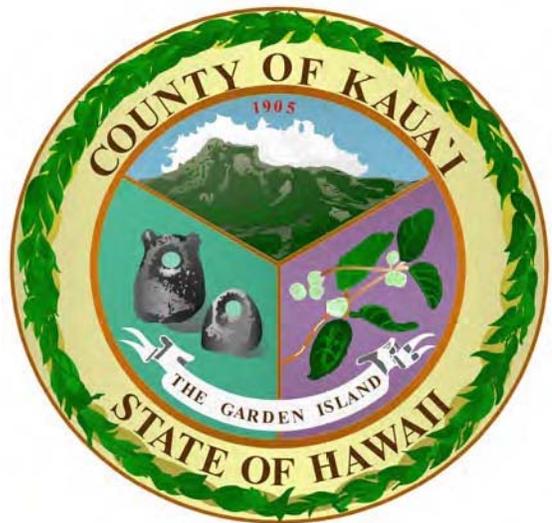


**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
County of Kauaʻi, Hawaiʻi**

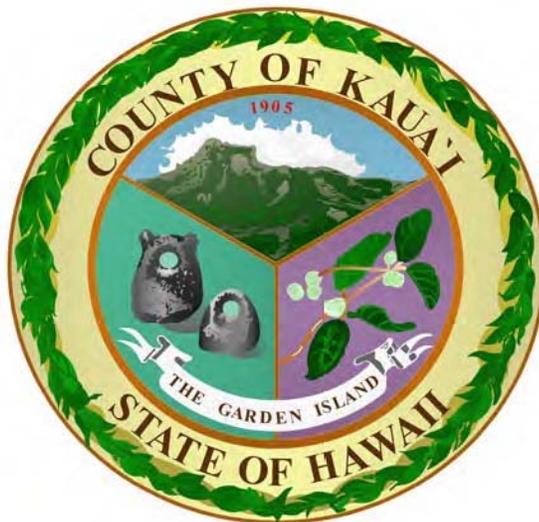


**For the Fiscal Year Ended  
June 30, 2018**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**

## **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, 2018**

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## **INTRODUCTORY SECTION**



**DEPARTMENT OF FINANCE  
THE COUNTY OF KAUA'I**

**DEREK S. K. KAWAKAMI, MAYOR  
MICHAEL A. DAHLIG, MANAGING DIRECTOR**

**KEN M. SHIMONISHI  
DIRECTOR**

**MICHELLE L. LIZAMA  
DEPUTY DIRECTOR**

December 18, 2018

Honorable Mayor Derek S.K. Kawakami,  
Honorable Arryl Kaneshio, Council Chair  
And Members of the Kaua'i County Council  
County of Kaua'i  
4444 Rice Street  
Līhu'e, Hawai'i 96766

Dear Mayor Kawakami, Chairman Kaneshiro, 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, 2018.

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 72,159 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. There were no major tax initiatives or legislative actions during the current fiscal year; however, effective January 1, 2019, county surcharges of 0.5% on State General Excise (GET) and use tax will be implemented and used for operational and capital costs of public transportation systems, including roadways, public buses, pedestrian and bicycle paths, and complying with Americans with Disabilities Act of 1990 with respect to public transportation systems.

The County provides a full range of municipal services. These services include Public Safety (police, fire, emergency management, 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), Culture and Recreation (public pools, parks and beaches, golf course, neighborhood centers, recreation programs, beautification program, auditorium, stadium, janitorial, and repair and maintenance of its facilities), 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, human resources, economic development, and county attorney). 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 (TAT), public service company tax, fuel tax, franchise tax, motor vehicle weight tax, commercial and residential refuse fees, and landfill disposal fees. 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 economy continues to be strong with its main economic engine, the Visitor Industry leading the way. More than any other county, Kaua'i's economy relies heavily on this industry. Kaua'i's tourism is poised for another year of robust growth. The visitor census has surged sharply upward. The home vacation rental (HVR) market is clearly playing an increasingly important role on Kaua'i.

Another contributing factor is a continuing trend of increases in airline seats from the U.S. West Coast to Kaua'i. Major airline carriers, such as Delta, United, Alaska, and Hawaiian Airlines continue to add flights to its current routes to Kaua'i and the State. A major player, Southwest Airlines announced recently that it will enter both the mainland and interisland Hawai'i markets. We expect to see further growth in airlift to Kaua'i over the next several years. Southwest Airlines has already secured a revocable lease permit at the Līhu'e Airport. Additionally, there will be new international routes, starting in December as Air Canada begins winter service from Vancouver.

Strong visitor numbers continue to support businesses that are either directly or indirectly involved in the visitor industry. It should be noted that while growth in the visitor industry is beneficial to the overall island economy, local county government only realizes a portion of the direct benefit, such as revenues generated from TAT; however, effective January 1, 2019, the County will realize 0.5% of county surcharge State GET revenue; of which, one-third is expected to be generated from the tourism sector.

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 2018 and into 2019. This outlook is based on the most recent developments in the national and global economies, the performance of Hawai'i'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 it becomes the island's challenge to live up to that promise. For those who visit Kaua'i for a unique cultural experience, the visitor industry wants to offer an authentic Hawaiian cultural experience. Kaua'i continues to experience economic growth with visitor arrivals, average length of stay, visitor spending and hotel occupancy year over year.

Per Hawai'i Tourism Authority, the number of visitor units on Kaua'i totaled 8,821 units; of which, primarily consisted of hotel units, followed by timeshare units. Visitor statistics provided through October 2018 amounted to approximately 1.2 million visitor arrivals, who stayed an average of 7.4 days and spent \$196.40 per day. As mentioned previously, a continuing trend of increases in airline seats from the U.S. West Coast to Kaua'i directly contributed to increases in visitor arrivals.

### **Film and Technology**

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.

It was a banner year for the film industry on Kaua'i which concluded with Crocus Productions' (Disney) "Elixir" ("Jungle Cruise") that was the biggest production ever produced on Kaua'i in the nearly 90 years of filmmaking history. The six-month production took place in the second half of the fiscal year and was 100% produced on the island. This production contributed to Kaua'i in so many other ways beyond economic and workforce development.

Other productions on Kaua'i included various reality and television shows such as: National Geographic, Hawai'i Life, commercials, print ads, and documentaries.

One of the main goals for the Office of Economic Development (OED) 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 is the Kaua'i Creative Technology Center (KCTC). 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. KCTC 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.

For current industry professionals, KCTC would provide training for workforce development using technology that may or may not be available to the industry due to the rapid changes in technology.

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 the 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.

According to the County's Department of Public Works, Building Division statistics, the County issued 1,149 building permits with a total value of \$278.9 million, another indication that Kaua'i's real estate and construction sector is gradually improving.

There were several major renovation projects in the current year. Hotel Coral Reef Resort is adding a third story to its oceanfront property. Remodeling of guestrooms is currently underway at the Kaua'i Courtyard Coconut Beach and will operate as a Sheraton Hotel brand next year. Mokihana Resort reopened in April 2018 and was rebranded as The ISO (Island, Sky, Ocean). The Pono Kai Resort and Kaua'i Coast Resort at the Beachboy completed its renovation projects this past summer. Sheraton Kaua'i Resort is scheduled to complete its major renovations to both mauka (mountainside) wings in late 2018. Hokuala, a Timbers Resort at Kalapakī celebrated its grand opening of timeshare units in June 2018. 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 and is currently being constructed.

Preliminary architectural design and engineering work by Mark Development for the Koa'e workforce housing development in Po'ipū was completed in 2018 and construction of Phase I is scheduled to commence in the near future. The County's Lima Ola workforce housing project is underway and will add 550-units upon completion.

Construction continues at Ho'oluana at Koheo Loa, a public-private partnership between DR Horton and the County of Kaua'i and is expected to continue through the end of the decade. Upon completion, roughly 440 new homes will be available and a portion designated as affordable units.

Kaua'i Habitat for Humanity continues progress on its 'Ele'ele Iluna subdivision. The non-profit organization hopes to deliver 30 homes per year when the project hits its stride.

Additionally, the re-opening of the iconic Coco Palms Resort continues to progress at a slow pace. The demolition portion was completed; however, the project continues to face challenges and delays in construction.

### **Agriculture / Energy**

Kaua'i is one of the wettest locations in the world and its landscape is fertile and green. More than one-half of the island's acreage is State forest reserves or conservation land.

Seed Corn continues to be Kaua'i's lead agricultural crop and its value and economic impact on Kaua'i is significant. There are currently three seed corn operations in the County: DowDuPont Inc., Hartung Brothers, Inc., and Beck's Hybrids. Combined, they have approximately 5,000 acres in production throughout the County. The weather in Hawai'i allows for three to four crop cycles of corn per year as compared to one to two crop cycles per year on the U.S. mainland.

Other agriculture-related companies that Kaua'i can be very proud of include, but are not limited to: Kaua'i Coffee, Kaua'i Shrimp, and Koloa Rum.

Kaua'i Coffee 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. With 2,500 acres and all drip irrigated, Kaua'i Coffee Company remains the largest coffee plantation in the U.S., representing 35% of total U.S. production. Kaua'i Coffee Company is part of Massimo Zanetti Beverage USA, the North American operating unit of the global coffee conglomerate known as Massimo Zanetti Beverage Group.

Kaua'i Shrimp is the third largest brood stock supplier in the world with customers in China, Vietnam, and India. Sales continue to climb as their product is distributed and sold in restaurants in the U.S. and Japan, including Sam's Club and Costco.

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.

Kaua'i also produces 80% of the State's taro and poi; a staple of the Hawaiian diet and a culturally significant product.

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. County ranchers are improving their breeding lines in an attempt to develop cattle that thrive on the County's good pasture land freed up from sugar. The intent is to make inroads into the imported mainland beef market. Currently, Kaua'i exports approximately 6,000 calves a year while the State imports 250,000 carcass equivalents of finished beef. A large distribution facility in Oahu purchases cattle from Kaua'i for distribution throughout the State. Encouraging Kaua'i's ranchers to sell to local buyers helps to address Kaua'i's goal of food and economic security.

Floriculture and Nursery products on Kaua'i continue to see steady growth over the years.

The County's programs that are housed in OED include, but are not limited to: the County's Sunshine Markets, Kaua'i County Farm Bureau, Kaua'i Cattlemen's Association, Tropical Fruit & Flower Industry, and Kaua'i Grown Programs.

Current energy efficient goals and initiatives of OED resulted in the following projects:

- Energy reductions within County operations; reduce electricity, fuel consumption.
- Electrification of public transit
- Climate action plan
- Hawai'i Carbon Farming Task Force
- Energy retrofits for the Police-Emergency Management facility

## **Major Initiatives and Achievements**

There were no major tax initiatives or legislative actions during the current fiscal year; however, effective January 1, 2019, county surcharges of 0.5% on State General Excise (GET) and use tax will be implemented and used for operational and capital costs of public transportation systems, including roadways, public buses, pedestrian and bicycle paths, and complying with Americans with Disabilities Act of 1990 with respect to public transportation systems.

The County's capital improvement projects that are in-progress, completed, or substantially completed during the year include Kōloa Road safety improvements, Kekaha landfill gas collection system, 'Ele'ele Waste Water Treatment Plant (WWTP) improvements, island-wide sheltered bus stops, Vidinha baseball field improvements, various park improvements projects (e.g. light retrofit, equipment upgrades, ADA improvements, etc.), alternative energy 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 6,411 credits at \$20.00 per month were issued to eligible residential users that amounted to approximately \$128K in savings for households in fiscal year 2018. The General Fund subsidized the sewer credit relief program.

## **Long-term Financial Planning**

On November 8, 2017, the County issued approximately \$24 million in general obligation bonds to be used primarily for the purpose of financing certain public capital improvement projects. The appropriated balance in the Bond Fund amounted to \$34 million. The following major projects have been appropriated for:

Phase I Lima Ola affordable housing project	KFD helicopter hanger
Black Pot improvements	Kōloa, Kalāheo fire station improvements
KPD building energy initiatives	Kalāheo neighborhood gym roof
Kapa'a Police sub-station	Various wastewater plant improvements
Land information management plan	Various bridge replacements
Auto shop improvements	Various parks facility improvements
KWMCH (Convention Hall) improvements	Phase II Puhi Road

## **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:**

State of Hawai'i Organization of Police Officers (SHOPO) – July 1, 2017 to June 30, 2021:

Arbitrated across the board increases (ATB) as follows:

- July 1, 2017: 2% ATB; continue step movement plan; annual firearm maintenance allowance increased from \$500 to \$1,000 per year.
- July 1, 2018: 2.25% ATB increase; continue step movement plan.
- July 1, 2019: 2% ATB; continue step movement plan. PO-7 to PO-15 employees receive lump sum bonus (\$1,800-\$2,000); amount dependent on their current step.
- July 1, 2020: 2% ATB; continue step movement plan. PO-7 to PO-15 employees receive lump sum bonus (\$1,800-\$2,000); amount dependent on their current step; employees on step L-5 with 28 or more years of service accrued on or before July 1, 2020 receive a one-time lump sum bonus of \$500.
- June 30, 2021: New Step L-6 established and implemented.

Hawai'i Fire Fighters Association (HFFA) – July 1, 2017 to June 30, 2019

- July 1, 2017: 2% ATB; continue step movement plan.
- July 1, 2018: 2.25% ATB; continue step movement plan.

### **Clerical and Professional:**

*Bargaining Unit 2* – July 1, 2017 to June 30, 2019

- July 1, 2017: 2% ATB; continue step movement plan; 2% increase to those not assigned to the salary schedule.
- January 1, 2018: 1.2% ATB; 1.2% increase to those not assigned to the salary schedule.
- July 1, 2018: 2.25% ATB; 2.25% increase to those not assigned to the salary schedule.
- January 1, 2019: 1.2% ATB increase; 1.2% increase to those not assigned to the salary schedule.

*Bargaining Unit 3 and 4* – July 1, 2017 to June 30, 2019

- July 1, 2017: 2% ATB; 2% increase to those not assigned to the salary schedule; one-time bonus of \$150; less than full-time equivalent shall receive a pro-rated lump sum payment.
- January 1, 2018: 1.5% ATB; 1.5% increase to those not assigned to the salary schedule.
- July 1, 2018: 2.25% ATB; 2.25% increase to those not assigned to the salary schedule; one-time bonus of \$150; less than full-time equivalent shall receive a pro-rated lump sum payment.
- January 1, 2019: 1.25% ATB; 1.25% increase to those not assigned to the salary schedule; drop Step A and employees on this step shall move to Step B.

*Bargaining Unit 13* – July 1, 2017 to June 30, 2019:

- July 1, 2017: 2% ATB; 2% increase to those not assigned to the salary schedule.
- July 1, 2018: 2.25% ATB; 2.25% increase to those not assigned to the salary schedule.

*Bargaining Unit 14 – July 1, 2017 to June 30, 2019*

July 1, 2017: 2% ATB; continue step movement plan; one-time \$500 lump sum bonus; Ocean/Water Safety Officers who possess a valid National Registered Emergency Medical Technician (NREMT) basic certification or higher, the establishment of a new EMT-B Certification Differential to be paid at the rate of \$1.00 per hour.  
July 1, 2018: 2.25% ATB; continue step movement plan; one-time \$500 lump sum bonus

Utility and Janitorial:

United Public Workers (UPW) – July 1, 2017 to June 30, 2021:

November 1, 2017: \$1,000 lump sum.  
June 1, 2018: 3.2% ATB.  
November 1, 2018: \$1,000 lump sum.  
May 1, 2019: 3.45% ATB.  
July 1, 2019: 2% ATB.  
July 1, 2020: 2% ATB

**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 Accuity, 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 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**

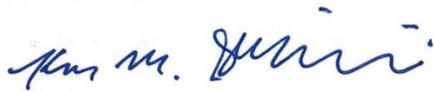
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish 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 twenty-five 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 Mayor and the County Council for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Ken M. Shimonishi". The signature is fluid and cursive, with a distinct flourish at the end.

Ken M. Shimonishi  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Kauai**  
**Hawaii**

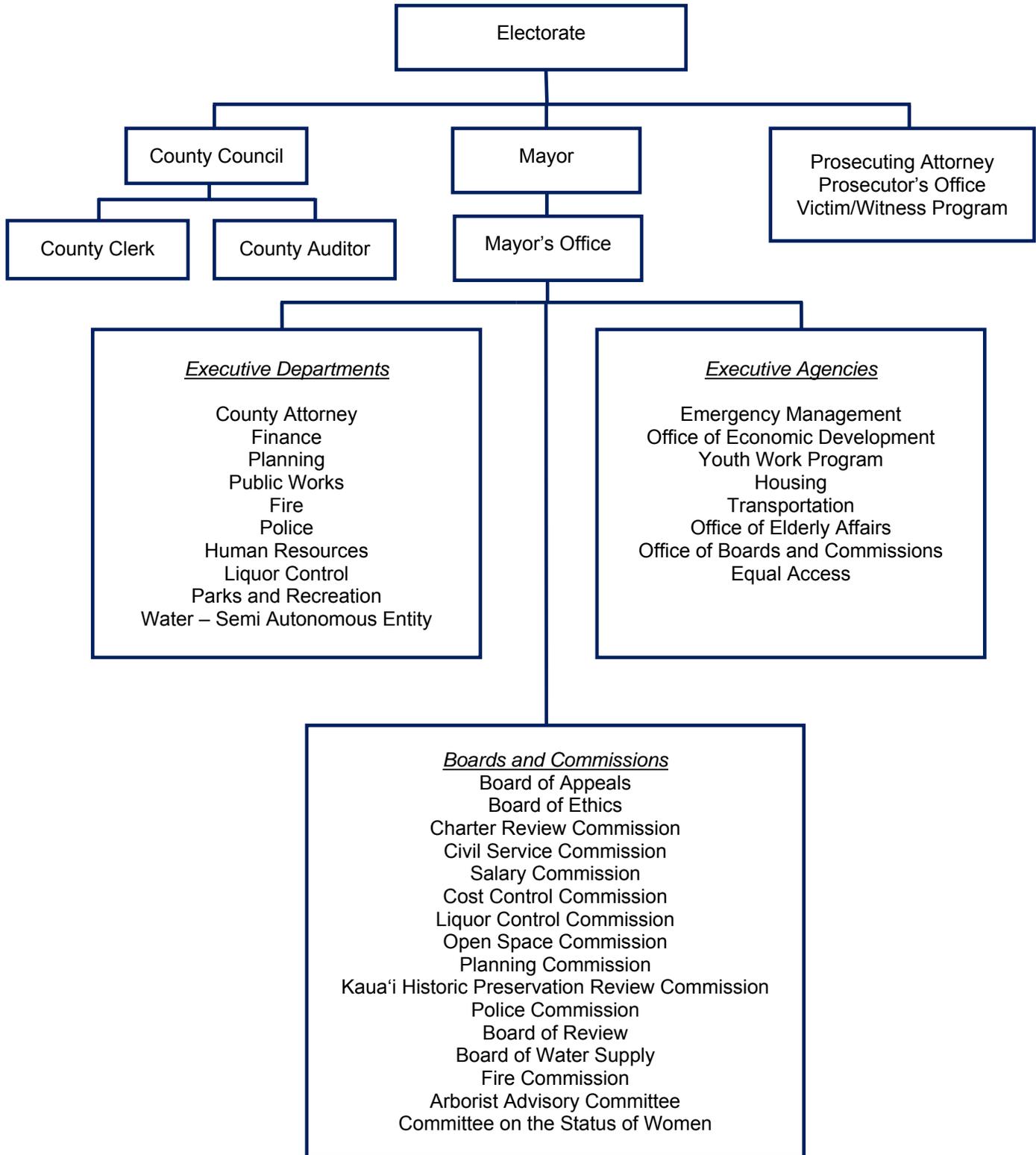
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# County of Kaua'i Organization Chart



**COUNTY OF KAUA'I  
PRINCIPAL ELECTED OFFICIALS  
2016 - 2018 TERM**

**County Council Members**

Mel Rapozo	Chair
Ross Kagawa	Vice-Chair
Arthur Brun	Member
Mason K. Chock	Member
Arryl Kaneshiro	Member
Derek S.K. Kawakami	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, 2018, 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, 2018, and the respective changes in financial positions and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Housing and Community Development Revolving Fund and the Solid Waste Disposal Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### **Adoption of New Accounting Principle**

As discussed in Note 20 to the basic financial statements, the County adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 28, the County's proportionate share of the net pension liability on page 110, the schedule of employer pension contributions on page 111, the changes in the net OPEB liability and related ratios on page 113, and the schedule of OPEB contributions on page 114 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 18, 2018, 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 solely 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 the effectiveness of the County's 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 18, 2018

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2018**

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, 2018. 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 1-10 of this report and the financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

In June 2015, the Government Accounting Standards Board (GASB) issued Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB). The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*. The objective of GASB 75 is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by the state and local government employers about financial support for its OPEB liabilities and a more comprehensive measure of OPEB expense.

The County adopted GASB 75 in the current fiscal year. In prior years, information surrounding OPEB liabilities were disclosed in the note disclosure and required supplementary information sections of the CAFR. With the implementation of GASB 75, the net OPEB liability will be reported on the face of the Statement of Net Position, impacting the reporting and accounting presentation of the County's OPEB liability, ultimately reducing its overall net position.

Changes resulting from GASB 75 requirements apply only to the government-wide financial statements and enterprise funds (Sewer and Golf); it does not apply to governmental funds. As a result of implementing GASB 75, the County is reporting a net OPEB liability, deferred outflows and inflows of resources, and OPEB expense on the accrual basis of accounting. The financial reporting impact resulting from the implementation of GASB 75 included a restatement to June 30, 2017 net position from \$402.8 million to \$269.1 million.

Additional information can be found in Note 13 in the notes to the basic financial statements and required supplementary information other than MD&A.

- The assets and deferred outflows of the **governmental activities** exceeded its liabilities and deferred inflows at the close of the fiscal year by \$172.4 million in its government-wide financial statements, a decrease of \$150.5 million from the prior year. Restricted net position increased \$6.4 million, ending at \$14.9 million. Unrestricted net position is reported as a negative (\$284.5) million, increasing by another negative (\$159.7) million from the prior year.

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

1. A prior period adjustment to governmental activities of \$128.1 million, decreasing net position.
2. Expenses totaling \$234.2 million, an increase of \$34 million or 17% from the prior year.
3. Program revenues totaling \$54.7 million, a slight decrease of \$0.4 million from the prior year.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

4. General revenues and transfers totaling \$157.2 million, an increase of \$9.4 million or 6.3% from the prior year.
  5. Expenses and transfers exceeded total revenues by \$22.3 million, decreasing net position.
  6. Assets, including capital assets, ended at \$762.8 million; an increase of \$46.5 million or 6.5% 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 \$69.8 million in its government-wide financial statements, a decrease of \$10.1 million from the prior year. Restricted net position remained flat to the prior year. Unrestricted net position is reported as a negative (\$4.1) million, decreasing by \$8.9 million from the prior year. The business-type activities recorded in the government-wide financial statements are identical to the proprietary funds except for some consolidation of inter-fund receivables and payables within the primary government.

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

1. A prior period adjustment to business-type activities of \$5.5 million, decreasing net position.
2. Expenses totaling \$18.2 million, an increase of \$1.1 million or 6.4% from the prior year.
3. Program revenues decreased slightly by \$0.4 million and ended at \$13.7 million as compared to \$14.1 million in the prior year.
4. Expenses and transfers exceeded total revenues by \$4.6 million, decreasing net position.
5. Assets, including capital assets, ended at \$106.7 million; a decrease of \$4.5 million or 4% 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 \$148.8 million, an increase of \$23.1 million or 18.4% from the prior year.

- The County's ending **General Fund** balance consisted of \$0.5 million in restricted fund balance, \$20.9 million in committed fund balance, \$1.6 million in assigned fund balance, and \$36.3 million in unassigned fund balance. The General Fund balance at June 30, 2018 amounted to \$59.3 million, an increase of \$2.5 million from the prior year. In December 2011, the County established a Reserve Fund Policy maintained within the General Fund. At June 30, 2018, the reserve fund balance amounted to \$43.5 million and is currently reported in committed fund balance (\$14.5 million) and unassigned fund balance (\$29 million). Additional information can be found in Note 16 in the notes to the basic financial statements.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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, Culture and Recreation, and Public Welfare. The business-type activities of the County include three enterprises: Public Housing Fund, Sewer Fund, and Golf Fund.

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

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

**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.

The County's governmental fund types are the General, Special Revenue, Debt Service and Capital Improvement 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 Disposal Fund, Bond Fund, Federal Grants Fund, State Grants Fund, Grants Capital Improvement Fund, and General Capital Improvement Fund are considered major funds. Balances from the remaining 16 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 Improvement Funds and Bond Fund) for legally adopted annual budgets are presented immediately following the notes to the financial statements.

**COUNTY OF KAUA'I, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

**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 \$515.6 million or 213% 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 \$15.2 million or 6% 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, amounting to a negative (\$288.7) million or (119%) of net position. The County previously implemented GASB 68 and GASB 71 (fiscal year 2015) and GASB 82 (fiscal year 2016). 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 County implemented GASB 75 in the current fiscal year. With the new reporting change, the County is reporting a net OPEB liability and deferred outflows and inflows of resources related to OPEB on the accrual basis of accounting. The implementation of the above pronouncements resulted in a negative unrestricted net position.

The following is a summary of the Statement of Net Position as of June 30, 2018 and 2017:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 227.58	\$ 182.35	\$ 13.13	\$ 14.57	\$ 240.71	\$ 196.92
Capital assets	<u>535.26</u>	<u>533.95</u>	<u>93.57</u>	<u>96.63</u>	<u>628.83</u>	<u>630.58</u>
Total Assets	<u>762.84</u>	<u>716.30</u>	<u>106.70</u>	<u>111.20</u>	<u>869.54</u>	<u>827.50</u>
Deferred Outflows of Resources	96.57 *	98.57	3.11 *	4.71	99.68	103.28
Non-current liabilities	595.31	423.35	35.88	34.06	631.19	457.41
Other liabilities	<u>79.05</u> *	<u>56.90</u>	<u>1.83</u> *	<u>1.61</u>	<u>80.88</u>	<u>58.51</u>
Total Liabilities	<u>674.36</u>	<u>480.25</u>	<u>37.71</u>	<u>35.67</u>	<u>712.07</u>	<u>515.92</u>
Deferred Inflows of Resources	<u>12.60</u> *	<u>11.69</u>	<u>2.35</u> *	<u>0.38</u>	<u>14.95</u>	<u>12.07</u>
Net position:						
Net investment in capital assets	442.11	439.22	73.53	74.66	515.64	513.88
Restricted	14.86	8.53	0.36	0.36	15.22	8.89
Unrestricted	<u>(284.52)</u> *	<u>(124.82)</u>	<u>(4.14)</u> *	<u>4.84</u>	<u>(288.66)</u>	<u>(119.98)</u>
Total Net Position	\$ <u>172.45</u>	\$ <u>322.93</u>	\$ <u>69.75</u>	\$ <u>79.86</u>	\$ <u>242.20</u>	\$ <u>402.79</u>

\* Due to the implementation of GASB 75, a prior period adjustment to governmental activities of \$128.14 million and to business-type activities of \$5.55 million is reflected in June 2018. The restated beginning balance for fiscal year 2018 is \$194,781,324 and \$74,310,270 for governmental activities and business-type activities, respectively. See Note 20 for details.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

The following is a summary of the Statement of Activities for the fiscal years ended June 30, 2018 and 2017:

<b>Summary Statement of Activities</b> (Amount in millions)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 25.21	\$ 24.32	\$ 12.65	\$ 12.82	\$ 37.86	\$ 37.14
Operating grants and contributions	23.99	20.15	--	--	23.99	20.15
Capital grants and contributions	5.49	10.61	1.05	1.25	6.54	11.86
General revenues:						
Property taxes	127.48	119.36	--	--	127.48	119.36
Other taxes	12.94	12.42	--	--	12.94	12.42
Other	16.67	16.84	0.03	0.03	16.70	16.87
<b>Total Revenues</b>	<u>211.78</u>	<u>203.70</u>	<u>13.73</u>	<u>14.10</u>	<u>225.51</u>	<u>217.80</u>
<b>Expenses:</b>						
General government	36.75	35.91	--	--	36.75	35.91
Public safety	78.98	77.63	--	--	78.98	77.63
Public works	10.48	7.76	--	--	10.48	7.76
Highways and streets	24.41	19.45	--	--	24.41	19.45
Sanitation	29.45	9.43	--	--	29.45	9.43
Culture and recreation	21.22	19.89	--	--	21.22	19.89
Public welfare	27.64	25.22	--	--	27.64	25.22
Interest on long-term debt	5.27	4.92	--	--	5.27	4.92
Housing programs	--	--	2.53	2.84	2.53	2.84
Sewer	--	--	12.60	11.36	12.60	11.36
Golf	--	--	3.07	2.90	3.07	2.90
<b>Total Expenses</b>	<u>234.20</u>	<u>200.21</u>	<u>18.20</u>	<u>17.10</u>	<u>252.40</u>	<u>217.31</u>
Increase (Decrease) before transfers	(22.42)	3.49	(4.47)	(3.00)	(26.89)	0.49
Transfers	0.09	(0.79)	(0.09)	0.79	--	--
Change in Net Position	(22.33)	2.70	(4.56)	(2.21)	(26.89)	0.49
Net Position, July 1	322.93	320.23	79.86	82.07	402.79	402.30
Net Position, Beginning (as restated)	194.78 *	--	74.31 *	--	269.09	--
Net Position - Ending	<u>\$ 172.45</u>	<u>\$ 322.93</u>	<u>\$ 69.75</u>	<u>\$ 79.86</u>	<u>\$ 242.20</u>	<u>\$ 402.79</u>

\* Due to the implementation of GASB 75, a prior period adjustment to governmental activities of \$128.14 million and to business-type activities of \$5.55 million is reflected in June 2018. The restated beginning balance for fiscal year 2018 is \$194,781,324 and \$74,310,270 for governmental activities and business-type activities, respectively. See Note 20 for details.

In the current fiscal year, the government-wide revenues increased from the prior year by approximately \$7.7 million and government-wide expenses increased by approximately \$35.1 million.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

The major components of the changes in government-wide revenue were:

Operating grants and contributions increased \$3.8 million from the prior year. The increase was primarily attributable to increases in public welfare grants such as affordable housing grants of \$3.2 million.

Capital grants and contributions decreased by \$5.3 million primarily due to the completion of landfill construction projects and various highway and street projects such as bridge and road repairs in the prior year.

