

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

COUNTY OF KAUA'I, HAWAI'I



Bernard P. Carvalho, Jr.
Mayor

Wallace G. Rezentes, Jr.
Director of Finance

Prepared by:
The Department of Finance

COUNTY OF KAUAI, HAWAII
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

Bernard P. Carvalho, Jr.
Mayor

Gary K. Heu
Managing Director



Wallace G. Rezendes, Jr.
Director of Finance

Sally A. Motta
Deputy Director of Finance

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Department of Finance
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December 15, 2010

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

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

The Department of Finance is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Kauai (County), State of Hawaii for the fiscal year July 1, 2009 to June 30, 2010.

Responsibility for both the accuracy of the data and the completeness and fairness of the information presented, including all disclosures, rests with the Department of Finance. It is believed that the data presented is accurate in all material respects and that it is provided in a manner designed to fairly set forth the financial position and results of operations of the County. All disclosures necessary to gain a maximum understanding of the County's financial affairs 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. It is also the responsibility of the Department of Finance to compile adequate accounting data to allow for the accurate preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

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

This report includes all funds of the County, including its component unit, the Department of Water (Department), established by the County Charter as a semi-autonomous body of the County government. This component unit is included in the County's reporting entity for fair presentation of the basic financial statements and to be in conformity with GAAP. The Board of Water Supply is appointed by the Mayor and is accountable for the activities of the Department. It would be potentially misleading if omitted in the County's financial reports because of its existing debt issuance, common employee benefits, and other fiscal dependence.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal 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 64,600 residents. The island of Kaua'i has an area of 549 square miles square miles and approximately 137 miles of coastline. Ni'ihau is a privately owned island encompassing approximately 70 square miles and is inhabited primarily by native Hawaiians who work on the Robinson Family ranch. Owners of the island grant limited access to the general public. Kaua'i is the smallest in size and population and operating budget among the State's four counties. The County's largest industry has been 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. In its most recent election, Bernard P. Carvalho, Jr. was re-elected to serve a four-year term starting in December 2010. The legislative branch is the County Council which is composed of seven members who shall be 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 tax revenue sources of the County are real property tax, public service company tax, fuel tax, franchise tax, and motor vehicle weight tax. Other revenue sources include transient accommodations tax, Federal and State grants, construction fees, development and impact fees, and golf and wastewater user fees. There are no personal taxes levied by the County.

Economic Conditions and Outlook

Kaua'i's economy suffered a severe recession since the early 2008 deep global downturn. The 2009 decline in non-farm payroll jobs of 8.1% was the largest among counties. 2009 also saw Kaua'i's seasonally adjusted unemployment rate surpassed 9% in March, then increased and hovered around 9.5% during the middle of the year. Since that time, Kaua'i's unemployment has eased down to 8.5% as of October 2010.

We are cautiously optimistic that Kaua'i's economy is rebounding, but recovery will be slow and gradual over a 3-5 year period.

Tourism

Kaua'i is dominated by tourism and is its main "economic engine". Kaua'i had one of the largest increases in visitor arrivals during the 2003-2007 time period. In 2009, total visitor arrivals fell 9.6%, and was the largest decline among the four counties. Kaua'i's decline started in early 2008 before the fall of Aloha and ATA airlines, and accelerated when the U.S. recession hit and fewer Americans traveled in late 2008 and early 2009. Largely dependent on U.S. visitors, it accounts for 85% of Kaua'i's visitor count.

Since that time, Kaua'i's visitor arrivals have steadily improved due to several factors. The County of Kaua'i, in partnership with the Kaua'i Visitors Bureau implemented a Visitor Stimulus Plan in early 2009 to stem the tide of declines mentioned previously. \$1 million was approved by the County Administration and County Council to implement an aggressive marketing plan that included top producing wholesale tour operators and online travel agents such as Expedia, Orbitz and Travelocity. The marketing campaign also addressed the "kama'aina" and military segments, as well as sales blitzes in cities like Los Angeles, San Francisco, Seattle and Vancouver, British Columbia.

Latest reports from the State of Hawai'i DEBDT and Hawai'i Tourism Authority reflect Kaua'i's Visitor Arrival increases where the month of October reflected a 7.9% increase over October 2009, and an overall increase of 3.1% year to date from last year. Overall visitor spending and spending per person per day (PPPD) increased in October by 29.4% and 17.3% respectively, and year to date compared to last year where overall spending was up by 12.5% and PPPD by 7.5%.

Film

Like the other industries on Kaua'i, major motion productions were also affected by the global economic downturn during 2008 and 2009. In 2007, Dreamworks' "Tropic Thunder", directed and starring Ben Stiller, Robert Downey Jr. and Jack Black spent nearly 10 months on Kaua'i scouting, prepping, filming and breaking down, infusing close to \$63 million into Kaua'i's economy, the most ever spent by a Hollywood studio on Kaua'i.

Kaua'i's film industry had a banner year in 2010 with three Hollywood movies produced in just the first seven months of the year. These film productions were scheduled back to back, starting in February and ending in August this year. The beginning of the year started with the movie, *Descendants*. One of the rare moments where Kaua'i will, in fact, be Kaua'i in the film. Having doubled for many other locations in the world, the Phillipines, Cambodia, Vietnam, Venuzuela, etc., this will be one of the rare moments where Kaua'i will be playing herself. Kaua'i then welcomed Adam Sandler's *Just Go With It* starring Adam Sandler and Jennifer Aniston, and then the summer welcomed Jerry Bruckheimer's *Pirates of the Caribbean: On Stranger Tides* starring Johnny Depp and Penelope Cruz.

An estimated \$64 million from not only the three major film productions mentioned previously, but also the movie "Soul Surfer" about Kaua'i's own Bethany Hamilton, and an Armani commercial that filmed for a few days that contributed a million dollars.

Lodging for cast and crew of these films contributed the lion's share of the \$64 million. The St. Regis Princeville, Westin Princeville, Waipouli Beach Resort, Aston Kaua'i Beach Resort at Makaiwa, Best Western Plantation Hale, Kaua'i Marriott, Grand Hyatt Kaua'i and selected vacation rentals were temporary homes to stars and staff. This influx and demand helped the visitor industry recover from a 30% drop in occupancy a year prior. Hundreds of jobs were either maintained or restored because of these productions.

Many locations were filmed on private estates and these owners also kept their employees on payroll from temporary leases.

Restaurants, grocery stores and other small businesses not only enjoyed the economic boost, but also the notoriety that came with hosting Hollywood celebrities. Although the film companies brought their own caterers from California, most, if not all of the food prepared was purchased from Kaua'i's markets.

Kaua'i's talented workforce of carpenters, plumbers, heavy equipment operators, contractors, security personnel and others received gainful employment between these film productions.

Kaua'i residents hired as extras for these films helped bring the reach of the film production even further this year, especially on the Pirates of the Caribbean movie.

Real Estate and Construction

Large decreases in home prices and even larger declines in resale volume have caused developers to cut back on plans to add more housing inventory to a slow market. The median single family home price fell to just under \$470,000 in 2009, about 31% lower than the peak in 2006. The median condo price reached a high of \$574,000 in 2007, only to fall 47.5% to \$313,875 in 2009. Resales volume, of which, 2008 fell to its lowest level since the late 1990's, remained low in 2009, and continues through 2010.

Residential construction which began its decline in 2008, also continues to slide. Residential permits that saw an annual increase of 3.1% in 2007 and 2008, experienced a severe drop (as much as 74% in the fourth quarter) in 2009. The value of residential permits issued declined more than 21% to its lowest level since 2004.

The non-residential construction slowdown was not only reflected in resort-related development, but also several commercial projects. The construction of a 56,000 square foot Safeway, one of the anchor tenants of the new Hokulei Shopping Center projected for completion in 2010 has been delayed until 2011. The same can be said for the controversial Shops at the Koloa project, is also looking at a 2011-12 timeframe.

Government capital improvement projects, some of which are backed with ARRA funds from the Federal government will help to offset the private sector decline. In May 2010, the Governor's CIP website reported that 30% of the value of Kaua'i's projects were underway and almost 20% of the statewide average. Much needed construction jobs and important improvements to public services and infrastructure were realized in the \$30 million Wailua Cane Haul Bridge widening, \$4.7 million Kaiakea Fire Station outside of Kapa'a Town, and the \$17 million Waimea Wastewater Treatment Plant Expansion.

Agriculture / Energy

Agriculture and agriculture processing provided more than 25% of jobs on Kaua'i in the early 1970's, and have declined dramatically during the last three decades to where agriculture comprises only 4% of the jobs.

The seed corn industry has helped to bolster the agriculture landscape by increasing their leased land holdings throughout the island and providing job opportunities for West Kaua'i. Kaua'i's rich soil and excellent growing conditions are now home to companies like Syngenta, Pioneer, BASF and Dow Agrosience.

There is also further reason for optimism as Kaua'i transitions its agricultural assets to energy-focused projects. Although they are in the planning stages, some of these projects will help Kaua'i to become less dependent on importing fossil fuels for electricity generation, provide much need jobs to replace those lost from sugar plantation closings, and diversify the economy.

In April 2010, Grove Farm announced it plans to develop some of its former sugar lands into mixed-use residential projects near the Lihue Airport. These plans also include conservation and energy design elements intended to qualify for the U.S. Green Building Council's LEED certification. Although construction is at least 2 years away, it will add 300-500 jobs in Kauai's economy.

Pacific Light & Power is also planning to construct a \$70 million concentrated solar project on 100 acres of former sugar plantation lands in Kekaha.

Major Initiatives and Achievements

Of the 32,870 total taxable parcels, 10,561 parcels qualified for the tax relief programs in fiscal year 2010. The County continued to provide tax relief to its citizens by extending the “Circuit Breaker”, “Personal Home Use Exemption (PHU)”, and the long term affordable lease credits. These programs provided tax credits totaling \$9.9 million in fiscal year 2010 as compared to \$12.8 million in fiscal year 2009. 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.

During fiscal year 2010, the County’s \$113.8 million capital improvement budget helped stimulate the economy. The County’s capital improvement projects that are in progress or completed during the year include Kaiakea Fire Station, the renovation of the Historic County Building Annex, the island-wide ADA sidewalk improvement project, and the island-wide road resurfacing program.

Also, \$13.9 million in Federal Stimulus ARRA funding was approved by County Council for new construction projects including Waimea Wastewater Treatment Plant, Līhu'e Pipeline Replacement , Kapa'a bike path expansion, and Keālia Fire Station photovoltaic power system.

The Department of Public Works has administered the sewer credit relief for qualified low-income residential users for the sixth consecutive year. A total of 8,681 credits at \$20.00 per month were issued to eligible residential users that amounted to \$173,620 savings to households in fiscal year 2010. The General fund subsidized the sewer relief program.

The County early adopted GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 has provided a more structured classification of fund balances bound by constraints on resources reported in the funds. This approach is intended to provide users more consistent and understandable information about a fund’s net resources. The County also determined that all funds were properly classified and consistent with the new definitions.

Long-term Financial Planning

On March 24, 2010, the County issued \$60.0 million in General Obligation Bonds (2010A Series Bonds) to fund various capital improvement projects. The balance at June 30, 2010 was \$76.9 million. The following major projects have been appropriated, most of which are in various stages of procurement or construction:

- Park/Open Space land acquisition
- Lighting retrofits installation
- Drug treatment center
- Island-wide SCADA system
- County-wide storage facility
- Affordable housing programs
- New Kapa'a fire station
- Landfill site acquisition
- Kekaha landfill expansion
- Waimea Wastewater Treatment Plant Improvements

The County continues its goal to maintain a strong fund balance surplus and reduce expenditures to offset anticipated decreases in real property tax collections and declining economic environment.

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 Kaua'i County Council.

The County Charter requires that the annual operating budget ordinance be balanced. Financial reports (Detail Budget Reports) are presented 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.

Cash Management

County investment is limited to State statute and conservative county investment policy. Due to additional amounts invested, investment earnings increased \$2.1 million as compared to previous year. County funds are distributed in local banks. Temporarily idle cash available for investment for all funds averaged \$201.7 million for the fiscal year that provided an average weighted yield of 1.5%. All investments are fully collateralized and covered by FDIC insurance, within applicable limits. Investments are in time certificates deposits (TCD's), U.S. Government Sponsored Entities and bank repurchase agreements (REPO's). The County's portfolio also included accounts with Multi-Bank Securities, Inc., Capital Securities of America (TDI), Merrill Lynch, and UBS Financial Services, Inc.

Risk Management and Insurance

The County continues to follow a multi-faceted disciplined approach to its risk management and insurance program. The approach includes risk identification and assessment, risk assumption, risk transfer and risk control. The insurance premiums remained unchanged as compared to the prior year. The County continues to follow the strategy of self-insuring the retention amounts while purchasing excess insurance layers to protect the County from catastrophic losses. The County does not carry collision coverage for its vehicles. The property insurance covers windstorm, flood and earthquake damages and/or expenses arising out of any on occurrence less the retention amounts. The County maintains excess liability and excess workers' compensation insurance for all its employees including the volunteers.

Workers' Compensation medical and temporary disability cost processed for the fiscal year ending June 30, 2010 decreased by 3.5% as compared to the previous fiscal year. The County continues to reduce costs by assigning employees to modified or light duty work assignments. This practice has provided significant cost savings. Risk Management also instituted various loss control measures to identify, analyze and account for losses within each respective Departments/Divisions. Measures such as, making the respective Departments accountable for their employees' safety training programs, streamlining claims reporting procedures, and the participation in the quarterly claims review process helped in reducing the annual cost.

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: Four years effective July 1, 2007 to June 30, 2011:

- 5% each fiscal year increase across the board for Bargaining Unit 11, Hawai'i Fire Fighters Association (HFFA).
- 6% each fiscal year increase across the board for Bargaining Unit 12, State of Hawai'i Organization of Police Officers (SHOPO).

Clerical and professional: Two years effective July 1, 2007 to June 30, 2009:

- 4% each year increase across the board and continue step movements for Bargaining Units 2, 3, 4, and 13, Hawai'i Government Employees Association (HGEA). For fiscal years July 1, 2009 to June 30, 2011, no increases for all units and furloughs up to eighteen (18) days for the first year and up to twenty-four (24) days the second fiscal year.

Utility and janitorial: Two years effective July 1, 2007 to June 30, 2009:

- 4% each year increase across the board for Bargaining Unit 1, United Public Works (UPW). For fiscal years July 1, 2009 to June 30, 2011, no increases and furloughs up to thirteen (13) days for the first year and up to twenty-four (24) days the second fiscal year.

Independent Audit

The County Charter requires an annual financial audit by licensed and independent certified public accountants. The basic financial statements in this report have been audited by RC Holsinger Associates, Certified Public Accountants. 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 accountants on the internal controls and compliance with all applicable laws and regulations are included in a separate report and has been audited by RC Holsinger Associates.

By contract the auditor must express an opinion on the fair presentation of the County's basic financial statements in conformity with accounting principles generally accepted in the United States of America and in accordance with auditing standards as set by the American Institute of Certified Public Accountants and the General Accounting Office. The Management's Discussion and Analysis is subjected to limited auditing procedures but is not included in the auditor's opinion. The supplemental and other supporting schedules are also presented for additional analysis and are subjected to certain limited auditing procedures and an "in relation to" audit coverage. The introductory and statistical section of the CAFR are unaudited which is explicitly stated in the audit opinion.

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, 2009. 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.

This award is valid for a one year period only. We believe our current CAFR continues to meet the requirements and we are submitting it to the GFOA to determine its eligibility of another certificate. The County has received this award for the thirteenth consecutive year.

Acknowledgments

The preparation of the comprehensive annual financial report on a timely basis was made possible by the efficient and dedicated services of the entire staff of the Department of Finance and fiscal personnel in other County departments. We also want to thank the Mayor and the County Council for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Wallace G. Rezentes, Jr.
Director of Finance

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



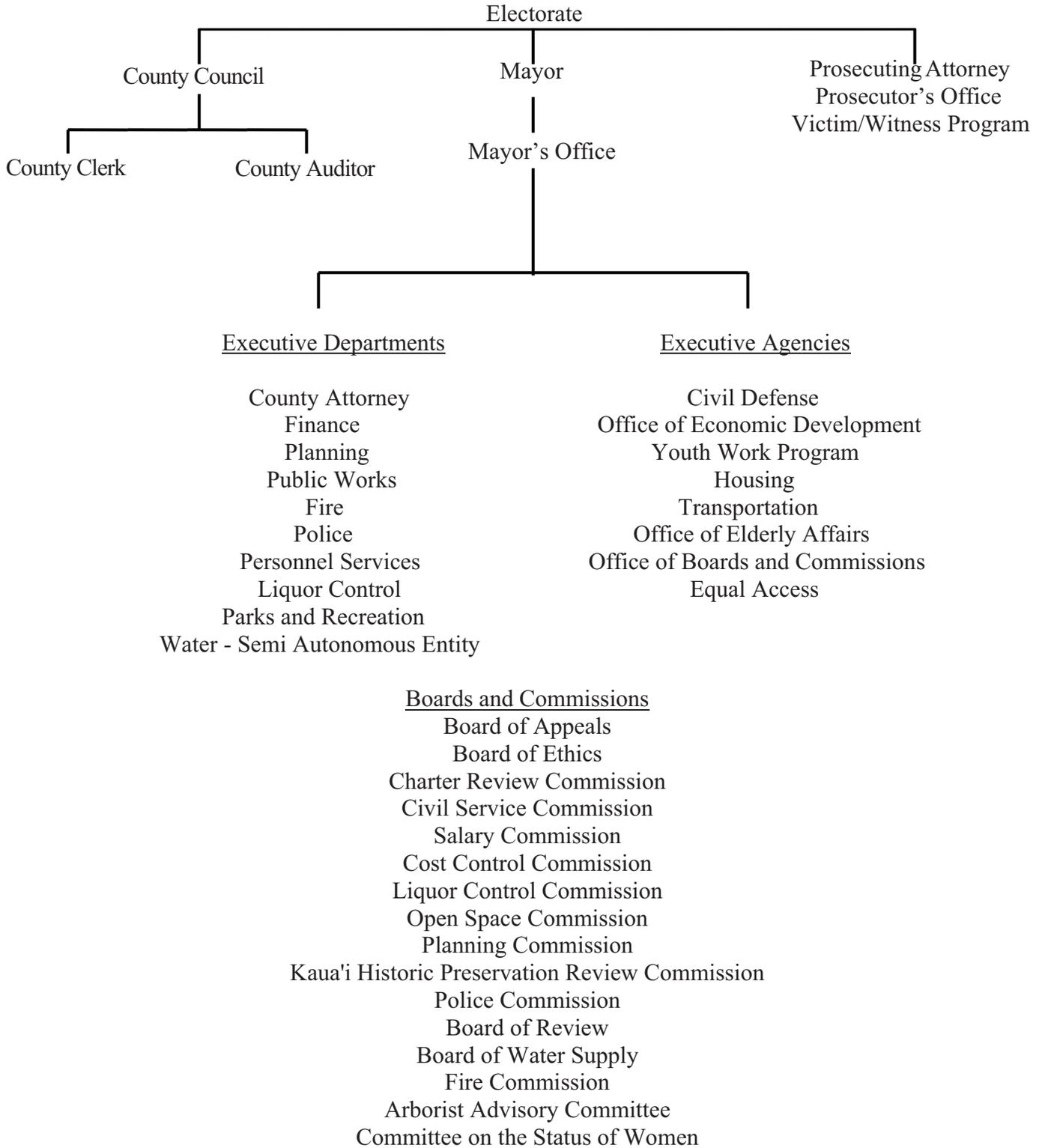
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

County of Kaua'i Organization Chart



County of Kaua'i
Principal Elected Officials
2009 - 2010 Term

County Council Members

William K. Asing	Chair
Jay Furfaro	Vice-Chair
Tim Bynum	Member
Dickie Chang	Member
Daryl Kaneshiro	Member
Lani Kawahara	Member
Derek Kawakami	Member

Mayor

Bernard P. Carvalho, Jr.

Prosecuting Attorney

Shaylene Iseri-Carvalho

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison, and the aggregate remaining fund information of the County of Kaua'i, Hawai'i (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. 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 represents 100 percent of the component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amount included for the Department of Water, is based on the report of the other auditor.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 of the County of Kaua'i, Hawai'i, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis, Combining and Individual Fund Financial Statements and Schedules, and budgetary comparison information on pages 13 through 23 and 88 through 107 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

RC HOLSINGER ASSOCIATES, P.C.

RC Holsinger Associates, P.C.

Honolulu, Hawai'i
December 15, 2010

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

The management of the County of Kauai (the County) offers to readers a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2010. 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 County received \$13.9 million in grant funding with the passage of the American Recovery and Reinvestment Act of 2009 (ARRA). In the current year, 100% of all ARRA grants that had expenditures were audited and included in the OMB A-133 Single Audit Report for the fiscal year ended June 30, 2010.
- On March 24, 2010, the County issued \$60.0 million in General Obligation Bonds (2010A Series Bonds) to fund various capital improvement projects. The County has elected to treat the 2010A Series Bonds as "Build America Bonds (BABs)" and "Recovery Zone Economic Development Bonds (RZEDB)" totaling \$47.8 million and \$12.2 million, respectively. Pursuant to ARRA, the County will receive a "refundable tax credit" that subsidizes the interest paid on these bonds from the federal government equal to 35% for BABs and 45% for RZEDB.
- The assets of the **governmental activities** exceeded its liabilities at the close of the fiscal year by \$542.1 million in its government-wide financial statements, an increase of \$10.5 million from the prior year. Unrestricted net assets increased by \$16.8 million from the prior year and ended at \$67.6 million. Unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors. The changes in governmental activities were from:
 1. Expenses totaling \$147.2 million, a decrease of \$7.7 million or 4.9% from the prior year.
 2. Program revenues totaling \$42.6 million, a decrease of \$3.4 million or 7.4% from the prior year.
 3. General revenues and transfers totaling \$115.1 million, a decrease of \$5.2 million or 4.3% from the prior year.
 4. Assets, including capital assets, increased by \$60.3 million.
- The assets of the **business-type activities** exceeded its liabilities at the close of the fiscal year by \$54.1 million in its government-wide financial statements, an increase of \$4.9 million from the prior year. Unrestricted net assets increased by \$1.4 million. The business-type activity recorded in the government-wide financial statements is 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 from:
 1. Expenses totaling \$12.7 million, a decrease of \$3.5 million or 21.6% from the prior year.
 2. Program revenues totaling \$10.7 million, a decrease of \$7.1 million or 39.9% from the prior year.
 3. General revenues and transfers totaling \$6.9 million, a decrease of \$5.8 million.
 4. Assets, including capital assets, increased by \$7.5 million.

As of the close of the fiscal year, the County's **governmental fund** financial statements reported combined ending fund balances of \$207.4 million or a 36.2% increase from the prior year. The County early adopted GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2009, and the changes are reflected in the Fund financial statements and all supporting schedules including this Management Discussion and Analysis (MD&A).

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2010

- The County's ending **General Fund** balance consisted of \$6.6 million in committed fund balance, \$19.1 million in assigned fund balance and \$43.1 million in unassigned fund balance. General Fund balance at June 30, 2010 totaled \$68.8 million, an increase of \$14.7 million from the prior year. The unassigned fund balance increased by \$10.3 million or 31.4 % from the prior year, and is available for spending at the County's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The Management Discussion and Analysis is intended to serve 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 Assets 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 assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus 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).

Both of the government-wide financial statements distinguish functions of the County that are principally 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, Public Welfare, and Cultural and Recreational expenses. The business-type activities of the County include the Public Housing Fund, the Sewer Fund, and the Golf Fund.

The government-wide financial statements include the governmental activities and business-type activities of the County (known as the primary government) and the Department of Water Supply (Department), which is a semi-autonomous entity, and is reported separately from the primary government as a discreetly 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
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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 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. The fund financial statements follow the government-wide financial statements in the Comprehensive Annual Financial Report (CAFR).

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. Both 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 Projects 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, Bond Fund, Federal Grants Fund, Grants CIP Fund, General CIP Fund, and Solid Waste Disposal Fund are considered major funds. Data from the other 17 non-major governmental funds are combined into a single, aggregated presentation as Other Governmental Funds. Budgetary comparisons have been provided for the General 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 which the County operates that are similar to a business-type activity are reported in proprietary funds. These proprietary funds provide the same type of financial information (long and short term) as the government-wide business-type activity financial statements, only in more detail. The County's major enterprise funds include the Public Housing Fund, the Sewer Fund and the Golf Fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
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Other Required Supplementary Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Combining Statement of Non-major Governmental Funds, the Combining Statement of Changes in Assets and Liabilities for Agency Funds, and the budgetary comparison schedules for legally adopted annual budgets of non-major funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

By far the largest portion of the County's net assets is its investment in capital assets, net of related debt, at \$452.2 million or 83% of net assets. These net assets are categorized separately along with restricted net assets because they are not available for future spending.

The County's restricted net assets category represents 4% of the net assets. These restrictions of net assets 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 assets and the two categories just discussed (invested in capital assets, net of related debt and restricted net assets) is the unrestricted net assets, totaling \$67.6 million or 13% of net assets.

The following tables summarize the County's government-wide financial statements as of June 30, 2010 with comparison to fiscal year 2009.

Summary Statement of Net Assets (condensed)
(Amounts in millions)

	<u>Governmental</u>		<u>Business-type Activities</u>		<u>Total Primary</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>Government</u>	<u>2009</u>
Current and other assets	\$ 249.14	\$ 199.28	\$ 6.76	\$ 5.91	\$ 255.90	\$ 205.19
Capital assets	<u>504.12</u>	<u>493.67</u>	<u>68.10</u>	<u>61.45</u>	<u>572.22</u>	<u>555.12</u>
Total Assets	<u>753.26</u>	<u>692.95</u>	<u>74.86</u>	<u>67.36</u>	<u>828.12</u>	<u>760.31</u>
Non-current liabilities	170.25	115.40	19.70	16.56	189.95	131.96
Other liabilities	<u>40.95</u>	<u>46.00</u>	<u>1.02</u>	<u>1.63</u>	<u>41.97</u>	<u>47.63</u>
Total Liabilities	211.20	161.40	20.72	18.19	231.92	179.59
Net assets:						
Invested in capital assets, net of related debt	452.24	454.41	48.91	45.38	501.15	499.79
Restricted	22.18	26.39	.22	.21	22.40	26.60
Unrestricted	<u>67.64</u>	<u>50.75</u>	<u>5.01</u>	<u>3.57</u>	<u>72.65</u>	<u>54.32</u>
Total Net Assets	<u>\$ 542.06</u>	<u>\$ 531.55</u>	<u>\$ 54.14</u>	<u>\$ 49.16</u>	<u>\$ 596.20</u>	<u>\$ 580.71</u>

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2010

The following is a summary of Statement of Activities for the fiscal years ended June 30, 2010 and 2009:

Summary Statement of Activities
(Amounts in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 16.21	\$ 14.91	\$ 9.67	\$ 8.82	\$ 25.88	\$ 23.73
Operating grants and contributions	22.90	22.84	-	-	22.90	22.84
Capital grants and contributions	3.48	8.23	1.01	8.98	4.49	17.21
General revenues:						
Property taxes	92.47	91.88	-	-	92.47	91.88
Other taxes	10.95	13.22	-	-	10.95	13.22
Other	17.63	16.18	1.03	.08	18.66	16.26
Total Revenues	<u>163.64</u>	<u>167.26</u>	<u>11.71</u>	<u>17.88</u>	<u>175.35</u>	<u>185.14</u>
Expenses:						
General government	24.42	38.34	-	-	24.42	38.34
Public safety	46.19	38.18	-	-	46.19	38.18
Public works	12.99	10.34	-	-	12.99	10.34
Highways and streets	16.39	21.53	-	-	16.39	21.53
Sanitation	13.54	11.12	-	-	13.54	11.12
Culture and recreation	9.75	9.03	-	-	9.75	9.03
Public welfare	19.69	22.79	-	-	19.69	22.79
Interest on long-term debt	4.24	3.53	-	-	4.24	3.53
Housing programs	-	-	2.36	1.81	2.36	1.81
Sewer	-	-	8.11	11.88	8.11	11.88
Golf	-	-	2.18	2.54	2.18	2.54
Total Expenses	<u>147.21</u>	<u>154.86</u>	<u>12.65</u>	<u>16.23</u>	<u>159.86</u>	<u>171.09</u>
Increase (Decrease) before transfers	16.43	12.40	(.94)	1.65	15.49	14.05
Transfers	(5.92)	(1.02)	5.92	1.02	-	-
Change in net assets	10.51	11.38	4.98	2.67	15.49	14.05
Net Assets - Beginning	<u>531.55</u>	<u>520.17</u>	<u>49.16</u>	<u>46.49</u>	<u>580.71</u>	<u>566.66</u>
Net Assets - Ending	<u>\$ 542.06</u>	<u>\$ 531.55</u>	<u>\$ 54.14</u>	<u>\$ 49.16</u>	<u>\$ 596.20</u>	<u>\$ 580.71</u>

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
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The increase in County's real property taxes billed (revenues on full accrual basis) by \$0.6 million was the net result of the adjustments to its escrow account, refunds and overpayments triggered by the settlement of majority of tax appeal cases, omitted buildings and other clerical adjustments. Fiscal year 2010 net taxable values decreased by \$444.3 million, primarily due decreases in assessed and estimated real property values; a result of the declining market. The reduction in property values in fiscal year 2010 also resulted in a decrease to our tax relief programs by \$2.9 million. Real property tax rates were unchanged for all property classifications for the fiscal year ended June 30, 2010. There were approximately 472 new parcels recorded for fiscal year 2010. The County continued to provide tax relief to its citizens by extending the "Circuit Breaker," the "Personal Home Use Exemption (PHU)" and the Long Term Affordable Lease credits that resulted in \$9.9 million in credits and ended with \$92.5 million in real property tax revenues recorded in the Statement of Activities. Capital Grants and Contributions decreased by \$4.8 million, primarily due to a decrease in federal grant projects in the current year and the completion of Kilauea bridge (\$5.2 million) in 2009.

