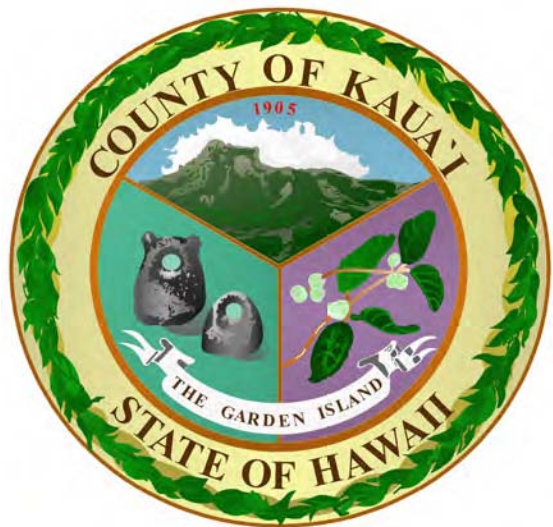


**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
County of Kauaʻi, Hawaiʻi**

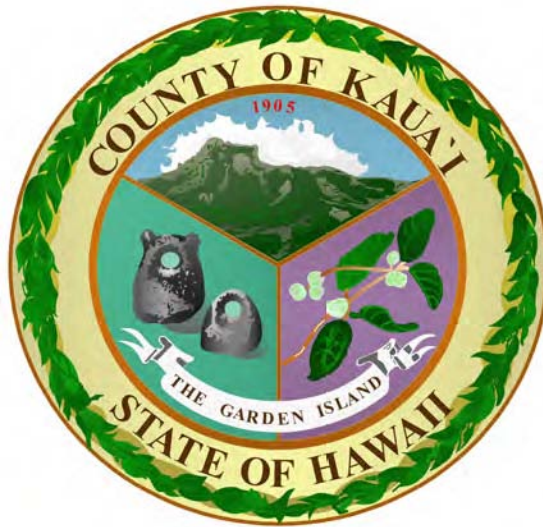


**For the Fiscal Year Ended  
June 30, 2015**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2015**

## **COUNTY OF KAUA'I, HAWAI'I**



**Bernard P. Carvalho, Jr.  
Mayor**

**Ken M. Shimonishi  
Director of Finance**

**Prepared by:  
The Department of Finance,  
Accounting Division**

**COUNTY OF KAUAI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<u><b>Page</b></u>
<b>PART I     INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
GFOA Certificate of Achievement	9
Organization Chart	10
Principal Elected Officials	11
 <b>PART II     FINANCIAL SECTION</b>	
Independent Auditor's Report	12
Management's Discussion and Analysis (MD&A)	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet - Governmental Funds	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	33
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	34
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Housing and Community Development Revolving Fund	38

**COUNTY OF KAUAI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<u><b>Page</b></u>
<b>PART II      FINANCIAL SECTION (Continued)</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Solid Waste Disposal Fund	39
Statement of Net Position - Proprietary Funds	41
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	42
Statement of Cash Flows - Proprietary Funds	43
Statement of Fiduciary Net Position - Fiduciary Funds	44
Notes to the Financial Statements	45
Required Supplementary Information Other Than MD&A	
Schedule of Funding Progress for the EUTF Health Plan	102
Schedule of the County's Proportionate Share of the Net Pension Liability	103
Schedule of Employer Pension Contributions	104
Other Supplementary Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Non-major Governmental Funds	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds	110
Combining Statement of Changes in Assets and Liabilities - Agency Funds	112

**COUNTY OF KAUAI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<u><b>Page</b></u>
<b>PART II      FINANCIAL SECTION (Continued)</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Highway Fund	113
Liquor Fund	115
Beautification Fund	116
Criminal Assets Forfeiture Fund	117
Public Access Fund	118
Parks and Playground Capital Improvement Fund	119
Sewer Trust Fund	121
Development Capital Improvement Fund	122
Bikeway Capital Improvement Fund	123
Highway Capital Improvement Fund	124
General CIP Fund	125
Bond Fund	127
Public Housing Enterprise Fund	132
Sewer Enterprise Fund	133
Golf Enterprise Fund	134
<b>PART III      STATISTICAL SECTION (UNAUDITED)</b>	
Table 1      Net Position by Component	135
Table 1A    Changes in Net Position	136
Table 1B    Government-Wide Net Position	138

**COUNTY OF KAUAI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<u><b>Page</b></u>
<b>PART III     STATISTICAL SECTION (UNAUDITED) (Continued)</b>	
Table 2     Fund Balances, Governmental Funds	139
Table 2A    Changes in Governmental Fund Balances	140
Table 2B    General Governmental Expenditures by Function	141
Table 3     Property Tax Levies and Collections	142
Table 4     Assessed and Estimated Actual Value of Taxable Property	143
Table 5     Real Property Net Valuation by Classification and Tax Rates	144
Table 6     Comparison of Principal Taxpayers	148
Table 7     Ratio of Outstanding Debt by Type	149
Table 7A    Ratios of General Bonded Debt Outstanding	150
Table 8     Computation of Legal Debt Margin	151
Table 9     Demographic Statistics	152
Table 10    Jobs by Industry	153
Table 11    Revenue Bond Coverage	154
Table 12    Miscellaneous Statistics	155
Table 13    Principal Non-Government Employers	159
Table 14    Full-Time Equivalent County Government Employees by Function	164
Table 15    Operating Indicators by Function	165
Table 16    Capital Asset Statistics by Function	166

## **INTRODUCTORY SECTION**

**Bernard P. Carvalho, Jr.**  
Mayor



**Ken M. Shimonishi**  
Director of Finance

**Nadine K. Nakamura**  
Managing Director

**Sally A. Motta**  
Deputy Director of Finance

**DEPARTMENT OF FINANCE**  
**County of Kaua'i, State of Hawai'i**

4444 Rice Street, Suite 280, Līhu'e, Hawai'i 96766  
TEL (808) 241-4200 FAX (808) 241-6529

December 22, 2015

Honorable Mayor Bernard P. Carvalho, Jr.  
Honorable Mel Rapozo, Council Chair  
And Members of the Kaua'i County Council  
County of Kaua'i  
4444 Rice Street  
Līhu'e, Hawai'i 96766

Dear Mayor Carvalho, Chairman Rapozo, and Members of the Council:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Kaua'i (County), State of Hawai'i for the fiscal year ended June 30, 2015.

The CAFR was prepared by the Department of Finance, Accounting Division (Accounting Division). The accuracy of the financial statements and the completeness and fairness of their presentation are the responsibility of the County government. We believe the data presented in the CAFR are complete and accurate in all material respects and are provided in a manner designed to present the financial position and results of operations of the County. All disclosures necessary to convey the maximum understanding of the County's financial activities have been included.

The Department of Finance is tasked with the responsibility of establishing and maintaining an internal control structure and process that is designed to ensure that the assets of the County are protected from loss, theft, or misuse. Furthermore, it is the responsibility of the Accounting Division to compile adequate accounting data to allow for the accurate preparation of the financial statements in conformity with generally accepted accounting principles (GAAP).

Management is required to make decisions and judgments as to the concept of what constitutes reasonable assurance in reviewing the internal control mechanisms. Management must also weigh the cost of the control against the benefit that will likely be attained.

This report includes all funds of the County, including its component unit, the Department of Water (Department), established by the County Charter as a semi-autonomous body of the County government. This component unit is included in the County's reporting entity for fair presentation of the basic financial statements and to be in conformity with GAAP. The Board of Water Supply is appointed by the Mayor and is accountable for the activities of the Department. It would be potentially misleading if omitted in the County's financial reports because of its existing debt issuance, common employee benefits, and other fiscal dependence.



Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **The Reporting Entity**

The County of Kaua'i, commonly known as The Garden Island, includes the populated island of Kaua'i and Ni'ihau of approximately 69,500 residents. The island of Kaua'i has an area of 549 square miles and approximately 137 miles of coastline. Ni'ihau is a privately owned island encompassing approximately 70 square miles and is inhabited primarily by native Hawaiians who work on the Robinson Family ranch. Owners of the island grant limited access to the general public. Kaua'i is the smallest in size, population, and operating budget among the State's four counties. The County's largest industry is tourism, and the island's scenic and tourist attractions include the Waimea Canyon, coined the "Grand Canyon of the Pacific", the incomparable Na Pali Coast, with its secret beaches and hidden valleys, the Fern Grotto reached by riverboat cruises, and many others.

The County has operated under the Mayor-County Council form of government since 1969. The executive branch of the County is headed by the Mayor who is elected on a non-partisan basis for a four-year term, with a two term limit. The legislative branch is the County Council which is composed of seven members who are elected at-large on a non-partisan basis, with a limit of four consecutive two-year terms.

There are no subordinate or separate municipal entities within the County's jurisdiction. All powers of the County shall be carried into execution as provided by its Charter or by ordinance of the County Council and Mayor. The State of Hawai'i constitution sets limits on total bonded indebtedness of the County. Under the Constitution and laws of the State of Hawai'i, the full faith and credit of the County are pledged to the payment of the general obligation bonds issued. For the payment of the principal and interest on the bonds, the County has the power and is obligated to levy ad valorem taxes. During the current fiscal year, the County Council passed Ordinance No. 976, placing a \$250 limit on year-over-year taxes for all properties with home use exemptions (i.e. owner-occupied as primary residence), with certain exceptions. All other properties, without home use exemptions, had no limit on taxes. The County did not issue any special assessment debt nor is there any overlapping bonded debt on general obligation bonds.

The County provides a full range of municipal services. These services include Public Safety (police, fire, civil defense, humane society, outreach program, highway safety grants, drug related grants, liquor control, lifeguards), Sanitation (wastewater, recycling and solid waste operations) Public Works (engineering, building and construction inspections and approvals, janitorial, and repair and maintenance of its facilities) Culture and Recreation (public pools, parks and beaches, golf course, neighborhood centers, recreation programs, beautification program, auditorium, stadium) Public Welfare (elderly affairs, transportation, housing, community development and assistance programs) Highways and Streets (highway repairs and maintenance, street lights) and General Government (mayor's office, council services, finance, prosecuting attorney, planning, personnel services, economic development, county attorney's office). The proprietary funds are accounted for separately from the above expense functions because combining the costs would obscure the matching of revenues and expenses of their required fund classification.

Services provided by the State of Hawai'i are excluded from this report. The State provides the following services: educational, health and welfare benefits, airport and harbor functions, hospitals, State highway system and the judicial system.

The major revenue sources of the County consist of the following: real property tax, transient accommodation tax, public service company tax, fuel tax, franchise tax, and motor vehicle weight tax. Other revenue sources include Federal and State grants, construction fees, development and impact fees, golf, and wastewater user fees. There are no personal taxes levied by the County.

### **Economic Conditions and Outlook**

Kaua'i's main economic engine is the visitor industry. Not far behind are both the seed corn industry and the Department of Defense support of the Pacific Missile Range on Kaua'i's west side.

While Kaua'i's economic engine is running steadily, focus to diversify Kaua'i's economy has been on agriculture and renewable energy sources to help reduce the island's dependence on imported foods and fossil fuels, as well as reduce its overall cost of living over time.

### **Tourism**

Kaua'i continues to enjoy a reputation as one of the world's top island destinations, a priceless asset.

Kaua'i had a successful year in the Tourism sector. Per the Tourism Strategic Plan Update, Kaua'i offers visitors a rural and natural experience with a mix of accommodations to meet many needs. Kaua'i is marketed as a destination for relaxation and rejuvenation, and it becomes the island's challenge to live up to that promise. For those who visit Kaua'i for a unique cultural experience, the visitor industry offers an authentic Hawaiian cultural experience.

About half of Kaua'i visitors stay in hotels, and the remainder stay in condos, timeshares and rental homes. Visitors choosing to stay in rental homes, which may include home stays and transient vacation rentals, continues to increase.

In fiscal year 2014-2015, Kaua'i received 1,113,605 visitors, who stayed an average of 7.71 days and spent \$171 per day. Of these, 70% were returning visitors while 30% were new. Three out of four were independent travelers. The average visitor count per day is 23,536. The U.S. west coast remains the primary source of visitors to Kaua'i. Smaller, but growing visitor markets are Canada, Europe, Oceania, Other Asia and Latin America.

### **Film**

The Kaua'i Film Commission (KFC) housed in the County's Office of Economic Development, has focused its efforts on attracting a larger number of smaller commercial productions, independent films, feature films, reality and travel-related television shows. The film industry continues to infuse millions of dollars into Kaua'i's economy. Kaua'i has been the backdrop for infomercials, music videos, industrial and commercial films and still photo production. With the 25% increase in tax incentive for neighbor islands, which commenced in 2013, KFC and other Hawai'i film commissions continue to promote the added incentive to filmmakers in future sales and marketing campaigns. In order to accomplish this, we continue to strengthen industry relationships by improving communication amongst Kaua'i film industry partners.

One of the main goals for the Office of Economic Development is to provide economic opportunities through job creation, but also look at diversify our economy and not be solely reliant on our main economic engine, the Visitor Industry. Growing our film industry on Kaua'i is very important and one of the projects that have been in the works for at least 4 years is the Kaua'i Creative Technology Center (KCTC).

The Kaua'i County Council approved the project and gave the Office of Economic Development, along with its partner, the Kaua'i Economic Development Board (KEDB) as the community non-profit entity to establish the KCTC next to the Kaua'i War Memorial Convention Hall. This facility will provide pre and post-production opportunities for film makers. Equally important, the KCTC will provide education and workforce training opportunities for Kaua'i youth in addition to opportunities for Kaua'i film industry professionals to coalesce around the Center as a vehicle for continued professional development opportunities. The Center also looks to a partnership with Kaua'i Community College's Creative Media program in developing the cadre of local professionals to work with various entities and further provide a stable pool of talented and innovated individuals.

Several different types of film production that took place on Kaua'i during 2014-2015, of which, were:

- HGTV (Home & Garden Television) series
- The Barefoot Vet
- Commercials and print ads for Oceanic Time-Warner, Eddie Bauer, Hawaiian Airlines-Barclays MasterCard, Conde Naste and Ritz Carlton Resorts.
- Music video titled "The Quake Kaua'i"
- Documentaries "Saving Lives" and the late, world-renown Kaua'i surfer, Andy Irons
- Travel film, "The Trip 2015"

KFC is a member of Association of Film Commissioners International (AFCI) which is a global organization of certified commissioners with more than 300 film commissions in six continents. KFC attends and participates in AFCI-sponsored and AFCI-related events which holds workshops, seminars and panel discussions to assist film commissioners become more successful in marketing their film locations and help increase film activities in their respective jurisdiction. One of AFCI's signature events is the annual Location Tradeshow (LTS) in Los Angeles which features hundreds of film commissions and film-related businesses to showcase and promote their locations and film products to thousands of film producers from around the world.

The Kaua'i Film Commission website [www.filmKaua'i.com](http://www.filmKaua'i.com) serves as a key resource and contact point for filmmakers seeking information about film locations on Kaua'i and also provides film-related news and information to the media via press releases through the County's Public Information Office.

### **Real Estate and Construction**

The number of real estate sales in all categories (residential, condominium, vacant land, commercial and business) declined from the previous fiscal year by 10%, from 544 to 485; however, sales volume and the median sales price increased.

Residential sales volume increased by 11% from \$334 million to \$372 million. The median sales price increased by 21% from \$633,940 to \$767,376. Of the five regions, Waimea, Koloa, Lihue, Kawaihau (Kapaa) and Hanalei, the number of sales were down in each region, except for Hanalei which clearly shows the demand for this part of the island. The number of sales increased by 24 in the residential category, and the sales volume increased by 100% from \$77 million in 2014 to \$154 million in 2015. This resulted in the residential median sales price going over the \$1 million mark to \$1.1 million from \$975,000 last year.

The much anticipated Hokule'i Shopping Village opened in 2015 providing commercial spaces for both newly entering and established companies to the Kaua'i market. Currently, there's a good supply of commercial and industrial spaces for lease.

## **Agriculture / Energy**

The County's agricultural industries are: 1) production of seed for crops such as corn, soy beans, and sunflower, 2) coffee, 3) raising cattle, in addition to other livestock, and 4) crops, including fruits (such as papayas, guavas, and bananas), vegetables and melons, taro, flowers and certain other specialty crops.

Currently, the production of seed corn accounts for less than 5,000 acres, but the value of seed corn and economic impact on Kaua'i is significant. As an example, Pioneer Seed Corn accounts for \$15-20 million in local payroll and purchasing expense.

From a jobs standpoint, agriculture and related industries have declined dramatically during the last three decades to where agriculture comprises only 4% of the jobs.

Kaua'i Coffee is the nation's largest coffee plantation and farms 2,500 acres and is Hawai'i's only vertically integrated coffee company, from orchards to retail. Kaua'i Shrimp is the third largest supplier in the world with customers in China, Vietnam and India. Sales have doubled to over \$9 million since 2013 and their product is distributed and sold in restaurants in the United States and Japan. Koloa Rum, with annual sales of over \$4 million, is another success story where the company is taking advantage of synergies between agriculture and the visitor industry and the popularity of their ready-to-drink mixes. Sugar cane is once again grown on Kaua'i, thanks to Dow AgroSciences. Kaua'i also leads the state in taro production and supplies over 80% of Hawai'i's needs.

Opportunities exist for grass-fed beef and orchard crops for export, but the entry costs in terms of processing facilities are quite high. They are less high for export substitution, but present a barrier to commercial expansion nevertheless. Kaua'i beef processing facilities are upgrading their plans to meet increasing demand for locally grown grass-fed beef.

Floriculture and Nursery products on Kaua'i have seen a steady growth since 2001, with the number of farms rising from 60 to 90. Value of gross sales was \$4 million on Kaua'i and \$80 million statewide.

Energy efficient goals and initiatives resulted in the following projects:

Electric vehicle charging stations, Energy Sustainability Plan, LED streetlight retrofit, Kekaha Landfill methane project; energy and utility management and monitoring; etc.

## **Major Initiatives and Achievements**

The most significant initiative was the removal of the permanent home use cap that had been in place since 2004. Although this ten-year old tax cap created wide variances in taxes for similarly assessed properties, the return to ad valorem taxation for owner-occupied homes was received with mixed reviews. On one hand, the removal of the cap created parity amongst property owners; on the other hand, the removal of the cap meant significant single year adjustments for many taxpayers. Increasing the home and age exemption amounts from \$48,000, \$96,000, and \$120,000 to \$160,000, \$180,000, and \$200,000 (respectively), was a means of providing progressive taxation as well as offsetting some of the anticipated tax increases. Although the overall taxes from homeowners only increased modestly, a number of individuals saw dramatic tax increases due to years of having suppressed market taxes.

The County's capital improvement projects that are in progress, completed, or substantially completed during the year include Kapa'a Baseyard renovation, Kokee road resurfacing, Waimea Waste Water Treatment Plant expansion, Pi'ikoi building renovation, Lydgate Beach park improvements, alternative energy projects, ADA improvement projects, and 800MHz radio system upgrade.

The Department of Public Works administers the sewer credit relief program for qualified low-income residential users. A total of 7,575 credits at \$20.00 per month were issued to eligible residential users that amounted to approximately \$0.2 million in savings for households in fiscal year 2015. The General Fund subsidized the sewer credit relief program.

### **Long-term Financial Planning**

No new General Obligation Bonds (GO Bonds) were issued during the current fiscal year. The appropriated balance in the Bond Fund amounted to \$25.9 million. The following major projects have been appropriated for:

Alternate energy projects	Līhu'e stadium baseball field improvements
Lighting retrofits	Pi'ikoi Interior II
Island-wide SCADA system	ADA improvement projects
Salt Pond wastewater improvements	New landfill site acquisition
Veterans Cemetery upgrade	'Anini and Niumalu bridge
Hardy street improvements	'Aliomanu road
Moana Kai seawall construction	Wailua zone of mix

### **Budgeting Controls**

The County maintains a budgetary control system that enables County departments to comply with legal provisions incorporated in the annual budget ordinance and capital improvement budgets as approved by the County Council.

The County Charter requires that the annual operating budget ordinance be balanced. Financial reports or "Detail Budget Reports" are provided monthly to each department, enabling management to monitor the enacted budget appropriations, including current budget amendments with the expenditures and encumbrances that were charged to the appropriation. The County does not perform formal multi-year forecasts and budgeting. Certain budget amendments need Council approval and are detailed in the operating budget ordinance and charter provisions.

### **Employee Union Contracts**

The negotiated union contracts along with the effective period of the contract for all County employees are listed by union as follows:

**Public Safety** - For the period effective July 1, 2011 to June 30, 2017:

State of Hawai'i Organization of Police Officers (SHOPO) arbitrated across the board increases (ATB) as follows:

July 1, 2013, January 1, 2014, July 1, 2014, and January 1, 2015 - 1.75%

July 1, 2015 and January 1, 2016 – 2%

July 1, 2016 – 2.5%

January 1, 2017 – 3.3%

The contract also increases their Standard of Conduct Differential (SOCD) and Firearm Maintenance Allowance.

**Hawai'i Fire Fighters Association (HFFA):**

July 1, 2011 and July 1, 2012 – No change in wages

July 1, 2013 – 2% ATB

January 1, 2014, July 1, 2014, January 1, 2015, July 1, 2015, and January 1, 2016 – 2% ATB pay increase; catch up or regular step movement.

July 1, 2016 – 5% ATB; catch up or regular step movement

**Clerical and Professional:**

**Bargaining Unit 2 - Two years effective July 1, 2013 to June 30, 2015:**

4% ATB pay increase on July 1, 2013; 2% ATB pay increase on July 1, 2014. Employees eligible for step movements during the period of July 1, 2014 and June 30, 2015 shall receive their step movement on their step movement date. Employees who are employed as of June 30, 2014 and are either on the maximum step or not administratively assigned to the salary schedule shall receive a one-time lump sum payment of one thousand five hundred (\$1,500) dollars.

**Bargaining Unit 3 and 4 - Two years effective July 1, 2013 to June 30, 2015:**

Employees in BU-3 and BU-4 will have an addition of Step M to their respective schedules. On July 1, 2013, shall receive their step movement. Effective July 1, 2014, employees will receive a 4% ATB pay increase.

**Bargaining Unit 13 - Four years effective July 1, 2013 to June 30, 2017:**

Employees shall receive a 4% ATB pay increase effective July 1, 2013. Employees who were eligible to receive a step movement or step movements during the period of July 1, 2009 through June 30, 2014 shall be placed in their appropriate step and receive such step movement(s) effective July 1, 2014. Eligible employees who become eligible for step movements will receive step movement on their step movement dates. Employees will receive a 3.5% ATB pay increase on January 1, 2016 and on January 1, 2017.

**Utility and Janitorial:** Four years effective July 1, 2013 to June 30, 2017:

United Public Workers (UPW) negotiated across the board increases (ATB) as follows:

October 1, 2013, April 1, 2014, October 1, 2014, April 1, 2015, October 1, 2015, April 1, 2016, October 1, 2016, April 1, 2017 – 2%

**Independent Audit**

The County Charter requires an annual financial audit by licensed and independent certified public accountants at least once every two years, or as deemed necessary. The financial statements are audited on an annual basis. The basic financial statements in this report have been audited by N&K CPAs, Inc. The financial statements of the Department, an enterprise fund included in the government-wide financial statements as a discretely presented component unit, were audited by KMH, LLP. The County is also required to have an annual "single audit" in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audit of States, Local Governments, and Non-Profit Organizations." Information pertaining to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the report of the independent auditors on the internal controls and compliance with all applicable laws and regulations are included in a separate report and has been audited by N&K CPAs, Inc.

### **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 County for its CAFR for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is only valid for period of one year. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility of another certificate. The County has received this award for 22 consecutive years.

### **Acknowledgments**

The preparation of the CAFR could not have been accomplished without the commitment, dedication, and efforts of the Accounting Division. We extend our appreciation to the other divisions within the Finance Department and the assistance provided from fiscal personnel in other County departments. We also thank the honorable Mayor Carvalho and the County Council for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Ken M. Shimonishi".

Ken M. Shimonishi  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Kauai  
Hawaii**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

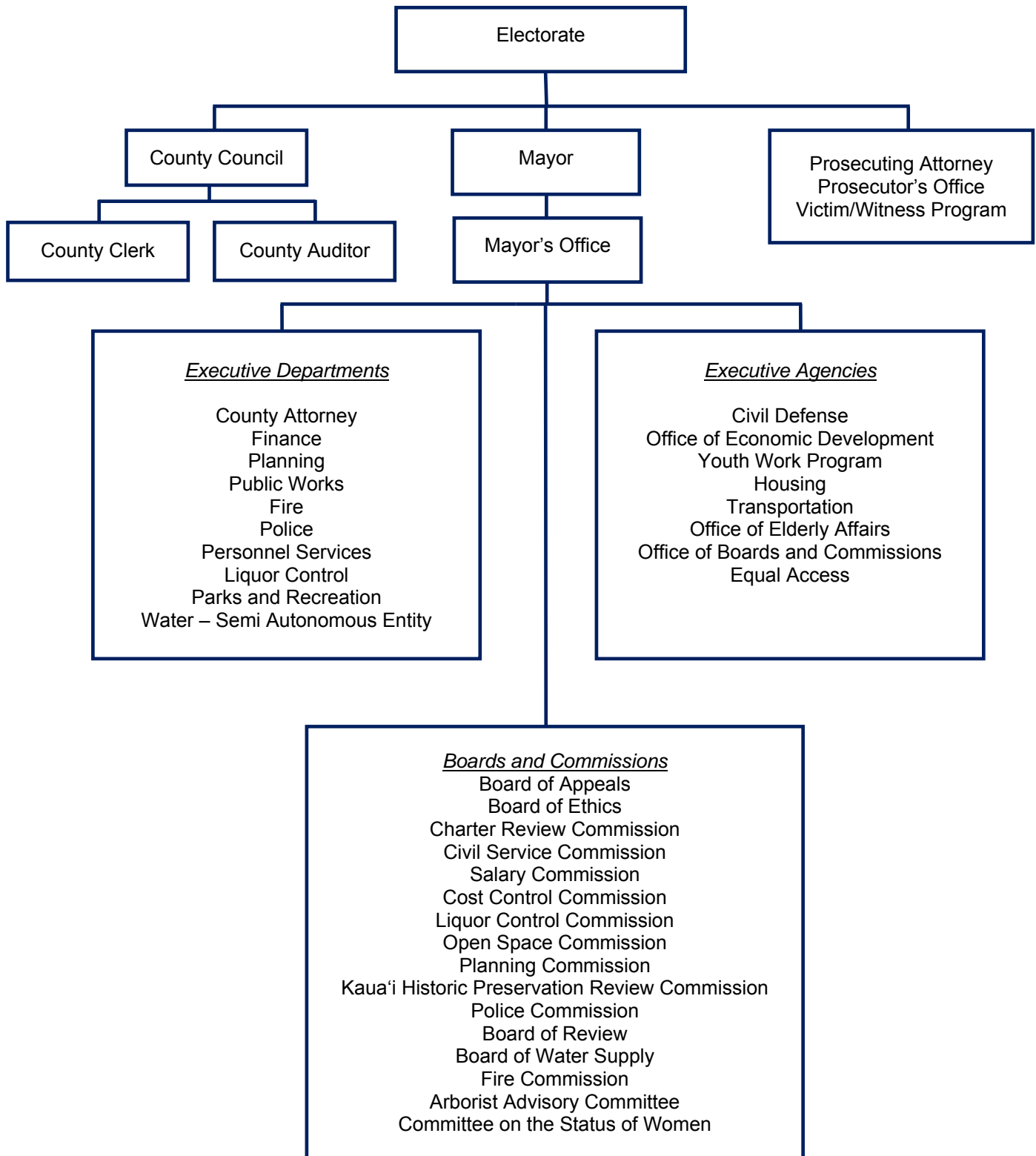
**June 30, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Enen". The signature is written in a cursive, flowing style.

Executive Director/CEO



## County of Kauaʻi Organization Chart



**COUNTY OF KAUA'I  
PRINCIPAL ELECTED OFFICIALS  
2014 - 2016 TERM**

**County Council Members**

Mel Rapozo	Chair
Ross Kagawa	Vice-Chair
Mason K. Chock	Member
Gary L. Hooser	Member
Arryl Kaneshiro	Member
KipuKai Kuali'i	Member
JoAnn A. Yukimura	Member

**Mayor**

Bernard P. Carvalho, Jr.

**Prosecuting Attorney**

Justin Kollar

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of the County Council  
County of Kaua'i  
Lihue, Kaua'i, Hawai'i

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Kaua'i, State of Hawai'i (County), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Department of Water, which is the discretely presented component unit. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Water, is based solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the County of Kaua'i, State of Hawai'i as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Housing and Community Development Revolving Fund and the Solid Waste Disposal Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

### *Change in Accounting Principle*

As discussed in Note 19 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68* that establishes standards for the accounting and financial reporting for pensions that are provided to employees of the state and local governments. Our opinion is not modified with respect to this matter.

### *Adjustment to Prior Period Financial Statements*

As discussed in Note 19 to the financial statements, certain errors resulting in the understatement of liability claims as of June 30, 2014, were determined by management of the County. Accordingly, the accompanying financial statements have been restated to correct these errors. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26, the funding progress for the Hawaii Employer Union Health Benefit Trust Fund on page 102, the County's proportionate share of the net pension liability on page 103, and the schedule of employer pension contributions on page 104, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements, the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

N&K CPAs, Inc.

Honolulu, Hawai'i  
December 22, 2015

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

The management of the County of Kauai (the County) offers to readers a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-8 of this report and the financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

The County simultaneously implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB Statement No. 68* in the current fiscal year.

In prior years, information surrounding pension liabilities were disclosed in the note disclosure and required supplementary information sections of the CAFR. With the implementation of GASB 68, the net pension liability will be reported on the face of the Statement of Net Position, impacting the reporting and accounting presentation of the County's pension liability, whereby, reducing its overall net position. GASB 71 addresses the application of the transition provisions of GASB 68, relating to amounts associated with contributions made after the Employees' Retirement System of the State of Hawaii (ERS) plan's measurement date. The County is reporting deferred outflows of resources related to pensions.

Changes resulting from GASB 68 requirements apply only to the government-wide financial statements and enterprise funds (Sewer and Golf); it does not apply to governmental funds. With the new reporting change, the County is allocated its proportionate share of ERS' net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. As a result of implementing GASB 68, the County is reporting a net pension liability and deferred inflows and outflows of resources related to pension on the accrual basis of accounting. A restatement to record the effects of the new reporting guidance decreased net position in the Statement of Activities at June 30, 2014, from \$553.4 million to \$389.3 million.

- The assets and deferred outflows of the **governmental activities** exceeded its liabilities and deferred inflows at the close of the fiscal year by \$325.3 million in its government-wide financial statements, a decrease of \$151 million from the prior year. Unrestricted net position decreased by \$142 million from the prior year and ended at (\$132.3) million.

The following explains the significant changes in net position in governmental activities:

1. A prior period adjustment to governmental activities of \$159 million, decreasing net position.
2. Expenses totaling \$179.9 million, a decrease of \$4.3 million or 2.3% from the prior year.
3. Program revenues totaling \$50.7 million, an increase of \$4 million or 8.5% from the prior year.
4. General revenues and transfers totaling \$137.2 million, an increase of \$16.9 million or 14% from the prior year.
5. Assets, including capital assets, remained relatively flat to the prior year, ending at \$708 million.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

- The assets and deferred outflows of the **business-type activities** exceeded its liabilities and deferred inflows at the close of the fiscal year by \$79.6 million in its government-wide financial statements, a decrease of \$2.7 million from the prior year. Unrestricted net position decreased by \$7 million from the prior year and ended at \$1.6 million. The business-type activities recorded in the government-wide financial statements are identical to the proprietary funds except for some consolidation of inter-fund receivables and payables within the primary government.

The following explains the significant changes in net position in business-type activities:

1. A prior period adjustment to business-type activities of \$4.9 million, decreasing net position.
2. Expenses totaling \$13.8 million, a decrease of \$0.9 million or 6.6% from the prior year.
3. Program revenues totaling \$21 million, an increase of \$4.1 million or 24.2% from the prior year.
4. General revenues including transfers totaling \$0.5 million, a decrease of \$1.9 million or 79.1% from the prior year.
5. Assets, including capital assets, increased by \$10.1 million or 10.1% from the prior year.

As of the close of the fiscal year, the County's **governmental fund** financial statements reported combined ending fund balances of \$118 million, of which, remained relatively flat to the prior year.

- The County's ending **General Fund** balance consisted of \$0.5 million in restricted fund balance, \$10 million in committed fund balance, \$0.9 million in assigned fund balance and \$27.9 million in unassigned fund balance. The General Fund balance at June 30, 2015 amounted to \$39.3 million, an increase of \$7.3 million from the prior year. The unassigned fund balance of \$27.9 million represents the remaining portion of the County's Reserve Fund.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The Statement of Net Position presents information on all of the County's assets (including capital and infrastructure assets), plus deferred outflows of resources, less liabilities (including long-term debt), less deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

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

The government-wide financial statements distinguish functions of the County that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include General Government, Public Safety, Public Works, Highways and Streets, Sanitation, Cultural and Recreation, and Public Welfare. The business-type activities of the County include three enterprises: Public Housing, Sewer, and Golf.

The government-wide financial statements include the governmental activities and business-type activities of the County (known as the primary government) and the Department of Water (Department), which is a semi-autonomous entity, and is reported separately from the primary government as a discretely presented component unit. Complete financial statements of the Department, which include its MD&A, may be obtained from the Department of Water at 4398 Pua Loke, Līhu'e, Kauai, Hawaii, 96766.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and GASB Statement No. 54 to define and classify the existing governmental fund types. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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 near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities which is required for Generally Accepted Accounting Principles (GAAP) reporting.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

The County's governmental fund types are the General, Special Revenue, Debt Service and Capital Project Funds. Governmental fund financial statements include a Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. The General Fund, Housing and Community Development Revolving Fund, Solid Waste Fund, Bond Fund, Federal Grants Fund, Grants CIP Fund, and General CIP Fund are considered major funds. Balances from the remaining 17 non-major governmental funds are combined into a single, aggregated presentation as Other Governmental Funds. Budgetary comparisons have been provided for the General Fund and major Special Revenue Funds (Housing and Community Development Revolving Fund and Solid Waste Disposal Fund) to demonstrate compliance with its annual appropriated budget as required for GAAP financial statements.

**Proprietary Funds** – Services for which the County charges fees to customers are reported as proprietary funds. Similar to the government-wide financial statements, the proprietary fund statements report both long-term and short-term financial information. The County's proprietary funds include the Public Housing Fund, Sewer Fund, and Golf Fund.

**Fiduciary Funds** - Fiduciary funds are used to account money received, held and disbursed in a trustee capacity or as an agent for individuals, other governmental units, and other funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

**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, and is part of the basic financial statements.

**Other Required Supplementary Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with non-major governmental funds and budgetary comparison schedules (including Capital Project Funds and Bond Fund) for legally adopted annual budgets are presented immediately following the notes to the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County's financial condition. The largest portion of the County's net position reflects its net investment in capital assets, at \$447.4 million or 137.5% of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The County's restricted net position category represents \$10.2 million or 3.1% of net position. These restrictions on net position are imposed by enabling legislation or parties outside the government (such as creditors, grantors, contributors, laws or regulations of other governments).

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

The difference between total net position and the two categories just discussed (net investment in capital assets and restricted net position) is the unrestricted net position, totaling (\$132.3) million or (40.6%) of net position. As mentioned previously, the County implemented GASB 68 and 71 in the current year, of which, resulted in a negative unrestricted net position. With the new reporting change, the County is reporting a net pension liability and deferred inflows and outflows of resources related to pensions on the accrual basis of accounting.

