



The Department of Finance

Fiscal Year 2020 Annual Report

July 1, 2019 – June 30, 2020

Reiko Matsuyama
Director

DEPARTMENT OF FINANCE

I. MISSION STATEMENT

To protect the County's assets by establishing and maintaining accurate and reliable technological and financial systems while providing effective, efficient, and kind professional service to the people of Kaua'i and to all that we serve.

II. DEPARTMENT GOALS

Vision: We envision a vibrant and collaborative network of Divisions who focus their unique strengths to make the County a better place to work.

Values:

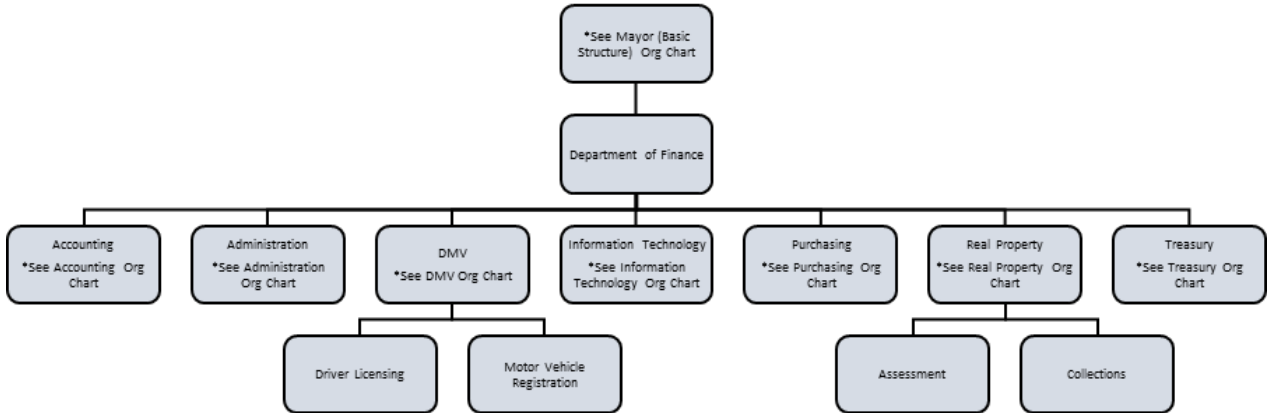
- **COMMUNICATION:** We will be open, approachable, and transparent in order to effectively communicate with everyone we serve.
- **ACCOUNTABILITY:** We are trustworthy and will provide accurate and timely information such that others can rely on our product.
- **COLLABORATIVE:** We commit to engaging the talents and passions of our people to achieve desired results
- **ALOHA SPIRIT:** We approach each professional interaction with compassion, kindness, respect and patience.

III. PROGRAM DESCRIPTION

Strategic Priorities:

- **Modernize Technology:** Enhance interconnectivity between Departments and Divisions through use of modernized software and systems for the purpose of increasing efficiency, transparency and data accessibility.
- **Succession Planning:** Ensure protection of our intellectual capital by cross training and developing our staff from within.
- **Go Paperless:** Increase efficiency and be environmentally friendly by migrating to a paperless environment with automated workflows, digital document routing and electronic filing.
- **Reputation & Service:** Maintain the highest class of service to the community as well as all County Divisions and Departments in order to further cultivate the best possible reputation amongst those that we support.

Organizational Chart



IV. BUDGET

Consolidated Financial Results

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Finance - Consolidated Summary				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	\$ 7,915,394	\$ 7,147,431	\$ 767,963	9.70%
Utilities, Insurance, Fuels	\$ 1,884,911	\$ 1,879,778	\$ 5,133	0.27%
Training, Travel	\$ 39,828	\$ 39,183	\$ 645	1.62%
Services, Dues, Consult., Grants	\$ 5,166,498	\$ 4,952,773	\$ 213,725	4.14%
Other Operating	\$ 952,076	\$ 931,427	\$ 20,649	2.17%
R&M, Facilities, & Equip.	\$ 727,608	\$ 725,003	\$ 2,605	0.36%
Claims, Rental, Loans, Debt Svc.	\$ 615,863	\$ 239,049	\$ 376,814	61.18%
Indirect Cost	\$ (2,680,000)	\$ (2,680,000)	\$ -	0.00%
Total	\$ 14,622,178	\$ 13,234,645	\$ 1,387,533	9.49%

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 Kaua'i and to all that we serve by establishing and maintaining a financial system that can properly account for its activities.

