

# Report to Citizens *Fiscal Year 2010-2011*

*Office of the County Auditor*



## Who we are

The County of Kaua‘i was established in 1905, and is governed by the charter of the County of Kaua‘i, adopted in 1969. The charter provides for an elected, non-partisan mayor, who serves as the head of the executive branch (4-year term, with 2 term limits). The seven-member county council, whose members are elected on a non-partisan, at-large basis (2-year term, with 4 term limits), serves as the legislative branch. The mayor appoints the managing director. Department heads are appointed by the mayor or other appointing authorities specified in the charter, such as boards and commissions or appointments by the county council. The county council approves the budget and establishes all fees, rates, assessments and taxes.

The county consists primarily of the islands of Kaua‘i and Ni‘ihau. The county is the smallest of the four counties in the State of Hawai‘i. It has a land area of approximately 622.44 square miles, and had an estimated resident population of 68,938 in 2011.

## Table of Contents

|  |   |
|--|---|
| <i>Who are we</i>                                    | 1 |
| <i>“What are your visions and goals for Kaua‘i?”</i> | 1 |
| <i>How Are We Doing?</i>                             | 2 |
| <i>Purpose</i>                                       | 2 |
| <i>Selected Demographics</i>                         | 2 |
| <i>Selected Performance Measures</i>                 | 2 |
| <i>Our Finances</i>                                  | 3 |
| <i>Where does the funding come from?</i>             | 3 |
| <i>How is it used?</i>                               | 3 |
| <i>What’s Next? Future Challenges</i>                | 4 |

## “What are your visions and goals for Kaua‘i?”



“As I reflect on the past year, it was a memorable one filled with very important projects for the future of our island—siting a new landfill and resource recovery park, an adolescent drug treatment center, and a 75-acre “green” affordable housing development to mention a few. Fiscally, balancing the budget and providing the needed service during this serious economic times with declining revenues (real property tax) was our biggest challenge and will continue in 2012. Preservation of the counties’ share of the transient accommodation tax will again be a priority at the State Legislature as well as maintaining the federal and state funding revenues to balance our budget. I am privileged to serve the people of Kaua‘i and Ni‘ihau and together with my team will work hard to serve our community with excellence.”

*~Mayor Bernard P. Carvalho, Jr.*



“The past year has been a valuable experience for the Council - both challenging and rewarding. We successfully worked on significant pieces of legislation that greatly impacted our island community. The passage of Ordinance No. 912, relating to Transient Accommodation Units (TAU’s) now establishes a growth rate for development on Kaua‘i. In addition, passage of legislation that created a real property tax exemption for Commercial Alternative Energy Facilities will help Kaua‘i as we plan our County’s energy future. The year ahead will provide the Council with the opportunity to continue to deliver the many services and programs that our community deserves, while planning and evaluating current needs and priorities.”

*~Council Chair Jay Furfaro*

# How are we doing?

## Purpose

Under Kaua'i County Charter section 2.01, county powers must be used to promote the general welfare and the safety, health, peace, good order, comfort and morals of the inhabitants of the County.



## Selected Demographics

|                                      | 2010          | 2011          |
|--------------------------------------|---------------|---------------|
| <b>Population</b>                    | <b>67,091</b> | <b>68,938</b> |
| <b>Unemployment Rate</b>             | <b>8.7%</b>   | <b>8.5%</b>   |
| <b>Total Workforce in Government</b> | <b>4,450</b>  | <b>4,400</b>  |
| <b>Total Labor Force</b>             | <b>28,000</b> | <b>28,150</b> |

