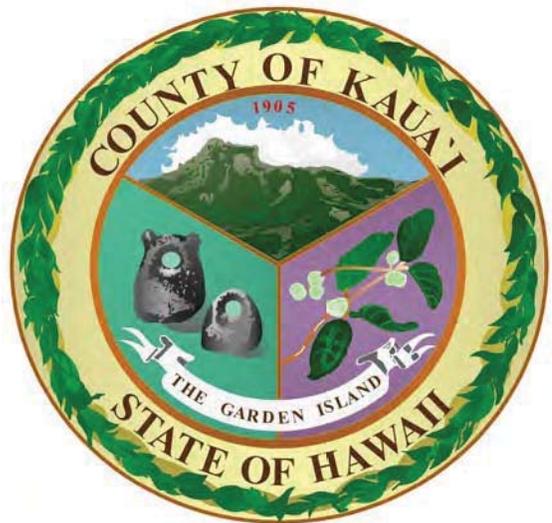


**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
County of Kauaʻi, Hawaiʻi**

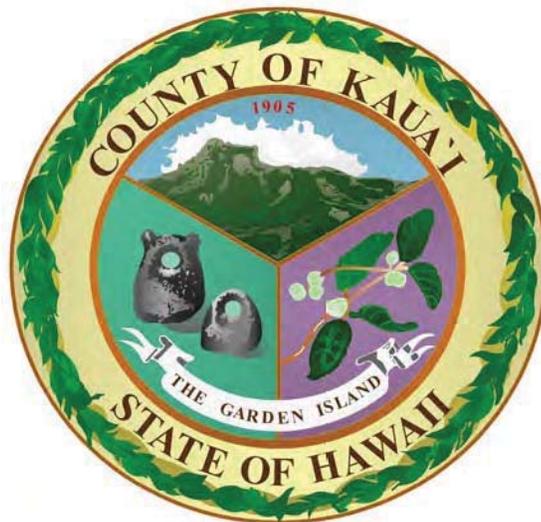


**For the Fiscal Year Ended  
June 30, 2017**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2017**

## **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, 2017**

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## **INTRODUCTORY SECTION**

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



**Ken M. Shimonishi**  
Director of Finance

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

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

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

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

December 8, 2017

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

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Kaua'i (County), State of Hawai'i (State) for the fiscal year ended June 30, 2017.

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 72,029 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. Effective in tax year 2017, Ordinance No. 997 limits any increases or decreases to the prior year's assessed values to three percent (3%) for qualifying properties. To be eligible for the assessment limit, properties must have been classified as either Homestead or Commercialized Home Use in the current year and previous year and may not have made any property characteristic changes. The County did not issue any special assessment debt nor is there any overlapping bonded debt on general obligation bonds.

The County provides a full range of municipal services. These services include Public Safety (police, fire, 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, county attorney's office). The proprietary funds are accounted for separately from the above expense functions because combining the costs would obscure the matching of revenues and expenses of their required fund classification.

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

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

### **Economic Conditions and Outlook**

Kaua'i's 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. One of the main reasons for the recovery from the Great Recession can be attributed to the increase in airline seats from the U.S. West Coast to Kaua'i. Major airlines such as United, American, Delta, Alaska and Hawaiian have shown confidence in Kaua'i. 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 Transient Accommodation Taxes. The County does not share in any General Excise Tax revenue with the State.

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 2017 and into 2018. This outlook is based on the most recent developments in the national and global economies, the performance of Hawaii's tourism industry, labor market conditions, and the growth of personal income and tax revenues.

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

### **Tourism**

Kaua'i is marketed as a destination for relaxation and rejuvenation, and 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 visitor statistics provided through September 2017, Kaua'i had 963,752 visitor arrivals, who stayed an average of 7.5 days and spent \$193 per day. Three out of four visitors were independent travelers and the U.S. West Coast remains the primary source of visitors to Kaua'i. Smaller, but growing visitor markets include Canada, Europe, Oceania, Other Asia and Latin America have increased slightly from 2016. Visitor arrivals will average about 2% annual growth over the next three years, with the biggest gains coming from the dominant US market.

The visitor accommodation inventory provides total of 9,872 units, of which, consist of timeshare units (2,797), individual vacation units (2,793) or transient vacation rentals (TVRs), traditional hotel units (2,654), condominium units (1,584) and hostel units (44). Majority of visitors to Kaua'i stay in timeshare units and/or TVRs as they provide larger units that can accommodate more than 4 people per unit, while a smaller amount of visitors prefer to stay at hotel or condominium resort properties.

### **Film**

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

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

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

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

Although there was only one feature film ("Snatched") produced in the year, there were other various reality and television shows such as: National Geographic, HGTV (Home & Garden Television) series, The Biggest Loser, various commercials, print ads, and documentaries.

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

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

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

### **Real Estate and Construction**

As Kaua'i's economy continues to improve with increased visitor arrivals and spending, it also translates to increased job opportunities for residents, along with the potential of increased wages and 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.

Real estate sales volume for Kaua'i increased by \$80.7 million, from \$668.3 million in 2016 to \$749 million in 2017. Overall, there were **152** more sales from October 2016 to October 2017. Increases were primarily in the condominium and vacant land categories.

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

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

- **Residential** – up \$42,500 from \$624,000 in 2016 to **\$667,000** in 2017
- **Vacant Land** – down (\$20,000) from \$395,000 in 2016 to **\$375,000** in 2017
- **Commercial** – down (\$176,000) from \$680,000 in 2016 to **\$504,000** in 2017
- **Condominium** – up \$28,000 from \$399,500 in 2016 to **\$427,500** in 2017
- **Business** – no sales recorded in 2017

According to the County's Department of Public Works, Building Division statistics, the County issued 765 building permits with a total value of \$307.3 million, another indication that Kaua'i's real estate and construction sector is gradually improving.

Preliminary architectural design and engineering work by Mark Development for the Koa'e workforce housing development in Po'ipū is underway and construction of the 134 rental units is scheduled to commence in February 2018. The County's Lima Ola workforce housing development in 'Ele'ele continues through the entitlement process. The State Land Use Commission recently approved the project's reclassification petition, and infrastructure work on the 550-unit development is expected to begin in 2018.

The first homes are underway at Ho'oluana at Kohea Loa, a public-private partnership between DR Horton and the County of Kaua'i. Construction on the project is expected to continue through the end of the decade, with roughly 440 new homes delivered at completion of the project. 151 single-family homes will be available in Phase I with 32 units designated as affordable units to households whose income does not exceed 140% of the Kaua'i Median Income.

Kaua'i Habitat for Humanity continues to work on its 'Ele'ele Iluna subdivision, with infrastructure work underway for the next phase of homes. The non-profit organization hopes to deliver 30 homes per year when the project hits its stride.

Hokuala, a Timbers Resort at Kalapakī continues with its construction of timeshare units. 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. Additionally, the re-opening of the iconic Coco Palms Resort is progressing at a slow pace. The demolition portion of was completed several months ago, but progress on the project has been delayed with claims of property ownership.

### **Agriculture / Energy**

Seed Corn continues to be Kaua'i's lead agricultural crop and its value and economic impact on Kaua'i is significant. The seed industry recently underwent some changes, as major firms consolidated or were acquired. In October of 2016, Beck's, the largest family-owned retail seed company in the United States, purchased the former BASF Seed Research Facility on Kaua'i. In July 2017, Hartung Brothers, Inc. acquired existing Syngenta operations on O'ahu and Kaua'i. Additionally, in September 2017, Dow Chemical Company and DuPont successfully merged to become DowDuPont; however, the two companies are expected to continue to operate separately on Kaua'i until mid-2018. The four corn operations in the County: DuPont Pioneer,

Dow AgroSciences, Hartung Brothers and Becks combined have approximately 5,000 acres in production throughout the County. The sunny weather year round in Hawai'i allows for three to four crop cycles of corn per year to be grown and harvested. The majority of seed corn lands on the mainland United States can produce only one to two crop cycles per year.

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

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

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

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

Opportunities exist for grass-fed beef and orchard crops for export, but the entry costs in terms of processing facilities are high. They are less high for export substitution, but present a barrier to commercial expansion nevertheless. Kaua'i beef processing facilities are upgrading their plans to meet increasing demand for locally grown grass fed beef. 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, Hawai'i exports 60,000 calves a year, of which the County's share is about 10%, and imports 250,000 carcass equivalents of finished beef— a target for local ranchers who now sell calves to mainland producers.

Floriculture and Nursery products on Kaua'i has seen a steady growth since 2001, with the number of farms rising from 60 to 90.

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

Energy efficient goals and initiatives resulted in the following projects:

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

### **Major Initiatives and Achievements**

While not being implemented until the 2017 assessment year, ordinance 997 was enacted during fiscal year 2016. Signed by Mayor Carvalho on February 29, 2016, this legislation limits any increases or decreases to the prior year's assessed values to three percent (3%) for

qualifying properties. To be eligible for the assessment limit, properties must have been classified as either Homestead or Commercialized Home Use in the current year and previous year and may not have made any property characteristic changes. There are provisions for value adjustments, up or down, that may exceed the three percent limit, such as new construction, home renovations, building demolition, or agricultural dedications. The ordinance also contains provisions that reset the assessed value to market value. These include properties that have changed ownership, lost a home use exemption, or changed to land characteristics (subdivided, consolidated, or up-zoned). Unlike the tax cap that was from 2004 to 2014, the assessment cap does not limit the County's ability to generate the necessary taxes as tax rates may be adjusted annually.

The County's capital improvement projects that are in-progress, completed, or substantially completed during the year include Lydgate/Kapa'a bike/pedestrian path, Hardy Street improvements, Puhi Road improvements, Island-wide SCADA system, Kekaha Landfill gas collection system, 'Ele'ele Waste Water Treatment Plant (WWTP) improvements, island-wide sheltered bus stops, Hanapēpē Stadium improvements, various park improvements projects (e.g. light retrofit, equipment upgrades, etc.), alternative energy projects, ADA improvement projects, and 800MHz radio system upgrade.

The Department of Public Works administers the sewer credit relief program for qualified low-income residential users. A total of 6,740 credits at \$20.00 per month were issued to eligible residential users that amounted to approximately \$135K in savings for households in fiscal year 2017. The General Fund subsidized the sewer credit relief program.

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

No new General Obligation Bonds (GO Bonds) were issued during the current fiscal year. The appropriated balance in the Bond Fund amounted to \$10.8 million. The following major projects have been appropriated for:

Park improvement projects	Veterans Cemetery upgrade
Kaua'i War Memorial Convention Hall improvements	Island-wide community pool restoration projects
Rice Street improvements	Fire station improvements
Public Works auto shop improvements	Various roads and bridge improvement projects
Public Works baseyard improvements	

### **Budgeting Controls**

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

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

### **Employee Union Contracts**

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

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

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

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

July 1, 2015 and January 1, 2016 – 2%

July 1, 2016 – 2.5%

January 1, 2017 – 3.3%

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

Hawai'i Fire Fighters Association (HFFA):

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

July 1, 2013 – 2% ATB

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

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

Clerical and Professional:

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

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

April 1, 2016: 2% across the board increase, continue step movement plan; October 1, 2016: 2% across the board increase, continue step movement plan; April 1, 2017: 2% across the board increase, continue step movement plan.

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

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

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

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

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

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

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

United Public Workers (UPW) negotiated across the board increases (ATB) as follows:  
October 1, 2013, April 1, 2014, October 1, 2014, April 1, 2015, October 1, 2015, April 1, 2016,  
October 1, 2016, April 1, 2017 – 2%

### **Independent Audit**

The County Charter requires an annual financial audit by licensed and independent certified public accountants at least once every two years, or as deemed necessary. The financial statements are audited on an annual basis. The basic financial statements in this report have been audited by N&K CPAs, Inc. The financial statements of the Department, an enterprise fund included in the government-wide financial statements as a discretely presented component unit, were audited by 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, 2016. 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 24 consecutive years.

### **Acknowledgments**

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

Respectfully submitted,



Ken M. Shimonishi  
Director of Finance



Government Finance Officers Association

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

Presented to

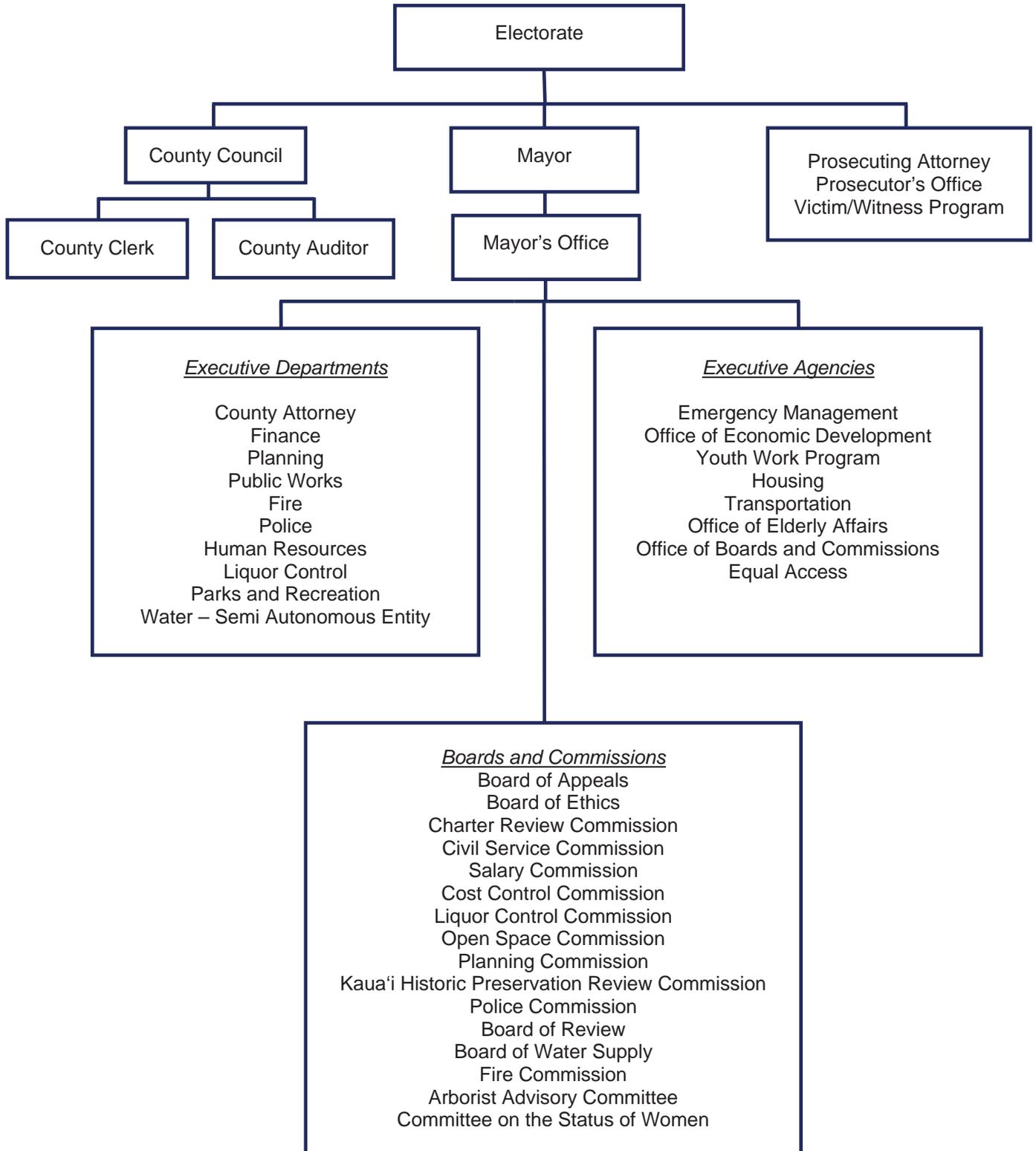
**County of Kauai  
Hawaii**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Housing and Community Development Revolving Fund and the Solid Waste Disposal Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Adjustment to Prior Period Financial Statements*

As discussed in Note 20 to the financial statements, an error related to the recordation of a payment of a previously accrued liability for the fiscal year June 30, 2016, was determined by the management of the County. Accordingly, the accompanying financial statements have been restated to correct these errors. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 27, the schedule of funding progress for the Hawaii Employer Union Health Benefit Trust Fund on page 104, the County's proportionate share of the net pension liability on page 105, and the schedule of employer pension contributions on page 106, 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 8, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

N&K CPAs, Inc.

Honolulu, Hawai'i  
December 8, 2017

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2017**

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-9 of this report and the financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

In fiscal year 2015, the County simultaneously implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB Statement No. 68* and early implemented the provisions of GASB Statement No. 82 (GASB 82), *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73* in the prior fiscal year. As a result of implementation of these pronouncements, the County is reporting a net pension liability, deferred outflows and deferred inflows of resources related to pension on the accrual basis of accounting.

Changes resulting from the above mentioned pronouncements apply only to the government-wide financial statements and enterprise funds (Sewer Fund and Golf Fund); it does not apply to governmental funds. These pronouncements require the County to recognize its proportionate share of pension liabilities, deferred outflows, and deferred inflows arising from participation in the Employees' Retirement System of the State of Hawai'i's pension plan. There were significant changes in actuarial assumptions from the prior measurement period to the most recent measurement date, June 30, 2016; of which, resulted in a significant increase in the total state-wide pension liability. Additional information can be found in Note 12 in the notes to the basic financial statements.

- The assets and deferred outflows of the **governmental activities** exceeded its liabilities and deferred inflows at the close of the fiscal year by \$322.9 million in its government-wide financial statements, an increase of \$2.7 million from the prior year. Restricted net position decreased \$5.9 million, ending at \$8.5 million. Unrestricted net position increased \$7.6 million and ended at (\$124.8) million.

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

1. Overall increases in deferred outflows of resources of \$70.7 million, offset by increases in pension liabilities of \$89.6 million, net pension expense of \$14.8 million, and decreases in deferred inflows of resources related to pensions of \$4 million, resulting in a decrease to net position.
2. Expenses totaling \$200.2 million, an increase of \$8.1 million or 4.2% from the prior year.
3. Program revenues totaling \$55.1 million, an increase of \$6.4 million or 13.2% from the prior year.
4. General revenues and transfers totaling \$147.8 million, an increase of \$5.1 million or 3.5% from the prior year.
5. Assets, including capital assets, increased by \$10 million from the prior year.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

- The assets and deferred outflows of the **business-type activities** exceeded its liabilities and deferred inflows at the close of the fiscal year by \$79.9 million in its government-wide financial statements, a decrease of \$1.4 million from the prior year. Restricted net position remained flat to the prior year. Unrestricted net position decreased by \$1.3 million from the prior year and ended at \$4.8 million. The business-type activities recorded in the government-wide financial statements are identical to the proprietary funds except for some consolidation of inter-fund receivables and payables within the primary government.

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

1. Overall increases in deferred outflows of resources of \$2.8 million, offset by increases in pension liabilities of \$4.7 million, net pension expense of \$2.3 million, and decrease in deferred inflows of resources related to pensions of \$0.1 million, resulting in a decrease to net position.
2. Expenses totaling \$17.1 million, an increase of \$2.7 million or 19% from the prior year.
3. Program revenues totaling \$14.1 million, a slight decrease of \$0.7 million or 4.7% from the prior year.
4. General revenues including transfers totaling \$0.8 million, a decrease of \$1.4 million or 63.3% from the prior year.
5. Assets, including capital assets, increased slightly by \$1.7 million from the prior year.

As of the close of the fiscal year, the County's **governmental fund** financial statements reported combined ending fund balances of \$125.7 million, an increase of \$7 million or 5.9% from the prior year.

- The County's ending **General Fund** balance consisted of \$0.5 million in restricted fund balance, \$20.5 million in committed fund balance, \$3.3 million in assigned fund balance and \$32.5 million in unassigned fund balance. The General Fund balance at June 30, 2017 amounted to \$56.8 million, an increase of \$8.8 million from the prior year. In December 2011, the County established a Reserve Fund Policy maintained within the General Fund. At June 30, 2017, the reserve fund balance amounted to \$42.1 million and is currently reported in committed fund balance (\$14 million) and unassigned fund balance (\$28.1 million). Additional information can be found in Note 16 in the notes to the basic financial statements.

## **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.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

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, Cultural 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.

**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

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County's financial condition. The largest portion of the County's net position reflects its net investment in capital assets, at \$439.2 million or 136% 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 \$8.5 million or 2.6% of net position. These restrictions on net position are imposed by enabling legislation or parties outside the

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

government (such as creditors, grantors, contributors, laws or regulations of other governments).

The difference between total net position and the two categories just discussed (net investment in capital assets and restricted net position) is the unrestricted net position, totaling (\$124.8) million or (38.6%) of net position. In fiscal year 2015, the County implemented GASB 68 and GASB 71 and early implemented GASB 82 in the prior year. The County is reporting a net pension liability, deferred outflows and deferred inflows of resources related to pensions on the accrual basis of accounting. The implementation of these pronouncements resulted in a negative unrestricted net position.

The following is a summary of the Statement of Net Position as of June 30, 2017 and 2016:

	<b>Summary Statement of Net Position</b>					
	<b>(Amount in millions)</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u> <small>(as restated)</small>	<u>2017</u>	<u>2016</u> <small>(as restated)</small>
Current and other assets	\$ 182.35	\$ 175.30	\$ 14.57	\$ 14.66	\$ 196.92	\$ 189.96
Capital assets	<u>533.95</u>	<u>530.03</u>	<u>96.63</u>	<u>98.22</u>	<u>630.58</u>	<u>628.25</u>
Total Assets	<u>716.30</u>	<u>705.33</u>	<u>111.20</u>	<u>112.88</u>	<u>827.50</u>	<u>818.21</u>
Deferred Outflows of Resources	98.57	27.95	4.71	1.90	103.28	29.85
Non-current liabilities	423.35	341.61	34.06	30.80	457.41	372.41
Other liabilities	<u>56.90</u>	<u>55.63</u>	<u>1.61</u>	<u>1.42</u>	<u>58.51</u>	<u>57.05</u>
Total Liabilities	<u>480.25</u>	<u>397.24</u>	<u>35.67</u>	<u>32.22</u>	<u>515.92</u>	<u>429.46</u>
Deferred Inflows of Resources	<u>11.69</u>	<u>15.81</u>	<u>0.38</u>	<u>0.49</u>	<u>12.07</u>	<u>16.30</u>
Net position:						
Net investment in capital assets	439.22	438.18	74.66	74.78	513.88	512.96
Restricted	8.53	14.44	0.36	0.36	8.89	14.80
Unrestricted	<u>(124.82)</u>	<u>(132.39)</u>	<u>4.84</u>	<u>6.93</u>	<u>(119.98)</u>	<u>(125.46)</u>
Total Net Position	\$ <u>322.93</u>	\$ <u>320.23</u>	\$ <u>79.86</u>	\$ <u>82.07</u>	\$ <u>402.79</u>	\$ <u>402.30</u>

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

The following is a summary of the Statement of Activities for the fiscal years ended June 30, 2017 and 2016:

<b>Summary Statement of Activities</b> (Amount in millions)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u> (as restated)	<u>2017</u>	<u>2016</u> (as restated)
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 24.32	\$ 24.67	\$ 12.82	\$ 13.20	\$ 37.14	\$ 37.87
Operating grants and contributions	20.15	17.72	--	--	20.15	17.72
Capital grants and contributions	10.61	6.27	1.25	1.56	11.86	7.83
General revenues:						
Property taxes	119.36	114.23	--	--	119.36	114.23
Other taxes	12.42	13.06	--	--	12.42	13.06
Other	16.84	17.66	0.03	0.06	16.87	17.72
<b>Total Revenues</b>	<u>203.70</u>	<u>193.61</u>	<u>14.10</u>	<u>14.82</u>	<u>217.80</u>	<u>208.43</u>
<b>Expenses:</b>						
General government	35.91	31.12	--	--	35.91	31.12
Public safety	77.63	64.00	--	--	77.63	64.00
Public works	7.76	13.03	--	--	7.76	13.03
Highways and streets	19.45	21.39	--	--	19.45	21.39
Sanitation	9.43	22.78	--	--	9.43	22.78
Culture and recreation	19.89	12.64	--	--	19.89	12.64
Public welfare	25.22	22.07	--	--	25.22	22.07
Interest on long-term debt	4.92	5.10	--	--	4.92	5.10
Housing programs	--	--	2.84	2.48	2.84	2.48
Sewer	--	--	11.36	9.55	11.36	9.55
Golf	--	--	2.90	2.33	2.90	2.33
<b>Total Expenses</b>	<u>200.21</u>	<u>192.13</u>	<u>17.10</u>	<u>14.36</u>	<u>217.31</u>	<u>206.49</u>
Increase (Decrease) before transfers	3.49	1.48	(3.00)	0.46	0.49	1.94
Transfers	(0.79)	(2.18)	0.79	2.18	--	--
Change in Net Position	2.70	(0.70)	(2.21)	2.64	0.49	1.94
Net Position, July 1	320.23	320.93	82.07	79.43	402.30	400.36
Net Position - Ending	<u>\$ 322.93</u>	<u>\$ 320.23</u>	<u>\$ 79.86</u>	<u>\$ 82.07</u>	<u>\$ 402.79</u>	<u>\$ 402.30</u>

In the current fiscal year, the government-wide revenues increased from the prior year by approximately \$9.4 million and government-wide expenses increased by approximately \$10 million.

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

Operating grants and contributions increased \$2.4 million from the prior year. The increase was primarily attributable to increases in public welfare grants such as affordable housing grants of \$1.3 million, \$1.4 million increase in public safety grants, offset by decreases in general government grants of \$0.3 million.

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

Capital grants and contributions increased by \$4.3 million primarily due to increases in landfill construction projects and various highway and street projects such as bridge and road repairs.

The County's real property taxes billed (revenues on full accrual basis) increased by \$6.7 million 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 \$120.6 million as compared to \$113.9 million in the prior year. The gross assessed values increased by approximately \$0.9 billion (or 4.3%) from \$20.4 billion to \$21.3 billion in the current year, while the net taxable values increased by approximately \$0.8 billion (or 4.9%) from \$17.4 billion to \$18.2 billion in the current year. Additionally, there were reductions in both the total number of appeals and the aggregate values being contested. This year, there were 392 appeals which represents a reduction of 50 appeals in comparison to the prior year. The total assessed value being contested was nearly \$242.2 million, a reduction of approximately \$27.5 million compared with the prior fiscal year. Tax credits for the county's two tax relief programs, Very Low Income and Home Preservation Limit, amounted to approximately \$95,000 and were awarded to 74 recipients. The County ended with \$119.4 million in real property tax revenues recorded in the Statement of Activities.

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

Overall expenses increased by approximately \$10 million and was primarily attributable to increases in pension related expenses, county-wide collective bargaining unit raises and related benefit payments, increase in capital outlay primarily due to the construction of a landfill gas collection system, increase in repair and maintenance expenses for county-owned affordable housing facilities, and financing of newly acquired capital assets, offset by a decrease in landfill closure and post-closure care cost liability.

