



The Department of Finance

Fiscal Year 2019 Annual Report

July 1, 2018 – June 30, 2019

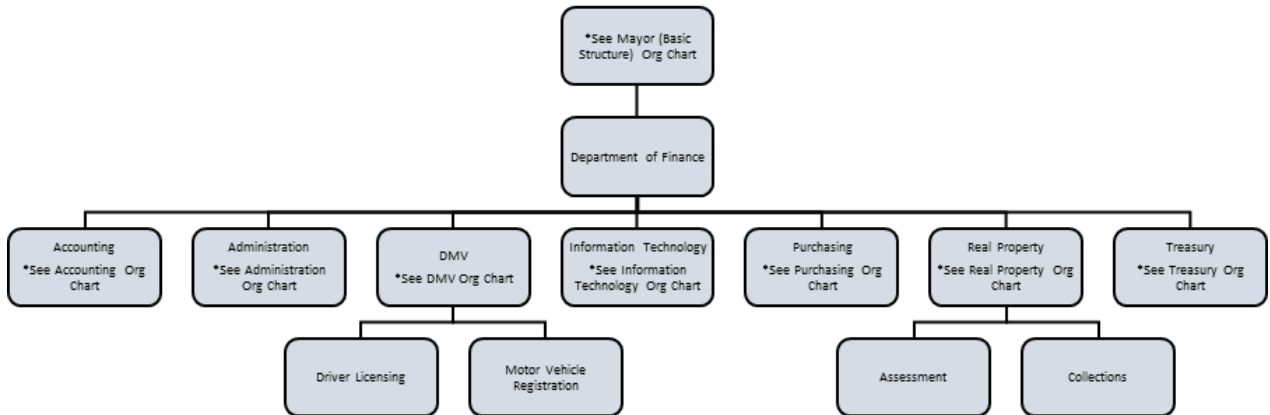
Reiko Matsuyama
Director

DEPARTMENT OF FINANCE

BUDGET—Consolidated Financial Results

General Fund - Fiscal Year Ended June 30, 2019				
Finance - Consolidated Summary				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 7,531,012	\$ 7,014,286	\$ 516,726	6.86%
Services, Dues, Consult., Grants	\$ 2,860,967	\$ 2,608,302	\$ 252,665	8.83%
Utilities, Insurance, Fuels	\$ 1,827,672	\$ 1,605,722	\$ 221,950	12.14%
Other Operating	\$ 1,100,835	\$ 988,262	\$ 112,573	10.23%
Claims, Rental, Loans, Debt Svc.	\$ 1,022,995	\$ 369,273	\$ 653,722	63.90%
R&M, Facilities, & Equip.	\$ 470,205	\$ 454,598	\$ 15,607	3.32%
Training, Travel	\$ 86,389	\$ 43,103	\$ 43,286	50.11%
Indirect Cost	\$ (2,680,000)	\$ (2,684,872)	\$ 4,872	0.18%
Total	\$ 12,220,075	\$ 10,398,673	\$ 1,821,402	14.90%

ORGANIZATIONAL CHART – Overall



ADMINISTRATIVE DIVISION

Reiko Matsuyama, Director of Finance
Michelle Lizama, Deputy Director of Finance

I. MISSION STATEMENT

To provide effective and efficient financial services to the people of Kauai and to all that we serve by establishing and maintaining a financial system that can properly account for its activities.

II. DIVISION GOALS/DUTIES

A. Duties/Functions

1. Under the authority of Section 10.04 of the County Charter, the Director of Finance or the Deputy Director of Finance in the absence of the Director of Finance shall be the chief accounting, risk management coordinator, fiscal and budget officer of the county.
2. To provide guidance and managerial oversight of various divisions within the Department of Finance.
3. To prepare the annual Operating and Capital budget ordinances within a structurally sustainable framework and to administer the budget functions of the County in accordance with all applicable laws and regulations.
4. Analyze potential risk and procure mitigating insurance coverage to limit the County's exposure to said risk.

B. Department Goals

1. To continue a fiscally sound approach of County finances to ensure that expenditures do not exceed the resources available and adhere to the long-term financial and reserve plan policies adopted for the County of Kaua'i.
2. Improve financial transparency within the County and to the general public.

I. PROGRAM DESCRIPTION

A. Objectives

1. Overall financial management of the County, including monitoring and improvement upon the County's financial position, and the oversight and assistance to all County of Kaua'i departments with regard to their

budgets, revenues, and expenditures.

2. To ensure all funds received by the County of Kaua'i are managed in accordance to the special conditions of the appropriation/award of the funds by providing timely financial information in a user friendly format.
3. Minimize potential risk relative to property, liability to third parties, and human resources. Promote risk management as a component of strategic planning and as a major budget item.

