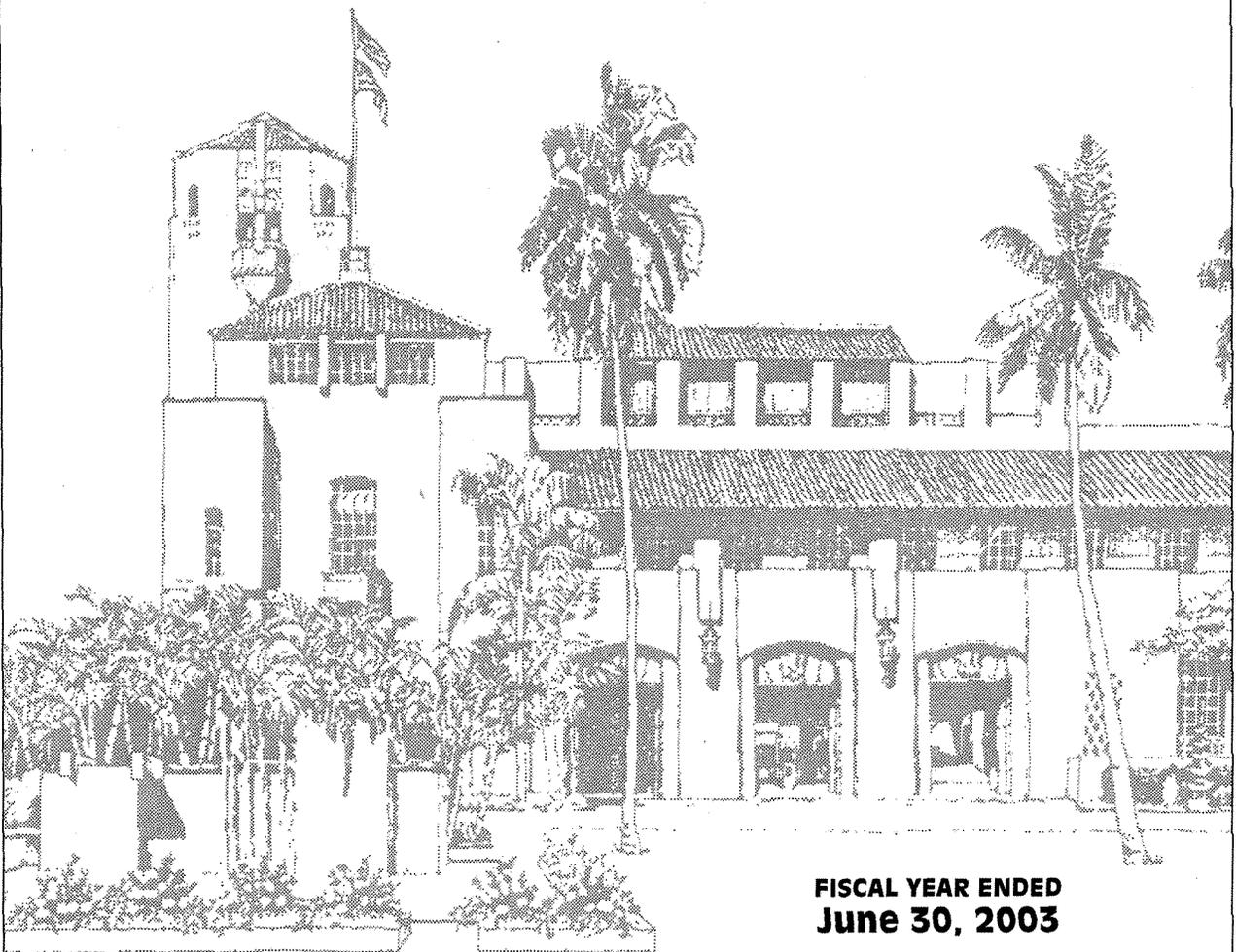
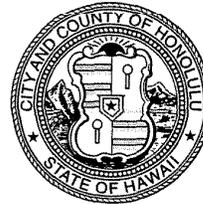
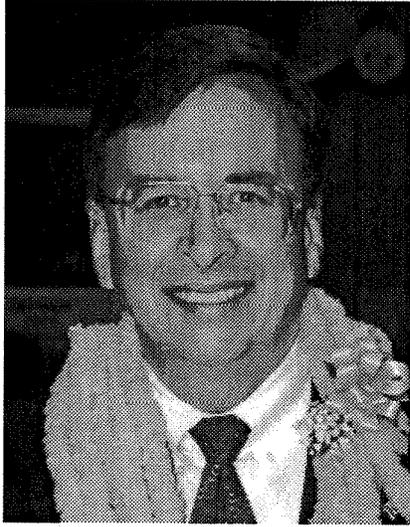


**CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII**

Comprehensive Annual Financial Report



**FISCAL YEAR ENDED
June 30, 2003**



JEREMY HARRIS, Mayor
City and County of Honolulu

CITY AND COUNTY OF HONOLULU
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2003

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

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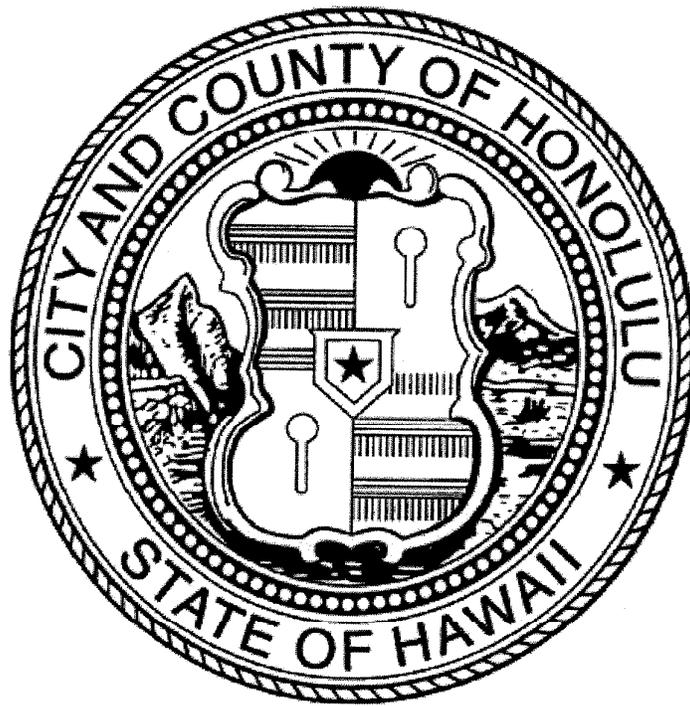
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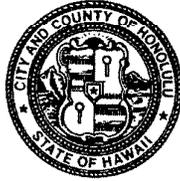
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INTRODUCTORY SECTION

DEPARTMENT OF BUDGET AND FISCAL SERVICES
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JEREMY HARRIS
MAYOR



IVAN M. LUI-KWAN
DIRECTOR

CHRIS A. DIEBLING
DEPUTY DIRECTOR

December 30, 2003

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

Dear Mayor and Members of the City Council:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City and County of Honolulu (City), State of Hawaii, for the fiscal year ended June 30, 2003. This report was prepared by the Department of Budget and Fiscal Services, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

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

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

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments", which revised the City's financial reporting requirements. Governments comparable in size to Honolulu were required to implement GASB Statement No. 34 for the fiscal year ended June 30, 2002. With the City's implementation of GASB Statement No. 34 last fiscal year, the CAFR contains improved financial reporting through the inclusion of significant additional information not previously available in local government financial statements. This new financial reporting model improves information available to financial statement users and the community as noted below:

- Government-wide financial statements are designed to provide readers with a broad financial overview of the City in a manner similar to a private sector business. These statements cover all of the City's financial activities including its discretely reported component unit but excluding its fiduciary activities. They are comprised of two statements: the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets reports what the City owns (assets), what it owes (liabilities) and what is left over after assets have been used to satisfy liabilities (net assets). The Statement of Activities reports the City's revenues and expenses as well as other changes in its net assets during the year.
- Fund financial statements report the finances of the fund groups within the City's reporting entity, i.e., its governmental, proprietary and fiduciary funds. As the governmental fund financial statements and the government-wide financial statements measure the City's finances differently, the CAFR includes reconciliations describing the adjustments between the funds financial statements and the government-wide financial statements.
- Financial reporting of infrastructure assets previously was not required. Infrastructure assets currently are reflected in the government-wide statement of net assets and include the following: roads, bridges, sidewalks, curbs, gutters, storm drains, underground storage tanks, canals and boulder basins, bikeways, stream-lined channels, bus shelters, land improvement infrastructure, and equipment infrastructure.
- GASB Statement No. 34 established criteria to identify and report certain governmental funds and proprietary funds as major funds for presentation in the fund financial statements.
- The general fixed assets and the general long-term debt account groups no longer exist. The assets and liabilities previously reported in those account groups are reported in the government-wide statements.
- For the first time, depreciation is recorded and presented for capital assets of the governmental activities similar to business-type activities.

- As required supplementary information, the management's discussion and analysis (MD&A) provides information and analysis that help users interpret the basic financial statements. This transmittal letter is designed to complement the MD&A, and, therefore, should be read with it.

REPORTING ENTITY

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

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

ECONOMIC CONDITION AND OUTLOOK

The local economy has weathered the storms from the September 11, 2001 attack on America, the 2001 global recession, the uncertainties surrounding the Iraq war and the outbreak of the severe acute respiratory syndrome (SARS). In addition, low interest rates have energized the housing market and the construction industry. It should be noted that Honolulu's future growth continues to be dependent on external factors such as the performance of the economies on the mainland and in Japan. On the mainland, the economy has stopped declining, has stabilized and is in recovery. In Japan, the economy is projected to expand albeit slowly.

- The island's main industry, tourism, is recovering gradually. Hotel occupancy increased 7.5% to 73.7%, average daily room rates inched up 1.2% to \$111.80 and room revenue per available room jumped 12.7% to \$82.40 for September 2003 in comparison to the same month the year earlier. Comparisons of statistics for the year-to-date period through September 2003 and 2002 indicate modest growth: hotel occupancy, room rates and room revenue rose 1.9%, 1.4% and 4.1%, respectively. The travel industry continues to be affected by the sluggish Japanese market. Although international length of stay gained 5.5%, international arrivals dropped 12.1% for the nine months ended September 30, 2003 in comparison to the same period the year earlier. Domestic visitor arrivals slipped just 1.5% while domestic length of stay grew 2.9% during the same period.
- Retailing receipts on Oahu increased 9.7% to \$15.8 billion for fiscal year 2003 compared to the last fiscal year, but dropped 19% to \$2.2 billion for the two months ended August 31, 2003 as compared to the same period in 2002.

- In the foreseeable future, the construction industry is expected to be strong. The number of building permits amounted to 21,271 with an estimated value of \$1.9 billion for fiscal year 2003 in comparison to 19,571 permits valued at \$1.5 billion for the prior fiscal year, representing increases of 8.7% in number and 30.7% in value. For the ten months ended October 31, 2003, a total of 13,229 permits were issued at a value of \$1.2 billion, representing increases of 13.6% in number and 20.7% in value as compared to the same period last year. Contracting receipts surged 18.4% from \$3 billion for the last fiscal year to \$3.5 billion for fiscal year 2003. On the other hand, contracting receipts dipped 9% from \$579.7 million for the two months ended August 31, 2002 to \$527.7 million for the same period this year.
- Spurred by affordable interest rates, sales of homes on Oahu continue to be brisk. Total residential resales jumped 35.3% to \$2.9 billion for the first ten months of 2003 compared to the same period in 2002. The median resale price for condominiums climbed 16.7% to \$185,000 from \$158,500 last October. For single-family homes, the median resale price in October was a record-breaking \$399,300 in contrast to \$355,000 a year ago. Sales volume for condominiums went up 27.7% from 524 transactions in October 2002 to 669 the following year while the number of single-family homes sold remained steady at 380, compared to 381 in the prior year.

Assuming the current trend continues in the U. S. and international economies, the economic outlook for Oahu is encouraging: tourism is continuing to recover, construction is on the upswing, and home sales have been setting new records.

Sources:

City and County of Honolulu, Department of Planning and Permitting, "Monthly Bulletin – Building Permits," <http://www.honoluluudpp.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.state.hi.us/tax/tax.html>.

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

MAJOR INITIATIVES CAPITAL PROGRAM

Focused on investing in the future with projects essential for improving the quality of life for residents and visitors, the City's capital improvement budget for fiscal year 2003 totaled \$455.6 million. The major emphases of the capital budget were on wastewater collection and treatment systems, solid waste management, and transportation. Public involvement through the neighborhood boards and community vision process helped shape the capital budget.

General Government

The capital budget appropriations of \$36.5 million for the general government function declined 53.2% over the previous year. The capital improvement budget included Procurement of Major Equipment (\$15 million), Telecommunications Facilities Upgrade (\$4.2

million), Energy Conservation Improvements (\$2.4 million), and Electronic Work Flow Systems (\$2.3 million).

Public Safety

Similarly, the capital budget for the public safety function was lowered 36.9% to \$31.2 million for fiscal year 2003. The major public safety projects included the Police Training Academy Firing Range (\$6 million), Traffic Improvements (\$4.2 million), Traffic Calming Improvements (\$4.1 million), Waianae Coast Alternate Route (\$3.4 million) and Kapalama Incinerator Improvements (\$2.8 million).

Highways and Streets

The capital improvement budget appropriated \$58.7 million for highways and streets, a decrease of 20.6% compared to the previous year. Major road projects included Curb Ramps (\$14 million), Rehabilitation of Streets (\$8.7 million), North-South Road/Park Row Roadway (\$5 million), Salt Lake Boulevard Widening (\$4.5 million), Miscellaneous Sidewalk Improvements (\$2.5 million), North Road Improvements (\$2.4 million) and King Street Improvements (\$2 million).

Sanitation

The City designated \$155.1 million, 14.7% less than the year before, for wastewater system improvements in the capital improvement budget. The most significant sewer projects for fiscal year 2003 included the Sand Island Wastewater Treatment Plant, Unit I, Phase 2A (\$55.9 million), Sand Island Wastewater Treatment Plant Expansion, Primary Treatment (\$39 million), Ala Moana Wastewater Pump Station Modification (\$24.6 million), Project Management for Wastewater Projects (\$6.1 million) and Kalaheo Avenue Reconstructed Sewer (\$5 million).

To reduce the need for landfill space, the capital budget was increased to \$11.5 million for solid waste projects, primarily for the H-POWER expansion (\$6 million) and the Recycling Technology Park (\$5.3 million).

Human Services

The \$18.1 million in the capital improvement budget for human services represented a 4% drop in funding compared to last fiscal year, and included \$2 million appropriated for the St. Francis Healthcare System Residential Care Community for the Elderly.

Culture-Recreation

The City provided \$82.5 million for culture-recreation in the capital improvement budget, 43.4% less than the year earlier. Major parks projects included the Central Oahu Aquatics Center (\$6.1 million), Honolulu Zoo Discovery Center (\$6 million), Honolulu Zoo Veterinary Clinic (\$4 million), Tennis Complex (\$3.1 million), Golf Course Improvements (\$3 million), Koko Head District Park Renovations (\$2 million) and Wahiawa Botanical Gardens/Lake Wilson Study (\$2 million).

Transportation

\$61.9 million was appropriated for mass transit, representing an increase in the capital improvement budget of 117.9% compared to the previous year. Major public transit projects included the Bus Rapid Transit Iwilei to Waikiki Alignment (\$31.1 million), Bus Acquisition

Program (\$15.2 million), Middle Street Transit Center (\$7.2 million) and High Tech Bus Pass (\$2.2 million).

For the Future

With the continued cooperation of community vision teams and neighborhood boards, the City is investing in the future and improving the quality of life for residents and visitors. The capital budget for fiscal year 2004 focuses on road resurfacing, and wastewater collection and treatment systems. At the same time, the City demonstrated fiscal restraint by slashing the capital budget to \$276.8 million, representing a 39.2% decrease in comparison to the previous fiscal year.

General Government

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

Public Safety

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

Highways and Streets

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

Sanitation

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

Human Services

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

Culture-Recreation

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

Transportation

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

FINANCIAL INFORMATION

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

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

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

- The Housing Development Special Fund accounts for monies designated for the development of housing for sale or rental by the City.
- The Sewer Fund accounts for all monies received pursuant to provisions of the Federal Water Pollution Control Act amendments of 1972 and the Hawaii Revised Statutes and expended for the purposes authorized.
- The Solid Waste Special Fund accounts for all revenues derived from the operations of the City's Refuse Division, solid waste disposal program, glass recycling program and other recycling programs. All monies placed in this fund are maintained in separate accounts identified with and expended for the intended purposes.
- The Public Transportation System was created for the management, operation and maintenance of the bus transportation system including the City bus system (TheBus) and the special transit service (The Handi-Van).

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

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

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

Internal Controls

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

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

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

Budgetary Controls

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

Cash Management

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

The average ratio of invested funds to available cash during the year was 92.8%. The City earned interest income during the year at an average rate of return of 1.57%.

Risk Management

The risk management function was established under Section 2-5 of the Revised Ordinances of Honolulu requiring the creation of a risk management program to identify and control the City's exposures to liability. The program covers all City departments and agencies except the Board of Water Supply and Oahu Transit Services. Risk management activities focus on

insurance and self-insurance to minimize the adverse financial impacts of liability losses, claims management, loss prevention and other areas.

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

OTHER INFORMATION

Independent Audit

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

Awards

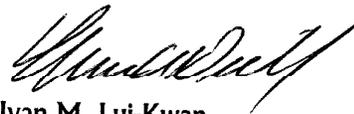
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City and County of Honolulu for its comprehensive annual financial report for the fiscal year ended June 30, 2002. The City has received the award in 16 of the last 17 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 4 years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

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

Respectfully submitted,



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

FDR

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, 2002

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

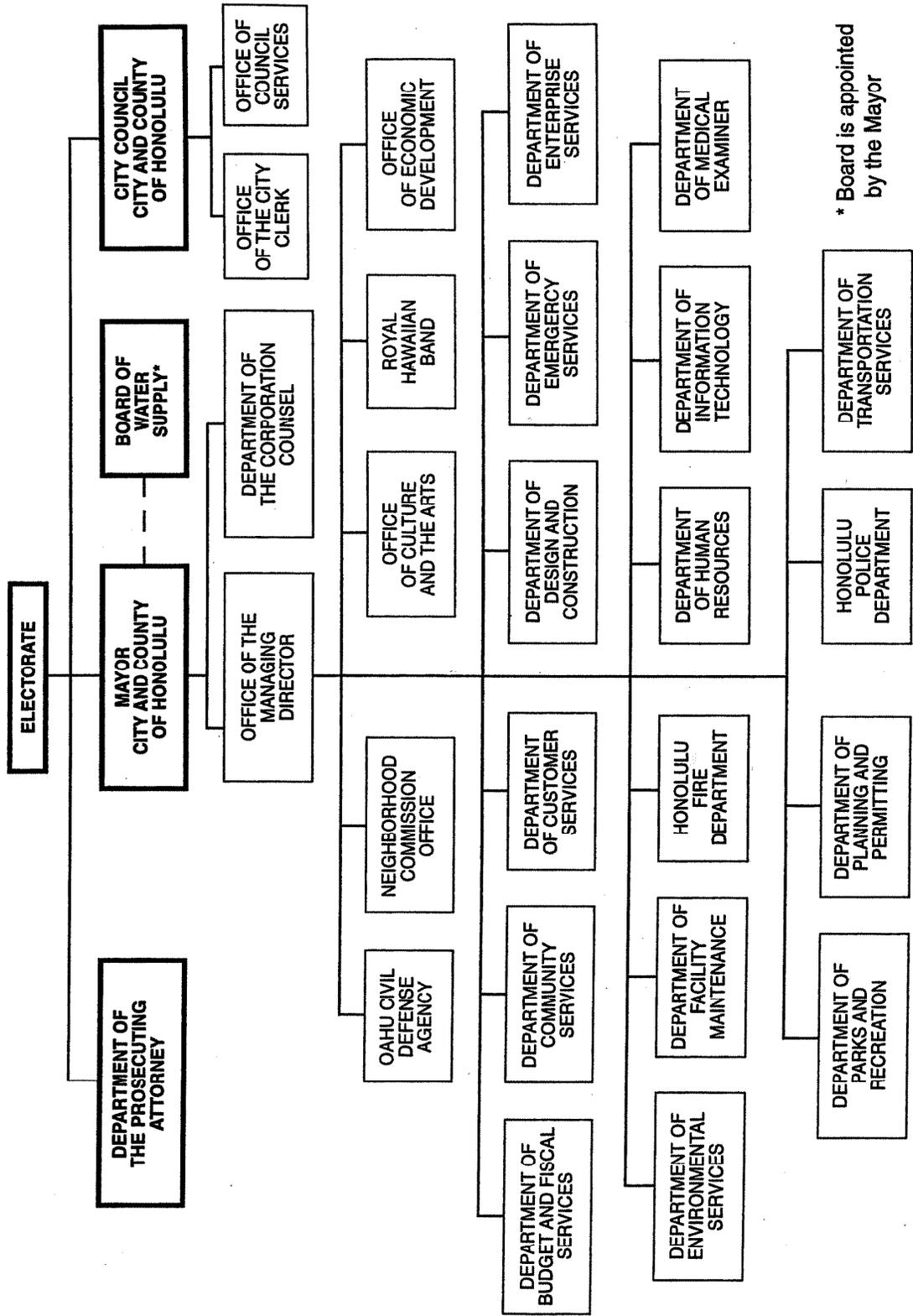


President

Executive Director

CITY AND COUNTY OF HONOLULU ORGANIZATION CHART

FISCAL YEAR 2002 - 03



* Board is appointed by the Mayor

CITY AND COUNTY OF HONOLULU

ELECTED OFFICIALS

**EXECUTIVE BRANCH
(2001-2004)**

Mayor.....Jeremy Harris

Prosecuting Attorney.....Peter Carlisle

CITY COUNCIL

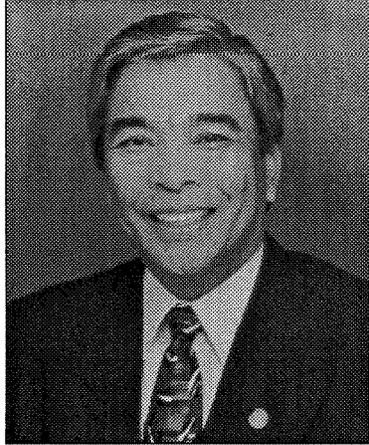
<u>Council District</u>	<u>Councilmember</u>
First	Mike Gabbard
Second	Donovan Dela Cruz
Third	Barbara Marshall
Fourth	Charles Djou
Fifth	Ann Kobayashi
Sixth	Rod Tam
Seventh	Romy Cachola
Eighth	Gary Okino
Ninth	Nestor Garcia

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

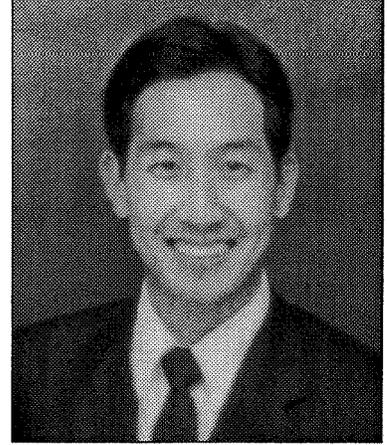
LEGISLATIVE BRANCH
City Council



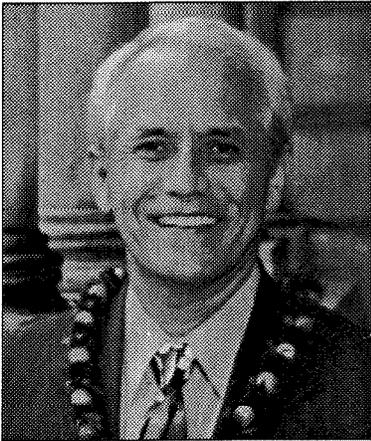
Donovan M. Dela Cruz
Chair, District II



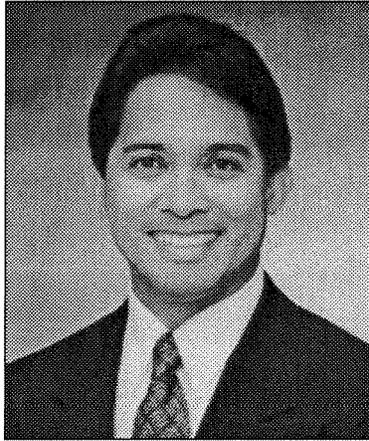
Romy M. Cachola
Councilmember, District VII



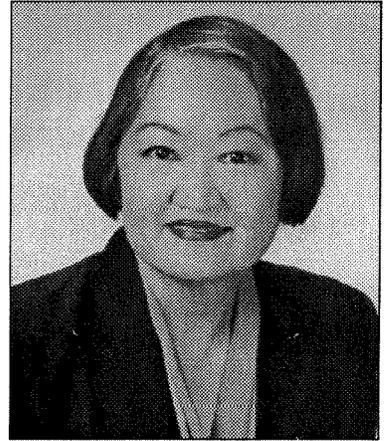
Charles K. Djou
Councilmember, District IV



Mike Gabbard
Councilmember, District I



Nestor Garcia
Councilmember, District IX



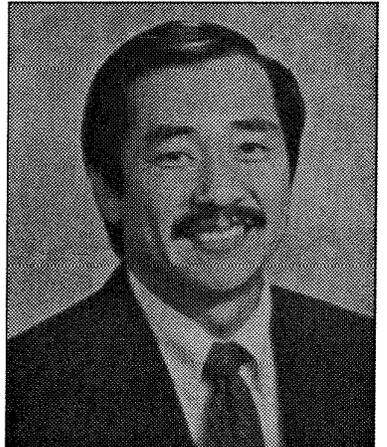
Ann H. Kobayashi
Councilmember, District V



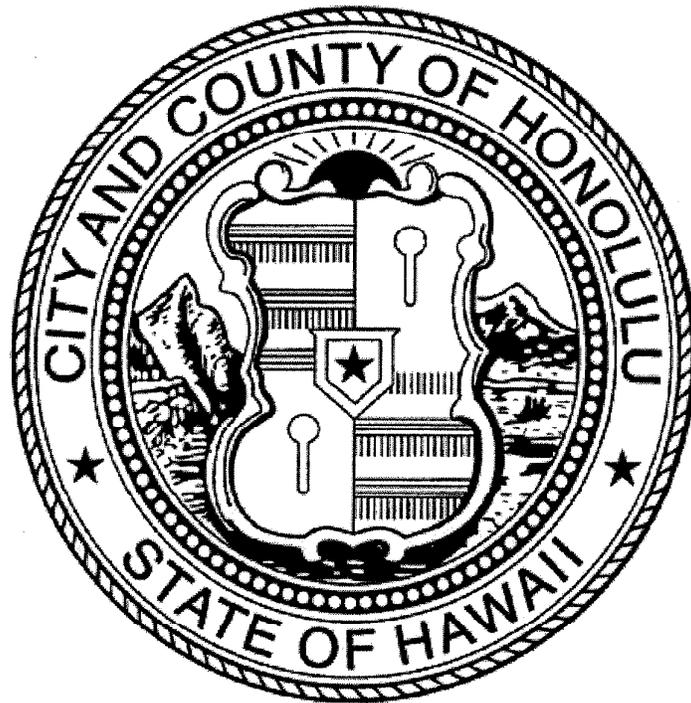
Barbara Marshall
Councilmember, District III



Gary H. Okino
Councilmember, District VIII



Rodney Tam
Councilmember, District VI



FINANCIAL SECTION

Report of Independent Auditors

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City and County of Honolulu, State of Hawaii ("City"), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City and County of Honolulu's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Water Supply, which is the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Water Supply, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and County of Honolulu, State of Hawaii, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2003 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

PricewaterhouseCoopers LLP

Honolulu, Hawaii
December 22, 2003

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) is designed to provide an overview of the financial performance of the City and County of Honolulu for the fiscal year ended June 30, 2003. The information presented in this MD&A should be considered in conjunction with the letter of transmittal in the Introductory Section of this report and the financial statements that follow this subsection.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2003

- For the fiscal year ended June 30, 2003, taxes and other revenues for governmental programs totaled \$797.4 million while expenses amounted to \$809.7 million (before transfers), representing an improvement in comparison to last fiscal year when expenses exceeded revenues by \$45 million.
- With the City's business-type activities, revenues decreased slightly from \$317.4 million for fiscal year 2002 to \$312.7 million during fiscal year 2003 while expenses rose from \$401.1 million in the prior fiscal year to \$444.9 million for the fiscal year ended June 30, 2003.
- As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$130.3 million, compared to \$180.3 million the year before. The change in fund balance is detailed further on page 27.
- Total fund balance in the General Fund as of June 30, 2003 increased by \$18.5 million to \$72.8 million. Likewise, unreserved fund balance in the General Fund increased by \$16.3 million to \$51.5 million at the end of the 2003 fiscal year.
- The capital assets for the governmental activities amounted to \$1.7 billion at the close of the 2003 fiscal year and \$1.6 billion at the end of the previous fiscal year.
- The City's net debt applicable to the legal debt margin of \$11 billion was \$1.4 billion for the fiscal year ended June 30, 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The City maintains 30 governmental funds, each individually categorized as major or non-major. The General Fund is always classified as a major fund. Other major funds consist of the Highway Fund, and the General Obligation Bond and Interest Redemption Fund. A fund is considered major if its revenues, expenditures, assets, or liabilities is at least 10% of corresponding totals for all governmental funds and at least 5% of the aggregate amount for all governmental and enterprise funds for the same item. Although the General Improvement Bond Fund did not meet the qualitative criteria for a major fund in fiscal year 2003, the City chose to present it separately like the other major funds in the Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds. Information for the other 26 funds are included in the nonmajor category and are combined into a single, aggregated presentation in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in this report.

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

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

Notes to the Financial Statements

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

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Information

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

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

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. Excluding its component unit, the City's assets exceeded liabilities by \$1.1 billion in contrast to \$1.2 billion at the end of last fiscal year.