The County's real property taxes billed (revenues on full accrual basis) increased by \$6.5 million or 5.4%, which was primarily attributed to the increasing growth in billable assessed values and new construction being added to the assessment list. Additionally, a small portion of the increase in revenue may be attributable to increasing enforcement of the County's various tax classifications. In the current fiscal year, the total amount billed was \$127.1 million as compared to \$120.6 million in the prior year. The gross assessed values increased by approximately \$0.9 billion (or 4.2%) from \$21.3 billion to \$22.2 billion in the current year, while the net taxable values increased by approximately \$0.8 billion (or 4.7%) from \$18.2 billion to \$19.1 billion in the current year. Additionally, there were reductions in the total number of appeals while the aggregate value of the appeals remained nearly flat. This year, there were only 127 appeals as compared to 157 appeals in the prior year. The total assessed value being contested was approximately \$178 million, compared to \$180.5 million in the prior tax year. Tax credits for the County's two tax relief programs, Very Low Income and Home Preservation Limit, amounted to approximately \$0.2 million and were awarded to 187 recipients.

The major components of the changes in government-wide expenditures were:

Overall expenses increased by approximately \$35.1 million and was primarily attributable to increases in pension related expenses, county-wide collective bargaining unit raises and related benefit payments, increase in landfill closure and post-closure care cost liability, capital type projects (e.g. highway and street improvements, bridge repairs and inspections, county-owned affordable housing projects, etc.), increases in repair and maintenance expenses, and financing of newly acquired capital assets.

Additionally, a large expense came from the funding of OPEB; whereby, qualified employees are promised specific healthcare benefits upon separation or retirement. Funding for these OPEB benefits are made through a combination of pay-as-you-go contributions and an additional pre-funding contribution into the OPEB Trust. The County's OPEB liability as of July 1, 2017 actuarial valuation, was \$147 million. The overall OPEB liability decreased \$3.4 million primarily due to a favorable health plan and claims experience that ultimately produced savings, offset by the impact of new demographics and changes to healthcare assumptions.

The County has continued to pay the annual required contribution (ARC) as calculated by the actuary contracted by the Hawaii 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.

**COUNTY OF KAUA'I, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

The County paid 100% of its ARC, of which, amounted to \$16.3 million in the current fiscal year. Additional information can be found in Note 13 in the notes to the basic financial statements and required supplementary information other than MD&A.

**ANALYSIS OF GOVERNMENTAL FUNDS**

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

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

As of the end of the current fiscal year, the County's governmental funds ending fund balances increased by \$23.1 million, primarily due to proceeds from bonds issued in the current year, ending at \$148.8 million. Fund balances are reserved to indicate that it is not available for new spending because it is in non-spendable form (\$0.5 million), has already been committed to liquidate contracts and purchase orders (\$26.3 million), pay debt service (\$1.8 million), and/or certain other restricted and/or designated purposes (\$120.2 million).

The following table summarizes the changes in fund balances for the County's governmental funds as of June 30, 2018 in comparison to fiscal year 2017:

	Changes in Fund Balances			Totals	
	(Amount in millions)				
	General Fund	Major Governmental Funds	Non-major Governmental Funds	2018	2017
Revenues					
Taxes	\$ 130.67	\$ --	\$ 9.44	\$ 140.11	\$ 133.07
Other	21.43	33.16	16.51	71.10	70.91
Total Revenues	152.10	33.16	25.95	211.21	203.98
Expenditures	125.36	45.25	47.35	217.96	202.98
Excess (deficiency) of Revenues over Expenditures	26.74	(12.09)	(21.40)	(6.75)	1.00
Transfers and others	(24.27)	38.33	15.79	29.85	6.00
Net Changes in Fund Balances	\$ 2.47	\$ 26.24	\$ (5.61)	\$ 23.10	\$ 7.00

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position can be found on page 34. 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 \$152.1 million, or an increase of \$7.3 million as comparison to the prior year. As stated earlier, the County reported an unassigned fund balance of \$36.3 million, of which, includes \$29 million that represents a portion of the County's Reserve Fund. The unassigned fund balance increased \$3.8 million, as compared to \$32.5 million in the prior year. The increase in the overall fund balance may be attributable to the cumulative effect of the following key factors:

- An increase of \$6.5 million or 5.4% in property tax revenue primarily due to results from growth in billable assessed value and increasing enforcement of the County's tax classifications.
- An increase of \$0.3 million or 10.2% in public utility taxes collected, due to increasing net revenues and income reported by public utility companies.
- An increase of \$6.4 million or 5.4% in total expenditures, primarily due to county-wide collective bargaining unit raises and related benefit payments.

**Major Governmental Funds** – In the current fiscal year, the State Grants Fund is presented as a major governmental fund versus other governmental fund, as reported in the prior year. The threshold criteria to be classified and presented as a major governmental fund were met, due to the amounts reported on its Balance Sheet.

Major governmental fund revenues amounted to \$33.2 million, or a \$3.9 million increase in comparison to the prior year. The increase was primarily attributable to:

- Federal Grants Fund increase of \$1.1 million was primarily due to increases in public welfare grants, such as affordable housing, and public safety grant revenue.
- State Grants Fund increase of \$6.5 million was primarily due to increases in public safety, public works, and public welfare disaster relief funds from the State.
- Grants Capital Improvement Fund decrease of \$4.9 million was primarily due to completion of highway and street improvements, various road and bridge repairs and inspections, and State Revolving Fund loan proceeds for the construction of a landfill gas collection system received and reported in the prior year.

Total expenditures increased slightly by \$0.7 million from \$44.5 million to \$45.2 million in the current fiscal year. Significant variances included the following:

- Solid Waste Disposal Fund increase of \$1.9 million was primarily due to unanticipated increases in recycling program expenditures and increases in consultative and other landfill and refuse transfer station improvements. Expenditures exceeded revenues collected by \$9.4 million; however, transfers-in from the General Fund and proceeds

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

from State Revolving Fund loans, lessened the impact to the overall net change in fund balance and ended with a slight decrease of \$0.7 million.

- Grants Capital Improvement Fund decrease of \$8.1 million was primarily due capital type expenditures (e.g. highway and street improvements, landfill and public welfare improvements, etc.) reported in the prior year.
- State Grants Fund increase of \$6.5 million was primarily due to increases in public safety (e.g. police, fire, emergency management, etc.), public works, and sanitation expenditures for mobilization of disaster relief efforts, including increases in salaries, overtime, and related fringe and benefit expenditures during the disaster event.

**All Other Governmental Funds** – As mentioned previously, the State Grants Fund is presented as a major governmental fund versus other governmental fund, as reported in the prior year.

Other governmental fund total revenues decreased \$3.9 million from \$29.8 million to \$25.9 million in the current fiscal year. The decrease is primarily due to the State Grants Fund reported as a major governmental fund in the current year.

Other governmental fund total expenditures increased \$7.8 million from \$39.5 million to \$47.3 million in the current fiscal year. Significant variances included the following:

- Highway Fund increase of \$4.2 million primarily due to increases in salaries and fringe related benefits, and other administrative expenditures. Expenditures exceeded revenues collected by \$1.8 million; overall net change in fund balance was a decrease of \$2.8 million.
- Public Access Fund expenditures remained relatively flat as compared to the prior year; however, in the current year a transfer-out of \$6.2 million to Open Space Capital Improvement Fund resulted in a negative net change in fund balance of \$5.6 million.
- Open Space Capital Improvement Fund increase of \$5.6 million due to land acquisition expenditures, resulting in an overall net change in fund balance of \$0.6 million.

### **BUDGETARY HIGHLIGHTS**

The General Fund exceeded its estimate of budgeted revenues by \$1.5 million. The General Fund lapsed \$10.2 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$26.3 million in the current fiscal year, an increase of \$6.2 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.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

Estimated budgeted General Fund revenues for the fiscal year ended June 30, 2018 was \$150.6 million as compared to \$145.4 million in the prior year, an increase of \$5.2 million. Positive revenue budget variances of \$1.5 million occurred primarily because of the volatility of predicting certain types of revenues and the conservative approach in estimated revenues. The major positive variance occurred in revenue from real property taxes of \$1.9 million, offset by a negative variance in revenue from public services company taxes of (\$0.5) million.

Final amended budgeted expenditures in the General Fund for fiscal year ended June 30, 2018 increased by \$7.5 million, ending at \$141 million. The general government function budget decreased by 2.1%, public safety function increased 6.1%, public works function increased 34.5%, culture and recreation function increased 10.8%, and public welfare function increased by 4.4%. The significant increase in the public works function was primarily due to the movement of certain utility budget to Public Works Building Division in the current fiscal year. The significant increase in the culture and recreation function was primarily due to an increase in budget for repairs and maintenance (building and equipment) in the current fiscal 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 \$0.8 million, of which, were primarily attributable to unexpended salaries, fringe and benefits, unexpended travel, utilities, consulting services and other miscellaneous items.
- Office of the County Attorney had a favorable variance of approximately \$0.8 million, of which, were primarily attributable to unexpended salaries, fringe and benefits, unexpended travel, utilities, consulting services and other miscellaneous items.
- Accounting Division had a favorable variance of approximately \$0.8 million, of which, were primarily attributable to conservatively estimating county-wide OPEB related costs versus amounts actually paid in the current fiscal year.
- No significant claims were paid out of the self insurance account in the current fiscal year, whereby, creating a favorable variance of \$1.3 million. The purpose of this account is to prepare for unanticipated and unpredictable future claims.
- Human Resources had a favorable variance of \$0.4 million, of which, were primarily attributable to unexpended salaries, fringe and benefits, unexpended travel, utilities, consulting services 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, 2018 amounted to \$628.8 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, 2018 in comparison to fiscal year 2017:

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2018**

	Government Activities Summary of Capital Assets (Amounts in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Non-depreciable assets:						
Land	\$ 190.58	\$ 184.79	\$ 17.13	\$ 17.13	\$ 207.71	\$ 201.92
CIP	27.48	30.76	3.36	8.28	30.84	39.04
Depreciable assets:						
Buildings and improvements	149.41	145.38	105.12	104.35	254.53	249.73
Equipment	94.66	88.68	15.68	10.33	110.34	99.01
Infrastructure	689.01	682.69	13.75	13.76	702.76	696.45
Less: Accumulated depreciation	<u>(615.88)</u>	<u>(598.35)</u>	<u>(61.47)</u>	<u>(57.22)</u>	<u>(677.35)</u>	<u>(655.57)</u>
Total Capital Assets, net	\$ <u>535.26</u>	\$ <u>533.95</u>	\$ <u>93.57</u>	\$ <u>96.63</u>	\$ <u>628.83</u>	\$ <u>630.58</u>

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

**Long-term Debt** – At the end of the current fiscal year, the County had total bonds and loans outstanding of \$142.7 million (\$122.9 million related to governmental activities and \$19.8 million related to business-type activities). Of this amount, \$118.6 million is comprised of debt backed by the full faith and credit of the government (general obligations) and \$24.1 million represents State Revolving Fund (SRF) loans used to finance construction of wastewater and landfill 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 \$2.9 billion. As of June 30, 2018 the County's current outstanding debt applicable to the legal debt margin totaled \$118.6 million or 4.1% 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, Līhu'e, Kaua'i, Hawai'i 96766.

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## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**COUNTY OF KAUA'I, HAWAI'I**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Department of Water
<b>Assets:</b>				
Cash and cash equivalents	\$ 37,642,404	\$ 6,382,817	\$ 44,025,221	\$ 16,724,481
Investments	151,243,727	2,914,449	154,158,176	40,574,045
Receivables, net	31,232,154	3,468,241	34,700,395	3,352,578
Due from other funds	274,330	--	274,330	--
Due from other governments	6,664,643	--	6,664,643	--
Materials and supplies	--	--	--	1,087,256
Prepaid items and other	528,280	3,656	531,936	191,480
<b>Restricted Assets:</b>				
Cash and cash equivalents	--	362,670	362,670	1,048,890
Investments	--	--	--	12,071,974
Other	--	--	--	106,316
<b>Capital Assets:</b>				
Land	190,579,725	17,127,632	207,707,357	1,343,144
Construction in progress	27,484,857	3,357,840	30,842,697	7,516,463
Buildings and improvements	91,474,736	58,488,744	149,963,480	13,726,512
Machinery and equipment	31,664,408	9,808,826	41,473,234	2,521,291
Infrastructure	194,054,401	4,787,646	198,842,047	191,806,620
Total Capital Assets, net	<u>535,258,127</u>	<u>93,570,688</u>	<u>628,828,815</u>	<u>216,914,030</u>
Total Assets	<u>762,843,665</u>	<u>106,702,521</u>	<u>869,546,186</u>	<u>292,071,050</u>
<b>Deferred Outflows of Resources:</b>				
Deferred loss on refunding	1,154,069	--	1,154,069	17,348
Deferred outflows of resources on net pension liability	79,820,311	2,436,743	82,257,054	4,253,498
Deferred outflows of resources on net other postemployment benefits liability	<u>15,594,156</u>	<u>677,844</u>	<u>16,272,000</u>	<u>948,000</u>
Total Deferred Outflows of Resources	<u>96,568,536</u>	<u>3,114,587</u>	<u>99,683,123</u>	<u>5,218,846</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 859,412,201</u>	<u>\$ 109,817,108</u>	<u>\$ 969,229,309</u>	<u>\$ 297,289,896</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 28,341,420	\$ 969,124	\$ 29,310,544	\$ 3,406,396
Contracts payable	836,265	50,932	887,197	127,590
Due to other governments	66	280,196	280,262	--
Due to other funds	--	274,330	274,330	--
Customer deposits	280,506	139,720	420,226	860,779
Unearned revenue	47,292,390	46,452	47,338,842	--
Interest payable	2,300,923	71,407	2,372,330	--
<b>Noncurrent Liabilities:</b>				
Due within one year	15,543,902	2,090,588	17,634,490	5,895,437
Due in more than one year	175,074,352	19,026,070	194,100,422	73,371,842
Net pension liability	263,765,504	8,662,707	272,428,211	15,423,518
Net other postemployment benefits liability	<u>140,930,274</u>	<u>6,103,368</u>	<u>147,033,642</u>	<u>8,367,898</u>
Total Liabilities	<u>674,365,602</u>	<u>37,714,894</u>	<u>712,080,496</u>	<u>107,453,460</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows - nonexchange transactions	96,504	--	96,504	--
Deferred gain on refunding	2,767,516	--	2,767,516	--
Deferred inflows of resources on net pension liability	7,982,212	2,273,895	10,256,107	862,822
Deferred inflows of resources on net other postemployment benefits liability	<u>1,750,828</u>	<u>74,886</u>	<u>1,825,714</u>	<u>135,783</u>
Total Deferred Inflows of Resources	<u>12,597,060</u>	<u>2,348,781</u>	<u>14,945,841</u>	<u>998,605</u>
Total Liabilities and Deferred Inflows of Resources	<u>686,962,662</u>	<u>40,063,675</u>	<u>727,026,337</u>	<u>108,452,065</u>
<b>Net Position:</b>				
Net investment in capital assets	442,105,705	73,528,939	515,634,644	151,506,070
Restricted for capital activity and other	13,275,917	362,670	13,638,587	809,295
Restricted for debt service	1,588,524	--	1,588,524	--
Unrestricted	<u>(284,520,607)</u>	<u>(4,138,176)</u>	<u>(288,658,783)</u>	<u>36,522,466</u>
Total Net Position	<u>\$ 172,449,539</u>	<u>\$ 69,753,433</u>	<u>\$ 242,202,972</u>	<u>\$ 188,837,831</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, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Department of Water
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$ 36,748,751	\$ 6,356,815	\$ 2,738,222	\$ 254,962	\$ (27,398,752)	\$ --	\$ (27,398,752)	\$ --
Public safety	78,984,670	883,768	3,853,699	856,070	(73,391,133)	--	(73,391,133)	--
Public works	10,477,006	245,982	540,661	423,856	(9,266,507)	--	(9,266,507)	--
Highways and streets	24,405,041	7,280,113	357,456	1,973,300	(14,794,172)	--	(14,794,172)	--
Sanitation	29,455,271	9,412,167	671,531	--	(19,371,573)	--	(19,371,573)	--
Culture and recreation	21,223,972	667,076	250,535	1,100,000	(19,206,361)	--	(19,206,361)	--
Public welfare	27,640,479	372,246	15,577,134	880,260	(10,810,839)	--	(10,810,839)	--
Interest on long-term debt, unallocated	5,266,323	--	--	--	(5,266,323)	--	(5,266,323)	--
<b>Total Governmental Activities</b>	<b>234,201,513</b>	<b>25,218,167</b>	<b>23,989,238</b>	<b>5,488,448</b>	<b>(179,505,660)</b>	<b>--</b>	<b>(179,505,660)</b>	<b>--</b>
<b>Business-type Activities</b>								
Housing programs	2,534,963	1,925,022	--	--	--	(609,941)	(609,941)	--
Sewer	12,603,995	9,561,674	--	1,050,457	--	(1,991,864)	(1,991,864)	--
Golf	3,067,420	1,171,011	--	--	--	(1,896,409)	(1,896,409)	--
<b>Total Business-type Activities</b>	<b>18,206,378</b>	<b>12,657,707</b>	<b>--</b>	<b>1,050,457</b>	<b>--</b>	<b>(4,498,214)</b>	<b>(4,498,214)</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 252,407,891</b>	<b>\$ 37,875,874</b>	<b>\$ 23,989,238</b>	<b>\$ 6,538,905</b>	<b>\$ (179,505,660)</b>	<b>\$ (4,498,214)</b>	<b>\$ (184,003,874)</b>	<b>\$ --</b>
<b>Component Unit:</b>								
Department of Water	\$ 30,072,242	\$ 30,449,591	\$ --	\$ 4,978,322	--	--	--	5,355,671
<b>General Revenues:</b>								
Property taxes					127,476,566	--	127,476,566	--
Public service company tax					3,497,888	--	3,497,888	--
Franchise tax					3,722,949	--	3,722,949	--
Fuel taxes					5,718,221	--	5,718,221	--
Grants and contributions not restricted to specific programs					15,958,575	--	15,958,575	--
Unrestricted investment earnings					712,245	28,808	741,053	--
Transfers					87,431	(87,431)	--	--
<b>Total General Revenues and Transfers</b>					<b>157,173,875</b>	<b>(58,623)</b>	<b>157,115,252</b>	<b>--</b>
<b>Change in Net Position</b>					<b>(22,331,785)</b>	<b>(4,556,837)</b>	<b>(26,888,622)</b>	<b>5,355,671</b>
Net Position - Beginning of Year July 1, 2017, as previously stated					322,926,121	79,858,973	402,785,094	191,017,841
Prior period adjustment					(128,144,797)	(5,548,703)	(133,693,500)	(7,535,681)
Net Position - Beginning of Year July 1, 2017, as restated					194,781,324	74,310,270	269,091,594	183,482,160
Net Position - End of Year June 30, 2018					\$ 172,449,539	\$ 69,753,433	\$ 242,202,972	\$ 188,837,831

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.

##### **State Grants Fund**

Accounts for expenditures of state and county grants.

#### 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, 2018**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	State Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>										
Cash and cash equivalents	\$ --	\$ 2,908,719	\$ 9,615,767	\$ 667,848	\$ --	\$ --	\$ --	\$ 4,114,751	\$ 20,335,319	\$ 37,642,404
Investments	97,268,679	--	9,938,617	34,931,301	1,751,257	--	--	--	7,353,873	151,243,727
Accounts receivable, net	4,335,201	--	742,356	--	--	868,838	--	667,055	45,775	6,659,225
Taxes receivable	3,200,313	--	--	--	--	--	--	--	--	3,200,313
Interest receivable	391,689	1,220,211	36,851	44,668	485,040	--	--	--	25,798	2,204,257
Due from other funds	27,970	--	--	1,789,430	274,330	22,987,228	--	801,421	328,541	26,208,920
Due from other governments	--	--	--	--	3,661,677	--	2,508,055	--	494,911	6,664,643
Loans receivable	--	6,646,154	--	--	12,522,205	--	--	--	--	19,168,359
Prepaid items	--	--	--	--	--	--	--	--	528,280	528,280
<b>Total Assets</b>	<b>\$ 105,223,852</b>	<b>\$ 10,775,084</b>	<b>\$ 20,333,591</b>	<b>\$ 37,433,247</b>	<b>\$ 18,694,509</b>	<b>\$ 23,856,066</b>	<b>\$ 2,508,055</b>	<b>\$ 5,583,227</b>	<b>\$ 29,112,497</b>	<b>\$ 253,520,128</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 20,739,941	\$ 19,457	\$ 1,732,362	\$ 439,180	\$ 1,255,796	\$ 612,961	\$ 1,106,477	\$ 152,062	\$ 2,283,184	\$ 28,341,420
Contracts payable	7,034	--	168,729	319,666	27,222	5,962	126,036	17,798	163,818	836,265
Due to other funds	23,244,785	--	--	--	571,834	--	1,269,139	--	848,832	25,934,590
Due to other governments	--	--	--	--	--	--	--	--	66	66
Due to customers	--	--	--	--	--	--	--	--	280,506	280,506
Unearned revenue	--	7,201,467	7,720	--	16,839,657	23,237,143	6,403	--	--	47,292,390
<b>Total Liabilities</b>	<b>43,991,760</b>	<b>7,220,924</b>	<b>1,908,811</b>	<b>758,846</b>	<b>18,694,509</b>	<b>23,856,066</b>	<b>2,508,055</b>	<b>169,860</b>	<b>3,576,406</b>	<b>102,685,237</b>
<b>Deferred Inflows of Resources:</b>										
Unavailable revenues	1,945,098	--	--	--	--	--	--	--	--	1,945,098
Deferred inflows - nonexchange transactions	--	--	--	--	--	--	--	--	96,504	96,504
<b>Total Deferred Inflow of Resources</b>	<b>1,945,098</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>96,504</b>	<b>2,041,602</b>
<b>Fund Balance:</b>										
Nonspendable	--	--	--	--	--	--	--	--	528,280	528,280
Restricted	490,000	664,898	11,488,987	--	--	--	--	--	1,786,761	14,430,646
Committed	20,949,918	452,115	3,460,704	4,905,233	--	--	--	3,110,694	7,879,124	40,757,788
Assigned	1,583,885	2,437,147	3,475,089	31,769,168	--	--	--	2,302,673	15,245,422	56,813,384
Unassigned	36,263,191	--	--	--	--	--	--	--	--	36,263,191
<b>Total Fund Balance</b>	<b>59,286,994</b>	<b>3,554,160</b>	<b>18,424,780</b>	<b>36,674,401</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5,413,367</b>	<b>25,439,587</b>	<b>148,793,289</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 105,223,852</b>	<b>\$ 10,775,084</b>	<b>\$ 20,333,591</b>	<b>\$ 37,433,247</b>	<b>\$ 18,694,509</b>	<b>\$ 23,856,066</b>	<b>\$ 2,508,055</b>	<b>\$ 5,583,227</b>	<b>\$ 29,112,497</b>	<b>\$ 253,520,128</b>

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

**COUNTY OF KAUA'I, HAWAI'I**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Total Fund Balances - Governmental Funds \$ 148,793,289

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	\$	190,579,725	
Construction in progress		27,484,857	
Buildings and improvements		149,412,985	
Equipment		94,660,403	
Infrastructure		689,009,789	
Accumulated depreciation		<u>(615,889,632)</u>	
Total Capital Assets, net			535,258,127

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. 1,945,098

Deferred amounts on refunding are reported as deferred outflows/inflows of resources in the government-wide financial statements but are not reported in the governmental fund statements. (1,613,447)

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. 71,838,099

Deferred amounts related to other postemployment benefits reported as deferred outflows/inflows of resources in the government-wide financial statements but are not reported in the governmental fund statements. 13,843,328

Interest payable on outstanding bonds are expensed on the government-wide statement of activities. (2,300,923)

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		(122,935,676)	
Capital leases		(5,277,700)	
Compensated absences		(14,599,401)	
Claims and judgments		(8,099,071)	
Landfill closure and post-closure		(39,706,406)	
Net pension liability		(263,765,504)	
Net other postemployment benefits liability		<u>(140,930,274)</u>	
Total Long-term Liabilities			<u>(595,314,032)</u>

Net Position of Governmental Activities \$ 172,449,539

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

**COUNTY OF KAUAI, HAWAII  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	State Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>										
Taxes	\$ 130,666,052	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,441,170	\$ 140,107,222
Licenses and permits	2,375,708	--	--	--	--	--	--	--	8,732,734	11,108,442
Rents and concessions	160,700	--	--	--	--	--	--	--	261,157	421,857
Interest	114,227	153,200	5,055	338,423	--	--	--	--	101,340	712,245
Intergovernmental revenues	14,961,735	518,251	--	--	9,990,872	6,522,111	5,221,773	--	6,958,004	44,172,746
Charges for current services	3,210,208	--	9,412,089	--	--	--	--	--	--	12,622,297
Bond subsidy	--	--	--	996,840	--	--	--	--	--	996,840
Miscellaneous	610,199	295	78	--	--	--	--	--	454,999	1,065,571
<b>Total Revenues</b>	<b>152,098,829</b>	<b>671,746</b>	<b>9,417,222</b>	<b>1,335,263</b>	<b>9,990,872</b>	<b>6,522,111</b>	<b>5,221,773</b>	<b>--</b>	<b>25,949,404</b>	<b>211,207,220</b>
<b>Expenditures:</b>										
General government	28,205,206	--	--	276,752	1,240,717	1,447,505	254,963	392,075	97,691	31,914,909
Public safety	64,199,266	--	--	--	1,280,818	2,525,333	--	--	914,547	68,919,964
Public works	5,839,254	--	--	88,697	(3,521)	440,419	--	85	264,068	6,629,002
Highways and streets	834,638	--	108,316	15,452	--	333,024	67,067	--	15,210,193	16,568,690
Sanitation	--	--	16,106,033	762,474	--	671,531	--	165,119	85,184	17,790,341
Culture and recreation	16,430,468	--	--	64,685	47,488	131,961	--	25,971	736,182	17,436,755
Public welfare	7,188,788	332,802	--	--	5,492,627	737,033	111,393	--	10,678,731	24,541,374
Capital outlay	1,667,293	--	1,475,032	1,418,196	1,932,743	235,305	5,339,437	581,067	8,875,290	21,524,363
<b>Debt Service:</b>										
Principal	935,462	--	1,060,857	--	--	--	--	--	5,629,334	7,625,653
Interest and debt issuance cost	54,711	--	94,876	--	--	--	--	--	4,861,336	5,010,923
<b>Total Expenditures</b>	<b>125,355,086</b>	<b>332,802</b>	<b>18,845,114</b>	<b>2,626,256</b>	<b>9,990,872</b>	<b>6,522,111</b>	<b>5,772,860</b>	<b>1,164,317</b>	<b>47,352,556</b>	<b>217,961,974</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,743,743	338,944	(9,427,892)	(1,290,993)	--	--	(551,087)	(1,164,317)	(21,403,152)	(6,754,754)
<b>Other Financing Sources (Uses):</b>										
Issuance of capital leases	967,774	--	1,415,280	--	--	--	--	--	839,953	3,223,007
Proceeds from loans	--	--	551,087	--	--	--	--	--	--	551,087
Proceeds from bonds issued	--	--	--	26,000,966	--	--	--	--	--	26,000,966
Transfers in	1,028,619	--	8,309,338	--	--	--	551,087	4,043,532	25,804,418	39,736,994
Transfers out	(26,265,841)	--	(1,506,103)	(1,028,619)	--	--	--	--	(10,849,000)	(39,649,563)
<b>Total Other Financing Sources (Uses)</b>	<b>(24,269,448)</b>	<b>--</b>	<b>8,769,602</b>	<b>24,972,347</b>	<b>--</b>	<b>--</b>	<b>551,087</b>	<b>4,043,532</b>	<b>15,795,371</b>	<b>29,862,491</b>
<b>Net Change in Fund Balances</b>	<b>2,474,295</b>	<b>338,944</b>	<b>(658,290)</b>	<b>23,681,354</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2,879,215</b>	<b>(5,607,781)</b>	<b>23,107,737</b>
Fund Balance - Beginning of Year July 1, 2017	56,812,699	3,215,216	19,083,070	12,993,047	--	--	--	2,534,152	31,047,368	125,685,552
Fund Balance - End of Year June 30, 2018	\$ 59,286,994	\$ 3,554,160	\$ 18,424,780	\$ 36,674,401	\$ --	\$ --	\$ --	\$ 5,413,367	\$ 25,439,587	\$ 148,793,289

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, 2018**

Net Change in Fund Balance - Total Governmental Funds \$ 23,107,737

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	\$	21,524,363	
Depreciation expense		<u>(19,640,860)</u>	
Net Capital Outlay			1,883,503

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. (578,521)

Capital leases and loans 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. (3,223,007)

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. 308,402

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 FY18 employer paid contributions, recorded as deferred outflows in the current year, FY17 employer paid contributions being expensed, and FY18 pension expense in the Statement of Activities. (16,970,031)

The County's OPEB expense requiring immediate recognition, but not reported as expenditures in the governmental funds. This is the net difference between FY18 employer paid contributions, recorded as deferred outflows in the current year and FY17 OPEB expense in the Statement of Activities. 1,057,851

Bond and loan proceeds are reported as other financing sources in governmental funds and contribute to the increase in fund balance. Bond, loan, 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		5,145,000	
Loan proceeds		(551,087)	
Bond proceeds		(26,000,966)	
Capital lease principal payments		<u>2,480,653</u>	
Net Long-term Debt Repayment			(18,926,400)

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		168,808	
Amortization of deferred refunding costs		(115,408)	
Increase in compensated absences		(122,435)	
Decrease in claims and judgments		785,757	
Increase in landfill closure and post-closure care		(9,399,241)	
Increase in accrued interest payable		<u>(308,800)</u>	
Net Increase in Expenditures			<u>(8,991,319)</u>

Change in Net Position - Governmental Activities \$ (22,331,785)