The following is a summary of the Statement of Net Position as of June 30, 2015 and 2014:

**Summary Statement of Net Position**  
**(Amount in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Current and other assets	\$ 175.48	\$ 174.66	\$ 12.50	\$ 11.66	\$ 187.98	\$ 186.32
Capital assets	<u>532.51</u>	<u>536.17</u>	<u>97.57</u>	<u>88.32</u>	<u>630.08</u>	<u>624.49</u>
Total Assets	<u>707.99</u>	<u>710.83</u>	<u>110.07</u>	<u>99.98</u>	<u>818.06</u>	<u>810.81</u>
Deferred Outflows of Resources	21.29 *	1.61	0.53 *	--	21.82	1.61
Non-current liabilities	319.24	177.45	25.54	21.10	344.78	198.55
Other liabilities	<u>56.61</u> *	<u>57.33</u>	<u>4.66</u> *	<u>2.00</u>	<u>61.27</u>	<u>59.33</u>
Total Liabilities	<u>375.85</u>	<u>234.78</u>	<u>30.20</u>	<u>23.10</u>	<u>406.05</u>	<u>257.88</u>
Deferred Inflows of Resources	<u>28.18</u> *	<u>1.32</u>	<u>0.83</u> *	<u>--</u>	<u>29.01</u>	<u>1.32</u>
Net position:						
Net investment in capital assets	447.35	454.56	77.61	67.98	524.96	522.54
Restricted	10.17	12.06	0.36	0.35	10.53	12.41
Unrestricted	<u>(132.27)</u> *	<u>9.72</u>	<u>1.60</u> *	<u>8.55</u>	<u>(130.67)</u>	<u>18.27</u>
Total Net Position	\$ <u>325.25</u>	\$ <u>476.34</u>	\$ <u>79.57</u>	\$ <u>76.88</u>	\$ <u>404.82</u>	\$ <u>553.22</u>

\*Due to implementation of GASB 68, a prior period adjustment to governmental activities of \$159.02 million and to business-type activities of \$4.92 million is reflected in June 2015. The restated beginning balance for fiscal year 2015 is \$317,320,719 and \$71,954,971 for governmental activities and business-type activities, respectively. See Note 19 for details.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

The following is a summary of the Statement of Activities for the fiscal years ended June 30, 2015 and 2014:

<b>Summary Statement of Activities</b> <b>(Amount in millions)</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u> <small>(as restated)</small>	<u>2015</u>	<u>2014</u> <small>(as restated)</small>	<u>2015</u>	<u>2014</u> <small>(as restated)</small>
Revenues:						
Program revenues:						
Charges for services	\$ 23.18	\$ 19.07	\$ 13.01	\$ 11.20	\$ 36.19	\$ 30.27
Operating grants and contributions	21.79	23.89	--	--	21.79	23.89
Capital grants and contributions	5.69	3.73	7.95	5.70	13.64	9.43
General revenues:						
Property taxes	106.77	93.13	--	--	106.77	93.13
Other taxes	13.93	13.61	--	--	13.93	13.61
Other	<u>16.94</u>	<u>15.92</u>	<u>0.02</u>	<u>0.03</u>	<u>16.96</u>	<u>15.95</u>
Total Revenues	<u>188.30</u>	<u>169.35</u>	<u>20.98</u>	<u>16.93</u>	<u>209.28</u>	<u>186.28</u>
Expenses:						
General government	34.02	27.37	--	--	34.02	27.37
Public safety	57.53	55.85	--	--	57.53	55.85
Public works	12.93	12.60	--	--	12.93	12.60
Highways and streets	19.91	22.56	--	--	19.91	22.56
Sanitation	17.91	24.54	--	--	17.91	24.54
Culture and recreation	12.30	13.07	--	--	12.30	13.07
Public welfare	20.05	22.77	--	--	20.05	22.77
Interest on long-term debt	5.25	5.39	--	--	5.25	5.39
Housing programs	--	--	2.17	1.89	2.17	1.89
Sewer	--	--	9.20	8.90	9.20	8.90
Golf	<u>--</u>	<u>--</u>	<u>2.47</u>	<u>2.42</u>	<u>2.47</u>	<u>2.42</u>
Total Expenses	<u>179.90</u>	<u>184.15</u>	<u>13.84</u>	<u>13.21</u>	<u>193.74</u>	<u>197.36</u>
Increase (Decrease) before transfers	8.40	(14.80)	7.14	3.72	15.54	(11.08)
Transfers	<u>(0.47)</u>	<u>(2.34)</u>	<u>0.47</u>	<u>2.34</u>	<u>--</u>	<u>--</u>
Change in Net Position	7.93	(17.14)	7.61	6.06	15.54	(11.08)
Net Position, July 1	476.34	493.48	76.88	70.82	553.22	564.30
Net Position, Beginning (as restated)	317.32 *	--	71.96 *	--	389.28	--
Net Position - Ending	\$ <u>325.25</u>	\$ <u>476.34</u>	\$ <u>79.57</u>	\$ <u>76.88</u>	\$ <u>404.82</u>	\$ <u>553.22</u>

\*Due to implementation of GASB 68, a prior period adjustment to governmental activities of \$159.02 million and to business-type activities of \$4.92 million is reflected in June 2015. The restated beginning balance for fiscal year 2015 is \$317,320,719 and \$71,954,971 for governmental activities and business-type activities, respectively. See Note 19 for details.

Revenues from charges for services increased \$4.1 million from the prior year. The increase was primarily due to \$0.7 million increase in non-business licenses such as building permit fees, \$1.4 million increase in residential and commercial refuse fees, and \$1.4 million increase in County motor vehicle weight tax.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

Operating grants and contributions decreased \$2.1 million from the prior year. The decrease was primarily attributable to decreases in public welfare grants such as affordable housing grants of \$2.4 million; offset by other small increases in general government and public safety grants.

Capital grants and contributions increased \$2.0 million primarily due to \$1.5 million state appropriation for funding the Filipino Community Center on Kaua'i in the current year and \$0.4 million increase in various highway and street projects such as bridge and road repairs.

The County's real property taxes billed (revenues on full accrual basis) increased by \$13.6 million which was attributed to the removal of capped taxes for owner-occupants and increases to several tax rates, including Hotel & Resort, Vacation Rental, Residential, Commercial, and Industrial. While the gross values increased 6.6%, the net taxable values in the current fiscal year only increased by 1.9%. This was primarily due to a sharp increase in the home use exemption amounts which largely contributed to the 41.5% increase to total exemptions applied for in the current fiscal year. By comparison, total exemptions awarded in fiscal year 2014 were \$2.07 billion, whereas the total exemptions in the current fiscal year were \$2.93 billion. In anticipation of having the permanent home use cap removed, the home use exemptions were increased in an attempt to mitigate the potential of large tax hikes that a majority of the homeowners would face by returning to ad valorem taxation. The tax credits for permanent home use and home preservation limits, on the other hand, decreased from \$3.8 million to slightly more than \$107,000 in the current year. During the budget process, the certified assessment list and new tax rates resulted in overall real property tax billings of \$107.1 million. Subsequent legislation passed by the County Council in Ordinance 976 set another temporary tax cap, limiting the year-over-year tax increase for owner-occupants to \$250.00 if the property had not been sold, the living area had not increased by 50% or more, the property had not been subdivided, and had no changes in exemptions from the prior year. The total tax credits awarded were approximately \$1.5 million. The County ended with \$106.8 million in real property tax revenues recorded in the Statement of Activities.

Overall, total expenses decreased by approximately \$4.2 million and was primarily attributable to a decrease of \$1.8 million in landfill closure and post-closure care cost liability, \$2.7 million decrease highway and street expenditures due to completion of in-progress capital projects, \$2.8 million decrease in public welfare expenditures; offset by increases of \$1.5 million increase in general government expenditures primarily due to increases in claims and judgments, administrative bargaining unit raises, various capital type projects, and \$1.6 million increase in public safety expenditures for bargaining unit increases and filled vacant positions.

Additionally, a large expense came from the funding of other post-employment employee benefit (OPEB) cost, mainly for healthcare benefits of which qualified employees are promised specific benefits upon separation or retirement. GASB Statement No. 45 Accounting Pronouncement has allowed the County to amortize the unfunded accrued OPEB liability (\$149.3 million) as of July 1, 2013 over a blended 30 year period. The County has continued to pay the annual required contribution (ARC) as calculated by the actuary contracted by Hawai'i employer-Union Health Benefit Trust Fund (EUTF). The actuary also provided the information needed for financial statement reporting and footnote disclosures. EUTF administers the healthcare benefit plan and develops the annual funding requirements based on the present value of benefits of the actuarial accrued liability using the entry age normal method for calculation. It is the County's intention to continue to prefund the entire ARC in future years.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

The County paid 100% of its estimated annual OPEB cost, of which, amounted to \$29.4 million in fiscal years 2015 and 2014. The OPEB obligation for the County is estimated to be fully funded according to GASB Statement No. 45 reporting purposes.

**ANALYSIS OF GOVERNMENTAL FUNDS**

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

**Governmental Funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. The County follows GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which primarily establishes a hierarchy of fund balance classifications based on constraints placed on the use of these resources.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$118.3 million, an increase of \$1.3 million in comparison with prior year. Fund balances are reserved to indicate that it is not available for new spending because it is in non-spendable form (\$1.6 million), has already been committed to liquidate contracts and purchase orders (\$29 million), pay debt service (\$0.4 million), and/or certain other restricted and/or designated purposes (\$59.3 million).

The following table summarizes the changes in fund balances for the County's governmental funds as of June 30, 2015 in comparison to fiscal year 2014:

Changes in Fund Balances (Amounts in millions)					
	General Fund	Major Governmental Funds	Non-major Governmental Funds	<u>Totals</u>	
				2015	2014
Revenues:					
Taxes	\$ 110.80	\$ --	\$ 9.69	\$ 120.49	\$ 107.41
Other	<u>22.39</u>	<u>26.62</u>	<u>18.46</u>	<u>67.47</u>	<u>62.58</u>
Total Revenues	133.19	26.62	28.15	187.96	169.99
Expenditures	<u>109.54</u>	<u>43.10</u>	<u>35.40</u>	<u>188.04</u>	<u>186.96</u>
Excess (deficiency) of Revenues over Expenditures	23.65	(16.48)	(7.25)	(0.08)	(19.97)
Transfers and others	<u>(16.38)</u>	<u>6.75</u>	<u>10.97</u>	<u>1.34</u>	<u>1.56</u>
Net Changes in Fund Balances	\$ <u><u>7.27</u></u>	\$ <u><u>(9.73)</u></u>	\$ <u><u>3.72</u></u>	\$ <u><u>1.26</u></u>	\$ <u><u>(18.41)</u></u>

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position can be found on page 31. The major differences relate to certain financial resources and expenditures such as debt financing and capital outlays that are included in the changes in governmental fund balances but are not reported in the changes in net position.

**General Fund** - The General Fund is the chief operating fund of the County. Total revenues in the General Fund amounted to \$133.2 million, or an increase of \$14.7 million in comparison to the prior year. As stated earlier, the County reported an unassigned balance of \$27.9 million, of which, represents the remaining portion of the County's Reserve Fund. The increase in the overall fund balance may be attributable to the cumulative effect of the following key factors:

- An increase of \$12.8 million or 13.6% in property tax revenue due to increased tax rates by category.
- An increase of \$1.4 million or 10.7% in Transient Accommodation Tax revenue.
- An increase of \$0.7 million or 40.3% in building permit fees.
- An increase of \$0.2 million in other revenues such as Transient Vacation Rentals, County vehicle registration fees, and bus transportation fees.
- A decrease of \$0.8 million or 4.1% in transfers out to other funds.
- An increase of \$4.9 million or 4.7% in total expenditures.

**Major Governmental Funds** – Major governmental fund revenues amounted to \$26.6 million, or a \$1.5 million increase in comparison to the prior year. The increase was primarily attributable to:

- Solid Waste Disposal Fund increase of \$1.5 million due to increases in residential and commercial refuse fees.
- Federal Grants Fund decrease of \$1.6 million was primarily due to a decrease in grant revenue over the prior year for affordable housing grants (\$2.4 million).
- Grants Capital Improvement Fund increase of \$1.8 million was primarily due to \$1.5 million state appropriation for funding the Filipino Community Center on Kaua'i.

Total expenditures remained relatively flat decreasing slightly by \$0.6 million from \$43.7 million to \$43.1 million in the current fiscal year. Significant variances included the following:

- Solid Waste Disposal Fund increase of \$1.6 million was primarily due to increases in recycling program expenditures and increases in salaries and automotive repair and maintenance.
- Bond Fund decrease of \$2.4 million was primarily due to a decrease of \$3.4 million in capital type expenditures, offset by an increase in sanitation expenditures of \$2.2 million for wastewater treatment plant improvements and landfill expenditures.
- Federal Grants Fund decrease of \$1.6 million was primarily due to a decrease in public welfare grants such as affordable housing grants.
- Grants Capital Improvement Fund increase of \$1.8 million was primarily due to \$1.5 million state appropriation for funding the Filipino Community Center on Kaua'i.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

**All Other Governmental Funds** – Revenues increased by \$1.7 million from \$26.4 million to \$28.1 million in the current fiscal year, primarily due to an increase in County motor vehicle weight tax. Expenditures decreased by \$6.3 million primarily due to decreases in capital type expenditures of \$1.7 million and highway resurfacing projects of \$3.2 million from the prior year.

**BUDGETARY HIGHLIGHTS**

The General Fund exceeded its estimate of budgeted revenues by \$2.8 million. The General Fund lapsed \$11.2 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$18.3 million in the current year, a decrease of \$0.8 million as compared to the prior year. Fund budgetary expenditures differ from the fund expenditures in that the encumbrances at year end are accounted for as expenditures for budgetary purposes. The original budget amount in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) include re-appropriated and committed prior-period encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) provides the reader the assurance of compliance to the budget ordinance. Only budgeted funds have this type of financial statements.

Estimated budgeted General Fund revenues for the fiscal year ended June 30, 2015 was \$130.4 million as compared to \$114.3 million in the prior year, an increase of \$16.1 million. Positive revenue budget variances of \$2.8 million occurred primarily because of the volatility of predicting certain types of revenues and the conservative approach in estimated revenues. The major positive variances occurred in revenue from real property taxes of \$1.1 million, non-business license fees increased by approximately \$0.7 million, due to an increase in building permit fees.

Final amended budgeted expenditures in the General Fund for fiscal year ended June 30, 2015 increased by \$7.1 million, ending at \$126.5 million. The general government function budget increased by 5.77%, public safety function decreased 6.8%, public works function, culture and recreation function, and public welfare function remained relatively flat to the prior year.

The following represent major variances in the final amended budget to actual expenditures in the General Fund:

- Council Services had a favorable variance of approximately \$0.4 million, of which, were primarily attributable to \$0.2 million in unexpended salaries, fringe and benefits and \$0.2 million in unexpended travel, utilities, consulting services and other miscellaneous items.
- County Attorney had a favorable variance of approximately \$0.7 million, of which, were primarily attributable to \$0.3 million in unexpended salaries, fringe and benefits and \$0.4 in unexpended travel, utilities, consulting services and other miscellaneous items.
- Real Property Assessment division had a favorable variance of approximately \$0.5 million, of which, were primarily attributable to \$0.3 million in unexpended salaries, fringe and benefits and \$0.2 million in unexpended consultative and other services.
- Automobile and general liability claims paid out in the current fiscal year were less than anticipated, creating a favorable variance of \$0.5 million.



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

- No significant claims were paid out of the self insurance account in the current fiscal year, whereby, creating a favorable variance of \$0.9 million. The purpose of this account is to prepare for unanticipated and unpredictable future claims.
- Personnel Services had a favorable variance of \$0.6 million, of which, were primarily attributable to \$0.5 million in unexpended salaries, fringe and benefits and \$0.1 in unexpended training and other miscellaneous items.
- Police department had a favorable variance of \$1.9 million, of which, were primarily attributable to \$1.4 million in unexpended salaries, fringe and benefits and \$0.5 million in unexpended travel, utilities, equipment, lease purchases, and other miscellaneous items.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The County's capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$630.1 million, an increase of \$5.6 million. Net capital assets include land, buildings and improvements, machinery and equipment, infrastructure (e.g. roadways, bridges, and sewer), and construction-in-progress, less accumulated depreciation. Most capital projects pass through construction-in-progress before being capitalized because of the multi-year completion process. The following is a summary of the capital assets as of June 30, 2015 in comparison to fiscal year 2014:

	Government Activities Summary of Capital Assets (Amounts in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Non-depreciable assets:						
Land	\$ 184.33	\$ 184.02	\$ 17.13	\$ 12.45	\$ 201.46	\$ 196.47
CIP	40.50	49.48	12.11	21.70	52.61	71.18
Depreciable assets:						
Buildings and improvements	122.25	111.90	97.46	82.43	219.71	194.33
Equipment	84.15	75.92	7.43	6.33	91.58	82.25
Infrastructure	670.08	665.35	13.76	12.73	683.84	678.08
Less: Accumulated depreciation	<u>(568.80)</u>	<u>(550.50)</u>	<u>(50.32)</u>	<u>(47.33)</u>	<u>(619.12)</u>	<u>(597.83)</u>
Total Capital Assets, net	\$ <u>532.51</u>	\$ <u>536.17</u>	\$ <u>97.57</u>	\$ <u>88.31</u>	\$ <u>630.08</u>	\$ <u>624.48</u>

Additional information on the County's capital assets can be found in Note 6 in the notes to the basic financial statements.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

**Long-term Debt** – At the end of the current fiscal year, the County had total bonds and loans outstanding of \$128.2 million (\$108.7 million related to governmental activities and \$19.5 million related to business-type activities). Of this amount, \$109.3 million is comprised of debt backed by the full faith and credit of the government (general obligations) and \$18.9 million represents State Revolving Fund (SRF) loans used to finance construction of wastewater projects.

At the end of the fiscal year, Standard and Poor's Ratings Services, Moody's Investors Service and Fitch, Inc. assigned the County's GO Bonds ratings of AA, Aa2, and AA-, respectfully.

State statutes limit the amount of general obligation debt the County may issue up to 15 percent of its net assessed valuation. The current debt limitation for the County is \$2.4 billion. As of June 30, 2015 the County's current outstanding debt applicable to the legal debt margin totaled \$108.7 million or 4.5% of the County's debt limitation.

Additional information on the County's long-term debt can be found in Note 10 in the notes to the basic financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Director of Finance, 4444 Rice Street, Suite 280, Lihue, Kauai, Hawaii 96766.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**COUNTY OF KAUAI, HAWAII**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Department of Water
<b>Assets:</b>				
Cash and cash equivalents	\$ 25,575,094	\$ 7,170,185	\$ 32,745,279	\$ 18,359,131
Investments	103,405,986	1,970,314	105,376,300	20,737,360
Receivables, net	32,649,316	2,804,266	35,453,582	4,207,308
Due from other governments	13,399,850	--	13,399,850	--
Real property held for sale	--	199,525	199,525	--
Materials and supplies	--	--	--	911,558
Prepaid items and other	454,031	6,076	460,107	66,745
<b>Restricted Assets:</b>				
Cash and cash equivalents	--	356,210	356,210	766,351
Investments	--	--	--	22,783,161
Other	--	--	--	113,635
<b>Capital Assets:</b>				
Land	184,327,296	17,127,632	201,454,928	1,343,144
Construction in progress	40,498,739	12,105,192	52,603,931	7,979,721
Buildings and improvements	76,554,503	59,040,913	135,595,416	3,237,848
Machinery and equipment	34,688,901	3,662,616	38,351,517	1,261,748
Infrastructure	196,444,706	5,633,232	202,077,938	201,056,742
Total Capital Assets, net	532,514,145	97,569,585	630,083,730	214,879,203
Total Assets	707,998,422	110,076,161	818,074,583	282,824,452
<b>Deferred Outflows of Resources:</b>				
Deferred loss on refunding	1,500,289	1,863	1,502,152	66,193
Deferred outflows of resources related to pensions	19,793,494	527,089	20,320,583	1,127,356
Total Deferred Outflows of Resources	21,293,783	528,952	21,822,735	1,193,549
Total Assets and Deferred Outflows of Resources	729,292,205	110,605,113	839,897,318	284,018,001
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	24,669,030	1,774,050	26,443,080	3,499,876
Contracts payable	1,070,539	15,177	1,085,716	175,461
Due to other government	323,952	2,629,052	2,953,004	--
Due to other funds	(133)	133	--	--
Customer deposits	177,350	133,260	310,610	503,495
Unearned revenue	28,265,543	27,440	28,292,983	--
Interest payable	2,106,584	85,726	2,192,310	--
<b>Noncurrent Liabilities:</b>				
Due within one year	15,128,553	2,016,052	17,144,605	5,606,350
Due in more than one year	155,343,767	18,923,842	174,267,609	87,721,990
Net pension liability	148,767,661	4,601,062	153,368,723	9,317,991
Total Liabilities	375,852,846	30,205,794	406,058,640	106,825,163
<b>Deferred Inflows of Resources:</b>				
Deferred inflows - other	91,944	--	91,944	--
Deferred gain on refunding	1,136,793	--	1,136,793	--
Deferred inflows of resources related to pensions	26,953,258	833,606	27,786,864	1,147,956
Total Deferred Inflows of Resources	28,181,995	833,606	29,015,601	1,147,956
Total Liabilities and Deferred Inflows of Resources	404,034,841	31,039,400	435,074,241	107,973,119
<b>Net Position:</b>				
Net investment in capital assets	447,353,524	77,610,041	524,963,565	145,475,072
Restricted for capital activity and other	10,015,832	356,210	10,372,042	--
Restricted for debt service	161,837	--	161,837	--
Unrestricted	(132,273,829)	1,599,462	(130,674,367)	30,569,810
Total Net Position	\$ 325,257,364	\$ 79,565,713	\$ 404,823,077	\$ 176,044,882

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

**COUNTY OF KAUAI, HAWAII**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Department of Water
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 34,024,945	\$ 6,925,672	\$ 2,832,660	\$ 1,573,650	\$ (22,692,963)	\$ --	\$ (22,692,963)	\$ --
Public safety	57,532,723	976,639	3,771,557	68,296	(52,716,231)	--	(52,716,231)	--
Public works	12,928,201	413,159	19,727	--	(12,495,315)	--	(12,495,315)	--
Highways and streets	19,910,018	5,680,943	140,230	4,054,406	(10,034,439)	--	(10,034,439)	--
Sanitation	17,909,148	8,037,799	338,817	(133)	(9,532,665)	--	(9,532,665)	--
Culture and recreation	12,301,649	886,203	53,957	--	(11,361,489)	--	(11,361,489)	--
Public welfare	20,045,106	264,652	14,630,957	--	(5,149,497)	--	(5,149,497)	--
Interest on long-term debt, unallocated	5,254,055	--	--	--	(5,254,055)	--	(5,254,055)	--
Total Governmental Activities	<u>179,905,845</u>	<u>23,185,067</u>	<u>21,787,905</u>	<u>5,696,219</u>	<u>(129,236,654)</u>	<u>--</u>	<u>(129,236,654)</u>	<u>--</u>
Business-type Activities								
Housing programs	2,170,580	2,285,109	--	4,560,000	--	4,674,529	4,674,529	--
Sewer	9,204,476	9,586,721	--	3,394,930	--	3,777,175	3,777,175	--
Golf	2,474,846	1,142,667	--	--	--	(1,332,179)	(1,332,179)	--
Total Business-type Activities	<u>13,849,902</u>	<u>13,014,497</u>	<u>--</u>	<u>7,954,930</u>	<u>--</u>	<u>7,119,525</u>	<u>7,119,525</u>	<u>--</u>
Total Primary Government	<u>\$ 193,755,747</u>	<u>\$ 36,199,564</u>	<u>\$ 21,787,905</u>	<u>\$ 13,651,149</u>	<u>\$ (129,236,654)</u>	<u>\$ 7,119,525</u>	<u>\$ (122,117,129)</u>	<u>\$ --</u>
Component Unit:								
Department of Water	<u>\$ 27,532,744</u>	<u>\$ 32,121,360</u>	<u>\$ --</u>	<u>\$ 4,932,911</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,521,527</u>
General Revenues:								
Property taxes					106,772,994	--	106,772,994	--
Public service company tax					4,243,704	--	4,243,704	--
Franchise tax					4,518,532	--	4,518,532	--
Fuel taxes					5,168,937	--	5,168,937	--
Grants and contributions not restricted to specific programs					16,007,524	--	16,007,524	--
Unrestricted investment earnings					933,116	19,709	952,825	--
Transfers					(471,508)	471,508	--	--
Total General Revenues and Transfers					<u>137,173,299</u>	<u>491,217</u>	<u>137,664,516</u>	<u>--</u>
Change in Net Position					7,936,645	7,610,742	15,547,387	9,521,527
Net Position - Beginning of Year July 1, 2014, as previously stated					476,345,231	77,097,543	553,442,774	175,901,402
Cumulative effect of accounting change and restatements					(159,024,512)	(5,142,572)	(164,167,084)	(9,378,047)
Net Position - Beginning of Year July 1, 2014, as restated					<u>317,320,719</u>	<u>71,954,971</u>	<u>389,275,690</u>	<u>166,523,355</u>
Net Position - End of Year June 30, 2015					<u>\$ 325,257,364</u>	<u>\$ 79,565,713</u>	<u>\$ 404,823,077</u>	<u>\$ 176,044,882</u>

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

## **FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

### **MAJOR FUNDS**

#### **General Fund**

Accounts for all financial resources traditionally associated with the government which are not required legally, or by sound financial management, to be accounted for in another fund.

#### **Special Revenue Funds**

##### **Housing and Community Development Revolving Fund**

Monies collected from the Home Disaster grant loans, Housing Preservation grant loans and Special Purpose Grant loans fund the Housing and Community Development Revolving Fund. This fund supports administrative costs for the Development staff and also supports the "Homebuyer Loan Program" for eligible homebuyers and future project development costs.

##### **Solid Waste Disposal Fund**

Accounts for the costs of operating the County's solid waste disposal system. Financing is provided by charges to commercial users for solid waste disposal services and General Fund contributions for other users.

##### **Federal Grants Fund**

Accounts for federal grant revenues and related expenditures.

#### **Capital Project Funds**

##### **Grants Capital Improvement Fund**

Accounts for revenues and capital improvements financed by federal and state grants.

##### **General Capital Improvement Fund**

Accounts for the costs of capital projects financed by the General Fund.

##### **Bond Fund**

Accounts for proceeds from and the costs of constructing County capital improvements financed by general obligation bond proceeds.



**COUNTY OF KAUAI, HAWAII**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2015**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>									
Cash and cash equivalents	\$ --	\$ 1,972,972	\$ 6,551,573	\$ --	\$ --	\$ --	\$ 215,714	\$ 16,834,835	\$ 25,575,094
Investments	58,533,495	--	9,031,634	25,130,723	1,751,257	--	--	8,958,877	103,405,986
Accounts receivable, net	3,321,359	--	790,183	--	--	--	667,055	1,339,878	6,118,475
Taxes receivable	2,992,939	--	--	--	--	--	--	--	2,992,939
Interest receivable	142,619	1,053,405	44,897	90,988	448,912	--	--	15,933	1,796,754
Due from other funds	--	--	--	4,358,090	233	133	1,497,811	5,897,744	11,754,011
Due from other governments	--	--	--	--	4,668,864	8,286,183	--	444,803	13,399,850
Loans receivable	--	7,868,177	--	--	13,862,686	--	--	10,285	21,741,148
Prepaid items	--	--	--	--	--	--	--	454,031	454,031
Total Assets	<u>\$ 64,990,412</u>	<u>\$ 10,894,554</u>	<u>\$ 16,418,287</u>	<u>\$ 29,579,801</u>	<u>\$ 20,731,952</u>	<u>\$ 8,286,316</u>	<u>\$ 2,380,580</u>	<u>\$ 33,956,386</u>	<u>\$ 187,238,288</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 18,438,244	\$ 52,050	\$ 1,094,099	\$ 962,946	\$ 441,151	\$ 2,159,151	\$ 90,853	\$ 1,430,536	\$ 24,669,030
Contracts payable	22,339	--	118,413	517,429	7,100	271,264	28,694	105,300	1,070,539
Due to other funds	4,618,273	--	--	--	1,279,704	5,855,901	--	--	11,753,878
Due to other governments	--	--	--	--	--	--	--	323,952	323,952
Due to customers	--	--	--	--	--	--	--	177,350	177,350
Unearned revenue	--	7,820,189	3,966	--	19,003,997	--	--	1,437,391	28,265,543
Compensated absences	14,424	--	--	--	--	--	--	--	14,424
Total Liabilities	<u>23,093,280</u>	<u>7,872,239</u>	<u>1,216,478</u>	<u>1,480,375</u>	<u>20,731,952</u>	<u>8,286,316</u>	<u>119,547</u>	<u>3,474,529</u>	<u>66,274,716</u>
<b>Deferred Inflows of Resources:</b>									
Unavailable revenues	2,569,579	--	--	--	--	--	--	--	2,569,579
Deferred inflows - other	--	--	--	--	--	--	--	91,944	91,944
Total Deferred Inflow of Resources	<u>2,569,579</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>91,944</u>	<u>2,661,523</u>
<b>Fund Balance:</b>									
Nonspendable	--	1,101,393	--	--	--	--	--	454,031	1,555,424
Restricted	490,000	--	9,233,591	--	--	--	--	356,800	10,080,391
Committed	9,959,330	680,459	2,671,770	12,976,957	--	--	713,307	5,733,109	32,734,932
Assigned	927,398	1,240,463	3,296,448	15,122,469	--	--	1,547,726	23,845,973	45,980,477
Unassigned	<u>27,950,825</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>27,950,825</u>
Total Fund Balance	<u>39,327,553</u>	<u>3,022,315</u>	<u>15,201,809</u>	<u>28,099,426</u>	<u>--</u>	<u>--</u>	<u>2,261,033</u>	<u>30,389,913</u>	<u>118,302,049</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 64,990,412</u>	<u>\$ 10,894,554</u>	<u>\$ 16,418,287</u>	<u>\$ 29,579,801</u>	<u>\$ 20,731,952</u>	<u>\$ 8,286,316</u>	<u>\$ 2,380,580</u>	<u>\$ 33,956,386</u>	<u>\$ 187,238,288</u>

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

**COUNTY OF KAUAI, HAWAII**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Total Fund Balances - Governmental Funds \$ 118,302,049

Amounts reported for governmental activities in the Statement of Net Position are different due to:

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

Land	\$ 184,327,296
Construction work in progress	40,498,739
Buildings and improvements	122,255,734
Equipment	84,150,830
Infrastructure assets	670,079,969
Accumulated depreciation	<u>(568,798,423)</u>

Total Capital Assets, net 532,514,145

Some of the County's revenues will be collected after the year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.

2,569,579

Deferred amounts on refunding are reported as deferred outflows of resources in the government-wide financial statements but are not reported in the governmental fund statements.

363,496

Deferred amounts related to pensions reported as deferred outflows/inflows of resources in the government-wide financial statements but are not reported in the governmental fund statements.

(7,159,764)

Accrued interest payable on outstanding bonds are expensed on the government-wide statement of activities.

(2,106,584)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:

Bonds and loans payable	(108,745,000)
Capital leases	(4,878,543)
Compensated absences	(12,930,199)
Claims and judgments	(9,640,151)
Landfill closure/post-closure costs	(34,264,003)
Net pension liability	<u>(148,767,661)</u>

Total Long-term Liabilities (319,225,557)

Net Position of Governmental Activities \$ 325,257,364

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

**COUNTY OF KAUAI, HAWAII**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>									
Taxes	\$ 110,805,036	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,687,469	\$ 120,492,505
Licenses and permits	2,678,833	--	--	--	--	--	--	7,274,033	9,952,866
Rents and concessions	195,921	--	11,000	--	--	--	--	281,437	488,358
Interest	498,667	170,376	81,960	46,474	--	--	--	135,639	933,116
Intergovernmental revenues	14,965,846	31,590	--	--	11,653,337	5,554,273	--	10,102,978	42,308,024
Charges for current services	3,624,678	--	7,942,552	--	--	--	--	--	11,567,230
Bond subsidy	--	--	--	1,041,678	--	--	--	--	1,041,678
Miscellaneous	426,240	399	84,247	--	--	--	--	665,727	1,176,613
Total Revenues	<u>133,195,221</u>	<u>202,365</u>	<u>8,119,759</u>	<u>1,088,152</u>	<u>11,653,337</u>	<u>5,554,273</u>	<u>--</u>	<u>28,147,283</u>	<u>187,960,390</u>
<b>Expenditures:</b>									
General government	28,318,927	--	--	606,140	1,470,214	1,500,000	700,273	1,325,393	33,920,947
Public safety	52,146,882	--	--	--	1,874,425	--	--	1,940,073	55,961,380
Public works	9,964,134	--	--	134,588	15,530	--	1,625	159,094	10,274,971
Highways and streets	468,063	--	303,999	232,939	114,318	65,266	10,868	12,948,764	14,144,217
Sanitation	--	--	12,568,984	3,157,471	(25,000)	--	57,838	522,645	16,281,938
Culture and recreation	10,038,638	--	--	48,275	53,959	--	71,707	298,917	10,511,496
Public welfare	5,914,556	947,332	--	189,895	4,750,796	--	--	7,121,223	18,923,802
Capital outlay	1,155,345	--	1,205,978	4,822,097	3,399,095	3,989,007	37,794	1,280,922	15,890,238
Debt Service:									
Principal	1,436,716	--	765,130	--	--	--	--	4,628,519	6,830,365
Interest and debt issuance cost	98,342	--	31,637	--	--	--	--	5,169,989	5,299,968
Total Expenditures	<u>109,541,603</u>	<u>947,332</u>	<u>14,875,728</u>	<u>9,191,405</u>	<u>11,653,337</u>	<u>5,554,273</u>	<u>880,105</u>	<u>35,395,539</u>	<u>188,039,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,653,618</u>	<u>(744,967)</u>	<u>(6,755,969)</u>	<u>(8,103,253)</u>	<u>--</u>	<u>--</u>	<u>(880,105)</u>	<u>(7,248,256)</u>	<u>(78,932)</u>
<b>Other Financing Sources (Uses):</b>									
Proceeds from capital leases	523,604	--	1,162,657	--	--	--	--	127,908	1,814,169
Transfers in	1,432,838	--	7,625,000	--	--	--	195,000	10,997,951	20,250,789
Transfers out	(18,337,072)	--	(952,387)	(443,249)	--	--	(832,056)	(157,533)	(20,722,297)
Total Other Financing Sources (Uses)	<u>(16,380,630)</u>	<u>--</u>	<u>7,835,270</u>	<u>(443,249)</u>	<u>--</u>	<u>--</u>	<u>(637,056)</u>	<u>10,968,326</u>	<u>1,342,661</u>
Net Change in Fund Balances	7,272,988	(744,967)	1,079,301	(8,546,502)	--	--	(1,517,161)	3,720,070	1,263,729
Fund Balance - Beginning of Year July 1, 2014	<u>32,054,565</u>	<u>3,767,282</u>	<u>14,122,508</u>	<u>36,645,928</u>	<u>--</u>	<u>--</u>	<u>3,778,194</u>	<u>26,669,843</u>	<u>117,038,320</u>
Fund Balance - End of Year June 30, 2015	<u>\$ 39,327,553</u>	<u>\$ 3,022,315</u>	<u>\$ 15,201,809</u>	<u>\$ 28,099,426</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,261,033</u>	<u>\$ 30,389,913</u>	<u>\$ 118,302,049</u>

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

**COUNTY OF KAUAI, HAWAII**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balance - Total Governmental Funds \$ 1,263,729

Amounts reported for governmental activities in the Statement of Activities are different due to:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:

Capital outlay	\$ 15,890,238	
Depreciation expense	<u>(19,793,685)</u>	
Net Capital Outlay		(3,903,447)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, CIP closures/transfers, contributed/donated capital assets) is to increase Net Position.		247,770
---	--	---------

Capital leases are recorded as current financial sources in the Statement of Revenues, Expenditures, and Changes in Fund Balances. However, in the Statement of Net Position, capital leases are recorded as long-term debt and capital assets.		(1,814,169)
---	--	-------------

Real property taxes in the Statement of Activities includes all billed amounts which differ from the current financial resource measurement of the governmental funds. This is the net difference of both measurement focuses.		211,673
--	--	---------

The County's proportionate share of pension expense requiring immediate recognition, but not reported as expenditures in the governmental funds. This is the net difference between FY15 employer paid contributions, recorded as deferred outflows in the current year and FY14 employer paid contributions being expensed in the Statement of Activities.		3,097,087
---	--	-----------

Bond proceeds are reported as other financing sources in governmental funds and contribute to the increase in fund balance. Bond and capital lease principal payments are reported as an expenditure in governmental funds and reduce fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities while debt repayment reduces long-term liabilities and affects the Statement of Activities.