A large increase in expenses 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. The GASB 45 Accounting Pronouncement has allowed the County to amortize the unfunded accrued OPEB liability (\$135.7 million) as of July 1, 2009 over a 30 year closed period. The County early adopted GASB Statement 45 in fiscal year 2008 and has continued to pay the annual required contribution (ARC) as calculated by the actuary contracted by the statewide multi-employer trust agent (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 that amounted to \$23.4 million for fiscal years 2009 and 2010. The OPEB obligation for the County is estimated to be fully funded according to GASB 45 reporting purposes.

ANALYSIS OF GOVERNMENTAL FUNDS

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

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
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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 early-implemented 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. The unassigned General Fund balance of \$43.1 million may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year after assigning the amount needed for fiscal year 2011. The following table summarizes the changes in fund balances for the County's governmental funds as of June 30, 2010 with comparison to fiscal year 2009:

**Changes in Fund Balances
(Amounts in millions)**

	General Fund	Major Governmental Funds	Non-major Governmental Funds	Totals	
				2010	2009
Revenues:					
Taxes	\$ 95.57	\$ -	\$ 6.85	\$ 102.42	\$ 105.14
Other	<u>21.11</u>	<u>17.08</u>	<u>19.72</u>	<u>57.91</u>	<u>62.17</u>
Total Revenues	116.68	17.08	26.57	160.33	167.31
Expenditures	<u>90.80</u>	<u>44.24</u>	<u>31.83</u>	<u>166.87</u>	<u>167.15</u>
Excess (deficiency) of revenues over expenditures	25.88	(27.16)	(5.26)	(6.54)	.16
Transfers and others	<u>(11.21)</u>	<u>61.82</u>	<u>10.99</u>	<u>61.60</u>	<u>.82</u>
Net changes in fund balances	<u>\$ 14.67</u>	<u>\$ 34.66</u>	<u>\$ 5.73</u>	<u>\$ 55.06</u>	<u>\$.98</u>

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets can be found on page 28. The major differences relate to certain financial resources and expenditures such as debt financing and capital outlays that are included in the changes in governmental fund balances but are not reported in the changes in net assets.

General Fund - The General Fund is the chief operating fund of the County. As stated earlier, the unassigned General Fund balance as of June 30, 2010 was \$43.1 million as compared to \$32.8 million of the previous year, or a \$10.3 million increase. The positive change in fund balance can be attributable to proceeds from capital leases of \$1.0 million, proceeds from insurance settlements of \$ 0.7 million, and revisions to the original appropriation of the General Capital Projects Fund, of which, resulted in a reduction to this fund and an increase to the General Fund by \$7.4 million.

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Total expenditures in the General Fund were relatively flat as compared to the prior year and amounted to \$89.8 million, a \$1.0 million or .01% decrease in expenditures primarily due to the implementation of expenditure control measures.

Total revenues in the General Fund remained relatively flat as compared to the prior year, amounting to \$116.7 million, or a decrease of \$0.2 million. Overall, revenues collected were down in fiscal year 2010 as compared to 2009. The decrease in revenues are primarily attributable to the sluggish local economy due to high levels of unemployment, bankruptcy and foreclosures, decreases in assessed valuations of real property, and decreasing visitor numbers throughout the State. Real property taxes collections amounted to \$91.5 million, a decrease of \$0.4 million as measured on the modified accrued basis of accounting. Other decreases in revenues came from public service company taxes that amounted to \$4.1 million, a \$0.3 million or 7% decrease over prior fiscal year. Transient accommodation tax collected decreased \$0.6 million to \$13.1 million collected. Interest earned increased by \$2.1 million to \$4.2 million collected due to an increase in available amounts invested, ultimately increasing interest earned on additional investments.

Other Major Governmental Funds - Overall, Major governmental funds expenditures increased by \$3.7 million from \$40.5 million to \$44.2 million in the current fiscal year. Significant variances included the following: Housing and Community Development decreased by \$2.8 million over prior year due to the completed construction of Kalepa Village IV (\$2.8 million) in 2009; Solid Waste Disposal Fund increased by \$3.7 million over prior year primarily due to an increase in special projects (\$1.8 million), additional equipment purchased (\$1.5 million), and other post-employment benefit costs (\$0.7 million); Bond Fund increased by \$12.3 million over prior year due to additional project expenditures including the purchase of land for future affordable housing projects (\$2.6 million), Kekaha landfill expansion (\$6.5 million), and completion of the Kaiakea fire station (\$4.1 million) in 2010; Grants CIP Fund decreased \$7.1 million over prior year primarily due to completed construction of Kīlauea bridge (\$5.2 million), Kapa'a bikepath (\$1.3 million), and ADA curb ramps (\$1.5 million) in 2009; General CIP Fund decreased \$2.4 million over prior year primarily due to matching for construction of Kīlauea bridge (\$1.3 million) in 2009.

All Other Governmental Funds - Expenditures in the current fiscal year decreased by \$4.1 million from \$35.9 million to \$31.8 million in the current fiscal year. This decrease from the prior year is primarily due to island-wide resurfacing projects totaling \$5.3 million in 2009.

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BUDGETARY HIGHLIGHTS

The General Fund exceeded its estimate of budgeted revenues by \$6.7 million. The General Fund lapsed \$16.0 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$13.0 million in the current year, a decrease of \$4.3 million as compared to the prior year. As mentioned earlier, revisions to the original appropriation of the General Capital Projects Fund were made in the current year, of which, off-set transfers out and ultimately resulted in an increase to the General Fund by \$7.4 million. 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 reappropriated 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, 2010 was \$110.0 million as compared to \$111.4 million in the prior year, a decrease of \$1.4 million. Positive revenue budget variances of \$6.7 million occurred primarily because of the volatility of predicting certain types of revenues and the conservative approach in estimated revenues. All of the revenue categories had positive variances as compared to the budgeted amounts. The major positive variances occurred in revenue from taxes (\$1.1 million), interest (\$2.9 million), and intergovernmental revenues (\$1.9 million).

Final amended budgeted expenditures in the General Fund for fiscal year ending 2010 was \$112.4 million, a decrease of \$4.0 million from the prior year mainly from collective bargaining raises and associated fringe costs budgeted in 2009 off-set by budget of other post-employment benefit costs at the department level in the current year versus prior year budgeting practice within the General Fund. As previously mentioned, the following variances are primarily attributable to the current year change in budgeting practice, whereby, OPEB costs were budgeted at the department level: General government function budget decreased by 23.6%, public safety function increased by 13.6%, public works function increased by 6.8%, culture and recreation function increased by 2.9%. Public welfare function decreased by 7.4% primarily due to budget reductions for new home buyer education and counseling seminars.

As mentioned earlier, the County has adopted a conservative budgeting approach, mainly due to an anticipation of certain expenditures within the year. Historically, budgeted areas such as salaries and wages, employee benefits, travel, and other, have been budgeted more than actual expenditures, resulting in favorable variances. The following represents major variances in the final amended budget to actual expenditures in the General Fund:

- Council Services had a favorable variance of approximately \$0.8 million, of which, can be primarily attributable to \$0.5 million in salaries, fringe and benefits due to vacancies, and \$0.2 in unused travel, building lease, and other miscellaneous expenses.
- Office of the County Attorney had a favorable variance of approximately \$0.9 million, of which, can be primarily attributable to unfilled positions and lower litigation costs.

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- Office of the Prosecuting Attorney had a favorable variance of approximately \$0.6 million, of which, can be primarily attributable to salaries and wages, and employee benefits. The variance was due to unfilled positions and the hiring of several positions below the budgeted salary amounts.
- Accounting and Budgeting had a favorable variance of approximately \$0.8 million, of which, can be primarily attributable additional budget transfers in anticipation of higher OPEB cost payable in the current year.
- There were zero claims paid out of the Self-insurance account, whereby, creating a favorable variance of \$3.5 million. The unused portion accumulates and is carried over into the next fiscal year and so on. This amount will continue to increase, as purpose of this account is to prepare for unanticipated and unpredictable future events.
- Police Department had a favorable variance of approximately \$3.2 million, of which, can be primarily attributable to a high number of vacancies and unfilled positions. The amount of unexpended salaries and employee benefits amounted to \$2.3 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The County's capital assets for its governmental and business-type activities as of June 30, 2010 amounted to \$572.2 million, an increase of \$17.1 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, 2010 in comparison to fiscal year 2009:

**Government Activities
Summary of Capital Assets
(Amounts in millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Non-depreciable assets:						
Land	\$ 171.72	\$ 169.62	\$ 7.34	\$ 3.80	\$ 179.06	\$ 173.42
CIP	33.36	39.49	6.51	14.31	39.87	53.80
Depreciable assets:						
Buildings and improvements	94.69	88.09	75.70	65.87	170.39	153.96
Equipment	56.38	50.89	4.47	4.41	60.85	55.30
Infrastructure	637.89	624.87	11.88	8.88	649.77	633.75
Less: Accumulated depreciation	<u>(489.92)</u>	<u>(479.29)</u>	<u>(37.80)</u>	<u>(35.82)</u>	<u>(527.72)</u>	<u>(515.11)</u>
 Total Capital Assets, Net	 <u>\$ 504.12</u>	 <u>\$ 493.67</u>	 <u>\$ 68.10</u>	 <u>\$ 61.45</u>	 <u>\$ 572.22</u>	 <u>\$ 555.12</u>

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

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Long-term debt - On March 24, 2010, \$60.0 million of General Obligation Bonds (2010A series bonds) to fund various capital projects were issued. At the end of the current fiscal year, the County's, long-term debt consisted of the following:

Governmental General Obligation Bonds of approximately \$124.9 million, an increase of \$56.3 million due to the issuance of \$60.0 million in new bonds and \$3.7 million amortized during the current year.

Business-type General Obligation and Revenue Bonds of approximately \$1.7 million, a decrease of \$0.3 million due to debt amortization.

State Sewer Revolving Fund loans of approximately \$17.5 million, an increase of \$3.4 million due to new borrowings of \$4.9 million and \$1.5 million in loan amortization.

Capital lease obligations outstanding of approximately \$3.1 million, including \$1.7 million new leases and \$1.0 million amortized during the year.

All three rating agencies, Moody's Investors Service, Standard and Poor's, and Fitch Ratings upgraded the County's ratings to Aa3, AA, and AA-, respectively. The County has never achieved such high ratings in the past and is a testament to the County's strong management and conservative fiscal policies.

The State Constitution limits the amount of general obligation debt a governmental entity may issue up to 15 percent of its net-assessed value of its real property. The current debt limitation for the County is \$2.8 billion. As of June 30, 2010 the County's current outstanding general obligation bonds were approximately \$125.8 million which represents only four percent of its debt limitation.

Additional information on the County's long-term debt can be found in Note 10 in the notes to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Director of Finance, 4444 Rice Street, Suite 280, Līhu'e, Kaua'i, Hawai'i 96766.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF KAUAI, HAWAII
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Department of Water
Assets:				
Cash and cash equivalents	\$ 11,390,343	\$ 2,287,413	\$ 13,677,756	\$ 9,211,462
Investments	195,877,145	1,664,133	197,541,278	7,427,118
Receivables, net	30,459,571	3,433,192	33,892,763	4,241,184
Internal balances	2,259,270	(2,259,270)	-	-
Due from other governments	7,513,121	-	7,513,121	-
Real property held for sale	306,381	1,341,285	1,647,666	-
Materials and supplies	-	-	-	947,861
Prepaid items and other	1,337,974	71,951	1,409,925	868,145
Restricted Assets:				
Cash and cash equivalents	-	222,950	222,950	1,581,167
Investments	-	-	-	63,954,588
Other	-	-	-	52,872
Capital Assets:				
Land	171,725,372	7,341,200	179,066,572	520,064
Construction in progress	33,365,057	6,513,399	39,878,456	19,006,515
Buildings and improvements	64,108,676	46,802,906	110,911,582	3,687,889
Machinery and equipment	28,974,603	2,464,578	31,439,181	1,001,836
Infrastructure	<u>205,947,686</u>	<u>4,975,862</u>	<u>210,923,548</u>	<u>142,428,173</u>
Total Capital Assets, net	<u>504,121,394</u>	<u>68,097,945</u>	<u>572,219,339</u>	<u>166,644,477</u>
Total Assets	<u>753,265,199</u>	<u>74,859,599</u>	<u>828,124,798</u>	<u>254,928,874</u>
Liabilities:				
Accounts payable and accrued liabilities	12,663,202	696,572	13,359,774	4,444,835
Contracts payable	1,225,679	22,747	1,248,426	1,222,446
Due to other governments	337,310	-	337,310	-
Due to primary government	-	-	-	4,297
Customer deposits	167,920	139,327	307,247	1,275,609
Deferred revenue	24,293,390	20,179	24,313,569	-
Interest payable	2,256,560	137,874	2,394,434	-
Noncurrent Liabilities:				
Due within one year	15,918,424	2,239,763	18,158,187	2,301,000
Due in more than one year	<u>154,335,279</u>	<u>17,463,215</u>	<u>171,798,494</u>	<u>100,152,648</u>
Total Liabilities	<u>211,197,764</u>	<u>20,719,677</u>	<u>231,917,441</u>	<u>109,400,835</u>
Net Assets:				
Invested in capital assets, net of related debt	452,246,448	48,910,243	501,156,691	124,942,526
Restricted for capital activity and other	22,181,184	215,791	22,396,975	3,976,809
Unrestricted	<u>67,639,803</u>	<u>5,013,888</u>	<u>72,653,691</u>	<u>16,608,704</u>
Total Net Assets	<u>\$ 542,067,435</u>	<u>\$ 54,139,922</u>	<u>\$ 596,207,357</u>	<u>\$ 145,528,039</u>

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

COUNTY OF KAUAI, HAWAII
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			Component Unit Department of Water
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 24,423,397	\$ 1,213,635	\$ 3,155,302	\$ 27,726	\$ (20,026,734)	\$ -	\$ (20,026,734)	\$ -
Public safety	46,193,511	1,320,474	4,291,672	207,553	(40,373,812)	-	(40,373,812)	-
Public works	12,986,481	1,892,223	-	2,101,500	(8,992,758)	-	(8,992,758)	-
Highways and streets	16,394,453	4,502,931	27,204	969,396	(10,894,922)	-	(10,894,922)	-
Sanitation	13,537,765	3,297,724	485,790	-	(9,754,251)	-	(9,754,251)	-
Culture and recreation	9,747,006	3,125,628	264,284	113,808	(6,243,286)	-	(6,243,286)	-
Public welfare	19,690,034	856,836	14,670,978	55,251	(4,106,969)	-	(4,106,969)	-
Interest on long-term debt, unallocated	<u>4,235,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,235,047)</u>	<u>-</u>	<u>(4,235,047)</u>	<u>-</u>
Total Governmental Activities	<u>147,207,694</u>	<u>16,209,451</u>	<u>22,895,230</u>	<u>3,475,234</u>	<u>(104,627,779)</u>	<u>-</u>	<u>(104,627,779)</u>	<u>-</u>
Business-type Activities:								
Housing programs	2,360,921	1,856,832	-	-	-	(504,089)	(504,089)	-
Sewer	8,113,817	6,235,984	-	50,853	-	(1,826,980)	(1,826,980)	-
Golf	<u>2,175,551</u>	<u>1,574,515</u>	<u>-</u>	<u>965,823</u>	<u>-</u>	<u>364,787</u>	<u>364,787</u>	<u>-</u>
Total Business-type Activities	<u>12,650,289</u>	<u>9,667,331</u>	<u>-</u>	<u>1,016,676</u>	<u>-</u>	<u>(1,966,282)</u>	<u>(1,966,282)</u>	<u>-</u>
Total Primary Government	<u>\$ 159,857,983</u>	<u>\$ 25,876,782</u>	<u>\$ 22,895,230</u>	<u>\$ 4,491,910</u>	<u>\$ (104,627,779)</u>	<u>\$ (1,966,282)</u>	<u>\$ (106,594,061)</u>	<u>\$ -</u>
Component Unit:								
Department of Water	<u>\$ 20,221,232</u>	<u>\$ 19,785,812</u>	<u>\$ -</u>	<u>\$ 7,663,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,228,463</u>
General Revenues:					\$	\$	\$	\$
Property taxes					92,466,366	-	92,466,366	-
Public service company taxes					4,097,986	-	4,097,986	-
Franchise taxes					3,258,208	-	3,258,208	-
Fuel taxes					3,596,214	-	3,596,214	-
Grants and contributions not restricted to specific programs					13,152,231	1,005,279	14,157,510	-
Unrestricted investment earnings					4,476,847	29,001	4,505,848	811,341
Transfers					<u>(5,906,954)</u>	<u>5,906,954</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>115,140,898</u>	<u>6,941,234</u>	<u>122,082,132</u>	<u>811,341</u>
Changes in Net Assets					10,513,119	4,974,952	15,488,071	8,039,804
Net Assets - Beginning of Year July 1, 2009					<u>531,554,316</u>	<u>49,164,970</u>	<u>580,719,286</u>	<u>137,488,235</u>
Net Assets - End of Year June 30, 2010					<u>\$ 542,067,435</u>	<u>\$ 54,139,922</u>	<u>\$ 596,207,357</u>	<u>\$ 145,528,039</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

Accounts for home rehabilitation loans made to qualified individuals under the Department of Housing and Urban Development's Community Development Block Grants rehabilitation loan program. Monies collected are to be used to finance other eligible Community Development Block Grant projects.

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, 2010

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Capital Improvement Fund	General Capital Improvement Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets:									
Cash and cash equivalents	\$ -	\$ 2,269,135	\$ 663,870	\$ -	\$ -	\$ 1,725,537	\$ 59,500	\$ 6,672,301	\$ 11,390,343
Investments	92,276,652	-	6,292,240	1,751,257	-	650,000	79,400,000	15,506,996	195,877,145
Accounts receivable, net	4,024,290	-	305,406	-	-	-	-	951,878	5,281,574
Taxes receivable	3,486,575	-	-	-	-	-	-	-	3,486,575
Interest receivable	740,206	814,091	13,386	415,625	-	-	-	85,049	2,068,357
Due from other funds	1,050,069	-	3,791,697	94,299	1,214,905	9,982,820	-	15,465,331	31,599,121
Due from other governments	1,089,002	-	-	4,240,504	1,496,476	-	-	687,139	7,513,121
Loans receivable	-	10,022,764	-	9,570,321	-	-	-	29,980	19,623,065
Real property held for sale	-	306,381	-	-	-	-	-	-	306,381
Prepaid items	-	-	-	-	-	-	-	496,634	496,634
Total Assets	<u>\$ 102,666,794</u>	<u>\$ 13,412,371</u>	<u>\$ 11,066,599</u>	<u>\$ 16,072,006</u>	<u>\$ 2,711,381</u>	<u>\$ 12,358,357</u>	<u>\$ 79,459,500</u>	<u>\$ 39,895,308</u>	<u>\$ 277,642,316</u>
Liabilities and Fund Balance:									
Liabilities:									
Accounts payable	\$ 7,021,549	\$ 68,799	\$ 1,190,467	\$ 281,726	\$ 589,796	\$ 309,705	\$ 2,083,883	\$ 1,117,277	\$ 12,663,202
Contracts payable	116,985	-	76,892	65,792	307,215	65,497	420,759	172,539	1,225,679
Due to other funds	23,715,535	94,299	-	1,692,713	1,732,616	-	-	2,104,688	29,339,851
Due to other governments	13,077	281	-	-	-	-	-	323,952	337,310
Due to customers	-	-	-	-	-	-	-	167,920	167,920
Deferred revenue	2,981,731	8,039,003	3,967	14,031,775	81,754	-	-	1,401,791	26,540,021
Compensated absences	17,814	-	-	-	-	-	-	-	17,814
Total Liabilities	<u>33,866,691</u>	<u>8,202,382</u>	<u>1,271,326</u>	<u>16,072,006</u>	<u>2,711,381</u>	<u>375,202</u>	<u>2,504,642</u>	<u>5,288,167</u>	<u>70,291,797</u>
Fund Balance:									
Reserved for:									
Nonspendable	-	3,104,232	-	-	-	-	-	496,634	3,600,866
Restricted	-	-	6,623,377	-	-	-	-	6,650,089	13,273,466
Committed	6,634,688	20,854	1,875,977	-	-	1,525,859	8,571,870	3,667,425	22,296,673
Assigned	19,066,623	2,084,903	1,295,919	-	-	10,457,296	68,382,988	23,792,993	125,080,722
	<u>43,098,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,098,792</u>
Unassigned	<u>68,800,103</u>	<u>5,209,989</u>	<u>9,795,273</u>	<u>-</u>	<u>-</u>	<u>11,983,155</u>	<u>76,954,858</u>	<u>34,607,141</u>	<u>207,350,519</u>
Total Fund Balance	<u>68,800,103</u>	<u>5,209,989</u>	<u>9,795,273</u>	<u>-</u>	<u>-</u>	<u>11,983,155</u>	<u>76,954,858</u>	<u>34,607,141</u>	<u>207,350,519</u>
Total Liabilities and Fund Balance	<u>\$ 102,666,794</u>	<u>\$ 13,412,371</u>	<u>\$ 11,066,599</u>	<u>\$ 16,072,006</u>	<u>\$ 2,711,381</u>	<u>\$ 12,358,357</u>	<u>\$ 79,459,500</u>	<u>\$ 39,895,308</u>	<u>\$ 277,642,316</u>

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

COUNTY OF KAUAI, HAWAII
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total Fund Balances - Governmental Funds \$ 207,350,519

Amounts reported for governmental activities in the Statement of Net Assets 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	171,725,372
Construction work in progress	33,365,057
Buildings and improvements	94,687,992
Equipment	56,377,507
Infrastructure assets	637,888,804
Accumulated depreciation	<u>(489,923,338)</u>

Total Capital Assets, Net 504,121,394

Some of the County's revenues will be collected after the year end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 2,246,631

Bond issuance costs are expensed in the governmental funds but are required to be amortized over the life of the bond issuance. 841,339

Accrued interest payable on outstanding bonds are expensed on the government-wide statement of activities. (2,256,560)

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	(125,775,757)
Capital leases	(3,054,047)
Compensated absences	(11,537,187)
Claims and judgments	(8,286,705)
Landfill closure/postclosure costs	<u>(21,582,192)</u>

Total Long-term Liabilities (170,235,888)

Net Assets of Governmental Activities \$ 542,067,435

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 YEAR ENDED JUNE 30, 2010

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Grants Capital Improvement Fund	Capital Improvement Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:									
Taxes	\$ 95,570,765	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,854,422	\$ 102,425,187
Licenses and permits	1,557,184	-	-	-	-	-	-	5,843,169	7,400,353
Rents and concessions	448,081	-	12,900	-	-	-	-	446,017	906,998
Interest	4,216,582	243,615	163,787	-	-	1,872	-	270,519	4,896,375
Intergovernmental revenues	13,152,231	56,198	-	12,322,676	1,166,181	-	-	10,516,355	37,213,641
Charges for current services	1,255,416	-	3,110,151	-	-	-	-	-	4,365,567
Miscellaneous	475,797	-	100	-	-	-	-	2,641,108	3,117,005
Total Revenues	116,676,056	299,813	3,286,938	12,322,676	1,166,181	1,872	-	26,571,590	160,325,126
Expenditures:									
General government	23,297,082	-	-	1,690,940	8,632	185,643	41,060	1,458,517	26,681,874
Public safety	39,108,762	-	-	2,267,487	-	-	-	2,230,823	43,607,072
Public works	10,418,434	-	-	-	-	276,209	351,953	185,180	11,231,776
Highways and streets	-	-	-	-	217,512	-	13,230	9,821,394	10,089,042
Sanitation	-	-	11,510,918	-	-	-	307,095	495,213	12,313,226
Culture and recreation	8,773,510	-	-	14,285	-	68,692	831,841	26,322	9,714,650
Public welfare	6,137,460	359,856	-	5,195,434	-	36,906	30,055	8,234,563	19,957,368
Capital outlay	2,785,075	-	1,560,708	3,154,530	940,037	753,241	14,109,970	1,293,556	24,597,117
Debt service:									
Principal	267,076	-	295,463	-	-	-	-	4,150,343	4,712,882
Interest and debt issuance cost	15,168	-	18,664	-	-	-	-	3,937,405	3,971,237
Total Expenditures	90,802,567	359,856	13,385,753	12,322,676	1,166,181	1,320,691	15,685,204	31,833,316	166,876,244
Excess (Deficiency) of Revenues Over Expenditures	25,873,489	(60,043)	(10,098,815)	-	-	(1,318,819)	(15,685,204)	(5,261,726)	(6,551,118)
Other Financing Sources (Uses):									
Proceeds from capital leases	1,044,913	-	640,880	-	-	-	-	-	1,685,793
Proceeds from insurance	732,763	-	-	-	-	-	-	-	732,763
Transfers in	7,353,765	-	8,378,420	-	-	150,000	-	13,969,995	29,852,180
Transfers out	(20,345,807)	-	-	-	-	(7,353,765)	-	(2,975,000)	(30,674,572)
Bonds issued	-	-	-	-	-	-	60,000,000	-	60,000,000
Total Other Financing Sources (Uses)	(11,214,366)	-	9,019,300	-	-	(7,203,765)	60,000,000	10,994,995	61,596,164
Net Change in Fund Balance	14,659,123	(60,043)	(1,079,515)	-	-	(8,522,584)	44,314,796	5,733,269	55,045,046
Fund Balance - Beginning of Year July 1, 2009	54,140,980	5,270,032	10,874,788	-	-	20,505,739	32,640,062	28,873,872	152,305,473
Fund Balance - End of Year June 30, 2010	\$ 68,800,103	\$ 5,209,989	\$ 9,795,273	\$ -	\$ -	\$ 11,983,155	\$ 76,954,858	\$ 34,607,141	\$ 207,350,519

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 YEAR ENDED JUNE 30, 2010

Net Change in Fund Balance - Total Governmental Funds		\$ 55,045,046
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	24,597,117	
Depreciation expense	<u>(13,539,851)</u>	
Net Capital Outlay		11,057,266
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 assets.		380,039
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 Assets capital leases are recorded as long-term debt and capital assets.		(1,685,793)
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.		993,587
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 proceeds	(60,000,000)	
Bond principal retirement	3,685,000	
Capital lease payments	<u>1,027,882</u>	
Total Long-term Debt Repayment		(55,287,118)
Self insurance funds, which are blended with general funds, are used by management to charge the costs of insurance to individual funds. This amount represents a portion of the change in net assets which are reported in governmental activities.		(732,763)
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	(53,088)	
Amortization of deferred refunding costs	10,012	
Amortization of deferred bond issuance costs	(15,469)	
Issuance costs on 2010 bond issuance	(535,838)	
Decrease in compensated absences	168,968	
Decrease in claims and judgments	2,927,366	
Increase in landfill closure/postclosure care costs	(1,017,993)	
Increase in accrued interest payable	<u>(741,103)</u>	
Net Increase in Expenditures		<u>742,855</u>
Change in Net Assets - Governmental Activities		<u>\$ 10,513,119</u>

