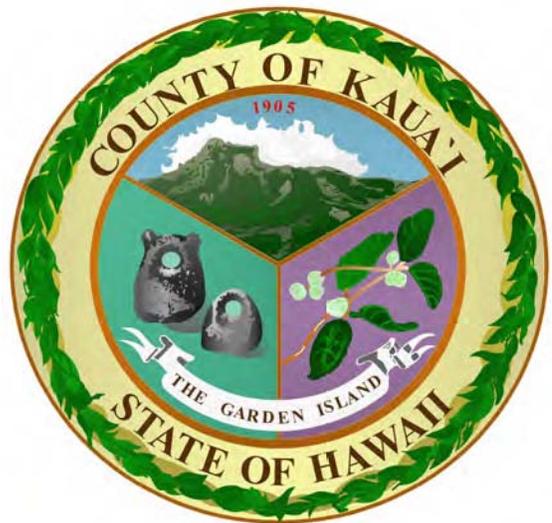


**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
County of Kauaʻi, Hawaiʻi**

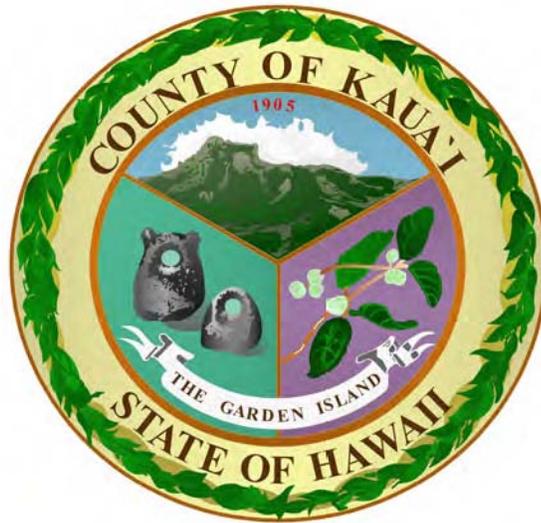


**For the Fiscal Year Ended  
June 30, 2016**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2016**

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



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

**Ken M. Shimonishi  
Director of Finance**

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

**COUNTY OF KAUA'I  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS**

		<u>Page</u>
<b>PART I</b>	<b>INTRODUCTORY SECTION</b>	
	Letter of Transmittal	1
	GFOA Certificate of Achievement	10
	Organization Chart	11
	Principal Elected Officials	12
<b>PART II</b>	<b>FINANCIAL SECTION</b>	
	Independent Auditor's Report	13
	Management's Discussion and Analysis (MD&A)	16
	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Position	28
	Statement of Activities	29
	Fund Financial Statements:	
	Balance Sheet - Governmental Funds	31
	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	32
	Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	33
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	34
	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	35
	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Housing and Community Development Revolving Fund	39

**COUNTY OF KAUA'I  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>PART II      FINANCIAL SECTION (Continued)</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Solid Waste Disposal Fund	40
Statement of Net Position - Proprietary Funds	42
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	43
Statement of Cash Flows - Proprietary Funds	44
Statement of Fiduciary Net Position - Fiduciary Funds	45
Notes to the Financial Statements	46
Required Supplementary Information Other Than MD&A	
Schedule of Funding Progress for the EUTF Health Plan	102
Schedule of the County's Proportionate Share of the Net Pension Liability	103
Schedule of Employer Pension Contributions	104
Other Supplementary Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Non-major Governmental Funds	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds	110
Combining Statement of Changes in Assets and Liabilities - Agency Funds	112

**COUNTY OF KAUAI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS**

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

**COUNTY OF KAUA'I  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS**

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

## **INTRODUCTORY SECTION**

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



**Ken M. Shimonishi**  
Director of Finance

**Wallace G. Rezentes, Jr.**  
Managing Director

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

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

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

December 12, 2016

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

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Kaua'i (County), State of Hawai'i (State) for the fiscal year ended June 30, 2016.

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

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

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

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

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

### **The Reporting Entity**

The County of Kaua'i, commonly known as The Garden Island, includes the populated island of Kaua'i and Ni'ihau and has approximately 71,735 residents. The island of Kaua'i has an area of 549 square miles and approximately 137 miles of coastline. Ni'ihau is a privately owned island encompassing approximately 70 square miles and is inhabited primarily by native Hawaiians who work on the Robinson Family ranch. Owners of the island grant limited access to the general public. Kaua'i is the smallest in size, population, and operating budget among the State's four counties. The County's largest industry is tourism, and the island's scenic and tourist attractions include the Waimea Canyon, coined the "Grand Canyon of the Pacific", the incomparable Na Pali Coast, with its secret beaches and hidden valleys, the Fern Grotto reached by riverboat cruises, and many others.

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

There are no subordinate or separate municipal entities within the County's jurisdiction. All powers of the County shall be carried into execution as provided by its Charter or by ordinance of the County Council and Mayor. The State's constitution sets limits on total bonded indebtedness of the County. Under the Constitution and laws of the State, the full faith and credit of the County are pledged to the payment of the general obligation bonds issued. For the payment of the principal and interest on the bonds, the County has the power and is obligated to levy ad valorem taxes. In the current year, the County Council passed Ordinance No. 997, limiting any increases or decreases to the prior year's assessed values to three percent (3%) for qualifying properties. To be eligible for the assessment limit, properties must have been classified as either Homestead or Commercialized Home Use in the current year and previous year and may not have made any property characteristic changes. The County did not issue any special assessment debt nor is there any overlapping bonded debt on general obligation bonds.

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

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

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

### **Economic Conditions and Outlook**

Kaua'i's main economic engine, the Visitor Industry continues with steady growth. More than any other county, Kaua'i's economy relies on a healthy visitor industry. One of the main reasons for the recovery from the Great Recession can be attributed to the increase in airline seats from major U.S. West cities to Kaua'i. Major airlines such as United, American, Delta, Alaska and Hawaiian have shown confidence in Kaua'i. Strong visitor numbers confirm that and continue to support businesses that are either directly or indirectly involved with that industry. However, it should be noted that while growth in the visitor industry is beneficial to the overall island economy, local county government does not realize the same direct benefit as revenue generated by the visitor industry, such as Transient Accommodation Taxes are capped by the state legislature, and the County currently does not share in any General Excise Tax revenue.

According to the State's Department of Business, Economic Development & Tourism (DBEDT), Kaua'i's economy is expected to experience positive growth for the rest of 2016 and into 2017. This outlook is based on the most recent developments in the national and global economies, the performance of Hawaii's tourism industry, labor market conditions, and the growth of personal income and tax revenues.

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

### **Tourism**

Kaua'i is marketed as a destination for relaxation and rejuvenation and continues to enjoy a reputation as one of the world's top island destinations.

Kaua'i had a successful year in the Tourism sector. In the current fiscal year, Kaua'i received 897,087 visitors, who stayed an average of 7.65 days and spent \$182 per day. The daily visitor count is well over 25K. Three out of four were independent travelers. The U.S. west coast remains the primary source of visitors to Kaua'i. Smaller, but growing visitor markets include Canada, Europe, Oceania, Other Asia and Latin America.

Per the Tourism Strategic Plan Update, Kaua'i offers visitors a rural and natural experience with a mix of accommodations to meet many needs. About half of Kaua'i visitors stay in hotels, and the remainder stay in condos, timeshares and rental homes. Visitors choosing to stay in rental homes, which may include home stays and transient vacation rentals, continue to increase.

### **Film**

The Kaua'i Film Commission (KFC) works with film, TV and other entertainment production companies, producers, writers and directors worldwide to encourage them to bring projects to Kaua'i. Concurrently, KFC works to support the diversity of resources that make Kaua'i an attractive filming location including the scenic environment, visitor industry, cultural heritage, and aloha spirit.

The KFC works directly with location managers, producers, directors and industry decision-makers to consider and develop new locations and incentives for filming on Kaua'i. The KFC also works directly with producers and companies filming on Kaua'i to assure that their needs are met and that the community and environment are treated with respect and are protected. The KFC works with the community to assure both the economic well-being of local film industry resources and production success.

The KFC also monitors the technology trends in production and film to help further establish Kaua'i as a technological asset to filmmakers, as well as help to assist the island's infrastructure to better support production.

The film industry continues to infuse millions of dollars into Kaua'i's economy. Kaua'i has been the backdrop for infomercials, music videos, industrial and commercial films and still photo production. With the 25% increase in tax incentive for neighbor islands, which commenced in 2013, KFC and other Hawai'i film commissions continue to promote the added incentive to filmmakers in future sales and marketing campaigns. In order to accomplish this, we continue to strengthen industry relationships by improving communication amongst Kaua'i film industry partners.

Although there were no feature films produced on Kaua'i, there were other production activities such as: HGTV (Home & Garden Television) series; Little Women L.A., various commercials, print ads, music videos, and documentaries.

One of the main goals for the Office of Economic Development is to provide economic opportunities through job creation, while diversifying Kaua'i's economy to decrease the reliance on the Visitor Industry. Growing the film industry on Kaua'i is very important and one of the projects that have been in the works for at least 5 years is the Kaua'i Creative Technology Center (KCTC).

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

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

### **Real Estate and Construction**

As Kaua'i's economy continues to improve with increased visitor arrivals and spending, it also translates to increased job opportunities for residents, along with the potential of increased wages and ability to purchase real estate. The visitor industry also provides potential buyers of Kaua'i real estate for either investment purposes, as well as those choosing to relocate their permanent residence here.

Real estate sales volume for Kaua'i increased by \$25.6 million, from \$643.6 million in 2015 to \$669.3 million in 2016. It is one of Kaua'i's more lucrative and profitable industries and like gold, Kaua'i land is a great commodity to have. Those involved in the real estate industry, really benefit from this, but for most Kaua'i residents, rising real estate prices and values make it that much more difficult to own a home on Kaua'i. This also affects the rental market as property owners have gone the lucrative route of vacation rentals, instead of long-term rentals for residents. None is more evident than what is transpiring on the North Shore.

Overall, the median price increased in the residential, vacant land, commercial and condominium sections and decreased in the business section.

The following are median sales prices for these categories overall on Kaua'i:

- **Residential** – up \$9,500 from \$615,000 in 2015 to **\$624,000** in 2016
- **Vacant Land** – up \$45,000 from \$350,000 in 2015 to **\$395,000** in 2016
- **Commercial** – up \$50,000 from \$630,000 in 2015 to **\$680,000** in 2016
- **Condominium** – up \$44,500 from \$355,000 in 2015 to **\$399,500** in 2016
- **Business** – down \$245,000 from \$375,000 in 2015 to **\$130,000** in 2016

According to DBET statistics, the County issued 199 building permits with a total value of \$109.7M; another indication that Kaua'i's real estate and construction sector is gradually improving.

Construction of new homes by owner-occupied builders in the Habitat for Humanity Program is well underway in 'Ele'ele. Prominent subdivisions such as Kukui'ula and Pikake have been steady, and affordable housing in Kaniko'o at Rice Camp and the Kohea Loa – DR Horton/Schuler Homes project in Hanamā'ulu are at various stages of construction. This project will provide much-needed workforce housing for residents within the surrounding communities, especially, due to its geographic and strategic locations between Lihue and east Kaua'i.

Hokuala, a Timbers Resort at Kalapakī continues with its construction of timeshare units and the new Hilton Garden Inn (formerly Kaua'i Resort, formerly Aloha Beach Resort) recently opened for business. The developer of the Hyatt Residences timeshare resort in Waipouli will occupy the vacant lot between the Kaua'i Coast Resort and the Courtyard Marriott Waipouli.

Re-opening of the iconic Coco Palms Resort is progressing at a slow pace. The completion date is expected to be in late 2018.

### **Agriculture / Energy**

Seed Corn continues to be Kaua'i's lead agricultural crop and its value and economic impact on Kaua'i is significant. Although the industry farms less than 5,000 acres, its value and economic impact is significant. Pioneer Hi-Bred employs 114 full-time and over 100 seasonal hires.

Globally corn prices are down and farmers are not planting as much. Seed companies such as Pioneer and Dow AgroSciences have reduced output and employment. As an example, Pioneer Seed Corn accounts for \$15-20 million in local payroll and purchasing expense.

Kaua'i Coffee is the nation's largest coffee plantation and farms 2,500 acres and is Hawai'i's only vertically integrated coffee company, from orchards to retail. The company uses mechanical harvesting and other techniques to create economies of scale. Recently the company has cut back on output and taken some acreage out of production due to drought. It employs 120 workers as a base and an additional 60 during harvesting operations. The company continues to be concerned with the spread of the coffee berry borer, which has added 20 percent to growing costs in Kona.

Kaua'i Shrimp is the third largest brood stock supplier in the world with customers in China, Vietnam and India. Sales have doubled to over \$9 million since 2013 and their product is distributed and sold in restaurants in the United States and Japan, and wholesale grocery including Sam's Club and Costco. They have 43 full-time employees plus a few part-time workers.

Koloa Rum is another success story where the company is taking advantage of synergies between agriculture and the visitor industry and the popularity of their ready-to-drink mixes. Annual sales are over \$4 million, and with the assistance of Dow Agro-Sciences, sugar cane that provides much-needed molasses, is once again grown on Kaua'i.

Kaua'i also leads the State in taro production and supplies over 80% of the State's needs.

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

Kaua'i's agriculture may become more diversified if Ulupono Initiative's Hawai'i Dairy Farm at Mahaulepu goes forward. Presently, there are plans for a 699-cow herd to eventually produce 1.2 million gallons of milk per year with 10-15 employees. Ulupono is conducting a voluntary environmental impact study and building permits have been obtained, but legal challenges are coming from the nearby Koloa-Po'ipū community. If these challenges are overcome, the dairy operation could be in operation within the next year.

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

Projects we are especially proud of are the County's programs that are housed in the Office of Economic Development are the Sunshine Farmer's Markets, and the Kaua'i Grown and Kaua'i Made programs.

Energy efficient goals and initiatives resulted in the following projects:

- Kaua'i LED Streetlight Retrofit
- Lihue Wastewater Treatment Facility- Anaerobic Digestion of Food Waste
- Kekaha Landfill Alternate Fuel Project:
- Energy Retrofits for the Police-Civil Defense Facility
- New high efficiency Air Conditioning Chiller at Līhu'e Civic Center

### **Major Initiatives and Achievements**

As mentioned previously, Ordinance No. 997 was signed into law setting limits on any increases or decreases to the prior year's assessed values up to three percent (3%) for qualifying properties. To be eligible for the assessment limit, properties must have been classified as either "Homestead" or "Commercialized Home Use" in the current year and previous year and may not have made any property characteristic changes. There are provisions for value adjustments, up or down, that may exceed the three percent limit, such as new construction, home renovations, building demolition, or agricultural dedications. The ordinance also contains provisions that reset the assessed value to market value. These include properties that have changed ownership, lost a home use exemption, or changed to land characteristics (subdivided, consolidated, or up-zoned). Unlike the tax cap from 2004 to 2014, the assessment cap does not limit the County's ability to generate the necessary taxes as tax rates may be adjusted annually.

The County's capital improvement projects that are in progress, completed, or substantially completed during the year include Kekaha Gardens park, Hardy Street improvements, Wailua Waste Water Treatment Plant improvements Phase I, various park improvements projects (e.g. light retrofit, equipment upgrades, etc.) , alternative energy projects, ADA improvement projects, and 800MHz radio system upgrade.

The Department of Public Works administers the sewer credit relief program for qualified low-income residential users. A total of 7,137 credits at \$20.00 per month were issued to eligible residential users that amounted to approximately \$143K in savings for households in fiscal year 2016. The General Fund subsidized the sewer credit relief program.

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

No new General Obligation Bonds (GO Bonds) were issued during the current fiscal year. The appropriated balance in the Bond Fund amounted to \$14.6 million. The following major projects have been appropriated for:

Alternate energy projects	Veterans Cemetery upgrade
WWTP Improvements/Renovation	Pi'ikoi Interior II
'Aliomanu road	ADA improvement projects
New landfill site acquisition	

### **Budgeting Controls**

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

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

### **Employee Union Contracts**

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

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

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

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

July 1, 2015 and January 1, 2016 – 2%

July 1, 2016 – 2.5%

January 1, 2017 – 3.3%

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

Hawai'i Fire Fighters Association (HFFA):

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

July 1, 2013 – 2% ATB

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

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

**Clerical and Professional:**

*Bargaining Unit 2 – July 1, 2015 to June 30, 2017 (Memorandum of Agreement)*

July 1, 2015: 0.3% across the board increase; continue step movement plan; 2% lump sum payment to those at max step, not assigned to the salary schedule or did not move a step (7/1/15-6/30/16); October 1, 2015: 2% across the board increase, continue step movement plan  
April 1, 2016: 2% across the board increase, continue step movement plan; October 1, 2016: 2% across the board increase, continue step movement plan; April 1, 2017: 2% across the board increase, continue step movement plan.

*Bargaining Unit 3 and 4 – July 1, 2015 to June 30, 2017 (Memorandum of Agreement)*

July 1, 2015: Continue step movement plan from July 1, 2009 to June 30, 2016; \$1,500 lump sum payment to those at max step as of June 30, 2015, not assigned to the salary schedule or did not move a step (7/1/15-6/30/15); July 1, 2016: Continue step movement plan; \$1,200 lump sum payment; January 1, 2017: 1.6% across the board increase, continue step movement plan.

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

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

*Bargaining Unit 14 – July 1, 2015 to June 30, 2017 (Memorandum of Agreement)*

February 22, 2016: Based on the Memorandum of Agreement entered into agreement between the Employer and Union on July 9, 2015, continue step movement plan from February 22, 2016 to June 30, 2016. June 30, 2016 current salary schedule, Exhibit A, restructured to reflect the following: Pay ranges from SR04 to SR 10 and from SR30 to SC03 deleted; Steps A, B, and C deleted and the remaining steps D to M designated as Steps A to J, respectively; Two new Steps K and L added after Step J; Employees on Steps A to L placed on their corresponding pay range and step; Employees on Step M placed on Step L of the corresponding pay range; Following the restructuring of Exhibit A, 4% across the board increase; Employees on Step M as of June 30, 2016 received one-time lump sum payment equivalent to 4% of the Employee's new annual basic rate of pay; Employees not assigned to the salary schedule received 4% increase to basic rate of pay and a one-time lump sum payment equivalent to the Employee's new annual basic rate of pay.

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

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

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

**Independent Audit**

The County Charter requires an annual financial audit by licensed and independent certified public accountants at least once every two years, or as deemed necessary. The financial statements are audited on an annual basis. The basic financial statements in this report have been audited by N&K CPAs, Inc. The financial statements of the Department, an enterprise fund included in the government-wide financial statements as a discretely presented component unit, were audited by KMH, LLP. The County is also required to have an annual "single audit" in

conformity with the provisions of the Single Audit Act of 1984, as amended, and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information pertaining to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the report of the independent auditors on the internal controls and compliance with all applicable laws and regulations are included in a separate report and has been audited by N&K CPAs, Inc.

**Awards**

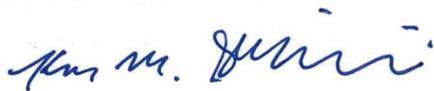
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is only valid for period of one year. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility of another certificate. The County has received this award for 23 consecutive years.

**Acknowledgments**

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

Respectfully submitted,



Ken M. Shimonishi  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

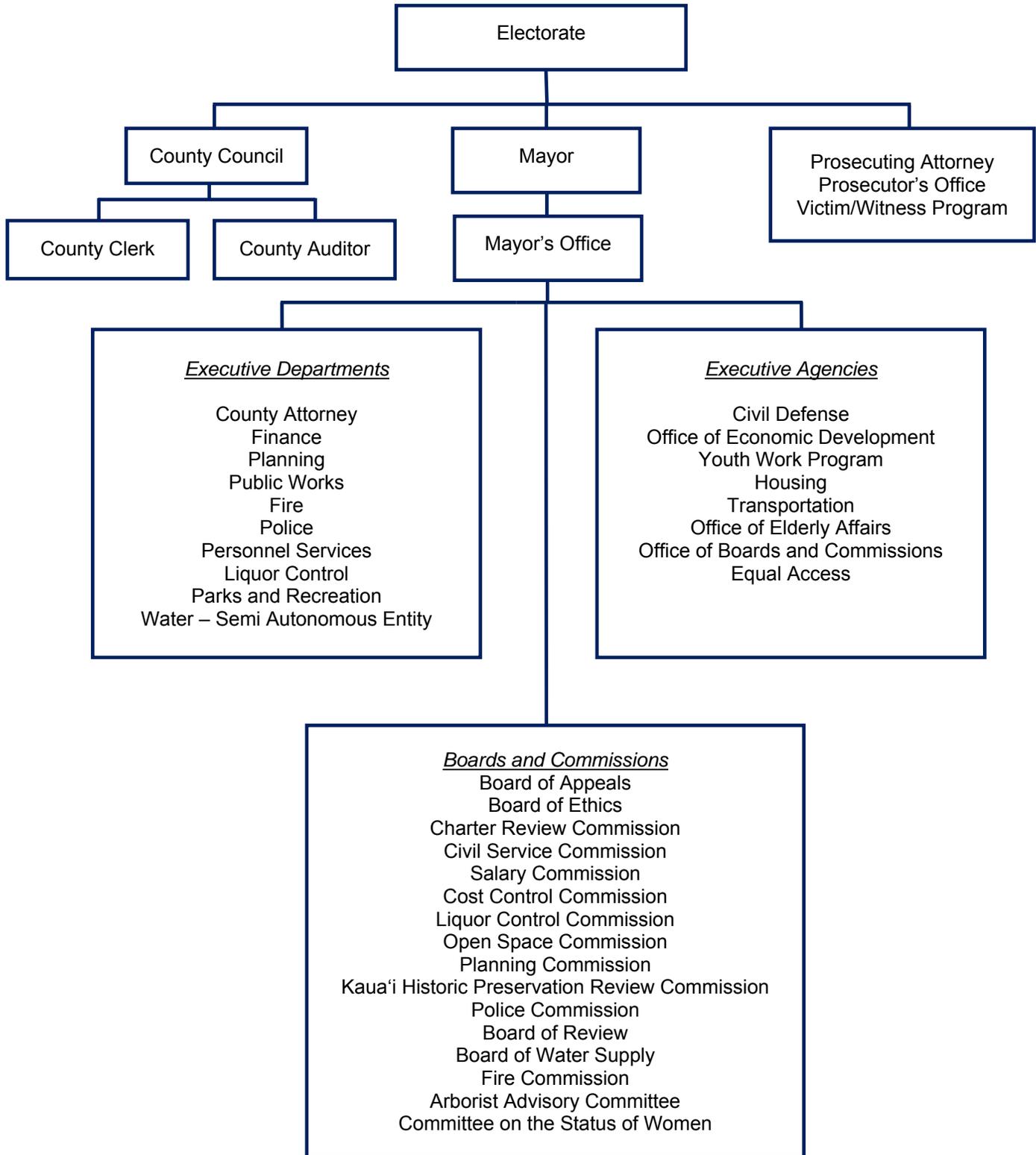
**County of Kauai  
Hawaii**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# County of Kaua'i Organization Chart



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

**County Council Members**

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

**Mayor**

Bernard P. Carvalho, Jr.

**Prosecuting Attorney**

Justin Kollar

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Kaua'i, State of Hawai'i (County), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Department of Water, which is the discretely presented component unit. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Water, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the County of Kaua'i, State of Hawai'i as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Housing and Community Development Revolving Fund and the Solid Waste Disposal Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 27, the schedule of funding progress for the Hawaii Employer Union Health Benefit Trust Fund on page 102, the County's proportionate share of the net pension liability on page 103, and the schedule of employer pension contributions on page 104, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual fund financial statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

N&K CPAs, Inc.

Honolulu, Hawai'i  
December 12, 2016

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

The management of the County of Kaua'i (the County) offers to readers a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-9 of this report and the financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

In March 2016, GASB issued Statement No. 82 (GASB 82), *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The County early implemented the provisions of GASB 82 in the current year, of which, resulted in a restatement to beginning net position to governmental activities of \$4.32 million and to business-type activities of \$0.14 million. The restated beginning balance for fiscal year 2016 is \$320,937,476 and \$79,423,271 for governmental activities and business-type activities, respectively.

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

Changes resulting from the above mentioned pronouncements apply only to the government-wide financial statements and enterprise funds (Sewer and Golf); it does not apply to governmental funds. These pronouncements require the County to recognize its proportional share of pension liabilities, deferred outflows, and deferred inflows arising from participation in the Employees' Retirement System of the State of Hawai'i's pension plan. As a result of implementation, the County is reporting a net pension liability, deferred outflows and deferred inflows of resources related to pension on the accrual basis of accounting.

A restatement to record the effects of GASB 82 decreased net position in the Statement of Activities at June 30, 2015, from \$404.82 million to \$400.36 million.

- The assets and deferred outflows of the **governmental activities** exceeded its liabilities and deferred inflows at the close of the fiscal year by \$320.2 million in its government-wide financial statements, a decrease of \$5.1 million from the prior year. Unrestricted net position remained relatively flat to the prior year and ended at (\$132.4) million.

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

1. A restatement to governmental activities of \$4.3 million, decreasing net position.
2. Expenses totaling \$192.1 million, an increase of \$12.2 million or 6.8% from the prior year.
3. Program revenues totaling \$48.7 million, a decrease of \$2 million or 3.9% from the prior year.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

4. General revenues and transfers totaling \$142.7 million, an increase of \$5.5 million or 4% from the prior year.
  5. Assets, including capital assets, decreased slightly by \$2.7 million from the prior year.
- The assets and deferred outflows of the **business-type activities** exceeded its liabilities and deferred inflows at the close of the fiscal year by \$81.3 million in its government-wide financial statements, an increase of \$1.7 million from the prior year. Unrestricted net position increased by \$4.5 million from the prior year and ended at \$6.1 million. The business-type activities recorded in the government-wide financial statements are identical to the proprietary funds except for some consolidation of inter-fund receivables and payables within the primary government.

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

1. A restatement to business-type activities of \$0.14 million, decreasing net position.
2. Expenses totaling \$15.1 million, an increase of \$1.3 million or 9.4% from the prior year.
3. Program revenues totaling \$14.8 million, a decrease of \$6.2 million or 29.5% from the prior year.
4. General revenues including transfers totaling \$2.2 million, an increase of \$1.7 million or 340% from the prior year.
5. Assets, including capital assets, increased by slightly \$2.8 million from the prior year.

As of the close of the fiscal year, the County's **governmental fund** financial statements reported combined ending fund balances of \$118.7 million, of which, remained relatively flat to the prior year.

- The County's ending **General Fund** balance consisted of \$0.5 million in restricted fund balance, \$9.5 million in committed fund balance, \$1.5 million in assigned fund balance and \$36.5 million in unassigned fund balance. The General Fund balance at June 30, 2016 amounted to \$48.0 million, an increase of \$8.7 million from the prior year. The unassigned fund balance of \$36.5 million represents the remaining portion of the County's Reserve Fund.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The Statement of Net Position presents information on all of the County's assets (including capital and infrastructure assets), plus deferred outflows of resources, less liabilities (including long-term debt), less deferred inflows of resources, with the difference reported as net position.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities which is required for Generally Accepted Accounting Principles (GAAP) reporting.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

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

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

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, and is part of the basic financial statements.

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County's financial condition. The largest portion of the County's net position reflects its net investment in capital assets, at \$438.2 million or 136.8% of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The County's restricted net position category represents \$14.4 million or 4.5% of net position. These restrictions on net position are imposed by enabling legislation or parties outside the government (such as creditors, grantors, contributors, laws or regulations of other governments).

The difference between total net position and the two categories just discussed (net investment in capital assets and restricted net position) is the unrestricted net position, totaling (\$132.4) million or (41.3%) of net position. As mentioned previously, the County implemented GASB 68

**COUNTY OF KAUA'I, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

and GASB 71 in the prior year and early implemented GASB 82 in the current year. The County is reporting a net pension liability, deferred outflows and deferred inflows of resources related to pensions on the accrual basis of accounting. The implementation of these pronouncements resulted in a negative unrestricted net position.

The following is a summary of the Statement of Net Position as of June 30, 2016 and 2015:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015 (as restated)	2016	2015 (as restated)	2016	2015 (as restated)
Current and other assets	\$ 175.30	\$ 175.48	\$ 14.66	\$ 12.50	\$ 189.96	\$ 187.98
Capital assets	<u>530.03</u>	<u>532.51</u>	<u>98.22</u>	<u>97.57</u>	<u>628.25</u>	<u>630.08</u>
Total Assets	<u>705.33</u>	<u>707.99</u>	<u>112.88</u>	<u>110.07</u>	<u>818.21</u>	<u>818.06</u>
Deferred Outflows of Resources	27.95 *	16.97	1.90 *	0.39	29.85	17.36
Non-current liabilities	341.61	319.24	30.80	25.54	372.41	344.78
Other liabilities	<u>55.63</u> *	<u>56.61</u>	<u>2.18</u> *	<u>4.66</u>	<u>57.81</u>	<u>61.27</u>
Total Liabilities	<u>397.24</u>	<u>375.85</u>	<u>32.98</u>	<u>30.20</u>	<u>430.22</u>	<u>406.05</u>
Deferred Inflows of Resources	<u>15.81</u> *	<u>28.18</u>	<u>0.49</u> *	<u>0.83</u>	<u>16.30</u>	<u>29.01</u>
Net position:						
Net investment in capital assets	438.18	447.35	74.78	77.61	512.96	524.96
Restricted	14.44	10.17	0.36	0.36	14.80	10.53
Unrestricted	<u>(132.39)</u> *	<u>(136.59)</u>	<u>6.17</u> *	<u>1.46</u>	<u>(126.22)</u>	<u>(135.13)</u>
Total Net Position	\$ <u>320.23</u>	\$ <u>320.93</u>	\$ <u>81.31</u>	\$ <u>79.43</u>	\$ <u>401.54</u>	\$ <u>400.36</u>

\*Due to implementation of GASB 82, a prior period adjustment to governmental activities of \$4.32 million and to business-type activities of \$0.14 million is reflected in June 2016. The restated beginning balance for fiscal year 2016 is \$320,937,476 and \$79,423,271 for governmental activities and business-type activities, respectively. See Note 20 for details.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

The following is a summary of the Statement of Activities for the fiscal years ended June 30, 2016 and 2015:

<b>Summary Statement of Activities</b>						
<b>(Amount in millions)</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u> <small>(as restated)</small>	<u>2016</u>	<u>2015</u> <small>(as restated)</small>	<u>2016</u>	<u>2015</u> <small>(as restated)</small>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 24.67	\$ 23.18	\$ 13.20	\$ 13.01	\$ 37.87	\$ 36.19
Operating grants and contributions	17.72	21.79	--	--	17.72	21.79
Capital grants and contributions	6.27	5.69	1.56	7.95	7.83	13.64
General revenues:						
Property taxes	114.23	106.77	--	--	114.23	106.77
Other taxes	13.06	13.93	--	--	13.06	13.93
Other	17.66	16.94	0.06	0.02	17.72	16.96
Total Revenues	<u>193.61</u>	<u>188.30</u>	<u>14.82</u>	<u>20.98</u>	<u>208.43</u>	<u>209.28</u>
<b>Expenses:</b>						
General government	31.12	34.84	--	--	31.12	34.84
Public safety	64.00	59.78	--	--	64.00	59.78
Public works	13.03	13.19	--	--	13.03	13.19
Highways and streets	21.39	20.17	--	--	21.39	20.17
Sanitation	22.78	18.08	--	--	22.78	18.08
Culture and recreation	12.64	12.56	--	--	12.64	12.56
Public welfare	22.07	20.35	--	--	22.07	20.35
Interest on long-term debt	5.10	5.25	--	--	5.10	5.25
Housing programs	--	--	2.48	2.17	2.48	2.17
Sewer	--	--	10.31	9.30	10.31	9.30
Golf	--	--	2.33	2.51	2.33	2.51
Total Expenses	<u>192.13</u>	<u>184.22</u>	<u>15.12</u>	<u>13.98</u>	<u>207.25</u>	<u>198.20</u>
Increase (Decrease) before transfers	1.48	4.08	(0.30)	7.00	1.18	11.08
Transfers	(2.18)	(0.47)	2.18	0.47	--	--
Change in Net Position	(0.70)	3.61	1.88	7.47	1.18	11.08
Net Position, July 1	320.93	317.32	79.43	71.96	400.36	389.28
Net Position - Ending	<u>\$ 320.23</u>	<u>\$ 320.93</u>	<u>\$ 81.31</u>	<u>\$ 79.43</u>	<u>\$ 401.54</u>	<u>\$ 400.36</u>

Revenues from charges for services increased \$1.5 million from the prior year. The increase was primarily due to \$0.9 million increase in residential and commercial refuse fees, \$1.2 million increase in County motor vehicle weight tax, offset by a decrease of \$0.6 million due to declining bus transportation fees, camping permit fees, and other miscellaneous licenses and permitting fees.

Operating grants and contributions decreased \$4.1 million from the prior year. The decrease was primarily attributable to decreases in public welfare grants such as affordable housing grants of \$3.5 million; and \$0.6 million decrease in public safety grants.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

Capital grants and contributions increased slightly by \$0.6 million primarily due to increases in various highway and street projects such as bridge and road repairs.