B. Highlights

1. Continued adherence to the Long-Term Financial Plan policies adopted by the Council; 1) Reserve Fund (revised), and 2) Structurally Balanced Budget Policy.
2. Continued growth in General Fund fund balance and continued improvements to transparency portal reporting by adding additional reports available for public viewing.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Administration				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Utilities, Insurance, Fuels	\$ 1,767,950	\$ 1,556,086	\$ 211,864	11.98%
Services, Dues, Consult., Grants	\$ 1,293,195	\$ 1,198,391	\$ 94,804	7.33%
Claims, Rental, Loans, Debt Svc.	\$ 987,698	\$ 335,714	\$ 651,984	66.01%
Employee & Related	\$ 644,189	\$ 578,091	\$ 66,098	10.26%
Training, Travel	\$ 16,650	\$ 7,109	\$ 9,541	57.31%
Other Operating	\$ 9,428	\$ 9,018	\$ 410	4.35%
R&M, Facilities, & Equip.	\$ 1	\$ -	\$ 1	100.00%
Total	\$ 4,719,111	\$ 3,684,409	\$ 1,034,702	21.93%

V. ACCOMPLISHMENTS/EVALUATION

Director and Deputy Director are still learning the processes and functions throughout the department. In order to make improvements, we need to get comfortable with the systems and processes that are currently in place. There are substantial changes to be made and we look forward to the challenge.

ACCOUNTING DIVISION

Renee M. Yadao, Accounting Systems Administrator

I. MISSION STATEMENT

To continuously strive towards excellence in providing accurate and timely financial information, demonstrate the utmost integrity and transparency, while continuing to ensure compliance with applicable federal, state and local laws and regulations.

II. DIVISION GOALS/DUTIES

A. Duties/Functions

1. Compliance with Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) pronouncements, prepare accurate, timely, and reliable financial reports for decision-making.
2. Maintain and preserve the integrity of the accounting system for 34 County funds and ensure that accurate and timely financial information is provided to all County Departments and/or Agencies.
3. Provide guidance and oversight of financial procedures to all County Departments and/or Agencies.
4. Maintain internal controls over financial procedures, develop policies and procedures that foster fiscal and fiduciary responsibilities to ensure compliance with applicable federal, state and local laws and regulations.

B. Department Goals

1. Promote growth, mentor, train, and retain our Accounting team in an environment that foster trust, value, transparency, and accountability.

III. PROGRAM DESCRIPTION

A. Objectives

1. The Accounting Division provides centralized accounting services, financial reporting, accounts receivable, accounts payable, capital asset management, and vendor maintenance including 1099 reporting for all county-wide operations.
2. The Accounting Division's primary objectives are to: 1) Report

accurately, all financial related information in a timely manner and 2) Strive to promote transparency, streamline processes to increase efficiencies, effectiveness, and consistency throughout County-wide operations.

B. Highlights

1. The Accounting Division has continued to streamline and improve processes while maintaining the integrity of the accounting system to ensure accurate and timely financial and accounting information is provided.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Accounting				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 1,137,492	\$ 829,305	\$ 308,187	27.09%
Services, Dues, Consult., Grants	\$ 163,293	\$ 150,175	\$ 13,118	8.03%
Training, Travel	\$ 12,800	\$ 9,817	\$ 2,983	23.31%
Other Operating	\$ 10,324	\$ 9,707	\$ 617	5.98%
Claims, Rental, Loans, Debt Svc.	\$ 8,500	\$ 8,202	\$ 298	3.50%
R&M, Facilities, & Equip.	\$ 1	\$ -	\$ 1	100.00%
Indirect Cost	\$ (2,680,000)	\$ (2,684,872)	\$ 4,872	0.18%
Total	\$ (1,347,590)	\$ (1,677,666)	\$ 330,076	24.49%

V. ACCOMPLISHMENTS / EVALUATION

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the County of Kaua'i for its **Comprehensive Annual Financial Report** (CAFR) for the fiscal year ended June 30, 2018. The County has received this award for the 26th consecutive year. This award signifies that the County's 2018 CAFR has achieved the highest standards in financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

DRIVERS' LICENSING

Michael A. Drake, Chief Examiner & Motor Vehicle Inspector

I. MISSION STATEMENT

To provide a user-friendly system for the issuance of a learner's permit, driver's licenses, state identification cards, and other services by this department, and meet the highest standards for prompt and professional service to the public and other government agencies.

II. DIVISION GOALS/DUTIES

A. Duties/Functions

1. The Division of Driver Licensing is responsible for adhering to all Hawai'i Administrative Rules pertaining to Highway Safety and Licensing, including but not limited to portions of the Hawai'i Revised Statutes Chapters 11, 19, 286, and 287.
2. Administration and application of the Federal Motor Carrier Safety Administration regulations and requirements.
3. Administration and application of the Kaua'i County Code and the Administrative Rules relating to taxicabs.
4. Complete examinations to the qualifications and fitness of any person desiring to obtain a learner's permit, driver's license, provisional license, commercial driver's license or a Limited Purpose driver license.
5. Issuance of permits, furnishing instructions and all forms, supervision and inspection, suspending or revoking permits issued to Periodic Motor Vehicle Inspection (PMVI) Stations/Inspectors, certified within the County of Kauai.