## Selected Performance Measures

|   | 2010 Actual      | 2011 Actual      | Increase/ (Decrease)    | % of Increase/ (Decrease) |
|---|------------------|------------------|-------------------------|---------------------------|
| <b>Public Safety - Fire Department, Police Department</b>   |                  |                  |                         |                           |
| <b>Fire Department - Fire Incidents</b>   | 291              | 309              | 18                      | 6.2                       |
| - Average Response Time   | 16:13 min        | 15:02 min        | <1:11> min              | <6.9>                     |
| - EMS Rescue Incidents  | 3522             | 3884             | 362                     | 10.3                      |
| - Average Response Time   | 11:36min         | 9:52 min         | <1:84> min              | <16.2>                    |
| - <b>Total Incidents</b>  | <b>4,584</b>     | <b>5,015</b>     | <b>431</b>              | <b>9.4</b>                |
| - <b>Total Average Response Time</b>  | <b>12.31 min</b> | <b>10.19 min</b> | <b>&lt;2.12&gt; min</b> | <b>&lt;17.2&gt;</b>       |
| <b>Police Department - Total Calls for Police Service</b>   | 35,540           | 37,374           | 1,834                   | 5.2                       |
| - Total Citations   | 18,693           | 22,376           | 3,683                   | 19.7                      |
| - Total Arrests   | 3,859            | 3,288            | <571>                   | <14.8>                    |
| <b>Quality of Life - Parks &amp; Recreation</b>   |                  |                  |                         |                           |
| <b>Parks &amp; Recreation - # of Participants (Leisure Activities, Culture &amp; Arts, Out/Indoor Recreation, Special Programs/Events, Water Safety, Other Pool Activities)</b> |                  |                  |                         |                           |
| - <b>Total</b>  | <b>161,651</b>   | <b>161,646</b>   | <b>&lt;5&gt;</b>        | <b>&lt;.003&gt;</b>       |
| <b># of Rounds - Wailua Golf Course</b>   | 92,200           | 83,856           | <8,344>                 | <9.0>                     |
| <b>Neighborhood Vitality - Public Works</b>   |                  |                  |                         |                           |
| <b>Public Works - Code Enforcement</b>  |                  |                  |                         |                           |
| - Inspections Performed   | 20,193           | 18,332           | <1,861>                 | <9.2>                     |
| - Permits Issued  | 5,818            | 5,679            | <139>                   | 91.9                      |
| <b>Financial Excellence, Sustainability - Finance</b>   |                  |                  |                         |                           |
| Certificate of Achievement for Excellence in Financial Reporting  | Yes              | Yes              | —                       | —                         |
| General Fund Balance  | 58.61 M          | 47.62 M          | <10.99 M>               | <18.8>                    |

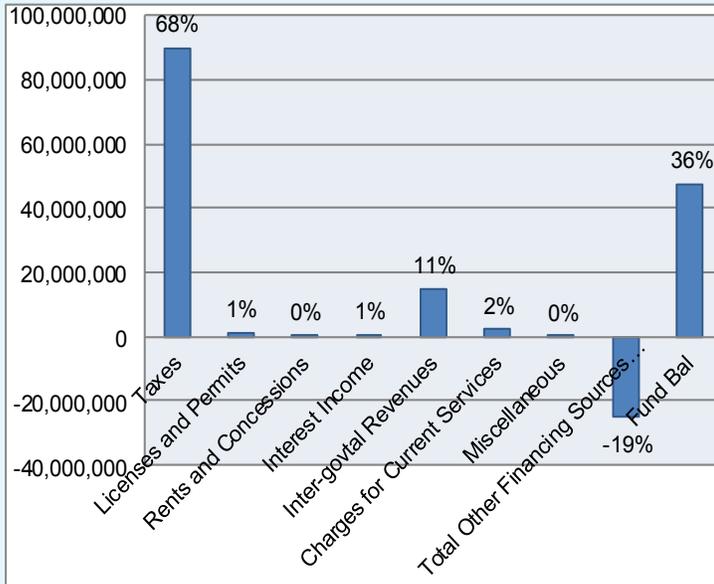
\*Source: Kaua'i County Annual Reports FY2010 and FY2011