The largest portion of the primary government's net assets (91% and 83.4% at the end of fiscal years 2003 and 2002, 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 \$68.2 million and \$143.5 million of the net assets for the primary government was unrestricted at June 30, 2003 and 2002, respectively. For the City's governmental activities, the unrestricted net assets of \$47.4 million at the end of fiscal year 2003 may be used to meet the City's ongoing obligations to citizens and creditors. With regard to the City's business-type activities, the unrestricted net assets amounted to \$20.8 million at June 30, 2003 and may be used only for the ongoing obligations of the City's housing, sewer, solid waste and public transportation activities. A small percentage of the City's net assets (2.1% at June 30, 2003) represents resources that are subject to external restrictions on how they may be used.

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

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 233.6	\$ 304.8	\$ 376.6	\$ 344.0	\$ 610.2	\$ 648.8
Capital assets	1,655.6	1,570.8	1,710.1	1,647.3	3,365.7	3,218.1
Total assets	<u>1,889.2</u>	<u>1,875.6</u>	<u>2,086.7</u>	<u>1,991.3</u>	<u>3,975.9</u>	<u>3,866.9</u>
Noncurrent liabilities	1,535.5	1,458.6	1,256.8	1,078.5	2,792.3	2,537.1
Other liabilities	42.1	60.6	85.7	68.9	127.8	129.5
Total liabilities	<u>1,577.6</u>	<u>1,519.2</u>	<u>1,342.5</u>	<u>1,147.4</u>	<u>2,920.1</u>	<u>2,666.6</u>
Net assets:						
Invested in capital assets, net of debt	262.8	275.5	702.8	725.5	965.6	1,001.0
Restricted	1.4	1.3	20.6	54.5	22.0	55.8
Unrestricted	47.4	79.6	20.8	63.9	68.2	143.5
Total net assets	<u>\$ 311.6</u>	<u>\$ 356.4</u>	<u>\$ 744.2</u>	<u>\$ 843.9</u>	<u>\$1,055.8</u>	<u>\$1,200.3</u>

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following are the key elements of the changes in the City's net assets for fiscal years 2003 and 2002:

Changes in Net Assets (Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Revenues						
Program revenues:						
Charges for services	\$125.0	\$116.0	\$254.5	\$235.0	\$ 379.5	\$ 351.0
Operating grants and contributions	85.5	79.5	--	--	85.5	79.5
Capital grants and contributions	33.8	41.3	45.2	63.6	79.0	104.9
General revenues:						
Property taxes	385.1	381.3	--	--	385.1	381.3
Other taxes	94.4	95.8	--	--	94.4	95.8
Other	73.6	54.9	13.0	18.8	86.6	73.7
Total revenues	<u>797.4</u>	<u>768.8</u>	<u>312.7</u>	<u>317.4</u>	<u>1,110.1</u>	<u>1,086.2</u>
Expenses						
General government	148.4	141.3	--	--	148.4	141.3
Public safety	264.4	221.4	--	--	264.4	221.4
Highways and streets	45.0	61.2	--	--	45.0	61.2
Sanitation	0.6	0.6	--	--	0.6	0.6
Human services	74.5	81.6	--	--	74.5	81.6
Culture and recreation	68.3	76.0	--	--	68.3	76.0
Utilities	44.3	48.8	--	--	44.3	48.8
Retirement and health benefits	82.7	93.8	--	--	82.7	93.8
Miscellaneous	21.3	34.1	--	--	21.3	34.1
Interest	60.2	54.9	--	--	60.2	54.9
Housing	--	--	24.1	13.3	24.1	13.3
Sewer	--	--	130.2	112.7	130.2	112.7
Solid waste	--	--	140.1	126.8	140.1	126.8
Public transportation	--	--	150.5	148.3	150.5	148.3
Total expenses	<u>809.7</u>	<u>813.7</u>	<u>444.9</u>	<u>401.1</u>	<u>1,254.6</u>	<u>1,214.8</u>
Decrease before transfers	(12.3)	(44.9)	(132.2)	(83.7)	(144.5)	(128.6)
Transfers	(32.5)	(41.4)	32.5	41.4	--	--
Change in net assets	(44.8)	(86.3)	(99.7)	(42.3)	(144.5)	(128.6)
Net assets – beginning	356.4	442.7	843.9	886.2	1,200.3	1,328.9
Net assets – ending	<u>\$311.6</u>	<u>\$356.4</u>	<u>\$744.2</u>	<u>\$843.9</u>	<u>\$1,055.8</u>	<u>\$1,200.3</u>

Total revenues for the primary government remained unchanged at \$1.1 billion for the last two fiscal years. For fiscal year 2003, \$797.4 million pertained to revenues from governmental activities and \$312.7 million was for business-type activities. Similarly, for the previous fiscal year, \$768.8 million and \$317.4 million applied to revenues from governmental activities and business-type activities, respectively.

Expenses for the primary government totaled \$1.3 billion for fiscal year 2003 of which \$809.7 million applied to governmental activities and \$444.9 million related to business-type activities. For the prior fiscal year, expenses for the primary government totaled \$1.2 billion; expenses comprised of \$813.7 million for governmental activities and \$401.1 million for business-type activities. Depreciation, included as expenses in the above schedule, amounted to \$65.9 million for the governmental activities and \$64.3 million for business-type activities for fiscal year 2003.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

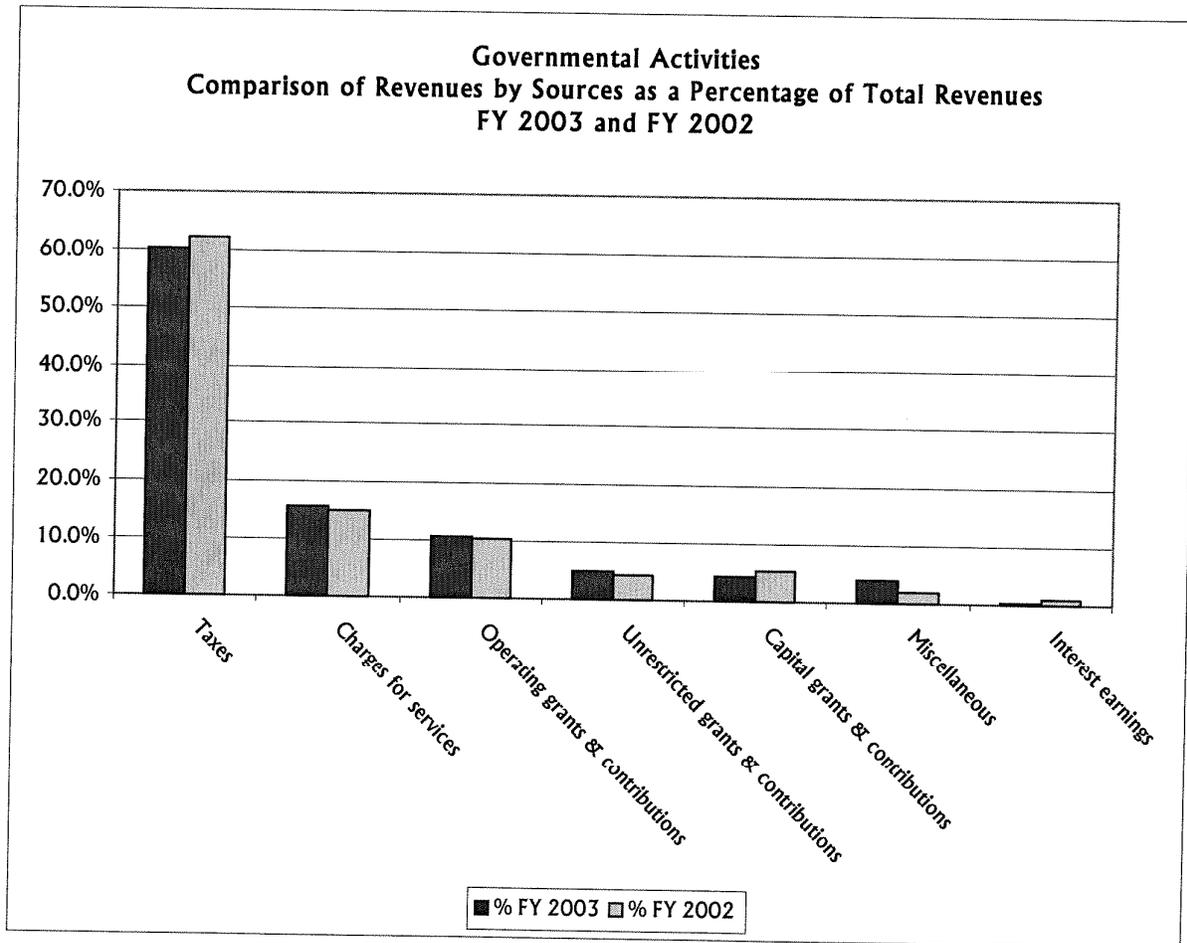
Statement of Activities

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

Governmental Activities

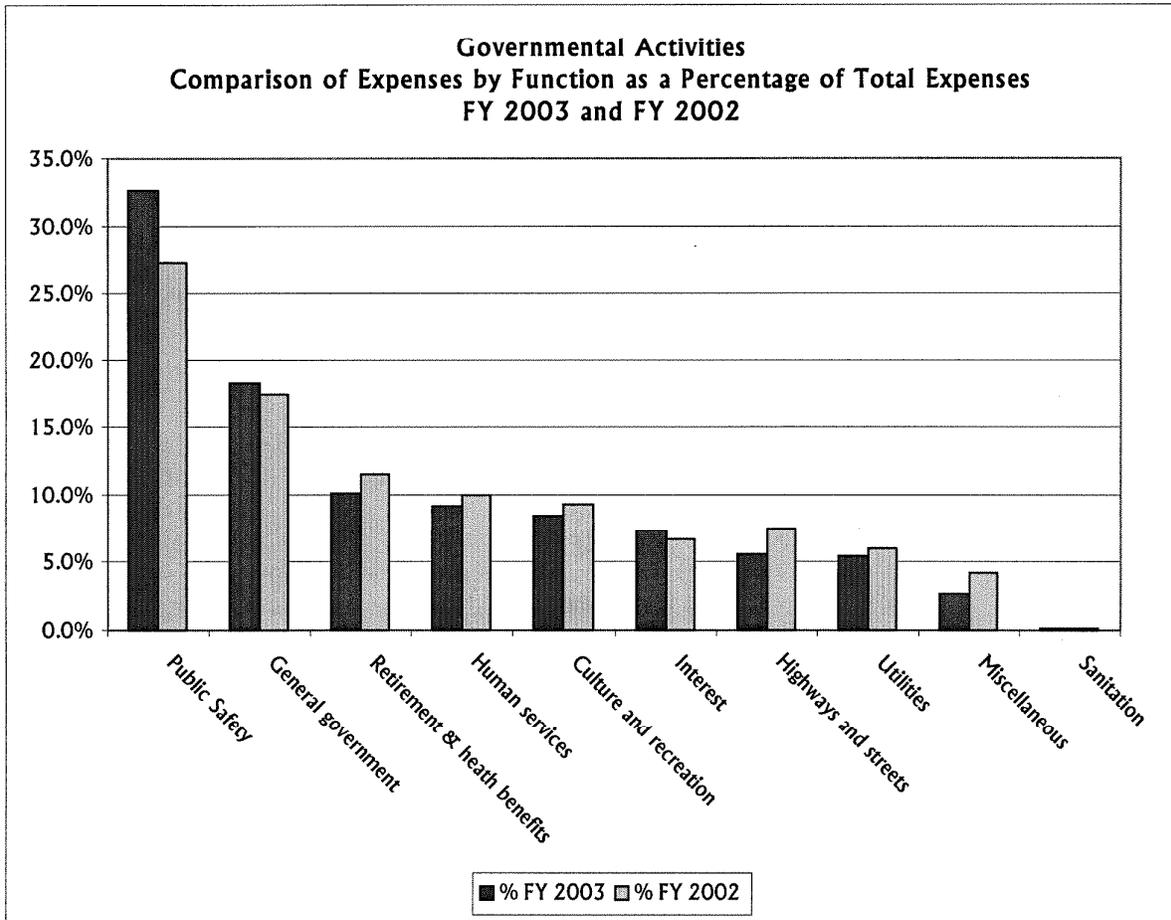
Governmental activities decreased the City's net assets by \$44.8 million in fiscal year 2003. Key elements of the decrease in net assets were depreciation expense for capital assets, high retirement benefits expense, increase in costs for normal wage and inflation expenses, and the costs of providing increased level of services while not raising tax rates.

Revenues. The following exhibit, Comparison of Revenues by Sources for Governmental Activities, indicates revenues from governmental activities remained virtually unchanged for the last two fiscal years. Taxes, including real property taxes of \$385.1 million for fiscal year 2003, amounted to 60.1% of revenues from governmental activities.



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses. During the 2003 fiscal year, the City spent \$264.4 million or 32.7% of the governmental activities budget on public safety, \$148.4 million or 18.3% on general government and \$82.7 million or 10.2% on retirement and health benefits as displayed below on the exhibit of expenses by function. In the prior fiscal year, the City spent 27.2%, 17.4% and 11.5% on public safety, general government, and retirement and health benefits, respectively.

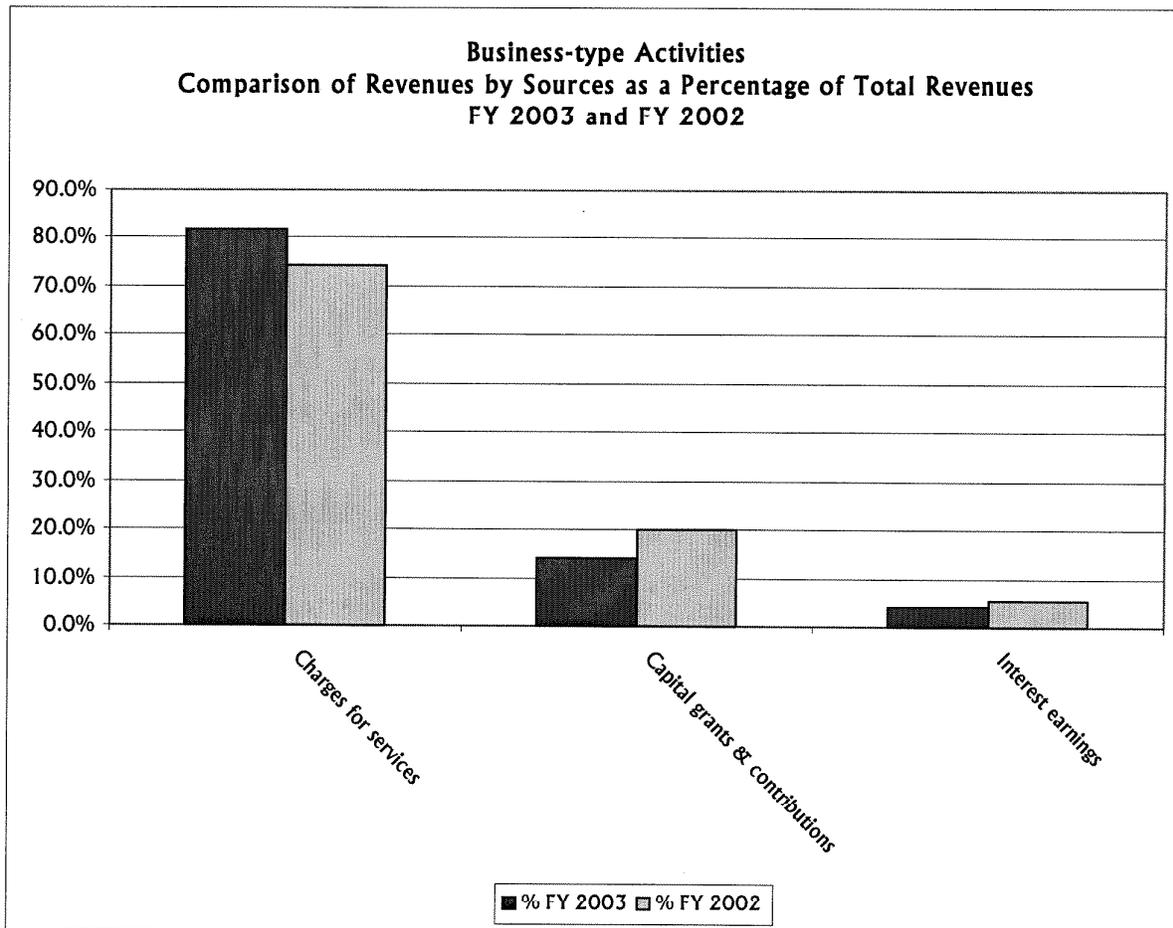


CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

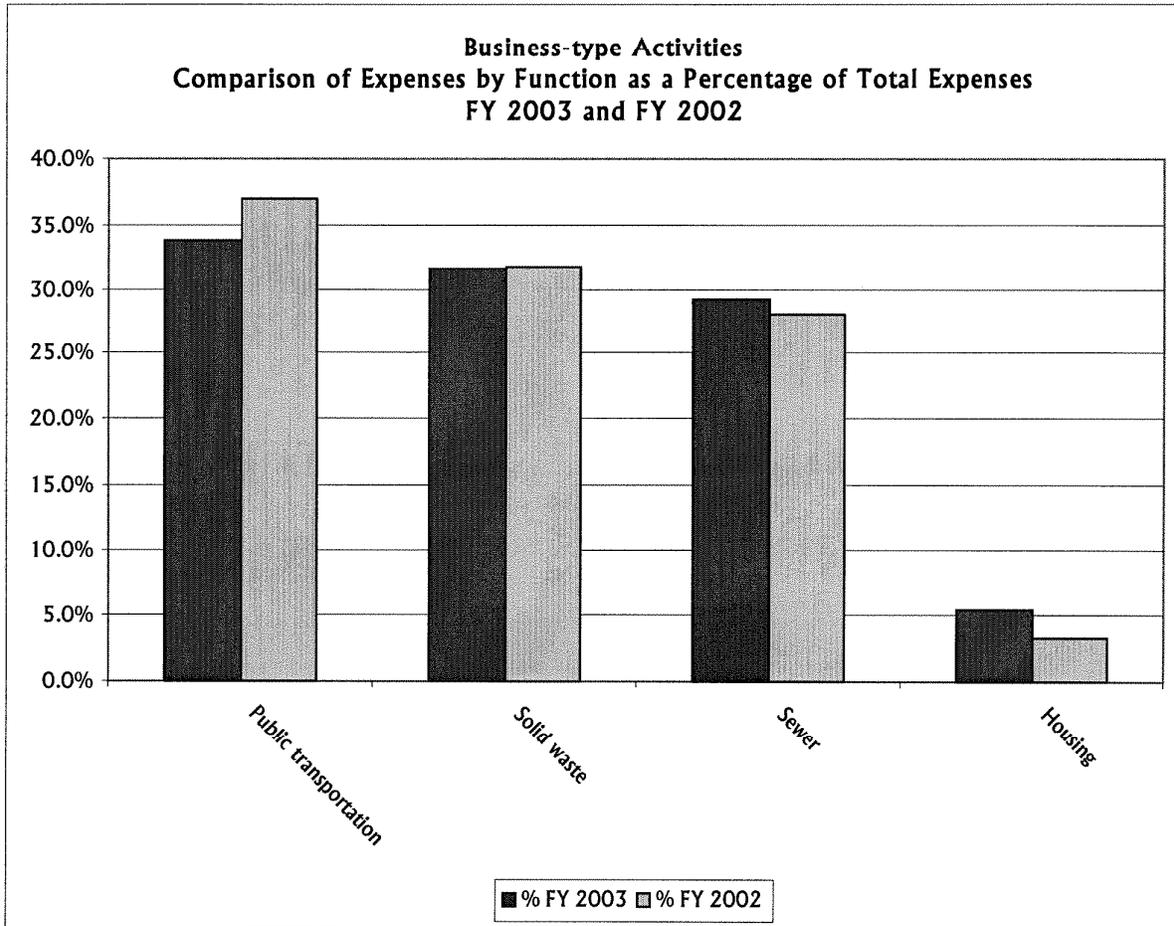
The City's net assets dropped \$99.7 million as a result of its business-type activities. The decline was due to a variety of factors such as not raising key user fees to cover increases for normal wage and inflation expenses and costs for expanded services.

Revenues. The exhibit below indicates that charges for services provided 81.4% of the revenues for business-type activities for fiscal year 2003 in contrast to 74% for the previous year. Charges for services totaled \$254.5 million and can be disaggregated as follows: housing (\$18.5 million), sewer (\$115.8 million), solid waste (\$88.4 million) and public transportation (\$31.8 million).



CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses. As displayed in the exhibit below, expenses by business-type activities were virtually unchanged in contrast to the prior year. Public transportation used the most resources (33.8%), followed by solid waste (31.5%) and sewer (29.3%) for fiscal year 2003. The public transportation (bus and handi-van) operations were subsidized by the governmental activities in the amount of \$75.8 million and \$75.4 million for fiscal year 2003 and 2002, respectively.



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

The following table summarizes the changes in fund balances for the City's governmental funds as of the end of the 2003 fiscal year, amounting to a deficit of \$50 million in comparison to the surplus of \$5.8 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	
						2003	2002
Revenues:							
Taxes	\$411.0	\$ 69.8	\$ --	\$ --	\$ --	\$480.8	\$477.7
Other	159.3	38.2	--	0.3	143.5	341.3	346.6
Total Revenues	570.3	108.0	--	0.3	143.5	822.1	824.3
Expenditures	456.3	53.0	155.0	80.4	220.2	964.9	983.8
Subtotal	114.0	55.0	(155.0)	(80.1)	(76.7)	(142.8)	(159.5)
Transfers and Other	(95.5)	(55.1)	155.0	50.1	38.3	92.8	165.3
Changes in Fund Balances	\$ 18.5	\$ (0.1)	\$ --	\$(30.0)	\$(38.4)	\$(50.0)	\$ 5.8

The above changes in fund balances for the governmental funds differ from the changes in net assets for governmental activities on page 21. The differences relate to certain financial resources and expenditures such as debt financing and capital outlays that are included in the changes in fund balances but are not reported in the changes in net assets as described on page 37.

General Fund.

The General Fund is the chief operating fund of the City. At June 30, 2003, unreserved fund balance of the General Fund was \$51.5 million, while total fund balance amounted to \$72.8 million, representing increases of \$16.3 million and \$18.5 million, respectively, in comparison to the prior fiscal year end.

Real property taxes, the primary General Fund revenue source, rose by \$3.8 million compared to the prior year. The increase resulted from slightly higher assessed valuations on real property. State of Hawaii legislation effective July 1, 2001 enabled the City to collect \$25.2 million in public service company taxes during fiscal year 2003, an increase of 1.4% compared to the previous year.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

Highway Fund.

The Highway Fund includes special revenue proceeds that have been earmarked by law for highway and related activities. Major revenue sources include the City fuel tax, vehicle weight tax and public utility franchise tax. The unreserved fund balance decreased nominally (0.1%) from \$25.6 million at the close of the prior fiscal year to \$25.5 million as of June 30, 2003. Similarly, total fund balance dropped a slight 0.4% to \$27 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. As of June 30, 2003, the balance of matured bonds and interest payable was \$358,000, a minor reduction of 0.3% compared to the prior year.

General Improvement Bond Fund.

Although the General Improvement Bond Fund did not meet the qualitative criteria for a major fund in fiscal year 2003, the City elected to classify it as major. Deposits into the fund include proceeds from the sale of general obligation bonds issued to pay for public improvements to be appropriated and expended from the fund as specified in the Executive Capital Budget and Program Ordinance. Also, the fund consists of maturing City improvement district assessment bonds and special assessment collections. Encumbered contracts underway, one component of fund balance, amounted to \$294.9 million at the end of the 2003 fiscal year and \$331.3 million at the end of last year. Unreserved capital projects, the other component of fund balance, reflected deficits of \$312 million as of June 30, 2003 and \$318.3 million at the end of the prior year. There being no proceeds from the sale of general obligation bonds, the total fund balance reflected a deficit of \$17.1 million at June 30, 2003 despite an 11% reduction in the amount reserved for encumbrances. On the other hand, total fund balance amounted to a surplus of \$13 million the year before.

All Other Funds.

All other funds consist of the City's nonmajor governmental funds. The decreases of \$38.4 million and \$15.9 million in fund balance for fiscal years 2003 and 2002, respectively, are primarily attributable to the excess of expenditures and other uses over revenues and other sources for the Highway Improvement Bond Fund, Federal Grants Capital Projects Fund and Capital Projects Fund. The deficiency in fiscal year 2003 for the nonmajor funds was offset by the beginning fund balance of \$85.9 million and resulted in an ending fund balance of \$47.6 million.

Proprietary Funds

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

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Actual revenues exceeded budgetary estimates by \$8.8 million or 1.6% for fiscal year 2003 resulting from increased collections of real property taxes, building permit fees and motor vehicle weight taxes. For the prior year, actual revenues surpassed budgeted revenues by \$8.3 million or 1.5% primarily due to a rise in tax revenues. With expenditure control measures, actual expenditures were less than budgetary estimates by \$25.2 million or 5% for fiscal year 2003 and by \$22.3 million or 4.5% for the previous year. The net changes in fund balance were favorable variances of \$27.4 million for fiscal year 2003 and \$40.6 million for last year, thereby eliminating the need to draw upon existing reserves.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, totaled \$3.4 billion for the primary government of which \$1.7 billion pertained to governmental activities as of June 30, 2003. This investment in capital assets includes land, construction work in progress, buildings and improvements, equipment and machinery and infrastructure.

Some of the major capital asset events for the governmental funds during the 2003 fiscal year included the completion of construction of the Koko Head Regional Park/Hanauma Nature Preserve (\$13 million), Smith-Beretania Park Improvements (\$8 million), Waipio Soccer Park Improvements (\$7.6 million), Manana Community Park Improvements (\$4.3 million), Central Oahu Regional Park Tennis Complex and Fields (\$3.7 million), Energy Performance Improvements at Honolulu Hale (\$2.9 million), New Gym at Manoa Valley District Park (\$2.9 million), and Queen's Surf Promenade Improvements (\$2.9 million).

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of the capital assets for governmental activities as of June 30, 2003 in comparison to the previous year:

Governmental Activities Summary of Capital Assets (Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Non-depreciable assets:						
Land	\$ 454.8	\$ 430.5	\$ 105.5	\$ 102.4	\$ 560.3	\$ 532.9
Construction work in progress	165.8	226.8	186.5	128.3	352.3	355.1
Other capital assets:						
Buildings and improvements	864.2	743.5	651.9	608.4	1,516.1	1,351.9
Equipment and machinery	217.4	216.6	430.5	423.4	647.9	640.0
Infrastructure	734.8	679.6	793.3	787.5	1,528.1	1,467.1
Less: accumulated depreciation	(781.4)	(726.2)	(457.6)	(402.7)	(1,239.0)	(1,128.9)
Net	<u>\$1,655.6</u>	<u>\$1,570.8</u>	<u>\$1,710.1</u>	<u>\$1,647.3</u>	<u>\$ 3,365.7</u>	<u>\$ 3,218.1</u>

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

Long-Term Debt

At the end of the 2003 fiscal year, the City's long-term debt consisted of the following: total bonded debt outstanding of \$2.6 billion, notes payable of \$92.7 million, capital lease obligations of \$700,000 and various installment purchase contracts of \$2 million. Of the total bonded debt, \$704 million represent revenue bonds secured solely by specified revenue sources, and \$1.4 million comprise special assessment debt for which the City is liable in the event of default by the property owners of the assessment.

Debt activity during the year include the following:

- \$218.4 million in Junior Series bonds were issued on May 8, 2003 for Wastewater System Revenue Bonds.
- \$126.9 million of general obligation bond tax-exempt commercial paper notes were issued on various dates for refunding of general obligation bonds of \$46.8 million, various capital improvement projects and equipment purchases.
- \$3.3 million in low interest state revolving fund notes were secured on various dates.

Concurrent with the issuance of the aforementioned bonds, the City purchased Municipal Bond New Issue 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, Moody's Investor Services Inc. and Fitch Inc. assigned ratings of Aaa and AAA, respectively, for the bonds issued on May 8, 2003.

CITY AND COUNTY OF HONOLULU MANAGEMENT'S DISCUSSION AND ANALYSIS

The City is within all of its legal debt limitations. State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its net assessed valuation. The debt limitation for the City is \$11 billion for the 2003 fiscal year. Net debt, excluding debt issued for enterprise fund activities and special assessments, applicable to legal debt margin amounted to \$1.4 billion.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Indicators suggest that the local economy is continuing its recovery. Unemployment is down; personal income, wages and salaries, and proprietors' income are up; inflation is low; and bankruptcy filings decreased. Additionally, residential real estate prices are climbing. In fact, the assessed valuation of real property on Oahu increased 7.6% to \$79.2 billion for fiscal year 2004 from \$73.6 billion for the previous fiscal year.

At the same time, the City is making every effort to contain costs while maintaining the expected level of service to the public. Specifically, the capital improvement budgets have been dropping in recent years, i.e., from \$579.2 million for fiscal year 2002 and \$455.6 million for 2003 to \$276.8 for 2004. On the other hand, increases in negotiated salaries, health fund contributions, FICA taxes, workers compensation, risk management, and judgments and losses have contributed to the rising operating budgets: from \$1,333.8 million for fiscal year 2002 and \$1,381.4 million for 2003 to \$1,429.7 million for 2004. It should be noted that although the operating budget for fiscal year 2003 was balanced without layoffs or increasing taxes or user fees, real property tax rates were raised slightly for fiscal year 2004. In addition, the City Council recently approved an increase to motor vehicle weight tax rates effective for the registration period commencing January 1, 2004.