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, 2018**

	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	\$ 125,218,897	\$ 125,218,897	\$ 127,168,164	\$ --	\$ 127,168,164	\$ 1,949,267
Public services company taxes	4,000,000	4,000,000	3,497,888	--	3,497,888	(502,112)
Total Taxes	<u>129,218,897</u>	<u>129,218,897</u>	<u>130,666,052</u>	<u>--</u>	<u>130,666,052</u>	<u>1,447,155</u>
Licenses and Permits:						
Street use	242,900	242,900	227,222	--	227,222	(15,678)
Business licenses and fees	8,240	8,240	10,585	--	10,585	2,345
Non-business licenses and fees	<u>2,096,000</u>	<u>2,096,000</u>	<u>2,137,901</u>	<u>--</u>	<u>2,137,901</u>	<u>41,901</u>
Total Licenses and Permits	<u>2,347,140</u>	<u>2,347,140</u>	<u>2,375,708</u>	<u>--</u>	<u>2,375,708</u>	<u>28,568</u>
Rents and Concessions	<u>202,000</u>	<u>202,000</u>	<u>160,700</u>	<u>--</u>	<u>160,700</u>	<u>(41,300)</u>
Interest	<u>521,000</u>	<u>521,000</u>	<u>114,227</u>	<u>--</u>	<u>114,227</u>	<u>(406,773)</u>
Intergovernmental Revenues:						
State grants-in-aid share of transient accommodation tax	13,485,000	14,935,000	14,935,000	--	14,935,000	--
Other state grants-in-aid	<u>30,000</u>	<u>30,000</u>	<u>26,735</u>	<u>--</u>	<u>26,735</u>	<u>(3,265)</u>
Total Intergovernmental Revenues	<u>13,515,000</u>	<u>14,965,000</u>	<u>14,961,735</u>	<u>--</u>	<u>14,961,735</u>	<u>(3,265)</u>
Charges for Current Services	<u>2,938,700</u>	<u>2,938,700</u>	<u>3,210,208</u>	<u>--</u>	<u>3,210,208</u>	<u>271,508</u>
Miscellaneous	<u>409,395</u>	<u>409,395</u>	<u>610,199</u>	<u>--</u>	<u>610,199</u>	<u>200,804</u>
Total Revenues	<u>\$ 149,152,132</u>	<u>\$ 150,602,132</u>	<u>\$ 152,098,829</u>	<u>\$ --</u>	<u>\$ 152,098,829</u>	<u>\$ 1,496,697</u>

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

**COUNTY OF KAUA'I, HAWAI'I**  
**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, 2018**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
<b>Expenditures:</b>						
<b>General Government:</b>						
Council Services and County Clerk	\$ 3,419,973	\$ 3,419,973	\$ 2,576,858	\$ 19,640	\$ 2,596,498	\$ 823,475
Elections	615,897	615,897	498,730	14,183	512,913	102,984
Office of the County Auditor	295,876	295,876	259,575	11	259,586	36,290
<b>Office of the Mayor:</b>						
Administration	1,938,627	1,935,460	1,809,682	15,000	1,824,682	110,778
Youth Work Program	20,000	20,000	8,106	11,894	20,000	--
Kaua'i Equal Access Program	120,690	123,857	116,640	--	116,640	7,217
Boards and commissions	790,602	790,602	631,184	9,177	640,361	150,241
Office of the County Attorney	3,470,466	3,470,466	2,324,874	352,274	2,677,148	793,318
Office of the Prosecuting Attorney	4,187,180	4,187,180	4,124,031	7,492	4,131,523	55,657
<b>Department of Finance:</b>						
Administration	529,243	641,296	636,619	1,750	638,369	2,927
Accounting	1,124,196	1,154,934	326,717	9,010	335,727	819,207
Treasury	293,292	279,905	252,211	--	252,211	27,694
Motor vehicle	852,379	846,891	719,444	20,993	740,437	106,454
Drivers license	778,490	695,294	452,990	56,432	509,422	185,872
Real property assessment	2,204,277	2,178,830	1,970,648	30,681	2,001,329	177,501
Real property collections	425,939	424,466	337,813	24,005	361,818	62,648
Purchasing and Budgeting	1,072,222	1,068,423	870,270	1,262	871,532	196,891
Information technology	2,084,029	2,072,843	1,824,203	158,473	1,982,676	90,167
<b>County-wide Costs:</b>						
<b>Insurance:</b>						
Liability insurance	822,000	859,790	733,976	120,000	853,976	5,814
Fire insurance	385,100	413,100	412,667	--	412,667	433
Self insurance (Note D)	1,736,474	1,736,474	402,589	--	402,589	1,333,885
Excess workers compensation	322,600	322,600	322,389	--	322,389	211
<b>Other County-wide Costs:</b>						
Central services cost	(2,680,000)	(2,680,000)	(2,682,537)	--	(2,682,537)	2,537
Collective bargaining raises	60,000	60,000	--	--	--	60,000
Special projects	1,125,552	1,227,617	975,466	90,531	1,065,997	161,620
Claims	1,403,347	647,557	335,805	153,347	489,152	158,405
Training	5,800	800	688	--	688	112
Telephone services	136,800	136,800	132,043	--	132,043	4,757
Computers and accessories	497,916	584,101	324,120	246,810	570,930	13,171
Repair and maintenance, financial system	720,053	720,053	640,391	45,806	686,197	33,856
Human Resources	2,596,643	2,596,643	2,035,174	158,005	2,193,179	403,464
Planning	3,276,419	3,276,419	2,703,578	344,686	3,048,264	228,155
Office of Economic Development	2,436,519	2,436,519	2,188,176	179,131	2,367,307	69,212
<b>Total General Government</b>	<b>\$ 37,068,601</b>	<b>\$ 36,560,666</b>	<b>\$ 28,265,120</b>	<b>\$ 2,070,593</b>	<b>\$ 30,335,713</b>	<b>\$ 6,224,953</b>

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

**COUNTY OF KAUA'I, HAWAI'I  
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, 2018**

	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	\$ 34,492,194	\$ 34,492,194	\$ 32,328,211	\$ 871,714	\$ 33,199,925	\$ 1,292,269
Fire Department	32,337,258	32,337,258	31,943,621	393,576	32,337,197	61
Emergency Management	1,590,179	1,590,179	1,234,659	219,554	1,454,213	135,966
Total Public Safety	<u>68,419,631</u>	<u>68,419,631</u>	<u>65,506,491</u>	<u>1,484,844</u>	<u>66,991,335</u>	<u>1,428,296</u>
<b>Public Works:</b>						
Administrative	684,287	881,362	813,493	--	813,493	67,869
Fiscal and clerical	390,078	334,278	311,553	--	311,553	22,725
Plans, survey and construction	1,822,478	1,680,103	1,587,500	24,141	1,611,641	68,462
Auto maintenance and fuel	613,739	622,739	333,167	--	333,167	289,572
Roads maintenance	942,180	933,180	501,471	361,111	862,582	70,598
Building division:						
Inspection	3,281,997	3,283,097	3,132,871	3,625	3,136,496	146,601
Total Public Works	<u>7,734,759</u>	<u>7,734,759</u>	<u>6,680,055</u>	<u>388,877</u>	<u>7,068,932</u>	<u>665,827</u>
<b>Culture and Recreation:</b>						
Administrative and fiscal	2,700,135	3,511,943	2,486,328	936,243	3,422,571	89,372
Planning and development	326,155	335,904	328,231	--	328,231	7,673
Facilities maintenance	5,479,201	5,356,311	4,917,611	137,413	5,055,024	301,287
Recreation	2,306,652	2,219,852	1,901,041	72,462	1,973,503	246,349
Maintenance	5,037,771	6,744,425	4,758,559	1,184,387	5,942,946	801,479
Beautification	1,100,437	1,103,854	1,059,256	--	1,059,256	44,598
Auditorium	446,210	446,210	396,695	--	396,695	49,515
Stadiums	967,118	920,180	853,755	5,869	859,624	60,556
Total Culture and Recreation	<u>\$ 18,363,679</u>	<u>\$ 20,638,679</u>	<u>\$ 16,701,476</u>	<u>\$ 2,336,374</u>	<u>\$ 19,037,850</u>	<u>\$ 1,600,829</u>

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

**COUNTY OF KAUA'I, HAWAI'I  
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, 2018**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Public Welfare:						
Housing	\$ 1,450,405	\$ 1,450,405	\$ 1,176,907	\$ 135,041	\$ 1,311,948	\$ 138,457
Elderly Affairs	1,329,215	1,329,215	1,211,704	19,134	1,230,838	98,377
Transportation	4,888,029	4,888,029	4,845,559	30,098	4,875,657	12,372
Total Public Welfare	<u>7,667,649</u>	<u>7,667,649</u>	<u>7,234,170</u>	<u>184,273</u>	<u>7,418,443</u>	<u>249,206</u>
Total General Fund Expenditures	<u>139,254,319</u>	<u>141,021,384</u>	<u>124,387,312</u>	<u>6,464,961</u>	<u>130,852,273</u>	<u>10,169,111</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,897,813</u>	<u>9,580,748</u>	<u>27,711,517</u>	<u>(6,464,961)</u>	<u>21,246,556</u>	<u>11,665,808</u>
Other Financing Sources (Uses):						
Transfers In	1,028,619	1,028,619	1,028,619	--	1,028,619	--
Transfers Out	<u>(20,070,841)</u>	<u>(26,265,841)</u>	<u>(26,265,841)</u>	--	<u>(26,265,841)</u>	--
Total Other Financing Sources (Uses)	<u>(19,042,222)</u>	<u>(25,237,222)</u>	<u>(25,237,222)</u>	--	<u>(25,237,222)</u>	--
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Source (Note C)	<u>\$ (9,144,409)</u>	<u>\$ (15,656,474)</u>	2,474,295	<u>\$ (6,464,961)</u>	<u>\$ (3,990,666)</u>	<u>\$ 11,665,808</u>
Fund Balance - Beginning of Year July 1, 2017			<u>56,812,699</u>			
Fund Balance - End of Year June 30, 2018			\$ <u>59,286,994</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 KAUA'I, 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, 2018**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ 150,400	\$ 150,400	\$ 153,200	\$ --	\$ 153,200	\$ 2,800
Intergovernmental	90,000	90,000	518,251	--	518,251	428,251
Miscellaneous	<u>813</u>	<u>813</u>	<u>295</u>	<u>--</u>	<u>295</u>	<u>(518)</u>
Total Revenues	<u>241,213</u>	<u>241,213</u>	<u>671,746</u>	<u>--</u>	<u>671,746</u>	<u>430,533</u>
Expenditures - Public Welfare:						
Salaries	--	--	--	--	--	--
Travel expenses	6,090	6,090	727	--	727	5,363
Other employee benefits	--	--	--	--	--	--
Other expenses	1,000	1,000	557	--	557	443
Central services cost	25,000	25,000	25,000	--	25,000	--
Loans	53,623	151,000	--	--	--	151,000
Special projects	<u>1,275,568</u>	<u>1,178,191</u>	<u>306,518</u>	<u>452,115</u>	<u>758,633</u>	<u>419,558</u>
Total Expenditures - Public Welfare	<u>1,361,281</u>	<u>1,361,281</u>	<u>332,802</u>	<u>452,115</u>	<u>784,917</u>	<u>576,364</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(1,120,068)</u>	\$ <u>(1,120,068)</u>	338,944	\$ <u>(452,115)</u>	\$ <u>(113,171)</u>	\$ <u>1,006,897</u>
Fund Balance - Beginning of Year July 1, 2017			<u>3,215,216</u>			
Fund Balance - End of Year June 30, 2018			\$ <u>3,554,160</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, 2018**

	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)
Interest	125,000	125,000	5,055	--	5,055	(119,945)
Miscellaneous	--	--	78	--	78	78
Charges for current services:						
Tipping fees	5,026,000	5,026,000	5,582,548	--	5,582,548	556,548
Disposal fees	3,851,000	3,851,000	3,829,541	--	3,829,541	(21,459)
Total Revenues	<u>9,014,000</u>	<u>9,014,000</u>	<u>9,417,222</u>	<u>--</u>	<u>9,417,222</u>	<u>403,222</u>
<b>Expenditures - Sanitation:</b>						
Salaries, solid waste disposal	1,742,314	1,628,293	1,616,518	--	1,616,518	11,775
Other expenses, solid waste disposal	41,190	41,890	30,898	--	30,898	10,992
Special projects, solid waste disposal	5,590,576	5,489,223	3,935,070	978,743	4,913,813	575,410
Salaries, solid waste collections	2,214,416	2,181,056	2,153,905	--	2,153,905	27,151
Other expenses, solid waste collections	356,153	328,233	162,378	131,156	293,534	34,699
Salaries, Kauai recycling center	112,770	77,170	74,777	--	74,777	2,393
Other expenses, Kauai recycling center	82,090	81,540	68,900	10,000	78,900	2,640
Recycling programs	4,820,510	4,862,910	3,818,962	1,025,893	4,844,855	18,055
Salaries, roads maintenance	117,427	117,427	108,315	--	108,315	9,112
Salaries, auto maintenance	126,615	276,715	276,652	--	276,652	63
Auto maintenance and repair	200,843	260,843	230,186	10,643	240,829	20,014
Central services cost	1,123,357	1,073,777	1,013,014	1,275	1,014,289	59,488
Equipment including capital leases	2,567,111	2,441,461	1,119,766	1,302,994	2,422,760	18,701
Fuel	206,000	281,000	280,110	--	280,110	890
Social security taxes	321,099	274,977	268,882	--	268,882	6,095
Public employees' health fund	405,948	415,951	412,870	--	412,870	3,081
Worker's compensation	6	249,738	249,734	--	249,734	4
Unemployment compensation	3	4	2	--	2	2
Employees' retirement system	753,373	822,980	822,107	--	822,107	873
Employees' other post employment benefits	910,177	786,790	786,788	--	786,788	2
Total Expenditures - Sanitation	<u>21,691,978</u>	<u>21,691,978</u>	<u>17,429,834</u>	<u>3,460,704</u>	<u>20,890,538</u>	<u>801,440</u>
Deficiency of Revenues Under Expenditures	(12,677,978)	(12,677,978)	(8,012,612)	(3,460,704)	(11,473,316)	1,204,662
<b>Other Financing Sources (Uses):</b>						
Transfers in	8,309,338	8,309,338	8,309,338	--	8,309,338	--
Transfers out	(955,016)	(955,016)	(955,016)	--	(955,016)	--
Total Other Financing Sources (Uses)	<u>7,354,322</u>	<u>7,354,322</u>	<u>7,354,322</u>	<u>--</u>	<u>7,354,322</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)						
	\$ <u>(5,323,656)</u>	\$ <u>(5,323,656)</u>	(658,290)	\$ <u>(3,460,704)</u>	\$ <u>(4,118,994)</u>	\$ <u>1,204,662</u>
Fund Balance - Beginning of Year July 1, 2017			19,083,070			
Fund Balance - End of Year June 30, 2018			\$ <u>18,424,780</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, 2018**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 4,827,246	\$ 1,298,709	\$ 256,862	\$ 6,382,817
Restricted cash and cash equivalents	362,670	--	--	362,670
Investments	2,914,449	--	--	2,914,449
<b>Receivables, net:</b>				
Accounts	634,370	2,823,191	--	3,457,561
Interest	10,680	--	--	10,680
Prepaid expenses	--	936	2,720	3,656
<b>Total Current Assets</b>	<u>8,749,415</u>	<u>4,122,836</u>	<u>259,582</u>	<u>13,131,833</u>
<b>Noncurrent Assets:</b>				
<b>Capital assets:</b>				
Land	15,901,032	1,226,600	--	17,127,632
Construction in Progress	--	3,357,840	--	3,357,840
Buildings	31,338,515	71,017,544	2,764,497	105,120,556
Equipment	7,292	14,232,048	1,441,171	15,680,511
Infrastructure	--	11,017,601	2,739,725	13,757,326
Less: accumulated depreciation	(14,547,550)	(43,706,704)	(3,218,923)	(61,473,177)
<b>Total Noncurrent Assets</b>	<u>32,699,289</u>	<u>57,144,929</u>	<u>3,726,470</u>	<u>93,570,688</u>
<b>Total Assets</b>	<u>41,448,704</u>	<u>61,267,765</u>	<u>3,986,052</u>	<u>106,702,521</u>
<b>Deferred Outflows of Resources:</b>				
Deferred outflows of resources on net pension liability	--	1,703,751	732,992	2,436,743
Deferred outflows of resources on net other postemployment benefits	--	478,485	199,359	677,844
<b>Total Deferred Outflows of Resources</b>	<u>--</u>	<u>2,182,236</u>	<u>932,351</u>	<u>3,114,587</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 41,448,704</u>	<u>\$ 63,450,001</u>	<u>\$ 4,918,403</u>	<u>\$ 109,817,108</u>
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 100,878	\$ 671,831	\$ 196,415	\$ 969,124
Contracts payable	--	50,932	--	50,932
Interest payable	--	63,287	8,120	71,407
Due to other funds	274,330	--	--	274,330
Due to other government	--	280,196	--	280,196
Security deposits payable	139,720	--	--	139,720
Unearned revenue	--	46,452	--	46,452
Compensated absences, current portion	--	119,420	46,117	165,537
Claims and judgements, current portion	--	74,825	70,923	145,748
Long-term liabilities, current portion	--	1,735,441	43,862	1,779,303
<b>Total Current Liabilities</b>	<u>514,928</u>	<u>3,042,384</u>	<u>365,437</u>	<u>3,922,749</u>
<b>Noncurrent Liabilities:</b>				
Long-term liabilities	--	18,150,431	112,015	18,262,446
Compensated absences	--	358,260	138,350	496,610
Claims and judgements	--	137,081	129,933	267,014
Net pension liability	--	6,017,371	2,645,336	8,662,707
Net other postemployment benefits liability	--	4,304,752	1,798,616	6,103,368
<b>Total Noncurrent Liabilities</b>	<u>--</u>	<u>28,967,895</u>	<u>4,824,250</u>	<u>33,792,145</u>
<b>Total Liabilities</b>	<u>514,928</u>	<u>32,010,279</u>	<u>5,189,687</u>	<u>37,714,894</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows of resources on net pension liability	--	1,581,690	692,205	2,273,895
Deferred inflows of resource on net other postemployment benefits	--	52,818	22,068	74,886
<b>Total Deferred Inflows of Resources</b>	<u>--</u>	<u>1,634,508</u>	<u>714,273</u>	<u>2,348,781</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>514,928</u>	<u>33,644,787</u>	<u>5,903,960</u>	<u>40,063,675</u>
<b>Net Position:</b>				
Net investment in capital assets	32,699,289	37,259,057	3,570,593	73,528,939
<b>Restricted assets:</b>				
Nonexpendable - cash	362,670	--	--	362,670
Unrestricted	7,871,817	(7,453,843)	(4,556,150)	(4,138,176)
<b>Total Net Position</b>	<u>\$ 40,933,776</u>	<u>\$ 29,805,214</u>	<u>\$ (985,557)</u>	<u>\$ 69,753,433</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, 2018**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 645,305	\$ --	\$ --	\$ 645,305
Rents and concessions	1,087,713	--	187,943	1,275,656
Charges for current services	--	9,561,674	982,659	10,544,333
Other	192,004	--	409	192,413
<b>Total Operating Revenues</b>	<b>1,925,022</b>	<b>9,561,674</b>	<b>1,171,011</b>	<b>12,657,707</b>
Operating Expenses:				
Public housing	1,556,440	--	--	1,556,440
Sewer	--	9,222,232	--	9,222,232
Golf	--	--	2,744,353	2,744,353
Depreciation	783,489	3,213,985	314,155	4,311,629
Cost of low-income housing sales	195,034	--	--	195,034
<b>Total Operating Expenses</b>	<b>2,534,963</b>	<b>12,436,217</b>	<b>3,058,508</b>	<b>18,029,688</b>
<b>Operating Income (Loss)</b>	<b>(609,941)</b>	<b>(2,874,543)</b>	<b>(1,887,497)</b>	<b>(5,371,981)</b>
Nonoperating Revenues (Expenses):				
Interest income from investments	28,808	--	--	28,808
Interest expense on long-term debt	--	(167,778)	(8,912)	(176,690)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>28,808</b>	<b>(167,778)</b>	<b>(8,912)</b>	<b>(147,882)</b>
<b>Net Income (Loss) Before Transfers and Contributions</b>	<b>(581,133)</b>	<b>(3,042,321)</b>	<b>(1,896,409)</b>	<b>(5,519,863)</b>
Capital contributions	--	1,050,457	--	1,050,457
Transfers	--	(1,197,487)	1,110,056	(87,431)
<b>Change in Net Position</b>	<b>(581,133)</b>	<b>(3,189,351)</b>	<b>(786,353)</b>	<b>(4,556,837)</b>
Net Position - Beginning of Year July 1, 2017, as previously reported	41,514,909	36,908,108	1,435,956	79,858,973
Prior period adjustment (Note 20)	--	(3,913,543)	(1,635,160)	(5,548,703)
<b>Net Position - Beginning of Year July 1, 2017, as restated</b>	<b>41,514,909</b>	<b>32,994,565</b>	<b>(199,204)</b>	<b>74,310,270</b>
<b>Net Position - Ending of Year June 30, 2018</b>	<b>\$ 40,933,776</b>	<b>\$ 29,805,214</b>	<b>\$ (985,557)</b>	<b>\$ 69,753,433</b>

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

**COUNTY OF KAUAI, HAWAII**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities			
	Enterprise Funds			
	Public Housing	Sewer	Golf	Totals
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 1,230,314	\$ 9,352,002	\$ 891,078	\$ 11,473,394
Payments to employees	(77,707)	(1,160,001)	(461,267)	(1,698,975)
Payments to suppliers	(1,541,305)	(6,757,017)	(1,529,632)	(9,827,954)
Net Cash Provided by (Used in) Operating Activities	<u>(388,698)</u>	<u>1,434,984</u>	<u>(1,099,821)</u>	<u>(53,535)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
Transfers from other funds	--	--	1,110,056	1,110,056
Transfers to other funds	--	(1,197,487)	--	(1,197,487)
Changes in amounts due to other funds	274,330	--	--	274,330
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>274,330</u>	<u>(1,197,487)</u>	<u>1,110,056</u>	<u>186,899</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	--	(1,149,799)	--	(1,149,799)
Proceeds from sale of property	171,425	--	--	171,425
Capital contributions	--	1,030,957	--	1,030,957
Due to other government	--	17,628	--	17,628
Development fees	--	19,500	--	19,500
Principal payments - bonds and loans	--	(1,671,908)	(190,000)	(1,861,908)
Principal payments - capital leases	--	(71,235)	(95,271)	(166,506)
Interest payments - bonds and loans	--	(176,174)	(8,397)	(184,571)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>171,425</u>	<u>(2,001,031)</u>	<u>(293,668)</u>	<u>(2,123,274)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received from investments	27,959	--	--	27,959
Changes in investments, net	66,311	--	--	66,311
Net Cash Provided by Investing Activities	<u>94,270</u>	<u>--</u>	<u>--</u>	<u>94,270</u>
Net Increase (Decrease) in Cash and Cash Equivalents	151,327	(1,763,534)	(283,433)	(1,895,640)
Cash and Cash Equivalents, Beginning of Year July 1, 2017	5,038,589	3,062,243	540,295	8,641,127
Cash and Cash Equivalents, End of Year June 30, 2018 (including \$362,670 for Public Housing reported in restricted accounts)	<u>\$ 5,189,916</u>	<u>\$ 1,298,709</u>	<u>\$ 256,862</u>	<u>\$ 6,745,487</u>
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income (loss)	\$ (609,941)	\$ (2,874,543)	\$ (1,887,497)	\$ (5,371,981)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,489	3,213,985	314,155	4,311,629
Loss on disposal of capital assets	23,609	--	--	23,609
Pension expense	--	1,601,599	704,089	2,305,688
Other postemployment benefits expense	--	444,027	185,524	629,551
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(529,223)	(192,627)	--	(721,850)
Deferred outflows for pensions	--	(436,661)	(175,958)	(612,619)
Deferred outflows for other postemployment benefits	--	(478,485)	(199,359)	(677,844)
Prepaid items	334	--	--	334
Accounts payable and accrued liabilities	(62,906)	60,853	(48,618)	(50,671)
Security deposits payable	5,940	--	--	5,940
Contracts payable	--	7,293	--	7,293
Unearned revenue	--	6,262	--	6,262
Compensated absences	--	83,281	7,843	91,124
Net Cash Provided by (Used in) Operating Activities	<u>\$ (388,698)</u>	<u>\$ 1,434,984</u>	<u>\$ (1,099,821)</u>	<u>\$ (53,535)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES</b>				
Equipment acquired through capital leases	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 103,940</u>	<u>\$ 103,940</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, 2018**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ <u>8,107,018</u>
Total Assets	<u>8,107,018</u>
<b>Liabilities:</b>	
Customer deposits	7,253,747
Due to other governments	<u>853,271</u>
Total Liabilities	<u>8,107,018</u>
Net Position	\$ <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, 2018**

**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 2018.

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*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement*

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

*Date - An Amendment of GASB Statement No. 68, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and GASB Statement No. 77, Tax Abatement Disclosures.* The statements contained herein reflect the changes in 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*

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

*Activities.* Charges to governmental functions for centralized services are made to recover administrative costs incurred by the general government function as 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, 2018**

**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.

*State Grants Fund* - Accounts for expenditures of state and county grants.

*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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

*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 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. The General Fund is the only fund that reports a positive unassigned fund balance.

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, 2018**

**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, 2018**

**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, 2018**

**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.

***Real Property Tax Abatement Programs***

The County provides four real property tax abatement programs –

*Commercial Alternative Energy Improvement Exemption* – Section 5A-11.30 of the Kaua'i County Code (K.C.C.) provides abatement for properties that produce electricity from renewable sources and sell at least 25% of the onsite electricity produced to the public utility. The exemption application must show the land area where energy production occurs as well as details about the improvements installed to produce the energy. Sources of energy may include, but are not limited to, solid wastes, hydroelectric, solar, fuel cells, biomass, or tides or currents. Under this exemption, all improvements that are directly related to the production of energy are 100% exempt and the land underlying the commercial alternative energy facility is assessed as though zoned industrial with a 50% exemption applied to the land. Although no annual application is required by the taxpayer after the initial petition has been submitted, after one year of being fully operational the applicant may elect to re-petition to have both the land and the improvements fully exempt, and rather pay the in-lieu of tax which is based on 1% of the gross revenue generated from the energy facility. (Ordinances 916, 920, and 932).

*Historic Residential Dedication Exemption* - Section 5A-11.22 of the K.C.C. provides abatements to encourage the preservation of residential structures that have been places on the Hawai'i Register of Historic Places and which are more than fifty years old. The property owner must provide visual access on a year-round basis or open the property to the public for twelve days per year. The improvements must meet or exceed average condition and must be maintained structurally sound and weather tight throughout the ten-year dedication period. The owner must attest to the soundness and integrity of the historical improvements by submitting a certification of the structural soundness and weathertightness every 5 years. Historic residential properties that are used as the owner's primary residence receive an abatement of 100% of the assessed value for the qualified area and structures, but not less than the minimum tax of \$150.00 (or \$75.00 if receiving the additional low-income exemption).

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Non-owner-occupied historic residential properties receive an exemption of 75% for the qualifying area and structures. Dedications must be recorded at the Bureau of Conveyances and renewed every ten years. (Ordinances 434, 467, 564, 637, and 920).

*Low and Moderate-Income Housing Exemption* - Section 5A-11.20 of the K.C.C. provides abatement to property owners that participate in long-term housing projects that have regulatory agreements mandating rent levels. Applicants must submit an application form along with a copy of the recorded regulatory agreement. Abatement is equal to 100% of the assessed value for the portion of the real property that is dedicated as low- and moderate-income rentals. If the entire property is dedicated, then the net taxable is zero but the property is still subject to the minimum tax of \$150.00. The application is a one-time filing and runs concurrent with the termination of the regulatory agreement. If the rental units do not comply with the regulatory conditions, the property would be subject to roll back taxes, including penalty and interest. (Ordinances 394 and 954, Section 53-38 H.R.S.).

*Agricultural Use Dedication* - Section 5A-9.1 of the K.C.C. provides reduced assessments to encourage local agricultural production as well as the preservation of agricultural lands that could otherwise be further developed, by valuing the dedicated lands at the agricultural use value as opposed to the market value. An application form must be filed along with a plot plan, a management plan, and a marketing plan that provide details as to what agricultural activities will be conducted on the property. Upon review and approval, the owner is required to record the dedication at the Bureau of Conveyances. There are two available dedication lengths, 10 years or 20 years, and the dedications do not automatically renew. Valuation consideration is given to both the type of agricultural activity, diversified agriculture or pasturing of livestock, as well as the length of the dedication. Those that dedicate for 20 years receive 50% of the agricultural value ascribed to 10 year dedications. Any breach to the terms of the recorded dedication would result in the cancellation of the dedication, or portion thereof, and the immediate rollback on taxes abated plus penalties and interest. (Ordinances 394, 464, 520, 547, 679, 741, 822, 915, 920, and 932).

The gross amount by which the County's tax revenues were reduced during the year as a result of the tax abatement programs were as follows:

	<u>Amount</u>
Agricultural Use	\$ 8,379,957
Historic Residential Dedication	241,427
Low and Moderate Income Housing	569,021
Other	<u>104,173</u>
Total	\$ <u>9,294,578</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

***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 \$260,000 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 cost and are reported as expenditures at the time of purchase (purchase method).

***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.

***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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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.

***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.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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 three items that qualifies for reporting in this category. The County and Department reports the deferred loss on refunding and contributions to the pension and other postemployment benefits (OPEB) plans from the employer subsequent to the measurement date of the net pension liability and OPEB liability, respectively, and before the end of the reporting period are reported as a deferred outflows 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 five 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 and OPEB.

***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 position 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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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 \$37.4 million at June 30, 2018.

***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.

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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

***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.

***Postemployment Benefits Other Than Pensions***

For purposes of measuring the net Postemployment Benefits Other Than Pensions (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and additions to/deductions from EUTF's fiduciary net position have been determined on the same basis as they are reported by EUTF. For this purpose, EUTF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for investments in commingled and money market funds, which are reported at net asset value (NAV). The NAV is based on the fair value of the underlying assets held by the respective fund less its liabilities.

***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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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

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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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 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, 2018.

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.

