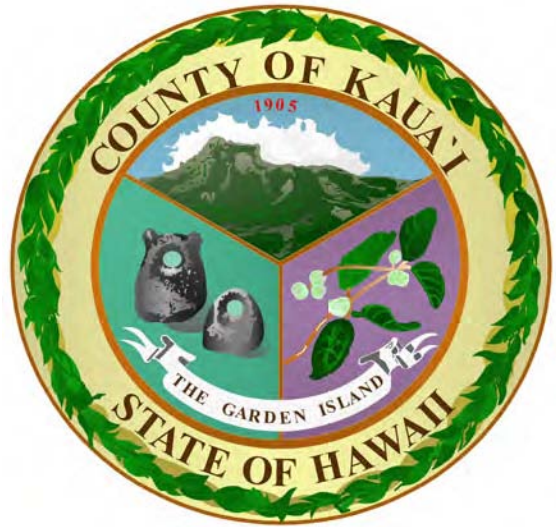


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
County of Kauaʻi, Hawaiʻi**

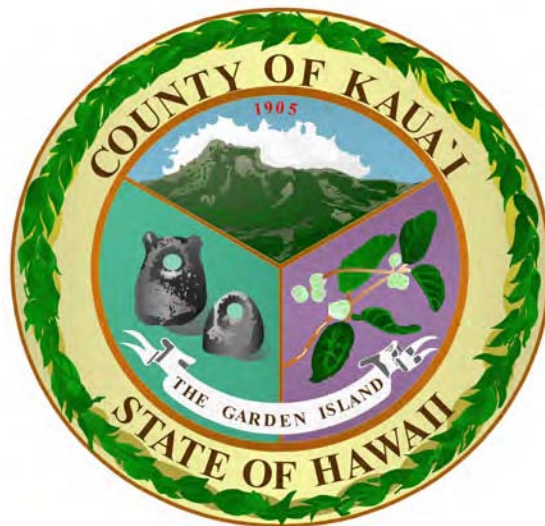


**For the Fiscal Year Ended
June 30, 2013**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013

COUNTY OF KAUA‘I, HAWAI‘I



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

**Steven A. Hunt
Director of Finance**

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

**COUNTY OF KAUA'I
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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INTRODUCTORY SECTION

Bernard P. Carvalho, Jr.
Mayor



Steven A. Hunt
Director of Finance

Nadine K. Nakamura
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, Lihu'e, Hawai'i 96766
TEL (808) 241-4200 FAX (808) 241-6529

December 12, 2013

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

Dear Mayor Carvalho, Chairman Furfaro, 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 for the fiscal year ended June 30, 2013.

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 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 of approximately 68,000 residents. The island of Kaua'i has an area of 549 square miles 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 and 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, for a two-year term, for no more than 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 of Hawai'i constitution sets limits on total bonded indebtedness of the County. Under the Constitution and laws of the State of Hawai'i, 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, without limitation as to rate or amount, on all real property subject to taxation by the County. The County did not issue any special assessment debt nor is there any overlapping bonded debt on general obligation bonds.

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

Services provided by the State of Hawai'i 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

During the fall of 2012, Kauai remembered the 20th anniversary of Hurricane Iniki and the 30th anniversary of Hurricane Iwa. Impacts of those two natural disasters were felt for many years after those events. Currently, affects from a man-made disaster in the form of the Great Recession of 2008-09 continue to be felt, but Kauai has been on a steady growth to recovery.

Leading the recovery is its main economic engine in the visitor industry, not far behind is both the seed corn industry, as well as the military and Department of Defense support of the Pacific Missile Range on Kauai's west side.

While Kauai's economic engine is running steadily, focus to diversify Kauai'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

Kauai continues to enjoy a reputation as one of the world's top island destinations, a priceless asset.

The recovery of Kauai's economy continues to be fueled by the visitor industry. The upturn started in 2010 and has gained momentum each year and continues through 2013. 2010 saw a 4.0% increase in visitor arrivals over 2009, a 5.2% increase in 2011 over 2010, and a 6.9% increase in 2012 over 2011. 2013 is seeing continued growth and may surpass the all-time high in visitor arrivals of 1.3 million experienced in 2007 and could mean over an 18% increase from 2012.

Increased visitor arrivals translate into high occupancies for the various segments of accommodations on Kauai. According to the latest State of Hawaii – Department of Business, Economic Development and Tourism (DBEDT) Visitor Industry Plant Inventory, The timeshare segment accounts for 33% or 2,731 of Kauai's 8,289 total accommodation units, followed closely by 2,660 hotel units (32%), 1,563 condo hotel units (19%) and 1,172 individual vacation units or transient vacation rentals accounting for 14% of the inventory. The remaining 163 units or 2% are made up of Bed & Breakfast operations, hostels and apartment/hotels.

Kauai's top five U.S. cities for visitors were San Francisco, Los Angeles-Orange County, and San Diego, California, as well as the Seattle, Washington and New York Metro Area. Though all islands showed growth, Kauai showed the strongest gain in occupancy for the first half of 2013.

Film

The Kauai Film Commission (KFC) housed in the County of Kauai Office of Economic Development, works with film, TV and other entertainment production companies, producers, writers and directors worldwide to encourage them to bring projects to Kauai.

KFC is a member of Association of Film Commissioners International (AFCI) which is a global organization of certified commissioners with more than 300 film commissions in six continents. KFC also collaborates with Kauai Visitors Bureau (KVB) to produce ad campaigns and media blitz events with movies made-on-Kauai as themes including 50th anniversary events for "South Pacific" and Elvis Presley's "Blue Hawaii". KFC also collaborates with KVB to celebrate 100 years of Hollywood film production in Hawaii this year with an advertising campaign in a major film-trade magazine in Hollywood.

Kaua'i has a growing number of school-age and college students studying film and media technology in schools. Kaua'i has young, brilliant, innovative and progressive minds and creative artists and talents. The *proposed* Kaua'i Creative Technology Center (KCTC) would be the foundation for students to expand their education and hone their skills to succeed and sustain as future filmmakers in this competitive market. The center will provide incredible hands-on opportunities for the growing number of students studying film and digital media in schools.

There were 36 film productions on Kaua'i in 2012-3 which generated \$925,000 in local expenditures. It also created jobs for 115 local hires. The 36 film projects included (1) feature film, (13) television shows/series, (4) commercials, (6) documentaries, (10) travel shows, and (2) digital media projects by local school students. Nine of these projects were produced and filmed by foreign crews from Japan, Australia and European countries.

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

Real Estate and Construction

With the improving U.S. economy, Kauai's real estate market is improving steadily with more investment in prime Kauai lands. The commercial real estate market is also picking up.

Kauai's construction market remains sluggish. The renovation or construction of new resorts has been the major contributor to construction jobs. Other than the \$46 million second phase of the Kaunuaui Highway Bridge in Lihu'e and Green Energy's biomass energy facility near the Half Way Bridge, there are only a handful of projects to take their place

Future construction projects include the 47,000 square foot Kilauea Lighthouse Village located across from the Kong Lung Center and Grove Farm's development of the Hokulei Village with its super-Safeway store anchor, Port Allen harbor repair, Kapa'a High School library, Lihue Airport improvements and a large photovoltaic project in Anahola. There has been much discussion of rebuilding the once-famed Coco Palms Hotel, but only time will tell.

Agriculture / Energy

The County's agricultural industries are: 1) production of seed for crops such as corn, soy beans, and sunflower, 2) coffee, 3) raising cattle, in addition to other livestock, and 4) crops, including fruits (such as papayas, guavas, and bananas), vegetables and melons, taro, flowers and certain other specialty crops.

The seed corn industry currently has four parent seed corn operations on Kauai. Pioneer Hi-Bred International, Inc., Syngenta, Dow, and BASF have approximately 3,000 acres in production throughout Kauai's various micro-climates. The seed industry has remained stable and is predicted to remain stable during this difficult economic time because of the steady demand on the part of farmers in the mainland U.S. and around the world to plant basic commodity food crops such as corn and soybeans. Seed companies on Kauai are also working with rice and with sunflower plant variety development and seed production.

While there is no Kauai-specific data, it is estimated that Kauai makes up about a third of the State's value of the seed industry or about \$75 million annually. Kauai's seed companies employ approximately 500 people, with about 350 of the positions being year-round and another 150 seasonal positions that provide employment throughout the year, but primarily from September to April.

Kauai's major coffee grower continues to produce the largest proportion of the State's annual coffee yield. With 3,400 acres – mostly drip irrigated – Kauai Coffee Company remains the largest coffee plantation in the United States.

Energy efficient goals and initiatives resulted in the following projects:

Landfill methane project; green motor pool pilot, Kekaha solar project; wastewater performance contracting; energy and utility management and monitoring; etc.

Major Initiatives and Achievements

Of the 34,172 total taxable parcels, 7,696 parcels received the tax relief programs in fiscal year 2013. The County continued to provide tax relief to its citizens by extending the "Personal Home Use" Exemption and the "Long Term Affordable Lease" credits. These programs provided tax credits totaling \$2.9 million in fiscal year 2013 as compared to \$5.1 million in fiscal year 2012. Although tax credits may not have a direct effect on real property taxes billed, residents that have owned and lived in their homes since 2004 have received significant savings.

The County's capital improvement projects that are in progress, completed, or substantially completed during the year include Historical County and Piikoi Building renovations, Lydgate-Kapa'a Bike Path, Kekaha Landfill Phase II Lateral Expansion, Waimea Waste Water Treatment Plant expansion, Computer-Aided Dispatch (CAD) and automated Records Management System (RMS), and 800MHz radio system upgrade.

To date, the County received a total of approximately \$16.2 million of American Recovery and Reinvestment Act of 2009 (ARRA) funds. As of June 30, 2013, the County expended a total of \$15.9 million. The remaining major project with funds encumbered at the end of the fiscal year was Lydgate Kapa'a Bike Path, totaling \$3 million. The County did not receive any new American Recovery and Reinvestment Act of 2009 (ARRA) Funds in fiscal year 2013.

The Department of Public Works administers the sewer credit relief for qualified low-income residential users for the sixth consecutive year. A total of 8,273 credits at \$20.00 per month were issued to eligible residential users that amounted to approximately \$0.2 million in savings to households in fiscal year 2013. The General Fund subsidized the sewer relief program.

Long-term Financial Planning

On July 10, 2012, the County issued approximately \$31.6 million in general obligation bonds to be used primarily for the purpose of refunding the portion outstanding of the Series 2005A Series Bonds. The appropriated balance in the Bond Fund amounted to \$45.6 million. The following major projects have been appropriated for:

Alternate energy projects	L'hu'e stadium baseball field improvements
Lighting retrofits	Kekaha Gardens park
Island-wide SCADA system	ADA improvement projects
Wailua emergency bypass improvements	New landfill site acquisition
Kekaha landfill phase II closure	Kekaha landfill lateral expansion
Hardy Street improvements	'Aliomanu Road
Public access and open space acquisition	

Budgeting Controls

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

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

Employee Union Contracts

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

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

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

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

July 1, 2015 and January 1, 2016 – 2.00%

July 1, 2016 – 2.50%

January 1, 2017 – 3.30%

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

Hawai'i Fire Fighters Association (HFFA) contract information is not currently available, as they in arbitration.

Clerical and Professional:

Bargaining Unit 2 - Two years effective July 1, 2013 to June 30, 2015:

4% ATB pay increase on July 1, 2013; 2% ATB pay increase on July 1, 2014. Employees eligible for step movements between July 1, 2009 and June 30, 2013 shall receive their step movement on July 1, 2014. Employees eligible for step movements during the period of July 1, 2014 and June 30, 2015 shall receive their step movement on their step movement date. Employees who are employed as of June 30, 2014 and are either on the maximum step or not administratively assigned to the salary schedule shall receive a one-time lump sum payment of one thousand five hundred (\$1,500) dollars.

Bargaining Unit 3 and 4 - Two years effective July 1, 2013 to June 30, 2015:

Employees in BU-3 and BU-4 will have an addition of Step M to their respective schedules. On July 1, 2013, shall receive their step movement. Effective July 1, 2014, employees will receive a 4% ATB pay increase.

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.

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

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

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

Independent Audit

The County Charter requires an annual financial audit by licensed and independent certified public accountants at least once every two years, or as deemed necessary. The financial statements are audited on an annual basis. The basic financial statements in this report have been audited by N&K CPAs, Inc. The financial statements of the Department, an enterprise fund included in the government-wide financial statements as a discretely presented component unit, were audited by KMH LLP. The County is also required to have an annual “single audit” in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, “*Audit of States, Local Governments, and Non-Profit Organizations.*” 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, 2012. 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 valid for period of a one year only. 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 the 20th consecutive year.

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,



Steve A. Hunt
Director of Finance



Government Finance Officers Association

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

Presented to

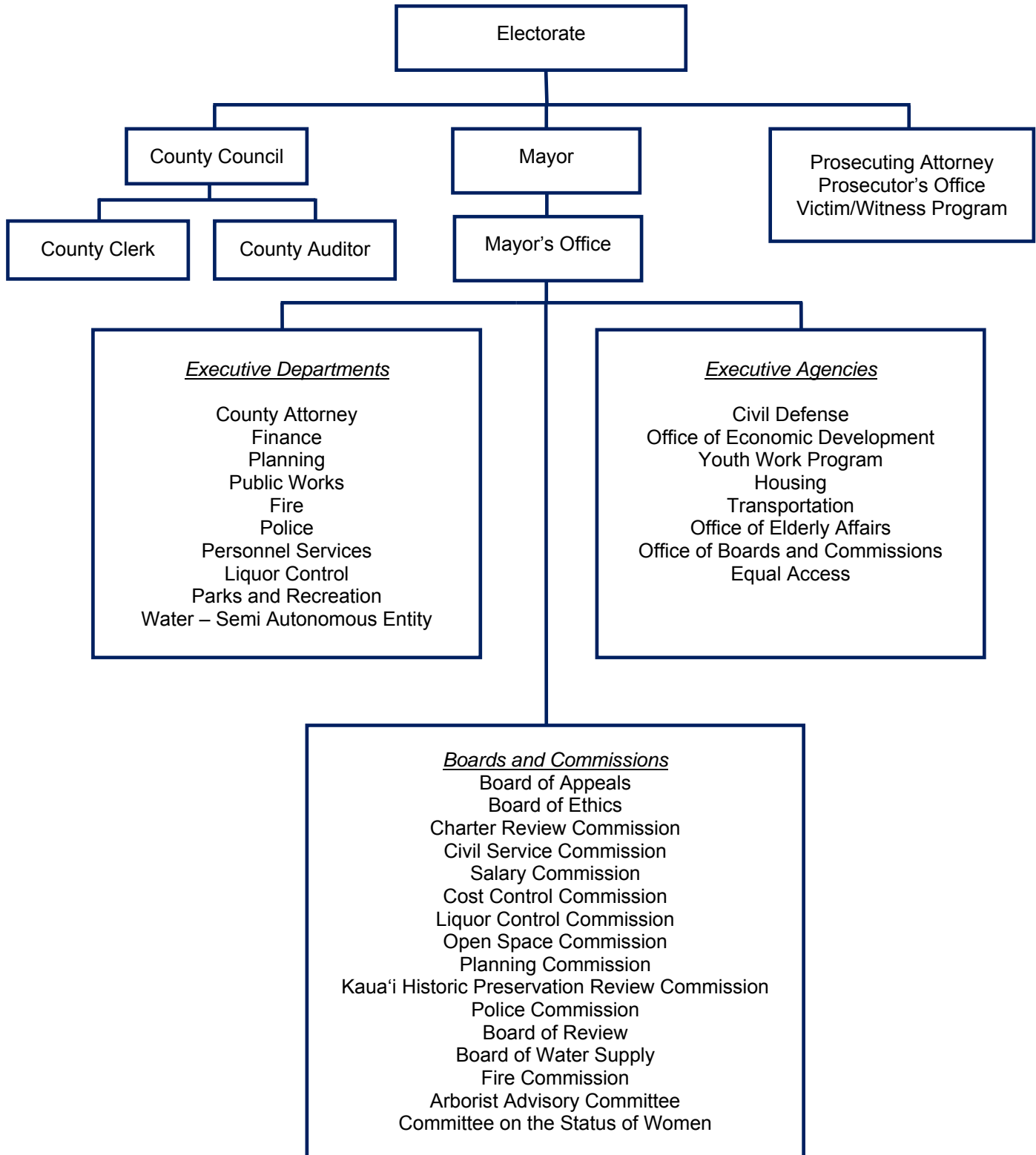
**County of Kauai
Hawaii**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

County of Kaua'i Organization Chart



**COUNTY OF KAUA'I
PRINCIPAL ELECTED OFFICIALS
2012 - 2014 TERM**

County Council Members

Jay J. Furfaro	Chair
Nadine K. Nakamura	Vice-Chair
Tim Bynum	Member
Ross Kagawa	Member
Gary L. Hooser	Member
JoAnn A. Yukimura	Member
Mel Rapozo	Member

Mayor

Bernard P. Carvalho, Jr.

Prosecuting Attorney

Justin Kollar

FINANCIAL SECTION

INDEPENDENT AUDITORS' 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, 2013, 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.

Auditors' 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 auditors' 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 County'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, Hawai'i as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Housing and Community Development Revolving Fund and the Solid Waste Disposal Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the funding progress for the Hawaii Employer Union Health Benefit Trust Fund on pages 14 through 24 and page 89, respectively, 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 nonmajor fund financial statements, and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor 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, based on our audit, the procedures performed as described above, the combining and individual nonmajor 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 as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

N&K CPAs, Inc.

Honolulu, Hawai'i
December 12, 2013

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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, 2013. 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 1-7 of this report and the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the **governmental activities** exceeded its liabilities at the close of the fiscal year by \$494.8 million in its government-wide financial statements, a decrease of \$22 million from the prior year. Unrestricted net position decreased by \$27.4 million from the prior year and ended at \$24.5 million. Unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors. The changes in governmental activities were due to:
 1. Expenses totaling \$185.4 million, an increase of \$13.7 million or 8% from the prior year.
 2. Program revenues totaling \$53.3 million, an increase of \$4.3 million or 8.9% from the prior year.
 3. General revenues and transfers totaling \$110.1 million, an increase of \$3.9 million or 3.7% from the prior year.
 4. Assets, including capital assets, totaling \$723 million decreased by \$14.1 million or 1.9% from the prior year.

- The assets of the **business-type activities** exceeded its liabilities at the close of the fiscal year by \$70.8 million in its government-wide financial statements, of which, remained relatively flat to the prior year. Unrestricted net position decreased by \$0.9 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 changes in business-type activities were due to:
 1. Expenses totaling \$18.1 million, an increase of \$5.4 million or 42.8% from the prior year.
 2. Program revenues totaling \$17.5 million, an increase of \$1 million or 5.7% from the prior year.
 3. General revenues including transfers totaling \$0.6 million, a decrease of \$3.5 million or 84.4% from the prior year.
 4. Assets, including capital assets, increased by \$2.3 million or 2.5% 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 \$135.4 million or a 13.6% decrease from the prior year.

- The County's ending **General Fund** balance consisted of \$0.5 million in restricted fund balance, \$7.6 million in committed fund balance, \$12.7 million in assigned fund balance and \$12.8 million in unassigned fund balance. The General Fund balance at June 30, 2013 amounted to \$33.6 million, a decrease of \$11.1 million from the prior year. The County reported an unassigned fund balance of \$12.8 million due to the required amounts needed to cover revenue shortfalls and contributions to other funds in the upcoming 2014 fiscal year. The balance of \$12.8 million represents the remaining portion of the County's Reserve Fund.

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents information on all of the County's assets (including capital and infrastructure assets) and liabilities (including long-term debt), with the difference between assets and liabilities being 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, Sewer, and Golf.

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

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

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

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

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

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

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

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

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

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

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

adopted annual budgets are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the County's net position is its investment in capital assets, net of related debt, at \$459 million or 92.7% of net position. These assets are categorized separately along with restricted net position because they are not available for future spending.

The County's restricted net position category represents \$11.3 million or 2.2% of net position. These restrictions on net position are imposed by enabling legislation or parties outside the government (such as creditors, grantors, contributors, laws or regulations of other governments).

The difference between total net position and the two categories just discussed (net investment in capital assets and restricted net position) is the unrestricted net position, totaling \$24.5 million or 4.9% of net position.

The following is a summary of the Statement of Net Position as of June 30, 2013 and 2012:

Summary Statement of Net Position
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 191.24	\$ 214.78	\$ 11.14	\$ 11.82	\$ 202.38	\$ 226.60
Capital assets	<u>531.73</u>	<u>522.27</u>	<u>83.07</u>	<u>80.08</u>	<u>614.80</u>	<u>602.35</u>
Total Assets	<u>722.97</u>	<u>737.05</u>	<u>94.21</u>	<u>91.90</u>	<u>817.18</u>	<u>828.95</u>
Non-current liabilities	174.49	164.42	21.93	19.84	196.42	184.26
Other liabilities	<u>53.62</u>	<u>55.87</u>	<u>1.46</u>	<u>1.29</u>	<u>55.08</u>	<u>57.16</u>
Total Liabilities	<u>228.11</u>	<u>220.29</u>	<u>23.39</u>	<u>21.13</u>	<u>251.50</u>	<u>241.42</u>
Deferred Inflow of Resources	<u>.10</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>.10</u>	<u>--</u>
Net position:						
Net investment in capital assets	458.96	457.05	61.72	60.80	520.68	517.85
Restricted	11.29	7.82	.35	.35	11.64	8.18
Unrestricted	<u>24.51</u>	<u>51.89</u>	<u>8.75</u>	<u>9.61</u>	<u>33.26</u>	<u>61.50</u>
Total Net Position	\$ <u>494.76</u>	\$ <u>516.76</u>	\$ <u>70.82</u>	\$ <u>70.76</u>	\$ <u>565.58</u>	\$ <u>587.53</u>

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

The following is a summary of the Statement of Activities for the fiscal years ended June 30, 2013 and 2012:

	Summary Statement of Activities (Amounts in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 19.49	\$ 16.94	\$ 11.78	\$ 10.03	\$ 31.27	\$ 26.97
Operating grants and contributions	19.89	22.72	--	--	19.89	22.72
Capital grants and contributions	13.94	9.32	5.71	6.50	19.65	15.82
General revenues:						
Property taxes	82.01	80.87	--	--	82.01	80.87
Other taxes	12.92	12.77	--	--	12.92	12.77
Other	<u>15.78</u>	<u>16.58</u>	<u>0.01</u>	<u>0.05</u>	<u>15.79</u>	<u>16.63</u>
Total Revenues	<u>164.03</u>	<u>159.20</u>	<u>17.50</u>	<u>16.58</u>	<u>181.53</u>	<u>175.78</u>
Expenses:						
General government	36.91	32.78	--	--	36.91	32.78
Public safety	52.16	50.62	--	--	52.16	50.62
Public works	12.01	12.34	--	--	12.01	12.34
Highways and streets	20.00	17.91	--	--	20.00	17.91
Sanitation	25.68	22.20	--	--	25.68	22.20
Culture and recreation	10.79	10.43	--	--	10.79	10.43
Public welfare	22.62	20.39	--	--	22.62	20.39
Interest on long-term debt	5.24	5.03	--	--	5.24	5.03
Housing programs	--	--	2.35	2.18	2.35	2.18
Sewer	--	--	13.45	8.25	13.45	8.25
Golf	<u>--</u>	<u>--</u>	<u>2.26</u>	<u>2.22</u>	<u>2.26</u>	<u>2.22</u>
Total Expenses	<u>185.41</u>	<u>171.70</u>	<u>18.06</u>	<u>12.65</u>	<u>203.47</u>	<u>184.35</u>
Increase (Decrease) before Transfers	(21.38)	(12.50)	(0.56)	3.93	(21.94)	(8.57)
Transfers	<u>(0.62)</u>	<u>(4.06)</u>	<u>0.62</u>	<u>4.06</u>	<u>--</u>	<u>--</u>
Change in Net Position	(22.00)	(16.56)	0.06	7.99	(21.94)	(8.57)
Net Position - Beginning	<u>516.77</u>	<u>533.33</u>	<u>70.76</u>	<u>62.77</u>	<u>587.53</u>	<u>596.10</u>
Net Position - Ending	\$ <u>494.77</u>	\$ <u>516.77</u>	\$ <u>70.82</u>	\$ <u>70.76</u>	\$ <u>565.59</u>	\$ <u>587.53</u>

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

Revenues from charges for services increased \$2.6 million. The increase was primarily attributable to the General Capital Improvement Fund increase of \$1.5 million due to administration fees for the Kukui'ula Community Facilities District and Solid Waste Fund increase of \$0.5 million due to residential refuse fees in the current fiscal year.

Operating grants and contributions decreased \$2.8 million from the prior year. The decrease was primarily attributable to the following decrease in grants over the prior year: homeland security grant (\$0.7 million), energy efficiency grants (\$0.5 million), drug prevention grant (\$0.6 million), Workforce Investment Act grant (\$0.3 million), and coastal zone management grant (\$0.2 million).

Capital grants and contributions increased \$4.6 million in federal grant resources. Major projects funded by federal grants during fiscal year 2013 were Lydgate-Kapa'a Bike Path (\$2.9 million) and the Waimea Wastewater Treatment Plant (\$2.6 million).

The County's real property taxes billed (revenues on full accrual basis) increased by \$1.1 million and was primarily attributable to re-classification of properties based upon actual use and increased tax rates by category with the addition of a "vacation rental" tax class. Net taxable values in the current fiscal year increased by 3% overall due to market trends in some areas and additional improvements added and rates increased over all classes an average of 12% over 2012. The County continued to provide tax relief to its citizens by extending the "Personal Home Use" Exemption and the "Long Term Affordable Lease" credits. These programs provided tax credits totaling \$2.9 million in fiscal year 2013 as compared to \$5.1 million in fiscal year 2012. Although tax credits may not have a direct effect on real property taxes billed, residents that have owned and lived in their homes since 2004 have received significant savings. The County ended with \$82 million in real property tax revenues recorded in the Statement of Activities.

Total expenses increased by approximately \$13.7 million and was primarily attributable to an increase of \$2.9 million in claims and judgments for general government expenses; an increase of \$8.8 million in landfill closure and post-closure costs, offset by completion of in-progress capital projects in the current year.

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 Accounting Pronouncement has allowed the County to amortize the unfunded accrued OPEB liability (\$156.6 million) as of July 1, 2011 over a blended 30 year period. The County has continued to pay the annual required contribution (ARC) as calculated by the actuary contracted by Hawaii'i employer-Union Health Benefit 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 \$31 million in fiscal years 2013 and 2012. The OPEB obligation for the County is estimated to be fully funded according to GASB Statement No. 45 reporting purposes.

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

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 reported combined ending fund balances of \$135.4 million, a decrease of \$21.4 million in comparison with prior year. Fund balances are reserved to indicate that it is not available for new spending because it is in non-spendable form (\$2.3 million), has already been committed to liquidate contracts and purchase orders (\$20 million), pay debt service (\$2.9 million), and/or certain other restricted and/or designated purposes (\$110.2 million).

The following table summarizes the changes in fund balances for the County's governmental funds as of June 30, 2013 in comparison to fiscal year 2012:

Changes in Fund Balances (Amounts in millions)					
	General Fund	Major Governmental Funds	Non-major Governmental Funds	Totals	
				2013	2012
Revenues:					
Taxes	\$ 83.36	\$ --	\$ 8.68	\$ 95.04	\$ 93.47
Other	<u>18.15</u>	<u>32.92</u>	<u>17.48</u>	<u>68.55</u>	<u>64.02</u>
Total Revenues	104.51	32.92	26.16	163.59	157.49
Expenditures	<u>102.29</u>	<u>49.32</u>	<u>35.19</u>	<u>186.80</u>	<u>186.07</u>
Excess (deficiency) of Revenues over Expenditures	2.20	(16.40)	(9.03)	(23.21)	(28.58)
Transfers and others	<u>(13.29)</u>	<u>3.93</u>	<u>11.18</u>	<u>1.82</u>	<u>(2.57)</u>
Net Changes in Fund Balances	\$ <u>(11.07)</u>	\$ <u>(12.47)</u>	\$ <u>2.15</u>	\$ <u>(21.39)</u>	\$ <u>(31.15)</u>

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position can be found on page 28. 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.

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

General Fund - The General Fund is the chief operating fund of the County. Total revenues in the General Fund amounted to \$104.5 million, or an increase of \$1 million in comparison to the prior year. As stated earlier, the County reported an unassigned balance of \$12.8 million due to the required amounts needed to cover revenue shortfalls and contributions to other funds in the upcoming 2014 fiscal year. The balance of \$12.8 million represents the remaining portion of the County's Reserve Fund. The decrease in the overall fund balance may be attributable to the cumulative effect of the following key factors:

- An increase of \$1.1 million or 1.4% in property tax revenue due to increased property tax rates by category with an addition of a "vacation rental" tax class.
- An increase of \$1.4 million or 10.8% in operating transfers out to other funds.
- An increase of \$1.7 million or 1.7% in total expenditures.
- Approximately \$11.7 million of fund balance were budgeted to cover revenue shortfalls, and contributions to other funds in the upcoming 2014 fiscal year.

Major Governmental Funds - Major governmental fund revenues amounted to \$32.9 million, or a \$6.2 million increase in comparison to the prior year. The increase was primarily attributable to:

- Solid Waste Fund increase of \$0.5 million was primarily due to residential refuse fees in the current fiscal year, ultimately increasing assigned fund balance.
- Federal Grants Fund decrease of \$1.4 million was primarily due to a decrease in grant revenue over the prior year: homeland security grant (\$0.7 million), energy efficiency grants (\$0.5 million), drug prevention grant (\$0.6 million), Workforce Investment Act grant (\$0.3 million), and coastal zone management grant (\$0.2 million).
- Grants Capital Improvement Fund increase of \$4.8 million was primarily due to the Lydgate-Kapa'a Bike Path (\$2.9 million) and the Waimea Wastewater Treatment Plant (\$2.6 million).