B. Goals

1. Continue to improve timely, courteous, and efficient assistance and service to licensees and applicants.
2. Identify and screen drivers in order to keep Kaua'i's roads safe.
3. Implement and comply with the Real ID Federal compliant Driver License and State Identification Cards with a "gold" star.
4. Install and implement a "pull a number" numbering system to improve customer service and allowing the public to sit and wait for number to be called.

5. Implement the Digital Image Access Exchange Program (DIAEP) that allows participating states to access and retrieve an out-of-state applicant's information and photograph. All counties of the State of Hawai'i have a responsibility to ensure that a driver license is only issued to a person whose identity can be confirmed. The DIAEP will help to achieve that.

III. PROGRAM DESCRIPTION

A. Program Objectives

1. Driver improvement is still considered the heart of traffic safety. Therefore, the Driver's License Division conducts research to develop systematic safety programs with the aid of enforcement agencies, courts, medical advisory board and the public.

B. Program Highlights

1. Kaua'i's Driver Licensing Division is in full compliance with the Social Security Administration (SSA) system's security requirements. VI - 13.
2. raining continues internally as we completed the Security Awareness Refresher Training (SART), in compliance to the Real ID Act.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Drivers License				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 325,126	\$ 291,821	\$ 33,305	10.24%
Services, Dues, Consult., Grants	\$ 141,500	\$ 92,367	\$ 49,133	34.72%
Other Operating	\$ 7,632	\$ 5,478	\$ 2,154	28.23%
Training, Travel	\$ 650	\$ -	\$ 650	100.00%
R&M, Facilities, & Equip.	\$ 600	\$ -	\$ 600	100.00%
Total	\$ 475,508	\$ 389,666	\$ 85,842	18.05%

V. ACCOMPLISHMENTS / EVALUATION

While we have a highly trained and skilled staff, we remain vulnerable to turnover issues. We need to be cognizant of our employee morale to ensure we can provide first class customer service to the public.

We are at the mercy of the State as it relates to the transportation software that is utilized by every Hawai'i jurisdiction. The cashiering software and accounting software that we use as a County does not integrate well to the State's system creating longer transaction times for customers.

DIVISION OF PURCHASING

Ernest W. Barreira, M.S., Assistant Chief Procurement Officer

I. MISSION STATEMENT

The Division of Purchasing is tasked with the responsibility to assume responsibility for all formal procurement of Construction and Goods and Services for the County of Kaua'i. In addition, the Division is responsible for: contract for services of independent contractors, purchase materials, supplies and equipment; purchase, lease, rent, or otherwise acquire or secure the use of real or personal property; maintain control of all surplus County equipment and process all inter-office and incoming/out-going mail, and postage.

II. DIVISION GOALS/DUTIES

A. Duties/Functions

1. Facilitate the acquisition of goods, services, and construction for the County of Kaua'i in full adherence to the Hawai'i State Procurement Code pursuant to HRS Chapter 103D and applicable Hawai'i Administrative Rules.
2. Provide guidance, training, and direction to the County administration and all departments, divisions, and agencies with regard to the requirements of procurement.

B. Goals

1. Maintain an updated portal of all solicitation boilerplates and forms consistent with the changes in laws and rules so as to provide critical guidance and training to all County departments and personnel.
2. Adopt and maintain an operational philosophy to acquire and implement technological resources available to improve operations, eliminate redundancies, achieve various levels of efficiencies and cost effectiveness, achieve timely processing of all work assigned to the Division, and maintain the highest level of quality in the delivery of services to the public.

III. PROGRAM DESCRIPTION

A. Program Objectives

1. The Division of Purchasing, under the authority of Section 19.19 of the County Charter, is responsible for administering the centralized purchasing of all "materials, supplies, equipment and services" for the

County. In addition, further authority, duties, and responsibilities are provided by Hawai'i Revised Statutes, Section 103D, and the related Hawai'i Administrative Rules.

2. The objective of the Division of Purchasing is to "promote economy, efficiency, and effectiveness" in the timely procurement of goods and services, and the construction of public works for the County of Kaua'i and to ensure maximum competition as intended by the Hawai'i State Procurement Code. This involves a commitment of the Purchasing Division to work with the various agencies in reviewing their procurement objectives, special requirements, and specifications; advising them of options and other information resources; and informing them of the requirements of the Public Procurement Code. The results of this commitment should reduce the number of protests filed and expedite the turn-around time for requisitions. Currently, the Division's goal for processing purchase orders is one (1) to two (2) days.

