</u>	<u>--</u>	<u>99,421</u>
--	193,285	91,976	18,411	11,227	361,601
1,085	--	--	--	--	1,085
--	(182,046)	(85,189)	2,876	36,305	(210,588)
<u>1,085</u>	<u>11,239</u>	<u>6,787</u>	<u>21,287</u>	<u>47,532</u>	<u>152,098</u>
<u>\$ 1,165</u>	<u>\$ 17,746</u>	<u>\$ 57,960</u>	<u>\$ 21,371</u>	<u>\$ 47,532</u>	<u>\$ 251,519</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, 2007  
( 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.....	--	419	--
Intergovernmental.....	--	--	--
Charges for services.....	3,163	--	--
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	--
Interest.....	--	--	--
Other.....	--	--	618
Total Revenues.....	3,163	419	618
Expenditures:			
Current:			
General government.....	2,521	--	--
Public safety.....	--	320	--
Highways and streets.....	--	5	--
Sanitation.....	--	--	--
Human services.....	--	--	--
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.....	2,521	325	--
Revenues over (under) Expenditures.....	642	94	618
Other Financing Sources (Uses):			
Issuance of commercial paper & long-term notes .....	--	--	--
Transfers in.....	--	421	494
Transfers out.....	(164)	(22)	(2,050)
Total Other Financing Sources (Uses).....	(164)	399	(1,556)
Revenues and Other Sources over (under) Expenditures and Other Uses.....	478	493	(938)
Fund Balances - July 1.....	774	340	3,405
Fund Balances - June 30.....	\$ 1,252	\$ 833	\$ 2,467

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, 2007

( 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	Reserve for Fiscal Stability Fund	Transit Fund (Operating Account)
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	3,883	--	--	--	--	--
--	--	--	--	--	--	--
--	132	--	--	3,322	--	--
--	294	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	13	227	3	1,053	--	--
--	4,322	227	3	4,375	--	--
--	2,519	--	--	--	--	86
47	--	--	--	756	--	--
--	--	--	--	--	--	--
--	--	147	--	--	--	--
--	--	--	2	1,940	--	--
--	--	--	--	--	--	--
--	541	--	--	359	--	--
--	39	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
47	3,099	147	2	3,055	--	86
(47)	1,223	80	1	1,320	--	(86)
--	--	--	--	--	--	--
--	--	--	--	925	5,000	600
--	(306)	(12)	--	(1,791)	--	--
--	(306)	(12)	--	(866)	5,000	600
(47)	917	68	1	454	5,000	514
47	1,329	768	35	3,096	5,034	--
\$ --	\$ 2,246	\$ 836	\$ 36	\$ 3,550	\$ 10,034	\$ 514

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, 2007

( Amounts in thousands )

( Page 3 of 6 )

	Special Revenue Funds		
	Community Development Fund	Golf Fund	Special Events Fund
<b>Revenues:</b>			
Special assessments .....	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--
Intergovernmental.....	11,366	--	--
Charges for services.....	--	5,154	1,972
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	10
Interest.....	--	--	122
Other.....	9	3,273	6,425
<b>Total Revenues.....</b>	<b>11,375</b>	<b>8,427</b>	<b>8,529</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government.....	577	--	107
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	879	--	--
Culture-recreation.....	--	7,896	8,849
Utilities or other enterprises.....	--	--	--
Miscellaneous:			
Retirement and health benefits.....	--	1,666	2,325
Other.....	--	46	100
<b>Capital Outlay:</b>			
General government.....	--	--	--
Public safety.....	4	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	9,885	--	--
Culture-recreation.....	--	--	--
Utilities or other enterprises.....	--	--	--
<b>Debt service:</b>			
Principal.....	--	--	--
Interest.....	--	--	--
<b>Total Expenditures.....</b>	<b>11,345</b>	<b>9,608</b>	<b>11,381</b>
Revenues over (under) Expenditures.....	30	(1,181)	(2,852)
<b>Other Financing Sources (Uses):</b>			
Issuance of commercial paper & long-term notes .....	--	--	--
Transfers in.....	--	12,049	11,788
Transfers out.....	(58)	(9,036)	(7,293)
<b>Total Other Financing Sources (Uses).....</b>	<b>(58)</b>	<b>3,013</b>	<b>4,495</b>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	(28)	1,832	1,643
Fund Balances - July 1.....	177	1,539	2,375
Fund Balances - June 30.....	<b>\$ 149</b>	<b>\$ 3,371</b>	<b>\$ 4,018</b>

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, 2007

( 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
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	12,580	44,927	--	--	38,191
--	--	--	--	--	--
--	--	--	--	--	--
--	46	501	221	44	283
--	1,218	2,537	3,251	--	90
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
--	13,844	47,965	3,472	44	38,564
--	3,062	1,753	--	--	332
--	1,101	11,337	--	--	--
--	1,455	15	--	--	--
--	10	--	--	--	--
--	5,300	11,320	1,681	--	39,179
--	319	234	--	--	--
--	--	21,263	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
--	11,247	45,922	1,681	--	39,511
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
--	2,597	2,043	1,791	44	(947)
--	--	--	--	--	--
--	--	--	--	--	--
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
--	--	--	--	--	--
--	--	--	--	--	--
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
--	2,597	2,043	1,791	44	(947)
46	4,500	12,351	2,917	866	6,519
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 46	\$ 7,097	\$ 14,394	\$ 4,708	\$ 910	\$ 5,572

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, 2007

( 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
<b>Revenues:</b>				
Special assessments .....	\$ --	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--	--
Intergovernmental.....	--	--	--	--
Charges for services.....	--	--	--	--
Fines and forfeits.....	--	--	--	--
<b>Miscellaneous:</b>				
Reimbursements and recoveries.....	--	--	--	--
Interest.....	13	--	--	--
Other.....	--	--	--	28
Total Revenues.....	13	--	--	28
<b>Expenditures:</b>				
<b>Current:</b>				
General government.....	--	1	--	19
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
Sanitation.....	--	--	--	--
Human services.....	21	--	--	--
Culture-recreation.....	--	--	--	--
Utilities or other enterprises.....	--	--	--	--
<b>Miscellaneous:</b>				
Retirement and health benefits.....	--	--	--	--
Other.....	--	--	--	--
<b>Capital Outlay:</b>				
General government.....	--	--	--	--
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
Sanitation.....	--	--	--	--
Human services.....	--	--	--	--
Culture-recreation.....	--	--	--	--
Utilities or other enterprises.....	--	--	--	--
<b>Debt service:</b>				
Principal.....	--	--	--	--
Interest.....	--	--	--	--
Total Expenditures.....	21	1	--	19
Revenues over (under) Expenditures.....	(8)	(1)	--	9
<b>Other Financing Sources (Uses):</b>				
Issuance of commercial paper & long-term notes ....	--	--	--	--
Transfers in.....	--	--	--	--
Transfers out.....	--	--	--	--
Total Other Financing Sources (Uses).....	--	--	--	--
Revenues and Other Sources over (under) Expenditures and Other Uses.....	(8)	(1)	--	9
Fund Balances - July 1.....	241	1,511	224	159
Fund Balances - June 30.....	\$ 233	\$ 1,510	\$ 224	\$ 168



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, 2007

( 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	Transit Fund (Capital Account)	
\$ 354	\$ --	\$ --	\$ --	\$ --	\$ 354
--	--	--	--	--	4,302
--	--	39,102	--	--	146,166
--	--	--	--	--	13,743
--	--	--	--	--	294
--	--	--	--	--	10
35	--	--	--	18	1,283
4	--	--	160	--	18,909
<u>393</u>	<u>--</u>	<u>39,102</u>	<u>160</u>	<u>18</u>	<u>185,061</u>
--	--	--	--	--	10,977
--	--	--	--	--	13,561
--	--	--	--	--	1,475
--	--	--	--	--	10
--	--	--	--	--	58,527
--	--	--	--	--	19,240
--	--	--	--	--	21,263
--	--	--	--	--	4,891
--	--	--	--	--	185
--	896	67	--	--	963
--	4,242	2,150	--	--	6,396
--	39,196	4,003	45	--	43,244
--	--	--	4,068	--	4,068
--	--	3,093	--	--	12,978
--	--	--	1,627	--	1,627
--	14,061	31,251	--	310	45,622
290	--	--	--	--	290
10	--	--	--	--	10
<u>300</u>	<u>58,395</u>	<u>40,564</u>	<u>5,740</u>	<u>310</u>	<u>245,327</u>
93	(58,395)	(1,462)	(5,580)	(292)	(60,266)
--	38,000	--	--	--	38,000
--	--	58	8,329	47,824	87,488
(60)	--	--	(6,479)	--	(27,271)
<u>(60)</u>	<u>38,000</u>	<u>58</u>	<u>1,850</u>	<u>47,824</u>	<u>98,217</u>
33	(20,395)	(1,404)	(3,730)	47,532	37,951
1,052	31,634	8,191	25,017	--	114,147
<u>\$ 1,085</u>	<u>\$ 11,239</u>	<u>\$ 6,787</u>	<u>\$ 21,287</u>	<u>\$ 47,532</u>	<u>\$ 152,098</u>

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**FIDUCIARY FUNDS  
COMBINING FINANCIAL STATEMENTS**

CITY AND COUNTY OF HONOLULU  
**AGENCY FUNDS**  
 COMBINING STATEMENT OF NET ASSETS  
 JUNE 30, 2007  
 (Amounts in thousands)

	Agency Funds				Total
	General Trust Fund	Treasury Trust Fund	Real Property Tax Trust Fund	Payroll Clearance Fund	
<b>ASSETS</b>					
Cash and investments:					
With Treasury .....	\$ 26,948	\$ 10,221	\$ 14,068	\$ 2,220	\$ 53,457
Imprest and change funds .....	63	224	--	--	287
Due from other funds:					
General Fund .....	61	--	--	--	61
<b>Total Assets .....</b>	<b>27,072</b>	<b>10,445</b>	<b>14,068</b>	<b>2,220</b>	<b>53,805</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable .....	14	--	--	--	14
Other current liabilities .....	27,058	10,445	14,068	2,220	53,791
<b>Total Liabilities .....</b>	<b>27,072</b>	<b>10,445</b>	<b>14,068</b>	<b>2,220</b>	<b>53,805</b>
<b>NET ASSETS</b>					
Held in trust for individuals, organizations and other governments .....	\$ --	\$ --	\$ --	\$ --	\$ --

CITY AND COUNTY OF HONOLULU  
**AGENCY FUNDS**  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b><u>GENERAL TRUST FUND</u></b>				
<b><u>ASSETS</u></b>				
Cash .....	\$ 22,851	\$ 137,357	\$ 133,197	\$ 27,011
Due from other funds .....	49	83	71	61
Total Assets .....	<u>\$ 22,900</u>	<u>\$ 137,440</u>	<u>\$ 133,268</u>	<u>\$ 27,072</u>
<b><u>LIABILITIES</u></b>				
Accounts payable .....	\$ 3,301	\$ 45,009	\$ 48,296	\$ 14
Due to other funds .....	10	23	33	--
Other current liabilities .....	19,589	92,408	84,939	27,058
Total Liabilities .....	<u>\$ 22,900</u>	<u>\$ 137,440</u>	<u>\$ 133,268</u>	<u>\$ 27,072</u>
<b><u>TREASURY TRUST FUND</u></b>				
<b><u>ASSET</u></b>				
Cash .....	\$ 2,533	\$ 21,060	\$ 13,148	\$ 10,445
<b><u>LIABILITY</u></b>				
Other current liabilities .....	<u>\$ 2,533</u>	<u>\$ 21,060</u>	<u>\$ 13,148</u>	<u>\$ 10,445</u>
<b><u>REAL PROPERTY TAX TRUST FUND</u></b>				
<b><u>ASSET</u></b>				
Cash .....	\$ 2,497	\$ 19,400	\$ 7,829	\$ 14,068
<b><u>LIABILITY</u></b>				
Other current liabilities .....	<u>\$ 2,497</u>	<u>\$ 19,400</u>	<u>\$ 7,829</u>	<u>\$ 14,068</u>
<b><u>PAYROLL CLEARANCE FUND</u></b>				
<b><u>ASSET</u></b>				
Cash .....	\$ 2,107	\$ 515,125	\$ 515,012	\$ 2,220
<b><u>LIABILITIES</u></b>				
Due to other fund .....	\$ 5	\$ --	\$ 5	\$ --
Other current liabilities .....	2,102	515,125	515,007	2,220
Total Liabilities .....	<u>\$ 2,107</u>	<u>\$ 515,125</u>	<u>\$ 515,012</u>	<u>\$ 2,220</u>
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash .....	\$ 29,988	\$ 692,942	\$ 669,186	\$ 53,744
Due from other funds .....	49	83	71	61
Total Assets .....	<u>\$ 30,037</u>	<u>\$ 693,025</u>	<u>\$ 669,257</u>	<u>\$ 53,805</u>
<b><u>LIABILITIES</u></b>				
Accounts payable .....	\$ 3,301	\$ 45,009	\$ 48,296	\$ 14
Due to other funds .....	15	23	38	--
Other current liabilities .....	26,721	647,993	620,923	53,791
Total Liabilities .....	<u>\$ 30,037</u>	<u>\$ 693,025</u>	<u>\$ 669,257</u>	<u>\$ 53,805</u>

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## **FUND SCHEDULES**

For a brief explanation of the individual funds, please refer to the divider page for the Governmental Fund Financial Statements preceding page 39.

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, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 136,752	\$ 86,090
Receivables:		
Real property taxes .....	9,168	9,341
Accounts .....	684	604
Interest .....	2,260	2,499
Intergovernmental .....	44,384	6,619
Component unit - CASE fees .....	7,800	9,900
Due from other funds:		
Highway Fund .....	--	3
Sewer Fund .....	26	26
Special Projects Fund .....	433	--
Federal Grants Fund .....	21,767	21,800
Solid Waste Special Fund .....	108	--
General Trust Fund .....	--	10
Total Assets .....	\$ 223,382	\$ 136,892
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 8,951	\$ 11,442
Due to other funds:		
Sewer Fund .....	696	383
Special Events Fund .....	19	3
Solid Waste Special Fund .....	267	124
General Obligation Bond and Interest Redemption Fund .....	--	44
General Improvement Bond Fund .....	--	3
Transit Fund .....	35,646	--
General Trust Fund .....	61	--
Accrued payroll .....	5,098	4,728
Deferred revenue .....	16,842	21,557
Total Liabilities .....	67,580	38,284
Fund Balance:		
Reserved for encumbrances .....	27,767	22,004
Unreserved - undesignated .....	128,035	76,604
Total Fund Balance .....	155,802	98,608
Total Liabilities and Fund Balance .....	\$ 223,382	\$ 136,892



CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
<b>Revenues:</b>		
Taxes .....	\$ 727,015	\$ 621,741
Licenses and permits .....	40,648	36,219
Intergovernmental .....	92,760	43,519
Charges for services .....	5,752	5,511
Fines and forfeits .....	557	420
<b>Miscellaneous:</b>		
Reimbursements and recoveries .....	86,793	78,586
Interest .....	19,071	11,621
Other .....	5,865	5,972
<b>Total Revenues .....</b>	<b><u>978,461</u></b>	<b><u>803,589</u></b>
<b>Expenditures:</b>		
<b>Current:</b>		
General government .....	115,200	105,192
Public safety .....	268,521	249,402
Highways and streets .....	2,239	1,925
Sanitation .....	2,245	--
Human services .....	2,356	1,654
Culture-recreation .....	51,844	49,433
<b>Miscellaneous:</b>		
Retirement and health benefits .....	119,430	117,678
Other .....	21,806	17,524
<b>Debt Service:</b>		
Principal retirement .....	395	1,135
Interest charges .....	166	153
<b>Total Expenditures .....</b>	<b><u>584,202</u></b>	<b><u>544,096</u></b>
<b>Revenues over Expenditures .....</b>	<b><u>394,259</u></b>	<b><u>259,493</u></b>
<b>Other Financing Sources (Uses):</b>		
Capital leases .....	1,674	--
Sales of capital assets .....	74	402
Transfers in .....	84,300	67,747
Transfers out .....	(423,113)	(306,200)
<b>Total Other Financing Sources (Uses) .....</b>	<b><u>(337,065)</u></b>	<b><u>(238,051)</u></b>
<b>Revenues and Other Sources over Expenditures and Other Uses .....</b>	<b>57,194</b>	<b>21,442</b>
<b>Fund Balance - July 1 .....</b>	<b><u>98,608</u></b>	<b><u>77,166</u></b>
<b>Fund Balance - June 30 .....</b>	<b><u>\$ 155,802</u></b>	<b><u>\$ 98,608</u></b>

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, 2007  
 (Amounts in thousands)

(Page 1 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes .....	\$ 706,019	\$ 706,019	\$ 727,015	\$ 20,996
Licenses and permits .....	37,565	37,565	40,648	3,083
Intergovernmental .....	89,120	89,120	92,760	3,640
Charges for services .....	6,431	6,431	5,752	(679)
Fines and forfeits .....	295	295	557	262
<b>Miscellaneous:</b>				
Reimbursements and recoveries .....	86,753	86,753	86,793	40
Interest .....	6,161	6,161	19,071	12,910
Other .....	2,603	2,603	5,865	3,262
<b>Total Revenues .....</b>	<b>934,947</b>	<b>934,947</b>	<b>978,461</b>	<b>43,514</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Budget and Fiscal Services .....	15,160	20,160	14,035	6,125
City Clerk .....	3,608	3,612	3,090	522
City Council .....	6,502	6,594	6,119	475
Corporation Counsel .....	7,558	7,558	5,733	1,825
Customer Services .....	18,178	18,178	16,324	1,854
Design and Construction .....	14,572	14,572	10,817	3,755
Facility Maintenance .....	13,121	13,121	12,773	348
Human Resources .....	5,523	5,523	5,105	418
Information Technology .....	15,851	15,851	15,449	402
Mayor .....	3,845	3,852	3,757	95
Planning and Permitting .....	10,654	10,654	9,096	1,558
Prosecuting Attorney .....	15,487	15,487	14,665	822
<b>Total General government .....</b>	<b>130,059</b>	<b>135,162</b>	<b>116,963</b>	<b>18,199</b>
<b>Public safety:</b>				
Emergency Services .....	27,475	27,475	25,251	2,224
Fire .....	75,951	75,951	74,547	1,404
Mayor .....	688	688	638	50
Medical Examiner .....	1,321	1,382	1,352	30
Planning and Permitting .....	5,457	5,457	4,826	631
Police .....	167,475	168,275	161,459	6,816
<b>Total Public safety .....</b>	<b>278,367</b>	<b>279,228</b>	<b>268,073</b>	<b>11,155</b>

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, 2007  
 (Amounts in thousands)

(Page 2 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Highways and streets:				
Facility Maintenance .....	2,321	2,321	2,321	--
Sanitation:				
Environmental Services .....	3,783	3,783	3,238	545
Human services:				
Community Services .....	2,974	3,065	3,045	20
Culture-recreation:				
Mayor .....	1,984	1,984	1,924	60
Parks and Recreation .....	55,569	55,853	53,133	2,720
Total Culture-recreation .....	<u>57,553</u>	<u>57,837</u>	<u>55,057</u>	<u>2,780</u>
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services .....	50	50	21	29
City Council .....	2,541	2,541	2,241	300
Provisional .....	121,751	121,751	117,168	4,583
Total Retirement and health benefits .....	<u>124,342</u>	<u>124,342</u>	<u>119,430</u>	<u>4,912</u>
Other:				
Budget and Fiscal Services .....	7,099	7,099	7,099	--
City Council .....	355	259	35	224
Provisional .....	26,069	24,826	15,317	9,509
Total Other .....	<u>33,523</u>	<u>32,184</u>	<u>22,451</u>	<u>9,733</u>
Total Miscellaneous .....	<u>157,865</u>	<u>156,526</u>	<u>141,881</u>	<u>14,645</u>
Debt Service:				
Budget and Fiscal Services .....	359	359	359	--
Total Expenditures .....	<u>633,281</u>	<u>638,281</u>	<u>590,937</u>	<u>47,344</u>
Revenues over Expenditures .....	<u>301,666</u>	<u>296,666</u>	<u>387,524</u>	<u>90,858</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, 2007  
 (Amounts in thousands)