Total expenditures decreased by \$1.6 million from \$50.9 million to \$49.3 million in the current fiscal year. Significant variances included the following:

- Bond Fund decrease of \$4.4 million was primarily due to \$5.9 million in land acquisition costs for future development purposes from the prior year.
- Federal Grants Fund decrease of \$1.4 million was primarily due to a decrease in grant spending over the prior year: homeland security grant (\$0.7 million), energy efficiency grants (\$0.5 million), drug prevention grant (\$0.6 million), Workforce Investment Act grant (\$0.3 million), and coastal zone management grant (\$0.2 million).
- Grants Capital Improvement Fund increase of \$4.8 million was primarily due to amounts expended for the Lydgate-Kapa'a Bike Path and the Waimea Wastewater Treatment Plant.

General Capital Improvement Fund transferred out approximately \$1.7 million to the General Fund, ultimately reducing assigned fund balance.

All Other Governmental Funds – Revenues decreased by \$1.1 million from \$27.3 million to \$26.2 million in the current fiscal year. The decrease was primarily due to a decrease in E911 project revenues over the prior year. Expenditures remained relatively flat as compared to the prior year.

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

BUDGETARY HIGHLIGHTS

The General Fund exceeded its estimate of budgeted revenues by \$2.5 million. The General Fund lapsed \$11.2 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$21.6 million in the current year, an increase of \$4.7 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, 2013 was \$102 million as compared to \$101.9 million in the prior year, a decrease of \$0.1 million. Positive revenue budget variances of \$2.5 million occurred primarily because of the volatility of predicting certain types of revenues and the conservative approach in estimated revenues. The major positive variances occurred in revenue from real property taxes of \$1.9 million and public service taxes increased by approximately \$0.5 million, due to increases in revenues as reported by public utility companies. Interest earned decreased by approximately \$0.7 million from the prior year due to the valuation of investments below market value cost.

Final amended budgeted expenditures in the General Fund for fiscal year ended June 30, 2013 decreased by \$1.7 million, ending at \$117.4 million. The general government function budget decreased by 2.5%, public safety function, public works function, culture and recreation function, and public welfare function remained relatively flat to prior year budgets.

The County has developed a new budget strategy which began after the creation of the budget team and reflected during the development of the FY 14 budget. This new process relies heavily upon vital financial analysis in terms of past budget to actual expenditures. This process has enabled the County to formulate budget decisions and priorities based upon actual expenditures as opposed to relying upon past practices of proposing budgets based on prior appropriations. The County believes that this approach continues to encapsulate the concept of conservative budgeting which is vital considering the continued challenges with the disproportionate relationship between revenue and expenditures. The County's reduction of over \$8 million dollars in operating expenses in the FY 14 budget is evidence of this commitment to this conservative budget approach. The County's ultimate goal is to pursue a sustainable and meaningful budget.

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

- Council Services had a favorable variance of approximately \$0.8 million, of which, are primarily attributable to \$0.5 million in unexpended salaries, fringe and benefits and \$0.2 million in unexpended travel, utilities, and other miscellaneous items.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

- Office of the County Auditor had a favorable variance of approximately \$0.6 million, of which, are primarily attributable to \$0.4 million in unexpended consulting budgeted costs and \$0.1 in unexpended salaries, fringe and benefits.
- 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.
- Police department had a favorable variance of \$0.9 million, of which, are primarily attributable to approximately \$0.3 million in unexpended lease vehicle budgeted costs, \$0.4 million in unexpended travel, training, and other miscellaneous items.
- Fire department had a favorable variance of \$1.6 million, of which, are primarily attributable to approximately \$1.3 million due to unexpended salaries, fringe and benefits, and \$0.1 million in unexpended training and travel budgeted costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The County's capital assets for its governmental and business-type activities as of June 30, 2013 amounted to \$614.79 million, an increase of \$12.45 million. The net capital assets include land, buildings and improvements, machinery and equipment, infrastructure (roadways, bridges, sewer, and golf), 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, 2013 in comparison to fiscal year 2012:

	Government Activities Summary of Capital Assets (Amounts in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Non-depreciable assets:						
Land	\$ 182.85	\$ 182.32	\$ 12.45	\$ 9.98	\$ 195.30	\$ 192.30
CIP	44.46	27.67	18.19	17.20	62.65	44.87
Depreciable assets:						
Buildings and improvements	104.16	103.71	78.96	78.05	183.12	181.76
Equipment	69.31	63.34	5.56	4.52	74.87	67.86
Infrastructure	665.33	662.62	12.73	12.73	678.06	675.35
Less: Accumulated depreciation	<u>(534.38)</u>	<u>(517.39)</u>	<u>(44.83)</u>	<u>(42.40)</u>	<u>(579.21)</u>	<u>(559.79)</u>
Total Capital Assets, net	\$ <u>531.73</u>	\$ <u>522.27</u>	\$ <u>83.06</u>	\$ <u>80.08</u>	\$ <u>614.79</u>	\$ <u>602.35</u>

Additional information on the County's capital assets can be found in Note 6 in the notes to the basic financial statements.

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2013

Long-term Debt – On July 10, 2012, the County issued approximately \$31.6 million in general obligation bonds to be used primarily for the purpose of refunding the portion outstanding of the Series 2005A Series Bonds.

At the end of the current fiscal year, the County had total bonds and loans outstanding of \$138.3 million (\$117.2 million related to governmental activities and \$21.1 million related to business-type activities). Of this amount, \$118.1 million is comprised of debt backed by the full faith and credit of the government (general obligations) and \$20.2 million represents State Revolving Fund (SRF) loans used to finance construction of wastewater projects.

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

State statutes limit the amount of general obligation debt the County may issue up to 15 percent of its net assessed valuation. The current debt limitation for the County is \$2.3 billion. As of June 30, 2013 the County's current outstanding debt applicable to the legal debt margin totaled \$114 million or 5% of the County's debt limitation.

Additional information on the County's long-term debt can be found in Note 10 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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF KAUA'I, HAWAI'I
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Department of Water
Assets:				
Cash and cash equivalents	\$ 21,284,092	\$ 5,267,942	\$ 26,552,034	\$ 17,105,705
Investments	124,618,261	2,585,305	127,203,566	11,679,056
Receivables, net	28,069,793	2,445,934	30,515,727	7,335,738
Internal balances	(166,100)	166,100	--	--
Due from other governments	15,163,450	--	15,163,450	--
Due from fiduciary fund	414,605	--	414,605	--
Real property held for sale	74,250	72,560	146,810	--
Materials and supplies	--	--	--	794,114
Prepaid items and other	1,784,190	250,026	2,034,216	672,758
Restricted Assets:				
Cash and cash equivalents	--	353,600	353,600	1,120,385
Investments	--	--	--	26,573,550
Other	--	--	--	5,606
Capital Assets:				
Land	182,848,634	12,450,632	195,299,266	1,343,144
Construction in progress	44,462,233	18,192,891	62,655,124	17,095,959
Buildings and improvements	65,259,834	44,638,926	109,898,760	3,487,743
Machinery and equipment	29,014,375	2,664,292	31,678,667	1,270,729
Infrastructure	210,144,463	5,118,868	215,263,331	194,656,880
Total Capital Assets, net	<u>531,729,539</u>	<u>83,065,609</u>	<u>614,795,148</u>	<u>217,854,455</u>
Total Assets	<u>722,972,080</u>	<u>94,207,076</u>	<u>817,179,156</u>	<u>283,141,367</u>
Liabilities:				
Accounts payable and accrued liabilities	25,783,285	1,159,269	26,942,554	4,159,999
Contracts payable	1,667,775	23,498	1,691,273	1,819,379
Due to other government	326,238	--	326,238	3,939
Customer deposits	198,264	143,164	341,428	594,950
Unearned revenue	23,410,161	28,634	23,438,795	--
Interest payable	2,233,003	99,623	2,332,626	--
Noncurrent Liabilities:				
Due within one year	15,263,123	2,374,276	17,637,399	5,105,944
Due in more than one year	<u>159,230,708</u>	<u>19,556,433</u>	<u>178,787,141</u>	<u>94,089,920</u>
Total Liabilities	<u>228,112,557</u>	<u>23,384,897</u>	<u>251,497,454</u>	<u>105,774,131</u>
Deferred Inflows of Resources:				
Deferred revenue	<u>96,084</u>	<u>--</u>	<u>96,084</u>	<u>--</u>
Total Deferred Inflows of Resources	<u>96,084</u>	<u>--</u>	<u>96,084</u>	<u>--</u>
Net Position:				
Net investment in capital assets	458,961,948	61,719,207	520,681,155	144,652,168
Restricted for capital activity and other	11,287,770	353,600	11,641,370	969,667
Unrestricted	<u>24,513,721</u>	<u>8,749,372</u>	<u>33,263,093</u>	<u>31,745,401</u>
Total Net Position	<u>\$ 494,763,439</u>	<u>\$ 70,822,179</u>	<u>\$ 565,585,618</u>	<u>\$ 177,367,236</u>

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

**COUNTY OF KAUA'I, HAWAI'I
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			Component Unit Department of Water
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business-type	Total	
					Activities	Activities		
Primary Government:								
Governmental Activities:								
General government	\$ 36,906,688	\$ 3,768,037	\$ 2,428,667	\$ 52,896	\$ (30,657,088)	\$ --	\$ (30,657,088)	\$ --
Public safety	52,156,486	1,036,661	4,460,450	--	(46,659,375)	--	(46,659,375)	--
Public works	12,011,341	1,410,220	597	528,324	(10,072,200)	--	(10,072,200)	--
Highways and streets	19,996,535	4,613,966	500,288	12,855,835	(2,026,446)	--	(2,026,446)	--
Sanitation	25,685,902	6,563,506	339,504	--	(18,782,892)	--	(18,782,892)	--
Culture and recreation	10,791,475	672,755	20,664	500,000	(9,598,056)	--	(9,598,056)	--
Public welfare	22,624,202	1,427,164	12,142,664	--	(9,054,374)	--	(9,054,374)	--
Interest on long-term debt, unallocated	5,240,755	--	--	--	(5,240,755)	--	(5,240,755)	--
Total Governmental Activities	185,413,384	19,492,309	19,892,834	13,937,055	(132,091,186)	--	(132,091,186)	--
Business-type Activities								
Housing programs	2,352,640	1,749,444	--	2,431,223	--	1,828,027	1,828,027	--
Sewer	13,447,969	8,854,282	--	3,280,686	--	(1,313,001)	(1,313,001)	--
Golf	2,262,578	1,171,155	--	--	--	(1,091,423)	(1,091,423)	--
Total Business-type Activities	18,063,187	11,774,881	--	5,711,909	--	(576,397)	(576,397)	--
Total Primary Government	\$ 203,476,571	\$ 31,267,190	\$ 19,892,834	\$ 19,648,964	\$ (132,091,186)	\$ (576,397)	\$ (132,667,583)	\$ --
Component Unit:								
Department of Water	\$ 24,819,547	\$ 28,357,143	\$ --	\$ 3,483,083	--	--	--	7,020,679
General Revenues:								
Property taxes					82,008,842	--	82,008,842	--
Public service company tax					4,247,316	--	4,247,316	--
Franchise tax					4,746,998	--	4,746,998	--
Fuel taxes					3,929,570	--	3,929,570	--
Grants and contributions not restricted to specific programs					14,661,865	--	14,661,865	--
Unrestricted investment earnings					1,115,555	14,402	1,129,957	--
Transfers					(619,797)	619,797	--	--
Total General Revenues and Transfers					110,090,349	634,199	110,724,548	--
Change in Net Position					(22,000,837)	57,802	(21,943,035)	7,020,679
Net Position - Beginning of Year July 1, 2012					516,764,276	70,764,377	587,528,653	170,346,557
Net Position - End of Year June 30, 2013					\$ 494,763,439	\$ 70,822,179	\$ 565,585,618	\$ 177,367,236

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 KAUAI, HAWAII
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013**

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

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets:									
Cash and cash equivalents	\$ --	\$ 987,043	\$ --	\$ 5,418,426	\$ 768,543	\$ --	\$ 2,590,300	\$ 11,519,780	\$ 21,284,092
Investments	59,894,079	--	6,984,293	44,401,681	1,751,257	--	--	11,586,951	124,618,261
Accounts receivable, net	3,071,684	--	563,452	--	--	--	828,055	1,254,591	5,717,782
Taxes receivable	3,565,092	--	--	--	--	--	--	--	3,565,092
Interest receivable	153,539	949,389	3,932	164,583	409,378	--	--	23,664	1,704,485
Due from other funds	70,169	1,649,685	5,838,914	--	6,957	775	2,703,956	11,841,590	22,112,046
Due from other governments	--	--	--	--	3,205,760	11,610,060	--	347,630	15,163,450
Loans receivable	--	8,625,143	--	--	8,438,771	--	--	18,520	17,082,434
Real property held for sale	--	74,250	--	--	--	--	--	--	74,250
Prepaid items	--	--	--	--	3,538	--	--	504,979	508,517
Total Assets	\$ 66,754,563	\$ 12,285,510	\$ 13,390,591	\$ 49,984,690	\$ 14,584,204	\$ 11,610,835	\$ 6,122,311	\$ 37,097,705	\$ 211,830,409
Liabilities, Deferred Inflows of Resources and Fund Balances:									
Liabilities:									
Accounts payable	\$ 18,188,708	\$ 66,421	\$ 1,170,955	\$ 1,358,669	\$ 648,256	\$ 2,122,602	\$ 121,948	\$ 2,105,726	\$ 25,783,285
Contracts payable	27,936	--	112,218	422,528	58,262	752,618	43,655	250,558	1,667,775
Due to other funds	11,873,799	--	2,291	--	36,161	8,627,653	644,000	679,637	21,863,541
Due to other governments	1,792	494	--	--	--	--	--	323,952	326,238
Due to customers	--	--	--	--	--	--	--	198,264	198,264
Unearned revenue	3,025,183	7,869,415	3,967	--	13,841,525	107,962	--	1,587,290	26,435,342
Compensated absences	14,424	--	--	--	--	--	--	--	14,424
Total Liabilities	33,131,842	7,936,330	1,289,431	1,781,197	14,584,204	11,610,835	809,603	5,145,427	76,288,869
Deferred Inflows of Resources:									
Deferred revenue	--	--	--	--	--	--	--	96,084	96,084
Total Deferred Inflow of Resources	--	--	--	--	--	--	--	96,084	96,084
Fund Balance:									
Nonspendable	--	1,779,367	--	--	--	--	--	504,979	2,284,346
Restricted	490,000	--	7,848,874	--	--	--	--	2,910,709	11,249,583
Committed	7,649,170	506,852	2,310,177	6,965,466	--	--	1,139,581	4,075,027	22,646,273
Assigned	12,700,967	2,062,961	1,942,109	41,238,027	--	--	4,173,127	24,365,479	86,482,670
Unassigned	12,782,584	--	--	--	--	--	--	--	12,782,584
Total Fund Balance	33,622,721	4,349,180	12,101,160	48,203,493	--	--	5,312,708	31,856,194	135,445,456
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 66,754,563	\$ 12,285,510	\$ 13,390,591	\$ 49,984,690	\$ 14,584,204	\$ 11,610,835	\$ 6,122,311	\$ 37,097,705	\$ 211,830,409

COUNTY OF KAUA'I, HAWAI'I
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balances - Governmental Funds \$ 135,445,456

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	\$ 182,848,634
Construction work in progress	44,462,233
Buildings and improvements	104,164,064
Equipment	69,312,472
Infrastructure assets	665,325,903
Accumulated depreciation	<u>(534,383,767)</u>

Total Capital Assets, net 531,729,539

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 deferred in the funds. 3,025,181

Bond issuance costs are expensed in the governmental funds but are required to be amortized over the life of the bond issuance. 1,275,673

Accrued interest payable on outstanding bonds are expensed on the government-wide statement of activities. (2,233,003)

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	(116,792,135)
Capital leases	(4,178,948)
Compensated absences	(12,175,444)
Claims and judgments	(12,734,026)
Landfill closure/post-closure costs	<u>(28,598,854)</u>

Total Long-term Liabilities (174,479,407)

Net Position of Governmental Activities \$ 494,763,439

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

COUNTY OF KAUA'I, HAWAII'
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:									
Taxes	\$ 86,358,387	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,676,568	\$ 95,034,955
Licenses and permits	1,415,939	--	--	--	--	--	--	5,716,244	7,132,183
Rents and concessions	187,985	--	12,000	--	--	--	--	448,671	648,656
Interest	--	211,801	--	34,243	--	--	--	51,312	297,356
Intergovernmental revenues	13,523,686	209,199	--	--	8,875,745	13,385,537	--	10,807,890	46,802,057
Charges for current services	2,669,524	--	6,550,151	--	--	--	--	--	9,219,675
Bond subsidy	--	--	--	1,138,179	--	--	--	--	1,138,179
Miscellaneous	351,033	135	1,355	1,030,000	--	--	1,472,055	455,416	3,309,994
Total Revenues	104,506,554	421,135	6,563,506	2,202,422	8,875,745	13,385,537	1,472,055	26,156,101	163,583,055
Expenditures:									
General government	28,566,307	--	--	958,427	1,307,172	30,000	886,163	1,194,782	32,942,851
Public safety	45,617,323	--	--	--	1,228,243	--	--	2,203,915	49,049,481
Public works	9,248,328	--	--	70,803	597	--	243,742	136,114	9,699,584
Highways and streets	--	--	--	57,720	474,593	141,212	233,730	14,129,338	15,036,593
Sanitation	--	--	11,937,963	889,205	--	--	--	260,113	13,087,281
Culture and recreation	9,134,323	--	--	65,661	20,000	--	1,961	278,573	9,500,518
Public welfare	6,934,821	873,285	--	2,359,226	4,546,825	--	--	7,303,443	22,017,600
Capital outlay	1,724,976	--	1,129,601	6,132,764	1,298,315	13,214,325	461,489	1,954,484	25,915,954
Debt Service:									
Principal	975,439	--	720,772	--	--	--	--	2,887,564	4,583,775
Interest and debt issuance cost	90,318	--	41,202	--	--	--	--	4,838,717	4,970,237
Total Expenditures	102,291,835	873,285	13,829,538	10,533,806	8,875,745	13,385,537	1,827,085	35,187,043	186,803,874
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,214,719	(452,150)	(7,266,032)	(8,331,384)	--	--	(355,030)	(9,030,942)	(23,220,819)
Other Financing Sources (Uses):									
Proceeds from capital leases	1,151,460	--	1,106,040	--	--	--	--	193,170	2,450,670
Proceeds from insurance	--	--	--	--	--	--	--	--	--
Transfers in	7,165,436	--	5,514,679	--	--	--	4,035,153	11,690,788	28,406,056
Transfers out	(21,604,203)	--	--	(970,758)	--	--	(5,750,963)	(699,929)	(29,025,853)
Total Other Financing Sources (Uses)	(13,287,307)	--	6,620,719	(970,758)	--	--	(1,715,810)	11,184,029	1,830,873
Net Change in Fund Balances	(11,072,588)	(452,150)	(645,313)	(9,302,142)	--	--	(2,070,840)	2,153,087	(21,389,946)
Fund Balance - Beginning of Year July 1, 2012	44,695,309	4,801,330	12,746,473	57,505,635	--	--	7,383,548	29,703,107	156,835,402
Fund Balance - End of Year June 30, 2013	\$ 33,622,721	\$ 4,349,180	\$ 12,101,160	\$ 48,203,493	\$ --	\$ --	\$ 5,312,708	\$ 31,856,194	\$ 135,445,456

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

COUNTY OF KAUAI, HAWAII
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, 2013

Net Change in Fund Balance - Total Governmental Funds		\$ (21,389,946)
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	\$ 25,915,954	
Depreciation expense	<u>(17,265,798)</u>	
Net Capital Outlay		8,650,156
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, CIP closures/transfers, contributed/donated capital assets) is to increase Net Position.		807,879
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.		(2,450,670)
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.		(102,209)
Bond proceeds are reported as other financing sources in governmental funds and contribute to the increase in fund balance. Bond and capital lease principal payments are reported as an expenditure in governmental funds and reduce fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities while debt repayment reduces long-term liabilities and affects the Statement of Activities.		
Bond principal retirement	2,615,000	
Capital lease principal payments	<u>1,968,775</u>	
Total Long-term Debt Repayment		4,583,775
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	362,454	
Amortization of deferred refunding costs	(384,653)	
Amortization of deferred bond issuance costs	(60,410)	
Increase in compensated absences	(123,417)	
Increase in claims and judgments	(2,859,628)	
Increase in landfill closure/post-closure care costs	(8,846,259)	
Decrease in accrued interest payable	<u>(187,909)</u>	
Net Increase in Expenditures		<u>(12,099,822)</u>
Change in Net Position - Governmental Activities		\$ <u>(22,000,837)</u>

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

COUNTY OF KAUAI, HAWAII
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Revenues:						
Taxes:						
Real property taxes	\$ 80,206,006	\$ 80,206,006	\$ 82,111,071	\$ --	\$ 82,111,071	\$ 1,905,065
Public services company taxes	3,701,556	3,701,556	4,247,316	--	4,247,316	545,760
Total Taxes	<u>83,907,562</u>	<u>83,907,562</u>	<u>86,358,387</u>	<u>--</u>	<u>86,358,387</u>	<u>2,450,825</u>
Licenses and Permits:						
Street use	147,600	153,305	169,222	--	169,222	15,917
Business licenses and fees	200	200	945	--	945	745
Non-business licenses and fees	1,138,000	1,138,000	1,245,772	--	1,245,772	107,772
Total Licenses and Permits	<u>1,285,800</u>	<u>1,291,505</u>	<u>1,415,939</u>	<u>--</u>	<u>1,415,939</u>	<u>124,434</u>
Rents and Concessions	<u>123,699</u>	<u>123,699</u>	<u>187,985</u>	<u>--</u>	<u>187,985</u>	<u>64,286</u>
Interest	<u>650,000</u>	<u>650,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(650,000)</u>
Intergovernmental Revenues:						
State grants-in-aid share of transient accomodation tax	13,485,000	13,485,000	13,485,000	--	13,485,000	--
Other state grants-in-aid	5,000	5,000	38,686	--	38,686	33,686
Federal government grant - civil defense	--	--	--	--	--	--
Payment in lieu of taxes	--	--	--	--	--	--
Total Intergovernmental Revenues	<u>13,490,000</u>	<u>13,490,000</u>	<u>13,523,686</u>	<u>--</u>	<u>13,523,686</u>	<u>33,686</u>
Charges for Current Services	<u>2,380,200</u>	<u>2,393,888</u>	<u>2,669,524</u>	<u>--</u>	<u>2,669,524</u>	<u>275,636</u>
Miscellaneous	<u>161,500</u>	<u>161,500</u>	<u>351,033</u>	<u>--</u>	<u>351,033</u>	<u>189,533</u>
Total Revenues	<u>\$ 101,998,761</u>	<u>\$ 102,018,154</u>	<u>\$ 104,506,554</u>	<u>\$ --</u>	<u>\$ 104,506,554</u>	<u>\$ 2,488,400</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, 2013

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances		
				Encumbrances	Non-GAAP	
Expenditures:						
General Government:						
Council Services and County Clerk	\$ 3,632,185	\$ 3,482,955	\$ 2,712,310	\$ 11,077	\$ 2,723,387	\$ 759,568
Elections	903,126	882,868	691,471	8,800	700,271	182,597
Office of the County Auditor	1,735,754	1,701,113	1,025,827	63,691	1,089,518	611,595
Office of the Mayor:						
Administration	1,663,567	1,626,942	1,503,215	81,610	1,584,825	42,117
Youth Work Program	26,028	26,622	12,173	3,264	15,437	11,185
Kauai Equal Access Program	117,982	121,538	100,992	--	100,992	20,546
Boards and commissions	1,554,529	1,476,615	998,909	184,663	1,183,572	293,043
Office of the County Attorney	3,430,828	3,342,461	2,804,006	458,110	3,262,116	80,345
Office of the Prosecuting Attorney	4,050,442	3,878,970	3,482,607	47,715	3,530,322	348,648
Department of Finance:						
Administration	1,228,780	1,145,161	886,595	1,665	888,260	256,901
Accounting and Budgeting	1,424,365	1,386,245	1,089,663	29,507	1,119,170	267,075
Treasury	244,358	232,932	214,905	--	214,905	18,027
Motor vehicle	868,208	841,523	636,580	69,024	705,604	135,919
Drivers license	688,387	664,809	474,623	52,539	527,162	137,647
Real property assessment	1,878,855	1,778,590	1,427,239	36,974	1,464,213	314,377
Real property collections	498,143	484,464	358,211	26,814	385,025	99,439
Purchasing	805,723	789,973	677,622	4,720	682,342	107,631
Information technology	1,938,485	1,863,736	1,455,035	29,300	1,484,335	379,401
Risk management	117,179	112,174	100,532	--	100,532	11,642
County-wide Costs:						
Insurance:						
Liability insurance	728,000	728,000	596,857	--	596,857	131,143
Fire insurance	445,000	445,000	366,530	--	366,530	78,470
Self insurance (Note D)	985,157	985,157	--	--	--	985,157
Excess workers compensation	371,215	371,215	212,592	3,215	215,807	155,408
Other County-wide Costs:						
Central services cost	(2,700,000)	(2,700,000)	(2,702,537)	--	(2,702,537)	2,537
Collective bargaining raises	--	--	--	--	--	--
Vacation payout	475,000	525,000	443,770	--	443,770	81,230
Special projects	975,000	975,000	826,100	65,000	891,100	83,900
Claims	800,000	1,564,194	1,288,452	--	1,288,452	275,742
Training	12,000	12,000	4,192	--	4,192	7,808
Telephone services	150,000	150,000	137,821	--	137,821	12,179
Computers and accessories	455,165	455,165	326,381	39,978	366,359	88,806
Repair and maintenance, financial system	1,024,150	1,024,150	657,668	301,932	959,600	64,550
Personnel Services	1,992,719	1,920,406	1,578,605	39,370	1,617,975	302,431
Planning	3,152,552	3,044,033	2,129,947	551,216	2,681,163	362,870
Office of Economic Development	2,739,514	2,689,837	2,196,965	109,325	2,306,290	383,547
Total General Government	\$ 38,412,396	\$ 38,028,848	\$ 28,715,858	\$ 2,219,509	\$ 30,935,367	\$ 7,093,481

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

COUNTY OF KAUAI, HAWAII
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Public Safety:						
Police Department	\$ 26,112,065	\$ 25,988,845	\$ 24,235,904	\$ 851,785	\$ 25,087,689	\$ 901,156
Fire Department	23,670,250	23,555,917	21,745,530	180,325	21,925,855	1,630,062
Kauai Civil Defense Agency	738,674	715,285	618,645	44,557	663,202	52,083
Total Public Safety	<u>50,520,989</u>	<u>50,260,047</u>	<u>46,600,079</u>	<u>1,076,667</u>	<u>47,676,746</u>	<u>2,583,301</u>
Public Works:						
Administrative	637,693	622,802	604,323	4,905	609,228	13,574
Fiscal and clerical	399,713	372,018	350,449	1,839	352,288	19,730
Plans, survey and construction	1,945,954	1,746,712	1,560,623	24,935	1,585,558	161,154
Building division:						
Inspection	1,745,532	1,656,197	1,586,774	17,787	1,604,561	51,636
Repairs and maintenance	3,343,504	3,340,085	2,510,718	698,245	3,208,963	131,122
Janitorial	<u>2,774,856</u>	<u>2,742,844</u>	<u>2,683,060</u>	<u>18,115</u>	<u>2,701,175</u>	<u>41,669</u>
Total Public Works	<u>10,847,252</u>	<u>10,480,658</u>	<u>9,295,947</u>	<u>765,826</u>	<u>10,061,773</u>	<u>418,885</u>
Culture and Recreation:						
Administrative and fiscal	1,510,463	1,389,403	1,254,004	23,419	1,277,423	111,980
Planning and development	241,540	230,763	191,090	168	191,258	39,505
Recreation	2,518,024	2,410,913	1,905,845	199,569	2,105,414	305,499
Maintenance	4,488,312	4,444,536	4,331,243	89,733	4,420,976	23,560
Beautification	1,028,792	964,898	873,375	27,800	901,175	63,723
Auditorium	443,889	434,991	368,854	--	368,854	66,137
Stadiums	<u>766,684</u>	<u>768,254</u>	<u>635,193</u>	<u>61,064</u>	<u>696,257</u>	<u>71,997</u>
Total Culture and Recreation	<u>\$ 10,997,704</u>	<u>\$ 10,643,758</u>	<u>\$ 9,559,604</u>	<u>\$ 401,753</u>	<u>\$ 9,961,357</u>	<u>\$ 682,401</u>

