

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
County of Kaua'i, Hawai'i**



**For the Fiscal Year Ended  
June 30, 2011**

P-201.1

RECEIVED

'11 DEC 14 PM 2:54

OFFICE OF  
THE COUNTY CLERK  
COUNTY OF KAUAI

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2011**

## **COUNTY OF KAUA'I, HAWAII**



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

**Wallace G. Rezentes, Jr.  
Director of Finance**

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

**COUNTY OF KAUAI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>PART I     INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
GFOA Certificate of Achievement	8
Organization Chart	9
Principal Elected Officials	10
<b>PART II     FINANCIAL SECTION</b>	
Independent Auditors' Report	11
Management's Discussion and Analysis (MD&A)	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	24
Statement of Activities	25
Fund Financial Statements:	
Balance Sheet - Governmental Funds	27
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	28
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	30
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	31
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Housing and Community Development Revolving Fund	35



**COUNTY OF KAUAI**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>PART II      FINANCIAL SECTION (Continued)</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Solid Waste Disposal Fund	36
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General CIP Fund	37
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Bond Fund	41
Statement of Net Assets - Proprietary Funds	46
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	47
Statement of Cash Flows - Proprietary Funds	48
Statement of Fiduciary Net Assets - Fiduciary Funds	49
Notes to the Financial Statements	50
Required Supplementary Information Other Than MD&A	
Schedule of Funding Progress for the EUTF Health Plan	95
Other Supplementary Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Non-major Governmental Funds	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds	101
Combining Statement of Changes in Assets and Liabilities - Agency Funds	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Highway Fund	104

**COUNTY OF KAUAI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>PART II      FINANCIAL SECTION (Continued)</b>	
Liquor Fund	106
Beautification Fund	107
Criminal Assets Forfeiture Fund	108
Public Access Fund	109
Parks and Playground Capital Improvement Fund	110
Sewer Trust Fund	112
Development Capital Improvement Fund	113
Bikeway Capital Improvement Fund	114
Highway Capital Improvement Fund	115
Open Space Capital Improvement Fund	116
Public Housing Enterprise Fund	117
Sewer Enterprise Fund	118
Golf Enterprise Fund	119
 <b>PART III      STATISTICAL SECTION (UNAUDITED)</b>	
Table 1      Net Assets by Component	120
Table 1A    Changes in Net Assets	121
Table 1B    Government-Wide Net Assets	123
Table 2      Fund Balances, Governmental Funds	124
Table 2A    Changes in Governmental Fund Balances	125
Table 2B    General Governmental Expenditures by Function	126
Table 3      Property Tax Levies and Collections	127

**COUNTY OF KAUAI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>PART III     STATISTICAL SECTION (UNAUDITED) (Continued)</b>	
Table 4     Assessed and Estimated Actual Value of Taxable Property	128
Table 5     Real Property Net Valuation by Classification and Tax Rates	129
Table 6     Comparison of Principal Taxpayers	133
Table 7     Ratio of Outstanding Debt by Type	134
Table 7A    Ratios of General Bonded Debt Outstanding	135
Table 8     Computation of Legal Debt Margin	136
Table 9     Demographic Statistics	137
Table 10    Jobs by Industry	138
Table 11    Revenue Bond Coverage	139
Table 12    Miscellaneous Statistics	140
Table 13    Principal Non-Government Employers	144
Table 14    Full-Time Equivalent County Government Employees by Function	148
Table 15    Operating Indicators by Function	149
Table 16    Capital Asset Statistics by Function	150



INTRODUCTORY SECTION



Bernard P. Carvalho, Jr.  
Mayor



Wallace G. Rezentes, Jr.  
Director of Finance

Gary K. Heu  
Managing Director

Sally A. Motta  
Deputy Director of Finance

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

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

December 15, 2011

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

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Kaua'i (County), State of Hawai'i for the fiscal year ended June 30, 2011.

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

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

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

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



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

### **The Reporting Entity**

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

The County has operated under the Mayor-County Council form of government since 1969. The executive branch of the County is headed by the Mayor who is elected on a non-partisan basis for a four-year term and with a two term limit. The legislative branch is the County Council which is composed of seven members who are elected at-large on a non-partisan basis, for a two-year term with no limit on terms.

There are no subordinate or separate municipal entities within the County's jurisdiction. All powers of the County shall be carried into execution as provided by its Charter or by ordinance of the County Council and Mayor. The State of Hawai'i constitution sets limits on total bonded indebtedness of the County. Under the Constitution and laws of the State of Hawai'i, the full faith and credit of the County are pledged to the payment of the general obligation bonds issued. For the payment of the principal and interest on the bonds, the County has the power and is obligated to levy ad valorem taxes, without limitation as to rate or amount, on all real property subject to taxation by the County. The County did not issue any special assessment debt nor is there any overlapping bonded debt on general obligation bonds.

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

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



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

### **Economic Conditions and Outlook**

Kauai's economy has demonstrated a more upbeat trend as compared to other Neighbor Island counties. Since the recession in 2009, Kauai has shown very slight, but positive increases over the last 24 months. There is conservative optimism as Kauai makes its way through a very tenuous global, national, and statewide economic recovery.

In addition to tourism, Kauai's Westside also benefits from the Pacific Missile Range Facility which employs close to 1,000 residents, the seed corn industry that has realized exponential growth during the last 10 years. The Westside of Kauai also boasts as having the largest coffee plantation in the nation, Kauai Coffee, and is another contributor to Kauai's job market and stable recovery.

### **Tourism**

Kauai is considered one of the premier vacation destinations in the Pacific Region. It has received several accolades within the travel industry. For the second consecutive year and third year out of the past five, Kauai has earned the distinction of being named Hawaii's Best Island as chosen by the readers of *Travel + Leisure* magazine in their 2010 World's Best Awards. In *Travel + Leisure's* listing of World's Best Islands for 2010, Kauai ranked second overall, trailing only the Galapagos Islands.

There are several recognizable hotel chains on Kauai that are located throughout the island, which include the St. Regis Princeville Resort, Westin Princeville Ocean Resort Villas, Kauai Marriott Resort and Beach Club and the Grand Hyatt Kauai Resort and Spa, among others. Kauai's 14 hotel properties account for 2,657 units, or 25.5% of total units. In addition to Kauai's hotel inventory, which attracts both high-end and budget travelers, 2,626 timeshare units account for 25.2%, and 32 condo-hotels provide 2,179 units, or 20.9%, of total visitor accommodation inventory. Individual vacation units are additional options for visitors to Kauai, and there are 1,722 units or 16.5% to choose from.

Latest reports from the State of Hawaii DEBDT and Hawaii Tourism Authority reflect on Kauai visitor arrivals in October 2011 (YTD) of approximately 0.9 million or a 4.7% increase from the prior year. Overall visitor spending and spending per person per day (PPPD) increased in October (YTD) by \$990 million or 19.3% and \$172.80 or 13.1%, respectively.

### **Film**

The film and television industry has a long and rich history on Kauai. From the first Hollywood movie *Cane Fire* in 1933 to Disney's *Pirates of the Caribbean – On Stranger Tides* in 2010, more than 74 films have been produced on Kauai. Major film activity was at its peak from 2007-2010 on Kauai. In more recent years, with the success of tourism industry and the scarcity of affordable hotel accommodations for large film crews, the business has evolved. The Kauai Film Commission, housed in the County of Kauai Office of Economic Development, has focused its efforts on attracting a larger number of smaller commercial productions. From infomercials and music videos, to reality television shows and photo shoots, the industry continues to infuse millions of dollars into Kauai's economy each year.



In 2010, four (4) major Hollywood feature movies were filmed on Kaua'i: Sony Pictures' "Soul Surfer" in February 2010, Fox Searchlights' "The Descendents" starring George Clooney in April 2010, Sony Pictures' "Just Go With It" with Jennifer Aniston and Adam Sandler in June 2010, and finally, blockbuster sequel, Disney's "Pirates of the Caribbean: On Stranger Tide" with Johnny Depp and Penelope Cruz in June 2010. Also, there were three (3) television shows filmed in early 2010.

Film expenditures on Kaua'i were approximately \$40 million, of which, included the hiring of 250+ local islanders as film crew, cast, security, office staff, caterers, and other. These expenditures include car and equipment rentals; hotel and vacation rental accommodations for cast and crew; food consumption at restaurants and supermarkets; location fees for private properties, and other.

### **Real Estate and Construction**

A significant portion of real estate transactions are foreclosures and short sales, creating downward pressure on prices. Another indicator according to the Kaua'i Association of Realtors is that the number of realtors has dropped by 40% from the peak of 2008.

Sales have remained constant in the single-family sales market; however, current projections show median prices are on the rise. Condominium prices have been on a steady decline as sales have fallen by 9% and the median price by 26%.

The construction industry appears to be benefiting from resort-related building and public sector projects, adding more than 100 jobs over the course of last year. In the resort-related building sector, major renovations at the Sheraton Kaua'i Resort in its restaurants and lobby/front desk areas, along with public projects such as the continued widening of Kaumuali'i Highway in Līhu'e and the recently completed Bryan Baptiste Memorial Bridge in Wailua provide optimism for the Construction Industry on Kaua'i.

Future construction projects on the horizon include the Hokulei Village with its super-Safeway store anchor, Phase II of the Kaumuali'i Highway project projected at \$46 million, the Port Allen harbor repair, Kapa'a High School library, and Līhu'e Airport improvements.

### **Agriculture / Energy**

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

The seed corn industry has expanded its crop base and infrastructure. There are currently five parent seed corn operations on Kaua'i. Pioneer Hi-Bred International, Inc., Syngenta, Dow, Monsanto, and BASF have approximately 3,000 acres in production throughout Kaua'i's various micro-climates. Such micro-climates are ideal for the industry, enabling three crops per year to be grown and harvested.

Kaua'i coffee growers continue to produce the largest proportion of the State's annual coffee yield. With 3,400 acres, Kaua'i Coffee Company remains the largest coffee plantation in the United States, and has recently been purchased by Massimo Zannetti, USA.



Kaua'i produces two-thirds of the State's taro and poi, a staple of the Hawaiian diet and a culturally significant product.

Kaua'i boasts at having the largest solar farm in the State of Hawai'i with the Kapa'a Solar Project which was completed a year ago. Other renewable energy projects in the discussion and planning phase include Grove Farm's partnership with AES Solar in their project on the south side of Kaua'i, Kikiaola Land Company's solar and Sopogy's concentrated solar projects in Kekaha.

The County is doing its part to be a leader in energy efficiency and renewable energy technology with recently completed Photovoltaic installations at the Piikoi building and the new Kaikea Fire Station in Kealia. The overall goal is to reduce energy costs to the County and taxpayers, as well as further reduce Kauai's dependence on imported fossil fuels.

#### **Major Initiatives and Achievements**

Of the 32,993 total taxable parcels, 9,310 parcels qualified for the tax relief programs in fiscal year 2011. 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 \$6.6 million in fiscal year 2011 as compared to \$9.9 million in fiscal year 2010. Although tax credits may not have a direct effect on real property taxes billed, residents that have owned and lived in their homes since 2004 have received significant savings.

The County's capital improvement projects that are in progress, completed, or substantially completed during the year include Kaikea Fire Station, the renovation of the Historic County Building Annex, island-wide road resurfacing program, Kekaha Landfill Phase II Lateral Expansion, and construction of Paanau Village Phase II.

The County received an additional \$0.4 million American Recovery and Reinvestment Act of 2009 (ARRA) Funds in fiscal year 2011. The total amount received to date amounted to approximately \$16.3 million. As of June 30, 2011, the County of Kaua'i expended a total of \$7.2 million. The two major remaining projects with funds encumbered at the end of the fiscal year were Lydgate Kapa'a Bike Path and Waimea Waste Water Treatment Plant Expansion Phase I, totaling \$4.1 million and \$3.7 million, respectively.

The Department of Public Works administers the sewer credit relief for qualified low-income residential users for the sixth consecutive year. A total of 8,721 credits at \$20.00 per month were issued to eligible residential users that amounted to approximately \$0.2 million in savings to households in fiscal year 2011. The General Fund subsidized the sewer relief program.

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

No new General Obligation Bonds (GO Bonds) were issued during the current fiscal year. The appropriated balance in the Bond Fund amounted to \$71 million. The following major projects have been appropriated for:

- Alternate energy projects
- Lighting retrofit installation
- Park/Open Space land acquisition
- Landfill site acquisition
- Lihu'e stadium baseball field improvements
- Piikoi building renovation
- Island-wide SCADA system
- Adolescent drug treatment center



'Ele'ele Wastewater Treatment Plant Improvements  
Wailua emergency bypass improvements  
Auto shop facility/storage  
County-wide store facility  
Materials recycling facility  
'Aliomanu road erosion  
Kekaha landfill lateral expansion

### **Budgeting Controls**

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

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

### **Employee Union Contracts**

With the exception of Hawai'i Government Employee Association (HGEA), all other union contract information is not currently available, as they remain under negotiation.

Per Supplemental Agreement between the County and HGEA, effective July 1, 2011 through June 30, 2013, employees shall remain at the salary rate in effect on June 30, 2009.