(Page 3 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Other Financing Sources (Uses):</b>				
Capital leases .....	--	--	1,674	1,674
Sales of capital assets .....	45	45	74	29
<b>Transfers in:</b>				
Central administrative service expenses .....	26,877	26,877	26,877	--
Debt service .....	58,696	58,696	56,551	(2,145)
Other .....	872	872	872	--
<b>Transfers out:</b>				
Debt service - Budget and Fiscal Services .....	(209,925)	(209,925)	(205,802)	4,123
Other - Budget and Fiscal Services .....	(147,218)	(147,218)	(147,218)	--
Bus subsidy - Budget and Fiscal Services .....	(60,449)	(60,449)	(60,449)	--
<b>Capital improvements:</b>				
Design and Construction .....	(6,220)	(6,220)	(6,220)	--
Total Other Financing Sources (Uses) .....	(337,322)	(337,322)	(333,641)	3,681
Revenues and Other Sources over (under) Expenditures and Other Uses .....	(35,656)	(40,656)	53,883	94,539
<b>Unreserved - Undesignated Fund</b>				
Balance - July 1 .....	37,309	42,309	76,604	34,295
<b>Unreserved - Undesignated Fund</b>				
Balance - June 30 (Budgetary Basis) .....	\$ 1,653	\$ 1,653	130,487	\$ 128,834
<b>Adjustments to conform with generally accepted accounting principles:</b>				
Encumbrances included above .....			21,864	
Expenditures - prior year encumbrances .....			(13,455)	
Accrued expenditures .....			(5,098)	
Increase in reserved for encumbrances .....			(5,763)	
<b>Unreserved - Undesignated Fund</b>				
Balance - June 30 (GAAP Basis) .....			128,035	
<b>Reserved for Encumbrances - June 30 .....</b>				
			27,767	
<b>Fund Balance - June 30 (GAAP Basis) .....</b>				
			\$ 155,802	

CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b>TAXES</b>			
<b>GENERAL PROPERTY TAXES:</b>			
Real Property Tax .....	\$ 675,960	\$ 689,375	\$ 13,415
<b>PUBLIC SERVICE COMPANY TAX:</b>			
Public Service Company Tax .....	<u>30,059</u>	<u>37,640</u>	<u>7,581</u>
<b>TOTAL TAXES</b> .....	<u>706,019</u>	<u>727,015</u>	<u>20,996</u>
<b>LICENSES AND PERMITS</b>			
<b>BUSINESS LICENSES AND PERMITS:</b>			
Police and Protective:			
Second-Hand and Junk Dealers .....	13	13	--
Alarm Permits .....	160	173	13
Other .....	11	14	3
Professional and Occupational:			
Refuse Collector .....	7	9	2
Other .....	<u>1</u>	<u>--</u>	<u>(1)</u>
<b>Total Business Licenses and Permits</b> .....	<u>192</u>	<u>209</u>	<u>17</u>
<b>NON-BUSINESS LICENSES AND PERMITS:</b>			
Building Structures and Equipment Permits:			
Building .....	13,300	17,272	3,972
Signs .....	32	44	12
Motor Vehicle Licenses and Fees:			
Motor Vehicle Plate and Tag Fees .....	1,724	1,739	15
Motor Vehicle Transfer Fees and Penalty .....	2,888	3,018	130
Duplicate Registration and Ownership Certificates .....	236	232	(4)
Motor Vehicle Registration Annual Fee .....	14,283	13,801	(482)
Other .....	35	51	16
Other Vehicle Licenses and Fees:			
Passenger and Freight Vehicle Permit Fees .....	72	85	13
Nonresident Vehicle Permit .....	18	18	--
Motor Vehicle Drivers' Licenses .....	3,811	3,335	(476)
Animal Licenses:			
Dog Licenses and Tag Fees .....	252	237	(15)
Street, Sidewalk and Curb Permits:			
Easement Grants .....	178	113	(65)
Newsstands .....	30	29	(1)
Telephone Enclosures .....	5	3	(2)
Dispensing Rack .....	5	5	--
Fire Code Permits and License Fees .....	<u>504</u>	<u>457</u>	<u>(47)</u>
<b>Total Non-Business Licenses and Permits</b> .....	<u>37,373</u>	<u>40,439</u>	<u>3,066</u>
<b>TOTAL LICENSES AND PERMITS</b> .....	<u>37,565</u>	<u>40,648</u>	<u>3,083</u>

CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b>INTERGOVERNMENTAL</b>			
<b>FEDERAL GRANTS:</b>			
Civil Defense Administration Expense .....	112	--	(112)
<b>Total Federal Grants</b> .....	<b>112</b>	<b>--</b>	<b>(112)</b>
<b>STATE GRANTS:</b>			
Transient Accommodation Tax .....	43,991	44,315	324
Excise Tax Surcharge for Transit.....	45,000	48,424	3,424
<b>Total State Grants</b> .....	<b>88,991</b>	<b>92,739</b>	<b>3,748</b>
<b>INTERGOVERNMENTAL PAYMENTS</b>			
<b>IN LIEU OF TAXES:</b>			
Fish and Wildlife Service .....	17	21	4
<b>Total Intergovernmental Payments     in Lieu of Taxes</b> .....	<b>17</b>	<b>21</b>	<b>4</b>
<b>TOTAL INTERGOVERNMENTAL</b> .....	<b>89,120</b>	<b>92,760</b>	<b>3,640</b>
<b>CHARGES FOR SERVICES</b>			
<b>GENERAL GOVERNMENT:</b>			
Data Processing Services:			
Duplication of Master Tapes .....	23	38	15
Data Processing Service - State .....	400	676	276
Data Processing Service - U.S. Government .....	9	21	12
Data Processing Service - Other Counties .....	260	269	9
Legal Services (BWS) .....	30	33	3
Service Fee for Dishonored Checks .....	30	23	(7)
Band Collections .....	3	--	(3)
Automotive Equipment Service Charges .....	204	252	48
Subdivision Fees .....	150	122	(28)
Application Fees for Zoning Regulations .....	235	184	(51)
Nonconforming Use Renewal Fees .....	360	357	(3)
Plan Review Use Fees .....	1,400	1,069	(331)
Administrative Fee--Multi-Family Housing Program.....	--	60	60
Military Housing Fee in Lieu of Property Tax .....	550	572	22
Zoning/Flood Clearance Fee .....	24	32	8
Fees for Certificates, Copies and Extracts of Records ...	126	151	25
Fees for Services .....	117	126	9
Custodial and Attendant Services .....	250	278	28
Spay-Neuter Service .....	363	291	(72)
Other .....	2	22	20
<b>Total General Government</b> .....	<b>4,536</b>	<b>4,576</b>	<b>40</b>

CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b>PUBLIC SAFETY:</b>			
Police Charges:			
Taxicab Drivers' and Pedicab Operators' Certificates ..	43	9	(34)
HPD Special Duty Fees .....	140	175	35
Miscellaneous:			
Other .....	1	1	--
Total Public Safety .....	<u>184</u>	<u>185</u>	<u>1</u>
<b>HIGHWAYS AND STREETS:</b>			
Parking:			
City Employees .....	450	432	(18)
HPD Parking Lot .....	135	130	(5)
Total Highways and Streets .....	<u>585</u>	<u>562</u>	<u>(23)</u>
<b>CULTURE-RECREATION:</b>			
Commercial Activities:			
Scuba, Snorkeling and Windsurfing .....	23	26	3
Commercial Filming .....	24	32	8
Summer Fun Program .....	245	195	(50)
Fall and Spring Program .....	30	20	(10)
Fees for Professional Sports at Hans L'Orange .....	--	4	4
Fees for Use of Parks .....	635	--	(635)
Foster Botanic Garden .....	139	113	(26)
Fees for Community Garden .....	30	39	9
Total Culture-Recreation .....	<u>1,126</u>	<u>429</u>	<u>(697)</u>
TOTAL CHARGES FOR SERVICES .....	<u>6,431</u>	<u>5,752</u>	<u>(679)</u>
<b>FINES AND FORFEITS</b>			
<b>FINES:</b>			
Fines .....	245	461	216
Liquidated Contract Damages .....	--	37	37
Total Fines .....	<u>245</u>	<u>498</u>	<u>253</u>
<b>FORFEITS:</b>			
Forfeiture of Seized Property .....	50	59	9
TOTAL FINES AND FORFEITS .....	<u>295</u>	<u>557</u>	<u>262</u>

CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b>MISCELLANEOUS</b>			
<b>REIMBURSEMENTS AND RECOVERIES:</b>			
Reimbursements from State:			
Fireboat Operations .....	1,897	2,217	320
HPD Civil Defense Coordinator .....	29	29	--
Motor Vehicle Inspection Program .....	583	560	(23)
Administration Cost - Ewa Highway Impact Fee .....	50	30	(20)
Family Support Program .....	1,121	638	(483)
Emergency Ambulance Services .....	25,400	27,279	1,879
Collection Cost - State Motor Vehicle			
Weight Tax, etc. ....	814	745	(69)
Commercial Drivers' License Program .....	386	359	(27)
Recoveries:			
Overhead Charges .....	209	171	(38)
Workers' Compensation Payment .....	450	664	214
Real Property Tax Services .....	150	100	(50)
Central Administrative Service Expenses:			
Board of Water Supply .....	3,300	700	(2,600)
Debt Service Charges - Enterprise Funds:			
Sewer .....	9,172	9,170	(2)
Solid Waste .....	32,380	32,585	205
Housing .....	10,658	10,658	--
Workers' Compensation Claims (Third Party) .....	75	242	167
Fuel Taxes for Off-Highway Use Vehicles .....	65	27	(38)
Recoveries - Other .....	14	619	605
Total Reimbursements and Recoveries .....	<u>86,753</u>	<u>86,793</u>	<u>40</u>
<b>INTEREST:</b>			
Interest Earnings:			
Investments .....	6,161	18,959	12,798
Other Sources .....	--	112	112
Total Interest .....	<u>6,161</u>	<u>19,071</u>	<u>12,910</u>



CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b>OTHER MISCELLANEOUS:</b>			
<b>Rents:</b>			
<b>Rental Units:</b>			
Rental Units (City Property) .....	192	215	23
Rental Units (HCD Property) .....	--	272	272
Rental - Ambulance Facilities .....	64	64	--
<b>Rental of Parks and Recreational Facilities:</b>			
Perquisite Housing .....	23	18	(5)
Other .....	--	1	1
Rental of Equipment .....	7	2	(5)
Rental for Use of Land .....	59	73	14
<b>Rental of Other Properties:</b>			
Chinatown Community Service Center .....	--	12	12
Telecom Facilities .....	100	--	(100)
<b>Total Rents .....</b>	<b>445</b>	<b>657</b>	<b>212</b>
<b>Concessions:</b>			
Tennis Court Concession .....	48	--	(48)
Public Pay Phones .....	10	2	(8)
<b>Total Concessions .....</b>	<b>58</b>	<b>2</b>	<b>(56)</b>
<b>Contributions from Private Sources:</b>			
Developers' Premium .....	50	47	(3)
<b>Unclaimed Monies:</b>			
Police Department .....	5	--	(5)
Other Escheats .....	--	500	500
<b>Total Contributions from Private Sources .....</b>	<b>55</b>	<b>547</b>	<b>492</b>
<b>Other:</b>			
Towing Service Premiums .....	590	564	(26)
Vacation Accumulation Deposits .....	25	281	256
Miscellaneous Sales .....	269	252	(17)
Sundry Refunds .....	1,100	2,000	900
Sundry Realizations .....	61	1,562	1,501
<b>Total Other .....</b>	<b>2,045</b>	<b>4,659</b>	<b>2,614</b>
<b>Total Other Miscellaneous .....</b>	<b>2,603</b>	<b>5,865</b>	<b>3,262</b>
<b>TOTAL MISCELLANEOUS .....</b>	<b>95,517</b>	<b>111,729</b>	<b>16,212</b>
<b>TOTAL REVENUES .....</b>	<b>934,947</b>	<b>978,461</b>	<b>43,514</b>

CITY AND COUNTY OF HONOLULU  
**GENERAL FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b>OTHER FINANCING SOURCES</b>			
<b>CAPITAL LEASE:</b>			
Inception of Capital Lease .....	--	1,674	1,674
<b>SALES OF CAPITAL ASSETS:</b>			
Sale of Capital Assets .....	45	62	17
Compensation for Loss of Fixed Assets .....	--	12	12
<b>TOTAL SALES OF GENERAL FIXED ASSETS ...</b>	<b>45</b>	<b>74</b>	<b>29</b>
<b>TRANSFERS FROM OTHER FUNDS:</b>			
<b>Recovery of Central Administrative Service Expenses:</b>			
Highway Fund .....	8,379	8,379	--
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund .....	164	164	--
Bikeway Fund .....	22	22	--
Sewer Fund .....	6,524	6,524	--
Liquor Commission Fund .....	206	206	--
Rental Assistance Fund .....	12	12	--
Hanauma Bay Nature Preserve Fund .....	231	231	--
Golf Fund .....	981	981	--
Special Events Fund .....	990	990	--
Solid Waste Special Fund .....	9,368	9,368	--
<b>Recovery of Debt Service Charges:</b>			
Highway Fund .....	42,778	40,633	(2,145)
Hanauma Bay Nature Preserve Fund .....	1,560	1,560	--
Golf Fund .....	8,055	8,055	--
Special Events Fund .....	6,303	6,303	--
<b>Other Transfers:</b>			
Sewer Fund .....	508	508	--
Liquor Commission Fund .....	100	100	--
Solid Waste Special Fund .....	264	264	--
<b>TOTAL TRANSFERS FROM OTHER FUNDS ....</b>	<b>86,445</b>	<b>84,300</b>	<b>(2,145)</b>
<b>TOTAL OTHER FINANCING SOURCES .....</b>	<b>86,490</b>	<b>86,048</b>	<b>(442)</b>
<b>TOTAL GENERAL FUND .....</b>	<b>\$ 1,021,437</b>	<b>\$ 1,064,509</b>	<b>\$ 43,072</b>

CITY AND COUNTY OF HONOLULU  
**HIGHWAY FUND**  
BALANCE SHEET  
JUNE 30, 2007  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 28,832	\$ 22,452
Receivables:		
Public Utilities .....	18,024	15,716
Intergovernmental .....	4,532	5,232
Total Assets .....	\$ 51,388	\$ 43,400
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 1,079	\$ 687
Due to other fund:		
General Fund .....	--	3
Accrued payroll .....	503	386
Deferred revenue .....	18,024	15,716
Total Liabilities .....	19,606	16,792
Fund Balance:		
Reserved for encumbrances .....	4,194	3,305
Unreserved - undesignated .....	27,588	23,303
Total Fund Balance .....	31,782	26,608
Total Liabilities and Fund Balance .....	\$ 51,388	\$ 43,400

CITY AND COUNTY OF HONOLULU  
**HIGHWAY FUND**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
<b>Revenues:</b>		
Taxes .....	\$ 88,269	\$ 83,816
Licenses and permits .....	75,852	61,297
Charges for services .....	5,259	5,249
Fines and forfeits .....	17	12
<b>Miscellaneous:</b>		
Reimbursements and recoveries .....	310	398
Other .....	2,629	1,836
Total Revenues .....	172,336	152,608
<b>Expenditures:</b>		
<b>Current:</b>		
General government .....	15,282	14,088
Public safety .....	24,079	22,766
Highways and streets .....	17,286	14,858
Sanitation .....	419	695
Utilities or other enterprises .....	1,654	1,345
<b>Miscellaneous:</b>		
Retirement and health benefits .....	13,294	11,988
Other .....	841	1,060
Total Expenditures .....	72,855	66,800
Revenues over Expenditures .....	99,481	85,808
<b>Other Financing Sources (Uses):</b>		
Sales of general fixed assets .....	351	238
Transfers out .....	(94,658)	(77,293)
Total Other Financing Sources (Uses) .....	(94,307)	(77,055)
Revenues and Other Sources over Expenditures and Other Uses .....	5,174	8,753
Fund Balance - July 1 .....	26,608	17,855
Fund Balance - June 30 .....	\$ 31,782	\$ 26,608

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, 2007  
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes .....	\$ 81,997	\$ 88,269	\$ 6,272
Licenses and permits .....	71,421	75,852	4,431
Intergovernmental .....	170	--	(170)
Charges for services .....	5,756	5,259	(497)
Fines and forfeits .....	100	17	(83)
<b>Miscellaneous:</b>			
Reimbursements and recoveries .....	336	310	(26)
Other .....	1,853	2,629	776
<b>Total Revenues .....</b>	<b>161,633</b>	<b>172,336</b>	<b>10,703</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Design and Construction .....	4,902	4,048	854
Facility Maintenance .....	11,192	10,073	1,119
Planning and Permitting .....	1,602	1,407	195
<b>Total General government .....</b>	<b>17,696</b>	<b>15,528</b>	<b>2,168</b>
<b>Public safety:</b>			
Police .....	20,454	20,071	383
Transportation Services .....	4,515	4,261	254
<b>Total Public safety .....</b>	<b>24,969</b>	<b>24,332</b>	<b>637</b>
<b>Highways and streets:</b>			
Facility Maintenance .....	18,166	18,036	130
<b>Utilities or other enterprises:</b>			
Transportation Services .....	1,903	1,832	71
<b>Miscellaneous:</b>			
<b>Retirement and health benefits:</b>			
Provisional .....	13,661	13,294	367
<b>Other:</b>			
Provisional .....	2,750	841	1,909
<b>Total Miscellaneous .....</b>	<b>16,411</b>	<b>14,135</b>	<b>2,276</b>
<b>Total Expenditures .....</b>	<b>79,145</b>	<b>73,863</b>	<b>5,282</b>
<b>Revenues over Expenditures .....</b>	<b>82,488</b>	<b>98,473</b>	<b>15,985</b>

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, 2007  
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Other Financing Source (Uses):</b>			
Sales of capital assets .....	266	351	85
<b>Transfers out:</b>			
Debt service - Budget and Fiscal Services .....	(42,778)	(40,633)	2,145
Reimbursement for central administrative service expenses - Budget and Fiscal Services .....	(8,379)	(8,379)	--
Bus subsidy - Budget and Fiscal Services .....	(45,646)	(45,646)	--
Total Transfers out.....	(96,803)	(94,658)	2,145
Total Other Financing Source (Uses) .....	(96,537)	(94,307)	2,230
Revenues and Other Source over (under) Expenditures and Other Uses .....	(14,049)	4,166	18,215
<b>Unreserved - Undesignated</b>			
Fund Balance - July 1 .....	14,049	23,303	9,254
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis).....	\$ --	27,469	\$ 27,469
<b>Adjustments to conform with generally accepted accounting principles:</b>			
Encumbrances included above .....		3,439	
Expenditures - prior year encumbrances .....		(2,431)	
Accrued expenditures .....		--	
Increase in reserved for encumbrances .....		(889)	
<b>Unreserved - Undesignated Fund</b>			
Balance - June 30 (GAAP Basis) .....		27,588	
Reserved for Encumbrances - June 30 .....		4,194	
Fund Balance - June 30 (GAAP Basis) .....		\$ 31,782	

CITY AND COUNTY OF HONOLULU  
**HIGHWAY FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

(Page 1 of 3)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b><u>TAXES</u></b>			
<b>GROSS RECEIPTS BUSINESS TAXES:</b>			
Public Utility Franchise Tax .....	\$ 29,877	\$ 36,048	\$ 6,171
<b>SELECTIVE SALES AND USE TAXES:</b>			
Fuel Tax .....	52,120	52,221	101
<b>TOTAL TAXES .....</b>	<b>81,997</b>	<b>88,269</b>	<b>6,272</b>
<b><u>LICENSES AND PERMITS</u></b>			
<b>NON-BUSINESS LICENSES AND PERMITS:</b>			
<b>Building Structures and Equipment Permits -</b>			
Grading, Excavations and Fills .....	300	268	(32)
Other Permits .....	10	10	--
<b>Motor Vehicle Licenses and Fees -</b>			
Motor Vehicle Weight Tax .....	68,486	71,552	3,066
Other Vehicle Licenses and Fees .....	2,291	3,627	1,336
Street and Sidewalk Use .....	7	64	57
Freight Curb and Passenger Loading Zone Permits .....	242	247	5
Excavation and Repair of Streets and Sidewalks .....	85	84	(1)
<b>TOTAL LICENSES AND PERMITS .....</b>	<b>71,421</b>	<b>75,852</b>	<b>4,431</b>
<b><u>INTERGOVERNMENTAL</u></b>			
<b>FEDERAL GRANTS:</b>			
Federal Agencies Grants .....	170	--	(170)
<b>TOTAL INTERGOVERNMENTAL .....</b>	<b>170</b>	<b>--</b>	<b>(170)</b>
<b><u>CHARGES FOR SERVICES</u></b>			
<b>GENERAL GOVERNMENT:</b>			
Sidewalk and Driveway Specifications Filing Fees .....	15	12	(3)
<b>HIGHWAYS AND STREETS:</b>			
Street and Sidewalk Charges .....	43	48	5
Street Parking Meter Collections .....	3,400	3,303	(97)
Other Parking Meter Collections .....	2,280	1,862	(418)
Other .....	18	34	16
<b>Total Highways and Streets .....</b>	<b>5,741</b>	<b>5,247</b>	<b>(494)</b>
<b>TOTAL CHARGES FOR SERVICES .....</b>	<b>5,756</b>	<b>5,259</b>	<b>(497)</b>
<b><u>FINES AND FORFEITS</u></b>			
<b>FINES:</b>			
Fines .....	100	--	(100)
Liquidated Contract Damages .....	--	17	17
<b>TOTAL FINES AND FORFEITS .....</b>	<b>100</b>	<b>17</b>	<b>(83)</b>