B. Program Highlights

1. Disaster Response (Responsive Service): The Division fully supported the County's RAIN18 response, both in the initial response efforts as well as the subsequent procurement activities. As the RAIN18 efforts continued well into FY19, the Division continued to support the effort by quickly learning and assimilating Federal procurement standards into its procurement practices to meet FEMA guidelines. The division worked collaboratively with the OCA to publish FEMA compliant boilerplate solicitations, and assisted the departments with questions related to their activities.
2. Transition to BPO Fund Certification Process (Solidarity): The Division embodied the spirit of solidarity in adopting the BPO fund certification process. The Accounting division has asked the DoP to transition to this process to leverage the capabilities of the existing ERP to automate the fund certification process. There were no examples of best practices on how to accomplish this, but nonetheless, the Division set course to make the adjustment to help streamline a process for its sister agency.
3. Leveraging Technology (Responsive Service/Excellence): The Division successfully transitioned its purchase orders into electronic purchase orders in November 2018. This initiative greatly increased the speed and convenience in which departments received their completed purchase orders. Additionally, it supported sustainability goals by limiting the vast amounts of paper that was previously needed to support the paper purchase order process.

The Division further expanded its use of Public Purchase by advertising its professional services ad on the platform. This initiative was an effort to consolidate its procurement activities into a single platform to deliver a seamless and familiar user interface for the public.

Additionally, the Division pioneered and adopted the use of Laserfiche Forms in its process, capitalizing on existing available software to help improve its business processes. Adobe Sign was also adopted which increased the speed and efficiency of the contract routing process. Much credit goes out to the IT Division for providing these various tools to the County. Finally, the Division made significant progress in scanning and archiving all FY18 POs (paper process). The effort to make these files electronic makes it easier to search and find historic POs.

4. Training and Development (Excellence): The Division maintained its commitment to employee professional development. The Division continued to support its associates with membership with the National Institute for Government Procurement (NIGP) and the local Alaska-Hawai'i Government Procurement Agency (AHGPA). Staff were allowed attendance at various online webinars through its membership. The Division also sent two employees to the NIGP conference in Austin TX to support their development and increase their knowledge base with best practices throughout the country. Furthermore, the Division was able to send four associates to the local State Procurement Office (SPO) Annual conference where they were able to meet and discuss various procurement topics directly relating to issues facing the State.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Purchasing				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 815,548	\$ 781,997	\$ 33,551	4.11%
Other Operating	\$ 92,145	\$ 75,730	\$ 16,415	17.81%
Training, Travel	\$ 13,433	\$ 11,155	\$ 2,278	16.96%
R&M, Facilities, & Equip.	\$ 11,838	\$ 10,170	\$ 1,668	14.09%
Claims, Rental, Loans, Debt Svc.	\$ 4,765	\$ 3,609	\$ 1,156	24.26%
Services, Dues, Consult., Grants	\$ 1,535	\$ 1,535	\$ 0	0.00%
Total	\$ 939,264	\$ 884,196	\$ 55,068	5.86%

V. ACCOMPLISHMENTS/EVALUATION

AHGPA Make-a-Difference Procurement Excellence Award: Ernest W. Barreira was nominated and subsequently awarded the annual 2019 Make-a Difference Procurement Excellence Award presented by the AHGPA.

Election to the AHGPA Board: Kristi Mahi was selected as the Vice President for the AHGPA for 2019-2020.

MOTOR VEHICLE REGISTRATION

Natalie Konishi, Vehicle Titles & Registration Supervisor

I. MISSION STATEMENT

To provide efficient and accurate motor vehicle registration and other fee collection and revenue management services to the people of Kauai and to the departments and agencies of the County.

II. DIVISION GOALS/DUTIES

A. Duties/Functions

1. The Motor Vehicle Registration function registers motor vehicles, trailers, motorcycles, bicycles, and issues license plates, emblems or tags and business licenses. Also, collects and accounts for monies from the public and other County agencies.

B. Goals

1. To provide courteous, effective and efficient service to the public. We collect and account for the motor vehicle weight taxes, fees for licensing penalties, bicycle, business license and other revenues associated with these fees.

III. PROGRAM DESCRIPTION

A. Program Objectives

1. To provide courteous, effective and efficient service to the public.
2. To collect and account for motor vehicle weight taxes, fees for licensing, penalties, bicycle, and business licenses.
3. To issue and collect monies for tipping fee coupons and bus passes.
4. To collect payments for sewer, solid waste and sludge, plus commercial refuse.
5. To collect, and account for all monies due to or receivable fairly and uniformly.
6. To input all motor vehicle registration records directly into the State Data System operated by the City and County of Honolulu through Computer Terminals.