II. DEPARTMENT/DIVISION GOALS

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. Division 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. To ensure that the County is in an adequate position to use reserves to upfront costs in the event of emergencies prior to potential FEMA reimbursement.
3. Use the OpenGov portal to improve financial transparency within the County and to the general public.

III. 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 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, 2020 (Preliminary)				
Administration				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	773,534	709,535	63,999	8.27%
Utilities, Insurance, Fuels	1,839,399	1,835,273	4,127	0.22%
Training, Travel	2,541	2,539	2	0.07%
Services, Dues, Consult., Grants	3,359,609	3,245,501	114,108	3.40%
Other Operating	3,369	2,170	1,199	35.59%
R&M, Facilities, & Equip.	1	0	1	100.00%
Claims, Rental, Loans, Debt Svc.	578,348	204,796	373,552	64.59%
Total	\$ 6,556,801	\$ 5,999,814	\$ 556,987	8.49%

V. ACCOMPLISHMENTS/EVALUATION

Immediate response to the COVID-19 financial crisis which occurred in the middle of our FY21 budget process. We were flexible to change and adjusted our revenue projections which in turn meant cutting necessary expenses. In light of the drastic revenue reductions, we were able to balance the budget and obtain Council approval by the respective deadline.

Succeeded in moving forward with a reorganization plan to separate Treasury from the Division of Motor Vehicles (licensing and registration). We had been the only jurisdiction in the state to combine the two functions and it proved that the DMV had a significant lack of oversight. We now have a Treasurer as well as a Vehicle Registration & Licensing Manager that have two very separate and distinct functions of supervisory and operational oversight.

ACCOUNTING DIVISION

Renee M. Yadao, Accounting Systems Administrator

I. MISSION STATEMENT

The Accounting Division's mission is 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. Division 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 continues to streamline and improve processes while maintaining the integrity of the accounting system to ensure accurate and timely financial and accounting information is provided.
2. Due to the COVID-19 pandemic, the Accounting Division faced many challenges and obstacles to provide continuous operations. A fast-tracked effort underwent overhaul to convert a very paper driven operation to almost completely electronic processing. Although improvements continue to be made, the following processes are now electronically submitted and processed:
 - Travel Request Forms
 - pCard -transaction processing and supporting documentation
 - Vendor Maintenance
 - Adjusting Journal Entry Request Forms
 - Accounts Payable Requests (approvals in-progress)

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Accounting				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	1,156,271	831,796	324,475	28.06%
Training, Travel	4,364	3,782	582	13.33%
Services, Dues, Consult., Grants	166,601	136,296	30,305	18.19%
Other Operating	20,152	19,537	615	3.05%
R&M, Facilities, & Equip.	3,000	2,128	872	29.05%
Claims, Rental, Loans, Debt Svc.	8500	8192	308	3.62%
Indirect Cost	-2,680,000	-2,680,000	-	0.00%
Total	\$ (1,321,112)	\$ (1,678,268)	\$ 357,156	27.03%

V. ACCOMPLISHMENTS / EVALUATION

The County has received the *Certificate of Achievement for Excellence in Financial Reporting* for 26 consecutive years. The Government Finance Officers Association (GFOA) award signifies that the County’s Comprehensive Annual Financial Report (CAFR) has achieved the highest standards in financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. The 2019 CAFR was submitted in December 2019. Due to the COVID-19 pandemic, we have not received confirmation of another award. We continue to remain hopeful and anticipate that our CAFR continues to meet the requirements.

DEPARTMENT OF MOTOR VEHICLES (DMV)

Jeremy K. Lee, Vehicle Registration and Licensing Manager

I. MISSION STATEMENT

Provide Department of Motor Vehicle services that are user-friendly, efficient and meets the highest standards for prompt and professional service to the public and other government agencies.

II. DIVISION GOALS

A. Duties/Functions

1. Provide the County of Kauaʻi effective and efficient department of Motor Vehicles and Drivers Licensing services.

2. Administration and application of all Federal, State and County rules and laws that are related to DMV services and scope of work.
3. Execute all transactions for motor vehicle registration and drivers licensing in compliance with applicable rules and laws.
4. Maintain all obligations to Federal, State and Local entities in the administration of associated functions (PMVI and DCAB).