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

COUNTY OF KAUAI, HAWAII
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
	Revenues:					
Taxes:						
Real property taxes	\$ 90,637,710	\$ 90,637,710	\$ 91,472,779	\$ -	\$ 91,472,779	\$ 835,069
Public service company taxes	<u>3,800,000</u>	<u>3,800,000</u>	<u>4,097,986</u>	<u>-</u>	<u>4,097,986</u>	<u>297,986</u>
Total Taxes	<u>94,437,710</u>	<u>94,437,710</u>	<u>95,570,765</u>	<u>-</u>	<u>95,570,765</u>	<u>1,133,055</u>
Licenses and Permits:						
Street use	156,755	156,755	163,046	-	163,046	6,291
Business licenses and fees	14,200	14,200	20,410	-	20,410	6,210
Non-business licenses and fees	<u>1,103,000</u>	<u>1,103,000</u>	<u>1,373,728</u>	<u>-</u>	<u>1,373,728</u>	<u>270,728</u>
Total Licenses and Permits	<u>1,273,955</u>	<u>1,273,955</u>	<u>1,557,184</u>	<u>-</u>	<u>1,557,184</u>	<u>283,229</u>
Rents and Concessions	<u>316,500</u>	<u>316,500</u>	<u>448,081</u>	<u>-</u>	<u>448,081</u>	<u>131,581</u>
Interest	<u>1,326,000</u>	<u>1,326,000</u>	<u>4,216,582</u>	<u>-</u>	<u>4,216,582</u>	<u>2,890,582</u>
Intergovernmental Revenues:						
State grants-in-aid share of transient accommodation tax	11,200,000	11,200,000	13,132,431	-	13,132,431	1,932,431
Other state grants-in-aid	5,000	5,000	19,800	-	19,800	14,800
Federal government grant - civil defense	63,000	63,000	-	-	-	(63,000)
Payment in lieu of taxes	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Total Intergovernmental Revenues	<u>11,288,000</u>	<u>11,288,000</u>	<u>13,152,231</u>	<u>-</u>	<u>13,152,231</u>	<u>1,864,231</u>
Charges for Current Services	<u>1,178,541</u>	<u>1,178,541</u>	<u>1,255,416</u>	<u>-</u>	<u>1,255,416</u>	<u>76,875</u>
Miscellaneous	<u>187,000</u>	<u>187,000</u>	<u>475,797</u>	<u>-</u>	<u>475,797</u>	<u>288,797</u>
Total Revenues	<u>\$ 110,007,706</u>	<u>\$ 110,007,706</u>	<u>\$ 116,676,056</u>	<u>\$ -</u>	<u>\$ 116,676,056</u>	<u>\$ 6,668,350</u>

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

COUNTY OF KAUAI, HAWAII
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Expenditures:						
General Government:						
Council Services and County Clerk	\$ 3,482,179	\$ 3,481,179	\$ 2,313,176	\$ 410,325	\$ 2,723,501	\$ 757,678
Elections	807,151	808,152	473,882	67,197	541,079	267,073
Office of the County Auditor	805,377	805,377	488,653	126,144	614,797	190,580
Office of the Mayor:						
Administration	1,524,773	1,524,773	1,393,237	64,004	1,457,241	67,532
Youth work program	69,349	69,349	43,524	7,510	51,034	18,315
Kaua'i Equal Access Program	107,939	107,939	89,970	1,000	90,970	16,969
Boards and Commissions	845,682	845,682	598,718	172,273	770,991	74,691
Office of the County Attorney	3,916,118	3,916,119	2,195,970	790,801	2,986,771	929,348
Office of the Prosecuting Attorney	2,310,901	2,310,901	1,681,432	7,621	1,689,053	621,848
Department of Finance:						
Administration	666,108	666,108	600,005	-	600,005	66,103
Accounting and budgeting	1,364,679	1,827,349	995,371	40,831	1,036,202	791,147
Treasury	222,085	222,165	205,391	-	205,391	16,774
Motor vehicle	907,480	907,400	784,360	46,800	831,160	76,240
Drivers license	585,291	585,291	371,126	59,561	430,687	154,604
Real property assessment	1,879,799	1,849,797	1,459,739	70,422	1,530,161	319,636
Real property collections	497,720	497,718	336,618	53,248	389,866	107,852
Purchasing	810,137	793,137	728,028	5,414	733,442	59,695
Information technology	1,784,462	1,712,602	1,277,458	99,477	1,376,935	335,667
Risk management	179,844	179,844	111,719	-	111,719	68,125
County-wide Costs:						
Liability insurance	1,037,716	842,716	556,689	12,716	569,405	273,311
Fire insurance	725,000	413,980	413,758	-	413,758	222
Self insurance (Note D)	3,679,206	3,679,206	-	145,369	145,369	3,533,837
Excess workers' compensation	423,858	423,858	228,789	93,261	322,050	101,808
Other County-wide Costs:						
Central services cost	(1,810,000)	(1,810,000)	(1,846,606)	-	(1,846,606)	36,606
Collective bargaining raises	150,000	19,950	-	-	-	19,950
Vacation payout	475,000	638,400	632,401	-	632,401	5,999
Special projects	905,617	1,100,617	829,237	195,000	1,024,237	76,380
Claims	1,000,000	880,000	505,815	-	505,815	374,185
Training	70,004	55,004	38,303	392	38,695	16,309
Telephone services	200,000	197,000	139,975	-	139,975	57,025
Computers and accessories	410,162	423,212	210,336	204,492	414,828	8,384
Repair and maintenance, financial system	725,053	783,864	449,714	214,916	664,630	119,234
Personnel Services	986,482	986,481	864,763	16,182	880,945	105,536
Planning	2,817,888	2,817,887	1,949,594	499,681	2,449,275	368,612
Office of Economic Development	2,457,865	2,457,863	2,256,830	185,972	2,442,802	15,061
Total General Government Expenditures	\$ 37,020,925	\$ 37,020,920	\$ 23,377,975	\$ 3,590,609	\$ 26,968,584	\$ 10,052,336

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 YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original	Final		Encumbrances	Non-GAAP	
	(Note A)					
Public Safety:						
Police Department	\$ 24,529,179	\$ 24,529,181	\$ 20,951,247	\$ 404,696	\$ 21,355,943	\$ 3,173,238
Fire Department	19,545,074	19,830,076	18,645,727	610,067	19,255,794	574,282
Kauai Civil Defense Agency	<u>601,714</u>	<u>601,714</u>	<u>374,605</u>	<u>16,321</u>	<u>390,926</u>	<u>210,788</u>
Total Public Safety	<u>44,675,967</u>	<u>44,960,971</u>	<u>39,971,579</u>	<u>1,031,084</u>	<u>41,002,663</u>	<u>3,958,308</u>
Public Works:						
Administrative	950,649	952,149	932,564	1,474	934,038	18,111
Fiscal and clerical	357,581	363,082	353,561	14	353,575	9,507
Plans, survey, and construction	1,258,896	1,257,197	1,162,363	20,669	1,183,032	74,165
Building division:						
Inspection	2,090,186	2,141,061	1,982,940	22,403	2,005,343	135,718
Repairs and maintenance	5,171,902	5,431,728	3,884,254	1,451,638	5,335,892	95,836
Janitorial	<u>2,702,345</u>	<u>2,386,344</u>	<u>2,316,336</u>	<u>3,058</u>	<u>2,319,394</u>	<u>66,950</u>
Total Public Works	<u>12,531,559</u>	<u>12,531,561</u>	<u>10,632,018</u>	<u>1,499,256</u>	<u>12,131,274</u>	<u>400,287</u>
Culture and Recreation:						
Administrative and fiscal	1,391,471	1,391,472	1,260,021	4,422	1,264,443	127,029
Planning and development	388,591	388,592	338,399	252	338,651	49,941
Recreation	2,230,244	2,230,244	1,862,189	111,970	1,974,159	256,085
Maintenance	4,702,655	4,675,153	4,033,196	133,736	4,166,932	508,221
Beautification	971,861	986,862	853,274	5,001	858,275	128,587
Auditorium	372,383	372,382	326,588	1,072	327,660	44,722
Stadiums	<u>669,992</u>	<u>682,492</u>	<u>517,392</u>	<u>21,918</u>	<u>539,310</u>	<u>143,182</u>
Total Culture and Recreation	<u>10,727,197</u>	<u>10,727,197</u>	<u>9,191,059</u>	<u>278,371</u>	<u>9,469,430</u>	<u>1,257,767</u>
Public Welfare:						
Housing	973,556	973,556	761,838	47,775	809,613	163,943
Elderly affairs	1,375,309	1,375,309	1,161,378	42,527	1,203,905	171,404
Transportation	<u>4,815,415</u>	<u>4,815,414</u>	<u>4,661,807</u>	<u>145,068</u>	<u>4,806,875</u>	<u>8,539</u>
Total Public Welfare	<u>7,164,280</u>	<u>7,164,279</u>	<u>6,585,023</u>	<u>235,370</u>	<u>6,820,393</u>	<u>343,886</u>
Total General Fund Expenditures	<u>\$ 112,119,928</u>	<u>\$ 112,404,928</u>	<u>\$ 89,757,654</u>	<u>\$ 6,634,690</u>	<u>\$ 96,392,344</u>	<u>\$ 16,012,584</u>

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

COUNTY OF KAUAI, HAWAII
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original	Final		Encumbrances	Non-GAAP	
	(Note A)					
Excess of Revenues Over Expenditures	\$ (2,112,222)	\$ (2,397,222)	\$ 26,918,402	\$ (6,634,690)	\$ 20,283,712	\$ 22,680,934
Other Financing Sources (Uses):						
Proceeds from insurance	-	-	732,763	-	732,763	732,763
Transfers in	-	7,353,765	7,353,765	-	7,353,765	-
Transfers out	(19,184,696)	(20,345,807)	(20,345,807)	-	(20,345,807)	-
Total Other Financing Sources (Uses)	(19,184,696)	(12,992,042)	(12,259,279)	-	(12,259,279)	732,763
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses (Note C)	\$ (21,296,918)	\$ (15,389,264)	14,659,123	\$ (6,634,690)	\$ 8,024,433	\$ 23,413,697
Fund Balance - Beginning of Year July 1, 2009			54,140,980			
Fund Balance - End of Year June 30, 2010			\$ 68,800,103			

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 and the Self Insurance Fund.

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 YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original	Final		Encumbrances	Non-GAAP	
	(Note A)					
Revenues:						
Interest	\$ -	\$ -	\$ 243,615	\$ -	\$ 243,615	\$ 243,615
Intergovernmental	<u>700,000</u>	<u>700,000</u>	<u>56,198</u>	<u>-</u>	<u>56,198</u>	<u>(643,802)</u>
Total Revenues	<u>700,000</u>	<u>700,000</u>	<u>299,813</u>	<u>-</u>	<u>299,813</u>	<u>(400,187)</u>
Expenditures - Public Welfare:						
Salaries	257,774	257,774	214,091	-	214,091	43,683
Travel expenses	21,500	19,000	4,732	-	4,732	14,268
Other employee benefits	141,775	141,775	87,650	-	87,650	54,125
Other expenses	64,991	47,075	19,232	7,832	27,064	20,011
Central services cost	25,000	25,000	25,000	-	25,000	-
Loans	657,554	157,554	-	-	-	157,554
Special projects	<u>1,013,182</u>	<u>1,533,598</u>	<u>9,151</u>	<u>13,022</u>	<u>22,173</u>	<u>1,511,425</u>
Total Expenditures - Public Welfare	<u>2,181,776</u>	<u>2,181,776</u>	<u>359,856</u>	<u>20,854</u>	<u>380,710</u>	<u>1,801,066</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	<u>\$ (1,481,776)</u>	<u>\$ (1,481,776)</u>	(60,043)	<u>\$ (20,854)</u>	<u>\$ (80,897)</u>	<u>\$ 1,400,879</u>
Fund Balance - Beginning of Year July 1, 2009			<u>5,270,032</u>			
Fund Balance - End of Year June 30, 2010			<u>\$ 5,209,989</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 YEAR ENDED JUNE 30, 2010

	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	\$ 12,000	\$ 12,000	\$ 12,900	\$ -	\$ 12,900	\$ 900
Interest	-	-	163,787	-	163,787	163,787
Miscellaneous	-	-	100	-	100	100
Charges for current services:						
Tipping fees	20,000	20,000	21,330	-	21,330	1,330
Disposal fees	<u>3,766,000</u>	<u>3,766,000</u>	<u>3,088,821</u>	<u>-</u>	<u>3,088,821</u>	<u>(677,179)</u>
Total Revenues	<u>3,798,000</u>	<u>3,798,000</u>	<u>3,286,938</u>	<u>-</u>	<u>3,286,938</u>	<u>(511,062)</u>
Expenditures - Sanitation:						
Salaries, solid waste disposal	1,644,013	1,540,413	1,437,998	-	1,437,998	102,415
Other expenses, solid waste disposal	50,368	37,368	24,750	201	24,951	12,417
Special projects, solid waste disposal	6,704,640	6,233,323	4,452,586	940,889	5,393,475	839,848
Salaries, solid waste collections	2,256,448	2,294,048	2,257,475	-	2,257,475	36,573
Other expenses, solid waste collections	801,943	580,298	200,314	346,705	547,019	33,279
Salaries, Kaua'i recycling center	42,369	43,269	33,045	-	33,045	10,224
Other expenses, Kaua'i recycling center	3,676	4,976	3,752	-	3,752	1,224
Recycling programs	718,996	718,996	379,317	100,296	479,613	239,383
Central services cost	426,650	440,650	420,451	2,338	422,789	17,861
Equipment	1,825,896	2,031,058	1,510,021	485,548	1,995,569	35,489
Social security taxes	301,104	301,104	261,583	-	261,583	39,521
Public employees' health fund	386,900	387,500	359,104	-	359,104	28,396
Workers' compensation	96,003	161,003	125,580	-	125,580	35,423
Unemployment compensation	1,000	1,000	-	-	-	1,000
Employees' retirement system	590,400	590,400	546,289	-	546,289	44,111
Employees' other post employment benefits	<u>747,841</u>	<u>747,841</u>	<u>732,608</u>	<u>-</u>	<u>732,608</u>	<u>15,233</u>
Total Expenditures - Sanitation	<u>16,598,247</u>	<u>16,113,247</u>	<u>12,744,873</u>	<u>1,875,977</u>	<u>14,620,850</u>	<u>1,492,397</u>
Deficiency of Revenues Under Expenditures	(12,800,247)	(12,315,247)	(9,457,935)	(1,875,977)	(11,333,912)	981,335
Other Financing Sources - Transfers In	<u>7,922,625</u>	<u>8,378,420</u>	<u>8,378,420</u>	<u>-</u>	<u>8,378,420</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	<u>\$ (4,877,622)</u>	<u>\$ (3,936,827)</u>	(1,079,515)	<u>\$ (1,875,977)</u>	<u>\$ (2,955,492)</u>	<u>\$ 981,335</u>
Fund Balance - Beginning of Year July 1, 2009			<u>10,874,788</u>			
Fund Balance - End of Year June 30, 2010			<u>\$ 9,795,273</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
GENERAL CIP FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Project No.</u>	<u>Prior Year's Expenditures</u>	<u>Current Year</u>	<u>Project-To-Date Expenditures</u>	<u>Encumbrances</u>	<u>Project Authorization</u>	<u>Balance</u>
Revenues:							
Interest	-	\$ -	\$ 1,872	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	1,872	-	-	-	-
Expenditures:							
Kīlauea Agriculture Plan Phase II	D09001	\$ -	-	-	-	\$ 100,000	\$ 100,000
Energy Sustainability Study	D09105	69,980	129,964	199,944	-	200,000	56
Alternate Energy Projects	D10001	-	-	-	-	-	-
Kaumakani Pavilion, Materials Only	R10002	-	-	-	-	40,000	40,000
Vidinha Stadium Track and Field Improvements	R10003	-	-	-	-	100,000	100,000
Kapa'a Stadium Improvements	R10004	-	-	-	-	400,000	400,000
Civic Center Improvements	W00225	2,128,209	-	2,128,209	-	2,150,600	22,391
Park Improvement Grant, Waimea District	W01257	-	-	-	-	3,905	3,905
KWMCH Improvements	W02226	402,421	-	402,421	-	487,963	85,542
Kapa'a New Fire Station	W05227	164,292	367,506	531,798	41,899	831,871	258,174
Fishbowl Renovation	W05230	9,273	137,638	146,911	-	150,000	3,089
Kapa'a Soccer Field	W05265	91,058	8,942	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	-
AR Treatment Center	W05400	263,991	-	263,991	-	263,991	-
IT Renovation	W06231	45,250	-	45,250	-	47,500	2,250
Veterans Cemetery Improvements	W06279	97,854	-	97,854	-	97,854	-
Isenberg Park Bathroom Improvements	W06281	475	-	475	-	150,000	149,525
Kīlauea Bridge	W06343	2,041,768	5,772	2,047,540	-	2,083,870	36,330
Island Wide Road Resurfacing	W06344	165,490	-	165,490	-	1,600,000	1,434,510
Bleachers In County Parks	W07004	28,756	-	28,756	-	100,000	71,244
Ele'ele Nani Park Sidewalks	W07009	441,000	-	441,000	-	441,000	-
Pouli Road Design	W07010	-	-	-	-	500,000	500,000
Island Wide Parks Improvements and Equipment	W07011	34,051	28,750	62,801	7,850	250,000	179,349
Neighborhood Centers Improvements	W07013	41,610	-	41,610	107,768	149,378	-
Puu Road Improvements	W07014	-	-	-	-	125,000	125,000
Omao Park Playground Equipment	W07015	-	-	-	50,000	50,000	-

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

COUNTY OF KAUAI, HAWAII
GENERAL CIP FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Project No.</u>	<u>Prior Year's Expenditures</u>	<u>Current Year</u>	<u>Project-To-Date Expenditures</u>	<u>Encumbrances</u>	<u>Project Authorization</u>	<u>Balance</u>
Keapana Swinging Bridge	W07021	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Kapaia Swinging Bridge	W07022	124,542	-	124,542	11,055	200,000	64,403
Pedestrian Crosswalk Safety Improvements	W08003	-	-	-	-	75,000	75,000
Ele'ele Effluent Disposal Well Rehabilitation	W08005	-	249,551	249,551	449	250,000	-
Piikoi Building Renovation and Space Planning Study	W08006	182,414	190,390	372,804	144,454	530,000	12,742
ADA Projects, Building Facilities	W08007	109,984	(9,984)	100,000	-	100,000	-
Lighting Retrofits, Endangered Birds	W08008	-	-	-	-	800,000	800,000
Wailua Mauka Motocross Track	W08011	22,381	-	22,381	77,019	99,400	-
Habitat Conservation Plan	W08012	38,000	31,000	69,000	131,000	200,000	-
Hanapēpē Flood Control Project	W08013	110,000	-	110,000	-	200,000	90,000
Waimea Flood Control Project	W08014	115,000	-	115,000	-	200,000	85,000
Apapane Road Drainage Improvements	W08015	-	-	-	-	200,000	200,000
Aliomanu Road Revetment, Planning and Permits	W08016	156,889	26,749	183,638	57,901	250,189	8,650
Comprehensive Road Maintenance Plan	W08017	-	7,500	7,500	-	250,000	242,500
Kapaia Bridge Replacement	W08024	423,873	-	423,873	-	423,873	-
Pono Kai Seawall Emergency Repair	W08030	-	396	396	56,148	650,000	593,456
Aliomanu Temporary Road Repair	W08031	300,000	30,848	330,848	-	450,000	119,152
Kapa'a Ocean 1 Year Field Study	W08032	-	-	-	300,000	300,000	-
Moana Kai (Fujii) Shoreline Design and Permit	W08033	-	37,910	37,910	268,146	332,000	25,944
Kapa'a Beach Shoreline Protection Design and Permit	W08034	118,395	-	118,395	11,752	200,000	69,853
County Wide Impact Fee and Needs Assessment Study	W08035	-	-	-	-	250,000	250,000
Hanapēpē and Waimea Levee	W08037	29,268	2,418	31,686	-	102,685	70,999
Hanalei KPD and Fire Asbestos Removal	W08038	300,000	-	300,000	-	300,000	-
Līhu'e Development Plan	W09008	20,000	-	20,000	-	850,000	830,000
Rice Street Crosswalk Signalization	W09009	7,534	(7,534)	-	-	-	-
Hanapēpē Public Access	W09010	-	-	-	-	15,000	15,000
ADA Announcer Booth Renovation and Improvements	W09011	-	-	-	-	300,000	300,000
Host Community Benefits Kekaha	W09012	-	-	-	-	730,000	730,000
Opaekaa Bridge Replacement, Temporary Repair	W09015	208,435	-	208,435	-	500,000	291,565
Puuopae Bridge Repair	W09019	4,076	(4,076)	-	-	-	-
Puuopae Bridge, Temporary Repair	W10004	-	4,076	4,076	-	100,000	95,924
Kamalu Bridge Stream Erosion	W10006	-	-	-	-	250,000	250,000
Hapa Trail Planning	W10044	-	-	-	-	400,000	400,000

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

COUNTY OF KAUAI, HAWAII
GENERAL CIP FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Project No.</u>	<u>Prior Year's Expenditures</u>	<u>Current Year</u>	<u>Project-To-Date Expenditures</u>	<u>Encumbrances</u>	<u>Project Authorization</u>	<u>Balance</u>
Project Contingency	W92208	\$ 6,324	\$ -	\$ 6,324	\$ -	\$ 210,907	\$ 204,583
Kīlauea Irrigation	W92220	74,362	-	74,362	-	74,362	-
Vidinha Stadium Light	W97252	121,523	-	121,523	44,765	166,288	-
Island Wide Parks Improvements	W99394	424,000	-	424,000	-	424,000	-
County Imaging Program	X08100	96,187	82,875	179,062	60,938	240,000	-
Planning, Zoning and Engineering System	X10002	-	-	-	-	189,000	189,000
Kapa'a Development Plan	Z10002	-	-	-	150,000	150,000	-
General Plan Update	Z10003	-	-	-	-	900,000	900,000
Total Expenditures		<u>\$ 9,498,399</u>	<u>1,320,691</u>	<u>\$ 10,819,090</u>	<u>\$ 1,521,144</u>	<u>\$ 22,800,370</u>	<u>\$ 10,460,136</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,318,819)				
Other Financing Sources:							
Transfers In			150,000				
Transfers Out			<u>(7,353,765)</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(8,522,584)				
Fund Balance - Beginning of Year July 1, 2009			<u>20,505,739</u>				
Fund Balance - End of Year June 30, 2010			<u>\$ 11,983,155</u>				

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

COUNTY OF KAUAI, HAWAII
BOND FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Project No.</u>	<u>Prior Year's Expenditures</u>	<u>Current Year</u>	<u>Project-To-Date Expenditures</u>	<u>Encumbrances</u>	<u>Project Authorization</u>	<u>Balance</u>
Revenues:							
Total Revenues	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:							
Kīlauea Agriculture Park, Design	D10105	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
Alternative Energy Projects	D10106	-	22,440	22,440	379,000	1,500,000	1,098,560
New Alternate Energy Projects	D10107	-	-	-	-	500,000	500,000
Affordable Housing	H06065	-	2,564,778	2,564,778	141,684	3,000,000	293,538
Park Master Plan	R09001	-	67,481	67,481	332,519	400,000	-
Island Wide Parks ADA Full Accessibility	R09002	5,978	3,236	9,214	30,264	400,000	360,522
Coastal Erosion Study	R10001	-	3,750	3,750	-	150,000	146,250
Kamalani Playground	R10008	-	-	-	-	150,000	150,000
Lydgate Pond	R10009	-	-	-	-	500,000	500,000
Kapa'a Stadium Improvements	R10010	-	-	-	-	500,000	500,000
Park and Open Space Land Acquisition	R10011	-	-	-	-	8,000,000	8,000,000
Hanamā'ulu Beach Park Comfort Station and Pavilions	R10012	-	-	-	-	400,000	400,000
Veterans Cemetery Upgrade	R10013	-	-	-	77,503	350,000	272,497
Hanapēpē Cliffside Basketball Court	R10014	-	-	-	-	250,000	250,000
Lydgate Campsite ADA Improvements	R10015	-	-	-	-	150,000	150,000
Park ADA Bleachers Replacement	R10016	-	-	-	-	800,000	800,000
Līhu'e Civic Center Renovations	W00020	1,465,450	-	1,465,450	-	1,465,450	-
Puhi Metal Recycling	W00021	88,101	-	88,101	82,920	171,021	-
County Building Facility ADA	W00023	500,000	-	500,000	-	500,000	-
ADA Title II Curb Cut	W01008	1,294,974	-	1,294,974	-	2,109,873	814,899
Landfill Site Acquisition	W01009	318,077	58,831	376,908	-	952,347	575,439
ADA Project, Building Facility	W01025	1,386,167	-	1,386,167	-	1,386,167	-
Historic County Building	W01026	358,479	6,584	365,063	43,397	408,460	-
Līhu'e Civic Center Phase III Expansion	W01027	600,000	-	600,000	-	600,000	-
Wailua Kapa'a Sewer	W01053	338,130	-	338,130	-	342,630	4,500
Sewer Waimea Expansion and Design	W01395	423,429	-	423,429	-	431,865	8,436
Fishbowl Renovation	W05029	23,849	117,373	141,222	-	143,173	1,951
Kekaha Landfill Lateral Expansion	W06011	878,151	6,543,036	7,421,187	1,815,432	10,000,000	763,381
Historic County Building and Līhu'e Civic Center Improvements	W06030	3,192,353	457,745	3,650,098	3,673,503	8,280,000	956,399
Kapa'a Fire Station	W06031	100,658	4,130,415	4,231,073	660,836	5,000,000	108,091
Neighborhood Centers Improvements	W06032	992,087	-	992,087	-	992,087	-

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

COUNTY OF KAUAI, HAWAII
BOND FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Project No.</u>	<u>Prior Year's Expenditures</u>	<u>Current Year</u>	<u>Project-To-Date Expenditures</u>	<u>Encumbrances</u>	<u>Project Authorization</u>	<u>Balance</u>
Rubberized Track	W06040	\$ 1,184,353	\$ -	\$ 1,184,353	\$ -	\$ 1,184,353	\$ -
Regional Parks Improvements	W06041	1,001,367	9,360	1,010,727	21,718	1,250,000	217,555
Līhu'e Stadium Baseball Field Improvements	W06043	16,781	-	16,781	11,167	2,000,000	1,972,052
Kekaha Gardens Park	W06044	21,000	-	21,000	110,500	800,000	668,500
Wailua Golf Course Maintenance Building	W06045	49,140	750,485	799,625	33,329	1,000,000	167,046
Waste Reduction Consultant Services	W08001	-	-	-	114,191	500,000	385,809
ADA Projects Building Facilities	W08007	155,268	278,959	434,227	87,775	785,912	263,910
Pono Kai Revetment Wall	W08025	69,231	12,434	81,665	88,162	170,000	173
Līhu'e WWTP Centrifuge Replacement	W08026	477,000	-	477,000	-	477,000	-
Wailua WWTP Process and Disinfection Upgrade	W08027	58,650	220,350	279,000	115,525	400,000	5,475
Lighting Retrofits Parks	W08039	-	528	528	112,101	4,070,000	3,957,371
Kapa'a Baseyard Structural Renovation	W09001	-	91,795	91,795	115,361	3,000,000	2,792,844
Honsador Building Structural Renovation	W09002	20,000	99,298	119,298	149,498	500,000	231,204
Police Evidence Room, Humidity Control	W09003	89,555	118,643	208,198	189,819	500,000	101,983
Island Wide SCADA	W09004	197,245	86,745	283,990	66,010	350,000	-
Kanaele Road Stabilization	W09005	-	509	509	-	200,000	199,491
Kōloa Circulation Plan Short Term Improvements	W09006	-	5,180	5,180	-	300,000	294,820
Hanapēpē Bridge Walkway	W09007	-	1,566	1,566	-	30,000	28,434
Kōloa Road Fd Reclamation	W10001	-	-	-	-	100,000	100,000
Opaekaa Bridge Design	W10002	-	1,148	1,148	-	100,000	98,852
Piikoi Building Renovation	W10011	-	-	-	-	3,500,000	3,500,000
Waimea Police Sub Station	W10012	-	-	-	-	250,000	250,000
Līhu'e WWTP Chemical Lab Renovation	W10013	-	-	-	-	1,000,000	1,000,000
Wailua WWTP Improvements and Renovation	W10014	-	-	-	-	1,200,000	1,200,000
Island Wide SCADA System Construction	W10015	-	-	-	-	4,200,000	4,200,000
Ele'ele WWTP Improvements and Renovation	W10016	-	-	-	-	2,400,000	2,400,000
Adolescent Drug Treatment Center Land Acquisition	W10017	-	-	-	-	2,000,000	2,000,000
Civic Center ADA Improvements	W10018	-	-	-	-	960,000	960,000
Hanamā'ulu and Hanapēpē ADA Improvements	W10019	-	-	-	-	400,000	400,000
ADA Access Barrier Removal	W10020	-	-	-	-	1,000,000	1,000,000
Hanapēpē and Waimea Levees	W10021	-	-	-	-	512,000	512,000
Aliomanu Road Erosion	W10026	-	-	-	-	3,000,000	3,000,000
Kokee Road, Matching Funds	W10027	-	-	-	-	1,000,000	1,000,000
Wailua Emergency Bypass Improvements	W10028	-	-	-	-	1,000,000	1,000,000
Auto Shop Facility and Storage	W10030	-	-	-	-	1,000,000	1,000,000
County Wide Storage Facility	W10031	-	-	-	-	2,000,000	2,000,000

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

COUNTY OF KAUAI, HAWAII
BOND FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Rice Street Crossing Improvements	W10032	\$ -	\$ 7,534	\$ 7,534	\$ -	\$ 300,000	\$ 292,466
Composting Facility, Planning and Design	W10035	-	-	-	-	700,000	700,000
Materials Recycling Facility	W10036	-	-	-	-	1,600,000	1,600,000
New Landfill Site Acquisition	W10037	-	-	-	-	4,500,000	4,500,000
Kekaha Landfill Lateral Expansion	W10038	-	-	-	10,918	3,900,000	3,889,082
Kekaha Landfill Phase II Closure	W10039	-	-	-	-	800,000	800,000
Kapa'a Refuse Transfer Station Renovation	W10040	-	-	-	-	500,000	500,000
Reporting Computer System	X00001	1,896,300	-	1,896,300	-	1,896,300	-
Payroll and Personnel System	X10001	-	-	-	-	395,000	395,000
IT Infrastructure Improvements	X10006	-	25,001	25,001	108,738	222,000	88,261
IT SOA Project	X10007	-	-	-	-	556,000	556,000
Public Access and Open Space Acquisition	Z06002	-	-	-	-	1,000,000	1,000,000
Total Expenditures		<u>\$ 17,201,773</u>	<u>15,685,204</u>	<u>\$ 32,886,977</u>	<u>\$ 8,571,870</u>	<u>\$ 109,841,638</u>	<u>\$ 68,382,791</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(15,685,204)				
Other Financing Sources:							
Bonds Issued			<u>60,000,000</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			44,314,796				
Fund Balance - Beginning of Year July 1, 2009			<u>32,640,062</u>				
Fund Balance - End of Year June 30, 2010			<u>\$ 76,954,858</u>				

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

PROPRIETARY FUND FINANCIAL STATEMENTS

MAJOR FUNDS

Public Housing Fund

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

Sewer Fund

Accounts for the costs of operating the County's sewer system. Financing is provided by charges to users for services.