FINANCIAL CONTACT

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

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY AND COUNTY OF HONOLULU
STATEMENT OF NET ASSETS**

JUNE 30, 2003

(Amounts in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 100,067	\$ 178,613	\$ 278,680	\$ 7,924
Investments	38,304	111,061	149,365	76,646
Receivables (net)	117,148	39,777	156,925	16,398
Internal balances	(22,013)	22,013	--	--
Inventories	45	15,729	15,774	3,850
Deferred charges and other	--	4,997	4,997	2,853
Restricted assets:				
Cash and cash equivalents	--	740	740	6,074
Investments	--	--	--	52,149
Other	--	3,667	3,667	843
Capital assets (net of accumulated depreciation):				
Land	454,834	105,480	560,314	30,090
Buildings and improvements	588,044	546,128	1,134,172	91,228
Equipment and machinery	87,588	147,262	234,850	79,472
Infrastructure	359,369	724,683	1,084,052	657,390
Construction work in progress	165,765	186,553	352,318	121,579
Total assets	<u>1,889,151</u>	<u>2,086,703</u>	<u>3,975,854</u>	<u>1,146,496</u>
LIABILITIES				
Accounts payable	19,353	29,333	48,686	22,415
Matured bonds and interest payable ...	367	--	367	--
Accrued interest payable	17,779	20,910	38,689	1,689
Due to fiduciary funds	4,622	79	4,701	--
Other liabilities	--	35,323	35,323	11,470
Noncurrent liabilities:				
Due within one year	214,943	48,498	263,441	1,090
Due in more than one year	1,320,528	1,208,331	2,528,859	118,180
Total liabilities	<u>1,577,592</u>	<u>1,342,474</u>	<u>2,920,066</u>	<u>154,844</u>
NET ASSETS				
Invested in capital assets, net of related debt	262,817	702,785	965,602	863,803
Restricted for:				
Capital activity	--	--	--	43,430
Debt service	1,412	20,603	22,015	2,797
Unrestricted	47,330	20,841	68,171	81,622
Total net assets	<u>\$ 311,559</u>	<u>\$ 744,229</u>	<u>\$ 1,055,788</u>	<u>\$ 991,652</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, 2003
(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.....	\$ 148,379	\$ 74,512	\$ 4,813	\$ 1,497
Public safety.....	264,427	26,239	5,065	281
Highways and streets.....	45,049	2,115	--	11,408
Sanitation.....	648	2	--	655
Human services.....	74,463	2,208	53,766	16,134
Culture and recreation.....	68,323	19,914	849	130
Utilities.....	44,261	--	21,019	3,631
Retirement and health benefits...	82,684	--	--	--
Miscellaneous.....	21,288	--	--	--
Interest.....	60,203	--	--	--
Total governmental activities...	809,725	124,990	85,512	33,736
Business-type activities:				
Housing.....	24,151	18,540	--	--
Sewer.....	130,186	115,773	--	1,006
Solid Waste.....	140,060	88,429	--	215
Public Transportation.....	150,523	31,776	--	44,014
Total business-type activities....	444,920	254,518	--	45,235
Total primary government.....	\$ 1,254,645	\$ 379,508	\$ 85,512	\$ 78,971
Component unit:				
Board of Water Supply.....	\$ 114,247	\$ 106,816	\$ --	\$ 18,124
General revenues:				
Property taxes.....				
Public service company tax.....				
Fuel tax				
Public utility franchise tax.....				
Investment earnings.....				
Unrestricted grants and contributions.....				
Other.....				
Transfers.....				
Total general revenues and transfers.....				
Change in net assets.....				
Net assets - beginning, as restated for Component Unit.....				
Net assets - ending.....				

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

CITY AND COUNTY OF HONOLULU
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2003
 (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
\$ (67,557)	\$ --	\$ (67,557)	\$ --
(232,842)	--	(232,842)	--
(31,526)	--	(31,526)	--
9	--	9	--
(2,355)	--	(2,355)	--
(47,430)	--	(47,430)	--
(19,611)	--	(19,611)	--
(82,684)	--	(82,684)	--
(21,288)	--	(21,288)	--
(60,203)	--	(60,203)	--
<u>(565,487)</u>	<u>--</u>	<u>(565,487)</u>	<u>--</u>
--	(5,611)	(5,611)	--
--	(13,407)	(13,407)	--
--	(51,416)	(51,416)	--
--	(74,733)	(74,733)	--
<u>--</u>	<u>(145,167)</u>	<u>(145,167)</u>	<u>--</u>
<u>(565,487)</u>	<u>(145,167)</u>	<u>(710,654)</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>10,693</u>
385,107	--	385,107	--
25,171	--	25,171	--
47,156	--	47,156	--
22,104	--	22,104	--
3,099	12,981	16,080	5,367
38,771	--	38,771	--
31,781	--	31,781	--
(32,522)	32,522	--	--
<u>520,667</u>	<u>45,503</u>	<u>566,170</u>	<u>5,367</u>
(44,820)	(99,664)	(144,484)	16,060
356,379	843,893	1,200,272	975,592
<u>\$ 311,559</u>	<u>\$ 744,229</u>	<u>\$ 1,055,788</u>	<u>\$ 991,652</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

MAJOR FUNDS

General Fund

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

Special Revenue Fund

Highway Fund

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

Debt Service Fund

General Obligation Bond and Interest Redemption Fund

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

Capital Projects Fund

General Improvement Bond Fund

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

NONMAJOR FUNDS

Special Revenue Funds

Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund

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

Bikeway Fund

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

Parks and Playgrounds Fund

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

Federal Revenue Sharing Fund

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

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Liquor Commission Fund

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

Rental Assistance Fund

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

Zoo Animal Purchase Fund

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

Hanauma Bay Nature Preserve Fund

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

Special Reserve Fund

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

Community Development Fund

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

Golf Fund

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

Special Events Fund

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

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Farmers Home Administration Loan Fund

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

Special Projects Fund

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

Federal Grants Fund

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

Housing and Community Development Rehabilitation Loan Fund

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

Pauahi Project Expenditures, Hawaii R-15 Fund

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

Housing and Community Development Section 8 Contract Fund

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

Leasehold Conversion Fund

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

Improvement District Revolving Fund

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

Governmental Fund Financial Statements (Continued)

NONMAJOR FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Housing and Community Development Revolving Fund

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

Municipal Stores Revolving Fund

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

Debt Service Fund

Improvement District Bond and Interest Redemption Fund

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

Capital Projects Funds

Highway Improvement Bond Fund

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

Federal Grants Capital Projects Fund

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

Capital Projects Fund

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

CITY AND COUNTY OF HONOLULU
GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2003

(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	\$ 13,490	\$ 23,333	\$ 358	\$ 13,570	\$ 87,620	\$ 138,371
Receivables	20,347	15,471	--	--	81,330	117,148
Due from other funds	58,999	126	--	3,122	227	62,474
Inventories	--	--	--	--	45	45
Total Assets	<u>\$ 92,836</u>	<u>\$ 38,930</u>	<u>\$ 358</u>	<u>\$ 16,692</u>	<u>\$ 169,222</u>	<u>\$ 318,038</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,854	\$ 334	\$ --	\$ 4,330	\$ 6,451	\$ 14,969
Accrued payroll	3,887	289	--	5	203	4,384
Due to other funds	5,271	--	--	29,436	54,402	89,109
Matured bonds and interest payable.....	--	--	358	--	9	367
Deferred revenue	7,008	11,326	--	--	60,564	78,898
Total Liabilities	<u>20,020</u>	<u>11,949</u>	<u>358</u>	<u>33,771</u>	<u>121,629</u>	<u>187,727</u>
Fund Balances:						
Reserved for:						
Encumbrances	21,320	1,463	--	294,930	345,529	663,242
Debt service	--	--	--	--	1,412	1,412
Unreserved, reported in:						
General fund	51,496	--	--	--	--	51,496
Special revenue funds	--	25,518	--	--	4,900	30,418
Capital projects funds	--	--	--	(312,009)	(304,248)	(616,257)
Total Fund Balances	<u>72,816</u>	<u>26,981</u>	<u>--</u>	<u>(17,079)</u>	<u>47,593</u>	<u>130,311</u>
Total Liabilities and Fund Balances	<u>\$ 92,836</u>	<u>\$ 38,930</u>	<u>\$ 358</u>	<u>\$ 16,692</u>	<u>\$ 169,222</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,655,600

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 78,898

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (1,553,250)

Net assets of governmental activities \$ 311,559

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, 2003
 (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.....	\$ 411,043	\$ 69,808	\$ --	\$ --	\$ --	\$ 480,851
Special assessments.....	--	--	--	--	520	520
Licenses and permits.....	29,340	29,026	--	--	2,854	61,220
Intergovernmental.....	32,763	--	--	--	111,719	144,482
Charges for services.....	4,250	4,328	--	--	12,125	20,703
Fines and forfeits.....	303	2	--	--	341	646
Miscellaneous:						
Reimbursements and recoveries.....	78,878	20	--	--	10	78,908
Interest.....	3,099	--	--	--	547	3,646
Other.....	10,616	4,786	--	305	15,458	31,165
Total Revenues.....	570,292	107,970	--	305	143,574	822,141
Expenditures:						
Current:						
General government.....	94,835	11,143	--	--	9,089	115,067
Public safety.....	222,366	19,342	--	--	4,401	246,109
Highways and streets.....	2,478	11,347	--	--	6	13,831
Sanitation.....	--	648	--	--	--	648
Human services.....	1,689	--	--	--	50,318	52,007
Culture-recreation.....	44,578	--	--	--	17,682	62,260
Utilities or other enterprises.....	--	1,322	--	--	21,235	22,557
Miscellaneous:						
Retirement and health benefits.....	71,524	7,840	--	--	3,427	82,791
Other.....	17,252	1,337	--	--	275	18,864
Capital Outlay:						
General government.....	--	--	--	30,516	2,180	32,696
Public safety.....	--	--	--	5,527	4,275	9,802
Highways and streets.....	--	--	--	985	56,107	57,092
Sanitation.....	--	--	--	--	196	196
Human services.....	--	--	--	--	23,308	23,308
Culture-recreation.....	--	--	--	43,387	5,537	48,924
Utilities or other enterprises.....	--	--	--	--	21,704	21,704
Debt service:						
Principal.....	1,311	--	72,219	--	370	73,900
Interest.....	264	--	82,795	--	105	83,164
Total Expenditures.....	456,297	52,979	155,014	80,415	220,215	964,920
Revenues over (under) Expenditures.....	113,995	54,991	(155,014)	(80,110)	(76,641)	(142,779)
Other Financing Sources (Uses):						
Proceeds of general obligation bonds	--	--	--	50,066	30,000	80,066
Proceeds of tax exempt commercial paper ...	--	--	36,732	--	--	36,732
Proceeds of long-term notes	--	--	--	--	2,781	2,781
Sales of general fixed assets.....	310	577	--	--	--	887
Transfers in.....	99,180	--	118,282	--	20,891	238,353
Transfers out.....	(195,019)	(55,671)	--	--	(15,331)	(266,021)
Total Other Financing Sources (Uses).....	(95,529)	(55,094)	155,014	50,066	38,341	92,798
Net change in fund balances.....	18,466	(103)	--	(30,044)	(38,300)	(49,981)
Fund Balances - July 1.....	54,350	27,084	--	12,965	85,893	180,292
Fund Balances - June 30.....	\$ 72,816	\$ 26,981	\$ --	\$ (17,079)	\$ 47,593	\$ 130,311

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, 2003
 (Amounts in thousands)

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

Net change in fund balances--total governmental funds	\$ (49,981)
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.	84,869
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(2,044)
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.	(73,165)
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.	(4,499)
Change in net assets of governmental activities	<u>\$ (44,820)</u>

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

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Proprietary Fund Financial Statements

Housing Development Special Fund

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

Sewer Fund

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

Solid Waste Special Fund

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

Public Transportation System

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

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2003
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 26,332	\$ 115,546	\$ 32,940	\$ 3,795	\$ 178,613
Investments	--	98,632	11,336	1,093	111,061
Receivables:					
Accounts (net of allowance for uncollectibles of \$2,087)	2,069	16,336	14,059	--	32,464
Interest	17	431	1,575	--	2,023
Note	5,290	--	--	--	5,290
Due from other funds	--	25,627	92	--	25,719
Inventories of parts, materials and supplies, at cost (net of \$227 reserve for obsolescence)	--	4,423	--	6,631	11,054
Inventories of real estate held for sale	4,675	--	--	--	4,675
Prepaid expenses and other assets	22	--	665	1,704	2,391
Total Current Assets	38,405	260,995	60,667	13,223	373,290
Restricted Assets:					
Cash and cash equivalents	--	--	--	740	740
Other	3,667	--	--	--	3,667
Fixed Assets:					
Land	17,643	5,841	24,148	57,848	105,480
Buildings and improvements	108,504	440,327	52,483	50,579	651,893
Transmission and distribution system	--	793,268	--	--	793,268
Equipment and machinery	153	21,787	243,479	20,372	285,791
Buses and other transit vehicles	--	--	--	144,707	144,707
Construction work in progress	7,312	168,996	49	10,196	186,553
Accumulated depreciation	(36,143)	(114,858)	(174,575)	(132,010)	(457,586)
Deferred charges and other	2,237	--	369	--	2,606
Total Assets	141,778	1,576,356	206,620	165,655	2,090,409
LIABILITIES					
Current Liabilities:					
Accounts payable	1,377	18,166	7,927	1,863	29,333
Interest payable-current	1,553	11,712	7,645	--	20,910
Notes payable-current	--	5,619	--	--	5,619
Bonds payable-current	7,191	10,871	19,567	--	37,629
Operating fee obligation, net of note receivable	--	--	4,935	--	4,935
Due to other funds	--	53	3,732	--	3,785
Reserve for insurance claims payable	--	--	--	10,371	10,371
Accrued payroll	--	--	421	--	421
Other current liabilities	102	756	--	252	1,110
Total Current Liabilities	10,223	47,177	44,227	12,486	114,113
Notes payable	--	79,877	--	--	79,877
General obligation bonds payable	111,228	57,952	179,089	--	348,269
Revenue bonds payable	--	677,159	--	--	677,159
Operating fee obligation, net of note receivable	--	--	87,756	--	87,756
Estimated liability for landfill closure and postclosure care costs	--	--	15,587	--	15,587
Other liabilities	10,795	5,818	3,278	3,528	23,419
Total Liabilities	132,246	867,983	329,937	16,014	1,346,180
NET ASSETS					
Invested in capital assets, net of related debt	(20,950)	625,114	(53,071)	151,692	702,785
Restricted for debt service	--	20,603	--	--	20,603
Unrestricted	30,482	62,656	(70,246)	(2,051)	20,841
Total Net Assets (Deficit)	\$ 9,532	\$ 708,373	\$ (123,317)	\$ 149,641	\$ 744,229

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, 2003
 (Amounts in thousands)

	Business-type Activities-Enterprise Funds				Totals
	Housing	Sewer	Solid Waste	Public Transportation System	
Operating Revenues:					
Sales of dwelling units and lots	\$ 10,613	\$ --	\$ --	\$ --	\$ 10,613
Rental income	7,927	--	3,223	--	11,150
Sewer service charges	--	111,878	--	--	111,878
Disposal and collection fees	--	--	53,986	--	53,986
Electrical energy fee	--	--	30,275	--	30,275
Passenger fares for transit services	--	--	--	31,358	31,358
Other revenue	--	3,869	945	418	5,232
Total Operating Revenues	18,540	115,747	88,429	31,776	254,492
Operating Expenses:					
Administrative and general	630	29,502	38,048	1,584	69,764
Maintenance	1,141	223	518	3	1,885
Depreciation	3,589	30,290	16,813	13,648	64,340
Contractual services	1,054	7,571	41,417	104,057	154,099
Supplemental operating fee	--	--	3,223	--	3,223
Fringe benefits	90	8,711	6,458	--	15,259
Materials and supplies	22	4,857	2,245	8,746	15,870
Fuel and lubricants	--	1,695	535	6,191	8,421
Insurance	224	--	2,338	11,166	13,728
State taxes - fuel	--	--	106	2,301	2,407
Utilities	922	7,426	185	1,170	9,703
Cost of sales - dwelling units and lots	9,615	--	--	--	9,615
Other	--	10	--	439	449
Total Operating Expenses	17,287	90,285	111,886	149,305	368,763
Operating Income (Loss)	1,253	25,462	(23,457)	(117,529)	(114,271)
Nonoperating Revenues (Expenses):					
Interest revenue	346	2,032	10,632	32	13,042
Interest expense	(4,889)	(35,354)	(27,025)	--	(67,268)
Gain (Loss) from disposal of property ..	--	26	--	(1,218)	(1,192)
Amortization expense	(99)	--	(133)	--	(232)
Net decrease in the fair value of investments	--	--	--	(61)	(61)
Other	(1,876)	(4,547)	(1,016)	--	(7,439)
Total Nonoperating Revenues (Expenses)	(6,518)	(37,843)	(17,542)	(1,247)	(63,150)
Income (Loss) before Operating Transfers and Capital Contributions.....	(5,265)	(12,381)	(40,999)	(118,776)	(177,421)
Transfers In	21	--	42,085	75,771	117,877
Transfers Out	--	(59,633)	(25,722)	--	(85,355)
Capital Contributions	--	1,006	215	44,014	45,235
Change in Net Assets	(5,244)	(71,008)	(24,421)	1,009	(99,664)
Net Assets - July 1	14,776	779,381	(98,896)	148,632	843,893
Net Assets - June 30	\$ 9,532	\$ 708,373	\$ (123,317)	\$ 149,641	\$ 744,229

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, 2003
 (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.....	\$ 18,865	\$ 115,755	\$ 83,404	\$ 32,366	\$ 250,390
Payments to suppliers.....	(4,368)	(12,250)	(54,361)	(133,467)	(204,446)
Payments to employees.....	--	(35,840)	(19,048)	(956)	(55,844)
Payments for interfund services used.....	--	(18,768)	(1,321)	--	(20,089)
Other receipts (payments).....	1,087	(436)	(6,232)	--	(5,581)
Net cash provided by (used in) operating activities	<u>15,584</u>	<u>48,461</u>	<u>2,442</u>	<u>(102,057)</u>	<u>(35,570)</u>
Cash flows from noncapital financing activities:					
Transfers in	21	--	42,020	75,772	117,813
Transfers out	--	(59,633)	(25,537)	--	(85,170)
Contributions	--	--	--	21,211	21,211
Net cash provided by (used in) noncapital financing activities	<u>21</u>	<u>(59,633)</u>	<u>16,483</u>	<u>96,983</u>	<u>53,854</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(20)	(105,147)	(9,114)	(127)	(114,408)
Proceeds from issuing notes	--	480	--	--	480
Principal paid on operating fee obligation	--	--	(17,983)	--	(17,983)
Interest paid on operating fee obligation	--	--	(12,631)	--	(12,631)
Proceeds from issuing bonds	--	195,083	--	--	195,083
Principal paid on notes	--	(5,396)	--	--	(5,396)
Principal paid on bonds	(4,894)	(1,052)	(17,188)	--	(23,134)
Interest paid on notes	--	(2,989)	--	--	(2,989)
Interest paid on bonds	(4,925)	(26,235)	(12,575)	--	(43,735)
Net cash provided by (used in) capital and related financing activities	<u>(9,839)</u>	<u>54,744</u>	<u>(69,491)</u>	<u>(127)</u>	<u>(24,713)</u>
Cash flows from investing activities:					
Purchase of investments	(270,787)	(262,029)	(157,937)	21,257	(669,496)
Proceeds from maturities of investments	270,787	306,344	203,656	(22,325)	758,462
Notes receivable from sale of lots	(3,396)	--	--	--	(3,396)
Principal received on notes receivable ...	1,608	--	13,780	--	15,388
Interest received on notes receivable	1	--	10,147	--	10,148
Deposits into restricted assets	(375)	--	--	--	(375)
Interest on investments	348	2,586	905	32	3,871
Other	(1,000)	--	--	--	(1,000)
Net cash provided by (used in) investing activities	<u>(2,814)</u>	<u>46,901</u>	<u>70,551</u>	<u>(1,036)</u>	<u>113,602</u>
Net increase (decrease) in cash and cash equivalents	2,952	90,473	19,985	(6,237)	107,173
Cash and cash equivalents - July 1	<u>23,380</u>	<u>25,073</u>	<u>12,955</u>	<u>10,772</u>	<u>72,180</u>
Cash and cash equivalents - June 30	<u>\$ 26,332</u>	<u>\$ 115,546</u>	<u>\$ 32,940</u>	<u>\$ 4,535</u>	<u>\$ 179,353</u>
<small>(Public Transportation includes \$740 in cash and cash equivalents in restricted assets)</small>					

CITY AND COUNTY OF HONOLULU
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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)	\$ 1,253	\$ 25,462	\$ (23,457)	\$ (117,529)	\$ (114,271)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	3,589	30,290	16,813	13,648	64,340
Other revenues (expenses)	1,087	--	93	--	1,180
Writeoff of capital assets	--	431	--	46	477
(Increase) decrease in accounts receivable	326	436	(1,213)	--	(451)
(Increase) decrease in due from other funds	--	(18,768)	236	--	(18,532)
(Increase) decrease in parts, materials and supplies	--	287	--	(278)	9
Decrease in real estate held for sale	417	--	--	--	417
(Increase) decrease in prepaid expenses and other assets	9,142	--	(262)	555	9,435
Increase in trade accounts payables	63	10,114	2,903	449	13,529
Increase in reserve for insurance claims payable	--	--	--	852	852
Increase (decrease) in deferred credits	(293)	--	93	590	390
Increase (decrease) in other liabilities	--	267	3,590	(390)	3,467
Increase (decrease) in due to other funds	--	(58)	3,646	--	3,588
Net cash provided by (used in) operating activities	<u>\$ 15,584</u>	<u>\$ 48,461</u>	<u>\$ 2,442</u>	<u>\$ (102,057)</u>	<u>\$ (35,570)</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, 2003.

Sewer

The Sewer Fund received approximately \$1,005 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, 2003. Interest expense of \$6,441 was recognized for capital appreciation bonds for the year ended June 30, 2003.

Solid Waste

Amortization of bond discount amounted to \$133 for the year ended June 30, 2003. Solid Waste received contributions of fixed assets from the City and County of Honolulu amounting to \$215 for the year ended June 30, 2003.

Public Transportation System

The Public Transportation System received contributions of fixed assets from the City and County of Honolulu amounting to \$11,788 for the year ended June 30, 2003.

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, 2003
 (Amounts in thousands)

	Private-purpose Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,093	\$ 20,221
Investments	2,245	4,753
Due from other funds	--	4,701
Total assets	4,338	29,675
<u>LIABILITIES</u>		
Accounts payable	--	3,262
Other current liabilities	--	26,413
Total liabilities	--	29,675
<u>NET ASSETS</u>		
Held in trust for individuals, organizations and other governments	\$ 4,338	\$ --

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

CITY AND COUNTY OF HONOLULU
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 JUNE 30, 2003
 (Amounts in thousands)

	Private-purpose Trust Fund
<u>ADDITIONS</u>	
Interest	\$ 23
Collections for sundry creditors, contributions, etc.....	649
Total additions	672
<u>DEDUCTIONS</u>	
Payments in accordance with trust agreements	387
Transfers out	22,154
Total deductions	22,541
Change in net assets	(21,869)
Net assets - July 1	26,207
Net assets - June 30	\$ 4,338

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, 2003

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

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

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

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

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

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

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

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

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2003

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

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

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are essentially two types of these revenues. For one type of revenues, monies must be expended for a specific purpose or project and revenues are recognized to the extent of such expenditures.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2003

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.

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.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2003

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).

Proprietary Funds

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

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

Fiduciary Funds

The City maintains the following fiduciary fund types:

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

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

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

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

The accompanying financial statements of the City have been prepared in conformity with generally accepted accounting principles ("GAAP") for governments as prescribed by the Governmental Accounting Standards Board ("GASB"). Pronouncements of the Financial

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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. 20.

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*. These Statements provide for new financial reporting requirements for state and local governments.

Budgets and Budgetary Accounting

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

Encumbrances

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

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

Cash and Investments

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

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

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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 January 1, and are due in two equal installments on the following August 20 and February 20. Accordingly, real property taxes receivable at June 30, 2003 are delinquent and amounts that are not collected within sixty days after year end 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, 2003, were unbilled water and sewer charges (due to the use of cycle billings) in the amounts of \$7.1 million and \$8.6 million, respectively.

Inventories of Parts, Materials and Supplies

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

Inventory of Real Estate Held for Sale

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

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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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment and \$100,000 for buildings, structures and infrastructure, and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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. 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

Interfund and Interfund Transactions

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

Transfers from the primary government include operating loss subsidies of \$75.8 million to the Public Transportation System and authorized transfers from funds receiving revenues to funds that will expend those resources. Contributions to the capital accounts of enterprise funds are reflected in the statement of revenue, expenses and changes in fund net assets.

Net Assets

Net assets comprise the various net earnings (losses) from operating and nonoperating revenues, expenses, transfers and contributed capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted net assets. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year-end are not included in the

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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

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

Deferred Compensation Plan

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

A trust fund (annuity contract) was established to protect plan assets from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. Deferred compensation plan assets of \$258 million are not reported in the accompanying basic financial statements at June 30, 2003.

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, 2003, accumulated sick leave amounted to \$284 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

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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, 2003, the \$123.3 million accumulated deficit in the Solid Waste Special Fund resulted from deficits of H-POWER due to transfers to the general fund and due to operating losses. It is anticipated that the City will continue to provide significant operating subsidies to the H-POWER facility to finance operations.

At June 30, 2003, the \$17.1 million fund deficit in the General Improvement Bond Fund resulted from encumbering the full amount of certain construction contracts to be financed by future bond sales.

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.

Financial Statement Presentation

Certain prior year information have been presented in the supplementary fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. Budgets and Budgetary Accounting

On or before March 3, the Mayor submits to the City Council proposed operating and capital projects budgets for the periods commencing the following 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 prior to June 15, the budgets are legally enacted through passage of a budget ordinance by the City Council.

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

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

The Mayor is authorized to transfer appropriations between activities within a department. To transfer appropriations between departments, the legal level of budgeting, amendments must be made to the enacted budget ordinance. Only the Mayor may propose amendments to the enacted budget ordinance. Amendments for items not included in the enacted budget ordinances may be proposed by the Mayor or the City Council.

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 were necessary. The overall effect of these supplementary appropriations on the budget was not significant.

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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 \$1.6 billion difference are as follows (amounts in thousands):

Long-term liabilities (see Note 8)	\$ (1,535,471)
Accrued interest payable	<u>(17,779)</u>
	<u>\$ (1,553,250)</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 \$85 million difference are as follows (amounts in thousands):

Capital outlays	\$ 150,753
Depreciation expense	<u>(65,884)</u>
	<u>\$ 84,869</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 \$73 million difference are as follows (amounts in thousands):

Debt Issued:

Tax-exempt commercial paper	\$ (116,797)
Notes payable	(2,781)
Total	<u>(119,578)</u>

Principal Repayments:

General obligation bonds, net	44,669
Tax-exempt commercial paper	14
Other long-term debt	1,730
Total	<u>46,413</u>
Net adjustment	<u>\$ (73,165)</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 \$4.5 million difference are as follows (amounts in thousands):

Compensated absences	\$ (1,425)
Claims and judgments	(2,424)
Early incentive retirement payable	107
Other	<u>(757)</u>
Net adjustment	<u>\$ (4,499)</u>

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4. Cash and Investments

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

Cash and Cash Equivalents

The City's demand and time certificates of deposits, including those of its fiduciary funds and component unit, are categorized below to give an indication of the level of risk assumed at June 30, 2003. Category 1 includes bank balances, which are fully insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes bank balances that are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes uninsured and uncollateralized cash.

Bank balances and deposits at June 30, 2003 were as follows (amounts in thousands):

	<u>Category</u>			<u>Bank Balances</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary government	\$ 283,780	\$ -	\$ 589	\$ 284,369	\$ 279,420
Component unit	13,998	-	-	13,998	13,998
Total	<u>\$ 297,778</u>	<u>\$ -</u>	<u>\$ 589</u>	<u>\$ 298,367</u>	<u>\$ 293,418</u>
Fiduciary funds	<u>\$ 22,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,314</u>	<u>\$ 22,314</u>

Approximately \$500,000 of total bank balances of deposits was covered by federal depository insurance.

The City reports cash with fiscal agents as City cash until the agents use the cash to pay the bond principal and interest amounts due. The fiscal agents typically pay the principal and interest amounts due within two days after receiving the cash from the City. At June 30, 2003, \$589,000 was classified as Category 3.