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

COUNTY OF KAUAI, HAWAII
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Public Welfare:						
Housing	\$ 844,306	\$ 809,401	\$ 675,339	\$ --	\$ 675,339	\$ 134,062
Elderly Affairs	1,323,768	1,285,273	1,084,540	2,120	1,086,660	198,613
Transportation	5,842,576	5,878,319	5,209,008	577,615	5,786,623	91,696
Total Public Welfare	<u>8,010,650</u>	<u>7,972,993</u>	<u>6,968,887</u>	<u>579,735</u>	<u>7,548,622</u>	<u>424,371</u>
Total General Fund Expenditures	<u>118,788,991</u>	<u>117,386,304</u>	<u>101,140,375</u>	<u>5,043,490</u>	<u>106,183,865</u>	<u>11,202,439</u>
Excess of Revenues Over (Under) Expenditures	<u>(16,790,230)</u>	<u>(15,368,150)</u>	<u>3,366,179</u>	<u>(5,043,490)</u>	<u>(1,677,311)</u>	<u>13,690,839</u>
Other Financing Sources (Uses):						
Proceeds from Insurance	--	--	--	--	--	--
Transfers In	5,582,664	7,165,436	7,165,436	--	7,165,436	--
Transfers Out	<u>(13,079,899)</u>	<u>(21,604,203)</u>	<u>(21,604,203)</u>	--	<u>(21,604,203)</u>	--
Total Other Financing Uses	<u>(7,497,235)</u>	<u>(14,438,767)</u>	<u>(14,438,767)</u>	--	<u>(14,438,767)</u>	--
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	<u>\$ (24,287,465)</u>	<u>\$ (29,806,917)</u>	<u>(11,072,588)</u>	<u>\$ (5,043,490)</u>	<u>\$ (16,116,078)</u>	<u>\$ 13,690,839</u>
Fund Balance - Ending of Year June 30, 2012			<u>44,695,309</u>			
Fund Balance - End of Year June 30, 2013			<u>\$ 33,622,721</u>			

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

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

COUNTY OF KAUA'I, HAWAII
HOUSING AND COMMUNITY DEVELOPMENT REVOLVING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 211,801	\$ --	\$ 211,801	\$ 211,801
Intergovernmental	1,871,914	1,871,914	209,199	--	209,199	(1,662,715)
Miscellaneous	--	--	135	--	135	135
Total Revenues	1,871,914	1,871,914	421,135	--	421,135	(1,450,779)
Expenditures - Public Welfare:						
Salaries	548,292	548,292	477,770	--	477,770	70,522
Travel expenses	21,050	21,050	2,335	--	2,335	18,715
Other employee benefits	370,873	370,873	248,034	--	248,034	122,839
Other expenses	40,960	41,560	18,015	--	18,015	23,545
Central services cost	25,000	25,000	25,000	--	25,000	--
Loans	73,853	73,253	--	--	--	73,253
Special projects	792,046	792,046	102,131	506,852	608,983	183,063
Total Expenditures - Public Welfare	1,872,074	1,872,074	873,285	506,852	1,380,137	491,937
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (160)	\$ (160)	(452,150)	\$ (506,852)	\$ (959,002)	\$ (958,842)
Fund Balance - Beginning of Year July 1, 2012			4,801,330			
Fund Balance - End of Year June 30, 2013			\$ 4,349,180			

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, 2013

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Revenues:						
Rents and concessions	\$ 12,000	\$ 12,000	\$ 12,000	\$ --	\$ 12,000	\$ --
Interest	--	--	--	--	--	--
Miscellaneous	--	--	1,355	--	1,355	1,355
Charges for current services:						
Tipping fees	3,219,549	3,219,549	3,504,662	--	3,504,662	285,113
Disposal fees	3,017,000	3,017,000	3,045,489	--	3,045,489	28,489
Total Revenues	<u>6,248,549</u>	<u>6,248,549</u>	<u>6,563,506</u>	<u>--</u>	<u>6,563,506</u>	<u>314,957</u>
Expenditures - Sanitation:						
Salaries, solid waste disposal	1,661,994	1,629,352	1,550,408	--	1,550,408	78,944
Other expenses, solid waste disposal	53,011	40,236	31,676	1,852	33,528	6,708
Special projects, solid waste disposal	6,251,413	6,267,222	4,754,699	1,062,632	5,817,331	449,891
Salaries, solid waste collections	1,816,530	1,727,530	1,635,760	--	1,635,760	91,770
Other expenses, solid waste collections	237,791	192,721	104,126	37,531	141,657	51,064
Salaries, Kauai recycling center	149,397	149,397	103,460	--	103,460	45,937
Other expenses, Kauai recycling center	55,402	12,052	8,784	--	8,784	3,268
Recycling programs	1,622,113	1,605,601	694,540	336,283	1,030,823	574,778
Central services cost	975,775	1,064,174	942,041	116,337	1,058,378	5,796
Equipment including capital leases	1,629,186	1,642,685	849,360	755,542	1,604,902	37,783
Social security taxes	295,585	295,585	223,366	--	223,366	72,219
Public employees' health fund	475,423	475,423	334,335	--	334,335	141,088
Worker's compensation	83,002	362,644	314,922	--	314,922	47,722
Unemployment compensation	3	3	--	--	--	3
Employees' retirement system	571,637	571,637	496,523	--	496,523	75,114
Employees' other post employment benefits	1,109,250	951,250	679,498	--	679,498	271,752
Total Expenditures - Sanitation	<u>16,987,512</u>	<u>16,987,512</u>	<u>12,723,498</u>	<u>2,310,177</u>	<u>15,033,675</u>	<u>1,953,837</u>
Deficiency of Revenues Under Expenditures	(10,738,963)	(10,738,963)	(6,159,992)	(2,310,177)	(8,470,169)	2,268,794
Other Financing Sources (Uses):						
Transfers in	<u>5,514,679</u>	<u>5,514,679</u>	<u>5,514,679</u>	<u>--</u>	<u>5,514,679</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>5,514,679</u>	<u>5,514,679</u>	<u>5,514,679</u>	<u>--</u>	<u>5,514,679</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ <u>(5,224,284)</u>	\$ <u>(5,224,284)</u>	(645,313)	\$ <u>(2,310,177)</u>	\$ <u>(2,955,490)</u>	\$ <u>2,268,794</u>
Fund Balance - Beginning of Year July 1, 2012						12,746,473
Fund Balance - End of Year June 30, 2013						\$ <u>12,101,160</u>

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

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

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, HAWAI'I
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2013**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 3,420,159	\$ 1,402,919	\$ 444,864	\$ 5,267,942
Restricted cash and cash equivalents	353,600	--	--	353,600
Investments	2,086,957	498,348	--	2,585,305
Receivables, net:				
Accounts	81,204	2,361,286	--	2,442,490
Interest	1,310	2,134	--	3,444
Insurance	--	--	--	--
Due from other funds	--	166,100	--	166,100
Real property held for sale	72,560	--	--	72,560
Prepaid expenses	--	246,547	3,479	250,026
Total Current Assets	6,015,790	4,677,334	448,343	11,141,467
Noncurrent Assets:				
Capital assets:				
Land	11,224,032	1,226,600	--	12,450,632
Construction in progress	--	18,192,891	--	18,192,891
Buildings	31,338,515	45,086,141	2,538,738	78,963,394
Equipment	7,292	4,294,814	1,256,948	5,559,054
Infrastructure	--	9,993,559	2,739,725	12,733,284
Less: accumulated depreciation	<u>(10,630,103)</u>	<u>(32,082,708)</u>	<u>(2,120,835)</u>	<u>(44,833,646)</u>
Total Noncurrent Assets	31,939,736	46,711,297	4,414,576	83,065,609
Total Assets	37,955,526	51,388,631	4,862,919	94,207,076
Current Liabilities:				
Accounts payable	99,986	847,127	212,156	1,159,269
Contracts payable	--	23,498	--	23,498
Interest payable	--	76,975	22,648	99,623
Due to other funds	--	--	--	--
Security deposits payable	143,164	--	--	143,164
Unearned revenue	--	28,634	--	28,634
Compensated absences, current portion	--	101,167	44,909	146,076
Notes payable, current portion	--	2,069,922	158,278	2,228,200
Total Current Liabilities	243,150	3,147,323	437,991	3,828,464
Noncurrent Liabilities:				
Notes payable	--	18,190,917	927,285	19,118,202
Compensated absences	--	303,502	134,729	438,231
Total Noncurrent Liabilities	--	18,494,419	1,062,014	19,556,433
Total Liabilities	243,150	21,641,742	1,500,005	23,384,897
Net Position:				
Net investment in capital assets	31,939,736	26,450,458	3,329,013	61,719,207
Restricted assets:				
Nonexpendable - cash	353,600	--	--	353,600
Unrestricted	5,419,040	3,296,431	33,901	8,749,372
Total Net Position	\$ 37,712,376	\$ 29,746,889	\$ 3,362,914	\$ 70,822,179

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

COUNTY OF KAUAI, HAWAII
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 536,141	\$ --	\$ --	\$ 536,141
Rents and concessions	1,000,382	--	222,141	1,222,523
Charges for current services	--	8,854,282	942,752	9,797,034
Low-income housing sales	189,148	--	--	189,148
Other	23,773	--	6,262	30,035
Total Operating Revenues	1,749,444	8,854,282	1,171,155	11,774,881
Operating Expenses:				
Public housing	1,183,235	--	--	1,183,235
Sewer	--	9,974,327	--	9,974,327
Golf	--	--	2,024,146	2,024,146
Depreciation	783,488	1,453,056	192,321	2,428,865
Cost of low-income housing sales	166,790	--	--	166,790
Total Operating Expenses	2,133,513	11,427,383	2,216,467	15,777,363
Operating Income (Loss)	(384,069)	(2,573,101)	(1,045,312)	(4,002,482)
Nonoperating Revenues (Expenses):				
Interest income from investments	11,936	2,466	--	14,402
Interest expense on long-term debt	--	(291,646)	(46,111)	(337,757)
Loss on disposal of capital assets	(219,127)	(1,728,940)	--	(1,948,067)
Total Nonoperating Revenues (Expenses)	(207,191)	(2,018,120)	(46,111)	(2,271,422)
Net Income (Loss) Before Transfers and Contributions	(591,260)	(4,591,221)	(1,091,423)	(6,273,904)
Capital contributions	2,431,223	3,280,686	--	5,711,909
Transfers	--	(106,723)	726,520	619,797
Change in Net Position	1,839,963	(1,417,258)	(364,903)	57,802
Net Position - Beginning of Year July 1, 2012	35,872,413	31,164,147	3,727,817	70,764,377
Net Position - Ending of Year June 30, 2013	\$ 37,712,376	\$ 29,746,889	\$ 3,362,914	\$ 70,822,179

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

COUNTY OF KAUA'I, HAWAII
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities Enterprise Funds			Totals
	Public Housing	Sewer	Golf	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 1,331,005	\$ 8,485,491	\$ 1,172,432	\$ 10,988,928
Payments to employees	(94,105)	(1,862,291)	(778,439)	(2,734,835)
Payments to suppliers	(1,154,183)	(7,955,364)	(1,168,385)	(10,277,932)
Net Cash Provided by (Used in) Operating Activities	<u>82,717</u>	<u>(1,332,164)</u>	<u>(774,392)</u>	<u>(2,023,839)</u>
Cash Flows from Non-capital Financing Activities:				
Transfers from other funds	--	--	726,520	726,520
Transfers to other funds	--	(106,723)	--	(106,723)
Changes in internal balances	--	1,672	--	1,672
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>--</u>	<u>(105,051)</u>	<u>726,520</u>	<u>621,469</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,250,689)	(4,538,364)	(7,842)	(6,796,895)
Proceeds from sale of property	189,148	--	--	189,148
Proceeds from loans	--	4,059,809	--	4,059,809
Proceeds from capital leases	--	--	--	--
Capital contributions	2,431,223	3,229,986	--	5,661,209
Development fees	--	50,700	--	50,700
Principal payments-bonds and loans	--	(2,103,800)	(148,277)	(2,252,077)
Principal payments - capital leases	--	(29,323)	(60,431)	(89,754)
Interest payments-bonds and loans	--	(283,730)	(42,432)	(326,162)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>369,682</u>	<u>385,278</u>	<u>(258,982)</u>	<u>495,978</u>
Cash Flows from Investing Activities:				
Interest received from investments	14,441	1,796	--	16,237
Changes in investments, net	114,587	(145,146)	--	(30,559)
Net Cash Provided by (Used in) Investing Activities	<u>129,028</u>	<u>(143,350)</u>	<u>--</u>	<u>(14,322)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	581,427	(1,195,287)	(306,854)	(920,714)
Cash and Cash Equivalents, Beginning of Year July 1, 2013	<u>2,838,732</u>	<u>2,598,206</u>	<u>751,718</u>	<u>6,188,656</u>
Cash and Cash Equivalents, End of Year June 30, 2013 (including \$353,600 for Public Housing reported in restricted accounts)	<u>\$ 3,420,159</u>	<u>\$ 1,402,919</u>	<u>\$ 444,864</u>	<u>\$ 5,267,942</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating gain (loss)	\$ (384,069)	\$ (2,573,101)	\$ (1,045,312)	\$ (4,002,482)
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,488	1,453,056	192,321	2,428,865
Disposal of capital assets	(241,485)	--	--	(241,485)
Change in assets and liabilities:				
Accounts receivable	(10,164)	(376,802)	1,277	(385,689)
Restricted cash	1,025	--	--	1,025
Prepaid items	--	937	1,204	2,141
Accounts payable and accrued liabilities	(65,053)	144,733	58,929	138,609
Security deposits payable	(1,025)	--	--	(1,025)
Contracts payable	--	8,048	--	8,048
Unearned revenue	--	8,011	--	8,011
Compensated absences	--	2,954	17,189	20,143
Net Cash Provided by (Used in) Operating Activities	<u>\$ 82,717</u>	<u>\$ (1,332,164)</u>	<u>\$ (774,392)</u>	<u>\$ (2,023,839)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES				
Equipment acquired through capital leases	<u>\$ --</u>	<u>\$ 62,546</u>	<u>\$ 286,303</u>	<u>\$ 348,849</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, 2013**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>3,675,630</u>
Total Assets	<u>3,675,630</u>
Liabilities:	
Customer deposits	2,629,385
Due to other fund	414,604
Due to other governments	<u>631,641</u>
Total Liabilities	<u>3,675,630</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, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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 2012.

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 more significant of these 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*, 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*, and GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources and Net Position*. The statements contained herein reflect the changes in fund balance reporting and presentation.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 budget ordinance and are also treated as reimbursements. Certain capital asset payments from governmental activities are treated as capital contributions in

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and can only be changed by the County's highest level of formal action. For example, the County Council adopts the appropriation budget ordinances and establishes certain funds.

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

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

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

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013

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*, which supercedes GASB Statement 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. 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. 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 and mutual funds. 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Real Property Taxes

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

Receivables

Loans receivable consist of housing rehabilitation loans made with federal funds by the Housing and Community Development Revolving Fund (HCDRF), Federal Grants Fund, and special revenue funds. The loans are partially offset by a deferred revenue account. Revenue is recognized and included in intergovernmental revenues when the loans made with federal funds are collected.

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 \$412,000 of billed receivables.

Receivables for federal and state financial assistance are recognized as revenue, in all fund types, as related expenditures are made.

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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Capital Assets

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

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

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

Primary Government

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

Component Unit

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

Restricted Assets

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

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense or expenditure) until that time. The County does not have items that qualify for reporting in this category.

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 one item that qualifies for reporting in this category. Liquor license 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.

Net Position

The County's net position is comprised of the various net earnings (losses) from operating and nonoperating revenues, expenses, operating 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 for which constraints are placed thereon by external parties, such as lenders,

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Restricted net position is based on the same criteria used to report restricted governmental fund balances. Unrestricted net position consist of all other net position not included in the above categories.

Compensated Absences

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

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

Sick Leave

Permanent full-time County employees accrue sick leave. Sick leave is calculated based upon current compensation levels. Sick pay can be taken only in the event of illness and is not convertible to pay upon termination of employment. Sick pay is recognized when leave is taken because it does not vest when earned. As a result, no liability for sick pay is recognized in the accompanying financial statements. Accumulated sick leave (including the Department) was approximately \$34.1 million at June 30, 2013.

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 Units statement of net position. Initial-issue bond premiums and discounts, as well as issuance costs, 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. Bonds payable are reported net of the unamortized portion of applicable premium, discount, or deferred amount on refunding.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

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.

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 U.S. 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 U.S. 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 KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013.

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	\$ (11,072,588)	\$ (452,150)	\$ (645,313)
Encumbrances and unexpended allotments, current year	<u>(5,043,490)</u>	<u>(506,852)</u>	<u>(2,310,177)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(16,116,078)</u>	\$ <u>(959,002)</u>	\$ <u>(2,955,490)</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, 2013

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 \$63,152,000 and the balances carried by the bank were approximately \$63,705,000. The Department's carrying value of these deposits with banks and savings institutions approximated \$18,226,000 and the balances carried by the bank were approximately \$19,052,000. 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, 2013, the County and the Department held approximately \$94,848,000 and \$31,228,000, respectively, or 75% and 82% of their investments in Federal Government Sponsored Entities and Government Securities. The fair value of the investments approximate cost.

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, 2013, the County and the Department had the following investments:

County

	Fair Value	Maturity (in years)	
		Less than 1	1- 5
Government Sponsored Entities	\$ 92,112,988	\$ 21,245,989	\$ 70,866,999
Government Securities	2,735,070	201,758	2,533,312
Money Market Funds	2,592,993	2,592,993	--
Repurchase Agreements	<u>490,000</u>	<u>490,000</u>	<u>--</u>
	97,931,051	24,530,740	73,400,311
Certificates of Deposit	<u>29,272,517</u>	<u>15,654,494</u>	<u>13,618,023</u>
Total	\$ <u>127,203,568</u>	\$ <u>40,185,234</u>	\$ <u>87,018,334</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Department

	Fair Value	Maturity (in years)	
		Less than 1	1- 5
Government Sponsored Entities	\$ 29,219,000	\$ 12,755,000	\$ 16,464,000
Government Securities	2,009,000	2,009,000	--
Other fixed income	2,020,000	2,020,000	--
Money Market Funds	3,332,000	3,332,000	--
U.S. Corporates	<u>97,000</u>	<u>97,000</u>	<u>--</u>
	36,677,000	20,213,000	16,464,000
Certificates of Deposit	<u>1,576,000</u>	<u>1,576,000</u>	<u>--</u>
Total	\$ <u>38,253,000</u>	\$ <u>21,789,000</u>	\$ <u>16,464,000</u>

Credit Risk

State law limits investments to the top rating issued by nationally recognized statistical rating organizations (NRSRO's). The County has no investment policy that would further limit its investment choices. As of June 30, 2013, the County's investments had a 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'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, 2013, the County and the Department held more than 5% of their investments in the following:

	County		Department	
FHLB - Federal Home Loan Bank	\$ 19,399,243	15.3%	\$ 9,254,099	24.2%
FHLMC - Freddie Mac	25,786,046	20.3%	5,223,095	13.7%
FNMA - Fannie Mae	34,137,108	26.8%	12,557,352	32.8%
FFCB - Federal Farm Credit Bank	12,790,591	10.1%	2,184,129	5.7%
U.S. Treasury	2,735,070	2.2%	2,008,780	5.3%
Blackrock Liquidity Funds	<u>2,592,993</u>	<u>2.0%</u>	<u>3,331,845</u>	<u>8.7%</u>
Total	\$ <u>97,441,051</u>	<u>76.7%</u>	\$ <u>34,559,300</u>	<u>90.4%</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - RECEIVABLES

Receivables as of June 30, 2013, for the County's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Grants Capital Improvement Fund	Bond Fund	General Capital Improvement Funds	Other Governmental Funds	Total
Receivables, net									
Real property taxes	\$ 3,565,092	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,565,092
Accounts receivable	3,071,684	--	563,452	--	--	--	828,055	1,254,591	5,717,782
Intergovernmental	--	--	--	3,205,760	11,610,060	--	--	347,630	15,163,450
Loans receivable	--	8,625,143	--	8,438,771	--	--	--	18,520	17,082,434
Interest	153,539	949,389	3,932	409,378	--	164,583	--	23,664	1,704,485
Total Receivables, net	\$ 6,790,315	\$ 9,574,532	\$ 567,384	\$ 12,053,909	\$ 11,610,060	\$ 164,583	\$ 828,055	\$ 1,644,405	\$ 43,233,243

Business-type Activities:

	Enterprise Funds
Receivables, net	
Accounts receivable	\$ 2,976,751
Interest	3,444
Insurance	--
Less: allowance for uncollectible charges	(534,261)
Total Receivables, net	\$ 2,445,934

The only receivables not expected to be collected within one year are approximately \$15.6 million of loans receivable for the governmental activities which are generally due to the County on various dates through 2066.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Primary Government				Balance June 30, 2013
	Balance June 30, 2012	Increases	Decreases	Transfers	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 182,320,012	\$ 528,622	\$ --	\$ --	\$ 182,848,634
Construction in progress	27,670,409	22,068,554	(5,276,730)	--	44,462,233
Total Capital Assets, Not Being Depreciated	<u>209,990,421</u>	<u>22,597,176</u>	<u>(5,276,730)</u>	<u>--</u>	<u>227,310,867</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	103,713,283	450,781	--	--	104,164,064
Machinery and equipment	63,335,032	6,251,519	(274,079)	--	69,312,472
Infrastructure	662,624,797	2,701,106	--	--	665,325,903
Total Capital Assets, Being Depreciated	<u>829,673,112</u>	<u>9,403,406</u>	<u>(274,079)</u>	<u>--</u>	<u>838,802,439</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(35,943,431)	(2,960,799)	--	--	(38,904,230)
Machinery and equipment	(35,406,758)	(5,165,418)	274,079	--	(40,298,097)
Infrastructure	(446,041,859)	(9,139,581)	--	--	(455,181,440)
Total Accumulated Depreciation	<u>(517,392,048)</u>	<u>(17,265,798)</u>	<u>274,079</u>	<u>--</u>	<u>(534,383,767)</u>
Governmental Activities - Capital Assets, net	<u>\$ 522,271,485</u>	<u>\$ 14,734,784</u>	<u>\$ (5,276,730)</u>	<u>\$ --</u>	<u>\$ 531,729,539</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

	Primary Government				
	Balance June 30, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 9,980,816	\$ 2,469,816	\$ --	\$ --	\$ 12,450,632
Construction in progress	<u>17,203,252</u>	<u>3,100,798</u>	<u>(2,111,159)</u>	<u>--</u>	<u>18,192,891</u>
Total Capital Assets, Not Being Depreciated	<u>27,184,068</u>	<u>5,570,614</u>	<u>(2,111,159)</u>	<u>--</u>	<u>30,643,523</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	78,050,856	912,538	--	--	78,963,394
Machinery and equipment	4,514,245	1,044,809	--	--	5,559,054
Infrastructure	<u>12,733,284</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>12,733,284</u>
Total Capital Assets, Being Depreciated	<u>95,298,385</u>	<u>1,957,347</u>	<u>--</u>	<u>--</u>	<u>97,255,732</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(32,493,075)	(1,831,393)	--	--	(34,324,468)
Machinery and equipment	(2,545,018)	(349,744)	--	--	(2,894,762)
Infrastructure	<u>(7,366,688)</u>	<u>(247,728)</u>	<u>--</u>	<u>--</u>	<u>(7,614,416)</u>
Total Accumulated Depreciation	<u>(42,404,781)</u>	<u>(2,428,865)</u>	<u>--</u>	<u>--</u>	<u>(44,833,646)</u>
Business-type Activities - Capital Assets, net	<u>\$ 80,077,672</u>	<u>\$ 5,099,096</u>	<u>\$ (2,111,159)</u>	<u>\$ --</u>	<u>\$ 83,065,609</u>

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

Governmental Activities	
General government	\$ 951,553
Public safety	2,698,933
Public works	2,335,777
Highways and streets	5,890,049
Public welfare	589,457
Culture and recreation	1,397,252
Sanitation	<u>3,402,777</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 17,265,798</u>
Business-type Activities:	
Public housing	\$ 783,488
Sewer	1,453,056
Golf	<u>192,321</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,428,865</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

	Component Unit				Balance June 30, 2013
	Balance June 30, 2012	Increases	Decreases	Transfers	
Discretely Presented					
Component Unit:					
Capital Assets, Not Being					
Depreciated:					
Land	\$ 1,343,136	\$ 35,722	\$ (35,714)	\$ --	\$ 1,343,144
Construction in progress	<u>15,841,383</u>	<u>11,274,954</u>	<u>(10,020,378)</u>	<u>--</u>	<u>17,095,959</u>
Total Capital Assets, Not Being Depreciated	<u>17,184,519</u>	<u>11,310,676</u>	<u>(10,056,092)</u>	<u>--</u>	<u>18,439,103</u>
Capital Assets, Being					
Depreciated:					
Buildings and improvements	5,203,777	18,784	--	--	5,222,561
Machinery and equipment	5,300,132	1,098,703	(1,109,682)	--	5,289,153
Infrastructure	<u>270,803,085</u>	<u>11,656,073</u>	<u>(523,945)</u>	<u>--</u>	<u>281,935,213</u>
Total Capital Assets, Being Depreciated	<u>281,306,994</u>	<u>12,773,560</u>	<u>(1,633,627)</u>	<u>--</u>	<u>292,446,927</u>
Less: Accumulated					
Depreciation:					
Buildings and improvements	(1,611,779)	(123,039)	--	--	(1,734,818)
Machinery and equipment	(4,083,338)	(928,515)	993,429	--	(4,018,424)
Infrastructure	<u>(81,360,189)</u>	<u>(6,442,079)</u>	<u>523,935</u>	<u>--</u>	<u>(87,278,333)</u>
Total Accumulated Depreciation	<u>(87,055,306)</u>	<u>(7,493,633)</u>	<u>1,517,364</u>	<u>--</u>	<u>(93,031,575)</u>
Component Unit -					
Capital Assets, net	<u>\$ 211,436,207</u>	<u>\$ 16,590,603</u>	<u>\$ (10,172,355)</u>	<u>\$ --</u>	<u>\$ 217,854,455</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES

The Interfund Due From/To Other Funds consist of the following as of June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 34,008
General Fund	Federal Grants Fund	36,161
Housing & Community Development Fund	General Fund	1,649,685
Solid Waste Fund	General Fund	5,838,914
Federal Grants Fund	General Fund	5,329
Federal Grants Fund	Other Governmental Funds	1,628
General CIP Fund	Other Governmental Funds	644,000
General CIP Fund	Grants CIP Fund	2,059,956
Grants CIP Fund	General Fund	775
Other Governmental Funds	General Fund	4,215,288
Other Governmental Funds	General CIP Fund	644,000
Other Governmental Funds	Fiduciary Funds	414,605
Other Governmental Funds	Grants CIP Fund	<u>6,567,697</u>
Total, All Funds		\$ <u>22,112,046</u>

Interfund receivables/payables are recorded to cover the temporary cash shortages in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2013.

Internal balances consist of the following at June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Enterprise Fund	General Fund	\$ <u>(166,100)</u>
		\$ <u>(166,100)</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES (Continued)

Transfers for the fiscal year ended June 30, 2013, consisted of the following:

	Transfers out:					Total
	General Fund	Bond Fund	General CIP Fund	Other Governmental Funds	Sewer Enterprise Fund	
Transfers in:						
General Fund	\$ --	\$ 970,758	\$ 5,750,963	\$ 443,715	\$ --	\$ 7,165,436
General CIP Fund	4,035,153					4,035,153
Golf Enterprise Fund	726,520	--	--	--	--	726,520
Solid Waste Fund	5,514,679	--	--	--	--	5,514,679
Debt Service Fund	9,707,222	--	--	--	--	9,707,222
Other Governmental Funds	1,620,629	--	--	256,214	106,723	1,983,566
	<u>\$ 21,604,203</u>	<u>\$ 970,758</u>	<u>\$ 5,750,963</u>	<u>\$ 699,929</u>	<u>\$ 106,723</u>	<u>\$ 29,132,576</u>

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

NOTE 8 - NET POSITION

At June 30, 2013, the County's net position consisted of the following:

	Governmental Activities	Business-type Activities	Component Unit
Invested in Capital Assets, Net of Related Debt:			
Net property, plant, and equipment	\$ 531,729,539	\$ 83,065,609	\$ 217,854,455
Less: Long-term debt	(116,792,135)	(21,054,087)	(94,425,754)
Less: Capital lease obligation	(4,178,948)	(292,315)	(3,806,775)
Add: Unspent debt proceeds	<u>48,203,492</u>	<u>--</u>	<u>25,030,242</u>
Subtotal	<u>458,961,948</u>	<u>61,719,207</u>	<u>144,652,168</u>
Restricted:			
Capital projects	58,979,428	--	2,669,299
Less: Unspent debt proceeds	(48,203,492)	--	(25,030,242)
Less: Accrued interest payable	(2,233,003)	--	(1,699,632)
Other - debt service	2,744,837	--	--
Other - restricted cash and investments	<u>--</u>	<u>353,600</u>	<u>25,030,242</u>
Subtotal, Restricted	<u>11,287,770</u>	<u>353,600</u>	<u>969,667</u>
Unrestricted	<u>24,513,721</u>	<u>8,749,372</u>	<u>31,745,401</u>
Total Net Position	<u>\$ 494,763,439</u>	<u>\$ 70,822,179</u>	<u>\$ 177,367,236</u>

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 - CAPITAL LEASES

The County leases machinery and equipment under non-cancelable leases expiring at various dates through August 2017 which meet the criteria for capitalization. These capital leases are financed from General Fund resources.

The estimated value of the leased machinery and equipment at the inception of the leases net of accumulated depreciation amounted to \$8,468,565. The related present value of the remaining obligations under the capital leases which amounted to \$4,471,265 at June 30, 2013 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2013, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,570,628	\$ 137,008	\$ 1,707,636
2015	1,445,932	92,340	1,538,272
2016	902,888	47,498	950,386
2017	487,513	15,266	502,779
2018	<u>64,304</u>	<u>1,761</u>	<u>66,065</u>
Totals	\$ <u>4,471,265</u>	\$ <u>293,873</u>	\$ <u>4,765,138</u>

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

The capital lease obligation is amortized at an implicit rate of approximately 6%. The annual requirements to amortize capital lease obligation as of June 30, 2013, are approximately as follows:

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 - CAPITAL LEASES (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 592,000	\$ 213,000	\$ 805,000
2015	616,000	177,000	793,000
2016	653,000	139,000	792,000
2017	693,000	99,000	792,000
2018	737,000	55,000	792,000
Thereafter	<u>516,000</u>	<u>12,000</u>	<u>528,000</u>
Totals	\$ <u>3,807,000</u>	\$ <u>695,000</u>	\$ <u>4,502,000</u>

The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2013. The provision for accumulated depreciation related to the SWTP facility was approximately \$4,006,000 as of June 30, 2013.