### **Independent Audit**

The County Charter requires an annual financial audit by licensed and independent certified public accountants at least once every two years, or as deemed necessary. The financial statements are audited on an annual basis. The basic financial statements in this report have been audited by N&K CPAs, Inc. The financial statements of the Department, an enterprise fund included in the government-wide financial statements as a discretely presented component unit, were audited by KMH LLP. The County is also required to have an annual "single audit" in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, *"Audit of States, Local Governments, and Non-Profit Organizations."* Information pertaining to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the report of the independent accountants on the internal controls and compliance with all applicable laws and regulations are included in a separate report and has been audited by N&K CPAs, Inc.

### **Awards**

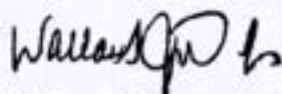
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for period of a one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility of another certificate. The County has received this award for the 14<sup>th</sup> consecutive year.

**Acknowledgments**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Wallace G. Rezentes, Jr.", with a stylized flourish at the end.

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, 2010

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.



*Linda C. Danison*

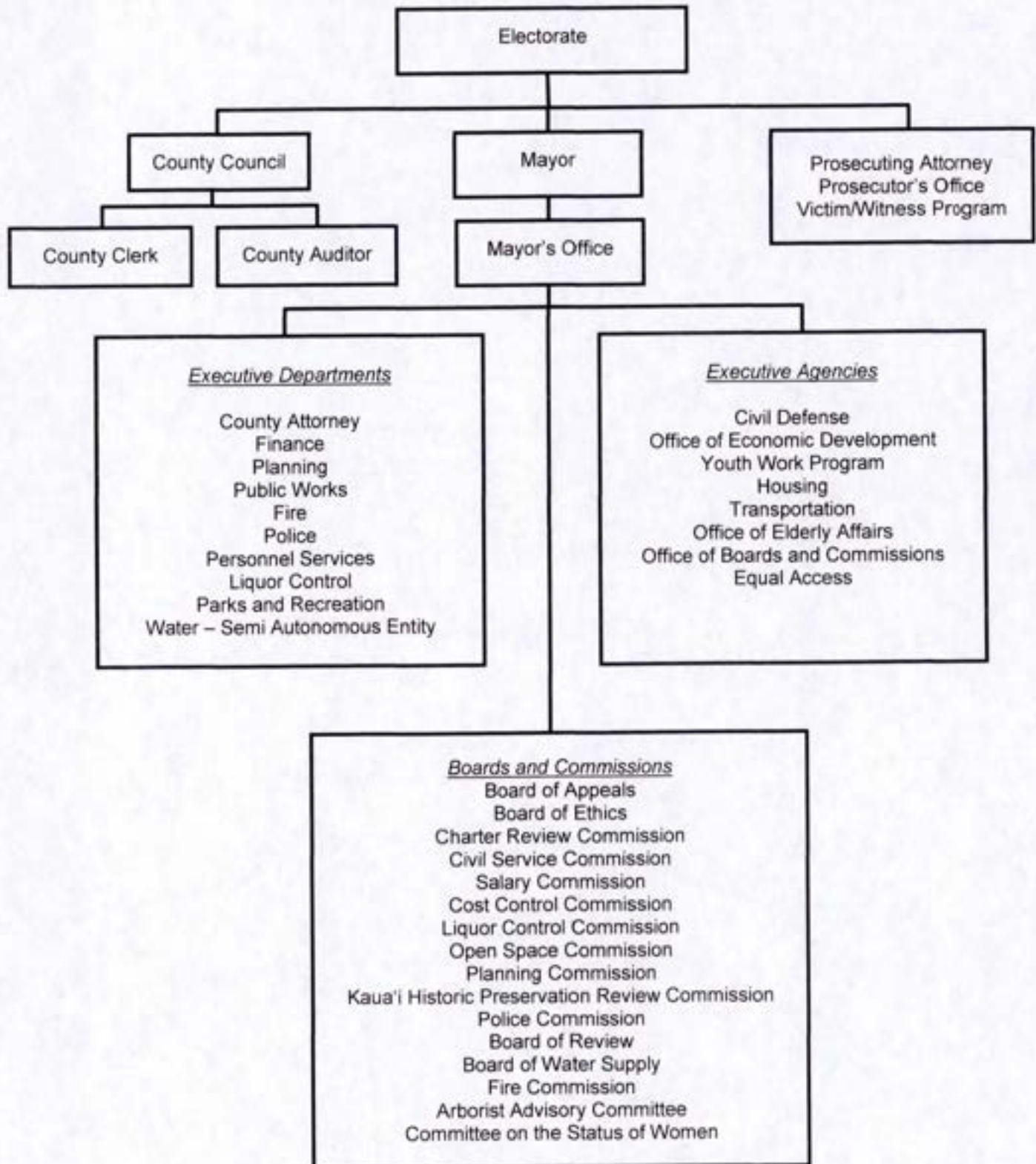
President

*Jeffrey R. Enos*

Executive Director



## County of Kaua'i Organization Chart



**COUNTY OF KAUAI  
PRINCIPAL ELECTED OFFICIALS  
2010 - 2012 TERM**

**County Council Members**

Jay J. Furfaro	Chair
JoAnn A. Yukimura	Vice-Chair
Tim Bynum	Member
Dickie Chang	Member
KipuKai Kualii	Member
Nadine K. Nakamura	Member
Mel Rapozo	Member

**Mayor**

Bernard P. Carvalho, Jr.

**Prosecuting Attorney**

Shaylene Iseri-Carvalho

**FINANCIAL SECTION**





N&K CPAs, Inc.  
ACCOUNTANTS | CONSULTANTS

AMERICAN SAVINGS BANK TOWER  
1001 BISHOP STREET, SUITE 1700  
HONOLULU, HAWAII 96813-3696  
T (808) 524-2255 F (808) 523-2090

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Kaua'i, State of Hawai'i (County), as of and for the fiscal year ended June 30, 2011, 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 is the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Department of Water, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, each major fund, and the aggregate remaining fund information for the County, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal 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, 2011, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 fund financial statements, and schedules listed in the table of contents under other supplementary information 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 fund financial statements and schedules listed in the table of contents under other supplementary information 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 as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*N&K CPAs, Inc.*

Honolulu, Hawai'i  
December 15, 2011



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report and the financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the **governmental activities** exceeded its liabilities at the close of the fiscal year by \$536.9 million in its government-wide financial statements, a decrease of \$5.2 million from the prior year. Unrestricted net assets decreased by \$2.2 million from the prior year and ended at \$65.4 million. Unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors. The changes in governmental activities were due to:
  1. Expenses totaling \$155.8 million, an increase of \$8.6 million or 5.8% from the prior year.
  2. Program revenues totaling \$44.7million, an increase of \$2.1 million or 4.9% from the prior year.
  3. General revenues and transfers totaling \$106 million, a decrease of \$9.1 million or 7.9% from the prior year.
  4. Assets, including capital assets, remained relatively flat to the prior year, ending at \$753.2 million.
  
- The assets of the **business-type activities** exceeded its liabilities at the close of the fiscal year by \$66 million in its government-wide financial statements, an increase of \$11.9 million from the prior year. Unrestricted net assets increased by \$3.1 million. The business-type activities recorded in the government-wide financial statements are identical to the proprietary funds except for some consolidation of inter-fund receivables and payables within the primary government. The changes in business-type activities were due to:
  1. Expenses totaling \$12.4 million, a decrease of \$0.3 million or 2.4% from the prior year.
  2. Program revenues remained relatively flat to prior year, ending at \$10.8 million.
  3. General revenues including transfers totaling \$13.4 million, an increase of \$6.5 million or 94.2%.
  4. Assets, including capital assets, increased by \$11.2 million or 15% from the prior year.

As of the close of the fiscal year, the County's **governmental fund** financial statements reported combined ending fund balances of \$191.6 million or 7.6% decrease from the prior year. The County early adopted GASB Statement No. 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, 2011**

- The County's ending **General Fund** balance consisted of \$0.5 million in restricted fund balance, \$5.4 million in committed fund balance, \$51.4 million in assigned fund balance and a zero balance in unassigned fund balance. The General Fund balance at June 30, 2011 amounted to \$57.3 million, a decrease of \$11.5 million from the prior year. The County reported an unassigned fund balance of zero due to the required amounts needed to cover revenue shortfalls and contributions to other funds in the upcoming 2012 fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The Statement of Net 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. As such, revenues and expenses, including depreciation expenses, are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include General Government, Public Safety, Public Works, Highways and Streets, Sanitation, Cultural and Recreation, and Public Welfare. The business-type activities of the County include three enterprises: Public Housing, Sewer, and Golf.

The government-wide financial statements include the governmental activities and business-type activities of the County (known as the primary government) and the Department of Water 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, Lihue, Kauai, Hawaii, 96766.



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2011**

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and GASB Statement No. 54 to define and classify the existing governmental fund types. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. 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. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities which is required for Generally Accepted Accounting Principles (GAAP) reporting.

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

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

**Fiduciary Funds** - Fiduciary funds are used to account 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.



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2011**

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

By far the largest portion of the County's net assets is its investment in capital assets, net of related debt, at \$453.2 million or 84.4% 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 \$18.4 million or 3.4% of net assets. These restrictions on 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 \$65.4 million or 12.2% of net assets.

The following is a summary of the Statement of Net Assets as of June 30, 2011 and 2010:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 244.32	\$ 249.14	\$ 9.98	\$ 6.76	\$ 254.30	\$ 255.90
Capital assets	<u>508.85</u>	<u>504.12</u>	<u>76.16</u>	<u>68.10</u>	<u>585.01</u>	<u>572.22</u>
Total Assets	<u>753.17</u>	<u>753.26</u>	<u>86.14</u>	<u>74.86</u>	<u>839.31</u>	<u>828.12</u>
Non-current liabilities	164.73	170.25	19.15	19.70	183.88	189.95
Other liabilities	<u>51.50</u>	<u>40.95</u>	<u>1.00</u>	<u>1.02</u>	<u>52.50</u>	<u>41.97</u>
Total Liabilities	216.23	211.20	20.15	20.72	236.38	231.92
Net assets:						
Invested in capital assets, net of related debt	453.19	452.24	57.52	48.91	510.71	501.15
Restricted	18.35	22.18	.35	.22	18.70	22.40
Unrestricted	<u>65.40</u>	<u>67.64</u>	<u>8.12</u>	<u>5.01</u>	<u>73.52</u>	<u>72.65</u>
Total Net Assets	\$ <u>536.94</u>	\$ <u>542.06</u>	\$ <u>65.99</u>	\$ <u>54.14</u>	\$ <u>602.93</u>	\$ <u>596.20</u>

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2011**

The following is a summary of the Statement of Activities for the fiscal years ended June 30, 2011 and 2010:

	<b>Summary Statement of Activities</b> (Amounts in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 15.37	\$ 16.21	\$ 10.32	\$ 9.67	\$ 25.69	\$ 25.88
Operating grants and contributions	27.06	22.90	--	--	27.06	22.90
Capital grants and contributions	2.25	3.48	.47	1.01	2.72	4.49
General revenues:						
Property taxes	87.58	92.47	--	--	87.58	92.47
Other taxes	11.09	10.95	--	--	11.09	10.95
Other	<u>18.75</u>	<u>17.63</u>	<u>2.03</u>	<u>1.03</u>	<u>20.78</u>	<u>18.66</u>
Total Revenues	<u>162.10</u>	<u>163.64</u>	<u>12.82</u>	<u>11.71</u>	<u>174.92</u>	<u>175.35</u>
Expenses:						
General government	28.62	24.42	--	--	28.62	24.42
Public safety	50.62	46.19	--	--	50.62	46.19
Public works	18.26	12.99	--	--	18.26	12.99
Highways and streets	18.95	16.39	--	--	18.95	16.39
Sanitation	5.34	13.54	--	--	5.34	13.54
Culture and recreation	9.92	9.75	--	--	9.92	9.75
Public welfare	17.92	19.69	--	--	17.92	19.69
Interest on long-term debt	6.18	4.24	--	--	6.18	4.24
Housing programs	--	--	2.37	2.36	2.37	2.36
Sewer	--	--	7.93	8.11	7.93	8.11
Golf	<u>--</u>	<u>--</u>	<u>2.08</u>	<u>2.18</u>	<u>2.08</u>	<u>2.18</u>
Total Expenses	<u>155.81</u>	<u>147.21</u>	<u>12.38</u>	<u>12.65</u>	<u>168.19</u>	<u>159.86</u>
Increase (Decrease) before transfers	6.29	16.43	.44	(.94)	6.73	15.49
Transfers	<u>(11.41)</u>	<u>(5.92)</u>	<u>11.41</u>	<u>5.92</u>	<u>--</u>	<u>--</u>
Change in net assets	(5.12)	10.51	11.85	4.98	6.73	15.49
Net Assets - Beginning	<u>542.06</u>	<u>531.55</u>	<u>54.14</u>	<u>49.16</u>	<u>596.20</u>	<u>580.71</u>
Net Assets - Ending	<u>\$ 536.94</u>	<u>\$ 542.06</u>	<u>\$ 65.99</u>	<u>\$ 54.14</u>	<u>\$ 602.93</u>	<u>\$ 596.20</u>



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2011**

The decrease in County's real property taxes billed (revenues on full accrual basis) by \$4.9 million was primarily attributable to decreasing net taxable values, adjustments to its escrow account, refunds and overpayments triggered by the settlement of majority of tax appeal cases, omitted buildings and other clerical adjustments. Net taxable values in the current fiscal year decreased by \$2.2 billion due to decreases in assessed and estimated real property tax values. Tax relief programs decreased by \$3.3 million due to the reduction in real property tax values. Real property tax rates remained unchanged for all property classifications during the current fiscal year. There were approximately 1,153 new parcels recorded in the current fiscal year. 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 \$6.6 million in credits and ended with \$87.6 million in real property tax revenues recorded in the Statement of Activities. Other increases in revenue were due to \$1.1 million increase in Lower Income Housing Assistance Program (Section 8) and an increase of \$3.1 million in other federal grant resources. Major projects funded by federal grants during fiscal year 2011 were Emergency Watershed Protection Service (\$3.9 million), Public Safety Interoperable Communications grant (\$1.2 million), and the US Department of Housing and Urban Development, Home Investment Partnership Program (\$2.1 million).