# Our Finances

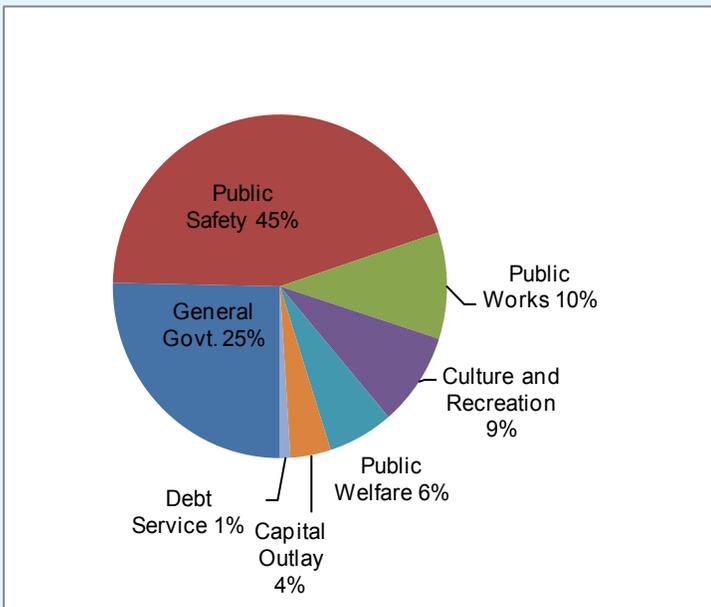
## 2011 Revenues and Expenses

### Where does the funding come from?



| Sources                              | 2010               | 2011               |
|--------------------------------------|--------------------|--------------------|
| Taxes                                | 95,570,765         | 89,890,117         |
| Licenses and Permits                 | 1,557,184          | 1,268,085          |
| Rents and Concessions                | 448,081            | 457,447            |
| Interest Income                      | 4,216,582          | 742,628            |
| Intergovernmental Revenues           | 13,152,231         | 15,041,530         |
| Charges for Current Services         | 1,255,416          | 2,339,003          |
| Miscellaneous                        | 475,797            | 81,271             |
| Total Other Financing Sources (Uses) | -11,214,366        | -24,780,342        |
| Fund Balance                         | 58,613,743         | 47,619,311         |
| <b>Total</b>                         | <b>164,075,433</b> | <b>132,659,050</b> |

### How is it used?



| Category               | 2010              | 2011              |
|------------------------|-------------------|-------------------|
| General Government     | 23,297,082        | 24,463,059        |
| Public Safety          | 39,108,762        | 43,058,238        |
| Public Works           | 10,418,434        | 9,694,774         |
| Culture and Recreation | 8,773,510         | 8,500,279         |
| Public Welfare         | 6,137,460         | 6,109,743         |
| Capital Outlay         | 2,785,075         | 3,778,870         |
| Debt Service           | 282,244           | 970,485           |
| <b>Total</b>           | <b>90,802,567</b> | <b>96,575,448</b> |

The General Fund is the primary operating fund of the County. General Fund expenditures are for Public Safety, General Government, Public Works, Culture and Recreation, Public Welfare, Capital Projects, and Debt Service.

The fund balance in the General Fund of \$47,619,311 reflects a decrease of \$10,994,432, from the previous fiscal year. Other funds, which depend on the General Fund for financial support, were budgeted to end their fiscal year with operating losses. However, such funds ended their operations with lesser losses. Solid Waste's budgeted loss was \$3,822,000 less than budget. Sewer's budgeted loss was \$1,814,000 less than budget. Golf's net loss, however, was \$70,000 greater than budget. When compared to budget, the transfers from the General Fund to these Funds were greater than the budgeted amounts: Solid Waste, \$708,000; Sewer, \$3,016,000; Golf, \$640,000; and General CIP, \$2,041,000; for a total of \$6,405,000.

