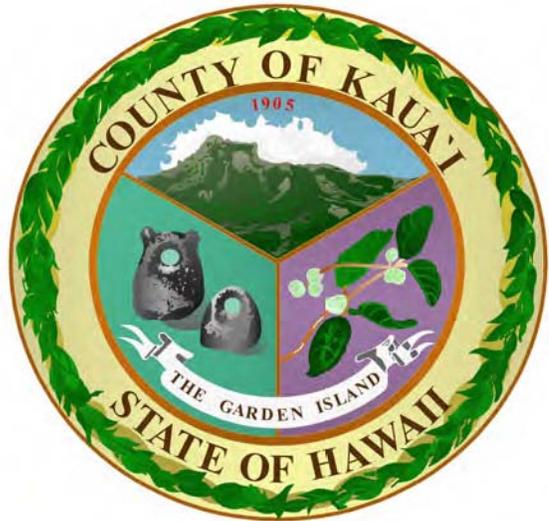


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
County of Kauaʻi, Hawaiʻi**

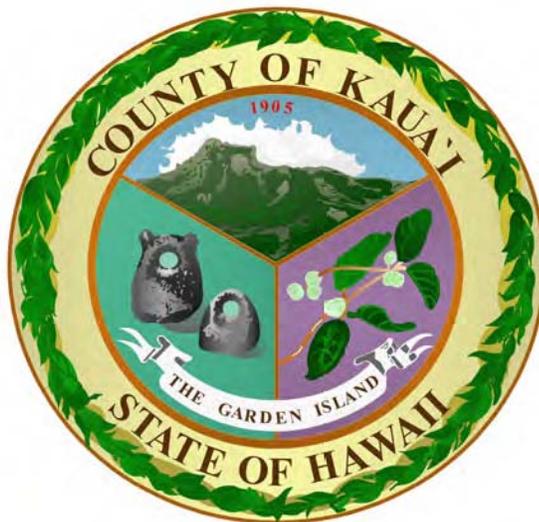


**For the Fiscal Year Ended
June 30, 2014**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

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, 2014**

TABLE OF CONTENTS

	<u>Page</u>
PART I INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement	8
Organization Chart	9
Principal Elected Officials	10
 PART II FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis (MD&A)	14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet - Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	32
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Housing and Community Development Revolving Fund	36

**COUNTY OF KAUA'I
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS

	<u>Page</u>
PART II FINANCIAL SECTION (Continued)	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Solid Waste Disposal Fund	37
Statement of Net Position - Proprietary Funds	39
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	40
Statement of Cash Flows - Proprietary Funds	41
Statement of Fiduciary Net Position - Fiduciary Funds	42
Notes to the Financial Statements	43
Required Supplementary Information Other Than MD&A	
Schedule of Funding Progress for the EUTF Health Plan	90
Other Supplementary Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Non-major Governmental Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds	96
Combining Statement of Changes in Assets and Liabilities - Agency Funds	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Highway Fund	99

**COUNTY OF KAUAI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS

		<u>Page</u>
PART II	FINANCIAL SECTION (Continued)	
	Liquor Fund	101
	Beautification Fund	102
	Criminal Assets Forfeiture Fund	103
	Public Access Fund	104
	Parks and Playground Capital Improvement Fund	105
	Sewer Trust Fund	108
	Development Capital Improvement Fund	109
	Bikeway Capital Improvement Fund	110
	Highway Capital Improvement Fund	111
	General CIP Fund	113
	Bond Fund	117
	Public Housing Enterprise Fund	123
	Sewer Enterprise Fund	124
	Golf Enterprise Fund	125
PART III	STATISTICAL SECTION (UNAUDITED)	
	Table 1 Net Position by Component	126
	Table 1A Changes in Net Position	127
	Table 1B Government-Wide Net Position	129
	Table 2 Fund Balances, Governmental Funds	130
	Table 2A Changes in Governmental Fund Balances	131
	Table 2B General Governmental Expenditures by Function	132
	Table 3 Property Tax Levies and Collections	133

**COUNTY OF KAUAI
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS

	<u>Page</u>
PART III STATISTICAL SECTION (UNAUDITED) (Continued)	
Table 4 Assessed and Estimated Actual Value of Taxable Property	134
Table 5 Real Property Net Valuation by Classification and Tax Rates	135
Table 6 Comparison of Principal Taxpayers	139
Table 7 Ratio of Outstanding Debt by Type	140
Table 7A Ratios of General Bonded Debt Outstanding	141
Table 8 Computation of Legal Debt Margin	142
Table 9 Demographic Statistics	143
Table 10 Jobs by Industry	144
Table 11 Revenue Bond Coverage	145
Table 12 Miscellaneous Statistics	146
Table 13 Principal Non-Government Employers	150
Table 14 Full-Time Equivalent County Government Employees by Function	155
Table 15 Operating Indicators by Function	156
Table 16 Capital Asset Statistics by Function	157

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 1, 2014

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

Dear Mayor, Council Chair, 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, 2014.

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

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

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

This report includes all funds of the County, including its component unit, the Department of Water (Department), established by the County Charter as a semi-autonomous body of the County government. This component unit is included in the County's reporting entity for fair presentation of the basic financial statements and to be in conformity with GAAP. The Board of Water Supply is appointed by the Mayor and is accountable for the activities of the Department.

It would be potentially misleading if omitted in the County's financial reports because of its existing debt issuance, common employee benefits, and other fiscal dependence.

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

The Reporting Entity

The County of Kaua'i, commonly known as The Garden Island, includes the populated island of Kaua'i and Ni'ihau of approximately 68,000 residents. The island of Kaua'i has an area of 549 square miles and approximately 137 miles of coastline. Ni'ihau is a privately owned island encompassing approximately 70 square miles and is inhabited primarily by native Hawaiians who work on the Robinson Family ranch. Owners of the island grant limited access to the general public. Kaua'i is the smallest in size, population, and operating budget among the State's four counties. The County's largest industry is tourism, and the island's scenic and tourist attractions include the Waimea Canyon, coined the "Grand Canyon of the Pacific", the incomparable Na Pali Coast, with its secret beaches and hidden valleys, the Fern Grotto reached by riverboat cruises, and many others.

The County has operated under the Mayor-County Council form of government since 1969. The executive branch of the County is headed by the Mayor who is elected on a non-partisan basis for a four-year term 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 with no limit on 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

Kaua'i's main economic engine is the visitor industry. Not far behind are both the seed corn industry and the Department of Defense support of the Pacific Missile Range on Kaua'i's west side.

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

Tourism

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

In total, more than 1.1 million visitors traveled to Kaua'i last year, a 2.7% increase from the previous year. Arrivals remained at 14% below the all-time record set in 2007, but this is misleading since arrivals figures for the mid-2000s were inflated by the large number of short-staying cruise visitors at that time. Total visitor days, of which, takes into account both the number of visitors and their average length of stay, increased 4% last year, setting a new record.

Kaua'i visitor arrivals exhibited sizeable variation across markets last year. U.S. arrivals increased 1.5%, while arrivals from international markets increased 8.2%. Of the four counties, Kaua'i's visitor industry is the most dependent on the U.S. mainland market. As a result, it is especially susceptible to a slowdown in U.S. visitor traffic. Arrivals from Japan saw moderate growth, but these visitors represent a very small market on Kaua'i, accounting for fewer than 3% of all arrivals. Visitors from international markets other than Japan — primarily Canada, China, South Korea, Australia, and New Zealand increased 5.2%.

Film

The Kaua'i Film Commission (KFC) housed in the County's Office of Economic Development, has focused its efforts on attracting a larger number of smaller commercial productions and independent films as well as feature films; reality shows and travel-related television shows which help promote Kaua'i as a viable filming and travel destination. From infomercials and music videos, industrial films to commercial advertising films and still photo production, the film industry continues to infuse millions of dollars into Kaua'i's economy each year. With the 5% increase in tax incentive in 2013, KFC and other Hawai'i film commissions continue to promote the added incentive to filmmakers in future sales and marketing campaigns.

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 attends and participates in AFCI-sponsored and AFCI-related events which holds workshops, seminars and panel discussions to assist film commissioners become more successful in marketing their film locations and to help increase film activities in their respective

jurisdiction. One of AFCI's signature events is the annual Location Tradeshow (LTS) in Los Angeles which features hundreds of film commissions and film-related businesses to showcase and promote their locations and film products to thousands of film producers from around the world.

There were 24 productions on Kaua'i that which generated approximately \$4.9 million in local expenditures. It also created jobs for 122 local hires. One of the most recognizable was Hollywood's most successful movie franchise "Jurassic Park". In 2014, producers returned to Kaua'i after filming the original movie in 1992 and latest sequel in 2002. Production started in March 2014 and wrapped up in early August 2014.

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

Real Estate and Construction

Kaua'i real estate has benefited from the island's economic recovery and from the nation trend of jobs and income growth combined with low interest rates. Though financing requirements remain tough in response to the excess of a decade ago, real estate sales have been strong on the island. Both single-family and condo unit sales have experienced four years of growth, and that trend is expected to continue.

The construction industry continues to be in a "hold" pattern where construction jobs have remained at approximately 600 below the pre-recession peak.

Single-family home construction remains important and a steady component. Grove Farm's Pikake subdivision has sold 320 lots and 150 homes have been built. Another 200 homes are planned as part of the Puakea master plan development and 46 at the Waihohonu project at the Koloa Camp.

Significant commercial activity is underway at the Hokulei Village project. Safeway will be the anchor tenant on Grove Farm's 14.25 acre development. Opening of the Hokulei Village shopping center is slated for the first quarter of 2015 and will be joined by Walgreens, Petco, Jack-in-the-Box and Shell gasoline.

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 Kaua'i. Pioneer Hi-Bred International, Inc., Syngenta, Dow, and BASF have approximately 3,000 acres in production throughout Kaua'i'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 Kaua'i are also working with rice and with sunflower plant variety development and seed production.

While there is no Kaua'i-specific data, it is estimated that Kaua'i makes up about a third of the state value of the seed industry or about \$60 to \$70 million annually. Kaua'i's seed companies

employ approximately 300-400 full-time workers, with another 300 seasonal positions that provide employment throughout the year, but primarily from September to April.

Kaua'i's major coffee grower continues to produce the largest proportion of the State's annual coffee yield. With 3,400 acres – mostly drip irrigated – Kaua'i Coffee Company remains the largest coffee plantation in the United States. Kaua'i Coffee employs 90 full-time employees with over 100 seasonal harvest workers.

Koloa Rum, a Kaua'i Made product is another successful agriculture-based operation on Kaua'i. The company recently received approval to build a larger complex near the entrance to Koloa Town and envision a facility similar to that of Hawai'i Island's "Big Island Candies". Koloa Rum employs over 20 workers and has over \$5 million in annual sales.

Energy efficient goals and initiatives resulted in the following projects: Electric vehicle charging stations, Kaua'i Energy Sustainability Plan, Kaua'i LED streetlight retrofit, Kekaha Landfill methane project; energy and utility management and monitoring; etc.

Major Initiatives and Achievements

Of the 34,125 total taxable parcels, 9,706 parcels received the tax relief programs in fiscal year 2014. The County continued to provide tax relief to its citizens by extending the "Personal Home Use Cap", and expanding the "Long Term Affordable Rental Cap" to benefit from the lower "Homestead" Tax Classification and Rate. As assessed values trended slightly upward, an additional 2,100 parcels benefitted from these programs where tax credits totaled \$3.5 million in fiscal year 2014 as compared to \$2.9 million in fiscal year 2013. The combination of reducing taxes on properties, formerly classified as "Agriculture" to a new "Residential" class, combined with increased tax liability on properties classified as "Vacation Rentals", provided for more equalized and accurate distribution of taxes and credits.

The County's capital improvement projects that are in progress, completed, or substantially completed during the year include 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), alternative energy projects, ADA improvement projects, and 800MHz radio system upgrade.

The Department of Public Works administers the sewer credit relief for qualified low-income residential users for the sixth consecutive year. A total of 8,056 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 2014. The General Fund subsidized the sewer relief program.

Long-term Financial Planning

No new General Obligation Bonds (GO Bonds) were issued during the current fiscal year. The appropriated balance in the Bond Fund amounted to \$35 million. The following major projects have been appropriated for:

Alternate energy projects	Līhu'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
Moana Kai seawall construction	800 MHz radio system upgrades

Budgeting Controls

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

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

Employee Union Contracts

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

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

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

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

July 1, 2015 and January 1, 2016 – 2%

July 1, 2016 – 2.5%

January 1, 2017 – 3.3%

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

Hawai'i Fire Fighters Association (HFFA):

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

July 1, 2013 – 2% ATB

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

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

Clerical and Professional:

Bargaining Unit 2 - 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 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, 2013. 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 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 21 consecutive years.

Acknowledgments

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

Respectfully submitted,



Steve A. Hunt
Director of Finance



Government Finance Officers Association

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

Presented to

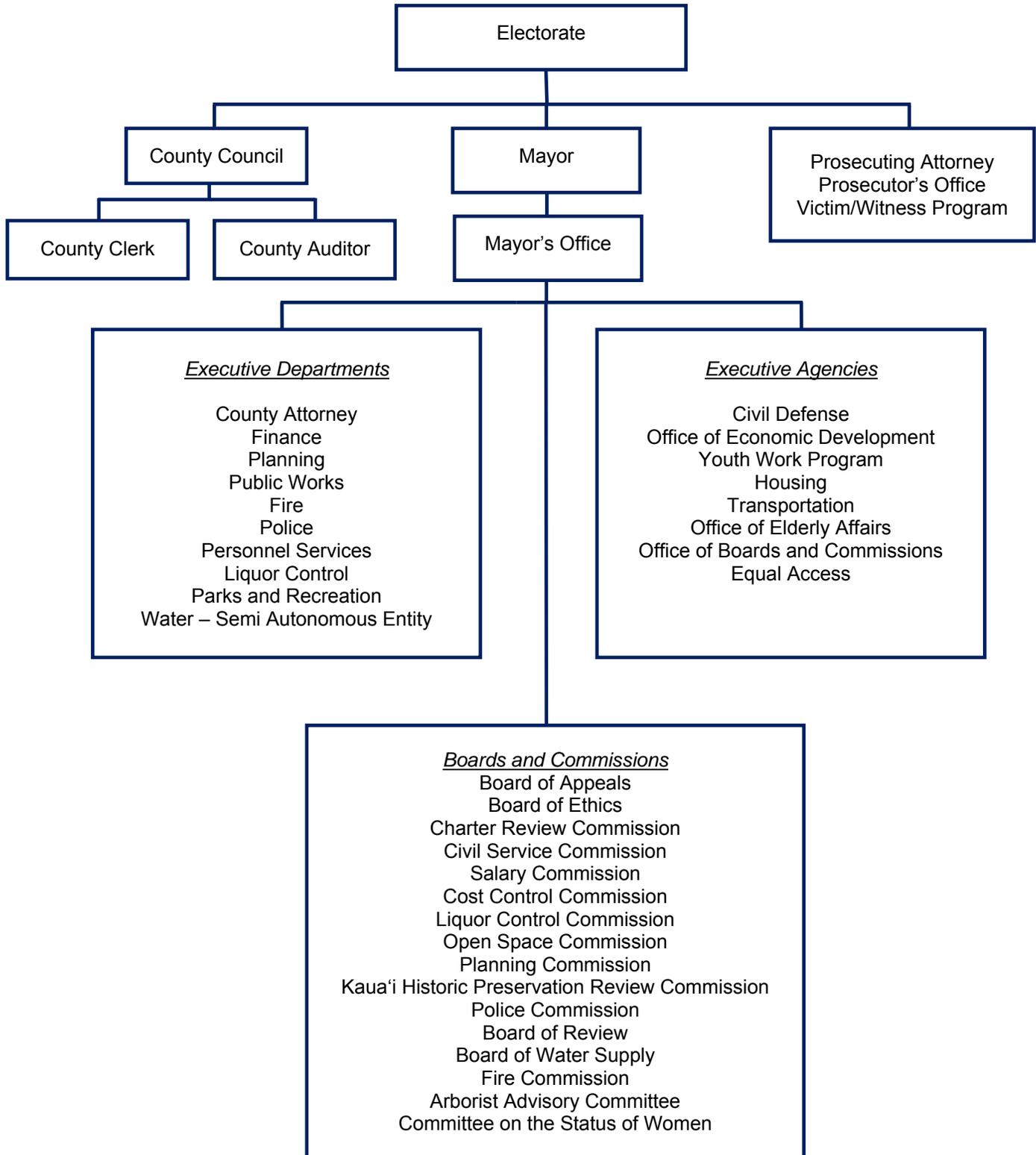
**County of Kauai
Hawaii**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

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
Mason K. Chock, Sr.	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 AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Kaua'i, State of Hawai'i (County), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the County of Kaua'i, State of Hawai'i as of June 30, 2014, 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 90, 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 fund financial statements, the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, 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 fund financial statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Adjustment to Prior Period Financial Statements

As discussed in Note 19 to the financial statements, the County has adjusted its 2013 financial statements to retroactively apply the change in accounting for deferred bond costs and the unamortized loss on advanced refunding of bonds as required by the provisions of Government Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014, 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 1, 2014

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 2014. 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 \$476.3 million in its government-wide financial statements, a decrease of \$17.2 million from the prior year. Unrestricted net position decreased by \$13.9 million from the prior year and ended at \$9.7 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 \$184.2 million, a decrease of \$2.5 million or 1.3% from the prior year.
 2. Program revenues totaling \$46.7 million, a decrease of \$6.6 million or 12.4% from the prior year.
 3. General revenues and transfers totaling \$120.3 million, an increase of \$10.2 million or 9.3% from the prior year.
 4. Assets, including capital assets, totaling \$710.8 million decreased by \$10.9 million or 1.5% from the prior year.

- The assets of the **business-type activities** exceeded its liabilities at the close of the fiscal year by \$77.1 million in its government-wide financial statements, an increase of \$6.3 million from the prior year. Unrestricted net position remained relatively flat to the prior year, ending at \$8.8 million. The business-type activities recorded in the government-wide financial statements are identical to the proprietary funds except for some consolidation of inter-fund receivables and payables within the primary government. The changes in business-type activities were due to:
 1. Expenses totaling \$13 million, a decrease of \$5.1 million or 28.2% from the prior year.
 2. Program revenues totaling \$16.9 million, a decrease of \$0.6 million or 3.4% from the prior year.
 3. General revenues including transfers totaling \$2.4 million, an increase of \$1.8 million or 300% from the prior year.
 4. Assets, including capital assets, increased by \$5.8 million or 6.1% 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 \$117 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, \$8.5 million in committed fund balance, \$4.1 million in assigned fund balance and \$18.9 million in unassigned fund balance. The General Fund balance at June 30, 2014 amounted to \$32 million, a decrease of \$1.6 million from the prior year. The County reported an unassigned fund balance of \$18.9 million due to the required amounts needed to cover revenue shortfalls and contributions to other funds in the upcoming 2015 fiscal year. The balance of \$18.9 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, 2014

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, 2014

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 KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2014

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 \$454.6 million or 95.4% 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 \$12 million or 2.5% of net position. These restrictions on net position are imposed by enabling legislation or parties outside the government (such as creditors, grantors, contributors, laws or regulations of other governments).

The difference between total net position and the two categories just discussed (invested in capital assets, net of related debt and restricted net position) is the unrestricted net position, totaling \$9.7 million or 2% of net position.

The following is a summary of the Statement of Net Position as of June 30, 2014 and 2013:

Summary Statement of Net Position
(Amounts in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013 (as restated)</u>	<u>2014</u>	<u>2013 (as restated)</u>	<u>2014</u>	<u>2013 (as restated)</u>
Current and other assets	\$ 174.66	\$ 189.96	\$ 11.66	\$ 11.13	\$ 186.32	\$ 201.09
Capital assets	<u>536.17</u>	<u>531.73</u>	<u>88.32</u>	<u>83.07</u>	<u>624.49</u>	<u>614.80</u>
Total Assets	<u>710.83</u>	<u>721.69</u>	<u>99.98</u>	<u>94.20</u>	<u>810.81</u>	<u>815.89</u>
Deferred Outflows of Resources	<u>1.61</u>	<u>1.73</u>	<u>--</u>	<u>--</u>	<u>1.61</u>	<u>1.73</u>
Non-current liabilities	177.45	174.90	20.88	21.93	198.33	196.83
Other liabilities	<u>57.33</u>	<u>53.62</u>	<u>2.00</u>	<u>1.45</u>	<u>59.33</u>	<u>55.07</u>
Total Liabilities	<u>234.78</u>	<u>228.52</u>	<u>22.88</u>	<u>23.38</u>	<u>257.66</u>	<u>251.90</u>
Deferred Inflows of Resources	<u>1.32</u>	<u>1.42</u>	<u>--</u>	<u>--</u>	<u>1.32</u>	<u>1.42</u>
Net position:						
Invested in capital assets, net of related debt	454.56	458.55	67.98	61.72	522.54	520.27
Restricted	12.06	11.29	.35	.35	12.41	11.64
Unrestricted	<u>9.72</u>	<u>23.64</u>	<u>8.77</u>	<u>8.75</u>	<u>18.49</u>	<u>32.39</u>
Total Net Position	<u>\$ 476.34</u>	<u>\$ 493.48</u>	<u>\$ 77.10</u>	<u>\$ 70.82</u>	<u>\$ 553.44</u>	<u>\$ 564.30</u>

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2014

The following is a summary of the Statement of Activities for the fiscal years ended June 30, 2014 and 2013:

	Summary Statement of Activities (Amounts in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013 (as restated)	2014	2013 (as restated)	2014	2013 (as restated)
Revenues:						
Program revenues:						
Charges for services	\$ 19.07	\$ 19.49	\$ 11.20	\$ 11.78	\$ 30.27	\$ 31.27
Operating grants and contributions	23.89	19.89	--	--	23.89	19.89
Capital grants and contributions	3.73	13.94	5.70	5.71	9.43	19.65
General revenues:						
Property taxes	93.13	82.01	--	--	93.13	82.01
Other taxes	13.61	12.92	--	--	13.61	12.92
Other	<u>15.92</u>	<u>15.78</u>	<u>0.03</u>	<u>0.01</u>	<u>15.95</u>	<u>15.79</u>
Total Revenues	<u>169.35</u>	<u>164.03</u>	<u>16.93</u>	<u>17.50</u>	<u>186.28</u>	<u>181.53</u>
Expenses:						
General government	27.37	36.91	--	--	27.37	36.91
Public safety	55.85	52.16	--	--	55.85	52.16
Public works	12.60	12.01	--	--	12.60	12.01
Highways and streets	22.56	20.00	--	--	22.56	20.00
Sanitation	24.54	25.68	--	--	24.54	25.68
Culture and recreation	13.07	10.79	--	--	13.07	10.79
Public welfare	22.77	22.62	--	--	22.77	22.62
Interest on long-term debt	5.39	5.63	--	--	5.39	6.53
Housing programs	--	--	1.89	2.35	1.89	2.35
Sewer	--	--	8.76	13.45	8.76	13.45
Golf	<u>--</u>	<u>--</u>	<u>2.34</u>	<u>2.26</u>	<u>2.34</u>	<u>2.26</u>
Total Expenses	<u>184.15</u>	<u>186.70</u>	<u>12.99</u>	<u>18.06</u>	<u>197.14</u>	<u>204.76</u>
Increase (Decrease) before Transfers	(14.80)	(22.67)	3.94	(0.56)	(10.86)	(23.23)
Transfers	<u>(2.34)</u>	<u>(0.62)</u>	<u>2.34</u>	<u>0.62</u>	<u>--</u>	<u>--</u>
Change in Net Position	(17.14)	(23.29)	6.28	0.06	(10.86)	(23.23)
Net Position - Beginning	<u>493.48</u>	<u>516.77</u>	<u>70.82</u>	<u>70.76</u>	<u>564.30</u>	<u>587.53</u>
Net Position - Ending	\$ <u>476.34</u>	\$ <u>493.48</u>	\$ <u>77.10</u>	\$ <u>70.82</u>	\$ <u>553.44</u>	\$ <u>564.30</u>

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2014

Revenues from charges for services remained relatively flat, with a slight decrease of \$0.4 million from the prior year.

Operating grants and contributions increased \$4 million from the prior year. The increase was primarily attributable to the following increases in grants over the prior year: homeland security grants (\$0.4 million), various public welfare grants (\$0.3 million), various public safety grants (\$0.2 million), and affordable housing grants (\$1.4 million).

Capital grants and contributions decreased \$10.2 million primarily due to a decrease in federally funded grant projects in fiscal year 2014. Major projects funded by federal grants during fiscal year 2013 were Lydgate-Kapa'a Bike Path (\$9.1 million) and the Koke'e road resurfacing project (\$3.5 million). These projects amounted to \$1.5 million in the current fiscal year.