The County's real property taxes billed (revenues on full accrual basis) increased by \$7.5 million which was primarily attributed to the increasing values and new construction being added to the assessment list. In the current fiscal year, the total amount billed was \$113.9 million as compared to \$106.5 million in the prior year. The gross assessed values increased by approximately \$1.4 billion (or 7.2%) going from \$19.0 billion to \$20.4 billion, while the net taxable values increased by approximately \$1.3 billion (or 7.9%) going from \$16.1 billion to \$17.4 billion. There were reductions in both the total number of appeals and the aggregate values being contested. This year, there were 392 appeals which represents a reduction of 50 appeals in comparison to the prior year. The total assessed value being contested was nearly \$242.2 million, a reduction of approximately \$27.5 million compared with the prior fiscal year. Tax credits for the county's two tax relief programs, Very Low Income and Home Preservation Limit, amounted to approximately \$95,000 and were awarded to 74 recipients. The County ended with \$114.2 million in real property tax revenues recorded in the Statement of Activities. Overall, total expenses increased by approximately \$7.9 million and was primarily attributable to an increase of \$4.7 million due to landfill closure and post-closure care cost liability and capital lease expenditures, \$4.2 million increase in public safety due to bargaining unit raises and benefit expenditures; \$3.7 million decrease in general government due to a decrease in claims and judgments, decrease in special council expenditures, and decreases in County funded grants awarded in the current fiscal year; offset by \$2.7 million increase in public welfare and highway and street expenditures, primarily due to capital asset expenditures.

Additionally, a large expense came from the funding of other post-employment employee benefit (OPEB) cost, mainly for healthcare benefits of which qualified employees are promised specific benefits upon separation or retirement. GASB Statement No. 45 pronouncement has allowed the County to amortize the unfunded accrued OPEB liability (\$150.4 million) as of July 1, 2015 over a blended 30 year period. The County has continued to pay the annual required contribution (ARC) as calculated by the actuary contracted by Hawai'i Employer-Union Health Benefits Trust Fund (EUTF). The actuary also provided the information needed for financial statement reporting and footnote disclosures. EUTF administers the healthcare benefit plan and develops the annual funding requirements based on the present value of benefits of the actuarial accrued liability using the entry age normal method for calculation. It is the County's intention to continue to prefund the entire ARC in future years.

The County paid 100% of its estimated annual OPEB cost, of which, amounted to \$30.4 million in fiscal years 2016 and 2015. The OPEB obligation for the County is estimated to be fully funded according to GASB Statement No. 45 reporting purposes.

**ANALYSIS OF GOVERNMENTAL FUNDS**

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

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

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

As of the end of the current fiscal year, the County's governmental funds ending fund balances increased \$0.4 million, remaining relatively flat in comparison to the prior year, ending at \$118.7 million. Fund balances are reserved to indicate that it is not available for new spending because it is in non-spendable form (\$2.5 million), has already been committed to liquidate contracts and purchase orders (\$24.4 million), pay debt service (\$0.4 million), and/or certain other restricted and/or designated purposes (\$54.9 million).

The following table summarizes the changes in fund balances for the County's governmental funds as of June 30, 2016 in comparison to fiscal year 2015:

	Changes in Fund Balances (Amounts in millions)			Totals	
	General Fund	Major Governmental Funds	Non-major Governmental Funds	2016	2015
	-----	-----	-----	-----	-----
Revenues:					
Taxes	\$ 117.87	\$ --	\$ 9.07	\$ 126.94	\$ 120.49
Other	<u>22.44</u>	<u>23.20</u>	<u>20.43</u>	<u>66.07</u>	<u>67.47</u>
Total Revenues	140.31	23.20	29.50	193.01	187.96
Expenditures	<u>113.07</u>	<u>39.79</u>	<u>39.30</u>	<u>192.16</u>	<u>188.04</u>
Excess (deficiency) of Revenues over Expenditures	27.24	(16.59)	(9.80)	0.85	(0.08)
Transfers and others	<u>(18.55)</u>	<u>8.77</u>	<u>9.32</u>	<u>(0.46)</u>	<u>1.34</u>
Net Changes in Fund Balances	\$ <u>8.69</u>	\$ <u>(7.82)</u>	\$ <u>(0.48)</u>	\$ <u>0.39</u>	\$ <u>1.26</u>

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position can be found on page 32. The major differences relate to certain financial resources and expenditures such as debt financing and capital outlays that are included in the changes in governmental fund balances but are not reported in the changes in net position.

**General Fund** - The General Fund is the chief operating fund of the County. Total revenues in the General Fund amounted to \$140.3 million, or an increase of \$7.1 million in comparison to the prior year. As stated earlier, the County reported an unassigned balance of \$36.5 million, of which, represents the remaining portion of the County's Reserve Fund. The increase in the overall fund balance may be attributable to the cumulative effect of the following key factors:

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

- An increase of \$7.3 million or 6.8% in property tax revenue due to the creation of two new real property tax classes.
- An increase of \$0.5 million or 100% in interest earned from investments.
- A decrease of \$0.2 million or 4.7% in public utility taxes collected.
- A decrease of \$0.9 million in other revenues such as Transient Vacation Rentals, camping and other permitting fees, and bus transportation fees.
- An increase of \$2.3 million or 13.6% in transfers out to other funds.
- An increase of \$3.4 million or 3.1% in total expenditures.

**Major Governmental Funds** – Major governmental fund revenues amounted to \$23.2 million, or a \$3.4 million decrease in comparison to the prior year. The decrease was primarily attributable to:

- Housing and Community Development Fund increased slightly by \$0.2 million due to increases in affordable housing grant revenue.
- Solid Waste Disposal Fund increase of \$0.9 million due to increases in residential and commercial refuse fees.
- Federal Grants Fund decrease of \$4.9 million was primarily due to a decreases in grant revenue over the prior year for affordable housing grants (\$2.8 million) and public safety grants (\$0.5 million).
- Grants Capital Improvement Fund increase of \$0.5 million was primarily due to increases in highway and street improvement grants of \$2.0 million; offset by \$1.5 million decrease in state appropriation from the prior year.

Total expenditures decreased by \$3.3 million from \$43.1 million to \$39.8 million in the current fiscal year. Significant variances included the following:

- Housing and Community Development Fund decreased by \$0.5 million due to decreases in salary and benefit expenditures. These expenditures have been budgeted and paid for by the general fund. Overall, revenues exceeded expenditures resulting in a positive net change to fund balance of \$0.4 million.
- Solid Waste Disposal Fund slight increase of \$0.5 million was primarily due to increases in recycling program expenditures and increases in salaries and automotive repair and maintenance. Increase in expenditures exceeded revenues collected; however, due to transfers in from the general fund, overall net change to fund balance was a positive \$1.1 million.
- Bond Fund increase of \$2.2 million was primarily due to increases in capital type expenditures for landfill and highway and street improvements. Overall, expenditures exceeded revenues collected, resulting in an overall negative change to fund balance of (\$8.5) million.
- Federal Grants Fund decrease of \$4.9 million was primarily due to a decrease in public welfare grants such as affordable housing grants and public safety grants.
- Grants Capital Improvement Fund increase of \$0.5 million was primarily due to increases in highway and street improvement grants of \$2.0 million; offset by \$1.5 million decrease in state appropriation from the prior year.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

**All Other Governmental Funds** – Revenues increased by \$1.4 million from \$28.1 million to \$29.5 million in the current fiscal year, primarily due to an increase in County motor vehicle weight tax. Expenditures increased by \$3.9 million primarily due to increases in capital type expenditures of \$0.5 million, \$0.4 million in public safety projects, and \$2.4 million in transportation expenditures. Due to overall transfers in of \$9.3 million, the net change in fund balance was a negative (\$0.5) million.

**BUDGETARY HIGHLIGHTS**

The General Fund exceeded its estimate of budgeted revenues by \$1.8 million. The General Fund lapsed \$9.8 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$20.4 million in the current year, an increase of \$2.1 million as compared to the prior year. Fund budgetary expenditures differ from the fund expenditures in that the encumbrances at year end are accounted for as expenditures for budgetary purposes. The original budget amount in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) include re-appropriated and committed prior-period encumbrances.

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

Estimated budgeted General Fund revenues for the fiscal year ended June 30, 2016 was \$138.5 million as compared to \$130.4 million in the prior year, an increase of \$8.1 million. Positive revenue budget variances of \$1.8 million occurred primarily because of the volatility of predicting certain types of revenues and the conservative approach in estimated revenues. The major positive variances occurred in revenue from real property taxes of \$1.2 million, non-business license fees increased by approximately \$0.3 million, due to an increase in building permit fees, and \$0.5 million in other non-recurring revenues.

Final amended budgeted expenditures in the General Fund for fiscal year ended June 30, 2016 increased slightly by \$1.2 million, ending at \$127.7 million. The general government function budget decreased by 4.7%, public safety function increased 5.0%, public works function, culture and recreation function, and public welfare function remained relatively flat to the prior year.

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

- Council Services had a favorable variance of approximately \$0.6 million, of which, were primarily attributable to \$0.4 million in unexpended salaries, fringe and benefits and \$0.2 million in unexpended travel, utilities, consulting services and other miscellaneous items.
- County Attorney had a favorable variance of approximately \$0.2 million, of which, were primarily attributable to \$0.2 million in unexpended salaries, fringe and benefits, unexpended travel, utilities, consulting services and other miscellaneous items.
- Prosecuting Attorney had a favorable variance of approximately \$0.3 million, of which, were primarily attributable to \$0.3 million in unexpended salaries, fringe and benefits and other unexpended travel related items.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

- Automobile and general liability claims paid out in the current fiscal year were less than anticipated, creating a favorable variance of \$0.9 million.
- No significant claims were paid out of the self insurance account in the current fiscal year, whereby, creating a favorable variance of \$0.9 million. The purpose of this account is to prepare for unanticipated and unpredictable future claims.
- Human Resources had a favorable variance of \$0.3 million, of which, were primarily attributable to \$0.2 million in unexpended salaries, fringe and benefits and \$0.1 in unexpended training and other miscellaneous items.
- Office of Economic Development had a favorable variance of \$0.4 million, of which, were primarily attributable to \$0.2 million in unexpended salaries, fringe and benefits and \$0.2 million in unexpended travel, utilities, and other miscellaneous items.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The County's capital assets for its governmental and business-type activities as of June 30, 2016 amounted to \$628.3 million, a decrease of \$1.8 million. Net capital assets include land, buildings and improvements, machinery and equipment, infrastructure (e.g. roadways, bridges, and sewer), and construction-in-progress, less accumulated depreciation. Most capital projects pass through construction-in-progress before being capitalized because of the multi-year completion process. The following is a summary of the capital assets as of June 30, 2016 in comparison to fiscal year 2015:

	Government Activities Summary of Capital Assets (Amounts in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Non-depreciable assets:						
Land	\$ 184.46	\$ 184.33	\$ 17.13	\$ 17.13	\$ 201.59	\$ 201.46
CIP	51.79	40.50	13.45	12.11	65.24	52.61
Depreciable assets:						
Buildings and improvements	123.94	122.25	100.10	97.46	224.04	219.71
Equipment	82.61	84.15	7.52	7.43	90.13	91.58
Infrastructure	670.47	670.08	13.76	13.76	684.23	683.84
Less: Accumulated depreciation	<u>(583.24)</u>	<u>(568.80)</u>	<u>(53.74)</u>	<u>(50.32)</u>	<u>(636.98)</u>	<u>(619.12)</u>
Total Capital Assets, net	\$ <u>530.03</u>	\$ <u>532.51</u>	\$ <u>98.22</u>	\$ <u>97.57</u>	\$ <u>628.25</u>	\$ <u>630.08</u>

Additional information on the County's capital assets can be found in Note 7 in the notes to the basic financial statements.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2016**

**Long-term Debt** – At the end of the current fiscal year, the County had total bonds and loans outstanding of \$127.8 million (\$104.7 million related to governmental activities and \$23.1 million related to business-type activities). Of this amount, \$105.1 million is comprised of debt backed by the full faith and credit of the government (general obligations) and \$22.7 million represents State Revolving Fund (SRF) loans used to finance construction of wastewater projects.

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

State statutes limit the amount of general obligation debt the County may issue up to 15 percent of its net assessed valuation. The current debt limitation for the County is \$2.5 billion. As of June 30, 2016 the County's current outstanding debt applicable to the legal debt margin totaled \$104.7 million or 4.0% of the County's debt limitation.

Additional information on the County's long-term debt can be found in Note 11 in the notes to the basic financial statements.

**REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**COUNTY OF KAUAI, HAWAII**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Department of Water
<b>Assets:</b>				
Cash and cash equivalents	\$ 11,650,795	\$ 5,764,701	\$ 17,415,496	\$ 15,018,200
Investments	123,518,107	1,998,560	125,516,667	32,828,650
Receivables, net	33,962,530	2,538,568	36,501,098	3,474,234
Due from other governments	9,601,031	--	9,601,031	--
Due (to) from other funds	(3,991,512)	3,991,512	--	--
Due from fiduciary fund	110,000	--	110,000	--
Materials and supplies	--	--	--	889,994
Prepaid items and other	443,582	4,821	448,403	33,644
<b>Restricted Assets:</b>				
Cash and cash equivalents	--	362,635	362,635	2,101,505
Investments	--	--	--	15,859,558
Other	--	--	--	112,065
<b>Capital Assets:</b>				
Land	184,458,296	17,127,632	201,585,928	1,343,144
Construction in progress	51,788,522	13,455,679	65,244,201	16,737,432
Buildings and improvements	74,790,334	59,122,975	133,913,309	3,112,875
Machinery and equipment	30,508,558	3,163,587	33,672,145	1,406,515
Infrastructure	188,489,112	5,351,371	193,840,483	197,862,455
Total Capital Assets, net	<u>530,034,822</u>	<u>98,221,244</u>	<u>628,256,066</u>	<u>220,462,421</u>
Total Assets	<u>705,329,355</u>	<u>112,882,041</u>	<u>818,211,396</u>	<u>290,780,271</u>
<b>Deferred Outflows of Resources:</b>				
Deferred loss on refunding	1,384,883	140	1,385,023	49,911
Deferred outflows of resources related to pensions	26,569,801	1,907,228	28,477,029	2,389,177
Total Deferred Outflows of Resources	<u>27,954,684</u>	<u>1,907,368</u>	<u>29,862,052</u>	<u>2,439,088</u>
Total Assets and Deferred Outflows of Resources	<u>733,284,039</u>	<u>114,789,409</u>	<u>848,073,448</u>	<u>293,219,359</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	23,500,342	1,829,106	25,329,448	3,260,806
Contracts payable	1,238,110	30,172	1,268,282	543,172
Due to other governments	323,961	53,233	377,194	--
Customer deposits	228,202	139,685	367,887	555,588
Unearned revenue	28,286,815	37,753	28,324,568	--
Interest payable	2,054,858	87,450	2,142,308	--
<b>Noncurrent Liabilities:</b>				
Due within one year	15,337,761	2,293,829	17,631,590	5,922,296
Due in more than one year	154,271,868	22,054,579	176,326,447	84,302,334
Net pension liability	172,001,443	6,456,959	178,458,402	11,310,002
Total Liabilities	<u>397,243,360</u>	<u>32,982,766</u>	<u>430,226,126</u>	<u>105,894,198</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows - other	94,284	--	94,284	--
Deferred gain on refunding	1,043,574	--	1,043,574	--
Deferred inflows of resources related to pensions	14,672,664	495,207	15,167,871	755,026
Total Deferred Inflows of Resources	<u>15,810,522</u>	<u>495,207</u>	<u>16,305,729</u>	<u>755,026</u>
Total Liabilities and Deferred Inflows of Resources	<u>413,053,882</u>	<u>33,477,973</u>	<u>446,531,855</u>	<u>106,649,224</u>
<b>Net Position:</b>				
Net investment in capital assets	438,181,870	74,780,858	512,962,728	147,807,716
Restricted for capital activity and other	14,277,172	362,635	14,639,807	307,671
Restricted for debt service	161,837	--	161,837	--
Unrestricted	<u>(132,390,722)</u>	<u>6,167,943</u>	<u>(126,222,779)</u>	<u>38,454,748</u>
Total Net Position	<u>\$ 320,230,157</u>	<u>\$ 81,311,436</u>	<u>\$ 401,541,593</u>	<u>\$ 186,570,135</u>

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

**COUNTY OF KAUA'I, HAWAII  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Primary Government		Total	Component Unit Department of Water
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities		
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$ 31,124,910	\$ 6,456,304	\$ 3,014,130	\$ --	\$ (21,654,476)	\$ --	\$ (21,654,476)	\$ --
Public safety	63,996,769	1,059,842	3,163,998	442,070	(59,330,859)	--	(59,330,859)	--
Public works	13,031,167	432,238	32,428	26,500	(12,540,001)	--	(12,540,001)	--
Highways and streets	21,389,331	6,914,101	68,871	5,248,466	(9,157,893)	--	(9,157,893)	--
Sanitation	22,784,661	8,838,362	277,082	556,110	(13,113,107)	--	(13,113,107)	--
Culture and recreation	12,635,604	691,189	31,511	--	(11,912,904)	--	(11,912,904)	--
Public welfare	22,066,721	282,196	11,131,947	--	(10,652,578)	--	(10,652,578)	--
Interest on long-term debt, unallocated	5,100,848	--	--	--	(5,100,848)	--	(5,100,848)	--
<b>Total Governmental Activities</b>	<b>192,130,011</b>	<b>24,674,232</b>	<b>17,719,967</b>	<b>6,273,146</b>	<b>(143,462,666)</b>	<b>--</b>	<b>(143,462,666)</b>	<b>--</b>
<b>Business-type Activities</b>								
Housing programs	2,486,232	2,444,866	--	--	--	(41,366)	(41,366)	--
Sewer	10,314,022	9,545,888	--	1,559,608	--	791,474	791,474	--
Golf	2,326,087	1,210,762	--	--	--	(1,115,325)	(1,115,325)	--
<b>Total Business-type Activities</b>	<b>15,126,341</b>	<b>13,201,516</b>	<b>--</b>	<b>1,559,608</b>	<b>--</b>	<b>(365,217)</b>	<b>(365,217)</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 207,256,352</b>	<b>\$ 37,875,748</b>	<b>\$ 17,719,967</b>	<b>\$ 7,832,754</b>	<b>\$ (143,462,666)</b>	<b>\$ (365,217)</b>	<b>\$ (143,827,883)</b>	<b>\$ --</b>
<b>Component Unit:</b>								
Department of Water	\$ 27,319,460	\$ 32,002,326	\$ --	\$ 6,053,281	--	--	--	10,736,147
<b>General Revenues:</b>								
Property taxes					114,230,704	--	114,230,704	--
Public service company tax					3,993,523	--	3,993,523	--
Franchise tax					3,612,148	--	3,612,148	--
Fuel taxes					5,459,139	--	5,459,139	--
Grants and contributions not restricted to specific programs					15,983,809	--	15,983,809	--
Unrestricted investment earnings					1,664,777	64,629	1,729,406	--
Transfers					(2,188,753)	2,188,753	--	--
<b>Total General Revenues and Transfers</b>					<b>142,755,347</b>	<b>2,253,382</b>	<b>145,008,729</b>	<b>--</b>
<b>Change in Net Position</b>					<b>(707,319)</b>	<b>1,888,165</b>	<b>1,180,846</b>	<b>10,736,147</b>
Net Position - Beginning of Year July 1, 2015, as previously stated					325,257,364	79,565,713	404,823,077	176,044,882
Cumulative effect of accounting change					(4,319,888)	(142,442)	(4,462,330)	(210,894)
Net Position - Beginning of Year July 1, 2015, as restated					<u>320,937,476</u>	<u>79,423,271</u>	<u>400,360,747</u>	<u>175,833,988</u>
Net Position - End of Year June 30, 2016					<u>\$ 320,230,157</u>	<u>\$ 81,311,436</u>	<u>\$ 401,541,593</u>	<u>\$ 186,570,135</u>

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

## **FUND FINANCIAL STATEMENTS**

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### MAJOR FUNDS

#### General Fund

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

#### Special Revenue Funds

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

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

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

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

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

Accounts for federal grant revenues and related expenditures.

#### Capital Project Funds

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

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

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

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

##### **Bond Fund**

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

**COUNTY OF KAUA'I, HAWAI'I  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>									
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ 2,752,425	\$ --	\$ --	\$ 4,726,371	\$ 4,171,999	\$ 11,650,795
Investments	83,686,306	--	8,084,446	15,714,240	1,751,257	--	--	14,281,858	123,518,107
Accounts receivable, net	3,767,253	--	787,178	--	--	--	667,055	1,549,283	6,770,769
Taxes receivable	3,773,444	--	--	--	--	--	--	--	3,773,444
Interest receivable	201,757	1,105,877	26,825	76,196	480,579	--	--	18,523	1,909,757
Due from other funds	--	2,474,330	5,570,980	--	--	--	2,105,638	12,728,084	22,879,032
Due from other governments	--	--	--	--	5,217,687	3,898,458	--	484,886	9,601,031
Loans receivable	--	7,540,583	--	--	13,960,912	--	--	7,065	21,508,560
Prepaid items	--	--	--	--	--	--	--	443,582	443,582
<b>Total Assets</b>	<b>\$ 91,428,760</b>	<b>\$ 11,120,790</b>	<b>\$ 14,469,429</b>	<b>\$ 18,542,861</b>	<b>\$ 21,410,435</b>	<b>\$ 3,898,458</b>	<b>\$ 7,499,064</b>	<b>\$ 33,685,280</b>	<b>\$ 202,055,077</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 17,734,412	\$ 31,420	\$ 1,153,727	\$ 1,148,429	\$ 506,473	\$ 1,521,036	\$ 34,710	\$ 1,370,135	\$ 23,500,342
Contracts payable	51,588	--	142,425	645,712	9,216	271,784	8,529	108,856	1,238,110
Due to other funds	22,691,382	--	--	--	1,653,707	2,105,638	--	309,817	26,760,544
Due to other governments	--	--	--	--	--	--	--	323,961	323,961
Due to customers	--	--	--	--	--	--	--	228,202	228,202
Unearned revenue	--	7,697,295	5,608	--	19,241,039	--	--	1,342,873	28,286,815
Compensated absences	14,424	--	--	--	--	--	--	--	14,424
<b>Total Liabilities</b>	<b>40,491,806</b>	<b>7,728,715</b>	<b>1,301,760</b>	<b>1,794,141</b>	<b>21,410,435</b>	<b>3,898,458</b>	<b>43,239</b>	<b>3,683,844</b>	<b>80,352,398</b>
<b>Deferred Inflows of Resources:</b>									
Unavailable revenues	2,919,517	--	--	--	--	--	--	--	2,919,517
Deferred inflows - other	--	--	--	--	--	--	--	94,284	94,284
<b>Total Deferred Inflow of Resources</b>	<b>2,919,517</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>94,284</b>	<b>3,013,801</b>
<b>Fund Balance:</b>									
Nonspendable	--	2,055,043	--	--	--	--	--	443,582	2,498,625
Restricted	490,000	--	5,368,234	--	--	--	--	362,631	6,220,865
Committed	9,473,469	720,852	3,465,725	5,801,411	--	--	742,372	4,168,094	24,371,923
Assigned	1,513,398	616,180	4,333,710	10,947,309	--	--	6,713,453	24,932,845	49,056,895
Unassigned	36,540,570	--	--	--	--	--	--	--	36,540,570
<b>Total Fund Balance</b>	<b>48,017,437</b>	<b>3,392,075</b>	<b>13,167,669</b>	<b>16,748,720</b>	<b>--</b>	<b>--</b>	<b>7,455,825</b>	<b>29,907,152</b>	<b>118,688,878</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 91,428,760</b>	<b>\$ 11,120,790</b>	<b>\$ 14,469,429</b>	<b>\$ 18,542,861</b>	<b>\$ 21,410,435</b>	<b>\$ 3,898,458</b>	<b>\$ 7,499,064</b>	<b>\$ 33,685,280</b>	<b>\$ 202,055,077</b>

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

**COUNTY OF KAUA'I, HAWAII**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

Total Fund Balances - Governmental Funds \$ 118,688,878

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

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

Land	\$	184,458,296
Construction work in progress		51,788,522
Buildings and improvements		123,944,449
Equipment		82,615,982
Infrastructure assets		670,468,148
Accumulated depreciation		<u>(583,240,575)</u>

Total Capital Assets, net 530,034,822

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

2,919,517

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

341,309

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

11,897,137

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

(2,054,858)

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

Bonds and loans payable		(104,685,000)
Capital leases		(4,257,981)
Compensated absences		(13,574,853)
Claims and judgments		(8,823,967)
Landfill closure/post-closure costs		(38,253,404)
Net pension liability		<u>(172,001,443)</u>

Total Long-term Liabilities (341,596,648)

Net Position of Governmental Activities \$ 320,230,157

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

**COUNTY OF KAUA'I, HAWAI'I  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>									
Taxes	\$ 117,874,289	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,071,287	\$ 126,945,576
Licenses and permits	2,410,773	--	--	--	--	--	--	8,541,426	10,952,199
Rents and concessions	215,074	--	12,000	--	--	--	--	273,153	500,227
Interest	1,033,432	204,976	134,388	68,725	--	--	--	223,256	1,664,777
Intergovernmental revenues	14,955,190	175,550	--	--	6,711,159	6,039,366	--	10,833,258	38,714,523
Charges for current services	2,962,063	--	8,826,362	--	--	--	--	--	11,788,425
Bond subsidy	--	--	--	1,028,619	--	--	--	--	1,028,619
Miscellaneous	868,394	2,501	--	--	--	--	--	562,486	1,433,381
<b>Total Revenues</b>	<b>140,319,215</b>	<b>383,027</b>	<b>8,972,750</b>	<b>1,097,344</b>	<b>6,711,159</b>	<b>6,039,366</b>	<b>--</b>	<b>29,504,866</b>	<b>193,027,727</b>
<b>Expenditures:</b>									
General government	26,540,635	--	--	995,082	1,394,562	--	204,455	1,723,528	30,858,262
Public safety	56,635,316	--	--	--	1,199,259	--	--	2,384,652	60,219,227
Public works	9,822,478	--	--	47,920	24,616	26,500	--	251,448	10,172,962
Highways and streets	617,144	--	126,437	106,708	43,203	1,515,227	90,636	12,852,612	15,351,967
Sanitation	--	--	13,144,963	2,442,875	--	--	5,380	492,958	16,086,176
Culture and recreation	10,014,902	--	--	47,861	28,319	--	6,443	366,820	10,464,345
Public welfare	6,183,885	13,267	--	60,568	3,320,524	--	--	9,897,969	19,476,213
Capital outlay	2,059,422	--	1,153,110	7,704,081	700,676	4,497,639	27,043	1,870,075	18,012,046
Debt Service:									
Principal	1,129,409	--	826,898	--	--	--	--	4,444,316	6,400,623
Interest and debt issuance cost	67,691	--	42,295	--	--	--	--	5,020,399	5,130,385
<b>Total Expenditures</b>	<b>113,070,882</b>	<b>13,267</b>	<b>15,293,703</b>	<b>11,405,095</b>	<b>6,711,159</b>	<b>6,039,366</b>	<b>333,957</b>	<b>39,304,777</b>	<b>192,172,206</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,248,333	369,760	(6,320,953)	(10,307,751)	--	--	(333,957)	(9,799,911)	855,521
<b>Other Financing Sources (Uses):</b>									
Issuance of capital leases	688,483	--	1,031,578	--	--	--	--	--	1,720,061
Transfers in	1,153,016	--	9,317,248	--	--	--	5,528,749	10,185,150	26,184,163
Transfers out	(20,399,948)	--	(6,062,013)	(1,042,955)	--	--	--	(868,000)	(28,372,916)
<b>Total Other Financing Sources (Uses)</b>	<b>(18,558,449)</b>	<b>--</b>	<b>4,286,813</b>	<b>(1,042,955)</b>	<b>--</b>	<b>--</b>	<b>5,528,749</b>	<b>9,317,150</b>	<b>(468,692)</b>
<b>Net Change in Fund Balances</b>	<b>8,689,884</b>	<b>369,760</b>	<b>(2,034,140)</b>	<b>(11,350,706)</b>	<b>--</b>	<b>--</b>	<b>5,194,792</b>	<b>(482,761)</b>	<b>386,829</b>
Fund Balance - Beginning of Year July 1, 2015	39,327,553	3,022,315	15,201,809	28,099,426	--	--	2,261,033	30,389,913	118,302,049
Fund Balance - End of Year June 30, 2016	\$ 48,017,437	\$ 3,392,075	\$ 13,167,669	\$ 16,748,720	\$ --	\$ --	\$ 7,455,825	\$ 29,907,152	\$ 118,688,878

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

**COUNTY OF KAUA'I, HAWAI'I  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balance - Total Governmental Funds \$ 386,829

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

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

Capital outlay	\$ 18,012,046	
Depreciation expense	<u>(19,504,272)</u>	
Net Capital Outlay		(1,492,226)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, CIP closures/transfers, contributed/donated capital assets) is to decrease Net Position. (987,095)

Capital leases are recorded as current financial sources in the Statement of Revenues, Expenditures, and Changes in Fund Balances. However, in the Statement of Net Position, capital leases are recorded as long-term debt and capital assets. (1,720,061)

Real property taxes in the Statement of Activities includes all billed amounts which differ from the current financial resource measurement of the governmental funds. This is the net difference of both measurement focuses. 349,938

The County's proportionate share of pension expense requiring immediate recognition, but not reported as expenditures in the governmental funds. This is the net difference between FY16 employer paid contributions, recorded as deferred outflows in the current year and FY15 employer paid contributions being expensed in the Statement of Activities. 143,007

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

Bond principal retirement	4,060,000	
Capital lease principal payments	<u>2,340,623</u>	
Total Long-term Debt Repayment		6,400,623

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

Amortization of premium from bond issuance	93,218	
Amortization of deferred refunding costs	(115,407)	
Increase in compensated absences	(644,654)	
Decrease in claims and judgments	816,184	
Increase in landfill closure/post-closure care costs	(3,989,401)	
Decrease in accrued interest payable	<u>51,726</u>	
Net Increase in Expenditures		<u>(3,788,334)</u>

Change in Net Position - Governmental Activities \$ (707,319)

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Taxes:						
Real property taxes	\$ 112,683,891	\$ 112,683,891	\$ 113,880,766	\$ --	\$ 113,880,766	\$ 1,196,875
Public services company taxes	4,425,000	4,425,000	3,993,523	--	3,993,523	(431,477)
Total Taxes	<u>117,108,891</u>	<u>117,108,891</u>	<u>117,874,289</u>	<u>--</u>	<u>117,874,289</u>	<u>765,398</u>
Licenses and Permits:						
Street use	197,950	197,950	218,244	--	218,244	20,294
Business licenses and fees	240	240	8,965	--	8,965	8,725
Non-business licenses and fees	<u>1,917,500</u>	<u>1,917,500</u>	<u>2,183,564</u>	<u>--</u>	<u>2,183,564</u>	<u>266,064</u>
Total Licenses and Permits	<u>2,115,690</u>	<u>2,115,690</u>	<u>2,410,773</u>	<u>--</u>	<u>2,410,773</u>	<u>295,083</u>
Rents and Concessions	<u>189,500</u>	<u>189,500</u>	<u>215,074</u>	<u>--</u>	<u>215,074</u>	<u>25,574</u>
Interest	<u>530,000</u>	<u>530,000</u>	<u>1,033,432</u>	<u>--</u>	<u>1,033,432</u>	<u>503,432</u>
Intergovernmental Revenues:						
State grants-in-aid share of transient accomodation tax	14,935,000	14,935,000	14,911,075	--	14,911,075	(23,925)
Other state grants-in-aid	<u>25,000</u>	<u>25,000</u>	<u>44,115</u>	<u>--</u>	<u>44,115</u>	<u>19,115</u>
Total Intergovernmental Revenues	<u>14,960,000</u>	<u>14,960,000</u>	<u>14,955,190</u>	<u>--</u>	<u>14,955,190</u>	<u>(4,810)</u>
Charges for Current Services	<u>3,200,780</u>	<u>3,200,780</u>	<u>2,962,063</u>	<u>--</u>	<u>2,962,063</u>	<u>(238,717)</u>
Miscellaneous	<u>407,943</u>	<u>407,943</u>	<u>868,394</u>	<u>--</u>	<u>868,394</u>	<u>460,451</u>
Total Revenues	<u>\$ 138,512,804</u>	<u>\$ 138,512,804</u>	<u>\$ 140,319,215</u>	<u>\$ --</u>	<u>\$ 140,319,215</u>	<u>\$ 1,806,411</u>