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3 - BUDGET TO GAAP RECONCILIATION (Continued)**

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	\$ 2,474,295	\$ 338,944	\$ (658,290)
Encumbrances and unexpended allotments, current year	<u>(6,464,961)</u>	<u>(452,115)</u>	<u>(3,460,704)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(3,990,666)</u>	\$ <u>(113,171)</u>	\$ <u>(4,118,994)</u>

**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 \$84,163,000 and the balances carried by the bank were approximately \$93,002,000. The Department's carrying value of these deposits with banks and savings institutions approximated \$17,773,000 and the balances carried by the bank were approximately \$17,259,000. 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, 2018, the County and the Department held approximately \$98,880,000 and \$31,327,000, respectively, or 68% and 60% of their investments in Federal Government Sponsored Entities and Government Securities.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

***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, 2018, the County and the Department had the following investments:

***County***

	<u>Fair Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
U.S. government agencies	\$ 89,888,673	\$ 23,056,156	\$ 66,832,517
U.S. treasury obligations	8,990,883	4,856,678	4,134,205
Certificates of deposit	54,030,336	12,445,996	41,584,340
Repurchase agreements	<u>490,000</u>	<u>490,000</u>	<u>--</u>
	153,399,892	\$ <u>40,848,830</u>	\$ <u>112,551,062</u>
Money market mutual funds	<u>758,284</u>		
Total	\$ <u>154,158,176</u>		

***Department***

	<u>Fair Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
U.S. government agencies	\$ 30,370,302	\$ 12,413,348	\$ 17,956,954
U.S. treasury obligations	956,800	--	956,800
Certificates of deposit	12,510,000	9,788,000	2,722,000
Repurchase agreements	<u>2,200,000</u>	<u>2,200,000</u>	<u>--</u>
	46,037,102	\$ <u>24,401,348</u>	\$ <u>21,635,754</u>
Money market mutual funds	<u>6,608,917</u>		
Total	\$ <u>52,646,019</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, 2018, 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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

***Concentration of Credit Risk***

The County places no limit on the amount which may be invested in any one issuer. As of June 30, 2018, the County and the Department held more than 5% of their investments in the following:

	County		Department	
FHLB - Federal Home Loan Bank	\$ 26,073,536	16.9%	\$ 4,396,365	8.1%
FHLMC - Freddie Mac	23,410,241	15.2%	6,646,771	12.3%
FNMA - Fannie Mae	20,366,763	13.2%	4,932,434	9.1%
FFCB - Federal Farm Credit Bank	20,038,134	13.0%	12,946,752	23.9%
U.S. Treasury obligations	8,990,882	5.8%	956,800	1.8%
Blackrock	758,284	0.5%	6,608,917	12.2%
First Hawaiian Bank	<u>33,751,257</u>	<u>21.9%</u>	<u>10,300,000</u>	<u>19.0%</u>
Total	<u>\$ 133,389,097</u>	<u>86.5%</u>	<u>\$ 46,788,039</u>	<u>86.4%</u>

**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.

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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, certificates of deposit, and repurchase agreements: Valued using quoted prices for identical or similar assets in markets that are not active.

*Primary Government:*

	Assets at Fair Value at June 30, 2018			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. treasury obligations	\$ 8,990,883	\$ 8,990,883	\$ --	\$ --
U.S. government agencies	89,888,673	--	89,888,673	--
Repurchase agreements	490,000	--	490,000	--
Certificates of deposit	20,279,079	--	20,279,079	--
Money market mutual funds	<u>758,284</u>	<u>758,284</u>	<u>--</u>	<u>--</u>
	120,406,919	\$ <u>9,749,167</u>	\$ <u>110,657,752</u>	\$ <u>--</u>
Investments measured at amortized cost				
Certificates of deposit	<u>33,751,257</u>			
	<u>\$ 154,158,176</u>			

*Department:*

	Assets at Fair Value at June 30, 2018			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. treasury obligations	\$ 956,800	\$ 956,800	\$ --	\$ --
U.S. government agencies	30,370,302	--	30,370,302	--
Repurchase agreements	2,200,000	--	2,200,000	--
Money market mutual funds	<u>6,608,917</u>	<u>6,608,917</u>	<u>--</u>	<u>--</u>
	40,136,019	\$ <u>7,565,717</u>	\$ <u>32,570,302</u>	\$ <u>--</u>
Investments measured at amortized cost				
Certificates of deposit	<u>12,510,000</u>			
	<u>\$ 52,646,019</u>			

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6 - RECEIVABLES**

Receivables as of June 30, 2018, 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	Subtotal
Receivables, net:						
Real property taxes	\$ 3,200,313	\$ --	\$ --	\$ --	\$ --	\$ 3,200,313
Accounts receivable	4,335,201	--	742,356	--	--	5,077,557
Intergovernmental	--	--	--	--	3,661,677	3,661,677
Loans receivable	--	6,646,154	--	--	12,522,205	19,168,359
Interest	391,689	1,220,211	36,851	44,668	485,040	2,178,459
Total Receivables, net:	<u>\$ 7,927,203</u>	<u>\$ 7,866,365</u>	<u>\$ 779,207</u>	<u>\$ 44,668</u>	<u>\$ 16,668,922</u>	<u>\$ 33,286,365</u>

	State Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total
Receivables, net:					
Real property taxes	\$ --	\$ --	\$ --	\$ --	\$ 3,200,313
Accounts receivable	868,838	--	667,055	45,775	6,659,225
Intergovernmental	--	2,508,055	--	494,911	6,664,643
Loans receivable	--	--	--	--	19,168,359
Interest	--	--	--	25,798	2,204,257
Total Receivables, net:	<u>\$ 868,838</u>	<u>\$ 2,508,055</u>	<u>\$ 667,055</u>	<u>\$ 566,484</u>	<u>\$ 37,896,797</u>

Business-type Activities:

	Enterprise Funds
Receivables, net:	
Accounts receivable	\$ 3,697,165
Interest	10,680
Less: allowance for uncollectible charges	(239,604)
Total Receivables, net:	<u>\$ 3,468,241</u>

The only receivables without an allowance not expected to be collected within one year are approximately \$19 million of loans receivable for the governmental activities which are generally due to the County on various dates through 2066.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Primary Government				Balance June 30, 2018
	Balance June 30, 2017	Increases	Decreases	Transfers	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 184,789,234	\$ 5,790,491	\$ --	\$ --	\$ 190,579,725
Construction in progress	<u>30,757,091</u>	<u>11,148,166</u>	<u>(14,420,400)</u>	<u>--</u>	<u>27,484,857</u>
Total Capital Assets, Not Being Depreciated	<u>215,546,325</u>	<u>16,938,657</u>	<u>(14,420,400)</u>	<u>--</u>	<u>218,064,582</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	145,377,904	4,046,796	(11,715)	--	149,412,985
Machinery and equipment	88,683,534	7,996,973	(2,020,104)	--	94,660,403
Infrastructure	<u>682,692,955</u>	<u>6,383,816</u>	<u>(66,982)</u>	<u>--</u>	<u>689,009,789</u>
Total Capital Assets, Being Depreciated	<u>916,754,393</u>	<u>18,427,585</u>	<u>(2,098,801)</u>	<u>--</u>	<u>933,083,177</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(53,200,923)	(4,749,041)	11,715	--	(57,938,249)
Machinery and equipment	(57,486,971)	(7,529,128)	2,020,104	--	(62,995,995)
Infrastructure	<u>(487,659,679)</u>	<u>(7,362,691)</u>	<u>66,982</u>	<u>--</u>	<u>(494,955,388)</u>
Total Accumulated Depreciation	<u>(598,347,573)</u>	<u>(19,640,860)</u>	<u>2,098,801</u>	<u>--</u>	<u>(615,889,632)</u>
Governmental Activities - Capital Assets, net	\$ <u>533,953,145</u>	\$ <u>15,725,382</u>	\$ <u>(14,420,400)</u>	\$ <u>--</u>	\$ <u>535,258,127</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	Primary Government				Balance June 30, 2018
	Balance June 30, 2017	Increases	Decreases	Transfers	
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 17,127,632	\$ --	\$ --	\$ --	\$ 17,127,632
Construction in progress	<u>8,280,435</u>	<u>1,071,183</u>	<u>(5,993,778)</u>	<u>--</u>	<u>3,357,840</u>
Total Capital Assets, Not Being Depreciated	<u>25,408,067</u>	<u>1,071,183</u>	<u>(5,993,778)</u>	<u>--</u>	<u>20,485,472</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	104,348,329	772,227	--	--	105,120,556
Machinery and equipment	10,331,624	5,404,107	(55,220)	--	15,680,511
Infrastructure	<u>13,757,326</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,757,326</u>
Total Capital Assets, Being Depreciated	<u>128,437,279</u>	<u>6,176,334</u>	<u>(55,220)</u>	<u>--</u>	<u>134,558,393</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(43,748,365)	(2,883,447)	--	--	(46,631,812)
Machinery and equipment	(4,780,587)	(1,146,318)	55,220	--	(5,871,685)
Infrastructure	<u>(8,687,816)</u>	<u>(281,864)</u>	<u>--</u>	<u>--</u>	<u>(8,969,680)</u>
Total Accumulated Depreciation	<u>(57,216,768)</u>	<u>(4,311,629)</u>	<u>55,220</u>	<u>--</u>	<u>(61,473,177)</u>
Business-type Activities - Capital Assets, net	<u>\$ 96,628,578</u>	<u>\$ 2,935,888</u>	<u>\$ (5,993,778)</u>	<u>\$ --</u>	<u>\$ 93,570,688</u>

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

Governmental Activities:	
General government	\$ 1,120,431
Public safety	4,058,939
Public works	2,865,084
Highways and streets	6,577,718
Public welfare	1,279,089
Culture and recreation	2,285,279
Sanitation	<u>1,454,320</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 19,640,860</u>
Business-type Activities:	
Public housing	\$ 783,489
Sewer	3,213,985
Golf	<u>314,155</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 4,311,629</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	Component Unit				Balance June 30, 2018
	Balance June 30, 2017	Increases	Decreases	Transfers	
Discretely Presented Component Unit:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,343,144	\$ --	\$ --	\$ --	\$ 1,343,144
Construction in progress	<u>4,605,437</u>	<u>4,368,156</u>	<u>(1,457,130)</u>	<u>--</u>	<u>7,516,463</u>
Total Capital Assets, Not Being Depreciated	<u>5,948,581</u>	<u>4,368,156</u>	<u>(1,457,130)</u>	<u>--</u>	<u>8,859,607</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	16,645,613	--	--	--	16,645,613
Machinery and equipment	7,441,108	759,352	(215,842)	--	7,984,618
Infrastructure	<u>307,384,018</u>	<u>3,858,817</u>	<u>(39,643)</u>	<u>--</u>	<u>311,203,192</u>
Total Capital Assets, Being Depreciated	<u>331,470,739</u>	<u>4,618,169</u>	<u>(255,485)</u>	<u>--</u>	<u>335,833,423</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(2,488,963)	(430,138)	--	--	(2,919,101)
Machinery and equipment	(5,062,490)	(616,679)	215,842	--	(5,463,327)
Infrastructure	<u>(112,808,373)</u>	<u>(6,609,504)</u>	<u>21,305</u>	<u>--</u>	<u>(119,396,572)</u>
Total Accumulated Depreciation	<u>(120,359,826)</u>	<u>(7,656,321)</u>	<u>237,147</u>	<u>--</u>	<u>(127,779,000)</u>
Component Unit - Capital Assets, net	<u>\$ 217,059,494</u>	<u>\$ 1,330,004</u>	<u>\$ (1,475,468)</u>	<u>\$ --</u>	<u>\$ 216,914,030</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 - INTERFUND RECEIVABLES/PAYABLES**

The Interfund Due From/To Other Funds consist of the following as of June 30, 2018:

Receivable Fund	Payable Fund	Amount
General Fund	Federal Grants Fund	\$ 27,970
State Grants Fund	General Fund	22,987,228
Bond Fund	Other Governmental Funds	520,291
Bond Fund	Grants CIP Fund	1,269,139
General CIP Fund	General Fund	257,557
General CIP Fund	Federal Grants Fund	543,864
Other Governmental Funds	Other Governmental Funds	<u>328,541</u>
Total, All Funds		\$ <u>25,934,590</u>

The primary purpose for interfund receivables/payables are interfund loans and cash not transferred before the end of the fiscal year. All interfund balances are expected to be repaid by June 30, 2019.

Internal balances consist of the following at June 30, 2018:

Receivable Fund	Payable Fund	Amount
Federal Grants Fund	Public Housing Fund	\$ 274,330

Transfers for the fiscal year ended June 30, 2018, 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	\$ --	\$ --	\$ 1,028,619	\$ --	\$ --	\$ 1,028,619
Solid Waste Disposal Fund	8,309,338	--	--	--	--	8,309,338
Debt Service Fund	9,626,821	955,016	--	--	697,487	11,279,324
Golf Enterprise Fund	1,110,056	--	--	--	--	1,110,056
General CIP Fund	3,943,532	--	--	100,000	--	4,043,532
Grants CIP Fund	--	551,087	--	--	--	551,087
Other Governmental Funds	<u>3,276,094</u>	<u>--</u>	<u>--</u>	<u>10,749,000</u>	<u>500,000</u>	<u>14,525,094</u>
	<u>\$ 26,265,841</u>	<u>\$ 1,506,103</u>	<u>\$ 1,028,619</u>	<u>\$ 10,849,000</u>	<u>\$ 1,197,487</u>	<u>\$ 40,847,050</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Significant transfers during the year ended June 30, 2018 consist of the following:

- The General Fund transferred \$26,265,841 to subsidize debt service payments and various Special Revenue, Capital, and Golf Enterprise Fund programs.
- The Solid Waste Disposal Fund transferred \$955,016 to the Debt Service Fund and \$551,087 to the Grants CIP Fund to subsidize debt service payments and finance capital projects, respectively.
- The Bond Fund transferred \$1,028,619 of bonds subsidy interest to the General Fund.
- The Highway Fund transferred \$4,550,000 to the Highway Capital Improvement Fund to finance capital projects.
- The Public Access Fund transferred \$6,199,000 to the Open Space Capital Improvement Fund for land acquisition costs.
- The Criminal Assets Fund transferred \$100,000 to the General CIP Fund to finance capital projects.
- The Sewer Fund transferred \$697,487 to the Debt Service Fund and \$500,000 to the Sewer Capital Improvement Fund to subsidize debt service payments and finance capital projects, respectively.

**NOTE 9 - NET POSITION**

At June 30, 2018, 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	\$ 535,258,127	\$ 93,570,688	\$ 216,914,030
Less: Long-term debt	(122,935,676)	(19,831,135)	(77,338,149)
Less: Capital lease obligation	(5,277,700)	(210,614)	(526,619)
Add: Deferred outflows - deferred refunding costs	1,154,069	--	17,348
Less: Deferred inflows - deferred gain on refunding costs	(2,767,516)	--	--
Add: Unspent debt proceeds	36,674,401	--	12,439,460
Subtotal	442,105,705	73,528,939	151,506,070
Restricted:			
Capital projects	52,251,241	--	779,871
Less: Unspent debt proceeds	(36,674,401)	--	(12,439,460)
Less: Accrued interest payable	(2,300,923)	--	--
Other - debt service	1,588,524	--	--
Other - restricted cash and investments	--	362,670	12,468,884
Subtotal	14,864,441	362,670	809,295
Unrestricted	(284,520,607)	(4,138,176)	36,522,466
Total Net Position	\$ 172,449,539	\$ 69,753,433	\$ 188,837,831

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - CAPITAL LEASES**

The County leases machinery and equipment under non-cancelable leases expiring at various dates through July 2023 which meet the criteria for capitalization. These capital leases are financed primarily from General Fund, Solid Waste Fund, Sewer Fund and Golf Fund resources.

The net book value of the leased machinery and equipment at June 30, 2018 amounted to \$10,773,240 net of accumulated depreciation of \$16,535,297. The related present value of the remaining obligations under the capital leases which amounted to \$5,488,314 at June 30, 2018 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2018, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,839,956	\$ 148,592	\$ 1,988,548
2020	1,458,090	99,558	1,557,648
2021	1,280,932	60,646	1,341,578
2022	847,662	25,789	873,451
2023	<u>61,674</u>	<u>1,654</u>	<u>63,328</u>
Totals	\$ <u>5,488,314</u>	\$ <u>336,239</u>	\$ <u>5,824,553</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.

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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, 2018, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 522,000	\$ 13,000	\$ 535,000
2020	<u>4,000</u>	<u>--</u>	<u>4,000</u>
Totals	\$ <u>526,000</u>	\$ <u>13,000</u>	\$ <u>539,000</u>

The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2018. The accumulated depreciation related to the SWTP facility was approximately \$6,668,000 as of June 30, 2018.

**NOTE 11 - LONG-TERM LIABILITIES**

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Approximate amounts due within one year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 99,740,000	\$ 24,015,000	\$ 5,145,000	\$ 118,610,000	\$ 5,990,000
Total Bonds Payable	99,740,000	24,015,000	5,145,000	118,610,000	5,990,000
Loans Payable to State	3,774,589	551,087	--	4,325,676	100,728
Claims and judgments	8,884,828	1,224,384	2,010,141	8,099,071	3,231,667
Landfill closure and postclosure	30,307,165	10,191,087	791,846	39,706,406	830,427
Capital lease obligations	4,535,346	3,223,007	2,480,653	5,277,700	1,741,230
Compensated absences	<u>14,491,390</u>	<u>6,256,378</u>	<u>6,148,367</u>	<u>14,599,401</u>	<u>3,649,850</u>
Governmental Activities, Long-term Liabilities	\$ <u>161,733,318</u>	\$ <u>45,460,943</u>	\$ <u>16,576,007</u>	\$ <u>190,618,254</u>	\$ <u>15,543,902</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Approximate amounts due within one year
<b><i>Business-type Activities:</i></b>					
Bonds Payable:					
General obligation bonds	\$ 190,000	\$ --	\$ 190,000	\$ --	\$ --
Total Bonds Payable	190,000	--	190,000	--	--
Loans Payable to State	21,503,043	--	1,671,908	19,831,135	1,680,577
Claims and judgments	384,474	173,742	145,454	412,762	145,748
Capital lease obligations	273,180	103,940	166,506	210,614	98,726
Compensated absences	571,023	308,258	217,134	662,147	165,537
Business-type Activities, Long-term Liabilities	\$ 22,921,720	\$ 585,940	\$ 2,391,002	\$ 21,116,658	\$ 2,090,588
<b><i>Discretely Presented Component Unit:</i></b>					
Bonds Payable:					
General obligation bonds	\$ 59,570,000	\$ --	\$ 2,910,000	\$ 56,660,000	\$ 2,950,000
Deferred Costs:					
For issuance premiums	498,156	--	58,213	439,943	--
Total Bonds Payable	60,068,156	--	2,968,213	57,099,943	2,950,000
Loans Payable	22,163,666	--	1,925,460	20,238,206	1,933,749
Compensated absences	1,331,655	520,075	449,219	1,402,511	489,688
Capital lease obligations	1,269,084	--	742,465	526,619	522,000
Component Unit, Long-term Liabilities	\$ 84,832,561	\$ 520,075	\$ 6,085,357	\$ 79,267,279	\$ 5,895,437

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 \$695,656 and \$301,184 were received in fiscal year 2018 for Build America Bonds and Recovery Zone Economic Development Bonds, respectively.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2018, 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 Net Position* at June 30, 2018, 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 2.25% to 5.00%.	\$ 12,335,000
General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,675,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy).	39,965,000
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 \$405,000 to \$545,000 through August 2021, interest payments semi-annually from 3.25% to 5.00%.	<u>1,955,000</u>
Balance carried forward	\$ <u>66,420,000</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	<u>Amount</u>
Balance carried forward	\$ 66,420,000
General obligation bonds, 2012 Series A, original amount \$23,415,000, due in annual installments of \$1,305,000 to \$2,145,000 through August 2029, interest payments semi-annually from 3.00% to 5.00%.	20,860,000
General obligation bonds, 2012 Series B, original amount \$7,775,000, due in annual installments of \$460,000 to \$745,000 through August 2029, interest payments semi-annually from 3.125% to 5.00%.	7,315,000
General obligation bonds, 2017 Series A, original amount \$24,015,000, due in annual installments of \$570,000 to \$1,455,000 through August 2042, interest payments semi-annually from 2.00% to 5.00%.	<u>24,015,000</u>
Total Governmental Activities	\$ <u>118,610,000</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Annual debt service requirements of the primary government general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2018, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,990,000	\$ 5,345,000	\$ 11,335,000
2020	6,245,000	5,089,000	11,334,000
2021	6,515,000	4,832,000	11,347,000
2022	6,615,000	4,560,000	11,175,000
2023	6,495,000	4,266,000	10,761,000
2024-2028	33,385,000	16,854,000	50,239,000
2029-2033	26,315,000	9,667,000	35,982,000
2024-2038	20,265,000	2,697,000	22,962,000
2039-2043	<u>6,785,000</u>	<u>663,000</u>	<u>7,448,000</u>
Totals	<u>\$118,610,000</u>	<u>\$ 53,973,000</u>	<u>\$ 172,583,000</u>

	<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.	\$ 50,110,000
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.	3,005,000
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.	1,100,000
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>2,445,000</u>
Premium on bond issuance	56,660,000
	<u>439,943</u>
Total Component Unit	\$ <u>57,099,943</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Annual debt service requirements of the component unit general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2018, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,260,000	2,440,000	5,700,000
2023	3,175,000	2,293,000	5,468,000
2024-2028	17,500,000	8,960,000	26,460,000
2029-2033	20,500,000	3,874,000	24,374,000
2034	<u>2,990,000</u>	<u>86,000</u>	<u>3,076,000</u>
Totals	\$ <u>56,660,000</u>	\$ <u>25,795,000</u>	\$ <u>82,455,000</u>

At June 30, 2018, approximately \$54.3 million of primary government and \$8.7 million of component unit general obligation bonds outstanding are considered defeased.

**Conduit Debt Obligations – Special District Bonds**

The following Special District Bonds bearing the County's name were issued to finance the Kukui'ula Development Project. Neither the full faith and credit nor the general taxing powers of the County or the State of Hawai'i is pledged to the payment of the bonds. Furthermore, neither the County nor State of Hawai'i 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, 2018</u>
County of Kaua'i Community Facilities District No. 2008-1	May 15, 2012	\$ <u>11,875,000</u>	\$ <u>11,650,000</u>
			<u>Amount</u>

**Loans Payable: Governmental Activities**

During fiscal year 2017, the County entered into a construction agreement with the State totaling approximately \$3.8 million to fund a gas collection system. Principal and interest payments are due in semi-annual installments of \$122,356 (\$244,712 annually). Principal and interest payments begin in fiscal year 2019. A loan fee is assessed at 0.375% of the outstanding principal balance. Interest is accrued at 0.125% per annum.

	\$ <u>4,325,676</u>
Total Governmental Activities	\$ <u>4,325,676</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	Amount
<b>Loans Payable: Business-type Activities</b>	
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.	\$ 700,176
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.	916,419
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.	977,304
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.	1,907,165
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.	<u>223,136</u>
Balance forward	\$ <u>4,724,200</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	Amount
Balance carried forward	\$ 4,724,200
<p>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 0.25% of the outstanding principal balance. Interest is accrued at 0.50% per annum.</p>	2,805,181
<p>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 0.25% of the outstanding principal balance. Interest is accrued at 0.50% per annum.</p>	6,863,857
<p>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 \$51,518 (\$103,036 annually). A loan fee is assessed at 0.25% of the outstanding principal balance. Interest is accrued at 0.25% per annum.</p>	1,615,052
<p>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 \$118,327 (\$236,654 annually). A loan fee is assessed at 0.50% of the outstanding principal balance. Interest is accrued at 0.25% per annum.</p>	<u>3,822,845</u>
Total Business-type Activities	\$ <u>19,831,135</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Annual requirements to retire loans payable as of June 30, 2018, are approximately as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 101,000	\$ 43,000	\$ 1,681,000	\$ 162,000	\$ 1,782,000	\$ 205,000
2020	203,000	42,000	1,690,000	147,000	1,893,000	189,000
2021	205,000	40,000	1,699,000	132,000	1,904,000	172,000
2022	207,000	38,000	1,708,000	117,000	1,915,000	155,000
2023	209,000	36,000	1,717,000	102,000	1,926,000	138,000
2024-2028	1,078,000	146,000	7,894,000	291,000	8,972,000	437,000
2029-2033	1,133,000	91,000	2,986,000	63,000	4,119,000	154,000
2034-2038	1,189,676	33,000	456,135	3,000	1,645,811	36,000
Totals	\$ 4,325,676	\$ 469,000	\$ 19,831,135	\$ 1,017,000	\$ 24,156,811	\$ 1,486,000

**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 - \$1,663,201.	\$ 333,357
Kekaha Well, last installment 2022. Interest rate - 1.01%. Semi- annual loan fee rate 1.625%. Date issued - April 15, 2002. Original amount - \$862,883.	203,256
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.	209,157
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 - \$1,243,976.	375,240
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 - \$397,737.	<u>130,550</u>
Balance forward	\$ <u>1,251,560</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	Amount
Balance carried forward	\$ 1,251,560
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.	474,336
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.	305,786
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 - \$2,305,093.	979,539
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 - \$5,158,886.	2,405,273
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 - \$7,274,998.	4,237,041
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.	2,389,737
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 - \$1,936,018.	1,164,198
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.	<u>2,414,070</u>
Balance forward	<u>\$ 15,621,540</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

	<u>Amount</u>
Balance carried forward	\$ 15,621,540
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 - \$4,463,084.	2,918,727
Lihue Baseyard Improvements, last installment 2034. Interest rate - 0.50%. Semi-annual loan fee rate - 0.50%. Date issued – December 15, 2014. Original amount - \$4,000,000.	<u>1,697,939</u>
Total Component Unit	\$ <u>20,238,206</u>

Annual requirements to retire the component unit loans payable as of June 30, 2018, are approximately as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,934,000	\$ 616,000	\$ 2,550,000
2020	1,942,000	551,000	2,493,000
2021	1,951,000	486,000	2,437,000
2022	1,910,000	421,000	2,331,000
2023	1,816,000	359,000	2,175,000
2024-2028	7,732,000	975,000	8,707,000
2029-2033	2,795,000	121,000	2,916,000
2034-2035	<u>158,000</u>	<u>2,000</u>	<u>160,000</u>
Totals	\$ <u>20,238,000</u>	\$ <u>3,531,000</u>	\$ <u>23,769,000</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 12 - EMPLOYEE BENEFIT PLANS**

**Pension Plan**

*Plan description.* The ERS is a cost-sharing, multiple-employer public employee retirement system established as a defined benefit pension plan to administer a pension benefits program for all eligible employees of the State and counties of Hawaii. Benefit terms, eligibility, and contribution requirements are established by Chapter 88 of the Hawaii Revised Statutes and can be amended through legislation.

The ERS provides retirement, disability and death benefits that are covered by the provisions of the noncontributory, contributory and hybrid retirement membership 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 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for employees hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for employees hired prior to January 1, 1971.

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

*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.

**COUNTY OF KAUA'I, HAWAI'I**  
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**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

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 five years of credited service are eligible to retire at age 55. Police officers and firefighters with 25 years of credited service are eligible to retire at age 55, provided the last five years is service credited in these occupations.

*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.

*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.

**COUNTY OF KAUA'I, HAWAII**  
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**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

*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. Police officers and firefighters with 25 years of credited service are eligible to retire at age 55, provided the last five years is service credited in these occupations.

*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.

*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.

**COUNTY OF KAUA'I, HAWAI'I**  
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**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

Ordinary death benefits are available to employees who were active at time of death with at least five 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 or if less than ten years of service, return of member's contributions and accrued interest.

**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 2018 were 28.00% for police and firefighters and 18.00% for all other employees. Contributions to the pension plan from the County and the Department were \$19,454,923 and \$1,036,000, respectively, for the fiscal year ended June 30, 2018.

On May 18, 2017, the Governor signed into law Act 17 SLH 2017. Per Act 17, future employer contributions from the State and counties are expected to increase pursuant to a phased-in contribution rate increase over four years beginning July 1, 2017. The rate for police and firefighters increases to 28.00% on July 1, 2017; 31.00% on July 1, 2018; 36.00% on July 1, 2019; and 41.00% on July 1, 2020 and the rate for all other employees increase to 18.00% on July 1, 2017; 19.00% on July 1, 2018; 22.00% on July 1, 2019; and 24.00% on July 1, 2020.

**COUNTY OF KAUA'I, HAWAI'I**  
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**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

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, 2018, the County and Department reported a liability of \$272,428,211 and \$15,423,518 respectively, for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the County's proportion was 2.040% which was an increase of 0.064% from its proportionate share measured as of June 30, 2016. At June 30, 2017, the Department's proportion was 0.12% which a decrease of approximately 0.01% from its proportionate share measured as June 30, 2016.

There were no significant changes in actuarial assumptions in 2017. There were no other changes between the measurement date, June 30, 2017, and the reporting date, June 30, 2018, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the fiscal year ended June 30, 2018, the County and the Department recognized pension expense of \$38,970,379 and \$2,157,000, respectively. At June 30, 2018, 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**  
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**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	\$ 9,808,463	\$ (2,248,652)
Changes in assumptions	44,160,347	--
Net difference between projected and actual earnings on pension plan investments	--	(879,336)
Changes in proportion and difference between County contributions and proportionate share of contributions	8,833,321	(7,128,119)
County contributions subsequent to the measurement date	<u>19,454,923</u>	<u>--</u>
	<u>\$ 82,257,054</u>	<u>\$ (10,256,107)</u>

The \$19,454,923 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, 2018. 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>
2019	\$ 12,233,565
2020	17,890,630
2021	15,403,828
2022	6,001,967
2023	<u>1,016,034</u>
Total	<u>\$ 52,546,024</u>

**Department:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 247,175	\$ (165,286)
Changes in assumptions	2,355,113	--
Net difference between projected and actual earnings on pension plan investments	--	(45,667)
Changes in proportion and difference between Department contributions and proportionate share of contributions	615,280	(651,869)
Department contributions subsequent to the measurement date	<u>1,035,930</u>	<u>--</u>
	<u>\$ 4,253,498</u>	<u>\$ (862,822)</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

The \$1,035,930 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, 2018. 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>
2018	\$ 661,664
2019	945,795
2020	696,326
2021	133,163
2022	<u>(82,202)</u>
Total	\$ <u>2,354,746</u>

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Payroll growth	3.50%
Investment rate of return (Compounded annually including inflation)	7.00%
Salary Increases, including inflation	
Police and fire employees	5.00% to 7.00%
General employees	3.50% to 6.50%
Teachers	3.75% to 5.75%

Mortality rates used in the actuarial valuation as of June 30, 2017 were based on the following:

Active members - Multiples of the RP 2014 mortality table for active employees based on the occupation of the member.

Healthy retirees - The 2016 Public Retirees of Hawaii mortality table, generational projection using the BB projection table from the year 2016 and with multipliers based on plan and group experience.

Disabled retirees - Base table for healthy retirees' occupation, set forward five years, generational projection using the BB projection table from the year 2016. Minimum mortality rate of 3.5% for males and 2.5% for females.

**COUNTY OF KAUA'I, HAWAII**  
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**NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)**

The discount rate used to measure the net pension liability as of June 30, 2018 was 7.00%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions were made at the current contribution rate and that employer contributions were 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 future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 geometric real rates of return for each major asset class used in the actuarial valuation are summarized in the following table:

Strategic Allocation (risk-based classes)	Target Allocation	Long-term Expected Rate of Return	Long-term Expected Real Rate of Return*
Broad growth	63.00 %	8.05%	5.80%
Principal protection	7.00 %	2.45%	0.20%
Real return	10.00 %	5.80%	3.55%
Crisis risk offset	<u>20.00 %</u>	5.35%	3.10%
	<u>100.00 %</u>		

\*Uses an expected inflation of 2.25%

**Discount Rate** - The discount rate used to measure the net pension liability at the June 30, 2017 and 2016 measurement dates were 7.00%. 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 KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 7.00%, 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ <u>356,688,348</u>	\$ <u>272,428,212</u>	\$ <u>202,951,421</u>
Department's proportionate share of the net pension liability	\$ <u>19,987,333</u>	\$ <u>15,423,518</u>	\$ <u>11,660,419</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, 2018, the County and the Department had payables to the pension plan of \$3,889,775 and \$0, respectively.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 – POST EMPLOYMENT HEALTHCARE PLAN**

**Postemployment Benefits Other Than Pensions (OPEB)**

**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.

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.