B. Goals

1. Continue to improve timely, courteous, and efficient assistance and service to all DMV customers.
2. Screen and identify drivers and vehicles in order to keep Kaua'i's roads safe.
3. Stay abreast of all new rules and laws that help to direct our work.
4. In FY 21 we plan to implement a new credit/debit card system to facilitate customer transactions by offering additional payment options.

III. PROGRAM DESCRIPTION

The Department of Motor Vehicles plays a vital role in traffic safety. From vehicle registration and titling to drivers licensing and state ID's. The DMV office provides a multitude of services to the community, helping to promote safe vehicle operation on our roads.

A. Objectives

1. Continually assess our internal processes and update customer service needs, to provide the best service.
2. Continue to implement new acts of legislation that guide our services.

B. Highlights

1. Entire DMV upfitted with scanners to allow direct scanning into a digital document repository.
2. Full roll out of the Q-Flow appointment scheduling tool and queuing system.
3. Training continues internally as we completed the Security Awareness Refresher Training (SART), in compliance to the Real ID Act.

4. Initiated a sewer lockbox through First Hawaiian Bank so that individual processing of sewer payments no longer occurs at MVR which has relieved much of our mail and transactional processing.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Driver License				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	431,710	283,596	148,114	34.31%
Training, Travel	0	0	-	0.00%
Services, Dues, Consult., Grants	86,030	82,294	3,736	4.34%
Other Operating	10,701	9,974	727	6.80%
R&M, Facilities, & Equip.	70	0	70	100.00%
Total	\$ 528,511	\$ 375,864	\$ 152,647	28.88%

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Motor Vehicle				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	595,491	594,652	839	0.14%
Services, Dues, Consult., Grants	226,589	210,024	16,565	7.31%
Other Operating	181,604	178,224	3,380	1.86%
R&M, Facilities, & Equip.	9,960	9,000	960	9.64%
Total	\$ 1,013,644	\$ 991,900	\$ 21,744	2.15%

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.

- Implementing the new “Q-Flow Get in Line Online” customer appointment and numbering system to accommodate Real Property, Motor Vehicle Registration and Driver License Division (started February 2020)
- Relaunch an integrated DMV website for all DMV related services.
- HB1165 - Gender X designation on Hawai'i Driver License and State Identification Cards. Signed by Governor Ige on June 26, 2019 Act 148 (19), GM1250 implemented on July 01, 2020)
- Installation of the Roads Scholar CDL Tablets for Commercial License Road Testing (started February 2020)

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. DEPARTMENT GOALS

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. 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 Hawaii Revised Statutes, Section 103D, and the related Hawaii 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 Hawaii 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. Highlights

1. Precedent Setting Procurement Professional Certifications (Excellence): In FY 20, and for the first time in the Division's history, two senior procurement specialists, Kristi Mahi and Wendy Takemoto, achieved the milestone of Certified Professional Public Buyer (CPPB) from the Universal Public Procurement Certification Council. These certifications were an outgrowth of the division's commitment to the attendance of the National Institute of Government Procurement (NIGP) annual conventions. This annual event has been a valuable source of training and information and has also facilitated further professional development for the entire DoP staff. The certification process will likely continue for the remaining specialists in the division.
2. Internal Divisional Modifications (Solidarity): In FY 20, significant staffing and operational changes occurred in the Division of Purchasing (DoP). Due to overall restructuring in the Department of Finance, the DoP lost one vacant position to further strengthen operations in the Treasury Division. This left the division with only one procurement technician position where there had been three at one time in the

division's history. In addition, a long-time junior specialist position departed the division. This provided the opportunity to redescribe the outgoing junior specialist position to a Procurement Clerk in order to ensure appropriate staffing at that level. While the reallocation of the outgoing junior specialist position to a procurement clerk resulted in the net loss of a specialist position, the far greater need was to create the second procurement clerk position. The functional level of the procurement clerk position is Procurement Technician II. These reallocations are appropriately scheduled in the future in order to maximize the utility of the positions. In May 2020, the second procurement clerk position was filled and the DoP is now fully staffed.