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 Statement No. 45 Accounting Pronouncement has allowed the County to amortize the unfunded accrued OPEB liability (\$207 million) as of July 1, 2009 over a 30 year closed period. The County early adopted GASB Statement No. 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, of which, amounted to \$28.4 million in fiscal years 2010 and 2011. The OPEB obligation for the County is estimated to be fully funded according to GASB Statement No. 45 reporting purposes.

#### **ANALYSIS OF GOVERNMENTAL FUNDS**

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

**Governmental funds** - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. The County early-implemented GASB Statement No. 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.



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2011**

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$191.6 million, a decrease of \$15.8 million in comparison with prior year. Fund balances are reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders (\$24.2 million), pay debt service (\$4.1 million), and certain other restricted and/or designated purposes (\$163.3 million).

The following table summarizes the changes in fund balances for the County's governmental funds as of June 30, 2011 in comparison to fiscal year 2010:

	Changes in Fund Balances (Amounts in millions)			Totals	
	General Fund	Major Governmental Funds	Non-major Governmental Funds	2011	2010
Revenues:					
Taxes	\$ 89.89	\$ --	\$ 8.07	\$ 97.96	\$ 102.42
Other	<u>19.93</u>	<u>21.95</u>	<u>19.59</u>	<u>61.47</u>	<u>57.91</u>
Total Revenues	109.82	21.95	27.66	159.43	160.33
Expenditures	<u>96.58</u>	<u>41.51</u>	<u>37.93</u>	<u>176.02</u>	<u>166.87</u>
Excess (deficiency) of revenues over expenditures	13.24	(19.56)	(10.27)	(16.59)	(6.54)
Transfers and others	<u>(24.78)</u>	<u>18.13</u>	<u>7.48</u>	<u>.83</u>	<u>61.60</u>
Net changes in fund balances	\$ <u>(11.54)</u>	\$ <u>(1.43)</u>	\$ <u>(2.79)</u>	\$ <u>(15.76)</u>	\$ <u>55.06</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. Total revenues in the General Fund amounted to \$109.8 million, or a decrease of \$6.9 million in comparison to the prior year. As stated earlier, the unassigned General Fund balance as of June 30, 2011 ended with a zero balance as compared to \$43.1 million in the prior year. The decrease in the unassigned fund balance may be attributable to the cumulative effect of the following key factors:

- A decrease of \$4.6 million or 5% in property tax revenue due to declining property tax values.
- A decrease of \$1.1 million or 26.8% in public service company taxes due to a decline in revenues as reported by public utility companies.
- A decrease of \$3.5 million or 83.3% in interest earned due to a decrease in available amounts invested, ultimately decreasing the interest earned on investments.



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2011**

- An increase of \$15.1 million or 116.2% in operating transfers out to other funds.
- An increase of \$3.9 million or 4.4% in total expenditures.
- Approximately \$50.3 million of fund balance were budgeted to cover revenue shortfalls, contributions to other funds, and the establishment of a reserve fund (effective July 1, 2011) in the upcoming 2012 fiscal year. Approximately \$23.4 million will be reclassified as restricted fund balance, effective July 1, 2011.

**Major Governmental Funds** - Major governmental fund revenues amounted to \$21.6 million, or a \$4.9 million increase in comparison to the prior year. The increases in revenues are primarily attributable to \$3.1 million increase in federal grant funding and \$1.1 million in interest earned in the Bond Fund. Total expenditures decreased by \$2.7 million from \$44.2 million to \$41.5 million in the current fiscal year. Significant variances included the following: Bond Fund decreased by \$7.6 million over prior year due to \$4.7 million in construction costs incurred for the Kekaha Landfill Lateral Expansion and the purchase of land for future affordable housing projects of \$2.6 million in 2010. General CIP Fund increased \$2.5 million from the prior year primarily due to the decommission of the upper and lower Kapahi reservoir totaling \$1.8 million, Keapana bridge replacement cost of \$0.4 million, and Kilauea/Wailapa debris clearing costs of \$0.4 million. Federal Grants Fund increased \$3.3 million from the prior year primarily due to expenditures from the Public Safety Interoperable Communications grant of \$1.2 million and the US Department of Housing and Urban Development, Home Investment Partnership Program of \$2.1 million.

**All Other Governmental Funds** - Revenues remained relatively flat as compared to the prior year. Expenditures increased by \$6.1 million from \$31.8 million to \$37.9 million in the current fiscal year. This increase from the prior year is primarily due to the acquisition of land \$1.9 million, island-wide resurfacing projects totaling \$2.7 million, and an increase in debt service interest cost of \$1.9 million offset by a \$0.3 million decrease in state grant expenditures.

### **BUDGETARY HIGHLIGHTS**

The General Fund exceeded its estimate of budgeted revenues by \$6.6 million. The General Fund lapsed \$12.2 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$28.1 million in the current year, an increase of \$15.1 million as compared to the prior year. Fund budgetary expenditures differ from the fund expenditures in that the encumbrances at year end are accounted for as expenditures for budgetary purposes. The original budget amount in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) include re-appropriated and committed prior-period encumbrances.

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



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2011**

Estimated budgeted General Fund revenues for the fiscal year ended June 30, 2011 was \$103.2 million as compared to \$110 million in the prior year, a decrease of \$6.8 million. Positive revenue budget variances of \$6.6 million occurred primarily because of the volatility of predicting certain types of revenues and the conservative approach in estimated revenues. The major positive variances occurred in revenue from real property taxes of \$5.4 million and intergovernmental revenues of \$2.9 million. Public service taxes decreased approximately \$0.9 million, due to a decrease in revenues as reported by public utility companies. Also, interest earned decreased by \$1 million primarily due to a decrease in available amounts invested, ultimately decreasing the interest earned on investments.

Final amended budgeted expenditures in the General Fund for fiscal year ended June 30, 2011 remained relatively flat as compared to the prior year, ending at \$111.3 million or a decrease of \$1.1 million. The General government function budget remained relatively flat, increasing by 1.9%, public safety function increased by 3.6%, public works function decreased by 12%, culture and recreation function decreased by 14%, and public welfare function decreased by 6.9% as compared to prior year budgets.

The County continues to maintain 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 represent major variances in the final amended budget to actual expenditures in the General Fund:

- Council Services had a favorable variance of approximately \$0.8 million, of which, are primarily attributable to \$0.2 million in unexpended salaries, fringe and benefits due to vacancies, and \$0.6 million in unexpended travel, building lease, special projects, and other miscellaneous items.
- Office of the County Attorney had a favorable variance of approximately \$1.4 million, of which, are primarily attributable to \$1.2 million in unexpended consulting/litigation budgeted costs, \$0.1 in salaries, fringe and benefits due to vacancies, travel, and \$0.1 million of other miscellaneous expenses.
- Accounting Division had a favorable variance of approximately \$0.4 million primarily due to unexpended salary adjustments and vacation credit payout, of which, were anticipated in the current year.
- There was approximately \$0.3 million in claims paid out of the self insurance account, whereby, creating a favorable variance of \$3.7 million. The purpose of this account is to prepare for unanticipated and unpredictable future claims.
- Planning department had a favorable variance of \$0.4 million, of which, are primarily attributable to \$0.3 million in unexpended salaries, fringe and benefits due to vacancies.
- Police department had a favorable variance of \$1.2 million, of which, are primarily attributable to a high number of vacancies and unfilled positions. Approximately \$0.6 million were due to unexpended salaries, fringe and benefits, and \$0.6 million in unexpended training, travel, and other miscellaneous items.



**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2011**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The County's capital assets for its governmental and business-type activities as of June 30, 2011 amounted to \$585 million, an increase of \$12.8 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, 2011 in comparison to fiscal year 2010:

	Government Activities Summary of Capital Assets (Amounts in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Non-depreciable assets:						
Land	\$ 175.01	\$ 171.72	\$ 9.78	\$ 7.34	\$ 184.79	\$ 179.06
CIP	42.34	33.36	11.78	6.51	54.12	39.87
Depreciable assets:						
Buildings and improvements	95.42	94.69	78.05	75.70	173.47	170.39
Equipment	60.36	56.38	4.43	4.47	64.79	60.85
Infrastructure	638.44	637.89	12.17	11.88	650.61	649.77
Less: Accumulated depreciation	(502.72)	(489.92)	(40.05)	(37.80)	(542.77)	(527.72)
Total Capital Assets, net	\$ 508.85	\$ 504.12	\$ 76.16	\$ 68.10	\$ 585.01	\$ 572.22

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

**Long-term debt** - No new General Obligation Bonds (GO Bonds) were issued during the current fiscal year; however, on July 7, 2011, the County issued approximately \$21 million in GO Bonds (Series 2011A Bonds) to be used primarily for the purpose of refunding the portion outstanding on the Series 2001A Bonds.

At the end of the current fiscal year, the County's, had total bonds and loans outstanding of \$139.7 million (\$121.1 million related to governmental activities and \$18.6 million related to business-type activities). Of this amount, \$122.2 million is comprised of debt backed by the full faith and credit of the government (general obligations), \$0.2 million is comprised of revenue bonds backed by income derived from acquired or constructed assets, and \$17.3 million represents State Revolving Fund (SRF) loans used to finance construction of wastewater projects.

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

**COUNTY OF KAUAI, HAWAII**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2011**

State statutes limit the amount of general obligation debt the County may issue up to 15 percent of its net assessed valuation. The current debt limitation for the County is \$2.5 billion. As of June 30, 2011, the County's current outstanding debt applicable to the legal debt margin totaled \$117.8 million or 4.7% of the County's debt limitation.

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

**REQUESTS FOR INFORMATION**

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



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS



**COUNTY OF KAUAI, HAWAII**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Department of Water
<b>Assets:</b>				
Cash and cash equivalents	\$ 34,029,450	\$ 5,594,259	\$ 39,623,709	\$ 11,814,067
Investments	166,817,296	2,085,642	168,902,938	9,172,717
Receivables, net	29,294,068	1,904,032	31,198,100	6,383,465
Internal balances	908,733	(908,733)	--	--
Due from other governments	11,684,948	--	11,684,948	--
Real property held for sale	306,381	936,867	1,243,248	--
Materials and supplies	--	--	--	872,988
Prepaid items and other	1,277,381	12,658	1,290,039	741,701
<b>Restricted Assets:</b>				
Cash and cash equivalents	--	351,050	351,050	2,506,836
Investments	--	--	--	52,044,530
Other	--	--	--	6,580
<b>Capital Assets:</b>				
Land	175,012,224	9,777,852	184,790,076	1,334,128
Construction in progress	42,345,720	11,776,693	54,122,413	22,536,793
Buildings and improvements	62,253,621	47,382,576	109,636,197	3,576,184
Machinery and equipment	28,967,579	2,176,677	31,144,256	902,023
Infrastructure	200,278,864	5,048,575	205,327,439	156,613,854
Total Capital Assets, net	508,858,008	76,162,373	585,020,381	184,962,982
Total Assets	753,176,265	86,138,148	839,314,413	268,505,866
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	23,279,469	710,926	23,990,395	4,925,502
Contracts payable	1,550,856	24,913	1,575,769	9,405,262
Due to other government	325,972	--	325,972	--
Due to primary government	--	--	--	4,317
Customer deposits	166,031	140,612	306,643	1,240,432
Deferred revenue	23,629,637	24,806	23,654,443	--
Interest payable	2,550,164	92,869	2,643,033	--
<b>Noncurrent liabilities:</b>				
Due within one year	11,718,484	2,322,678	14,041,162	3,145,000
Due in more than one year	153,015,485	16,826,155	169,841,640	100,669,389
Total Liabilities	216,236,098	20,142,959	236,379,057	119,389,902
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	453,192,782	57,522,867	510,715,649	132,138,777
Restricted for capital activity and other	18,346,037	347,335	18,693,372	2,424,157
Unrestricted	65,401,348	8,124,987	73,526,335	14,553,030
Total Net Assets	\$ 536,940,167	\$ 65,995,189	\$ 602,935,356	\$ 149,115,964