NOTE 10 - LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Approximate</u> <u>amounts due</u> <u>within one year</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 117,610,000	\$ 2,205,000	\$ 2,615,000	\$ 117,200,000	\$ 4,205,000
Deferred Costs:					
For issuance premiums	2,142,726	3,472,423	362,454	5,252,695	362,454
On refunding	<u>(726,280)</u>	<u>(5,318,933)</u>	<u>(384,653)</u>	<u>(5,660,560)</u>	<u>(384,653)</u>
Total Bonds Payable	119,026,446	358,490	2,592,801	116,792,135	4,182,801
Claims and judgments	9,874,398	5,967,144	3,107,516	12,734,026	6,196,734
Landfill closure and postclosure	19,752,595	8,846,259	-	28,598,854	294,416
Capital lease obligations	3,697,053	2,450,670	1,968,775	4,178,948	1,541,705
Compensated absences	<u>12,067,221</u>	<u>4,705,164</u>	<u>4,582,517</u>	<u>12,189,868</u>	<u>3,047,467</u>
Governmental Activities, Long-term Liabilities	\$ <u>164,417,713</u>	\$ <u>22,327,727</u>	\$ <u>12,251,609</u>	\$ <u>174,493,831</u>	\$ <u>15,263,123</u>

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Approximate amounts due within one year
<i>Business-type Activities:</i>					
Bonds Payable:					
General obligation bonds	\$ 1,015,000	\$ --	\$ 150,000	\$ 865,000	\$ 160,000
Deferred Costs:					
For issuance premiums	13,993	--	3,427	10,566	3,427
On refunding	(21,026)	--	(5,149)	(15,877)	(5,149)
Total Bonds Payable	<u>1,007,967</u>	<u>--</u>	<u>148,278</u>	<u>859,689</u>	<u>158,278</u>
Loans Payable to State					
Governments	18,238,387	4,059,809	2,103,800	20,194,396	2,041,000
Capital lease obligations	33,221	348,851	89,755	292,317	28,922
Compensated Absences	564,164	199,981	179,838	584,307	146,076
Business-type Activities, Long-term Liabilities	<u>\$ 19,843,739</u>	<u>\$ 4,608,641</u>	<u>\$ 2,521,671</u>	<u>\$ 21,930,709</u>	<u>\$ 2,374,276</u>
<i>Discretely Presented Component Unit:</i>					
Bonds Payable:					
General obligation bonds	\$ 71,071,000	\$ 2,745,000	\$ 3,776,000	\$ 70,040,000	\$ 2,422,000
Deferred Costs:					
For issuance premiums	431,782	355,706	56,478	731,010	--
On refunding	(291,198)	175,304	(17,137)	(98,757)	--
Total Bonds Payable	<u>71,211,584</u>	<u>3,276,010</u>	<u>3,815,341</u>	<u>70,672,253</u>	<u>2,422,000</u>
Loans Payable	25,260,298	91,298	1,598,095	23,753,501	1,613,000
Compensated Absences	854,728	511,990	403,383	963,335	479,000
Capital Lease Obligations	4,337,674	14,079	544,978	3,806,775	592,000
Component Unit, Long-term Liabilities	<u>\$ 101,664,284</u>	<u>\$ 3,893,377</u>	<u>\$ 6,361,797</u>	<u>\$ 99,195,864</u>	<u>\$ 5,106,000</u>

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

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

The County and the Department issued general obligation bonds through the Build America Bonds and Recovery Zone Economic Development Bonds programs that provide 35% and 45%, respectively, in federal subsidies on the total interest requirements. The interest is paid to the County and the Department on a semi-annual basis corresponding with the interest payment dates to the bondholders. Subsidy payments of \$815,193 and \$322,986 were received in fiscal year 2013 for Build America Bonds and Recovery Zone Economic Development Bonds, respectively.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

On July 10, 2012, the County and the Department issued \$31,630,000 and \$2,745,000, respectively, in general obligation bonds, with a premium of approximately \$3,472,000 and \$356,000, respectively, and an average interest rate of 4.0 percent, for the purpose of refunding \$29,425,000 and \$3,245,000, respectively of outstanding 2005A Serial bonds with an average interest rate of 4.92 percent. The net proceeds of the issuance was \$34,743,933 and \$3,069,696, respectively after payment of \$358,490 and \$31,010, respectively in underwriting fees and other issuance costs. The net proceeds were transferred to an escrow deposit to redeem the outstanding 2005A Series bonds.

The advance refunding for the County and the Department resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$5,320,000 and \$175,000, respectively. This amount being netted against the new debt and amortized over the life of the new debt. The County and the Department completed the current refunding to reduce its total debt service payments over the next 16 years by approximately \$1,706,000 and \$225,000, respectively and to obtain an economic gain (difference between the present values of the old debt and new debt service payments) of approximately \$1,767,000 and \$158,000, respectively.

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 for 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 asset 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. The liability is liquidated from the appropriate fund that employees are funded from. 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, 2013, are comprised of the following individual issues:

	<u>Amount</u>
Governmental Activities:	
General obligation bonds, 2011 Series A, original amount \$20,985,000, due in annual installments of \$1,120,000 to \$1,765,000 through August 2025, interest payments semi-annually from 2% to 5.00%.	<u>\$ 18,460,000</u>
Balance carried forward	\$ 18,460,000

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Amount
Balance carried forward	\$ 18,460,000
General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,490,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy).	47,835,000
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 \$400,000 to \$1,265,000 through August 2021, interest payments semi-annually from 3.25% to 5%.	6,485,000
General obligation taxable bonds, 2000 Series B, original amount \$2,820,000, due in annual installments of \$275,000 to \$325,000 from August 2014, interest payments semi-annually from 8% to 8.1%.	625,000
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 3.125% to 5.00%.	23,415,000
General obligation bonds, 2012 Series B, original amount \$8,215,000, due in annual installments of \$440,000 to \$745,000 through August 2029, interest payments semi-annually from 3.125% to 5.00%.	<u>8,215,000</u>
Total Governmental Activities	<u>\$ 117,200,000</u>
Business-type Activities:	
General obligation bonds, 2005 Series A, original amount \$1,565,000, due in annual installments of \$160,000 to \$190,000 through August 2017, interest payments semi-annually from 3.25% to 5.00%.	\$ <u>865,000</u>
Total Business-type Activities	<u>\$ 865,000</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

Annual requirements to amortize primary government general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2013, are approximately as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 4,205,000	\$ 5,289,000	\$ 160,000	\$ 36,000	\$ 4,365,000	\$ 5,325,000
2015	4,250,000	5,138,000	165,000	29,000	4,415,000	5,167,000
2016	4,060,000	4,994,000	170,000	22,000	4,230,000	5,016,000
2017	4,945,000	4,834,000	180,000	14,000	5,125,000	4,848,000
2018	5,145,000	4,638,000	190,000	5,000	5,335,000	4,643,000
2019-2023	28,810,000	19,695,000	--	--	28,810,000	19,695,000
2024-2028	29,625,000	13,162,000	--	--	29,625,000	13,162,000
2029-2033	21,610,000	6,925,000	--	--	21,610,000	6,925,000
2034-2035	14,550,000	961,000	--	--	14,550,000	961,000
Totals	\$ <u>117,200,000</u>	\$ <u>65,636,000</u>	\$ <u>865,000</u>	\$ <u>106,000</u>	\$ <u>118,065,000</u>	\$ <u>65,742,000</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

Component Unit:	<u>Amount</u>
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.	\$ 60,000,000
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.	4,505,000
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.	2,755,000
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.	2,745,000
County Series 1980, last installment 2015. Maturing serially from March 1, 1983. Interest rate - 5.00%. Issued April 7, 1980. Original amount - \$300,000.	<u>35,000</u>
Total Component Unit	\$ <u>70,040,000</u>

Annual requirements to amortize component unit general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2013, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,422,000	\$ 3,300,000	\$ 5,722,000
2015	2,593,000	3,233,000	5,826,000
2016	2,655,000	3,155,000	5,810,000
2017	2,800,000	3,064,000	5,864,000
2018	2,910,000	2,959,000	5,869,000
2019-2023	15,670,000	12,876,000	28,546,000
2024-2028	17,500,000	8,960,000	26,460,000
2029-2033	20,500,000	3,874,000	24,374,000
2034	<u>2,990,000</u>	<u>86,000</u>	<u>3,076,000</u>
Totals	\$ <u>70,040,000</u>	\$ <u>41,507,000</u>	\$ <u>111,547,000</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

At June 30, 2013, approximately \$68.2 million of primary government and \$11.8 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.

Issuer	Date of Issuance	Amount of Issue	Balance at June 30, 2013
County of Kaua'i Community Facilities District No. 2008-1	May 15, 2012	\$ 11,875,000	\$ 11,875,000
			<u>Amount</u>

Loans Payable: Business-type Activities

The County has a construction loan agreement with the State totaling approximately \$2.6 million to fund a portion of the construction cost of the Kapa'a Wastewater Treatment Plant. Principal, interest, and loan fee payments are due quarterly in equal installments of \$46,272. Interest is accrued at 3.5% per annum. The loan was interest-free during the period of construction.

\$ 330,766

During fiscal year 1993, the County entered into a construction loan agreement with the State totaling approximately \$14.1 million to fund a portion of the construction cost of the Līhu'e Wastewater, Phase IV Project. A supplemental loan agreement reduced the principal amount to approximately \$13.4 million. Principal, interest, and loan fee payments are due quarterly in equal installments of \$239,699 (\$958,796 annually). Interest is accrued from the date of the State-issued warrant (March 7, 1994) or check for each subsequent loan amount disbursed to the County at 3.78% per annum. The construction loans are general obligation debt of the County that do not specify a dedicated revenue source to be used for repayment of the loans. The construction of each of these plants was completed during fiscal year 1997. The County determined that the funding source for repayment of these loans will be from the Sewer Enterprise Fund.

654,389

Balance forward \$ 985,155

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
Balance carried forward	\$ 985,155
During fiscal year 1995, the County entered into an additional construction loan agreement with the State totaling approximately \$700,000 to fund a change order related to the Kapa'a Wastewater Treatment Plant. Principal, interest, and loan fee payments are due in semi-annual installments of \$23,925 (\$47,850 annually). Interest is accrued at 3.06% per annum.	64,770
During fiscal year 2006, the County entered into a new 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 \$44,582 (\$89,164 annually). A loan fee is assessed at 1% of the outstanding principal balance. Interest is accrued at 2.13% per annum.	983,347
During fiscal year 2007, the County entered into a construction agreement with the State totaling approximately \$2.2 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.	1,470,118
During fiscal year 2009, the County entered into a new 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.	1,501,752
During fiscal year 2009, the County entered into a second new construction agreement with the State totaling approximately \$3.8 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.	<u>2,930,215</u>
Balance forward	\$ <u>7,935,357</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Amount
Balance carried forward	\$ 7,935,357
During fiscal year 2009, the County entered into a third new 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.	336,504
During fiscal year 2010, the County entered into a new 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.	4,092,795
During fiscal year 2011, the County entered into a new construction agreement with the State totaling approximately \$8.2 million to fund Phase I of the Waimea Wastewater Treatment Plant Expansion. Principal and interest payments are due in semi-annual installments of \$241,309 (\$482,617 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	<u>7,829,739</u>
Total Business-type Activities	\$ <u>20,194,395</u>

Annual requirements to retire loans payable as of June 30, 2013, are approximately as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 2,041,000	\$ 249,000	\$ 2,290,000
2015	1,403,000	176,000	1,579,000
2016	1,221,000	143,000	1,364,000
2017	1,229,000	132,000	1,361,000
2018	1,236,000	121,000	1,357,000
2019-2023	6,292,000	437,000	6,729,000
2024-2028	5,682,000	157,000	5,839,000
2029-2030	<u>1,090,395</u>	<u>9,000</u>	<u>1,099,395</u>
Totals	\$ <u>20,194,395</u>	\$ <u>1,424,000</u>	\$ <u>21,618,395</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

Component Unit:	<u>Amount</u>
State Revolving Fund Loan -	
Kokolau Tunnel, last installment 2021. Interest rate - 1.37%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2001. Original amount - \$1,755,329.	\$ 782,698
Kekaha Well, last installment 2022. Interest rate - 1.01%. Semi- annual loan fee rate 1.625%. Date issued - April 15, 2002. Original amount - \$1,097,536.	446,050
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.	389,661
Hanapepe River Crossing Pipeline, last installment 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$1,345,040.	699,144
Wailua Homesteads Well No. 3, last installment 2024. Interest rate - 0.54%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2004. Original amount - \$418,967.	236,196
Līhu'e Steel Tanks 1 and 2, last installment 2024. Interest rate - 0.46%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2004. Original amount - \$1,243,017.	803,676
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.	516,803
16" Waterline replacement along Kuhio Highway, last installment 2026. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2005. Original amount - \$2,481,289.	<u>1,585,469</u>
Balance forward	\$ <u>5,459,697</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Amount
Balance carried forward	\$ 5,459,697
Poipu Road 16" Main Replacement, last installment 2027. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2007. Original amount - \$5,595,979.	3,726,747
Stable 1.0 MG Tank, last installment 2029. Interest rate - 0.26%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2009. Original amount - \$7,274,996.	6,123,590
Kaunualii 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.	3,401,725
Waha, Wawae and Niho Roads Main Replacement, last installment 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$1,844,718.	1,657,160
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>3,384,582</u>
Total Component Unit	\$ <u>23,753,501</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - LONG-TERM LIABILITIES (Continued)

Annual requirements to retire the component unit loans payable as of June 30, 2013, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,613,000	\$ 846,000	\$ 2,459,000
2015	1,620,000	787,000	2,407,000
2016	1,626,000	727,000	2,353,000
2017	1,633,000	668,000	2,301,000
2018	1,640,000	608,000	2,248,000
2019-2023	8,104,000	2,134,000	10,238,000
2024-2028	6,246,000	787,000	7,033,000
2029-2030	<u>1,271,000</u>	<u>46,000</u>	<u>1,317,000</u>
Totals	\$ <u>23,753,000</u>	\$ <u>6,603,000</u>	\$ <u>30,356,000</u>

NOTE 11 - EMPLOYEE BENEFIT PLANS

Pension

Substantially all eligible employees of the County (including the Department) are members of the Employees' Retirement System of the State of Hawai'i (ERS), a cost-sharing, multiple-employer defined benefit pension plan. The ERS provides retirement benefits, as well as, death, and disability benefits. HRS Section 88 establishes or amends benefit provisions. Prior to June 30, 1984, the plan consisted of only a contributory option. In 1984, legislation was enacted to add a new noncontributory option for members of the ERS who are also covered under Social Security. Persons employed in positions not covered by Social Security are precluded from the noncontributory option. The noncontributory option provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were allowed to continue under the contributory option or to elect the new noncontributory option and receive a refund of employee contributions. Both options provide for a monthly retirement allowance based on the employee's age, years of credited service, and Average Final Compensation (AFC). The AFC is the average salary earned during the five highest paid years of service, including the vacation payment, if the employee became a member prior to January 1, 1971. The AFC for members hired on or after that date and prior to January 1, 2003 is based on the three highest paid years of service, excluding the vacation payment. Effective January 1, 2003, the AFC is the highest three calendar years or highest five calendar years plus lump sum vacation payment or, highest three school contract years, or last 36 credited months or last 60 credited months plus lump sum vacation payment. All benefits vest after five and ten years of credited service under the contributory and noncontributory options, respectively. Members, except

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)

police officers, under the contributory option contribute at a rate of 15% of their salary. Members who are police officers have a mandatory contribution rate of 19.70% of their salary.

On July 1, 2006, a new hybrid contributory plan became effective pursuant to Act 179, SLH of 2004. Members in the hybrid plan are eligible for retirement at age 62 with five years of credited service or age 55 with 30 years of credited service. Members will receive a benefit multiplier of 2% for each year of credited service in the hybrid plan. The benefit payment options are similar to the current contributory plan. Almost 58,000 current members, all members of the noncontributory plan and certain members of the contributory plan, are eligible to join the new hybrid plan. Most of the new employees hired from July 1, 2006, are required to join the new hybrid plan.

The ERS provides basic pension benefits to individuals receiving pensions. Employer contributions to the ERS are comprised of normal cost plus level annual payments required to liquidate the unfunded accrued liability over the closed period ending June 30, 2029. The ERS uses the Entry Age Normal Actuarial Cost method to calculate the unfunded accrued liability.

The County's (including the Department's) payroll for employees covered by the plan for the fiscal year ended June 30, 2013, was approximately \$73.1 million. The County is required to contribute an actuarially determined amount to the ERS. Contributions made to the ERS by the County, and employees for the fiscal year ended June 30, 2013, were approximately \$12.3 million and \$4.8 million, respectively. The County's actuarially determined contribution is 1% of the total current year actuarially determined contribution requirements for all employers. The County's contributions to ERS for fiscal years 2013, 2012 and 2011 were approximately \$12.3 million, \$10.8 million, and \$10.9 million, respectively. Contributions for fiscal years 2013, 2012 and 2011 were equal to the required contributions for each respective year.

ERS issues a *Comprehensive Annual Financial Report (CAFR)* that includes financial statements and required supplementary information which may be obtained from the following address:

Employees' Retirement System of the State of Hawai'i
201 Merchant Street, Suite 1400
Honolulu, Hawai'i 96813

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)

The following data was obtained from the disclosures contained in the most recent *CAFR* for the fiscal year ended June 30, 2010. Number of employers as of June 30, 2010 was:

State	1
Counties	<u>4</u>
Total employers	<u>5</u>

Basis of Accounting

The financial statements of the ERS are prepared using the accrual basis of accounting. 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.

Method Used to Value Investments

Plan investments are reported at fair value. Where appropriate, the fair value includes disposition costs. Publicly traded securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fixed Income Securities are based on equivalent values of comparable securities with similar yield and risk. Pooled Equity and Fixed Income Funds (not publicly traded) are based on the pro-rata share of ownership percentage of the fund reported by the fund manager based on the fair value of the underlying assets that is determined by published market prices, or quotations from national security exchanges. The fair value of real estate investments and alternative investment limited partnerships are based on independent appraisals and quarterly valuations provided by investment companies. Investments that do have an established market are reported at estimated fair value.

Deferred Compensation Plan

The County has a Deferred Compensation Plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Small Business Job Protection Act of 1996 requires that all plan assets and income be placed in trust, custodial account or annuity contract for the exclusive benefit of the participants and their beneficiaries.

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 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, 2013

NOTE 12 - 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
201 Merchant Street, Suite 1520
Honolulu, Hawai'i 96813

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 a least 15 years but fewer than 25 years of service, the County pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the County pays 100% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

Funding Policy

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

The reporting of active and retiree (including their respective beneficiaries) healthcare benefits provided through the same plan should separate those benefits for accounting purposes between active and retiree healthcare benefits. Accordingly, the County reports the retiree healthcare benefits as OPEB in conformity with GASB Statement No. 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 Employer 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, 2013, the County's post-retirement payable of \$7,535,270 is considered a short-term difference and has been included in the respective annual OPEB contributions. At June 30, 2013, 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 OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

County:

Fiscal Year Ending June 30,	Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2011	\$ 16,483,000	100.0%	\$ --
2012	\$ 17,060,000	100.2%	\$ (44,000)
2013	\$ 13,963,000	100.0%	\$ --

Department:

Fiscal Year Ending June 30,	Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2011	\$ 1,072,000	104.7%	\$ (50,000)
2012	\$ 1,109,000	98.2%	\$ (30,000)
2013	\$ 850,000	102.37%	\$ (50,000)

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
7/1/2011	\$ 29,653,000	\$ 186,265,000	\$ 156,612,000	16%	\$ 66,400,000	236%

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.

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

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:

	County
Actuarial valuation date	July 1, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, period ending June 30, 2037
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	7%
Inflation	3%
Projected salary increases	3.5%
Medical and prescription drug	8% initial; 5% ultimate
Dental	4% initial; 4% ultimate
Vision	3% initial; 3% ultimate
Medicare Part B	13.43% initial; 5% ultimate

The number of participants as of July 1, 2011, the effective date of the biannual OPEB valuation, follows. There have been no significant changes in the number of covered participants or the type of coverage since.

	County	Department
Active employees	1,110	76
Retired employees	672	36
Deferred vested employees	<u>86</u>	<u>4</u>
Total	<u>1,868</u>	<u>116</u>

NOTE 13 - 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, if they should exceed the County's retained risk, or are recorded in the government-wide financial statements. There was no reduction in

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

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, 2013, the amount of this liability was approximately \$12.7 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2012, 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>
2012	\$ 7,608,690	\$ 3,845,427	\$ (1,579,719)	\$ 9,874,398
2013	\$ 9,874,398	\$ 5,967,144	\$ (3,107,516)	\$ 12,734,026

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 the range of contingent liability is from \$2.88 million to \$5.4 million, depending upon the environmental remediation alternative implemented. Based upon the recommendation by the County's consultant, the County plans to implement the alternative corresponding to the estimate of the \$2.88 million. Currently, the County has withheld approximately \$839,000 from their contractor to offset this contingent liability. In fiscal year 2012, the County accrued \$2.1 million and accrued an additional \$804,000 in fiscal year 2013 for this environmental remediation. At June 30, 2013, the outstanding liability accrued by the County was approximately \$1.9 million.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Purchase Commitments

The outstanding portion of contractual commitments for capital projects, supplies, and other expenditures at June 30, 2013, was approximately \$22.6 million. Contractual commitments are generally reflected in the governmental fund financial statements as committed fund balance.

NOTE 14 - 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 \$20.3 million based on estimates provided by project engineers. At June 30, 2013, approximately 95% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately one year.

The County anticipates beginning the construction phase soon for the lateral expansion of the Cell II of the Kekaha Landfill Lateral Expansion. Upon completion, it is anticipated to extend the life of the Kekaha Landfill by an additional 3.5 years. Cell II of the lateral expansion will provide 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.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (Continued)

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 \$28.6 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 15 - FUND BALANCE CONSTRAINTS

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

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

	<u>Amount</u>
Committed fund balance	\$ 2,605,680
Unassigned fund balance	<u>12,782,584</u>
Total	\$ <u>15,388,264</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 - FUND BALANCE CONSTRAINTS (Continued)

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

	Major Special Revenue Funds				Major Capital Projects Funds				Total
	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Grants Capital Improvement	General Capital Improvement	Bond	Other Governmental Funds	
Fund Balances:									
Nonspendable:									
Prepays	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 504,979	\$ 504,979
Loans receivable	--	1,779,367	--	--	--	--	--	--	1,779,367
Total - Nonspendable	<u>--</u>	<u>1,779,367</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>504,979</u>	<u>2,284,346</u>
Restricted:									
Debt service reserve	--	--	--	--	--	--	--	2,910,709	2,910,709
Landfill closure and post closure costs	490,000	--	7,848,874	--	--	--	--	--	8,338,874
Total - Restricted	<u>490,000</u>	<u>--</u>	<u>7,848,874</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,910,709</u>	<u>11,249,583</u>
Committed:									
Non-routine emergency events reserve	2,605,680	--	--	--	--	--	--	--	2,605,680
Administrative	1,109,473	--	--	--	--	--	138,000	--	1,247,473
County-wide costs	410,125	--	--	--	--	--	--	--	410,125
Personnel services	39,370	--	--	--	--	--	--	--	39,370
Planning	551,216	--	--	--	--	247,385	1,204,409	--	2,003,010
Economic development	109,325	--	--	--	--	--	13,089	--	122,414
Police services	851,785	--	--	--	--	--	--	29,031	880,816
Fire control	180,325	--	--	--	--	--	--	--	180,325
Civil defense	44,557	--	--	--	--	--	--	--	44,557
Liquor control	--	--	--	--	--	--	--	1,743	1,743
Building repair and maintenance	765,826	--	--	--	--	576,668	1,391,150	13,043	2,746,687
Parks and recreation	401,753	--	--	--	--	98,173	368,269	460,115	1,328,310
Community services	579,735	506,852	--	--	--	--	32,784	3,665	1,123,036
Waste disposal and collection	--	--	2,310,177	--	--	--	2,847,911	--	5,158,088
Road maintenance	--	--	--	--	--	217,355	969,854	3,567,430	4,754,639
Total - Committed	<u>7,649,170</u>	<u>506,852</u>	<u>2,310,177</u>	<u>--</u>	<u>--</u>	<u>1,139,581</u>	<u>6,965,466</u>	<u>4,075,027</u>	<u>22,646,273</u>
Assigned:									
Balancing future budget shortfalls	11,715,810	--	--	--	--	--	--	1,269,971	12,985,781
Self insurance provisions	985,157	--	--	--	--	--	--	--	985,157
Capital improvement projects	--	--	--	--	--	4,173,127	41,238,027	13,568,275	58,979,429
Other purposes	--	2,062,961	1,942,109	--	--	--	--	9,527,233	13,532,303
Total - Assigned	<u>12,700,967</u>	<u>2,062,961</u>	<u>1,942,109</u>	<u>--</u>	<u>--</u>	<u>4,173,127</u>	<u>41,238,027</u>	<u>24,365,479</u>	<u>86,482,670</u>
Unassigned:	<u>12,782,584</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>12,782,584</u>
Total Fund Balances	\$ 33,622,721	\$ 4,349,180	\$ 12,101,160	\$ --	\$ --	\$ 5,312,708	\$ 48,203,493	\$ 31,856,194	\$ 135,445,456

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 - 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, 2013 include:

General Fund	\$ 5,043,489
Special Revenue Funds	\$ 4,318,601
Capital Project Funds	\$ 10,678,502

NOTE 16 - 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 17 - 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 \$1,511,000 for the fiscal year ended June 30, 2013.

NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING

GASB has issued the following Statements applicable to the County:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as revenues and expenses, certain items that were previously reported as assets and liabilities. The provisions of GASB 65 are effective for period beginning after December 15, 2012. Management is currently assessing the impact of this Statement on its financial position and results of operations and has not determined if the adoption will have a material effect on its financial statements.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING (Continued)

- Statement No. 66 *Technical Corrections – 2012 – an Amendment of GASB Statement No. 10 and No. 62*. The objective of this statement is to resolve conflicting accounting and financial reporting guidance between previously issued statements. The provisions of GASB 66 are effective for financial statements for periods beginning after December 15, 2012. Management is currently assessing the impact of Statement No. 66 on its financial position and results of operations and has not determined if the adoption will have a material effect on its financial statements.
- Statement No. 68 *Accounting and Reporting for Pensions (an amendment of GASB Statement No. 27)*. GASB 68 amends the accounting guidance related to employers' accounting for pension plans administered through trusts or similar arrangements and requires the recognition of a liability for the employers' accumulated obligation for pension benefits. Statement No. 68 also provides additional guidance regarding the recognition of annual costs of pension benefits and revises the disclosure requirements for the notes to the financial statements and required supplementary information. Statement No. 68 will be effective for the County's financial statements for the fiscal year ending June 30, 2015. Management is currently assessing the impact of Statement No. 68 on its financial position and results of operations and has not determined if the adoption will have a material effect on its financial statements.
- Statement No. 69 *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Statement No. 69 will be effective for the County's financial statements for the fiscal year ending June 30, 2015. The County does not expect this Statement will have an impact on its financial statements.
- Statement No. 70 *Accounting for Financial Reporting for Nonexchange Financial Guarantees*. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. A government that has issued an obligation guaranteed in a nonexchange transaction is required to recognize revenue to the extent of the reduction in its guaranteed liabilities. This statement also specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, Statement No. 70 requires new information to be disclosed by governments that receive nonexchange financial guarantees. Statement No. 70 will be effective for the County's financial statements for the fiscal year ending June 30, 2015. Management is currently assessing the impact of Statement No. 70 on its financial position and results of operations and has not determined if the adoption will have a material effect on its financial statements.

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, 2013**

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
7/1/2007	\$ --	\$ 131,138,000	\$ 131,138,000	0%	\$ 57,779,000	227%
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%

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF KAUAI, HAWAII
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 Kauai Police Department for law enforcement purposes as delineated in the Comprehensive Crime Control Act of 1984 and The Attorney General's Guidelines on Seized and Forfeited property.

Plans and Permits Revolving Fund

Accounts for monies collected from new permits and penalties.

Section 8 Fund

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

State Grants Fund

Accounts for expenditures of state and county grants.

Public Access Fund

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

Park Maintenance and Improvements Fund

Accounts for monies collected and expended for parks.

COUNTY OF KAUA'I, HAWAI'I
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 fiscal year ended June 30, 2013.