The County's real property taxes billed (revenues on full accrual basis) increased by \$11.1 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 new construction. 2013 tax rates increased over all classes, and average of 12% over 2012. The County continued to provide tax relief to its citizens, through increased "Low Income Exemption", "Permanent Home Use Cap", and the "Long Term Affordable Lease Cap". These programs provided tax credits totaling \$3.8 million in fiscal year 2014 as compared to \$2.9 million in fiscal year 2013. 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 \$93.1 million in real property tax revenues recorded in the Statement of Activities.

Overall, total expenses decreased by approximately \$2.6 million and was primarily attributable to a decrease of \$9.5 million in general government expenditures such as claims and judgments offset by increases of \$3.7 million in public safety expenditures for bargaining unit increases and filled vacant positions and increases of \$2.5 million in highway expenditures due to an allocation of automotive repair and maintenance and fuel costs of County owned vehicles in the current fiscal 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 (\$149.3 million) as of July 1, 2013 over a blended 30 year period. The County has continued to pay the annual required contribution (ARC) as calculated by the actuary contracted by Hawai'i employer-Union Health 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 \$28.4 million in fiscal years 2014 and 2013. 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, 2014

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 \$117 million, a decrease of \$18.4 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 (\$1.9 million), has already been committed to liquidate contracts and purchase orders (\$28 million), pay debt service (\$0.2 million), and/or certain other restricted and/or designated purposes (\$86.9 million).

The following table summarizes the changes in fund balances for the County's governmental funds as of June 30, 2014 in comparison to fiscal year 2013:

Changes in Fund Balances (Amounts in millions)					
	General Fund	Major Governmental Funds	Non-major Governmental Funds	Totals	
				2014	2013
Revenues:					
Taxes	\$ 98.24	\$ --	\$ 9.17	\$ 107.41	\$ 95.04
Other	<u>20.29</u>	<u>25.06</u>	<u>17.23</u>	<u>62.58</u>	<u>68.55</u>
Total Revenues	118.53	25.06	26.40	169.99	163.59
Expenditures	<u>104.64</u>	<u>43.66</u>	<u>41.66</u>	<u>189.96</u>	<u>186.80</u>
Excess (deficiency) of Revenues over Expenditures	13.89	(18.60)	(15.26)	(19.97)	(23.21)
Transfers and others	<u>(15.46)</u>	<u>6.95</u>	<u>10.07</u>	<u>1.56</u>	<u>1.82</u>
Net Changes in Fund Balances	\$ <u><u>(1.57)</u></u>	\$ <u><u>(11.65)</u></u>	\$ <u><u>(5.19)</u></u>	\$ <u><u>(18.41)</u></u>	\$ <u><u>(21.39)</u></u>

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position can be found on page 29. 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, 2014

General Fund - The General Fund is the chief operating fund of the County. Total revenues in the General Fund amounted to \$118.5 million, or an increase of \$14 million in comparison to the prior year. As stated earlier, the County reported an unassigned balance of \$18.9 million due to the required amounts needed to cover revenue shortfalls and contributions to other funds in the upcoming 2015 fiscal year. The balance of \$18.9 million represents the remaining portion of the County's Reserve Fund. The increase in the overall fund balance may be attributable to the cumulative effect of the following key factors:

- An increase of \$11.8 million or 13.7% in property tax revenue due to increased tax rates by category.
- An increase of \$2.1 million or 11.8% in other revenues such as Transient Vacation Rentals, County vehicle registration fees, and bus transportation fees.
- A decrease of \$2.5 million or 11.6% in operating transfers out to other funds.
- An increase of \$2.4 million or 2.3% in total expenditures.
- Approximately \$3.1 million of fund balance were budgeted to cover revenue shortfalls, and contributions to other funds in the upcoming 2015 fiscal year.

Major Governmental Funds – Major governmental fund revenues amounted to \$25.1 million, or a \$7.8 million decrease in comparison to the prior year. The decrease was primarily attributable to:

- Federal Grants Fund increase of \$4.4 million was primarily due to an increase in grant revenue over the prior year for the following: homeland security grants (\$0.4 million), various public welfare grants (\$0.3 million), various public safety grants (\$0.2 million), and affordable housing grants (\$1.4 million).
- Grants Capital Improvement Fund decrease of \$9.7 million was primarily due to a decrease in federally funded grant projects in fiscal year 2014. Major projects funded by federal grants during fiscal year 2013 were Lydgate-Kapa'a Bike Path (\$9.1 million) and the Koke'e road resurfacing project (\$3.5 million). These projects amounted to \$1.5 million in the current fiscal year.
- General Capital Improvement Fund decrease of \$1.5 million was primarily due to a draw down or proceeds received from the issuance of Special District Bonds in the previous fiscal year.

Total expenditures decreased by \$5.6 million from \$49.3 million to \$43.7 million in the current fiscal year. Significant variances included the following:

- Federal Grants Fund increase of \$4.4 million was primarily due to an increase in grant expenditures over the prior year for the following: homeland security grants (\$0.4 million), various public welfare grants (\$0.3 million), various public safety grants (\$0.2 million), and affordable housing grants (\$1.4 million).
- Grants Capital Improvement Fund decrease of \$9.7 million was primarily due to a decrease in amounts expended for the Lydgate-Kapa'a Bike Path, Koke'e road resurfacing, and Waimea Wastewater Treatment Plant in the current fiscal year.

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2014

All Other Governmental Funds - Revenues remained relatively flat compared to the prior year, increasing \$0.2 million from \$26.2 million to \$26.4 million in the current fiscal year. Expenditures increased by \$6.5 million primarily due to increases in highway resurfacing projects (\$2 million) and principal payments on Build America Bonds (\$1.5 million) in the current fiscal year.

BUDGETARY HIGHLIGHTS

The General Fund exceeded its estimate of budgeted revenues by \$4.2 million. The General Fund lapsed \$10.7 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$19.1 million in the current year, a decrease of \$2.5 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, 2014 was \$114.3 million as compared to \$102 million in the prior year, an increase of \$12.3 million. Positive revenue budget variances of \$4.2 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 \$2.6 million and non-business license fees increased by approximately \$0.6 million, due to an increase in building permit fees. Interest earned increased by approximately \$0.8 million from the prior year due to the valuation of investments above market value cost.

Final amended budgeted expenditures in the General Fund for fiscal year ended June 30, 2014 decreased by \$2 million, ending at \$119.4 million. The general government function budget decreased by 5.8%, public safety function increased 7.3%, public works function increased 16.2%, culture and recreation function remained relatively flat to prior year, and public welfare function decreased by 18.7%

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 \$0.4 million, of which, are primarily attributable to \$0.3 million in unexpended salaries, fringe and benefits and \$0.1 million in unexpended travel, utilities, and other miscellaneous items.
- Accounting division had a favorable variance of approximately \$0.7 million primarily due to \$0.6 million in timing differences when payments are made to third parties for employee benefits, such as, health care premiums, worker's compensation, and pension payments.
- No significant claims were paid out of the claims account in the current fiscal year, whereby, creating a favorable variance of \$1.5 million. Automobile and general liability claim payments are paid from this account.

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2014

- 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 \$2 million, of which, are primarily attributable to approximately \$1.4 million in unexpended salaries, fringe and benefits and \$0.1 million in unexpended lease vehicle budgeted costs, \$0.5 unexpended travel, training, utilities, and other miscellaneous items.
- Fire department had a favorable variance of \$0.6 million, of which, are primarily attributable to approximately \$0.3 million due to unexpended salaries, fringe and benefits, and \$0.3 million in unexpended travel, training, utilities, and other miscellaneous items.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The County's capital assets for its governmental and business-type activities as of June 30, 2014 amounted to \$624.5 million, an increase of \$9.7 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, 2014 in comparison to fiscal year 2013:

	Government Activities Summary of Capital Assets (Amounts in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Non-depreciable assets:						
Land	\$ 184.02	\$ 182.85	\$ 12.45	\$ 12.45	\$ 196.47	\$ 195.30
CIP	49.48	44.46	21.70	18.20	71.18	62.66
Depreciable assets:						
Buildings and improvements	111.90	104.16	82.43	78.96	194.33	183.12
Equipment	75.75	69.31	6.33	5.56	82.25	74.87
Infrastructure	665.35	665.33	12.73	12.73	678.08	678.06
Less: Accumulated depreciation	<u>(550.33)</u>	<u>(534.38)</u>	<u>(47.33)</u>	<u>(44.83)</u>	<u>(597.83)</u>	<u>(579.21)</u>
Total Capital Assets, net	\$ <u>536.17</u>	\$ <u>531.73</u>	\$ <u>88.31</u>	\$ <u>83.07</u>	\$ <u>624.48</u>	\$ <u>614.80</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, 2014

Long-term Debt – At the end of the current fiscal year, the County had total bonds and loans outstanding of \$132.9 million (\$113 million related to governmental activities and \$19.9 million related to business-type activities). Of this amount, \$113.7 million is comprised of debt backed by the full faith and credit of the government (general obligations) and \$19.2 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 \$2.4 billion. As of June 30, 2014 the County's current outstanding debt applicable to the legal debt margin totaled \$112.8 million or 4.7% 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, Lihue, Kaua'i, Hawaii 96766.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF KAUA'I, HAWAI'I
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Department of Water
Assets:				
Cash and cash equivalents	\$ 15,140,457	\$ 7,162,290	\$ 22,302,747	\$ 17,968,523
Investments	112,784,520	1,634,227	114,418,747	14,240,247
Receivables, net	35,513,515	2,253,524	37,767,039	3,717,730
Internal balances	2,331	(2,331)	--	--
Due from other governments	10,745,771	--	10,745,771	--
Real property held for sale	--	248,078	248,078	--
Materials and supplies	--	--	--	931,086
Prepaid items and other	473,129	6,076	479,205	86,461
Restricted Assets:				
Cash and cash equivalents	--	351,925	351,925	278,625
Investments	--	--	--	24,445,464
Other	--	--	--	5,795
Capital Assets:				
Land	184,025,296	12,450,632	196,475,928	1,343,144
Construction in progress	49,483,179	21,701,186	71,184,365	7,523,187
Buildings and improvements	69,931,242	46,213,029	116,144,271	3,362,821
Machinery and equipment	31,780,883	3,079,496	34,860,379	1,484,881
Infrastructure	200,949,222	4,871,141	205,820,363	202,617,912
Total Capital Assets, net	<u>536,169,822</u>	<u>88,315,484</u>	<u>624,485,306</u>	<u>216,331,945</u>
Total Assets	<u>710,829,545</u>	<u>99,969,273</u>	<u>810,798,818</u>	<u>278,005,876</u>
Deferred Outflows of Resources:				
Deferred loss on refunding	1,615,686	3,586	1,619,272	82,476
Total Deferred Outflows of Resources	<u>1,615,686</u>	<u>3,586</u>	<u>1,619,272</u>	<u>82,476</u>
Total Assets and Deferred Outflows of Resources	<u>712,445,231</u>	<u>99,972,859</u>	<u>812,418,090</u>	<u>278,088,352</u>
Liabilities:				
Accounts payable and accrued liabilities	24,890,689	1,721,419	26,612,108	3,143,497
Contracts payable	1,847,162	15,879	1,863,041	468,209
Due to other government	327,233	--	327,233	--
Customer deposits	164,298	141,489	305,787	421,032
Unearned revenue	27,924,377	26,646	27,951,023	--
Interest payable	2,174,686	88,560	2,263,246	--
Noncurrent Liabilities:				
Due within one year	16,521,051	1,873,164	18,394,215	5,483,000
Due in more than one year	160,925,189	19,008,159	179,933,348	92,671,212
Total Liabilities	<u>234,774,685</u>	<u>22,875,316</u>	<u>257,650,001</u>	<u>102,186,950</u>
Deferred Inflows of Resources:				
Deferred inflows - other	95,304	--	95,304	--
Deferred gain on refunding	1,230,011	--	1,230,011	--
Total Deferred Inflows of Resources	<u>1,325,315</u>	<u>--</u>	<u>1,325,315</u>	<u>--</u>
Total Liabilities and Deferred Inflows of Resources	<u>236,100,000</u>	<u>22,875,316</u>	<u>258,975,316</u>	<u>102,186,950</u>
Net Position:				
Net investment in capital assets	454,561,936	67,976,978	522,538,914	142,308,655
Restricted for capital activity and other	12,063,167	351,925	12,415,092	172,932
Unrestricted	9,720,128	8,768,640	18,488,768	33,419,815
Total Net Position	<u>\$ 476,345,231</u>	<u>\$ 77,097,543</u>	<u>\$ 553,442,774</u>	<u>\$ 175,901,402</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Unit Department of Water
Primary Government:								
Governmental Activities:								
General government	\$ 27,367,278	\$ 3,032,176	\$ 2,623,851	\$ --	\$ (21,711,251)	\$ --	\$ (21,711,251)	\$ --
Public safety	55,850,781	1,088,528	3,310,273	23,913	(51,428,067)	--	(51,428,067)	--
Public works	12,601,556	1,903,747	199,386	25,383	(10,473,040)	--	(10,473,040)	--
Highways and streets	22,563,566	4,742,390	44,658	3,680,822	(14,095,696)	--	(14,095,696)	--
Sanitation	24,539,377	6,500,940	641,684	--	(17,396,753)	--	(17,396,753)	--
Culture and recreation	13,070,021	558,611	31,854	--	(12,479,556)	--	(12,479,556)	--
Public welfare	22,774,863	1,240,109	17,042,496	--	(4,492,258)	--	(4,492,258)	--
Interest on long-term debt, unallocated	5,388,788	--	--	--	(5,388,788)	--	(5,388,788)	--
Total Governmental Activities	<u>184,156,230</u>	<u>19,066,501</u>	<u>23,894,202</u>	<u>3,730,118</u>	<u>(137,465,409)</u>	<u>--</u>	<u>(137,465,409)</u>	<u>--</u>
Business-type Activities								
Housing programs	1,889,266	1,665,781	--	--	--	(223,485)	(223,485)	--
Sewer	8,758,026	8,401,285	--	5,348,082	--	4,991,341	4,991,341	--
Golf	2,345,610	1,131,791	--	350,142	--	(863,677)	(863,677)	--
Total Business-type Activities	<u>12,992,902</u>	<u>11,198,857</u>	<u>--</u>	<u>5,698,224</u>	<u>--</u>	<u>3,904,179</u>	<u>3,904,179</u>	<u>--</u>
Total Primary Government	<u>\$ 197,149,132</u>	<u>\$ 30,265,358</u>	<u>\$ 23,894,202</u>	<u>\$ 9,428,342</u>	<u>\$ (137,465,409)</u>	<u>\$ 3,904,179</u>	<u>\$ (133,561,230)</u>	<u>\$ --</u>
Component Unit:								
Department of Water	<u>\$ 28,340,314</u>	<u>\$ 28,725,840</u>	<u>\$ --</u>	<u>\$ 2,840,238</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,225,764</u>
General Revenues:								
Property taxes					93,133,721	--	93,133,721	--
Public service company tax					4,437,498	--	4,437,498	--
Franchise tax					4,652,839	--	4,652,839	--
Fuel taxes					4,518,532	--	4,518,532	--
Grants and contributions not restricted to specific programs					14,571,286	--	14,571,286	--
Unrestricted investment earnings					1,347,124	33,818	1,380,942	--
Transfers					(2,338,126)	2,338,126	--	--
Total General Revenues and Transfers					<u>120,322,874</u>	<u>2,371,944</u>	<u>122,694,818</u>	<u>--</u>
Change in Net Position					(17,142,535)	6,276,123	(10,866,412)	3,225,764
Net Position - Beginning of Year July 1, 2013, as previously stated					494,763,439	70,822,179	565,585,618	177,367,236
Cumulative effect of accounting change and restatements					(1,275,673)	(759)	(1,276,432)	(4,691,598)
Net Position - Beginning of Year July 1, 2013, as adjusted					<u>493,487,766</u>	<u>70,821,420</u>	<u>564,309,186</u>	<u>172,675,638</u>
Net Position - End of Year June 30, 2014					<u>\$ 476,345,231</u>	<u>\$ 77,097,543</u>	<u>\$ 553,442,774</u>	<u>\$ 175,901,402</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND FINANCIAL STATEMENTS

MAJOR FUNDS

General Fund

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

Special Revenue Funds

Housing and Community Development Revolving Fund

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

Solid Waste Disposal Fund

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

Federal Grants Fund

Accounts for federal grant revenues and related expenditures.

Capital Project Funds

Grants Capital Improvement Fund

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

General Capital Improvement Fund

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

Bond Fund

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

**COUNTY OF KAUAI, HAWAII
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

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	\$ --	\$ 93,422	\$ --	\$ 5,551,356	\$ --	\$ --	\$ 1,736,102	\$ 7,759,577	\$ 15,140,457
Investments	61,060,054	--	7,034,069	32,147,404	1,751,257	--	--	10,791,736	112,784,520
Accounts receivable, net	6,867,575	--	623,613	--	--	--	667,055	1,429,829	9,588,072
Taxes receivable	2,992,185	--	--	--	--	--	--	--	2,992,185
Interest receivable	159,269	999,715	3,768	127,831	444,669	--	--	19,347	1,754,599
Due from other funds	88,845	2,325,548	7,835,826	--	18,291	2,331	1,468,229	9,538,947	21,278,017
Due from other governments	--	--	--	--	5,508,260	4,832,975	--	404,536	10,745,771
Loans receivable	--	8,256,690	--	--	12,907,507	--	--	14,462	21,178,659
Real property held for sale	--	--	--	--	--	--	--	--	--
Prepaid items	--	--	--	--	3,684	--	--	469,445	473,129
Total Assets	\$ 71,167,928	\$ 11,675,375	\$ 15,497,276	\$ 37,826,591	\$ 20,633,668	\$ 4,835,306	\$ 3,871,386	\$ 30,427,879	\$ 195,935,409
Liabilities, Deferred Inflows of Resources and Fund Balances:									
Liabilities:									
Accounts payable	\$ 19,529,714	\$ 110,703	\$ 1,238,411	\$ 593,835	\$ 629,498	\$ 1,086,571	\$ 57,133	\$ 1,644,824	\$ 24,890,689
Contracts payable	19,944	--	132,391	586,828	14,283	768,395	36,059	289,262	1,847,162
Due to other funds	17,191,365	--	--	--	2,527,247	1,472,346	--	84,728	21,275,686
Due to other governments	--	--	--	--	3,257	--	--	323,976	327,233
Due to customers	--	--	--	--	--	--	--	164,298	164,298
Unearned revenue	--	7,797,390	3,966	--	17,459,383	1,507,994	--	1,155,644	27,924,377
Compensated absences	14,424	--	--	--	--	--	--	--	14,424
Total Liabilities	36,755,447	7,908,093	1,374,768	1,180,663	20,633,668	4,835,306	93,192	3,662,732	76,443,869
Deferred Inflows of Resources:									
Unavailable revenues	2,357,916	--	--	--	--	--	--	--	2,357,916
Deferred inflows - other	--	--	--	--	--	--	--	95,304	95,304
Total Deferred Inflow of Resources	2,357,916	--	--	--	--	--	--	95,304	2,453,220
Fund Balance:									
Nonspendable	--	1,459,015	--	--	--	--	--	467,760	1,926,775
Restricted	490,000	--	8,181,494	--	--	--	--	348,701	9,020,195
Committed	8,531,741	1,176,062	2,384,702	14,408,216	--	--	853,451	3,252,924	30,607,096
Assigned	4,104,319	1,132,205	3,556,312	22,237,712	--	--	2,924,743	22,600,458	56,555,749
Unassigned	18,928,505	--	--	--	--	--	--	--	18,928,505
Total Fund Balance	32,054,565	3,767,282	14,122,508	36,645,928	--	--	3,778,194	26,669,843	117,038,320
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 71,167,928	\$ 11,675,375	\$ 15,497,276	\$ 37,826,591	\$ 20,633,668	\$ 4,835,306	\$ 3,871,386	\$ 30,427,879	\$ 195,935,409

COUNTY OF KAUAI, HAWAII
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balances - Governmental Funds \$ 117,038,320

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

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

Land	\$ 184,025,296
Construction work in progress	49,483,179
Buildings and improvements	111,899,699
Equipment	75,750,150
Infrastructure assets	665,347,767
Accumulated depreciation	<u>(550,336,269)</u>

Total Capital Assets, net 536,169,822

Some of the County's revenues will be collected after the year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 2,357,916

Deferred amounts on refunding are reported as deferred outflows of resources in the government-wide financial statements but are not reported in the governmental fund statements. 385,675

Accrued interest payable on outstanding bonds are expensed on the government-wide statement of activities. (2,174,686)

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	(112,995,000)
Capital leases	(5,644,489)
Compensated absences	(12,974,621)
Claims and judgments	(9,734,265)
Landfill closure/post-closure costs	<u>(36,083,441)</u>

Total Long-term Liabilities (177,431,817)

Net Position of Governmental Activities \$ 476,345,231

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

COUNTY OF KAUAI, HAWAII
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	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	\$ 98,238,486	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,171,371	\$ 107,409,857
Licenses and permits	1,954,651	--	--	--	--	--	--	5,923,357	7,878,008
Rents and concessions	191,863	--	12,000	--	--	--	--	284,395	488,258
Interest	790,270	181,402	108,817	108,971	--	--	--	157,664	1,347,124
Intergovernmental revenues	13,525,818	124,543	--	--	13,288,098	3,706,205	--	10,481,561	41,126,225
Charges for current services	3,388,731	--	6,487,814	--	--	--	--	--	9,876,545
Bond subsidy	--	--	--	1,045,468	--	--	--	--	1,045,468
Miscellaneous	435,108	335	1,127	--	--	--	--	387,120	823,690
Total Revenues	118,524,927	306,280	6,609,758	1,154,439	13,288,098	3,706,205	--	26,405,468	169,995,175
Expenditures:									
General government	26,182,916	--	--	981,171	1,113,577	--	(446,231)	1,510,959	29,342,392
Public safety	48,731,121	--	--	71,764	1,092,349	--	217,295	2,112,706	52,225,235
Public works	9,662,028	--	--	152,561	199,387	25,381	(46,382)	153,427	10,146,402
Highways and streets	375,410	--	--	(56,453)	18,733	116,653	25,420	16,056,962	16,536,725
Sanitation	--	--	11,992,288	880,068	9,731	--	--	671,752	13,553,839
Culture and recreation	9,547,624	--	--	1,329,410	25,996	--	126,114	518,500	11,547,644
Public welfare	5,084,706	888,178	--	2,970	8,269,289	--	--	7,735,054	21,980,197
Capital outlay	3,555,063	--	575,198	8,212,334	2,559,036	3,564,171	1,074,374	3,027,198	22,567,374
Debt Service:									
Principal	1,401,161	--	652,277	--	--	--	--	4,584,508	6,637,946
Interest and debt issuance cost	91,855	--	39,358	--	--	--	--	5,293,703	5,424,916
Total Expenditures	104,631,884	888,178	13,259,121	11,573,825	13,288,098	3,706,205	950,590	41,664,769	189,962,670
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,893,043	(581,898)	(6,649,363)	(10,419,386)	--	--	(950,590)	(15,259,301)	(19,967,495)
Other Financing Sources (Uses):									
Proceeds from capital leases	1,931,514	--	494,800	--	--	--	--	1,472,171	3,898,485
Transfers in	1,722,103	--	9,131,710	--	--	--	--	10,933,889	21,787,702
Transfers out	(19,114,816)	--	(955,799)	(1,138,179)	--	--	(583,924)	(2,333,110)	(24,125,828)
Total Other Financing Sources (Uses)	(15,461,199)	--	8,670,711	(1,138,179)	--	--	(583,924)	10,072,950	1,560,359
Net Change in Fund Balances	(1,568,156)	(581,898)	2,021,348	(11,557,565)	--	--	(1,534,514)	(5,186,351)	(18,407,136)
Fund Balance - Beginning of Year July 1, 2013	33,622,721	4,349,180	12,101,160	48,203,493	--	--	5,312,708	31,856,194	135,445,456
Fund Balance - End of Year June 30, 2014	\$ <u>32,054,565</u>	\$ <u>3,767,282</u>	\$ <u>14,122,508</u>	\$ <u>36,645,928</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>3,778,194</u>	\$ <u>26,669,843</u>	\$ <u>117,038,320</u>

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, 2014

Net Change in Fund Balance - Total Governmental Funds \$ (18,407,136)

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

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

Capital outlay	\$ 22,567,374	
Depreciation expense	<u>(18,341,517)</u>	
Net Capital Outlay		4,225,857

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. 214,425

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. (3,898,485)

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. (667,267)

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

Bond principal retirement	4,205,000	
Capital lease principal payments	<u>2,432,946</u>	
Total Long-term Debt Repayment		6,637,946