3. Telecommuting (Responsive Service): In March 2020, due to the risk presented by the spread of the corona virus, the DoP was directed to implement teleworking procedures for the entire operation. All DoP employees have since worked remotely from their homes and other remote locations. As a result of the strong and historical commitment of the division to the harnessing of technology, electronic procurement and the development of a paperless operation, the implementation of teleworking was effectively carried out with no disruptions to the overall operation of the DoP. Mail operations continued on site and the procurement technicians/clerks attend to this responsibility on a weekly rotational basis. County Personnel were granted limited access to the DoP office for mail purposes. This too has been a seamless operation.

One of the key elements of the DoP's ability to effectively telecommute was the IT Division's acquisition of Microsoft Office 365. This progressive and modern application provided among others the TEAMS resource which allowed broad use of remote audio and video communications throughout the vast majority of the County. This application also allows the projection and sharing of documents via a remote connection which provides all DoP employees access to all documents and resources as if they are sitting at their desks. A debt of thanks is owed to the IT Division under the leadership of IT Chief Del Sherman who actively pursued these acquisitions long before the onset of the pandemic.

4. 4/10 Schedule (Responsive Service): In addition to telecommuting, the DoP, under the direction of the DoF and the County administration, pursued a modified work schedule in the form of the 4/10 schedule. All employees worked M-Th, 10-hours a day, with all County administrative offices being closed on Fridays. While this was an interim measure by the administration, and due to the effective results of this initiative in terms of work productivity and broad access to our internal customers, the DoP will be pursuing a permanent application of this resource to be applied over a five-day work week effective July 27. Scheduling has already been developed to ensure that the Monday to Thursday and Tuesday to Friday schedules will include a manager, specialists and technicians/clerks so as to ensure seamless operations and maintain productivity.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Purchasing				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	873,201	785,862	87,339	10.00%
Training, Travel	11,421	11,386	35	0.31%
Services, Dues, Consult., Grants	2,340	1,833	507	21.67%
Other Operating	95,753	91,678	4,075	4.26%
R&M, Facilities, & Equip.	13,641	12,970	671	4.92%
Claims, Rental, Loans, Debt Svc.	4800	3551	1249	26.03%
Total	\$ 1,001,156	\$ 907,279	\$ 93,877	9.38%

V. ACCOMPLISHMENTS/EVALUATION

Professional Certifications: The significance of the CPPB certification and designation cannot be understated. The competence, dedication, and commitment to professional excellence required to earn this distinction is a worthy accomplishment.

TREASURY

Amy Surratt, Treasurer

I. MISSION STATEMENT

To provide prudent financial management and services to the people of Kaua'i 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 Kaua'i.
4. Manage bond issuance, compliance, and debt service.

B. Goals

1. Eliminate CAFR findings as it relates to timeliness of bank reconciliations.
2. Eliminate the reliance on paper documents and store all documents electronically in Laserfiche. Also use Laserfiche to route any documentation requiring approvals and delivery to various departments.
3. Continue to support the County that we serve through eliminating redundancies, standardizing required documents in an electronic format, and opening the communication channels.
4. Automate wherever possible and drastically reduce manual entry/transfer of information between systems.

III. PROGRAM DESCRIPTION

A. 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.

B. Highlights

1. Developed wide range adjustments to systems, processes, and vendors related to cash counting procedures in order to better manage cash flow, reduce county liability, fully utilize contracted services, and reduce labor costs.

- a. Created report within the cashiering system (iNovah) for clerks to print out at end of day listing total cash collected and details of individual checks. (previously clerks would 10-key check individually and currency by denomination).
 - b. Worked with Loomis to determine contract allowed multiple bags to be picked up daily, with a limit of \$250k per bag (which could be waived for individual checks over said limit) (previously treasury personnel would walk any deposits over the first bag, \$150k limit, to the bank)
 - c. Worked with bank to remove unnecessary steps when preparing deposit. (previously separated business checks from personal checks, and strapped cash by denomination and strapping limits, none of which was required nor helpful to the bank).
 - d. Adjusted procedures around giving change to increase efficiency.
2. Performed bank reconciliations for all accounts timely, accurately, and efficiently.
 - a. Built a strong relationship with IT and learned reporting abilities of iNovah to create numerous reports to tie out bank activity with recorded receipts by bank.
 - b. Obtained online banking capabilities with all banks and investment institutions to enhance oversight, maximize fund management, obtain real time data, and reduce labor costs around transfers and bank reconciliations.
 - c. Optimized excel functionalities to reduce manual labor and increase accuracy in procedures required to complete bank reconciliations.
 - d. Established system to accurately report returned check balances.
 - Including a system to track returned checks, redeposits (with department approval), collections on previous returned checks (for MVR & DL) and write offs via journal entry (when necessary).
 - Also implemented a monthly journal entry to remove overstated revenue due to collections on previous returned checks in MVR and DL.
3. Filled all vacancies within Treasury and restructured positions to better meet the needs of the division.