**COUNTY OF KAUAI, HAWAII**  
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**NOTE 13 – POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

The following table provides a summary of the number of employees covered by the benefits terms as of July 1, 2017:

<b>County:</b>	
Inactive employees or beneficiaries currently receiving benefits	773
Inactive employees entitled but not yet receiving benefit payments	121
Active employees	<u>1,152</u>
	<u>2,046</u>
<b>Department:</b>	
Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled but not yet receiving benefit payments	6
Active employees	<u>88</u>
	<u>144</u>

**Contributions** - The County's contribution levels are established by Chapter 87A of the HRS. For the fiscal year ended June 30, 2018, the County was required to contribute a minimum amount equal to at least 80% of the annual required contribution ("ARC"), as determined by an actuary retained by the board of trustees of the EUTF. The County will be required to contribute 100% of the ARC starting in fiscal year 2019. The ARC represents a level of funding that is sufficient to cover, 1) the normal cost, which is the cost of the other postemployment benefits attributable to the current year of service; and 2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next thirty years. For the fiscal year ended June 30, 2018, the County's average contribution rate was approximately 21.0% of covered-employee payroll.

For employees hired before July 1, 1996, the County pays the entire base monthly contribution for employees retiring with 10 or more years 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. The County's contribution is based on the plan selected by the retiree (single, two-party, or family plans).

For employees hired after June 30, 1996, but before July 1, 2001, and who retire with fewer than 10 years of service, the County makes no contributions. For those retiring with at least 10 years of service but fewer than 15 years of service, the County pays 50% of the base monthly contribution. For employees retiring with at least 15 years of service but fewer than 25 years of service, the County pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the County pays 100% of the base monthly contribution. The County's contribution is based on the plan selected by the retiree (single, two-party, or family plans).

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. The County's contribution is based on the single plan base monthly contribution. Retirees can elect family coverage but must pay the difference.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 – POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

**OPEB Liability** - The County's net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. There were no changes between the measurement date, July 1, 2017, and the reporting date, June 30, 2018, that are expected to have a significant effect on the net OPEB liability.

**Actuarial assumptions** - The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Discount Rate	7.00%
Inflation	2.50%
Salary increases	3.50% to 7.00%, including inflation
Demographic Assumptions	Based on the experience study covering the five year period ending June 30, 2015
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation Rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for Life insurance and 98% for Medicare Part B.
Healthcare cost trend rates	
PPO	Initial rates of 6.60%, 6.60% and 9.00%; declining to a rate of 4.86% after 14 years
HMO	Initial rate of 9.00%; declining to a rate of 4.86% after 14 years
Part B & base monthly contribution	Initial rates of 2.00% and 5.00%, declining to a rate of 4.70% after 14 years
Dental	3.50%
Vision	2.50%
Life insurance	0.00%

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 – POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 as of July 1, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	19.00%	5.50%
International equity	19.00%	7.00%
U.S. microcap	7.00%	7.00%
Private equity	10.00%	9.25%
REITs	6.00%	5.85%
Core real estate	10.00%	3.80%
Global options	7.00%	5.50%
Core bonds	3.00%	0.55%
Long treasuries	7.00%	1.90%
Trend following	7.00%	1.75%
TIPS	5.00%	0.50%
	<u>100.00%</u>	

**Single Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00% based on the expected rate of return on OPEB plan investments of 7.00%. Beginning with the fiscal year 2019 contribution, the funding policy of the County is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. As a result, the OPEB plan's fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

***Changes in the Net OPEB Liability*** -The following schedule presents the changes in the net OPEB liability for the fiscal year ending June 30, 2018. The ending balances are as of the measurement date, July 1, 2017:

**County:**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<b>Balance at June 30, 2017</b>	\$ <u>231,727,595</u>	\$ <u>82,186,118</u>	\$ <u>149,541,477</u>
<b>Changes for the fiscal year:</b>			
Service cost	5,623,361	--	5,623,361
Interest on the total OPEB liability	16,134,981	--	16,134,981
Contributions - employer	--	15,847,977	(15,847,977)
Net investment income	--	8,310,839	(8,310,839)
Benefit payments	(8,079,087)	(8,079,087)	--
Administrative expense	--	(18,934)	18,934
Other	--	126,295	(126,295)
<b>Net changes</b>	<u>13,679,255</u>	<u>16,187,090</u>	<u>(2,507,835)</u>
<b>Balance at June 30, 2018</b>	\$ <u>245,406,850</u>	\$ <u>98,373,208</u>	\$ <u>147,033,642</u>

**Department:**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
<b>Balance at June 30, 2017</b>	\$ <u>15,331,541</u>	\$ <u>6,468,430</u>	\$ <u>8,863,111</u>
<b>Changes for the fiscal year:</b>			
Service cost	380,075	--	380,075
Interest on the total OPEB liability	1,073,630	--	1,073,630
Contributions - employer	--	1,287,000	(1,287,000)
Net investment income	--	654,929	(654,929)
Benefits payments	(368,000)	(368,000)	--
Administrative expense	--	(1,485)	1,485
Other	--	8,474	(8,474)
<b>Net changes</b>	<u>1,085,705</u>	<u>1,580,918</u>	<u>(495,213)</u>
<b>Balance at June 30, 2018</b>	\$ <u>16,417,246</u>	\$ <u>8,049,348</u>	\$ <u>8,367,898</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Sensitivity of the Net OPEB Liability to Changes in the Discount rate.** The following presents the net OPEB liability of the County and Department, as well as what the County's and Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
<b>County:</b>			
Net OPEB Liability	\$ <u>187,203,859</u>	\$ <u>147,033,642</u>	\$ <u>114,739,809</u>
<b>Department:</b>			
Net OPEB Liability	\$ <u>11,073,323</u>	\$ <u>8,367,898</u>	\$ <u>6,176,735</u>

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the net OPEB liability of the County and Department, as well as what the County's and Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
<b>County:</b>			
Net OPEB Liability	\$ <u>113,001,911</u>	\$ <u>147,033,642</u>	\$ <u>190,104,503</u>
<b>Department:</b>			
Net OPEB Liability	\$ <u>6,031,341</u>	\$ <u>8,367,898</u>	\$ <u>11,320,142</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the fiscal year ended June 30, 2018, the County and Department recognized OPEB expense of \$15,165,856 and \$927,570, respectively. At June 30, 2018, the County and Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>County:</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ --	\$ 1,825,714
Employer contributions subsequent to the measurement date	<u>16,272,000</u>	<u>--</u>
	\$ <u>16,272,000</u>	\$ <u>1,825,714</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Department:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ --	\$ 135,783
Employer contributions subsequent to the measurement date	948,000	--
	\$ 948,000	\$ 135,783

The County and Department reported \$16,272,000 and \$948,000, respectively, as deferred outflows of resources related to OPEB resulting from County and Department contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>County:</b> Net Deferred	<b>Department:</b> Net Deferred
<u>Fiscal Year</u> <u>Ended June 30:</u>	Outflows (Inflows)	Outflows (Inflows)
2019	\$ (456,428)	\$ (33,946)
2020	(456,428)	(33,946)
2021	(456,428)	(33,946)
2022	(456,430)	(33,945)
	\$ (1,825,714)	\$ (135,783)

**Payables to the OPEB Plan** – At June 30, 2018, the County and Department had payables of \$7,332,882 and \$0-, respectively, to the EUTF.

**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.

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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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 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.

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, 2018, the amount of this liability was approximately \$8.5 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2016, 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>
2017	\$ 9,185,795	\$ 2,254,772	\$ (2,171,265)	\$ 9,269,302
2018	\$ 9,269,302	\$ 1,398,126	\$ (2,155,595)	\$ 8,511,833

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

***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, 2018, 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, 2018, was approximately \$26.3 million. Contractual commitments are generally reflected in the governmental fund financial statements as committed fund balance.

**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 \$14.9 million based on estimates provided by project engineers. At June 30, 2018, approximately 92.5% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately 1.9 years.

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 15 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (Continued)**

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 \$39.7 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.

**NOTE 16 - FUND BALANCE CONSTRAINTS**

**Stabilization Arrangements** - The County Resolution 2011-77 established the Reserve Fund and Reserve Fund Policy which was amended by County Resolution 2017-28. The County intends to maintain the Reserve Fund within the General Fund in the range of 30% of the previous year's actual operating general fund revenues. The Reserve Fund was established for the following purposes: Extreme events / natural disasters (10.0%), revenue volatility (18.5%) and expenditure volatility (1.5%). 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, not to exceed 3 years.

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

	<u>Amount</u>
Committed fund balance	\$ 14,484,957
Unassigned fund balance	<u>28,969,911</u>
Total	\$ <u>43,454,868</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The constraints on fund balance as listed in aggregate in the governmental funds *Balance Sheet* are detailed according to balance classification and fund.

	Major Special Revenue Funds					Major Capital Projects Funds			Other Governmental Funds	Total
	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	State Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Bond Fund		
<b>Fund Balances:</b>										
<b>Nonspendable:</b>										
Prepays	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 528,280	\$ 528,280
Total - Nonspendable	<u>--</u>	<u>-</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>528,280</u>	<u>528,280</u>
<b>Restricted:</b>										
Debt service reserve	--	--	--	--	--	--	--	--	1,786,761	1,786,761
Loans receivable	--	664,898	--	--	--	--	--	--	--	664,898
Landfill closure and post closure costs	490,000	--	11,488,987	--	--	--	--	--	--	11,978,987
Total - Restricted	<u>490,000</u>	<u>664,898</u>	<u>11,488,987</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,786,761</u>	<u>14,430,646</u>
<b>Committed:</b>										
Non-routine emergency events reserve	14,484,957	--	--	--	--	--	--	--	--	14,484,957
Administrative	732,277	--	--	--	--	--	88,685	50,893	--	871,855
County-wide costs	656,494	--	--	--	--	--	--	--	--	656,494
Human resources	158,005	--	--	--	--	--	--	--	--	158,005
Planning	344,686	--	--	--	--	--	9,611	269,577	102,421	726,295
Economic development	179,131	--	--	--	--	--	--	--	--	179,131
Police services	871,714	--	--	--	--	--	15,565	--	--	887,279
Fire control	393,576	--	--	--	--	--	--	76,533	--	470,109
Emergency management	219,554	--	--	--	--	--	--	--	--	219,554
Liquor control	--	--	--	--	--	--	--	--	2,448	2,448
Building repair and maintenance	388,877	--	--	--	--	--	15,630	648,412	37,169	1,090,088
Parks and recreation	2,336,374	--	--	--	--	--	800,000	169,572	714,719	4,020,665
Community services	184,273	452,115	--	--	--	--	1,905,840	2,515,489	3,500	5,061,217
Waste disposal and collection	--	--	3,460,704	--	--	--	216,621	734,764	19,421	4,431,510
Road maintenance	--	--	--	--	--	--	58,742	439,993	6,999,446	7,498,181
Total - Committed	<u>20,949,918</u>	<u>452,115</u>	<u>3,460,704</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,110,694</u>	<u>4,905,233</u>	<u>7,879,124</u>	<u>40,757,788</u>
<b>Assigned:</b>										
Balancing future budget shortfalls	--	--	--	--	--	--	--	--	569,390	569,390
Self insurance provisions	1,583,885	--	--	--	--	--	--	--	--	1,583,885
Capital improvement projects	--	--	--	--	--	--	2,302,673	31,769,168	8,349,933	42,421,774
Other purposes	--	2,437,147	3,475,089	--	--	--	--	--	6,326,099	12,238,335
Total - Assigned	<u>1,583,885</u>	<u>2,437,147</u>	<u>3,475,089</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,302,673</u>	<u>31,769,168</u>	<u>15,245,422</u>	<u>56,813,384</u>
<b>Unassigned:</b>	<u>36,263,191</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>36,263,191</u>
<b>Total Fund Balances</b>	<b>\$ 59,286,994</b>	<b>\$ 3,554,160</b>	<b>\$ 18,424,780</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 5,413,367</b>	<b>\$ 36,674,401</b>	<b>\$ 25,439,587</b>	<b>\$ 148,793,289</b>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Encumbrance accounting is employed in the governmental funds. Under this method, purchase orders, contracts, and other commitments outstanding at the fiscal-year end do not constitute expenditures or liabilities. These amounts generally will become liabilities in future periods as the services are rendered or goods purchased.

Encumbrances at June 30, 2018 include:

General Fund	\$ 6,464,961
Housing and Community Development Revolving Fund	452,115
Solid Waste Disposal Fund	3,460,704
Bond Fund	4,905,233
General Capital Improvement Fund	3,110,694
Other Governmental Funds	<u>7,879,124</u>
	\$ 26,272,831

**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.

**Billing Service Contract** – Effective January 1, 2017, the Department entered into a memorandum of agreement with the Department of Water Supply, County of Maui, to split the cost of licenses for a shared Customer Care & Billing System. The amounts charged approximated \$325,000.

**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 \$2,137,000 for the fiscal year ended June 30, 2018. At June 30, 2018, amounts due from the Department for reimbursement of payroll expenses were approximately \$184,000.

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 19 - NEW ACCOUNTING PRONOUNCEMENTS**

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 adopted the applicable requirements of this new standard as presented in the County's financial statements.

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management has adopted the applicable requirements of this new standard as presented in the County's financial statements.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement addresses in-substance defeasance of debt when a government places cash and other monetary assets acquired with only existing resources, as opposed to proceeds of refunding debt, in an irrevocable trust to extinguish the debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management has adopted the applicable requirements of this new standard as presented in the County's financial statements.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 19 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

The GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings (for example, a government entering into a loan agreement with a lender) and direct placements (for example, a government issuing a debt security directly to an investor). Direct borrowings and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. 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, 2018**

**NOTE 20 - ADOPTION OF NEW ACCOUNTING PRINCIPLE**

The County has adopted the applicable requirements of GASB 75. The cumulative effect of applying the requirements of GASB 75 resulted in a reduction to beginning net position of the County and Department by \$133,693,500 and \$7,535,681, respectively, as of June 30, 2017, which is summarized as follows:

	Governmental Activities	Business-type Activities	Component Unit
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net position at June 30, 2017, as previously stated	\$ 322,926,121	\$ 79,858,973	\$ 191,017,841
Net OPEB liability at June 30, 2017	(143,334,908)	(6,206,569)	(8,863,111)
Employer paid employee contributions made subsequent to the measurement date	<u>15,190,111</u>	<u>657,866</u>	<u>1,327,430</u>
Net position at June 30, 2017, as restated	\$ <u>194,781,324</u>	\$ <u>74,310,270</u>	\$ <u>183,482,160</u>

Management of the County and Department concluded that it was not practical to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to OPEB as of June 30, 2017. Accordingly, as permitted under the provisions of GASB 75, the restatement of beginning balances as of June 30, 2017 only includes deferred outflows of resources for OPEB contributions by the County made subsequent to the measurement date of the beginning net OPEB liability (June 30, 2016) but before June 30, 2017.

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

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF COUNTY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS\***

	2017	2016	2015	2014	2013
<b>County:</b>					
County's proportion of the Net Pension Liability	2.104 %	2.040 %	2.044 %	1.913 %	2.031 %
County's proportionate share of the Net Pension Liability	\$ 272,428,212	\$ 272,758,303	\$ 178,458,402	\$ 153,368,723	\$ 181,419,995
County's Covered Payroll	\$ 77,341,000	\$ 73,365,000	\$ 75,544,000	\$ 71,201,000	\$ 66,597,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	352.24 %	371.78 %	236.23 %	215.40 %	272.41 %
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	54.80 %	51.28 %	62.42 %	63.92 %	57.96 %
<b>Department:</b>					
Department's proportion of the Net Pension Liability	0.120 %	0.130 %	0.130 %	0.116 %	0.116 %
Department's proportionate share of the Net Pension Liability	\$ 15,423,518	\$ 16,921,133	\$ 11,310,002	\$ 9,317,991	\$ 9,566,682
Department's Covered Payroll	\$ 5,515,000	\$ 5,110,000	\$ 4,836,000	\$ 4,645,000	\$ 4,385,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	279.66 %	331.14 %	233.87 %	200.60 %	218.17 %
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	54.80 %	51.28 %	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>County:</b>								
Statutorily Required Contribution	\$ 19,454,923	\$ 15,390,688	\$ 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	\$ 19,454,923	\$ 15,390,688	\$ 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	\$ 79,133,000	\$ 77,341,000	\$ 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	24.59 %	19.90 %	19.90 %	18.06 %	17.70 %	17.38 %	15.89 %	16.41 %
<b>Department:</b>								
Statutorily Required Contribution	\$ 1,016,000	\$ 938,000	\$ 911,000	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000	\$ 601,000
Actual Department Contributions Recognized by the Plan	\$ 1,016,000	\$ 938,000	\$ 911,000	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000	\$ 601,000
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Department's Covered Payroll	\$ 5,633,000	\$ 5,515,000	\$ 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	18.04 %	17.01 %	17.83 %	16.50 %	16.04 %	15.48 %	14.98 %	14.97 %

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**REQUIRED BY GASB STATEMENT NO. 68**  
**Fiscal Year Ended June 30, 2018**

**NOTE A - CHANGES OF ASSUMPTIONS**

There were no changes of assumptions or other inputs that significantly affected the measurement of the total pension liability since the measurement period ended June 30, 2016.

Amounts reported in the schedule of the proportionate share of the net pension liability as of the measurement period ended June 30, 2016 (fiscal year ended June 30, 2017) were significantly impacted by the following changes of actuarial assumptions:

- The investment return assumption decreased from 7.65% to 7.00%
- Mortality assumptions were modified to assume longer life expectancies as well as to reflect continuous mortality improvement

Prior to the measurement period ended June 30, 2016 (fiscal year ended June 30, 2017), there were no other factors, including the use of different assumptions that significantly affect trends reported in these schedules.

**COUNTY OF KAUAI, HAWAII**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY**  
**AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS \***

	2018	
	<u>County</u>	<u>Department</u>
<b>Total OPEB liability</b>		
Service cost	\$ 5,623,361	\$ 380,075
Interest on the total OPEB liability	16,134,981	1,073,630
Benefit payments	<u>(8,079,087)</u>	<u>(368,000)</u>
<b>Net change in total OPEB liability</b>	13,679,255	1,085,705
<b>Total OPEB liability - Beginning</b>	<u>231,727,595</u>	<u>15,331,541</u>
<b>Total OPEB liability - Ending</b>	<u>\$ 245,406,850</u>	<u>\$ 16,417,246</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 15,847,977	\$ 1,287,000
Net investment income	8,310,839	654,929
Benefit payments	(8,079,087)	(368,000)
Administrative expense	(18,934)	(1,485)
Other	<u>126,295</u>	<u>8,474</u>
<b>Net change in plan fiduciary net position</b>	16,187,090	1,580,918
<b>Plan fiduciary net position - Beginning</b>	<u>82,186,118</u>	<u>6,468,430</u>
<b>Plan fiduciary net position - Ending</b>	<u>\$ 98,373,208</u>	<u>\$ 8,049,348</u>
<b>Net OPEB liability</b>	<u>\$ 147,033,642</u>	<u>\$ 8,367,898</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	40.09%	49.03%
<b>Covered-employee payroll</b>	\$ 77,341,000	\$ 5,699,844
<b>Net OPEB Liability as a Percentage of Covered-employee Payroll</b>	190.11%	146.81%

\* This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

**COUNTY OF KAUA‘I, HAWAI‘I  
SCHEDULE OF CONTRIBUTIONS (OPEB)  
LAST TEN FISCAL YEARS \***

<b>County</b>					
<b>Fiscal Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a %age of Covered-Employee Payroll</b>
June 30, 2018	\$ 16,272,000	\$ 16,272,000	\$ --	\$ 77,340,659	21.04%
June 30, 2017	\$ 15,721,000	\$ 15,721,000	\$ --	\$ 65,885,000	23.86%
June 30, 2016	\$ 15,468,000	\$ 15,468,000	\$ --	\$ 66,400,000	23.30%
June 30, 2015	\$ 14,945,000	\$ 14,945,000	\$ --	\$ 74,148,000	20.16%

<b>Department</b>					
<b>Fiscal Year Ended</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contributions as a %age of Covered-Employee Payroll</b>
June 30, 2018	\$ 1,002,000	\$ 948,000	\$ 54,000	\$ 5,699,844	16.63%
June 30, 2017	\$ 968,000	\$ 968,000	\$ --	\$ 5,269,000	18.37%
June 30, 2016	\$ 914,000	\$ 883,000	\$ 31,000	\$ 5,068,000	17.42%
June 30, 2015	\$ 884,000	\$ 885,000	\$ (1,000)	\$ 5,052,000	17.52%

\* This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

**COUNTY OF KAUA‘I, HAWAI‘I**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**REQUIRED BY GASB NO. 75**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE A - SIGNIFICANT METHODS AND ASSUMPTIONS**

An actuarial valuation of the County and Department’s liability associated with other postemployment benefits other than pensions provided through the EUTF is performed as of July 1 of each odd-number year (e.g. July 1, 2015) which serves as the basis for developing the annual required contributions for the two fiscal years which begin one year after the actuarial valuation date. Beginning July 1, 2017 the EUTF will be completing an actuarial valuation on an annual basis. The actuarially determined contribution for fiscal year 2018 was developed in the July 1, 2015 valuation.

The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution:

Actuarial valuation date	July 1, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.00%
Inflation	3.00%
Amortization method*	Level percent, closed
Equivalent single amortization period	20.2 as of fiscal year June 30, 2018
Payroll growth	3.50%
Salary Increases	4.00% to 19.00%; including inflation
Demographic assumptions	Based on the experience study covering the five year period ending June 30, 2010 as conducted for the Hawaii Employees’ Retirement System (ERS)
Mortality	System-specific mortality tables
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for life insurance and 98% for Medicare Part B
Healthcare cost trend rates	
PPO**	Initial rate of 9%, declining to a rate of 5% after 8 years
HMO**	Initial rate of 7%, declining to a rate of 5% after 8 years
Part B	Initial rate of 3% for the first two years, 5% thereafter
Dental	4.00%
Vision	3.00%
Life Insurance	0.00%

\* Closed bases are established at each valuation for new unfunded liabilities

\*\* Blended rates for medical and prescription drug.

**OTHER SUPPLEMENTARY INFORMATION**

**COUNTY OF KAUA'I, HAWAII**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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.

**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, 2018**

**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, 2018.

**Highway Capital Improvement Fund**

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

**Open Space Capital Improvement Fund**

Accumulates monies for the acquisition of land or property entitlements for public recreation, preservation, protection and conservation of important areas.

**COUNTY OF KAUAI, HAWAII**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**(CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Fiduciary Funds**

**Trust and Agency Fund**

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

**Treasury Trust Fund**

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

**Real Property Trust Fund**

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

**COUNTY OF KAUAI, HAWAII**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	Special Revenue Funds								
	Highway	Liquor	Beautification	Criminal Assets Forfeiture	Plans and Permits	Section 8	Public Access	Park Maintenance and Improvements	Debt Service Fund
<b>Assets:</b>									
Cash and cash equivalents	\$ 6,901,203	\$ 356,329	\$ 812,918	\$ 132,537	\$ 157,817	\$ 755,683	\$ 396,519	\$ 1,304,853	\$ 2,082,709
Investments	2,441,355	493,221	--	244,786	--	--	--	--	--
Accounts receivable, net	44,562	--	--	--	--	1,213	--	--	--
Interest receivable	9,573	1,010	--	774	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--	--	--
Due from other governments	494,911	--	--	--	--	--	--	--	--
Prepaid items	--	--	--	--	--	528,280	--	--	--
<b>Total Assets</b>	<b>\$ 9,891,604</b>	<b>\$ 850,560</b>	<b>\$ 812,918</b>	<b>\$ 378,097</b>	<b>\$ 157,817</b>	<b>\$ 1,285,176</b>	<b>\$ 396,519</b>	<b>\$ 1,304,853</b>	<b>\$ 2,082,709</b>
<b>Liabilities:</b>									
Accounts payable	\$ 833,471	\$ 53,576	\$ 2,953	\$ --	\$ 16,875	\$ 41,475	\$ 4,169	\$ 52,271	\$ --
Contracts payable	3,131	--	--	--	--	--	--	4,957	--
Due to other funds	--	--	--	--	--	--	--	--	494,185
Due to customers	--	--	--	--	--	280,506	--	--	--
Due to other governments	--	--	--	--	--	66	--	--	--
<b>Total Liabilities</b>	<b>836,602</b>	<b>53,576</b>	<b>2,953</b>	<b>--</b>	<b>16,875</b>	<b>322,047</b>	<b>4,169</b>	<b>57,228</b>	<b>494,185</b>
<b>Deferred Inflows of Resources:</b>									
Deferred inflows - nonexchange transactions	--	96,504	--	--	--	--	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>96,504</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Fund Balance:</b>									
Nonspendable	--	--	--	--	--	528,280	--	--	--
Restricted	--	198,237	--	--	--	--	--	--	1,588,524
Committed	5,585,324	2,448	54,873	--	37,169	3,500	99,000	283,270	--
Assigned	3,469,678	499,795	755,092	378,097	103,773	431,349	293,350	964,355	--
<b>Total Fund Balances</b>	<b>9,055,002</b>	<b>700,480</b>	<b>809,965</b>	<b>378,097</b>	<b>140,942</b>	<b>963,129</b>	<b>392,350</b>	<b>1,247,625</b>	<b>1,588,524</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 9,891,604</b>	<b>\$ 850,560</b>	<b>\$ 812,918</b>	<b>\$ 378,097</b>	<b>\$ 157,817</b>	<b>\$ 1,285,176</b>	<b>\$ 396,519</b>	<b>\$ 1,304,853</b>	<b>\$ 2,082,709</b>

**COUNTY OF KAUA'I, HAWAI'I**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2018**

	Capital Projects Funds						Total Non-major Governmental Funds
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Open Space Capital Improvement	
<b>Assets:</b>							
Cash and cash equivalents	\$ --	\$ 637,814	\$ 1,231,655	\$ 273,169	\$ 5,021,654	\$ 270,459	\$ 20,335,319
Investments	2,960,262	--	1,214,249	--	--	--	7,353,873
Accounts receivable, net	--	--	--	--	--	--	45,775
Interest receivable	7,639	--	6,802	--	--	--	25,798
Due from other funds	--	--	--	--	--	328,541	328,541
Due from other governments	--	--	--	--	--	--	494,911
Prepaid items	--	--	--	--	--	--	528,280
<b>Total Assets</b>	<b>\$ 2,967,901</b>	<b>\$ 637,814</b>	<b>\$ 2,452,706</b>	<b>\$ 273,169</b>	<b>\$ 5,021,654</b>	<b>\$ 599,000</b>	<b>\$ 29,112,497</b>
<b>Liabilities:</b>							
Accounts payable	\$ 124,874	\$ --	\$ --	\$ 15	\$ 1,153,505	--	\$ 2,283,184
Contracts payable	73,080	12,504	2,028	--	68,118	--	163,818
Due to other funds	328,541	26,106	--	--	--	--	848,832
Due to customers	--	--	--	--	--	--	280,506
Due to other governments	--	--	--	--	--	--	66
<b>Total Liabilities</b>	<b>526,495</b>	<b>38,610</b>	<b>2,028</b>	<b>15</b>	<b>1,221,623</b>	<b>--</b>	<b>3,576,406</b>
<b>Deferred Inflows of Resources:</b>							
Deferred inflows - nonexchange transactions	--	--	--	--	--	--	96,504
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>96,504</b>
<b>Fund Balance:</b>							
Nonspendable	--	--	--	--	--	--	528,280
Restricted	--	--	--	--	--	--	1,786,761
Committed	431,449	19,421	3,421	--	1,359,249	--	7,879,124
Assigned	2,009,957	579,783	2,447,257	273,154	2,440,782	599,000	15,245,422
<b>Total Fund Balances</b>	<b>2,441,406</b>	<b>599,204</b>	<b>2,450,678</b>	<b>273,154</b>	<b>3,800,031</b>	<b>599,000</b>	<b>25,439,587</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 2,967,901</b>	<b>\$ 637,814</b>	<b>\$ 2,452,706</b>	<b>\$ 273,169</b>	<b>\$ 5,021,654</b>	<b>\$ 599,000</b>	<b>\$ 29,112,497</b>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds								
	Highway	Liquor	Beautification	Criminal Assets Forfeiture	Plans and Permits	Section 8	Public Access	Park Maintenance and Improvements	
Revenues:									
Taxes	\$ 9,441,170	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	7,285,313	842,892	396,919	--	205,010	--	--	--	--
Rents and concessions	--	--	--	--	--	--	--	261,157	--
Interest	5,059	3,734	--	823	--	5,988	46,254	--	--
Intergovernmental revenues	24,432	--	--	--	--	6,933,572	--	--	--
Miscellaneous	(5,200)	5,879	--	34,997	--	371,951	--	--	--
Total Revenues	<u>16,750,774</u>	<u>852,505</u>	<u>396,919</u>	<u>35,820</u>	<u>205,010</u>	<u>7,311,511</u>	<u>46,254</u>	<u>261,157</u>	<u>--</u>
Expenditures:									
General government	--	--	--	--	--	--	97,691	--	--
Public safety	--	901,831	--	12,716	--	--	--	--	--
Public works	--	--	--	--	264,068	--	--	--	--
Highways and streets	13,620,205	--	275,000	--	--	--	--	--	--
Sanitation	--	--	--	--	--	--	--	--	--
Culture and recreation	--	--	--	--	--	--	--	660,055	--
Public welfare	3,352,333	--	--	--	--	7,326,398	--	--	--
Capital outlay	1,059,339	--	--	19,999	--	--	--	412,677	--
Debt Service:									
Principal	484,334	--	--	--	--	--	--	--	5,145,000
Interest and debt issuance cost	8,699	--	--	--	--	--	--	--	4,852,637
Total Expenditures	<u>18,524,910</u>	<u>901,831</u>	<u>275,000</u>	<u>32,715</u>	<u>264,068</u>	<u>7,326,398</u>	<u>97,691</u>	<u>1,072,732</u>	<u>9,997,637</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,774,136)</u>	<u>(49,326)</u>	<u>121,919</u>	<u>3,105</u>	<u>(59,058)</u>	<u>(14,887)</u>	<u>(51,437)</u>	<u>(811,575)</u>	<u>(9,997,637)</u>
Other Financing Sources (Uses):									
Proceeds from capital leases	839,953	--	--	--	--	--	--	--	--
Transfers in	2,650,000	--	--	--	--	--	626,094	--	11,279,324
Transfers out	(4,550,000)	--	--	(100,000)	--	--	(6,199,000)	--	--
Total Other Financing Sources (Uses)	<u>(1,060,047)</u>	<u>--</u>	<u>--</u>	<u>(100,000)</u>	<u>--</u>	<u>--</u>	<u>(5,572,906)</u>	<u>--</u>	<u>11,279,324</u>
Net Change in Fund Balances	(2,834,183)	(49,326)	121,919	(96,895)	(59,058)	(14,887)	(5,624,343)	(811,575)	1,281,687
Fund Balance - Beginning of Year July 1, 2017	<u>11,889,185</u>	<u>749,806</u>	<u>688,046</u>	<u>474,992</u>	<u>200,000</u>	<u>978,016</u>	<u>6,016,693</u>	<u>2,059,200</u>	<u>306,837</u>
Fund Balance - End of Year June 30, 2018	\$ <u>9,055,002</u>	\$ <u>700,480</u>	\$ <u>809,965</u>	\$ <u>378,097</u>	\$ <u>140,942</u>	\$ <u>963,129</u>	\$ <u>392,350</u>	\$ <u>1,247,625</u>	\$ <u>1,588,524</u>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Capital Projects Funds						Total Non-major Governmental Funds
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Open Space Capital Improvement	
Revenues:							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,441,170
Licenses and permits	--	--	--	2,600	--	--	8,732,734
Rents and concessions	--	--	--	--	--	--	261,157
Interest	28,642	--	10,840	--	--	--	101,340
Intergovernmental revenues	--	--	--	--	--	--	6,958,004
Miscellaneous	9,000	--	38,372	--	--	--	454,999
Total Revenues	<u>37,642</u>	<u>--</u>	<u>49,212</u>	<u>2,600</u>	<u>--</u>	<u>--</u>	<u>25,949,404</u>
Expenditures:							
General government	--	--	--	--	--	--	97,691
Public safety	--	--	--	--	--	--	914,547
Public works	--	--	--	--	--	--	264,068
Highways and streets	--	--	--	--	1,314,988	--	15,210,193
Sanitation	--	85,184	--	--	--	--	85,184
Culture and recreation	76,127	--	--	--	--	--	736,182
Public welfare	--	--	--	--	--	--	10,678,731
Capital outlay	1,036,846	--	20,000	--	726,429	5,600,000	8,875,290
Debt Service:							
Principal	--	--	--	--	--	--	5,629,334
Interest and debt issuance cost	--	--	--	--	--	--	4,861,336
Total Expenditures	<u>1,112,973</u>	<u>85,184</u>	<u>20,000</u>	<u>--</u>	<u>2,041,417</u>	<u>5,600,000</u>	<u>47,352,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,075,331)</u>	<u>(85,184)</u>	<u>29,212</u>	<u>2,600</u>	<u>(2,041,417)</u>	<u>(5,600,000)</u>	<u>(21,403,152)</u>
Other Financing Sources (Uses):							
Proceeds from capital leases	--	--	--	--	--	--	839,953
Transfers in	--	500,000	--	--	4,550,000	6,199,000	25,804,418
Transfers out	--	--	--	--	--	--	(10,849,000)
Total Other Financing Sources (Uses)	<u>--</u>	<u>500,000</u>	<u>--</u>	<u>--</u>	<u>4,550,000</u>	<u>6,199,000</u>	<u>15,795,371</u>
Net Change in Fund Balances	(1,075,331)	414,816	29,212	2,600	2,508,583	599,000	(5,607,781)
Fund Balance - Beginning of Year July 1, 2017	<u>3,516,737</u>	<u>184,388</u>	<u>2,421,466</u>	<u>270,554</u>	<u>1,291,448</u>	<u>--</u>	<u>31,047,368</u>
Fund Balance - End of Year June 30, 2018	\$ <u>2,441,406</u>	\$ <u>599,204</u>	\$ <u>2,450,678</u>	\$ <u>273,154</u>	\$ <u>3,800,031</u>	\$ <u>599,000</u>	\$ <u>25,439,587</u>