B. Program Highlights

1. Online Payment. Since the commencement of the online payment options we have seen steady growth of its use. In FY19 the use rate for online payments was approximately 25% and 6% for lock box payments. The online service use rates for Motor Vehicle Registration in FY19 were 11% and 36% for community-based kiosk payments.
2. Self-Service Kiosks. During fiscal FY2018, the County of Kauai participated in a multi-county joint request for proposal to select a vendor to provide automated self-service kiosks for motor vehicle registration renewals. We continue to work on deploying additional community-based kiosk in the west side of the island and on the north end of the island.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Motor Vehicle				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 654,095	\$ 643,032	\$ 11,063	1.69%
Other Operating	\$ 198,185	\$ 158,413	\$ 39,772	20.07%
Services, Dues, Consult., Grants	\$ 93,002	\$ 65,082	\$ 27,920	30.02%
R&M, Facilities, & Equip.	\$ 6,210	\$ 27	\$ 6,183	99.57%
Total	\$ 951,492	\$ 866,553	\$ 84,939	8.93%

V. ACCOMPLISHMENTS/EVALUATION

While we have a highly trained and skilled staff, we remain vulnerable to turnover issues. We need to be cognizant of our employee morale to ensure we can provide first class customer service to the public. Also, our two most senior staff are close to retirement age and we need to be very cognizant of succession planning.

We are at the mercy of the State as it relates to the transportation software that is utilized by every Hawai'i jurisdiction. The cashiering software and accounting software that we use as a County does not integrate well to the State's system creating longer transaction times for customers.

TREASURY

Vacant, Treasurer

I. MISSION STATEMENT

To provide prudent financial management and services to the people of Kauai and to the departments and agencies of the County that we serve.

II. DIVISION GOALS/DUTIES

A. Duties/Functions

1. Keep accounts of receipts and disbursements.
2. Collect monies and or deposit slips from all County agencies.
3. Perform cash management for the County of Kauai.
4. Manage bond issuance, compliance, and debt service.

B. Goals

1. Eliminate all CAFR findings as it relates to timeliness of bank reconciliations, treasury processes, quarterly cash audits, etc.
2. Reconcile the insufficient check listing to ensure procedures to keep it current and reliable.

III. PROGRAM DESCRIPTION

A. Program Objectives

1. Account for, receipt, protect, deposit, invest in authorized investments, and disburse money upon proper authorization.
2. To ensure deposits with financial institutions are fully collateralized.
3. To maintain sufficient liquidity to meet the County's cash requirements.
4. To invest surplus cash in accordance with state laws and County ordinances.
5. To ensure County funds are not unduly concentrated in any single financial institution.

6. To provide timely financial reporting to outside agencies and establish and maintain effective internal controls and processes.
7. Facilitates bond issuances, as needed, along with annual compliance and reporting.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Treasury				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 295,603	\$ 249,394	\$ 46,209	15.63%
Services, Dues, Consult., Grants	\$ 6,956	\$ 7,027	\$ (71)	-1.02%
R&M, Facilities, & Equip.	\$ 6,803	\$ 6,796	\$ 7	0.11%
Other Operating	\$ 2	\$ -	\$ 2	100.00%
Training, Travel	\$ 1	\$ -	\$ 1	100.00%
Total	\$ 309,365	\$ 263,217	\$ 46,148	14.92%

V. ACCOMPLISHMENTS/EVALUATION

We have hired a Certified Public Accountant to clean up our Treasury processes and analyze ways to improve efficiency such that we can produce timely and reliable reports. We have suffered from a tremendous amount of turnover, leaving only one 89-day hire at the end of the fiscal year.

INFORMATION TECHNOLOGY (IT) DIVISION

Del Sherman, IT Manager

I. MISSION STATEMENT

To provide The County of Kaua'i with the best attainable technology systems, infrastructure and support in serving the needs of our residents while doing so in the most cost effective and efficient manner possible.

II. DIVISION GOALS/DUTIES

A. Duties/Functions

1. Monitor infrastructure performance and implement improvements required to maintain reliable operations including workstations, servers, network components, and peripheral devices (e.g. printers, copiers, etc.).
2. Resolve incoming support issues from all County agencies based upon assigned type and priority.
3. Assist all County agencies in the procurement of new hardware and software required for ongoing business operations.
4. Implement functional upgrades for existing systems as warranted.
5. Provide integration services for existing systems.
6. Provide technical consultation and implementation support on new system acquisitions.

B. Goals

1. Take the lead in procuring and developing state of the art software and technology systems.
2. Provide timely, expert technical support in servicing the needs of our County's technology users.
3. Provide the best possible services to County of Kaua'i residents.
4. Pursue all means possible in identifying and implementing cost savings initiatives related to utilizing technology.

III. PROGRAM DESCRIPTION

A. Program Objectives

1. The Information and Technology (IT) Division is tasked with setting the course for all County technology initiatives. It is the responsibility of IT to ensure County funds allocated to technology projects or acquisitions from all departments and divisions are expended in an appropriate and cost-effective way. The IT Division is tasked with supporting all County technology, from archiving data and fiber optic networks to desktop printers, personal computers and virtual servers.
2. Provide County employees with easily accessible technical support and timely responses via a centralized Help Desk function.