Bond principal retirement	4,250,000	
Capital lease principal payments	<u>2,580,115</u>	
Total Long-term Debt Repayment		6,830,115

Some items reported in the Statement of Activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities are:

Amortization of premium from bond issuance	93,218	
Amortization of deferred refunding costs	(115,407)	
Decrease in compensated absences	44,422	
Decrease in claims and judgments	94,114	
Decrease in landfill closure/post-closure care costs	1,819,438	
Decrease in accrued interest payable	<u>68,102</u>	
Net Decrease in Expenditures		<u>2,003,887</u>

Change in Net Position - Governmental Activities		\$ <u>7,936,645</u>
--	--	---------------------

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Taxes:						
Real property taxes	\$ 107,361,767	\$ 105,434,767	\$ 106,561,332	\$ --	\$ 106,561,332	\$ 1,126,565
Public services company taxes	<u>4,600,000</u>	<u>4,600,000</u>	<u>4,243,704</u>	<u>--</u>	<u>4,243,704</u>	<u>(356,296)</u>
Total Taxes	<u>111,961,767</u>	<u>110,034,767</u>	<u>110,805,036</u>	<u>--</u>	<u>110,805,036</u>	<u>770,269</u>
Licenses and Permits:						
Street use	280,315	280,315	214,183	--	214,183	(66,132)
Business licenses and fees	260	260	8,320	--	8,320	8,060
Non-business licenses and fees	<u>1,181,000</u>	<u>1,181,000</u>	<u>2,456,330</u>	<u>--</u>	<u>2,456,330</u>	<u>1,275,330</u>
Total Licenses and Permits	<u>1,461,575</u>	<u>1,461,575</u>	<u>2,678,833</u>	<u>--</u>	<u>2,678,833</u>	<u>1,217,258</u>
Rents and Concessions	<u>168,699</u>	<u>168,699</u>	<u>195,921</u>	<u>--</u>	<u>195,921</u>	<u>27,222</u>
Interest	<u>520,000</u>	<u>520,000</u>	<u>498,667</u>	<u>--</u>	<u>498,667</u>	<u>(21,333)</u>
Intergovernmental Revenues:						
State grants-in-aid share of transient accomodation tax	14,935,000	14,935,000	14,935,000	--	14,935,000	--
Other state grants-in-aid	<u>20,000</u>	<u>20,000</u>	<u>30,846</u>	<u>--</u>	<u>30,846</u>	<u>10,846</u>
Total Intergovernmental Revenues	<u>14,955,000</u>	<u>14,955,000</u>	<u>14,965,846</u>	<u>--</u>	<u>14,965,846</u>	<u>10,846</u>
Charges for Current Services	<u>3,126,304</u>	<u>3,126,304</u>	<u>3,624,678</u>	<u>--</u>	<u>3,624,678</u>	<u>498,374</u>
Miscellaneous	<u>170,320</u>	<u>170,320</u>	<u>426,240</u>	<u>--</u>	<u>426,240</u>	<u>255,920</u>
Total Revenues	\$ <u>132,363,665</u>	\$ <u>130,436,665</u>	\$ <u>133,195,221</u>	\$ <u>--</u>	\$ <u>133,195,221</u>	\$ <u>2,758,556</u>

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Expenditures:						
General Government:						
Council Services and County Clerk	\$ 3,259,908	\$ 3,297,068	\$ 2,890,649	\$ 4,409	\$ 2,895,058	\$ 402,010
Elections	809,993	816,306	616,957	41,989	658,946	157,360
Office of the County Auditor	1,253,753	1,485,244	824,192	269,930	1,094,122	391,122
Office of the Mayor:						
Administration	1,723,512	1,769,856	1,678,730	33,017	1,711,747	58,109
Youth Work Program	47,479	59,254	40,240	7,854	48,094	11,160
Kauai Equal Access Program	104,239	105,920	103,412	--	103,412	2,508
Boards and commissions	1,000,369	967,516	667,143	65,382	732,525	234,991
Office of the County Attorney	3,018,939	3,703,002	2,540,158	497,414	3,037,572	665,430
Office of the Prosecuting Attorney	3,630,020	3,674,285	3,428,146	28,514	3,456,660	217,625
Department of Finance:						
Administration	1,028,905	1,030,707	855,570	1,000	856,570	174,137
Accounting and Budgeting	948,959	1,002,680	837,857	3,407	841,264	161,416
Treasury	255,315	258,861	244,377	--	244,377	14,484
Motor vehicle	878,628	863,892	628,468	77,297	705,765	158,127
Drivers license	662,077	678,544	440,157	78,186	518,343	160,201
Real property assessment	2,059,522	2,169,636	1,594,146	20,582	1,614,728	554,908
Real property collections	484,331	490,218	420,716	33,903	454,619	35,599
Purchasing	804,959	818,580	759,436	--	759,436	59,144
Information technology	1,746,964	1,761,376	1,654,495	65,502	1,719,997	41,379
County-wide Costs:						
Insurance:						
Liability insurance	732,687	702,478	648,980	--	648,980	53,498
Fire insurance	461,154	427,154	400,994	--	400,994	26,160
Self insurance (Note D)	1,000,057	1,000,057	30,000	42,659	72,659	927,398
Excess workers compensation	241,544	265,544	264,604	--	264,604	940
Other County-wide Costs:						
Central services cost	(2,680,000)	(2,680,000)	(2,699,598)	--	(2,699,598)	19,598
Collective bargaining raises	60,000	60,000	--	--	--	60,000
Special projects	1,212,000	1,212,000	967,201	40,000	1,007,201	204,799
Claims	1,753,347	1,753,347	1,083,729	153,347	1,237,076	516,271
Training	12,000	12,000	60	--	60	11,940
Telephone services	150,000	145,200	127,177	--	127,177	18,023
Computers and accessories	435,678	435,678	173,105	256,493	429,598	6,080
Repair and maintenance, financial system	683,636	716,036	418,368	284,499	702,867	13,169
Personnel Services	2,497,138	2,521,359	1,805,484	105,730	1,911,214	610,145
Planning	2,946,857	2,976,687	2,309,368	502,205	2,811,573	165,114
Office of Economic Development	3,299,406	3,313,659	2,747,570	431,904	3,179,474	134,185
Total General Government	\$ 36,523,376	\$ 37,814,144	\$ 28,501,891	\$ 3,045,223	\$ 31,547,114	\$ 6,267,030

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Public Safety:						
Police Department	\$ 29,403,536	\$ 29,737,731	\$ 27,209,600	\$ 676,768	\$ 27,886,368	\$ 1,851,363
Fire Department	25,780,419	26,085,393	25,023,422	267,266	25,290,688	794,705
Kauai Civil Defense Agency	1,864,780	1,872,507	1,203,476	538,202	1,741,678	130,829
Total Public Safety	<u>57,048,735</u>	<u>57,695,631</u>	<u>53,436,498</u>	<u>1,482,236</u>	<u>54,918,734</u>	<u>2,776,897</u>
Public Works:						
Administrative	711,291	738,038	672,728	2,020	674,748	63,290
Fiscal and clerical	321,291	326,694	317,503	1,032	318,535	8,159
Plans, survey and construction	1,829,103	1,774,383	1,547,136	16,230	1,563,366	211,017
Auto maintenance and fuel	485,031	516,501	468,063	20,313	488,376	28,125
Roads maintenance	27,000	27,000	--	--	--	27,000
Building division:						
Inspection	1,819,360	1,951,171	1,821,363	2,591	1,823,954	127,217
Repairs and maintenance	4,454,739	4,786,526	3,544,677	1,027,630	4,572,307	214,219
Janitorial	2,982,399	2,610,297	2,521,973	21,518	2,543,491	66,806
Total Public Works	<u>12,630,214</u>	<u>12,730,610</u>	<u>10,893,443</u>	<u>1,091,334</u>	<u>11,984,777</u>	<u>745,833</u>
Culture and Recreation:						
Administrative and fiscal	1,496,433	1,561,894	1,466,293	3,555	1,469,848	92,046
Planning and development	287,722	291,143	289,128	230	289,358	1,785
Recreation	2,519,228	2,535,244	2,090,222	80,619	2,170,841	364,403
Maintenance	5,067,110	5,051,377	4,477,032	387,978	4,865,010	186,367
Beautification	982,300	1,003,350	897,995	23,081	921,076	82,274
Auditorium	421,665	424,830	413,732	2,977	416,709	8,121
Stadiums	748,615	754,939	623,636	72,821	696,457	58,482
Total Culture and Recreation	<u>\$ 11,523,073</u>	<u>\$ 11,622,777</u>	<u>\$ 10,258,038</u>	<u>\$ 571,261</u>	<u>\$ 10,829,299</u>	<u>\$ 793,478</u>

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Public Welfare:						
Housing	\$ 698,361	\$ 707,217	\$ 661,029	\$ --	\$ 661,029	\$ 46,188
Elderly Affairs	1,411,990	1,423,058	1,149,292	58,474	1,207,766	215,292
Transportation	4,440,380	4,489,468	4,117,808	23,065	4,140,873	348,595
Total Public Welfare	6,550,731	6,619,743	5,928,129	81,539	6,009,668	610,075
Total General Fund Expenditures	124,276,129	126,482,905	109,017,999	6,271,593	115,289,592	11,193,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,087,536	3,953,760	24,177,222	(6,271,593)	17,905,629	13,951,869
Other Financing Sources (Uses):						
Transfers In	1,275,305	1,432,838	1,432,838	--	1,432,838	--
Transfers Out	(18,311,164)	(18,337,072)	(18,337,072)	--	(18,337,072)	--
Total Other Financing Sources (Uses)	(17,035,859)	(16,904,234)	(16,904,234)	--	(16,904,234)	--
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Source (Note C)	\$ (8,948,323)	\$ (12,950,474)	7,272,988	\$ (6,271,593)	\$ 1,001,395	\$ 13,951,869
Fund Balance - Beginning of Year July 1, 2014			32,054,565			
Fund Balance - End of Year June 30, 2015			\$ 39,327,553			

- Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.  
Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.  
Note C: Deficiency of budgeted revenues and other financing sources over final budgeted expenditures and other financing uses is balanced with available fund balance.  
Note D: General Fund includes the General Fund (001) and the Self Insurance Fund (002).

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



**COUNTY OF KAUAI, HAWAII**  
**HOUSING AND COMMUNITY DEVELOPMENT REVOLVING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 170,376	\$ --	\$ 170,376	\$ 170,376
Intergovernmental	308,897	308,897	31,590	--	31,590	(277,307)
Miscellaneous	<u>988</u>	<u>988</u>	<u>399</u>	<u>--</u>	<u>399</u>	<u>(589)</u>
Total Revenues	<u>309,885</u>	<u>309,885</u>	<u>202,365</u>	<u>--</u>	<u>202,365</u>	<u>(107,520)</u>
Expenditures - Public Welfare:						
Salaries	484,307	484,307	441,279	--	441,279	43,028
Travel expenses	21,050	21,050	4,904	--	4,904	16,146
Other employee benefits	289,901	289,901	232,114	--	232,114	57,787
Other expenses	75,296	75,296	16,235	7,083	23,318	51,978
Central services cost	25,000	25,000	25,000	--	25,000	--
Loans	160,114	160,114	--	--	--	160,114
Special projects	<u>1,179,566</u>	<u>1,179,566</u>	<u>227,800</u>	<u>673,376</u>	<u>901,176</u>	<u>278,390</u>
Total Expenditures - Public Welfare	<u>2,235,234</u>	<u>2,235,234</u>	<u>947,332</u>	<u>680,459</u>	<u>1,627,791</u>	<u>607,443</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(1,925,349)</u>	\$ <u>(1,925,349)</u>	(744,967)	\$ <u>(680,459)</u>	\$ <u>(1,425,426)</u>	\$ <u>499,923</u>
Fund Balance - Beginning of Year July 1, 2014			<u>3,767,282</u>			
Fund Balance - End of Year June 30, 2015			\$ <u>3,022,315</u>			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.

Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.

Note C: Deficiency of budgeted revenues and other financing sources over final budgeted expenditures and other financing uses is balanced with available fund balance.

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

**COUNTY OF KAUAI, HAWAII**  
**SOLID WASTE DISPOSAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Rents and concessions	\$ 12,000	\$ 12,000	\$ 11,000	\$ --	\$ 11,000	\$ (1,000)
Interest	--	--	81,960	--	81,960	81,960
Miscellaneous	--	--	84,247	--	84,247	84,247
Charges for current services:						
Tipping fees	4,022,500	4,022,500	4,914,375	--	4,914,375	891,875
Disposal fees	3,015,000	3,015,000	3,028,177	--	3,028,177	13,177
Total Revenues	<u>7,049,500</u>	<u>7,049,500</u>	<u>8,119,759</u>	<u>--</u>	<u>8,119,759</u>	<u>1,070,259</u>
Expenditures - Sanitation:						
Salaries, solid waste disposal	1,624,263	1,642,171	1,609,843	--	1,609,843	32,328
Other expenses, solid waste disposal	41,725	42,026	25,759	210	25,969	16,057
Special projects, solid waste disposal	4,924,282	4,400,083	2,751,571	614,719	3,366,290	1,033,793
Salaries, solid waste collections	1,842,912	1,807,114	1,777,641	--	1,777,641	29,473
Other expenses, solid waste collections	169,450	159,449	107,884	8,438	116,322	43,127
Salaries, Kauai recycling center	159,602	133,302	125,231	--	125,231	8,071
Other expenses, Kauai recycling center	9,412	9,812	3,527	--	3,527	6,285
Recycling programs	3,872,203	3,673,002	2,497,309	1,061,290	3,558,599	114,403
Salaries, roads maintenance	129,000	304,000	303,999	--	303,999	1
Salaries, auto maintenance	139,095	139,095	117,330	--	117,330	21,765
Auto maintenance and repair	51,410	258,341	204,496	4,478	208,974	49,367
Central services cost	1,037,540	1,037,541	953,389	55,507	1,008,896	28,645
Equipment including capital leases	1,953,688	1,888,688	846,715	927,128	1,773,843	114,845
Fuel	126,900	299,968	251,146	--	251,146	48,822
Social security taxes	277,288	292,065	239,404	--	239,404	52,661
Public employees' health fund	350,836	388,887	367,294	--	367,294	21,593
Worker's compensation	71,003	273,753	239,425	--	239,425	34,328
Unemployment compensation	3	3	--	--	--	3
Employees' retirement system	598,072	625,911	576,072	--	576,072	49,839
Employees' other post employment benefits	670,233	748,176	715,036	--	715,036	33,140
Total Expenditures - Sanitation	<u>18,048,917</u>	<u>18,123,387</u>	<u>13,713,071</u>	<u>2,671,770</u>	<u>16,384,841</u>	<u>1,738,546</u>
Deficiency of Revenues Under Expenditures	(10,999,417)	(11,073,887)	(5,593,312)	(2,671,770)	(8,265,082)	2,808,805
Other Financing Sources (Uses):						
Transfers in	7,625,000	7,625,000	7,625,000	--	7,625,000	--
Transfers out	(952,387)	(952,387)	(952,387)	--	(952,387)	--
Total Other Financing Sources (Uses)	<u>6,672,613</u>	<u>6,672,613</u>	<u>6,672,613</u>	<u>--</u>	<u>6,672,613</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	<u>\$ (4,326,804)</u>	<u>\$ (4,401,274)</u>	<u>1,079,301</u>	<u>\$ (2,671,770)</u>	<u>\$ (1,592,469)</u>	<u>\$ 2,808,805</u>
Fund Balance - Beginning of Year July 1, 2014			14,122,508			
Fund Balance - End of Year June 30, 2015			<u>\$ 15,201,809</u>			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.

Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.

Note C: Deficiency of budgeted revenues and other financing sources over final budgeted expenditures and other financing uses is balanced with available fund balance.

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

## PROPRIETARY FUND FINANCIAL STATEMENTS

### MAJOR FUNDS

#### **Public Housing Fund**

Accounts for the acquisition, development, sale, and rental of low-income housing. Financing is provided by low-income housing sales and operating contributions.

#### **Sewer Fund**

Accounts for the costs of operating the County's sewer system. Financing is provided by charges to users for services.

#### **Golf Fund**

Accounts for the costs of operating the County's golf course. Financing is provided primarily by golf fees, rents, and concessions.

**COUNTY OF KAUAI, HAWAII**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
<b>Assets:</b>				
Current Assets:				
Cash and cash equivalents	\$ 4,855,309	\$ 1,927,594	\$ 387,282	\$ 7,170,185
Restricted cash and cash equivalents	356,210	--	--	356,210
Investments	1,970,314	--	--	1,970,314
Receivables, net:				
Accounts	92,359	2,707,426	--	2,799,785
Interest	4,481	--	--	4,481
Real property held for sale	199,525	--	--	199,525
Prepaid expenses	--	3,356	2,720	6,076
Total Current Assets	<u>7,478,198</u>	<u>4,638,376</u>	<u>390,002</u>	<u>12,506,576</u>
Noncurrent Assets:				
Capital assets:				
Land	15,901,032	1,226,600	--	17,127,632
Construction in progress	--	12,105,192	--	12,105,192
Buildings	31,338,515	63,360,165	2,764,497	97,463,177
Equipment	7,292	5,938,367	1,489,387	7,435,046
Infrastructure	--	11,017,599	2,739,725	13,757,324
Less: accumulated depreciation	<u>(12,197,083)</u>	<u>(35,535,620)</u>	<u>(2,586,083)</u>	<u>(50,318,786)</u>
Total Noncurrent Assets	<u>35,049,756</u>	<u>58,112,303</u>	<u>4,407,526</u>	<u>97,569,585</u>
Total Assets	<u>42,527,954</u>	<u>62,750,679</u>	<u>4,797,528</u>	<u>110,076,161</u>
Deferred Outflows of Resources:				
Deferred loss on refunding	--	--	1,863	1,863
Deferred outflows of resources related to pensions	--	371,388	155,701	527,089
Total Deferred Outflows of Resources	<u>--</u>	<u>371,388</u>	<u>155,564</u>	<u>528,952</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 42,527,954</u>	<u>\$ 63,122,067</u>	<u>\$ 4,955,092</u>	<u>\$ 110,605,113</u>
Current Liabilities:				
Accounts payable	\$ 181,376	\$ 1,354,025	\$ 238,649	\$ 1,774,050
Contracts payable	--	15,177	--	15,177
Interest payable	--	68,171	17,555	85,726
Due to other funds	--	133	--	133
Due to other government	--	2,629,052	--	2,629,052
Security deposits payable	133,260	--	--	133,260
Unearned revenue	--	27,440	--	27,440
Compensated absences, current portion	--	99,689	41,490	141,179
Claims and judgements, current portion	--	110,328	72,916	183,244
Notes payable, current portion	--	1,416,798	274,831	1,691,629
Total Current Liabilities	<u>314,636</u>	<u>5,720,813</u>	<u>645,441</u>	<u>6,680,890</u>
Noncurrent Liabilities:				
Notes payable	--	17,742,070	527,708	18,269,778
Compensated absences	--	299,068	124,470	423,538
Claims and judgements	--	138,795	91,731	230,526
Net pension liability	--	3,082,711	1,518,351	4,601,062
Total Noncurrent Liabilities	<u>--</u>	<u>21,262,644</u>	<u>2,262,260</u>	<u>23,524,904</u>
Total Liabilities	<u>314,636</u>	<u>26,983,457</u>	<u>2,907,701</u>	<u>30,205,794</u>
Deferred Inflows of Resources:				
Deferred inflows of resources related to pensions	--	558,516	275,090	833,606
Total Deferred Inflows of Resources	<u>--</u>	<u>558,516</u>	<u>275,090</u>	<u>833,606</u>
Total Liabilities and Deferred Inflows of Resources	<u>314,636</u>	<u>27,541,973</u>	<u>3,182,791</u>	<u>31,039,400</u>
<b>Net Position:</b>				
Net investment in capital assets	35,049,756	38,953,435	3,606,850	77,610,041
Restricted assets:				
Nonexpendable - cash	356,210	--	--	356,210
Unrestricted	<u>6,807,352</u>	<u>(3,373,341)</u>	<u>(1,834,549)</u>	<u>1,599,462</u>
Total Net Position	<u>\$ 42,213,318</u>	<u>\$ 35,580,094</u>	<u>\$ 1,772,301</u>	<u>\$ 79,565,713</u>

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

**COUNTY OF KAUAI, HAWAII**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 563,864	\$ --	\$ --	\$ 563,864
Rents and concessions	969,260	--	183,880	1,153,140
Charges for current services	--	9,586,721	956,261	10,542,982
Low-income housing sales	--	--	--	--
Other	<u>751,985</u>	<u>--</u>	<u>2,526</u>	<u>754,511</u>
Total Operating Revenues	<u>2,285,109</u>	<u>9,586,721</u>	<u>1,142,667</u>	<u>13,014,497</u>
Operating Expenses:				
Public housing	1,256,012	--	--	1,256,012
Sewer	--	7,025,254	--	7,025,254
Golf	--	--	2,132,729	2,132,729
Depreciation	783,490	1,951,741	305,571	3,040,802
Cost of low-income housing sales	<u>131,078</u>	<u>--</u>	<u>--</u>	<u>131,078</u>
Total Operating Expenses	<u>2,170,580</u>	<u>8,976,995</u>	<u>2,438,300</u>	<u>13,585,875</u>
Operating Income (Loss)	<u>114,529</u>	<u>609,726</u>	<u>(1,295,633)</u>	<u>(571,378)</u>
Nonoperating Revenues (Expenses):				
Interest income from investments	19,709	--	--	19,709
Interest expense on long-term debt	--	(189,116)	(23,660)	(212,776)
Loss on disposal of capital assets	<u>--</u>	<u>(38,365)</u>	<u>(12,886)</u>	<u>(51,251)</u>
Total Nonoperating Revenues (Expenses)	<u>19,709</u>	<u>(227,481)</u>	<u>(36,546)</u>	<u>(244,318)</u>
Net Income (Loss) Before Transfers and Contributions	134,238	382,245	(1,332,179)	(815,696)
Capital contributions	4,560,000	3,394,930	--	7,954,930
Transfers	<u>--</u>	<u>(699,757)</u>	<u>1,171,265</u>	<u>471,508</u>
Change in Net Position	4,694,238	3,077,418	(160,914)	7,610,742
Net Position - Beginning of Year July 1, 2014, as previously stated	37,519,080	35,939,619	3,638,844	77,097,543
Cumulative effect of accounting change and restatements	<u>--</u>	<u>(3,436,943)</u>	<u>(1,705,629)</u>	<u>(5,142,572)</u>
Net Position - Beginning of Year July 1, 2014, as adjusted	<u>37,519,080</u>	<u>32,502,676</u>	<u>1,933,215</u>	<u>71,954,971</u>
Net Position - Ending of Year June 30, 2015	<u>\$ 42,213,318</u>	<u>\$ 35,580,094</u>	<u>\$ 1,772,301</u>	<u>\$ 79,565,713</u>

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

**COUNTY OF KAUAI, HAWAII**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ 2,164,271	\$ 8,990,370	\$ 1,129,781	\$ 12,284,422
Payments to employees	(29,274)	(2,133,855)	(907,480)	(3,070,609)
Payments to suppliers	(1,200,555)	(4,750,564)	(1,148,592)	(7,099,711)
Net Cash Provided by (Used in) Operating Activities	934,442	2,105,951	(926,291)	2,114,102
Cash Flows from Non-capital Financing Activities:				
Transfers from other funds	--	--	1,171,265	1,171,265
Transfers to other funds	--	(699,757)	--	(699,757)
Changes in amounts due to other funds	--	(2,198)	--	(2,198)
Net Cash Provided by (Used in) Non-capital Financing Activities	--	(701,955)	1,171,265	469,310
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(4,759,523)	(7,351,070)	--	(12,110,593)
Proceeds from sale of property	131,078	--	--	131,078
Proceeds from loans	--	1,166,771	--	1,166,771
Capital contributions	4,560,000	3,391,030	--	7,951,030
Due to other government	--	2,629,052	--	2,629,052
Development fees	--	3,900	--	3,900
Principal payments - bonds and loans	--	(1,461,949)	(165,000)	(1,626,949)
Principal payments - capital leases	--	(84,894)	(102,181)	(187,075)
Interest payments - bonds and loans	--	(186,644)	(27,508)	(214,152)
Net Cash Used in Capital and Related Financing Activities	(68,445)	(1,893,804)	(294,689)	(2,256,938)
Cash Flows from Investing Activities:				
Interest received from investments	17,508	--	--	17,508
Changes in investments, net	(336,087)	--	--	(336,087)
Net Cash Provided by (Used in) Investing Activities	(318,579)	--	--	(318,579)
Net Increase (Decrease) in Cash and Cash Equivalents	547,418	(489,808)	(49,715)	7,895
Cash and Cash Equivalents, Beginning of Year July 1, 2014	4,307,891	2,417,402	436,997	7,162,290
Cash and Cash Equivalents, End of Year June 30, 2015 (including \$356,210 for Public Housing reported in restricted accounts)	\$ 4,855,309	\$ 1,927,594	\$ 387,282	\$ 7,170,185
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 114,529	\$ 609,726	\$ (1,295,633)	\$ (571,378)
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,490	1,951,741	305,571	3,040,802
Loss on disposal of capital assets	--	(38,365)	(12,886)	(51,251)
Pension expense	--	322,686	159,661	482,347
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	10,239	(558,780)	--	(548,541)
Restricted cash	(4,286)	--	--	(4,286)
Deferred outflows for pensions	--	(348,584)	(144,469)	(493,053)
Accounts payable and accrued liabilities	26,184	127,077	76,336	229,597
Security deposits payable	4,286	--	--	4,286
Contracts payable	--	(702)	--	(702)
Unearned revenue	--	794	--	794
Compensated absences	--	40,358	(14,871)	25,487
Net Cash Provided by (Used in) Operating Activities	\$ 934,442	\$ 2,105,951	\$ (926,291)	\$ 2,114,102
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES</b>				
Equipment acquired through capital leases	\$ --	\$ 266,833	\$ --	\$ 266,833

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

## **FIDUCIARY FUNDS FINANCIAL STATEMENTS**

**COUNTY OF KAUAI, HAWAII**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>5,712,035</u>
Total Assets	<u>5,712,035</u>
Liabilities:	
Customer deposits	4,996,929
Due to other governments	<u>715,106</u>
Total Liabilities	<u>5,712,035</u>
Net Position	\$ <u>          --</u>

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



## **NOTES TO THE FINANCIAL STATEMENTS**

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***The Financial Reporting Entity***

The County of Kauai (County) is a municipal corporation governed by an elected Mayor and a seven-member County Council. The County operates under a County Charter, which was originally adopted in 1969 and last amended in 2012.

The accompanying financial statements present the operations of the County, the primary government, as well as its discretely presented component unit, the Department of Water. The County's operations are organized into the following general functions: general government, public safety, public works, highways and streets, sanitation, culture and recreation, public welfare, housing, sewer, and other enterprises. For financial reporting purposes, the County includes all funds, agencies, boards, commissions, and authorities that are fiscally dependent upon the County and for which the County is financially accountable.

State of Hawaii (State) agencies assume responsibility for several major functions often performed by local governments; including education, welfare, health, and judiciary functions. State agencies are not fiscally dependent on the County and, therefore, are not included in these financial statements. There are no separate city, county or township governments, nor any school districts, special districts, authorities, nor public corporations with overlapping authority presented in the accompanying financial statements.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its Codification of existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (*Statement and Interpretations*), constitutes GAAP for governmental units. The County's more significant accounting policies are described below.

The County 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*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions*, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made*

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68.* The statements contained herein reflect the changes in fund balance reporting and presentation.

***Discretely Presented Component Unit***

The component unit column in the financial statements includes the financial data of the County's discretely presented component unit, the Department of Water (Department), which is a semi-autonomous proprietary agency of the County. It is reported in a separate column to emphasize that it is legally separate from the County.

A majority of the members of the Department's governing body are appointed by the Mayor and confirmed by the County Council. The Department is granted corporate powers by the County Charter. The County Council does not have the authority to modify or approve the Department's budgets. Revenue bonds and loans payable of the Department are general obligations of the County. As the County would be obligated to repay these bonds in the event of default by the Department, the County is financially accountable for the debts of the Department. The Department is audited separately. Complete financial statements of the Department may be obtained from:

Department of Water  
County of Kaua'i  
4398 Pua Loke Street  
Līhu'e, Kaua'i, Hawai'i 96766

***Government-wide Statements***

The basic financial statements include both government-wide and fund financial statements. The reporting model under GASB Statement No. 34 focuses on the County as a whole in the government-wide financial statements and major individual funds in the fund financial statements. Both types of statements categorize primary activities as governmental or business-type. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the County and the Department. For the most part, the effect of interfund activity has been removed from these statements. Internal activities are treated as reimbursements (reductions and increases in expenses) from various functional categories and accordingly adjusted in the *Statement of Activities*. Charges to governmental functions for centralized services are made to recover administrative costs incurred by the general government function as

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

outlined in the operating budget ordinance and are also treated as reimbursements. Certain capital asset payments from governmental activities are treated as capital contributions in the business-type activities and, therefore, are capitalized. Interfund contributions are eliminated among governmental activities, but are recorded as transfers in the fund financial statements if between governmental and business-type activities. Interfund payables and reported receivables have been eliminated among governmental activities, but are recorded as internal balances between governmental and business-type activities. In the *Statement of Net Position*, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The *Statement of Activities* reflects the direct expenses of each functional category or identifiable activity, which are supported by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included in 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 proprietary funds are reported as separate columns in the fund financial statements.

***Fund Financial Statements***

The financial transactions of the County are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The County reports the following major governmental funds:

*General Fund* - Accounts for all financial resources traditionally associated with the government which are not required legally, or by sound financial management, to be accounted for in another fund.

*Housing and Community Development Revolving Fund* - Monies collected from the Home Disaster grant loans, Housing Preservation grant loans, and Special Purpose grant loans fund the Housing and Community Development Revolving Fund. This fund

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

supports administrative costs for the Development staff and also supports the "Homebuyer Loan Program" for eligible homebuyers and future project development costs.

*Solid Waste Disposal Fund* - Accounts for the costs of operating the County's solid waste disposal system. Financing is provided by charges to commercial users for solid waste disposal services and General Fund contributions for other users.

*Federal Grants Fund* - Accounts for federal grant revenues and related expenditures.

*Grants Capital Improvement Fund* - Accounts for revenues and capital improvements financed by federal and state grants.

*General Capital Improvement Fund* - Accounts for the costs of capital projects financed by the General Fund.

*Bond Fund* - Accounts for proceeds from and the costs of constructing County capital improvements financed by general obligation bond proceeds.

The County reports the following major proprietary funds:

*Public Housing Fund* - Accounts for the acquisition, development, sale, and rental of low-income housing. Financing is provided by low-income housing sales and operating contributions.

*Sewer Fund* - Accounts for the costs of operating the County's sewer system. Financing is provided by service charges to users.

*Golf Fund* - Accounts for the costs of operating the County's golf course. Financing is provided primarily by golf fees, rents, and concessions.

The County's fiduciary funds are limited to agency funds. Agency funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting.

Fiduciary funds include the following agency funds:

*Trust and Agency Fund* - This fund is used to account for other monies collected in an agency capacity and include motor vehicle registration fees collected on behalf of the State of Hawaii.

*Treasury Trust Fund* - This fund is used to account for performance and payment bond monies, monies collected from public auctions, monies collected for application fees

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

for public notices, and other monies collected and held for specific purposes as agent or custodian.

*Real Property Trust Fund* - This fund is used for refunds and/or adjustments to real property taxes.

The County has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes the criteria for classifying governmental fund balances, to the extent to which a government entity is bound to honor constraints on the specific purposes for which amount in that fund can be spent. The fund balances reported on the governmental fund financial statements consist of the following categories:

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

*Restricted Fund Balance* - This includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Sources of these externally enforceable legal restrictions include creditors, grantors, contributors, federal regulations, the State Constitution, State Statutes, and/or County Charter.

*Committed Fund Balance* - This includes amounts that are subject to constraint created by the County and can only be changed by the County's highest level of formal action. For example, the County Council adopts the appropriation budget ordinances and establishes certain funds.

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

*Unassigned Fund Balance* - This is the residual classification that includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the County's policy is to apply restricted fund balances first.

When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the County's policy is to apply committed fund balance first, then assigned fund balance and finally unassigned fund balance.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the 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 collectable 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 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and landfill post-closure costs are recognized only when payment is due.

Significant revenues that are susceptible to accrual are as follows:

- *Property taxes collected within sixty days after year end*
- *Rents and concessions*
- *Federal and State financial assistance (to the extent that related expenditures that are eligible for reimbursements have been incurred)*
- *Interest*
- *Revenues collected by the State on behalf of the County, such as fuel taxes and transient accommodation taxes*

All other revenue items are considered to be measurable and available only when cash is received.

Intergovernmental revenues are susceptible to accrual based on the compliance, legal, and contractual requirements of the individual programs. There are essentially two types of these revenues. For one type of revenues, monies must be expended for a specific purpose or project and revenues are recognized to the extent of such expenditures. Revenues of this type are deferred for monies received in advance of expenditures and accrued for expenditures in advance of monies received. For the other type of revenues, monies are virtually unrestricted as to the purpose of the expenditure. These resources are recognized as revenues when received, or earlier if susceptible to the accrual criteria.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The County and the Department has implemented GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and its subsequent amendment, GASB Statement No. 66, *Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No. 62*. GASB No. 62 incorporates Financial Standards Board pronouncements, not conflicting with GASB pronouncements, and issued on or before November 30, 1989, into the GASB authoritative literature. GASB No. 66 resolved any conflicting guidance resulting from the issuance of GASB No. 62. Proprietary funds are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred.

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 County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund types are accounted for according to the nature of the fund. These funds account for money received, held and disbursed in a trustee capacity or as an agent for individuals, other governmental units, and other funds. The County has only Agency funds, which are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. Agency funds are accounted for using accrual basis accounting.

The Agency funds are used to account for the (1) money collected and held for specific purposes by certain County agencies as escrow agent or custodian and (2) money and property held by the County as trustee or custodian such as refundable deposits.

***Cash and Cash Equivalents***

The County's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash on deposit with financial institutions is collateralized in accordance with State statutes.

***Investments***

The County generally invests in certificates of deposit, repurchase agreements, money market funds, and government agency securities with federally insured financial institutions. Investments are reported at fair value. The County's investments are consistent with the investment guidelines contained in the Hawai'i Revised Statutes (HRS).



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

HRS authorizes the County to invest, with certain restrictions, in obligations of the State of Hawaii, the United States or agencies of the United States, time certificates of deposit and repurchase agreements with federally insured banks and savings and loan associations authorized to do business in the State of Hawaii.

***Real Property Taxes***

Real property taxes are assessed and billed annually. The County'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 the previous January 1. Real property taxes are due in two equal installments on August 20 and February 20. Accordingly, all real property taxes receivable as of June 30 are delinquent and are reported as deferred revenue for amounts not collected within 60 days after the fiscal year end in the fund financial statements. A lien for real property taxes attaches as of July 1 of each year.

***Receivables***

Loans receivable consist of housing rehabilitation loans made with federal funds by the Housing and Community Development Revolving Fund (HCDRF), Federal Grants Fund, and special revenue funds. The loans are partially offset by an unearned revenue account. Revenue is recognized and included in intergovernmental revenues when the loans made with federal funds are collected. Receivables for federal and state financial assistance are recognized as revenue, in all fund types, as related expenditures are made.

Receivables of the Department are recognized when revenue is earned, including charges for services rendered but not billed, net of allowance for doubtful accounts approximating \$247,000 of billed receivables.

***Real Property Held for Sale***

Inventory of real property held for sale consists of dwelling units available for sale and is stated at the lower of cost or net realizable value.

***Materials and Supplies***

Materials and supplies are stated at the lower of average cost (which approximates the first-in, first-out method) or market.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County utilizes the consumption method to account for prepaid items.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. The Department defines capital assets as assets with an initial, individual cost of more than \$1,000. Capital 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.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

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

*Primary Government*

Motor vehicles	3 to 15 years
Furniture and equipment	5 to 20 years
Building and improvements	20 to 50 years
Transmission and distribution equipment	25 to 40 years
Infrastructure	30 to 60 years

*Component Unit*

Motor vehicles	7 to 10 years
Furniture and equipment	5 to 20 years
Building and improvements	40 to 50 years
Transmission and distribution equipment	18 to 63 years

***Restricted Assets***

The County sets aside certain resources for the repayment of enterprise fund revenue bonds. These resources are classified as restricted assets on the *Statement of Net Position* and *Balance Sheet* because their use is limited by bond covenants. The Department sets aside certain resources to fund future capital improvements of the water supply system.

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

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Interfund Transactions***

Interfund receivables and payables are reported in each fund. Transfers of financial resources between agencies and activities within the same fund, which are recorded as revenues by the transferee and expenditures 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 that is reimbursed.

Transfers include subsidies and authorized transfers from funds receiving revenues to funds that will expend those resources.

Interfund receivables and payables represent borrowing arrangements between governmental fund types that are current interfund loans and expected to be paid off within one year. Advances to and from other funds represent borrowing arrangements between nongovernmental fund types that are noncurrent. All other outstanding current balances between funds are reported as "Due To/From Other Funds."

***Deferred Outflows of Resources and Deferred Inflows of Resources***

Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense or expenditure) until that time. The County and Department has two items that qualifies for reporting in this category. The County and Department reports the deferred loss on refunding and deferred outflows related to pensions as a deferred outflow of resources in its Statement of Net Position.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The County has four items that qualifies for reporting in this category. Property taxes and fees collected in the fiscal year, for the ensuing fiscal year are reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. The County also reports deferred inflows of resources related to the deferred gain on refunding, and deferred inflows of resources related to pensions.

***Net Position***

The County's net position is comprised of the various net earnings (losses) from operating and nonoperating revenues, expenses, transfers, and contributed capital. The County's net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets, 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 is not included in the calculation of the amount of net investment in capital assets. Restricted net position consists of the County's net

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Restricted net position is based on the same criteria used to report restricted governmental fund balances. Unrestricted net position consist of all other net position not included in the above categories.

***Compensated Absences***

Vacation leave and other compensated absences are accrued as a liability as the benefits are earned if the leave is attributable to past service and it is probable that the employees will be compensated for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Vacation pay is recognized as an expenditure in the governmental fund types when the amounts, if any, are due and payable. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee retirement or termination. Vacation credit payout is recorded in the respective funds where the employees' salary is incurred.

***Sick Leave***

Permanent full-time County employees accrue sick leave. Sick leave is calculated based upon current compensation levels. Sick pay can be taken only in the event of illness and is not convertible to pay upon termination of employment. Sick pay is recognized when leave is taken because it does not vest when earned. As a result, no liability for sick pay is recognized in the accompanying financial statements. Accumulated sick leave (including the Department) was approximately \$33.6 million at June 30, 2015.

***Capital Leases***

Leases that substantially transfer all of the risks and benefits of ownership are accounted for as capital leases. Capital leases are included in capital assets and, where appropriate, are amortized over the shorter of their economic useful lives or lease terms. The related capital lease obligations are included in long-term liabilities in the government-wide financial statements.

***Long-term Obligations***

In the government-wide financial statements, proprietary fund financial statements, and Component Unit financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund, or Component Unit's *Statement of Net Position*. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the life of the refunding debt or the remaining life of the refunded debt. Amortization of bond premiums or discounts, and deferred amounts on refunding are included in interest expense. Bond issuance costs are expensed as incurred.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawaii (ERS) and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at their fair value.

***Facility Reserve Charges***

The Department assesses a fee to commercial and residential developers based upon the number and size of water meters installed at the respective projects which, together with interest earned thereon, provides for the funding of system capital improvements which are included as restricted for utility plant construction in the *Statement of Net Position*. Expenditures of these monies are restricted by the Department ordinances to water supply system capital improvements.

***Use of Estimates***

The preparation of the basic financial statements in conformity with GAAP 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 reported period. Actual results could differ from these estimates.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

Annual appropriated budgets are adopted for the following funds:

General	Public Access
Housing and Community Development Revolving	Sewer Trust
Solid Waste Disposal	Development Capital Improvement
Highway	Bikeway Capital Improvement
Liquor	Highway Capital Improvement
Beautification	Public Housing Enterprise
Criminal Asset Forfeiture	Sewer Enterprise
Parks and Playground Capital Improvement	Golf Enterprise

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

Budgets are adopted on a basis consistent with GAAP except that expenditures include encumbrances as budgetary expenditures in the year the commitments are made and exclude claims and judgments and landfill closure and postclosure liabilities. Annual appropriations, except enterprise funds, lapse at fiscal year end. Project ordinances are adopted for capital projects funds.