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

The County paid 100% of its estimated annual OPEB cost, of which, amounted to \$15.7 million in the current fiscal year. The OPEB obligation for the County is estimated to be fully funded according to GASB Statement No. 45 reporting purposes. Additional information can be found in Note 13 in the notes to the basic financial statements.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

**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 \$7 million, primarily due to proceeds from capital leases and capital loans, ending at \$125.7 million. Fund balances are reserved to indicate that it is not available for new spending because it is in non-spendable form (\$2.2 million), has already been committed to liquidate contracts and purchase orders (\$20.7 million), pay debt service (\$0.3 million), and/or certain other restricted and/or designated purposes (\$102.5 million).

The following table summarizes the changes in fund balances for the County's governmental funds as of June 30, 2017 in comparison to fiscal year 2016:

	Changes in Fund Balances (Amounts in millions)			Totals	
	General Fund	Major Governmental Funds	Non-major Governmental Funds	2017	2016
	Revenues:				
Taxes	\$ 123.82	\$ --	\$ 9.25	\$ 133.07	\$ 126.94
Other	<u>21.03</u>	<u>29.29</u>	<u>20.59</u>	<u>70.91</u>	<u>66.07</u>
Total Revenues	144.85	29.29	29.84	203.98	193.01
Expenditures	<u>118.87</u>	<u>44.55</u>	<u>39.56</u>	<u>202.98</u>	<u>192.16</u>
Excess (deficiency) of Revenues over Expenditures	25.98	(15.26)	(9.72)	1.00	0.85
Transfers and others	<u>(17.18)</u>	<u>12.32</u>	<u>10.86</u>	<u>6.00</u>	<u>(0.46)</u>
Net Changes in Fund Balances	\$ <u>8.80</u>	\$ <u>(2.94)</u>	\$ <u>1.14</u>	\$ <u>7.00</u>	\$ <u>0.39</u>

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

**General Fund** - The General Fund is the chief operating fund of the County. Total revenues in the General Fund amounted to \$144.8 million, or an increase of \$4.5 million in comparison to the prior year. As stated earlier, the County reported an unassigned balance of \$32.5 million, of which, includes \$28.1 million that represents a portion of the County's Reserve Fund. The

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

increase in the overall fund balance may be attributable to the cumulative effect of the following key factors:

- An increase of \$6.7 million or 5.9% in property tax revenue primarily due to results from growth in billable assessed value and increasing enforcement of the County's tax classifications.
- A decrease of \$0.9 million or 90% in interest earned from investments, due to declining market value adjustment at the end of the fiscal year.
- A decrease of \$0.8 million or 20.5% in public utility taxes collected, due to declining net revenues and income reported by public utility companies.
- An increase of \$5.2 million or 4.6% in total expenditures, primarily due to county-wide collective bargaining unit raises and related benefit payments.

**Major Governmental Funds** – Major governmental fund revenues amounted to \$29.3 million, or a \$6.1 million increase in comparison to the prior year. The increase was primarily attributable to:

- Federal Grants Fund increase of \$2.2 million was primarily due to increases in public welfare grants, such as affordable housing, and public safety grant revenue.
- Grants Capital Improvement Fund increase of \$4.1 million was primarily due to increases in highway and street improvement grants for various road and bridge repairs and inspections and State Revolving Fund loan proceeds for the construction of a landfill gas collection system.

Total expenditures increased by \$4.7 million from \$39.8 million to \$44.5 million in the current fiscal year. Significant variances included the following:

- Housing and Community Development Fund increased by \$0.4 million due to preliminary developmental costs for an affordable housing project that started in the current fiscal year. Overall, expenditures exceeded revenues resulting in a negative net change to fund balance of (\$0.2) million.
- Solid Waste Disposal Fund slight increase of \$1.7 million was primarily due to unanticipated increases in recycling program expenditures and increases in consultative and other landfill and refuse transfer station improvements. Increase in expenditures exceeded revenues collected; however, due to transfers in from the general fund and proceeds from State Revolving Fund loans, overall net change to fund balance was a positive \$5.9 million.
- Bond Fund decrease of \$7.6 million was primarily due to significant decreases in capital type expenditures for landfill and highway and street improvements over the prior year. Additionally, the Bond Fund transferred bond subsidy interest to the General Fund of \$1 million. Expenditures and transfers out exceeded revenues collected, resulting in an overall negative change to fund balance of (\$3.8) million.
- Federal Grants Fund increase of \$2.2 million was primarily due to increases in public welfare grants such as affordable housing grants and public safety grants.
- Grants Capital Improvement Fund increase of \$7.8 million was primarily due to increases in grants for capital type expenditures, such as highway and street improvements (road/bridge repairs and inspections) of \$4.1 million, increases in landfill improvements of \$3.3 million, and \$0.4 million in public welfare improvements, such as construction of sheltered bus stops.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

**All Other Governmental Funds** – Revenues and expenditures remained relatively flat to the prior year and ended at \$29.8 million (\$0.3 million increase) and \$39.5 million (\$0.2 million increase), respectively. Expenditures exceeded revenues collected; however, due to net transfers in primarily from the general fund, overall net change to fund balance was a positive \$1.1 million.

**BUDGETARY HIGHLIGHTS**

The General Fund exceeded its estimate of budgeted revenues by \$0.6 million. The General Fund lapsed \$9.5 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$20.1 million in the current fiscal year, a decrease of \$0.3 million as compared to the prior year. Fund budgetary expenditures differ from the fund expenditures in that the encumbrances at year end are accounted for as expenditures for budgetary purposes. The original budget amount in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) include re-appropriated and committed prior-period encumbrances.

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

Estimated budgeted General Fund revenues for the fiscal year ended June 30, 2017 was \$145.4 million as compared to \$138.5 million in the prior year, an increase of \$6.9 million. Negative revenue budget variances of (\$0.6) million occurred primarily because of the volatility of predicting certain types of revenues and the conservative approach in estimated revenues. The major negative variances occurred in revenue from public services company taxes of (\$1.1) million, (\$0.4) million in licenses and permit revenues, (\$0.5) million in interest from investments, and (\$0.1) million in charges for services, offset by positive variance from real property taxes collected of \$1.5 million.

Final amended budgeted expenditures in the General Fund for fiscal year ended June 30, 2017 increased by \$5.8 million, ending at \$133.5 million. The general government function budget increased by 3.7%, public safety function increased 6.4%, public works function decreased 56.1%, culture and recreation function increased 65.4%, and public welfare function increased by 8.8%. The significant decrease and increase in the public works and culture and recreation function is primarily due to the movement of the "Repairs and Maintenance" and "Janitorial" divisions to "Facilities Maintenance" division within the culture and recreation function, respectively. Effective July 1, 2016, the two divisions previously held within public works were consolidated into one division in culture and recreation.

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 \$1 million, of which, were primarily attributable to \$0.4 million in unexpended salaries, fringe and benefits and \$0.6 million in unexpended travel, utilities, consulting services and other miscellaneous items.
- Office of the County Auditor had a favorable variance of approximately \$0.2 million, of which, were primarily attributable to unexpended salaries, fringe and benefits, unexpended travel, utilities, consulting services and other miscellaneous items.

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

- Office of the County Attorney had a favorable variance of approximately \$0.2 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.
- Automobile and general liability claims paid out in the current fiscal year were less than anticipated, creating a favorable variance of \$1.2 million.
- No significant claims were paid out of the self insurance account in the current fiscal year, whereby, creating a favorable variance of \$1 million. The purpose of this account is to prepare for unanticipated and unpredictable future claims.
- Human Resources had a favorable variance of \$0.3 million, of which, were primarily attributable to 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, 2017 amounted to \$630.6 million, an increase of \$2.3 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, 2017 in comparison to fiscal year 2016:

	Government Activities Summary of Capital Assets (Amounts in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Non-depreciable assets:						
Land	\$ 184.79	\$ 184.46	\$ 17.13	\$ 17.13	\$ 201.92	\$ 201.59
CIP	30.76	51.79	8.28	13.45	39.04	65.24
Depreciable assets:						
Buildings and improvements	145.38	123.94	104.35	100.10	249.73	224.04
Equipment	88.68	82.61	10.33	7.52	99.01	90.13
Infrastructure	682.69	670.47	13.76	13.76	696.45	684.23
Less: Accumulated depreciation	<u>(598.35)</u>	<u>(583.24)</u>	<u>(57.22)</u>	<u>(53.74)</u>	<u>(655.57)</u>	<u>(636.98)</u>
Total Capital Assets, net	\$ <u>533.95</u>	\$ <u>530.03</u>	\$ <u>96.63</u>	\$ <u>98.22</u>	\$ <u>630.58</u>	\$ <u>628.25</u>

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

**COUNTY OF KAUA'I, HAWAI'I**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2017**

**Long-term Debt** – At the end of the current fiscal year, the County had total bonds and loans outstanding of \$125.2 million (\$103.5 million related to governmental activities and \$21.7 million related to business-type activities). Of this amount, \$99.9 million is comprised of debt backed by the full faith and credit of the government (general obligations) and \$25.3 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 \$2.7 billion. As of June 30, 2017 the County's current outstanding debt applicable to the legal debt margin totaled \$99.7 million or 3.6% 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.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**COUNTY OF KAUA'I, HAWAII**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Department of Water
<b>Assets:</b>				
Cash and cash equivalents	\$ 11,062,555	\$ 8,284,397	\$ 19,346,952	\$ 6,362,826
Investments	126,549,334	2,980,760	129,530,094	46,498,897
Receivables, net	32,887,782	2,745,543	35,633,325	3,820,269
Due from other governments	11,358,029	--	11,358,029	--
Materials and supplies	--	195,033	195,033	1,097,060
Prepaid items and other	488,124	3,990	492,114	105,530
<b>Restricted Assets:</b>				
Cash and cash equivalents	--	356,730	356,730	2,728,121
Investments	--	--	--	12,907,649
Other	--	--	--	109,088
<b>Capital Assets:</b>				
Land	184,789,234	17,127,632	201,916,866	1,343,144
Construction in progress	30,757,091	8,280,435	39,037,526	4,605,437
Buildings and improvements	92,176,981	60,599,964	152,776,945	14,156,650
Machinery and equipment	31,196,563	5,551,037	36,747,600	2,378,618
Infrastructure	195,033,276	5,069,510	200,102,786	194,575,645
Total Capital Assets, net	<u>533,953,145</u>	<u>96,628,578</u>	<u>630,581,723</u>	<u>217,059,494</u>
Total Assets	<u>716,298,969</u>	<u>111,195,031</u>	<u>827,494,000</u>	<u>290,688,934</u>
<b>Deferred Outflows of Resources:</b>				
Deferred loss on refunding	1,269,475	--	1,269,475	33,630
Deferred outflows of resources related to pensions	97,302,635	4,711,474	102,014,109	6,348,442
Total Deferred Outflows of Resources	<u>98,572,110</u>	<u>4,711,474</u>	<u>103,283,584</u>	<u>6,382,072</u>
Total Assets and Deferred Outflows of Resources	<u>814,871,079</u>	<u>115,906,505</u>	<u>930,777,584</u>	<u>297,071,006</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	26,322,696	1,048,083	27,370,779	2,844,191
Contracts payable	929,108	43,639	972,747	579,744
Due to other governments	261	262,568	262,829	--
Customer deposits	235,994	133,780	369,774	537,432
Unearned revenue	27,425,249	40,190	27,465,439	--
Interest payable	1,992,123	79,288	2,071,411	--
<b>Noncurrent Liabilities:</b>				
Due within one year	14,734,212	2,296,350	17,030,562	6,069,214
Due in more than one year	146,999,106	20,625,370	167,624,476	78,763,347
Net pension liability	261,617,592	11,140,711	272,758,303	16,921,133
Total Liabilities	<u>480,256,341</u>	<u>35,669,979</u>	<u>515,926,320</u>	<u>105,715,061</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows - other	95,844	--	95,844	--
Deferred gain on refunding	950,356	--	950,356	--
Deferred inflows of resources related to pensions	10,642,417	377,553	11,019,970	338,104
Total Deferred Inflows of Resources	<u>11,688,617</u>	<u>377,553</u>	<u>12,066,170</u>	<u>338,104</u>
Total Liabilities and Deferred Inflows of Resources	<u>491,944,958</u>	<u>36,047,532</u>	<u>527,992,490</u>	<u>106,053,165</u>
<b>Net Position:</b>				
Net investment in capital assets	439,215,375	74,662,355	513,877,730	148,854,813
Restricted for capital activity and other	8,226,622	356,730	8,583,352	539,799
Restricted for debt service	306,837	--	306,837	--
Unrestricted	(124,822,713)	4,839,888	(119,982,825)	41,623,229
Total Net Position	<u>\$ 322,926,121</u>	<u>\$ 79,858,973</u>	<u>\$ 402,785,094</u>	<u>\$ 191,017,841</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, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Unit Department of Water
					Governmental Activities	Business-type Activities		
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$ 35,907,652	\$ 6,047,464	\$ 2,754,285	\$ 403,261	\$ (26,702,642)	\$ --	\$ (26,702,642)	\$ --
Public safety	77,626,223	603,963	4,546,616	1,313,685	(71,161,959)	--	(71,161,959)	--
Public works	7,759,049	370,243	129,249	330,938	(6,928,619)	--	(6,928,619)	--
Highways and streets	19,449,532	7,006,020	27,809	8,018,575	(4,397,128)	--	(4,397,128)	--
Sanitation	9,433,463	8,923,679	246,322	(41,925)	(305,387)	--	(305,387)	--
Culture and recreation	19,895,665	692,092	40,948	--	(19,162,625)	--	(19,162,625)	--
Public welfare	25,216,739	674,476	12,409,173	584,559	(11,548,531)	--	(11,548,531)	--
Interest on long-term debt, unallocated	4,921,648	--	--	--	(4,921,648)	--	(4,921,648)	--
Total Governmental Activities	<u>200,209,971</u>	<u>24,317,937</u>	<u>20,154,402</u>	<u>10,609,093</u>	<u>(145,128,539)</u>	<u>--</u>	<u>(145,128,539)</u>	<u>--</u>
<b>Business-type Activities</b>								
Housing programs	2,842,953	2,089,316	--	--	--	(753,637)	(753,637)	--
Sewer	11,358,672	9,532,589	--	1,241,127	--	(584,956)	(584,956)	--
Golf	2,896,789	1,193,254	--	5,000	--	(1,698,535)	(1,698,535)	--
Total Business-type Activities	<u>17,098,414</u>	<u>12,815,159</u>	<u>--</u>	<u>1,246,127</u>	<u>--</u>	<u>(3,037,128)</u>	<u>(3,037,128)</u>	<u>--</u>
Total Primary Government	<u>\$ 217,308,385</u>	<u>\$ 37,133,096</u>	<u>\$ 20,154,402</u>	<u>\$ 11,855,220</u>	<u>\$ (145,128,539)</u>	<u>\$ (3,037,128)</u>	<u>\$ (148,165,667)</u>	<u>\$ --</u>
<b>Component Unit:</b>								
Department of Water	<u>\$ 29,337,876</u>	<u>\$ 31,117,934</u>	<u>\$ --</u>	<u>\$ 2,667,648</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,447,706</u>
<b>General Revenues:</b>								
Property taxes					119,362,633	--	119,362,633	--
Public service company tax					3,173,170	--	3,173,170	--
Franchise tax					3,610,262	--	3,610,262	--
Fuel taxes					5,636,105	--	5,636,105	--
Grants and contributions not restricted to specific programs					16,481,037	--	16,481,037	--
Unrestricted investment earnings					355,446	31,965	387,411	--
Transfers					(794,150)	794,150	--	--
Total General Revenues and Transfers					<u>147,824,503</u>	<u>826,115</u>	<u>148,650,618</u>	<u>--</u>
Change in Net Position					2,695,964	(2,211,013)	484,951	4,447,706
Net Position - Beginning of Year July 1, 2016, as previously stated					320,230,157	81,311,436	401,541,593	186,570,135
Prior period adjustment					--	758,550	758,550	--
Net Position - Beginning of Year July 1, 2016, as restated					<u>320,230,157</u>	<u>82,069,986</u>	<u>402,300,143</u>	<u>186,570,135</u>
Net Position - End of Year June 30, 2017					<u>\$ 322,926,121</u>	<u>\$ 79,858,973</u>	<u>\$ 402,785,094</u>	<u>\$ 191,017,841</u>

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

**FUND FINANCIAL STATEMENTS**

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### MAJOR FUNDS

#### General Fund

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

#### Special Revenue Funds

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

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

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

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

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

Accounts for federal grant revenues and related expenditures.

#### Capital Project Funds

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

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

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

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

##### **Bond Fund**

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

**COUNTY OF KAUA'I, HAWAI'I  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>									
Cash and cash equivalents	\$ --	\$ 2,730,095	\$ --	\$ --	\$ 689,139	\$ --	\$ 519,751	\$ 7,123,570	\$ 11,062,555
Investments	92,642,721	--	9,042,926	10,195,580	1,751,257	--	--	12,916,850	126,549,334
Accounts receivable, net	5,617,124	--	827,283	--	--	--	667,055	1,023,013	8,134,475
Taxes receivable	2,819,306	--	--	--	--	--	--	--	2,819,306
Interest receivable	320,983	1,163,349	32,891	41,389	513,455	--	--	28,231	2,100,298
Due from other funds	--	--	10,935,440	3,641,245	--	2,091	1,385,614	12,718,152	28,682,542
Due from other governments	--	--	--	--	3,648,267	7,221,843	--	487,919	11,358,029
Loans receivable	--	7,052,477	--	--	12,778,510	--	--	2,716	19,833,703
Prepaid items	--	--	--	--	--	--	--	488,124	488,124
<b>Total Assets</b>	<b>\$ 101,400,134</b>	<b>\$ 10,945,921</b>	<b>\$ 20,838,540</b>	<b>\$ 13,878,214</b>	<b>\$ 19,380,628</b>	<b>\$ 7,223,934</b>	<b>\$ 2,572,420</b>	<b>\$ 34,788,575</b>	<b>\$ 211,028,366</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 19,394,296	\$ 67,885	\$ 1,583,722	\$ 471,628	\$ 882,338	\$ 1,926,242	\$ 18,314	\$ 1,978,271	\$ 26,322,696
Contracts payable	4,067	--	165,394	331,574	7,100	270,833	19,954	130,186	929,108
Due to other funds	23,537,952	--	--	81,965	--	5,026,859	--	35,766	28,682,542
Due to other governments	--	--	--	--	--	--	--	261	261
Due to customers	--	--	--	--	--	--	--	235,994	235,994
Unearned revenue	--	7,662,820	6,354	--	18,491,190	--	--	1,264,885	27,425,249
Compensated absences	14,424	--	--	--	--	--	--	--	14,424
<b>Total Liabilities</b>	<b>42,950,739</b>	<b>7,730,705</b>	<b>1,755,470</b>	<b>885,167</b>	<b>19,380,628</b>	<b>7,223,934</b>	<b>38,268</b>	<b>3,645,363</b>	<b>83,610,274</b>
<b>Deferred Inflows of Resources:</b>									
Unavailable revenues	1,636,696	--	--	--	--	--	--	--	1,636,696
Deferred inflows - other	--	--	--	--	--	--	--	95,844	95,844
<b>Total Deferred Inflow of Resources</b>	<b>1,636,696</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>95,844</b>	<b>1,732,540</b>
<b>Fund Balance:</b>									
Nondisposable	--	1,716,355	--	--	--	--	--	488,124	2,204,479
Restricted	490,000	--	10,940,726	--	--	--	--	502,439	11,933,165
Committed	20,537,307	670,068	3,421,684	3,401,764	--	--	779,630	5,950,629	34,761,082
Assigned	3,329,023	828,793	4,720,660	9,591,283	--	--	1,754,522	24,106,176	44,330,457
Unassigned	32,456,369	--	--	--	--	--	--	--	32,456,369
<b>Total Fund Balance</b>	<b>56,812,699</b>	<b>3,215,216</b>	<b>19,083,070</b>	<b>12,993,047</b>	<b>--</b>	<b>--</b>	<b>2,534,152</b>	<b>31,047,368</b>	<b>125,685,552</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 101,400,134</b>	<b>\$ 10,945,921</b>	<b>\$ 20,838,540</b>	<b>\$ 13,878,214</b>	<b>\$ 19,380,628</b>	<b>\$ 7,223,934</b>	<b>\$ 2,572,420</b>	<b>\$ 34,788,575</b>	<b>\$ 211,028,366</b>

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

**COUNTY OF KAUAI, HAWAII**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Total Fund Balances - Governmental Funds \$ 125,685,552

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

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

Land	\$	184,789,234
Construction in progress		30,757,091
Buildings and improvements		145,377,904
Equipment		88,683,534
Infrastructure assets		682,692,955
Accumulated depreciation		<u>(598,347,573)</u>

Total Capital Assets, net 533,953,145

Some of the County's revenues will be collected after the year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 1,636,696

Deferred amounts on refunding are reported as deferred outflows of resources in the government-wide financial statements but are not reported in the governmental fund statements. 319,119

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. 86,660,218

Accrued interest payable on outstanding bonds are expensed on the government-wide statement of activities. (1,992,123)

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		(103,514,589)
Capital leases		(4,535,346)
Compensated absences		(14,476,966)
Claims and judgments		(8,884,828)
Landfill closure/post-closure costs		(30,307,165)
Net pension liability		<u>(261,617,592)</u>

Total Long-term Liabilities (423,336,486)

Net Position of Governmental Activities \$ 322,926,121

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

**COUNTY OF KAUA'I, HAWAI'I  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>									
Taxes	\$ 123,818,624	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,246,367	\$ 133,064,991
Licenses and permits	2,362,715	--	--	--	--	--	--	8,219,213	10,581,928
Rents and concessions	197,675	--	14,226	--	--	--	--	274,656	486,557
Interest	17,067	183,127	43,675	46,535	--	--	--	65,042	355,446
Intergovernmental revenues	14,966,404	93,469	--	--	8,877,299	10,110,064	--	11,183,634	45,230,870
Charges for current services	3,120,615	--	8,908,953	--	--	--	--	--	12,029,568
Bond subsidy	--	--	--	1,014,633	--	--	--	--	1,014,633
Miscellaneous	366,459	270	500	--	--	--	--	852,655	1,219,884
<b>Total Revenues</b>	<b>144,849,559</b>	<b>276,866</b>	<b>8,967,354</b>	<b>1,061,168</b>	<b>8,877,299</b>	<b>10,110,064</b>	<b>--</b>	<b>29,841,567</b>	<b>203,983,877</b>
<b>Expenditures:</b>									
General government	28,230,969	--	--	594,720	1,322,085	403,261	231,774	1,530,473	32,313,282
Public safety	58,965,103	--	--	(27,256)	2,139,466	--	--	3,057,704	64,135,017
Public works	4,390,077	--	--	2,045	--	--	204,260	214,943	4,811,325
Highways and streets	532,609	--	54,767	58,383	--	198,380	--	11,250,965	12,095,104
Sanitation	--	--	14,528,327	368,965	--	253,181	--	416,242	15,566,715
Culture and recreation	16,316,850	--	--	8,013	39,471	--	78,303	199,323	16,641,960
Public welfare	6,829,788	453,725	--	12,409	5,119,868	19,294	--	10,354,817	22,789,901
Capital outlay	2,654,859	--	1,322,601	2,759,538	256,409	13,010,537	81,343	2,399,223	22,484,510
<b>Debt Service:</b>									
Principal	904,558	--	996,568	--	--	--	--	5,283,418	7,184,544
Interest and debt issuance cost	46,612	--	64,659	--	--	--	--	4,850,922	4,962,193
<b>Total Expenditures</b>	<b>118,871,425</b>	<b>453,725</b>	<b>16,966,922</b>	<b>3,776,817</b>	<b>8,877,299</b>	<b>13,884,653</b>	<b>595,680</b>	<b>39,558,030</b>	<b>202,984,551</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,978,134	(176,859)	(7,999,568)	(2,715,649)	--	(3,774,589)	(595,680)	(9,716,463)	999,326
<b>Other Financing Sources (Uses):</b>									
Issuance of capital leases	1,327,818	--	1,189,091	--	--	--	--	--	2,516,909
Proceeds from loans	--	--	3,774,589	--	--	--	--	--	3,774,589
Proceeds from insurance	500,000	--	--	--	--	--	--	--	500,000
Transfers in	1,057,982	--	13,680,386	--	--	3,774,589	674,007	11,583,233	30,770,197
Transfers out	(20,068,672)	--	(4,729,097)	(1,040,024)	--	--	(5,000,000)	(726,554)	(31,564,347)
<b>Total Other Financing Sources (Uses)</b>	<b>(17,182,872)</b>	<b>--</b>	<b>13,914,969</b>	<b>(1,040,024)</b>	<b>--</b>	<b>3,774,589</b>	<b>(4,325,993)</b>	<b>10,856,679</b>	<b>5,997,348</b>
<b>Net Change in Fund Balances</b>	<b>8,795,262</b>	<b>(176,859)</b>	<b>5,915,401</b>	<b>(3,755,673)</b>	<b>--</b>	<b>--</b>	<b>(4,921,673)</b>	<b>1,140,216</b>	<b>6,996,674</b>
Fund Balance - Beginning of Year July 1, 2016	48,017,437	3,392,075	13,167,669	16,748,720	--	--	7,455,825	29,907,152	118,688,878
Fund Balance - End of Year June 30, 2017	\$ 56,812,699	\$ 3,215,216	\$ 19,083,070	\$ 12,993,047	\$ --	\$ --	\$ 2,534,152	\$ 31,047,368	\$ 125,685,552

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, 2017**

Net Change in Fund Balance - Total Governmental Funds \$ 6,996,674

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	\$ 22,484,510	
Depreciation expense	<u>(18,436,746)</u>	
Net Capital Outlay		4,047,764

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. (129,441)

Capital leases are recorded as current financial sources in the Statement of Revenues, Expenditures, and Changes in Fund Balances. However, in the Statement of Net Position, capital leases are recorded as long-term debt and capital assets. (2,516,909)

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. (1,282,821)

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 FY17 employer paid contributions, recorded as deferred outflows in the current year and FY16 employer paid contributions being expensed in the Statement of Activities. (14,853,068)

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	4,945,000	
Loan proceeds	(3,774,589)	
Capital lease principal payments	<u>2,239,544</u>	
Net Long-term Debt Repayment		3,409,955

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

Amortization of premium from bond issuance	93,218	
Amortization of deferred refunding costs	(115,408)	
Increase in compensated absences	(902,113)	
Increase in claims and judgments	(60,861)	
Decrease in landfill closure/post-closure care costs	7,946,239	
Decrease in accrued interest payable	<u>62,735</u>	
Net Increase in Expenditures		<u>7,023,810</u>