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	(384,643)	
Increase in compensated absences	(799,177)	
Decrease in claims and judgments	2,999,762	
Increase in landfill closure/post-closure care costs	(7,484,588)	
Decrease in accrued interest payable	<u>58,317</u>	
Net Increase in Expenditures		<u>(5,247,875)</u>

Change in Net Position - Governmental Activities \$ (17,142,535)

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, 2014

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Revenues:						
Taxes:						
Real property taxes	\$ 91,202,554	\$ 91,202,554	\$ 93,800,988	\$ --	\$ 93,800,988	\$ 2,598,434
Public services company taxes	4,100,000	4,100,000	4,437,498	--	4,437,498	337,498
Total Taxes	<u>95,302,554</u>	<u>95,302,554</u>	<u>98,238,486</u>	<u>--</u>	<u>98,238,486</u>	<u>2,935,932</u>
Licenses and Permits:						
Street use	152,315	372,315	197,662	--	197,662	(174,653)
Business licenses and fees	260	260	6,670	--	6,670	6,410
Non-business licenses and fees	1,181,000	1,181,000	1,750,319	--	1,750,319	569,319
Total Licenses and Permits	<u>1,333,575</u>	<u>1,553,575</u>	<u>1,954,651</u>	<u>--</u>	<u>1,954,651</u>	<u>401,076</u>
Rents and Concessions	<u>168,699</u>	<u>168,699</u>	<u>191,863</u>	<u>--</u>	<u>191,863</u>	<u>23,164</u>
Interest	<u>633,383</u>	<u>633,383</u>	<u>790,270</u>	<u>--</u>	<u>790,270</u>	<u>156,887</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	20,000	20,000	40,818	--	40,818	20,818
Federal government grant - civil defense	--	--	--	--	--	--
Payment in lieu of taxes	--	--	--	--	--	--
Total Intergovernmental Revenues	<u>13,505,000</u>	<u>13,505,000</u>	<u>13,525,818</u>	<u>--</u>	<u>13,525,818</u>	<u>20,818</u>
Charges for Current Services	<u>2,961,304</u>	<u>2,961,304</u>	<u>3,388,731</u>	<u>--</u>	<u>3,388,731</u>	<u>427,427</u>
Miscellaneous	<u>170,320</u>	<u>170,320</u>	<u>435,108</u>	<u>--</u>	<u>435,108</u>	<u>264,788</u>
Total Revenues	<u>\$ 114,074,835</u>	<u>\$ 114,294,835</u>	<u>\$ 118,524,927</u>	<u>\$ --</u>	<u>\$ 118,524,927</u>	<u>\$ 4,230,092</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, 2014

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Expenditures:						
General Government:						
Council Services and County Clerk	\$ 3,208,577	\$ 3,218,144	\$ 2,797,695	\$ 5,830	\$ 2,803,525	\$ 414,619
Elections	622,141	625,932	543,763	8,780	552,543	73,389
Office of the County Auditor	1,098,689	1,098,688	776,453	231,323	1,007,776	90,912
Office of the Mayor:						
Administration	1,731,651	1,742,512	1,670,479	9,006	1,679,485	63,027
Youth Work Program	23,582	35,582	22,955	11,643	34,598	984
Kauai Equal Access Program	111,088	107,414	100,957	--	100,957	6,457
Boards and commissions	1,002,699	1,006,796	753,109	122,832	875,941	130,855
Office of the County Attorney	2,830,916	3,330,455	2,564,057	491,104	3,055,161	275,294
Office of the Prosecuting Attorney	3,533,787	3,546,500	3,289,442	8,831	3,298,273	248,227
Department of Finance:						
Administration	992,142	1,058,826	950,901	--	950,901	107,925
Accounting and Budgeting	1,238,489	1,205,358	507,822	9,628	517,450	687,908
Treasury	231,675	240,578	227,181	--	227,181	13,397
Motor vehicle	864,762	868,703	659,320	69,647	728,967	139,736
Drivers license	628,023	627,462	458,855	63,804	522,659	104,803
Real property assessment	1,906,938	1,928,689	1,589,319	111,985	1,701,304	227,385
Real property collections	466,302	467,300	385,610	28,753	414,363	52,937
Purchasing	771,537	779,909	664,102	105	664,207	115,702
Information technology	1,570,257	1,575,056	1,439,272	66,773	1,506,045	69,011
County-wide Costs:						
Insurance:						
Liability insurance	740,000	740,000	610,899	--	610,899	129,101
Fire insurance	476,000	475,000	439,026	--	439,026	35,974
Self insurance (Note D)	1,000,057	1,000,057	--	--	--	1,000,057
Excess workers compensation	222,215	222,215	218,692	--	218,692	3,523
Other County-wide Costs:						
Central services cost	(2,680,000)	(2,680,000)	(2,684,950)	--	(2,684,950)	4,950
Collective bargaining raises	100,000	100,000	50,830	--	50,830	49,170
Vacation payout	475,000	539,746	539,746	--	539,746	--
Special projects	1,075,000	1,195,000	957,667	50,000	1,007,667	187,333
Claims	2,135,805	2,081,725	378,430	153,347	531,777	1,549,948
Training	12,000	12,000	177	--	177	11,823
Telephone services	150,000	150,000	137,631	--	137,631	12,369
Computers and accessories	227,978	228,278	202,770	22,178	224,948	3,330
Repair and maintenance, financial system	818,332	850,832	696,804	152,536	849,340	1,492
Personnel Services	1,768,623	1,804,355	1,532,598	66,673	1,599,271	205,084
Planning	2,868,730	2,900,666	2,189,231	505,020	2,694,251	206,415
Office of Economic Development	2,507,193	2,669,036	2,240,607	309,626	2,550,233	118,803
Total General Government	\$ 34,730,188	\$ 35,752,814	\$ 26,911,450	\$ 2,499,424	\$ 29,410,874	\$ 6,341,940

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, 2014

	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	\$ 27,263,340	\$ 28,739,901	\$ 25,870,866	\$ 883,048	\$ 26,753,914	\$ 1,985,987
Fire Department	23,268,413	23,893,543	23,039,681	284,398	23,324,079	569,464
Kauai Civil Defense Agency	1,379,114	1,386,276	1,101,194	222,563	1,323,757	62,519
Total Public Safety	51,910,867	54,019,720	50,011,741	1,390,009	51,401,750	2,617,970
Public Works:						
Administrative	603,598	601,087	567,523	4,513	572,036	29,051
Fiscal and clerical	332,057	335,210	308,086	1,776	309,862	25,348
Plans, survey and construction	1,919,576	1,808,236	1,414,941	25,211	1,440,152	368,084
Auto maintenance and fuel	--	452,046	375,410	771	376,181	75,865
Building division:						
Inspection	1,727,175	1,841,652	1,731,819	17,688	1,749,507	92,145
Repairs and maintenance	4,272,832	4,261,100	2,909,846	1,265,907	4,175,753	85,347
Janitorial	2,881,456	2,892,013	2,816,846	18,801	2,835,647	56,366
Total Public Works	11,736,694	12,191,344	10,124,471	1,334,667	11,459,138	732,206
Culture and Recreation:						
Administrative and fiscal	1,536,053	1,460,207	1,334,369	20,895	1,355,264	104,943
Planning and development	259,055	241,848	222,256	273	222,529	19,319
Recreation	2,385,550	2,401,793	2,020,478	103,626	2,124,104	277,689
Maintenance	4,582,143	4,689,767	4,140,397	393,540	4,533,937	155,830
Beautification	924,641	928,641	832,422	32,676	865,098	63,543
Auditorium	375,751	392,615	379,240	1,367	380,607	12,008
Stadiums	707,424	735,724	580,960	59,881	640,841	94,883
Total Culture and Recreation	\$ 10,770,617	\$ 10,850,595	\$ 9,510,122	\$ 612,258	\$ 10,122,380	\$ 728,215

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, 2014

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Public Welfare:						
Housing	\$ 741,354	\$ 750,442	\$ 684,764	\$ --	\$ 684,764	\$ 65,678
Elderly Affairs	1,228,765	1,239,780	997,320	86,112	1,083,432	156,348
Transportation	4,535,877	4,552,651	4,460,502	3,590	4,464,092	88,559
Total Public Welfare	<u>6,505,996</u>	<u>6,542,873</u>	<u>6,142,586</u>	<u>89,702</u>	<u>6,232,288</u>	<u>310,585</u>
Total General Fund Expenditures	<u>115,654,362</u>	<u>119,357,346</u>	<u>102,700,370</u>	<u>5,926,060</u>	<u>108,626,430</u>	<u>10,730,916</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,579,527)</u>	<u>(5,062,511)</u>	<u>15,824,557</u>	<u>(5,926,060)</u>	<u>9,898,497</u>	<u>14,961,008</u>
Other Financing Sources (Uses):						
Proceeds from Insurance	--	--	--	--	--	--
Transfers In	1,722,103	1,722,103	1,722,103	--	1,722,103	--
Transfers Out	<u>(17,887,033)</u>	<u>(19,114,816)</u>	<u>(19,114,816)</u>	--	<u>(19,114,816)</u>	--
Total Other Financing Sources (Uses)	<u>(16,164,930)</u>	<u>(17,392,713)</u>	<u>(17,392,713)</u>	--	<u>(17,392,713)</u>	--
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Source (Note C)	<u>\$ (17,744,457)</u>	<u>\$ (22,455,224)</u>	<u>(1,568,156)</u>	<u>\$ (5,926,060)</u>	<u>\$ (7,494,216)</u>	<u>\$ 14,961,008</u>
Fund Balance - Beginning of Year July 1, 2013			<u>33,622,721</u>			
Fund Balance - End of Year June 30, 2014			<u>\$ 32,054,565</u>			

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

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

COUNTY OF KAUAI, HAWAII
HOUSING AND COMMUNITY DEVELOPMENT REVOLVING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Revenues:						
Interest	\$ --	\$ --	\$ 181,402	\$ --	\$ 181,402	\$ 181,402
Intergovernmental	3,659,357	3,659,357	124,543	--	124,543	(3,534,814)
Miscellaneous	--	--	335	--	335	335
Total Revenues	3,659,357	3,659,357	306,280	--	306,280	(3,353,077)
Expenditures - Public Welfare:						
Salaries	358,456	370,984	231,213	--	231,213	139,771
Travel expenses	21,050	21,050	3,196	--	3,196	17,854
Other employee benefits	190,032	190,032	128,406	--	128,406	61,626
Other expenses	58,600	90,600	25,571	1,496	27,067	63,533
Central services cost	25,000	25,000	25,000	--	25,000	--
Loans	500,000	468,000	(423)	--	(423)	468,423
Special projects	3,013,071	3,013,071	475,215	1,174,566	1,649,781	1,363,290
Total Expenditures - Public Welfare	4,166,209	4,178,737	888,178	1,176,062	2,064,240	2,114,497
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(506,852)</u>	\$ <u>(519,380)</u>	(581,898)	\$ <u>(1,176,062)</u>	\$ <u>(1,757,960)</u>	\$ <u>(1,238,580)</u>
Fund Balance - Beginning of Year July 1, 2013			4,349,180			
Fund Balance - End of Year June 30, 2014			\$ <u>3,767,282</u>			

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

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

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

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

COUNTY OF KAUAI, HAWAII
SOLID WASTE DISPOSAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Rents and concessions	\$ 12,000	\$ 12,000	\$ 12,000	\$ --	\$ 12,000	\$ --
Interest	--	--	108,817	--	108,817	108,817
Miscellaneous	--	--	1,127	--	1,127	1,127
Charges for current services:						
Tipping fees	3,174,742	3,174,742	3,513,291	--	3,513,291	338,549
Disposal fees	2,979,402	2,979,402	2,974,523	--	2,974,523	(4,879)
Total Revenues	<u>6,166,144</u>	<u>6,166,144</u>	<u>6,609,758</u>	<u>--</u>	<u>6,609,758</u>	<u>443,614</u>
Expenditures - Sanitation:						
Salaries, solid waste disposal	1,679,918	1,638,993	1,543,523	--	1,543,523	95,470
Other expenses, solid waste disposal	39,181	34,844	30,842	750	31,592	3,252
Special projects, solid waste disposal	3,897,632	4,235,631	3,110,556	608,782	3,719,338	516,293
Salaries, solid waste collections	1,825,818	1,727,436	1,688,032	--	1,688,032	39,404
Other expenses, solid waste collections	409,268	223,657	162,454	29,038	191,492	32,165
Salaries, Kauai recycling center	149,397	154,217	126,513	--	126,513	27,704
Other expenses, Kauai recycling center	41,852	43,202	37,737	604	38,341	4,861
Recycling programs	2,302,597	2,948,597	1,758,468	828,202	2,586,670	361,927
Central services cost	1,072,268	1,065,917	1,047,989	14,092	1,062,081	3,836
Equipment including capital leases	1,697,447	1,789,306	756,009	896,302	1,652,311	136,995
Fuel and auto repair/maintenance	105,888	425,051	399,831	6,932	406,763	18,288
Social security taxes	274,297	274,297	229,177	--	229,177	45,120
Public employees' health fund	493,759	361,317	348,541	--	348,541	12,776
Worker's compensation	71,002	317,252	232,336	--	232,336	84,916
Unemployment compensation	3	3	--	--	--	3
Employees' retirement system	573,704	573,704	529,243	--	529,243	44,461
Employees' other post employment benefits	797,806	838,806	763,070	--	763,070	75,736
Total Expenditures - Sanitation	<u>15,431,837</u>	<u>16,652,230</u>	<u>12,764,321</u>	<u>2,384,702</u>	<u>15,149,023</u>	<u>1,503,207</u>
Deficiency of Revenues Under Expenditures	(9,265,693)	(10,486,086)	(6,154,563)	(2,384,702)	(8,539,265)	1,946,821
Other Financing Sources (Uses):						
Transfers in	7,911,315	9,131,710	9,131,710	--	9,131,710	--
Transfers out	(955,799)	(955,799)	(955,799)	--	(955,799)	--
Total Other Financing Sources (Uses)	<u>6,955,516</u>	<u>8,175,911</u>	<u>8,175,911</u>	<u>--</u>	<u>8,175,911</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ <u>(2,310,177)</u>	\$ <u>(2,310,175)</u>	2,021,348	\$ <u>(2,384,702)</u>	\$ <u>(363,354)</u>	\$ <u>1,946,821</u>
Fund Balance - Beginning of Year July 1, 2013			12,101,160			
Fund Balance - End of Year June 30, 2014			\$ <u>14,122,508</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, 2014**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 4,307,891	\$ 2,417,402	\$ 436,997	\$ 7,162,290
Restricted cash and cash equivalents	351,925	--	--	351,925
Investments	1,634,227	--	--	1,634,227
Receivables, net:				
Accounts	102,598	2,148,646	--	2,251,244
Interest	2,280	--	--	2,280
Real property held for sale	248,078	--	--	248,078
Prepaid expenses	--	3,356	2,720	6,076
Total Current Assets	6,646,999	4,569,404	439,717	11,656,120
Noncurrent Assets:				
Capital assets:				
Land	11,224,032	1,226,600	--	12,450,632
Construction in progress	--	21,701,186	--	21,701,186
Buildings	31,338,515	48,322,190	2,764,497	82,425,202
Equipment	7,292	4,824,850	1,502,273	6,334,415
Infrastructure	--	9,993,559	2,739,725	12,733,284
Less: accumulated depreciation	(11,413,593)	(33,622,244)	(2,293,398)	(47,329,235)
Total Noncurrent Assets	31,156,246	52,446,141	4,713,097	88,315,484
Total Assets	37,803,245	57,015,545	5,152,814	99,971,604
Deferred Outflows of Resources:				
Deferred loss on refunding	--	--	3,586	3,586
Total Deferred Outflows of Resources	--	--	3,586	3,586
Total Assets and Deferred Outflows of Resources	37,803,245	57,015,545	5,156,400	99,975,190
Current Liabilities:				
Accounts payable	142,676	1,334,865	243,878	1,721,419
Contracts payable	--	15,879	--	15,879
Interest payable	--	65,434	23,126	88,560
Due to other funds	--	2,331	--	2,331
Security deposits payable	141,489	--	--	141,489
Unearned revenue	--	26,646	--	26,646
Compensated absences, current portion	--	89,600	45,208	134,808
Notes payable, current portion	--	1,471,175	267,181	1,738,356
Total Current Liabilities	284,165	3,005,930	579,393	3,869,488
Noncurrent Liabilities:				
Notes payable	--	17,801,197	802,539	18,603,736
Compensated absences	--	268,799	135,624	404,423
Total Noncurrent Liabilities	--	18,069,996	938,163	19,008,159
Total Liabilities	284,165	21,075,926	1,517,556	22,877,647
Net Position:				
Net investment in capital assets	31,156,246	33,173,769	3,646,963	67,976,978
Restricted assets:				
Nonexpendable - cash	351,925	--	--	351,925
Unrestricted	6,010,909	2,765,850	(8,119)	8,768,640
Total Net Position	\$ 37,519,080	\$ 35,939,619	\$ 3,638,844	\$ 77,097,543

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

COUNTY OF KAUAI, HAWAII
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 570,540	\$ --	\$ --	\$ 570,540
Rents and concessions	994,486	--	178,956	1,173,442
Charges for current services	--	8,401,285	946,422	9,347,707
Low-income housing sales	--	--	--	--
Other	<u>100,755</u>	<u>--</u>	<u>6,413</u>	<u>107,168</u>
Total Operating Revenues	<u>1,665,781</u>	<u>8,401,285</u>	<u>1,131,791</u>	<u>11,198,857</u>
Operating Expenses:				
Public housing	1,093,017	--	--	1,093,017
Sewer	--	6,943,304	--	6,943,304
Golf	--	--	2,007,017	2,007,017
Depreciation	783,489	1,558,025	296,118	2,637,632
Cost of low-income housing sales	<u>12,760</u>	<u>--</u>	<u>--</u>	<u>12,760</u>
Total Operating Expenses	<u>1,889,266</u>	<u>8,501,329</u>	<u>2,303,135</u>	<u>12,693,730</u>
Operating Income (Loss)	<u>(223,485)</u>	<u>(100,044)</u>	<u>(1,171,344)</u>	<u>(1,494,873)</u>
Nonoperating Revenues (Expenses):				
Interest income from investments	30,189	3,629	--	33,818
Interest expense on long-term debt	--	(238,208)	(36,516)	(274,724)
Loss on disposal of capital assets	<u>--</u>	<u>(18,489)</u>	<u>(5,959)</u>	<u>(24,448)</u>
Total Nonoperating Revenues (Expenses)	<u>30,189</u>	<u>(253,068)</u>	<u>(42,475)</u>	<u>(265,354)</u>
Net Income (Loss) Before Transfers and Contributions	<u>(193,296)</u>	<u>(353,112)</u>	<u>(1,213,819)</u>	<u>(1,760,227)</u>
Capital contributions	--	5,348,082	350,142	5,698,224
Transfers	<u>--</u>	<u>1,197,760</u>	<u>1,140,366</u>	<u>2,338,126</u>
Change in Net Position	<u>(193,296)</u>	<u>6,192,730</u>	<u>276,689</u>	<u>6,276,123</u>
Net Position - Beginning of Year July 1, 2013	37,712,376	29,746,889	3,362,914	70,822,179
Cumulative effect of accounting change	<u>--</u>	<u>--</u>	<u>(759)</u>	<u>(759)</u>
Net Position - Beginning of Year July 1, 2013, as adjusted	<u>37,712,376</u>	<u>29,746,889</u>	<u>3,362,155</u>	<u>70,821,420</u>
Net Position - Ending of Year June 30, 2014	<u>\$ 37,519,080</u>	<u>\$ 35,939,619</u>	<u>\$ 3,638,844</u>	<u>\$ 77,097,543</u>

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

COUNTY OF KAUA'I, HAWAII
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ 1,631,626	\$ 8,593,448	\$ 1,125,832	\$ 11,350,906
Payments to employees	(34,205)	(1,984,804)	(874,548)	(2,893,557)
Payments to suppliers	(1,016,121)	(4,281,460)	(1,099,553)	(6,397,134)
Net Cash Provided by (Used in) Operating Activities	<u>581,300</u>	<u>2,327,184</u>	<u>(848,269)</u>	<u>2,060,215</u>
Cash Flows from Non-capital Financing Activities:				
Transfers from other funds	--	1,898,703	1,140,366	3,039,069
Transfers to other funds	--	(700,943)	--	(700,943)
Changes in internal balances	--	168,431	--	168,431
Net Cash Provided by Non-capital Financing Activities	<u>--</u>	<u>1,366,191</u>	<u>1,140,366</u>	<u>2,506,557</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(188,278)	(7,206,152)	(350,145)	(7,744,575)
Proceeds from sale of property	12,760	--	--	12,760
Proceeds from loans	--	1,018,473	--	1,018,473
Capital contributions	--	2,979,181	350,142	3,329,323
Development fees	--	2,368,901	--	2,368,901
Principal payments-bonds and loans	--	(2,046,453)	(160,000)	(2,206,453)
Principal payments - capital leases	--	(47,203)	(105,646)	(152,849)
Interest payments-bonds and loans	--	(249,749)	(34,315)	(284,064)
Net Cash Used in Capital and Related Financing Activities	<u>(175,518)</u>	<u>(3,183,002)</u>	<u>(299,964)</u>	<u>(3,658,484)</u>
Cash Flows from Investing Activities:				
Interest received from investments	29,219	5,762	--	34,981
Changes in investments, net	452,730	498,348	--	951,078
Net Cash Provided by (Used in) Investing Activities	<u>481,949</u>	<u>504,110</u>	<u>--</u>	<u>986,059</u>
Net Increase (Decrease) in Cash and Cash Equivalents	887,731	1,014,483	(7,867)	1,894,347
Cash and Cash Equivalents, Beginning of Year July 1, 2013	<u>3,420,160</u>	<u>1,402,919</u>	<u>444,864</u>	<u>5,267,943</u>
Cash and Cash Equivalents, End of Year June 30, 2014 (including \$351,925 for Public Housing reported in restricted accounts)	<u>\$ 4,307,891</u>	<u>\$ 2,417,402</u>	<u>\$ 436,997</u>	<u>\$ 7,162,290</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating gain (loss)	\$ (223,485)	\$ (100,044)	\$ (1,171,344)	\$ (1,494,873)
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,489	1,558,025	296,118	2,637,632
Disposal of capital assets	--	(18,489)	(5,959)	(24,448)
Change in assets and liabilities:				
Accounts receivable	(21,394)	212,640	--	191,246
Restricted cash	1,675	--	--	1,675
Prepaid items	--	243,191	--	243,191
Accounts payable and accrued liabilities	42,691	487,738	31,722	562,151
Security deposits payable	(1,676)	--	--	(1,676)
Contracts payable	--	(7,619)	--	(7,619)
Unearned revenue	--	(1,988)	--	(1,988)
Compensated absences	--	(46,270)	1,194	(45,076)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 581,300</u>	<u>\$ 2,327,184</u>	<u>\$ (848,269)</u>	<u>\$ 2,060,215</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES				
Equipment acquired through capital leases	<u>\$ --</u>	<u>\$ 86,717</u>	<u>\$ 244,494</u>	<u>\$ 331,211</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, 2014**

	Agency Funds
Assets:	
Cash and cash equivalents	\$ <u>3,735,570</u>
Total Assets	<u>3,735,570</u>
Liabilities:	
Customer deposits	3,034,812
Due to other governments	<u>700,758</u>
Total Liabilities	<u>3,735,570</u>
Net Position	\$ <u><u> --</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 - An Amendment of GASB Statements No. 21 and No. 34*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions*, GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. 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, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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*. 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 KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Real Property Taxes

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

Receivables

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

Receivables of the Department are recognized when revenue is earned, including charges for services rendered but not billed, net of allowance for doubtful accounts approximating \$281,000 of billed receivables.

Real Property Held for Sale

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

Materials and Supplies

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

Prepaid Items

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

Primary Government

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

Component Unit

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

Restricted Assets

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

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Net Position

The County's net position is comprised of the various net earnings (losses) from operating and nonoperating revenues, expenses, transfers, and contributed capital. The County's net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year end is not included in the calculation of the amount of net investment in capital assets. Restricted net position consists of the County's net position 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, 2014

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 \$34.2 million at June 30, 2014.

Capital Leases

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

Long-term Obligations

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

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Facility Reserve Charges

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

Use of Estimates

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Annual appropriated budgets are adopted for the following funds:

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

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

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

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

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

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

Flexible budgeting is employed by the Department. Expenditures may not exceed appropriations at the departmental level. Individual fund budgetary comparisons (by object code and by year of appropriation) are reported in separate budgetary reports, which can be obtained from the County's Director of Finance.

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014.