**COUNTY OF KAUA'I, HAWAII**  
**AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Trust and Agency Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 805,065	\$ 10,189,644	\$ 10,131,488	\$ 863,221
Total Assets	<u>805,065</u>	<u>10,189,644</u>	<u>10,131,488</u>	<u>863,221</u>
<b>Liabilities:</b>				
Customer deposits	--	9,950	--	9,950
Due to other governments	<u>805,065</u>	<u>10,179,694</u>	<u>10,131,488</u>	<u>853,271</u>
Total Liabilities	\$ <u>805,065</u>	\$ <u>10,189,644</u>	\$ <u>10,131,488</u>	\$ <u>863,221</u>
<b>Treasury Trust Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,454,377	\$ 826,183	\$ 288,244	\$ 1,992,316
Total Assets	<u>1,454,377</u>	<u>826,183</u>	<u>288,244</u>	<u>1,992,316</u>
<b>Liabilities:</b>				
Customer Deposits	<u>1,454,377</u>	<u>826,183</u>	<u>288,244</u>	<u>1,992,316</u>
Total Liabilities	\$ <u>1,454,377</u>	\$ <u>826,183</u>	\$ <u>288,244</u>	\$ <u>1,992,316</u>
<b>Real Property Trust Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,666,550	\$ 1,405,932	\$ 821,001	\$ 5,251,481
Total Assets	<u>4,666,550</u>	<u>1,405,932</u>	<u>821,001</u>	<u>5,251,481</u>
<b>Liabilities:</b>				
Customer Deposits	<u>4,666,550</u>	<u>1,405,932</u>	<u>821,001</u>	<u>5,251,481</u>
Total Liabilities	\$ <u>4,666,550</u>	\$ <u>1,405,932</u>	\$ <u>821,001</u>	\$ <u>5,251,481</u>
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,925,992	\$ 12,421,759	\$ 11,240,733	\$ 8,107,018
Total Assets	<u>6,925,992</u>	<u>12,421,759</u>	<u>11,240,733</u>	<u>8,107,018</u>
<b>Liabilities:</b>				
Customer Deposits	6,120,927	2,242,065	1,109,245	7,253,747
Due to other governments	<u>805,065</u>	<u>10,179,694</u>	<u>10,131,488</u>	<u>853,271</u>
Total Liabilities	\$ <u>6,925,992</u>	\$ <u>12,421,759</u>	\$ <u>11,240,733</u>	\$ <u>8,107,018</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, 2018**

	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	\$ 3,600,000	\$ 3,600,000	\$ 3,722,949	\$ --	\$ 3,722,949	\$ 122,949
Fuel tax	5,400,000	5,400,000	5,718,221	--	5,718,221	318,221
<b>Total Taxes</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>9,441,170</b>	<b>--</b>	<b>9,441,170</b>	<b>441,170</b>
<b>Licenses and Permits:</b>						
Motor vehicle weight tax	6,825,000	6,825,000	7,285,313	--	7,285,313	460,313
Interest	80,000	80,000	5,059	--	5,059	(74,941)
Intergovernmental revenues	25,000	25,000	24,432	--	24,432	(568)
Miscellaneous	500	500	(5,200)	--	(5,200)	(5,700)
<b>Total Revenues</b>	<b>15,930,500</b>	<b>15,930,500</b>	<b>16,750,774</b>	<b>--</b>	<b>16,750,774</b>	<b>820,274</b>
<b>Expenditures:</b>						
<b>Highways and Streets-Road Maintenance:</b>						
Administration	6,826,957	7,206,957	3,075,751	4,127,963	7,203,714	3,243
Administration - salaries and overtime	421,496	378,146	363,793	--	363,793	14,353
Hanapēpē baseyard	187,409	222,409	187,699	30,892	218,591	3,818
Hanapēpē baseyard - salaries and overtime	1,289,249	1,268,949	1,253,243	--	1,253,243	15,706
Kapa'a baseyard	129,134	209,134	186,661	9,054	195,715	13,419
Kapa'a baseyard - salaries and overtime	907,234	890,747	863,632	--	863,632	27,115
Hanalei baseyard	118,534	158,534	100,226	4,944	105,170	53,364
Hanalei baseyard - salaries and overtime	578,325	627,125	496,051	--	496,051	131,074
Road signs and marking	318,284	318,284	290,491	1,833	292,324	25,960
Road signs and marking - salaries and overtime	764,293	693,003	629,668	--	629,668	63,335
Auto maintenance and motor pool (AMMP)	1,240,442	1,325,442	977,164	12,927	990,091	335,351
AMMP - salaries and overtime	1,000,885	991,185	892,218	--	892,218	98,967
Maintenance - street lights	500,000	537,000	534,950	--	534,950	2,050
Equipment	117,152	124,152	2,401	108,738	111,139	13,013
Capital leases	1,318,300	1,318,300	493,033	712,132	1,205,165	113,135
Social security taxes	425,759	404,709	346,649	--	346,649	58,060
Public employees' health fund	524,942	548,142	524,902	--	524,902	23,240
Public employees' other post employment benefits	910,159	819,659	712,129	--	712,129	107,530
Workers' compensation	12	137,889	135,467	--	135,467	2,422
Unemployment compensation	7	7	--	--	--	7
Employees' retirement system	998,959	1,030,759	964,621	--	964,621	66,138
Collective bargaining raises	20,000	20,000	17,683	--	17,683	2,317
Vacation pay	1	31,001	30,945	--	30,945	56
Central services cost	1,000,000	1,000,000	1,000,000	--	1,000,000	--
Transportation agency	3,997,007	3,997,007	3,439,896	556,783	3,996,679	328
Highway administrative overhead	472,595	258,595	165,684	20,058	185,742	72,853
<b>Total Expenditures - Highways and Streets - Road Maintenance</b>	<b>24,067,135</b>	<b>24,517,135</b>	<b>17,684,957</b>	<b>5,585,324</b>	<b>23,270,281</b>	<b>1,246,854</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (8,136,635)</b>	<b>\$ (8,586,635)</b>	<b>\$ (934,183)</b>	<b>\$ (5,585,324)</b>	<b>\$ (6,519,507)</b>	<b>\$ 2,067,128</b>

**COUNTY OF KAUA'I, HAWAII**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Budgetary Basis			Variance with
	Original	Final	Actual	Encumbrances	Non-GAAP	Final Budget- Positive (Negative)
	(Note A)		(Note B)			
Other Financing Sources (Uses)						
Transfers in	\$ --	\$ 2,650,000	\$ 2,650,000	\$ --	\$ 2,650,000	\$ --
Transfers out	<u>(500,000)</u>	<u>(4,550,000)</u>	<u>(4,550,000)</u>	<u>--</u>	<u>(4,550,000)</u>	<u>--</u>
Total Other Financing Sources (Uses)	(500,000)	(1,900,000)	(1,900,000)	--	(1,900,000)	--
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures (Note C)	\$ <u>(8,636,635)</u>	\$ <u>(10,486,635)</u>	(2,834,183)	\$ <u>(5,585,324)</u>	\$ <u>(8,419,507)</u>	\$ <u>2,067,128</u>
Fund Balance - Beginning of Year July 1, 2017			<u>11,889,185</u>			
Fund Balance - End of Year June 30, 2018			\$ <u>9,055,002</u>			

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

**COUNTY OF KAUAI, HAWAII**  
**LIQUOR FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	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	\$ 975,000	\$ 975,000	\$ 842,892	\$ --	\$ 842,892	\$ (132,108)
Interest	13,000	13,000	3,734	--	3,734	(9,266)
Miscellaneous	15,000	15,000	5,879	--	5,879	(9,121)
Total Revenues	<u>1,003,000</u>	<u>1,003,000</u>	<u>852,505</u>	<u>--</u>	<u>852,505</u>	<u>(150,495)</u>
<b>Expenditures - Public Safety:</b>						
Salaries and wages	492,697	480,297	409,015	--	409,015	71,282
Social security taxes	35,993	35,993	30,313	--	30,313	5,680
Public employees' health fund	39,365	51,765	51,681	--	51,681	84
Workers' compensation	10,001	10,001	--	--	--	10,001
Unemployment compensation	5,000	5,000	--	--	--	5,000
Employees' retirement system	86,969	86,969	72,792	--	72,792	14,177
Employees' other post employment benefits	100,614	100,614	82,752	--	82,752	17,862
Other expenses	148,686	148,686	57,993	2,448	60,441	88,245
Equipment	1	35,001	27,664	--	27,664	7,337
Travel	96,165	96,165	44,621	--	44,621	51,544
Indirect cost	125,000	125,000	125,000	--	125,000	--
Total Expenditures - Public Safety	<u>1,140,491</u>	<u>1,175,491</u>	<u>901,831</u>	<u>2,448</u>	<u>904,279</u>	<u>271,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(137,491)</u>	\$ <u>(172,491)</u>	(49,326)	\$ <u>(2,448)</u>	\$ <u>(51,774)</u>	\$ <u>120,717</u>
Fund Balance - Beginning of Year July 1, 2017			<u>749,806</u>			
Fund Balance - End of Year June 30, 2018			\$ <u>700,480</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**  
**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, 2018**

	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	\$ 360,000	\$ 360,000	\$ 396,919	\$ --	\$ 396,919	\$ 36,919
Total Revenues	<u>360,000</u>	<u>360,000</u>	<u>396,919</u>	<u>--</u>	<u>396,919</u>	<u>36,919</u>
Expenditures - Highways and Streets:						
Disposal of abandoned vehicles	300,000	300,000	275,000	25,000	300,000	--
Beautification projects	<u>102,660</u>	<u>102,660</u>	<u>--</u>	<u>29,873</u>	<u>29,873</u>	<u>72,787</u>
Total Expenditures - Highways and Streets	<u>402,660</u>	<u>402,660</u>	<u>275,000</u>	<u>54,873</u>	<u>329,873</u>	<u>72,787</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures (Note C)	\$ <u>(42,660)</u>	\$ <u>(42,660)</u>	121,919	\$ <u>(54,873)</u>	\$ <u>67,046</u>	\$ <u>109,706</u>
Fund Balance - Beginning of Year July 1, 2017			<u>688,046</u>			
Fund Balance - End of Year June 30, 2018			\$ <u>809,965</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, 2018**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 823	\$ --	\$ 823	\$ 823
Miscellaneous	25,000	25,000	34,997	--	34,997	9,997
Total Revenues	25,000	25,000	35,820	--	35,820	10,820
Expenditures - Public Safety:						
Police special fund	100,008	100,008	32,715	--	32,715	67,293
Total Expenditures - Public Safety	100,008	100,008	32,715	--	32,715	67,293
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	(75,008)	(75,008)	3,105	--	3,105	78,113
Other Financing Sources (Uses):						
Transfers out	(100,000)	(100,000)	(100,000)	--	(100,000)	--
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(100,000)	--	(100,000)	--
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ (175,008)	\$ (175,008)	(96,895)	\$ --	\$ (96,895)	\$ 78,113
Fund Balance - Beginning of Year July 1, 2017			474,992			
Fund Balance - End of Year June 30, 2018			\$ 378,097			

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

**COUNTY OF KAUAI, HAWAII**  
**PUBLIC ACCESS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
<b>Revenues:</b>						
Interest	\$ -	\$ -	\$ 46,254	\$ -	\$ 46,254	\$ 46,254
Total Revenues	-	-	46,254	-	46,254	46,254
<b>Expenditures - General Government</b>						
Special Projects	692,804	692,804	97,691	99,000	196,691	496,113
Total Expenditures - General Government	692,804	692,804	97,691	99,000	196,691	496,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	(692,804)	(692,804)	(51,437)	(99,000)	(150,437)	542,367
<b>Other Financing Sources (Uses)</b>						
Transfers In	626,094	626,094	626,094	-	626,094	-
Transfers Out	-	(6,199,000)	(6,199,000)	-	(6,199,000)	-
Total Other Financing Sources (Uses)	626,094	(5,572,906)	(5,572,906)	-	(5,572,906)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ (66,710)	\$ (6,265,710)	(5,624,343)	\$ (99,000)	\$ (5,723,343)	\$ 542,367
Fund Balance - Beginning of Year July 1, 2017			6,016,693			
Fund Balance - End of Year June 30, 2018			\$ 392,350			

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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest		\$ --	\$ 28,642	\$ --	\$ --	\$ --	\$ --
Other revenues		--	9,000	--	--	--	--
Total Revenues		--	37,642	--	--	--	--
<b>Expenditures:</b>							
<b>Waimea District:</b>							
Waimea Pool Roof	R14006	30	--	30	8,787	8,817	--
Kato Park Comfort Station	R14011	--	--	--	50,000	50,000	--
Total Waimea District		30	--	30	58,787	58,817	--
<b>Kōloa District:</b>							
Park Improvements and Equipment	W93086	329,662	100,409	430,071	12,052	451,391	9,268
Park Improvement Grant, Kōloa District	W96087	79,887	--	79,887	--	90,887	11,000
Kalawai Basketball Court/Tennis Court	R15104	--	30,669	30,669	169,331	200,000	--
Kalaheo Gym Improvements	R15105	22,450	35,595	58,045	91,388	150,000	567
Kalawai Park Lighting	R15107	290,732	--	290,732	--	290,732	--
Koloa Parking Lot/Playground	R15108	--	70,421	70,421	--	250,000	179,579
Po'ipū Phase II	R15109	--	66,473	66,473	--	66,473	--
Total Kōloa District		722,731	303,567	1,026,298	272,771	1,499,483	200,414
<b>Līhu'e District:</b>							
Park Improvements and Equipment	W93100	308,653	9,064	317,717	--	322,137	4,420
Park Improvement Grant, Līhu'e District	W96102	28,385	--	28,385	--	87,686	59,301
Lihue Stadium Baseball Improvements	R13013	221,666	351,309	572,975	--	573,000	25
Kamalani Playground Resurfacing	R18003	--	--	--	--	150,000	150,000
KWMCH Improvements	R18004	--	14,409	14,409	--	200,000	185,591
Total Līhu'e District		558,704	374,782	933,486	--	1,332,823	399,337
<b>Kawaihau District:</b>							
Park Improvements & Equipment	W93116	366,142	52,954	419,096	33,265	460,411	8,050
Park Improvement Grant, Kawaihau District	W96118	30,755	--	30,755	--	60,755	30,000
Kapaa Stadium Improvements	R10010	41,868	71,987	113,855	35,376	150,000	769
Anahola Clubhouse Parking Lot	R13011	--	30,000	30,000	--	30,000	--
Kapaa Soccer Field	R14009	237,280	25,895	263,175	--	300,000	36,825
Anahola Park Lighting	R15110	32,205	--	32,205	--	32,205	--

**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kapahi/BJBSC Comfort Station	R15112	\$ 60	\$ 49,940	\$ 50,000	\$ --	\$ 50,000	\$ --
Wailua Homestead Lighting	R15113	62,878	--	62,878	--	62,878	--
Wailua Houselots Lighting	R15114	193,617	--	193,617	--	193,617	--
Wailua Playground Equipment	R16003	30,755	--	30,755	--	50,000	19,245
Total Kawaihau District		<u>995,560</u>	<u>230,776</u>	<u>1,226,336</u>	<u>68,641</u>	<u>1,389,866</u>	<u>94,889</u>
Hanalei District:							
Hanalei Courthouse ADA Improv/Septic System	R09003	681,161	130,155	811,316	6,447	817,763	--
Park Improvements & Equipment	W93383	488,796	934	489,730	24,803	534,655	20,122
Park Improvement Grant, Hanalei District	W96134	5,900	29,850	35,750	--	35,750	--
Black Pot Restroom Improvements	R14001	131,395	--	131,395	--	131,395	--
Black Pot Master	R14004	257,091	42,909	300,000	--	300,000	--
Anini Beach Improvements	R16004	--	--	--	--	200,000	200,000
Waioli Park Improvements	R17000	36,420	--	36,420	--	100,000	63,580
Total Hanalei District		<u>1,600,763</u>	<u>203,848</u>	<u>1,804,611</u>	<u>31,250</u>	<u>2,119,563</u>	<u>283,702</u>
Total Expenditures		<u>\$ 3,877,788</u>	<u>1,112,973</u>	<u>\$ 4,990,761</u>	<u>\$ 431,449</u>	<u>\$ 6,400,552</u>	<u>\$ 978,342</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,075,331)				
Fund Balance - Beginning of Year, July 1, 2017			<u>3,516,737</u>				
Fund Balance - End of Year, June 30, 2018			<u>\$ 2,441,406</u>				

**COUNTY OF KAUA'I, HAWAI'I**  
**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		--	--	--	--	--	--
<b>Expenditures:</b>							
Wailua WWTP Improvements	W10014	--	--	--	--	500,000	500,000
Kuhio Hwy. Hanamaulu	W14008	145,395	85,184	230,579	19,421	250,000	--
Total Expenditures		\$ 145,395	85,184	\$ 230,579	\$ 19,421	\$ 750,000	\$ 500,000
Excess (Deficiency) of Revenues Over (Under) Expenditures			(85,184)				
<b>Other Financing Sources:</b>							
Transfers in			500,000				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			414,816				
Fund Balance - Beginning of Year, July 1, 2017			184,388				
Fund Balance - End of Year, June 30, 2018			\$ 599,204				

**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest		\$ --	\$ 10,840	\$ --	\$ --	\$ --	\$ --
Other revenues		--	38,372	--	--	--	--
Total Revenues		<u>--</u>	<u>49,212</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Expenditures:</b>							
Wailua/Waipouli Hist. Pgm	D16064	40,000	10,000	50,000	--	50,000	--
Wailua Area Moku/Ahu Sign	D16065	40,000	10,000	50,000	--	50,000	--
Wailua Area Bus Stop	T16100	--	--	--	3,421	10,000	6,579
Project Contingency	W08002	--	--	--	--	35,568	35,568
Dev-Koloa/Poipu Inter Imp	W16009	--	--	--	--	21,750	21,750
Koloa/Poipu Inter Imp	Z15105	--	--	--	--	6,500	6,500
Total Expenditures		<u>\$ 80,000</u>	<u>20,000</u>	<u>\$ 100,000</u>	<u>\$ 3,421</u>	<u>\$ 173,818</u>	<u>\$ 70,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			29,212				
Fund Balance - Beginning of Year, July 1, 2017			<u>2,421,466</u>				
Fund Balance - End of Year, June 30, 2018			<u>\$ 2,450,678</u>				

**COUNTY OF KAUA'I, HAWAI'I**  
**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-T o-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Licenses and permits		\$ --	\$ 2,600	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>2,600</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	--	24,995	--	27,000	2,005
Total Expenditures		<u>\$ 95,203</u>	<u>--</u>	<u>\$ 95,203</u>	<u>\$ --</u>	<u>\$ 147,785</u>	<u>\$ 52,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			2,600				
Fund Balance - Beginning of Year, July 1, 2017			<u>270,554</u>				
Fund Balance - End of Year, June 30, 2018			<u>\$ 273,154</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, 2018**

	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	252,555	43,639	296,194	4,771	389,153	88,188
Northern Leg Kōloa Western Bypass Road FHWA	W07007	41,625	--	41,625	--	41,642	17
Resurfacing Various Collector Roads FHWA	W07008	238,340	5,205	243,545	209	284,443	40,689
Puuopae Bridge-Design (County Match)	W10003	87,211	8,636	95,847	575,149	780,000	109,004
Puhi Road Construction Match	W12010	286,263	80,828	367,091	5,681	391,711	18,939
Hanapēpē Road	W12067	28,132	501	28,633	5,426	50,000	15,941
Hanapēpē Bridge Ped	W12069	63	--	63	--	24,511	24,448
Comprehensive Road Maintenance Plan	W13011	201,430	22,502	223,932	--	260,000	36,068
Hanapepe Moi Road Pedestrian Safety Impv.	W17000	--	--	--	--	135,000	135,000
Pua Nani Road Drain Repair	W18004	--	1,313,306	1,313,306	466,384	1,800,000	20,310
Maluhia / Koloa / Olohena	W18021	--	566,800	566,800	301,300	2,750,000	1,881,900
Bridge Maintenance (County Match)	W96388	281,365	--	281,365	329	283,892	2,198
Speed Hump Program	W98364	74,443	--	74,443	--	142,523	68,080
Total Expenditures		\$ <u>1,491,427</u>	<u>2,041,417</u>	\$ <u>3,532,844</u>	\$ <u>1,359,249</u>	\$ <u>7,332,875</u>	\$ <u>2,440,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(2,041,417)				
<b>Other Financing Sources:</b>							
Transfers in			<u>4,550,000</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			2,508,583				
Fund Balance - Beginning of Year, July 1, 2017			<u>1,291,448</u>				
Fund Balance - End of Year, June 30, 2018			\$ <u><u>3,800,031</u></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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		--	--	--	--	--	--
<b>Expenditures:</b>							
Adolescent Treatment Center	M18001	--	--	--	1,899,492	1,900,000	508
FEMA Match - Roads (Haleko Road) Repair Shoulder	PWC002	4,283	--	4,283	--	22,539	18,256
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 - Repair Photovoltaic Panels (Kaiakea)	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	--	333,527	--
Kapahi / BJBSC CMFT	R15112	--	--	--	100,000	100,000	--
Waimea Pool Renovations	R18013	--	--	--	700,000	700,000	--
CFD Po'ipū Beach Improvements	R18014	--	77,178	77,178	--	95,000	17,822
Waimea / Kekaha ADA Improvements	R18015	--	--	--	--	1,000,000	1,000,000
Civic Center Improvements	W00225	2,150,477	--	2,150,477	--	2,150,600	123
Regional Park Improvements	W06041	60,494	10,940	71,434	--	81,527	10,093
Neighborhood Centers Improvements	W07013	94,890	--	94,890	--	149,378	54,488
Kapaia Swinging Bridge	W07022	232,647	--	232,647	--	234,597	1,950
Habitat Conservation Plan	W08012	163,409	15,801	179,210	9,611	230,000	41,179
Aliomanu Road Revetment (Planning/Permits)	W08016	240,446	--	240,446	683	241,129	--
Pono Kai Seawall Emergency Repair	W08030	56,510	--	56,510	--	56,546	36
Moana Kai (Fuji) Shoreline Design/Permit	W08033	292,743	--	292,743	--	292,743	--
Host Community Benefits-Kekaha	W09012	1,505,886	263,875	1,769,761	--	2,007,202	237,441
Adolescent Drug Treatment Center	W10017	368,382	97,992	466,374	6,348	500,000	27,278
New Landfill & Resource Recovery Park (Plan/Design)	W10037	--	--	--	91,828	94,000	2,172
Security Renovation - Mayors Office	W12014	41,832	--	41,832	--	50,000	8,168
Piikoi Interior II	W12053	8,665	--	8,665	15,630	24,295	--

**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kōloa Safe	W12065	\$ 12,289	\$ 38	\$ 12,327	\$ --	\$ 12,327	\$ --
CFD Complete Streets projects in Kōloa/Po‘ipū Area	W13014	357	57,113	57,470	58,059	333,528	217,999
Police Training Building KPAL	W16010	39,900	14,535	54,435	15,565	300,000	230,000
Lihue WWTP Improvements Phase II	W17001	--	165,118	165,118	124,793	370,000	80,089
Police Evidence Building	W18005	--	--	--	--	100,000	100,000
Park Improvement Waimea District	W96073	30,327	--	30,327	--	30,578	251
Planning, Zoning/Engineering System	X10002	142,183	--	142,183	--	144,364	2,181
IT Infrastructure Improvements	X10006	--	--	--	88,685	100,000	11,315
Kapa‘a Development Plan	Z10002	--	128,200	128,200	--	150,000	21,800
Total Expenditures		\$ 5,502,638	1,164,317	\$ 6,666,955	\$ 3,110,694	\$ 11,951,719	\$ 2,174,070
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,164,317)				
Other Financing Sources:							
Transfers In			4,043,532				
Transfers Out			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			2,879,215				
Fund Balance - Beginning of Year, July 1, 2017			2,534,152				
Fund Balance - End of Year, June 30, 2018			\$ 5,413,367				

**COUNTY OF KAUA'I, HAWAI'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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest		\$ --	\$ 338,422	\$ --	\$ --	\$ --	\$ --
Bond subsidies		--	996,840	--	--	--	--
Total Revenues		--	1,335,262	--	--	--	--
<b>Expenditures:</b>							
Alternative Energy Projects	D10106	996,385	176,270	1,172,655	62,144	1,254,861	20,062
KFD Helicopter Hanger Pad	F14001	33,900	34,500	68,400	76,533	380,000	235,067
Lima Ola Onsite Phase I	H18001	--	--	--	110,000	6,000,000	5,890,000
Adolescent Treatment & Healing Center	M18001	--	580	580	636,146	1,000,000	363,274
KPD Kapaa Substation	P14001	67,652	--	67,652	--	67,652	--
Lighting Retrofit	R08039	585,261	--	585,261	--	585,261	--
Veterans Cemetery Upgrade	R10013	152,006	11,592	163,598	184	551,274	387,492
Park ADA Bleachers Replacement	R10016	893,389	--	893,389	--	900,000	6,611
Salt Pond Beach Park Facility Improvements	R12002	--	--	--	--	73,000	73,000
Vidinha Stadium Track & Field Improvements	R12037	10,269	--	10,269	--	10,269	--
Hanapēpē Stadium Ticket Booth	R13003	--	--	--	25,000	25,000	--
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
Wailua Golf Course Replace Existing Water Lines	R13A09	--	--	--	--	14,455	14,455
Wailua Golf Course Replace Existing Water Lines	R13B09	--	--	--	--	9,072	9,072
Wailua Golf Course Replace Existing Water Lines	R13C09	--	--	--	--	36,473	36,473
Lihue Baseball Improvements	R13A13	74,571	--	74,571	--	74,571	--
Kapaa Pool Restroom Reconstruction	R14002	340,336	--	340,336	--	420,336	80,000
Waimea Pool Roof Replacement	R14003	--	--	--	12,919	41,183	28,264
Hanapepe Tennis Lighting	R14007	175,650	--	175,650	--	175,650	--
Hanapepe Stadium ADA	R14010	--	--	--	59,828	59,828	--
Anahola Park Lights	R15100	30,672	--	30,672	--	30,672	--
Kaumakani Gym Improvements	R15102	46,790	--	46,790	--	46,790	--
Comfort Station Improvements	R15116	209,936	--	209,936	--	210,000	64
Islandwide Pool Restoration	R16000	--	--	--	--	150,000	150,000
Salt Pond Beach Park Facility Improvements	R16001	--	--	--	--	50,000	50,000
Hanapepe Stadium Improvements	R17001	61,719	11,960	73,679	--	100,000	26,321