Change in Net Position - Governmental Activities \$ 2,695,964

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, 2017**

	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	\$ 119,149,436	\$ 119,149,436	\$ 120,645,454	\$ --	\$ 120,645,454	\$ 1,496,018
Public services company taxes	<u>4,250,000</u>	<u>4,250,000</u>	<u>3,173,170</u>	<u>--</u>	<u>3,173,170</u>	<u>(1,076,830)</u>
Total Taxes	<u>123,399,436</u>	<u>123,399,436</u>	<u>123,818,624</u>	<u>--</u>	<u>123,818,624</u>	<u>419,188</u>
Licenses and Permits:						
Street use	226,800	226,800	237,655	--	237,655	10,855
Business licenses and fees	240	240	10,575	--	10,575	10,335
Non-business licenses and fees	<u>2,545,200</u>	<u>2,545,200</u>	<u>2,114,485</u>	<u>--</u>	<u>2,114,485</u>	<u>(430,715)</u>
Total Licenses and Permits	<u>2,772,240</u>	<u>2,772,240</u>	<u>2,362,715</u>	<u>--</u>	<u>2,362,715</u>	<u>(409,525)</u>
Rents and Concessions	<u>189,500</u>	<u>189,500</u>	<u>197,675</u>	<u>--</u>	<u>197,675</u>	<u>8,175</u>
Interest	<u>515,000</u>	<u>515,000</u>	<u>17,067</u>	<u>--</u>	<u>17,067</u>	<u>(497,933)</u>
Intergovernmental Revenues:						
State grants-in-aid share of transient accomodation tax	14,935,000	14,935,000	14,935,000	--	14,935,000	--
Other state grants-in-aid	<u>25,000</u>	<u>25,000</u>	<u>31,404</u>	<u>--</u>	<u>31,404</u>	<u>6,404</u>
Total Intergovernmental Revenues	<u>14,960,000</u>	<u>14,960,000</u>	<u>14,966,404</u>	<u>--</u>	<u>14,966,404</u>	<u>6,404</u>
Charges for Current Services	<u>3,220,780</u>	<u>3,220,780</u>	<u>3,120,615</u>	<u>--</u>	<u>3,120,615</u>	<u>(100,165)</u>
Miscellaneous	<u>370,000</u>	<u>370,000</u>	<u>366,459</u>	<u>--</u>	<u>366,459</u>	<u>(3,541)</u>
Total Revenues	\$ <u>145,426,956</u>	\$ <u>145,426,956</u>	\$ <u>144,849,559</u>	\$ <u>--</u>	\$ <u>144,849,559</u>	\$ <u>(577,397)</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, 2017**

	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	\$ 3,550,575	\$ 3,550,574	\$ 2,514,978	\$ 341	\$ 2,515,319	\$ 1,035,255
Elections	783,033	783,034	617,720	20,612	638,332	144,702
Office of the County Auditor	637,026	637,025	347,311	40,271	387,582	249,443
<b>Office of the Mayor:</b>						
Administration	1,993,388	1,989,608	1,885,961	46,200	1,932,161	57,447
Youth Work Program	19,697	19,697	9,697	10,000	19,697	--
Kaua'i Equal Access Program	112,758	116,538	110,374	342	110,716	5,822
Boards and commissions	746,196	746,196	595,260	111,075	706,335	39,861
Office of the County Attorney	3,258,141	3,258,142	2,292,083	731,688	3,023,771	234,371
Office of the Prosecuting Attorney	4,028,674	4,028,674	3,922,233	27,070	3,949,303	79,371
<b>Department of Finance:</b>						
Administration	526,334	606,271	592,883	1,750	594,633	11,638
Accounting	1,055,787	1,055,787	285,762	4,940	290,702	765,085
Treasury	276,431	276,431	263,364	--	263,364	13,067
Motor vehicle	873,099	869,700	706,568	50,083	756,651	113,049
Drivers license	690,306	646,672	412,402	81,198	493,600	153,072
Real property assessment	2,100,783	2,122,633	2,016,115	97,589	2,113,704	8,929
Real property collections	462,005	452,118	335,133	22,821	357,954	94,164
Purchasing and Budgeting	1,124,017	1,101,873	1,081,516	--	1,081,516	20,357
Information technology	1,957,538	1,928,035	1,820,900	84,122	1,905,022	23,013
<b>County-wide Costs:</b>						
<b>Insurance:</b>						
Liability insurance	715,844	715,844	563,337	120,000	683,337	32,507
Fire insurance	429,173	429,173	377,558	--	377,558	51,615
Self insurance (Note D)	1,513,398	1,513,398	526,924	--	526,924	986,474
Excess workers compensation	319,208	319,208	298,840	--	298,840	20,368
<b>Other County-wide Costs:</b>						
Central services cost	(2,680,000)	(2,680,000)	(2,693,627)	--	(2,693,627)	13,627
Collective bargaining raises	60,000	60,000	748	--	748	59,252
Special projects	1,159,277	1,155,527	1,021,058	275	1,021,333	134,194
Claims	1,703,347	1,703,347	317,260	153,347	470,607	1,232,740
Training	10,000	7,928	214	--	214	7,714
Telephone services	135,000	135,000	123,436	--	123,436	11,564
Computers and accessories	766,307	766,307	729,840	32,916	762,756	3,551
Repair and maintenance, financial system	592,773	605,375	414,291	174,953	589,244	16,131
Human Resources	2,532,647	2,532,648	2,081,853	161,332	2,243,185	289,463
Planning	3,113,950	3,113,951	2,467,052	491,291	2,958,343	155,608
Office of Economic Development	<u>2,733,439</u>	<u>2,776,912</u>	<u>2,373,527</u>	<u>268,765</u>	<u>2,642,292</u>	<u>134,620</u>
Total General Government	\$ <u>37,300,151</u>	\$ <u>37,343,626</u>	\$ <u>28,412,571</u>	\$ <u>2,732,981</u>	\$ <u>31,145,552</u>	\$ <u>6,198,074</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, 2017**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
<b>Public Safety:</b>						
Police Department	\$ 32,225,508	\$ 32,225,508	\$ 30,344,127	\$ 941,860	\$ 31,285,987	\$ 939,521
Fire Department	30,011,994	30,552,994	29,013,971	707,310	29,721,281	831,713
Emergency Management	<u>1,687,206</u>	<u>1,687,206</u>	<u>1,354,991</u>	<u>223,355</u>	<u>1,578,346</u>	<u>108,860</u>
Total Public Safety	<u>63,924,708</u>	<u>64,465,708</u>	<u>60,713,089</u>	<u>1,872,525</u>	<u>62,585,614</u>	<u>1,880,094</u>
<b>Public Works:</b>						
Administrative	757,516	751,658	673,518	1,636	675,154	76,504
Fiscal and clerical	340,040	350,340	343,445	--	343,445	6,895
Plans, survey and construction	1,791,018	1,726,818	1,462,237	11,133	1,473,370	253,448
Auto maintenance and fuel	625,311	615,110	422,608	10,063	432,671	182,439
Roads maintenance	267,277	277,477	110,000	79,548	189,548	87,929
Building division:						
Inspection	<u>1,971,168</u>	<u>2,030,926</u>	<u>1,956,770</u>	<u>--</u>	<u>1,956,770</u>	<u>74,156</u>
Total Public Works	<u>5,752,330</u>	<u>5,752,329</u>	<u>4,968,578</u>	<u>102,380</u>	<u>5,070,958</u>	<u>681,371</u>
<b>Culture and Recreation:</b>						
Administrative and fiscal	1,600,075	1,832,791	1,742,803	3,217	1,746,020	86,771
Planning and development	313,047	313,047	310,500	--	310,500	2,547
Facilities maintenance	7,304,971	7,076,155	5,687,981	1,280,877	6,968,858	107,297
Recreation	2,290,649	2,247,460	2,073,623	32,198	2,105,821	141,639
Maintenance	4,698,592	4,887,806	4,560,308	304,695	4,865,003	22,803
Beautification	1,049,824	992,132	985,275	--	985,275	6,857
Auditorium	436,286	423,286	415,257	195	415,452	7,834
Stadiums	<u>932,670</u>	<u>853,436</u>	<u>829,985</u>	<u>6,212</u>	<u>836,197</u>	<u>17,239</u>
Total Culture and Recreation	\$ <u>18,626,114</u>	\$ <u>18,626,113</u>	\$ <u>16,605,732</u>	\$ <u>1,627,394</u>	\$ <u>18,233,126</u>	\$ <u>392,987</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, 2017**

	Budgeted Amounts		Actual Amounts (Note B)	Encumbrances	Non-GAAP	Final Budget- Positive (Negative)
	Original (Note A)	Final				
Public Welfare:						
Housing	\$ 1,346,640	\$ 1,346,640	\$ 1,123,110	\$ 143,800	\$ 1,266,910	\$ 79,730
Elderly Affairs	1,282,810	1,282,810	1,151,422	10,490	1,161,912	120,898
Transportation	<u>4,714,685</u>	<u>4,714,685</u>	<u>4,569,105</u>	<u>15,816</u>	<u>4,584,921</u>	<u>129,764</u>
Total Public Welfare	<u>7,344,135</u>	<u>7,344,135</u>	<u>6,843,637</u>	<u>170,106</u>	<u>7,013,743</u>	<u>330,392</u>
Total General Fund Expenditures	<u>132,947,438</u>	<u>133,531,911</u>	<u>117,543,607</u>	<u>6,505,386</u>	<u>124,048,993</u>	<u>9,482,918</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,479,518</u>	<u>11,895,045</u>	<u>27,305,952</u>	<u>(6,505,386)</u>	<u>20,800,566</u>	<u>8,905,521</u>
Other Financing Sources (Uses):						
Proceeds from insurance	--	--	500,000	--	500,000	500,000
Transfers In	1,040,024	1,057,982	1,057,982	--	1,057,982	--
Transfers Out	<u>(20,068,672)</u>	<u>(20,068,672)</u>	<u>(20,068,672)</u>	<u>--</u>	<u>(20,068,672)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(19,028,648)</u>	<u>(19,010,690)</u>	<u>(18,510,690)</u>	<u>--</u>	<u>(18,510,690)</u>	<u>500,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Source (Note C)	\$ <u>(6,549,130)</u>	\$ <u>(7,115,645)</u>	8,795,262	\$ <u>(6,505,386)</u>	\$ <u>2,289,876</u>	\$ <u>9,405,521</u>
Fund Balance - Beginning of Year July 1, 2016			<u>48,017,437</u>			
Fund Balance - End of Year June 30, 2017			\$ <u>56,812,699</u>			

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

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

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

Note D: General Fund includes the General Fund (001) and the Self Insurance Fund (002).

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

**COUNTY OF KAUAI, HAWAII**  
**HOUSING AND COMMUNITY DEVELOPMENT REVOLVING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 183,127	\$ --	\$ 183,127	\$ 183,127
Intergovernmental	347,432	347,432	93,469	--	93,469	(253,963)
Miscellaneous	<u>988</u>	<u>988</u>	<u>270</u>	<u>--</u>	<u>270</u>	<u>(718)</u>
Total Revenues	<u>348,420</u>	<u>348,420</u>	<u>276,866</u>	<u>--</u>	<u>276,866</u>	<u>(71,554)</u>
Expenditures - Public Welfare:						
Other expenses	1,000	813	--	--	--	813
Central services cost	25,000	25,000	25,000	--	25,000	--
Loans	200,000	--	--	--	--	--
Special projects	<u>898,609</u>	<u>1,098,796</u>	<u>428,725</u>	<u>670,068</u>	<u>1,098,793</u>	<u>3</u>
Total Expenditures - Public Welfare	<u>1,124,609</u>	<u>1,124,609</u>	<u>453,725</u>	<u>670,068</u>	<u>1,123,793</u>	<u>816</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(776,189)</u>	\$ <u>(776,189)</u>	(176,859)	\$ <u>(670,068)</u>	\$ <u>(846,927)</u>	\$ <u>(70,738)</u>
Fund Balance - Beginning of Year July 1, 2016			<u>3,392,075</u>			
Fund Balance - End of Year June 30, 2017			\$ <u>3,215,216</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, 2017**

	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	\$ 14,226	\$ --	\$ 14,226	\$ 2,226
Interest	--	--	43,675	--	43,675	43,675
Miscellaneous	--	--	500	--	500	500
Charges for current services:						
Tipping fees	4,123,600	4,123,600	5,110,010	--	5,110,010	986,410
Disposal fees	3,818,784	3,818,784	3,798,943	--	3,798,943	(19,841)
Total Revenues	<u>7,954,384</u>	<u>7,954,384</u>	<u>8,967,354</u>	<u>--</u>	<u>8,967,354</u>	<u>1,012,970</u>
<b>Expenditures - Sanitation:</b>						
Salaries, solid waste disposal	1,701,836	1,580,436	1,549,782	--	1,549,782	30,654
Other expenses, solid waste disposal	337,475	51,675	29,044	3,889	32,933	18,742
Special projects, solid waste disposal	5,357,470	5,227,744	3,433,852	1,076,026	4,509,878	717,866
Salaries, solid waste collections	2,131,862	2,114,562	2,048,853	--	2,048,853	65,709
Other expenses, solid waste collections	427,712	282,427	145,740	16,343	162,083	120,344
Salaries, Kauai recycling center	107,297	107,297	104,130	--	104,130	3,167
Other expenses, Kauai recycling center	94,050	56,050	37,128	16,000	53,128	2,922
Recycling programs	4,152,510	4,315,510	3,119,782	1,106,510	4,226,292	89,218
Salaries, roads maintenance	117,427	111,927	54,767	--	54,767	57,160
Salaries, auto maintenance	126,615	132,115	130,697	--	130,697	1,418
Auto maintenance and repair	202,131	277,132	263,581	843	264,424	12,708
Central services cost	1,059,423	1,142,123	1,049,104	69,507	1,118,611	23,512
Equipment including capital leases	2,430,719	2,441,379	1,195,957	1,132,566	2,328,523	112,856
Fuel	206,000	206,000	198,287	--	198,287	7,713
Social security taxes	301,409	281,409	256,515	--	256,515	24,894
Public employees' health fund	407,182	400,182	388,672	--	388,672	11,510
Worker's compensation	6	373,883	321,744	--	321,744	52,139
Unemployment compensation	3	3	--	--	--	3
Employees' retirement system	639,437	679,410	679,267	--	679,267	143
Employees' other post employment benefits	777,161	796,461	770,929	--	770,929	25,532
Total Expenditures - Sanitation	<u>20,577,725</u>	<u>20,577,725</u>	<u>15,777,831</u>	<u>3,421,684</u>	<u>19,199,515</u>	<u>1,378,210</u>
Deficiency of Revenues Under Expenditures	(12,623,341)	(12,623,341)	(6,810,477)	(3,421,684)	(10,232,161)	2,391,180
<b>Other Financing Sources (Uses):</b>						
Proceeds from loans	--	--	3,774,589	--	3,774,589	3,774,589
Transfers in	13,680,386	13,680,386	13,680,386	--	13,680,386	--
Transfers out	(954,508)	(954,508)	(4,729,097)	--	(4,729,097)	(3,774,589)
Total Other Financing Sources (Uses)	<u>12,725,878</u>	<u>12,725,878</u>	<u>12,725,878</u>	<u>--</u>	<u>12,725,878</u>	<u>--</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)</b>						
	\$ <u>102,537</u>	\$ <u>102,537</u>	5,915,401	\$ <u>(3,421,684)</u>	\$ <u>2,493,717</u>	\$ <u>2,391,180</u>
Fund Balance - Beginning of Year July 1, 2016			13,167,669			
Fund Balance - End of Year June 30, 2017			\$ <u>19,083,070</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 KAUA'I, HAWAII**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 4,681,859	\$ 3,062,243	\$ 540,295	\$ 8,284,397
Restricted cash and cash equivalents	356,730	--	--	356,730
Investments	2,980,760	--	--	2,980,760
<b>Receivables, net:</b>				
Accounts	105,147	2,630,565	--	2,735,712
Interest	9,831	--	--	9,831
Due from other funds	--	--	--	--
Inventory	195,033	--	--	195,033
Prepaid expenses	334	936	2,720	3,990
<b>Total Current Assets</b>	<b>8,329,694</b>	<b>5,693,744</b>	<b>543,015</b>	<b>14,566,453</b>
<b>Noncurrent Assets:</b>				
<b>Capital assets:</b>				
Land	15,901,032	1,226,600	--	17,127,632
Construction in Progress	--	8,280,435	--	8,280,435
Buildings	31,338,515	70,245,317	2,764,497	104,348,329
Equipment	7,292	8,987,101	1,337,231	10,331,624
Infrastructure	--	11,017,601	2,739,725	13,757,326
Less: accumulated depreciation	(13,764,061)	(40,547,939)	(2,904,768)	(57,216,768)
<b>Total Noncurrent Assets</b>	<b>33,482,778</b>	<b>59,209,115</b>	<b>3,936,685</b>	<b>96,628,578</b>
<b>Total Assets</b>	<b>41,812,472</b>	<b>64,902,859</b>	<b>4,479,700</b>	<b>111,195,031</b>
<b>Deferred Outflows of Resources:</b>				
Deferred outflows of resources related to pensions	--	3,563,914	1,147,560	4,711,474
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>3,563,914</b>	<b>1,147,560</b>	<b>4,711,474</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 41,812,472</b>	<b>\$ 68,466,773</b>	<b>\$ 5,627,260</b>	<b>\$ 115,906,505</b>
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 163,784	\$ 608,007	\$ 276,292	\$ 1,048,083
Contracts payable	--	43,639	--	43,639
Interest payable	--	71,683	7,605	79,288
Due to other government	--	262,568	--	262,568
Security deposits payable	133,780	--	--	133,780
Unearned revenue	--	40,190	--	40,190
Compensated absences, current portion	--	98,600	44,156	142,756
Claims and judgements, current portion	--	82,091	64,792	146,883
Long-term liabilities, current portion	--	1,743,143	263,568	2,006,711
<b>Total Current Liabilities</b>	<b>297,564</b>	<b>2,949,921</b>	<b>656,413</b>	<b>3,903,898</b>
<b>Noncurrent Liabilities:</b>				
Long-term liabilities	--	19,885,872	73,640	19,959,512
Compensated absences	--	295,799	132,468	428,267
Claims and judgements	--	132,786	104,805	237,591
Net pension liability	--	8,022,411	3,118,300	11,140,711
<b>Total Noncurrent Liabilities</b>	<b>--</b>	<b>28,336,868</b>	<b>3,429,213</b>	<b>31,766,081</b>
<b>Total Liabilities</b>	<b>297,564</b>	<b>31,286,789</b>	<b>4,085,626</b>	<b>35,669,979</b>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows of resources related to pensions	--	271,875	105,678	377,553
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>271,875</b>	<b>105,678</b>	<b>377,553</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>297,564</b>	<b>31,558,664</b>	<b>4,191,304</b>	<b>36,047,532</b>
<b>Net Position:</b>				
Net investment in capital assets	33,482,778	37,580,100	3,599,477	74,662,355
<b>Restricted assets:</b>				
Nonexpendable - cash	356,730	--	--	356,730
Unrestricted	7,675,400	(671,991)	(2,163,521)	4,839,888
<b>Total Net Position</b>	<b>\$ 41,514,908</b>	<b>\$ 36,908,109</b>	<b>\$ 1,435,956</b>	<b>\$ 79,858,973</b>

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, 2017**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 595,184	\$ --	\$ --	\$ 595,184
Rents and concessions	1,099,108	--	196,380	1,295,488
Charges for current services	--	9,532,589	993,919	10,526,508
Other	395,024	--	2,955	397,979
<b>Total Operating Revenues</b>	<b>2,089,316</b>	<b>9,532,589</b>	<b>1,193,254</b>	<b>12,815,159</b>
Operating Expenses:				
Public housing	2,059,464	--	--	2,059,464
Sewer	--	8,482,835	--	8,482,835
Golf	--	--	2,587,510	2,587,510
Depreciation	783,489	2,691,780	299,499	3,774,768
<b>Total Operating Expenses</b>	<b>2,842,953</b>	<b>11,174,615</b>	<b>2,887,009</b>	<b>16,904,577</b>
<b>Operating Income (Loss)</b>	<b>(753,637)</b>	<b>(1,642,026)</b>	<b>(1,693,755)</b>	<b>(4,089,418)</b>
Nonoperating Revenues (Expenses):				
Interest income from investments	31,965	--	--	31,965
Interest expense on long-term debt	--	(184,057)	(9,780)	(193,837)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>31,965</b>	<b>(184,057)</b>	<b>(9,780)</b>	<b>(161,872)</b>
<b>Net Income (Loss) Before Transfers and Contributions</b>	<b>(721,672)</b>	<b>(1,826,083)</b>	<b>(1,703,535)</b>	<b>(4,251,290)</b>
Capital contributions	--	1,241,127	5,000	1,246,127
Transfers	--	(452,213)	1,246,363	794,150
<b>Change in Net Position</b>	<b>(721,672)</b>	<b>(1,037,169)</b>	<b>(452,172)</b>	<b>(2,211,013)</b>
Net Position - Beginning of Year July 1, 2016, as previously reported	42,236,581	37,186,727	1,888,128	81,311,436
Prior period adjustment (Note 20)	--	758,550	--	758,550
Net Position - Beginning of Year July 1, 2016, as restated	42,236,581	37,945,277	1,888,128	82,069,986
<b>Net Position - Ending of Year June 30, 2017</b>	<b>\$ 41,514,909</b>	<b>\$ 36,908,108</b>	<b>\$ 1,435,956</b>	<b>\$ 79,858,973</b>

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

**COUNTY OF KAUA'I, HAWAI'I  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-type Activities			Totals
	Public Housing	Sewer	Golf	
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 2,080,363	\$ 9,313,219	\$ 913,321	\$ 12,306,903
Payments to employees	(115,653)	(974,896)	(528,192)	(1,618,741)
Payments to suppliers	(1,915,605)	(6,171,329)	(1,319,602)	(9,406,536)
Net Cash Provided by (Used in) Operating Activities	<u>49,105</u>	<u>2,166,994</u>	<u>(934,473)</u>	<u>1,281,626</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
Transfers from other funds	--	245,813	1,246,363	1,492,176
Transfers to other funds	--	(698,026)	--	(698,026)
Changes in amounts due to other funds	3,942,157	35,609	13,746	3,991,512
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>3,942,157</u>	<u>(416,604)</u>	<u>1,260,109</u>	<u>4,785,662</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	--	(2,054,325)	(5,000)	(2,059,325)
Acquisition of inventory	(195,034)	--	--	(195,034)
Proceeds from loans	--	438,481	--	438,481
Capital contributions	--	636,237	5,000	641,237
Due to other government	--	209,335	--	209,335
Development fees	--	604,890	--	604,890
Principal payments - bonds and loans	--	(1,640,415)	(180,000)	(1,820,415)
Principal payments - capital leases	--	(81,869)	(133,278)	(215,147)
Interest payments - bonds and loans	--	(187,999)	(13,859)	(201,858)
Net Cash Used in Capital and Related Financing Activities	<u>(195,034)</u>	<u>(2,075,665)</u>	<u>(327,137)</u>	<u>(2,597,836)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received from investments	26,539	--	--	26,539
Changes in investments, net	(982,200)	--	--	(982,200)
Net Cash Provided by (Used in) Investing Activities	<u>(955,661)</u>	<u>--</u>	<u>--</u>	<u>(955,661)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,840,567	(325,275)	(1,501)	2,513,791
Cash and Cash Equivalents, Beginning of Year July 1, 2016	<u>2,198,022</u>	<u>3,387,518</u>	<u>541,796</u>	<u>6,127,336</u>
Cash and Cash Equivalents, End of Year June 30, 2017 (including \$356,730 for Public Housing reported in restricted accounts)	<u>\$ 5,038,589</u>	<u>\$ 3,062,243</u>	<u>\$ 540,295</u>	<u>\$ 8,641,127</u>
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating income (loss)	\$ (753,637)	\$ (1,642,026)	\$ (1,693,755)	\$ (4,089,418)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,489	2,691,780	299,499	3,774,768
Pension expense	--	1,723,492	564,573	2,288,065
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	(3,048)	(198,500)	--	(201,548)
Deferred outflows for pensions	--	(365,523)	(160,690)	(526,213)
Prepaid items	(334)	1,165	--	831
Accounts payable and accrued liabilities	28,540	(78,074)	49,707	173
Security deposits payable	(5,905)	--	--	(5,905)
Contracts payable	--	13,467	--	13,467
Unearned revenue	--	2,437	--	2,437
Compensated absences	--	18,776	6,193	24,969
Net Cash Provided by (Used in) Operating Activities	<u>\$ 49,105</u>	<u>\$ 2,166,994</u>	<u>\$ (934,473)</u>	<u>\$ 1,281,626</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES</b>				
Equipment acquired through capital leases	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 122,777</u>	<u>\$ 122,777</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, 2017**

	Agency Funds
Assets:	
Cash and cash equivalents	\$ <u>6,925,992</u>
Total Assets	<u>6,925,992</u>
Liabilities:	
Customer deposits	6,120,927
Due to other governments	<u>805,065</u>
Total Liabilities	<u>6,925,992</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, 2017**

**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 2016.

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, 2017**

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

*Date - An Amendment of GASB Statement No. 68, 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 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

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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, 2017**

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

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

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

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

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

Fiduciary funds include the following agency funds:

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

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

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

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

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

*Unassigned Fund Balance* - This is the residual classification that includes all spendable amounts not contained in the other classifications. 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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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	\$ 7,797,034
Historic Residential Dedication	269,869
Low and Moderate Income Housing	495,123
Other	<u>76,377</u>
Total	\$ <u>8,638,403</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 \$278,000 of billed receivables.

***Real Property Held for Sale***

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

***Materials and Supplies***

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

***Prepaid Items***

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

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. The Department defines capital assets as assets with an initial, individual cost of more than \$1,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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, 2017**

**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 KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 two items that qualifies for reporting in this category. The County and Department reports the deferred loss on refunding and deferred outflows related to pensions as a deferred outflow of resources in its *Statement of Net Position*.

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

***Net Position***

The County's net position is comprised of the various net earnings (losses) from operating and nonoperating revenues, expenses, transfers, and contributed capital. The County's net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year end is not included in the calculation of the amount of net investment in capital assets. Restricted net position consists of the County's net 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, 2017**

**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 \$37.7 million at June 30, 2017.

***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, 2017**

**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.

***Facility Reserve Charges***

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

***Use of Estimates***

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

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

Annual appropriated budgets are adopted for the following funds:

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

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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017.

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

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

	<u>General Fund</u>	<u>Housing and Community Development Revolving Fund</u>	<u>Solid Waste Disposal Fund</u>
GAAP excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 8,795,262	\$ (176,859)	\$ 5,915,401
Encumbrances and unexpended allotments, current year	<u>(6,505,386)</u>	<u>(670,068)</u>	<u>(3,421,684)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>2,289,876</u>	\$ <u>(846,927)</u>	\$ <u>2,493,717</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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

***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 \$66,552,000 and the balances carried by the bank were approximately \$69,769,000. The Department's carrying value of these deposits with banks and savings institutions approximated \$9,091,000 and the balances carried by the bank were approximately \$9,389,000. 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, 2017, the County and the Department held approximately \$88,564,000 and \$42,055,000, respectively, or 68% and 71% of their investments in Federal Government Sponsored Entities and Government Securities.

***Interest Rate Risk***

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

As of June 30, 2017, 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	\$ 84,591,640	\$ 26,236,849	\$ 58,354,791
U.S. treasury obligations	3,972,005	1,752,846	2,219,159
Certificates of deposit	39,061,044	23,200,328	15,860,716
Repurchase agreements	<u>490,000</u>	<u>490,000</u>	<u>--</u>
	128,114,689	\$ <u>51,680,023</u>	\$ <u>76,434,666</u>
Money market mutual funds	<u>1,415,405</u>		
Total	\$ <u>129,530,094</u>		

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

***Department***

	<u>Fair Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
U.S. treasury obligations	\$ 975,980	\$ --	\$ 975,980
U.S. government agencies	41,079,386	17,831,318	23,248,068
Repurchase agreements	3,300,000	2,300,000	1,000,000
Certificates of deposit	<u>13,510,596</u>	<u>7,080,596</u>	<u>6,430,000</u>
	58,865,962	\$ <u>27,211,914</u>	\$ <u>31,654,048</u>
Money market mutual funds	<u>540,584</u>		
Total	\$ <u>59,406,546</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, 2017, the County and Department's investments had an AA or greater rating.