Golf Fund

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

COUNTY OF KAUAI, HAWAII
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2010

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 2,279,342	\$ -	\$ 8,071	\$ 2,287,413
Investments	1,372,133	292,000	-	1,664,133
Receivables, net:				
Accounts	182,320	2,241,266	23,508	2,447,094
Interest	-	4,784	-	4,784
Insurance	-	-	981,314	981,314
Due from other funds	-	-	347,554	347,554
Real property held for sale	1,341,285	-	-	1,341,285
Prepaid items	-	65,659	6,292	71,951
Total Current Assets	<u>5,175,080</u>	<u>2,603,709</u>	<u>1,366,739</u>	<u>9,145,528</u>
Noncurrent Assets:				
Restricted cash	222,950	-	-	222,950
Capital assets:				
Land	6,114,600	1,226,600	-	7,341,200
Construction in progress	198,554	4,394,515	1,920,330	6,513,399
Buildings	31,338,516	43,871,906	485,939	75,696,361
Machinery and equipment	7,291	3,590,258	870,750	4,468,299
Infrastructure	-	9,136,615	2,739,725	11,876,340
Less: accumulated depreciation	<u>(8,279,515)</u>	<u>(28,002,863)</u>	<u>(1,515,276)</u>	<u>(37,797,654)</u>
Total Noncurrent Assets	<u>29,602,396</u>	<u>34,217,031</u>	<u>4,501,468</u>	<u>68,320,895</u>
Total Assets	<u>34,777,476</u>	<u>36,820,740</u>	<u>5,868,207</u>	<u>77,466,423</u>
Liabilities:				
Current Liabilities:				
Accounts payable	67,550	450,284	178,738	696,572
Contracts payable	-	22,747	-	22,747
Due to other funds	-	1,562,459	1,044,365	2,606,824
Security deposits payable	139,327	-	-	139,327
Unearned revenue	-	20,179	-	20,179
Interest payable	7,159	107,242	23,473	137,874
Compensated absences, current portion	-	110,455	57,837	168,292
Notes payable, current portion	<u>190,000</u>	<u>1,741,471</u>	<u>140,000</u>	<u>2,071,471</u>
Total Current Liabilities	<u>404,036</u>	<u>4,014,837</u>	<u>1,444,413</u>	<u>5,863,286</u>
Noncurrent Liabilities:				
Notes payable	205,000	15,751,230	1,149,522	17,105,752
Compensated absences	<u>-</u>	<u>221,940</u>	<u>135,523</u>	<u>357,463</u>
Total Noncurrent Liabilities	<u>205,000</u>	<u>15,973,170</u>	<u>1,285,045</u>	<u>17,463,215</u>
Total Liabilities	<u>609,036</u>	<u>19,988,007</u>	<u>2,729,458</u>	<u>23,326,501</u>
Net Assets:				
Invested in capital assets, net of related debt	28,984,445	16,724,330	3,201,468	48,910,243
Restricted assets:				
Cash	215,791	-	-	215,791
Unrestricted	<u>4,968,204</u>	<u>108,403</u>	<u>(62,719)</u>	<u>5,013,888</u>
Total Net Assets	<u>\$ 34,168,440</u>	<u>\$ 16,832,733</u>	<u>\$ 3,138,749</u>	<u>\$ 54,139,922</u>

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

COUNTY OF KAUAI, HAWAII
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 532,593	\$ -	\$ -	\$ 532,593
Rents and concessions	999,913	-	356,349	1,356,262
Charges for current services	-	6,235,984	1,209,702	7,445,686
Low-income housing sales	195,000	-	-	195,000
Other	129,326	-	8,464	137,790
Total Operating Revenues	<u>1,856,832</u>	<u>6,235,984</u>	<u>1,574,515</u>	<u>9,667,331</u>
Operating Expenses:				
Public housing	1,117,383	-	-	1,117,383
Sewer	-	6,415,832	-	6,415,832
Golf	-	-	1,947,601	1,947,601
Depreciation	824,103	1,348,830	171,065	2,343,998
Cost of low-income housing sales	201,010	-	-	201,010
Total Operating Expenses	<u>2,142,496</u>	<u>7,764,662</u>	<u>2,118,666</u>	<u>12,025,824</u>
Operating Loss	<u>(285,664)</u>	<u>(1,528,678)</u>	<u>(544,151)</u>	<u>(2,358,493)</u>
Nonoperating Revenues (Expenses):				
Interest income from investments	-	29,001	-	29,001
Interest expense on long-term debt	(218,425)	(349,155)	(56,885)	(624,465)
Total Nonoperating Revenues (Expenses)	<u>(218,425)</u>	<u>(320,154)</u>	<u>(56,885)</u>	<u>(595,464)</u>
Net Loss Before Transfers and Contributions	(504,089)	(1,848,832)	(601,036)	(2,953,957)
Capital contributions	3,768,570	1,621,639	750,485	6,140,694
Insurance proceeds	-	-	965,823	965,823
Transfers	-	-	822,392	822,392
Changes in Net Assets	3,264,481	(227,193)	1,937,664	4,974,952
Net Assets - Beginning of Year July 1, 2009	<u>30,903,959</u>	<u>17,059,926</u>	<u>1,201,085</u>	<u>49,164,970</u>
Net Assets - End of Year June 30, 2010	<u>\$ 34,168,440</u>	<u>\$ 16,832,733</u>	<u>\$ 3,138,749</u>	<u>\$ 54,139,922</u>

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

COUNTY OF KAUAI, HAWAII
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities			
	Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Cash Flows from Operating Activities:				
Receipts from customers	\$ 1,855,867	\$ 6,235,164	\$ 1,580,703	\$ 9,671,734
Payments to employees	(63,958)	(1,693,098)	(834,905)	(2,591,961)
Payments to suppliers	(1,016,459)	(4,784,491)	(1,220,044)	(7,020,994)
Payments for interfund services used	-	(350,000)	(250,000)	(600,000)
Net Cash Provided by (Used in) Operating Activities	<u>775,450</u>	<u>(592,425)</u>	<u>(724,246)</u>	<u>(541,221)</u>
Cash Flows from Non-capital Financing Activities:				
Transfers from other funds	-	-	822,392	822,392
Changes in internal balances	-	(3,085,610)	-	(3,085,610)
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>-</u>	<u>(3,085,610)</u>	<u>822,392</u>	<u>(2,263,218)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(4,047,660)	(3,033,077)	(1,789,950)	(8,870,687)
Proceeds from insurance recoveries	-	-	965,823	965,823
Proceeds from loans	-	4,876,448	-	4,876,448
Capital contributions	2,763,294	1,570,786	750,485	5,084,565
Development fees	-	50,853	-	50,853
Principal payments-bonds and loans	(180,000)	(1,455,099)	(133,277)	(1,768,376)
Interest payments-bonds and loans	(41,688)	(308,856)	(59,058)	(409,602)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,506,054)</u>	<u>1,701,055</u>	<u>(265,977)</u>	<u>(70,976)</u>
Cash Flows from Investing Activities:				
Interest received from investments	-	37,608	-	37,608
Changes in investments, net	197,000	1,597,056	-	1,794,056
Net Cash Provided by Investing Activities	<u>197,000</u>	<u>1,634,664</u>	<u>-</u>	<u>1,831,664</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(533,604)	(342,316)	(167,831)	(1,043,751)
Cash and Cash Equivalents - Beginning of Year July 1, 2009	3,035,896	342,316	175,902	3,554,114
Cash and Cash Equivalents - End of Year June 30, 2010 (including \$222,950 for the Public Housing reported in restricted accounts)	<u>\$ 2,502,292</u>	<u>\$ -</u>	<u>\$ 8,071</u>	<u>\$ 2,510,363</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:				
Operating loss	\$ (285,664)	\$ (1,528,678)	\$ (544,151)	\$ (2,358,493)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	824,103	1,348,830	171,065	2,343,998
Changes in assets and liabilities:				
Accounts receivable	(523)	1,203	(1,000,222)	(999,542)
Due from other funds	-	830	(347,554)	(346,724)
Prepaid items	-	(56,709)	190	(56,519)
Accounts payable and accrued liabilities	237,534	(359,896)	(6,609)	(128,971)
Due to other funds	-	-	1,017,056	1,017,056
Contracts payable	-	(7,358)	(10,560)	(17,918)
Unearned revenue	-	(29,647)	-	(29,647)
Compensated absences	-	39,000	(3,461)	35,539
Net Cash Provided by (Used in) Operating Activities	<u>\$ 775,450</u>	<u>\$ (592,425)</u>	<u>\$ (724,246)</u>	<u>\$ (541,221)</u>

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

FIDUCIARY FUNDS FINANCIAL STATEMENT

COUNTY OF KAUAI', HAWAII
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 2,768,390</u>
Total Assets	<u>2,768,390</u>
Liabilities:	
Customer deposits	2,116,088
Due to other governments	<u>652,302</u>
Total Liabilities	<u>2,768,390</u>
Net Assets	<u>\$ -</u>

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

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

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 2002.

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 (Department). The County's operations are organized into the following general functions: general government, public safety, public works, highways and streets, sanitation, culture and recreation, public welfare, housing, sewer, and other enterprises. For financial reporting purposes, the County includes all funds, agencies, boards, commissions, and authorities that are fiscally dependent upon the County and for which the County is financially accountable.

State of Hawai'i (State) agencies assume responsibility for several major functions often performed by local governments; including education, welfare, health, and judiciary functions. State agencies are not fiscally dependent on the County and, therefore, are not included in these financial statements. There are no separate city, county or township governments, nor any school districts, special districts, authorities, nor public corporations with overlapping authority presented in the accompanying financial statements.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its Codification of existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (*Statement and Interpretations*), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

The County follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions*. The County has elected to early-implement GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Mandatory adoption for GASB No. 54 is for the fiscal period ending June 30, 2011. The statements contained herein reflect the changes in fund balance reporting and presentation.

Discretely Presented Component Unit - The component unit column in the financial statements includes the financial data of the County's discretely presented component unit, the Department of Water (Department), which is a semi-autonomous proprietary agency of the County. It is reported in a separate column to emphasize that it is legally separate from the County.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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
Lihu'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 Assets* 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 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 Assets*, 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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 - Accounts for home rehabilitation loans made to qualified individuals under the Department of Housing and Urban Development's Community Development Block Grants rehabilitation loan program. Monies collected are used to finance other eligible Community Development Block Grant projects.

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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The County's fiduciary funds are limited to agency funds. Agency funds are custodial in nature and are used to receive and disburse funds for an entity/individual that is not part of the County. Agency funds function as a clearing account and do not measure results of operations. The County has the following agency funds:

- *Trust and Agency Fund*
- *Treasury Trust Fund*
- *Real Property Trust Fund*

The County has early adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (required implementation date of June 2011). This statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. The County is in the process of drafting a policy for its use of unrestricted fund balance amounts. During this early implementation phase, the Council permits funds to be expended in the following order: Committed, Assigned, and Unassigned.

The County reports the following classifications:

Nonspendable Fund Balance - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form - such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose - such as the County's gas sales tax revenue, which must be used to repair and construct roads. Legal enforceability means that the County can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Council of Kaua'i. Committed amounts cannot be used for any other purpose unless Council removes those constraints by taking the same type of action (e.g., legislation, resolution, ordinance). Committed fund balances include non-liquidated encumbrances at year end that are carried forward to the next fiscal year. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Director of Finance or (b) an appointed body (e.g., a budget or finance committee) or official to which the Council has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself.

Appropriated Assigned Fund Balance is an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 collectible 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.

Proprietary funds are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred. All proprietary funds follow applicable GASB guidance or FASB *Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins* issued on or before November 30, 1989, that do not conflict with, or contradict, GASB pronouncements.

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.

The County's fiduciary funds are limited to agency funds which have no measurement focus, however use the accrual basis of accounting to recognize receivables and payables. Because, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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).

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) and Federal Grants Fund, special revenue funds. The loans are partially offset by a deferred revenue account. Revenue is recognized and included in intergovernmental revenues when the loans made with federal funds are collected.

Receivables of the Department are recognized when revenue is earned, including charges for services rendered but not billed, net of allowance for doubtful accounts approximating \$218,000 of billed receivables.

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

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

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

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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

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

Primary Government

Motor vehicles	3 to 15 years
Furniture and equipment	5 to 20 years
Buildings 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
Equipment and machinery	5 to 20 years
Buildings 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 Assets and Balance Sheet because their use is limited by bond covenants. The Department sets aside certain resources to fund future capital improvements of the water supply system.

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

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

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

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets - Net assets are comprised of the various net earnings (losses) from operating and nonoperating revenues, expenses, operating transfers, and contributed capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted. Invested in capital assets, net of related debt, 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 invested in capital assets, net of related debt. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Restricted net assets are based on the same criteria used to report restricted governmental fund balances. Unrestricted net assets consist of all other net assets 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 \$32.4 million at June 30, 2010.

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

Long-Term Obligations - In the government-wide financial statements, Proprietary Fund financial statements, and Component Unit financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, Proprietary Fund, or Component Units statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective-interest method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the life of the refunding debt or the remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount, or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

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.

In Fiscal Year 2010, the County issued Build America Bonds and Recovery Zone Economic Development Bonds that provide for 35% and 45%, respectively, in federal subsidies on the total interest requirements.

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 Assets*. 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 US 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:

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

Budgets are adopted on a basis consistent with US 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 - CONTINUED
JUNE 30, 2010

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 for 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 KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

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 are reported as reservations of fund balances and 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, 2010.

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	\$ 14,659,123	\$ (60,043)	\$ (1,079,515)
Encumbrances and unexpended allotments, current year	<u>(6,634,690)</u>	<u>(20,854)</u>	<u>(1,875,977)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 8,024,433</u>	<u>\$ (80,897)</u>	<u>\$ (2,955,492)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is used by all funds, including the Department. Each of the fund's and component unit's portion of this pool are displayed in the accompanying financial statements.

Deposits - The deposits of the County and the Department 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 \$22,147,000 and the balances carried by the bank were approximately \$32,241,000. Of these deposits, \$1,000,000 is covered by federal depository insurance and the remaining amount is collateralized by securities held by financial institutions in the County's name.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - Continued

Investments - As of June 30, 2010, the County and the Department held \$179,993,732 and \$68,329,000, respectively, or 91% and 98% of their investments in Federal Government Sponsored Entities and Government Securities. The fair value of the investments approximate cost.

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

As of June 30, 2010, the County and the Department had the following investments:

	<u>County</u>	<u>Department</u>
Government Sponsored Entities	\$ 117,018,606	\$ 50,776,000
Government Securities	63,703,465	13,381,000
Money Market Funds	3,346,896	-
Other Fixed Income	-	4,067,000
US Corporates	-	<u>105,000</u>
	184,068,967	68,329,000
Certificates of Deposit	<u>13,472,311</u>	<u>3,053,000</u>
Total	<u>\$ 197,541,278</u>	<u>\$ 71,382,000</u>

Credit Risk - State law limits investments to the top rating issued by nationally recognized statistical rating organizations (NRSRO's). The County has no investment policy that would further limit its investment choices. As of June 30, 2010, the County's investments had a AA or greater rating.

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

Concentration of Credit Risk - The County places no limit on the amount which may be invested in any one issuer. As of June 30, 2010, the County and the Department held \$129,143,403 and \$49,789,714, respectively, or more than 65% and 70% of their investments in the following:

	<u>County</u>		<u>Department</u>	
FNDN - Fannie Mae Discount Note	\$ 2,997,966	1.5%	\$ -	0.0%
FMCDN - Freddie Mac Discount Note	3,994,467	2.0%	995,771	1.4%
FHDN - Federal Home Loan Discount Note	9,991,391	5.0%	1,993,943	2.8%
FHLB - Federal Home Loan Bank	40,377,324	20.4%	16,000,000	22.5%
FHLMC - Freddie Mac	22,575,590	11.4%	9,400,000	13.2%
FNMA - Fannie Mae	32,579,500	16.4%	16,900,000	23.7%
FFCB - Federal Farm Credit Bank	<u>16,627,165</u>	<u>8.3%</u>	<u>4,500,000</u>	<u>6.4%</u>
Total	<u>\$ 129,143,403</u>	<u>65%</u>	<u>\$ 49,789,714</u>	<u>70%</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 5 - RECEIVABLES

Receivables as of June 30, 2010, 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:

	<u>General Fund</u>	<u>Housing and Community Development Revolving Fund</u>	<u>Solid Waste Disposal Fund</u>	<u>Federal Grants Fund</u>	<u>Grants Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables, net:							
Real property taxes		\$ -	\$ -	\$ -	\$ -	\$ -	3,486,575
Accounts receivable	\$ 3,486,575	-	305,406	-	-	951,878	5,281,574
Intergovernmental	4,024,290	-	-	4,240,504	1,496,476	687,139	7,513,121
Loans receivable	1,089,002	-	-	9,570,321	-	29,980	19,623,065
Interest	-	10,022,764	-	9,570,321	-	29,980	19,623,065
	740,206	814,091	13,386	415,625	-	85,049	2,068,357
Total Receivables, net	<u>\$ 9,340,073</u>	<u>\$ 10,836,855</u>	<u>\$ 318,792</u>	<u>\$ 14,226,450</u>	<u>\$ 1,496,476</u>	<u>\$ 1,754,046</u>	<u>\$ 37,972,692</u>

Business-type Activities:

	<u>Enterprise Funds</u>
Receivables, net:	
Accounts receivable	\$ 2,981,355
Interest	4,784
Insurance	981,314
Less: allowance for uncollectible charges	<u>(534,261)</u>
Total Receivables, net	<u>\$ 3,433,192</u>

The only receivables not expected to be collected within one year are approximately \$18.8 million of loans receivable for the governmental activities which are generally due to the County on various dates through 2066.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Primary Government				Balance June 30, 2010
	Balance June 30, 2009	Increases	Decreases	Transfers	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 169,623,872	\$ 2,101,500	\$ -	\$ -	\$ 171,725,372
Construction in progress	<u>39,490,802</u>	<u>14,269,219</u>	<u>(20,394,964)</u>	<u>-</u>	<u>33,365,057</u>
Total Capital Assets, Not Being Depreciated	<u>209,114,674</u>	<u>16,370,719</u>	<u>(20,394,964)</u>	<u>-</u>	<u>205,090,429</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	88,088,393	6,835,534	(53,968)	(181,967)	94,687,992
Machinery and equipment	50,891,740	7,890,627	(2,404,860)	-	56,377,507
Infrastructure	<u>624,872,492</u>	<u>13,413,609</u>	<u>(397,297)</u>	<u>-</u>	<u>637,888,804</u>
Total Capital Assets, Being Depreciated	<u>763,852,625</u>	<u>28,139,770</u>	<u>(2,856,125)</u>	<u>(181,967)</u>	<u>788,954,303</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(28,065,908)	(2,636,876)	53,968	69,500	(30,579,316)
Machinery and equipment	(25,113,089)	(4,680,007)	2,390,192	-	(27,402,904)
Infrastructure	<u>(426,115,447)</u>	<u>(6,222,968)</u>	<u>397,297</u>	<u>-</u>	<u>(431,941,118)</u>
Total Accumulated Depreciation	<u>(479,294,444)</u>	<u>(13,539,851)</u>	<u>2,841,457</u>	<u>69,500</u>	<u>(489,923,338)</u>
Governmental Activities - Capital Assets, net	<u>\$ 493,672,855</u>	<u>\$ 30,970,638</u>	<u>\$ (20,409,632)</u>	<u>\$ (112,467)</u>	<u>\$ 504,121,394</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 6 - CAPITAL ASSETS - Continued

	Primary Government				Balance June 30, 2010
	Balance June 30, 2009	Increases	Decreases	Transfers	
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,801,200	\$ 3,540,000	\$ -	\$ -	\$ 7,341,200
Construction in progress	<u>14,313,066</u>	<u>4,842,182</u>	<u>(12,641,849)</u>	<u>-</u>	<u>6,513,399</u>
Total Capital Assets, Not Being Depreciated	<u>18,114,266</u>	<u>8,382,182</u>	<u>(12,641,849)</u>	<u>-</u>	<u>13,854,599</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	65,869,860	9,644,534	-	181,967	75,696,361
Machinery and equipment	4,407,741	494,975	(434,417)	-	4,468,299
Infrastructure	<u>8,879,025</u>	<u>2,997,315</u>	<u>-</u>	<u>-</u>	<u>11,876,340</u>
Total Capital Assets, Being Depreciated	<u>79,156,626</u>	<u>13,136,824</u>	<u>(434,417)</u>	<u>181,967</u>	<u>92,041,000</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(27,043,516)	(1,780,439)	-	(69,500)	(28,893,455)
Machinery and equipment	(2,067,503)	(370,635)	434,417	-	(2,003,721)
Infrastructure	<u>(6,707,554)</u>	<u>(192,924)</u>	<u>-</u>	<u>-</u>	<u>(6,900,478)</u>
Total Accumulated Depreciation	<u>(35,818,573)</u>	<u>(2,343,998)</u>	<u>434,417</u>	<u>(69,500)</u>	<u>(37,797,654)</u>
Business-type Activities - Capital Assets, net	<u>\$61,452,319</u>	<u>\$ 19,175,008</u>	<u>\$(12,641,849)</u>	<u>\$ 112,467</u>	<u>\$ 68,097,945</u>

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

Governmental Activities:		
General government		\$ 618,791
Public safety		2,523,569
Public works		1,958,696
Highways and streets		6,310,658
Public welfare		383,462
Culture and recreation		779,609
Sanitation		<u>965,066</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 13,539,851</u>
Business-type Activities:		
Public Housing		\$ 1,348,830
Sewer		824,103
Golf		<u>171,065</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 2,343,998</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTES 6 - CAPITAL ASSETS - Continued

	Component Unit				Balance June 30, 2010
	Balance June 30, 2009	Increases	Decreases	Transfers	
Discretely Presented					
Component Unit:					
Capital Assets, Not Being Depreciated					
Land	\$ 520,064	\$ -	\$ -	\$ -	\$ 520,064
Construction in progress	<u>16,873,852</u>	<u>18,753,764</u>	<u>(16,621,101)</u>	-	<u>19,006,515</u>
Total Capital Assets, Not Being Depreciated	<u>17,393,916</u>	<u>18,753,764</u>	<u>(16,621,101)</u>	-	<u>19,526,579</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	5,057,395	1,600	-	-	5,058,995
Machinery and equipment	4,670,036	174,785	(229,227)	-	4,615,594
Infrastructure	<u>194,107,163</u>	<u>20,725,825</u>	<u>(1,113,572)</u>	-	<u>213,719,416</u>
Total Capital Assets, Being Depreciated	<u>203,834,594</u>	<u>20,902,210</u>	<u>(1,342,799)</u>	-	<u>223,394,005</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(1,250,285)	(120,821)	-	-	(1,371,106)
Machinery and equipment	(3,545,629)	(297,356)	229,227	-	(3,613,758)
Infrastructure	<u>(66,921,591)</u>	<u>(5,483,224)</u>	<u>1,113,572</u>	-	<u>(71,291,243)</u>
Total Accumulated Depreciation	<u>(71,717,505)</u>	<u>(5,901,401)</u>	<u>1,342,799</u>	-	<u>(76,276,107)</u>
Component Unit - Capital Assets, net	<u>\$149,511,005</u>	<u>\$33,754,573</u>	<u>\$(16,621,101)</u>	<u>\$ -</u>	<u>\$ 166,644,477</u>

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES

The Interfund Due From/To Other Funds consist of the following as of June 30, 2010:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 5,704
General Fund	Golf Enterprise Fund	1,044,365
Federal Grants Fund	Housing & Community Development Fund	94,299
Solid Waste Fund	Federal Grants Fund	1,692,713
Solid Waste Fund	Other Governmental Funds	2,098,984
General CIP Fund	General Fund	8,250,204
General CIP Fund	Grants CIP Fund	1,732,616
Grants CIP Fund	Sewer Enterprise Fund	1,214,905
Golf Enterprise Fund	Sewer Enterprise Fund	347,554
Other Governmental Funds	General Funds	<u>15,465,331</u>
		<u>\$ 31,946,675</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES - Continued

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, 2011.

Internal balances consist of the following at June 30, 2010:

Receivable Fund	Payable Fund	Amount
Grants CIP Fund	Sewer Enterprise Fund	\$ 1,214,905
General Fund	Golf Fund	1,044,365
		\$ 2,259,270

Transfers for the fiscal year ended June 30, 2010 consisted of the following:

	General Fund	Transfers out:		Total
		General Capital Improvement Fund	Other Governmental Funds	
Transfers in:				
Golf Enterprise Fund	\$ 822,392	\$ -	\$ -	\$ 822,392
Non-major Governmental Fund	10,994,995	-	2,975,000	13,969,995
General CIP Fund	150,000	7,353,765	-	7,503,765
Solid Waste Fund	8,378,420	-	-	8,378,420
	\$ 20,345,807	\$ 7,353,765	\$ 2,975,000	\$ 30,674,572

Transfers are recorded to fund the short-term operating requirements of individual funds. During fiscal year ending June 30, 2010, an amendment to the capital budget was adopted to reduce the General CIP Fund appropriations for projects; the funding was changed to the Bond Fund. As a result, a transfer totaling \$7,353,765 was made out of the General CIP Fund back to the General Fund.

NOTE 8 - NET ASSETS

At June 30, 2010 net assets consisted of the following:

	Governmental Activities	Business-type Activities	Component Unit
Invested in Capital Assets, Net of Related Debt:			
Net property, plant, and equipment	\$ 504,121,394	\$ 68,097,944	\$ 166,644,477
Less: Long-term debt	(125,775,757)	(19,187,701)	(96,348,550)
Less: Capital lease obligation	(3,054,047)	-	(5,333,830)
Add: Unspent debt proceeds	76,954,858	-	59,980,429
Subtotal	\$ 452,246,448	\$ 48,910,243	\$ 124,942,526

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 8 - NET ASSETS - Continued

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Unit</u>
Restricted:			
Capital projects	\$ 94,742,513	\$ -	\$ 5,309,341
Less: Unspent debt proceeds	(76,954,858)	-	(59,980,429)
Accrued interest payable	(2,256,560)	-	(1,332,532)
Other - debt service	<u>6,650,089</u>	<u>215,791</u>	<u>59,980,429</u>
Subtotal, Restricted	<u>22,181,184</u>	<u>215,791</u>	<u>3,976,809</u>
Unrestricted	<u>67,639,803</u>	<u>5,013,888</u>	<u>16,608,704</u>
Total Net Assets	<u>\$ 542,067,435</u>	<u>\$ 54,139,922</u>	<u>\$ 145,528,039</u>

NOTE 9 - CAPITAL LEASES

The County leases machinery and equipment under non-cancelable leases expiring at various dates through October 2015 which meet the criteria for capitalization. These capital leases are financed from General Fund resources.

