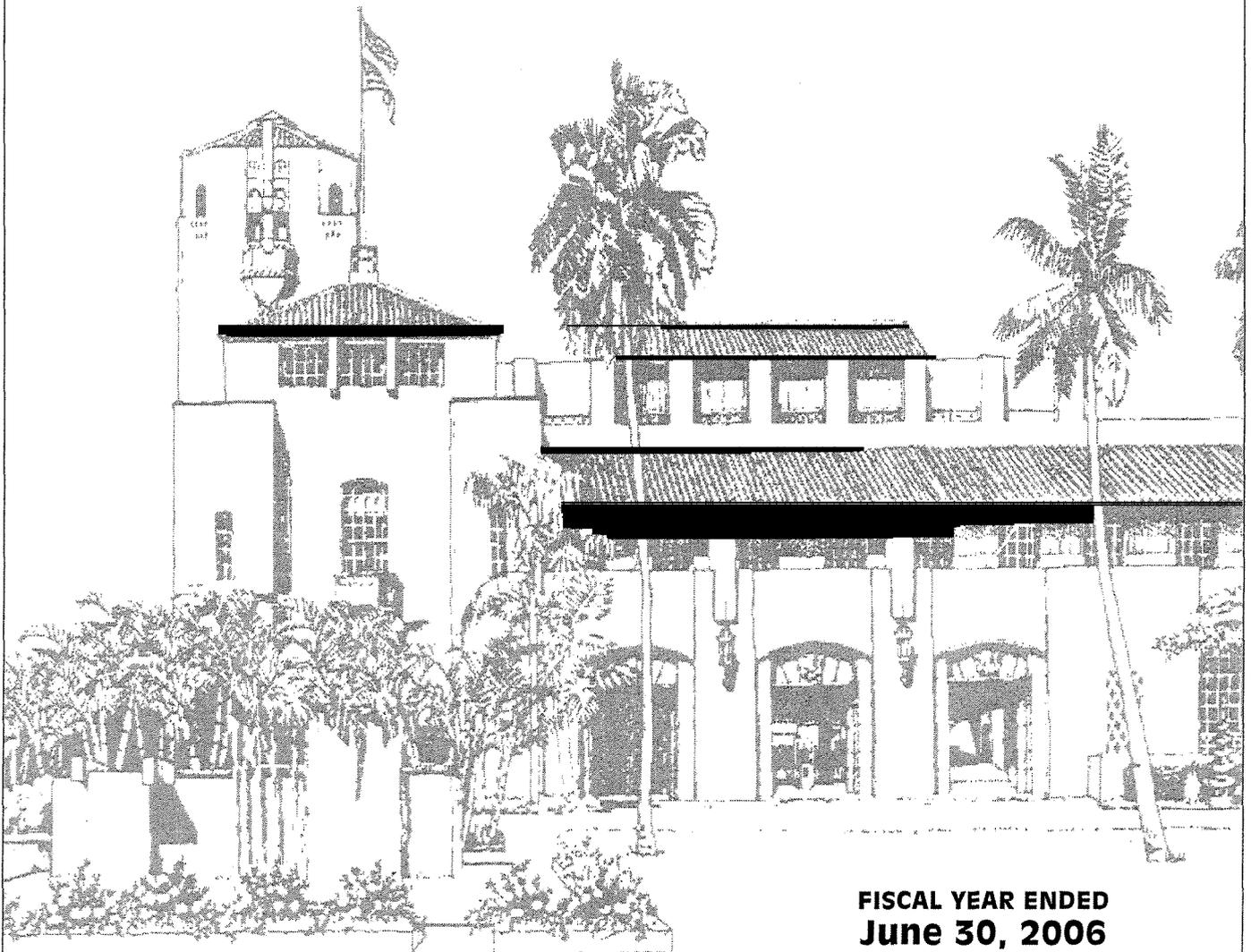
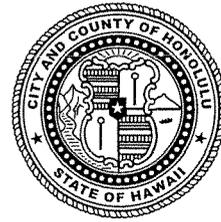


**CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII**

Comprehensive Annual Financial Report



**FISCAL YEAR ENDED
June 30, 2006**

EXECUTIVE BRANCH



Mufi Hannemann
Mayor

CITY AND COUNTY OF HONOLULU
Honolulu, Hawaii
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2006

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

**CITY AND COUNTY OF HONOLULU
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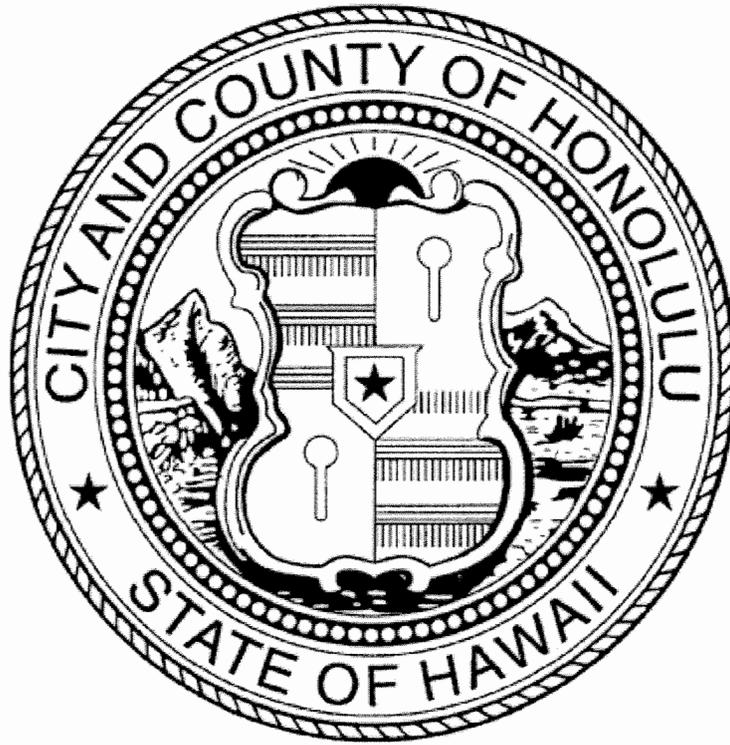
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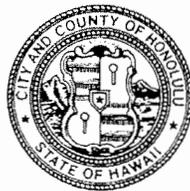
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INTRODUCTORY SECTION

MUFI HANNEMANN
MAYOR



MARY PATRICIA WATERHOUSE
DIRECTOR

PATRICK T. KUBOTA
DEPUTY DIRECTOR

December 14, 2006

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

Dear Mayor Hannemann, Chair Dela Cruz, and Councilmembers:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City and County of Honolulu (City) for the fiscal year ended June 30, 2006. The CAFR was prepared by the Department of Budget and Fiscal Services, which is responsible for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data presented in the CAFR are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

- The Introductory Section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of the services it provides, and the specifics of its legal operating environment. This section is composed of this transmittal letter, the City's organization chart, and a list of elected officials.

- The Financial Section includes: (1) the independent auditor's report on the basic financial statements, (2) the City management's discussion and analysis (MD&A), and (3) the audited basic financial statements, disclosure notes, required supplementary information, supporting statements, and schedules necessary to fairly present the financial position and the results of operations of the City in conformity with generally accepted accounting principles.
- The Statistical Section contains comprehensive statistical data on the City's financial, physical, economic, social, and political characteristics.

REPORTING ENTITY

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

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

ECONOMIC CONDITION AND OUTLOOK

The economy on Oahu is expanding gradually as the statistics of new jobs and personal income indicate. However, economic growth has been constrained by the small pool of available workers, high fuel prices, and the rising cost of living.

- The outlook for tourism, Oahu's main industry, continues to be healthy although travel destinations nationwide are showing signs of a moderate slowdown. Hotel occupancy decreased 4.5% to 87.1%, while the average daily room rate increased 9.3% to \$165.11 for August 2006 in comparison to the same month the year earlier. During September 2006, domestic arrivals increased 3.3% while international arrivals decreased 13.0% in comparison to the same month in 2005. Conversely, domestic length of stay decreased 1.9% while international length of stay increased .05% for September 2006 compared to September 2005.

- The military continues to be recognized as a major segment of the local economy, second only to tourism. Military expenditures on Oahu exceed \$5.0 billion annually with increases projected for the years ahead.
- Retailing receipts on Oahu rose 5.5% to \$19.3 billion for fiscal year 2006 compared to the last fiscal year.
- Construction contracting receipts grew 14.2% to \$4.8 billion for fiscal year 2006, partially due to higher construction costs. Although the construction activity is expected to decline gradually, construction commitments and authorizations increased for the fiscal year ended June 30, 2006, as well as for the first nine months of 2006. Specifically, 23,832 permits with an estimated value of \$2.3 billion were issued for the 2006 fiscal year, representing a 3.8% increase in number and a 4.5% increase in value compared to the prior fiscal year. The number of building permits amounted to a total of 12,355 permits issued at a value of \$1.4 billion for the nine months ended September 30, 2006, representing increases of 4.0% in number and 24.9% in value as compared to the same period last year.
- Although the housing market is softening with rising inventories, declining resale activities, decelerating price gains, and increasing days on the market, the median resale prices for single family homes and condominiums on a year-to-date basis through September 2006 rose 9.4% to \$634,000 and 19.7% to \$310,000, respectively, compared to the same period in the prior year. Along with stabilizing home sales prices, mortgage rates have been slipping since hitting a four-year high in mid-July 2006, improving housing affordability. It should be noted, however, that the total dollar sales volume amounted to \$4.3 billion for the first nine months of 2006, representing a decrease of 6.1% compared to the same period last year.
- The total number of civilian jobs grew 2.3% to 456,000 in August 2006 compared to the same month the year earlier.
- For August 2006, Oahu's unemployment rate of 2.7% continues to be lower than the state jobless rate of 2.8% and the national seasonally adjusted rate of 4.7%.
- Personal income continued to increase for the first quarter of 2006 but at a slower pace compared to the last seven of eight quarters. In particular, personal income amounted to 5.6% for the first quarter of 2006, compared to annual averages of 8.0% and 6.9% for 2004 and 2005, respectively.
- The consumer price index for Honolulu reached 5.8% in the first half of 2006. It represents the highest cost of living increase in fifteen years and is due primarily to rising housing and energy costs. In comparison, the U.S. inflation rate averaged 3.8% for the same period.

Sources:

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

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

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

State of Hawaii, Department of Taxation, http://www.hawaii.gov/tax/a5_3txcolrptarchive.htm.

The Honolulu Advertiser.

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

MAJOR INITIATIVES

Sewer fees were raised 25.0% effective July 1, 2005, with 10.0% increases in each of the following five years to maintain and improve the sewer infrastructure. In addition, effective January 1, 2006, motor vehicle weight taxes increased one cent per pound.

The executive operating budget for fiscal year 2006 amounted to \$1.37 billion net of interfund transfers, representing an increase of 10.9% in comparison to the prior year. The increase was primarily due to higher fixed costs, such as debt service (increased by \$41.7 million), salaries and wages (increased by \$37.2 million to cover higher wage costs and pay raises awarded through collective bargaining), employee retirement system contributions (increased by \$17.1 million), and bus subsidies (increased by \$15.2 million largely to cover higher fuel and salary costs).

The City's capital improvement budget of \$477.7 million for fiscal year 2006 represented an increase of 57.5% compared to the previous year. More than half of that total is devoted to sewer system improvements.

General Government

In comparison to the prior year, the capital improvement budget increased 77.6% to \$48.3 million for the general government function. The following were the major general government projects: Procurement of Major Equipment (\$13.1 million), Civic Center Improvements (\$11.3 million), Integrated Financial and Human Resource System – Financial Accounting System (\$5.8 million), Public Building Facilities Improvements (\$5.3 million), and Kapolei Consolidated Corporation Yard (\$4.6 million).

Public Safety

Public safety appropriations in the capital improvement budget was comparable to the previous year at \$25.4 million for fiscal year 2006. The major public safety projects included Traffic Signals at Various Locations (\$2.8 million), Fire Station Building Improvements (\$2.3 million), Rock Slide Potential Inspections and Mitigative Improvements (\$2.0 million), Computerized Traffic Control System (\$2 million), and Honolulu Police Department Equipment Acquisition (\$2 million).

Highways and Streets

A sum of \$50.4 million was designated in the capital improvement budget for highways and streets in fiscal year 2006, compared to \$56.9 million last fiscal year. The decline between fiscal year 2006 and 2005 is mainly attributed to the different types of major highways and streets projects undertaken. In fiscal year 2006, major highways and streets projects included Rehabilitation of Streets (\$30.0 million), Curb Ramps at Various Locations (\$5.3 million), and Lunalilo Home Road Street Lighting Improvements (\$2.3 million). In fiscal year 2005, major highways and streets projects included Street and Parking Lot Improvements (\$40 million), Sidewalk Improvements (\$3.8 million), and Curb Ramps at Various Locations (\$3.6 million).

Sanitation

In the capital improvement budget for fiscal year 2006, \$280.0 million has been provided for solid waste and sewage collection and disposal projects, representing an increase of 125.4% over the prior year. The following were the major sanitation projects for fiscal year 2006: Sand Island Wastewater Treatment Plant Expansion, Primary Treatment (\$72.0 million), Solid Waste to Energy Facility (\$35.0 million), Beachwalk Wastewater Pump Station Force Main (\$32.5 million), Saint Louis Heights Sewer Rehabilitation (\$21.0 million), Kalaheo Avenue Reconstructed Sewer (\$18.5 million), Wanao Road/Keolu Drive Reconstructed Sewer (\$17.8 million), Waimalu Sewer Rehabilitation/Reconstruction (\$16.8 million), Niu Valley Wastewater Pump Station Force Main Reconstruction (\$10.0 million), Kuliouou Sewer Rehabilitation and Wastewater Pump Station Modification (\$6.6 million), and Project Management for Wastewater Projects (\$5.6 million).

Human Services

The human services function of the capital improvement budget for fiscal year 2006 decreased 46.4% to \$15.7 million. Funding is being provided to Hui Kauhale, Inc., for the affordable housing development previously known as Ewa Villages Area H (\$2.3 million) and to Goodwill Industries for land acquisition in Kapolei for the Ohana Learning Center (\$2.0 million).

Culture-Recreation

For participant, spectator, and other recreation projects, \$30.1 million was appropriated in the capital improvement budget, 46.1% more than the year earlier. Major projects included the Blaisdell Center Arena Air Conditioning System Upgrade (\$4.4 million), Renovation of Recreational Facilities (\$3.5 million), and Recreation Districts 1 to 5 Improvements (\$3.3 million).

Transportation

The capital improvement budget appropriations of \$27.8 million for mass transit represented a 56.2% increase compared to the previous year. Major public transit projects included the Alternative Analysis/Draft Environmental Impact Statement (\$10.2 million), Bus and Handi-Van Acquisition Program (\$7.4 million), and Intra-Island Ferry (\$6.7 million).

FOR THE FUTURE

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

The executive operating budget for fiscal year 2007 amounts to \$1.49 billion net of interfund transfers, representing an increase of 9.6% compared to the prior year. The increase is primarily due to higher anticipated costs such as for salaries and wages (\$29.9 million for higher payroll costs and pay raises awarded through collective bargaining), debt service (\$22.7 million), bus operations (\$16.1 million largely for higher fuel and wage costs), and employee retirement system contributions (\$3.2 million).

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

General Government

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

Public Safety

Public safety appropriations in the capital improvement budget increased 70.9% to \$43.4 million for fiscal year 2007. The major public safety projects include Police Headquarters – Crime Lab Expansion (\$10.0 million), Kuahea Street Area Movement, Palolo Valley (\$5.0 million), Waimalu Stream Dredging (\$3 million), Honolulu Police Department Equipment Acquisition (\$2.9 million), Computerized Traffic Control System (\$2.3 million), Traffic Signals at Various Locations (\$2.3 million), and Fire Station Building Improvements (\$2.0 million).

Highways and Streets

A sum of \$97.8 million is designated in the capital improvement budget for highways and streets in fiscal year 2007, up 94.1% compared to last fiscal year. Major highways and streets projects include Rehabilitation of Streets (\$44.0 million), North-South Road (Kapolei Parkway)/Park Row Roadway (\$33.1 million), Manana Infrastructure Improvements, Pearl City (\$4.4 million), Drainage Improvements at Various Locations (\$1.6 million), and Curb Ramps at Various Locations (\$1.5 million).

Sanitation

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

Human Services

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

Culture-Recreation

For participant, spectator, and other recreation projects, \$42.0 million is appropriated in the capital improvement budget, 39.5% more than the year earlier. Major projects include the Sunset Beach Recreation Center (\$3.1 million), Reconstruction of Wastewater Systems for Parks (\$2.9 million), Blaisdell Center – Arena Risers (\$2.3 million), McCully District Park (\$1.8 million), and Halona Blowhole Lookout Reconstruction (\$1.2 million).

Transportation

The capital improvement budget appropriations of \$76.8 million for mass transit represent a 176.3% increase compared to the previous year. Major public transit projects include the Honolulu High Capacity Transit Project (\$50.2 million), Bus and Handi-Van Acquisition Program (\$13.5 million), Middle Street Intermodal Center (\$5.2 million), Wahiawa Transit Center (\$2.5 million), and Alapai Transportation Management Center (\$2.2 million).

FINANCIAL INFORMATION

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

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

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

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

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

Internal Controls

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

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

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

Budgetary Controls

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

Cash Management

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

The average ratio of invested funds to available cash during the year was 85.2%. The City earned interest income during the year at an average rate of return of 3.89%.

Risk Management

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

The City relies on a combination of commercial insurance and self-insurance to finance risk. Primary commercial insurance is purchased to cover aircraft and professional liabilities, and loss or damage to real and personal property the City owns or controls. Also, automobile liability insurance is purchased to cover privately owned police vehicles in compliance with a labor contract. The City has qualified as a self-insurer with respect to its automobile and workers' compensation liabilities in accordance with applicable State statutes. With all other risks, the City has elected to self-insure.

OTHER INFORMATION

Independent Audit

Section 3-114 of the City Charter requires an annual financial audit by independent certified public accountants. The accounting firm of Nishihama & Kishida, CPAs, Inc., was selected by the Office of the City Auditor to perform the audit. The auditor's report is included in the financial section of this report. In addition, Nishihama & Kishida, CPAs, Inc., was selected by the Board of Directors of the Board of Water Supply for the audit of its financial statements.

Awards

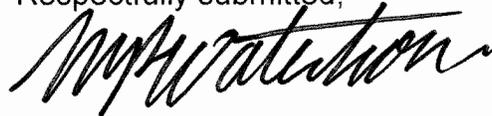
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2005. The City has received the award in 19 of the last 20 years. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Mary Patricia Waterhouse
Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City and County of Honolulu,
Hawaii

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



Carla E. Judge

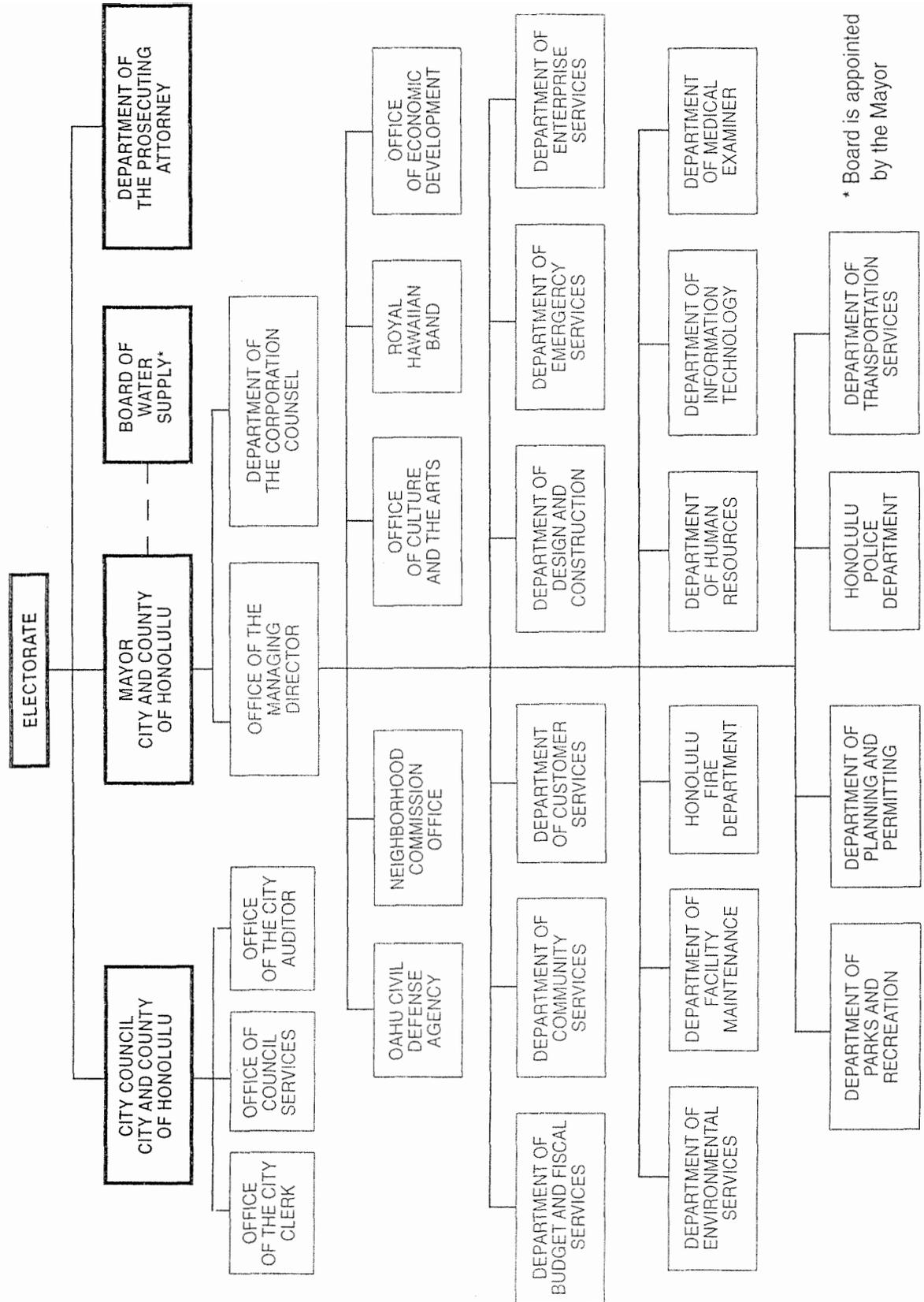
President

Jeffrey R. Emer

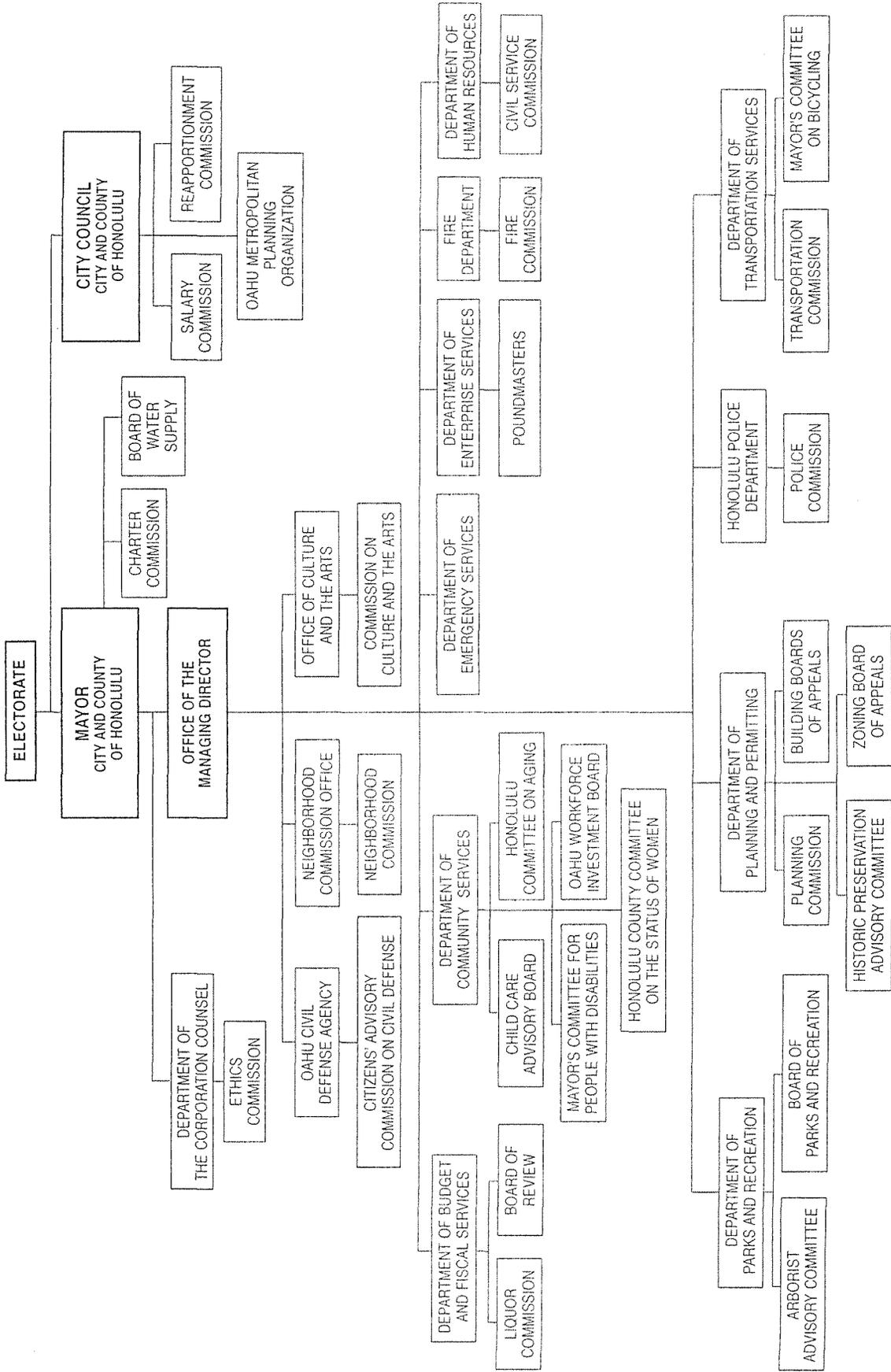
Executive Director

CITY AND COUNTY OF HONOLULU ORGANIZATION CHART

FISCAL YEAR 2005 - 06



CITY AND COUNTY OF HONOLULU CHART OF BOARDS, COMMISSIONS AND ADVISORY BODIES FISCAL YEAR 2005 - 06



CITY AND COUNTY OF HONOLULU

ELECTED OFFICIALS

EXECUTIVE BRANCH

(2005 - 2008)

Mayor.....Mufi Hannemann

Prosecuting Attorney.....Peter Carlisle

LEGISLATIVE BRANCH

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

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

LEGISLATIVE BRANCH

CITY COUNCIL



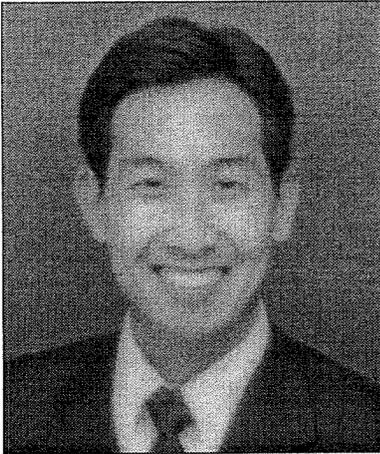
Todd K. Apo
Councilmember, District I



Donovan M. Dela Cruz
Chair, District II



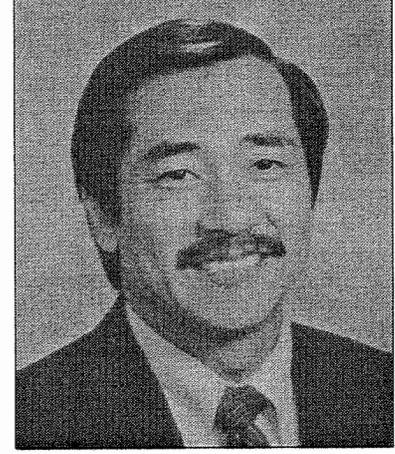
Barbara Marshall
Councilmember, District III



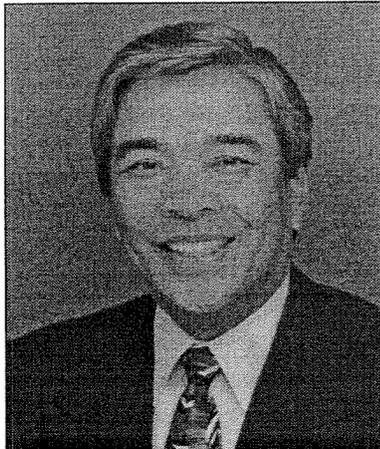
Charles K. Djou
Councilmember, District IV



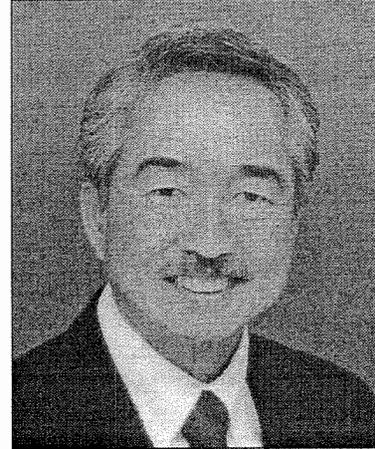
Ann H. Kobayashi
Councilmember, District V



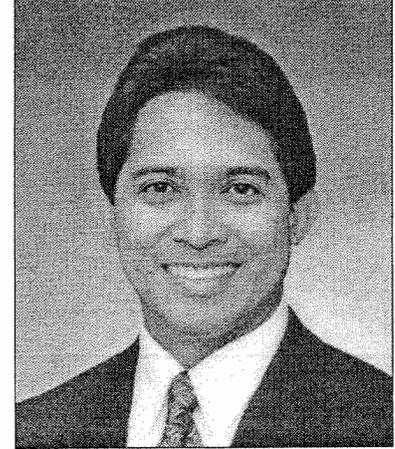
Rodney Tam
Councilmember, District VI



Romy M. Cachola
Councilmember, District VII

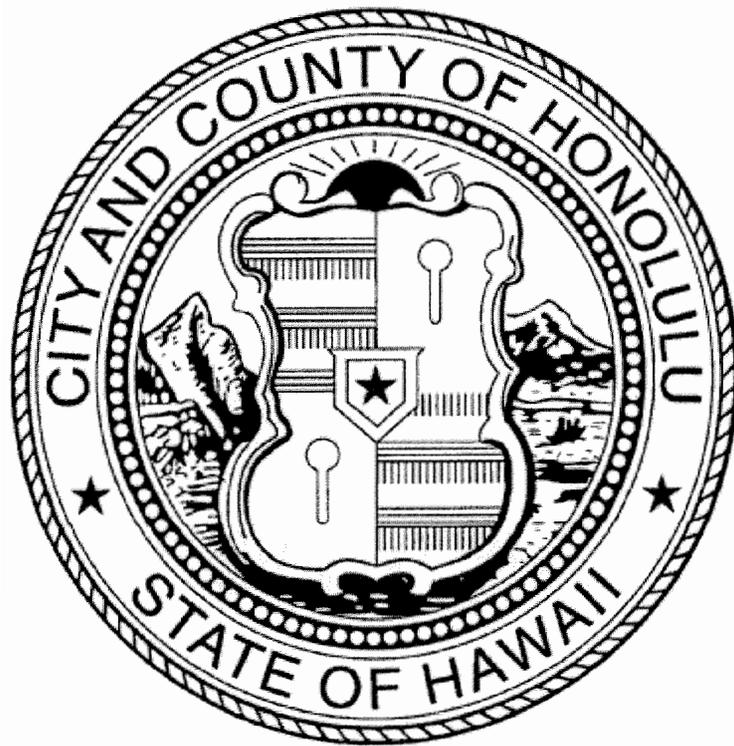


Gary H. Okino
Councilmember, District VIII



Nestor Garcia
Councilmember, District IX

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FINANCIAL SECTION



NISHIHAMA & KISHIDA, CPAs, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and County of Honolulu, State of Hawaii (City), as of and for the fiscal year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the City, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 19 through 34 and 95 through 98 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Nishihama & Kishida, CPAs, Inc.

Honolulu, Hawaii
December 12, 2006

CITY AND COUNTY OF HONOLULU

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is designed to provide an overview of the financial performance for the fiscal year ended June 30, 2006 for the City and County of Honolulu (City). The information presented in this MD&A should be considered in conjunction with the letter of transmittal in the Introductory Section of the Comprehensive Annual Financial Report (CAFR) and the financial statements that follow this subsection.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2006

- Taxes and other revenues for governmental activities totaled \$1.07 billion while expenses before transfers amounted to \$939.8 million, resulting in excess revenues of \$134.0 million for the fiscal year ended June 30, 2006. In comparison to fiscal year 2005, revenues exceeded expenses by \$81.5 million. The excess revenues for both fiscal years can be attributed primarily to increased real property tax collections. The governmental activities are summarized on page 24 and detailed on pages 36 and 37.
- Revenues for the City's business-type activities increased from \$321.5 million for fiscal year 2005 to \$344.8 million for fiscal year 2006 while expenses before transfers increased from \$442.7 million for the prior fiscal year to \$473.1 million for fiscal year 2006. The business-type activities are summarized on page 24 and detailed on pages 36 and 37.
- The combined ending governmental fund balances as of June 30, 2006 increased by \$86.4 million (as summarized on page 30) to \$260.5 million (as detailed on page 40).
- Total fund balance in the General Fund as of June 30, 2006 increased by \$21.4 million (as summarized on page 30) to \$98.6 million (as detailed on pages 40 and 119). Likewise, unreserved fund balance in the General Fund improved by \$19.2 million to \$76.6 million as of June 30, 2006.
- Capital assets for the governmental activities amounted to \$1.9 billion at the close of fiscal year 2006, and \$1.8 billion at the end of fiscal year 2005. Similarly, capital assets for the business-type activities amounted to \$1.9 billion at the close of the current fiscal year and \$1.8 billion at the end of the prior fiscal year. Capital assets for the governmental and business-type activities are summarized on page 33.
- The City's net debt applicable to the legal debt margin of \$17.1 billion was \$1.7 billion for the fiscal year ended June 30, 2006. Information on the City's long-term debt is summarized on pages 33 and 34.

CITY AND COUNTY OF HONOLULU

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

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

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

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

The City maintains 30 governmental funds, each individually categorized as major or nonmajor. The General Fund is always classified as a major fund. Other major funds consist of the Highway Fund, and the General Obligation Bond and Interest Redemption Fund. A fund is considered major if its revenues, expenditures, assets, or liabilities is at least 10% of corresponding totals for all governmental funds and at least 5% of the aggregate amount for all governmental and enterprise funds for the same item. Even though the General Improvement Bond Fund did not meet the qualifying criteria for a major fund in fiscal year 2006, the City has historically chosen to present it separately like the other major funds in the Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds. Information for the other 26 funds are included in the nonmajor category and are combined into a single, aggregated presentation in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining financial statements under Other Supplementary Information of this report.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds. Enterprise services for which the City charges fees to customers are reported as proprietary funds. Like the government-wide financial statements, the proprietary fund statements report long-term (noncurrent) and short-term (current) financial information. The Statement of Cash Flows for the proprietary funds presents changes in cash and cash equivalents, resulting from operating, financing and investing activities; cash receipts and cash disbursements are reported without consideration of the earnings event, when an obligation arises, and excludes depreciation of capital assets. The City's proprietary funds, comprised of the Housing Development Special Fund, Sewer Fund, Solid Waste Special Fund, and the Public Transportation System, are reported on pages 43 to 46. In addition, the proprietary funds are classified as business-type activities in the government-wide financial statements on pages 35 to 37.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The financial statements of the fiduciary funds are reported on pages 47 and 48 of this report while the agency funds are reported on page 114 and 115.