CITY AND COUNTY OF HONOLULU  
**HIGHWAY FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

(Page 2 of 3)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b>MISCELLANEOUS</b>			
<b>REIMBURSEMENTS AND RECOVERIES:</b>			
Reimbursement from State for			
Traffic Signal Maintenance .....	320	262	(58)
Recovery of Overhead Charges .....	11	15	4
Recovery of Overtime Inspection .....	5	31	26
Other recoveries .....	--	2	2
Total Reimbursements and Recoveries .....	<u>336</u>	<u>310</u>	<u>(26)</u>
<b>OTHER MISCELLANEOUS:</b>			
Rents:			
Rental for Use of Land .....	67	55	(12)
Total Rents .....	<u>67</u>	<u>55</u>	<u>(12)</u>
Concessions:			
Kekaulike Parking Lot .....	63	30	(33)
Marin Towers Garage .....	375	168	(207)
Harbor Court Garage .....	312	450	138
Kukui Plaza Garage .....	781	785	4
Smith-Beretania Garage .....	125	113	(12)
Total Concessions .....	<u>1,656</u>	<u>1,546</u>	<u>(110)</u>
Contributions from Private Sources:			
Developers'/Utilities'/Others'			
Share of Construction .....	2	--	(2)
Total Contributions from Private Sources .....	<u>2</u>	<u>--</u>	<u>(2)</u>
Other:			
Vacation Accumulation Deposits .....	17	81	64
Miscellaneous Sales .....	1	18	17
Sundry Realization .....	40	--	(40)
Sundry Refunds .....	70	929	859
Total Other .....	<u>128</u>	<u>1,028</u>	<u>900</u>
Total Other Miscellaneous .....	<u>1,853</u>	<u>2,629</u>	<u>776</u>
<b>TOTAL MISCELLANEOUS .....</b>	<b><u>2,189</u></b>	<b><u>2,939</u></b>	<b><u>750</u></b>
<b>TOTAL REVENUES .....</b>	<b><u>161,633</u></b>	<b><u>172,336</u></b>	<b><u>10,703</u></b>



CITY AND COUNTY OF HONOLULU  
**HIGHWAY FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

(Page 3 of 3)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b><u>OTHER FINANCING SOURCES</u></b>			
<b>SALES OF CAPITAL ASSETS:</b>			
Sales of Capital Assets .....	25	97	72
Compensation for Loss of Capital Assets .....	<u>241</u>	<u>254</u>	<u>13</u>
 TOTAL OTHER FINANCING SOURCES .....	 <u>266</u>	 <u>351</u>	 <u>85</u>
 TOTAL HIGHWAY FUND .....	 <u>\$ 161,899</u>	 <u>\$ 172,687</u>	 <u>\$ 10,788</u>

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

BALANCE SHEET  
JUNE 30, 2007  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
<b><u>ASSET</u></b>		
Cash and investments:		
With Treasury .....	\$ 1,267	\$ 941
Total Asset .....	\$ 1,267	\$ 941
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 7	\$ 157
Accrued payroll .....	8	10
Total Liabilities .....	15	167
Fund Balance:		
Reserved for encumbrances .....	262	330
Unreserved - undesignated .....	990	444
Total Fund Balance .....	1,252	774
Total Liabilities and Fund Balance .....	\$ 1,267	\$ 941

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, 2007  
(Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Charges for services .....	\$ 3,141	\$ 3,163	\$ 22
Total Revenue .....	3,141	3,163	22
Expenditure:			
Current:			
General government:			
Customer Services .....	3,287	2,598	689
Total Expenditure .....	3,287	2,598	689
Revenues over (under) Expenditure .....	(146)	565	711
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services .....	(164)	(164)	--
Revenues over (under) Expenditure and Other Use ..	(310)	401	711
Unreserved - Undesignated Fund Balance - July 1 .....	310	444	134
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ --	845	\$ 845
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above .....		247	
Expenditures - prior year encumbrances .....		(170)	
Decrease in reserved for encumbrances .....		68	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		990	
Reserved for Encumbrances - June 30 .....		262	
Fund Balance - June 30 (GAAP Basis) .....		\$ 1,252	

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, 2007  
(Amounts in thousands)

<u>Source of Revenue</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 .....	\$ 3,141	\$ 3,163	\$ 22
 TOTAL HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED VEHICLES REVOLVING FUND REVENUE .....	 <u>\$ 3,141</u>	 <u>\$ 3,163</u>	 <u>\$ 22</u>

CITY AND COUNTY OF HONOLULU  
**BIKEWAY FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<u>ASSET</u>		
Cash and investments:		
With Treasury .....	\$ 834	\$ 342
Total Asset .....	\$ 834	\$ 342
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable .....	\$ --	\$ 2
Accrued payroll .....	1	--
Total Liabilities .....	1	2
Fund Balance:		
Reserved for encumbrances .....	19	26
Unreserved - undesignated .....	814	314
Total Fund Balance .....	833	340
Total Liabilities and Fund Balance .....	\$ 834	\$ 342

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, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Licenses and permits .....	\$ 375	\$ 419	\$ 44
Total Revenue .....	375	419	44
Expenditures:			
Current:			
Public safety:			
Transportation Services .....	419	311	108
Highways and streets:			
Facility Maintenance .....	10	8	2
Total Expenditures .....	429	319	110
Revenue over (under) Expenditures .....	(54)	100	154
Other Financing Source (Uses):			
Transfer in .....	--	421	421
Transfers out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services .....	(22)	(22)	--
Total Other Financing Source (Uses) .....	(22)	399	421
Revenue and Other Source over (under) Expenditures and Other Uses .....	(76)	499	575
Unreserved - Undesignated Fund Balance - July 1 .....	145	314	169
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ 69	813	\$ 744
Adjustments to conform with generally accepted accepted accounting principles:			
Encumbrances included above .....		20	
Expenditures - prior year encumbrances .....		(26)	
Decrease in reserved for encumbrances .....		7	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		814	
Reserved for Encumbrances - June 30 .....		19	
Fund Balance - June 30 (GAAP Basis) .....		\$ 833	

CITY AND COUNTY OF HONOLULU  
**BIKEWAY FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>LICENSES AND PERMITS</b>			
<b>NON-BUSINESS LICENSES AND PERMITS:</b>			
Other Vehicle Licenses and Fees -			
Bicycle Licenses .....	\$ 375	\$ 419	\$ 44
TOTAL REVENUES .....	<u>375</u>	<u>419</u>	<u>44</u>
<b>OTHER FINANCING SOURCE</b>			
<b>TRANSFER FROM OTHER FUND:</b>			
Other Transfer -			
Capital Projects Fund .....	--	421	421
TOTAL OTHER FINANCING SOURCE .....	<u>--</u>	<u>421</u>	<u>421</u>
<b>TOTAL BIKEWAY FUND .....</b>	<b><u>\$ 375</u></b>	<b><u>\$ 840</u></b>	<b><u>\$ 465</u></b>

CITY AND COUNTY OF HONOLULU  
**PARKS AND PLAYGROUNDS FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSET</u></b>		
Cash and investments:		
With Treasury .....	\$ 2,467	\$ 3,405
Total Asset .....	\$ 2,467	\$ 3,405
<b><u>FUND BALANCE</u></b>		
Fund Balance:		
Unreserved - undesignated .....	\$ 2,467	\$ 3,405
Total Fund Balance .....	\$ 2,467	\$ 3,405



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, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other .....	\$       --	\$     618	\$     618
Total Revenue .....	--	618	618
Other Financing Source (Use):			
Transfer in .....	--	494	494
Transfers out:			
Capital improvements:			
Design and Construction .....	(2,050)	(2,050)	--
Total Other Financing Source (Use) .....	(2,050)	(1,556)	494
Revenue and Other Source under Other Use .....	(2,050)	(938)	1,112
Unreserved - Undesignated Fund Balance - July 1 .....	2,259	3,405	1,146
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$     209	2,467	\$   2,258
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) .....		2,467	
Reserved for Encumbrances - June 30 .....		--	
Fund Balance - June 30 (GAAP Basis) .....		\$   2,467	

CITY AND COUNTY OF HONOLULU  
**PARKS AND PLAYGROUNDS FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>			
<u>OTHER MISCELLANEOUS:</u>			
Contributions from Private Sources:			
Subdividers' Contributions for			
Parks and Playgrounds .....	\$       --	\$     618	\$     618
TOTAL REVENUE .....	--	618	618
 <u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
Capital Projects Fund .....	--	494	494
TOTAL OTHER FINANCING SOURCE .....	--	494	494
 TOTAL PARKS AND PLAYGROUNDS FUND .....	\$       --	\$   1,112	\$   1,112

CITY AND COUNTY OF HONOLULU  
**FEDERAL REVENUE SHARING FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<u>ASSET</u>		
Cash and investments:		
With Treasury .....	\$           --	\$           47
Total Asset .....	\$           --	\$           47
 <u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated .....	\$           --	\$           47
Total Fund Balance .....	\$           --	\$           47

CITY AND COUNTY OF HONOLULU  
**FEDERAL REVENUE SHARING FUND**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditure:			
Current:			
Public safety:			
Fire .....	\$ 47	\$ 47	\$ --
Unreserved - Undesignated Fund Balance - July 1.....	<u>47</u>	<u>47</u>	<u>--</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	<u>\$ --</u>	--	<u>\$ --</u>
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above .....		--	
Expenditures - prior year encumbrances .....		--	
Increase in reserved for encumbrances .....		<u>--</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		--	
Reserved for Encumbrances - June 30 .....		<u>--</u>	
Fund Balance - June 30 (GAAP Basis) .....		<u>\$ --</u>	

CITY AND COUNTY OF HONOLULU  
**LIQUOR COMMISSION FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSET</u></b>		
Cash and investments:		
With Treasury .....	\$ 2,277	\$ 1,389
Total Asset .....	\$ 2,277	\$ 1,389
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 7	\$ 16
Accrued payroll .....	24	44
Total Liabilities .....	31	60
Fund Balance:		
Reserved for encumbrances .....	156	156
Unreserved - undesignated .....	2,090	1,173
Total Fund Balance .....	2,246	1,329
Total Liabilities and Fund Balance .....	\$ 2,277	\$ 1,389

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, 2007  
(Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Licenses and permits .....	\$ 3,514	\$ 3,883	\$ 369
Charges for services .....	127	132	5
Fines and forfeits .....	200	294	94
Miscellaneous:			
Other .....	--	13	13
Total Revenues .....	3,841	4,322	481
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Budget and Fiscal Services .....	3,183	2,458	725
Corporation Counsel .....	52	52	--
Information Technology .....	46	44	2
Total General government .....	3,281	2,554	727
<b>Miscellaneous:</b>			
<b>Retirement and health benefits:</b>			
Provisional .....	668	541	127
<b>Other:</b>			
Provisional .....	74	39	35
Total Miscellaneous .....	742	580	162
Total Expenditures .....	4,023	3,134	889
Revenues over (under) Expenditures .....	(182)	1,188	1,370
<b>Other Financing Uses:</b>			
<b>Transfers out:</b>			
Reimbursement for central administrative			
service expenses - Budget and Fiscal Services .....	(206)	(206)	--
Other - Budget and Fiscal Services .....	(100)	(100)	--
Total Other Financing Uses .....	(306)	(306)	--
Revenues over (under) Expenditures and Other Uses	(488)	882	1,370
Unreserved - Undesignated Fund Balance - July 1 .....	617	1,173	556
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ 129	2,055	\$ 1,926

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, 2007  
 (Amounts in thousands)

(Page 2 of 2)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above .....		142	
Expenditures - prior year encumbrances .....		(107)	
Increase in reserved for encumbrances .....		<u>    --</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		2,090	
Reserved for Encumbrances - June 30 .....		<u>    156</u>	
Fund Balance - June 30 (GAAP Basis) .....		<u><u>    \$ 2,246</u></u>	

CITY AND COUNTY OF HONOLULU  
**LIQUOR COMMISSION FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b>LICENSES AND PERMITS</b>			
<b>BUSINESS LICENSES AND PERMITS:</b>			
Alcoholic Licenses and Permits .....	\$ 3,514	\$ 3,883	\$ 369
<b>CHARGES FOR SERVICES</b>			
<b>GENERAL GOVERNMENT:</b>			
Charges for Publications, Reports, Copies, etc. ....	2	5	3
Fees:			
Charge for Photo I.D. ....	120	122	2
Other .....	5	5	--
<b>TOTAL CHARGES FOR SERVICES .....</b>	<b>127</b>	<b>132</b>	<b>5</b>
<b>FINES AND FORFEITS</b>			
<b>FINES:</b>			
Fines - Liquor Commission .....	200	294	94
<b>MISCELLANEOUS</b>			
<b>OTHER MISCELLANEOUS:</b>			
Other:			
Sundry Refunds .....	--	13	13
<b>TOTAL LIQUOR COMMISSION FUND REVENUES .....</b>	<b>\$ 3,841</b>	<b>\$ 4,322</b>	<b>\$ 481</b>



CITY AND COUNTY OF HONOLULU  
**RENTAL ASSISTANCE FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<u>ASSET</u>		
Cash and investments:		
With Treasury .....	\$ 836	\$ 768
Total Asset .....	\$ 836	\$ 768
<u>FUND BALANCE</u>		
Fund Balance:		
Reserved for encumbrances .....	\$ --	\$ 7
Unreserved - undesignated .....	836	761
Total Fund Balance .....	\$ 836	\$ 768

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, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other .....	\$ 233	\$ 227	\$ (6)
Total Revenue .....	233	227	(6)
Expenditure:			
Current:			
Human services:			
Community Services .....	233	140	93
Total Expenditure .....	233	140	93
Revenue over Expenditure .....	--	87	87
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services .....	(12)	(12)	--
Revenue over (under) Expenditure and Other Use ....	(12)	75	87
Unreserved - Undesignated Fund Balance - July 1 .....	885	761	(124)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ 873	836	\$ (37)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above .....		--	
Expenditures - prior year encumbrances .....		(7)	
Decrease in reserved for encumbrances .....		7	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		836	
Reserved for Encumbrances - June 30 .....		--	
Fund Balance - June 30 (GAAP Basis) .....		\$ 836	

CITY AND COUNTY OF HONOLULU  
**RENTAL ASSISTANCE FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b>MISCELLANEOUS</b>			
<b>OTHER MISCELLANEOUS:</b>			
Rents:			
Rental of Parking Stalls .....	\$ --	\$ 227	\$ 227
Rental of Other City Facilities .....	<u>233</u>	<u>--</u>	<u>(233)</u>
<b>TOTAL RENTAL ASSISTANCE FUND REVENUE .....</b>	<b><u>\$ 233</u></b>	<b><u>\$ 227</u></b>	<b><u>\$ (6)</u></b>

CITY AND COUNTY OF HONOLULU  
**ZOO ANIMAL PURCHASE FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSET</u></b>		
Cash and investments:		
With Treasury .....	\$ 36	\$ 35
Total Asset .....	\$ 36	\$ 35
<b><u>FUND BALANCE</u></b>		
Fund Balance:		
Reserved for encumbrances .....	3	--
Unreserved - undesignated .....	\$ 33	\$ 35
Total Fund Balance .....	\$ 36	\$ 35

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, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other .....	\$ --	\$ 3	\$ 3
Total Revenue .....	--	3	3
Expenditure:			
Current:			
Culture-recreation:			
Enterprise Services .....	25	5	20
Revenue under Expenditure .....	(25)	(2)	23
Unreserved - Undesignated Fund Balance - July 1 .....	29	35	6
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ 4	33	\$ 29
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above .....		3	
Expenditures - prior year encumbrances .....		--	
Increase in reserved for encumbrances .....		(3)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		33	
Reserved for Encumbrances - June 30 .....		3	
Fund Balance - June 30 (GAAP Basis) .....		\$ 36	

CITY AND COUNTY OF HONOLULU  
**ZOO ANIMAL PURCHASE FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b>MISCELLANEOUS</b>			
<b>OTHER MISCELLANEOUS:</b>			
Other:			
Sale of Animals .....	\$       --	\$       3	\$       3
 TOTAL ZOO ANIMAL PURCHASE FUND REVENUE .....	 <u>\$       --</u>	 <u>\$       3</u>	 <u>\$       3</u>

CITY AND COUNTY OF HONOLULU  
**HANAUMA BAY NATURE PRESERVE FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSET</u></b>		
Cash and investments:		
With Treasury .....	\$ 3,573	\$ 3,126
Total Asset .....	\$ 3,573	\$ 3,126
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 9	\$ 16
Accrued payroll .....	14	14
Total Liabilities .....	23	30
Fund Balance:		
Reserved for encumbrances .....	130	188
Unreserved - undesignated .....	3,420	2,908
Total Fund Balance .....	3,550	3,096
Total Liabilities and Fund Balance .....	\$ 3,573	\$ 3,126

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, 2007  
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Charges for services .....	\$ 3,500	\$ 3,500	\$ 3,322	\$ (178)
<b>Miscellaneous:</b>				
Other .....	1,111	1,111	1,053	(58)
Total Revenues .....	<u>4,611</u>	<u>4,611</u>	<u>4,375</u>	<u>(236)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Public safety:</b>				
Emergency Services .....	707	707	699	8
<b>Culture-recreation:</b>				
Enterprise Services .....	25	25	--	25
Parks and Recreation .....	1,965	1,972	1,943	29
Total Culture-recreation .....	<u>1,990</u>	<u>1,997</u>	<u>1,943</u>	<u>54</u>
<b>Miscellaneous:</b>				
<b>Retirement and health benefits:</b>				
Provisional .....	359	359	359	--
<b>Other:</b>				
Provisional .....	9	2	--	2
Total Miscellaneous .....	<u>368</u>	<u>361</u>	<u>359</u>	<u>2</u>
Total Expenditures .....	<u>3,065</u>	<u>3,065</u>	<u>3,001</u>	<u>64</u>
Revenues over Expenditures .....	<u>1,546</u>	<u>1,546</u>	<u>1,374</u>	<u>(172)</u>
<b>Other Financing Source (Uses):</b>				
Transfer in .....	500	500	925	425
<b>Transfers out:</b>				
Debt service - Budget and Fiscal Services .....	(1,560)	(1,560)	(1,560)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services .....	(231)	(231)	(231)	--
Total Transfers out .....	<u>(1,791)</u>	<u>(1,791)</u>	<u>(1,791)</u>	<u>--</u>
Total Other Financing Source (Uses) .....	<u>(1,291)</u>	<u>(1,291)</u>	<u>(866)</u>	<u>425</u>
Revenues and Other Source over Expenditures and Other Uses .....	255	255	508	253
Unreserved - Undesignated Fund Balance - July 1 .....	<u>2,670</u>	<u>1,996</u>	<u>2,908</u>	<u>912</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	<u>\$ 2,925</u>	<u>\$ 2,251</u>	<u>3,416</u>	<u>\$ 1,165</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, 2007  
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above .....			122	
Expenditures - prior year encumbrances .....			(176)	
Decrease in reserved for encumbrances .....			58	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....			3,420	
Reserved for Encumbrances - June 30 .....			130	
Fund Balance - June 30 (GAAP Basis) .....			\$ 3,550	

CITY AND COUNTY OF HONOLULU  
**HANAUMA BAY NATURE PRESERVE FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b>CHARGES FOR SERVICES</b>			
<b>HIGHWAYS AND STREETS:</b>			
Hanauma Bay Parking .....	\$ 200	\$ 195	\$ (5)
<b>CULTURE-RECREATION:</b>			
Miscellaneous:			
Hanauma Bay Admission Fee .....	<u>3,300</u>	<u>3,127</u>	<u>(173)</u>
<b>TOTAL CHARGES FOR SERVICES .....</b>	<b><u>3,500</u></b>	<b><u>3,322</u></b>	<b><u>(178)</u></b>
<b>MISCELLANEOUS</b>			
<b>OTHER MISCELLANEOUS:</b>			
Concessions:			
Parks and Recreation Facilities:			
Hanauma Gift Shop Concession .....	48	68	20
Hanauma Beach Park Concession .....	261	289	28
Hanauma Shuttle Bus Service .....	12	35	23
Hanauma Snorkling Rental .....	<u>790</u>	<u>661</u>	<u>(129)</u>
<b>TOTAL MISCELLANEOUS .....</b>	<b><u>1,111</u></b>	<b><u>1,053</u></b>	<b><u>(58)</u></b>
<b>TOTAL REVENUES .....</b>	<b><u>4,611</u></b>	<b><u>4,375</u></b>	<b><u>(236)</u></b>
<b>OTHER FINANCING SOURCE</b>			
<b>TRANSFER FROM OTHER FUNDS:</b>			
Other Transfer -			
General Fund .....	500	500	--
Capital Projects Fund .....	<u>--</u>	<u>425</u>	<u>425</u>
General Fund .....	<u>500</u>	<u>925</u>	<u>425</u>
<b>TOTAL HANAUMA BAY NATURE PRESERVE FUND .....</b>	<b><u>\$ 5,111</u></b>	<b><u>\$ 5,300</u></b>	<b><u>\$ 189</u></b>