The estimated value of the leased machinery and equipment at the inception of the leases net of accumulated depreciation, amounted to \$4,520,540. The related present value of the remaining obligations under the capital leases which amounted to \$3,054,047 at June 30, 2010 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2010 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 954,328	\$ 120,310	\$ 1,074,638
2012	698,830	83,936	782,766
2013	724,330	58,436	782,766
2014	357,441	31,943	389,384
2015	155,790	15,443	171,233
Thereafter	<u>163,328</u>	<u>7,906</u>	<u>171,234</u>
Totals	<u>\$ 3,054,047</u>	<u>\$ 317,974</u>	<u>\$ 3,372,021</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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 9 - CAPITAL LEASES - Continued

The capital lease obligation is amortized at an implicit rate of approximately 6%. The annual requirements to amortize capital lease obligation as of June 30, 2010 are approximately as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 483,000	\$ 309,000	\$ 792,000
2012	513,000	279,000	792,000
2013	545,000	247,000	792,000
2014	579,000	213,000	792,000
2015	615,000	177,000	792,000
2016-2019	<u>2,598,830</u>	<u>305,000</u>	<u>2,903,830</u>
Totals	<u>\$ 5,333,830</u>	<u>\$ 1,530,000</u>	<u>\$ 6,863,830</u>

The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2010 and 2009. The provision for accumulated depreciation related to the SWTP facility was approximately \$2,412,000 and \$1,881,000 as of June 30, 2010 and 2009, respectively.

NOTE 10 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Approximate</u>
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>amounts</u>
					<u>due within</u>
					<u>one year</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 68,610,000	\$60,000,000	\$ 3,685,000	\$ 124,925,000	\$ 3,855,000
Deferred Costs:					
For issuance premiums	1,101,577	-	53,088	1,048,489	53,088
On refunding	<u>(207,744)</u>	<u>-</u>	<u>(10,012)</u>	<u>(197,732)</u>	<u>(10,012)</u>
Total Bonds Payable	69,503,833	60,000,000	3,728,076	125,775,757	3,898,076
Claims and judgments	11,214,061	2,724,332	5,651,688	8,286,705	6,866,704
Landfill closure and postclosure	20,564,199	1,317,993	300,000	21,582,192	300,000
Capital lease obligations	2,396,136	1,685,793	1,027,882	3,054,047	954,328
Compensated absences	<u>11,723,969</u>	<u>3,698,581</u>	<u>3,867,548</u>	<u>11,555,002</u>	<u>3,899,316</u>
Governmental Activities, Long-term Liabilities	<u>\$115,402,198</u>	<u>\$69,426,699</u>	<u>\$ 14,575,194</u>	<u>\$ 170,253,703</u>	<u>\$ 15,918,424</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 10 - LONG-TERM LIABILITIES - Continued

	<u>Balance</u>		<u>Reductions</u>	<u>Balance</u>	<u>Approximate</u>
	<u>June 30, 2009</u>	<u>Additions</u>		<u>June 30, 2010</u>	<u>amounts</u>
					<u>due within</u>
					<u>one year</u>
Business-type Activities:					
Bonds Payable:					
General obligation bonds	\$ 1,435,000	\$ -	\$ 135,000	\$ 1,300,000	\$ 140,000
Revenue bonds	575,000	-	180,000	395,000	190,000
Deferred Costs:					
For issuance premiums	24,272	-	3,425	20,847	5,471
On refunding	<u>(36,473)</u>	<u>-</u>	<u>(5,149)</u>	<u>(31,324)</u>	<u>(5,000)</u>
Total Bonds Payable	1,997,799	-	313,276	1,684,523	330,471
Loans Payable to State					
Governments	14,071,350	4,855,378	1,434,028	17,492,700	1,741,000
Compensated Absences	<u>490,216</u>	<u>207,744</u>	<u>172,205</u>	<u>525,755</u>	<u>168,292</u>
Business-type Activities, Long-term Liabilities	<u>\$ 16,559,365</u>	<u>\$ 5,063,122</u>	<u>\$ 1,919,509</u>	<u>\$ 19,702,978</u>	<u>\$ 2,239,763</u>
Discretely Presented Component Unit:					
Bonds Payable:					
General obligation bonds	\$ 12,530,000	\$60,000,000	\$ 449,000	\$72,081,000	\$ 470,000
Deferred Costs:					
For issuance premiums	248,837	-	13,608	235,229	-
On refunding	<u>(424,794)</u>	<u>-</u>	<u>(38,551)</u>	<u>(386,243)</u>	<u>-</u>
Total Bonds Payable	12,354,043	60,000,000	424,057	71,929,986	470,000
Loans Payable	12,131,964	13,126,843	840,243	24,418,564	1,348,000
Compensated Absences	1,095,897	517,121	638,607	974,411	502,000
Capital Lease Obligations	<u>5,789,087</u>	<u>-</u>	<u>455,257</u>	<u>5,333,830</u>	<u>483,000</u>
Component Unit, Long-term Liabilities	<u>\$ 31,370,991</u>	<u>\$73,643,964</u>	<u>\$ 2,358,164</u>	<u>\$ 102,656,791</u>	<u>\$ 2,803,000</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. No subsidy payment was received prior to June 30, 2010.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 10 - LONG-TERM LIABILITIES - Continued

General obligation bonds payable reported on the government-wide *Statement of Net Assets* at June 30, 2010 are comprised of the following individual issues:

Governmental Activities:

General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,490,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy). \$ 47,835,000

General obligation bonds, 2010 Series A, original amount \$12,165,000, due in annual installments of \$3,140,000 to \$9,025,000 through August 2034, interest payments semi-annually from 5.863% to 5.913%. 12,165,000

General obligation bonds, 2005 Series A, original amount \$42,180,000, due in annual installments of \$1,120,000 to \$3,355,000 from August 2008 through August 2029, interest payments semi-annually from 3.25% to 5%. 39,745,000

General obligation bonds, 2001 Series A, original amount \$33,635,000, due in annual installments of \$2,343,868 to \$2,413,750 from August 2001 through August 2025, interest payments semi-annually from 4% to 5.625%. 22,280,000

General obligation taxable bonds, 2000 Series B, original amount \$2,820,000, due in annual installments of \$115,000 to \$325,000 from August 2001 through August 2014, interest payments semi-annually from 8% to 8.1%. 1,380,000

General obligation refunding bonds, 1992 Series B and C, original amount \$20,120,000, due in annual installments of \$215,000 to \$1,520,000 through August 2010, interest payments semi-annually from 2.6% to 5.95%. 1,520,000

Total Governmental Activities \$ 124,925,000

Business-type Activities:

General obligation bonds, 2005 Series A, original amount \$1,565,000, due in annual installments of \$130,000 to \$190,000 from August 2008 through August 2017, interest payments semi-annually from 3.25% to 5%. \$ 1,300,000

Total Business-type Activities \$ 1,300,000

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 10 - LONG-TERM LIABILITIES - Continued

Annual requirements to amortize primary government general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2010 are approximately as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 3,855,000	\$ 5,768,000	\$ 140,000	\$ 54,000	\$ 3,995,000	\$ 5,822,000
2012	2,450,000	6,064,000	145,000	48,000	2,595,000	6,112,000
2013	2,575,000	5,943,000	150,000	42,000	2,725,000	5,985,000
2014	4,205,000	5,794,000	160,000	36,000	4,365,000	5,830,000
2015	3,985,000	5,626,000	165,000	29,000	4,150,000	5,655,000
2016-2020	21,350,000	25,000	540,000	41,000	21,890,000	66,000
2021-2025	30,755,000	19,000	-	-	30,755,000	19,000
2026-2030	31,080,000	11,000	-	-	31,080,000	11,000
2031-2035	<u>24,670,000</u>	<u>4,419,000</u>	<u>-</u>	<u>-</u>	<u>24,670,000</u>	<u>4,419,000</u>
Totals	<u>\$124,925,000</u>	<u>\$33,669,000</u>	<u>\$ 1,300,000</u>	<u>\$ 250,000</u>	<u>\$126,225,000</u>	<u>\$ 33,919,000</u>

Component Unit:

County Series 2010 A, last installment 2033. Maturing serially from August 1, 2013. Interest rate - 1.955% to 5.763% (before the federal subsidy). Issued March 24, 2010. Original amount - \$60,000,000. \$ 60,000,000

County Series 2005 A, last installment 2029. Maturing serially from August 1, 2008. Interest rate - 3.25% to 5%. Issued November 10, 2005. Original amount - \$6,485,000. 6,370,000

County Series 2001 A, last installment 2025. Maturing serially from August 1, 2001. Interest rate - 4% to 6.25%. Issued May 15, 2001. Original amount - \$11,725,000. 5,630,000

County Series 1980, last installment 2015. Maturing serially from March 1, 1983. Interest rate - 5%. Issued April 7, 1980. Original amount - \$300,000. 81,000

Total Component Unit \$ 72,081,000

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 10 - LONG-TERM LIABILITIES - Continued

Annual requirements to amortize component unit general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2010 are approximately as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 470,000	\$ 3,078,000	\$ 3,548,000
2012	490,000	3,487,000	3,977,000
2013	516,000	3,462,000	3,978,000
2014	2,417,000	3,415,000	5,832,000
2015	2,503,000	3,148,000	5,651,000
2016-2020	13,855,000	15,277,000	29,132,000
2021-2025	18,045,000	11,850,000	29,895,000
2026-2030	18,115,000	7,104,000	25,219,000
2031-2034	<u>15,670,000</u>	<u>1,720,561</u>	<u>17,390,561</u>
Totals	<u>\$72,081,000</u>	<u>\$52,541,561</u>	<u>\$124,622,561</u>

At June 30, 2010, approximately \$21.4 million of primary government and \$8.9 million of component unit general obligation bonds outstanding are considered defeased.

Revenue Bonds:

Revenue bonds are direct obligations where the County pledges income derived from acquired or constructed assets to pay debt service.

At June 30, 2010, the long-term debt of the Public Housing Enterprise Fund comprised approximately of \$395,000 of 1992 series Rental Housing revenue bonds (original amount \$4.2 million) which are due in annual installments of \$180,000 to \$205,000 through April 2012. Interest on bonds are payable semi-annually at 7.25%.

Annual requirements to retire revenue bonds payable at June 30, 2010 are approximately as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 190,000	\$ 29,000	\$ 219,000
2012	<u>205,000</u>	<u>15,000</u>	<u>220,000</u>
Totals	<u>\$ 395,000</u>	<u>\$ 44,000</u>	<u>\$ 439,000</u>

Loans Payable: Business-type Activities

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

\$ 797,006

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 10 - LONG-TERM LIABILITIES - Continued

During fiscal year 1995, the County entered into an additional construction loan agreement with the State totaling approximately \$700,000 to fund a change order related to the Kapa'a Wastewater Treatment Plant. Principal, interest, and loan fee payments are due in semi-annual installments of \$23,925 (\$47,850 annually). Interest is accrued at 3.06% per annum.	\$ 188,488
During fiscal year 1993, the County entered into a construction loan agreement with the State totaling approximately \$14.1 million to fund a portion of the construction cost of the Līhu'e Wastewater, Phase IV Project. A supplemental loan agreement reduced the principal amount to approximately \$13.4 million. Principal, interest, and loan fee payments are due quarterly in equal installments of \$239,699 (\$958,796 annually). Interest is accrued from the date of the State-issued warrant (March 7, 1994) or check for each subsequent loan amount disbursed to the County at 3.78% per annum. The construction loans are general obligation debt of the County that do not specify a dedicated revenue source to be used for repayment of the loans. The construction of each of these plants was completed during fiscal year 1997. The County determined that the funding source for repayment of these loans will be from the Sewer Enterprise Fund.	3,146,899
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. The County requested approximately \$450,000, and \$700,000 respectively for the years ended June 30, 2007, and 2006. Principal and interest payments are due in semi-annual installments of \$36,692 (\$73,384 annually). A loan fee is assessed at 1% of the outstanding principal balance. Interest is accrued at 2.13% per annum.	963,902
During fiscal year 2007, the County entered into a construction agreement with the State totaling approximately \$2.2 million to fund a wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$58,425 (\$116,850 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	1,795,762

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 10 - LONG-TERM LIABILITIES - Continued

During fiscal year 2009, the County entered into a new construction agreement with the State totaling approximately \$2.1 million to continue to fund the wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$55,611 (\$111,222 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum. \$ 1,810,193

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 \$107,880 (\$215,760 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum. 3,531,895

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. 403,179

During fiscal year 2010, the County entered into a new construction agreement with the State totaling approximately \$4.9 million to fund the wastewater plant digester repair. Principal and interest payments are due in semi-annual installments of \$137,553 (\$275,106 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum. 4,855,378

Total Business-type Activities \$ 17,492,702

Annual requirements to retire loans payable as of June 30, 2010 are approximately as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,741,000	\$ 308,000	\$ 2,049,000
2012	1,768,000	279,000	2,047,000
2013	1,801,000	244,000	2,045,000
2014	1,611,000	190,000	1,801,000
2015	944,000	116,000	1,060,000
2016-2020	3,846,000	362,000	4,208,000
2021-2025	3,970,000	177,000	4,147,000
2026-2028	<u>1,812,000</u>	<u>22,000</u>	<u>1,834,000</u>
Totals	<u>\$17,493,000</u>	<u>\$ 1,698,000</u>	<u>\$ 19,191,000</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 10 - LONG-TERM LIABILITIES - Continued

Component Unit:

State Revolving Fund Loan -

Kokolau Tunnel, last installment 2021. Maturing serially from July 15, 2001. Interest rate - 1.37%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2001. Original amount - \$1,755,329. \$ 1,037,942

Kekaha Well, last installment 2022. Maturing serially from April 15, 2002. Interest rate - 1.01%. Semi-annual loan fee rate - 1.625%. Date issued - April 15, 2002. Original amount - \$1,097,536. 585,964

Hanapepe 27" Steel Pipeline, last installment 2023. Maturing serially from July 15, 2003. Interest rate - .99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$691,134. 493,763

Hanapepe River Crossing Pipeline, last installment 2023. Maturing serially from July 15, 2003. Interest rate - .99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$1,345,040. 885,947

Wailua Homesteads Well No. 3, last installment 2024. Maturing serially from March 15, 2004. Interest rate - .54%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2004. Original amount - \$418,967. 298,229

Līhu'e Steel Tanks 1 & 2, last installment 2024. Maturing serially from Jan 15, 2004. Interest rate - .46%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2004. Original amount - \$1,243,017. 997,679

Ornellas 0.2 MG Tank, last installment 2025. Maturing serially from January 15, 2005. Interest rate - .58%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2005. Original amount - \$809,398. 640,511

16" Waterline replacement along Kuhio Highway, last installment 2026. Maturing serially from August 15, 2005. Interest rate - .16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2005. Original amount - \$2,481,289. 1,946,707

Poipu Road 16" Main Replacement, last installment 2027. Maturing serially from January 15, 2007. Interest rate - .16%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2007. Original amount - \$5,595,979. 4,514,574

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 10 - LONG-TERM LIABILITIES - Continued

Stable 1.0 MG Tank, last installment 2029. Maturing serially from March 15, 2009. Interest rate - .13%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2009. Original amount - \$5,693,863.	\$ 5,693,863
16 Kaunualii Highway 12" Main Replacement, last installment 2029. Maturing serially from August 15, 2009. Interest rate - .16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$3,758,412.	3,758,412
Waha, Wawae & Niho Roads Main Replacement, last installment 2029. Maturing serially from August 15, 2009. Interest rate - .16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$1,844,718.	1,844,718
Kapilimao 0.5 MG Tank, last installment 2030. Maturing serially from January 15, 2010. Interest rate - .21%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2010. Original amount - \$1,720,255.	<u>1,720,255</u>
Total Component Unit	<u>\$ 24,418,564</u>

Annual requirements to retire the component unit loans payable as of June 30, 2010 are approximately as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,348,000	\$ 844,000	\$ 2,192,000
2012	1,397,000	825,000	2,222,000
2013	1,403,000	774,000	2,177,000
2014	1,408,000	722,000	2,130,000
2015	1,414,000	671,000	2,085,000
2016-2020	7,163,000	2,568,000	9,731,000
2021-2025	6,624,000	1,273,000	7,897,000
2026-2030	<u>3,661,564</u>	<u>273,513</u>	<u>3,935,077</u>
Totals	<u>\$ 24,418,564</u>	<u>\$ 7,950,513</u>	<u>\$ 32,369,077</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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 11 - EMPLOYEE BENEFIT PLANS - Continued

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 contributory 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 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 year ended June 30, 2010 was approximately \$65.8 million. The total payroll for the County's employees for the year ended June 30, 2010 was approximately \$68 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 year ended June 30, 2010 were approximately \$10.7 million and \$4.2 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 2010, 2009, and 2008 were approximately \$10.7 million, \$10.6 million, and \$8.8 million, respectively. Contributions for fiscal year 2010 were approximately 100% of the required contribution. Contributions for fiscal years 2009 and 2008 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 KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 11 - EMPLOYEE BENEFIT PLANS - Continued

The following data was obtained from the disclosures contained in the *CAFR* for the year ended June 30, 2008. Number of employers as of June 30, 2008 was:

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

Method Used to Value Investments - Plan investments are reported at fair value. Where appropriate, the fair value includes disposition costs. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments and real estate owned are based on independent appraisals and estimated values. Investments that do have an established market are reported at estimated fair value.

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

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

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN

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

EUTF
201 Merchant Street, Suite 1520
Honolulu, Hawai'i 96813

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN - Continued

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 year of credited service. A retiree can elect a family plan to cover dependents.

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

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

Funding Policy - Effective July 1, 2006, EUTF implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. GASB 43 establishes accounting and financial reporting standards for plans that provide other postemployment benefits (OPEB) other than pensions. GASB 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 43 and the active employee healthcare benefits as risk financing in conformity with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended.

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

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

Annual OPEB Cost - The County's annual OPEB cost for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters in GASB 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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN - Continued

determination date. At June 30, 2010, the County's post-retirement payable of \$181,000 is considered a short-term difference and has been included in the respective annual OPEB contributions. At June 30, 2010 and 2009, the Department's post-retirement payable of \$0 and \$238,509, respectively, is considered a short-term difference and has been included in the respective annual OPEB contributions. The following table presents the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB liability, and the funding status:

County:

Fiscal Year Ending June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 11,510,000	100.0%	\$ -
2010	\$ 11,926,000	100.0%	\$ -

Department:

Fiscal Year Ending June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 728,000	100.0%	\$ -
2010	\$ 756,000	109.4%	\$ (71,000)

Funding Status and Funding Progress - The funded status of the Plan as of July 1, 2009, the effective date of the biannual OPEB valuation, was as follows:

	<u>County</u>	<u>Department of Water</u>		
Actuarial Accrued Liability (AAL)	\$ 149,185,000	\$ 9,702,000		
Assets	<u>13,493,000</u>	<u>930,000</u>		
Unfunded AAL (UAAL)	<u>\$135,692,000</u>	<u>\$ 8,772,000</u>		
	<u>2010</u>	<u>2009</u>		
	<u>County</u>	<u>Department of Water</u>	<u>County</u>	<u>Department of Water</u>
Covered payroll	\$ 63,178,223	\$ 4,424,000	\$ 62,849,000	\$ 4,476,000
Unfunded actuarial accrued liability (UAAL) as of July 1, 2009 as a percentage of covered payroll	215%	198%	209%	189%

COUNTY OF KAUAI, HAWAII
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2010

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN - Continued

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

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects 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, 2009
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, period ending June 30, 2037
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	3.5%
Medical and Rx Pre-65	10.5% initial; 5% ultimate
Medical and Rx Post-65	10.25% initial; 5% ultimate
Dental	6.0% initial; 4% ultimate
Vision	4.0% initial; 3% ultimate
Medicare Part B	14.63% initial, 5% ultimate

The number of participants as of July 1, 2009, the effective date of the biannual OPEB valuation, follows. There have been no significant changes in the number of covered participants or the type of coverage since that date:

	<u>County</u>	<u>Department</u>
Active employees	1,076	74
Retired employees	633	30
Deferred vested employees	<u>85</u>	<u>4</u>
Total	<u><u>1,794</u></u>	<u><u>108</u></u>

COUNTY OF KAUAI, HAWAII
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2010

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Claims and Judgments - The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains certain comprehensive general liability and property insurance, public official and law enforcement liability insurance, and excess auto liability insurance for claims. It is the opinion of management and legal counsel that such claims and lawsuits are either covered by the County's insurance policies, if they should exceed the County's retained risk, or are recorded in the government-wide financial statements. There was no reduction in insurance coverage during the year from coverage in the prior year. During the past three 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 Assets*. At June 30, 2010, the amount of this liability was approximately \$8.3 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2009 are given below:

Fiscal Year	Liability at Beginning of Year	Current Year Claims and Changes In Estimates	Claim Payments and Adjustments	Liability at End of Year
2009	\$ 10,791,207	\$ 7,567,743	\$ (7,144,889)	\$ 11,214,061
2010	\$ 11,214,061	\$ 2,724,332	\$ (5,651,688)	\$ 8,286,705

Purchase Commitments - The outstanding portion of contractual commitments for capital projects, supplies, and other expenditures at June 30, 2010, was approximately \$22.3 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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

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

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 \$12.5 million based on estimates provided by project engineers. At June 30, 2010, approximately 98% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately one year.

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 \$21.6 million, which may change due to inflation, technology or applicable laws or regulations. This amount is fully accrued in the government-wide financial statements.

The County is required by state and federal laws and regulations to assure that the funds for corrective action closure and post-closure care will be available when needed. The County charges commercial businesses a tipping fee for each ton of waste deposited at the Kekaha Landfill Phase II. The tipping fees will be used to offset the cost of closing the landfill. As of June 30, 2010, the County has collected approximately \$6.6 million in tipping fees and a portion of this amount is included in the Solid Waste Fund. As of June 30, 2010, the County met applicable financial assurance requirements specified in 40 CFR Section 258.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 15 - FUND BALANCE CONSTRAINTS

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	Community Development Revolving	Solid Waste	Federal Grants	Grants Capital Improvement	General Capital Improvement	Bond	Other Governmental Funds	
Fund Balances:									
Nonspendable:									
Prepays	\$ -	-	-	-	-	-	-	496,634	\$ 496,634
Loans receivable	-	3,104,232	-	-	-	-	-	-	3,104,232
Total - Nonspendable	-	3,104,232	-	-	-	-	-	496,634	3,600,866
Restricted:									
Debt service reserve	-	-	-	-	-	-	-	6,650,089	6,650,089
Landfill closure and postclosure costs	-	-	6,623,377	-	-	-	-	-	6,623,377
Total - Restricted	-	-	6,623,377	-	-	-	-	6,650,089	13,273,466
Committed:									
General government	3,590,608	-	-	-	-	215,652	487,737	402,529	4,696,526
Public safety	1,031,084	-	-	-	-	-	-	17,992	1,049,076
Public works	1,499,256	-	-	-	-	294,571	6,818,541	1,138	8,613,506
Highways and streets	-	-	-	-	-	705,002	88,162	3,015,818	3,808,982
Sanitation	-	-	1,875,977	-	-	-	306,644	9,868	2,192,489
Culture and recreation	278,370	-	-	-	-	310,634	729,102	189,780	1,507,886
Public welfare	235,370	20,854	-	-	-	-	141,684	30,300	428,208
Total - Committed	6,634,688	20,854	1,875,977	-	-	1,525,859	8,571,870	3,667,425	22,296,673
Assigned:									
Balancing future budget shortfalls	15,514,951	2,042,243	1,295,919	-	-	-	-	3,036,196	21,889,309
Self insurance provisions	3,551,672	-	-	-	-	-	-	-	3,551,672
Capital improvement projects	-	-	-	-	-	10,457,296	68,382,988	15,902,229	94,742,513
Other purposes	-	42,660	-	-	-	-	-	4,854,568	4,897,228
Total - Assigned	19,066,623	2,084,903	1,295,919	-	-	10,457,296	68,382,988	23,792,993	125,080,722
Unassigned:	43,098,792	-	-	-	-	-	-	-	43,098,792
Total Fund Balances	<u>\$ 68,800,103</u>	<u>\$ 5,209,989</u>	<u>\$ 9,795,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,983,155</u>	<u>\$ 76,954,858</u>	<u>\$ 34,607,141</u>	<u>\$ 207,350,519</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

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 \$925,133 for the year ended June 30, 2010.

NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING

GASB has issued the following Statements applicable to the County:

- *Statement No. 51 "Accounting and Financial Reporting for Intangible Assets"* - This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This Statement also establishes guidance specific to intangible assets related to amortization. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The adoption of this statement has not had an impact on the County's financial statements.
- *Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments"* - This Statement is intended to improve how state and local governments report information about derivative instruments - financial arrangements used by governments to manage specific risks or make investments - in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements. The adoption of this statement has not had an impact on the County's financial statements.
- *Statement No. 55 "The Hierarchy of Generally Accepted Accounting Principles of State and Local Governments"* effective upon issuance in March 2009. This Statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The County believes that this Statement will make it easier to identify and apply all relevant guidance when preparing future financial statements.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2010

NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING - Continued

- *Statement No. 56 “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”* effective upon issuance in March 2009. This Statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ Statement on Auditing Standards. The three issues not included in the authoritative literature that establishes accounting principles are: related party transactions, going concern considerations, and subsequent events. The GASB believes that presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. The County believes that the Statement will improve financial reporting by bringing the authoritative accounting and financial reporting literature together in one place.
- *Statement No. 57 “OPEB Measurements by Agent Employers and Agent Multiple - Employer Plans”* - The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post employment benefit (OPEB) plans. Statement No. 57 amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, as its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates.
- *Statement No. 59 “Financial Instruments Omnibus”* - This Statement is intended to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Statement No. 59 amends the following previous GASB Statements: No. 4, No. 53, No. 25, No. 43, No. 40, and No. 31. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards.

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

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.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES -
CONTINUED**

Capital Projects Funds

Parks and Playground Capital Improvement Fund

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

Sewer Trust Fund

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

Development Capital Improvement Fund

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

Bikeway Capital Improvement Fund

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

Special State Capital Improvement Fund

Accounts for the costs of capital projects financed by State of Hawai'i grants-in-aid to Counties. There was no activity in this fund during fiscal year ending June 30, 2010.

Highway Capital Improvement Fund

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

Open Space Capital Improvement Fund

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

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 Hawai'i motor vehicle weight taxes.