3. Maintain and enhance the County's technology infrastructure to ensure reliable, efficient, and secure operations.
4. Assist County Agencies with the procurement and implementation of new systems that will increase operational efficiencies, as well as improve the services available to our citizens.
5. Recommend solutions and strategies that will leverage the power of technology to address countywide needs.

B. Program Highlights

1. LIMS Procurement – Progress continues with our procurement of a Land Information Management System (LIMS) with the selection of a finalist from three potential system providers. We anticipate choosing our LIMS provider shortly into the next fiscal year at which time we will begin the implementation phase of the project. Ultimately this project will vastly improve our ability to manage our land resources and provide streamlined processes to our public for all aspects of land management.
2. Migration to Office 365 - Migration to Office 365 has been started using the IT department as our pilot group. The full migration will take up to 8 months and conclude with all user's email being relocated to Exchange Online along with the install of the newest versions of Microsoft Office. We anticipate a greater need for the teleworker services that Office 365 will provide and believe that this acquisition will be critical in setting a new path for the way our county functions well into the future.
3. Customer Queue Management - We have selected a vendor, ACF Technologies, to provide a Customer Queue Management solution for the Kapule lobby. We are currently in contract negotiation with the vendor. We anticipate the need to more effectively manage visits to our county facilities to ensure a smoother customer experience and our hope is that this solution will help us to achieve this goal. The implementation phase of the project will begin shortly into the next fiscal year.
4. Digital Signatures – We continue to move forward with adopting digital signatures for many of our workflows with a corresponding transition to paperless processes. We believe that it will be vital to support digital document management in order to keep pace with the ever-changing environment that we are required to operate within.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Information Technology				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 1,659,691	\$ 1,659,563	\$ 128	0.01%
Services, Dues, Consult., Grants	\$ 799,735	\$ 774,870	\$ 24,865	3.11%
Other Operating	\$ 674,561	\$ 671,790	\$ 2,771	0.41%
R&M, Facilities, & Equip.	\$ 440,948	\$ 437,606	\$ 3,342	0.76%
Utilities, Insurance, Fuels	\$ 59,001	\$ 49,128	\$ 9,873	16.73%
Training, Travel	\$ 13,253	\$ 7,359	\$ 5,894	44.47%
Claims, Rental, Loans, Debt Svc.	\$ 9,500	\$ 9,217	\$ 283	2.97%
Total	\$ 3,656,689	\$ 3,609,533	\$ 47,156	1.29%

V. ACCOMPLISHMENTS/EVALUATION

We successfully upgraded our phone system to fully support Voice over IP by Cisco, this upgrade will allow full integration with our new Office 365 Exchange Online system in handling digital voice mail as well as provide other call management and routing functionality in anticipation of supporting a larger remote workforce.

The IT Division continues to balance daily operational requirements alongside achieving progress on advancing our use of technology. As the County continues to grow, our needs for automating or streamlining County technology related processes will increase. Because of this, our course moving forward will involve rethinking the way we have traditionally done business in order to improve services/efficiencies while staying within current resource/budget constraints.

As stated in last year's Annual Report, our staff-to-work ratio continues to present challenges in providing quality customer service while concurrently maintaining infrastructure and pursuing critical new projects. This is an issue that we will continue to face along with our other County departments. In the face of this reality, we continue with our initiative to work closely with Human Resources in making sure IT is structured with the most appropriate staff possible to move County projects and priorities forward.

The County has many aging systems and paper-intensive processes that need to be modernized. We will continue to prioritize projects that will reduce or eliminate our dependency on paper-based systems with the end goal of improving County services for everyone.

Supporting existing outdated infrastructure and systems is resource-intensive and will require a transition to alternative solutions, both software and hardware. We will continue to evaluate our technology environment and implement strategies that allow us to do more with less. Among other things, we will continue to focus on expanding our use of server virtualization to realize efficiencies while minimizing overhead and cost. Additionally, we are re-examining our use of various software applications in an effort to consolidate software functionality into fewer applications, with an end goal of improving services and reducing support costs.

REAL PROPERTY ASSESSMENT

Brad Cone - Real Property Tax Manager

I. MISSION STATEMENT

Pursuant to Section 5A of the Kaua'i County Code, the purpose of the Real Property Assessment Division is to assess all real property within the County of Kaua'i, to produce and provide fair, accurate and uniform ad valorem tax assessments; maintain and update owner information; create and revise tax maps; administer current tax relief programs and provide educated and courteous customer service on an annual basis.

II. DIVISION GOALS/DUTIES

A. Department Duties and Functions

1. Provide Fair Market Value ad valorem tax assessments throughout the County of Kaua'i jurisdiction.
2. Defend market assessed valuations before the Board of Review and/or State Tax Appeals Court.
3. Maintain accurate records pertaining to the transfer of title for real property.
4. Create and update tax maps.
5. Administer special tax relief programs, processing exemption and/or dedication applications, including but not limited to Home Use exemptions, agricultural dedications, long term affordable rental relief, Kuleana exemptions, alternative energy exemptions, charitable exemptions, disabled veteran and disability exemptions, Hawai'i an Homelands exemptions, Additional Income exemptions and tax credits for Very-Low Income owners, and exemptions for all government leases.