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, 2013

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, 2013

Special Revenue Funds

	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance and Improvements	Debt Service Fund
Assets:										
Cash and cash equivalents	\$ 3,199,451	\$ 147,374	\$ 646,557	\$ 158,083	\$ 243,254	\$ 1,188,661	\$ 156,543	\$ --	\$ --	\$ 2,744,837
Investments	2,506,935	591,331	--	845,918	--	--	--	--	--	--
Accounts receivable, net	23,524	--	--	--	--	2,401	1,228,666	--	--	--
Interest receivable	2,443	2,051	--	3,253	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	646,291	1,974,892	2,238,105	--
Due from fiduciary fund	--	--	--	--	--	--	414,605	--	--	--
Due from other governments	347,630	--	--	--	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	18,520	--	--	--	--
Prepaid items	--	--	--	--	--	504,979	--	--	--	--
Total Assets	\$ 6,079,983	\$ 740,756	\$ 646,557	\$ 1,007,254	\$ 243,254	\$ 1,714,561	\$ 2,446,105	\$ 1,974,892	\$ 2,238,105	\$ 2,744,837
Liabilities:										
Accounts payable	588,749	40,218	55,005	4,029	9,815	52,334	207,983	1,713	257,191	--
Retainage payable	3,407	--	--	--	--	--	4,634	--	11,535	--
Due to other funds	--	--	--	--	33,439	--	646,198	--	--	--
Due to customers	--	--	--	--	--	198,264	--	--	--	--
Due to other governments	--	--	--	--	--	323,952	--	--	--	--
Unearned revenues	--	--	--	--	--	--	1,587,290	--	--	--
Total Liabilities	592,156	40,218	55,005	4,029	43,254	574,550	2,446,105	1,713	268,726	--
Deferred Inflows of Resources:										
Deferred revenue	--	96,084	--	--	--	--	--	--	--	--
Total Deferred Inflows of Resources	--	96,084	--	--	--	--	--	--	--	--
Fund Balance:										
Nonspendable	--	--	--	--	--	504,979	--	--	--	--
Restricted	--	147,352	--	--	--	18,520	--	--	--	2,744,837
Committed	933,928	1,743	166,400	29,031	13,043	3,665	--	--	353,762	--
Assigned	4,553,899	455,359	425,152	974,194	186,957	612,847	--	1,973,179	1,615,617	--
Total Fund Balances	5,487,827	604,454	591,552	1,003,225	200,000	1,140,011	--	1,973,179	1,969,379	2,744,837
Total Liabilities, Deferred Inflows and Fund Balances	\$ 6,079,983	\$ 740,756	\$ 646,557	\$ 1,007,254	\$ 243,254	\$ 1,714,561	\$ 2,446,105	\$ 1,974,892	\$ 2,238,105	\$ 2,744,837

COUNTY OF KAUAI, HAWAII
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2013

95

	Capital Projects Funds					Total Non-major Governmental Funds
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	
Assets:						
Cash and cash equivalents	\$ 1,481,047	\$ 768,811	\$ 575,608	\$ 209,554	\$ --	\$ 11,519,780
Investments	6,218,651	--	1,424,116	--	--	11,586,951
Accounts receivable, net	--	--	--	--	--	1,254,591
Interest receivable	8,620	--	7,297	--	--	23,664
Due from other funds	--	--	--	--	6,567,697	11,426,985
Due from fiduciary fund	--	--	--	--	--	414,605
Due from other governments	--	--	--	--	--	347,630
Loans receivable	--	--	--	--	--	18,520
Prepaid items	--	--	--	--	--	504,979
Total Assets	\$ <u>7,708,318</u>	\$ <u>768,811</u>	\$ <u>2,007,021</u>	\$ <u>209,554</u>	\$ <u>6,567,697</u>	\$ <u>37,097,705</u>
Liabilities:						
Accounts payable	74,000	--	10,000	--	804,689	2,105,726
Retainage payable	--	--	2,028	--	228,954	250,558
Due to other funds	--	--	--	--	--	679,637
Due to customers	--	--	--	--	--	198,264
Due to other governments	--	--	--	--	--	323,952
Unearned revenues	--	--	--	--	--	1,587,290
Total Liabilities	<u>74,000</u>	<u>--</u>	<u>12,028</u>	<u>--</u>	<u>1,033,643</u>	<u>5,145,427</u>
Deferred Inflows of Resources:						
Deferred revenue	--	--	--	--	--	96,084
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>96,084</u>
Fund Balance:						
Nonspendable	--	--	--	--	--	504,979
Restricted	--	--	--	--	--	2,910,709
Committed	106,353	--	--	--	2,467,102	4,075,027
Assigned	7,527,965	768,811	1,994,993	209,554	3,066,952	24,365,479
Total Fund Balances	<u>7,634,318</u>	<u>768,811</u>	<u>1,994,993</u>	<u>209,554</u>	<u>5,534,054</u>	<u>31,856,194</u>
Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>7,708,318</u>	\$ <u>768,811</u>	\$ <u>2,007,021</u>	\$ <u>209,554</u>	\$ <u>6,567,697</u>	\$ <u>37,097,705</u>

COUNTY OF KAUA'I, HAWAI'I
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

96

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance and Improvements	Debt Service Fund
Revenues:										
Taxes	\$ 8,676,568	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	4,228,735	938,043	349,856	--	164,448	--	--	--	--	--
Rents and concessions	--	--	--	--	--	--	--	--	448,671	--
Interest	23,504	73	--	10,329	--	766	--	--	--	--
Intergovernmental revenues	23,524	--	--	--	--	6,260,185	4,524,181	--	--	--
Charges for current services	--	--	--	--	--	--	--	--	--	--
Miscellaneous	214	42,254	--	55,419	--	272,285	--	--	--	--
Total Revenues	<u>12,952,545</u>	<u>980,370</u>	<u>349,856</u>	<u>65,748</u>	<u>164,448</u>	<u>6,533,236</u>	<u>4,524,181</u>	<u>--</u>	<u>448,671</u>	<u>--</u>
Expenditures:										
General government	--	--	--	--	--	--	1,085,777	19,005	--	--
Public safety	--	919,293	--	80,037	--	--	1,204,585	--	--	--
Public works	--	--	--	--	136,114	--	--	--	--	--
Highways and streets	10,781,497	--	94,462	--	--	--	2,170	--	--	--
Sanitation	--	--	--	--	--	--	260,113	--	--	--
Culture and recreation	--	--	--	--	--	--	664	--	173,633	--
Public welfare	--	--	--	--	--	6,554,321	749,122	--	--	--
Capital outlay	208,917	--	--	15,000	--	--	1,221,750	--	271,597	--
Debt Service:										
Principal	272,564	--	--	--	--	--	--	--	--	2,615,000
Interest and debt issuance cost	7,992	--	--	--	--	--	--	--	--	4,830,725
Total Expenditures	<u>11,270,970</u>	<u>919,293</u>	<u>94,462</u>	<u>95,037</u>	<u>136,114</u>	<u>6,554,321</u>	<u>4,524,181</u>	<u>19,005</u>	<u>445,230</u>	<u>7,445,725</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,681,575</u>	<u>61,077</u>	<u>255,394</u>	<u>(29,289)</u>	<u>28,334</u>	<u>(21,085)</u>	<u>--</u>	<u>(19,005)</u>	<u>3,441</u>	<u>(7,445,725)</u>
Other Financing Sources (Uses):										
Proceeds from capital leases	193,170	--	--	--	--	--	--	--	--	--
Proceeds from claims	--	--	--	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--	406,138	--	9,707,222
Transfers out	(256,214)	--	(443,715)	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>(63,044)</u>	<u>--</u>	<u>(443,715)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>406,138</u>	<u>--</u>	<u>9,707,222</u>
Net Change in Fund Balances	1,618,531	61,077	(188,321)	(29,289)	28,334	(21,085)	--	387,133	3,441	2,261,497
Fund Balance - Beginning of Year July 1, 2012	<u>3,869,296</u>	<u>543,377</u>	<u>779,873</u>	<u>1,032,514</u>	<u>171,666</u>	<u>1,161,096</u>	<u>--</u>	<u>1,586,046</u>	<u>1,965,938</u>	<u>483,340</u>
Fund Balance - End of Year June 30, 2013	<u>\$ 5,487,827</u>	<u>\$ 604,454</u>	<u>\$ 591,552</u>	<u>\$ 1,003,225</u>	<u>\$ 200,000</u>	<u>\$ 1,140,011</u>	<u>\$ --</u>	<u>\$ 1,973,179</u>	<u>\$ 1,969,379</u>	<u>\$ 2,744,837</u>

COUNTY OF KAUA'I, HAWAII
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Capital Projects Funds					
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Total Non-major Governmental Funds
Revenues:						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,676,568
Licenses and permits	--	--	--	35,162	--	5,716,244
Rents and concessions	--	--	--	--	--	448,671
Interest	11,816	--	4,824	--	--	51,312
Intergovernmental revenues	--	--	--	--	--	10,807,890
Charges for current services	--	--	--	--	--	--
Miscellaneous	18,167	--	67,077	--	--	455,416
Total Revenues	<u>29,983</u>	<u>--</u>	<u>71,901</u>	<u>35,162</u>	<u>--</u>	<u>26,156,101</u>
Expenditures:						
General government	--	--	90,000	--	--	1,194,782
Public safety	--	--	--	--	--	2,203,915
Public works	--	--	--	--	--	136,114
Highways and streets	--	--	--	--	3,251,209	14,129,338
Sanitation	--	--	--	--	--	260,113
Culture and recreation	104,276	--	--	--	--	278,573
Public welfare	--	--	--	--	--	7,303,443
Capital outlay	225,652	--	--	--	11,568	1,954,484
Debt Service:						
Principal	--	--	--	--	--	2,887,564
Interest and debt issuance cost	--	--	--	--	--	4,838,717
Total Expenditures	<u>329,928</u>	<u>--</u>	<u>90,000</u>	<u>--</u>	<u>3,262,777</u>	<u>35,187,043</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(299,945)</u>	<u>--</u>	<u>(18,099)</u>	<u>35,162</u>	<u>(3,262,777)</u>	<u>(9,030,942)</u>
Other Financing Sources (Uses):						
Proceeds from capital leases	--	--	--	--	--	193,170
Proceeds from claims	--	--	--	--	--	--
Transfers in	--	106,723	--	--	1,470,705	11,690,788
Transfers out	--	--	--	--	--	(699,929)
Total Other Financing Sources (Uses)	<u>--</u>	<u>106,723</u>	<u>--</u>	<u>--</u>	<u>1,470,705</u>	<u>11,184,029</u>
Net Change in Fund Balances	(299,945)	106,723	(18,099)	35,162	(1,792,072)	2,153,087
Fund Balance - Beginning of Year July 1, 2012	<u>7,934,263</u>	<u>662,088</u>	<u>2,013,092</u>	<u>174,392</u>	<u>7,326,126</u>	<u>29,703,107</u>
Fund Balance - End of Year June 30, 2013	<u>\$ 7,634,318</u>	<u>\$ 768,811</u>	<u>\$ 1,994,993</u>	<u>\$ 209,554</u>	<u>\$ 5,534,054</u>	<u>\$ 31,856,194</u>

COUNTY OF KAUA'I, HAWAII
AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Trust and Agency Fund				
Assets:				
Cash and cash equivalents	\$ 718,576	\$ 9,498,836	\$ 9,171,166	\$ 1,046,246
Total Assets	\$ <u>718,576</u>	\$ <u>9,498,836</u>	\$ <u>9,171,166</u>	\$ <u>1,046,246</u>
Liabilities:				
Due to other governments	\$ 718,576	\$ 9,084,231	\$ 9,171,166	\$ 631,641
Due to other funds	<u> --</u>	<u>414,605</u>	<u> --</u>	<u>414,605</u>
Total Liabilities	\$ <u>718,576</u>	\$ <u>9,498,836</u>	\$ <u>9,171,166</u>	\$ <u>1,046,246</u>
Treasury Trust Fund				
Assets:				
Cash and cash equivalents	\$ 1,037,346	\$ 2,070,614	\$ 1,381,741	\$ 1,726,219
Total Assets	\$ <u>1,037,346</u>	\$ <u>2,070,614</u>	\$ <u>1,381,741</u>	\$ <u>1,726,219</u>
Liabilities:				
Customer deposits	\$ 1,037,346	\$ 2,070,614	\$ 1,381,741	\$ 1,726,219
Total Liabilities	\$ <u>1,037,346</u>	\$ <u>2,070,614</u>	\$ <u>1,381,741</u>	\$ <u>1,726,219</u>
Real Property Trust Fund				
Assets:				
Cash and cash equivalents	\$ 9,751,303	\$ --	\$ 8,848,138	\$ 903,165
Total Assets	\$ <u>9,751,303</u>	\$ <u> --</u>	\$ <u>8,848,138</u>	\$ <u>903,165</u>
Liabilities:				
Customer deposits	\$ 4,157,693	\$ --	\$ 3,254,528	\$ 903,165
Due to other funds	<u>5,593,610</u>	<u> --</u>	<u>5,593,610</u>	<u> --</u>
Total Liabilities	\$ <u>9,751,303</u>	\$ <u> --</u>	\$ <u>8,848,138</u>	\$ <u>903,165</u>
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 11,507,225	\$ 11,569,450	\$ 19,401,045	\$ 3,675,630
Total Assets	\$ <u>11,507,225</u>	\$ <u>11,569,450</u>	\$ <u>19,401,045</u>	\$ <u>3,675,630</u>
Liabilities:				
Customer deposits	\$ 5,195,039	\$ 2,070,614	\$ 4,636,269	\$ 2,629,384
Due to other funds	5,593,610	414,605	5,593,610	414,605
Due to other governments	<u>718,576</u>	<u>9,084,231</u>	<u>9,171,166</u>	<u>631,641</u>
Total Liabilities	\$ <u>11,507,225</u>	\$ <u>11,569,450</u>	\$ <u>19,401,045</u>	\$ <u>3,675,630</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, 2013**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Taxes:						
Utility franchise tax	\$ 3,950,000	\$ 3,950,000	\$ 4,746,998	\$ --	\$ 4,746,998	\$ 796,998
Fuel tax	3,900,000	3,900,000	3,929,570	--	3,929,570	29,570
Total Taxes	7,850,000	7,850,000	8,676,568	--	8,676,568	826,568
Licenses and Permits:						
Motor vehicle weight tax	4,010,000	4,010,000	4,228,735	--	4,228,735	218,735
Interest	80,000	80,000	23,504	--	23,504	(56,496)
Intergovernmental revenues	25,000	25,000	23,524	--	23,524	(1,476)
Other	--	--	214	--	214	214
Total Revenues	11,965,000	11,965,000	12,952,545	--	12,952,545	987,545
Expenditures:						
Highways and Streets-Road Maintenance:						
Administration	11,893	45,174	36,757	8,075	44,832	342
Administration - salaries and overtime	318,597	348,851	348,789	--	348,789	62
Hanapēpē baseyard	191,331	191,331	155,496	19,792	175,288	16,043
Hanapēpē baseyard - salaries and overtime	1,204,884	1,066,333	1,047,100	--	1,047,100	19,233
Kapa‘a baseyard	194,709	194,709	92,914	80,826	173,740	20,969
Kapa‘a baseyard - salaries and overtime	835,518	806,218	764,706	--	764,706	41,512
Hanalei baseyard	100,714	100,715	71,292	9,123	80,415	20,300
Hanalei baseyard - salaries and overtime	555,110	562,110	529,628	--	529,628	32,482
Road signs and marking	336,303	303,303	120,515	110,398	230,913	72,390
Road signs and marking - salaries and overtime	569,887	507,087	502,430	--	502,430	4,657
Auto maintenance and motor pool (AMMP)	1,828,894	1,845,893	1,615,426	41,510	1,656,936	188,957
AMMP - salaries and overtime	1,091,320	1,098,320	950,485	--	950,485	147,835
Maintenance - street lights	1,638,640	1,621,640	1,155,312	--	1,155,312	466,328
Equipment	47,307	47,026	27,228	--	27,228	19,798
Capital leases	928,012	928,012	275,876	623,048	898,924	29,088
Social security taxes	351,177	351,177	284,617	--	284,617	66,560
Public employees' health fund	614,696	615,670	379,133	--	379,133	236,537
Public employees' other post employment benefits	1,422,894	1,166,680	853,860	--	853,860	312,820
Workers' compensation	55,006	240,429	193,672	--	193,672	46,757
Unemployment compensation	15,006	15,006	--	--	--	15,006
Employees' retirement system	688,584	688,584	643,580	--	643,580	45,004
Collective bargaining raises	28,081	28,081	15,526	4,683	20,209	7,872
Vacation pay	80,000	80,000	155	--	155	79,845
Central services cost	1,000,000	1,000,000	1,000,000	--	1,000,000	--
Highway administrative overhead	362,900	362,900	13,303	36,473	49,776	313,124
Total Expenditures - Highways and Streets - Road Maintenance	14,471,463	14,215,249	11,077,800	933,928	12,011,728	2,203,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,506,463)	\$ (2,250,249)	\$ 1,874,745	\$ (933,928)	\$ 940,817	\$ 3,191,066

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, 2013

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
	Other Financing Sources (Uses):					
Transfers out	\$ (256,214)	\$ (256,214)	\$ (256,214)	\$ --	\$ (256,214)	\$ --
Total Other Financing Sources (Uses)	<u>(256,214)</u>	<u>(256,214)</u>	<u>(256,214)</u>	<u>--</u>	<u>(256,214)</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures (Note C)	\$ <u>(2,762,677)</u>	\$ <u>(2,506,463)</u>	1,618,531	\$ <u>(933,928)</u>	\$ <u>684,603</u>	\$ <u>3,191,066</u>
Fund Balance - Beginning of Year July 1, 2012			<u>3,869,296</u>			
Fund Balance - End of Year June 30, 2013			\$ <u>5,487,827</u>			

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

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

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

COUNTY OF KAUA'I, HAWAI'I
LIQUOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive Negative (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Licenses and Permits:						
Business licenses, alcoholic beverage, and liquor licenses	\$ 1,055,572	\$ 1,055,572	\$ 938,043	\$ -	\$ 938,043	\$ (117,529)
Interest	1,000	1,000	73	-	73	(927)
Miscellaneous	-	-	42,254	-	42,254	42,254
Total Revenues	<u>1,056,572</u>	<u>1,056,572</u>	<u>980,370</u>	<u>-</u>	<u>980,370</u>	<u>(76,202)</u>
Expenditures - Public Safety:						
Salaries and wages	486,650	520,650	468,889	-	468,889	51,761
Social security taxes	39,800	39,800	32,954	-	32,954	6,846
Public employees' health fund	56,870	56,870	36,697	-	36,697	20,173
Workers' compensation	10,001	10,001	-	-	-	10,001
Unemployment compensation	5,000	5,000	-	-	-	5,000
Employees' retirement system	78,040	78,040	69,278	-	69,278	8,762
Employees' other post employment benefits	140,245	140,245	95,504	-	95,504	44,741
Other expenses	76,205	59,205	44,384	1,206	45,590	13,615
Equipment	4,410	4,410	3,262	537	3,799	611
Travel	93,910	76,910	39,932	-	39,932	36,978
Indirect cost	133,000	133,000	128,393	-	128,393	4,607
Total Expenditures - Public Safety	<u>1,124,131</u>	<u>1,124,131</u>	<u>919,293</u>	<u>1,743</u>	<u>921,036</u>	<u>203,095</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(67,559)</u>	\$ <u>(67,559)</u>	61,077	\$ <u>(1,743)</u>	\$ <u>59,334</u>	\$ <u>126,893</u>
Fund Balance - Beginning of Year July 1, 2012			<u>543,377</u>			
Fund Balance - End of Year June 30, 2013			\$ <u>604,454</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, 2013

	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	\$ 302,660	\$ 302,660	\$ 349,856	\$ --	\$ 349,856	\$ 47,196
Total Revenues	<u>302,660</u>	<u>302,660</u>	<u>349,856</u>	<u>--</u>	<u>349,856</u>	<u>47,196</u>
Expenditures - Highways and Streets:						
Disposal of abandoned vehicles	300,000	300,000	94,462	166,400	260,862	39,138
Beautification projects	<u>102,660</u>	<u>102,660</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>102,660</u>
Total Expenditures - Highways and Streets	<u>402,660</u>	<u>402,660</u>	<u>94,462</u>	<u>166,400</u>	<u>260,862</u>	<u>141,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	<u>(100,000)</u>	<u>(100,000)</u>	<u>255,394</u>	<u>(166,400)</u>	<u>88,994</u>	<u>188,994</u>
Other Financing Sources (Uses)						
Transfers out	<u>(443,715)</u>	<u>(443,715)</u>	<u>(443,715)</u>	<u>--</u>	<u>(443,715)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(443,715)</u>	<u>(443,715)</u>	<u>(443,715)</u>	<u>--</u>	<u>(443,715)</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) (Note C)	\$ <u>(543,715)</u>	\$ <u>(543,715)</u>	<u>(188,321)</u>	\$ <u>(166,400)</u>	\$ <u>(354,721)</u>	\$ <u>188,994</u>
Fund Balance - Beginning of Year July 1, 2012			<u>779,873</u>			
Fund Balance - End of Year June 30, 2013			\$ <u>591,552</u>			

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

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

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

COUNTY OF KAUA'I, HAWAI'I
CRIMINAL ASSETS FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 10,329	\$ --	\$ 10,329	\$ 10,329
Miscellaneous	--	--	55,419	--	55,419	55,419
Total Revenues	--	--	65,748	--	65,748	65,748
Expenditures - Public Safety:						
Police special fund	655,675	655,675	95,037	29,031	124,068	531,607
Total Expenditures - Public Safety	655,675	655,675	95,037	29,031	124,068	531,607
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (655,675)	\$ (655,675)	(29,289)	\$ (29,031)	\$ (58,320)	\$ 597,355
Fund Balance - Beginning of Year July 1, 2012			1,032,514			
Fund Balance - End of Year June 30, 2013			\$ 1,003,225			

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

COUNTY OF KAUAI, HAWAII
PUBLIC ACCESS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Revenues	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Expenditures - General Government:						
Special projects	<u>406,138</u>	<u>406,138</u>	<u>19,005</u>	<u> --</u>	<u>19,005</u>	<u>387,133</u>
Total Expenditures - General Government	<u>406,138</u>	<u>406,138</u>	<u>19,005</u>	<u> --</u>	<u>19,005</u>	<u>387,133</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(406,138)</u>	<u>(406,138)</u>	<u>(19,005)</u>	<u> --</u>	<u>(19,005)</u>	<u>387,133</u>
Other Financing Sources (Uses):						
Transfers in	<u>406,138</u>	<u>406,138</u>	<u>406,138</u>	<u> --</u>	<u>406,138</u>	<u> --</u>
Total Other Financing Sources (Uses)	<u>406,138</u>	<u>406,138</u>	<u>406,138</u>	<u> --</u>	<u>406,138</u>	<u> --</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	<u>\$ --</u>	<u>\$ --</u>	<u>387,133</u>	<u>\$ --</u>	<u>\$ 387,133</u>	<u>\$ 387,133</u>
Fund Balance - Beginning of Year July 1, 2012			<u>1,586,046</u>			
Fund Balance - End of Year June 30, 2013			<u>\$ 1,973,179</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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 11,816	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	18,167	--	--	--	--
Total Revenues		--	29,983	--	--	--	--
Expenditures:							
Waimea District:							
Park Improvements and Equipment	W95387	54,009	--	54,009	--	54,009	--
Park Improvement Grants, Waimea District	W96073	51,915	--	51,915	--	56,095	4,180
Total Waimea District		105,924	--	105,924	--	110,104	4,180
Kōloa District:							
Kalāheo Neighborhood Center Gym Floor	W08018	100,000	--	100,000	--	100,000	--
Omao Park Playground Equipment	W08019	30,806	--	30,806	--	50,000	19,194
Ele'ele Nani Park Improvements	W91083	107,935	--	107,935	--	145,000	37,065
Park Improvements and Equipment	W93086	285,499	--	285,499	1,244	341,720	54,977
Project Contingency, Kōloa District	W96075	--	--	--	9,437	32,143	22,706
Park Improvement Grant, Kōloa District	W96087	60,887	--	60,887	--	90,887	30,000
New Toro Cartster	R12005	--	15,638	15,638	--	17,500	1,862
Equip 569 John Deere	R12006	--	18,000	18,000	--	18,000	--
Po'ipu Restroom Renovations	R12007	--	28,001	28,001	16,005	130,000	85,994
Total Kōloa District		585,127	61,639	646,766	26,686	925,250	251,798
Līhu'e District:							
Puhi Park Playground Equipment	W08020	100,000	--	100,000	--	100,000	--
Park Improvements and Equipment	W93100	158,449	--	158,449	29,750	199,309	11,110
Park Improvement Grant, Līhu'e District	W96102	27,685	--	27,685	--	55,800	28,115
Equip 631 John Deere Mower	R12021	--	18,000	18,000	--	18,000	--

COUNTY OF KAUA'I, HAWAI'I
PARKS AND PLAYGROUND CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Resurface Laukona Basketball Court	R12022	\$ --	\$ 15,000	\$ 15,000	\$ --	\$ 15,000	\$ --
Resurface Wiliko Park Basketball Court	R12023	--	15,000	15,000	--	15,000	--
Resurface Isenberg Park Playground	R12024	--	--	--	--	30,000	30,000
Resurface Isenberg Park Basketball Court	R12025	--	--	--	--	200,000	200,000
Lydgate Pavillion & Restroom Renovation	R12026	--	72,002	72,002	6,587	575,000	496,411
Total Lihu'e District		<u>286,134</u>	<u>120,002</u>	<u>406,136</u>	<u>36,337</u>	<u>1,208,109</u>	<u>765,636</u>
Kawaihau District:							
Hockey Rink (Grant)	W08021	--	--	--	--	15,700	15,700
ADA Improvements Papaloa/Waipouli	W08022	--	--	--	--	100,000	100,000
Park Improvements and Equipment	W93116	329,783	9,679	339,462	--	441,187	101,725
Park Improvement Grant, Kawaihau District	W96118	30,755	--	30,755	5,000	60,755	25,000
Resurface Anahola HH Basketball Court	R12027	--	15,000	15,000	--	15,000	--
Resurface Wailua Houselots Playground	R12028	--	29,000	29,000	--	30,000	1,000
Resurface Kapa'a N/C & Pool Parking Lot	R12029	--	--	--	--	50,000	50,000
Equip 441 John Deere Mower	R12030	--	18,000	18,000	--	18,000	--
Equip 578 Toro Cartster	R12031	327	15,638	15,965	--	17,500	1,535
Equip 790 Kubota Mower	R12032	15,864	2,136	18,000	--	18,000	--
Equip 791 Kubota Mower	R12033	15,864	2,136	18,000	--	18,000	--
Equip 576 Toro Cartster	R12034	--	15,639	15,639	--	17,500	1,861
Anahola Clubhouse Parking Lot	R13011	--	--	--	--	30,000	30,000
Total Kawaihau District		<u>392,593</u>	<u>107,228</u>	<u>499,821</u>	<u>5,000</u>	<u>831,642</u>	<u>326,821</u>

COUNTY OF KAUAI, HAWAII
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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-T o-Date Expenditures	Encumbrances	Project Authorization	Balance
Hanalei District:							
Hanalei Courthouse ADA Improv/Septic System	R09003	\$ 32,366	\$ 27,079	\$ 59,445	\$ 34,621	\$ 417,763	\$ 323,697
Black Pot Expansion	R10018	350,000	--	350,000	--	350,000	--
Project Contingency, Hanalei District	W91124	--	--	--	--	813	813
North Shore Park Improvements	W92132	449,108	--	449,108	--	478,536	29,428
Park Improvements and Equipment	W93383	120,967	13,980	134,947	3,709	213,717	75,061
Park Improvement Grant, Hanalei District	W96134	5,750	--	5,750	--	35,750	30,000
Resurface Kilauea Park Playground	R12035	--	--	--	--	20,000	20,000
Parks/Open Space Acquisition	R13012	--	--	--	--	300,000	300,000
Total Hanalei District		<u>958,191</u>	<u>41,059</u>	<u>999,250</u>	<u>38,330</u>	<u>1,816,579</u>	<u>778,999</u>
Total Expenditures		\$ <u>2,327,969</u>	<u>329,928</u>	\$ <u>2,657,897</u>	\$ <u>106,353</u>	\$ <u>4,891,684</u>	\$ <u>2,127,434</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(299,945)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(299,945)				
Fund Balance - Beginning of Year, July 1, 2012			<u>7,934,263</u>				
Fund Balance - End of Year, June 30, 2013			\$ <u>7,634,318</u>				

COUNTY OF KAUA'I, HAWAI'I
SEWER TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Facilities Reserve	W04398	1,559,158	--	1,559,158	--	2,106,723	547,565
Līhu'e Sewer System	W91376	366,338	--	366,338	--	426,208	59,870
Waimea Sewer System	W92374	78,557	--	78,557	--	84,852	6,295
Ele'ele-Hanapēpē Sewer System	W92375	392,880	--	392,880	--	393,180	300
Total Expenditures		<u>\$ 2,396,933</u>	<u>--</u>	<u>\$ 2,396,933</u>	<u>\$ --</u>	<u>\$ 3,010,963</u>	<u>\$ 614,030</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			--				
Other Financing Sources:							
Transfers in			106,723				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			106,723				
Fund Balance - Beginning of Year, July 1, 2012			662,088				
Fund Balance - End of Year, June 30, 2013			<u>\$ 768,811</u>				

COUNTY OF KAUAI, HAWAII
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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-T o-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 4,824	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	67,077	--	--	--	--
Total Revenues		--	71,901	--	--	--	--
Expenditures:							
MSWD Plan Update	W04150	300,000	--	300,000	--	300,000	--
Rubberized Track	W04158	248,000	--	248,000	--	248,000	--
ADA Title II Curb Cut	W05149	11,218	--	11,218	--	11,218	--
Project Contingency	W08002	--	--	--	--	35,568	35,568
Ag. Land Study/Mapping	Z09001	410,000	90,000	500,000	--	500,000	--
Total Expenditures		\$ 969,218	90,000	\$ 1,059,218	\$ --	\$ 1,094,786	\$ 35,568
Excess (Deficiency) of Revenues Over (Under) Expenditures			(18,099)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(18,099)				
Fund Balance - Beginning of Year, July 1, 2012			2,013,092				
Fund Balance - End of Year, June 30, 2013			\$ 1,994,993				

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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Licenses and permits	--	\$ --	\$ 35,162	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>35,162</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Island Wide Bike/Pedestrian Path	W05182	70,208	--	70,208	--	112,785	42,577
Total Expenditures		<u>\$ 70,208</u>	<u>--</u>	<u>\$ 70,208</u>	<u>\$ --</u>	<u>\$ 112,785</u>	<u>\$ 42,577</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			35,162				
Other Financing Sources:							
Transfers in			<u>--</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			35,162				
Fund Balance - Beginning of Year, July 1, 2012			<u>174,392</u>				
Fund Balance - End of Year, June 30, 2013			<u>\$ 209,554</u>				