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

**COUNTY OF KAUAI, HAWAII  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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	Governmental Activities	Primary Government Business-type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$ 28,619,780	\$ 1,902,063	\$ 3,060,945	\$ 206,891	\$ (23,449,881)	\$ --	\$ (23,449,881)	\$ --
Public safety	50,618,291	955,145	3,706,708	--	(45,956,438)	--	(45,956,438)	--
Public works	18,258,953	1,535,271	3,910,270	286,852	(12,526,560)	--	(12,526,560)	--
Highways and streets	18,949,545	4,535,351	23,429	531,844	(13,858,921)	--	(13,858,921)	--
Sanitation	5,342,980	3,424,598	833,271	--	(1,085,111)	--	(1,085,111)	--
Culture and recreation	9,924,470	1,977,972	893,879	1,068,892	(5,983,727)	--	(5,983,727)	--
Public welfare	17,918,206	1,039,600	14,634,302	151,582	(2,092,722)	--	(2,092,722)	--
Interest on long-term debt, unallocated	6,183,785	--	--	--	(6,183,785)	--	(6,183,785)	--
<b>Total Governmental Activities</b>	<b>155,816,010</b>	<b>15,370,000</b>	<b>27,062,804</b>	<b>2,246,061</b>	<b>(111,137,145)</b>	<b>--</b>	<b>(111,137,145)</b>	<b>--</b>
<b>Business-type Activities</b>								
Housing programs	2,371,254	2,374,889	--	436,651	--	440,286	440,286	--
Sewer	7,929,242	6,661,118	--	35,100	--	(1,233,024)	(1,233,024)	--
Golf	2,078,846	1,283,586	--	4,852	--	(790,608)	(790,608)	--
<b>Total Business-type Activities</b>	<b>12,379,342</b>	<b>10,319,593</b>	<b>--</b>	<b>476,403</b>	<b>--</b>	<b>(1,583,346)</b>	<b>(1,583,346)</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 168,195,352</b>	<b>\$ 25,689,593</b>	<b>\$ 27,062,804</b>	<b>\$ 2,722,464</b>	<b>\$ (111,137,145)</b>	<b>\$ (1,583,346)</b>	<b>\$ (112,720,491)</b>	<b>\$ --</b>
<b>Component Unit:</b>								
Department of Water	\$ 21,974,117	\$ 21,557,795	\$ --	\$ 4,079,487	--	--	--	3,663,165
<b>General Revenues:</b>								
Property taxes					87,579,128	--	87,579,128	--
Public service company tax					3,020,565	--	3,020,565	--
Franchise tax					3,901,854	--	3,901,854	--
Fuel taxes					4,163,471	--	4,163,471	--
Grants and contributions not restricted to specific programs					16,425,594	2,000,000	18,425,594	--
Unrestricted investment earnings					2,326,500	31,378	2,357,878	--
Transfers					(11,407,235)	11,407,235	--	--
<b>Total General Revenues and Transfers</b>					<b>106,009,877</b>	<b>13,438,613</b>	<b>119,448,490</b>	<b>--</b>
<b>Change in Net Assets</b>					<b>(5,127,268)</b>	<b>11,855,267</b>	<b>6,727,999</b>	<b>3,663,165</b>
<b>Net Assets - Beginning of Year July 1, 2010</b>					<b>542,067,435</b>	<b>54,139,922</b>	<b>596,207,357</b>	<b>145,452,799</b>
<b>Net Assets - End of Year June 30, 2011</b>					<b>\$ 536,940,167</b>	<b>\$ 65,995,189</b>	<b>\$ 602,935,356</b>	<b>\$ 149,115,964</b>

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



FUND FINANCIAL STATEMENTS

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### MAJOR FUNDS

#### General Fund

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

#### Special Revenue Funds

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

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

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

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

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

Accounts for federal grant revenues and related expenditures.

#### Capital Project Funds

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

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

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

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

##### **Bond Fund**

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



**COUNTY OF KAUAI, HAWAII  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2011**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>									
Cash and cash equivalents	\$ --	\$ 2,339,595	\$ 1,601,386	\$ 283,106	\$ --	\$ --	\$ 12,699,351	\$ 17,106,012	\$ 34,029,450
Investments	73,010,321	--	6,814,520	70,837,407	1,751,257	--	--	14,403,791	166,817,296
Accounts receivable, net	3,106,593	--	320,650	--	--	--	--	933,359	4,360,602
Taxes receivable	3,346,306	--	--	--	--	--	--	--	3,346,306
Interest receivable	304,620	874,714	3,309	209,021	514,433	--	--	52,949	1,959,046
Due from other funds	1,776,270	--	4,445,276	998,510	--	577,148	2,165,871	3,365,718	13,328,793
Due from other governments	1,082,359	--	--	--	6,774,411	3,132,654	--	695,524	11,684,948
Loans receivable	--	9,722,185	--	--	9,879,658	--	--	26,271	19,628,114
Real property held for sale	--	306,381	--	--	--	--	--	--	306,381
Prepaid items	--	--	--	--	--	--	--	478,302	478,302
<b>Total Assets</b>	<b>\$ 82,626,469</b>	<b>\$ 13,242,875</b>	<b>\$ 13,185,141</b>	<b>\$ 72,328,044</b>	<b>\$ 18,919,759</b>	<b>\$ 3,709,802</b>	<b>\$ 14,865,222</b>	<b>\$ 37,061,926</b>	<b>\$ 255,939,238</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 17,682,599	\$ 84,940	\$ 989,338	\$ 910,608	\$ 1,362,940	\$ 900,589	\$ 146,202	\$ 1,202,253	\$ 23,279,469
Contracts payable	64,562	--	69,274	421,363	163,291	535,380	60,146	236,840	1,550,856
Due to other funds	4,642,030	25,000	381,034	--	3,405,345	2,165,871	19	1,800,761	12,420,060
Due to other governments	1,483	537	--	--	--	--	--	323,952	325,972
Due to customers	--	--	--	--	--	--	--	166,031	166,031
Deferred revenue	2,956,207	8,018,271	3,967	--	13,988,183	107,962	--	1,511,254	26,585,844
Compensated absences	15,194	--	--	--	--	--	--	--	15,194
<b>Total Liabilities</b>	<b>25,362,075</b>	<b>8,128,748</b>	<b>1,443,613</b>	<b>1,331,971</b>	<b>18,919,759</b>	<b>3,709,802</b>	<b>206,367</b>	<b>5,241,091</b>	<b>64,343,426</b>
<b>Fund Balance:</b>									
Reserved for:									
Nonspendable	--	2,885,009	--	--	--	--	--	552,754	3,437,763
Restricted	490,000	--	7,211,661	--	--	--	--	4,131,425	11,833,086
Committed	5,411,603	110,517	2,532,921	11,344,233	--	--	3,547,865	1,257,848	24,204,987
Assigned	51,362,791	2,118,601	1,996,946	59,651,840	--	--	11,110,990	25,878,808	152,119,976
Unassigned	--	--	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>57,264,394</b>	<b>5,114,127</b>	<b>11,741,528</b>	<b>70,996,073</b>	<b>--</b>	<b>--</b>	<b>14,658,855</b>	<b>31,820,835</b>	<b>191,595,812</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 82,626,469</b>	<b>\$ 13,242,875</b>	<b>\$ 13,185,141</b>	<b>\$ 72,328,044</b>	<b>\$ 18,919,759</b>	<b>\$ 3,709,802</b>	<b>\$ 14,865,222</b>	<b>\$ 37,061,926</b>	<b>\$ 255,939,238</b>

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

**COUNTY OF KAUAI, HAWAII**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Total Fund Balances - Governmental Funds \$ 191,595,812

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	\$ 175,012,224
Construction work in progress	42,345,720
Buildings and improvements	95,422,828
Equipment	60,360,247
Infrastructure assets	638,435,827
Accumulated depreciation	<u>(502,718,838)</u>

Total Capital Assets, net 508,858,008

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. 2,956,207

Bond issuance costs are expensed in the governmental  
funds but are required to be amortized over the life of the  
bond issuance. 799,079

Accrued interest payable on outstanding bonds are  
expensed on the government-wide statement of  
activities. (2,550,164)

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	(121,877,681)
Capital leases	(4,783,617)
Compensated absences	(11,873,192)
Claims and judgments	(7,608,690)
Landfill closure/post-closure costs	<u>(18,575,595)</u>

Total Long-term Liabilities (164,718,775)

Net Assets of Governmental Activities \$ 536,940,167

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



**COUNTY OF KAUAI, HAWAII  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>									
Taxes	\$ 89,890,117	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,065,325	\$ 97,955,442
Licenses and permits	1,268,085	--	--	--	--	--	--	5,579,204	6,847,289
Rents and concessions	457,447	--	13,000	--	--	--	--	446,017	916,464
Interest	742,628	213,779	167,618	1,146,428	--	--	583	436,745	2,707,781
Intergovernmental revenues	15,041,530	83,090	--	--	15,408,298	1,675,544	--	11,571,416	43,779,878
Charges for current services	2,339,003	--	3,243,995	--	--	--	--	--	5,582,998
Miscellaneous	81,271	--	10	--	--	--	--	1,560,687	1,641,968
<b>Total Revenues</b>	<b>109,820,081</b>	<b>296,869</b>	<b>3,424,623</b>	<b>1,146,428</b>	<b>15,408,298</b>	<b>1,675,544</b>	<b>583</b>	<b>27,659,394</b>	<b>159,431,820</b>
<b>Expenditures:</b>									
General government	24,463,059	--	--	551,255	1,857,008	74,808	169,675	1,168,974	28,284,779
Public safety	43,058,238	--	--	--	2,066,830	--	--	2,422,475	47,547,543
Public works	9,694,774	--	--	144,930	3,910,270	--	2,457,653	187,131	16,394,758
Highways and streets	--	--	--	43,535	--	97,849	198,740	12,805,778	13,145,902
Sanitation	--	--	10,891,930	151,160	--	--	--	341,888	11,384,978
Culture and recreation	8,500,279	--	--	494,900	16,419	--	107,011	133,869	9,252,478
Public welfare	6,109,743	392,731	--	61,831	6,170,251	--	--	7,457,386	20,191,922
Capital outlay	3,778,870	--	663,587	6,626,360	1,387,520	1,502,887	867,805	3,279,602	18,108,631
Debt Service:									
Principal	916,255	--	420,632	--	150,000	--	--	4,337,093	5,823,980
Interest and debt issuance cost	54,230	--	37,140	--	--	--	--	5,797,006	5,888,378
<b>Total Expenditures</b>	<b>96,575,448</b>	<b>392,731</b>	<b>12,013,289</b>	<b>8,075,971</b>	<b>15,558,298</b>	<b>1,675,544</b>	<b>3,800,884</b>	<b>37,931,184</b>	<b>178,023,349</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,244,633	(95,862)	(8,588,666)	(6,929,543)	(150,000)	--	(3,800,301)	(10,271,790)	(16,591,529)
<b>Other Financing Sources (Uses):</b>									
Proceeds from capital leases	2,884,963	--	663,587	--	150,000	--	--	--	3,698,550
Proceeds from insurance	413,306	--	--	--	--	--	--	--	413,306
Transfers in	--	--	10,693,725	--	--	--	6,476,001	10,910,996	28,080,722
Transfers out	(28,078,611)	--	(822,391)	--	--	--	--	(3,425,512)	(32,326,514)
Bonds subsidy	--	--	--	970,758	--	--	--	--	970,758
<b>Total Other Financing Sources (Uses)</b>	<b>(24,780,342)</b>	<b>--</b>	<b>10,534,921</b>	<b>970,758</b>	<b>150,000</b>	<b>--</b>	<b>6,476,001</b>	<b>7,485,484</b>	<b>836,822</b>
<b>Net Change in Fund Balances</b>	<b>(11,535,709)</b>	<b>(95,862)</b>	<b>1,946,255</b>	<b>(5,958,785)</b>	<b>--</b>	<b>--</b>	<b>2,675,700</b>	<b>(2,786,306)</b>	<b>(15,754,707)</b>
Fund Balance - Beginning of Year July 1, 2010	68,800,103	5,209,989	9,795,273	76,954,858	--	--	11,983,155	34,607,141	207,350,519
Fund Balance - End of Year June 30, 2011	\$ 57,264,394	\$ 5,114,127	\$ 11,741,528	\$ 70,996,073	\$ --	\$ --	\$ 14,658,855	\$ 31,820,835	\$ 191,595,812

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

29

**COUNTY OF KAUAI, HAWAII  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balance - Total Governmental Funds		\$ (15,754,707)
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	\$ 18,108,631	
Depreciation expense	<u>(13,942,535)</u>	
Net Capital Outlay		4,166,096
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.		570,517
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.		(3,698,550)
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.		709,576
Bond proceeds are reported as other financing sources in governmental funds and contribute to the increase in fund balance. Bond and capital lease principal payments are reported as an expenditure in governmental funds and reduce fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities while debt repayment reduces long-term liabilities and affects the Statement of Activities.		
Bond principal retirement	3,855,000	
Capital lease principal payments	<u>1,968,980</u>	
Total Long-term Debt Repayment		5,823,980
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	(42,261)	
Increase in compensated absences	(336,003)	
Decrease in claims and judgments	678,015	
Decrease in landfill closure/post-closure care costs	3,006,597	
Increase in accrued interest payable	<u>(293,604)</u>	
Net Increase in Expenditures		<u>3,055,820</u>
Change in Net Assets - Governmental Activities		\$ <u>(5,127,268)</u>