Treasury Trust Fund

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

Real Property Trust Fund

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

COUNTY OF KAUAI, HAWAII
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

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	\$ -	\$ 153,775	\$ 681,495	\$ 265,914	\$ 183,965	\$ 808,498	\$ 63,066	\$ -	\$ 1,251,623	\$ -
Investments	5,695,590	984,054	-	727,000	-	-	-	996,352	-	-
Accounts receivable, net	-	-	-	-	-	10,266	941,612	-	-	-
Interest receivable	32,086	4,954	-	7,108	-	-	-	1,678	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	6,650,089
Due from other governments	267,755	-	-	-	-	-	419,384	-	-	-
Loans receivable	-	-	-	-	-	29,980	-	-	-	-
Prepaid items	-	-	-	-	-	496,634	-	-	-	-
Total Assets	<u>\$ 5,995,431</u>	<u>\$ 1,142,783</u>	<u>\$ 681,495</u>	<u>\$ 1,000,022</u>	<u>\$ 183,965</u>	<u>\$ 1,345,378</u>	<u>\$ 1,424,062</u>	<u>\$ 998,030</u>	<u>\$ 1,251,623</u>	<u>\$ 6,650,089</u>
Liabilities:										
Accounts payable	\$ 527,157	\$ 42,063	\$ 350,000	\$ 9,024	\$ 11,918	\$ 52,876	\$ 112,351	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-	-	-	-	-
Due to other funds	1,899,846	-	-	-	-	-	5,704	199,138	-	-
Due to customers	-	-	-	-	-	167,920	-	-	-	-
Due to other governments	-	-	-	-	-	323,952	-	-	-	-
Deferred revenue	-	95,784	-	-	-	-	1,306,007	-	-	-
Total Liabilities	<u>2,427,003</u>	<u>137,847</u>	<u>350,000</u>	<u>9,024</u>	<u>11,918</u>	<u>544,748</u>	<u>1,424,062</u>	<u>199,138</u>	<u>-</u>	<u>-</u>
Fund Balance:										
Nonspendable	-	-	-	-	-	496,634	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	6,650,089
Assigned	479,692	492	-	17,500	1,138	30,300	-	2,529	-	-
Total Fund Balance	<u>3,088,736</u>	<u>1,004,444</u>	<u>331,495</u>	<u>973,498</u>	<u>170,909</u>	<u>273,696</u>	<u>-</u>	<u>796,363</u>	<u>1,251,623</u>	<u>-</u>
Total Fund Balance	<u>3,568,428</u>	<u>1,004,936</u>	<u>331,495</u>	<u>990,998</u>	<u>172,047</u>	<u>800,630</u>	<u>-</u>	<u>798,892</u>	<u>1,251,623</u>	<u>6,650,089</u>
Total Liabilities and Fund Balance	<u>\$ 5,995,431</u>	<u>\$ 1,142,783</u>	<u>\$ 681,495</u>	<u>\$ 1,000,022</u>	<u>\$ 183,965</u>	<u>\$ 1,345,378</u>	<u>\$ 1,424,062</u>	<u>\$ 998,030</u>	<u>\$ 1,251,623</u>	<u>\$ 6,650,089</u>

COUNTY OF KAUAI, HAWAII
 COMBINING BALANCE SHEET - CONTINUED
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Capital Projects Funds						
	Parks and Playground	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Open Space Capital Improvement	Total Non-major Governmental Funds
Assets:							
Cash and cash equivalents	\$ 768,068	\$ 1,235,741	\$ 1,172,089	\$ 88,067	\$ -	\$ -	\$ 6,672,301
Accounts receivable, net	6,180,000	-	924,000	-	-	-	15,506,996
Interest receivable	39,223	-	-	-	-	-	951,878
Due from other funds	-	-	-	-	6,965,242	1,850,000	85,049
Due from other governments	-	-	-	-	-	-	15,465,331
Loans receivable	-	-	-	-	-	-	687,139
Prepaid items	-	-	-	-	-	-	29,980
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,634</u>
Total Assets	<u>\$ 6,987,291</u>	<u>\$ 1,235,741</u>	<u>\$ 2,096,089</u>	<u>\$ 88,067</u>	<u>\$ 6,965,242</u>	<u>\$ 1,850,000</u>	<u>\$ 39,895,308</u>
Liabilities:							
Accounts payable	\$ 11,288	\$ 95	\$ -	\$ -	\$ 505	\$ -	\$ 1,117,277
Retainage payable	63	3,544	8,114	-	160,818	-	172,539
Due to other funds	-	-	-	-	-	-	2,104,688
Due to customers	-	-	-	-	-	-	167,920
Due to other governments	-	-	-	-	-	-	323,952
Deferred revenue	-	-	-	-	-	-	1,401,791
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>11,351</u>	<u>3,639</u>	<u>8,114</u>	<u>-</u>	<u>161,323</u>	<u>-</u>	<u>5,288,167</u>
Fund Balance:							
Nonspendable	-	-	-	-	-	-	496,634
Restricted	-	-	-	-	-	-	6,650,089
Committed	189,781	9,868	400,000	-	2,536,125	-	3,667,425
	<u>6,786,159</u>	<u>1,222,234</u>	<u>1,687,975</u>	<u>88,067</u>	<u>4,267,794</u>	<u>1,850,000</u>	<u>23,792,993</u>
Assigned Total Fund Balance	<u>6,975,940</u>	<u>1,232,102</u>	<u>2,087,975</u>	<u>88,067</u>	<u>6,803,919</u>	<u>1,850,000</u>	<u>34,607,141</u>
Total Liabilities and Fund Balance	<u>\$ 6,987,291</u>	<u>\$ 1,235,741</u>	<u>\$ 2,096,089</u>	<u>\$ 88,067</u>	<u>\$ 6,965,242</u>	<u>\$ 1,850,000</u>	<u>\$ 39,895,308</u>

COUNTY OF KAUAI, HAWAII
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access Fund	Park Maintenance and Improvements	Debt Service Fund
Revenues:										
Taxes	\$ 6,854,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	4,105,336	1,204,261	352,308	-	135,774	-	-	-	-	-
Rents and concessions			-	-	-	-	-	-	446,016	-
Interest	88,824	36,246	-	21,914	-	3,119	-	17,529	-	-
Intergovernmental revenues	27,204	-	-	-	-	6,466,523	4,022,628	-	-	-
	-	36,644	-	59,159	-	45,288	-	-	-	-
Miscellaneous										
Total Revenues	<u>- 11,075,786</u>	<u>- 1,277,151</u>	<u>352,308</u>	<u>81,073</u>	<u>135,774</u>	<u>- 6,514,930</u>	<u>4,022,628</u>	<u>17,529</u>	<u>446,016</u>	<u>-</u>
Expenditures:										
General government	-	-	-	-	-	-	1,351,822	6,696	-	-
Public safety	-	886,257	-	78,149	-	-	1,266,417	-	-	-
Public works	-	-	-	-	185,180	-	-	-	-	-
Highways and streets	9,465,678	-	350,000	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	356,990	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Public welfare	-	-	-	-	-	7,546,764	687,799	-	-	-
Capital outlay	598,157	-	-	-	-	-	359,600	-	-	-
Debt service:										
Principal	465,343	-	-	-	-	-	-	-	-	3,685,000
Interest and debt issuance cost	45,689	-	-	-	-	-	-	-	-	3,891,716
Total Expenditures	<u>10,574,867</u>	<u>886,257</u>	<u>350,000</u>	<u>78,149</u>	<u>185,180</u>	<u>7,546,764</u>	<u>4,022,628</u>	<u>6,696</u>	<u>-</u>	<u>7,576,716</u>
Excess (Deficiency) of										
Revenues Over Expenditures	<u>500,919</u>	<u>390,894</u>	<u>2,308</u>	<u>2,924</u>	<u>(49,406)</u>	<u>(1,031,834)</u>	<u>-</u>	<u>10,833</u>	<u>446,016</u>	<u>(7,576,716)</u>
Other Financing Sources (Uses):										
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	453,190	-	10,541,805
Transfers out	(2,975,000)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(2,975,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453,190</u>	<u>-</u>	<u>10,541,805</u>
Net Change in Fund Balance	(2,474,081)	390,894	2,308	2,924	(49,406)	(1,031,834)	-	464,023	446,016	2,965,089
Fund Balance - Beginning of Year July 1, 2009	<u>6,042,509</u>	<u>614,042</u>	<u>329,187</u>	<u>988,074</u>	<u>221,453</u>	<u>1,832,464</u>	<u>-</u>	<u>334,869</u>	<u>805,607</u>	<u>3,685,000</u>
Fund Balance - End of Year June 30, 2010	<u>\$ 3,568,428</u>	<u>\$ 1,004,936</u>	<u>\$ 331,495</u>	<u>\$ 990,998</u>	<u>\$ 172,047</u>	<u>\$ 800,630</u>	<u>\$ -</u>	<u>\$ 798,892</u>	<u>\$ 1,251,623</u>	<u>\$ 6,650,089</u>

COUNTY OF KAUAI, HAWAII
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - CONTINUED
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Capital Projects Funds						Total Non-major Governmental Funds
	Parks and Playground	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Open Space Capital Improvement	
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,854,422
Fees and permits	-	-	-	45,490	-	-	5,843,169
Rents and concessions	-	-	-	-	-	-	446,016
Interest	102,888	-	-	-	-	-	270,520
Intergovernmental revenues	-	-	-	-	-	-	10,516,355
Miscellaneous	<u>2,411,446</u>	-	<u>88,571</u>	-	-	-	<u>2,641,108</u>
Total Revenues	<u>2,514,334</u>	-	<u>88,571</u>	<u>45,490</u>	-	-	<u>26,571,590</u>
Expenditures:							
General government	-	-	100,000	-	-	-	1,458,518
Public safety	-	-	-	-	-	-	2,230,823
Public works	-	-	-	-	-	-	185,180
Highways and streets	-	-	-	-	5,716	-	9,821,394
Sanitation	-	138,025	198	-	-	-	495,213
Culture and recreation	26,322	-	-	-	-	-	26,322
Public welfare	-	-	-	-	-	-	8,234,563
Capital outlay	323,694	-	-	-	12,105	-	1,293,556
Debt service:							
Interest and debt insurance cost	-	-	-	-	-	-	4,150,343
Principal	-	-	-	-	-	-	3,937,405
Total Expenditures	<u>350,016</u>	<u>138,025</u>	<u>100,198</u>	-	<u>17,821</u>	-	<u>31,833,317</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,164,318</u>	<u>(138,025)</u>	<u>(11,627)</u>	<u>45,490</u>	<u>(17,821)</u>	-	<u>(5,261,727)</u>
Other Financing Sources (Uses):							
Proceeds from capital leases	-	-	-	-	-	-	-
Transfers in	-	-	-	-	2,975,000	-	13,969,995
Transfers out	-	-	-	-	-	-	(2,975,000)
Total Other Financing Sources (Uses)	-	-	-	-	<u>2,975,000</u>	-	<u>10,994,995</u>
Net Change in Fund Balance	2,164,318	(138,025)	(11,627)	45,490	2,957,179	-	5,733,268
Fund Balance - Beginning of Year							
July 1, 2009	<u>4,811,622</u>	<u>1,370,127</u>	<u>2,099,602</u>	<u>42,577</u>	<u>3,846,740</u>	<u>1,850,000</u>	<u>28,873,873</u>
Fund Balance - End of Year							
June 30, 2010	<u>\$ 6,975,940</u>	<u>\$ 1,232,102</u>	<u>\$ 2,087,975</u>	<u>\$ 88,067</u>	<u>\$ 6,803,919</u>	<u>\$ 1,850,000</u>	<u>\$ 34,607,141</u>

COUNTY OF KAUAI, HAWAII
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Trust and Agency Fund				
Assets:				
Cash and cash equivalents	\$ 415,276	\$ 4,440,488	\$ 4,203,462	\$ 652,302
Total Assets	<u>\$ 415,276</u>	<u>\$ 4,440,488</u>	<u>\$ 4,203,462</u>	<u>\$ 652,302</u>
Liabilities:				
Due to other governments	\$ 415,276	\$ 4,440,488	\$ 4,203,462	\$ 652,302
Total Liabilities	<u>\$ 415,276</u>	<u>\$ 4,440,488</u>	<u>\$ 4,203,462</u>	<u>\$ 652,302</u>
Treasury Trust Fund				
Assets:				
Cash and cash equivalents	\$ 2,948,433	\$ 1,664,576	\$ 3,211,214	\$ 1,401,795
Investments	<u>650,000</u>	<u>-</u>	<u>650,000</u>	<u>-</u>
Total Assets	<u>\$ 3,598,433</u>	<u>\$ 1,664,576</u>	<u>\$ 3,861,214</u>	<u>\$ 1,401,795</u>
Liabilities:				
Customer deposits	\$ 3,598,433	\$ 1,188,892	\$ 3,385,530	\$ 1,401,795
Total Liabilities	<u>\$ 3,598,433</u>	<u>\$ 1,188,892</u>	<u>\$ 3,385,530</u>	<u>\$ 1,401,795</u>
Real Property Trust Fund				
Assets:				
Cash and cash equivalents	\$ 282,601	\$ 1,341,837	\$ 910,145	\$ 714,293
Total Assets	<u>\$ 282,601</u>	<u>\$ 1,341,837</u>	<u>\$ 910,145</u>	<u>\$ 714,293</u>
Liabilities:				
Customer deposits	\$ 282,601	\$ 1,341,837	\$ 910,145	\$ 714,293
Total Liabilities	<u>\$ 282,601</u>	<u>\$ 1,341,837</u>	<u>\$ 910,145</u>	<u>\$ 714,293</u>
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 3,646,310	\$ 7,446,901	\$ 8,324,821	\$ 2,768,390
Investments	<u>650,000</u>	<u>-</u>	<u>650,000</u>	<u>-</u>
Total Assets	<u>\$ 4,296,310</u>	<u>\$ 7,446,901</u>	<u>\$ 8,974,821</u>	<u>\$ 2,768,390</u>
Liabilities:				
Customer deposits	\$ 3,881,034	\$ 2,530,729	\$ 4,295,675	\$ 2,116,088
Due to other governments	<u>415,276</u>	<u>4,440,488</u>	<u>4,203,462</u>	<u>652,302</u>
Total Liabilities	<u>\$ 4,296,310</u>	<u>\$ 6,971,217</u>	<u>\$ 8,499,137</u>	<u>\$ 2,768,390</u>

COUNTY OF KAUAI, HAWAII
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Revenues:						
Taxes:						
Utility franchise tax	\$ 4,250,000	\$ 4,250,000	\$ 3,258,208	\$ -	\$ 3,258,208	\$ (991,792)
Fuel tax	3,800,000	3,800,000	3,596,214	-	3,596,214	(203,786)
Total Taxes	8,050,000	8,050,000	6,854,422	-	6,854,422	(1,195,578)
Licenses and Permits:						
Motor vehicle weight tax	3,860,000	3,860,000	4,105,336	-	4,105,336	245,336
Interest	75,000	75,000	88,824	-	88,824	13,824
Intergovernmental revenues	35,000	35,000	27,204	-	27,204	(7,796)
Total Revenues	12,020,000	12,020,000	11,075,786	-	11,075,786	(944,214)
Expenditures:						
Highway and Streets Road Maintenance:						
Administration	4,700	4,700	3,234	179	3,413	1,287
Administration - salaries and overtime	154,506	150,346	141,270	-	141,270	9,076
Hanapēpē baseyard	106,742	97,460	54,960	33,281	88,241	9,219
Hanapēpē baseyard - salaries and overtime	1,118,899	1,168,899	1,112,446	-	1,112,446	56,453
Kapa'a baseyard	154,529	144,447	84,032	55,106	139,138	5,309
Kapa'a baseyard - salaries and overtime	1,222,682	1,222,682	1,203,607	-	1,203,607	19,075
Hanalei baseyard	69,990	57,508	40,479	541	41,020	16,488
Hanalei baseyard - salaries and overtime	628,517	611,717	572,874	-	572,874	38,843
Road signs and markings	70,514	92,514	42,188	42,998	85,186	7,328
Road signs and markings -salaries and overtime	204,457	204,507	199,671	-	199,671	4,836
Auto maintenance and motor pool	1,571,118	1,516,504	1,013,457	125,377	1,138,834	377,670
Auto maintenance and motor pool - salaries and overtime	1,092,995	1,092,995	1,004,839	-	1,004,839	88,156
Maintenance-street lights	993,000	993,000	941,919	-	941,919	51,081
Equipment	660,899	725,358	703,905	940	704,845	20,513
Capital leases	886,718	886,718	418,839	219,160	637,999	248,719
Social security taxes	338,663	338,663	303,002	-	303,002	35,661
Public employees' health fund	546,555	547,355	466,078	-	466,078	81,277
Public employees' other post employment benefits	840,172	841,982	809,311	-	809,311	32,671
Workers' compensation	120,006	144,406	63,295	-	63,295	81,111
Unemployment compensation	53,600	46,050	14,170	-	14,170	31,880
Employees' retirement system	663,294	664,744	638,930	-	638,930	25,814
Collective bargaining raises	23,910	28,851	25,823	2,110	27,933	918
Vacation pay	203,112	153,112	64,350	-	64,350	88,762
Central services cost	650,000	650,000	650,000	-	650,000	-
Highway administrative overhead	10,340	5,400	2,188	-	2,188	3,212
Total Expenditures - Highway and Streets Road Maintenance	12,389,918	12,389,918	10,574,867	479,692	11,054,559	1,335,359
Excess (Deficiency) of Revenues Over (Under) Expenditures	(369,918)	(369,918)	500,919	(479,692)	21,227	391,145
Other Financing Uses-Transfers Out	(2,975,000)	(2,975,000)	(2,975,000)	-	(2,975,000)	-
Total Other Financing Uses	(2,975,000)	(2,975,000)	(2,975,000)	-	(2,975,000)	-
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures (Note C)	\$ (3,344,918)	\$ (3,344,918)	(2,474,081)	\$ (479,692)	\$ (2,953,773)	\$ 391,145
Fund Balance - Beginning of Year July 1, 2009			6,042,509			
Fund Balance - End of Year June 30, 2010			<u>\$ 3,568,428</u>			

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

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

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

COUNTY OF KAUAI, HAWAII
LIQUOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	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	\$ 1,034,875	\$ 1,034,875	\$ 1,204,261	\$ -	\$ 1,204,261	\$ 169,386
Interest	1,000	1,000	36,246	-	36,246	35,246
Miscellaneous	-	-	36,644	-	36,644	36,644
Total Revenues	<u>1,035,875</u>	<u>1,035,875</u>	<u>1,277,151</u>	<u>-</u>	<u>1,277,151</u>	<u>241,276</u>
Expenditures - Public Safety:						
Salaries and wages	584,819	584,819	433,083	-	433,083	151,736
Social security taxes	44,225	44,225	31,625	-	31,625	12,600
Public employees' health fund	77,841	77,841	27,484	-	27,484	50,357
Workers' compensation	10,001	10,001	-	-	-	10,001
Unemployment compensation	5,000	5,000	-	-	-	5,000
Employees' retirement system	86,277	86,277	64,752	-	64,752	21,525
Employees' other post employment benefits	115,646	115,646	82,019	-	82,019	33,627
Other expenses	120,600	120,600	35,228	473	35,701	84,899
Equipment	3,600	3,600	2,765	19	2,784	816
Travel	94,380	94,380	26,532	-	26,532	67,848
Indirect cost	188,000	188,000	182,769	-	182,769	5,231
Total Expenditures - Public Safety	<u>1,330,389</u>	<u>1,330,389</u>	<u>886,257</u>	<u>492</u>	<u>886,749</u>	<u>443,640</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	<u>\$ (294,514)</u>	<u>\$ (294,514)</u>	390,894	<u>\$ 492</u>	<u>\$ 390,402</u>	<u>\$ 684,916</u>
Fund Balance - Beginning of Year July 1, 2009			<u>614,042</u>			
Fund Balance - End of Year June 30, 2010			<u>\$ 1,004,936</u>			

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

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

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

COUNTY OF KAUAI, HAWAII
 BEAUTIFICATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Note B)</u>	<u>Budgetary Basis</u>		<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original (Note A)</u>	<u>Final</u>		<u>Encumbrances</u>	<u>Non-GAAP</u>	
Revenues:						
Licenses and permits	\$ 302,660	\$ 302,660	\$ 352,308	\$ -	\$ 352,308	\$ 49,648
Total Revenues	<u>302,660</u>	<u>302,660</u>	<u>352,308</u>	<u>-</u>	<u>352,308</u>	<u>49,648</u>
Expenditures - Highway and Streets:						
Disposal of abandoned vehicles	350,000	350,000	350,000	-	350,000	-
Beautification projects	<u>102,660</u>	<u>102,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,660</u>
Total Expenditures - Highway and Streets	<u>452,660</u>	<u>452,660</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>102,660</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	2,308	<u>\$ -</u>	<u>\$ 2,308</u>	<u>\$ 152,308</u>
Fund Balance - Beginning of Year July 1, 2009			<u>329,187</u>			
Fund Balance - End of Year June 30, 2010			<u>\$ 331,495</u>			

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

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

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

COUNTY OF KAUAI, HAWAII
 CRIMINAL ASSETS FORFEITURE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Note B)</u>	<u>Budgetary Basis</u>		<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original (Note A)</u>	<u>Final</u>		<u>Encumbrances</u>	<u>Non-GAAP</u>	
Revenues:						
Interest	\$ -	\$ -	\$ 21,914	\$ -	\$ 21,914	\$ 21,914
Miscellaneous	-	-	59,159	-	59,159	59,159
Total Revenues	-	-	81,073	-	81,073	81,073
Expenditures - Public Safety:						
Police special fund	124,750	124,750	78,149	17,500	95,649	29,101
Total Expenditures - Public Safety	124,750	124,750	78,149	17,500	95,649	29,101
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (124,750)	\$ (124,750)	2,924	\$ (17,500)	\$ (14,576)	\$ 110,174
Fund Balance - Beginning of Year July 1, 2009			988,074			
Fund Balance - End of Year June 30, 2010			\$ 990,998			

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

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

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

COUNTY OF KAUAI, HAWAII
PUBLIC ACCESS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ -	\$ -	\$ 17,529	\$ -	\$ 17,529	\$ 17,529
Total Revenues	-	-	17,529	-	17,529	17,529
Expenditures - General Government:						
Special projects	457,146	457,146	6,696	2,529	9,225	447,921
Total Expenditures - General Government	457,146	457,146	6,696	2,529	9,225	447,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (457,146)	\$ (457,146)	\$ 10,833	\$ (2,529)	\$ 8,304	\$ 465,450
Other Financing Sources - Transfers In	453,190	453,190	453,190	-	453,190	-
Total Other Financing Sources (Uses)	453,190	453,190	453,190	-	453,190	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ (3,956)	\$ (3,956)	464,023	\$ (2,529)	\$ 461,494	\$ 465,450
Fund Balance - Beginning of Year July 1, 2009			334,869			
Fund Balance - End of Year June 30, 2010			\$ 798,892			

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

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

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

COUNTY OF KAUAI, HAWAII
PARKS & PLAYGROUND CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	-	\$ -	\$ 102,888	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	2,411,446	-	-	-	-
Total Revenues	-	-	2,514,334	-	-	-	-
Expenditures:							
Waimea District:							
Park Improvements & Equipment	W95387	\$ 48,767	-	\$ 48,767	\$ -	\$ 54,009	\$ 5,242
Park Improvement Grants, Waimea District	W96073	30,000	6,500	36,500	-	56,095	19,595
Total Waimea District		78,767	6,500	85,267	-	110,104	24,837
Kōloa District:							
Kalāheo Neighborhood Center Gym Floor	W08018	100,000	-	100,000	-	100,000	-
Omao Park Playground Equipment	W08019	-	-	-	30,806	50,000	19,194
Ele'ele Nani Park Improvements	W91083	107,935	-	107,935	-	145,000	37,065
Park Improvements & Equipment	W93086	285,499	-	285,499	-	341,720	56,221
Project Contingency, Kōloa District	W96075	-	-	-	-	32,143	32,143
Park Improvement Grant, Kōloa District	W96087	60,887	-	60,887	-	90,887	30,000
Total Kōloa District		554,321	-	554,321	30,806	759,750	174,623
Līhu'e District:							
Puhi Park Playground Equipment	W08020	-	-	-	100,000	100,000	-
Vidinha Stadium Dugouts - Materials Only	W10005	-	-	-	-	35,000	35,000
Park Improvements & Equipment	W93100	145,656	-	145,656	-	164,309	18,653
Park Improvement Grant, Līhu'e District	W96102	27,685	-	27,685	-	55,800	28,115
Total Līhu'e District		173,341	-	173,341	100,000	355,109	81,768
Kawaihau District:							
Hockey Rink (Grant)	W08021	-	-	-	-	15,700	15,700
ADA Improvements Papaloa/Waipouli	W08022	-	-	-	-	100,000	100,000
Park Improvements & Equipment	W93116	245,833	-	245,833	-	441,187	195,354
Park Improvement Grant, Kawaihau District	W96118	30,755	-	30,755	5,000	60,755	25,000
Total Kawaihau District		276,588	-	276,588	5,000	617,642	336,054

COUNTY OF KAUAI, HAWAII
 PARKS & PLAYGROUND CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2010

	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	\$ -	\$ 13,788	\$ 13,788	\$ 53,975	\$ 200,000	\$ 132,237
Anahola Clubhouse Improvements	R09004	-	-	-	-	30,000	30,000
Black Pot Expansion	R10018	-	-	-	-	350,000	350,000
Project Contingency, Hanalei District	W91124	-	-	-	-	813	813
North Shore Park Improvements	W92132	120,874	317,134	438,008	-	628,536	190,528
Park Improvements & Equipment	W93383	108,373	12,594	120,967	-	213,717	92,750
Park Improvement Grant, Hanalei District	W96134	5,750	-	5,750	-	35,750	30,000
Total Hanalei District		<u>234,997</u>	<u>343,516</u>	<u>578,513</u>	<u>53,975</u>	<u>1,458,816</u>	<u>826,328</u>
Total Expenditures		<u>\$ 1,318,014</u>	<u>350,016</u>	<u>\$ 1,668,030</u>	<u>\$ 189,781</u>	<u>\$ 3,301,421</u>	<u>\$ 1,443,610</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			2,164,318				
Other Financing Sources:							
Transfers In			-				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			2,164,318				
Fund Balance - Beginning of Year July 1, 2009			<u>4,811,622</u>				
Fund Balance - End of Year June 30, 2010			<u>\$ 6,975,940</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 YEAR ENDED JUNE 30, 2010

	<u>Project No.</u>	<u>Prior Year's Expenditures</u>	<u>Current Year</u>	<u>Project-To-Date Expenditures</u>	<u>Encumbrances</u>	<u>Project Authorization</u>	<u>Balance</u>
Revenues:							
Total Revenues	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:							
Facilities Reserve	W04398	\$ 999,012	\$ -	\$ 999,012	\$ -	\$ 1,000,000	\$ 988
Līhu'e Sewer System	W91376	323,045	43,293	366,338	-	426,208	59,870
Waimea Sewer System	W92374	78,557	-	78,557	-	84,852	6,295
Ele'ele-Hanapēpē Sewer System	W92375	<u>288,280</u>	<u>94,732</u>	<u>383,012</u>	<u>9,868</u>	<u>393,180</u>	<u>300</u>
Total Expenditures		<u>\$ 1,688,894</u>	<u>138,025</u>	<u>\$ 1,826,919</u>	<u>\$ 9,868</u>	<u>\$ 1,904,240</u>	<u>\$ 67,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(138,025)				
Other Financing Sources:							
Transfers In			-				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(138,025)				
Fund Balance - Beginning of Year July 1, 2009			<u>1,370,127</u>				
Fund Balance - End of Year June 30, 2010			<u>\$ 1,232,102</u>				

COUNTY OF KAUAI, HAWAII
 DEVELOPMENT CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2010

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Other revenues	-	\$ -	\$ 88,571	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	88,571	-	-	-	-
Expenditures:							
MSWD Plan Update	W04150	\$ 299,802	\$ 198	\$ 300,000	\$ -	\$ 300,000	\$ -
Rubberized Track	W04158	248,000	-	248,000	-	248,000	-
ADA Title II Curb Cut	W05149	11,218	-	11,218	-	13,686	2,468
Project Contingency	W08002	-	-	-	-	33,100	33,100
Ag. Land Study/Mapping	Z09001	-	100,000	100,000	400,000	500,000	-
Total Expenditures		<u>\$ 559,020</u>	<u>100,198</u>	<u>\$ 659,218</u>	<u>\$ 400,000</u>	<u>\$ 1,094,786</u>	<u>\$ 35,568</u>
Excess (Deficiency) of Revenues Over (Under)							
Expenditures			(11,627)				
Other Financing Sources:							
Transfers In			-				
Excess (Deficiency) of Revenue and Other Financing							
Sources Over (Under) Expenditures and Other			(11,627)				
Financing Uses							
Fund Balance - Beginning of Year July 1, 2009							
			<u>2,099,602</u>				
Fund Balance - End of Year June 30, 2010							
			<u>\$ 2,087,975</u>				

COUNTY OF KAUAI, HAWAII
 BIKEWAY CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Project No.</u>	<u>Prior Year's Expenditures</u>	<u>Current Year</u>	<u>Project-To-Date Expenditures</u>	<u>Encumbrances</u>	<u>Project Authorization</u>	<u>Balance</u>
Revenues:							
Licenses and permits	-	\$ -	\$ 45,490	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	45,490	-	-	-	-
Expenditures:							
Island Wide Bike/Pedestrian Path	W05182	\$ 70,208	-	\$ 70,208	\$ -	\$ 91,690	\$ 21,482
Total Expenditures		<u>\$ 70,208</u>	-	<u>\$ 70,208</u>	-	<u>\$ 91,690</u>	<u>\$ 21,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			45,490				
Other Financing Sources:							
Transfers In			-				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			45,490				
Fund Balance - Beginning of Year July 1, 2009			<u>42,577</u>				
Fund Balance - End of Year June 30, 2010			<u>\$ 88,067</u>				

COUNTY OF KAUAI, HAWAII
HIGHWAY CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2010

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Total Revenues	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:							
ADA Title II Curb Cut	W05367	\$ 8,408	\$ -	\$ 8,408	\$ -	\$ 8,408	\$ -
Kapahi Bridge Replacement, Design	W05368	-	1,742	1,742	-	50,000	48,258
Olohena Bridge	W05369	310,888	-	310,888	-	310,888	-
Kōloa Bypass Phase I (Matching)	W05399	5,061	-	5,061	-	10,000	4,939
Wawae Road Improvement	W06370	23,248	-	23,248	-	23,248	-
Kokee Road Resurfacing-FHWA	W07006	16,397	9,748	26,145	-	50,000	23,855
Northern Leg Kōloa Western Bypass Road FHWA	W07007	-	-	-	-	100,000	100,000
Resurfacing Various Collector Roads FHWA	W07008	-	3,695	3,695	-	168,516	164,821
Puuopae Bridge-Design (County Match)	W10003	-	1,213	1,213	-	120,000	118,787
Island Wide Resurfacing	W91354	18,328,607	612	18,329,219	2,535,278	24,557,249	3,692,752
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	-	363,305	9,235
Bridge Maintenance (County Match)	W96388	242,870	811	243,681	847	277,893	33,365
Speed Hump Program	W98364	70,740	-	70,740	-	142,523	71,783
Total Expenditures		<u>\$ 19,707,925</u>	<u>17,821</u>	<u>\$ 19,725,746</u>	<u>\$ 2,536,125</u>	<u>\$ 26,529,666</u>	<u>\$ 4,267,795</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(17,821)				
Other Financing Sources:							
Transfers In			<u>2,975,000</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			2,957,179				
Fund Balance - Beginning of Year July 1, 2009			<u>3,846,740</u>				
Fund Balance - End of Year June 30, 2010			<u>\$ 6,803,919</u>				