**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kapaa Stadium Improvements	R18002	\$ --	\$ --	\$ --	\$ --	\$ 150,000	\$ 150,000
Civic Center Roof Replacement	R18005	--	64,010	64,010	--	65,000	990
Black Pot Improvements (Design & Permitting)	R18007	--	--	--	--	600,000	600,000
KWMCH Improvements	R18008	--	--	--	--	1,000,000	1,000,000
Kalaheo Neighborhood Gym Roof	R18009	--	89,055	89,055	61,552	1,500,000	1,349,393
Ka'ana Building Energy Initiatives	R18010	--	--	--	--	750,000	750,000
KWMCH Improvements	W02226	323,011	--	323,011	--	465,616	142,605
Kekaha Gardens Park	W06A44	361,494	--	361,494	--	380,210	18,716
Historic County Bldg and Lihu'e Civic Ctr Improv	W06029	451,424	--	451,424	--	453,690	2,266
Regional Parks Improvements	W06041	1,095,818	--	1,095,818	4,182	1,100,000	--
Lihu'e Stadium Baseball Field Improvements	W06043	829,408	--	829,408	--	829,408	--
Kekaha Gardens Park	W06044	897,269	--	897,269	5,907	903,176	--
Puu Road Improvements	W07014	99,000	1,000	100,000	--	100,000	--
ADA Projects Bldg Fac	W08007	779,318	--	779,318	--	779,472	154
Aliomanu Road Revetment (Planning/Permits)	W08016	8,786	--	8,786	101	8,887	--
Hanapēpē & Waimea Levees (Irrigation/Erosion Ctrl)	W08037	154,365	--	154,365	--	154,385	20
Kanaele Road Slope Stabilization	W09005	111,205	--	111,205	129,045	290,550	50,300
Hanapēpē Bridge Reconstruction	W09007	13,049	4	13,053	--	111,958	98,905
Twin Reserve EQ	W10A46	--	--	--	7,736	10,000	2,264
Opaekea Bridge-Design	W10002	82,484	16,264	98,748	1,241	100,000	11
Piikoi Building Renovation	W10011	2,423,767	2,240	2,426,007	2,993	2,429,000	--
Waimea Police Sub-Station	W10012	--	49,495	49,495	--	55,000	5,505
Wailua WWTP Improvements/Renovation	W10014	591,679	--	591,679	590,413	1,200,000	17,908
Island Wide SCADA System Construction	W10015	4,881,881	42,012	4,923,893	26,107	4,950,000	--
Ele'ele WWTP Improvements/Renovation	W10016	865,829	2,449	868,278	25,222	893,500	--
ADA Access Barrier Removal	W10022	965,688	--	965,688	34,312	1,000,000	--
Rice Street Crossing Improvements	W10032	11,438	--	11,438	--	157,534	146,096
New Landfill Site Acquisition	W10037	2,230,803	232,878	2,463,681	24,080	2,489,677	1,916
Kekaha Landfill Phase II Closure	W10039	371,237	4,038	375,275	--	400,000	24,725
Safe Route Kawaihau	W10045	138,000	117	138,117	--	263,000	124,883
Twin Reserve EQ	W10046	--	--	--	100,000	100,000	--

**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
CIP Management System	W10051	\$ 170,002	\$ --	\$ 170,002	\$ 7,623	\$ 177,625	\$ --
Puhi Road Construction Match	W12A10	216,508	--	216,508	--	216,508	--
Lihū'e Development Plan	W12008	819,604	--	819,604	--	819,604	--
Puhi Road Construction Phase I (County Match)	W12010	259,950	269	260,219	--	260,219	--
Kōloa Fire Station Improvements	W12012	--	--	--	--	200,000	200,000
Kalāheo Fire Station Improvements	W12013	--	--	--	--	100,000	100,000
Hardy Street Improvement	W12020	1,686,359	--	1,686,359	24,175	1,717,817	7,283
Piikoi Interior Renovation Phase II	W12053	409,182	26,872	436,054	405,477	841,531	--
Kekaha Landfill Lateral Expansion II	W12054	547,996	43,205	591,201	1,274	592,475	--
Moana Kai Seawall Construction	W12055	985,068	--	985,068	--	985,068	--
Coco Palms STP	W12057	575,000	12,000	587,000	--	587,000	--
Koloa Road Safety Improvements (County Match)	W12065	86,123	2,971	89,094	2,492	92,000	414
Hanapepe Road	W12067	--	--	--	--	47,000	47,000
Material Recovery Facility (MRF)	W13001	248,012	--	248,012	--	254,007	5,995
Aliomanu Road	W13004	133,875	21,877	155,752	161,515	317,880	613
Auto Shop Improvements	W13005	--	--	--	35,750	400,000	364,250
Fuel Management System	W13007	124,816	4,819	129,635	--	195,000	65,365
NPDES Compliance	W13010	176,608	--	176,608	--	385,000	208,392
Anini Bridge	W14001	78,714	538,572	617,286	1,353	650,000	31,361
Salt Pond Wastewater Improvements	W14005	135,986	40,319	176,305	33,275	892,793	683,213
Waa Road Drainage Study	W14006	--	--	--	--	100,000	100,000
Complete Street Safety Improvements/Traffic Mitigation	W14009	40,866	69,798	110,664	20,202	150,000	19,134
Kapahi Bridge Replacement (County Match)	W14011	119,835	1,086	120,921	3,310	132,851	8,620
Waimea R-1 H2O Distribution System Improvements	W14078	178,191	265	178,456	--	209,450	30,994
Eiwa Street (Mall)	W15100	183,822	23,940	207,762	73,753	300,000	18,485
Fuel Tanks Hanalei Baseyard	W15101	162,049	--	162,049	--	162,049	--
Niumalu Bridge Replacement	W15104	--	--	--	--	50,000	50,000
RPA Counter Renovation	W15105	--	27,571	27,571	4,052	40,000	8,377
Moana Kai Seawall Construction	W16A02	16,118	--	16,118	--	16,118	--
Puhi Road Phase II Match	W16A04	--	--	--	--	20,000	20,000
Moana Kai Seawall	W16002	1,619,189	--	1,619,189	--	1,619,189	--

**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Puhi Road Phase II Match	W16004	\$ 27,000	\$ 18,809	\$ 45,809	\$ 3,749	\$ 50,000	\$ 442
TIGER Grant Project (County Match)	W17TGR	428	54,986	55,414	1,769,343	2,000,000	175,243
Lihue WWTP Improvements Phase II	W17001	--	72,867	72,867	26,251	99,118	--
Coco Palms STP	W17002	--	100,000	100,000	--	100,000	--
Fuel Tanks Hanapepe Baseyard	W17004	--	--	--	--	350,000	350,000
Wailana Bridge No.2 Pedestrian Walkway	W17006	--	125,000	125,000	--	125,000	--
Collector Road Improvements	W18002	--	--	--	--	192,432	192,432
Islandwide Road Safety Program	W18003	--	67,519	67,519	--	100,000	32,481
Collector Road Improvements	W18006	--	--	--	--	5,618	5,618
Lihue WWTP Improvements Phase II	W18007	--	--	--	882	882	--
Kohea Loa Sewer Pump Station	W18010	--	--	--	--	1,000,000	1,000,000
Wailua NPDES Effluent Modification (Design)	W18011	--	491,401	491,401	7,260	500,000	1,339
Aliomanu Road Improvements	W18012	--	--	--	--	2,000,000	2,000,000
Kapaa Police Sub-Station	W18013	--	--	--	--	6,000,000	6,000,000
Niumalu Bridge Replacement	W18014	--	--	--	--	650,000	650,000
Opaeka'a Bridge Replacement (County Match)	W18015	--	--	--	--	660,000	660,000
Puhi Road Phase II Match (County Match)	W18016	--	3,749	3,749	19,057	700,000	677,194
Waimea WWTP R-1 (Design)	W18017	--	--	--	--	600,000	600,000
Helicopter Hangar (Construction)	W18018	--	--	--	--	540,000	540,000
Biennial Bridge Inspections (County Match)	W96A88	6,123	15,877	22,000	--	22,000	--
Biennial Bridge Inspections (County Match)	W96388	21,275	1,040	22,315	--	25,000	2,685
Payroll/Personnel System	X10001	198,901	17,166	216,067	37,384	395,000	141,549
Planning, Zoning/Engineering System	X10002	3,841	--	3,841	--	74,428	70,587
IT Infrastructure Improvements (Multi-phase)	X10006	773,853	--	773,853	--	777,337	3,484
Document Imaging Program (Finance-IT) Multi Phase	X10008	41,710	--	41,710	--	81,177	39,467
800 MHZ Radio System Upgrade Phase II	X14001	2,964,975	--	2,964,975	--	2,992,232	27,257
Cashiering System Upgrade	X15100	151,160	27,006	178,166	1,834	180,000	--
Land Information Management Plan	X18001	--	--	--	--	1,750,000	1,750,000
General Plan Update	Z12003	498,818	69,484	568,302	34,765	603,067	--
East Kauai Development Plan	Z13003	49,716	--	49,716	--	49,843	127
North, East & South Shore Transit Feasibility Study	Z14002	162,069	2,199	164,268	--	164,281	13

**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, 2018**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
West Kauai Development Plan	Z18002	--	--	--	--	73,512	73,512
West Kauai Development Plan	Z18003	--	--	--	--	1,488	1,488
West Kauai Development Plan	Z18004	--	7,124	7,124	234,812	500,000	258,064
Total Expenditures		\$ 35,319,631	2,626,255	\$ 37,945,886	\$ 4,905,233	\$ 71,970,009	\$ 29,118,890
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,290,993)				
Other Financing Sources (Uses):							
Bonds issued			26,000,966				
Transfers out			(1,028,619)				
Total Other Financing Sources (Uses)			24,972,347				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			23,681,354				
Fund Balance - Beginning of Year, July 1, 2017			12,993,047				
Fund Balance - End of Year, June 30, 2018			\$ 36,674,401				

**COUNTY OF KAUA‘I, HAWAI‘I**  
**OPEN SPACE CAPITAL IMPROVEMENTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Project No.	Prior Years 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>							
Black Pot Expansion 2018	X18009	--	5,600,000	5,600,000	--	5,600,000	--
Kekaha Coastal Property	X18010	--	--	--	--	599,000	599,000
Total Expenditures		<u>\$ --</u>	<u>5,600,000</u>	<u>\$ 5,600,000</u>	<u>\$ --</u>	<u>\$ 6,199,000</u>	<u>\$ 599,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(5,600,000)				
<b>Other Financing Sources:</b>							
Transfers In			<u>6,199,000</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			599,000				
Fund Balance - Beginning of Year, July 1, 2017			<u>--</u>				
Fund Balance - End of Year, June 30, 2018			<u>\$ 599,000</u>				

**COUNTY OF KAUA‘I, HAWAI‘I**  
**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, 2018**

	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:						
Pa‘anau housing project	\$ 427,200	\$ 427,200	\$ 670,415	\$ --	\$ 670,415	\$ 243,215
Kalepa housing project	1,152,700	1,152,700	1,112,264	--	1,112,264	(40,436)
Other revenues	<u>575,050</u>	<u>575,050</u>	<u>171,151</u>	<u>--</u>	<u>171,151</u>	<u>(403,899)</u>
Total Revenues	<u>2,154,950</u>	<u>2,154,950</u>	<u>1,953,830</u>	<u>--</u>	<u>1,953,830</u>	<u>(201,120)</u>
<b>Expenditures - Public Welfare:</b>						
Revolving buy back account	1,195,107	1,195,107	309,965	5,083	315,048	880,059
Kalepa housing operating cost	1,772,218	1,772,218	834,067	167,311	1,001,378	770,840
Pa‘anau housing operating cost	<u>872,117</u>	<u>872,117</u>	<u>412,408</u>	<u>41,310</u>	<u>453,718</u>	<u>418,399</u>
Total Expenditures	<u>3,839,442</u>	<u>3,839,442</u>	<u>1,556,440</u>	<u>213,704</u>	<u>1,770,144</u>	<u>2,069,298</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ <u>(1,684,492)</u>	\$ <u>(1,684,492)</u>	397,390	\$ <u>(213,704)</u>	\$ <u>183,686</u>	\$ <u>1,868,178</u>
Fund Balance - Beginning of Year July 1, 2017			<u>10,232,701</u>			
Fund Balance - End of Year June 30, 2018			\$ <u>10,630,091</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, 2018**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ 30,500	\$ 30,500	\$ 31,537	\$ --	\$ 31,537	\$ 1,037
Charges for Services:						
Sewer Charges:						
Residential	3,350,000	3,350,000	3,347,830	--	3,347,830	(2,170)
Commercial	5,800,000	5,800,000	5,921,225	--	5,921,225	121,225
Connection charge	--	--	100	--	100	100
Sludge disposal	260,000	260,000	260,982	--	260,982	982
Capacity assessment	130,000	130,000	19,500	--	19,500	(110,500)
Total Revenues	<u>9,570,500</u>	<u>9,570,500</u>	<u>9,581,174</u>	<u>--</u>	<u>9,581,174</u>	<u>10,674</u>
Other Financing Sources (Uses):						
Transfers out	(697,487)	(1,197,487)	(1,197,487)	--	(1,197,487)	--
Operating transfers from General Fund	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>(697,487)</u>	<u>(1,197,487)</u>	<u>(1,197,487)</u>	<u>--</u>	<u>(1,197,487)</u>	<u>--</u>
 Total Revenues and Other Financing Sources (Uses)	<u>8,873,013</u>	<u>8,373,013</u>	<u>8,383,687</u>	<u>--</u>	<u>8,383,687</u>	<u>10,674</u>
Expenditures - Sanitation:						
Sanitation and Waste Removal:						
Salaries, including overtime	2,481,881	2,420,975	2,385,453	--	2,385,453	35,522
Vacation credit payout	1	1	1	--	1	--
Operational and administrative	2,152,280	2,203,294	1,852,000	26,648	1,878,648	324,646
Central services cost	500,000	500,000	500,000	--	500,000	--
Capital costs	209,957	228,007	99,284	124,218	223,502	4,505
SRF loan payments	1,729,540	1,739,040	1,738,940	--	1,738,940	100
FICA taxes	198,723	198,723	174,062	--	174,062	24,661
Public employees' health fund	182,296	188,796	188,613	--	188,613	183
Workers' compensation	2	49,708	49,659	--	49,659	49
Unemployment compensation	1	1,401	1,368	--	1,368	33
Pension contributions	480,141	534,771	534,767	--	534,767	4
Other employee benefits	11,553	11,553	2,562	--	2,562	8,991
Public employees' other post-employment benefit	565,735	514,405	478,485	--	478,485	35,920
Repair and maintenance reserve	2,811,842	3,441,843	2,030,215	1,327,455	3,357,670	84,173
Total Expenditures - Sanitation	<u>11,323,952</u>	<u>12,032,517</u>	<u>10,035,409</u>	<u>1,478,321</u>	<u>11,513,730</u>	<u>518,787</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures (Note C)	\$ <u>(2,450,939)</u>	\$ <u>(3,659,504)</u>	(1,651,722)	\$ <u>(1,478,321)</u>	\$ <u>(3,130,043)</u>	\$ <u>(508,113)</u>
Fund Balance - Beginning of Year July 1, 2017			5,398,482			
Fund Balance - End of Year June 30, 2018			\$ <u>3,746,760</u>			

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

**COUNTY OF KAUAI, HAWAII**  
**GOLF ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	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:						
Food and beverage	\$ 12,000	\$ 12,000	\$ 8,000	\$ --	\$ 8,000	\$ (4,000)
Pro shop	26,400	26,400	26,400	--	26,400	--
Range balls	--	--	--	--	--	--
Golf carts	150,000	150,000	153,543	--	153,543	3,543
Other	2,500	2,500	409	--	409	(2,091)
Charges for Services:						
Green fees and locker fees	1,022,000	1,022,000	982,659	--	982,659	(39,341)
Total Revenues	<u>1,212,900</u>	<u>1,212,900</u>	<u>1,171,011</u>	<u>--</u>	<u>1,171,011</u>	<u>(41,889)</u>
<b>Other Financing Sources:</b>						
Operating transfers from General Fund	1,110,056	1,110,056	1,110,056	--	1,110,056	--
Total Revenues and Other Financing Sources	<u>2,322,956</u>	<u>2,322,956</u>	<u>2,281,067</u>	<u>--</u>	<u>2,281,067</u>	<u>(41,889)</u>
<b>Expenditures - Culture and Recreation:</b>						
Salaries, including overtime	969,069	994,954	983,406	--	983,406	11,548
Operational and administrative	465,958	535,941	457,482	16,452	473,934	62,007
Central services cost	130,000	130,000	130,000	--	130,000	--
Capital costs	275,707	147,826	98,918	48,908	147,826	--
Debt service payments	194,750	194,750	194,750	--	194,750	--
FICA taxes	76,335	76,335	67,413	--	67,413	8,922
Public employees' health fund	147,735	158,514	158,041	--	158,041	473
Workers' compensation	2	19,298	19,296	--	19,296	2
Unemployment compensation	1,967	1,967	--	--	--	1,967
Public employees' other post-employment benefit	214,163	214,163	199,359	--	199,359	14,804
Pension contributions	177,774	177,774	175,958	--	175,958	1,816
Total Expenditures - Culture and Recreation	<u>2,653,460</u>	<u>2,651,522</u>	<u>2,484,623</u>	<u>65,360</u>	<u>2,549,983</u>	<u>101,539</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ (330,504)	\$ (328,566)	(203,556)	\$ (65,360)	\$ (268,916)	\$ 59,650
Fund Balance - Beginning of Year July 1, 2017			<u>372,839</u>			
Fund Balance - End of Year June 30, 2018			\$ <u>169,283</u>			

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

**STATISTICAL SECTION  
(UNAUDITED)**

**COUNTY OF KAUA'I, HAWAI'I**  
**STATISTICAL SECTION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This part of the County of Kaua'i'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.

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Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed.	147
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	154
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.	161
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.	164
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.	166

**COUNTY OF KAUA‘I, HAWAI‘I**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 4**

**TABLE 1**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 454,412,948	\$ 452,246,448	\$ 453,192,782	\$ 457,053,621	\$ 458,554,083	\$ 454,561,936	\$ 447,353,524	\$ 438,181,870	\$ 439,215,376	\$ 442,105,705
Restricted	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669	14,439,009	8,533,459	14,864,441
Unrestricted (2), (4)	<u>50,751,859</u>	<u>67,639,803</u>	<u>65,401,348</u>	<u>51,887,401</u>	<u>23,645,923</u>	<u>9,720,128</u>	<u>(136,593,717)</u>	<u>(132,390,722)</u>	<u>(252,967,511) (3)</u>	<u>(284,520,607)</u>
Total Governmental Activities Net Position	<u>531,554,316</u>	<u>542,067,435</u>	<u>536,940,167</u>	<u>516,764,276</u>	<u>493,487,776</u>	<u>476,345,231</u>	<u>320,937,476</u>	<u>320,230,157</u>	<u>194,781,324 (3)</u>	<u>172,449,539</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041	74,780,858	74,662,355	73,528,939
Restricted	212,528	215,791	347,335	354,625	353,600	351,925	356,210	362,635	356,730	362,670
Unrestricted (2), (4)	<u>3,569,272</u>	<u>5,013,888</u>	<u>8,124,987</u>	<u>9,611,655</u>	<u>8,749,372</u>	<u>8,768,640</u>	<u>1,457,020</u>	<u>6,926,493 (1)</u>	<u>(708,815) (3)</u>	<u>(4,138,176)</u>
Total Business-type Activities Net Position	<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>79,423,271</u>	<u>82,069,986 (1)</u>	<u>74,310,270 (3)</u>	<u>69,753,433</u>
<b>Primary Government:</b>										
Net investment in capital assets	499,796,118	501,156,691	510,715,649	517,851,718	520,273,290	522,538,914	524,963,565	512,962,728	513,877,731	515,634,644
Restricted	26,602,037	22,396,975	18,693,372	8,177,879	11,641,370	12,415,092	10,533,879	14,801,644	8,890,189	15,227,111
Unrestricted (2), (4)	<u>54,321,131</u>	<u>72,653,691</u>	<u>73,526,335</u>	<u>61,499,056</u>	<u>32,395,295</u>	<u>18,488,768</u>	<u>(135,136,697)</u>	<u>(125,464,229) (1)</u>	<u>(253,676,326) (3)</u>	<u>(288,658,783)</u>
Total Primary Government Activities Net Position	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 564,309,955</u>	<u>\$ 553,442,774</u>	<u>\$ 400,360,747</u>	<u>\$ 402,300,143 (1)</u>	<u>\$ 269,091,594 (3)</u>	<u>\$ 242,202,972</u>

Note (1): Net position for 2016 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*.

Note (3): Net position for 2017 was restated.

Note (4): Balances prior to FY 2017 have not been adjusted for the implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* in the current fiscal year. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*.

Source: Department of Finance

**COUNTY OF KAUA‘I, HAWAII**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 3**

**TABLE 1A**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses (2), (3):</b>										
<b>Governmental Activities:</b>										
General government	\$ 38,335,085	\$ 24,423,397	\$ 28,619,780	\$ 32,774,735	\$ 36,906,688	\$ 27,367,278	\$ 34,845,724	\$ 31,124,910	\$ 35,907,652	\$ 36,748,751
Public safety	38,182,320	46,193,511	50,618,291	50,624,242	52,156,486	55,850,781	59,779,065	63,996,769	77,626,223	78,984,670
Public works	10,338,337	12,986,481	18,258,953	12,334,893	12,011,341	12,601,556	13,187,394	13,031,167	7,759,049	10,477,006
Highways and streets	21,524,749	16,394,453	18,949,545	17,913,595	19,996,535	22,563,566	20,169,211	21,389,331	19,449,532	24,405,041
Sanitation	11,123,472	13,537,765	5,342,980	22,204,359	25,685,902	24,539,377	18,081,944	22,784,661	9,433,463	29,455,273
Culture and recreation	9,028,393	9,747,006	9,924,470	10,428,386	10,791,475	13,070,021	12,635,604	19,895,665	21,223,972	21,223,972
Public welfare	22,793,755	19,690,034	17,918,206	20,393,081	22,624,202	22,774,863	20,347,498	22,066,721	25,216,739	27,640,479
Unallocated interest	3,533,452	4,235,047	6,183,785	5,029,937	6,516,418	5,388,788	5,254,055	5,100,848	4,921,648	5,266,323
Total Governmental Activities Expenses	<u>154,859,563</u>	<u>147,207,694</u>	<u>155,816,010</u>	<u>171,703,228</u>	<u>186,689,047</u>	<u>184,156,230</u>	<u>184,225,733</u>	<u>192,130,011</u>	<u>200,209,971</u>	<u>234,201,515</u>
<b>Business-type Activities:</b>										
Housing	1,805,736	2,360,921	2,371,254	2,178,940	2,352,640	1,889,266	2,170,580	2,486,232	2,842,953	2,534,963
Sewer	11,880,555	8,113,817	7,929,242	8,250,110	13,447,969	8,758,026	9,305,181	9,555,472 (1)	11,358,672	12,603,995
Golf	2,547,080	2,175,551	2,078,846	2,221,620	2,262,578	2,345,610	2,516,583	2,326,087	2,896,789	3,067,420
Total Business-type Activities Expenses	<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>13,992,344</u>	<u>14,367,791 (1)</u>	<u>17,098,414</u>	<u>18,206,378</u>
Total Primary Government Expenses	<u>171,092,934</u>	<u>159,857,983</u>	<u>168,195,352</u>	<u>184,353,898</u>	<u>204,752,234</u>	<u>197,149,132</u>	<u>198,218,077</u>	<u>206,497,802 (1)</u>	<u>217,308,385</u>	<u>252,407,893</u>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for services:										
General government	1,255,167	1,213,635	1,902,063	2,145,731	3,768,037	3,032,176	6,925,672	6,456,304	6,047,464	6,356,815
Public safety	879,348	1,320,474	955,145	752,086	1,036,661	1,088,528	976,639	1,059,842	603,963	883,768
Public works	3,154,590	1,892,223	1,535,271	1,356,060	1,410,220	1,903,747	413,159	432,238	370,243	245,982
Highways and streets	4,590,571	4,502,931	4,535,351	4,562,679	4,613,966	4,742,390	5,680,943	6,914,101	7,006,020	7,280,113
Sanitation	3,354,320	3,297,724	3,424,598	6,088,478	6,563,506	6,500,940	8,037,799	8,838,362	8,923,679	9,412,169
Culture and recreation	963,309	3,125,628	1,977,972	691,632	672,755	558,611	886,203	691,189	692,092	667,076
Public welfare	717,163	856,836	1,039,600	1,341,366	1,427,164	1,240,109	264,652	282,196	674,476	372,246
Operating grants and contributions	22,839,142	22,895,230	27,062,804	22,721,365	19,892,834	23,894,202	21,787,905	17,719,967	20,154,402	23,989,238
Capital grants and contributions	8,234,214	3,475,234	2,246,061	9,325,678	13,937,055	3,730,118	5,696,219	6,273,146	10,609,093	5,488,448
Total Governmental Activities Program Revenues	<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>	<u>55,081,432</u>	<u>54,695,855</u>
<b>Business-type Activities:</b>										
Charges for services:										
Housing	1,287,720	1,856,832	2,374,889	1,791,502	1,749,444	1,665,781	2,285,109	2,444,866	2,089,316	1,925,022
Sewer	6,134,764	6,235,984	6,661,118	7,030,940	8,854,282	8,401,285	9,586,721	9,545,888	9,532,589	9,561,674
Golf	1,393,469	1,574,515	1,283,586	1,203,219	1,171,155	1,131,791	1,210,762	1,142,667	1,193,254	1,171,011
Capital grants and contributions	8,978,609	1,016,676	476,403	6,496,784	5,711,909	5,698,224	7,954,930	1,559,608	1,246,127	1,050,457
Total Business-type Activities Program Revenues	<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>	<u>14,061,286</u>	<u>13,708,164</u>
Total Primary Government Program Revenues	<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>	<u>\$ 69,142,718</u>	<u>\$ 68,404,019</u>

Note (1): Total government expenses for 2016 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*.

Note (3): Balances prior to FY 2017 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* in the current fiscal year. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*.

**COUNTY OF KAUAI, HAWAII**  
**CHANGES IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS (UNAUDITED)**  
**(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 3**

**TABLE 1A**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Revenue (Expense) (2), (3):										
Governmental activities	\$ (108,871,739)	\$ (104,627,779)	\$ (111,137,145)	\$ (122,718,153)	\$ (133,366,849)	\$ (137,465,409)	\$ (133,556,542)	\$ (143,462,666)	\$ (145,128,539)	\$ (179,505,660)
Business-type activities	1,561,191	(1,966,282)	(1,583,346)	3,871,775	(576,397)	3,904,179	6,977,083	393,333 (1)	(3,037,128)	(4,498,214)
Total Primary Government Net Revenue (Expense):	<u>(107,310,548)</u>	<u>(106,594,061)</u>	<u>(112,720,491)</u>	<u>(118,846,378)</u>	<u>(133,943,246)</u>	<u>(133,561,230)</u>	<u>(126,579,459)</u>	<u>(143,069,333) (1)</u>	<u>(148,165,667)</u>	<u>(184,003,874)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
General Revenues:										
Property taxes	91,880,683	92,466,366	87,579,128	80,871,076	82,008,842	93,133,721	106,772,994	114,230,704	119,362,633	127,476,566
Public service company tax	4,379,129	4,097,986	3,020,565	4,226,609	4,247,316	4,437,498	4,243,704	3,993,523	3,173,170	3,497,888
Franchise tax	4,900,021	3,258,208	3,901,854	4,594,943	4,746,998	4,652,839	4,518,532	3,612,148	3,610,262	3,722,949
Fuel tax	3,940,446	3,596,214	4,163,471	3,948,687	3,929,570	4,518,532	5,168,937	5,459,139	5,636,105	5,718,221
Unrestricted grants and contributions	13,690,485	13,152,231	16,425,594	15,407,463	14,661,865	14,571,286	16,007,524	15,983,809	16,481,037	15,958,575
Investments earnings	2,493,940	4,476,847	2,326,500	1,168,610	1,115,555	1,347,124	933,116	1,664,777	355,446	712,245
Transfers	(1,033,291)	(5,906,954)	(11,407,235)	(4,062,142)	(619,797)	(2,338,126)	(471,508)	(2,188,753)	(794,150)	87,431
Total Governmental Activities General Revenues and Transfers	<u>120,251,413</u>	<u>115,140,898</u>	<u>106,009,877</u>	<u>106,155,246</u>	<u>110,090,349</u>	<u>120,322,874</u>	<u>137,173,299</u>	<u>142,755,347</u>	<u>147,824,503</u>	<u>157,173,875</u>
Business-type Activities:										
General Revenues:										
Unrestricted grants and contributions	--	1,005,279	2,000,000	--	14,402	--	--	--	--	--
Investment earnings	82,970	29,001	31,378	55,468	--	33,818	19,709	64,629	31,965	28,808
Transfers	1,033,291	5,906,954	11,407,235	4,062,142	619,797	2,338,126	471,508	2,188,753	794,150	(87,431)
Total Business-type Activities General Revenues and Transfers	<u>1,116,261</u>	<u>6,941,234</u>	<u>13,438,613</u>	<u>4,117,610</u>	<u>634,199</u>	<u>2,371,944</u>	<u>491,217</u>	<u>2,253,382</u>	<u>826,115</u>	<u>(58,623)</u>
Total Primary Government Program Revenues	<u>121,367,674</u>	<u>122,082,132</u>	<u>119,448,490</u>	<u>110,272,856</u>	<u>110,724,548</u>	<u>122,694,818</u>	<u>137,664,516</u>	<u>145,008,729</u>	<u>148,650,618</u>	<u>157,115,252</u>
Changes in Net Position (2), (3):										
Governmental activities	11,379,674	10,513,119	(5,127,268)	(16,562,907)	(23,276,500)	(17,142,535)	3,616,757	(707,319)	2,695,964	(22,331,785)
Business-type activities	2,677,452	4,974,952	11,855,267	7,989,385	57,802	6,276,123	7,468,300	2,646,715 (1)	(2,211,013)	(4,556,837)
Total Primary Government Changes in Net Position	<u>\$ 14,057,126</u>	<u>\$ 15,488,071</u>	<u>\$ 6,727,999</u>	<u>\$ (8,573,522)</u>	<u>\$ (23,218,698)</u>	<u>\$ (10,866,412)</u>	<u>\$ 11,085,057</u>	<u>\$ 1,939,396 (1)</u>	<u>\$ 484,951</u>	<u>\$ (26,888,622)</u>

Note (1): Net Revenue (Expense) for 2016 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*.

Note (3): Balances prior to FY 2017 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* in the current fiscal year. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*.