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



**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Taxes:						
Real property taxes	\$ 81,469,935	\$ 81,469,935	\$ 86,869,552	\$ -	\$ 86,869,552	\$ 5,399,617
Public services company taxes	3,900,000	3,900,000	3,020,565	-	3,020,565	(879,435)
Total Taxes	85,369,935	85,369,935	89,890,117	-	89,890,117	4,520,182
Licenses and Permits:						
Street use	152,805	152,805	159,957	-	159,957	7,152
Business licenses and fees	14,200	14,200	17,715	-	17,715	3,515
Non-business licenses and fees	1,138,000	1,138,000	1,090,413	-	1,090,413	(47,587)
Total Licenses and Permits	1,305,005	1,305,005	1,268,085	-	1,268,085	(36,920)
Rents and Concessions	321,500	321,500	457,447	-	457,447	135,947
Interest	1,776,000	1,776,000	742,628	-	742,628	(1,033,372)
Intergovernmental Revenues:						
State grants-in-aid share of transient accommodation tax	12,000,000	12,000,000	14,924,941	-	14,924,941	2,924,941
Other state grants-in-aid	5,000	5,000	116,589	-	116,589	111,589
Federal government grant - civil defense	63,000	63,000	-	-	-	(63,000)
Payment in lieu of taxes	20,000	20,000	-	-	-	(20,000)
Total Intergovernmental Revenues	12,088,000	12,088,000	15,041,530	-	15,041,530	2,953,530
Charges for Current Services	2,188,200	2,188,200	2,339,003	-	2,339,003	150,803
Miscellaneous	191,500	191,500	81,271	-	81,271	(110,229)
Total Revenues	\$ 103,240,140	\$ 103,240,140	\$ 109,820,081	\$ -	\$ 109,820,081	\$ 6,579,941

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

**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Expenditures:						
General Government:						
Council Services and County Clerk	\$ 3,783,175	\$ 4,388,625	\$ 2,780,308	\$ 834,318	\$ 3,614,626	\$ 773,999
Elections	870,309	908,365	610,351	4,790	615,141	293,224
Office of the County Auditor	1,143,689	1,554,174	858,770	390,442	1,249,212	304,962
Office of the Mayor:						
Administration	1,247,709	1,320,474	1,272,926	2,207	1,275,133	45,341
Youth Work Program	27,510	27,510	6,787	6,902	13,689	13,821
Kauai Equal Access Program	93,064	96,914	93,728	3,000	96,728	186
Boards and commissions	1,010,970	1,013,100	750,045	181,196	931,241	81,859
Office of the County Attorney	3,500,104	3,577,595	1,734,541	424,690	2,159,231	1,418,364
Office of the Prosecuting Attorney	2,335,934	2,619,398	2,200,926	6,884	2,207,810	411,588
Department of Finance:						
Administration	559,037	662,082	571,021	7,138	578,159	83,923
Accounting and Budgeting	1,587,304	2,135,105	1,641,009	54,554	1,695,563	439,542
Treasury	210,360	220,840	213,672	-	213,672	7,168
Motor vehicle	782,313	799,113	682,318	61,232	743,550	55,563
Drivers license	525,325	542,105	399,161	52,316	451,477	90,628
Real property assessment	1,668,730	1,725,285	1,489,411	29,628	1,519,039	206,246
Real property collections	481,089	496,270	300,105	41,963	342,068	154,202
Purchasing	755,367	825,466	815,494	9,782	825,276	190
Information technology	1,598,400	1,614,891	1,311,106	27,494	1,338,600	276,291
Risk management	124,824	283,320	196,600	47,613	244,213	39,107
County-wide Costs:						
Insurance:						
Liability insurance	812,716	812,716	670,410	10,327	680,737	131,979
Fire insurance	650,000	487,484	456,739	-	456,739	30,745
Self insurance (Note D)	3,947,041	3,947,041	257,403	2,157	259,560	3,687,481
Excess workers compensation	543,261	408,261	241,806	150,000	391,806	16,455
Other County-wide Costs:						
Central services cost	(1,810,000)	(1,810,000)	(1,737,367)	-	(1,737,367)	(72,633)
Collective bargaining raises	100,000	50,377	-	-	-	50,377
Vacation payout	475,000	475,000	408,157	-	408,157	66,843
Special projects	1,100,000	1,025,000	1,024,420	-	1,024,420	580
Claims	1,000,000	640,000	637,109	-	637,109	2,891
Training	25,392	25,392	16,208	7,650	23,858	1,534
Telephone services	200,000	200,000	136,176	-	136,176	63,824
Computers and accessories	438,792	438,792	205,471	171,441	376,912	61,880
Repair and maintenance, financial system	882,116	923,726	803,343	49,086	852,429	71,297
Personnel Services	889,809	927,999	888,422	18,951	907,373	20,626
Planning	2,524,698	2,612,523	1,678,499	503,721	2,182,220	430,303
Office of Economic Development	1,391,449	1,717,579	1,423,447	289,784	1,693,231	24,348
Total General Government	\$ 35,475,487	\$ 37,692,522	\$ 25,038,522	\$ 3,369,266	\$ 28,407,768	\$ 9,284,734

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



**COUNTY OF KAUAI, HAWAII**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Public Safety:						
Police Department	\$ 24,859,318	\$ 24,925,202	\$ 23,293,087	\$ 455,961	\$ 23,749,048	\$ 1,176,154
Fire Department	20,845,421	21,128,139	20,556,015	478,647	21,034,662	93,477
Kauai Civil Defense Agency	546,436	562,679	450,277	4,860	455,137	107,542
Total Public Safety	46,251,175	46,616,020	44,299,379	939,468	45,238,847	1,377,173
Public Works:						
Administrative	907,309	1,041,559	903,864	82,594	986,458	55,101
Fiscal and clerical	338,773	368,483	360,023	5	360,028	8,455
Plans, survey and construction	1,254,862	1,353,647	1,264,691	28,353	1,293,044	60,603
Building division:						
Inspection	1,620,787	1,714,557	1,453,177	5,853	1,459,030	255,527
Repairs and maintenance	3,855,956	3,911,095	3,311,932	475,869	3,787,801	123,294
Janitorial	2,619,236	2,622,612	2,428,886	10,882	2,439,768	182,844
Total Public Works	10,596,923	11,011,963	9,722,573	603,556	10,326,129	685,824
Culture and Recreation:						
Administrative and fiscal	1,181,299	1,236,795	1,146,884	3,660	1,150,544	86,251
Planning and development	296,754	267,465	219,720	1,862	221,582	45,883
Recreation	1,936,769	2,020,069	1,882,291	56,790	1,939,081	80,988
Maintenance	3,710,765	3,823,791	3,553,805	82,664	3,636,469	187,322
Beautification	880,695	925,756	856,963	396	857,359	68,397
Auditorium	347,015	356,788	337,108	179	337,287	19,501
Stadiums	561,589	580,480	523,497	11,778	535,275	45,205
Total Culture and Recreation	\$ 8,914,886	\$ 9,211,144	\$ 8,520,268	\$ 157,329	\$ 8,677,597	\$ 533,547

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

**COUNTY OF KAUAI, HAWAII  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget-Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Public Welfare:						
Housing	\$ 612,968	\$ 657,628	\$ 612,817	\$ 6,675	\$ 619,492	\$ 38,136
Elderly Affairs	1,247,660	1,282,100	1,111,757	39,805	1,151,562	130,538
Transportation	4,169,071	4,794,144	4,385,169	295,504	4,680,673	113,471
Total Public Welfare	6,029,689	6,733,872	6,109,743	341,984	6,451,727	282,145
Total General Fund Expenditures	107,268,160	111,265,511	93,690,485	5,411,603	99,102,088	12,163,423
Excess of Revenues Over (Under) Expenditures	(4,028,020)	(8,025,371)	15,129,596	(5,411,603)	10,717,993	18,743,364
Other Financing Sources (Uses):						
Proceeds from Insurance	-	-	413,306	-	413,306	413,306
Transfers In	-	-	-	-	-	-
Transfers Out	(21,673,292)	(28,078,611)	(28,078,611)	-	(28,078,611)	-
Total Other Financing Uses	(21,673,292)	(28,078,611)	(27,665,305)	-	(27,665,305)	413,306
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ (25,701,312)	\$ (36,103,982)	(11,535,709)	\$ (5,411,603)	\$ (16,947,312)	\$ 19,156,670
Fund Balance - Beginning of Year July 1, 2010			68,800,103			
Fund Balance - End of Year June 30, 2011			\$ 57,264,394			

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

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



**COUNTY OF KAUAI, HAWAII**  
**HOUSING AND COMMUNITY DEVELOPMENT REVOLVING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ -	\$ -	\$ 213,779	\$ -	\$ 213,779	\$ 213,779
Intergovernmental	428,800	428,800	83,090	-	83,090	(345,710)
Total Revenues	428,800	428,800	296,869	-	296,869	(131,931)
Expenditures - Public Welfare:						
Salaries	180,133	226,370	193,017	-	193,017	33,353
Travel expenses	19,000	19,000	4,896	-	4,896	14,104
Other employee benefits	93,822	118,149	104,315	-	104,315	13,834
Other expenses	39,332	39,332	18,273	528	18,801	20,531
Automobile	65,000	69,830	-	69,826	69,826	4
Central services cost	25,000	25,000	25,000	-	25,000	-
Loans	1,226,588	1,226,588	-	-	-	1,226,588
Special projects	843,022	775,913	47,230	40,163	87,393	688,520
Total Expenditures - Public Welfare	2,491,897	2,500,182	392,731	110,517	503,248	1,996,934
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (2,063,097)	\$ (2,071,382)	(95,862)	\$ (110,517)	\$ (206,379)	\$ 1,865,003
Fund Balance - Beginning of Year July 1, 2010			5,209,989			
Fund Balance - End of Year June 30, 2011			\$ 5,114,127			

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

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

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

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

**COUNTY OF KAUAI, HAWAII**  
**SOLID WASTE DISPOSAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
<b>Revenues:</b>						
Rents and concessions	\$ 12,000	\$ 12,000	\$ 13,000	\$ -	\$ 13,000	\$ 1,000
Interest	-	-	167,618	-	167,618	167,618
Miscellaneous	-	-	10	-	10	10
Charges for current services:						
Tipping fees	18,000	18,000	42,844	-	42,844	24,844
Disposal fees	3,016,000	3,016,000	3,201,151	-	3,201,151	185,151
<b>Total Revenues</b>	<b>3,046,000</b>	<b>3,046,000</b>	<b>3,424,623</b>	<b>-</b>	<b>3,424,623</b>	<b>378,623</b>
<b>Expenditures - Sanitation:</b>						
Salaries, solid waste disposal	1,441,311	1,552,459	1,484,110	-	1,484,110	68,349
Other expenses, solid waste disposal	43,568	49,668	26,444	761	27,205	22,463
Special projects, solid waste disposal	5,599,340	5,744,240	3,623,985	1,603,280	5,227,265	516,975
Salaries, solid waste collections	1,849,408	2,009,588	2,008,955	-	2,008,955	633
Other expenses, solid waste collections	763,600	771,600	677,244	22,983	700,227	71,373
Salaries, Kauai recycling center	92,116	61,026	49,393	-	49,393	11,633
Other expenses, Kauai recycling center	5,150	6,350	5,709	-	5,709	641
Recycling programs	711,546	749,747	333,182	345,382	678,564	71,183
Central services cost	443,388	444,588	433,025	1,298	434,323	10,265
Equipment including capital leases	1,059,480	1,091,880	471,312	559,217	1,030,529	61,351
Social security taxes	257,115	265,350	249,760	-	249,760	15,590
Public employees' health fund	411,178	411,178	401,853	-	401,853	9,325
Worker's compensation	96,003	229,903	221,090	-	221,090	8,813
Unemployment compensation	1,000	1,000	-	-	-	1,000
Employees' retirement system	504,145	547,285	527,699	-	527,699	19,586
Employees' other post employment benefits	806,625	857,450	835,941	-	835,941	21,509
<b>Total Expenditures - Sanitation</b>	<b>14,084,973</b>	<b>14,793,312</b>	<b>11,349,702</b>	<b>2,532,921</b>	<b>13,882,623</b>	<b>910,689</b>
<b>Deficiency of Revenues Under Expenditures</b>	<b>(11,038,973)</b>	<b>(11,747,312)</b>	<b>(7,925,079)</b>	<b>(2,532,921)</b>	<b>(10,458,000)</b>	<b>1,289,312</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	9,162,996	10,693,725	10,693,725	-	10,693,725	-
Transfers out	-	(822,391)	(822,391)	-	(822,391)	-
<b>Total Other Financing Sources (Uses)</b>	<b>9,162,996</b>	<b>9,871,334</b>	<b>9,871,334</b>	<b>-</b>	<b>9,871,334</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)</b>	<b>\$ (1,875,977)</b>	<b>\$ (1,875,978)</b>	<b>1,946,255</b>	<b>\$ (2,532,921)</b>	<b>\$ (586,666)</b>	<b>\$ 1,289,312</b>
<b>Fund Balance - Beginning of Year July 1, 2010</b>			<b>9,795,273</b>			
<b>Fund Balance - End of Year June 30, 2011</b>			<b>\$ 11,741,528</b>			