COUNTY OF KAUAI, HAWAII
 OPEN SPACE CAPITAL IMPROVEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2010

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Total Revenues	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:							
Black Pot Expansion	X09001	\$ -	\$ -	\$ -	\$ -	\$ 1,850,000	\$ 1,850,000
Total Expenditures		<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,850,000</u>	<u>\$ 1,850,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			-				
Other Financing Sources:							
Transfers In			-				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			-				
Fund Balance - Beginning of Year July 1, 2009			<u>1,850,000</u>				
Fund Balance - End of Year June 30, 2010			<u>\$ 1,850,000</u>				

COUNTY OF KAUAI, HAWAII
 PUBLIC HOUSING ENTERPRISE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Encumbrances	Non-GAAP	
	(Note A)		Amounts (Note B)			
Revenues:						
Rents and Concessions:						
Paanau housing project	\$ 541,882	\$ 541,882	\$ 550,772	\$ -	\$ 550,772	\$ 8,890
Kalepa housing project	922,322	922,322	990,040	-	990,040	67,718
Other revenues	7,500	7,500	316,020	-	316,020	308,520
Total Revenues	1,471,704	1,471,704	1,856,832	-	1,856,832	385,128
Expenditures - Public Welfare:						
Revolving by back account	1,434,032	1,434,033	24,279	-	24,279	1,409,754
Housing projects	923,027	923,027	398,027	-	398,027	525,000
Kalepa housing operating cost	959,697	959,697	680,360	-	680,360	279,337
Paanau housing operating cost	720,562	720,562	592,745	-	592,745	127,817
Revenue bond payments	221,688	221,688	221,688	-	221,688	-
Total Expenditures - Public Welfare	4,259,006	4,259,007	1,917,099	-	1,917,099	2,341,908
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	<u>\$ (2,787,302)</u>	<u>\$ (2,787,303)</u>	(60,267)	<u>\$ -</u>	<u>\$ (60,267)</u>	<u>\$ 2,727,036</u>
Fund Balance - Beginning of Year July 1, 2009			<u>5,476,970</u>			
Fund Balance - End of Year June 30, 2010			<u>\$ 5,416,703</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: 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 YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ 50,000	\$ 82,000	\$ 46,020	\$ -	\$ 46,020	\$ (35,980)
Charges for Services:						
Sewer Charges:						
Residential	2,420,000	2,400,000	2,457,472	-	2,457,472	57,472
Commercial	3,762,000	3,750,000	3,595,490	-	3,595,490	(154,510)
Connection charge	-	-	1,986	-	1,986	1,986
Sludge disposal	50,000	50,000	164,018	-	164,018	114,018
Capacity assessment	185,000	185,000	50,853	-	50,853	(134,147)
Total Revenues	6,467,000	6,467,000	6,315,839	-	6,315,839	(151,161)
Other Financing Sources:						
Operating transfer from general	-	-	-	-	-	-
Total Revenues and Other Financing Sources	6,467,000	6,467,000	6,315,839	-	6,315,839	(151,161)
Expenditures - Sanitation:						
Sanitation and Waste Removal:						
Salaries, including overtime	1,760,442	1,760,442	1,693,557	-	1,693,557	66,885
Vacation credit payout	52,567	52,567	-	-	-	52,567
Operational and administrative	2,640,305	2,474,489	1,840,392	32,881	1,873,273	601,216
Central services cost	350,000	350,000	350,000	-	350,000	-
Capital costs	513,182	74,000	424,273	74,279	498,552	(424,552)
SFR loan payments	1,971,943	1,971,943	1,680,540	-	1,680,540	291,403
FICA taxes	140,377	140,377	121,720	-	121,720	18,657
Public employees' health fund	151,030	151,030	141,953	-	141,953	9,077
Workers' compensation	70,001	70,001	17,269	-	17,269	52,732
Unemployment compensation	10,000	10,000	5,592	-	5,592	4,408
Pension contributions	275,250	275,250	248,597	-	248,597	26,653
Other employee benefits	-	600	503	-	503	97
Public employees' other post- employment benefit	348,650	348,650	307,348	-	307,348	41,302
Repair and maintenance reserve	3,282,633	2,033,284	1,719,594	536,835	2,256,429	(233,145)
Total Expenditures - Sanitation	11,566,380	9,712,633	8,551,338	643,995	9,195,333	517,300
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ (5,099,380)	\$ (3,245,633)	(2,235,499)	\$ (643,995)	\$ (2,879,494)	\$ 366,139
Fund Balance - Beginning of Year July 1, 2009			4,927,423			
Fund Balance - End of Year June 30, 2010			\$ 2,691,924			

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

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

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

COUNTY OF KAUAI, HAWAII
 GOLF ENTERPRISE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED JUNE 30, 2010

	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:						
Food and beverage	\$ 27,600	\$ 27,600	\$ 27,600	\$ -	\$ 27,600	\$ -
Pro shop	15,324	15,324	15,324	-	15,324	-
Range balls	83,000	83,000	80,482	-	80,482	(2,518)
Golf carts	310,656	310,656	232,942	-	232,942	(77,714)
Other	-	-	8,465	-	8,465	8,465
Charges for Services:						
Green fees and locker fees	<u>1,663,420</u>	<u>1,663,420</u>	<u>1,209,702</u>	-	<u>1,209,702</u>	<u>(453,718)</u>
Total Revenues	2,100,000	2,100,000	1,574,515	-	1,574,515	(525,485)
Other Financing Sources:						
Operating transfers from General Fund	<u>267,076</u>	<u>267,076</u>	<u>822,392</u>	-	<u>822,392</u>	<u>555,316</u>
Total Revenues and Other Financing Sources	<u>2,367,076</u>	<u>2,367,076</u>	<u>2,396,907</u>	-	<u>2,396,907</u>	<u>29,831</u>
Expenditures - Culture and Recreation:						
Operational and administrative	547,892	505,193	446,037	37,373	483,410	21,783
Salaries and overtime	810,198	828,198	806,089	-	806,089	22,109
Central services cost	250,000	250,000	250,000	-	250,000	-
Equipment	-	-	-	-	-	-
Debt service payments	194,057	194,057	194,057	-	194,057	-
FICA taxes	62,500	62,500	57,170	-	57,170	5,330
Public employees' health fund	141,533	141,533	108,016	-	108,016	33,517
Workers' compensation	104,001	126,001	76,435	-	76,435	49,566
Unemployment compensation	1,967	1,967	-	-	-	1,967
Public employees' other post-employment benefit	154,500	156,000	155,900	-	155,900	100
Pension contributions	<u>122,000</u>	<u>123,200</u>	<u>123,146</u>	-	<u>123,146</u>	<u>54</u>
Total Expenditures - Culture and Recreation	<u>2,388,648</u>	<u>2,388,649</u>	<u>2,216,850</u>	<u>37,373</u>	<u>2,254,223</u>	<u>134,426</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)						
	<u>\$ (21,572)</u>	<u>\$ (21,573)</u>	180,057	<u>\$ (37,373)</u>	<u>\$ 142,684</u>	<u>\$ 164,257</u>
Fund Balance - Beginning of Year July 1, 2009						
			<u>53,760</u>			
Fund Balance - End of Year June 30, 2010						
			<u>\$ 233,817</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.

STATISTICAL SECTION
(UNAUDITED)

County of Kauai, Hawaii

Statistical Section

This part of the County of Kauai's comprehensive annual financial report presents 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.	108
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	112
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.	122
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.	125
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.	127

COUNTY OF KAUAI, HAWAII
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS (UNAUDITED) NOTE 1
(ACCRUAL BASIS OF ACCOUNTING)

TABLE 1

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:								
Invested in capital assets, net of related debt	\$ 382,979,092	\$ 398,697,946	\$ 402,603,394	\$ 431,328,406	\$ 440,721,403	\$ 445,809,943	\$ 454,412,948	\$ 452,246,448
Restricted	16,881,171	2,539,516	2,027,763	3,315,565	13,420,619	22,805,523	26,389,509	22,181,184
Unrestricted	<u>12,067,813</u>	<u>17,063,015</u>	<u>26,122,251</u>	<u>37,746,609</u>	<u>48,648,173</u>	<u>51,559,176</u>	<u>50,751,859</u>	<u>67,639,803</u>
Total Governmental Activities Net Assets	<u>411,928,076</u>	<u>418,300,477</u>	<u>430,753,408</u>	<u>472,390,580</u>	<u>502,790,195</u>	<u>520,174,642</u>	<u>531,554,316</u>	<u>542,067,435</u>
Business-type Activities:								
Invested in capital assets, net of related debt	32,750,662	35,171,566	35,028,543	37,828,270	39,686,557	40,730,017	45,383,170	48,910,243
Restricted	222,950	222,950	222,950	222,950	206,728	209,537	212,528	215,791
Unrestricted	<u>6,821,705</u>	<u>5,380,830</u>	<u>6,252,923</u>	<u>4,669,005</u>	<u>5,565,819</u>	<u>5,547,964</u>	<u>3,569,272</u>	<u>5,013,888</u>
Total Business-type Activities Net Assets	<u>39,795,317</u>	<u>40,775,346</u>	<u>41,504,416</u>	<u>42,720,225</u>	<u>45,459,104</u>	<u>46,487,518</u>	<u>49,164,970</u>	<u>54,139,922</u>
Primary Government:								
Invested in capital assets, net of related debt	415,729,754	433,869,512	437,631,937	469,156,676	480,407,960	486,539,960	499,796,118	501,156,691
Restricted	17,104,121	2,762,466	2,250,713	3,538,515	13,627,347	23,015,060	26,602,037	22,396,975
Unrestricted	<u>18,889,518</u>	<u>22,443,845</u>	<u>32,375,174</u>	<u>42,415,614</u>	<u>54,213,992</u>	<u>57,107,140</u>	<u>54,321,131</u>	<u>72,653,691</u>
Total Primary Government Activities Net Assets	<u>\$ 451,723,393</u>	<u>\$</u>						
	459,075,823	472,257,824	515,110,805	548,249,299	566,662,160	580,719,286	596,207,357	

Note (1): Financial data on the accrual basis for fiscal years prior to 2003 is not available.

Source: Department of Finance

COUNTY OF KAUAI, HAWAII
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS (UNAUDITED) NOTE 1
(ACCRUAL BASIS OF ACCOUNTING)

TABLE 1A

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:								
Governmental Activities:								
General government	\$ 18,115,071	\$ 25,369,569	\$ 27,641,447	\$ 33,358,710	\$ 35,190,626	\$ 39,970,949	\$ 38,335,085	\$ 24,423,397
Public safety	22,638,833	25,569,986	24,881,061	25,550,662	29,335,789	35,333,479	38,182,320	46,193,511
Public works	6,146,232	5,672,746	6,782,506	9,526,915	8,117,334	10,500,645	10,338,337	12,986,481
Highway and streets	12,771,243	14,974,250	13,284,519	17,183,881	18,594,377	17,545,423	21,524,749	16,394,453
Sanitation	6,973,823	7,232,767	8,193,673	9,864,324	11,188,711	10,938,661	11,123,472	13,537,765
Culture and recreation	4,357,378	3,293,842	4,757,195	3,906,040	4,884,967	9,227,909	9,028,393	9,747,006
Public welfare	14,148,697	14,157,273	12,045,325	14,217,863	16,928,885	15,983,791	22,793,755	19,690,034
Unallocated interest	2,831,923	2,647,924	2,451,890	3,208,906	3,891,634	3,793,059	3,533,452	4,235,047
Total Governmental Activities Expenses	<u>87,983,200</u>	<u>98,918,357</u>	<u>100,037,616</u>	<u>116,817,301</u>	<u>128,132,323</u>	<u>143,293,916</u>	<u>154,859,563</u>	<u>147,207,694</u>
Business-type Activities:								
Housing	1,462,199	1,786,839	1,754,312	1,899,835	1,426,840	2,358,951	1,805,736	2,360,921
Sewer	5,633,059	5,261,157	5,645,490	6,899,867	9,904,507	10,450,804	11,880,555	8,113,817
Golf	1,638,409	1,696,769	1,802,396	1,777,657	1,900,225	2,243,034	2,547,080	2,175,551
Total Business-type Activities Expenses	<u>8,733,667</u>	<u>8,744,765</u>	<u>9,202,198</u>	<u>10,577,359</u>	<u>13,231,572</u>	<u>15,052,789</u>	<u>16,233,371</u>	<u>12,650,289</u>
Total Primary Government Expenses:	<u>96,716,867</u>	<u>107,663,122</u>	<u>109,239,814</u>	<u>127,394,660</u>	<u>141,363,895</u>	<u>158,346,705</u>	<u>171,092,934</u>	<u>159,857,983</u>
Program Revenues:								
Governmental Activities:								
General government	6,434,961	4,399,307	6,812,948	7,569,798	8,725,766	5,174,828	5,406,548	4,396,663
Public safety	2,546,310	2,959,480	2,686,117	3,241,293	6,850,833	3,883,248	3,927,807	5,819,699
Public works	106,250	1,307,048		355,358	7,133,329	3,012,546	3,244,590	3,993,723
Highway and streets	11,370,426	5,587,945	5,646,153	6,987,757	7,392,896	7,914,299	11,459,809	5,499,531
Sanitation	3,015,890	4,127,117	2,988,154	3,812,881	4,527,187	4,023,210	3,815,690	3,783,514
Culture and recreation	899,658	1,128,295	570,191	7,188,714	6,542,743	3,992,220	2,340,707	3,503,720
Public welfare	12,637,037	10,830,730	10,516,123	11,497,815	13,665,669	14,271,174	15,792,673	15,583,065
Total Governmental Activities Program Revenues	<u>37,010,532</u>	<u>30,339,922</u>	<u>29,219,686</u>	<u>40,653,616</u>	<u>54,838,423</u>	<u>42,271,525</u>	<u>45,987,824</u>	<u>42,579,915</u>
Business-type Activities:								
Housing	1,228,540	1,408,937	1,743,240	1,739,947	2,422,195	2,045,264	9,828,965	1,856,832
Sewer	5,636,334	6,155,099	6,231,373	6,985,265	8,757,559	11,548,889	6,518,569	6,286,837
Golf	1,318,091	1,380,975	1,382,604	1,349,750	1,466,149	1,576,915	1,447,028	2,540,338
Total Business-type Activities Program Revenues	<u>8,182,965</u>	<u>8,945,011</u>	<u>9,357,217</u>	<u>10,074,962</u>	<u>12,645,903</u>	<u>15,171,068</u>	<u>17,794,562</u>	<u>10,684,007</u>
Total Primary Government Program Revenue:	<u>\$ 45,193,497</u>	<u>\$ 39,284,933</u>	<u>\$ 38,576,903</u>	<u>\$ 50,728,578</u>	<u>\$ 67,484,326</u>	<u>\$ 57,442,593</u>	<u>\$ 63,782,386</u>	<u>\$ 53,263,922</u>

COUNTY OF KAUAI, HAWAII
 CHANGES IN NET ASSETS - CONTINUED
 LAST EIGHT FISCAL YEARS (UNAUDITED) NOTE 1
 (ACCRUAL BASIS OF ACCOUNTING)

TABLE 1A

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Net Revenue (Expense):								
Governmental activities	\$ (50,972,668)	\$ (68,578,435)	\$ (70,817,930)	\$ (76,163,685)	\$ (73,293,900)	\$ (101,022,391)	\$ (108,871,739)	\$ (104,627,779)
Business-type activities	(550,702)							
Total Primary Government Net Revenue (Expense)	<u>(51,523,370)</u>	<u>(68,378,189)</u>	<u>(70,662,911)</u>	<u>(76,666,082)</u>	<u>(73,879,569)</u>	<u>(100,904,112)</u>	<u>(107,310,548)</u>	
General Revenues and Other Changes in Net Assets:								
Governmental Activities								
General Revenues:						1,561,191		
Property taxes	42,985,183	48,151,019	56,574,834	68,908,846	78,156,850	86,725,636	91,880,685	92,466,366
Public service company tax	2,328,625	2,277,949	2,681,922	2,806,947	3,889,486	3,214,499	(106,574,069)	4,097,986
Franchise tax	2,320,446	2,501,482	2,934,028	3,334,197	3,656,782	4,072,274	4,900,021	3,258,208
Fuel tax	3,824,428	4,178,817	4,102,379	3,808,757	5,972,756	4,217,665	3,940,446	3,596,214
Unrestricted grants and contributions	19,892,249	11,831,011	13,100,352	14,307,884	14,624,733	15,080,972	13,690,485	13,152,231
Investments earnings	789,024	632,893	1,112,531	3,435,815	5,589,283	5,836,149	2,493,940	4,476,847
Transfers	(189,138)							
Total Governmental Activities General Revenues and Transfers	<u>71,950,817</u>	<u>70,222,371</u>	<u>80,044,668</u>	<u>96,061,602</u>	<u>111,314,890</u>	<u>118,406,838</u>	<u>120,251,413</u>	<u>115,140,898</u>
Business-type Activities:								
General Revenues:						(1,033,291)		
Unrestricted grants and contributions	657,800	1,418,378	(540,816)	(575,000)	(740,357)	(5,906,954)	1,005,279	
Investment earnings	11,386	19,280	42,528	84,591	130,030	169,778	82,970	29,001
Extraordinary items			70,145	364,081				
Transfers	189,138			540,816				
Total Business-type Activities General Revenues and Transfers	<u>200,524</u>	<u>779,783</u>	<u>574,051</u>	<u>989,488</u>	<u>705,030</u>	<u>910,135</u>	<u>1,116,261</u>	<u>6,941,234</u>
Total Primary Government Program Revenue:	<u>72,151,341</u>	<u>71,002,154</u>	<u>80,618,719</u>	<u>97,051,090</u>	<u>112,019,920</u>	<u>119,316,973</u>	<u>121,367,674</u>	<u>122,082,132</u>
Changes in Net Assets	(657,800)			575,000	740,357	1,033,291	5,906,954	
Governmental activities	20,978,149	461,378	9,226,738	19,897,917	38,020,990	17,384,447	11,379,674	10,513,119
Business-type activities	(350,178)	980,029	729,070	487,091	119,361			4,974,952
Total Primary Government Changes in Net Assets	<u>\$ 20,627,971</u>	<u>\$ 2,623,965</u>	<u>\$ 9,955,808</u>	<u>\$ 20,385,008</u>	<u>\$ 38,140,351</u>	<u>\$ 18,412,861</u>	<u>\$ 14,057,126</u>	<u>\$ 15,488,071</u>
					1,028,414	2,677,452		

Note (1): Financial data on the accrual basis for fiscal years prior to 2003 is not available.

Source: Department of Finance

COUNTY OF KAUAI, HAWAII
 GOVERNMENT-WIDE NET ASSETS
 LAST EIGHT FISCAL YEARS (UNAUDITED) NOTE 1
 (ACCRUAL BASIS OF ACCOUNTING)

TABLE 1B

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Assets:								
Governmental activities	\$ 518,926,218	\$ 523,882,021	\$ 532,279,990	\$ 620,767,798	\$ 650,531,583	\$ 684,752,946	\$ 692,955,754	\$ 753,265,199
Business-type activities	<u>54,622,579</u>	<u>54,521,171</u>	<u>54,317,198</u>	<u>55,150,896</u>	<u>59,400,214</u>	<u>59,636,214</u>	<u>67,357,779</u>	<u>74,859,599</u>
Total Assets - Primary Government	<u>573,548,797</u>	<u>578,403,192</u>	<u>586,597,188</u>	<u>675,918,694</u>	<u>709,931,797</u>	<u>744,389,160</u>	<u>760,313,533</u>	<u>828,124,798</u>
Liabilities:								
Governmental activities	106,998,142	105,581,544	101,526,582	148,377,218	147,741,388	164,578,304	161,401,438	211,197,764
Business-type activities	<u>14,827,262</u>	<u>13,745,825</u>	<u>12,812,782</u>	<u>12,430,671</u>	<u>13,941,110</u>	<u>13,148,696</u>	<u>18,192,809</u>	<u>20,719,677</u>
Total Liabilities - Primary Government	<u>121,825,404</u>	<u>119,327,369</u>	<u>114,339,364</u>	<u>160,807,889</u>	<u>161,682,498</u>	<u>177,727,000</u>	<u>179,594,247</u>	<u>231,917,441</u>
Net Assets:								
Invested in capital assets, net of related debt:								
Governmental activities	382,979,092	398,697,946	402,603,394	431,328,406	440,721,403	445,809,943	454,412,948	452,246,448
Business-type activities	32,750,662	35,171,566	35,028,543	37,828,270	39,686,557	40,730,017	45,383,170	48,910,243
Restricted net assets by enabling legislation:								
Governmental activities								
Business-type activities	222,950	222,950	222,950	222,950	206,728	209,537	212,528	215,791
Restricted net assets, other:								
Governmental activities	_ 16,881,171	_ 2,539,516	_ 2,027,763	_ 3,315,565	_ 13,420,619	22,805,523	_ 26,389,509	_ 22,181,184
Business-type activities								
Unrestricted net assets:								
Governmental activities	12,067,813	17,063,015	26,122,251	37,746,609	48,648,173	51,559,176	50,751,859	67,639,803
Business-type activities	<u>6,821,705</u>	<u>5,380,830</u>	<u>6,252,923</u>	<u>4,669,005</u>	<u>5,565,819</u>	<u>5,547,964</u>	<u>3,569,272</u>	<u>5,013,888</u>
Total Net Assets - Primary Government	<u>\$ 451,723,393</u>	<u>\$</u>						
	459,075,823	472,257,824	515,110,805	548,249,299	566,662,160	580,719,286	596,207,357	

Note (1): Financial data on the accrual basis for fiscal years prior to 2003 is not available.

Source: Department of Finance

COUNTY OF KAUAI, HAWAII
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE 2

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Committed	\$ 2,110,196	\$ 2,330,958	\$ 2,489,476	\$ 4,381,948	\$ 4,336,782	\$ 6,822,011	\$ 7,660,813	\$ 6,820,122	\$ 9,761,486	\$ 6,634,688
Non-spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	7,330,805	8,850,343	8,116,868	9,414,500	10,877,098	11,718,098	13,932,311	14,069,602	11,535,434	19,066,623
Unassigned	4,825,004			3,261,947	3,544,841	11,579,162				
Total General Fund	14,266,005	12,382,205	14,397,901	17,058,395	18,758,721	30,119,271	42,383,972	45,224,764	54,140,980	
All Other Governmental Funds:										
Non-spendable	-	-	9,219,514	8,367,826	7,460,841	6,931,371	4,391,698	4,187,914	3,544,187	15,661,985
Restricted	5,843,122	5,870,069	6,512,011	7,017,825	7,338,751	7,953,501	7,616,138	9,241,702	10,000,961	3,600,866
Committed	17,235,450	7,088,063	6,764,955	5,145,757	9,069,054	11,655,259	10,109,023	16,961,674	16,179,876	13,273,466
Assigned	36,295,039	34,004,227	20,243,780	20,378,457	22,081,792	61,246,137	69,493,785	75,608,191	68,439,470	106,014,099
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	59,373,611									
Total Fund Balances (Note 1)	\$ 73,639,616	\$	\$							
	-	-	-	-	-	-	-	-	-	-
	46,962,359	42,740,260	40,909,865	45,950,438	87,786,268	91,610,644	106,099,481	98,164,494	138,550,416	
	59,344,564	57,138,161	57,968,260	64,709,159	117,905,539	133,994,616	151,324,245	152,305,474	207,350,519	

Note (1): The Total Fund Balances for the fiscal years 2001 through 2008 have been restated as a result of a fund balance restatement made in fiscal year 2009.

Source: Department of Finance

COUNTY OF KAUAI, HAWAII
 CHANGES IN GOVERNMENTAL FUND BALANCES
 LAST TEN FISCAL YEARS (UNAUDITED)
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (AMOUNTS EXPRESSED IN THOUSANDS)

TABLE 2A

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Taxes	\$ 43,501	\$ 46,266	\$ 50,739	\$ 57,060	\$ 65,097	\$ 78,675	\$ 90,913	\$ 98,572	\$ 105,140	\$ 102,425
Licenses and permits	4,664	4,975	5,561	5,715	6,677	6,780	6,948	7,975	8,253	7,400
Rents and concessions	630	591	631	678	688	737	713	727	956	907
Interest	3,112	2,071	1,410	633	1,113	3,354	5,012	5,836	3,009	4,896
Intergovernmental revenue	30,398	34,100	37,612	31,358	29,975	41,359	49,506	41,291	44,764	37,214
Charges for current services	3,141	2,915	3,297	3,627	3,398	4,110	4,202	4,911	4,424	4,366
Miscellaneous	854		792	1,582	1,975					3,117
Total Revenues	86,300	92,290	99,656	99,863	108,530	136,990	160,228	161,746		160,325
Expenditures										
General government	18,706	22,588	21,740	22,823	27,680	30,938	35,358	33,461	37,371	26,682
Public safety	18,731	21,111	21,760	23,502	23,547	24,979	27,122	32,894	35,613	43,607
Public works	4,252	4,242	4,475	4,789	5,636	5,990	5,884	9,468	8,727	11,232
Highway and streets	6,465	4,092	7,265	9,491	7,798	12,115	12,298	16,766	15,312	10,089
Sanitation	5,585	6,204	6,688	6,625	8,653	9,458	10,315	9,773	9,834	12,313
Culture and recreation	3,307	3,559	4,234	3,041	4,458	3,471	4,288	7,839	8,223	9,715
Public welfare	10,727	11,686	13,927	14,028	11,798	14,889	16,491	15,637	22,375	19,957
Capital outlay	11,055	24,468	16,620	9,322	6,109	13,625	20,299	17,523	21,342	24,597
Debt service:										
Principal	2,405	3,800	3,490	3,665	3,850	3,435	4,130	3,230	4,766	4,713
Interest	2,898				2,535	2,538				
Total Expenditures	84,131	107,213	103,105	100,012	102,064	122,438	141,571	144,895	167,160	
Excess of Revenues										
Over (Under) Expenditure :	\$ 2,169	\$ (14,923)	\$ (3,449)	\$ (149)	\$ -	\$ -	\$ 18,657	\$ 16,851	\$ 152	\$ -
Other Financing Sources (Uses)										
Transfers in	\$ 17,463	\$ 12,906	\$ 12,774	\$ 15,284	\$ 16,466	\$ 18,389	\$ 24,834	\$ 30,590	\$ 27,085	\$ 29,852
Transfers out	(11,881)	(12,703)	(12,963)	(14,626)	(16,927)	(19,468)	(25,409)	(30,951)	(26,876)	(30,675)
Refunding bonds issued	23,952								(6,551)	-
Bonds issued	9,695			6,466	14,552	42,180	-	-	-	60,000
Premium on bonds issued						1,327				-
Payments to refunded bond										
escrow agency	(23,952)	-	-	-	-	(4,120)	-	-	-	1,686
Capital leases	100	742	1,181	-	-	-	1,346	485	1,862	733
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total Other Financing	9,496	-	-	658	(461)	38,846	-	-	-	61,596
Sources (Uses)										
Net Change in Fund Balances	\$ 11,665	\$ (14,586)	\$ (2,457)	\$ -	\$ -	\$ -	\$ 19,428	\$ 16,595	\$ -	\$ -
Debt service as a percentage of noncapital expenditures	7.26%	7.57%	7.40%	7.05%	6.65%	5.49%	7.02%	5.52%	5.74%	6.10%
	337	992		6,005	53,398	771	(256)	829	55,045	

COUNTY OF KAUAI, HAWAII
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE 2B

Fiscal	General	Public	Public	Highways and	Sanitation	Culture and	Public	Capital	Debt	Total
Year	Government	Safety	Works	Streets	Sanitation	Recreation	Welfare	Outlay	Service	Total
2001	\$ 18,706,269	\$ 18,731,088	\$ 4,252,186	\$ 6,464,385	\$ 5,585,471	\$ 3,307,763	\$ 10,726,565	\$ 11,010,019	\$ 5,347,298	\$ 84,131,044
2002	22,587,568	21,111,419	4,241,775	7,091,524	6,204,468	3,559,490	11,686,067	24,467,940	6,263,243	107,213,494
2003	21,740,154	21,759,541	4,475,086	7,265,140	6,687,899	4,234,260	13,926,744	16,620,294	6,396,146	103,105,264
2004	22,822,990	23,501,535	4,789,243	9,491,320	6,625,259	3,041,644	14,027,512	9,322,449	6,390,550	100,012,502
2005	27,676,903	23,547,233	5,636,246	7,797,896	8,652,469	4,458,174	11,797,770	6,108,687	6,384,760	102,060,138
2006	30,938,083	24,978,616	6,989,820	12,942,120	9,586,216	3,471,439	14,888,594	14,319,976	5,973,225	124,088,089
2007	35,358,095	27,122,412	6,880,628	12,298,214	10,314,722	4,288,112	16,491,419	20,298,857	8,518,611	141,571,070
2008	33,461,254	32,894,024	9,467,945	11,273,415	9,772,708	7,839,158	15,637,506	17,522,714	7,026,605	144,895,329
2009	37,370,973	35,613,140	8,726,473	15,312,333	9,834,250	8,223,353	22,374,453	21,342,674	8,362,697	167,160,346
2010	26,681,875	43,607,071	11,231,776	10,089,042	12,313,226	9,714,650	19,957,368	24,597,117	8,684,119	166,876,244

Includes general, special revenue, capital projects and debt service funds.