Notes to the Financial Statements

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

Other Information

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

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

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. Excluding its component unit, the City's assets exceeded liabilities by \$981.2 million in contrast to \$975.5 million at the end of last fiscal year.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the primary government's net assets (86.1% and 93.8% at the end of fiscal years 2006 and 2005, respectively) is reflected as invested in capital assets (i.e., land, construction work in progress, buildings and improvements, equipment and machinery, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately \$98.4 million and \$32.4 million of the net assets for the primary government were unrestricted at June 30, 2006 and 2005, respectively. For the City's governmental activities, the unrestricted net assets of \$97.9 million at the end of fiscal year 2006 may be used to meet the City's ongoing obligations to citizens and creditors. With regard to the City's business-type activities, the unrestricted net assets improved to \$500,000 at June 30, 2006; the increase can be attributed primarily to the 25.0% raise in sewer service charge rates effective on July 1, 2005. A small percentage (3.7%) of the City's net assets at June 30, 2006 represents resources that are subject to external restrictions on how they may be used.

The following is a summary of the Statement of Net Assets as of June 30, 2006 and 2005:

Summary Statement of Net Assets (Amounts in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 394.8	\$ 304.7	\$ 259.0	\$ 156.3	\$ 653.8	\$ 461.0
Restricted assets	-	-	7.4	-	7.4	-
Capital assets, net of accumulated depreciation	1,857.6	1,803.2	1,874.9	1,843.6	3,732.5	3,646.8
Total assets	<u>2,252.4</u>	<u>2,107.9</u>	<u>2,141.3</u>	<u>1,999.9</u>	<u>4,393.7</u>	<u>4,107.8</u>
Noncurrent liabilities	1,931.7	1,798.9	1,315.0	1,197.5	3,246.7	2,996.4
Other liabilities	70.2	57.0	95.6	78.9	165.8	135.9
Total liabilities	<u>2,001.9</u>	<u>1,855.9</u>	<u>1,410.6</u>	<u>1,276.4</u>	<u>3,412.5</u>	<u>3,132.3</u>
Net assets:						
Invested in capital assets, net of debt	151.5	155.9	694.8	759.2	846.3	915.1
Restricted	1.1	1.1	35.4	26.9	36.5	28.0
Unrestricted	97.9	95.0	0.5	(62.6)	98.4	32.4
Total net assets	<u>\$ 250.5</u>	<u>\$ 252.0</u>	<u>\$ 730.7</u>	<u>\$ 723.5</u>	<u>\$ 981.2</u>	<u>\$ 975.5</u>

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of the Statement of Activities for fiscal years 2006 and 2005:

Summary Statement of Activities (Amounts in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services	\$ 168.2	\$ 155.2	\$ 303.5	\$ 264.9	\$ 471.7	\$ 420.1
Operating grants and contributions	100.8	106.4	23.5	-	124.3	106.4
Capital grants and contributions	35.2	19.7	4.3	46.1	39.5	65.8
General revenues:						
Property taxes	595.0	497.9	-	-	595.0	497.9
Other taxes	115.7	109.4	-	-	115.7	109.4
Other	58.9	84.5	13.5	10.5	72.4	95.0
Total revenues	<u>1,073.8</u>	<u>973.1</u>	<u>344.8</u>	<u>321.5</u>	<u>1,418.6</u>	<u>1,294.6</u>
Expenses						
General government	145.2	146.0	-	-	145.2	146.0
Public safety	300.2	302.2	-	-	300.2	302.2
Highways and streets	35.8	23.3	-	-	35.8	23.3
Sanitation	3.1	0.9	-	-	3.1	0.9
Human services	79.9	75.9	-	-	79.9	75.9
Culture and recreation	86.2	81.4	-	-	86.2	81.4
Utilities	33.6	66.0	-	-	33.6	66.0
Retirement and health benefits	134.7	111.0	-	-	134.7	111.0
Miscellaneous	39.6	19.4	-	-	39.6	19.4
Interest	81.5	65.5	-	-	81.5	65.5
Housing	-	-	12.3	10.4	12.3	10.4
Sewer	-	-	140.3	131.5	140.3	131.5
Solid waste	-	-	145.2	138.4	145.2	138.4
Public transportation	-	-	175.3	162.4	175.3	162.4
Total expenses	<u>939.8</u>	<u>891.6</u>	<u>473.1</u>	<u>442.7</u>	<u>1,412.9</u>	<u>1,334.3</u>
Increase (decrease) before transfers	134.0	81.5	(128.3)	(121.2)	5.7	(39.7)
Transfers	(135.5)	(126.4)	135.5	126.4	-	-
Change in net assets	(1.5)	(44.9)	7.2	5.2	5.7	(39.7)
Net assets - beginning	252.0	296.9	723.5	718.3	975.5	1,015.2
Net assets - ending	<u>\$ 250.5</u>	<u>\$ 252.0</u>	<u>\$ 730.7</u>	<u>\$ 723.5</u>	<u>\$ 981.2</u>	<u>\$ 975.5</u>

CITY AND COUNTY OF HONOLULU

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total revenues for the primary government rose from \$1.29 billion for fiscal year 2005 to \$1.42 billion for the fiscal year 2006. The revenue gains for fiscal year 2006 can be attributed primarily to increased real property tax collections and higher sewer service charge rates.

Expenses for the primary government totaled \$1.41 billion for fiscal year 2006 of which \$939.8 million applied to governmental activities and \$473.1 million related to business-type activities. For the prior fiscal year, expenses for the primary government totaled \$1.33 billion; \$891.6 million pertained to governmental activities and \$442.7 million to business-type activities. Depreciation, included as expenses in the above schedule, amounted to \$68.7 million for the governmental activities and \$68.6 million for business-type activities for fiscal year 2006.

Expenses for highways and streets increased from \$23.3 million for fiscal year 2005 to \$35.8 million for fiscal year 2006 principally due to increased street resurfacing expenses.

Utilities (transportation) expenses decreased from \$66.0 million for fiscal year 2005 to \$33.6 million for fiscal year 2006 due primarily to there being no capital contributions to the Public Transportation System for bus acquisitions for fiscal year 2006.

Expenses for retirement and health benefits increased from \$111.0 million for fiscal year 2005 to \$134.7 million for fiscal year 2006 due in large part to state legislation effective July 1, 2005 changing the method of determining the annual required pension contribution from a fixed dollar amount calculated each year to a percentage of covered employees' payroll.

Statement of Activities

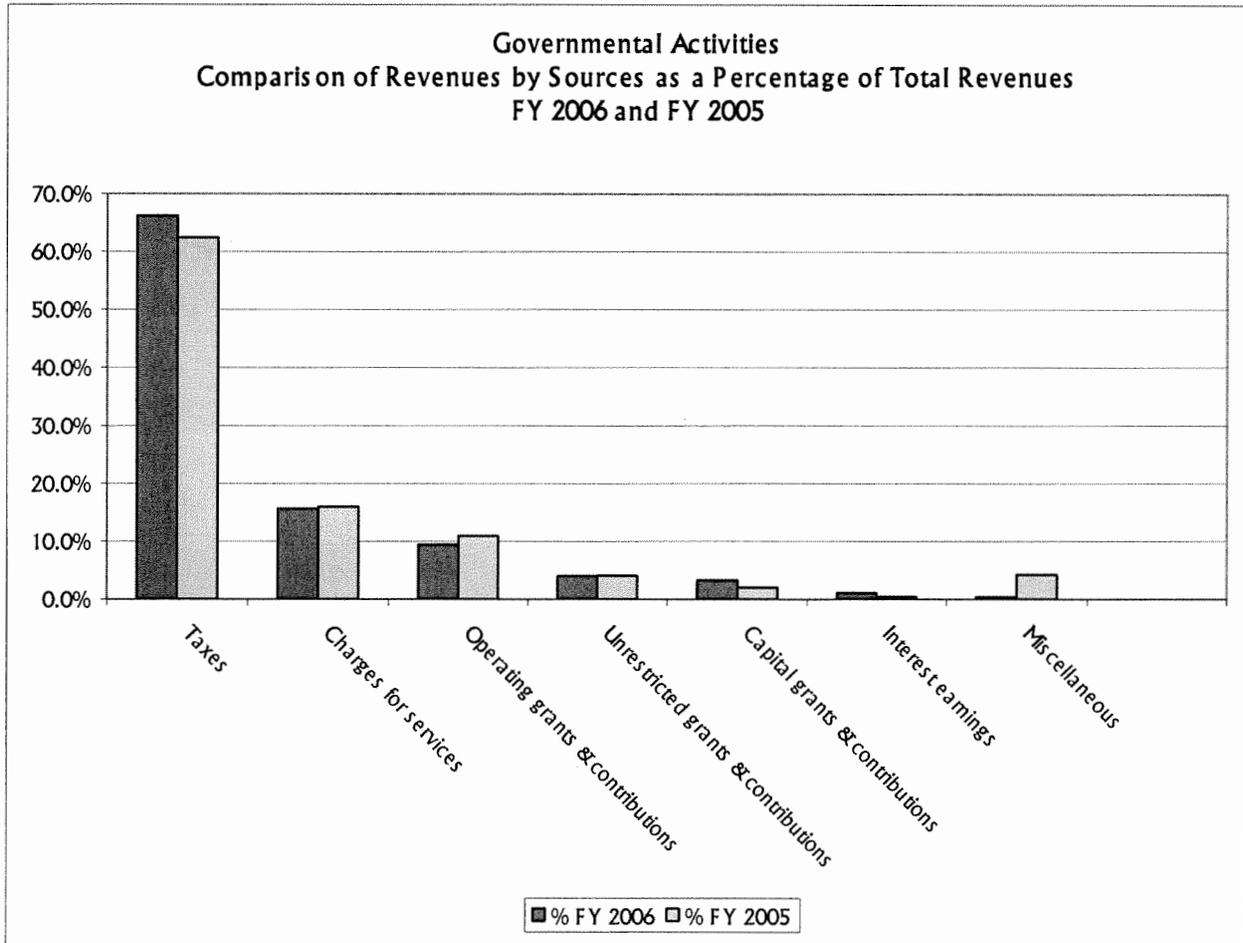
As noted earlier, the Statement of Activities presents how the City's net assets changed during the current fiscal year. Revenues and expenses are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. As such, the statement includes information for some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

Governmental Activities

The net assets for the City's governmental activities improved from a decrease of \$44.9 million for fiscal year 2005 to a decrease of \$1.5 million for fiscal year 2006 primarily as a result of increased real property tax collections. Nonetheless, the decreases in net assets for both years can be attributed in part to the increased retirement and pension contributions, and transfers to the City's business-type activities.

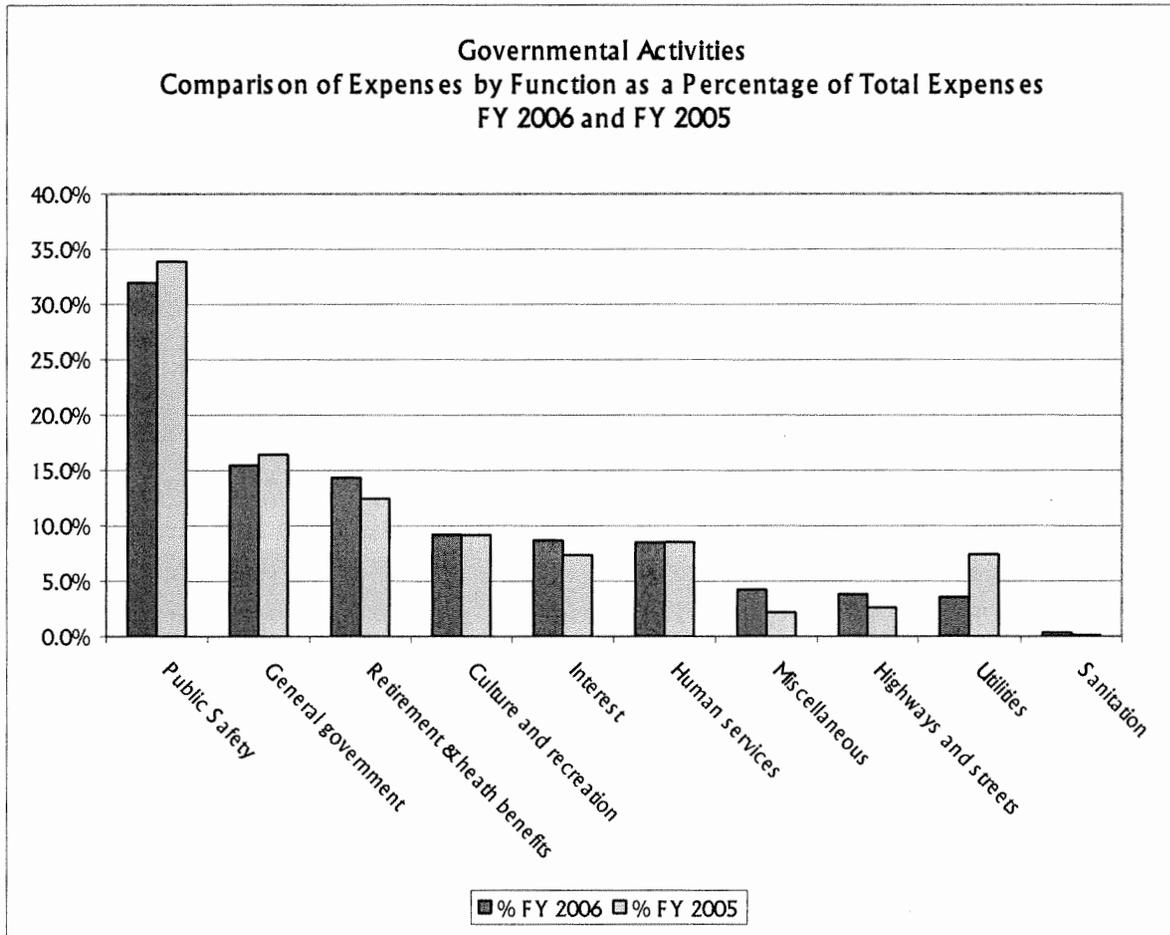
CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues. The following exhibit, Comparison of Revenues by Sources as a Percentage of Total Revenues, indicates revenues from governmental activities were relatively stable for the last two fiscal years. Taxes represented 66.2% (\$710.7 million) of the revenues from governmental activities for fiscal year 2006 and 62.4% (\$607.3 million) in contrast to the year before. Most notably, real property tax collections increased from \$497.9 million for fiscal year 2005 to \$595.0 million for fiscal year 2006 as a result of higher real property tax valuations.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses. During the 2006 fiscal year, the City spent 31.9% (\$300.2 million) of the governmental activities budget on public safety, 15.4% (\$145.2 million) on general government and 14.3% (\$134.7 million) on retirement and health benefits as displayed below on the Comparison of Expenses by Function as a Percentage of Total Expenses. In the prior fiscal year, the City spent 33.9% (\$302.2 million) on public safety, 16.4% (\$146.0 million) on general government and 12.4% (\$111.0 million) on retirement and health benefits.

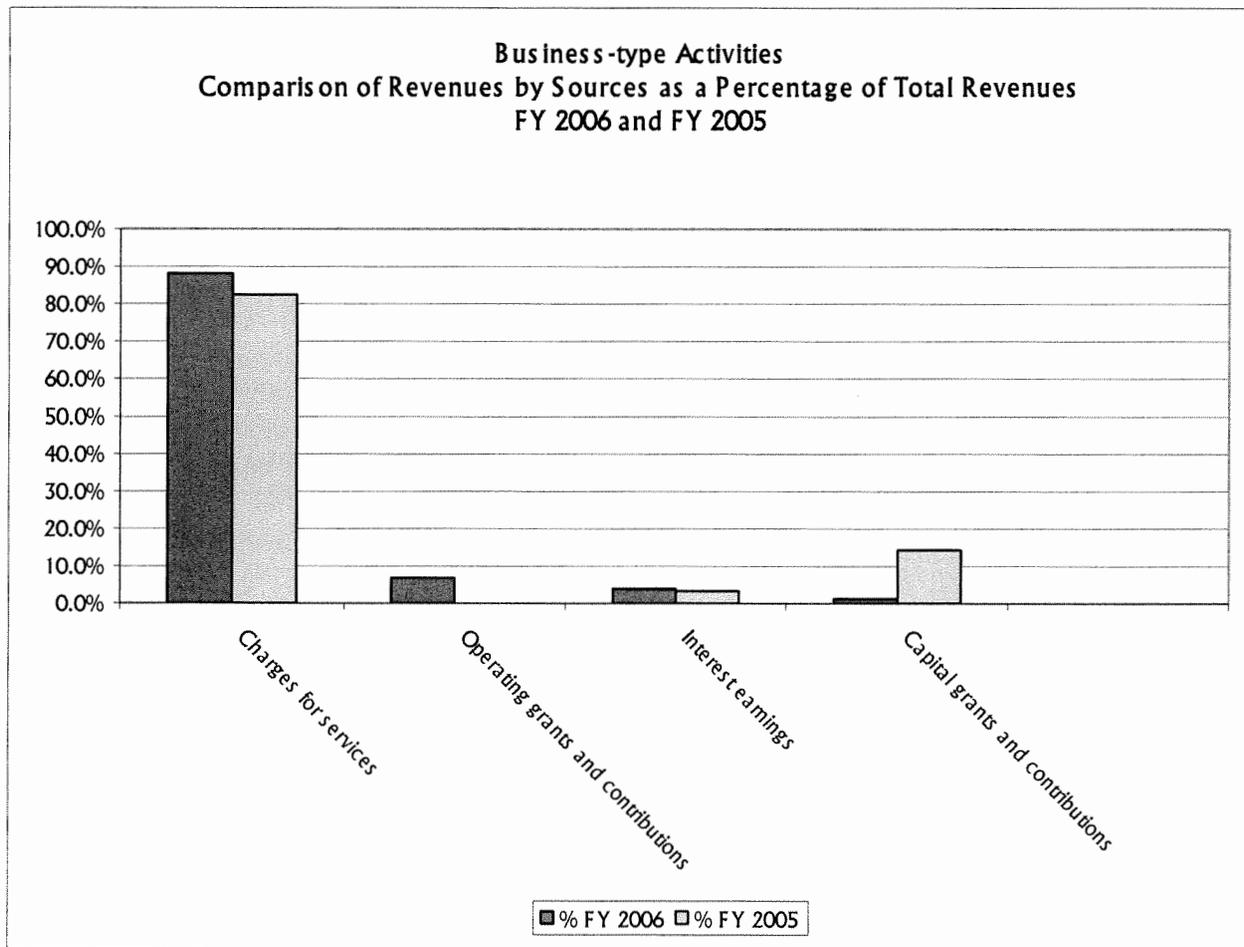


CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

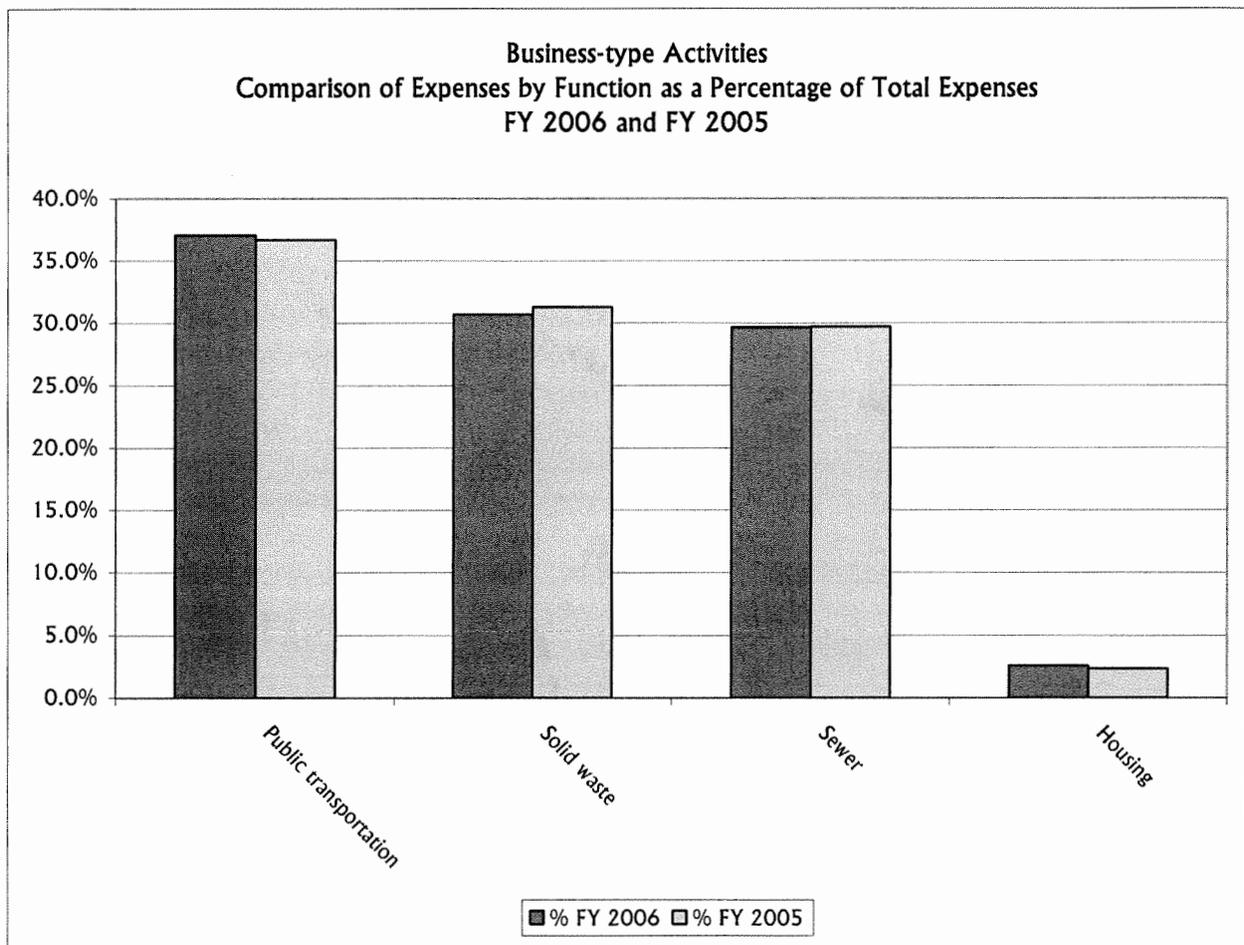
The City's business-type activities net assets increased by \$7.2 million for fiscal year 2006 in comparison to \$5.2 million for fiscal year 2005. The improvement in net assets resulted primarily from the 25% rate increase for sewer service charges effective at the beginning of fiscal year 2006.

Revenues. The Comparison of Revenues by Sources as a Percentage of Total Revenues for business-type activities below indicates that charges for services provided 88.0% of the revenues for business-type activities for fiscal year 2006 in contrast to 82.4% for the previous year. Charges for services totaled \$303.5 million for fiscal year 2006 and can be disaggregated as follows: housing (\$8.4 million), sewer (\$151.2 million), solid waste (\$100.4 million), and public transportation (\$43.5 million). For fiscal year 2005, charges for services totaled \$264.9 million: housing (\$8.1 million), sewer (\$118.9 million), solid waste (\$96.0 million), and public transportation (\$41.9 million). Operating and capital grants and contributions decreased by \$18.3 million for fiscal year 2006 in comparison to fiscal year 2005 due to less federal grants and capital contributions in fiscal year 2006.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses. As displayed in the exhibit below, expenses by business-type activities changed slightly in contrast to the prior year. Public transportation used the most resources (37.1%), followed by solid waste (30.7%) and sewer (29.7%) for fiscal year 2006. The net transfers in for the business-type activities from the governmental activities amounted to \$135.5 million for fiscal year 2006, and \$126.4 million for fiscal year 2005. Specifically, net transfers in for public transportation (bus and handi-van) operations amounted to \$93.1 million for fiscal year 2006, and \$77.9 million for fiscal year 2005; net transfers in for solid waste operations amounted to \$49.4 million for fiscal year 2006, and \$54.7 million for fiscal year 2005; and net transfers out for sewer operations amounted to \$7.0 million for fiscal year 2006, and \$6.2 million for fiscal year 2005.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on short-term (current) inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The following table summarizes the changes in fund balances for the City's governmental funds as of the end of the 2006 fiscal year, amounting to a surplus of \$86.4 million in comparison to a surplus of \$5.2 million for the prior fiscal year.

Changes in Fund Balances (Amounts in Millions)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	All Other Funds	Totals	
						2006	2005
Revenues:							
Taxes	\$ 621.7	\$ 83.8	\$ -	\$ -	\$ -	\$ 705.5	\$ 607.5
Other	181.9	68.8	-	-	165.2	415.9	387.8
Total Revenues	803.6	152.6	-	-	165.2	1,121.4	995.3
Expenditures	544.1	66.8	337.1	67.2	214.2	1,229.4	1,257.7
Subtotal	259.5	85.8	(337.1)	(67.2)	(49.0)	(108.0)	(262.4)
Transfers and Other	(238.1)	(77.0)	337.1	83.0	89.4	194.4	267.6
Changes in Fund Balances	\$ 21.4	\$ 8.8	\$ -	\$ 15.8	\$ 40.4	\$ 86.4	\$ 5.2

The above changes in fund balances for the governmental funds differ from the changes in net assets for governmental activities summarized on page 24. The differences relate to certain financial resources and expenditures such as debt financing and capital outlays that are included in the changes in governmental fund balances but are not reported in the changes in net assets as detailed on page 41.

General Fund. The General Fund is the chief operating fund of the City. The unreserved fund balance of the General Fund was \$76.6 million at June 30, 2006, while total fund balance amounted to \$98.6 million, representing increases of \$19.2 million and \$21.4 million, respectively, in comparison to the prior fiscal year end.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Real property taxes, the primary General Fund revenue source, increased \$91.7 million, a rise of 18.4% compared to the prior year. The increase resulted from higher assessed real property valuations.

Highway Fund. The Highway Fund includes special revenue proceeds that have been earmarked by law for highway and related activities. Major revenue sources include the City fuel tax, vehicle weight tax and public utility franchise tax. The unreserved fund balance increased 40.4% from \$16.6 million at the close of the prior fiscal year to \$23.3 million as of June 30, 2006. Similarly, total fund balance rose 48.6% to \$26.6 million during the same period.

General Obligation Bond and Interest Redemption Fund. The General Obligation Bond and Interest Redemption Fund accounts for principal and interest payments on general obligation serial bonds that have been issued by the City. The balance of matured bonds and interest payable decreased slightly to \$323,000 as of June 30, 2006 compared to the prior year.

General Improvement Bond Fund. Deposits into the General Improvement Bond Fund include proceeds from tax-exempt commercial paper borrowings for payment of public improvements appropriated and expended from the fund as specified in the Executive Capital Budget and Program Ordinance. Encumbered contracts underway, one component of fund balance, decreased 7.1% from \$234.2 million at the end of last year to \$217.6 million at the close of fiscal year 2006. Unreserved capital projects, the other component of fund balance, improved from a deficit of \$229.0 million at the end of fiscal year 2005 to a deficit of \$196.5 million as of June 30, 2006. As a result, total fund balance improved from a surplus of \$5.3 million reported the year before to a surplus of \$21.1 million for fiscal year 2006.

All Other Funds. All other funds (excluding the proprietary funds and the fiduciary funds) are considered the City's nonmajor governmental funds. The fund balances for the nonmajor funds increased from \$73.8 million at June 30, 2005 to \$114.1 million at June 30, 2006. The change in fund balances can be attributed in large part to activities in the Highway Improvement Bond Fund: the issuance of tax exempt commercial paper of \$69.6 million for fiscal year 2005 in comparison to \$85.0 million for fiscal year 2006, and major capital outlays for utilities (transportation), particularly, the Bus Rapid Transit Iwilei to Waikiki Alignment (\$16.2 million in fiscal year 2005 compared to \$2.2 million in fiscal year 2006), the Bus Acquisition Program (\$8.1 million for fiscal year 2005 in comparison to a nominal amount in fiscal year 2006), and the Middle Street Intermodal/Transit Center (\$6.3 million in fiscal year 2005 in contrast to \$1.9 million for fiscal year 2006).

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a slight 0.8% increase between the original appropriation budget and the final amended budget for the General Fund, comprised primarily of an additional bus subsidy of \$4.3 million due primarily to high fuel costs. Other changes represent appropriation transfers within the General Fund, resulting in no total difference between the original and final budget.

Actual revenues exceeded budgetary estimates by 1.5% (\$11.7 million) for fiscal year 2006 and by 0.9% (\$6.2 million) for fiscal year 2005 due in large part to more real property tax collections, increased reimbursements from the State for emergency ambulance services, public service company tax, transient accommodation tax, and investment interest. With expenditure control measures, actual expenditures were less than budgetary estimates by 7.4% (\$45.4 million) for fiscal year 2006 and by 5.2% (\$29.1 million) for the previous year. The net changes in fund balance were favorable variances of \$72.6 million for fiscal year 2006 and \$35.7 million for last year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, totaled \$3.7 billion for the primary government of which \$1.9 billion pertained to governmental activities as of June 30, 2006. This investment in capital assets includes land, construction work in progress, buildings and improvements, equipment and machinery, and infrastructure.

The increase in capital assets may be attributed to costs incurred for various ongoing capital improvement projects during fiscal year 2006 such as the Sand Island Wastewater Treatment Plant and Disinfection Facility (\$28.2 million).

Completed projects during fiscal year 2006 include the Central Oahu Regional Park Aquatic and Tennis Complex (\$13.9 million), Environmental Impact Statement for the Primary Corridor Transportation Project (\$5.6 million), and Rehabilitation of Streets - St. Louis Heights (\$3.5 million). Completed sewer projects include the Kainehe Street/Hamakua Drive Sewers (\$30.1 million), and the Kalaheo Avenue Sewer Rehabilitation (\$22.9 million)

Land valued at \$1.9 million was acquired during the fiscal year for the Koko Head Botanical Gardens.

Additional information on the City's capital assets can be found in the Notes to Financial Statements contained in this report.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of the capital assets for the primary government as of June 30, 2006 in comparison to the previous year:

Summary of Capital Assets (Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Non-depreciable assets:						
Land	\$ 487.1	\$ 482.1	\$ 124.6	\$ 124.5	\$ 611.7	\$ 606.6
Construction work in progress	238.9	247.9	373.9	357.5	612.8	605.4
Other capital assets:						
Buildings and improvements	1,025.9	958.8	665.1	651.7	1,691.0	1,610.5
Equipment and machinery	232.4	223.8	475.9	472.1	708.3	695.9
Infrastructure	835.8	790.3	872.5	808.0	1,708.3	1,598.3
Less: accumulated depreciation	(962.5)	(899.7)	(637.1)	(570.2)	(1,599.6)	(1,469.9)
Net	<u>\$ 1,857.6</u>	<u>\$ 1,803.2</u>	<u>\$ 1,874.9</u>	<u>\$ 1,843.6</u>	<u>\$ 3,732.5</u>	<u>\$ 3,646.8</u>

Long-Term Debt

At June 30, 2006, the City's long-term debt consisted of \$3.1 billion total bonded debt outstanding, \$74.4 million notes payable, and \$290,000 special assessments bonds. Of the total bonded debt, \$1.0 billion represent revenue bonds secured solely by specified revenue sources.

Debt activity during the year include the following:

- \$152.8 million of Wastewater System Revenue bonds were issued on August 10, 2005 to fund additional improvements to the sewer system and refund \$10.0 million of general obligation tax-exempt commercial paper notes and \$9.1 million of general obligation bonds.
- \$396.2 million of General Obligation Refunding bonds were issued on November 22, 2005, generating net premiums of \$17.3 million, to fund \$3.0 million of issuance costs, currently refund \$155.0 million of general obligation tax-exempt commercial paper notes, and fund \$255.5 million to purchase securities to advance refund \$250.0 million of general obligation bonds.
- \$180.0 million of general obligation tax-exempt commercial paper notes were issued on various dates for various capital improvement projects.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Concurrent with the issuance of the aforementioned bonds, the City purchased Financial Guarantee Insurance Policies from Financial Guaranty Insurance Company. The policies unconditionally guarantee the payment of principal and interest on the bonds in the event of nonpayment by the City. As a result, Fitch Inc., Moody's Investors Service and Standard & Poor's Ratings Group assigned ratings of AAA, Aaa and AAA, respectively, for the bonds issued on August 10, 2005 and November 22, 2005.

The City is within all of its legal debt limitations. State statutes limit the amount of general obligation debt a governmental entity may issue to 15.0% of its net assessed valuation. The debt limitation for the City is \$17.1 billion for the 2006 fiscal year. Net debt, excluding debt issued for enterprise fund activities and special assessments, applicable to legal debt margin amounted to \$1.7 billion.

Additional information on the City's debt can be found in the Notes to Financial Statements contained in this report and in the Statistical Section.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The assessed valuation of real property (including new added property inventory) on Oahu increased 28.0% to \$146.1 billion for fiscal year 2007 from \$114.1 billion for fiscal year 2006.

Sewer fees were raised 25.0% effective July 1, 2005, with approved 10.0% increases in each of the following 5 years. In addition, effective January 1, 2006, motor vehicle weight taxes were increased one cent per pound.

Despite the stability in the economy, the City is making every effort to contain costs while maintaining the expected level of service to the public. Continued increases in retirement system contributions, negotiated salaries, FICA taxes, and electricity and fuel costs prompted raises in the operating budgets net of interfund transfers from \$1.37 billion as amended for fiscal year 2006 to \$1.49 billion for fiscal year 2007.

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY AND COUNTY OF HONOLULU
STATEMENT OF NET ASSETS
 JUNE 30, 2006
 (Amounts in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 84,663	\$ 74,804	\$ 159,467	\$ 10,147
Investments	175,679	121,406	297,085	88,829
Receivables (net)	138,272	36,807	175,079	20,063
Internal balances	(3,888)	3,888	--	--
Due from fiduciary funds	10	--	10	--
Inventories	23	14,835	14,858	4,709
Deferred charges and other	--	7,282	7,282	2,511
Restricted assets:				
Cash and cash equivalents	--	5,932	5,932	7,516
Investments	--	1,446	1,446	2,048
Other	--	25	25	--
Capital assets (net of accumulated depreciation):				
Land	487,112	124,635	611,747	32,373
Buildings and improvements	654,740	506,548	1,161,288	88,453
Equipment and machinery	72,558	119,601	192,159	80,773
Infrastructure	404,312	750,291	1,154,603	724,231
Construction work in progress	238,907	373,871	612,778	183,541
Total assets	<u>2,252,388</u>	<u>2,141,371</u>	<u>4,393,759</u>	<u>1,245,194</u>
LIABILITIES				
Accounts payable	32,107	30,332	62,439	28,200
Matured bonds and interest payable ...	332	--	332	--
Accrued interest payable	37,776	25,881	63,657	3,996
Due to fiduciary funds	--	44	44	--
Other liabilities	--	39,341	39,341	22,954
Noncurrent liabilities:				
Due within one year	144,463	67,910	212,373	3,170
Due in more than one year	1,787,196	1,247,114	3,034,310	211,577
Total liabilities	<u>2,001,874</u>	<u>1,410,622</u>	<u>3,412,496</u>	<u>269,897</u>
NET ASSETS				
Invested in capital assets, net of related debt	151,597	694,775	846,372	890,159
Restricted for:				
Capital activity	--	--	--	4,885
Debt service	1,052	35,425	36,477	--
Unrestricted	97,865	549	98,414	80,253
Total net assets	<u>\$ 250,514</u>	<u>\$ 730,749</u>	<u>\$ 981,263</u>	<u>\$ 975,297</u>

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

CITY AND COUNTY OF HONOLULU
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government.....	\$ 145,177	\$ 113,459	\$ 4,735	\$ 2,110
Public safety.....	300,245	30,502	15,989	1,802
Highways and streets.....	35,795	2,152	301	1,266
Sanitation.....	3,125	14	331	3,500
Human services.....	79,880	442	56,660	22,662
Culture and recreation.....	86,197	21,646	844	718
Utilities.....	33,579	--	21,978	3,142
Retirement and health benefits....	134,657	--	--	--
Miscellaneous.....	39,621	--	--	--
Interest.....	81,454	--	--	--
Total governmental activites....	<u>939,730</u>	<u>168,215</u>	<u>100,838</u>	<u>35,200</u>
Business-type activities:				
Housing.....	12,296	8,367	--	--
Sewer.....	140,242	151,200	--	2,673
Solid Waste.....	145,181	100,452	--	--
Public Transportation.....	175,347	43,502	23,516	1,582
Total business-type activites....	<u>473,066</u>	<u>303,521</u>	<u>23,516</u>	<u>4,255</u>
Total primary government.....	<u>\$ 1,412,796</u>	<u>\$ 471,736</u>	<u>\$ 124,354</u>	<u>\$ 39,455</u>
Component unit:				
Board of Water Supply.....	<u>\$ 136,820</u>	<u>\$ 103,407</u>	<u>\$ --</u>	<u>\$ 13,554</u>
General revenues:				
Property taxes.....				
Public service company tax.....				
Fuel tax				
Public utility franchise tax.....				
Investment earnings.....				
Unrestricted grants and contributions.....				
Other.....				
Transfers.....				
Total general revenues and transfers.....				
Change in net assets.....				
Net assets - beginning.....				
Net assets - ending.....				