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 FISCAL YEAR ENDED 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest	--	\$ --	\$ 583	\$ --	\$ --	\$ --	\$ --
Total Revenues		--	583	--	--	--	--
<b>Expenditures:</b>							
Kilauea Ag Plan Phase II	D09001	--	100,000	100,000	--	100,000	--
Energy Sustain Study	D09105	199,944	--	199,944	--	200,000	56
Kaumakani Pavilion (Materials Only)	R10002	--	35,567	35,567	3,938	40,000	495
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	22,390	2,150,599	--
Park Improvement Grant, Waimea District	W01257	--	3,905	3,905	--	3,905	--
KWMCH Improvements	W02226	402,421	19,926	422,347	--	487,963	65,616
Kapa'a New Fire Station	W05227	531,798	94,214	626,012	40,498	831,871	165,361
Fishbowl Renovation	W05230	146,911	525	147,436	--	150,000	2,564
Kapa'a Soccer Field	W05265	100,000	--	100,000	--	100,000	--
Po'ipū Bypass Road	W05340	446,687	--	446,687	--	446,687	--
Traffic Calming Program	W05341	33,047	--	33,047	--	33,047	--
A.R. Treatment Center	W05400	263,991	--	263,991	--	263,991	--
IT Renovation	W06231	45,250	--	45,250	--	47,500	2,250
Veterans Cemetery Improvement	W06279	97,854	--	97,854	--	97,854	--
Isonberg Park Bathroom Improvement	W06281	475	5,738	6,213	36,000	150,000	107,787
Kilauea Bridge	W06343	2,047,540	--	2,047,540	--	2,047,540	--
Island Wide Road Resurfacing	W06344	165,490	--	165,490	--	165,490	--

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Bleachers in County Parks	W07004	\$ 28,756	\$ --	\$ 28,756	\$ --	\$ 100,000	\$ 71,244
Ele'ele Nani Park Sidewalks	W07009	441,000	--	441,000	--	441,000	--
Island Wide Parks Improvements/Equipment	W07011	62,801	17,726	80,527	165,448	250,000	4,025
Neighborhood Centers Improvements	W07013	41,610	42,940	84,550	64,828	149,378	--
Pu'u Road Improvements	W07014	--	--	--	--	125,000	125,000
Omao Park Playground Equipment	W07015	--	50,000	50,000	--	50,000	--
Kapala Swinging Bridge	W07022	124,542	11,054	135,596	--	240,000	104,404
Pedestrian Crosswalk Safety Improvements	W08003	--	--	--	--	75,000	75,000
Ele'ele Effluent Disposal Well Rehab.	W08005	249,551	449	250,000	--	250,000	--
Pikoi Building Renov/Space Planning Study	W08006	372,804	111,580	484,384	32,874	530,000	12,742
ADA Projects-Building Facilities	W08007	100,000	--	100,000	--	100,000	--
Wailua Mauka Motocross Track	W08011	22,381	32,339	54,720	44,680	99,400	--
Habitat Conservation Plan	W08012	69,000	50,900	119,900	80,100	200,000	--
Hanalei Flood Control Project	W08013	110,000	--	110,000	--	110,000	--
Waimea Flood Control Project	W08014	115,000	--	115,000	--	115,000	--
Aliomanu Road Revetment (Planning/Permits)	W08016	183,638	--	183,638	57,901	250,189	8,650
Comprehensive Road Maintenance Plan	W08017	7,500	1,190	8,690	--	250,000	241,310
Kapala Bridge Replacement	W08024	423,873	--	423,873	--	423,873	--
Pono Kai Seawall Emergency Repair	W08030	396	14,351	14,747	41,775	1,650,000	1,593,478
Aliomanu Temporary Road Repair	W08031	330,848	14,583	345,431	--	450,000	104,569
Kapala Ocean 1-Year Field Study	W08032	--	114,015	114,015	197,738	350,000	38,247
Moana Kai (Fuji) Shoreline Design/Permit	W08033	37,910	122,966	160,876	138,058	332,000	33,066
Kapala Beach Shoreline Protection Design/Permit	W08034	118,395	--	118,395	--	118,395	--
County Wide Impact Fee and Needs Assessment Study	W08035	--	--	--	--	250,000	250,000

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Hanalei and Waimea Levee	W08037	\$ 31,686	\$ 15,708	\$ 47,394	\$ --	\$ 102,685	\$ 55,291
Hanalei KPD/Fire Asbestos Removal	W08038	300,000	--	300,000	--	300,000	--
Lihu'e Development Plan	W09008	20,000	--	20,000	--	850,000	830,000
Hanalei Public Access	W09010	--	--	--	--	15,000	15,000
ADA Announcer Booth Renovation/Improvements	W09011	--	105,757	105,757	81,170	300,000	113,073
Host Community Benefits-Kekaha	W09012	--	--	--	--	810,000	810,000
Opaeka'a Bridge Replacement-Temp. Repair	W09015	208,435	--	208,435	--	208,435	--
Pu'uopae Bridge-Temp. Repair	W10004	4,076	--	4,076	--	4,076	--
Kamalu Bridge-Stream Erosion	W10006	--	--	--	--	250,000	250,000
Hapa Trail Planning	W10044	--	--	--	--	400,000	400,000
Konohiki Stream	W10048	--	100,000	100,000	--	100,000	--
Up/Low Kapahi Res	W10049	--	1,800,000	1,800,000	--	1,800,000	--
Wailapa/Kila	W10050	--	371,887	371,887	28,113	400,000	--
CIP Management System	W10051	--	--	--	--	65,000	65,000
Kekaha Landfill Lat	W10052	--	24,255	24,255	711,000	3,814,000	3,078,745
Hanalei/Wai Levee	W10053	--	43,547	43,547	--	300,000	256,453
Keapana Bridge Replacement	W10054	--	426,087	426,087	--	760,000	333,913
Hanalei Ped Walkway	W11001	--	--	--	--	70,000	70,000
Project Contingency	W92208	6,324	--	6,324	--	165,843	159,519
Kilauea Irrigation	W92220	74,362	--	74,362	--	74,362	--
Vidinha Stadium Light	W97252	121,523	--	121,523	--	166,288	44,765
Island Wide Parks Improvements	W99394	424,000	--	424,000	--	424,000	--
County Imaging Program	X08100	179,062	58,812	237,874	--	240,000	2,126
Planning, Zoning/Engineering System	X10002	--	--	--	--	189,000	189,000

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Document Imaging	X10008	\$ --	\$ 10,863	\$ 10,863	\$ 80,000	\$ 421,000	\$ 330,137
800 MHZ Radio U/G	X11006	--	--	--	1,571,001	1,571,001	--
Kapa'a Development Plan	Z10002	--	--	--	150,000	150,000	--
General Plan Update	Z10003	--	--	--	--	600,000	600,000
Total Expenditures		\$ 10,819,090	3,800,884	\$ 14,619,974	\$ 3,547,512	\$ 29,276,372	\$ 11,108,886
Excess (Deficiency) of Revenues Over (Under) Expenditures			(3,800,301)				
Other Financing Sources:							
Transfers In			6,476,001				
Transfers Out			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			2,675,700				
Fund Balance - Beginning of Year, July 1, 2010			11,983,155				
Fund Balance - End of Year, June 30, 2011			\$ 14,658,855				

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 1,146,428	\$ --	\$ --	\$ --	\$ --
Total Revenues		--	1,146,428	--	--	--	--
Expenditures:							
Kilauea Ag Park (Design)	D10105	--	59,749	59,749	26,844	500,000	413,407
Alternative Energy Projects	D10106	22,440	373,546	395,986	43,933	1,500,000	1,060,081
New Alternate Energy Projects	D10107	--	--	--	--	500,000	500,000
Affordable Housing	H06065	2,564,778	(564,778)	2,000,000	--	2,000,000	--
Affordable Housing	H06066	--	626,608	626,608	100,353	1,000,000	273,039
Lighting Retrofit	R08039	--	40,623	40,623	544,638	3,800,000	3,214,739
Park Master Plan	R09001	67,481	59,272	126,753	273,247	400,000	--
Island Wide Parks ADA Full Accessibility	R09002	9,214	28,905	38,119	--	38,119	--
Coastal Erosion Study	R10001	3,750	17,683	21,433	128,567	150,000	--
Kamalani Playground	R10008	--	135,409	135,409	4,512	150,000	10,079
Lydgate Pond	R10009	--	285,909	285,909	124,809	500,000	89,282
Kapa'a Stadium Improvements	R10010	--	150	150	--	500,000	499,850
Park/Open Space Land Acquisition	R10011	--	--	--	--	8,000,000	8,000,000
Hanalei Beach Park Comfort Station/Pavilions	R10012	--	--	--	--	400,000	400,000
Veterans Cemetery Upgrade	R10013	--	18,412	18,412	82,862	350,000	248,726
Hanalei Cliffside Basketball Court	R10014	--	--	--	171,144	250,000	78,856
Lydgate Campsite ADA Improvements	R10015	--	117,495	117,495	5,982	150,000	26,523
Park ADA Bleachers Replacement	R10016	--	--	--	--	800,000	800,000
Lihue Civic Ctr Renovations	W00020	1,465,450	--	1,465,450	--	1,465,450	--
Puhi Metal Recycling	W00021	88,101	--	88,101	--	171,021	82,920
County Building Facility ADA	W00023	500,000	--	500,000	--	500,000	--
ADA Title II Curb Cut	W01008	1,294,974	--	1,294,974	--	1,294,974	--

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Landfill Site Acquisition	W01009	\$ 376,908	\$ --	\$ 376,908	\$ 10,494	\$ 952,347	\$ 564,945
ADA Project-Bldg Fac	W01025	1,386,167	--	1,386,167	--	1,386,167	--
Historic County Building	W01026	365,063	42,411	407,474	986	408,460	--
Lihu'e Civic Ctr Phase 3 Expansion	W01027	600,000	--	600,000	--	600,000	--
Wailua-Kapa'a Sewer	W01053	338,130	--	338,130	--	338,130	--
Sewer Waimea Exp/Design	W01395	423,429	--	423,429	--	423,429	--
Fishbowl Renovation	W05029	141,222	--	141,222	--	143,173	1,951
Kekaha Landfill Lateral Expansion	W06011	7,421,187	1,807,321	9,228,508	418,693	10,000,000	352,799
Historic County Bldg and Lihu'e Civic Ctr Improv	W06029	--	--	--	--	500,000	500,000
Historic County Bldg and Lihu'e Civic Ctr Improv	W06030	3,650,098	2,899,013	6,549,111	996,140	7,780,000	234,749
Kapa'a Fire Station	W06031	4,231,073	677,464	4,908,537	77,568	5,000,000	13,895
Neighborhood Centers Improvements	W06032	992,087	--	992,087	--	992,087	--
Rubberized Track	W06040	1,184,353	--	1,184,353	--	1,184,353	--
Regional Parks Improvements	W06041	1,010,727	--	1,010,727	--	1,250,000	239,273
Lihu'e Stadium Baseball Field Improvements	W06043	16,781	--	16,781	--	2,000,000	1,983,219
Kekaha Gardens Park	W06044	21,000	22,000	43,000	88,500	800,000	668,500
Wailua Golf Course Maintenance Bldg	W06045	799,625	129,970	929,595	--	1,000,000	70,405
Waste Reduction Consultant Services	W08001	--	90,246	90,246	23,945	500,000	385,809
ADA Projects Bldg Fac	W08007	434,227	229,532	663,759	15,784	785,912	106,369
Pono Kai Revetment Wall	W08025	81,665	41,648	123,313	46,685	169,998	--
Lihu'e WWTP Centrifuge Replacement	W08026	477,000	--	477,000	--	477,000	--
Wailua WWTP Process & Disinfection Upgrade	W08027	279,000	37,315	316,315	83,685	400,000	--
Lighting Retrofits-Parks	W08039	528	29,403	29,931	880	270,000	239,189
Kapa'a Baseyard Structural Renovation	W09001	91,795	126,817	218,612	175,291	400,000	6,097
Honsador Building Structural Renovation	W09002	119,298	182,398	301,696	5,662	500,000	192,642
Police Evidence Room-Humidity Control	W09003	208,198	235,908	444,106	--	500,000	55,894
Island Wide SCADA	W09004	283,990	23,599	307,589	42,411	350,000	--