Note (1): Department of Finance

Source:

COUNTY OF KAUAI, HAWAII
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1

TABLE 3

Fiscal Year	Total Tax Levy	Tax Levy Adjustments in Subsequent Years	Total Tax Levy After Adjustments	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Tax Collections (1)	Percent of Levy		Tax Collections (1)	Percent of Levy
2001	\$ 36,729,282	\$ 137,219	\$ 36,866,501	\$ 36,159,901	98.4 %	\$ 706,091	\$ 36,865,992	99.999 %
2002	38,285,013	95,765	38,380,778	37,678,062	98.4	701,803	38,379,865	99.998
2003	41,591,414	155,287	41,746,701	40,973,111	98.5	772,677	41,745,788	99.998
2004	47,393,938	100,215	47,494,153	46,815,000	98.8	678,033	47,493,033	99.998
2005	55,268,583	(51,271)	55,217,312	54,709,028	99.0	506,340	55,215,368	99.996
2006	68,197,925	417,354	68,615,279	67,374,209	98.8	1,225,755	68,599,964	99.978
2007	76,971,763	23,848	76,995,611	75,336,423	97.9	1,508,448	76,844,871	99.804
2008	86,373,611	24,054	86,397,665	84,617,914	98.0	1,437,956	86,055,870	99.604
2009	91,063,419	90,103	91,153,522	88,762,924	97.5	1,549,159	90,312,083	99.077
2010	91,292,733	-	91,292,733	89,160,050	97.7	-	89,160,050	97.664

Current and delinquent tax collections do not include penalties and interest.

Note (1): Department of Finance

Source:

COUNTY OF KAUAI, HAWAII
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (VALUE IN THOUSANDS - UNAUDITED) NOTE 1

TABLE 4

Fiscal Year	Gross Assessed Value (1)			Exemptions	Net Taxable Value	Total Direct Tax Rate	Ratio (%) of Net Taxable to Est. Actual Value
	Land	Buildings	Total				
2001	\$ 1,125,280	\$ 2,993,369	\$ 4,118,649	\$ 959,554	\$ 5,159,095	\$ 6.68	84.3
2002	3,253,250	3,090,767	6,344,017	904,293	5,439,724	6.73	85.7
2003	3,318,945	3,447,559	6,766,504	896,115	5,870,389	6.61	86.8
2004	3,921,582	3,538,013	7,459,595	939,555	6,520,040	6.57	87.4
2005	4,477,591	4,013,219	8,490,810	1,109,793	7,381,017	6.47	86.9
2006	5,592,330	4,826,028	10,418,358	1,217,165	9,201,193	6.09	88.3
2007	9,131,641	6,247,984	15,379,625	1,625,247	13,754,378	5.47	89.4
2008	10,982,938	7,426,225	18,409,163	1,571,487	16,837,676	5.36	91.5
2009	12,604,914	8,412,021	21,016,935	1,725,331	19,291,604	5.37	91.8
2010	12,277,191	8,330,593	20,607,784	1,672,707	18,935,077	5.38	91.9

Personal property is not taxed in the County of Kaua'i.

Note (1):

The total direct tax rate represents the weighted average of all the individual direct rates applied by the County of Kaua'i.

Taxable properties are assessed at 100% of estimated fair market value.

Values presented exclude government exemptions.

Source:

Valuations have been changed since the 6/30/2009 CAFR was issued.

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

TABLE 5

Fiscal	Class of Property	Value of Net Taxable	Land Tax Rates	Value of Net Taxable	Building Tax Rates	Net Valuation for
Year 2001	Single Family Residential	\$ Land (1) 987,630	\$ Per \$1,000 5.74	\$ Building (1) 530,612	\$ Per \$1,000 4.75	\$ Tax Rate 1,518,242
	Homestead	614,378	4.85	394,767	3.99	1,009,145
	Agriculture	332,386	8.20	161,800	4.75	494,186
	Conservation	85,643	8.70	12,712	4.75	98,355
	Hotel/resort	259,177	8.80	646,568	8.40	905,745
	Apartment	215,509	8.80	318,560	8.40	534,069
	Commercial	214,390	8.80	219,521	8.40	433,911
	Industrial	83,340	8.80	82,102	8.40	165,442
	Total	\$ 2,792,453		\$ 2,366,642		\$ 5,159,095
	2002	Single Family Residential	\$ 962,020	\$ 5.74	\$ 536,359	\$ 4.75
Homestead		633,728	4.85	426,580	3.99	1,060,308
Agriculture		464,697	8.20	173,320	4.75	638,017
Conservation		85,054	8.70	12,568	4.75	97,622
Hotel/resort		282,009	8.80	705,066	8.40	987,075
Apartment		216,648	8.80	342,829	8.40	559,477
Commercial		219,736	8.80	210,990	8.40	430,726
Industrial		82,585	8.80	85,535	8.40	168,120
Total		\$ 2,946,477		\$ 2,493,247		\$ 5,439,724
2003		Single Family Residential	\$ 975,098	\$ 5.64	\$ 600,032	\$ 4.65
	Homestead	647,879	4.65	489,620	3.79	1,137,499
	Agriculture	517,418	8.10	201,151	4.65	718,569
	Conservation	87,034	8.60	14,414	4.65	101,448
	Hotel/resort	288,887	8.70	784,192	8.30	1,073,079
	Apartment	223,264	8.70	340,694	8.30	563,958
	Commercial	221,859	8.70	224,411	8.30	446,270
	Industrial	79,813	8.70	174,623	8.30	254,436
	Total	\$ 3,041,252		\$ 2,829,137		\$ 5,870,389

COUNTY OF KAUAI, HAWAII
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES - CONTINUED
LAST TEN FISCAL YEARS (VALUE IN THOUSANDS - UNAUDITED) NOTE 1

TABLE 5

Fiscal	Class of Property	Value of Net Taxable	Land Tax Rates	Value of Net Taxable	Building Tax Rates	Net Valuation for
Year 2004	Single Family Residential	\$ 1,184,485	\$ Per \$1,000 5.74	\$ Building (1) 605,262	\$ Per \$1,000 4.50	\$ Tax Rate 1,789,747
	Homestead	770,997	4.85	561,654	3.64	1,332,651
	Agriculture	693,850	8.20	208,696	4.50	902,546
	Conservation	124,669	8.70	16,314	4.50	140,983
	Hotel/resort	307,164	8.80	809,517	8.15	1,116,681
	Apartment	232,494	8.80	389,546	8.15	622,040
	Commercial	229,218	8.80	212,928	8.15	442,146
	Industrial	82,273		90,973		173,246
	Total	\$ 3,625,150		\$ 2,894,890		\$ 6,520,040
	2005	Single Family Residential	\$ 1,346,379	\$ 5.49	\$ 637,056	\$ 4.50
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		250,821	8.55	220,781	8.15	471,402
Industrial		91,064		98,994		190,058
Total		\$ 4,089,375		\$ 3,251,679		\$ 7,341,054
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	315,273	8.20	265,885	7.95	577,158
	Industrial	95,494		110,441		205,935
	Total	\$ 5,220,914		\$ 3,980,279		\$ 9,201,193

COUNTY OF KAUAI, HAWAII
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES - CONTINUED
LAST TEN FISCAL YEARS (VALUE IN THOUSANDS - UNAUDITED) NOTE 1

TABLE 5

Fiscal	Class of Property	Value of Net Taxable	Land Tax Rates	Value of Net Taxable	Building Tax Rates	Net Valuation for
Year 2007	Single Family Residential	\$ Land (1) 2,867,202	\$ Per \$1,000 4.00	Building (1) 944,233	\$ Per \$1,000 4.30	\$ Tax Rate 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	\$ 8,501,308		\$ 5,253,070		\$ 13,754,378
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	\$ 11,959,805		\$ 6,939,111		\$ 18,898,916
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	\$ 11,994,580		\$ 7,297,024		\$ 19,291,604

COUNTY OF KAUAI, HAWAII
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES - CONTINUED
LAST TEN FISCAL YEARS (VALUE IN THOUSANDS - UNAUDITED) NOTE 1

TABLE 5

Fiscal	Class of Property	Value of Net Taxable	Land Tax Rates	Value of Net Taxable	Building Tax Rates	Net Valuation for
Year 2010	Single Family Residential	\$ 3,983,986	\$Per \$1,000	3.95	\$ 1,440,943	\$Tax Rate
	Homestead	3,142,703		4.00	1,665,718	5,424,929
	Agriculture	1,789,664		6.90	606,715	4,808,421
	Conservation	282,104		6.90	28,847	2,396,379
	Hotel/resort	853,348		6.90	1,548,564	310,951
	Apartment	905,714		6.90	1,264,879	2,401,912
	Commercial	609,334		6.90	475,418	2,170,593
	Industrial	185,209		6.90	151,931	1,084,752
	Total	\$ 11,752,062			\$ 7,183,015	\$ 18,935,077

Amounts presented net of real property tax exemption and 50% appeals.

Valuations have been changed since the 6/30/2009 CAFR was issued.

Note (1):

Department of Finance, Real Property Tax Division

Source:

COUNTY OF KAUAI, HAWAII
 COMPARISON OF PRINCIPAL TAXPAYERS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2001 (UNAUDITED)
 FISCAL YEAR 2010

TABLE 6

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	\$ 685,098,000	\$ 4,850,264	4.1 %
2	Kawailoa Development	Resort Development	202,199,200	2,893,622	1.2
3	Princeville Hotel/Development LLC	Resort / Real Estate Holdings	167,388,300	2,729,749	1.0
4	SVO Pacific Inc. / Kaua'i Blues	Resort Development	302,603,700	2,291,257	1.8
5	Grove Farm Inc. / Visionary LLC	Real Estate Holdings	153,163,000	2,077,407	0.9
6	Kukui'ula Development / A&B / McBryde	Real Estate Holdings	251,057,500	1,594,230	1.5
7	Knudsen, Eric Trust / CGB / Moir	Real Estate Holdings	123,738,000	978,441	0.7
8	Pahio Resorts / Bali Hai / Kaua'i Beach / Shearwater	Resort Development	115,413,000	873,264	0.7
9	Kukui Grove Center Investment	Commercial Development	94,059,200	718,730	0.6
10	Robinson Family / Gay & Robinson	Real Estate Holdings	87,455,400	661,347	0.5
			<u>\$ 2,182,175,300</u>	<u>\$</u>	<u> </u> %

Source: Department of Finance, Real Property Tax Division

Rank	Taxpayer	Type of Business	Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Kaua'i Incorporated	Resort Development	\$ 202,669,000	\$ 1,691,100	3.7 %
2	Kawailoa Development	Resort Development	134,448,500	1,234,300	2.5
3	Princeville Development Corp.	Resort Development	140,756,800	1,103,700	2.6
4	Po'i'pu Resort Partners Limited	Resort Development	74,381,300	619,100	1.4
5	Kauai Lagoons Resort Company Limited	Resort Development	53,659,700	617,400	1.0
6	Lihu'e Plantation Company Limited	Agriculture	41,525,100	430,600	0.8
7	Obayashi Hawai'i Corporation	Resort Development	21,451,900	384,200	0.4
8	Metropolitan Mortgage Hawai'i	Resort/Timeshare Development	45,041,300	354,900	0.8
9	A & B Hawai'i Inc.	Real Estate Development	37,781,300	316,500	0.7
10	Grove Farm Land Corporation	Real Estate Development	57,635,075	274,400	1.1
			<u>\$ 809,349,975</u>	<u>\$</u>	<u> </u> %

Source: Department of Finance, Real Property Tax Division

COUNTY OF KAUAI, HAWAII
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-2
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE 7

Fiscal Year	Governmental Activities (1)		General Obligation			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation	Capital	Business-type Activities (1)					
	Bonds	Leases	Bonds	Bonds	Loans			
2001	\$ 58,870,000	\$ 1,566,324	\$ 2,255,000	\$ 1,630,000	\$ 12,014,701	\$ 76,336,025	5.32 %	\$ 1,300
2002	55,070,000	1,470,046	2,165,000	1,530,000	11,230,368	71,465,414	4.88	1,203
2003	51,580,000	1,788,990	2,065,000	1,420,000	10,424,597	67,278,587	4.37	1,122
2004	47,915,000	1,092,089	1,965,000	1,300,000	9,596,800	61,868,889	3.67	1,015
2005	44,065,000	575,504	1,865,000	1,175,000	8,746,370	56,426,874	3.10	916
2006	79,963,061	505,462	1,772,630	1,040,000	8,307,381	91,588,534	4.70	1,478
2007	76,289,985	1,345,045	1,664,353	895,000	10,222,582	90,416,965	4.32	1,441
2008	73,491,909	1,355,155	1,565,000	740,000	9,142,867	86,294,931	3.74	1,351
2009	69,503,833	2,396,136	1,435,000	575,000	14,071,350	87,981,319	n/a	n/a
2010	125,775,757	3,054,047	1,300,000	395,000	17,492,700	148,017,504	n/a	n/a

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Note (1): See the Schedule of Demographic Statistics for personal income and population data.

Note (2): Indicates information currently not available.

(n/a):

COUNTY OF KAUAI, HAWAII
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE 7A

Fiscal Year	Governmental Activities General Obligation	Business-type Activities General Obligation	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
Year	Bonds (1)	Bonds (1)	Service Fund	Total	Property (2)	Capita (3)
2001	\$ 58,870,000	\$ 2,255,000	\$ 3,273,282	\$ 57,851,718	1.12 %	\$ 985
2002	55,070,000	2,165,000	3,536,525	53,698,475	0.99	904
2003	51,580,000	2,065,000	3,665,000	49,980,000	0.85	834
2004	47,915,000	1,965,000	3,850,000	46,030,000	0.71	755
2005	44,065,000	1,865,000	3,435,000	42,495,000	0.58	690
2006	79,963,061	1,772,630	3,630,000	78,105,691	0.85	1,261
2007	76,289,985	1,664,353	2,588,839	75,365,499	0.55	1,201
2008	73,491,909	1,565,000	3,580,002	71,476,907	0.42	1,119
2009	69,503,833	1,435,000	3,685,000	67,253,833	0.35	n/a
2010	125,775,757	1,300,000	6,650,089	120,425,668	0.64	n/a

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Note (1): See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

Note (2): See the Schedule of Demographic Statistics for personal income and population data.

Note (3): Indicates information currently not available.

(n/a):

COUNTY OF KAUAI, HAWAII
 COMPUTATION OF LEGAL DEBT MARGIN
 JUNE 30, 2010 (UNAUDITED) NOTE 1

TABLE 8

Net assessed value of real property for year ended June 30, 2010		<u>\$ 18,935,077,000</u>
Legal debt limit:		
Debt limitation - 15% of total assessed value (1)		\$ 2,840,261,550
Debt applicable to limitation (1)		
	125,775,757	
General obligation and public improvement bonds payable at June 30, 2010		
Less: Amount available for retirement of general long-term debt in the debt service fund	<u>6,650,089</u>	
Total debt applicable to limitation		<u>119,125,668</u>
		<u>\$ 2,721,135,882</u>
Legal debt margin		

Note (1): Per State of Hawai'i Constitution
 Source: Department of Finance

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)
2001	58,722	\$ 24,421	\$ 1,434	10,457	5.0
2002	59,409	24,637	1,463	10,313	4.4
2003	59,963	25,657	1,538	10,564	4.0
2004	60,937	27,650	1,684	9,876	3.3
2005	61,589	29,566	1,820	9,545	2.7
2006	61,950	31,481	1,950	9,524	2.3
2007	62,761	33,356	2,093	9,392	2.5
2008	63,875	36,093	2,305	9,399	4.5
2009	n/a	n/a	n/a	9,260	n/a
2010	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): State of Hawai'i Department of Education.
 Note (4): U.S. Department of Labor Bureau of Labor Statistics.
 Note (5):

Population includes Armed Forces and their dependents.
 (n/a): Indicates information currently not available.

COUNTY OF KAUA'I, HAWAII
 JOBS BY INDUSTRY
 LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 10

Fiscal	Construction	Transportation Communication Utilities	Wholesale & Retail Trade	Services	Lodging	Medical	Finance Insurance Real Estate	Agriculture	Government
Year									
2001	1,071	1,742	7,250	5,563	3,779	1,996	379	667	4,117
2002	1,217	1,900	7,163	5,804	3,629	2,021	400	663	4,208
2003	1,350	1,700	4,250	6,700	3,892	2,050	1,250	700	4,200
2004	1,387	1,550	4,650	10,050	4,050	2,150	1,550	700	4,200
2005	1,450	1,850	4,550	9,400	4,100	2,200	1,200	750	4,200
2006	1,750	1,700	4,550	11,150	4,150	2,150	1,250	700	4,250
2007	1,850	1,700	4,750	11,450	4,400	2,200	1,200	650	4,300
2008	2,050	1,550	4,650	11,400	4,150	2,250	1,200	600	4,400
2009	1,550	1,400	4,250	9,350	3,650	2,250	1,200	600	4,450
2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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

Source: State of Hawai'i Data Book

COUNTY OF KAUAI, HAWAII

TABLE 11

REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS (VALUE IN THOUSANDS - UNAUDITED) NOTES 1-3
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Gross Receipts (2)	Operating Expenses (3)	Net Receipts Available for Debt Service				Coverage
				Principal	Interest	Total	
2001	\$ 955,725	\$ 689,169	\$ 266,556	\$ 95,000	\$ 125,063	\$ 220,063	\$ 46,493
2002	1,006,368	645,593	360,775	100,000	118,175	218,175	142,600
2003	1,020,086	579,753	440,333	110,000	111,000	221,000	219,333
2004	1,408,937	1,143,715	265,222	120,000	102,950	222,950	42,272
2005	1,743,240	1,119,978	623,262	125,000	94,250	219,250	404,012
2006	1,739,947	1,270,961	468,986	135,000	85,188	220,188	248,798
2007	1,373,695	809,496	564,199	145,000	75,400	220,400	343,799
2008	2,045,264	1,743,636	301,628	155,000	64,887	219,887	81,741
2009	1,287,720	1,046,270	241,450	165,000	53,650	218,650	22,800
2010	1,856,833	1,318,393	538,440	180,000	41,687	221,687	316,753

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

Note (3): Operating expenses do not include depreciation expense.

Source: Department of Finance

the redemption of outstanding bond principal.

COUNTY OF KAUAI, HAWAII
 MISCELLANEOUS STATISTICS
 YEAR ENDED JUNE 30, 2010 (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):	1,010
Permanent	771
Temporary	47
Exempt	174
Contract	18
Area in square miles	627
County facilities and services:	
Miles of streets	308
Number of streetlights	2,877
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	7
Number of fire personnel and officers	193
Number of calls answered	4,584
Number of inspections conducted	2,763
Police protection:	
Number of stations	5
Number of police personnel	184
Number of patrol units	88
Number of police officers	133
Number of law violations:	
Physical arrest	3,070
Traffic violations	17,020
Parking violations	1,673

(continued)

COUNTY OF KAUAI, HAWAII
 MISCELLANEOUS STATISTICS - CONTINUED
 YEAR ENDED JUNE 30, 2010 (UNAUDITED)

TABLE 12

Sewerage system:		
Number of treatment plants		4
Number of service connections:		
Residential		4,640
Commercial		550
Daily average treatment in gallons		2,550,000
Maximum daily capacity of treatment plant in gallons		4,600,000
Water system:		
Miles of water mains		439.4
Number of service connections		20,490
Number of fire hydrants		2,586
Annual water consumption in gallons		4.249 billion
Maximum daily capacity of plant in gallons		27.436 million
Facilities and services not included in the reporting entity:		
Education:		
Number of elementary schools		10
Number of elementary school instructors		266
Number of middle schools		3
Number of middle school instructors		112
Number of secondary schools		3
Number of secondary school instructors		188
Number of community colleges		1
Hospitals:		
Number of hospitals		3
Number of patient beds		122
Elections - 2010 general election:		
Number of registered voters		40,129
Number of votes cast		23,008
Percentage of registered voters voting		57.3%

(continued)

COUNTY OF KAUAI, HAWAII
 MISCELLANEOUS STATISTICS - CONTINUED
 YEAR ENDED JUNE 30, 2010 (UNAUDITED)

TABLE 12

Building Permits:

<u>Fiscal Year</u>	<u>Number of Permits Issued</u>	<u>Value of Permits</u>
2000	1,302	\$ 132,460,095
2001	1,320	204,336,126
2002	1,284	239,855,174
2003	1,284	202,562,271
2004	1,528	252,493,285
2005	1,648	344,554,201
2006	1,415	313,378,413
2007	1,310	342,564,486
2008	1,547	473,380,482
2009	1,402	428,638,994
2010	1,272	193,934,914

Source: Building Division, County of Kauai

(continued)

COUNTY OF KAUAI, HAWAII
 MISCELLANEOUS STATISTICS - CONTINUED
 YEAR ENDED JUNE 30, 2010 (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>
1999	1089.7	6.6	6.90	18.2
2000	1074.8	6.6	7.20	18.1
2001	1008.6	6.7	7.20	16.9
2002	1001.3	6.7	7.20	17.4
2003	975.9	6.7	8.00	18.0
2004	1,020.9	6.9	8.10	19.2
2005	1,090.1	6.6	8.10	19.7
2006	1,181.8	6.4	8.20	20.7
2007	1,299.0	6.2	8.60	22.2
2008	1,030.6	7.0	9.2	19.8
2009	928.1	7.4	9.5	18.7
2010	n/a	n/a	n/a	n/a

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

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

COUNTY OF KAUAI, HAWAII
 PRINCIPAL NON-GOVERNMENT EMPLOYERS
 LAST FOUR FISCAL YEARS (UNAUDITED)

TABLE 13

Principal Non-Government Employers as of 2010

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	900
2	MANU KAI'	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	598
3	WILCOX MEMORIAL HOSPITAL	71 BED HOSPITAL	488
4	THE ST. REGIS PRINCEVILLE RESORT	252-ROOM HOTEL	426
5	WAL-MART	DISCOUNT RETAILER	345
6	'OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING, INTERMEDIATE CARE & DAY CARE	300
7	SHERATON KAUAI RESORT	394-ROOM HOTEL	284
8	ALEXANDER & BALDWIN INC.	AGRICULTURE, REAL ESTATE, OCEAN TRANSPORTATION	271
9	KAUAI BEACH RESORT	350-ROOM HOTEL	230
10	KAUAI MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213

Source: Pacific Business News, August 27, 2010 Publication

Principal Non-Government Employers as of 2009

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

Source: Pacific Business News, July 31, 2009 Publication

(Continued)

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

TABLE 13

Principal Non-Government Employers as of 2008

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

Source: Pacific Business News, August 1, 2008 Publication

Principal Non-Government Employers as of 2007

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

Source: Pacific Business News, July 27, 2007 Publication

COUNTY OF KAUAI, HAWAII
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1& 2

TABLE 14

Full-time Equivalent Employees as of June 30,										
Function:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:										
General government	246	248	253	268	289	272	281	271	278	291
Public safety:										
Police	167	174	173	182	180	181	172	180	193	184
Fire	148	150	150	150	153	154	163	168	190	183
Civil defense	4	4	4	4	4	4	4	4	4	4
Public works										
Highway and streets	76	76	75	76	76	77	76	79	79	79
Sanitation	65	65	65	65	68	69	68	73	75	75
Culture and recreation	14	16	25	25	25	24	25	107	107	103
Public welfare	59	77	73	78	76	88	85	85	98	94
Total Governmental Activities Employees	<u>974</u>	<u>1,003</u>	<u>1,005</u>	<u>1,034</u>	<u>1,045</u>	<u>1,040</u>	<u>1,061</u>	<u>1,055</u>	<u>1,131</u>	<u>1,111</u>
Business-type Activities:										
Housing	25	24	27	26	26	24	25	26	29	27
Sewer	33	32	32	32	32	35	34	36	35	36
Golf	20	19	20	20	20	20	22	22	22	22
Total Business-type Employees	<u>78</u>	<u>75</u>	<u>79</u>	<u>78</u>	<u>78</u>	<u>79</u>	<u>81</u>	<u>84</u>	<u>86</u>	<u>85</u>
Total Primary Government Employees	<u>1,052</u>	<u>1,078</u>	<u>1,084</u>	<u>1,112</u>	<u>1,123</u>	<u>1,119</u>	<u>1,142</u>	<u>1,139</u>	<u>1,217</u>	<u>1,196</u>

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, HAWAII
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1

TABLE 15

Function:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Physical arrests	5,224	5,995	2,935	5,453	5,109	5,109	2,820	2,907	3,315	3,070
Parking violations	2,318	2,083	1,926	1,698	1,997	1,997	1,636	1,799	1,740	1,673
Traffic violations	12,246	13,504	9,039	10,331	9,231	9,231	12,670	12,747	14,112	17,020
Fire:										
Number of calls answered	3,327	3,556	3,949	4,564	4,564	4,630	4,840	5,013	4,669	4,584
Inspections	1,920	1,624	1,150	2,121	2,121	2,517	3,340	3,359	2,696	2,763
Highways and Streets:										
Street resurfacing (miles)	13.31	12.41	14.05	12.45	13.57	11.05	11.00	13.60	17.00	17.50
Sanitation:										
Refuse collected (tons/day)	61.5	65.6	69.7	73.8	81.2	88.6	95.3	99.4	77.8	90.0
Culture and Recreation:										
Athletic field permits issued	144	174	122	5,599 (1)	6,344 (1)	8,480 (1)	n/a	419	411	535
Community center admissions	9,923	10,801	10,799	10,358	12,108	12,377	n/a	13,821	13,494	17,851
Water:										
New connections	18,287	18,562	18,597	19,366	20,378	19,564	19,825	19,957	20,102	20,490
Annual water consumption in gallons	4,600,000	4,226,000	4,300,000	4,300,000	4,030,000	4,466,000	4,490,000	4,663,000	4,407,000	4,249,000
Wastewater:										
Average daily sewage treatment in gallons	2,438,000	2,414,000	2,392,000	2,710,000	2,451,000	2,720,222	2,720,000	2,550,000	2,550,000	2,550,000

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

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

Source: County of Kauai for the general government function.

COUNTY OF KAUAI, HAWAII
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3

TABLE 16

Function:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	99	104	116	116	116	116	88	88	88	88
Fire stations	7	7	7	7	7	7	7	7	7	7
Sanitation:										
Collection trucks	6	6	6	6	6	7 (1)	9 (1)	9 (1)	8	6
Highways and Streets:										
Streets (miles)	270	270	306	306	306	307	307	307	307	308
Streetlights	2,438	2,548	2,438	2,697	2,697	2,767	2,790	2,797	2,797	2,877
Traffic signals	2	2	2	2	2	2	2	3	3	3
Culture and Recreation:										
Parks acreage	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04
Parks	67	67	67	67	67	74	74	74	74	74
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)
Community centers	11 (3)	11 (3)	11 (3)	11 (3)	11 (3)	11 (3)	11 (3)	11 (3)	11 (4)	14 (4)
Water:										
Water mains (miles)	403	406	407	408	413	416	420	422	422	439
Fire hydrants	2,297	2,331	2,327	2,334	2,343	2,406	2,465	2,492	2,517	2,586
Maximum daily capacity (thousands of gallons)	15,798,700	15,798,700	15,799,000	15,799,000	22,147,000	22,147,000	20,590,000	26,140,000	27,040,000	27,436,000
Sewer:										
Sanitary sewers (miles)	50	50	50	50	50	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	5,100,000	5,100,000	5,100,000	5,200,000	5,200,000	4,500,000	4,600,000	4,600,000	4,600,000	4,600,000

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

COUNTY OF KAUAI, HAWAII
 SCHEDULE OF FUNDING PROGRESS
 FOR THE EUTF HEALTH PLAN (UNAUDITED)

TABLE 17

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered <hr/> Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$0	\$131,138,000	\$131,138,000	0%	\$57,779,000	227%
7/1/2009	\$13,493,000	\$149,185,000	\$135,692,000	9.04%	\$63,178,223	215%