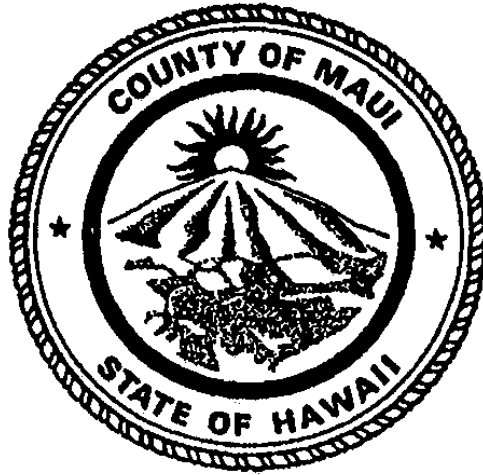


COUNTY OF MAUI
STATE OF HAWAII



COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

Prepared by:
DEPARTMENT OF FINANCE
Danilo F. Agsalog, Director of Finance

COUNTY OF MAUI
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012

Table of Contents

	Page
Introductory Section:	
Director of Finance’s Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	12
Elected Officials and Appointed Department Heads	13
Organization Chart	14
Directory of County Officials	15
Financial Section:	
Independent Auditors’ Report	17
Management’s Discussion and Analysis	19
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	36
Statement of Activities	37
Fund Financial Statements:	
Balance Sheet – Governmental Funds	38
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities	41

COUNTY OF MAUI
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012

Table of Contents

	Page
Statement of Fund Net Assets – Proprietary Funds	42
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	43
Statement of Cash Flows – Proprietary Funds	44
Statement of Assets and Liabilities – Fiduciary Funds	45
Notes to the Basic Financial Statements	46
 Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	87
Highway Fund	88
Sewer Fund	89
Note to the Budgetary Comparison Schedules	90
Schedule of Funding Progress for the EUTF	92
 Other Supplementary Information:	
Combining Balance Sheet – Non-Major Governmental Funds	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	94
Statement of Changes in Assets and Liabilities – Agency Funds	95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	96

COUNTY OF MAUI
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012

Table of Contents

	Page
Schedule of Revenues – Budget and Actual – General Fund	97
Schedule of Appropriations, Expenditures, and Encumbrances – General Fund	101
Schedule of Revenues – Budget and Actual – Highway Fund	110
Schedule of Appropriations, Expenditures, and Encumbrances – Highway Fund	111
Schedule of Revenues – Budget and Actual – Sewer Fund	112
Schedule of Appropriations, Expenditures, and Encumbrances – Sewer Fund	113
Schedule of Revenues – Budget and Actual – Grant Fund	114
Schedule of Appropriations, Expenditures, and Encumbrances – Grant Fund	116
Schedule of Revenues – Budget and Actual – Solid Waste Fund	135
Schedule of Appropriations, Expenditures, and Encumbrances – Solid Waste Fund	136
Schedule of Revenues – Budget and Actual – Liquor Control Fund	137
Schedule of Appropriations, Expenditures, and Encumbrances – Liquor Control Fund	138
Schedule of Revenues – Budget and Actual – Capital Improvement Projects Fund	139
Schedule of Appropriations, Expenditures, and Encumbrances by Program - Capital Improvement Projects Fund	140
Schedule of Appropriations, Expenditures, and Encumbrances – by Fund - Capital Improvement Projects Fund	141

COUNTY OF MAUI
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012

Table of Contents

	Page
Capital Assets Used in the Operation of Governmental Funds: Comparative Schedules by Type	142
Schedule by Function and Department	143
Schedule of Changes by Function and Department	144
Statistical Section (Unaudited):	
Table 1 – Net Assets By Component Last Ten Fiscal Years	145
Table 2 – Changes in Net Assets Last Ten Fiscal Years	146
Table 3 – Governmental Activities Tax Revenues by Source Last Ten Fiscal Years	147
Table 4 – Fund Balances of Governmental Funds Last Ten Fiscal Years	148
Table 5 – Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years	149
Table 6 – Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years	150
Table 7 – Principal Taxpayers Fiscal Years 2011 and Nine Years Ago	151
Table 8 – Property Tax Levies and Collections Last Ten Fiscal Years	152
Table 9 – Ratios of Outstanding Debt by Type Last Ten Fiscal Years	153
Table 10 – Ratios of General Obligation Bond Debt Outstanding Last Ten Fiscal Years	154

COUNTY OF MAUI
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012

Table of Contents

	Page
Table 11 – Legal Debt Margin Information Last Ten Fiscal Years	155
Table 12 – Demographic and Economic Statistics Last Ten Fiscal Years	156
Table 13 – Principal Employers Fiscal Years 2011 and Nine Years Ago	157
Table 14 – Full-Time Equivalent County Government Employees by Function Last Ten Fiscal Years	158
Table 15 – Operating Indicators by Function Last Ten Fiscal Years	159
Table 16 – Capital Asset Statistics by Function Last Ten Fiscal Years	160

COUNTY OF MAUI

Introductory Section



COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

December 24, 2012

Honorable Mayor Alan M. Arakawa
Honorable Danny Mateo, Chair
and Members of Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Mayor and Chair Mateo and Members:

Section 9-13. **Audit of Accounts.** The Charter of the County of Maui states: *“Within six (6) months after the beginning of each fiscal year, the county council shall provide for an independent audit of the accounts and other evidences of financial transactions of the county and of all operations for which the county is responsible.....The audit shall include both financial accountability and adequacy of the financial and accounting system.....The scope of the audit shall be in accordance with the terms of a written contract signed by the council chair, which contract shall encourage recommendations for better financial controls and procedures and shall provide for the completion of the audit within a reasonable time after the close of the previous fiscal year. A copy of the audit reports shall be filed with the county clerk and shall be a public record.”* Pursuant to the above requirements, we have prepared and hereby issue the Comprehensive Annual Financial Report (CAFR) of the County of Maui for the fiscal year ended June 30, 2012.

This report consists of management’s representations concerning the finances of the County of Maui. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the County of Maui has established a comprehensive internal control framework that is designed both to protect the County’s assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the County’s financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

As required by the Charter, the County of Maui's financial statements have been audited by a firm of licensed certified public accountants, Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County of Maui for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County of Maui financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Since fiscal year 2002, the County of Maui has prepared the CAFR using the financial reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34). This GASB Statement requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion & Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it.

THE REPORTING ENTITY AND ITS SERVICES

The County consists of the inhabited islands of Maui, Molokai and Lanai, and the uninhabited island of Kahoolawe. The County is the second largest of the four counties in the State of Hawaii, with land area of 1,162 square miles, approximately the size of Rhode Island. The population of the County has grown from 42,855 in 1960, to 46,156 in 1970, to 70,991 in 1980, to 100,504 in 1990, to 128,904 in 2000 and to 156,674 in 2011 according to the date of the last census taken by the U.S. Bureau of Census. The increase from 2000 to 2011 of approximately 21.5% was the second highest percentage increase in the State next to the County of Hawaii. The County has 11.4% of the total population and 18.1% of the total land area of the State.

The County of Maui provides a range of services, including public safety (police, fire and public prosecutor), sanitation, social services, culture and recreation, planning and zoning, and the construction and maintenance of streets and highways. This CAFR includes all funds of the County including the Department of Water Supply; which as of June 30, 2006 was reported as a business-type activity. One of the charter amendments from the November 2002 elections made the Department of Water Supply a department under the control of the Mayor instead of the Board of Water Supply (now an advisory board). Therefore, since fiscal 2003 (effective January 2003), the Department of Water Supply is reported as a proprietary fund instead of a component unit of the County.

The County of Maui has operated under the Mayor - County Council form of government since 1969, which is the same form of government as the counties of Kauai, Hawaii, and Honolulu. The executive branch of the County is headed by the Mayor who is elected on a non-partisan basis for a four-year term. The Mayor is the chief executive officer of the County and is responsible for overseeing the day-to-day operations, and for appointing the heads of the various departments. The legislative branch is the County Council, which is composed of nine members who are elected at-large, to serve two-year terms. The County Council appoints the County Clerk. Each of the nine

council members has residency requirements, one each from the islands of Lanai and Molokai, and seven from the various districts on the island of Maui. The Council legislates taxes, rates, fees, assessments, borrowing and appropriations for County purposes (County Budget) by ordinance.

In Maui County, as well as in the three other counties within the State, there are no subordinate or separate municipal entities. The State government administers the school system, airport, harbors, hospitals, judicial system, and the State highway system. Most non-Federal taxes are administered and collected by the State under Hawaii's highly centralized tax system. The major sources of State revenue are the general excise tax, and the corporate and personal income taxes. There are no State personal or property taxes, local levies for school districts, or special assessments.

The annual budget serves as the foundation for the County of Maui's financial planning and control. The County Charter requires the Mayor on or before March 25 of each year to submit to the County Council an operating budget for the ensuing fiscal year, a capital program and an accompanying message. The operating budget and the capital program are prepared by the Mayor with the assistance of the Department of Finance. The operating budget presents a complete financial plan for the current operations of the County and its departments. The capital program contains capital improvements pending or proposed to be undertaken within the ensuing fiscal year and ensuing five fiscal years, together with the estimated cost of each improvement and pending or proposed method of financing. Chapter 46, Hawaii Revised Statutes was amended in 1993 to permit counties to prepare budgets on a one or two year period. The County Charter provides for one-year budgets.

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget ordinance approved by the County Council. Activities of the General Fund, special revenue funds, grant revenue, debt service fund, and capital projects fund are included in the annual budget ordinance.

The Mayor holds community meetings to receive input from citizens in the eight community plan areas throughout the County prior to preparing the Mayor's Proposed Budget for the ensuing fiscal year. Upon submission of the proposed budget in March additional public hearings are held with the community by the County Council between April 1st and 30th in the year of submission. After public hearing, the operating budget and capital program are subject to review and amendment by the County Council. If, however, the County Council fails to adopt an operating budget on or before June 10 of a given year, the County Charter provides that the operating budget submitted by the Mayor will be deemed enacted as the operating budget for the ensuing fiscal year. The County Charter further states that the estimated revenues, proposed expenditures and total appropriations for the ensuing fiscal year shall be equal in amount.

The appropriated budget is prepared by fund, function, department, and program and/or activity. Every appropriation, except an appropriation for a capital improvement, lapses at the close of the fiscal year to the extent the same has not been expended or encumbered by a written contract. An appropriation for a capital improvement remains in force until the purpose for which it was made has been accomplished or abandoned. Under the current County Charter, an appropriation for a capital improvement will be deemed abandoned six months after the close of the fiscal year to the extent that it has not been expended or encumbered by a written contract. The County Charter

provides that no payment may be authorized or made and no obligation incurred against the County except in accordance with appropriations duly made.

Departments may make transfers of appropriations between indexes and sub-objects within a program. Upon written request of the Mayor part or all of any unencumbered appropriation balance may be transferred within a department by resolution or from one department to another by ordinance, subject to Council approval. Budget-to-actual comparisons are provided in this report for each required governmental fund for which an appropriated annual budget has been adopted. These comparisons are presented in the Required Supplementary Information section of the report. In addition, detail revenues and appropriations schedules for major and non-major funds are presented in the Other Supplementary Information section of the report.

ECONOMIC CONDITION AND OUTLOOK

The following is excerpted from First Hawaiian Bank's report Economic Forecast, Maui Edition 2012 – 2013 by Dr. Leroy O. Laney and is reprinted here by permission:

Job Creation, Construction Rebound, Robust Tourism Make Maui No Ka Oi Among Neighbor Island Economies

Thanks to stronger job creation, a continued robust visitor industry and growing strength in construction, Maui is doing considerably better than the other Neighbor Islands economically.

Tourism has been healthy on all islands recently. Its relatively quick snapback from the Great Recession puts the entire state economy ahead of some other regional economies that saw their main economic engine disappear and not return.

But construction's revival on Maui is bigger news. Maui is the only Neighbor Island that exhibits much in the way of current or near-term growth prospects in the construction sector. If some of the longer term planned projects kick in over time, this construction strength can be sustained.

Construction

For the past couple of years, one of the biggest underlying messages about the state economy has been the contrast between the recovering tourism sector and lagging construction. In 2012, for Maui at least, that message is changing.

Maui construction jobs have shown an uptick recently, the only one of the four counties to see that kind of increase. This is at least one of the reasons for overall Maui job gains described below. Most of the construction is commercial, not residential, so it's mainly bigger contractors that are doing well, with some continued shakeout among smaller ones.

The striking thing about the first quarter 2012 growth (the most recent quarter available when we went to press) up 350% on a year-over-year basis. Any time one sees that kind of surge, it's probably due to a few major projects, such as:

The Courtyard by Marriott hotel, an Alexander & Baldwin project which had its grand opening in July. This \$16.5-million, 138-room hotel is minutes from Kahului Airport and well suited for several markets: interisland business travelers, state residents in sporting events, flight crews, and visitors who miss or have delayed flights. The property should do well.

A second A&B project is the 179-acre Maui Business Park Phase II, zoned for light industrial use close in to Kahului and near the harbor. Lot closings are anticipated for late 2012.

Another reason for that permit surge is the Andaz Wailea hotel project, renovation of the shuttered Renaissance hotel. This property, which aims for an early 2013 opening, is a different type of boutique accommodation that will contrast with the previous property on the site. Andaz hotels are a member of the Hyatt family.

Other commercial construction is happening at Maui Lani Village Center. Adding to existing tenants like Paradise Beverage, Oceanic Time Warner, and the Mormon Church are others in the building process — like Walgreens and Ace Hardware.

Kaheawa Wind Farm Phase II just added 14 more wind towers to the existing 20 on the ridge above Ma‘alaea. And Ulapalakua Auwahi wind farm has broken ground for eight more turbines on the slopes of Haleakala.

Further down the pipe, the master planned Honua‘ula project in Wailea, the old Wailea 670 project, received environmental approval in July. This is expected to include up to 1,150 housing units above Wailea Resort, along with a golf course, clubhouse, and retail/commercial components. Also planned are 250 affordable housing units off-site.

And also down the pipe is a Consolidated Car Rental Facility at the airport, which will provide public transportation to all rental lots rather than having companies furnish separate transportation. Airport terminal improvements are also in the offing.

Jobs

Jobs in each of Hawaii’s four counties peaked in December 2007, the same month the national economy entered recession. With jobs indexed to 100% in December 2007, shows Oahu jobs still 5% below the peak, Hawaii Island still down about 10% and Kauai off 8%.

But the real story here is Maui, with the help of tourism, construction and retailing. At the deepest part of the Great Recession, Maui was bringing up the rear in job creation relative to other counties. Yet it has made the greatest strides since then. Its level of jobs is now only 6% below the 2007 peak, gaining rapidly on Oahu’s 5%.

Like everywhere else, Maui’s jobless rate shot up dramatically with the recession, then has been slowly moving down, though not fast enough for people to notice much difference. The gap between its jobless rate and that of the state as a whole has been narrowing steadily; Maui is the only Neighbor Island for which that is the case.

Tourism

The Maui visitor industry continues to perform very well. Growth in visitor arrivals and spending doesn't look quite as spectacular as it did in the immediate snapback from recession. Maui got its airlift back more quickly than Hawaii Island and Kauai, so the fact that those islands are only now regaining their airlift makes their 2012 growth numbers now look stronger by comparison. Still, in every measured category — arrivals, visitor days, length of stay, total spending, person per day and person per trip spending Maui continues to be up from 2011.

By market, Japan and Canada in 2012 are up in arrivals by low to middle single-digit growth. Other, newer international markets are up closer to 20%. Overall, the expectation is for single-digit rather than double-digit growth in the future.

But Maui's increases in airlift are not over; Oakland, San Jose, Seattle, Sacramento, and Canada have added seats this year. Alaska and Allegiant will add flights from Bellingham this fourth quarter, while the latter will also add Monterey. And newly announced Hawaiian flights will add more growth.

Maui's comparative advantage among Hawaii tourism destinations, as well as tropical destinations elsewhere, still resides in its upscale image and in the choice it offers — in accommodations, activities, cuisine, and other components of a quality vacation. So Maui can look forward to continued support from its main industry, even if other sectors falter due to external cyclical conditions in the future.

Real Estate

Maui real estate sales have picked up, as falling prices and lower mortgage rates increase affordability. It may be a buyer's market, but buyers who wait too long may lose the property. Inventories have declined almost 20% over the past year for both single-family and condo units. Short sales and foreclosures are being absorbed as the market returns to normal.

The decline in median prices for both single-family homes and condos seems to be reversing, or at least leveling off. Well-priced homes attract multiple offers, and sellers are being advised by Realtors to get pre-approval so they can shop with greater confidence. As always, concentration on any specific geographic area can be misleading, and small sample size can distort broader numbers.

Retailing

Local Maui retailing is improving slightly, but for most lines it has not broken into double-digit growth. Food services are up, reflecting more foot traffic, but personal services are reportedly down. Anchor stores are doing well, as are big-box stores. Maui local retailing does seem to be doing better than its Mainland counterparts generally.

Tourism retailing is a different story, reflecting the health of the visitor industry. This is particularly true in areas with time-share concentrations like West Maui. Nearby time-share units increase foot traffic because occupancies run high. And because Maui is a premier destination, owners often trade their units for a vacation elsewhere. This increases first-time visitors who usually spend more than repeaters.

Sugar

HC&S, the state's lone remaining sugar plantation, has survived mainly because of its size — 35,000 acres. Its future is looking up some. HC&S, where sugar production has been rising in recent years and while production is still below its target of 200,000 tons a year, it seems to be getting there.

The plantation has achieved this mostly by bringing more acres back into production. Water availability is still a problem, and HC&S has suffered under what has turned into a 12-year drought. With sufficient water and sunlight, sugar can be cultivated even in very poor soil. Thus, Maui's central valley is appropriate for sugar, but other farm crops that require better soil are not likely to make it. A number of other crops have been tried there over the years, none with much success.

HC&S management emphasizes that the future there is biomass energy creation, not food sugar. Biofuel technology may not be there quite yet, but remains a major goal. The plantation provides 5-6% of Maui Electric's power, and it used to provide more than that.

MAJOR INITIATIVES AND ACHIEVEMENTS

For The Year. While the County of Maui continued to face the economic challenges which began in 2008, it outperformed expectations in Fiscal 2012. Specifically, revenues outperformed budget projections while expenditures were 3.3% less than the Fiscal 2012 budget provisions. Management contends that operational efforts to constrain expenditures, enhance revenues, and maximize existing financial components over the last several fiscal years have begun to pay dividends. The results seen in Fiscal 2012 and the fragile state of our economy along with the rest of the nation as discussed in First Hawaiian Bank's 2012-13 outlook, the County will continue to face the challenge of remaining fiscally responsible while looking to enhance public services, improve infrastructure, and help support Maui's workforce.

The County did not issue any bonds this fiscal year (Fiscal 2012) but did successfully close on a bond sale on November 14, 2012 (Fiscal 2013) for \$70.3 million in general obligation bonds. In this issue the County was able to secure a true interest cost (TIC) of 2.18%, through a competitive bidding process, the lowest bond rate ever sold in the state in the recent history. Historically, bond issuances in Hawaii have been conducted exclusively using the negotiated process since 2006. The County, in this issuance decided and successfully implemented to offer its bond sale through competitive bidding process, the first since 1997. The bond proceeds will be used to fund approximately \$46.3 million in County projects, while the balance will be used to refinance debt with higher interest rates. The three rating agencies, Moody's Investors Service, Standard & Poor's and Fitch Ratings assigned ratings of "Aa1," "AA+" and "AA+", respectively, to the Bonds. All three qualified bond-rating agencies continue to rate the County's bonded debt at the next-to-highest category. Furthermore, Maui County's bond rating continues to be the highest of any city, county or jurisdiction in the state of Hawaii.

In the past year the County invested in infrastructure and capital improvements. Specific investments included water source development, water transmission lines, wells, tanks, drainage projects, and road improvements. Some of the individual projects were:

- Roundabout at Intersection of Piikea Avenue and Liloa Drive
- Papahawahawa Bridge Replacement
- West Olinda 300,000 Gallon Tank
- Kaunakakai Fire Station
- Lanai Senior Center
- Kaa Force Main Replacement

Public transportation continues to increase significantly in ridership and service demands as the residents of Maui appreciate the consumer convenience and savings it provides. In Fiscal 2012, passenger counts exceeded 2.7 million in comparison to Fiscal 2011 of 2.3 million, 2.14 million in Fiscal 2010, 2.01 million in Fiscal 2009, and 1.5 million in Fiscal 2008. That is a 17% increase from Fiscal 2011 to Fiscal 2012. It is still one of the fastest growing transit systems in the nation.

The Maui Bus ADA Paratransit program also saw a dramatic increase in ridership from 18,442 clients (passenger boardings) served in Fiscal 2010, 47,582 clients served in Fiscal 2011 and up to 60,947 clients in Fiscal 2012. That is a 28% increase from Fiscal 2011 to Fiscal 2012 but a 230% increase from Fiscal 2010 to Fiscal 2012. Along with adding more ADA accessible buses to the fleet to help with the high demand of this service, the Department is still continuing to implement transit amenities (bus stop shelters) and has performed route modification to keep the service reliable.

On the human services side of transportation, the Department is working with their service provider, Maui Economic Opportunity, Inc. to help facilitate the construction of their transit center which will further enhance the ability of the Department to deliver services to a broader range of passengers

Committed to continued compliance with the Governmental Accounting Standards Board (GASB) statements Nos. 43 and 45 regarding Other Postemployment Benefits – Other Than Pensions (OPEB), the County of Maui set aside 100% of its net OPEB obligation in its internal Post-Employment Obligations Fund where it will accrue interest. In April 2010, certain information became available from the actuary, AON Hewitt Consulting, which concluded that the State of Hawaii Employer Union Trust Fund (EUTF) was deemed insolvent for GAAP accounting purposes. In light of the implications, the County has not contributed its net OPEB obligation funds to the EUTF since fiscal year 2010, opting to allow the EUTF time to resolve the actuary’s concerns and, at the same time, safeguarding its net OPEB obligation funds internally. The funds placed in the Post-Employment Obligations Fund will continue to accrue interest until such time that solvency and confidence returns to the EUTF. Please refer to the Management’s Discussion and Analysis and Footnote 9 of the CAFR for further details.

For The Future. Since 2008, turmoil in the U.S. and world financial markets has made the County increasingly aware of the importance of building a sound financial base. Over the past

several years, the County has carefully prepared for economic downturns by establishing an Emergency Fund (2005), an Affordable Housing Fund (2006), and a Post-Employment Obligations Fund (2007). The County is committed to a conservative strategy of funding items that help ensure the County's continued strong financial position.

The General Plan will continue to encourage discussion and lay the foundation for future infrastructure development. The Plan addresses the County's anticipated future needs for water source development, capital improvement projects for new facilities, roadways and infrastructure that provide for continued growth within the County. While not directly related to the General Plan, initiatives that continue to loom on the legislative horizon include measures to address water resource allocation, expanded affordable and workforce housing, development of alternative energy and "green" projects including eco-friendly technologies. Considering the current state of the economy and the financial markets, there will be a need for greater emphasis on identifying tax and revenue sources for new these initiatives.

OTHER FINANCIAL INFORMATION

Debt Management. The County of Maui's debt management policy is a written guideline for the amount and type of debt issued by a state or local government, the issuance process, and the management of a debt portfolio. An effective debt management policy improves the quality of decisions, provides justification for the structure of debt issuance, identifies policy goals and demonstrates a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a debt management policy signals to taxpayers, rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner. Maui County's fiscal and debt policies have allowed the County to receive the next-to-highest ratings (AA+ and Aa1) from the three qualified bond-rating agencies. The County's debt policy (revised January 2008) is in compliance with the Hawaii Revised Statutes (Chapter 47) and the County Charter. The general intent of the County's debt policy is that debt is only to be incurred when necessary. The County will confine long-term borrowing to capital assets or equipment that cannot be financed from current financial resources. The County shall borrow only when necessary and utilize pay-as-you-go financing to the extent possible in order to conserve debt capacity. Furthermore, the County does not use debt for operational needs. In November 2012, the County of Maui engaged the Bank of New York Mellon as its paying agent for debt service payments.

Investment Management. The County of Maui maintains an investment policy (revised July 2012) which governs all financial assets of the County. These funds are accounted for in the County's basic financial statements and include the General Fund, Special Revenue Funds, Debt Service Fund, Capital Improvement Projects Fund, Enterprise Funds, Agency Funds, and any new funds unless specifically exempted. The County's Investment Policy key objectives include: (1) Safety – investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio; the objective will be to mitigate credit risk and interest rate risk; (2) Liquidity – the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated; and (3) Yield – the investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risks constraints and liquidity needs. The County's

investment policy is in conformance with the Hawaii Revised Statutes, Chapter 46-50. In November 2012 the County of Maui established two custodial accounts with the Bank of New York Mellon for investment safekeeping. One account holds cash and investments purchase buy revenues from the general fund and pre-2012 bond float proceeds. The second custodial account holds only the investments and cash generated by the proceeds of the 2012 Series bond float

Cash Management. The primary objectives of the County's cash management and investment program are the safety and preservation of principal, liquidity, and yield. 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 portfolio is composed of obligations of the U.S. government and its agencies, certificates of deposit, and repurchase agreements fully collateralized by obligations of the U.S. government or its agencies, and short-term notes. Interest income during Fiscal 2012 on a budgetary basis for the General Fund was in excess of \$1.06 million, which was \$.5 million less than estimates primarily due to the downturn in the economy and low interest bearing investments that the County is allowed to invest in.

Real Property Tax. After peaking in calendar year 2009 (Fiscal 2010), Maui County real property values began to show pockets of decline in Fiscal 2011, and continued throughout Fiscal 2012. As compared to Fiscal 2011, Fiscal 2012 assessed values decreased by 11.6% primarily due to the sluggish market conditions. For Fiscal 2012, eight of the ten classifications tax rates were increased by the County Council to offset the declining assessments. In Fiscal 2013, the County Council increased rates for all ten classifications of property, decreased the homeowner's exemption from \$300,000 to \$200,000 and raised the minimum tax from \$150 to \$250. On November 2, 2012, a bill to modify the minimum real property tax (Bill No. 83) was passed to amend Chapter 3.48 of the Maui County Code to set real property taxes paid by unmarried surviving spouses of veterans who either died while on duty or became totally disabled due to service connected injuries to \$150 per year.

AWARDS AND ACKNOWLEDGMENTS

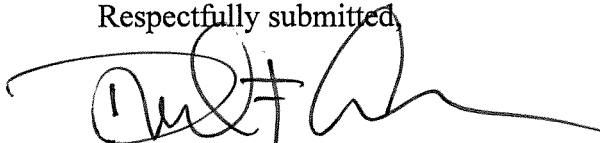
Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Maui for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This is the twenty-ninth consecutive year that the County has received this prestigious award.

To receive the Certificate of Achievement, the government entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports 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 have ensured that the GFOA standards have been adhered to and believe that the current report, which will be submitted to the GFOA, continues to conform to the Certificate of Achievement Program requirements.

Acknowledgements. The preparation of this report could not have been accomplished without the commitment and dedicated service of the entire staff of the Department of Finance, and the cooperation of the County agencies and departments. I wish to express my appreciation to all members of the Finance Department and to the auditors, Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs LLC. who assisted and contributed to its efficient preparation and extensive compilation. We also thank the Honorable Mayor Arakawa and the Maui County Council for their interest, trust and support in the progressive strategic planning and conduct of the financial operations of the County of Maui.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Danilo F. Agsalog', with a long horizontal flourish extending to the right.

DANILO F. AGSALOG
Director of Finance

DFA:jem

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Maui
Hawaii

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Egan

Executive Director

COUNTY OF MAUI

ELECTED OFFICIALS AND APPOINTED DEPARTMENT HEADS JUNE 30, 2012

ELECTED OFFICIALS

ADMINISTRATIVE

Mayor
Alan M. Arakawa

LEGISLATIVE

Councilpersons

Council Chair
Danny A. Mateo

Council Vice-Chair
Joseph Pontanilla

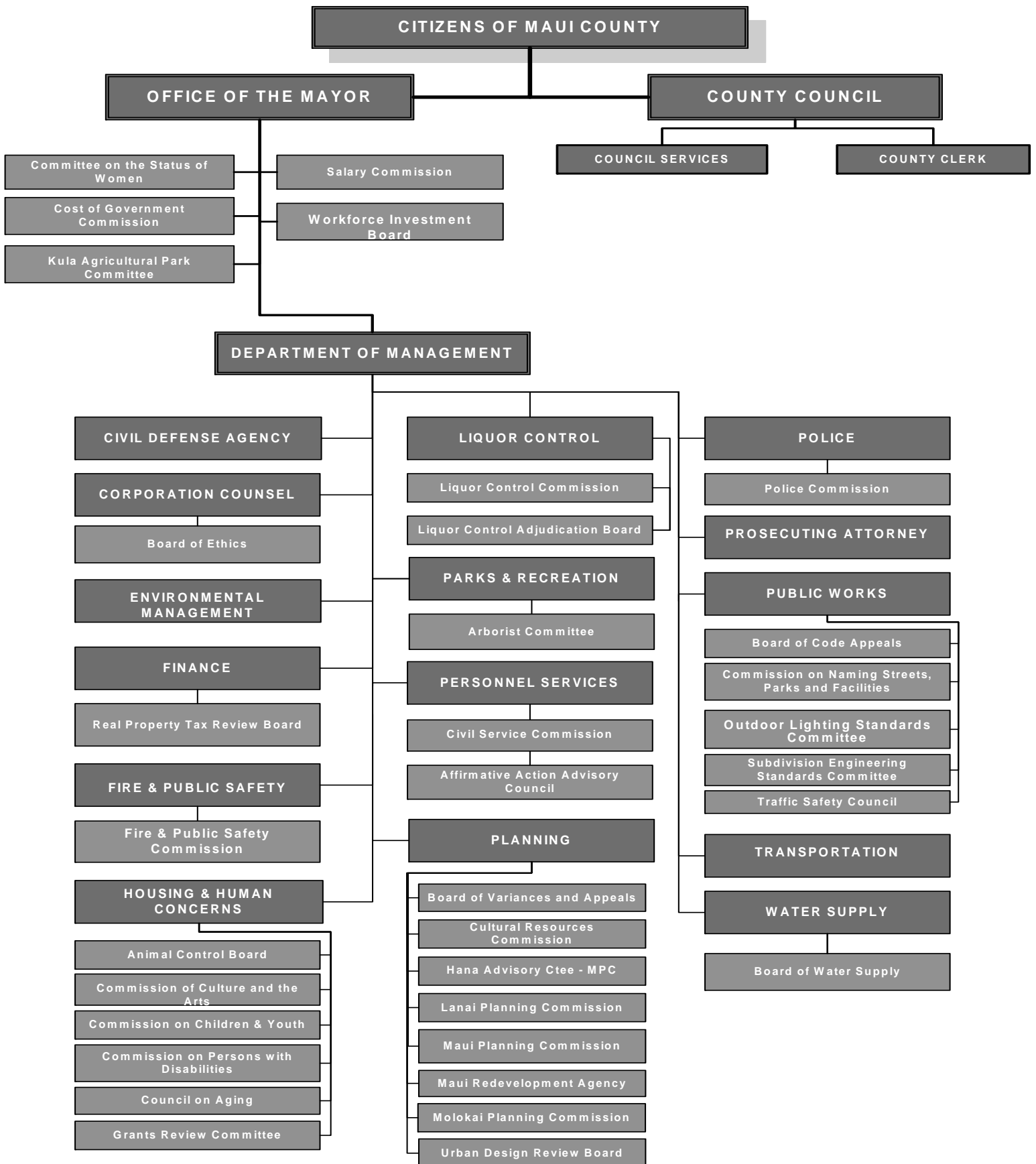
Gladys C. Baisa
Robert Carroll
Elle Cochran
Donald G. Couch, Jr.

G. Riki Hokama
Michael P. Victorino
Mike White

APPOINTED DEPARTMENT HEADS

Director of Council Services	Ken R. Fukuoka
County Clerk	Jeffrey T. Kuwada
Managing Director	Keith A. Regan
Corporation Counsel	Patrick K. Wong
Prosecuting Attorney	John D. Kim
Director of Finance	Danilo F. Aagsalog
Director of Environmental Management	Kyle K. Ginoza
Director of Public Works	David C. Goode
Director of Parks & Recreation	Glenn T. Correa
Fire Chief	Jeffrey A. Murray
Planning Director	William R. Spence
Director of Personnel Services	Lance T. Hiromoto
Director of Housing & Human Concerns	Jo-Ann T. Ridao
Director of Transportation	Jo-Anne Johnson Winer
Director of Water Supply	David S. Taylor
Chief of Police	Gary A. Yabuta
Director of Liquor Control	Franklyn L. Silva

Organizational Chart



Dept. of
MANAGEMENT



KEITH REGAN
Managing Director



ALAN ARAKAWA
Mayor

Office of the
MAYOR



HERMAN ANDAYA
Chief of Staff



Executive Assistants to the Mayor
(l to r) BILL MEDEIROS, ZEKE KALUA, JOCK YAMAGUCHI, RANDY PILTZ,
MAYOR ALAN ARAKAWA, MICHAEL MOLINA, JOHN BUCK, ROB PARSONS

CIVIL DEFENSE
AGENCY



DAVID CHING
First Asst. to the
Managing Director



ANNA FOUST
Emergency
Management Officer



SANDY BAZ
Budget Director



KIT ZULUETA
Asst. Chief of Staff



ROD ANTONE
Comm. Director



RYAN PIROS
Asst. Comm. Dir.



TEENA RASMUSSEN
Econ.Dev. Director



ANTHONY ARAKAKI
CDBG Coordinator

Dept. of the
CORPORATION
COUNSEL



PATRICK WONG
Corp. Counsel

Dept. of
ENVIRONMENTAL
MANAGEMENT



KYLE GINOZA
Director

Dept. of
FINANCE



DANNY AGSALOG
Director

Dept. of FIRE
& PUBLIC SAFETY



JEFF MURRAY
Chief

Dept. of the
HOUSING & HUMAN
CONCERNS



JOANN RIDAO
Director

Dept. of
LIQUOR
CONTROL



FRANK SILVA
Director

Dept. of
PARKS AND
RECREATION



GLEN CORREA
Director



EDWARD KUSHI
First Deputy



MICHAEL MIYAMOTO
Deputy Director



JEREMIAH SAVAGE
Deputy Director



ROBERT SHIMADA
Deputy Chief



JAN SHISHIDO
Deputy Director



TRACI VILLAROSA
Deputy Director



PATRICK MATSUI
Deputy Director

Dept. of the
PERSONNEL
SERVICES



LANCE HIROMOTO
Director

Dept. of
PLANNING



WILL SPENCE
Director

Dept. of
POLICE



GARY YABUTA
Chief

Dept. of the
PROSECUTING
ATTORNEY



JD KIM
Prosecutor

Dept. of the
PUBLIC WORKS



DAVID GOODE
Director

Dept. of
TRANSPORTATION



JOANN WINER
Director

Dept. of
WATER SUPPLY



DAVID TAYLOR
Director



DAVID UNDERWOOD
Deputy Director



MICHELLE MCLEAN
Deputy Director



CLAYTON TOM
Deputy Chief



ROBERT RIVERA
First Deputy



ROWENA ANDAYA
Deputy Director



MARK TAKAMORI
Deputy Director



PAUL MEYER
Deputy Director



Danny Mateo
Council Chairperson

Office of Council Services

Ken Fukuoka
Director

Office of the County Clerk

Jeffrey Kuwada
County Clerk



Joseph Pontanilla
Council Vice-Chairperson

Lance Taguchi
Deputy County Clerk



Gladys Baisa
Council Member



Robert Carroll
Council Member



Elle Cochran
Council Member



Donald Couch
Council Member



G. Riki Hokama
Council Member



Mike Victorino
Council Member



Mike White
Council Member

COUNTY OF MAUI

Financial Section



KOBAYASHI, KANETOKU, DOI, LUM & YASUDA CPAs LLC

745 Fort Street, Suite 1915 • Honolulu, Hawaii 96813 • Tel (808) 521-3962 • Fax (808) 531-3217
410 Kilani Avenue, Suite 202 • Wahiawa, Hawaii 96786 • Tel (808) 622-4188 • Fax (808) 621-2438

Independent Auditors' Report

Honorable Danny A. Mateo, Chair
and Members of the Council
County of Maui
Wailuku, Hawaii

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Maui, State of Hawaii (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County's management. Our responsibility is to express opinions on these 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Honorable Danny A. Mateo, Chair
and Members of the Council
County of Maui
Wailuku, Hawaii
Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 19 through 34), the budgetary comparison schedules for the general fund, the highway fund, and the sewer fund (pages 87 through 91), and the schedule of funding progress for the EUTF (page 92) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the other supplementary information section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information section is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Kobayashi, Kanetaka, Aoi, Lano & Yamada CPAs LLC

Honolulu, Hawaii
December 21, 2012

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

This discussion and analysis of the County of Maui's (the County) basic financial statements provides a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements, and the accompanying notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$852.4 million (*net assets*).
- The County's total net assets decreased by \$14.3 million during the current fiscal year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$276.2 million, a decrease of \$20.8 million in comparison with the prior year. Approximately 18.4% of this total amount, or \$50.8 million, is unassigned. The unassigned fund balance of \$50.8 million at fiscal year end is available for spending at the County's discretion.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$50.8 million, or 22.1% of total General Fund expenditures.
- The County's gross amount (before premium and refunding deferral amortization) of general obligation bonds, State Revolving Fund (SRF) Loans and other long-term debt outstanding decreased by \$23.1 million during the current fiscal year. The decrease is primarily reflective of a \$20.8 million decrease in general obligation bonds and a decrease of \$2.3 million in SRF loans and other long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

Basic Financial Statements

Government-Wide Financial Statements. The two government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. They provide a financial overview of the County from the economic resources measurement focus using the accrual basis of accounting.