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	\$ (1,568,156)	\$ (581,898)	\$ 2,021,348
Encumbrances and unexpended allotments, current year	<u>(5,926,060)</u>	<u>(1,176,062)</u>	<u>(2,384,702)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(7,494,216)</u>	\$ <u>(1,757,960)</u>	\$ <u>(363,354)</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, 2014

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 \$58,768,000 and the balances carried by the bank were approximately \$59,221,000. The Department's carrying value of these deposits with banks and savings institutions approximated \$18,247,000 and the balances carried by the bank were approximately \$18,873,000. 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, 2014, the County and the Department held approximately \$85,906,000 and \$32,474,000, respectively, or 75% and 84% of their investments in Federal Government Sponsored Entities and Government Securities.

Interest Rate Risk

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

As of June 30, 2014, the County and the Department had the following investments:

County

	<u>Fair Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
Government Sponsored Entities	\$ 83,589,147	\$ 35,683,757	\$ 47,905,390
Government Securities	2,317,268	--	2,317,268
Money Market Funds	2,119,438	2,119,438	--
Repurchase Agreements	<u>2,241,257</u>	<u>490,000</u>	<u>1,751,257</u>
	90,267,110	38,293,195	51,973,915
Certificates of Deposit	<u>24,151,637</u>	<u>10,338,763</u>	<u>13,812,874</u>
Total	\$ <u>114,418,747</u>	\$ <u>48,631,958</u>	\$ <u>65,786,789</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Department

	<u>Fair Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
Government Sponsored Entities	\$ 32,474,000	\$ 15,479,000	\$ 16,995,000
Other fixed income	820,000	820,000	--
Money Market Funds	407,000	407,000	--
U.S. Corporates	<u>4,242,000</u>	<u>1,200,000</u>	<u>3,042,000</u>
	37,943,000	17,906,000	20,037,000
Certificates of Deposit	<u>743,000</u>	<u>743,000</u>	--
Total	\$ <u>38,686,000</u>	\$ <u>18,649,000</u>	\$ <u>20,037,000</u>

Credit Risk

State law limits investments to the top rating issued by nationally recognized statistical rating organizations (NRSRO's). The County and Department have no investment policy that would further limit its investment choices. As of June 30, 2014, the County and Department's investments had an AA or greater rating.

Custodial Credit Risk

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

Concentration of Credit Risk

The County places no limit on the amount which may be invested in any one issuer. As of June 30, 2014, the County and the Department held more than 5% of their investments in the following:

	<u>County</u>		<u>Department</u>	
FHLB - Federal Home Loan Bank	\$ 25,000,355	21.8%	\$ 11,723,350	30.3%
FHLMC - Freddie Mac	15,458,310	13.5%	7,156,335	18.5%
FNMA - Fannie Mae	28,680,157	25.1%	12,457,838	32.2%
FFCB - Federal Farm Credit Bank	<u>14,450,325</u>	<u>12.6%</u>	<u>1,136,445</u>	<u>2.9%</u>
Total	\$ <u>83,589,147</u>	<u>73.0%</u>	\$ <u>32,473,968</u>	<u>83.9%</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 - RECEIVABLES

Receivables as of June 30, 2014, for the County's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities:

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Grants Capital Improvement Fund	Bond Fund	General Capital Improvement Funds	Other Governmental Funds	Total
Receivables, net:									
Real property taxes	\$ 2,992,185	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,992,185
Accounts receivable	6,867,575	--	623,613	--	--	--	667,055	1,429,829	9,588,072
Intergovernmental	--	--	--	5,508,260	4,832,975	--	--	404,536	10,745,771
Loans receivable	--	8,256,690	--	12,907,507	--	--	--	14,462	21,178,659
Interest	159,269	999,715	3,768	444,669	--	127,831	--	19,347	1,754,599
Total Receivables, net:	\$ 10,019,029	\$ 9,256,405	\$ 627,381	\$ 18,860,436	\$ 4,832,975	\$ 127,831	\$ 667,055	\$ 1,868,174	\$ 46,259,286

Business-type Activities:

	Enterprise Funds
Receivables, net:	
Accounts receivable	\$ 2,785,505
Interest	2,280
Insurance	--
Less: allowance for uncollectible charges	(534,261)
Total Receivables, net:	\$ 2,253,524

The only receivables not expected to be collected within one year are approximately \$19.6 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, 2014

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Primary Government				Balance June 30, 2014
	Balance June 30, 2013	Increases	Decreases	Transfers	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 182,848,634	\$ 1,176,662	\$ --	\$ --	\$ 184,025,296
Construction in progress	44,462,233	12,311,494	(7,290,548)	--	49,483,179
Total Capital Assets, Not Being Depreciated	<u>227,310,867</u>	<u>13,488,156</u>	<u>(7,290,548)</u>	<u>--</u>	<u>233,508,475</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	104,164,064	7,826,076	(90,441)	--	111,899,699
Machinery and equipment	69,312,472	8,736,252	(2,416,169)	117,595	75,750,150
Infrastructure	665,325,903	21,864	--	--	665,347,767
Total Capital Assets, Being Depreciated	<u>838,802,439</u>	<u>16,584,192</u>	<u>(2,506,610)</u>	<u>117,595</u>	<u>852,997,616</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(38,904,230)	(3,154,668)	90,441	--	(41,968,457)
Machinery and equipment	(40,298,097)	(5,969,744)	2,416,169	(117,595)	(43,969,267)
Infrastructure	(455,181,440)	(9,217,105)	--	--	(464,398,545)
Total Accumulated Depreciation	<u>(534,383,767)</u>	<u>(18,341,517)</u>	<u>2,506,610</u>	<u>(117,595)</u>	<u>(550,336,269)</u>
Governmental Activities - Capital Assets, net	<u>\$ 531,729,539</u>	<u>\$ 11,730,831</u>	<u>\$ (7,290,548)</u>	<u>\$ --</u>	<u>\$ 536,169,822</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS (Continued)

	Primary Government				
	Balance June 30, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 12,450,632	\$ --	\$ --	\$ --	\$ 12,450,632
Construction in progress	<u>18,192,891</u>	<u>3,508,295</u>	<u>--</u>	<u>--</u>	<u>21,701,186</u>
Total Capital Assets, Not Being Depreciated	<u>30,643,523</u>	<u>3,508,295</u>	<u>--</u>	<u>--</u>	<u>34,151,818</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	78,963,394	3,461,808	--	--	82,425,202
Machinery and equipment	5,559,054	917,404	(24,448)	(117,595)	6,334,415
Infrastructure	<u>12,733,284</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>12,733,284</u>
Total Capital Assets, Being Depreciated	<u>97,255,732</u>	<u>4,379,212</u>	<u>(24,448)</u>	<u>(117,595)</u>	<u>101,492,901</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(34,324,468)	(1,887,705)	--	--	(36,212,173)
Machinery and equipment	(2,894,762)	(502,200)	24,448	117,595	(3,254,919)
Infrastructure	<u>(7,614,416)</u>	<u>(247,727)</u>	<u>--</u>	<u>--</u>	<u>(7,862,143)</u>
Total Accumulated Depreciation	<u>(44,833,646)</u>	<u>(2,637,632)</u>	<u>24,448</u>	<u>117,595</u>	<u>(47,329,235)</u>
Business-type Activities - Capital Assets, net	<u>\$ 83,065,609</u>	<u>\$ 5,249,875</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 88,315,484</u>

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

Governmental Activities	
General government	\$ 954,730
Public safety	3,026,952
Public works	2,492,010
Highways and streets	5,992,690
Public welfare	3,539,320
Culture and recreation	1,470,644
Sanitation	<u>865,171</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 18,341,517</u>
Business-type Activities:	
Public housing	\$ 783,489
Sewer	1,558,025
Golf	<u>296,118</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,637,632</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS (Continued)

	Component Unit				Balance June 30, 2014
	Balance June 30, 2013 (as restated)	Increases	Decreases	Transfers	
Discretely Presented					
Component Unit:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,343,144	\$ --	\$ --	\$ --	\$ 1,343,144
Construction in progress	<u>15,248,667</u>	<u>8,049,241</u>	<u>(15,774,721)</u>	<u>--</u>	<u>7,523,187</u>
Total Capital Assets, Not Being Depreciated	<u>16,591,811</u>	<u>8,049,241</u>	<u>(15,774,721)</u>	<u>--</u>	<u>8,866,331</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	5,222,561	--	--	--	5,222,561
Machinery and equipment	5,289,153	615,359	(863)	--	5,903,649
Infrastructure	<u>281,935,213</u>	<u>14,758,890</u>	<u>(695,529)</u>	<u>--</u>	<u>295,998,574</u>
Total Capital Assets, Being Depreciated	<u>292,446,927</u>	<u>15,374,249</u>	<u>(696,392)</u>	<u>--</u>	<u>307,124,784</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(1,734,818)	(124,922)	--	--	(1,859,740)
Machinery and equipment	(4,018,424)	(401,207)	863	--	(4,418,768)
Infrastructure	<u>(87,278,333)</u>	<u>(6,797,858)</u>	<u>695,529</u>	<u>--</u>	<u>(93,380,662)</u>
Total Accumulated Depreciation	<u>(93,031,575)</u>	<u>(7,323,987)</u>	<u>696,392</u>	<u>--</u>	<u>(99,659,170)</u>
Component Unit - Capital Assets, net	<u>\$ 216,007,163</u>	<u>\$ 16,099,503</u>	<u>\$ (15,774,721)</u>	<u>\$ --</u>	<u>\$ 216,331,945</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES

The Interfund Due From/To Other Funds consist of the following as of June 30, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants CIP Fund	\$ 4,117
General Fund	Other Governmental Funds	84,728
Housing & Community Development Fund	General Fund	2,325,548
Solid Waste Fund	General Fund	5,308,579
Solid Waste Fund	Federal Grants Fund	2,527,247
Federal Grants Fund	General Fund	18,291
General CIP Fund	Grants CIP Fund	1,468,229
Other Governmental Funds	General Fund	<u>9,538,947</u>
Total, All Funds		\$ <u>21,275,686</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, 2015.

Internal balances consist of the following at June 30, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Grants CIP Fund	Sewer Fund	\$ <u>(2,331)</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES (Continued)

Transfers for the fiscal year ended June 30, 2014, consisted of the following:

	Transfers out:						Total
	General Fund	Solid Waste Disposal Fund	Bond Fund	General CIP Fund	Other Governmental Funds	Sewer Enterprise Fund	
Transfers in:							
General Fund	\$ --	\$ --	\$ 1,138,179	\$ 583,924	\$ --	\$ --	\$ 1,722,103
Solid Waste Disposal Fund	9,131,710	--	--	--	--	--	9,131,710
Debt Service Fund	5,254,484	955,799	--	--	--	700,943	6,911,226
Golf Enterprise Fund	1,140,366	--	--	--	--	--	1,140,366
Sewer Enterprise Fund	1,898,703	--	--	--	--	--	1,898,703
Other Governmental Funds	1,689,553	--	--	--	2,333,110	--	4,022,663
	<u>\$ 19,114,816</u>	<u>\$ 955,799</u>	<u>\$ 1,138,179</u>	<u>\$ 583,924</u>	<u>\$ 2,333,110</u>	<u>\$ 700,943</u>	<u>\$ 24,826,771</u>

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

NOTE 8 - NET POSITION

At June 30, 2014, 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	\$ 536,169,822	\$ 88,315,484	\$ 216,331,945
Less: Long-term debt	(112,995,000)	(19,871,416)	(93,861,016)
Less: Capital lease obligation	(5,644,489)	(470,676)	(3,234,665)
Add: Deferred outflows - deferred refunding costs	1,615,686	3,586	82,476
Less: Deferred inflows - deferred gain on refunding costs	(1,230,011)	--	--
Add: Unspent debt proceeds	<u>36,645,928</u>	<u>--</u>	<u>22,989,915</u>
Subtotal	<u>454,561,936</u>	<u>67,976,978</u>	<u>142,308,655</u>
Restricted:			
Capital projects	50,721,944	--	1,739,969
Less: Unspent debt proceeds	(36,645,928)	--	(22,989,915)
Less: Accrued interest payable	(2,174,686)	--	(1,665,320)
Other - debt service	161,837	--	--
Other - restricted cash and investments	<u>--</u>	<u>351,925</u>	<u>23,088,198</u>
Subtotal	<u>12,063,167</u>	<u>351,925</u>	<u>172,932</u>
Unrestricted	<u>9,720,128</u>	<u>8,768,640</u>	<u>33,419,815</u>
Total Net Position	<u>\$ 476,345,231</u>	<u>\$ 77,097,543</u>	<u>\$ 175,901,402</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - CAPITAL LEASES

The County leases machinery and equipment under non-cancelable leases expiring at various dates through June 2018 which meet the criteria for capitalization. These capital leases are financed from General Fund resources.

The net book value of the leased machinery and equipment at the inception of the leases net of accumulated depreciation amounted to \$10,776,075. The related present value of the remaining obligations under the capital leases which amounted to \$6,115,165 at June 30, 2014 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2014, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,324,534	\$ 174,493	\$ 2,499,027
2016	1,803,427	107,714	1,911,141
2017	1,225,528	52,990	1,278,518
2018	<u>761,676</u>	<u>19,945</u>	<u>781,621</u>
Totals	\$ <u>6,115,165</u>	\$ <u>355,142</u>	\$ <u>6,470,307</u>

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

The capital lease obligation is amortized at an implicit rate of approximately 6.0%. The annual requirements to amortize capital lease obligation as of June 30, 2014, are approximately as follows:

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - CAPITAL LEASES (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 623,000	\$ 178,000	\$ 801,000
2016	666,000	140,000	806,000
2017	693,000	99,000	792,000
2018	737,000	55,000	792,000
2019	<u>516,000</u>	<u>12,000</u>	<u>528,000</u>
Totals	\$ <u>3,235,000</u>	\$ <u>484,000</u>	\$ <u>3,719,000</u>

The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2014. The accumulated depreciation related to the SWTP facility was approximately \$4,538,000 as of June 30, 2014.

NOTE 10 - LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Approximate amounts due within one year</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 117,200,000	\$ --	\$ 4,205,000	\$ 112,995,000	\$ 4,250,000
Total Bonds Payable	117,200,000	--	4,205,000	112,995,000	4,250,000
Claims and judgments	12,734,026	(1,098,356)	1,901,405	9,734,265	6,564,506
Landfill closure and postclosure	28,598,854	7,484,587	--	36,083,441	265,588
Capital lease obligations	4,178,948	3,898,483	2,432,942	5,644,489	2,193,696
Compensated absences	<u>12,189,868</u>	<u>5,191,818</u>	<u>4,392,641</u>	<u>12,989,045</u>	<u>3,247,261</u>
Governmental Activities, Long-term Liabilities	\$ <u>174,901,696</u>	\$ <u>15,476,532</u>	\$ <u>12,931,988</u>	\$ <u>177,446,240</u>	\$ <u>16,521,051</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Approximate amounts due within one year
Business-type Activities:					
Bonds Payable:					
General obligation bonds	\$ 865,000	\$ --	\$ 160,000	\$ 705,000	\$ 165,000
Total Bonds Payable	<u>865,000</u>	<u>--</u>	<u>160,000</u>	<u>705,000</u>	<u>165,000</u>
Loans Payable to State					
Governments	20,194,396	1,018,473	2,046,453	19,166,416	1,443,000
Capital lease obligations	292,317	331,211	152,852	470,676	130,356
Compensated absences	<u>584,307</u>	<u>203,987</u>	<u>249,063</u>	<u>539,231</u>	<u>134,808</u>
Business-type Activities, Long-term Liabilities	<u>\$ 21,936,020</u>	<u>\$ 1,553,671</u>	<u>\$ 2,608,368</u>	<u>\$ 20,881,323</u>	<u>\$ 1,873,164</u>
Discretely Presented Component Unit:					
Bonds Payable:					
General obligation bonds	\$ 70,040,000	\$ --	\$ 2,422,000	\$ 67,618,000	\$ 2,593,000
Deferred Costs:					
For issuance premiums	<u>731,010</u>	<u>--</u>	<u>58,213</u>	<u>672,797</u>	<u>--</u>
Total Bonds Payable	<u>70,771,010</u>	<u>--</u>	<u>2,480,213</u>	<u>68,290,797</u>	<u>2,593,000</u>
Loans Payable	23,753,501	3,487,703	1,670,985	25,570,219	1,792,000
Compensated absences	963,335	504,136	408,940	1,058,531	475,000
Capital lease obligations	<u>3,806,775</u>	<u>27,487</u>	<u>599,597</u>	<u>3,234,665</u>	<u>623,000</u>
Component Unit, Long-term Liabilities	<u>\$ 99,294,621</u>	<u>\$ 4,019,326</u>	<u>\$ 5,159,735</u>	<u>\$ 98,154,212</u>	<u>\$ 5,483,000</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 \$745,655 and \$297,308 were received in fiscal year 2014 for Build America Bonds and Recovery Zone Economic Development Bonds, respectively.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

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

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

Compensated absences - Compensated absences consist of accrued vacation leave and compensated time earned. For the fiscal year ended June 30, 2014, the liability was liquidated from the general and highways funds. The liability for the accumulated unpaid portion has been accrued for in the government-wide statement of net position.

General obligation bonds payable reported on the government-wide *Statement of Position* at June 30, 2014, 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 \$1,190,000 to \$1,765,000 through August 2025, interest payments semi-annually from 2.00% to 5.00%.	\$ 17,310,000
General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,525,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy).	46,345,000
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 \$1,270,000 through August 2021, interest payments semi-annually from 3.25% to 5.00%.	<u>5,220,000</u>
Balance carried forward	\$ <u>81,040,000</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Amount
Balance carried forward	\$ 81,040,000
General obligation taxable bonds, 2000 Series B, original amount \$2,820,000, due in a remaining annual installment of \$325,000 in August 2014, interest payments semi-annually of 8.00%.	325,000
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>\$ 112,995,000</u>
 Business-type Activities:	
General obligation bonds, 2005 Series A, original amount \$1,565,000, due in annual installments of \$165,000 to \$190,000 through August 2017, interest payments semi-annually from 3.25% to 5.00%.	\$ <u>705,000</u>
Total Business-type Activities	<u>\$ 705,000</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

Annual debt service requirements of the primary government general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2014, are approximately as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	5,420,000	4,427,000	--	--	5,420,000	4,427,000
2020-2024	29,505,000	18,434,000	--	--	29,505,000	18,434,000
2025-2029	29,105,000	11,875,000	--	--	29,105,000	11,875,000
2030-2034	21,540,000	5,740,000	--	--	21,540,000	5,740,000
2035	9,025,000	267,000	--	--	9,025,000	267,000
Totals	\$ <u>112,995,000</u>	\$ <u>60,347,000</u>	\$ <u>705,000</u>	\$ <u>70,000</u>	\$ <u>113,700,000</u>	\$ <u>60,417,000</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.	\$ 58,125,000
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.	4,225,000
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.	2,505,000
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>18,000</u>
Total Component Unit	\$ <u>67,618,000</u>

Annual debt service requirements of the component unit general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2014, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,950,000	2,844,000	5,794,000
2020-2024	16,045,000	12,173,000	28,218,000
2025-2029	17,975,000	8,049,000	26,024,000
2030-2034	<u>19,690,000</u>	<u>2,731,000</u>	<u>22,421,000</u>
Totals	\$ <u>67,618,000</u>	\$ <u>38,208,000</u>	\$ <u>105,826,000</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

At June 30, 2014, approximately \$66.1 million of primary government and \$11.2 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, 2014
County of Kaua'i Community Facilities District No. 2008-1	May 15, 2012	\$ 11,875,000	\$ 11,860,000
			<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 3.50% per annum. The loan was interest-free during the period of construction.

\$ 167,444

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 \$26,617. Interest is accrued at 3.06% per annum.

21,812

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 \$50,750 (\$101,500 annually). A loan fee is assessed at 1.00% of the outstanding principal balance. Interest is accrued at 2.13% per annum.

1,030,445

Balance forward \$ 1,219,701

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Amount
Balance carried forward	\$ 1,219,701
<p>During fiscal year 2007, the County entered into a construction agreement with the State totaling approximately \$2.7 million to fund a wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$58,425 (\$116,850 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.</p>	1,360,482
<p>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.</p>	1,397,907
<p>During fiscal year 2009, the County entered into a second new construction agreement with the State totaling approximately \$3.9 million to fund sewer system improvements. Principal and interest payments are due in semi-annual installments of \$108,486 (\$216,972 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.</p>	2,727,643
<p>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.</p>	314,056
<p>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.</p>	<u>3,837,837</u>
Balance forward	\$ <u>10,857,626</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Amount
Balance carried forward	\$ 10,857,626
<p>During fiscal year 2011, the County entered into a new construction agreement with the State totaling approximately \$8.4 million to fund Phase I of the Waimea Wastewater Treatment Plant Expansion. Principal and interest payments are due in semi-annual installments of \$248,684 (\$497,368 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.</p>	
	7,638,729
<p>During fiscal year 2014, the County entered into a new construction agreement with the State totaling approximately \$1.9 million to fund Phase I of the Wailua Wastewater Treatment Plant Improvement. Principal and interest payments are due in semi-annual installments of \$17,614 (\$35,228 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.</p>	
	670,061
Total Business-type Activities	\$ <u>19,166,416</u>

Annual requirements to retire loans payable as of June 30, 2014, are approximately as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,443,000	\$ 184,000	\$ 1,627,000
2016	1,278,000	153,000	1,431,000
2017	1,286,000	141,000	1,427,000
2018	1,293,000	129,000	1,422,000
2019	1,301,000	118,000	1,419,000
2020-2024	6,624,000	409,000	7,033,000
2025-2029	5,272,000	118,000	5,390,000
2030-2034	669,416	6,000	675,416
Totals	\$ 19,166,416	\$ 1,258,000	\$ 20,424,416

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.	\$ 695,267
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.	398,465
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.	354,270
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.	635,636
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.	215,295
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.	738,412
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.	475,087
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>1,464,670</u>
Balance forward	\$ <u>4,977,102</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	Amount
Balance carried forward	\$ 4,977,102
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.	3,463,297
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.	5,748,238
Kaumualii Highway 12" Main Replacement, last installment 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$3,989,537.	3,200,619
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.	1,559,197
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.	3,192,104
Wailua Houselots Main Replacement, last installment 2033. Interest rate - 0.50%. Semi-annual loan fee rate - 0.50%. Date issued - April 15, 2013. Original amount - \$3,487,703.	<u>3,429,662</u>
Total Component Unit	\$ <u>25,570,219</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LONG-TERM LIABILITIES (Continued)

Annual requirements to retire the component unit loans payable as of June 30, 2014, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,792,000	\$ 838,000	\$ 2,630,000
2016	1,800,000	776,000	2,576,000
2017	1,807,000	713,000	2,520,000
2018	1,815,000	651,000	2,466,000
2019	1,823,000	588,000	2,411,000
2020-2024	8,824,000	2,002,000	10,826,000
2025-2029	6,597,000	666,000	7,263,000
2030-2033	<u>1,112,000</u>	<u>34,000</u>	<u>1,146,000</u>
Totals	\$ <u>25,570,000</u>	\$ <u>6,268,000</u>	\$ <u>31,838,000</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, 2014

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, 2014, was approximately \$75.7 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, 2014, were approximately \$13.1 million and \$5.1 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 2014, 2013 and 2012 were approximately \$13.1 million, \$12.3 million, and \$10.8 million, respectively. Contributions for fiscal years 2014, 2013, and 2012 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, 2014

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, 2012. Number of employers as of June 30, 2012 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. Unrealized gains and losses are included as investment income in the statement of changes in plan net assets. Publicly traded securities (corporate stock, investment derivatives, and fixed income) are based on published market prices, quotations from national security exchanges, and security pricing services. Fixed income securities (including investment derivatives not publicly traded) 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. Limited Partnerships are valued on their respective net asset value (NAV), and are generally audited annually. These holdings are valued by the general partner using valuation assumptions based on both market and property specific inputs which are not observable and involve a certain degree of expert judgment. Private Equity Limited Partnerships are based on the valuations reported by private equity partnerships using various methodologies to value the underlying portfolio companies. The fair value of real estate and alternative investment limited partnerships and limited liability companies 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. Notes payable are valued at estimated fair value and consist of mortgage notes within the limited liability companies and limited partnerships that are secured by real estate of the respective company.

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.

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN

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

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

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 Pension Plans*. 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 Employers for Postemployment Benefits Other Than Pensions*, which requires reporting the OPEB liability on an accrual basis. Because the Statement was implemented on a prospective basis, the OPEB liability at transition was zero.