Investments

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

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The following tables present the City's investments at June 30, 2003 and provide information about the credit and market risks associated with the City's investments. Category 1 includes investments that are insured or registered, or securities held by the City or its agent in the City's name. Category 2 includes investments which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

Investment balances at June 30, 2003 were as follows (amounts in thousands):

	<u>Category</u>			<u>Reported Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary Government:					
Repurchase agreements	\$ 90,996	\$ -	\$ -	\$ 90,996	\$ 90,996
U.S. government securities	<u>58,369</u>	<u>-</u>	<u>-</u>	<u>58,369</u>	<u>58,391</u>
Total	<u>\$ 149,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,365</u>	<u>\$ 149,387</u>
Component Unit:					
Mutual funds	\$ 23,896	\$ -	\$ -	\$ 23,896	\$ 23,896
U.S. government securities	<u>104,899</u>	<u>-</u>	<u>-</u>	<u>104,899</u>	<u>104,899</u>
Total	<u>\$ 128,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,795</u>	<u>\$ 128,795</u>
Fiduciary Funds:					
Repurchase agreements	\$ 1,654	\$ -	\$ -	\$ 1,654	\$ 1,654
U.S. government securities	<u>5,344</u>	<u>-</u>	<u>-</u>	<u>5,344</u>	<u>5,346</u>
Total	<u>\$ 6,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,998</u>	<u>\$ 7,000</u>

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5. Receivables

Receivable balances, net of allowances for uncollectible accounts, at June 30, 2003 consisted of the following (amount in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Real property taxes	\$ 4,354	\$ -
Accounts	2,658	34,551
Special assessments	13,046	-
Notes	55,903	5,290
Intergovernmental	34,247	-
Interest	340	2,023
CASE fees	6,600	-
Allowance for uncollectible accounts	-	(2,087)
	<u>\$ 117,148</u>	<u>\$ 39,777</u>

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

CITY AND COUNTY OF HONOLULU
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6. Capital Assets

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2003 (amounts in thousands):

	Primary Government			Balance at June 30, 2003
	Balance at July 1, 2002	Additions	Retirements/ Transfers	
Governmental Activities:				
Depreciable Assets –				
Infrastructure	\$ 679,650	\$ 65,446	\$ (10,325)	\$ 734,771
Buildings and improvements	743,447	121,012	(233)	864,226
Equipment and machinery	216,597	18,327	(17,501)	217,423
Total depreciable assets	<u>1,639,694</u>	<u>204,785</u>	<u>(28,059)</u>	<u>1,816,420</u>
Less Accumulated Depreciation –				
Infrastructure	(357,123)	(20,282)	2,003	(375,402)
Buildings and improvements	(246,604)	(29,596)	18	(276,182)
Equipment and machinery	(122,471)	(16,006)	8,642	(129,835)
Total accumulated depreciation	<u>(726,198)</u>	<u>(65,884)</u>	<u>10,663</u>	<u>(781,419)</u>
	913,496	138,901	(17,396)	1,035,001
Land	430,457	30,646	(6,269)	454,834
Construction Work in Progress	<u>226,778</u>	<u>96,893</u>	<u>(157,906)</u>	<u>165,765</u>
Governmental activities – capital assets, net	<u>\$1,570,731</u>	<u>\$ 266,440</u>	<u>\$ (181,571)</u>	<u>\$1,655,600</u>
Business-type Activities:				
Depreciable Assets –				
Infrastructure	\$ 787,519	\$ 5,750	\$ -	\$ 793,269
Buildings and improvements	608,354	44,105	(566)	651,893
Equipment and machinery	423,379	17,967	(10,848)	430,498
Total depreciable assets	<u>1,819,252</u>	<u>67,822</u>	<u>(11,414)</u>	<u>1,875,660</u>
Less Accumulated Depreciation –				
Infrastructure	(50,549)	(18,037)	-	(68,586)
Buildings and improvements	(88,211)	(17,577)	23	(105,765)
Equipment and machinery	(263,926)	(28,726)	9,416	(283,236)
Total accumulated depreciation	<u>(402,686)</u>	<u>(64,340)</u>	<u>9,439</u>	<u>(457,587)</u>
	1,416,566	3,482	(1,975)	1,418,073
Land	102,415	5,597	(2,532)	105,480
Construction Work in Progress	<u>128,306</u>	<u>125,723</u>	<u>(67,476)</u>	<u>186,553</u>
Business-type activities – capital assets, net	<u>\$1,647,287</u>	<u>\$ 134,802</u>	<u>\$ (71,983)</u>	<u>\$1,710,106</u>

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	Component Unit			Balance at June 30, 2003
	Balance at July 1, 2002	Additions	Retirements/ Transfers	
Depreciable Assets –				
Infrastructure	\$ 909,331	\$ 72,959	\$ (2,376)	\$ 979,914
Buildings and improvements	117,555	209	(12)	117,752
Equipment and machinery	160,655	10,432	(1,891)	169,196
Total depreciable assets	<u>1,187,541</u>	<u>83,600</u>	<u>(4,279)</u>	<u>1,266,862</u>
Less Accumulated Depreciation –				
Infrastructure	(303,935)	(20,965)	2,376	(322,524)
Buildings and improvements	(23,637)	(2,887)	-	(26,524)
Equipment and machinery	(81,581)	(10,034)	1,891	(89,724)
Total accumulated depreciation	<u>(409,153)</u>	<u>(33,886)</u>	<u>4,267</u>	<u>(438,772)</u>
	778,388	49,714	(12)	828,090
Land	30,062	28	-	30,090
Construction Work in Progress	126,959	77,981	(83,361)	121,579
Component unit – capital assets, net	<u>\$ 935,409</u>	<u>\$ 127,723</u>	<u>\$ (83,373)</u>	<u>\$ 979,759</u>

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

Governmental Activities:

General government	\$ 14,975
Public safety	24,744
Highways and streets	11,793
Health and human resources	770
Culture-recreation	13,602
Total depreciation expense – governmental activities	<u>\$ 65,884</u>

Business-type Activities:

Sewer	\$ 30,290
Solid waste	16,813
Housing	3,589
Public Transportation System	13,648
Total depreciation expense – business-type activities	<u>\$ 64,340</u>

Component Unit:

Board of Water Supply (\$49 of depreciation expense was capitalized to projects.)	<u>\$ 33,837</u>
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During fiscal 2003, the City recorded adjustments to the capital asset accounts of \$28 million, which should have been recorded in fiscal 2002 as part of the GASB Statement No. 34

CITY AND COUNTY OF HONOLULU
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implementation. These adjustments resulted in an increase to the capital assets, net of accumulated depreciation, in the statement of net assets and a corresponding increase to other general revenues in the statement of activities of \$28 million in fiscal 2003.

7. Interfund Balances

The following is a summary of amounts due from and due to other funds at June 30, 2003 (amounts in thousands):

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 58,999	\$ 5,271
Highway Fund	126	-
General Improvement Bond Fund	3,122	29,436
Nonmajor Governmental Funds	227	54,402
Fiduciary Funds	4,922	221
Enterprise Funds:		
Sewer Fund	25,627	53
Solid Waste Special Fund	92	3,732
	<u>\$ 93,115</u>	<u>\$ 93,115</u>

There are no interfund balances that are not expected to be repaid by June 30, 2004.

The following is a summary of amounts transferred from and transferred to other funds at June 30, 2003 (amounts in thousands):

	<u>Transferred From Other Funds</u>	<u>Transferred to Other Funds</u>
General Fund	\$ 99,180	\$ 195,019
Highway Fund	-	55,671
General Obligation Bond and Interest Redemption Fun	118,282	-
Nonmajor Governmental Funds	20,891	15,331
Fiduciary Funds	-	4,854
Enterprise Funds:		
Housing Development Special Fund	21	-
Sewer Fund	-	59,633
Solid Waste Special Fund	42,085	25,722
Public Transportation System	75,771	-
	<u>\$ 356,230</u>	<u>\$ 356,230</u>

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The main purpose for these interfund transfers, as provided by ordinance, are for: the recovery of central administrative expenses; debt service payments and recoveries through the general fund; and reimbursement for capital contributions to the general fund. During 2003, \$53.4 million was transferred from the Sewer Fund to the general fund for reimbursement of capital contributions.

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

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, 2003 (amounts in thousands):

	Balance at July 1, 2002	Additions	Reductions	Balance at June 30, 2003	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 1,299,301	\$ -	\$ 44,986	\$ 1,254,315	\$ 61,871
Tax-exempt commercial paper	11,317	116,797	14	128,100	128,100
Special assessment bonds with government commitment	1,745	-	370	1,375	365
Notes payable to federal and state governments	4,620	2,781	228	7,173	349
Capital lease obligations (Note 12)	1,239	-	545	694	590
Installment purchase contracts	2,619	-	587	2,032	589
Compensated absences	72,666	23,383	21,958	74,091	4,180
Claims and judgments (Note 13)	56,946	22,213	19,789	59,370	18,792
Early incentive retirement payable	9,334	-	107	9,227	107
	<u>1,459,787</u>	<u>165,174</u>	<u>88,584</u>	<u>1,536,377</u>	<u>214,943</u>
Less unamortized discount	(1,223)	-	(317)	(906)	-
Total	<u><u>\$ 1,458,564</u></u>	<u><u>\$ 165,174</u></u>	<u><u>\$ 88,267</u></u>	<u><u>\$ 1,535,471</u></u>	<u><u>\$ 214,943</u></u>

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
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	Balance at July 1, 2002	Additions	Reductions	Balance at June 30, 2003	Amounts Due Within One Year
Business-Type Activities:					
General obligation bonds	\$ 417,716	\$ -	\$ 32,452	\$ 385,264	\$ 36,534
Revenue bonds	486,670	218,400	1,050	704,020	1,095
Tax-exempt commercial paper	10,183	10,103	20,286	-	-
Notes payable to state governments	90,410	480	5,396	85,494	5,619
Operating fee obligation (Note 11)	94,324	-	1,634	92,690	4,935
Estimated liability for landfill closure and postclosure care costs (Note 14)	12,027	3,629	69	15,587	315
	<u>1,111,330</u>	<u>232,612</u>	<u>60,887</u>	<u>1,283,055</u>	<u>48,498</u>
Less unamortized discount	(32,828)	-	(6,602)	(26,226)	-
Total	<u>\$ 1,078,502</u>	<u>\$ 232,612</u>	<u>\$ 54,285</u>	<u>\$ 1,256,829</u>	<u>\$ 48,498</u>
Discretely Presented Component Unit:					
Revenue bonds	<u>\$ 121,000</u>	<u>\$ -</u>	<u>\$ 1,730</u>	<u>\$ 119,270</u>	<u>\$ 1,090</u>

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 2002 in the original amount of \$2.8 billion, less a discount (\$906,000 at June 30, 2003 which is being amortized over the related term of the bond), bear interest at 0.9% to 7.30%, and mature serially through fiscal year 2025. General obligation debt authorized but not yet issued amounted to \$275 million at June 30, 2003.

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 2002 in the original amount of \$886 million, less a discount (\$461,000 at June 30, 2003, which is being amortized over the related term of the bond), bear interest at 0.9% to 5.86%, and mature serially through fiscal year 2024.

In August 2003, the City issued Series 2003A general obligation bonds in the amount of \$250 million. The bonds bear variable interest rates and mature annually on December 1, 2008 through 2028. The Series 2003A bonds are subject to redemption, at the option of the City, in whole or in part on or after March 1, 2013. Proceeds from the bonds will be used to fund the cost of certain public improvements and capital equipment and refunding of certain outstanding general obligations of the City.

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Short-term general obligation tax-exempt commercial paper in a maximum aggregate principal amount not to exceed \$150 million outstanding at any time was authorized for issuance by the City, in accordance with Ordinance 01-28, during June 2001, to refinance long-term bonds. The \$128.1 million commercial paper bear interest at variable rates (0.95% to 1.08% at June 30, 2003) 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 \$150 million for payment of principal and up to \$13.3 million for payment of interest. There were no drawings on the letter of credit during fiscal 2003.

Interest on certain variable-rate general obligation bonds reset weekly at prevailing rates.

Revenue Bonds

Water system revenue bonds in the City's component unit were issued during fiscal years 2001 and 2002 in the original amount of \$121 million. Water system revenue bonds are subject to redemption on and after specified dates prior to maturity at the option of the Board at a price equal to 100% of the principal amount thereof, plus accrued interest. The bonds bear interest at variable rates (1.1% auction rate to 4.0% at June 30, 2003) and mature serially through July 1, 2032. Proceeds from the bonds were primarily used to fund the acquisition of a water reclamation facility, to fund capital improvement projects and to retire outstanding bonds. The revenue bonds are collateralized by the component unit's revenues.

Wastewater system revenue bonds in the City's business-type activities were issued during fiscal years 1999 through 2003, in the original amount totaling \$706 million, less a discount (\$25.8 million at June 30, 2003, which is being amortized over the related term of the bond.). The bonds are subject to redemption, at the option of the City, prior to maturity, on or after July 1, 2011. The bonds bear interest at 0.9% to 5.0% at June 30, 2003 and mature at various dates through fiscal year 2033. The revenue bonds are collateralized by the wastewater system revenues.

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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, 2003, including interest of \$1.4 billion, were as follows (amounts in thousands):

Year Ending June 30:	Governmental Activities		Business-Type Activities		Component Unit		Total	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2004	\$ 65,841	\$ 61,871	\$ 48,826	\$ 37,629	\$ 3,945	\$ 1,090	\$ 118,612	\$ 100,590
2005	62,475	65,480	50,408	38,874	3,890	2,135	116,773	106,489
2006	59,506	64,050	48,223	42,729	3,826	2,180	111,555	108,959
2007	56,387	75,076	46,018	44,001	3,762	2,290	106,167	121,367
2008	52,000	77,509	42,954	48,785	3,700	2,385	98,654	128,679
2009 - 2013	187,567	534,597	179,891	189,378	17,325	13,760	384,783	737,735
2014 - 2018	84,249	286,876	160,031	160,322	14,859	17,345	259,139	464,543
2019 - 2023	24,561	186,179	109,478	179,207	11,587	22,095	145,626	387,481
2024 - 2028	1,515	29,871	54,797	201,188	7,379	28,070	63,691	259,129
2029 - 2033	-	-	12,218	120,945	2,056	27,920	14,274	148,805
Total	<u>\$ 594,101</u>	<u>\$ 1,381,509</u>	<u>\$ 752,844</u>	<u>\$ 1,063,058</u>	<u>\$ 72,329</u>	<u>\$ 119,270</u>	<u>\$ 1,419,274</u>	<u>\$ 2,563,837</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, 2003 was \$69 million, of which \$7 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 (6.6% at June 30, 2003) and require annual principal and interest payments through fiscal year 2007. These bonds are collateralized by liens on the properties the assessments are levied against and are term bonds subject to prior redemption based on the availability of funds. They are reported under the governmental activities column of the City's government wide statement of net assets because, should collections of special assessments be insufficient, the City is authorized to use funds in the improvement district revolving fund to make principal and interest payments. These bonds amounted to \$1.4 million at June 30, 2003.

The note payable to federal government is for the City's share of costs for a federal project to develop recreational facilities and fish and wildlife resources at the Kaneohe Reservoir. The note bears interest at 5.1% and requires annual principal and interest payments through fiscal year 2016. The note amounted to \$3.4 million at June 30, 2003.

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 \$89.3 million at June 30, 2003, bear interest at 2.06% to 3.02%, and require annual principal and interest payments through fiscal year 2023.

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

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

Annual debt service requirements to maturity for the City's governmental activities and business-type activities for other long-term debt at June 30, 2003, including interest of \$26.4 million, were as follows (amounts in thousands):

Year Ending June 30:	Special Assessment Bonds		Notes, Leases and Contracts		Total	
	Interest	Principal	Interest	Principal	Interest	Principal
2004	\$ 81	\$ 365	\$ 3,211	\$ 7,148	\$ 3,292	\$ 7,513
2005	56	365	3,003	6,799	3,059	7,164
2006	32	355	2,823	7,132	2,855	7,487
2007	10	290	2,636	6,426	2,646	6,716
2008	-	-	2,446	6,587	2,446	6,587
2009 - 2013	-	-	9,107	35,514	9,107	35,514
2014 - 2018	-	-	2,782	21,432	2,782	21,432
2019 - 2023	-	-	232	4,355	232	4,355
Total	<u>\$ 179</u>	<u>\$ 1,375</u>	<u>\$ 26,240</u>	<u>\$ 95,393</u>	<u>\$ 26,419</u>	<u>\$ 96,768</u>

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

Refunded Bonds

The City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the assets of the irrevocable trust and the liability for the defeased bonds are not included in the City's basic financial statements. At June 30, 2003, \$465 million of bonds outstanding were considered defeased.

CITY AND COUNTY OF HONOLULU
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9. Net Assets

At June 30, 2003, 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	\$ 1,655,600	\$ 1,710,106
Less:		
General obligation bonds payable, net	(1,253,409)	(384,804)
Revenue bonds payable, net	-	(678,254)
Notes payable and other long-term debt	(11,274)	(85,494)
Tax-exempt commercial paper	(128,100)	-
Amount of debt related to unspent debt proceeds	-	141,231
	<u>262,817</u>	<u>702,785</u>
Restricted for Debt Service	1,412	20,603
Unrestricted	<u>47,330</u>	<u>20,841</u>
Total net assets	<u>\$ 311,559</u>	<u>\$ 744,229</u>

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.

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

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average final compensation ("AFC"). The AFC is the average salary earned during the five highest paid years of service, including the vacation payment, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after that date and prior to January 1, 2003 is based on the three highest paid years of service, excluding the vacation payment. Effective January 1, 2003, the AFC is the highest three calendar years or highest five calendar years plus lump sum vacation payment or, highest three school contract years, or last 36 credited months or last 60 credited months plus lump sum vacation payment.

Most covered employees of the contributing option are required to contribute 7.8% or 12.2% of their salary. The City is required to contribute the remaining amounts necessary to pay contributory plan benefits and all amounts necessary to pay noncontributory benefits when due. The funding method used to calculate the total employer contribution requirement is the Entry Age Normal Actuarial Cost Method. Under this method, employer contributions to the ERS are comprised of normal cost plus level annual payments required to amortize the unfunded actuarial accrued liability over the remaining period of 29 years from July 1, 2000. The Fund's contribution to the ERS was \$2.9 million in 2003 and 2002, which was equal to the required contributions for the respective years. The City's contributions to the ERS, inclusive of its component unit, for the fiscal years ended June 30, 2001, 2002 and 2003 were \$1.1 million, \$34.4 million and \$18.5 million, respectively, which were equal to the required contributions for each year.

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

Post-Retirement Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State of Hawaii Public Employees Health Fund provides certain health care (medical, prescription, vision and dental) and life insurance benefits for retired City employees. Contributions are based on negotiated collective bargaining agreements and are limited by State statute to the actual cost of benefit coverage. Prior to July 1, 1996, the City pays for 100% of these benefits for employees who have at least 10 years of service. According to Act 217, SLH 1995, employees hired after June 30, 1996 with 25 years or more of service receive 100% employer funding. The City's share of the cost of these benefits is prorated for employees with less than 25 years of service. The City also reimburses 100% of Medicare expenses 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 9,246 retirees and qualified dependents are receiving post retirement health care and benefits paid for by the City. The City's contributions for post retirement benefits, which are funded as accrued, amounted to \$34.2 million for the fiscal year ended June 30, 2003.

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Early Retirement Incentive

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

Act 147 of the 2002 State Legislative Session lowered the employer contributions to ERS by extending the payment schedule for the actuarial present value cost of the early retirement incentive bonus to 29 years effective for the year end 2000. The City's annual payments amount to \$790,365 per year. Based on the per-employee analysis of additional retirement contributions calculated by the ERS, the additional retirement contribution, including interest, to be paid by the City for the early retirees is \$20.3 million. At June 30, 2003, the remaining balance was \$9.2 million.

11. Enterprise Funds

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

Housing Development Special Fund

The Housing Development Special Fund was created to develop affordable housing for sale or for rental by the City. At June 30, 2003, the City had \$118.4 million of general obligation bonds outstanding, which were used to finance the development of various residential lots and recreational facilities.

Sewer Fund

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

Solid Waste Special Fund

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

- the City's refuse collection and disposal operations, which are funded primarily through general fund subsidies.
- the recycling program revenues assessed as 12% of refuse disposal charges and are expended for the establishment, operation, management and expansion of the City's recycling programs, including programs for waste reduction, development of recycling markets and recycling awareness.

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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 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 (\$112.4 million and \$205.1 million at June 30, 2003, respectively) have been offset for financial statement reporting purposes. At June 30, 2003, future payments are as follows (amounts in thousands):

Year Ending June 30:	Operating Fee Obligation	Note Receivable	Difference
2004	\$ 30,613	\$ 23,321	\$ 7,292
2005	30,613	22,894	7,719
2006	30,613	24,294	6,319
2007	30,613	21,881	8,732
2008	30,613	21,338	9,275
2009-2010	<u>123,727</u>	<u>34,414</u>	<u>89,313</u>
Subtotal	276,792	148,142	128,650
Less amount representing interest	<u>71,681</u>	<u>35,721</u>	<u>35,960</u>
Total	<u>\$ 205,111</u>	<u>\$ 112,421</u>	<u>\$ 92,690</u>

At June 30, 2003, the City had \$127.4 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 2002 through September 30, 2003 was \$375,000 and is increased by \$10,000 for each of the two years thereafter, then by \$15,000 for each of the remaining two years.

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

Restricted Assets – OTS established trust funds for the purpose of maintaining adequate funds for expenses incurred through its workers' compensation, general, and auto liability self-

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insurance programs. At June 30, 2003, the restricted assets held by OTS amounted to \$740,000.

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

Risks and Uncertainties – The collective bargaining agreement between OTS, for its bus operations and the Hawaii Teamsters and Allied Workers Local 996 ("Union"), for operating and maintenance and office and administrative employees, expired on June 30, 2003. For the period of July 1, 2003 through August 25, 2003, OTS and the Union had agreed to continue the terms and conditions of the prior labor agreements until a settlement has been reached for a new bargaining agreement.

On August 26, 2003, the Union exercised its right to strike. On September 27, 2003, a new collective bargaining agreement was ratified by the members of the Union.

CITY AND COUNTY OF HONOLULU
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12. Commitments

Leases

The City leases equipment and office space under capital and operating leases, which expire at various dates through 2058. At June 30, 2003, the cost of equipment recorded under capital lease arrangements and included in capital assets amounted to \$5.9 million, which was fully depreciated as of June 30, 2003.

Future minimum obligations under capital and operating leases at June 30, 2003 were as follows (amounts in thousands):

Year Ending June 30:	Capital Leases	Operating Leases
2004	\$ 625	\$ 2,003
2005	104	1,661
2006	-	1,265
2007	-	735
2008	-	225
2009 – 2013	-	368
2014 – 2018	-	356
2019 – 2023	-	356
2024 – 2028	-	338
2029 – 2033	-	175
2034 – 2058 (\$175 for each five-year increment except for 2056 – 2058)	-	772
Total minimum payments	729	\$ 8,254
Less amount representing interest	35	
Present value of future minimum capital lease payments	\$ 694	

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 \$4.9 million for the fiscal year ended June 30, 2003.

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The City leases to others concession rights and real property under operating leases, which expire at various dates through 2049. Certain leases provide for periodic renegotiation of rents. Future minimum rental income under such leases at June 30, 2003 were as follows (amounts in thousands):

Year Ending June 30:

2004	\$ 7,241
2005	6,899
2006	6,543
2007	6,369
2008	5,401
2009 – 2013	15,190
2014 – 2018	8,688
2019 – 2023	6,465
2024 – 2028	5,507
2029 – 2033	5,469
2034 – 2038	5,445
2039 – 2043	5,368
2044 – 2049	708
	<hr/>
Total minimum rental income	<u>\$ 85,293</u>

Other Commitments

Business-type activities, which do not employ encumbrance accounting, have contractual commitments of approximately \$346 million at June 30, 2003, primarily for construction contracts, which includes the Board's commitments of \$168 million. Other contractual commitments for the expenditure of City monies are encumbered in the governmental funds.

Litigation

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

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13. Contingent Liabilities

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

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The basis for estimating the liabilities for unpaid claims includes the effects of specific incremental claim adjustment expenses, salvage, and subrogation, and other allocated or unallocated claim adjustment expenses. At June 30, 2003, the estimated total liability of the City for claims and judgments amounted to \$59.4 million, which included claims incurred but not reported by the claimant and settled claims for which funds have not yet been appropriated. The estimated total liability has been determined through case-by-case analysis and from actuary studies performed by independent third parties. Expenditures for claims and judgments are appropriated annually. In the opinion of management, the City has adequately reserved for such claims.

During fiscal 2003, the City entered into a settlement agreement with certain landowners to address claims arising from the City's designation and down zoning of certain parcels in East Honolulu to prevent shoreline development. In accordance with the settlement agreement, the City has made an initial lump sum payment of \$5 million to the landowners and is in the process of selling City-owned parcels of land to various third parties. The proceeds from the sale of these City-owned parcels of land will be remitted to the landowners in exchange for ownership of the property subject to claims. The sale of certain key parcels of land is expected to occur in fiscal 2004. 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 to any liabilities that might result from the resolution of these claims have been made in the accompanying financial statements.

CITY AND COUNTY OF HONOLULU

Notes to Financial Statements

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

	Automobile and General Liability	Workers' Compensation	Total
Balance at July 1, 2001	\$ 21,287	\$ 31,181	\$ 52,468
Incurred losses and loss adjustment expenses	3,123	18,563	21,686
Payments	(4,846)	(12,362)	(17,208)
Balance at June 30, 2002	19,564	37,382	56,946
Incurred losses and loss adjustment expenses	1,147	21,066	22,213
Payments	(4,640)	(15,149)	(19,789)
Balance at June 30, 2003	<u>\$ 16,071</u>	<u>\$ 43,299</u>	<u>\$ 59,370</u>

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

14. Environmental Issues

Solid Waste Landfill Costs

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

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 \$15.6 million reported as the liability in the Solid Waste Special Fund for closure and postclosure care costs at June 30, 2003 represents the cumulative amount reported to date based on the percentage of the estimated capacity used for the following landfills (amounts in

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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, 2003</u>	<u>Total Estimated Cost</u>
Waipahu incinerator landfill	100.0%	October 1991	\$ 10,527	\$ 11,950
Kapaa sanitary landfill	100.0%	May 1997	<u>5,060</u>	<u>14,237</u>
Total			<u>\$ 15,587</u>	<u>\$ 26,187</u>

For fiscal year 2003, the City has provided the financial resources that will be available to provide for closure, postclosure care and remediation or containment of environmental hazards at the above landfills. The EPA has proposed amendments to the existing financial assurance rules. The proposed amendments added a local government financial test consisting of a financial component, a public notice component, and a recordkeeping and reporting component. Local governments are required to satisfy each of the three components to pass the annual test. Management believes that the City has satisfied each of the components of the local government financial assurance requirements.

Clean Water Act

In 1991, the EPA filed an administrative action against the City alleging violations of the Clean Water Act and conditions and limitations of the National Pollutant Discharge Elimination System Permits by failing to develop and administer pretreatment programs for all of its treatment plants and for unauthorized discharges from the collection system. As a result of a settlement reached between the EPA and the City, a consent decree has been filed which requires certain compliance actions and penalties of \$1.2 million, which were paid in fiscal year 1995. The City has implemented certain compliance actions such as developing rehabilitation and maintenance of the collection system and implementation of the plans. The City has committed to spend at least \$20 million for effluent reuse. The City is currently recycling approximately 7.2 million gallons per day from the Honouliuli Reclamation Facility, which was recently purchased by the Board of Water Supply.

The City has committed to spend at least \$10 million for sludge reuse. Sludge reuse is being accomplished through the U.S. Navy Biosolids Treatment Facility. The cost to the City is \$82 per wet ton of sludge delivered to the facility; currently, the City is delivering an average of 10.3 dry tons per day. 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, 2003

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

Kailua and Kaneohe – As a result of a settlement reached between the parties, a consent decree has been filed for the Kailua and Kaneohe plants, which requires certain compliance actions such as developing a facilities plan, constructing a feasible ultraviolet disinfection facility and establishing and supporting an advisory council. The conceptual facilities plan and the environmental impact statement preparation notice were completed in September 1998. The design phase of the ultraviolet disinfection project was completed in October 1998. Responses to public comments were completed in June 1999. The City contracted a construction company to complete the construction phase for approximately \$2.3 million, which was completed in November 2000. Approximately \$5.3 million has been paid as of June 30, 2003, related to these compliance actions. The Kailua Bay Advisory Council was established in October 1995. The City established a \$2.1 million trust fund; hired a program administrator and a third party to provide watershed mapping services; awarded grant projects to four community groups; developed short-term implementation plans for erosion control initiatives, stream bank restoration and refuse control; and developed a web site for the Kailua Bay Advisory Council to disseminate information to the public.

The consent decree cites total costs of at least \$7.4 million for capital improvements, consulting and other fees. The consent decree cites stipulated penalties of \$500 per day per violation for failure to meet the specified obligations and deadlines. The Kaneohe treatment facility has been converted into a temporary pre-treatment facility, and pumps wastewater to the Kailua treatment facility.

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

Sand Island – The Sand Island wastewater treatment plant operates under a 301(h) waiver permit issued by the EPA. The current permit was effective November 1998. That permit included, amongst other things, a specific timetable for various construction projects related to the Sand Island plant. In October 1999, the EPA issued a finding of violation and order for compliance that required corrective measures and compliance with the November 1998 permit. Although the City responded to that order, some of the

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2003

construction projects are behind the permit schedule due to unanticipated construction difficulties. For example, an Ultraviolet Disinfection facility was to be constructed by July 1, 2002. That facility is still under construction and is not currently estimated to be completed until October 1, 2004. In October 2002, the EPA identified that the Sand Island plant violated certain discharge limits and ordered the City to stop discharge violations at the Sand Island plant and to submit a plan by December 1, 2002, to bring the facility into continuous compliance with its EPA permit. The City submitted the required plan and compliance schedule on November 29, 2002. Upon review by the EPA, the City submitted a revised plan on May 1, 2003, which is still subject to the EPA's final approval. Failure to comply with the EPA orders could result in fines up to \$27,500 per day and a revocation or non-renewal of the 301(h) waiver permit. Revocation or non-renewal of the 301(h) waiver permit would require the City to upgrade the Sand Island plant to a secondary facility at a construction cost of hundreds of million of dollars.

Kahuku – The State issued a notice of apparent violation resulting from discharge of chlorinated secondary filtered effluent from an effluent pipe break at the Kahuku Wastewater Treatment Plant onto private property. The City has not been assessed any penalties, however, \$750,000 in costs were incurred to construct a new line.

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.

15.Component Unit Disclosure

Board of Water Supply

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

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

Major Transactions with the City –

Billing and Collection Services – The Board has an agreement with the Department of Environmental Services, City and County of Honolulu to provide certain services through June 30, 2004, relating to the billing and collection of sewer service charges. Fees related to these services were negotiated at approximately \$100,000 per year through fiscal 2003. The fees for fiscal 2004 are subject to renegotiation. The revenues related to these fees are included in other operating revenues and the corresponding expense in the Sewer Fund.

CITY AND COUNTY OF HONOLULU
Notes to Financial Statements
June 30, 2003

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 year subsequent to 2001 are currently being negotiated between the Board and the City, the Board accrued their best estimate of approximately \$3.4 million for fiscal year 2003.

Honouliuli Reclamation Facility – In July 2000, the Board entered into a Water Reclamation Facility Sale Agreement and Assignment of Water Reclamation Facility Agreement (the “Sale Agreement”) with a third-party contractor and the City for the purchase of a water reclamation plant. The total cost of the acquisition is estimated at \$51.6 million, including the initial purchase price of \$48.1 million for the plant and \$3.5 million for certain components of the distribution system. Of the initial purchase price, \$44 million was paid as of June 30, 2002 and the remaining balance of \$4.1 million was paid as of June 30, 2003 as the facility met certain performance standards specified in the Sale Agreement.