CITY AND COUNTY OF HONOLULU  
**RESERVE FOR FISCAL STABILITY FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<u>ASSET</u>		
Cash and investments:		
With Treasury .....	\$ 10,034	\$ 5,034
Total Asset .....	\$ 10,034	\$ 5,034
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated .....	\$ 10,034	\$ 5,034
Total Fund Balance .....	\$ 10,034	\$ 5,034

CITY AND COUNTY OF HONOLULU  
**RESERVE FOR FISCAL STABILITY FUND**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source:			
Operating transfer in .....	\$ 5,000	\$ 5,000	\$ --
Unreserved - Undesignated Fund Balance - July 1 .....	5,034	5,034	--
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ 10,034	10,034	\$ --
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) .....		10,034	
Reserved for Encumbrances - June 30 .....		--	
Fund Balance - June 30 (GAAP Basis) .....		\$ 10,034	

CITY AND COUNTY OF HONOLULU  
**RESERVE FOR FISCAL STABILITY FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b>OTHER FINANCING SOURCE</b>			
<b>TRANSFER FROM OTHER FUND:</b>			
Other Transfer -			
General Fund .....	\$ 5,000	\$ 5,000	\$ --
TOTAL RESERVE FOR FISCAL STABILITY FUND ...	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ --</u>

CITY AND COUNTY OF HONOLULU  
**TRANSIT FUND (OPERATING ACCOUNT)**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSET</u></b>		
Cash and investments:		
With Treasury .....	\$ 514	\$ --
Total Asset .....	\$ 514	\$ --
<b><u>FUND BALANCE</u></b>		
Fund Balance:		
Reserved for encumbrances .....	\$ 250	\$ --
Unreserved - undesignated .....	264	--
Total Fund Balance .....	\$ 514	\$ --

CITY AND COUNTY OF HONOLULU  
**TRANSIT FUND (OPERATING ACCOUNT)**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Expenditure:			
Current:			
General government:			
City Council .....	\$ 600	\$ 336	\$ 264
Other Financing Source:			
Transfer in .....	600	600	--
Other Source over Expenditure .....	--	264	264
Unreserved - Undesignated Fund Balance - July 1 .....	--	--	--
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ --	264	\$ 264
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above .....		250	
Expenditures - prior year encumbrances .....		--	
Increase in reserved for encumbrances .....		(250)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		264	
Reserved for Encumbrances - June 30 .....		250	
Fund Balance - June 30 (GAAP Basis) .....		\$ 514	

CITY AND COUNTY OF HONOLULU  
**TRANSIT FUND (OPERATING ACCOUNT)**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b>OTHER FINANCING SOURCE</b>			
<b>TRANSFER FROM OTHER FUND:</b>			
Other Transfer -			
General Fund .....	\$ 600	\$ 600	\$ --
<b>TOTAL TRANSIT FUND (OPERATING ACCOUNT) .....</b>	<b>\$ 600</b>	<b>\$ 600</b>	<b>\$ --</b>



CITY AND COUNTY OF HONOLULU  
**COMMUNITY DEVELOPMENT FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 135	\$ 171
Receivables:		
Loans .....	180	177
Intergovernmental .....	717	866
Total Assets .....	\$ 1,032	\$ 1,214
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 703	\$ 681
Deferred revenue .....	180	356
Total Liabilities .....	883	1,037
Fund Balance:		
Reserved for encumbrances .....	9,776	10,328
Unreserved - undesignated .....	(9,627)	(10,151)
Total Fund Balance .....	149	177
Total Liabilities and Fund Balance .....	\$ 1,032	\$ 1,214

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, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental .....	\$ 10,360	\$ 11,366	\$ 1,006
<b>Miscellaneous:</b>			
Other .....	--	9	9
Total Revenues .....	10,360	11,375	1,015
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Budget and Fiscal Services .....	814	552	262
Design and Construction .....	90	36	54
Total General government .....	904	588	316
<b>Human services:</b>			
Community Services .....	1,268	891	377
<b>Capital improvements:</b>			
Community Services .....	9,586	9,586	--
Total Expenditures .....	11,758	11,065	693
Revenue over (under) Expenditures .....	(1,398)	310	1,708
<b>Other Financing Use:</b>			
Transfer out .....	(500)	--	500
Total Other Financing Use .....	(500)	--	500
Revenues over (under) Expenditures and Other Use .	(1,898)	310	2,208
Unreserved - Undesignated Fund Balance - July 1 .....	1,898	(10,151)	(12,049)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ --	(9,841)	\$ (9,841)
<b>Adjustments to conform with generally accepted accounting principles:</b>			
Encumbrances included above .....		5,807	
Expenditures - prior year encumbrances .....		(6,087)	
Decrease in reserved for encumbrances .....		552	
Transfers out - prior year encumbrances .....		(58)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		(9,627)	
Reserved for Encumbrances - June 30 .....		9,776	
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, 2007  
 (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>			
<u>FEDERAL GRANTS:</u>			
Community Development Block Grant .....	\$ 10,360	\$ 11,366	\$ 1,006
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Other:			
Sundry Refunds .....	--	9	9
TOTAL REVENUES .....	<u>\$ 10,360</u>	<u>\$ 11,375</u>	<u>\$ 1,015</u>

CITY AND COUNTY OF HONOLULU  
**GOLF FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSET</u></b>		
Cash and investments:		
With Treasury .....	\$ 3,501	\$ 1,985
Total Asset .....	\$ 3,501	\$ 1,985
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 60	\$ 367
Accrued payroll .....	70	79
Total Liabilities .....	130	446
Fund Balance:		
Reserved for encumbrances .....	1,013	677
Unreserved - undesignated .....	2,358	862
Total Fund Balance .....	3,371	1,539
Total Liabilities and Fund Balance .....	\$ 3,501	\$ 1,985

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, 2007  
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Charges for services .....	\$ 5,334	\$ 5,154	\$ (180)
<b>Miscellaneous:</b>			
Other .....	3,061	3,273	212
Total Revenues .....	8,395	8,427	32
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Culture-recreation:</b>			
Enterprise Services .....	9,111	8,253	858
<b>Miscellaneous:</b>			
<b>Retirement and health benefits:</b>			
Provisional .....	2,087	1,666	421
<b>Other:</b>			
Provisional .....	232	46	186
Total Miscellaneous .....	2,319	1,712	607
Total Expenditures .....	11,430	9,965	1,465
Revenues under Expenditures .....	(3,035)	(1,538)	1,497
<b>Other Finance Sources (Uses):</b>			
Transfer in .....	12,049	12,049	--
<b>Transfers out:</b>			
Debt service - Budget and Fiscal Services .....	(8,055)	(8,055)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services .....	(981)	(981)	--
Total Other Financing Sources (Uses) .....	3,013	3,013	--
Revenues and Other Sources over (under) Expenditures and Other Uses .....	(22)	1,475	1,497
Unreserved - Undesignated Fund Balance - July 1 .....	22	862	840
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ --	2,337	\$ 2,337

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, 2007  
 (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 .....		995	
Expenditures - prior year encumbrances .....		(638)	
Increase in reserved for encumbrances .....		(336)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		2,358	
Reserved for Encumbrances - June 30 .....		1,013	
Fund Balance - June 30 (GAAP Basis) .....		\$ 3,371	

CITY AND COUNTY OF HONOLULU  
**GOLF FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<b><u>CHARGES FOR SERVICES</u></b>			
<b>CULTURE-RECREATION:</b>			
Golf Course Fees .....	\$ 5,334	\$ 5,154	\$ (180)
<b>TOTAL CHARGES FOR SERVICES .....</b>	<b>5,334</b>	<b>5,154</b>	<b>(180)</b>
<b><u>MISCELLANEOUS</u></b>			
<b>OTHER MISCELLANEOUS:</b>			
Rents:			
Golf Cart Rentals .....	2,580	2,617	37
<b>Total Rents .....</b>	<b>2,580</b>	<b>2,617</b>	<b>37</b>
Concessions:			
Food Concession - Golf Courses .....	111	98	(13)
Golf Course - Pro Shops .....	10	10	--
Golf Course - Driving Range .....	360	511	151
<b>Total Concessions .....</b>	<b>481</b>	<b>619</b>	<b>138</b>
Other:			
Sundry Refunds .....	--	37	37
<b>TOTAL MISCELLANEOUS .....</b>	<b>3,061</b>	<b>3,273</b>	<b>212</b>
<b>TOTAL REVENUES .....</b>	<b>8,395</b>	<b>8,427</b>	<b>32</b>
<b><u>OTHER FINANCING SOURCE</u></b>			
<b>TRANSFER FROM OTHER FUND:</b>			
Other Transfer -			
General Fund .....	12,049	12,049	--
<b>TOTAL OTHER FINANCING SOURCE .....</b>	<b>12,049</b>	<b>12,049</b>	<b>--</b>
<b>TOTAL GOLF FUND .....</b>	<b>\$ 20,444</b>	<b>\$ 20,476</b>	<b>\$ 32</b>

CITY AND COUNTY OF HONOLULU  
**SPECIAL EVENTS FUND**  
BALANCE SHEET  
JUNE 30, 2007  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 4,283	\$ 2,752
Due from other fund:		
General Fund .....	19	3
Total Assets .....	\$ 4,302	\$ 2,755
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 155	\$ 272
Accrued payroll .....	129	108
Total Liabilities .....	284	380
Fund Balance:		
Reserved for encumbrances .....	1,074	179
Unreserved - undesignated .....	2,944	2,196
Total Fund Balance .....	4,018	2,375
Total Liabilities and Fund Balance .....	\$ 4,302	\$ 2,755



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, 2007  
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Charges for services .....	\$ 1,835	\$ 1,972	\$ 137
<b>Miscellaneous:</b>			
Reimbursements and recoveries .....	10	10	--
Interest .....	17	122	105
Other .....	6,293	6,425	132
Total Revenues .....	8,155	8,529	374
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General government:</b>			
Budget and Fiscal Services .....	107	107	--
<b>Culture-recreation:</b>			
Enterprise Services .....	10,330	9,757	573
<b>Miscellaneous:</b>			
<b>Retirement and health benefits:</b>			
Provisional .....	2,828	2,325	503
<b>Other:</b>			
Provisional .....	326	100	226
Total Miscellaneous .....	3,154	2,425	729
Total Expenditures .....	13,591	12,289	1,302
Revenues under Expenditures .....	(5,436)	(3,760)	1,676
<b>Other Finance Source (Uses):</b>			
Transfer in .....	11,788	11,788	--
<b>Transfers out:</b>			
Debt service - Budget and Fiscal Services .....	(6,303)	(6,303)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services .....	(990)	(990)	--
Total Other Financing Source (Uses) .....	4,495	4,495	--

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, 2007  
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues and Other Source over (under) Expenditures and Other Uses .....	(941)	735	1,676
Unreserved - Undesignated Fund Balance - July 1 .....	941	2,196	1,255
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ --	2,931	\$ 2,931
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above .....		1,065	
Expenditures - prior year encumbrances .....		(157)	
Increase in reserved for encumbrances .....		(895)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		2,944	
Reserved for Encumbrances - June 30 .....		1,074	
Fund Balance - June 30 (GAAP Basis) .....		\$ 4,018	

CITY AND COUNTY OF HONOLULU  
**SPECIAL EVENTS FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b><u>CHARGES FOR SERVICES</u></b>			
<b>GENERAL GOVERNMENT:</b>			
Surcharge on Auditorium Tickets .....	\$ 97	\$ 71	\$ (26)
<b>CULTURE-RECREATION:</b>			
Honolulu Zoo .....	<u>1,738</u>	<u>1,901</u>	<u>163</u>
<b>TOTAL CHARGES FOR SERVICES .....</b>	<b><u>1,835</u></b>	<b><u>1,972</u></b>	<b><u>137</u></b>
<b><u>MISCELLANEOUS</u></b>			
<b>REIMBURSEMENTS AND RECOVERIES:</b>			
Recovery of Utility Charges .....	10	10	--
<b>INTEREST:</b>			
<b>Interest Earnings:</b>			
Investments .....	17	122	105
<b>OTHER MISCELLANEOUS:</b>			
<b>Rents:</b>			
Rental for Use of Land .....	18	19	1
Rental of Auditorium Facilities .....	1,795	1,797	2
Auditorium Equipment Rental .....	<u>902</u>	<u>780</u>	<u>(122)</u>
<b>Total Rents .....</b>	<b><u>2,715</u></b>	<b><u>2,596</u></b>	<b><u>(119)</u></b>
<b>Concessions:</b>			
Food Concession - Auditoriums .....	680	676	(4)
Food Concession - Honolulu Zoo .....	120	141	21
Food Concession - Parks .....	194	182	(12)
Parking - Auditoriums .....	1,450	1,660	210
Novelty Sales Concession - Auditoriums .....	42	77	35
Other - Auditoriums .....	1	12	11
Beach Concession - Parks .....	904	926	22
Pouring Rights .....	172	105	(67)
Other Concessions .....	<u>15</u>	<u>31</u>	<u>16</u>
<b>Total Concessions .....</b>	<b><u>3,578</u></b>	<b><u>3,810</u></b>	<b><u>232</u></b>

CITY AND COUNTY OF HONOLULU  
**SPECIAL EVENTS FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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 .....	--	18	18
Sundry Refunds .....	--	1	1
<b>Total Other .....</b>	<b>--</b>	<b>19</b>	<b>19</b>
<b>Total Other Miscellaneous .....</b>	<b>6,293</b>	<b>6,425</b>	<b>132</b>
<b>TOTAL MISCELLANEOUS .....</b>	<b>6,320</b>	<b>6,557</b>	<b>237</b>
<b>TOTAL REVENUES .....</b>	<b>8,155</b>	<b>8,529</b>	<b>374</b>
 <b><u>OTHER FINANCING SOURCE</u></b>			
<b>TRANSFER FROM OTHER FUND:</b>			
Other Transfer -			
General Fund .....	11,788	11,788	--
<b>TOTAL SPECIAL EVENTS FUND .....</b>	<b>\$ 19,943</b>	<b>\$ 20,317</b>	<b>\$ 374</b>

CITY AND COUNTY OF HONOLULU  
**FARMERS HOME ADMINISTRATION LOAN FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<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, 2007  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 7,617	\$ 4,683
Receivable:		
Intergovernmental .....	781	302
Total Assets .....	\$ 8,398	\$ 4,985
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 583	\$ 305
Due to other funds:		
General Fund .....	433	--
Federal Grants Fund .....	15	--
Deferred revenue .....	270	180
Total Liabilities .....	1,301	485
Fund Balance:		
Reserved for encumbrances .....	4,540	6,085
Unreserved - undesignated .....	2,557	(1,585)
Total Fund Balance .....	7,097	4,500
Total Liabilities and Fund Balance .....	\$ 8,398	\$ 4,985

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, 2007  
(Amounts in thousands)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental .....	\$ 7,655	\$ 11,211	\$ 12,580	\$ 1,369
Miscellaneous:				
Interest .....	--	--	46	46
Other .....	187	187	1,218	1,031
Total Revenues .....	<u>7,842</u>	<u>11,398</u>	<u>13,844</u>	<u>2,446</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services .....	--	134	9	125
City Council .....	44	44	44	--
Customer Services .....	43	43	43	--
Information Technology .....	--	1,200	1,066	134
Mayor .....	--	952	895	57
Prosecuting Attorney .....	1,662	2,360	1,054	1,306
Total General government .....	<u>1,749</u>	<u>4,733</u>	<u>3,111</u>	<u>1,622</u>
Public safety:				
Emergency Services .....	597	600	540	60
Fire .....	--	35	35	--
Mayor .....	40	42	35	7
Medical Examiner .....	--	5	5	--
Police .....	--	2,111	410	1,701
Total Public safety .....	<u>637</u>	<u>2,793</u>	<u>1,025</u>	<u>1,768</u>
Human services:				
Community Services .....	5,193	6,553	5,312	1,241
Culture-recreation:				
Parks and Recreation .....	128	780	302	478
Total Expenditures .....	<u>7,707</u>	<u>14,859</u>	<u>9,750</u>	<u>5,109</u>
Revenues over (under) Expenditures .....	135	(3,461)	4,094	7,555
Unreserved - Undesignated Fund Balance - July 1 .....	--	--	(1,585)	(1,585)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	<u>\$ 135</u>	<u>\$ (3,461)</u>	2,509	<u>\$ 5,970</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above .....			1,317	
Expenditures - prior year encumbrances .....			(2,814)	
Decrease in reserved for encumbrances .....			<u>1,545</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....			2,557	
Reserved for Encumbrances - June 30 .....			<u>4,540</u>	
Fund Balance - June 30 (GAAP Basis) .....			<u>\$ 7,097</u>	

CITY AND COUNTY OF HONOLULU  
**SPECIAL PROJECTS FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b><u>INTERGOVERNMENTAL</u></b>				
<b>STATE GRANTS:</b>				
Department of the Attorney General .....	\$ 1,663	\$ 1,663	\$ 936	\$ (727)
Department of Defense .....	40	42	27	(15)
Department of Hawaiian Home Lands .....	--	750	156	(594)
Department of Health .....	3,726	4,041	3,572	(469)
Department of Human Services .....	48	263	630	367
Department of Labor and Industrial Relations .....	1,486	1,758	1,201	(557)
Department of Land and Natural Resources .....	597	597	537	(60)
Department of Transportation .....	--	--	3,698	3,698
Hawaii Tourism Authority .....	--	802	757	(45)
Wireless Enhanced 911 Board .....	--	1,200	1,066	(134)
Grants from Other Agencies .....	95	95	--	(95)
<b>TOTAL INTERGOVERNMENTAL .....</b>	<b><u>7,655</u></b>	<b><u>11,211</u></b>	<b><u>12,580</u></b>	<b><u>1,369</u></b>
<b><u>MISCELLANEOUS</u></b>				
<b>INTEREST:</b>				
Interest Earnings:				
Investments .....	--	--	46	46
<b>OTHER MISCELLANEOUS:</b>				
Contributions from Private Sources:				
Community Programing .....	87	87	87	--
Contributions to the City .....	--	--	187	187
Developers' premium .....	100	100	--	(100)
<b>Total Contributions from Private Sources .....</b>	<b><u>187</u></b>	<b><u>187</u></b>	<b><u>274</u></b>	<b><u>87</u></b>
Other:				
Other .....	--	--	944	944
<b>Total Other Miscellaneous .....</b>	<b><u>187</u></b>	<b><u>187</u></b>	<b><u>1,218</u></b>	<b><u>1,031</u></b>
<b>TOTAL MISCELLANEOUS .....</b>	<b><u>187</u></b>	<b><u>187</u></b>	<b><u>1,264</u></b>	<b><u>1,077</u></b>
<b>TOTAL SPECIAL PROJECTS FUND REVENUES .....</b>	<b><u>\$ 7,842</u></b>	<b><u>\$ 11,398</u></b>	<b><u>\$ 13,844</u></b>	<b><u>\$ 2,446</u></b>



CITY AND COUNTY OF HONOLULU  
**FEDERAL GRANTS FUND**  
BALANCE SHEET  
JUNE 30, 2007  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 14,475	\$ 13,198
Receivables:		
Loans .....	2,441	2,081
Intergovernmental .....	21,994	23,101
Due from other fund:		
Special Projects Fund .....	15	--
	<u>\$ 38,925</u>	<u>\$ 38,380</u>
Total Assets .....		
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 212	\$ 1,867
Due to other funds:		
General Fund .....	21,767	21,800
Housing and Community Development Revolving Fund .....	59	219
Deferred revenue .....	2,493	2,143
	<u>24,531</u>	<u>26,029</u>
Total Liabilities .....		
Fund Balance:		
Reserved for encumbrances .....	21,396	15,261
Unreserved - undesignated .....	(7,002)	(2,910)
	<u>14,394</u>	<u>12,351</u>
Total Fund Balance .....		
Total Liabilities and Fund Balance .....	<u>\$ 38,925</u>	<u>\$ 38,380</u>