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

CITY AND COUNTY OF HONOLULU
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (24,873)	\$ --	\$ (24,873)	\$ --
(251,952)	--	(251,952)	--
(32,076)	--	(32,076)	--
720	--	720	--
(116)	--	(116)	--
(62,989)	--	(62,989)	--
(8,459)	--	(8,459)	--
(134,657)	--	(134,657)	--
(39,621)	--	(39,621)	--
(81,454)	--	(81,454)	--
(635,477)	--	(635,477)	--
--	(3,929)	(3,929)	--
--	13,631	13,631	--
--	(44,729)	(44,729)	--
--	(106,747)	(106,747)	--
--	(141,774)	(141,774)	--
(635,477)	(141,774)	(777,251)	--
--	--	--	(19,859)
595,041	--	595,041	--
29,815	--	29,815	--
52,385	--	52,385	--
33,450	--	33,450	--
11,621	13,473	25,094	3,725
43,269	--	43,269	--
3,940	--	3,940	--
(135,539)	135,539	--	--
633,982	149,012	782,994	3,725
(1,495)	7,238	5,743	(16,134)
252,009	723,511	975,520	991,431
\$ 250,514	\$ 730,749	\$ 981,263	\$ 975,297

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

MAJOR FUNDS

General Fund

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

Special Revenue Fund

Highway Fund

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

Debt Service Fund

General Obligation Bond and Interest Redemption Fund

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

Capital Projects Fund

General Improvement Bond Fund

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

NONMAJOR FUNDS

Special Revenue Funds

Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund

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

Bikeway Fund

This fund accounts for bicycle and moped permanent registration fees, transfer fees, penalties, fines, and charges for duplicate tags and certificates of registration. These monies are earmarked for operating, acquisition and other costs related to bikeways.

Parks and Playgrounds Fund

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

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Federal Revenue Sharing Fund

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

Liquor Commission Fund

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

Rental Assistance Fund

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

Zoo Animal Purchase Fund

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

Hanauma Bay Nature Preserve Fund

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

Reserve for Fiscal Stability Fund

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

Community Development Fund

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

Golf Fund

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

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Special Events Fund

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

Farmers Home Administration Loan Fund

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

Special Projects Fund

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

Federal Grants Fund

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

Housing and Community Development Rehabilitation Loan Fund

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

Pauahi Project Expenditures, Hawaii R-15 Fund

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

Housing and Community Development Section 8 Contract Fund

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

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Leasehold Conversion Fund

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

Improvement District Revolving Fund

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

Housing and Community Development Revolving Fund

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

Municipal Stores Revolving Fund

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

Debt Service Fund

Improvement District Bond and Interest Redemption Fund

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

Capital Projects Funds

Highway Improvement Bond Fund

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

Federal Grants Capital Projects Fund

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

Capital Projects Fund

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

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2006

(Amounts in thousands)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments:						
With Treasury	\$ 86,090	\$ 22,452	\$ 279	\$ 30,495	\$ 121,026	\$ 260,342
Receivables	28,963	20,948	--	--	88,361	138,272
Due from other funds	21,839	--	44	180	290	22,353
Inventories	--	--	--	--	23	23
Total Assets	<u>\$ 136,892</u>	<u>\$ 43,400</u>	<u>\$ 323</u>	<u>\$ 30,675</u>	<u>\$ 209,700</u>	<u>\$ 420,990</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 11,442	\$ 687	\$ --	\$ 5,993	\$ 8,616	\$ 26,738
Accrued payroll	4,728	386	--	--	255	5,369
Due to other funds	557	3	--	3,584	22,087	26,231
Matured bonds and interest payable.....	--	--	323	--	9	332
Deferred revenue	21,557	15,716	--	--	64,586	101,859
Total Liabilities	<u>38,284</u>	<u>16,792</u>	<u>323</u>	<u>9,577</u>	<u>95,553</u>	<u>160,529</u>
Fund Balances:						
Reserved for:						
Encumbrances	22,004	3,305	--	217,618	321,480	564,407
Debt service	--	--	--	--	1,052	1,052
Unreserved, reported in:						
General fund	76,604	--	--	--	--	76,604
Special revenue funds	--	23,303	--	--	5,512	28,815
Capital projects funds	--	--	--	(196,520)	(213,897)	(410,417)
Total Fund Balances	<u>98,608</u>	<u>26,608</u>	<u>--</u>	<u>21,098</u>	<u>114,147</u>	<u>260,461</u>
Total Liabilities and Fund Balances	<u>\$ 136,892</u>	<u>\$ 43,400</u>	<u>\$ 323</u>	<u>\$ 30,675</u>	<u>\$ 209,700</u>	

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

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

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

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

1,857,629

101,859

(1,969,435)

Net assets of governmental activities

\$ 250,514

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

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	General Fund	Highway Fund	General Obligation Bond and Interest Redemption Fund	General Improvement Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes.....	\$ 621,741	\$ 83,816	\$ --	\$ --	\$ --	\$ 705,557
Special assessments.....	--	--	--	--	387	387
Licenses and permits.....	36,219	61,297	--	--	3,422	100,938
Intergovernmental.....	43,519	--	--	--	125,996	169,515
Charges for services.....	5,511	5,249	--	--	13,231	23,991
Fines and forfeits.....	420	12	--	--	266	698
Miscellaneous:						
Reimbursements and recoveries.....	78,586	398	--	--	9	78,993
Interest.....	11,621	--	--	--	885	12,506
Other.....	5,972	1,836	--	40	21,006	28,854
Total Revenues.....	803,589	152,608	--	40	165,202	1,121,439
Expenditures:						
Current:						
General government.....	105,192	14,088	--	--	10,107	129,387
Public safety.....	249,402	22,766	--	--	15,424	287,592
Highways and streets.....	1,925	14,858	--	--	331	17,114
Sanitation.....	--	695	--	--	556	1,251
Human services.....	1,654	--	--	--	56,019	57,673
Culture-recreation.....	49,433	--	--	--	18,852	68,285
Utilities or other enterprises.....	--	1,345	--	--	21,985	23,330
Miscellaneous:						
Retirement and health benefits.....	117,678	11,988	--	--	4,991	134,657
Other.....	17,524	1,060	--	--	181	18,765
Capital Outlay:						
General government.....	--	--	--	15,815	1,475	17,290
Public safety.....	--	--	--	19,053	6,420	25,473
Highways and streets.....	--	--	--	4,864	41,099	45,963
Sanitation.....	--	--	--	--	1,874	1,874
Human services.....	--	--	--	--	22,655	22,655
Culture-recreation.....	--	--	--	27,484	1,566	29,050
Utilities or other enterprises.....	--	--	--	--	10,297	10,297
Debt service:						
Principal.....	1,135	--	247,674	--	355	249,164
Interest.....	153	--	89,445	--	32	89,630
Total Expenditures.....	544,096	66,800	337,119	67,216	214,219	1,229,450
Revenues over (under) Expenditures.....	259,493	85,808	(337,119)	(67,176)	(49,017)	(108,011)
Other Financing Sources (Uses):						
Issuance of tax exempt commercial paper	--	--	--	83,022	85,000	168,022
Issuance of refunding bonds	--	--	387,324	--	--	387,324
Bond premium	--	--	17,054	--	--	17,054
Bond discount	--	--	(115)	--	--	(115)
Payment of refunded bonds	--	--	(243,000)	--	--	(243,000)
Sales of capital assets.....	402	238	--	--	--	640
Transfers in.....	67,747	--	175,856	--	24,534	268,137
Transfers out.....	(306,200)	(77,293)	--	--	(20,183)	(403,676)
Total Other Financing Sources (Uses).....	(238,051)	(77,055)	337,119	83,022	89,351	194,386
Net change in fund balances.....	21,442	8,753	--	15,846	40,334	86,375
Fund Balances - July 1.....	77,166	17,855	--	5,252	73,813	174,086
Fund Balances - June 30.....	\$ 98,608	\$ 26,608	\$ --	\$ 21,098	\$ 114,147	\$ 260,461

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

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

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

Net change in fund balances--total governmental funds	\$ 86,375
Governmental funds report capital outlays as expenditures. The Statement of Activities reports depreciation expense on capital assets. This is the difference between the two amounts for this year.	54,441
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	4,978
Proceeds from the issuance of long-term debt are reported as providing current financial resources in the governmental funds, but are reported as long-term debt in the government-wide financial statements. Repayment of such debt is reported as an expenditure for governmental funds but is reported as a reduction of debt in the government-wide financial statements.	(108,164)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(39,125)
Change in net assets of governmental activities	\$ (1,495)

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

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Proprietary Fund Financial Statements

Housing Development Special Fund

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

Sewer Fund

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

Solid Waste Special Fund

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

Public Transportation System

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

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2006
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				
	Housing	Sewer	Solid Waste	Public Transportation System	Totals
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 15,175	\$ 34,350	\$ 22,340	\$ 2,939	\$ 74,804
Investments	--	75,343	40,195	5,868	121,406
Receivables:					
Accounts (net of allowance for uncollectibles of \$5,843)	905	20,875	10,838	1,540	34,158
Interest	41	995	1,208	--	2,244
Intergovernmental	--	--	405	--	405
Due from other funds	--	3,967	124	--	4,091
Inventories of parts, materials and supplies, at cost	--	3,915	--	6,614	10,529
Inventories of real estate held for sale	4,306	--	--	--	4,306
Restricted assets:					
Cash and cash equivalents	4,334	--	--	1,598	5,932
Investments	--	--	--	1,446	1,446
Other	25	--	--	--	25
Prepaid expenses and other assets	22	--	518	2,331	2,871
Total Current Assets	24,808	139,445	75,628	22,336	262,217
Noncurrent Assets:					
Capital Assets:					
Land	14,390	6,003	24,148	80,094	124,635
Buildings and improvements	108,504	452,944	52,483	51,204	665,135
Transmission and distribution system	--	872,543	--	--	872,543
Equipment and machinery	279	28,409	251,083	30,141	309,912
Buses and other transit vehicles	--	--	--	165,941	165,941
Construction work in progress	6,478	359,204	3,964	4,225	373,871
Accumulated depreciation	(46,934)	(205,500)	(223,924)	(160,733)	(637,091)
Deferred charges and other	2,222	1,716	473	--	4,411
Total Noncurrent Assets	84,939	1,515,319	108,227	170,872	1,879,357
Total Assets	109,747	1,654,764	183,855	193,208	2,141,574
LIABILITIES					
Current Liabilities:					
Accounts payable	484	19,221	8,406	2,221	30,332
Interest payable-current	2,175	18,120	5,586	--	25,881
Notes payable-current	--	6,044	--	--	6,044
Bonds payable-current	5,824	13,097	23,876	--	42,797
Tax-exempt commercial paper	--	--	11,837	--	11,837
Operating fee obligation, net of note receivable	--	--	6,842	--	6,842
Due to other funds	--	26	221	--	247
Reserve for insurance claims payable	--	--	--	12,912	12,912
Accrued payroll	--	266	701	--	967
Other current liabilities	102	264	539	1,460	2,365
Total Current Liabilities	8,585	57,038	58,008	16,593	140,224
Noncurrent Liabilities:					
Notes payable	--	62,294	--	--	62,294
General obligation bonds payable, net	94,398	29,478	131,236	--	255,112
Revenue bonds payable, net	--	834,459	--	--	834,459
Operating fee obligation, net of note receivable	--	--	79,872	--	79,872
Estimated liability for landfill closure and postclosure care costs	--	--	15,377	--	15,377
Other liabilities	10,130	5,079	3,475	4,803	23,487
Total Noncurrent Liabilities	104,528	931,310	229,960	4,803	1,270,601
Total Liabilities	113,113	988,348	287,968	21,396	1,410,825
NET ASSETS					
Invested in capital assets, net of related debt	(17,505)	600,603	(59,195)	170,872	694,775
Restricted for debt service	--	35,425	--	--	35,425
Unrestricted	14,139	30,388	(44,918)	940	549
Total Net Assets (Deficit)	\$ (3,366)	\$ 666,416	\$ (104,113)	\$ 171,812	\$ 730,749

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

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Operating Revenues:					
Sales of dwelling units and lots	\$ 302	\$ --	\$ --	\$ --	\$ 302
Rental income	8,065	--	3,223	--	11,288
Sewer service charges	--	142,167	--	--	142,167
Disposal and collection fees	--	--	55,942	--	55,942
Electrical energy fee	--	--	39,375	--	39,375
Passenger fares for transit services	--	--	--	42,785	42,785
Other revenue	--	9,033	1,866	717	11,616
Total Operating Revenues	8,367	151,200	100,406	43,502	303,475
Operating Expenses:					
Administrative and general	789	33,762	39,356	1,030	74,937
Maintenance	755	174	434	4	1,367
Depreciation	3,601	31,439	16,971	16,619	68,630
Contractual services	1,867	9,950	46,479	116,891	175,187
Supplemental operating fee	--	--	3,223	--	3,223
Fringe benefits	108	11,876	9,197	--	21,181
Materials and supplies	55	6,430	5,194	9,981	21,660
Fuel and lubricants	--	2,049	1,635	13,840	17,524
Insurance	206	--	1,738	10,835	12,779
State taxes - fuel	--	--	100	2,615	2,715
Utilities	1,225	11,757	280	2,502	15,764
Cost of sales - dwelling units and lots ...	165	--	--	--	165
Other	--	--	--	786	786
Total Operating Expenses	8,771	107,437	124,607	175,103	415,918
Operating Income (Loss)	(404)	43,763	(24,201)	(131,601)	(112,443)
Nonoperating Revenues (Expenses):					
Interest revenue	755	4,166	8,488	64	13,473
Interest expense	(4,866)	(29,556)	(20,382)	--	(54,804)
Gain (Loss) from disposal of property ..	--	(3,152)	46	(244)	(3,350)
Amortization expense	(99)	(97)	(36)	--	(232)
Other	1,440	--	(156)	23,516	24,800
Total Nonoperating Revenues					
(Expenses)	(2,770)	(28,639)	(12,040)	23,336	(20,113)
Income (Loss) before Transfers and					
Capital Contributions.....	(3,174)	15,124	(36,241)	(108,265)	(132,556)
Transfers In	--	--	56,958	93,104	150,062
Transfers Out	--	(6,963)	(7,560)	--	(14,523)
Capital Contributions	--	2,673	--	1,582	4,255
Change in Net Assets	(3,174)	10,834	13,157	(13,579)	7,238
Net Assets - July 1	(192)	655,582	(117,270)	185,391	723,511
Net Assets - June 30	\$ (3,366)	\$ 666,416	\$ (104,113)	\$ 171,812	\$ 730,749

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

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Cash flows from operating activities:					
Receipts from customers.....	\$ 8,256	\$ 145,829	\$ 96,945	\$ 42,663	\$ 293,693
Payments to suppliers.....	(5,031)	(36,995)	(67,179)	(153,749)	(262,954)
Payments to employees.....	--	(31,795)	(23,183)	(991)	(55,969)
Payments for interfund services used.....	--	180	(1,572)	--	(1,392)
Other receipts (payments).....	1,440	(62)	(9,262)	378	(7,506)
Net cash provided by (used in) operating activities	<u>4,665</u>	<u>77,157</u>	<u>(4,251)</u>	<u>(111,699)</u>	<u>(34,128)</u>
Cash flows from noncapital financing activities:					
Transfers in	--	--	56,957	93,104	150,061
Transfers out	--	(6,963)	(7,560)	--	(14,523)
Grants and contributions	--	--	--	22,837	22,837
Net cash provided by (used in) noncapital financing activities	<u>--</u>	<u>(6,963)</u>	<u>49,397</u>	<u>115,941</u>	<u>158,375</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(6)	(84,868)	(4,097)	(14)	(88,985)
Proceeds from issuing notes	--	--	12,000	--	12,000
Principal paid on operating fee obligation	--	--	(21,949)	--	(21,949)
Interest paid on operating fee obligation	--	--	(8,664)	--	(8,664)
Proceeds from issuing bonds	--	140,003	9,170	--	149,173
Principal paid on notes	--	(5,920)	(2,000)	--	(7,920)
Principal paid on bonds	(5,824)	(4,589)	(28,451)	--	(38,864)
Interest paid on notes	--	(2,537)	(137)	--	(2,674)
Interest paid on bonds	(4,833)	(29,365)	(8,818)	--	(43,016)
Net cash provided by (used in) capital and related financing activities	<u>(10,663)</u>	<u>12,724</u>	<u>(52,946)</u>	<u>(14)</u>	<u>(50,899)</u>
Cash flows from investing activities:					
Purchase of investments	(248,998)	(308,281)	(198,057)	(45,186)	(800,522)
Proceeds from maturities of investments	248,998	241,300	159,256	38,030	687,584
Principal received on notes receivable	--	--	17,610	--	17,610
Interest received on notes receivable	2	--	6,684	--	6,686
Assets held in property management.....	(26)	--	--	--	(26)
Interest on investments	756	2,888	1,767	63	5,474
Net cash provided by (used in) investing activities	<u>732</u>	<u>(64,093)</u>	<u>(12,740)</u>	<u>(7,093)</u>	<u>(83,194)</u>
Net increase (decrease) in cash and cash equivalents	(5,266)	18,825	(20,540)	(2,865)	(9,846)
Cash and cash equivalents - July 1	20,441	15,525	42,880	5,804	84,650
Cash and cash equivalents - June 30	<u>\$ 15,175</u>	<u>\$ 34,350</u>	<u>\$ 22,340</u>	<u>\$ 2,939</u>	<u>\$ 74,804</u>

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

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (404)	\$ 43,763	\$ (24,201)	\$ (131,601)	\$ (112,443)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,601	31,439	16,971	16,619	68,630
Other revenues	1,440	110	(100)	680	2,130
Writeoff of capital assets	--	404	--	--	404
(Increase) decrease in accounts receivable	(111)	(5,140)	377	(817)	(5,691)
Increase in intergovernmental receivable	--	--	(405)	--	(405)
(Increase) decrease in due from other funds	--	95	(969)	--	(874)
Decrease in parts, materials and supplies	--	293	--	124	417
Decrease in real estate held for sale	156	--	--	--	156
Decrease in prepaid expenses and other assets	2	--	33	667	702
Increase in trade accounts payables	230	6,303	1,900	521	8,954
Increase in reserve for insurance claims payable	--	--	--	623	623
Increase (decrease) in deferred credits	(249)	--	635	(69)	317
Increase (decrease) in other liabilities	--	(136)	532	1,554	1,950
Increase in due to other funds	--	26	976	--	1,002
Net cash provided by (used in) operating activities	<u>\$ 4,665</u>	<u>\$ 77,157</u>	<u>\$ (4,251)</u>	<u>\$ (111,699)</u>	<u>\$ (34,128)</u>

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

Housing

Amortization of deferred refinancing charges amounted to \$99 for the year ended June 30, 2006. Interest expense for bond premium and bond deferred loss on refunding amounted to (\$225) for the year ended June 30, 2006.

Sewer

The Sewer Fund received \$2,673 in contributions of capital assets from government agencies and developers which are recorded as contributed capital at their cost or estimated cost for the year ended June 30, 2006. Amortization of bond discount and bond premium amounted to \$1,862 and \$355 respectively, while amortization for bond issuance cost amounted to \$97 for the year ended June 30, 2006.

Solid Waste

Amortization of bond discount and bond issuance cost amounted to \$93 for the year ended June 30, 2006. Interest expense for bond premium and bond deferred loss on refunding amounted to (\$652) for the year ended June 30, 2006.

Public Transportation System

The Public Transportation System received contributions of capital assets from the City and County of Honolulu amounting to \$1,582 for the year ended June 30, 2006.

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

Fiduciary Fund Financial Statements

General Trust Fund

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

Treasury Trust Fund

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

Real Property Tax Trust Fund

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

Payroll Clearance Fund

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

CITY AND COUNTY OF HONOLULU
STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2006
 (Amounts in thousands)

	Private-purpose Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 613	\$ 15,187
Investments	3,806	14,801
Due from other funds	--	34
Total assets	4,419	30,022
<u>LIABILITIES</u>		
Accounts payable	--	3,301
Other current liabilities	--	26,721
Total liabilities	--	30,022
<u>NET ASSETS</u>		
Held in trust for individuals, organizations and other governments	\$ 4,419	\$ --

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

CITY AND COUNTY OF HONOLULU
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	Private-purpose Trust Fund
<u>ADDITIONS</u>	
Interest	\$ 55
Collections for sundry creditors, contributions, etc.....	1,508
Total additions	1,563
<u>DEDUCTION</u>	
Payments in accordance with trust agreements	1,615
Change in net assets	(52)
Net assets - July 1	4,471
Net assets - June 30	\$ 4,419

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

NOTES TO THE FINANCIAL STATEMENTS

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

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

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

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

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

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

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

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

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

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

The City reports the following as major governmental funds:

General Fund

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

Highway Fund

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

General Obligation Bond and Interest Redemption Fund

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

General Improvement Bond Fund

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

All of the City proprietary funds are reported as major:

Housing Development Special Fund

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

Sewer Fund

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

Solid Waste Special Fund

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

Public Transportation System

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

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

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

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

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

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

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

The City has the following fund types:

Governmental Fund Types

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

The City's governmental fund types are as follows:

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

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

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

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

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Proprietary Funds

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

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

Fiduciary Funds

The fiduciary funds are used to account for assets and activities when a governmental unit is functioning as a trustee or an agent for another party. The following are the City's major fiduciary funds:

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

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

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

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

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

Budgets and Budgetary Accounting

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

Encumbrances

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

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

Cash and Investments

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

Investments consist of participating interest-earning contracts such as investments in U.S. government securities and investments purchased under agreements to resell to banks (repurchase agreements). Investments are stated at amortized cost.

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

Real Property Taxes

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

Unbilled Receivables

Included in the enterprise fund – discretely presented component unit and enterprise fund – proprietary fund type receivables at June 30, 2006, were unbilled water and sewer charges (due to the use of cycle billings) in the amounts of \$7.1 million and \$12.7 million, respectively.

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Inventories of Parts, Materials and Supplies

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

Inventory of Real Estate Held for Sale

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

Capital Assets

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

CITY AND COUNTY OF HONOLULU
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Depreciation on all assets is provided for on the straight-line basis over the following estimated useful lives:

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

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

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

Intrafund and Interfund Transactions

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

Transfers from the primary government include operating loss subsidies of \$93.1 million to the Public Transportation System and authorized transfers from funds receiving revenues to funds that will expend those resources. Contributions to the capital accounts of enterprise funds are reflected in the statement of revenue, expenses and changes in fund net assets.

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Net Assets

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

Retirement Plan Contributions

In fiscal year 2005, the City's contribution to the Employees' Retirement System of the State of Hawaii was based on an actuarial computation contribution which consisted of the normal cost plus a level annual payment required to amortize an unfunded actuarial accrued liability over the remaining period of 27 years from July 1, 2002. Effective July 1, 2005 a dollar contribution is not determined under the provisions of Act 181/2004. Instead a fixed percentage of payroll is contributed (15.75% for Police and Fire and 13.75% for All Other Employees).

Deferred Compensation Plan

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

A trust fund was established to protect plan assets from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. Deferred compensation plan assets of \$362.3 million are not reported in the accompanying basic financial statements at June 30, 2006.

CITY AND COUNTY OF HONOLULU
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Compensated Absences

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

Sick leave accumulates at the rate of one and three-quarters working days for each month, without limit. Sick leave is taken only in the event of illness and is not convertible to pay; accordingly, sick leave is not accrued in the accompanying financial statements. Employees who retire or leave government service in good standing with sixty or more unused sick leave days are entitled to an additional service credit in the retirement system. At June 30, 2006, accumulated sick leave amounted to \$322.9 million.

Leases

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

Enterprise Funds

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

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

Deficit Balances

At June 30, 2006 the accumulated deficit in the Solid Waste Special Fund improved by \$13.2 million to \$104.1 million from fiscal year 2005 due to transfers from the General fund. It is anticipated that the City will continue to provide significant operating subsidies to the refuse collection and recycling operations.

The Housing Special Development Fund showed a deficit balance of \$3.4 million at June 30, 2006 due to debt service payments of \$10.7 million.

CITY AND COUNTY OF HONOLULU
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Use of Estimates

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

New Accounting Pronouncements

In May 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 44, *Economic Condition Reporting: The Statistical Section – an amendment of NCGA (National Council on Governmental Accounting) Statement 1*. This Statement establishes and modifies requirements related to the supplementary information presented in the statistical section that accompanies the basic financial statements. The provisions of this Statement are effective for statistical sections prepared for periods beginning after June 15, 2005. The City has early-implemented GASB 44 in fiscal year 2005. GASB 44 has resulted in the categorization of statistical information into the following five categories: financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

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

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In December 2004, the GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government can compel a government to honor. This Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The provisions of this Statement are effective for the City for periods beginning after June 15, 2005. Pursuant to Act 247, SLH 2005, Section 2, Chapter 46 and Chapter 6, Article 60 of the Revised Ordinances of Honolulu, a transit fund was created to receive the half-percent county surcharge on state general excise and use tax. The surcharge is effective January 1, 2007 and expires on December 31, 2022. Expenditures will be restricted to operating or capital costs of a locally preferred alternative for a mass transit project and related expenses in complying with the American with Disabilities Act of 1990.

In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*. The Statement provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The provisions of this Statement are effective for the City for periods beginning after June 15, 2005. The City has determined this Statement will have no effect on its financial statements.

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

Financial Statement Presentation

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

2. Budgets and Budgetary Accounting

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

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

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

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

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

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
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3. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance of total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that, "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. However, all current and long-term liabilities are reported in the statement of net assets. The details of this \$1.97 billion difference are as follows (amounts in thousands):

Long-term liabilities (see Note 8)	\$ (1,931,659)
Accrued interest payable and other	<u>(37,776)</u>
	<u>\$ (1,969,435)</u>

The government fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances of total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that, "Governmental funds report capital outlays as expenditures. The statement of activities reports depreciation expense on capital assets." The details of this \$54.4 million difference are as follows (amounts in thousands):

Capital outlays	\$ 123,181
Depreciation expense	<u>(68,740)</u>
	<u>\$ 54,441</u>

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Another element of that reconciliation states that, "Proceeds from the issuance of long-term debt are reported as providing current financial resources in the governmental funds, but are reported as long-term debt in the government-wide financial statements. Repayment of such debt is reported as an expenditure for governmental funds but is reported as a reduction of debt in the government-wide financial statements." The details of this \$108.2 million difference are as follows (amounts in thousands):

Debt Issued:	
General obligation bonds, net	\$ (404,263)
Tax-exempt commercial paper	(168,021)
Total	<u>(572,284)</u>
Principal Repayments:	
General obligation bonds, net	309,261
Tax-exempt commercial paper	153,200
Other long-term debt	1,659
Total	<u>464,120</u>
Net adjustment	<u>\$ (108,164)</u>

Another element of that reconciliation states that, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$39.1 million difference are as follows (amounts in thousands):

Compensated absences	\$ (3,779)
Claims and judgments	(20,856)
Other	(14,490)
Net adjustment	<u>\$ (39,125)</u>

4. Cash and Investments

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

CITY AND COUNTY OF HONOLULU
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Cash and Cash Equivalents

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

Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of other states, cities, and counties, mutual funds and bank repurchase agreements. Investments in repurchase agreements are primarily U.S. government or federal agency securities.

Credit Risk and Foreign Currency Risk

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

Interest Rate Risk

The City does not have a formal investment policy that relates to interest rate risk. However, the City structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations avoiding the need to sell securities on the open market prior to maturity. This practice decreases the City's exposure to risk caused by the fluctuation in interest rates. The City also invests in operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. As of June 30, 2006, the City had no investments in money market mutual funds or external investment pools.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
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The fair value and maturities of investments as of June 30, 2006 were as follows (amount in thousands):

	Reported Amount	Fair Value	Investment Maturity in Years			
			Less than One	1 to 5	6 to 10	More than 10
Primary Government:						
Repurchase agreements	\$ 99,124	\$ 99,124	\$ 99,124	\$ -	\$ -	\$ -
U.S. government securities	197,961	200,963	200,476	487	-	-
Total	<u>\$ 297,085</u>	<u>\$ 300,087</u>	<u>\$ 299,600</u>	<u>\$ 487</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit:						
U.S. government securities	<u>\$ 90,877</u>	<u>\$ 90,877</u>	<u>\$ 53,710</u>	<u>\$ 37,167</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Funds:						
Repurchase agreements	\$ 1,749	\$ 1,749	\$ 1,749	\$ -	\$ -	\$ -
U.S. government securities	16,858	16,858	16,858	-	-	-
Total	<u>\$ 18,607</u>	<u>\$ 18,607</u>	<u>\$ 18,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

5. Receivables

Receivable balances, net of allowances for uncollectible accounts, at June 30, 2006 consisted of the following (amount in thousands):

	Governmental Activities	Business-Type Activities
Real property taxes	\$ 9,341	\$ -
Accounts	1,589	40,001
Public utilities franchise tax	15,716	-
Special assessments	470	-
Notes	61,876	-
Intergovernmental	37,439	405
Interest	2,499	2,244
CASE fees	9,900	-
Allowance for uncollectible accounts	(558)	(5,843)
Total	<u>\$ 138,272</u>	<u>\$ 36,807</u>

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Revenues not collected within 60 days of fiscal year end are recorded as deferred revenue. \$100.8 million of the receivables for governmental activities have been deferred at June 30, 2006. Notes receivable include \$7.8 million in grant loans, with indefinite repayment terms.

The only receivables not expected to be collected within one year are the noncurrent portion of the notes receivable in the amount of \$60.2 million, which are generally due to the City on various dates through 2055.

6. Capital Assets

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2006 (amounts in thousands):

	Primary Government			Balance at June 30, 2006
	Balance at July 1, 2005	Additions	Retirements/ Transfers	
Governmental Activities:				
Depreciable Assets –				
Infrastructure	\$ 790,334	\$ 45,854	\$ (340)	\$ 835,848
Buildings and improvements	958,759	68,504	(1,325)	1,025,938
Equipment and machinery	223,748	14,658	(6,029)	232,377
Total depreciable assets	<u>1,972,841</u>	<u>129,016</u>	<u>(7,694)</u>	<u>2,094,163</u>
Less Accumulated Depreciation –				
Infrastructure	(413,052)	(18,824)	340	(431,536)
Buildings and improvements	(338,562)	(33,833)	1,197	(371,198)
Equipment and machinery	(148,090)	(16,083)	4,354	(159,819)
Total accumulated depreciation	<u>(899,704)</u>	<u>(68,740)</u>	<u>5,891</u>	<u>(962,553)</u>
	1,073,137	60,276	(1,803)	1,131,610
Land	482,140	5,254	(282)	487,112
Construction Work in Progress	247,911	110,769	(119,773)	238,907
Governmental activities – capital assets, net	<u>\$ 1,803,188</u>	<u>\$ 176,299</u>	<u>\$ (121,858)</u>	<u>\$ 1,857,629</u>

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

	Primary Government			Balance at June 30, 2006
	Balance at July 1, 2005	Additions	Retirements/ Transfers	
Business-type Activities:				
Depreciable Assets –				
Infrastructure	\$ 808,051	\$ 68,106	\$ (3,614)	\$ 872,543
Buildings and improvements	651,759	13,376	-	665,135
Equipment and machinery	472,092	5,381	(1,620)	475,853
Total depreciable assets	<u>1,931,902</u>	<u>86,863</u>	<u>(5,234)</u>	<u>2,013,531</u>
Less Accumulated Depreciation –				
Infrastructure	(104,198)	(18,617)	563	(122,252)
Buildings and improvements	(140,852)	(17,922)	188	(158,586)
Equipment and machinery	(325,186)	(32,091)	1,024	(356,253)
Total accumulated depreciation	<u>(570,236)</u>	<u>(68,630)</u>	<u>1,775</u>	<u>(637,091)</u>
	1,361,666	18,233	(3,459)	1,376,440
Land	124,514	121	-	124,635
Construction Work in Progress	<u>357,479</u>	<u>98,708</u>	<u>(82,316)</u>	<u>373,871</u>
Business-type activities – capital assets, net	<u>\$ 1,843,659</u>	<u>\$ 117,062</u>	<u>\$ (85,775)</u>	<u>\$ 1,874,946</u>
Component Unit				
Depreciable Assets –				
Infrastructure	\$ 1,045,627	\$ 5,069	\$ 61,410	\$ 1,112,106
Buildings and improvements	121,951	360	3,330	125,641
Equipment and machinery	179,957	2,887	6,861	189,705
Total depreciable assets	<u>1,347,535</u>	<u>8,316</u>	<u>71,601</u>	<u>1,427,452</u>
Less Accumulated Depreciation –				
Infrastructure	(364,784)	(24,096)	1,005	(387,875)
Buildings and improvements	(34,186)	(3,002)	-	(37,188)
Equipment and machinery	(101,175)	(11,730)	3,973	(108,932)
Total accumulated depreciation	<u>(500,145)</u>	<u>(38,828)</u>	<u>4,978</u>	<u>(533,995)</u>
	847,390	(30,512)	76,579	893,457
Land	32,300	-	73	32,373
Construction Work in Progress	<u>198,747</u>	<u>72,118</u>	<u>(87,324)</u>	<u>183,541</u>
Component unit – capital assets, net	<u>\$ 1,078,437</u>	<u>\$ 41,606</u>	<u>\$ (10,672)</u>	<u>\$ 1,109,371</u>

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
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Depreciation expense was charged as follows (amounts in thousands):

Governmental Activities:

General government	\$ 12,814
Public safety	22,533
Highways and streets	14,236
Health and human services	790
Culture-recreation	<u>18,367</u>
Total depreciation expense – governmental activities	<u><u>\$ 68,740</u></u>

Business-type Activities:

Sewer	\$ 31,439
Solid waste	16,971
Housing	3,601
Public Transportation System	<u>16,619</u>
Total depreciation expense – business-type activities	<u><u>\$ 68,630</u></u>

Component Unit:

Board of Water Supply (\$1,083 of depreciation expense was capitalized to projects)	<u><u>\$ 37,745</u></u>
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7. Interfund Balances

The following is a summary of amounts due from and due to other funds at June 30, 2006 (amounts in thousands):

	Due From Other Funds	Due to Other Funds
General Fund	\$ 21,839	\$ 557
Highway Fund	-	3
G.O. Bond and Interest Redemption Fund	44	-
General Improvement Bond Fund	180	3,584
Nonmajor Governmental Funds	290	22,087
Fiduciary Funds	34	-
Enterprise Funds:		
Sewer Fund	3,967	26
Solid Waste Special Fund	124	221
	<u><u>\$ 26,478</u></u>	<u><u>\$ 26,478</u></u>

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
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The following is a summary of amounts transferred from and transferred to other funds at June 30, 2006 (amounts in thousands):

	Transferred From Other Funds	Transferred To Other Funds
General Fund	\$ 67,747	\$ 306,200
Highway Fund	-	77,293
G.O. Bond and Interest Redemption Fund	175,856	-
Nonmajor Governmental Funds	24,534	20,183
Enterprise Funds:		
Sewer Fund	-	6,963
Solid Waste Special Fund	56,958	7,560
Public Transportation System	93,104	-
	<u>\$ 418,199</u>	<u>\$ 418,199</u>

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

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

8. Long-Term Liabilities

The following is a summary of changes in long-term liabilities included in the governmental activities, business-type activities, and the component unit during the fiscal year ended June 30, 2006 (amounts in thousands):

	<u>Balance at July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2006</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 1,579,217	\$ 387,324	\$ 304,212	\$ 1,662,329	\$ 63,842
Tax-exempt commercial paper	37,942	168,021	153,200	52,763	52,763
Special assessment bonds with government commitment	645	-	355	290	290
Notes payable to federal and state governments	6,476	-	376	6,100	391
Installation purchase contracts	928	-	928	-	-
Compensated absences	79,389	29,842	26,063	83,168	4,330
Claims and judgments (Note 13)	68,871	38,517	17,661	89,727	22,847
	<u>1,773,468</u>	<u>623,704</u>	<u>502,795</u>	<u>1,894,377</u>	<u>144,463</u>
Add unamortized premium	51,878	17,054	7,297	61,635	-
Less:					
Unamortized discount	(461)	(115)	(220)	(356)	-
Deferred loss on refunding	(26,025)	-	(2,028)	(23,997)	-
Total	<u>\$ 1,798,860</u>	<u>\$ 640,643</u>	<u>\$ 507,844</u>	<u>\$ 1,931,659</u>	<u>\$ 144,463</u>
Business-Type Activities:					
General obligation bonds	\$ 326,735	\$ 8,840	\$ 43,887	\$ 291,688	\$ 39,086
Revenue bonds	701,785	152,815	3,550	851,050	3,710
Tax-exempt commercial paper	11,859	12,000	12,022	11,837	11,837
Notes payable to state governments	74,123	113	5,898	68,338	6,044
Operating fee obligation (Note 11)	87,910	-	1,195	86,715	6,842
Estimated liability for landfill closure and post closure care costs (Note 14)	14,957	1,002	192	15,767	390
	<u>1,217,369</u>	<u>174,770</u>	<u>66,744</u>	<u>1,325,395</u>	<u>67,909</u>
Add unamortized premium	6,093	8,551	1,081	13,563	-
Less:					
Unamortized discount	(22,571)	(88)	(1,911)	(20,748)	-
Deferred loss on refunding	(3,414)	-	(228)	(3,186)	-
Total	<u>\$ 1,197,477</u>	<u>\$ 183,233</u>	<u>\$ 65,686</u>	<u>\$ 1,315,024</u>	<u>\$ 67,909</u>
Discretely Presented Component Unit:					
Revenue bonds	\$ 215,045	\$ -	\$ 4,120	\$ 210,925	\$ 3,170
Notes payable to state governments	-	7,145	74	7,071	278
	<u>215,045</u>	<u>7,145</u>	<u>4,194</u>	<u>217,996</u>	<u>3,448</u>
Add unamortized premium	4,583	-	243	4,340	-
Less:					
Unamortized discount	(539)	-	(21)	(518)	-
Deferred loss on refunding	(255)	-	(255)	-	-
Total	<u>\$ 218,834</u>	<u>\$ 7,145</u>	<u>\$ 4,161</u>	<u>\$ 221,818</u>	<u>\$ 3,448</u>

CITY AND COUNTY OF HONOLULU
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General Obligation Bonds

The City issues general obligation bonds for the construction of major capital facilities. General obligation bonds in the governmental activities are direct obligations of the City for which its full faith and credit are pledged. Debt service is paid from the debt service fund. These bonds were issued during the fiscal years 1977 through 2006 in the original amount of \$2.9 billion, less discounts of \$356,000 and adjusted for a premium of \$61.6 million at June 30, 2006, which are being amortized over the related term of the bonds. These bonds bear interest at 2.00% to 8.00%, and mature serially through fiscal year 2030. General obligation debt authorized but not yet issued amounted to \$393.6 million at June 30, 2006.