6. Enforce the compliance of the laws and administrative rules contained in Section 5A of the Kaua'i County Code.
7. Providing real property information to both the public and other government agencies through written correspondence, personal interaction at the front counter, and through our RPA & RPC website: www.kauaipropertytax.com.

B. Division Goals

1. Staff Training: To ensure public trust, it is essential that RPA continue training our appraisal staff to become highly proficient in both the "market modeling" and "cost" valuation methods. Understanding market conditions and how outside market forces affect value is crucial to being journeymen appraisers. Continued training will include on-the-job training provided by the more seasoned staff members, online courses and webinars, and formalized classroom education delivered by designated International Association of Assessing Officers (IAAO) instructors. For succession planning, it is also essential that we work towards getting our less seasoned appraisers on a path to becoming journeymen appraisers.

Focused "market modeling" training for the appraisal staff will help provide a greater understanding of the statistical process and multiple regression analysis that is the underlying basis for the residential assessments. This will allow the staff to make better decisions on neighborhood groupings and selection of coefficients.

2. Implement New Technologies: Previous goals of converting the Real Property Assessment cost tables to the Marshall & Swift product was completed in 2018 and have been calibrated to provide smooth value transitions between the various age and grades of the improvements.

Continued goals also include exploring an online application process for exemptions, tax appeals, and Agricultural dedications; expanding e-mail delivery for assessment notices and taxpayer correspondences; and an improved website offering for greater access to public information related to assessments and property taxes.

3. Compliance and Enforcement: There are several areas of our work that require code enforcement and compliance checks. This includes, but is not limited to, dealing with homeowner exemption fraud, monitoring agricultural dedications, locating unpermitted construction, discovering unpermitted uses, and other actions that may affect a property's value or tax classification. Compliance may also result in the creation of an amended notice of assessment, and ultimately rollback taxes. This will continue to be one of our ongoing goals well into the future.

The RPA clerical staff generates a new survey form for all transfers of ownership. This allows the new owner to affirm how their property is

being used. In addition, escrow companies are now contacting RPA to determine if transfers of ownership affect the status of existing agricultural dedications, thereby protecting buyers from absorbing possible rollback taxes and penalties. RPA clerical is in process of publishing a standard form for new buyers to either state intent to continue existing use or change the existing agricultural use(s).

III. PROGRAM DESCRIPTION

A. Objectives

1. The primary program objectives of Real Property Assessment are to accurately, fairly, and uniformly assess all taxable real property within the County of Kaua'i jurisdiction on an annual basis. This encompasses keeping the legal ownership, parcel data, and tax map records up to date; having the appropriate exemptions and tax relief measures applied; making sure the assessed values are representative of market values; and assuring the tax classification are correct based on actual use. Taxpayers must also be afforded the opportunity to appeal their assessments to either the Board of Review or Tax Court.

B. Highlights

1. The County's real property taxes billed (revenues on full accrual basis) increased by \$10.47 million. This revenue growth was once again primarily attributed to the increasing values and new construction being added to the assessment list, with some additional revenue coming from tax classification enforcement. For FY20, the total amount billed, which includes refuse collection fees and community facilities district charges less any tax credits, was \$141.16 million as compared to \$130.69 million for FY19. The gross assessed values, that were completed and certified during FY19 but become effective in FY20, increased by approximately \$1.298 million (or 5.61%) going from \$23.150 billion to \$24.449 billion, while the net taxable values increased by approximately \$1.261 million (or 6.3%) going from \$20.003 billion to \$21.264 billion.
2. The 2019 assessment reflects that RPA's tax relief measures were well utilized with 1,347 additional Home Exemption for Low-Income approved; 1,251 Long-Term Affordable Rentals receiving the Homestead tax rate; and 487 approved Very Low-Income credit applicants. The number of properties that are classified as Homestead grew slightly from 11,536 in 2018 to 11,658 in 2019.
3. A total of 185 properties received income-based tax credits that limited property taxes to 3% of gross income in-lieu of market calculated taxes.
4. The total number of exemptions within Kaua'i County grew from

18,044 to 18,156 between FY17 and FY18. This includes exemption for Home Use, Low Income, Totally Disabled Veterans, Disabled Owners, Government Properties, Hawaiian Homes, Kuleanas, Public Utilities, Schools, Churches, Hospitals, Cemeteries, Charitable Uses, Credit Unions, Alternative Energy Facilities, Tree Farms, Low- to Moderate-Income Housing, Historic Residential Properties, and Roadways. The total estimated value of these exemptions is \$5,204,218,400.