The *Statement of Net Assets* presents information on all of the County's assets (including capital assets) and liabilities (including long-term obligations), with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, social welfare, culture and recreation, and legislative. The County's business-type activities include the Department of Water Supply, the Housing, Interim Financing, and Buy-Back Revolving Fund, and the Golf Course Special Fund.

These government-wide financial statements can be found in the first section of the basic financial statements.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

useful in evaluating the County's near-term financing requirements. These funds are reported using an accounting method called modified accrual.

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

Most of the County's basic services are reported in the governmental funds. The County maintains eleven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Highway, Sewer, Grant, Debt Service, and Capital Improvement Projects Funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data from each of these non-major governmental funds is provided in the form of combining statements in the other supplementary information section.

The governmental funds financial statements are located immediately after the government-wide financial statements in the basic financial statements section. The two fund financial statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balances of the governmental funds.

Proprietary funds. Services for which the County operates similar to a business-type activity are generally reported in proprietary funds. These proprietary funds provide the same type of financial information (long and short-term) as the government-wide financial statements, only in more detail. The County's *enterprise funds* (one type of proprietary fund) are the same as its *business-type activities* reported in the government-wide financial statements.

The financial statements of the three proprietary funds include the statement of fund net assets, the statement of revenues, expenses, and changes in fund net assets, and the statement of cash flows. These proprietary funds financial statements provide separate information for the Department of Water Supply, the Housing, Interim Financing, and Buy-Back Revolving Fund, and the Golf Course Special Fund, all of which are considered to be major funds of the County.

The proprietary funds financial statements are the second set of fund financial statements and follow governmental funds financial statements.

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The statement of assets and liabilities of the fiduciary funds is the last of the fund financial statements and is found after the proprietary fund financial statements.

Notes to the Basic 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. The notes to the basic financial statements are the last section of the basic financial statements.

Required Supplementary Information (RSI)

The County adopts an annual appropriated budget for the General Fund, the Highway Fund, and the Sewer Fund. Budgetary comparison schedules have been provided for all these funds to demonstrate compliance with this budget.

The County is a participating employer in an agent, multiple-employer defined benefit plan providing health care and insurance benefits to all qualified employees and retirees. As described in Note 9, legislation has been enacted to set up an irrevocable trust for the Employer-Union Health Benefits Trust Fund. A schedule of funding progress is provided for this postemployment obligation.

These schedules are presented as required supplementary information (RSI), which follows the basic financial statements section.

Other Supplementary Information (OSI)

This section follows the RSI and displays the individual fund data of the five other non-major governmental funds in combining statements for the balance sheet and statement of revenues, expenditures, and changes in fund balances. These non-major governmental funds are the Liquor Control, County, Bikeway, Solid Waste, and Other Assessment Funds. The total of these five non-major funds is included in the *Other Governmental Funds* column in both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for the governmental funds, which are the first two fund financial statements of the basic financial statements section. In addition, the OSI section includes the budgetary comparison schedule for the Debt Service Fund, as well as the detail fund schedules of revenues - budget and actual and schedules of appropriations, expenditures, and encumbrances for the General, Highway, Sewer, Grant, Solid Waste, Liquor Control, and Capital Improvement Projects Funds.

COUNTY OF MAUI

**Management's Discussion and Analysis
June 30, 2012**

Included in the OSI section is the statement of changes in assets and liabilities for the Agency Funds.

The last part of the OSI section includes three schedules relating to capital assets used in the operation of the governmental funds. The first schedule is by type of capital assets and the next two provide details of capital assets by function and department.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**NET ASSETS
June 30, 2012 and 2011
(Dollars in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Assets:						
Current and other assets	\$ 323,375	\$ 398,079	\$ 62,323	\$ 57,167	\$ 385,698	\$ 455,246
Capital assets	616,149	602,067	315,619	318,976	931,768	921,043
Total Assets	<u>939,524</u>	<u>1,000,146</u>	<u>377,942</u>	<u>376,143</u>	<u>1,317,466</u>	<u>1,376,289</u>
Liabilities:						
Long-term obligations	379,017	431,487	35,599	36,012	414,616	467,499
Other liabilities	41,276	33,486	9,125	8,525	50,401	42,011
Total Liabilities	<u>420,293</u>	<u>464,973</u>	<u>44,724</u>	<u>44,537</u>	<u>465,017</u>	<u>509,510</u>
Net Assets:						
Invested in capital assets, net of related debt	395,526	361,022	286,968	290,830	682,494	651,852
Restricted	71,585	91,162	13,646	14,609	85,231	105,771
Unrestricted	<u>52,120</u>	<u>82,989</u>	<u>32,604</u>	<u>26,167</u>	<u>84,724</u>	<u>109,156</u>
Total Net Assets	<u>\$ 519,231</u>	<u>\$ 535,173</u>	<u>\$ 333,218</u>	<u>\$ 331,606</u>	<u>\$ 852,449</u>	<u>\$ 866,779</u>

At the end of the current fiscal year, the County reported positive balances in all of the three categories of net assets both for the government as a whole, as well as for its separate governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$852.4 million at the close of the current fiscal year. This compares with net assets of \$866.8 million from the prior year. Total net assets decreased by \$14.3 million during the current fiscal year. The governmental activities reflected a decrease in net assets of \$15.9 million, while the business-type activities increased net assets by \$1.6 million.

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

By far the largest portion of the County's net assets (80.0%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (10.0%) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net assets amounted to \$84.7 million at the end of the current fiscal year, with \$52.1 million derived from governmental activities and the balance of \$32.6 million from business-type activities. Unrestricted net assets decreased by \$24.4 million as compared to last year. The government-type activities reflected a decrease in unrestricted net assets of \$30.8 million, while the business-type activities increased unrestricted net assets by \$6.4 million.

The County's net capital assets increased by \$10.7 million due to capital improvement projects completed by the County during the current fiscal year. Further discussion on the County's capital assets is provided in the *Capital Assets* section of Management's Discussion and Analysis.

The County's total amount of general obligation bonds, State Revolving Fund (SRF) Loans and other long-term debt outstanding decreased by \$23.1 million during the current fiscal year. The decrease is primarily reflective of a \$20.8 million decrease in general obligation bonds and a \$2.3 million decrease in SRF loans and other long-term debt.

Other long-term obligations decreased from \$160.8 million in fiscal 2011 to \$130.3 million in fiscal 2012 for governmental activities, and increased from \$5.2 million in fiscal 2011 to \$6.5 million in fiscal 2012 for business-type activities. The governmental activity decrease is primarily due to a \$41.4 million decrease in the postemployment benefits (OPEB) obligation, offset by increases in landfill closure and postclosure costs (\$3.8 million) and claims and judgments (\$7.1 million). The business-type activities increase is primarily due to a \$1.3 million increase in the OPEB obligation. The State of Hawaii enacted legislation to set up an irrevocable trust that complies with GASB Statement No. 43. As such, the liability and offsetting deposits for amounts held by the EUTF (i.e., asset and liability adjustment of \$62 million recorded in the prior fiscal year) were removed from the statement of net assets as of June 30, 2012. Refer to Footnote (9) to the basic financial statements for greater discussion.

COUNTY OF MAUI

**Management's Discussion and Analysis
June 30, 2012**

**CHANGES IN NET ASSETS
For the Years Ended June 30, 2012 and 2011
(Dollars in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Revenues:						
Program Revenues:						
Charges for services	\$ 96,496	\$ 92,344	\$ 52,625	\$ 48,519	\$ 149,121	\$ 140,863
Operating grants and contributions	34,017	35,216	-	-	34,017	35,216
Capital grants and contributions	12,530	6,191	2,541	11,900	15,071	18,091
General Revenues:						
Property taxes	208,645	220,477	-	-	208,645	220,477
Other taxes	53,394	49,126	-	-	53,394	49,126
Interest and earnings, net	1,283	6,489	165	916	1,448	7,405
Other revenues	(3)	399	270	-	267	399
Total Revenues	<u>406,362</u>	<u>410,242</u>	<u>55,601</u>	<u>61,335</u>	<u>461,963</u>	<u>471,577</u>
Expenses:						
Governmental Activities:						
General government	134,647	126,334	-	-	134,647	126,334
Public safety	84,585	85,000	-	-	84,585	85,000
Highway and streets	46,329	51,132	-	-	46,329	51,132
Sanitation	62,793	58,654	-	-	62,793	58,654
Social welfare	42,989	40,781	-	-	42,989	40,781
Culture and recreation	34,396	36,239	-	-	34,396	36,239
Legislative	5,251	5,248	-	-	5,251	5,248
Interest on long-term debt	8,926	9,438	-	-	8,926	9,438
Business-Type Activities:						
Housing	-	-	268	206	268	206
Golf Course	-	-	2,096	2,088	2,096	2,088
Water Supply	-	-	54,013	46,687	54,013	46,687
Total Expenses	<u>419,916</u>	<u>412,826</u>	<u>56,377</u>	<u>48,981</u>	<u>476,293</u>	<u>461,807</u>
Increase (Decrease) in Net Assets						
Before Transfers	(13,554)	(2,584)	(776)	12,354	(14,330)	9,770
Transfers	(2,388)	(267)	2,388	267	-	-
Change in Net Assets	(15,942)	(2,851)	1,612	12,621	(14,330)	9,770
Net Assets - Beginning of Year	<u>535,173</u>	<u>538,024</u>	<u>331,606</u>	<u>318,985</u>	<u>866,779</u>	<u>857,009</u>
Net Assets - End of Year	<u>\$519,231</u>	<u>\$535,173</u>	<u>\$333,218</u>	<u>\$331,606</u>	<u>\$852,449</u>	<u>\$866,779</u>

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

Governmental Activities. Governmental activities decreased the County's net assets by \$15.9 million for this year. This compares with last year when net assets decreased by \$2.9 million. The significant decrease of \$13 million of change in net assets over last year is primarily attributable to increases in General Government expenses (\$8.3 million) coupled with lower revenues. The increase in General Government was primarily attributable to claims, settlements, and judgments. Real property taxes reflected the largest decrease (\$11.8 million) from the previous year. Real property taxes were significantly lower in fiscal 2012 largely due to the decrease in assessed property valuations. Interest and earnings also reflected a decrease of \$5.2 million from the prior year and was offset by increases of \$6.3 million in Capital grants and contributions, \$4.1 million in Charges for services, and \$4.2 million in Other taxes.

Business-Type Activities. The three business-type activities increased the County of Maui's net assets by \$1.6 million. The Golf Course Special Fund and Housing Interim Financing reflected increases in net assets of \$1.4 million and \$0.3 million, respectively while the Department of Water Supply reflected a decrease in net assets of \$50,492. The increase in net assets of \$1.6 million for this year compares with last year's increase in net assets of \$12.6 million. The \$11 million difference in decrease in net assets from 2011 to 2012 is primarily due to reduced capital contributions to the Department of Water Supply partially offset by increased transfers to the Golf Course Special Fund.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$276.2 million, representing a decrease of \$20.8 million (7.0%) as compared to the prior year. The \$20.8 million decrease in the governmental funds balance is primarily attributable to a (1) \$14.6 million decrease in the General Fund, (2) \$14.4 million decrease in the Capital Improvement Projects Fund, (3) \$0.6 million decrease in the Sewer Fund, partially offset by (4) \$5.3 million increase in the Highway Fund, and (5) \$3.5 million increase in the Other Governmental Funds.

Approximately 18.4% (\$50.8 million) of total fund balances of the governmental funds is comprised of unassigned funds. Unassigned funds have no constraints whatsoever and are available for

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

spending at the County's discretion. The remainder of total governmental fund balances (\$225.4 million) is comprised of restricted (\$69.9 million), committed (\$119.7 million), and assigned (\$35.8 million). There was a total of \$110.4 million in encumbered governmental funds comprised of \$103.1 million in the major funds and \$7.3 million in the non-major funds.

General Fund. The General Fund is the chief operating fund for the County. At the end of the current fiscal year, the fund balance of the General Fund was \$155.7 million, which included \$13.2 million in restricted funds, \$75.1 million in committed funds, \$16.7 million in assigned funds, and \$50.8 million of unassigned funds. The unassigned fund balance represents 22.1% of total General Fund expenditures, while the total fund balance of the General Fund represents 67.9% of that same amount. There was a total of \$16.7 million in encumbrances in the General Fund at the end of fiscal year 2012.

The fund balance for the General Fund decreased by \$14.6 million during the current fiscal year. This compares with an increase of \$41.8 million in the prior year. Key factors for the decrease of \$56.4 million change in fund balance from this year compared to the prior year are as follows:

- Total revenues decreased \$13.6 million or 5.1% from the prior year largely reflective of decreased revenue in (1) taxes (\$7.3 million) and (2) interest and investment earnings (\$4.6 million).
- Total expenditures increased \$23.6 million or 11.5% from the prior year. The \$13.6 million reduction in revenue and the \$23.6 million increase in expenditures resulted in a decrease in revenues over expenditures of \$37.2 million as compared to the prior year.
- Other Financing Uses, net increased \$19.2 million from the prior year primarily due to an increase in transfers out to the Capital Projects and Other Governmental Funds. The \$19.2 million increase in financing uses coupled with the \$37.2 million decrease in revenues over expenditures resulted in the net decrease of \$56.4 million change in fund balances from this year compared to the prior year.

Revenues from taxes decreased significantly from \$225.3 million in fiscal year 2011 to \$218.0 million in fiscal year 2012.

Real property tax is the most significant revenue source for the County. This fiscal year's collection of \$208.6 million represents 51.0% of all the revenues for the County governmental funds. This year's collection decreased by \$11.8 million (5.4%) from last year's collection of \$220.4 million. The decrease in real property tax collection in fiscal 2012 was largely due to lower assessed property values due to a weak housing economy.

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

The property tax valuations for tax rate purposes (tax base) decreased from \$37.3 billion in fiscal year 2011 to \$32.9 billion in fiscal year 2012, representing a decrease of 11.6%. The tax rates increased from fiscal year 2011 to fiscal year 2012 for the following classifications of property: residential from \$5.00 to \$5.55, apartment from \$5.00 to \$5.50, industrial from \$6.50 to \$7.00, agricultural from \$5.00 to \$5.80, conservation from \$5.00 to \$5.60, hotel and resort from \$8.30 to \$9.00, time share from \$14.00 to \$15.00, and commercialized residential from \$4.00 to \$4.20.

The Maui County Code allows for twenty different tax rates; one for land and one for improvements for each of the ten different classifications of property. The County however, has been utilizing one rate for both land and improvements. Within the ten classifications of property ten different tax rates are used.

Included in the Taxes category for the General Fund is the public service company tax. This tax, which is levied against public utilities, provides for a tax of 1.885% of the gross income in lieu of real property tax. Collections for the Public Service Company tax were \$9.6 million, representing an increase of \$3.5 million over the prior fiscal year.

Interest and investment earnings decreased from \$5.9 million in 2011 to \$ 1.3 million in 2012. The \$4.6 million decrease in interest and investment earnings is largely attributable to a decrease in overall interest rates in fiscal year 2012, along with a write up of auction rate securities to their fair value in fiscal year 2011 (\$3.3 million) and maturities of higher paying securities held in fiscal year 2011.

License and permits increased \$1.3 million from the prior year primarily due to increased building, contractor and electrical permits.

Expenditures for the General Fund amounted to \$229.4 million and \$205.8 million in fiscal years 2012 and 2011, respectively. The increase of \$23.6 million from the previous year was primarily due to increases in General Government (\$17.0 million), Culture and Recreation (\$3.6 million), and Social Welfare \$2.1 million). The increase in General Government was primarily due to an increase in claims, settlement and judgments and employer EUTF contributions. The increase in Culture and Recreation is attributable to salaries and operational costs. The increase in Social Welfare is largely due to increased County grant subsidies

Highway Fund. At the end of the current fiscal year, the fund balance of the Highway Fund was \$18.2 million of which the entire amount was restricted. There was a total of \$0.3 million in encumbrances in the Highway Fund at the end of fiscal year 2012.

The Highway Fund, which is primarily funded by fuel tax (\$10.4 million), franchise tax (\$10.4 million) and the motor vehicle weight tax (\$17.3 million, classified as licenses and permits) collectively made up 9.4% (\$38.1 million) of the revenues in the governmental funds. The fiscal

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

year 2012 revenue collection was \$3.9 million more than the previous year primarily due to increased motor vehicle license and permit fees. Motor vehicle license and permit fees were \$2.5 million greater in fiscal year 2012 than in fiscal year 2011.

Expenditures for the Highway Fund increased by \$1.4 million (6.1%) to \$24.6 million in fiscal year 2012. The increase in expenditures primarily relates to County grant subsidies.

With a beginning fund balance of \$12.9 million, the Highway Fund ended with a fund balance of \$18.2 million for an increase in fund balance of \$5.3 million from fiscal year 2011 to fiscal year 2012.

Sewer Fund. At the end of the current fiscal year, the fund balance of the Sewer Fund was \$17.1 million, which represented committed funds. There was a total of \$0.7 million in encumbrances in the Sewer Fund at the end of fiscal year 2012.

The Sewer Fund revenues of sewer and cesspool fees of \$47.2 million reflect an increase of \$4.1 million (9.6%) from last year's revenue collection of \$43.1 million. This revenue increase was primarily due to a 5% increase in the sewer rate structure effective for the entire fiscal year.

Expenditures for the fund increased by \$1.5 million (6.7%) to \$23.2 million in 2012. Capital improvement projects funded by cash from the Sewer Fund increased from \$5.8 million in 2011 to \$13.4 million in 2012.

With a beginning fund balance of \$17.7 million, the Sewer Fund ended with a fund balance of \$17.1 million for a decrease in fund balance of \$.6 million from fiscal 2011 to fiscal 2012.

Grant Fund. Total revenue for the Grant Fund was \$33.9 million representing a decrease of \$1.2 million (3.6%) over last year due to reduced Federal pass-through and State grant activity.

Expenditures for the Grant Fund decreased by \$1.4 million (3.8%) primarily due to a decrease in the CZM program (Coastal Zone Management).

Capital Improvement Projects Fund. At the end of the current fiscal year, the fund balance of the Capital Improvement Projects Fund was \$41.5 million, which included \$11.2 million in restricted funds, \$11.1 million in committed funds, and \$19.2 million in assigned funds. There was a total of \$79.8 million in encumbrances in the Capital Improvement Projects Fund at fiscal year end.

Expenditures for capital improvement projects for fiscal year 2012 were \$58.0 million. This compares with last year's expenditures of \$57.3 million (excluding bond issuance costs) representing an increase of \$.7 million or 1.2%.

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

The largest expenditures were reflected in the Roads category (\$19.6 million), which comprised 33.8% of the total expenditures, consisted primarily of the Liloa & Piikea Avenue Roundabout (\$2.4 million) Papahawahawa Bridge Replacement (\$2.8 million), Lower Honoapiilani Road (\$1 million) Kahekili Highway Improvements (\$1.2 million) Haliimaile Road resurfacing (\$1 million) Kihei Bikeway at Piikea (\$1 million), and Market Street improvements (\$1 million) in this category.

The Government facilities category had expenditures of \$18.2 million or 31.3% of total expenditures of the Capital Improvements Projects Fund. The Kihei Police Station (\$5.6 million), New Kaunakakai Fire Station (\$1.4 million), Waikapu Fire Warehouse (\$5.4 million), and the MPD Info Technology System (\$1.6 million) were the primary projects in this category.

Wastewater Facilities (\$13.6 million) comprised 23.3% of total expenditures in the Capital Improvement Projects Fund. Countywide pump station renovation (\$2.4 million), the EPA Consent Decree Renovation Project (\$2.9 million), and Lahaina Force Main Replacement Project (\$1.4 million) were the major capital improvement projects.

The Parks and Recreation category had expenditures of \$3.6 million or 6.1% of the total expenditures. The West Maui Skate Park (\$0.8 million), Countywide Tennis Courts (\$0.3 million), and Baldwin Park Improvements (\$0.3 million) were the major projects in this category.

Drainage (\$1.9 million) comprised 3.3% of total expenditures in the Capital Improvement Projects Fund. The Polipoli Drainage improvement project (\$0.9 million) and Lahaina Watershed Flood Control (\$0.5 million) were the major projects comprising this category.

Solid Waste Fund. Although the Solid Waste Fund is not a major fund, its revenues of \$13.5 million from tipping fees and residential collection fees was 69.3% of all revenues for the non-major funds. This year's revenues decreased by \$1.9 million (12.1%) over last year, while expenditures increased by \$0.7 million (4.1%) to \$17.9 million. The subsidy from the General Fund increased by \$5.6 million (165.6%) from the prior year to \$8.9 million. The net increase in the fund balance was \$0.3 million for the year.

BUDGETARY HIGHLIGHTS

The General Fund budget amendments for fiscal year 2012 primarily consisted of \$.8 million for the Fire Rescue Operations program.

There were three major budget variances (final amended budget and actual amounts) in the General Fund for revenues. Intergovernmental revenues reflected the largest variance with actual revenues of \$22.9 million exceeding the budget by \$5.4 million. Greater than anticipated transient accommodation taxes were responsible for the budget variance.

COUNTY OF MAUI

**Management's Discussion and Analysis
June 30, 2012**

The positive variance of \$4.4 million for the Taxes category was primarily due to a \$3.6 million budget to actual variance in public service company tax.

The License and permits category reflected revenue that was \$1.8 million more than the budget estimate primarily due to increased building, contractor and electrical permits.

The major positive budget variance for expenditures in the General Fund was in Public Safety (\$4.3 million) followed by General Government (\$1.6 million) and Legislative (\$1.3 million). Investigative Services (\$1.4 million), Technical and Support Services (\$0.9 million) and Uniformed Patrol Services (\$0.7 million) were largely responsible for the savings recorded under Public Safety.

**CAPITAL ASSETS
(Dollars in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Non-Depreciable Assets:						
Land	\$ 140,598	\$ 138,236	\$ 9,422	\$ 9,422	\$ 150,020	\$ 147,658
Construction in progress	51,305	52,079	51,106	77,042	102,411	129,121
	<u>191,903</u>	<u>190,315</u>	<u>60,528</u>	<u>86,464</u>	<u>252,431</u>	<u>276,779</u>
Depreciable Assets:						
Improvements other than buildings	130,351	124,004	2,972	2,972	133,323	126,976
Buildings and systems	119,187	97,625	8,640	8,540	127,827	106,165
Machinery and equipment	110,952	108,125	28,866	27,701	139,818	135,826
Infrastructure	956,313	938,410	433,771	396,664	1,390,084	1,335,074
	<u>1,316,803</u>	<u>1,268,164</u>	<u>474,249</u>	<u>435,877</u>	<u>1,791,052</u>	<u>1,704,041</u>
Accumulated Depreciation	<u>(892,557)</u>	<u>(856,412)</u>	<u>(219,158)</u>	<u>(203,365)</u>	<u>(1,111,715)</u>	<u>(1,059,777)</u>
Total Capital Assets, Net	<u>\$ 616,149</u>	<u>\$ 602,067</u>	<u>\$ 315,619</u>	<u>\$ 318,976</u>	<u>\$ 931,768</u>	<u>\$ 921,043</u>

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounted to \$931.8 million (net of accumulated depreciation). This investment of capital assets includes land, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure (roadways and systems, bridges, landfills and sewer systems) and construction in progress.

COUNTY OF MAUI

**Management's Discussion and Analysis
June 30, 2012**

During fiscal year 2012, capital assets relating to governmental activities reflected additions of \$110.3 million, depreciation expense of \$40.2 million, and transfers/retirements of \$56.1 million (net), resulting in capital assets of \$616.1 million, net. Capital assets relating to business-type activities reflected net additions of \$49.6 million, depreciation expense of \$15.8 million, and transfers/retirements of \$37.2 million resulting in capital assets of \$315.6 million.

Capital asset additions relating to governmental activities were primarily attributable to road improvement, sewer infrastructure, and public safety buildings (New Kaunakakai Fire Station, Waikapu Fire Warehouse, and County Morgue). Capital asset additions related to business-type activities were primarily attributable to Department of Water Supply infrastructure projects (waterlines, reservoirs, and replacement of pumping equipment).

Contractual commitments for capital assets at June 30, 2012 for the governmental and business-type activities amounted to \$79.8 million and \$18.2 million, respectively.

Additional information on the County's capital assets can be found in Footnote (5) to the basic financial statements.

**LONG-TERM DEBT
(Dollars in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
General Obligation Bonds (excluding unamortized premiums and deferrals)	\$ 194,027	\$ 211,814	\$ 14,096	\$ 17,127	\$ 208,123	\$ 228,941
State Revolving Fund and USDA Loans	52,720	56,308	14,609	12,862	67,329	69,170
Other	-	-	-	470	-	470
Total Long-Term Debt	\$ 246,747	\$ 268,122	\$ 28,705	\$ 30,459	\$ 275,452	\$ 298,581

Long-Term Debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$275.4 million (\$246.7 million related to governmental activities and \$28.7 million related to business-type activities). Of this amount, \$208.1 million is comprised of debt backed by the full faith and credit of the government (General Obligation or GO Bonds), while \$67.3 million represents State Revolving Fund (SRF) and USDA Loans, which are used to construct various County projects for wastewater treatment facilities, solid waste, EPA compliance and water supply utility plant.

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

The County's total bonds and loans decreased by \$23.1 million during the current fiscal year. The increase is primarily reflective of a \$20.8 million decrease in GO debt and a decrease of \$2.3 million in SRF, USDA, and other loans.

Although the County did not issue any general obligation bonds for fiscal year 2012, it held a bond sale which closed on November 14, 2012. Moody's Investors Service, Standard & Poors, and Fitch Ratings assigned ratings of "Aa1," "AA+," and "AA+," respectively, to the Bonds. All three qualified bond-rating agencies currently rate the County's bonded debt at the next-to-highest category for safety. The financing was the first competitive sale for Maui County since 1997. Subsequent to 1997 all general obligation bonds were issued by negotiated sale.

The State Constitution limits the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the County of Maui is \$4.938 billion, which is significantly in excess of the County's outstanding general obligation debt. As of June 30, 2012, the County's current outstanding debt applicable to the limit of \$261.4 million represents only 5.29% of the County's debt limitation.

Additional information on the County's long-term debt can be found in Footnote (6) to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economic forecast from First Hawaiian Bank shows significant improvement in Maui's economy now and in the near future. Tourism continues to show improvement over prior years. The growth for the construction sector during 2012 makes Maui the only neighbor island showing an improvement in this industry. Tourism and construction along with retailing, continue to show improvement into the future. While the County is not out of the woods from pre-recession days, it is on the right path to moderate growth. This growth has translated into more jobs in the service and construction industries and has propelled Maui into having one of the lowest unemployment rates in the State. Please refer to the Letter of Transmittal for more detailed analysis from First Hawaiian Bank regarding the state of the economy.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$50.8 million.

The real property tax base for fiscal year 2012 decreased by \$4.3 billion (11.6%) to \$32.9 billion.

The real property tax rates (per \$1,000 assessed valuation) for fiscal year 2013 increased for all of the ten classifications of property. Specifically, the following increases were made in these categories: Agricultural from \$5.80 to \$6.00, Commercial from \$6.25 to \$6.90, Conservation from

COUNTY OF MAUI

Management's Discussion and Analysis June 30, 2012

\$5.60 to \$6.20, Hotel and Resort from \$9.00 to \$9.15, Apartment from \$5.50 to \$6.20, Residential from \$5.55 to \$5.75, Industrial from \$7.00 to \$7.10, Time Share from \$15.00 to \$15.50, Homeowner from \$2.50 to \$2.75, and Commercialized Residential from \$4.20 to \$4.50. The budgeted real property tax levy for fiscal 2013 increased by \$5.2 million (2.5%) from fiscal year 2012 largely as a result of higher tax rates and a reduction in the homeowner's exemption.

The fee structure for the following revenues changed in the fiscal 2013 budget:

There were no sewer rate increases for fiscal years 2012 and 2013.

For fiscal year 2013, water rates were increased 4.0% or approximately \$4.40 per month for the average residential family using 32,000 gallons.

The residential collection fee remained the same for fiscal years 2012 and 2013.

The fiscal year 2013 budget appropriated \$22.5 million to the Postemployment Benefits Fund to satisfy the annual required contribution towards its health benefits for its unfunded actuarial liability.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County'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 information should be addressed to the Office of the Director of Finance, 200 South High Street, Wailuku, Hawaii 96793.

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COUNTY OF MAUI
Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Equity in pooled cash and investments held in County Treasury (Notes 2 and 13)	\$ 303,329,935	\$ 32,414,753	\$ 335,744,688
Receivables (Note 3):			
Property taxes	9,081,771	-	9,081,771
State of Hawaii	5,787,048	-	5,787,048
Trade accounts, net	4,819,294	7,760,262	12,579,556
Federal government	2,504,360	-	2,504,360
Other	461,506	-	461,506
Internal balances (Note 4)	(3,788,472)	3,788,472	-
Inventory	-	1,631,047	1,631,047
Other assets (Note 6)	1,179,391	1,014,703	2,194,094
Restricted assets:			
Equity in pooled cash and investments held in County Treasury (Notes 2 and 13)	-	15,714,020	15,714,020
Capital assets (Note 5):			
Land	140,598,266	9,422,364	150,020,630
Buildings and systems	119,187,204	8,640,685	127,827,889
Improvements other than buildings	130,351,398	2,971,632	133,323,030
Machinery and equipment	110,951,566	28,865,896	139,817,462
Infrastructure	956,312,705	433,771,043	1,390,083,748
Construction in progress	51,305,126	51,105,997	102,411,123
Accumulated depreciation	(892,557,255)	(219,158,449)	(1,111,715,704)
Total capital assets, net	<u>616,149,010</u>	<u>315,619,168</u>	<u>931,768,178</u>
Total Assets	<u>939,523,843</u>	<u>377,942,425</u>	<u>1,317,466,268</u>
LIABILITIES:			
Accounts payable	30,223,729	4,574,579	34,798,308
Deposits	-	2,949,861	2,949,861
Unearned revenue (Note 3)	4,613,013	1,011,375	5,624,388
Advanced collections (Note 3)	3,407,088	267,859	3,674,947
Interest payable	3,031,683	320,885	3,352,568
Long-term obligations (Note 6):			
Due within one year	58,252,672	3,927,861	62,180,533
Due in more than one year	320,764,332	31,671,408	352,435,740
Total Liabilities	<u>420,292,517</u>	<u>44,723,828</u>	<u>465,016,345</u>
NET ASSETS:			
Invested in capital assets, net of related debt	395,525,603	286,967,841	682,493,444
Restricted for:			
Highways and streets	18,235,977	-	18,235,977
Capital projects	13,124,891	-	13,124,891
Open space and resources	13,188,647	-	13,188,647
Affordable housing	16,138,915	-	16,138,915
Water and other assessments (Note 13)	10,896,863	13,646,400	24,543,263
Unrestricted	52,120,430	32,604,356	84,724,786
Total Net Assets	<u>\$ 519,231,326</u>	<u>\$ 333,218,597</u>	<u>\$ 852,449,923</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 134,646,554	\$ 12,353,996	\$ 5,283,798	\$ 444,729	\$ (116,564,031)	\$ -	\$ (116,564,031)	
Public safety	84,584,667	452,162	4,533,048	-	(79,599,457)	-	(79,599,457)	
Highway and streets	46,329,194	20,005,801	1,047,830	8,203,185	(17,072,378)	-	(17,072,378)	
Sanitation	62,792,949	60,567,768	220,444	3,581,181	1,576,444	-	1,576,444	
Social welfare	42,989,105	2,534,167	22,383,891	-	(18,071,047)	-	(18,071,047)	
Culture and recreation	34,395,716	574,199	548,113	301,097	(32,972,307)	-	(32,972,307)	
Legislative	5,251,404	8,303	-	-	(5,243,101)	-	(5,243,101)	
Interest on long-term debt	8,926,337	-	-	-	(8,926,337)	-	(8,926,337)	
Total Governmental Activities	<u>419,915,926</u>	<u>96,496,396</u>	<u>34,017,124</u>	<u>12,530,192</u>	<u>(276,872,214)</u>	<u>-</u>	<u>(276,872,214)</u>	
Business-Type Activities:								
Department of Water Supply	54,012,903	50,992,258	-	2,541,402	-	(479,243)	(479,243)	
Housing, Interim Financing, and Buy-Back Revolving Fund	268,515	527,140	-	-	-	258,625	258,625	
Municipal Golf Course	2,095,823	1,105,595	-	-	-	(990,228)	(990,228)	
Total Business-Type Activities	<u>56,377,241</u>	<u>52,624,993</u>	<u>-</u>	<u>2,541,402</u>	<u>-</u>	<u>(1,210,846)</u>	<u>(1,210,846)</u>	
Total Primary Government	<u>\$ 476,293,167</u>	<u>\$ 149,121,389</u>	<u>\$ 34,017,124</u>	<u>\$ 15,071,594</u>	<u>(276,872,214)</u>	<u>(1,210,846)</u>	<u>(278,083,060)</u>	
General Revenues:								
Taxes:								
Property taxes					208,645,286	-	208,645,286	
Transient accommodation tax					22,905,917	-	22,905,917	
Public service company tax					9,621,637	-	9,621,637	
Franchise tax					10,428,997	-	10,428,997	
Fuel tax					10,437,730	-	10,437,730	
Interest and investment earnings, net (Note 2)					1,282,779	164,845	1,447,624	
Other					(3,762)	270,227	266,465	
Transfers (Note 4)					(2,387,692)	2,387,692	-	
Total General Revenues and Transfers					<u>260,930,892</u>	<u>2,822,764</u>	<u>263,753,656</u>	
					Change in Net Assets	(15,941,322)	1,611,918	(14,329,404)
					Net Assets, Beginning of Year	535,172,648	331,606,679	866,779,327
					Net Assets, End of Year	<u>\$ 519,231,326</u>	<u>\$ 333,218,597</u>	<u>\$ 852,449,923</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Highway Fund	Sewer Fund	Grant Fund	Debt Service Fund	Capital Improvement Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:								
Equity in pooled cash and investments held in County Treasury (Note 2)	\$ 131,685,470	\$ 19,117,855	\$ 14,583,292	\$ 568,823	\$ -	\$ 90,702,063	\$ 46,672,432	\$ 303,329,935
Receivables (Note 3):								
Real property taxes	9,081,771	-	-	-	-	-	-	9,081,771
State of Hawaii	-	865,639	-	2,317,669	-	2,603,740	-	5,787,048
Trade accounts, net	-	-	3,375,272	-	-	-	1,444,022	4,819,294
Federal government	-	-	-	531,588	-	1,972,772	-	2,504,360
Others	-	-	-	-	-	461,506	-	461,506
Due from other funds (Note 4)	43,345,288	-	-	-	-	-	-	43,345,288
Total Assets	<u>\$ 184,112,529</u>	<u>\$ 19,983,494</u>	<u>\$ 17,958,564</u>	<u>\$ 3,418,080</u>	<u>\$ -</u>	<u>\$ 95,740,081</u>	<u>\$ 48,116,454</u>	<u>\$ 369,329,202</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Vouchers payable	\$ 2,401,813	\$ 179,525	\$ 234,481	\$ 303,208	\$ -	\$ 4,759,155	\$ 563,985	\$ 8,442,167
Accounts payable	10,833,257	1,410,250	399,956	-	-	2,506,063	691,753	15,841,279
Contract retention payable	16,532	-	520	1,439	-	2,153,053	5,607	2,177,151
Due to other funds (Note 4)	3,788,472	-	-	-	-	43,345,288	-	47,133,760
Accrued wages payable	3,290,038	157,742	153,593	-	-	-	161,759	3,763,132
Deposits and deferred revenue (Note 3)	6,995,422	-	26,074	3,113,433	-	1,499,580	719,121	12,353,630
Advance collections (Note 3)	1,037,176	-	-	-	-	-	2,369,912	3,407,088
Total Liabilities	<u>28,362,710</u>	<u>1,747,517</u>	<u>814,624</u>	<u>3,418,080</u>	<u>-</u>	<u>54,263,139</u>	<u>4,512,137</u>	<u>93,118,207</u>
Fund Balances (Note 12):								
Restricted	13,188,646	18,235,977	-	-	-	11,236,728	27,272,621	69,933,972
Committed	75,113,740	-	17,143,940	-	-	11,085,401	16,331,696	119,674,777
Assigned	16,681,077	-	-	-	-	19,154,813	-	35,835,890
Unassigned	50,766,356	-	-	-	-	-	-	50,766,356
Total Fund Balances	<u>155,749,819</u>	<u>18,235,977</u>	<u>17,143,940</u>	<u>-</u>	<u>-</u>	<u>41,476,942</u>	<u>43,604,317</u>	<u>276,210,995</u>
Total Liabilities and Fund Balances	<u>\$ 184,112,529</u>	<u>\$ 19,983,494</u>	<u>\$ 17,958,564</u>	<u>\$ 3,418,080</u>	<u>\$ -</u>	<u>\$ 95,740,081</u>	<u>\$ 48,116,454</u>	<u>\$ 369,329,202</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2012