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

Annual OPEB Cost

The County's annual OPEB cost for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters in GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The net OPEB obligation is determined based upon current year contributions and any short-term differences which are amounts that will be contributed within one year or the next actuarial determination date. At June 30, 2014, the County's post-retirement payable of \$7,616,270 is considered a short-term difference and has been included in the respective annual OPEB contributions. At June 30, 2014, 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, 2014**

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

County:

Fiscal Year Ending June 30,	Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2012	\$ 17,060,000	100.2%	\$ (44,000)
2013	\$ 13,963,000	100.0%	\$ --
2014	\$ 14,451,000	100.0%	\$ --

Department:

Fiscal Year Ending June 30,	Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2012	\$ 1,109,000	98.2%	\$ (30,000)
2013	\$ 850,000	102.37%	\$ (50,000)
2014	\$ 878,000	100.1%	\$ (51,000)

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
7/1/2013	\$ 42,821,000	\$ 192,098,000	\$ 149,277,000	22.3%	\$ 70,982,000	210.3%

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

On July 3, 2013, the Governor signed into law Act 268, Session Laws of Hawaii 2013. Act 268 requires the EUTF to establish and administer separate trust accounts for each public employer for the purpose of receiving irrevocable employer contributions to prefund postemployment health and other benefit costs for retirees and their beneficiaries. It establishes the Hawaii EUTF Trust Fund Task Force to examine further steps to address the unfunded liability and requires all public employers to make annual required public employer

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

contributions effective fiscal year 2014. Commencing fiscal year 2019, the annual public employer contribution shall be equal to the annual required contribution, as determined by an actuary retained by the EUTF board. In any fiscal year, should an employer's contribution be less than the annual required public employer contribution, the difference shall be transferred to the appropriate trust account from a portion of all general excise tax revenues, for the State, or transient accommodations tax revenues, for the counties.

Actuarial Methods and Assumptions

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

	<u>County</u>
Actuarial valuation date	July 1, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Equivalent Single Amortization Period	23.2
Actuarial assumptions:	
Investment rate of return	7%
Inflation	3%
Payroll growth	3.5%
Asset method	Market
Healthcare cost trend rate	
PPO, including prescription drugs	9% initial; declining to 5% after 10 years
HMO, including prescription drugs	7.5% initial; declining to 5% after 10 years
Medicare Part B	5%
Dental	4%
Vision	3%
Life insurance	0%

The number of participants as of July 1, 2013, the effective date of the biannual OPEB valuation, were as follows. There have been no significant changes in the number of covered participants or the type of coverage since.

	<u>County</u>	<u>Department</u>
Active employees	1,173	74
Retired employees	684	47
Deferred vested employees	<u>86</u>	<u>5</u>
Total	<u>1,943</u>	<u>126</u>

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, or if they should exceed the County's retained risk, are recorded in the government-wide financial statements. There was no reduction in insurance coverage during the year from coverage in the prior year. During the past four fiscal years, the amount of settlements in cases covered by insurance have not exceeded the insurance coverage. The County is substantially self-insured for its vehicles as well as for all other perils including workers' compensation and general liability below \$500,000. Claims against the County are paid out of the General Fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities, including IBNR, are based on the estimated ultimate cost of settling the claims, and include incremental costs for the hiring of special counsel and expert witnesses. Claims liabilities are estimated on a case-by-case review of all claims and the application of historical experience to outstanding claims. Estimates of IBNR are based on historical experience. The liability for claims and judgments is reported on the government-wide *Statement of Net Position*. At June 30, 2014, the amount of this liability was approximately \$9.7 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2013, 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>
2013	\$ 9,874,398	\$ 5,967,144	\$ (3,107,516)	\$ 12,734,026
2014	\$ 12,734,026	\$ (1,098,356)	\$ 1,901,405	\$ 9,734,265

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

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

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 \$2.5 million to \$3.3 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 \$2.5 million. At June 30, 2014, the remaining outstanding liability accrued by the County was approximately \$1.36 million.

Purchase Commitments

The outstanding portion of contractual commitments for capital projects, supplies, and other expenditures at June 30, 2014, was approximately \$28.0 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 million based on estimates provided by project engineers. At June 30, 2014, approximately 82.5% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately 4.1 years.

The County completed the construction phase for the lateral expansion of the Cell II of the Kekaha Landfill Lateral Expansion. The expansion extended the life of the Kekaha Landfill by an additional 3.5 years. Cell II of the lateral expansion provided additional capacity for waste by the construction of a baseliner and leachate collection system in the area between

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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

Phase I and Phase II, further extending the landfill footprint. Department of Public Works, Solid Waste Division has identified additional options to further extend the life of Kekaha Landfill and is currently investigating the feasibility of those options.

The total estimated closure costs accrued in the government-wide financial statements for the Kekaha Landfill Phase II, and the remaining post-closure costs for the Kekaha Landfill Phases I and II, and Halehaka Landfill was approximately \$36.1 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	\$ 2,605,681
Unassigned fund balance	<u>18,928,505</u>
Total	\$ <u>21,534,186</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 467,760	\$ 467,760
Loans receivable	--	1,459,015	--	--	--	--	--	--	1,459,015
Total - Nonspendable	<u>--</u>	<u>1,459,015</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>467,760</u>	<u>1,926,775</u>
Restricted:									
Debt service reserve	--	--	--	--	--	--	--	348,701	348,701
Landfill closure and post closure costs	490,000	--	8,181,494	--	--	--	--	--	8,671,494
Total - Restricted	<u>490,000</u>	<u>--</u>	<u>8,181,494</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>348,701</u>	<u>9,020,195</u>
Committed:									
Non-routine emergency events reserve	2,605,681	--	--	--	--	--	--	--	2,605,681
Administrative	1,240,044	--	--	--	--	55,619	1,269,449	--	2,565,112
County-wide costs	378,061	--	--	--	--	--	--	--	378,061
Personnel services	66,673	--	--	--	--	--	--	--	66,673
Planning	505,020	--	--	--	--	150,000	1,185,299	--	1,840,319
Economic development	309,626	--	--	--	--	--	253,032	--	562,658
Police services	883,048	--	--	--	--	--	25,380	61,413	969,841
Fire control	284,398	--	--	--	--	2,536	--	--	286,934
Civil defense	222,563	--	--	--	--	--	--	--	222,563
Liquor control	--	--	--	--	--	--	--	4,431	4,431
Building repair and maintenance	1,334,667	--	--	--	--	123	910,809	18,487	2,264,086
Parks and recreation	612,258	--	--	--	--	79,343	1,689,888	810,846	3,192,335
Community services	89,702	1,176,062	--	--	--	436,802	8,666	4,389	1,715,621
Waste disposal and collection	--	--	2,384,702	--	--	--	6,987,921	325,230	9,697,853
Road maintenance	--	--	--	--	--	129,028	2,077,772	2,028,128	4,234,928
Total - Committed	<u>8,531,741</u>	<u>1,176,062</u>	<u>2,384,702</u>	<u>--</u>	<u>--</u>	<u>853,451</u>	<u>14,408,216</u>	<u>3,252,924</u>	<u>30,607,096</u>
Assigned:									
Balancing future budget shortfalls	3,104,262	--	--	--	--	--	--	4,001,883	7,106,145
Self insurance provisions	1,000,057	--	--	--	--	--	--	--	1,000,057
Capital improvement projects	--	--	--	--	--	2,924,743	22,237,712	9,166,503	34,328,958
Other purposes	--	1,132,205	3,556,312	--	--	--	--	9,432,072	14,120,589
Total - Assigned	<u>4,104,319</u>	<u>1,132,205</u>	<u>3,556,312</u>	<u>--</u>	<u>--</u>	<u>2,924,743</u>	<u>22,237,712</u>	<u>22,600,458</u>	<u>56,555,749</u>
Unassigned:	<u>18,928,505</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>18,928,505</u>
Total Fund Balances	\$ 32,054,565	\$ 3,767,282	\$ 14,122,508	\$ --	\$ --	\$ 3,778,194	\$ 36,645,928	\$ 26,669,843	\$ 117,038,320

COUNTY OF KAUA'I, HAWAI'I
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014 include:

General Fund	\$ 5,926,060
Special Revenue Funds	\$ 6,810,122
Capital Project Funds	\$ 16,392,986

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 \$1,782,000 for the fiscal year ended June 30, 2014.

NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING

GASB has issued the following Statements applicable to the County:

GASB Statement No. 68, *Accounting and Financial 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.

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING (Continued)

GASB 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.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The statement establishes transition provisions for recognizing beginning deferred inflows and outflows related to pensions in the year GASB Statement No. 68 is adopted. Statement No. 71 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. 71 on its financial position and results of operations and has not determined if the adoption will have a material effect on its financial statements.

NOTE 19 - ACCOUNTING CHANGE AND RESTATEMENTS

Accounting change - The County and Department implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and retroactively changed its method of accounting for debt issuance costs that was previously capitalized and amortized over the life of the debt are recognized as an expense in the period incurred. As a result, the County's and Department's net position as of June 30, 2013 was restated and decreased by \$1,276,432 and \$570,790, respectively.

Restatements - The Department's net position as of July 1, 2013 was restated to write off \$1,847,292 of construction in progress that was previously capitalized and to reverse duplicate accrued investment income of \$2,273,516.

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, 2014**

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

OTHER SUPPLEMENTARY INFORMATION

**COUNTY OF KAUA'I, HAWAI'I
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Special Revenue Funds

Highway Fund

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

Liquor Fund

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

Beautification Fund

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

Criminal Assets Forfeiture Fund

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

Plans and Permits Revolving Fund

Accounts for monies collected from new permits and penalties.

Section 8 Fund

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

State Grants Fund

Accounts for expenditures of state and county grants.

Public Access Fund

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

Park Maintenance and Improvements Fund

Accounts for monies collected and expended for parks.

COUNTY OF KAUA'I, HAWAI'I
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Debt Service Fund

Debt Service Fund

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

Capital Projects Funds

Parks and Playground Capital Improvement Fund

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

Sewer Trust Fund

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

Development Capital Improvement Fund

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

Bikeway Capital Improvement Fund

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

Special State Capital Improvement Fund

Accounts for the costs of capital projects financed by State of Hawai'i grants-in-aid to Counties. There was no activity in this fund during the fiscal year ended June 30, 2014.

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, 2014

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 KAUA'I, HAWAI'I
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

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	\$ --	\$ 468,713	\$ 512,050	\$ 248,399	\$ 304,940	\$ 714,667	\$ 30,753	\$ --	\$ 1,895,451	\$ 161,837
Investments	2,241,619	494,995	--	748,926	--	--	--	--	--	--
Accounts receivable, net	25,926	--	--	--	--	--	1,403,903	--	--	--
Interest receivable	2,419	669	--	4,154	--	--	--	--	--	--
Due from other funds	6,205,332	--	--	--	--	--	--	3,333,615	--	--
Due from other governments	404,536	--	--	--	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	14,462	--	--	--	--
Prepaid items	--	--	--	--	--	467,760	1,685	--	--	--
Total Assets	\$ 8,879,832	\$ 964,377	\$ 512,050	\$ 1,001,479	\$ 304,940	\$ 1,196,889	\$ 1,436,341	\$ 3,333,615	\$ 1,895,451	\$ 161,837
Liabilities:										
Accounts payable	\$ 980,075	\$ 53,402	\$ 26,405	\$ --	\$ 20,212	\$ 78,583	\$ 280,697	\$ 974	\$ 43,437	\$ --
Retainage payable	3,407	--	--	--	--	--	--	--	3,648	--
Due to other funds	--	--	--	--	84,728	--	--	--	--	--
Due to customers	--	--	--	--	--	164,298	--	--	--	--
Due to other governments	--	--	--	--	--	323,976	--	--	--	--
Unearned revenues	--	--	--	--	--	--	1,155,644	--	--	--
Total Liabilities	983,482	53,402	26,405	--	104,940	566,857	1,436,341	974	47,085	--
Deferred Inflows of Resources:										
Deferred inflows - other	--	95,304	--	--	--	--	--	--	--	--
Total Deferred Inflows of Resources	--	95,304	--	--	--	--	--	--	--	--
Fund Balance:										
Nonspendable	--	--	--	--	--	467,760	--	--	--	--
Restricted	--	172,402	--	--	--	14,462	--	--	--	161,837
Committed	1,741,974	4,431	--	61,413	18,487	4,389	--	--	290,911	--
Assigned	6,154,376	638,838	485,645	940,066	181,513	143,421	--	3,332,641	1,557,455	--
Total Fund Balances	7,896,350	815,671	485,645	1,001,479	200,000	630,032	--	3,332,641	1,848,366	161,837
Total Liabilities, Deferred Inflows and Fund Balances	\$ 8,879,832	\$ 964,377	\$ 512,050	\$ 1,001,479	\$ 304,940	\$ 1,196,889	\$ 1,436,341	\$ 3,333,615	\$ 1,895,451	\$ 161,837

COUNTY OF KAUAI, HAWAII
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2014

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	\$ 532,942	\$ 759,438	\$ 739,779	\$ 249,819	\$ 1,140,789	\$ 7,759,577
Investments	5,972,676	--	1,333,520	--	--	10,791,736
Accounts receivable, net	--	--	--	--	--	1,429,829
Interest receivable	11,117	--	988	--	--	19,347
Due from other funds	--	--	--	--	--	9,538,947
Due from other governments	--	--	--	--	--	404,536
Loans receivable	--	--	--	--	--	14,462
Prepaid items	--	--	--	--	--	469,445
Total Assets	\$ <u>6,516,735</u>	\$ <u>759,438</u>	\$ <u>2,074,287</u>	\$ <u>249,819</u>	\$ <u>1,140,789</u>	\$ <u>30,427,879</u>
Liabilities:						
Accounts payable	\$ 78,190	\$ 28,436	\$ --	\$ --	\$ 54,413	\$ 1,644,824
Retainage payable	40,811	1,990	2,028	--	237,378	289,262
Due to other funds	--	--	--	--	--	84,728
Due to customers	--	--	--	--	--	164,298
Due to other governments	--	--	--	--	--	323,976
Unearned revenues	--	--	--	--	--	1,155,644
Total Liabilities	<u>119,001</u>	<u>30,426</u>	<u>2,028</u>	<u>--</u>	<u>291,791</u>	<u>3,662,732</u>
Deferred Inflows of Resources:						
Deferred inflows - other	--	--	--	--	--	95,304
Total Deferred Inflows of Resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>95,304</u>
Fund Balance:						
Nonspendable	--	--	--	--	--	467,760
Restricted	--	--	--	--	--	348,701
Committed	519,935	325,230	--	--	286,154	3,252,924
Assigned	5,877,799	403,782	2,072,259	249,819	562,844	22,600,458
Total Fund Balances	<u>6,397,734</u>	<u>729,012</u>	<u>2,072,259</u>	<u>249,819</u>	<u>848,998</u>	<u>26,669,843</u>
Total Liabilities, Deferred Inflows and Fund Balances	\$ <u>6,516,735</u>	\$ <u>759,438</u>	\$ <u>2,074,287</u>	\$ <u>249,819</u>	\$ <u>1,140,789</u>	\$ <u>30,427,879</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, 2014

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	\$ 9,171,371	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	4,341,217	1,027,955	360,493	--	153,427	--	--	--	--	--
Rents and concessions	--	--	--	--	--	--	--	--	284,395	--
Interest	11,761	7,348	--	7,302	--	295	--	--	--	--
Intergovernmental revenues	25,926	--	--	--	--	5,995,631	4,460,004	--	--	--
Charges for current services	--	--	--	--	--	--	--	--	--	--
Miscellaneous	416	25,530	--	28,372	--	268,052	--	--	--	--
Total Revenues	<u>13,550,691</u>	<u>1,060,833</u>	<u>360,493</u>	<u>35,674</u>	<u>153,427</u>	<u>6,263,978</u>	<u>4,460,004</u>	<u>--</u>	<u>284,395</u>	<u>--</u>
Expenditures:										
General government	--	--	--	--	--	--	1,502,383	8,576	--	--
Public safety	--	839,205	--	31,598	--	--	1,241,903	--	--	--
Public works	--	--	--	--	153,427	--	--	--	--	--
Highways and streets	13,300,500	--	466,400	--	--	--	--	--	--	--
Sanitation	--	--	--	--	--	--	631,953	--	--	--
Culture and recreation	--	--	--	--	--	--	80,858	--	68,468	--
Public welfare	--	--	--	--	--	6,773,957	961,097	--	--	--
Capital outlay	1,584,479	10,411	--	5,822	--	--	41,810	--	336,940	--
Debt Service:										
Principal	379,508	--	--	--	--	--	--	--	--	4,205,000
Interest and debt issuance cost	4,477	--	--	--	--	--	--	--	--	5,289,226
Total Expenditures	<u>15,268,964</u>	<u>849,616</u>	<u>466,400</u>	<u>37,420</u>	<u>153,427</u>	<u>6,773,957</u>	<u>4,460,004</u>	<u>8,576</u>	<u>405,408</u>	<u>9,494,226</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,718,273)</u>	<u>211,217</u>	<u>(105,907)</u>	<u>(1,746)</u>	<u>--</u>	<u>(509,979)</u>	<u>--</u>	<u>(8,576)</u>	<u>(121,013)</u>	<u>(9,494,226)</u>
Other Financing Sources (Uses):										
Proceeds from capital leases	1,472,171	--	--	--	--	--	--	--	--	--
Transfers in	2,654,625	--	--	--	--	--	--	1,368,038	--	6,911,226
Transfers out	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>4,126,796</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,368,038</u>	<u>--</u>	<u>6,911,226</u>
Net Change in Fund Balances	2,408,523	211,217	(105,907)	(1,746)	--	(509,979)	--	1,359,462	(121,013)	(2,583,000)
Fund Balance - Beginning of Year July 1, 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>
Fund Balance - End of Year June 30, 2014	<u>\$ 7,896,350</u>	<u>\$ 815,671</u>	<u>\$ 485,645</u>	<u>\$ 1,001,479</u>	<u>\$ 200,000</u>	<u>\$ 630,032</u>	<u>\$ --</u>	<u>\$ 3,332,641</u>	<u>\$ 1,848,366</u>	<u>\$ 161,837</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, 2014

	Capital Projects Funds					
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Total Non-major Governmental Funds
Revenues:						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,171,371
Licenses and permits	--	--	--	40,265	--	5,923,357
Rents and concessions	--	--	--	--	--	284,395
Interest	105,142	--	25,816	--	--	157,664
Intergovernmental revenues	--	--	--	--	--	10,481,561
Charges for current services	--	--	--	--	--	--
Miscellaneous	13,300	--	51,450	--	--	387,120
Total Revenues	<u>118,442</u>	<u>--</u>	<u>77,266</u>	<u>40,265</u>	<u>--</u>	<u>26,405,468</u>
Expenditures:						
General government	--	--	--	--	--	1,510,959
Public safety	--	--	--	--	--	2,112,706
Public works	--	--	--	--	--	153,427
Highways and streets	--	--	--	--	2,290,062	16,056,962
Sanitation	--	39,799	--	--	--	671,752
Culture and recreation	369,174	--	--	--	--	518,500
Public welfare	--	--	--	--	--	7,735,054
Capital outlay	985,852	--	--	--	61,884	3,027,198
Debt Service:						
Principal	--	--	--	--	--	4,584,508
Interest and debt issuance cost	--	--	--	--	--	5,293,703
Total Expenditures	<u>1,355,026</u>	<u>39,799</u>	<u>--</u>	<u>--</u>	<u>2,351,946</u>	<u>41,664,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,236,584)</u>	<u>(39,799)</u>	<u>77,266</u>	<u>40,265</u>	<u>(2,351,946)</u>	<u>(15,259,301)</u>
Other Financing Sources (Uses):						
Proceeds from capital leases	--	--	--	--	--	1,472,171
Transfers in	--	--	--	--	--	10,933,889
Transfers out	--	--	--	--	(2,333,110)	(2,333,110)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(2,333,110)</u>	<u>10,072,950</u>
Net Change in Fund Balances	(1,236,584)	(39,799)	77,266	40,265	(4,685,056)	(5,186,351)
Fund Balance - Beginning of Year July 1, 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>
Fund Balance - End of Year June 30, 2014	<u>\$ 6,397,734</u>	<u>\$ 729,012</u>	<u>\$ 2,072,259</u>	<u>\$ 249,819</u>	<u>\$ 848,998</u>	<u>\$ 26,669,843</u>

COUNTY OF KAUA'I, HAWAI'I
AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Trust and Agency Fund				
Assets:				
Cash and cash equivalents	\$ <u>1,046,246</u>	\$ <u>8,922,519</u>	\$ <u>9,268,007</u>	\$ <u>700,758</u>
Total Assets	\$ <u>1,046,246</u>	\$ <u>8,922,519</u>	\$ <u>9,268,007</u>	\$ <u>700,758</u>
Liabilities:				
Due to other governments	\$ 631,641	\$ 8,922,519	\$ 8,853,402	\$ 700,758
Due to other funds	<u>414,605</u>	--	<u>414,605</u>	--
Total Liabilities	\$ <u>1,046,246</u>	\$ <u>8,922,519</u>	\$ <u>9,268,007</u>	\$ <u>700,758</u>
Treasury Trust Fund				
Assets:				
Cash and cash equivalents	\$ <u>1,726,219</u>	\$ <u>1,960,476</u>	\$ <u>1,289,302</u>	\$ <u>2,397,393</u>
Total Assets	\$ <u>1,726,219</u>	\$ <u>1,960,476</u>	\$ <u>1,289,302</u>	\$ <u>2,397,393</u>
Liabilities:				
Customer deposits	\$ <u>1,726,219</u>	\$ <u>1,960,476</u>	\$ <u>1,289,302</u>	\$ <u>2,397,393</u>
Total Liabilities	\$ <u>1,726,219</u>	\$ <u>1,960,476</u>	\$ <u>1,289,302</u>	\$ <u>2,397,393</u>
Real Property Trust Fund				
Assets:				
Cash and cash equivalents	\$ <u>903,165</u>	\$ <u>1,301,990</u>	\$ <u>1,567,736</u>	\$ <u>637,419</u>
Total Assets	\$ <u>903,165</u>	\$ <u>1,301,990</u>	\$ <u>1,567,736</u>	\$ <u>637,419</u>
Liabilities:				
Customer deposits	\$ <u>903,165</u>	\$ <u>1,301,990</u>	\$ <u>1,567,736</u>	\$ <u>637,419</u>
Total Liabilities	\$ <u>903,165</u>	\$ <u>1,301,990</u>	\$ <u>1,567,736</u>	\$ <u>637,419</u>
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ <u>3,675,630</u>	\$ <u>12,184,985</u>	\$ <u>12,125,045</u>	\$ <u>3,735,570</u>
Total Assets	\$ <u>3,675,630</u>	\$ <u>12,184,985</u>	\$ <u>12,125,045</u>	\$ <u>3,735,570</u>
Liabilities:				
Customer deposits	\$ 2,629,384	\$ 3,262,466	\$ 2,857,038	\$ 3,034,812
Due to other funds	414,605	--	414,605	--
Due to other governments	<u>631,641</u>	<u>8,922,519</u>	<u>8,853,402</u>	<u>700,758</u>
Total Liabilities	\$ <u>3,675,630</u>	\$ <u>12,184,985</u>	\$ <u>12,125,045</u>	\$ <u>3,735,570</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, 2014**

	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	\$ 4,700,000	\$ 4,700,000	\$ 4,652,839	\$ --	\$ 4,652,839	\$ (47,161)
Fuel tax	3,987,176	3,987,176	4,518,532	--	4,518,532	531,356
Total Taxes	8,687,176	8,687,176	9,171,371	--	9,171,371	484,195
Licenses and Permits:						
Motor vehicle weight tax	4,499,935	4,499,935	4,341,217	--	4,341,217	(158,718)
Interest	40,000	40,000	11,761	--	11,761	(28,239)
Intergovernmental revenues	25,000	25,000	25,926	--	25,926	926
Other	500	500	416	--	416	(84)
Total Revenues	13,252,611	13,252,611	13,550,691	--	13,550,691	298,080
Expenditures:						
Highways and Streets-Road Maintenance:						
Administration	1,231,700	1,231,700	1,014,026	18	1,014,044	217,656
Administration - salaries and overtime	322,303	389,364	387,321	--	387,321	2,043
Hanapēpē baseyard	191,032	191,032	159,370	7,907	167,277	23,755
Hanapēpē baseyard - salaries and overtime	1,201,169	1,171,569	1,114,762	--	1,114,762	56,807
Kapa'a baseyard	222,046	222,046	109,035	58,461	167,496	54,550
Kapa'a baseyard - salaries and overtime	856,247	787,997	767,901	--	767,901	20,096
Hanalei baseyard	105,173	105,173	77,471	10,230	87,701	17,472
Hanalei baseyard - salaries and overtime	569,661	546,108	543,842	--	543,842	2,266
Road signs and marking	522,398	515,221	199,565	108,500	308,065	207,156
Road signs and marking - salaries and overtime	686,930	637,720	619,457	--	619,457	18,263
Auto maintenance and motor pool (AMMP)	1,654,084	1,654,081	780,081	194,834	974,915	679,166
AMMP - salaries and overtime	906,971	906,971	874,012	--	874,012	32,959
Maintenance - street lights	1,200,000	1,200,000	1,165,915	--	1,165,915	34,085
Equipment	44,000	44,000	22,588	--	22,588	21,412
Capital leases	1,213,610	1,220,090	383,990	667,408	1,051,398	168,692
Social security taxes	347,553	351,329	318,891	--	318,891	32,438
Public employees' health fund	511,707	466,096	444,053	--	444,053	22,043
Public employees' other post employment benefits	817,115	879,544	842,765	--	842,765	36,779
Workers' compensation	55,006	138,256	107,730	--	107,730	30,526
Unemployment compensation	15,006	15,006	--	--	--	15,006
Employees' retirement system	726,910	744,469	720,812	--	720,812	23,657
Collective bargaining raises	29,348	29,348	15,064	6,175	21,239	8,109
Vacation pay	80,000	80,000	63,771	--	63,771	16,229
Central services cost	1,000,000	1,000,000	1,000,000	--	1,000,000	--
Transportation agency	2,820,845	2,820,845	1,973,018	663,672	2,636,690	184,155
Highway administrative overhead	143,718	144,418	91,353	24,769	116,122	28,296
Total Expenditures - Highways and Streets - Road Maintenance	17,474,532	17,492,383	13,796,793	1,741,974	15,538,767	1,953,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (4,221,921)	\$ (4,239,772)	\$ (246,102)	\$ (1,741,974)	\$ (1,988,076)	\$ 2,251,696