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
<b>Expenditures:</b>						
<b>General Government:</b>						
Council Services and County Clerk	\$ 3,277,957	\$ 3,277,957	\$ 2,646,302	\$ 7,070	\$ 2,653,372	\$ 624,585
Elections	577,962	586,645	485,130	24,170	509,300	77,345
Office of the County Auditor	1,223,037	1,223,037	568,769	48,380	617,149	605,888
<b>Office of the Mayor:</b>						
Administration	1,838,105	1,850,809	1,802,391	16,458	1,818,849	31,960
Youth Work Program	43,690	58,946	42,580	9,697	52,277	6,669
Kauai Equal Access Program	111,680	112,720	104,834	--	104,834	7,886
Boards and commissions	774,827	763,672	613,883	79,961	693,844	69,828
Office of the County Attorney	2,853,135	2,897,983	2,054,851	638,961	2,693,812	204,171
Office of the Prosecuting Attorney	3,818,021	3,849,442	3,524,354	16,694	3,541,048	308,394
<b>Department of Finance:</b>						
Administration	549,322	564,633	473,361	1,750	475,111	89,522
Accounting and Budgeting	1,060,112	1,063,754	804,483	5,763	810,246	253,508
Treasury	266,468	266,578	251,739	--	251,739	14,839
Motor vehicle	868,009	883,930	642,180	65,384	707,564	176,366
Drivers license	691,895	687,641	399,835	71,652	471,487	216,154
Real property assessment	1,940,418	1,949,490	1,683,949	9,246	1,693,195	256,295
Real property collections	494,610	522,751	318,400	32,123	350,523	172,228
Purchasing	1,127,730	1,133,810	1,042,030	--	1,042,030	91,780
Information technology	1,866,588	1,872,490	1,724,940	90,484	1,815,424	57,066
<b>County-wide Costs:</b>						
<b>Insurance:</b>						
Liability insurance	730,502	730,502	547,915	120,000	667,915	62,587
Fire insurance	450,000	400,403	394,672	--	394,672	5,731
Self insurance (Note D)	970,057	970,057	42,659	--	42,659	927,398
Excess workers compensation	264,544	314,141	314,140	--	314,140	1
<b>Other County-wide Costs:</b>						
Central services cost	(2,680,000)	(2,680,000)	(2,707,119)	--	(2,707,119)	27,119
Collective bargaining raises	60,000	60,000	--	--	--	60,000
Special projects	1,145,150	1,145,150	952,457	34,000	986,457	158,693
Claims	1,703,347	1,703,347	640,348	153,347	793,695	909,652
Training	5,001	5,001	--	--	--	5,001
Telephone services	147,000	147,000	123,181	--	123,181	23,819
Computers and accessories	677,993	691,293	342,252	349,007	691,259	34
Repair and maintenance, financial system	807,299	806,999	728,442	65,473	793,915	13,084
Personnel Services	2,371,316	2,385,979	1,914,593	164,476	2,079,069	306,910
Planning	2,905,384	2,947,999	2,391,976	473,500	2,865,476	82,523
Office of Economic Development	2,802,607	2,805,216	1,957,812	479,418	2,437,230	367,986
<b>Total General Government</b>	<b>\$ 35,743,766</b>	<b>\$ 35,999,375</b>	<b>\$ 26,827,339</b>	<b>\$ 2,957,014</b>	<b>\$ 29,784,353</b>	<b>\$ 6,215,022</b>

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
<b>Public Safety:</b>						
Police Department	\$ 30,949,855	\$ 31,190,935	\$ 29,882,808	\$ 894,937	\$ 30,777,745	\$ 413,190
Fire Department	27,078,076	27,548,455	26,857,579	374,541	27,232,120	316,335
Kauai Civil Defense Agency	1,821,203	1,826,939	1,275,685	349,868	1,625,553	201,386
Total Public Safety	<u>59,849,134</u>	<u>60,566,329</u>	<u>58,016,072</u>	<u>1,619,346</u>	<u>59,635,418</u>	<u>930,911</u>
<b>Public Works:</b>						
Administrative	655,154	719,290	645,724	--	645,724	73,566
Fiscal and clerical	336,130	339,563	308,506	158	308,664	30,899
Plans, survey and construction	1,885,399	1,836,916	1,505,131	7,465	1,512,596	324,320
Auto maintenance and fuel	623,989	623,989	487,708	21,635	509,343	114,646
Roads maintenance	302,000	302,000	129,436	--	129,436	172,564
Building division:						
Inspection	1,844,926	1,981,952	1,886,859	10,548	1,897,407	84,545
Repairs and maintenance	4,261,612	4,255,420	3,624,182	484,339	4,108,521	146,899
Janitorial	3,092,662	3,050,750	2,464,111	11,040	2,475,151	575,599
Total Public Works	<u>13,001,872</u>	<u>13,109,880</u>	<u>11,051,657</u>	<u>535,185</u>	<u>11,586,842</u>	<u>1,523,038</u>
<b>Culture and Recreation:</b>						
Administrative and fiscal	1,440,570	1,516,961	1,456,826	8,159	1,464,985	51,976
Planning and development	290,165	286,336	266,190	--	266,190	20,146
Recreation	2,363,184	2,384,498	2,009,620	72,357	2,081,977	302,521
Maintenance	4,643,287	4,884,922	4,589,499	205,224	4,794,723	90,199
Beautification	1,001,777	961,148	905,186	--	905,186	55,962
Auditorium	401,889	401,889	388,900	1,060	389,960	11,929
Stadiums	1,043,370	822,736	681,703	14,091	695,794	126,942
Total Culture and Recreation	<u>\$ 11,184,242</u>	<u>\$ 11,258,490</u>	<u>\$ 10,297,924</u>	<u>\$ 300,891</u>	<u>\$ 10,598,815</u>	<u>\$ 659,675</u>

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Public Welfare:						
Housing	\$ 1,040,857	\$ 1,052,198	\$ 963,950	\$ 56	\$ 964,006	\$ 88,192
Elderly Affairs	1,273,464	1,288,638	988,408	15,241	1,003,649	284,989
Transportation	4,374,385	4,409,461	4,237,049	107,999	4,345,048	64,413
Total Public Welfare	<u>6,688,706</u>	<u>6,750,297</u>	<u>6,189,407</u>	<u>123,296</u>	<u>6,312,703</u>	<u>437,594</u>
Total General Fund Expenditures	<u>126,467,720</u>	<u>127,684,371</u>	<u>112,382,399</u>	<u>5,535,732</u>	<u>117,918,131</u>	<u>9,766,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,045,084</u>	<u>10,828,433</u>	<u>27,936,816</u>	<u>(5,535,732)</u>	<u>22,401,084</u>	<u>11,572,651</u>
Other Financing Sources (Uses):						
Transfers In	1,042,955	1,153,016	1,153,016	--	1,153,016	--
Transfers Out	<u>(19,577,341)</u>	<u>(20,399,948)</u>	<u>(20,399,948)</u>	<u>--</u>	<u>(20,399,948)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(18,534,386)</u>	<u>(19,246,932)</u>	<u>(19,246,932)</u>	<u>--</u>	<u>(19,246,932)</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Source (Note C)	\$ <u>(6,489,302)</u>	\$ <u>(8,418,499)</u>	8,689,884	\$ <u>(5,535,732)</u>	\$ <u>3,154,152</u>	\$ <u>11,572,651</u>
Fund Balance - Beginning of Year July 1, 2015			<u>39,327,553</u>			
Fund Balance - End of Year June 30, 2016			\$ <u>48,017,437</u>			

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

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

**COUNTY OF KAUAI, HAWAII**  
**HOUSING AND COMMUNITY DEVELOPMENT REVOLVING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 204,976	\$ --	\$ 204,976	\$ 204,976
Intergovernmental	337,723	337,723	175,550	--	175,550	(162,173)
Miscellaneous	988	988	2,501	--	2,501	1,513
Total Revenues	<u>338,711</u>	<u>338,711</u>	<u>383,027</u>	<u>--</u>	<u>383,027</u>	<u>44,316</u>
Expenditures - Public Welfare:						
Other expenses	7,083	7,083	6,718	--	6,718	365
Central services cost	25,000	25,000	25,000	--	25,000	--
Loans	350,000	290,615	(45,956)	--	(45,956)	336,571
Special projects	927,087	986,472	27,505	720,852	748,357	238,115
Total Expenditures - Public Welfare	<u>1,309,170</u>	<u>1,309,170</u>	<u>13,267</u>	<u>720,852</u>	<u>734,119</u>	<u>575,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(970,459)</u>	\$ <u>(970,459)</u>	369,760	\$ <u>(720,852)</u>	\$ <u>(351,092)</u>	\$ <u>619,367</u>
Fund Balance - Beginning of Year July 1, 2015			<u>3,022,315</u>			
Fund Balance - End of Year June 30, 2016			\$ <u>3,392,075</u>			

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

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

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

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

**COUNTY OF KAUAI, HAWAII**  
**SOLID WASTE DISPOSAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget-Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
<b>Revenues:</b>						
Rents and concessions	\$ 12,000	\$ 12,000	\$ 12,000	\$ --	\$ 12,000	\$ --
Interest	--	--	134,388	--	134,388	134,388
Charges for current services:						
Tipping fees	4,412,500	4,412,500	5,142,384	--	5,142,384	729,884
Disposal fees	2,971,920	2,971,920	3,683,978	--	3,683,978	712,058
Total Revenues	<u>7,396,420</u>	<u>7,396,420</u>	<u>8,972,750</u>	<u>--</u>	<u>8,972,750</u>	<u>1,576,330</u>
<b>Expenditures - Sanitation:</b>						
Salaries, solid waste disposal	1,686,276	1,516,452	1,479,742	--	1,479,742	36,710
Other expenses, solid waste disposal	38,110	38,210	24,162	575	24,737	13,473
Special projects, solid waste disposal	5,049,570	5,155,869	3,012,213	993,819	4,006,032	1,149,837
Salaries, solid waste collections	2,041,563	2,027,378	1,973,131	--	1,973,131	54,247
Other expenses, solid waste collections	523,885	415,578	133,865	123,777	257,642	157,936
Salaries, Kauai recycling center	106,025	107,025	80,276	--	80,276	26,749
Other expenses, Kauai recycling center	34,800	34,800	3,530	29,975	33,505	1,295
Recycling programs	4,059,291	3,939,291	2,771,947	1,102,510	3,874,457	64,834
Salaries, roads maintenance	117,427	127,327	126,436	--	126,436	891
Salaries, auto maintenance	126,615	116,715	82,434	--	82,434	34,281
Auto maintenance and repair	204,478	213,478	210,947	2,131	213,078	400
Central services cost	1,079,882	1,109,882	1,007,975	55,173	1,063,148	46,734
Equipment including capital leases	2,273,328	2,239,253	981,358	1,157,765	2,139,123	100,130
Fuel and auto repair/maintenance	206,000	206,000	170,926	--	170,926	35,074
Social security taxes	292,947	292,496	245,576	--	245,576	46,920
Public employees' health fund	383,670	390,070	377,456	--	377,456	12,614
Worker's compensation	71,003	249,085	225,659	--	225,659	23,426
Unemployment compensation	3	3	--	--	--	3
Employees' retirement system	650,992	649,989	630,418	--	630,418	19,571
Employees' other post employment benefits	777,361	805,470	724,074	--	724,074	81,396
Total Expenditures - Sanitation	<u>19,723,226</u>	<u>19,634,371</u>	<u>14,262,125</u>	<u>3,465,725</u>	<u>17,727,850</u>	<u>1,906,521</u>
Deficiency of Revenues Under Expenditures	(12,326,806)	(12,237,951)	(5,289,375)	(3,465,725)	(8,755,100)	3,482,851
<b>Other Financing Sources (Uses):</b>						
Transfers in	9,317,248	9,317,248	9,317,248	--	9,317,248	--
Transfers out	(5,951,952)	(6,062,013)	(6,062,013)	--	(6,062,013)	--
Total Other Financing Sources (Uses)	<u>3,365,296</u>	<u>3,255,235</u>	<u>3,255,235</u>	<u>--</u>	<u>3,255,235</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ <u>(8,961,510)</u>	\$ <u>(8,982,716)</u>	(2,034,140)	\$ <u>(3,465,725)</u>	\$ <u>(5,499,865)</u>	\$ <u>3,482,851</u>
Fund Balance - Beginning of Year July 1, 2015			15,201,809			
Fund Balance - End of Year June 30, 2016			\$ <u>13,167,669</u>			

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

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

## PROPRIETARY FUND FINANCIAL STATEMENTS

### MAJOR FUNDS

#### **Public Housing Fund**

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

#### **Sewer Fund**

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

#### **Golf Fund**

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

**COUNTY OF KAUAI, HAWAII**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,835,387	\$ 3,387,518	\$ 541,796	\$ 5,764,701
Restricted cash and cash equivalents	362,635	--	--	362,635
Investments	1,998,560	--	--	1,998,560
Receivables, net:				
Accounts	102,099	2,432,064	--	2,534,163
Interest	4,405	--	--	4,405
Due from other funds	3,942,157	35,609	13,746	3,991,512
Prepaid expenses	--	2,101	2,720	4,821
Total Current Assets	<u>8,245,243</u>	<u>5,857,292</u>	<u>558,262</u>	<u>14,660,797</u>
<b>Noncurrent Assets:</b>				
<b>Capital assets:</b>				
Land	15,901,032	1,226,600	--	17,127,632
Construction in progress	--	13,455,679	--	13,455,679
Buildings	31,338,515	65,999,860	2,764,497	100,102,872
Equipment	7,292	6,026,296	1,489,387	7,522,975
Infrastructure	--	11,017,601	2,739,725	13,757,326
Less: accumulated depreciation	<u>(12,980,572)</u>	<u>(37,879,466)</u>	<u>(2,885,202)</u>	<u>(53,745,240)</u>
Total Noncurrent Assets	<u>34,266,267</u>	<u>59,846,570</u>	<u>4,108,407</u>	<u>98,221,244</u>
Total Assets	<u>42,511,510</u>	<u>65,703,862</u>	<u>4,666,669</u>	<u>112,882,041</u>
<b>Deferred Outflows of Resources:</b>				
Deferred loss on refunding	--	--	140	140
Deferred outflows of resources related to pensions	--	1,542,713	364,515	1,907,228
Total Deferred Outflows of Resources	<u>--</u>	<u>1,542,713</u>	<u>364,655</u>	<u>1,907,368</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 42,511,510</u>	<u>\$ 67,246,575</u>	<u>\$ 5,031,324</u>	<u>\$ 114,789,409</u>
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 135,244	\$ 1,454,378	\$ 239,484	\$ 1,829,106
Contracts payable	--	30,172	--	30,172
Interest payable	--	75,625	11,825	87,450
Due to other government	--	53,233	--	53,233
Security deposits payable	139,685	--	--	139,685
Unearned revenue	--	37,753	--	37,753
Compensated absences, current portion	--	93,906	42,608	136,514
Claims and judgements, current portion	--	88,069	62,275	150,344
Long-term liabilities, current portion	--	1,719,421	287,550	2,006,971
Total Current Liabilities	<u>274,929</u>	<u>3,552,557</u>	<u>643,742</u>	<u>4,471,228</u>
<b>Noncurrent Liabilities:</b>				
Long-term liabilities	--	21,193,397	240,158	21,433,555
Compensated absences	--	281,717	127,823	409,540
Claims and judgements	--	117,061	94,423	211,484
Net pension liability	--	4,565,009	1,891,950	6,456,959
Total Noncurrent Liabilities	<u>--</u>	<u>26,157,184</u>	<u>2,354,354</u>	<u>28,511,538</u>
Total Liabilities	<u>274,929</u>	<u>29,709,741</u>	<u>2,998,096</u>	<u>32,982,766</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows of resources related to pensions	--	350,107	145,100	495,207
Total Deferred Inflows of Resources	<u>--</u>	<u>350,107</u>	<u>145,100</u>	<u>495,207</u>
Total Liabilities and Deferred Inflows of Resources	<u>274,929</u>	<u>30,059,848</u>	<u>3,143,196</u>	<u>33,477,973</u>
<b>Net Position:</b>				
Net investment in capital assets	34,266,267	36,933,752	3,580,839	74,780,858
Restricted assets:				
Nonexpendable - cash	362,635	--	--	362,635
Unrestricted	7,607,679	252,975	(1,692,711)	6,167,943
Total Net Position	<u>\$ 42,236,581</u>	<u>\$ 37,186,727</u>	<u>\$ 1,888,128</u>	<u>\$ 81,311,436</u>

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

**COUNTY OF KAUA'I, HAWAI'I**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 570,100	\$ --	\$ --	\$ 570,100
Rents and concessions	1,062,562	--	193,036	1,255,598
Charges for current services	--	9,545,888	1,014,746	10,560,634
Low-income housing sales	412,651	--	--	412,651
Other	<u>399,553</u>	<u>--</u>	<u>2,980</u>	<u>402,533</u>
<b>Total Operating Revenues</b>	<u>2,444,866</u>	<u>9,545,888</u>	<u>1,210,762</u>	<u>13,201,516</u>
Operating Expenses:				
Public housing	1,283,614	--	--	1,283,614
Sewer	--	7,776,592	--	7,776,592
Golf	--	--	2,010,585	2,010,585
Depreciation	783,489	2,357,712	299,119	3,440,320
Cost of low-income housing sales	<u>419,129</u>	<u>--</u>	<u>--</u>	<u>419,129</u>
<b>Total Operating Expenses</b>	<u>2,486,232</u>	<u>10,134,304</u>	<u>2,309,704</u>	<u>14,930,240</u>
<b>Operating Income (Loss)</b>	<u>(41,366)</u>	<u>(588,416)</u>	<u>(1,098,942)</u>	<u>(1,728,724)</u>
Nonoperating Revenues (Expenses):				
Interest income from investments	64,629	--	--	64,629
Interest expense on long-term debt	<u>--</u>	<u>(179,718)</u>	<u>(16,383)</u>	<u>(196,101)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>64,629</u>	<u>(179,718)</u>	<u>(16,383)</u>	<u>(131,472)</u>
<b>Net Income (Loss) Before Transfers and Contributions</b>	23,263	(768,134)	(1,115,325)	(1,860,196)
Capital contributions	--	1,559,608	--	1,559,608
Transfers	<u>--</u>	<u>915,859</u>	<u>1,272,894</u>	<u>2,188,753</u>
<b>Change in Net Position</b>	23,263	1,707,333	157,569	1,888,165
Net Position - Beginning of Year July 1, 2015, as previously stated	42,213,318	35,580,094	1,772,301	79,565,713
Cumulative effect of accounting change and restatements	<u>--</u>	<u>(100,700)</u>	<u>(41,742)</u>	<u>(142,442)</u>
Net Position - Beginning of Year July 1, 2015, as adjusted	<u>42,213,318</u>	<u>35,479,394</u>	<u>1,730,559</u>	<u>79,423,271</u>
<b>Net Position - Ending of Year June 30, 2016</b>	<u>\$ 42,236,581</u>	<u>\$ 37,186,727</u>	<u>\$ 1,888,128</u>	<u>\$ 81,311,436</u>

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

**COUNTY OF KAUA'I, HAWAII**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-type Activities Enterprise Funds			Totals
	Public Housing	Sewer	Golf	
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 2,022,475	\$ 9,831,563	\$ 1,210,762	\$ 13,064,800
Payments to employees	(101,636)	(2,161,825)	(911,764)	(3,175,225)
Payments to suppliers	(1,228,110)	(5,563,427)	(1,108,411)	(7,899,948)
Net Cash Provided by (Used in) Operating Activities	<u>692,729</u>	<u>2,106,311</u>	<u>(809,413)</u>	<u>1,989,627</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
Transfers from other funds	--	1,612,962	1,272,894	2,885,856
Transfers to other funds	--	(697,103)	--	(697,103)
Changes in amounts due to other funds	(3,942,157)	(35,742)	(13,746)	(3,991,645)
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>(3,942,157)</u>	<u>880,117</u>	<u>1,259,148</u>	<u>(1,802,892)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	--	(4,091,979)	--	(4,091,979)
Proceeds from sale of property	193,047	--	--	193,047
Proceeds from loans	--	5,255,854	--	5,255,854
Capital contributions	--	1,427,008	--	1,427,008
Due to other government	--	(2,575,819)	--	(2,575,819)
Development fees	--	132,600	--	132,600
Principal payments - bonds and loans	--	(1,422,115)	(170,000)	(1,592,115)
Principal payments - capital leases	--	(79,889)	(104,830)	(184,719)
Interest payments - bonds and loans	--	(172,164)	(20,391)	(192,555)
Net Cash Used in Capital and Related Financing Activities	<u>193,047</u>	<u>(1,526,504)</u>	<u>(295,221)</u>	<u>(1,628,678)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received from investments	64,705	--	--	64,705
Changes in investments, net	(28,246)	--	--	(28,246)
Net Cash Provided by (Used in) Investing Activities	<u>36,459</u>	<u>--</u>	<u>--</u>	<u>36,459</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,019,922)	1,459,924	154,514	(1,405,484)
Cash and Cash Equivalents, Beginning of Year July 1, 2015	<u>4,855,309</u>	<u>1,927,594</u>	<u>387,282</u>	<u>7,170,185</u>
Cash and Cash Equivalents, End of Year June 30, 2016 (including \$362,635 for Public Housing reported in restricted accounts)	<u>\$ 1,835,387</u>	<u>\$ 3,387,518</u>	<u>\$ 541,796</u>	<u>\$ 5,764,701</u>
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income (loss)	\$ (41,366)	\$ (588,416)	\$ (1,098,942)	\$ (1,728,724)
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,489	2,357,712	299,119	3,440,320
Loss on disposal of capital assets	6,478	--	--	6,478
Pension expense	--	355,138	147,185	502,323
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(9,740)	275,362	--	265,622
Restricted cash	(6,425)	--	--	(6,425)
Deferred outflows for pensions	--	(353,274)	(154,131)	(507,405)
Prepaid items	--	1,255	--	1,255
Accounts payable and accrued liabilities	(46,132)	56,360	(7,114)	3,114
Security deposits payable	6,425	--	--	6,425
Contracts payable	--	14,995	--	14,995
Unearned revenue	--	10,313	--	10,313
Compensated absences	--	(23,134)	4,470	(18,664)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 692,729</u>	<u>\$ 2,106,311</u>	<u>\$ (809,413)</u>	<u>\$ 1,989,627</u>

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

**FIDUCIARY FUNDS FINANCIAL STATEMENTS**

**COUNTY OF KAUA'I, HAWAI'I  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2016**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ <u>6,324,244</u>
Total Assets	<u>6,324,244</u>
<b>Liabilities:</b>	
Customer deposits	5,478,825
Due to other funds	110,000
Due to other governments	<u>735,419</u>
Total Liabilities	<u>6,324,244</u>
<b>Net Position</b>	\$ <u><u>    --</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

***The Financial Reporting Entity***

The County of Kaua'i (County) is a municipal corporation governed by an elected Mayor and a seven-member County Council. The County operates under a County Charter, which was originally adopted in 1969 and last amended in 2014.

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

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

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

The County follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - An Amendment of GASB Statements No. 21 and No. 34*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions*, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made*

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

***Discretely Presented Component Unit***

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

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

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

***Government-wide Statements***

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

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

***Fund Financial Statements***

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

The County reports the following major governmental funds:

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

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

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

Fiduciary funds include the following agency funds:

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

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

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

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

*Committed Fund Balance* - This includes amounts that are subject to constraint created by the County's highest level of formal action and can only be changed by the County's highest level of formal action. The County Council and Mayor of the County of Kaua'i are the highest decision-making authorities. The formal action to constrain resources is ordinances passed by the County Council and signed by the Mayor.

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

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amounts are determinable. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and landfill post-closure costs are recognized only when payment is due.

Significant revenues that are susceptible to accrual are as follows:

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

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

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

***Cash and Cash Equivalents***

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

***Investments***

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

***Real Property Taxes***

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

***Receivables***

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

Receivables of the Department are recognized when revenue is earned, including charges for services rendered but not billed, net of allowance for doubtful accounts approximating \$267,000 of billed receivables.

***Real Property Held for Sale***

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

***Materials and Supplies***

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

***Prepaid Items***

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. The Department defines capital assets as assets with an initial, individual cost of more than \$1,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

*Primary Government*

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

*Component Unit*

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

***Restricted Assets***

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

***Interfund Transactions***

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

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

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

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

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

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

***Net Position***

The County's net position is comprised of the various net earnings (losses) from operating and nonoperating revenues, expenses, transfers, and contributed capital. The County's net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year end is not included in the calculation of the amount of net investment in capital assets. Restricted net position consists of the County's net

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

***Compensated Absences***

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

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

***Sick Leave***

Permanent full-time County employees accrue sick leave. Sick leave is calculated based upon current compensation levels. Sick pay can be taken only in the event of illness and is not convertible to pay upon termination of employment. Sick pay is recognized when leave is taken because it does not vest when earned. As a result, no liability for sick pay is recognized in the accompanying financial statements. Accumulated sick leave (including the Department) was approximately \$35.6 million at June 30, 2016.

***Capital Leases***

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

***Long-term Obligations***

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

***Pensions***

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

***Facility Reserve Charges***

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

***Use of Estimates***

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

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

Annual appropriated budgets are adopted for the following funds:

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

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

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

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

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

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

**NOTE 3 - BUDGET TO GAAP RECONCILIATION**

Encumbrance accounting is employed as an extension of formal budgetary integration in the General Fund and budgeted Special Revenue Funds. Capital Projects Funds also employ encumbrance accounting to reserve for construction contracts. Actual expenditures on a budgetary basis include current year reserves for encumbrances and exclude payments on prior year encumbrances. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Budgeted deficiencies are funded by the estimated unreserved-undesignated fund balances as of June 30, 2016.

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

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

	<u>General Fund</u>	<u>Housing and Community Development Revolving Fund</u>	<u>Solid Waste Disposal Fund</u>
GAAP excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 8,689,884	\$ 369,760	\$ (2,034,140)
Encumbrances and unexpended allotments, current year	<u>(5,535,732)</u>	<u>(720,852)</u>	<u>(3,465,725)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>3,154,152</u>	\$ <u>(351,092)</u>	\$ <u>(5,499,865)</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

***Deposits***

The deposits of the County consist of cash and cash equivalents, money market accounts, and non-negotiable certificates of deposit. At year end, the carrying values (book balances) of these deposits with banks and savings institutions approximated \$67,060,000 and the balances carried by the bank were approximately \$70,051,000. The Department's carrying value of these deposits with banks and savings institutions approximated \$17,120,000 and the balances carried by the bank were approximately \$18,466,000. All of these deposits are covered by federal depository insurance or collateralized by securities held by financial institutions in the County's name.

***Investments***

As of June 30, 2016, the County and the Department held approximately \$88,053,000 and \$32,850,000, respectively, or 70% and 67% of their investments in Federal Government Sponsored Entities and Government Securities.

***Interest Rate Risk***

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

As of June 30, 2016, the County and the Department had the following investments:

***County***

	Fair Value	Maturity (in years)	
		Less than 1	1- 5
Government Sponsored Entities	\$ 85,053,307	\$ 43,788,710	\$ 41,264,597
Government Securities	2,999,244	175,012	2,824,232
Money Market Mutual Funds	1,860,622	1,860,622	--
Repurchase Agreements	<u>2,241,257</u>	<u>2,241,257</u>	<u>--</u>
	92,154,430	48,065,601	44,088,829
Certificates of Deposit	<u>33,362,237</u>	<u>15,218,340</u>	<u>18,143,897</u>
Total	\$ <u>125,516,667</u>	\$ <u>63,283,941</u>	\$ <u>62,232,726</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

***Department***

	<u>Fair Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
Government Sponsored Entities	\$ 32,850,000	\$ 10,411,000	\$ 22,439,000
Repurchase Agreements	3,500,000	3,500,000	--
Money Market Mutual Funds	<u>3,027,000</u>	<u>3,027,000</u>	<u>--</u>
	39,377,000	16,938,000	22,439,000
Certificates of Deposit	<u>9,311,000</u>	<u>9,311,000</u>	<u>--</u>
Total	\$ <u>48,688,000</u>	\$ <u>26,249,000</u>	\$ <u>22,439,000</u>

***Credit Risk***

State law limits investments to the top rating issued by nationally recognized statistical rating organizations (NRSRO's). The County and Department have no investment policy that would further limit its investment choices. As of June 30, 2016, the County and Department's investments had an AA or greater rating.

***Custodial Credit Risk***

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

***Concentration of Credit Risk***

The County places no limit on the amount which may be invested in any one issuer. As of June 30, 2016, the County and the Department held more than 5% of their investments in the following:

	<u>County</u>		<u>Department</u>	
FHLB - Federal Home Loan Bank	\$ 15,812,372	12.6%	\$ 6,190,220	12.7%
FHLMC - Freddie Mac	17,903,334	14.2%	8,006,571	16.4%
FNMA - Fannie Mae	12,484,272	9.9%	6,054,895	12.4%
FFCB - Federal Farm Credit Bank	17,878,969	14.2%	9,602,455	19.7%
FHDN - Federal Home Loan Bank				
Discount Notes	17,976,130	14.3%	2,995,570	6.1%
Blackrock Liquidity Funds	<u>1,860,622</u>	<u>1.5%</u>	<u>3,027,497</u>	<u>6.2%</u>
Total	\$ <u>83,915,699</u>	<u>66.8%</u>	\$ <u>35,877,208</u>	<u>73.6%</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

**Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2** – Inputs other than quoted prices included within level 1 that are observable for an asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a level 2 input must be observable for most of the full term of the asset or liability. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical assets or liabilities in markets that are not active,
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** – Inputs are observable for an asset or liability.

Following is a description of the valuation techniques used by the County to measure fair value:

U.S. Treasury obligations and money market mutual funds: Valued using quoted prices in active markets for identical assets.

U.S. government agency obligations, repurchase agreements and certificates of deposits: Valued using quoted prices for identical or similar assets in markets that are not active.

<i>Primary Government:</i>	Assets at Fair Value at June 30, 2016			
	Total	Level 1	Level 2	Level 3
U. S. Treasury obligations	\$ 2,999,244	\$ 2,999,244	\$ --	\$ --
U. S. government agencies	85,053,307	--	85,053,307	--
Repurchase agreements	2,241,257	--	2,241,257	--
Certificates of deposit	33,362,237	--	33,362,237	--
Money market mutual funds	<u>1,860,622</u>	<u>1,860,622</u>	--	--
	<u>\$ 125,516,667</u>	<u>\$ 4,859,866</u>	<u>\$ 120,656,801</u>	<u>\$ --</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)**

<i>Department:</i>	Assets at Fair Value at June 30, 2016			
	Total	Level 1	Level 2	Level 3
U. S. government agencies	\$ 32,849,711	\$ --	\$ 32,849,711	\$ --
Repurchase agreements	3,500,000	--	3,500,000	--
Certificates of deposit	9,311,000	--	9,311,000	--
Money market mutual funds	<u>3,027,497</u>	<u>3,027,497</u>	--	--
	<u>\$ 48,688,208</u>	<u>\$ 3,027,497</u>	<u>\$ 45,660,711</u>	<u>\$ --</u>

**NOTE 6 - RECEIVABLES**

Receivables as of June 30, 2016, for the County's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities:

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total
Receivables, net:									
Real property taxes	\$ 3,773,444	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,773,444
Accounts receivable	3,767,253	--	787,178	--	--	--	667,055	1,549,283	6,770,769
Intergovernmental	--	--	--	--	5,217,687	3,898,458	--	484,886	9,601,031
Loans receivable	--	7,540,583	--	--	13,960,912	--	--	7,065	21,508,560
Interest	<u>201,757</u>	<u>1,105,877</u>	<u>26,825</u>	<u>76,196</u>	<u>480,579</u>	--	--	<u>18,523</u>	<u>1,909,757</u>
Total Receivables, net	<u>\$ 7,742,454</u>	<u>\$ 8,646,460</u>	<u>\$ 814,003</u>	<u>\$ 76,196</u>	<u>\$ 19,659,178</u>	<u>\$ 3,898,458</u>	<u>\$ 667,055</u>	<u>\$ 2,059,757</u>	<u>\$ 43,563,561</u>

Business-type Activities:

	Enterprise Funds
Receivables, net:	
Accounts receivable	\$ 3,067,362
Interest	4,405
Insurance	--
Less: allowance for uncollectible charges	<u>(533,199)</u>
Total Receivables, net	<u>\$ 2,538,568</u>

The only receivables without an allowance not expected to be collected within one year are approximately \$20.6 million of loans receivable for the governmental activities which are generally due to the County on various dates through 2066.