Fund Balances - Total Government Funds	\$ 276,210,995
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 governmental funds	616,149,010
Unamortized bond issuance costs are capitalized and amortized in the government-wide financial statements but are recorded as an expenditure in the fund financial statements when the bonds are issued. This is the unamortized balance of such costs	1,179,391
Revenue deferred for governmental fund purposes but recorded as revenue in statement of activities	7,740,617
Long-term liabilities that are not reported in the governmental funds:	
General obligation bonds	(196,017,319)
SRF loans from the State of Hawaii	(52,720,179)
Accrued vacation	(27,764,729)
Accrued landfill closure costs	(27,323,887)
Accrued postemployment benefits	(51,167,518)
Claims and judgments payable	(24,023,372)
Interest payable is not reported in the governmental funds	<u>(3,031,683)</u>
Net Assets of Governmental Activities - Government-Wide Statement of Net Assets	<u><u>\$ 519,231,326</u></u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Sewer Fund</u>	<u>Grant Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvement Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:								
Taxes	\$ 217,962,271	\$ 20,866,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,828,998
Licenses and permits	6,754,808	17,285,833	35,594	-	-	-	2,573,202	26,649,437
Intergovernmental revenues	22,949,683	-	-	33,740,664	-	11,310,905	-	68,001,252
Charges for current services	1,669,929	1,920,441	47,085,645	-	-	-	13,447,943	64,123,958
Fines and forfeitures	1,986,499	-	-	-	-	-	144,995	2,131,494
Interest and investment earnings, net (Note 2)	1,314,293	-	-	26,186	-	75,777	-	1,416,256
Assessments	-	-	-	-	-	-	1,219,288	1,219,288
Other	1,626,982	3,034	42,431	135,298	-	-	2,033,724	3,841,469
Total Revenues	<u>254,264,465</u>	<u>40,076,035</u>	<u>47,163,670</u>	<u>33,902,148</u>	<u>-</u>	<u>11,386,682</u>	<u>19,419,152</u>	<u>406,212,152</u>
EXPENDITURES:								
Current:								
General government	99,387,388	-	-	5,298,798	-	-	865,471	105,551,657
Public safety	74,644,737	-	-	4,572,994	-	-	209,694	79,427,425
Highways and streets	7,006,863	24,566,047	-	1,297,830	-	-	927,024	33,797,764
Sanitation	552,098	-	23,181,080	220,444	-	-	17,937,786	41,891,408
Social welfare	15,862,145	-	-	22,276,126	-	-	4,320,787	42,459,058
Culture and recreation	26,696,306	-	-	548,113	-	-	12,480	27,256,899
Legislative	5,250,455	-	-	-	-	-	-	5,250,455
Capital outlay	-	-	-	-	-	57,976,332	-	57,976,332
Debt service:								
Principal	-	-	-	-	22,469,067	-	-	22,469,067
Interest and other issuance costs	-	-	-	-	9,603,841	-	-	9,603,841
Total Expenditures	<u>229,399,992</u>	<u>24,566,047</u>	<u>23,181,080</u>	<u>34,214,305</u>	<u>32,072,908</u>	<u>57,976,332</u>	<u>24,273,242</u>	<u>425,683,906</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>24,864,473</u>	<u>15,509,988</u>	<u>23,982,590</u>	<u>(312,157)</u>	<u>(32,072,908)</u>	<u>(46,589,650)</u>	<u>(4,854,090)</u>	<u>(19,471,754)</u>
OTHER FINANCING SOURCES (USES):								
Issuance of Debt (Note 6):								
SRF and USDA Loans	-	-	-	-	-	1,094,662	-	1,094,662
Transfers In (Note 4):								
General Fund	-	75,000	-	312,157	32,072,908	12,389,308	13,100,880	57,950,253
Special Revenue Funds	15,444,731	10,000	-	-	-	21,894,931	1,775,994	39,125,656
Capital Improvement Projects Fund	48,181	2,795,755	711,041	-	-	-	193,461	3,748,438
Proprietary Funds	407,432	-	-	-	-	-	-	407,432
Other Governmental Funds	5,201,752	340,000	400,000	-	-	750,000	-	6,691,752
Transfers Out (Note 4):								
General Fund	-	(4,929,645)	(10,515,087)	-	-	(48,180)	(5,201,751)	(20,694,663)
Special Revenue Funds	(387,157)	-	(10,000)	-	-	(3,506,796)	(740,000)	(4,643,953)
Debt Service Fund	(32,072,908)	-	-	-	-	-	-	(32,072,908)
Capital Improvement Projects Fund	(12,389,308)	(8,506,736)	(13,388,195)	-	-	-	(750,000)	(35,034,239)
Other Governmental Funds	(13,100,880)	-	(1,775,994)	-	-	(193,461)	-	(15,070,335)
Proprietary Funds	(2,595,138)	-	-	-	-	(199,987)	-	(2,795,125)
Total Other Financing Sources (Uses)	<u>(39,443,295)</u>	<u>(10,215,626)</u>	<u>(24,578,235)</u>	<u>312,157</u>	<u>32,072,908</u>	<u>32,180,477</u>	<u>8,378,584</u>	<u>(1,293,030)</u>
Net Change in Fund Balances	<u>(14,578,822)</u>	<u>5,294,362</u>	<u>(595,645)</u>	<u>-</u>	<u>-</u>	<u>(14,409,173)</u>	<u>3,524,494</u>	<u>(20,764,784)</u>
Fund Balances, Beginning of Year	170,328,641	12,941,615	17,739,585	-	-	55,886,115	40,079,823	296,975,779
Fund Balances, End of Year	<u>\$ 155,749,819</u>	<u>\$ 18,235,977</u>	<u>\$ 17,143,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,476,942</u>	<u>\$ 43,604,317</u>	<u>\$ 276,210,995</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities—Governmental Activities
For the Year Ended June 30, 2012

Net Change in Fund Balances—Total Governmental Funds	\$ (20,764,784)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures and do not report depreciation expense. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlays reported in the Capital Improvement Projects Fund and other funds, net of retirements	54,258,616
Depreciation expense	(40,176,623)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources:	
This is the amount of bond principal payments.	17,786,933
This is the amount by which note payable principal payments exceeded proceeds.	3,587,472
Certain expenses related to the accrual of vacation, landfill closure, postemployment benefits, and claims and judgments are not current financial resources and, therefore, are not reported as expenditures in governmental funds:	
This is the amount by which vacation accrual exceeded the payments.	(32,881)
This is the amount by which landfill closure accrual exceeded the payments.	(3,770,392)
This is the amount by which postemployment benefit accrual exceeded payments, net of adjustment for deposits held by the EUTF.	(20,541,870)
This is the amount by which claims and judgments accrual exceeded the payments.	(7,115,439)
Accrued interest reported is an expense in the statement of activities but not reported as an expenditure in the governmental funds.	211,016
Certain revenues were recognized on the statement of activities that were deferred in the governmental funds.	150,142
Bond issue costs and discounts are capitalized and amortized in the government-wide financial statements but recorded as an expenditure in the fund financial statements when the bonds are issued. This is the current year amortization of such costs.	(131,123)
Bond premiums are deferred and amortized in the government-wide financial statement but recorded as bond proceeds when received in the governmental funds. This is the current year amortization of bond premiums.	1,240,993
Losses on early retirement of bonds outstanding are capitalized and amortized in the statement of activities over the life of the debt. This is the current year amortization of losses on early retirement of bonds.	(643,382)
Change in Net Assets of Governmental Activities—Government-Wide Statement of Activities	<u><u>\$ (15,941,322)</u></u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Statement of Fund Net Assets
Proprietary Funds
June 30, 2012

	Department of Water Supply	Housing, Interim Financing, and Buy-Back Revolving Fund	Golf Course Special Fund	Total
ASSETS:				
Current Assets:				
Unrestricted:				
Equity in pooled cash and investments held in County Treasury (Notes 2 and 13)	\$ 29,752,992	\$ 2,031,173	\$ 630,588	\$ 32,414,753
Trade accounts, net (Note 3)	7,750,739	9,523	-	7,760,262
Due from other funds (Note 4)	3,788,472	-	-	3,788,472
Inventory	1,631,047	-	-	1,631,047
Other current assets	775,313	239,390	-	1,014,703
Total Current Unrestricted Assets	<u>43,698,563</u>	<u>2,280,086</u>	<u>630,588</u>	<u>46,609,237</u>
Restricted:				
Equity in pooled cash and investments held in County Treasury (Notes 2 and 13)	15,714,020	-	-	15,714,020
Total Current Assets	<u>59,412,583</u>	<u>2,280,086</u>	<u>630,588</u>	<u>62,323,257</u>
Capital Assets (Note 5):				
Land	6,619,358	2,427,000	376,006	9,422,364
Building and systems	3,331,882	1,743,223	3,565,580	8,640,685
Improvements other than buildings	-	-	2,971,632	2,971,632
Machinery and equipment	27,776,703	10,634	1,078,559	28,865,896
Infrastructure	433,771,043	-	-	433,771,043
Construction in progress	51,105,997	-	-	51,105,997
Accumulated depreciation	(214,030,814)	(923,430)	(4,204,205)	(219,158,449)
Total Capital Assets, net	<u>308,574,169</u>	<u>3,257,427</u>	<u>3,787,572</u>	<u>315,619,168</u>
Total Assets	<u>367,986,752</u>	<u>5,537,513</u>	<u>4,418,160</u>	<u>377,942,425</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	4,527,324	24,703	22,552	4,574,579
Bonds payable - current portion (Note 6)	1,396,609	-	-	1,396,609
Notes payable - current portion (Note 6)	1,112,783	-	-	1,112,783
Claims and judgments - current portion (Note 6)	523,446	-	-	523,446
Accrued vacation - current portion (Note 6)	818,169	-	76,854	895,023
Deposits	1,788,828	1,161,033	-	2,949,861
Unearned revenue	1,000,000	11,375	-	1,011,375
Advance collections	267,859	-	-	267,859
Interest payable	320,885	-	-	320,885
Total Current Liabilities	<u>11,755,903</u>	<u>1,197,111</u>	<u>99,406</u>	<u>13,052,420</u>
Noncurrent Liabilities (Note 6):				
Bonds payable - less current portion	13,046,835	-	-	13,046,835
Notes payable - less current portion	13,495,999	-	-	13,495,999
Accrued vacation - less current portion	1,213,958	-	126,144	1,340,102
Accrued postemployment benefits (Note 9)	3,788,472	-	-	3,788,472
Total Noncurrent Liabilities	<u>31,545,264</u>	<u>-</u>	<u>126,144</u>	<u>31,671,408</u>
Total Liabilities	<u>43,301,167</u>	<u>1,197,111</u>	<u>225,550</u>	<u>44,723,828</u>
NET ASSETS:				
Invested in capital assets, net of related debt	279,922,842	3,257,427	3,787,572	286,967,841
Restricted - water (Note 13)	13,646,400	-	-	13,646,400
Unrestricted	31,116,343	1,082,975	405,038	32,604,356
Total Net Assets	<u>\$ 324,685,585</u>	<u>\$ 4,340,402</u>	<u>\$ 4,192,610</u>	<u>\$ 333,218,597</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Department of Water Supply	Housing, Interim Financing, and Buy-Back Revolving Fund	Golf Course Special Fund	Total Proprietary Funds
Operating Revenues:				
Charges for services	\$ 50,992,258	\$ 527,140	\$ 1,105,595	\$ 52,624,993
Operating Expenses:				
Salaries and personnel services	9,125,922	-	792,659	9,918,581
Other operating expenses	28,562,503	208,941	967,060	29,738,504
Depreciation and amortization (Note 5)	15,452,610	44,575	336,104	15,833,289
Total Operating Expenses	<u>53,141,035</u>	<u>253,516</u>	<u>2,095,823</u>	<u>55,490,374</u>
Operating Income (Loss)	<u>(2,148,777)</u>	<u>273,624</u>	<u>(990,228)</u>	<u>(2,865,381)</u>
Non-Operating Revenues (Expenses):				
Interest and investment earnings, net (Note 2)	158,524	6,321	-	164,845
Interest expense, net of capitalized interest	(871,868)	(14,999)	-	(886,867)
Other	270,227	-	-	270,227
Total Non-Operating Revenues (Expenses), Net	<u>(443,117)</u>	<u>(8,678)</u>	<u>-</u>	<u>(451,795)</u>
Income (Loss) Before Capital Contributions and Transfers	(2,591,894)	264,946	(990,228)	(3,317,176)
Capital Contributions	2,541,402	-	-	2,541,402
Transfers In (Note 4)	-	-	2,795,124	2,795,124
Transfers Out (Note 4)	<u>-</u>	<u>-</u>	<u>(407,432)</u>	<u>(407,432)</u>
Change in Net Assets	(50,492)	264,946	1,397,464	1,611,918
Net Assets, Beginning of Year	324,736,077	4,075,456	2,795,146	331,606,679
Net Assets, End of Year	<u>\$ 324,685,585</u>	<u>\$ 4,340,402</u>	<u>\$ 4,192,610</u>	<u>\$ 333,218,597</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Department of Water Supply	Housing, Interim Financing, and Buy-Back Revolving Fund	Golf Course Special Fund	Total
Cash Flow from Operating Activities:				
Receipts from customers and others	\$ 50,389,445	\$ 475,731	\$ 1,105,595	\$ 51,970,771
Payments to suppliers	(27,318,571)	(192,128)	(1,828,312)	(29,339,011)
Payments to employees	(9,069,039)	-	(789,094)	(9,858,133)
Net cash provided by (used in) operating activities	<u>14,001,835</u>	<u>283,603</u>	<u>(1,511,811)</u>	<u>12,773,627</u>
Cash Flows from Capital and Related Financing Activities:				
Cash paid for the acquisition and construction of capital assets	(11,679,377)	-	(245,293)	(11,924,670)
Principal paid on bonds and notes payable	(4,052,545)	(469,790)	-	(4,522,335)
Proceeds from notes payable	2,731,365	-	-	2,731,365
Cash received from capital contributions	2,012,902	-	-	2,012,902
Interest paid on bonds and notes payable	(908,101)	(14,999)	-	(923,100)
Proceeds from settlements	270,227	-	-	270,227
Net cash used in capital and related financing activities	<u>(11,625,529)</u>	<u>(484,789)</u>	<u>(245,293)</u>	<u>(12,355,611)</u>
Cash Flows From Non-Capital Financing Activities:				
Transfers in	-	-	2,795,124	2,795,124
Transfers out	-	-	(407,432)	(407,432)
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>2,387,692</u>	<u>2,387,692</u>
Cash Flows From Investing Activities:				
Interest received from investments	158,524	6,321	-	164,845
Net cash provided by investing activities	<u>158,524</u>	<u>6,321</u>	<u>-</u>	<u>164,845</u>
Change in Cash and Cash Equivalents	2,534,830	(194,865)	630,588	2,970,553
Cash and Cash Equivalents, Beginning of Year	42,932,182	2,226,038	-	45,158,220
Cash and Cash Equivalents, End of Year	<u>\$ 45,467,012</u>	<u>\$ 2,031,173</u>	<u>\$ 630,588</u>	<u>\$ 48,128,773</u>
Reconciliation of Operating Income (Loss) to Cash Flows Provided By (Used In) Operating Activities:				
Operating income (loss)	\$ (2,148,777)	\$ 273,624	\$ (990,228)	\$ (2,865,381)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	15,452,610	44,575	336,104	15,833,289
Bad debt expense	118,999	-	-	118,999
Decrease (increase) in receivables, inventory, and other current assets	243,314	(51,700)	-	191,614
Increase in due from other funds	(1,259,508)	-	-	(1,259,508)
Increase in accrued postemployment benefits	1,259,508	-	-	1,259,508
Increase (decrease) in accounts payable, accrued vacation, and other current liabilities	335,689	17,104	(857,687)	(504,894)
Net cash provided by (used in) operating activities	<u>\$ 14,001,835</u>	<u>\$ 283,603</u>	<u>\$ (1,511,811)</u>	<u>\$ 12,773,627</u>
Noncash Capital Financing Activities:				
Capital contributions from developers	<u>\$ 1,351,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,351,900</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
ASSETS:	
Equity in pooled cash and investments held in County Treasury (Note 2)	\$ 36,288,024
Other current assets	2,175,490
Other non-current assets	<u>132,745</u>
Total Assets	<u>\$ 38,596,259</u>
LIABILITIES:	
Accounts payable	\$ 21,365
Deposits	38,425,999
Due to State of Hawaii	<u>148,895</u>
Total Liabilities	<u>\$ 38,596,259</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

(1) Reporting Entity, Financial Statement Presentation and Summary of Significant Accounting Policies

The accounting policies of the County of Maui, State of Hawaii (the County) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the financial reporting entity, financial statement presentation and the more significant accounting policies.

The Financial Reporting Entity –

County of Maui – The County is a municipal corporation governed by an elected mayor and a nine-member County Council. The County operates under the Charter of the County of Maui that was last amended in 2010.

The accompanying basic financial statements present all operations of the County as the primary government. The County's governmental activities are organized by the following general functions: general government, public safety, highways and streets, sanitation, social welfare, culture and recreation, and legislative. The County's business-type activities include the Department of Water Supply, the Housing, Interim Financing, and Buy-Back Revolving Fund, and the Golf Course Special Fund.

State of Hawaii agencies assume full responsibility for the administration of several major functions usually performed by local governments such as education, welfare, health, and judicial functions. These agencies are not dependent on the County and therefore, are not included in these basic financial statements. There are no separate city, county, or township governments nor any school district, special districts, authorities, public corporations, or component units for which the County is financially accountable.

Financial Statement Presentation –

Accounting Standards Applied – The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County follows all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements for governmental and business-type activities and proprietary funds. As permitted by GAAP, the County has elected not to apply FASB guidance issued after November 30, 1989 to business-type activities and enterprise funds.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information about the primary government (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. For example, the direct expenses charged based on actual use are not eliminated, whereas indirect expense allocations made in the funds are eliminated. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities, which is included in the government-wide financial statements, presents a comparison between the direct expenses and program revenues for each business-type activity of the County and each function of the County's governmental activities. Direct expenses are those that are specifically associated with a business-type activity or function. Program revenues include 1) fees, fines, and charges paid by the recipients of goods and services offered by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are instead presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category, such as governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements are on the major governmental and enterprise funds of the County and are reported separately in the accompanying financial statements. All remaining governmental funds are aggregated and reported as non-major funds in the accompanying fund financial statements.

Governmental Fund Financial Statements – Governmental fund financial statements include a balance sheet and statement of revenues, expenditures, and changes in fund balances.

The following is a brief summary of the County's major governmental funds –

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

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Highway Fund – This fund accounts for operations and maintenance of the County’s highways and streets. Funding is provided by the County’s fuel tax, public utility franchise tax, and the motor vehicle weight tax. These taxes must be used for highway-related purposes.

Sewer Fund – This fund accounts for the operations and maintenance of the County’s sewer system. Funding is provided by sewer assessment fees.

Grant Fund – This fund accounts for the administration of various Federal and State of Hawaii grants.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of general long-term principal and interest and related costs.

Capital Improvement Projects Fund – This fund accounts for the financial resources to be used for the acquisition or construction of various major capital facilities.

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County’s expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. Governmental funds are accounted for using a “*current financial resources*” measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Fund balance is considered a measure of expendable available financial resources. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) as a net increase or decrease in the respective fund balance.

Proprietary Fund Financial Statements – Proprietary fund financial statements include a statement of fund net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows.

The following is a brief summary of the County’s major proprietary funds:

Department of Water Supply – The Department was created to develop adequate water sources, storage, and transmission for both urban and agricultural uses for the County.

Housing, Interim Financing, and Buy-Back Revolving Fund – This fund was established to account for the developing and selling of housing units on land acquired by the County to moderate and low-income residents, and to account for financing and operation of low-income rental projects developed by the County.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Golf Course Special Fund – This fund was established to account for the financing and operation of the County’s golf course, pro-shop, and food and liquor concession.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish between operating revenues and expenses from non-operating 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 County’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 non-operating revenues and expenses.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a statement of assets and liabilities. These funds account for money received, held and disbursed in a trustee capacity or as an agent for individuals, other governmental units, and other funds. The County’s fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for under the accrual basis of accounting as are the proprietary funds explained above.

Fiduciary funds of the County include the following agency funds:

Refundable Deposits Fund – This fund is used to account for the bid bond, performance and payment bond, and subdivision bond monies held by the County until the purpose for which the bond was posted is completed.

Agency Trust Funds – These funds are used to account for other monies collected in an agency capacity and include motor vehicle registration fees collected on behalf of the State of Hawaii and taxes withheld from employee pay.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Summary of Significant Accounting Policies –

Measurement Focus and Basis of Accounting – The basis of accounting determines when transactions are reported on the financial statements. The government-wide, proprietary, and fiduciary funds (excluding agency funds) financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales and use, transient occupancy, and utility user tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources management focus. This focus is on the determination of, and changes in financial resources, and generally only current assets and current liabilities are included in the balance sheet. All governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are real property taxes, fuel and franchise taxes, assessments, rents and concessions, sewer charges, landfill usage charges, certain state and federal grants, and interest from investments. Licenses and permits, forfeitures, penalties, and other miscellaneous revenues are not susceptible to accrual, because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred except for debt service expenditures, as well as expenditures related to vacation, landfill closure and postclosure costs, postemployment benefits, and claims and judgments, which are recorded only when payment is due.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply restricted cost-reimbursement grant resources to such programs, followed by restricted categorical block grants, and then by unrestricted general revenues.

Cash and Investments – Cash balances of the County's funds are pooled and invested by the County Treasury unless otherwise dictated by legal or contractual requirements. Income and

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

losses arising from the investment activity of pooled cash are allocated to participating funds on a periodic basis, based on their proportionate shares of the average cash balances.

Cash includes amounts in demand and time deposits primarily with various financial institutions in Hawaii, with fiscal agents, and in imprest and change funds. Cash on deposit with financial institutions are collateralized in accordance with State statutes (see Note 2).

For purposes of the statement of cash flows, the enterprise funds consider all equity in pooled cash and investments held in County Treasury (including restricted cash) to be cash equivalents.

Investments in time certificates of deposits and repurchase agreements are carried at cost, which approximates fair value. Investments in U.S. Treasury and U.S. agencies obligations are carried at amortized cost, which approximates fair value.

Real Property Taxes – Real property taxes are assessed and billed annually. The County's real property taxes, which are levied on July 1st and billed by July 20th of each year based on assessed valuations as of January 1st, are due in two equal installments on the following August 20th and February 20th. Accordingly, real property tax receivables at June 30, 2012 are delinquent and amounts, if not collected within sixty days after year-end, are reported as deferred revenue in the General Fund. A lien for real property tax is attached as of July 1st of each year.

Inventory – Inventory consists entirely of construction and maintenance materials and supplies held by the Department of Water Supply, a proprietary fund, and is stated at cost on an average cost basis.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, sewer systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment and an estimated useful life in excess of one year. For capital improvement projects, capital assets are defined as capital improvements with initial, individual costs of more than \$250,000, while cost for improvements to existing capital improvement projects greater than \$100,000 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized but charged to operations as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities and enterprise funds, if any, is included as part of the capitalized value of the assets constructed.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives:

Equipment	5 - 10 years
Landfill infrastructure	5 years
Transportation and construction equipment	5 - 10 years
Building and land improvements	20 - 45 years
Sewer systems	20 - 50 years
Roadway systems	15 - 20 years
Drainage systems	50 years
Bridges	50 - 75 years

Sales and retirements of depreciable property are recorded by removing the related cost and accumulated depreciation from the accounts. Gains or losses on sales and retirements of property are reflected in the statement of activities and proprietary funds' statement of revenues, expenses, and changes in fund net assets.

Internal Balances – Significant transfers of financial resources between departments and activities included within the same fund, which are recorded as revenues by the transferee and expenditures or expenses by the transferor, have been eliminated. Transfers of revenues from funds authorized to receive them to funds authorized to expend them have been recorded as transfers in the fund financial statements.

All inter-fund receivable and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for those amounts due between governmental and business-type activities, which are presented as internal balances.

Long-Term Debt – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type financial statements.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the carrying amount of the old debt is deferred. This amount is amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. The amount deferred is reported as a deduction from or an addition to the new debt liability.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

In the governmental fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences – In the governmental fund financial statements, vacation pay is recorded as expenditures when liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds and in the government-wide financial statements is recorded as an expense and liability of those funds and activities as the benefits accrue to employees. Vacation benefits accrue at 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 on either the government-wide or fund 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, 2012, accumulated sick leave amounted to approximately \$74.2 million.

Claims and Judgments – Liabilities for claims and judgments are estimated by a combination of case-by-case review of all claims and the application of historical experience to the outstanding claims. The County's policy is to record claims and judgments as expenditures in its governmental fund financial statements when they are due and payable.

Liabilities for claims and judgments are accrued and expensed in the government-wide and proprietary fund financial statements based on the County's exposure to loss.

Net Assets – The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Investment in Capital Assets (net of related debt) – This is intended to reflect the portion of net assets which are associated with non-liquid capital assets less outstanding debt related to these assets.

Restricted Net Assets – Restricted net assets have third party (statutory, bond covenant or granting agency) limitations on their use or have restrictions imposed by law through enabling legislation, and include unspent proceeds of bonds issued to acquire or construct

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

assets. The County's policy is generally to use restricted net assets first, as appropriate opportunities arise.

Unrestricted Net Assets – Unrestricted net assets represent all other net assets not accounted for in the two categories noted above.

Fund Balance Policies – Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. As of June 30, 2012, fund balances for government funds are comprised of the following:

Nonspendable Fund Balance - includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that are subject to constraint imposed or legally enforceable by external parties. Funds with restrictions imposed by the Hawaii Revised Statutes and the Maui County Charter are examples of such funds of the County.

Committed Fund Balance – includes amounts that are subject to constraint created by the County and can only be changed by the County's highest level of formal action. The County Council and the Mayor of the County of Maui act in concert as the County's highest decision-making authorities. Bills passed by the County Council and approved by the Mayor are designated as ordinances and become part of the Maui County Code.

Assigned Fund Balance – includes amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed. The Director of Finance is authorized to assign amounts for specific purposes and permit disbursements to be made pursuant to policies established by the County Council.

Unassigned Fund Balance – includes amounts that have no constraints whatsoever and are available for spending at the County's discretion.

The County has established a policy relative to the order of the allocation of expenditures. The County's policy is to use resources in all funds in the following order: (1) Restricted, (2) Committed, (3) Assigned and (4) Unassigned.

Retirement and Healthcare Benefits – The County's contributions to the Employees Retirement System of the State of Hawaii, a cost-sharing, multiple-employer defined benefit pension plan, and to the Hawaii Employer – Union Health Benefits Trust Fund (the EUTF), an agent, multiple-employer defined benefit plan, are based upon actuarial computations and includes current service costs and amortization of prior service costs. Although the EUTF is a plan, the assets are not held in a separate trust account for payment of benefits (see Note 9).

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures or expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements – The County has implemented or is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. Application of this Statement is effective for the County's fiscal year ending June 30, 2013, with early adoption encouraged.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources (i.e., the consumption of net assets by the government that is applicable to a future reporting period and the acquisition of net assets by the government that is applicable to a future reporting period, respectively). This Statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Application of this Statement is effective for the County's fiscal year ending June 30, 2013, with early adoption encouraged.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Application of this Statement is effective for the County's fiscal year ending June 30, 2014, with early adoption encouraged.

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—An Amendment of GASB Statements No. 10 and No. 62*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. Application of this Statement is effective for the County's fiscal year ending June 30, 2014, with early adoption encouraged.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. Note disclosure and required supplementary information requirements about pensions also are addressed.

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

Application of this Statement is effective for the County's fiscal year ending June 30, 2015, with early adoption encouraged.

Subsequent events – The County has evaluated subsequent events through December 21, 2012, the date the financial statements were available to be issued.

COUNTY OF MAUI

**Notes to the Basic Financial Statements
June 30, 2012**

(2) Cash, Deposits, and Investments

Pooled Cash and Investments Held in County Treasury –

Total County cash, deposits, and investments as of June 30, 2012, at fair value, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Carrying Value</u>
Equity in pooled cash and investments	\$ 303,329,935	\$ 32,414,753	\$ 36,288,024	\$ 372,032,712
Restricted investments - equity in pooled cash and investments	<u>-</u>	<u>15,714,020</u>	<u>-</u>	<u>15,714,020</u>
Total equity in pooled cash and investments	<u>\$ 303,329,935</u>	<u>\$ 48,128,773</u>	<u>\$ 36,288,024</u>	<u>\$ 387,746,732</u>
			Cash on hand and deposits	\$ 108,969,828
			Certificates of deposit	45,729,914
			Investments	<u>233,046,990</u>
			Total equity in pooled cash and investments	<u>\$ 387,746,732</u>

The County maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the accompanying balance sheets and statements of net assets as "Equity in pooled cash and investments held in County Treasury."

County's Investment Policy –

It is the County's policy to invest in accordance with the State of Hawaii statutes, which authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State and the County, auction rate securities collateralized by student loans, bank repurchase agreements, commercial paper, banker's acceptances, and money market funds.

Specific requirements under the State statutes are as follows:

- With the exception of U.S. Treasury securities, no more than 50% of the County's investment portfolio will be invested in a single type of security or financial institution.
- Investment maturities are not to exceed five years.
- Investments are required to be rated "Aaa" by Moody's and "AAA" by Standard and Poor's at the date of purchase.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

For purpose of the disclosures required by GASB Statement No. 40, all time certificate of deposits regardless of maturity are considered deposits, and all repurchase agreements and money market investments are considered investments.

Investment Risk – The investments are subject to certain types of risk, including interest rate risk, credit quality risk, concentration of credit risk, custodial credit risk, and foreign currency risk.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County has a formal investment policy that follows State of Hawaii statutes, which limits investment maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligation. The County's investment policy limits investments in state and U.S. Treasury securities, time certificates of deposit, U.S. agency obligations, repurchase agreements, commercial paper, bankers' acceptances, money market funds, and auction rate securities collateralized by student loans maintaining a Triple-A rating. The bond ratings for the County's investments in U.S. agency obligations (government sponsored enterprises) at June 30, 2012 were "Aaa" and "AA+" by Moody's and Standard and Poor's, respectively.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investments in a single issuer or investment. The County diversifies its investments to minimize such risk and with the exception of U.S. Treasury securities, no more than 50% of the investment portfolio can be invested in a single type of security or financial institution.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of failure of the counterparty to an investment, the County would not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All of the County's investments are either insured or held by an agent in the name of the County, including the investment collateral underlying the repurchase agreements.

Custodial credit risk for bank depository accounts is the risk that in the event of a bank failure, the County's deposits may not be returned. It is the County's policy to place its bank deposits with State of Hawaii high credit quality financial institutions that are able to meet the collateral requirements for the County's deposits. As of June 30, 2012, all of the County's cash balance of \$109.0 million and certificate of deposits of \$45.7 million was insured and collateralized.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Investments –

As of June 30, 2012, the County's investments were as follows:

Type of Investment	% Yield	Maturity				Premiums (Discounts)	Carrying Value
		Under 30 Days	31-180 Days	181-365 Days	1-5 Years		
Federal National Mortgage Association Coupon Notes	0.20 - 4.01	\$ -	\$ -	\$ 2,000,000	\$ 9,000,000	\$ (2,292)	\$ 10,997,708
Federal Home Loan Mortgage Corporation Coupon Notes	0.21 - 0.45	-	-	55,000,000	5,000,000	213,123	60,213,123
Federal Home Loan Bank Coupon Notes	0.17 - 1.80	-	74,000,000	62,500,000	5,000,000	324,483	141,824,483
Federal Farm Credit Bank Notes	0.22 - 0.46	-	1,000,000	5,000,000	5,000,000	11,676	11,011,676
U.S. Treasury Notes	0.63	9,000,000	-	-	-	-	9,000,000
Total investments		<u>\$ 9,000,000</u>	<u>\$ 75,000,000</u>	<u>\$ 124,500,000</u>	<u>\$ 24,000,000</u>	<u>\$ 546,990</u>	233,046,990
Type of Deposits							
Various certificates of deposit	0.15 - 1.45	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,000,000</u>	<u>\$ 729,914</u>		45,729,914
						Total investments and certificates of deposit	278,776,904
						Cash on hand and deposits	<u>108,969,828</u>
						Total equity in pooled cash and investments	<u>\$ 387,746,732</u>

(3) Receivables

Receivables included in the County's governmental funds in the aggregate as of June 30, 2012 were as follows:

	General Fund	Highway Fund	Sewer Fund	Grant Fund	Capital Improvements Projects Fund	Non-major Funds	Total Governmental Activities
Taxes	\$ 9,081,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,081,771
Intergovernmental	-	865,639	-	2,849,257	4,576,512	-	8,291,408
Sewer charges	-	-	3,710,021	-	-	-	3,710,021
Landfill charges	-	-	-	-	-	1,943,787	1,943,787
Other	-	-	-	-	461,506	-	461,506
Less: allowance for uncollectible	-	-	(334,749)	-	-	(499,765)	(834,514)
Total receivables	<u>\$ 9,081,771</u>	<u>\$ 865,639</u>	<u>\$ 3,375,272</u>	<u>\$ 2,849,257</u>	<u>\$ 5,038,018</u>	<u>\$ 1,444,022</u>	<u>\$ 22,653,979</u>

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Receivables included in the County's proprietary funds as of June 30, 2012 were as follows:

	Department of Water Supply	Housing, Interim Financing, and Buy- Back Revolving Fund	Golf Course Special Fund	Total Business- Type Activities
Charge for services	\$ 7,936,774	\$ 9,523	\$ -	\$ 7,946,297
Less: allowance for uncollectible	(186,035)	-	-	(186,035)
Total receivables, net	<u>\$ 7,750,739</u>	<u>\$ 9,523</u>	<u>\$ -</u>	<u>\$ 7,760,262</u>

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

For real property tax collections, payments are due August and February. Therefore, property taxes that remain uncollected sixty days after the June fiscal year end are reported as unavailable.

At June 30, 2012, the various components of deferred revenue and advanced collections were as follows:

	Unavailable	Unearned
Delinquent real property tax receivables not collected within 60 days of year end (General Fund)	\$ 6,995,422	\$ -
Real property tax collections received in advance (General Fund)	-	1,037,176
Landfill and sewer fees not collected within 60 days of year end (Non-Major Fund)	745,195	-
Grant funds received prior to meeting all necessary requirements (Grant Fund)	-	3,113,433
Capital project grant fund received prior to meeting all necessary requirements (Capital Improvements Projects Fund)	-	1,499,580
Fees collected in advance for refuse collection and liquor license	-	2,369,912
	<u>\$ 7,740,617</u>	<u>\$ 8,020,101</u>

COUNTY OF MAUI

**Notes to the Basic Financial Statements
June 30, 2012**

(4) Inter-fund Receivables, Payables, and Transfers Balances

Amounts due from and due to other funds as of June 30, 2012 were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds:		
General Fund	\$ 43,345,288	\$ 3,788,472
Capital Improvement Projects Fund	-	43,345,288
Major Proprietary Fund:		
Department of Water Supply	<u>3,788,472</u>	<u>-</u>
Total	<u><u>\$ 47,133,760</u></u>	<u><u>\$ 47,133,760</u></u>

Pursuant to Budget Ordinance, the General Fund advances funds for bond-funded projects for which proceeds have not yet been received. These amounts are intended to be repaid in one year. The Department of Water Supply advanced funds to the General Fund for its allocated share of postemployment benefit costs.

A summary of the inter-fund transfers as of June 30, 2012 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund	\$ 21,102,096	\$ 60,545,391
Highway Fund	3,220,755	13,436,381
Sewer Fund	1,111,041	25,689,276
Grant Fund	312,157	-
Debt Service Fund	32,072,908	-
Capital Improvement Projects Fund	35,034,239	3,948,424
Non-Major Governmental Funds	15,070,335	6,691,751
Major Proprietary Fund - Golf Course Special Fund	<u>2,795,124</u>	<u>407,432</u>
Total	<u><u>\$ 110,718,655</u></u>	<u><u>\$ 110,718,655</u></u>

The majority of the transfers into the General Fund relate to allocations of debt service for bond-funded projects and employee benefits from special revenues. Transfers out of the General Fund are predominantly for debt service, transfers for postemployment benefits, affordable housing, supplemental transfers to the Solid Waste and Golf Funds, and funding of capital projects.