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, 2014

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Other Financing Sources:						
Transfers in	\$ 2,654,625	\$ 2,654,625	\$ 2,654,625	\$ --	\$ 2,654,625	\$ --
Total Other Financing Sources	<u>2,654,625</u>	<u>2,654,625</u>	<u>2,654,625</u>	<u>--</u>	<u>2,654,625</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures (Note C)	\$ <u>(1,567,296)</u>	\$ <u>(1,585,147)</u>	2,408,523	\$ <u>(1,741,974)</u>	\$ <u>666,549</u>	\$ <u>2,251,696</u>
Fund Balance - Beginning of Year July 1, 2013			<u>5,487,827</u>			
Fund Balance - End of Year June 30, 2014			\$ <u>7,896,350</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, 2014

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Licenses and Permits:						
Business licenses, alcoholic beverage, and liquor licenses	\$ 1,055,572	\$ 1,055,572	\$ 1,027,955	\$ -	\$ 1,027,955	\$ (27,617)
Interest	1,000	1,000	7,348	-	7,348	6,348
Miscellaneous	-	-	25,530	-	25,530	25,530
Total Revenues	<u>1,056,572</u>	<u>1,056,572</u>	<u>1,060,833</u>	<u>-</u>	<u>1,060,833</u>	<u>4,261</u>
Expenditures - Public Safety:						
Salaries and wages	539,168	539,168	395,966	-	395,966	143,202
Social security taxes	38,515	38,515	28,435	-	28,435	10,080
Public employees' health fund	98,314	98,314	43,181	-	43,181	55,133
Workers' compensation	10,001	10,001	-	-	-	10,001
Unemployment compensation	5,000	5,000	-	-	-	5,000
Employees' retirement system	80,555	80,555	63,019	-	63,019	17,536
Employees' other post employment benefits	112,021	112,021	87,733	-	87,733	24,288
Other expenses	92,707	92,707	55,164	4,431	59,595	33,112
Equipment	12,537	12,537	11,166	-	11,166	1,371
Travel	96,250	96,250	37,148	-	37,148	59,102
Indirect cost	133,000	133,000	127,804	-	127,804	5,196
Total Expenditures - Public Safety	<u>1,218,068</u>	<u>1,218,068</u>	<u>849,616</u>	<u>4,431</u>	<u>854,047</u>	<u>364,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(161,496)</u>	\$ <u>(161,496)</u>	211,217	\$ <u>(4,431)</u>	\$ <u>206,786</u>	\$ <u>368,282</u>
Fund Balance - Beginning of Year July 1, 2013			<u>604,454</u>			
Fund Balance - End of Year June 30, 2014			\$ <u>815,671</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, 2014

	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	\$ 360,493	\$ --	\$ 360,493	\$ 57,833
Total Revenues	<u>302,660</u>	<u>302,660</u>	<u>360,493</u>	<u>--</u>	<u>360,493</u>	<u>57,833</u>
Expenditures - Highways and Streets:						
Disposal of abandoned vehicles	466,400	466,400	466,400	--	466,400	--
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>569,060</u>	<u>569,060</u>	<u>466,400</u>	<u>--</u>	<u>466,400</u>	<u>102,660</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures (Note C)	\$ <u>(266,400)</u>	\$ <u>(266,400)</u>	(105,907)	\$ <u>--</u>	\$ <u>(105,907)</u>	\$ <u>160,493</u>
Fund Balance - Beginning of Year July 1, 2013			<u>591,552</u>			
Fund Balance - End of Year June 30, 2014			\$ <u>485,645</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, 2014

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 7,302	\$ --	\$ 7,302	\$ 7,302
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>28,372</u>	<u>--</u>	<u>28,372</u>	<u>18,372</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>35,674</u>	<u>--</u>	<u>35,674</u>	<u>25,674</u>
Expenditures - Public Safety:						
Police special fund	<u>415,881</u>	<u>415,881</u>	<u>37,420</u>	<u>61,413</u>	<u>98,833</u>	<u>317,048</u>
Total Expenditures - Public Safety	<u>415,881</u>	<u>415,881</u>	<u>37,420</u>	<u>61,413</u>	<u>98,833</u>	<u>317,048</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(405,881)</u>	\$ <u>(405,881)</u>	(1,746)	\$ <u>(61,413)</u>	\$ <u>(63,159)</u>	\$ <u>342,722</u>
Fund Balance - Beginning of Year July 1, 2013			<u>1,003,225</u>			
Fund Balance - End of Year June 30, 2014			\$ <u>1,001,479</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
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, 2014

	Budgeted Amounts		Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances Non-GAAP	
Revenues:					
Interest	\$ --	\$ --	\$ --	\$ --	\$ --
Total Revenues	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Expenditures - General Government:					
Special projects	<u>1,368,038</u>	<u>1,368,038</u>	<u>8,576</u>	<u> --</u>	<u>1,359,462</u>
Total Expenditures - General Government	<u>1,368,038</u>	<u>1,368,038</u>	<u>8,576</u>	<u> --</u>	<u>1,359,462</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,368,038)</u>	<u>(1,368,038)</u>	<u>(8,576)</u>	<u> --</u>	<u>1,359,462</u>
Other Financing Sources (Uses):					
Transfers in	<u>1,368,038</u>	<u>1,368,038</u>	<u>1,368,038</u>	<u> --</u>	<u> --</u>
Total Other Financing Sources (Uses)	<u>1,368,038</u>	<u>1,368,038</u>	<u>1,368,038</u>	<u> --</u>	<u> --</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ <u> --</u>	\$ <u> --</u>	1,359,462	\$ <u> --</u>	\$ <u>1,359,462</u>
Fund Balance - Beginning of Year July 1, 2013			<u>1,973,179</u>		
Fund Balance - End of Year June 30, 2014			\$ <u>3,332,641</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, HAWAII
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, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 105,142	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	13,300	--	--	--	--
Total Revenues		<u>--</u>	<u>118,442</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Waimea District:							
Park Improvements & Equipment	W95387	54,009	--	54,009	--	54,009	--
Park Improvement Grants, Waimea District	W96073	51,915	--	51,915	--	51,915	--
Waimea Pool Roof	R14006	--	--	--	--	12,517	12,517
Kato Park Comfort Station	R14011	--	--	--	--	50,000	50,000
Total Waimea District		<u>105,924</u>	<u>--</u>	<u>105,924</u>	<u>--</u>	<u>168,441</u>	<u>62,517</u>
Kōloa District:							
Kalāheo Neighborhood Center Gym Floor	W08018	100,000	--	100,000	--	100,000	--
Omao Park Playground Equipment	W08019	30,806	--	30,806	--	30,806	--
Ele'ele Nani Park Improvements	W91083	107,935	--	107,935	--	107,935	--
Park Improvements and Equipment	W93086	285,499	39,867	325,366	--	341,720	16,354
Project Contingency, Kōloa District	W96075	--	26,532	26,532	--	32,143	5,611
Park Improvement Grant, Kōloa District	W96087	60,887	4,000	64,887	--	90,887	26,000
New Toro Cartster	R12005	15,638	--	15,638	--	15,638	--
Equip 569 John Deere	R12006	18,000	--	18,000	--	18,000	--
Po'ipu Restroom Renovations	R12007	28,001	42,653	70,654	--	130,000	59,346
Total Kōloa District		<u>646,766</u>	<u>113,052</u>	<u>759,818</u>	<u>--</u>	<u>867,129</u>	<u>107,311</u>
Līhu'e District:							
Puhi Park Playground Equipment	W08020	100,000	--	100,000	--	100,000	--
Park Improvements and Equipment	W93100	158,449	40,860	199,309	--	199,309	--
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, 2014

	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	--	320	320	77,718	155,000	76,962
Resurface Isenberg Park Basketball Court	R12025	--	200,000	200,000	--	200,000	--
Lydgate Pavilion & Restroom Renovation	R12026	72,002	620,565	692,567	46,794	817,115	77,754
Lihue Stadium Baseball Improvements	R13013	--	--	--	--	1,000,000	1,000,000
Lighting Retrofits	R13014	--	35,739	35,739	311,961	347,700	--
Lihue R/R Temporary Main Shelter	R14005	--	--	--	50,000	50,000	--
Total Lihue District		<u>406,136</u>	<u>897,484</u>	<u>1,303,620</u>	<u>486,473</u>	<u>2,972,924</u>	<u>1,182,831</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	339,462	--	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	--	29,000	--
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	15,965	--	15,965	--	15,965	--
Equip 790 Kubota Mower	R12032	18,000	--	18,000	--	18,000	--
Equip 791 Kubota Mower	R12033	18,000	--	18,000	--	18,000	--
Equip 576 Toro Cartster	R12034	15,639	--	15,639	--	15,639	--
Anahola Clubhouse Parking Lot	R13011	--	--	--	--	30,000	30,000
Environmental Assessment	R14008	--	--	--	--	50,000	50,000
Kapaa Soccer Field	R14009	--	--	--	--	300,000	300,000
Total Kawaihau District		<u>499,821</u>	<u>--</u>	<u>499,821</u>	<u>5,000</u>	<u>1,177,246</u>	<u>672,425</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, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Hanalei District:							
Hanalei Courthouse ADA Improv/Septic System	R09003	\$ 59,445	\$ 8,499	\$ 67,944	\$ 28,462	\$ 817,763	\$ 721,357
Hanalei Park Open Space	R10B11	--	229,905	229,905	--	229,905	--
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 & Equipment	W93383	134,947	39,509	174,456	--	213,717	39,261
Park Improvement Grant, Hanalei District	W96134	5,750	--	5,750	--	35,750	30,000
Resurface Kilauea Park Playground	R12035	--	--	--	--	60,000	60,000
Black Pot Restroom Improvements	R14001	--	66,229	66,229	--	550,000	483,771
Black Pot Master	R14004	--	--	--	--	300,000	300,000
Black Pot Expansion	R14017	--	348	348	--	94,427	94,079
Total Hanalei District		<u>999,250</u>	<u>344,490</u>	<u>1,343,740</u>	<u>28,462</u>	<u>3,130,911</u>	<u>1,758,709</u>
Total Expenditures		\$ <u>2,657,897</u>	<u>1,355,026</u>	\$ <u>4,012,923</u>	\$ <u>519,935</u>	\$ <u>8,316,651</u>	\$ <u>3,783,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,236,584)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(1,236,584)				
Fund Balance - Beginning of Year, July 1, 2013			<u>7,634,318</u>				
Fund Balance - End of Year, June 30, 2014			\$ <u>6,397,734</u>				

COUNTY OF KAUAI, HAWAII
SEWER TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	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	--	1,633,157	73,999
Islandwide Scada System	W10015	--	39,799	39,799	325,230	365,029	--
Kuhio Hwy. Hanamaulu	W14008	--	--	--	--	250,000	250,000
Lihu'e Sewer System	W91376	366,338	--	366,338	--	366,338	--
Waimea Sewer System	W92374	78,557	--	78,557	--	78,557	--
Ele'ele-Hanapēpē Sewer System	W92375	392,880	--	392,880	--	392,880	--
Total Expenditures		<u>\$ 2,396,933</u>	<u>39,799</u>	<u>\$ 2,436,732</u>	<u>\$ 325,230</u>	<u>\$ 3,085,961</u>	<u>\$ 323,999</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(39,799)				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(39,799)				
Fund Balance - Beginning of Year, July 1, 2013			<u>768,811</u>				
Fund Balance - End of Year, June 30, 2014			<u>\$ 729,012</u>				

COUNTY OF KAUA'I, 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, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-T o-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 25,816	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	51,450	--	--	--	--
Total Revenues		--	77,266	--	--	--	--
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	500,000	--	500,000	--	500,000	--
Total Expenditures		\$ 1,059,218	--	\$ 1,059,218	\$ --	\$ 1,094,786	\$ 35,568
Excess (Deficiency) of Revenues Over (Under) Expenditures			77,266				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			77,266				
Fund Balance - Beginning of Year, July 1, 2013			1,994,993				
Fund Balance - End of Year, June 30, 2014			\$ 2,072,259				

COUNTY OF KAUA'I, HAWAII
BIKEWAY CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Licenses and permits	--	\$ --	\$ 40,265	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>40,265</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Island Wide Bike/Pedestrian Path	W05182	<u>70,208</u>	--	<u>70,208</u>	--	<u>112,785</u>	<u>42,577</u>
Total Expenditures		<u>\$ 70,208</u>	--	<u>\$ 70,208</u>	\$ --	<u>\$ 112,785</u>	<u>\$ 42,577</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			40,265				
Other Financing Sources:							
Transfers in			<u>--</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			40,265				
Fund Balance - Beginning of Year, July 1, 2013			<u>209,554</u>				
Fund Balance - End of Year, June 30, 2014			<u>\$ 249,819</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, 2014

	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	55,538	19,724	75,262	13,887	89,149	--
Oloheua 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	20,471	49,268	--	50,000	732
Northern Leg Kōloa Western Bypass Road FHWA	W07007	9,719	(81)	9,638	--	41,642	32,004
Resurfacing Various Collector Roads FHWA	W07008	29,784	6,946	36,730	1,158	284,443	246,555
Pu'uopae Bridge-Design (County Match)	W10003	60,464	4,650	65,114	20,372	120,000	34,514
Puhi Road Construction Match	W12010	--	338	338	--	94,000	93,662
Hanapēpē Road	W12067	1,068	51	1,119	15,042	50,000	33,839
Kamalu Bridge Stream	W12068	981	12	993	--	30,000	29,007
Hanapēpē Bridge Ped	W12069	38	--	38	--	24,512	24,474
Maluhi Rd (County Match)	W12070	1,909	--	1,909	--	1,909	--
Comprehensive Road Maintenance Plan	W13011	89,000	38,967	127,967	132,033	260,000	--
Island Wide Resurfacing	W91354	24,263,083	2,259,299	26,522,382	101,136	26,623,518	--
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, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Bridge Maintenance (County Match)	W96388	\$ 279,801	\$ 1,564	\$ 281,365	\$ 2,526	\$ 283,868	\$ (23)
Speed Hump Program	W98364	74,439	5	74,444	--	142,523	68,079
Total Expenditures		<u>\$ 25,943,932</u>	<u>2,351,946</u>	<u>\$ 28,295,878</u>	<u>\$ 286,154</u>	<u>\$ 29,144,875</u>	<u>\$ 562,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(2,351,946)				
Other Financing Sources:							
Transfers out			<u>(2,333,110)</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(4,685,056)				
Fund Balance - Beginning of Year, July 1, 2013			<u>5,534,054</u>				
Fund Balance - End of Year, June 30, 2014			<u>\$ 848,998</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, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		--	--	--	--	--	--
Expenditures:							
Kilauea Ag Plan Phase II	D09001	100,000	--	100,000	--	100,000	--
Energy Sustain Study	D09105	199,944	--	199,944	--	199,944	--
YMCA Improvements Grant	D13301	70,000	--	70,000	--	70,000	--
CEDS Project	D13302	--	--	--	--	--	--
CFD Kaneioulouma Heiau	D13303	644,000	161,000	805,000	--	805,000	--
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	--	--	--	833	22,539	21,706
FEMA Match - Roads (Kiowai Place) Replace	PWC003	--	380	380	--	5,091	4,711
FEMA Match - Roads (Hauaala Road) Restore	PWC006	--	4,875	4,875	--	20,666	15,791
FEMA Match - Roads (Kahuna Road) Repair	PWC007	--	34,697	34,697	--	107,500	72,803
FEMA Match - Roads (Ohiki Road) Restore	PWC008	--	741	741	--	9,467	8,726
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	--	248	248	--	1,020	772
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	--	9,223	9,223	--	9,223	--
FEMA Match - Fire Station (Kaláheo Fire Station)	PWE018	--	--	--	--	1,173	1,173
FEMA Match - Repair Photovoltaic Panels	PWE019	--	6,031	6,031	--	6,261	230
Kaumakani Pavilion (Materials Only)	R10002	35,567	--	35,567	--	35,567	--

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, 2014

	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	--	--	--	--	--	--
CFD Po'ipū Beach Park	R13037	--	--	--	--	333,527	333,527
Civic Center Improvements	W00225	2,140,502	9,975	2,150,477	123	2,150,600	--
Park Improvement Grant, Waimea District	W01257	3,905	--	3,905	--	3,905	--
KWMCH Improvements	W02226	652,347	--	652,347	--	652,347	--
Kapa'a New Fire Station	W05227	656,612	65,390	722,002	2,536	749,191	24,653
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	--
Kilauea 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	--	28,756	--
Ele'ele Nani Park Sidewalks	W07009	441,000	--	441,000	--	441,000	--
Island Wide Parks Improvements/Equipment	W07011	231,885	3,600	235,485	14,515	250,000	--
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	71,831	11,919	83,750	--	99,400	15,650
Habitat Conservation Plan	W08012	129,396	4,425	133,821	--	200,000	66,179
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	208,466	--	208,466	32,663	241,129	--

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, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Comprehensive Road Maintenance Plan	W08017	\$ 60,674	\$ 35,440	\$ 96,114	\$ --	\$ 96,114	\$ --
Kapaia Bridge Replacement	W08024	418,595	--	418,595	--	418,595	--
Pono Kai Seawall Emergency Repair	W08030	17,179	39,331	56,510	36	56,382	(164)
Aliomanu Temporary Road Repair	W08031	345,431	--	345,431	--	345,431	--
Kapa'a Ocean 1-Year Field Study	W08032	311,753	--	311,753	--	311,753	--
Moana Kai (Fuji) Shoreline Design/Permit	W08033	244,642	23	244,665	54,729	332,000	32,606
Kapa'a Beach Shoreline Protection Design/Permit	W08034	118,395	--	118,395	--	118,395	--
County Wide Impact Fee & Needs Assessment Study	W08035	63,615	41,767	105,382	55,618	161,000	--
Hanapēpē & Waimea Levee	W08037	366,479	31,650	398,129	3,453	401,659	77
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	108,000	317,002	425,002	--	1,211,200	786,198
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	2,775	35,890	38,665	21,000	60,000	335
Waimea Police Substation	W10012	--	217,295	217,295	--	250,000	32,705
Adolescent Drug Treatment Center	W10017	56,375	6,823	63,198	436,802	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	(112,106)	280,923	--	393,029	112,106
Kekaha Landfill Lat	W10052	735,255	--	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	22,262	19,570	41,832	--	50,000	8,168
RPA Office Renovation	W12015	--	--	--	--	--	--
Hardy Street Improvements (Match)	W12020	27,650	3,267	30,917	242	31,159	--
Hanapēpē & Waimea Levee	W12062	--	--	--	--	--	--
Kapa'a Baseyard Renovations	W12064	--	--	--	--	--	--
Kōloa Safe	W12065	5,971	2,134	8,105	3,876	15,000	3,019

**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, 2014**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Piikoi Retrofit	W12066	\$ 96,399	\$ --	\$ 96,399	\$ 1	\$ 159,000	\$ 62,600
CFD Complete Streets projects in Kōloa/Po'ipū Area	W13014	--	--	--	--	333,528	333,528
Project Contingency	W92208	6,324	--	6,324	--	6,324	--
Kīlauea Irrigation	W92220	74,362	--	74,362	--	74,362	--
Park Improvement Waimea District	W96073	--	--	--	--	--	--
Vidinha Stadium Light	W97252	121,523	--	121,523	--	121,523	--
Island Wide Parks Improvements	W99394	423,998	--	423,998	--	423,998	--
County Imaging Program	X08100	237,874	--	237,874	--	240,000	2,126
Planning, Zoning/Engineering System	X10002	142,183	--	142,183	--	144,364	2,181
Document Imaging	X10008	130,469	--	130,469	--	130,469	--
800 MHZ Radio U/G	X11006	1,571,001	--	1,571,001	--	1,571,001	--
Kapa'a Development Plan	Z10002	--	--	--	150,000	150,000	--
Complete Streets/Safe Routes (Kawaihau Road)	Z12006	--	--	--	--	--	--
East Kaua'i Development Plan	Z13003	--	--	--	--	--	--
Total Expenditures		\$ 19,962,949	950,590	\$ 20,913,539	\$ 853,451	\$ 24,563,275	\$ 2,796,285
Excess (Deficiency) of Revenues Over (Under) Expenditures			(950,590)				
Other Financing Sources:							
Transfers In			--				
Transfers Out			(583,924)				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(1,534,514)				
Fund Balance - Beginning of Year, July 1, 2013			5,312,708				
Fund Balance - End of Year, June 30, 2014			\$ 3,778,194				

COUNTY OF KAUA'I, HAWAII
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, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 108,971	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Bond subsidies	--	--	1,045,468	--	--	--	--
Total Revenues		<u>--</u>	<u>1,154,439</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Kilauea Ag Park (Design)	D10105	80,127	--	80,127	--	86,593	6,466
Alternative Energy Projects	D10106	444,533	--	444,533	253,032	1,500,000	802,435
Kaneiolouma Conting	D13A03	--	--	--	--	63,407	63,407
CEDS Project	D13300	296,900	--	296,900	--	296,900	--
Kaneiolouma Heiau	D13303	--	315,000	315,000	--	350,000	35,000
KFD Helicopter Hanger	F14001	--	--	--	--	380,000	380,000
Affordable Housing	H06065	2,000,000	--	2,000,000	--	2,000,000	--
Affordable Housing	H06066	726,452	--	726,452	--	726,962	510
Affordable Housing	H13001	--	--	--	--	273,038	273,038
Lihue Elderly House	H13002	2,300,000	--	2,300,000	--	2,300,000	--
KPD Kapaa Substation	P14001	--	58,530	58,530	25,380	85,000	1,090
Lighting Retrofit	R08039	525,331	1,205	526,536	58,725	585,261	--
Park Master Plan	R09001	356,209	43,033	399,242	758	400,000	--
Island Wide Parks ADA Full Accessibility	R09002	38,119	--	38,119	--	38,119	--
Park Open Space BP	R10A11	--	1,030,000	1,030,000	--	1,030,000	--
Coastal Erosion Study	R10001	150,000	--	150,000	--	150,000	--
Kamalani Playground	R10008	139,921	--	139,921	--	139,921	--
Lydgate Pond	R10009	425,728	27,200	452,928	10,816	499,394	35,650
Kapa'a Stadium Improvements	R10010	272,049	249,137	521,186	104,203	672,388	46,999
Park/Open Space Land Acquisition	R10011	5,890,000	--	5,890,000	--	5,890,000	--
Veterans Cemetery Upgrade	R10013	23,015	91,913	114,928	91,207	551,274	345,139
Hanapēpē Cliffside Basketball Court	R10014	217,442	4,457	221,899	--	221,899	--
Lydgate Campsite ADA Improvements	R10015	128,468	--	128,468	--	128,468	--
Park ADA Bleachers Replacement	R10016	37,965	27	37,992	72,787	800,000	689,221