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Primary Government				Balance June 30, 2016
	Balance June 30, 2015	Increases	Decreases	Transfers	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 184,327,296	\$ 131,000	\$ --	\$ --	\$ 184,458,296
Construction in progress	40,498,739	14,558,129	(3,268,346)	--	51,788,522
Total Capital Assets, Not Being Depreciated	<u>224,826,035</u>	<u>14,689,129</u>	<u>(3,268,346)</u>	<u>--</u>	<u>236,246,818</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	122,255,734	2,012,657	(323,942)	--	123,944,449
Machinery and equipment	84,150,830	3,203,330	(4,738,178)	--	82,615,982
Infrastructure	670,079,969	388,179	--	--	670,468,148
Total Capital Assets, Being Depreciated	<u>876,486,533</u>	<u>5,604,166</u>	<u>(5,062,120)</u>	<u>--</u>	<u>877,028,579</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(45,701,231)	(3,776,826)	323,942	--	(49,154,115)
Machinery and equipment	(49,461,929)	(7,383,673)	4,738,178	--	(52,107,424)
Infrastructure	<u>(473,635,263)</u>	<u>(8,343,773)</u>	<u>--</u>	<u>--</u>	<u>(481,979,036)</u>
Total Accumulated Depreciation	<u>(568,798,423)</u>	<u>(19,504,272)</u>	<u>5,062,120</u>	<u>--</u>	<u>(583,240,575)</u>
Governmental Activities - Capital Assets, net	<u>\$ 532,514,145</u>	<u>\$ 789,023</u>	<u>\$ (3,268,346)</u>	<u>\$ --</u>	<u>\$ 530,034,822</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7 - CAPITAL ASSETS (Continued)**

	Primary Government				Balance June 30, 2016
	Balance June 30, 2015	Increases	Decreases	Transfers	
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 17,127,632	\$ --	\$ --	\$ --	\$ 17,127,632
Construction in progress	<u>12,105,192</u>	<u>3,990,181</u>	<u>(2,639,694)</u>	<u>--</u>	<u>13,455,679</u>
Total Capital Assets, Not Being Depreciated	<u>29,232,824</u>	<u>3,990,181</u>	<u>(2,639,694)</u>	<u>--</u>	<u>30,583,311</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	97,463,176	2,639,696	--	--	100,102,872
Machinery and equipment	7,435,045	101,796	(13,866)	--	7,522,975
Infrastructure	<u>13,757,326</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,757,326</u>
Total Capital Assets, Being Depreciated	<u>118,655,547</u>	<u>2,741,492</u>	<u>(13,866)</u>	<u>--</u>	<u>121,383,173</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(38,422,263)	(2,557,634)	--	--	(40,979,897)
Machinery and equipment	(3,772,429)	(600,825)	13,866	--	(4,359,388)
Infrastructure	<u>(8,124,094)</u>	<u>(281,861)</u>	<u>--</u>	<u>--</u>	<u>(8,405,955)</u>
Total Accumulated Depreciation	<u>(50,318,786)</u>	<u>(3,440,320)</u>	<u>13,866</u>	<u>--</u>	<u>(53,745,240)</u>
Business-type Activities - Capital Assets, net	<u>\$ 97,569,585</u>	<u>\$ 3,291,353</u>	<u>\$ (2,639,694)</u>	<u>\$ --</u>	<u>\$ 98,221,244</u>

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

Governmental Activities:	
General government	\$ 992,812
Public safety	3,446,652
Public works	2,873,820
Highways and streets	5,932,439
Public welfare	2,712,604
Culture and recreation	1,655,151
Sanitation	<u>1,890,794</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 19,504,272</u>
Business-type Activities:	
Public housing	\$ 783,489
Sewer	2,357,712
Golf	<u>299,119</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 3,440,320</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7 - CAPITAL ASSETS (Continued)**

	Component Unit				Balance June 30, 2016
	Balance June 30, 2015	Increases	Decreases	Transfers	
Discretely Presented Component Unit:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,343,144	\$ --	\$ --	\$ --	\$ 1,343,144
Construction in progress	<u>7,979,721</u>	<u>9,711,158</u>	<u>(953,447)</u>	<u>--</u>	<u>16,737,432</u>
Total Capital Assets, Not Being Depreciated	<u>9,322,865</u>	<u>9,711,158</u>	<u>(953,447)</u>	<u>--</u>	<u>18,080,576</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	5,222,561	--	--	--	5,222,561
Machinery and equipment	5,924,942	539,634	(36,914)	--	6,427,662
Infrastructure	<u>300,911,728</u>	<u>3,393,232</u>	<u>(143,605)</u>	<u>--</u>	<u>304,161,355</u>
Total Capital Assets, Being Depreciated	<u>312,059,231</u>	<u>3,932,866</u>	<u>(180,519)</u>	<u>--</u>	<u>315,811,578</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(1,984,713)	(124,973)	--	--	(2,109,686)
Machinery and equipment	(4,663,194)	(394,867)	36,914	--	(5,021,147)
Infrastructure	<u>(99,854,986)</u>	<u>(6,490,212)</u>	<u>46,298</u>	<u>--</u>	<u>(106,298,900)</u>
Total Accumulated Depreciation	<u>(106,502,893)</u>	<u>(7,010,052)</u>	<u>83,212</u>	<u>--</u>	<u>(113,429,733)</u>
Component Unit - Capital Assets, net	<u>\$ 214,879,203</u>	<u>\$ 6,633,972</u>	<u>\$ (1,050,754)</u>	<u>\$ --</u>	<u>\$ 220,462,421</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - INTERFUND RECEIVABLES/PAYABLES**

The Interfund Due From/To Other Funds consist of the following as of June 30, 2016:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Solid Waste	General Fund	\$ 5,570,980
Housing and Community Development Revolving Fund	General Fund	2,474,330
General CIP Fund	Grants CIP Fund	2,105,638
Other Governmental Funds	General Fund	10,654,560
Other Governmental Funds	Other Governmental	309,817
Other Governmental Funds	Fiduciary Fund	110,000
Other Governmental Funds	Federal Grants Fund	<u>1,653,707</u>
Total, All Funds		\$ <u>22,879,032</u>

Interfund receivables/payables are recorded to cover the temporary cash shortages in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2017.

Internal balances consist of the following at June 30, 2016:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$ 35,609
Golf Fund	General Fund	13,746
Public Housing Fund	General Fund	<u>3,942,157</u>
		\$ <u>3,991,512</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - INTERFUND RECEIVABLES/PAYABLES (Continued)**

Transfers for the fiscal year ended June 30, 2016, consisted of the following:

	Transfers out:					Total
	General Fund	Solid Waste Disposal Fund	Bond Fund	Other Governmental Funds	Sewer Enterprise Fund	
Transfers in:						
General Fund	\$ --	\$ 110,061	\$ 1,042,955	\$ --	\$ --	\$ 1,153,016
Solid Waste Disposal Fund	9,317,248	--	--	--	--	9,317,248
Debt Service Fund	7,404,676	951,952	--	--	697,103	9,053,731
Sewer Fund	1,612,962	--	--	--	--	1,612,962
Golf Enterprise Fund	1,272,894	--	--	--	--	1,272,894
General CIP Fund	228,749	5,000,000	--	300,000	--	5,528,749
Other Governmental Funds	563,419	--	--	568,000	--	1,131,419
	<u>\$ 20,399,948</u>	<u>\$ 6,062,013</u>	<u>\$ 1,042,955</u>	<u>\$ 868,000</u>	<u>\$ 697,103</u>	<u>\$ 29,070,019</u>

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

**NOTE 9 - NET POSITION**

At June 30, 2016, the County's net position consisted of the following:

	Governmental Activities	Business-type Activities	Component Unit
Net investment in Capital Assets:			
Net property, plant, and equipment	\$ 530,034,822	\$ 98,221,244	\$ 220,462,421
Less: Long-term debt	(104,685,000)	(23,074,977)	(87,007,332)
Less: Capital lease obligation	(4,257,981)	(365,549)	(1,968,148)
Add: Deferred outflows - deferred refunding costs	1,384,883	140	49,911
Less: Deferred inflows - deferred gain on refunding costs	(1,043,574)	--	--
Add: Unspent debt proceeds	16,748,720	--	16,270,864
Subtotal	<u>438,181,870</u>	<u>74,780,858</u>	<u>147,807,716</u>
Restricted:			
Capital projects	33,080,750	--	1,802,264
Less: Unspent debt proceeds	(16,748,720)	--	(16,270,864)
Less: Accrued interest payable	(2,054,858)	--	(1,556,786)
Other - debt service	161,837	--	--
Other - restricted cash and investments	--	362,635	16,333,057
Subtotal	<u>14,439,009</u>	<u>362,635</u>	<u>307,671</u>
Unrestricted	<u>(132,390,722)</u>	<u>6,167,943</u>	<u>38,454,748</u>
Total Net Position	<u>\$ 320,230,157</u>	<u>\$ 81,311,436</u>	<u>\$ 186,570,135</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 - CAPITAL LEASES**

The County leases machinery and equipment under non-cancelable leases expiring at various dates through June 2022 which meet the criteria for capitalization. These capital leases are financed from General Fund resources.

The net book value of the leased machinery and equipment at June 30, 2016 amounted to \$9,841,397 net of accumulated depreciation of \$11,247,637. The related present value of the remaining obligations under the capital leases which amounted to \$4,623,530 at June 30, 2016 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2016, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,923,203	\$ 120,575	\$ 2,043,778
2018	1,465,079	69,653	1,534,732
2019	721,503	31,608	753,111
2020	309,298	13,040	322,338
2021	100,832	5,435	106,267
Thereafter	<u>103,615</u>	<u>2,753</u>	<u>106,368</u>
Totals	\$ <u>4,623,530</u>	\$ <u>243,064</u>	\$ <u>4,866,594</u>

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

The capital lease obligation is amortized at an implicit rate of approximately 6.0%. The annual requirements to amortize capital lease obligation as of June 30, 2016, are approximately as follows:

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 - CAPITAL LEASES (Continued)**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 699,000	\$ 100,000	\$ 799,000
2018	743,000	56,000	799,000
2019	522,000	13,000	535,000
2020	<u>4,000</u>	<u>--</u>	<u>4,000</u>
Totals	\$ <u>1,968,000</u>	\$ <u>169,000</u>	\$ <u>2,137,000</u>

The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2016. The accumulated depreciation related to the SWTP facility was approximately \$5,603,000 as of June 30, 2016.

**NOTE 11 - LONG-TERM LIABILITIES**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Approximate amounts due within one year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 108,745,000	\$ --	\$ 4,060,000	\$ 104,685,000	\$ 4,945,000
Total Bonds Payable	108,745,000	--	4,060,000	104,685,000	4,945,000
Claims and judgments	9,640,151	1,783,334	2,599,518	8,823,967	4,779,658
Landfill closure and postclosure	34,264,003	4,348,871	359,470	38,253,404	482,000
Capital lease obligations	4,878,543	1,720,061	2,340,623	4,257,981	1,733,784
Compensated absences	<u>12,944,623</u>	<u>6,000,270</u>	<u>5,355,616</u>	<u>13,589,277</u>	<u>3,397,319</u>
Governmental Activities, Long-term Liabilities	\$ <u>170,472,320</u>	\$ <u>13,852,536</u>	\$ <u>14,715,227</u>	\$ <u>169,609,629</u>	\$ <u>15,337,761</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Approximate amounts due within one year
<b><i>Business-type Activities:</i></b>					
Bonds Payable:					
General obligation bonds	\$ 540,000	\$ --	\$ 170,000	\$ 370,000	\$ 180,000
Total Bonds Payable	540,000	--	170,000	370,000	180,000
Loans Payable to State					
Governments	18,871,239	5,255,853	1,422,115	22,704,977	1,637,552
Claims and judgments	413,770	108,276	160,218	361,828	150,344
Capital lease obligations	550,168	--	184,619	365,549	189,419
Compensated absences	564,717	242,707	261,370	546,054	136,514
Business-type Activities, Long-term Liabilities	<u>\$ 20,939,894</u>	<u>\$ 5,606,836</u>	<u>\$ 2,198,322</u>	<u>\$ 24,348,408</u>	<u>\$ 2,293,829</u>
<b><i>Discretely Presented Component Unit:</i></b>					
Bonds Payable:					
General obligation bonds	\$ 65,025,000	\$ --	\$ 2,655,000	\$ 62,370,000	\$ 2,800,000
Deferred Costs:					
For issuance premiums	614,583	--	58,214	556,369	--
Total Bonds Payable	65,639,583	--	2,713,214	62,926,369	2,800,000
Loans Payable	23,997,649	1,994,203	1,910,889	24,080,963	1,917,296
Compensated absences	1,074,855	669,652	495,357	1,249,150	506,000
Capital lease obligations	2,616,253	20,120	668,225	1,968,148	699,000
Component Unit, Long-term Liabilities	<u>\$ 93,328,340</u>	<u>\$ 2,683,975</u>	<u>\$ 5,787,685</u>	<u>\$ 90,224,630</u>	<u>\$ 5,922,296</u>

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

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

The County and the Department issued general obligation bonds through the Build America Bonds and Recovery Zone Economic Development Bonds programs that provide 35% and 45%, respectively, in federal subsidies on the total interest requirements. The interest is paid to the County and the Department on a semi-annual basis corresponding with the interest payment dates to the bondholders. Subsidy payments of \$728,404 and \$300,215 were received in fiscal year 2016 for Build America Bonds and Recovery Zone Economic Development Bonds, respectively.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

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

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

Compensated absences - Compensated absences consist of accrued vacation leave and compensated time earned. For the fiscal year ended June 30, 2016, the liability was liquidated from the general and highways funds. The liability for the accumulated unpaid portion has been accrued for in the government-wide statement of net position.

General obligation bonds payable reported on the government-wide *Statement of Position* at June 30, 2016, are comprised of the following individual issues:

	<u>Amount</u>
<b>Governmental Activities:</b>	
General obligation bonds, 2011 Series A, original amount \$20,985,000, due in annual installments of \$1,260,000 to \$1,765,000 through August 2025, interest payments semi-annually from 2.00% to 5.00%.	\$ 14,895,000
General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,615,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy).	43,255,000
General obligation bonds, 2010 Series A, original amount \$12,165,000, due in annual installments of \$3,140,000 to \$9,025,000 through August 2034, interest payments semi-annually from 5.863% to 5.913% (before the federal subsidy).	12,165,000
General obligation bonds, 2005 Series A, original amount \$42,180,000, due in annual installments of \$380,000 to \$545,000 through August 2021, interest payments semi-annually from 3.25% to 5.00%.	<u>2,740,000</u>
Balance carried forward	\$ <u>73,055,000</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
Balance carried forward	\$ 73,055,000
General obligation bonds, 2012 Series A, original amount \$23,415,000, due in annual installments of \$1,250,000 to \$2,145,000 through August 2029, interest payments semi-annually from 3.00% to 5.00%.	23,415,000
General obligation bonds, 2012 Series B, original amount \$8,215,000, due in annual installments of \$440,000 to \$745,000 through August 2029, interest payments semi-annually from 3.125% to 5.00%.	<u>8,215,000</u>
Total Governmental Activities	<u>\$ 104,685,000</u>

**Business-type Activities:**

General obligation bonds, 2005 Series A, original amount \$1,565,000, due in annual installments of \$180,000 to \$190,000 through August 2017, interest payments semi-annually from 3.25% to 5.00%.	\$ <u>370,000</u>
Total Business-type Activities	<u>\$ 370,000</u>

Annual debt service requirements of the primary government general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2016, are approximately as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 4,945,000	\$ 4,834,000	\$ 180,000	\$ 14,000	\$ 5,125,000	\$ 4,848,000
2018	5,145,000	4,638,000	190,000	5,000	5,335,000	4,643,000
2019	5,420,000	4,427,000	--	--	5,420,000	4,427,000
2020	5,655,000	4,189,000	--	--	5,655,000	4,189,000
2021	5,910,000	3,946,000	--	--	5,910,000	3,946,000
2022-2026	30,995,000	15,796,000	--	--	30,995,000	15,796,000
2027-2031	25,125,000	9,310,000	--	--	25,125,000	9,310,000
2032-2035	<u>21,490,000</u>	<u>3,076,000</u>	<u>--</u>	<u>--</u>	<u>21,490,000</u>	<u>3,076,000</u>
Totals	<u>\$ 104,685,000</u>	<u>\$ 50,216,000</u>	<u>\$ 370,000</u>	<u>\$ 19,000</u>	<u>\$ 105,055,000</u>	<u>\$ 50,235,000</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
<b>Component Unit:</b>	
County Series 2010A, last installment 2033. Maturing serially from August 1, 2013. Interest rate - 1.96% to 5.76% (before the federal subsidy). Issued March 24, 2010. Original amount - \$60,000,000.	\$ 54,240,000
County Series 2011A, last installment 2025. Maturing serially from August 1, 2012. Interest rate - 2.00% to 5.00%. Issued July 7, 2011. Original amount - \$5,125,000.	3,635,000
County Series 2005A, last installment 2021. Maturing serially from August 1, 2008. Interest rate - 3.25% to 5.00%. Issued November 10, 2005. Original amount - \$6,485,000.	1,750,000
County Series 2012A, last installment 2029. Maturing serially from August 1, 2016. Interest rate - 3.00% to 5.00%. Issued July 10, 2012. Original amount - \$2,745,000.	<u>2,745,000</u>
	62,370,000
Premium on bond issuance	<u>556,369</u>
Total Component Unit	\$ <u><u>62,926,369</u></u>

Annual debt service requirements of the component unit general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2016, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,800,000	\$ 3,064,000	\$ 5,864,000
2018	2,910,000	2,959,000	5,869,000
2019	2,950,000	2,844,000	5,794,000
2020	3,075,000	2,717,000	5,792,000
2021	3,210,000	2,581,000	5,791,000
2022-2026	16,920,000	10,647,000	27,567,000
2027-2031	18,825,000	6,071,000	24,896,000
2032-2034	<u>11,680,000</u>	<u>937,000</u>	<u>12,617,000</u>
Totals	\$ <u><u>62,370,000</u></u>	\$ <u><u>31,820,000</u></u>	\$ <u><u>94,190,000</u></u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

At June 30, 2016, approximately \$61.5 million of primary government and \$10.1 million of component unit general obligation bonds outstanding are considered defeased.

**Conduit Debt Obligations – Special District Bonds**

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

<u>Issuer</u>	<u>Date of Issuance</u>	<u>Amount of Issue</u>	<u>Balance at June 30, 2016</u>
County of Kaua'i Community Facilities District No. 2008-1	May 15, 2012	\$ 11,875,000	\$ 11,785,000

Amount

**Loans Payable: Business-type Activities**

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

\$ 868,866

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

1,139,570

Balance forward \$ 2,008,436

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
Balance carried forward	\$ 2,008,436
During fiscal year 2009, the County entered into a construction agreement with the State totaling approximately \$2.1 million to continue to fund the wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$55,611 (\$111,222 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	1,188,655
During fiscal year 2009, the County entered into a construction agreement with the State totaling approximately \$3.9 million to fund sewer system improvements. Principal and interest payments are due in semi-annual installments of \$108,486 (\$216,972 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	2,319,473
During fiscal year 2009, the County entered into a construction agreement with the State totaling approximately \$436,000 to fund wastewater pump station improvements. Principal and interest payments are due in semi-annual installments of \$12,051 (\$24,102 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	268,825
During fiscal year 2010, the County entered into a construction agreement with the State totaling approximately \$4.9 million to fund the wastewater plant digester repair. Principal and interest payments are due in semi-annual installments of \$137,553 (\$275,106 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	3,324,124
During fiscal year 2011, the County entered into a construction agreement with the State totaling approximately \$10.6 million to fund Phase I of the Waimea Wastewater Treatment Plant Expansion. Principal and interest payments are due in semi-annual installments of \$294,994 (\$589,988 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	<u>7,967,761</u>
Balance forward	\$ <u>17,077,274</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
Balance carried forward	\$ 17,077,274
During fiscal year 2014, the County entered into a construction agreement with the State totaling approximately \$1.9 million to fund Phase I of the Wailua Wastewater Treatment Plant Improvement. Principal and interest payments are due in semi-annual installments of \$50,818 (\$102,336 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	1,811,760
During fiscal year 2016, the County entered into a new construction agreement with the State totaling approximately \$5.0 million to fund Ele'ele Wastewater Treatment Plant Improvement. Principal and interest payments are due in semi-annual installments of \$105,601 (\$211,202 annually). A loan fee is assessed at .50% of the outstanding principal balance. Interest is accrued at .25% per annum.	<u>3,815,943</u>
Total Business-type Activities	\$ <u>22,704,977</u>

Annual requirements to retire loans payable as of June 30, 2016, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,638,000	\$ 188,000	\$ 1,826,000
2018	1,647,000	173,000	1,820,000
2019	1,656,000	159,000	1,815,000
2020	1,665,000	144,000	1,809,000
2021	1,674,000	129,000	1,803,000
2022-2026	8,460,000	424,000	8,884,000
2027-2031	4,921,000	120,000	5,041,000
2032-2035	<u>1,043,977</u>	<u>15,000</u>	<u>1,058,977</u>
Totals	\$ <u>22,704,977</u>	\$ <u>1,352,000</u>	\$ <u>24,056,977</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

**Component Unit:**

	<u>Amount</u>
State Revolving Fund Loan -	
Kokolau Tunnel, last installment 2021. Interest rate - 1.37%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2001. Original amount - \$1,755,329.	\$ 516,781
Kekaha Well, last installment 2022. Interest rate - 1.01%. Semi- annual loan fee rate 1.625%. Date issued - April 15, 2002. Original amount - \$1,097,536.	301,850
Hanapepe 27" Steel Pipeline, last installment 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$691,134.	282,429
Hanapepe River Crossing Pipeline, last installment 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$1,345,040.	506,723
Wailua Homesteads Well No. 3, last installment 2024. Interest rate - 0.54%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2004. Original amount - \$418,967.	173,153
Līhu'e Steel Tanks 1 and 2, last installment 2025. Interest rate - 0.46%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2004. Original amount - \$1,243,017.	606,981
Ornellas 0.2 MG Tank, last installment 2025. Interest rate - 0.58%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2005. Original amount - \$809,398.	390,932
16" Waterline replacement along Kuhio Highway, last installment 2026. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2005. Original amount - \$2,481,289.	<u>1,222,492</u>
Balance forward	\$ <u>4,001,341</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

	Amount
Balance carried forward	\$ 4,001,341
Poipu Road 16" Main Replacement, last installment 2027. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2007. Original amount - \$5,595,979.	2,935,131
Stable 1.0 MG Tank, last installment 2029. Interest rate - 0.26%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2009. Original amount - \$7,274,996.	4,994,631
Kaumualii Highway 12" Main Replacement, last installment 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$3,989,537.	2,796,471
Waha, Wawae and Niho Roads Main Replacement, last installment 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$1,844,718.	1,362,327
Kapilimao 0.5 MG Tank, last installment 2030. Interest rate - 0.42%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2010. Original amount - \$3,793,779.	2,804,718
Wailua Houselots Main Replacement, last installment 2033. Interest rate - 0.50%. Semi-annual loan fee rate - 0.50%. Date issued - April 15, 2013. Original amount - \$3,487,703.	3,291,680
Lihue Baseyard Improvements, last installment 2034. Interest rate - 0.50%. Semi-annual loan fee rate - 0.50%. Date issued - December 15, 2014. Original amount - \$1,994,202.	<u>1,894,664</u>
Total Component Unit	\$ <u>24,080,963</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 - LONG-TERM LIABILITIES (Continued)**

Annual requirements to retire the component unit loans payable as of June 30, 2016, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,917,000	\$ 815,000	\$ 2,732,000
2018	1,925,000	752,000	2,677,000
2019	1,934,000	690,000	2,624,000
2020	1,942,000	627,000	2,569,000
2021	1,951,000	564,000	2,515,000
2022-2026	8,782,000	1,514,000	10,296,000
2027-2031	4,858,000	345,000	5,203,000
2032-2035	<u>772,000</u>	<u>19,000</u>	<u>791,000</u>
Totals	\$ <u>24,081,000</u>	\$ <u>5,326,000</u>	\$ <u>29,407,000</u>

**NOTE 12 - EMPLOYEE BENEFIT PLANS**

**Pensions**

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

**Benefits Provided** - The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability and death benefits with three membership classes known as the noncontributory, contributory and hybrid retirement classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

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

*Noncontributory Class*

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

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

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

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

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

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

Police and firefighters' retirement benefits are determined as 2.5% of average final compensation for each year of service up to a maximum of 80%. Police and firefighters with ten years of credited service are eligible to retire at age 55.

*Disability Benefits* - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

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

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

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

*Retirement Benefits* - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60. Judges and elected officers' retirement benefits are determined as 3.0% of average final compensation multiplied by the years of credited service up to a maximum of 75%. Judges and elected officers with 10 years of credited service are eligible to retire at age 60.

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

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

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

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

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

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

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

**Contributions** - Contributions are established by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2016 were 25.00% for police and firefighters and 17.00% for all other employees. Contributions to the pension plan from the County and the Department were \$14,600,135 and \$911,000, respectively, for the fiscal year ended June 30, 2016.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2016, the County and Department reported a liability of \$178,458,402 and \$11,310,002, respectively, for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County and Department's proportion of the net pension liability was based on a projection of the County and Department's long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2015, the County's proportion was 2.044% which was an increase of 0.131% from its proportion measured as of June 30, 2014. At June 30, 2014, the Department's proportion was 0.130% which was an increase of 0.014% from its proportion measured at June 30, 2014.

There were no changes in other assumptions and inputs that affected the measurement of the total pension liability since the prior measurement date other than the investment return assumption. Fiscal year 2016 was the first year of the three-year phase-in of the investment return assumption. The investment return rate decreased beginning in fiscal year 2016 to 7.65% and will continue to decrease to 7.55% in fiscal year 2017 and to 7.50% in fiscal year 2018, and will remain at 7.50% thereafter. There were no other changes between the measurement date, June 30, 2015, and the reporting date, June 30, 2016, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the fiscal year ended June 30, 2016, the County and the Department recognized pension expense of \$14,452,048 and \$1,167,000, respectively. At June 30, 2016, the County and the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

**County:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,836,150	\$ (4,248,594)
Changes in assumptions	4,675,468	--
Net difference between projected and actual earnings on pension plan investments	--	(6,926,065)
Changes in proportion and difference between County contributions and proportionate share of contributions	5,365,276	(3,993,212)
County contributions subsequent to the measurement date	<u>14,600,135</u>	<u>--</u>
	<u>\$ 28,477,029</u>	<u>\$ (15,167,871)</u>

The \$14,600,135 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ (2,047,278)
2019	(2,047,278)
2019	(2,047,278)
2020	3,689,426
2021	<u>1,161,431</u>
Total	<u>\$ (1,290,977)</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

***Department:***

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 105,932	\$ (316,504)
Changes in assumptions	266,978	--
Net difference between projected and actual earnings on pension plan investments	--	(385,934)
Changes in proportion and difference between Department contributions and proportionate share of contributions	1,105,642	(52,588)
Department contributions subsequent to the measurement date	910,625	--
	\$ 2,389,177	\$ (755,026)

The \$910,625 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 75,411
2018	75,411
2019	75,411
2020	377,972
2021	<u>119,321</u>
Total	\$ <u>723,526</u>

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the most recent experience study dated December 20, 2010. Between experience studies, the Board of Trustees of the Employees' Retirement System of the State of Hawaii elected to lower the investment return assumption effective with the June 30, 2015 valuation.

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

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

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

**Discount Rate** - The discount rate used to measure the net pension liability at the June 30, 2015 and 2014 measurement dates were 7.65% and 7.75%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

**Sensitivity of the County and Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the County and Department's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the County and Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65%) or 1-percentage point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
County's proportionate share of the net pension liability	\$ <u>228,439,707</u>	\$ <u>178,458,402</u>	\$ <u>128,477,096</u>
Department's proportionate share of the net pension liability	\$ <u>14,238,903</u>	\$ <u>11,310,002</u>	\$ <u>8,381,102</u>

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

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

**Payables to the Pension Plan**

As of June 30, 2016, the County and the Department had payables to the pension plan of \$1,251,691 and \$0, respectively.

**Deferred Compensation Plan**

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

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

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

**NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN**

***Plan Description***

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

EUTF  
P.O. Box 2121  
Honolulu, Hawai'i 96805-2121

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

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

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

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

***Funding Policy***

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

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

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

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

***Annual OPEB Cost***

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

At June 30, 2016, the County's post-retirement payable of \$7,768,890 is considered a short-term difference and has been included in the respective annual OPEB contributions. At June 30, 2016, the Department's post-retirement payable was \$0. The following table presents the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB liability.

County:

Fiscal Year Ending June 30,	Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014	\$ 14,451,000	100.0%	\$ --
2015	\$ 14,945,000	100.0%	\$ --
2016	\$ 15,468,000	100.0%	\$ --

Department:

Fiscal Year Ending June 30,	Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014	\$ 878,000	100.1%	\$ (51,000)
2015	\$ 883,000	100.2%	\$ (53,000)
2016	\$ 913,000	96.7%	\$ (23,000)

***Funding Status and Funding Progress***

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ 70,857,000	\$ 221,289,000	\$ 150,432,000	32.0%	\$ 74,148,000	202.9%

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

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

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

***Actuarial Methods and Assumptions***

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

	<u>County</u>
Actuarial valuation date	July 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Equivalent Single Amortization Period	21.2
Actuarial assumptions:	
Investment rate of return	7.0%
Inflation	3.0%
Payroll growth	3.5%
Asset method	Market
Healthcare cost trend rate	
PPO, including prescription drugs	9.0% initial; declining to 5% after 8 years
HMO, including prescription drugs	7.0% initial; declining to 5% after 8 years
Medicare Part B	3.0% for the first two years, after 5.0%
Dental	4.0%
Vision	3.0%
Life insurance	0.0%

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

The number of participants as of July 1, 2015, the effective date of the biannual OPEB valuation, were as follows. There have been no significant changes in the number of covered participants or the type of coverage since.

	County	Department
Active employees	1,162	83
Retired employees	739	50
Deferred vested employees	101	4
Total	2,002	137

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

***Claims and Judgments***

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)**

Estimates of IBNR are based on historical experience. The liability for claims and judgments is reported on the government-wide *Statement of Net Position*. At June 30, 2016, the amount of this liability was approximately \$9.2 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2015, are given below:

<u>Fiscal Year</u>	<u>Liability at Beginning of Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments and Adjustments</u>	<u>Liability at End of Year</u>
2015	\$ 9,957,533	\$ 2,981,938	\$ (2,885,570)	\$ 10,053,921
2016	\$ 10,053,921	\$ 1,891,610	\$ (2,759,736)	\$ 9,185,795

***Puhi Metals Recycling Center***

The County of Kaua'i is facing potential contingent liability for contracting the operation and management of the Puhi Metals Recycling Center (PMRC) from October 11, 2001 to October 11, 2011 to a private contractor. The County leased the property comprising the PMRC from land owner Grove Farm, Inc. for the aforementioned ten (10) year period. Under its contract with the contracted operator, the County was to be defended, indemnified and held harmless for any and all damages to persons and or property during the operation, including its obligations under the land license between the County and Grove Farm, Inc. After the expiration of the contract with the contracted operator, the County was informed by the Grove Farm, Inc. that their property was allegedly damaged by the contracted operator. The County has since procured and obtained environmental studies on the property and based upon the recommendation by the County's consultant, the County began to implement an environmental remediation plan. At June 30, 2016, the remaining outstanding liability accrued by the County was approximately \$2.05 million.

***Purchase Commitments***

The outstanding portion of contractual commitments for capital projects, supplies, and other expenditures at June 30, 2016, was approximately \$20.4 million. Contractual commitments are generally reflected in the governmental fund financial statements as committed fund balance.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, which is based on the October 9, 1991 United States Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria," establishes closure requirements for all municipal solid waste landfills that receive waste after October 9, 1991. In accordance with GASB Statement No. 18, the County estimates in advance the total cost of closure and post-closure care during the life of those landfills rather than after their closings. Federal and State laws and regulations require the County to place final covers on certain landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Annual additions to the liability for closure and post-closure care costs are based on landfill capacity used as of each balance sheet date.

The County has three landfill sites - Kekaha Landfill Phases I and II, and Halehaka Landfill. The County has closed the Kekaha Landfill Phase I and Halehaka Landfill. The County estimates the closure costs for the Kekaha Landfill Phase II to be approximately \$19.5 million based on estimates provided by project engineers. At June 30, 2016, approximately 85.6% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately 4.1 years.

The County completed the construction phase for the lateral expansion of the Cell II of the Kekaha Landfill Lateral Expansion. The expansion extended the life of the Kekaha Landfill by an additional 3.5 years. Cell II of the lateral expansion provided additional capacity for waste by the construction of a baseliner and leachate collection system in the area between Phase I and Phase II, further extending the landfill footprint. Department of Public Works, Solid Waste Division has identified additional options to further extend the life of Kekaha Landfill and is currently investigating the feasibility of those options.

The total estimated closure costs accrued in the government-wide financial statements for the Kekaha Landfill Phase II, and the remaining post-closure costs for the Kekaha Landfill Phases I and II, and Halehaka Landfill was approximately \$38.3 million, which may change due to inflation, technology or applicable laws or regulations. This amount is fully accrued in the government-wide financial statements.