***Custodial Credit Risk***

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

***Concentration of Credit Risk***

The County places no limit on the amount which may be invested in any one issuer. As of June 30, 2017, the County and the Department held more than 5% of their investments in the following:

	<u>County</u>		<u>Department</u>	
FHLB - Federal Home Loan Bank	\$ 16,342,915	12.6%	\$ 2,801,239	4.7%
FHLMC - Freddie Mac	24,773,606	19.1%	11,125,899	18.7%
FNMA - Fannie Mae	21,669,201	16.7%	6,201,626	10.4%
FFCB - Federal Farm Credit Bank	<u>13,840,709</u>	<u>10.7%</u>	<u>16,973,480</u>	<u>28.6%</u>
Total	\$ <u>76,626,431</u>	<u>59.1%</u>	\$ <u>37,102,244</u>	<u>62.4%</u>

**COUNTY OF KAUA'I, HAWAI'I**  
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**NOTE 5 - FAIR VALUE MEASUREMENTS**

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

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

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

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

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

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

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

U.S. government agency obligations 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, 2017			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. treasury obligations	\$ 3,972,005	\$ 3,972,005	\$ --	\$ --
U.S. government agencies	84,591,640	--	84,591,640	--
Repurchase agreements	490,000	--	490,000	--
Money market mutual funds	<u>1,415,405</u>	<u>1,415,405</u>	<u>--</u>	<u>--</u>
	90,469,050	<u>\$ 5,387,410</u>	<u>\$ 85,081,640</u>	<u>\$ --</u>
Investments measured at amortized cost				
Certificates of deposit	39,061,044			
	<u>\$ 129,530,094</u>			

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

<i>Department:</i>	Assets at Fair Value at June 30, 2017			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. treasury obligations	\$ 975,980	\$ 975,980	\$ --	\$ --
U.S. government agencies	41,079,386	--	41,079,386	--
Repurchase agreements	3,300,000	--	3,300,000	--
Money market mutual funds	540,584	540,584	--	--
	<u>45,895,950</u>	<u>\$ 1,516,564</u>	<u>\$ 44,379,386</u>	<u>\$ --</u>
Investments measured at amortized cost				
Certificates of deposit	13,510,596			
	<u>\$ 59,406,546</u>			

**NOTE 6 - RECEIVABLES**

Receivables as of June 30, 2017, for the County's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities:

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total
Receivables, net:									
Real property taxes	\$ 2,819,306	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,819,306
Accounts receivable	5,617,124	--	827,283	--	--	--	667,055	1,023,013	8,134,475
Intergovernmental	--	--	--	--	3,648,267	7,221,843	--	487,919	11,358,029
Loans receivable	--	7,052,477	--	--	12,778,510	--	--	2,716	19,833,703
Interest	320,983	1,163,349	32,891	41,389	513,455	--	--	28,231	2,100,298
Total Receivables, net: \$	<u>8,757,413</u>	<u>\$ 8,215,826</u>	<u>\$ 860,174</u>	<u>\$ 41,389</u>	<u>\$ 16,940,232</u>	<u>\$ 7,221,843</u>	<u>\$ 667,055</u>	<u>\$ 1,541,879</u>	<u>\$ 44,245,811</u>

Business-type Activities:

	Enterprise Funds
Receivables, net:	
Accounts receivable	\$ 3,268,910
Interest	9,831
Insurance	--
Less: allowance for uncollectible charges	(533,199)
Total Receivables, net: \$	<u>2,745,542</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, 2017**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Primary Government				Balance June 30, 2017
	Balance June 30, 2016	Increases	Decreases	Transfers	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 184,458,296	\$ 330,938	\$ --	\$ --	\$ 184,789,234
Construction in progress	<u>51,788,522</u>	<u>18,674,705</u>	<u>(39,706,136)</u>	<u>--</u>	<u>30,757,091</u>
Total Capital Assets, Not Being Depreciated	<u>236,246,818</u>	<u>19,005,643</u>	<u>(39,706,136)</u>	<u>--</u>	<u>215,546,325</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	123,944,449	21,470,955	(37,500)	--	145,377,904
Machinery and equipment	82,615,982	7,699,068	(1,631,516)	--	88,683,534
Infrastructure	<u>670,468,148</u>	<u>13,885,539</u>	<u>(1,660,732)</u>	<u>--</u>	<u>682,692,955</u>
Total Capital Assets, Being Depreciated	<u>877,028,579</u>	<u>43,055,562</u>	<u>(3,329,748)</u>	<u>--</u>	<u>916,754,393</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(49,154,115)	(4,084,308)	37,500	--	(53,200,923)
Machinery and equipment	(52,107,424)	(7,011,063)	1,631,516	--	(57,486,971)
Infrastructure	<u>(481,979,036)</u>	<u>(7,341,375)</u>	<u>1,660,732</u>	<u>--</u>	<u>(487,659,679)</u>
Total Accumulated Depreciation	<u>(583,240,575)</u>	<u>(18,436,746)</u>	<u>3,329,748</u>	<u>--</u>	<u>(598,347,573)</u>
Governmental Activities - Capital Assets, net	<u>\$ 530,034,822</u>	<u>\$ 43,624,459</u>	<u>\$ (39,706,136)</u>	<u>\$ --</u>	<u>\$ 533,953,145</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	Primary Government				Balance June 30, 2017
	Balance June 30, 2016	Increases	Decreases	Transfers	
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 17,127,632	\$ --	\$ --	\$ --	\$ 17,127,632
Construction in progress	<u>13,455,679</u>	<u>1,634,823</u>	<u>(6,810,067)</u>	<u>--</u>	<u>8,280,435</u>
Total Capital Assets, Not Being Depreciated	<u>30,583,311</u>	<u>1,634,823</u>	<u>(6,810,067)</u>	<u>--</u>	<u>25,408,067</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	100,102,872	4,245,457	--	--	104,348,329
Machinery and equipment	7,522,975	3,111,889	(303,240)	--	10,331,624
Infrastructure	<u>13,757,326</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,757,326</u>
Total Capital Assets, Being Depreciated	<u>121,383,173</u>	<u>7,357,346</u>	<u>(303,240)</u>	<u>--</u>	<u>128,437,279</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(40,979,897)	(2,768,468)	--	--	(43,748,365)
Machinery and equipment	(4,359,388)	(724,439)	303,240	--	(4,780,587)
Infrastructure	<u>(8,405,955)</u>	<u>(281,861)</u>	<u>--</u>	<u>--</u>	<u>(8,687,816)</u>
Total Accumulated Depreciation	<u>(53,745,240)</u>	<u>(3,774,768)</u>	<u>303,240</u>	<u>--</u>	<u>(57,216,768)</u>
Business-type Activities - Capital Assets, net	<u>\$ 98,221,244</u>	<u>\$ 5,217,401</u>	<u>\$ (6,810,067)</u>	<u>\$ --</u>	<u>\$ 96,628,578</u>

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

Governmental Activities:	
General government	\$ 1,046,718
Public safety	3,723,634
Public works	2,780,579
Highways and streets	6,468,214
Public welfare	1,163,447
Culture and recreation	1,836,335
Sanitation	<u>1,417,819</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 18,436,746</u>
Business-type Activities:	
Public housing	\$ 783,489
Sewer	2,691,780
Golf	<u>299,499</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 3,774,768</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	Component Unit				Balance June 30, 2017
	Balance June 30, 2016	Increases	Decreases	Transfers	
Discretely Presented Component Unit:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,343,144	\$ --	\$ --	\$ --	\$ 1,343,144
Construction in progress	<u>16,737,432</u>	<u>3,160,895</u>	<u>(15,292,890)</u>	<u>--</u>	<u>4,605,437</u>
Total Capital Assets, Not Being Depreciated	<u>18,080,576</u>	<u>3,160,895</u>	<u>(15,292,890)</u>	<u>--</u>	<u>5,948,581</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	5,222,561	11,423,052	--	--	16,645,613
Machinery and equipment	6,427,662	1,508,583	(495,137)	--	7,441,108
Infrastructure	<u>304,161,355</u>	<u>3,279,817</u>	<u>(57,154)</u>	<u>--</u>	<u>307,384,018</u>
Total Capital Assets, Being Depreciated	<u>315,811,578</u>	<u>16,211,452</u>	<u>(552,291)</u>	<u>--</u>	<u>331,470,739</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(2,109,686)	(379,277)	--	--	(2,488,963)
Machinery and equipment	(5,021,147)	(536,480)	495,137	--	(5,062,490)
Infrastructure	<u>(106,298,900)</u>	<u>(6,543,615)</u>	<u>34,142</u>	<u>--</u>	<u>(112,808,373)</u>
Total Accumulated Depreciation	<u>(113,429,733)</u>	<u>(7,459,372)</u>	<u>529,279</u>	<u>--</u>	<u>(120,359,826)</u>
Component Unit - Capital Assets, net	<u>\$ 220,462,421</u>	<u>\$ 11,912,975</u>	<u>\$ (15,315,902)</u>	<u>\$ --</u>	<u>\$ 217,059,494</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 - INTERFUND RECEIVABLES/PAYABLES**

The Interfund Due From/To Other Funds consist of the following as of June 30, 2017:

Receivable Fund	Payable Fund	Amount
Solid Waste Fund	General Fund	\$ 10,899,674
Solid Waste Fund	Other Governmental Funds	35,766
Bond Fund	Grants CIP Fund	3,641,245
Grants CIP Fund	Bond Fund	84
Grants CIP Fund	General Fund	2,007
General CIP Fund	Grants CIP Fund	1,385,614
Other Governmental Funds	Bond Fund	12,636,271
Other Governmental Funds	General Fund	<u>81,881</u>
Total, All Funds		\$ <u>28,682,542</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, 2018.

Transfers for the fiscal year ended June 30, 2017, consisted of the following:

	Transfers out:						Total
	General Fund	Solid Waste Disposal Fund	Bond Fund	General CIP Fund	Other Governmental Funds	Sewer Enterprise Fund	
Transfers in:							
General Fund	\$ --	\$ --	\$ 1,040,024	\$ --	\$ 17,958	\$ --	\$ 1,057,982
Solid Waste Disposal Fund	8,680,386	--	--	5,000,000	--	--	13,680,386
Debt Service Fund	8,271,196	954,508	--	--	--	698,026	9,923,730
Sewer Fund	245,813	--	--	--	--	--	245,813
Golf Enterprise Fund	1,246,363	--	--	--	--	--	1,246,363
Grants CIP Fund	--	3,774,589	--	--	--	--	3,774,589
General CIP Fund	674,007	--	--	--	--	--	674,007
Other Governmental Funds	950,907	--	--	--	708,596	--	1,659,503
	<u>\$ 20,068,672</u>	<u>\$ 4,729,097</u>	<u>\$ 1,040,024</u>	<u>\$ 5,000,000</u>	<u>\$ 726,554</u>	<u>\$ 698,026</u>	<u>\$ 32,262,373</u>

Significant interfund transfers during the year ended June 30, 2017 consist of the following:

- The General Fund transferred \$20,068,072 to subsidize debt service payments and various Special Revenue, Capital, and Enterprise Fund Programs.
- The Solid Waste Disposal Fund transferred \$954,508 to Debt Service Fund and \$3,774,589 to Grants CIP Fund to subsidize debt service payments and finance capital projects, respectively.
- The Bond Fund transferred \$1,040,024 of bonds subsidy interest to the General Fund.
- The General CIP Fund transferred \$5,000,000 to the Solid Waste Disposal Fund for future post-closure costs.
- The Plans and Permits Fund transferred \$17,958 to the General Fund for uncommitted fund balance above legal authority.
- The Highway Fund transferred \$708,596 to Highway CIP Fund to finance capital projects.
- The Sewer Enterprise Fund transferred \$698,026 to Debt Service Fund to subsidize debt service payments.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 - NET POSITION**

At June 30, 2017, the County's net position consisted of the following:

	Governmental Activities	Business-type Activities	Component Unit
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net investment in Capital Assets:			
Net property, plant, and equipment	\$ 533,953,145	\$ 96,628,578	\$ 217,059,494
Less: Long-term debt	(103,514,589)	(21,693,043)	(82,231,822)
Less: Capital lease obligation	(4,535,347)	(273,180)	(1,269,084)
Add: Deferred outflows - deferred refunding costs	1,269,475	--	33,630
Less: Deferred inflows - deferred gain on refunding costs	(950,356)	--	--
Add: Unspent debt proceeds	<u>12,993,047</u>	<u>                    </u>	<u>15,262,595</u>
Subtotal	<u>439,215,375</u>	<u>74,662,355</u>	<u>148,854,813</u>
Restricted:			
Capital projects	23,211,792	--	482,263
Less: Unspent debt proceeds	(12,993,047)	--	(15,262,595)
Less: Accrued interest payable	(1,992,123)	--	--
Other - debt service	306,837	--	--
Other - restricted cash and investments	<u>                    </u>	<u>356,730</u>	<u>15,320,131</u>
Subtotal	<u>8,533,459</u>	<u>356,730</u>	<u>539,799</u>
Unrestricted	<u>(124,822,713)</u>	<u>4,839,888</u>	<u>41,623,229</u>
Total Net Position	<u>\$ 322,926,121</u>	<u>\$ 79,858,973</u>	<u>\$ 191,017,841</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 from General Fund resources.

The net book value of the leased machinery and equipment at June 30, 2017 amounted to \$9,992,131 net of accumulated depreciation of \$13,736,590. The related present value of the remaining obligations under the capital leases which amounted to \$4,808,526 at June 30, 2017 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2017, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,943,335	\$ 107,302	\$ 2,050,637
2019	1,211,785	62,462	1,274,247
2020	811,911	36,919	848,830
2021	616,088	21,664	637,752
2022	163,608	6,018	169,626
Thereafter	<u>61,799</u>	<u>1,654</u>	<u>63,453</u>
Totals	\$ <u>4,808,526</u>	\$ <u>236,019</u>	\$ <u>5,044,545</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, HAWAI'I**  
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**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, 2017, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 742,000	\$ 56,000	\$ 798,000
2019	522,000	13,000	535,000
2020	<u>5,000</u>	<u>--</u>	<u>5,000</u>
Totals	\$ <u>1,269,000</u>	\$ <u>69,000</u>	\$ <u>1,338,000</u>

The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2017. The accumulated depreciation related to the SWTP facility was approximately \$6,136,000 as of June 30, 2017.

**NOTE 11 - LONG-TERM LIABILITIES**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Approximate</u> <u>amounts due</u> <u>within one year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ <u>104,685,000</u>	\$ --	\$ <u>4,945,000</u>	\$ <u>99,740,000</u>	\$ <u>5,145,000</u>
Total Bonds Payable	104,685,000	--	4,945,000	99,740,000	5,145,000
Loans Payable to State					
Governments	--	3,774,589	--	3,774,589	--
Claims and judgments	8,823,967	2,096,172	2,035,311	8,884,828	3,482,291
Landfill closure and postclosure	38,253,404	--	7,946,239	30,307,165	685,543
Capital lease obligations	4,257,981	2,516,909	2,239,544	4,535,346	1,798,531
Compensated absences	<u>13,589,277</u>	<u>6,270,720</u>	<u>5,368,607</u>	<u>14,491,390</u>	<u>3,622,847</u>
Governmental Activities, Long-term Liabilities	\$ <u>169,609,629</u>	\$ <u>14,658,390</u>	\$ <u>22,534,701</u>	\$ <u>161,733,318</u>	\$ <u>14,734,212</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Approximate amounts due within one year
<b><i>Business-type Activities:</i></b>					
Bonds Payable:					
General obligation bonds	\$ 370,000	\$ --	\$ 180,000	\$ 190,000	\$ 190,000
Total Bonds Payable	370,000	--	180,000	190,000	190,000
Loans Payable to State					
Governments	22,704,977	438,481	1,640,415	21,503,043	1,671,908
Claims and judgments	361,828	158,600	135,954	384,474	146,883
Capital lease obligations	365,549	122,617	214,986	273,180	144,803
Compensated absences	546,054	276,790	251,821	571,023	142,756
Business-type Activities, Long-term Liabilities	\$ 24,348,408	\$ 996,488	\$ 2,423,176	\$ 22,921,720	\$ 2,296,350
<b><i>Discretely Presented Component Unit:</i></b>					
Bonds Payable:					
General obligation bonds	\$ 62,370,000	\$ --	\$ 2,800,000	\$ 59,570,000	\$ 2,910,000
Deferred Costs:					
For issuance premiums	556,369	--	58,213	498,156	--
Total Bonds Payable	62,926,369	--	2,858,213	60,068,156	2,910,000
Loans Payable					
Compensated absences	24,080,963	--	1,917,297	22,163,666	1,925,459
Capital lease obligations	1,249,150	530,652	448,147	1,331,655	491,755
Capital lease obligations	1,968,148	--	699,064	1,269,084	742,000
Component Unit, Long-term Liabilities	\$ 90,224,630	\$ 530,652	\$ 5,922,721	\$ 84,832,561	\$ 6,069,214

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 \$713,772 and \$300,861 were received in fiscal year 2017 for Build America Bonds and Recovery Zone Economic Development Bonds, respectively.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017, the liability was liquidated from the general and highways funds. The liability for the accumulated unpaid portion has been accrued for in the government-wide statement of net position.

General obligation bonds payable reported on the government-wide *Statement of Position* at June 30, 2017, are comprised of the following individual issues:

	<u>Amount</u>
<b>Governmental Activities:</b>	
General obligation bonds, 2011 Series A, original amount \$20,985,000, due in annual installments of \$1,260,000 to \$1,765,000 through August 2025, interest payments semi-annually from 2.00% to 5.00%.	\$ 13,635,000
General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,615,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy).	41,640,000
General obligation bonds, 2010 Series A, original amount \$12,165,000, due in annual installments of \$3,140,000 to \$9,025,000 through August 2034, interest payments semi-annually from 5.863% to 5.913% (before the federal subsidy).	12,165,000
General obligation bonds, 2005 Series A, original amount \$42,180,000, due in annual installments of \$380,000 to \$545,000 through August 2021, interest payments semi-annually from 3.25% to 5.00%.	<u>2,360,000</u>
Balance carried forward	\$ <u>69,800,000</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	Amount
Balance carried forward	\$ 69,800,000
General obligation bonds, 2012 Series A, original amount \$23,415,000, due in annual installments of \$1,250,000 to \$2,145,000 through August 2029, interest payments semi-annually from 3.00% to 5.00%.	22,165,000
General obligation bonds, 2012 Series B, original amount \$7,775,000, due in annual installments of \$440,000 to \$745,000 through August 2029, interest payments semi-annually from 3.125% to 5.00%.	<u>7,775,000</u>
Total Governmental Activities	\$ <u>99,740,000</u>
<b>Business-type Activities:</b>	
General obligation bonds, 2005 Series A, original amount \$1,565,000, due in annual installments of \$180,000 to \$190,000 through August 2017, interest payments semi-annually from 3.25% to 5.00%.	\$ <u>190,000</u>
Total Business-type Activities	\$ <u>190,000</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017, are approximately as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 5,145,000	\$ 4,638,000	\$ 190,000	\$ 5,000	\$ 5,335,000	\$ 4,643,000
2019	5,420,000	4,427,000	--	--	5,420,000	4,427,000
2020	5,655,000	4,189,000	--	--	5,655,000	4,189,000
2021	5,910,000	3,946,000	--	--	5,910,000	3,946,000
2022	5,985,000	3,699,000	--	--	5,985,000	3,699,000
2023-2027	30,125,000	14,461,000	--	--	30,125,000	14,461,000
2028-2032	23,380,000	8,103,000	--	--	23,380,000	8,103,000
2033-2037	18,120,000	1,919,000	--	--	18,120,000	1,919,000
Totals	\$ <u>99,740,000</u>	\$ <u>45,382,000</u>	\$ <u>190,000</u>	\$ <u>5,000</u>	\$ <u>99,930,000</u>	\$ <u>45,387,000</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.	\$ 52,210,000
County Series 2011A, last installment 2025. Maturing serially from August 1, 2012. Interest rate - 2.00% to 5.00%. Issued July 7, 2011. Original amount - \$5,125,000.	3,325,000
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.	1,435,000
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>2,600,000</u>
Premium on bond issuance	59,570,000
	<u>498,156</u>
<b>Total Component Unit</b>	<b>\$ <u>60,068,156</u></b>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,910,000	\$ 2,959,000	\$ 5,869,000
2019	2,950,000	2,844,000	5,794,000
2020	3,075,000	2,717,000	5,792,000
2021	3,210,000	2,581,000	5,791,000
2022	3,260,000	2,440,000	5,700,000
2023-2027	17,075,000	9,823,000	26,898,000
2028-2032	19,630,000	5,005,000	24,635,000
2033	<u>7,460,000</u>	<u>387,000</u>	<u>7,847,000</u>
Totals	\$ <u>59,570,000</u>	\$ <u>28,756,000</u>	\$ <u>88,326,000</u>

At June 30, 2017, approximately \$58 million of primary government and \$9.5 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, 2017</u>
County of Kaua'i Community Facilities District No. 2008-1	May 15, 2012	\$ 11,875,000	\$ 11,725,000
			<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 \$106,768 (\$213,536 annually). Principal and interest payments begin in fiscal year 2019. A loan fee is assessed at .375% of the outstanding principal balance. Interest is accrued at .125% per annum.

	\$ <u>3,774,589</u>
Total Governmental Activities	\$ <u>3,774,589</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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.	\$ 785,397
During fiscal year 2007, the County entered into a construction agreement with the State totaling approximately \$2.7 million to fund a wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$58,425 (\$116,850 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	1,028,268
During fiscal year 2009, the County entered into a construction agreement with the State totaling approximately \$2.1 million to continue to fund the wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$55,611 (\$111,222 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	1,083,244
During fiscal year 2009, the County entered into a construction agreement with the State totaling approximately \$3.9 million to fund sewer system improvements. Principal and interest payments are due in semi-annual installments of \$108,486 (\$216,972 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	2,113,824
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>246,036</u>
Balance forward	\$ <u>5,256,769</u>

**COUNTY OF KAUA'I, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	Amount
Balance carried forward	\$ 5,256,769
<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 .25% of the outstanding principal balance. Interest is accrued at .50% per annum.</p>	3,065,282
<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 .25% of the outstanding principal balance. Interest is accrued at .50% per annum.</p>	7,417,456
<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 .25% of the outstanding principal balance. Interest is accrued at .25% per annum.</p>	1,713,865
<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 .50% of the outstanding principal balance. Interest is accrued at .25% per annum.</p>	<u>4,049,671</u>
Total Business-type Activities	\$ <u>21,503,043</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Annual requirements to retire loans payable as of June 30, 2017, are approximately as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ --	\$ 37,700	\$ 1,672,908	\$ 176,000	\$ 1,672,908	\$ 213,700
2019	87,900	37,700	1,681,000	162,000	1,768,900	199,700
2020	177,100	36,400	1,690,000	147,000	1,867,100	183,400
2021	178,900	34,700	1,699,000	132,000	1,877,900	166,700
2022	180,700	32,900	1,708,000	117,000	1,888,700	149,900
2023-2027	930,900	136,800	6,876,000	317,000	7,806,900	453,800
2028-2032	978,500	89,100	5,046,000	126,000	6,024,500	215,100
2033-2037	1,028,600	39,100	1,131,135	16,000	2,159,735	55,100
2028	211,989	1,600	--	--	211,989	1,600
Totals	\$ 3,774,589	\$ 446,000	\$ 21,504,043	\$ 1,193,000	\$ 25,278,632	\$ 1,639,000

**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.	\$ 425,696
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.	252,799
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.	245,974
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.	441,306
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>151,908</u>
Balance forward	\$ <u>1,517,683</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	Amount
Balance carried forward	\$ 1,517,683
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.	540,811
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.	348,480
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.	1,101,113
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.	2,670,414
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.	4,616,314
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.	2,593,431
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.	1,263,422
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>2,609,805</u>
Balance forward	\$ <u>17,261,473</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

	<u>Amount</u>
Balance carried forward	\$ 17,261,473
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.	3,105,653
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>1,796,540</u>
Total Component Unit	\$ <u>22,163,666</u>

Annual requirements to retire the component unit loans payable as of June 30, 2017, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,925,000	\$ 680,000	\$ 2,605,000
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
2023-2027	8,343,000	1,235,000	9,578,000
2028-2032	3,693,000	213,000	3,906,000
2033-2034	<u>466,000</u>	<u>8,000</u>	<u>474,000</u>
Totals	\$ <u>22,164,000</u>	\$ <u>4,210,000</u>	\$ <u>26,374,000</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12 - EMPLOYEE BENEFIT PLANS**

**Pensions**

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

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

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.

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

*Noncontributory Class*

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

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

Police and firefighters' retirement benefits are determined as 2.5% of average final compensation for each year of service up to a maximum of 80%. Police and firefighters with 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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 2017 were 25.00% for police and firefighters and 17.00% for all other employees. Contributions to the pension plan from the County and the Department were \$15,390,688 and \$938,000, respectively, for the fiscal year ended June 30, 2017.

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**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017, the County and Department reported a liability of \$272,758,303 and \$16,921,133, respectively, for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the County's proportion was 2.040% which was a decrease of 0.004% from its proportion measured as of June 30, 2015. At June 30, 2016, the Department's proportion was 0.130% which was equal to its proportion measured at June 30, 2015.

There were significant changes in actuarial assumptions effective June 30, 2016 based on the Five-Year Experience Study report dated July 5, 2016 that resulted in a significant increase in the measurement of the total pension liability. Primary drivers for the increase include a decrease in investment return assumption and discount rate from 7.65% as of June 30, 2015 to 7.00% as of June 30, 2016; and a decrease in the mortality assumptions for longer live expectancy and an explicit assumption for the continued future mortality improvement (generational approach) There were no other changes between the measurement date, June 30, 2016, and the reporting date, June 30, 2017, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the fiscal year ended June 30, 2017, the County and the Department recognized pension expense of \$32,567,637 and \$2,229,000, respectively. At June 30, 2017, 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, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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	\$ 9,349,232	\$ (3,141,122)
Changes in assumptions	54,978,333	--
Net difference between projected and actual earnings on pension plan investments	18,120,354	--
Changes in proportion and difference between County contributions and proportionate share of contributions	4,175,502	(7,878,848)
County contributions subsequent to the measurement date	<u>15,390,688</u>	<u>--</u>
	<u>\$ 102,014,109</u>	<u>\$ (11,019,970)</u>

The \$15,390,688 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>
2018	\$ 14,613,799
2019	14,613,799
2020	20,155,628
2021	17,725,822
2022	<u>8,494,403</u>
Total	<u>\$ 75,603,451</u>

**Department:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 336,970	\$ (244,921)
Changes in assumptions	3,178,244	--
Net difference between projected and actual earnings on pension plan investments	1,035,158	--
Changes in proportion and difference between Department contributions and proportionate share of contributions	860,461	(93,183)
Department contributions subsequent to the measurement date	<u>937,609</u>	<u>--</u>
	<u>\$ 6,348,442</u>	<u>\$ (338,104)</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

The \$937,609 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	\$ 1,055,036
2019	1,055,036
2020	1,355,900
2021	1,098,096
2022	<u>508,661</u>
Total	\$ <u>5,072,729</u>

**Actuarial Assumptions** - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions adopted by the Board of Trustees of the Employees' Retirement System of the State of Hawaii, on December 12, 2016, based on the most recent experience study dated July 5, 2016:

Inflation	2.50%
Payroll growth	3.50%
Investment rate of return (Compounded annually including inflation)	7.00%

There were no changes to ad hoc postemployment benefits including COLA.