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kanaele Rd Stabilization	W09005	\$ 509	\$ (509)	\$ --	\$ --	\$ 200,000	\$ 200,000
Kōloa Circulation Plan Short Term Improvements	W09006	5,180	114,336	119,516	161,162	300,000	19,322
Hanapēpē Bridge Walkway	W09007	1,566	5,097	6,663	--	30,000	23,337
Kapa'a Baseyard 09	W09024	--	--	--	2,325,074	2,600,000	274,926
Opaekaa Bridge-Des	W10002	1,148	1,304	2,452	--	100,000	97,548
Piikoi Building Renovation	W10011	--	300	300	2,130,345	3,300,000	1,169,355
Waimea Police Sub-Station	W10012	--	--	--	--	250,000	250,000
Lihue WWTP Chemical Lab Renovation	W10013	--	--	--	338,200	1,000,000	661,800
Wailua WWTP Improvements/Renovation	W10014	--	--	--	1,182,092	1,200,000	17,908
Island Wide SCADA System Construction	W10015	--	--	--	--	4,200,000	4,200,000
Ele'ele WWTP Improvements/Renovation	W10016	--	--	--	712,804	2,400,000	1,687,196
Adolescent Drug Treatment Ctr Land Acq/Improv	W10017	--	--	--	--	2,000,000	2,000,000
Civic Center ADA Improvements	W10018	--	--	--	--	960,000	960,000
Hanama'ulu/Hanapēpē ADA Improvements	W10019	--	--	--	--	400,000	400,000
ADA Access Barrier Removal	W10020	--	43,417	43,417	--	361,881	318,464
ADA Access Barrier Removal	W10022	--	--	--	--	1,000,000	1,000,000
Aliomanu Road Erosion	W10026	--	--	--	--	3,000,000	3,000,000
Koke'e Road (matching funds)	W10027	--	2,095	2,095	--	1,000,000	997,905
Wailua Emergency Bypass Improvements	W10028	--	--	--	--	1,000,000	1,000,000
Auto Shop Facility/Storage	W10030	--	--	--	--	1,000,000	1,000,000
County Wide Storage Facility	W10031	--	--	--	--	2,000,000	2,000,000
Rice Street Crossing Improvements	W10032	7,534	--	7,534	--	300,000	292,466
Composting Facility (Planning/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	10,918	--	535,000	524,082
Kekaha Landfill Phase II Closure	W10039	--	--	--	--	800,000	800,000

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kapa'a Refuse Transfer Station Renovation	W10040	\$ --	\$ --	\$ --	\$ --	\$ 500,000	\$ 500,000
Safe Route Kawaihau	W10045	--	--	--	--	100,000	100,000
Twin Reserve EQ	W10046	--	4,503	4,503	--	100,000	95,497
Kekaha Landfill Expansion II	W10047	--	--	--	927,831	927,831	--
Kekaha Landfill Lateral Expansion	W10055	--	--	--	--	3,365,000	3,365,000
Kekaha Landfill Expansion II	W10056	--	--	--	47,044	512,000	464,956
Rpt Computer Sys	X00001	1,896,300	--	1,896,300	--	1,896,300	--
Payroll/Personnel System	X10001	--	--	--	--	395,000	395,000
IT Infrastructure Improvements	X10006	25,001	120,482	145,483	26,009	222,000	50,508
IT SOA Project	X10007	--	--	--	--	556,000	556,000
Public Access and Open Space Acquisition	Z06002	--	--	--	--	1,000,000	1,000,000
Total Expenditures		\$ 32,886,977	8,075,971	\$ 40,962,948	\$ 11,344,176	\$ 109,841,632	\$ 57,534,508
Excess (Deficiency) of Revenues Over (Under) Expenditures			(6,929,543)				
Other Financing Sources: Bond Subsidy			970,758				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(5,958,785)				
Fund Balance - Beginning of Year, July 1, 2010			76,954,858				
Fund Balance - End of Year, June 30, 2011			\$ 70,996,073				



## 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, 2011**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
<b>Assets:</b>				
Current Assets:				
Cash and cash equivalents	\$ 2,950,042	\$ 1,784,172	\$ 860,045	\$ 5,594,259
Restricted cash and cash equivalents	351,050	--	--	351,050
Investments	1,732,324	353,318	--	2,085,642
Receivables, net:				
Accounts	58,068	1,838,035	1,277	1,897,380
Interest	5,113	1,539	--	6,652
Insurance	--	--	--	--
Due from other funds	--	174,420	--	174,420
Real property held for sale	936,867	--	--	936,867
Prepaid expenses	--	7,785	4,873	12,658
Total Current Assets	<u>6,033,464</u>	<u>4,159,269</u>	<u>865,195</u>	<u>11,058,928</u>
Noncurrent Assets:				
Capital assets:				
Land	8,551,252	1,226,600	--	9,777,852
Construction in progress	3,002,671	8,774,022	--	11,776,693
Buildings	31,338,516	44,173,602	2,538,738	78,050,856
Equipment	7,291	3,470,960	955,224	4,433,475
Infrastructure	--	9,433,413	2,739,725	12,173,138
Less: accumulated depreciation	(9,063,127)	(29,244,779)	(1,741,735)	(40,049,641)
Total Noncurrent Assets	<u>33,836,603</u>	<u>37,833,818</u>	<u>4,491,952</u>	<u>76,162,373</u>
Total Assets	<u>39,870,067</u>	<u>41,993,087</u>	<u>5,358,147</u>	<u>87,221,301</u>
<b>Current Liabilities:</b>				
Accounts payable	90,459	470,686	149,781	710,926
Contracts payable	--	24,913	--	24,913
Interest payable	3,715	67,769	21,385	92,869
Due to other funds	--	927,148	156,005	1,083,153
Security deposits payable	140,612	--	--	140,612
Unearned revenue	--	24,806	--	24,806
Compensated absences, current portion	--	85,000	42,000	127,000
Notes payable, current portion	205,000	1,847,400	143,278	2,195,678
Total Current Liabilities	<u>439,786</u>	<u>3,447,722</u>	<u>512,449</u>	<u>4,399,957</u>
<b>Noncurrent Liabilities:</b>				
Notes payable	--	15,435,861	1,007,967	16,443,828
Compensated absences	--	255,201	127,126	382,327
Total Noncurrent Liabilities	<u>--</u>	<u>15,691,062</u>	<u>1,135,093</u>	<u>16,826,155</u>
Total Liabilities	<u>439,786</u>	<u>19,138,784</u>	<u>1,647,542</u>	<u>21,226,112</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	33,631,603	20,550,557	3,340,707	57,522,867
Restricted assets:				
Nonexpendable - cash	347,335	--	--	347,335
Unrestricted	5,451,343	2,303,746	369,898	8,124,987
Total Net Assets	<u>\$ 39,430,281</u>	<u>\$ 22,854,303</u>	<u>\$ 3,710,605</u>	<u>\$ 65,995,189</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 FISCAL YEAR ENDED JUNE 30, 2011**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 525,930	\$ --	\$ --	\$ 525,930
Rents and concessions	991,986	--	241,210	1,233,196
Charges for current services	--	6,661,118	1,037,252	7,698,370
Low-income housing sales	367,197	--	--	367,197
Other	489,776	--	5,124	494,900
Total Operating Revenues	2,374,889	6,661,118	1,283,586	10,319,593
Operating Expenses:				
Public housing	1,158,031	--	--	1,158,031
Sewer	--	6,270,731	--	6,270,731
Golf	--	--	1,866,004	1,866,004
Depreciation	783,610	1,388,873	161,256	2,333,739
Cost of low-income housing sales	404,418	--	--	404,418
Total Operating Expenses	2,346,059	7,659,604	2,027,260	12,032,923
Operating Income (Loss)	28,830	(998,486)	(743,674)	(1,713,330)
Nonoperating Revenues (Expense):				
Interest income from investments	17,437	13,941	--	31,378
Interest expense on long-term debt	(25,195)	(269,638)	(51,586)	(346,419)
Total Nonoperating Revenues (Expenses)	(7,758)	(255,697)	(51,586)	(315,041)
Net Income (Loss) Before Transfers and Contributions	21,072	(1,254,183)	(795,260)	(2,028,371)
Capital contributions	5,240,769	4,259,955	132,470	9,633,194
Insurance proceeds	--	--	4,652	4,652
Transfers	--	3,015,798	1,229,994	4,245,792
Change in Net Assets	5,261,841	6,021,570	571,856	11,855,267
Net Assets - Beginning of Year July 1, 2010	34,168,440	16,832,733	3,138,749	54,139,922
Net Assets - Ending of Year June 30, 2011	\$ 39,430,281	\$ 22,854,303	\$ 3,710,605	\$ 65,995,189

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ 2,408,112	\$ 6,930,465	\$ 2,614,637	\$ 11,953,214
Payments to employees	(60,972)	(1,787,485)	(773,240)	(2,621,697)
Payments to suppliers	(986,949)	(4,574,619)	(1,124,488)	(6,686,056)
Net Cash Provided by Operating Activities	1,360,191	568,361	716,909	2,645,461
Cash Flows from Non-capital Financing Activities:				
Transfers from other funds	--	3,618,919	1,229,994	4,848,913
Transfers to other funds	--	(603,121)	--	(603,121)
Changes in internal balances	--	(635,311)	(888,360)	(1,523,671)
Net Cash Provided by Non-capital Financing Activities	--	2,380,487	341,634	2,722,121
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(5,240,769)	(4,858,703)	(151,740)	(10,251,212)
Proceeds from sale of property	37,221	--	--	37,221
Proceeds from insurance	--	--	4,652	4,652
Proceeds from loans	--	1,556,452	--	1,556,452
Capital contributions	4,804,118	4,224,855	132,470	9,161,443
Development fees	--	35,100	--	35,100
Principal payments-bonds and loans	(190,000)	(1,765,891)	(138,277)	(2,094,168)
Interest payments-bonds and loans	(11,202)	(310,497)	(53,674)	(375,373)
Other	36,058	5,458	--	41,516
Net Cash Used in Capital and Related Financing Activities	(564,574)	(1,113,226)	(206,569)	(1,884,369)
Cash Flows from Investing Activities:				
Interest received from investments	12,324	9,868	--	22,192
Changes in investments, net	(360,191)	(61,318)	--	(421,509)
Net Cash Provided by Investing Activities	(347,867)	(51,450)	--	(399,317)
Net Increase in Cash and Cash Equivalents	447,750	1,784,172	851,974	3,083,896
Cash and Cash Equivalents, Beginning of Year July 1, 2010	2,502,292	--	8,071	2,510,363
Cash and Cash Equivalents, End of Year June 30, 2011 (including \$222,950 for Public Housing reported in restricted accounts)	\$ 2,950,042	\$ 1,784,172	\$ 860,045	\$ 5,594,259
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating gain (loss)	\$ 28,830	\$ (998,486)	\$ (743,674)	\$ (1,713,330)
Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,610	1,388,873	161,256	2,333,739
Disposal of capital assets	--	(146,957)	--	(146,957)
Change in assets and liabilities:				
Accounts receivable	119,139	406,476	1,003,545	1,529,160
Due from other funds	--	(174,420)	347,554	173,134
Real property held for sale	404,418	--	--	404,418
Prepaid items	--	57,874	1,419	59,293
Accounts payable and accrued liabilities	22,908	20,402	(28,957)	14,353
Due to other funds	--	--	--	--
Security deposits payable	1,286	--	--	1,286
Contracts payable	--	2,166	--	2,166
Unearned revenue	--	4,627	--	4,627
Compensated absences	--	7,806	(24,234)	(16,428)
Net Cash Provided by Operating Activities	\$ 1,360,191	\$ 568,361	\$ 716,909	\$ 2,645,461

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



FIDUCIARY FUNDS FINANCIAL STATEMENTS

COUNTY OF KAUAI, HAWAII  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>3,218,720</u>
Total Assets	<u>3,218,720</u>
Liabilities:	
Customer deposits	2,473,527
Due to other governments	<u>745,193</u>
Total Liabilities	<u>3,218,720</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, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***The Financial Reporting Entity***

The County of Kauai (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 2010.

The accompanying financial statements present the operations of the County, the primary government, as well as its discretely presented component unit, the Department of Water. The County's operations are organized into the following general functions: general government, public safety, public works, highways and streets, sanitation, culture and recreation, public welfare, housing, sewer, and other enterprises. For financial reporting purposes, the County includes all funds, agencies, boards, commissions, and authorities that are fiscally dependent upon the County and for which the County is financially accountable.

State of Hawaii (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 year ended June 30, 2011. The statements contained herein reflect the changes in fund balance reporting and presentation.



COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

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

***Discretely Presented Component Unit***

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

A majority of the members of the Department's governing body are appointed by the Mayor and confirmed by the County Council. The Department is granted corporate powers by the County Charter. The County Council does not have the authority to modify or approve the Department's budgets. Revenue bonds and loans payable of the Department are general obligations of the County. As the County would be obligated to repay these bonds in the event of default by the Department, the County is financially accountable for the debts of the Department. The Department is audited separately. Complete financial statements of the Department may be obtained from:

Department of Water  
County of Kauai  
4398 Pua Loke Street  
Lihu'e, Kauai, Hawaii 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



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

the business-type activities and, therefore, are capitalized. Interfund contributions are eliminated among governmental activities, but are recorded as transfers in the fund financial statements if between governmental and business-type activities. Interfund payables and reported receivables have been eliminated among governmental activities, but are recorded as internal balances between governmental and business-type activities. In the *Statement of Net 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

***Fund Financial Statements***

The financial transactions of the County are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The County reports the following major governmental funds:

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

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



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

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

The County's fiduciary funds are limited to agency funds. Agency funds are custodial in nature 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 adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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. Effective July 1, 2011, the County adopted and implemented its Reserve Policy with respect to its use of unrestricted fund balance amounts.

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.

*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 Kauai. 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.



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amounts are determinable. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and landfill post-closure costs are recognized only when payment is due.



COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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 uses the economic resource 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**  
**JUNE 30, 2011**

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

Receivables of the Department are recognized when revenue is earned, including charges for services rendered but not billed, net of allowance for doubtful accounts approximating \$338,000 of billed receivables.



COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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.