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 16 - FUND BALANCE CONSTRAINTS**

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

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

	<u>Amount</u>
Committed fund balance	\$ 3,937,737
Unassigned fund balance	<u>29,110,720</u>
Total	\$ <u>33,048,457</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 16 - FUND BALANCE CONSTRAINTS (Continued)**

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

	Major Special Revenue Funds				Major Capital Projects Funds				Total
	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Grants Capital Improvement	General Capital Improvement	Bond	Other Governmental Funds	
<b>Fund Balances:</b>									
<b>Nonspendable:</b>									
Prepays	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 443,582	\$ 443,582
Loans receivable	--	2,055,043	--	--	--	--	--	--	2,055,043
Total - Nonspendable	<u>--</u>	<u>2,055,043</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>443,582</u>	<u>2,498,625</u>
<b>Restricted:</b>									
Debt service reserve	--	--	--	--	--	--	--	362,631	362,631
Landfill closure and post closure costs	490,000	--	5,368,234	--	--	--	--	--	5,858,234
Total - Restricted	<u>490,000</u>	<u>--</u>	<u>5,368,234</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>362,631</u>	<u>6,220,865</u>
<b>Committed:</b>									
Non-routine emergency events reserve	3,937,737	--	--	--	--	--	--	--	3,937,737
Administrative	1,117,793	--	--	--	--	--	364,005	--	1,481,798
County-wide costs	721,827	--	--	--	--	--	--	--	721,827
Personnel services	164,476	--	--	--	--	--	--	--	164,476
Planning	473,500	--	--	--	--	198,560	316,715	60,000	1,048,775
Economic development	479,418	--	--	--	--	--	160,067	--	639,485
Police services	894,937	--	--	--	--	--	--	--	894,937
Fire control	374,541	--	--	--	--	--	--	--	374,541
Civil defense	349,868	--	--	--	--	--	--	--	349,868
Liquor control	--	--	--	--	--	--	--	11,055	11,055
Building repair and maintenance	535,185	--	--	--	--	33,602	977,433	1,080	1,547,300
Parks and recreation	300,891	--	--	--	--	68,123	793,285	1,731,706	2,894,005
Community services	123,296	720,852	--	--	--	340,475	264,385	435	1,449,443
Waste disposal and collection	--	--	3,465,725	--	--	91,828	1,295,492	274,525	5,127,570
Road maintenance	--	--	--	--	--	9,784	1,630,029	2,089,293	3,729,106
Total - Committed	<u>9,473,469</u>	<u>720,852</u>	<u>3,465,725</u>	<u>--</u>	<u>--</u>	<u>742,372</u>	<u>5,801,411</u>	<u>4,168,094</u>	<u>24,371,923</u>
<b>Assigned:</b>									
Balancing future budget shortfalls	--	--	--	--	--	--	--	3,612,592	3,612,592
Self insurance provisions	1,513,398	--	--	--	--	--	--	--	1,513,398
Capital improvement projects	--	--	--	--	--	6,713,453	10,947,309	6,315,614	23,976,376
Other purposes	--	616,180	4,333,710	--	--	--	--	15,004,639	19,954,529
Total - Assigned	<u>1,513,398</u>	<u>616,180</u>	<u>4,333,710</u>	<u>--</u>	<u>--</u>	<u>6,713,453</u>	<u>10,947,309</u>	<u>24,932,845</u>	<u>49,056,895</u>
<b>Unassigned:</b>	<u>36,540,570</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>36,540,570</u>
<b>Total Fund Balances</b>	<b>\$ 48,017,437</b>	<b>\$ 3,392,075</b>	<b>\$ 13,167,669</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 7,455,825</b>	<b>\$ 16,748,720</b>	<b>\$ 29,907,152</b>	<b>\$ 118,688,878</b>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 16 - FUND BALANCE CONSTRAINTS (Continued)**

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

Encumbrances at June 30, 2016 include:

General Fund	\$ 5,535,732
Special Revenue Funds	\$ 5,794,080
Capital Project Funds	\$ 9,104,373

**NOTE 17 - COMPONENT UNIT DISCLOSURES**

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

**NOTE 18 - RELATED PARTY TRANSACTIONS**

The Department charges the County for fire protection services (hydrant use) at agreed-to rates that approximate the costs for such services. The County provides certain services to the Department and charges the Department for these services at an amount equal to the charge for fire protection services. The amounts charged approximated \$2,122,000 for the fiscal year ended June 30, 2016.

**NOTE 19 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING**

The Government Accounting Standards Board (the "GASB") issued Statement No. 72, Fair Value Measurement and Application. The Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The Statement will also enhance fair value application guidance and disclosure. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Management has adopted the new standard as presented in the County's financial statements.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 19 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING (Continued)**

The GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Statement establishes accounting and financial reporting requirements by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68. The requirements of this Statement are effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. Management has adopted the applicable requirements of the new standard as presented in the County's financial statements.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The Statement will require the liability of employers for defined benefit OPEB to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the OPEB plan's fiduciary net position. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017. Management has not yet determined the effect this Statement will have on the County's financial statements, but anticipate that it will materially impact the County's financial statements.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Statement reduces the generally accepted accounting principles ("GAAP") to two categories of authoritative GAAP. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category includes GASB Implementation Guides, GASB Technical Bulletins, and guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015. Management has adopted the applicable requirements of the new standard as presented in the County's financial statements.

The GASB issued Statement No. 77, *Tax Abatement Disclosures*. The Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Management has not yet determined the effect this Statement will have on the County's financial statements.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 19 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING (Continued)**

The GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The Statement amends the scope and applicability of Statement No. 68 to exclude certain pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Statement addresses how certain state and local government external investment pools - and participants in those pools - may measure and report their investments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions, which are effective for reporting periods beginning after December 15, 2015. Management has determined that this Statement does not have a material effect on the County's financial statements.

The GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* an amendment of GASB Statement No. 14. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Management has not yet determined the effect this Statement will have on the County's financial statements.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 20 - RESTATEMENT**

**Accounting principle change** - During the fiscal year ended June 30, 2016, the County has adopted the requirements of GASB Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The County early implemented the provisions of this statement as of June 30, 2016, which resulted in the restatement of the County's financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit</u>
Net position at June 30, 2015, as previously stated	\$ 325,257,364	\$ 79,565,713	\$ 176,044,882
Employer paid employee contributions made subsequent to the measurement date	<u>(4,319,888)</u>	<u>(142,442)</u>	<u>(210,894)</u>
Net position at June 30, 2015, as restated	\$ <u>320,937,476</u>	\$ <u>79,423,271</u>	\$ <u>175,833,988</u>

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

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR THE EUTF HEALTH PLAN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ 13,493,000	\$ 207,039,000	\$ 193,546,000	7%	\$ 65,885,000	294%
7/1/2011	\$ 29,653,000	\$ 186,265,000	\$ 156,612,000	16%	\$ 66,400,000	236%
7/1/2013	\$ 42,821,000	\$ 192,098,000	\$ 149,277,000	22.3%	\$ 70,982,000	210%
7/1/2015	\$ 70,857,000	\$ 221,289,000	\$ 150,432,000	32.0%	\$ 74,148,000	202.9%

**COUNTY OF KAUA'I, HAWAI'I**  
**SCHEDULE OF COUNTY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**LAST TEN FISCAL YEARS\***

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>County:</b>			
County's proportion of the Net Pension Liability	2.044 %	1.913 %	2.031 %
County's proportionate share of the Net Pension Liability	\$ 178,458,402	\$ 153,368,723	\$ 181,419,995
County's Covered Payroll	\$ 75,544,000	\$ 71,201,000	\$ 66,597,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	236.23 %	215.40 %	272.41 %
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	62.42 %	63.92 %	57.96 %
<b>Department:</b>			
Department's proportion of the Net Pension Liability	0.130 %	0.116 %	0.116 %
Department's proportionate share of the Net Pension Liability	\$ 11,310,002	\$ 9,317,991	\$ 9,566,682
Department's Covered Payroll	\$ 4,836,000	\$ 4,645,000	\$ 4,385,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	233.87 %	200.60 %	218.17 %
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	62.42 %	63.92 %	57.96 %

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

**COUNTY OF KAUA'I, HAWAI'I**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>County:</b>						
Statutorily Required Contribution	\$ 14,600,137	\$ 13,643,255	\$ 12,605,548	\$ 11,575,260	\$ 10,675,390	\$ 10,239,127
Actual County Contributions Recognized by the Plan	\$ 14,600,137	\$ 13,643,255	\$ 12,605,548	\$ 11,575,260	\$ 10,675,390	\$ 10,239,127
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County's Covered Payroll	\$ 73,365,000	\$ 75,544,000	\$ 71,201,000	\$ 66,597,000	\$ 67,198,000	\$ 62,386,000
Contributions as a percentage of Covered Payroll	19.90 %	18.06 %	17.70 %	17.38 %	15.89 %	16.41 %
<b>Department:</b>						
Statutorily Required Contribution	\$ 911,000	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000	\$ 601,000
Actual Department Contributions Recognized by the Plan	\$ 911,000	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000	\$ 601,000
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Department's Covered Payroll	\$ 5,110,000	\$ 4,836,000	\$ 4,645,000	\$ 4,385,000	\$ 4,285,000	\$ 4,014,000
Contributions as a percentage of Covered Payroll	17.83 %	16.50 %	16.04 %	15.48 %	14.98 %	14.97 %

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

**OTHER SUPPLEMENTARY INFORMATION**

**COUNTY OF KAUA'I, HAWAII**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Special Revenue Funds**

**Highway Fund**

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

**Liquor Fund**

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

**Beautification Fund**

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

**Criminal Assets Forfeiture Fund**

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

**Plans and Permits Revolving Fund**

Accounts for monies collected from new permits and penalties.

**Section 8 Fund**

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

**State Grants Fund**

Accounts for expenditures of state and county grants.

**Public Access Fund**

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

**Park Maintenance and Improvements Fund**

Accounts for monies collected and expended for parks.

**COUNTY OF KAUA'I, HAWAI'I**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**(CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Debt Service Fund**

**Debt Service Fund**

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

**Capital Projects Funds**

**Parks and Playground Capital Improvement Fund**

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

**Sewer Trust Fund**

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

**Development Capital Improvement Fund**

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

**Bikeway Capital Improvement Fund**

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

**Special State Capital Improvement Fund**

Accounts for the costs of capital projects financed by State of Hawai'i grants-in-aid to Counties. There was no activity in this fund during the fiscal year ended June 30, 2016.

**Highway Capital Improvement Fund**

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

**COUNTY OF KAUA'I, HAWAI'I  
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES  
(CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Fiduciary Funds**

**Trust and Agency Fund**

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

**Treasury Trust Fund**

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

**Real Property Trust Fund**

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

**COUNTY OF KAUAI, HAWAII**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance and Improvements	Debt Service Fund
<b>Assets:</b>										
Cash and cash equivalents	\$ --	\$ --	\$ 613,002	\$ 318,768	\$ 156,763	\$ --	\$ --	\$ --	\$ 295,470	\$ 161,837
Investments	2,533,510	504,162	--	251,181	--	--	--	4,984,440	--	--
Accounts receivable, net	--	--	--	--	--	1,110	1,548,173	--	--	--
Interest receivable	4,345	288	--	1,675	--	--	--	2,566	--	--
Due from other funds	8,586,842	662,332	--	--	44,098	896,615	12,061	497,631	1,650,505	--
Due from other governments	484,886	--	--	--	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	7,065	--	--	--	--
Prepaid items	--	--	--	--	--	443,582	--	--	--	--
<b>Total Assets</b>	<b>\$ 11,609,583</b>	<b>\$ 1,166,782</b>	<b>\$ 613,002</b>	<b>\$ 571,624</b>	<b>\$ 200,861</b>	<b>\$ 1,348,372</b>	<b>\$ 1,560,234</b>	<b>\$ 5,484,637</b>	<b>\$ 1,945,975</b>	<b>\$ 161,837</b>
<b>Liabilities:</b>										
Accounts payable	\$ 1,041,824	\$ 49,416	\$ --	\$ --	\$ 15,783	\$ 32,047	\$ 175,544	\$ 4,946	\$ --	\$ --
Contracts payable	9,443	--	--	--	--	--	--	--	3,820	--
Due to customers	--	--	--	--	--	228,202	--	--	--	--
Due to other funds	268,000	--	--	--	--	--	41,817	--	--	--
Due to other governments	--	--	--	--	--	323,961	--	--	--	--
Unearned revenues	--	--	--	--	--	--	1,342,873	--	--	--
<b>Total Liabilities</b>	<b>1,319,267</b>	<b>49,416</b>	<b>--</b>	<b>--</b>	<b>15,783</b>	<b>584,210</b>	<b>1,560,234</b>	<b>4,946</b>	<b>3,820</b>	<b>--</b>
<b>Deferred Inflows of Resources:</b>										
Deferred inflows - other	--	94,284	--	--	--	--	--	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>94,284</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Fund Balance:</b>										
Nonspendable	--	--	--	--	--	443,582	--	--	--	--
Restricted	--	193,728	--	--	--	7,066	--	--	--	161,837
Committed	1,372,813	11,055	--	--	1,080	435	--	60,000	162,120	--
Assigned	8,917,503	818,299	613,002	571,624	183,998	313,079	--	5,419,691	1,780,035	--
<b>Total Fund Balances</b>	<b>10,290,316</b>	<b>1,023,082</b>	<b>613,002</b>	<b>571,624</b>	<b>185,078</b>	<b>764,162</b>	<b>--</b>	<b>5,479,691</b>	<b>1,942,155</b>	<b>161,837</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 11,609,583</b>	<b>\$ 1,166,782</b>	<b>\$ 613,002</b>	<b>\$ 571,624</b>	<b>\$ 200,861</b>	<b>\$ 1,348,372</b>	<b>\$ 1,560,234</b>	<b>\$ 5,484,637</b>	<b>\$ 1,945,975</b>	<b>\$ 161,837</b>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2016**

109

	Capital Projects Funds					Total Non-major Governmental Funds
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	
<b>Assets:</b>						
Cash and cash equivalents	\$ 165,021	\$ 365,178	\$ 944,130	\$ 290,359	\$ 861,471	\$ 4,171,999
Investments	4,763,995	--	1,244,570	--	--	14,281,858
Accounts receivable, net	--	--	--	--	--	1,549,283
Interest receivable	9,024	--	625	--	--	18,523
Due from other funds	--	--	110,000	--	268,000	12,728,084
Due from other governments	--	--	--	--	--	484,886
Loans receivable	--	--	--	--	--	7,065
Prepaid items	--	--	--	--	--	443,582
Total Assets	<u>\$ 4,938,040</u>	<u>\$ 365,178</u>	<u>\$ 2,299,325</u>	<u>\$ 290,359</u>	<u>\$ 1,129,471</u>	<u>\$ 33,685,280</u>
<b>Liabilities:</b>						
Accounts payable	\$ 8,550	\$ 2,058	\$ --	\$ --	\$ 39,967	\$ 1,370,135
Contracts payable	72,596	8,812	2,028	--	12,157	108,856
Due to customers	--	--	--	--	--	228,202
Due to other funds	--	--	--	--	--	309,817
Due to other governments	--	--	--	--	--	323,961
Unearned revenues	--	--	--	--	--	1,342,873
Total Liabilities	<u>81,146</u>	<u>10,870</u>	<u>2,028</u>	<u>--</u>	<u>52,124</u>	<u>3,683,844</u>
<b>Deferred Inflows of Resources:</b>						
Deferred inflows - other	--	--	--	--	--	94,284
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>94,284</u>
<b>Fund Balance:</b>						
Nonspendable	--	--	--	--	--	443,582
Restricted	--	--	--	--	--	362,631
Committed	1,569,586	274,525	--	24,995	691,485	4,168,094
Assigned	<u>3,287,308</u>	<u>79,783</u>	<u>2,297,297</u>	<u>265,364</u>	<u>385,862</u>	<u>24,932,845</u>
Total Fund Balances	<u>4,856,894</u>	<u>354,308</u>	<u>2,297,297</u>	<u>290,359</u>	<u>1,077,347</u>	<u>29,907,152</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 4,938,040</u>	<u>\$ 365,178</u>	<u>\$ 2,299,325</u>	<u>\$ 290,359</u>	<u>\$ 1,129,471</u>	<u>\$ 33,685,280</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance and Improvements	Debt Service Fund
Revenues:										
Taxes	\$ 9,071,287	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	6,914,101	1,021,250	368,021	--	228,714	--	--	--	--	--
Rents and concessions	--	--	--	--	--	--	--	--	273,153	--
Interest	90,547	14,110	--	5,563	--	1,110	--	8,886	--	--
Intergovernmental revenues	25,668	--	--	--	--	6,424,432	4,383,158	--	--	--
Miscellaneous	--	8,998	--	29,594	--	279,695	--	--	--	--
<b>Total Revenues</b>	<b>16,101,603</b>	<b>1,044,358</b>	<b>368,021</b>	<b>35,157</b>	<b>228,714</b>	<b>6,705,237</b>	<b>4,383,158</b>	<b>8,886</b>	<b>273,153</b>	<b>--</b>
Expenditures:										
General government	--	--	--	--	--	--	1,619,568	23,960	--	--
Public safety	--	846,204	--	105,835	--	--	1,432,613	--	--	--
Public works	--	--	--	--	243,636	--	7,812	--	--	--
Highways and streets	12,496,397	--	300,000	--	--	--	--	--	--	--
Sanitation	--	--	--	--	--	--	277,082	--	--	--
Culture and recreation	--	--	--	--	--	--	3,192	--	26,958	--
Public welfare	2,428,792	--	--	--	--	6,786,147	683,030	--	--	--
Capital outlay	99,903	--	--	64,000	--	--	359,861	--	125,315	--
Debt Service:										
Principal	384,316	--	--	--	--	--	--	--	--	4,060,000
Interest and debt issuance cost	26,668	--	--	--	--	--	--	--	--	4,993,731
<b>Total Expenditures</b>	<b>15,436,076</b>	<b>846,204</b>	<b>300,000</b>	<b>169,835</b>	<b>243,636</b>	<b>6,786,147</b>	<b>4,383,158</b>	<b>23,960</b>	<b>152,273</b>	<b>9,053,731</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	665,527	198,154	68,021	(134,678)	(14,922)	(80,910)	--	(15,074)	120,880	(9,053,731)
Other Financing Sources (Uses):										
Proceeds from capital leases	--	--	--	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--	563,419	--	9,053,731
Transfers out	(568,000)	--	--	(300,000)	--	--	--	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>(568,000)</b>	<b>--</b>	<b>--</b>	<b>(300,000)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>563,419</b>	<b>--</b>	<b>9,053,731</b>
Net Change in Fund Balances	97,527	198,154	68,021	(434,678)	(14,922)	(80,910)	--	548,345	120,880	--
Fund Balance - Beginning of Year July 1, 2015	10,192,789	824,928	544,981	1,006,302	200,000	845,072	--	4,931,346	1,821,275	161,837
Fund Balance - End of Year June 30, 2016	\$ 10,290,316	\$ 1,023,082	\$ 613,002	\$ 571,624	\$ 185,078	\$ 764,162	\$ --	\$ 5,479,691	\$ 1,942,155	\$ 161,837

**COUNTY OF KAUA'I, HAWAI'I**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Capital Projects Funds					Total Non-major Governmental Funds
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	
Revenues:						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,071,287
Licenses and permits	--	--	--	9,340	--	8,541,426
Rents and concessions	--	--	--	--	--	273,153
Interest	84,017	--	19,023	--	--	223,256
Intergovernmental revenues	--	--	--	--	--	10,833,258
Miscellaneous	50,015	--	194,184	--	--	562,486
Total Revenues	<u>134,032</u>	<u>--</u>	<u>213,207</u>	<u>9,340</u>	<u>--</u>	<u>29,504,866</u>
Expenditures:						
General government	--	--	80,000	--	--	1,723,528
Public safety	--	--	--	--	--	2,384,652
Public works	--	--	--	--	--	251,448
Highways and streets	--	--	--	--	56,215	12,852,612
Sanitation	--	215,876	--	--	--	492,958
Culture and recreation	336,670	--	--	--	--	366,820
Public welfare	--	--	--	--	--	9,897,969
Capital outlay	1,083,870	--	--	--	137,126	1,870,075
Debt Service:						
Principal	--	--	--	--	--	4,444,316
Interest and debt issuance cost	--	--	--	--	--	5,020,399
Total Expenditures	<u>1,420,540</u>	<u>215,876</u>	<u>80,000</u>	<u>--</u>	<u>193,341</u>	<u>39,304,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,286,508)</u>	<u>(215,876)</u>	<u>133,207</u>	<u>9,340</u>	<u>(193,341)</u>	<u>(9,799,911)</u>
Other Financing Sources (Uses):						
Proceeds from capital leases	--	--	--	--	--	--
Transfers in	--	--	--	--	568,000	10,185,150
Transfers out	--	--	--	--	--	(868,000)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>568,000</u>	<u>9,317,150</u>
Net Change in Fund Balances	(1,286,508)	(215,876)	133,207	9,340	374,659	(482,761)
Fund Balance - Beginning of Year July 1, 2015	<u>6,143,402</u>	<u>570,184</u>	<u>2,164,090</u>	<u>281,019</u>	<u>702,688</u>	<u>30,389,913</u>
Fund Balance - End of Year June 30, 2016	\$ <u>4,856,894</u>	\$ <u>354,308</u>	\$ <u>2,297,297</u>	\$ <u>290,359</u>	\$ <u>1,077,347</u>	\$ <u>29,907,152</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Trust and Agency Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 715,106	\$ 9,874,395	\$ 9,854,082	\$ 735,419
Total Assets	<u>715,106</u>	<u>9,874,395</u>	<u>9,854,082</u>	<u>735,419</u>
<b>Liabilities:</b>				
Due to other funds	--	--	--	--
Due to other governments	<u>715,106</u>	<u>9,874,395</u>	<u>9,854,082</u>	<u>735,419</u>
Total Liabilities	\$ <u>715,106</u>	\$ <u>9,874,395</u>	\$ <u>9,854,082</u>	\$ <u>735,419</u>
<b>Treasury Trust Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,653,327	\$ 537,106	\$ 1,681,958	\$ 1,508,475
Total Assets	<u>2,653,327</u>	<u>537,106</u>	<u>1,681,958</u>	<u>1,508,475</u>
<b>Liabilities:</b>				
Customer Deposits	2,653,327	427,106	1,681,958	1,398,475
Due to other funds	<u>--</u>	<u>110,000</u>	<u>--</u>	<u>110,000</u>
Total Liabilities	\$ <u>2,653,327</u>	\$ <u>537,106</u>	\$ <u>1,681,958</u>	\$ <u>1,508,475</u>
<b>Real Property Trust Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,343,602	\$ 2,118,806	\$ 382,058	\$ 4,080,350
Total Assets	<u>2,343,602</u>	<u>2,118,806</u>	<u>382,058</u>	<u>4,080,350</u>
<b>Liabilities:</b>				
Customer Deposits	2,343,602	2,118,806	382,058	4,080,350
Due to other funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Liabilities	\$ <u>2,343,602</u>	\$ <u>2,118,806</u>	\$ <u>382,058</u>	\$ <u>4,080,350</u>
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 5,712,035	\$ 12,530,307	\$ 11,918,098	\$ 6,324,244
Total Assets	<u>5,712,035</u>	<u>12,530,307</u>	<u>11,918,098</u>	<u>6,324,244</u>
<b>Liabilities:</b>				
Customer Deposits	4,996,929	2,545,912	2,064,016	5,478,825
Due to other funds	--	110,000	--	110,000
Due to other governments	<u>715,106</u>	<u>9,874,395</u>	<u>9,854,082</u>	<u>735,419</u>
Total Liabilities	\$ <u>5,712,035</u>	\$ <u>12,530,307</u>	\$ <u>11,918,098</u>	\$ <u>6,324,244</u>

**COUNTY OF KAUA‘I, HAWAI‘I  
HIGHWAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
<b>Revenues:</b>						
<b>Taxes:</b>						
Utility franchise tax	\$ 4,515,000	\$ 4,515,000	\$ 3,612,148	\$ --	\$ 3,612,148	\$ (902,852)
Fuel tax	4,935,913	4,935,913	5,459,139	--	5,459,139	523,226
<b>Total Taxes</b>	<b>9,450,913</b>	<b>9,450,913</b>	<b>9,071,287</b>	<b>--</b>	<b>9,071,287</b>	<b>(379,626)</b>
<b>Licenses and Permits:</b>						
Motor vehicle weight tax	6,322,611	6,322,611	6,914,101	--	6,914,101	591,490
Interest	10,000	10,000	90,547	--	90,547	80,547
Intergovernmental revenues	25,000	25,000	25,668	--	25,668	668
Miscellaneous	500	500	--	--	--	(500)
<b>Total Revenues</b>	<b>15,809,024</b>	<b>15,809,024</b>	<b>16,101,603</b>	<b>--</b>	<b>16,101,603</b>	<b>292,579</b>
<b>Expenditures:</b>						
<b>Highways and Streets-Road Maintenance:</b>						
Administration	3,657,234	3,389,069	2,211,222	261,805	2,473,027	916,042
Administration - salaries and overtime	424,352	420,882	409,891	--	409,891	10,991
Hanapēpē baseyard	222,865	222,865	176,429	10,983	187,412	35,453
Hanapēpē baseyard - salaries and overtime	1,206,122	1,218,256	1,188,163	--	1,188,163	30,093
Kapa'a baseyard	188,023	187,023	121,777	21,452	143,229	43,794
Kapa'a baseyard - salaries and overtime	864,988	829,756	807,721	--	807,721	22,035
Hanalei baseyard	145,432	145,432	74,768	43,722	118,490	26,942
Hanalei baseyard - salaries and overtime	547,711	530,470	513,068	--	513,068	17,402
Road signs and marking	272,600	313,967	231,567	59,516	291,083	22,884
Road signs and marking - salaries and overtime	759,709	662,474	616,629	--	616,629	45,845
Auto maintenance and motor pool (AMMP)	1,822,941	1,822,938	732,593	225,969	958,562	864,376
AMMP - salaries and overtime	856,421	824,592	816,287	--	816,287	8,305
Maintenance - street lights	1,094,900	1,067,665	966,277	--	966,277	101,388
Equipment	39,915	39,916	15,420	3,063	18,483	21,433
Capital leases	955,548	955,547	410,984	355,611	766,595	188,952
Social security taxes	385,542	387,844	344,241	--	344,241	43,603
Public employees' health fund	518,754	519,204	498,977	--	498,977	20,227
Public employees' other post employment benefits	749,819	767,464	702,477	--	702,477	64,987
Workers' compensation	40,007	54,907	32,097	--	32,097	22,810
Unemployment compensation	7	7	--	--	--	7
Employees' retirement system	856,760	877,577	832,700	--	832,700	44,877
Collective bargaining raises	38,513	38,513	22,767	--	22,767	15,746
Vacation pay	1	147,256	147,256	--	147,256	--
Central services cost	1,000,000	1,000,000	1,000,000	--	1,000,000	--
Transportation agency	3,269,892	3,269,892	2,428,792	254,540	2,683,332	586,560
Highway administrative overhead	376,145	376,145	133,973	136,152	270,125	106,020
<b>Total Expenditures - Highways and Streets - Road Maintenance</b>	<b>20,294,201</b>	<b>20,069,661</b>	<b>15,436,076</b>	<b>1,372,813</b>	<b>16,808,889</b>	<b>3,260,772</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (4,485,177)</b>	<b>\$ (4,260,637)</b>	<b>\$ 665,527</b>	<b>\$ (1,372,813)</b>	<b>\$ (707,286)</b>	<b>\$ 3,553,351</b>

**COUNTY OF KAUA'I, HAWAI'I  
HIGHWAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Other Financing Sources (Uses)						
Transfers in	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Transfers out	<u>(300,000)</u>	<u>(568,000)</u>	<u>(568,000)</u>	--	<u>(568,000)</u>	--
Total Other Financing Sources (Uses)	(300,000)	(568,000)	(568,000)	--	(568,000)	--
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures (Note C)	\$ <u>(4,785,177)</u>	\$ <u>(4,828,637)</u>	97,527	\$ <u>(1,372,813)</u>	\$ <u>(1,275,286)</u>	\$ <u>3,553,351</u>
Fund Balance - Beginning of Year July 1, 2015			<u>10,192,789</u>			
Fund Balance - End of Year June 30, 2016			\$ <u><u>10,290,316</u></u>			

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**LIQUOR FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
<b>Revenues:</b>						
Licenses and Permits:						
Business licenses, alcoholic beverage, and liquor licenses	\$ 940,608	\$ 940,608	\$ 1,021,250	\$ --	\$ 1,021,250	\$ 80,642
Interest	1,000	1,000	14,110	--	14,110	13,110
Miscellaneous	--	--	8,998	--	8,998	8,998
<b>Total Revenues</b>	<b>941,608</b>	<b>941,608</b>	<b>1,044,358</b>	<b>--</b>	<b>1,044,358</b>	<b>102,750</b>
<b>Expenditures - Public Safety:</b>						
Salaries and wages	496,018	505,310	403,356	--	403,356	101,954
Social security taxes	41,607	42,318	29,805	--	29,805	12,513
Public employees' health fund	98,314	98,314	29,271	--	29,271	69,043
Workers' compensation	10,001	10,001	--	--	--	10,001
Unemployment compensation	5,000	5,000	--	--	--	5,000
Employees' retirement system	83,851	85,431	67,957	--	67,957	17,474
Employees' other post employment benefits	116,883	118,769	81,545	--	81,545	37,224
Other expenses	124,043	124,044	66,157	11,055	77,212	46,832
Equipment	1	1	--	--	--	1
Travel	95,160	95,160	43,113	--	43,113	52,047
Indirect cost	125,000	125,000	125,000	--	125,000	--
<b>Total Expenditures - Public Safety</b>	<b>1,195,878</b>	<b>1,209,348</b>	<b>846,204</b>	<b>11,055</b>	<b>857,259</b>	<b>352,089</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)</b>	<b>\$ (254,270)</b>	<b>\$ (267,740)</b>	<b>198,154</b>	<b>\$ (11,055)</b>	<b>\$ 187,099</b>	<b>\$ 454,839</b>
Fund Balance - Beginning of Year July 1, 2015			824,928			
Fund Balance - End of Year June 30, 2016			\$ 1,023,082			

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

**COUNTY OF KAUA'I, HAWAI'I**  
**BEAUTIFICATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Licenses and permits	\$ 340,000	\$ 340,000	\$ 368,021	\$ --	\$ 368,021	\$ 28,021
Total Revenues	<u>340,000</u>	<u>340,000</u>	<u>368,021</u>	<u>--</u>	<u>368,021</u>	<u>28,021</u>
Expenditures - Highways and Streets:						
Disposal of abandoned vehicles	300,000	300,000	300,000	--	300,000	--
Beautification projects	<u>102,660</u>	<u>102,660</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>102,660</u>
Total Expenditures - Highways and Streets	<u>402,660</u>	<u>402,660</u>	<u>300,000</u>	<u>--</u>	<u>300,000</u>	<u>102,660</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures (Note C)	\$ <u>(62,660)</u>	\$ <u>(62,660)</u>	68,021	\$ <u>--</u>	\$ <u>68,021</u>	\$ <u>130,681</u>
Fund Balance - Beginning of Year July 1, 2015			<u>544,981</u>			
Fund Balance - End of Year June 30, 2016			\$ <u><u>613,002</u></u>			

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**CRIMINAL ASSETS FORFEITURE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 5,563	\$ --	\$ 5,563	\$ 5,563
Miscellaneous	10,000	10,000	29,594	--	29,594	19,594
Total Revenues	10,000	10,000	35,157	--	35,157	25,157
Expenditures - Public Safety:						
Police special fund	603,388	603,388	169,835	--	169,835	433,553
Total Expenditures - Public Safety	603,388	603,388	169,835	--	169,835	433,553
Excess (Deficiency) of Revenues Over (Under) Expenditures	(593,388)	(593,388)	(134,678)	--	(134,678)	458,710
Other Financing Sources (Uses):						
Transfers out	(300,000)	(300,000)	(300,000)	--	(300,000)	--
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(300,000)	--	(300,000)	--
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ (893,388)	\$ (893,388)	(434,678)	\$ --	\$ (434,678)	\$ 458,710
Fund Balance - Beginning of Year July 1, 2015			1,006,302			
Fund Balance - End of Year June 30, 2016			\$ 571,624			

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

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

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

**COUNTY OF KAUA'I, HAWAI'I  
PUBLIC ACCESS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
<b>Revenues:</b>						
Interest	\$ --	\$ --	\$ 8,886	\$ --	\$ 8,886	\$ 8,886
Total Revenues	<u>--</u>	<u>--</u>	<u>8,886</u>	<u>--</u>	<u>8,886</u>	<u>8,886</u>
<b>Expenditures - General Government</b>						
Special Projects	<u>563,419</u>	<u>563,419</u>	<u>23,960</u>	<u>60,000</u>	<u>83,960</u>	<u>479,459</u>
Total Expenditures - General Government	<u>563,419</u>	<u>563,419</u>	<u>23,960</u>	<u>60,000</u>	<u>83,960</u>	<u>479,459</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(563,419)</u>	<u>(563,419)</u>	<u>(15,074)</u>	<u>(60,000)</u>	<u>(75,074)</u>	<u>488,345</u>
Other Financing Sources (Uses)						
Transfers In	<u>563,419</u>	<u>563,419</u>	<u>563,419</u>	<u>--</u>	<u>563,419</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>563,419</u>	<u>563,419</u>	<u>563,419</u>	<u>--</u>	<u>563,419</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ <u>--</u>	\$ <u>--</u>	548,345	\$ <u>(60,000)</u>	\$ <u>488,345</u>	\$ <u>488,345</u>
Fund Balance - Beginning of Year July 1, 2015			<u>4,931,346</u>			
Fund Balance - End of Year June 30, 2016			\$ <u>5,479,691</u>			