Post-retirement mortality rates are based on the 2016 Public Retirees of Hawaii mortality table with adjustments based on generational projections of the BB projection table for 2016 and full generational projections in future years. Pre-retirement mortality rates are based on multiples of RP-2014 mortality table based on the occupation of the member.

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

<u>Strategic Allocation (risk-based classes)</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Rate of Return</u>
Broad growth	63.00 %	8.35%
Principal protection	7.00 %	2.20%
Real return	10.00 %	6.15%
Crisis risk offset	<u>20.00 %</u>	5.50%
	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the net pension liability at the June 30, 2016 and 2015 measurement dates were 7.00% and 7.65%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**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:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ <u>352,084,352</u>	\$ <u>272,758,303</u>	\$ <u>207,118,607</u>
Department's proportionate share of the net pension liability	\$ <u>21,638,020</u>	\$ <u>16,921,133</u>	\$ <u>13,018,064</u>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**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, 2017, the County and the Department had payables to the pension plan of \$1,307,081 and \$0, respectively.

**Deferred Compensation Plan**

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN**

***Plan Description***

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

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

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

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

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

***Funding Policy***

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

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

**Annual OPEB Cost**

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

At June 30, 2017, the County's post-retirement payable of \$7,273,913 is considered a short-term difference and has been included in the respective annual OPEB contributions. At June 30, 2017, the Department's post-retirement payable was \$0. The following table presents the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB liability.

County:

Fiscal Year Ending June 30,	Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2015	\$ 14,945,000	100.0%	\$ --
2016	\$ 15,468,000	100.0%	\$ --
2017	\$ 15,721,000	100.0%	\$ --

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Department:

Fiscal Year Ending June 30,	Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2015	\$ 883,000	100.2%	\$ (53,000)
2016	\$ 913,000	96.7%	\$ (23,000)
2017	\$ 968,000	100.0%	\$ (23,000)

***Funding Status and Funding Progress***

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

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

***Actuarial Methods and Assumptions***

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

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017, the amount of this liability was approximately \$9.3 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2015, are given below:

<u>Fiscal Year</u>	<u>Liability at Beginning of Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments and Adjustments</u>	<u>Liability at End of Year</u>
2016	\$ 10,053,921	\$ 1,891,610	\$ (2,759,736)	\$ 9,185,795
2017	\$ 9,185,795	\$ 2,254,772	\$ (2,171,265)	\$ 9,269,302

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017, 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, 2017, was approximately \$20.7 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 \$15.3 million based on estimates provided by project engineers. At June 30, 2017, approximately 88.66% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately 3.1 years.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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 \$30.3 million, which may change due to inflation, technology or applicable laws or regulations. This amount is fully accrued in the government-wide financial statements.

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

**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:

	Amount
Committed fund balance	\$ 14,031,921
Unassigned fund balance	28,063,843
Total	\$ <u>42,095,764</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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				Total
	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Bond Fund	Other Governmental Funds	
<b>Fund Balances:</b>									
<b>Nonspendable:</b>									
Prepays	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 488,124	\$ 488,124
Loans receivable	--	1,716,355	--	--	--	--	--	--	1,716,355
<b>Total - Nonspendable</b>	<b>--</b>	<b>1,716,355</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>488,124</b>	<b>2,204,479</b>
<b>Restricted:</b>									
Debt service reserve	--	--	--	--	--	--	--	502,439	502,439
Landfill closure and post closure costs	490,000	--	10,940,726	--	--	--	--	--	11,430,726
<b>Total - Restricted</b>	<b>490,000</b>	<b>--</b>	<b>10,940,726</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>502,439</b>	<b>11,933,165</b>
<b>Committed:</b>									
Non-routine emergency events reserve	14,031,921	--	--	--	--	--	--	--	14,031,921
Administrative	1,330,102	--	--	--	--	--	91,813	--	1,421,915
County-wide costs	481,491	--	--	--	--	--	--	--	481,491
Human resources	161,332	--	--	--	--	--	--	--	161,332
Planning	491,291	--	--	--	--	175,413	106,460	66,710	839,874
Economic development	268,765	--	--	--	--	--	--	--	268,765
Police services	941,860	--	--	--	--	--	--	--	941,860
Fire control	707,310	--	--	--	--	--	111,033	--	818,343
Emergency management	223,355	--	--	--	--	--	--	--	223,355
Liquor control	--	--	--	--	--	--	--	10,705	10,705
Building repair and maintenance	102,380	--	--	--	--	46,413	877,974	--	1,026,767
Parks and recreation	1,627,394	--	--	--	--	334,319	53,035	1,527,587	3,542,335
Community services	170,106	670,068	--	--	--	131,618	--	2,100	973,892
Waste disposal and collection	--	--	3,421,684	--	--	91,828	1,133,224	104,605	4,751,341
Road maintenance	--	--	--	--	--	39	1,028,225	4,238,922	5,267,186
<b>Total - Committed</b>	<b>20,537,307</b>	<b>670,068</b>	<b>3,421,684</b>	<b>--</b>	<b>--</b>	<b>779,630</b>	<b>3,401,764</b>	<b>5,950,629</b>	<b>34,761,082</b>
<b>Assigned:</b>									
Balancing future budget shortfalls	1,592,549	--	--	--	--	--	--	4,948,255	6,540,804
Self insurance provisions	1,736,474	--	--	--	--	--	--	--	1,736,474
Capital improvement projects	--	--	--	--	--	1,754,522	9,591,283	6,315,230	17,661,035
Other purposes	--	828,793	4,720,660	--	--	--	--	12,842,691	18,392,144
<b>Total - Assigned</b>	<b>3,329,023</b>	<b>828,793</b>	<b>4,720,660</b>	<b>--</b>	<b>--</b>	<b>1,754,522</b>	<b>9,591,283</b>	<b>24,106,176</b>	<b>44,330,457</b>
<b>Unassigned:</b>	<b>32,456,369</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>32,456,369</b>
<b>Total Fund Balances</b>	<b>\$ 56,812,699</b>	<b>\$ 3,215,216</b>	<b>\$ 19,083,070</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,534,152</b>	<b>\$ 12,993,047</b>	<b>\$ 31,047,368</b>	<b>\$ 125,685,552</b>

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

Encumbrances at June 30, 2017 include:

General Fund	\$ 6,505,386
Special Revenue Funds	\$ 8,673,018
Capital Project Funds	\$ 5,550,757

**NOTE 17 - COMPONENT UNIT DISCLOSURES**

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

**NOTE 18 - RELATED PARTY TRANSACTIONS**

The Department charges the County for fire protection services (hydrant use) at agreed-to rates that approximate the costs for such services. The County provides certain services to the Department and charges the Department for these services at an amount equal to the charge for fire protection services. The amounts charged approximated \$2,133,000 for the fiscal year ended June 30, 2017. At June 30, 2017, amounts due from the Department for reimbursement of payroll expenses were approximately \$324,000.

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

The GASB issued Statement No. 77, *Tax Abatement Disclosures*. The Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Management has adopted the applicable requirements of the new standard as presented in the County's financial statements.

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

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The Statement provides financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The requirements of this Statement are effective for financial statements for 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*. The Statement establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are 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). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring 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. 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.

**COUNTY OF KAUA'I, HAWAI'I**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 20 - RESTATEMENT**

The government-wide and fund financial statements reflect a prior period adjustment and restatement of beginning net position as of June 30, 2016. Beginning net position and current liabilities in the Sewer Enterprise Fund (Business-type Activity) have been restated to reduce the balance from a prior year liability accrual. The liability was paid in fiscal year 2016 and was recorded as an expense, which overstated current liabilities and expense and understated net position in the amount of \$758,550 at June 30, 2016.

	Government-wide Statement of Activities	Fund Level Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds
	Business-type Activities	Sewer
Net position at June 30, 2016, as previously stated	\$ 81,311,436	\$ 37,186,727
Prior period adjustment:		
Payment of previously accrued liability	758,550	758,550
Net position at June 30, 2016, as restated	\$ 82,069,986	\$ 37,945,277

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

**COUNTY OF KAUA'I, HAWAI'I  
SCHEDULE OF FUNDING PROGRESS  
FOR THE EUTF HEALTH PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**COUNTY OF KAUA'I, HAWAI'I  
SCHEDULE OF COUNTY'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
LAST TEN FISCAL YEARS\***

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>County:</b>				
County's proportion of the Net Pension Liability	2.040 %	2.044 %	1.913 %	2.031 %
County's proportionate share of the Net Pension Liability	\$ 272,758,303	\$ 178,458,402	\$ 153,368,723	\$ 181,419,995
County's Covered Payroll	\$ 73,365,000	\$ 75,544,000	\$ 71,201,000	\$ 66,597,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	371.78 %	236.23 %	215.40 %	272.41 %
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	51.28 %	62.42 %	63.92 %	57.96 %
<b>Department:</b>				
Department's proportion of the Net Pension Liability	0.130 %	0.130 %	0.116 %	0.116 %
Department's proportionate share of the Net Pension Liability	\$ 16,921,000	\$ 11,310,002	\$ 9,317,991	\$ 9,566,682
Department's Covered Payroll	\$ 5,110,000	\$ 4,836,000	\$ 4,645,000	\$ 4,385,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	331.14 %	233.87 %	200.60 %	218.17 %
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	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\***

	2017	2016	2015	2014	2013	2012	2011
<b>County:</b>							
Statutorily Required Contribution	\$ 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	\$ 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	\$ 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	19.90 %	19.90 %	18.06 %	17.70 %	17.38 %	15.89 %	16.41 %
<b>Department:</b>							
Statutorily Required Contribution	\$ 938,000	\$ 911,000	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000	\$ 601,000
Actual Department Contributions Recognized by the Plan	\$ 938,000	\$ 911,000	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000	\$ 601,000
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Department's Covered Payroll	\$ 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	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.

**OTHER SUPPLEMENTARY INFORMATION**

**COUNTY OF KAUA'I, HAWAI'I  
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Special Revenue Funds**

**Highway Fund**

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

**Liquor Fund**

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

**Beautification Fund**

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

**Criminal Assets Forfeiture Fund**

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

**Plans and Permits Revolving Fund**

Accounts for monies collected from new permits and penalties.

**Section 8 Fund**

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

**State Grants Fund**

Accounts for expenditures of state and county grants.

**Public Access Fund**

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

**Park Maintenance and Improvements Fund**

Accounts for monies collected and expended for parks.

**COUNTY OF KAUAI, HAWAII**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**(CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017.

**Highway Capital Improvement Fund**

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

**COUNTY OF KAUAI, HAWAII**  
**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**  
**(CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets Forfeiture	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance and Improvements	Debt Service Fund
<b>Assets:</b>										
Cash and cash equivalents	\$ --	\$ 399,089	\$ 690,066	\$ 224,515	\$ 211,786	\$ 792,217	\$ 677,976	\$ 565,238	\$ --	\$ 306,837
Investments	2,489,716	497,886	--	248,813	--	--	--	4,966,050	--	--
Accounts receivable, net	27,809	--	--	--	--	66	995,138	--	--	--
Interest receivable	3,886	288	--	1,664	--	--	--	14,814	--	--
Due from other funds	10,079,688	--	--	--	--	--	--	476,041	2,080,542	--
Due from other governments	487,919	--	--	--	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	2,716	--	--	--	--
Prepaid items	--	--	--	--	--	488,124	--	--	--	--
<b>Total Assets</b>	<b>\$ 13,089,018</b>	<b>\$ 897,263</b>	<b>\$ 690,066</b>	<b>\$ 474,992</b>	<b>\$ 211,786</b>	<b>\$ 1,283,123</b>	<b>\$ 1,673,114</b>	<b>\$ 6,022,143</b>	<b>\$ 2,080,542</b>	<b>\$ 306,837</b>
<b>Liabilities:</b>										
Accounts payable	\$ 1,196,950	\$ 51,613	\$ 2,020	\$ --	\$ 11,786	\$ 68,852	\$ 372,463	\$ 5,450	\$ 19,230	\$ --
Contracts payable	2,883	--	--	--	--	--	--	--	2,112	--
Due to other funds	--	--	--	--	--	--	35,766	--	--	--
Due to customers	--	--	--	--	--	235,994	--	--	--	--
Due to other governments	--	--	--	--	--	261	--	--	--	--
Unearned revenue	--	--	--	--	--	--	1,264,885	--	--	--
<b>Total Liabilities</b>	<b>1,199,833</b>	<b>51,613</b>	<b>2,020</b>	<b>--</b>	<b>11,786</b>	<b>305,107</b>	<b>1,673,114</b>	<b>5,450</b>	<b>21,342</b>	<b>--</b>
<b>Deferred Inflows of Resources:</b>										
Deferred inflows - other	--	95,844	--	--	--	--	--	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>95,844</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Fund Balance:</b>										
Nonspendable	--	--	--	--	--	488,124	--	--	--	--
Restricted	--	192,886	--	--	--	2,716	--	--	--	306,837
Committed	4,032,834	10,705	--	--	--	2,100	--	66,710	468,917	--
Assigned	7,856,351	546,215	688,046	474,992	200,000	485,076	--	5,949,983	1,590,283	--
<b>Total Fund Balances</b>	<b>11,889,185</b>	<b>749,806</b>	<b>688,046</b>	<b>474,992</b>	<b>200,000</b>	<b>978,016</b>	<b>--</b>	<b>6,016,693</b>	<b>2,059,200</b>	<b>306,837</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 13,089,018</b>	<b>\$ 897,263</b>	<b>\$ 690,066</b>	<b>\$ 474,992</b>	<b>\$ 211,786</b>	<b>\$ 1,283,123</b>	<b>\$ 1,673,114</b>	<b>\$ 6,022,143</b>	<b>\$ 2,080,542</b>	<b>\$ 306,837</b>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2017**

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	Capital Projects Funds					
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Total Non-major Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 296,237	\$ 161,025	\$ 1,189,961	\$ 270,554	\$ 1,338,069	\$ 7,123,570
Investments	3,481,433	--	1,232,952	--	--	12,916,850
Accounts receivable, net	--	--	--	--	--	1,023,013
Interest receivable	6,998	--	581	--	--	28,231
Due from other funds	--	81,881	--	--	--	12,718,152
Due from other governments	--	--	--	--	--	487,919
Loans receivable	--	--	--	--	--	2,716
Prepaid items	--	--	--	--	--	488,124
<b>Total Assets</b>	<b>\$ 3,784,668</b>	<b>\$ 242,906</b>	<b>\$ 2,423,494</b>	<b>\$ 270,554</b>	<b>\$ 1,338,069</b>	<b>\$ 34,788,575</b>
<b>Liabilities:</b>						
Accounts payable	\$ 160,860	\$ 54,352	\$ --	\$ --	\$ 34,695	\$ 1,978,271
Contracts payable	107,071	4,166	2,028	--	11,926	130,186
Due to other funds	--	--	--	--	--	35,766
Due to customers	--	--	--	--	--	235,994
Due to other governments	--	--	--	--	--	261
Unearned revenue	--	--	--	--	--	1,264,885
<b>Total Liabilities</b>	<b>267,931</b>	<b>58,518</b>	<b>2,028</b>	<b>--</b>	<b>46,621</b>	<b>3,645,363</b>
<b>Deferred Inflows of Resources:</b>						
Deferred inflows - other	--	--	--	--	--	95,844
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>95,844</b>
<b>Fund Balance:</b>						
Nonspendable	--	--	--	--	--	488,124
Restricted	--	--	--	--	--	502,439
Committed	1,058,670	104,605	--	--	206,088	5,950,629
Assigned	2,458,067	79,783	2,421,466	270,554	1,085,360	24,106,176
<b>Total Fund Balances</b>	<b>3,516,737</b>	<b>184,388</b>	<b>2,421,466</b>	<b>270,554</b>	<b>1,291,448</b>	<b>31,047,368</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 3,784,668</b>	<b>\$ 242,906</b>	<b>\$ 2,423,494</b>	<b>\$ 270,554</b>	<b>\$ 1,338,069</b>	<b>\$ 34,788,575</b>

**COUNTY OF KAUA'I, HAWAI'I**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets Forfeiture	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance and Improvements	Debt Service Fund
Revenues:										
Taxes	\$ 9,246,367	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	7,005,345	588,930	375,044	--	244,704	--	--	--	--	--
Rents and concessions	--	--	--	--	--	--	--	--	274,656	--
Interest	(4,358)	1,401	--	1,475	--	2,220	--	39,528	--	--
Intergovernmental revenues	27,809	--	--	--	--	6,336,400	4,819,425	--	--	--
Miscellaneous	675	7,273	--	7,760	--	674,206	--	--	--	--
Total Revenues	<u>16,275,838</u>	<u>597,604</u>	<u>375,044</u>	<u>9,235</u>	<u>244,704</u>	<u>7,012,826</u>	<u>4,819,425</u>	<u>39,528</u>	<u>274,656</u>	<u>--</u>
Expenditures:										
General government	--	--	--	--	--	--	1,432,200	98,273	--	--
Public safety	--	870,880	--	105,867	--	--	2,080,957	--	--	--
Public works	--	--	--	--	211,824	--	3,119	--	--	--
Highways and streets	10,902,246	--	300,000	--	--	--	--	--	--	--
Sanitation	--	--	--	--	--	--	246,322	--	--	--
Culture and recreation	--	--	--	--	--	--	1,476	--	46,366	--
Public welfare	2,730,993	--	--	--	--	6,798,972	824,852	--	--	--
Capital outlay	334,684	--	--	--	--	--	230,499	--	111,245	--
Debt Service:										
Principal	338,418	--	--	--	--	--	--	--	--	4,945,000
Interest and debt issuance cost	17,192	--	--	--	--	--	--	--	--	4,833,730
Total Expenditures	<u>14,323,533</u>	<u>870,880</u>	<u>300,000</u>	<u>105,867</u>	<u>211,824</u>	<u>6,798,972</u>	<u>4,819,425</u>	<u>98,273</u>	<u>157,611</u>	<u>9,778,730</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,952,305</u>	<u>(273,276)</u>	<u>75,044</u>	<u>(96,632)</u>	<u>32,880</u>	<u>213,854</u>	<u>--</u>	<u>(58,745)</u>	<u>117,045</u>	<u>(9,778,730)</u>
Other Financing Sources (Uses):										
Transfers in	355,160	--	--	--	--	--	--	595,747	--	9,923,730
Transfers out	(708,596)	--	--	--	(17,958)	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>(353,436)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(17,958)</u>	<u>--</u>	<u>--</u>	<u>595,747</u>	<u>--</u>	<u>9,923,730</u>
Net Change in Fund Balances	1,598,869	(273,276)	75,044	(96,632)	14,922	213,854	--	537,002	117,045	145,000
Fund Balance - Beginning of Year July 1, 2016	<u>10,290,316</u>	<u>1,023,082</u>	<u>613,002</u>	<u>571,624</u>	<u>185,078</u>	<u>764,162</u>	<u>--</u>	<u>5,479,691</u>	<u>1,942,155</u>	<u>161,837</u>
Fund Balance - End of Year June 30, 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>\$ --</u>	<u>\$ 6,016,693</u>	<u>\$ 2,059,200</u>	<u>\$ 306,837</u>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Capital Projects Funds					Total Non-major Governmental Funds
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	
Revenues:						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,246,367
Licenses and permits	--	--	--	5,190	--	8,219,213
Rents and concessions	--	--	--	--	--	274,656
Interest	20,956	--	3,820	--	--	65,042
Intergovernmental revenues	--	--	--	--	--	11,183,634
Miscellaneous	42,392	--	120,349	--	--	852,655
Total Revenues	<u>63,348</u>	<u>--</u>	<u>124,169</u>	<u>5,190</u>	<u>--</u>	<u>29,841,567</u>
Expenditures:						
General government	--	--	--	--	--	1,530,473
Public safety	--	--	--	--	--	3,057,704
Public works	--	--	--	--	--	214,943
Highways and streets	--	--	--	24,995	23,724	11,250,965
Sanitation	--	169,920	--	--	--	416,242
Culture and recreation	151,481	--	--	--	--	199,323
Public welfare	--	--	--	--	--	10,354,817
Capital outlay	1,252,024	--	--	--	470,771	2,399,223
Debt Service:						
Principal	--	--	--	--	--	5,283,418
Interest and debt issuance cost	--	--	--	--	--	4,850,922
Total Expenditures	<u>1,403,505</u>	<u>169,920</u>	<u>--</u>	<u>24,995</u>	<u>494,495</u>	<u>39,558,030</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,340,157)</u>	<u>(169,920)</u>	<u>124,169</u>	<u>(19,805)</u>	<u>(494,495)</u>	<u>(9,716,463)</u>
Other Financing Sources (Uses):						
Transfers in	--	--	--	--	708,596	11,583,233
Transfers out	--	--	--	--	--	(726,554)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>708,596</u>	<u>10,856,679</u>
Net Change in Fund Balances	(1,340,157)	(169,920)	124,169	(19,805)	214,101	1,140,216
Fund Balance - Beginning of Year July 1, 2016	4,856,894	354,308	2,297,297	290,359	1,077,347	29,907,152
Fund Balance - End of Year June 30, 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>\$ 31,047,368</u>

**COUNTY OF KAUA'I, HAWAII**  
**AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>
<b>Trust and Agency Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 735,419	\$ 9,955,593	\$ 9,885,947	\$ 805,065
Total Assets	<u>735,419</u>	<u>9,955,593</u>	<u>9,885,947</u>	<u>805,065</u>
<b>Liabilities:</b>				
Due to other governments	<u>735,419</u>	<u>9,955,593</u>	<u>9,885,947</u>	<u>805,065</u>
Total Liabilities	\$ <u>735,419</u>	\$ <u>9,955,593</u>	\$ <u>9,885,947</u>	\$ <u>805,065</u>
<b>Treasury Trust Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,508,475	\$ 617,297	\$ 671,395	\$ 1,454,377
Total Assets	<u>1,508,475</u>	<u>617,297</u>	<u>671,395</u>	<u>1,454,377</u>
<b>Liabilities:</b>				
Customer Deposits	1,398,475	617,297	561,395	1,454,377
Due to other funds	<u>110,000</u>	<u>--</u>	<u>110,000</u>	<u>--</u>
Total Liabilities	\$ <u>1,508,475</u>	\$ <u>617,297</u>	\$ <u>671,395</u>	\$ <u>1,454,377</u>
<b>Real Property Trust Fund</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,080,350	\$ 2,526,768	\$ 1,940,568	\$ 4,666,550
Total Assets	<u>4,080,350</u>	<u>2,526,768</u>	<u>1,940,568</u>	<u>4,666,550</u>
<b>Liabilities:</b>				
Customer Deposits	<u>4,080,350</u>	<u>2,526,768</u>	<u>1,940,568</u>	<u>4,666,550</u>
Total Liabilities	\$ <u>4,080,350</u>	\$ <u>2,526,768</u>	\$ <u>1,940,568</u>	\$ <u>4,666,550</u>
<b>Total - All Agency Funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,324,244	\$ 13,099,658	\$ 12,497,910	\$ 6,925,992
Total Assets	<u>6,324,244</u>	<u>13,099,658</u>	<u>12,497,910</u>	<u>6,925,992</u>
<b>Liabilities:</b>				
Customer Deposits	5,478,825	3,144,065	2,501,963	6,120,927
Due to other funds	110,000	--	110,000	--
Due to other governments	<u>735,419</u>	<u>9,955,593</u>	<u>9,885,947</u>	<u>805,065</u>
Total Liabilities	\$ <u>6,324,244</u>	\$ <u>13,099,658</u>	\$ <u>12,497,910</u>	\$ <u>6,925,992</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, 2017**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
<b>Revenues:</b>						
<b>Taxes:</b>						
Utility franchise tax	\$ 3,942,000	\$ 3,942,000	\$ 3,610,262	\$ --	\$ 3,610,262	\$ (331,738)
Fuel tax	4,935,913	4,935,913	5,636,105	--	5,636,105	700,192
<b>Total Taxes</b>	<b>8,877,913</b>	<b>8,877,913</b>	<b>9,246,367</b>	<b>--</b>	<b>9,246,367</b>	<b>368,454</b>
<b>Licenses and Permits:</b>						
Motor vehicle weight tax	6,592,611	6,592,611	7,005,345	--	7,005,345	412,734
Interest	10,000	10,000	(4,358)	--	(4,358)	(14,358)
Intergovernmental revenues	25,000	25,000	27,809	--	27,809	2,809
Miscellaneous	500	500	675	--	675	175
<b>Total Revenues</b>	<b>15,506,024</b>	<b>15,506,024</b>	<b>16,275,838</b>	<b>--</b>	<b>16,275,838</b>	<b>769,814</b>
<b>Expenditures:</b>						
<b>Highways and Streets-Road Maintenance:</b>						
Administration	3,219,775	3,119,775	265,120	2,763,957	3,029,077	90,698
Administration - salaries and overtime	428,987	381,331	367,543	--	367,543	13,788
Hanapēpē baseyard	186,665	218,565	204,806	11,727	216,533	2,032
Hanapēpē baseyard - salaries and overtime	1,267,325	1,227,275	1,211,207	--	1,211,207	16,068
Kapa‘a baseyard	139,404	164,404	140,634	11,182	151,816	12,588
Kapa‘a baseyard - salaries and overtime	907,657	877,257	868,265	--	868,265	8,992
Hanalei baseyard	149,424	149,424	126,619	12,832	139,451	9,973
Hanalei baseyard - salaries and overtime	568,737	576,442	549,823	--	549,823	26,619
Road signs and marking	314,518	387,518	323,422	63,282	386,704	814
Road signs and marking - salaries and overtime	750,178	673,477	592,575	--	592,575	80,902
Auto maintenance and motor pool (AMMP)	1,613,585	1,620,586	960,699	114,468	1,075,167	545,419
AMMP - salaries and overtime	926,525	923,025	919,945	--	919,945	3,080
Maintenance - street lights	850,000	830,000	669,854	--	669,854	160,146
Equipment	63,315	56,315	28,129	--	28,129	28,186
Capital leases	1,097,641	1,097,640	355,610	550,564	906,174	191,466
Social security taxes	403,701	400,401	332,743	--	332,743	67,658
Public employees' health fund	541,246	542,046	491,733	--	491,733	50,313
Public employees' other post employment benefits	768,825	768,825	778,218	--	778,218	(9,393)
Workers' compensation	12	145,033	125,179	--	125,179	19,854
Unemployment compensation	7	7	--	--	--	7
Employees' retirement system	857,404	905,060	883,932	--	883,932	21,128
Collective bargaining raises	36,273	36,273	18,763	--	18,763	17,510
Vacation pay	1	426	426	--	426	--
Central services cost	1,000,000	1,000,000	1,000,000	--	1,000,000	--
Transportation agency	3,236,165	3,236,165	2,765,993	444,778	3,210,771	25,394
Highway administrative overhead	449,153	439,253	342,295	60,044	402,339	36,914
<b>Total Expenditures - Highways and Streets - Road Maintenance</b>	<b>19,776,523</b>	<b>19,776,523</b>	<b>14,323,533</b>	<b>4,032,834</b>	<b>18,356,367</b>	<b>1,420,156</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (4,270,499)	\$ (4,270,499)	\$ 1,952,305	\$ (4,032,834)	\$ (2,080,529)	\$ 2,189,970