Source: Department of Finance

**COUNTY OF KAUA‘I, HAWAII  
GOVERNMENT - WIDE NET POSITION  
LAST TEN FISCAL YEARS (UNAUDITED)  
(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 4**

**TABLE 1B**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Assets and deferred outflows of resources (2), (4):</b>										
Governmental activities	\$ 692,955,754	\$ 753,265,199	\$ 753,176,265	\$ 737,054,972	\$ 723,427,510	\$ 712,445,231	\$ 729,292,205	\$ 733,284,039	\$ 814,871,079	\$ 859,412,201
Business-type activities	<u>67,357,779</u>	<u>74,859,599</u>	<u>86,138,149</u>	<u>91,897,068</u>	<u>94,207,076</u>	<u>99,972,859</u>	<u>110,605,113</u>	<u>114,789,409</u>	<u>115,906,505</u>	<u>109,817,108</u>
Total Assets - Primary Government	<u>760,313,533</u>	<u>828,124,798</u>	<u>839,314,414</u>	<u>828,952,040</u>	<u>817,634,586</u>	<u>812,418,090</u>	<u>839,897,318</u>	<u>848,073,448</u>	<u>930,777,584</u>	<u>969,229,309</u>
<b>Liabilities and deferred inflows of resources (2), (4):</b>										
Governmental activities	161,401,438	211,197,764	216,236,098	220,290,696	228,520,422	236,100,000	408,354,729	413,053,882	491,944,958	686,962,662
Business-type activities	<u>18,192,809</u>	<u>20,719,677</u>	<u>20,142,960</u>	<u>21,132,691</u>	<u>23,384,897</u>	<u>22,875,316</u>	<u>31,181,842</u>	<u>32,719,423</u>	<u>36,047,532</u>	<u>40,063,675</u>
Total Liabilities - Primary Government	<u>179,594,247</u>	<u>231,917,441</u>	<u>236,379,058</u>	<u>241,423,387</u>	<u>251,905,319</u>	<u>258,975,316</u>	<u>439,536,571</u>	<u>445,773,305</u>	<u>527,992,490</u>	<u>727,026,337</u>
<b>Net Position:</b>										
<b>Net investment in capital assets</b>										
Governmental activities	454,412,948	452,246,448	453,192,782	457,053,621	458,554,083	454,561,936	447,353,524	438,181,870	439,215,376	442,105,705
Business-type activities	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041	74,780,858	74,662,355	73,528,939
<b>Restricted by enabling legislation:</b>										
Governmental activities	--	--	--	--	--	--	--	--	8,533,459	14,864,441
Business-type activities	212,528	215,791	347,335	354,625	353,600	351,925	356,210	362,635	356,730	362,670
<b>Restricted, other:</b>										
Governmental activities	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), (4):</b>										
Governmental activities	50,751,859	67,639,803	65,401,348	51,887,401	23,645,923	9,720,128	(136,593,717)	(132,390,722)	(252,967,511) (3)	(284,520,607)
Business-type activities	<u>3,569,272</u>	<u>5,013,888</u>	<u>8,124,987</u>	<u>9,611,655</u>	<u>8,749,372</u>	<u>8,768,640</u>	<u>1,457,020</u>	<u>6,926,493</u> (1)	<u>(708,815)</u> (3)	<u>(4,138,176)</u>
Total Net Position - Primary Government	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 564,309,955</u>	<u>\$ 553,442,774</u>	<u>\$ 400,360,747</u>	<u>\$ 402,300,143</u> (1)	<u>\$ 269,091,594</u> (3)	<u>\$ 242,202,972</u>

Note (1): Total Liabilities and Net Position for 2016 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*.

Note (3): Net Position for 2017 was restated.

Note (4): Balances prior to FY 2017 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* in the current fiscal year. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*.

Source: Department of Finance

**COUNTY OF KAUA‘I, HAWAI‘I**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 3**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 2**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	--	--	490,000	490,000	490,000	490,000	490,000	490,000	490,000	490,000
Committed	9,761,486	6,634,688	5,411,603	8,602,156	7,649,170	8,531,741	9,959,330	9,473,469	20,537,307	20,949,918
Assigned	11,535,434	19,066,623	47,749,807 (2)	20,234,694	12,700,967	4,104,319	927,398	1,513,398	3,329,023	1,583,885
Unassigned	<u>32,844,060</u>	<u>43,098,792</u>	--	<u>15,368,459</u>	<u>12,782,584</u>	<u>18,928,505</u>	<u>27,950,825</u>	<u>36,540,570</u>	<u>32,456,369</u>	<u>36,263,191</u>
Total General Fund	<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>	<u>56,812,699</u>	<u>59,286,994</u>
All Other Governmental Funds:										
Non-spendable	3,544,187	3,600,866 (1)	3,363,311 (3)	2,769,119	2,284,346	1,926,775	1,555,424	2,498,625	2,204,479	528,280
Restricted	10,000,961	13,273,466 (1)	11,417,538 (3)	8,135,743	10,759,583	8,530,195	9,590,391	5,730,865	11,443,165	13,940,646
Committed	16,179,876	15,661,985 (1)	18,793,384	19,664,847	14,997,103	22,075,355	22,775,602	14,898,454	14,223,775	19,807,870
Assigned	68,439,470	106,014,099	100,757,185	81,570,384	73,781,703	52,451,430	45,053,079	47,543,497	41,001,434	55,229,499
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<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>	<u>68,872,853</u>	<u>89,506,295</u>
Total Fund Balances (Note 1)	<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>	<u>\$ 125,685,552</u>	<u>\$ 148,793,289</u>

Note (1): The June 30, 2010 CAFR reported incorrect amounts between these three categories.

Note (2): The June 30, 2011 CAFR General Fund balance was restated.

Note (3): The June 30, 2011 CAFR reported incorrect amounts between these two categories.

Source: Department of Finance

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

**TABLE 2A**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 105,140	\$ 102,425	\$ 94,343 (1)	\$ 93,470	\$ 95,035	\$ 107,410	\$ 120,492	\$ 126,945	\$ 133,065	\$ 140,107
Licenses and permits	8,253	7,400	6,847	6,778	7,132	7,878	9,953	10,952	10,582	11,108
Rents and concessions	956	907	916	639	609	488	488	500	486	422
Interest	3,009	4,896	2,708	1,379	297	1,347	933	1,665	355	712
Intergovernmental revenue	44,764	37,214	43,780	44,779	46,802	41,126	42,308	38,715	45,231	44,173
Charges for current services	4,424	4,366	5,583	8,591	9,220	9,877	11,567	11,788	12,029	12,622
Bond subsidy	--	--	971 (2)	1,138	1,138	1,045	1,042	1,029	1,015	997
Miscellaneous	766	3,117	1,642	720	3,310	824	1,177	1,433	1,220	1,066
<b>Total Revenues</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>203,983</b>	<b>211,207</b>
<b>Expenditures:</b>										
General government	37,371	26,682	28,285	29,850	32,943	29,342	33,921	30,858	32,313	31,915
Public safety	35,613	43,607	47,547	48,153	49,049	52,225	55,961	60,219	64,135	68,920
Public works	8,727	11,232	16,395	10,454	9,699	10,146	10,275	10,173	4,812	6,629
Highways and streets	15,312	10,089	13,146	11,965	15,037	16,537	14,144	15,352	12,095	16,569
Sanitation	9,834	12,313	11,385	17,928	13,087	13,554	16,282	16,086	15,566	17,790
Culture and recreation	8,223	9,715	9,252	9,852	9,500	11,548	10,512	10,465	16,642	17,437
Public welfare	22,375	19,957	20,192	19,758	22,018	21,980	21,980	19,476	22,790	24,541
Capital outlay	21,342	24,597	18,109	27,733	25,916	22,567	15,890	18,012	22,484	21,524
<b>Debt Service:</b>										
Principal	4,766	4,713	5,824	4,808	4,584	6,642	6,830	6,401	7,185	7,626
Interest	3,597	3,971	5,888	5,575	4,970	5,425	5,300	5,130	4,962	5,011
<b>Total Expenditures</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>	<b>202,984</b>	<b>217,962</b>
<b>Excess of Revenues</b>										
Over (Under) Expenditures	\$ 152	\$ (6,551)	\$ (19,233)	\$ (28,582)	\$ (23,220)	\$ (19,971)	\$ (79)	\$ 855	\$ 999	\$ (6,755)
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 21,085	\$ 29,852	\$ 28,081	\$ 18,570	\$ 28,406	\$ 21,788	\$ 20,251	\$ 26,184	\$ 30,770	\$ 39,737
Transfers out	(22,118)	(30,675)	(32,327)	(22,631)	(29,026)	(24,122)	(20,722)	(28,372)	(31,564)	(39,650)
Refunding bonds issued	--	--	--	--	--	--	--	--	--	--
Bonds issued	--	60,000	-- (2)	--	--	--	--	--	--	26,001
Premium on bonds issued	--	--	--	--	--	--	--	--	--	--
Payments to refunded bond escrow agency	--	--	--	--	--	--	--	--	--	--
Capital leases	1,862	1,686	3,699	732	2,451	3,898	1,814	1,720	2,516	3,223
Capital loans proceeds	--	--	--	--	--	--	--	--	3,775	551
Insurance proceeds	--	733	413	--	--	--	--	--	500	--
Claims proceeds	--	--	--	764	--	--	--	--	--	--
Sale of capital assets	--	--	--	--	--	--	--	--	--	--
<b>Total Other Financing Sources (Uses)</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>5,997</b>	<b>29,862</b>
<b>Net Change in Fund Balances</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>\$ 6,996</b>	<b>\$ 23,107</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	5.74%	6.10%	7.42%	6.56% (3)	5.94%	7.21%	7.05%	6.62%	6.73%	6.43%

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
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
2017	32,313,282	64,135,017	4,811,325	12,095,104	15,566,715	16,641,960	22,789,901	22,484,510	12,146,737	202,984,551
2018	31,914,909	68,919,964	6,629,002	16,568,690	17,790,341	17,436,755	24,541,374	21,524,363	12,636,578	217,961,976

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 Adjustments in Subsequent Years	Total Tax Levy After Adjustments	Collected within the Fiscal Year of the Levy		Total Collections to Date		
				Tax Collections (1)	Percent of Levy	Collections in Subsequent Years	Tax Collections (1)	Percent of Levy
2009	91,063,418	552,797	91,616,215	88,762,923	97.5	2,811,530	\$ 91,574,453	99.954 %
2010	91,292,733	369,520	91,662,253	89,160,050	97.7	2,447,116	\$ 91,607,166	99.940
2011	83,621,720	(481,847)	83,139,873	81,866,842	97.9	1,218,281	\$ 83,085,123	99.934
2012	80,337,961	(674,877)	79,663,084	78,588,196	97.8	1,025,232	\$ 79,613,428	99.938
2013	80,013,943	69,225	80,083,168	78,429,057	98.0	1,564,998	\$ 79,994,055	99.889
2014	91,842,667	404,328	92,246,995	90,317,284	98.3	1,757,524	\$ 92,074,808	99.813
2015	107,139,250	(8,872)	107,130,378	105,651,792	98.6	1,224,607	\$ 106,876,399	99.763
2016	114,123,755	(97,048)	114,026,707	112,470,902	98.6	1,151,580	\$ 113,622,482	99.645
2017	119,896,735	85,002	119,981,737	118,625,976	98.9	711,312	\$ 119,337,288	99.463
2018	126,320,307	--	126,320,307	124,910,655	98.9	--	\$ 124,910,655	98.884

Note (1): Current and delinquent tax collections do not include penalties and interest.

Source: Department of Finance

**COUNTY OF KAUA‘I, HAWAI‘I**  
**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				
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
2017	n/a	n/a	21,293,260	3,045,295	18,247,965	6.57	85.1
2018	n/a	n/a	22,198,177	3,092,685	19,105,492	6.59	85.6

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
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	<u>179,825</u>	6.90	<u>140,345</u>	7.90	<u>320,170</u>
	Total	<u>\$ 11,994,580</u>		<u>\$ 7,297,024</u>		<u>\$ 19,291,604</u>
2010	Single Family Residential	\$ 3,983,986	\$3.95	\$ 1,440,943	\$4.25	\$ 5,424,929
	Homestead	3,142,703	4.00	1,665,718	3.44	4,808,421
	Agriculture	1,789,664	6.90	606,715	4.25	2,396,379
	Conservation	282,104	6.90	28,847	4.25	310,951
	Hotel/resort	853,348	6.90	1,548,564	7.90	2,401,912
	Apartment	905,714	6.90	1,264,879	7.90	2,170,593
	Commercial	609,334	6.90	475,418	7.90	1,084,752
	Industrial	<u>185,209</u>	6.90	<u>151,931</u>	7.90	<u>337,140</u>
	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	<u>206,957</u>	6.90	<u>149,579</u>	7.90	<u>356,536</u>
	Total	<u>\$ 10,085,647</u>		<u>\$ 6,672,791</u>		<u>\$ 16,758,438</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
2012	Single Family Residential	\$ 3,012,544	\$3.95	\$ 1,551,602	\$4.25	\$ 4,564,146
	Homestead	2,263,350	4.00	1,443,463	3.44	3,706,813
	Agriculture	1,512,526	6.90	650,188	4.25	2,162,714
	Conservation	236,149	6.90	33,964	4.25	270,113
	Hotel/resort	773,560	6.90	1,275,984	7.90	2,049,544
	Apartment	770,859	6.90	995,317	7.90	1,766,176
	Commercial	563,209	6.90	424,745	7.90	987,954
	Industrial	184,851	6.90	154,384	7.90	339,235
	Total	<u>\$ 9,317,048</u>		<u>\$ 6,529,647</u>		<u>\$ 15,846,695</u>
2013	Single Family Residential	\$ 2,921,737	\$4.85	\$ 1,595,484	\$4.25	\$ 4,517,221
	Homestead	2,093,573	3.05	1,378,141	3.05	3,471,714
	Agriculture	1,426,037	6.90	717,931	4.25	2,143,968
	Conservation	216,421	6.90	46,109	4.25	262,530
	Hotel/resort	708,705	7.14	1,207,471	8.20	1,916,176
	Apartment	735,925	6.90	948,496	7.90	1,684,421
	Commercial	541,194	6.90	430,905	7.90	972,099
	Industrial	184,873	6.90	158,492	7.90	343,365
	Total	<u>\$ 8,828,465</u>		<u>\$ 6,483,029</u>		<u>\$ 15,311,494</u>

**COUNTY OF KAUA'I, HAWAII** **TABLE 5**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (Continued)**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

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	4,015,007	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	3,491,771	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	853,491	5.05
Total	<u>\$ 17,393,315</u>		

**COUNTY OF KAUA'I, HAWAII** **TABLE 5**  
**REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (Continued)**  
**LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2**

Fiscal Year	Class of Property	Net Valuation for Tax Rate	Tax Rates Per \$1,000
2017	Residential	\$ 4,453,922	\$6.05
	Vacation Rental	2,808,807	8.85
	Commercial	1,212,005	8.10
	Industrial	359,921	8.10
	Agriculture	879,941	6.75
	Conservation	91,586	6.75
	Hotel/Resort	2,235,772	10.85
	Homestead	4,244,917	3.05
	Residential Investor	1,045,051	7.05
	Commercialized Home Use	<u>916,043</u>	5.05
	Total	<u>\$ 18,247,965</u>	
2018	Residential	\$ 4,691,366	\$6.05
	Vacation Rental	2,977,607	8.85
	Commercial	1,222,247	8.10
	Industrial	375,295	8.10
	Agriculture	873,711	6.75
	Conservation	91,571	6.75
	Hotel/Resort	2,342,462	10.85
	Homestead	4,349,444	3.05
	Residential Investor	1,132,498	7.05
	Commercialized Home Use	<u>1,049,291</u>	5.05
	Total	<u>\$ 19,105,492</u>	

Note (1): Amounts presented net of real property tax exemption and 50% appeals.

Note (2): As of fiscal year 2014 the Real Property Tax Division changed the classes of property and no longer maintains a breakdown between taxable land and taxable building valuations.

\* Valuations have been changed since the June 30, 2009 CAFR was issued.

Source: Department of Finance, Real Property Tax Division

**COUNTY OF KAUA‘I, HAWAI‘I**  
**COMPARISON OF PRINCIPAL TAXPAYERS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2009 (UNAUDITED)**

**TABLE 6**

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<b>FISCAL YEAR 2018</b>					
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	\$471,938,600	\$5,120,582	2.5 %
2	Kawailoa Development - Grand Hyatt Poipu	Resort Development	235,518,100	2,508,729	1.2
3	Tower Kauai Lagoons / Kalanipu'u / TK Resort	Resort Development	247,590,000	2,418,795	1.3
4	SVO Pacific Inc / Poipu Development Land + Westin	Resort Development	218,340,600	2,368,995	1.1
5	Grove Farm Properties Inc / Grove Farm Co. Inc.	Real Estate Development	175,013,000	2,084,318	0.9
6	Kukui'ula Development Co. / Kukui'ula Village LLC	Real Estate / Commercial	254,568,900	2,060,016	1.3
7	Poipu Resort Partners / The Pointe	Resort Development	150,481,600	1,632,707	0.8
8	Poipu Beach Villas LLC / Koloa Landing	Real Estate Holdings	177,904,100	1,342,545	0.9
9	Princeville Hotel	Resort	107,020,000	1,160,277	0.6
10	HPTMI Hawaii Inc. & HPT TRS MI-135 Inc. (Marriott Timeshares)	Real Estate Investment	<u>103,729,700</u>	<u>1,125,469</u>	<u>0.5</u>
			<u>\$2,142,104,600</u>	<u>\$21,822,433</u>	<u>11.1 %</u>
<b>FISCAL YEAR 2009</b>					
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Eric Knudsen Trust	Resort Development	\$ 1,159,128,200	\$ 8,656,234	6.1 %
2	Marriott Ownership Resorts	Resort Development	586,767,100	4,718,183	3.1
3	SVO Pacific Inc.	Resort Development	288,293,300	2,186,187	1.5
4	Kawailoa Development	Resort Development	163,568,700	1,262,076	0.9
5	Grove Farm Inc.	Real Estate Holdings	192,793,000	1,255,063	1.0
6	Kukui'ula Development Co. LLC	Real Estate Holdings	246,041,800	1,129,467	1.3
7	Poipu Resort Partners	Resort Development	145,718,300	1,107,454	0.8
8	Kamali'i Family Limited Partnership	Real Estate Holdings	137,548,700	1,049,838	0.7
9	Kauai Lagoons LLC	Resort Development	135,303,900	982,982	0.7
10	Aukahi Farm LLC	Real Estate Holdings	<u>114,266,399</u>	<u>865,792</u>	<u>0.6</u>
			<u>\$ 3,169,429,399</u>	<u>\$ 23,213,276</u>	<u>16.7 %</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			
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	4.42	1,862
2016	104,685,000	4,257,981	370,000	--	365,549	22,704,977	132,383,507	4.21	1,838
2017	99,740,000	4,535,346	190,000	--	273,180	21,503,043	126,241,569	n/a	n/a
2018	118,610,000	5,277,700	--	--	210,614	19,831,135	143,929,449	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)
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	1,521
2016	104,685,000	370,000	161,837	104,893,163	0.60	1,456
2017	99,740,000	190,000	306,837	99,623,163	0.55	n/a
2018	118,610,000	--	1,588,524	117,021,476	0.61	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit (1)	\$ 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	\$ 2,737,194,750	\$ 2,865,823,800
Debt applicable to limit	<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>	<u>99,740,000</u>	<u>118,610,000</u>
Legal debt margin (2)	<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>	<u>\$ 2,637,454,750</u>	<u>\$ 2,747,213,800</u>
Debt applicable to the limit as a percentage of debt limit	2.27%	4.19%	4.69%	4.98%	4.96%	4.76%	4.49%	4.01%	3.64%	4.13%

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 2018

Net assessed value	<u>\$ 19,105,492,000</u>
Debt limit (15% of net assessed value)	2,865,823,800
Debt applicable to limit	<u>118,610,000</u>
Legal debt margin	<u>\$ 2,747,213,800</u>

**COUNTY OF KAUA'I, HAWAI'I  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-5**

**TABLE 9**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (3) (millions of dollars)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
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	71,735	42,070	3,017	9,381	3.8
2016	72,029	43,585	3,139	9,402	4
2017	n/a	n/a	n/a	9,417	2.1
2018	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
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	1,700	1,500	4,500	12,000	4,200	2,700	1,200	n/a	4,600
2017	1,800	1,500	4,500	12,500	4,400	2,700	1,100	n/a	4,600
2018	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 KAUA'I, HAWAI'I  
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	
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
2017	2,089,316	2,059,464	29,852	--	--	--	29,852
2018	1,925,022	1,751,474	173,548	--	--	--	173,548

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, 2018 (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):	986
Permanent	749
Temporary	24
Exempt	185
Contract	28
Area in square miles	627
County facilities and services:	
Miles of streets	310.1
Number of streetlights	3,044
Number of County facilities:	
Neighborhood centers	10
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	210
Number of calls answered	6,338
Number of inspections conducted	2,621
Police protection:	
Number of stations	5
Number of police personnel	201
Number of patrol units	86
Number of police officers	145
Number of law violations:	
Physical arrest	5,197
Traffic violations	16,569
Parking violations	3,558

**COUNTY OF KAUA'I, HAWAI'I  
 MISCELLANEOUS STATISTICS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2018 (UNAUDITED)**

**TABLE 12**

Sewerage system:	
Number of treatment plants	4
Number of service connections:	
Residential	4,889
Commercial	566
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	21,857
Number of fire hydrants	2,936
Annual water consumption in gallons	4.015 billion
Maximum daily capacity of plant in gallons	28.75 million
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	9
Number of elementary school instructors	331
Number of middle schools	3
Number of middle school instructors	138
Number of secondary schools	3
Number of secondary school instructors	209
Number of community colleges	1
Hospitals:	
Number of hospitals	3
Number of licensed patient beds	111
Elections - 2018 general election:	
Number of registered voters	44,461
Number of votes cast	25,819
Percentage of registered voters voting	58.1%

**COUNTY OF KAUA'I, HAWAII**  
**MISCELLANEOUS STATISTICS (CONTINUED)**  
**FISCAL YEAR ENDED JUNE 30, 2018 (UNAUDITED)**

**TABLE 12**

Building Permits:

<u>Fiscal Year</u>	<u>Number of Permits Issued</u>	<u>Value of Permits</u>
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
2017	1,358	217,384,045
2018	1,149	278,920,948

Source: Building Division, County of Kaua'i

**COUNTY OF KAUA'I, HAWAI'I  
MISCELLANEOUS STATISTICS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2018 (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>
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	1,187.2	7.6	8.4	24.8
2017	n/a	n/a	n/a	n/a
2018	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 2017**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	914	3.45%
2	WILCOX HEALTH	HOSPITAL	826	3.12%
3	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	502	1.89%
4	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	500	1.89%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	335	1.26%
6	AQUA-ASTON HOSPITALITY	HOTEL	294	1.11%
7	WEST KAUAI MEDICAL CENTER	HOSPITAL	283	1.07%
8	SHERATON KAUAI RESORT	HOTEL	255	0.96%
9	THE WESTIN PRINCEVILLE OCEAN RESORT VILLAS	HOTEL	207	0.78%
10	SHIOI CONSTRUCTION INC.	CONSTRUCTION	174	0.66%

Source: Pacific Business News, July 27, 2018 Publication  
State of Hawaii Data Book 2017

**Principal Non-Government Employers as of 2016**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	946	3.68%
2	WILCOX HEALTH	HOSPITAL	787	3.06%
3	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	508	1.98%
4	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	504	1.96%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	335	1.30%
6	SHERATON KAUAI RESORT	HOTEL	288	1.12%
7	SAFEWAY INC.	RETAIL GROCER	281	1.09%
8	THE WESTIN PRINCEVILLE OCEAN RESORT VILLAS	HOTEL	170	0.66%
9	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	165	0.64%
10	SHIOI CONSTRUCTION INC.	CONSTRUCTION	158	0.61%

Source: Pacific Business News, July 28, 2017 Publication  
State of Hawaii Data Book 2016

**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 2015**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I 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 KAUA'I 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 VILLAS	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 KAUA'I 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 KAUA'I RESORT	HOTEL	296	1.19%
7	SYGENTA CORP	AGRICULTURE	260	1.04%
8	AQUA KAUAI BEACH RESORT	HOTEL	200	0.80%
9	SHIOI CONSTRUCTION	CONSTRUCTION	179	0.72%
10	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	168	0.67%

Source: Pacific Business News, August 14, 2015 Publication  
State of Hawai'i Data Book 2014

**COUNTY OF KAUAI, HAWAII**  
**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 KAUAI RESORT & SPA	602-ROOM HOTEL	941	3.85%
2	WILCOX MEMORIAL HOSPITAL	HOSPITAL	605	2.47%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.25%
4	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	491	2.01%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	325	1.33%
6	SHERATON KAUAI RESORT	394-ROOM HOTEL	308	1.26%
7	KAUAI BEACH RESORT	350-ROOM CONDO HOTEL	250	1.02%
8	KAUAI MEDICAL CLINIC	HEALTH CLINIC	234	0.95%
9	SHIOI CONSTRUCTION INC.	CONSTRUCTION COMPANY	179	0.73%
10	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	168	0.68%

Source: Pacific Business News, August 22, 2014 Publication  
 State of Hawaii Data Book 2013

**Principal Non-Government Employers as of 2012**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	946	4.03%
2	WILCOX MEMORIAL HOSPITAL	72 BED HOSPITAL	719	3.06%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	569	2.42%
4	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	489	2.08%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	325	1.38%
6	PIONEER HI-BRED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	320	1.36%
7	ASTON ALOHA BEACH HOTEL	216-ROOM HOTEL	290	1.23%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	285	1.21%
9	BAYADA HOME HEALTH CARE	HOME CARE AND HABILITATION SERVICES	242	1.03%
10	KAUAI BEACH RESORT	350-ROOM CONDO HOTEL	242	1.03%

Source: Pacific Business News, August 30, 2013 Publication  
 State of Hawaii Data Book 2012

**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**

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**Principal Non-Government Employers as of 2009**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF 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	TOTAL EMPLOYEES	PERCENTAGE OF 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

Note (1) Statistical Information not available for 2018

**COUNTY OF KAUA‘I, HAWAI‘I**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 14**

Full-time Equivalent Employees as of June 30										
Function:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities:</b>										
General government	278	291	305	318	318	337	327	333	322	328
<b>Public Safety:</b>										
Police	193	184	188	195	195	202	210	200	202	200
Fire	190	183	201	197	197	194	196	201	202	201
Emergency Management	4	4	5	5	5	5	4	4	6	6
Public works	107	98	96	105.5	107.5	109.5	94.5	92	44	51
Highways and streets	79	79	80	79	76	76	77	77	77	77
Sanitation	75	75	75	73.5	74.5	74.5	75.5	75	73	73
Culture and recreation	107	103	103.5	109.5	109.5	214.5	109.5	111	154	160
Public welfare	98	94	102	110	110	113	114	113	146	99
<b>Total Governmental Activities Employees</b>	<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>	<u>1,226</u>	<u>1,195</u>
<b>Business-type Activities:</b>										
Housing	29	27	28	29	29	27	25	28	37	23
Sewer	35	36	36	36	36	38	39	37	37	37
Golf	22	22	21.5	21.5	21.5	21.5	20.5	21.0	21	21
<b>Total Business-type Employees</b>	<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>	<u>95</u>	<u>81</u>
<b>Total Primary Government Employees</b>	<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>	<u>1,321</u>	<u>1,276</u>

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function:										
Police:										
Physical arrests	3,315	3,070	4,368	3,579	3,482	4,260	3,998	4,012	5,124	5,197
Parking violations	1,740	1,673	2,031	2,992	2,945	2,279	2,594	2,659	4,215	3,558
Traffic violations	14,112	17,020	20,345	17,672	15,140	19,106	20,805	14,203	16,918	16,569
Fire:										
Number of calls answered	4,669	4,584	4,970	5,363	5,529	5,689	5,924	5,914	6,194	6,338
Inspections	2,696	2,763	2,437	2,175	2,582	2,791	3,049	2,707	2,696	2,621
Highways and Streets:										
Street resurfacing (miles)	17.00	17.50	10.20	--	9.13	8.42	--	4.99	3.98	6.59
Sanitation:										
Refuse collected (tons/day)	77.8	63.0 (1)	63.0	63.0	63.0	63.0	57.7	75.0	100.0	100.0
Culture and Recreation:										
Athletic field permits issued	7,309	7,797	7,193	7,374	4,670	6,153	25,307	24,176	8,969	6,172
Community center admissions	8,098	9,463	10,109	23,395	94,407	108,000	113,320	118,480	153,380	298,099
Water:										
Number of service connections	20,102	20,490	21,148	21,271	20,976	21,590	21,669	21,740	21,821	21,857
Annual water consumption in gallons	4,407,000	4,249,000	4,263,000	4,085,000	4,504,000	3,997,000	4,002,000	4,048,000	4,034,000	4,015,000
Wastewater:										
Average daily sewage treatment in gallons	2,550,000	2,550,000	2,550,000	2,450,000	2,300,000	2,300,000	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 - 3**

**TABLE 16**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function:										
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	88	88	90	82	101	100	93	89	83	86
Fire stations	7	7	8	8	8	8	8	8	8	8
Sanitation:										
Collection trucks	8	6	7	7	7	7	8	8	8	8
Highways and Streets:										
Streets (miles)	307	308	308	308	308	309.5	309.5	309.6	309.6	310.1
Streetlights	2,797	2,877	2,902	2,902	2,982	2,921	2,936	2,941	3,042	3,044
Traffic signals - Flashers	3	3	3	3	3	3	3	5 (3)	7 (3)	8
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 (1)	24 (1)	24 (1)	24 (1)	24 (1)	24 (1)	24 (1)	24 (1)	24 (1)	24 (1)
Community centers	14 (2)	14 (2)	14 (2)	14 (2)	14 (2)	14 (2)	14 (2)	14 (2)	14 (2)	14 (2)
Water:										
Water mains (miles)	422	439	443	443	443	443	443	443	443	443
Fire hydrants	2,517	2,586	2,632	2,654	2,707	2,778	2,778	2,918	2,918	21,857
Maximum daily capacity (thousands of gallons)	27,040,000	27,436,000	27,436,000	26,200,000	26,200,000	26,200,000	26,200,000	26,200,000	26,200,000	28,750,000
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	5,000,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000

Note (1): 10 tennis court locations, 24 playing courts.

Note (2): Includes 9 neighborhood centers, Anahola clubhouse, Smokey Valley clubhouse, Hanapēpē multi-purpose room, former Kōloa court house and former Hanalei court house.

Note (3): FY2016 and FY2017 information has been revised by the Dept. of Public Works.

Indicators are not available for the general government function.

Source: County of Kaua‘i