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, 2007  
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Intergovernmental .....	\$ 44,025	\$ 77,807	\$ 44,927	\$ (32,880)
<b>Miscellaneous:</b>				
Interest .....	--	--	501	501
Other .....	120	120	2,537	2,417
<b>Total Revenues .....</b>	<b>44,145</b>	<b>77,927</b>	<b>47,965</b>	<b>(29,962)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Budget and Fiscal Services .....	411	411	230	181
Design and Construction .....	--	15	15	--
Information Technology .....	167	167	103	64
Planning and Permitting .....	274	495	423	72
Prosecuting Attorney .....	1,339	2,141	1,240	901
<b>Total General government .....</b>	<b>2,191</b>	<b>3,229</b>	<b>2,011</b>	<b>1,218</b>
<b>Public safety:</b>				
Fire .....	--	112	--	112
Mayor .....	132	24,748	8,772	15,976
Police .....	--	16,452	4,597	11,855
Transportation Services .....	--	235	6	229
<b>Total Public safety .....</b>	<b>132</b>	<b>41,547</b>	<b>13,375</b>	<b>28,172</b>
<b>Sanitation:</b>				
Environmental Services .....	120	120	10	110
<b>Human services:</b>				
Community Services .....	17,666	20,794	12,756	8,038
<b>Culture-recreation:</b>				
Parks and Recreation .....	400	400	265	135
<b>Utilities or other enterprises:</b>				
Transportation Services .....	24,000	24,077	24,033	44
<b>Total Expenditures .....</b>	<b>44,509</b>	<b>90,167</b>	<b>52,450</b>	<b>37,717</b>

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, 2007  
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues under Expenditures .....	(364)	(12,240)	(4,485)	7,755
Unreserved - Undesignated Fund Balance - July 1 .....	369	369	(2,910)	(3,279)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$ 5	\$ (11,871)	(7,395)	\$ 4,476
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above .....			16,423	
Expenditures - prior year encumbrances .....			(9,895)	
Increase in reserved for encumbrances .....			(6,135)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....			(7,002)	
Reserved for Encumbrances - June 30 .....			21,396	
Fund Balance - June 30 (GAAP Basis) .....			\$ 14,394	

CITY AND COUNTY OF HONOLULU  
**FEDERAL GRANTS FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>
<b>INTERGOVERNMENTAL</b>				
<b>FEDERAL GRANTS:</b>				
Department of Agriculture .....	\$ 300	\$ 412	\$ 215	\$ (197)
Department of Commerce .....	274	349	206	(143)
Department of Education .....	100	156	50	(106)
Department of Energy .....	--	15	15	--
Department of Health and Human Services .....	4,624	4,724	2,894	(1,830)
Department of Homeland Security .....	132	24,747	6,752	(17,995)
Department of Housing and Urban Development .....	4,310	4,677	3,301	(1,376)
Department of Justice .....	1,442	4,339	2,231	(2,108)
Department of Labor .....	8,843	10,849	5,944	(4,905)
Department of the Treasury .....	--	61	61	--
Department of Transportation .....	24,000	24,472	21,155	(3,317)
Environmental Protection Agency .....	--	400	17	(383)
Office of National Drug Control Policy .....	--	2,399	2,014	(385)
<b>Total Federal Grants .....</b>	<b>44,025</b>	<b>77,600</b>	<b>44,855</b>	<b>(32,745)</b>
<b>STATE GRANTS:</b>				
Other State Agencies .....	--	207	72	(135)
<b>TOTAL INTERGOVERNMENTAL .....</b>	<b>44,025</b>	<b>77,807</b>	<b>44,927</b>	<b>(32,880)</b>

CITY AND COUNTY OF HONOLULU  
HOUSING AND COMMUNITY DEVELOPMENT  
REHABILITATION LOAN FUND  
BALANCE SHEET  
JUNE 30, 2007  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
<u>ASSETS</u>		
Cash and investments:		
With Treasury .....	\$ 4,708	\$ 3,730
Receivable:		
Loans .....	10,294	10,887
Total Assets .....	\$ 15,002	\$ 14,617
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue .....	\$ 10,294	\$ 11,700
Total Liability .....	10,294	11,700
Fund Balance:		
Reserved for encumbrances .....	4,708	2,917
Total Fund Balance .....	4,708	2,917
Total Liability and Fund Balance .....	\$ 15,002	\$ 14,617

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, 2007  
(Amounts in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:				
Miscellaneous:				
Interest .....	\$ 201	\$ 201	\$ 221	\$ 20
Other .....	<u>1,848</u>	<u>3,548</u>	<u>3,251</u>	<u>(297)</u>
Total Revenues .....	<u>2,049</u>	<u>3,749</u>	<u>3,472</u>	<u>(277)</u>
Expenditure:				
Current:				
Human services:				
Community Services .....	<u>1,816</u>	<u>3,516</u>	<u>3,472</u>	<u>44</u>
Total Expenditure .....	<u>1,816</u>	<u>3,516</u>	<u>3,472</u>	<u>44</u>
Revenues over Expenditure .....	233	233	--	(233)
Other Financing Source:				
Transfer in:				
Other - Budget and Fiscal Services .....	<u>500</u>	<u>500</u>	<u>--</u>	<u>(500)</u>
Revenues and Other Source over Expenditure.....	733	733	--	(733)
Unreserved - Undesignated Fund Balance - July 1 .....	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	<u>\$ 733</u>	<u>\$ 733</u>	<u>--</u>	<u>\$ (733)</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above .....			3,062	
Expenditures - prior year encumbrances .....			(1,271)	
Increase in reserved for encumbrances .....			<u>(1,791)</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....			--	
Reserved for Encumbrances - June 30 .....			<u>4,708</u>	
Fund Balance - June 30 (GAAP Basis) .....			<u>\$ 4,708</u>	

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, 2007  
(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>
<b>MISCELLANEOUS</b>				
<b>INTEREST:</b>				
Interest Earnings:				
Investments .....	\$ 200	\$ 200	\$ 183	\$ (17)
Other Sources .....	1	1	38	37
	<hr/>	<hr/>	<hr/>	<hr/>
Total Interest .....	201	201	221	20
<b>OTHER MISCELLANEOUS:</b>				
Other:				
Sundry Refunds .....	--	--	95	95
Repayments of Department of Housing and Community Development Loans:				
Principal .....	1,750	3,450	3,090	(360)
Interest .....	97	97	65	(32)
Late Charge .....	1	1	1	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Miscellaneous .....	1,848	3,548	3,251	(297)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES .....</b>	<b>2,049</b>	<b>3,749</b>	<b>3,472</b>	<b>(277)</b>
<b>OTHER FINANCING SOURCE</b>				
<b>TRANSFER FROM OTHER FUND:</b>				
Other Transfer -				
Community Development Fund .....	500	500	--	(500)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCE .....</b>	<b>500</b>	<b>500</b>	<b>--</b>	<b>(500)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL HOUSING AND COMMUNITY DEVELOPMENT REHABILITATION LOAN FUND .....</b>	<b>\$ 2,549</b>	<b>\$ 4,249</b>	<b>\$ 3,472</b>	<b>\$ (777)</b>

CITY AND COUNTY OF HONOLULU  
**PAUHI PROJECT EXPENDITURES, HAWAII R-15 FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<u>ASSET</u>		
Cash and investments:		
With Treasury .....	\$ 910	\$ 866
Total Asset .....	\$ 910	\$ 866
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated .....	\$ 910	\$ 866
Total Fund Balance .....	910	866
Total Fund Balance .....	\$ 910	\$ 866



CITY AND COUNTY OF HONOLULU  
**PAUHI 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, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Interest .....	\$       --	\$       44	\$       44
Total Revenue .....	--	44	44
Unreserved - Undesignated Fund Balance - July 1 .....	--	866	866
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$       --	910	\$       910
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) .....		910	
Reserved for Encumbrances - June 30 .....		--	
Fund Balance - June 30 (GAAP Basis) .....		\$       910	

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, 2007  
 (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>			
INTEREST:			
Interest Earnings:			
Investments .....	\$           --	\$           44	\$           44
 TOTAL PAUahi PROJECT EXPENDITURES, HAWAII R-15 FUND REVENUE .....	 \$           --	 \$           44	 \$           44

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

BALANCE SHEET

JUNE 30, 2007

WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006

(Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 3,428	\$ 6,646
Receivables:		
Accounts (net of allowance for uncollectibles) .....	465	427
Loans .....	2,964	2,964
Intergovernmental .....	2,561	--
Total Assets .....	\$ 9,418	\$ 10,037
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 108	\$ 127
Deferred revenue .....	3,738	3,391
Total Liabilities .....	3,846	3,518
Fund Balance:		
Reserved for encumbrances .....	3,375	6,587
Unreserved - undesignated .....	2,197	(68)
Total Fund Balance .....	5,572	6,519
Total Liabilities and Fund Balance .....	\$ 9,418	\$ 10,037

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, 2007  
(Amounts in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental .....	\$ 36,305	\$ 38,544	\$ 38,191	\$ (353)
Miscellaneous:				
Interest .....	--	--	283	283
Other .....	--	--	90	90
<b>Total Revenues</b> .....	<u>36,305</u>	<u>38,544</u>	<u>38,564</u>	<u>20</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services .....	185	185	174	11
Information Technology .....	124	163	158	5
<b>Total General government</b> .....	<u>309</u>	<u>348</u>	<u>332</u>	<u>16</u>
Human services:				
Community Services .....	35,996	38,196	35,969	2,227
<b>Total Expenditures</b> .....	<u>36,305</u>	<u>38,544</u>	<u>36,301</u>	<u>2,243</u>
Revenues over Expenditures .....	--	--	2,263	2,263
Unreserved - Undesignated Fund Balance - July 1 .....	--	--	(68)	(68)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	<u>\$ --</u>	<u>\$ --</u>	2,195	<u>\$ 2,195</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above .....			470	
Expenditures - prior year encumbrances .....			(3,680)	
Decrease in reserved for encumbrances .....			<u>3,212</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....			2,197	
Reserved for Encumbrances - June 30 .....			<u>3,375</u>	
Fund Balance - June 30 (GAAP Basis) .....			<u>\$ 5,572</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, 2007  
(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>
<b><u>INTERGOVERNMENTAL</u></b>				
<b>FEDERAL GRANTS:</b>				
Section 8 Grants:				
Moderate Rehabilitation Program, (001) .....	\$ 60	\$ 60	\$ 154	\$ 94
Existing Housing Voucher Program .....	36,145	38,184	36,840	(1,344)
Moderate Rehabilitation Program, (002) .....	100	100	--	(100)
Mainstream Voucher .....	--	200	1,197	997
<b>TOTAL INTERGOVERNMENTAL .....</b>	<b><u>36,305</u></b>	<b><u>38,544</u></b>	<b><u>38,191</u></b>	<b><u>(353)</u></b>
<b><u>MISCELLANEOUS</u></b>				
<b>INTEREST:</b>				
Interest Earnings:				
Investments .....	--	--	278	278
Other Sources .....	--	--	5	5
<b>Total Interest .....</b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>283</u></b>	<b><u>283</u></b>
<b>OTHER MISCELLANEOUS:</b>				
Rents:				
Rental for Use of Land.....	--	--	35	35
Other:				
Escheats .....	--	--	55	55
<b>Total Other Miscellaneous .....</b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>90</u></b>	<b><u>90</u></b>
<b>TOTAL MISCELLANEOUS .....</b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>373</u></b>	<b><u>373</u></b>
<b>TOTAL HOUSING AND COMMUNITY DEVELOPMENT SECTION 8 CONTRACT FUND REVENUES.....</b>	<b><u>\$ 36,305</u></b>	<b><u>\$ 38,544</u></b>	<b><u>\$ 38,564</u></b>	<b><u>\$ 20</u></b>

CITY AND COUNTY OF HONOLULU  
**LEASEHOLD CONVERSION FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSET</u></b>		
Cash and investments:		
With Treasury .....	\$ 468	\$ 526
Total Asset .....	\$ 468	\$ 526
<b><u>LIABILITY AND FUND BALANCE</u></b>		
Liability:		
Deferred revenue .....	\$ 235	\$ 285
Total Liability .....	235	285
Fund Balance:		
Unreserved - undesignated .....	233	241
Total Fund Balance .....	233	241
Total Liability and Fund Balance .....	\$ 468	\$ 526

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, 2007  
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
<b>Revenue:</b>			
Miscellaneous:			
Interest .....	\$       --	\$       13	\$       13
Total Revenue .....	--	13	13
<b>Expenditure:</b>			
Current:			
Human services:			
Community Services .....	25	21	4
Total Expenditure .....	25	21	4
Revenue under Expenditure .....	(25)	(8)	17
Unreserved - Undesignated Fund Balance - July 1 .....	292	241	(51)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis) .....	\$    267	233	\$    (34)
<b>Adjustments to conform with generally accepted accounting principles:</b>			
Encumbrances included above .....		--	
Expenditures - prior year encumbrances .....		--	
Increase in reserved for encumbrances .....		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis) .....		233	
Reserved for Encumbrances - June 30 .....		--	
Fund Balance - June 30 (GAAP Basis) .....		\$    233	

CITY AND COUNTY OF HONOLULU  
**LEASEHOLD CONVERSION FUND**  
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (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>			
INTEREST:			
Interest Earnings:			
Investments .....	\$ --	\$ 13	\$ 13
TOTAL LEASEHOLD CONVERSION FUND REVENUE .....	<u>\$ --</u>	<u>\$ 13</u>	<u>\$ 13</u>



CITY AND COUNTY OF HONOLULU  
 REVOLVING FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2007	2006
<b>ASSETS</b>					
Cash and investments:					
With Treasury .....	\$ 1,510	\$ 165	\$ 151	\$ 1,826	\$ 1,655
Due from other fund:					
Federal Grants Fund .....	--	59	--	59	219
Inventories - Municipal Stores .....	--	--	20	20	23
Total Assets .....	<u>\$ 1,510</u>	<u>\$ 224</u>	<u>\$ 171</u>	<u>\$ 1,905</u>	<u>\$ 1,897</u>
<b>LIABILITY AND FUND BALANCES</b>					
Liability:					
Accounts payable .....	\$ --	\$ --	\$ 3	\$ 3	\$ 3
Total Liability .....	--	--	3	3	3
Fund Balances:					
Unreserved - undesignated .....	1,510	224	168	1,902	1,894
Total Fund Balances .....	<u>1,510</u>	<u>224</u>	<u>168</u>	<u>1,902</u>	<u>1,894</u>
Total Liability and Fund Balances ....	<u>\$ 1,510</u>	<u>\$ 224</u>	<u>\$ 171</u>	<u>\$ 1,905</u>	<u>\$ 1,897</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, 2007  
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2007	2006
<b>Revenue:</b>					
<b>Miscellaneous:</b>					
Other .....	\$ --	\$ --	\$ 28	\$ 28	\$ 35
Total Revenue .....	--	--	28	28	35
<b>Expenditure:</b>					
<b>Current:</b>					
General government .....	1	--	19	20	33
Total Expenditure .....	1	--	19	20	33
Revenue over (under) Expenditure ....	(1)	--	9	8	2
Fund Balances - July 1 .....	1,511	224	159	1,894	1,892
Fund Balances - June 30 .....	<u>\$ 1,510</u>	<u>\$ 224</u>	<u>\$ 168</u>	<u>\$ 1,902</u>	<u>\$ 1,894</u>

CITY AND COUNTY OF HONOLULU  
**GENERAL OBLIGATION BOND AND INTEREST REDEMPTION FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments:		
With Treasury .....	\$ 323	\$ 279
Due from other fund:		
General Fund .....	--	44
	<hr/>	<hr/>
Total Assets .....	<u>\$ 323</u>	<u>\$ 323</u>
 <u>LIABILITIES</u>		
Liabilities:		
Interest payable - matured .....	\$ 139	\$ 139
Bonds payable - matured .....	184	184
	<hr/>	<hr/>
Total Liabilities .....	<u>\$ 323</u>	<u>\$ 323</u>

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, 2007  
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (Amounts in thousands)

	<u>2007</u>	<u>2006</u>
<b>Expenditures:</b>		
Tax exempt commercial paper:		
Principal retirement .....	\$ 2,700	\$ 153,200
Interest charges .....	2,864	2,628
General obligation bonds:		
Bond principal retirement .....	99,409	94,474
Interest charges .....	100,829	86,817
<b>Total Expenditures .....</b>	<b><u>205,802</u></b>	<b><u>337,119</u></b>
<b>Other Financing Sources (Uses):</b>		
Issuance of refunding bonds .....	--	387,324
Bond premium .....	--	17,054
Bond discount .....	--	(115)
Transfers from other funds:		
General Fund - Principal .....	102,109	94,674
General Fund - Interest .....	103,693	81,182
Payment of refunded bonds .....	--	(243,000)
<b>Total Other Financing Sources (Uses) .....</b>	<b><u>205,802</u></b>	<b><u>337,119</u></b>
Other Financing Sources over Expenditures and Other Uses .....	--	--
Fund Balances - July 1 .....	--	--
Fund Balances - June 30 .....	<b><u>\$ --</u></b>	<b><u>\$ --</u></b>

CITY AND COUNTY OF HONOLULU  
**IMPROVEMENT DISTRICT BOND AND INTEREST REDEMPTION FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash and investments:		
With Treasury .....	\$ 1,027	\$ 1,002
Receivables:		
Special assessments - current .....	127	127
Special assessments - deferred .....	11	343
Total Assets .....	<u>\$ 1,165</u>	<u>\$ 1,472</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Interest payable - matured .....	\$ 4	\$ 4
Bonds payable - matured .....	5	5
Due to other fund:		
Capital Projects Fund .....	60	68
Deferred revenue .....	11	343
Total Liabilities .....	<u>80</u>	<u>420</u>
Fund Balance:		
Reserved for debt service .....	<u>1,085</u>	<u>1,052</u>
Total Fund Balance .....	<u>1,085</u>	<u>1,052</u>
Total Liabilities and Fund Balance .....	<u>\$ 1,165</u>	<u>\$ 1,472</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, 2007  
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b>Revenues:</b>		
Special assessments .....	\$ 354	\$ 387
<b>Miscellaneous:</b>		
Interest .....	35	60
Other .....	4	7
<b>Total Revenues .....</b>	<b>393</b>	<b>454</b>
<b>Expenditures:</b>		
Special assessment bonds:		
Bond principal retirement .....	290	355
Interest charges .....	10	32
<b>Total Expenditures .....</b>	<b>300</b>	<b>387</b>
<b>Revenues over Expenditures .....</b>	<b>93</b>	<b>67</b>
<b>Other Financing Use:</b>		
Transfers to other fund:		
Capital Projects Fund .....	(60)	(68)
<b>Revenues over (under) Expenditures and Other Use .....</b>	<b>33</b>	<b>(1)</b>
<b>Fund Balances - July 1 .....</b>	<b>1,052</b>	<b>1,053</b>
<b>Fund Balances - June 30 .....</b>	<b>\$ 1,085</b>	<b>\$ 1,052</b>

CITY AND COUNTY OF HONOLULU  
**GENERAL IMPROVEMENT BOND FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 15,558	\$ 30,495
Due from other funds:		
General Fund .....	--	3
Solid Waste Special Fund .....	2,143	177
Total Assets .....	\$ 17,701	\$ 30,675
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 8,864	\$ 5,993
Due to other fund:		
Sewer Fund .....	3,232	3,584
Total Liabilities .....	12,096	9,577
Fund Balance:		
Reserved for encumbrances .....	228,071	217,618
Unreserved - undesignated .....	(222,466)	(196,520)
Total Fund Balance .....	5,605	21,098
Total Liabilities and Fund Balance .....	\$ 17,701	\$ 30,675

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, 2007  
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (Amounts in thousands)

	<u>2007</u>	<u>2006</u>
Revenues:		
Miscellaneous:		
Interest .....	\$ 605	\$ --
Other .....	<u>    --</u>	<u>    40</u>
Total Revenues .....	<u>    605</u>	<u>    40</u>
Expenditures:		
Capital outlay:		
General government .....	24,906	15,815
Public safety .....	19,428	19,053
Highways and streets .....	1,919	4,864
Culture-recreation .....	<u>25,850</u>	<u>27,484</u>
Total Expenditures .....	<u>    72,103</u>	<u>    67,216</u>
Revenues under Expenditures .....	<u>(71,498)</u>	<u>(67,176)</u>
Other Financing Sources:		
Sales of capital assets .....	5	--
Issuance of tax exempt commercial paper .....	<u>56,000</u>	<u>83,022</u>
Total Other Financing Sources .....	<u>    56,005</u>	<u>    83,022</u>
Revenues and Other Sources over (under) Expenditures .....	(15,493)	15,846
Fund Balance - July 1 .....	<u>    21,098</u>	<u>    5,252</u>
Fund Balance - June 30 .....	<u>\$    5,605</u>	<u>\$   21,098</u>