General obligation bonds in the City's business-type activities are expected to be paid from their respective revenues. These instruments are also direct obligations of the City for which its full faith and credit is pledged. These bonds were issued during the fiscal years 1991 through 2006 in the original amount of \$952.7 million, less a discount of \$55,732 and adjusted for a premium of \$5.8 million at June 30, 2006, which are being amortized over the related term of the bonds. These bonds bear interest at 2.00% to 8.00%, and mature serially through fiscal year 2030.

In November 2005, the City issued general obligation refunding bonds in the aggregate amount of \$396.2 million in two series: Series 2005E for \$247.0 million and Series 2005F for \$149.2 million. The bonds bear interest at 3.25% to 5.25% and mature annually on July 1, 2006 through 2029. The bonds maturing after July 1, 2015 are subject to redemption at the option of the City on or after July 1, 2015, in whole or in part, at any time, in any order of maturity and by lot within a maturity. Proceeds from the bonds were used to refund certain outstanding general obligations and certain tax-exempt commercial paper of the City. All of the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statements. The premium generated by each issue will be amortized and credited to interest expense over the life of the related bonds.

The City currently refunded certain outstanding general obligations to set variable interest rates. The Series 2005E currently refunded the Series 2001C variable rate general obligation bonds. The Series 2005F currently refunded various Tax Exempt Commercial Paper.

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Short-term general obligation tax-exempt commercial paper in a maximum aggregate principal amount not to exceed \$250.0 million outstanding at any time was authorized for issuance by the City, in accordance with Ordinance 04-36, during October 2004, to refinance long-term bonds. The \$64.6 million commercial paper outstanding at June 30, 2006 bear interest at variable rates (3.35% to 3.62% at June 30, 2006) with varying maturities to a maximum of 270 days from the respective date of issue, and are not subject to redemption prior to maturity. In connection with the issuance, the City entered into an irrevocable letter of credit agreement in which the City may borrow up to \$250.0 million for payment of principal and up to \$22.2 million for payment of interest. There were no drawings on the letter of credit during fiscal 2006.

Revenue Bonds

Water system revenue bonds in the City's component unit were issued during fiscal years 2001, 2002 and 2004 in the original amount of \$221.0 million. Water system revenue bonds are subject to redemption on and after specified dates prior to maturity at the option of the Board of Water Supply at a price equal to 100% of the principal amount thereof, plus accrued interest. The bonds bear interest at variable rates (2.0% to 5.5% at June 30, 2006) and mature serially through June 30, 2034. Proceeds from the bonds were primarily used to fund the acquisition of a water reclamation facility, to fund capital improvement projects and to retire outstanding bonds. The revenue bonds are collateralized by the component unit's revenues.

Wastewater system revenue bonds in the City's business-type activities were issued during fiscal years 1999 through 2006, in the original amount totaling \$858.9 million, less a discount (\$20.7 million at June 30, 2006, which is being amortized over the related term of the bond). The bonds bear interest at 3.2% to 5.5% at June 30, 2006 and mature at various dates through fiscal year 2036. The revenue bonds are collateralized by the wastewater system revenues.

In August 2005, the City issued wastewater system revenue bonds in the aggregate amount of \$152.8 million, Series 2005A for \$133.5 million and Series 2005B for \$19.3 million. The bonds bear interest rates of 3.2% to 5.0% and mature annually on July 1, 2010 through 2035. The bonds maturing after July 1, 2015 are subject to redemption on or after July 1, 2015 in whole or in part at any time from any maturities or portions thereof to be redeemed. Proceeds of the bond were used to fund additions and improvements to the wastewater system of the City, to fund the reserve fund policy premium and currently refund certain outstanding general obligations and certain tax-exempt commercial paper of the City. The premium generated by each issue will be amortized and credited to interest expense over the life of the related bonds.

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Annual debt service requirements to maturity for general obligation bonds (including tax-exempt commercial paper) and revenue bonds at June 30, 2006, including interest of \$1.8 billion, were as follows (amounts in thousands):

Year Ending June 30:	Governmental Activities		Business-Type Activities		Primary Government Total		Component Unit	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2007	\$ 86,133	\$ 116,605	\$ 57,427	\$ 54,633	\$ 143,560	\$ 171,238	\$ 9,462	\$ 3,170
2008	79,181	73,706	51,556	47,393	130,737	121,099	9,336	4,350
2009	75,612	76,141	48,718	50,003	124,330	126,144	9,189	4,505
2010	71,305	95,957	46,347	37,662	117,652	133,619	9,020	4,685
2011	65,817	107,215	44,254	35,621	110,071	142,836	8,848	4,910
2012 - 2016	252,377	459,815	197,471	186,655	449,848	646,470	41,180	27,695
2017 - 2021	148,908	381,085	155,919	212,965	304,827	594,050	34,264	34,930
2022 - 2026	68,971	259,236	102,406	231,924	171,377	491,160	25,169	44,505
2027 - 2031	13,631	145,332	43,864	216,533	57,495	361,865	13,360	56,830
2032 - 2036	-	-	7,563	81,186	7,563	81,186	1,595	25,345
Total	<u>\$ 861,935</u>	<u>\$ 1,715,092</u>	<u>\$ 755,525</u>	<u>\$ 1,154,575</u>	<u>\$ 1,617,460</u>	<u>\$ 2,869,667</u>	<u>\$ 161,423</u>	<u>\$ 210,925</u>

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

Total interest costs incurred by the business-type activities and the component unit for the fiscal year ended June 30, 2006 was \$59.3 million, of which \$15.9 million was capitalized.

Other Long-Term Debt

In December 1994, the City issued \$4.4 million of special assessment refunding bonds, which bear interest at variable rates (6.8% at June 30, 2006) and require annual principal and interest payments through fiscal year 2007. These bonds are collateralized by liens on the properties the assessments are levied against and are term bonds subject to prior redemption based on the availability of funds. They are reported under the governmental activities column of the City's government-wide statement of net assets because, should collections of special assessments be insufficient, the City is authorized to use funds in the improvement district revolving fund to make principal and interest payments. These bonds amounted to \$290,000 at June 30, 2006.

The note payable to federal government is for the City's share of costs for a federal project to develop recreational facilities and fish and wildlife resources at the Kaneohe Reservoir. The note bears interest at 5.1% and requires annual principal and interest payments through fiscal year 2016. The note amounted to \$2.8 million at June 30, 2006.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
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The notes payable to state government are for the construction of necessary treatment works and for other projects intended for wastewater reclamation or waste management. The notes amounted to \$71.7 million at June 30, 2006, bear interest at 2.06% to 3.02%, and require annual principal and interest payments through fiscal year 2023.

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

Annual debt service requirements to maturity for the City's other long-term debt (includes the City's governmental and business-type activities) at June 30, 2006, including interest of \$17.2 million, were as follows (amounts in thousands):

Year Ending June 30:	Special Assessment Bonds		Notes, Leases and Contracts		Primary Government Total		Component Unit Notes	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2007	\$ 10	\$ 290	\$ 2,641	\$ 6,435	\$ 2,651	\$ 6,725	\$ 121	\$ 278
2008	-	-	2,451	6,596	2,451	6,596	117	322
2009	-	-	2,253	6,764	2,253	6,764	112	326
2010	-	-	2,053	6,933	2,053	6,933	108	330
2011	-	-	1,828	7,108	1,828	7,108	103	335
2012-2016	-	-	5,162	29,024	5,162	29,024	440	1,750
2017-2021	-	-	834	11,143	834	11,143	289	1,901
2022-2023	-	-	15	435	15	435	98	1,829
Total	\$ 10	\$ 290	\$ 17,237	\$ 74,438	\$ 17,247	\$ 74,728	\$ 1,388	\$ 7,071

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

Refunded Bonds

The City and the Board of Water Supply defeased certain general obligation and revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the assets of the irrevocable trusts and the liability for the defeased bonds are not included in the City's basic financial statements. At June 30, 2006, \$598.5 million of the City's and \$38.4 million of the Board of Water Supply's bonds outstanding were considered defeased.

CITY AND COUNTY OF HONOLULU
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9. Net Assets

At June 30, 2006, net assets of the primary government consisted of the following (amounts in thousands):

	Governmental Activities	Business-Type Activities
Invested in Capital Assets, Net of Related Debt:		
Net property, plant and equipment	\$ 1,857,629	\$ 1,874,946
Less:		
General obligation bonds payable, net	(1,699,611)	(294,199)
Revenue bonds payable, net	-	(836,452)
Notes payable and other long-term debt	(6,390)	(68,338)
Tax-exempt commercial paper	(52,763)	(11,837)
Amount of debt related to unspent debt proceeds	52,732	30,655
	151,597	694,775
Restricted for Debt Service	1,052	35,425
Unrestricted	97,865	549
Total net assets	\$ 250,514	\$ 730,749

10. Employee Benefit Plans

Defined Benefit Pension Plans

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

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

Most covered employees of the contributing option are required to contribute 7.8% or 12.2% of their salary. The City is required to contribute the remaining amounts necessary to pay contributory plan benefits and all amounts necessary to pay noncontributory benefits when due. The funding method used to calculate the total employer contribution requirement is the Entry Age Normal Actuarial Cost Method. Under this method, employer contributions to the ERS are comprised of normal cost plus level annual payments required to amortize the unfunded actuarial accrued liability over the remaining period of 29 years from July 1, 2000. Effective July 1, 2005 a dollar contribution is not determined under the provisions of Act 181/2004. Instead a fixed percentage of payroll is contributed (15.75% for Police and Fire and 13.75% for All Other Employees). The City's contributions to the ERS, inclusive of its component unit, for the fiscal years ended June 30, 2004, 2005 and 2006 were \$33.3 million, \$47.7 million and \$63.3 million respectively, which were equal to the required contributions for each year.

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

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

Post-Retirement Health Care and Life Insurance Benefits

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

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

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

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

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The City also reimburses 100% of Medicare premium costs for retirees and qualified dependents (through the State), who are at least 65 years of age and have at least 10 years of service. Currently, approximately 9,800 retirees and qualified dependents are receiving post retirement health care and benefits paid for by the City. The City's contributions for post retirement benefits, which are funded on a pay-as-you-go basis, amounted to \$44.4 million and \$44.6 million for the fiscal years ended June 30, 2006 and 2005, respectively.

11. Enterprise Funds

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

Housing Development Special Fund

The City created the Housing Development Special Fund to develop affordable housing for sale or for rental. At June 30, 2006, the City had \$100.2 million of general obligation bonds outstanding, which were used to finance the development of various residential lots and recreational facilities.

Sewer Fund

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

Solid Waste Special Fund

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

- the City's refuse collection and disposal operations, which are funded primarily through general fund subsidies.
- the recycling program revenues assessed as 12.0% of refuse disposal charges and are expended for the establishment, operation, management and expansion of the City's recycling programs, including programs for waste reduction, development of recycling markets and recycling awareness.

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- the glass incentive program revenues derived for the recycling of glass containers and paying incentives to glass recyclers.
- operation of the solid waste disposal and energy and materials recovery project ("H-POWER Facility").

H-POWER Facility

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

In November 1989, the City sold the H-POWER Facility for \$312.5 million, receiving an \$80.0 million cash payment and a 20-year note for \$232.5 million with interest at 8.04%. On the same date, HRRV entered into a 20-year lease for the H-POWER Facility with the new owner. Although the City is not a party to this lease agreement, the operating fee to be paid by the City to HRRV was increased by an amount equal to the lease payments. Accordingly, the H-POWER Facility has been recorded as an asset and a liability in the H-POWER Facility enterprise fund at an amount equal to the present value of this increase in the operating fee for the lease payments.

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

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The note receivable and the obligation for the increase in the operating fee for the H-POWER facility lease payments (\$65.5 million and \$152.2 million at June 30, 2006, respectively) have been offset for financial statement reporting purposes. At June 30, 2006, future payments are as follows (amounts in thousands):

	Operating Fee Obligation	Note Receivable	Difference
Year Ending June 30:			
2007	\$ 30,613	\$ 21,881	\$ 8,732
2008	30,613	21,338	9,275
2009	30,613	29,401	1,212
2010	<u>93,114</u>	<u>5,013</u>	<u>88,101</u>
Subtotal	184,953	77,633	107,320
Less: Amount representing interest	<u>(32,712)</u>	<u>(12,107)</u>	<u>(20,605)</u>
Total	<u>\$ 152,241</u>	<u>\$ 65,526</u>	<u>\$ 86,715</u>

At June 30, 2006, the City had \$72.3 million of general obligation bonds outstanding, which were used to finance the construction of the H-POWER Facility.

Public Transportation System

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

The City has an agreement with Oahu Transit Services, Inc. ("OTS"), which expires on September 30, 2007, to provide for the management of the City's bus and paratransit systems. OTS provides the employees to operate and manage the bus and paratransit systems. The City reimburses OTS for operating expenses. The annual management fee for the period October 1, 2005 through September 30, 2006 is \$410,000, which increases to \$425,000 for the remaining year.

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

Other Assets – OTS established trust funds for the purpose of maintaining adequate funds for expenses incurred through its workers' compensation, general, and auto liability self-insurance programs. At June 30, 2006, these assets held by OTS amounted to \$3,044,000.

Reserve for Insurance Claims Payable – The City sponsors an automotive and general liability self-insurance program for OTS. The self-insurance program is for claims up to \$1.0 million, which increased to \$3.0 million effective July 1, 2004. The City also has a workers' compensation self-insurance program, which covers OTS claims up to \$300,000 per occurrence for policy periods through June 30, 1995, \$250,000 per occurrence from July 1, 1995 through June 30, 2001, and \$1.0 million per occurrence from July 1, 2001 through June 30, 2004, increasing to \$3.0 million effective July 1, 2004. OTS has obtained excess insurance coverage for general liability, automotive claims and workers' compensation through various insurance companies for amounts in excess of claims covered under the two self-insurance programs.

12. Commitments

Leases

The City leases equipment and office space under capital and operating leases, which expire at various dates through fiscal 2036. The cost of equipment recorded under capital lease arrangements and included in capital assets amounted to \$5.9 million, which was fully depreciated and paid as of June 30, 2006.

Future minimum obligations under operating leases at June 30, 2006 were as follows (amounts in thousands):

Year Ending June 30:	<u>Operating Leases</u>
2007	\$ 2,842
2008	2,401
2009	1,662
2010	1,391
2011	779
2012-2016	2,091
2017-2021	448
2022-2026	448
2027-2031	169
2032-2036	48
Total minimum payments	<u>\$ 12,279</u>

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

Certain leases provide for payment of common area charges and for periodic renegotiation of rents. Rent expense under operating leases, principally recorded in the general fund, amounted to \$5.2 million for the fiscal year ended June 30, 2006.

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

<u>Asset Class</u>	<u>Cost at</u> <u>Date of Acquisition</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u> <u>Book Value</u>
Land	\$ 9,692	\$ -	\$ 9,692
Buildings and Improvements	46,938	(18,845)	28,093
Totals	<u>\$ 56,630</u>	<u>\$ (18,845)</u>	<u>\$ 37,785</u>

Future minimum rental income under such leases at June 30, 2006 were as follows (amounts in thousands):

Year Ending June 30:

2007	\$ 7,285
2008	5,514
2009	4,977
2010	4,810
2011	3,944
2012-2016	19,504
2017-2021	18,535
2022-2026	12,230
2027-2031	901
2032-2036	891
2037-2041	815
2042-2046	731
2047-2051	153
Total minimum rental income	<u>\$ 80,290</u>

Other Commitments

Business-type activities, which do not employ encumbrance accounting, have contractual commitments of approximately \$425.4 million at June 30, 2006, primarily for construction contracts, which includes the Board of Water Supply's commitments of \$222.0 million. Other contractual commitments for the expenditure of City monies are encumbered in the governmental funds.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

Litigation

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

13. Contingent Liabilities

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

The City is substantially self-insured for workers' compensation claims with no limit, and general liability claims and automobile claims for up to \$2.0 million, with certain exceptions. The City purchases excess liability insurance through insurance companies for claims in excess of self-insured amounts as well as when required by contract or law. Settled claims have not exceeded these coverages in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The basis for estimating the liabilities for unpaid claims includes the effects of specific incremental claim adjustment expenses, salvage, and subrogation, and other allocated or unallocated claim adjustment expenses. At June 30, 2006, the estimated total liability of the City for claims and judgments amounted to \$89.7 million, which included claims incurred but not reported by the claimant and settled claims for which funds have not yet been appropriated. The estimated total liability has been determined through case-by-case analysis and from actuary studies performed by independent third parties. Expenditures for claims and judgments are appropriated annually. In the opinion of management, the City has adequately reserved for such claims.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

During fiscal 2003, the City entered into a settlement agreement with certain landowners to address claims arising from the City's designation and down zoning of certain parcels in East Honolulu to prevent shoreline development. In accordance with the settlement agreement, the City made an initial lump sum payment of \$5.0 million to the landowners and began selling City-owned parcels of land to various third parties. During the fiscal year ended June 30, 2006, the City sold two parcels for a total of \$23.7 million and the net proceeds of \$23.0 million were remitted to the landowners. In September 2006, a parcel was sold for \$14.0 million and the net proceeds of \$13.5 million were remitted to the landowner. The last parcel is in escrow and is expected to close in January 2007. Once the last parcel is sold and the proceeds are remitted to the landowners, the City will obtain ownership of the property subject to claims. It is the City's belief that these claims are not likely to have a material adverse effect on the City's financial position. Accordingly, no provision for any liabilities that might result from the resolution of these claims has been made in the accompanying financial statements.

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

	Automobile and General Liability	Workers' Compensation	Total
Balance at July 1, 2004	\$ 24,931	\$ 41,954	\$ 66,885
Incurred losses and loss adjustment expenses	4,888	14,680	19,568
Payments	(3,028)	(14,554)	(17,582)
Balance at June 30, 2005	26,791	42,080	68,871
Incurred losses and loss adjustment expenses	22,031	16,486	38,517
Payments	(5,038)	(12,623)	(17,661)
Balance at June 30, 2006	<u>\$ 43,784</u>	<u>\$ 45,943</u>	<u>\$ 89,727</u>

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

14. Environmental Issues

Solid Waste Landfill Costs

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

Federal and state laws and regulations require the City to place final covers on certain landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Annual additions to the liability for closure and postclosure care costs are based on landfill capacity used as of each balance sheet date. The \$15.8 million reported as the liability in the Solid Waste Special Fund for closure and postclosure care costs at June 30, 2006 represents the cumulative amount reported to date based on the percentage of the estimated capacity used for the following landfills (amounts in thousands). Actual costs may differ from estimates if additional postclosure care requirements are determined (due to inflation or deflation, changes in technology, or changes in applicable laws or regulations).

	<u>Capacity Used</u>	<u>Closure Date</u>	<u>Liability at June 30, 2006</u>	<u>Total Estimated Cost</u>
Waipahu incinerator landfill	100.0%	October 1991	\$ 11,277	\$ 13,075
Kapaa sanitary landfill	100.0%	May 1997	4,490	14,237
Total			<u>\$ 15,767</u>	<u>\$ 27,312</u>

For fiscal year 2006, the City has provided the financial resources that will be available to provide for closure, postclosure care and remediation or containment of environmental hazards at the above landfills.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

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

Waipahu – A complaint was filed on February 24, 2003 with the State claiming that the City improperly disposed of solid waste, operated an open dump, stored and disposed of hazardous waste without a permit and operated a solid waste management system without a permit. The City was assessed an administrative penalty of approximately \$542,000 on December 30, 2004 as part of a settlement agreement order between the City and the State. The City paid an administrative penalty of \$425,000 to the State on January 18, 2005 and will pay an additional \$117,000 worth of in-kind services over a 4-year period for cleanup projects designated by the State.

Sewer Fund – Litigation

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

Clean Water Act

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

The City has committed to spend at least \$10.0 million for sludge reuse. Sludge reuse is being accomplished through the U.S. Navy Biosolids Treatment Facility. The consent decree cites potential stipulated penalties of \$2,000 per day per violation for failure to comply.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

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

Kailua and Kaneohe – As a result of a settlement reached between the parties, a consent decree has been filed for the Kailua and Kaneohe plants, which requires certain compliance actions such as developing a facilities plan, constructing a feasible ultraviolet disinfection facility and establishing and supporting an advisory council. The conceptual facilities plan and the environmental impact statement preparation notice were completed in September 1998. The design phase of the ultraviolet disinfection project was completed in October 1998. Responses to public comments were completed in June 1999. The City contracted a construction company to complete the construction phase for approximately \$2.3 million, which was completed in November 2000. Approximately \$5.5 million has been paid as of June 30, 2006, related to these compliance actions. The Kailua Bay Advisory Council was established in October 1995. The City established a \$2.1 million trust fund; hired a program administrator and a third party to provide watershed mapping services; awarded grant projects to four community groups; developed short-term implementation plans for erosion control initiatives, stream bank restoration and refuse control; and developed a web site for the Kailua Bay Advisory Council to disseminate information to the public, and has dispersed all funds to the Kailua Bay Advisory Council.

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

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

Sand Island – The Sand Island wastewater treatment plant operates under a 301(h) waiver permit issued by the EPA. The current permit was effective November 1998. That permit included, amongst other things, a specific timetable for various construction projects related to the Sand Island plant. In October 1999, the EPA issued a finding of violation and order for compliance that required corrective measures and compliance with the November 1998 permit. Although the City responded to that order, some of the construction projects are behind the permit schedule due to unanticipated construction difficulties. In October 2002, the EPA identified that the Sand Island plant violated certain discharge limits and ordered the City to stop discharge violations at the Sand Island plant and to submit a plan by December 1, 2002, to bring the facility into continuous compliance with its EPA permit. The City submitted the required plan and compliance schedule on November 29, 2002. Upon review by the EPA, the City submitted a revised plan on May 1, 2003, which is still subject to the EPA's final approval.

Honouliuli – The Honouliuli wastewater treatment plant operates under a 301(h) waiver permit issued by EPA. The current permit was issued June 1991. In September 2003, EPA identified that the Honouliuli plant violated certain permit conditions pertaining to the plant return streams, effluent flow meter and sampler, storm water pollution control plan, discharge monitoring reports, and improper discharge through the sewage outfall. The City has responded to the order and corrected items regarding plant return flow streams, effluent flow meter and sampler, and the storm water pollution control plan. Other items are still under discussion with the EPA.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

Force Mains – The State of Hawaii, Department of Health, issued a notice of violation in April 2004 alleging discharges to the ground or State waters between November 1996 and April 2004 from City owned force mains requesting plans describing force main condition assessment, contingency, preventive maintenance, and repair and upgrade. On October 20, 2004, the City submitted the required four reports (i.e., Force Main Condition Assessment Program, Force Main Contingency Plan, Force Main Preventive Maintenance Plan, and Force Main Repair and Upgrade Program) and is waiting approval or comments on the proposed action plans. The City submitted a follow-up letter, dated June 6, 2005 as no comments or approval on any of the submittals were received. Until the proposed plans and programs are approved by the State, the City's ability to fully implement the plans and programs is limited.

Citizen Lawsuit – Three citizen groups filed suit in Federal Court in July 2004 alleging repeated spills from the collection systems and treatment plants, effluent discharge problems at Sand Island wastewater treatment plant, failure to comply with the Sand Island NPDES permit requirements, failure to comply with administrative orders issued by EPA and the State of Hawaii Department of Health, unlawful discharge of R-1 water from the Honouliuli wastewater treatment plant, failure to maintain a current Storm Water Pollution Control Plan for the Honouliuli wastewater treatment plant, and discharge of effluent from the Sand Island and Honouliuli wastewater treatment plants without permits.

Although the outcome of individual matters is not predictable, no provision for any liability that may result from these lawsuits has been made in the Sewer Fund's financial statements since any such liabilities are normally paid from the City's General Fund. In the opinion of management, the final outcome of these matters is unknown at this time but should not have a material adverse effect on the City's financial statements.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

15. Component Unit Disclosure

Board of Water Supply

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

Other Legal Matters

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

Major Transactions with the City –

Billing and Collection Services – The Board has an agreement with the Department of Environmental Services, City and County of Honolulu to provide certain services through June 30, 2006, relating to the billing and collection of sewer service charges. Fees related to these services were negotiated at approximately \$100,000 per year through fiscal 2006. The revenues related to these fees are included in other operating revenues and the corresponding expense in the Sewer Fund.

Central Administrative Services Expense (“CASE”) Fee – During fiscal year 2000, the Board entered into an agreement with the City to pay a Central Administrative Services Expense (“CASE”) fee for treasury, personnel, purchasing and other services that the City provides to the Board on an on-going basis. The Board's Charter allows for a CASE fee to the extent that it represents a reasonable charge for services necessary for the Board to perform its duties. Although CASE fees for fiscal years subsequent to 2001 are still being negotiated between the Board and the City, the Board accrued \$3.3 million on June 30, 2006 for fiscal year 2006, leaving an unpaid balance of \$9.9 million related to fiscal 2002, 2005 and 2006.

Amount Due to/from the City – Amounts due from the City approximated \$923,600 as of June 30, 2006, and is included in other receivables. Amounts due to the City approximated \$9,926,000 as of June 30, 2006, and is included in accounts payable.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2006

16. Subsequent Event

In July 2006, the Board of Water Supply issued \$213.8 million in water system revenue bonds, which consisted of \$165.2 million of Series 2006A and \$48.6 million of Series 2006B bonds. The proceeds of the issuance were primarily used to refund, on a current basis, all of the Board's outstanding Series 2002A and Series 2002B bonds, to advance refund a portion of the outstanding Series 2001 and Series 2004 bonds, and to pay the costs of various capital improvements to the water system.

In September 2006, the City issued Series 2006A, Series 2006B and Series 2006C wastewater system revenue bonds in the aggregate amount of \$340.8 million. The bonds bear interest rates of 4.0% to 5.0% and mature annually on July 1, 2007 through July 1, 2036. The bonds maturing after July 1, 2016 are subject to redemption at the option of the City on or after July 1, 2016, in whole or in part at any time from any maturity. Proceeds from the bonds will be used to fund the cost of certain additions and improvements to the wastewater system of the City, a reserve account and the refunding of certain general obligation and wastewater system revenue bonds.

In September 2006, the City remarketed Series 2003A-1 and Series 2003B-1 wastewater system revenue bonds in the aggregate amount of \$86.7 million to fix the interest rates. The bonds bear interest rates of 4.0% to 5.0% and mature annually on July 1, 2007 through July 1, 2032. The bonds maturing after July 1, 2016 are subject to redemption at the option of the City on or after July 1, 2016, in whole or in part at any time, from any maturity.

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

BUDGETARY COMPARISON SCHEDULES

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

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 613,999	\$ 613,999	\$ 621,741	\$ 7,742
Licenses and permits	37,280	37,280	36,219	(1,061)
Intergovernmental	42,475	42,475	43,519	1,044
Charges for services	5,285	5,285	5,511	226
Fines and forfeits	304	304	420	116
Miscellaneous:				
Reimbursements and recoveries	83,753	83,753	78,586	(5,167)
Interest	6,161	6,161	11,621	5,460
Other	2,585	2,585	5,972	3,387
Total Revenues	791,842	791,842	803,589	11,747
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	14,260	14,638	13,480	1,158
City Clerk	2,729	2,813	2,598	215
City Council	6,908	6,942	6,631	311
Corporation Counsel	8,796	8,852	7,057	1,795
Customer Services	18,776	19,073	17,396	1,677
Design and Construction	12,869	13,710	12,061	1,649
Facility Maintenance	12,003	12,945	12,753	192
Human Resources	5,029	5,178	4,985	193
Information Technology	14,702	13,972	13,046	926
Mayor	4,264	4,397	4,081	316
Planning and Permitting	7,899	8,223	7,870	353
Prosecuting Attorney	15,577	15,748	14,722	1,026
Total General government	123,812	126,491	116,680	9,811
Public safety:				
Emergency Services	25,427	26,116	24,574	1,542
Fire	69,355	73,070	71,477	1,593
Mayor	652	666	600	66
Medical Examiner	1,135	1,197	1,160	37
Planning and Permitting	5,142	5,147	4,578	569
Police	160,142	160,142	152,800	7,342
Total Public safety	261,853	266,338	255,189	11,149
Highways and streets:				
Facility Maintenance	2,081	2,190	2,111	79
Sanitation:				
Environmental Services	28	28	28	--
Human services:				
Community Services	1,732	1,781	1,754	27

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Culture-recreation:				
Mayor	1,822	1,875	1,842	33
Parks and Recreation	50,998	53,381	50,508	2,873
Total Culture-recreation	52,820	55,256	52,350	2,906
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services	50	50	30	20
City Council	2,411	2,411	2,282	129
Provisional	123,156	123,156	115,366	7,790
Total Retirement and health benefits	125,617	125,617	117,678	7,939
Other:				
Budget and Fiscal Services	8,322	8,323	7,604	719
City Council	255	137	37	100
Provisional	34,562	24,034	11,381	12,653
Total Other	43,139	32,494	19,022	13,472
Total Miscellaneous	168,756	158,111	136,700	21,411
Debt Service:				
Budget and Fiscal Services	359	359	359	--
Information Technology	--	929	929	--
Total Debt service	359	1,288	1,288	--
Total Expenditures	611,441	611,483	566,100	45,383
Revenues over Expenditures	180,401	180,359	237,489	57,130
Other Financing Sources (Uses):				
Sales of capital assets	200	200	402	202
Transfers in	74,645	74,645	67,747	(6,898)
Transfers out	(321,023)	(328,337)	(306,200)	22,137
Total Other Financing Sources (Uses)	(246,178)	(253,492)	(238,051)	15,441
Net change in Fund Balance	(65,777)	(73,133)	(562)	72,571
Encumbrances	--	--	22,004	22,004
Fund Balance - July 1	67,624	74,520	77,166	2,646
Fund Balance - June 30	\$ 1,847	\$ 1,387	\$ 98,608	\$ 97,221

Budgetary basis includes encumbrances.

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 79,833	\$ 79,833	\$ 83,816	\$ 3,983
Licenses and permits	56,340	56,340	61,297	4,957
Intergovernmental	300	300	--	(300)
Charges for services	6,179	6,179	5,249	(930)
Fines and forfeits	50	50	12	(38)
Miscellaneous:				
Reimbursements and recoveries	289	289	398	109
Other	1,777	1,777	1,836	59
Total Revenues	144,768	144,768	152,608	7,840
Expenditures:				
Current:				
General government:				
Design and Construction	4,382	4,470	3,909	561
Facility Maintenance	8,117	10,071	9,861	210
Planning and Permitting	1,498	1,534	1,393	141
Total General government	13,997	16,075	15,163	912
Public safety:				
Police	19,852	19,852	19,218	634
Transportation Services	4,088	4,234	4,055	179
Total Public safety	23,940	24,086	23,273	813
Highways and streets:				
Facility Maintenance	14,948	16,188	15,939	249
Sanitation:				
Environmental Services	1,349	1,360	1,292	68
Utilities or other enterprises:				
Transportation Services	1,540	1,575	1,388	187
Miscellaneous:				
Retirement and health benefits:				
Provisional	12,131	12,131	11,989	142
Other:				
Provisional	3,373	1,783	1,061	722
Total Miscellaneous	15,504	13,914	13,050	864
Total Expenditures	71,278	73,198	70,105	3,093
Revenues over Expenditures	73,490	71,570	82,503	10,933

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source (Use):				
Sales of capital assets	561	561	238	(323)
Transfers out	(84,314)	(84,191)	(77,293)	6,898
Total Other Financing Source (Use)	(83,753)	(83,630)	(77,055)	6,575
Net change in Fund Balance	(10,263)	(12,060)	5,448	17,508
Encumbrances	--	--	3,305	3,305
Fund Balance - July 1	10,263	12,060	17,855	5,795
Fund Balance - June 30	\$ --	\$ --	\$ 26,608	\$ 26,608

Budgetary basis includes encumbrances.