COUNTY OF MAUI

**Notes to the Basic Financial Statements
June 30, 2012**

(5) Capital Assets

A summary of capital asset activity of the primary government during the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Transfers/ Retirements	Balance June 30, 2012
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 138,235,495	\$ 2,362,771	\$ -	\$ 140,598,266
Construction in progress	52,079,278	55,292,640	(56,066,792)	51,305,126
	<u>190,314,773</u>	<u>57,655,411</u>	<u>(56,066,792)</u>	<u>191,903,392</u>
Depreciable assets:				
Buildings and systems	97,625,316	21,561,888	-	119,187,204
Improvements other than buildings	124,003,477	6,347,921	-	130,351,398
Machinery and equipment	108,125,152	6,874,904	(4,048,490)	110,951,566
Infrastructure	938,410,009	17,902,696	-	956,312,705
	<u>1,268,163,954</u>	<u>52,687,409</u>	<u>(4,048,490)</u>	<u>1,316,802,873</u>
Accumulated depreciation:				
Buildings	67,569,665	3,754,059	-	71,323,724
Improvements other than buildings	59,337,998	5,599,210	-	64,937,208
Machinery and equipment	83,145,946	10,825,989	(4,031,078)	89,940,857
Infrastructure	646,358,101	19,997,365	-	666,355,466
	<u>856,411,710</u>	<u>40,176,623</u>	<u>(4,031,078)</u>	<u>892,557,255</u>
Total Governmental Activities				
Capital Assets, Net	<u>\$ 602,067,017</u>	<u>\$ 70,166,197</u>	<u>\$ (56,084,204)</u>	<u>\$ 616,149,010</u>

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

	Balance July 1, 2011	Additions	Transfers/ Retirements	Balance June 30, 2012
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 9,422,364	\$ -	\$ -	\$ 9,422,364
Construction in progress	77,042,256	11,217,611	(37,153,870)	51,105,997
	<u>86,464,620</u>	<u>11,217,611</u>	<u>(37,153,870)</u>	<u>60,528,361</u>
Depreciable assets:				
Buildings and systems	8,540,336	100,349	-	8,640,685
Improvements other than buildings	2,971,632	-	-	2,971,632
Machinery and equipment	27,701,233	1,205,470	(40,807)	28,865,896
Infrastructure	396,664,033	37,107,010	-	433,771,043
	<u>435,877,234</u>	<u>38,412,829</u>	<u>(40,807)</u>	<u>474,249,256</u>
Accumulated depreciation:				
Buildings	3,820,425	275,783	-	4,096,208
Improvements other than buildings	2,449,923	111,067	-	2,560,990
Machinery and equipment	12,931,222	1,136,689	(40,807)	14,027,104
Infrastructure	184,164,397	14,309,750	-	198,474,147
	<u>203,365,967</u>	<u>15,833,289</u>	<u>(40,807)</u>	<u>219,158,449</u>
Total Business-Type Activities				
Capital Assets, Net	<u>\$ 318,975,887</u>	<u>\$ 33,797,151</u>	<u>\$ (37,153,870)</u>	<u>\$ 315,619,168</u>

Capitalized interest for business-type activities for the year ended June 30, 2012 was \$240,880.

Depreciation expense for the year ended June 30, 2012 was charged to functions as follows:

Governmental Activities:	
General government	\$ 1,317,171
Public safety	6,663,755
Highways and streets	8,138,902
Sanitation	16,531,879
Social and welfare	664,161
Culture and recreation	6,853,095
Legislative	7,660
Total Governmental Activities	<u>\$ 40,176,623</u>
Business Type Activities:	
Golf Course	\$ 336,104
Housing Interim Financing	44,575
Department of Water Supply	15,452,610
Total Business-Type Activities	<u>\$ 15,833,289</u>

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Construction in progress is comprised of the following as of June 30, 2012:

	Project Authorized (Appropriated)	Expended through June 30, 2012	Committed (Encumbered)
Governmental Activities:			
Governmental facilities	\$ 67,269,642	\$ 15,058,544	\$ 28,058,474
Roadway systems	37,712,845	11,756,751	19,729,637
Sewer systems	49,167,827	15,791,951	15,531,314
Sanitation	2,880,675	1,977,444	902,531
Parks and recreation	5,190,899	2,082,382	1,781,388
Drainage	12,917,636	4,638,054	7,671,033
Totals	\$ 175,139,524	51,305,126	\$ 73,674,377
	Project Authorized (Appropriated)	Expended through June 30, 2012	Committed (Encumbered)
Business-Type Activities:			
Department of Water Supply	\$ 124,642,556	\$ 51,105,997	\$ 10,015,598

(6) Long-Term Debt and Other General Obligations

The following is a summary of long-term debt transactions of the County during the year ended June 30, 2012.

	Balance June 30, 2011	Additions	Reductions/ Payments	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 214,401,863	\$ -	\$ 18,384,544	\$ 196,017,319	\$ 18,495,391
State Revolving Fund and USDA loans	56,307,651	1,094,662	4,682,134	52,720,179	4,795,804
Total	\$ 270,709,514	\$ 1,094,662	\$ 23,066,678	\$ 248,737,498	\$ 23,291,195
Business-Type Activities:					
General obligation bonds	\$ 17,511,812	\$ -	3,068,368	\$ 14,443,444	\$ 1,396,609
Notes payable	12,861,594	2,731,365	984,177	14,608,782	1,112,783
Line of credit	469,790	-	469,790	-	-
Total	\$ 30,843,196	\$ 2,731,365	\$ 4,522,335	\$ 29,052,226	\$ 2,509,392

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Governmental Activities – General Obligation Bonds –

The County issues general obligation bonds for the construction of major capital facilities. General obligation bonds are direct obligations of the County for which its full faith and credit are pledged. Debt service is paid from the debt service fund.

General obligation bonds payable reported in the Governmental Activities column of the statement of net assets at June 30, 2012 are comprised of the following individual issues:

<u>Year</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Outstanding Balance June 30, 2012</u>
1982	Farmers Home Administration	5.00%	\$ 1,500,000	2016	\$ 332,500
1998	Series A GO	6.11%-6.50%	4,255,000	2013	440,000
2001	Series B and C Refunding	3.00%-5.25%	29,880,000	2020	6,525,000
2002	Series B Refunding	2.500%-5.375%	13,550,000	2013	2,970,000
2002	Series C GO and Refunding	2.125%-4.75%	12,402,000	2021	1,305,000
2004	Series B Refunding	2.00%-5.00%	15,165,000	2018	7,305,000
2005	Series A,B,C GO and Refunding	2.50%-5.00%	50,485,000	2025	34,900,000
2006	Series A,B,C GO and Refunding	4.00%-5.00%	54,615,000	2026	49,270,000
2008	Series A GO	3.50%-5.00%	34,000,000	2028	31,305,822
2010	Series A GO	0.53%-5.95%	23,375,000	2030	21,190,000
2010	Series B GO	3.00%-5.00%	<u>46,300,000</u>	2021	<u>38,483,653</u>
	Total general obligation bonds		<u>\$ 285,527,000</u>		194,026,975
	Unamortized premium				6,378,690
	Unamortized deferral on advance refunding				<u>(4,388,346)</u>
	Net general obligation bonds outstanding				<u>\$ 196,017,319</u>

In the government-wide financial statements, bond discounts and premiums, issuance costs, and the difference between the reacquisition price and the carrying amount of old debt in advance of refunding resulting in a defeasance of debt, are deferred and amortized.

Deferred bond issuance costs for the Governmental Activities as of June 30, 2012 was \$1,179,391.

In November 2012, the County issued \$70.3 million in general obligation bonds, which bear interest at 2% to 5% and mature on June 1, 2032. Proceeds of the transaction were used to finance capital improvement projects throughout the County, as well as to refund approximately \$11 million in outstanding general obligation bonds and \$20 million in outstanding State Revolving Fund Loans. The County was able to secure lower interest rates resulting in future debt service savings.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Governmental Activities – State Revolving Fund and USDA Loans –

State Revolving Fund Loans

The State Revolving Fund Loans are for the construction of necessary water treatment works, and for wastewater reclamation as well as solid waste projects. The notes' original issue amounted to \$88.2 million and outstanding principal amounted to \$52.7 million at June 30, 2012, and bear interest at 0.50% to 2.60%. The loans require semi-annual principal and interest payments, and loan fees through fiscal year 2031. The County has 22 projects funded with these loans.

USDA Loans

The USDA loan was issued by the Rural Housing Service of the U.S. Department of Agriculture for an amount up to \$17 million for certain improvements to the County's Kihei police station. The original issue amount and outstanding principal amounted to \$51,000 at June 30, 2012, and bear interest at 3.75%. The loan requires semi-annual principal and interest payments through fiscal year 2032.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

The schedule below shows the State Revolving Fund and USDA Loans outstanding as of June 30, 2012:

Year	Description	Loan Number	Original Issue Amount	Final Maturity	Outstanding Balance June 30, 2012
State Revolving Fund Loans:					
1994	Wailuku/Kahului	C150052-14	\$ 4,825,074	2013	\$ 596,206
1995	Lahaina Construction	C150054-05	7,381,497	2013	505,260
1997	Lahaina Pump Station No. 3	C150054-07	2,644,416	2016	656,257
1997	Kihei Phase IIB	C150077-06	9,018,078	2016	2,251,245
1998	Kihei Reuse Core Distribution	C150077-09	3,231,080	2017	1,092,457
1999	Lahaina Pump Station No. 17	C150054-17	600,000	2018	217,644
2001	Kuhua Camp	C150054-14	1,745,481	2020	828,026
2002	Lahaina Solids	C150054-20	1,344,000	2021	695,800
2003	Wailuku/Kahului Phase II	C150052-16	11,951,083	2022	7,218,264
2004	Lahaina Pump Station Nos. 5 & 6	C150054-12	3,300,000	2026	2,429,124
2004	Kahului Pump Station Mod	C150052-30	2,623,957	2026	1,952,247
2006	Lahaina Pump Station	C150054-09	1,700,000	2027	1,352,991
2008	Wailuku Pump Station	C150052-19	9,931,786	2028	8,274,158
2009	Wailuku-Kahului Wastewater	C150052-32	2,000,000	2028	1,703,356
2009	Lahaina Wastewater Pump	C150054-06	7,050,000	2028	6,084,448
2009	Central Maui Landfill Gas Collection	NPS0052-39	3,662,324	2028	2,990,293
2009	Islandwide EPA Consent Decree	C150052-31	7,679,840	2028	7,250,861
2009	Molokai Integrated Solid Waste	NPS0041-07	3,300,000	2029	2,890,202
2010	Front Street Sewer Line Rehabilitation	C150054-11	447,454	2030	412,370
2010	Hyatt/Kaanapali Force Main Replacements	C150054-25	1,737,541	2030	1,608,334
2010	Countywide Pump Station Renovation	C150052-28	997,670	2028	636,715
2011	Kihei No. 2 Force Main Replacement	C150077-20	1,022,919	2031	1,022,921
			<u>\$88,194,200</u>		52,669,179
USDA Loan:					
2012	Kihei Police Station Project	No. R-1	<u>\$ 51,000</u>	2032	<u>51,000</u>
	Total				<u>\$ 52,720,179</u>

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Annual debt service requirements to maturity for the general obligation bonds and the State Revolving Fund and USDA Loans at June 30, 2012, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 18,495,391	\$ 8,421,021	\$ 26,916,412
2014	18,712,546	7,717,518	26,430,064
2015	17,220,511	6,966,964	24,187,475
2016	15,591,378	6,220,726	21,812,104
2017	16,123,947	5,585,959	21,709,906
2018-2022	66,501,177	17,690,467	84,191,644
2023-2027	33,847,152	6,356,941	40,204,093
2028-2030	7,534,873	643,752	8,178,625
Total	<u>\$ 194,026,975</u>	<u>\$ 59,603,348</u>	<u>\$ 253,630,323</u>

<u>Year Ending June 30,</u>	<u>Governmental Activities SRF and USDA Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,795,804	\$ 831,278	\$ 5,627,082
2014	4,351,901	703,884	5,055,785
2015	4,107,363	625,018	4,732,381
2016	4,161,624	551,487	4,713,111
2017	3,448,407	413,431	3,861,838
2018-2022	16,346,359	1,289,552	17,635,911
2023-2027	12,274,003	373,159	12,647,162
2028-2032	3,234,718	29,973	3,264,691
Total	<u>\$ 52,720,179</u>	<u>\$ 4,817,782</u>	<u>\$ 57,537,961</u>

Some of the general obligation bonds may be subject to early redemption at the option of the County during specific years at 100% of their face value.

Business-Type Activities – General Obligation Bonds –

The Department of Water Supply (the Department) issues general obligation bonds for the construction of major capital facilities. These general obligation bonds are considered reimbursable bonds to be repaid from the net revenues of the Department, and accordingly, are excluded from funded debt pursuant to the State Constitution.

COUNTY OF MAUI

**Notes to the Basic Financial Statements
June 30, 2012**

General obligation bonds payable reported in the Business-Type Activities column of net assets at June 30, 2012 are comprised of the following individual issues:

<u>Year</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding Balance June 30, 2012</u>
2005	Series B GO Refunding Bonds	3.50%-5.00%	3/1/2018	\$ 5,690,000
2008	Series A GO Refunding Bonds	3.00%-5.00%	7/1/2027	5,064,177
2010	Series B GO Refunding Bonds	3.00%-5.00%	6/1/2021	<u>3,341,347</u>
	Total general obligation bonds			14,095,524
	Unamortized premium			632,738
	Unamortized deferral on advance refunding			<u>(284,818)</u>
	Net general obligation bonds outstanding			<u><u>\$ 14,443,444</u></u>

In the government-wide and proprietary fund financial statements, bond discounts and premiums, issuance costs, and the difference between the reacquisition price and the carry amount of old debt in advance refunding resulting in a defeasance of debt, are deferred and amortized.

Annual debt service requirements to maturity for these general obligation bonds at June 30, 2012, were as follows:

<u>Year Ending June 30,</u>	<u>Business-Type Activities General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,396,609	\$ 611,511	\$ 2,008,120
2014	1,443,454	564,084	2,007,538
2015	1,509,989	498,584	2,008,573
2016	1,577,622	430,002	2,007,624
2017	1,636,053	369,949	2,006,002
2018-2022	4,198,823	948,863	5,147,686
2023-2027	1,897,848	331,337	2,229,185
2028	<u>435,126</u>	<u>10,878</u>	<u>446,004</u>
Total	<u>\$ 14,095,524</u>	<u>\$ 3,765,208</u>	<u>\$ 17,860,732</u>

Some of the general obligation bonds may be subject to early redemption at the option of the County during specific years at 100% of their face value.

Deferred bond issuance costs for the Department as of June 30, 2012 was \$72,961.

COUNTY OF MAUI

**Notes to the Basic Financial Statements
June 30, 2012**

Business-Type Activities – Notes Payable – State Revolving Fund Loans –

At June 30, 2012, notes payable of the Department consisted of the following:

Note payable to State Revolving Loan Fund for a capital improvement project, payable in semi-annual installments of principal, interest, and loan fees at an interest rate of 1.55% and loan fee rate of 3.25%, maturing 2019.	\$ 3,327,983
Note payable to State Revolving Loan Fund for a capital improvement project, payable in semi-annual installments of principal, interest, and loan fees at an interest rate of 0.15% and loan fee rate of 3.25%, maturing 2027.	7,625,566
Note payable to State Revolving Loan Fund for a capital improvement project, payable in semi-annual installments of principal, interest, and loan fees at an interest rate of 0.37% and loan fee rate of 3.25%, maturing 2029.	1,023,660
Note payable to State Revolving Loan Fund for a capital improvement project, payable in semi-annual installments of principal, interest, and loan fees at an interest rate of 0.00% and loan fee rate of 3.25%, maturing 2031.	657,116
Notes payable to State Revolving Loan Fund for capital improvement projects, payable in semi-annual installments of principal, interest, and loan fees at an interest rate of 0.35% and loan fee rate of 3.25%, maturing 2032.	1,663,679
Note payable to State Revolving Loan Fund for a capital improvement project, payable in semi-annual installments of principal, interest, and loan fees at an interest rate of 0.00% and loan fee rate of 3.25%, maturing 2032.	<u>310,778</u>
	<u><u>\$ 14,608,782</u></u>

Annual debt service requirements of these notes payable at June 30, 2012 were as follows:

<u>Year Ending June 30,</u>	<u>Business-Type Activities Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,112,783	\$ 532,843	\$ 1,645,626
2014	1,119,813	489,731	1,609,544
2015	1,127,673	445,584	1,573,257
2016	1,135,570	401,145	1,536,715
2017	1,143,772	356,143	1,499,915
2018-2022	4,692,358	1,147,034	5,839,392
2023-2027	3,549,559	458,596	4,008,155
2028-2032	<u>727,254</u>	<u>56,536</u>	<u>783,790</u>
Total	<u><u>\$ 14,608,782</u></u>	<u><u>\$ 3,887,612</u></u>	<u><u>\$ 18,496,394</u></u>

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Line of Credit –

The County has a line of credit agreement with a bank with a total authorized balance of \$1 million. There were no outstanding balances as of June 30, 2012. The line of credit agreement requires interest-only payments at the bank's base rate plus 0.90% (3.94% at June 30, 2012), with all unpaid principal due at the maturity date. The line of credit was originally due on July 30, 2012 and has been renewed to July 30, 2013.

Legal Debt Limit and Margin –

The County's legal debt limit and margin (as defined in Chapter 47, Hawaii Revised Statutes) as of June 30, 2012, are approximately \$4.9 billion and \$4.7 billion, respectively.

Arbitrage –

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebate liabilities are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations to determine the rebate liabilities for the tax-exempt bond issues listed above. Based on these calculations, no rebate liability existed as of June 30, 2012.

Refunded Bonds –

The County had issued refunding bonds, namely 2006B, 2006C, 2010A, and 2010B general obligation bonds, which proceeds were placed in an irrevocable trust, the New York Trust Company, to repay all future debt service payments on the 1998A, 2001A, 2001C, and 2002C general obligation bonds. As of June 30, 2012, the outstanding balance of the unpaid defeased debt was \$6.5 million. Accordingly, the assets of the irrevocable trust and the liability for the defeased bonds are not included in the County's basic financial statements.

Other Obligations –

Other long-term general obligations consist of accrued vacation, accrued landfill closure and postclosure costs, accrued postemployment benefits, and claims and judgments. The accrued vacation liability is typically liquidated by the General, Highway, Sewer, Grant, and Other Governmental Funds. The accrued landfill closure and post closure costs liability is typically liquidated by the Capital Improvement Projects and Other Governmental Funds. The accrued postemployment benefits liability is typically liquidated by the General, Highway, Sewer, and

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Other Governmental Funds. Claims and judgments liability is typically liquidated by the General Fund.

A summary of long-term debt and other long-term general obligations for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Reductions/ Payments	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
Accrued vacation	\$ 27,731,848	\$13,148,265	\$ 13,115,384	\$ 27,764,729	\$13,115,384
Accrued landfill closure and postclosure costs (Note 8)	23,553,495	3,985,791	215,399	27,323,887	222,723
Accrued postemployment benefits (Note 9)	92,584,036	32,046,492	73,463,010	51,167,518	-
Claims and judgments (Note 10)	<u>16,907,931</u>	<u>20,407,206</u>	<u>13,291,765</u>	<u>24,023,372</u>	<u>21,623,370</u>
Total - Other General Obligations	160,777,310	69,587,754	100,085,558	130,279,506	34,961,477
Long-Term Debt	<u>270,709,514</u>	<u>1,094,662</u>	<u>23,066,678</u>	<u>248,737,498</u>	<u>23,291,195</u>
Total Long-Term Obligations	<u>\$431,486,824</u>	<u>\$70,682,416</u>	<u>\$123,152,236</u>	<u>\$ 379,017,004</u>	<u>\$58,252,672</u>
	Balance July 1, 2011	Additions	Reductions/ Payments	Balance June 30, 2012	Due Within One Year
Business-Type Activities:					
Accrued vacation	\$ 2,174,677	\$ 932,569	\$ 872,121	\$ 2,235,125	\$ 895,023
Accrued postemployment benefits (Note 9)	2,528,964	1,259,508	-	3,788,472	-
Claims and judgments (Note 10)	<u>465,583</u>	<u>459,656</u>	<u>401,793</u>	<u>523,446</u>	<u>523,446</u>
Total - Other General Obligations	5,169,224	2,651,733	1,273,914	6,547,043	1,418,469
Long-Term Debt	<u>30,843,196</u>	<u>2,731,365</u>	<u>4,522,335</u>	<u>29,052,226</u>	<u>2,509,392</u>
Total Long-Term Obligations	<u>\$ 36,012,420</u>	<u>\$ 5,383,098</u>	<u>\$ 5,796,249</u>	<u>\$ 35,599,269</u>	<u>\$ 3,927,861</u>

COUNTY OF MAUI

**Notes to the Basic Financial Statements
June 30, 2012**

(7) Operating Leases

The County is party to various operating lease agreements, predominantly for the purposes of office space and facility use. Lease terms range from month-to-month to 5 years and annual rents range from \$1 to approximately \$320,000. Total annual rent expenditures for the fiscal year 2012 were approximately \$2.7 million.

As of June 30, 2012, the future minimum noncancellable operating lease payments were as follows:

<u>Year Ending June 30,</u>	
2013	\$ 2,309,839
2014	2,111,512
2015	1,520,453
2016	532,356
2017	<u>131,496</u>
	<u>\$ 6,605,656</u>

(8) Solid Waste Landfill Closure and Postclosure Care Costs

The County recognizes closure and postclosure care costs over the life of the landfill. The County owns and operates four landfills. State and federal laws require the County to monitor and maintain each site for thirty years after the facility is closed. Although the closure and postclosure care costs will be paid only near and after the date that the landfill stops accepting waste, the County recognizes a portion of the closure and postclosure care costs in each operating period. The liability for these costs is included in the governmental activities column of the government-wide financial statements. The amount recognized each year is based on the landfill capacity used as of the statement of net assets date.

The \$27.3 million of accrued landfill closure and postclosure costs at June 30, 2012 represents the cumulative amount reported to date based on the estimated capacity used at each landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$18.7 million as the remaining estimated capacity of each landfill is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual costs may be different due to inflation, changes in technology, or changes in regulations.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

The capacity used to date and the estimated remaining life of each landfill is as follows:

<u>Landfill</u>	<u>Capacity Used</u>	<u>Remaining Life (Years)</u>
Central Maui Phase I and II	100%	None
Central Maui Phase IV	75%	2
Central Maui Phase V	17%	10
Hana	29%	67
Molokai	83%	4
Lanai	63%	26

The County incurred closure costs of approximately \$215,000 in fiscal year 2012, with an additional \$223,000 estimated to be incurred in fiscal year 2013. Postclosure costs of approximately \$22.8 million are estimated over the next 30 years.

Federal regulations require owners and operators of landfills to demonstrate financial assurance for the costs of closure and postclosure care. Under the proposed federal rules for financial assurance mechanism available to local governments, the County's current investment grade bond ratings of "Aa1" and "AA+" by Moody's and Standard and Poor's, respectively, exceed the required rating.

(9) Retirement Benefits

Defined Benefit Pension Plans –

All eligible employees of the County are required by Chapter 88, Hawaii Revised Statutes (HRS), to become members of the Employees' Retirement System of the State of Hawaii (the ERS), a cost-sharing, multiple-employer defined benefit public employee retirement plan. The ERS is governed by a Board of Trustees. The ERS provides retirement benefits, as well as death and disability benefits, with multiple benefit structures known as the contributory, hybrid, and noncontributory plans. All contributions, benefits, and eligibility requirements are established by Chapter 88, HRS, and can be amended by legislative action.

Employees covered by Social Security on June 30, 1984 were given the option of joining the noncontributory plan or remaining in the contributory plan. All new employees hired after June 30, 1984 and before July 1, 2006, who were covered by Social Security, were generally required to join the noncontributory plan. Qualified employees in the contributory and noncontributory plans were given the option of joining the hybrid plan effective July 1, 2006, or remaining in their existing plan. Effective July 1, 2006, all new employees covered by Social Security are required to join the hybrid plan.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

The three plans provide a monthly retirement allowance equal to the benefit multiplier percentage (1.25% or 2.00%) multiplied by the average final compensation (AFC) multiplied by years of credited service. The AFC is the average salary earned during the five highest paid years of service, including the payment of salary in lieu of vacation, or three highest paid years of service, excluding the payment of salary in lieu of vacation, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after this date is based on the three highest paid years of service, excluding the payment of salary in lieu of vacation.

For postretirement increases, every retiree's original retirement allowance is increased by 2.5% on each July 1 following the calendar year of retirement. This cumulative benefit is not compounded and increases each year by 2.5% of the original retirement allowance without a ceiling (2.5% of the original retirement allowance the first year, 5% the second year, 7.5% the third year, etc.).

The following summarizes the three plan provisions relevant to the general employees of the respective plan:

Contributory Plan –

General employees in the contributory plan are required to contribute 7.8% of their salary and are fully vested for benefits upon receiving five years of credited service. The County may also make contributions for these members. Under the contributory plan, employees may retire with full benefits at age 55 and 5 years credited service, or may retire early at any age with at least 25 years of credited service and reduced benefits. The benefit multiplier is 2.0% for employees covered by Social Security.

Hybrid Plan –

General employees in the hybrid plan are required to contribute 6.0% of their salary and are fully vested for benefits upon receiving five years of credited service. The County may also make contributions for these members. Employees may retire with full benefits at age 62 and 5 years of credited service or at age 55 and 30 years of credited service, or may retire at age 55 and 20 years of service with reduced benefits. The benefit multiplier used to calculate retirement benefits is 2.0%.

Noncontributory Plan –

General employees in the noncontributory plan are fully vested upon receiving 10 years of credited service. The County is required to make all contributions for these members. Employees may retire with full benefits at age 62 and 10 years of credited service or age 55

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

and 30 years of credited service or age 55 and 20 years of credited service with reduced benefits. The benefit multiplier used to calculate retirement benefits is 1.25%.

The ERS funding policy provides for periodic employer contributions at actuarially determined rates, expressed as a percentage of annual covered payroll, such that the employer contributions, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate sufficient assets to pay benefits when due. The funding method used to calculate the total employer contribution required is the entry age normal actuarial cost method. Effective July 1, 2005, employer contribution rates are a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liability. Employer rates are set by statute based on the recommendation of the ERS actuary resulting from an experience study conducted every five years.

The County's contributions to the ERS for the years ended June 30, 2012, 2011, and 2010 were approximately \$23.4 million, \$22.7 million, and \$23.7 million, respectively, which equal the required contributions for each year. Measurement of assets and actuarial valuations are made for the ERS as a whole and are not separately computed for individual participating employers such as the County.

The ERS issues a comprehensive annual financial report that is available to the public. That report may be obtained by writing to the Employees' Retirement System of the State of Hawaii, 201 Merchant Street, Suite 1400, Honolulu, Hawaii 96813-2929 or by calling (808) 586-1660.

Postemployment Benefits –

In addition to providing pension benefits, the County, pursuant to HRS Chapter 87A, is a participating employer in an agent, multiple-employer defined benefit plan providing certain healthcare and life insurance benefits to all qualified employees and retirees. The Employer-Union Health Benefits Trust Fund (the EUTF) was established on July 1, 2003 to design, provide, and administer medical, prescription drug, dental, vision, chiropractic, dual-coverage medical and prescription drug, and group life benefits.

For employees hired prior July 1, 1996, the County pays the entire base monthly contribution for employees retiring with 10 or more years of credited service, and 50% of the base monthly contribution for employees retiring with fewer than 10 years of credited service. A retiree can elect a family plan to cover benefits.

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with fewer than 10 years of service, the County makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the County pays 50% of the base monthly contribution. For employees who retire with at least 15 years but fewer than 25 years of service, the County pays

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

75% of base monthly contribution. For those retiring with at least 25 years of service, the County pays the entire base monthly contribution. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 2001, and who retire with fewer than 10 years of service, the County makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the County pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the County pays 75% of the base monthly contribution. For those retiring with at least 25 years of service, the County pays the entire base monthly contribution. Retirees can elect family coverage, but must pay the difference.

For active employees, the employee's contributions are based upon negotiated collective bargaining agreements. Employer contributions for employees not covered by collective bargaining agreements and for retirees are prescribed by the HRS.

Based on the actuarial valuation study as of July 1, 2011 (the most recent valuation study), the County has 1,147 retirees (including surviving spouses) valued, 183 of deferred vested valued, and 2,460 of actives valued which were used to arrive at the actuarial valuation amount.

The County's annual other postemployment benefit (OPEB) cost is calculated based on its annual required contribution (ARC), which is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years. The current ARC rate is 24.8% of annual covered payroll used in the actuarial valuation study as of July 1, 2011.

In a letter dated November 23, 2011, the EUTF informed participating employers (of which the County is one) that their deposits to pre-fund retiree benefits did not meet the criteria of a contribution to a trust fund for OPEB plans as defined under GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Specifically, the agency fund established by the EUTF covered active employees and retirees and their dependents in a single irrevocable trust rather than having a separate irrevocable trust established for retiree OPEB contributions as required under GASB Statement No. 43.

As a result of this interpretation change by the EUTF, the total OPEB obligation as of June 30, 2011 included a \$61,958,388 adjustment for amounts contributed to the agency fund established by the EUTF, with an offsetting deposit (an asset account) of \$61,958,388 (representing amounts

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

held by the EUTF on behalf of participating employers). Subsequently, the State enacted legislation setting up an irrevocable trust that complies with GASB Statement No. 43 requirements. Accordingly, the OPEB obligation adjustment and offsetting deposit have been removed from the accompanying statement of net assets as of June 30, 2012.

The following tables present the annual OPEB cost, the amount contributed to the plan, and the net OPEB liability as of and for the year ended June 30, 2012:

Annual required contribution	\$ 32,878,000
Interest on net OPEB obligation	2,328,000
Adjustment to annual required contribution	<u>(1,900,000)</u>
Annual OPEB cost	33,306,000
Contributions made	<u>(11,504,622)</u>
Increase in net OPEB obligation	21,801,378
Net OPEB obligation at beginning of year (\$95,113,000 as previously reported, net of \$61,958,388 OPEB obligation adjustment)	<u>33,154,612</u>
Net OPEB obligation at end of year	<u><u>\$ 54,955,990</u></u>

The actuarial accrued liability as of July 1, 2011 based upon the most recent valuation study and the funded status was as follows:

Actuarial accrued liability	\$ 369,774,000
Actuarial value of plan assets	<u>25,138,000</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 344,636,000</u></u>
Funded Ratio	6.8%
Covered payroll (active plan members)	\$ 132,400,000
UAAL as a percentage of covered payroll	260.3%

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2012, 2011, and 2010 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation^a</u>
<u>Ended</u>			
June 30, 2010	\$ 21,801,000	44.4%	\$ 12,182,000
June 30, 2011	31,938,000	34.3%	33,154,612
June 30, 2012	33,306,000	34.5%	54,955,990

^a Excludes OPEB obligation adjustments recorded in the previous year for amounts contributed to the agency fund established by the EUTF, which were reversed in the current year.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 7.0% discount rate, which is based on the County's anticipated funding level and an annual healthcare costs trend rate of 9.5% for pre-medicare and 9.25% post-medicare initially, reduced by decrements to an ultimate rate of 5.0% over nine years. The assumptions also included a 3.5% increase in payroll and a 3.0% inflation rate. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2011 for the UAAL balance varies depending on the date each portion was established but is set to not exceed 30 years.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, is designed to present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The EUTF issues an annual financial report that is available to the public. That report is available on-line at their website www.eutf.hawaii.gov or by contacting them at P.O. Box 2121, Honolulu, Hawaii 96805-2121.

Deferred Compensation Plan –

The County participates in a deferred compensation plan established by the State of Hawaii in accordance with Internal Revenue Code Section 457. The plan is available to all the County employees, and permits employees to defer a portion of their salary until future years by contributing to a fund managed by a plan administrator. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

All plan assets are held in a trust fund to protect them from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. The County has no responsibility for loss due to the investment or failure of investment of funds and assets in the plans, but does have the duty of due care that would be required of an ordinary prudent investor. Therefore, in accordance with GASB Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, deferred compensation plan assets are not reported in the accompanying basic financial statements.

(10) Claims and Judgments

The County is self-insured for workers' compensation based on a \$500,000 self-insured retention. Thereafter, an excess workers' compensation policy takes effect. In addition, the County also has insurance for errors and omissions and employer's practice liability, with a \$500,000 deductible per occurrence up to \$25 million in the aggregate. Further, the County is afforded bodily injury and property damage coverage for third party claims in excess of the aforementioned retention on a per occurrence basis. Property policies are layered providing \$100 million in total for building and any form of structures.

Settled claims have not exceeded these coverages in any of the past three fiscal years. The estimated total liability of the County of \$24.5 million, with respect to claims and judgments, including claims incurred but not reported and related loss adjustment expenses by the claimant and settled claims is presented on the statement of net assets on the government-wide financial statements.

Claim liabilities are calculated and periodically re-evaluated taking into consideration the effect of inflation, recent claim settlement trends, including frequency and amount of compensation subject to settlements, and other economic and social factors.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

Changes in the claims and judgments liability account for the years ended June 30, 2012 and 2011 were as follows:

2012 - Claims and Judgments					
	Balance July 1, 2011	Change to Estimate Additions/ (Reductions)	Claim Payments	Balance June 30, 2012	Due Within One Year
Governmental Activities:					
Workers' compensation	\$ 2,563,475	\$ 2,578,646	\$ 2,172,742	\$ 2,969,379	\$ 2,969,379
Automobile, general liability and other	14,344,456	17,828,560	11,119,023	21,053,993	18,653,991
	\$ 16,907,931	\$ 20,407,206	\$ 13,291,765	\$ 24,023,372	\$ 21,623,370
Business-Type Activities:					
Workers' compensation	\$ 327,515	\$ 445,193	\$ 389,997	\$ 382,711	\$ 382,711
Automobile, general liability and other	138,068	14,463	11,796	140,735	140,735
	\$ 465,583	\$ 459,656	\$ 401,793	\$ 523,446	\$ 523,446
2011 - Claims and Judgments					
	Balance July 1, 2010	Change to Estimate Additions/ (Reductions)	Claim Payments	Balance June 30, 2011	Due Within One Year
Governmental Activities:					
Workers' compensation	\$ 2,621,521	\$ 2,050,809	\$ 2,108,855	\$ 2,563,475	\$ 2,563,475
Automobile, general liability and other	3,808,719	11,609,618	1,073,881	14,344,456	13,144,456
	\$ 6,430,240	\$ 13,660,427	\$ 3,182,736	\$ 16,907,931	\$ 15,707,931
Business-Type Activities:					
Workers' compensation	\$ 356,627	\$ 225,688	\$ 254,800	\$ 327,515	\$ 327,515
Automobile, general liability and other	201,301	(59,461)	3,772	138,068	138,068
	\$ 557,928	\$ 166,227	\$ 258,572	\$ 465,583	\$ 465,583

The estimated total liability has been determined through case-by-case analysis and from historical experience performed by the County's risk management division. Those historical results, combined with the evaluation of pending claims against the County by the County's corporate counsel, aids in this evaluation. Estimated expenditures for such claims are appropriated annually in the general fund

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

with the exception of workers' compensation, which is appropriated annually in the fund that employed the injured worker.

Because of the inherent uncertainties in estimating future projected liabilities of claims and judgments, it is at least reasonably possible that the estimates used may change within the near term.

(11) Commitments and Contingencies

Contractual commitments –

Contractual commitments for capital projects, expenditures, and supplies for the governmental funds amounted to \$110.4 million at June 30, 2012. Contractual commitments for the proprietary funds amounted to \$18.2 million at June 30, 2012.

Claims –

Numerous claims and lawsuits have been filed against the County in the normal course of its operations. A liability for probable losses is included on the government-wide statement of net assets (see Note 10). Although the outcome of the various claims and lawsuits is not presently determinable, in the opinion of the County's Corporation Counsel, the resolution of such matters will not have a material adverse affect on the financial condition of the County.

Federal Financial Assistance Programs –

The County participates in a number of federally assisted grant programs, primarily with the Department of Housing and Urban Development, the Department of Transportation, the Department of Interior, the Department of Labor, and the Department of Justice. These programs are subject to program compliance audits by the grantors or their representatives.

Although the County's grant programs have been audited in accordance with the provisions of the Single Audit Act for the fiscal year ended June 30, 2012, these programs are still subject to financial and compliance audits by federal auditors. In the opinion of management of the County, disallowed costs, if any, would not be material.

State Grants –

The County has received state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the County, disallowed costs, if any, would not be material.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

(12) Fund Balances

Fund balances for all the major and other governmental funds as of June 30, 2012, are distributed as follows:

	General Fund	Highway Fund	Sewer Fund	Capital Improvements Projects Fund	Other Governmental Funds	Total
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Culture and recreation	13,188,646	-	-	-	6,268,286	19,456,932
Social welfare	-	-	-	-	18,093,512	18,093,512
Sanitation	-	-	-	-	2,519,102	2,519,102
Highways and streets	-	18,235,977	-	-	391,721	18,627,698
Capital projects	-	-	-	11,236,728	-	11,236,728
Subtotal	<u>13,188,646</u>	<u>18,235,977</u>	<u>-</u>	<u>11,236,728</u>	<u>27,272,621</u>	<u>69,933,972</u>
Committed to:						
General government	75,113,740	-	-	-	3,878,446	78,992,186
Social welfare	-	-	-	-	246,936	246,936
Highways and streets	-	-	-	-	1,579,813	1,579,813
Culture and recreation	-	-	-	-	324,745	324,745
Public safety	-	-	-	-	681,971	681,971
Sanitation	-	-	17,143,940	-	9,619,785	26,763,725
Capital projects	-	-	-	11,085,401	-	11,085,401
Subtotal	<u>75,113,740</u>	<u>-</u>	<u>17,143,940</u>	<u>11,085,401</u>	<u>16,331,696</u>	<u>119,674,777</u>
Assigned to:						
General government	16,681,077	-	-	-	-	16,681,077
Capital projects	-	-	-	19,154,813	-	19,154,813
Subtotal	<u>16,681,077</u>	<u>-</u>	<u>-</u>	<u>19,154,813</u>	<u>-</u>	<u>35,835,890</u>
Unassigned	<u>50,766,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,766,356</u>
Total	<u>\$155,749,819</u>	<u>\$ 18,235,977</u>	<u>\$ 17,143,940</u>	<u>\$ 41,476,942</u>	<u>\$ 43,604,317</u>	<u>\$276,210,995</u>

Encumbrances –

Encumbrance accounting is employed in the governmental funds. Under this method, purchase orders, contracts, and other commitments outstanding at year-end do not constitute expenditures or liabilities. Encumbrances of balances within the General Fund are classified as assigned. Encumbrances of the other governmental funds are classified as restricted, committed, or assigned.