The County uses the following procedures in establishing the budgetary data reflected in the financial statements:

- On or before March 15, the Mayor submits a proposed operating and capital projects budget for the year commencing the following July 1 to the County Council. The operating and capital project budgets include proposed expenditures and the means to finance them.
- Public hearings are conducted to obtain citizen comments. The Council may amend the Mayor's budget. On or before June 7 of the fiscal year currently ending, the Council legally enacts the budget through the passage of a budget ordinance.
- Amendments to the enacted budget ordinances may be proposed by the Mayor and enacted by the Council (under the same procedures prescribed for the enactment of the annual budget ordinance), provided that no amendment increases the aggregate of authorized expenditures to an amount greater than the estimate of available financial resources for the fiscal year.
- The Mayor is authorized to transfer appropriations between programs within a department without Council approval; however, any transfer that alters the total expenditures of any department must be approved by the Council.

Formal budgetary integration is employed in the annual operating budgets as a management control device during the year for the General Fund and Special Revenue Funds (except for Section 8, Plans and Permits, and State Grants). Accordingly, budget figures are included in the respective *Statement/Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual*. The Capital Projects Funds budgets were adopted on a project basis and they are included in this presentation.

Formal budgetary integration is also employed for the Public Housing, Sewer, and Golf Funds. Accordingly, budget figures are included as additional information in the respective *Schedules of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual* for these funds.

Formal budgetary integration is not employed for the Debt Service Fund, Bond Fund, Agency Funds, certain Special Revenue Funds, and Capital Projects Funds, as noted above. Budgetary control for these funds is achieved through bond indentures, contractual or grant provisions, project oversight, and legislation.

Flexible budgeting is employed by the Department. Expenditures may not exceed appropriations at the departmental level. Individual fund budgetary comparisons (by object

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

code and by year of appropriation) are reported in separate budgetary reports, which can be obtained from the County's Director of Finance.

The final budget figures presented include all amendments during the year. Amendments to the budget ordinance for the fiscal year were made in compliance with the procedures described above. Several budget amendments were made during the year.

**NOTE 3 - BUDGET TO GAAP RECONCILIATION**

Encumbrance accounting is employed as an extension of formal budgetary integration in the General Fund and budgeted Special Revenue Funds. Capital Projects Funds also employ encumbrance accounting to reserve for construction contracts. Actual expenditures on a budgetary basis include current year reserves for encumbrances and exclude payments on prior year encumbrances. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Budgeted deficiencies are funded by the estimated unreserved-undesignated fund balances as of June 30, 2015.

The County's budget is prepared differently from GAAP. Therefore, the *Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund, Housing and Community Development Revolving Fund, and Solid Waste Disposal Fund* are presented on the budgetary basis, using budgetary expenditure categories.

The following is a reconciliation of the differences between the budgetary basis and GAAP basis for the excess of revenues and other sources over expenditures and other uses for the aforementioned financial statements:

	<u>General Fund</u>	<u>Housing and Community Development Revolving Fund</u>	<u>Solid Waste Disposal Fund</u>
GAAP excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 7,272,988	\$ (744,967)	\$ 1,079,301
Encumbrances and unexpended allotments, current year	<u>(6,271,593)</u>	<u>(680,459)</u>	<u>(2,671,770)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>1,001,395</u>	\$ <u>(1,425,426)</u>	\$ <u>(1,592,469)</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The County maintains a cash and investment pool that is used by all funds, including the Department. Each of the fund's and component unit's portion of this pool are displayed in the accompanying financial statements.

***Deposits***

The deposits of the County consist of cash and cash equivalents, money market accounts, and non-negotiable certificates of deposit. At year end, the carrying values (book balances) of these deposits with banks and savings institutions approximated \$70,131,000 and the balances carried by the bank were approximately \$70,223,000. The Department's carrying value of these deposits with banks and savings institutions approximated \$19,125,000 and the balances carried by the bank were approximately \$19,136,000. All of these deposits are covered by federal depository insurance or collateralized by securities held by financial institutions in the County's name.

***Investments***

As of June 30, 2015, the County and the Department held approximately \$74,216,000 and \$33,421,000, respectively, or 70% and 77% of their investments in Federal Government Sponsored Entities and Government Securities.

***Interest Rate Risk***

As a means of limiting exposure to fair value losses arising from rising interest rates, State law limits the County from holding investments with maturities in excess of five years.

As of June 30, 2015, the County and the Department had the following investments:

***County***

	Fair Value	Maturity (in years)	
		Less than 1	1- 5
Government Sponsored Entities	\$ 71,617,822	\$ 50,320,064	\$ 21,297,758
Government Securities	2,598,091	--	2,598,091
Money Market Funds	2,092,334	2,092,334	--
Repurchase Agreements	<u>2,241,257</u>	<u>2,241,257</u>	<u>--</u>
	78,549,504	54,653,655	23,895,849
Certificates of Deposit	<u>26,826,796</u>	<u>10,493,410</u>	<u>16,333,386</u>
Total	\$ <u>105,376,300</u>	\$ <u>65,147,065</u>	\$ <u>40,229,235</u>



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

***Department***

		Maturity (in years)	
	Fair Value	Less than 1	1- 5
Government Sponsored Entities	\$ 33,421,000	\$ 22,114,000	\$ 11,307,000
Other Fixed Income	4,400,000	4,400,000	--
Money Market Funds	<u>3,569,000</u>	<u>3,569,000</u>	<u>--</u>
	41,390,000	30,083,000	11,307,000
Certificates of Deposit	<u>2,130,000</u>	<u>2,130,000</u>	<u>--</u>
Total	\$ <u>43,520,000</u>	\$ <u>32,213,000</u>	\$ <u>11,307,000</u>

***Credit Risk***

State law limits investments to the top rating issued by nationally recognized statistical rating organizations (NRSRO's). The County and Department have no investment policy that would further limit its investment choices. As of June 30, 2015, the County and Department's investments had an AA or greater rating.

***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the County and Department's investments are held in its name.

***Concentration of Credit Risk***

The County places no limit on the amount which may be invested in any one issuer. As of June 30, 2015, the County and the Department held more than 5% of their investments in the following:

	County		Department	
FHLB - Federal Home Loan Bank	\$	24,360,755 23.1%	\$	13,635,528 31.3%
FHLMC - Freddie Mac		11,614,257 11.0%		5,723,677 13.2%
FNMA - Fannie Mae		19,619,241 18.6%		11,506,251 26.4%
FFCB - Federal Farm Credit Bank		10,024,589 9.5%		2,556,025 5.9%
Blackrock Liquidity Funds		<u>2,092,334 2.0%</u>		<u>3,568,939 8.2%</u>
Total	\$	<u>67,711,176 64.2%</u>	\$	<u>36,990,420 85.0%</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 5 - RECEIVABLES**

Receivables as of June 30, 2015, for the County's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities:

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total
Receivables, net:									
Real property taxes	\$ 2,992,939	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,992,939
Accounts receivable	3,321,359	--	790,183	--	--	--	667,055	1,339,878	6,118,475
Intergovernmental	--	--	--	--	4,668,864	8,286,183	--	444,803	13,399,850
Loans receivable	--	7,868,177	--	--	13,862,686	--	--	10,285	21,741,148
Interest	142,619	1,053,405	44,897	90,988	448,912	--	--	15,933	1,796,754
Total Receivables, net	\$ 6,456,917	\$ 8,921,582	\$ 835,080	\$ 90,988	\$ 18,980,462	\$ 8,286,183	\$ 667,055	\$ 1,810,899	\$ 46,049,166

Business-type Activities:

	Enterprise Funds
Receivables, net:	
Accounts receivable	\$ 3,332,983
Interest	4,481
Insurance	--
Less: allowance for uncollectible charges	(533,198)
Total Receivables, net	\$ 2,804,266

The only receivables without an allowance not expected to be collected within one year are approximately \$19.1 million of loans receivable for the governmental activities which are generally due to the County on various dates through 2066.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Primary Government				Balance June 30, 2015
	Balance June 30, 2014	Increases	Decreases	Transfers	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 184,025,296	\$ 302,000	\$ --	\$ --	\$ 184,327,296
Construction in progress	49,483,179	10,350,584	(19,335,024)	--	40,498,739
Total Capital Assets, Not Being Depreciated	233,508,475	10,652,584	(19,335,024)	--	224,826,035
Capital Assets, Being Depreciated:					
Buildings and improvements	111,899,699	10,379,795	(23,760)	--	122,255,734
Machinery and equipment	75,750,150	9,708,451	(1,307,771)	--	84,150,830
Infrastructure	665,347,767	4,732,202	--	--	670,079,969
Total Capital Assets, Being Depreciated	852,997,616	24,820,448	(1,331,531)	--	876,486,533
Less: Accumulated Depreciation:					
Buildings and improvements	(41,968,457)	(3,756,534)	23,760	--	(45,701,231)
Machinery and equipment	(43,969,267)	(6,800,433)	1,307,771	--	(49,461,929)
Infrastructure	(464,398,545)	(9,236,718)	--	--	(473,635,263)
Total Accumulated Depreciation	(550,336,269)	(19,793,685)	1,331,531	--	(568,798,423)
Governmental Activities - Capital Assets, net	\$ 536,169,822	\$ 15,679,347	\$ (19,335,024)	\$ --	\$ 532,514,145

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 6 - CAPITAL ASSETS (Continued)**

	Primary Government				Balance June 30, 2015
	Balance June 30, 2014	Increases	Decreases	Transfers	
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 12,450,632	\$ 4,677,000	\$ --	\$ --	\$ 17,127,632
Construction in progress	<u>21,701,186</u>	<u>7,283,216</u>	<u>(16,879,210)</u>	<u>--</u>	<u>12,105,192</u>
Total Capital Assets, Not Being Depreciated	<u>34,151,818</u>	<u>11,960,216</u>	<u>(16,879,210)</u>	<u>--</u>	<u>29,232,824</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	82,425,202	15,037,974	--	--	97,463,176
Machinery and equipment	6,334,415	1,151,881	(51,251)	--	7,435,045
Infrastructure	<u>12,733,284</u>	<u>1,024,042</u>	<u>--</u>	<u>--</u>	<u>13,757,326</u>
Total Capital Assets, Being Depreciated	<u>101,492,901</u>	<u>17,213,897</u>	<u>(51,251)</u>	<u>--</u>	<u>118,655,547</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(36,212,173)	(2,210,090)	--	--	(38,422,263)
Machinery and equipment	(3,254,919)	(568,761)	51,251	--	(3,772,429)
Infrastructure	<u>(7,862,143)</u>	<u>(261,951)</u>	<u>--</u>	<u>--</u>	<u>(8,124,094)</u>
Total Accumulated Depreciation	<u>(47,329,235)</u>	<u>(3,040,802)</u>	<u>51,251</u>	<u>--</u>	<u>(50,318,786)</u>
Business-type Activities - Capital Assets, net	\$ <u>88,315,484</u>	\$ <u>26,133,311</u>	\$ <u>(16,879,210)</u>	\$ <u>--</u>	\$ <u>97,569,585</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General government	\$ 968,470
Public safety	3,302,044
Public works	2,762,867
Highways and streets	6,109,699
Public welfare	3,550,624
Culture and recreation	1,754,292
Sanitation	<u>1,345,689</u>

Total Depreciation Expense - Governmental Activities \$ 19,793,685

Business-type Activities:

Public housing	\$ 783,490
Sewer	1,951,741
Golf	<u>305,571</u>

Total Depreciation Expense - Business-type Activities \$ 3,040,802

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 6 - CAPITAL ASSETS (Continued)**

	Component Unit				
	Balance June 30, 2014	Increases	Decreases	Transfers	Balance June 30, 2015
Discretely Presented					
Component Unit:					
Capital Assets, Not Being					
Depreciated:					
Land	\$ 1,343,144	\$ --	\$ --	\$ --	\$ 1,343,144
Construction in progress	<u>7,523,187</u>	<u>4,020,180</u>	<u>(3,563,646)</u>	<u>--</u>	<u>7,979,721</u>
Total Capital Assets, Not Being Depreciated	<u>8,866,331</u>	<u>4,020,180</u>	<u>(3,563,646)</u>	<u>--</u>	<u>9,322,865</u>
Capital Assets, Being					
Depreciated:					
Buildings and improvements	5,222,561	--	--	--	5,222,561
Machinery and equipment	5,903,649	308,418	(287,125)	--	5,924,942
Infrastructure	<u>295,998,574</u>	<u>5,163,034</u>	<u>(249,880)</u>	<u>--</u>	<u>300,911,728</u>
Total Capital Assets, Being Depreciated	<u>307,124,784</u>	<u>5,471,452</u>	<u>(537,005)</u>	<u>--</u>	<u>312,059,231</u>
Less: Accumulated					
Depreciation:					
Buildings and improvements	(1,859,740)	(124,973)	--	--	(1,984,713)
Machinery and equipment	(4,418,768)	(508,705)	264,279	--	(4,663,194)
Infrastructure	<u>(93,380,662)</u>	<u>(6,723,004)</u>	<u>248,680</u>	<u>--</u>	<u>(99,854,986)</u>
Total Accumulated Depreciation	<u>(99,659,170)</u>	<u>(7,356,682)</u>	<u>512,959</u>	<u>--</u>	<u>(106,502,893)</u>
Component Unit - Capital Assets, net	\$ <u>216,331,945</u>	\$ <u>2,134,950</u>	\$ <u>(3,587,692)</u>	\$ <u>--</u>	\$ <u>214,879,203</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES**

The Interfund Due From/To Other Funds consist of the following as of June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Fund	Grants CIP Fund	\$ 4,358,090
Federal Grants Fund	General Fund	233
General CIP Fund	Grants CIP Fund	1,497,811
Other Governmental Funds	General Fund	4,618,040
Other Governmental Funds	Federal Grants Fund	<u>1,279,704</u>
Total, All Funds		\$ <u>11,753,878</u>

Interfund receivables/payables are recorded to cover the temporary cash shortages in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2016.

Internal balances consist of the following at June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Grants CIP Fund	Sewer Fund	\$ <u>(133)</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES (Continued)**

Transfers for the fiscal year ended June 30, 2015, consisted of the following:

	Transfers out:						Total
	General Fund	Solid Waste Disposal Fund	Bond Fund	General CIP Fund	Other Governmental Funds	Sewer Enterprise Fund	
Transfers in:							
General Fund	\$ --	\$ --	\$ 443,249	\$ 832,056	\$ 157,533	\$ --	\$ 1,432,838
Solid Waste Disposal Fund	7,625,000	--	--	--	--	--	7,625,000
Debt Service Fund	7,735,380	952,387	--	--	--	699,757	9,387,524
Golf Enterprise Fund	1,171,265	--	--	--	--	--	1,171,265
General CIP Fund	195,000	--	--	--	--	--	195,000
Other Governmental Funds	1,610,427	--	--	--	--	--	1,610,427
	<u>\$ 18,337,072</u>	<u>\$ 952,387</u>	<u>\$ 443,249</u>	<u>\$ 832,056</u>	<u>\$ 157,533</u>	<u>\$ 699,757</u>	<u>\$ 21,422,054</u>

Transfers are recorded to fund the short-term operating requirements of individual funds.

**NOTE 8 - NET POSITION**

At June 30, 2015, the County's net position consisted of the following:

	Governmental Activities	Business-type Activities	Component Unit
Net investment in Capital Assets:			
Net property, plant, and equipment	\$ 532,514,145	\$ 97,569,585	\$ 214,879,203
Less: Long-term debt	(108,745,000)	(19,411,239)	(89,637,232)
Less: Capital lease obligation	(4,878,543)	(550,168)	(2,616,253)
Add: Deferred outflows - deferred refunding costs	1,500,289	1,863	66,193
Less: Deferred inflows - deferred gain on refunding costs	(1,136,793)	--	--
Add: Unspent debt proceeds	28,099,426	--	22,783,161
Subtotal	<u>447,353,524</u>	<u>77,610,041</u>	<u>145,475,072</u>
Restricted:			
Capital projects	40,221,842	--	879,986
Less: Unspent debt proceeds	(28,099,426)	--	(22,783,161)
Less: Accrued interest payable	(2,106,584)	--	(955,925)
Other - debt service	161,837	--	--
Other - restricted cash and investments	--	356,210	22,859,100
Subtotal	<u>10,177,669</u>	<u>356,210</u>	<u>--</u>
Unrestricted	<u>(132,273,829)</u>	<u>1,599,462</u>	<u>30,618,557</u>
Total Net Position	<u>\$ 325,257,364</u>	<u>\$ 79,565,713</u>	<u>\$ 176,093,629</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9 - CAPITAL LEASES**

The County leases machinery and equipment under non-cancelable leases expiring at various dates through June 2019 which meet the criteria for capitalization. These capital leases are financed from General Fund resources.

The net book value of the leased machinery and equipment at June 30, 2015 amounted to \$10,428,356 net of accumulated depreciation of \$8,893,688. The related present value of the remaining obligations under the capital leases which amounted to \$5,428,711 at June 30, 2015 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2015, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,203,005	\$ 151,059	\$ 2,354,064
2017	1,635,636	85,804	1,721,440
2018	1,170,444	41,950	1,212,394
2019	<u>419,626</u>	<u>11,147</u>	<u>430,773</u>
Totals	\$ <u>5,428,711</u>	\$ <u>289,960</u>	\$ <u>5,718,671</u>

On February 19, 2004, the Department entered into a Water Treatment and Delivery Agreement (Agreement) with an unrelated third party developer. The Agreement requires the developer to build, operate, and maintain a surface water treatment plant (SWTP) with a capacity of 3.0 million gallons per day (MGD). The Department is required to purchase, at a minimum, 2.0 MGD, and to provide the developer a credit towards its facility reserve charge. The term of the Agreement is 15 years and the Agreement provides the Department with the option of accepting the dedication of the SWTP at no cost after the reimbursement date, as defined. The Department commenced water purchases on January 1, 2006. This arrangement has been recorded as a capital lease in the Department's basic financial statements.

The capital lease obligation is amortized at an implicit rate of approximately 6.0%. The annual requirements to amortize capital lease obligation as of June 30, 2015, are approximately as follows:



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 9 - CAPITAL LEASES (Continued)**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 663,000	\$ 140,000	\$ 803,000
2017	700,000	99,000	799,000
2018	737,000	55,000	792,000
2019	<u>516,000</u>	<u>12,000</u>	<u>528,000</u>
Totals	\$ <u>2,616,000</u>	\$ <u>306,000</u>	\$ <u>2,922,000</u>

The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2015. The accumulated depreciation related to the SWTP facility was approximately \$5,070,000 as of June 30, 2015.

**NOTE 10 - LONG-TERM LIABILITIES**

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance June 30, 2014 (as restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Approximate amounts due within one year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ <u>112,995,000</u>	\$ <u>--</u>	\$ <u>4,250,000</u>	\$ <u>108,745,000</u>	\$ <u>4,060,000</u>
Total Bonds Payable	112,995,000	--	4,250,000	108,745,000	4,060,000
Claims and judgments	9,734,265	2,634,628	2,728,742	9,640,151	5,735,748
Landfill closure and postclosure	36,083,441	--	1,819,438	34,264,003	78,273
Capital lease obligations	5,644,489	1,814,169	2,580,115	4,878,543	2,018,376
Compensated absences	<u>12,989,045</u>	<u>5,325,335</u>	<u>5,369,757</u>	<u>12,944,623</u>	<u>3,236,156</u>
Governmental Activities, Long-term Liabilities	\$ <u>177,446,240</u>	\$ <u>9,774,132</u>	\$ <u>16,748,052</u>	\$ <u>170,472,320</u>	\$ <u>15,128,553</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

	Balance June 30, 2014 (as restated)	Additions	Reductions	Balance June 30, 2015	Approximate amounts due within one year
<b>Business-type Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 705,000	\$ --	\$ 165,000	\$ 540,000	\$ 170,000
Total Bonds Payable	705,000	--	165,000	540,000	170,000
Loans Payable to State					
Governments	19,166,416	1,147,340	1,442,517	18,871,239	1,337,000
Claims and judgments	223,288	347,310	156,828	413,770	183,244
Capital lease obligations	470,676	266,833	187,341	550,168	184,629
Compensated absences	539,231	234,487	209,001	564,717	141,179
Business-type Activities, Long-term Liabilities	\$ 21,104,611	\$ 1,995,970	\$ 2,160,687	\$ 20,939,894	\$ 2,016,052
<b>Discretely Presented Component Unit:</b>					
Bonds Payable:					
General obligation bonds	\$ 67,618,000	\$ --	\$ 2,593,000	\$ 65,025,000	\$ 2,655,000
Deferred Costs:					
For issuance premiums	672,797	--	58,214	614,583	--
Total Bonds Payable	68,290,797	--	2,651,214	65,639,583	2,655,000
Loans Payable	25,570,219	225,383	1,797,953	23,997,649	1,811,350
Compensated absences	1,058,531	493,918	477,594	1,074,855	477,000
Capital lease obligations	3,234,665	12,272	630,684	2,616,253	663,000
Component Unit, Long-term Liabilities	\$ 98,154,212	\$ 731,573	\$ 5,557,445	\$ 93,328,340	\$ 5,606,350

General Obligation Bonds - The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds have been issued by the County for both primary government and component unit activities.

General obligation bonds are direct obligations of the County. The County has pledged its full faith and credit. Additionally, the Department has pledged to maintain and collect revenues sufficient to pay all operating costs and to pay the principal and interest on such bonds as they become due.

The County and the Department issued general obligation bonds through the Build America Bonds and Recovery Zone Economic Development Bonds programs that provide 35% and 45%, respectively, in federal subsidies on the total interest requirements. The interest is paid to the County and the Department on a semi-annual basis corresponding with the interest payment dates to the bondholders. Subsidy payments of \$740,455 and \$299,569 were received in fiscal year 2015 for Build America Bonds and Recovery Zone Economic Development Bonds, respectively.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

Claims and judgments - Claims and lawsuits have been filed against the County in the normal course of its operations and are paid from the General Fund. The liability for probable losses has been accrued in the government-wide statement of net position.

Landfill closure and post-closure - The County recognizes a portion of the closure and post-closure care costs each operating period in the Solid Waste Fund. The liability for these costs is included in the government-wide statement of net position and is based on the landfill capacity used as of the balance sheet date.

Compensated absences - Compensated absences consist of accrued vacation leave and compensated time earned. For the fiscal year ended June 30, 2015, the liability was liquidated from the general and highways funds. The liability for the accumulated unpaid portion has been accrued for in the government-wide statement of net position.

General obligation bonds payable reported on the government-wide *Statement of Position* at June 30, 2015, are comprised of the following individual issues:

	<u>Amount</u>
<b>Governmental Activities:</b>	
General obligation bonds, 2011 Series A, original amount \$20,985,000, due in annual installments of \$1,225,000 to \$1,765,000 through August 2025, interest payments semi-annually from 2.00% to 5.00%.	\$ 16,120,000
General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,565,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy).	44,820,000
General obligation bonds, 2010 Series A, original amount \$12,165,000, due in annual installments of \$3,140,000 to \$9,025,000 through August 2034, interest payments semi-annually from 5.863% to 5.913% (before the federal subsidy).	12,165,000
General obligation bonds, 2005 Series A, original amount \$42,180,000, due in annual installments of \$380,000 to \$1,270,000 through August 2021, interest payments semi-annually from 3.25% to 5.00%.	<u>4,010,000</u>
Balance carried forward	\$ <u>77,115,000</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
Balance carried forward	\$ 77,115,000
General obligation bonds, 2012 Series A, original amount \$23,415,000, due in annual installments of \$1,250,000 to \$2,145,000 through August 2029, interest payments semi-annually from 3.125% to 5.00%.	23,415,000
General obligation bonds, 2012 Series B, original amount \$8,215,000, due in annual installments of \$440,000 to \$745,000 through August 2029, interest payments semi-annually from 3.125% to 5.00%.	<u>8,215,000</u>
Total Governmental Activities	\$ <u>108,745,000</u>

**Business-type Activities:**

General obligation bonds, 2005 Series A, original amount \$1,565,000, due in annual installments of \$170,000 to \$190,000 through August 2017, interest payments semi-annually from 3.25% to 5.00%.	\$ <u>540,000</u>
Total Business-type Activities	\$ <u>540,000</u>

Annual debt service requirements of the primary government general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2015, are approximately as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 4,060,000	\$ 4,994,000	\$ 170,000	\$ 22,000	\$ 4,230,000	\$ 5,016,000
2017	4,945,000	4,834,000	180,000	14,000	5,125,000	4,848,000
2018	5,145,000	4,638,000	190,000	5,000	5,335,000	4,643,000
2019	5,420,000	4,427,000	--	--	5,420,000	4,427,000
2020	5,655,000	4,189,000	--	--	5,655,000	4,189,000
2021-2025	30,235,000	17,134,000	--	--	30,235,000	17,134,000
2026-2030	28,615,000	10,574,000	--	--	28,615,000	10,574,000
2031-2035	<u>24,670,000</u>	<u>4,419,000</u>	<u>--</u>	<u>--</u>	<u>24,670,000</u>	<u>4,419,000</u>
Totals	\$ <u>108,745,000</u>	\$ <u>55,209,000</u>	\$ <u>540,000</u>	\$ <u>41,000</u>	\$ <u>109,285,000</u>	\$ <u>55,250,000</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

<b>Component Unit:</b>	<u>Amount</u>
County Series 2010A, last installment 2033. Maturing serially from August 1, 2013. Interest rate - 1.96% to 5.76% (before the federal subsidy). Issued March 24, 2010. Original amount - \$60,000,000.	\$ 56,210,000
County Series 2011A, last installment 2025. Maturing serially from August 1, 2012. Interest rate - 2.00% to 5.00%. Issued July 7, 2011. Original amount - \$5,125,000.	3,935,000
County Series 2005A, last installment 2021. Maturing serially from August 1, 2008. Interest rate - 3.25% to 5.00%. Issued November 10, 2005. Original amount - \$6,485,000.	2,135,000
County Series 2012A, last installment 2029. Maturing serially from August 1, 2016. Interest rate - 3.00% to 5.00%. Issued July 10, 2012. Original amount - \$2,745,000.	<u>2,745,000</u>
Total Component Unit	\$ <u>65,025,000</u>

Annual debt service requirements of the component unit general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2015, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,655,000	\$ 3,155,000	\$ 5,810,000
2017	2,800,000	3,064,000	5,864,000
2018	2,910,000	2,959,000	5,869,000
2019	2,950,000	2,844,000	5,794,000
2020	3,075,000	2,717,000	5,792,000
2021-2025	16,460,000	11,431,000	27,891,000
2026-2030	18,505,000	7,084,000	25,589,000
2031-2035	<u>15,670,000</u>	<u>1,721,000</u>	<u>17,391,000</u>
Totals	\$ <u>65,025,000</u>	\$ <u>34,975,000</u>	\$ <u>100,000,000</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

At June 30, 2015, approximately \$63.9 million of primary government and \$10.7 million of component unit general obligation bonds outstanding are considered defeased.

**Conduit Debt Obligations – Special District Bonds**

The following Special District Bonds bearing the County's name were issued to finance the Kukui'ula Development Project. Neither the full faith and credit nor the general taxing powers of the County or the State of Hawaii is pledged to the payment of the bonds. Furthermore, neither the County nor State of Hawaii has any obligation for the payment of the bonds in the case of default.

<u>Issuer</u>	<u>Date of Issuance</u>	<u>Amount of Issue</u>	<u>Balance at June 30, 2015</u>
County of Kaua'i Community Facilities District No. 2008-1	May 15, 2012	\$ 11,875,000	\$ 11,830,000

Amount

**Loans Payable: Business-type Activities**

During fiscal year 2006, the County entered into a new construction agreement with the State to fund a cesspool conversion project. The agreement allows the County to request reimbursement for project related expenditures from the State. Principal and interest payments are due in semi-annual installments of \$50,750 (\$101,500 annually). A loan fee is assessed at 1.00% of the outstanding principal balance. Interest is accrued at 2.13% per annum.

\$ 950,513

During fiscal year 2007, the County entered into a construction agreement with the State totaling approximately \$2.7 million to fund a wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$58,425 (\$116,850 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.

1,250,296

Balance forward

\$ 2,200,809

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
Balance carried forward	\$ 2,200,809
During fiscal year 2009, the County entered into a new construction agreement with the State totaling approximately \$2.1 million to continue to fund the wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$55,611 (\$111,222 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	1,293,543
During fiscal year 2009, the County entered into a second new construction agreement with the State totaling approximately \$3.9 million to fund sewer system improvements. Principal and interest payments are due in semi-annual installments of \$108,486 (\$216,972 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	2,524,057
During fiscal year 2009, the County entered into a third new construction agreement with the State totaling approximately \$436,000 to fund wastewater pump station improvements. Principal and interest payments are due in semi-annual installments of \$12,051 (\$24,102 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	291,496
During fiscal year 2010, the County entered into a new construction agreement with the State totaling approximately \$4.9 million to fund the wastewater plant digester repair. Principal and interest payments are due in semi-annual installments of \$137,553 (\$275,106 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	<u>3,581,603</u>
Balance forward	\$ <u>9,891,508</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
Balance carried forward	\$ 9,891,508
During fiscal year 2011, the County entered into a new construction agreement with the State totaling approximately \$10.6 million to fund Phase I of the Waimea Wastewater Treatment Plant Expansion. Principal and interest payments are due in semi-annual installments of \$248,684 (\$497,368 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	7,178,975
During fiscal year 2014, the County entered into a new construction agreement with the State totaling approximately \$1.9 million to fund Phase I of the Wailua Wastewater Treatment Plant Improvement. Principal and interest payments are due in semi-annual installments of \$48,552 (\$97,104 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	<u>1,800,756</u>
Total Business-type Activities	\$ <u>18,871,239</u>

Annual requirements to retire loans payable as of June 30, 2015, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,337,000	\$ 161,000	\$ 1,498,000
2017	1,345,000	149,000	1,494,000
2018	1,352,000	137,000	1,489,000
2019	1,360,000	125,000	1,485,000
2020	1,368,000	113,000	1,481,000
2021-2025	6,965,000	375,000	7,340,000
2026-2030	4,758,000	98,000	4,856,000
2031-2034	<u>386,239</u>	<u>7,000</u>	<u>393,239</u>
Totals	\$ <u>18,871,239</u>	\$ <u>1,165,000</u>	\$ <u>20,036,239</u>



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

**Component Unit:**

	<u>Amount</u>
State Revolving Fund Loan -	
Kokolau Tunnel, last installment 2021. Interest rate - 1.37%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2001. Original amount - \$1,755,329.	\$ 606,634
Kekaha Well, last installment 2022. Interest rate - 1.01%. Semi- annual loan fee rate 1.625%. Date issued - April 15, 2002. Original amount - \$1,097,536.	350,398
Hanapepe 27" Steel Pipeline, last installment 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$691,134.	318,527
Hanapepe River Crossing Pipeline, last installment 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$1,345,040.	571,498
Wailua Homesteads Well No. 3, last installment 2024. Interest rate - 0.54%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2004. Original amount - \$418,967.	194,278
Lihu'e Steel Tanks 1 and 2, last installment 2024. Interest rate - 0.46%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2004. Original amount - \$1,243,017.	672,848
Ornellas 0.2 MG Tank, last installment 2025. Interest rate - 0.58%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2005. Original amount - \$809,398.	433,129
16" Waterline replacement along Kuhio Highway, last installment 2026. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2005. Original amount - \$2,481,289.	<u>1,343,678</u>
Balance forward	\$ <u>4,490,990</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
Balance carried forward	\$ 4,490,990
Poipu Road 16" Main Replacement, last installment 2027. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2007. Original amount - \$5,595,979.	3,199,425
Stable 1.0 MG Tank, last installment 2029. Interest rate - 0.26%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2009. Original amount - \$7,274,996.	5,371,910
Kaumualii Highway 12" Main Replacement, last installment 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$3,989,537.	2,998,870
Waha, Wawae and Niho Roads Main Replacement, last installment 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$1,844,718.	1,460,921
Kapilimao 0.5 MG Tank, last installment 2030. Interest rate - 0.42%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2010. Original amount - \$3,793,779.	2,998,818
Wailua Houselots Main Replacement, last installment 2033. Interest rate - 0.50%. Semi-annual loan fee rate - 0.50%. Date issued - April 15, 2013. Original amount - \$3,487,703.	<u>3,476,715</u>
Total Component Unit	\$ <u>23,997,649</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

Annual requirements to retire the component unit loans payable as of June 30, 2015, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,811,000	\$ 779,000	\$ 2,590,000
2017	1,819,000	716,000	2,535,000
2018	1,827,000	654,000	2,481,000
2019	1,835,000	591,000	2,426,000
2020	1,842,000	527,000	2,369,000
2021-2025	8,638,000	1,713,000	10,351,000
2026-2030	5,624,000	464,000	6,088,000
2031-2033	<u>602,000</u>	<u>16,000</u>	<u>618,000</u>
Totals	\$ <u>23,998,000</u>	\$ <u>5,460,000</u>	\$ <u>29,458,000</u>

**NOTE 11 - EMPLOYEE BENEFIT PLANS**

**Pensions**

**Pension Plan Description** - All eligible employees of the State and counties are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by the Employee Retirement System (ERS). Benefit terms, eligibility, and contribution requirements are established by HRS Chapter 88 and can be amended through legislation. The ERS issues a publicly available financial report that can be obtained at ERS's website: <http://ers.ehawaii.gov/>.

**Benefits Provided** - The ERS provides retirement, disability, and death benefits that are covered by the provisions of the noncontributory, contributory, and hybrid retirement plans. The three plans provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2%) multiplied by the average final compensation multiplied by years of credited service. The benefit multiplier decreased by 0.25% for new hybrid and contributory plan members hired after June 30, 2012. Average final compensation is an average of the highest salaries during any 3 years of credited service, excluding any salary paid in lieu of vacation for employees hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for employees hired prior to January 1, 1971.

For members hired before July 1, 2012, the original retirement allowance is increased by 2.5% each July 1 following the calendar year of retirement. This cumulative benefit is not compounded and increases each year by 2.5% of the original retirement allowance without a ceiling (2.5% of the original retirement allowance the first year, 5.0% the second year, 7.5% the third year, etc.). For members hired after June 30, 2012 the post-retirement annuity increase was decreased to 1.5% per year.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

*Noncontributory Plan*

*Retirement Benefits* - General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with 10 years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

*Disability Benefits* - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

*Death Benefits* - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or dependent children, no benefit is payable.

Ten years of credited service is required for ordinary death benefits. For ordinary death benefits, the surviving spouse/reciprocal beneficiary (until remarriage/reentry into a new reciprocal beneficiary relationship) and dependent children (up to age 18) receive a benefit equal to a percentage of member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension.

*Contributory Plan for Employees Hired Prior to July 1, 2012*

*Retirement Benefits* - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with 5 years of credited service are eligible to retire at age 55.

Police and firefighters' retirement benefits are determined as 2.25% of average final compensation for each year of service up to a maximum of 80%. Police and firefighters with 5 years of credited service are eligible to retire at age 55.

*Disability Benefits* - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 66-2/3% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

*Death Benefits* - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least 1 year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

*Contributory Plan for Employees Hired After June 30, 2012*

*Retirement Benefits* - Judges and elected officers' retirement benefits are determined as 3.0% of average final compensation multiplied by the years of credited service up to a maximum of 75%. Judges and elected officers with 10 years of credited service are eligible to retire at age 60.

Police and firefighters' retirement benefits are determined as 2.25% of average final compensation for each year of service up to a maximum of 80%. Police and firefighters with 10 years of credited service are eligible to retire at age 60.

*Disability and Death Benefits* - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are 3.0% of average final compensation for each year of service for judges and elected officers and 1.75% of average final compensation for each year of services for police and firefighters and are payable immediately, without an actuarial reduction, at a minimum of 30% of average final compensation.

Death benefits for contributory plan members hired after June 30, 2012 are generally the same as those for contributory plan members hired June 30, 2012 and prior.

*Hybrid Plan for Employees Hired Prior to July 1, 2012*

*Retirement Benefits* - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with 5 years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

*Disability Benefits* - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

*Death Benefits* - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least 5 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

*Hybrid Plan for Employees Hired After June 30, 2012*

*Retirement Benefits* - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and EMTs may retire with 25 years of credited service at age 55.

*Disability and Death Benefits* - Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least 10 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

**Contributions** - Contributions are established by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2015 were 22.00% for police and firefighters and 15.50% for all other employees. Contributions to the pension plan from the County and the Department were \$19,186,074 and \$1,008,865, respectively, for the fiscal year ended June 30, 2015.

The employer is required to make all contributions for members in the noncontributory plan. For contributory plan employees hired prior to July 1, 2012, general employees are required to contribute 7.8% of their salary and police and firefighters are required to contribute 12.2% of their salary. For contributory plan employees hired after June 30, 2012, judges and elected officials are required to contribute 9.8% of their salary and police and firefighters are required to contribute 14.2% of their salary. Hybrid plan members hired prior July 1, 2012 are required to contribute 6.0% of their salary. Hybrid plan members hired after June 30, 2012 are required to contribute 8.0% of their salary.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2015, the County and Department reported a liability of \$153,368,723 and \$9,317,991, respectively, for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County and Department's proportion of the net pension liability was based on a projection of the County and Department's long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2014, the County's proportion was 1.913% which was a decrease of 0.118% from its proportion measured as of June 30, 2013. At June 30, 2014, the Department's proportion was 0.116% which was no change from its proportion measured at June 30, 2013.