**COUNTY OF KAUA'I, HAWAI'I  
HIGHWAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original	Final		Encumbrances	Non-GAAP	
	(Note A)					
Other Financing Sources (Uses)						
Transfers in	\$ 355,160	\$ 355,160	\$ 355,160	\$ --	\$ 355,160	\$ --
Transfers out	<u>(708,596)</u>	<u>(708,596)</u>	<u>(708,596)</u>	<u>--</u>	<u>(708,596)</u>	<u>--</u>
Total Other Financing Sources (Uses)	(353,436)	(353,436)	(353,436)	--	(353,436)	--
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures (Note C)	\$ <u>(4,623,935)</u>	\$ <u>(4,623,935)</u>	1,598,869	\$ <u>(4,032,834)</u>	\$ <u>(2,433,965)</u>	\$ <u>2,189,970</u>
Fund Balance - Beginning of Year July 1, 2016			<u>10,290,316</u>			
Fund Balance - End of Year June 30, 2017			\$ <u>11,889,185</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, 2017**

	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:						
Business licenses, alcoholic beverage, and liquor licenses	\$ 940,608	\$ 940,608	\$ 588,930	\$ --	\$ 588,930	\$ (351,678)
Interest	1,000	1,000	1,401	--	1,401	401
Miscellaneous	--	--	7,273	--	7,273	7,273
Total Revenues	<u>941,608</u>	<u>941,608</u>	<u>597,604</u>	<u>--</u>	<u>597,604</u>	<u>(344,004)</u>
Expenditures - Public Safety:						
Salaries and wages	512,119	512,119	417,097	--	417,097	95,022
Social security taxes	36,446	36,446	31,139	--	31,139	5,307
Public employees' health fund	39,365	39,365	29,484	--	29,484	9,881
Workers' compensation	10,001	10,001	--	--	--	10,001
Unemployment compensation	5,000	5,000	--	--	--	5,000
Employees' retirement system	77,418	77,418	67,594	--	67,594	9,824
Employees' other post employment benefits	94,093	94,093	81,557	--	81,557	12,536
Other expenses	140,736	140,736	56,788	10,705	67,493	73,243
Equipment	1	1	--	--	--	1
Travel	109,929	116,079	62,221	--	62,221	53,858
Indirect cost	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>--</u>	<u>125,000</u>	<u>--</u>
Total Expenditures - Public Safety	<u>1,150,108</u>	<u>1,156,258</u>	<u>870,880</u>	<u>10,705</u>	<u>881,585</u>	<u>274,673</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(208,500)</u>	\$ <u>(214,650)</u>	(273,276)	\$ <u>(10,705)</u>	\$ <u>(283,981)</u>	\$ <u>(69,331)</u>
Fund Balance - Beginning of Year July 1, 2016			<u>1,023,082</u>			
Fund Balance - End of Year June 30, 2017			\$ <u>749,806</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, 2017**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Licenses and permits	\$ 340,000	\$ 340,000	\$ 375,044	\$ --	\$ 375,044	\$ 35,044
Total Revenues	340,000	340,000	375,044	--	375,044	35,044
Expenditures - Highways and Streets:						
Disposal of abandoned vehicles	300,000	300,000	300,000	--	300,000	--
Beautification projects	102,660	102,660	--	--	--	102,660
Total Expenditures - Highways and Streets	402,660	402,660	300,000	--	300,000	102,660
Excess (Deficiency) of Revenues						
Over (Under) Expenditures (Note C)	\$ (62,660)	\$ (62,660)	75,044	\$ --	\$ 75,044	\$ 137,704
Fund Balance - Beginning of Year July 1, 2016			613,002			
Fund Balance - End of Year June 30, 2017			\$ 688,046			

- 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, 2017**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 1,475	\$ --	\$ 1,475	\$ 1,475
Miscellaneous	10,000	10,000	7,760	--	7,760	(2,240)
Total Revenues	10,000	10,000	9,235	--	9,235	(765)
Expenditures - Public Safety:						
Police special fund	111,365	111,365	105,867	--	105,867	5,498
Total Expenditures - Public Safety	111,365	111,365	105,867	--	105,867	5,498
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	(101,365)	(101,365)	(96,632)	--	(96,632)	4,733
Fund Balance - Beginning of Year July 1, 2016			571,624			
Fund Balance - End of Year June 30, 2017			\$ 474,992			

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

**COUNTY OF KAUA'I, HAWAI'I**  
**PUBLIC ACCESS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 39,528	\$ --	\$ 39,528	\$ 39,528
Total Revenues	<u>    --</u>	<u>    --</u>	<u>  39,528</u>	<u>    --</u>	<u>  39,528</u>	<u>  39,528</u>
Expenditures - General Government						
Special Projects	<u>  655,747</u>	<u>  811,310</u>	<u>   98,273</u>	<u>   66,710</u>	<u>  164,983</u>	<u>  646,327</u>
Total Expenditures - General Government	<u>  655,747</u>	<u>  811,310</u>	<u>   98,273</u>	<u>   66,710</u>	<u>  164,983</u>	<u>  646,327</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>  (655,747)</u>	<u>  (811,310)</u>	<u>  (58,745)</u>	<u>  (66,710)</u>	<u>  (125,455)</u>	<u>  685,855</u>
Other Financing Sources (Uses)						
Transfers In	<u>  595,747</u>	<u>  595,747</u>	<u>  595,747</u>	<u>    --</u>	<u>  595,747</u>	<u>    --</u>
Total Other Financing Sources (Uses)	<u>  595,747</u>	<u>  595,747</u>	<u>  595,747</u>	<u>    --</u>	<u>  595,747</u>	<u>    --</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ <u>  (60,000)</u>	\$ <u>  (215,563)</u>	537,002	\$ <u>  (66,710)</u>	\$ <u>  470,292</u>	\$ <u>  685,855</u>
Fund Balance - Beginning of Year July 1, 2016			<u>  5,479,691</u>			
Fund Balance - End of Year June 30, 2017			\$ <u>  6,016,693</u>			

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

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

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

**COUNTY OF KAUA'I, HAWAI'I**  
**PARKS AND PLAYGROUND CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest		\$ --	\$ 20,956	\$ --	\$ --	\$ --	\$ --
Other revenues		--	42,392	--	--	--	--
Total Revenues		--	63,348	--	--	--	--
<b>Expenditures:</b>							
<b>Waimea District:</b>							
Waimea Pool Roof	R14006	--	30	30	1,384	8,817	7,403
Kato Park Comfort Station	R14011	--	--	--	50,000	50,000	--
Total Waimea District		--	30	30	51,384	58,817	7,403
<b>Kōloa District:</b>							
Park Improvements and Equipment	W93086	329,662	--	329,662	112,461	442,123	--
Park Improvement Grant, Kōloa District	W96087	68,887	11,000	79,887	--	90,887	11,000
Kalawai Basketball Court/Tennis Court	R15104	--	--	--	--	200,000	200,000
Kalaheo Gym Improvements	R15105	22,450	--	22,450	126,983	150,000	567
Kalawai Park Lighting	R15107	290,732	--	290,732	--	300,000	9,268
Koloa Parking Lot/Playground	R15108	--	--	--	--	250,000	250,000
Po'ipū Phase II	R15109	--	--	--	66,473	66,473	--
Total Kōloa District		711,731	11,000	722,731	305,917	1,499,483	470,835
<b>Līhu'e District:</b>							
Park Improvements and Equipment	W93100	308,653	--	308,653	--	322,137	13,484
Park Improvement Grant, Līhu'e District	W96102	28,385	--	28,385	--	87,686	59,301
Lihue Stadium Baseball Improvements	R13013	14,216	207,450	221,666	323,009	923,000	378,325
Total Līhu'e District		351,254	207,450	558,704	323,009	1,332,823	451,110
<b>Kawaihau District:</b>							
Park Improvements and Equipment	W93116	366,142	--	366,142	2,910	450,840	81,788
Park Improvement Grant, Kawaihau District	W96118	30,755	--	30,755	--	60,755	30,000
Kapaa Stadium Improvements	R10010	--	41,868	41,868	107,363	150,000	769
Anahola Clubhouse Parking Lot	R13011	--	--	--	--	30,000	30,000
Kapaa Soccer Field	R14009	174,787	62,493	237,280	62,720	300,000	--
Anahola Park Lighting	R15110	32,205	--	32,205	--	33,272	1,067
Kapahi/BJBSC Comfort Station	R15112	60	--	60	--	50,000	49,940
Wailua Homestead Lighting	R15113	62,878	--	62,878	--	65,000	2,122

**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, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Wailua Houselots Lighting	R15114	\$ 193,617	\$ --	\$ 193,617	\$ --	\$ 200,000	\$ 6,383
Wailua Playground Equipment	R16003	--	30,755	30,755	--	50,000	19,245
Total Kawaihau District		<u>860,444</u>	<u>135,116</u>	<u>995,560</u>	<u>172,993</u>	<u>1,389,867</u>	<u>221,314</u>
Hanalei District:							
Hanalei Courthouse ADA Improv/Septic System	R09003	68,044	613,117	681,161	136,602	817,763	--
Park Improvements & Equipment	W93383	214,342	274,454	488,796	25,856	534,455	19,803
Park Improvement Grant, Hanalei District	W96134	5,900	--	5,900	--	35,750	29,850
Black Pot Restroom Improvements	R14001	131,395	--	131,395	--	131,595	200
Black Pot Master	R14004	131,173	125,918	257,091	42,909	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>550,854</u>	<u>1,049,909</u>	<u>1,600,763</u>	<u>205,367</u>	<u>2,119,563</u>	<u>313,433</u>
Total Expenditures		<u>\$ 2,474,283</u>	<u>1,403,505</u>	<u>\$ 3,877,788</u>	<u>\$ 1,058,670</u>	<u>\$ 6,400,553</u>	<u>\$ 1,464,095</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,340,157)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(1,340,157)				
Fund Balance - Beginning of Year, July 1, 2016			<u>4,856,894</u>				
Fund Balance - End of Year, June 30, 2017			<u>\$ 3,516,737</u>				

**COUNTY OF KAUAI, HAWAII**  
**SEWER TRUST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Facilities Reserve	W04398	1,559,158	73,999	1,633,157	--	1,633,157	--
Islandwide Scada System	W10015	356,367	8,662	365,029	--	365,029	--
Kuhio Hwy. Hanamaulu	W14008	58,136	87,259	145,395	104,605	250,000	--
Total Expenditures		<u>\$ 1,973,661</u>	<u>169,920</u>	<u>\$ 2,143,581</u>	<u>\$ 104,605</u>	<u>\$ 2,248,186</u>	<u>\$ --</u>
Excess (Deficiency) of Revenues Over							
(Under) Expenditures				(169,920)			
Other Financing Sources:							
Transfers in				--			
Excess (Deficiency) of Revenue and Other Financing							
Sources Over (Under) Expenditures and Other							
Financing Uses				(169,920)			
Fund Balance - Beginning of Year, July 1, 2016				<u>354,308</u>			
Fund Balance - End of Year, June 30, 2017				<u>\$ 184,388</u>			

**COUNTY OF KAUA'I, HAWAI'I**  
**DEVELOPMENT CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ 3,820	\$ --	\$ --	\$ --	\$ --
Other revenues		--	120,349	--	--	--	--
Total Revenues		--	124,169	--	--	--	--
Expenditures:							
Wailua/Waipouli Hist. Pgm	D16064	40,000	--	40,000	--	50,000	10,000
Wailua Area Moku/Ahu Sign	D16065	40,000	--	40,000	--	50,000	10,000
Wailua Area Bus Stop	T16100	--	--	--	--	10,000	10,000
Project Contingency	W08002	--	--	--	--	35,568	35,568
Dev-Koloa/Poipu Inter Imp	W16009	--	--	--	--	10,500	10,500
Koloa/Poipu Inter Imp	Z15105	--	--	--	--	6,500	6,500
Total Expenditures		\$ 80,000	--	\$ 80,000	\$ --	\$ 162,568	\$ 82,568
Excess (Deficiency) of Revenues Over (Under) Expenditures			124,169				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			124,169				
Fund Balance - Beginning of Year, July 1, 2016			2,297,297				
Fund Balance - End of Year, June 30, 2017			\$ 2,421,466				

**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, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Licenses and permits		\$ --	\$ 5,190	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>5,190</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
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>\$ 70,208</u>	<u>24,995</u>	<u>\$ 95,203</u>	<u>\$ --</u>	<u>\$ 147,785</u>	<u>\$ 52,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(19,805)				
Other Financing Sources:							
Transfers in			<u>--</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(19,805)				
Fund Balance - Beginning of Year, July 1, 2016			<u>290,359</u>				
Fund Balance - End of Year, June 30, 2017			<u>\$ 270,554</u>				

**COUNTY OF KAUAI, HAWAII**  
**HIGHWAY CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	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	91,849	160,706	252,555	42,752	389,153	93,846
Northern Leg Kōloa Western Bypass Road FHWA	W07007	41,625	--	41,625	--	41,642	17
Resurfacing Various Collector Roads FHWA	W07008	181,775	56,565	238,340	5,876	284,443	40,227
Pu'uopae Bridge-Design (County Match)	W10003	86,011	1,200	87,211	7,312	780,000	685,477
Puhi Road Construction Match	W12010	18,628	267,635	286,263	85,823	391,711	19,625
Hanapēpē Road	W12067	26,551	1,581	28,132	5,426	50,000	16,442
Hanapēpē Bridge Ped	W12069	63	--	63	--	24,511	24,448
Comprehensive Road Maintenance Plan	W13011	194,622	6,808	201,430	58,570	260,000	--
Hanapepe Moi Road Pedestrian Safety Impv.	W17000	--	--	--	--	135,000	135,000
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>996,932</u>	<u>494,495</u>	\$ <u>1,491,427</u>	\$ <u>206,088</u>	\$ <u>2,782,875</u>	\$ <u>1,085,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(494,495)				
<b>Other Financing Sources:</b>							
Transfers in			<u>708,596</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			214,101				
Fund Balance - Beginning of Year, July 1, 2016			<u>1,077,347</u>				
Fund Balance - End of Year, June 30, 2017			\$ <u>1,291,448</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, 2017**

	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>							
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	--
Ho'oloakahi Waimea Distr	R16002	--	30,000	30,000	--	30,000	--
Civic Center Improvements	W00225	2,150,477	--	2,150,477	--	2,150,600	123
Regional Park Improvement	W06041	57,952	2,542	60,494	792	81,527	20,241
Neighborhood Centers Improvements	W07013	84,550	10,340	94,890	--	149,378	54,488
Kapaia Swinging Bridge	W07022	224,850	7,797	232,647	--	234,597	1,950
Habitat Conservation Plan	W08012	140,261	23,148	163,409	25,413	230,000	41,178
Aliomanu Road Revetment (Planning/Permits)	W08016	232,129	8,317	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	290,422	2,321	292,743	--	332,000	39,257
Host Community Benefits-Kekaha	W09012	1,274,112	231,774	1,505,886	--	1,804,157	298,271
Adolescent Drug Treatment Center	W10017	159,525	208,857	368,382	131,618	500,000	--
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	39,552	15,257
Kōloa Safe	W12065	12,289	--	12,289	39	12,328	--
CFD Complete Streets projects in Kōloa/Po'ipū Area	W13014	--	357	357	--	333,528	333,171
Kekaha Landfill Gas Collection System	W16005	--	--	--	--	--	--
Police Training Building KPAL	W16010	--	39,900	39,900	30,100	300,000	230,000

**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, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Lihue WWTP Improvements Phase II	W17001	\$ --	\$ --	\$ --	\$ --	\$ 470,000	\$ 470,000
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
Kapa'a Development Plan	Z10002	--	--	--	150,000	150,000	--
Total Expenditures		\$ <u>4,936,958</u>	<u>595,680</u>	\$ <u>5,532,638</u>	\$ <u>779,630</u>	\$ <u>7,938,189</u>	\$ <u>1,625,921</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(595,680)				
Other Financing Sources:							
Transfers In			674,007				
Transfers Out			<u>(5,000,000)</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(4,921,673)				
Fund Balance - Beginning of Year, July 1, 2016			<u>7,455,825</u>				
Fund Balance - End of Year, June 30, 2017			\$ <u>2,534,152</u>				

**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, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest		\$ --	\$ 46,535	\$ --	\$ --	\$ --	\$ --
Bond subsidies		--	1,014,633	--	--	--	--
Total Revenues		--	1,061,168	--	--	--	--
<b>Expenditures:</b>							
Alternative Energy Projects	D10106	922,148	74,237	996,385	238,415	1,254,861	20,061
KFD Helicopter Hanger	F14001	--	33,900	33,900	111,033	380,000	235,067
Affordable Housing	H13001	250,463	23,085	273,548	--	273,548	--
KPD Kapaa Substation	P14001	67,652	--	67,652	--	83,910	16,258
Lighting Retrofit	R08039	557,833	27,428	585,261	--	585,261	--
Veterans Cemetery Upgrade	R10013	145,616	6,390	152,006	11,071	551,274	388,197
Park ADA Bleachers Replacement	R10016	268,228	625,161	893,389	6,610	899,999	--
Salt Pond Beach Park Facility Improvements	R12002	--	--	--	--	73,000	73,000
Vidinha Stadium Track & Field Improvements	R12037	10,269	--	10,269	--	100,000	89,731
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
Līhu'e Baseball Improvements	R13A13	74,571	--	74,571	--	77,000	2,429
Kapaa Pool RR Recon	R14002	340,336	--	340,336	--	420,336	80,000
Waimea Pool Roof Replacement	R14003	--	--	--	--	41,183	41,183
Hanapepe Tennis Lighting	R14007	175,650	--	175,650	--	180,000	4,350
Hanapepe Stadium ADA	R14010	--	--	--	59,828	59,828	--
Anahola Park Lights	R15100	30,672	--	30,672	--	31,728	1,056
Kaumakani Gym Improvements	R15102	46,000	790	46,790	--	65,000	18,210
Comfort Station Improvements	R15116	102,551	107,385	209,936	--	210,000	64
Islandwide Pool Restoration	R16000	--	--	--	--	150,000	150,000
Salt Pond Beach Park	R16001	--	--	--	--	50,000	50,000
Hanapepe Stadium Improvements	R17001	--	61,719	61,719	--	100,000	38,281
Sheltered Bus Stops	T12A00	--	--	--	--	12,000	12,000

**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, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Sheltered Bus Stops	T12100	\$ 366,770	\$ 241,300	\$ 608,070	\$ --	\$ 653,178	\$ 45,108
KWMCH Improvements	W02226	321,357	1,654	323,011	--	665,616	342,605
Kekaha Gardens Park	W06A44	336,587	24,907	361,494	--	380,210	18,716
Historic County Bldg and Līhu'e Civic Ctr Improv	W06029	443,106	8,318	451,424	--	453,690	2,266
Regional Parks Improvements	W06041	1,090,773	5,045	1,095,818	4,182	1,100,000	--
Līhu'e Stadium Baseball Field Improvements	W06043	803,147	26,261	829,408	--	843,042	13,634
Kekaha Gardens Park	W06044	897,269	--	897,269	5,907	903,176	--
Puu Road Improvements	W07014	82,000	17,000	99,000	1,000	111,325	11,325
ADA Projects Bldg Fac	W08007	779,318	--	779,318	--	779,472	154
Aliomanu Rd. Revent (Planning/Permits)	W08016	11	8,775	8,786	101	8,887	--
Hanapēpē & Waimea Levees (Irrigation/Erosion Ctrl)	W08037	70,365	84,000	154,365	--	154,385	20
Kanaele Rd Stabilization	W09005	90,225	20,980	111,205	129,045	290,550	50,300
Hanapēpē Bridge Walkway	W09007	13,033	16	13,049	--	111,958	98,909
Twin Reserve EQ	W10A46	--	--	--	7,736	10,000	2,264
Opaekaa Bridge-Design	W10002	82,452	32	82,484	17,505	100,000	11
Piikoi Building Renovation	W10011	2,419,843	3,924	2,423,767	5,233	2,429,000	--
Waimea Police Sub-Station	W10012	--	--	--	--	50,000	50,000
Wailua WWT P Improvements/Renovation	W10014	543,540	48,139	591,679	590,413	1,200,000	17,908
Island Wide SCADA System Construction	W10015	4,739,509	142,372	4,881,881	68,119	4,950,000	--
Ele'ele WWT P Improvements/Renovation	W10016	863,589	2,240	865,829	27,671	893,500	--
ADA Access Barrier Removal	W10022	921,558	44,130	965,688	34,312	1,000,000	--
Rice Street Crossing Improvements	W10032	11,047	391	11,438	--	157,534	146,096
New Landfill Site Acquisition	W10037	2,109,618	121,185	2,230,803	255,532	2,489,677	3,342
Kekaha Landfill Phase II Closure	W10039	371,237	--	371,237	4,038	400,000	24,725
Safe Route Kawaihau	W10045	89,290	48,710	138,000	--	263,000	125,000
Twin Reserve EQ	W10046	--	--	--	100,000	100,000	--
CIP Management System	W10051	170,002	--	170,002	7,623	180,000	2,375
Puhi Road Construction Match	W12A10	--	216,508	216,508	--	243,261	26,753
Līhu'e Development Plan	W12008	819,604	--	819,604	--	820,000	396
Puhi Road Construction Phase I (County Match)	W12010	35,060	224,890	259,950	268	261,998	1,780
Kōloa Fire Station Improvements	W12012	--	--	--	--	200,000	200,000

**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, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kalāheo Fire Station Improvements	W12013	\$ --	\$ --	\$ --	\$ --	\$ 200,000	\$ 200,000
Hardy Street Improvements	W12020	1,663,217	23,142	1,686,359	24,175	1,750,580	40,046
Piikoi Interior II	W12053	355,064	54,118	409,182	432,349	864,579	23,048
Kekaha Landfill Lateral Expansion II	W12054	511,644	36,352	547,996	44,478	592,474	--
Moana Kai Seawall Construction	W12055	878,700	106,368	985,068	--	987,712	2,644
Coco Palms STP	W12057	565,935	9,065	575,000	12,000	587,000	--
Koloa Road Safety Improvements	W12065	66,219	19,904	86,123	121	92,000	5,756
Material Recovery Facility (MRF)	W13001	248,012	--	248,012	5,995	500,000	245,993
Aliomanu Road	W13004	55,408	78,467	133,875	183,392	317,880	613
Auto Shop Improvements	W13005	--	--	--	--	400,000	400,000
Fuel Management System	W13007	124,816	--	124,816	--	195,000	70,184
NPDES Compliance	W13010	98,900	77,708	176,608	--	185,000	8,392
Anini Bridge	W14001	--	78,714	78,714	539,925	650,000	31,361
Wailana Bridge No.2 Pedestrian Walkway Replacemer	W14004	196,628	48,372	245,000	--	245,000	--
Salt Pond Wastewater Improvements	W14005	37,351	98,635	135,986	24,978	300,000	139,036
Waa Road Drainage Study	W14006	--	--	--	--	100,000	100,000
Complete Street Safety Improvements/Traffic Mitigatior	W14009	40,866	--	40,866	--	150,000	109,134
Kapahi Bridge Replacement	W14011	40,378	79,457	119,835	3,310	132,851	9,706
Waimea R-1 H2O Distribution System Improvements	W14078	153,297	24,894	178,191	265	209,450	30,994
Fuel Tanks Hanalei	W151A1	--	16,051	16,051	--	16,051	--
Eiwa Street (Mall)	W15100	106,512	77,310	183,822	97,694	300,000	18,484
Fuel Tanks Hanalei	W15101	137,999	24,050	162,049	--	173,415	11,366
Niumalu Bridge Replacement	W15104	--	--	--	--	50,000	50,000
RPA Counter Renovation	W15105	--	--	--	--	40,000	40,000
Wailua Zone of Mix	W15106	446,380	53,620	500,000	--	500,000	--
Kapaa Transportation Improvements	W16A00	--	--	--	--	71,050	71,050
Moana Kai Seawall	W16A02	16,118	--	16,118	--	84,242	68,124
Puhi Road Phase II Match	W16A04	--	--	--	--	20,000	20,000
Kapaa Transportation Improvements	W16000	--	--	--	--	127,000	127,000
Moana Kai Seawall	W16002	1,606,377	12,812	1,619,189	--	1,813,132	193,943
Puhi Road Phase II Match	W16004	12,507	14,493	27,000	14,873	50,000	8,127

**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, 2017**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Fuel Tanks Hanalei	W16101	\$ --	\$ 40,000	\$ 40,000	\$ --	\$ 40,000	\$ --
TIGER Grant Project (County Match)	W17TGR	--	428	428	--	2,000,000	1,999,572
Coco Palms STP	W17002	--	--	--	100,000	100,000	--
Fuel Tanks Hanapepe Baseyard	W17004	--	--	--	--	350,000	350,000
Wailana Bridge No. 2 Pedestrian Walkway	W17006	--	--	--	--	125,000	125,000
Biennial Bridge Inspections (County Match)	W96A88	--	6,123	6,123	15,877	22,000	--
Biennial Bridge Inspections (County Match)	W96388	21,275	--	21,275	1,040	25,000	2,685
Payroll/Personnel System	X10001	189,437	9,464	198,901	55,350	395,000	140,749
Planning, Zoning/Engineering System	X10002	3,841	--	3,841	--	74,428	70,587
IT Infrastructure Improvements	X10006	552,865	220,988	773,853	--	778,000	4,147
Document Imaging Program (Finance-IT) Multi Phase	X10008	41,710	--	41,710	--	178,531	136,821
800 MHZ Radio System Upgrade Phase II	X14001	2,992,232	(27,257)	2,964,975	--	3,000,000	35,025
Cashiering System	X15100	--	151,160	151,160	28,840	180,000	--
General Plan Update	Z12003	316,065	182,753	498,818	104,249	603,067	--
East Kauai Development Plan	Z13003	49,716	--	49,716	--	49,843	127
North Shore & Poipu Transit Corridor Study	Z14002	153,315	8,754	162,069	2,211	200,000	35,720
Historic Rice St DV	Z15100	70,000	--	70,000	--	70,000	--
Total Expenditures		\$ 33,295,483	3,776,817	\$ 37,072,300	\$ 3,401,764	\$ 47,902,672	\$ 7,428,608
Excess (Deficiency) of Revenues Over (Under) Expenditures			(2,715,649)				
Other Financing Sources:							
Transfers out			(1,040,024)				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(3,755,673)				
Fund Balance - Beginning of Year, July 1, 2016			16,748,720				
Fund Balance - End of Year, June 30, 2017			\$ 12,993,047				