COUNTY OF MAUI

Notes to the Basic Financial Statements June 30, 2012

These encumbrances at June 30, 2012 are not separately classified in the financial statements, and are summarized as follows:

General Fund	\$ 16,681,083
Highway Fund	341,155
Sewer Fund	653,934
Grant Fund	5,610,068
Capital Improvement Projects Fund	79,774,345
Non-Major Governmental Funds	<u>7,344,977</u>
	<u>\$ 110,405,562</u>

(13) Business-Type Activity - Department of Water Supply

The Charter of the County of Maui provides that the Department is a regular County of Maui agency subject to the Mayor's executive management and Council's legislative oversight.

Unrestricted Cash and Investments –

Unrestricted cash, cash equivalents, and investments at June 30, 2012 include funds for the following purposes:

Board Designated:	
Capital improvements	\$ 8,714,038
Debt Service	<u>1,105,654</u>
Total board-designated	9,819,692
Undesignated	<u>19,933,300</u>
Total	<u>\$ 29,752,992</u>

At June 30, 2012, construction voucher and contract payables, including retentions, to be paid with board-designated funds were approximately \$872,000. Construction contract commitments as of June 30, 2012, to be paid with board-designated funds aggregated approximately \$2 million. Included in the construction contract commitment amounts for 2012 are approximately \$59,000 for maintenance of compliance-order projects to get the water system up to Environmental Protection Agency standards. At June 30, 2012, the Department's management estimates an additional \$7.5 million will be needed to complete the compliance projects.

COUNTY OF MAUI

**Notes to the Basic Financial Statements
June 30, 2012**

Restricted Cash and Investments –

Restricted cash and investments consisted of the following at June 30, 2012:

Water system development fee	\$ 12,144,281
Customer deposits	1,666,721
Special assessment fund for storage	404,141
Source development fund assessments	207,048
Other	<u>1,291,829</u>
Total Restricted Cash and Investments	<u>\$ 15,714,020</u>

At June 30, 2012, construction voucher and contract payables, including retentions, to be paid with restricted assets were approximately \$1.3 million. The construction contract commitments as of June 30, 2012, to be paid with restricted assets approximated \$8 million.

Restricted Net Assets –

At June 30, 2012, restricted net assets consisted of the following:

Water system development fee	\$ 12,144,281
Special assessment fund for storage	404,141
Source development fund assessments	207,048
Other restricted funds	<u>890,930</u>
Total Restricted Net Assets	<u>\$ 13,646,400</u>

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COUNTY OF MAUI

**Required Supplementary Information
(see Independent Auditors' Report)**

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

- General Fund
- Highway Fund
- Sewer Fund

Schedule of Funding Progress for the EUTF

COUNTY OF MAUI
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES:				
Taxes	\$ 213,539,182	\$ 213,539,182	\$ 217,962,271	\$ 4,423,089
Licenses and permits	4,905,000	4,905,000	6,754,808	1,849,808
Intergovernmental revenues	17,587,750	17,587,750	22,949,683	5,361,933
Charges for current services	1,135,000	1,135,000	1,669,929	534,929
Fines and forfeitures	1,750,000	1,750,000	1,986,499	236,499
Interest and investment earnings, net	1,680,000	1,680,000	1,184,849	(495,151)
Other revenues	600,000	680,000	1,626,982	946,982
Total Revenues	<u>241,196,932</u>	<u>241,276,932</u>	<u>254,135,021</u>	<u>12,858,089</u>
EXPENDITURES:				
Current:				
General government	96,628,653	96,828,653	95,271,748	1,556,905
Public safety	78,043,875	78,534,035	74,271,527	4,262,508
Highways and streets	7,352,472	7,102,472	6,929,979	172,493
Sanitation	563,280	563,280	541,751	21,529
Social welfare	16,420,686	16,398,369	15,699,238	699,131
Culture and recreation	25,605,847	25,605,847	25,022,224	583,623
Legislative	6,609,672	6,609,672	5,267,918	1,341,754
Total Expenditures	<u>231,224,485</u>	<u>231,642,328</u>	<u>223,004,385</u>	<u>8,637,943</u>
Excess of Revenues over Expenditures	<u>9,972,447</u>	<u>9,634,604</u>	<u>31,130,636</u>	<u>21,496,032</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Special Revenue Funds	14,010,621	14,010,621	15,444,731	1,434,110
Capital Improvement Projects Fund	-	-	48,181	48,181
Other Governmental Funds	4,785,290	4,785,290	5,201,752	416,462
Proprietary Funds	2,085,050	2,085,050	407,432	(1,677,618)
Transfers out:				
Special Revenue Funds	(75,000)	(387,157)	(387,157)	-
Debt Service Fund	(32,072,908)	(32,072,908)	(32,072,908)	-
Capital Improvement Projects Fund	(12,139,308)	(12,389,308)	(12,389,308)	-
Other Governmental Funds	(41,041,962)	(41,041,962)	(41,041,962)	-
Proprietary Funds	(2,595,138)	(2,595,138)	(2,595,138)	-
Total Other Financing Sources (Uses)	<u>(67,043,355)</u>	<u>(67,605,512)</u>	<u>(67,384,377)</u>	<u>221,135</u>
Net Change in Fund Balance	(57,070,908)	(57,970,908)	(36,253,741)	21,717,167
Fund Balance-Beginning	87,020,097	87,020,097	87,020,097	-
Fund Balance-Ending	<u>\$ 29,949,189</u>	<u>\$ 29,049,189</u>	<u>\$ 50,766,356</u>	<u>\$ 21,717,167</u>

See accompanying note to budgetary comparison schedules and independent auditors' report.

COUNTY OF MAUI
Highway Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 17,550,000	\$ 17,550,000	\$ 20,866,727	\$ 3,316,727
Licenses and permits	13,300,000	13,300,000	17,285,833	3,985,833
Charges for current services	1,900,000	1,900,000	1,920,441	20,441
Other revenues	-	-	3,034	3,034
Total Revenues	32,750,000	32,750,000	40,076,035	7,326,035
EXPENDITURES:				
Current:				
Highways and streets	25,509,166	25,509,166	24,529,318	979,848
Excess of Revenues over Expenditures	7,240,834	7,240,834	15,546,717	8,305,883
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund	75,000	75,000	75,000	-
Special Revenue Funds	10,000	10,000	10,000	-
Capital Improvement Projects Fund	-	-	2,795,755	2,795,755
Other Governmental Funds	340,000	340,000	340,000	-
Transfers out:				
General Fund	(4,929,645)	(4,929,645)	(4,929,645)	-
Capital Improvement Projects Fund	(8,506,736)	(8,506,736)	(8,506,736)	-
Total Other Financing Sources (Uses)	(13,011,381)	(13,011,381)	(10,215,626)	2,795,755
Net Change in Fund Balance	(5,770,547)	(5,770,547)	5,331,091	11,101,638
Fund Balance-Beginning	12,563,731	12,563,731	12,563,731	-
Fund Balance-Ending	\$ 6,793,184	\$ 6,793,184	\$ 17,894,822	\$ 11,101,638

See accompanying note to budgetary comparison schedules and independent auditors' report.

COUNTY OF MAUI
Sewer Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 35,594	\$ 35,594
Charges for current services	41,664,685	41,664,685	47,085,645	5,420,960
Other revenues	55,000	55,000	42,431	(12,569)
Total Revenues	<u>41,719,685</u>	<u>41,719,685</u>	<u>47,163,670</u>	<u>5,443,985</u>
EXPENDITURES:				
Current:				
Sanitation	25,224,931	25,224,931	22,566,229	2,658,702
Excess of Revenues over Expenditures	<u>16,494,754</u>	<u>16,494,754</u>	<u>24,597,441</u>	<u>8,102,687</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Capital Improvement Projects Fund	-	-	711,041	711,041
Other Governmental Funds	400,000	400,000	400,000	-
Transfers out:				
General Fund	(10,515,086)	(10,515,086)	(10,515,087)	(1)
Special Revenue Funds	(10,000)	(10,000)	(10,000)	-
Capital Improvement Projects Fund	(13,388,195)	(13,388,195)	(13,388,195)	-
Other Governmental Funds	(1,992,000)	(1,992,000)	(1,775,994)	216,006
Total Other Financing Sources (Uses)	<u>(25,505,281)</u>	<u>(25,505,281)</u>	<u>(24,578,235)</u>	<u>927,046</u>
Net Change in Fund Balance	(9,010,527)	(9,010,527)	19,206	9,029,733
Fund Balance-Beginning	16,470,800	16,470,800	16,470,800	-
Fund Balance-Ending	<u>\$ 7,460,273</u>	<u>\$ 7,460,273</u>	<u>\$ 16,490,006</u>	<u>\$ 9,029,733</u>

See accompanying note to budgetary comparison schedules and independent auditors' report.

COUNTY OF MAUI

Note to the Budgetary Comparison Schedules June 30, 2012

(1) Summary of Significant Accounting Policies

Budgets and Budgetary Accounting - On or before March 25th, the Mayor submits to the County Council a proposed operating budget and capital program for the fiscal year commencing the following July 1st. Upon submission, the budget and the capital program are available as public records in the Office of the County Clerk for open inspection. A public hearing is held by the County Council between April 1st and 30th in the year of submission. After the public hearing, the County Council shall pass the budget by ordinance with or without amendment on or before June 10th. If the Council fails to do so, the budget, as submitted by the Mayor, is deemed legally enacted as the budget for the ensuing fiscal year.

The classification detail upon which the budget is prepared is by fund, department, activity, and sub-object. Certain departments have specific line-item appropriations within a program. The department heads may make transfers between sub-objects and indexes within an activity (line item).

The detail at which expenditures may not legally exceed appropriations without amendment is at the program level or the specific line-item appropriations as shown in the schedules by fund. Any transfers or increase of an appropriation require the approval of the County Council. Transfers within a department are approved by resolution, and transfers between departments and increases or decreases in appropriations are approved by ordinance. Legally adopted budgets include the General Fund, Highway Fund, Sewer Fund, Grant Fund, Debt Service Fund, Capital Improvement Projects Fund, Liquor Control Fund, Solid Waste Fund, Department of Water Supply, and the Golf Course Special Fund.

Appropriations - By Charter provision, every appropriation, except an appropriation for capital improvement, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered by a written contract. Appropriations for capital improvements shall lapse six months after the close of the fiscal year to the extent that they have not been expended or encumbered by a written contract.

Formal budgetary integration is employed as a management control device during the year. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP basis); except that encumbrances are treated as budgeted expenditures in the year commitments were made. Accordingly, the actual expenditures on a non-GAAP budgetary basis presented in the Required Supplementary Information represent the current year's expenditures as recorded on the modified accrual basis, plus encumbrances at year-end, less expenditures related to amounts encumbered in the prior year. The Required Supplementary Information reflects the budgeted and actual amounts (non-GAAP budgetary basis) for the General Fund and major Special Revenue Funds that have legally adopted annual operating budgets.

COUNTY OF MAUI

**Note to the Budgetary Comparison Schedules
June 30, 2012**

The following is a summary of the adjustments necessary to convert major funds from the GAAP basis to the non-GAAP budgetary basis for the year ended June 30, 2012.

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Sewer Fund</u>
GAAP Basis - Net change in fund balances	\$(14,578,822)	\$ 5,294,362	\$ (595,645)
Less adjustments for revenues (\$129,444), expenditures (\$923,610), and transfers out (\$27,941,082) related to certain funds included in General Fund GAAP basis financial statements, but included in special revenue funds for budgetary purposes (fund perspective difference)	(27,146,916)	-	-
Less encumbrances of budgeted funds June 30, 2012	(16,681,083)	(341,155)	(653,934)
Add encumbrances to budgeted funds July 1, 2011	<u>22,153,080</u>	<u>377,884</u>	<u>1,268,785</u>
Non-GAAP Budgetary Basis - Net change in fund balances	<u><u>\$(36,253,741)</u></u>	<u><u>\$ 5,331,091</u></u>	<u><u>\$ 19,206</u></u>

COUNTY OF MAUI
Schedule of Funding Progress for the EUTF
(Dollars in Thousands)
For the Year Ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ -	\$ 232,885	\$ 232,885	0%	\$ 125,513	186%
July 1, 2009	25,089	382,835	357,746	7%	135,591	264%
July 1, 2011	25,138	369,774	344,636	7%	132,400	260%

See accompanying independent auditors' report.

COUNTY OF MAUI

Other Supplementary Information (See Independent Auditors' Report)

Other Supplementary Information

Liquor Control Fund – The liquor control fund receives revenue from all liquor license fees. Fund revenues are expended for the operation and administration of the Liquor Control Commission, Liquor Control Adjudication Board, and the Department of Liquor Control.

County Funds – These funds were established to account for various County purposes, including animal management, public emergency, and land conservation.

Bikeway Fund – The bikeway fund was established to collect revenue from bicycle licenses. The revenue is expended for bikeway construction and maintenance.

Solid Waste Fund – The solid waste fund was established to receive all refuse collection fees and landfill disposal charges. The fund is used for the operation and maintenance of the County's collections and disposal program as well as for diversion programs such as resource recovery and recycling programs.

Other Assessment Funds – These funds were established to account for special assessments to developers and others for which the funds are to be used for sewer and park improvements in a designated community or district, as well as to account for road assessments.

COUNTY OF MAUI
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	Liquor Control Fund	County Funds	Bikeway Fund	Solid Waste Fund	Other Assessment Funds	Total Non-Major Governmental Funds
ASSETS:						
Equity in pooled cash and investments held in County Treasury	\$ 1,670,924	\$ 23,606,387	\$ 236,844	\$ 12,216,011	\$ 8,942,266	\$ 46,672,432
Trade receivables, net	-	-	-	1,444,022	-	1,444,022
Total Assets	<u>\$ 1,670,924</u>	<u>\$ 23,606,387</u>	<u>\$ 236,844</u>	<u>\$ 13,660,033</u>	<u>\$ 8,942,266</u>	<u>\$ 48,116,454</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Vouchers payable	\$ 14,782	\$ 153,404	\$ -	\$ 395,799	\$ -	\$ 563,985
Accounts payable	-	-	-	691,753	-	691,753
Contract retention payable	-	-	-	5,607	-	5,607
Accrued wages payable	22,518	16,467	-	122,774	-	161,759
Deposits and deferred revenue	-	-	-	719,121	-	719,121
Advanced collections	260,900	-	-	2,109,012	-	2,369,912
Total Liabilities	<u>298,200</u>	<u>169,871</u>	<u>-</u>	<u>4,044,066</u>	<u>-</u>	<u>4,512,137</u>
Fund Balances:						
Restricted	1,372,724	16,720,787	236,844	-	8,942,266	27,272,621
Committed	-	6,715,729	-	9,615,967	-	16,331,696
Total Fund Balances	<u>1,372,724</u>	<u>23,436,516</u>	<u>236,844</u>	<u>9,615,967</u>	<u>8,942,266</u>	<u>43,604,317</u>
Total Liabilities and Fund Balances	<u>\$ 1,670,924</u>	<u>\$ 23,606,387</u>	<u>\$ 236,844</u>	<u>\$ 13,660,033</u>	<u>\$ 8,942,266</u>	<u>\$ 48,116,454</u>

See accompanying independent auditors' report.

COUNTY OF MAUI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2012

	Liquor Control Fund	County Funds	Bikeway Fund	Solid Waste Fund	Other Assessment Funds	Total Non- Major Governmental Funds
REVENUES:						
Licenses and permits	\$ 2,382,299	\$ 123,269	\$ 67,634	\$ -	\$ -	\$ 2,573,202
Charges for current services	-	15	-	13,447,928	-	13,447,943
Fines and forfeitures	-	144,995	-	-	-	144,995
Assessments	-	-	-	-	1,219,288	1,219,288
Other	-	1,948,541	-	85,183	-	2,033,724
Total Revenues	<u>2,382,299</u>	<u>2,216,820</u>	<u>67,634</u>	<u>13,533,111</u>	<u>1,219,288</u>	<u>19,419,152</u>
EXPENDITURES:						
Current:						
General government	-	865,471	-	-	-	865,471
Public safety	-	209,694	-	-	-	209,694
Highways and streets	-	927,024	-	-	-	927,024
Sanitation	-	134	-	17,937,652	-	17,937,786
Social welfare	2,258,381	2,062,406	-	-	-	4,320,787
Culture and Recreation	-	12,480	-	-	-	12,480
Total Expenditures	<u>2,258,381</u>	<u>4,077,209</u>	<u>-</u>	<u>17,937,652</u>	<u>-</u>	<u>24,273,242</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>123,918</u>	<u>(1,860,389)</u>	<u>67,634</u>	<u>(4,404,541)</u>	<u>1,219,288</u>	<u>(4,854,090)</u>
OTHER FINANCING SOURCES (USES):						
Transfers In:						
General Fund	-	4,150,784	-	8,950,096	-	13,100,880
Special Revenue Funds	-	-	-	1,775,994	-	1,775,994
Capital Improvement Projects Fund	-	-	58,812	6	134,643	193,461
Transfers Out:						
General Fund	-	-	-	(5,201,751)	-	(5,201,751)
Special Revenue Funds	-	-	-	(340,000)	(400,000)	(740,000)
Capital Improvement Projects Fund	-	-	(300,000)	(450,000)	-	(750,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,150,784</u>	<u>(241,188)</u>	<u>4,734,345</u>	<u>(265,357)</u>	<u>8,378,584</u>
Net Change in Fund Balances	123,918	2,290,395	(173,554)	329,804	953,931	3,524,494
Fund Balances, Beginning of Year	1,248,806	21,146,121	410,398	9,286,163	7,988,335	40,079,823
Fund Balances, End of Year	<u>\$ 1,372,724</u>	<u>\$ 23,436,516</u>	<u>\$ 236,844</u>	<u>\$ 9,615,967</u>	<u>\$ 8,942,266</u>	<u>\$ 43,604,317</u>

See accompanying independent auditors' report.

COUNTY OF MAUI
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
Refundable Deposits Fund:				
Assets:				
Cash and cash equivalents	\$ 27,409,067	\$ 1,926,275	\$ 1,544,151	\$ 27,791,191
Other current assets	2,152,410	-	476,920	1,675,490
Other non-current assets	132,745	-	-	132,745
Total Assets	<u>\$ 29,694,222</u>	<u>\$ 1,926,275</u>	<u>\$ 2,021,071</u>	<u>\$ 29,599,426</u>
Liabilities:				
Accounts payable	\$ 54,382	\$ 1,309,892	\$ 1,311,676	\$ 52,598
Deposits	29,490,945	1,926,925	2,019,937	29,397,933
Due to State of Hawaii	148,895	-	-	148,895
Total Liabilities	<u>\$ 29,694,222</u>	<u>\$ 3,236,817</u>	<u>\$ 3,331,613</u>	<u>\$ 29,599,426</u>
Liquor Control Fund:				
Assets:				
Cash and cash equivalents	\$ (429)	\$ 271,687	\$ 270,962	\$ 296
Other current assets	989	-	989	-
Total Assets	<u>\$ 560</u>	<u>\$ 271,687</u>	<u>\$ 271,951</u>	<u>\$ 296</u>
Liabilities:				
Accounts payable	\$ 560	\$ 8,902	\$ 9,462	\$ -
Deposits	-	270,698	270,402	296
Total Liabilities	<u>\$ 560</u>	<u>\$ 279,600</u>	<u>\$ 279,864</u>	<u>\$ 296</u>
State Highway Fund:				
Assets:				
Cash and cash equivalents	\$ 552,932	\$ 16,058,423	\$ 15,203,191	\$ 1,408,164
Liabilities:				
Accounts payable	\$ 630	\$ 14,193,116	\$ 14,193,629	\$ 117
Deposits	552,302	16,058,423	15,202,678	1,408,047
Total Liabilities	<u>\$ 552,932</u>	<u>\$ 30,251,539</u>	<u>\$ 29,396,307</u>	<u>\$ 1,408,164</u>
Other Funds:				
Assets:				
Cash and cash equivalents	\$ 10,715,366	\$ 59,966,437	\$ 63,593,430	\$ 7,088,373
Other current assets	500,000	-	-	500,000
Total Assets	<u>\$ 11,215,366</u>	<u>\$ 59,966,437</u>	<u>\$ 63,593,430</u>	<u>\$ 7,588,373</u>
Liabilities:				
Accounts payable	\$ 30,400	\$ 31,368,051	\$ 31,429,801	\$ (31,350)
Deposits	11,184,966	59,757,639	63,322,882	7,619,723
Total Liabilities	<u>\$ 11,215,366</u>	<u>\$ 91,125,690</u>	<u>\$ 94,752,683</u>	<u>\$ 7,588,373</u>
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 38,676,936	\$ 78,222,822	\$ 80,611,734	\$ 36,288,024
Other current assets	2,653,399	-	477,909	2,175,490
Other non-current assets	132,745	-	-	132,745
Total Assets	<u>\$ 41,463,080</u>	<u>\$ 78,222,822</u>	<u>\$ 81,089,643</u>	<u>\$ 38,596,259</u>
Liabilities:				
Accounts payable	\$ 85,972	\$ 46,879,961	\$ 46,944,568	\$ 21,365
Deposits	41,228,213	78,013,685	80,815,899	38,425,999
Due to State of Hawaii	148,895	-	-	148,895
Total Liabilities	<u>\$ 41,463,080</u>	<u>\$ 124,893,646</u>	<u>\$ 127,760,467</u>	<u>\$ 38,596,259</u>

See accompanying independent auditors' report.

COUNTY OF MAUI
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
Debt Service:				
Principal payments	\$ 22,469,067	\$ 22,469,067	\$ 22,469,067	\$ -
Interest and other issuance cost	9,603,841	9,603,841	9,603,841	-
Total Expenditures	<u>32,072,908</u>	<u>32,072,908</u>	<u>32,072,908</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in:				
General Fund	32,072,908	32,072,908	32,072,908	-
Total Other Financing Sources	<u>32,072,908</u>	<u>32,072,908</u>	<u>32,072,908</u>	<u>-</u>
Net Change in Unreserved Fund Balance	-	-	-	-
Fund Balance-Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance-Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Taxes:					
General revenue:					
Real property taxes	\$ 207,539,182	\$ -	\$ 207,539,182	\$ 208,340,634	\$ 801,452
Public Service Company tax	6,000,000	-	6,000,000	9,621,637	3,621,637
Total - General revenue	213,539,182	-	213,539,182	217,962,271	4,423,089
Total - Taxes	213,539,182	-	213,539,182	217,962,271	4,423,089
Licenses and permits:					
General government:					
Business licenses and permits	5,000	-	5,000	23,468	18,468
Other licenses and permits	1,600,000	-	1,600,000	3,209,682	1,609,682
Motor vehicle licenses and fees	3,300,000	-	3,300,000	3,521,658	221,658
Total - General government	4,905,000	-	4,905,000	6,754,808	1,849,808
Total - Licenses and permits	4,905,000	-	4,905,000	6,754,808	1,849,808
Intergovernmental revenues:					
General revenue:					
Federal payment in lieu of taxes	10,853	-	10,853	25,495	14,642
Transient accommodation taxes	17,500,000	-	17,500,000	22,905,917	5,405,917
State payment in lieu of taxes	10,381	-	10,381	-	(10,381)
Total - General revenue	17,521,234	-	17,521,234	22,931,412	5,410,178
Public safety:					
Federal grants passed thru the state	50,000	-	50,000	271	(49,729)

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012
(continued)

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Social welfare:					
Federal grants	16,516	-	16,516	18,000	1,484
 Total - Intergovernmental revenues	17,587,750	-	17,587,750	22,949,683	5,361,933
Charges for current services:					
General government:					
General government	61,742	-	61,742	98,772	37,030
Safety	712,277	-	712,277	1,096,832	384,555
Total - General government	774,019	-	774,019	1,195,604	421,585
Public safety:					
General government	21,258	-	21,258	7,161	(14,097)
Safety	37,723	-	37,723	46,025	8,302
Total - Public safety	58,981	-	58,981	53,186	(5,795)
Social welfare:					
Safety	-	-	-	200	200
Culture and recreation:					
Recreation	302,000	-	302,000	417,491	115,491
Legislative:					
General government	-	-	-	3,448	3,448
 Total - Charges for current services	1,135,000	-	1,135,000	1,669,929	534,929

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012
(continued)

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Fines and forfeitures:					
General government:					
Penalties and interest	1,750,000	-	1,750,000	1,978,724	228,724
Fines	-	-	-	7,775	7,775
Total - General government	1,750,000	-	1,750,000	1,986,499	236,499
 Total - Fines and forfeitures	1,750,000	-	1,750,000	1,986,499	236,499
Interest and investment earnings:					
General revenue:					
Interest on investments	1,600,000	-	1,600,000	1,066,372	(533,628)
General government:					
Rental income	38,400	-	38,400	63,765	25,365
Culture and recreation:					
Rental income	41,600	-	41,600	54,712	13,112
 Total - Interest and investment earnings	1,680,000	-	1,680,000	1,184,849	(495,151)
Other revenues:					
General revenue:					
Miscellaneous general receipts	30,000	-	30,000	(3,760)	(33,760)
General government:					
Miscellaneous income revolving	-	-	-	100	100
Miscellaneous program receipts	570,000	-	570,000	1,360,125	790,125
Total - General government	570,000	-	570,000	1,360,225	790,225
Public safety:					
Miscellaneous program receipts	-	80,000	80,000	175,814	95,814

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012
(continued)

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Social welfare:					
Miscellaneous program receipts	-	-	-	47,053	47,053
Culture and recreation:					
Miscellaneous program receipts	-	-	-	42,795	42,795
Legislative:					
Miscellaneous program receipts	-	-	-	4,855	4,855
Total - Other revenues	600,000	80,000	680,000	1,626,982	946,982
Total General Fund Revenues	\$ 241,196,932	\$ 80,000	\$ 241,276,932	\$ 254,135,021	\$ 12,858,089

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
General government:							
Office of the Mayor:							
Office of Mayor Administration	\$ 122,305	\$ 1,793,764	\$ -	\$ 1,916,069	\$ 1,764,959	\$ 39,705	\$ 111,405
Economic Development	12,495	872,393	-	884,888	862,063	13,809	9,016
Molokai Economic Development & Cultural Agriculture Promotion	57,002	82,900	-	139,902	83,733	54,659	1,510
Aquaculture & Marine Resources	48,925	125,000	-	173,925	121,136	20,661	32,128
Film Industry Promotions	10,874	50,000	-	60,874	15,730	35,143	10,001
Maui County Farm Bureau	37,990	80,000	-	117,990	85,021	29,906	3,063
Maui Economic Development Board	168,254	350,000	-	518,254	451,462	66,391	401
Maui Visitors Bureau	264,049	420,000	-	684,049	499,875	184,169	5
Small Business & High Tech Promo	33,993	3,350,000	-	3,383,993	3,346,185	37,641	167
Maui Arts & Cultural Center	69,228	73,000	-	142,228	107,342	32,148	2,738
Business Research Library	26,350	300,000	-	326,350	296,350	30,000	-
Culture & Arts	34,847	80,000	-	114,847	32,320	80,000	2,527
Aloha Festivals	15,000	-	-	15,000	-	15,000	-
Environmental Protection	6,006	-	-	6,006	-	6,006	-
East Maui Economic Development & Cultural Cultural Restoration	916,337	1,000,000	-	1,916,337	944,167	971,644	526
Paniolo Museum	18,380	35,000	-	53,380	29,761	23,619	-
Agricultural Processing Plant	2,069	-	-	2,069	-	2,069	-
UH Tropical Agricultural & Human Resources	47,666	-	-	47,666	-	47,666	-
Maui Symphony Orchestra	123,646	-	-	123,646	38,386	85,260	-
MEO Bus Development CP Microenterprise	74,308	75,000	-	149,308	71,434	77,874	-
Maui Nui Botanical Gardens	2,004	-	-	2,004	-	2,004	-
Grant - Maui Comm Theater-Iao Improvement	103,103	215,000	-	318,103	225,059	93,044	-
Maui Soil & Water Conservation	8,183	100,000	-	108,183	97,949	10,234	-
Soil & Water Conservation -Molokai	-	50,000	-	50,000	44,296	5,704	-
Watershed Protection	10,000	50,000	-	60,000	60,000	-	-
HFI/USC Film School	12,500	10,000	-	22,500	12,500	10,000	-
	577,565	415,000	-	992,565	597,920	393,527	1,118
	22	-	-	22	-	22	-

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Molokai Livestock Cooperative	15,444	27,000	-	42,444	15,444	27,000	-
Centennial Celebration	11,156	-	-	11,156	-	11,156	-
Filipino Centennial Celebration	2,040	-	-	2,040	-	2,040	-
Maui Redevelopment Agency	-	-	-	-	-	-	-
Lokahi Pacific-Blue Hawaii Bui	23,643	-	-	23,643	-	23,643	-
MCC Nursing & Dental Assistant Program	319,227	252,900	-	572,127	350,375	171,973	49,779
Renewable Energy Programs	68,722	65,000	-	133,722	96,140	37,322	260
Grants Friends of Maui High School	40,196	80,000	-	120,196	62,937	57,259	-
Maui Food Technology	35,295	-	-	35,295	16,081	19,214	-
Special Events Promotion	33,838	-	-	33,838	29,833	2,991	1,014
Maui Eco Dev Brd-Maui HS Program	85,152	45,000	-	130,152	46,560	83,592	-
Aha kukui O Molokai for Canoe	53,872	-	-	53,872	2,521	51,351	-
Grant for Maui Fest	2,367	-	-	2,367	-	2,367	-
MCC Long Term Care Partnership	3,948	-	-	3,948	-	3,948	-
Grant for Heritage Hall	151,984	-	-	151,984	16,115	135,869	-
Ma Ka Hana Ka Ike-OED	-	72,000	-	72,000	72,000	-	-
Maui Aloha Aina	47,000	10,000	-	57,000	46,956	10,000	44
Festivals of Aloha	31,500	31,500	-	63,000	62,970	-	30
Lanai Economic Development & Cultural	28,207	41,000	-	69,207	29,259	39,103	845
Aging With Aloha Coalition	181,875	-	-	181,875	118,505	63,369	1
Sister City Program	2,659	8,000	-	10,659	7,996	2,659	4
E-Tech	24,992	-	-	24,992	-	24,992	-
GASB 34 Compliance	34,806	-	-	34,806	-	34,806	-
Hana Canoe Club Grants/Disbursements	-	5,000	-	5,000	-	5,000	-
Economic Development Initiatives Program	-	221,000	-	221,000	193,173	26,622	1,205
Total Office of the Mayor	4,001,024	10,385,457	-	14,386,481	10,954,513	3,204,181	227,787

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Management:							
Management	29,389	959,044	-	988,433	905,969	76,349	6,115
Molokai Veterans Caring	-	-	200,000	200,000	25,961	174,039	-
County Facilities Security Program	19,005	135,000	-	154,005	146,529	2,947	4,529
Management Information Systems	287,722	2,938,588	-	3,226,310	2,781,427	429,650	15,233
Geographic Information Systems	39,468	449,960	-	489,428	408,318	2,594	78,516
Total Management	375,584	4,482,592	200,000	5,058,176	4,268,204	685,579	104,393
Corporation Counsel:							
Legal Services	5,307	2,654,841	-	2,660,148	2,497,842	72,862	89,444
Finance:							
Administration/Risk Management/Treasury	58,855	1,379,147	-	1,438,002	1,284,025	85,944	68,033
Accounts	29,832	1,359,045	-	1,388,877	1,308,828	24,084	55,965
Purchasing	3,936	421,635	-	425,571	390,907	10,684	23,980
Financial Services	969,897	5,845,289	-	6,815,186	5,645,062	529,037	641,087
CW Service Center-Annual Lease Costs	23,115	447,000	-	470,115	414,982	51,651	3,482
Interfund Fringe Reimbursement	115,217	61,873,290	-	61,988,507	59,704,985	318	2,283,204
Countywide Fringe Benefits	-	(14,968,131)	-	(14,968,131)	(9,389,380)	-	(5,578,751)
Bond Issuance & Debt Services	-	2,832,202	-	2,832,202	25,300	95,000	2,711,902
Insurance & Self Insurance	5,887,976	12,333,353	-	18,221,329	15,681,795	2,539,534	-
Countywide General Costs	47,477	1,244,004	-	1,291,481	834,161	52,090	405,230
Overhead Reimbursement	-	(7,225,646)	-	(7,225,646)	(6,568,169)	-	(657,477)
Total Finance	7,136,305	65,541,188	-	72,677,493	69,332,496	3,388,342	(43,345)
Personnel Services:							
Personnel Services	89,305	1,466,714	-	1,556,019	1,191,948	151,199	212,872

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Planning:							
Planning	471,222	4,316,610	-	4,787,832	3,829,927	559,183	398,722
Development Fee Impact Study	88,165	-	-	88,165	25,808	62,357	-
General Plan Update	613,676	15,000	-	628,676	46,903	574,273	7,500
Wailuku Main St./Tri-Isle Maintenance	43,740	243,000	-	286,740	104,490	182,250	-
Maui Redevelopment Agency	72,903	81,000	-	153,903	85,661	38,822	29,420
Aerial Photography	30,000	-	-	30,000	-	30,000	-
Spatial Growth Model	45,000	-	-	45,000	-	45,000	-
UH-Maui Sea Grant	12,695	78,246	-	90,941	75,062	15,340	539
Pali to Puamana Parkway Project	79,995	-	-	79,995	-	79,995	-
Development Mitigation Fee	37,153	-	-	37,153	21,873	15,280	-
Integrtd Socioeconomic Land Use	75,000	-	-	75,000	37,500	37,500	-
Update Coastal Erosion Rate Maps	100,000	-	-	100,000	50,000	50,000	-
Cultural Resource Management	45,675	25,000	-	70,675	26,219	13,017	31,439
Permit Fee Study	4,201	-	-	4,201	-	4,201	-
Puunene Airport Master Plan Update	40,098	-	-	40,098	19,318	20,780	-
Envrnmntl Assessments-Planning	18,347	-	-	18,347	10,596	7,751	-
Total Planning	1,777,870	4,758,856	-	6,536,726	4,333,357	1,735,749	467,620
Public Works:							
Public Works Administration	772	450,558	-	451,330	429,751	-	21,579
Engineering	3,458	1,751,431	-	1,754,889	1,688,389	2,855	63,645
Special Maintenance	155,681	2,928,981	-	3,084,662	2,565,599	111,841	407,222
Energy Retrofit	435	-	-	435	-	435	-
Development Services Administration	84,254	2,208,035	-	2,292,289	2,201,440	85,161	5,688
Total Public Works	244,600	7,339,005	-	7,583,605	6,885,179	200,292	498,134
Total - General government	13,629,995	96,628,653	200,000	110,458,648	99,463,539	9,438,204	1,556,905

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Public safety:							
Prosecuting Attorney:							
Prosecutors Administration	7,910	807,360	-	815,270	805,148	5,425	4,697
General Prosecution	7,700	4,570,137	(39,840)	4,537,997	4,232,127	7,625	298,245
Total Prosecuting Attorney	15,610	5,377,497	(39,840)	5,353,267	5,037,275	13,050	302,942
Police:							
Police Administration	90,065	4,488,259	-	4,578,324	4,291,275	54,727	232,322
Investigative Service	41,161	8,262,026	-	8,303,187	6,672,980	205,941	1,424,266
Uniformed Patrol Services	890,407	23,356,971	-	24,247,378	22,693,373	824,514	729,491
Technical & Support Services	1,618,613	8,908,945	-	10,527,558	8,103,922	1,491,844	931,792
Total Police	2,640,246	45,016,201	-	47,656,447	41,761,550	2,577,026	3,317,871
Fire and Public Safety:							
Fire Control Administration & Maintenance	4,256	2,061,961	-	2,066,217	1,997,077	10,297	58,843
Fire Control Training	89,380	980,968	-	1,070,348	1,032,009	38,077	262
Fire Rescue Operations	687,359	23,139,873	780,000	24,607,232	23,695,068	522,329	389,835
Fire Prevention	100,938	722,182	-	823,120	780,965	4,716	37,439
Total Fire and Public Safety	881,933	26,904,984	780,000	28,566,917	27,505,119	575,419	486,379
Civil Defense:							
Civil Defense	53,390	745,193	(250,000)	548,583	340,793	52,474	155,316
Total - Public safety	3,591,179	78,043,875	490,160	82,125,214	74,644,737	3,217,969	4,262,508
Highways and streets:							
Transportation:							
Transportation Administration	56,423	969,168	(250,000)	775,591	531,368	234,594	9,629
Dialysis Transportation	92,191	-	-	92,191	92,191	-	-