COUNTY OF KAUA‘I, HAWAI‘I
HIGHWAY CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		--	--	--	--	--	--
Expenditures:							
ADA Title II Curb Cut	W05367	8,408	--	8,408	--	8,408	--
Kapahi Bridge Replacement, Design	W05368	55,523	15	55,538	33,610	122,000	32,852
Olohena Bridge	W05369	310,888	--	310,888	--	310,888	--
Kōloa Bypass Phase I (Matching)	W05399	5,061	--	5,061	--	5,061	--
Wawa'e Road Improvement	W06370	23,248	--	23,248	--	23,248	--
Koke'e Road Resurfacing-FHWA	W07006	28,797	--	28,797	20,418	50,000	785
Northern Leg Kōloa Western Bypass Road FHWA	W07007	1,084	8,635	9,719	--	400,000	390,281
Resurfacing Various Collector Roads FHWA	W07008	29,228	556	29,784	2,558	394,967	362,625
Pu'uopae Bridge-Design (County Match)	W10003	57,133	3,331	60,464	25,013	120,000	34,523
Hanapēpē Road	W12067	428	640	1,068	--	50,000	48,932
Kamalu Bridge Stream	W12068	531	450	981	--	30,000	29,019
Hanapēpē Bridge Ped	W12069	38	--	38	--	24,511	24,473
Maluhi Rd (County Match)	W12070	1,857	52	1,909	--	179,999	178,090
Comprehensive Road Maintenance Plan	W13011	--	89,000	89,000	21,000	110,000	--
Island Wide Resurfacing	W91354	21,119,520	3,143,563	24,263,083	2,360,437	28,515,461	1,891,941
Omao Bridge	W94357	345,722	--	345,722	--	345,722	--
Maluhia, Po'ipū, Hardy Roads	W95360	1,914	--	1,914	--	1,914	--
Rice Street	W95386	354,070	--	354,070	--	354,070	--

**COUNTY OF KAUA‘I, HAWAI‘I
HIGHWAY CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Bridge Maintenance (County Match)	W96388	\$ 263,266	\$ 16,535	\$ 279,801	\$ 4,066	\$ 289,214	\$ 5,347
Speed Hump Program	W98364	74,439	--	74,439	--	142,523	68,084
Total Expenditures		<u>\$ 22,681,155</u>	<u>3,262,777</u>	<u>\$ 25,943,932</u>	<u>\$ 2,467,102</u>	<u>\$ 31,477,986</u>	<u>\$ 3,066,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(3,262,777)				
Other Financing Sources:							
Transfers in			<u>1,470,705</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(1,792,072)				
Fund Balance - Beginning of Year, July 1, 2012			<u>7,326,126</u>				
Fund Balance - End of Year, June 30, 2013				<u>\$ 5,534,054</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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		--	1,472,055	--	--	--	--
Total Revenues		--	1,472,055	--	--	--	--
Expenditures:							
Kilauea Ag Plan Phase II	D09001	100,000	--	100,000	--	100,000	--
Energy Sustain Study	D09105	199,944	--	199,944	--	200,000	56
YMCA Improvements Grant	D13301	--	70,000	70,000	--	70,000	--
CEDS Project	D13302	--	--	--	--	38,500	38,500
CFD Kaneioulouma Heiau	D13303	--	644,000	644,000	--	805,000	161,000
FEMA Match - Repair Police Cruiser	PDE002	--	--	--	--	1,625	1,625
FEMA Match - Roads (Ohiki Road) Debris Removal	PWA020	--	--	--	--	1,601	1,601
FEMA Match - Roads (Haleilio Road) Restore	PWC001	--	--	--	--	5,000	5,000
FEMA Match - Roads (Haleko Road) Repair Shoulder	PWC002	--	--	--	--	22,539	22,539
FEMA Match - Roads (Kiowai Place) Replace	PWC003	--	--	--	--	5,091	5,091
FEMA Match - Roads (Hauaala Road) Restore	PWC006	--	--	--	--	20,666	20,666
FEMA Match - Roads (Kahuna Road) Repair	PWC007	--	--	--	--	107,500	107,500
FEMA Match - Roads (Ohiki Road) Restore	PWC008	--	--	--	--	9,467	9,467
FEMA Match - Roads (Kaehulua/Apopo Road)	PWC009	--	--	--	--	6,390	6,390
FEMA Match - Roads (Fronting 2889 Pua Nani St.)	PWC011	--	52,375	52,375	--	305,686	253,311
FEMA Match - Repair Culvert (Anini Beach Road)	PWC012	--	--	--	--	1,020	1,020
FEMA Match - Roads (Kahiliholo Road)	PWC013	--	84,250	84,250	--	390,386	306,136
FEMA Match - Roads (Pu`upilo Road)	PWC015	--	30,958	30,958	2,450	306,018	272,610
FEMA Match - Repair/Replace Windshields	PWE014	--	--	--	--	1,691	1,691
FEMA Match - Repair/Replace Air Compressors	PWE016	--	--	--	--	1,043	1,043
FEMA Match - Repair/Replace Roof Civic Center	PWE017	--	--	--	9,224	9,224	--
FEMA Match - Fire Station (Kalāheo Fire Station)	PWE018	--	--	--	--	1,173	1,173
FEMA Match - Repair Photovoltaic Panels	PWE019	--	--	--	6,031	6,261	230
Kaumakani Pavilion (Materials Only)	R10002	35,567	--	35,567	--	39,505	3,938

**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, 2013**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kapa'a/Lihu'e Boys & Girls Club Facilities Upgrade Gr.	R12004	\$ 125,000	\$ --	\$ 125,000	\$ --	\$ 125,000	\$ --
Resurface Kīlauea Park Playground	R13035	--	--	--	--	40,000	40,000
CFD Po'ipū Beach Park	R13037	--	--	--	--	333,527	333,527
Civic Center Improvements	W00225	2,130,633	9,869	2,140,502	10,097	2,150,599	--
Park Improvement Grant, Waimea District	W01257	3,905	--	3,905	--	3,905	--
KWMCH Improvements	W02226	507,847	144,500	652,347	--	652,347	--
Kapa'a New Fire Station	W05227	631,012	25,600	656,612	42,864	749,191	49,715
Fishbowl Renovation	W05230	147,436	--	147,436	--	147,436	--
Kapa'a Soccer Field	W05265	100,000	--	100,000	--	100,000	--
Po'ipū Bypass Road	W05340	446,687	--	446,687	--	446,687	--
Traffic Calming Program	W05341	33,047	--	33,047	--	33,047	--
A.R. Treatment Center	W05400	263,991	--	263,991	--	263,991	--
IT Renovation	W06231	45,250	--	45,250	--	45,250	--
Veterans Cemetery Improvement	W06279	97,854	--	97,854	--	97,854	--
Isenberg Park Bathroom Improvement	W06281	42,213	--	42,213	--	42,213	--
Kīlauea Bridge	W06343	2,047,540	--	2,047,540	--	2,047,540	--
Island Wide Road Resurfacing	W06344	165,490	--	165,490	--	165,490	--
Bleachers In County Parks	W07004	28,756	--	28,756	--	100,000	71,244
Ele'ele Nani Park Sidewalks	W07009	441,000	--	441,000	--	441,000	--
Island Wide Parks Improvements/Equipment	W07011	156,291	75,594	231,885	--	250,000	18,115
Neighborhood Centers Improvements	W07013	84,550	--	84,550	64,828	149,378	--
Puu Road Improvements	W07014	13,675	--	13,675	--	13,675	--
Omao Park Playground Equipment	W07015	50,000	--	50,000	--	50,000	--
Kapaia Swinging Bridge	W07022	224,850	--	224,850	9,746	234,596	--
Ele'ele Effluent Disposal Well Rehab.	W08005	250,000	--	250,000	--	250,000	--
Piikoi Building Renov/Space Planning Study	W08006	517,258	--	517,258	--	517,258	--
ADA Projects-Building Facilities	W08007	100,000	--	100,000	--	100,000	--
Wailua Mauka Motocross Track	W08011	54,720	17,111	71,831	27,569	99,400	--
Habitat Conservation Plan	W08012	129,396	--	129,396	70,604	200,000	--
Hanapēpē Flood Control Project	W08013	110,000	--	110,000	--	110,000	--
Waimea Flood Control Project	W08014	115,000	--	115,000	--	115,000	--
Aliomanu Road Revetment (Planning/Permits)	W08016	196,763	11,703	208,466	32,662	250,189	9,061

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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Comprehensive Road Maintenance Plan	W08017	\$ 8,690	\$ 51,984	\$ 60,674	\$ 35,440	\$ 96,114	\$ --
Kapaia Bridge Replacement	W08024	418,595	--	418,595	--	423,873	5,278
Pono Kai Seawall Emergency Repair	W08030	15,177	2,002	17,179	39,202	56,523	142
Aliomanu Temporary Road Repair	W08031	345,431	--	345,431	--	345,431	--
Kapa'a Ocean 1-Year Field Study	W08032	311,753	--	311,753	--	350,000	38,247
Moana Kai (Fuji) Shoreline Design/Permit	W08033	240,109	4,533	244,642	54,729	332,000	32,629
Kapa'a Beach Shoreline Protection Design/Permit	W08034	118,395	--	118,395	--	118,395	--
County Wide Impact Fee & Needs Assessment Study	W08035	--	63,615	63,615	97,385	250,000	89,000
Hanapēpē & Waimea Levee	W08037	366,479	--	366,479	34,531	401,659	649
Hanalei KPD/Fire Asbestos Removal	W08038	300,000	--	300,000	--	300,000	--
Līhu'e Development Plan	W09008	20,000	--	20,000	--	20,000	--
ADA Announcer Booth Renovation/Improvements	W09011	196,292	--	196,292	--	196,292	--
Host Community Benefits-Kekaha	W09012	22,500	85,500	108,000	--	1,042,221	934,221
Opaekaa Bridge Replacement-Temp. Repair	W09015	208,435	--	208,435	--	208,435	--
Puuopae Bridge-Temp. Repair	W10004	4,076	--	4,076	--	4,076	--
Kamalu Bridge-Stream Erosion	W10006	2,540	235	2,775	--	60,000	57,225
Adolescent Drug Treatment Center	W10017	--	56,375	56,375	443,625	500,000	--
Konohiki Stream	W10048	100,000	--	100,000	--	100,000	--
Up/Low Kapahi Res	W10049	1,800,000	--	1,800,000	--	1,800,000	--
Wailapa/Kila	W10050	393,029	--	393,029	--	393,029	--
Kekaha Landfill Lat	W10052	681,372	53,883	735,255	--	735,255	--
Hanapēpē/Wai Levee	W10053	43,547	--	43,547	--	43,547	--
Keapana Bridge Replacement	W10054	426,087	--	426,087	--	426,168	81
Hanapēpē Bridge Ped. Walkway Repl (Match)	W12009	98	--	98	--	5,489	5,391
Puhi Road Construction (Match)	W12010	566	--	566	--	566	--
Security Renovation - Mayors Office	W12014	8,866	13,396	22,262	--	50,000	27,738
RPA Office Renovation	W12015	--	--	--	--	40,000	40,000
Hardy Street Improvements (Match)	W12020	16,110	11,540	27,650	3,509	31,159	--
Hanapēpē & Waimea Levee	W12062	--	--	--	--	150,000	150,000
Kapa'a Baseyard Renovations	W12064	--	--	--	--	20,511	20,511
Kōloa Safe	W12065	1,458	4,513	5,971	5,085	15,000	3,944
Piikoi Retrofit	W12066	33,420	62,979	96,399	--	159,000	62,601

**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, 2013**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
CFD Complete Streets projects in Kōloa/Po‘ipū Area	W13014	\$ --	\$ --	\$ --	\$ --	\$ 333,528	\$ 333,528
Project Contingency	W92208	6,324	--	6,324	--	45,121	38,797
Kīlauea Irrigation	W92220	74,362	--	74,362	--	74,362	--
Park Improvement Waimea District	W96073	--	--	--	--	21,970	21,970
Vidinha Stadium Light	W97252	121,523	--	121,523	--	130,053	8,530
Island Wide Parks Improvements	W99394	424,000	--	424,000	--	424,000	--
County Imaging Program	X08100	237,874	--	237,874	--	240,000	2,126
Planning, Zoning/Engineering System	X10002	109,573	32,610	142,183	--	189,000	46,817
Document Imaging	X10008	130,469	--	130,469	--	408,450	277,981
800 MHZ Radio U/G	X11006	1,353,041	217,960	1,571,001	--	1,571,001	--
Kapa‘a Development Plan	Z10002	--	--	--	150,000	150,000	--
Complete Streets/Safe Routes (Kawaihau Road)	Z12006	--	--	--	--	55,000	55,000
East Kaua‘i Development Plan	Z13003	--	--	--	--	50,000	50,000
Total Expenditures		\$ 18,135,866	1,827,085	\$ 19,962,951	\$ 1,139,581	\$ 25,147,187	\$ 4,044,655
Excess (Deficiency) of Revenues Over (Under) Expenditures			(355,030)				
Other Financing Sources:							
Transfers In			4,035,153				
Transfers Out			(5,750,963)				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(2,070,840)				
Fund Balance - Beginning of Year, July 1, 2012			7,383,548				
Fund Balance - End of Year, June 30, 2013			\$ 5,312,708				

COUNTY OF KAUA'I, HAWAII'I
BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 34,243	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	1,030,000	--	--	--	--
Bond subsidies	--	--	1,138,179	--	--	--	--
Total Revenues		--	2,202,422	--	--	--	--
Expenditures:							
Kilauea Ag Park (Design)	D10105	80,127	--	80,127	--	500,000	419,873
Alternative Energy Projects	D10106	433,827	10,706	444,533	13,089	1,500,000	1,042,378
New Alternate Energy Projects	D10107	--	--	--	--	300,000	300,000
CEDS Project	D13300	--	296,900	296,900	--	450,000	153,100
Affordable Housing	H06065	2,000,000	--	2,000,000	--	2,000,000	--
Affordable Housing	H06066	667,226	59,226	726,452	--	726,962	510
Affordable Housing	H13001	--	--	--	--	273,038	273,038
Līhu'e Elderly House	H13002	--	2,300,000	2,300,000	--	2,300,000	--
Lighting Retrofit	R08039	408,559	116,772	525,331	59,930	585,261	--
Park Master Plan	R09001	291,284	64,925	356,209	43,791	400,000	--
Island Wide Parks ADA Full Accessibility	R09002	38,119	--	38,119	--	38,119	--
Coastal Erosion Study	R10001	150,000	--	150,000	--	150,000	--
Kamalani Playground	R10008	139,921	--	139,921	--	146,220	6,299
Lydgate Pond	R10009	425,228	500	425,728	12,666	600,000	161,606
Kapa'a Stadium Improvements	R10010	1,739	270,310	272,049	--	500,000	227,951
Park/Open Space Land Acquisition	R10011	5,890,000	--	5,890,000	--	6,100,000	210,000
Veterans Cemetery Upgrade	R10013	18,412	4,603	23,015	78,259	451,274	350,000
Hanapēpē Cliffside Basketball Court	R10014	213,738	3,704	217,442	--	250,000	32,558
Lydgate Campsite ADA Improvements	R10015	128,468	--	128,468	--	128,493	25
Park ADA Bleachers Replacement	R10016	18,920	19,045	37,965	37,965	800,000	724,070
Veterans Cemetery Renovation	R12001	--	--	--	--	100,000	100,000
Salt Pond Beach Park Facility Improvements	R12002	--	--	--	--	250,000	250,000
Lydate Small Pavilions Renovations	R12003	--	--	--	--	60,000	60,000
Kapa'a Stadium Improvements	R12036	380	--	380	--	400,000	399,620

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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Vidinha Stadium Track & Field Improvements	R12037	\$ 1,569	\$ 8,700	\$ 10,269	\$ --	\$ 100,000	\$ 89,731
Isenberg Park Bathroom Improvement	R12281	25,185	--	25,185	--	25,185	--
ADA Improvements Anahola Homestead	R13001	--	--	--	--	185,000	185,000
Anahola Clubhouse Parking Lot	R13002	--	--	--	--	30,000	30,000
Hanapēpē Stadium Ticket Booth	R13003	--	--	--	--	25,000	25,000
Playground Renovations Kīlauea & Anahola	R13004	--	--	--	--	135,000	135,000
Playground Resurfacing Kalawai & Kōloa Park	R13005	--	--	--	--	40,000	40,000
Softball Field Pavilions (Peter Rayno, Isenberg)	R13006	--	--	--	--	100,000	100,000
Wailua Golf Course Management Building E	R13007	--	44,000	44,000	--	44,000	--
Wailua Golf Course Replace Driving Range Net/Poles	R13008	--	--	--	65,272	67,000	1,728
Wailua Golf Course Replace Existing Water Lines	R13009	--	--	--	--	20,000	20,000
Līhu'e Stadium Baseball Field Improvements	R13013	--	--	--	--	1,131,322	1,131,322
Lighting Retrofits	R13014	--	166	166	--	831,322	831,156
Sheltered Bus Stops	T12100	--	41,206	41,206	32,784	300,000	226,010
Līhu'e Civic Ctr Renovations	W00020	1,465,450	--	1,465,450	--	1,465,450	--
Puhi Metal Recycling	W00021	88,101	--	88,101	--	88,101	--
County Building Facility ADA	W00023	500,000	--	500,000	--	500,000	--
ADA Title II Curb Cut	W01008	1,294,974	--	1,294,974	--	1,294,974	--
Landfill Site Acquisition	W01009	387,402	--	387,402	--	387,402	--
ADA Project-Bld Fac	W01025	1,386,167	--	1,386,167	--	1,386,167	--
Historic County Building	W01026	407,832	--	407,832	624	408,456	--
Līhu'e Civic Ctr Phase 3 Expansion	W01027	600,000	--	600,000	--	600,000	--
Wailua-Kapa'a Sewer	W01053	338,130	--	338,130	--	338,130	--
Sewer Waimea Exp/Design	W01395	423,429	--	423,429	--	423,429	--
KWMCH Improvements	W02226	--	74,363	74,363	42,054	365,616	249,199
Fishbowl Renovation	W05029	141,222	1,950	143,172	--	143,172	--
Kekaha Landfill Lateral Expansion	W06011	9,634,498	9,943	9,644,441	--	9,647,201	2,760
Historic County Bldg and Līhu'e Civic Ctr Improv	W06029	98,927	129,863	228,790	122,611	500,000	148,599
Historic County Bldg and Līhu'e Civic Ctr Improv	W06030	7,745,622	22,695	7,768,317	9,767	7,780,000	1,916
Kapa'a Fire Station	W06031	4,982,061	4,044	4,986,105	--	4,986,105	--

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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Neighborhood Centers Improvements	W06032	\$ 992,087	\$ --	\$ 992,087	\$ --	\$ 992,087	\$ --
Rubberized Track	W06040	1,184,353	--	1,184,353	--	1,184,353	--
Regional Parks Improvements	W06041	1,010,727	--	1,010,727	--	1,100,000	89,273
Līhu'e Stadium Baseball Field Improvements	W06043	23,684	980	24,664	26,261	843,042	792,117
Kekaha Gardens Park	W06044	43,000	73,416	116,416	44,127	800,000	639,457
Wailua Golf Course Maintenance Bldg	W06045	929,595	--	929,595	--	929,595	--
Puu Road Improvements	W07014	--	11,000	11,000	89,000	111,325	11,325
Kapaia Swinging Bridge	W07022	--	--	--	--	131,403	131,403
Waste Reduction Consultant Services	W08001	90,246	--	90,246	23,945	114,191	--
Complete Streets Safety Improvements	W08003	--	--	--	--	75,000	75,000
ADA Projects Bldg Fac	W08007	679,389	28,725	708,114	71,358	785,912	6,440
Pono Kai Revetment Wall	W08025	125,820	2,654	128,474	40,898	139,078	(30,294)
Līhu'e WWTP Centrifuge Replacement	W08026	477,000	--	477,000	--	477,000	--
Wailua WWTP Process & Disinfection Upgrade	W08027	400,000	--	400,000	--	400,000	--
Hanapēpē & Waimea Levees (Irrigation/Erosion Ctrl)	W08037	--	--	--	114,547	154,385	39,838
Lighting Retrofits-Parks	W08039	29,931	--	29,931	--	270,000	240,069
Kapa'a Baseyard Structural Renovation	W09001	1,209,366	90,378	1,299,744	1,070	1,305,821	5,007
Honsador Building Structural Renovation	W09002	307,354	--	307,354	--	307,354	--
Police Evidence Room-Humidity Control	W09003	444,106	--	444,106	--	444,106	--
Island Wide SCADA	W09004	331,006	18,994	350,000	--	350,000	--
Kanaele Rd Stabilization	W09005	--	8,000	8,000	232,250	500,000	259,750
Kōloa Circulation Plan Short Term Improvements	W09006	122,508	151,168	273,676	--	300,000	26,324
Hanapēpē Bridge Walkway	W09007	11,594	116	11,710	--	101,566	89,856
Kapa'a Baseyard 09	W09024	432,918	1,993,207	2,426,125	165,264	2,600,000	8,611
Opaekaa Bridge-Design	W10002	65,981	1,332	67,313	32,531	100,000	156
Piikoi Building Renovation	W10011	2,085,596	328,936	2,414,532	2,979	2,429,000	11,489
Waimea Police Sub-Station	W10012	--	--	--	--	250,000	250,000
Līhu'e WWTP Chemical Lab Renovation	W10013	250,595	188,721	439,316	--	450,000	10,684
Wailua WWTP Improvements/Renovation	W10014	15,185	104,600	119,785	1,062,307	1,200,000	17,908
Island Wide SCADA System Construction	W10015	6,403	82,164	88,567	--	4,800,000	4,711,433
Ele'ele WWTP Improvements/Renovation	W10016	724,026	32,016	756,042	43,958	800,000	--
Civic Center ADA Improvements	W10018	--	--	--	960,000	960,000	--

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, 2013

	Project No.	Prior Year's		Project-T o-Date		Project	
		Expenditures	Current Year	Expenditures	Encumbrances	Authorization	Balance
Hanamā‘ulu/Hanapēpē ADA Improvements	W10019	\$ --	\$ --	\$ --	\$ --	\$ 400,000	\$ 400,000
ADA Access Barrier Removal	W10020	84,837	5,050	89,887	15,422	261,881	156,572
ADA Access Barrier Removal	W10022	--	--	--	--	1,000,000	1,000,000
Koke‘e Road (matching funds)	W10027	9,916	855,930	865,846	19,507	965,179	79,826
Wailua Emergency Bypass Improvements	W10028	--	--	--	--	1,000,000	1,000,000
Rice Street Crossing Improvements	W10032	7,534	--	7,534	--	300,000	292,466
New Landfill Site Acquisition	W10037	381,271	785,305	1,166,576	1,206,590	3,134,677	761,511
Kekaha Landfill Lateral Expansion	W10038	10,918	--	10,918	--	10,918	--
Kekaha Landfill Phase II Closure	W10039	--	--	--	--	800,000	800,000
Safe Route Kawaihau	W10045	--	--	--	138,000	245,000	107,000
Twin Reserve EQ	W10046	4,503	--	4,503	--	100,000	95,497
Kekaha Landfill Expansion II	W10047	505,731	297,567	803,298	124,533	927,831	--
CIP Management System	W10051	--	--	--	--	165,000	165,000
Hanapēpē & Waimea Levees (Planning) USACE Study	W10053	--	--	--	106,453	106,453	--
Kekaha Landfill Expansion II	W10056	47,044	317,405	364,449	25,344	512,000	122,207
Līhu‘e Development Plan	W12008	--	236,214	236,214	495,430	905,000	173,356
Puhi Road Construction Phase I (County Match)	W12010	--	116	116	28,733	34,998	6,149
Kōloa Fire Station Improvements	W12012	--	--	--	--	200,000	200,000
Kalāheo Fire Station Improvements	W12013	--	--	--	--	200,000	200,000
Hardy Street Improvements	W12020	--	386	386	--	1,609,196	1,608,810
Kekaha Landfill Lateral Expansion	W12038	--	--	--	--	654,865	654,865
Piikoi Interior II	W12053	3,654	163,583	167,237	--	388,431	221,194
Kekaha Landfill Lateral Expansion II	W12054	229,340	204,424	433,764	128,710	1,215,469	652,995
Coco Palms STP	W12057	--	75,906	75,906	232,524	350,000	41,570
Lae Road Safety Improvements	W12058	--	--	--	17,890	100,000	82,110
Comprehensive Road Maintenance Plan	W12059	--	53,602	53,602	284	53,886	--
Aliomanu Road Repairs	W12060	--	--	--	--	119,152	119,152
Two Clarifier Mechanical Drive Systems	W12061	--	380,000	380,000	--	400,000	20,000
Material Recovery Facility (MRF)	W13001	--	--	--	--	200,000	200,000
Hanapēpē Levee Toe Repairs	W13002	--	--	--	50,000	50,000	--
Kamalu Road Culvert Replacement	W13003	--	--	--	--	400,000	400,000

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, 2013

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Aliomanu Road	W13004	\$ --	\$ 2,250	\$ 2,250	\$ 81,578	\$ 3,000,000	\$ 2,916,172
Auto Shop Improvements	W13005	--	--	--	--	400,000	400,000
Lihue Bypass Feasibility Study (County Match)	W13006	--	--	--	87,998	100,000	12,002
Fuel Management System	W13007	--	--	--	68,185	125,000	56,815
Hanapēpē Town Parking Lot Improvements	W13008	--	--	--	--	150,000	150,000
Kekaha Landfill Lateral Expansion - Cell II	W13009	--	--	--	--	8,000,000	8,000,000
NPDES Compliance	W13010	--	--	--	--	185,000	185,000
Kekaha Landfill Vertical Expansion	W14003	--	42,795	42,795	--	298,531	255,736
Rpt Computer Sys	X00001	1,896,300	--	1,896,300	--	1,896,300	--
Payroll/Personnel System	X10001	--	--	--	--	395,000	395,000
IT Infrastructure Improvements	X10006	231,268	188,185	419,453	--	778,000	358,547
Document Imaging Program (Finance-IT) Multi Phase	X10008	--	--	--	--	172,550	172,550
Public Access and Open Space Acquisition	Z06002	--	--	--	--	700,000	700,000
Koloa Development Plan	Z12004	--	226,860	226,860	403,160	675,000	44,980
General Plan Technical Studies	Z12005	--	98,200	98,200	305,820	474,999	70,979
Total Expenditures		\$ 55,831,303	10,533,806	\$ 66,365,109	\$ 6,965,468	\$ 111,922,933	\$ 38,592,356
Excess (Deficiency) of Revenues Over (Under) Expenditures			(8,331,384)				
Other Financing Sources: Transfers in			(970,758)				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(9,302,142)				
Fund Balance - Beginning of Year, July 1, 2012			57,505,635				
Fund Balance - End of Year, June 30, 2013			\$ 48,203,493				

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, 2013

	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	\$ 496,350	\$ 496,350	\$ 536,141	\$ --	\$ 536,141	\$ 39,791
Kalepa housing project	1,000,458	1,000,458	993,602	--	993,602	(6,856)
Other revenues	887,600	887,600	231,637	--	231,637	(655,963)
Total Revenues	<u>2,384,408</u>	<u>2,384,408</u>	<u>1,761,380</u>	<u>--</u>	<u>1,761,380</u>	<u>(623,028)</u>
Expenditures - Public Welfare:						
Revolving buy back account	1,525,080	1,525,080	(11,550)	--	(11,550)	1,536,630
Housing projects	--	--	--	--	--	--
Kalepa housing operating cost	1,149,280	1,149,280	826,039	10,416	836,455	312,825
Pa'anau housing operating cost	745,997	745,997	368,746	12,810	381,556	364,441
Revenue bond payments	--	--	--	--	--	--
Total Expenditures	<u>3,420,357</u>	<u>3,420,357</u>	<u>1,183,235</u>	<u>23,226</u>	<u>1,206,461</u>	<u>2,213,896</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ <u>(1,035,949)</u>	\$ <u>(1,035,949)</u>	578,145	\$ <u>(23,226)</u>	\$ <u>554,919</u>	\$ <u>1,590,868</u>
Fund Balance - Beginning of Year July 1, 2012			<u>6,727,391</u>			
Fund Balance - End of Year June 30, 2013			\$ <u>7,305,536</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 KAUA'I, 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, 2013