**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, 2017**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
	Revenues:					
Rents and Concessions:						
Pa'anau housing project	\$ 594,050	\$ 594,050	\$ 613,000	\$ --	\$ 613,000	\$ 18,950
Kalepa housing project	1,056,700	1,056,700	1,107,750	--	1,107,750	51,050
Other revenues	375,000	375,000	400,531	--	400,531	25,531
Total Revenues	<u>2,025,750</u>	<u>2,025,750</u>	<u>2,121,281</u>	<u>--</u>	<u>2,121,281</u>	<u>95,531</u>
Expenditures - Public Welfare:						
Revolving buy back account	634,129	831,129	392,425	120,107	512,532	318,597
Kalepa housing operating cost	1,331,531	1,331,531	910,592	128,228	1,038,820	292,711
Pa'anau housing operating cost	1,088,671	1,088,671	756,447	40,527	796,974	291,697
Total Expenditures	<u>3,054,331</u>	<u>3,251,331</u>	<u>2,059,464</u>	<u>288,862</u>	<u>2,348,326</u>	<u>903,005</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ <u>(1,028,581)</u>	\$ <u>(1,225,581)</u>	61,817	\$ <u>(288,862)</u>	\$ <u>(227,045)</u>	\$ <u>998,536</u>
Fund Balance - Beginning of Year July 1, 2016			<u>10,170,884</u>			
Fund Balance - End of Year June 30, 2017			\$ <u>10,232,701</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, 2017**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Revenues:						
Interest	\$ 47,000	\$ 47,000	\$ 38,373	\$ --	\$ 38,373	\$ (8,627)
Charges for Services:						
Sewer Charges:						
Residential	3,513,840	3,513,840	3,333,287	--	3,333,287	(180,553)
Commercial	5,490,375	5,490,375	5,911,707	--	5,911,707	421,332
Connection charge	--	--	972	--	972	972
Sludge disposal	200,000	200,000	248,249	--	248,249	48,249
Capacity assessment	185,000	185,000	604,890	--	604,890	419,890
Total Revenues	<u>9,436,215</u>	<u>9,436,215</u>	<u>10,137,478</u>	<u>--</u>	<u>10,137,478</u>	<u>701,263</u>
Other Financing Sources (Uses):						
Transfers out	(698,026)	(698,026)	(698,026)	--	(698,026)	--
Operating transfers from General Fund	245,813	245,813	245,813	--	245,813	--
Total Other Financing Sources (Uses)	<u>(452,213)</u>	<u>(452,213)</u>	<u>(452,213)</u>	<u>--</u>	<u>(452,213)</u>	<u>--</u>
 Total Revenues and Other Financing Sources (Uses)	<u>8,984,002</u>	<u>8,984,002</u>	<u>9,685,265</u>	<u>--</u>	<u>9,685,265</u>	<u>701,263</u>
Expenditures - Sanitation:						
Sanitation and Waste Removal:						
Salaries, including overtime	2,547,338	2,445,686	2,301,389	--	2,301,389	144,297
Vacation credit payout	1	48,603	48,346	--	48,346	257
Operational and administrative	2,135,128	2,185,178	2,090,390	35,624	2,126,014	59,164
Central services cost	500,000	500,000	500,000	--	500,000	--
Capital costs	246,754	246,755	155,448	74,517	229,965	16,790
SRF loan payments	1,673,095	1,723,789	1,718,434	--	1,718,434	5,355
FICA taxes	192,996	192,996	167,750	--	167,750	25,246
Public employees' health fund	209,462	209,462	181,609	--	181,609	27,853
Workers' compensation	2	43,002	36,979	--	36,979	6,023
Unemployment compensation	1	5,001	1,561	--	1,561	3,440
Pension contributions	409,960	409,960	365,523	--	365,523	44,437
Other employee benefits	1	1	--	--	--	1
Public employees' other post-employment benefit	498,259	498,259	463,998	--	463,998	34,261
Repair and maintenance reserve	3,056,724	2,961,029	1,742,033	999,742	2,741,775	219,254
Total Expenditures - Sanitation	<u>11,469,721</u>	<u>11,469,721</u>	<u>9,773,460</u>	<u>1,109,883</u>	<u>10,883,343</u>	<u>586,378</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures (Note C)	\$ <u>(2,485,719)</u>	\$ <u>(2,485,719)</u>	(88,195)	\$ <u>(1,109,883)</u>	\$ <u>(1,198,078)</u>	\$ <u>1,287,641</u>
Fund Balance - Beginning of Year July 1, 2016						<u>5,486,677</u>
Fund Balance - End of Year June 30, 2017						\$ <u>5,398,482</u>

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

**COUNTY OF KAUA'I, HAWAI'I**  
**GOLF ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
<b>Revenues:</b>						
Rents and Concessions:						
Food and beverage	\$ 10,800	\$ 10,800	\$ 16,400	\$ --	\$ 16,400	\$ 5,600
Pro shop	26,400	26,400	26,400	--	26,400	--
Range balls	--	--	--	--	--	--
Golf carts	144,000	144,000	153,580	--	153,580	9,580
Other	--	--	2,955	--	2,955	2,955
Charges for Services:						
Green fees and locker fees	1,032,400	1,032,400	993,919	--	993,919	(38,481)
Total Revenues	<u>1,213,600</u>	<u>1,213,600</u>	<u>1,193,254</u>	<u>--</u>	<u>1,193,254</u>	<u>(20,346)</u>
<b>Other Financing Sources:</b>						
Operating transfers from General Fund	1,246,363	1,246,363	1,246,363	--	1,246,363	--
Total Revenues and Other Financing Sources	<u>2,459,963</u>	<u>2,459,963</u>	<u>2,439,617</u>	<u>--</u>	<u>2,439,617</u>	<u>(20,346)</u>
<b>Expenditures - Culture and Recreation:</b>						
Operational and administrative	473,524	436,627	405,265	31,004	436,269	358
Salaries and overtime	954,245	938,298	938,295	--	938,295	3
Central services cost	130,000	130,000	130,000	--	130,000	--
Equipment	305,524	298,127	197,732	100,394	298,126	1
Debt service payments	194,000	194,000	194,000	--	194,000	--
FICA taxes	73,000	63,986	63,985	--	63,985	1
Public employees' health fund	151,320	147,001	147,001	--	147,001	--
Workers' compensation	2	60,840	60,836	--	60,836	4
Unemployment compensation	1,967	--	--	--	--	--
Public employees' other post-employment benefit	186,449	193,868	193,868	--	193,868	--
Pension contributions	153,407	160,690	160,690	--	160,690	--
Total Expenditures - Culture and Recreation	<u>2,623,438</u>	<u>2,623,437</u>	<u>2,491,672</u>	<u>131,398</u>	<u>2,623,070</u>	<u>367</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ <u>(163,475)</u>	\$ <u>(163,474)</u>	(52,055)	\$ <u>(131,398)</u>	\$ <u>(183,453)</u>	\$ <u>(19,979)</u>
Fund Balance - Beginning of Year July 1, 2016			424,894			
Fund Balance - End of Year June 30, 2017			\$ <u>372,839</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, 2017**

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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<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed.	136
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	143
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	149
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	152
Operating Information These schedules contain service, and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	154

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 445,809,943	\$ 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
Restricted	22,805,523	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669	14,439,009	8,533,459
Unrestricted (2)	<u>51,559,176</u>	<u>50,751,859</u>	<u>67,639,803</u>	<u>65,401,348</u>	<u>51,887,401</u>	<u>23,645,923</u>	<u>9,720,128</u>	<u>(136,593,717)</u>	<u>(132,390,722)</u>	<u>(124,822,714)</u>
Total Governmental Activities Net Position	<u>520,174,642</u>	<u>531,554,316</u>	<u>542,067,435</u>	<u>536,940,167</u>	<u>516,764,276</u>	<u>493,487,776</u>	<u>476,345,231</u>	<u>320,937,476</u>	<u>320,230,157</u>	<u>322,926,121</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	40,730,017	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041	74,780,858	74,662,355
Restricted	209,537	212,528	215,791	347,335	354,625	353,600	351,925	356,210	362,635	356,730
Unrestricted (2)	<u>5,547,964</u>	<u>3,569,272</u>	<u>5,013,888</u>	<u>8,124,987</u>	<u>9,611,655</u>	<u>8,749,372</u>	<u>8,768,640</u>	<u>1,457,020</u>	<u>6,926,493</u> (1)	<u>4,839,888</u>
Total Business-type Activities Net Position	<u>46,487,518</u>	<u>49,164,970</u>	<u>54,139,922</u>	<u>65,995,189</u>	<u>70,764,377</u>	<u>70,822,179</u>	<u>77,097,543</u>	<u>79,423,271</u>	<u>82,069,986</u> (1)	<u>79,858,973</u>
<b>Primary Government:</b>										
Net investment in capital assets	486,539,960	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
Restricted	23,015,060	26,602,037	22,396,975	18,693,372	8,177,879	11,641,370	12,415,092	10,533,879	14,801,644	8,890,189
Unrestricted (2)	<u>57,107,140</u>	<u>54,321,131</u>	<u>72,653,691</u>	<u>73,526,335</u>	<u>61,499,056</u>	<u>32,395,295</u>	<u>18,488,768</u>	<u>(135,136,697)</u>	<u>(125,464,229)</u> (1)	<u>(119,982,826)</u>
Total Primary Government Activities Net Position	<u>\$ 566,662,160</u>	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 564,309,955</u>	<u>\$ 553,442,774</u>	<u>\$ 400,360,747</u>	<u>\$ 402,300,143</u> (1)	<u>\$ 402,785,094</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*.

Source: Department of Finance

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

**TABLE 1A**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses (2):</b>										
<b>Governmental Activities:</b>										
General government	\$ 39,970,949	\$ 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
Public safety	35,333,479	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
Public works	10,500,645	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
Highways and streets	17,545,423	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
Sanitation	10,938,661	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
Culture and recreation	9,227,909	9,028,393	9,747,006	9,924,470	10,428,386	10,791,475	13,070,021	12,560,842	12,635,604	19,895,665
Public welfare	15,983,791	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
Unallocated interest	3,793,059	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
Total Governmental Activities Expenses	143,293,916	154,859,563	147,207,694	155,816,010	171,703,228	186,689,047	184,156,230	184,225,733	192,130,011	200,209,971
<b>Business-type Activities:</b>										
Housing	2,358,951	1,805,736	2,360,921	2,371,254	2,178,940	2,352,640	1,889,266	2,170,580	2,486,232	2,842,953
Sewer	10,450,804	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
Golf	2,243,034	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
Total Business-type Activities Expenses	15,052,789	16,233,371	12,650,289	12,379,342	12,650,670	18,063,187	12,992,902	13,992,344	14,367,791 (1)	17,098,414
Total Primary Government Expenses	158,346,705	171,092,934	159,857,983	168,195,352	184,353,898	204,752,234	197,149,132	198,218,077	206,497,802 (1)	217,308,385
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for services:</b>										
General government	1,760,668	1,255,167	1,213,635	1,902,063	2,145,731	3,768,037	3,032,176	6,925,672	6,456,304	6,047,464
Public safety	945,431	879,348	1,320,474	955,145	752,086	1,036,661	1,088,528	976,639	1,059,842	603,963
Public works	2,498,430	3,154,590	1,892,223	1,535,271	1,356,060	1,410,220	1,903,747	413,159	432,238	370,243
Highways and streets	4,805,717	4,590,571	4,502,931	4,535,351	4,562,679	4,613,966	4,742,390	5,680,943	6,914,101	7,006,020
Sanitation	3,750,820	3,354,320	3,297,724	3,424,598	6,088,478	6,563,506	6,500,940	8,037,799	8,838,362	8,923,679
Culture and recreation	1,927,764	963,309	3,125,628	1,977,972	691,632	672,755	558,611	886,203	691,189	692,092
Public welfare	358,192	717,163	856,836	1,039,600	1,341,366	1,427,164	1,240,109	264,652	282,196	674,476
Operating grants and contributions	17,988,403	22,839,142	22,895,230	27,062,804	22,721,365	19,892,834	23,894,202	21,787,905	17,719,967	20,154,402
Capital grants and contributions	8,236,100	8,234,214	3,475,234	2,246,061	9,325,678	13,937,055	3,730,118	5,696,219	6,273,146	10,609,093
Total Governmental Activities Program Revenues	42,271,525	45,987,824	42,579,915	44,678,865	48,985,075	53,322,198	46,690,821	50,669,191	48,667,345	55,081,432
<b>Business-type Activities:</b>										
<b>Charges for services:</b>										
Housing	2,045,264	1,287,720	1,856,832	2,374,889	1,791,502	1,749,444	1,665,781	2,285,109	2,444,866	2,089,316
Sewer	6,917,012	6,134,764	6,235,984	6,661,118	7,030,940	8,854,282	8,401,285	9,586,721	9,545,888	9,532,589
Golf	1,486,256	1,393,469	1,574,515	1,283,586	1,203,219	1,171,155	1,131,791	1,142,667	1,210,762	1,193,254
Capital grants and contributions	4,722,536	8,978,609	1,016,676	476,403	6,496,784	5,711,909	5,698,224	7,954,930	1,559,608	1,246,127
Total Business-type Activities Program Revenues	15,171,068	17,794,562	10,684,007	10,795,996	16,522,445	17,486,790	16,897,081	20,969,427	14,761,124	14,061,286
Total Primary Government Program Revenues	\$ 57,442,593	\$ 63,782,386	\$ 53,263,922	\$ 55,474,861	\$ 65,507,520	\$ 70,808,988	\$ 63,587,902	\$ 71,638,618	\$ 63,428,469	\$ 69,142,718

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*.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Revenue (Expense) (2):										
Governmental activities	\$ (101,022,391)	\$ (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)
Business-type activities	118,279	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)
Total Primary Government Net Revenue (Expense):	(100,904,112)	(107,310,548)	(106,594,061)	(112,720,491)	(118,846,378)	(133,943,246)	(133,561,230)	(126,579,459)	(143,069,333) (1)	(148,165,667)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
General Revenues:										
Property taxes	86,725,636	91,880,683	92,466,366	87,579,128	80,871,076	82,008,842	93,133,721	106,772,994	114,230,704	119,362,633
Public service company tax	3,214,499	4,379,129	4,097,986	3,020,565	4,226,609	4,247,316	4,437,498	4,243,704	3,993,523	3,173,170
Franchise tax	4,072,274	4,900,021	3,258,208	3,901,854	4,594,943	4,746,998	4,652,839	4,518,532	3,612,148	3,610,262
Fuel tax	4,217,665	3,940,446	3,596,214	4,163,471	3,948,687	3,929,570	4,518,532	5,168,937	5,459,139	5,636,105
Unrestricted grants and contributions	15,080,972	13,690,485	13,152,231	16,425,594	15,407,463	14,661,865	14,571,286	16,007,524	15,983,809	16,481,037
Investments earnings	5,836,149	2,493,940	4,476,847	2,326,500	1,168,610	1,115,555	1,347,124	933,116	1,664,777	355,446
Transfers	(740,357)	(1,033,291)	(5,906,954)	(11,407,235)	(4,062,142)	(619,797)	(2,338,126)	(471,508)	(2,188,753)	(794,150)
Total Governmental Activities General Revenues and Transfers	118,406,838	120,251,413	115,140,898	106,009,877	106,155,246	110,090,349	120,322,874	137,173,299	142,755,347	147,824,503
Business-type Activities:										
General Revenues:										
Unrestricted grants and contributions	--	--	1,005,279	2,000,000	--	14,402	--	--	--	--
Investment earnings	169,778	82,970	29,001	31,378	55,468	--	33,818	19,709	64,629	31,965
Transfers	740,357	1,033,291	5,906,954	11,407,235	4,062,142	619,797	2,338,126	471,508	2,188,753	794,150
Total Business-type Activities General Revenues and Transfers	910,135	1,116,261	6,941,234	13,438,613	4,117,610	634,199	2,371,944	491,217	2,253,382	826,115
Total Primary Government Program Revenues	119,316,973	121,367,674	122,082,132	119,448,490	110,272,856	110,724,548	122,694,818	137,664,516	145,008,729	148,650,618
Changes in Net Position (2):										
Governmental activities	17,384,447	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
Business-type activities	1,028,414	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)
Total Primary Government Changes in Net Position	\$ 18,412,861	\$ 14,057,126	\$ 15,488,071	\$ 6,727,999	\$ (8,573,522)	\$ (23,218,698)	\$ (10,866,412)	\$ 11,085,057	\$ 1,939,396 (1)	\$ 484,951

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*.

Source: Department of Finance

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

**TABLE 1B**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Assets and deferred outflows of resources (2):</b>										
Governmental activities	\$ 684,752,946	\$ 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
Business-type activities	<u>59,636,214</u>	<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>
Total Assets - Primary Government	<u>744,389,160</u>	<u>760,313,533</u>	<u>828,124,798</u>	<u>839,314,414</u>	<u>828,952,040</u>	<u>817,634,586</u>	<u>812,418,090</u>	<u>839,897,318</u>	<u>848,073,448</u>	<u>930,777,584</u>
<b>Liabilities and deferred inflows of resources (2):</b>										
Governmental activities	164,578,304	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
Business-type activities	<u>13,148,696</u>	<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> (1)	<u>36,047,532</u>
Total Liabilities - Primary Government	<u>177,727,000</u>	<u>179,594,247</u>	<u>231,917,441</u>	<u>236,379,058</u>	<u>241,423,387</u>	<u>251,905,319</u>	<u>258,975,316</u>	<u>439,536,571</u>	<u>445,773,305</u> (1)	<u>527,992,490</u>
<b>Net Position:</b>										
<b>Net investment in capital assets</b>										
Governmental activities	445,809,943	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
Business-type activities	40,730,017	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041	74,780,858	74,662,355
<b>Restricted by enabling legislation:</b>										
Governmental activities	--	--	--	--	--	--	--	--	--	8,533,459
Business-type activities	209,537	212,528	215,791	347,335	354,625	353,600	351,925	356,210	362,635	356,730
<b>Restricted, other:</b>										
Governmental activities	22,805,523	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669	14,439,009	--
Business-type activities	--	--	--	--	--	--	--	--	--	--
<b>Unrestricted net position (2):</b>										
Governmental activities	51,559,176	50,751,859	67,639,803	65,401,348	51,887,401	23,645,923	9,720,128	(136,593,717)	(132,390,722)	(124,822,714)
Business-type activities	<u>5,547,964</u>	<u>3,569,272</u>	<u>5,013,888</u>	<u>8,124,987</u>	<u>9,611,655</u>	<u>8,749,372</u>	<u>8,768,640</u>	<u>1,457,020</u>	<u>6,926,493</u> (1)	<u>4,839,888</u>
Total Net Position - Primary Government	<u>\$ 566,662,160</u>	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 564,309,955</u>	<u>\$ 553,442,774</u>	<u>\$ 400,360,747</u>	<u>\$ 402,300,143</u> (1)	<u>\$ 402,785,094</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*.

Source: Department of Finance

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

**TABLE 2**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>										
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	--	--	--	490,000	490,000	490,000	490,000	490,000	490,000	490,000
Committed	6,820,122	9,761,486	6,634,688	5,411,603	8,602,156	7,649,170	8,531,741	9,959,330	9,473,469	20,537,307
Assigned	14,069,602	11,535,434	19,066,623	47,749,807 (3)	20,234,694	12,700,967	4,104,319	927,398	1,513,398	3,329,023
Unassigned	<u>24,335,040</u>	<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>
<b>Total General Fund</b>	<u><b>45,224,764</b></u>	<u><b>54,140,980</b></u>	<u><b>68,800,103</b></u>	<u><b>53,651,410</b></u>	<u><b>44,695,309</b></u>	<u><b>33,622,721</b></u>	<u><b>32,054,565</b></u>	<u><b>39,327,553</b></u>	<u><b>48,017,437</b></u>	<u><b>56,812,699</b></u>
<b>All Other Governmental Funds:</b>										
Non-spendable	4,187,914	3,544,187	3,600,866 (2)	3,363,311 (4)	2,769,119	2,284,346	1,926,775	1,555,424	2,498,625	2,204,479
Restricted	9,341,702	10,000,961	13,273,466 (2)	11,417,538 (4)	8,135,743	10,759,583	8,530,195	9,590,391	5,730,865	11,443,165
Committed	16,961,674	16,179,876	15,661,985 (2)	18,793,384	19,664,847	14,997,103	22,075,355	22,775,602	14,898,454	14,223,775
Assigned	75,608,191	68,439,470	106,014,099	100,757,185	81,570,384	73,781,703	52,451,430	45,053,079	47,543,497	41,001,434
Unassigned	--	--	--	--	--	--	--	--	--	--
<b>Total All Other Governmental Funds</b>	<u><b>106,099,481</b></u>	<u><b>98,164,494</b></u>	<u><b>138,550,416</b></u>	<u><b>134,331,418</b></u>	<u><b>112,140,093</b></u>	<u><b>101,822,735</b></u>	<u><b>84,983,755</b></u>	<u><b>78,974,496</b></u>	<u><b>70,671,441</b></u>	<u><b>68,872,853</b></u>
<b>Total Fund Balances (Note 1)</b>	<u><b>\$ 151,324,245</b></u>	<u><b>\$ 152,305,474</b></u>	<u><b>\$ 207,350,519</b></u>	<u><b>\$ 187,982,828</b></u>	<u><b>\$ 156,835,402</b></u>	<u><b>\$ 135,445,456</b></u>	<u><b>\$ 117,038,320</b></u>	<u><b>\$ 118,302,049</b></u>	<u><b>\$ 118,688,878</b></u>	<u><b>\$ 125,685,552</b></u>

- Note (1): The Total Fund Balances for the fiscal year 2008 have been restated as a result of a fund balance reclassification made in fiscal year 2009.  
 Note (2): The June 30, 2010 CAFR reported incorrect amounts between these three categories.  
 Note (3): The June 30, 2011 CAFR General Fund balance was restated.  
 Note (4): The June 30, 2011 CAFR reported incorrect amounts between these two categories.

Source: Department of Finance

**COUNTY OF KAUA'I, HAWAI'I**  
**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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Taxes	\$ 98,572	\$ 105,140	\$ 102,425	\$ 94,343 (1)	\$ 93,470	\$ 95,035	\$ 107,410	\$ 120,492	\$ 126,945	\$ 133,065
Licenses and permits	7,975	8,253	7,400	6,847	6,778	7,132	7,878	9,953	10,952	10,582
Rents and concessions	727	956	907	916	639	649	488	488	500	486
Interest	5,836	3,009	4,896	2,708	1,379	297	1,347	933	1,665	355
Intergovernmental revenue	41,291	44,764	37,214	43,780	44,779	46,802	41,126	42,308	38,715	45,231
Charges for current services	4,911	4,424	4,366	5,583	8,591	9,220	9,877	11,567	11,788	12,029
Bond subsidy	--	--	--	971 (2)	1,138	1,138	1,045	1,042	1,029	1,015
Miscellaneous	2,434	766	3,117	1,642	720	3,310	824	1,177	1,433	1,220
<b>Total Revenues</b>	<b>161,746</b>	<b>167,312</b>	<b>160,325</b>	<b>156,790</b>	<b>157,494</b>	<b>163,583</b>	<b>169,995</b>	<b>187,960</b>	<b>193,027</b>	<b>203,983</b>
<b>Expenditures:</b>										
General government	33,461	37,371	26,682	28,285	29,850	32,943	29,342	33,921	30,858	32,313
Public safety	32,894	35,613	43,607	47,547	48,153	49,049	52,225	55,961	60,219	64,135
Public works	9,468	8,727	11,232	16,395	10,454	9,699	10,146	10,275	10,173	4,812
Highways and streets	11,273	15,312	10,089	13,146	11,965	15,037	16,537	14,144	15,352	12,095
Sanitation	9,773	9,834	12,313	11,385	17,928	13,087	13,554	16,282	16,086	15,566
Culture and recreation	7,839	8,223	9,715	9,252	9,852	9,500	11,548	10,512	10,465	16,642
Public welfare	15,637	22,375	19,957	20,192	19,758	22,018	21,980	18,924	19,476	22,790
Capital outlay	17,523	21,342	24,597	18,109	27,733	25,916	22,567	15,890	18,012	22,484
<b>Debt Service:</b>										
Principal	3,230	4,766	4,713	5,824	4,808	4,584	6,642	6,830	6,401	7,185
Interest	3,797	3,597	3,971	5,888	5,575	4,970	5,425	5,300	5,130	4,962
<b>Total Expenditures</b>	<b>144,895</b>	<b>167,160</b>	<b>166,876</b>	<b>176,023</b>	<b>186,076</b>	<b>186,803</b>	<b>189,966</b>	<b>188,039</b>	<b>192,172</b>	<b>202,984</b>
Excess of Revenues Over (Under) Expenditures	\$ 16,851	\$ 152	\$ (6,551)	\$ (19,233)	\$ (28,582)	\$ (23,220)	\$ (19,971)	\$ (79)	\$ 855	\$ 999
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 30,210	\$ 21,085	\$ 29,852	\$ 28,081	\$ 18,570	\$ 28,406	\$ 21,788	\$ 20,251	\$ 26,184	\$ 30,770
Transfers out	(30,951)	(22,118)	(30,675)	(32,327)	(22,631)	(29,026)	(24,122)	(20,722)	(28,372)	(31,564)
Refunding bonds issued	--	--	--	--	--	--	--	--	--	--
Bonds issued	--	--	60,000	-- (2)	--	--	--	--	--	--
Premium on bonds issued	--	--	--	--	--	--	--	--	--	--
Payments to refunded bond escrow agency	--	--	--	--	--	--	--	--	--	--
Capital leases	485	1,862	1,686	3,699	732	2,451	3,898	1,814	1,720	2,516
Capital loans proceeds	--	--	--	--	--	--	--	--	--	3,775
Insurance proceeds	--	--	733	413	--	--	--	--	--	500
Claims proceeds	--	--	--	--	764	--	--	--	--	--
Sale of capital assets	--	--	--	--	--	--	--	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>(256)</b>	<b>829</b>	<b>61,596</b>	<b>(134)</b>	<b>(2,565)</b>	<b>1,831</b>	<b>1,564</b>	<b>1,343</b>	<b>(468)</b>	<b>5,997</b>
<b>Net Change in Fund Balances</b>	<b>\$ 16,595</b>	<b>\$ 981</b>	<b>\$ 55,045</b>	<b>\$ (19,367)</b>	<b>\$ (31,147)</b>	<b>\$ (21,389)</b>	<b>\$ (18,407)</b>	<b>\$ 1,264</b>	<b>\$ 387</b>	<b>\$ 6,996</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.52%</b>	<b>5.74%</b>	<b>6.10%</b>	<b>7.42%</b>	<b>6.56% (3)</b>	<b>5.94%</b>	<b>7.21%</b>	<b>7.05%</b>	<b>6.62%</b>	<b>6.73%</b>