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
MEO Transportation Services	162,864	-	-	162,864	-	-	162,864
Bus Stop Planning & Design	339	-	-	339	-	339	-
MEO Transportation Services	-	5,461,089	-	5,461,089	5,461,089	-	-
MEO Transit Center	-	250,000	-	250,000	250,000	-	-
Air Ambulance Program	-	672,215	-	672,215	672,215	-	-
Total - Highways and streets	311,817	7,352,472	(250,000)	7,414,289	7,006,863	234,933	172,493
Sanitation:							
Environmental Management:							
Environmental Management Administration	39,231	563,280	-	602,511	552,098	28,884	21,529
Total - Sanitation	39,231	563,280	-	602,511	552,098	28,884	21,529
Social welfare:							
Housing and Human Concerns:							
Housing and Human Concerns Administration	24,725	514,686	-	539,411	529,441	9,091	879
Housing	37,460	639,534	-	676,994	523,692	23,286	130,016
Affordable Rental Housing Program	47,181	725,000	-	772,181	713,106	58,075	1,000
Hale Mahaolu-Homeownership/Housing	10,828	35,000	-	45,828	37,411	8,417	-
First Time Homebuyer's Program	8,320	200,000	-	208,320	187,243	-	21,077
Human Concerns - General	149,641	4,311,975	-	4,461,616	3,997,383	95,205	369,028
Women Helping Women	17,100	171,000	-	188,100	171,000	17,100	-
Early Childhood	1,800	100,000	-	101,800	87,800	14,000	-
Culture & Arts	8,950	64,000	-	72,950	68,700	4,250	-
Substance Abuse	211,650	657,000	-	868,650	746,247	94,244	28,159
E Malama I Na Keiki Preschool	38,250	76,500	-	114,750	107,100	7,650	-
Homelessness Programs	81,800	600,000	-	681,800	629,128	52,300	372
Maui Adult Day Care Center	27,000	270,000	-	297,000	270,000	27,000	-

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
MCC Cooperative Education	-	50,000	-	50,000	45,000	5,000	-
MEO Headstart After School	21,998	219,975	-	241,973	219,975	21,998	-
MEO Headstart Summer	151,200	151,200	-	302,400	151,200	151,200	-
Community Partnership Grants	185,206	1,110,845	-	1,296,051	1,044,393	128,508	123,150
Youth Centers	156,600	1,667,000	-	1,823,600	1,682,941	140,659	-
Youth	9,350	103,988	-	113,338	101,164	12,174	-
Maui Family Support Services	14,250	60,000	-	74,250	67,726	6,000	524
J Walter Cameron Center Expansion	120,000	90,000	-	210,000	201,000	9,000	-
Big Brothers & Sisters	12,365	88,616	-	100,981	87,865	8,862	4,254
Mental Health Association	2,376	23,760	-	26,136	27,396	-	(1,260)
Self Sufficiency	64,000	140,000	-	204,000	143,000	61,000	-
Hana Community Association	4,400	44,000	-	48,400	26,400	22,000	-
MEO Infant Toddler Care	7,928	79,275	-	87,203	79,275	7,928	-
Maui Community Food Bank	30,000	300,000	-	330,000	299,209	30,000	791
Hui Malama Learning Center	41,145	207,000	-	248,145	227,445	20,700	-
Salvation Army	11,700	117,000	-	128,700	117,000	11,700	-
Community Work Day	17,050	140,500	-	157,550	143,500	14,050	-
Maui Farm	20,240	202,400	-	222,640	202,400	20,240	-
Coalition for Drug Free Lanai	17,269	39,600	-	56,869	46,721	6,086	4,062
Lahaina Tutoring Project	540	8,000	-	8,540	7,740	800	-
Volunteer Center Project Graduation	10,000	30,000	-	40,000	30,000	10,000	-
Ohana Makamae	8,550	85,500	-	94,050	85,500	8,550	-
Nisei Veterans Memorial Center	112,060	-	-	112,060	112,060	-	-
Friends of Old Maui HS	6,875	-	-	6,875	-	6,875	-
Lanai Women's Center	3,960	75,600	-	79,560	72,000	7,560	-
Grants/Disability Services - Frail/Elderly	38,250	585,900	(22,317)	601,833	525,767	76,067	(1)
Kansha Preschool	1,320	20,700	-	22,020	19,950	2,070	-
Grant-Best Buddies Program	8,520	58,080	-	66,600	60,792	5,808	-
Grant-American Red Cross	900	9,000	-	9,900	9,000	900	-

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Keiki Kokua	1,760	17,600	-	19,360	17,600	1,760	-
Hawaiian Kamalii Inc.	-	17,600	-	17,600	17,600	-	-
MEO Youth Services	61,600	176,000	-	237,600	220,000	17,600	-
Hale Mahaolu Personal Care Program	13,500	135,000	-	148,500	12,237	135,000	1,263
Maui Disabled Veterans	1,000	-	-	1,000	-	1,000	-
Special Olympics Hawaii Grants	-	25,000	-	25,000	22,500	2,500	-
Hospice Maui Grants/Disbursements	-	250,000	-	250,000	-	250,000	-
Arts Education/Innovative Program	-	400,000	-	400,000	360,000	40,000	-
Animal Management	119,723	1,232,224	-	1,351,947	1,228,725	123,222	-
Total Housing and Human Concerns	1,940,340	16,326,058	(22,317)	18,244,081	15,783,332	1,777,435	683,314
Public Works:							
Special Maintenance	-	94,628	-	94,628	78,811	-	15,817
Total - Social welfare	1,940,340	16,420,686	(22,317)	18,338,709	15,862,143	1,777,435	699,131
Culture and recreation:							
Parks and Recreation:							
Parks and Recreation Administration	13,847	1,059,666	-	1,073,513	1,037,898	27,571	8,044
MCCC Workline	117,000	117,000	-	234,000	117,000	117,000	-
Friends of Moku'ula	75,000	-	-	75,000	-	75,000	-
Lahaina Restoration Foundation	58,655	178,828	-	237,483	200,745	35,910	828
Park Maintenance	696,239	2,979,050	-	3,675,289	3,288,021	387,206	62
Planning & Development	16,701	460,578	-	477,279	445,797	17,410	14,072
Recreation & Support Services	295,373	13,717,176	-	14,012,549	13,874,727	122,900	14,922
PALS	109,285	1,571,884	-	1,681,169	1,115,640	66,715	498,814
Aquatics	320,622	5,521,665	-	5,842,287	5,616,728	178,678	46,881
Total - Culture and recreation	1,702,722	25,605,847	-	27,308,569	25,696,556	1,028,390	583,623

See accompanying independent auditors' report.

COUNTY OF MAUI
General Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Legislative:							
County Council:							
Council services	776,614	5,114,185	-	5,890,799	4,281,433	820,899	788,467
County Clerk:						-	
County Clerk	161,191	1,495,487	-	1,656,678	969,022	134,369	553,287
Total - Legislative	937,805	6,609,672	-	7,547,477	5,250,455	955,268	1,341,754
 Totals for the General Fund	 \$ 22,153,089	 \$ 231,224,485	 \$ 417,843	 \$ 253,795,417	 \$ 228,476,391	 \$ 16,681,083	 \$ 8,637,943

See accompanying independent auditors' report.

COUNTY OF MAUI
Highway Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Taxes:					
General revenue:					
Franchise tax	\$ 8,400,000	\$ -	\$ 8,400,000	\$ 10,428,997	\$ 2,028,997
Fuel tax	9,150,000	-	9,150,000	10,437,730	1,287,730
Total - Taxes	<u>17,550,000</u>	<u>-</u>	<u>17,550,000</u>	<u>20,866,727</u>	<u>3,316,727</u>
Licenses and permits:					
Highways and streets:					
Motor vehicle licenses and fees	13,300,000	-	13,300,000	17,285,833	3,985,833
Charges for current services:					
Highways and streets:					
Public transit bus fare	1,900,000	-	1,900,000	1,920,441	20,441
Other revenues:					
Highways and streets:					
Miscellaneous program receipts	-	-	-	3,034	3,034
Total Highway Fund Revenues	<u>\$ 32,750,000</u>	<u>\$ -</u>	<u>\$ 32,750,000</u>	<u>\$ 40,076,035</u>	<u>\$ 7,326,035</u>

See accompanying independent auditors' report.

COUNTY OF MAUI
Highway Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Highways and Streets:							
Public Works:							
Highway administration	\$ 48,081	\$ 544,956	\$ -	\$ 593,037	\$ 545,820	\$ 46,250	\$ 967
Highway ERS & FICA	-	1,647,829	-	1,647,829	1,084,342	-	563,487
Highway health fund	-	1,198,995	-	1,198,995	1,165,229	-	33,766
Highway admin overhead	-	1,876,203	-	1,876,203	1,746,514	-	129,689
Road/bridge/drain maintenance	155,857	7,997,958	-	8,153,815	7,709,534	194,172	250,109
Traffic signs and marking	101,934	1,255,026	-	1,356,960	1,311,234	44,765	961
Garage services	72,012	2,510,699	-	2,582,711	2,525,874	55,968	869
Total Public Works	377,884	17,031,666	-	17,409,550	16,088,547	341,155	979,848
Transportation:							
Public transit-highway funds	-	6,977,500	-	6,977,500	6,977,500	-	-
Paratransit services - Highway	-	1,500,000	-	1,500,000	1,500,000	-	-
Total Transportation	-	8,477,500	-	8,477,500	8,477,500	-	-
Totals for the Highway Fund	\$ 377,884	\$ 25,509,166	\$ -	\$ 25,887,050	\$ 24,566,047	\$ 341,155	\$ 979,848

See accompanying independent auditors' report.

COUNTY OF MAUI
Sewer Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Licenses and permits:					
Sanitation:					
Other licenses and permits	\$ -	\$ -	\$ -	\$ 35,594	\$ 35,594
Charges for current services:					
Sanitation:					
Waste management	41,664,685	-	41,664,685	47,085,645	5,420,960
Other revenues:					
Sanitation:					
Miscellaneous program receipts	55,000	-	55,000	42,431	(12,569)
Total Sewer Fund Revenues	\$ 41,719,685	\$ -	\$ 41,719,685	\$ 47,163,670	\$ 5,443,985

See accompanying independent auditors' report.

COUNTY OF MAUI
Sewer Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Sanitation:							
Public Works:							
Wastewater debt service	\$ -	\$ -	\$ -	\$ -	\$ 409	\$ -	\$ (409)
Wastewater reclamation	3,986	-	-	3,986	-	3,986	-
Total Public Works	3,986	-	-	3,986	409	3,986	(409)
Environmental Management:							
Wastewater administration	137,113	2,215,466	-	2,352,579	2,072,372	48,365	231,842
Wastewater ERS & FICA	-	1,343,331	-	1,343,331	874,777	-	468,554
Wastewater health fund	-	956,550	-	956,550	939,821	-	16,729
Wastewater admin overhead	-	1,986,880	-	1,986,880	1,755,155	-	231,725
Wastewater reclamation	1,127,686	18,722,704	-	19,850,390	17,538,546	601,583	1,710,261
Total Environmental Management	1,264,799	25,224,931	-	26,489,730	23,180,671	649,948	2,659,111
Totals for the Sewer Fund	\$ 1,268,785	\$ 25,224,931	\$ -	\$ 26,493,716	\$ 23,181,080	\$ 653,934	\$ 2,658,702

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Intergovernmental revenues:					
General government:					
Federal grants	\$ -	\$ 1,979,316	\$ 1,979,316	\$ 2,188,776	\$ 209,460
State grants	-	1,671,320	1,671,320	1,717,364	46,044
Federal grants passed thru the state	-	806,242	806,242	1,377,710	571,468
Total - General government	-	4,456,878	4,456,878	5,283,850	826,972
Public safety:					
Federal grants	-	200,975	200,975	681,973	480,998
State grants	-	1,385,034	1,385,034	1,615,312	230,278
Federal grants passed thru the state	-	2,267,858	2,267,858	2,235,492	(32,366)
Total - Public safety	-	3,853,867	3,853,867	4,532,777	678,910
Highways and streets:					
Federal grants passed thru the state	-	312,947	312,947	1,047,829	734,882
Sanitation:					
State grants	-	(328,845)	(328,845)	220,444	549,289
Total - Sanitation	-	(328,845)	(328,845)	220,444	549,289
Social welfare:					
Federal grants	-	17,876,960	17,876,960	18,127,389	250,429
State grants	-	322,258	322,258	1,186,114	863,856
Federal grants passed thru the state	-	4,279,403	4,279,403	2,855,976	(1,423,427)
Total - Social welfare	-	22,478,621	22,478,621	22,169,479	(309,142)
Culture and recreation:					
Federal grants	-	-	-	8,198	8,198
State grants	-	468,211	468,211	409,737	(58,474)

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012
(continued)

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Federal grants passed thru the state	-	46,947	46,947	68,350	21,403
Total - Culture and recreation	-	515,158	515,158	486,285	(28,873)
Total - Intergovernmental revenues	-	31,288,626	31,288,626	33,740,664	2,452,038
Interest and investment earnings:					
General government:					
Other income	-	15,000	15,000	15,000	-
Public safety:					
Interest on investments	-	78	78	377	299
Social welfare:					
Interest on investments	-	1,927	1,927	10,809	8,882
Total - Interest and investment earnings	-	17,005	17,005	26,186	9,181
Other revenues:					
General government					
Operating contributions	-	-	-	(52)	(52)
Social welfare:					
Miscellaneous income revolving	-	-	-	19,582	19,582
Operating contributions	-	249,149	249,149	53,940	(195,209)
Total - Social welfare	-	249,149	249,149	73,522	(175,627)
Culture and recreation:					
Operating contributions	-	1,680	1,680	61,828	60,148
Total - Other revenues	-	250,829	250,829	135,298	(115,531)
Total Grant Fund Revenues	\$ -	\$ 31,556,460	\$ 31,556,460	\$ 33,902,148	\$ 2,345,688

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
General Government:						
Office of the Mayor:						
Molokai Rescue Boat	\$ 50	\$ (50)	\$ -	\$ -	\$ -	\$ -
Kaunakakai Pumper Apparatus	366,891	-	366,891	366,891	-	-
CDBG Program Admin FY2010	13,694	(1,243)	12,451	-	-	12,451
ARRA09 Easter Seals HI Facility Rehab	103,595	-	103,595	-	-	103,595
Energy Efficiency/Conservation Blck Grt	244,680	14,060	258,740	209,789	23,333	25,618
Workforce Investment Act (DLIR)	-	36	36	36	-	-
Workforce Investment Act PY09-Youth	15,766	(1,318)	14,448	14,448	-	-
Workforce Investment Act PY09-Adult	5,699	(1,097)	4,602	4,602	-	-
HTA Product Enrichment Program 10 BT10-06	4,759	-	4,759	2,000	-	2,759
Workforce Investment PY09-dslctd wrkr	12,390	-	12,390	-	12,390	-
Hale Makua Wailuku Security System	87,499	-	87,499	87,499	-	-
Hale Makua Kahului Security System	111,499	-	111,499	97,702	-	13,797
Lanai Landfill D6 Bulldozer	6,253	(3)	6,250	6,250	-	-
Hana Police Station Rehabilitation	80,000	-	80,000	79,533	250	217
Solar Photovoltaic Installation	129,875	-	129,875	129,875	-	-
Kaunakakai Pumper Apparatus	331,405	-	331,405	331,405	-	-
CDBG Program Admin FY2011	64,861	9	64,870	9,877	-	54,993
HTA Product Enrichment Program 11 BT10-06	288,076	-	288,076	245,074	3,915	39,087
Workforce Investment Act (WIA)	93,904	(112,845)	(18,941)	(18,941)	-	-
Wailuku Cultural Festivals HTA	2,500	-	2,500	-	-	2,500
Workforce Investment Act PY10-Youth	218,425	-	218,425	206,720	-	11,705
Workforce Investment Act PY10-Adult	154,406	-	154,406	138,563	5,043	10,800
Workforce Investment Act PY10-Admin	83,588	-	83,588	80,304	-	3,284
Workforce Investment PY10-dslctd wrkr	237,088	-	237,088	216,838	8,031	12,219
ARRA09 St Energy Sctr Training Grt	430,717	-	430,717	270,824	27,203	132,690
MPD Emergency Response Vehicle Hana	-	55,000	55,000	103	-	54,897
Emergency Gnrtr-Wakiu Wellhana	-	55,458	55,458	-	55,458	-
Hale Maunaloa Construction Mol kai	-	350,000	350,000	-	350,000	-
Ka Hale A Ke Ola Rehabilitation/Imprv	-	531,900	531,900	269,308	262,592	-

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Photovoltaic MFSS Wailuku Weinbrg	-	283,300	283,300	232,427	50,873	-
CDBG Program Admin FY2012	-	318,914	318,914	286,609	6,134	26,171
Food and Energy Security Project	-	71,811	71,811	-	-	71,811
HTA Product Enrichment FY2012	-	400,000	400,000	117,658	128,660	153,682
Workforce Investment Act (WIA) PY01	96,642	(77,701)	18,941	18,941	-	-
Molokai Youth Opportunity - DOL	275,608	-	275,608	-	-	275,608
Workforce Investment Act PY11-Youth	-	312,811	312,811	21,202	267,972	23,637
Workforce Investment Act PY11-Adult	-	310,077	310,077	137,748	130,455	41,874
Workforce Investment Act PY11-Admin	-	111,360	111,360	77,649	-	33,711
Workforce Investment PY11-dslctd wrkr	-	379,368	379,368	147,000	201,746	30,622
ADA Wheelchair Ramp FY2003	32,126	-	32,126	-	-	32,126
Workforce Investment Act (WIA) PY02	427,378	-	427,378	-	-	427,378
Workforce Investment Act (PY03)	1,186,653	-	1,186,653	-	-	1,186,653
Molokai Youth Opprtunity-DOL 2004	12,364	-	12,364	-	-	12,364
BGCM Building Design/West	900	-	900	-	-	900
Lanai Community Health Center-rprg	16,544	-	16,544	-	16,544	-
HTA Product Enrichment Program 05	1,180	-	1,180	-	-	1,180
HDOT Maui's Shattered Dreams	36,500	-	36,500	-	-	36,500
Molokai Youth Opprtunity 05 DOL	(70,035)	70,665	630	-	-	630
Hale Mahaolu Ehiku Sr Ctr Cons	-	-	-	-	16,581	(16,581)
Kaunakakai Pumper Apparatus	12,339	-	12,339	12,339	-	-
Coqui Frog Eradication Act 51 SLH 04	4	-	4	-	-	4
HTA Product Enrichment Program 06	14,653	-	14,653	-	-	14,653
Housing Rehab Loan Project Inc	-	15,000	15,000	15,000	-	-
Emergency Generator Project	-	31,887	31,887	-	31,887	-
ADA Accessibility Improvement	56,662	(56,662)	-	-	-	-
Kaunakakai Pumper Apparatus	11,706	-	11,706	11,706	-	-
HTA Product Enrichment Program 08	(16,713)	16,713	-	-	-	-
HTA City Other Product Development Program 08	27,500	-	27,500	-	-	27,500
Hana Nutrition Center Construction	30,000	-	30,000	30,000	-	-

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Lanai Community Health Center Facility	25,818	-	25,818	19,804	6,014	-
Ka Hale A Ke Ola Resource Center Rehab	-	-	-	-	-	-
ADA Accessibility Improvements	6,329	(6,329)	-	-	-	-
Lanai Community Health Center Predv-rprg	13,456	-	13,456	-	13,456	-
Kaunakakai Pumper Apparatus	7,660	-	7,660	7,660	-	-
Project Impact BDRC FEMA	2,651	-	2,651	-	-	2,651
Storms 12/4-7/07 FEMA#1743	108,764	-	108,764	76,148	-	32,616
HTA Product Enrichment Program 09 BT0705	(12,006)	12,006	-	-	-	-
ARRA09 Workforce Investment Act-Admin	12,706	-	12,706	12,657	49	-
HTA City Other Product Development Program 09	(15,000)	15,000	-	-	-	-
ARRA09 Workforce Investment Act-dsltd wrkr	-	(551)	(551)	(551)	-	-
Hazard Mitigation Kula Ag Park	207,750	-	207,750	22,461	-	185,289
Total Office of the Mayor	<u>5,597,759</u>	<u>3,097,576</u>	<u>8,695,335</u>	<u>3,995,158</u>	<u>1,618,586</u>	<u>3,081,591</u>
Management:						
Energy Emergency Planning	4,575	-	4,575	-	-	4,575
Finance:						
State Motor Vehicle Program FY10	60,972	-	60,972	-	-	60,972
Periodic Motor Vehicle Inspection FY10	43,159	-	43,159	-	-	43,159
Commercial Driver's License Program FY10	67,129	-	67,129	-	-	67,129
State Motor Vehicle Program FY11	89,868	-	89,868	-	-	89,868
PMVI Program FY11	86,336	-	86,336	880	-	85,456
Commercial Driver's License Program FY11	115,152	-	115,152	612	2,538	112,002
State Motor Vehicle Reg Program FY12	-	276,870	276,870	230,808	-	46,062
Periodic Motor Vehicle Inspection FY12	-	453,387	453,387	408,705	-	44,682
Commercial Driver's License Program FY12	-	490,977	490,977	390,673	-	100,304
State Motor Vehicle Program FY09	10,833	-	10,833	-	-	10,833
Commercial Driver's License Program FY09	8,540	-	8,540	-	-	8,540
Total Finance	<u>481,989</u>	<u>1,221,234</u>	<u>1,703,223</u>	<u>1,031,678</u>	<u>2,538</u>	<u>669,007</u>

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Planning:						
EDA Economic Adjustment Assistance	1,200,000	-	1,200,000	-	-	1,200,000
Coastal Zone Management FY10	138,414	-	138,414	-	-	138,414
Coastal Zone Management ST/HI FY10	77,605	-	77,605	-	-	77,605
Private Donation - Planning - Hutaff	2,800	-	2,800	(52)	-	2,852
Coastal Zone Management #47363	12,537	-	12,537	-	-	12,537
Coastal Zone Management FY11	177,347	-	177,347	-	-	177,347
Coastal Zone Management FY02	-	344,688	344,688	173,673	-	171,015
Coastal Zone Management FY02/03 DBEDT	51,827	-	51,827	-	-	51,827
Coastal Zone Management FY03/04 DBEDT	40,598	-	40,598	-	-	40,598
Clg Historic Preservation 05	47,354	(47,354)	-	-	-	-
Clg Historic Preservation 1996/97	18,404	(18,404)	-	-	-	-
Coastal Zone Management FY06/07	16,243	-	16,243	-	-	16,243
Clg Historic Preservation FY08	182	-	182	-	182	-
Coastal Zone Management FY08 B08014	44,292	-	44,292	-	-	44,292
Clg Historic Preservation 97/8	3,094	-	3,094	-	-	3,094
Coastal Zone Management FY09	929	-	929	-	-	929
Total Planning	<u>1,831,626</u>	<u>278,930</u>	<u>2,110,556</u>	<u>173,621</u>	<u>182</u>	<u>1,936,753</u>
Public Works:						
Bridge Inspection/App BR-NBIS #44	148,002	11,807	159,809	81,107	76,500	2,202
FHWA Projects State Reviews	54,541	-	54,541	17,234	-	37,307
Total Public Works	<u>202,543</u>	<u>11,807</u>	<u>214,350</u>	<u>98,341</u>	<u>76,500</u>	<u>39,509</u>
Total - General government	<u>8,118,492</u>	<u>4,609,547</u>	<u>12,728,039</u>	<u>5,298,798</u>	<u>1,697,806</u>	<u>5,731,435</u>
Public safety:						
Prosecuting Attorney:						
Food Stamp Fraud Program State	-	1,238	1,238	1,238	-	-
Domestic Violence Vawa 08WF02	(947)	947	-	-	-	-

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
E Byrne Memorial Grant 2009DJBX0290	87,481	63	87,544	-	-	87,544
ARRA09 E Byrne Memorial Jag	114,324	-	114,324	114,324	-	-
ARRA09 Voca Program 2009 09SG01	3,177	-	3,177	3,177	-	-
Defendant/Witness Trial Program 10	79,599	-	79,599	-	-	79,599
Victim/Witness Assistance Program 11	-	2,120	2,120	-	-	2,120
HI Career Criminal Prosecution Program 11	1,594	4,157	5,751	1,594	-	4,157
Special Needs Advocacy Program 08VA01	90,109	-	90,109	90,109	-	-
Domestic Violence Vawa	50,015	-	50,015	50,015	-	-
E Byrne Memorial/Police ARRA	248,823	18,101	266,924	65,706	-	201,218
Prosecutors Training - DOT Highway Safety	541	-	541	-	-	541
Digital Forensic Evidence Child Exploitation	1,156	-	1,156	-	-	1,156
SW Basic Trial Advocacy Training	3,858	(3,858)	-	-	-	-
Defendant/Witness Trial Program 11	97,533	-	97,533	-	-	97,533
Prosecuting Attorney Asset Forfeiture-ST11	1,086	-	1,086	-	-	1,086
Victim/Witness Assistance Program 12	-	47,972	47,972	47,972	-	-
Career Criminal Prosecution Program 12	-	145,256	145,256	144,570	-	686
Special Needs Advocacy Program	-	266,253	266,253	177,921	45,350	42,982
E Byrne Memorial 2011 DJBX2095	-	61,827	61,827	60,355	-	1,472
Domestic Violence Investigation	-	68,959	68,959	31,252	-	37,707
E Byrne Memorial Jag Sexual Assault	-	145,465	145,465	42,427	-	103,038
Defendant/Witness Trial Program 12	-	170,000	170,000	98,883	-	71,117
Pros Atty Asset Fortfres St 12	-	50,000	50,000	46,962	-	3,038
Victim Witness Books	2,433	-	2,433	-	-	2,433
E Byrne Memorial 2008BX0507	20,693	15	20,708	20,708	-	-
Total Prosecuting Attorney	801,475	978,515	1,779,990	997,213	45,350	737,427
Police:						
Vawa/Better Investigation Training 08WF10	30,381	(23,139)	7,242	7,242	-	-
State e911 Wireless Commission 10	36,141	-	36,141	35,141	-	1,000
ARRA09 E Byrne Memorial Assistance	34,052	(17,399)	16,653	-	-	16,653

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
D.A.R.E. (DOE) FY10 MOA DO413#5	520	-	520	-	-	520
HI Data 2010 G 10HI0003A	101	-	101	101	-	-
State e911 Wireless Commission 11	472,301	(344,163)	128,138	128,138	-	-
LLE Block Grant 2010-DJBX0448	43,959	-	43,959	21,883	-	22,076
Neighborhood Crime Watch 08DJS1	46,901	(3,561)	43,340	43,340	-	-
MPD Traffic Data TR1103(04M01)	53,409	(51,304)	2,105	2,105	-	-
Juvenile Acct Incentive DHS 01	40,679	-	40,679	-	-	40,679
Juvenile/Accountability/Incentive/Blk/Gt	30,483	5,000	35,483	35,483	-	-
DOH Tobacco Sales-Minors 11-08	607	5,000	5,607	2,789	-	2,818
MPD Roadblock Program FY11	115,302	(27,227)	88,075	88,075	-	-
MPD Speed Enforcement SC1106(01M03)	53,941	(2,328)	51,613	51,613	-	-
Maui Child Passenger Safety	9,424	-	9,424	-	-	9,424
MPD Child Restraint Program FY11	42,945	(33,441)	9,504	9,504	-	-
MPD Traffic Services FY11	23,355	(14,263)	9,092	9,092	-	-
MPD Seatbelt 11 OP11-05(01M03)	72,259	(40,208)	32,051	32,051	-	-
Cops Hiring Program	1,638,576	-	1,638,576	363,659	-	1,274,917
Data Programming Software	54,000	(3,134)	50,866	50,866	-	-
911 EMS DOH#10-11 MOD#1	42,658	(42,658)	-	-	-	-
Cops Technology Grant USDJ	9,088	-	9,088	-	1,981	7,107
SW Marijuana Eradication TF09DJ07	36,025	-	36,025	30,327	1,817	3,881
DEA Cannabis DEA-LOA 2011-74	117,827	(4,773)	113,054	113,054	-	-
Youth Gang DHS-2000-OYS-8048	5,360	-	5,360	-	-	5,360
Safe and Drug Free Schools #2 DHS	24,740	-	24,740	-	-	24,740
Training Grants - SOH Various FY11	8,670	-	8,670	(781)	-	9,451
Hawaii Narcotics Task Force 09-DJ-08	58,550	-	58,550	46,539	-	12,011
HIDTA 2011 G11HI0003A	17,574	30,402	47,976	18,622	-	29,354
Vawa/Violent Crimes Against Wo	-	16,731	16,731	2,454	-	14,277
LLE Block Grant 2001 -LB-BX1458	78	-	78	-	-	78
State e911 Wireless Commission 12	-	992,100	992,100	771,999	290	219,811
FY12 MPD Traffic Data	-	62,480	62,480	2,877	-	59,603

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
MPD Roadblock Program-AL02-02	31,252	-	31,252	-	-	31,252
Alcohol Sales to Minor 11-12	-	8,000	8,000	3,127	-	4,873
Juvenile Act/Inc BG DHS-2-OYS-1160a	22,872	-	22,872	-	-	22,872
Juvenile Act/Inc BG DHS-2-OYS-1160b	14,496	-	14,496	-	-	14,496
Juvenile Acct Incentive Block	-	31,433	31,433	5,443	-	25,990
FY12 MPD Distracted Driving	-	44,163	44,163	10,515	-	33,648
FY12 MPD Roadblock Program	-	204,126	204,126	144,995	-	59,131
FY12 MPD Speed Enforcement	-	86,994	86,994	42,860	-	44,134
Prohibiting Alcohol Sales to Minors	-	8,000	8,000	-	-	8,000
Maui Safe Community Speed SC02-06(03)	10,383	-	10,383	-	-	10,383
Keiki Injury Protection Cltn/02-05	9,195	-	9,195	-	-	9,195
Maui Seat Belt Enforcement OP02-05	13,092	-	13,092	-	-	13,092
MPD Child Restraint Program FY12	-	63,100	63,100	8,380	900	53,820
MPD Traffic Services FY12	-	38,000	38,000	5,410	-	32,590
FY12 MPD Seatbelt Enforcement	-	123,591	123,591	51,134	-	72,457
Federal Equity/Sharing Forfeiture Policy	12,449	-	12,449	-	-	12,449
911 Emergency Medical FY02	18,719	-	18,719	-	-	18,719
911 EMS DOH#10-100 MOD#1	-	376,866	376,866	297,965	-	78,901
Clandestine Lab Response Team 00DB18	10,449	-	10,449	-	-	10,449
Cops in School Award	38,462	-	38,462	-	-	38,462
S/W Marijuana Eradication #01-DB-4	9,132	-	9,132	-	-	9,132
Marijuana Eradication DEA 2002	1,035	-	1,035	-	-	1,035
Domestic Cannabis DEA	-	100,000	100,000	43,878	-	56,122
Training Grants-SOH FY12	-	85,390	85,390	31,895	750	52,745
Safe/Drug Free Schools #3 DHS	2,246	-	2,246	-	-	2,246
D.A.R.E Program (DOE) 02 #18475	491	-	491	-	-	491
Training Grants - SOH Various	119,826	-	119,826	(41,320)	-	161,146
High Intensity Drug Trafficking	-	52,245	52,245	-	-	52,245
DOH ADAD Tobacco Sales - Minors	9,353	-	9,353	-	-	9,353
MPD Roadblock Program AL030202M03	2,567	-	2,567	-	-	2,567

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Juvenile Act/Incentive BG Project # P.O.I.	7,191	-	7,191	-	-	7,191
Juvenile Act/Incentive BG Proj #Comp Stra	2,004	-	2,004	-	-	2,004
Maui Safe Community Speed SC03-06	1,580	-	1,580	(130)	-	1,710
Maui Speed Enforcement SC030601M03	387	-	387	-	-	387
MPD Data Records TR03-03(02M01)	2,337	-	2,337	-	-	2,337
Keiki Injury Protection OP03-05(03)	10,195	-	10,195	-	-	10,195
MPD Seatbelt Program OP03-05(01M)	45,056	-	45,056	-	-	45,056
MPD Reconstructionist PT 030203M01	2,481	-	2,481	-	-	2,481
Federal Equity/Sharing Forfeiture Policy	145	-	145	-	-	145
Clandstine Lab Response 02-DB-10	10,453	-	10,453	-	-	10,453
G.R.E.A.T. (ATF) ATC#020139	3,609	(2,121)	1,488	1,488	-	-
National Incident Based Report System 03	269,957	(270,275)	(318)	(318)	-	-
Public Housing Drug Elimination RSS0301	40,000	-	40,000	-	-	40,000
Safe/Drug Free Schools #4 DHS	34,157	(27,043)	7,114	7,114	-	-
HI Intragency Mobile Police 02	2,507	-	2,507	-	-	2,507
DOH-ADAD Tobacco Sales - Minors	11,216	-	11,216	-	-	11,216
MPD Roadblock Program #A104-02-01M03	81,134	-	81,134	(34)	-	81,168
Juvenile Activity Incentive B/G Proj # P.O.I.	8,198	(8,289)	(91)	(91)	-	-
Maui Safe Community/Bike Safety	7,852	(5,698)	2,154	2,154	-	-
Juvenile Activity Incentive B/G Graduated Sanction	3,000	(3,000)	-	-	-	-
DOH-ADAD Tobacco Sales - Minors	8,899	-	8,899	-	-	8,899
MPD Speed Enforcement Wailuku	1,238	-	1,238	-	-	1,238
MPD Traffic Data - DOT FY 04	1,348	-	1,348	-	-	1,348
Keiki Injury Protection OP 04-05 (03)	9,595	-	9,595	-	-	9,595
MPD Reconstructionist #PT04-01(03ML)	12,470	-	12,470	-	-	12,470
Police Forfeitures	9,175	-	9,175	-	-	9,175
911 EMS DOH 04 Log #04-337	5,868	-	5,868	-	-	5,868
Electronic Exploitation of Children	5,212	-	5,212	5,212	-	-
National Highways - Seatbelt Demo Program	35,783	(24,680)	11,103	11,103	-	-
Analytical Equipment and Info Mgmt. Systems	48	-	48	-	-	48

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
S/W Marijuana Eradication #03-DB-1	1,999	-	1,999	1,999	-	-
Lahaina Speed Program #SC04-0602M01	29,071	-	29,071	-	-	29,071
Police Against Street Sales	2,766	(3,217)	(451)	(451)	-	-
G.R.E.A.T. (ATF) ATC#03000169	27,646	(22,580)	5,066	5,066	-	-
Marijuana Eradication DEA 2003-51	3,754	-	3,754	-	-	3,754
Domestic Cannabis DEA 2004-53	16,492	-	16,492	-	-	16,492
MPD Traffic Data - DOT FY 05	2,339	-	2,339	-	-	2,339
Juvenile Activity Incentive BG DHS-05-OYS 2153	7,958	-	7,958	1,452	-	6,506
Juvenile Activity Incentive BG Graduated Sanction	9,175	-	9,175	-	-	9,175
MPD Road Block Program FY 05 DOT	112,739	-	112,739	31,507	-	81,232
MPD Speed Enforcement SC 05-06	2,410	-	2,410	-	-	2,410
MPD Seatbelt Program #OP05-05	5,613	-	5,613	-	-	5,613
MPD Reconstructionist #SC05-06 (02ML)	13,131	-	13,131	-	-	13,131
MPD Traffic Investigation PT 05	39	-	39	-	-	39
HI Cops Meth Grant 04-CK-02	8,141	-	8,141	6,987	-	1,154
Electronic Exploitation of Children	8,873	-	8,873	(4,296)	-	13,169
Police Against Street Sales 05	15,221	-	15,221	15,221	-	-
G.R.E.A.T. ATF 2004 JV FX 0133	7,100	-	7,100	(805)	-	7,905
Interdiction - Stolen Property	70,549	(71,138)	(589)	(589)	-	-
Domestic Cannabis DEA 2005-60	2,002	-	2,002	(4,350)	-	6,352
SW Narcotics Task Force 03DB16	3,102	-	3,102	2,866	-	236
HI Interagency Mobile Police 03	4,423	-	4,423	-	-	4,423
DOH Alcohol Sales to Minors 06	12,200	-	12,200	-	-	12,200
MPD Roadblock Program #A106-02-01M03	27,564	(27,906)	(342)	(342)	-	-
Federal Police Forfeitures	1,621	-	1,621	-	-	1,621
Electronic Exploitation of Children 03DB26	44	-	44	(4)	-	48
SW Marijuana Eradication Task Force	1,824	-	1,824	-	-	1,824
Police Against Street Sales 06	995	-	995	-	-	995
Gang Detail/2nd Chance DHS06OYS3	3,653	-	3,653	-	-	3,653
PSAP Wireless E-911 Nextel	8,042	-	8,042	-	-	8,042