5. For 2019, there were 269 appeals that are contesting approximately \$185 million in value, which is only 0.87% of the \$21.264 billion in total net taxable value. These 269 appeals represents only 0.79% of the 33,883 total parcels assessed. By comparison, there were 127 appeals in FY19.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Real Property Assessment				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 1,732,674	\$ 1,719,589	\$ 13,085	0.76%
Services, Dues, Consult., Grants	\$ 358,201	\$ 316,089	\$ 42,112	11.76%
Other Operating	\$ 32,379	\$ 17,680	\$ 14,699	45.40%
Training, Travel	\$ 27,052	\$ 7,081	\$ 19,971	73.82%
Claims, Rental, Loans, Debt Svc.	\$ 8,506	\$ 8,505	\$ 1	0.01%
R&M, Facilities, & Equip.	\$ 3,804	\$ -	\$ 3,804	100.00%
Utilities, Insurance, Fuels	\$ 721	\$ 508	\$ 213	29.53%
Total	\$ 2,163,337	\$ 2,069,453	\$ 93,884	4.34%

V. ACCOMPLISHMENTS/EVALUATION

The continued refinements in “market modeling” has resulted in better median assessment-to-sales ratios, ranging from 99% to 101.% for each of the 3 residential and condo models. The coefficient of dispersion (COD), which measures the average percentage deviation from the median ratio, also improved throughout the models. Most jurisdictions require a COD of less than 20 (20%) to validate market models are working uniformly. The three residential market models employed for the 2019 assessments produced a COD range of 7 to 10%. The three condominium models returned CODs ranging from 6.5 to 8.5%. These results indicate that the coefficients and variables selected to value our residential and condominium properties are seeming producing credible values based on the sales utilized in these models. Properties that are less

homogenous within their respective neighborhoods are generally valued on the Cost Approach as the regression analysis loses reliability when being applied to “outlier” properties.

REAL PROPERTY COLLECTIONS

Vacant, Tax Collection Supervisor

I. MISSION STATEMENT

To provide prudent financial management and services to the people of Kauai and to the departments and agencies of the County that we serve. The Real Property Tax Collection function administers the tax collection system and assists with custodial responsibilities for all real property records.

II. DIVISION GOALS/DUTIES

A. Department Duties and Functions

1. Bill all taxable properties throughout the County of Kaua'i jurisdiction.
2. Collect and process tax payments, which now include trash fees and the Kukui'ula CFD.
3. Establish escrow trust accounts for tax appeals.
4. Prepare refunds and tax adjustments.
5. Account for all receipts and disbursements, which includes developing reports for both the Treasury and Accounting divisions.
6. Move monies appropriately between the general fund account and the trust account.
7. Collect on delinquent accounts.
8. Oversee tax lien foreclosures when necessary.

B. Division Goals

1. Reduce Delinquencies: The Delinquency Rate as of June 30, 2019 was 2.80% with a total outstanding amount of **\$4,050,380.19**. The Real Property Collections Department and County Attorney's office are working together to continue to enter taxpayers

into approved Payment Agreements and Files Liens where necessary.

2. Improve Efficiency and Utilize Technology: Continued goals include exploring filing liens electronically, Paperless Bill Presentment.

III. PROGRAM DESCRIPTION

A. Objectives

1. The primary program objectives of Real Property Collections are to accurately bill, collect, process payments, perform office adjustments, issue refunds for overpayment of Real Property Taxes, and to account for all property taxes within the County of Kaua'i and Niihau jurisdiction.
2. Secondary objectives include billing and collection of the Residential Refuse Collection Assessment (RRCA) for the Public Works Solid Waste Department and the billing and collection of the KKUCFD (Kukui'ula Community Facilities District) for the Kukui'ula Subdivision.

B. Highlights

1. The convenience of tax payments with the implementation of credit card and ACH payments online.
2. Increased efficiency and service to the general public.
3. Daily updates to the website information at www.kauaipropertytax.com.
4. Accepting online payments via credit card and ACH at www.kauai.gov/paypropertytax.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2019				
Real Property Collections				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 266,594	\$ 261,493	\$ 5,101	1.91%
Other Operating	\$ 76,179	\$ 40,447	\$ 35,732	46.91%
Claims, Rental, Loans, Debt Svc.	\$ 4,026	\$ 4,025	\$ 1	0.02%
Services, Dues, Consult., Grants	\$ 3,550	\$ 2,765	\$ 785	22.10%
Training, Travel	\$ 2,550	\$ 582	\$ 1,968	77.17%
Total	\$ 352,899	\$ 309,313	\$ 43,586	12.35%

V. ACCOMPLISHMENTS/EVALUATION

Kauai County Code amendment for Lien Releases – Bill No. 2750 A BILL FOR AN ORDINANCE AMENDING SECTION 5A-5.1, KAUAI COUNTY CODE 1987 AS AMENDED, RELATING TO REAL PROPERTY TAX LIENS AND FORECLOSURES. This will allow our office to add the release of lien fee on an account when we're placing a property tax lien. Once all the delinquent taxes are paid, our office will be able to release the lien in a lot more efficient process.