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**PARKS AND PLAYGROUND CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest	--	\$ --	\$ 84,017	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	50,015	--	--	--	--
Total Revenues		--	134,032	--	--	--	--
<b>Expenditures:</b>							
<b>Waimea District:</b>							
Waimea Pool Roof	R14006	--	--	--	--	8,817	8,817
Kato Park Comfort Station	R14011	--	--	--	50,000	50,000	--
Total Waimea District		--	--	--	50,000	58,817	8,817
<b>Kōloa District:</b>							
Park Improvements and Equipment	W93086	329,662	--	329,662	--	442,123	112,461
Project Contingency, Kōloa District	W96075	26,532	--	26,532	--	26,532	--
Park Improvement Grant, Kōloa District	W96087	64,887	4,000	68,887	--	90,887	22,000
Kalawai Basketball Court/Tennis Court	R15104	--	--	--	--	200,000	200,000
Kalaheo Gym Improvements	R15105	--	22,450	22,450	92,970	150,000	34,580
Kalawai Park Lighting	R15107	12,000	278,732	290,732	--	300,000	9,268
Koloa Parking Lot/Playground	R15108	--	--	--	--	250,000	250,000
Po'ipū Phase II	R15109	--	--	--	--	66,473	66,473
Total Kōloa District		433,081	305,182	738,263	92,970	1,526,015	694,782
<b>Līhu'e District:</b>							
Park Improvements and Equipment	W93100	222,078	86,575	308,653	--	354,023	45,370
Park Improvement Grant, Līhu'e District	W96102	27,685	700	28,385	--	55,800	27,415
Resurface Isenberg Park Playground	R12024	78,038	--	78,038	--	78,038	--
Resurface Isenberg Park Basketball Court	R12025	198,854	--	198,854	--	200,000	1,146
Lydgate Pavilion & Restroom Renovation	R12026	739,361	--	739,361	--	739,361	--
Lihue Stadium Baseball Improvements	R13013	--	14,216	14,216	--	923,000	908,784
Lighting Retrofits	R13014	347,700	--	347,700	--	347,700	--
Lihue R/R Temporary Main Shelter	R14005	50,000	--	50,000	--	50,000	--
Total Līhu'e District		1,663,716	101,491	1,765,207	--	2,747,922	982,715
<b>Kawaihau District:</b>							
Park Improvements and Equipment	W93116	340,456	25,686	366,142	2,910	450,840	81,788
Park Improvement Grant, Kawaihau District	W96118	30,755	--	30,755	5,000	60,755	25,000

**COUNTY OF KAUA'I, HAWAI'I**  
**PARKS AND PLAYGROUND CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kapaa Stadium Improvements	R10010	\$ --	\$ --	\$ --	\$ 149,231	\$ 150,000	\$ 769
Anahola Clubhouse Parking Lot	R13011	--	--	--	--	30,000	30,000
Kapaa Soccer Field	R14009	--	174,787	174,787	125,213	300,000	--
Anahola Park Lighting	R15110	--	32,205	32,205	--	33,272	1,067
Kapahi/BJBSC Comfort Station	R15112	--	60	60	--	50,000	49,940
Wailua Homestead Lighting	R15113	--	62,878	62,878	--	65,000	2,122
Wailua Houselots Lightiing	R15114	--	193,617	193,617	--	200,000	6,383
Wailua Playground Equipment	R16003	--	--	--	10,021	50,000	39,979
Total Kawaihau District		<u>371,211</u>	<u>489,233</u>	<u>860,444</u>	<u>292,375</u>	<u>1,389,867</u>	<u>237,048</u>
Hanalei District:							
Hanalei Courthouse ADA Improv/Septic System	R09003	67,944	100	68,044	749,720	817,764	--
North Shore Park Improvements	W92132	449,108	--	449,108	--	449,108	--
Park Improvements & Equipment	W93383	174,456	39,886	214,342	215,694	432,224	2,188
Park Improvement Grant, Hanalei District	W96134	5,750	150	5,900	--	35,750	29,850
Black Pot Restroom Improvements	R14001	67,533	63,862	131,395	--	276,910	145,515
Black Pot Master	R14004	54,767	76,406	131,173	168,827	300,000	--
Black Pot Expansion	R14017	348	--	348	--	348	--
Kilauea Gym Improvements	R15115	--	294,230	294,230	--	350,000	55,770
Anini Beach Improvements	R16004	--	--	--	--	200,000	200,000
Haena IWS Improvements	R16005	--	50,000	50,000	--	50,000	--
Total Hanalei District		<u>819,906</u>	<u>524,634</u>	<u>1,344,540</u>	<u>1,134,241</u>	<u>2,912,104</u>	<u>433,323</u>
Total Expenditures		<u>\$ 3,287,914</u>	<u>1,420,540</u>	<u>\$ 4,708,454</u>	<u>\$ 1,569,586</u>	<u>\$ 8,634,725</u>	<u>\$ 2,356,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,286,508)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(1,286,508)				
Fund Balance - Beginning of Year, July 1, 2015			6,143,402				
Fund Balance - End of Year, June 30, 2016			<u>\$ 4,856,894</u>				

**COUNTY OF KAUAI, HAWAII**  
**SEWER TRUST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Facilities Reserve	W04398	1,559,158	--	1,559,158	73,999	1,633,157	--
Islandwide Scada System	W10015	198,627	157,740	356,367	8,662	365,029	--
Kuhio Hwy. Hanamaulu	W14008	--	58,136	58,136	191,864	250,000	--
Total Expenditures		<u>\$ 1,757,785</u>	<u>215,876</u>	<u>\$ 1,973,661</u>	<u>\$ 274,525</u>	<u>\$ 2,248,186</u>	<u>\$ --</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(215,876)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(215,876)				
Fund Balance - Beginning of Year, July 1, 2015			<u>570,184</u>				
Fund Balance - End of Year, June 30, 2016			<u>\$ 354,308</u>				

**COUNTY OF KAUA'I, HAWAI'I**  
**DEVELOPMENT CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest	--	\$ --	\$ 19,023	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	194,184	--	--	--	--
Total Revenues		--	213,207	--	--	--	--
<b>Expenditures:</b>							
Wailua/Waipouli Hist. Pgm	D16064	--	40,000	40,000	--	50,000	10,000
Wailua Area Moku/Ahu Sign	D16065	--	40,000	40,000	--	50,000	10,000
Wailua Area Bus Stop	T 16100	--	--	--	--	10,000	10,000
Project Contingency	W08002	--	--	--	--	35,568	35,568
Dev-Koloa/Poipu Inter Imp	W16009	--	--	--	--	2,500	2,500
Koloa/Poipu Inter Imp	Z15105	--	--	--	--	6,500	6,500
Total Expenditures		\$ --	80,000	\$ 80,000	\$ --	\$ 154,568	\$ 74,568
Excess (Deficiency) of Revenues Over (Under) Expenditures			133,207				
<b>Other Financing Sources:</b>							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			133,207				
Fund Balance - Beginning of Year, July 1, 2015			2,164,090				
Fund Balance - End of Year, June 30, 2016			\$ 2,297,297				

**COUNTY OF KAUAI, HAWAII**  
**BIKEWAY CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-T o-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Licenses and permits	--	\$ --	\$ 9,340	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>9,340</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Expenditures:</b>							
Island Wide Bike/Pedestrian Path	W05182	70,208	--	70,208	--	120,785	50,577
Bicycle Safety and Educate	W16006	--	--	--	24,995	27,000	2,005
Total Expenditures		<u>\$ 70,208</u>	<u>--</u>	<u>\$ 70,208</u>	<u>\$ 24,995</u>	<u>\$ 147,785</u>	<u>\$ 52,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			9,340				
<b>Other Financing Sources:</b>							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			9,340				
Fund Balance - Beginning of Year, July 1, 2015			<u>281,019</u>				
Fund Balance - End of Year, June 30, 2016			<u>\$ 290,359</u>				

**COUNTY OF KAUA‘I, HAWAI‘I**  
**HIGHWAY CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Expenditures:</b>							
Kapahi Bridge Replacement, Design	W05368	81,701	10,148	91,849	203,458	389,153	93,846
Northern Leg Kōloa Western Bypass Road FHWA	W07007	41,625	--	41,625	--	41,642	17
Resurfacing Various Collector Roads FHWA	W07008	60,006	121,769	181,775	70,774	284,443	31,894
Pu'ūopae Bridge-Design (County Match)	W10003	71,476	14,535	86,011	1,546	120,000	32,443
Puhi Road Construction Match	W12010	14,628	4,000	18,628	342,378	391,711	30,705
Hanapēpē Road	W12067	12,282	14,269	26,551	5,425	50,000	18,024
Hanapēpē Bridge Ped	W12069	38	25	63	--	24,511	24,448
Comprehensive Road Maintenance Plan	W13011	180,760	13,862	194,622	65,378	260,000	--
Island Wide Resurfacing	W91354	26,522,382	14,733	26,537,115	--	26,623,519	86,404
Bridge Maintenance (County Match)	W96388	281,365	--	281,365	2,526	283,891	--
Speed Hump Program	W98364	74,443	--	74,443	--	142,523	68,080
Total Expenditures		<u>\$ 27,340,706</u>	<u>193,341</u>	<u>\$ 27,534,047</u>	<u>\$ 691,485</u>	<u>\$ 28,611,393</u>	<u>\$ 385,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(193,341)				
<b>Other Financing Sources:</b>							
Transfers out			<u>568,000</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			374,659				
Fund Balance - Beginning of Year, July 1, 2015			<u>702,688</u>				
Fund Balance - End of Year, June 30, 2016			<u>\$ 1,077,347</u>				

**COUNTY OF KAUA‘I, HAWAI‘I**  
**GENERAL CIP FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Expenditures:</b>							
FEMA Match - Roads (Ohiki Road) Debris Removal	PWA020	650	--	650	--	1,601	951
FEMA Match - Roads (Haleilio Road) Restore	PWC001	2,320	--	2,320	--	5,000	2,680
FEMA Match - Roads (Haleko Road) Repair Shoulder	PWC002	4,283	--	4,283	--	22,539	18,256
FEMA Match - Roads (Kiowai Place) Replace	PWC003	760	--	760	--	5,091	4,331
FEMA Match - Roads (Hauaala Road) Restore	PWC006	15,932	--	15,932	--	20,666	4,734
FEMA Match - Roads (Kahuna Road) Repair	PWC007	34,955	--	34,955	--	107,500	72,545
FEMA Match - Roads (Ohiki Road) Restore	PWC008	4,613	--	4,613	--	9,467	4,854
FEMA Match - Roads (Kaehulua/Apopo Road)	PWC009	--	--	--	--	6,390	6,390
FEMA Match - Repair Culvert ('Anini Beach Road)	PWC012	897	--	897	--	1,020	123
FEMA Match - Roads (Pu`upilo Road)	PWC015	32,518	--	32,518	--	33,408	890
FEMA Match - Repair/Replace Windshields	PWE014	174	--	174	--	1,691	1,517
FEMA Match - Repair/Replace Air Compressors	PWE016	635	--	635	--	1,043	408
FEMA Match - Fire Station (Kalāheo Fire Station)	PWE018	--	--	--	--	1,173	1,173
FEMA Match - Repair Photovoltaic Panels	PWE019	6,031	--	6,031	--	6,261	230
Resurfacing Kapaa Neighborhood Center	R12029	--	--	--	--	13,412	13,412
CFD Po'ipū Beach Park	R13037	--	--	--	--	333,527	333,527
Ho'oloakahi Waimea Distr	R16002	--	--	--	--	30,000	30,000
Civic Center Improvements	W00225	2,150,477	--	2,150,477	123	2,150,600	--
Kapa'a New Fire Station	W05227	724,538	--	724,538	--	724,538	--
Regional Park Improvement	W06041	57,949	3	57,952	--	81,527	23,575
Island Wide Parks Improvements/Equipment	W07011	249,243	--	249,243	--	249,243	--
Neighborhood Centers Improvements	W07013	84,550	--	84,550	64,828	149,378	--
Kapaia Swinging Bridge	W07022	224,850	--	224,850	9,746	234,596	--
Wailua Mauka Motocross Track	W08011	83,750	--	83,750	--	83,750	--

**COUNTY OF KAUA‘I, HAWAI‘I**  
**GENERAL CIP FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Habitat Conservation Plan	W08012	\$ 133,821	\$ 6,440	\$ 140,261	\$ 48,560	\$ 200,000	\$ 11,179
Aliomanu Road Revetment (Planning/Permits)	W08016	226,749	5,380	232,129	9,000	241,129	--
Pono Kai Seawall Emergency Repair	W08030	56,510	--	56,510	--	56,546	36
Moana Kai (Fujii) Shoreline Design/Permit	W08033	272,244	18,178	290,422	8,972	332,000	32,606
County Wide Impact Fee & Needs Assessment Study	W08035	142,450	18,550	161,000	--	161,000	--
Hanapēpē & Waimea Levee	W08037	401,582	--	401,582	--	401,582	--
Host Community Benefits-Kekaha	W09012	1,088,207	185,905	1,274,112	--	1,604,728	330,616
Kamalu Bridge-Stream Erosion	W10006	57,559	--	57,559	--	59,665	2,106
Adolescent Drug Treatment Center	W10017	68,889	90,636	159,525	340,475	500,000	--
New Landfill	W10037	--	--	--	91,828	94,000	2,172
Security Renovation - Mayors Office	W12014	41,832	--	41,832	--	50,000	8,168
Hardy Street Improvements (Match)	W12020	31,159	--	31,159	--	31,159	--
Piikoi Interior II	W12053	--	8,665	8,665	15,630	39,552	15,257
Kōloa Safe	W12065	12,089	200	12,289	38	12,327	--
CFD Complete Streets projects in Kōloa/Po'ipū Area	W13014	--	--	--	--	333,528	333,528
Kekaha Landfill Gas Collection System	W16005	--	--	--	--	5,000,000	5,000,000
Police Training Building KPAL	W16010	--	--	--	--	300,000	300,000
Park Improvement Waimea District	W96073	--	--	--	3,172	30,578	27,406
Planning, Zoning/Engineering System	X10002	142,183	--	142,183	--	144,364	2,181
Kapa'a Development Plan	Z10002	--	--	--	150,000	150,000	--
<b>Total Expenditures</b>		<b>\$ 6,354,399</b>	<b>333,957</b>	<b>\$ 6,688,356</b>	<b>\$ 742,372</b>	<b>\$ 14,015,579</b>	<b>\$ 6,584,851</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(333,957)				
Other Financing Sources:							
Transfers In			5,528,749				
Transfers Out			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			5,194,792				
Fund Balance - Beginning of Year, July 1, 2015			2,261,033				
Fund Balance - End of Year, June 30, 2016			<b>\$ 7,455,825</b>				

**COUNTY OF KAUA'I, HAWAII'I**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-T o-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest	--	\$ --	\$ 68,725	\$ --	\$ --	\$ --	\$ --
Bond subsidies	--	--	1,028,619	--	--	--	--
Total Revenues		--	1,097,344	--	--	--	--
<b>Expenditures:</b>							
Alternative Energy Projects	D10106	524,878	397,270	922,148	160,067	1,254,861	172,646
Kaneiolouma Conting	D13A03	--	--	--	--	63,407	63,407
Kaneiolouma Heiau	D13303	345,000	5,000	350,000	--	350,000	--
KFD Helicopter Hanger	F14001	--	--	--	--	380,000	380,000
Affordable Housing	H13001	189,895	60,568	250,463	23,085	273,548	--
KPD Kapaa Substation	P14001	58,530	9,122	67,652	--	83,910	16,258
Lighting Retrofit	R08039	557,833	--	557,833	27,428	585,261	--
Park Master Plan	R09001	399,999	--	399,999	--	399,999	--
Lydgate Pond	R10009	453,744	--	453,744	--	453,744	--
Kapa'a Stadium Improvements	R10010	625,389	--	625,389	--	625,389	--
Veterans Cemetery Upgrade	R10013	145,616	--	145,616	62,319	551,274	343,339
Park ADA Bleachers Replacement	R10016	106,676	161,552	268,228	631,771	899,999	--
Salt Pond Beach Park Facility Improvements	R12002	--	--	--	--	73,000	73,000
Lydgate Small Pavilions Renovations	R12003	39,005	--	39,005	--	39,005	--
Vidinha Stadium Track & Field Improvements	R12037	10,269	--	10,269	--	100,000	89,731
ADA Improvements Anahola Homestead	R13001	200	--	200	--	200	--
Hanapēpē Stadium Ticket Booth	R13003	--	--	--	25,000	25,000	--
Playground Renovations Kīlauea & Anahola	R13004	80,965	--	80,965	--	80,965	--
Playground Resurfacing Kalawai & Kōloa Park	R13005	35,502	--	35,502	--	35,502	--
Softball Field Pavilions (Peter Rayno, Isenberg)	R13006	80,400	--	80,400	--	100,000	19,600
Wailua Golf Course Replace Existing Water Lines	R13009	--	--	--	--	20,000	20,000
Līhu'e Baseball Improvements	R13A13	--	74,571	74,571	--	77,000	2,429
Kapaa Pool RR Recon	R14002	340,336	--	340,336	--	420,336	80,000
Waimea Pool Roof Replacement	R14003	--	--	--	--	41,183	41,183
Hanapepe Tennis Lighting	R14007	--	175,650	175,650	--	180,000	4,350

**COUNTY OF KAUA'I, HAWAI'I**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Hanapepe Stadium ADA	R14010	\$ --	\$ --	\$ --	\$ 59,828	\$ 59,828	\$ --
Anahola Park Lights	R15100	--	30,672	30,672	--	31,728	1,056
Kaumakani Gym Improvements	R15102	--	46,000	46,000	(2,300)	65,000	21,300
Kapaa NTP Light System	R15103	--	300,000	300,000	--	300,000	--
Comfort Station Improvements	R15116	--	102,551	102,551	107,385	210,000	64
Islandwide Pool Restoration	R16000	--	--	--	--	150,000	150,000
Salt Pond Beach Park	R16001	--	--	--	--	50,000	50,000
Sheltered Bus Stops	T12A00	--	--	--	--	12,000	12,000
Sheltered Bus Stops	T12100	366,721	49	366,770	241,300	653,178	45,108
Trans Check In Facility	T14000	--	--	--	--	40,000	40,000
KWMCH Improvements	W02226	276,950	44,407	321,357	--	365,616	44,259
Kekaha Gardens Park	W06A44	305,210	31,377	336,587	9,942	380,210	33,681
Kekaha Gardens Park	W06B44	385,862	--	385,862	--	385,862	--
Historic County Bldg and Lihu'e Civic Ctr Improv	W06029	442,050	1,056	443,106	10,585	461,430	7,739
Historic County Bldg and Lihu'e Civic Ctr Improv	W06030	7,773,787	--	7,773,787	--	7,778,085	4,298
Regional Parks Improvements	W06041	1,090,776	(3)	1,090,773	9,226	1,099,999	--
Lihu'e Stadium Baseball Field Improvements	W06043	23,684	779,463	803,147	26,261	843,042	13,634
Kekaha Gardens Park	W06044	835,393	61,876	897,269	5,907	903,176	--
Bleachers County Park	W07004	67,505	--	67,505	--	67,505	--
Puu Road Improvements	W07014	75,000	7,000	82,000	18,000	111,325	11,325
Kapaia Swinging Bridge	W07022	--	--	--	--	231,403	231,403
Waste Reduction Consultant Services	W08001	90,246	--	90,246	--	90,246	--
ADA Projects Bldg Fac	W08007	779,318	--	779,318	154	779,472	--
Aliomanu Rd. Revent (Planning/Permits)	W08016	11	--	11	8,876	8,887	--
Kapaia Bridge Replacement	W08024	--	--	--	--	5,278	5,278
Pono Kai Revetment Wall	W08025	160,479	--	160,479	--	169,458	8,979
Hanapēpē & Waimea Levees (Irrigation/Erosion Ctrl)	W08037	70,365	--	70,365	84,000	154,385	20
Kanaele Rd Stabilization	W09005	8,000	82,225	90,225	150,025	290,550	50,300
Hanapēpē Bridge Walkway	W09007	13,026	7	13,033	--	111,958	98,925
Kapa'a Baseyard 09	W09024	2,590,748	--	2,590,748	--	2,590,890	142
Islandwide Scada System	W10A15	371,164	49	371,213	--	371,213	--
Opaekaa Bridge-Design	W10002	77,194	5,258	82,452	17,505	100,000	43

**COUNTY OF KAUA‘I, HAWAI‘I**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Piikoi Building Renovation	W10011	\$ 2,417,511	\$ 2,332	\$ 2,419,843	\$ 9,157	\$ 2,429,000	\$ --
Waimea Police Sub-Station	W10012	--	--	--	--	50,000	50,000
Wailua WWTP Improvements/Renovation	W10014	523,792	19,748	543,540	638,552	1,200,000	17,908
Island Wide SCADA System Construction	W10015	2,926,718	1,812,791	4,739,509	60,491	4,800,000	--
Ele'ele WWTP Improvements/Renovation	W10016	845,535	18,054	863,589	29,911	893,500	--
Civic Center ADA Improvements	W10018	960,000	--	960,000	--	960,000	--
ADA Access Barrier Removal	W10020	105,309	156,571	261,880	--	261,880	--
ADA Access Barrier Removal	W10022	--	921,558	921,558	78,442	1,000,000	--
Rice Street Crossing Improvements	W10032	7,534	3,513	11,047	--	157,534	146,487
New Landfill Site Acquisition	W10037	1,979,256	130,362	2,109,618	376,717	2,489,677	3,342
Kekaha Landfill Phase II Closure	W10039	148,991	222,246	371,237	--	400,000	28,763
Safe Route Kawaihau	W10045	89,290	--	89,290	48,710	263,000	125,000
Twin Reserve EQ	W10046	--	--	--	--	100,000	100,000
Kekaha Landfill Expansion II	W10047	827,389	100,441	927,830	--	927,830	--
CIP Management System	W10051	164,840	5,162	170,002	7,623	180,000	2,375
Kekaha Landfill Expansion II	W10056	386,212	3,581	389,793	--	389,793	--
Puhi Road Construction Match	W12A10	--	--	--	216,509	243,261	26,752
LThu'e Development Plan	W12008	722,069	97,535	819,604	--	820,000	396
Puhi Road Construction Phase I (County Match)	W12010	33,682	1,378	35,060	217,177	261,998	9,761
Kōloa Fire Station Improvements	W12012	--	--	--	--	200,000	200,000
Kalāheo Fire Station Improvements	W12013	--	--	--	--	200,000	200,000
Driver License Counter	W12015	2,588	36,563	39,151	--	40,000	849
Hardy Street Improvements	W12020	1,115,021	548,196	1,663,217	91,240	1,779,196	24,739
Piikoi Interior II	W12053	355,064	--	355,064	486,466	864,579	23,049
Kekaha Landfill Lateral Expansion II	W12054	442,321	69,323	511,644	50,830	592,474	30,000
Moana Kai Seawall Construction	W12055	--	878,700	878,700	109,012	1,128,000	140,288
Coco Palms STP	W12057	453,711	112,224	565,935	9,065	587,000	12,000
Lae Road Safety Improvements	W12058	17,660	36,229	53,889	--	62,000	8,111
Koloa Road Safety Improvements	W12065	7,034	59,185	66,219	16,700	92,000	9,081
Material Recovery Facility (MRF)	W13001	69,975	178,037	248,012	5,995	500,000	245,993
Kamalu Road Culvert Replacement	W13003	180,006	--	180,006	--	200,000	19,994

**COUNTY OF KAUA‘I, HAWAI‘I**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Aliomanu Road	W13004	\$ 55,408	\$ --	\$ 55,408	\$ 241,896	\$ 3,000,000	\$ 2,702,696
Auto Shop Improvements	W13005	--	--	--	--	400,000	400,000
Lth'u'e Bypass Feasibility Study (County Match)	W13006	87,660	15	87,675	--	100,000	12,325
Fuel Management System	W13007	124,816	--	124,816	--	195,000	70,184
Hanapēpē Town Parking Lot Improvements	W13008	102,584	--	102,584	--	102,584	--
NPDES Compliance	W13010	98,900	--	98,900	77,708	185,000	8,392
Anini Bridge	W14001	--	--	--	35,333	650,000	614,667
Fuel Tanks Kapaa Baseyard	W14002	234,013	--	234,013	--	235,000	987
Kekaha Landfill Vertical Expansion	W14003	267,231	--	267,231	--	267,231	--
Wailana Bridge No.2 Pedestrian Walkway Replacemer	W14004	--	196,628	196,628	48,373	245,001	--
Salt Pond Wastewater Improvements	W14005	--	37,351	37,351	123,932	300,000	138,717
Waa Road Drainage Study	W14006	--	--	--	--	100,000	100,000
Complete Street Safety Improvements/Traffic Mitigation	W14009	9,121	31,745	40,866	--	150,000	109,134
Kapahi Bridge Replacement	W14011	4,379	35,999	40,378	81,770	132,851	10,703
Waimea R-1 H2O Distribution System Improvements	W14078	93,363	59,934	153,297	25,159	209,450	30,994
Fuel Tanks Hanalei	W151A1	--	--	--	16,051	16,051	--
Eiwa Street (Mall)	W15100	18,616	87,896	106,512	163,490	300,000	29,998
Fuel Tanks Hanalei	W15101	10,978	127,021	137,999	24,049	173,415	11,367
RPA Counter Renovation	W15105	--	--	--	--	40,000	40,000
Wailua Zone of Mix	W15106	36,875	409,505	446,380	53,620	500,000	--
Waewae Road Safety Improvements	W15107	50	59,195	59,245	--	60,000	755
Kapaa Transportation Improvements	W16A00	--	--	--	--	71,050	71,050
Moana Kai Seawall	W16A02	--	16,118	16,118	--	84,242	68,124
Kapaa Transportation Improvements	W16000	--	--	--	--	127,000	127,000
Moana Kai Seawall	W16002	--	1,606,377	1,606,377	172,737	1,813,132	34,018
Puhi Road Phase II Match	W16004	--	12,507	12,507	26,563	50,000	10,930
Fuel Tanks Hanalei	W16101	--	--	--	40,000	40,000	--
Bridge Maintenance	W96388	20,395	880	21,275	--	25,000	3,725
Payroll/Personnel System	X10001	40,687	148,750	189,437	64,679	395,000	140,884
Planning, Zoning/Engineering System	X10002	3,841	--	3,841	--	74,428	70,587

**COUNTY OF KAUA‘I, HAWAI‘I**  
**BOND FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
IT Infrastructure Improvements	X10006	\$ 473,465	\$ 79,400	\$ 552,865	\$ 213,995	\$ 778,000	\$ 11,140
Document Imaging Program (Finance-IT) Multi Phase	X10008	41,710	--	41,710	--	178,531	136,821
800 MHZ Radio System Upgrade Phase II	X14001	2,992,232	--	2,992,232	--	3,000,000	7,768
Cashiering System	X15100	--	--	--	--	180,000	180,000
General Plan Update	Z12A03	86,797	182,866	269,663	--	269,663	--
General Plan Update	Z12003	57,503	258,562	316,065	252,002	568,067	--
Kōloa Development Plan	Z12004	644,919	--	644,919	--	645,000	81
General Plan Technical Studies	Z12005	391,880	45,390	437,270	--	437,270	--
East Kauai Development Plan	Z13003	49,716	--	49,716	127	70,000	20,157
North Shore & Poipu Transit Corridor Study	Z14002	3,808	149,507	153,315	10,966	200,000	35,719
Historic Rice St DV	Z15100	--	70,000	70,000	--	70,000	--
Total Expenditures		\$ <u>40,530,181</u>	<u>11,405,095</u>	\$ <u>51,935,276</u>	\$ <u>5,801,411</u>	\$ <u>66,495,995</u>	\$ <u>8,759,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(10,307,751)				
Other Financing Sources:							
Transfers out			<u>(1,042,955)</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(11,350,706)				
Fund Balance - Beginning of Year, July 1, 2015			<u>28,099,426</u>				
Fund Balance - End of Year, June 30, 2016			\$ <u>16,748,720</u>				

**COUNTY OF KAUAI, HAWAII**  
**PUBLIC HOUSING ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
<b>Revenues:</b>						
Rents and Concessions:						
Pa'anau housing project	\$ 569,610	\$ 569,610	\$ 581,545	\$ --	\$ 581,545	\$ 11,935
Kalepa housing project	1,022,201	1,022,201	1,066,204	--	1,066,204	44,003
Other revenues	394,000	394,000	861,746	--	861,746	467,746
Total Revenues	<u>1,985,811</u>	<u>1,985,811</u>	<u>2,509,495</u>	<u>--</u>	<u>2,509,495</u>	<u>523,684</u>
<b>Expenditures - Public Welfare:</b>						
Revolving buy back account	694,786	694,786	169,911	59,129	229,040	465,746
Kalepa housing operating cost	1,382,149	1,382,149	755,755	82,509	838,264	543,885
Pa'anau housing operating cost	889,066	889,066	357,948	377,709	735,657	153,409
Total Expenditures	<u>2,966,001</u>	<u>2,966,001</u>	<u>1,283,614</u>	<u>519,347</u>	<u>1,802,961</u>	<u>1,163,040</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)						
Expenditures (Note C)	\$ <u>(980,190)</u>	\$ <u>(980,190)</u>	1,225,881	\$ <u>(519,347)</u>	\$ <u>706,534</u>	\$ <u>1,686,724</u>
Fund Balance - Beginning of Year July 1, 2015			<u>8,945,003</u>			
Fund Balance - End of Year June 30, 2016			\$ <u>10,170,884</u>			

- Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.  
Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.  
Note C: Excess of expenditures over revenues is balanced with available fund balance.  
Note D: Public Enterprise Housing Fund is comprised of three (3) funds: Housing Revolving Fund, Kalepa Housing Fund, and Paanau Housing Fund.