There were no changes in other assumptions and inputs that affected the measurement of the total pension liability since the prior measurement date. There were no changes between the measurement date, June 30, 2014, and the reporting date, June 30, 2015, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the year ended June 30, 2015, the County and the Department recognized pension expense of \$16,078,281 and \$921,000, respectively. At June 30, 2015, the County and the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

**County:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,134,509	\$ (1,824,266)
Changes in assumptions	--	--
Net difference between projected and actual earnings on pension plan investments	--	(20,909,085)
Changes in proportion and difference between County contributions and proportionate share of contributions	--	(5,053,513)
County contributions subsequent to the measurement date	<u>19,186,074</u>	<u>--</u>
	<u>\$ 20,320,583</u>	<u>\$ (27,786,864)</u>

The \$19,186,074 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ (6,432,296)
2017	(6,432,296)
2018	(6,432,296)
2019	(6,432,296)
2020	<u>(923,171)</u>
Total	<u>\$(26,652,355)</u>



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

***Department:***

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 118,491	\$ --
Changes in assumptions	--	--
Net difference between projected and actual earnings on pension plan investments	--	(1,081,404)
Changes in proportion and difference between Department contributions and proportionate share of contributions	--	(66,552)
Department contributions subsequent to the measurement date	<u>1,008,865</u>	<u>--</u>
	\$ <u>1,127,356</u>	\$ <u>(1,147,956)</u>

The \$1,008,865 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ (259,453)
2017	(259,453)
2018	(259,453)
2019	(259,453)
2020	<u>8,347</u>
Total	\$ <u>(1,029,465)</u>

**Actuarial Assumptions** - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Payroll growth	3.50%
Salary increases, including inflation at 3.00%	
Police and fire employees	5.00% to 19.00%
General employees	4.00% to 8.00%
Teachers	4.50% to 8.50%
Investment rate of return, including inflation at 3.00%	7.75%
Cost of living adjustments (COLAs)	2.50%/1.50%
COLAs are not compounded; and are based on original pension amounts	

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

Post-retirement mortality rates are based on Client Specific Tables and the 1994 US Group Annuity Mortality Statistic Tables for police and firefighters. Pre-retirement mortality rates are based on the RP-2000 tables.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2010. ERS updates their experience studies every five years.

The long-term expected rate of return on pension plan investments was determined using a "top down approach" of the Bespoke Client Constrained Simulation-based Optimization Model (a statistical technique known as "re-sampling with replacement" that directly keys in on specific plan-level risk factors as stipulated by the ERS Board) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Arithmetic Rate of Return</u>
Domestic equity	34.00%	8.50%
International equity	26.00%	9.00%
Total fixed income	20.00%	3.10%
Real estate	6.60%	8.46%
Private equity	4.00%	11.75%
Real return	4.40%	6.10%
Covered calls	<u>5.00%</u>	7.65%
	<u><u>100.00%</u></u>	

\*The real estate, private equity, and real return targets will be the percentage actually invested up to 7%, 7%, and 5%, respectively of the total fund. Changes in the real estate, private equity, and real return targets will be offset by an equal percentage change in the large cap domestic equity target.

**Discount Rate** - The discount rate used to measure the net pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. There has been no change in the discount rate since the prior measurement date.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

**Sensitivity of the County and Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the County and Department's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the County and Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	1% Decrease <u>(6.75%)</u>	Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
County's proportionate share of the net pension liability	\$ <u>198,744,716</u>	\$ <u>153,368,723</u>	\$ <u>107,992,733</u>
Department's proportionate share of the net pension liability	\$ <u>11,810,372</u>	\$ <u>9,317,991</u>	\$ <u>6,825,610</u>

**Pension Plan Fiduciary Net Position** - The pension plan's fiduciary net position is determined on the same basis used by the pension plan. The ERS financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded as of their trade date. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report. ERS's complete financial statements are available at <http://www.ers.ehawaii.gov>.

**Payables to the Pension Plan**

As of June 30, 2015, the County and the Department had payables to the pension plan of \$1,219,147 and \$0, respectively.

**Deferred Compensation Plan**

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

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

All plan assets are held in a trust fund to protect them from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. The County has no responsibility for loss due to the investment or failure of investment of funds and assets in the plans, but does have the duty of due care that would be required of an ordinary prudent investor.

The County has met the requirements for the Small Business Job Protection Act of 1996 for its Internal Revenue Code Section 457 Plan, and in accordance with the criteria set forth in the GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the County has excluded the plan assets and liabilities from the government-wide financial statements because the County does not have significant administrative involvement in the Plan or perform the investment function for the Plan. All such amounts are not subject to the claims of the County's general creditors.

**NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN**

***Plan Description***

The County provides certain healthcare and life insurance benefits to all qualified employees through the Hawai'i Employer - Union Health Benefit Trust Fund (EUTF), an agent multiple-employer defined benefit plan, established through Chapter 87A of the Hawai'i Revised Statutes (HRS). The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees, and their dependents. As an agency of the State, the EUTF contracts with providers of medical, dental, vision, and life insurance plans. The EUTF plan currently provides medical, dental, vision, and life insurance benefits. The EUTF issues an annual financial report that is available to the public. That report may be obtained by writing to:

EUTF  
201 Merchant Street, Suite 1520  
Honolulu, Hawai'i 96813

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

For employees hired after June 30, 1996 but before July 1, 2001, and who retire with less than 10 years of service, the County makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the County pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the County pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the County pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

For employees hired on or after July 1, 2001, and who retire with less than 10 years of service, the County makes no contributions. For those retiring with at least 10 years but fewer than 15 years of service, the County pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the County pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the County pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage but must pay the difference.

***Funding Policy***

Effective July 1, 2006, EUTF implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 43). GASB 43 establishes accounting and financial reporting standards for plans that provide other postemployment benefits (OPEB) other than pensions. GASB 43 requires defined benefit OPEB plans that are administered as trust or equivalent arrangement to prepare a statement of plan assets and a statement of changes in plan assets.

The reporting of active and retiree (including their respective beneficiaries) healthcare benefits provided through the same plan should separate those benefits for accounting purposes between active and retiree healthcare benefits. Accordingly, the County reports the retiree healthcare benefits as OPEB in conformity with GASB 43 and the active employee healthcare benefits as risk financing in conformity with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended.

Effective July 1, 2007, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires reporting the OPEB liability on an accrual basis. Because the Statement was implemented on a prospective basis, the OPEB liability at transition was zero.

The County's base contribution levels to EUTF are established by Statutes. The retiree is responsible to pay the difference if the base contribution is less than the cost of the monthly premium.

***Annual OPEB Cost***

The County's annual OPEB cost for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters in GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The net OPEB obligation is determined based upon current year contributions and any short-term differences which are amounts that will be contributed within one year or the next actuarial determination date.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

At June 30, 2015, the County's post-retirement payable of \$8,057,894 is considered a short-term difference and has been included in the respective annual OPEB contributions. At June 30, 2015, the Department's post-retirement payable was \$0. The following table presents the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB liability.

County:

<u>Fiscal Year Ending June 30,</u>	<u>Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2013	\$ 13,963,000	100.0%	\$ --
2014	\$ 14,451,000	100.0%	\$ --
2015	\$ 14,945,000	100.0%	\$ --

Department:

<u>Fiscal Year Ending June 30,</u>	<u>Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2013	\$ 850,000	102.4%	\$ (50,000)
2014	\$ 878,000	100.1%	\$ (51,000)
2015	\$ 878,000	100.2%	\$ (53,000)

***Funding Status and Funding Progress***

The funded status of the Plan as of the most recent valuation date is as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2013	\$ 42,821,000	\$ 192,098,000	\$ 149,277,000	22.3%	\$ 70,982,000	210.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

On July 3, 2013, the Governor signed into law Act 268, Session Laws of Hawaii 2013. Act 268 requires the EUTF to establish and administer separate trust accounts for each public employer for the purpose of receiving irrevocable employer contributions to prefund postemployment health and other benefit costs for retirees and their beneficiaries. It establishes the Hawaii EUTF Trust Fund Task Force to examine further steps to address the unfunded liability and requires all public employers to make annual required public employer contributions effective fiscal year 2014. Commencing fiscal year 2019, the annual public employer contribution shall be equal to the annual required contribution, as determined by an actuary retained by the EUTF board. In any fiscal year, should an employer's contribution be less than the annual required public employer contribution, the difference shall be transferred to the appropriate trust account from a portion of all general excise tax revenues, for the State, or transient accommodations tax revenues, for the counties.

***Actuarial Methods and Assumptions***

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

	<u>County</u>
Actuarial valuation date	July 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Equivalent Single Amortization Period	23.2
Actuarial assumptions:	
Investment rate of return	7%
Inflation	3%
Payroll growth	3.5%
Asset method	Market
Healthcare cost trend rate	
PPO, including prescription drugs	9% initial; declining to 5% after 10 years
HMO, including prescription drugs	7.5% initial; declining to 5% after 10 years
Medicare Part B	5%
Dental	4%
Vision	3%
Life insurance	0%

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

The number of participants as of July 1, 2013, the effective date of the biannual OPEB valuation, were as follows. There have been no significant changes in the number of covered participants or the type of coverage since.

	<u>County</u>	<u>Department</u>
Active employees	1,173	74
Retired employees	684	47
Deferred vested employees	<u>86</u>	<u>5</u>
Total	<u>1,943</u>	<u>126</u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

***Claims and Judgments***

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains certain comprehensive general liability and property insurance, public official and law enforcement liability insurance, and excess auto liability insurance for claims. It is the opinion of management and legal counsel that such claims and lawsuits are either covered by the County's insurance policies, or if they should exceed the County's retained risk, are recorded in the government-wide financial statements. There was no reduction in insurance coverage during the year from coverage in the prior year. During the past four fiscal years, the amount of settlements in cases covered by insurance have not exceeded the insurance coverage. The County is substantially self-insured for its vehicles as well as for all other perils including workers' compensation and general liability below \$500,000. Claims against the County are paid out of the General Fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities, including IBNR, are based on the estimated ultimate cost of settling the claims, and include incremental costs for the hiring of special counsel and expert witnesses. Claims liabilities are estimated on a case-by-case review of all claims and the application of historical experience to outstanding claims.



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)**

Estimates of IBNR are based on historical experience. The liability for claims and judgments is reported on the government-wide *Statement of Net Position*. At June 30, 2015, the amount of this liability was approximately \$9.6 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2014, are given below:

<u>Fiscal Year</u>	<u>Liability at Beginning of Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments and Adjustments</u>	<u>Liability at End of Year</u>
2014	\$ 12,734,026	\$ (1,098,356)	\$ (1,901,405)	\$ 9,734,265
2015	\$ 9,734,265	\$ 2,634,628	\$ (2,728,742)	\$ 9,640,151

***Puhi Metals Recycling Center***

The County of Kauai is facing potential contingent liability for contracting the operation and management of the Puhi Metals Recycling Center (PMRC) from October 11, 2001 to October 11, 2011 to a private contractor. The County leased the property comprising the PMRC from land owner Grove Farm, Inc. for the aforementioned ten (10) year period. Under its contract with the contracted operator, the County was to be defended, indemnified and held harmless for any and all damages to persons and or property during the operation, including its obligations under the land license between the County and Grove Farm, Inc. After the expiration of the contract with the contracted operator, the County was informed by the Grove Farm, Inc. that their property was allegedly damaged by the contracted operator. The County has since procured and obtained environmental studies on the property and the range of contingent liability is from \$2.5 million to \$3.3 million, depending upon the environmental remediation alternative implemented. Based upon the recommendation by the County's consultant, the County plans to implement the alternative corresponding to the estimate of the \$2.5 million. At June 30, 2015, the remaining outstanding liability accrued by the County was approximately \$2.17 million.

***Purchase Commitments***

The outstanding portion of contractual commitments for capital projects, supplies, and other expenditures at June 30, 2015, was approximately \$29.0 million. Contractual commitments are generally reflected in the governmental fund financial statements as committed fund balance.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 14 - LANDFILL CLOSURE AND POST-CLOSURE CARE 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. In accordance with GASB Statement No. 18, the County estimates in advance the total cost of closure and post-closure care during the life of those landfills rather than after their closings. Federal and State laws and regulations require the County 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 post-closure care costs are based on landfill capacity used as of each balance sheet date.

The County has three landfill sites - Kekaha Landfill Phases I and II, and Halehaka Landfill. The County has closed the Kekaha Landfill Phase I and Halehaka Landfill. The County estimates the closure costs for the Kekaha Landfill Phase II to be approximately \$20 million based on estimates provided by project engineers. At June 30, 2015, approximately 84% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately 4.5 years.

The County completed the construction phase for the lateral expansion of the Cell II of the Kekaha Landfill Lateral Expansion. The expansion extended the life of the Kekaha Landfill by an additional 3.5 years. Cell II of the lateral expansion provided additional capacity for waste by the construction of a baseliner and leachate collection system in the area between

Phase I and Phase II, further extending the landfill footprint. Department of Public Works, Solid Waste Division has identified additional options to further extend the life of Kekaha Landfill and is currently investigating the feasibility of those options.

The total estimated closure costs accrued in the government-wide financial statements for the Kekaha Landfill Phase II, and the remaining post-closure costs for the Kekaha Landfill Phases I and II, and Halehaka Landfill was approximately \$34.3 million, which may change due to inflation, technology or applicable laws or regulations. This amount is fully accrued in the government-wide financial statements.

The County has provided for financial resources that will be available to provide for closure, post-closure care and remediation or containment of environmental hazards at the above landfills. The Environmental Protection Agency's financial assurance rules include a local government financial test consisting of a financial component, a public notice component, and a recordkeeping component. Local governments are required to satisfy each of the three components to pass the annual test. Management believes that the County has satisfied each of the components of the local government financial assurance requirements.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 15 - FUND BALANCE CONSTRAINTS**

***Stabilization Arrangements*** - The County Resolution 2011-77 established the Reserve Fund and Reserve Fund Policy. The County intends to maintain the Reserve Fund within the General Fund in the range of 20-25% of the previous year's actual operating general fund expenditures, encumbrances, and general fund transfers to other funds. The Reserve Fund was established for the following purposes: working capital (50%), budgetary stabilization (25%), risk management losses (10%) and initial disaster response (15%). The Reserve Fund can only be used to provide a short-term solution to maintain necessary services until revenue growth and/or expenditure reductions are instituted to balance the budget and normalize cash flow. In the event that the funds from the Reserve Fund are utilized, the County Council and Administration shall timely propose and approve a financial plan to replenish the Reserve Fund to prescribed policy levels.

The balance of the Reserve Fund is reported in the fund balance in the General Fund as follows:

	<u>Amount</u>
Committed fund balance	\$ 3,687,737
Unassigned fund balance	<u>27,950,825</u>
Total	\$ <u>31,638,562</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 15 - FUND BALANCE CONSTRAINTS (Continued)**

The constraints on fund balance as listed in aggregate in the *Statement of Revenues, Expenditures, and Changes in Fund Balance* are detailed according to balance classification and fund.

	Major Special Revenue Funds				Major Capital Projects Funds				
	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Grants Capital Improvement	General Capital Improvement	Bond	Other Governmental Funds	Total
Fund Balances:									
Nonspendable:									
Prepays	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 454,031	\$ 454,031
Loans receivable	--	1,101,393	--	--	--	--	--	--	1,101,393
Total - Nonspendable	--	1,101,393	--	--	--	--	--	454,031	1,555,424
Restricted:									
Debt service reserve	--	--	--	--	--	--	--	356,800	356,800
Landfill closure and post closure costs	490,000	--	9,233,591	--	--	--	--	--	9,723,591
Total - Restricted	490,000	--	9,233,591	--	--	--	--	356,800	10,080,391
Committed:									
Non-routine emergency events reserve	3,687,737	--	--	--	--	--	--	--	3,687,737
Administrative	1,228,386	--	--	--	--	--	212,150	--	1,440,536
County-wide costs	776,998	--	--	--	--	--	--	--	776,998
Personnel services	105,730	--	--	--	--	--	--	--	105,730
Planning	502,205	--	--	--	--	168,550	1,036,136	1,436	1,708,327
Economic development	431,904	--	--	--	--	--	--	--	431,904
Police services	676,768	--	--	--	--	--	25,380	119,062	821,210
Fire control	267,266	--	--	--	--	--	--	--	267,266
Civil defense	538,202	--	--	--	--	--	--	--	538,202
Liquor control	--	--	--	--	--	--	--	19,472	19,472
Building repair and maintenance	1,091,334	--	--	--	--	455,529	2,634,991	1,080	4,182,934
Parks and recreation	571,261	--	--	--	--	64,828	2,305,477	1,700,788	4,642,354
Community services	81,539	680,459	--	--	--	--	355,958	4,370	1,122,326
Waste disposal and collection	--	--	2,671,770	--	--	--	3,912,941	228,480	6,813,191
Road maintenance	--	--	--	--	--	24,400	2,493,924	3,658,421	6,176,745
Total - Committed	9,959,330	680,459	2,671,770	--	--	713,307	12,976,957	5,733,109	32,734,932
Assigned:									
Balancing future budget shortfalls	--	--	--	--	--	--	--	2,202,487	2,202,487
Self insurance provisions	927,398	--	--	--	--	--	--	--	927,398
Capital improvement projects	--	--	--	--	--	1,547,726	15,122,469	7,747,603	24,417,798
Other purposes	--	1,240,463	3,296,448	--	--	--	--	13,895,883	18,432,794
Total - Assigned	927,398	1,240,463	3,296,448	--	--	1,547,726	15,122,469	23,845,973	45,980,477
Unassigned:	27,950,825	--	--	--	--	--	--	--	27,950,825
Total Fund Balances	\$ 39,327,553	\$ 3,022,315	\$ 15,201,809	\$ --	\$ --	\$ 2,261,033	\$ 28,099,426	\$ 30,389,913	\$ 118,302,049

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 15 - FUND BALANCE CONSTRAINTS (Continued)**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. These amounts generally will become liabilities in future periods as the services are rendered or goods purchased.

Encumbrances at June 30, 2015 include:

General Fund	\$ 6,271,593
Special Revenue Funds	\$ 6,846,673
Capital Project Funds	\$ 15,804,044

**NOTE 16 - COMPONENT UNIT DISCLOSURES**

Safe Drinking Water Act - The Department is subject to the requirements of the Safe Drinking Water Act (the Act) which is administered by the State of Hawai'i Department of Health on behalf of the United States Environmental Protection Agency. Management indicated that the Department is in full compliance with the requirements of the Act and is not aware of any matters under the Act that materially affected or are currently affecting the Department's customer service area.

**NOTE 17 - RELATED PARTY TRANSACTIONS**

The Department charges the County for fire protection services (hydrant use) at agreed-to rates that approximate the costs for such services. The County provides certain services to the Department and charges the Department for these services at an amount equal to the charge for fire protection services. The amounts charged approximated \$1,991,000 for the fiscal year ended June 30, 2015.

**NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING**

During fiscal year, 2015, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68* (GASB 68). GASB 68 establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements in which:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING (Continued)**

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employer, nonemployee contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

GASB 71 is required to be implemented simultaneously with Statement No. 68 and amends the requirement related to certain pension contributions made to defined benefit pension plans prior to implementation of GASB 68 by employers and nonemployer contributing entities.

The adoption of GASB 68 and GASB 71 has no impact on the County's governmental fund financial statements, which continue to report expenditures in the amount statutorily required. However, adoption has resulted in the restatement of the County's fiscal year 2014 government-wide financial statements to reflect the reporting in net pension liability in accordance with the provisions of GASB 68 and deferred outflows of resources related to pensions in accordance with GASB 71.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73). This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pensions Plans* (GASB 67), and GASB 68 for pension plans and pensions that are within

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING (Continued)**

their respective scopes. The requirements of this Statement that addresses accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of GASB 67 or for pensions that are within the scope of GASB 68 are effective for fiscal years beginning after June 15, 2015.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 74). This Statement replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution other postemployment benefits (OPEB) plans that replace the requirements for those OPEB plans in GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, GASB Statement 43, and GASB Statement No. 50, *Pension Disclosures*. GASB 74 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). This Statement replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. GASB 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. The requirements of this Statement are effective for years beginning after June 15, 2017. Early application is encouraged.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING (Continued)**

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). This Statement establishes the hierarchy of generally accepted accounting principles (GAAP) for state and local governments. The requirements of this Statement apply to all state and local government entities. This Statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. It also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 64, 74, and 82. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015. Earlier application is permitted.

Management has not yet determined the effect GASB 72, 73, 74, 75, and 76 will have on the County's financial statements.

**NOTE 19 - ACCOUNTING CHANGE AND RESTATEMENTS**

**Accounting principle change** - During the fiscal year ended June 30, 2015, the County has adopted the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The standard established the accounting and reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts or equivalent arrangements.

**Restatements** - The County's net position as of July 1, 2013 was restated to accrue claims and judgements liabilities in enterprise funds that were previously not accrued.

The effect of adopting the provision of GASB No. 68, as amended, and the accrual of claims and judgements in enterprise funds resulted in a decrease in beginning net position at July 1, 2014. The effect for the fiscal year ended June 30, 2015 was an increase to the change in net position of \$3,097,087 for governmental activities and \$10,706 for business-type activities. The impact on beginning net position is summarized as follows:



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 19 - ACCOUNTING CHANGE AND RESTATEMENTS (Continued)**

	Governmental Activities	Business-type Activities	Component Unit
Net position at June 30, 2014, as previously stated	\$ 476,345,231	\$ 77,097,543	\$ 175,901,402
Cumulative effect of applying GASB 68, as amended:			
Net pension liability at June 30, 2013	(175,977,395)	(5,442,600)	(9,566,682)
Deferred outflows of resources – employer and employee contributions made subsequent to the measurement date of the beginning net pension liability but prior to June 30, 2014	16,952,883	524,316	188,635
Cumulative effect of accruing claims and judgements in enterprise funds	--	(224,288)	--
Net position at June 30, 2014, as restated	\$ <u>317,320,719</u>	\$ <u>71,954,971</u>	\$ <u>166,523,355</u>

Management of the County concluded that it was not practical to determine the beginning amounts of all pension-related deferred inflows of resources and deferred outflows of resources. Accordingly, as permitted under the provisions of GASB No. 68, as amended, the County has only reported the beginning deferred outflow of resources resulting from employer and employee pension contributions made subsequent to the measurement date of the beginning net pension liability but prior to June 30, 2014.

*This page has been intentionally left blank.*

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

**COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FUNDING PROGRESS  
FOR THE EUTF HEALTH PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ 13,493,000	\$ 207,039,000	\$ 193,546,000	7%	\$ 65,885,000	294%
7/1/2011	\$ 29,653,000	\$ 186,265,000	\$ 156,612,000	16%	\$ 66,400,000	236%
7/1/2013	\$ 42,821,000	\$ 192,098,000	\$ 149,277,000	22.3%	\$ 70,982,000	210%

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF COUNTY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**LAST TEN FISCAL YEARS\***

	<u>2014</u>	<u>2013</u>
<b>County:</b>		
County's proportion of the Net Pension Liability	1.913 %	2.031 %
County's proportionate share of the Net Pension Liability	\$ 153,368,723	\$ 181,419,995
County's Covered Payroll	\$ 75,846,000	\$ 70,982,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	202.21 %	255.59 %
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	63.92 %	57.96 %
<b>Department:</b>		
Department's proportion of the Net Pension Liability	0.116 %	0.116 %
Department's proportionate share of the Net Pension Liability	\$ 9,317,991	\$ 9,566,682
Department's Covered Payroll	\$ 4,645,000	\$ 4,385,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	200.60 %	218.17 %
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	63.92 %	57.96 %

\*The data is presented for the years for which information is available.

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS\***

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>County:</b>					
Statutorily Required Contribution	\$ 13,643,255	\$ 12,605,548	\$ 11,575,260	\$ 10,675,390	\$ 10,239,127
Actual County Contributions Recognized by the Plan	\$ 13,643,255	\$ 12,605,548	\$ 11,575,260	\$ 10,675,390	\$ 10,239,127
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --
County's Covered Payroll	\$ 80,380,000	\$ 75,846,000	\$ 70,982,000	\$ 71,483,000	\$ 66,400,000
Contributions as a percentage of Covered Payroll	16.97 %	16.62 %	16.31 %	14.93 %	15.42 %
<b>Department:</b>					
Statutorily Required Contribution	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000	\$ 601,000
Actual Department Contributions Recognized by the Plan	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000	\$ 601,000
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --
Department's Covered Payroll	\$ 4,836,000	\$ 4,645,000	\$ 4,385,000	\$ 4,285,000	\$ 4,014,000
Contributions as a percentage of Covered Payroll	16.50 %	16.04 %	15.48 %	14.98 %	14.97 %

\*The data is presented for the years for which information is available.

## **OTHER SUPPLEMENTARY INFORMATION**

**COUNTY OF KAUAI, HAWAII**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Special Revenue Funds**

**Highway Fund**

Accounts for the costs of maintaining the County's highways and streets. Financing is provided primarily by fuel, motor vehicle weight and public utility franchise taxes, licenses, and permits.

**Liquor Fund**

Accounts for the costs of operating the County's Liquor Department. Financing is provided by liquor licenses and permits.

**Beautification Fund**

Accumulates monies for the beautification of highways and streets and defrays the cost of disposing of abandoned vehicles. Financing is provided by motor vehicle registration fees. This fund was established for financing projects planned by the Mayor's Committee on Beautification.

**Criminal Assets Forfeiture Fund**

Accounts for monies or forfeited non-cash or tangible property received to be used solely for the Kauai Police Department for law enforcement purposes as delineated in the Comprehensive Crime Control Act of 1984 and The Attorney General's Guidelines on Seized and Forfeited property.

**Plans and Permits Revolving Fund**

Accounts for monies collected from new permits and penalties.

**Section 8 Fund**

Accounts for a contract with the federal government pursuant to Section 8 of the Housing and Community Development Act of 1974. Funds are to be expended for housing assistance payments for lower-income families and for administrative costs.

**State Grants Fund**

Accounts for expenditures of state and county grants.

**Public Access Fund**

Accumulates monies for the acquisition of land or property entitlements for land conservation purposes. This fund is appropriated at a minimum of .5% of the certified real property tax revenues for public access, open space, and natural resources preservation.

**Park Maintenance and Improvements Fund**

Accounts for monies collected and expended for parks.



**COUNTY OF KAUAI, HAWAII**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**(CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Debt Service Fund**

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

**Capital Projects Funds**

**Parks and Playground Capital Improvement Fund**

Accounts for the costs of developing County parks and playgrounds financed by assessments to developers of residential projects.

**Sewer Trust Fund**

Accounts for the costs of expanding the County's sewer system financed by assessments to developers of subdivisions. Construction of the sewer system improvements is financed by general obligation debt that covers multiple public improvements. Repayment of the debt applicable to the sewer system will be made from General Fund sources. Accordingly, all sewer trust fund capital improvements are accounted for in the Capital Projects Fund and recorded as contributed capital in the Sewer Enterprise Fund upon completion.

**Development Capital Improvement Fund**

Accounts for capital improvements financed by assessments to developers of residential, hotel, commercial or industrial projects.

**Bikeway Capital Improvement Fund**

Accumulates monies for the construction and maintenance of bikeways and related activities financed by bicycle license fees.

**Special State Capital Improvement Fund**

Accounts for the costs of capital projects financed by State of Hawaii grants-in-aid to Counties. There was no activity in this fund during the fiscal year ended June 30, 2015.

**Highway Capital Improvement Fund**

Accounts for the costs of projects financed by the Highway Fund.

**COUNTY OF KAUAI, HAWAII**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**(CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Fiduciary Funds**

**Trust and Agency Fund**

Accounts for the collection and payment to other governments of monies collected by the County on behalf of the other governments. Monies consist primarily of the collection of State of Hawaii motor vehicle weight taxes.

**Treasury Trust Fund**

Accounts for monies collected for specific purposes by various agencies of the County as escrow agent or custodian.

**Real Property Trust Fund**

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

**COUNTY OF KAUAI, HAWAII**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance and Improvements	Debt Service Fund
<b>Assets:</b>										
Cash and cash equivalents	\$ 3,482,112	\$ 715,600	\$ 546,477	\$ 755,165	\$ 212,064	\$ 897,860	\$ 588,350	\$ 3,651,964	\$ 1,834,177	\$ 161,837
Investments	2,481,873	248,363	--	249,473	--	--	--	--	--	--
Accounts receivable, net	--	--	--	--	--	1,033	1,338,845	--	--	--
Interest receivable	4,562	75	--	1,664	--	--	--	--	--	--
Due from other funds	4,618,040	--	--	--	--	--	--	1,279,704	--	--
Due from other governments	444,803	--	--	--	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	10,285	--	--	--	--
Prepaid items	--	--	--	--	--	454,031	--	--	--	--
<b>Total Assets</b>	<b>\$ 11,031,390</b>	<b>\$ 964,038</b>	<b>\$ 546,477</b>	<b>\$ 1,006,302</b>	<b>\$ 212,064</b>	<b>\$ 1,363,209</b>	<b>\$ 1,927,195</b>	<b>\$ 4,931,668</b>	<b>\$ 1,834,177</b>	<b>\$ 161,837</b>
<b>Liabilities:</b>										
Accounts payable	\$ 838,601	\$ 47,166	\$ 1,496	\$ --	\$ 12,064	\$ 16,835	\$ 489,804	\$ 322	\$ --	\$ --
Contracts payable	--	--	--	--	--	--	--	--	12,902	--
Due to customers	--	--	--	--	--	177,350	--	--	--	--
Due to other governments	--	--	--	--	--	323,952	--	--	--	--
Unearned revenues	--	--	--	--	--	--	1,437,391	--	--	--
<b>Total Liabilities</b>	<b>838,601</b>	<b>47,166</b>	<b>1,496</b>	<b>--</b>	<b>12,064</b>	<b>518,137</b>	<b>1,927,195</b>	<b>322</b>	<b>12,902</b>	<b>--</b>
<b>Deferred Inflows of Resources:</b>										
Deferred inflows - other	--	91,944	--	--	--	--	--	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>91,944</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Fund Balance:</b>										
Nonspendable	--	--	--	--	--	454,031	--	--	--	--
Restricted	--	184,678	--	--	--	10,285	--	--	--	161,837
Committed	3,354,475	19,472	--	119,062	1,080	4,370	--	1,436	119,434	--
Assigned	6,838,314	620,778	544,981	887,240	198,920	376,386	--	4,929,910	1,701,841	--
<b>Total Fund Balances</b>	<b>10,192,789</b>	<b>824,928</b>	<b>544,981</b>	<b>1,006,302</b>	<b>200,000</b>	<b>845,072</b>	<b>--</b>	<b>4,931,346</b>	<b>1,821,275</b>	<b>161,837</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 11,031,390</b>	<b>\$ 964,038</b>	<b>\$ 546,477</b>	<b>\$ 1,006,302</b>	<b>\$ 212,064</b>	<b>\$ 1,363,209</b>	<b>\$ 1,927,195</b>	<b>\$ 4,931,668</b>	<b>\$ 1,834,177</b>	<b>\$ 161,837</b>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2015**

	Capital Projects Funds					
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Total Non-major Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,415,266	\$ 580,816	\$ 923,966	\$ 281,019	\$ 788,162	\$ 16,834,835
Investments	4,737,641	--	1,241,527	--	--	8,958,877
Accounts receivable, net	--	--	--	--	--	1,339,878
Interest receivable	9,007	--	625	--	--	15,933
Due from other funds	--	--	--	--	--	5,897,744
Due from other governments	--	--	--	--	--	444,803
Loans receivable	--	--	--	--	--	10,285
Prepaid items	--	--	--	--	--	454,031
Total Assets	<u>\$ 6,161,914</u>	<u>\$ 580,816</u>	<u>\$ 2,166,118</u>	<u>\$ 281,019</u>	<u>\$ 788,162</u>	<u>\$ 33,956,386</u>
<b>Liabilities:</b>						
Accounts payable	\$ 18,512	\$ 4,708	\$ --	\$ --	\$ 1,028	\$ 1,430,536
Contracts payable	--	5,924	2,028	--	84,446	105,300
Due to customers	--	--	--	--	--	177,350
Due to other governments	--	--	--	--	--	323,952
Unearned revenues	--	--	--	--	--	1,437,391
Total Liabilities	<u>18,512</u>	<u>10,632</u>	<u>2,028</u>	<u>--</u>	<u>85,474</u>	<u>3,474,529</u>
<b>Deferred Inflows of Resources:</b>						
Deferred inflows - other	--	--	--	--	--	91,944
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>91,944</u>
<b>Fund Balance:</b>						
Nonspendable	--	--	--	--	--	454,031
Restricted	--	--	--	--	--	356,800
Committed	1,581,354	228,480	--	--	303,946	5,733,109
Assigned	<u>4,562,048</u>	<u>341,704</u>	<u>2,164,090</u>	<u>281,019</u>	<u>398,742</u>	<u>23,845,973</u>
Total Fund Balances	<u>6,143,402</u>	<u>570,184</u>	<u>2,164,090</u>	<u>281,019</u>	<u>702,688</u>	<u>30,389,913</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,161,914</u>	<u>\$ 580,816</u>	<u>\$ 2,166,118</u>	<u>\$ 281,019</u>	<u>\$ 788,162</u>	<u>\$ 33,956,386</u>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance and Improvements	Debt Service Fund
Revenues:										
Taxes	\$ 9,687,469	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	5,680,671	890,396	359,336	--	312,430	--	--	--	--	--
Rents and concessions	--	--	--	--	--	--	--	--	281,437	--
Interest	22,303	4,817	--	4,328	--	194	--	--	--	--
Intergovernmental revenues	24,887	--	--	--	--	6,317,925	3,760,166	--	--	--
Miscellaneous	272	18,335	--	67,908	--	264,253	--	--	--	--
Total Revenues	<u>15,415,602</u>	<u>913,548</u>	<u>359,336</u>	<u>72,236</u>	<u>312,430</u>	<u>6,582,372</u>	<u>3,760,166</u>	<u>--</u>	<u>281,437</u>	<u>--</u>
Expenditures:										
General government	--	--	--	--	--	--	1,313,671	11,722	--	--
Public safety	--	904,291	--	659	--	--	1,035,123	--	--	--
Public works	--	--	--	--	154,897	--	4,197	--	--	--
Highways and streets	12,639,190	--	300,000	--	--	--	1,025	--	--	--
Sanitation	--	--	--	--	--	--	363,817	--	--	--
Culture and recreation	--	--	--	--	--	--	--	--	213,000	--
Public welfare	--	--	--	--	--	6,367,332	753,891	--	--	--
Capital outlay	196,897	--	--	66,754	--	--	288,442	--	95,528	--
Debt Service:										
Principal	378,519	--	--	--	--	--	--	--	--	4,250,000
Interest and debt issuance cost	32,465	--	--	--	--	--	--	--	--	5,137,524
Total Expenditures	<u>13,247,071</u>	<u>904,291</u>	<u>300,000</u>	<u>67,413</u>	<u>154,897</u>	<u>6,367,332</u>	<u>3,760,166</u>	<u>11,722</u>	<u>308,528</u>	<u>9,387,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,168,531</u>	<u>9,257</u>	<u>59,336</u>	<u>4,823</u>	<u>157,533</u>	<u>215,040</u>	<u>--</u>	<u>(11,722)</u>	<u>(27,091)</u>	<u>(9,387,524)</u>
Other Financing Sources (Uses):										
Proceeds from capital leases	127,908	--	--	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--	1,610,427	--	9,387,524
Transfers out	--	--	--	--	(157,533)	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>127,908</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(157,533)</u>	<u>--</u>	<u>--</u>	<u>1,610,427</u>	<u>--</u>	<u>9,387,524</u>
Net Change in Fund Balances	2,296,439	9,257	59,336	4,823	--	215,040	--	1,598,705	(27,091)	--
Fund Balance - Beginning of Year July 1, 2014	<u>7,896,350</u>	<u>815,671</u>	<u>485,645</u>	<u>1,001,479</u>	<u>200,000</u>	<u>630,032</u>	<u>--</u>	<u>3,332,641</u>	<u>1,848,366</u>	<u>161,837</u>
Fund Balance - End of Year June 30, 2015	<u>\$ 10,192,789</u>	<u>\$ 824,928</u>	<u>\$ 544,981</u>	<u>\$ 1,006,302</u>	<u>\$ 200,000</u>	<u>\$ 845,072</u>	<u>\$ --</u>	<u>\$ 4,931,346</u>	<u>\$ 1,821,275</u>	<u>\$ 161,837</u>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Capital Projects Funds					
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Total Non-major Governmental Funds
Revenues:						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,687,469
Licenses and permits	--	--	--	31,200	--	7,274,033
Rents and concessions	--	--	--	--	--	281,437
Interest	81,695	--	22,302	--	--	135,639
Intergovernmental revenues	--	--	--	--	--	10,102,978
Miscellaneous	245,430	--	69,529	--	--	665,727
Total Revenues	327,125	--	91,831	31,200	--	28,147,283
Expenditures:						
General government	--	--	--	--	--	1,325,393
Public safety	--	--	--	--	--	1,940,073
Public works	--	--	--	--	--	159,094
Highways and streets	--	--	--	--	8,549	12,948,764
Sanitation	--	158,828	--	--	--	522,645
Culture and recreation	85,917	--	--	--	--	298,917
Public welfare	--	--	--	--	--	7,121,223
Capital outlay	495,540	--	--	--	137,761	1,280,922
Debt Service:						
Principal	--	--	--	--	--	4,628,519
Interest and debt issuance cost	--	--	--	--	--	5,169,989
Total Expenditures	581,457	158,828	--	--	146,310	35,395,539
Excess (Deficiency) of Revenues Over (Under) Expenditures	(254,332)	(158,828)	91,831	31,200	(146,310)	(7,248,256)
Other Financing Sources (Uses):						
Proceeds from capital leases	--	--	--	--	--	127,908
Transfers in	--	--	--	--	--	10,997,951
Transfers out	--	--	--	--	--	(157,533)
Total Other Financing Sources (Uses)	--	--	--	--	--	10,968,326
Net Change in Fund Balances	(254,332)	(158,828)	91,831	31,200	(146,310)	3,720,070
Fund Balance - Beginning of Year July 1, 2014	6,397,734	729,012	2,072,259	249,819	848,998	26,669,843
Fund Balance - End of Year June 30, 2015	\$ 6,143,402	\$ 570,184	\$ 2,164,090	\$ 281,019	\$ 702,688	\$ 30,389,913