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
State e911 Wireless Commssn 07	235,097	-	235,097	-	-	235,097
Juvenile/Act/Bg DHS07-OYS-4108 FY07	3,810	-	3,810	(65)	-	3,875
MPD Sch Resource Officers Program 07-08	2,766	-	2,766	-	-	2,766
SW Juvenile Information System	16,822	-	16,822	-	-	16,822
Gang Detail/2nd Chance DHS06OYS3	43,004	-	43,004	-	-	43,004
SW Narcotics Task Force 04DB24	18,758	-	18,758	-	-	18,758
Domestic Violence Victims 02WF17	20,450	-	20,450	-	-	20,450
Organized Crime Drug Enforcement Task Force	10,000	-	10,000	-	-	10,000
State e911 Wireless Commission 09	320,018	-	320,018	-	-	320,018
MPD Child Restraint Program FY09	5,982	-	5,982	-	-	5,982
Forfeitures Police State	888	-	888	-	-	888
Federal Try Police Forfeitures	525	-	525	-	-	525
Federal Justice Police Forfeitures	1,222	315,531	316,753	287,451	-	29,302
SW Narcotics Task Force 98-DB-6	6,459	-	6,459	-	-	6,459
Wailea Speed Enforcement	3,996	-	3,996	-	-	3,996
Total Police	5,179,303	1,575,607	6,754,910	2,838,600	5,738	3,910,572
 Fire and Public Safety:						
Volunteer Fire Assistance DLNR10	180	-	180	-	-	180
EMS (Fire) Training (PVT) IAAI	276	-	276	-	-	276
Fire/LEPC (DOH) HMEP	4,090	32,992	37,082	3,226	14,970	18,886
Hazardous Materials (HMEP) Grant 10	7,895	-	7,895	-	-	7,895
Volunteer Fire Assistance DLNR11	73,802	-	73,802	72,369	-	1,433
MFD Equipment Purchase EMOL-04	163	-	163	-	-	163
Hazardous Materials (HMEP) Grant 11	148,393	-	148,393	775	-	147,618
Volunteer Fire Assistance FY12	-	96,458	96,458	28,410	13,458	54,590
NHTSA MFD TC Struck Kit Grant	-	29,280	29,280	29,280	-	-
FEMA-1967-Dr-Hi-Tsunami MFD	-	16,631	16,631	-	-	16,631
HMEP Hazardous Materials Em	-	25,000	25,000	2,466	-	22,534
MFD Equipment Purchase/CPS Program	3,847	-	3,847	-	-	3,847

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
FEMA Fire Optrns/Fire Fighter Safety	28,330	-	28,330	-	-	28,330
Wellness/Fitness Fire Act Grant	12,711	-	12,711	-	1,000	11,711
Fire Safety HSE -EMW2003 FP 01732	3,452	-	3,452	-	-	3,452
Fire Inoperablity Grant FE 15141	96	-	96	-	-	96
Fire Fighter Voice Operation Comm System	19,819	-	19,819	-	-	19,819
Walmart Foundation Donation - Fire	2	-	2	-	-	2
Fireman's Fund Insurance Co	167	-	167	-	-	167
USDA Rural 1st Responder Lanai	9,083	-	9,083	-	-	9,083
USDA Rural 1st Responder Molokai	3,548	-	3,548	-	-	3,548
Olowalu Fire FEMA-2701-HI-FM	138,570	-	138,570	-	-	138,570
Fire Training Grant (Chevron)	1,540	-	1,540	-	-	1,540
Fire Fighters Charitable Foundation	250	-	250	-	-	250
FEMA Fire Training Funds	23,407	-	23,407	15,651	-	7,756
Total Fire and Public Safety	479,621	200,361	679,982	152,177	29,428	498,377
 Civil Defense:						
FY09 Law Enforcement Terrorism Prevention	397,651	-	397,651	320,246	21,718	55,687
FY09 Citizen Corps Program	26,544	-	26,544	6,795	1,240	18,509
FY09 State Homeland Security	105,276	250,000	355,276	45,933	2,128	307,215
Intropubl Emergency Comm	22,293	-	22,293	160	-	22,133
FY10 Citizens Corp Program	24,979	-	24,979	1,402	-	23,577
FY10 State Homeland Security	767,950	200,000	967,950	204,942	240,286	522,722
National Oceanic Atmospheric Admin Award	8,168	-	8,168	5,000	-	3,168
Emergency Management Perf Grant FY11	-	83,000	83,000	-	-	83,000
FY11 Statewide Outreach/CCP	-	24,925	24,925	-	-	24,925
FY11 State Homeland Security	-	498,008	498,008	-	15,521	482,487
Disaster Preparedness Train	-	20,000	20,000	43	366	19,591
FY04 State Homeland Security	83,447	(83,447)	-	-	-	-
FY05 State Homeland Security	50,703	-	50,703	-	-	50,703
FY05 Citizen Corps Program	16,793	-	16,793	-	-	16,793

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
FY06 State Homeland Security	215,486	-	215,486	-	523	214,963
FY06 Citizen Corps Program	917	-	917	-	-	917
FY07 State Homeland Security	225,048	-	225,048	-	12,031	213,017
FY07 Law Enforcement Terrorism Prevention	50,894	-	50,894	-	-	50,894
FY08 Citizen Corps Program	109	-	109	-	-	109
FY08 Law Enforcement Terrorism Prevention	10,433	-	10,433	-	-	10,433
FY08 State Homeland Security	139,029	-	139,029	483	-	138,546
Total Civil Defense	<u>2,145,720</u>	<u>992,486</u>	<u>3,138,206</u>	<u>585,004</u>	<u>293,813</u>	<u>2,259,389</u>
Total - Public safety	<u>8,606,119</u>	<u>3,746,969</u>	<u>12,353,088</u>	<u>4,572,994</u>	<u>374,329</u>	<u>7,405,765</u>
Highways and streets:						
Public Works:						
Kiholo Bay Earthquake 10/15/06	-	8,460	8,460	8,460	-	-
Transportation:						
Federal Trns Adm#5311 FY09	288	-	288	-	-	288
FTA Rural Trnst Assistance Program 09	10,710	-	10,710	-	-	10,710
FTA #5309 FY 2010 Bus & Facilities	1,907,133	1,224,799	3,131,932	1,181,607	52,280	1,898,045
FTA Rural Trnst Assistance Program 10	10,855	-	10,855	9,534	-	1,321
Federal Trans Adm #5311 FY12	-	288,615	288,615	-	288,615	-
FTA Rural Trnst Assistance Program 12	-	20,000	20,000	4,192	-	15,808
Rural Transit Assistance Program FY04	10,041	-	10,041	1,130	-	8,911
FTA SEC #5309 Bus & Bus-Rel Alctn	22,495	-	22,495	-	-	22,495
FTA #5309 Bus Program HI030039 FY06	3,670	-	3,670	3,670	-	-
Rural Transit Assistance Program FY06	33,965	-	33,965	6,709	-	27,256
Federal Trns Adm #5311 #HI-18-X025	217,286	-	217,286	-	-	217,286
FTA #5309 Bus Program FY07	2,458	-	2,458	1,580	-	878
FTA Rural Transit Assistance Program 07	-	4,332	4,332	666	-	3,666
FTA #5309 Bus Program FY06	72,081	-	72,081	72,000	-	81

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
FTA Rural Transit Assistance HI18X26	15,561	-	15,561	-	-	15,561
Federal Trans Adm #5311 FY08	17,348	-	17,348	6,887	-	10,461
FTA Rural Trnst Assistance Program 08	10,230	-	10,230	1,395	-	8,835
Total Transportation	<u>2,334,121</u>	<u>1,537,746</u>	<u>3,871,867</u>	<u>1,289,370</u>	<u>340,895</u>	<u>2,241,602</u>
Total - Highways and streets	<u>2,334,121</u>	<u>1,546,206</u>	<u>3,880,327</u>	<u>1,297,830</u>	<u>340,895</u>	<u>2,241,602</u>
Sanitation:						
Public Works:						
EPA Seaweed Removal #XC979229010	15,236	-	15,236	-	-	15,236
Environmental Management:						
Glass Recovery Program 99/00	461	-	461	461	-	-
Paint Exchange Program	664	-	664	664	-	-
EPA Maalaea Offshore Study	31	-	31	-	-	31
Used Oil Recovery FY10 06-145#8	433	(11,942)	(11,509)	(11,509)	-	-
Glass Recovery Program YO-013	368	-	368	368	-	-
Glass Recovery DOH ASO#11-005	33,154	3,250	36,404	33,154	3,250	-
Used Oil Recovery 06145#10	27,240	3,234	30,474	27,896	1,158	1,420
Glass Recovery DOH ASO#11-005-1	-	141,600	141,600	112,944	28,656	-
Used Oil Recovery 06145#10	-	48,000	48,000	14,043	4,144	29,813
Tire Recovery Program-DOH #02-229	23,711	(15,921)	7,790	7,790	-	-
Glass Recovery Program ASO #04-016-1	1,436	1,347	2,783	2,783	-	-
Deposit Beverage Container Program DOH	8,237	10,130	18,367	18,367	-	-
Deposit Beverage Container DOH MOL	11,824	-	11,824	-	-	11,824
Glass Recovery Program ASO 04-016-2	2,877	1,312	4,189	4,189	-	-
HI Deposit Beverage Container Program-DOH6	5,232	259	5,491	5,491	-	-
Deposit Beverage Container DOH MOL06	123,795	-	123,795	-	-	123,795
Used Oil Recovery ASO # 06-145	469	9,130	9,599	9,599	-	-
Glass Recovery DOH 04-016/3	-	49	49	49	-	-

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
HI Deposit Beverage Container 07-DOH	473,458	(470,282)	3,176	3,176	-	-
Used Oil Recovery 07 ASO 06145 #2	422	(12,345)	(11,923)	(12,262)	339	-
Glass Recovery DOH 08-030	4,406	40,724	45,130	40,724	4,406	-
Used Oil Recovery 08 ASO 06145 #5	1,354	-	1,354	(77,029)	91	78,292
Glass Recovery DOH ASO #08-030	31,585	127,202	158,787	127,202	2,982	28,603
Used Oil Recovery Program 09 #06145	4,670	-	4,670	(87,656)	2,025	90,301
Total Environmental Management	<u>755,827</u>	<u>(124,253)</u>	<u>631,574</u>	<u>220,444</u>	<u>47,051</u>	<u>364,079</u>
Total - Sanitation	<u>771,063</u>	<u>(124,253)</u>	<u>646,810</u>	<u>220,444</u>	<u>47,051</u>	<u>379,315</u>

Social welfare:

Housing and Human Concerns:

HI Strategic Prevention Framework	94,510	(93,813)	697	697	-	-
HI Strategic Prevention Framework PII	160	-	160	160	-	-
USDA Rural Bus Ent FY10	18,963	-	18,963	-	18,963	-
Home Administration Expense (98)	18,859	-	18,859	-	6,000	12,859
Hospital Discharge Planning Grant	51,081	-	51,081	25,391	20,548	5,142
Aging/Disablty Resource Center 2010n	805	-	805	282	-	523
Aging/Disablty Resource Center ST/HI	10,796	-	10,796	7,444	3,298	54
Hawaii Comm Living 2010.11n	20,963	-	20,963	16,327	-	4,636
Aging Title III DHHS FY10 MA 32010n	41,619	(44,044)	(2,425)	(2,425)	-	-
Elder Abuse Related Services Program	7,101	243	7,344	7,344	-	-
Aging State POS 99/00	1,031	-	1,031	-	-	1,031
EOA/DOH MA-KC-FB 10-11a	4,059	-	4,059	3,659	400	-
Congregate Meals FY10	5,688	750	6,438	6,438	-	-
Home FY09 Kahawai Apt	11,510	-	11,510	4,316	7,194	-
Home FY09 Administration	85,000	-	85,000	11,115	-	73,885
Home Delivered Meals FY10	96,258	-	96,258	96,258	-	-
Senior Center Activities 99/00	6,000	(6,000)	-	-	-	-
Miscellaneous Leisure FY10	112,332	-	112,332	112,332	-	-

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Aging Assisted Transportation	31	-	31	31	-	-
Assisted Transportation SH KC 10	65,826	(32,771)	33,055	33,055	-	-
Section 8 Housing Voucher FY10	64,691	-	64,691	-	-	64,691
Section 8 Housing Voucher Admin FY10	(40,275)	49,981	9,706	-	9,706	-
Hawaii Strategic Framework PH11	961,379	(81,374)	880,005	662,462	67,209	150,334
Hawaii Mental Health Transform Sig	-	24,000	24,000	-	-	24,000
West Maui Community/Service Center	100	-	100	-	100	-
Home Reprogrammed Funds	8,747	-	8,747	-	-	8,747
Hospital Discharge Planning Grant	53,213	-	53,213	10,512	15,000	27,701
Aging/Disability Resource Center 2010n	18,795	-	18,795	2,300	-	16,495
RSVP 2011 09SRPHI1001#5	50,311	-	50,311	50,199	82	30
Hawaii Comm Living 2010.11n	29,182	-	29,182	-	-	29,182
ARRA09 Healthy Aging Partnership	83	13,060	13,143	8,605	105	4,433
Aging Title III DHHS FY11 MA-201103	431,854	(53,051)	378,803	279,721	63,591	35,491
Elder Abuse Related Services FY11	42,708	-	42,708	12,795	5,814	24,099
NSIP (Older American Act FY11)	93,271	(93,271)	-	-	-	-
Aging Title III SH POS 00/01	20,459	-	20,459	-	-	20,459
EOA/DOH MA-KC-FB 2010-11a FY11	517,080	(130,363)	386,717	379,798	4,070	2,849
Congregate Meals FY11	238,393	(209,958)	28,435	28,435	-	-
Home FY10 Kahawai Apt	362,387	-	362,387	-	362,387	-
Home FY10 Administration	85,000	-	85,000	-	-	85,000
Home Delivered Meals FY11	109,677	-	109,677	18,604	-	91,073
Miscellaneous Leisure Activities FY11	74,509	-	74,509	29,760	1,875	42,874
Assisted Transportation SH KC FY11	39,890	(38,762)	1,128	1,128	-	-
I and A Outreach Aging 00/01	597	-	597	-	-	597
Home RPGM02 CHDO LP Kenolio	44,299	-	44,299	-	44,299	-
Childcare/Development DHSS	6,807	(31,467)	(24,660)	(24,660)	-	-
Section 8 Housing Voucher FY11	(27,539)	27,539	-	(6,392)	-	6,392
Section 8 Housing Voucher Administration FY11	225,009	-	225,009	12,542	1,124	211,343
Home Rpgm Pi CHDO Mmshh1 Cnstr	-	8,747	8,747	-	8,747	-

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Hospital Discharge Planning Grant	-	53,213	53,213	-	-	53,213
Aging/Disability Resource Center 2010n	-	19,428	19,428	6,273	-	13,155
RSVP 2012 12SRPHI002 Yr 1 of 3	-	65,850	65,850	12,509	-	53,341
ARRA09 Healthy Aging Partnership	-	22,900	22,900	15,114	-	7,786
Aging Title III DHHS 01/02	20,074	-	20,074	-	-	20,074
Aging Title III DHHS FY12 MA201203	-	617,397	617,397	264,745	48,745	303,907
NSIP Nutritional Services Incentive	-	29,210	29,210	-	-	29,210
Mental Health Transform Grant	-	24,000	24,000	-	-	24,000
Aging EOA/DOH Kupuna Care FY12	-	589,355	589,355	417,150	45,828	126,377
Congregate Meals FY12	-	390,034	390,034	321,350	-	68,684
Home Delivery Meals - NSIP FY12	-	87,360	87,360	87,360	-	-
Congregate Meals - NSIP FY12	-	87,360	87,360	87,360	-	-
FY12 Maui Tenant Based Rental	-	300,000	300,000	-	-	300,000
Home FY09 CHDO Grant Hfh Khwai	-	328,231	328,231	-	328,231	-
Home FY07 CHDO Grant Hfh Khwai	-	750,000	750,000	-	750,000	-
Home FY09 CHDO Mmshh2 Cnst	-	151,769	151,769	-	-	151,769
Home FY08 CHDO Mmshh1 Cnst	-	78,534	78,534	-	78,534	-
Home FY08 CHDO Mmshh2 Cnst	-	71,466	71,466	-	-	71,466
Home FY06 CHDO Grant Hfh Khwai	-	750,347	750,347	-	750,347	-
Home FY10 CHDO Mmshh2 Cnst	-	152,186	152,186	-	-	152,186
Home FY06 CHDO Mmshh1 Cnst	-	73,235	73,235	68,944	4,291	-
Home FY07 CHDO Mmshh1 Cnstr	-	150,000	150,000	92,867	57,133	-
Home Delivered Meal FY12	-	275,351	275,351	183,835	-	91,516
Home Delivered Meals Private Donation	-	75,653	75,653	47,532	-	28,121
Congregate Meals Private Donation	-	135,961	135,961	(16,849)	-	152,810
Home FY10 Com Tenant Based Ra	-	750,280	750,280	-	-	750,280
Home FY10 CHDO Mmshh2 Cnst	-	150,056	150,056	-	-	150,056
Home FY10 Administration	-	75,028	75,028	-	-	75,028
Miscellaneous Leisure FY12	-	104,107	104,107	19,702	-	84,405
Assisted Transportation SH KC FY12	-	174,578	174,578	133,254	-	41,324

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Home Delivered Meals - State	-	39,902	39,902	-	23,800	16,102
Child Care/Development DHS-02-BESS	15,062	-	15,062	-	-	15,062
Section 8 Housing Voucher FY12	-	16,789,214	16,789,214	16,730,802	-	58,412
Section 8 Housing Voucher Administration FY12	-	1,339,498	1,339,498	1,224,718	9,073	105,707
Aging title III SH POS 02/03	9,747	-	9,747	-	-	9,747
Childcare Development-DHS02-BESS1184	3,978	-	3,978	-	-	3,978
Maui Traffic Safety Program - DOT	4,872	-	4,872	4,872	-	-
Aging Title III-B 95	-	(3,215)	(3,215)	(3,215)	-	-
Aging Title III DHHS FY 04/05	18,210	-	18,210	18,210	-	-
Aging Title III-B State 95	-	(2,616)	(2,616)	(2,616)	-	-
Aging EOA MA - 2004/2005-2(a)	20,283	-	20,283	-	-	20,283
Maui Traffic Safety - DOT AL 05-02	366	-	366	-	-	366
Home Delivered Meals FY 04	200,896	-	200,896	-	-	200,896
Assisted Transportation SH POS FY05	2,407	12,479	14,886	14,886	-	-
Aging Title III DHHS FY06	19,535	-	19,535	19,535	-	-
Aging Title III-B State 96	-	-	-	-	-	-
Home FY 04 Administration	7,500	-	7,500	-	7,500	-
Home FY 04 Additional Program	35,633	(17,000)	18,633	-	-	18,633
Home FY04 CHDO LP Kenolio	45,534	-	45,534	45,534	-	-
Home CHDO Mahcdc Mmshhi Ea	-	17,000	17,000	17,000	-	-
Home Delivered Meals FY06	3,977	-	3,977	-	-	3,977
Assisted Transportation SH POS FY06	(13,937)	13,937	-	-	-	-
Grassroots Community Antidrug Section #14	105,000	-	105,000	105,000	-	-
Community Based Substance Abuse Prevention	5,000	-	5,000	5,000	-	-
RSVP 2007 06SR PH I 003	865	(865)	-	-	-	-
Aging Title III DHHS FY07	32,967	-	32,967	-	-	32,967
Title V Local Delinquency Prevention	66,404	-	66,404	-	-	66,404
Congregate Meals FY07	127	52,657	52,784	52,784	-	-
Home Delivered Meals FY07	20,455	33,664	54,119	-	-	54,119
Miscellaneous Leisure Activity FY07	7,116	-	7,116	-	-	7,116

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Grassroots Community Antidrug Act 160	100,000	-	100,000	100,000	-	-
Community Based Substance Abuse Prevention	43,750	-	43,750	43,750	-	-
Section 8 Family Self Sufficient	49,706	97,522	147,228	71,172	-	76,056
Aging TIII DHHS FY08 MA-2008N	58,982	(134,472)	(75,490)	(77,282)	1,792	-
Aging EOA/DOH MA-KC-2008-09(a)	1	-	1	-	1	-
Congregate Meals ns-3-98-11	138	-	138	138	-	-
Congregate Meals FY08	37,734	55,469	93,203	93,203	-	-
Home FY05 CHDO LP Kenolio	4,692	-	4,692	4,692	-	-
Home FY05 Additional Program	21,554	-	21,554	-	-	21,554
Home FY07 CHDO Grant LP Waiehu	750,000	-	750,000	-	-	750,000
Home FY07 Administration	7,234	-	7,234	5,650	1,584	-
Home FY07 Additional Program	10,755	-	10,755	-	-	10,755
Home FY06 CHDO Grant LP Waiehu	750,347	-	750,347	-	-	750,347
Home FY06 Administration	4,992	-	4,992	-	4,992	-
Home FY06 Additional Program	10,755	-	10,755	-	-	10,755
Home rpgm chdo lp k'lio l'lani	34,835	-	34,835	23,864	10,971	-
Home FY06 CHDO LP Kenolio	150,070	-	150,070	-	76,835	73,235
Home FY07 CHDO LP Kenolio	150,000	-	150,000	-	-	150,000
Home Delivered Meals FY08	5,306	53,888	59,194	59,194	-	-
Miscellaneous Leisure Activity FY08	52,677	-	52,677	52,677	-	-
Assisted Transportation SH POS08	37,279	29,594	66,873	-	-	66,873
Start Living Healthy FY09	52,291	(52,472)	(181)	(181)	-	-
Aging TIII DHHS FY09 MA-2009N	72,805	(72,805)	-	-	-	-
EOA/DOH MA-KC-2008-09(a)	5	-	5	5	-	-
Congregate Meals FY09	24,089	(16,054)	8,035	8,035	-	-
Home FY08 CHDO LP Honokawai	150,000	-	150,000	-	-	150,000
Home FY08 Administration	74,852	-	74,852	72,093	378	2,381
Home FY08 Additional Program	4,346	-	4,346	-	-	4,346
Home Delivered Meals FY09	54,892	2,335	57,227	57,227	-	-
Miscellaneous Leisure Activity FY09	39,940	(39,940)	-	-	-	-

See accompanying independent auditors' report.

COUNTY OF MAUI
Grant Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012
(continued)

Department and Appropriation	Balances Forwarded	Appropriations and Amendments	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation
Assisted Transportation SH KC 09	11,598	30,067	41,665	-	-	41,665
Section 8 Housing Assistance Payments (HAP)-NRA	263,345	(248,447)	14,898	-	-	14,898
Section 8 Housing Assistance Payments (Admin)-NRA	29,727	400,315	430,042	-	-	430,042
Total Housing and Human Concerns	<u>7,753,987</u>	<u>24,221,990</u>	<u>31,975,977</u>	<u>22,276,126</u>	<u>2,840,547</u>	<u>6,859,304</u>
Total Social welfare	<u>7,753,987</u>	<u>24,221,990</u>	<u>31,975,977</u>	<u>22,276,126</u>	<u>2,840,547</u>	<u>6,859,304</u>
Culture and recreation:						
Parks and Recreation:						
Playground Equipment One Alii Park-USDA	71,326	-	71,326	8,198	38,308	24,820
Mitchell Pauole Center USDA Grant	60,799	-	60,799	-	-	60,799
National Park Service Land Water Conservation	450,000	-	450,000	21,403	-	428,597
ST/HI WM STD M PA SYS SLH2010	145,000	-	145,000	-	-	145,000
2010 USTA Wheelchair Tennis Grant	7,634	-	7,634	1,634	-	6,000
NRPA/USOC Kayaking Grant	2,501	-	2,501	2,501	-	-
Summer PALS Food Service DOE FY12	-	46,947	46,947	46,947	-	-
SH Lifeguard Services FY12	-	406,469	406,469	399,526	-	6,943
ST/HI Nahiku Community Center	-	250,000	250,000	-	-	250,000
Adaptive Tennis Program	-	1,680	1,680	-	-	1,680
Playground Sites/Structure/Equipment	185,230	-	185,230	57,693	19,562	107,975
Binhi At-Ani Community Center-DAGS06	261,781	-	261,781	10,211	251,570	-
SH Makena Lifeguard Services BLNR	188,258	(188,258)	-	-	-	-
Total Parks and Recreation	<u>1,372,529</u>	<u>516,838</u>	<u>1,889,367</u>	<u>548,113</u>	<u>309,440</u>	<u>1,031,814</u>
Total Culture and recreation	<u>1,372,529</u>	<u>516,838</u>	<u>1,889,367</u>	<u>548,113</u>	<u>309,440</u>	<u>1,031,814</u>
Totals for Grant Fund	<u>\$ 28,956,311</u>	<u>\$ 34,517,297</u>	<u>\$ 63,473,608</u>	<u>\$ 34,214,305</u>	<u>\$ 5,610,068</u>	<u>\$ 23,649,235</u>

See accompanying independent auditors' report.

COUNTY OF MAUI
Solid Waste Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Charges for current services:					
Sanitation:					
Refuse	\$ 5,000,000	\$ -	\$ 5,000,000	\$ 5,418,497	\$ 418,497
Landfill disposal fee	7,000,000	-	7,000,000	8,029,431	1,029,431
Total - Charges for current services	12,000,000	-	12,000,000	13,447,928	1,447,928
Other revenues:					
Sanitation:					
Miscellaneous program receipts	-	-	-	85,183	85,183
Total Solid Waste Fund Revenues	\$ 12,000,000	\$ -	\$ 12,000,000	\$ 13,533,111	\$ 1,533,111

See accompanying independent auditors' report.

COUNTY OF MAUI
Solid Waste Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Sanitation:							
Environmental Management:							
Solid waste administration	\$ 10,314	\$ 893,238	\$ -	\$ 903,552	\$ 835,017	\$ 39,995	\$ 28,540
Solid waste ERS & FICA	-	947,857	-	947,857	686,970	-	260,887
Solid waste health fund	-	753,773	-	753,773	738,398	-	15,375
Solid waste admin overhead	-	1,785,942	-	1,785,942	1,704,144	-	81,798
Solidwaste operations	2,588,185	14,479,043	440,000	17,507,228	13,589,258	3,830,656	87,314
Abandoned vehicle scrap metal	144,899	511,890	-	656,789	383,865	198,664	74,260
Total Environmental Management	2,743,398	19,371,743	440,000	22,555,141	17,937,652	4,069,315	548,174
Totals for the Solid Waste Fund	\$ 2,743,398	\$ 19,371,743	\$ 440,000	\$ 22,555,141	\$ 17,937,652	\$ 4,069,315	\$ 548,174

See accompanying independent auditors' report.

COUNTY OF MAUI
Liquor Control Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Licenses and permits:					
Social welfare:					
Business licenses and permits	\$ 2,188,123	\$ -	\$ 2,188,123	\$ 2,382,299	\$ 194,176
Total Liquor Control Fund Revenues	\$ 2,188,123	\$ -	\$ 2,188,123	\$ 2,382,299	\$ 194,176

See accompanying independent auditors' report.

COUNTY OF MAUI
Liquor Control Fund
Schedule of Appropriations, Expenditures, and Encumbrances
For the Year Ended June 30, 2012

Department and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Lapsed Appropriations
Social welfare:							
Liquor Control:							
Liquor control general	\$ 7,043	\$ 1,896,528	\$ -	\$ 1,903,571	\$ 1,491,507	\$ -	\$ 412,064
Liquor admin overhead charges	-	988,616	-	988,616	766,874	-	221,742
Totals for the Liquor Control Fund	\$ 7,043	\$ 2,885,144	\$ -	\$ 2,892,187	\$ 2,258,381	\$ -	\$ 633,806

See accompanying independent auditors' report.

COUNTY OF MAUI
Capital Improvement Projects Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2012

Source of Revenues	Original Estimate	Amendments and Transfers	Final Estimate	Actual Revenues	Revenues Over or (Under) Estimate
Intergovernmental revenues:					
Capital improvement projects:					
Federal grants	\$ -	\$ -	\$ -	\$ 888,880	\$ 888,880
Federal grants passed through the state	7,518,137	2,334,171	9,852,308	10,422,025	569,717
Total - Intergovernmental revenues	7,518,137	2,334,171	9,852,308	11,310,905	1,458,597
Interest and investment earnings:					
General revenue:					
Interest on investments	-	-	-	116	116
Capital improvement projects:					
Interest on investments	-	-	-	75,661	75,661
Total - Interest and investment earnings	-	-	-	75,777	75,777
Other revenues:					
Capital improvement projects:					
Capital contributions	-	-	-	-	-
Total Capital Improvement Projects Fund Revenues	\$ 7,518,137	\$ 2,334,171	\$ 9,852,308	\$ 11,386,682	\$ 1,534,374

See accompanying independent auditors' report.

COUNTY OF MAUI
Capital Improvement Projects Fund
Schedule of Appropriations, Expenditures, and Encumbrances
by Program
For the Year ended June 30, 2012

Program and Appropriation	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation	Lapsed Appropriations
Drainage	\$ 7,337,919	\$ 2,984,721	\$ -	\$ 10,322,640	\$ 1,900,508	\$ 7,805,929	\$ 616,203	\$ 126,926
Government facilities	32,892,759	39,047,930	-	71,940,689	18,212,431	29,184,187	24,544,071	114,928
Parks and recreation	4,389,903	2,849,368	-	7,239,271	3,558,586	2,289,244	1,391,441	135,264
Economic development	257,501	-	-	257,501	63,299	194,201	1	-
Roads	38,425,917	21,810,366	-	60,236,283	19,627,595	22,819,791	17,788,897	2,841,031
Solid waste facilities	1,803,676	531,677	-	2,335,353	1,051,140	1,210,122	74,091	6
Wastewater facilities	28,810,092	23,279,825	-	52,089,917	13,562,773	16,270,871	22,256,273	4,411,709
Totals	\$ 113,917,767	\$ 90,503,887	\$ -	\$ 204,421,654	\$ 57,976,332	\$ 79,774,345	\$ 66,670,977	\$ 7,629,864

See accompanying independent auditors' report.

COUNTY OF MAUI
Capital Improvement Projects Fund
Schedule of Appropriations, Expenditures, and Encumbrances
by Fund
For the Year Ended June 30, 2012

Fund and Appropriations	Balances Forwarded	Appropriations	Transfers and Additions	Total	Expenditures	Reserves and Encumbrances	Unexpended Appropriation	Lapsed Appropriations
General Fund CIP	\$ 5,798,395	\$ 12,389,308	\$ -	\$ 18,187,703	\$ 4,243,932	\$ 3,585,363	\$ 10,358,408	\$ 48,181
Highway Fund CIP	15,777,297	8,506,736	-	24,284,033	8,968,323	9,163,063	6,152,647	2,795,755
Wastewater Fund CIP	7,009,447	13,388,195	-	20,397,642	4,893,942	6,238,098	9,265,602	711,041
Bikeway Fund CIP	788,854	300,000	-	1,088,854	120,878	705,372	262,604	58,812
Solid Waste Fund CIP	376,812	450,000	-	826,812	196,153	556,568	74,091	6
Golf Fund CIP	-	200,000	-	200,000	-	-	200,000	-
Parks Assessments CIP	1,784,365	-	-	1,784,365	1,127,185	522,537	134,643	134,642
Federal CIP Grants	1,933,799	14,825	-	1,948,624	888,880	531,640	528,104	-
State CIP Grants	115	-	-	115	-	-	115	-
State CIP Grants - DOT	10,284,763	14,473,152	-	24,757,915	5,992,531	10,686,233	8,079,151	-
American Recovery Act 2009	6,484,449	-	-	6,484,449	3,049,526	1,158,399	2,276,524	-
Private CIP Contributions	1,510,973	-	-	1,510,973	-	-	1,510,973	-
State CIP Loans	10,686,132	9,290,000	-	19,976,132	2,269,668	4,750,797	12,955,667	3,665,667
Federal Loan - USDA	-	17,000,000	-	17,000,000	42,596	7,826,833	9,130,571	-
Lapsed Bond Projects	1,331,403	5,522,692	-	6,854,095	435,830	895,574	5,522,691	-
1993(G) GO Bond Issue	1,196	-	-	1,196	-	1,196	-	-
1995 GO Bond Issue	21,060	-	-	21,060	21,060	-	-	-
1996 GO Bond Issue	24,268	-	-	24,268	24,268	-	-	-
1998 GO Bond Issue	233,273	-	-	233,273	69,340	163,933	-	-
2000 GO Bond Issue	30,269	-	-	30,269	-	30,269	-	-
2001 GO Bond Issue	58,851	-	-	58,851	-	58,851	-	-
2002 GO Bond Issue	25,344	-	-	25,344	-	25,344	-	-
2005 ABC GO Bond Issue	29,331	-	-	29,331	-	29,331	-	-
2006 ABC GO Bond Issue	2,129,453	-	-	2,129,453	2,085,507	43,946	-	-
2008 GO Bond Issue	4,462,611	-	-	4,462,611	383,157	3,946,497	132,957	132,957
2010B GO Bond Issue Tax Exempt	12,292,261	-	-	12,292,261	7,190,801	5,026,843	74,617	74,616
2010A GO Bond Issue Taxable	9,948	-	-	9,948	-	9,948	-	-
2012 Proposed GO Bond	30,833,098	8,968,979	-	39,802,077	15,972,755	23,817,710	11,612	8,187
Totals	\$ 113,917,767	\$ 90,503,887	\$ -	\$ 204,421,654	\$ 57,976,332	\$ 79,774,345	\$ 66,670,977	\$ 7,629,864

See accompanying independent auditors' report.

COUNTY OF MAUI
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Type
June 30, 2012 and 2011

	2012	2011
Governmental funds capital assets:		
Land	\$ 140,598,266	\$ 138,235,495
Buildings and systems	119,187,204	97,625,316
Improvements other than buildings	130,351,398	124,003,477
Machinery and equipment	110,951,566	108,125,152
Infrastructure	956,312,705	938,410,009
Construction in progress	51,305,126	52,079,278
Accumulated depreciation	(892,557,255)	(856,411,710)
Total governmental funds capital assets	\$ 616,149,010	\$ 602,067,017

See accompanying independent auditors' report.

COUNTY OF MAUI
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Department
June 30, 2012

Function and Department	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Accumulated Depreciation	Total
General government:								
Office of the Mayor	\$ 13,013,208	\$ 2,082,602	\$ 1,750,027	\$ 52,131	\$ -	\$ 50,695	\$ (806,376)	\$ 16,142,287
Management	-	1,075,286	-	2,125,762	-	-	(1,726,571)	1,474,477
Corporation Counsel	-	-	-	60,758	-	-	(58,963)	1,795
Finance	-	845,180	-	913,149	-	-	(1,140,611)	617,718
Planning	-	-	-	652,850	-	979,050	(588,645)	1,043,255
Parks and Recreation	2,893,700	306,300	-	-	-	-	(70,194)	3,129,806
Public Works	12,987,221	13,513,169	9,425,285	1,149,934	-	827,710	(19,442,480)	18,460,839
Total General government	28,894,129	17,822,537	11,175,312	4,954,584	-	1,857,455	(23,833,840)	40,870,177
Public safety:								
Management	-	-	-	-	-	29,936	-	29,936
Prosecuting Attorney	-	-	-	263,272	-	-	(254,288)	8,984
Police	1,318,642	17,130,825	4,763,175	27,149,661	-	9,682,362	(32,203,365)	27,841,300
Fire and Public Safety	1,186,759	36,069,289	892,498	19,033,620	-	2,102,688	(30,555,422)	28,729,432
Civil Defense	-	-	-	428,149	-	290,517	(400,040)	318,626
Public Works	-	-	-	6,886	-	-	(6,886)	-
Total Public safety	2,505,401	53,200,114	5,655,673	46,881,588	-	12,105,503	(63,420,001)	56,928,278
Highways and streets:								
Public Works	58,347,430	-	643,822	15,596,651	517,526,889	16,281,655	(438,946,930)	169,449,517
Transportation	-	-	-	7,774,525	-	-	(6,116,457)	1,658,068
Total Highways and streets	58,347,430	-	643,822	23,371,176	517,526,889	16,281,655	(445,063,387)	171,107,585
Sanitation:								
Environmental Management	4,231,746	714,711	-	25,545,093	438,785,816	17,769,395	(262,858,588)	224,188,173
Social welfare:								
Liquor Control	-	-	-	449,610	-	-	(330,342)	119,268
Housing and Human Concerns	3,855,202	14,455,693	983,124	1,203,908	-	791,513	(9,253,622)	12,035,818
Total Social welfare	3,855,202	14,455,693	983,124	1,653,518	-	791,513	(9,583,964)	12,155,086
Culture and recreation:								
Parks and Recreation	42,764,358	32,994,149	111,893,467	8,413,494	-	2,499,605	(87,691,362)	110,873,711
Legislative:								
County Council	-	-	-	108,117	-	-	(82,117)	26,000
County Clerk	-	-	-	23,996	-	-	(23,996)	-
Total Legislative	-	-	-	132,113	-	-	(106,113)	26,000
Capital assets used by governmental funds	\$ 140,598,266	\$ 119,187,204	\$ 130,351,398	\$ 110,951,566	\$ 956,312,705	\$ 51,305,126	\$ (892,557,255)	\$ 616,149,010

See accompanying independent auditors' report.