**COUNTY OF KAUAI, HAWAII**  
**SEWER ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Budgetary Basis		
				Encumbrances	Non-GAAP	
<b>Revenues:</b>						
Interest	\$ 47,000	\$ 47,000	\$ 30,695	\$ --	\$ 30,695	\$ (16,305)
Charges for Services:						
Sewer Charges:						
Residential	3,513,840	3,513,840	3,302,992	--	3,302,992	(210,848)
Commercial	5,490,375	5,490,375	5,879,278	--	5,879,278	388,903
Connection charge	--	--	66,414	--	66,414	66,414
Sludge disposal	150,000	150,000	265,825	--	265,825	115,825
Capacity assessment	185,000	185,000	132,600	--	132,600	(52,400)
Other revenues/miscellaneous	--	--	684	--	684	684
Total Revenues	<u>9,386,215</u>	<u>9,386,215</u>	<u>9,678,488</u>	<u>--</u>	<u>9,678,488</u>	<u>292,273</u>
<b>Other Financing Sources (Uses):</b>						
Transfers out	(697,103)	(697,103)	(697,103)	--	(697,103)	--
Operating transfers from General Fund	<u>1,612,962</u>	<u>1,612,962</u>	<u>1,612,962</u>	<u>--</u>	<u>1,612,962</u>	<u>--</u>
Total Other Financing Sources (Uses)	915,859	915,859	915,859	--	915,859	--
<b>Total Revenues and Other Financing Sources (Uses)</b>	<u>10,302,074</u>	<u>10,302,074</u>	<u>10,594,347</u>	<u>--</u>	<u>10,594,347</u>	<u>292,273</u>
<b>Expenditures - Sanitation:</b>						
Sanitation and Waste Removal:						
Salaries, including overtime	2,419,982	2,378,025	2,252,375	--	2,252,375	125,650
Operational and administrative	2,630,497	3,338,049	2,515,879	43,873	2,559,752	778,297
Central services cost	500,000	500,000	500,000	--	500,000	--
Capital costs	282,287	282,287	96,074	139,422	235,496	46,791
SRF loan payments	1,568,026	1,568,026	1,483,577	--	1,483,577	84,449
FICA taxes	182,795	183,334	159,534	--	159,534	23,800
Public employees' health fund	202,482	202,482	196,197	--	196,197	6,285
Workers' compensation	30,001	79,001	75,159	--	75,159	3,842
Unemployment compensation	10,000	10,000	888	--	888	9,112
Pension contributions	406,211	458,405	458,404	--	458,404	1
Public employees' other post-employment benefit	485,063	486,493	440,949	--	440,949	45,544
Repair and maintenance reserve	<u>2,931,314</u>	<u>2,931,315</u>	<u>1,321,931</u>	<u>1,302,424</u>	<u>2,624,355</u>	<u>306,960</u>
Total Expenditures - Sanitation	<u>11,648,658</u>	<u>12,417,417</u>	<u>9,500,967</u>	<u>1,485,719</u>	<u>10,986,686</u>	<u>1,430,731</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures (Note C)</b>	<u>\$ (1,346,584)</u>	<u>\$ (2,115,343)</u>	<u>1,093,380</u>	<u>\$ (1,485,719)</u>	<u>\$ (392,339)</u>	<u>\$ 1,723,004</u>
Fund Balance - Beginning of Year July 1, 2015			<u>4,393,297</u>			
Fund Balance - End of Year June 30, 2016			<u>\$ 5,486,677</u>			

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**GOLF ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
<b>Revenues:</b>						
Rents and Concessions:						
Food and beverage	\$ 10,800	\$ 10,800	\$ 10,800	\$ -	\$ 10,800	\$ -
Pro shop	26,400	26,400	26,400	-	26,400	-
Range balls	-	-	-	-	-	-
Golf carts	144,000	144,000	155,836	-	155,836	11,836
Other	-	-	2,980	-	2,980	2,980
Charges for Services:						
Green fees and locker fees	937,000	937,000	1,014,746	-	1,014,746	77,746
<b>Total Revenues</b>	<b>1,118,200</b>	<b>1,118,200</b>	<b>1,210,762</b>	<b>-</b>	<b>1,210,762</b>	<b>92,562</b>
<b>Other Financing Sources:</b>						
Operating transfers from General Fund	1,272,894	1,272,894	1,272,894	-	1,272,894	-
<b>Total Revenues and Other Financing Sources</b>	<b>2,391,094</b>	<b>2,391,094</b>	<b>2,483,656</b>	<b>-</b>	<b>2,483,656</b>	<b>92,562</b>
<b>Expenditures - Culture and Recreation:</b>						
Operational and administrative	467,911	371,191	296,773	69,070	365,843	5,348
Salaries and overtime	868,506	909,931	909,289	-	909,289	642
Central services cost	130,000	130,000	130,000	-	130,000	-
Equipment	222,864	248,599	154,113	94,405	248,518	81
Debt service payments	192,113	192,113	192,113	-	192,113	-
FICA taxes	66,441	62,789	62,741	-	62,741	48
Public employees' health fund	131,570	132,006	131,612	-	131,612	394
Workers' compensation	36,001	74,598	73,612	-	73,612	986
Unemployment compensation	1,967	-	-	-	-	-
Public employees' other post-employment benefit	174,236	201,897	187,796	-	187,796	14,101
Pension contributions	145,912	178,454	178,181	-	178,181	273
<b>Total Expenditures - Culture and Recreation</b>	<b>2,437,521</b>	<b>2,501,578</b>	<b>2,316,230</b>	<b>163,475</b>	<b>2,479,705</b>	<b>21,873</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ (46,427)	\$ (110,484)	167,426	\$ (163,475)	\$ 3,951	\$ 114,435
Fund Balance - Beginning of Year July 1, 2015			257,468			
Fund Balance - End of Year June 30, 2016			\$ 424,894			

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

**STATISTICAL SECTION  
(UNAUDITED)**

**COUNTY OF KAUAI, HAWAII**  
**STATISTICAL SECTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

---

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

**COUNTY OF KAUA‘I, HAWAI‘I**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 2**

**TABLE 1**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 440,721,403	\$ 445,809,943	\$ 454,412,948	\$ 452,246,448	\$ 453,192,782	\$ 457,053,621	\$ 458,554,083 (1)	\$ 454,561,936	\$ 447,353,524	\$ 438,181,870
Restricted	13,420,619	22,805,523	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669	14,439,009
Unrestricted (2)	48,648,173	51,559,176	50,751,859	67,639,803	65,401,348	51,887,401	23,645,923 (1)	9,720,128	(132,273,829)	(132,390,722)
Total Governmental Activities Net Position	<u>502,790,195</u>	<u>520,174,642</u>	<u>531,554,316</u>	<u>542,067,435</u>	<u>536,940,167</u>	<u>516,764,276</u>	<u>493,487,776 (1)</u>	<u>476,345,231</u>	<u>325,257,364</u>	<u>320,230,157</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	39,686,557	40,730,017	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041	74,780,858
Restricted	206,728	209,537	212,528	215,791	347,335	354,625	353,600	351,925	356,210	362,635
Unrestricted (2)	5,565,819	5,547,964	3,569,272	5,013,888	8,124,987	9,611,655	8,749,372	8,768,640	1,599,462	6,167,943
Total Business-type Activities Net Position	<u>45,459,104</u>	<u>46,487,518</u>	<u>49,164,970</u>	<u>54,139,922</u>	<u>65,995,189</u>	<u>70,764,377</u>	<u>70,822,179</u>	<u>77,097,543</u>	<u>79,565,713</u>	<u>81,311,436</u>
<b>Primary Government:</b>										
Net investment in capital assets	480,407,960	486,539,960	499,796,118	501,156,691	510,715,649	517,851,718	520,273,290 (1)	522,538,914	524,963,565	512,962,728
Restricted	13,627,347	23,015,060	26,602,037	22,396,975	18,693,372	8,177,879	11,641,370	12,415,092	10,533,879	14,801,644
Unrestricted (2)	54,213,992	57,107,140	54,321,131	72,653,691	73,526,335	61,499,056	32,395,295 (1)	18,488,768	(130,674,367)	(126,222,779)
Total Primary Government Activities Net Position	<u>\$ 548,249,299</u>	<u>\$ 566,662,160</u>	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 564,309,955 (1)</u>	<u>\$ 553,442,774</u>	<u>\$ 404,823,077</u>	<u>\$ 401,541,593</u>

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

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

Source: Department of Finance

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

**TABLE 1A**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses (2):</b>										
<b>Governmental Activities:</b>										
General government	\$ 35,190,626	\$ 39,970,949	\$ 38,335,085	\$ 24,423,397	\$ 28,619,780	\$ 32,774,735	\$ 36,906,688	\$ 27,367,278	\$ 34,024,945	\$ 31,124,910
Public safety	29,335,789	35,333,479	38,182,320	46,193,511	50,618,291	50,624,242	52,156,486	55,850,781	57,532,723	63,996,769
Public works	8,117,334	10,500,645	10,338,337	12,986,481	18,258,953	12,334,893	12,011,341	12,601,556	12,928,201	13,031,167
Highways and streets	18,594,377	17,545,423	21,524,749	16,394,453	18,949,545	17,913,595	19,996,535	22,563,566	19,910,018	21,389,331
Sanitation	11,188,711	10,938,661	11,123,472	13,537,765	5,342,980	22,204,359	25,685,902	24,539,377	17,909,148	22,784,661
Culture and recreation	4,884,967	9,227,909	9,028,393	9,747,006	9,924,470	10,428,386	10,791,475	13,070,021	12,301,649	12,635,604
Public welfare	16,928,885	15,983,791	22,793,755	19,690,034	17,918,206	20,393,081	22,624,202	22,774,863	20,045,106	22,066,721
Unallocated interest	3,891,634	3,793,059	3,533,452	4,235,047	6,183,785	5,029,937	6,516,418 (1)	5,388,788	5,254,055	5,100,848
Total Governmental Activities Expenses	<u>128,132,323</u>	<u>143,293,916</u>	<u>154,859,563</u>	<u>147,207,694</u>	<u>155,816,010</u>	<u>171,703,228</u>	<u>186,689,047 (1)</u>	<u>184,156,230</u>	<u>179,905,845</u>	<u>192,130,011</u>
<b>Business-type Activities:</b>										
Housing	1,426,840	2,358,951	1,805,736	2,360,921	2,371,254	2,178,940	2,352,640	1,889,266	2,170,580	2,486,232
Sewer	9,904,507	10,450,804	11,880,555	8,113,817	7,929,242	8,250,110	13,447,969	8,758,026	9,204,476	10,314,022
Golf	1,900,225	2,243,034	2,547,080	2,175,551	2,078,846	2,221,620	2,262,578	2,345,610	2,474,846	2,326,087
Total Business-type Activities Expenses	<u>13,231,572</u>	<u>15,052,789</u>	<u>16,233,371</u>	<u>12,650,289</u>	<u>12,379,342</u>	<u>12,650,670</u>	<u>18,063,187</u>	<u>12,992,902</u>	<u>13,849,902</u>	<u>15,126,341</u>
Total Primary Government Expenses	<u>141,363,895</u>	<u>158,346,705</u>	<u>171,092,934</u>	<u>159,857,983</u>	<u>168,195,352</u>	<u>184,353,898</u>	<u>204,752,234 (1)</u>	<u>197,149,132</u>	<u>193,755,747</u>	<u>207,256,352</u>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for services:</b>										
General government	4,711,497	1,760,668	1,255,167	1,213,635	1,902,063	2,145,731	3,768,037	3,032,176	6,925,672	6,456,304
Public safety	769,848	945,431	879,348	1,320,474	955,145	752,086	1,036,661	1,088,528	976,639	1,059,842
Public works	--	2,498,430	3,154,590	1,892,223	1,535,271	1,356,060	1,410,220	1,903,747	413,159	432,238
Highways and streets	4,171,897	4,805,717	4,590,571	4,502,931	4,535,351	4,562,679	4,613,966	4,742,390	5,680,943	6,914,101
Sanitation	2,809,018	3,750,820	3,354,320	3,297,724	3,424,598	6,088,478	6,563,506	6,500,940	8,037,799	8,838,362
Culture and recreation	--	1,927,764	963,309	3,125,628	1,977,972	691,632	672,755	558,611	886,203	691,189
Public welfare	245,583	358,192	717,163	856,836	1,039,600	1,341,366	1,427,164	1,240,109	264,652	282,196
Operating grants and contributions	22,618,486	17,988,403	22,839,142	22,895,230	27,062,804	22,721,365	19,892,834	23,894,202	21,787,905	17,719,967
Capital grants and contributions	19,512,094	8,236,100	8,234,214	3,475,234	2,246,061	9,325,678	13,937,055	3,730,118	5,696,219	6,273,146
Total Governmental Activities Program Revenues	<u>54,838,423</u>	<u>42,271,525</u>	<u>45,987,824</u>	<u>42,579,915</u>	<u>44,678,865</u>	<u>48,985,075</u>	<u>53,322,198</u>	<u>46,690,821</u>	<u>50,669,191</u>	<u>48,667,345</u>
<b>Business-type Activities:</b>										
<b>Charges for services:</b>										
Housing	1,373,695	2,045,264	1,287,720	1,856,832	2,374,889	1,791,502	1,749,444	1,665,781	2,285,109	2,444,866
Sewer	7,261,012	6,917,012	6,134,764	6,235,984	6,661,118	7,030,940	8,854,282	8,401,285	9,586,721	9,545,888
Golf	1,466,149	1,486,256	1,393,469	1,574,515	1,283,586	1,203,219	1,171,155	1,131,791	1,142,667	1,210,762
Operating grants and contributions	--	--	--	--	--	--	--	--	--	--
Capital grants and contributions	2,545,047	4,722,536	8,978,609	1,016,676	476,403	6,496,784	5,711,909	5,698,224	7,954,930	1,559,608
Total Business-type Activities Program Revenues	<u>12,645,903</u>	<u>15,171,068</u>	<u>17,794,562</u>	<u>10,684,007</u>	<u>10,795,996</u>	<u>16,522,445</u>	<u>17,486,790</u>	<u>16,897,081</u>	<u>20,969,427</u>	<u>14,761,124</u>
Total Primary Government Program Revenues	<u>\$ 67,484,326</u>	<u>\$ 57,442,593</u>	<u>\$ 63,782,386</u>	<u>\$ 53,263,922</u>	<u>\$ 55,474,861</u>	<u>\$ 65,507,520</u>	<u>\$ 70,808,988</u>	<u>\$ 63,587,902</u>	<u>\$ 71,638,618</u>	<u>\$ 63,428,469</u>

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

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Revenue (Expense) (2):										
Governmental activities	\$ (73,293,900)	\$ (101,022,391)	\$ (108,871,739)	\$ (104,627,779)	\$ (111,137,145)	\$ (122,718,153)	\$ (133,366,849) (1)	\$ (137,465,409)	\$ (129,236,654)	\$ (143,462,666)
Business-type activities	(585,669)	118,279	1,561,191	(1,966,282)	(1,583,346)	3,871,775	(576,397)	3,904,179	7,119,525	(365,217)
Total Primary Government Net Revenue (Expense):	(73,879,569)	(100,904,112)	(107,310,548)	(106,594,061)	(112,720,491)	(118,846,378)	(133,943,246) (1)	(133,561,230)	(122,117,129)	(143,827,883)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
General Revenues:										
Property taxes	78,156,850	86,725,636	91,880,683	92,466,366	87,579,128	80,871,076	82,008,842	93,133,721	106,772,994	114,230,704
Public service company tax	3,889,486	3,214,499	4,379,129	4,097,986	3,020,565	4,226,609	4,247,316	4,437,498	4,243,704	3,993,523
Franchise tax	3,656,782	4,072,274	4,900,021	3,258,208	3,901,854	4,594,943	4,746,998	4,652,839	4,518,532	3,612,148
Fuel tax	5,972,756	4,217,665	3,940,446	3,596,214	4,163,471	3,948,687	3,929,570	4,518,532	5,168,937	5,459,139
Unrestricted grants and contributions	14,624,733	15,080,972	13,690,485	13,152,231	16,425,594	15,407,463	14,661,865	14,571,286	16,007,524	15,983,809
Investments earnings	5,589,283	5,836,149	2,493,940	4,476,847	2,326,500	1,168,610	1,115,555	1,347,124	933,116	1,664,777
Transfers	(575,000)	(740,357)	(1,033,291)	(5,906,954)	(11,407,235)	(4,062,142)	(619,797)	(2,338,126)	(471,508)	(2,188,753)
Total Governmental Activities General Revenues and Transfers	111,314,890	118,406,838	120,251,413	115,140,898	106,009,877	106,155,246	110,090,349	120,322,874	137,173,299	142,755,347
Business-type Activities:										
General Revenues:										
Unrestricted grants and contributions	--	--	--	1,005,279	2,000,000	--	14,402	--	--	--
Investment earnings	130,030	169,778	82,970	29,001	31,378	55,468	--	33,818	19,709	64,629
Extraordinary items	--	--	--	--	--	--	--	--	--	--
Transfers	575,000	740,357	1,033,291	5,906,954	11,407,235	4,062,142	619,797	2,338,126	471,508	2,188,753
Total Business-type Activities General Revenues and Transfers	705,030	910,135	1,116,261	6,941,234	13,438,613	4,117,610	634,199	2,371,944	491,217	2,253,382
Total Primary Government Program Revenues	112,019,920	119,316,973	121,367,674	122,082,132	119,448,490	110,272,856	110,724,548	122,694,818	137,664,516	145,008,729
Changes in Net Position (2):										
Governmental activities	38,020,990	17,384,447	11,379,674	10,513,119	(5,127,268)	(16,562,907)	(23,276,500) (1)	(17,142,535)	7,936,645	(707,319)
Business-type activities	119,361	1,028,414	2,677,452	4,974,952	11,855,267	7,989,385	57,802	6,276,123	7,610,742	1,888,165
Total Primary Government Changes in Net Position	\$ 38,140,351	\$ 18,412,861	\$ 14,057,126	\$ 15,488,071	\$ 6,727,999	\$ (8,573,522)	\$ (23,218,698) (1)	\$ (10,866,412)	\$ 15,547,387	\$ 1,180,846

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

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

Source: Department of Finance

**COUNTY OF KAUA'I, HAWAI'I  
GOVERNMENT - WIDE NET POSITION  
LAST TEN FISCAL YEARS (UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 2**

**TABLE 1B**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Assets and deferred outflows of resources (2):</b>										
Governmental activities	\$ 650,531,583	\$ 684,752,946	\$ 692,955,754	\$ 753,265,199	\$ 753,176,265	\$ 737,054,972	\$ 723,427,510 (1)	\$ 712,445,231	\$ 729,292,205	\$ 733,284,039
Business-type activities	59,400,214	59,636,214	67,357,779	74,859,599	86,138,149	91,897,068	94,207,076	99,972,859	110,605,113	114,789,409
Total Assets - Primary Government	<u>709,931,797</u>	<u>744,389,160</u>	<u>760,313,533</u>	<u>828,124,798</u>	<u>839,314,414</u>	<u>828,952,040</u>	<u>817,634,586 (1)</u>	<u>812,418,090</u>	<u>839,897,318</u>	<u>848,073,448</u>
<b>Liabilities and deferred inflows of resources (2):</b>										
Governmental activities	147,741,388	164,578,304	161,401,438	211,197,764	216,236,098	220,290,696	228,520,422 (1)	236,100,000	404,034,841	413,053,882
Business-type activities	13,941,110	13,148,696	18,192,809	20,719,677	20,142,960	21,132,691	23,384,897	22,875,316	31,039,400	33,477,973
Total Liabilities - Primary Government	<u>161,682,498</u>	<u>177,727,000</u>	<u>179,594,247</u>	<u>231,917,441</u>	<u>236,379,058</u>	<u>241,423,387</u>	<u>251,905,319 (1)</u>	<u>258,975,316</u>	<u>435,074,241</u>	<u>446,531,855</u>
<b>Net Position:</b>										
<b>Net investment in capital assets</b>										
Governmental activities	440,721,403	445,809,943	454,412,948	452,246,448	453,192,782	457,053,621	458,554,083 (1)	454,561,936	447,353,524	438,181,870
Business-type activities	39,686,557	40,730,017	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041	74,780,858
<b>Restricted by enabling legislation:</b>										
Governmental activities	--	--	--	--	--	--	--	--	--	--
Business-type activities	206,728	209,537	212,528	215,791	347,335	354,625	353,600	351,925	356,210	362,635
<b>Restricted, other:</b>										
Governmental activities	13,420,619	22,805,523	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669	14,439,009
Business-type activities	--	--	--	--	--	--	--	--	--	--
<b>Unrestricted net position (2):</b>										
Governmental activities	48,648,173	51,559,176	50,751,859	67,639,803	65,401,348	51,887,401	23,645,923 (1)	9,720,128	(132,273,829)	(132,390,722)
Business-type activities	5,565,819	5,547,964	3,569,272	5,013,888	8,124,987	9,611,655	8,749,372	8,768,640	1,599,462	6,167,943
Total Net Position - Primary Government	<u>\$ 548,249,299</u>	<u>\$ 566,662,160</u>	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 564,309,955 (1)</u>	<u>\$ 553,442,774</u>	<u>\$ 404,823,077</u>	<u>\$ 401,541,593</u>

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

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

Source: Department of Finance

**COUNTY OF KAUA'I, HAWAI'I**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 4**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 2**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund:</b>										
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	--	--	--	--	490,000	490,000	490,000	490,000	490,000	490,000
Committed	7,660,813	6,820,122	9,761,486	6,634,688	5,411,603	8,602,156	7,649,170	8,531,741	9,959,330	9,473,469
Assigned	13,932,311	14,069,602	11,535,434	19,066,623	47,749,807 (3)	20,234,694	12,700,967	4,104,319	927,398	1,513,398
Unassigned	20,790,848	24,335,040	32,844,060	43,098,792	--	15,368,459	12,782,584	18,928,505	27,950,825	36,540,570
Total General Fund	<u>42,383,972</u>	<u>45,224,764</u>	<u>54,140,980</u>	<u>68,800,103</u>	<u>53,651,410</u>	<u>44,695,309</u>	<u>33,622,721</u>	<u>32,054,565</u>	<u>39,327,553</u>	<u>48,017,437</u>
<b>All Other Governmental Funds:</b>										
Non-spendable	4,391,698	4,187,914	3,544,187	3,600,866 (2)	3,363,311 (4)	2,769,119	2,284,346	1,926,775	1,555,424	2,498,625
Restricted	7,616,138	9,341,702	10,000,961	13,273,466 (2)	11,417,538 (4)	8,135,743	10,759,583	8,530,195	9,590,391	5,730,865
Committed	10,109,023	16,961,674	16,179,876	15,661,985 (2)	18,793,384	19,664,847	14,997,103	22,075,355	22,775,602	14,898,454
Assigned	69,493,785	75,608,191	68,439,470	106,014,099	100,757,185	81,570,384	73,781,703	52,451,430	45,053,079	47,543,497
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<u>91,610,644</u>	<u>106,099,481</u>	<u>98,164,494</u>	<u>138,550,416</u>	<u>134,331,418</u>	<u>112,140,093</u>	<u>101,822,735</u>	<u>84,983,755</u>	<u>78,974,496</u>	<u>70,671,441</u>
Total Fund Balances (Note 1)	<u>\$ 133,994,616</u>	<u>\$ 151,324,245</u>	<u>\$ 152,305,474</u>	<u>\$ 207,350,519</u>	<u>\$ 187,982,828</u>	<u>\$ 156,835,402</u>	<u>\$ 135,445,456</u>	<u>\$ 117,038,320</u>	<u>\$ 118,302,049</u>	<u>\$ 118,688,878</u>

Note (1): The Total Fund Balances for the fiscal years 2007 through 2008 have been restated as a result of a fund balance reclassification made in fiscal year 2009.

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

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

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

Source: Department of Finance

TABLE 2A

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes	\$ 90,913	\$ 98,572	\$ 105,140	\$ 102,425	\$ 94,343 (1)	\$ 93,470	\$ 95,035	\$ 107,410	\$ 120,492	\$ 126,945
Licenses and permits	6,948	7,975	8,253	7,400	6,847	6,778	7,132	7,878	9,953	10,952
Rents and concessions	713	727	956	907	916	639	649	488	488	500
Interest	5,012	5,836	3,009	4,896	2,708	1,379	297	1,347	933	1,665
Intergovernmental revenue	49,506	41,291	44,764	37,214	43,780	44,779	46,802	41,126	42,308	38,715
Charges for current services	4,202	4,911	4,424	4,366	5,583	8,591	9,220	9,877	11,567	11,788
Bond subsidy	--	--	--	--	971 (2)	1,138	1,138	1,045	1,042	1,029
Miscellaneous	2,934	2,434	766	3,117	1,642	720	3,310	824	1,177	1,433
<b>Total Revenues</b>	<b>160,228</b>	<b>161,746</b>	<b>167,312</b>	<b>160,325</b>	<b>156,790</b>	<b>157,494</b>	<b>163,583</b>	<b>169,995</b>	<b>187,960</b>	<b>193,027</b>
<b>Expenditures:</b>										
General government	35,358	33,461	37,371	26,682	28,285	29,850	32,943	29,342	33,921	30,858
Public safety	27,122	32,894	35,613	43,607	47,547	48,153	49,049	52,225	55,961	60,219
Public works	6,881	9,468	8,727	11,232	16,395	10,454	9,699	10,146	10,275	10,173
Highways and streets	12,298	11,273	15,312	10,089	13,146	11,965	15,037	16,537	14,144	15,352
Sanitation	10,315	9,773	9,834	12,313	11,385	17,928	13,087	13,554	16,282	16,086
Culture and recreation	4,288	7,839	8,223	9,715	9,252	9,852	9,500	11,548	10,512	10,465
Public welfare	16,491	15,637	22,375	19,957	20,192	19,758	22,018	21,980	18,924	19,476
Capital outlay	20,299	17,523	21,342	24,597	18,109	27,733	25,916	22,567	15,890	18,012
<b>Debt Service:</b>										
Principal	4,130	3,230	4,766	4,713	5,824	4,808	4,584	6,642	6,830	6,401
Interest	4,389	3,797	3,597	3,971	5,888	5,575	4,970	5,425	5,300	5,130
<b>Total Expenditures</b>	<b>141,571</b>	<b>144,895</b>	<b>167,160</b>	<b>166,876</b>	<b>176,023</b>	<b>186,076</b>	<b>186,803</b>	<b>189,966</b>	<b>188,039</b>	<b>192,172</b>
Excess of Revenues										
Over (Under) Expenditures	\$ 18,657	\$ 16,851	\$ 152	\$ (6,551)	\$ (19,233)	\$ (28,582)	\$ (23,220)	\$ (19,971)	\$ (79)	\$ 855
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 24,834	\$ 30,210	\$ 21,085	\$ 29,852	\$ 28,081	\$ 18,570	\$ 28,406	\$ 21,788	\$ 20,251	\$ 26,184
Transfers out	(25,409)	(30,951)	(22,118)	(30,675)	(32,327)	(22,631)	(29,026)	(24,122)	(20,722)	(28,372)
Refunding bonds issued	--	--	--	--	--	--	--	--	--	--
Bonds issued	--	--	--	60,000	-- (2)	--	--	--	--	--
Premium on bonds issued	--	--	--	--	--	--	--	--	--	--
Payments to refunded bond escrow agency	--	--	--	--	--	--	--	--	--	--
Capital leases	1,346	485	1,862	1,686	3,699	732	2,451	3,898	1,814	1,720
Insurance proceeds	--	--	--	733	413	--	--	--	--	--
Claims proceeds	--	--	--	--	--	764	--	--	--	--
Sale of capital assets	--	--	--	--	--	--	--	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>771</b>	<b>(256)</b>	<b>829</b>	<b>61,596</b>	<b>(134)</b>	<b>(2,565)</b>	<b>1,831</b>	<b>1,564</b>	<b>1,343</b>	<b>(468)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 19,428</b>	<b>\$ 16,595</b>	<b>\$ 981</b>	<b>\$ 55,045</b>	<b>\$ (19,367)</b>	<b>\$ (31,147)</b>	<b>\$ (21,389)</b>	<b>\$ (18,407)</b>	<b>\$ 1,264</b>	<b>\$ 387</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	7.02%	5.52%	5.74%	6.10%	7.42%	6.56% (3)	5.94%	7.21%	7.05%	6.62%

Note (1): Revenues for 2011 were restated.

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

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

**COUNTY OF KAUA‘I, HAWAI‘I**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 2B**

Fiscal Year	General Government	Public Safety	Public Works	Highways and Streets	Sanitation	Culture and Recreation	Public Welfare	Capital Outlay	Debt Service	Total
2007	\$ 35,358,095	\$ 27,122,412	\$ 6,880,628	\$ 12,298,214	\$ 10,314,722	\$ 4,288,112	\$ 16,491,419	\$ 20,298,857	\$ 8,518,611	\$ 141,571,070
2008	33,461,254	32,894,024	9,467,945	11,273,415	9,772,708	7,839,158	15,637,506	17,522,714	7,026,605	144,895,329
2009	37,370,973	35,613,140	8,726,473	15,312,333	9,834,250	8,223,353	22,374,453	21,342,674	8,362,697	167,160,346
2010	26,681,875	43,607,071	11,231,776	10,089,042	12,313,226	9,714,650	19,957,368	24,597,117	8,684,119	166,876,244
2011	28,284,779	47,547,543	16,394,758	13,145,902	11,384,978	9,252,478	20,191,922	18,108,631	11,712,358	176,023,349
2012	29,850,216	48,152,876	10,453,780	11,964,857	17,928,104	9,851,517	19,758,515	27,732,637	10,383,400	186,075,902
2013	32,942,851	49,049,481	9,699,584	15,036,593	13,087,281	9,500,518	22,017,600	25,915,954	9,554,012	186,803,874
2014	29,342,392	52,225,235	10,146,402	16,536,725	13,553,839	11,547,644	21,980,197	22,567,374	12,067,137	189,966,945
2015	33,920,947	55,961,380	10,274,971	14,144,217	16,281,938	10,511,496	18,923,802	15,890,238	12,130,333	188,039,322
2016	30,858,262	60,219,227	10,172,962	15,351,967	16,086,176	10,464,345	19,476,213	18,012,046	11,531,008	192,172,206

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

Source: Department of Finance

**COUNTY OF KAUA‘I, HAWAI‘I  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 3**

Fiscal Year	Total Tax Levy	Tax Levy		Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Adjustments in Subsequent Years	Total Tax Levy After Adjustments	Tax Collections (1)	Percent of Levy	Collections in Subsequent Years	Tax Collections (1)	Percent of Levy	
2007	\$ 76,971,763	\$ 14,862	\$ 76,986,625	\$ 75,336,422	97.9 %	\$ 1,626,386	\$ 76,962,808	99.969 %	
2008	86,373,611	20,099	86,393,710	84,617,913	98.0	1,711,118	\$ 86,329,031	99.925	
2009	91,063,418	540,642	91,604,060	88,762,923	97.5	2,762,977	\$ 91,525,900	99.915	
2010	91,292,733	361,092	91,653,825	89,160,050	97.7	2,426,988	\$ 91,587,038	99.927	
2011	83,621,720	(488,280)	83,133,440	81,866,842	97.9	1,204,535	\$ 83,071,377	99.925	
2012	80,337,961	(632,530)	79,705,431	78,588,196	97.8	1,050,665	\$ 79,638,861	99.916	
2013	80,013,943	246,740	80,260,683	78,429,057	98.0	1,444,625	\$ 79,873,682	99.518	
2014	91,842,667	514,319	92,356,986	90,317,284	98.3	1,511,950	\$ 91,829,234	99.429	
2015	107,139,250	85,471	107,224,721	105,651,792	98.6	742,995	\$ 106,394,787	99.226	
2016	114,123,755	--	114,123,755	112,470,902	98.6	--	\$ 112,470,902	98.552	

Note (1): Current and delinquent tax collections do not include penalties and interest.

Source: Department of Finance

**COUNTY OF KAUA'I, HAWAII**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1-2**

**TABLE 4**

Fiscal Year	Gross Assessed Value (1)			Exemptions	Net Taxable Value	Total Direct Tax Rate	Ratio (%) of Net Taxable to Estimated Actual Value
	Land	Buildings	Total				
2007	\$ 9,131,641	\$ 6,247,984	\$ 15,379,625	\$ 1,625,247	\$ 13,754,378	\$ 5.47	89.4
2008	12,614,404	8,071,864	20,686,268	1,787,352	18,898,916	5.33	91.4
2009	12,604,914	8,412,021	21,016,935	1,725,331	19,291,604	5.37	91.8
2010	12,277,191	8,330,593	20,607,784	1,672,707	18,935,077	5.38	91.9
2011	10,559,729	7,880,358	18,440,087	1,681,649	16,758,438	5.37	90.9
2012	9,864,222	7,783,351	17,647,573	1,800,878	15,846,695	5.42	89.8
2013	9,452,552	7,846,372	17,298,924	1,987,430	15,311,494	5.44	88.5
2014	n/a	n/a	17,868,948	2,068,710	15,800,238	6.04	87.9
2015	n/a	n/a	19,040,292	2,927,020	16,113,272	6.70	84.0
2016	n/a	n/a	20,420,263	3,026,948	17,393,315	6.54	84.5

Note (1): Personal property is not taxed in the County of Kaua'i.  
Taxable properties are assessed at 100% of estimated fair market value.  
Values presented exclude government exemptions.  
The total direct tax rate represents the weighted average of all the individual direct rates applied by the County of Kaua'i.  
Valuations have been changed since the June 30, 2009 CAFR was issued.

Note (2): As of fiscal year 2014 the Real Property Tax Division no longer maintains a breakdown between taxable land and taxable building valuations.  
(n/a): Indicates that information is not available.