4. Increased efficiency and accuracy of processes that flow through multiple department through process analysis, eliminating redundancies and outdated practices, in addition to opening interdepartmental communication channels.

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Treasury				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	262,309	203,499	58,810	22.42%
Training, Travel	1	0	1	100.00%
Services, Dues, Consult., Grants	-2,759	-3,122	363	13.15%
Other Operating	307	105	202	65.90%
R&M, Facilities, & Equip.	3	0	3	100.00%
Total	\$ 259,861	\$ 200,482	\$ 59,379	22.85%

V. ACCOMPLISHMENTS/EVALUATION

We have come a long way since FY19. The Certified Public Accountant that was hired as a consultant to clean up Treasury processes and insufficient check listing was ultimately hired full-time as our Treasurer. Since then, timely and accurate reports have consistently been provided and many of our Treasury processes and procedures have been overhauled to drastically improve efficiency and reliability. The department ended the year fully staffed, and things haven't run this smoothly for years.

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. We will accomplish this by creating a framework for supporting innovation, identifying goals, establishing sound principles, fostering collaboration, investing in our workforce, and charting a solid course for our future.

II. DIVISION GOALS/DUTIES

A. Duties/Functions

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. We have developed some internal guiding principles that will focus our employees towards similar goals:
 - a. Collaboration: We will work within and across organizational structures to meet strategic goals and identify opportunities for innovation and improvement.
 - b. Partnerships: We will develop partnerships with key County stakeholders to facilitate expedient end-user support.
 - c. Transparency: We will be transparent in our decision-making and resource use. Significant IT decisions will be made via established governance processes in a manner that solicits input from relevant stakeholders.
 - d. User Focus: User needs will be a key component in all IT decisions. We will anticipate and respond to user needs, seek input, and aspire to the usability and ubiquity of essential services.
 - e. Innovation: We will value innovative and creative thinking. Our IT staff will encourage and support development and acquisition of innovative IT services that enhance productivity and functionality.
 - f. Data Stewardship: We will provide a secure but accessible data environment. Our IT infrastructure must be stable, resilient and protected while simultaneously providing seamless access to accurate and usable information to each user in a timely fashion.
 - g. IT Knowledge and Skills: We will value developing technology skills for our IT staff and all county personnel.
 - h. Resources: We will allocate County IT resources based on providing the greatest value and benefit to our County workforce. Where possible, refurbished or reconditioned equipment will be utilized versus purchasing new equipment in an effort to promote responsible financial stewardship.

C. Goals

In adhering to our strategies and guiding principles, three key goals, Security, Quality and Efficiency, were identified as the focus of our efforts beginning fiscal year 2020. These goals have been reviewed periodically throughout the fiscal year and adjusted to keep pace with current needs. The following matrix has served as a guide in setting objectives and measures that will allow us to meet these goals.

Goal	Objective	Measures	Targets
Security	System protection	Number of captured incidents versus infections	Capture and prevent greater than 95% of all incidents
		System anti-virus reports	100% of all network connected systems with installed up-to-date antivirus
	Enhance cybersecurity measures	Number of systems in place	Implement more than three levels of security
	Improve internal account audits	Spot check user accounts	Fewer than 2% non-compliance
Quality	Improve delivery of services	Number and timeliness of Help Desk Tickets opened and closed	Greater than 75% of all Help Desk calls closed within two days
	Improve partnerships with stakeholders	Number of Agreement Memorandums signed	Greater than 50% of key stakeholders with MoA
	Improve awareness and accountability of services	Reports from stakeholders by means of survey	Greater than 80% stakeholder satisfaction
	Reduce repeat calls for the same problem	Call counts tracked in KACE Systems Management	Less than 10% repeat calls
Efficiency	Increase amount of training given to IT staff	Percent of staff attending training	Greater than 80%
	Utilize technology to improve efficiency	Percent of applications with automated deployment	Greater than 50%
		Automation of previously paper dependent business processes	Greater than 50%