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ 50,000	\$ 82,000	\$ 29,721	\$ --	\$ 29,721	\$ (52,279)
Charges for Services:						
Sewer Charges:						
Residential	2,924,000	2,904,000	2,881,281	--	2,881,281	(22,719)
Commercial	4,549,500	4,537,500	5,736,040	--	5,736,040	1,198,540
Connection charge	--	--	1,550	--	1,550	1,550
Sludge disposal	150,000	150,000	208,155	--	208,155	58,155
Capacity assessment	185,000	185,000	50,700	--	50,700	(134,300)
Total Revenues	<u>7,858,500</u>	<u>7,858,500</u>	<u>8,907,447</u>	<u>--</u>	<u>8,907,447</u>	<u>1,048,947</u>
Other Financing Sources (Uses):						
Transfers out	(106,723)	(106,723)	(106,723)	--	(106,723)	--
Total Other Financing Sources (Uses)	<u>(106,723)</u>	<u>(106,723)</u>	<u>(106,723)</u>	<u>--</u>	<u>(106,723)</u>	<u>--</u>
Total Revenues and Other Financing Sources (Uses)	<u>7,751,777</u>	<u>7,751,777</u>	<u>8,800,724</u>	<u>--</u>	<u>8,800,724</u>	<u>1,048,947</u>
Expenditures - Sanitation:						
Sanitation and Waste Removal:						
Salaries, including overtime	1,921,747	1,915,747	1,865,880	--	1,865,880	49,867
Vacation credit payout	15,000	21,000	--	--	--	21,000
Operational and administrative	2,457,330	2,697,667	2,537,884	83,527	2,621,411	76,256
Central services cost	500,000	500,000	500,000	--	500,000	--
Capital costs	124,556	124,736	59,535	52,559	112,094	12,642
SRF loan payments	2,770,834	2,770,834	2,287,642	--	2,287,642	483,192
FICA taxes	150,271	150,271	131,150	--	131,150	19,121
Public employees' health fund	79,918	139,918	137,590	--	137,590	2,328
Workers' compensation	30,001	30,301	27,760	--	27,760	2,541
Unemployment compensation	10,000	10,000	11	--	11	9,989
Pension contributions	294,695	294,695	287,139	--	287,139	7,556
Other employee benefits	--	--	--	--	--	--
Public employees' other post-employment benefit	592,688	425,665	384,598	--	384,598	41,067
Repair and maintenance reserve	2,699,083	2,451,877	1,417,606	826,019	2,243,625	208,252
Total Expenditures - Sanitation	<u>11,646,123</u>	<u>11,532,711</u>	<u>9,636,795</u>	<u>962,105</u>	<u>10,598,900</u>	<u>933,811</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures (Note C)	\$ <u>(3,894,346)</u>	\$ <u>(3,780,934)</u>	(836,071)	\$ <u>(962,105)</u>	\$ <u>(1,798,176)</u>	\$ <u>115,136</u>
Fund Balance - Beginning of Year July 1, 2012			<u>2,527,332</u>			
Fund Balance - End of Year June 30, 2013			\$ <u>1,691,261</u>			

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

COUNTY OF KAUAI, HAWAII
GOLF ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances		
				Encumbrances	Non-GAAP	
Revenues:						
Rents and Concessions:						
Food and beverage	\$ 16,000	\$ 16,000	\$ --	\$ --	\$ -	\$ (16,000)
Pro shop	15,324	15,324	11,493	--	11,493	(3,831)
Range balls	60,000	60,000	66,648	--	66,648	6,648
Golf carts	144,000	144,000	144,000	--	144,000	--
Other	--	--	6,262	--	6,262	6,262
Charges for Services:						
Green fees and locker fees	1,008,000	1,008,000	942,752	--	942,752	(65,248)
Total Revenues	1,243,324	1,243,324	1,171,155	--	1,171,155	(72,169)
Other Financing Sources:						
Operating transfers from General Fund	726,520	726,520	726,520	--	726,520	--
Total Revenues and Other Financing Sources	1,969,844	1,969,844	1,897,675	--	1,897,675	(72,169)
Expenditures - Culture and Recreation:						
Operational and administrative	573,807	575,237	508,708	19,651	528,359	46,878
Salaries and overtime	838,140	799,540	795,628	--	795,628	3,912
Central services cost	150,000	150,000	150,000	--	150,000	--
Equipment	124,538	124,938	68,273	56,606	124,879	59
Debt service payments	192,432	192,432	192,431	--	192,431	1
FICA taxes	64,917	57,917	54,079	--	54,079	3,838
Public employees' health fund	118,582	98,582	96,382	--	96,382	2,200
Workers' compensation	36,001	111,001	110,284	--	110,284	717
Unemployment compensation	1,967	1,967	--	--	--	1,967
Public employees' other post-employment benefit	257,583	196,724	168,017	--	168,017	28,707
Pension contributions	127,289	127,289	121,945	--	121,945	5,344
Total Expenditures - Culture and Recreation	2,485,256	2,435,627	2,265,747	76,257	2,342,004	93,623
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)						
	\$ <u>(515,412)</u>	\$ <u>(465,783)</u>	(368,072)	\$ <u>(76,257)</u>	\$ <u>(444,329)</u>	\$ <u>21,454</u>
Fund Balance - Beginning of Year July 1, 2012			712,729			
Fund Balance - End of Year June 30, 2013			\$ <u>344,657</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, 2013

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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed.	125
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	132
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.	139
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.	142
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.	144

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

TABLE 1

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net investment in capital assets	\$ 398,697,946	\$ 402,603,394	\$ 431,328,406	\$ 440,721,403	\$ 445,809,943	\$ 454,412,948	\$ 452,246,448	\$ 453,192,782	\$ 457,053,621	\$ 458,961,948
Restricted	2,539,516	2,027,763	3,315,565	13,420,619	22,805,523	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770
Unrestricted	<u>17,063,015</u>	<u>26,122,251</u>	<u>37,746,609</u>	<u>48,648,173</u>	<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>24,513,721</u>
Total Governmental Activities Net Position	<u>418,300,477</u>	<u>430,753,408</u>	<u>472,390,580</u>	<u>502,790,195</u>	<u>520,174,642</u>	<u>531,554,316</u>	<u>542,067,435</u>	<u>536,940,167</u>	<u>516,764,276</u>	<u>494,763,439</u>
Business-type Activities:										
Net investment in capital assets	35,171,566	35,028,543	37,828,270	39,686,557	40,730,017	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207
Restricted	222,950	222,950	222,950	206,728	209,537	212,528	215,791	347,335	354,625	353,600
Unrestricted	<u>5,380,830</u>	<u>6,252,923</u>	<u>4,669,005</u>	<u>5,565,819</u>	<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>
Total Business-type Activities Net Position	<u>40,775,346</u>	<u>41,504,416</u>	<u>42,720,225</u>	<u>45,459,104</u>	<u>46,487,518</u>	<u>49,164,970</u>	<u>54,139,922</u>	<u>65,995,189</u>	<u>70,764,377</u>	<u>70,822,179</u>
Primary Government:										
Net investment in capital assets	433,869,512	437,631,937	469,156,676	480,407,960	486,539,960	499,796,118	501,156,691	510,715,649	517,851,718	520,681,155
Restricted	2,762,466	2,250,713	3,538,515	13,627,347	23,015,060	26,602,037	22,396,975	18,693,372	8,177,879	11,641,370
Unrestricted	<u>22,443,845</u>	<u>32,375,174</u>	<u>42,415,614</u>	<u>54,213,992</u>	<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>33,263,093</u>
Total Primary Government Activities Net Position	<u>\$ 459,075,823</u>	<u>\$ 472,257,824</u>	<u>\$ 515,110,805</u>	<u>\$ 548,249,299</u>	<u>\$ 566,662,160</u>	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 565,585,618</u>

Source: Department of Finance

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

TABLE 1A

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental Activities:										
General government	\$ 25,369,569	\$ 27,641,447	\$ 33,358,710	\$ 35,190,626	\$ 39,970,949	\$ 38,335,085	\$ 24,423,397	\$ 28,619,780	\$ 32,774,735	\$ 36,906,688
Public safety	25,569,986	24,881,061	25,550,662	29,335,789	35,333,479	38,182,320	46,193,511	50,618,291	50,624,242	52,156,486
Public works	5,672,746	6,782,506	9,526,915	8,117,334	10,500,645	10,338,337	12,986,481	18,258,953	12,334,893	12,011,341
Highways and streets	14,974,250	13,284,519	17,183,881	18,594,377	17,545,423	21,524,749	16,394,453	18,949,545	17,913,595	19,996,535
Sanitation	7,232,767	8,193,673	9,864,324	11,188,711	10,938,661	11,123,472	13,537,765	5,342,980	22,204,359	25,685,902
Culture and recreation	3,293,842	4,757,195	3,906,040	4,884,967	9,227,909	9,028,393	9,747,006	9,924,470	10,428,386	10,791,475
Public welfare	14,157,273	12,045,325	14,217,863	16,928,885	15,983,791	22,793,755	19,690,034	17,918,206	20,393,081	22,624,202
Unallocated interest	<u>2,647,924</u>	<u>2,451,890</u>	<u>3,208,906</u>	<u>3,891,634</u>	<u>3,793,059</u>	<u>3,533,452</u>	<u>4,235,047</u>	<u>6,183,785</u>	<u>5,029,937</u>	<u>5,240,755</u>
Total Governmental Activities Expenses	<u>98,918,357</u>	<u>100,037,616</u>	<u>116,817,301</u>	<u>128,132,323</u>	<u>143,293,916</u>	<u>154,859,563</u>	<u>147,207,694</u>	<u>155,816,010</u>	<u>171,703,228</u>	<u>185,413,384</u>
Business-type Activities:										
Housing	1,786,839	1,754,312	1,899,835	1,426,840	2,358,951	1,805,736	2,360,921	2,371,254	2,178,940	2,352,640
Sewer	5,261,157	5,645,490	6,899,867	9,904,507	10,450,804	11,880,555	8,113,817	7,929,242	8,250,110	13,447,969
Golf	<u>1,696,769</u>	<u>1,802,396</u>	<u>1,777,657</u>	<u>1,900,225</u>	<u>2,243,034</u>	<u>2,547,080</u>	<u>2,175,551</u>	<u>2,078,846</u>	<u>2,221,620</u>	<u>2,262,578</u>
Total Business-type Activities Expenses	<u>8,744,765</u>	<u>9,202,198</u>	<u>10,577,359</u>	<u>13,231,572</u>	<u>15,052,789</u>	<u>16,233,371</u>	<u>12,650,289</u>	<u>12,379,342</u>	<u>12,650,670</u>	<u>18,063,187</u>
Total Primary Government Expenses	<u>107,663,122</u>	<u>109,239,814</u>	<u>127,394,660</u>	<u>141,363,895</u>	<u>158,346,705</u>	<u>171,092,934</u>	<u>159,857,983</u>	<u>168,195,352</u>	<u>184,353,898</u>	<u>203,476,571</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	1,391,900	3,929,049	3,841,644	4,711,497	1,760,668	1,255,167	1,213,635	1,902,063	2,145,731	3,768,037
Public safety	783,950	731,235	837,188	769,848	945,431	879,348	1,320,474	955,145	752,086	1,036,661
Public works	1,307,048	--	323,514	--	2,498,430	3,154,590	1,892,223	1,535,271	1,356,060	1,410,220
Highways and streets	3,673,397	3,947,078	4,057,622	4,171,897	4,805,717	4,590,571	4,502,931	4,535,351	4,562,679	4,613,966
Sanitation	2,704,498	2,324,211	2,949,191	2,809,018	3,750,820	3,354,320	3,297,724	3,424,598	6,088,478	6,563,506
Culture and recreation	155,383	130,900	--	--	1,927,764	963,309	3,125,628	1,977,972	691,632	672,755
Public welfare	186,396	215,179	5,031	245,583	358,192	717,163	856,836	1,039,600	1,341,366	1,427,164
Operating grants and contributions	15,780,416	15,527,698	17,546,160	22,618,486	17,988,403	22,839,142	22,895,230	27,062,804	22,721,365	19,892,834
Capital grants and contributions	<u>4,356,934</u>	<u>2,414,336</u>	<u>11,093,266</u>	<u>19,512,094</u>	<u>8,236,100</u>	<u>8,234,214</u>	<u>3,475,234</u>	<u>2,246,061</u>	<u>9,325,678</u>	<u>13,937,055</u>
Total Governmental Activities Program Revenues	<u>30,339,922</u>	<u>29,219,686</u>	<u>40,653,616</u>	<u>54,838,423</u>	<u>42,271,525</u>	<u>45,987,824</u>	<u>42,579,915</u>	<u>44,678,865</u>	<u>48,985,075</u>	<u>53,322,198</u>
Business-type Activities:										
Charges for services:										
Housing	1,408,937	1,743,240	1,739,947	1,373,695	2,045,264	1,287,720	1,856,832	2,374,889	1,791,502	1,749,444
Sewer	6,155,099	6,231,373	6,765,638	7,261,012	6,917,012	6,134,764	6,235,984	6,661,118	7,030,940	8,854,282
Golf	1,380,975	1,382,604	1,349,750	1,466,149	1,486,256	1,393,469	1,574,515	1,283,586	1,203,219	1,171,155
Operating grants and contributions	--	--	--	--	--	--	--	--	--	--
Capital grants and contributions	<u>--</u>	<u>--</u>	<u>219,627</u>	<u>2,545,047</u>	<u>4,722,536</u>	<u>8,978,609</u>	<u>1,016,676</u>	<u>476,403</u>	<u>6,496,784</u>	<u>5,711,909</u>
Total Business-type Activities Program Revenues	<u>8,945,011</u>	<u>9,357,217</u>	<u>10,074,962</u>	<u>12,645,903</u>	<u>15,171,068</u>	<u>17,794,562</u>	<u>10,684,007</u>	<u>10,795,996</u>	<u>16,522,445</u>	<u>17,486,790</u>
Total Primary Government Program Revenues	<u>\$ 39,284,933</u>	<u>\$ 38,576,903</u>	<u>\$ 50,728,578</u>	<u>\$ 67,484,326</u>	<u>\$ 57,442,593</u>	<u>\$ 63,782,386</u>	<u>\$ 53,263,922</u>	<u>\$ 55,474,861</u>	<u>\$ 65,507,520</u>	<u>\$ 70,808,988</u>

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

TABLE 1A

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Revenue (Expense):										
Governmental activities	\$ (68,578,435)	\$ (70,817,930)	\$ (76,163,685)	\$ (73,293,900)	\$ (101,022,391)	\$ (108,871,739)	\$ (104,627,779)	\$ (111,137,145)	\$ (122,718,153)	\$ (132,091,186)
Business-type activities	200,246	155,019	(502,397)	(585,669)	118,279	1,561,191	(1,966,282)	(1,583,346)	3,871,775	(576,397)
Total Primary Government Net Revenue (Expense):	<u>(68,378,189)</u>	<u>(70,662,911)</u>	<u>(76,666,082)</u>	<u>(73,879,569)</u>	<u>(100,904,112)</u>	<u>(107,310,548)</u>	<u>(106,594,061)</u>	<u>(112,720,491)</u>	<u>(118,846,378)</u>	<u>(132,667,583)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
General Revenues:										
Property taxes	48,142,419	56,574,834	68,908,818	78,156,850	86,725,636	91,880,683	92,466,366	87,579,128	80,871,076	82,008,842
Public service company tax	2,277,949	2,681,922	2,806,947	3,889,486	3,214,499	4,379,129	4,097,986	3,020,565	4,226,609	4,247,316
Franchise tax	2,501,482	2,934,028	3,334,197	3,656,782	4,072,274	4,900,021	3,258,208	3,901,854	4,594,943	4,746,998
Fuel tax	4,178,817	4,102,379	3,808,757	5,972,756	4,217,665	3,940,446	3,596,214	4,163,471	3,948,687	3,929,570
Unrestricted grants and contributions	11,831,011	13,100,352	14,307,884	14,624,733	15,080,972	13,690,485	13,152,231	16,425,594	15,407,463	14,661,865
Investments earnings	632,893	1,112,531	3,435,815	5,589,283	5,836,149	2,493,940	4,476,847	2,326,500	1,168,610	1,115,555
Transfers	657,800	(461,378)	(540,816)	(575,000)	(740,357)	(1,033,291)	(5,906,954)	(11,407,235)	(4,062,142)	(619,797)
Total Governmental Activities General Revenues and Transfers	<u>70,222,371</u>	<u>80,044,668</u>	<u>96,061,602</u>	<u>111,314,890</u>	<u>118,406,838</u>	<u>120,251,413</u>	<u>115,140,898</u>	<u>106,009,877</u>	<u>106,155,246</u>	<u>110,090,349</u>
Business-type Activities:										
General Revenues:										
Unrestricted grants and contributions	1,418,303	--	--	--	--	--	1,005,279	2,000,000	--	14,402
Investment earnings	19,280	42,528	84,591	130,030	169,778	82,970	29,001	31,378	55,468	--
Extraordinary items	--	70,145	364,081	--	--	--	--	--	--	--
Transfers	(657,800)	461,378	540,816	575,000	740,357	1,033,291	5,906,954	11,407,235	4,062,142	619,797
Total Business-type Activities General Revenues and Transfers	<u>779,783</u>	<u>574,051</u>	<u>989,488</u>	<u>705,030</u>	<u>910,135</u>	<u>1,116,261</u>	<u>6,941,234</u>	<u>13,438,613</u>	<u>4,117,610</u>	<u>634,199</u>
Total Primary Government Program Revenues	<u>71,002,154</u>	<u>80,618,719</u>	<u>97,051,090</u>	<u>112,019,920</u>	<u>119,316,973</u>	<u>121,367,674</u>	<u>122,082,132</u>	<u>119,448,490</u>	<u>110,272,856</u>	<u>110,724,548</u>
Changes in Net Position:										
Governmental activities	1,643,936	9,226,738	19,897,917	38,020,990	17,384,447	11,379,674	10,513,119	(5,127,268)	(16,562,907)	(22,000,837)
Business-type activities	980,029	729,070	487,091	119,361	1,028,414	2,677,452	4,974,952	11,855,267	7,989,385	57,802
Total Primary Government Changes in Net Position	<u>\$ 2,623,965</u>	<u>\$ 9,955,808</u>	<u>\$ 20,385,008</u>	<u>\$ 38,140,351</u>	<u>\$ 18,412,861</u>	<u>\$ 14,057,126</u>	<u>\$ 15,488,071</u>	<u>\$ 6,727,999</u>	<u>\$ (8,573,522)</u>	<u>\$ (21,943,035)</u>

Source: Department of Finance

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

TABLE 1B

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assets:										
Governmental activities	\$ 523,882,021	\$ 532,279,990	\$ 620,767,798	\$ 650,531,583	\$ 684,752,946	\$ 692,955,754	\$ 753,265,199	\$ 753,176,265	\$ 737,054,972	\$ 722,972,080
Business-type activities	<u>54,521,171</u>	<u>54,317,198</u>	<u>55,150,896</u>	<u>59,400,214</u>	<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>
Total Assets - Primary Government	<u>578,403,192</u>	<u>586,597,188</u>	<u>675,918,694</u>	<u>709,931,797</u>	<u>744,389,160</u>	<u>760,313,533</u>	<u>828,124,798</u>	<u>839,314,414</u>	<u>828,952,040</u>	<u>817,179,156</u>
Liabilities:										
Governmental activities	105,581,544	101,526,582	148,377,218	147,741,388	164,578,304	161,401,438	211,197,764	216,236,098	220,290,696	228,112,557
Business-type activities	<u>13,745,825</u>	<u>12,812,782</u>	<u>12,430,671</u>	<u>13,941,110</u>	<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>
Total Liabilities - Primary Government	<u>119,327,369</u>	<u>114,339,364</u>	<u>160,807,889</u>	<u>161,682,498</u>	<u>177,727,000</u>	<u>179,594,247</u>	<u>231,917,441</u>	<u>236,379,058</u>	<u>241,423,387</u>	<u>251,497,454</u>
Net Position:										
Net investment in capital assets										
Governmental activities	398,697,946	402,603,394	431,328,406	440,721,403	445,809,943	454,412,948	452,246,448	453,192,782	457,053,621	458,961,948
Business-type activities	35,171,566	35,028,543	37,828,270	39,686,557	40,730,017	45,383,170	48,910,243	57,522,867	60,798,097	61,719,207
Restricted by enabling legislation:										
Governmental activities	-	-	-	-	-	-	-	-	-	-
Business-type activities	222,950	222,950	222,950	206,728	209,537	212,528	215,791	347,335	354,625	353,600
Restricted, other:										
Governmental activities	2,539,516	2,027,763	3,315,565	13,420,619	22,805,523	26,389,509	22,181,184	18,346,037	7,823,254	11,287,770
Business-type activities	-	-	-	-	-	-	-	-	-	-
Unrestricted net assets:										
Governmental activities	17,063,015	26,122,251	37,746,609	48,648,173	51,559,176	50,751,859	67,639,803	65,401,348	51,887,401	24,513,721
Business-type activities	<u>5,380,830</u>	<u>6,252,923</u>	<u>4,669,005</u>	<u>5,565,819</u>	<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>
Total Net Position - Primary Government	<u>\$ 459,075,823</u>	<u>\$ 472,257,824</u>	<u>\$ 515,110,805</u>	<u>\$ 548,249,299</u>	<u>\$ 566,662,160</u>	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 565,585,618</u>

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	--	--	--	--	--	--	--	490,000	490,000	490,000
Committed	4,381,948	4,336,782	6,822,011	7,660,813	6,820,122	9,761,486	6,634,688	5,411,603	8,602,156	7,649,170
Assigned	9,414,500	10,877,098	11,718,098	13,932,311	14,069,602	11,535,434	19,066,623	47,749,807 (3)	20,234,694	12,700,967
Unassigned	<u>3,261,947</u>	<u>3,544,841</u>	<u>11,579,162</u>	<u>20,790,848</u>	<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>
Total General Fund	<u>17,058,395</u>	<u>18,758,721</u>	<u>30,119,271</u>	<u>42,383,972</u>	<u>45,224,764</u>	<u>54,140,980</u>	<u>68,800,103</u>	<u>53,651,410</u>	<u>44,695,309</u>	<u>33,622,721</u>
All Other Governmental Funds:										
Non-spendable	8,367,826	7,460,841	6,931,371	4,391,698	4,187,914	3,544,187	3,600,866 (2)	3,363,311 (4)	2,769,119	2,284,346
Restricted	7,017,825	7,338,751	7,953,501	7,616,138	9,341,702	10,000,961	13,273,466 (2)	11,417,538 (4)	8,135,743	10,759,583
Committed	5,145,757	9,069,054	11,655,259	10,109,023	16,961,674	16,179,876	15,661,985 (2)	18,793,384	19,664,847	14,997,103
Assigned	20,378,457	22,081,792	61,246,137	69,493,785	75,608,191	68,439,470	106,014,099	100,757,185	81,570,384	73,781,703
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<u>40,909,865</u>	<u>45,950,438</u>	<u>87,786,268</u>	<u>91,610,644</u>	<u>106,099,481</u>	<u>98,164,494</u>	<u>138,550,416</u>	<u>134,331,418</u>	<u>112,140,093</u>	<u>101,822,735</u>
Total Fund Balances (Note 1)	<u>\$ 57,968,260</u>	<u>\$ 64,709,159</u>	<u>\$ 117,905,539</u>	<u>\$ 133,994,616</u>	<u>\$ 151,324,245</u>	<u>\$ 152,305,474</u>	<u>\$ 207,350,519</u>	<u>\$ 187,982,828</u>	<u>\$ 156,835,402</u>	<u>\$ 135,445,456</u>

Note (1): The Total Fund Balances for the fiscal years 2004 through 2008 have been restated as a result of a fund balance reclassification made in fiscal year 2009.

Note (2): The June 30, 2010 CAFR reported incorrect amounts between these three categories.

Note (3): The June 30, 2011 CAFR General Fund balance was restated.

Note (4): The June 30, 2011 CAFR reported incorrect amounts between these two categories.

Source: Department of Finance

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 57,060	\$ 65,097	\$ 78,675	\$ 90,913	\$ 98,572	\$ 105,140	\$ 102,425	\$ 94,343 (1)	\$ 93,470	\$ 95,035
Licenses and permits	5,715	6,677	6,780	6,948	7,975	8,253	7,400	6,847	6,778	7,132
Rents and concessions	678	688	737	713	727	956	907	916	639	649
Interest	633	1,113	3,354	5,012	5,836	3,009	4,896	2,708	1,379	297
Intergovernmental revenue	31,358	29,975	41,359	49,506	41,291	44,764	37,214	43,780	44,779	46,802
Charges for current services	3,627	3,398	4,110	4,202	4,911	4,424	4,366	5,583	8,591	9,220
Bond subsidy	--	--	--	--	--	--	--	971 (2)	1,138	1,138
Miscellaneous	792	1,582	1,975	2,934	2,434	766	3,117	1,642	720	3,310
Total Revenues	99,863	108,530	136,990	160,228	161,746	167,312	160,325	156,790	157,494	163,583
Expenditures:										
General government	22,823	27,680	30,938	35,358	33,461	37,371	26,682	28,285	29,850	32,943
Public safety	23,502	23,547	24,979	27,122	32,894	35,613	43,607	47,547	48,153	49,049
Public works	4,789	5,636	6,990	6,881	9,468	8,727	11,232	16,395	10,454	9,699
Highways and streets	9,491	7,798	12,115	12,298	11,273	15,312	10,089	13,146	11,965	15,037
Sanitation	6,625	8,653	9,458	10,315	9,773	9,834	12,313	11,385	17,928	13,087
Culture and recreation	3,041	4,458	3,471	4,288	7,839	8,223	9,715	9,252	9,852	9,500
Public welfare	14,028	11,798	14,889	16,491	15,637	22,375	19,957	20,192	19,758	22,018
Capital outlay	9,322	6,109	13,625	20,299	17,523	21,342	24,597	18,109	27,733	25,916
Debt Service:										
Principal	3,665	3,850	3,435	4,130	3,230	4,766	4,713	5,824	4,808	4,584
Interest	2,726	2,535	2,538	4,389	3,797	3,597	3,971	5,888	5,575	4,970
Total Expenditures	100,012	102,064	122,438	141,571	144,895	167,160	166,876	176,023	186,076	186,803
Excess of Revenues										
Over (Under) Expenditures	\$ (149)	\$ 6,466	\$ 14,552	\$ 18,657	\$ 16,851	\$ 152	\$ (6,551)	\$ (19,233)	\$ (28,582)	\$ (23,220)
Other Financing Sources (Uses)										
Transfers in	\$ 15,284	\$ 16,466	\$ 18,927	\$ 24,834	\$ 30,210	\$ 21,085	\$ 29,852	\$ 28,081	\$ 18,570	\$ 28,406
Transfers out	(14,626)	(16,927)	(19,468)	(25,409)	(30,951)	(22,118)	(30,675)	(32,327)	(22,631)	(29,026)
Refunding bonds issued	--	--	--	--	--	--	--	--	--	--
Bonds issued	--	--	42,180	--	--	--	60,000	-- (2)	--	--
Premium on bonds issued	--	--	1,327	--	--	--	--	--	--	--
Payments to refunded bond escrow agency	--	--	(4,120)	--	--	--	--	--	--	--
Capital leases	--	--	--	1,346	485	1,862	1,686	3,699	732	2,451
Insurance proceeds	--	--	--	--	--	--	733	413	--	--
Claims proceeds	--	--	--	--	--	--	--	--	764	--
Sale of capital assets	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	658	(461)	38,846	771	(256)	829	61,596	(134)	(2,565)	1,831
Net Change in Fund Balances	\$ 509	\$ 6,005	\$ 53,398	\$ 19,428	\$ 16,595	\$ 981	\$ 55,045	\$ (19,367)	\$ (31,147)	\$ (21,389)
Debt Service as a Percentage of										
Noncapital Expenditures	7.05%	6.65%	5.49%	7.02%	5.52%	5.74%	6.10%	7.42%	6.56% (3)	5.94%

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
2004	\$ 22,822,990	\$ 23,501,535	\$ 4,789,243	\$ 9,491,320	\$ 6,625,259	\$ 3,041,644	\$ 14,027,512	\$ 9,322,449	\$ 6,390,550	\$ 100,012,502
2005	27,676,903	23,547,233	5,636,246	7,797,896	8,652,469	4,458,174	11,797,770	6,108,687	6,384,760	102,060,138
2006	30,938,083	24,978,616	6,989,820	12,942,120	9,586,216	3,471,439	14,888,594	14,319,976	5,973,225	124,088,089
2007	35,358,095	27,122,412	6,880,628	12,298,214	10,314,722	4,288,112	16,491,419	20,298,857	8,518,611	141,571,070
2008	33,461,254	32,894,024	9,467,945	11,273,415	9,772,708	7,839,158	15,637,506	17,522,714	7,026,605	144,895,329
2009	37,370,973	35,613,140	8,726,473	15,312,333	9,834,250	8,223,353	22,374,453	21,342,674	8,362,697	167,160,346
2010	26,681,875	43,607,071	11,231,776	10,089,042	12,313,226	9,714,650	19,957,368	24,597,117	8,684,119	166,876,244
2011	28,284,779	47,547,543	16,394,758	13,145,902	11,384,978	9,252,478	20,191,922	18,108,631	11,712,358	176,023,349
2012	29,850,216	48,152,876	10,453,780	11,964,857	17,928,104	9,851,517	19,758,515	27,732,637	10,383,400	186,075,902
2013	32,942,851	49,049,481	9,699,584	15,036,593	13,087,281	9,500,518	22,017,600	25,915,954	9,554,012	186,803,874

Note (1): Includes general, special revenue, capital projects and debt service funds.

Source: Department of Finance

**COUNTY OF KAUA‘I, HAWAI‘I
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

TABLE 3

Fiscal Year	Total Tax Levy	Tax Levy Adjustments in Subsequent Years	Total Tax Levy After Adjustments	Collected within the Fiscal Year of the Levy		Total Collections to Date		
				Tax Collections (1)	Percent of Levy	Collections in Subsequent Years	Tax Collections (1)	Percent of Levy
2004	\$ 47,393,938	\$ 102,659	\$ 47,496,597	\$ 46,814,999	98.8 %	\$ 680,402	\$ 47,495,401	99.997 %
2005	55,268,583	(60,165)	55,208,418	54,709,028	99.0	498,103	55,207,131	99.998
2006	68,197,925	420,025	68,617,950	67,374,208	98.8	1,241,585	68,615,793	99.997
2007	76,971,763	14,907	76,986,670	75,336,422	97.9	1,556,277	76,892,699	99.878
2008	86,373,611	24,113	86,397,724	84,617,913	98.0	1,654,731	86,272,644	99.855
2009	91,063,419	544,540	91,607,959	88,762,923	97.5	2,656,581	91,419,504	99.794
2010	91,292,733	365,066	91,657,799	89,160,050	97.7	2,203,550	91,363,600	99.679
2011	83,621,720	(498,192)	83,123,528	81,866,842	97.9	849,470	82,716,312	99.510
2012	80,337,961	(552,460)	79,785,501	78,588,196	97.8	306,097	78,894,293	98.883
2013	80,013,943	--	80,013,943	78,429,057	98.0	--	78,429,057	98.019

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) NOTE 1

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				
2004	\$ 3,921,582	\$ 3,538,013	\$ 7,459,595	\$ 939,555	\$ 6,520,040	\$ 6.57	87.4
2005	4,477,591	4,013,219	8,490,810	1,109,793	7,381,017	6.47	86.9
2006	5,592,330	4,826,028	10,418,358	1,217,165	9,201,193	6.09	88.3
2007	9,131,641	6,247,984	15,379,625	1,625,247	13,754,378	5.47	89.4
2008	10,982,938	7,426,225	18,409,163	1,571,487	16,837,676	5.36	91.5
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

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.