Source: Department of Finance, Real Property Tax Division

**COUNTY OF KAUA'I, HAWAI'I**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2007	Single Family Residential	\$ 2,867,202	\$4.00	\$ 944,233	\$4.30	\$ 3,811,435
	Homestead	2,431,743	4.00	1,135,329	3.44	3,567,072
	Agriculture	1,489,497	6.95	362,744	4.30	1,852,241
	Conservation	201,369	6.95	23,816	4.30	225,185
	Hotel/resort	399,382	6.95	1,189,674	7.95	1,589,056
	Apartment	417,594	6.95	1,112,398	7.95	1,529,992
	Commercial	529,327	6.95	358,499	7.95	887,826
	Industrial	165,194	6.95	126,377	7.95	291,571
	Total	<u>\$ 8,501,308</u>		<u>\$ 5,253,070</u>		<u>\$ 13,754,378</u>
2008	Single Family Residential	\$ 4,158,997	\$4.00	\$ 1,248,938	\$4.30	\$ 5,407,935
	Homestead	3,790,456	4.00	1,548,740	3.44	5,339,196
	Agriculture	2,038,783	6.95	495,648	4.30	2,534,431
	Conservation	245,695	6.95	25,743	4.30	271,438
	Hotel/resort	457,181	6.95	1,540,091	7.95	1,997,272
	Apartment	498,494	6.95	1,539,314	7.95	2,037,808
	Commercial	580,964	6.95	401,520	7.95	982,484
	Industrial	189,235	6.95	139,117	7.95	328,352
	Total	<u>\$ 11,959,805</u>		<u>\$ 6,939,111</u>		<u>\$ 18,898,916</u>
2009*	Single Family Residential	\$ 4,250,036	\$3.95	\$ 1,312,835	\$4.25	\$ 5,562,871
	Homestead	3,553,716	4.00	1,639,610	3.44	5,193,326
	Agriculture	2,030,151	6.90	508,407	4.25	2,538,558
	Conservation	321,264	6.90	25,799	4.25	347,063
	Hotel/resort	526,907	6.90	1,716,803	7.90	2,243,710
	Apartment	512,669	6.90	1,523,212	7.90	2,035,881
	Commercial	620,012	6.90	430,013	7.90	1,050,025
	Industrial	179,825	6.90	140,345	7.90	320,170
	Total	<u>\$ 11,994,580</u>		<u>\$ 7,297,024</u>		<u>\$ 19,291,604</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2010	Single Family Residential	\$ 3,983,986	\$3.95	\$ 1,440,943	\$4.25	\$ 5,424,929
	Homestead	3,142,703	4.00	1,665,718	3.44	4,808,421
	Agriculture	1,789,664	6.90	606,715	4.25	2,396,379
	Conservation	282,104	6.90	28,847	4.25	310,951
	Hotel/resort	853,348	6.90	1,548,564	7.90	2,401,912
	Apartment	905,714	6.90	1,264,879	7.90	2,170,593
	Commercial	609,334	6.90	475,418	7.90	1,084,752
	Industrial	185,209	6.90	151,931	7.90	337,140
	Total	<u>\$ 11,752,062</u>		<u>\$ 7,183,015</u>		<u>\$ 18,935,077</u>
2011	Single Family Residential	\$ 3,399,041	\$3.95	\$ 1,517,505	\$4.25	\$ 4,916,546
	Homestead	2,594,045	4.00	1,504,084	3.44	4,098,129
	Agriculture	1,497,499	6.90	646,375	4.25	2,143,874
	Conservation	240,567	6.90	38,785	4.25	279,352
	Hotel/resort	784,254	6.90	1,322,080	7.90	2,106,334
	Apartment	762,925	6.90	1,026,807	7.90	1,789,732
	Commercial	600,359	6.90	467,576	7.90	1,067,935
	Industrial	206,957	6.90	149,579	7.90	356,536
	Total	<u>\$ 10,085,647</u>		<u>\$ 6,672,791</u>		<u>\$ 16,758,438</u>
2012	Single Family Residential	\$ 3,012,544	\$3.95	\$ 1,551,602	\$4.25	\$ 4,564,146
	Homestead	2,263,350	4.00	1,443,463	3.44	3,706,813
	Agriculture	1,512,526	6.90	650,188	4.25	2,162,714
	Conservation	236,149	6.90	33,964	4.25	270,113
	Hotel/resort	773,560	6.90	1,275,984	7.90	2,049,544
	Apartment	770,859	6.90	995,317	7.90	1,766,176
	Commercial	563,209	6.90	424,745	7.90	987,954
	Industrial	184,851	6.90	154,384	7.90	339,235
	Total	<u>\$ 9,317,048</u>		<u>\$ 6,529,647</u>		<u>\$ 15,846,695</u>

**COUNTY OF KAUA‘I, HAWAI‘I**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2013	Single Family Residential	\$ 2,921,737	\$4.85	\$ 1,595,484	\$4.25	\$ 4,517,221
	Homestead	2,093,573	3.05	1,378,141	3.05	3,471,714
	Agriculture	1,426,037	6.90	717,931	4.25	2,143,968
	Conservation	216,421	6.90	46,109	4.25	262,530
	Hotel/resort	708,705	7.14	1,207,471	8.20	1,916,176
	Apartment	735,925	6.90	948,496	7.90	1,684,421
	Commercial	541,194	6.90	430,905	7.90	972,099
	Industrial	184,873	6.90	158,492	7.90	343,365
	Total	<u>\$ 8,828,465</u>		<u>\$ 6,483,029</u>		<u>\$ 15,311,494</u>

**COUNTY OF KAUA‘I, HAWAI‘I**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

**TABLE 5**

Fiscal Year	Class of Property	Net Valuation for Tax Rate	Tax Rates Per \$1,000
2014	Residential	\$ 5,247,983	\$5.75
	Vacation Rental	2,410,922	8.00
	Commercial	970,226	8.00
	Industrial	348,850	8.00
	Agriculture	694,360	6.75
	Conservation	93,307	6.75
	Hotel/Resort	2,019,583	9.00
	Homestead	<u>4,015,007</u>	3.05
	Total	<u>\$ 15,800,238</u>	
2015	Residential	\$ 5,593,126	\$6.05
	Vacation Rental	2,631,776	8.85
	Commercial	986,307	8.10
	Industrial	344,376	8.10
	Agriculture	766,282	6.75
	Conservation	76,791	6.75
	Hotel/Resort	2,222,843	10.85
	Homestead	<u>3,491,771</u>	3.05
	Total	<u>\$ 16,113,272</u>	
2016	Residential	\$ 4,307,877	\$6.05
	Vacation Rental	2,754,556	8.85
	Commercial	988,391	8.10
	Industrial	349,909	8.10
	Agriculture	848,806	6.75
	Conservation	88,214	6.75
	Hotel/Resort	2,118,758	10.85
	Homestead	4,176,046	3.05
	Residential Investor	907,267	7.05
	Commercialized Home Use	<u>853,491</u>	5.05
	Total	<u>\$ 17,393,315</u>	

Note (1): Amounts presented net of real property tax exemption and 50% appeals.

Note (2): As of fiscal year 2014 the Real Property Tax Division changed the classes of property and no longer maintains a breakdown between taxable land and taxable building valuations.

\* Valuations have been changed since the June 30, 2009 CAFR was issued.

Source: Department of Finance, Real Property Tax Division

TABLE 6

**COUNTY OF KAUA'I, HAWAI'I**  
**COMPARISON OF PRINCIPAL TAXPAYERS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2007 (UNAUDITED)**

FISCAL YEAR 2016					
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Kauai Ownership (Waiohi & Beach Clubs)	Resort Development	\$ 501,835,300	\$ 5,444,916	2.9 %
2	Kawailoa Development (Grand Hyatt Poipu)	Resort Development	218,751,800	2,373,457	1.3
3	SVO Pacific Inc (Sheraton Makai & Westin)	Resort Development	217,308,100	2,357,792	1.2
4	Poipu Resort Partners (The Pointe)	Resort Development	186,170,300	2,019,948	1.1
5	Kukui'ula Development Co / Kukui'ula Village LLC	Real Estate - Commercial	171,721,100	1,774,543	1.0
6	Grove Farm Properties Inc / Grove Farm Co Inc.	Real Estate Development	110,409,000	1,643,829	0.6
7	Poipu Beach Villas LLC / Koloa Landing	Real Estate Holdings	154,464,900	1,184,765	0.9
8	Princeville Hotel	Resort	107,020,000	1,160,277	0.6
9	Princeville Development	Resort Development	186,068,200	1,125,648	1.1
10	Bali Hai Villas Ltd Partnership	Resort Development	101,192,000	1,097,933	0.6
			<u>\$ 1,954,940,700</u>	<u>\$ 20,183,108</u>	<u>11.3 %</u>
FISCAL YEAR 2007					
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Kauai Ownership	Real Estate Development	\$ 450,486,600	\$ 3,469,200	2.7 %
2	Kawailoa Development	Resort Development	165,600,000	2,570,865	1.0
3	Pahio Management Inc.	Resort Development	155,755,600	1,207,858	0.9
4	Poipu Resort Partnership	Resort Development	144,667,900	1,128,895	0.9
5	Visionary LLC	Real Estate Holdings	65,067,200	1,002,998	0.4
6	Princeville Corporation	Resort Development	86,405,800	936,689	0.5
7	Princeville Hotel	Resort Development	58,900,100	918,045	0.3
8	Grove Farm Company, Inc.	Real Estate Development	104,759,400	916,722	0.6
9	Eric A. Knudsen Trust	Real Estate Holdings	88,524,700	708,212	0.5
10	Pono Kai/Glenn Ivy Resorts	Resort Development	69,819,000	663,048	0.4
			<u>\$ 1,389,986,300</u>	<u>\$ 13,522,532</u>	<u>8.2 %</u>

Source: Department of Finance, Real Property Tax Division

**COUNTY OF KAUA‘I, HAWAI‘I**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	Governmental Activities (1)		Business-type Activities (1)				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation	Capital Leases	General Obligation	Revenue Bonds	Capital Leases	Sewer Loans			
	Bonds	Leases	Bonds	Bonds	Leases	Loans			
2007	\$ 76,289,985	\$ 1,345,045	\$ 1,664,353	\$ 895,000	--	\$ 10,222,582	\$ 90,416,965	4.32 %	\$ 1,441
2008	73,491,909	1,355,155	1,551,076 (3)	740,000	--	9,142,867	86,281,007	3.74	1,351
2009	69,503,833	2,396,136	1,422,799 (3)	575,000	--	14,071,350	87,969,118	3.83	1,363
2010	125,775,757	3,054,047	1,289,523 (3)	395,000	--	17,492,700	148,007,027	6.23	2,202
2011	121,877,681	4,783,617	1,151,245 (3)	205,000	--	17,283,261	145,300,804	5.87	2,146
2012	119,026,446	3,697,053	1,007,967 (3)	--	33,221	18,238,387	142,003,074	5.40	2,075
2013	116,792,135	4,178,948	859,689	--	292,317	20,194,396	142,317,485	5.21	2,047
2014	112,995,000	5,644,489	705,000	--	470,676	19,166,416	138,981,581	4.91	1,972
2015	108,745,000	4,878,543	540,000	--	550,168	18,871,239	133,584,950	n/a	n/a
2016	104,685,000	4,257,981	370,000	--	365,549	22,704,977	132,383,507	n/a	n/a

Note (1): Details regarding the County’s outstanding debt can be found in the notes to the financial statements.  
 Note (2): See the Schedule of Demographic Statistics for personal income and population data.  
 Note (3): Correction to the amount reported on the CAFR for the year ended June 30, 2012.  
 (n/a): Indicates information currently not available.

**COUNTY OF KAUA‘I, HAWAI‘I**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-4**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 7A**

Fiscal Year	Governmental Activities General Obligation Bonds (1)	Business-type Activities General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2007	\$ 76,289,985	\$ 1,664,353	\$ 2,588,839	\$ 75,365,499	0.55 %	\$ 1,201
2008	73,491,909	1,551,076 (4)	3,580,002	71,462,983	0.42	1,119
2009	69,503,833	1,422,799 (4)	3,685,000	67,241,632	0.35	1,042
2010	125,775,757	1,289,523 (4)	6,650,089	120,415,191	0.64	1,791
2011	121,877,681	1,151,245 (4)	4,105,154	118,923,772	0.71	1,757
2012	119,026,446	1,007,967	483,340	119,551,073	0.75	1,747
2013	116,792,135	859,689	2,744,837	114,906,987	0.75	1,653
2014	112,995,000	705,000	161,837	113,538,163	0.71	1,611
2015	108,745,000	540,000	161,837	109,123,163	0.67	n/a
2016	104,685,000	370,000	161,837	104,893,163	0.60	n/a

- Note (1): Details regarding the County's outstanding debt can be found in the notes to the financial statements.  
 Note (2): See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.  
 Note (3): See the Schedule of Demographic Statistics for personal income and population data.  
 Note (4): Correction to statistics reported prior to the CAFR for the year ended June 30, 2012.  
 (n/a): Indicates information currently not available.

**COUNTY OF KAUA‘I, HAWAI‘I  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 2**

**TABLE 8**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit (1)	\$2,525,651,400	\$2,906,898,900	\$2,893,740,600	\$2,840,261,550	\$2,513,765,700	\$2,377,004,250	\$2,296,724,100	\$ 2,370,035,700	\$ 2,416,990,800	\$ 2,608,997,250
Debt applicable to limit	<u>75,296,160</u>	<u>69,911,906</u>	<u>65,818,833</u>	<u>119,125,668</u>	<u>117,772,527</u>	<u>118,543,106</u>	<u>114,047,298</u>	<u>112,833,163</u>	<u>108,745,000</u>	<u>104,685,000</u>
Legal debt margin (2)	<u>\$2,450,355,240</u>	<u>\$2,836,986,994</u>	<u>\$2,827,921,767</u>	<u>\$2,721,135,882</u>	<u>\$2,395,993,173</u>	<u>\$2,258,461,144</u>	<u>\$2,182,676,802</u>	<u>\$ 2,257,202,537</u>	<u>\$ 2,308,245,800</u>	<u>\$ 2,504,312,250</u>
Debt applicable to the limit as a percentage of debt limit	2.98%	2.41%	2.27%	4.19%	4.69%	4.98%	4.96%	4.76%	4.49%	4.01%

Note (1): State finance statutes limit the County's outstanding general debt to no more than 15 percent of the net assessed value of property.

Note (2): The legal debt margin is the County's available borrowing authority under State finance statutes and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.

Source: Department of Finance

Legal Debt Margin Calculation for Fiscal Year 2016	
Net assessed value	<u>\$17,393,315,000</u>
Debt limit (15% of net assessed value)	2,608,997,250
Debt applicable to limit	<u>104,685,000</u>
Legal debt margin	<u>\$ 2,504,312,250</u>

**COUNTY OF KAUAI, HAWAII**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-5**

**TABLE 9**

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income (3) (millions of dollars)	School Enrollment (4)	Unemployment Rate (5)
2007	62,761	33,356	2,093	9,392	2.5
2008	63,875	36,093	2,305	9,399	4.5
2009	64,529	35,560	2,295	9,260	9.3
2010	67,217	35,304	2,373	9,362	8.7
2011	67,701	36,520	2,472	9,496	8.8
2012	68,434	38,392	2,627	9,530	7.4
2013	69,512	39,251	2,728	8,839	5.7
2014	70,475	40,163	2,830	6,924	4.8
2015	n/a	n/a	n/a	9,381	3.8
2016	n/a	n/a	n/a	n/a	n/a

Note (1): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (2): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (3): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (4): State of Hawai'i Department of Education.

Note (5): U.S. Department of Labor Bureau of Labor Statistics.

Population includes Armed Forces and their dependents.

(n/a): Indicates information currently not available.

**COUNTY OF KAUA‘I, HAWAI‘I  
JOBS BY INDUSTRY  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 10**

Fiscal Year	Construction	Transportation Communication Utilities	Wholesale & Retail Trade	Services	Lodging	Medical	Finance Insurance Real Estate	Agriculture	Government
2007	1,850	1,700	4,750	11,450	4,400	2,200	1,200	650	4,300
2008	2,050	1,550	4,650	11,400	4,150	2,250	1,200	600	4,400
2009	1,550	1,400	4,250	10,400	3,650	2,250	1,200	600	4,450
2010	1,600	1,400	4,300	10,500	3,800	2,300	1,100	550	4,400
2011	1,300	1,400	4,300	10,600	4,200	2,300	1,200	600	4,400
2012	1,300	1,400	4,200	10,800	4,100	2,300	1,300	n/a	4,600
2013	1,300	1,500	4,400	11,200	4,200	2,500	1,400	n/a	4,500
2014	1,200	1,500	4,400	11,600	4,200	2,500	1,400	n/a	4,600
2015	1,500	1,500	4,400	11,700	4,200	2,500	1,400	n/a	4,600
2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(n/a): Indicates information currently not available.

Source: State of Hawai‘i Data Book.

**COUNTY OF KAUAI, HAWAII**  
**REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 11**

Fiscal Year	Gross Receipts (2)	Operating Expenses (3)	Net Receipts Available for Debt Service	Debt Service Requirement (1)			Coverage
				Principal	Interest	Total	
2007	\$ 1,373,695	\$ 809,496	\$ 564,199	\$ 145,000	\$ 75,400	\$ 220,400	\$ 343,799
2008	2,045,264	1,743,636	301,628	155,000	64,887	219,887	81,741
2009	1,287,720	1,046,270	241,450	165,000	53,650	218,650	22,800
2010	1,856,833	1,318,393	538,440	180,000	41,687	221,687	316,753
2011	2,374,888	1,562,449	812,439	190,000	28,637	218,637	593,802
2012	1,791,502	1,384,305	407,197	205,000	14,862	219,862	187,335
2013	1,749,444	1,350,025	399,419	--	--	--	399,419
2014	1,665,781	1,105,777	560,004	--	--	--	560,004
2015	2,285,109	1,387,091	898,018	--	--	--	898,018
2016	2,444,866	1,702,743	742,123	--	--	--	742,123

Note (1): Includes principal and interest of revenue bonds only. It does not include the general obligation or public improvement bonds.

Note (2): Receipts include contribution from HOME Investment Partnership Program Grant fund and residual bond proceeds used for the redemption of outstanding bond principal.

Note (3): Operating expenses do not include depreciation expense.

Source: Department of Finance

**COUNTY OF KAUAI, HAWAII**  
**MISCELLANEOUS STATISTICS**  
**FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)**

**TABLE 12**

Date of incorporation:	January 4, 1905
Date first charter adopted:	January 2, 1969
Form of government:	Mayor/Council
Number of employees (excluding fire and police):	891
Permanent	655
Temporary	11
Exempt	195
Contract	30
 Area in square miles:	 627
 County facilities and services:	
Miles of streets	309.6
Number of streetlights	2,941
Number of County facilities:	
Community centers	9
Camping parks	7
Recreational parks	67
Gymnasiums	3
Swimming pools	2
Golf courses	1
Tennis courts	24
Baseball and softball fields	17
Basketball courts	22
Volleyball courts	2
Soccer fields	18
Auditoriums	1
Stadiums	3
Fire protection:	
Number of stations	8
Number of fire personnel and officers	200
Number of calls answered	5,914
Number of inspections conducted	2,707
Police protection:	
Number of stations	5
Number of police personnel	203
Number of patrol units	89
Number of police officers	148
Number of law violations:	
Physical arrest	4,012
Traffic violations	14,203
Parking violations	2,659

**COUNTY OF KAUA'I, HAWAI'I  
 MISCELLANEOUS STATISTICS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)**

**TABLE 12**

Sewage system:	
Number of treatment plants	4
Number of service connections:	
Residential	4,824
Commercial	564
Daily average treatment in gallons	2,300,000
Maximum daily capacity of treatment plant in gallons	5,500,000
Water system:	
Miles of water mains	443.41
Number of service connections	21,740
Number of fire hydrants	2,918
Annual water consumption in gallons	4.048 billion
Maximum daily capacity of plant in gallons	26.2 million
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	9
Number of elementary school instructors	315
Number of middle schools	3
Number of middle school instructors	130
Number of secondary schools	3
Number of secondary school instructors	191
Number of community colleges	1
Hospitals:	
Number of hospitals	3
Number of patient beds	111
Elections - 2016 general election:	
Number of registered voters	44,332
Number of votes cast	27,225
Percentage of registered voters voting	61.4%

**COUNTY OF KAUA'I, HAWAI'I  
 MISCELLANEOUS STATISTICS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)**

**TABLE 12**

Building Permits:

<u>Fiscal Year</u>	<u>Number of Permits Issued</u>	<u>Value of Permits</u>
2007	1,310	342,564,486
2008	1,547	473,380,482
2009	1,402	428,638,994
2010	1,272	193,934,914
2011	1,174	148,556,347
2012	1,386	187,620,246
2013	1,758	311,699,460
2014	2,087	253,496,415
2015	2,176	394,773,361
2016	4,406	217,945,537

Source: Building Division, County of Kaua'i

**COUNTY OF KAUA'I, HAWAI'I  
MISCELLANEOUS STATISTICS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)**

**TABLE 12**

Tourism Sector:

<u>Fiscal Year</u>	<u>Total Visitors (000)</u>	<u>Avg. Length of Stay (days)</u>	<u>Total Room Stock (000)</u>	<u>Avg. Daily Census (000)</u>
2007	1,299.0	6.2	8.6	22.2
2008	1,030.6	7.0	9.2	19.8
2009	928.1	7.4	9.5	18.7
2010	964.7	7.5	9.3	19.7
2011	1,011.5	7.5	9.8	20.8
2012	1,084.6	7.5	8.2	22.3
2013	1,114.3	7.6	8.6	23.3
2014	1,117.7	7.7	8.4	23.5
2015	1,173.7	7.2	8.5	24.5
2016	n/a	n/a	n/a	n/a

(n/a): Indicates information currently not available.

Sources: State Department of Business, Economic Development and Tourism, Hawai'i Tourism Authority, Visitor Research Annual Reports

**COUNTY OF KAUAI, HAWAII**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

**Principal Non-Government Employers as of 2015**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	907	3.58%
2	WILCOX HEALTH	HOSPITAL	771	3.04%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.17%
4	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	499	1.97%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	344	1.35%
6	SHERATON KAUAI RESORT	HOTEL	296	1.16%
7	SYGENTA CORP	AGRICULTURE	260	1.02%
8	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	210	0.83%
9	AQUA-ASTON HOSPITALITY	HOTEL	208	0.82%
10	THE WESTIN PRINCEVILLE OCEAN RESORT VILLA HOTEL		205	0.81%

Source: Pacific Business News, August 19, 2016 Publication  
 State of Hawai'i Data Book 2015

**Principal Non-Government Employers as of 2014**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	881	3.55%
2	WILCOX HEALTH	HOSPITAL	832	3.35%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.21%
4	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	499	2.01%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	344	1.38%
6	SHERATON KAUAI RESORT	HOTEL	296	1.19%
7	SYGENTA CORP	AGRICULTURE	260	1.04%
8	AQUA KAUAI BEACH RESORT	HOTEL	200	0.80%
9	SHIOI CONSTRUCTION	CONSTRUCTION	179	0.72%
10	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	168	0.67%

Source: Pacific Business News, August 24, 2015 Publication  
 State of Hawai'i Data Book 2014

**COUNTY OF KAUA'I, HAWAI'I  
PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)  
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

**Principal Non-Government Employers as of 2013**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	941	3.85%
2	WILCOX MEMORIAL HOSPITAL	HOSPITAL	605	2.47%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.25%
4	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	491	2.01%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	325	1.33%
6	SHERATON KAUA'I RESORT	394-ROOM HOTEL	308	1.26%
7	KAUA'I BEACH RESORT	350-ROOM CONDO HOTEL	250	1.02%
8	KAUAI MEDICAL CLINIC	HEALTH CLINIC	234	0.95%
9	SHIOI CONSTRUCTION INC.	CONSTRUCTION COMPANY	179	0.73%
10	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	168	0.68%

Source: Pacific Business News, August 22, 2014 Publication  
State of Hawai'i Data Book 2013

**Principal Non-Government Employers as of 2012**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	946	4.03%
2	WILCOX MEMORIAL HOSPITAL	72 BED HOSPITAL	719	3.06%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	569	2.42%
4	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	489	2.08%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	325	1.38%
6	PIONEER HI-BRED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	320	1.36%
7	ASTON ALOHA BEACH HOTEL	216-ROOM HOTEL	290	1.23%
8	SHERATON KAUA'I RESORT	394-ROOM HOTEL	285	1.21%
9	BAYADA HOME HEALTH CARE	HOME CARE AND HABILITATION SERVICES	242	1.03%
10	KAUA'I BEACH RESORT	350-ROOM CONDO HOTEL	242	1.03%

Source: Pacific Business News, August 30, 2013 Publication  
State of Hawai'i Data Book 2012

**COUNTY OF KAUAI, HAWAII**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

**Principal Non-Government Employers as of 2011**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	830	3.44%
2	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	607	2.52%
3	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	504	2.09%
4	WILCOX MEMORIAL HOSPITAL	71 BED HOSPITAL	488	2.02%
5	KAUAI MARRIOTT RESORT	356-ROOM HOTEL	436	1.81%
6	WAL-MART	DISCOUNT RETAILER	365	1.51%
7	'OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING, INTERMEDIATE CARE & DAY CARE	350	1.45%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	250	1.04%
9	KAUAI BEACH RESORT	350-ROOM HOTEL	217	0.90%
10	KAUAI MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.88%

Source: Pacific Business News, August 26, 2011 Publication  
 State of Hawaii Data Book 2011

**Principal Non-Government Employers as of 2010**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	900	3.79%
2	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	598	2.52%
3	WILCOX MEMORIAL HOSPITAL	71 BED HOSPITAL	488	2.05%
4	THE ST. REGIS PRINCEVILLE RESORT	252-ROOM HOTEL	426	1.79%
5	WAL-MART	DISCOUNT RETAILER	345	1.45%
6	'OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING, INTERMEDIATE CARE & DAY CARE	300	1.26%
7	SHERATON KAUAI RESORT	394-ROOM HOTEL	284	1.20%
8	ALEXANDER & BALDWIN INC.	AGRICULTURE, REAL ESTATE, OCEAN TRANSPORTATION	271	1.14%
9	KAUAI BEACH RESORT	350-ROOM HOTEL	230	0.97%
10	KAUAI MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.90%

Source: Pacific Business News, August 27, 2010 Publication  
 State of Hawaii Data Book 2010

**COUNTY OF KAUA'I, HAWAI'I**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

**Principal Non-Government Employers as of 2009**

RANK	BUSINESS NAME	TYPE OF BUSINESS	PERCENTAGE OF	
			TOTAL EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	997	4.23%
2	KAUA'I MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	564	2.39%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	529	2.25%
4	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	486	2.06%
5	WAL-MART	DISCOUNT RETAILER	417	1.77%
6	BIG SAVE, INC.	RETAIL GROCER	410	1.74%
7	THE ST. REGIS PRINCEVILLE RESORT	252-ROOM HOTEL	336	1.43%
8	SHERATON KAUA'I RESORT	394-ROOM HOTEL	309	1.31%
9	HILTON KAUA'I BEACH RESORT	350-ROOM HOTEL	250	1.06%
10	NURSEFINDERS OF KAUA'I	HOME CARE AND BEHAVIORAL HEALTH SERVICES	238	1.01%

Source: Pacific Business News, July 31, 2009 Publication  
 State of Hawai'i Data Book 2009

**Principal Non-Government Employers as of 2008**

RANK	BUSINESS NAME	TYPE OF BUSINESS	PERCENTAGE OF	
			TOTAL EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	997	3.82%
2	KAUA'I MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	564	2.16%
3	ITT CORP. SYSTEMS DIVISION	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	538	2.06%
4	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	497	1.90%
5	WAL-MART	DISCOUNT RETAILER	417	1.60%
6	BIG SAVE, INC.	RETAIL GROCER	412	1.58%
7	PRINCEVILLE RESORT	252-ROOM HOTEL	400	1.53%
8	SHERATON KAUA'I RESORT	394-ROOM HOTEL	327	1.25%
9	HILTON KAUA'I BEACH RESORT	350-ROOM HOTEL	297	1.14%
10	OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING AND INTERMEDIATE CARE	256	0.98%

Source: Pacific Business News, August 1, 2008 Publication  
 State of Hawai'i Data Book 2008

**COUNTY OF KAUAI, HAWAII  
PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)  
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

**Principal Non-Government Employers as of 2007**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	949	3.55%
2	KAUAI MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	558	2.09%
3	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	502	1.88%
4	WAL-MART	DISCOUNT RETAILER	409	1.53%
5	PRINCEVILLE RESORT	252-ROOM HOTEL	394	1.48%
6	SHERATON KAUAI RESORT	394-ROOM HOTEL	322	1.21%
7	HILTON KAUAI BEACH RESORT	350-ROOM HOTEL	244	0.91%
8	GAY & ROBINSON INC.	GROWS SUGAR CANE AND CATTLE RANCHING	235	0.88%
9	WEST KAUAI MEDICAL CENTER	HOSPITAL	208	0.78%
10	KAUAI MEDICAL CLINIC	PRIVATE, NONPROFIT COMMUNITY MEDICAL GROUP	201	0.75%

Source: Pacific Business News, July 27, 2007 Publication  
State of Hawaii Data Book 2007

**Principal Non-Government Employers as of 2006**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	950	3.68%
2	KAUAI MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	558	2.16%
3	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	505	1.95%
4	WAL-MART KAUAI	DISCOUNT RETAILER	404	1.56%
5	PRINCEVILLE RESORT	252-ROOM HOTEL	400	1.55%
6	SHERATON KAUAI RESORT	394-ROOM HOTEL	289	1.12%
7	KAUAI MEDICAL CLINIC	PRIVATE, NONPROFIT COMMUNITY MEDICAL GROUP	245	0.95%
8	GAY & ROBINSON INC.	GROWS SUGAR CANE AND CATTLE RANCHING	239	0.92%
9	KAUAI VETERANS MEMORIAL HOSPITAL	ACUTE HOSPITAL WITH EMERGENCY ROOM	195	0.75%
10	WEST KAUAI MEDICAL CENTER	GENERAL HOSPITAL AND OUTPATIENT CLINICS	171	0.66%

Source: Pacific Business News, July 28, 2006 Publication  
State of Hawaii Data Book 2006

Note (1) Statistical Information not available for 2016

**COUNTY OF KAUA‘I, HAWAI‘I**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 2**

**TABLE 14**

Full-time Equivalent Employees as of June 30										
Function:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities:</b>										
General government	281	271	278	291	305	318	318	337	327	333
<b>Public Safety:</b>										
Police	172	180	193	184	188	195	195	202	210	200
Fire	163	168	190	183	201	197	197	194	196	201
Civil Defense	4	4	4	4	5	5	5	5	4	4
Public works	187	88	107	98	96	105.5	107.5	109.5	94.5	92
Highways and streets	76	79	79	79	80	79	76	76	77	77
Sanitation	68	73	75	75	75	73.5	74.5	74.5	75.5	75
Culture and recreation	25	107	107	103	103.5	109.5	109.5	214.5	109.5	111
Public welfare	85	85	98	94	102	110	110	113	114	113
<b>Total Governmental Activities Employees</b>	<u>1,061</u>	<u>1,055</u>	<u>1,131</u>	<u>1,111</u>	<u>1,155.5</u>	<u>1,192.5</u>	<u>1,192.5</u>	<u>1,325.5</u>	<u>1,207.5</u>	<u>1,206.0</u>
<b>Business-type Activities:</b>										
Housing	25	26	29	27	28	29	29	27	25	28
Sewer	34	36	35	36	36	36	36	38	39	37
Golf	22	22	22	22	21.5	21.5	21.5	21.5	20.5	21
<b>Total Business-type Employees</b>	<u>81</u>	<u>84</u>	<u>86</u>	<u>85</u>	<u>85.5</u>	<u>86.5</u>	<u>86.5</u>	<u>86.5</u>	<u>84.5</u>	<u>86.0</u>
<b>Total Primary Government Employees</b>	<u>1,142</u>	<u>1,139</u>	<u>1,217</u>	<u>1,196</u>	<u>1,241</u>	<u>1,279</u>	<u>1,279</u>	<u>1,412</u>	<u>1,292</u>	<u>1,292</u>

Note (1): As of fiscal year 2008, a new Department of Parks and Recreation was established. Therefore, positions previously reported under the Department of Public Works were transferred to the Department of Parks and Recreation.

Note (2): Prior to fiscal year 2008, Culture and Recreation reflected the Agency on Recreation employees. Parks employees were reported under Public Works. Starting fiscal year 2008, all of the employees of the Department of Parks and Recreation are reported under Culture and Recreation, with the exception of Golf activities. Full-time equivalents include permanent, temporary, exempt and contract positions.

Sources: County of Kaua'i Department of Personnel Services  
County of Kaua'i Department of Public Works  
County of Kaua'i Department of Finance

**COUNTY OF KAUA'I, HAWAI'I  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 15**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function:										
Police:										
Physical arrests	2,820	2,907	3,315	3,070	4,368	3,579	3,482	4,260	3,998	4,012
Parking violations	1,636	1,799	1,740	1,673	2,031	2,992	2,945	2,279	2,594	2,659
Traffic violations	12,670	12,747	14,112	17,020	20,345	17,672	15,140	19,106	20,805	14,203
Fire:										
Number of calls answered	4,840	5,013	4,669	4,584	4,970	5,363	5,529	5,689	5,924	5,914
Inspections	3,340	3,359	2,696	2,763	2,437	2,175	2,582	2,791	3,049	2,707
Highways and Streets:										
Street resurfacing (miles)	11.00	13.60	17.00	17.50	10.20	0	9.13	8.42	0	4.99
Sanitation:										
Refuse collected (tons/day)	95.3	99.4	77.8	63.0 (1)	63.0	63.0	63.0	63.0	57.7	75.0
Culture and Recreation:										
Athletic field permits issued	5,882	5,146	7,309	7,797	7,193	7,374	4,670	6,153	25,307	24,176
Community center admissions	7,605	7,436	8,098	9,463	10,109	23,395	94,407	108,000	113,320	118,480
Water:										
Number of service connections	19,825	19,957	20,102	20,490	21,148	21,271	20,976	21,590	21,669	21,740
Annual water consumption in gallons	4,490,000	4,663,000	4,407,000	4,249,000	4,263,000	4,085,000	4,504,000	3,997,000	4,002,000	4,048,000
Wastewater:										
Average daily sewage treatment in gallons	2,720,000	2,550,000	2,550,000	2,550,000	2,550,000	2,450,000	2,300,000	2,300,000	2,300,000	2,300,000

Note (1): Prior year correction noted by the Department of Public Works, Solid Waste Division. Indicators are not available for the general government function.

Source: County of Kaua'i

**COUNTY OF KAUA‘I, HAWAI‘I**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 4**

**TABLE 16**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function:										
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	88	88	88	88	90	82	101	100	93	89
Fire stations	7	7	7	7	8	8	8	8	8	8
Sanitation:										
Collection trucks	9 (1)	9 (1)	8	6	7	7	7	7	8	8
Highways and Streets:										
Streets (miles)	307	307	307	308	308	308	308	309.5	309.5	309.6
Streetlights	2,790	2,797	2,797	2,877	2,902	2,902	2,982	2,921	2,936	2,941
Traffic signals	2	3	3	3	3	3	3	3	3	3
Culture and Recreation:										
Parks acreage	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04
Parks	74	74	74	74	74	74	74	74	74	74
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)
Community centers	11 (3)	11 (3)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)
Water:										
Water mains (miles)	420	422	422	439	443	443	443	443	443	443
Fire hydrants	2,465	2,492	2,517	2,586	2,632	2,654	2,707	2,778	2,778	2,918
Maximum daily capacity (thousands of gallons)	20,590,000	26,140,000	27,040,000	27,436,000	27,436,000	26,200,000	26,200,000	26,200,000	26,200,000	26,200,000
Sewer:										
Sanitary sewers (miles)	50	50	50	50	50	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	5,000,000	5,500,000	5,500,000	5,500,000

Note (1): From 2007 through 2008, one old truck was retained as a spare.

Note (2): 10 tennis court locations, 24 playing courts.

Note (3): Includes 9 neighborhood centers, Anahola clubhouse and Smokey Valley clubhouse.

Note (4): Includes 9 neighborhood centers, Anahola clubhouse, Smokey Valley clubhouse, Hanapēpē multi-purpose room, former Kōloa court house and former Hanalei court house. Indicators are not available for the general government function.

Source: County of Kaua‘i