1. Long-term goals beginning this Fiscal Year:

- a. System backups and redundancy: We recognize the need to have a comprehensive plan covering the protection of critical systems and files, from both server and user levels. The backup systems currently in place have served us well for a long time but are becoming difficult to manage and require intervention from IT Help Desk staff in order to restore data. Beginning this fiscal year, we will start replacing or updating our backup and archiving systems.
- b. New software applications: The County is still using decades old software systems and, in some cases, paper-based methods, to manage critical County data. We will be initiating research into potential replacements for these systems or in the case of paper-based record keeping, acquisition of new management systems.

III. PROGRAM DESCRIPTION

A. Program Objectives

1. New Paradigm and Vision:

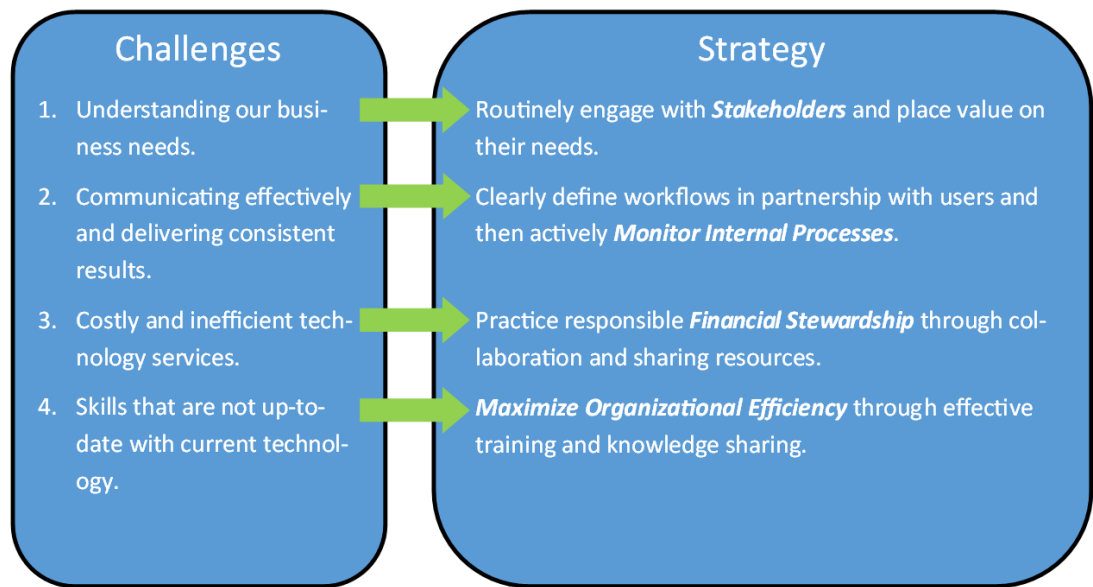
- a. Our vision charts a new path for County Information and Technology Systems. It is common for departments charged with the responsibility of procuring and servicing technology systems to disengage from system users and take a hands-off approach, often leaving end-users and system stakeholders to fend for themselves. This approach serves to further fragment technology environments with stakeholders going off on their own to find solutions to problems, frequently with little or no direction from IT.
- b. Beginning this Fiscal Year, we will adhere to our model of collaborating closely with all County departments on technology initiatives will foster a sense of partnership, allowing us to create efficiencies not previously achievable. We will engage with stakeholders to find solutions that fully mesh with existing technology infrastructure and initiatives. To overcome challenges in supporting this new direction, we will adopt a set of principles that will serve as the core to guide us into the future.

2. Challenges and Core Strategy:

- a. The County has made tremendous progress in developing a state-of-the-art technology infrastructure. Numerous enhancements have been implemented that continue to serve us well in delivering services to our stakeholders and in

hardening our ability to tolerate system failures. At the same time, we are faced with real and immediate challenges; these include fragmented environments, duplication of systems, architecture that is misaligned with our mission and a lack of interconnecting processes.

- b. While recognizing our accomplishments, we realize that there is still much work to be done. The following principles will form the core of the strategy we will apply in achieving our goals.