CITY AND COUNTY OF HONOLULU  
**HIGHWAY IMPROVEMENT BOND FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<u>ASSET</u>		
Cash and investments:		
With Treasury .....	\$ 17,746	\$ 34,537
Total Asset .....	\$ 17,746	\$ 34,537
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Accounts payable .....	\$ 6,507	\$ 2,903
Total Liability .....	6,507	2,903
Fund Balance:		
Reserved for encumbrances .....	193,285	174,368
Unreserved - undesignated .....	(182,046)	(142,734)
Total Fund Balance .....	11,239	31,634
Total Liability and Fund Balance .....	\$ 17,746	\$ 34,537

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, 2007  
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b>Expenditures:</b>		
<b>Capital outlay:</b>		
General government .....	\$ 896	\$ 383
Public safety .....	4,242	4,437
Highways and streets .....	39,196	39,442
Culture-recreation .....	--	84
Utilities or other enterprises .....	14,061	7,112
Total Expenditures .....	58,395	51,458
<b>Other Financing Source:</b>		
Issuance of tax exempt commercial paper .....	38,000	85,000
Total Other Financing Source .....	38,000	85,000
Other Source over (under) Expenditures .....	(20,395)	33,542
Fund Balance - July 1 .....	31,634	(1,908)
Fund Balance - June 30 .....	\$ 11,239	\$ 31,634

CITY AND COUNTY OF HONOLULU  
**FEDERAL GRANTS CAPITAL PROJECTS FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 8,356	\$ 8,627
Receivables:		
Loans .....	46,006	45,767
Intergovernmental .....	3,598	1,319
Total Assets .....	\$ 57,960	\$ 55,713
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable .....	\$ 4,113	\$ 1,334
Deferred revenue .....	47,060	46,188
Total Liabilities .....	51,173	47,522
Fund Balance:		
Reserved for encumbrances .....	91,976	90,604
Unreserved - undesignated .....	(85,189)	(82,413)
Total Fund Balance .....	6,787	8,191
Total Liabilities and Fund Balance .....	\$ 57,960	\$ 55,713

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, 2007  
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (Amounts in thousands)

	<u>2007</u>	<u>2006</u>
Revenue:		
Intergovernmental .....	\$ 39,102	\$ 15,197
Total Revenue .....	<u>39,102</u>	<u>15,197</u>
Expenditures:		
Capital outlay:		
General government .....	67	1,092
Public safety .....	2,150	1,567
Highways and streets .....	4,003	1,381
Human services .....	3,093	7,298
Culture-recreation .....	--	18
Utilities or other enterprises .....	<u>31,251</u>	<u>3,185</u>
Total Expenditures .....	<u>40,564</u>	<u>14,541</u>
Revenue under Expenditures .....	(1,462)	656
Other Financing Source:		
Transfer from other fund:		
Community Development Fund .....	<u>58</u>	<u>63</u>
Total Other Financing Source .....	<u>58</u>	<u>63</u>
Revenue and Other Source over (under) Expenditures .....	(1,404)	719
Fund Balance - July 1 .....	<u>8,191</u>	<u>7,472</u>
Fund Balance - June 30 .....	<u>\$ 6,787</u>	<u>\$ 8,191</u>

CITY AND COUNTY OF HONOLULU  
**CAPITAL PROJECTS FUND**  
 BALANCE SHEET  
 JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
 (Amounts in thousands)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and investments:		
With Treasury .....	\$ 21,311	\$ 25,515
Due from other fund:		
Improvement District Bond and Interest Redemption Fund .....	<u>60</u>	<u>68</u>
Total Assets .....	<u>\$ 21,371</u>	<u>\$ 25,583</u>
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Accounts payable .....	<u>\$ 84</u>	<u>\$ 566</u>
Total Liability .....	<u>84</u>	<u>566</u>
Fund Balance:		
Reserved for encumbrances .....	18,411	13,767
Unreserved - undesignated .....	<u>2,876</u>	<u>11,250</u>
Total Fund Balance .....	<u>21,287</u>	<u>25,017</u>
Total Liability and Fund Balance .....	<u>\$ 21,371</u>	<u>\$ 25,583</u>

CITY AND COUNTY OF HONOLULU  
**CAPITAL PROJECTS FUND**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (Amounts in thousands)

	2007	2006
Revenue:		
Miscellaneous:		
Other .....	\$ 160	\$ 4,200
Total Revenue .....	160	4,200
Expenditures:		
Capital outlay:		
Highways and streets .....	45	276
Sanitation .....	4,068	1,874
Culture-recreation .....	1,627	1,464
Total Expenditures .....	5,740	3,614
Revenue over (under) Expenditures .....	(5,580)	586
Other Financing Sources (Uses):		
Transfers from other funds:		
Bikeway Fund .....	6,219	447
Parks and Playgrounds Fund .....	2,050	486
Hanauma Bay Nature Preserve Fund .....	--	425
Improvement District Bond and Interest Redemption Fund .....	60	68
Transfers to other funds:		
Bikeway Fund .....	(421)	(123)
Parks and Playgrounds Fund .....	(494)	(805)
Sewer Fund .....	(5,139)	--
Hanauma Bay Nature Preserve Fund .....	(425)	--
Total Other Financing Sources (Uses) .....	1,850	498
Revenue and Other Sources over (under) Expenditures and Other Uses .....	(3,730)	1,084
Fund Balance - July 1 .....	25,017	23,933
Fund Balance - June 30 .....	\$ 21,287	\$ 25,017

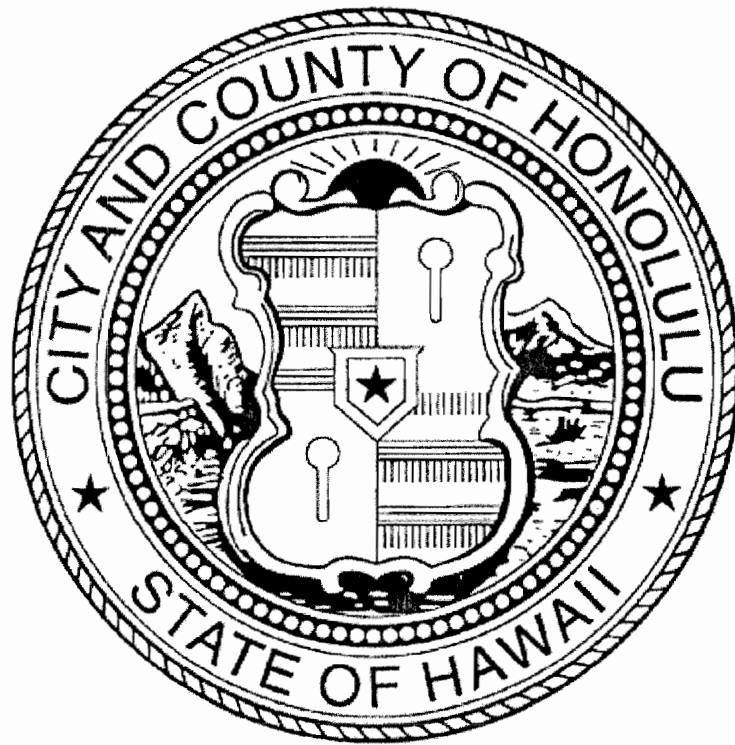
CITY AND COUNTY OF HONOLULU  
**TRANSIT FUND**  
(CAPITAL IMPROVEMENT ACCOUNT)  
BALANCE SHEET  
JUNE 30, 2007  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
<b><u>ASSETS</u></b>		
Cash and investments:		
With Treasury .....	\$ 11,886	\$ --
Due from other fund:		
General Fund .....	35,646	--
Total Assets .....	\$ 47,532	\$ --
<b><u>FUND BALANCE</u></b>		
Fund Balance:		
Reserved for encumbrances .....	\$ 11,227	\$ --
Unreserved - undesignated .....	36,305	--
Total Fund Balance .....	\$ 47,532	\$ --

CITY AND COUNTY OF HONOLULU  
**TRANSIT FUND**  
(CAPITAL IMPROVEMENT ACCOUNT)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(Amounts in thousands)

	2007	2006
Revenue:		
Miscellaneous:		
Interest .....	\$ 18	\$ --
Total Revenue .....	18	--
Expenditure:		
Capital outlay:		
Utilities or other enterprises .....	310	--
Total Expenditure .....	310	--
Revenue over (under) Expenditure .....	(292)	--
Other Financing Source:		
Transfers from other fund:		
General Fund .....	47,824	--
Total Other Financing Source .....	47,824	--
Revenue and Other Source over Expenditure .....	47,532	--
Fund Balance - July 1 .....	--	--
Fund Balance - June 30 .....	\$ 47,532	\$ --





**STATISTICAL SECTION  
(Unaudited)**

## **STATISTICAL SECTION**

(Unaudited)

The information in this section is not covered by the Independent auditors' Report but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the overall financial health of the City.

<b>CONTENTS:</b>	<b><u>Page</u></b>
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<b>Financial Trends</b>	<b>215</b>
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The following Tables 1 to 4 contain trend information to help the reader understand how the financial performance and well-being of the City have changed over time.

<b>Revenue Capacity</b>	<b>219</b>
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The following Tables 5 to 7 contain trend information to help the reader assess property tax, the most significant local revenue source of the City.

<b>Debt Capacity</b>	<b>223</b>
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The following Tables 8 to 11 present information to help the reader assess the affordability of the current levels of outstanding debt of the City and its ability to issue additional debt in the future.

<b>Demographic and Economic Information</b>	<b>227</b>
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The following Tables 12 to 14 offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

<b>Operating Information</b>	<b>230</b>
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The following Tables 15 to 16 contain service and infrastructure data to help the reader understand how the information in the financial report of the City relates to the services the City provides and the activities it performs.

TABLE 1  
CITY AND COUNTY OF HONOLULU  
NET ASSETS BY COMPONENT  
FISCAL YEARS 2002 - 2007  
(Amounts in thousands)  
(Unaudited)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 275,456	\$ 262,817	\$ 211,083	\$ 155,932	\$ 151,597	\$ 113,778
Restricted	1,347	1,412	1,056	1,053	1,052	1,085
Unrestricted	79,576	47,330	84,837	95,024	97,865	233,339
<b>Total governmental activities net assets</b>	<b>356,379</b>	<b>311,559</b>	<b>296,976</b>	<b>252,009</b>	<b>250,514</b>	<b>348,202</b>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	725,510	702,785	747,875	759,186	694,775	711,150
Restricted	54,489	20,603	22,584	26,882	35,425	59,409
Unrestricted	63,894	20,841	(52,186)	(62,557)	549	16,751
<b>Total business-type activities net assets</b>	<b>843,893</b>	<b>744,229</b>	<b>718,273</b>	<b>723,511</b>	<b>730,749</b>	<b>787,310</b>
<b>Primary government</b>						
Invested in capital assets, net of related debt	1,000,966	965,602	958,958	915,118	846,372	824,928
Restricted	55,836	22,015	23,640	27,935	36,477	60,494
Unrestricted	143,470	68,171	32,651	32,467	98,414	250,090
<b>Total primary government net assets</b>	<b>\$ 1,200,272</b>	<b>\$ 1,055,788</b>	<b>\$ 1,015,249</b>	<b>\$ 975,520</b>	<b>\$ 981,263</b>	<b>\$ 1,135,512</b>

TABLE 2  
CITY AND COUNTY OF HONOLULU  
CHANGES IN NET ASSETS  
FISCAL YEARS 2002-2007  
(Amounts in thousands)  
(Unaudited)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Expenses</b>						
<b>Governmental activities:</b>						
General government.....	\$ 141,340	\$ 148,379	\$ 147,296	\$ 146,022	\$ 145,177	\$ 172,695
Public safety.....	221,355	264,427	259,067	302,231	300,245	337,052
Highways and streets.....	61,245	45,049	19,667	23,263	35,795	39,126
Sanitation.....	562	648	699	902	3,125	6,742
Human services.....	81,607	74,463	70,165	75,943	79,880	73,725
Culture and recreation.....	75,962	68,323	61,158	81,447	86,197	95,655
Utilities.....	48,795	44,261	93,954	65,974	33,579	68,406
Retirement and health benefits.....	93,819	82,684	99,021	110,991	134,657	137,615
Miscellaneous.....	34,153	21,288	29,232	19,445	39,621	4,357
Interest.....	54,943	60,203	64,558	65,525	81,454	79,176
<b>Total governmental activities expenses</b>	<b>813,781</b>	<b>809,725</b>	<b>844,817</b>	<b>891,743</b>	<b>939,730</b>	<b>1,014,549</b>
<b>Business-type activities:</b>						
Housing.....	13,319	24,151	16,247	10,418	12,296	12,905
Sewer.....	112,700	130,186	123,653	131,452	140,242	157,724
Solid Waste.....	126,807	140,060	136,623	138,443	145,181	153,736
Public Transportation.....	148,231	150,523	150,267	162,429	175,347	184,304
<b>Total business-type activities expenses</b>	<b>401,057</b>	<b>444,920</b>	<b>426,790</b>	<b>442,742</b>	<b>473,066</b>	<b>508,669</b>
<b>Total primary government expenses</b>	<b>\$ 1,214,838</b>	<b>\$ 1,254,645</b>	<b>\$ 1,271,607</b>	<b>\$ 1,334,485</b>	<b>\$ 1,412,796</b>	<b>\$ 1,523,218</b>
<b>Program Revenues</b>						
<b>Governmental activities:</b>						
<b>Charges for services:</b>						
General government.....	\$ 70,096	\$ 74,512	\$ 90,126	\$ 98,217	\$ 113,459	\$ 135,587
Public safety.....	9,535	26,239	26,058	31,017	30,502	35,663
Highways and streets.....	90	2,115	2,232	2,236	2,152	2,149
Sanitation.....	2	2	5	36	14	77
Human services.....	18,334	2,208	2,033	2,010	442	636
Culture and recreation.....	17,832	19,914	20,012	21,698	21,646	22,128
Utilities.....	70	--	--	--	--	--
Operating grants and contributions.....	79,500	85,512	93,590	106,383	100,838	104,397
Capital grants and contributions.....	41,336	33,736	67,675	19,723	35,200	50,078
<b>Total governmental activities program revenues</b>	<b>236,795</b>	<b>244,238</b>	<b>301,731</b>	<b>281,320</b>	<b>304,253</b>	<b>350,715</b>
<b>Business-type activities:</b>						
<b>Charges for services:</b>						
Housing.....	12,025	18,540	7,948	8,092	8,367	8,306
Sewer.....	113,811	115,773	115,032	118,893	151,200	165,914
Solid Waste.....	76,854	88,429	94,321	96,021	100,452	107,682
Public Transportation.....	32,279	31,776	35,333	41,958	43,502	43,598
Operating grants and contributions.....	21,787	21,212	25,093	27,630	23,516	17,840
Capital grants and contributions.....	41,790	24,023	50,565	18,461	4,255	32,704
<b>Total business-type activities program revenues</b>	<b>298,546</b>	<b>299,753</b>	<b>328,292</b>	<b>311,055</b>	<b>331,292</b>	<b>376,044</b>
<b>Total primary government program revenues</b>	<b>\$ 535,341</b>	<b>\$ 543,991</b>	<b>\$ 630,023</b>	<b>\$ 592,375</b>	<b>\$ 635,545</b>	<b>\$ 726,759</b>
<b>Net Revenue (Expense)</b>						
Governmental activities.....	\$ (576,986)	\$ (565,487)	\$ (543,086)	\$ (610,423)	\$ (635,477)	\$ (663,834)
Business-type activities.....	(102,511)	(145,167)	(98,498)	(131,687)	(141,774)	(132,625)
<b>Total primary government net expense</b>	<b>\$ (679,497)</b>	<b>\$ (710,654)</b>	<b>\$ (641,584)</b>	<b>\$ (742,110)</b>	<b>\$ (777,251)</b>	<b>\$ (796,459)</b>
<b>General Revenues and Other Changes In Net Assets</b>						
<b>Governmental activities:</b>						
<b>General revenues:</b>						
Property taxes.....	\$ 381,330	\$ 385,107	\$ 438,964	\$ 497,935	\$ 595,041	\$ 685,868
Public service company tax.....	24,821	25,171	22,819	29,665	29,815	37,640
Fuel tax.....	46,728	47,156	49,271	51,354	52,385	52,221
Public utility franchise tax.....	24,217	22,104	26,800	28,382	33,450	38,356
Investment earnings.....	7,519	3,099	1,907	4,194	11,621	19,676
Unrestricted grants and contributions.....	31,588	38,771	36,127	39,402	43,269	92,884
Harbor Court lease to fee conversion.....	11,971	31,781	--	33,271	--	--
Other.....	3,858	--	14,120	7,627	3,940	2,329
Transfers.....	(41,356)	(32,522)	(61,505)	(126,374)	(135,539)	(167,452)
<b>Total governmental activities</b>	<b>490,676</b>	<b>520,667</b>	<b>528,503</b>	<b>565,456</b>	<b>633,982</b>	<b>761,522</b>
<b>Business-type activities:</b>						
<b>General revenues:</b>						
Investment earnings.....	18,828	12,981	11,037	10,551	13,473	21,734
Transfers.....	41,356	32,522	61,505	126,374	135,539	167,452
<b>Total business-type activities</b>	<b>60,184</b>	<b>45,503</b>	<b>72,542</b>	<b>136,925</b>	<b>149,012</b>	<b>189,186</b>
<b>Total primary government</b>	<b>\$ 550,860</b>	<b>\$ 566,170</b>	<b>\$ 601,045</b>	<b>\$ 702,381</b>	<b>\$ 782,994</b>	<b>\$ 950,708</b>
<b>Changes In Net Assets</b>						
Governmental activities.....	\$ (86,310)	\$ (44,820)	\$ (14,583)	\$ (44,967)	\$ (1,495)	\$ 97,688
Business-type activities.....	(42,327)	(99,664)	(25,956)	5,238	7,238	56,561
<b>Total primary government changes in net assets</b>	<b>\$ (128,637)</b>	<b>\$ (144,484)</b>	<b>\$ (40,539)</b>	<b>\$ (39,729)</b>	<b>\$ 5,743</b>	<b>\$ 154,249</b>

TABLE 3  
CITY AND COUNTY OF HONOLULU  
FUND BALANCES, GOVERNMENTAL FUNDS  
FISCAL YEARS 1998 - 2007  
(Modified accrual basis of accounting)  
(Amounts in thousands)  
(Unaudited)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 15,755	\$ 19,228	\$ 20,683	\$ 18,189	\$ 19,191	\$ 21,320	\$ 20,838	\$ 19,802	\$ 22,004	\$ 27,767
Unreserved	24,511	30,515	38,176	23,347	35,159	51,496	41,479	57,364	76,604	128,035
Total general fund	<u>40,266</u>	<u>49,743</u>	<u>58,859</u>	<u>41,536</u>	<u>54,350</u>	<u>72,816</u>	<u>62,317</u>	<u>77,166</u>	<u>98,608</u>	<u>155,802</u>
All Other Governmental Funds										
Reserved	600,742	714,612	528,644	575,303	661,575	643,334	604,304	522,483	543,455	594,951
Unreserved, reported in:										
Special revenue funds	60,812	84,136	27,181	29,148	22,608	30,418	23,071	14,988	28,815	45,054
Capital projects funds	(458,072)	(483,982)	(434,053)	(471,479)	(558,241)	(616,257)	(520,834)	(440,551)	(410,417)	(450,520)
Total of other governmental funds	<u>203,482</u>	<u>314,766</u>	<u>121,772</u>	<u>132,972</u>	<u>125,942</u>	<u>57,495</u>	<u>106,541</u>	<u>96,920</u>	<u>161,853</u>	<u>189,485</u>
<b>TOTAL FUND BALANCES</b>	<b>\$ 243,748</b>	<b>\$ 364,509</b>	<b>\$ 180,631</b>	<b>\$ 174,508</b>	<b>\$ 180,292</b>	<b>\$ 130,311</b>	<b>\$ 168,858</b>	<b>\$ 174,086</b>	<b>\$ 260,461</b>	<b>\$ 345,287</b>