In conjunction with the acquisition, the Board also executed a 20-year service contract with the same third-party contractor to provide design, engineering, operations and maintenance services for the facility. The Board provided for separate financing of the acquisition through a bond offering in fiscal 2002.

During fiscal 2003, the Board determined that certain amounts included in construction work in progress at June 30, 2002 and charged to expenses in fiscal 2003 should have been charged to expenses in fiscal 2002. Accordingly, the July 1, 2002 net asset balance was adjusted by approximately \$1.9 million as follows (amounts in thousands):

Net assets, as previously reported	\$ 977,541
Adjustment	<u>(1,949)</u>
Net assets, as restated	<u>\$ 975,592</u>

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

BUDGETARY COMPARISON SCHEDULES

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

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 408,224	\$ 408,224	\$ 411,043	\$ 2,819
Licenses and permits	26,524	26,524	29,340	2,816
Intergovernmental	36,017	36,017	32,763	(3,254)
Charges for services	3,635	3,635	4,250	615
Fines and forfeits	127	127	303	176
Miscellaneous:				
Reimbursements and recoveries	78,985	78,985	78,878	(107)
Interest	4,702	4,702	3,099	(1,603)
Other	3,241	3,241	10,616	7,375
Total Revenues	561,455	561,455	570,292	8,837
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	12,777	12,913	12,224	689
City Clerk	3,725	3,725	3,348	377
City Council	4,671	4,759	4,645	114
Corporation Counsel	8,448	8,448	6,497	1,951
Customer Services	17,853	17,835	16,945	890
Design and Construction	13,487	12,862	12,222	640
Facility Maintenance	11,967	11,946	11,485	461
Human Resources	4,472	4,472	4,398	74
Information Technology	9,771	9,211	8,628	583
Mayor	5,014	5,022	4,948	74
Planning and Permitting	6,820	6,820	6,420	400
Prosecuting Attorney	13,670	13,670	13,013	657
Total General government	112,675	111,683	104,773	6,910
Public safety:				
Emergency Services	22,334	22,334	20,413	1,921
Fire	61,704	61,704	61,582	122
Mayor	604	604	537	67
Medical Examiner	1,076	1,076	1,064	12
Planning and Permitting	4,279	4,279	4,058	221
Police	146,466	146,466	141,513	4,953
Transportation Services	114	114	74	40
Total Public safety	236,577	236,577	229,241	7,336
Highways and streets:				
Facility Maintenance	2,879	2,879	2,616	263
Sanitation:				
Environmental Services	28	28	28	--
Human services:				
Community Services	2,099	2,099	1,761	338

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Culture-recreation:				
Enterprise Services	20	20	20	--
Mayor	1,671	1,671	1,638	33
Parks and Recreation	47,798	47,798	45,421	2,377
Total Culture-recreation	49,489	49,489	47,079	2,410
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services	79	79	55	24
City Council	1,348	1,348	1,300	48
Provisional	72,345	72,345	70,169	2,176
Total Retirement and health benefits	73,772	73,772	71,524	2,248
Other:				
Budget and Fiscal Services	6,906	6,906	6,676	230
City Council	410	309	102	207
Provisional	17,623	17,479	12,242	5,237
Total Other	24,939	24,694	19,020	5,674
Total Miscellaneous	98,711	98,466	90,544	7,922
Debt Service:				
Budget and Fiscal Services	359	359	359	--
City Council	--	13	13	--
Customer Services	--	18	18	--
Design and Construction	--	625	625	--
Information Technology	--	560	560	--
Total Debt service	359	1,575	1,575	--
Total Expenditures	502,817	502,796	477,617	25,179
Revenues over Expenditures	58,638	58,659	92,675	34,016
Other Financing Sources (Uses):				
Sales of general fixed assets	15,130	15,130	310	(14,820)
Transfers in	101,307	101,307	99,180	(2,127)
Transfers out	(205,300)	(205,321)	(195,019)	10,302
Total Other Financing Sources (Uses)	(88,863)	(88,884)	(95,529)	(6,645)
Net change in Fund Balance	(30,225)	(30,225)	(2,854)	27,371
Encumbrances	--	--	21,320	21,320
Fund Balance - July 1	30,273	30,273	54,350	24,077
Fund Balance - June 30	\$ 48	\$ 48	\$ 72,816	\$ 72,768

Budgetary basis includes encumbrances.

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

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 68,200	\$ 68,200	\$ 69,808	\$ 1,608
Licenses and permits	26,602	26,602	29,026	2,424
Charges for services	4,285	4,285	4,328	43
Fines and forfeits	12	12	2	(10)
Miscellaneous:				
Reimbursements and recoveries	318	318	20	(298)
Other	1,368	1,368	4,786	3,418
Total Revenues	100,785	100,785	107,970	7,185
Expenditures:				
Current:				
General government:				
Design and Construction	3,765	3,765	3,527	238
Facility Maintenance	6,882	6,882	6,826	56
Planning and Permitting	1,453	1,453	1,283	170
Total General government	12,100	12,100	11,636	464
Public safety:				
Police	16,938	16,938	16,326	612
Transportation Services	3,519	3,516	3,441	75
Total Public safety	20,457	20,454	19,767	687
Highways and streets:				
Facility Maintenance	13,727	13,727	11,631	2,096
Sanitation:				
Environmental Services	892	892	857	35
Utilities or other enterprises:				
Transportation Services	1,487	1,490	1,374	116
Miscellaneous:				
Retirement and health benefits:				
Provisional	8,248	8,248	7,840	408
Other:				
Provisional	2,091	2,091	1,337	754
Total Miscellaneous	10,339	10,339	9,177	1,162
Total Expenditures	59,002	59,002	54,442	4,560
Revenues over Expenditures	41,783	41,783	53,528	11,745

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source (Use):				
Sales of general fixed assets	236	236	577	341
Transfers out	(57,677)	(57,677)	(55,671)	2,006
Total Other Financing Source (Use)	(57,441)	(57,441)	(55,094)	2,347
Net change in Fund Balance	(15,658)	(15,658)	(1,566)	14,092
Encumbrances	--	--	1,463	1,463
Fund Balance - July 1	15,658	15,658	27,084	11,426
Fund Balance - June 30	\$ --	\$ --	\$ 26,981	\$ 26,981

Budgetary basis includes encumbrances.

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

**OTHER SUPPLEMENTARY
INFORMATION**

NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS

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

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2003
 (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.....	\$ 413	\$ 568	\$ 5,580
Receivables:			
Accounts	--	--	--
Special Assessments	--	--	--
Loans	--	--	--
Intergovernmental	--	--	--
Due from other funds	85	--	--
Inventories - Municipal Stores	--	--	--
Total Assets	\$ 498	\$ 568	\$ 5,580
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 146	\$ --	\$ --
Interest and bonds payable-matured	--	--	--
Due to other funds	--	--	--
Accrued payroll	5	--	--
Deferred revenue	--	--	--
Total Liabilities	151	--	--
Fund Balances:			
Reserved for encumbrances	276	--	--
Reserved for debt service	--	--	--
Unreserved - undesignated	71	568	5,580
Total Fund Balances	347	568	5,580
Total Liabilities and Fund Balances	\$ 498	\$ 568	\$ 5,580

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2003
 (Amounts in thousands)

(Page 2 of 6)

Special Revenue Funds

Federal Revenue Sharing Fund	Liquor Commission Fund	Rental Assistance Fund	Zoo Animal Purchase Fund	Hanauma Bay Nature Preserve Fund	Special Reserve Fund
\$ 47	\$ 1,332	\$ 1,039	\$ 41	\$ 986	\$ 5,034
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 47</u>	<u>\$ 1,332</u>	<u>\$ 1,039</u>	<u>\$ 41</u>	<u>\$ 986</u>	<u>\$ 5,034</u>
\$ --	\$ --	\$ --	\$ --	\$ 210	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	17	--	--	13	--
--	--	--	--	--	--
--	17	--	--	223	--
--	149	6	--	232	--
--	--	--	--	--	--
47	1,166	1,033	41	531	5,034
47	1,315	1,039	41	763	5,034
<u>\$ 47</u>	<u>\$ 1,332</u>	<u>\$ 1,039</u>	<u>\$ 41</u>	<u>\$ 986</u>	<u>\$ 5,034</u>

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2003
 (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.....	\$ 186	\$ 760	\$ 801
Receivables:			
Accounts	--	--	--
Special Assessments	--	--	--
Loans	336	--	--
Intergovernmental	755	--	--
Due from other funds	--	--	--
Inventories - Municipal Stores	--	--	--
Total Assets	\$ 1,277	\$ 760	\$ 801
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 631	\$ 131	\$ 104
Interest and bonds payable-matured	--	--	--
Due to other funds	124	--	--
Accrued payroll	--	47	82
Deferred revenue	336	--	--
Total Liabilities	1,091	178	186
Fund Balances:			
Reserved for encumbrances	11,165	246	132
Reserved for debt service	--	--	--
Unreserved - undesignated	(10,979)	336	483
Total Fund Balances	186	582	615
Total Liabilities and Fund Balances	\$ 1,277	\$ 760	\$ 801

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2003
 (Amounts in thousands)

(Page 4 of 6)

Special Revenue Funds					
Farmers Home Administration Loan Fund	Special Projects Fund	Federal Grants Fund	Housing and Community Development Rehabilitation Loan Fund	Pauahi Project Expenditures Hawaii R-15 Fund	Housing and Community Development Section 8 Contract Fund
\$ 46	\$ 3,642	\$ 8,542	\$ 9,227	\$ 2,789	\$ 4,155
--	--	--	--	--	187
--	--	--	--	--	--
--	--	1,435	12,078	--	--
--	17	22,129	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
\$ 46	\$ 3,659	\$ 32,106	\$ 21,305	\$ 2,789	\$ 4,342
\$ --	\$ 135	\$ 675	\$ --	\$ --	\$ 91
--	--	--	--	--	--
--	--	20,000	--	--	--
--	4	4	--	--	31
--	180	1,782	12,078	487	512
--	319	22,461	12,078	487	634
--	1,859	12,366	9,299	1,764	4,173
--	--	--	--	--	--
46	1,481	(2,721)	(72)	538	(465)
46	3,340	9,645	9,227	2,302	3,708
\$ 46	\$ 3,659	\$ 32,106	\$ 21,305	\$ 2,789	\$ 4,342

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2003
 (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.....	\$ 785	\$ 1,518	\$ 224	\$ 249
Receivables:				
Accounts	--	--	--	--
Special Assessments	--	--	--	--
Loans	--	--	--	--
Intergovernmental	--	--	--	--
Due from other funds	--	--	--	--
Inventories - Municipal Stores	--	--	--	45
Total Assets	\$ 785	\$ 1,518	\$ 224	\$ 294
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ 8
Interest and bonds payable-matured	--	--	--	--
Due to other funds	--	--	--	135
Accrued payroll	--	--	--	--
Deferred revenue	484	--	--	--
Total Liabilities	484	--	--	143
Fund Balances:				
Reserved for encumbrances	--	--	--	12
Reserved for debt service	--	--	--	--
Unreserved - undesignated	301	1,518	224	139
Total Fund Balances	301	1,518	224	151
Total Liabilities and Fund Balances	\$ 785	\$ 1,518	\$ 224	\$ 294

CITY AND COUNTY OF HONOLULU
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
 JUNE 30, 2003
 (Amounts in thousands)

(Page 6 of 6)

Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
Improvement District Bond and Interest Redemption Fund	Highway Improvement Bond Fund	Federal Grants Capital Projects Fund	Capital Projects Fund	
\$ 1,050	\$ 9,339	\$ 10,185	\$ 19,082	\$ 87,620
--	--	--	--	187
1,720	--	--	--	1,720
--	--	42,054	--	55,903
--	--	619	--	23,520
--	--	--	142	227
--	--	--	--	45
<u>\$ 2,770</u>	<u>\$ 9,339</u>	<u>\$ 52,858</u>	<u>\$ 19,224</u>	<u>\$ 169,222</u>
\$ 2	\$ 2,760	\$ 1,487	\$ 71	\$ 6,451
9	--	--	--	9
143	34,000	--	--	54,402
--	--	--	--	203
1,204	--	43,501	--	60,564
<u>1,358</u>	<u>36,760</u>	<u>44,988</u>	<u>71</u>	<u>121,629</u>
--	226,836	66,633	10,381	345,529
1,412	--	--	--	1,412
--	(254,257)	(58,763)	8,772	(299,348)
<u>1,412</u>	<u>(27,421)</u>	<u>7,870</u>	<u>19,153</u>	<u>47,593</u>
<u>\$ 2,770</u>	<u>\$ 9,339</u>	<u>\$ 52,858</u>	<u>\$ 19,224</u>	<u>\$ 169,222</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, 2003
(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.....	--	350	--
Intergovernmental.....	--	--	--
Charges for services.....	2,124	--	--
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	--
Interest.....	--	--	--
Other.....	--	90	281
Total Revenues.....	<u>2,124</u>	<u>440</u>	<u>281</u>
Expenditures:			
Current:			
General government.....	2,077	--	--
Public safety.....	--	287	--
Highways and streets.....	--	6	--
Human services.....	--	--	--
Culture-recreation.....	275	--	--
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>2,352</u>	<u>293</u>	<u>--</u>
Revenues over (under) Expenditures.....	<u>(228)</u>	<u>147</u>	<u>281</u>
Other Financing Sources (Uses):			
Proceeds of general obligation bonds	--	--	--
Proceeds of long-term notes	--	--	--
Transfers in.....	--	180	1,076
Transfers out.....	--	(653)	(665)
Total Other Financing Sources (Uses).....	<u>--</u>	<u>(473)</u>	<u>411</u>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	<u>(228)</u>	<u>(326)</u>	<u>692</u>
Fund Balances - July 1.....	575	894	4,888
Fund Balances - June 30.....	<u>\$ 347</u>	<u>\$ 568</u>	<u>\$ 5,580</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, 2003

(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.....	17,636	--	--
Charges for services.....	--	6,031	1,398
Fines and forfeits.....	--	--	--
Miscellaneous:			
Reimbursements and recoveries.....	--	--	10
Interest.....	--	--	1
Other.....	--	3,600	4,886
Total Revenues.....	17,636	9,631	6,295
Expenditures:			
Current:			
General government.....	623	--	111
Public safety.....	--	--	--
Highways and streets.....	--	--	--
Human services.....	805	--	--
Culture-recreation.....	--	7,162	7,599
Utilities or other enterprises.....	1,000	--	--
Miscellaneous:			
Retirement and health benefits.....	--	1,339	1,534
Other.....	--	19	216
Capital Outlay:			
General government.....	--	--	--
Public safety.....	--	--	--
Highways and streets.....	1,307	--	--
Sanitation.....	--	--	--
Human services.....	12,523	--	--
Culture-recreation.....	--	--	--
Utilities or other enterprises.....	--	--	--
Debt service:			
Principal.....	--	--	--
Interest.....	--	--	--
Total Expenditures.....	16,258	8,520	9,460
Revenues over (under) Expenditures.....	1,378	1,111	(3,165)
Other Financing Sources (Uses):			
Proceeds of general obligation bonds	--	--	--
Proceeds of long-term notes	--	--	--
Transfers in.....	--	5,121	6,881
Transfers out.....	(1,334)	(6,104)	(3,342)
Total Other Financing Sources (Uses).....	(1,334)	(983)	3,539
Revenues and Other Sources over (under) Expenditures and Other Uses.....	44	128	374
Fund Balances - July 1.....	142	454	241
Fund Balances - June 30.....	\$ 186	\$ 582	\$ 615

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, 2003

(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
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	5,852	41,032	--	--	30,323
--	--	--	--	--	--
--	--	--	--	--	--
--	6	60	129	40	150
--	1,190	909	2,337	--	14
--	7,048	42,001	2,466	40	30,487
--	1,682	2,104	--	--	235
--	658	3,131	--	--	--
--	--	--	--	--	--
--	4,071	13,130	1,890	--	30,247
--	398	328	--	--	--
--	--	20,235	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	6,809	38,928	1,890	--	30,482
--	239	3,073	576	40	5
--	--	--	--	--	--
--	--	--	--	--	--
--	1,631	3,223	--	--	--
--	--	--	--	--	--
--	1,631	3,223	--	--	--
--	1,870	6,296	576	40	5
46	1,470	3,349	8,651	2,262	3,703
\$ 46	\$ 3,340	\$ 9,645	\$ 9,227	\$ 2,302	\$ 3,708

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, 2003
(Amounts in thousands)

(Page 5 of 6)

	Special Revenue Funds			
	Leasehold Conversion Fund	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund
Revenues:				
Special assessments	\$ --	\$ --	\$ --	\$ --
Licenses and permits.....	--	--	--	--
Intergovernmental.....	--	--	--	--
Charges for services.....	--	--	--	--
Fines and forfeits.....	--	--	--	--
Miscellaneous:				
Reimbursements and recoveries.....	--	--	--	--
Interest.....	3	--	--	--
Other.....	129	--	--	45
Total Revenues.....	<u>132</u>	<u>--</u>	<u>--</u>	<u>45</u>
Expenditures:				
Current:				
General government.....	--	2	--	31
Public safety.....	--	--	--	--
Highways and streets.....	--	--	--	--
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>--</u>	<u>2</u>	<u>--</u>	<u>31</u>
Revenues over (under) Expenditures.....	<u>132</u>	<u>(2)</u>	<u>--</u>	<u>14</u>
Other Financing Sources (Uses):				
Proceeds of general obligation bonds	--	--	--	--
Proceeds of long-term notes	--	--	--	--
Transfers in.....	--	--	--	--
Transfers out.....	--	--	--	(135)
Total Other Financing Sources (Uses).....	<u>--</u>	<u>--</u>	<u>--</u>	<u>(135)</u>
Revenues and Other Sources over (under) Expenditures and Other Uses.....	<u>132</u>	<u>(2)</u>	<u>--</u>	<u>(121)</u>
Fund Balances - July 1.....	169	1,520	224	272
Fund Balances - June 30.....	<u>\$ 301</u>	<u>\$ 1,518</u>	<u>\$ 224</u>	<u>\$ 151</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, 2003
(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	
\$ 520	\$ --	\$ --	\$ --	\$ 520
--	--	--	--	2,854
--	--	16,876	--	111,719
--	--	--	--	12,125
--	--	--	--	341
--	--	--	--	10
158	--	--	--	547
4	--	--	992	15,458
<u>682</u>	<u>--</u>	<u>16,876</u>	<u>992</u>	<u>143,574</u>
--	--	--	--	9,089
--	--	--	--	4,401
--	--	--	--	6
--	--	--	--	50,318
--	--	--	--	17,682
--	--	--	--	21,235
--	--	--	--	3,427
--	--	--	--	275
--	319	1,433	428	2,180
--	3,677	154	444	4,275
--	41,973	8,617	4,210	56,107
--	--	--	196	196
--	--	10,785	--	23,308
--	4,786	130	621	5,537
--	18,044	3,660	--	21,704
370	--	--	--	370
105	--	--	--	105
<u>475</u>	<u>68,799</u>	<u>24,779</u>	<u>5,899</u>	<u>220,215</u>
<u>207</u>	<u>(68,799)</u>	<u>(7,903)</u>	<u>(4,907)</u>	<u>(76,641)</u>
--	30,000	--	--	30,000
--	--	--	2,781	2,781
--	--	1,334	1,445	20,891
(142)	--	--	(1,256)	(15,331)
<u>(142)</u>	<u>30,000</u>	<u>1,334</u>	<u>2,970</u>	<u>38,341</u>
65	(38,799)	(6,569)	(1,937)	(38,300)
1,347	11,378	14,439	21,090	85,893
<u>\$ 1,412</u>	<u>\$ (27,421)</u>	<u>\$ 7,870</u>	<u>\$ 19,153</u>	<u>\$ 47,593</u>

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**FIDUCIARY FUNDS
COMBINING FINANCIAL STATEMENT**

CITY AND COUNTY OF HONOLULU
TRUST AND AGENCY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 JUNE 30, 2003
 (Amounts in thousands)

	Private-Purpose Trust Fund	Agency Funds				Total	Totals
	General Trust Fund	General Trust Fund	Treasury Trust Fund	Real Property Tax Trust Fund	Payroll Clearance Fund		2003
ASSETS							
Cash and investments:							
With Treasury	\$ 4,338	\$ 17,857	\$ 1,451	\$ 3,619	\$ 1,816	\$ 24,743	\$ 29,081
Imprest and change funds	--	61	170	--	--	231	231
Due from other funds:							
General Fund	--	--	--	4,840	--	4,840	4,840
Improvement District Bond and Interest Redemption Fund	--	1	--	--	--	1	1
General Improvement Bond Fund	--	2	--	--	--	2	2
Solid Waste Fund - Refuse							
General Account	--	8	--	--	--	8	8
Solid Waste Fund - HPOWER Account	--	71	--	--	--	71	71
Total Assets	<u>\$ 4,338</u>	<u>\$ 18,000</u>	<u>\$ 1,621</u>	<u>\$ 8,459</u>	<u>\$ 1,816</u>	<u>\$ 29,896</u>	<u>\$ 34,234</u>
LIABILITIES							
Liabilities:							
Accounts payable	\$ --	\$ 2,565	\$ 697	\$ --	\$ --	\$ 3,262	\$ 3,262
Due to other fund:							
General Fund	--	221	--	--	--	221	221
Other current liabilities	--	15,214	924	8,459	1,816	26,413	26,413
Total Liabilities	--	18,000	1,621	8,459	1,816	29,896	29,896
NET ASSETS							
Held in trust for individuals, organizations and other governments	<u>\$ 4,338</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,338</u>

FUND SCHEDULES

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

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

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 13,490	\$ 55,621
Receivables:		
Real property taxes	4,354	5,234
Accounts	2,471	364
Interest	340	774
Intergovernmental	6,582	8,068
Component unit - CASE fees	6,600	3,326
Due from other funds:		
Special Projects Fund	--	65
Community Development Fund	124	--
General Improvement Bond Fund	24,000	--
Highway Improvement Bond Fund	34,000	--
Municipal Stores Revolving Fund	135	--
Solid Waste Fund	519	--
General Trust Fund	221	240
Total Assets	\$ 92,836	\$ 73,692
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 3,854	\$ 4,929
Due to other funds:		
Highway Fund	114	--
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	85	--
Sewer Fund	193	227
Golf Fund	--	100
Solid Waste Fund	39	108
Real Property Tax Trust Fund	4,840	1,370
Accrued payroll	3,887	3,686
Deferred revenue	7,008	8,922
Total Liabilities	20,020	19,342
Fund Balance:		
Reserved for encumbrances	21,320	19,191
Unreserved - undesignated	51,496	35,159
Total Fund Balance	72,816	54,350
Total Liabilities and Fund Balance	\$ 92,836	\$ 73,692

CITY AND COUNTY OF HONOLULU
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
Revenues:		
Taxes	\$ 411,043	\$ 407,270
Licenses and permits	29,340	25,897
Intergovernmental	32,763	32,063
Charges for services	4,250	3,912
Fines and forfeits	303	249
Miscellaneous:		
Reimbursements and recoveries	78,878	76,706
Interest	3,099	7,519
Other	10,616	21,023
Total Revenues	<u>570,292</u>	<u>574,639</u>
Expenditures:		
Current:		
General government	94,835	95,817
Public safety	222,366	199,990
Highways and streets	2,478	5,768
Human services	1,689	14,579
Culture-recreation	44,578	41,339
Miscellaneous:		
Retirement and health benefits	71,524	81,647
Other	17,252	18,926
Debt Service:		
Principal retirement	1,311	1,207
Interest charges	264	310
Total Expenditures	<u>456,297</u>	<u>459,583</u>
Revenues over Expenditures	<u>113,995</u>	<u>115,056</u>
Other Financing Sources (Uses):		
Sales of general fixed assets	310	187
Transfers in	99,180	82,919
Transfers out	(195,019)	(185,348)
Total Other Financing Sources (Uses)	<u>(95,529)</u>	<u>(102,242)</u>
Revenues and Other Sources over Expenditures and Other Uses	18,466	12,814
Fund Balance - July 1	<u>54,350</u>	<u>41,536</u>
Fund Balance - June 30	<u>\$ 72,816</u>	<u>\$ 54,350</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 1 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 408,224	\$ 408,224	\$ 411,043	\$ 2,819
Licenses and permits	26,524	26,524	29,340	2,816
Intergovernmental	36,017	36,017	32,763	(3,254)
Charges for services	3,635	3,635	4,250	615
Fines and forfeits	127	127	303	176
Miscellaneous:				
Reimbursements and recoveries	78,985	78,985	78,878	(107)
Interest	4,702	4,702	3,099	(1,603)
Other	3,241	3,241	10,616	7,375
Total Revenues	561,455	561,455	570,292	8,837
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	12,489	12,625	11,976	649
City Clerk	2,960	2,960	2,583	377
City Council	4,473	4,574	4,546	28
Corporation Counsel	7,533	7,533	7,298	235
Customer Services	15,848	15,848	15,250	598
Design and Construction	11,902	11,902	11,375	527
Facility Maintenance	10,905	10,884	10,503	381
Human Resources	4,401	4,401	4,332	69
Information Technology	8,942	8,942	8,472	470
Mayor	4,551	4,559	4,507	52
Planning and Permitting	6,654	6,654	6,285	369
Prosecuting Attorney	13,506	13,506	12,859	647
Total General government	104,164	104,388	99,986	4,402
Public safety:				
Emergency Services	21,215	21,215	19,302	1,913
Fire	60,713	60,713	60,616	97
Mayor	584	584	518	66
Medical Examiner	1,053	1,053	1,041	12
Planning and Permitting	4,278	4,278	4,058	220
Police	141,715	141,715	137,257	4,458
Transportation Services	114	114	74	40
Total Public safety	229,672	229,672	222,866	6,806

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, 2003
 (Amounts in thousands)

(Page 2 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Highways and streets:				
Facility Maintenance	2,791	2,791	2,545	246
Human services:				
Community Services	2,064	2,064	1,726	338
Culture-recreation:				
Mayor	1,655	1,655	1,631	24
Parks and Recreation	45,288	45,288	43,279	2,009
Total Culture-recreation	<u>46,943</u>	<u>46,943</u>	<u>44,910</u>	<u>2,033</u>
Miscellaneous:				
Retirement and health benefits:				
Budget and Fiscal Services	79	79	55	24
City Council	1,348	1,348	1,300	48
Provisional	72,345	72,345	70,169	2,176
Total Retirement and health benefits	<u>73,772</u>	<u>73,772</u>	<u>71,524</u>	<u>2,248</u>
Other:				
Budget and Fiscal Services	6,023	6,023	5,793	230
City Council	411	310	102	208
Provisional	17,383	17,239	12,465	4,774
Total Other	<u>23,817</u>	<u>23,572</u>	<u>18,360</u>	<u>5,212</u>
Total Miscellaneous	<u>97,589</u>	<u>97,344</u>	<u>89,884</u>	<u>7,460</u>
Debt Service:				
Budget and Fiscal Services	359	359	359	--
Total Expenditures	<u>483,582</u>	<u>483,561</u>	<u>462,276</u>	<u>21,285</u>
Revenues over Expenditures	<u>77,873</u>	<u>77,894</u>	<u>108,016</u>	<u>30,122</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 3 of 3)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Sources (Uses):				
Sales of general fixed assets	15,130	15,130	310	(14,820)
Transfers in:				
Central administrative service expenses	20,547	20,547	20,462	(85)
Debt service	26,327	26,327	24,321	(2,006)
Other	54,433	54,433	54,397	(36)
Transfers out:				
Debt service - Budget and Fiscal Services	(128,584)	(128,584)	(118,282)	10,302
Other - Budget and Fiscal Services	(36,076)	(36,076)	(36,076)	--
Other - Facility Maintenance	--	(21)	(21)	--
Bus subsidy - Budget and Fiscal Services	(40,640)	(40,640)	(40,640)	--
Total Other Financing Sources (Uses)	(88,863)	(88,884)	(95,529)	(6,645)
Revenues and Other Sources over (under) Expenditures and Other Uses	(10,990)	(10,990)	12,487	23,477
Unreserved - Undesignated Fund Balance - July 1	11,082	11,082	35,159	24,077
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 92	\$ 92	47,646	\$ 47,554
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			16,617	
Expenditures - prior year encumbrances			(12,790)	
Accrued expenditures			2,160	
Accrued payroll			(8)	
Increase in reserved for encumbrances			(2,129)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			51,496	
Reserved for Encumbrances - June 30			21,320	
Fund Balance - June 30 (GAAP Basis)			\$ 72,816	

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 1 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>TAXES</u>			
GENERAL PROPERTY TAXES:			
Real Property Tax	\$ 383,724	\$ 385,872	\$ 2,148
PUBLIC SERVICE COMPANY TAX:			
Public Service Company Tax	24,500	25,171	671
TOTAL TAXES	408,224	411,043	2,819
<u>LICENSES AND PERMITS</u>			
BUSINESS LICENSES AND PERMITS:			
Police and Protective:			
Second-Hand and Junk Dealers	18	14	(4)
Alarm Permits	125	175	50
Other	17	15	(2)
Professional and Occupational:			
Refuse Collector	8	11	3
Total Business Licenses and Permits	168	215	47
NON-BUSINESS LICENSES AND PERMITS:			
Building Structures and Equipment Permits:			
Building	6,185	9,151	2,966
Signs and Relocation	25	22	(3)
Motor Vehicle Licenses and Fees:			
Motor Vehicle Plate and Tag Fees	1,544	1,596	52
Motor Vehicle Transfer Fees and Penalty	2,664	2,726	62
Duplicate Registration and Ownership Certificates	223	223	--
Motor Vehicle Registration Annual Fee	13,177	12,764	(413)
Other	30	11	(19)
Other Vehicle Licenses and Fees:			
Passenger and Freight Vehicle Permit Fees	82	110	28
Nonresident Vehicle Permit	21	23	2
Motor Vehicle Drivers' Licenses	1,735	1,758	23
Animal Licenses:			
Dog Licenses and Tag Fees	271	259	(12)
Street, Sidewalk and Curb Permits:			
Easement Grants	127	63	(64)
Newsstands	16	23	7
Telephone Enclosures	35	2	(33)
Dispensing Rack	29	106	77
Fire Code Permits and License Fees	192	288	96
Total Non-Business Licenses and Permits	26,356	29,125	2,769
TOTAL LICENSES AND PERMITS	26,524	29,340	2,816