B. Program Highlights

1. Land Information Management System (LIMS) – We have selected a vendor to provide our LIMS software solution. The company, Novotx based in Utah, has an excellent track record in providing highly customizable GIS based workflow and asset management solutions for government and utilities. Using their premier software solution, Elements XS, the County of Kaua’i has high ambitions in developing workflow driven, highly integrated means of engaging with our public and streamlining interdepartmental processes.
2. Microsoft Office 365 – During the course of this fiscal year we completed the deployment of our Office 365 procurement which began in FY19. The timeliness and necessity of this acquisition became quite apparent as many of the Office 365 components became critical pieces of our teleworker infrastructure in support of keeping the county operating during the COVID 19 pandemic.
3. Customer Queue Management - Our deployment of the Q-Flow queueing system for the Kapule lobby was completed this year. This new scheduling system has given us the tools we needed to effectively manage appointments with our Motor Vehicles and Driver’s Licensing Divisions. The acquisition of this software has proven to be

very timely in light of the COVID 19 pandemic wherein the need to properly space appointments has become a critical need. Through use of our new queueing system we have been able to keep pace with implementing new standards in order to maintain social distancing for both our staff and our public.

IV. Budget

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Information Technology				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	1,819,613	1,811,328	8,285	0.46%
Utilities, Insurance, Fuels	44,511	44,506	5	0.01%
Training, Travel	6,512	6,509	3	0.04%
Services, Dues, Consult., Grants	973,437	972,999	438	0.05%
Other Operating	524,666	524,634	32	0.01%
R&M, Facilities, & Equip.	364,206	364,182	24	0.01%
Claims, Rental, Loans, Debt Svc.	9,315	9,313	2	0.02%
Total	\$ 3,742,260	\$ 3,733,472	\$ 8,788	0.23%

V. ACCOMPLISHMENTS/EVALUATION

Countywide IT Evaluation – As an extension of our initiatives to take a renewed approach in tackling the necessity to better integrate county data and technology systems, we have begun the process of selecting an outside consultant that will help us in evaluating our present IT environment. This project will help us to produce a strategic plan that will serve as a guide to the direction we take with county technology for years to come. The technology roadmap should also serve to prevent wasted money and efforts by ensuring that all county departments are on the same page in their technology pursuits.

Human Resources Management System (HRMS) – In partnership with our county HR Department, IT has embarked on a journey that will lead to the procurement and implementation of new software to manage one of our most valuable resources, our county workers. Among the objectives of this endeavor will be giving employees, supervisors and others the ability to access information that will promote better decision-making processes from selecting benefits to managing overtime. This multi-year project has the potential to greatly improve the tools that we use to manage our county workforce and we are excited to begin this project this fiscal year.

Kapule Renovation – We will begin the procurement of services to renovate our IT office spaces to include both staff occupied rooms as well as equipment and

server rooms. The initial stages of this project will include a complete upgrade to the cooling systems that protect our electronic equipment and provide air condition to staff occupied spaces. Additionally, we have begun the procurement process to provide upgrades to our backup generator systems in order to better protect our IT resources during extended power outages.

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.

- 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.
- We have made good progress this fiscal year in addressing the many aging systems and paper-intensive processes within the County 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.

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, Hawaiian 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.Kaua'ipropertytax.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. Much has been accomplished with regard to this goal in the past several years and

Appraisal staffing is stable and very accomplished. It is also essential that we effectively train and provide a successful career path for our clerical staff. Kaua'i has a very complex property tax system containing many exemptions and tax credits. Our clerical staff is the voice of the office and continuity within this sector of the office is essential for the continued delivery of excellent customer service. The retirement of 2 senior clerical staff and the loss of another via transfer to another department has forced the division to think differently than in the past in an effort to train, progress and retain good clerical staff. RPA created a new training program managed by the Real Property Technical staff in order to quickly bring new clerical staff up to speed and progress them with a visible career path, which provides incentive to strive and advance within the office.

2. Implement New Technologies: RPA has transitioned all of its processes to a paperless environment, which allowed a seamless transition into the COVID directives and allowed greater productivity in the remote work environment.

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 affects 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).