TABLE 4  
CITY AND COUNTY OF HONOLULU  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
FISCAL YEARS 1998 - 2007  
(Modified accrual basis of accounting)  
(Amounts in thousands)  
(Unaudited)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues:</b>										
Taxes.....	\$ 470,385	\$ 466,115	\$ 461,255	\$ 448,986	\$ 477,746	\$ 480,851	\$ 532,804	\$ 607,541	\$ 705,557	\$ 815,284
Special assessments.....	517	537	447	445	440	520	56	419	387	354
Licenses and permits.....	46,483	46,357	55,157	56,266	56,614	61,220	74,138	86,649	100,938	120,802
Intergovernmental.....	159,759	130,128	165,189	170,152	145,439	144,482	180,846	159,612	169,515	238,926
Charges for services.....	146,807	141,828	20,489	20,718	18,482	20,703	22,145	24,346	23,991	24,754
Fines and forfeits.....	559	456	477	366	460	646	657	391	698	868
Miscellaneous:										
Reimbursements and recoveries.....	66,446	78,412	97,143	87,264	76,873	78,908	77,676	86,776	78,993	87,113
Interest.....	20,844	16,567	15,098	15,234	10,086	3,646	2,473	4,620	12,506	20,959
Other.....	21,963	32,775	28,796	21,663	38,199	31,165	30,710	24,981	28,854	27,403
<b>Total Revenues.....</b>	<b>933,763</b>	<b>913,175</b>	<b>844,051</b>	<b>821,094</b>	<b>824,339</b>	<b>822,141</b>	<b>921,505</b>	<b>995,335</b>	<b>1,121,439</b>	<b>1,336,463</b>
<b>Expenditures:</b>										
Current:										
General government.....	92,734	107,163	101,740	104,720	115,314	115,067	115,975	122,306	129,387	141,459
Public safety.....	201,979	197,615	200,782	217,504	224,274	246,109	256,231	277,867	287,592	306,161
Highways and streets.....	18,072	23,872	14,964	14,976	15,122	13,831	14,964	15,731	17,114	21,000
Sanitation.....	92,257	82,569	455	482	491	648	692	734	1,251	2,674
Human services.....	61,505	65,482	61,024	68,986	64,905	52,007	58,994	55,877	57,673	60,883
Culture and recreation.....	53,882	49,674	50,125	55,555	58,410	62,260	59,512	62,971	68,285	71,084
Urban redevelopment and housing.....	2,849	--	--	--	--	--	--	--	--	--
Utilities or other enterprises.....	951	9,685	20,580	23,621	23,793	22,557	24,336	29,645	23,330	22,917
Miscellaneous:										
Retirement and health benefits.....	117,300	98,458	61,605	60,158	94,380	82,791	99,128	120,111	134,657	137,615
Other.....	16,551	17,005	14,976	15,774	20,377	18,864	22,213	17,481	18,765	22,832
Capital Outlay:										
General government.....	12,354	39,539	78,775	69,276	46,377	32,696	30,554	18,263	17,290	25,869
Public safety.....	21,784	24,743	16,357	10,828	16,777	9,802	11,554	17,833	25,473	25,824
Highways and streets.....	14,690	20,049	24,195	42,910	50,940	57,092	34,895	62,237	45,963	45,163
Sanitation.....	37,609	33,074	3,678	84	116	196	7	196	1,874	4,068
Human services.....	--	--	--	3,222	16,950	23,308	17,636	19,142	22,655	12,978
Culture and recreation.....	16,499	18,435	55,380	60,181	101,692	48,924	36,621	44,277	29,050	27,477
Urban redevelopment and housing.....	31,544	--	--	--	--	--	--	--	--	--
Utilities or other enterprises.....	20,320	7,909	19,646	17,213	25,014	21,704	14,388	36,350	10,297	45,622
Debt service:										
Principal.....	90,899	68,501	69,417	147,703	27,728	73,900	258,584	272,856	249,164	102,794
Interest.....	92,703	83,280	75,982	77,896	81,205	83,164	80,774	83,825	89,630	103,869
<b>Total Expenditures.....</b>	<b>996,482</b>	<b>947,053</b>	<b>869,681</b>	<b>991,089</b>	<b>983,865</b>	<b>964,920</b>	<b>1,135,058</b>	<b>1,257,702</b>	<b>1,229,450</b>	<b>1,180,289</b>
Revenues over (under) Expenditures.....	(62,719)	(33,878)	(25,630)	(169,995)	(159,526)	(142,779)	(213,553)	(262,367)	(108,011)	156,174
<b>Other Financing Sources (Uses):</b>										
Issuance of general obligation bonds.....	100,000	150,000	111,500	150,060	205,015	80,066	258,793	165,313	--	--
Issuance of revenue bonds with accrued interest.....	--	27,345	--	--	--	--	--	--	--	--
Issuance of tax exempt commercial paper.....	--	--	--	--	--	36,732	99,264	165,800	168,022	94,000
Capital Leases.....	--	--	--	--	--	--	--	--	--	1,674
Issuance of long-term notes.....	8,727	10,999	6,094	--	1,119	2,781	13	--	--	--
Issuance of refunding bonds.....	138,472	614,474	38,500	9,300	90,584	--	275,444	145,077	387,324	--
Bond premium.....	--	--	--	--	--	--	--	26,501	17,054	--
Bond discount.....	--	--	--	--	--	--	--	(14)	(115)	--
Inception of installment purchase contracts.....	1,936	93	86	2,670	--	--	--	--	--	--
Issuance costs.....	--	--	(918)	--	--	--	--	--	--	--
Payment of refunded bonds.....	(138,472)	(614,474)	(43,500)	(9,300)	(90,584)	--	(275,444)	(145,077)	(243,000)	--
Sales of capital assets.....	7,424	10,189	18,006	283	532	887	10,820	36,369	640	430
Transfers in.....	349,347	277,672	230,941	221,828	211,909	238,353	274,723	254,927	268,137	377,590
Transfers out.....	(402,481)	(321,659)	(348,236)	(288,503)	(253,265)	(266,021)	(391,513)	(381,301)	(403,676)	(545,042)
Transfers to component unit.....	--	--	--	--	--	--	--	--	--	--
<b>Total Other Financing Sources (Uses).....</b>	<b>64,953</b>	<b>154,639</b>	<b>12,473</b>	<b>86,338</b>	<b>165,310</b>	<b>92,798</b>	<b>252,100</b>	<b>267,595</b>	<b>194,386</b>	<b>(71,348)</b>
<b>Net change in fund balances.....</b>	<b>\$ 2,234</b>	<b>\$ 120,761</b>	<b>\$ (13,157)</b>	<b>\$ (83,657)</b>	<b>\$ 5,784</b>	<b>\$ (49,981)</b>	<b>\$ 38,547</b>	<b>\$ 5,228</b>	<b>\$ 86,375</b>	<b>\$ 84,826</b>
<b>Debt service as a percentage of noncapital expenditures.....</b>										
	21.8%	18.9%	21.6%	28.7%	15.0%	20.4%	34.3%	33.7%	31.5%	20.8%

TABLE 5  
CITY AND COUNTY OF HONOLULU  
REAL PROPERTY ASSESSED VALUES BY CLASSIFICATION AND TAX RATES  
FISCAL YEARS 1998 - 2007  
(Amounts 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
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>
		Fiscal year 1998 total direct tax rate \$4.81				
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>
		Fiscal year 1999 total direct tax rate \$5.13				
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 .....	<u>\$ 26,351,370</u>		<u>\$ 45,469,306</u>		<u>\$ 71,820,676</u>
		Fiscal year 2000 total direct tax rate \$5.47				
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 .....	<u>\$ 25,985,157</u>		<u>\$ 42,691,041</u>		<u>\$ 68,676,198</u>
		Fiscal year 2001 total direct tax rate \$5.45				
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 .....	<u>\$ 26,855,743</u>		<u>\$ 42,815,830</u>		<u>\$ 69,671,573</u>	
		Fiscal year 2002 total direct tax rate \$5.33				

TABLE 5  
CITY AND COUNTY OF HONOLULU  
REAL PROPERTY ASSESSED VALUES BY CLASSIFICATION AND TAX RATES  
FISCAL YEARS 1998 - 2007  
(Amounts 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
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
	<b>Total .....</b>	<b>\$ 29,884,231</b>		<b>\$ 43,700,127</b>		<b>\$ 73,584,358</b>
	Fiscal year 2003 total direct tax rate				\$5.21	
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
	Conservation .....	72,126	10.63	327,477	10.63	399,603
	Public Service.....	7,291	0.00	8,579	0.00	15,870
	<b>Total .....</b>	<b>\$ 32,709,053</b>		<b>\$ 46,445,492</b>		<b>\$ 79,154,545</b>
	Fiscal year 2004 total direct tax rate				\$5.40	
2005	Improved Residential .....	(a)			Parcel Tax Rates Per \$1,000	\$ 52,078,717
	Unimproved Residential .....	(a)			3.75	539,376
	Apartment .....	(a)			3.75	19,832,878
	Hotel/Resort .....	(a)			11.37	4,526,843
	Commercial .....	(a)			11.37	9,025,643
	Industrial .....	(a)			11.37	4,615,760
	Agricultural .....	(a)			9.57	1,382,516
	Preservation.....	(a)			9.57	404,535
	Public Service.....	(a)			0.00	15,114
	<b>Total .....</b>					<b>\$ 92,421,382</b>
	Fiscal year 2005 total direct tax rate				\$5.37	
2006	Improved Residential .....	(a)			\$ 3.75	\$ 68,475,274
	Unimproved Residential .....	(a)			5.72	524,508
	Apartment .....	(a)			3.75	24,671,194
	Hotel/Resort .....	(a)			11.37	4,708,327
	Commercial .....	(a)			11.37	9,618,183
	Industrial .....	(a)			11.37	4,972,434
	Agricultural .....	(a)			8.57	735,975
	Vacant Agricultural .....	(a)			8.57	33,867
	Preservation .....	(a)			9.57	363,128
	Public Service.....	(a)			0.00	(10)
	<b>Total .....</b>					<b>\$ 114,102,880</b>
Fiscal year 2006 total direct tax rate				\$5.10		
2007	Improved Residential .....	(a)			\$ 3.59	\$ 89,283,029
	Unimproved Residential .....	(a)			5.72	754,815
	Apartment .....	(a)			3.59	32,642,928
	Hotel/Resort .....	(a)			11.97	5,787,719
	Commercial .....	(a)			11.97	10,814,805
	Industrial .....	(a)			11.97	5,513,282
	Agricultural .....	(a)			8.57	875,793
	Vacant Agricultural .....	(a)			8.57	38,547
	Preservation .....	(a)			9.57	365,292
	Public Service.....	(a)			0	(1,300)
	<b>Total .....</b>					<b>\$ 146,074,910</b>
Fiscal year 2007 total direct tax rate				\$4.92		

NOTES:

Source: City and County of Honolulu, Department of Budget and Fiscal Services, Real Property Assessment Division.  
(a) Land and its buildings and other improvements are required to be reported as a single value effective July 1, 2003.

Assessed value is at 100% of market value.  
Property is reassessed annually.  
The City Council sets the tax rates annually.  
There are no overlapping property tax rates in the City and County of Honolulu.



TABLE 6  
CITY AND COUNTY OF HONOLULU  
PRINCIPAL PROPERTY TAXPAYERS  
FISCAL YEARS 1998-2007  
(Values in thousands)  
(Unaudited)

Taxpayer	1998			1999			2000			2001			2002		
	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Bishop Estate	\$ 3,335,946	1	3.42 %	\$ 4,181,761	1	4.54 %	\$ 3,867,229	1	4.47 %	\$ 3,758,209	1	4.50 %	\$ 3,706,702	1	4.39 %
Queen's Medical Center et al	1,158,134	2	1.19	1,155,907	2	1.26	1,096,378	2	1.27	1,059,616	2	1.27	1,052,578	2	1.25
James Campbell Corporation	856,205	3	0.88	834,551	3	0.91	744,581	4	0.86	685,511	4	0.82	624,286	6	0.74
Liliuokalani Trust	714,581	4	0.73	712,977	5	0.77	661,628	6	0.76	627,457	6	0.75	630,227	5	0.75
Kyo-Ya Co., Ltd.	626,870	8	0.64	654,949	7	0.71	651,527	7	0.75	670,223	5	0.80	670,045	4	0.79
Samuel M. Damon Trust Estate	668,245	6	0.69	580,879	9	0.63	554,862	9	0.64	508,652	9	0.61	496,947	8	0.59
Hilton Hawaiian Village LLC	630,400	7	0.65	676,176	6	0.73	671,482	5	0.78	621,415	7	0.74	617,503	7	0.73
Dole Food Co.	401,989	10	0.41	619,407	8	0.67	573,703	8	0.66	510,751	8	0.61	437,370	9	0.52
Dale/Equity Life / D/E Hawaii Jt. Venture	697,045	5	0.71	731,736	4	0.80	774,507	3	0.90	-	-	-	-	-	-
Bancorp Hawaii, Inc./ Pacific Century	485,443	9	0.50	430,729	10	0.47	407,735	10	0.47	382,753	10	0.46	424,897	10	0.50
GGP Ala Moana LLC	-	-	-	-	-	-	-	-	-	754,977	3	0.90	778,682	3	0.92
Taxpayer	2003			2004			2005			2006			2007		
Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Bishop Estate	\$ 786,673	2	0.88 %	\$ 768,916	2	0.81 %	\$ 1,162,123	1	1.06 %	\$ 892,148	3	0.88 %	\$ 1,261,674	1	0.76 %
Queen's Medical Center et al	233,129	8	0.26	-	-	-	-	-	297,429	10	0.23	-	-	-	-
James Campbell Corporation	997,368	1	1.12	990,423	1	1.04	995,493	3	0.91	978,457	7	0.29	413,557	8	0.25
Kyo-Ya Co., Ltd.	699,786	4	0.78	667,028	4	0.70	609,017	4	0.55	611,662	4	0.46	1,133,113	2	0.68
Hilton Hawaiian Village LLC	341,425	7	0.38	359,082	6	0.38	191,610	10	0.17	537,832	5	0.41	773,111	4	0.46
Dole Food Co.	346,413	6	0.39	305,399	7	0.32	-	-	-	-	-	-	-	-	-
Bancorp Hawaii, Inc./ Pacific Century	746,422	3	0.84	753,669	3	0.79	1,008,002	2	0.92	1,046,306	1	0.79	1,029,975	3	0.62
GGP Ala Moana LLC	352,030	5	0.39	-	-	-	-	-	-	-	-	-	-	-	-
MFD Partners	230,430	9	0.26	220,077	8	0.23	258,738	9	0.24	-	-	-	-	-	-
Victoria Ward, Limited	206,455	10	0.23	199,745	9	0.21	472,521	5	0.43	467,524	6	0.35	556,094	6	0.33
C. K. Corporation	-	-	-	451,394	5	0.47	-	-	-	-	-	-	-	-	-
Outrigger Hotels Hawaii	-	-	-	198,423	10	0.21	-	-	-	-	-	-	-	-	-
WBM Resort, L.P.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Azabu Building Company Limited	-	-	-	-	-	-	332,717	6	0.30	349,615	8	0.26	285,038	9	0.17
Halekulani Corporation	-	-	-	-	-	-	261,711	8	0.24	298,921	9	0.23	275,837	10	0.17
A & B Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ko'Olina Hotel, et al.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
First Hawaiian Bank	-	-	-	-	-	-	-	-	-	-	-	-	673,856	5	0.40
													467,016	7	0.28

NOTES:  
Taxpayer's name as recorded in real property records.  
Assessed valuations were certified as of January 30 each year at 100% of market value.  
The total gross assessed valuation for Fiscal Year 2007 was \$166,520,105.

TABLE 7  
CITY AND COUNTY OF HONOLULU  
PROPERTY TAX LEVIES AND COLLECTIONS  
FISCAL YEARS 1998 - 2007  
(Amounts in thousands)  
(Unaudited)

Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections		Prepays & Overpayment Refunds Due	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percentage of Current Levy
		Amount	Percentage of Levy		Amount	Percentage of Levy			
1998	\$ 392,100	\$ 398,975	101.8 %	\$ 5,440	\$ 404,415	103.1 %	\$ 2,205	\$ 9,214	2.3 %
1999	392,962	396,949	101.0	5,878	402,827	102.5	2,764	7,025	1.8
2000	393,000	392,950	100.0	6,165	399,115	101.6	2,136	6,638	1.7
2001	374,099	375,668	100.4	4,430	380,098	101.6	2,708	8,658	2.3
2002	371,234	377,742	101.8	4,707	382,449	103.0	1,725	5,234	1.4
2003	383,724	384,432	100.2	1,440	385,872	100.6	4,840	9,194	2.4
2004	427,171	430,318	100.7	4,979	435,297	101.9	3,171	8,265	1.9
2005	496,428	495,446	99.8	4,231	499,677	100.7	3,511	8,310	1.7
2006	581,801	587,718	101.0	3,659	591,377	101.6	1,969	9,728	1.7
2007	673,960	685,367	101.7	4,008	689,375	102.3	1,641	9,168	1.4

**TABLE 8**  
**CITY AND COUNTY OF HONOLULU**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**FISCAL YEARS 1998 - 2007**  
(Amounts in thousands, except per capita)  
(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities				Component Unit			Total Primary Government			Total Primary Government and Component Unit		
	General Obligation Bonds	Tax Exempt Commercial Paper	Revenue Bonds	Special Assessment Bonds	Notes Payable	Capital Lease	General Obligation Bonds	G O Bond Anticipation Notes	Revenue Bonds	Tax Exempt Commercial Paper	Notes Payable	Total Primary Government	Water Bonds	Percentage of Personal Income (b)	Per Capita (b)	Percentage of Personal Income (b)	Per Capita (b)
1998	\$ 1,219,062	\$ --	\$ 3,033	\$ 3,280	\$ 61,942	\$ 3,033	\$ 293,479	\$ 63,500	\$ --	\$ --	\$ --	\$ 1,644,286	\$ 59,860	6.64%	\$ 1,854	6.88%	\$ 1,921
1999	1,085,261	--	2,637	2,910	69,593	2,637	280,366	--	--	43,500	1,804,720	56,130	7.13%	2,053	7.35%	2,117	
2000	987,147	--	2,485	2,485	3,861	2,207	469,595	--	319,453	67,999	1,852,747	52,870	6.96%	2,116	7.16%	2,177	
2001	1,093,784	9,300	1,742	2,115	3,700	1,742	441,434	--	319,453	69,829	1,940,357	66,500	7.19%	2,207	7.44%	2,283	
2002	1,298,078	11,317	1,239	1,745	4,620	1,239	417,095	--	454,463	90,410	2,289,150	121,000	8.23%	2,595	8.66%	2,721	
2003	1,254,315	128,100	694	1,375	7,173	694	385,264	--	704,020	85,494	2,566,435	119,270	8.88%	2,879	9.30%	3,012	
2004	1,438,194	63,942	103	1,010	6,836	103	354,231	--	702,925	79,880	2,657,979	217,180	8.50%	2,960	9.19%	3,202	
2005	1,579,217	37,942	--	645	6,476	--	326,734	--	701,785	74,123	2,738,780	215,045	8.22%	3,027	8.87%	3,265	
2006	1,662,329	52,763	--	290	6,100	--	291,688	--	851,050	66,338	2,944,395	210,925	8.64%	3,236	8.87%	3,468	
2007	1,593,466	144,063	1,487	--	5,709	1,487	252,601	--	1,046,775	112,746	3,161,716	319,160	9.55%	3,497	10.51%	3,848	

**NOTES:**

- (a) Includes governmental activities and business-type activities.
- (b) See TABLE 12 for personal income and population data.
- (c) The Sewer Fund became an enterprise fund in fiscal year 2000.
- (d) Includes general obligation bonds.
- (e) Revised from previous CAFR.
- (f) 2006 personal income data not available, 2005 data utilized.
- (g) 2007 personal income data not available, 2005 data utilized.
- (h) 2007 population data not available, 2006 data utilized.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

TABLE 9  
CITY AND COUNTY OF HONOLULU  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
FISCAL YEARS 1998 - 2007  
(Amounts in thousands, except per capita)  
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding						Percentage of Net Taxable	
	General Obligation Bonds	G O Bond Anticipation Notes	Tax Exempt Commercial Paper	Revenue Bonds	Notes Payable	Total	Property Value (a)	Per Capita (b)
1998	\$ 1,512,541	\$ 63,500	\$ --	\$ --	\$ 61,942	\$ 1,637,983	2.00 %	\$ 1,847
1999	1,366,627	--	43,500	319,453	(c) 69,593	1,799,173	2.35	2,047
2000	1,456,742	--	--	--	3,861	(c) 1,460,603	2.03	1,669
2001	1,535,218	--	9,300	--	3,700	1,548,218	2.25	1,761
2002	1,715,173	--	21,500	--	4,620	1,741,293	2.50	1,966 (d)
2003	1,639,579	--	128,100	--	7,173	1,774,852	2.41	1,991 (d)
2004	1,792,425	--	74,800	--	6,836	1,874,061	2.37	2,087 (d)
2005	1,905,951	--	49,800	--	6,476	1,962,227	2.12	2,169 (d)
2006	1,954,017	--	64,600	--	6,100	2,024,717	1.77	2,225 (d)
2007	1,851,089	--	161,900	--	5,709	2,018,698	1.38	2,219 (e)

NOTES:

- (a) See TABLE 5 for net taxable property values.
- (b) See TABLE 12 for population data.
- (c) The Sewer Fund became an enterprise fund in fiscal year 2000.
- (d) Revised from prior year CAFR.
- (e) 2007 population data not available, 2006 data utilized.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

TABLE 10  
 CITY AND COUNTY OF HONOLULU  
 LEGAL DEBT MARGIN INFORMATION  
 FISCAL YEARS 1998 - 2007  
 (Amounts in thousands)  
 (Unaudited)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit (a)	\$ 12,259,947	\$ 11,494,256	\$ 10,773,101	\$ 10,301,430	\$ 10,450,736	\$ 11,037,654	\$ 11,873,182	\$ 13,863,192	\$ 17,115,432	\$ 21,911,237
Debt applicable to limit	1,281,004	1,475,307	991,008	(c) 1,106,784	1,314,015	1,389,588	1,508,972	1,623,635	1,721,099	1,748,261
Legal debt margin (b)	\$ 10,978,943	\$ 10,018,949	\$ 9,782,093	\$ 9,194,646	\$ 9,136,721	\$ 9,648,066	\$ 10,364,210	\$ 12,239,557	\$ 15,394,333	\$ 20,162,976
Debt applicable to the limit as a percentage of debt limit	10.45%	12.84%	9.20%	10.74%	12.57%	12.59%	12.71%	11.71%	10.06%	7.98%

NOTES:

- (a) State finance statutes limit the City's outstanding general debt to no more than 15 percent of the net assessed value of property.
- (b) The legal debt margin is the City's available borrowing authority under state finance statutes and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.
- (c) The Sewer fund became an enterprise fund in fiscal year 2000 and the revenue bonds were reclassified to business-type activities.