**OTHER SUPPLEMENTARY
INFORMATION**

NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS

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

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 6)

	Special Revenue Funds		
	Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	Bikeway Fund	Parks and Playgrounds Fund
<u>ASSETS</u>			
Cash and investments:			
With Treasury and banks.....	\$ 941	\$ 342	\$ 3,405
Receivables:			
Accounts	--	--	--
Special Assessments	--	--	--
Loans	--	--	--
Intergovernmental	--	--	--
Due from other funds	--	--	--
Inventories - Municipal Stores	--	--	--
Total Assets	\$ 941	\$ 342	\$ 3,405
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 157	\$ 2	\$ --
Interest and bonds payable-matured	--	--	--
Due to other funds	--	--	--
Accrued payroll	10	--	--
Deferred revenue	--	--	--
Total Liabilities	167	2	--
Fund Balances:			
Reserved for encumbrances	330	26	--
Reserved for debt service	--	--	--
Unreserved - undesignated	444	314	3,405
Total Fund Balances	774	340	3,405
Total Liabilities and Fund Balances	\$ 941	\$ 342	\$ 3,405

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 6)

Special Revenue Funds

Federal Revenue Sharing Fund	Liquor Commission Fund	Rental Assistance Fund	Zoo Animal Purchase Fund	Hanauma Bay Nature Preserve Fund	Reserve for Fiscal Stability Fund
\$ 47	\$ 1,389	\$ 768	\$ 35	\$ 3,126	\$ 5,034
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 47</u>	<u>\$ 1,389</u>	<u>\$ 768</u>	<u>\$ 35</u>	<u>\$ 3,126</u>	<u>\$ 5,034</u>
\$ --	\$ 16	\$ --	\$ --	\$ 16	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	44	--	--	14	--
--	--	--	--	--	--
--	<u>60</u>	--	--	<u>30</u>	--
--	156	7	--	188	--
--	--	--	--	--	--
<u>47</u>	<u>1,173</u>	<u>761</u>	<u>35</u>	<u>2,908</u>	<u>5,034</u>
<u>47</u>	<u>1,329</u>	<u>768</u>	<u>35</u>	<u>3,096</u>	<u>5,034</u>
<u>\$ 47</u>	<u>\$ 1,389</u>	<u>\$ 768</u>	<u>\$ 35</u>	<u>\$ 3,126</u>	<u>\$ 5,034</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2006
 (Amounts in thousands)

(Page 3 of 6)

	Special Revenue Funds		
	Community Development Fund	Golf Fund	Special Events Fund
<u>ASSETS</u>			
Cash and investments:			
With Treasury and banks.....	\$ 171	\$ 1,985	\$ 2,752
Receivables:			
Accounts	--	--	--
Special Assessments	--	--	--
Loans	177	--	--
Intergovernmental	866	--	--
Due from other funds	--	--	3
Inventories - Municipal Stores	--	--	--
Total Assets	\$ 1,214	\$ 1,985	\$ 2,755
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 681	\$ 367	\$ 272
Interest and bonds payable-matured	--	--	--
Due to other funds	--	--	--
Accrued payroll	--	79	108
Deferred revenue	356	--	--
Total Liabilities	1,037	446	380
Fund Balances:			
Reserved for encumbrances	10,328	677	179
Reserved for debt service	--	--	--
Unreserved - undesignated	(10,151)	862	2,196
Total Fund Balances	177	1,539	2,375
Total Liabilities and Fund Balances	\$ 1,214	\$ 1,985	\$ 2,755

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2006
 (Amounts in thousands)

(Page 4 of 6)

Special Revenue Funds					
Farmers Home Administration Loan Fund	Special Projects Fund	Federal Grants Fund	Housing and Community Development Rehabilitation Loan Fund	Pauahi Project Expenditures Hawaii R-15 Fund	Housing and Community Development Section 8 Contract Fund
\$ 46	\$ 4,683	\$ 13,198	\$ 3,730	\$ 866	\$ 6,646
--	--	--	--	--	427
--	--	--	--	--	--
--	--	2,081	10,887	--	2,964
--	302	23,101	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
\$ 46	\$ 4,985	\$ 38,380	\$ 14,617	\$ 866	\$ 10,037
\$ --	\$ 305	\$ 1,867	\$ --	\$ --	\$ 127
--	--	--	--	--	--
--	--	22,019	--	--	--
--	--	--	--	--	--
--	180	2,143	11,700	--	3,391
--	485	26,029	11,700	--	3,518
--	6,085	15,261	2,917	--	6,587
--	--	--	--	--	--
46	(1,585)	(2,910)	--	866	(68)
46	4,500	12,351	2,917	866	6,519
\$ 46	\$ 4,985	\$ 38,380	\$ 14,617	\$ 866	\$ 10,037

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2006
 (Amounts in thousands)

(Page 5 of 6)

	Special Revenue Funds			
	Leasehold Conversion Fund	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund
<u>ASSETS</u>				
Cash and investments:				
With Treasury and banks.....	\$ 526	\$ 1,511	\$ 5	\$ 139
Receivables:				
Accounts	--	--	--	--
Special Assessments	--	--	--	--
Loans	--	--	--	--
Intergovernmental	--	--	--	--
Due from other funds	--	--	219	--
Inventories - Municipal Stores	--	--	--	23
Total Assets	\$ 526	\$ 1,511	\$ 224	\$ 162
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ 3
Interest and bonds payable-matured	--	--	--	--
Due to other funds	--	--	--	--
Accrued payroll	--	--	--	--
Deferred revenue	285	--	--	--
Total Liabilities	285	--	--	3
Fund Balances:				
Reserved for encumbrances	--	--	--	--
Reserved for debt service	--	--	--	--
Unreserved - undesignated	241	1,511	224	159
Total Fund Balances	241	1,511	224	159
Total Liabilities and Fund Balances	\$ 526	\$ 1,511	\$ 224	\$ 162

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2006
 (Amounts in thousands)

(Page 6 of 6)

Debt Service Fund	Capital Projects Funds			
Improvement District Bond and Interest Redemption Fund	Highway Improvement Bond Fund	Federal Grants Capital Projects Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 1,002	\$ 34,537	\$ 8,627	\$ 25,515	\$ 121,026
--	--	--	--	427
470	--	--	--	470
--	--	45,767	--	61,876
--	--	1,319	--	25,588
--	--	--	68	290
--	--	--	--	23
<u>\$ 1,472</u>	<u>\$ 34,537</u>	<u>\$ 55,713</u>	<u>\$ 25,583</u>	<u>\$ 209,700</u>
\$ --	\$ 2,903	\$ 1,334	\$ 566	\$ 8,616
9	--	--	--	9
68	--	--	--	22,087
--	--	--	--	255
343	--	46,188	--	64,586
<u>420</u>	<u>2,903</u>	<u>47,522</u>	<u>566</u>	<u>95,553</u>
--	174,368	90,604	13,767	321,480
1,052	--	--	--	1,052
--	(142,734)	(82,413)	11,250	(208,385)
<u>1,052</u>	<u>31,634</u>	<u>8,191</u>	<u>25,017</u>	<u>114,147</u>
<u>\$ 1,472</u>	<u>\$ 34,537</u>	<u>\$ 55,713</u>	<u>\$ 25,583</u>	<u>\$ 209,700</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(Amounts in thousands)

(Page 1 of 6)

	Special Revenue Funds		
	Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	Bikeway Fund	Parks and Playgrounds Fund
Revenues:			
Special assessments	\$ --	\$ --	\$ --
Licenses and permits.....	--	423	--
Intergovernmental.....	--	--	--
Charges for services.....	3,024	--	--
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	--
Interest.....	--	--	--
Other.....	3	--	341
Total Revenues.....	<u>3,027</u>	<u>423</u>	<u>341</u>
Expenditures:			
Current:			
General government.....	2,639	--	--
Public safety.....	--	288	--
Highways and streets.....	--	8	--
Sanitation.....	--	--	--
Human services.....	--	--	--
Culture-recreation.....	--	--	--
Utilities or other enterprises.....	--	--	--
Miscellaneous:			
Retirement and health benefits.....	--	--	--
Other.....	--	--	--
Capital Outlay:			
General government.....	--	--	--
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	--	--	--
Culture-recreation.....	--	--	--
Utilities or other enterprises.....	--	--	--
Debt service:			
Principal.....	--	--	--
Interest.....	--	--	--
Total Expenditures.....	<u>2,639</u>	<u>296</u>	<u>--</u>
Revenues over (under) Expenditures.....	<u>388</u>	<u>127</u>	<u>341</u>
Other Financing Sources (Uses):			
Issuance of commercial paper & long-term notes	--	--	--
Transfers in.....	--	123	805
Transfers out.....	(148)	(468)	(486)
Total Other Financing Sources (Uses).....	<u>(148)</u>	<u>(345)</u>	<u>319</u>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	240	(218)	660
Fund Balances - July 1.....	534	558	2,745
Fund Balances - June 30.....	<u>\$ 774</u>	<u>\$ 340</u>	<u>\$ 3,405</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(Amounts in thousands)

(Page 2 of 6)

Special Revenue Funds

Federal Revenue Sharing Fund	Liquor Commission Fund	Rental Assistance Fund	Zoo Animal Purchase Fund	Hanauma Bay Nature Preserve Fund	Reserve for Fiscal Stability Fund
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	2,999	--	--	--	--
--	--	--	--	--	--
--	130	--	--	3,415	--
--	266	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	120	34	4	1,204	--
--	3,515	34	4	4,619	--
--	2,479	--	--	--	--
--	--	--	--	552	--
--	--	--	--	--	--
--	--	178	--	--	--
--	--	--	13	1,684	--
--	--	--	--	--	--
--	577	--	--	289	--
--	41	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	3,097	178	13	2,525	--
--	418	(144)	(9)	2,094	--
--	--	--	--	--	--
--	--	--	--	500	--
--	(281)	(12)	--	(2,245)	--
--	(281)	(12)	--	(1,745)	--
--	137	(156)	(9)	349	--
47	1,192	924	44	2,747	5,034
\$ 47	\$ 1,329	\$ 768	\$ 35	\$ 3,096	\$ 5,034

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(Amounts in thousands)

(Page 3 of 6)

	Special Revenue Funds		
	Community Development Fund	Golf Fund	Special Events Fund
Revenues:			
Special assessments	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--
Intergovernmental.....	17,620	--	--
Charges for services.....	--	5,033	1,629
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	9
Interest.....	--	--	75
Other.....	--	3,190	6,239
Total Revenues.....	17,620	8,223	7,952
Expenditures:			
Current:			
General government.....	681	--	120
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	1,098	--	--
Culture-recreation.....	--	7,243	8,382
Utilities or other enterprises.....	--	--	--
Miscellaneous:			
Retirement and health benefits.....	--	1,792	2,333
Other.....	--	21	119
Capital Outlay:			
General government.....	--	--	--
Public safety.....	416	--	--
Highways and streets.....	--	--	--
Sanitation.....	--	--	--
Human services.....	15,357	--	--
Culture-recreation.....	--	--	--
Utilities or other enterprises.....	--	--	--
Debt service:			
Principal.....	--	--	--
Interest.....	--	--	--
Total Expenditures.....	17,552	9,056	10,954
Revenues over (under) Expenditures.....	68	(833)	(3,002)
Other Financing Sources (Uses):			
Issuance of commercial paper & long-term notes	--	--	--
Transfers in.....	--	10,682	10,935
Transfers out.....	(63)	(9,196)	(6,288)
Total Other Financing Sources (Uses).....	(63)	1,486	4,647
Revenues and Other Sources over (under) Expenditures and Other Uses.....	5	653	1,645
Fund Balances - July 1.....	172	886	730
Fund Balances - June 30.....	\$ 177	\$ 1,539	\$ 2,375

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(Amounts in thousands)

(Page 5 of 6)

	Special Revenue Funds			
	Leasehold Conversion Fund	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund
Revenues:				
Special assessments	\$ --	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--	--
Intergovernmental.....	--	--	--	--
Charges for services.....	--	--	--	--
Fines and forfeits.....	--	--	--	--
Miscellaneous:				
Reimbursements and recoveries.....	--	--	--	--
Interest.....	--	--	--	--
Other.....	27	--	--	35
Total Revenues.....	<u>27</u>	<u>--</u>	<u>--</u>	<u>35</u>
Expenditures:				
Current:				
General government.....	--	3	--	30
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
Sanitation.....	--	--	--	--
Human services.....	35	--	--	--
Culture-recreation.....	--	--	--	--
Utilities or other enterprises.....	--	--	--	--
Miscellaneous:				
Retirement and health benefits.....	--	--	--	--
Other.....	--	--	--	--
Capital Outlay:				
General government.....	--	--	--	--
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
Sanitation.....	--	--	--	--
Human services.....	--	--	--	--
Culture-recreation.....	--	--	--	--
Utilities or other enterprises.....	--	--	--	--
Debt service:				
Principal.....	--	--	--	--
Interest.....	--	--	--	--
Total Expenditures.....	<u>35</u>	<u>3</u>	<u>--</u>	<u>30</u>
Revenues over (under) Expenditures.....	<u>(8)</u>	<u>(3)</u>	<u>--</u>	<u>5</u>
Other Financing Sources (Uses):				
Issuance of commercial paper & long-term notes	--	--	--	--
Transfers in.....	--	--	--	--
Transfers out.....	--	--	--	--
Total Other Financing Sources (Uses).....	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	<u>(8)</u>	<u>(3)</u>	<u>--</u>	<u>5</u>
Fund Balances - July 1.....	249	1,514	224	154
Fund Balances - June 30.....	<u>\$ 241</u>	<u>\$ 1,511</u>	<u>\$ 224</u>	<u>\$ 159</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(Amounts in thousands)

(Page 6 of 6)

Debt Service Improvement District Bond and Interest Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Highway Improvement Bond Fund	Federal Grants Capital Projects Fund	Capital Projects Fund	
\$ 387	\$ --	\$ --	\$ --	\$ 387
--	--	--	--	3,422
--	--	15,197	--	125,996
--	--	--	--	13,231
--	--	--	--	266
--	--	--	--	9
60	--	--	--	885
7	--	--	4,200	21,006
<u>454</u>	<u>--</u>	<u>15,197</u>	<u>4,200</u>	<u>165,202</u>
--	--	--	--	10,107
--	--	--	--	15,424
--	--	--	--	331
--	--	--	--	556
--	--	--	--	56,019
--	--	--	--	18,852
--	--	--	--	21,985
--	--	--	--	4,991
--	--	--	--	181
--	383	1,092	--	1,475
--	4,437	1,567	--	6,420
--	39,442	1,381	276	41,099
--	--	--	1,874	1,874
--	--	7,298	--	22,655
--	84	18	1,464	1,566
--	7,112	3,185	--	10,297
355	--	--	--	355
32	--	--	--	32
<u>387</u>	<u>51,458</u>	<u>14,541</u>	<u>3,614</u>	<u>214,219</u>
67	(51,458)	656	586	(49,017)
--	85,000	--	--	85,000
--	--	63	1,426	24,534
(68)	--	--	(928)	(20,183)
<u>(68)</u>	<u>85,000</u>	<u>63</u>	<u>498</u>	<u>89,351</u>
(1)	33,542	719	1,084	40,334
1,053	(1,908)	7,472	23,933	73,813
<u>\$ 1,052</u>	<u>\$ 31,634</u>	<u>\$ 8,191</u>	<u>\$ 25,017</u>	<u>\$ 114,147</u>

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**FIDUCIARY FUNDS
COMBINING FINANCIAL STATEMENTS**

CITY AND COUNTY OF HONOLULU
AGENCY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2006
 (Amounts in thousands)

	Agency Funds				Total
	General Trust Fund	Treasury Trust Fund	Real Property Tax Trust Fund	Payroll Clearance Fund	
ASSETS					
Cash and investments:					
With Treasury	\$ 22,790	\$ 2,281	\$ 2,497	\$ 2,107	\$ 29,675
Imprest and change funds	61	252	--	--	313
Due from other funds:					
Payroll Clearance Fund	5	--	--	--	5
Solid Waste Fund	44	--	--	--	44
Total Assets	<u>22,900</u>	<u>2,533</u>	<u>2,497</u>	<u>2,107</u>	<u>30,037</u>
LIABILITIES					
Liabilities:					
Accounts payable	3,301	--	--	--	3,301
Due to other funds:					
General Fund	10	--	--	--	10
General Trust Fund	--	--	--	5	5
Other current liabilities	<u>19,589</u>	<u>2,533</u>	<u>2,497</u>	<u>2,102</u>	<u>26,721</u>
Total Liabilities	<u>22,900</u>	<u>2,533</u>	<u>2,497</u>	<u>2,107</u>	<u>30,037</u>
NET ASSETS					
Held in trust for individuals, organizations and other governments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

CITY AND COUNTY OF HONOLULU
AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>GENERAL TRUST FUND</u>				
<u>ASSETS</u>				
Cash	\$ 17,662	\$ 140,256	\$ 135,067	\$ 22,851
Due from other funds	76	88	115	49
Total Assets	<u>\$ 17,738</u>	<u>\$ 140,344</u>	<u>\$ 135,182</u>	<u>\$ 22,900</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 2,992	\$ 44,359	\$ 44,050	\$ 3,301
Due to other funds	1	10	1	10
Other current liabilities	14,745	95,975	91,131	19,589
Total Liabilities	<u>\$ 17,738</u>	<u>\$ 140,344</u>	<u>\$ 135,182</u>	<u>\$ 22,900</u>
<u>TREASURY TRUST FUND</u>				
<u>ASSETS</u>				
Cash	\$ 2,105	\$ 15,811	\$ 15,383	\$ 2,533
Accounts receivable	128	--	128	--
Total Assets	<u>\$ 2,233</u>	<u>\$ 15,811</u>	<u>\$ 15,511</u>	<u>\$ 2,533</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 631	\$ --	\$ 631	\$ --
Other current liabilities	1,602	15,811	14,880	2,533
Total Liabilities	<u>\$ 2,233</u>	<u>\$ 15,811</u>	<u>\$ 15,511</u>	<u>\$ 2,533</u>
<u>REAL PROPERTY TAX TRUST FUND</u>				
<u>ASSETS</u>				
Cash	\$ 7,405	\$ 1,509	\$ 6,417	\$ 2,497
Due from other funds	1	--	1	--
Total Assets	<u>\$ 7,406</u>	<u>\$ 1,509</u>	<u>\$ 6,418</u>	<u>\$ 2,497</u>
<u>LIABILITY</u>				
Other current liabilities	\$ 7,406	\$ 1,509	\$ 6,418	\$ 2,497
Total Liability	<u>\$ 7,406</u>	<u>\$ 1,509</u>	<u>\$ 6,418</u>	<u>\$ 2,497</u>
<u>PAYROLL CLEARANCE FUND</u>				
<u>ASSET</u>				
Cash	\$ 1,989	\$ 487,515	\$ 487,397	\$ 2,107
<u>LIABILITIES</u>				
Due to other fund	\$ --	\$ 5	\$ --	\$ 5
Other current liabilities	1,989	487,510	487,397	2,102
Total Liabilities	<u>\$ 1,989</u>	<u>\$ 487,515</u>	<u>\$ 487,397</u>	<u>\$ 2,107</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash	\$ 29,161	\$ 645,091	\$ 644,264	\$ 29,988
Accounts receivable	128	--	128	--
Due from other funds	77	88	116	49
Total Assets	<u>\$ 29,366</u>	<u>\$ 645,179</u>	<u>\$ 644,508</u>	<u>\$ 30,037</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 3,623	\$ 44,359	\$ 44,681	\$ 3,301
Due to other funds	1	15	1	15
Other current liabilities	25,742	600,805	599,826	26,721
Total Liabilities	<u>\$ 29,366</u>	<u>\$ 645,179</u>	<u>\$ 644,508</u>	<u>\$ 30,037</u>

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FUND SCHEDULES

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

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

CITY AND COUNTY OF HONOLULU
GENERAL FUND
BALANCE SHEET
JUNE 30, 2006
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
(Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 86,090	\$ 51,723
Receivables:		
Real property taxes	9,341	6,008
Accounts	604	1,097
Interest	2,499	421
Intergovernmental	6,619	9,208
Component unit - CASE fees	9,900	6,600
Due from other funds:		
Highway Fund	3	49
Sewer Fund	26	--
Liquor Commission Fund	--	1
Special Projects Fund	--	97
Federal Grants Fund	21,800	27,974
General Obligation Bond and Interest Redemption Fund	--	1,813
Solid Waste Special Fund	--	5
General Trust Fund	10	--
Total Assets	\$ 136,892	\$ 104,996
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 11,442	\$ 4,796
Due to other funds:		
Sewer Fund	383	136
Golf Fund	--	65
Special Events Fund	3	797
Solid Waste Special Fund	124	95
General Obligation Bond and Interest Redemption Fund	44	--
General Improvement Bond Fund	3	--
General Trust Fund	--	59
Accrued payroll	4,728	4,262
Deferred revenue	21,557	17,620
Total Liabilities	38,284	27,830
Fund Balance:		
Reserved for encumbrances	22,004	19,802
Unreserved - undesignated	76,604	57,364
Total Fund Balance	98,608	77,166
Total Liabilities and Fund Balance	\$ 136,892	\$ 104,996

CITY AND COUNTY OF HONOLULU
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

	2006	2005
Revenues:		
Taxes	\$ 621,741	\$ 528,793
Licenses and permits	36,219	35,740
Intergovernmental	43,519	39,056
Charges for services	5,511	6,531
Fines and forfeits	420	178
Miscellaneous:		
Reimbursements and recoveries	78,586	86,403
Interest	11,621	4,086
Other	5,972	4,260
Total Revenues	803,589	705,047
Expenditures:		
Current:		
General government	105,192	100,462
Public safety	249,402	242,108
Highways and streets	1,925	1,755
Human services	1,654	1,551
Culture-recreation	49,433	45,947
Miscellaneous:		
Retirement and health benefits	117,678	105,307
Other	17,524	15,925
Debt Service:		
Principal retirement	1,135	847
Interest charges	153	163
Total Expenditures	544,096	514,065
Revenues over Expenditures	259,493	190,982
Other Financing Sources (Uses):		
Sales of capital assets	402	35,616
Transfers in	67,747	61,978
Transfers out	(306,200)	(273,727)
Total Other Financing Sources (Uses)	(238,051)	(176,133)
Revenues and Other Sources over Expenditures and Other Uses	21,442	14,849
Fund Balance - July 1	77,166	62,317
Fund Balance - June 30	\$ 98,608	\$ 77,166

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 613,999	\$ 613,999	\$ 621,741	\$ 7,742
Licenses and permits	37,280	37,280	36,219	(1,061)
Intergovernmental	42,475	42,475	43,519	1,044
Charges for services	5,285	5,285	5,511	226
Fines and forfeits	304	304	420	116
Miscellaneous:				
Reimbursements and recoveries	83,753	83,753	78,586	(5,167)
Interest	6,161	6,161	11,621	5,460
Other	2,585	2,585	5,972	3,387
Total Revenues	791,842	791,842	803,589	11,747
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	14,033	14,411	13,289	1,122
City Clerk	2,548	2,632	2,425	207
City Council	6,260	6,295	6,032	263
Corporation Counsel	7,541	7,596	6,348	1,248
Customer Services	16,383	16,679	15,465	1,214
Design and Construction	11,760	12,602	11,121	1,481
Facility Maintenance	11,485	12,428	12,376	52
Human Resources	4,981	5,129	4,946	183
Information Technology	13,190	13,389	12,591	798
Mayor	3,734	3,867	3,720	147
Planning and Permitting	7,714	8,038	7,686	352
Prosecuting Attorney	14,858	15,029	14,039	990
Total General government	114,487	118,095	110,038	8,057
Public safety:				
Emergency Services	25,141	25,829	24,344	1,485
Fire	68,121	71,837	70,352	1,485
Mayor	644	658	594	64
Medical Examiner	1,126	1,189	1,152	37
Planning and Permitting	5,142	5,146	4,578	568
Police	156,667	156,668	149,790	6,878
Total Public safety	256,841	261,327	250,810	10,517

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Highways and streets:				
Facility Maintenance	1,909	2,018	1,946	72
Human services:				
Community Services	1,694	1,743	1,722	21
Culture-recreation:				
Mayor	1,784	1,836	1,817	19
Parks and Recreation	47,934	50,318	47,647	2,671
Total Culture-recreation	49,718	52,154	49,464	2,690
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services	50	50	30	20
City Council	2,411	2,411	2,282	129
Provisional	123,156	123,156	115,366	7,790
Total Retirement and health benefits	125,617	125,617	117,678	7,939
Other:				
Budget and Fiscal Services	6,869	6,869	6,188	681
City Council	255	136	37	99
Provisional	33,890	23,363	10,798	12,565
Total Other	41,014	30,368	17,023	13,345
Total Miscellaneous	166,631	155,985	134,701	21,284
Debt Service:				
Budget and Fiscal Services	359	359	359	--
Total Expenditures	591,639	591,681	549,040	42,641
Revenues over Expenditures	200,203	200,161	254,549	54,388

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 3 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Sources (Uses):				
Sales of capital assets	200	200	402	202
Transfers in:				
Central administrative service expenses	23,451	23,451	23,451	--
Debt service	50,322	50,322	43,424	(6,898)
Other	872	872	872	--
Transfers out:				
Debt service - Budget and Fiscal Services	(197,993)	(197,993)	(175,856)	22,137
Other - Budget and Fiscal Services	(76,058)	(79,075)	(79,075)	--
Bus subsidy - Budget and Fiscal Services	(46,972)	(51,269)	(51,269)	--
Total Other Financing Sources (Uses)	(246,178)	(253,492)	(238,051)	15,441
Revenues and Other Sources over (under) Expenditures and Other Uses	(45,975)	(53,331)	16,498	69,829
Unreserved - Undesignated Fund				
Balance - July 1	47,822	54,718	57,364	2,646
Unreserved - Undesignated Fund				
Balance - June 30 (Budgetary Basis)	\$ 1,847	\$ 1,387	73,862	\$ 72,475
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			17,302	
Expenditures - prior year encumbrances			(12,378)	
Accrued expenditures			20	
Increase in reserved for encumbrances			(2,202)	
Unreserved - Undesignated Fund				
Balance - June 30 (GAAP Basis)			76,604	
Reserved for Encumbrances - June 30			22,004	
Fund Balance - June 30 (GAAP Basis)			\$ 98,608	

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
TAXES			
GENERAL PROPERTY TAXES:			
Real Property Tax	\$ 584,801	\$ 591,377	\$ 6,576
PUBLIC SERVICE COMPANY TAX:			
Public Service Company Tax	29,198	30,364	1,166
TOTAL TAXES	613,999	621,741	7,742
LICENSES AND PERMITS			
BUSINESS LICENSES AND PERMITS:			
Police and Protective:			
Second-Hand and Junk Dealers	11	13	2
Alarm Permits	160	169	9
Other	9	13	4
Professional and Occupational:			
Refuse Collector	9	6	(3)
Other	--	1	1
Total Business Licenses and Permits	189	202	13
NON-BUSINESS LICENSES AND PERMITS:			
Building Structures and Equipment Permits:			
Building	13,800	13,732	(68)
Signs	32	41	9
Motor Vehicle Licenses and Fees:			
Motor Vehicle Plate and Tag Fees	1,749	1,755	6
Motor Vehicle Transfer Fees and Penalty	2,859	2,985	126
Duplicate Registration and Ownership Certificates	230	231	1
Motor Vehicle Registration Annual Fee	13,858	13,334	(524)
Other	36	10	(26)
Other Vehicle Licenses and Fees:			
Passenger and Freight Vehicle Permit Fees	69	71	2
Nonresident Vehicle Permit	20	21	1
Motor Vehicle Drivers' Licenses	3,423	2,945	(478)
Animal Licenses:			
Dog Licenses and Tag Fees	252	240	(12)
Street, Sidewalk and Curb Permits:			
Easement Grants	104	62	(42)
Newsstands	27	62	35
Telephone Enclosures	--	2	2
Dispensing Rack	5	16	11
Fire Code Permits and License Fees	627	510	(117)
Total Non-Business Licenses and Permits	37,091	36,017	(1,074)
TOTAL LICENSES AND PERMITS	37,280	36,219	(1,061)

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL			
FEDERAL GRANTS:			
Civil Defense Administration Expense	112	110	(2)
Total Federal Grants	112	110	(2)
STATE GRANT:			
Transient Accommodation Tax	42,346	43,121	775
Total State Grant	42,346	43,121	775
OTHER COUNTIES:			
NACO Conference	--	250	250
Total Other Counties	--	250	250
INTERGOVERNMENTAL PAYMENTS IN LIEU OF TAXES:			
Fish and Wildlife Service	17	38	21
Total Intergovernmental Payments in Lieu of Taxes	17	38	21
TOTAL INTERGOVERNMENTAL	42,475	43,519	1,044
CHARGES FOR SERVICES			
GENERAL GOVERNMENT:			
Data Processing Services:			
Duplication of Master Tapes	23	45	22
Data Processing Service - State	300	601	301
Data Processing Service - U.S. Government	9	5	(4)
Data Processing Service - Other Counties	290	267	(23)
Legal Services (BWS)	30	28	(2)
Service Fee for Dishonored Checks	29	19	(10)
Band Collections	4	2	(2)
Automotive Equipment Service Charges	269	180	(89)
Subdivision Fees	150	153	3
Application Fees for Zoning Regulations	235	215	(20)
Plan Review Use Fees	1,400	1,219	(181)
Administrative Fee--Multi-Family Housing Program.....	--	130	130
Military Housing Fee in Lieu of Property Tax	500	526	26
Zoning/Flood Clearance Fee	20	41	21
Real Property Tax Appeal Fee	60	--	(60)
Fees for Certificates, Copies and Extracts of Records ...	131	138	7
Fees for Services	119	109	(10)
Custodial and Attendant Services	--	265	265
Spay-Neuter Service	341	345	4
Other	7	19	12
Total General Government	3,917	4,307	390

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 3 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
PUBLIC SAFETY:			
Police Charges:			
Taxicab Drivers' and Pedicab Operators' Certificates ..	42	39	(3)
HPD Special Duty Fees	170	177	7
Miscellaneous:			
Other	1	1	--
Total Public Safety	213	217	4
HIGHWAYS AND STREETS:			
Parking:			
City Employees	450	438	(12)
HPD Parking Lot	140	130	(10)
Total Highways and Streets	590	568	(22)
CULTURE-RECREATION:			
Commercial Activities:			
Scuba and Snorkeling	19	22	3
Windsurfing	4	3	(1)
Commercial Filming	102	28	(74)
Summer Fun Program	245	189	(56)
Fall and Spring Program	30	33	3
Foster Botanic Garden	115	111	(4)
Fees for Community Garden	50	33	(17)
Total Culture-Recreation	565	419	(146)
TOTAL CHARGES FOR SERVICES	5,285	5,511	226
FINES AND FORFEITS			
FINES:			
Fines	254	269	15
Liquidated Contract Damages	--	19	19
Total Fines	254	288	34
FORFEITS:			
Forfeiture of Seized Property	50	132	82
TOTAL FINES AND FORFEITS	304	420	116

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 4 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
REIMBURSEMENTS AND RECOVERIES:			
Reimbursements from State:			
Fireboat Operations	1,745	1,263	(482)
HPD Civil Defense Coordinator	29	22	(7)
Motor Vehicle Inspection Program	529	596	67
Administration Cost - Ewa Highway Impact Fee	50	44	(6)
Family Support Program	1,056	840	(216)
Emergency Ambulance Services	21,427	23,223	1,796
Collection Cost - State Motor Vehicle			
Weight Tax, etc.	745	810	65
Commercial Drivers' License Program	410	382	(28)
Recoveries:			
Overhead Charges	205	170	(35)
Workers' Compensation Payment	450	222	(228)
Real Property Tax Services	150	161	11
Central Administrative Service Expenses:			
Board of Water Supply	4,768	--	(4,768)
Debt Service Charges - Enterprise Funds:			
Sewer	9,814	9,812	(2)
Solid Waste	31,221	30,240	(981)
Housing	11,000	10,657	(343)
Workers' Compensation Claims (Third Party)	75	51	(24)
Fuel Taxes for Off-Highway Use Vehicles	65	--	(65)
Recoveries - Other	14	93	79
Total Reimbursements and Recoveries	<u>83,753</u>	<u>78,586</u>	<u>(5,167)</u>
INTEREST:			
Interest Earnings:			
Investments	6,161	11,574	5,413
Other Sources	--	47	47
Total Interest	<u>6,161</u>	<u>11,621</u>	<u>5,460</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 5 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
OTHER MISCELLANEOUS:			
Rents:			
Rental Units:			
Rental Units (City Property)	186	221	35
Rental Units (HCD Property)	--	337	337
Rental - Ambulance Facilities	64	64	--
Rental of Parks and Recreational Facilities:			
Perquisite Housing	22	19	(3)
Other	--	1	1
Rental of Equipment	8	4	(4)
Rental for Use of Land	32	74	42
Rental of Other Properties:			
Chinatown Community Service Center	--	12	12
Total Rents	312	732	420
Concessions:			
Tennis Court Concession	99	61	(38)
Public Pay Phones	--	2	2
Total Concessions	99	63	(36)
Contributions from Private Sources:			
Developers' Premium	42	49	7
Unclaimed Monies:			
Police Department	5	7	2
Other Escheats	--	475	475
Total Contributions from Private Sources	47	531	484
Other:			
Towing Service Premiums	560	574	14
Vacation Accumulation Deposits	15	177	162
Miscellaneous Sales	203	190	(13)
Sundry Refunds	1,337	3,422	2,085
Sundry Realizations	12	283	271
Total Other	2,127	4,646	2,519
Total Other Miscellaneous	2,585	5,972	3,387
TOTAL MISCELLANEOUS	92,499	96,179	3,680
TOTAL REVENUES	791,842	803,589	11,747

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 6 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES			
SALES OF CAPITAL ASSETS:			
Sale of Capital Assets	200	392	192
Compensation for Loss of Fixed Assets	--	10	10
TOTAL SALES OF GENERAL FIXED ASSETS ...	200	402	202
TRANSFERS FROM OTHER FUNDS:			
Recovery of Central Administrative Service Expenses:			
Highway Fund	7,349	7,349	--
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	148	148	--
Bikeway Fund	21	21	--
Sewer Fund	6,455	6,455	--
Liquor Commission Fund	181	181	--
Rental Assistance Fund	12	12	--
Hanauma Bay Nature Preserve Fund	237	237	--
Golf Fund	929	929	--
Special Events Fund	823	823	--
Solid Waste Special Fund	7,296	7,296	--
Recovery of Debt Service Charges:			
Highway Fund	35,007	28,109	(6,898)
Hanauma Bay Nature Preserve Fund	1,583	1,583	--
Golf Fund	8,267	8,267	--
Special Events Fund	5,465	5,465	--
Other Transfers:			
Sewer Fund	508	508	--
Liquor Commission Fund	100	100	--
Solid Waste Special Fund	264	264	--
TOTAL TRANSFERS FROM OTHER FUNDS	74,645	67,747	(6,898)
TOTAL OTHER FINANCING SOURCES	74,845	68,149	(6,696)
TOTAL GENERAL FUND	\$ 866,687	\$ 871,738	\$ 5,051

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
BALANCE SHEET
JUNE 30, 2006
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
(Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 22,452	\$ 14,014
Receivables:		
Public Utilities	15,716	13,697
Intergovernmental	5,232	4,515
Total Assets	\$ 43,400	\$ 32,226
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 687	\$ 359
Due to other funds:		
General Fund	3	49
Sewer Fund	--	1
Accrued payroll	386	265
Deferred revenue	15,716	13,697
Total Liabilities	16,792	14,371
Fund Balance:		
Reserved for encumbrances	3,305	1,257
Unreserved - undesignated	23,303	16,598
Total Fund Balance	26,608	17,855
Total Liabilities and Fund Balance	\$ 43,400	\$ 32,226

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Amounts in thousands)