Source: Department of Finance

COUNTY OF KAUA'I, HAWAI'I
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTE 1

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
2004	Single Family Residential	\$ 1,184,485	\$5.74	\$ 605,262	\$4.50	\$ 1,789,747
	Homestead	770,997	4.85	561,654	3.64	1,332,651
	Agriculture	693,850	8.20	208,696	4.50	902,546
	Conservation	124,669	8.70	16,314	4.50	140,983
	Hotel/resort	307,164	8.80	809,517	8.15	1,116,681
	Apartment	232,494	8.80	389,546	8.15	622,040
	Commercial	229,218	8.80	212,928	8.15	442,146
	Industrial	82,273	8.80	90,973	8.15	173,246
	Total	<u>\$ 3,625,150</u>		<u>\$ 2,894,890</u>		<u>\$ 6,520,040</u>
2005	Single Family Residential	\$ 1,346,379	\$5.49	\$ 637,056	\$4.50	\$ 1,983,435
	Homestead	835,217	4.35	550,080	3.64	1,385,297
	Agriculture	875,590	7.95	247,291	4.50	1,122,881
	Conservation	135,960	8.45	16,440	4.50	152,400
	Hotel/resort	315,128	8.55	931,085	8.15	1,246,213
	Apartment	239,416	8.55	549,952	8.15	789,368
	Commercial	250,621	8.55	220,781	8.15	471,402
	Industrial	91,064	8.55	98,994	8.15	190,058
	Total	<u>\$ 4,089,375</u>		<u>\$ 3,251,679</u>		<u>\$ 7,341,054</u>
2006	Single Family Residential	\$ 1,768,692	\$5.14	\$ 734,466	\$4.30	\$ 2,503,158
	Homestead	1,236,636	4.00	742,734	3.44	1,979,370
	Agriculture	1,076,592	7.60	283,130	4.30	1,359,722
	Conservation	145,799	8.10	18,804	4.30	164,603
	Hotel/resort	317,818	8.20	1,015,875	7.95	1,333,693
	Apartment	268,610	8.20	808,944	7.95	1,077,554
	Commercial	311,273	8.20	265,885	7.95	577,158
	Industrial	95,494	8.20	110,441	7.95	205,935
	Total	<u>\$ 5,220,914</u>		<u>\$ 3,980,279</u>		<u>\$ 9,201,193</u>

COUNTY OF KAUA‘I, HAWAI‘I
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTE 1

TABLE 5

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2007	Single Family Residential	\$ 2,867,202	\$4.00	\$ 944,233	\$4.30	\$ 3,811,435
	Homestead	2,431,743	4.00	1,135,329	3.44	3,567,072
	Agriculture	1,489,497	6.95	362,744	4.30	1,852,241
	Conservation	201,369	6.95	23,816	4.30	1,589,056
	Hotel/resort	399,382	6.95	1,189,674	7.95	1,529,992
	Apartment	417,594	6.95	1,112,398	7.95	887,826
	Commercial	529,327	6.95	358,499	7.95	291,571
	Industrial	165,194	6.95	126,377	7.95	
	Total	<u>\$ 8,501,308</u>		<u>\$ 5,253,070</u>		<u>\$ 13,754,378</u>
2008	Single Family Residential	\$ 4,158,997	\$4.00	\$ 1,248,938	\$4.30	\$ 5,407,935
	Homestead	3,790,456	4.00	1,548,740	3.44	5,339,196
	Agriculture	2,038,783	6.95	495,648	4.30	2,534,431
	Conservation	245,695	6.95	25,743	4.30	271,438
	Hotel/resort	457,181	6.95	1,540,091	7.95	1,997,272
	Apartment	498,494	6.95	1,539,314	7.95	2,037,808
	Commercial	580,964	6.95	401,520	7.95	982,484
	Industrial	189,235	6.95	139,117	7.95	328,352
	Total	<u>\$ 11,959,805</u>		<u>\$ 6,939,111</u>		<u>\$ 18,898,916</u>
2009*	Single Family Residential	\$ 4,250,036	\$3.95	\$ 1,312,835	\$4.25	\$ 5,562,871
	Homestead	3,553,716	4.00	1,639,610	3.44	5,193,326
	Agriculture	2,030,151	6.90	508,407	4.25	2,538,558
	Conservation	321,264	6.90	25,799	4.25	347,063
	Hotel/resort	526,907	6.90	1,716,803	7.90	2,243,710
	Apartment	512,669	6.90	1,523,212	7.90	2,035,881
	Commercial	620,012	6.90	430,013	7.90	1,050,025
	Industrial	179,825	6.90	140,345	7.90	320,170
	Total	<u>\$ 11,994,580</u>		<u>\$ 7,297,024</u>		<u>\$ 19,291,604</u>

COUNTY OF KAUA'I, HAWAI'I
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTE 1

TABLE 5

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2010	Single Family Residential	\$ 3,983,986	\$3.95	\$ 1,440,943	\$4.25	\$ 5,424,929
	Homestead	3,142,703	4.00	1,665,718	3.44	4,808,421
	Agriculture	1,789,664	6.90	606,715	4.25	2,396,379
	Conservation	282,104	6.90	28,847	4.25	310,951
	Hotel/resort	853,348	6.90	1,548,564	7.90	2,401,912
	Apartment	905,714	6.90	1,264,879	7.90	2,170,593
	Commercial	609,334	6.90	475,418	7.90	1,084,752
	Industrial	185,209	6.90	151,931	7.90	337,140
	Total	<u>\$ 11,752,062</u>		<u>\$ 7,183,015</u>		<u>\$ 18,935,077</u>
2011	Single Family Residential	\$ 3,399,041	\$3.95	\$ 1,517,505	\$4.25	\$ 4,916,546
	Homestead	2,594,045	4.00	1,504,084	3.44	4,098,129
	Agriculture	1,497,499	6.90	646,375	4.25	2,143,874
	Conservation	240,567	6.90	38,785	4.25	279,352
	Hotel/resort	784,254	6.90	1,322,080	7.90	2,106,334
	Apartment	762,925	6.90	1,026,807	7.90	1,789,732
	Commercial	600,359	6.90	467,576	7.90	1,067,935
	Industrial	206,957	6.90	149,579	7.90	356,536
	Total	<u>\$ 10,085,647</u>		<u>\$ 6,672,791</u>		<u>\$ 16,758,438</u>
2012	Single Family Residential	\$ 3,012,544	\$3.95	\$ 1,551,602	\$4.25	\$ 4,564,146
	Homestead	2,263,350	4.00	1,443,463	3.44	3,706,813
	Agriculture	1,512,526	6.90	650,188	4.25	2,162,714
	Conservation	236,149	6.90	33,964	4.25	270,113
	Hotel/resort	773,560	6.90	1,275,984	7.90	2,049,544
	Apartment	770,859	6.90	995,317	7.90	1,766,176
	Commercial	563,209	6.90	424,745	7.90	987,954
	Industrial	184,851	6.90	154,384	7.90	339,235
	Total	<u>\$ 9,317,048</u>		<u>\$ 6,529,647</u>		<u>\$ 15,846,695</u>

COUNTY OF KAUA'I, HAWAI'I
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTE 1

TABLE 5

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2013	Single Family Residential	\$ 2,921,737	\$4.85	\$ 1,595,484	\$4.25	\$ 4,517,221
	Homestead	2,093,573	3.05	1,378,141	3.05	3,471,714
	Agriculture	1,426,037	6.90	717,931	4.25	2,143,968
	Conservation	216,421	6.90	46,109	4.25	262,530
	Hotel/resort	708,705	7.14	1,207,471	8.20	1,916,176
	Apartment	735,925	6.90	948,496	7.90	1,684,421
	Commercial	541,194	6.90	430,905	7.90	972,099
	Industrial	<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>

Note (1): Amounts presented net of real property tax exemption and 50% appeals.
* 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, 2013 AND JUNE 30, 2004 (UNAUDITED)

TABLE 6

FISCAL YEAR 2013

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Kaua'i Ownership	Resort Development	\$ 356,427,700	\$ 3,207,849	2.3 %
2	SVO Pacific Inc. / Kaua'i Blues	Resort Development	338,578,700	3,047,208	2.2
3	Kaua'i Lagoons / Mori Golf	Resort Development	231,080,900	1,960,720	1.5
4	Kawailoa Development	Resort Development	209,964,100	1,869,813	1.4
5	Kukui'ula Development / A&B / McBryde	Real Estate Holdings	243,984,700	1,672,857	1.6
6	Knudsen, Eric Trust (Non-Kiahuna)	Real Estate Holdings	113,803,500	978,441	0.7
7	Grove Farm Co. Inc. / Haili Moe Inc. / Visionary LLC	Real Estate Holdings	129,210,200	969,704	0.8
8	Princeville Hotel	Resort	93,976,100	845,377	0.6
9	Poipu Beach Villas LLC	Real Estate Holdings	101,368,500	837,226	0.7
10	Bali Hai Villas Ltd Partnership	Resort Development	73,113,600	658,022	0.5
			<u>\$ 1,891,508,000</u>	<u>\$ 16,047,217</u>	<u>12.3 %</u>

FISCAL YEAR 2004

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Princeville Corporation	Resort Development	\$ 156,656,900	\$ 2,089,790	2.1 %
2	Marriott Kauai Ownership	Real Estate Development	237,208,500	1,891,332	3.2
3	Grove Farm Company, Inc.	Real Estate Development	156,028,500	1,447,608	2.1
4	Knudsen, Eric A Trust	Resort Development	148,066,500	1,302,660	2.0
5	Kawailoa Development	Resort Development	140,704,800	1,123,208	1.9
6	Pahio Management Inc.	Resort Development	124,523,100	994,812	1.7
7	Poipu Resort Partnership	Resort Development	98,317,500	781,394	1.3
8	Niu Pia Farms, Ltd.	Real Estate Holdings	66,725,800	578,516	0.9
9	Alexander & Baldwin, Inc.	Real Estate Holdings	69,209,700	496,166	0.9
10	Weinberg Foundation, Inc.	Real Estate Holdings	69,467,500	475,282	0.9
			<u>\$ 1,266,908,800</u>	<u>\$ 11,180,768</u>	<u>17.0 %</u>

Source: Department of Finance, Real Property Tax Division

COUNTY OF KAUA‘I, HAWAI‘I
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Governmental Activities (1)		Business-type Activities (1)				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation	Capital Leases	General Obligation	Revenue Bonds	Capital Leases	Sewer Loans			
	Bonds	Leases	Bonds	Bonds	Leases	Loans			
2004	\$ 47,915,000	\$ 1,092,089	\$ 1,965,000	\$ 1,300,000	\$ --	\$ 9,596,800	\$ 61,868,889	3.67 %	\$ 1,015
2005	44,065,000	575,504	1,865,000	1,175,000	--	8,746,370	56,426,874	3.10	916
2006	79,963,061	505,462	1,772,630	1,040,000	--	8,307,381	91,588,534	4.70	1,478
2007	76,289,985	1,345,045	1,664,353	895,000	--	10,222,582	90,416,965	4.32	1,441
2008	73,491,909	1,355,155	1,551,076 (3)	740,000	--	9,142,867	86,281,007	3.74	1,351
2009	69,503,833	2,396,136	1,422,799 (3)	575,000	--	14,071,350	87,969,118	3.83	1,363
2010	125,775,757	3,054,047	1,289,523 (3)	395,000	--	17,492,700	148,007,027	6.23	2,202
2011	121,877,681	4,783,617	1,151,245 (3)	205,000	--	17,283,261	145,300,804	5.87	2,146
2012	119,026,446	3,697,053	1,007,967 (3)	--	33,221	18,238,387	142,003,074	n/a	n/a
2013	116,792,135	4,178,948	859,689	--	292,317	20,194,396	142,317,485	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)
2004	\$ 47,915,000	\$ 1,965,000	\$ 3,850,000	\$ 46,030,000	0.71 %	\$ 755
2005	44,065,000	1,865,000	3,435,000	42,495,000	0.58	690
2006	79,963,061	1,772,630	3,630,000	78,105,691	0.85	1,261
2007	76,289,985	1,664,353	2,588,839	75,365,499	0.55	1,201
2008	73,491,909	1,551,076 (4)	3,580,002	71,462,983	0.42	1,119
2009	69,503,833	1,422,799 (4)	3,685,000	67,241,632	0.35	1,042
2010	125,775,757	1,289,523 (4)	6,650,089	120,415,191	0.64	1,791
2011	121,877,681	1,151,245 (4)	4,105,154	118,923,772	0.71	1,757
2012	119,026,446	1,007,967	483,340	119,551,073	0.75	n/a
2013	116,792,135	859,689	2,744,837	114,906,987	0.75	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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit (1)	\$ 1,101,158,100	\$ 1,380,178,950	\$ 2,063,156,700	\$ 2,525,651,400	\$ 2,906,898,900	\$ 2,893,740,600	\$ 2,840,261,550	\$ 2,513,765,700	\$ 2,377,004,250	\$ 2,296,724,100
Debt applicable to limit	<u>44,065,000</u>	<u>40,630,000</u>	<u>75,310,000</u>	<u>75,296,160</u>	<u>69,911,906</u>	<u>65,818,833</u>	<u>119,125,668</u>	<u>117,772,527</u>	<u>118,543,106</u>	<u>114,047,298</u>
Legal debt margin (2)	<u>\$ 1,057,093,100</u>	<u>\$ 1,339,548,950</u>	<u>\$ 1,987,846,700</u>	<u>\$ 2,450,355,240</u>	<u>\$ 2,836,986,994</u>	<u>\$ 2,827,921,767</u>	<u>\$ 2,721,135,882</u>	<u>\$ 2,395,993,173</u>	<u>\$ 2,258,461,144</u>	<u>\$ 2,182,676,802</u>
Debt applicable to the limit as a percentage of debt limit	4.00%	2.94%	3.65%	2.98%	2.41%	2.27%	4.19%	4.69%	4.98%	4.96%

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 2013	
Net assessed value	<u>\$ 15,311,494,000</u>
Debt limit (15% of net assessed value)	2,296,724,100
Debt applicable to limit	<u>114,047,298</u>
Legal debt margin	<u>\$ 2,182,676,802</u>

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

TABLE 9

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income (3) (millions of dollars)	School Enrollment (4)	Unemployment Rate (5)
2004	60,937	27,650	1,684	9,876	3.3
2005	61,589	29,566	1,820	9,545	2.7
2006	61,950	31,481	1,950	9,524	2.3
2007	62,761	33,356	2,093	9,392	2.5
2008	63,875	36,093	2,305	9,399	4.5
2009	64,529	35,560	2,295	9,260	9.3
2010	67,217	35,304	2,373	9,362	8.7
2011	67,701	36,520	2,472	9,496	8.8
2012	n/a	n/a	n/a	9,530	7.4
2013	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 Hawaii 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
2004	1,387	1,550	4,650	10,050	4,050	2,150	1,550	700	4,200
2005	1,450	1,850	4,550	9,400	4,100	2,200	1,200	750	4,200
2006	1,750	1,700	4,550	11,150	4,150	2,150	1,250	700	4,250
2007	1,850	1,700	4,750	11,450	4,400	2,200	1,200	650	4,300
2008	2,050	1,550	4,650	11,400	4,150	2,250	1,200	600	4,400
2009	1,550	1,400	4,250	10,400	3,650	2,250	1,200	600	4,450
2010	1,600	1,400	4,300	10,500	3,800	2,300	1,100	550	4,400
2011	1,300	1,400	4,300	10,600	4,200	2,300	1,200	600	4,400
2012	1,300	1,400	4,200	10,800	4,100	2,300	1,300	n/a	4,600
2013	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 Hawaii 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	
2004	\$ 1,408,937	\$ 1,143,715	\$ 265,222	\$ 120,000	\$ 102,950	\$ 222,950	\$ 42,272
2005	1,743,240	1,119,978	623,262	125,000	94,250	219,250	404,012
2006	1,739,947	1,270,961	468,986	135,000	85,188	220,188	248,798
2007	1,373,695	809,496	564,199	145,000	75,400	220,400	343,799
2008	2,045,264	1,743,636	301,628	155,000	64,887	219,887	81,741
2009	1,287,720	1,046,270	241,450	165,000	53,650	218,650	22,800
2010	1,856,833	1,318,393	538,440	180,000	41,687	221,687	316,753
2011	2,374,888	1,562,449	812,439	190,000	28,637	218,637	593,802
2012	1,791,502	1,384,305	407,197	205,000	14,862	219,862	187,335
2013	1,749,444	1,350,025	399,419	--	--	--	399,419

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, 2013 (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):	1,016
Permanent	643
Temporary	26
Exempt	190
Contract	157
 Area in square miles:	 627
 County facilities and services:	
Miles of streets	308
Number of streetlights	2,982
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	193
Number of calls answered	5,529
Number of inspections conducted	2,582
Police protection:	
Number of stations	5
Number of police personnel	200
Number of patrol units	101
Number of police officers	145
Number of law violations:	
Physical arrest	3,482
Traffic violations	15,140
Parking violations	2,945

COUNTY OF KAUAI, HAWAII
MISCELLANEOUS STATISTICS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2013 (UNAUDITED)

TABLE 12

Sewage system:	
Number of treatment plants	4
Number of service connections:	
Residential	4,736
Commercial	555
Daily average treatment in gallons	2,300,000
Maximum daily capacity of treatment plant in gallons	5,000,000
Water system:	
Miles of water mains	443.41
Number of service connections	20,976
Number of fire hydrants	2,707
Annual water consumption in gallons	4.504 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	322
Number of middle schools	3
Number of middle school instructors	127
Number of secondary schools	3
Number of secondary school instructors	197
Number of community colleges	1
Hospitals:	
Number of hospitals	3
Number of patient beds	110
Elections - 2012 general election:	
Number of registered voters	40,738
Number of votes cast	25,614
Percentage of registered voters voting	62.9%

**COUNTY OF KAUA'I, HAWAI'I
 MISCELLANEOUS STATISTICS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2013 (UNAUDITED)**

TABLE 12

Building Permits:

<u>Fiscal Year</u>	<u>Number of Permits Issued</u>	<u>Value of Permits</u>
2004	1,528	252,493,285
2005	1,648	344,554,201
2006	1,415	313,378,413
2007	1,310	342,564,486
2008	1,547	473,380,482
2009	1,402	428,638,994
2010	1,272	193,934,914
2011	1,174	148,556,347
2012	1,386	187,620,246
2013	1,758	311,699,460

Source: Building Division, County of Kaua'i

**COUNTY OF KAUA'I, HAWAI'I
 MISCELLANEOUS STATISTICS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2013 (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>
2004	1,020.9	6.9	8.1	19.2
2005	1,090.1	6.6	8.1	19.7
2006	1,181.8	6.4	8.2	20.7
2007	1,299.0	6.2	8.6	22.2
2008	1,030.6	7.0	9.2	19.8
2009	928.1	7.4	9.5	18.7
2010	964.7	7.5	9.3	19.7
2011	1,011.5	7.5	9.8	20.8
2012	1,084.6	7.5	8.2	22.3
2013	n/a	n/a	n/a	n/a

(n/a): Indicates information currently not available.

Sources: State Department of Business, Economic Development and Tourism, Hawaii
 Tourism Authority, Visitor Research Annual Reports

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

TABLE 13

Principal Non-Government Employers as of 2012

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

Source: Pacific Business News, August 30, 2013 Publication
State of Hawai'i Data Book 2012

Principal Non-Government Employers as of 2011

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I 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	KAUA'I 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 KAUA'I RESORT	394-ROOM HOTEL	250	1.04%
9	KAUA'I BEACH RESORT	350-ROOM HOTEL	217	0.90%
10	KAUA'I MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.88%

Source: Pacific Business News, August 26, 2011 Publication
State of Hawai'i Data Book 2011

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

TABLE 13

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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 EIGHT FISCAL YEARS (UNAUDITED) NOTE 1

TABLE 13

Principal Non-Government Employers as of 2008

RANK	BUSINESS NAME	TYPE OF BUSINESS	PERCENTAGE OF	
			TOTAL EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	997	3.82%
2	KAUA'I MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	564	2.16%
3	ITT CORP. SYSTEMS DIVISION	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	538	2.06%
4	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	497	1.90%
5	WAL-MART	DISCOUNT RETAILER	417	1.60%
6	BIG SAVE, INC.	RETAIL GROCER	412	1.58%
7	PRINCEVILLE RESORT	252-ROOM HOTEL	400	1.53%
8	SHERATON KAUA'I RESORT	394-ROOM HOTEL	327	1.25%
9	HILTON KAUA'I BEACH RESORT	350-ROOM HOTEL	297	1.14%
10	OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING AND INTERMEDIATE CARE	256	0.98%

Source: Pacific Business News, August 1, 2008 Publication
 State of Hawai'i Data Book 2008

Principal Non-Government Employers as of 2007

RANK	BUSINESS NAME	TYPE OF BUSINESS	PERCENTAGE OF	
			TOTAL EMPLOYEES	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

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

TABLE 13

Principal Non-Government Employers as of 2006

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	950	3.68%
2	KAUA'I MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	558	2.16%
3	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	505	1.95%
4	WAL-MART KAUA'I	DISCOUNT RETAILER	404	1.56%
5	PRINCEVILLE RESORT	252-ROOM HOTEL	400	1.55%
6	SHERATON KAUA'I RESORT	394-ROOM HOTEL	289	1.12%
7	KAUA'I MEDICAL CLINIC	PRIVATE, NONPROFIT COMMUNITY MEDICAL GROUP	245	0.95%
8	GAY & ROBINSON INC.	GROWS SUGAR CANE AND CATTLE RANCHING	239	0.92%
9	KAUA'I VETERANS MEMORIAL HOSPITAL	ACUTE HOSPITAL WITH EMERGENCY ROOM	195	0.75%
10	WEST KAUA'I MEDICAL CENTER	GENERAL HOSPITAL AND OUTPATIENT CLINICS	171	0.66%

Source: Pacific Business News, July 28, 2006 Publication
 State of Hawai'i Data Book 2006

Principal Non-Government Employers as of 2005

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	900	3.54%
2	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	369	1.45%
3	WAL-MART KAUA'I	DISCOUNT RETAILER	351	1.38%
4	GAY & ROBINSON INC.	GROWS SUGAR CANE AND CATTLE RANCHING	270	1.06%
5	COURTYARD BY MARRIOTT KAUA'I	RESORT HOTEL	160	0.63%
6	KAUA'I ISLAND UTILITY COOPERATIVE	ELECTRIC SERVICE	153	0.60%
7	ALOHA BEACH RESORT	RESORT HOTEL	152	0.60%
8	KAUA'I VETERANS MEMORIAL HOSPITAL	CRITICAL CARE HOSPITAL	140	0.55%
9	SAMUEL MAHELONA MEMORIAL HOSPITAL	LONG-TERM CARE HOSPITAL	114	0.45%
10	GARDEN ISLE HEALTHCARE	SKILLED NURSING FACILITY	100	0.39%

Source: Pacific Business News, December 2, 2005 Publication
 State of Hawai'i Data Book 2005

Note (1) Statistical Information not available for 2013 and prior to 2005.

COUNTY OF KAUA‘I, HAWAI‘I
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 2

TABLE 14

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Full-time Equivalent Employees as of June 30										
Function:	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General government	268	289	272	281	271	278	291	305	318	318
Public Safety:										
Police	182	180	181	172	180	193	184	188	195	195
Fire	150	153	154	163	168	190	183	201	197	197
Civil Defense	4	4	4	4	4	4	4	5	5	5
Public works	186	174	171	187	88	107	98	96	105.5	107.5
Highways and streets	76	76	77	76	79	79	79	80	79	76
Sanitation	65	68	69	68	73	75	75	75	73.5	74.5
Culture and recreation	25	25	24	25	107	107	103	103.5	109.5	109.5
Public welfare	78	76	88	85	85	98	94	102	110	110
Total Governmental Activities Employees	<u>1,034</u>	<u>1,045</u>	<u>1,040</u>	<u>1,061</u>	<u>1,055</u>	<u>1,131</u>	<u>1,111</u>	<u>1,155.5</u>	<u>1,192.5</u>	<u>1,192.5</u>
Business-type Activities:										
Housing	26	26	24	25	26	29	27	28	29	29
Sewer	32	32	35	34	36	35	36	36	36	36
Golf	20	20	20	22	22	22	22	21.5	21.5	21.5
Total Business-type Employees	<u>78</u>	<u>78</u>	<u>79</u>	<u>81</u>	<u>84</u>	<u>86</u>	<u>85</u>	<u>85.5</u>	<u>86.5</u>	<u>86.5</u>
Total Primary Government Employees	<u>1,112</u>	<u>1,123</u>	<u>1,119</u>	<u>1,142</u>	<u>1,139</u>	<u>1,217</u>	<u>1,196</u>	<u>1,241</u>	<u>1,279</u>	<u>1,279</u>

Note (1): As of fiscal year 2008, a new Department of Parks and Recreation was established. Therefore, positions previously reported under the Department of Public Works were transferred to the Department of Parks and Recreation.

Note (2): Prior to fiscal year 2008, Culture and Recreation reflected the Agency on Recreation employees. Parks employees were reported under Public Works. Starting fiscal year 2008, all of the employees of the Department of Parks and Recreation are reported under Culture and Recreation, with the exception of Golf activities. Full-time equivalents include permanent, temporary, exempt and contract positions.

Sources: County of Kaua'i Department of Personnel Services
County of Kaua'i Department of Public Works
County of Kaua'i Department of Finance

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

TABLE 15

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function:										
Police:										
Physical arrests	5,453	5,109	5,109	2,820	2,907	3,315	3,070	4,368	3,579	3,482
Parking violations	1,698	1,997	1,997	1,636	1,799	1,740	1,673	2,031	2,992	2,945
Traffic violations	10,331	9,231	9,231	12,670	12,747	14,112	17,020	20,345	17,672	15,140
Fire:										
Number of calls answered	4,564	4,564	4,630	4,840	5,013	4,669	4,584	4,970	5,363	5,529
Inspections	2,121	2,121	2,517	3,340	3,359	2,696	2,763	2,437	2,175	2,582
Highways and Streets:										
Street resurfacing (miles)	12.45	13.57	11.05	11.00	13.60	17.00	17.50	10.20	0	9.13
Sanitation:										
Refuse collected (tons/day)	73.8	81.2	88.6	95.3	99.4	77.8	63.0 (4)	63.0	63.0	63.0
Culture and Recreation:										
Athletic field permits issued	5,599 (1)	6,344 (1)	8,480 (1)	5,882 (2)	5,146 (2)	7,309 (2)	7,797 (2)	7,193 (2)	7,374 (2)	4,670 (2)
Community center admissions	10,358	12,108	12,377	7,605 (3)	7,436 (3)	8,098 (3)	9,463 (3)	10,109 (3)	23,395 (3)	94,407 (3)
Water:										
Number of service connections	19,366	20,378	19,564	19,825	19,957	20,102	20,490	21,148	21,271	20,976
Annual water consumption in gallons	4,300,000	4,030,000	4,466,000	4,490,000	4,663,000	4,407,000	4,249,000	4,263,000	4,085,000	4,504,000
Wastewater:										
Average daily sewage treatment in gallons	2,710,000	2,451,000	2,720,222	2,720,000	2,550,000	2,550,000	2,550,000	2,550,000	2,450,000	2,300,000

Note (1): From 2004 through 2006, the number of athletic field permits issued is calculated by adding every day of use on each permit issued.

Note (2): Since the establishment of the parks department in 2007, these numbers reflect the number of athletic field permits issued. It is noted that a permit may entitle the user to multiple days of usage.

Note (3): Since the establishment of the parks department in 2007, the number of community center admissions reflect the total reservations by users at the neighborhood centers that includes all rooms, centers and gyms at all sites.

Note (4): 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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function:										
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	116	116	116	88	88	88	88	90	82	101
Fire stations	7	7	7	7	7	7	7	8	8	8
Sanitation:										
Collection trucks	6	6	7 (1)	9 (1)	9 (1)	8	6	7	7	7
Highways and Streets:										
Streets (miles)	306	306	307	307	307	307	308	308	308	308
Streetlights	2,697	2,697	2,767	2,790	2,797	2,797	2,877	2,902	2,902	2,982
Traffic signals	2	2	2	2	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	67	67	74	74	74	74	74	74	74	74
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)
Community centers	11 (3)	11 (3)	11 (3)	11 (3)	11 (3)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)
Water:										
Water mains (miles)	408	413	416	420	422	422	439	443	443	443
Fire hydrants	2,334	2,343	2,406	2,465	2,492	2,517	2,586	2,632	2,654	2,707
Maximum daily capacity (thousands of gallons)	15,799,000	22,147,000	22,147,000	20,590,000	26,140,000	27,040,000	27,436,000	27,436,000	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)	5,200,000	5,200,000	4,500,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	5,000,000

Note (1): From 2006 through 2008, one old truck was retained as a spare.

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

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

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

Source: County of Kaua‘i