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, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Veterans Cemetery Renovation	R12001	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Salt Pond Beach Park Facility Improvements	R12002	--	--	--	--	250,000	250,000
Lydgate Small Pavilions Renovations	R12003	--	34,705	34,705	--	60,000	25,295
Kapa'a Stadium Improvements	R12036	380	--	380	--	380	--
Vidinha Stadium Track & Field Improvements	R12037	10,269	--	10,269	--	100,000	89,731
Isenberg Park Bathroom Improvement	R12281	25,185	--	25,185	--	25,185	--
ADA Improvements Anahola Homestead	R13001	--	200	200	--	185,000	184,800
Anahola Clubhouse Parking Lot	R13002	--	--	--	--	30,000	30,000
Hanapēpē Stadium Ticket Booth	R13003	--	--	--	--	25,000	25,000
Playground Renovations Kīlauea & Anahola	R13004	--	80,965	80,965	--	135,000	54,035
Playground Resurfacing Kalawai & Kōloa Park	R13005	--	28,017	28,017	6,105	40,000	5,878
Softball Field Pavilions (Peter Rayno, Isenberg)	R13006	--	80,400	80,400	--	100,000	19,600
Wailua Golf Course Management Building E	R13007	44,000	--	44,000	--	44,000	--
Wailua Golf Course Replace Driving Range Net/Poles	R13008	--	65,272	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	--	--	--	--	--	--
Lighting Retrofits	R13014	166	1,053,931	1,054,097	--	1,054,097	--
Kapaa Pool RR Recon	R14002	--	340,336	340,336	--	595,000	254,664
Waimea Pool Roof Replacement	R14003	--	--	--	--	37,483	37,483
Hanapepe Tennis Lighting	R14007	--	--	--	--	223,104	223,104
Hanapepe Stadium ADA	R14010	--	--	--	--	59,828	59,828
Sheltered Bus Stops	T12100	41,206	24,098	65,304	8,666	359,828	285,858
Trans Check In Facility	R14000	--	--	--	--	40,000	40,000
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	624	408,456	--	408,456	--

**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, 2014**

	Project No.	Prior Year's		Project-To-Date		Project	
		Expenditures	Current Year	Expenditures	Encumbrances	Authorization	Balance
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	60,002	134,365	78,326	365,616	152,925
Fishbowl Renovation	W05029	143,172	--	143,172	--	143,172	--
Kekaha Gardens Park	W06A44	--	132,004	132,004	151,655	945,205	661,546
Kekaha Gardens Park	W06B44	--	--	--	351,619	351,619	--
Kekaha Landfill Lateral Expansion	W06011	9,644,441	--	9,644,441	--	9,647,201	2,760
Historic County Bldg and Līhu'e Civic Ctr Improv	W06029	228,790	192,156	420,946	40,485	500,000	38,569
Historic County Bldg and Līhu'e Civic Ctr Improv	W06030	7,768,317	5,470	7,773,787	4,297	7,780,000	1,916
Kapa'a Fire Station	W06031	4,986,105	--	4,986,105	--	4,986,105	--
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	19,378	1,030,105	45,707	1,100,000	24,188
Līhu'e Stadium Baseball Field Improvements	W06043	24,664	(980)	23,684	26,261	843,042	793,097
Kekaha Gardens Park	W06044	116,416	22,201	138,617	764,559	903,176	--
Wailua Golf Course Maintenance Bldg	W06045	929,595	--	929,595	--	929,595	--
Bleachers County Park	W07004	--	--	--	64,969	71,245	6,276
Puu Road Improvements	W07014	11,000	56,500	67,500	32,500	111,325	11,325
Kapaia Swinging Bridge	W07022	--	--	--	--	231,403	231,403
Waste Reduction Consultant Services	W08001	90,246	--	90,246	--	114,191	23,945
Complete Streets Safety Improvements	W08003	--	--	--	--	--	--
ADA Projects Bldg Fac	W08007	708,114	71,204	779,318	154	785,912	6,440
Aliomanu Rd. Revent (Planning/Permits)	W08016	--	11	11	--	8,887	8,876
Kapaia Bridge Replacement	W08024	--	--	--	--	5,278	5,278
Pono Kai Revetment Wall	W08025	128,474	17,560	146,034	23,422	139,078	(30,378)
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	--	30,365	30,365	124,000	154,385	20
Lighting Retrofits-Parks	W08039	29,931	240,069	270,000	--	270,000	--
Kapa'a Baseyard Structural Renovation	W09001	1,299,744	1,070	1,300,814	--	1,305,821	5,007
Honsador Building Structural Renovation	W09002	307,354	--	307,354	--	307,354	--

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, 2014

	Project No.	Prior Year's		Project-To-Date		Project	
		Expenditures	Current Year	Expenditures	Encumbrances	Authorization	Balance
Ka Hale Makai-Humidity Control	W09003	\$ 444,106	\$ --	\$ 444,106	\$ --	\$ 444,106	\$ --
Island Wide SCADA	W09004	350,000	--	350,000	--	350,000	--
Kanaele Rd Stabilization	W09005	8,000	--	8,000	232,250	290,550	50,300
Kōloa Circulation Plan Short Term Improvements	W09006	273,676	7,600	281,276	--	300,000	18,724
Hanapēpē Bridge Walkway	W09007	11,710	1,131	12,841	--	301,566	288,725
Kapa'a Baseyard 09	W09024	2,426,125	164,764	2,590,889	--	2,620,511	29,622
Islandwide Scada System	W10A15	--	280,476	280,476	90,737	371,213	--
Opaekaa Bridge-Design	W10002	67,313	5,786	73,099	26,755	100,000	146
Piikoi Building Renovation	W10011	2,414,532	--	2,414,532	14,468	2,429,000	--
Waimea Police Sub-Station	W10012	--	--	--	--	--	--
Līhu'e WWTP Chemical Lab Renovation	W10013	439,316	--	439,316	--	439,316	--
Wailua WWTP Improvements/Renovation	W10014	119,785	311,020	430,805	751,287	1,200,000	17,908
Island Wide SCADA System Construction	W10015	88,567	--	88,567	4,711,433	4,800,000	--
Ele'ele WWTP Improvements/Renovation	W10016	756,042	60,573	816,615	76,885	895,000	1,500
Civic Center ADA Improvements	W10018	--	956,502	956,502	3,498	960,000	--
Hanamā'ulu/Hanapēpē ADA Improvements	W10019	--	--	--	--	--	--
ADA Access Barrier Removal	W10020	89,887	15,422	105,309	--	261,881	156,572
ADA Access Barrier Removal	W10022	--	--	--	--	1,000,000	1,000,000
Kokee Road (matching funds)	W10027	865,846	4,207	870,053	--	883,963	13,910
Wailua Emergency Bypass Improvements	W10028	--	--	--	--	600,000	600,000
Rice Street Crossing Improvements	W10032	7,534	--	7,534	--	207,534	200,000
New Landfill Site Acquisition	W10037	1,166,576	525,103	1,691,679	794,656	2,909,677	423,342
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	--	89,290	89,290	48,710	300,000	162,000
Twin Reserve EQ	W10046	4,503	(4,503)	--	--	100,000	100,000
Kekaha Landfill Expansion II	W10047	803,298	24,091	827,389	100,441	927,831	1
CIP Management System	W10051	--	98,748	98,748	72,627	180,000	8,625
Hanapēpē & Waimea Levees (Planning) USACE Study	W10053	--	106,453	106,453	--	106,453	--
Kekaha Landfill Expansion II	W10056	364,449	21,763	386,212	3,581	389,793	--
Līhu'e Development Plan	W12008	236,214	355,110	591,324	210,320	905,000	103,356

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, 2014

	Project No.	Prior Year's		Project-T o-Date		Project	
		Expenditures	Current Year	Expenditures	Encumbrances	Authorization	Balance
Puhi Road Construction Phase I (County Match)	W12010	\$ 116	\$ 27,738	\$ 27,854	\$ 1,613	\$ 261,998	\$ 232,531
Kōloa Fire Station Improvements	W12012	--	--	--	--	200,000	200,000
Kalāheo Fire Station Improvements	W12013	--	--	--	--	200,000	200,000
Driver License Counter	W12015	--	2,588	2,588	36,563	40,000	849
Hardy Street Improvements	W12020	386	298,859	299,245	1,325,421	1,779,196	154,530
Kekaha Landfill Lateral Expansion	W12038	--	--	--	--	--	--
Piikoi Interior II	W12053	167,237	--	167,237	674,293	841,530	--
Kekaha Landfill Lateral Expansion II	W12054	433,764	4,388	438,152	124,322	563,087	613
Moana Kai Seawall Construction	W12055	--	--	--	--	1,600,000	1,600,000
Coco Palms STP	W12057	75,906	373,397	449,303	10,173	575,000	115,524
Lae Road Safety Improvements	W12058	--	17,430	17,430	460	100,000	82,110
Comprehensive Road Maintenance Plan	W12059	53,602	284	53,886	--	53,886	--
Aliomanu Road Repairs	W12060	--	--	--	--	54,155	54,155
Two Clarifier Mechanical Drive Systems	W12061	380,000	--	380,000	--	380,000	--
Koloa Road Safety Improvements	W12065	--	44	44	--	150,000	149,956
Material Recovery Facility (MRF)	W13001	--	43,340	43,340	154,653	500,000	302,007
Hanapēpē Levee Toe Repairs	W13002	--	50,000	50,000	--	50,000	--
Kamalu Road Culvert Replacement	W13003	--	--	--	200,000	200,000	--
Aliomanu Road	W13004	2,250	46,616	48,866	35,181	3,000,000	2,915,953
Auto Shop Improvements	W13005	--	--	--	--	400,000	400,000
Līhu'e Bypass Feasibility Study (County Match)	W13006	--	78,560	78,560	9,438	100,000	12,002
Fuel Management System	W13007	--	124,816	124,816	--	195,000	70,184
Hanapēpē Town Parking Lot Improvements	W13008	--	102,584	102,584	--	150,000	47,416
Kekaha Landfill Lateral Expansion - Cell II	W13009	--	--	--	--	--	--
NPDES Compliance	W13010	--	--	--	176,608	185,000	8,392
Anini Bridge	W14001	--	--	--	--	500,000	500,000
Fuel Tanks Kapaa Baseyard	W14002	--	129,613	129,613	--	170,000	40,387
Kekaha Landfill Vertical Expansion	W14003	42,795	205,218	248,013	19,218	298,531	31,300
Wailana Bridge No.2 Pedestrian Walkway Replacemer	W14004	--	--	--	--	150,000	150,000
Salt Pond Wastewater Improvements	W14005	--	--	--	--	900,000	900,000
Waa Road Drainage Study	W14006	--	--	--	--	100,000	100,000

COUNTY OF KAUA'I, HAWAI'I
BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Project No.	Prior Year's Expenditures	Current Year	Project-T o-Date Expenditures	Encumbrances	Project Authorization	Balance
Complete Street Safety Improvements/Traffic Mitigator	W14009	\$ --	\$ --	\$ --	\$ 2,757	\$ 150,000	\$ 147,243
Kapahi Bridge Replacement	W14011	--	1,199	1,199	--	432,851	431,652
Waimea R-1 H2O Distribution System Improvements	W14078	--	27,921	27,921	150,535	209,450	30,994
Bridge Maintenance	W96388	--	--	--	15,265	25,000	9,735
Rpt Computer Sys	X00001	1,896,300	--	1,896,300	--	1,896,300	--
Payroll/Personnel System	X10001	--	7,500	7,500	--	395,000	387,500
Planning, Zoning/Engineering System	X10002	--	3,841	3,841	--	44,428	40,587
IT Infrastructure Improvements	X10006	419,453	41,927	461,380	2,187	778,000	314,433
Document Imaging Program (Finance-IT) Multi Phase	X10008	--	--	--	--	450,531	450,531
800 MHZ Radio System Upgrade Phase II	X14001	--	1,977,232	1,977,232	1,018,027	3,000,000	4,741
General Plan Update	Z12A03	--	--	--	256,466	256,934	468
Public Access and Open Space Acquisition	Z06002	--	--	--	--	--	--
General Plan Update	Z12003	--	--	--	568,067	568,067	--
Kōloa Development Plan	Z12004	226,860	365,499	592,359	37,660	675,000	44,981
General Plan Technical Studies	Z12005	98,200	222,434	320,634	83,386	474,999	70,979
East Kauai Development Plan	Z13003	--	21,201	21,201	28,642	50,000	157
North Shore & Poipu Transit Corridor Study	Z14002	--	--	--	--	200,000	200,000
Total Expenditures		\$ <u>66,365,109</u>	<u>11,573,825</u>	\$ <u>77,938,934</u>	\$ <u>14,408,216</u>	\$ <u>112,952,943</u>	\$ <u>20,605,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(10,419,386)				
Other Financing Sources: Transfers out			<u>(1,138,179)</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(11,557,565)				
Fund Balance - Beginning of Year, July 1, 2013			<u>48,203,493</u>				
Fund Balance - End of Year, June 30, 2014			\$ <u><u>36,645,928</u></u>				

COUNTY OF KAUA‘I, HAWAI‘I
PUBLIC HOUSING ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	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	\$ 494,610	\$ 494,610	\$ 570,540	\$ --	\$ 570,540	\$ 75,930
Kalepa housing project	1,010,895	1,010,895	990,196	--	990,196	(20,699)
Other revenues	1,641,023	1,641,023	135,234	--	135,234	(1,505,789)
Total Revenues	<u>3,146,528</u>	<u>3,146,528</u>	<u>1,695,970</u>	<u>--</u>	<u>1,695,970</u>	<u>(1,450,558)</u>
Expenditures - Public Welfare:						
Revolving buy back account	1,525,000	1,525,000	1,190	--	1,190	1,523,810
Housing projects	--	--	--	--	--	--
Kalepa housing operating cost	1,061,379	1,062,107	747,806	9,731	757,537	304,570
Pa'anau housing operating cost	498,284	499,012	344,021	25,916	369,937	129,075
Revenue bond payments	--	--	--	--	--	--
Total Expenditures	<u>3,084,663</u>	<u>3,086,119</u>	<u>1,093,017</u>	<u>35,647</u>	<u>1,128,664</u>	<u>1,957,455</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)						
Expenditures (Note C)	\$ <u>61,865</u>	\$ <u>60,409</u>	602,953	\$ <u>(35,647)</u>	\$ <u>567,306</u>	\$ <u>506,897</u>
Fund Balance - Beginning of Year July 1, 2013			<u>7,305,536</u>			
Fund Balance - End of Year June 30, 2014			\$ <u>7,908,489</u>			

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

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

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

Note D: Public Enterprise Housing Fund is comprised of three (3) funds: Housing Revolving Fund, Kalepa Housing Fund, and Paanau Housing Fund.

COUNTY OF KAUAI, HAWAII
SEWER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Revenues:						
Interest	\$ 82,000	\$ 82,000	\$ 32,701	\$ --	\$ 32,701	\$ (49,299)
Charges for Services:						
Sewer Charges:						
Residential	3,194,400	3,194,400	3,077,215	--	3,077,215	(117,185)
Commercial	4,991,250	4,991,250	5,051,432	--	5,051,432	60,182
Connection charge	--	--	15,555	--	15,555	15,555
Sludge disposal	150,000	150,000	228,010	--	228,010	78,010
Capacity assessment	185,000	185,000	2,368,901	--	2,368,901	2,183,901
Total Revenues	<u>8,602,650</u>	<u>8,602,650</u>	<u>10,773,814</u>	<u>--</u>	<u>10,773,814</u>	<u>2,171,164</u>
Other Financing Sources (Uses):						
Transfers out	(700,943)	(700,943)	(700,943)	--	(700,943)	--
Operating transfers from General Fund	1,898,703	1,898,703	1,898,703	--	1,898,703	--
Other	--	--	164,799	--	164,799	164,799
Total Other Financing Sources (Uses)	<u>1,197,760</u>	<u>1,197,760</u>	<u>1,362,559</u>	<u>--</u>	<u>1,362,559</u>	<u>164,799</u>
Total Revenues and Other Financing Sources (Uses)	<u>9,800,410</u>	<u>9,800,410</u>	<u>12,136,373</u>	<u>--</u>	<u>12,136,373</u>	<u>2,335,963</u>
Expenditures - Sanitation:						
Sanitation and Waste Removal:						
Salaries, including overtime	1,991,603	1,937,293	1,874,364	--	1,874,364	62,929
Vacation credit payout	40,000	71,450	71,402	--	71,402	48
Operational and administrative	2,463,632	2,537,170	2,459,444	33,304	2,492,748	44,422
Central services cost	500,000	500,000	500,000	--	500,000	--
Capital costs	157,091	175,113	49,738	114,591	164,329	10,784
SRF loan payments	2,485,459	2,476,459	2,196,519	--	2,196,519	279,940
FICA taxes	152,358	152,358	138,608	--	138,608	13,750
Public employees' health fund	139,530	145,641	145,641	--	145,641	--
Workers' compensation	30,001	65,741	65,553	--	65,553	188
Unemployment compensation	10,000	10,000	7	--	7	9,993
Pension contributions	317,697	317,697	299,107	--	299,107	18,590
Other employee benefits	--	--	--	--	--	--
Public employees' other post-employment benefit	441,467	441,467	413,456	--	413,456	28,011
Repair and maintenance reserve	2,033,677	1,967,777	1,272,547	365,271	1,637,818	329,959
Total Expenditures - Sanitation	<u>10,762,515</u>	<u>10,798,166</u>	<u>9,486,386</u>	<u>513,166</u>	<u>9,999,552</u>	<u>798,614</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures (Note C)	\$ <u>(962,105)</u>	\$ <u>(997,756)</u>	2,649,987	\$ <u>(513,166)</u>	\$ <u>2,136,821</u>	\$ <u>3,134,577</u>
Fund Balance - Beginning of Year July 1, 2013			<u>1,691,261</u>			
Fund Balance - End of Year June 30, 2014			\$ <u>4,341,248</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, 2014

	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	\$ 24,000	\$ 24,000	\$ 5,400	\$ --	\$ 5,400	\$ (18,600)
Pro shop	9,600	9,600	22,000	--	22,000	12,400
Range balls	--	--	7,604	--	7,604	7,604
Golf carts	144,000	144,000	143,952	--	143,952	(48)
Other	--	--	6,413	--	6,413	6,413
Charges for Services:						
Green fees and locker fees	1,091,481	1,091,481	946,422	--	946,422	(145,059)
Total Revenues	1,269,081	1,269,081	1,131,791	--	1,131,791	(137,290)
Other Financing Sources:						
Operating transfers from General Fund	1,132,978	1,132,978	1,132,978	--	1,132,978	--
Total Revenues and Other Financing Sources	2,402,059	2,402,059	2,264,769	--	2,264,769	(137,290)
Expenditures - Culture and Recreation:						
Operational and administrative	472,119	465,868	433,843	29,430	463,273	2,595
Salaries and overtime	881,017	887,130	875,742	--	875,742	11,388
Central services cost	130,000	130,000	130,000	--	130,000	--
Equipment	216,181	230,931	165,600	65,262	230,862	69
Debt service payments	196,038	196,038	196,038	--	196,038	--
FICA taxes	67,398	67,398	61,230	--	61,230	6,168
Public employees' health fund	144,392	132,892	112,649	--	112,649	20,243
Workers' compensation	36,001	36,001	3,595	--	3,595	32,406
Unemployment compensation	1,967	1,967	--	--	--	1,967
Public employees' other post-employment benefit	193,824	193,824	191,197	--	191,197	2,627
Pension contributions	139,379	139,379	137,578	--	137,578	1,801
Total Expenditures - Culture and Recreation	2,478,316	2,481,428	2,307,472	94,692	2,402,164	79,264
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)						
	\$ <u>(76,257)</u>	\$ <u>(79,369)</u>	(42,703)	\$ <u>(94,692)</u>	\$ <u>(137,395)</u>	\$ <u>(58,026)</u>
Fund Balance - Beginning of Year July 1, 2013			344,657			
Fund Balance - End of Year June 30, 2014			\$ <u>301,954</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, 2014

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.	126
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	133
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.	140
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.	143
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.	145

COUNTY OF KAUA'I, HAWAI'I
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING) NOTE 1

TABLE 1

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net investment in capital assets	\$ 402,603,394	\$ 431,328,406	\$ 440,721,403	\$ 445,809,943	\$ 454,412,948	\$ 452,246,448	\$ 453,192,782	\$ 457,053,621	\$ 458,554,083 (1)	\$ 454,561,936
Restricted	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	12,063,167
Unrestricted	<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>23,645,923 (1)</u>	<u>9,720,128</u>
Total Governmental Activities Net Position	<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>493,487,776 (1)</u>	<u>476,345,231</u>
Business-type Activities:										
Net investment in capital assets	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	67,976,978
Restricted	222,950	222,950	206,728	209,537	212,528	215,791	347,335	354,625	353,600	351,925
Unrestricted	<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>	<u>8,768,640</u>
Total Business-type Activities Net Position	<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>	<u>77,097,543</u>
Primary Government:										
Net investment in capital assets	437,631,937	469,156,676	480,407,960	486,539,960	499,796,118	501,156,691	510,715,649	517,851,718	520,273,290 (1)	522,538,914
Restricted	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	12,415,092
Unrestricted	<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>32,395,295 (1)</u>	<u>18,488,768</u>
Total Primary Government Activities Net Position	<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>\$ 564,309,955 (1)</u>	<u>\$ 553,442,774</u>

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

Source: Department of Finance

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

TABLE 1A

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities:										
General government	\$ 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	\$ 27,367,278
Public safety	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	55,850,781
Public works	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	12,601,556
Highways and streets	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	22,563,566
Sanitation	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	24,539,377
Culture and recreation	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	13,070,021
Public welfare	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	22,774,863
Unallocated interest	2,451,890	3,208,906	3,891,634	3,793,059	3,533,452	4,235,047	6,183,785	5,029,937	6,516,418 (1)	5,388,788
Total Governmental Activities Expenses	<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>186,689,047</u> (1)	<u>184,156,230</u>
Business-type Activities:										
Housing	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	1,889,266
Sewer	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	8,758,026
Golf	1,802,396	1,777,657	1,900,225	2,243,034	2,547,080	2,175,551	2,078,846	2,221,620	2,262,578	2,345,610
Total Business-type Activities Expenses	<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>	<u>12,992,902</u>
Total Primary Government Expenses	<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>204,752,234</u> (1)	<u>197,149,132</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	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	3,032,176
Public safety	731,235	837,188	769,848	945,431	879,348	1,320,474	955,145	752,086	1,036,661	1,088,528
Public works	--	323,514	--	2,498,430	3,154,590	1,892,223	1,535,271	1,356,060	1,410,220	1,903,747
Highways and streets	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	4,742,390
Sanitation	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	6,500,940
Culture and recreation	130,900	--	--	1,927,764	963,309	3,125,628	1,977,972	691,632	672,755	558,611
Public welfare	215,179	5,031	245,583	358,192	717,163	856,836	1,039,600	1,341,366	1,427,164	1,240,109
Operating grants and contributions	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	23,894,202
Capital grants and contributions	2,414,336	11,093,266	19,512,094	8,236,100	8,234,214	3,475,234	2,246,061	9,325,678	13,937,055	3,730,118
Total Governmental Activities Program Revenues	<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>	<u>46,690,821</u>
Business-type Activities:										
Charges for services:										
Housing	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	1,665,781
Sewer	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	8,401,285
Golf	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	1,131,791
Operating grants and contributions	--	--	--	--	--	--	--	--	--	--
Capital grants and contributions	--	219,627	2,545,047	4,722,536	8,978,609	1,016,676	476,403	6,496,784	5,711,909	5,698,224
Total Business-type Activities Program Revenues	<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>	<u>16,897,081</u>
Total Primary Government Program Revenues	<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>	<u>\$ 63,587,902</u>

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Revenue (Expense):										
Governmental activities	\$ (70,817,930)	\$ (76,163,685)	\$ (73,293,900)	\$ (101,022,391)	\$ (108,871,739)	\$ (104,627,779)	\$ (111,137,145)	\$ (122,718,153)	\$ (133,366,849) (1)	\$ (137,465,409)
Business-type activities	155,019	(502,397)	(585,669)	118,279	1,561,191	(1,966,282)	(1,583,346)	3,871,775	(576,397)	3,904,179
Total Primary Government Net Revenue (Expense):	(70,662,911)	(76,666,082)	(73,879,569)	(100,904,112)	(107,310,548)	(106,594,061)	(112,720,491)	(118,846,378)	(133,943,246) (1)	(133,561,230)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
General Revenues:										
Property taxes	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	93,133,721
Public service company tax	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	4,437,498
Franchise tax	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	4,652,839
Fuel tax	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	4,518,532
Unrestricted grants and contributions	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	14,571,286
Investments earnings	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	1,347,124
Transfers	(461,378)	(540,816)	(575,000)	(740,357)	(1,033,291)	(5,906,954)	(11,407,235)	(4,062,142)	(619,797)	(2,338,126)
Total Governmental Activities General Revenues and Transfers	80,044,668	96,061,602	111,314,890	118,406,838	120,251,413	115,140,898	106,009,877	106,155,246	110,090,349	120,322,874
Business-type Activities:										
General Revenues:										
Unrestricted grants and contributions	--	--	--	--	--	1,005,279	2,000,000	--	14,402	--
Investment earnings	42,528	84,591	130,030	169,778	82,970	29,001	31,378	55,468	--	33,818
Extraordinary items	70,145	364,081	--	--	--	--	--	--	--	--
Transfers	461,378	540,816	575,000	740,357	1,033,291	5,906,954	11,407,235	4,062,142	619,797	2,338,126
Total Business-type Activities General Revenues and Transfers	574,051	989,488	705,030	910,135	1,116,261	6,941,234	13,438,613	4,117,610	634,199	2,371,944
Total Primary Government Program Revenues	80,618,719	97,051,090	112,019,920	119,316,973	121,367,674	122,082,132	119,448,490	110,272,856	110,724,548	122,694,818
Changes in Net Position:										
Governmental activities	9,226,738	19,897,917	38,020,990	17,384,447	11,379,674	10,513,119	(5,127,268)	(16,562,907)	(23,276,500) (1)	(17,142,535)
Business-type activities	729,070	487,091	119,361	1,028,414	2,677,452	4,974,952	11,855,267	7,989,385	57,802	6,276,123
Total Primary Government Changes in Net Position	\$ 9,955,808	\$ 20,385,008	\$ 38,140,351	\$ 18,412,861	\$ 14,057,126	\$ 15,488,071	\$ 6,727,999	\$ (8,573,522)	\$ (23,218,698) (1)	\$ (10,866,412)