	2006	2005
Revenues:		
Taxes	\$ 83,816	\$ 78,748
Licenses and permits	61,297	47,745
Charges for services	5,249	4,406
Fines and forfeits	12	34
Miscellaneous:		
Reimbursements and recoveries	398	364
Other	1,836	2,027
Total Revenues	152,608	133,324
Expenditures:		
Current:		
General government	14,088	12,019
Public safety	22,766	21,422
Highways and streets	14,858	13,975
Sanitation	695	706
Utilities or other enterprises	1,345	1,276
Miscellaneous:		
Retirement and health benefits	11,988	10,390
Other	1,060	1,260
Total Expenditures	66,800	61,048
Revenues over Expenditures	85,808	72,276
Other Financing Sources (Uses):		
Sales of general fixed assets	238	261
Transfers out	(77,293)	(79,458)
Total Other Financing Sources (Uses)	(77,055)	(79,197)
Revenues and Other Sources over (under) Expenditures and Other Uses	8,753	(6,921)
Fund Balance - July 1	17,855	24,776
Fund Balance - June 30	\$ 26,608	\$ 17,855

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 79,833	\$ 79,833	\$ 83,816	\$ 3,983
Licenses and permits	56,340	56,340	61,297	4,957
Intergovernmental	300	300	--	(300)
Charges for services	6,179	6,179	5,249	(930)
Fines and forfeits	50	50	12	(38)
Miscellaneous:				
Reimbursements and recoveries	289	289	398	109
Other	1,777	1,777	1,836	59
Total Revenues	144,768	144,768	152,608	7,840
Expenditures:				
Current:				
General government:				
Design and Construction	4,185	4,272	3,713	559
Facility Maintenance	7,902	9,857	9,664	193
Planning and Permitting	1,474	1,510	1,369	141
Total General government	13,561	15,639	14,746	893
Public safety:				
Police	19,697	19,697	19,074	623
Transportation Services	3,799	3,944	3,772	172
Total Public safety	23,496	23,641	22,846	795
Highways and streets:				
Facility Maintenance	14,769	16,009	15,810	199
Sanitation:				
Environmental Services	1,174	1,186	1,123	63
Utilities or other enterprises:				
Transportation Services	1,517	1,552	1,384	168
Miscellaneous:				
Retirement and health benefits:				
Provisional	12,131	12,131	11,988	143
Other:				
Provisional	3,373	1,783	1,061	722
Total Miscellaneous	15,504	13,914	13,049	865
Total Expenditures	70,021	71,941	68,958	2,983
Revenues over Expenditures	74,747	72,827	83,650	10,823

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source (Uses):				
Sales of capital assets	561	561	238	(323)
Transfers out:				
Debt service - Budget and Fiscal Services	(35,007)	(35,007)	(28,109)	6,898
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(7,349)	(7,349)	(7,349)	--
Bus subsidy - Budget and Fiscal Services	(41,958)	(41,835)	(41,835)	--
Total Transfers out.....	(84,314)	(84,191)	(77,293)	6,898
Total Other Financing Source (Uses)	(83,753)	(83,630)	(77,055)	6,575
Revenues and Other Source over (under) Expenditures and Other Uses	(9,006)	(10,803)	6,595	17,398
Unreserved - Undesignated Fund Balance - July 1	9,006	10,803	16,598	5,795
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis).....	\$ --	\$ --	23,193	\$ 23,193
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			2,979	
Expenditures - prior year encumbrances			(850)	
Accrued expenditures			29	
Increase in reserved for encumbrances			(2,048)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			23,303	
Reserved for Encumbrances - June 30			3,305	
Fund Balance - June 30 (GAAP Basis)			\$ 26,608	

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 3)

<u>Source of Revenues</u>	Original and Final <u>Budget</u>	<u>Actual</u>	Final Variance Favorable (Unfavorable)
<u>TAXES</u>			
GROSS RECEIPTS BUSINESS TAXES:			
Public Utility Franchise Tax	\$ 27,748	\$ 31,431	\$ 3,683
SELECTIVE SALES AND USE TAXES:			
Fuel Tax	52,085	52,385	300
TOTAL TAXES	79,833	83,816	3,983
<u>LICENSES AND PERMITS</u>			
NON-BUSINESS LICENSES AND PERMITS:			
Building Structures and Equipment Permits -			
Grading, Excavations and Fills	300	249	(51)
Other Permits	8	7	(1)
Motor Vehicle Licenses and Fees -			
Motor Vehicle Weight Tax	54,111	58,727	4,616
Other Vehicle Licenses and Fees	1,597	1,982	385
Street and Sidewalk Use - Taxi Stand	7	8	1
Freight Curb and Passenger Loading Zone Permits	232	237	5
Excavation and Repair of Streets and Sidewalks	85	87	2
TOTAL LICENSES AND PERMITS	56,340	61,297	4,957
<u>INTERGOVERNMENTAL</u>			
FEDERAL GRANTS:			
EPA Grant Projects	300	--	(300)
TOTAL INTERGOVERNMENTAL	300	--	(300)
<u>CHARGES FOR SERVICES</u>			
GENERAL GOVERNMENT:			
Sidewalk and Driveway Specifications Filing Fees	15	14	(1)
HIGHWAYS AND STREETS:			
Street and Sidewalk Charges	48	37	(11)
Street Parking Meter Collections	3,750	3,181	(569)
Other Parking Meter Collections	2,343	2,002	(341)
Other	23	15	(8)
Total Highways and Streets	6,164	5,235	(929)
TOTAL CHARGES FOR SERVICES	6,179	5,249	(930)
<u>FINES AND FORFEITS</u>			
FINES:			
Fines	50	12	(38)
TOTAL FINES AND FORFEITS	50	12	(38)

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 3)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
REIMBURSEMENTS AND RECOVERIES:			
Reimbursement from State for			
Traffic Signal Maintenance	275	352	77
Recovery of Overhead Charges	9	8	(1)
Recovery of Overtime Inspection	5	25	20
Other recoveries	--	13	13
Total Reimbursements and Recoveries	289	398	109
OTHER MISCELLANEOUS:			
Rents:			
Rental for Use of Land	69	53	(16)
Total Rents	69	53	(16)
Concessions:			
Kekaulike Parking Lot	63	38	(25)
Marin Towers Garage	375	292	(83)
Harbor Court Garage	313	385	72
Kukui Plaza Garage	781	691	(90)
Smith-Beretania Garage	125	107	(18)
Total Concessions	1,657	1,513	(144)
Contributions from Private Sources:			
Developers'/Utilities'/Others'			
Share of Construction	--	4	4
Total Contributions from Private Sources	--	4	4
Other:			
Vacation Accumulation Deposits	--	63	63
Miscellaneous Sales	1	17	16
Sundry Realization	--	2	2
Sundry Refunds	50	184	134
Total Other	51	266	215
Total Other Miscellaneous	1,777	1,836	59
TOTAL MISCELLANEOUS	2,066	2,234	168
TOTAL REVENUES	144,768	152,608	7,840

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 3 of 3)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>OTHER FINANCING SOURCES</u>			
<u>SALES OF CAPITAL ASSETS:</u>			
Sales of Capital Assets	325	2	(323)
Compensation for Loss of Capital Assets	236	236	--
 TOTAL OTHER FINANCING SOURCES	 561	 238	 (323)
 TOTAL HIGHWAY FUND	 \$ 145,329	 \$ 152,846	 \$ 7,517

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

BALANCE SHEET
JUNE 30, 2006
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
(Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 941	\$ 720
Total Asset	\$ 941	\$ 720
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 157	\$ 179
Accrued payroll	10	7
Total Liabilities	167	186
Fund Balance:		
Reserved for encumbrances	330	342
Unreserved - undesignated	444	192
Total Fund Balance	774	534
Total Liabilities and Fund Balance	\$ 941	\$ 720

CITY AND COUNTY OF HONOLULU
**HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
VEHICLES REVOLVING FUND**
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Amounts in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:				
Charges for services	\$ 3,067	\$ 3,067	\$ 3,024	\$ (43)
Miscellaneous:				
Other	--	--	3	3
Total Revenues	<u>3,067</u>	<u>3,067</u>	<u>3,027</u>	<u>(40)</u>
Expenditure:				
Current:				
General government:				
Customer Services	2,953	2,979	2,870	109
Total Expenditure	<u>2,953</u>	<u>2,979</u>	<u>2,870</u>	<u>109</u>
Revenues over Expenditure	114	88	157	69
Other Financing Use:				
Transfer out:				
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(148)	(148)	(148)	--
Revenues over (under) Expenditure and Other Use ..	(34)	(60)	9	69
Unreserved - Undesignated Fund Balance - July 1	116	142	192	50
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 82</u>	<u>\$ 82</u>	201	<u>\$ 119</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			316	
Expenditures - prior year encumbrances			(85)	
Decrease in reserved for encumbrances			12	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			444	
Reserved for Encumbrances - June 30			<u>330</u>	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 774</u>	

CITY AND COUNTY OF HONOLULU
HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
VEHICLES REVOLVING FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
<u>HIGHWAYS AND STREETS:</u>			
Highway Beautification Fees	\$ 3,067	\$ 3,024	\$ (43)
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Other:			
Vacation Accumulation Deposits	--	<u>3</u>	<u>3</u>
 TOTAL HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED VEHICLES REVOLVING FUND REVENUE	 <u>\$ 3,067</u>	 <u>\$ 3,027</u>	 <u>\$ (40)</u>

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 342	\$ 576
Total Asset	\$ 342	\$ 576
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 2	\$ 1
Due to other fund:		
Sewer Fund	--	17
Total Liabilities	2	18
Fund Balance:		
Reserved for encumbrances	26	14
Unreserved - undesignated	314	544
Total Fund Balance	340	558
Total Liabilities and Fund Balance	\$ 342	\$ 576

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Licenses and permits	\$ 413	\$ 423	\$ 10
Total Revenue	413	423	10
Expenditures:			
Current:			
Public safety:			
Transportation Services	418	301	117
Highways and streets:			
Facility Maintenance	10	7	3
Total Expenditures	428	308	120
Revenue over (under) Expenditures	(15)	115	130
Other Financing Source (Uses):			
Transfer in	--	123	123
Transfers out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(21)	(21)	--
Capital improvements:			
Design and Construction	(447)	(447)	--
Total Transfers out	(468)	(468)	--
Total Other Financing Source (Uses)	(468)	(345)	123
Revenue and Other Source under Expenditures and Other Uses	(483)	(230)	253
Unreserved - Undesignated Fund Balance - July 1	487	544	57
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 4	314	\$ 310
Adjustments to conform with generally accepted accepted accounting principles:			
Encumbrances included above		26	
Expenditures - prior year encumbrances		(14)	
Increase in reserved for encumbrances		(12)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		314	
Reserved for Encumbrances - June 30		26	
Fund Balance - June 30 (GAAP Basis)		\$ 340	

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<u>LICENSES AND PERMITS</u>			
NON-BUSINESS LICENSES AND PERMITS:			
Other Vehicle Licenses and Fees -			
Bicycle Licenses	\$ 413	\$ 423	\$ 10
TOTAL REVENUES	<u>413</u>	<u>423</u>	<u>10</u>
<u>OTHER FINANCING SOURCE</u>			
TRANSFER FROM OTHER FUND:			
Other Transfer -			
Capital Projects Fund	--	123	123
TOTAL OTHER FINANCING SOURCE	<u>--</u>	<u>123</u>	<u>123</u>
TOTAL BIKEWAY FUND	<u>\$ 413</u>	<u>\$ 546</u>	<u>\$ 133</u>

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 3,405	\$ 2,745
Total Asset	\$ 3,405	\$ 2,745
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 3,405	\$ 2,745
Total Fund Balance	\$ 3,405	\$ 2,745

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 341	\$ 341
Total Revenue	--	341	341
Other Financing Source (Use):			
Transfer in	--	805	805
Transfers out:			
Capital improvements:			
Design and Construction	(486)	(486)	--
Total Other Financing Source (Use)	(486)	319	805
Revenue and Other Source over (under) Other Use .	(486)	660	1,146
Unreserved - Undesignated Fund Balance - July 1.....	2,164	2,745	581
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 1,678	3,405	\$ 1,727
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		3,405	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 3,405	

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Contributions from Private Sources:			
Subdividers' Contributions for			
Parks and Playgrounds	\$ --	\$ 341	\$ 341
TOTAL REVENUE	-----	-----	-----
	--	341	341
 <u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
Capital Projects Fund	-----	-----	-----
	--	805	805
TOTAL OTHER FINANCING SOURCE	-----	-----	-----
	--	805	805
 TOTAL PARKS AND PLAYGROUNDS FUND	 \$ --	 \$ 1,146	 \$ 1,146
	-----	-----	-----

CITY AND COUNTY OF HONOLULU
FEDERAL REVENUE SHARING FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 47	\$ 47
Total Asset	\$ 47	\$ 47
 <u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 47	\$ 47
Total Fund Balance	\$ 47	\$ 47

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 1,389	\$ 1,222
Total Asset	\$ 1,389	\$ 1,222
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 16	\$ 8
Accrued payroll	44	21
Due to other fund:		
General Fund	--	1
Total Liabilities	60	30
Fund Balance:		
Reserved for encumbrances	156	135
Unreserved - undesignated	1,173	1,057
Total Fund Balance	1,329	1,192
Total Liabilities and Fund Balance	\$ 1,389	\$ 1,222

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Licenses and permits	\$ 3,005	\$ 3,005	\$ 2,999	\$ (6)
Charges for services	128	128	130	2
Fines and forfeits	200	200	266	66
Miscellaneous:				
Other	--	--	120	120
Total Revenues	3,333	3,333	3,515	182
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	2,677	2,722	2,407	315
Corporation Counsel	60	60	50	10
Information Technology	43	44	44	--
Total General government	2,780	2,826	2,501	325
Miscellaneous:				
Retirement and health benefits:				
Provisional	584	584	577	7
Other:				
Provisional	142	96	41	55
Total Miscellaneous	726	680	618	62
Total Expenditures	3,506	3,506	3,119	387
Revenues over (under) Expenditures	(173)	(173)	396	569
Other Financing Uses:				
Transfers out:				
Reimbursement for central administrative				
service expenses - Budget and Fiscal Services	(181)	(181)	(181)	--
Other - Budget and Fiscal Services	(100)	(100)	(100)	--
Total Other Financing Uses	(281)	(281)	(281)	--
Revenues over (under) Expenditures and Other Uses	(454)	(454)	115	569
Unreserved - Undesignated Fund Balance - July 1	705	705	1,057	352
Unreserved - Undesignated Fund Balance - June 30				
(Budgetary Basis)	<u>\$ 251</u>	<u>\$ 251</u>	1,172	<u>\$ 921</u>

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			115	
Expenditures - prior year encumbrances			(93)	
Increase in reserved for encumbrances			(21)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			1,173	
Reserved for Encumbrances - June 30			156	
Fund Balance - June 30 (GAAP Basis)			\$ 1,329	

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>LICENSES AND PERMITS</u>			
<u>BUSINESS LICENSES AND PERMITS:</u>			
Alcoholic Licenses and Permits	\$ 3,005	\$ 2,999	\$ (6)
<u>CHARGES FOR SERVICES</u>			
<u>GENERAL GOVERNMENT:</u>			
Charges for Publications, Reports, Copies, etc.	2	3	1
Fees:			
Charge for Photo I.D.	120	123	3
Other	6	4	(2)
	<u>128</u>	<u>130</u>	<u>2</u>
TOTAL CHARGES FOR SERVICES			
<u>FINES AND FORFEITS</u>			
<u>FINES:</u>			
Fines - Liquor Commission	200	266	66
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Other:			
Sundry Refunds	--	120	120
	<u>--</u>	<u>120</u>	<u>120</u>
TOTAL LIQUOR COMMISSION FUND REVENUES	<u>\$ 3,333</u>	<u>\$ 3,515</u>	<u>\$ 182</u>

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 768	\$ 924
Total Asset	\$ 768	\$ 924
<u>FUND BALANCE</u>		
Fund Balance:		
Reserved for encumbrances	\$ 7	\$ 27
Unreserved - undesignated	761	897
Total Fund Balance	\$ 768	\$ 924

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenue:			
Miscellaneous:			
Other	\$ 233	\$ 34	\$ (199)
Total Revenue	<u>233</u>	<u>34</u>	<u>(199)</u>
Expenditure:			
Current:			
Human services:			
Community Services	233	165	68
Total Expenditure	<u>233</u>	<u>165</u>	<u>68</u>
Revenue over (under) Expenditure	--	(131)	(131)
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(12)	(12)	--
Revenue under Expenditure and Other Use	(12)	(143)	(131)
Unreserved - Undesignated Fund Balance - July 1	<u>1,021</u>	<u>897</u>	<u>(124)</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 1,009</u>	754	<u>\$ (255)</u>
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		7	
Expenditures - prior year encumbrances		(20)	
Decrease in reserved for encumbrances		<u>20</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		761	
Reserved for Encumbrances - June 30		<u>7</u>	
Fund Balance - June 30 (GAAP Basis)		<u>\$ 768</u>	

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Rents:			
Rental of Parking Stalls	\$ --	\$ 34	\$ 34
Rental of Other City Facilities	<u>233</u>	<u> --</u>	<u>(233)</u>
 TOTAL RENTAL ASSISTANCE FUND REVENUE	 <u>\$ 233</u>	 <u>\$ 34</u>	 <u>\$ (199)</u>

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 35	\$ 44
Total Asset	\$ 35	\$ 44
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 35	\$ 44
Total Fund Balance	\$ 35	\$ 44

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 4	\$ 4
Total Revenue	--	4	4
Expenditure:			
Current:			
Culture-recreation:			
Enterprise Services	15	13	2
Revenue under Expenditure	(15)	(9)	6
Unreserved - Undesignated Fund Balance - July 1	25	44	19
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 10	35	\$ 25
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		35	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 35	

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Other:			
Sale of Animals	\$ --	\$ 4	\$ 4
 TOTAL ZOO ANIMAL PURCHASE FUND REVENUE	 <u>\$ --</u>	 <u>\$ 4</u>	 <u>\$ 4</u>

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 3,126	\$ 2,855
Total Asset	\$ 3,126	\$ 2,855
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 16	\$ 88
Accrued payroll	14	20
Total Liabilities	30	108
Fund Balance:		
Reserved for encumbrances	188	201
Unreserved - undesignated	2,908	2,546
Total Fund Balance	3,096	2,747
Total Liabilities and Fund Balance	\$ 3,126	\$ 2,855

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 3,500	\$ 3,500	\$ 3,415	\$ (85)
Miscellaneous:				
Other	1,111	1,111	1,204	93
Total Revenues	<u>4,611</u>	<u>4,611</u>	<u>4,619</u>	<u>8</u>
Expenditures:				
Current:				
Public safety:				
Emergency Services	557	557	546	11
Culture-recreation:				
Enterprise Services	14	14	2	12
Parks and Recreation	1,838	1,879	1,689	190
Total Culture-recreation	<u>1,852</u>	<u>1,893</u>	<u>1,691</u>	<u>202</u>
Miscellaneous:				
Retirement and health benefits:				
Provisional	289	289	289	--
Other:				
Provisional	52	11	--	11
Total Miscellaneous	<u>341</u>	<u>300</u>	<u>289</u>	<u>11</u>
Total Expenditures	<u>2,750</u>	<u>2,750</u>	<u>2,526</u>	<u>224</u>
Revenues over Expenditures	<u>1,861</u>	<u>1,861</u>	<u>2,093</u>	<u>232</u>
Other Financing Source (Uses):				
Transfer in	500	500	500	--
Transfers out:				
Debt service - Budget and Fiscal Services	(1,583)	(1,583)	(1,583)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(237)	(237)	(237)	--
Capital improvements:				
Design and Construction	(425)	(425)	(425)	--
Total Transfers out	<u>(2,245)</u>	<u>(2,245)</u>	<u>(2,245)</u>	<u>--</u>
Total Other Financing Source (Uses)	<u>(1,745)</u>	<u>(1,745)</u>	<u>(1,745)</u>	<u>--</u>
Revenues and Other Source over Expenditures and Other Uses	116	116	348	232
Unreserved - Undesignated Fund Balance - July 1	<u>1,996</u>	<u>1,996</u>	<u>2,546</u>	<u>550</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 2,112</u>	<u>\$ 2,112</u>	2,894	<u>\$ 782</u>

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			125	
Expenditures - prior year encumbrances			(124)	
Decrease in reserved for encumbrances			13	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			2,908	
Reserved for Encumbrances - June 30			188	
Fund Balance - June 30 (GAAP Basis)			\$ 3,096	

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
<u>HIGHWAYS AND STREETS:</u>			
Hanauma Bay Parking	\$ 200	\$ 206	\$ 6
<u>CULTURE-RECREATION:</u>			
Miscellaneous:			
Hanauma Bay Admission Fee	3,300	3,209	(91)
TOTAL CHARGES FOR SERVICES	3,500	3,415	(85)
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Concessions:			
Parks and Recreation Facilities:			
Hanauma Gift Shop Concession	48	70	22
Hanauma Beach Park Concession	261	244	(17)
Hanauma Shuttle Bus Service	12	35	23
Hanauma Snorkling Rental	790	855	65
TOTAL MISCELLANEOUS	1,111	1,204	93
TOTAL REVENUES	4,611	4,619	8
<u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
General Fund	500	500	--
TOTAL HANAUMA BAY NATURE PRESERVE FUND	\$ 5,111	\$ 5,119	\$ 8

CITY AND COUNTY OF HONOLULU
RESERVE FOR FISCAL STABILITY FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 5,034	\$ 5,034
Total Asset	\$ 5,034	\$ 5,034
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 5,034	\$ 5,034
Total Fund Balance	\$ 5,034	\$ 5,034

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 171	\$ 225
Receivables:		
Loans	177	186
Intergovernmental	866	2,153
Total Assets	\$ 1,214	\$ 2,564
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 681	\$ 2,204
Due to other fund:		
Federal Grants Capital Projects Fund	--	2
Deferred revenue	356	186
Total Liabilities	1,037	2,392
Fund Balance:		
Reserved for encumbrances	10,328	17,488
Unreserved - undesignated	(10,151)	(17,316)
Total Fund Balance	177	172
Total Liabilities and Fund Balance	\$ 1,214	\$ 2,564

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenue:				
Intergovernmental	\$ 11,225	\$ 11,225	\$ 17,620	\$ 6,395
Total Revenue	<u>11,225</u>	<u>11,225</u>	<u>17,620</u>	<u>6,395</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	688	688	621	67
Design and Construction	133	133	80	53
Total General government	<u>821</u>	<u>821</u>	<u>701</u>	<u>120</u>
Human services:				
Community Services	1,330	1,330	1,130	200
Capital improvements:				
Fire	--	420	420	--
Community Services	9,308	10,062	10,062	--
Total Capital improvements	<u>9,308</u>	<u>10,482</u>	<u>10,482</u>	<u>--</u>
Total Expenditures	<u>11,459</u>	<u>12,633</u>	<u>12,313</u>	<u>320</u>
Revenue over (under) Expenditures	(234)	(1,408)	5,307	6,715
Other Financing Use:				
Transfer out	(1,200)	(1,200)	--	1,200
Total Other Financing Use	<u>(1,200)</u>	<u>(1,200)</u>	<u>--</u>	<u>1,200</u>
Revenue over (under) Expenditures and Other Use ..	(1,434)	(2,608)	5,307	7,915
Unreserved - Undesignated Fund Balance - July 1	<u>1,434</u>	<u>2,608</u>	<u>(17,316)</u>	<u>(19,924)</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ --</u>	<u>\$ --</u>	(12,009)	<u>\$ (12,009)</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			5,657	
Expenditures - prior year encumbrances			(10,896)	
Decrease in reserved for encumbrances			7,160	
Transfers out - prior year encumbrances			(63)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			<u>(10,151)</u>	
Reserved for Encumbrances - June 30			<u>10,328</u>	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 177</u>	

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>			
<u>FEDERAL GRANTS:</u>			
Community Development Block Grant	\$ 11,225	\$ 17,620	\$ 6,395
TOTAL REVENUE	<u>\$ 11,225</u>	<u>\$ 17,620</u>	<u>\$ 6,395</u>

CITY AND COUNTY OF HONOLULU
GOLF FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 1,985	\$ 1,249
Due from other fund:		
General Fund	--	65
Total Assets	\$ 1,985	\$ 1,314
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 367	\$ 364
Accrued payroll	79	64
Total Liabilities	446	428
Fund Balance:		
Reserved for encumbrances	677	226
Unreserved - undesignated	862	660
Total Fund Balance	1,539	886
Total Liabilities and Fund Balance	\$ 1,985	\$ 1,314

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 5,901	\$ 5,901	\$ 5,033	\$ (868)
Miscellaneous:				
Other	3,306	3,306	3,190	(116)
Total Revenues	9,207	9,207	8,223	(984)
Expenditures:				
Current:				
Culture-recreation:				
Enterprise Services	8,294	8,798	7,709	1,089
Miscellaneous:				
Retirement and health benefits:				
Provisional	1,838	1,838	1,792	46
Other:				
Provisional	281	57	21	36
Total Miscellaneous	2,119	1,895	1,813	82
Total Expenditures	10,413	10,693	9,522	1,171
Revenues under Expenditures	(1,206)	(1,486)	(1,299)	187
Other Finance Sources (Uses):				
Transfer in	10,402	10,682	10,682	--
Transfers out:				
Debt service - Budget and Fiscal Services	(8,267)	(8,267)	(8,267)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(929)	(929)	(929)	--
Total Other Financing Sources (Uses)	1,206	1,486	1,486	--
Revenues and Other Sources over Expenditures and Other Uses	--	--	187	187
Unreserved - Undesignated Fund Balance - July 1	--	--	660	660
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	\$ --	847	\$ 847

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			580	
Expenditures - prior year encumbrances			(114)	
Increase in reserved for encumbrances			<u>(451)</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			862	
Reserved for Encumbrances - June 30			<u>677</u>	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 1,539</u>	

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
CHARGES FOR SERVICES				
CULTURE-RECREATION:				
Golf Course Fees	\$ 5,901	\$ 5,901	\$ 5,033	\$ (868)
TOTAL CHARGES FOR SERVICES	5,901	5,901	5,033	(868)
MISCELLANEOUS				
OTHER MISCELLANEOUS:				
Rents:				
Golf Cart Rentals	2,827	2,827	2,529	(298)
Total Rents	2,827	2,827	2,529	(298)
Concessions:				
Food Concession - Golf Courses	111	111	120	9
Golf Course - Pro Shops	8	8	10	2
Golf Course - Driving Range	360	360	530	170
Total Concessions	479	479	660	181
Other:				
Sundry Refunds	--	--	1	1
TOTAL MISCELLANEOUS	3,306	3,306	3,190	(116)
TOTAL REVENUES	9,207	9,207	8,223	(984)
OTHER FINANCING SOURCE				
TRANSFER FROM OTHER FUND:				
Other Transfer -				
General Fund	10,402	10,682	10,682	--
TOTAL OTHER FINANCING SOURCE	10,402	10,682	10,682	--
TOTAL GOLF FUND	\$ 19,609	\$ 19,889	\$ 18,905	\$ (984)

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 2,752	\$ 218
Due from other fund:		
General Fund	3	797
Total Assets	\$ 2,755	\$ 1,015
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 272	\$ 189
Accrued payroll	108	96
Total Liabilities	380	285
Fund Balance:		
Reserved for encumbrances	179	150
Unreserved - undesignated	2,196	580
Total Fund Balance	2,375	730
Total Liabilities and Fund Balance	\$ 2,755	\$ 1,015

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Charges for services	\$ 1,260	\$ 1,260	\$ 1,629	\$ 369
Miscellaneous:				
Reimbursements and recoveries	10	10	9	(1)
Interest	17	17	75	58
Other	6,120	6,120	6,239	119
Total Revenues	7,407	7,407	7,952	545
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	137	140	120	20
Culture-recreation:				
Enterprise Services	8,046	9,327	8,461	866
Miscellaneous:				
Retirement and health benefits:				
Provisional	2,378	2,378	2,333	45
Other:				
Provisional	540	209	119	90
Total Miscellaneous	2,918	2,587	2,452	135
Total Expenditures	11,101	12,054	11,033	1,021
Revenues under Expenditures	(3,694)	(4,647)	(3,081)	1,566
Other Finance Source (Uses):				
Transfer in	9,982	10,935	10,935	--
Transfers out:				
Debt service - Budget and Fiscal Services	(5,465)	(5,465)	(5,465)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(823)	(823)	(823)	--
Total Other Financing Source (Uses)	3,694	4,647	4,647	--

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues and Other Source over over Expenditures and Other Uses	--	--	1,566	1,566
Unreserved - Undesignated Fund Balance - July 1	--	--	580	580
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	\$ --	2,146	\$ 2,146
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			170	
Expenditures - prior year encumbrances			(91)	
Increase in reserved for encumbrances			(29)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			2,196	
Reserved for Encumbrances - June 30			179	
Fund Balance - June 30 (GAAP Basis)			\$ 2,375	

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
CHARGES FOR SERVICES				
GENERAL GOVERNMENT:				
Surcharge on Auditorium Tickets	\$ --	\$ --	\$ 93	\$ 93
CULTURE-RECREATION:				
Honolulu Zoo	<u>1,260</u>	<u>1,260</u>	<u>1,536</u>	<u>276</u>
TOTAL CHARGES FOR SERVICES	<u>1,260</u>	<u>1,260</u>	<u>1,629</u>	<u>369</u>
MISCELLANEOUS				
REIMBURSEMENTS AND RECOVERIES:				
Recovery of Utility Charges	10	10	9	(1)
INTEREST:				
Interest Earnings:				
Investments	17	17	75	58
OTHER MISCELLANEOUS:				
Rents:				
Rental for Use of Land	18	18	19	1
Rental of Auditorium Facilities	1,820	1,820	1,488	(332)
Auditorium Equipment Rental	<u>862</u>	<u>862</u>	<u>791</u>	<u>(71)</u>
Total Rents	<u>2,700</u>	<u>2,700</u>	<u>2,298</u>	<u>(402)</u>
Concessions:				
Food Concession - Auditoriums	660	660	734	74
Food Concession - Honolulu Zoo	120	120	120	--
Food Concession - Parks	212	212	242	30
Parking - Auditoriums	1,310	1,310	1,560	250
Novelty Sales Concession - Auditoriums	40	40	67	27
Other - Auditoriums	2	2	4	2
Beach Concession - Parks	896	896	1,037	141
Pouring Rights	172	172	140	(32)
Other Concessions	<u>8</u>	<u>8</u>	<u>19</u>	<u>11</u>
Total Concessions	<u>3,420</u>	<u>3,420</u>	<u>3,923</u>	<u>503</u>

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
Other:				
Vacation Accumulation Deposits	--	--	17	17
Sundry Refunds	--	--	1	1
Total Other	--	--	18	18
Total Other Miscellaneous	6,120	6,120	6,239	119
TOTAL MISCELLANEOUS	6,147	6,147	6,323	176
TOTAL REVENUES	7,407	7,407	7,952	545
OTHER FINANCING SOURCE				
TRANSFER FROM OTHER FUND:				
Other Transfer -				
General Fund	9,982	10,935	10,935	--
TOTAL SPECIAL EVENTS FUND	\$ 17,389	\$ 18,342	\$ 18,887	\$ 545

CITY AND COUNTY OF HONOLULU
FARMERS HOME ADMINISTRATION LOAN FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 46	\$ 46
Total Asset	\$ 46	\$ 46
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 46	\$ 46
Total Fund Balance	\$ 46	\$ 46

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2006
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
(Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 4,683	\$ 5,085
Receivable:		
Intergovernmental	302	--
Total Assets	\$ 4,985	\$ 5,085
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 305	\$ 218
Due to other funds:		
General Fund	--	97
Federal Grants Fund	--	5
Housing and Community Development Revolving Fund	--	12
Deferred revenue	180	225
Total Liabilities	485	557
Fund Balance:		
Reserved for encumbrances	6,085	2,724
Unreserved - undesignated	(1,585)	1,804
Total Fund Balance	4,500	4,528
Total Liabilities and Fund Balance	\$ 4,985	\$ 5,085

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 7,320	\$ 12,458	\$ 7,769	\$ (4,689)
Miscellaneous:				
Interest	--	--	31	31
Other	--	--	1,369	1,369
Total Revenues	7,320	12,458	9,169	(3,289)
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	--	131	5	126
City Council	44	45	45	--
Customer Services	47	47	43	4
Mayor	--	957	720	237
Prosecuting Attorney	1,352	1,924	1,148	776
Total General government	1,443	3,104	1,961	1,143
Public safety:				
Emergency Services	472	472	472	--
Fire	--	35	35	--
Mayor	45	53	26	27
Medical Examiner	--	5	--	5
Police	--	2,043	564	1,479
Total Public safety	517	2,608	1,097	1,511
Highways and streets:				
Facility Maintenance	--	4,000	4,000	--
Sanitation:				
Environmental Services	--	245	245	--
Human services:				
Community Services	4,931	4,965	4,529	436
Culture-recreation:				
Enterprise Services	--	218	218	--
Parks and Recreation	250	1,415	895	520
Total Culture-recreation	250	1,633	1,113	520
Total Expenditures	7,141	16,555	12,945	3,610
Revenues under Expenditures	179	(4,097)	(3,776)	321
Unreserved - Undesignated Fund Balance - July 1	--	--	1,804	1,804
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 179	\$ (4,097)	(1,972)	\$ 2,125

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			5,181	
Expenditures - prior year encumbrances			(1,651)	
Accrued expenditures			218	
Increase in reserved for encumbrances			(3,361)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			(1,585)	
Reserved for Encumbrances - June 30			6,085	
Fund Balance - June 30 (GAAP Basis)			\$ 4,500	

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL				
FEDERAL GRANTS:				
Community Programming	\$ 50	\$ 50	\$ 47	\$ (3)
Workforce Investment Act	214	214	--	(214)
Total Federal Grants	<u>264</u>	<u>264</u>	<u>47</u>	<u>(217)</u>
STATE GRANTS:				
Community Programming	47	47	87	40
Family Self-Sufficiency	--	--	302	302
Hawaii Career Criminal Prosecution	747	747	583	(164)
Healthy Hawaii Initiative	200	200	125	(75)
Ho'Ala - JTPA	765	765	659	(106)
HTA-County Product Enrichment	--	752	543	(209)
Jobs - JTPA	274	274	242	(32)
LEPC Emergency Planning and Preparedness	45	53	26	(27)
Lifeguard Services at State Parks	472	472	472	--
North-South Road, Phase I	--	--	320	320
Program on Aging-State Share	3,476	3,476	3,344	(132)
State Fire Council	35	70	35	(35)
State Funded Road Maintenance	--	4,000	302	(3,698)
Victim/Witness Kokua	605	658	405	(253)
State Grants-Other	--	290	277	(13)
Grants from Other Agencies	390	390	--	(390)
Total State Grants	<u>7,056</u>	<u>12,194</u>	<u>7,722</u>	<u>(4,472)</u>
TOTAL INTERGOVERNMENTAL	<u>7,320</u>	<u>12,458</u>	<u>7,769</u>	<u>(4,689)</u>
MISCELLANEOUS				
INTEREST:				
Interest Earnings:				
Investments	--	--	31	31
OTHER MISCELLANEOUS:				
Other	--	--	1,369	1,369
TOTAL MISCELLANEOUS	<u>--</u>	<u>--</u>	<u>1,400</u>	<u>1,400</u>
TOTAL SPECIAL PROJECTS FUND REVENUES	<u>\$ 7,320</u>	<u>\$ 12,458</u>	<u>\$ 9,169</u>	<u>\$ (3,289)</u>