**COUNTY OF KAUAI, HAWAII**  
**AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Trust and Agency Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ <u>700,758</u>	\$ <u>9,445,535</u>	\$ <u>9,431,187</u>	\$ <u>715,106</u>
Total Assets	\$ <u>700,758</u>	\$ <u>9,445,535</u>	\$ <u>9,431,187</u>	\$ <u>715,106</u>
<b>Liabilities:</b>				
Due to other governments	\$ <u>700,758</u>	\$ <u>9,445,535</u>	\$ <u>9,431,187</u>	\$ <u>715,106</u>
Total Liabilities	\$ <u>700,758</u>	\$ <u>9,445,535</u>	\$ <u>9,431,187</u>	\$ <u>715,106</u>
<b>Treasury Trust Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ <u>2,397,393</u>	\$ <u>1,162,401</u>	\$ <u>906,467</u>	\$ <u>2,653,327</u>
Total Assets	\$ <u>2,397,393</u>	\$ <u>1,162,401</u>	\$ <u>906,467</u>	\$ <u>2,653,327</u>
<b>Liabilities:</b>				
Customer deposits	\$ <u>2,397,393</u>	\$ <u>1,162,401</u>	\$ <u>906,467</u>	\$ <u>2,653,327</u>
Total Liabilities	\$ <u>2,397,393</u>	\$ <u>1,162,401</u>	\$ <u>906,467</u>	\$ <u>2,653,327</u>
<b>Real Property Trust Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ <u>637,419</u>	\$ <u>1,715,133</u>	\$ <u>8,950</u>	\$ <u>2,343,602</u>
Total Assets	\$ <u>637,419</u>	\$ <u>1,715,133</u>	\$ <u>8,950</u>	\$ <u>2,343,602</u>
<b>Liabilities:</b>				
Customer deposits	\$ <u>637,419</u>	\$ <u>1,715,133</u>	\$ <u>8,950</u>	\$ <u>2,343,602</u>
Total Liabilities	\$ <u>637,419</u>	\$ <u>1,715,133</u>	\$ <u>8,950</u>	\$ <u>2,343,602</u>
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ <u>3,735,570</u>	\$ <u>12,323,069</u>	\$ <u>10,346,604</u>	\$ <u>5,712,035</u>
Total Assets	\$ <u>3,735,570</u>	\$ <u>12,323,069</u>	\$ <u>10,346,604</u>	\$ <u>5,712,035</u>
<b>Liabilities:</b>				
Customer deposits	\$ <u>3,034,812</u>	\$ <u>2,877,534</u>	\$ <u>915,417</u>	\$ <u>4,996,929</u>
Due to other governments	<u>700,758</u>	<u>9,445,535</u>	<u>9,431,187</u>	<u>715,106</u>
Total Liabilities	\$ <u>3,735,570</u>	\$ <u>12,323,069</u>	\$ <u>10,346,604</u>	\$ <u>5,712,035</u>

**COUNTY OF KAUAI, HAWAII**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Taxes:						
Utility franchise tax	\$ 4,700,000	\$ 4,700,000	\$ 4,518,532	\$ --	\$ 4,518,532	\$ (181,468)
Fuel tax	3,987,176	3,987,176	5,168,937	--	5,168,937	1,181,761
Total Taxes	8,687,176	8,687,176	9,687,469	--	9,687,469	1,000,293
Licenses and Permits:						
Motor vehicle weight tax	5,749,935	5,749,935	5,680,671	--	5,680,671	(69,264)
Interest	40,000	40,000	22,303	--	22,303	(17,697)
Intergovernmental revenues	25,000	25,000	24,887	--	24,887	(113)
Miscellaneous	500	500	272	--	272	(228)
Total Revenues	14,502,611	14,502,611	15,415,602	--	15,415,602	912,991
Expenditures:						
Highways and Streets-Road Maintenance:						
Administration	2,472,268	2,450,865	12,319	2,268,609	2,280,928	169,937
Administration - salaries and overtime	410,891	410,891	371,340	--	371,340	39,551
Hanapēpē baseyard	219,147	180,748	98,043	36,185	134,228	46,520
Hanapēpē baseyard - salaries and overtime	1,194,056	1,233,956	1,147,911	--	1,147,911	86,045
Kapa'a baseyard	239,681	238,429	47,295	6,803	54,098	184,331
Kapa'a baseyard - salaries and overtime	857,506	855,759	777,673	--	777,673	78,086
Hanalei baseyard	146,280	112,181	87,550	9,282	96,832	15,349
Hanalei baseyard - salaries and overtime	552,673	577,673	516,489	--	516,489	61,184
Road signs and marking	581,100	479,069	379,113	--	379,113	99,956
Road signs and marking - salaries and overtime	693,423	702,823	618,069	41,368	659,437	43,386
Auto maintenance and motor pool (AMMP)	1,757,022	1,722,891	783,867	93,077	876,944	845,947
AMMP - salaries and overtime	913,744	913,744	838,847	--	838,847	74,897
Maintenance - street lights	1,200,000	1,200,000	1,047,557	--	1,047,557	152,443
Equipment	34,750	34,750	17,648	415	18,063	16,687
Capital leases	1,269,901	1,269,904	410,984	418,905	829,889	440,015
Social security taxes	353,790	354,595	331,916	--	331,916	22,679
Public employees' health fund	472,456	569,436	493,093	--	493,093	76,343
Public employees' other post employment benefits	710,597	835,365	672,495	--	672,495	162,870
Workers' compensation	55,006	70,686	28,639	--	28,639	42,047
Unemployment compensation	15,006	15,006	--	--	--	15,006
Employees' retirement system	763,075	786,780	779,678	--	779,678	7,102
Collective bargaining raises	42,448	42,446	24,033	2,240	26,273	16,173
Vacation pay	1	1,501	1,465	--	1,465	36
Central services cost	1,000,000	1,000,000	1,000,000	--	1,000,000	--
Transportation agency	3,669,411	3,686,487	2,597,729	414,446	3,012,175	674,312
Highway administrative overhead	139,269	140,960	35,410	63,144	98,554	42,406
Total Expenditures - Highways and Streets - Road Maintenance	19,763,501	19,886,945	13,119,163	3,354,474	16,473,637	3,413,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (5,260,890)	\$ (5,384,334)	\$ 2,296,439	\$ (3,354,474)	\$ (1,058,035)	\$ 4,326,299



**COUNTY OF KAUAI, HAWAII**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures (Note C)	\$ <u>(5,260,890)</u>	\$ <u>(5,384,334)</u>	2,296,439	\$ <u>(3,354,474)</u>	\$ <u>(1,058,035)</u>	\$ <u>4,326,299</u>
Fund Balance - Beginning of Year July 1, 2014			<u>7,896,350</u>			
Fund Balance - End of Year June 30, 2015			\$ <u>10,192,789</u>			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.

Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.

Note C: Deficiency of budgeted revenues and other financing sources over final budgeted expenditures and other financing uses is balanced with available fund balance.

**COUNTY OF KAUAI, HAWAII**  
**LIQUOR FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Licenses and Permits:						
Business licenses, alcoholic beverage, and liquor licenses	\$ 940,608	\$ 940,608	\$ 890,396	\$ --	\$ 890,396	\$ (50,212)
Interest	1,000	1,000	4,817	--	4,817	3,817
Miscellaneous	--	--	18,335	--	18,335	18,335
Total Revenues	<u>941,608</u>	<u>941,608</u>	<u>913,548</u>	<u>--</u>	<u>913,548</u>	<u>(28,060)</u>
Expenditures - Public Safety:						
Salaries and wages	543,886	543,886	439,318	--	439,318	104,568
Social security taxes	41,607	41,607	32,218	--	32,218	9,389
Public employees' health fund	98,314	98,314	37,490	--	37,490	60,824
Workers' compensation	10,001	10,001	--	--	--	10,001
Unemployment compensation	5,000	5,000	--	--	--	5,000
Employees' retirement system	83,851	83,851	65,719	--	65,719	18,132
Employees' other post employment benefits	116,883	116,883	83,336	--	83,336	33,547
Other expenses	124,532	124,532	70,997	19,472	90,469	34,063
Equipment	1	1	--	--	--	1
Travel	92,570	92,570	50,213	--	50,213	42,357
Indirect cost	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>--</u>	<u>125,000</u>	<u>--</u>
Total Expenditures - Public Safety	<u>1,241,645</u>	<u>1,241,645</u>	<u>904,291</u>	<u>19,472</u>	<u>923,763</u>	<u>317,882</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(300,037)</u>	\$ <u>(300,037)</u>	9,257	\$ <u>(19,472)</u>	\$ <u>(10,215)</u>	\$ <u>289,822</u>
Fund Balance - Beginning of Year July 1, 2014			<u>815,671</u>			
Fund Balance - End of Year June 30, 2015			\$ <u>824,928</u>			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.  
Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.  
Note C: Deficiency of budgeted revenues and other financing sources over final budgeted expenditures and other financing uses is balanced with available fund balance.

**COUNTY OF KAUAI, HAWAII**  
**BEAUTIFICATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Licenses and permits	\$ 302,660	\$ 302,660	\$ 359,336	\$ --	\$ 359,336	\$ 56,676
Total Revenues	302,660	302,660	359,336	--	359,336	56,676
Expenditures - Highways and Streets:						
Disposal of abandoned vehicles	300,000	300,000	300,000	--	300,000	--
Beautification projects	102,660	102,660	--	--	--	102,660
Total Expenditures - Highways and Streets	402,660	402,660	300,000	--	300,000	102,660
Excess (Deficiency) of Revenues						
Over (Under) Expenditures (Note C)	\$ (100,000)	\$ (100,000)	59,336	\$ --	\$ 59,336	\$ 159,336
Fund Balance - Beginning of Year July 1, 2014			485,645			
Fund Balance - End of Year June 30, 2015			\$ 544,981			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.

Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.

Note C: Deficiency of budgeted revenues and other financing sources over final budgeted expenditures and other financing uses is balanced with available fund balance.

**COUNTY OF KAUAI, HAWAII**  
**CRIMINAL ASSETS FORFEITURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 4,328	\$ --	\$ 4,328	\$ 4,328
Miscellaneous	10,000	10,000	67,908	--	67,908	57,908
Total Revenues	10,000	10,000	72,236	--	72,236	62,236
Expenditures - Public Safety:						
Police special fund	158,774	228,775	67,413	119,062	186,475	42,300
Total Expenditures - Public Safety	158,774	228,775	67,413	119,062	186,475	42,300
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (148,774)	\$ (218,775)	4,823	\$ (119,062)	\$ (114,239)	\$ 104,536
Fund Balance - Beginning of Year July 1, 2014			1,001,479			
Fund Balance - End of Year June 30, 2015			\$ 1,006,302			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.  
Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.  
Note C: Deficiency of budgeted revenues and other financing sources over final budgeted expenditures and other financing uses is balanced with available fund balance.

**COUNTY OF KAUAI, HAWAII**  
**PUBLIC ACCESS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Revenues	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>	<u>    --</u>
Expenditures - General Government:						
Special projects	<u>1,610,427</u>	<u>1,610,427</u>	<u>11,722</u>	<u>1,436</u>	<u>13,158</u>	<u>1,597,269</u>
Total Expenditures - General Government	<u>1,610,427</u>	<u>1,610,427</u>	<u>11,722</u>	<u>1,436</u>	<u>13,158</u>	<u>1,597,269</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,610,427)</u>	<u>(1,610,427)</u>	<u>(11,722)</u>	<u>(1,436)</u>	<u>(13,158)</u>	<u>1,597,269</u>
Other Financing Sources (Uses):						
Transfers in	<u>1,610,427</u>	<u>1,610,427</u>	<u>1,610,427</u>	<u>    --</u>	<u>1,610,427</u>	<u>    --</u>
Total Other Financing Sources (Uses)	<u>1,610,427</u>	<u>1,610,427</u>	<u>1,610,427</u>	<u>    --</u>	<u>1,610,427</u>	<u>    --</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ <u>    --</u>	\$ <u>    --</u>	1,598,705	\$ <u>(1,436)</u>	\$ <u>1,597,269</u>	\$ <u>1,597,269</u>
Fund Balance - Beginning of Year July 1, 2014			<u>3,332,641</u>			
Fund Balance - End of Year June 30, 2015			\$ <u>4,931,346</u>			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.

Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.

Note C: Deficiency of budgeted revenues and other financing sources over final budgeted expenditures and other financing uses is balanced with available fund balance.

**COUNTY OF KAUAI, HAWAII**  
**PARKS AND PLAYGROUND CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 81,695	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	245,430	--	--	--	--
Total Revenues		--	327,125	--	--	--	--
Expenditures:							
Waimea District:							
Waimea Pool Roof	R14006	--	--	--	--	8,817	8,817
Kato Park Comfort Station	R14011	--	--	--	--	50,000	50,000
Total Waimea District		--	--	--	--	58,817	58,817
Kōloa District:							
Park Improvements and Equipment	W93086	325,366	4,296	329,662	--	441,720	112,058
Project Contingency, Kōloa District	W96075	26,532	--	26,532	--	26,936	404
Park Improvement Grant, Kōloa District	W96087	64,887	--	64,887	--	90,887	26,000
Kalawai Basketball Court/Tennis Court	R15104	--	--	--	--	200,000	200,000
Kalaheo Gym Improvements	R15105	--	--	--	115,420	150,000	34,580
Kalawai Park Lighting	R15107	--	12,000	12,000	278,732	300,000	9,268
Koloa Parking Lot/Playground	R15108	--	--	--	--	250,000	250,000
Po'ipū Phase II	R15109	--	--	--	--	66,473	66,473
Total Kōloa District		416,785	16,296	433,081	394,152	1,526,016	698,783
Līhu'e District:							
Park Improvements and Equipment	W93100	199,309	22,769	222,078	44,290	269,309	2,941
Park Improvement Grant, Līhu'e District	W96102	27,685	--	27,685	--	55,800	28,115
Resurface Isenberg Park Playground	R12024	320	77,718	78,038	--	105,000	26,962
Resurface Isenberg Park Basketball Court	R12025	200,000	(1,146)	198,854	--	200,000	1,146
Lydgate Pavilion & Restroom Renovation	R12026	692,567	46,794	739,361	--	797,115	57,754
Lihue Stadium Baseball Improvements	R13013	--	--	--	14,186	923,000	908,814
Lighting Retrofits	R13014	35,739	311,961	347,700	--	347,700	--
Lihue R/R Temporary Main Shelter	R14005	--	50,000	50,000	--	50,000	--
Total Līhu'e District		1,155,620	508,096	1,663,716	58,476	2,747,924	1,025,732
Kawaihau District:							
Hockey Rink (Grant)	W08021	--	--	--	--	15,700	15,700
Park Improvements and Equipment	W93116	339,462	994	340,456	--	384,483	44,027
Park Improvement Grant, Kawaihau District	W96118	30,755	--	30,755	5,000	60,755	25,000

**COUNTY OF KAUAI, HAWAII**  
**PARKS AND PLAYGROUND CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Resurface Kapa'a N/C & Pool Parking Lot	R12029	\$ --	\$ --	\$ --	\$ --	\$ 20,000	\$ 20,000
Anahola Clubhouse Parking Lot	R13011	--	--	--	--	30,000	30,000
Kapaa Soccer Field	R14009	--	--	--	276,850	300,000	23,150
Anahola Park Lighting	R15110	--	--	--	32,205	33,272	1,067
Kapaa Pool Resurfacing	R15111	--	--	--	--	230,657	230,657
Kapahi/BJBSC Comfort Station	R15112	--	--	--	--	50,000	50,000
Wailua Homestead Lighting	R15113	--	--	--	62,878	65,000	2,122
Wailua Houselots Lightiing	R15114	--	--	--	193,617	200,000	6,383
Total Kawaihau District		<u>370,217</u>	<u>994</u>	<u>371,211</u>	<u>570,550</u>	<u>1,389,867</u>	<u>448,106</u>
Hanalei District:							
Hanalei Courthouse ADA Improv/Septic System	R09003	67,944	--	67,944	28,462	817,763	721,357
North Shore Park Improvements	W92132	449,108	--	449,108	--	478,536	29,428
Park Improvements & Equipment	W93383	174,456	--	174,456	16,530	263,717	72,731
Park Improvement Grant, Hanalei District	W96134	5,750	--	5,750	--	35,750	30,000
Black Pot Restroom Improvements	R14001	66,229	1,304	67,533	43,901	421,910	310,476
Black Pot Master	R14004	--	54,767	54,767	245,233	300,000	--
Black Pot Expansion	R14017	348	--	348	--	94,427	94,079
Kilauea Gym Improvements	R15115	--	--	--	224,050	350,000	125,950
Total Hanalei District		<u>763,835</u>	<u>56,071</u>	<u>819,906</u>	<u>558,176</u>	<u>2,762,103</u>	<u>1,384,021</u>
Total Expenditures		<u>\$ 2,706,457</u>	<u>581,457</u>	<u>\$ 3,287,914</u>	<u>\$ 1,581,354</u>	<u>\$ 8,484,727</u>	<u>\$ 3,615,459</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(254,332)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(254,332)				
Fund Balance - Beginning of Year, July 1, 2014			6,397,734				
Fund Balance - End of Year, June 30, 2015			<u>\$ 6,143,402</u>				

**COUNTY OF KAUAI, HAWAII**  
**SEWER TRUST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		--	--	--	--	--	--
Expenditures:							
Facilities Reserve	W04398	1,559,158	--	1,559,158	--	1,633,157	73,999
Islandwide Scada System	W10015	39,799	158,828	198,627	166,402	365,029	--
Kuhio Hwy. Hanamaulu	W14008	--	--	--	62,078	250,000	187,922
Total Expenditures		\$ 1,598,957	158,828	\$ 1,757,785	\$ 228,480	\$ 2,248,186	\$ 261,921
Excess (Deficiency) of Revenues Over (Under) Expenditures			(158,828)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(158,828)				
Fund Balance - Beginning of Year, July 1, 2014			729,012				
Fund Balance - End of Year, June 30, 2015			\$ 570,184				



**COUNTY OF KAUAI, HAWAII**  
**DEVELOPMENT CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 22,302	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	69,529	--	--	--	--
Total Revenues		--	91,831	--	--	--	--
Expenditures:							
Project Contingency	W08002	--	--	--	--	35,568	35,568
Koloa/Poipu Inter Imp	X15105	--	--	--	--	6,500	6,500
Total Expenditures		\$ --	--	\$ --	\$ --	\$ 42,068	\$ 42,068
Excess (Deficiency) of Revenues Over (Under) Expenditures			91,831				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			91,831				
Fund Balance - Beginning of Year, July 1, 2014			2,072,259				
Fund Balance - End of Year, June 30, 2015			\$ 2,164,090				

**COUNTY OF KAUAI, HAWAII**  
**BIKEWAY CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Licenses and permits	--	\$ --	\$ 31,200	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		--	31,200	--	--	--	--
Expenditures:							
Island Wide Bike/Pedestrian Path	W05182	70,208	--	70,208	--	112,785	42,577
Total Expenditures		\$ 70,208	--	\$ 70,208	\$ --	\$ 112,785	\$ 42,577
Excess (Deficiency) of Revenues Over (Under) Expenditures			31,200				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			31,200				
Fund Balance - Beginning of Year, July 1, 2014			249,819				
Fund Balance - End of Year, June 30, 2015			\$ 281,019				

**COUNTY OF KAUAI, HAWAII**  
**HIGHWAY CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		--	--	--	--	--	--
Expenditures:							
Kapahi Bridge Replacement, Design	W05368	75,262	6,439	81,701	926	89,149	6,522
Northern Leg Kōloa Western Bypass Road FHWA	W07007	9,638	31,987	41,625	--	41,642	17
Resurfacing Various Collector Roads FHWA	W07008	36,730	23,276	60,006	98,007	284,443	126,430
Pu'uopae Bridge-Design (County Match)	W10003	65,114	6,362	71,476	14,233	120,000	34,291
Puhi Road Construction Match	W12010	338	14,290	14,628	4,000	123,711	105,083
Hanapēpē Road	W12067	1,119	11,163	12,282	3,878	50,000	33,840
Hanapēpē Bridge Ped	W12069	38	--	38	--	24,511	24,473
Comprehensive Road Maintenance Plan	W13011	127,967	52,793	180,760	79,240	260,000	--
Island Wide Resurfacing	W91354	26,522,382	--	26,522,382	101,136	26,623,518	--
Bridge Maintenance (County Match)	W96388	281,365	--	281,365	2,526	283,891	--
Speed Hump Program	W98364	74,443	--	74,443	--	142,523	68,080
Total Expenditures		\$ 27,194,396	146,310	\$ 27,340,706	\$ 303,946	\$ 28,043,388	\$ 398,736
Excess (Deficiency) of Revenues Over (Under) Expenditures			(146,310)				
Other Financing Sources:							
Transfers out			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(146,310)				
Fund Balance - Beginning of Year, July 1, 2014			848,998				
Fund Balance - End of Year, June 30, 2015			\$ 702,688				

**COUNTY OF KAUAI, HAWAII**  
**GENERAL CIP FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		--	--	--	--	--	--
Expenditures:							
FEMA Match - Repair Police Cruiser	PDE002	--	1,625	1,625	--	1,625	--
FEMA Match - Roads (Ohiki Road) Debris Removal	PWA020	--	650	650	--	1,601	951
FEMA Match - Roads (Haleilio Road) Restore	PWC001	--	2,320	2,320	--	5,000	2,680
FEMA Match - Roads (Haleko Road) Repair Shoulder	PWC002	--	4,283	4,283	--	22,539	18,256
FEMA Match - Roads (Kiowai Place) Replace	PWC003	380	380	760	--	5,091	4,331
FEMA Match - Roads (Hauaala Road) Restore	PWC006	4,875	11,057	15,932	--	20,666	4,734
FEMA Match - Roads (Kahuna Road) Repair	PWC007	34,697	258	34,955	--	107,500	72,545
FEMA Match - Roads (Ohiki Road) Restore	PWC008	741	3,872	4,613	--	9,467	4,854
FEMA Match - Roads (Kaehulua/Apopo Road)	PWC009	--	--	--	--	6,390	6,390
FEMA Match - Repair Culvert ('Anini Beach Road)	PWC012	248	649	897	--	1,020	123
FEMA Match - Roads (Pu'upilo Road)	PWC015	30,958	1,560	32,518	--	33,408	890
FEMA Match - Repair/Replace Windshields	PWE014	--	174	174	--	1,691	1,517
FEMA Match - Repair/Replace Air Compressors	PWE016	--	635	635	--	1,043	408
FEMA Match - Fire Station (Kalāheo Fire Station)	PWE018	--	--	--	--	1,173	1,173
FEMA Match - Repair Photovoltaic Panels	PWE019	6,031	--	6,031	--	6,261	230
CFD Po'ipū Beach Park	R13037	--	--	--	--	333,527	333,527
Kapaa Pool Resurfacing	R15101	--	--	--	--	5,361	5,361
Sheltered Bus Stops	T12100	--	--	--	--	34,937	34,937
Civic Center Improvements	W00225	2,150,477	--	2,150,477	123	2,150,600	--
Kapa'a New Fire Station	W05227	722,002	2,536	724,538	--	749,191	24,653
Regional Park Improvement	W06041	--	57,949	57,949	--	81,527	23,578
Island Wide Parks Improvements/Equipment	W07011	235,485	13,758	249,243	--	250,000	757
Neighborhood Centers Improvements	W07013	84,550	--	84,550	64,828	149,378	--
Kapaia Swinging Bridge	W07022	224,850	--	224,850	9,746	234,596	--
Wailua Mauka Motocross Track	W08011	83,750	--	83,750	--	99,400	15,650

**COUNTY OF KAUAI, HAWAII**  
**GENERAL CIP FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Habitat Conservation Plan	W08012	\$ 133,821	\$ --	\$ 133,821	\$ --	\$ 200,000	\$ 66,179
Aliomanu Road Revetment (Planning/Permits)	W08016	208,466	18,283	226,749	14,380	241,129	--
Pono Kai Seawall Emergency Repair	W08030	56,510	--	56,510	36	56,546	--
Moana Kai (Fujii) Shoreline Design/Permit	W08033	244,665	27,579	272,244	--	332,000	59,756
County Wide Impact Fee & Needs Assessment Study	W08035	105,382	37,068	142,450	18,550	161,000	--
Hanapēpē & Waimea Levee	W08037	398,129	3,453	401,582	--	401,582	--
Host Community Benefits-Kekaha	W09012	425,002	663,205	1,088,207	--	1,405,979	317,772
Kamalu Bridge-Stream Erosion	W10006	38,665	18,894	57,559	--	60,000	2,441
Adolescent Drug Treatment Center	W10017	63,198	5,691	68,889	431,111	500,000	--
Security Renovation - Mayors Office	W12014	41,832	--	41,832	--	50,000	8,168
Hardy Street Improvements (Match)	W12020	30,917	242	31,159	--	31,159	--
Piikoi Interior II	W12053	--	--	--	24,295	62,600	38,305
Kōloa Safe	W12065	8,105	3,984	12,089	238	15,000	2,673
CFD Complete Streets projects in Kōloa/Po'ipū Area	W13014	--	--	--	--	333,528	333,528
Park Improvement Waimea District	W96073	--	--	--	--	30,578	30,578
Planning, Zoning/Engineering System	X10002	142,183	--	142,183	--	144,364	2,181
Kapa'a Development Plan	Z10002	--	--	--	150,000	150,000	--
Total Expenditures		\$ 5,475,919	880,105	\$ 6,356,024	\$ 713,307	\$ 8,488,457	\$ 1,419,126
Excess (Deficiency) of Revenues Over (Under) Expenditures			(880,105)				
Other Financing Sources:							
Transfers In			195,000				
Transfers Out			(832,056)				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(1,517,161)				
Fund Balance - Beginning of Year, July 1, 2014			3,778,194				
Fund Balance - End of Year, June 30, 2015			\$ 2,261,033				

**COUNTY OF KAUAI, HAWAII**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 46,474	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Bond subsidies	--	--	1,041,678	--	--	--	--
Total Revenues		--	1,088,152	--	--	--	--
Expenditures:							
Alternative Energy Projects	D10106	444,533	80,345	524,878	537,837	1,254,861	192,146
Kaneiolouma Conting	D13A03	--	--	--	--	63,407	63,407
Kaneiolouma Heiau	D13303	315,000	30,000	345,000	--	350,000	5,000
KFD Helicopter Hanger	F14001	--	--	--	--	380,000	380,000
Affordable Housing	H13001	--	189,895	189,895	83,653	273,548	--
KPD Kapaa Substation	P14001	58,530	--	58,530	25,380	85,000	1,090
Lighting Retrofit	R08039	526,536	31,297	557,833	27,428	585,261	--
Park Master Plan	R09001	399,242	757	399,999	--	399,999	--
Lydgate Pond	R10009	452,928	816	453,744	--	463,744	10,000
Kapa'a Stadium Improvements	R10010	521,186	104,203	625,389	--	625,555	166
Veterans Cemetery Upgrade	R10013	114,928	30,688	145,616	62,319	551,274	343,339
Park ADA Bleachers Replacement	R10016	37,992	68,684	106,676	793,323	899,999	--
Salt Pond Beach Park Facility Improvements	R12002	--	--	--	--	73,000	73,000
Lydgate Small Pavilions Renovations	R12003	34,705	4,300	39,005	--	60,000	20,995
Vidinha Stadium Track & Field Improvements	R12037	10,269	--	10,269	--	100,000	89,731
ADA Improvements Anahola Homestead	R13001	200	--	200	--	185,000	184,800
Hanapēpē Stadium Ticket Booth	R13003	--	--	--	--	25,000	25,000
Playground Renovations Kilauea & Anahola	R13004	80,965	--	80,965	--	110,000	29,035
Playground Resurfacing Kalawai & Kōloa Park	R13005	28,017	7,485	35,502	--	40,000	4,498
Softball Field Pavilions (Peter Rayno, Isenberg)	R13006	80,400	--	80,400	--	100,000	19,600
Wailua Golf Course Replace Existing Water Lines	R13009	--	--	--	--	20,000	20,000
Līhu'e Baseball Improvements	R13A13	--	--	--	74,571	77,000	2,429
Kapaa Pool RR Recon	R14002	340,336	--	340,336	--	420,336	80,000
Waimea Pool Roof Replacement	R14003	--	--	--	--	41,183	41,183
Hanapepe Tennis Lighting	R14007	--	--	--	174,255	180,000	5,745

**COUNTY OF KAUAI, HAWAII**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Hanapepe Stadium ADA	R14010	\$ --	\$ --	\$ --	\$ --	\$ 59,828	\$ 59,828
Anahola Park Lights	R15100	--	--	--	30,672	31,728	1,056
Kapaa Pool Resurfacing	R15101	--	--	--	--	23,265	23,265
Kaumakani Gym Improvements	R15102	--	--	--	43,700	65,000	21,300
Kapaa NTP Light System	R15103	--	--	--	290,617	300,000	9,383
Comfort Station Improvements	R15116	--	--	--	209,936	210,000	64
Islandwide Skate Park	R15117	--	--	--	--	40,000	40,000
Sheltered Bus Stops	T12100	65,304	301,417	366,721	50	629,745	262,974
Trans Check In Facility	T14000	--	--	--	--	40,000	40,000
KWMCH Improvements	W02226	134,365	142,585	276,950	--	365,616	88,666
Kekaha Gardens Park	W06A44	132,004	173,206	305,210	29,804	498,170	163,156
Kekaha Gardens Park	W06B44	--	385,862	385,862	--	385,862	--
Historic County Bldg and Lihu'e Civic Ctr Improv	W06029	420,946	21,104	442,050	11,641	461,430	7,739
Historic County Bldg and Lihu'e Civic Ctr Improv	W06030	7,773,787	--	7,773,787	--	7,778,085	4,298
Regional Parks Improvements	W06041	1,030,105	60,671	1,090,776	9,224	1,100,000	--
Lihu'e Stadium Baseball Field Improvements	W06043	23,684	--	23,684	791,528	843,042	27,830
Kekaha Gardens Park	W06044	138,617	696,776	835,393	67,783	903,176	--
Bleachers County Park	W07004	--	67,505	67,505	--	71,245	3,740
Puu Road Improvements	W07014	67,500	7,500	75,000	25,000	111,325	11,325
Kapaia Swinging Bridge	W07022	--	--	--	--	231,403	231,403
Waste Reduction Consultant Services	W08001	90,246	--	90,246	--	114,191	23,945
ADA Projects Bldg Fac	W08007	779,318	--	779,318	154	779,472	--
Aliomanu Rd. Revent (Planning/Permits)	W08016	11	--	11	--	8,887	8,876
Kapaia Bridge Replacement	W08024	--	--	--	--	5,278	5,278
Pono Kai Revetment Wall	W08025	146,034	14,445	160,479	8,918	169,458	61
Hanapēpē & Waimea Levees (Irrigation/Erosion Ctrl)	W08037	30,365	40,000	70,365	84,000	154,385	20
Kanae Rd Stabilization	W09005	8,000	--	8,000	232,250	290,550	50,300
Hanapēpē Bridge Walkway	W09007	12,841	185	13,026	--	111,958	98,932
Kapa'a Baseyard 09	W09024	2,590,889	(141)	2,590,748	--	2,611,124	20,376
Islandwide Scada System	W10A15	280,476	90,688	371,164	49	371,213	--
Opaekaa Bridge-Design	W10002	73,099	4,095	77,194	22,660	100,000	146

**COUNTY OF KAUAI, HAWAII**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Piikoi Building Renovation	W10011	\$ 2,414,532	\$ 2,979	\$ 2,417,511	\$ 11,489	\$ 2,429,000	\$ --
Wailua WWTP Improvements/Renovation	W10014	430,805	92,987	523,792	658,300	1,200,000	17,908
Island Wide SCADA System Construction	W10015	88,567	2,838,151	2,926,718	1,873,282	4,800,000	--
Ele'ele WWTP Improvements/Renovation	W10016	816,615	28,920	845,535	47,965	893,500	--
Civic Center ADA Improvements	W10018	956,502	3,498	960,000	--	960,000	--
ADA Access Barrier Removal	W10020	105,309	--	105,309	156,571	261,880	--
ADA Access Barrier Removal	W10022	--	--	--	818,581	1,000,000	181,419
Rice Street Crossing Improvements	W10032	7,534	--	7,534	--	207,534	200,000
New Landfill Site Acquisition	W10037	1,691,679	287,577	1,979,256	507,079	2,489,677	3,342
Kekaha Landfill Phase II Closure	W10039	--	148,991	148,991	222,247	400,000	28,762
Safe Route Kawaihau	W10045	89,290	--	89,290	48,710	300,000	162,000
Twin Reserve EQ	W10046	--	--	--	--	100,000	100,000
Kekaha Landfill Expansion II	W10047	827,389	--	827,389	100,441	927,830	--
CIP Management System	W10051	98,748	66,092	164,840	12,785	180,000	2,375
Kekaha Landfill Expansion II	W10056	386,212	--	386,212	3,581	389,793	--
Puhi Road Construction Match	W12A10	--	--	--	--	243,261	243,261
Lihu'e Development Plan	W12008	591,324	130,745	722,069	79,575	820,000	18,356
Puhi Road Construction Phase I (County Match)	W12010	27,854	5,828	33,682	669	261,998	227,647
Kōloa Fire Station Improvements	W12012	--	--	--	--	200,000	200,000
Kalāheo Fire Station Improvements	W12013	--	--	--	--	200,000	200,000
Driver License Counter	W12015	2,588	--	2,588	36,563	40,000	849
Hardy Street Improvements	W12020	299,245	815,776	1,115,021	581,706	1,779,196	82,469
Piikoi Interior II	W12053	167,237	187,827	355,064	486,466	841,530	--
Kekaha Landfill Lateral Expansion II	W12054	438,152	4,169	442,321	120,153	597,474	35,000
Moana Kai Seawall Construction	W12055	--	--	--	948,400	1,600,000	651,600
Coco Palms STP	W12057	449,303	4,408	453,711	121,289	575,000	--
Lae Road Safety Improvements	W12058	17,430	230	17,660	36,229	100,000	46,111
Aliomanu Road Repairs	W12060	--	--	--	--	19,155	19,155
Koloa Road Safety Improvements	W12065	44	6,990	7,034	68,790	150,000	74,176
Material Recovery Facility (MRF)	W13001	43,340	26,635	69,975	173,462	500,000	256,563
Kamalu Road Culvert Replacement	W13003	--	180,006	180,006	--	200,000	19,994



**COUNTY OF KAUA'I, HAWAII**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Aliomanu Road	W13004	\$ 48,866	\$ 6,542	\$ 55,408	\$ 28,673	\$ 3,000,000	\$ 2,915,919
Auto Shop Improvements	W13005	--	--	--	--	400,000	400,000
Lihu'e Bypass Feasibility Study (County Match)	W13006	78,560	9,100	87,660	338	100,000	12,002
Fuel Management System	W13007	124,816	--	124,816	--	195,000	70,184
Hanapēpē Town Parking Lot Improvements	W13008	102,584	--	102,584	--	130,634	28,050
NPDES Compliance	W13010	--	98,900	98,900	77,708	185,000	8,392
Anini Bridge	W14001	--	--	--	--	650,000	650,000
Fuel Tanks Kapaa Baseyard	W14002	129,613	104,400	234,013	--	235,000	987
Kekaha Landfill Vertical Expansion	W14003	248,013	19,218	267,231	--	267,231	--
Wailana Bridge No.2 Pedestrian Walkway Replacemer	W14004	--	--	--	245,000	245,000	--
Salt Pond Wastewater Improvements	W14005	--	--	--	--	520,000	520,000
Waa Road Drainage Study	W14006	--	--	--	--	100,000	100,000
Complete Street Safety Improvements/Traffic Mitigator	W14009	--	9,121	9,121	31,745	150,000	109,134
Kapahi Bridge Replacement	W14011	1,199	3,180	4,379	2,000	432,851	426,472
Waimea R-1 H2O Distribution System Improvements	W14078	27,921	65,442	93,363	85,093	209,450	30,994
Fuel Tanks Hanalei	W151A1	--	--	--	--	16,051	16,051
Eiwa Street (Mall)	W15100	--	18,616	18,616	69,979	300,000	211,405
Fuel Tanks Hanalei	W15101	--	10,978	10,978	121,699	173,415	40,738
Niumalu Bridge Replacement	W15104	--	--	--	--	650,000	650,000
RPA Counter Renovation	W15105	--	--	--	--	40,000	40,000
Wailua Zone of Mix	W15106	--	36,875	36,875	463,125	500,000	--
Waewae Road Safety Improvements	W15107	--	50	50	59,195	100,000	40,755
Bridge Maintenance	W96388	--	20,395	20,395	--	25,000	4,605
Payroll/Personnel System	X10001	7,500	33,187	40,687	33,677	395,000	320,636
Planning, Zoning/Engineering System	X10002	3,841	--	3,841	--	44,428	40,587
IT Infrastructure Improvements	X10006	461,380	12,085	473,465	48,390	778,000	256,145
Document Imaging Program (Finance-IT) Multi Phase	X10008	--	41,710	41,710	--	208,531	166,821
800 MHZ Radio System Upgrade Phase II	X14001	1,977,232	1,015,000	2,992,232	3,027	3,000,000	4,741
Cashiering System	X15100	--	--	--	--	180,000	180,000
General Plan Update	Z12A03	--	86,797	86,797	169,669	256,934	468
General Plan Update	Z12003	--	57,503	57,503	510,564	568,067	--

**COUNTY OF KAUAI, HAWAII**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kōloa Development Plan	Z12004	\$ 592,359	\$ 52,560	\$ 644,919	\$ --	\$ 645,000	\$ 81
General Plan Technical Studies	Z12005	320,634	71,246	391,880	45,390	449,999	12,729
East Kauai Development Plan	Z13003	21,201	28,515	49,716	127	70,000	20,157
North Shore & Poipu Transit Corridor Study	Z14002	--	3,808	3,808	160,473	200,000	35,719
Historic Rice St DV	Z15100	--	--	--	70,000	70,000	--
Total Expenditures		<u>\$ 31,338,776</u>	<u>9,191,405</u>	<u>\$ 40,530,181</u>	<u>\$ 12,976,957</u>	<u>\$ 66,387,022</u>	<u>\$ 12,879,884</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(8,103,253)				
Other Financing Sources:							
Transfers out			<u>(443,249)</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(8,546,502)				
Fund Balance - Beginning of Year, July 1, 2014			<u>36,645,928</u>				
Fund Balance - End of Year, June 30, 2015			<u>\$ 28,099,426</u>				

**COUNTY OF KAUAI, HAWAII**  
**PUBLIC HOUSING ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Rents and Concessions:						
Pa'anau housing project	\$ 494,610	\$ 494,610	\$ 563,864	\$ --	\$ 563,864	\$ 69,254
Kalepa housing project	1,010,895	1,010,895	964,400	--	964,400	(46,495)
Other revenues	1,641,023	1,641,023	776,554	--	776,554	(864,469)
Total Revenues	<u>3,146,528</u>	<u>3,146,528</u>	<u>2,304,818</u>	<u>--</u>	<u>2,304,818</u>	<u>(841,710)</u>
Expenditures - Public Welfare:						
Revolving buy back account	1,525,000	1,525,000	35,883	119,786	155,669	1,369,331
Kalepa housing operating cost	1,296,192	1,296,192	900,744	302,985	1,203,729	92,463
Pa'anau housing operating cost	788,119	788,119	331,677	136,874	468,551	319,568
Total Expenditures	<u>3,609,311</u>	<u>3,609,311</u>	<u>1,268,304</u>	<u>559,645</u>	<u>1,827,949</u>	<u>1,781,362</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)						
Expenditures (Note C)	\$ <u>(462,783)</u>	\$ <u>(462,783)</u>	1,036,514	\$ <u>(559,645)</u>	\$ <u>476,869</u>	\$ <u>939,652</u>
Fund Balance - Beginning of Year July 1, 2014			<u>7,908,489</u>			
Fund Balance - End of Year June 30, 2015			\$ <u>8,945,003</u>			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.

Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.

Note C: Excess of expenditures over revenues is balanced with available fund balance.

Note D: Public Enterprise Housing Fund is comprised of three (3) funds: Housing Revolving Fund, Kalepa Housing Fund, and Paanau Housing Fund.

**COUNTY OF KAUAI, HAWAII**  
**SEWER ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ 47,000	\$ 47,000	\$ 34,876	\$ --	\$ 34,876	\$ (12,124)
Charges for Services:						
Sewer Charges:						
Residential	3,513,840	3,513,840	3,273,794	--	3,273,794	(240,046)
Commercial	5,490,375	5,490,375	6,003,302	--	6,003,302	512,927
Connection charge	--	--	992	--	992	992
Sludge disposal	150,000	150,000	272,043	--	272,043	122,043
Capacity assessment	185,000	185,000	3,900	--	3,900	(181,100)
Other revenues/miscellaneous	--	--	1,714	--	1,714	1,714
Total Revenues	<u>9,386,215</u>	<u>9,386,215</u>	<u>9,590,621</u>	<u>--</u>	<u>9,590,621</u>	<u>204,406</u>
Other Financing Sources (Uses):						
Transfers in	--	--	--	--	--	--
Transfers out	(699,757)	(699,757)	(699,757)	--	(699,757)	--
Other	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>(699,757)</u>	<u>(699,757)</u>	<u>(699,757)</u>	<u>--</u>	<u>(699,757)</u>	<u>--</u>
Total Revenues and Other Financing Sources (Uses)	<u>8,686,458</u>	<u>8,686,458</u>	<u>8,890,864</u>	<u>--</u>	<u>8,890,864</u>	<u>204,406</u>
Expenditures - Sanitation:						
Sanitation and Waste Removal:						
Salaries, including overtime	2,210,435	2,190,635	2,167,223	--	2,167,223	23,412
Vacation credit payout	1	16,801	16,748	--	16,748	53
Operational and administrative	2,616,559	2,622,084	2,281,859	24,242	2,306,101	315,983
Central services cost	500,000	500,000	500,000	--	500,000	--
Capital costs	235,123	237,050	87,457	104,755	192,212	44,838
SRF loan payments	1,791,202	1,586,797	1,536,721	--	1,536,721	50,076
FICA taxes	167,839	161,839	154,551	--	154,551	7,288
Public employees' health fund	178,726	225,426	196,171	--	196,171	29,255
Workers' compensation	30,001	82,001	68,372	--	68,372	13,629
Unemployment compensation	10,000	5,000	4,333	--	4,333	667
Pension contributions	362,007	353,007	348,585	--	348,585	4,422
Other employee benefits	11,552	11,552	5,555	--	5,555	5,997
Public employees' other post-employment benefit	431,149	429,055	440,742	--	440,742	(11,687)
Repair and maintenance reserve	2,132,571	2,303,824	1,030,498	1,041,414	2,071,912	231,912
Total Expenditures - Sanitation	<u>10,677,165</u>	<u>10,725,071</u>	<u>8,838,815</u>	<u>1,170,411</u>	<u>10,009,226</u>	<u>715,845</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures (Note C)	\$ <u>(1,990,707)</u>	\$ <u>(2,038,613)</u>	52,049	\$ <u>(1,170,411)</u>	\$ <u>(1,118,362)</u>	\$ <u>920,251</u>
Fund Balance - Beginning of Year July 1, 2014			<u>4,341,248</u>			
Fund Balance - End of Year June 30, 2015			\$ <u>4,393,297</u>			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.  
Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.  
Note C: Excess of expenditures over revenues is balanced with available fund balance.

**COUNTY OF KAUAI, HAWAII**  
**GOLF ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Rents and Concessions:						
Food and beverage	\$ 10,800	\$ 10,800	\$ 10,800	\$ --	\$ 10,800	\$ --
Pro shop	26,400	26,400	26,400	--	26,400	--
Range balls	--	--	--	--	--	--
Golf carts	144,000	144,000	146,680	--	146,680	2,680
Other	--	--	2,526	--	2,526	2,526
Charges for Services:						
Green fees and locker fees	1,054,000	1,054,000	956,261	--	956,261	(97,739)
Total Revenues	<u>1,235,200</u>	<u>1,235,200</u>	<u>1,142,667</u>	<u>--</u>	<u>1,142,667</u>	<u>(92,533)</u>
Other Financing Sources:						
Operating transfers from General Fund	1,145,357	1,145,357	1,171,265	--	1,171,265	25,908
Total Revenues and Other Financing Sources	<u>2,380,557</u>	<u>2,380,557</u>	<u>2,313,932</u>	<u>--</u>	<u>2,313,932</u>	<u>(66,625)</u>
Expenditures - Culture and Recreation:						
Operational and administrative	530,663	510,163	453,500	37,971	491,471	18,692
Salaries and overtime	882,722	893,742	892,609	--	892,609	1,133
Central services cost	130,000	130,000	130,000	--	130,000	--
Equipment	220,337	231,859	158,735	72,513	231,248	611
Debt service payments	189,232	194,232	194,231	--	194,231	1
FICA taxes	67,610	61,455	61,025	--	61,025	430
Public employees' health fund	112,477	123,472	123,471	--	123,471	1
Workers' compensation	36,001	35,692	32,850	--	32,850	2,842
Unemployment compensation	1,967	--	--	--	--	--
Public employees' other post-employment benefit	160,097	167,529	167,528	--	167,528	1
Pension contributions	144,143	144,893	144,469	--	144,469	424
Total Expenditures - Culture and Recreation	<u>2,475,249</u>	<u>2,493,037</u>	<u>2,358,418</u>	<u>110,484</u>	<u>2,468,902</u>	<u>24,135</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ <u>(94,692)</u>	\$ <u>(112,480)</u>	(44,486)	\$ <u>(110,484)</u>	\$ <u>(154,970)</u>	\$ <u>(42,490)</u>
Fund Balance - Beginning of Year July 1, 2014			<u>301,954</u>			
Fund Balance - End of Year June 30, 2015			\$ <u><u>257,468</u></u>			

Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.  
Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.  
Note C: Excess of expenditures over revenues is balanced with available fund balance.

**STATISTICAL SECTION  
(UNAUDITED)**

**COUNTY OF KAUAI, HAWAII**  
**STATISTICAL SECTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This part of the County of Kauai's comprehensive annual financial report represents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

---

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed.	135
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	142
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	149
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	152
Operating Information These schedules contain service, and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	154

**COUNTY OF KAUAI, HAWAII  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 2**

**TABLE 1**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 431,328,406	\$ 440,721,403	\$ 445,809,943	\$ 454,412,948	\$ 452,246,448	\$ 453,192,782	\$ 457,053,621	\$ 458,554,083 (1)	\$ 454,561,936	\$ 447,353,524
Restricted	3,315,565	13,420,619	22,805,523	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669
Unrestricted (2)	<u>37,746,609</u>	<u>48,648,173</u>	<u>51,559,176</u>	<u>50,751,859</u>	<u>67,639,803</u>	<u>65,401,348</u>	<u>51,887,401</u>	<u>23,645,923 (1)</u>	<u>9,720,128</u>	<u>(132,273,829)</u>
Total Governmental Activities Net Position	<u>472,390,580</u>	<u>502,790,195</u>	<u>520,174,642</u>	<u>531,554,316</u>	<u>542,067,435</u>	<u>536,940,167</u>	<u>516,764,276</u>	<u>493,487,776 (1)</u>	<u>476,345,231</u>	<u>325,257,364</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	37,828,270	39,686,557	40,730,017	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041
Restricted	222,950	206,728	209,537	212,528	215,791	347,335	354,625	353,600	351,925	356,210
Unrestricted (2)	<u>4,669,005</u>	<u>5,565,819</u>	<u>5,547,964</u>	<u>3,569,272</u>	<u>5,013,888</u>	<u>8,124,987</u>	<u>9,611,655</u>	<u>8,749,372</u>	<u>8,768,640</u>	<u>1,599,462</u>
Total Business-type Activities Net Position	<u>42,720,225</u>	<u>45,459,104</u>	<u>46,487,518</u>	<u>49,164,970</u>	<u>54,139,922</u>	<u>65,995,189</u>	<u>70,764,377</u>	<u>70,822,179</u>	<u>77,097,543</u>	<u>79,565,713</u>
<b>Primary Government:</b>										
Net investment in capital assets	469,156,676	480,407,960	486,539,960	499,796,118	501,156,691	510,715,649	517,851,718	520,273,290 (1)	522,538,914	524,963,565
Restricted	3,538,515	13,627,347	23,015,060	26,602,037	22,396,975	18,693,372	8,177,879	11,641,370	12,415,092	10,533,879
Unrestricted (2)	<u>42,415,614</u>	<u>54,213,992</u>	<u>57,107,140</u>	<u>54,321,131</u>	<u>72,653,691</u>	<u>73,526,335</u>	<u>61,499,056</u>	<u>32,395,295 (1)</u>	<u>18,488,768</u>	<u>(130,674,367)</u>
Total Primary Government Activities Net Position	<u>\$ 515,110,805</u>	<u>\$ 548,249,299</u>	<u>\$ 566,662,160</u>	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 564,309,955 (1)</u>	<u>\$ 553,442,774</u>	<u>\$ 404,823,077</u>

Note (1): Net position for 2013 was restated.

Note (2): Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Source: Department of Finance



**COUNTY OF KAUAI, HAWAII**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 2**

**TABLE 1A**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses (2):										
Governmental Activities:										
General government	\$ 33,358,710	\$ 35,190,626	\$ 39,970,949	\$ 38,335,085	\$ 24,423,397	\$ 28,619,780	\$ 32,774,735	\$ 36,906,688	\$ 27,367,278	\$ 34,024,945
Public safety	25,550,662	29,335,789	35,333,479	38,182,320	46,193,511	50,618,291	50,624,242	52,156,486	55,850,781	57,532,723
Public works	9,526,915	8,117,334	10,500,645	10,338,337	12,986,481	18,258,953	12,334,893	12,011,341	12,601,556	12,928,201
Highways and streets	17,183,881	18,594,377	17,545,423	21,524,749	16,394,453	18,949,545	17,913,595	19,996,535	22,563,566	19,910,018
Sanitation	9,864,324	11,188,711	10,938,661	11,123,472	13,537,765	5,342,980	22,204,359	25,685,902	24,539,377	17,909,148
Culture and recreation	3,906,040	4,884,967	9,227,909	9,028,393	9,747,006	9,924,470	10,428,386	10,791,475	13,070,021	12,301,649
Public welfare	14,217,863	16,928,885	15,983,791	22,793,755	19,690,034	17,918,206	20,393,081	22,624,202	22,774,863	20,045,106
Unallocated interest	3,208,906	3,891,634	3,793,059	3,533,452	4,235,047	6,183,785	5,029,937	6,516,418 <sup>(1)</sup>	5,388,788	5,254,055
Total Governmental Activities Expenses	<u>116,817,301</u>	<u>128,132,323</u>	<u>143,293,916</u>	<u>154,859,563</u>	<u>147,207,694</u>	<u>155,816,010</u>	<u>171,703,228</u>	<u>186,689,047 <sup>(1)</sup></u>	<u>184,156,230</u>	<u>179,905,845</u>
Business-type Activities:										
Housing	1,899,835	1,426,840	2,358,951	1,805,736	2,360,921	2,371,254	2,178,940	2,352,640	1,889,266	2,170,580
Sewer	6,899,867	9,904,507	10,450,804	11,880,555	8,113,817	7,929,242	8,250,110	13,447,969	8,758,026	9,204,476
Golf	<u>1,777,657</u>	<u>1,900,225</u>	<u>2,243,034</u>	<u>2,547,080</u>	<u>2,175,551</u>	<u>2,078,846</u>	<u>2,221,620</u>	<u>2,262,578</u>	<u>2,345,610</u>	<u>2,474,846</u>
Total Business-type Activities Expenses	<u>10,577,359</u>	<u>13,231,572</u>	<u>15,052,789</u>	<u>16,233,371</u>	<u>12,650,289</u>	<u>12,379,342</u>	<u>12,650,670</u>	<u>18,063,187</u>	<u>12,992,902</u>	<u>13,849,902</u>
Total Primary Government Expenses	<u>127,394,660</u>	<u>141,363,895</u>	<u>158,346,705</u>	<u>171,092,934</u>	<u>159,857,983</u>	<u>168,195,352</u>	<u>184,353,898</u>	<u>204,752,234 <sup>(1)</sup></u>	<u>197,149,132</u>	<u>193,755,747</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	3,841,644	4,711,497	1,760,668	1,255,167	1,213,635	1,902,063	2,145,731	3,768,037	3,032,176	6,925,672
Public safety	837,188	769,848	945,431	879,348	1,320,474	955,145	752,086	1,036,661	1,088,528	976,639
Public works	323,514	--	2,498,430	3,154,590	1,892,223	1,535,271	1,356,060	1,410,220	1,903,747	413,159
Highways and streets	4,057,622	4,171,897	4,805,717	4,590,571	4,502,931	4,535,351	4,562,679	4,613,966	4,742,390	5,680,943
Sanitation	2,949,191	2,809,018	3,750,820	3,354,320	3,297,724	3,424,598	6,088,478	6,563,506	6,500,940	8,037,799
Culture and recreation	--	--	1,927,764	963,309	3,125,628	1,977,972	691,632	672,755	558,611	886,203
Public welfare	5,031	245,583	358,192	717,163	856,836	1,039,600	1,341,366	1,427,164	1,240,109	264,652
Operating grants and contributions	17,546,160	22,618,486	17,988,403	22,839,142	22,895,230	27,062,804	22,721,365	19,892,834	23,894,202	21,787,905
Capital grants and contributions	11,093,266	19,512,094	8,236,100	8,234,214	3,475,234	2,246,061	9,325,678	13,937,055	3,730,118	5,696,219
Total Governmental Activities Program Revenues	<u>40,653,616</u>	<u>54,838,423</u>	<u>42,271,525</u>	<u>45,987,824</u>	<u>42,579,915</u>	<u>44,678,865</u>	<u>48,985,075</u>	<u>53,322,198</u>	<u>46,690,821</u>	<u>50,669,191</u>
Business-type Activities:										
Charges for services:										
Housing	1,739,947	1,373,695	2,045,264	1,287,720	1,856,832	2,374,889	1,791,502	1,749,444	1,665,781	2,285,109
Sewer	6,765,638	7,261,012	6,917,012	6,134,764	6,235,984	6,661,118	7,030,940	8,854,282	8,401,285	9,586,721
Golf	1,349,750	1,466,149	1,486,256	1,393,469	1,574,515	1,283,586	1,203,219	1,171,155	1,131,791	1,142,667
Operating grants and contributions	--	--	--	--	--	--	--	--	--	--
Capital grants and contributions	<u>219,627</u>	<u>2,545,047</u>	<u>4,722,536</u>	<u>8,978,609</u>	<u>1,016,676</u>	<u>476,403</u>	<u>6,496,784</u>	<u>5,711,909</u>	<u>5,698,224</u>	<u>7,954,930</u>
Total Business-type Activities Program Revenues	<u>10,074,962</u>	<u>12,645,903</u>	<u>15,171,068</u>	<u>17,794,562</u>	<u>10,684,007</u>	<u>10,795,996</u>	<u>16,522,445</u>	<u>17,486,790</u>	<u>16,897,081</u>	<u>20,969,427</u>
Total Primary Government Program Revenues	<u>\$ 50,728,578</u>	<u>\$ 67,484,326</u>	<u>\$ 57,442,593</u>	<u>\$ 63,782,386</u>	<u>\$ 53,263,922</u>	<u>\$ 55,474,861</u>	<u>\$ 65,507,520</u>	<u>\$ 70,808,988</u>	<u>\$ 63,587,902</u>	<u>\$ 71,638,618</u>

Note (1): Unallocated Interest expense for 2013 was restated.

Note (2): Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

**COUNTY OF KAUA'I, HAWAII**  
**CHANGES IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 2**

**TABLE 1A**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Revenue (Expense) (2):										
Governmental activities	\$ (76,163,685)	\$ (73,293,900)	\$ (101,022,391)	\$ (108,871,739)	\$ (104,627,779)	\$ (111,137,145)	\$ (122,718,153)	\$ (133,366,849) (1)	\$ (137,465,409)	\$ (129,236,654)
Business-type activities	(502,397)	(585,669)	118,279	1,561,191	(1,966,282)	(1,583,346)	3,871,775	(576,397)	3,904,179	7,119,525
Total Primary Government Net Revenue (Expense):	<u>(76,666,082)</u>	<u>(73,879,569)</u>	<u>(100,904,112)</u>	<u>(107,310,548)</u>	<u>(106,594,061)</u>	<u>(112,720,491)</u>	<u>(118,846,378)</u>	<u>(133,943,246) (1)</u>	<u>(133,561,230)</u>	<u>(122,117,129)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
General Revenues:										
Property taxes	68,908,818	78,156,850	86,725,636	91,880,683	92,466,366	87,579,128	80,871,076	82,008,842	93,133,721	106,772,994
Public service company tax	2,806,947	3,889,486	3,214,499	4,379,129	4,097,986	3,020,565	4,226,609	4,247,316	4,437,498	4,243,704
Franchise tax	3,334,197	3,656,782	4,072,274	4,900,021	3,258,208	3,901,854	4,594,943	4,746,998	4,652,839	4,518,532
Fuel tax	3,808,757	5,972,756	4,217,665	3,940,446	3,596,214	4,163,471	3,948,687	3,929,570	4,518,532	5,168,937
Unrestricted grants and contributions	14,307,884	14,624,733	15,080,972	13,690,485	13,152,231	16,425,594	15,407,463	14,661,865	14,571,286	16,007,524
Investments earnings	3,435,815	5,589,283	5,836,149	2,493,940	4,476,847	2,326,500	1,168,610	1,115,555	1,347,124	933,116
Transfers	(540,816)	(575,000)	(740,357)	(1,033,291)	(5,906,954)	(11,407,235)	(4,062,142)	(619,797)	(2,338,126)	(471,508)
Total Governmental Activities General Revenues and Transfers	<u>96,061,602</u>	<u>111,314,890</u>	<u>118,406,838</u>	<u>120,251,413</u>	<u>115,140,898</u>	<u>106,009,877</u>	<u>106,155,246</u>	<u>110,090,349</u>	<u>120,322,874</u>	<u>137,173,299</u>
Business-type Activities:										
General Revenues:										
Unrestricted grants and contributions	--	--	--	--	1,005,279	2,000,000	--	14,402	--	--
Investment earnings	84,591	130,030	169,778	82,970	29,001	31,378	55,468	--	33,818	19,709
Extraordinary items	364,081	--	--	--	--	--	--	--	--	--
Transfers	540,816	575,000	740,357	1,033,291	5,906,954	11,407,235	4,062,142	619,797	2,338,126	471,508
Total Business-type Activities General Revenues and Transfers	<u>989,488</u>	<u>705,030</u>	<u>910,135</u>	<u>1,116,261</u>	<u>6,941,234</u>	<u>13,438,613</u>	<u>4,117,610</u>	<u>634,199</u>	<u>2,371,944</u>	<u>491,217</u>
Total Primary Government Program Revenues	<u>97,051,090</u>	<u>112,019,920</u>	<u>119,316,973</u>	<u>121,367,674</u>	<u>122,082,132</u>	<u>119,448,490</u>	<u>110,272,856</u>	<u>110,724,548</u>	<u>122,694,818</u>	<u>137,664,516</u>
Changes in Net Position (2):										
Governmental activities	19,897,917	38,020,990	17,384,447	11,379,674	10,513,119	(5,127,268)	(16,562,907)	(23,276,500) (1)	(17,142,535)	7,936,645
Business-type activities	487,091	119,361	1,028,414	2,677,452	4,974,952	11,855,267	7,989,385	57,802	6,276,123	7,610,742
Total Primary Government Changes in Net Position	<u>\$ 20,385,008</u>	<u>\$ 38,140,351</u>	<u>\$ 18,412,861</u>	<u>\$ 14,057,126</u>	<u>\$ 15,488,071</u>	<u>\$ 6,727,999</u>	<u>\$ (8,573,522)</u>	<u>\$ (23,218,698) (1)</u>	<u>\$ (10,866,412)</u>	<u>\$ 15,547,387</u>

Note (1): Net Revenue (Expense) for 2013 was restated.

Note (2): Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Source: Department of Finance

**COUNTY OF KAUAI, HAWAII  
GOVERNMENT - WIDE NET POSITION  
LAST TEN FISCAL YEARS (UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 2**

**TABLE 1B**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assets and deferred outflows of resources (2):										
Governmental activities	\$ 620,767,798	\$ 650,531,583	\$ 684,752,946	\$ 692,955,754	\$ 753,265,199	\$ 753,176,265	\$ 737,054,972	\$ 723,427,510 (1)	\$ 712,445,231	\$ 729,292,205
Business-type activities	55,150,896	59,400,214	59,636,214	67,357,779	74,859,599	86,138,149	91,897,068	94,207,076	99,972,859	110,605,113
Total Assets - Primary Government	675,918,694	709,931,797	744,389,160	760,313,533	828,124,798	839,314,414	828,952,040	817,634,586 (1)	812,418,090	839,897,318
Liabilities and deferred inflows of resources (2):										
Governmental activities	148,377,218	147,741,388	164,578,304	161,401,438	211,197,764	216,236,098	220,290,696	228,520,422 (1)	236,100,000	404,034,841
Business-type activities	12,430,671	13,941,110	13,148,696	18,192,809	20,719,677	20,142,960	21,132,691	23,384,897	22,875,316	31,039,400
Total Liabilities - Primary Government	160,807,889	161,682,498	177,727,000	179,594,247	231,917,441	236,379,058	241,423,387	251,905,319 (1)	258,975,316	435,074,241
Net Position:										
Net investment in capital assets										
Governmental activities	431,328,406	440,721,403	445,809,943	454,412,948	452,246,448	453,192,782	457,053,621	458,554,083 (1)	454,561,936	447,353,524
Business-type activities	37,828,270	39,686,557	40,730,017	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041
Restricted by enabling legislation:										
Governmental activities	--	--	--	--	--	--	--	--	--	--
Business-type activities	222,950	206,728	209,537	212,528	215,791	347,335	354,625	353,600	351,925	356,210
Restricted, other:										
Governmental activities	3,315,565	13,420,619	22,805,523	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669
Business-type activities	--	--	--	--	--	--	--	--	--	--
Unrestricted net position (2):										
Governmental activities	37,746,609	48,648,173	51,559,176	50,751,859	67,639,803	65,401,348	51,887,401	23,645,923 (1)	9,720,128	(132,273,829)
Business-type activities	4,669,005	5,565,819	5,547,964	3,569,272	5,013,888	8,124,987	9,611,655	8,749,372	8,768,640	1,599,462
Total Net Position - Primary Government	\$ 515,110,805	\$ 548,249,299	\$ 566,662,160	\$ 580,719,286	\$ 596,207,357	\$ 602,935,356	\$ 587,528,653	\$ 564,309,955 (1)	\$ 553,442,774	\$ 404,823,077

Note (1): Total Assets and Deferred Outflows of Resource, Total Liabilities and Net Position for 2013 was restated.

Note (2): Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Source: Department of Finance

**COUNTY OF KAUAI, HAWAII**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 4**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 2**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	--	--	--	--	--	490,000	490,000	490,000	490,000	490,000
Committed	6,822,011	7,660,813	6,820,122	9,761,486	6,634,688	5,411,603	8,602,156	7,649,170	8,531,741	9,959,330
Assigned	11,718,098	13,932,311	14,069,602	11,535,434	19,066,623	47,749,807 (3)	20,234,694	12,700,967	4,104,319	927,398
Unassigned	11,579,162	20,790,848	24,335,040	32,844,060	43,098,792	--	15,368,459	12,782,584	18,928,505	27,950,825
Total General Fund	<u>30,119,271</u>	<u>42,383,972</u>	<u>45,224,764</u>	<u>54,140,980</u>	<u>68,800,103</u>	<u>53,651,410</u>	<u>44,695,309</u>	<u>33,622,721</u>	<u>32,054,565</u>	<u>39,327,553</u>
All Other Governmental Funds:										
Non-spendable	6,931,371	4,391,698	4,187,914	3,544,187	3,600,866 (2)	3,363,311 (4)	2,769,119	2,284,346	1,926,775	1,555,424
Restricted	7,953,501	7,616,138	9,341,702	10,000,961	13,273,466 (2)	11,417,538 (4)	8,135,743	10,759,583	8,530,195	9,590,391
Committed	11,655,259	10,109,023	16,961,674	16,179,876	15,661,985 (2)	18,793,384	19,664,847	14,997,103	22,075,355	22,775,602
Assigned	61,246,137	69,493,785	75,608,191	68,439,470	106,014,099	100,757,185	81,570,384	73,781,703	52,451,430	45,053,079
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<u>87,786,268</u>	<u>91,610,644</u>	<u>106,099,481</u>	<u>98,164,494</u>	<u>138,550,416</u>	<u>134,331,418</u>	<u>112,140,093</u>	<u>101,822,735</u>	<u>84,983,755</u>	<u>78,974,496</u>
Total Fund Balances (Note 1)	<u>\$ 117,905,539</u>	<u>\$ 133,994,616</u>	<u>\$ 151,324,245</u>	<u>\$ 152,305,474</u>	<u>\$ 207,350,519</u>	<u>\$ 187,982,828</u>	<u>\$ 156,835,402</u>	<u>\$ 135,445,456</u>	<u>\$ 117,038,320</u>	<u>\$ 118,302,049</u>

Note (1): The Total Fund Balances for the fiscal years 2004 through 2008 have been restated as a result of a fund balance reclassification made in fiscal year 2009.

Note (2): The June 30, 2010 CAFR reported incorrect amounts between these three categories.

Note (3): The June 30, 2011 CAFR General Fund balance was restated.

Note (4): The June 30, 2011 CAFR reported incorrect amounts between these two categories.

Source: Department of Finance

**COUNTY OF KAUA'I, HAWAII**  
**CHANGES IN GOVERNMENTAL FUND BALANCES**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**TABLE 2A**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Taxes	\$ 78,675	\$ 90,913	\$ 98,572	\$ 105,140	\$ 102,425	\$ 94,343 (1)	\$ 93,470	\$ 95,035	\$ 107,410	\$ 120,492
Licenses and permits	6,780	6,948	7,975	8,253	7,400	6,847	6,778	7,132	7,878	9,953
Rents and concessions	737	713	727	956	907	916	639	649	488	488
Interest	3,354	5,012	5,836	3,009	4,896	2,708	1,379	297	1,347	933
Intergovernmental revenue	41,359	49,506	41,291	44,764	37,214	43,780	44,779	46,802	41,126	42,308
Charges for current services	4,110	4,202	4,911	4,424	4,366	5,583	8,591	9,220	9,877	11,567
Bond subsidy	--	--	--	--	--	971 (2)	1,138	1,138	1,045	1,042
Miscellaneous	1,975	2,934	2,434	766	3,117	1,642	720	3,310	824	1,177
<b>Total Revenues</b>	<b>136,990</b>	<b>160,228</b>	<b>161,746</b>	<b>167,312</b>	<b>160,325</b>	<b>156,790</b>	<b>157,494</b>	<b>163,583</b>	<b>169,995</b>	<b>187,960</b>
<b>Expenditures:</b>										
General government	30,938	35,358	33,461	37,371	26,682	28,285	29,850	32,943	29,342	33,921
Public safety	24,979	27,122	32,894	35,613	43,607	47,547	48,153	49,049	52,225	55,961
Public works	6,990	6,881	9,468	8,727	11,232	16,395	10,454	9,699	10,146	10,275
Highways and streets	12,115	12,298	11,273	15,312	10,089	13,146	11,965	15,037	16,537	14,144
Sanitation	9,458	10,315	9,773	9,834	12,313	11,385	17,928	13,087	13,554	16,282
Culture and recreation	3,471	4,288	7,839	8,223	9,715	9,252	9,852	9,500	11,548	10,512
Public welfare	14,889	16,491	15,637	22,375	19,957	20,192	19,758	22,018	21,980	18,924
Capital outlay	13,625	20,299	17,523	21,342	24,597	18,109	27,733	25,916	22,567	15,890
<b>Debt Service:</b>										
Principal	3,435	4,130	3,230	4,766	4,713	5,824	4,808	4,584	6,642	6,830
Interest	2,538	4,389	3,797	3,597	3,971	5,888	5,575	4,970	5,425	5,300
<b>Total Expenditures</b>	<b>122,438</b>	<b>141,571</b>	<b>144,895</b>	<b>167,160</b>	<b>166,876</b>	<b>176,023</b>	<b>186,076</b>	<b>186,803</b>	<b>189,966</b>	<b>188,039</b>
Excess of Revenues										
Over (Under) Expenditures	\$ 14,552	\$ 18,657	\$ 16,851	\$ 152	\$ (6,551)	\$ (19,233)	\$ (28,582)	\$ (23,220)	\$ (19,971)	\$ (79)
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 18,927	\$ 24,834	\$ 30,210	\$ 21,085	\$ 29,852	\$ 28,081	\$ 18,570	\$ 28,406	\$ 21,788	\$ 20,251
Transfers out	(19,468)	(25,409)	(30,951)	(22,118)	(30,675)	(32,327)	(22,631)	(29,026)	(24,122)	(20,722)
Refunding bonds issued	--	--	--	--	--	--	--	--	--	--
Bonds issued	42,180	--	--	--	60,000	-- (2)	--	--	--	--
Premium on bonds issued	1,327	--	--	--	--	--	--	--	--	--
Payments to refunded bond										
escrow agency	(4,120)	--	--	--	--	--	--	--	--	--
Capital leases	--	1,346	485	1,862	1,686	3,699	732	2,451	3,898	1,814
Insurance proceeds	--	--	--	--	733	413	--	--	--	--
Claims proceeds	--	--	--	--	--	--	764	--	--	--
Sale of capital assets	--	--	--	--	--	--	--	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>38,846</b>	<b>771</b>	<b>(256)</b>	<b>829</b>	<b>61,596</b>	<b>(134)</b>	<b>(2,565)</b>	<b>1,831</b>	<b>1,564</b>	<b>1,343</b>
<b>Net Change in Fund Balances</b>	<b>\$ 53,398</b>	<b>\$ 19,428</b>	<b>\$ 16,595</b>	<b>\$ 981</b>	<b>\$ 55,045</b>	<b>\$ (19,367)</b>	<b>\$ (31,147)</b>	<b>\$ (21,389)</b>	<b>\$ (18,407)</b>	<b>\$ 1,264</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	5.49%	7.02%	5.52%	5.74%	6.10%	7.42%	6.56% (3)	5.94%	7.21%	7.05%

Note (1): Revenues for 2011 were restated.

Note (2): A new line item labeled revenues from bond subsidy has been added. Revenues previously reported in the June 30, 2011 CAFR were reclassified from other financing sources, bonds issued to revenues from bond subsidy.

Note (3): Correction to the percentage reported on the CAFR for the year ended June 30, 2012.

**COUNTY OF KAUAI, HAWAII**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 2B**

Fiscal Year	General Government	Public Safety	Public Works	Highways and Streets	Sanitation	Culture and Recreation	Public Welfare	Capital Outlay	Debt Service	Total
2006	\$ 30,938,083	\$ 24,978,616	\$ 6,989,820	\$ 12,942,120	\$ 9,586,216	\$ 3,471,439	\$ 14,888,594	\$ 14,319,976	\$ 5,973,225	\$ 124,088,089
2007	35,358,095	27,122,412	6,880,628	12,298,214	10,314,722	4,288,112	16,491,419	20,298,857	8,518,611	141,571,070
2008	33,461,254	32,894,024	9,467,945	11,273,415	9,772,708	7,839,158	15,637,506	17,522,714	7,026,605	144,895,329
2009	37,370,973	35,613,140	8,726,473	15,312,333	9,834,250	8,223,353	22,374,453	21,342,674	8,362,697	167,160,346
2010	26,681,875	43,607,071	11,231,776	10,089,042	12,313,226	9,714,650	19,957,368	24,597,117	8,684,119	166,876,244
2011	28,284,779	47,547,543	16,394,758	13,145,902	11,384,978	9,252,478	20,191,922	18,108,631	11,712,358	176,023,349
2012	29,850,216	48,152,876	10,453,780	11,964,857	17,928,104	9,851,517	19,758,515	27,732,637	10,383,400	186,075,902
2013	32,942,851	49,049,481	9,699,584	15,036,593	13,087,281	9,500,518	22,017,600	25,915,954	9,554,012	186,803,874
2014	29,342,392	52,225,235	10,146,402	16,536,725	13,553,839	11,547,644	21,980,197	22,567,374	12,067,137	189,966,945
2015	33,920,947	55,961,380	10,274,971	14,144,217	16,281,938	10,511,496	18,923,802	15,890,238	12,130,333	188,039,322

Note (1): Includes general, special revenue, capital projects and debt service funds.

Source: Department of Finance

**COUNTY OF KAUAI, HAWAII  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 3**

Fiscal Year	Tax Levy			Collected within the Fiscal Year of the Levy			Total Collections to Date		
				Tax	Percent of	Collections in	Tax	Percent of	
	Total Tax Levy	Adjustments in Subsequent Years	Total Tax Levy After Adjustments	Collections (1)	Levy	Subsequent Years	Collections (1)	Levy	
2006	\$ 68,197,925	\$ 418,980	\$ 68,616,905	\$ 67,374,208	98.8 %	\$ 1,242,142	\$ 68,616,350	99.999 %	
2007	76,971,763	14,907	76,986,670	75,336,422	97.9	1,590,959	\$ 76,927,381	99.923	
2008	86,373,611	20,417	86,394,028	84,617,913	98.0	1,715,551	\$ 86,333,464	99.930	
2009	91,063,419	541,294	91,604,713	88,762,923	97.5	2,768,968	\$ 91,531,891	99.921	
2010	91,292,733	362,621	91,655,354	89,160,050	97.7	2,418,287	\$ 91,578,337	99.916	
2011	83,621,720	(487,107)	83,134,613	81,866,842	97.9	1,196,152	\$ 83,062,994	99.914	
2012	80,337,961	(629,363)	79,708,598	78,588,196	97.8	1,020,496	\$ 79,608,692	99.875	
2013	80,013,943	(15,072)	79,998,871	78,429,057	98.0	1,263,889	\$ 79,692,946	99.618	
2014	91,842,667	243,975	92,086,642	90,317,284	98.3	1,015,449	\$ 91,332,733	99.181	
2015	107,139,250	—	107,139,250	105,651,792	98.6	—	\$ 105,651,792	98.612	

Note (1): Current and delinquent tax collections do not include penalties and interest.

Source: Department of Finance

**COUNTY OF KAUAI, HAWAII**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1-2**

**TABLE 4**

Fiscal Year	Gross Assessed Value (1)			Exemptions	Net Taxable Value	Total Direct Tax Rate	Ratio (%) of Net Taxable to Estimated Actual Value
	Land	Buildings	Total				
2006	\$ 5,592,330	\$ 4,826,028	\$ 10,418,358	\$ 1,217,165	\$ 9,201,193	\$ 6.09	88.3
2007	9,131,641	6,247,984	15,379,625	1,625,247	13,754,378	5.47	89.4
2008	10,982,938	7,426,225	18,409,163	1,571,487	16,837,676	5.36	91.5
2009	12,604,914	8,412,021	21,016,935	1,725,331	19,291,604	5.37	91.8
2010	12,277,191	8,330,593	20,607,784	1,672,707	18,935,077	5.38	91.9
2011	10,559,729	7,880,358	18,440,087	1,681,649	16,758,438	5.37	90.9
2012	9,864,222	7,783,351	17,647,573	1,800,878	15,846,695	5.42	89.8
2013	9,452,552	7,846,372	17,298,924	1,987,430	15,311,494	5.44	88.5
2014	n/a	n/a	17,868,948	2,068,710	15,800,238	6.04	87.9
2015	n/a	n/a	19,040,292	2,927,020	16,113,272	6.70	84.0

Note (1): Personal property is not taxed in the County of Kauai.  
Taxable properties are assessed at 100% of estimated fair market value.  
Values presented exclude government exemptions.