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts In thousands)

(Page 2 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>			
FEDERAL GRANTS:			
Civil Defense Administration Expense	112	112	--
U. S. Department of Justice Crime Act	--	45	45
Total Federal Grants	112	157	45
STATE GRANT:			
Transient Accommodation Tax	35,900	32,603	(3,297)
Total State Grant	35,900	32,603	(3,297)
INTERGOVERNMENTAL PAYMENTS IN LIEU OF TAXES:			
Fish and Wildlife Service	5	3	(2)
Total Intergovernmental Payments in Lieu of Taxes	5	3	(2)
TOTAL INTERGOVERNMENTAL	36,017	32,763	(3,254)
<u>CHARGES FOR SERVICES</u>			
GENERAL GOVERNMENT:			
Data Processing Services:			
Duplication of Master Tapes	58	37	(21)
Data Processing Service - State	186	382	196
Data Processing Service - U.S. Government	26	9	(17)
Data Processing Service - Other Counties	250	292	42
Legal Services (BWS)	30	32	2
Service Fee for Dishonored Checks	31	20	(11)
Band Collections	4	5	1
Automotive Equipment Service Charges	255	123	(132)
Subdivision Fees	45	71	26
Application Fees for Zoning Regulations	100	97	(3)
Nonconforming Use Renewal Fees	--	213	213
Plan Review Use Fees	690	792	102
Administrative Fee--Multi-Family Housing Program.....	72	147	75
Real Property Tax Appeal Fee	30	4	(26)
Fees for Certificates, Copies and Extracts of Records ...	138	169	31
Fees for Services	2	48	46
Custodial and Attendant Services	295	232	(63)
Spay-Neuter Service	244	240	(4)
Other	12	30	18
Total General Government	2,468	2,943	475

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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	43	1
HPD Special Duty Fees	130	154	24
Corrections:			
Care of Federal Prisoners	2	1	(1)
Miscellaneous:			
Filing Fee-Building Code Variance/Appeal	--	2	2
Total Public Safety	174	200	26
HIGHWAYS AND STREETS:			
Parking:			
City Employees	485	452	(33)
HPD Parking Lot	140	127	(13)
Total Highways and Streets	625	579	(46)
CULTURE-RECREATION:			
Commercial Activities:			
Scuba and Snorkeling	42	19	(23)
Windsurfing	4	4	--
Commercial Filming	14	18	4
Summer Fun Program	143	297	154
Fall and Spring Program	25	25	--
Foster Botanic Garden	105	115	10
Fees for Community Garden	35	50	15
Total Culture-Recreation	368	528	160
TOTAL CHARGES FOR SERVICES	3,635	4,250	615
<u>FINES AND FORFEITS</u>			
FINES:			
Fines	77	152	75
Liquidated Contract Damages	--	4	4
Total Fines	77	156	79
FORFEITS:			
Forfeiture of Seized Property	50	147	97
TOTAL FINES AND FORFEITS	127	303	176

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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	1,537	1,659	122
HPD Civil Defense Coordinator	29	22	(7)
Motor Vehicle Inspection Program	353	340	(13)
Family Support Program	777	1,228	451
Emergency Ambulance Services	17,209	19,361	2,152
Collection Cost - State Motor Vehicle			
Weight Tax, etc.	490	621	131
Commercial Drivers' License Program	368	327	(41)
Recoveries:			
Overhead Charges	183	270	87
Workers' Compensation Payment	345	322	(23)
Central Administrative Service Expenses:			
Board of Water Supply	5,100	3,274	(1,826)
Debt Service Charges - Enterprise Funds:			
Sewer	11,341	11,140	(201)
Solid Waste	30,357	30,245	(112)
Housing	10,738	9,819	(919)
Workers' Compensation Claims (Third Party)	90	64	(26)
Fuel Taxes for Off-Highway Use Vehicles	60	65	5
Recoveries - Other	8	121	113
Total Reimbursements and Recoveries	<u>78,985</u>	<u>78,878</u>	<u>(107)</u>
INTEREST:			
Interest Earnings:			
Investments	4,700	3,088	(1,612)
Other Sources	2	11	9
Total Interest	<u>4,702</u>	<u>3,099</u>	<u>(1,603)</u>

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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)	182	201	19
Rental Units (HCD Property)	28	327	299
Rental - Ambulance Facilities	66	64	(2)
Rental of Parks and Recreational Facilities:			
Perquisite Housing	22	25	3
Other	1	1	--
Rental of Equipment	15	7	(8)
Rental for Use of Land	129	60	(69)
Rental of Other Properties:			
Harbor Court Lease Rent	1,250	1,235	(15)
Chinatown Community Service Center	--	10	10
Total Rents	1,693	1,930	237
Concessions:			
Other Concessions:			
Food Concession - HPD	30	28	(2)
Public Pay Phones	120	12	(108)
Other Concessions	--	2	2
Total Concessions	150	42	(108)
Contributions from Private Sources:			
Developers' Premium	200	2,500	2,300
Unclaimed Monies:			
Police Department	10	10	--
Total Contributions from Private Sources	210	2,510	2,300
Other:			
Towing Service Premiums	470	545	75
Vacation Accumulation Deposits	30	104	74
Miscellaneous Sales	127	165	38
Sundry Refunds	561	5,283	4,722
Sundry Realizations	--	37	37
Total Other	1,188	6,134	4,946
Total Other Miscellaneous	3,241	10,616	7,375
TOTAL MISCELLANEOUS	86,928	92,593	5,665
TOTAL REVENUES	561,455	570,292	8,837

CITY AND COUNTY OF HONOLULU
GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 6 of 6)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES			
SALES OF GENERAL FIXED ASSETS:			
Sale of Fixed Assets	15,130	309	(14,821)
Compensation for Loss of Fixed Assets	--	1	1
TOTAL SALES OF GENERAL FIXED ASSETS ...	<u>15,130</u>	<u>310</u>	<u>(14,820)</u>
TRANSFERS FROM OTHER FUNDS:			
Recovery of Central Administrative Service Expenses:			
Highway Fund	5,673	5,673	--
Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund	85	--	(85)
Bikeway Fund	15	15	--
Sewer Fund	5,735	5,735	--
Liquor Commission Fund	167	167	--
Rental Assistance Fund	12	12	--
Golf Fund	773	773	--
Special Events Fund	640	640	--
Solid Waste Special Fund	7,447	7,447	--
Recovery of Debt Service Charges:			
Highway Fund	16,873	14,867	(2,006)
Hanauma Bay Nature Preserve Fund	1,421	1,421	--
Golf Fund	5,331	5,331	--
Special Events Fund	2,702	2,702	--
Other Transfers:			
Sewer Fund	53,798	53,898	100
Liquor Commission Fund	100	100	--
Solid Waste Special Fund	264	264	--
Municipal Store Revolving Fund	271	135	(136)
TOTAL TRANSFERS FROM OTHER FUNDS ...	<u>101,307</u>	<u>99,180</u>	<u>(2,127)</u>
TOTAL OTHER FINANCING SOURCES	<u>116,437</u>	<u>99,490</u>	<u>(16,947)</u>
TOTAL GENERAL FUND	<u>\$ 677,892</u>	<u>\$ 669,782</u>	<u>\$ (8,110)</u>

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 23,333	\$ 22,154
Receivables:		
Public Utilities	11,326	11,874
Intergovernmental	4,145	5,410
Due from other funds:		
General Fund	114	--
Solid Waste Fund - Refuse General Account	12	22
Total Assets	\$ 38,930	\$ 39,460
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 334	\$ 297
Accrued payroll	289	205
Deferred revenue	11,326	11,874
Total Liabilities	11,949	12,376
Fund Balance:		
Reserved for encumbrances	1,463	1,533
Unreserved - undesignated	25,518	25,551
Total Fund Balance	26,981	27,084
Total Liabilities and Fund Balance	\$ 38,930	\$ 39,460

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, 2003
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 68,200	\$ 68,200	\$ 69,808	\$ 1,608
Licenses and permits	26,602	26,602	29,026	2,424
Charges for services	4,285	4,285	4,328	43
Fines and forfeits	12	12	2	(10)
Miscellaneous:				
Reimbursements and recoveries	318	318	20	(298)
Other	1,368	1,368	4,786	3,418
Total Revenues	100,785	100,785	107,970	7,185
Expenditures:				
Current:				
General government:				
Design and Construction	3,568	3,568	3,335	233
Facility Maintenance	6,413	6,413	6,358	55
Planning and Permitting	1,407	1,407	1,237	170
Total General government	11,388	11,388	10,930	458
Public safety:				
Police	16,843	16,843	16,253	590
Transportation Services	3,334	3,331	3,256	75
Total Public safety	20,177	20,174	19,509	665
Highways and streets:				
Facility Maintenance	13,402	13,402	11,414	1,988
Sanitation:				
Environmental Services	697	697	665	32
Utilities or other enterprises:				
Transportation Services	1,466	1,469	1,355	114
Miscellaneous:				
Retirement and health benefits:				
Provisional	8,248	8,248	7,840	408
Other:				
Provisional	2,091	2,091	1,337	754
Total Miscellaneous	10,339	10,339	9,177	1,162
Total Expenditures	57,469	57,469	53,050	4,419
Revenues over Expenditures	43,316	43,316	54,920	11,604

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, 2003
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Other Financing Source (Uses):				
Sales of general fixed assets	236	236	577	341
Transfers out:				
Debt service - Budget and Fiscal Services	(16,873)	(16,873)	(14,867)	2,006
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(5,673)	(5,673)	(5,673)	--
Bus subsidy - Budget and Fiscal Services	(35,131)	(35,131)	(35,131)	--
Total Transfers out.....	(57,677)	(57,677)	(55,671)	2,006
Total Other Financing Source (Uses)	(57,441)	(57,441)	(55,094)	2,347
Revenues and Other Source under Expenditures and Other Uses	(14,125)	(14,125)	(174)	13,951
Unreserved - Undesignated Fund Balance - July 1	14,125	14,125	25,551	11,426
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis).....	\$ --	\$ --	25,377	\$ 25,377
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			1,245	
Expenditures - prior year encumbrances			(1,174)	
Decrease in reserved for encumbrances			70	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			25,518	
Reserved for Encumbrances - June 30			1,463	
Fund Balance - June 30 (GAAP Basis)			\$ 26,981	

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>TAXES</u>			
GROSS RECEIPTS BUSINESS TAXES:			
Public Utility Franchise Tax	\$ 22,900	\$ 22,652	\$ (248)
SELECTIVE SALES AND USE TAXES:			
Fuel Tax	45,300	47,156	1,856
TOTAL TAXES	68,200	69,808	1,608
<u>LICENSES AND PERMITS</u>			
NON-BUSINESS LICENSES AND PERMITS:			
Building Structures and Equipment Permits -			
Grading, Excavations and Fills	40	59	19
Other Permits	6	3	(3)
Motor Vehicle Licenses and Fees -			
Motor Vehicle Weight Tax	25,384	27,560	2,176
Other Vehicle Licenses and Fees	913	1,162	249
Street and Sidewalk Use - Taxi Stand	9	10	1
Freight Curb and Passenger Loading Zone Permits	223	203	(20)
Excavation and Repair of Streets and Sidewalks	27	29	2
TOTAL LICENSES AND PERMITS	26,602	29,026	2,424
<u>CHARGES FOR SERVICES</u>			
HIGHWAYS AND STREETS:			
Street and Sidewalk Charges	56	62	6
Street Parking Meter Collections	2,166	2,371	205
Other Parking Meter Collections	2,036	1,868	(168)
Other	27	27	--
TOTAL CHARGES FOR SERVICES	4,285	4,328	43
<u>FINES AND FORFEITS</u>			
FINES:			
Fines	12	2	(10)
TOTAL FINES AND FORFEITS	12	2	(10)
<u>MISCELLANEOUS</u>			
REIMBURSEMENTS AND RECOVERIES:			
Reimbursement from State for			
Traffic Signal Maintenance	300	--	(300)
Recovery of Overhead Charges	13	18	5
Recovery of Embezzlement Loss	--	2	2
Recovery of Overtime Inspection	5	--	(5)
Total Reimbursements and Recoveries	318	20	(298)

CITY AND COUNTY OF HONOLULU
HIGHWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
OTHER MISCELLANEOUS:			
Rents:			
Rental for Use of Land	68	61	(7)
Total Rents	<u>68</u>	<u>61</u>	<u>(7)</u>
Concessions:			
Kekaulike Parking Lot	20	34	14
Marin Towers Garage	210	285	75
Harbor Court Garage	370	311	(59)
Kukui Plaza Garage	700	688	(12)
Total Concessions	<u>1,300</u>	<u>1,318</u>	<u>18</u>
Other:			
Sundry Refunds	--	3,407	3,407
Total Other	<u>--</u>	<u>3,407</u>	<u>3,407</u>
Total Other Miscellaneous	<u>1,368</u>	<u>4,786</u>	<u>3,418</u>
TOTAL MISCELLANEOUS	<u>1,686</u>	<u>4,806</u>	<u>3,120</u>
TOTAL REVENUES	<u>100,785</u>	<u>107,970</u>	<u>7,185</u>
<u>OTHER FINANCING SOURCES</u>			
SALES OF GENERAL FIXED ASSETS:			
Sales of Fixed Assets	25	41	16
Compensation for Loss of Fixed Assets	211	536	325
TOTAL OTHER FINANCING SOURCES	<u>236</u>	<u>577</u>	<u>341</u>
TOTAL HIGHWAY FUND	<u>\$ 101,021</u>	<u>\$ 108,547</u>	<u>\$ 7,526</u>

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

BALANCE SHEET
JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
(Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 413	\$ 638
Due from other fund:		
General Fund	85	--
Total Assets	\$ 498	\$ 638
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 146	\$ 49
Accrued payroll	5	14
Total Liabilities	151	63
Fund Balance:		
Reserved for encumbrances	276	104
Unreserved - undesignated	71	471
Total Fund Balance	347	575
Total Liabilities and Fund Balance	\$ 498	\$ 638

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, 2003
(Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 2,285	\$ 2,124	\$ (161)
Total Revenues	2,285	2,124	(161)
Expenditures:			
Current:			
General government:			
Customer Services	2,289	2,238	51
Culture-recreation:			
Parks and Recreation	287	287	--
Total Expenditures	2,576	2,525	51
Revenue under Expenditures	(291)	(401)	(110)
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(85)	--	85
Revenue under Expenditures and Other Use	(376)	(401)	(25)
Unreserved - Undesignated Fund Balance - July 1	--	471	471
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ (376)	70	\$ 446
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		240	
Expenditures - prior year encumbrances		(67)	
Increase in reserved for encumbrances		(172)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		71	
Reserved for Encumbrances - June 30		276	
Fund Balance - June 30 (GAAP Basis)		\$ 347	

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, 2003
(Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
HIGHWAYS AND STREETS:			
Highway Beautification Fees	\$ 2,285	\$ 2,124	\$ (161)
TOTAL HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED VEHICLES REVOLVING FUND REVENUES	<u>\$ 2,285</u>	<u>\$ 2,124</u>	<u>\$ (161)</u>

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 568	\$ 894
Total Asset	\$ 568	\$ 894
<u>FUND BALANCE</u>		
Fund Balance:		
Reserved for encumbrances	\$ --	\$ 3
Unreserved - undesignated	568	891
Total Fund Balance	\$ 568	\$ 894

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, 2003
 (Amounts in thousands)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:			
Licenses and permits	\$ 372	\$ 350	\$ (22)
Miscellaneous:			
Other	--	90	90
Total Revenues	<u>372</u>	<u>440</u>	<u>68</u>
Expenditures:			
Current:			
Public safety:			
Transportation Services	287	287	--
Highways and streets:			
Facility Maintenance	10	3	7
Total Expenditures	<u>297</u>	<u>290</u>	<u>7</u>
Revenue over Expenditures	<u>75</u>	<u>150</u>	<u>75</u>
Other Financing Source (Uses):			
Transfer in	--	180	180
Transfers out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(15)	(15)	--
Capital improvements:			
Budget and Fiscal Services	(1)	(1)	--
Design and Construction	(637)	(637)	--
Total Transfers out	<u>(653)</u>	<u>(653)</u>	<u>--</u>
Total Other Financing Source (Uses)	<u>(653)</u>	<u>(473)</u>	<u>180</u>
Revenue and Other Source under Expenditures and Other Uses	(578)	(323)	255
Unreserved - Undesignated Fund Balance - July 1	700	891	191
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 122</u>	568	<u>\$ 446</u>
Adjustments to conform with generally accepted accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		(3)	
Decrease in reserved for encumbrances		<u>3</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		568	
Reserved for Encumbrances - June 30		<u>--</u>	
Fund Balance - June 30 (GAAP Basis)		<u>\$ 568</u>	

CITY AND COUNTY OF HONOLULU
BIKEWAY FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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	\$ 372	\$ 350	\$ (22)
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Other:			
Sundry Refunds	--	90	90
TOTAL REVENUES	<u>372</u>	<u>440</u>	<u>68</u>
<u>OTHER FINANCING SOURCE</u>			
TRANSFER FROM OTHER FUND:			
Other Transfer -			
Capital Projects Fund	--	180	180
TOTAL OTHER FINANCING SOURCE	<u>--</u>	<u>180</u>	<u>180</u>
TOTAL BIKEWAY FUND	<u>\$ 372</u>	<u>\$ 620</u>	<u>\$ 248</u>

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 5,580	\$ 4,888
Total Asset	\$ 5,580	\$ 4,888
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 5,580	\$ 4,888
Total Fund Balance	\$ 5,580	\$ 4,888

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, 2003
 (Amounts in thousands)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 281	\$ 281
Total Revenue	<u> --</u>	<u> 281</u>	<u> 281</u>
Other Financing Source (Uses):			
Transfer in	--	1,076	1,076
Transfers out:			
Capital improvements:			
Budget and Fiscal Services	(1)	(1)	--
Design and Construction	<u>(664)</u>	<u>(664)</u>	<u> --</u>
Total Other Financing Source (Uses)	<u>(665)</u>	<u> 411</u>	<u> 1,076</u>
Revenue and Other Source over (under) Other Uses	(665)	692	1,357
Unreserved - Undesignated Fund Balance - July 1.....	<u>2,514</u>	<u>4,888</u>	<u>2,374</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 1,849</u>	5,580	<u>\$ 3,731</u>
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		--	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		<u> --</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		5,580	
Reserved for Encumbrances - June 30		<u> --</u>	
Fund Balance - June 30 (GAAP Basis)		<u>\$ 5,580</u>	

CITY AND COUNTY OF HONOLULU
PARKS AND PLAYGROUNDS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Contributions from Private Sources:			
Subdividers' Contributions for			
Parks and Playgrounds	\$ --	\$ 281	\$ 281
TOTAL REVENUE	--	281	281
<u>OTHER FINANCING SOURCE</u>			
TRANSFER FROM OTHER FUND:			
Other Transfer -			
Capital Projects Fund	--	1,076	1,076
TOTAL OTHER FINANCING SOURCE	--	1,076	1,076
TOTAL PARKS AND PLAYGROUNDS FUND	<u>\$ --</u>	<u>\$ 1,357</u>	<u>\$ 1,357</u>

CITY AND COUNTY OF HONOLULU
FEDERAL REVENUE SHARING FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<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, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 1,332	\$ 1,218
Total Asset	\$ 1,332	\$ 1,218
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ --	\$ 1
Accrued payroll	17	12
Total Liabilities	17	13
Fund Balance:		
Reserved for encumbrances	149	122
Unreserved - undesignated	1,166	1,083
Total Fund Balance	1,315	1,205
Total Liabilities and Fund Balance	\$ 1,332	\$ 1,218

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, 2003
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 2,486	\$ 2,504	\$ 18
Charges for services	118	134	16
Fines and forfeits	200	341	141
Miscellaneous:			
Other	--	22	22
Total Revenues	2,804	3,001	197
Expenditures:			
Current:			
General government:			
Budget and Fiscal Services	2,750	2,224	526
Corporation Counsel	56	56	--
Information Technology	42	40	2
Total General government	2,848	2,320	528
Miscellaneous:			
Retirement and health benefits:			
Provisional	421	360	61
Other:			
Provisional	82	40	42
Total Miscellaneous	503	400	103
Total Expenditures	3,351	2,720	631
Revenues over (under) Expenditures	(547)	281	828
Other Financing Uses:			
Transfers out:			
Reimbursement for central administrative			
service expenses - Budget and Fiscal Services	(167)	(167)	--
Other - Budget and Fiscal Services	(100)	(100)	--
Total Other Financing Uses	(267)	(267)	--
Revenues over (under) Expenditures and Other Uses	(814)	14	828
Unreserved - Undesignated Fund Balance - July 1	858	1,083	225
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 44	1,097	\$ 1,053

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, 2003
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		149	
Expenditures - prior year encumbrances		(53)	
Increase in reserved for encumbrances		(27)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		1,166	
Reserved for Encumbrances - June 30		149	
Fund Balance - June 30 (GAAP Basis)		\$ 1,315	

CITY AND COUNTY OF HONOLULU
LIQUOR COMMISSION FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
LICENSES AND PERMITS			
BUSINESS LICENSES AND PERMITS:			
Alcoholic Licenses and Permits	\$ 2,486	\$ 2,504	\$ 18
CHARGES FOR SERVICES			
GENERAL GOVERNMENT:			
Charges for Publications, Reports, Copies, etc.	2	2	--
Fees:			
Charge for Photo I.D.	110	127	17
Other	6	5	(1)
	<u>118</u>	<u>134</u>	<u>16</u>
TOTAL CHARGES FOR SERVICES			
	<u>118</u>	<u>134</u>	<u>16</u>
FINES AND FORFEITS			
FINES:			
Fines - Liquor Commission	200	341	141
	<u>200</u>	<u>341</u>	<u>141</u>
MISCELLANEOUS			
OTHER MISCELLANEOUS:			
Other:			
Vacation Accumulation Deposits	--	20	20
Sundry Refunds	--	2	2
	<u>--</u>	<u>22</u>	<u>22</u>
TOTAL MISCELLANEOUS			
	<u>--</u>	<u>22</u>	<u>22</u>
TOTAL LIQUOR COMMISSION FUND REVENUES	<u>\$ 2,804</u>	<u>\$ 3,001</u>	<u>\$ 197</u>

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 1,039	\$ 1,037
Total Asset	\$ 1,039	\$ 1,037
<u>FUND BALANCE</u>		
Fund Balance:		
Reserved for encumbrances	\$ 6	\$ --
Unreserved - undesignated	1,033	1,037
Total Fund Balance	\$ 1,039	\$ 1,037

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, 2003
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ --	\$ 189	\$ 189
Total Revenue	--	189	189
Expenditure:			
Current:			
Human services:			
Community Services	233	181	52
Total Expenditure	233	181	52
Revenue over (under) Expenditure	(233)	8	241
Other Financing Use:			
Transfer out:			
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(12)	(12)	--
Revenue under Expenditure and Other Use	(245)	(4)	241
Unreserved - Undesignated Fund Balance - July 1	781	1,037	256
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 536	1,033	\$ 497
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		6	
Expenditures - prior year encumbrances		--	
Increase in reserved for encumbrances		(6)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		1,033	
Reserved for Encumbrances - June 30		6	
Fund Balance - June 30 (GAAP Basis)		\$ 1,039	

CITY AND COUNTY OF HONOLULU
RENTAL ASSISTANCE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

<u>Source of Revenue</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
OTHER MISCELLANEOUS:			
Rents:			
Rental of Parking Stalls	\$ --	\$ 189	\$ 189
TOTAL RENTAL ASSISTANCE FUND REVENUE	\$ --	\$ 189	\$ 189

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 41	\$ 41
Total Asset	\$ 41	\$ 41
<u>FUND BALANCE</u>		
Fund Balance:		
Unreserved - undesignated	\$ 41	\$ 41
Total Fund Balance	\$ 41	\$ 41

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Other	\$ 27	\$ 1	\$ (26)
Total Revenue	27	1	(26)
Expenditure:			
Current:			
Culture-recreation:			
Enterprise Services	35	1	34
Revenue over (under) Expenditure	(8)	--	8
Unreserved - Undesignated Fund Balance - July 1	8	41	33
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	41	\$ 41
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)		41	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 41	

CITY AND COUNTY OF HONOLULU
ZOO ANIMAL PURCHASE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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	\$ 27	\$ 1	\$ (26)
 TOTAL ZOO ANIMAL PURCHASE FUND REVENUE	 <u>\$ 27</u>	 <u>\$ 1</u>	 <u>\$ (26)</u>

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 986	\$ 1,441
Total Asset	\$ 986	\$ 1,441
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 210	\$ 5
Accrued payroll	13	21
Total Liabilities	223	26
Fund Balance:		
Reserved for encumbrances	232	406
Unreserved - undesignated	531	1,009
Total Fund Balance	763	1,415
Total Liabilities and Fund Balance	\$ 986	\$ 1,441

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, 2003
 (Amounts in thousands)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:			
Charges for services	\$ 2,288	\$ 2,438	\$ 150
Miscellaneous:			
Other	<u>1,061</u>	<u>769</u>	<u>(292)</u>
Total Revenues	<u>3,349</u>	<u>3,207</u>	<u>(142)</u>
Expenditures:			
Current:			
Public safety:			
Emergency Services	402	395	7
Culture-recreation:			
Enterprise Services	14	--	14
Parks and Recreation	<u>2,470</u>	<u>1,683</u>	<u>787</u>
Total Culture-recreation	<u>2,484</u>	<u>1,683</u>	<u>801</u>
Miscellaneous:			
Retirement and health benefits:			
Provisional	377	194	183
Other:			
Provisional	<u>27</u>	<u>--</u>	<u>27</u>
Total Miscellaneous	<u>404</u>	<u>194</u>	<u>210</u>
Total Expenditures	<u>3,290</u>	<u>2,272</u>	<u>1,018</u>
Revenues over Expenditures	<u>59</u>	<u>935</u>	<u>876</u>
Other Financing Uses:			
Transfers out:			
Debt service - Budget and Fiscal Services	<u>(1,421)</u>	<u>(1,421)</u>	<u>--</u>
Revenues under Expenditures and Other Uses	<u>(1,362)</u>	<u>(486)</u>	<u>876</u>
Unreserved - Undesignated Fund Balance - July 1	<u>1,362</u>	<u>1,009</u>	<u>(353)</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u><u>\$ --</u></u>	<u>523</u>	<u><u>\$ 523</u></u>
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		221	
Expenditures - prior year encumbrances		(387)	
Decrease in reserved for encumbrances		<u>174</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		531	
Reserved for Encumbrances - June 30		<u>232</u>	
Fund Balance - June 30 (GAAP Basis)		<u><u>\$ 763</u></u>	

CITY AND COUNTY OF HONOLULU
HANAUMA BAY NATURE PRESERVE FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
HIGHWAYS AND STREETS:			
Hanauma Bay Parking	\$ 208	\$ 225	\$ 17
CULTURE-RECREATION:			
Miscellaneous:			
Hanauma Bay Admission Fee	<u>2,080</u>	<u>2,213</u>	<u>133</u>
TOTAL CHARGES FOR SERVICES	<u>2,288</u>	<u>2,438</u>	<u>150</u>
<u>MISCELLANEOUS</u>			
OTHER MISCELLANEOUS:			
Concessions:			
Parks and Recreation Facilities:			
Hanauma Beach Park Concession	261	--	(261)
Hanauma Shuttle Bus Service	67	12	(55)
Hanauma Snorkling Rental	733	755	22
Vacation Accumulation Deposits	<u>--</u>	<u>2</u>	<u>2</u>
TOTAL MISCELLANEOUS	<u>1,061</u>	<u>769</u>	<u>(292)</u>
TOTAL HANAUMA BAY NATURE PRESERVE FUND REVENUES	<u>\$ 3,349</u>	<u>\$ 3,207</u>	<u>\$ (142)</u>

CITY AND COUNTY OF HONOLULU
SPECIAL RESERVE FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<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, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 186	\$ 142
Receivables:		
Loans	336	--
Intergovernmental	755	--
Due from other fund:		
Federal Grants Capital Projects Fund	--	180
Total Assets	\$ 1,277	\$ 322
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 631	\$ 180
Due to other fund:		
General Fund	124	--
Deferred revenue	336	--
Total Liabilities	1,091	180
Fund Balance:		
Reserved for encumbrances	11,165	15,381
Unreserved - undesignated	(10,979)	(15,239)
Total Fund Balance	186	142
Total Liabilities and Fund Balance	\$ 1,277	\$ 322

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, 2003
 (Amounts in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 14,942	\$ 14,942	\$ 17,636	\$ 2,694
Total Revenues	<u>14,942</u>	<u>14,942</u>	<u>17,636</u>	<u>2,694</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	717	717	596	121
Design and Construction	150	150	54	96
Total General government	<u>867</u>	<u>867</u>	<u>650</u>	<u>217</u>
Human services:				
Community Services	863	863	802	61
Utilities or other enterprises:				
Transportation Services	1,000	1,000	1,000	--
Capital improvements:				
Budget and Fiscal Services	1	1	1	--
Design and Construction	20	1,327	1,327	--
Community Services	13,755	12,448	12,448	--
Total Capital improvements	<u>13,776</u>	<u>13,776</u>	<u>13,776</u>	<u>--</u>
Total Expenditures	<u>16,506</u>	<u>16,506</u>	<u>16,228</u>	<u>278</u>
Revenues over (under) Expenditures	(1,564)	(1,564)	1,408	2,972
Unreserved - Undesignated Fund Balance - July 1	<u>1,564</u>	<u>1,564</u>	<u>(15,239)</u>	<u>(16,803)</u>
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ --</u>	<u>\$ --</u>	<u>(13,831)</u>	<u>\$ (13,831)</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			6,618	
Expenditures - prior year encumbrances			(6,648)	
Decrease in reserved for encumbrances			4,216	
Transfers out - prior year encumbrances			<u>(1,334)</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			(10,979)	
Reserved for Encumbrances - June 30			<u>11,165</u>	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 186</u>	