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 13,198	\$ 13,742
Receivables:		
Loans	2,081	1,687
Intergovernmental	23,101	29,289
Due from other fund:		
Special Projects Fund	--	5
Total Assets	<u>\$ 38,380</u>	<u>\$ 44,723</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,867	\$ 1,460
Due to other funds:		
General Fund	21,800	27,974
Housing and Community Development Revolving Fund	219	207
Deferred revenue	<u>2,143</u>	<u>1,994</u>
Total Liabilities	<u>26,029</u>	<u>31,635</u>
Fund Balance:		
Reserved for encumbrances	15,261	16,484
Unreserved - undesignated	<u>(2,910)</u>	<u>(3,396)</u>
Total Fund Balance	<u>12,351</u>	<u>13,088</u>
Total Liabilities and Fund Balance	<u>\$ 38,380</u>	<u>\$ 44,723</u>

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 41,135	\$ 79,023	\$ 49,010	\$ (30,013)
Miscellaneous:				
Interest	--	--	315	315
Other	200	200	2,244	2,044
Total Revenues	41,335	79,223	51,569	(27,654)
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	376	506	438	68
Design and Construction	--	23	9	14
Information Technology	155	155	109	46
Planning and Permitting	254	574	252	322
Prosecuting Attorney	1,873	2,178	1,095	1,083
Total General government	2,658	3,436	1,903	1,533
Public safety:				
Emergency Services	--	453	453	--
Fire	--	759	708	51
Mayor	62	24,494	8,114	16,380
Police	--	15,211	4,268	10,943
Transportation Services	--	2	2	--
Total Public safety	62	40,919	13,545	27,374
Sanitation:				
Environmental Services	200	441	240	201
Human services:				
Community Services	17,097	21,852	13,461	8,391
Culture-recreation:				
Parks and Recreation	379	379	220	159
Utilities or other enterprises:				
Transportation Services	21,954	22,348	22,156	192
Total Expenditures	42,350	89,375	51,525	37,850

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues over (under) Expenditures	(1,015)	(10,152)	44	10,196
Unreserved - Undesignated Fund Balance - July 1	1,015	1,015	(3,396)	(4,411)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	\$ (9,137)	(3,352)	\$ 5,785
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			10,695	
Expenditures - prior year encumbrances			(11,476)	
Decrease in reserved for encumbrances			1,223	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			(2,910)	
Reserved for Encumbrances - June 30			15,261	
Fund Balance - June 30 (GAAP Basis)			\$ 12,351	

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL				
FEDERAL GRANTS:				
Assistance To Firefighters - FEMA	\$ --	\$ 648	\$ 576	\$ (72)
Byrne Formula Grant	153	156	4	(152)
Coastal Zone Management	254	254	252	(2)
Comprehensive Server Training Program	--	113	113	--
COPS More Grant	--	1,658	874	(784)
Crime Victim Assistance Grant	578	861	628	(233)
Drug Enforcement Agency Marijuana Grant	--	409	409	--
Domestic Violence	183	183	57	(126)
Great Program	--	255	--	(255)
Domestic Violence-Penal Summons and Prosecution ...	148	148	163	15
Economic Opportunities	--	--	303	303
EPA Grant Projects	--	241	322	81
Equipment Support Funds	--	33	549	516
Federal Highway Administration	--	240	115	(125)
Federal Transit Administration	21,800	21,800	21,820	20
FEMA Supplemental Grant Funds	--	24	239	215
FHWA-Traffic Control System	154	156	2	(154)
Forensic DNA Testing Program	--	340	17	(323)
High Intensity Drug Trafficking Area Grant	--	2,831	2,216	(615)
Home Grant	689	691	1,101	410
Homeland Security Grant Funds	62	24,473	5,890	(18,583)
HUD - Youthbuild Program	350	942	368	(574)
Justice Assistance Grant	556	1,088	797	(291)
Juvenile Accountability Incentive Block Grant	300	647	401	(246)
Local Law Enforcement Block Grants	256	270	--	(270)
Metropolitan Medical Strike Team	--	452	450	(2)
Native Hawaiian Housing Block Grant	--	84	--	(84)
Oahu Metropolitan Planning Organization	--	320	--	(320)
Program On Aging	4,404	4,404	2,956	(1,448)
Project Learn	--	15	15	--
Rebuild America Program	--	23	9	(14)
Rural Oahu Development Program	250	2,173	210	(1,963)
Shelter Plus Care Program	--	--	1,524	1,524
Statewide Medical-Legal Collaborative Project	--	38	35	(3)
Summer Food Service Program	300	300	220	(80)
Supportive Housing Program	3,050	3,050	388	(2,662)
Traffic Safety Education Program	--	154	44	(110)
Twenty-First Century Learning Centers Grant	79	79	--	(79)
Volunteer Fire Assistance Grant	--	110	60	(50)
Workforce Investment Act	6,969	8,760	5,418	(3,342)
Youth Offender Demonstration Program	600	600	465	(135)
TOTAL INTERGOVERNMENTAL	41,135	79,023	49,010	(30,013)

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS				
INTEREST:				
Interest Earnings:				
Investments	--	--	315	315
OTHER MISCELLANEOUS:				
Other:				
Other	200	200	2,227	2,027
Sundry Refunds	--	--	17	17
Total Other	<u>200</u>	<u>200</u>	<u>2,244</u>	<u>2,044</u>
TOTAL MISCELLANEOUS	<u>200</u>	<u>200</u>	<u>2,559</u>	<u>2,359</u>
TOTAL FEDERAL GRANTS FUND				
REVENUES	<u>\$ 41,335</u>	<u>\$ 79,223</u>	<u>\$ 51,569</u>	<u>\$ (27,654)</u>

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

BALANCE SHEET
JUNE 30, 2006
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
(Amounts in thousands)

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 3,730	\$ 3,120
Receivable:		
Loans	<u>10,887</u>	<u>11,480</u>
Total Assets	<u>\$ 14,617</u>	<u>\$ 14,600</u>
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	<u>\$ 11,700</u>	<u>\$ 11,559</u>
Total Liability	<u>11,700</u>	<u>11,559</u>
Fund Balance:		
Reserved for encumbrances	<u>2,917</u>	<u>3,041</u>
Total Fund Balance	<u>2,917</u>	<u>3,041</u>
Total Liability and Fund Balance	<u>\$ 14,617</u>	<u>\$ 14,600</u>

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
REHABILITATION LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous:			
Interest	\$ 260	\$ 137	\$ (123)
Other	2,421	1,923	(498)
Total Revenues	2,681	2,060	(621)
Expenditure:			
Current:			
Human services:			
Community Services	2,060	2,060	--
Total Expenditure	2,060	2,060	--
Revenues over Expenditure	621	--	(621)
Other Financing Source:			
Transfer in:			
Other - Budget and Fiscal Services	1,200	--	(1,200)
Revenues and Other Source over Expenditure.....	1,821	--	(1,821)
Unreserved - Undesignated Fund Balance - July 1	--	--	--
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 1,821	--	\$ (1,821)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		1,843	
Expenditures - prior year encumbrances		(1,967)	
Decrease in reserved for encumbrances		124	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		--	
Reserved for Encumbrances - June 30		2,917	
Fund Balance - June 30 (GAAP Basis)		\$ 2,917	

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
REHABILITATION LOAN FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
INTEREST:			
Interest Earnings:			
Investments	\$ 200	\$ 114	\$ (86)
Other Sources	60	23	(37)
	<hr/>	<hr/>	<hr/>
Total Interest	260	137	(123)
OTHER MISCELLANEOUS:			
Repayments of Department of Housing and Community Development Loans:			
Principal	2,300	1,845	(455)
Interest	120	77	(43)
Late Charge	1	1	--
	<hr/>	<hr/>	<hr/>
Total Other Miscellaneous	2,421	1,923	(498)
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	2,681	2,060	(621)
OTHER FINANCING SOURCE			
TRANSFER FROM OTHER FUND:			
Other Transfer -			
Community Development Fund	1,200	--	(1,200)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCE	1,200	--	(1,200)
	<hr/>	<hr/>	<hr/>
TOTAL HOUSING AND COMMUNITY DEVELOPMENT REHABILITATION LOAN FUND	\$ 3,881	\$ 2,060	\$ (1,821)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY AND COUNTY OF HONOLULU
PAUHI PROJECT EXPENDITURES, HAWAII R-15 FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 866	\$ 833
Total Asset	\$ 866	\$ 833
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 866	\$ 833
Total Fund Balance	866	833
Total Fund Balance	\$ 866	\$ 833

CITY AND COUNTY OF HONOLULU
PAUAHI PROJECT EXPENDITURES, HAWAII R-15 FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Interest	\$ --	\$ 33	\$ 33
Total Revenue	--	33	33
Unreserved - Undesignated Fund Balance - July 1	807	833	26
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 807	866	\$ 59
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		866	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 866	

CITY AND COUNTY OF HONOLULU
PAUahi PROJECT EXPENDITURES, HAWAII R-15 FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
<u>INTEREST:</u>			
Interest Earnings:			
Investments	\$ --	\$ 33	\$ 33
TOTAL PAUahi PROJECT EXPENDITURES, HAWAII R-15 FUND REVENUE	<u>\$ --</u>	<u>\$ 33</u>	<u>\$ 33</u>

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND
BALANCE SHEET
JUNE 30, 2006
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
(Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 6,646	\$ 4,965
Receivables:		
Accounts (net of allowance for uncollectibles)	427	390
Loans	2,964	2,964
Total Assets	\$ 10,037	\$ 8,319
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 127	\$ 124
Deferred revenue	3,391	4,222
Total Liabilities	3,518	4,346
Fund Balance:		
Reserved for encumbrances	6,587	4,041
Unreserved - undesignated	(68)	(68)
Total Fund Balance	6,519	3,973
Total Liabilities and Fund Balance	\$ 10,037	\$ 8,319

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$ 36,760	\$ 36,400	\$ (360)
Miscellaneous:			
Interest	--	234	234
Other	--	66	66
Total Revenues	36,760	36,700	(60)
Expenditures:			
Current:			
General government:			
Budget and Fiscal Services	176	176	--
Information Technology	120	119	1
Total General government	296	295	1
Human services:			
Community Services	36,464	36,240	224
Total Expenditures	36,760	36,535	225
Revenues over (under) Expenditures	--	165	165
Unreserved - Undesignated Fund Balance - July 1	--	(68)	(68)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	97	\$ 97
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		2,442	
Expenditures - prior year encumbrances		(61)	
Increase in reserved for encumbrances		(2,546)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		(68)	
Reserved for Encumbrances - June 30		6,587	
Fund Balance - June 30 (GAAP Basis)		\$ 6,519	

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
INTERGOVERNMENTAL			
FEDERAL GRANTS:			
Section 8 Grants:			
Moderate Rehabilitation Program, (001)	\$ 70	\$ 60	\$ (10)
Existing Housing Voucher Program	36,572	35,541	(1,031)
Moderate Rehabilitation Program, (002)	118	97	(21)
Mainstream Voucher	--	702	702
	<hr/>	<hr/>	<hr/>
TOTAL INTERGOVERNMENTAL	36,760	36,400	(360)
MISCELLANEOUS			
INTEREST:			
Interest Earnings:			
Investments	--	231	231
Other Sources	--	3	3
	<hr/>	<hr/>	<hr/>
Total Interest	--	234	234
OTHER MISCELLANEOUS:			
Rents:			
Rental for Use of Land.....	--	29	29
Other:			
Escheats	--	37	37
	<hr/>	<hr/>	<hr/>
Total Other Miscellaneous	--	66	66
	<hr/>	<hr/>	<hr/>
TOTAL MISCELLANEOUS	--	300	300
TOTAL HOUSING AND COMMUNITY DEVELOPMENT SECTION 8 CONTRACT FUND REVENUES.....			
	<u>\$ 36,760</u>	<u>\$ 36,700</u>	<u>\$ (60)</u>

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 526	\$ 656
Total Asset	\$ 526	\$ 656
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ 285	\$ 407
Total Liability	285	407
Fund Balance:		
Unreserved - undesignated	241	249
Total Fund Balance	241	249
Total Liability and Fund Balance	\$ 526	\$ 656

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ 200	\$ 27	\$ (173)
Total Revenue	200	27	(173)
Expenditures:			
Current:			
Human services:			
Community Services	158	35	123
Total Expenditures	158	35	123
Revenue over (under) Expenditures	42	(8)	(50)
Unreserved - Undesignated Fund Balance - July 1	219	249	30
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 261	241	\$ (20)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		--	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		241	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 241	

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Other:			
Sundry Realizations	\$ 200	\$ 27	\$ (173)
 TOTAL LEASEHOLD CONVERSION FUND REVENUE	 <u>\$ 200</u>	 <u>\$ 27</u>	 <u>\$ (173)</u>

CITY AND COUNTY OF HONOLULU
 REVOLVING FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	<u>Totals</u>	
				<u>2006</u>	<u>2005</u>
<u>ASSETS</u>					
Cash and investments:					
With Treasury	\$ 1,511	\$ 5	\$ 139	\$ 1,655	\$ 1,645
Due from other funds:					
Special Projects Fund	--	--	--	--	12
Federal Grants Fund	--	219	--	219	207
Inventories - Municipal Stores	--	--	23	23	28
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,511</u>	<u>\$ 224</u>	<u>\$ 162</u>	<u>\$ 1,897</u>	<u>\$ 1,892</u>
 <u>LIABILITY AND FUND BALANCES</u>					
Liability:					
Accounts payable	\$ --	\$ --	\$ 3	\$ 3	\$ --
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liability	--	--	3	3	--
Fund Balances:					
Unreserved - undesignated	1,511	224	159	1,894	1,892
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	1,511	224	159	1,894	1,892
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liability and Fund Balances	<u>\$ 1,511</u>	<u>\$ 224</u>	<u>\$ 162</u>	<u>\$ 1,897</u>	<u>\$ 1,892</u>

CITY AND COUNTY OF HONOLULU
 REVOLVING FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2006	2005
Revenue:					
Miscellaneous:					
Other	\$ --	\$ --	\$ 35	\$ 35	\$ 29
Total Revenue	--	--	35	35	29
Expenditure:					
Current:					
General government	3	--	30	33	23
Total Expenditure	3	--	30	33	23
Revenue over (under) Expenditure	(3)	--	5	2	6
Fund Balances - July 1	1,514	224	154	1,892	1,886
Fund Balances - June 30	<u>\$ 1,511</u>	<u>\$ 224</u>	<u>\$ 159</u>	<u>\$ 1,894</u>	<u>\$ 1,892</u>

CITY AND COUNTY OF HONOLULU
GENERAL OBLIGATION BOND AND INTEREST REDEMPTION FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Cash and investments:		
With Treasury	\$ 279	\$ 2,160
With fiscal agents	--	4
Due from other fund:		
General Fund	44	--
Total Assets	<u>\$ 323</u>	<u>\$ 2,164</u>
 <u>LIABILITIES</u>		
Liabilities:		
Interest payable - matured	\$ 139	\$ 142
Bonds payable - matured	184	209
Due to other fund:		
General Fund	--	1,813
Total Liabilities	<u>\$ 323</u>	<u>\$ 2,164</u>

CITY AND COUNTY OF HONOLULU
GENERAL OBLIGATION BOND AND INTEREST REDEMPTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
Expenditures:		
Tax exempt commercial paper:		
Principal retirement	\$ 153,200	\$ 191,800
Interest charges	2,628	2,918
General obligation bonds:		
Bond principal retirement	94,474	79,844
Interest charges	86,817	80,687
Total Expenditures	337,119	355,249
Other Financing Sources (Use):		
Issuance of general obligation bonds	--	165,313
Issuance of refunding bonds	387,324	145,077
Bond premium	17,054	26,501
Bond discount	(115)	(14)
Transfers from other funds:		
General Fund - Principal	94,674	79,844
General Fund - Interest	81,182	83,605
Payment of refunded bonds	(243,000)	(145,077)
Total Other Financing Sources (Uses)	337,119	355,249
Other Financing Sources over Expenditures and Other Use	--	--
Fund Balances - July 1	--	--
Fund Balances - June 30	\$ --	\$ --

CITY AND COUNTY OF HONOLULU
IMPROVEMENT DISTRICT BOND AND INTEREST REDEMPTION FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Cash and investments:		
With Treasury	\$ 1,002	\$ 1,028
Receivables:		
Special assessments - current	127	127
Special assessments - deferred	<u>343</u>	<u>730</u>
Total Assets	<u>\$ 1,472</u>	<u>\$ 1,885</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Interest payable - matured	\$ 4	\$ 4
Bonds payable - matured	5	5
Due to other fund:		
Capital Projects Fund	68	93
Deferred revenue	<u>343</u>	<u>730</u>
Total Liabilities	<u>420</u>	<u>832</u>
Fund Balance:		
Reserved for debt service	<u>1,052</u>	<u>1,053</u>
Total Fund Balance	<u>1,052</u>	<u>1,053</u>
Total Liabilities and Fund Balance	<u>\$ 1,472</u>	<u>\$ 1,885</u>

CITY AND COUNTY OF HONOLULU
IMPROVEMENT DISTRICT BOND AND INTEREST REDEMPTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
Revenues:		
Special assessments	\$ 387	\$ 419
Miscellaneous:		
Interest	60	90
Other	7	3
Total Revenues	454	512
Expenditures:		
Special assessment bonds:		
Bond principal retirement	355	365
Interest charges	32	57
Total Expenditures	387	422
Revenues over Expenditures	67	90
Other Financing Use:		
Transfers to other fund:		
Capital Projects Fund	(68)	(93)
Revenues under Expenditures and Other Use	(1)	(3)
Fund Balances - July 1	1,053	1,056
Fund Balances - June 30	\$ 1,052	\$ 1,053

CITY AND COUNTY OF HONOLULU
GENERAL IMPROVEMENT BOND FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 30,495	\$ 17,092
Due from other funds:		
General Fund	3	--
Solid Waste Special Fund	177	113
Total Assets	\$ 30,675	\$ 17,205
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 5,993	\$ 7,938
Due to other fund:		
Sewer Fund	3,584	4,015
Total Liabilities	9,577	11,953
Fund Balance:		
Reserved for encumbrances	217,618	234,246
Unreserved - undesignated	(196,520)	(228,994)
Total Fund Balance	21,098	5,252
Total Liabilities and Fund Balance	\$ 30,675	\$ 17,205

CITY AND COUNTY OF HONOLULU
GENERAL IMPROVEMENT BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
Revenues:		
Miscellaneous:		
Interest	\$ --	\$ 108
Other	40	--
Total Revenues	40	108
Expenditures:		
Capital outlay:		
General government	15,815	16,968
Public safety	19,053	10,570
Highways and streets	4,864	23,106
Culture-recreation	27,484	42,536
Total Expenditures	67,216	93,180
Revenues under Expenditures	(67,176)	(93,072)
Other Financing Sources:		
Sales of capital assets	--	479
Issuance of tax exempt commercial paper	83,022	96,250
Total Other Financing Sources	83,022	96,729
Revenues and Other Sources over Expenditures	15,846	3,657
Fund Balance - July 1	5,252	1,595
Fund Balance - June 30	\$ 21,098	\$ 5,252

CITY AND COUNTY OF HONOLULU
HIGHWAY IMPROVEMENT BOND FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 34,537	\$ 6,613
Total Asset	\$ 34,537	\$ 6,613
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Accounts payable	\$ 2,903	\$ 8,521
Total Liability	2,903	8,521
Fund Balance:		
Reserved for encumbrances	174,368	190,752
Unreserved - undesignated	(142,734)	(192,660)
Total Fund Balance	31,634	(1,908)
Total Liability and Fund Balance	\$ 34,537	\$ 6,613

CITY AND COUNTY OF HONOLULU
HIGHWAY IMPROVEMENT BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
Expenditures:		
Capital outlay:		
General government	\$ 383	\$ 111
Public safety	4,437	6,532
Highways and streets	39,442	32,654
Culture-recreation	84	--
Utilities or other enterprises	7,112	34,827
Total Expenditures	51,458	74,124
Other Financing Source:		
Issuance of tax exempt commercial paper	85,000	69,550
Total Other Financing Source	85,000	69,550
Other Source over (under) Expenditures	33,542	(4,574)
Fund Balance - July 1	(1,908)	2,666
Fund Balance - June 30	\$ 31,634	\$ (1,908)

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2006
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
(Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 8,627	\$ 7,809
Receivables:		
Loans	45,767	45,081
Intergovernmental	1,319	2,269
Due from other fund:		
Community Development Fund	--	2
Total Assets	\$ 55,713	\$ 55,161
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,334	\$ 1,448
Deferred revenue	46,188	46,241
Total Liabilities	47,522	47,689
Fund Balance:		
Reserved for encumbrances	90,604	37,378
Unreserved - undesignated	(82,413)	(29,906)
Total Fund Balance	8,191	7,472
Total Liabilities and Fund Balance	\$ 55,713	\$ 55,161

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

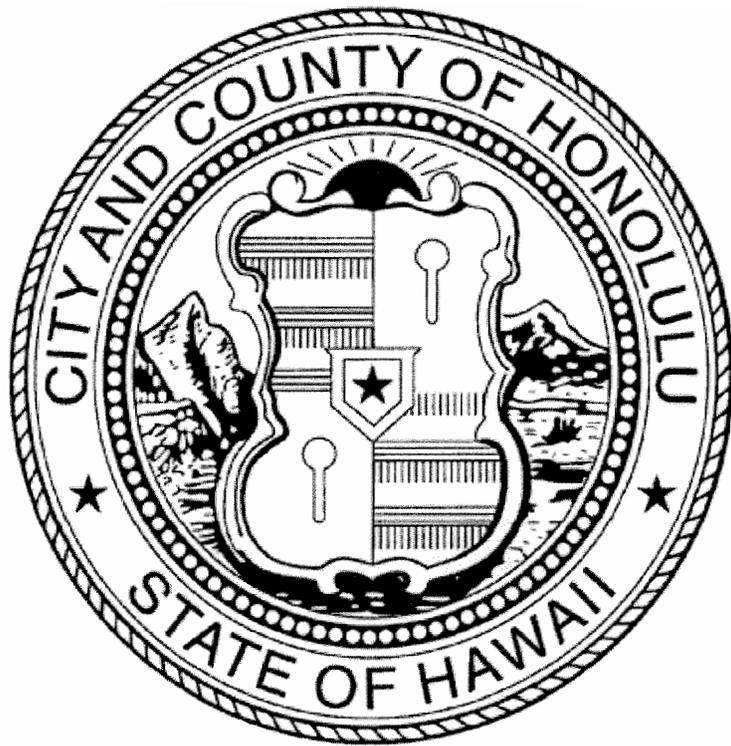
	2006	2005
Revenue:		
Intergovernmental	\$ 15,197	\$ 12,481
Total Revenue	15,197	12,481
Expenditures:		
Capital outlay:		
General government	1,092	912
Public safety	1,567	731
Highways and streets	1,381	5,830
Human services	7,298	1,972
Culture-recreation	18	80
Utilities or other enterprises	3,185	1,523
Total Expenditures	14,541	11,048
Revenue under Expenditures	656	1,433
Other Financing Source:		
Transfer from other fund:		
Community Development Fund	63	371
Total Other Financing Source	63	371
Revenue and Other Source over Expenditures	719	1,804
Fund Balance - July 1	7,472	5,668
Fund Balance - June 30	\$ 8,191	\$ 7,472

CITY AND COUNTY OF HONOLULU
CAPITAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 25,515	\$ 24,203
Receivables:		
Intergovernmental	--	184
Other	--	143
Due from other fund:		
Improvement District Bond and Interest Redemption Fund	68	93
Total Assets	\$ 25,583	\$ 24,623
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Accounts payable	\$ 566	\$ 690
Total Liability	566	690
Fund Balance:		
Reserved for encumbrances	13,767	12,924
Unreserved - undesignated	11,250	11,009
Total Fund Balance	25,017	23,933
Total Liability and Fund Balance	\$ 25,583	\$ 24,623

CITY AND COUNTY OF HONOLULU
CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005
 (Amounts in thousands)

	2006	2005
Revenue:		
Miscellaneous:		
Other	\$ 4,200	\$ 1,202
Total Revenue	4,200	1,202
Expenditures:		
Capital outlay:		
General government	--	272
Highways and streets	276	647
Sanitation	1,874	196
Culture-recreation	1,464	1,661
Total Expenditures	3,614	2,776
Revenue over (under) Expenditures	586	(1,574)
Other Financing Sources (Uses):		
Transfers from other funds:		
Bikeway Fund	447	123
Parks and Playgrounds Fund	486	1,000
Hanauma Bay Nature Preserve Fund	425	--
Improvement District Bond and Interest Redemption Fund	68	93
Transfers to other funds:		
General Fund	--	(105)
Bikeway Fund	(123)	(391)
Parks and Playgrounds Fund	(805)	(134)
Total Other Financing Sources (Uses)	498	586
Revenue and Other Sources over (under) Expenditures and Other Uses	1,084	(988)
Fund Balance - July 1	23,933	24,921
Fund Balance - June 30	\$ 25,017	\$ 23,933



**STATISTICAL SECTION
(Unaudited)**

TABLE 1
CITY AND COUNTY OF HONOLULU
NET ASSETS BY COMPONENT
FISCAL YEARS 2002 - 2006
(Amounts in thousands)
(Unaudited)

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

TABLE 2
CITY AND COUNTY OF HONOLULU
CHANGES IN NET ASSETS
FISCAL YEARS 2002-2006
(Amounts in thousands)
(Unaudited)

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

(a) Changed to conform to GFOA comments.

TABLE 3
 CITY AND COUNTY OF HONOLULU
 FUND BALANCES, GOVERNMENTAL FUNDS
 FISCAL YEARS 1997 - 2006
 (Modified accrual basis of accounting)
 (Amounts in thousands)
 (Unaudited)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 20,353	\$ 15,755	\$ 19,228	\$ 20,683	\$ 18,189	\$ 19,191	\$ 21,320	\$ 20,838	\$ 19,802	\$ 22,004
Unreserved	26,611	24,511	30,515	38,176	23,347	35,159	51,496	41,479	57,364	76,604
Total general fund	<u>46,964</u>	<u>40,266</u>	<u>49,743</u>	<u>58,859</u>	<u>41,536</u>	<u>54,350</u>	<u>72,816</u>	<u>62,317</u>	<u>77,166</u>	<u>98,608</u>
All Other Governmental Funds										
Reserved	411,890	600,742	714,612	528,644	575,303	661,575	643,334	604,304	522,483	543,455
Unreserved, reported in:										
Special revenue fund	66,441	60,812	84,136	27,181	29,148	22,608	30,418	23,071	14,988	28,815
Capital projects fund	(283,781)	(458,072)	(483,982)	(434,053)	(471,479)	(558,241)	(616,257)	(520,834)	(440,551)	(410,417)
Total of other governmental funds	<u>194,550</u>	<u>203,482</u>	<u>314,766</u>	<u>121,772</u>	<u>132,972</u>	<u>125,942</u>	<u>57,495</u>	<u>106,541</u>	<u>96,920</u>	<u>161,853</u>
TOTAL FUND BALANCES	<u>\$ 241,514</u>	<u>\$ 243,748</u>	<u>\$ 364,509</u>	<u>\$ 180,631</u>	<u>\$ 174,508</u>	<u>\$ 180,292</u>	<u>\$ 130,311</u>	<u>\$ 168,858</u>	<u>\$ 174,086</u>	<u>\$ 260,461</u>

TABLE 4
CITY AND COUNTY OF HONOLULU
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
FISCAL YEARS 1997 - 2006
(Modified accrual basis of accounting)
(Amounts in thousands)
(Unaudited)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes.....	\$ 480,219	\$ 470,385	\$ 466,115	\$ 461,255	\$ 448,986	\$ 477,746	\$ 480,851	\$ 532,804	\$ 607,541	\$ 705,557
Special assessments.....	551	517	537	447	445	440	520	56	419	387
Licenses and permits.....	46,606	46,483	46,357	55,157	56,266	56,614	61,220	74,138	86,649	100,938
Intergovernmental.....	123,275	159,759	130,128	165,189	170,152	145,439	144,482	180,846	159,612	169,515
Charges for services.....	143,516	146,807	141,828	20,489	20,718	18,482	20,703	22,145	24,346	23,991
Fines and forfeits.....	589	559	456	477	366	460	646	657	391	698
Miscellaneous:										
Reimbursements and recoveries.....	67,687	66,446	78,412	97,143	87,264	76,873	78,908	77,676	86,776	78,993
Interest.....	19,702	20,844	16,567	15,098	15,234	10,086	3,646	2,473	4,620	12,506
Other.....	24,832	21,963	32,775	28,796	21,663	38,199	31,165	30,710	24,981	28,854
Total Revenues.....	906,977	933,763	913,175	844,051	821,094	824,339	822,141	921,505	995,335	1,121,439
Expenditures:										
Current:										
General government.....	90,855	92,734	107,163	101,740	104,720	115,314	115,067	115,975	122,306	129,387
Public safety.....	198,288	201,979	197,615	200,782	217,504	224,274	246,109	256,231	277,867	287,592
Highways and streets.....	19,112	18,072	23,872	14,964	14,976	15,122	13,831	14,964	15,731	17,114
Sanitation.....	91,232	92,257	82,569	455	482	491	648	692	734	1,251
Human services.....	57,838	61,505	65,482	61,024	68,986	64,905	52,007	56,994	55,877	57,673
Culture and recreation.....	52,732	53,882	49,674	50,125	55,555	58,410	62,260	59,512	62,971	68,285
Urban redevelopment and housing.....	4,060	2,849	--	--	--	--	--	--	--	--
Utilities or other enterprises.....	515	951	9,685	20,580	23,621	23,793	22,557	24,336	29,645	23,330
Miscellaneous:										
Retirement and health benefits.....	112,685	117,300	98,458	61,605	60,158	94,330	82,791	99,128	120,111	134,657
Other.....	19,611	16,551	17,005	14,976	15,774	20,377	18,864	22,213	17,481	18,765
Capital Outlay:										
General government.....	6,890	12,354	39,539	78,775	69,276	46,377	32,696	30,554	18,263	17,290
Public safety.....	11,109	21,784	24,743	16,357	10,828	16,777	9,802	11,554	17,833	25,473
Highways and streets.....	9,730	14,690	20,049	24,195	42,910	50,940	57,092	34,895	62,237	45,963
Sanitation.....	39,527	37,609	33,074	3,678	84	116	196	7	196	1,874
Human services.....	--	--	--	--	3,222	16,950	23,308	17,636	19,142	22,655
Culture and recreation.....	10,096	16,499	18,435	55,380	60,181	101,692	48,924	36,621	44,277	29,050
Urban redevelopment and housing.....	12,267	31,544	--	--	--	--	--	--	--	--
Utilities or other enterprises.....	10,809	20,320	7,909	19,646	17,213	25,014	21,704	14,388	36,350	10,297
Debt service:										
Principal.....	74,426	90,899	68,501	69,417	147,703	27,728	73,900	258,584	272,856	249,164
Interest.....	93,209	92,703	83,280	75,982	77,896	81,205	83,164	80,774	83,825	89,630
Total Expenditures.....	914,991	996,482	947,053	869,681	991,089	983,865	964,920	1,135,058	1,257,702	1,229,450
Revenues over (under) Expenditures.....	(8,014)	(62,719)	(33,878)	(25,630)	(169,995)	(159,526)	(142,779)	(213,553)	(262,367)	(108,011)
Other Financing Sources (Uses):										
Issuance of general obligation bonds.....	99,999	100,000	150,000	111,500	150,060	205,015	80,066	258,793	165,313	--
Issuance of revenue bonds with accrued interest.....	--	--	27,345	--	--	--	--	--	--	--
Issuance of tax exempt commercial paper.....	--	--	--	--	--	--	36,732	99,264	165,800	168,022
Issuance of long-term notes.....	--	8,727	10,999	6,094	--	1,119	2,781	13	--	--
Issuance of refunding bonds.....	--	138,472	614,474	38,500	9,300	90,584	--	275,444	145,077	387,324
Bond premium.....	--	--	--	--	--	--	--	--	26,501	17,054
Bond discount.....	--	--	--	--	--	--	--	--	(14)	(115)
Inception of installment purchase contracts.....	252	1,936	93	86	2,670	--	--	--	--	--
Issuance costs.....	--	--	--	(918)	--	--	--	--	--	--
Payment of refunded bonds.....	--	(138,472)	(614,474)	(43,500)	(9,300)	(90,584)	--	(275,444)	(145,077)	(243,000)
Sales of capital assets.....	181	7,424	10,189	18,006	283	532	887	10,820	36,369	640
Transfers in.....	284,634	349,347	277,672	230,941	221,828	211,909	238,353	274,723	254,927	268,137
Transfers out.....	(282,420)	(402,481)	(321,659)	(348,236)	(288,503)	(253,265)	(266,021)	(391,513)	(381,301)	(403,676)
Transfers to component unit.....	(84,350)	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses).....	18,296	64,953	154,639	12,473	86,338	165,310	92,798	252,100	267,595	194,386
Net change in fund balances.....	\$ 10,282	\$ 2,234	\$ 120,761	\$ (13,157)	\$ (83,657)	\$ 5,784	\$ (49,981)	\$ 38,547	\$ 5,228	\$ 86,375
Debt service as a percentage of noncapital expenditures.....										
	20.6%	21.8%	18.9%	21.6%	28.7%	15.0%	20.4%	34.3%	33.7%	31.5%

TABLE 5
CITY AND COUNTY OF HONOLULU
REAL PROPERTY ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
FISCAL YEARS 1997 - 2006
(Amounts in thousands)
(Unaudited)

(Page 1 of 2)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1,000	Value of Net Taxable Land	Land Tax Rates Per \$1,000	Value of Net Taxable Real Property
1997	Improved Residential	\$ 8,406,430	\$ 3.92	\$ 34,255,677	\$ 3.12	\$ 42,662,107
	Unimproved Residential	43,508	3.92	1,012,525	3.92	1,056,033
	Apartment	11,659,514	3.52	7,918,914	3.52	19,578,428
	Hotel/Resort	2,045,129	9.64	2,598,091	9.64	4,643,220
	Commercial	4,022,314	8.51	6,521,422	8.51	10,543,736
	Industrial	1,500,176	8.51	4,161,332	8.51	5,661,508
	Agricultural	91,537	9.00	429,454	9.00	520,991
	Conservation	70,484	9.00	374,532	9.00	445,016
	Total	\$ 27,839,092		\$ 57,271,947		\$ 85,111,039
	Fiscal year 1997 total direct tax rate				\$ 4.75	
1998	Improved Residential	\$ 8,654,984	\$ 3.92	\$ 31,966,315	\$ 3.12	\$ 40,621,299
	Unimproved Residential	40,156	3.92	917,495	3.92	957,651
	Apartment	10,949,973	3.52	7,481,771	3.52	18,431,744
	Hotel/Resort	2,186,204	9.64	2,584,261	9.64	4,770,465
	Commercial	4,140,514	8.51	6,428,698	8.51	10,569,212
	Industrial	1,512,774	8.51	3,929,058	8.51	5,441,832
	Agricultural	91,367	9.00	371,882	9.00	463,249
	Conservation	60,809	9.00	416,723	9.00	477,532
	Total	\$ 27,636,781		\$ 54,096,203		\$ 81,732,984
	Fiscal year 1998 total direct tax rate				\$ 4.81	
1999	Improved Residential	\$ 9,049,562	\$ 3.49	\$ 29,075,124	\$ 3.49	\$ 38,124,686
	Unimproved Residential	40,154	4.00	893,991	4.00	934,145
	Apartment	9,762,680	3.97	6,497,815	3.97	16,260,495
	Hotel/Resort	2,191,901	9.64	2,638,300	9.64	4,830,201
	Commercial	4,190,660	8.88	5,939,935	8.88	10,130,595
	Industrial	1,590,950	8.62	3,779,419	8.62	5,370,369
	Agricultural	92,320	9.00	398,599	9.00	490,919
	Conservation	62,262	9.00	424,699	9.00	486,961
	Total	\$ 26,980,489		\$ 49,647,882		\$ 76,628,371
	Fiscal year 1999 total direct tax rate				\$ 5.13	
2000	Improved Residential	\$ 9,230,152	\$ 3.65	\$ 27,176,656	\$ 3.65	\$ 36,406,808
	Unimproved Residential	41,303	4.66	760,369	4.66	801,672
	Apartment	8,770,891	4.49	5,583,553	4.49	14,354,444
	Hotel/Resort	2,181,039	9.96	2,495,333	9.96	4,676,372
	Commercial	4,376,172	9.25	5,349,767	9.25	9,725,939
	Industrial	1,592,304	9.39	3,336,296	9.39	4,928,600
	Agricultural	94,231	9.89	350,930	9.89	445,161
	Conservation	65,278	9.25	416,402	9.25	481,680
	Total	\$ 26,351,370		\$ 45,469,306		\$ 71,820,676
	Fiscal year 2000 total direct tax rate				\$ 5.47	
2001	Improved Residential	\$ 9,315,911	\$ 3.65	\$ 25,898,762	\$ 3.65	\$ 35,214,673
	Unimproved Residential	40,789	4.66	690,343	4.66	731,132
	Apartment	8,460,667	4.49	5,119,280	4.49	13,579,947
	Hotel/Resort	2,068,493	9.96	2,358,990	9.96	4,427,483
	Commercial	4,370,036	9.25	4,876,112	9.25	9,246,148
	Industrial	1,562,797	9.39	2,997,584	9.39	4,560,381
	Agricultural	88,643	9.89	318,530	9.89	407,173
	Conservation	77,821	9.25	431,440	9.25	509,261
	Total	\$ 25,985,157		\$ 42,691,041		\$ 68,676,198
	Fiscal year 2001 total direct tax rate				\$ 5.45	