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
2008	\$ 33,461,254	\$ 32,894,024	\$ 9,467,945	\$ 11,273,415	\$ 9,772,708	\$ 7,839,158	\$ 15,637,506	\$ 17,522,714	\$ 7,026,605	\$ 144,895,329
2009	37,370,973	35,613,140	8,726,473	15,312,333	9,834,250	8,223,353	22,374,453	21,342,674	8,362,697	167,160,346
2010	26,681,875	43,607,071	11,231,776	10,089,042	12,313,226	9,714,650	19,957,368	24,597,117	8,684,119	166,876,244
2011	28,284,779	47,547,543	16,394,758	13,145,902	11,384,978	9,252,478	20,191,922	18,108,631	11,712,358	176,023,349
2012	29,850,216	48,152,876	10,453,780	11,964,857	17,928,104	9,851,517	19,758,515	27,732,637	10,383,400	186,075,902
2013	32,942,851	49,049,481	9,699,584	15,036,593	13,087,281	9,500,518	22,017,600	25,915,954	9,554,012	186,803,874
2014	29,342,392	52,225,235	10,146,402	16,536,725	13,553,839	11,547,644	21,980,197	22,567,374	12,067,137	189,966,945
2015	33,920,947	55,961,380	10,274,971	14,144,217	16,281,938	10,511,496	18,923,802	15,890,238	12,130,333	188,039,322
2016	30,858,262	60,219,227	10,172,962	15,351,967	16,086,176	10,464,345	19,476,213	18,012,046	11,531,008	192,172,206
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

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		Collections in Subsequent Years	Total Collections to Date	
				Tax Collections (1)	Percent of Levy		Tax Collections (1)	Percent of Levy
2008	\$ 86,373,611	\$ 14,477	\$ 86,388,088	\$ 84,617,913	98.0 %	\$ 1,748,024	\$ 86,365,937	99.974 %
2009	91,063,418	546,433	91,609,851	88,762,923	97.5	2,779,328	\$ 91,542,251	99.926
2010	91,292,733	365,095	91,657,828	89,160,050	97.7	2,437,850	\$ 91,597,900	99.935
2011	83,621,720	(484,999)	83,136,721	81,866,842	97.9	1,217,183	\$ 83,084,025	99.937
2012	80,337,961	(676,828)	79,661,133	78,588,196	97.8	1,025,270	\$ 79,613,466	99.940
2013	80,013,943	70,358	80,084,301	78,429,057	98.0	1,559,226	\$ 79,988,283	99.880
2014	91,842,667	407,486	92,250,153	90,317,284	98.3	1,734,114	\$ 92,051,398	99.785
2015	107,139,250	(11,346)	107,127,904	105,651,792	98.6	1,128,133	\$ 106,779,925	99.675
2016	114,123,755	(122,569)	114,001,186	112,470,902	98.6	888,600	\$ 113,359,502	99.437
2017	119,896,735	--	119,896,735	118,625,976	98.9	--	\$ 118,625,976	98.940

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				
2008	\$ 12,614,404	\$ 8,071,864	\$ 20,686,268	\$ 1,787,352	\$ 18,898,916	\$ 5.33	91.4
2009	12,604,914	8,412,021	21,016,935	1,725,331	19,291,604	5.37	91.8
2010	12,277,191	8,330,593	20,607,784	1,672,707	18,935,077	5.38	91.9
2011	10,559,729	7,880,358	18,440,087	1,681,649	16,758,438	5.37	90.9
2012	9,864,222	7,783,351	17,647,573	1,800,878	15,846,695	5.42	89.8
2013	9,452,552	7,846,372	17,298,924	1,987,430	15,311,494	5.44	88.5
2014	n/a	n/a	17,868,948	2,068,710	15,800,238	6.04	87.9
2015	n/a	n/a	19,040,292	2,927,020	16,113,272	6.70	84.0
2016	n/a	n/a	20,420,263	3,026,948	17,393,315	6.54	84.5
2017	n/a	n/a	21,293,260	3,045,295	18,247,965	6.57	85.1

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
2008	Single Family Residential	\$ 4,158,997	\$4.00	\$ 1,248,938	\$4.30	\$ 5,407,935
	Homestead	3,790,456	4.00	1,548,740	3.44	5,339,196
	Agriculture	2,038,783	6.95	495,648	4.30	2,534,431
	Conservation	245,695	6.95	25,743	4.30	271,438
	Hotel/resort	457,181	6.95	1,540,091	7.95	1,997,272
	Apartment	498,494	6.95	1,539,314	7.95	2,037,808
	Commercial	580,964	6.95	401,520	7.95	982,484
	Industrial	189,235	6.95	139,117	7.95	328,352
	Total	<u>\$ 11,959,805</u>		<u>\$ 6,939,111</u>		<u>\$ 18,898,916</u>
2009*	Single Family Residential	\$ 4,250,036	\$3.95	\$ 1,312,835	\$4.25	\$ 5,562,871
	Homestead	3,553,716	4.00	1,639,610	3.44	5,193,326
	Agriculture	2,030,151	6.90	508,407	4.25	2,538,558
	Conservation	321,264	6.90	25,799	4.25	347,063
	Hotel/resort	526,907	6.90	1,716,803	7.90	2,243,710
	Apartment	512,669	6.90	1,523,212	7.90	2,035,881
	Commercial	620,012	6.90	430,013	7.90	1,050,025
	Industrial	179,825	6.90	140,345	7.90	320,170
	Total	<u>\$ 11,994,580</u>		<u>\$ 7,297,024</u>		<u>\$ 19,291,604</u>
2010	Single Family Residential	\$ 3,983,986	\$3.95	\$ 1,440,943	\$4.25	\$ 5,424,929
	Homestead	3,142,703	4.00	1,665,718	3.44	4,808,421
	Agriculture	1,789,664	6.90	606,715	4.25	2,396,379
	Conservation	282,104	6.90	28,847	4.25	310,951
	Hotel/resort	853,348	6.90	1,548,564	7.90	2,401,912
	Apartment	905,714	6.90	1,264,879	7.90	2,170,593
	Commercial	609,334	6.90	475,418	7.90	1,084,752
	Industrial	185,209	6.90	151,931	7.90	337,140
	Total	<u>\$ 11,752,062</u>		<u>\$ 7,183,015</u>		<u>\$ 18,935,077</u>

**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
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>
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	<u>184,851</u>	6.90	<u>154,384</u>	7.90	<u>339,235</u>
	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	<u>184,873</u>	6.90	<u>158,492</u>	7.90	<u>343,365</u>
	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**  
**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	<u>4,015,007</u>	3.05
	Total	<u>\$ 15,800,238</u>	
2015	Residential	\$ 5,593,126	\$6.05
	Vacation Rental	2,631,776	8.85
	Commercial	986,307	8.10
	Industrial	344,376	8.10
	Agriculture	766,282	6.75
	Conservation	76,791	6.75
	Hotel/Resort	2,222,843	10.85
	Homestead	<u>3,491,771</u>	3.05
	Total	<u>\$ 16,113,272</u>	
2016	Residential	\$ 4,307,877	\$6.05
	Vacation Rental	2,754,556	8.85
	Commercial	988,391	8.10
	Industrial	349,909	8.10
	Agriculture	848,806	6.75
	Conservation	88,214	6.75
	Hotel/Resort	2,118,758	10.85
	Homestead	4,176,046	3.05
	Residential Investor	907,267	7.05
	Commercialized Home Use	<u>853,491</u>	5.05
	Total	<u>\$ 17,393,315</u>	
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>	

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, 2017 AND JUNE 30, 2008 (UNAUDITED)**

**TABLE 6**

**FISCAL YEAR 2017**

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	\$ 399,167,400	\$ 4,330,969	2.2 %
2	Kawailoa Development - Grand Hyatt Poipu	Resort Development	235,421,700	2,507,948	1.3
3	SVO Pacific Inc / Sheraton Makai + Westin	Resort Development	218,340,000	2,368,989	1.2
4	Princeville Hotel	Resort Development	202,144,369	2,095,486	1.1
5	Poipu Resort Partners / The Pointe	Resort Development	160,112,000	2,019,949	0.9
6	Kukui'ula Development Co / Kukui'ula Village LLC	Real Estate / Commercial	205,088,500	1,381,035	1.1
7	Poipu Beach Villas LLC / Koloa Landing	Real Estate Holdings	157,482,000	1,199,954	0.9
8	Princeville Hotel	Resort Development	107,020,000	1,160,277	0.6
9	HPTMI Hawaii Inc. & HPT TRES MI-135 Inc. (Marriott Timeshares)	Real Estate Investment	103,729,700	1,125,469	0.6
10	Bali Hai Villas Ltd Partnership & Development Inc.	Resort Development	101,192,000	1,097,934	0.6
			<u>\$ 1,889,697,669</u>	<u>\$ 19,288,010</u>	<u>10.5 %</u>

**FISCAL YEAR 2008**

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Ownership Resorts	Resort Development	\$ 232,109,200	\$ 1,764,032	1.2 %
2	SVO Pacific Inc.	Resort Development	196,990,600	1,532,535	1.0
3	Eric Knudsen Trust	Resort Development	189,977,100	1,486,277	1.0
4	Kawailoa Development	Resort Development	172,462,500	1,345,653	0.9
5	Marriott Kauai Ownership	Real Estate Holdings	158,030,700	1,171,155	0.8
6	Poipu Resort Partners	Resort Development	144,667,900	1,128,869	0.7
7	Kukuiula Development Co. LLC	Resort Development	246,545,600	1,113,992	1.3
8	Visionary LLC	Real Estate Development	117,670,800	765,929	0.6
9	Kukui Grove Center Investment	Commercial Development	92,181,700	703,983	0.5
10	Bali Hai Villas Ltd. Partnership	Resort Development	91,891,300	670,761	0.5
			<u>\$ 1,642,527,400</u>	<u>\$ 11,683,186</u>	<u>8.5 %</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)**

**TABLE 7**

Fiscal Year	Governmental Activities (1)		Business-type Activities (1)				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases	Sewer Loans			
2008	\$ 73,491,909	\$ 1,355,155	\$ 1,551,076 (3)	\$ 740,000	--	\$ 9,142,867	\$ 86,281,007	3.74 %	\$ 1,351
2009	69,503,833	2,396,136	1,422,799 (3)	575,000	--	14,071,350	87,969,118	3.83	1,363
2010	125,775,757	3,054,047	1,289,523 (3)	395,000	--	17,492,700	148,007,027	6.23	2,202
2011	121,877,681	4,783,617	1,151,245 (3)	205,000	--	17,283,261	145,300,804	5.87	2,146
2012	119,026,446	3,697,053	1,007,967 (3)	--	33,221	18,238,387	142,003,074	5.40	2,075
2013	116,792,135	4,178,948	859,689	--	292,317	20,194,396	142,317,485	5.21	2,047
2014	112,995,000	5,644,489	705,000	--	470,676	19,166,416	138,981,581	4.91	1,972
2015	108,745,000	4,878,543	540,000	--	550,168	18,871,239	133,584,950	4.42	1,862
2016	104,685,000	4,257,981	370,000	--	365,549	22,704,977	132,383,507	n/a	n/a
2017	99,740,000	4,535,346	190,000	--	273,180	21,503,043	126,241,569	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)
2008	\$ 73,491,909	\$ 1,551,076 (4)	\$ 3,580,002	\$ 71,462,983	0.42 %	\$ 1,119
2009	69,503,833	1,422,799 (4)	3,685,000	67,241,632	0.35	1,042
2010	125,775,757	1,289,523 (4)	6,650,089	120,415,191	0.64	1,791
2011	121,877,681	1,151,245 (4)	4,105,154	118,923,772	0.71	1,757
2012	119,026,446	1,007,967	483,340	119,551,073	0.75	1,747
2013	116,792,135	859,689	2,744,837	114,906,987	0.75	1,653
2014	112,995,000	705,000	161,837	113,538,163	0.71	1,611
2015	108,745,000	540,000	161,837	109,123,163	0.67	1,521
2016	104,685,000	370,000	161,837	104,893,163	0.60	n/a
2017	99,740,000	190,000	306,837	99,623,163	0.55	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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit (1)	\$ 2,906,898,900	\$ 2,893,740,600	\$ 2,840,261,550	\$ 2,513,765,700	\$ 2,377,004,250	\$ 2,296,724,100	\$ 2,370,035,700	\$ 2,416,990,800	\$ 2,608,997,250	\$ 2,737,194,750
Debt applicable to limit	<u>69,911,906</u>	<u>65,818,833</u>	<u>119,125,668</u>	<u>117,772,527</u>	<u>118,543,106</u>	<u>114,047,298</u>	<u>112,833,163</u>	<u>108,745,000</u>	<u>104,685,000</u>	<u>99,740,000</u>
Legal debt margin (2)	<u>\$ 2,836,986,994</u>	<u>\$ 2,827,921,767</u>	<u>\$ 2,721,135,882</u>	<u>\$ 2,395,993,173</u>	<u>\$ 2,258,461,144</u>	<u>\$ 2,182,676,802</u>	<u>\$ 2,257,202,537</u>	<u>\$ 2,308,245,800</u>	<u>\$ 2,504,312,250</u>	<u>\$ 2,637,454,750</u>
Debt applicable to the limit as a percentage of debt limit	2.41%	2.27%	4.19%	4.69%	4.98%	4.96%	4.76%	4.49%	4.01%	3.64%

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 2017	
Net assessed value	<u>\$ 18,247,965,000</u>
Debt limit (15% of net assessed value)	2,737,194,750
Debt applicable to limit	<u>99,740,000</u>
Legal debt margin	<u>\$ 2,637,454,750</u>

**COUNTY OF KAUAI, HAWAII**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-5**

**TABLE 9**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (3) (millions of dollars)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2008	63,875	36,093	2,305	9,399	4.5
2009	64,529	35,560	2,295	9,260	9.3
2010	67,217	35,304	2,373	9,362	8.7
2011	67,701	36,520	2,472	9,496	8.8
2012	68,434	38,392	2,627	9,530	7.4
2013	69,512	39,251	2,728	8,839	5.7
2014	70,475	40,163	2,830	6,924	4.8
2015	71,735	42,070	3,017	9,381	3.8
2016	n/a	n/a	n/a	9,402	4.0
2017	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
2008	2,050	1,550	4,650	11,400	4,150	2,250	1,200	600	4,400
2009	1,550	1,400	4,250	10,400	3,650	2,250	1,200	600	4,450
2010	1,600	1,400	4,300	10,500	3,800	2,300	1,100	550	4,400
2011	1,300	1,400	4,300	10,600	4,200	2,300	1,200	600	4,400
2012	1,300	1,400	4,200	10,800	4,100	2,300	1,300	n/a	4,600
2013	1,300	1,500	4,400	11,200	4,200	2,500	1,400	n/a	4,500
2014	1,200	1,500	4,400	11,600	4,200	2,500	1,400	n/a	4,600
2015	1,500	1,500	4,400	11,700	4,200	2,500	1,400	n/a	4,600
2016	1,700	1,500	4,500	12,000	4,200	2,700	1,200	n/a	4,600
2017	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	
2008	\$ 2,045,264	\$ 1,743,636	\$ 301,628	\$ 155,000	\$ 64,887	\$ 219,887	\$ 81,741
2009	1,287,720	1,046,270	241,450	165,000	53,650	218,650	22,800
2010	1,856,833	1,318,393	538,440	180,000	41,687	221,687	316,753
2011	2,374,888	1,562,449	812,439	190,000	28,637	218,637	593,802
2012	1,791,502	1,384,305	407,197	205,000	14,862	219,862	187,335
2013	1,749,444	1,350,025	399,419	--	--	--	399,419
2014	1,665,781	1,105,777	560,004	--	--	--	560,004
2015	2,285,109	1,387,091	898,018	--	--	--	898,018
2016	2,444,866	1,702,743	742,123	--	--	--	742,123
2017	2,089,316	2,059,464	29,852	--	--	--	29,852

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, 2017 (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):	917
Permanent	642
Temporary	14
Exempt	222
Contract	39
 Area in square miles:	 627
 County facilities and services:	
Miles of streets	309.6
Number of streetlights	3,042
Number of County facilities:	
Community centers	9
Camping parks	7
Recreational parks	67
Gymnasiums	3
Swimming pools	2
Golf courses	1
Tennis courts	24
Baseball and softball fields	17
Basketball courts	22
Volleyball courts	2
Soccer fields	18
Auditoriums	1
Stadiums	3
Fire protection:	
Number of stations	8
Number of fire personnel and officers	207
Number of calls answered	6,194
Number of inspections conducted	2,696
Police protection:	
Number of stations	5
Number of police personnel	201
Number of patrol units	83
Number of police officers	144
Number of law violations:	
Physical arrest	5,124
Traffic violations	16,918
Parking violations	4,215

**COUNTY OF KAUAI, HAWAII**  
**MISCELLANEOUS STATISTICS (CONTINUED)**  
**FISCAL YEAR ENDED JUNE 30, 2017 (UNAUDITED)**

**TABLE 12**

Sewage system:	
Number of treatment plants	4
Number of service connections:	
Residential	4,871
Commercial	564
Daily average treatment in gallons	2,300,000
Maximum daily capacity of treatment plant in gallons	5,500,000
Water system:	
Miles of water mains	443.41
Number of service connections	21,821
Number of fire hydrants	2,918
Annual water consumption in gallons	4.034 billion
Maximum daily capacity of plant in gallons	26.2 million
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	9
Number of elementary school instructors	316
Number of middle schools	3
Number of middle school instructors	130
Number of secondary schools	3
Number of secondary school instructors	184
Number of community colleges	1
Hospitals:	
Number of hospitals	3
Number of licensed patient beds	111
Elections - 2016 general election:	
Number of registered voters	44,332
Number of votes cast	27,225
Percentage of registered voters voting	61.4%

**COUNTY OF KAUA'I, HAWAI'I  
 MISCELLANEOUS STATISTICS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2017 (UNAUDITED)**

**TABLE 12**

Building Permits:

<u>Fiscal Year</u>	<u>Number of Permits Issued</u>	<u>Value of Permits</u>
2008	1,547	473,380,482
2009	1,402	428,638,994
2010	1,272	193,934,914
2011	1,174	148,556,347
2012	1,386	187,620,246
2013	1,758	311,699,460
2014	2,087	253,496,415
2015	2,176	394,773,361
2016	4,406	217,945,537
2017	5,482	364,806,667

Source: Building Division, County of Kaua'i

**COUNTY OF KAUA'I, HAWAI'I  
MISCELLANEOUS STATISTICS (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2017 (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>
2008	1,030.6	7.0	9.2	19.8
2009	928.1	7.4	9.5	18.7
2010	964.7	7.5	9.3	19.7
2011	1,011.5	7.5	9.8	20.8
2012	1,084.6	7.5	8.2	22.3
2013	1,114.3	7.6	8.6	23.3
2014	1,117.7	7.7	8.4	23.5
2015	1,173.7	7.2	8.5	24.5
2016	n/a	n/a	n/a	n/a
2017	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 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 WESTERN PRINCIVILLE 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

**Principal Non-Government Employers as of 2015**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	907	3.58%
2	WILCOX HEALTH	HOSPITAL	771	3.04%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.17%
4	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	499	1.97%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	344	1.35%
6	SHERATON KAUAI RESORT	HOTEL	296	1.16%
7	SYGENTA CORP	AGRICULTURE	260	1.02%
8	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	210	0.83%
9	AQUA-ASTON HOSPITALITY	HOTEL	208	0.82%
10	THE WESTIN PRINCEVILLE OCEAN RESORT VILLAS	HOTEL	205	0.81%

Source: Pacific Business News, August 19, 2016 Publication  
 State of Hawaii Data Book 2015

**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 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

**Principal Non-Government Employers as of 2013**

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

Source: Pacific Business News, August 22, 2014 Publication  
State of Hawai'i Data Book 2013

**COUNTY OF KAUAI, HAWAII**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

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

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

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

**Principal Non-Government Employers as of 2011**

RANK	BUSINESS NAME	TYPE OF BUSINESS	PERCENTAGE OF	
			TOTAL EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	830	3.44%
2	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	607	2.52%
3	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	504	2.09%
4	WILCOX MEMORIAL HOSPITAL	71 BED HOSPITAL	488	2.02%
5	KAUAI MARRIOTT RESORT	356-ROOM HOTEL	436	1.81%
6	WAL-MART	DISCOUNT RETAILER	365	1.51%
7	'OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING, INTERMEDIATE CARE & DAY CARE	350	1.45%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	250	1.04%
9	KAUAI BEACH RESORT	350-ROOM HOTEL	217	0.90%
10	KAUAI MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.88%

Source: Pacific Business News, August 26, 2011 Publication  
 State of Hawaii Data Book 2011

**COUNTY OF KAUA'I, HAWAI'I**  
**PRINCIPAL NON-GOVERNMENT EMPLOYERS (CONTINUED)**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

**TABLE 13**

**Principal Non-Government Employers as of 2010**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I 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 KAUA'I RESORT	394-ROOM HOTEL	284	1.20%
8	ALEXANDER & BALDWIN INC.	AGRICULTURE, REAL ESTATE, OCEAN TRANSPORTATION	271	1.14%
9	KAUA'I BEACH RESORT	350-ROOM HOTEL	230	0.97%
10	KAUA'I MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.90%

Source: Pacific Business News, August 27, 2010 Publication  
 State of Hawai'i Data Book 2010

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

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

**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 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 GROCEER	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

**Principal Non-Government Employers as of 2007**

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	949	3.55%
2	KAUA'I MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	558	2.09%
3	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	502	1.88%
4	WAL-MART	DISCOUNT RETAILER	409	1.53%
5	PRINCEVILLE RESORT	252-ROOM HOTEL	394	1.48%
6	SHERATON KAUA'I RESORT	394-ROOM HOTEL	322	1.21%
7	HILTON KAUA'I BEACH RESORT	350-ROOM HOTEL	244	0.91%
8	GAY & ROBINSON INC.	GROWS SUGAR CANE AND CATTLE RANCHING	235	0.88%
9	WEST KAUA'I MEDICAL CENTER	HOSPITAL	208	0.78%
10	KAUA'I MEDICAL CLINIC	PRIVATE, NONPROFIT COMMUNITY MEDICAL GROUP	201	0.75%

Source: Pacific Business News, July 27, 2007 Publication  
State of Hawai'i Data Book 2007

Note (1) Statistical Information not available for 2017

**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:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
General government	271	278	291	305	318	318	337	327	333	322
<b>Public Safety:</b>										
Police	180	193	184	188	195	195	202	210	200	202
Fire	168	190	183	201	197	197	194	196	201	202
Civil Defense	4	4	4	5	5	5	5	4	4	6
Public works	88	107	98	96	105.5	107.5	109.5	94.5	92	44
Highways and streets	79	79	79	80	79	76	76	77	77	77
Sanitation	73	75	75	75	73.5	74.5	74.5	75.5	75	73
Culture and recreation	107	107	103	103.5	109.5	109.5	214.5	109.5	111	154
Public welfare	85	98	94	102	110	110	113	114	113	146
<b>Total Governmental Activities Employees</b>	<u>1,055</u>	<u>1,131</u>	<u>1,111</u>	<u>1,155.5</u>	<u>1,192.5</u>	<u>1,192.5</u>	<u>1,325.5</u>	<u>1,207.5</u>	<u>1,206</u>	<u>1,226</u>
<b>Business-type Activities:</b>										
Housing	26	29	27	28	29	29	27	25	28	37
Sewer	36	35	36	36	36	36	38	39	37	37
Golf	22	22	22	21.5	21.5	21.5	21.5	20.5	21	21
<b>Total Business-type Employees</b>	<u>84</u>	<u>86</u>	<u>85</u>	<u>85.5</u>	<u>86.5</u>	<u>86.5</u>	<u>86.5</u>	<u>84.5</u>	<u>86</u>	<u>95</u>
<b>Total Primary Government Employees</b>	<u>1,139</u>	<u>1,217</u>	<u>1,196</u>	<u>1,241</u>	<u>1,279</u>	<u>1,279</u>	<u>1,412</u>	<u>1,292</u>	<u>1,292</u>	<u>1,321</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function:										
Police:										
Physical arrests	2,907	3,315	3,070	4,368	3,579	3,482	4,260	3,998	4,012	5,124
Parking violations	1,799	1,740	1,673	2,031	2,992	2,945	2,279	2,594	2,659	4,215
Traffic violations	12,747	14,112	17,020	20,345	17,672	15,140	19,106	20,805	14,203	16,918
Fire:										
Number of calls answered	5,013	4,669	4,584	4,970	5,363	5,529	5,689	5,924	5,914	6,194
Inspections	3,359	2,696	2,763	2,437	2,175	2,582	2,791	3,049	2,707	2,696
Highways and Streets:										
Street resurfacing (miles)	13.60	17.00	17.50	10.20	0	9.13	8.42	0	4.99	3.98
Sanitation:										
Refuse collected (tons/day)	99.4	77.8	63.0 (1)	63.0	63.0	63.0	63.0	57.7	75.0	100.0
Culture and Recreation:										
Athletic field permits issued	5,146	7,309	7,797	7,193	7,374	4,670	6,153	25,307	24,176	8,969
Community center admissions	7,436	8,098	9,463	10,109	23,395	94,407	108,000	113,320	118,480	153,380
Water:										
Number of service connections	19,957	20,102	20,490	21,148	21,271	20,976	21,590	21,669	21,740	21,821
Annual water consumption in gallons	4,663,000	4,407,000	4,249,000	4,263,000	4,085,000	4,504,000	3,997,000	4,002,000	4,048,000	4,034,000
Wastewater:										
Average daily sewage treatment in gallons	2,550,000	2,550,000	2,550,000	2,550,000	2,450,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000

Note (1): Prior year correction noted by the Department of Public Works, Solid Waste Division. Indicators are not available for the general government function.

Source: County of Kaua‘i

**COUNTY OF KAUA‘I, HAWAI‘I**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 4**

**TABLE 16**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function:										
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	88	88	88	90	82	101	100	93	89	83
Fire stations	7	7	7	8	8	8	8	8	8	8
Sanitation:										
Collection trucks	9 (1)	8	6	7	7	7	7	8	8	8
Highways and Streets:										
Streets (miles)	307	307	308	308	308	308	309.5	309.5	309.6	309.6
Streetlights	2,797	2,797	2,877	2,902	2,902	2,982	2,921	2,936	2,941	3,042
Traffic signals	3	3	3	3	3	3	3	3	3	3
Culture and Recreation:										
Parks acreage	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04
Parks	74	74	74	74	74	74	74	74	74	74
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)
Community centers	11 (3)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)
Water:										
Water mains (miles)	422	422	439	443	443	443	443	443	443	443
Fire hydrants	2,492	2,517	2,586	2,632	2,654	2,707	2,778	2,778	2,918	2,918
Maximum daily capacity (thousands of gallons)	26,140,000	27,040,000	27,436,000	27,436,000	26,200,000	26,200,000	26,200,000	26,200,000	26,200,000	26,200,000
Sewer:										
Sanitary sewers (miles)	50	50	50	50	50	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	5,000,000	5,500,000	5,500,000	5,500,000	5,500,000

Note (1): From 2008, one old truck was retained as a spare.

Note (2): 10 tennis court locations, 24 playing courts.

Note (3): Includes 9 neighborhood centers, Anahola clubhouse and Smokey Valley clubhouse.

Note (4): Includes 9 neighborhood centers, Anahola clubhouse, Smokey Valley clubhouse, Hanapēpē multi-purpose room, former Kōloa court house and former Hanalei court house. Indicators are not available for the general government function.

Source: County of Kaua‘i