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

Source: Department of Finance

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

TABLE 1B

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assets and deferred outflows of resources:										
Governmental activities	\$ 532,279,990	\$ 620,767,798	\$ 650,531,583	\$ 684,752,946	\$ 692,955,754	\$ 753,265,199	\$ 753,176,265	\$ 737,054,972	\$ 723,427,510 (1)	\$ 712,445,231
Business-type activities	54,317,198	55,150,896	59,400,214	59,636,214	67,357,779	74,859,599	86,138,149	91,897,068	94,207,076	99,972,859
Total Assets - Primary Government	<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>817,634,586 (1)</u>	<u>812,418,090</u>
Liabilities and deferred inflows of resources:										
Governmental activities	101,526,582	148,377,218	147,741,388	164,578,304	161,401,438	211,197,764	216,236,098	220,290,696	228,520,422 (1)	236,100,000
Business-type activities	12,812,782	12,430,671	13,941,110	13,148,696	18,192,809	20,719,677	20,142,960	21,132,691	23,384,897	22,875,316
Total Liabilities - Primary Government	<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>251,905,319 (1)</u>	<u>258,975,316</u>
Net Position:										
Net investment in capital assets										
Governmental activities	402,603,394	431,328,406	440,721,403	445,809,943	454,412,948	452,246,448	453,192,782	457,053,621	458,554,083 (1)	454,561,936
Business-type activities	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	67,976,978
Restricted by enabling legislation:										
Governmental activities										
Business-type activities	222,950	222,950	206,728	209,537	212,528	215,791	347,335	354,625	353,600	351,925
Restricted, other:										
Governmental activities										
Business-type activities	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	12,063,167
Unrestricted net position:										
Governmental activities										
Business-type activities	26,122,251	37,746,609	48,648,173	51,559,176	50,751,859	67,639,803	65,401,348	51,887,401	23,645,923 (1)	9,720,128
Business-type activities	6,252,923	4,669,005	5,565,819	5,547,964	3,569,272	5,013,888	8,124,987	9,611,655	8,749,372	8,768,640
Total Net Position - Primary Government	<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>\$ 564,309,955 (1)</u>	<u>\$ 553,442,774</u>

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

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	--	--	--	--	--	--	490,000	490,000	490,000	490,000
Committed	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	8,531,741
Assigned	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	4,104,319
Unassigned	3,544,841	11,579,162	20,790,848	24,335,040	32,844,060	43,098,792	--	15,368,459	12,782,584	18,928,505
Total General Fund	<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>	<u>32,054,565</u>
All Other Governmental Funds:										
Non-spendable	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	1,926,775
Restricted	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	8,530,195
Committed	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	22,075,355
Assigned	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	52,451,430
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<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>	<u>84,983,755</u>
Total Fund Balances (Note 1)	<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>	<u>\$ 117,038,320</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

TABLE 2A

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)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 65,097	\$ 78,675	\$ 90,913	\$ 98,572	\$ 105,140	\$ 102,425	\$ 94,343 (1)	\$ 93,470	\$ 95,035	\$ 107,410
Licenses and permits	6,677	6,780	6,948	7,975	8,253	7,400	6,847	6,778	7,132	7,878
Rents and concessions	688	737	713	727	956	907	916	639	649	488
Interest	1,113	3,354	5,012	5,836	3,009	4,896	2,708	1,379	297	1,347
Intergovernmental revenue	29,975	41,359	49,506	41,291	44,764	37,214	43,780	44,779	46,802	41,126
Charges for current services	3,398	4,110	4,202	4,911	4,424	4,366	5,583	8,591	9,220	9,877
Bond subsidy	--	--	--	--	--	--	971 (2)	1,138	1,138	1,045
Miscellaneous	1,582	1,975	2,934	2,434	766	3,117	1,642	720	3,310	824
Total Revenues	108,530	136,990	160,228	161,746	167,312	160,325	156,790	157,494	163,583	169,995
Expenditures:										
General government	27,680	30,938	35,358	33,461	37,371	26,682	28,285	29,850	32,943	29,342
Public safety	23,547	24,979	27,122	32,894	35,613	43,607	47,547	48,153	49,049	52,225
Public works	5,636	6,990	6,881	9,468	8,727	11,232	16,395	10,454	9,699	10,146
Highways and streets	7,798	12,115	12,298	11,273	15,312	10,089	13,146	11,965	15,037	16,537
Sanitation	8,653	9,458	10,315	9,773	9,834	12,313	11,385	17,928	13,087	13,554
Culture and recreation	4,458	3,471	4,288	7,839	8,223	9,715	9,252	9,852	9,500	11,548
Public welfare	11,798	14,889	16,491	15,637	22,375	19,957	20,192	19,758	22,018	21,980
Capital outlay	6,109	13,625	20,299	17,523	21,342	24,597	18,109	27,733	25,916	22,567
Debt Service:										
Principal	3,850	3,435	4,130	3,230	4,766	4,713	5,824	4,808	4,584	6,642
Interest	2,535	2,538	4,389	3,797	3,597	3,971	5,888	5,575	4,970	5,425
Total Expenditures	102,064	122,438	141,571	144,895	167,160	166,876	176,023	186,076	186,803	189,966
Excess of Revenues										
Over (Under) Expenditures	\$ 6,466	\$ 14,552	\$ 18,657	\$ 16,851	\$ 152	\$ (6,551)	\$ (19,233)	\$ (28,582)	\$ (23,220)	\$ (19,971)
Other Financing Sources (Uses)										
Transfers in	\$ 16,466	\$ 18,927	\$ 24,834	\$ 30,210	\$ 21,085	\$ 29,852	\$ 28,081	\$ 18,570	\$ 28,406	\$ 21,788
Transfers out	(16,927)	(19,468)	(25,409)	(30,951)	(22,118)	(30,675)	(32,327)	(22,631)	(29,026)	(24,122)
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	3,898
Insurance proceeds	--	--	--	--	--	733	413	--	--	--
Claims proceeds	--	--	--	--	--	--	--	764	--	--
Sale of capital assets	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	(461)	38,846	771	(256)	829	61,596	(134)	(2,565)	1,831	1,564
Net Change in Fund Balances	\$ 6,005	\$ 53,398	\$ 19,428	\$ 16,595	\$ 981	\$ 55,045	\$ (19,367)	\$ (31,147)	\$ (21,389)	\$ (18,407)
Debt Service as a Percentage of										
Noncapital Expenditures	6.65%	5.49%	7.02%	5.52%	5.74%	6.10%	7.42%	6.56% (3)	5.94%	7.21%

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
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
2014	29,342,392	52,225,235	10,146,402	16,536,725	13,553,839	11,547,644	21,980,197	22,567,374	12,067,137	189,966,945

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
2005	\$ 55,268,583	\$ (60,777)	\$ 55,207,806	\$ 54,709,028	99.0 %	\$ 498,056	\$ 55,207,084	99.999 %
2006	68,197,925	418,980	68,616,905	67,374,208	98.8	1,241,142	68,615,350	99.998
2007	76,971,763	14,907	76,986,670	75,336,422	97.9	1,585,439	76,921,861	99.916
2008	86,373,611	20,417	86,394,028	84,617,913	98.0	1,704,018	86,321,931	99.917
2009	91,063,419	541,294	91,604,713	88,762,923	97.5	2,740,772	91,503,695	99.890
2010	91,292,733	362,621	91,655,354	89,160,050	97.7	2,379,021	91,539,071	99.873
2011	83,621,720	(491,577)	83,130,143	81,866,842	97.9	1,129,855	82,996,697	99.839
2012	80,337,961	(635,160)	79,702,801	78,588,196	97.8	828,408	79,416,604	99.641
2013	80,013,943	(115,575)	79,898,368	78,429,057	98.0	781,991	79,211,048	99.140
2014	91,842,667	--	91,842,667	90,317,284	98.3	--	90,317,284	98.339

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

Source: Department of Finance

COUNTY OF KAUA‘I, HAWAI‘I
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1-2

TABLE 4

Fiscal Year	Gross Assessed Value (1)			Exemptions	Net Taxable Value	Total Direct Tax Rate	Ratio (%) of Net Taxable to Estimated Actual Value
	Land	Buildings	Total				
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
2014	n/a	n/a	17,868,948	2,068,710	15,800,238	6.04	87.9

Note (1): Personal property is not taxed in the County of Kaua‘i.
Taxable properties are assessed at 100% of estimated fair market value.
Values presented exclude government exemptions.
The total direct tax rate represents the weighted average of all the individual direct rates applied by the County of Kaua‘i.
Valuations have been changed since the June 30, 2009 CAFR was issued.

Note (2): As of fiscal year 2014 the Real Property Tax Division no longer maintains a breakdown between taxable land and taxable building valuations.
(n/a): Indicates that information is not available.

Source: Department of Finance

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

TABLE 5

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
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>
2007	Single Family Residential	\$ 2,867,202	\$4.00	\$ 944,233	\$4.30	\$ 3,811,435
	Homestead	2,431,743	4.00	1,135,329	3.44	3,567,072
	Agriculture	1,489,497	6.95	362,744	4.30	1,852,241
	Conservation	201,369	6.95	23,816	4.30	225,185
	Hotel/resort	399,382	6.95	1,189,674	7.95	1,589,056
	Apartment	417,594	6.95	1,112,398	7.95	1,529,992
	Commercial	529,327	6.95	358,499	7.95	887,826
	Industrial	165,194	6.95	126,377	7.95	291,571
	Total	<u>\$ 8,501,308</u>		<u>\$ 5,253,070</u>		<u>\$ 13,754,378</u>

COUNTY OF KAUA‘I, HAWAI‘I
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2

TABLE 5

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2008	Single Family Residential	\$ 4,158,997	\$4.00	\$ 1,248,938	\$4.30	\$ 5,407,935
	Homestead	3,790,456	4.00	1,548,740	3.44	5,339,196
	Agriculture	2,038,783	6.95	495,648	4.30	2,534,431
	Conservation	245,695	6.95	25,743	4.30	271,438
	Hotel/resort	457,181	6.95	1,540,091	7.95	1,997,272
	Apartment	498,494	6.95	1,539,314	7.95	2,037,808
	Commercial	580,964	6.95	401,520	7.95	982,484
	Industrial	189,235	6.95	139,117	7.95	328,352
	Total	<u>\$ 11,959,805</u>		<u>\$ 6,939,111</u>		<u>\$ 18,898,916</u>
2009*	Single Family Residential	\$ 4,250,036	\$3.95	\$ 1,312,835	\$4.25	\$ 5,562,871
	Homestead	3,553,716	4.00	1,639,610	3.44	5,193,326
	Agriculture	2,030,151	6.90	508,407	4.25	2,538,558
	Conservation	321,264	6.90	25,799	4.25	347,063
	Hotel/resort	526,907	6.90	1,716,803	7.90	2,243,710
	Apartment	512,669	6.90	1,523,212	7.90	2,035,881
	Commercial	620,012	6.90	430,013	7.90	1,050,025
	Industrial	179,825	6.90	140,345	7.90	320,170
	Total	<u>\$ 11,994,580</u>		<u>\$ 7,297,024</u>		<u>\$ 19,291,604</u>
2010	Single Family Residential	\$ 3,983,986	\$3.95	\$ 1,440,943	\$4.25	\$ 5,424,929
	Homestead	3,142,703	4.00	1,665,718	3.44	4,808,421
	Agriculture	1,789,664	6.90	606,715	4.25	2,396,379
	Conservation	282,104	6.90	28,847	4.25	310,951
	Hotel/resort	853,348	6.90	1,548,564	7.90	2,401,912
	Apartment	905,714	6.90	1,264,879	7.90	2,170,593
	Commercial	609,334	6.90	475,418	7.90	1,084,752
	Industrial	185,209	6.90	151,931	7.90	337,140
	Total	<u>\$ 11,752,062</u>		<u>\$ 7,183,015</u>		<u>\$ 18,935,077</u>

COUNTY OF KAUA‘I, HAWAI‘I
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2

TABLE 5

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
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>
2013	Single Family Residential	\$ 2,921,737	\$4.85	\$ 1,595,484	\$4.25	\$ 4,517,221
	Homestead	2,093,573	3.05	1,378,141	3.05	3,471,714
	Agriculture	1,426,037	6.90	717,931	4.25	2,143,968
	Conservation	216,421	6.90	46,109	4.25	262,530
	Hotel/resort	708,705	7.14	1,207,471	8.20	1,916,176
	Apartment	735,925	6.90	948,496	7.90	1,684,421
	Commercial	541,194	6.90	430,905	7.90	972,099
	Industrial	184,873	6.90	158,492	7.90	343,365
	Total	<u>\$ 8,828,465</u>		<u>\$ 6,483,029</u>		<u>\$ 15,311,494</u>

COUNTY OF KAUA‘I, HAWAI‘I
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2

TABLE 5

Fiscal Year	Class of Property	Net Valuation for Tax Rate	Tax Rates Per \$1,000
2014	Residential	\$ 5,247,983	\$5.75
	Vacation Rental	2,410,922	8.00
	Commercial	970,225	8.00
	Industrial	348,850	8.00
	Agriculture	694,360	6.75
	Conservation	93,306	6.75
	Hotel/Resort	2,019,582	9.00
	Homestead	<u>4,015,007</u>	3.05
	Total	<u>\$ 15,800,235</u>	

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

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

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

Source: Department of Finance, Real Property Tax Division

TABLE 6

**COUNTY OF KAUA‘I, HAWAI‘I
COMPARISON OF PRINCIPAL TAXPAYERS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2005 (UNAUDITED)**

FISCAL YEAR 2014

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	\$ 428,308,100	\$ 4,211,507	2.7 %
2	SVO Pacific Inc.	Resort Development	279,716,800	3,034,927	1.7
3	Kawailoa Development	Resort Development	242,871,600	2,455,388	1.5
4	Kaua'i Lagoons / Mori Golf	Resort Development	234,427,100	2,369,180	1.4
5	Kukui'ula Development Co / Kukui'ula Village LLC	Real Estate / Commercial	261,987,000	2,328,102	1.6
6	Princeville Hotel	Resort	108,150,000	1,172,683	0.6
7	Poipu Beach Villas LLC	Real Estate Holdings	120,314,400	1,149,344	0.7
8	Knudsen, Eric Trust (Non-Kiahuna)	Real Estate Holdings	118,193,700	1,077,647	0.7
9	Kukui Grove Center Investment	Commercial Development	111,351,700	940,687	0.7
10	Poipu Resort Partners	Resort Development	82,534,600	891,066	0.5
			<u>\$ 1,987,855,000</u>	<u>\$ 19,630,531</u>	<u>12.1 %</u>

FISCAL YEAR 2005

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Kauai Ownership	Real Estate Development	\$ 359,253,100	\$ 2,403,648	5.5 %
2	Alexander & Baldwin, Inc.	Real Estate Holdings	108,163,300	2,182,754	1.7
3	Princeville Corporation	Resort Development	205,491,900	1,307,161	3.2
4	Kawailoa Development	Resort Development	165,600,000	1,298,370	2.5
5	Grove Farm Company, Inc.	Real Estate Development	181,897,700	1,284,058	2.8
6	Poipu Resort Partnership	Resort Development	147,198,400	1,146,388	2.3
7	Pahio Management Inc.	Resort Development	119,316,400	928,600	1.8
8	Knudsen, Eric A. Trust	Resort Development	75,967,500	539,422	1.2
9	Weinberg Foundation, Inc.	Real Estate Holdings	55,959,900	394,854	0.9
10	Lawai Beach Resort	Real Estate Holdings	45,106,900	349,630	0.7
			<u>\$ 1,463,955,100</u>	<u>\$ 11,834,885</u>	<u>22.6 %</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			
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	5.40	2,075
2013	116,792,135	4,178,948	859,689	--	292,317	20,194,396	142,317,485	n/a	n/a
2014	112,995,000	5,644,489	705,000	--	470,676	19,166,416	138,981,581	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)
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	1,747
2013	116,792,135	859,689	2,744,837	114,906,987	0.75	n/a
2014	112,995,000	705,000	161,837	113,538,163	0.71	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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit (1)	\$ 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	\$ 2,370,035,700
Debt applicable to limit	<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>	<u>112,833,163</u>
Legal debt margin (2)	<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>	<u>\$ 2,257,202,537</u>
Debt applicable to the limit as a percentage of debt limit	2.94%	3.65%	2.98%	2.41%	2.27%	4.19%	4.69%	4.98%	4.96%	4.76%

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 2014	
Net assessed value	<u>\$ 15,800,238,000</u>
Debt limit (15% of net assessed value)	2,370,035,700
Debt applicable to limit	<u>112,833,163</u>
Legal debt margin	<u>\$ 2,257,202,537</u>

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

TABLE 9

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income (3) (millions of dollars)	School Enrollment (4)	Unemployment Rate (5)
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	68,434	38,392	2,627	9,530	7.4
2013	n/a	n/a	n/a	8,839	5.7
2014	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
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	1,300	1,500	4,400	11,200	4,200	2,500	1,400	n/a	4,500
2014	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	
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
2014	1,665,781	1,105,777	560,004	--	--	--	560,004

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, 2014 (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):	1,149
Permanent	742
Temporary	32
Exempt	329
Contract	46
 Area in square miles:	 627
 County facilities and services:	
Miles of streets	309.5
Number of streetlights	2,921
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	199
Number of calls answered	5,689
Number of inspections conducted	2,791
Police protection:	
Number of stations	5
Number of police personnel	199
Number of patrol units	100
Number of police officers	146
Number of law violations:	
Physical arrest	4,260
Traffic violations	19,106
Parking violations	2,279

**COUNTY OF KAUA'I, HAWAI'I
 MISCELLANEOUS STATISTICS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2014 (UNAUDITED)**

TABLE 12

Sewage system:	
Number of treatment plants	4
Number of service connections:	
Residential	4,744
Commercial	557
Daily average treatment in gallons	2,300,000
Maximum daily capacity of treatment plant in gallons	5,500,000
Water system:	
Miles of water mains	443.41
Number of service connections	21,590
Number of fire hydrants	2,778
Annual water consumption in gallons	3.997 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	330
Number of middle schools	3
Number of middle school instructors	135
Number of secondary schools	3
Number of secondary school instructors	202
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, HAWAII
MISCELLANEOUS STATISTICS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2014 (UNAUDITED)

TABLE 12

Building Permits:

<u>Fiscal Year</u>	<u>Number of Permits Issued</u>	<u>Value of Permits</u>
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
2014	2,087	253,496,415

Source: Building Division, County of Kaua'i

**COUNTY OF KAUA'I, HAWAI'I
MISCELLANEOUS STATISTICS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2014 (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>
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	1,114.3	7.6	8.6	23.3
2014	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 KAUAI, HAWAII
PRINCIPAL NON-GOVERNMENT EMPLOYERS
LAST NINE FISCAL YEARS (UNAUDITED) NOTE 1

TABLE 13

Principal Non-Government Employers as of 2013

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

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

Principal Non-Government Employers as of 2012

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

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

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

TABLE 13

151

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

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

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

TABLE 13

Principal Non-Government Employers as of 2009

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUA'I RESORT & SPA	602-ROOM HOTEL	997	4.23%
2	KAUA'I MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	564	2.39%
3	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	529	2.25%
4	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	486	2.06%
5	WAL-MART	DISCOUNT RETAILER	417	1.77%
6	BIG SAVE, INC.	RETAIL GROCER	410	1.74%
7	THE ST. REGIS PRINCEVILLE RESORT	252-ROOM HOTEL	336	1.43%
8	SHERATON KAUA'I RESORT	394-ROOM HOTEL	309	1.31%
9	HILTON KAUA'I BEACH RESORT	350-ROOM HOTEL	250	1.06%
10	NURSEFINDERS OF KAUA'I	HOME CARE AND BEHAVIORAL HEALTH SERVICES	238	1.01%

Source: Pacific Business News, July 31, 2009 Publication
 State of Hawai'i Data Book 2009

Principal Non-Government Employers as of 2008

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

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

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

TABLE 13

Principal Non-Government Employers as of 2007

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

Source: Pacific Business News, July 27, 2007 Publication
 State of Hawaii Data Book 2007

Principal Non-Government Employers as of 2006

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

Source: Pacific Business News, July 28, 2006 Publication
 State of Hawaii Data Book 2006

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

TABLE 13

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 2014 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

155

Full-time Equivalent Employees as of June 30										
Function:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General government	289	272	281	271	278	291	305	318	318	337
Public Safety:										
Police	180	181	172	180	193	184	188	195	195	202
Fire	153	154	163	168	190	183	201	197	197	194
Civil Defense	4	4	4	4	4	4	5	5	5	5
Public works	174	171	187	88	107	98	96	105.5	107.5	109.5
Highways and streets	76	77	76	79	79	79	80	79	76	76
Sanitation	68	69	68	73	75	75	75	73.5	74.5	74.5
Culture and recreation	25	24	25	107	107	103	103.5	109.5	109.5	214.5
Public welfare	76	88	85	85	98	94	102	110	110	113
Total Governmental Activities Employees	<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>	<u>1,325.5</u>
Business-type Activities:										
Housing	26	24	25	26	29	27	28	29	29	27
Sewer	32	35	34	36	35	36	36	36	36	38
Golf	20	20	22	22	22	22	21.5	21.5	21.5	21.5
Total Business-type Employees	<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>	<u>86.5</u>
Total Primary Government Employees	<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>	<u>1,412</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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
Police:										
Physical arrests	5,109	5,109	2,820	2,907	3,315	3,070	4,368	3,579	3,482	4,260
Parking violations	1,997	1,997	1,636	1,799	1,740	1,673	2,031	2,992	2,945	2,279
Traffic violations	9,231	9,231	12,670	12,747	14,112	17,020	20,345	17,672	15,140	19,106
Fire:										
Number of calls answered	4,564	4,630	4,840	5,013	4,669	4,584	4,970	5,363	5,529	5,689
Inspections	2,121	2,517	3,340	3,359	2,696	2,763	2,437	2,175	2,582	2,791
Highways and Streets:										
Street resurfacing (miles)	13.57	11.05	11.00	13.60	17.00	17.50	10.20	0	9.13	8.42
Sanitation:										
Refuse collected (tons/day)	81.2	88.6	95.3	99.4	77.8	63.0 (4)	63.0	63.0	63.0	63.0
Culture and Recreation:										
Athletic field permits issued	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)	6,153 (2)
Community center admissions	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)	108,000 (3)
Water:										
Number of service connections	20,378	19,564	19,825	19,957	20,102	20,490	21,148	21,271	20,976	21,590
Annual water consumption in gallons	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	3,997,000
Wastewater:										
Average daily sewage treatment in gallons	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	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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	116	116	88	88	88	88	90	82	101	100
Fire stations	7	7	7	7	7	7	8	8	8	8
Sanitation:										
Collection trucks	6	7 (1)	9 (1)	9 (1)	8	6	7	7	7	7
Highways and Streets:										
Streets (miles)	306	307	307	307	307	308	308	308	308	309.5
Streetlights	2,697	2,767	2,790	2,797	2,797	2,877	2,902	2,902	2,982	2,921
Traffic signals	2	2	2	3	3	3	3	3	3	3
Culture and Recreation:										
Parks acreage	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04
Parks	67	74	74	74	74	74	74	74	74	74
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)
Community centers	11 (3)	11 (3)	11 (3)	11 (3)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)	14 (4)
Water:										
Water mains (miles)	413	416	420	422	422	439	443	443	443	443
Fire hydrants	2,343	2,406	2,465	2,492	2,517	2,586	2,632	2,654	2,707	2,778
Maximum daily capacity (thousands of gallons)	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	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	4,500,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	4,600,000	5,000,000	5,500,000

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