COUNTY OF MAUI
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Department
For the Year Ended June 30, 2012

Function and Department	Governmental Capital Assets July 1, 2011	Additions	Deductions	Governmental Capital Assets June 30, 2012
General government:				
Office of the Mayor	\$ 16,994,824	\$ 8,110	\$ (54,271)	\$ 16,948,663
Management	2,994,674	206,374	-	3,201,048
Corporation Counsel	60,758	-	-	60,758
Finance	1,678,017	101,359	(21,047)	1,758,329
Planning	920,698	727,572	(16,370)	1,631,900
Parks and Recreation	3,200,000	-	-	3,200,000
Public Works	37,594,279	744,383	(435,343)	37,903,319
Total General government	<u>63,443,250</u>	<u>1,787,798</u>	<u>(527,031)</u>	<u>64,704,017</u>
Public safety:				
Management	-	29,936	-	29,936
Prosecuting Attorney	263,272	-	-	263,272
Police	53,776,408	9,488,510	(3,220,253)	60,044,665
Fire and Public Safety	51,773,930	7,892,989	(382,065)	59,284,854
Civil Defense	814,973	-	(96,307)	718,666
Public Works	6,886	-	-	6,886
Total Public safety	<u>106,635,469</u>	<u>17,411,435</u>	<u>(3,698,625)</u>	<u>120,348,279</u>
Highways and streets:				
Public Works	590,689,391	19,980,630	(2,273,574)	608,396,447
Transportation	8,169,343	432,745	(827,563)	7,774,525
Total Highways and streets	<u>598,858,734</u>	<u>20,413,375</u>	<u>(3,101,137)</u>	<u>616,170,972</u>
Sanitation:				
Environmental Management	473,138,840	14,956,335	(1,048,414)	487,046,761
Social welfare:				
Liquor Control	398,011	68,630	(17,031)	449,610
Housing and Human Concerns	20,835,300	528,220	(74,080)	21,289,440
Total Social welfare	<u>21,233,311</u>	<u>596,850</u>	<u>(91,111)</u>	<u>21,739,050</u>
Culture and recreation:				
Parks and Recreation	195,030,813	4,379,468	(845,208)	198,565,073
Legislative:				
County Council	114,314	6,711	(12,908)	108,117
County Clerk	23,996	-	-	23,996
Total Legislative	<u>138,310</u>	<u>6,711</u>	<u>(12,908)</u>	<u>132,113</u>
Cost of capital assets used by governmental funds	1,458,478,727	59,551,972	(9,324,434)	1,508,706,265
Less accumulated depreciation	(856,411,710)	(40,176,623)	4,031,078	(892,557,255)
Capital assets net of accumulated depreciation	<u>\$ 602,067,017</u>	<u>\$ 19,375,349</u>	<u>\$ (5,293,356)</u>	<u>\$ 616,149,010</u>

See accompanying independent auditors' report.

COUNTY OF MAUI

Statistical Section (Unaudited) (See Independent Auditors' Report)

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for use in evaluating the information contained with the basic financial statements, notes to the basic financial statements, and required supplementary information with the goal of providing the user a better understanding of the County's economic condition.

Contents	Tables
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1-5
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	6-8
Debt Capacity These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	9-11
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	12-14
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's basic financial statements relates to the services the County provides and the activities it performs.	15-16

Table 1
COUNTY OF MAUI
Net Assets By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars Expressed in Thousands)
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 270,822	\$ 279,902	\$ 260,620	\$ 284,331	\$ 276,942	\$ 287,157	\$ 343,638	\$ 371,411	\$ 361,022	\$ 395,526
Restricted	53,134	35,927	57,951	64,401	122,451	91,444	76,825	83,950	91,162	71,585
Unrestricted	(24,789)	(13,846)	(8,424)	17,414	40,263	117,488	96,360	82,663	82,989	52,120
Total Governmental Activities net assets	\$ 299,167	\$ 301,983	\$ 310,147	\$ 366,146	\$ 439,656	\$ 496,089	\$ 516,823	\$ 538,024	\$ 535,173	\$ 519,231
Business-Type Activities:										
Invested in capital assets, net of related debt	\$ 224,132	\$ 229,689	\$ 231,941	\$ 244,149	\$ 261,268	\$ 267,744	\$ 271,646	\$ 285,042	\$ 290,830	\$ 286,968
Restricted	12,511	17,208	21,355	17,052	18,518	15,999	14,816	14,973	14,609	13,646
Unrestricted	24,301	24,133	22,635	19,836	15,146	20,563	19,023	18,970	26,167	32,605
Total Business-Type Activities net assets	\$ 260,944	\$ 271,030	\$ 275,931	\$ 281,037	\$ 294,932	\$ 304,306	\$ 305,485	\$ 318,985	\$ 331,606	\$ 333,219
Primary Government:										
Invested in capital assets, net of related debt	\$ 494,954	\$ 509,591	\$ 492,561	\$ 528,480	\$ 538,210	\$ 554,901	\$ 615,284	\$ 656,453	\$ 651,852	\$ 682,494
Restricted	65,645	53,135	79,306	81,453	140,969	107,443	91,641	98,923	105,771	85,231
Unrestricted	(488)	10,287	14,211	37,250	55,409	138,051	115,383	101,633	109,156	84,725
Total Primary Government net assets	\$ 560,111	\$ 573,013	\$ 586,078	\$ 647,183	\$ 734,588	\$ 800,395	\$ 822,308	\$ 857,009	\$ 866,779	\$ 852,450

See accompanying independent auditors' report.

Table 2
COUNTY OF MAUI
Changes in Net Assets
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Dollars Expressed in Thousands)
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	\$ 55,653	\$ 53,952	\$ 75,777	\$ 68,334	\$ 68,533	\$ 101,570	\$ 96,688	\$ 100,571	\$ 126,334	\$ 134,646
Public safety	46,642	48,722	54,697	56,947	65,216	71,018	83,079	80,480	85,000	84,585
Highways and streets	20,516	38,110	34,882	29,384	31,534	36,765	47,619	48,876	51,132	46,329
Sanitation	30,669	31,118	31,257	39,659	49,044	39,017	55,094	69,920	58,654	62,793
Social welfare	32,108	33,175	30,892	31,077	35,393	38,537	43,522	44,303	40,782	42,989
Culture and recreation	24,015	22,341	23,874	24,301	26,693	29,478	30,698	36,310	36,239	34,396
Legislative	3,952	3,701	4,039	4,122	4,592	4,779	5,318	5,200	5,248	5,251
Interest on long-term debt	10,716	10,373	8,786	9,316	10,487	13,547	10,628	10,131	9,438	8,926
Total governmental activities expenses	224,271	241,492	264,204	263,140	291,492	334,711	372,646	395,791	412,827	419,915
Business-Type activities:										
Department of Water Supply	31,196	31,595	35,812	38,477	42,021	44,390	46,959	46,827	46,687	54,013
Housing, Interim Financing and Buy-Back Revolving Fund	166	208	237	186	186	181	175	610	206	268
Municipal Golf Course	1,456	1,609	1,653	1,722	1,838	1,949	2,138	2,389	2,088	2,096
Total business-type activities expenses	32,818	33,412	37,702	40,385	44,045	46,520	49,272	49,826	48,981	56,377
Total primary government expenses	257,089	274,904	301,906	303,525	335,537	381,231	421,918	445,617	461,808	476,292
Program Revenues:										
Governmental activities:										
Charges for services:										
General government and legislative	6,848	8,595	10,383	12,626	12,506	11,263	12,188	10,619	12,134	12,362
Public safety	174	181	324	365	527	384	1,465	337	436	452
Highways and streets	5,318	8,088	8,076	8,511	9,277	10,006	10,166	12,097	17,821	20,006
Sanitation	28,192	33,333	34,949	38,012	42,451	47,075	48,682	54,093	59,082	60,568
Social welfare	1,864	2,059	2,997	2,619	1,581	2,537	2,518	2,563	2,360	2,534
Culture and recreation	427	448	447	470	500	439	542	584	511	574
Operating grants and contributions	26,793	27,213	31,853	29,520	30,087	32,907	40,534	39,353	35,216	34,017
Capital grants and contributions	3,838	4,525	4,781	10,016	10,960	4,361	8,446	7,413	6,191	12,530
Total governmental activities program revenues	73,454	84,442	93,810	102,139	107,889	108,972	124,541	127,059	133,751	143,043
Business-Type activities:										
Charges for services:										
Department of Water Supply	28,609	27,735	29,623	42,348	37,663	40,722	42,641	46,453	47,214	50,992
Housing, Interim Financing, and Buy-Back Revolving Fund	147	146	155	146	148	149	157	154	147	527
Municipal Golf Course	1,361	1,174	1,232	1,437	1,427	1,403	1,229	1,138	1,158	1,106
Capital grants and contributions	9,828	13,864	10,598	-	16,586	11,317	5,865	9,983	11,901	2,541
Total business-type program revenues	39,945	42,919	41,608	43,931	55,824	53,591	49,892	57,728	60,420	55,166
Total primary government program revenues	113,399	127,361	135,418	146,070	163,713	162,563	174,433	184,787	194,171	198,209
Net (expense)/revenue:										
Governmental activities	(150,817)	(157,050)	(170,394)	(161,001)	(183,603)	(225,739)	(248,105)	(268,732)	(279,076)	(276,872)
Business-Type activities	7,127	9,507	3,906	3,546	11,779	7,071	620	7,902	11,439	(1,211)
Total primary government net expense	(143,690)	(147,543)	(166,488)	(157,455)	(171,824)	(218,668)	(247,485)	(260,830)	(267,637)	(278,083)
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Taxes:										
Property taxes	104,574	116,961	131,991	162,741	194,456	216,306	215,005	235,861	220,477	208,645
Transient accommodation tax	16,856	18,294	20,125	22,294	22,911	23,412	21,315	20,972	23,479	22,906
Public service corporation tax	4,842	4,819	5,766	6,390	7,887	7,983	9,335	10,265	6,094	9,622
Franchise tax	4,823	5,343	6,176	7,382	8,673	8,743	11,298	7,550	8,468	10,429
Fuel tax	8,720	12,940	11,982	12,659	11,837	11,383	10,498	9,679	11,085	10,438
Interest and investment earnings	1,844	1,385	2,337	5,415	11,431	13,935	1,538	9,858	6,489	1,283
Other	536	28	118	80	182	546	209	56	399	(4)
Transfers	92	97	64	38	(265)	(136)	(359)	(4,308)	(267)	(2,388)
Total governmental activities	142,287	159,867	178,559	216,999	257,112	282,172	268,839	289,933	276,224	260,931
Business-Type activities:										
Interest and investment earnings	708	675	1,058	1,600	1,851	1,924	193	1,174	916	165
Others	155	-	-	-	-	243	7	115	-	270
Transfers	(92)	(97)	(64)	(38)	265	136	359	4,308	267	2,388
Total business-type activities	771	578	994	1,562	2,116	2,303	559	5,597	1,183	2,823
Total primary government	143,058	160,445	179,553	218,561	259,228	284,475	269,398	295,530	277,407	263,754
Change in Net Assets:										
Governmental activities	(8,530)	2,817	8,165	55,998	73,509	56,433	20,734	21,201	(2,852)	(15,941)
Business-Type activities	7,898	10,085	4,900	5,108	13,895	9,374	1,179	13,499	12,622	1,612
Total primary government	\$ (632)	\$ 12,902	\$ 13,065	\$ 61,106	\$ 87,404	\$ 65,807	\$ 21,913	\$ 34,700	\$ 9,770	\$ (14,329)

See accompanying independent auditors' report.

Table 3
COUNTY OF MAUI
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Dollars Expressed in Thousands)
 (Unaudited)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Transient Accommodation Tax</u>	<u>Public Service Company Tax</u>	<u>Franchise Tax</u>	<u>Fuel Tax</u>	<u>Total</u>
2003	\$ 104,574	\$ 16,856	\$ 4,842	\$ 4,823	\$ 8,720	\$ 139,815
2004	116,961	18,294	4,819	5,343	12,940	158,357
2005	131,991	20,125	5,766	6,176	11,982	176,040
2006	162,741	22,294	6,390	7,382	12,659	211,466
2007	194,456	22,911	7,887	8,673	11,837	245,764
2008	216,306	23,412	7,983	8,743	11,383	267,827
2009	215,005	21,315	9,335	11,298	10,498	267,451
2010	235,861	20,972	10,265	7,550	9,679	284,327
2011	220,477	23,479	6,094	8,468	11,085	269,603
2012	208,645	22,906	9,622	10,429	10,438	262,040

See accompanying independent auditors' report.

Table 4
COUNTY OF MAUI
Fund Balances of Governmental Funds ¹
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 (Dollars Expressed in Thousands)
 (Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:										
Reserved	\$ 11,575	\$ 9,846	\$ 13,484	\$ 18,437	\$ 26,590	\$ 31,022	\$ 25,717	\$ 17,549		
Unreserved	4,457	17,844	31,214	52,766	64,576	55,874	49,273	67,975		
Restricted									\$ 12,113	\$ 13,189
Committed									49,042	75,114
Assigned									22,153	16,681
Unassigned									87,020	50,766
Total general fund	\$ 16,032	\$ 27,690	\$ 44,698	\$ 71,203	\$ 91,166	\$ 86,896	\$ 74,990	\$ 85,524	\$ 170,328	\$ 155,750
All other governmental funds:										
Reserved	\$ 34,933	\$ 30,156	\$ 31,640	\$ 47,439	\$ 58,228	\$ 100,207	\$ 86,117	\$ 81,585		
Unreserved, reported in:										
Special revenue funds	8,673	16,228	20,920	33,713	55,074	62,160	78,114	102,777		
Capital projects fund	9,528	(10,457)	5,381	(16,751)	9,149	9,956	(10,142)	(23,132)		
Restricted									\$ 78,768	\$ 56,745
Committed									43,626	44,561
Assigned									4,253	19,155
Total all other governmental funds	\$ 53,134	\$ 35,927	\$ 57,941	\$ 64,401	\$ 122,451	\$ 172,323	\$ 154,089	\$ 161,230	\$ 126,647	\$ 120,461

¹ Effective Fiscal Year 2011, fund balances are presented in accordance with GASB Statement No. 54.

See accompanying independent auditors' report.

Table 5
COUNTY OF MAUI
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars Expressed in Thousands)
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES:										
Taxes	\$123,492	\$139,861	\$156,020	\$188,651	\$223,047	\$243,510	\$245,267	\$261,332	\$244,852	\$238,829
Licenses and permits	10,891	15,000	16,444	17,611	16,996	17,719	16,278	17,946	22,362	26,650
Intergovernmental revenues	44,968	47,776	53,512	54,268	53,117	57,001	66,185	62,707	63,792	68,001
Charges for current services	28,334	34,810	36,265	39,221	43,859	48,694	51,050	57,302	61,935	64,124
Fines and forfeitures	1,188	1,095	1,242	1,463	1,778	2,049	2,294	2,712	2,767	2,131
Interest and investment earnings	2,064	1,540	2,489	5,586	11,953	14,164	1,706	9,973	6,594	1,416
Assessments	2,038	1,795	3,031	7,123	10,370	3,149	1,213	231	670	1,219
Other	2,624	2,747	3,499	4,598	4,186	3,809	9,128	7,507	5,387	3,842
Total revenues	215,599	244,624	272,502	318,521	365,306	390,095	393,121	419,710	408,359	406,212
EXPENDITURES:										
Current:										
General government	50,737	52,937	57,848	67,352	70,467	98,268	94,429	90,136	90,652	105,552
Public safety	46,153	48,873	53,125	55,799	64,080	72,293	78,163	80,376	78,703	79,427
Highways and streets	10,958	14,896	19,444	21,341	25,123	30,786	33,711	35,039	32,484	33,798
Sanitation	22,706	22,834	23,835	28,670	34,419	39,363	43,875	40,832	39,835	41,891
Social welfare	31,810	30,643	29,877	30,454	34,840	38,105	42,893	43,509	43,999	42,459
Culture and recreation	18,629	18,725	20,359	20,451	23,149	26,418	27,592	27,034	23,652	27,257
Legislative	3,953	3,681	4,022	4,114	4,602	4,767	5,336	5,199	5,238	5,251
Capital outlay	38,745	35,057	21,511	30,594	38,027	46,964	88,612	54,804	57,278	57,976
Debt service:										
Principal	13,594	15,014	16,443	10,307	17,864	18,373	18,879	20,485	26,894	22,469
Interest and other issuance costs	10,997	10,047	9,759	17,059	9,822	9,954	10,689	10,219	10,332	9,604
Total expenditures	248,282	252,707	256,223	286,141	322,393	385,291	444,179	407,633	409,067	425,684
Excess of revenues over (under) expenditures	(32,683)	(8,083)	16,279	32,380	42,913	4,804	(51,058)	12,077	(708)	(19,472)
OTHER FINANCING SOURCES (USES):										
Issuance of debt:										
General obligation bond proceeds	11,009	2,270	21,956	-	30,010	35,094	-	-	46,300	-
General obligation refunding bonds	56,829	15,719	29,485	-	25,183	-	-	-	23,375	-
Net premiums received	-	-	1,396	-	520	-	-	-	4,606	-
State revolving fund loan proceeds	8,664	-	525	546	5,113	5,721	21,048	9,906	2,856	1,095
Capital lease obligations	-	-	-	-	63	118	230	-	-	-
Use of debt:										
Payment to escrow for bond refunding	(56,411)	(15,552)	(30,682)	-	(25,524)	-	-	-	(25,939)	-
Transfers in:										
General fund	31,485	28,333	34,075	44,005	72,489	99,600	87,987	80,932	46,097	57,950
Special revenue funds	23,266	23,269	28,873	32,250	25,462	56,345	34,174	30,306	34,428	39,126
Capital projects fund	2,001	4,921	509	4,184	12,566	16,500	9,978	6,675	8,903	3,748
Proprietary funds	92	97	64	86	132	-	313	415	402	407
Other governmental funds	-	-	-	-	2,744	3,230	10,642	11,454	7,520	6,692
Transfers out:										
General fund	(15,190)	(16,124)	(14,619)	(15,353)	(17,285)	(27,866)	(22,185)	(22,932)	(26,089)	(20,695)
Special revenue funds	(5,654)	(6,706)	(9,902)	(13,976)	(19,075)	(60,497)	(28,674)	(9,196)	(6,447)	(4,644)
Debt service fund	(24,173)	(24,893)	(26,003)	(27,366)	(27,506)	(28,326)	(29,567)	(30,704)	(36,860)	(32,073)
Capital projects fund	(11,735)	(8,800)	(12,933)	(23,743)	(49,395)	(58,985)	(36,571)	(31,127)	(16,885)	(35,034)
Proprietary funds	-	-	-	(48)	(397)	(136)	(672)	(35,409)	(669)	(2,795)
Other governmental funds	-	-	-	-	-	-	(25,785)	(4,723)	(10,668)	(15,070)
Total financing sources, net	20,183	2,534	22,744	585	35,100	40,798	20,918	5,597	50,930	(1,293)
Net change in fund balances	\$(12,500)	\$(5,549)	\$39,023	\$32,965	\$78,013	\$45,602	\$(30,140)	\$17,674	\$50,222	\$(20,765)
Capital outlays reported in the CIP fund and other funds	\$42,489	\$23,643	\$12,655	\$30,510	\$34,380	\$58,288	\$90,670	\$59,804	\$38,566	\$54,259
Debt service as a percentage of noncapital expenditures	11.95%	10.94%	10.76%	10.71%	9.61%	8.66%	8.36%	8.83%	10.05%	8.64%

See accompanying independent auditors' report.

Table 6
COUNTY OF MAUI
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars Expressed in Thousands)
(Unaudited)

Fiscal Year Ended June 30	Classification											
	Improved Residential		Apartment		Commercial		Industrial		Agricultural		Commercial Residential	
	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹
2003	\$ 3,029,432	4.93	\$ 2,288,091	4.93	\$ 1,102,203	6.75	\$ 1,023,138	6.75	\$ 1,526,155	4.93		
2004	3,220,925	5.86	2,474,953	5.86	1,094,703	6.75	954,507	6.75	1,606,142	4.93		
2005	3,664,652	5.86	2,475,815	5.86	1,213,321	6.75	972,929	6.75	1,950,580	4.93		
2006	4,878,831	5.86	3,303,913	5.86	1,427,944	6.75	1,129,258	6.75	2,756,504	4.93		
2007	6,414,981	5.00	4,633,340	5.00	1,775,355	6.00	1,222,432	6.50	3,566,910	4.50		
2008	7,070,528	4.85	5,302,077	4.55	1,905,614	6.25	1,409,941	6.50	3,930,246	4.50		
2009	7,287,327	4.85	5,595,854	4.55	2,047,183	6.25	1,548,914	6.50	4,065,811	4.50		
2010	6,906,546	4.85	5,983,881	4.55	2,134,769	6.25	1,609,950	6.50	3,934,471	4.50		
2011	5,795,214	5.00	5,659,454	5.00	2,121,834	6.25	1,614,057	6.50	3,452,417	5.00	\$ 73,191 ²	4.00
2012	5,645,593	5.55	5,016,127	5.50	2,126,142	6.25	1,466,957	7.00	2,978,918	5.80	70,301	4.20

Fiscal Year Ended June 30	Classification											
	Conservation		Hotel & Resort		Time Share		Unimproved Residential		Homeowner		Total	
	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Tax Rate ¹	Taxable Assessed Value	Direct Tax Rate ¹
2003	\$ 355,130	4.93	\$ 4,577,576	8.30			\$ 287,627	4.93	\$ 4,400,010	3.63	\$ 18,589,362	5.65
2004	339,080	4.93	4,854,693	8.30			302,287	5.86	5,023,061	3.55	19,870,351	5.88
2005	310,947	4.93	5,875,818	8.30			333,412	5.86	6,011,655	3.55	22,809,129	5.79
2006	331,244	4.93	6,308,394	8.30	\$ 578,735 ²	14.00	466,086	5.86	7,366,375	3.50	28,547,284	5.80
2007	336,500	4.75	8,559,967	8.20	863,831	14.00	576,458	5.86	6,794,406	2.50	34,744,180	5.60
2008	349,991	4.75	9,792,338	8.20	1,011,247	14.00	560,716	5.35	9,835,022	2.00	41,167,720	5.25
2009	417,141	4.75	9,616,912	8.20	1,104,768	14.00	513,894	5.35	10,381,295	2.00	42,579,099	5.21
2010	385,496	4.75	9,940,281	8.20	1,743,996	14.00	521,227	5.35	9,907,664	2.00	43,068,281	5.42
2011	445,265	5.00	8,183,430	8.30	1,776,953	14.00	331,079	6.25	7,803,966	2.50	37,256,860	5.78
2012	362,724	5.60	7,471,672	9.00	1,607,462	15.00	-	-	6,174,696	2.50	32,920,592	6.34

¹ Tax rates per \$1,000 of net taxable assessed valuation for each class of property. Assessed valuation base is 100% of appraised fair market value.

² First year of tax.

Table 7
COUNTY OF MAUI
Principal Taxpayers
Fiscal Years 2012 and Nine Years Ago
(Dollars Expressed in Thousands)
(Unaudited)

Taxpayer	Type of Business	2012 ¹			2003 ²		
		Taxes	Percentage of Total Tax Levy	Rank	Taxes	Percentage of Total Tax Levy	Rank
Westin Maui Corp (Leasehold), SVO Pacific Corporation	Hotel (Westin)/Time Share	\$ 9,763	4.70%	1			
Marriott Resort Ownership Resorts	Time Share	5,930	2.86%	2			
HMC Maui LLC, HMC Kea Lani LLC (Kea Lani Limited Partnership) (HRM/BRE Maui LLC)	Hotel (Kea Lani & Hyatt)	4,044	1.95%	3	\$ 1,323	1.25%	4
	Kea Lani Hotel Hyatt Regency Hotel				1,331	1.26%	3
Maui Land & Pineapple Co, Kapalua Bay LLC, W2005 Kapalua/Gengate (Maui Land & Pineapple Co.)	Development, Hotel, Golf Course, Time Share, Property Management Pineapple/Property Management	3,568	1.72%	4			
					989	0.93%	9
MSR Grand Wailea Resort LP (KSL Grand Wailea Resort, Inc.)	Hotel (Grand Wailea) Grand Wailea Hotel	3,384	1.63%	5	2,239	2.11%	1
West Maui Resorts Partners	Time Share/Hotel (Embassy Suites)	2,418	1.16%	6			
Castle & Cooke Inc & Resorts, Lanai Properties, Dole Lanai, Lanai Developers	Development, Hotel, Golf Course Property Management	2,082	1.00%	7			
A & B Hawaii, East Maui Irrigation (Alexander & Baldwin Inc)	Sugar, Development, Property Management	1,702	0.82%	8	1,839	1.74%	2
3900 WA Associates, LLC SCP (Maui5), Inc.	Hotel (Four Seasons Resort) Four Seasons Hotel	1,628	0.78%	9	1,049	0.99%	7
RCK Maui, LLC	Hotel (Ritz Carlton), Time Share	1,347	0.65%	10	1,043	0.99%	8
KYO-YA CO LTD	Sheraton Hotel				976	0.92%	10
Lanai Company, Inc.	Manele Bay Hotel/Lodge at Koele Hotel/Development/Golf				1,248	1.18%	5
Wailea Resort Company, Ltd.	Development/Golf				1,079	1.02%	6
TOTALS		\$ 35,866	17.28%		\$ 13,116	12.38%	

¹ Fiscal Year 2012 taxes were calculated from the January 1, 2011 assessment. The taxes levied are for the year July 1, 2011 through June 30, 2012.

² Fiscal Year 2003 taxes were calculated from the January 1, 2002 assessment. The taxes levied are for the fiscal year July 1, 2002 through June 30, 2003. The tax levy is \$105,954,165. The tax levy is adjusted for circuit breaker tax credits. The levy is not adjusted for valuation under appeal.

Table 8
COUNTY OF MAUI
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars Expressed in Thousands)
(Unaudited)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 104,830	\$ 103,473	98.7%	\$ 1,634	\$ 105,107	100.3%
2004	116,340	115,285	99.1%	1,474	116,759	100.4%
2005	131,065	130,541	99.6%	1,555	132,096	100.8%
2006	168,367	160,589	95.4%	1,631	162,220	96.3%
2007	192,997	192,771	99.9%	1,879	194,650	100.9%
2008	214,785	213,193	99.3%	2,207	215,400	100.3%
2009	220,420	213,990	97.1%	146	214,136	97.1%
2010	232,278	231,543	99.7%	2,296	233,839	100.7%
2011	216,292	218,382	101.0%	823	219,205	101.3%
2012	207,539	206,932	98.5%	1,408	208,340	100.4%

¹ Tax levy shown is the sum of the net valuation for tax rate purposes times the tax rate for each classification less actual billing amount for the Circuit Breaker Program.

Table 9
COUNTY OF MAUI
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(Dollars Expressed in Thousands Except Per Capita amount)
(Unaudited)

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government		
	General Obligation Bonds	Notes Payable ⁴	General Obligation Bonds	Notes Payable ⁴	Total Outstanding Debt	Percentage of Personal Income ³	Per Capita ³
2003	\$ 208,295	\$ 30,861	\$ 34,701	\$ 8,721	\$ 282,578	7.36%	2,079
2004	195,061	31,348	31,946	7,846	266,201	6.35%	1,924
2005	202,542	29,824	31,142	6,938	270,446	5.98%	1,932
2006	187,199	28,299	28,137	5,996	249,631	5.01%	1,767
2007	201,751	31,102	24,969	8,976	266,798	5.03%	1,886
2008	221,085	34,272	26,173	12,990	294,520	5.43%	2,050
2009	204,934	52,660	21,114	12,918	291,626	5.49%	2,008
2010	188,613	57,993	16,104	13,264	275,974	5.18%	1,782
2011	214,402	56,308	17,512	13,331	301,553	5.66% ¹	1,925
2012	196,017	52,720	14,443	14,609	277,789	5.21% ¹	1,773 ²

¹ 2011 and 2012 Personal Income is not available, 2010 data utilized.

² 2012 Total Resident Population data not available, 2011 data utilized.

³ Total Personal Income and Total Resident Population data can be found in the Schedule of Demographic and Economic Statistics on Table 12.

⁴ Notes payable include capital lease obligations.

Table 10
COUNTY OF MAUI
Ratios of General Obligation Bond Debt Outstanding
Last Ten Fiscal Years
(Dollars Expressed In Thousands, Except Per Capita Amount)
(Unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds ⁴</u>	<u>Percentage of Estimated Actual Taxable Value ¹ of Property</u>	<u>Per Capita ²</u>
2003	\$ 208,295	1.121%	\$ 1,532
2004	195,061	0.982%	1,410
2005	202,542	0.888%	1,447
2006	187,199	0.656%	1,325
2007	201,751	0.581%	1,426
2008	221,085	0.537%	1,539
2009	204,934	0.481%	1,411
2010	188,613	0.438%	1,218
2011	214,402	0.575%	1,368
2012	196,017	0.595%	1,251 ³

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 6.

² Population data can be found in the Schedule of Demographic and Economic Statistics on Table 12.

³ 2012 Population data not available, 2011 data utilized.

⁴ Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Table 11
COUNTY OF MAUI
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars Expressed in Thousands)
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debit limit (a)	\$2,788,404	\$2,980,553	\$3,421,369	\$4,282,093	\$5,568,087	\$6,175,158	\$6,386,865	\$6,460,242	\$5,588,529	\$4,938,089
Debt applicable to limit	247,794	235,110	240,394	222,939	243,502	268,865	270,961	260,287	280,983	261,356
Legal debt margin (b)	\$2,540,610	\$2,745,443	\$3,180,975	\$4,059,154	\$5,324,585	\$5,906,293	\$6,115,904	\$6,199,955	\$5,307,546	\$4,676,733
Debt applicable to the limit as a percentage of debt limit	8.89%	7.89%	7.03%	5.21%	4.37%	4.35%	4.24%	4.03%	5.03%	5.29%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessor's net taxable income	\$ 33,255,664
Less: 50% of valuation on appeal	<u>335,072</u>
Valuation for tax rate purpose	<u><u>\$ 32,920,592</u></u>
Debt limit (15% of total assessed value)	\$ 4,938,089
Debt applicable to limit	<u>261,356</u>
Legal debt margin	<u><u>\$ 4,676,733</u></u>

- Notes:
- (a) State finance statutes limit the County's outstanding general debt to no more than 15 percent of the net assessed value of property.
- (b) The legal debt margin is the County's available borrowing authority under the state finance statutes and is calculated by subtracting the net debt applicable to the legal debt

See accompanying independent auditors' report.

Table 12
COUNTY OF MAUI
Demographic and Economic Statistics
Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

Fiscal Year	Population ¹	Personal Income (\$000,000) ¹	Per Capita Personal Income ¹	Median Age ²	School Enrollment ¹	Unemployment Rate ¹
2003	134,871 ^a	\$ 3,840 ^a	\$ 28,472 ^a	36.8	26,980	3.70%
2004	137,136 ^a	4,191 ^a	30,561 ^a	36.8	26,980	3.10%
2005	139,131 ^a	4,526 ^a	32,530 ^a	37.8	24,190	2.60%
2006	140,513 ^a	4,980 ^a	35,442 ^a	37.4	24,537	2.40%
2007	142,025 ^a	5,301 ^a	37,324 ^a	38.2	24,359	2.80%
2008	144,462 ^a	5,420	37,519	38.0	25,121	4.60% ^a
2009	145,240 ^a	5,314	36,588	37.9 ²	21,151	8.70%
2010	154,834	5,332 ²	34,437 ²	39.6 ²	21,316	8.30%
2011	156,674 ²	N/A	N/A	N/A	20,430	7.90%
2012	N/A	N/A	N/A	N/A	20,779	6.70%

¹ Source: Maui County Data Book, Population - 2012 not available; Per Capita - 2011 and 2012 not available

² U.S. Census Bureau

^a Revised from Maui County Data Book, 2011

N/A - Not Available

Table 13
COUNTY OF MAUI
Principal Employers
Fiscal Years 2012 and Nine Years Ago
(Unaudited)

Employer	2012			2003		
	Employees ¹	Rank	Percentage of Total County Employment	Employees ¹	Rank	Percentage of Total County Employment
State of Hawaii ²	5,923	1	8.10%	5,635	1	8.04%
County Government ³	2,411	2	3.30%	2,172	2	3.10%
Grand Wailea Hotel & Spa	1,362	3	1.86%			
Federal Government ²	883	4	1.21%	799	5	1.14%
The Fairmont Hotels Hawaii	842	5	1.15%			
Four Seasons Resort	710	6	0.97%	643	6	0.92%
Hale Makua	464	7	0.63%	450	7	0.64%
Maui Medical Group, Inc.	315	8	0.43%	216	9	0.31%
Dorvin D. Leis Co., Inc.	312	9	0.43%	210	10	0.30%
Maui Economic Opportunity	263	10	0.36%			
Maui Land & Pineapple Co., Inc.				1,870	3	2.67%
TS Restaurant of Hawaii & California				1,500	4	2.14%
Maui Marriott				412	8	0.59%
Total	13,485		18.44%	13,907		19.85%

¹ Maui County Data Book 2003, 2012 not available

² Hawaii Workforce Informer, Quarterly Census of Employment & Wages by Industry calendar year 2010

³ 2012 County of Maui actual employee count

See accompanying independent auditors' report.

Table 14
COUNTY OF MAUI
Full-Time Equivalent County Government Employees By Function
Last Ten Fiscal Years
(Unaudited)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:	394	413	437	490	349	401	410	435	481	495
Public safety:										
Police:										
Officers	323	319	302	343	425	436	476	494	332	331
Civilians	101	102	98	73	104	104	104	117	149	134
Fire and Public Safety:										
Firefighters and officers	242	272	261	264	295	300	288	282	286	282
Civilians	7	8	7	12	14	10	10	23	12	11
Highways and Streets:										
Engineering	26	23	24	31	36	33	32	33	33	35
Maintenance	163	167	164	206	209	224	225	235	220	217
Sanitation	69	65	60	74	81	94	93	109	147	99
Social Welfare	86	121	121	89	170	173	185	184	131	154
Culture and Recreation	274	295	299	296	338	424	466	455	449	366
Sewer	94	94	95	98	99	101	120	120	104	95
Department of Water Supply	173	162	166	172	189	193	202	200	205	192
Total	1,952	2,041	2,034	2,148	2,309	2,493	2,611	2,687	2,549	2,411

SOURCE:

Annual Gov't Survey submitted by Payroll

See accompanying independent auditors' report.

Table 15
COUNTY OF MAUI
Operating Indicators By Function
Last Ten Fiscal Years
(Unaudited)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Physical arrests	3,013	4,208	4,287	4,365	4,742	4,451	4,400	4,700	4,200	5,000
Parking violations	10,545	11,927	9,383	9,734	9,721	12,151	12,000	10,300	12,000	11,200
Fire:										
Number of calls answered	945	1,407	1,698	1,921	6,623	6,908	6,600	7,480	8,043	8,816
Inspections	2,074	1,065	1,110	1,055	515	995	1,160	646	1,368	1,461
Highways and streets:										
Street resurfacing (miles)	24	24	20	26	21	21	18	18	21	49
Sanitation:										
Refuse collected (tons/day)	102	109	116	112	115	403	463	474	469	172
Recyclables collected (tons/day)	227	211	193	271	311	354	342	328	324	440
Culture and recreation:										
Athletic field permits issued	180	1,201	974	877	1,757	1,107	3,417	1,012	902	924
Camping center permits issued	N/A	1,555	1,830	1,872	615	2,501	1,347	2,368	2,429	2,671
Community center permits issued	912	2,905	2,706	2,440	2,010	2,806	4,101	2,461	2,401	2,237
Water:										
New connections	659	664	779	552	1,007	762	96	71	87	55
Water mains breaks	182	195	175	158	243	64	577	806	483	371
Average daily consumption (thousands of gallons)	34,867	34,070	35,508	36,126	36,322	35,061	33,079	30,640	29,660	30,150
Wastewater:										
Average daily sewage treatment (thousands of gallons)	14,912	15,292	14,847	15,315	14,743	14,743	12,622	12,152	13,000	12,100

Sources: Various county departments.
N/A - Not available

See accompanying independent auditors' report.

Table 16
COUNTY OF MAUI
Capital Asset Statistics By Function
Last Ten Fiscal Years
(Unaudited)

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety:										
Police:										
Stations	6	6	6	6	6	6	6	6	6	6
Patrol units	7	7	7	7	7	6	6	6	6	6
Fire stations	14	14	14	14	14	14	14	14	14	14
Sanitation:										
Collection trucks	22	22	24	24	31	32	25	29	31	33
Highways and streets:										
Streets (miles)	620	620	631	631	563	563	563	565	566	566
Streetlights	4,065	4,070	4,132	4,147	4,147	4,147	4,228	4,228	4,228	4,228
Traffic signals	27	27	27	27	35	35	35	35	30	31
Culture and recreation:										
Parks acreage (includes underdeveloped parks)	30,755	30,755	42,620	42,620	42,902	41,581	41,581	N/A ¹	N/A ¹	1,721 ²
Parks	N/A	N/A	N/A	N/A	N/A	N/A	N/A ¹	1,395 ¹	1,620 ¹	136 ²
Swimming pools	9	9	9	9	9	9	9	9	9	9
Tennis courts	42	42	39	39	39	39	49	55	55	55
Community centers	21	21	21	21	21	21	22	22	22	22
Other Enterprise:										
Golf Course	1	1	1	1	1	1	1	1	1	1
Water:										
Fire hydrants/stand pipes	6,042	6,206	6,350	6,488	6,643	6,846	6,879	6,936	6,981	7,016
Maximum daily capacity (thousands of gallons)	43,312	44,567	45,652	46,716	50,000	50,000	57,000	57,000	42,000	57,000
Sewer:										
Sanitary sewers (miles)	206	212	219	225	219	215	277	242	224	223
Maximum daily treatment capacity (thousands of gallons)	25,700	25,700	25,700	25,700	25,700	25,700	25,700	25,700	25,700	25,700

Source: Various county departments

¹ Parks acreage has been revised based on R.M. Towill's March 2007 report and inclusion of underdeveloped parks acreage. The department is currently working with MIS to set up an inventory system to provide a more accurate calculations.

² The parks acreage and number of parks has been revised based on the department's latest review of inventory and correction was made on the discrepancies found in the 2007 R.M. Towill Report. Eliminated multiple park #s for the same park with multiple TMKs.

See accompanying independent auditors' report.