# What's Next

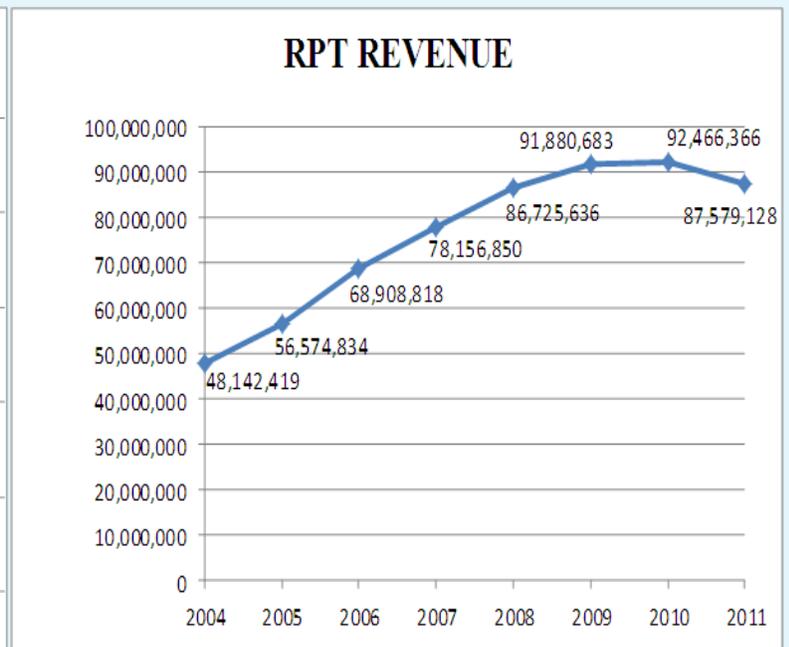
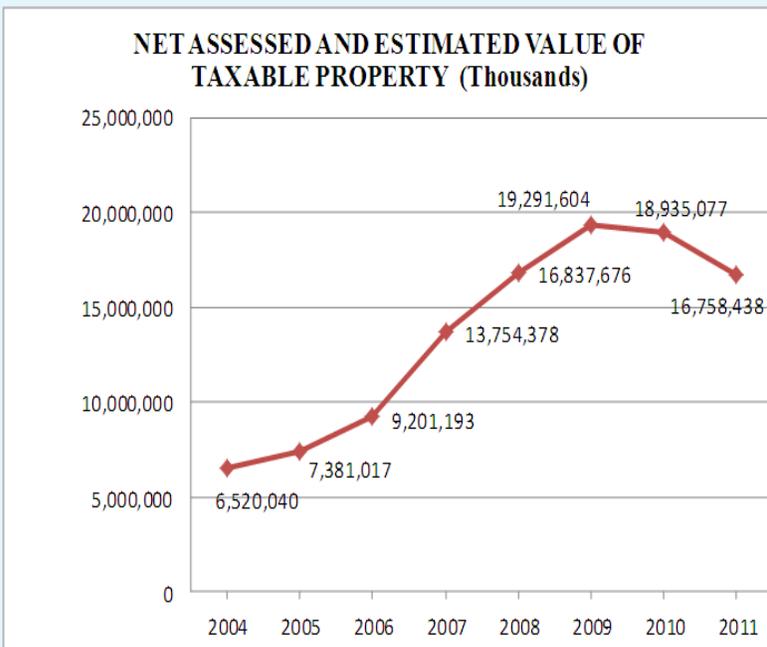
## Future Challenges



A serious economic concern is the continued decline in real property values, which results in decreased real property tax revenues. Real property taxes, the primary source of General Fund revenues, represented 79 percent of General Fund total revenues. Housing Predictor, a real estate public interest publication, reported in its December 30, 2011 issue that Kaua'i housing prices are projected to drop by 7.6 percent.

Another concern is the County's reliance on the state legislature's allocation of the Transient Accommodation Tax (TAT). The County's share of the TAT in 2011 was the second largest source of General Fund revenues, accounting for 13.6 percent of General Fund revenues.

A challenge for the county is that specially funded operations that continue to require substantial infusion of General Fund support are far from self-sufficiency.



Source: Comprehensive Annual Financial Report (CAFR) 2010 (Table 1A, 4)

## We want to hear from you.

Do you like this report? Was this report helpful to you? Do you believe it should include any other information? Please let us know by contacting [auditor@kauai.gov](mailto:auditor@kauai.gov) and refer to our website at [www.kauai.gov/auditor](http://www.kauai.gov/auditor) for complete information.

## Independent Audit

Independent audits of the County's finances were conducted, resulting in clean opinions. Complete financial information from the Comprehensive Annual Financial Report (CAFR) and the County budget can be found on the Finance Department's website at [www.kauai.gov](http://www.kauai.gov).



Photos courtesy of Art Umezu, Film Commissioner, Office of Economic Development