4. Space Management: There was a CIP project (W15105) in the FY17 budget to move the front counter forward so that additional desk area can be created. Architectural drawings were worked on during FY18 but the project was cancelled due to excess bid costs. County maintenance staff were used for this project instead and the new counter was completed in early 2020. In addition to that, the front portion of the office was re-carpeted shortly after the new counter was

completed and a contract to complete new carpeting and cubicles for the Real Property tax offices should be completed in late 2020 or early 2021. This is a much needed project as the office was seriously dated and home made cubicles were inefficient and failed to maximize the available space in the office

III. PROGRAM DESCRIPTION

A. Program Objectives

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

The County's real property taxes billed (revenues on full accrual basis) increased by \$11.647 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 FY21, the total amount billed, which includes refuse collection fees and community facilities district charges less any tax credits, was \$162.169 million as compared to \$150.521 million for FY20. The gross assessed values, that were completed and certified during FY20 but become effective in FY21, increased by approximately \$1.349 million (or 5.52%) going from \$24.449 billion to \$25.798 billion, while the net taxable values increased by approximately \$1.256 million (or 5.91%) going from \$21.264 billion to \$22.521 billion.

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.

A total of 192 properties received income-based tax credits that limited property taxes to 3% of gross income in-lieu of market calculated taxes.

The total number of exemptions within Kaua'i County grew from 18,044 to 18,156 between FY20 and FY21. 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.

For 2020, there were 159 appeals that are contesting approximately \$188 million in value, which is only 0.84% of the \$22.521 billion in total net taxable value. These 159 appeals represents only 0.46% of the 34,071 total parcels assessed. By comparison, there were 269 appeals in FY20.

V. BUDGET

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Real Property Assessment				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	1,678,946	1,632,197	46,749	2.78%
Utilities, Insurance, Fuels	1,001	0	1,001	100.00%
Training, Travel	14,989	14,967	22	0.15%
Services, Dues, Consult., Grants	351,101	303,849	47,252	13.46%
Other Operating	27,159	21,329	5,830	21.46%
R&M, Facilities, & Equip.	336,727	336,723	4	0.00%
Claims, Rental, Loans, Debt Svc.	11,200	9,602	1,598	14.27%
Total	\$ 2,421,123	\$ 2,318,667	\$ 102,456	4.23%

IV. PROGRAM MEASURES – 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 2020 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

Kathleen Singson, Tax Collection Supervisor

I. MISSION STATEMENT

To provide prudent financial management and services to the people of Kaua'i 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. Staff Development: Continuously working with HR to develop a progression plan for RPC employees. This will give the employees at RPC an opportunity to advance in their career.
2. Reduce Delinquencies: The Delinquency Rate as of June 30, 2020 was 2.83% with a total outstanding amount of **\$4,370,024.97**. The Real Property Collections Department and County Attorney's office are working together to continue to enter taxpayers into approved Payment Agreements and File Liens where necessary. In November 2019, RPC sent out 225 Delinquent letters notifying all owners that owed three or more years of delinquent taxes. County Attorney's office created a payment and forbearance agreement to be utilized as a standard document for approved payment agreements.

3. Improve Efficiency and Utilize Technology: Continued goals include exploring filing liens electronically with HIC. Working to create a more seamless and user friendly process in our filing liens and release of liens process.

III. PROGRAM DESCRIPTION

A. Program Objectives

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.

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.Kaua'ipropertytax.com
4. Accepting online payments via credit card and ACH at www.Kaua'i.gov/paypropertytax

IV. BUDGET

General Fund - Fiscal Year Ended June 30, 2020 (Preliminary)				
Real Property Collections				
	Budget	Actual + Encumbrances	\$ Variance	% Variance
Employee & Related	324,319	294,965	29,354	9.05%
Training, Travel	0	0	0	0.00%
Services, Dues, Consult., Grants	3,550	3,099	451	12.71%
Other Operating	88,365	83,776	4,589	5.19%
Claims, Rental, Loans, Debt Svc.	3,700	3,594	106	2.85%
Total	\$ 419,934	\$ 385,435	\$ 34,499	8.22%

V. ACCOMPLISHMENTS/EVALUATION

Paperless billing will be offered to taxpayers this upcoming FY2020-2021. The paperless program includes email notification, access to a PDF file of their bill, able to add multiple properties to one user account and keeps an archive of past billings.

Due to the pandemic, our office has converted about 90% of paper files to electronic files. IT department has given us the necessary tools such as Adobe and Laserfiche to store and create most of our paper documents into electronic files.