TABLE 5
CITY AND COUNTY OF HONOLULU
REAL PROPERTY ASSESSED VALUES BY CLASSIFICATION AND TAX RATES
FISCAL YEARS 1997 - 2006
(Amounts in thousands)
(Unaudited)

(Page 2 of 2)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1,000	Value of Net Taxable Land	Land Tax Rates Per \$1,000	Value of Net Taxable Real Property
2002	Improved Residential	\$ 10,066,199	\$ 3.65	\$ 26,533,079	\$ 3.65	\$ 36,599,278
	Unimproved Residential	41,985	4.66	428,191	4.66	470,176
	Apartment	8,480,325	4.21	5,038,002	4.21	13,518,327
	Hotel/Resort	2,121,627	9.96	2,435,463	9.96	4,557,090
	Commercial	4,361,423	9.25	4,798,891	9.25	9,160,314
	Industrial	1,581,298	9.39	2,838,754	9.39	4,420,052
	Agricultural	74,443	9.89	227,205	9.89	301,648
	Conservation	73,224	9.25	352,070	9.25	425,294
	Public Service.....	55,219	0.00	164,175	0.00	219,394
	Total	\$ 26,855,743		\$ 42,815,830		\$ 69,671,573
			Fiscal year 2002 total direct tax rate		\$5.33	
2003	Improved Residential	\$ 12,230,871	\$ 3.65	\$ 27,308,923	\$ 3.65	\$ 39,539,794
	Unimproved Residential	42,458	4.66	714,387	4.66	756,845
	Apartment	9,305,365	3.93	4,950,109	3.93	14,255,474
	Hotel/Resort	2,226,305	9.96	2,347,705	9.96	4,574,010
	Commercial	4,322,821	9.25	4,839,542	9.25	9,162,363
	Industrial	1,570,203	9.39	2,850,632	9.39	4,420,835
	Agricultural	100,594	9.89	308,874	9.89	409,468
	Conservation	70,744	9.25	359,754	9.25	430,498
	Public Service.....	14,870	0.00	20,201	0.00	35,071
	Total	\$ 29,884,231		\$ 43,700,127		\$ 73,584,358
			Fiscal year 2003 total direct tax rate		\$5.21	
2004	Improved Residential	\$ 13,252,080	\$ 3.75	\$ 30,260,954	\$ 3.75	\$ 43,513,034
	Unimproved Residential	46,627	5.35	655,236	5.35	701,863
	Apartment	11,059,012	3.75	5,074,205	3.75	16,133,217
	Hotel/Resort	2,266,433	10.63	2,251,393	10.63	4,517,826
	Commercial	4,349,397	10.63	4,766,874	10.63	9,116,271
	Industrial	1,568,117	10.63	2,802,730	10.63	4,370,847
	Agricultural	87,970	10.63	298,044	10.63	386,014
	Conservation	72,126	10.63	327,477	10.63	399,603
	Public Service.....	7,291	0.00	8,579	0.00	15,870
	Total	\$ 32,709,053		\$ 46,445,492		\$ 79,154,545
			Fiscal year 2004 total direct tax rate		\$5.40	
2005	Improved Residential	(a)			\$ 3.75	\$ 52,078,717
	Unimproved Residential	(a)			5.72	539,376
	Apartment	(a)			3.75	19,832,878
	Hotel/Resort	(a)			11.37	4,526,843
	Commercial	(a)			11.37	9,025,643
	Industrial	(a)			11.37	4,615,760
	Agricultural	(a)			9.57	1,382,516
	Preservation	(a)			9.57	404,535
	Public Service.....	(a)			0.00	15,114
	Total					\$ 92,421,382
			Fiscal year 2005 total direct tax rate		\$5.37	
2006	Improved Residential	(a)			\$ 3.75	\$ 68,475,274
	Unimproved Residential	(a)			5.72	524,508
	Apartment	(a)			3.75	24,671,194
	Hotel/Resort	(a)			11.37	4,708,327
	Commercial	(a)			11.37	9,618,183
	Industrial	(a)			11.37	4,972,434
	Agricultural	(a)			8.57	735,975
	Vacant Agricultural	(a)			8.57	33,867
	Preservation	(a)			9.57	363,128
	Public Service.....	(a)			0.00	(10)
	Total					\$ 114,102,880
		Fiscal year 2006 total direct tax rate		\$5.10		

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

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

TABLE 6
CITY AND COUNTY OF HONOLULU
PRINCIPAL PROPERTY TAXPAYERS
FISCAL YEARS 1997-2006
(Values in thousands)
(Unaudited)

Taxpayer	1997			1998			1999			2000			2001		
	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Bishop Estate	\$ 4,619,327	1	4.57 %	\$ 3,335,946	1	3.42 %	\$ 4,181,761	1	4.54 %	\$ 3,867,229	1	4.47 %	\$ 3,758,209	1	4.50 %
Queen's Medical Center et al	1,199,445	2	1.19	1,158,134	2	1.19	1,155,907	2	1.26	1,096,378	2	1.27	1,059,616	2	1.27
James Campbell Corporation	883,228	3	0.87	856,205	3	0.88	834,561	3	0.91	744,581	4	0.86	685,511	4	0.82
Liliuokalani Trust	728,145	5	0.72	714,581	4	0.73	712,977	5	0.77	661,628	6	0.76	627,457	6	0.75
Kyo-Ya Co., Ltd.	568,812	9	0.56	626,870	8	0.64	654,949	7	0.71	651,527	7	0.75	670,223	5	0.80
Samuel M. Damon Trust Estate	653,493	6	0.65	668,245	6	0.69	580,879	9	0.63	554,862	9	0.64	508,652	9	0.61
Hilton Hawaiian Village LLC	630,744	7	0.62	630,400	7	0.65	676,176	6	0.73	671,482	5	0.78	621,415	7	0.74
Dole Food Co.	795,984	4	0.79	401,989	10	0.41	619,407	8	0.67	573,703	8	0.66	510,751	8	0.61
Daniel/Equity Life /D/E Hawaii Jt. Venture	602,524	8	0.60	697,045	5	0.71	731,736	4	0.80	774,507	3	0.90	--	--	--
Bancorp Hawaii, Inc./ Pacific Century	536,456	10	0.53	485,443	9	0.50	430,729	10	0.47	407,735	10	0.47	382,753	10	0.46
GGP Ala Moana LLC	--	--	--	--	--	--	--	--	--	--	--	--	754,977	3	0.90
Taxpayer	2002			2003			2004			2005			2006		
Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Bishop Estate	\$ 3,706,702	1	4.39 %	\$ 786,673	2	0.88 %	\$ 768,916	2	0.81 %	\$ 1,162,123	1	1.06 %	\$ 892,148	3	0.68 %
Queen's Medical Center et al	1,052,578	2	1.25	233,129	8	0.26	--	--	--	--	--	--	297,429	10	0.23
James Campbell Corporation	624,286	6	0.74	699,786	4	0.78	667,028	4	0.70	609,017	4	0.55	611,662	4	0.46
Liliuokalani Trust	630,227	5	0.75	341,425	7	0.38	359,082	6	0.38	191,610	10	0.17	537,832	5	0.41
Kyo-Ya Co., Ltd.	670,045	4	0.79	346,413	6	0.39	305,399	7	0.32	--	--	--	--	--	--
Samuel M. Damon Trust Estate	496,947	8	0.59	746,422	3	0.84	753,669	3	0.79	1,008,002	2	0.92	1,046,306	1	0.79
Hilton Hawaiian Village LLC	617,503	7	0.73	352,030	5	0.39	--	--	--	--	--	--	--	--	--
Dole Food Co.	437,370	9	0.52	230,430	9	0.26	220,077	8	0.23	258,738	9	0.24	--	--	--
Bancorp Hawaii, Inc./ Pacific Century	424,897	10	0.50	206,455	10	0.23	199,745	9	0.21	472,521	5	0.43	467,524	6	0.35
GGP Ala Moana LLC	778,682	3	0.92	--	--	198,423	10	0.21	332,717	6	0.30	349,615	8	0.26	
MFD Partners	--	--	--	--	--	--	--	--	261,711	8	0.24	--	--	--	--
Victoria Ward, Limited	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
C. K. Corporation	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Outrigger Hotels Hawaii	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
WBM Resort, L P	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Azabu Building Company Limited	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Halekulani Corporation	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
A & B Properties	--	--	--	--	--	--	--	--	--	--	--	--	298,921	9	0.23

NOTES:
Taxpayer's name as recorded in real property records.
Assessed valuations were certified as of January 30 each year at 100% of market value.
The total assessed valuation for Fiscal Year 2006 was \$132,029,874.

TABLE 7
CITY AND COUNTY OF HONOLULU
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Amounts in thousands)
(Unaudited)

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections		Prepays & Overpayment Refunds Due	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Per Cent of Current Levy
	Amount	Amount	Percentage of Levy	Amount	Years	Amount	Percentage of Levy			%
1997	\$ 404,248	\$ 405,008	100.2	\$ 8,836	8,836	\$ 413,844	102.4	\$ 3,811	\$ 9,474	2.3
1998	392,100	398,975	101.8	5,440	5,440	404,415	103.1	2,205	9,214	2.3
1999	392,962	396,949	101.0	5,878	5,878	402,827	102.5	2,764	7,025	1.8
2000	393,000	392,950	100.0	6,165	6,165	399,115	101.6	2,136	6,638	1.7
2001	374,099	375,668	100.4	4,430	4,430	380,098	101.6	2,708	8,658	2.3
2002	371,234	377,742	101.8	4,707	4,707	382,449	103.0	1,725	5,234	1.4
2003	383,724	384,432	100.2	1,440	1,440	385,872	100.6	4,840	9,194	2.4
2004	427,171	430,318	100.7	4,979	4,979	435,297	101.9	3,171	8,265	1.9
2005	496,428	495,446	99.8	4,231	4,231	499,677	100.7	3,511	8,310	1.7
2006	581,801	587,718	101.0	3,659	3,659	591,377	101.6	1,969	9,728	1.7

TABLE 8
CITY AND COUNTY OF HONOLULU
RATIOS OF OUTSTANDING DEBT BY TYPE
 FISCAL YEARS 1997 - 2006
 (Amounts in thousands, except per capita)
 (Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities				Component Unit		Total Primary Government		Total Primary Government and Component Unit			
	General Obligation Bonds	Tax Exempt Commercial Paper	Revenue Bonds	Special Assessment Bonds	Notes Payable	Capital Lease	General Obligation Bonds	GO Bond Anticipation Notes	Revenue Bonds	Tax Exempt Commercial Paper	Notes Payable	Total Primary Government	Percentage of Personal Income (b)	Per Capita (b)	Percentage of Personal Income (b)	Per Capita (b)
1997	\$ 1,182,076	\$ --	\$ --	\$ 3,655	\$ 56,034	\$ 3,399	\$ 309,046	\$ 63,500	\$ --	\$ --	\$ --	\$ 1,617,710	6.64%	\$ 1,824.39	6.60%	\$ 1,895.96
1998	1,219,052	--	--	3,280	61,942	3,033	293,479	63,500	--	--	--	1,644,296	6.64%	1,853.96	6.89%	1,921.46
1999	1,086,261	--	319,453	2,910	69,593	2,637	280,366	--	43,500	--	1,804,720	7.13%	2,053.37	7.35%	2,117.23	
2000	987,147	--	--	2,485	3,861	2,207	469,595	--	319,453	(c)	1,852,747	6.96%	2,116.51	7.16%	2,176.91	
2001	1,093,784	9,300	--	2,115	3,700	1,742	441,434	--	319,453	68,829	1,840,357	7.19%	2,206.60	7.44%	2,282.34	
2002	1,298,078	11,317	--	1,745	4,620	1,239	417,095	--	454,463	90,410	2,289,150	8.23%	2,583.05	8.66%	2,719.58	
2003	1,254,315	128,100	--	1,375	7,173	694	395,264	--	704,020	85,494	2,666,435	8.92%	2,873.71	9.23%	3,007.26	
2004	1,438,194	63,942	--	1,010	6,896	103	354,231	--	702,525	79,880	2,657,979	8.46%	2,994.75	9.16%	3,196.18	
2005	1,579,217	37,942	--	645	6,476	--	326,734	--	701,785	74,123	2,738,780	8.72%	3,025.39	9.41%	3,262.94	
2006	1,662,329	52,763	--	290	6,100	--	291,688	--	851,050	66,338	2,944,395	9.38%	3,252.52	10.05%	3,485.52	

NOTES:

- (a) Includes governmental activities and business-type activities
- (b) See TABLE 12 for personal income and population data
- (c) The Sewer Fund became an enterprise fund in fiscal year 2000.
- (d) Includes general obligation bonds.
- (e) Revised from previous CAFR.
- (f) 2005 personal income data not available, 2004 data utilized
- (g) 2005 personal income data not available, 2004 data utilized
- (h) 2005 population data not available, 2005 data utilized.

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

TABLE 9
CITY AND COUNTY OF HONOLULU
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
FISCAL YEARS 1997 - 2006
(Amounts in thousands, except per capita)
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding						Percent of Net Taxable Property Value (a)	Per Capita (b)
	General Obligation Bonds	G O Bond Anticipation Notes	Tax Exempt Commercial Paper	Revenue Bonds	Notes Payable	Total		
1997	\$ 1,491,122	\$ 63,500	\$ --	\$ --	\$ 56,034	\$ 1,610,656	1.89%	\$ 1,816.44
1998	1,512,541	63,500	--	--	61,942	1,637,983	2.00%	1,846.84
1999	1,366,627	--	43,500	319,453	(c) 69,593	1,799,173	2.35%	2,047.06
2000	1,456,742	--	--	--	3,861	(c) 1,460,603	2.03%	1,668.54 (d)
2001	1,535,218	--	9,300	--	3,700	1,548,218	2.25%	1,760.65 (d)
2002	1,715,173	--	21,500	--	4,620	1,741,293	2.50%	1,964.85 (d)
2003	1,639,579	--	128,100	--	7,173	1,774,852	2.41%	1,987.35 (d)
2004	1,792,425	--	74,800	--	6,836	1,874,061	2.37%	2,083.30 (d)
2005	1,905,951	--	49,800	--	6,476	1,962,227	2.12%	2,167.57 (d)
2006	1,954,017	--	64,600	--	6,100	2,024,717	1.77%	2,236.60 (e)

NOTES:

- (a) See TABLE 5 pages 1 and 2 for net taxable property values.
- (b) See TABLE 12 for population data.
- (c) The Sewer Fund became an enterprise fund in fiscal year 2000.
- (d) Revised from prior year CAFR.
- (e) 2006 population data not available, 2005 data utilized.

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

TABLE 10
CITY AND COUNTY OF HONOLULU
LEGAL DEBT MARGIN INFORMATION
FISCAL YEARS 1997 - 2006
(Amounts in thousands)
(Unaudited)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit (a)	\$ 12,766,656	\$ 12,259,947	\$ 11,494,256	\$ 10,773,101	\$ 10,301,430	\$ 10,450,736	\$ 11,037,654	\$ 11,873,182	\$ 13,863,192	\$ 17,115,432
Debt applicable to limit	1,238,110	1,281,004	1,475,307	991,008	(c) 1,106,784	1,314,015	1,389,588	1,508,972	1,623,635	1,721,099
Legal debt margin (b)	\$ 11,528,546	\$ 10,978,943	\$ 10,018,949	\$ 9,782,093	\$ 9,194,646	\$ 9,136,721	\$ 9,648,066	\$ 10,364,210	\$ 12,239,557	\$ 15,394,333
Debt applicable to the limit as a percentage of debt limit	9.70%	10.45%	12.84%	9.20%	10.74%	12.57%	12.59%	12.71%	11.71%	10.06%

NOTES:

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

Legal Debt Margin Calculation for Fiscal Year 2006

Net assessed value	\$ 114,102,880
Debt limit (15% of assessed value)	17,115,432
Debt applicable to limit	1,721,099
Legal debt margin	<u>\$ 15,394,333</u>

TABLE 11
CITY AND COUNTY OF HONOLULU
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Amounts in thousands)
(Unaudited)

BOARD OF WATER SUPPLY

Fiscal Year	Gross Revenues	Less: Expenses (a)	Net Available Revenue	Debt Service		Total Debt Service	Coverage (b)
				Principal	Interest		
1997	\$ 107,201	\$ 53,755	\$ 53,446	\$ 380	\$ 979	\$ 1,359	39.33
1998	113,230	57,179	56,051	390	964	1,354	41.40
1999	113,256	55,993	57,263	410	948	1,358	42.17
2000	114,313	63,670	50,643	425	930	1,355	37.37
2001	114,164	66,469	47,695	445	911	1,356	35.17
2002	122,728	75,556	47,172	--	4,608	4,608	10.24
2003	112,184	79,007	33,177	780	5,367	6,147	5.40
2004	106,000	78,108	27,892	2,691	5,723	8,414	3.31
2005	105,864	85,820	20,044	2,135	10,196	12,331	1.63
2006	107,925	90,932	16,993	4,220	9,153	13,373	1.27

DEPARTMENT OF ENVIRONMENTAL SERVICES

Fiscal Year	Gross Revenues (c)	Less: Expenses (a)	Net Available Revenue	Debt Service		Total Debt Service	Coverage (b)
				Principal	Interest		
1997	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
1998	--	--	--	--	--	--	--
1999	114,430	59,869	54,561	--	8,187	8,187	6.66
2000	130,453	56,834	73,619	--	15,204	15,204	4.84
2001	118,967	66,973	51,994	--	14,034	14,034	3.70
2002	116,982	62,566	54,416	1,172	17,439	18,611	2.92
2003	113,994	59,697	54,297	1,050	21,409	22,459	2.42
2004	113,495	63,336	50,159	1,095	23,603	24,698	2.03
2005	115,144	68,326	46,818	1,140	25,956	27,096	1.73
2006	146,544	75,228	71,316	3,550	27,562	31,112	2.29

SPECIAL ASSESSMENT BONDS

Fiscal Year	Gross Revenues	Less: Expenses (d)	Net Available Revenue	Debt Service		Total Debt Service	Coverage (b)
				Principal	Interest		
1997	\$ 918	\$ --	\$ 918	\$ 523	\$ 254	\$ 777	1.18
1998	931	--	931	458	226	684	1.36
1999	853	--	853	370	202	572	1.49
2000	695	--	695	425	177	602	1.15
2001	707	--	707	370	152	522	1.35
2002	682	--	682	370	129	499	1.37
2003	702	--	702	370	105	475	1.48
2004	573	--	573	365	81	446	1.28
2005	512	--	512	365	56	421	1.22
2006	454	--	454	355	32	387	1.17

NOTES:

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

TABLE 12
CITY AND COUNTY OF HONOLULU
DEMOGRAPHIC AND ECONOMIC STATISTICS
FISCAL YEARS 1996 THROUGH 2005
(Unaudited)

Fiscal Year Ended June 30,	Resident Population as of July 1 (a)	Personal Income (millions of dollars) (a)	Per Capita Personal Income (a)	School Enrollment (b)	Unemployment Rate (a)
1996	883,443	\$ 23,646	\$ 26,766	128,209	4.9
1997	886,711	24,364	27,477	127,943	4.8
1998	886,909	24,771	27,929	126,745	4.9
1999	878,906	25,303	28,789	125,579	4.4
2000	875,377 (c)	26,605	30,392 (c)	123,658	3.9
2001	879,343 (c)	26,976	30,677 (c)	123,658	4.1 (c)
2002	886,220 (c)	27,819 (c)	31,390 (c)	123,387	4.0 (c)
2003	893,075 (c)	29,090 (c)	32,573 (c)	122,950	3.8 (c)
2004	899,562 (c)	31,404	34,911	122,673	3.2
2005	905,266	(d)	(d)	(d)	2.7

NOTES:

(a) Per *The State of Hawaii Data Book 2005*.

(b) Enrollment figures for 1995-2003 obtained from *The State of Hawaii Data Book*, various years. Enrollment include grade kindergarten - 12, special education schools, nurseries and upgraded students in special schools. Effective 1994, data excludes UH Laboratory School, Effective 1995, excludes private schools.

(c) Revised from previous CAFR.

(d) Not available.

TABLE 13
CITY AND COUNTY OF HONOLULU
PRINCIPAL EMPLOYERS, STATE OF HAWAII
FISCAL YEARS 1996 - 2005
(Unaudited)

Employer	1996			1997			1998			1999			2000		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
State of Hawaii	62,800	1	11.18%	64,250	1	11.34%	64,950	1	11.39%	65,800	1	11.42%	66,900	1	11.44%
Federal Government	31,100	2	5.54%	30,650	2	5.41%	30,400	2	5.33%	30,300	2	5.26%	31,000	2	5.30%
Local Governments	16,600	3	2.96%	16,750	3	2.96%	16,850	3	2.96%	16,650	3	2.89%	16,700	3	2.86%
Bancorp Hawaii Inc./Pacific Century Financial Corp./ Bank of Hawaii Corp.	4,391	5	0.78%	5,023	4	0.89%	5,114	4	0.90%	4,928	5	0.86%	4,700	5	0.80%
Kyo Ya Co. Ltd.	4,800	4	0.85%	4,800	5	0.85%	4,349	6	0.76%	4,264	6	0.74%	4,060	6	0.69%
McDonald's Restaurants of Hawaii (b)	3,190	10	0.57%	--	--	--	--	--	--	--	--	--	3,160	9	0.54%
The Queen's Health Systems	3,981	6	0.71%	4,031	8	0.71%	3,937	7	0.69%	3,904	7	0.68%	3,876	7	0.66%
Hawaiian Electric Industries Inc. (c)	3,384	7	0.60%	3,327	10	0.59%	3,672	9	0.64%	3,722	8	0.65%	3,262	8	0.56%
GTE Hawaiian Tel (c)	3,300	8	0.59%	--	--	--	--	--	--	--	--	--	--	--	--
Kaiser Permanente Medical Care Program (c)	3,300	8	0.59%	--	--	--	--	--	--	3,000	10	0.52%	3,150	10	0.54%
First Hawaiian Inc. (c)	--	--	--	3,384	9	0.60%	3,000	10	0.53%	--	--	--	--	--	--
Liberty House (Purchased by Macy's in 2002)	--	--	--	4,600	6	0.81%	3,800	8	0.67%	--	--	--	--	--	--
ALTRES Inc.	--	--	--	4,241	7	0.75%	4,500	5	0.79%	5,656	4	0.98%	6,373	4	1.09%
Outrigger Hotels & Resorts (c)	--	--	--	--	--	--	--	--	--	3,500	9	0.61%	--	--	--
Hawaiian Airlines Inc.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Hawaii Health Systems Corp.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Hawaii Pacific Health	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Aloha Airgroup, Inc.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total (b)	136,846		24.36%	141,056		24.89%	140,572		24.66%	141,724		24.59%	143,181		24.48%
Employer	2001			2002			2003			2004			2005		
	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
State of Hawaii (c)	67,300	1	11.42%	70,150	1	11.98%	70,550	1	11.94%	71,500	1	11.94%	71,150	1	11.53%
Federal Government (c)	30,100	2	5.11%	30,650	2	5.23%	31,650	2	5.36%	31,450	2	5.25%	31,300	2	5.07%
Local Governments (c)	17,100	3	2.90%	17,150	3	2.93%	16,950	3	2.87%	17,100	3	2.86%	17,200	3	2.79%
Bancorp Hawaii Inc./Pacific Century Financial Corp./ Bank of Hawaii Corp.	4,162	5	0.71%	3,175	10	0.54%	--	--	--	--	--	--	--	--	--
Kyo Ya Co. Ltd. (c)	4,078	6	0.69%	3,762	7	0.64%	3,638	7	0.62%	3,753	7	0.63%	3,574	10	0.58%
McDonald's Restaurants of Hawaii (b)	3,210	10	0.54%	--	--	--	--	--	--	--	--	--	--	--	--
The Queen's Health Systems (c)	3,773	7	0.64%	4,055	6	0.69%	3,400	9	0.58%	3,689	8	0.62%	3,673	9	0.60%
Hawaiian Electric Industries Inc.	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
GTE Hawaiian Tel	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Kaiser Permanente Medical Care Program (c)	3,275	9	0.56%	3,385	8	0.58%	3,663	6	0.62%	3,790	6	0.63%	3,918	7	0.64%
First Hawaiian Inc. (c)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Liberty House (Purchased by Macy's in 2002)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
ALTRES Inc. (c)	6,846	4	1.16%	6,588	4	1.12%	6,958	4	1.18%	7,238	4	1.21%	7,574	4	1.23%
Outrigger Hotels & Resorts	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Hawaiian Airlines Inc. (c)	3,313	8	0.56%	--	--	--	3,491	8	0.59%	--	--	--	--	--	--
Hawaii Health Systems Corp. (b)	--	--	--	3,205	9	0.55%	3,400	9	0.58%	3,400	10	0.57%	--	--	--
Hawaii Pacific Health (c)	--	--	--	5,468	5	0.93%	5,449	5	0.92%	5,434	5	0.91%	5,449	6	0.88%
Aloha Airgroup, Inc. (c)	--	--	--	--	--	--	--	--	--	3,558	9	0.59%	3,701	8	0.60%
Starwood Hotels and Resorts Hawaii	--	--	--	--	--	--	--	--	--	--	--	--	5,500	5	0.89%
Total (b)	143,157		24.30%	147,568		25.20%	149,149		25.25%	150,912		25.20%	153,039		24.81%

SOURCES:
The State of Hawaii Data Book, as of fiscal year end for various years (<http://www2.hawaii.gov/dbedt/>).
Hawaii Business, magazine various years.

NOTES:
(a) State of Hawaii employees only.
(b) Completely revised from prior CAFR.
(c) Partially revised from prior CAFR.

TABLE 14
CITY AND COUNTY OF HONOLULU
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
FISCAL YEARS 1997 - 2006
(Unaudited)

Function	Full-time Equivalent Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Administration	412	412	338 (a)	358	376	530	517	480	523	531
Finance	518	500	576 (a)	541	531	403	415	403	416	414
Legal	330	327	323	314	313	323	315	316	321	310
Planning & Permitting	113	108	255 (a)	250	243	236	238	225	234	251
Design & Construction	264	256	247 (a)	223	227	238	223	217	203	204
Public Safety										
Police	2,301	2,431	2,402	2,474	2,494	2,490	2,466	2,507	2,490	2,537
Fire	999	992	1,031	1,015	1,084	1,090	1,084	1,077	1,061	1,076
Emergency Medical Services	96	83	128 (a)	140	135	117	126	173	127	134
Highways and Streets	772	748	655 (a)	658	615	639	625	624	614	616
Sanitation										
Solid Waste	439	419	398	374	369	332	324	333	333	336
Sewer	731	733	613	594	573	565	536	512	498	508
Health and Human Resources	331	343	368	381	368	421	387	390	411	416
Culture and Recreation	1,011	1,010	880 (a)	861	927	968	959	911	871	855
Urban Redevelopment and Housing	42	48	-- (a)	--	--	--	--	--	--	--
Total	8,359	8,410	8,214	8,183	8,255	8,352	8,215	8,168	8,102	8,188

NOTES:

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

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

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

This table excludes the Board of Water Supply employees.

TABLE 15
CITY AND COUNTY OF HONOLULU
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 1997 - 2006
(Unaudited)

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Part I number of arrests (a)	8,822	8,100	6,629	6,319	6,332	6,426	5,401	4,649	3,554	4,484
Part II number of arrests (a)	40,933	35,133	34,778	37,807	34,101	35,868	31,120	33,350	26,095	31,145
Parking violations	NA	NA	NA	NA	77,444	84,023	92,113	92,063	106,161	105,871
Traffic violations	NA	NA	NA	NA	170,068	167,389	158,068	167,850	179,015	183,205
Fire										
Fire department responses	17,906	10,798	8,351	9,320	10,210	10,627	10,468	10,766	13,900	15,859
Emergency medical responses	NA	14,429	12,318	13,567	16,655	18,997	19,549	22,178	20,268	19,346
Inspections	NA	NA	3,622	184,474	234,934	234,175	175,744 (d)	218,083	213,538	191,333 (i)
Emergency Medical Services										
Ambulance responses	42,039	45,321	44,754	47,724	51,458	55,270	60,976	67,762	66,162	72,807
Refuse Collection										
Refuse collected (tons per year)	302,078	298,960	284,007	286,491	233,288	358,946	335,622	350,298	368,288	373,462
Recyclables collected (tons per year)	17,030	29,172	18,206	26,400	43,108	39,869	82,721	80,624	67,713	67,966
Other Public Works										
Street resurfacing in-house (miles)	52	32	34	35	--	--	--	--	31 (i)	43
Street resurfacing contract (miles)	8	13	5	--	146	128	91 (e)	27 (e)	122 (i) (e)	120
First aid (tons of asphalt)	6,805	11,076	8,652	11,295	4,034	2,387	1,829	9,354	13,785 (i)	13,079
Potholes repaired	37,400	37,500	34,815	41,810	29,293	38,432	40,195	68,872	47,660 (i)	55,192
Parks and Recreation										
Park facility permits issued	18,948	16,929 (f)	16,884 (f)	16,947 (f)	16,375 (f)	12,045 (f)	21,550	24,114	36,124	18,912 (k)
Other Enterprise										
Rounds of golf	685,188	747,379	699,070	663,710	647,850	619,300	611,979	560,921	530,606	538,451
Zoo attendance	623,331	631,988	597,695	573,120	559,727	521,870	495,184	499,767	513,931	568,952
Water										
New connections	1,005	1,227	1,233	1,521	1,419	1,857	2,766	2,182	2,269	1,925
Water main breaks	408	370	392	411	406	392	338	399	388	358
Average daily pumpage (e) (millions of gallons)	146	151	151	152	155	154	159	150	148	148
Peak daily pumpage (e) (millions of gallons)	180	175	174	175	177	182	185	182	184	187
Wastewater										
Average daily sewage treatment (millions of gallons)	123	113	112	113	111	115	111	112	112	112
Transit										
Total bus directional route miles	867	864	875	888	907	914	912	915	919 (e)	922
Total bus revenue miles	16,204,111	16,430,718	16,454,929	17,066,511	18,568,681	18,674,279	18,331,577	16,530,804 (h)	18,388,911	18,019,030
Bus passengers	68,634,884	71,822,553	66,236,147	66,602,820	70,364,025	73,524,474	69,100,627	61,297,980 (h)	67,406,827	70,384,355
Total paratransit revenue miles	974,454 (g)	3,955,029	4,043,744	4,128,359	4,247,101	4,232,589	4,252,570	4,171,202	4,035,752	4,322,045
Paratransit passengers	164,678 (g)	659,112	619,958	655,422	702,921	710,957	730,651	731,083	733,777	784,058

NOTES:

- (a) The data is reported on a calendar year basis.
- (b) Source: City and County of Honolulu, Individual Departments.
- (c) Source: State of Hawaii, District Court Administrator.
- (d) Incomplete reporting from operations (company inspections) decreased the count in the fiscal year ended June 30, 2003.
- (e) Revised from prior CAFR.
- (f) Camping permits only.
- (g) A private for-profit contractor operated the paratransit system through March 31, 1997.
- (h) The bus system experienced a 34 day strike during fiscal year 2004 that had minimal impact on paratransit operations.
- (i) The increase in street resurfacing and first aid reduced the number of pothole repairs.
- (j) The Honolulu Fire Department adjusted its method of counting the number of inspections and inspections may now be completed over a two year period instead of one year.
- (k) The decrease is due to extended severe weather and the related Waikiki sewage spill.

NA: Not available.

TABLE 16
CITY AND COUNTY OF HONOLULU
CAPITAL ASSET STATISTICS BY FUNCTION
FISCAL YEARS 1997 - 2006
(Unaudited)

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Stations (a)	8	8	8	9	9	9	9	9	9	9
Patrol units - City owned	257	298	318	360	314	324	295	288	288	332
Patrol units - privately owned	NA	NA	NA	NA	1,265	1,278	1,295	1,332	1,325	1,313
Fire stations (b)	41	41	42	42	44	44	44	44	44	44
Emergency medical services stations	16	16	16	16	18	19	19	20	20	20
Refuse collection trucks	170	178	190	192	175	187	197	205	186	192
Other Public Works										
Streets (paved mile)	1,348	1,361	1,366	1,368	1,370	1,374	1,386	1,389	1,391	1,393
Streetslights	43,081	43,287	43,478	43,584	43,844	44,093	45,285	45,922	45,937	46,236
Storm sewers (miles)	668	676	676	678	680	684	696	699	701	702
Parks and Recreation										
Parks and recreational areas	215 (d)	201 (d)	260 (d)	278 (d)	283 (d)	283 (d)	283 (d)	280 (d)	288 (d)	277
Beach access/right of ways	61	62	62	74	90	87	87	87	87	83
Botanical gardens	5	5	5	5	5	5	5	5	5	5
Recreation buildings	74	87	87	90	90	91	91	93	93	93
Gymnasiums	24	24	24	24	24	24	25	26	24	24
Swimming pools	18	18	18	18	18	19	20	20	20	21
Baseball/softball fields	210	191	191	191	191	195	200	194	194	194
Basketball courts	221	222	222	222	222	222	222	220	220	220
Tennis courts	183	179	179	179	179	179	179	179	179	179
Volleyball courts	201	173	173	173	173	173	170	169	169	169
Soccer fields	--	--	--	--	19	81	81	80	80	80
Traffic related landscaped areas	84	NA	NA	86	86	94	86	86	86	86
Other Enterprise										
Golf courses	6	6	6	6	6	6	6	6	6	6
Zoological parks	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	1,873	1,885	1,911	1,925	1,944	1,960	1,977	1,997	2,037	2,055
Fire hydrants	18,228	18,414	18,554	18,858	19,043	19,179	19,526	19,711	19,832	20,073
Storage capacity (millions of gallons)	169	166	174	174	177	178	182	182	182	182
Wastewater										
Sanitary sewers (miles)	1,893	1,900	1,900	2,310	2,541	2,541	2,304	2,205	2,191	2,191
Treatment capacity (millions of gallons)	151	151	151	151	151	151	151	151	151	151
Transit										
Buses	524	525	525	525	529	525	525	536	525	525
Paratransit vehicles	89 (e)	99	103	110	110	124	154 (g)	121	123	119
Traffic signal intersections (c)	NA	NA	700	750	750	750	760	760	772	787

SOURCE: City and County of Honolulu, various agencies.

NOTES:

(a) Includes stations and substations.

(b) Includes one fireboat and one aircraft station.

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

(d) Revised from prior CAFR.

(e) A private for profit contractor operated the paratransit system through March 31, 1997.

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

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

NA: Not Available

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