The total direct tax rate represents the weighted average of all the individual direct rates applied by the County of Kauai.  
Valuations have been changed since the June 30, 2009 CAFR was issued.

Note (2): As of fiscal year 2014 the Real Property Tax Division no longer maintains a breakdown between taxable land and taxable building valuations.  
(n/a): Indicates that information is not available.

Source: Department of Finance, Real Property Tax Division



**COUNTY OF KAUAI, HAWAII**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2006	Single Family Residential	\$ 1,768,692	\$5.14	\$ 734,466	\$4.30	\$ 2,503,158
	Homestead	1,236,636	4.00	742,734	3.44	1,979,370
	Agriculture	1,076,592	7.60	283,130	4.30	1,359,722
	Conservation	145,799	8.10	18,804	4.30	164,603
	Hotel/resort	317,818	8.20	1,015,875	7.95	1,333,693
	Apartment	268,610	8.20	808,944	7.95	1,077,554
	Commercial	311,273	8.20	265,885	7.95	577,158
	Industrial	95,494	8.20	110,441	7.95	205,935
	Total	<u>\$ 5,220,914</u>		<u>\$ 3,980,279</u>		<u>\$ 9,201,193</u>
2007	Single Family Residential	\$ 2,867,202	\$4.00	\$ 944,233	\$4.30	\$ 3,811,435
	Homestead	2,431,743	4.00	1,135,329	3.44	3,567,072
	Agriculture	1,489,497	6.95	362,744	4.30	1,852,241
	Conservation	201,369	6.95	23,816	4.30	225,185
	Hotel/resort	399,382	6.95	1,189,674	7.95	1,589,056
	Apartment	417,594	6.95	1,112,398	7.95	1,529,992
	Commercial	529,327	6.95	358,499	7.95	887,826
	Industrial	165,194	6.95	126,377	7.95	291,571
	Total	<u>\$ 8,501,308</u>		<u>\$ 5,253,070</u>		<u>\$ 13,754,378</u>
2008	Single Family Residential	\$ 4,158,997	\$4.00	\$ 1,248,938	\$4.30	\$ 5,407,935
	Homestead	3,790,456	4.00	1,548,740	3.44	5,339,196
	Agriculture	2,038,783	6.95	495,648	4.30	2,534,431
	Conservation	245,695	6.95	25,743	4.30	271,438
	Hotel/resort	457,181	6.95	1,540,091	7.95	1,997,272
	Apartment	498,494	6.95	1,539,314	7.95	2,037,808
	Commercial	580,964	6.95	401,520	7.95	982,484
	Industrial	189,235	6.95	139,117	7.95	328,352
	Total	<u>\$ 11,959,805</u>		<u>\$ 6,939,111</u>		<u>\$ 18,898,916</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2009*	Single Family Residential	\$ 4,250,036	\$3.95	\$ 1,312,835	\$4.25	\$ 5,562,871
	Homestead	3,553,716	4.00	1,639,610	3.44	5,193,326
	Agriculture	2,030,151	6.90	508,407	4.25	2,538,558
	Conservation	321,264	6.90	25,799	4.25	347,063
	Hotel/resort	526,907	6.90	1,716,803	7.90	2,243,710
	Apartment	512,669	6.90	1,523,212	7.90	2,035,881
	Commercial	620,012	6.90	430,013	7.90	1,050,025
	Industrial	179,825	6.90	140,345	7.90	320,170
	Total	<u>\$ 11,994,580</u>		<u>\$ 7,297,024</u>		<u>\$ 19,291,604</u>
2010	Single Family Residential	\$ 3,983,986	\$3.95	\$ 1,440,943	\$4.25	\$ 5,424,929
	Homestead	3,142,703	4.00	1,665,718	3.44	4,808,421
	Agriculture	1,789,664	6.90	606,715	4.25	2,396,379
	Conservation	282,104	6.90	28,847	4.25	310,951
	Hotel/resort	853,348	6.90	1,548,564	7.90	2,401,912
	Apartment	905,714	6.90	1,264,879	7.90	2,170,593
	Commercial	609,334	6.90	475,418	7.90	1,084,752
	Industrial	185,209	6.90	151,931	7.90	337,140
	Total	<u>\$ 11,752,062</u>		<u>\$ 7,183,015</u>		<u>\$ 18,935,077</u>
2011	Single Family Residential	\$ 3,399,041	\$3.95	\$ 1,517,505	\$4.25	\$ 4,916,546
	Homestead	2,594,045	4.00	1,504,084	3.44	4,098,129
	Agriculture	1,497,499	6.90	646,375	4.25	2,143,874
	Conservation	240,567	6.90	38,785	4.25	279,352
	Hotel/resort	784,254	6.90	1,322,080	7.90	2,106,334
	Apartment	762,925	6.90	1,026,807	7.90	1,789,732
	Commercial	600,359	6.90	467,576	7.90	1,067,935
	Industrial	206,957	6.90	149,579	7.90	356,536
	Total	<u>\$ 10,085,647</u>		<u>\$ 6,672,791</u>		<u>\$ 16,758,438</u>

**COUNTY OF KAUA'I, HAWAII**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2012	Single Family Residential	\$ 3,012,544	\$3.95	\$ 1,551,602	\$4.25	\$ 4,564,146
	Homestead	2,263,350	4.00	1,443,463	3.44	3,706,813
	Agriculture	1,512,526	6.90	650,188	4.25	2,162,714
	Conservation	236,149	6.90	33,964	4.25	270,113
	Hotel/resort	773,560	6.90	1,275,984	7.90	2,049,544
	Apartment	770,859	6.90	995,317	7.90	1,766,176
	Commercial	563,209	6.90	424,745	7.90	987,954
	Industrial	184,851	6.90	154,384	7.90	339,235
	Total	<u>\$ 9,317,048</u>		<u>\$ 6,529,647</u>		<u>\$ 15,846,695</u>
2013	Single Family Residential	\$ 2,921,737	\$4.85	\$ 1,595,484	\$4.25	\$ 4,517,221
	Homestead	2,093,573	3.05	1,378,141	3.05	3,471,714
	Agriculture	1,426,037	6.90	717,931	4.25	2,143,968
	Conservation	216,421	6.90	46,109	4.25	262,530
	Hotel/resort	708,705	7.14	1,207,471	8.20	1,916,176
	Apartment	735,925	6.90	948,496	7.90	1,684,421
	Commercial	541,194	6.90	430,905	7.90	972,099
	Industrial	184,873	6.90	158,492	7.90	343,365
	Total	<u>\$ 8,828,465</u>		<u>\$ 6,483,029</u>		<u>\$ 15,311,494</u>

**COUNTY OF KAUAI, HAWAII**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

**TABLE 5**

Fiscal Year	Class of Property	Net Valuation for Tax Rate	Tax Rates Per \$1,000
2014	Residential	\$ 5,247,983	\$5.75
	Vacation Rental	2,410,922	8.00
	Commercial	970,225	8.00
	Industrial	348,850	8.00
	Agriculture	694,360	6.75
	Conservation	93,306	6.75
	Hotel/Resort	2,019,582	9.00
	Homestead	4,015,007	3.05
	Total	<u>\$ 15,800,235</u>	
2015	Residential	\$ 5,593,126	\$6.05
	Vacation Rental	2,631,776	8.85
	Commercial	986,307	8.10
	Industrial	344,376	8.10
	Agriculture	766,282	6.75
	Conservation	76,791	6.75
	Hotel/Resort	2,222,843	10.85
	Homestead	3,491,771	3.05
	Total	<u>\$ 16,113,272</u>	

Note (1): Amounts presented net of real property tax exemption and 50% appeals.

Note (2): As of fiscal year 2014 the Real Property Tax Division changed the classes of property and no longer maintains a breakdown between taxable land and taxable building valuations.

\* Valuations have been changed since the June 30, 2009 CAFR was issued.

Source: Department of Finance, Real Property Tax Division

**COUNTY OF KAUA'I, HAWAII**  
**COMPARISON OF PRINCIPAL TAXPAYERS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2006 (UNAUDITED)**

**TABLE 6**

<b>FISCAL YEAR 2015</b>					
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott	Resort Development	\$ 444,232,900	\$ 4,819,928	2.7 %
2	Kawailoa Development (Grand Hyatt Poipu)	Resort Development	226,299,500	2,455,349	1.4
3	SVO Pacific Inc.	Resort Development	217,308,100	2,357,792	1.3
4	Kauai Lagoons	Real Estate Development	215,668,900	2,174,812	1.3
5	Kukui'ula	Real Estate Development	241,995,000	1,930,969	1.5
6	Princeville	Real Estate Development	136,732,800	1,518,727	0.8
7	Grove Farm	Real Estate Development	189,989,300	1,423,132	1.1
8	Poipu Resort Partners (Pointe at Poipu)	Resort Development	123,084,000	1,335,461	0.7
9	Princeville Hotel LP	Resort Development	108,149,900	1,172,683	0.6
10	Poipu Beach Partners LLC (Koloa Landing)	Resort Development	114,339,700	960,836	0.7
			<u>\$ 2,017,800,100</u>	<u>\$ 20,149,689</u>	<u>12.1 %</u>
<b>FISCAL YEAR 2006</b>					
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Kukui'ula Development Co. LLP	Real Estate Development	\$ 70,660,000	\$ 1,925,355	0.5 %
2	Marriott Kauai Ownership	Real Estate Development	212,676,900	1,635,892	1.5
3	Kawailoa Development	Resort Development	164,250,000	1,288,988	1.2
4	Poipu Resort Partnership	Resort Development	144,667,900	1,249,742	1.0
5	Pahio Management Inc.	Resort Development	145,550,000	1,135,307	1.0
6	Princeville Hotel	Resort Accommodations	58,900,100	923,935	0.4
7	Princeville Corporation	Resort Development	79,122,700	876,609	0.6
8	Grove Farm Company, Inc.	Real Estate Development	68,676,700	570,851	0.5
9	Eric A. Knudsen Trust	Resort Development	55,945,800	433,137	0.4
10	Lawai Beach Resort	Real Estate Holdings	43,648,100	338,352	0.3
			<u>\$ 1,044,098,200</u>	<u>\$ 10,378,168</u>	<u>7.4 %</u>

Source: Department of Finance, Real Property Tax Division

**COUNTY OF KAUAI, HAWAII**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 7**

Fiscal Year	Governmental Activities (1)		Business-type Activities (1)				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases	Sewer Loans			
2006	\$ 79,963,061	\$ 505,462	\$ 1,772,630	\$ 1,040,000	\$ --	\$ 8,307,381	\$ 91,588,534	4.70 %	\$ 1,478
2007	76,289,985	1,345,045	1,664,353	895,000	--	10,222,582	90,416,965	4.32	1,441
2008	73,491,909	1,355,155	1,551,076 (3)	740,000	--	9,142,867	86,281,007	3.74	1,351
2009	69,503,833	2,396,136	1,422,799 (3)	575,000	--	14,071,350	87,969,118	3.83	1,363
2010	125,775,757	3,054,047	1,289,523 (3)	395,000	--	17,492,700	148,007,027	6.23	2,202
2011	121,877,681	4,783,617	1,151,245 (3)	205,000	--	17,283,261	145,300,804	5.87	2,146
2012	119,026,446	3,697,053	1,007,967 (3)	--	33,221	18,238,387	142,003,074	5.40	2,075
2013	116,792,135	4,178,948	859,689	--	292,317	20,194,396	142,317,485	5.21	2,047
2014	112,995,000	5,644,489	705,000	--	470,676	19,166,416	138,981,581	n/a	n/a
2015	108,745,000	4,878,543	540,000	--	550,168	18,871,239	133,584,950	n/a	n/a

Note (1): Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Note (2): See the Schedule of Demographic Statistics for personal income and population data.

Note (3): Correction to the amount reported on the CAFR for the year ended June 30, 2012.

(n/a): Indicates information currently not available.

**COUNTY OF KAUAI, HAWAII**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-4**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 7A**

Fiscal Year	Governmental Activities General Obligation Bonds (1)	Business-type Activities General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2006	\$ 79,963,061	\$ 1,772,630	\$ 3,630,000	\$ 78,105,691	0.85 %	\$ 1,261
2007	76,289,985	1,664,353	2,588,839	75,365,499	0.55	1,201
2008	73,491,909	1,551,076 (4)	3,580,002	71,462,983	0.42	1,119
2009	69,503,833	1,422,799 (4)	3,685,000	67,241,632	0.35	1,042
2010	125,775,757	1,289,523 (4)	6,650,089	120,415,191	0.64	1,791
2011	121,877,681	1,151,245 (4)	4,105,154	118,923,772	0.71	1,757
2012	119,026,446	1,007,967	483,340	119,551,073	0.75	1,747
2013	116,792,135	859,689	2,744,837	114,906,987	0.75	1,653
2014	112,995,000	705,000	161,837	113,538,163	0.71	n/a
2015	108,745,000	540,000	161,837	109,123,163	0.67	n/a

Note (1): Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Note (2): See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

Note (3): See the Schedule of Demographic Statistics for personal income and population data.

Note (4): Correction to statistics reported prior to the CAFR for the year ended June 30, 2012.

(n/a): Indicates information currently not available.

**COUNTY OF KAUA'I, HAWAII**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 2**

**TABLE 8**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit (1)	\$2,063,156,700	\$2,525,651,400	\$2,906,898,900	\$2,893,740,600	\$2,840,261,550	\$2,513,765,700	\$2,377,004,250	\$ 2,296,724,100	\$ 2,370,035,700	\$ 2,416,990,800
Debt applicable to limit	<u>75,310,000</u>	<u>75,296,160</u>	<u>69,911,906</u>	<u>65,818,833</u>	<u>119,125,668</u>	<u>117,772,527</u>	<u>118,543,106</u>	<u>114,047,298</u>	<u>112,833,163</u>	<u>108,745,000</u>
Legal debt margin (2)	<u>\$1,987,846,700</u>	<u>\$2,450,355,240</u>	<u>\$2,836,986,994</u>	<u>\$2,827,921,767</u>	<u>\$2,721,135,882</u>	<u>\$2,395,993,173</u>	<u>\$2,258,461,144</u>	<u>\$ 2,182,676,802</u>	<u>\$ 2,257,202,537</u>	<u>\$ 2,308,245,800</u>
Debt applicable to the limit as a percentage of debt limit	3.65%	2.98%	2.41%	2.27%	4.19%	4.69%	4.98%	4.96%	4.76%	4.49%

Note (1): State finance statutes limit the County's outstanding general debt to no more than 15 percent of the net assessed value of property.

Note (2): The legal debt margin is the County's available borrowing authority under State finance statutes and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.

Source: Department of Finance

Legal Debt Margin Calculation for Fiscal Year 2015

Net assessed value	<u>\$16,113,272,000</u>
Debt limit (15% of net assessed value)	2,416,990,800
Debt applicable to limit	<u>108,745,000</u>
Legal debt margin	<u>\$ 2,308,245,800</u>



**COUNTY OF KAUAI, HAWAII**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-5**

**TABLE 9**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (3) (millions of dollars)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2006	61,950	31,481	1,950	9,524	2.3
2007	62,761	33,356	2,093	9,392	2.5
2008	63,875	36,093	2,305	9,399	4.5
2009	64,529	35,560	2,295	9,260	9.3
2010	67,217	35,304	2,373	9,362	8.7
2011	67,701	36,520	2,472	9,496	8.8
2012	68,434	38,392	2,627	9,530	7.4
2013	69,512	39,251	2,728	8,839	5.7
2014	n/a	n/a	n/a	6,924	4.8
2015	n/a	n/a	n/a	n/a	n/a

Note (1): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (2): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (3): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (4): State of Hawai'i Department of Education.

Note (5): U.S. Department of Labor Bureau of Labor Statistics.

Population includes Armed Forces and their dependents.

(n/a): Indicates information currently not available.

**COUNTY OF KAUAI, HAWAII  
JOBS BY INDUSTRY  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 10**

Fiscal Year	Construction	Transportation Communication Utilities	Wholesale & Retail Trade	Services	Lodging	Medical	Finance Insurance Real Estate	Agriculture	Government
2006	1,750	1,700	4,550	11,150	4,150	2,150	1,250	700	4,250
2007	1,850	1,700	4,750	11,450	4,400	2,200	1,200	650	4,300
2008	2,050	1,550	4,650	11,400	4,150	2,250	1,200	600	4,400
2009	1,550	1,400	4,250	10,400	3,650	2,250	1,200	600	4,450
2010	1,600	1,400	4,300	10,500	3,800	2,300	1,100	550	4,400
2011	1,300	1,400	4,300	10,600	4,200	2,300	1,200	600	4,400
2012	1,300	1,400	4,200	10,800	4,100	2,300	1,300	n/a	4,600
2013	1,300	1,500	4,400	11,200	4,200	2,500	1,400	n/a	4,500
2014	1,200	1,500	4,400	11,600	4,200	2,500	1,400	n/a	4,600
2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(n/a): Indicates information currently not available.

Source: State of Hawaii Data Book.

**COUNTY OF KAUAI, HAWAII  
REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 11**

Fiscal Year	Gross Receipts (2)	Operating Expenses (3)	Net Receipts Available for Debt Service	Debt Service Requirement (1)			Coverage
				Principal	Interest	Total	
2006	\$ 1,739,947	\$ 1,270,961	\$ 468,986	\$ 135,000	\$ 85,188	\$ 220,188	\$ 248,798
2007	1,373,695	809,496	564,199	145,000	75,400	220,400	343,799
2008	2,045,264	1,743,636	301,628	155,000	64,887	219,887	81,741
2009	1,287,720	1,046,270	241,450	165,000	53,650	218,650	22,800
2010	1,856,833	1,318,393	538,440	180,000	41,687	221,687	316,753
2011	2,374,888	1,562,449	812,439	190,000	28,637	218,637	593,802
2012	1,791,502	1,384,305	407,197	205,000	14,862	219,862	187,335
2013	1,749,444	1,350,025	399,419	--	--	--	399,419
2014	1,665,781	1,105,777	560,004	--	--	--	560,004
2015	2,285,109	1,387,091	898,018	--	--	--	898,018

Note (1): Includes principal and interest of revenue bonds only. It does not include the general obligation or public improvement bonds.

Note (2): Receipts include contribution from HOME Investment Partnership Program Grant fund and residual bond proceeds used for the redemption of outstanding bond principal.

Note (3): Operating expenses do not include depreciation expense.

Source: Department of Finance

**COUNTY OF KAUAI, HAWAII**  
**MISCELLANEOUS STATISTICS**  
**FISCAL YEAR ENDED JUNE 30, 2015 (UNAUDITED)**

**TABLE 12**

Date of incorporation:	January 4, 1905
Date first charter adopted:	January 2, 1969
Form of government:	Mayor/Council
Number of employees (excluding fire and police):	886
Permanent	636
Temporary	20
Exempt	199
Contract	31
Area in square miles:	627
County facilities and services:	
Miles of streets	309.5
Number of streetlights	2,936
Number of County facilities:	
Community centers	9
Camping parks	7
Recreational parks	67
Gymnasiums	3
Swimming pools	2
Golf courses	1
Tennis courts	24
Baseball and softball fields	17
Basketball courts	22
Volleyball courts	2
Soccer fields	18
Auditoriums	1
Stadiums	3
Fire protection:	
Number of stations	8
Number of fire personnel and officers	199
Number of calls answered	5,924
Number of inspections conducted	3,049
Police protection:	
Number of stations	5
Number of police personnel	204
Number of patrol units	93
Number of police officers	147
Number of law violations:	
Physical arrest	3,998
Traffic violations	20,805
Parking violations	2,594

**COUNTY OF KAUAI, HAWAII**  
**MISCELLANEOUS STATISTICS (CONTINUED)**  
**FISCAL YEAR ENDED JUNE 30, 2015 (UNAUDITED)**

**TABLE 12**

Sewage system:	
Number of treatment plants	4
Number of service connections:	
Residential	4,803
Commercial	560
Daily average treatment in gallons	2,300,000
Maximum daily capacity of treatment plant in gallons	5,500,000
Water system:	
Miles of water mains	443.41
Number of service connections	21,669
Number of fire hydrants	2,778
Annual water consumption in gallons	4.02 billion
Maximum daily capacity of plant in gallons	26.2 million
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	9
Number of elementary school instructors	317
Number of middle schools	3
Number of middle school instructors	124
Number of secondary schools	3
Number of secondary school instructors	190
Number of community colleges	1
Hospitals:	
Number of hospitals	3
Number of patient beds	111
Elections - 2012 general election:	
Number of registered voters	41,869
Number of votes cast	24,043
Percentage of registered voters voting	57.4%

**COUNTY OF KAUAI, HAWAII**  
**MISCELLANEOUS STATISTICS (CONTINUED)**  
**FISCAL YEAR ENDED JUNE 30, 2015 (UNAUDITED)**

**TABLE 12**

Building Permits:

<u>Fiscal Year</u>	<u>Number of Permits Issued</u>	<u>Value of Permits</u>
2006	1,415	313,378,413
2007	1,310	342,564,486
2008	1,547	473,380,482
2009	1,402	428,638,994
2010	1,272	193,934,914
2011	1,174	148,556,347
2012	1,386	187,620,246
2013	1,758	311,699,460
2014	2,087	253,496,415
2015	2,176	394,773,361

Source: Building Division, County of Kauai

**COUNTY OF KAUAI, HAWAII**  
**MISCELLANEOUS STATISTICS (CONTINUED)**  
**FISCAL YEAR ENDED JUNE 30, 2015 (UNAUDITED)**

**TABLE 12**

Tourism Sector:

<u>Fiscal Year</u>	<u>Total Visitors (000)</u>	<u>Avg. Length of Stay (days)</u>	<u>Total Room Stock (000)</u>	<u>Avg. Daily Census (000)</u>
2006	1,181.8	6.4	8.2	20.7
2007	1,299.0	6.2	8.6	22.2
2008	1,030.6	7.0	9.2	19.8
2009	928.1	7.4	9.5	18.7
2010	964.7	7.5	9.3	19.7
2011	1,011.5	7.5	9.8	20.8
2012	1,084.6	7.5	8.2	22.3
2013	1,114.3	7.6	8.6	23.3
2014	1,117.7	7.7	8.4	23.5
2015	n/a	n/a	n/a	n/a

(n/a): Indicates information currently not available.

Sources: State Department of Business, Economic Development and Tourism, Hawai'i  
Tourism Authority, Visitor Research Annual Reports

**COUNTY OF KAUAI, HAWAII**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS**  
**LAST NINE FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

Principal Non-Government Employers as of 2014			TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
RANK	BUSINESS NAME	TYPE OF BUSINESS		
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	881	3.55%
2	WILCOX HEALTH	HOSPITAL	832	3.35%
3	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.21%
4	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	499	2.01%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	344	1.38%
6	SHERATON KAUAI RESORT	HOTEL	296	1.19%
7	SYGENTA CORP	AGRICULTURE	260	1.04%
8	AQUA KAUAI BEACH RESORT	HOTEL	200	0.80%
9	SHIOI CONSTRUCTION	CONSTRUCTION	179	0.72%
10	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	168	0.67%

Source: Pacific Business News, August 14, 2015 Publication  
State of Hawaii Data Book 2014

Principal Non-Government Employers as of 2013			TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
RANK	BUSINESS NAME	TYPE OF BUSINESS		
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	941	3.85%
2	WILCOX MEMORIAL HOSPITAL	HOSPITAL	605	2.47%
3	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.25%
4	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	491	2.01%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	325	1.33%
6	SHERATON KAUAI RESORT	394-ROOM HOTEL	308	1.26%
7	KAUAI BEACH RESORT	350-ROOM CONDO HOTEL	250	1.02%
8	KAUAI MEDICAL CLINIC	HEALTH CLINIC	234	0.95%
9	SHIOI CONSTRUCTION INC.	CONSTRUCTION COMPANY	179	0.73%
10	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	168	0.68%

Source: Pacific Business News, August 22, 2014 Publication  
State of Hawaii Data Book 2013



**COUNTY OF KAUAI, HAWAII**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)**  
**LAST NINE FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

Principal Non-Government Employers as of 2012			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	946	4.03%
2	WILCOX MEMORIAL HOSPITAL	72 BED HOSPITAL	719	3.06%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	569	2.42%
4	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	489	2.08%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	325	1.38%
6	PIONEER HI-BRED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	320	1.36%
7	ASTON ALOHA BEACH HOTEL	216-ROOM HOTEL	290	1.23%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	285	1.21%
9	BAYADA HOME HEALTH CARE	HOME CARE AND HABILITATION SERVICES	242	1.03%
10	KAUAI BEACH RESORT	350-ROOM CONDO HOTEL	242	1.03%

Source: Pacific Business News, August 30, 2013 Publication  
State of Hawaii Data Book 2012

Principal Non-Government Employers as of 2011			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	830	3.44%
2	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	607	2.52%
3	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	504	2.09%
4	WILCOX MEMORIAL HOSPITAL	71 BED HOSPITAL	488	2.02%
5	KAUAI MARRIOTT RESORT	356-ROOM HOTEL	436	1.81%
6	WAL-MART	DISCOUNT RETAILER	365	1.51%
7	'OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING, INTERMEDIATE CARE & DAY CARE	350	1.45%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	250	1.04%
9	KAUAI BEACH RESORT	350-ROOM HOTEL	217	0.90%
10	KAUAI MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.88%

Source: Pacific Business News, August 26, 2011 Publication  
State of Hawaii Data Book 2011

**COUNTY OF KAUA'I, HAWAII**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)**  
**LAST NINE FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

Principal Non-Government Employers as of 2010			TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
RANK	BUSINESS NAME	TYPE OF BUSINESS		
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	900	3.79%
2	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	598	2.52%
3	WILCOX MEMORIAL HOSPITAL	71 BED HOSPITAL	488	2.05%
4	THE ST. REGIS PRINCEVILLE RESORT	252-ROOM HOTEL	426	1.79%
5	WAL-MART	DISCOUNT RETAILER	345	1.45%
6	'OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING, INTERMEDIATE CARE & DAY CARE	300	1.26%
7	SHERATON KAUAI RESORT	394-ROOM HOTEL	284	1.20%
8	ALEXANDER & BALDWIN INC.	AGRICULTURE, REAL ESTATE, OCEAN TRANSPORTATION	271	1.14%
9	KAUAI BEACH RESORT	350-ROOM HOTEL	230	0.97%
10	KAUAI MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.90%

Source: Pacific Business News, August 27, 2010 Publication  
State of Hawai'i Data Book 2010

Principal Non-Government Employers as of 2009			TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
RANK	BUSINESS NAME	TYPE OF BUSINESS		
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	997	4.23%
2	KAUAI MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	564	2.39%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	529	2.25%
4	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	486	2.06%
5	WAL-MART	DISCOUNT RETAILER	417	1.77%
6	BIG SAVE, INC.	RETAIL GROCER	410	1.74%
7	THE ST. REGIS PRINCEVILLE RESORT	252-ROOM HOTEL	336	1.43%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	309	1.31%
9	HILTON KAUAI BEACH RESORT	350-ROOM HOTEL	250	1.06%
10	NURSEFINDERS OF KAUAI	HOME CARE AND BEHAVIORAL HEALTH SERVICES	238	1.01%

Source: Pacific Business News, July 31, 2009 Publication  
State of Hawai'i Data Book 2009

**COUNTY OF KAUAI, HAWAII**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)**  
**LAST NINE FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

Principal Non-Government Employers as of 2008			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	997	3.82%
2	KAUAI MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	564	2.16%
3	ITT CORP. SYSTEMS DIVISION	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	538	2.06%
4	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	497	1.90%
5	WAL-MART	DISCOUNT RETAILER	417	1.60%
6	BIG SAVE, INC.	RETAIL GROCER	412	1.58%
7	PRINCEVILLE RESORT	252-ROOM HOTEL	400	1.53%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	327	1.25%
9	HILTON KAUAI BEACH RESORT	350-ROOM HOTEL	297	1.14%
10	OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING AND INTERMEDIATE CARE	256	0.98%

Source: Pacific Business News, August 1, 2008 Publication  
State of Hawaii Data Book 2008

Principal Non-Government Employers as of 2007			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	949	3.55%
2	KAUAI MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	558	2.09%
3	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	502	1.88%
4	WAL-MART	DISCOUNT RETAILER	409	1.53%
5	PRINCEVILLE RESORT	252-ROOM HOTEL	394	1.48%
6	SHERATON KAUAI RESORT	394-ROOM HOTEL	322	1.21%
7	HILTON KAUAI BEACH RESORT	350-ROOM HOTEL	244	0.91%
8	GAY & ROBINSON INC.	GROWS SUGAR CANE AND CATTLE RANCHING	235	0.88%
9	WEST KAUAI MEDICAL CENTER	HOSPITAL	208	0.78%
10	KAUAI MEDICAL CLINIC	PRIVATE, NONPROFIT COMMUNITY MEDICAL GROUP	201	0.75%

Source: Pacific Business News, July 27, 2007 Publication  
State of Hawaii Data Book 2007

**COUNTY OF KAUAI, HAWAII**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)**  
**LAST NINE FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

Principal Non-Government Employers as of 2006			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	950	3.68%
2	KAUAI MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	558	2.16%
3	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	505	1.95%
4	WAL-MART KAUAI	DISCOUNT RETAILER	404	1.56%
5	PRINCEVILLE RESORT	252-ROOM HOTEL	400	1.55%
6	SHERATON KAUAI RESORT	394-ROOM HOTEL	289	1.12%
7	KAUAI MEDICAL CLINIC	PRIVATE, NONPROFIT COMMUNITY MEDICAL GROUP	245	0.95%
8	GAY & ROBINSON INC.	GROWS SUGAR CANE AND CATTLE RANCHING	239	0.92%
9	KAUAI VETERANS MEMORIAL HOSPITAL	ACUTE HOSPITAL WITH EMERGENCY ROOM	195	0.75%
10	WEST KAUAI MEDICAL CENTER	GENERAL HOSPITAL AND OUTPATIENT CLINICS	171	0.66%

Source: Pacific Business News, July 28, 2006 Publication  
State of Hawaii Data Book 2006

Principal Non-Government Employers as of 2005			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	900	3.54%
2	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	369	1.45%
3	WAL-MART KAUAI	DISCOUNT RETAILER	351	1.38%
4	GAY & ROBINSON INC.	GROWS SUGAR CANE AND CATTLE RANCHING	270	1.06%
5	COURTYARD BY MARRIOTT KAUAI	RESORT HOTEL	160	0.63%
6	KAUAI ISLAND UTILITY COOPERATIVE	ELECTRIC SERVICE	153	0.60%
7	ALOHA BEACH RESORT	RESORT HOTEL	152	0.60%
8	KAUAI VETERANS MEMORIAL HOSPITAL	CRITICAL CARE HOSPITAL	140	0.55%
9	SAMUEL MAHELONA MEMORIAL HOSPITAL	LONG-TERM CARE HOSPITAL	114	0.45%
10	GARDEN ISLE HEALTHCARE	SKILLED NURSING FACILITY	100	0.39%

Note (1) Statistical Information not available for 2015

**COUNTY OF KAUAI, HAWAII**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 2**

**TABLE 14**

	Full-time Equivalent Employees as of June 30									
Function:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General government	272	281	271	278	291	305	318	318	337	327
Public Safety:										
Police	181	172	180	193	184	188	195	195	202	210
Fire	154	163	168	190	183	201	197	197	194	196
Civil Defense	4	4	4	4	4	5	5	5	5	4
Public works	171	187	88	107	98	96	105.5	107.5	109.5	94.5
Highways and streets	77	76	79	79	79	80	79	76	76	77
Sanitation	69	68	73	75	75	75	73.5	74.5	74.5	75.5
Culture and recreation	24	25	107	107	103	103.5	109.5	109.5	214.5	109.5
Public welfare	88	85	85	98	94	102	110	110	113	114
Total Governmental Activities Employees	1,040	1,061	1,055	1,131	1,111	1,155.5	1,192.5	1,192.5	1,325.5	1,207.5
Business-type Activities:										
Housing	24	25	26	29	27	28	29	29	27	25
Sewer	35	34	36	35	36	36	36	36	38	39
Golf	20	22	22	22	22	21.5	21.5	21.5	21.5	20.5
Total Business-type Employees	79	81	84	86	85	85.5	86.5	86.5	86.5	84.5
Total Primary Government Employees	1,119	1,142	1,139	1,217	1,196	1,241	1,279	1,279	1,412	1,292

Note (1): As of fiscal year 2008, a new Department of Parks and Recreation was established. Therefore, positions previously reported under the Department of Public Works were transferred to the Department of Parks and Recreation.

Note (2): Prior to fiscal year 2008, Culture and Recreation reflected the Agency on Recreation employees. Parks employees were reported under Public Works. Starting fiscal year 2008, all of the employees of the Department of Parks and Recreation are reported under Culture and Recreation, with the exception of Golf activities. Full-time equivalents include permanent, temporary, exempt and contract positions.

Sources: County of Kauai Department of Personnel Services  
County of Kauai Department of Public Works  
County of Kauai Department of Finance

**COUNTY OF KAUAI, HAWAII  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 4**

**TABLE 15**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
Police:										
Physical arrests	5,109	2,820	2,907	3,315	3,070	4,368	3,579	3,482	4,260	3,998
Parking violations	1,997	1,636	1,799	1,740	1,673	2,031	2,992	2,945	2,279	2,594
Traffic violations	9,231	12,670	12,747	14,112	17,020	20,345	17,672	15,140	19,106	20,805
Fire:										
Number of calls answered	4,630	4,840	5,013	4,669	4,584	4,970	5,363	5,529	5,689	5,924
Inspections	2,517	3,340	3,359	2,696	2,763	2,437	2,175	2,582	2,791	3,049
Highways and Streets:										
Street resurfacing (miles)	11.05	11.00	13.60	17.00	17.50	10.20	0	9.13	8.42	0
Sanitation:										
Refuse collected (tons/day)	88.6	95.3	99.4	77.8	63.0 (4)	63.0	63.0	63.0	63.0	57.7
Culture and Recreation:										
Athletic field permits issued	8,480 (1)	5,882 (2)	5,146 (2)	7,309 (2)	7,797 (2)	7,193 (2)	7,374 (2)	4,670 (2)	6,153 (2)	25,307 (2)
Community center admissions	12,377	7,605 (3)	7,436 (3)	8,098 (3)	9,463 (3)	10,109 (3)	23,395 (3)	94,407 (3)	108,000 (3)	113,320 (3)
Water:										
Number of service connections	19,564	19,825	19,957	20,102	20,490	21,148	21,271	20,976	21,590	21,669
Annual water consumption in gallons	4,466,000	4,490,000	4,663,000	4,407,000	4,249,000	4,263,000	4,085,000	4,504,000	3,997,000	4,002,000
Wastewater:										
Average daily sewage treatment in gallons	2,720,222	2,720,000	2,550,000	2,550,000	2,550,000	2,550,000	2,450,000	2,300,000	2,300,000	2,300,000

Note (1): In 2006, the number of athletic field permits issued is calculated by adding every day of use on each permit issued.

Note (2): Since the establishment of the parks department in 2007, these numbers reflect the number of athletic field permits issued. It is noted that a permit may entitle the user to multiple days of usage.

Note (3): Since the establishment of the parks department in 2007, the number of community center admissions reflect the total reservations by users at the neighborhood centers that includes all rooms, centers and gyms at all sites.

Note (4): Prior year correction noted by the Department of Public Works, Solid Waste Division.

Indicators are not available for the general government function.

Source: County of Kauai

**COUNTY OF KAUA'I, HAWAI'I**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 4**

**TABLE 16**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	116	88	88	88	88	90	82	101	100	93
Fire stations	7	7	7	7	7	8	8	8	8	8
Sanitation:										
Collection trucks	7 (1)	9 (1)	9 (1)	8	6	7	7	7	7	8
Highways and Streets:										
Streets (miles)	307	307	307	307	308	308	308	308	309.5	309.5
Streetlights	2,767	2,790	2,797	2,797	2,877	2,902	2,902	2,982	2,921	2936
Traffic signals	2	2	3	3	3	3	3	3	3	3
Culture and Recreation:										
Parks acreage	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04
Parks	74	74	74	74	74	74	74	74	74	74
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)
Community centers	11 (3)	11 (3)	11 (3)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)
Water:										
Water mains (miles)	416	420	422	422	439	443	443	443	443	443
Fire hydrants	2,406	2,465	2,492	2,517	2,586	2,632	2,654	2,707	2,778	2,778
Maximum daily capacity (thousands of gallons)	22,147,000	20,590,000	26,140,000	27,040,000	27,436,000	27,436,000	26,200,000	26,200,000	26,200,000	26,200,000
Sewer:										
Sanitary sewers (miles)	50	50	50	50	50	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	4,500,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	5,000,000	5,500,000	5,500,000

Note (1): From 2006 through 2008, one old truck was retained as a spare.

Note (2): 10 tennis court locations, 24 playing courts.

Note (3): Includes 9 neighborhood centers, Anahola clubhouse and Smokey Valley clubhouse.

Note (4): Includes 9 neighborhood centers, Anahola clubhouse, Smokey Valley clubhouse, Hanapēpē multi-purpose room, former Kōloa court house and former Hanalei court house. Indicators are not available for the general government function.

Source: County of Kaua'i