Legal Debt Margin Calculation for Fiscal Year 2007

Net assessed value	\$ 146,074,910
Debt limit (15% of assessed value)	21,911,237
Debt applicable to limit	1,748,261
Legal debt margin	\$ 20,162,976

TABLE 11  
CITY AND COUNTY OF HONOLULU  
PLEDGED REVENUE COVERAGE  
FISCAL YEARS 1998-2007  
(Amounts in thousands)  
(Unaudited)

BOARD OF WATER SUPPLY							
Fiscal Year	Gross Revenues	Less: Expenses (a)	Net	Debt Service		Total Debt Service	Coverage (b)
			Available Revenue	Principal	Interest		
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
2005	105,864	85,820	20,044	2,135	10,196	12,331	1.63
2006	107,925	90,932	16,993	4,220	9,153	13,373	1.27
2007	125,733	87,038	38,695	5,690	15,190	20,880	1.85

DEPARTMENT OF ENVIRONMENTAL SERVICES							
Fiscal Year	Gross Revenues (c)	Less: Expenses (a)	Net	Debt Service		Total Debt Service	Coverage (b)
			Available Revenue	Principal	Interest		
1998	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
1999	114,430	59,869	54,561	--	8,187	8,187	6.66
2000	130,453	56,834	73,619	--	15,204	15,204	4.84
2001	118,967	66,973	51,994	--	14,034	14,034	3.70
2002	116,982	62,566	54,416	1,172	17,439	18,611	2.92
2003	113,994	59,697	54,297	1,050	21,409	22,459	2.42
2004	113,495	63,336	50,159	1,095	23,603	24,698	2.03
2005	115,144	68,326	46,818	1,140	25,956	27,096	1.73
2006	146,544	75,228	71,316	3,550	27,562	31,112	2.29
2007	174,960	75,410	99,550	3,710	37,810	41,520	2.40

SPECIAL ASSESSMENT BONDS							
Fiscal Year	Gross Revenues	Less: Expenses (d)	Net	Debt Service		Total Debt Service	Coverage (b)
			Available Revenue	Principal	Interest		
1998	\$ 931	\$ --	\$ 931	\$ 458	\$ 226	\$ 684	1.36
1999	853	--	853	370	202	572	1.49
2000	695	--	695	425	177	602	1.15
2001	707	--	707	370	152	522	1.35
2002	682	--	682	370	129	499	1.37
2003	702	--	702	370	105	475	1.48
2004	573	--	573	365	81	446	1.28
2005	512	--	512	365	56	421	1.22
2006	454	--	454	355	32	387	1.17
2007	393	--	393	290	10	300	1.31

NOTES:

- (a) As defined in applicable bond indenture, expenses are exclusive of depreciation and amortization of property values or losses.
- (b) Net available revenue divided by total debt service.
- (c) Includes interest on investments and excludes wastewater facility system charges.
- (d) Expenses are absorbed by the general fund.

TABLE 12  
CITY AND COUNTY OF HONOLULU  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
FISCAL YEARS 1997 - 2006  
(Unaudited)

Fiscal Year Ended June 30	Resident Population as of July 1 (a)	Personal Income (millions of dollars) (a)	Per Capita Personal Income (a)	School Enrollment (b)	Unemployment Rate (a)
1997	886,711	\$ 24,364	\$ 27,477	127,943	4.8
1998	886,909	24,771	27,929	126,745	4.9
1999	878,906	25,303	28,789	125,579	4.4
2000	875,410 (c)	26,605	30,391 (c)	123,658	3.9
2001	879,180 (c)	26,976	30,683 (c)	123,658	4.1
2002	885,678 (c)	27,819	31,410 (c)	123,387	3.9 (c)
2003	891,548 (c)	28,886 (c)	32,400 (c)	122,950	3.7 (c)
2004	897,969 (c)	31,278 (c)	34,832 (c)	122,673	3.1 (c)
2005	904,645 (c)	33,316	36,828	120,889	2.7
2006	909,863	NA	NA	NA	2.6

NOTES:

(a) Per *The State of Hawaii Data Book 2006*.

(b) Enrollment figures for 1997-2005 obtained from *The State of Hawaii Data Book*, various years. Enrollment include grade kindergarten - 12, special education schools, nurseries and upgraded students in special schools. Only public schools are reported.

(c) Revised from previous CAFR.

NA: Not available.

TABLE 13  
CITY AND COUNTY OF HONOLULU  
PRINCIPAL EMPLOYERS, STATE OF HAWAII  
FISCAL YEARS 1997 - 2006  
(Unaudited)

Employer	1997			1998			1999			2000			2001		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
State of Hawaii	64,250	1	11.34%	64,950	1	11.39%	65,800	1	11.42%	66,900	1	11.44%	67,300	1	11.42%
Federal Governments	30,650	2	5.41%	30,400	2	5.33%	30,300	2	5.26%	31,000	2	5.30%	30,100	2	5.11%
Local Governments	16,750	3	2.96%	16,850	3	2.96%	16,650	3	2.89%	16,700	3	2.89%	17,100	3	2.90%
Bancorp Hawaii Inc./Pacific Century Financial Corp./ Bank of Hawaii Corp.	5,023	4	0.89%	5,114	4	0.90%	4,928	5	0.86%	4,700	5	0.80%	4,162	5	0.71%
Kyo-ya Co. Ltd.	4,800	5	0.85%	4,349	6	0.76%	4,264	6	0.74%	4,060	6	0.69%	4,078	6	0.69%
McDonald's Restaurants of Hawaii	--	--	--	--	--	--	--	--	--	3,160	9	0.54%	3,210	10	0.54%
The Queen's Health Systems	4,031	8	0.71%	3,937	7	0.69%	3,904	7	0.68%	3,876	7	0.66%	3,773	7	0.64%
Hawaiian Electric Industries Inc.	3,327	10	0.59%	3,672	9	0.64%	3,722	8	0.65%	3,262	8	0.56%	--	--	--
Kaiser Permanente Medical Care Program	--	--	--	--	--	--	3,000	10	0.52%	3,150	10	0.54%	3,275	9	0.56%
First Hawaiian Inc.	3,384	9	0.60%	3,000	10	0.53%	--	--	--	--	--	--	--	--	--
Liberty House (Purchased by Macy's in 2002)	4,600	6	0.81%	3,800	8	0.67%	--	--	--	--	--	--	6,846	4	1.16%
ALTRES Inc.	4,241	7	0.75%	4,500	5	0.79%	5,656	4	0.98%	6,373	4	1.09%	--	--	--
Outrigger Hotels & Resorts	--	--	--	--	--	--	3,500	9	0.61%	--	--	--	3,313	8	0.56%
Hawaiian Airlines Inc.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>141,056</b>		<b>24.89%</b>	<b>140,572</b>		<b>24.86%</b>	<b>141,724</b>		<b>24.59%</b>	<b>143,181</b>		<b>24.48%</b>	<b>143,157</b>		<b>24.30%</b>
Employer	2002			2003			2004			2005			2006		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
State of Hawaii	70,150	1	12.00%	70,550	1	11.98%	71,500	1	11.97%	71,150	1	11.58%	71,950	1	11.45%
Federal Governments	30,650	2	5.25%	31,650	2	5.37%	31,450	2	5.27%	31,300	2	5.10%	31,650	2	5.04%
Local Governments	17,150	3	2.93%	16,950	3	2.88%	17,100	3	2.86%	17,200	3	2.80%	17,500	3	2.79%
Bancorp Hawaii Inc./Pacific Century Financial Corp./ Bank of Hawaii Corp.	3,175	10	0.54%	--	--	--	--	--	--	--	--	--	--	--	--
Kyo-ya Co. Ltd.	3,762	7	0.64%	3,638	7	0.62%	3,753	7	0.63%	3,574	10	0.58%	3,807	9	0.61%
The Queen's Health Systems	4,055	6	0.69%	3,400	9	0.56%	3,689	8	0.62%	3,673	9	0.60%	4,351	7	0.69%
Kaiser Permanente Medical Care Program	3,385	8	0.58%	3,663	6	0.62%	3,790	6	0.63%	3,918	7	0.64%	3,969	8	0.63%
ALTRES Inc.	6,588	4	1.13%	6,958	4	1.18%	7,238	4	1.21%	7,574	4	1.23%	7,438	4	1.18%
Hawaiian Airlines Inc.	--	--	--	3,481	8	0.59%	--	--	--	--	--	--	--	--	--
Hawaii Health Systems Corp.	3,205	9	0.55%	3,400	9	0.58%	3,400	10	0.57%	--	--	--	--	--	--
Hawaii Pacific Health	5,468	5	0.94%	5,449	5	0.93%	5,434	5	0.91%	5,449	6	0.89%	5,500	5	0.88%
Aloha Airgroup, Inc.	--	--	--	--	--	--	3,558	9	0.60%	3,701	8	0.60%	--	--	--
Starwood Hotels and Resorts Hawaii	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Proservice Hawaii	--	--	--	--	--	--	--	--	--	--	--	--	4,800	6	0.76%
NCL America	--	--	--	--	--	--	--	--	--	--	--	--	3,582	10	0.57%
<b>Total</b>	<b>147,588</b>		<b>25.26%</b>	<b>149,149</b>		<b>25.33%</b>	<b>150,912</b>		<b>25.27%</b>	<b>153,039</b>		<b>24.91%</b>	<b>154,547</b>		<b>24.60%</b>

SOURCES:  
The State of Hawaii Data Book, as of fiscal year end for various years (<http://www.hawaii.gov/dbedt/>).  
Hawaii Business, magazine various years.

NOTES:

(a) State of Hawaii employees only.

(b) Total State employment count revised from prior CAFR.



TABLE 14  
CITY AND COUNTY OF HONOLULU  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
FISCAL YEARS 1998 - 2007  
(Unaudited)

Function	Full-time Equivalent Employees as of June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government										
Administration	412	338 (a)	358	376	530	517	480	523	531	532
Finance	500	576 (a)	541	531	403	415	403	416	414	425
Legal	327	323	314	313	323	315	316	321	310	307
Planning & Permitting	108	255 (a)	250	243	236	238	225	234	251	257
Design & Construction	256	247 (a)	223	227	238	223	217	203	204	209
Public Safety										
Police	2,431	2,402	2,474	2,494	2,490	2,466	2,507	2,490	2,537	2,569
Fire	992	1,031	1,015	1,084	1,090	1,084	1,077	1,061	1,076	1,091
Emergency Medical Services	83	128 (a)	140	135	117	126	173	127	134	129
Highways and Streets	748	655 (a)	658	615	639	625	624	614	616	631
Sanitation										
Solid Waste	419	398	374	369	332	324	333	333	336	348
Sewer	733	613	594	573	565	536	512	498	508	520
Health and Human Resources	343	368	381	368	421	387	390	411	416	391
Culture and Recreation	1,010	880 (a)	861	927	968	959	911	871	855	932
Urban Redevelopment and Housing	48	-- (a)	--	--	--	--	--	--	--	--
<b>Total</b>	<b>8,410</b>	<b>8,214</b>	<b>8,183</b>	<b>8,255</b>	<b>8,352</b>	<b>8,215</b>	<b>8,168</b>	<b>8,102</b>	<b>8,188</b>	<b>8,341</b>

**NOTES:**

Source: City and County of Honolulu, Department of Human Resources.

(a) In fiscal year 1999 various departments were reorganized to better segregate functional responsibilities. The years prior to 1999 were restated to conform to the current functional responsibilities.

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

This table excludes the Board of Water Supply employees.

TABLE 15  
CITY AND COUNTY OF HONOLULU  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 1998 - 2007  
(Unaudited)

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police										
Part I number of arrests (a)	8,100	6,629	6,319	6,332	6,426	5,401	4,649	3,554	4,484	4,039
Part II number of arrests (a)	35,133	34,778	37,807	34,101	35,868	31,120	33,350	26,095	31,145	35,006
Parking violations	NA	NA	NA	77,443	(e) (k) 84,024	(e) (k) 92,115	(e) (k) 92,066	(e) (k) 106,304	(e) (k) 105,871	(k) 97,366
Traffic violations	NA	NA	NA	170,104	(e) (k) 167,481	(e) (k) 158,304	(e) (k) 168,491	(e) (k) 180,941	(e) (k) 183,205	(k) 240,220
Fire										
Fire department responses	10,798	8,351	9,320	10,210	10,627	10,468	10,766	13,900	15,859	16,021
Emergency medical responses	14,429	12,318	13,567	16,655	18,997	19,549	22,178	20,268	19,346	21,722
Inspections	NA	3,622	184,474	234,934	234,175	175,744	218,083	213,538	191,333	190,536
Emergency Medical Services										
Ambulance responses	45,321	44,754	47,724	51,458	55,270	60,976	67,762	66,162	72,807	74,887
Refuse Collection										
Refuse collected (tons per year)	298,960	284,007	286,491	233,288	358,946	335,622	350,298	368,288	373,462	359,801
Recyclables collected (tons per year)	29,172	18,206	26,400	43,108	39,869	82,721	80,624	67,713	67,966	57,900
Other Public Works										
Street resurfacing in-house (miles)	32	34	35	--	--	--	--	31	(h) 43	38
Street resurfacing contract (miles)	13	5	--	146	128	91	27	122	(h) 120	75
First aid (tons of asphalt)	11,076	8,652	11,295	4,034	2,387	1,829	9,354	13,785	(h) 13,079	12,528
Potholes repaired	37,500	34,815	41,810	29,293	38,432	40,195	68,872	47,660	(h) 55,192	73,013
Parks and Recreation										
Park facility permits issued	16,929	(f) 16,884	(f) 16,947	(f) 16,375	(f) 12,045	21,550	24,114	36,124	(f) 18,912	21,522
Other Enterprise										
Rounds of golf	747,379	699,070	663,710	647,850	619,300	611,979	560,921	530,606	538,451	563,858
Zoo attendance	631,988	597,695	573,120	559,727	521,870	495,184	499,767	513,931	568,952	601,510
Water										
New connections	1,227	1,233	1,521	1,419	1,857	2,766	2,182	2,269	1,925	1,926
Water main breaks	370	392	411	406	392	338	399	388	358	342
Average daily pumpage (millions of gallons)	151	151	152	155	154	159	150	148	148	154
Peak daily pumpage (millions of gallons)	175	174	175	177	182	185	182	184	187	175
Wastewater										
Average daily sewage treatment (millions of gallons)	113	112	113	111	115	111	112	112	112	111
Transit										
Total bus directional route miles	864	875	888	907	914	912	915	919	922	927
Total bus revenue miles	16,430,718	16,454,929	17,066,511	18,568,681	18,674,279	18,331,577	16,530,804	18,388,911	18,019,030	17,923,724
Bus passengers	71,822,553	66,236,147	66,602,820	70,384,025	73,524,474	69,100,627	61,297,980	67,406,927	70,384,355	71,749,456
Total paratransit revenue miles	3,955,029	4,043,744	4,128,359	4,247,101	4,232,589	4,252,570	4,171,202	4,035,752	4,322,045	4,608,289
Paratransit passengers	659,112	619,958	655,422	702,921	710,957	730,651	731,083	733,777	784,058	807,851

NOTES:

- (a) The data is reported on a calendar year basis.
- (b) Source: City and County of Honolulu, Individual Departments.
- (c) Source: State of Hawaii, District Court Administrator.
- (d) Incomplete reporting from operations (company inspections) decreased the count in the fiscal year ended June 30, 2003.
- (e) Revised from prior CAFR.
- (f) Camping permits only.
- (g) The bus system experienced a 34 day strike during fiscal year 2004 that had minimal impact on paratransit operations.
- (h) The increase in street resurfacing and first aid reduced the number of pothole repairs.
- (i) The Honolulu Fire Department adjusted its method of counting the number of inspections and inspections may now be completed over a two year period instead of one year.
- (j) The decrease is due to extended severe weather and the related Waikiki sewage spill.
- (k) The count is based on tickets issued.
- (l) Beginning in fiscal year 2007, the count is based on number of violations.

NA: Not available.

TABLE 16  
CITY AND COUNTY OF HONOLULU  
CAPITAL ASSET STATISTICS BY FUNCTION  
FISCAL YEARS 1998 - 2007  
(Unaudited)

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police										
Stations (a)	8	8	9	9	9	9	9	9	9	9
Patrol units - City owned	298	318	360	314	324	295	288	288	332	363
Patrol units - privately owned	NA	NA	NA	1,265	1,278	1,295	1,332	1,325	1,313	1,293
Fire stations (b)	41	42	42	44	44	44	44	44	44	44
Emergency medical services stations	16	16	16	18	19	19	19	20	20	20
Refuse collection trucks	178	190	192	175	187	197	205	186 (d)	192	191
Other Public Works										
Streets (paved mile)	1,361	1,366	1,368	1,370	1,374	1,386	1,389	1,391	1,393	1,398
Streetslights	43,287	43,478	43,584	43,844	44,093	45,285	45,922	45,937	46,236	46,605
Storm sewers (miles)	676	676	678	680	684	696	699	701	702	706
Parks and Recreation										
Parks and recreational areas	201	260	278	283	283	283	280	288	277	282
Beach access/right of ways	62	62	74	90	87	87	87	87	83	90
Botanical gardens	5	5	5	5	5	5	5	5	5	5
Recreation buildings	87	87	90	90	91	91	93	93	93	93
Gymnasiums	24	24	24	24	24	25	26	24	24	24
Swimming pools	18	18	18	18	19	20	20	20	21	21
Baseball/softball fields	191	191	191	191	195	200	194	194	194	194
Basketball courts	222	222	222	222	222	222	220	220	220	220
Tennis courts	179	179	179	179	179	179	179	179	179	200
Volleyball courts	173	173	173	173	173	170	169	169	169	169
Soccer fields	-	-	-	19	81	81	80	80	80	80
Traffic related landscaped areas	NA	NA	86	86	94	86	86	86	86	90
Other Enterprise										
Golf courses	6	6	6	6	6	6	6	6	6	6
Zoological parks	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	1,885	1,911	1,925	1,944	1,960	1,977	1,997	2,037	2,055	2,060
Fire hydrants	18,414	18,554	18,858	19,043	19,179	19,526	19,711	19,832	20,073	20,381
Storage capacity (millions of gallons)	166	174	174	177	178	182	182	182	182	183
Wastewater										
Sanitary sewers (miles)	1,900	1,900	2,310	2,541	2,541	2,304	2,205	2,191	2,191	2,191
Treatment capacity (millions of gallons)	151	151	151	151	151	151	151	151	151	152
Transit										
Buses	525	525	525	529	525	525	536	525	525	525
Paratransit vehicles	99	103	110	110	124	154 (e)	121	123	119	129
Traffic signal intersections (c)	NA	700	750	750	750	760	760	772	787	790

SOURCE: City and County of Honolulu, various agencies.

NOTES:

(a) Includes stations and substations.

(b) Includes one fireboat and one aircraft station.

(c) Includes State traffic signals on Oahu that the City maintains.

(d) In fiscal year 2005, management decided to eliminate old trucks requiring excessive manpower and money to maintain.

(e) At fiscal year end unserviceable vehicles were awaiting disposal.

NA: Not Available

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