CITY AND COUNTY OF HONOLULU
COMMUNITY DEVELOPMENT FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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	\$ 14,942	\$ 17,636	\$ 2,694
 TOTAL COMMUNITY DEVELOPMENT FUND REVENUES	 <u>\$ 14,942</u>	 <u>\$ 17,636</u>	 <u>\$ 2,694</u>

CITY AND COUNTY OF HONOLULU
GOLF FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 760	\$ 574
Due from other fund:		
General Fund	--	100
Total Assets	\$ 760	\$ 674
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 131	\$ 168
Accrued payroll	47	52
Total Liabilities	178	220
Fund Balance:		
Reserved for encumbrances	246	449
Unreserved - undesignated	336	5
Total Fund Balance	582	454
Total Liabilities and Fund Balance	\$ 760	\$ 674

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, 2003
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 6,627	\$ 6,031	\$ (596)
Miscellaneous:			
Other	3,925	3,600	(325)
Total Revenues	10,552	9,631	(921)
Expenditures:			
Current:			
Culture-recreation:			
Enterprise Services	8,324	7,129	1,195
Miscellaneous:			
Retirement and health benefits:			
Provisional	1,395	1,340	55
Other:			
Provisional	164	19	145
Total Miscellaneous	1,559	1,359	200
Total Expenditures	9,883	8,488	1,395
Revenues over Expenditures	669	1,143	474
Other Finance Source (Uses):			
Transfer in	5,121	5,121	--
Transfers out:			
Debt service - Budget and Fiscal Services	(5,331)	(5,331)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(773)	(773)	--
Total Other Financing Source (Uses)	(983)	(983)	--
Revenues and Other Source over (under) Expenditures and Other Uses	(314)	160	474
Unreserved - Undesignated Fund Balance - July 1	314	5	(309)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	165	\$ 165

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, 2003
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		246	
Expenditures - prior year encumbrances		(278)	
Decrease in reserved for encumbrances		203	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		336	
Reserved for Encumbrances - June 30		246	
Fund Balance - June 30 (GAAP Basis)		\$ 582	

CITY AND COUNTY OF HONOLULU
GOLF FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
<u>CULTURE-RECREATION:</u>			
Golf Course Fees	\$ 6,627	\$ 6,031	\$ (596)
TOTAL CHARGES FOR SERVICES	6,627	6,031	(596)
<u>MISCELLANEOUS</u>			
<u>OTHER MISCELLANEOUS:</u>			
Rents:			
Golf Cart Rentals	3,349	3,053	(296)
Total Rents	3,349	3,053	(296)
Concessions:			
Food Concession - Golf Courses	210	140	(70)
Golf Course - Pro Shops	6	5	(1)
Golf Course - Driving Range	360	371	11
Total Concessions	576	516	(60)
Other:			
Sundry Refunds	--	31	31
TOTAL MISCELLANEOUS	3,925	3,600	(325)
TOTAL REVENUES	10,552	9,631	(921)
<u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
General Fund	5,121	5,121	--
TOTAL GOLF FUND	\$ 15,673	\$ 14,752	\$ (921)

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 801	\$ 397
Total Asset	\$ 801	\$ 397
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 104	\$ 67
Accrued payroll	82	89
Total Liabilities	186	156
Fund Balance:		
Reserved for encumbrances	132	235
Unreserved - undesignated	483	6
Total Fund Balance	615	241
Total Liabilities and Fund Balance	\$ 801	\$ 397

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, 2003
 (Amounts in thousands)

(Page 1 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,285	\$ 1,398	\$ 113
Miscellaneous:			
Reimbursements and recoveries	14	10	(4)
Interest	35	1	(34)
Other	5,047	4,886	(161)
Total Revenues	6,381	6,295	(86)
Expenditures:			
Current:			
General government:			
Budget and Fiscal Services	111	111	--
Culture-recreation:			
Enterprise Services	7,725	7,498	227
Miscellaneous:			
Retirement and health benefits:			
Provisional	1,697	1,534	163
Other:			
Provisional	387	216	171
Total Miscellaneous	2,084	1,750	334
Total Expenditures	9,920	9,359	561
Revenues under Expenditures	(3,539)	(3,064)	475
Other Finance Source (Uses):			
Transfer in	6,881	6,881	--
Transfers out:			
Debt service - Budget and Fiscal Services	(2,702)	(2,702)	--
Reimbursement for central administrative service expenses - Budget and Fiscal Services	(640)	(640)	--
Total Other Financing Source (Uses)	3,539	3,539	--

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, 2003
 (Amounts in thousands)

(Page 2 of 2)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues and Other Source over over Expenditures and Other Uses	--	475	475
Unreserved - Undesignated Fund Balance - July 1	--	6	6
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ --	481	\$ 481
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		111	
Expenditures - prior year encumbrances		(212)	
Decrease in reserved for encumbrances		103	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		483	
Reserved for Encumbrances - June 30		132	
Fund Balance - June 30 (GAAP Basis)		\$ 615	

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 1 of 2)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>CHARGES FOR SERVICES</u>			
GENERAL GOVERNMENT:			
Surcharge on Auditorium Tickets	\$ 85	\$ 91	\$ 6
CULTURE-RECREATION:			
Honolulu Zoo	1,200	1,307	107
TOTAL CHARGES FOR SERVICES	1,285	1,398	113
<u>MISCELLANEOUS</u>			
REIMBURSEMENTS AND RECOVERIES:			
Recovery of Utility Charges	14	10	(4)
INTEREST:			
Interest Earnings:			
Investments	35	1	(34)
OTHER MISCELLANEOUS:			
Rents:			
Rental for Use of Land	20	19	(1)
Rental of Auditorium Facilities	1,531	1,476	(55)
Auditorium Equipment Rental	845	790	(55)
Rental of Other Properties:			
Parking Stalls	1	--	(1)
Total Rents	2,397	2,285	(112)
Concessions:			
Food Concession - Auditoriums	525	569	44
Food Concession - Honolulu Zoo	120	75	(45)
Food Concession - Parks	250	228	(22)
Parking - Auditoriums	975	1,086	111
Camera Shop - Auditoriums	4	--	(4)
Novelty Sales Concession - Auditoriums	60	26	(34)
Other - Auditoriums	4	2	(2)
Beach Concession - Parks	341	423	82
Pouring Rights	364	183	(181)
Other Concessions	7	9	2
Total Concessions	2,650	2,601	(49)

CITY AND COUNTY OF HONOLULU
SPECIAL EVENTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

(Page 2 of 2)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
Total Other Miscellaneous	<u>5,047</u>	<u>4,886</u>	<u>(161)</u>
TOTAL MISCELLANEOUS	<u>5,096</u>	<u>4,897</u>	<u>(199)</u>
TOTAL REVENUES	<u>6,381</u>	<u>6,295</u>	<u>(86)</u>
 <u>OTHER FINANCING SOURCE</u>			
<u>TRANSFER FROM OTHER FUND:</u>			
Other Transfer -			
General Fund	<u>6,881</u>	<u>6,881</u>	<u>--</u>
 TOTAL SPECIAL EVENTS FUND	 <u>\$ 13,262</u>	 <u>\$ 13,176</u>	 <u>\$ (86)</u>

CITY AND COUNTY OF HONOLULU
FARMERS HOME ADMINISTRATION LOAN FUND

BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<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, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 3,642	\$ 1,337
Receivable:		
Intergovernmental	17	388
Total Assets	\$ 3,659	\$ 1,725
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 135	\$ 10
Accrued payroll	4	--
Due to other fund:		
General Fund	--	65
Deferred revenue	180	180
Total Liabilities	319	255
Fund Balance:		
Reserved for encumbrances	1,859	1,976
Unreserved - undesignated	1,481	(506)
Total Fund Balance	3,340	1,470
Total Liabilities and Fund Balance	\$ 3,659	\$ 1,725

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, 2003
(Amounts in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:				
Intergovernmental	\$ 6,044	\$ 7,004	\$ 5,852	\$ (1,152)
Miscellaneous:				
Interest	--	--	6	6
Other	--	--	1,190	1,190
Total Revenues	<u>6,044</u>	<u>7,004</u>	<u>7,048</u>	<u>44</u>
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	--	295	170	125
City Council	--	44	44	--
Customer Services	43	43	43	--
Mayor	600	600	400	200
Prosecuting Attorney	1,021	1,732	1,090	642
Total General government	<u>1,664</u>	<u>2,714</u>	<u>1,747</u>	<u>967</u>
Public safety:				
Emergency Services	381	381	381	--
Fire	--	35	35	--
Mayor	--	49	49	--
Police	--	786	150	636
Transportation Services	--	197	68	129
Total Public safety	<u>381</u>	<u>1,448</u>	<u>683</u>	<u>765</u>
Human services:				
Community Services	3,981	4,474	3,827	647
Culture-recreation:				
Parks and Recreation	--	1,176	435	741
Total Expenditures	<u>6,026</u>	<u>9,812</u>	<u>6,692</u>	<u>3,120</u>
Revenues over (under) Expenditures	18	(2,808)	356	3,164
Other Financing Source:				
Transfer in	--	--	1,631	1,631
Revenues and Other Source over (under) Expenditures	18	(2,808)	1,987	4,795
Unreserved - Undesignated Fund Balance - July 1	--	--	(506)	(506)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 18</u>	<u>\$ (2,808)</u>	1,481	<u>\$ 4,289</u>
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			566	
Expenditures - prior year encumbrances			(683)	
Decrease in reserved for encumbrances			117	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			1,481	
Reserved for Encumbrances - June 30			1,859	
Fund Balance - June 30 (GAAP Basis)			<u>\$ 3,340</u>	

CITY AND COUNTY OF HONOLULU
SPECIAL PROJECTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>				
STATE GRANTS:				
Community Programming	\$ --	\$ 44	\$ 87	\$ 43
Hawaii Career Criminal Prosecution	647	678	603	(75)
Healthy Hawaii Initiative	--	308	94	(214)
Ho'Ala - JTPA	634	634	602	(32)
HTA-County Product Enrichment	600	600	400	(200)
Jobs - JTPA	309	309	236	(73)
LEPC Emergency Planning and Preparedness	--	49	32	(17)
Lifeguard Services at State Parks	381	381	381	--
North-South Road, Phase I	--	--	28	28
Oahu Film Office	20	20	--	(20)
Program on Aging-State Share	3,036	3,036	2,989	(47)
Rural Oahu Development	--	493	--	(493)
State Fire Council	--	35	35	--
Victim/Witness Kokua	417	417	365	(52)
TOTAL INTERGOVERNMENTAL	6,044	7,004	5,852	(1,152)
<u>MISCELLANEOUS</u>				
INTEREST:				
Interest Earnings:				
Investments	--	--	6	6
OTHER MISCELLANEOUS:				
Other	--	--	1,190	1,190
TOTAL MISCELLANEOUS	--	--	1,196	1,196
TOTAL REVENUES	6,044	7,004	7,048	44
<u>OTHER FINANCING SOURCE</u>				
TRANSFER FROM OTHER FUND:				
Other Transfer -				
General Trust Fund	--	--	1,631	1,631
TOTAL SPECIAL PROJECTS FUND REVENUES	\$ 6,044	\$ 7,004	\$ 8,679	\$ 1,675

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 8,542	\$ 5,443
Receivables:		
Loans	1,435	--
Intergovernmental	22,129	662
Due from other fund:		
Federal Grants Capital Projects Fund	--	13
Total Assets	\$ 32,106	\$ 6,118
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 675	\$ 1,499
Accrued payroll	4	--
Due to other fund:		
Sewer Fund	20,000	--
Deferred revenue	1,782	1,270
Total Liabilities	22,461	2,769
Fund Balance:		
Reserved for encumbrances	12,366	7,795
Unreserved - undesignated	(2,721)	(4,446)
Total Fund Balance	9,645	3,349
Total Liabilities and Fund Balance	\$ 32,106	\$ 6,118

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, 2003
 (Amounts in thousands)

(Page 1 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 44,477	\$ 61,446	\$ 41,032	\$ (20,414)
Miscellaneous:				
Interest	--	--	60	60
Other	--	--	909	909
Total Revenues	44,477	61,446	42,001	(19,445)
Expenditures:				
Current:				
General government:				
Budget and Fiscal Services	336	336	255	81
Design and Construction	--	8	8	--
Facility Maintenance	--	11	11	--
Information Technology	95	95	66	29
Planning and Permitting	210	229	228	1
Prosecuting Attorney	753	1,576	1,444	132
Total General government	1,394	2,255	2,012	243
Public safety:				
Fire	--	1,009	510	499
Mayor	--	470	306	164
Police	--	7,852	3,477	4,375
Total Public safety	--	9,331	4,293	5,038
Sanitation:				
Environmental Services	177	177	81	96
Human services:				
Community Services	17,663	28,857	15,922	12,935
Culture-recreation:				
Parks and Recreation	414	493	397	96
Utilities or other enterprises:				
Transportation Services	20,960	21,010	20,019	991
Total Expenditures	40,608	62,123	42,724	19,399

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, 2003
 (Amounts in thousands)

(Page 2 of 2)

	Original Budget	Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues under Expenditures	3,869	(677)	(723)	(46)
Other Financing Source:				
Transfer in	310	310	3,223	2,913
Revenues and Other Source over (under) Expenditures	4,179	(367)	2,500	2,867
Unreserved - Undesignated Fund Balance - July 1	--	--	(4,446)	(4,446)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 4,179	\$ (367)	(1,946)	\$ (1,579)
Adjustments to conform with generally accepted accounting principles:				
Encumbrances included above			7,535	
Expenditures - prior year encumbrances			(3,739)	
Increase in reserved for encumbrances			(4,571)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)			(2,721)	
Reserved for Encumbrances - June 30			12,366	
Fund Balance - June 30 (GAAP Basis)			\$ 9,645	

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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:				
Coastal Zone Management	\$ 210	\$ 229	\$ 228	\$ (1)
Community Prosecution	--	--	50	50
Crime Victim Assistance	265	1,033	1,031	(2)
DEA Marijuana Grant	--	303	303	--
Domestic Preparedness Equipment Support	--	255	84	(171)
Domestic Violence	270	270	87	(183)
Elderly Victims of Crime	--	--	62	62
EPA Grant Projects	177	177	--	(177)
Evening Counseling	--	--	58	58
Federal Transit Administration	20,960	21,010	20,019	(991)
FEMA Assistance To Firefighters	--	749	52	(697)
FEMA Supplemental Grant	--	190	--	(190)
Forensic DNA Testing	--	--	4	4
Gun Violence Prosecution	--	15	55	40
High Intensity Drug Trafficking Area	--	2,904	2,022	(882)
Home Grant	700	700	307	(393)
HUD Youthbuild	--	668	62	(606)
Incumbent Worker System Building Grant	--	100	--	(100)
Island Based Development Challenge	--	--	62	62
Juvenile Accountability	--	1,077	840	(237)
Juvenile Justice Waipahu	--	--	67	67
Local Law Enforcement Block Grant-Fourth Year	--	429	418	(11)
Local Law Enforcement Block Grant-Sixth Year	--	5	--	(5)
Local Law Enforcement Block Grant-Seventh Year	250	250	242	(8)
Office of Youth Services	--	--	64	64
PHDEP Grant	--	105	50	(55)
Program on Aging	3,458	3,458	2,759	(699)
Project Impact Initiative - Honolulu	190	469	260	(209)
Propane Powered Vehicles	--	11	11	--
Rebuild America Program	--	8	8	--
Rural Fire Assistance	--	5	--	(5)
Rural Oahu Development Program	--	493	122	(371)
Shelter Plus Care Program	2,000	3,245	963	(2,282)
Summer Food Service	225	225	254	29
Supportive Housing	1,200	2,966	797	(2,169)
Title V-Juvenile Justice and Delinquency	1,091	1,091	--	(1,091)
Title V-Pearl City Community Youth	--	41	39	(2)
Twenty-first Century Learning Centers	--	79	79	--
Weed and Seed Grant	56	56	--	(56)
Workforce Investment Act	13,425	17,431	9,530	(7,901)
Workforce Investment Act-Youth Offender	--	1,399	43	(1,356)
TOTAL INTERGOVERNMENTAL	44,477	61,446	41,032	(20,414)

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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	--	--	60	60
OTHER MISCELLANEOUS:				
Other:				
Other	--	--	883	883
Sundry Refunds	--	--	26	26
Total Other	--	--	909	909
TOTAL MISCELLANEOUS	--	--	969	969
TOTAL REVENUES	44,477	61,446	42,001	(19,445)
OTHER FINANCING SOURCE				
TRANSFERS FROM OTHER FUNDS:				
Other Transfer -				
Federal Grants Capital Projects Fund	310	310	--	(310)
General Trust Fund	--	--	3,223	3,223
TOTAL OTHER FINANCING SOURCE	310	310	3,223	2,913
TOTAL FEDERAL GRANTS FUND	\$ 44,787	\$ 61,756	\$ 45,224	\$ (16,532)

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

BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 9,227	\$ 8,651
Receivable:		
Loans	12,078	12,464
Total Assets	\$ 21,305	\$ 21,115
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ 12,078	\$ 12,464
Total Liability	12,078	12,464
Fund Balance:		
Reserved for encumbrances	9,299	8,651
Unreserved - undesignated	(72)	--
Total Fund Balance	9,227	8,651
Total Liability and Fund Balance	\$ 21,305	\$ 21,115

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, 2003
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenues:			
Miscellaneous:			
Interest	\$ 505	\$ 129	\$ (376)
Other	2,770	2,337	(433)
Total Revenues	3,275	2,466	(809)
Expenditure:			
Current:			
Human services:			
Community Services	3,321	2,538	783
Total Expenditure	3,321	2,538	783
Revenues under Expenditure	(46)	(72)	(26)
Unreserved - Undesignated Fund Balance - July 1	123	--	(123)
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 77	(72)	\$ (149)
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		1,008	
Expenditures - prior year encumbrances		(360)	
Increase in reserved for encumbrances		(648)	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		(72)	
Reserved for Encumbrances - June 30		9,299	
Fund Balance - June 30 (GAAP Basis)		\$ 9,227	

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, 2003
 (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	\$ 500	\$ 129	\$ (371)
Other Sources	5	--	(5)
	<u>505</u>	<u>129</u>	<u>(376)</u>
Total Interest			
OTHER MISCELLANEOUS:			
Repayments of Department of Housing and Community Development Loans:			
Principal	2,654	2,256	(398)
Interest	115	80	(35)
Late Charge	1	1	--
	<u>2,770</u>	<u>2,337</u>	<u>(433)</u>
Total Other Miscellaneous			
TOTAL HOUSING AND COMMUNITY DEVELOPMENT REHABILITATION LOAN FUND REVENUES	<u>\$ 3,275</u>	<u>\$ 2,466</u>	<u>\$ (809)</u>

CITY AND COUNTY OF HONOLULU
PAUHI PROJECT EXPENDITURES, HAWAII R-15 FUND

BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 2,789	\$ 2,749
Total Asset	\$ 2,789	\$ 2,749
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ 487	\$ 487
Total Liability	487	487
Fund Balance:		
Reserved for encumbrances	1,764	1,764
Unreserved - undesignated	538	498
Total Fund Balance	2,302	2,262
Total Liability and Fund Balance	\$ 2,789	\$ 2,749

CITY AND COUNTY OF HONOLULU
PAUHI PROJECT EXPENDITURES, HAWAII R-15 FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenue:			
Miscellaneous:			
Interest	\$ 113	\$ 40	\$ (73)
Other	7	--	(7)
Total Revenue	120	40	(80)
Unreserved - Undesignated Fund Balance - July 1	485	498	13
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 605</u>	538	<u>\$ (67)</u>
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)		538	
Reserved for Encumbrances - June 30		<u>1,764</u>	
Fund Balance - June 30 (GAAP Basis)		<u>\$ 2,302</u>	

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, 2003
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
MISCELLANEOUS			
INTEREST:			
Interest Earnings:			
Investments	\$ 113	\$ 40	\$ (73)
OTHER MISCELLANEOUS:			
Rents:			
Rental Units	<u>7</u>	<u>--</u>	<u>(7)</u>
TOTAL PAUahi PROJECT EXPENDITURES, HAWAII R-15 FUND REVENUES	<u>\$ 120</u>	<u>\$ 40</u>	<u>\$ (80)</u>

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

BALANCE SHEET
JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
(Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 4,155	\$ 4,281
Receivables:		
Accounts (net of allowance for uncollectibles).....	187	146
Total Assets	\$ 4,342	\$ 4,427
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 91	\$ 141
Accrued payroll	31	--
Deferred revenue	512	583
Total Liabilities	634	724
Fund Balance:		
Reserved for encumbrances	4,173	3,665
Unreserved - undesignated	(465)	38
Total Fund Balance	3,708	3,703
Total Liabilities and Fund Balance	\$ 4,342	\$ 4,427

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, 2003
(Amounts in thousands)

	<u>Original and Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$ 39,217	\$ 30,323	\$ (8,894)
Miscellaneous:			
Interest	--	150	150
Other	--	14	14
Total Revenues	<u>39,217</u>	<u>30,487</u>	<u>(8,730)</u>
Expenditures:			
Current:			
General government:			
Budget and Fiscal Services	141	141	--
Facility Maintenance	2,200	--	2,200
Information Technology	77	76	1
Total General government	2,418	217	2,201
Human services:			
Community Services	35,388	30,846	4,542
Total Expenditures	<u>37,806</u>	<u>31,063</u>	<u>6,743</u>
Revenues over (under) Expenditures	1,411	(576)	(1,987)
Unreserved - Undesignated Fund Balance - July 1	--	38	38
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	<u>\$ 1,411</u>	(538)	<u>\$ (1,949)</u>
Adjustments to conform with generally accepted accounting principles:			
Encumbrances included above		668	
Expenditures - prior year encumbrances		(87)	
Increase in reserved for encumbrances		<u>(508)</u>	
Unreserved - Undesignated Fund Balance - June 30 (GAAP Basis)		(465)	
Reserved for Encumbrances - June 30		<u>4,173</u>	
Fund Balance - June 30 (GAAP Basis)		<u>\$ 3,708</u>	

CITY AND COUNTY OF HONOLULU
HOUSING AND COMMUNITY DEVELOPMENT
SECTION 8 CONTRACT FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (Amounts in thousands)

<u>Source of Revenues</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Variance Favorable (Unfavorable)</u>
<u>INTERGOVERNMENTAL</u>			
FEDERAL GRANTS:			
Section 8 Grants:			
Moderate Rehabilitation Program, (001)	\$ 64	\$ 39	\$ (25)
Existing Housing Voucher Program	39,050	30,226	(8,824)
Moderate Rehabilitation Program, (002)	103	58	(45)
	<u>39,217</u>	<u>30,323</u>	<u>(8,894)</u>
TOTAL INTERGOVERNMENTAL			
<u>MISCELLANEOUS</u>			
INTEREST:			
Interest Earnings:			
Investments	--	148	148
Other Sources	--	2	2
	<u>--</u>	<u>150</u>	<u>150</u>
Total Interest			
OTHER MISCELLANEOUS:			
Other:			
Escheats	--	14	14
	<u>--</u>	<u>14</u>	<u>14</u>
Total Other Miscellaneous			
TOTAL MISCELLANEOUS	<u>--</u>	<u>164</u>	<u>164</u>
TOTAL HOUSING AND COMMUNITY DEVELOPMENT SECTION 8 CONTRACT FUND	<u>\$ 39,217</u>	<u>\$ 30,487</u>	<u>\$ (8,730)</u>

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 785	\$ 810
Total Asset	<u>\$ 785</u>	<u>\$ 810</u>
<u>LIABILITY AND FUND BALANCE</u>		
Liability:		
Deferred revenue	\$ 484	\$ 641
Total Liability	<u>484</u>	<u>641</u>
Fund Balance:		
Unreserved - undesignated	301	169
Total Fund Balance	<u>301</u>	<u>169</u>
Total Liability and Fund Balance	<u>\$ 785</u>	<u>\$ 810</u>

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, 2003
 (Amounts in thousands)

	Original and Final Budget	Actual on Budgetary Basis	Final Variance Favorable (Unfavorable)
Revenue:			
Miscellaneous:			
Interest	\$ --	\$ 3	\$ 3
Other	--	129	129
Total Revenue	--	132	132
Unreserved - Undesignated Fund Balance - July 1	87	169	82
Unreserved - Undesignated Fund Balance - June 30 (Budgetary Basis)	\$ 87	301	\$ 214
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)		301	
Reserved for Encumbrances - June 30		--	
Fund Balance - June 30 (GAAP Basis)		\$ 301	

CITY AND COUNTY OF HONOLULU
LEASEHOLD CONVERSION FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (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	\$ --	\$ 3	\$ 3
OTHER MISCELLANEOUS:			
Other:			
Sundry Realizations	--	129	129
TOTAL LEASEHOLD CONVERSION FUND REVENUES			
	<u>\$ --</u>	<u>\$ 132</u>	<u>\$ 132</u>

CITY AND COUNTY OF HONOLULU
 REVOLVING FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2003	2002
<u>ASSETS</u>					
Cash and investments:					
With Treasury	\$ 1,518	\$ 224	\$ 249	\$ 1,991	\$ 2,005
Inventories - Municipal Stores	--	--	45	45	11
Total Assets	<u>\$ 1,518</u>	<u>\$ 224</u>	<u>\$ 294</u>	<u>\$ 2,036</u>	<u>\$ 2,016</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ 8	\$ 8	\$ --
Due to other fund:					
General Fund	--	--	135	135	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>143</u>	<u>143</u>	<u>--</u>
Fund Balances:					
Reserved for encumbrances	--	--	12	12	31
Unreserved - undesignated	1,518	224	139	1,881	1,985
Total Fund Balances	<u>1,518</u>	<u>224</u>	<u>151</u>	<u>1,893</u>	<u>2,016</u>
Total Liabilities and Fund Balances ..	<u>\$ 1,518</u>	<u>\$ 224</u>	<u>\$ 294</u>	<u>\$ 2,036</u>	<u>\$ 2,016</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, 2003
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Amounts in thousands)

	Improvement District Revolving Fund	Housing and Community Development Revolving Fund	Municipal Stores Revolving Fund	Totals	
				2003	2002
Revenue:					
Miscellaneous:					
Other	\$ --	\$ --	\$ 45	\$ 45	\$ 34
Total Revenue	--	--	45	45	34
Expenditure:					
Current:					
General government	2	--	31	33	37
Total Expenditure	2	--	31	33	37
Revenue over (under) Expenditure	(2)	--	14	12	(3)
Other Financing Use:					
Transfer to other fund:					
General Fund	--	--	(135)	(135)	--
Revenue under Expenditure and Other Use	(2)	--	(121)	(123)	(3)
Fund Balances - July 1	1,520	224	272	2,016	2,019
Fund Balances - June 30	\$ 1,518	\$ 224	\$ 151	\$ 1,893	\$ 2,016

CITY AND COUNTY OF HONOLULU
GENERAL OBLIGATION BOND AND INTEREST REDEMPTION FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
Cash and investments:		
With Treasury	\$ 358	\$ --
With fiscal agents	--	359
Total Assets	\$ 358	\$ 359
 <u>LIABILITIES</u>		
Liabilities:		
Interest payable - matured	\$ 149	\$ 150
Bonds payable - matured	209	209
Total Liabilities	\$ 358	\$ 359

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, 2003
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
Revenues:		
Miscellaneous:		
Interest	\$ --	\$ 1,516
Other	--	85
Total Revenues	--	1,601
Expenditures:		
General obligation bonds:		
Bond principal retirement	72,219	26,151
Interest charges	82,795	80,766
Total Expenditures	155,014	106,917
Revenues under Expenditures	(155,014)	(105,316)
Other Financing Use:		
Proceeds of tax exempt commercial paper	36,732	90,584
Transfers from other funds:		
General Fund - Principal	36,391	26,066
General Fund - Interest	81,891	79,250
Payment of refunded bonds	--	(90,584)
Total Other Financing Sources (Uses)	155,014	105,316
Revenues 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, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
Cash and investments:		
With Treasury	\$ 1,050	\$ 929
Receivables:		
Special assessments - current	516	535
Special assessments - deferred	<u>1,204</u>	<u>1,724</u>
Total Assets	<u>\$ 2,770</u>	<u>\$ 3,188</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 2	\$ --
Interest payable - matured	4	4
Bonds payable - matured	5	5
Due to other funds:		
Capital Projects Fund	142	108
General Trust Fund	1	--
Deferred revenue	<u>1,204</u>	<u>1,724</u>
Total Liabilities	<u>1,358</u>	<u>1,841</u>
Fund Balance:		
Reserved for debt service	<u>1,412</u>	<u>1,347</u>
Total Fund Balance	<u>1,412</u>	<u>1,347</u>
Total Liabilities and Fund Balance	<u>\$ 2,770</u>	<u>\$ 3,188</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, 2003
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
Revenues:		
Special assessments	\$ 520	\$ 440
Miscellaneous:		
Interest	158	181
Other	4	4
Total Revenues	682	625
Expenditures:		
Special assessment bonds:		
Bond principal retirement	370	370
Interest charges	105	129
Total Expenditures	475	499
Revenues over Expenditures	207	126
Other Financing Use:		
Transfers to other fund:		
Capital Projects Fund	(142)	(108)
Revenues over Expenditures and Other Use	65	18
Fund Balances - July 1	1,347	1,329
Fund Balances - June 30	\$ 1,412	\$ 1,347

CITY AND COUNTY OF HONOLULU
GENERAL IMPROVEMENT BOND FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 13,570	\$ 28,651
Due from other fund:		
Solid Waste Special Fund	3,122	--
Total Assets	\$ 16,692	\$ 28,651
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 4,330	\$ 8,386
Accrued payroll	5	2
Due to other funds:		
General Fund	24,000	--
Sewer Fund	5,436	6,632
Solid Waste Special Fund	--	666
Total Liabilities	33,771	15,686
Fund Balance:		
Reserved for encumbrances	294,930	331,273
Unreserved - undesignated	(312,009)	(318,308)
Total Fund Balance	(17,079)	12,965
Total Liabilities and Fund Balance	\$ 16,692	\$ 28,651

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, 2003
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
Revenue:		
Miscellaneous:		
Other	\$ 305	\$ --
Total Revenue	305	--
Expenditures:		
Capital outlay:		
General government	30,516	38,450
Public safety	5,527	8,898
Highways and streets	985	3,329
Human services	--	7,779
Culture-recreation	43,387	95,063
Total Expenditures	80,415	153,519
Revenue under Expenditures	(80,110)	(153,519)
Other Financing Source:		
Proceeds of general obligation bonds	50,066	153,015
Total Other Financing Source	50,066	153,015
Revenue and Other Source under Expenditures	(30,044)	(504)
Fund Balance - July 1	12,965	13,469
Fund Balance - June 30	\$ (17,079)	\$ 12,965

CITY AND COUNTY OF HONOLULU
HIGHWAY IMPROVEMENT BOND FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSET</u>		
Cash and investments:		
With Treasury	\$ 9,339	\$ 15,852
Total Asset	<u>\$ 9,339</u>	<u>\$ 15,852</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 2,760	\$ 4,474
Due to other fund:		
General Fund	34,000	--
Total Liabilities	<u>36,760</u>	<u>4,474</u>
Fund Balance:		
Reserved for encumbrances	226,836	199,010
Unreserved - undesignated	(254,257)	(187,632)
Total Fund Balance	<u>(27,421)</u>	<u>11,378</u>
Total Liabilities and Fund Balance	<u>\$ 9,339</u>	<u>\$ 15,852</u>

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, 2003
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
Expenditures:		
Capital outlay:		
General government	\$ 319	\$ 1,361
Public safety	3,677	5,856
Highways and streets	41,973	37,659
Culture-recreation	4,786	2,321
Utilities or other enterprises	18,044	11,232
Total Expenditures	68,799	58,429
Other Financing Sources:		
Proceeds of general obligation bonds	30,000	52,000
Proceeds of long-term notes	--	1,119
Total Other Financing Sources	30,000	53,119
Other Sources under Expenditures	(38,799)	(5,310)
Fund Balance - July 1	11,378	16,688
Fund Balance - June 30	\$ (27,421)	\$ 11,378

CITY AND COUNTY OF HONOLULU
FEDERAL GRANTS CAPITAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 10,185	\$ 16,152
Receivables:		
Loans	42,054	41,664
Intergovernmental	619	1,886
Due from other fund:		
Capital Projects Fund	--	7
Total Assets	\$ 52,858	\$ 59,709
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,487	\$ 2,280
Due to other fund:		
Highway Improvement Bond Fund	--	193
Deferred revenue	43,501	42,797
Total Liabilities	44,988	45,270
Fund Balance:		
Reserved for encumbrances	66,633	75,063
Unreserved - undesignated	(58,763)	(60,624)
Total Fund Balance	7,870	14,439
Total Liabilities and Fund Balance	\$ 52,858	\$ 59,709

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, 2003
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
Revenue:		
Intergovernmental	\$ 16,876	\$ 30,505
Total Revenue	16,876	30,505
Expenditures:		
Capital outlay:		
General government	1,433	5,388
Public safety	154	1,901
Highways and streets	8,617	8,880
Sanitation	--	73
Human services	10,785	7,681
Culture-recreation	130	1,190
Utilities or other enterprises	3,660	13,782
Total Expenditures	24,779	38,895
Revenue under Expenditures	(7,903)	(8,390)
Other Financing Source (Use)		
Transfer from other fund:		
Community Development Fund	1,334	5,029
Transfer to other fund:		
Housing and Community Development Section 8 Contract Fund	--	(335)
Total Other Financing Source (Use)	1,334	4,694
Revenue and Other Source under Expenditures and Other Use	(6,569)	(3,696)
Fund Balance - July 1	14,439	18,135
Fund Balance - June 30	\$ 7,870	\$ 14,439

CITY AND COUNTY OF HONOLULU
CAPITAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2003
 WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2002
 (Amounts in thousands)

	2003	2002
<u>ASSETS</u>		
Cash and investments:		
With Treasury	\$ 19,082	\$ 20,989
Due from other fund:		
Improvement District Bond and Interest Redemption Fund	142	108
Total Assets	\$ 19,224	\$ 21,097
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 71	\$ --
Due to other fund:		
Federal Grants Capital Projects Fund	--	7
Total Liabilities	71	7
Fund Balance:		
Reserved for encumbrances	10,381	12,767
Unreserved - undesignated	8,772	8,323
Total Fund Balance	19,153	21,090
Total Liabilities and Fund Balance	\$ 19,224	\$ 21,097

CITY AND COUNTY OF HONOLULU
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Amounts in thousands)

	2003	2002
Revenues:		
Miscellaneous:		
Improvement District Assessment Receipts	\$ --	\$ 57
Other	992	1,939
Total Revenues	992	1,996
Expenditures:		
Capital outlay:		
General government	428	1,178
Public safety	444	122
Highways and streets	4,210	1,072
Sanitation	196	43
Culture-recreation	621	3,118
Total Expenditures	5,899	5,533
Revenues under Expenditures	(4,907)	(3,537)
Other Financing Sources (Uses):		
Proceeds of long-term notes	2,781	--
Transfers from other funds:		
Bikeway Fund	638	215
Parks and Playgrounds Fund	665	2,600
Improvement District Bond and Interest Redemption Fund	142	108
Transfers to other funds:		
General Fund	--	(107)
Bikeway Fund	(180)	(327)
Parks and Playgrounds Fund	(1,076)	(2,230)
Total Other Financing Sources (Uses)	2,970	259
Revenues and Other Sources under Expenditures and Other Uses	(1,937)	(3,278)
Fund Balance - July 1	21,090	24,368
Fund Balance - June 30	\$ 19,153	\$ 21,090

STATISTICAL SECTION
(UNAUDITED)

TABLE 1

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Human Resources	Culture - Recreation	Urban Redevelopment and Housing	Utilities or Other Enterprises	Miscellaneous	Capital Outlay	Debt Service	Total
1994	\$ 89,942	\$ 182,657	\$ 27,372	\$ 97,028	\$ 21,667	\$ 57,458	\$ 31,255	\$ 1,195	\$ 125,608	\$ 307,841	\$ 164,107	\$ 1,106,130
1995	92,951	184,192	26,951	101,121	21,182	58,045	34,349	1,971	121,312	179,027	148,252	969,353
1996	85,566	179,951	21,398	95,424	20,913	53,995	36,345	1,441	136,938	192,799	156,915	981,685
1997	90,855	198,288	19,112	91,232	57,838	52,732	4,060	515	132,296	100,428	167,635	914,991
1998	92,734	201,979	18,072	92,257	61,505	53,882	2,849	951	133,851	154,800	183,602	996,482
1999	107,163	197,615	23,872	82,569	65,482	49,674	--	9,685	115,463	143,749	151,781	947,053
2000	101,740	200,782	14,964	455	61,024	50,125	--	20,580	76,581	198,031	145,399	869,681
2001	104,720	217,504	14,976	482	88,986	55,555	--	23,621	75,932	203,714	148,055	913,555
2002	115,314	224,274	15,122	491	64,905	58,410	--	23,793	114,757	257,866	108,933	983,865
2003	115,067	246,109	13,831	648	52,007	62,260	--	22,557	101,655	193,722	120,332	928,188

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

TABLE 2
CITY AND COUNTY OF HONOLULU
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Amounts in thousands)
(Unaudited)

Fiscal Year	Licenses and Permits				Special Assessments		Charges for Services	Miscellaneous		Total
	Taxes	Special Assessments	Licenses and Permits	Inter-Governmental	Reimbursements and Recoveries	Interest		Other		
1994	\$ 490,645	\$ 875	\$ 39,633	\$ 121,106	\$ 140,221	\$ 98,801	\$ 15,240	\$ 27,933	\$ 934,454	
1995	480,967	570	44,985	129,845	142,412	54,414	20,136	29,465	902,794	
1996	481,495	551	46,464	123,528	145,963	63,807	20,048	23,914	905,770	
1997	480,219	551	46,606	123,275	143,516	67,687	19,702	25,421	906,977	
1998	470,385	517	46,483	159,759	146,807	66,446	20,844	22,522	933,763	
1999	466,115	537	46,357	130,128	141,828	78,412	16,567	33,231	913,175	
2000	461,255	447	55,157	165,189	20,489	97,143	15,098	29,273	844,051	
2001	448,986	445	56,266	170,152	20,718	87,264	15,234	22,029	821,094	
2002	477,746	440	56,614	145,439	18,482	76,873	10,086	38,659	824,339	
2003	480,851	520	61,220	144,482	20,703	78,908	3,646	31,811	822,141	

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

TABLE 3

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

Fiscal Year	Real Property Tax	Fuel Tax	Public Service Company Tax	Public Utility Franchise Tax	Total
1994	\$427,534	\$ 46,005	\$ --	\$ 17,106	\$ 490,645
1995	419,113	44,708	--	17,146	480,967
1996	416,987	45,990	--	18,518	481,495
1997	413,844	46,226	--	20,149	480,219
1998	404,415	45,214	--	20,756	470,385
1999	402,827	44,518	--	18,770	466,115
2000	399,115	42,901	--	19,239	461,255
2001	380,098	46,078	--	22,810	448,986
2002	382,449	46,728	24,821	23,748	477,746
2003	385,872	47,156	25,171	22,652	480,851

TABLE 4

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

Fiscal Year	Assessed Value (a)	Estimated Actual Value	Ratio of Assessed to Estimated Actual Value (b)
1994	\$ 86,289,397	\$ 86,289,397	100 %
1995	86,906,884	86,906,884	100
1996	85,753,264	85,753,264	100
1997	85,111,039	85,111,039	100
1998	81,732,984	81,732,984	100
1999	76,628,374	76,628,374	100
2000	71,820,676	71,820,676	100
2001	68,676,199	68,676,199	100
2002	69,671,573	69,671,573	100
2003	73,584,358	73,584,358	100

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

(b) Statutory ratio.

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

TABLE 5

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

Fiscal Year	Total Tax Levy	Current Tax Collections (a)	Per Cent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Per Cent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Per Cent of Current Levy
1994	\$ 432,730	\$ 421,475	97.4 %	\$ 6,059	\$ 427,534	98.8 %	\$ 14,710	3.4 %
1995	425,084	407,700	95.9	11,413	419,113	98.6	12,008	2.8
1996	417,880	404,805	96.9	12,182	416,987	99.8	6,887	1.6
1997	404,248	405,008	100.2	8,836	413,844	102.4	5,663	1.4
1998	392,100	398,975	101.8	5,440	404,415	103.1	7,132	1.8
1999	392,962	396,949	101.0	5,878	402,827	102.5	7,025	1.8
2000	393,000	392,950	100.0	6,165	399,115	101.6	6,638	1.7
2001	374,099	375,668	100.4	4,430	380,098	101.6	5,950	1.6
2002	371,234	377,742	101.8	4,707	382,449	103.0	5,234	1.4
2003	383,724	384,432	100.2	1,440	385,872	100.6	4,354	1.1

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

TABLE 6

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

(Unaudited)

(Page 1 of 2)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1,000	Value of Net Taxable Land	Land Tax Rates Per \$1,000	Value of Net Taxable Real Property
1994	Improved Residential	\$ 6,560,908	\$ 3.92	\$ 34,047,049	\$ 3.12	\$ 40,607,957
	Unimproved Residential	45,181	3.92	788,287	3.92	833,468
	Apartment	11,108,541	3.52	7,389,939	3.52	18,498,480
	Hotel/Resort	2,471,454	9.64	4,125,422	9.64	6,596,876
	Commercial	3,740,888	8.51	8,801,423	8.51	12,542,311
	Industrial	1,332,666	8.51	4,421,073	8.51	5,753,739
	Agricultural	111,489	9.00	765,700	9.00	877,189
	Conservation	58,303	9.00	521,074	9.00	579,377
	Total	\$ 25,429,430		\$ 60,859,967		\$ 86,289,397
	1995	Improved Residential	\$ 7,177,623	\$ 3.92	\$ 34,903,402	\$ 3.12
Unimproved Residential		34,684	3.92	870,358	3.92	905,042
Apartment		11,838,425	3.52	7,397,628	3.52	19,236,053
Hotel/Resort		2,348,632	9.64	3,072,740	9.64	5,421,372
Commercial		3,926,877	8.51	8,180,895	8.51	12,107,772
Industrial		1,364,167	8.51	4,573,665	8.51	5,937,832
Agricultural		116,305	9.00	602,838	9.00	719,143
Conservation		54,757	9.00	443,888	9.00	498,645
Total		\$ 26,861,470		\$ 60,045,414		\$ 86,906,884
1996		Improved Residential	\$ 7,695,925	\$ 3.92	\$ 34,476,962	\$ 3.12
	Unimproved Residential	40,176	3.92	1,007,570	3.92	1,047,746
	Apartment	11,883,537	3.52	7,768,722	3.52	19,652,259
	Hotel/Resort	2,241,829	9.64	2,729,852	9.64	4,971,681
	Commercial	4,016,803	8.51	7,053,885	8.51	11,070,688
	Industrial	1,442,338	8.51	4,285,282	8.51	5,727,620
	Agricultural	120,676	9.00	537,103	9.00	657,779
	Conservation	73,044	9.00	379,360	9.00	452,604
	Total	\$ 27,514,328		\$ 58,238,936		\$ 85,753,264
	1997	Improved Residential	\$ 8,406,430	\$ 3.92	\$ 34,255,677	\$ 3.12
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
1998		Improved Residential	\$ 8,654,984	\$ 3.92	\$ 31,966,315	\$ 3.12
	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

TABLE 6

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

(Page 2 of 2)

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

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

TABLE 7

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

Fiscal Year	Current Assessments Due	Current Assessments Collected (a)	Ratio of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1994	\$ 843	\$ 1,081	128 %	\$ 5,551
1995	518	674	130	5,314
1996	472	704	149	4,951
1997	453	553	122	4,397
1998	449	611	136	3,999
1999	436	558	128	3,437
2000	419	442	105	2,995
2001	423	483	114	2,561
2002	419	497	119	2,259
2003	409	540	132	1,720

(a) Includes prepayments.

TABLE 8
CITY AND COUNTY OF HONOLULU
RATIO OF DIRECT BONDED DEBT
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Resident Population As of July 1 (a)	Assessed Value (b) (thous. \$)	Direct Bonded Debt (c) (thous. \$)	Ratio of Direct Bonded Debt to Assessed Value	Direct Bonded Debt Per Capita
1994	878,591	86,289,397	1,122,894	1.3	1,278.06
1995	881,399	86,906,884	1,078,373	1.2	1,223.48
1996	883,443	85,753,264	1,132,844	1.3	1,282.31
1997	886,711	85,111,039	856,596	1.0	966.04
1998	886,909	81,732,984	870,856	1.1	981.90
1999	878,906	76,628,374	978,576	1.3	1,113.40
2000	875,881	71,820,676	987,147	1.4	1,127.03
2001	884,176	68,676,199	1,103,082	1.6	1,247.58
2002	896,019	69,671,573	1,309,395	1.9	1,461.35
2003	(d)	73,584,358	1,381,509	1.9	1,541.83

(a) Figures for 1994-2002 estimated by U.S. Bureau of Census, 1980 Census of Population-Characteristics of the Population-Number of Inhabitants Hawaii, PC80-1-A13 (October 1981), table 2 and 1990 Census of Population and Housing-Summary Population and Housing Characteristics Hawaii, 1990 CPH-1-13 (August 1991), table 2; U.S. Census Bureau, Census 2000 Redistricting Data (P.L. 94-171) Summary File (March 19, 2001); and the U.S. Census Bureau, Federal-State Cooperative Program for Population Estimates and appear in the State of Hawaii Data Book 2002, Table 1.06, Resident Population, by Counties: 1980 to 2002.

(b) See Table 4, Assessed Value.

(c) Excludes non-tax supported debt.

(d) Not available.

(e) Based on 2002 resident population.

TABLE 9

CITY AND COUNTY OF HONOLULU
COMPUTATION OF LEGAL DEBT MARGIN
 June 30, 2003
 (Amounts in thousands)
 (Unaudited)

Gross Assessed Valuation of Real Property, January 31, 2002		\$ 89,211,751
Less Exempt Valuation		<u>14,698,363</u>
Assessor's Net Taxable Valuation		74,513,388
Less Valuation on Appeal		<u>1,858,061</u>
Taxpayers' Valuation		72,655,327
Add 50 Percent of Valuations on Appeal		<u>929,030</u>
Net Assessed Valuation of Real Property for Rate Purposes		<u>\$ 73,584,357</u>
Debt Limit - 15 Percent of Net Assessed Valuation		\$ 11,037,654
Less Funded and Other Indebtedness:		
General Obligation Bonds	\$ 1,766,313	
Notes Payable	<u>73,394</u>	
Gross Funded and Other Indebtedness		\$1,839,707
Less Exclusions: (a)		
General Obligation Bonds Issued for H-POWER Facility	127,365	
General Obligation Bonds Issued for Housing Developments	118,419	
General Obligation Bonds Issued for Solid Waste Projects	71,291	
General Obligation Bonds Issued for Sewer Projects	67,729	
State of Hawaii Notes Payable Issued for Sewer Projects	<u>66,222</u>	451,026
Net Funded and Other Indebtedness		<u>1,388,681</u>
Legal Debt Margin		9,648,973
Less General Obligation Debt Authorized for Issuance:		
1. Authorized by Ordinance No. 98-29	181,264	
Less Previously Issued	<u>176,952</u>	
Amount Not Yet Issued		4,312
2. Authorized by Ordinance No. 99-28	135,490	
Less Previously Issued	<u>131,459</u>	
Amount Not Yet Issued		4,031
3. Authorized by Ordinance No. 00-24	207,784	
Less Previously Issued	<u>79,638</u>	
Amount Not Yet Issued		128,146
4. Authorized by Ordinance No. 01-27	260,178	
Less Previously Issued	<u>84,619</u>	
Amount Not Yet Issued		175,559
5. Authorized by Ordinance No. 02-27	274,687	
Less Previously Issued	<u>--</u>	
Amount Not Yet Issued		274,687
Total Amount Authorized Not Yet Issued		<u>586,735</u>
Net Legal Debt Margin		<u>\$ 9,062,238</u>

TABLE 10

CITY AND COUNTY OF HONOLULU
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 JUNE 30, 2003
 (Amounts in thousands)
 (Unaudited)

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City and County of Honolulu</u>	<u>City and County of Honolulu's Share of Debt</u>
City and County of Honolulu	\$1,388,681	100 %	\$ 1,388,681
Total Direct and Overlapping Debt			<u>\$ 1,388,681</u>

Note: Excludes non-tax supported debt.

TABLE 11

CITY AND COUNTY OF HONOLULU
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL BONDED DEBT
 TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS
 (Amounts in thousands)
 (Unaudited)

Fiscal Year	GENERAL OBLIGATION DEBT			Total General Governmental Expenditures (a)	Ratio Debt Service to General Governmental Expenditures
	Principal	Interest	Total Debt Service		
1994	\$ 87,225	\$ 74,098	\$ 161,323	\$ 1,106,130	14.6 %
1995	54,431	87,114	141,545	969,353	14.6
1996	64,765	89,464	154,229	981,685	15.7
1997	72,782	92,385	165,167	914,991	18.1
1998	88,928	91,931	180,859	996,482	18.1
1999	66,342	82,567	148,909	947,053	15.7
2000	67,491	75,367	142,858	869,681	16.4
2001	68,715	77,382	146,097	913,555	16.0
2002	26,151	80,766	106,917	983,865	10.9
2003	36,391 (b)	81,891	118,282	928,188	12.7

(a) See Table 1, Total Expenditures.

(b) The Tax Exempt Commercial Paper (TECP) dated 9/5/02 refunded in advance of maturity the 1996 Series "A" and the 4/1/93 Series "B" in the amounts of \$5,000 and \$28,280,910 respectively. The 10/3/02 TECP refunded in advance of maturity the 1995 Series "A", the 1997 Series "A", the 1997 Series "B", and the 1997 Series "C" in the amounts of \$5,000, \$2,860,000, \$4,671, and \$11,365,847 respectively. The 5/3/03 TECP refunded in advance of maturity the 6/1/92 Series One for \$3,159,926.

TABLE 12

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

Fiscal Year	Gross Revenues (a)	Expenses (a)	Net Revenues	Debt Service			Coverage (b)
				Principal	Interest	Total	
1994	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
1995	--	--	--	--	--	--	--
1996	110,465	52,426	58,039	--	326	326	178.03
1997	107,201	53,755	53,446	380	979	1,359	39.33
1998	113,230	57,179	56,051	390	964	1,354	41.40
1999	113,256	55,993	57,263	410	948	1,358	42.17
2000	114,313	63,670	50,643	425	930	1,355	37.37
2001	114,164	66,469	47,695	445	911	1,356	35.17
2002	122,728	73,699	49,029	--	4,608	4,608	10.64
2003	112,815	78,443	34,372	780	5,367	6,147	5.59

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

Fiscal Year	Gross Revenues (a)	Expenses (a)	Net Revenues	Debt Service			Coverage (b)
				Principal	Interest	Total	
1994	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	--
1995	--	--	--	--	--	--	--
1996	--	--	--	--	--	--	--
1997	--	--	--	--	--	--	--
1998	--	--	--	--	--	--	--
1999	114,430 (c)	59,869	54,561	--	8,187	8,187	6.66
2000	130,453 (c)	56,834	73,619	--	15,204	15,204	4.84
2001	118,967 (c)	66,973	51,994	--	14,034	14,034	3.70
2002	116,982 (c)	62,566	54,416	1,172	17,439	18,611	2.92
2003	113,994	59,697	54,297	1,050	21,409	22,459	2.42

Note: Wastewater System Revenue bonds, Junior Series, amounting to \$218,400,000 issued on May 8, 2003.

- (a) As defined in applicable bond indenture. Expenses are exclusive of depreciation and amortization of property values or losses.
 (b) Net revenues divided by total debt service.
 (c) Revised for wastewater facility system charges (excluded) and interest on investment (included).

TABLE 13

CITY AND COUNTY OF HONOLULU
DEMOGRAPHIC STATISTICS
FISCAL YEARS 1993 THROUGH 2002
(Unaudited)

Fiscal Year	Resident Population as of July 1 (a)	Per Capita Income (b)	School Enrollment (c)	Unemployment Rate (d)
1993	870,348	26,526	153,039	3.1
1994	878,591	26,776	154,557	4.6
1995	881,399	27,017	126,686	4.6
1996	883,443	27,069	128,209	5.3
1997	886,711	27,748	127,943	5.3
1998	886,909	28,091	126,745	5.4
1999	878,906	28,882	125,579	4.9
2000	875,881	30,420	123,658	3.8
2001	884,176	31,115	123,658	4.1
2002	896,019	(e)	123,387	3.9 (f)

(a) See Table 8, Resident Population as of July 1, for fiscal years 1994-2002. Data for fiscal year 1993 appears in the State of Hawaii Data Book 2002, Table 1.06, Resident Population, by Counties: 1980 to 2002.

(b) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, Metropolitan Area Personal Income, May 6, 2003 <<http://www.bea.doc.gov/bea/regional/reis/>> accessed May 6, 2003 and calculations by Hawaii State Department of Business, Economic Development & Tourism.

(c) Enrollment figures for 1993-2002 obtained from the State of Hawaii, Department of Business, Economic Development and Tourism (DBEDT), State of Hawaii Data Book, various years. Enrollment include grades kindergarten -12, special education schools, nurseries and upgraded students in special schools. Effective 1994, data excludes UH Laboratory School. Effective 1995, excludes private schools.

(d) Hawaii State Department of Labor and Industrial Relations, Labor Force Data Book (annual), and Internet site <http://www.hawaii.gov/dlir/rs/loihi/LFR/LAUS.HTM>> accessed March 31, 2003.

(e) Not available.

(f) Preliminary.

TABLE 14

CITY AND COUNTY OF HONOLULU
PROPERTY VALUE, AND CONSTRUCTION
FISCAL YEARS 1994-2003
(Unaudited)

Fiscal Year	Non-Residential Construction Value (a) (thous. \$)	Residential Construction (a)		Value (thous. \$)	Property Value (b)		Nontaxable (thous. \$)
		Single Family Units	Multi Family Units		Commercial (thous. \$)	Residential (thous. \$)	
1994	\$ 513,543	1,860	3,418	\$ 743,027	\$ 44,268,596	\$ 41,441,427	\$ 34,932,095
1995	636,388	2,815	3,170	803,265	43,422,172	42,986,068	35,579,323
1996	691,087	1,938	1,518	535,843	42,080,028	43,220,635	35,092,835
1997	507,933	1,111	1,756	503,047	40,947,883	43,718,139	33,889,613
1998	412,179	1,359	453	338,130	39,676,502	41,578,950	33,331,715
1999	505,275	1,395	457	335,116	37,082,579	39,058,831	31,766,907
2000	495,780	1,540	589	397,474	34,130,519	37,208,479	30,632,220
2001	518,183	1,719	402	429,860	32,221,134	35,945,804	30,141,991
2002	524,384	1,431	558	467,973	32,176,820	37,069,456	30,161,241
2003	745,842	2,391	707	663,083	32,857,217	40,296,640	33,537,885

Data Sources

(a) City and County of Honolulu, Department of Planning and Permitting's Summary of Building Permits. The residential construction value include permits issued for new, addition or renovation to residential property. The non-residential construction value include permits issued for all other construction, new, addition or renovation other than residential.

(b) Department of Budget and Fiscal Services, Real Property Assessment Division. Commercial values include both land and building for properties zoned for commercial, hotel-apartments, industrial, and agricultural uses.

TABLE 15

CITY AND COUNTY OF HONOLULU
 PRINCIPAL TAXPAYERS
 JUNE 30, 2003
 (Unaudited)

<u>Taxpayer (a)</u>	<u>Type of Business</u>	<u>Gross Assessed Valuation (b)</u> (thous. \$)	<u>Percentage of Total Assessed Valuation</u>
Kyo-Ya Co., Ltd.	Restaurant & bar; retail; hotels	\$ 997,368	1.12 %
Bishop Estate	Educational trust estate	786,673	0.88
GGP Ala Moana LLC	Real estate investment	746,422	0.84
Hilton Haw'n Village Jt. Venture	Hotel operations	699,786	0.78
MFD Partners	Real estate investment	352,030	0.39
Bancorp Hawaii, Inc.	Banking services	346,413	0.39
Dole Food Co.	Agriculture; manufacturing; merchandising	341,425	0.38
James Campbell Corporation	Real estate investment & management	233,129	0.26
Victoria Ward, Ltd.	Rental management of real estate	230,430	0.26
C. K. Corporation	Own and hold real estate	206,455	0.23

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

(b) Assessed valuation as of January 30, 2002 at 100% of market value.

TABLE 16

CITY AND COUNTY OF HONOLULU
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30, 2003
 (Unaudited)

(Page 1 of 2)

1. Date of Incorporation - April 30, 1907
2. Date First Charter Adopted - July, 1, 1959
3. Form of Government - Executive Branch (Mayor) and Legislative Branch (City Council)
4. Area (sq. mi.) - 604
5. Miles of Roads:
 - Paved - 1,386
 - Unpaved - 7
 - Alleys - less than 5
 - Sidewalks - 749
6. Miles of Sewers:
 - Storm - 696
 - Sanitary (mains) - 1,438
 - Sanitary (laterals) - 866
7. Building Permits:

Year Issued	No. of Permits Issued	Value of Permits
1993	17,308	\$ 1,250,153,038
1994	16,927	1,424,891,175
1995	18,258	1,228,982,564
1996	16,093	1,063,827,218
1997	14,227	934,183,266
1998	13,886	798,720,326
1999	14,107	928,834,249
2000	13,151	891,567,126
2001	13,146	951,944,325
2002	13,647	1,178,166,969

8. Fire Protection (6/30/03):
 - Number of Stations - 44 (a)
 - Number of Employees - 1,145
9. Police Protection:
 - Number of Stations - 11
 - Number of Employees 6/30/03 - 2,383
 - Number of Reported Part I Offenses (2002) - 56,521
 - Number of Reported Part II Offenses (2002) - 71,219
10. Recreation:
 - Number of Parks and Recreational Areas - 288
 - Number of Beach Access/Rights-of-Ways - 87
 - Number of Traffic Related Landscaped Areas - 86
 - Number of Botanical Gardens - 5
 - Number of Municipal Golf Courses - 6
 - Number of Zoological Parks - 1
 - Number of Recreation Buildings - 91
 - Number of Gymnasiums - 25
 - Number of Swimming Pools - 20

TABLE 16

CITY AND COUNTY OF HONOLULU
 MISCELLANEOUS STATISTICAL DATA
 JUNE 30, 2003
 (Unaudited)

(Page 2 of 2)

10. Recreation: (continued)		
Number of Baseball Fields	-	39
Number of Softball Fields	-	161
Number of Basketball Courts	-	222
Number of Tennis Courts	-	179
Number of Volleyball Courts	-	170
Number of Soccer Fields	-	81
11. Board of Water Supply (6/30/03):		
Number of Active Services	-	162,128
Annual Water Consumption	-	54,575,540,000 Gallons
Pumping Capacity - Million Gallons Per Day	-	176.6 (Metropolitan System only)
Miles of Water Mains	-	1,977.0
12. Number of Street Lights	-	45,285
13. Employees (6/30/03):		
Civil Service, Permanent and Temporary	-	8,319
Exempt	-	331 (b)
14. Elections (2002): (c)		
Number of Registered Voters	-	676,242
Number of Votes Cast in Last General Election	-	385,462
Percentage of Registered Voters Voting in Last General Election	-	57.0%
15. Population:		
Resident Population (Census): (c)		
1960 -		500,409
1970 -		630,528
1980 -		762,565
1990 -		836,231
2000 -		876,156
16. Retail Sales (In Millions): (d)		
1993		12,125.0
1994		13,016.7
1995		13,445.2
1996		14,358.9
1997		14,999.0
1998		(e)
1999		(e)
2000		(e)
2001		(e)
2002		(e)

(a) Includes one fireboat and one aircraft station.

(b) Excludes personal service contracts.

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

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

(e) Information no longer provided.

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