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

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

*Primary Government*

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



COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

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

Component Unit

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

***Restricted Assets***

The County sets aside certain resources for the repayment of enterprise fund revenue bonds. These resources are classified as restricted assets on the *Statement of Net 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."

***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,



COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

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

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 \$31.7 million at June 30, 2011.

***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,



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

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

***Facility Reserve Charges***

The Department assesses a fee to commercial and residential developers based upon the number and size of water meters installed at the respective projects which, together with interest earned thereon, provides for the funding of system capital improvements which are included as restricted for utility plant construction in the *Statement of Net 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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses/expenditures, and other financing sources and uses during the reported period. Actual results could differ from these estimates.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

Annual appropriated budgets are adopted for the following funds:

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

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



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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.



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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.

**NOTE 3 - BUDGET TO GAAP RECONCILIATION**

Encumbrance accounting is employed as an extension of formal budgetary integration in the General Fund and budgeted Special Revenue Funds. Capital Projects Funds also employ encumbrance accounting to reserve for construction contracts. Actual expenditures on a budgetary basis include current year reserves for encumbrances and exclude payments on prior year encumbrances. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Budgeted deficiencies are funded by the estimated unreserved-undesignated fund balances as of June 30, 2011.

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

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

	<u>General Fund</u>	<u>Housing and Community Development Revolving Fund</u>	<u>Solid Waste Disposal Fund</u>
GAAP excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (11,535,709)	\$ (95,862)	\$ 1,946,255
Encumbrances and unexpended allotments, current year	<u>(5,411,603)</u>	<u>(110,517)</u>	<u>(2,532,921)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>(16,947,312)</u>	\$ <u>(206,379)</u>	\$ <u>(586,666)</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 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 \$73,520,000 and the balances carried by the bank were approximately \$78,787,000. All of these deposits are covered by federal depository insurance or collateralized by securities held by financial institutions in the County's name.

***Investments***

As of June 30, 2011, the County and the Department held approximately \$126,404,000 and \$51,817,000, respectively, or 75% and 85% of their investments in Federal Government Sponsored Entities and Government Securities. The fair value of the investments approximate cost.

***Interest Rate Risk***

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

As of June 30, 2011, the County and the Department had the following investments:

***County***

	<u>Fair Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
Government Sponsored Entities	\$ 115,929,374	\$ 17,014,864	\$ 98,914,510
Government Securities	10,474,360	--	10,474,360
Money Market Funds	5,378,944	--	5,378,944
Repurchase Agreements	<u>5,041,257</u>	<u>5,041,257</u>	<u>--</u>
	136,823,935	22,056,121	114,767,814
Certificates of Deposit	<u>32,079,003</u>	<u>20,392,713</u>	<u>11,686,290</u>
Total	\$ <u>168,902,938</u>	\$ <u>42,448,834</u>	\$ <u>126,454,104</u>



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

**Department**

	Fair Value	Maturity (in years)	
		Less than 1	1- 5
Government Sponsored Entities	\$ 42,861,000	\$ 5,498,000	\$ 37,363,000
Government Securities	8,956,000	--	8,956,000
Money Market Funds	6,256,000	1,000,000	5,256,000
Other Fixed Income	480,000	480,000	--
U.S. Corporates	105,000	--	105,000
	58,658,000	6,978,000	51,680,000
Certificates of Deposit	2,559,000	2,559,000	--
Total	\$ 61,217,000	\$ 9,537,000	\$ 51,680,000

**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, 2011, 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, 2011, the County and the Department held more than 5% of their investments in the following:

	County		Department	
FHLB - Federal Home Loan Bank	\$ 38,813,603	22.9%	\$ 14,204,462	23.2%
FHLMC - Freddie Mac	26,230,258	15.5%	3,002,225	4.9%
FNMA - Fannie Mae	32,027,506	18.9%	16,176,497	26.4%
FFCB - Federal Farm Credit Bank	18,858,009	11.2%	9,478,425	15.5%
U.S. Treasury	10,474,360	6.2%	8,956,375	14.6%
Blackrock Liquidity Funds	5,378,944	3.2%	6,255,837	10.2%
Total	\$ 131,782,680	77.8%	\$ 58,073,821	94.8%

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 5 - RECEIVABLES**

Receivables as of June 30, 2011, for the County's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities:

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal	Federal Grants Fund	Grants Capital Improvement Fund	Bond Fund	Other Governmental Funds	Total
Receivables, net								
Real property taxes	\$ 3,346,306	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,346,306
Accounts receivable	3,106,593	--	320,650	--	--	--	933,359	4,360,602
Intergovernmental	1,082,359	--	--	6,774,411	3,132,654	--	695,524	11,684,948
Loans receivable	--	9,722,185	--	9,879,658	--	--	26,271	19,628,114
Insurance	304,620	874,714	3,309	514,433	--	209,021	52,949	1,959,046
Total Receivables, net	\$ 7,839,878	\$ 10,596,899	\$ 323,959	\$ 17,168,502	\$ 3,132,654	\$ 209,021	\$ 1,708,103	\$ 40,979,016

Business-type Activities:

	Enterprise Funds
Receivables, net	
Accounts receivable	\$ 2,431,641
Interest	6,652
Insurance	--
Less: allowance for uncollectible charges	(534,261)
Total Receivables, net	\$ 1,904,032

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**  
**JUNE 30, 2011**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Primary Government				Balance June 30, 2011
	Balance June 30, 2010	Increases	Decreases	Transfers	
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 171,725,372	\$ 3,286,852	\$ --	\$ --	\$ 175,012,224
Construction in progress	33,365,057	10,614,876	(1,634,213)	--	42,345,720
Total Capital Assets, Not Being Depreciated	205,090,429	13,901,728	(1,634,213)	--	217,357,944
Capital Assets, Being Depreciated:					
Buildings and improvements	94,687,992	759,633	(24,797)	--	95,422,828
Machinery and equipment	56,377,507	5,244,003	(1,261,263)	--	60,360,247
Infrastructure	637,888,804	547,023	--	--	638,435,827
Total Capital Assets, Being Depreciated	788,954,303	6,550,659	(1,286,060)	--	794,218,902
Less: Accumulated Depreciation:					
Buildings and improvements	(30,579,316)	(2,614,688)	24,797	--	(33,169,207)
Machinery and equipment	(27,402,904)	(5,112,002)	1,122,238	--	(31,392,668)
Infrastructure	(431,941,118)	(6,215,845)	--	--	(438,156,963)
Total Accumulated Depreciation	(489,923,338)	(13,942,535)	1,147,035	--	(502,718,838)
Governmental Activities - Capital Assets, net	\$ 504,121,394	\$ 6,509,852	\$ (1,773,238)	\$ --	\$ 508,858,008

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6 - CAPITAL ASSETS (Continued)**

	Primary Government				Balance June 30, 2011
	Balance June 30, 2010	Increases	Decreases	Transfers	
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 7,341,200	\$ 2,436,652	\$ --	\$ --	\$ 9,777,852
Construction in progress	6,513,399	7,612,892	(2,349,598)	--	11,776,693
Total Capital Assets, Not Being Depreciated	13,854,599	10,049,544	(2,349,598)	--	21,554,545
Capital Assets, Being Depreciated:					
Buildings and improvements	75,696,361	2,354,495	--	--	78,050,856
Machinery and equipment	4,468,299	46,929	(81,753)	--	4,433,475
Infrastructure	11,876,340	296,798	--	--	12,173,138
Total Capital Assets, Being Depreciated	92,041,000	2,698,222	(81,753)	--	94,657,469
Less: Accumulated Depreciation:					
Buildings and improvements	(28,893,455)	(1,774,825)	--	--	(30,668,280)
Machinery and equipment	(2,003,721)	(334,830)	81,753	--	(2,256,798)
Infrastructure	(6,900,478)	(224,085)	--	--	(7,124,563)
Total Accumulated Depreciation	(37,797,654)	(2,333,740)	81,753	--	(40,049,641)
Business-type Activities - Capital Assets, net	\$ 68,097,945	\$ 10,414,026	\$ (2,349,598)	\$ --	\$ 76,162,373

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

Governmental Activities	
General government	\$ 1,035,908
Public safety	2,695,651
Public works	1,936,116
Highways and streets	5,867,939
Public welfare	535,450
Culture and recreation	769,324
Sanitation	1,102,147
Total Depreciation Expense - Governmental Activities	\$ 13,942,535
Business-type Activities:	
Public housing	\$ 783,610
Sewer	1,388,874
Golf	161,256
Total Depreciation Expense - Business-type Activities	\$ 2,333,740



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6 - CAPITAL ASSETS (Continued)**

	Component Unit				Balance June 30, 2011
	Balance June 30, 2010	Increases	Decreases	Transfers	
Discretely Presented Component Unit:					
Capital Assets, Not Being Depreciated:					
Land	\$ 520,064	\$ 814,064	\$ -	\$ -	\$ 1,334,128
Construction in progress	19,006,515	23,805,075	(20,274,797)	-	22,536,793
Total Capital Assets, Not Being Depreciated	19,526,579	24,619,139	(20,274,797)	-	23,870,921
Capital Assets, Being Depreciated:					
Buildings and improvements	5,058,995	9,150	-	-	5,068,145
Machinery and equipment	4,615,594	197,694	(5,510)	-	4,807,778
Infrastructure	213,719,416	19,510,429	(246,414)	-	232,983,431
Total Capital Assets, Being Depreciated	223,394,005	19,717,273	(251,924)	-	242,859,354
Less: Accumulated Depreciation:					
Buildings and improvements	(1,371,106)	(120,855)	-	-	(1,491,961)
Machinery and equipment	(3,613,758)	(297,507)	5,510	-	(3,905,755)
Infrastructure	(71,291,243)	(5,324,748)	246,414	-	(76,369,577)
Total Accumulated Depreciation	(76,276,107)	(5,743,110)	251,924	-	(81,767,293)
Component Unit - Capital Assets, net	\$ 166,644,477	\$ 38,593,302	\$ (20,274,797)	\$ -	\$ 184,962,982

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES**

The Interfund Due From/To Other Funds consist of the following as of June 30, 2011:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 830,003
General Fund	Solid Waste Fund	380,000
General Fund	Housing and Community Development Fund	25,000
General Fund	Federal Grants Fund	35,262
General Fund	Sewer Enterprise Fund	350,000
General Fund	Golf Enterprise Fund	156,005
Solid Waste Fund	General Fund	4,445,276
General CIP Fund	Grants CIP Fund	2,165,871
Grants CIP Fund	Sewer Enterprise Fund	577,148
Bond Fund	General Fund	1,346
Bond Fund	Federal Grants Fund	26,406
Bond Fund	Other Governmental Funds	970,758
Other Governmental Funds	Solid Waste Fund	1,034
Other Governmental Funds	General CIP Fund	19
Other Governmental Funds	Federal Grants Fund	3,343,677
Other Governmental Funds	General Funds	<u>20,988</u>
		<b>\$ <u>13,328,793</u></b>

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, 2012.

Internal balances consist of the following at June 30, 2011:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Enterprise Fund	\$ 175,580
General Fund	Golf Enterprise Fund	156,005
Grants CIP Fund	Sewer Enterprise Fund	<u>577,148</u>
		<b>\$ <u>908,733</u></b>



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES (Continued)**

Transfers for the fiscal year ended June 30, 2011, consisted of the following:

	Transfers out:				Total
	General Fund	Solid Waste Fund	Other Governmental Funds	Sewer Enterprise Fund	
Transfers in:					
Solid Waste Fund	\$ 9,871,334	\$ --	\$ 822,391	\$ --	\$ 10,693,725
General CIP Fund	6,476,001	--	--	--	6,476,001
Golf Enterprise Fund	1,229,994	--	--	--	1,229,994
Sewer Enterprise Fund	3,015,798	--	603,121	--	3,618,919
Other Governmental Funds	7,485,484	822,391	2,000,000	603,121	10,910,996
	<u>\$ 28,078,611</u>	<u>\$ 822,391</u>	<u>\$ 3,425,512</u>	<u>\$ 603,121</u>	<u>\$ 32,929,635</u>

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

**NOTE 8 - NET ASSETS**

At June 30, 2011, 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	\$ 508,858,008	\$ 76,162,373	\$ 184,962,982
Less: Long-term debt	(121,877,681)	(18,639,506)	(98,090,390)
Less: Capital lease obligation	(4,783,617)	--	(4,851,000)
Add: Unspent debt proceeds	70,996,072	--	50,117,185
Subtotal	<u>453,192,782</u>	<u>57,522,867</u>	<u>132,138,777</u>
Restricted:			
Capital projects	87,787,119	--	4,229,710
Less: Unspent debt proceeds	(70,996,072)	--	(50,117,185)
Accrued interest payable	(2,550,164)	--	(1,805,553)
Other - debt service	4,105,154	--	--
Other - restricted cash and investments	--	347,335	50,117,185
Subtotal, Restricted	<u>18,346,037</u>	<u>347,335</u>	<u>2,424,157</u>
Unrestricted	<u>65,401,348</u>	<u>8,124,987</u>	<u>14,553,030</u>
Total Net Assets	<u>\$ 536,940,167</u>	<u>\$ 65,995,189</u>	<u>\$ 149,115,964</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 9 - CAPITAL LEASES**

The County leases machinery and equipment under non-cancelable leases expiring at various dates through February 2020 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 \$7,344,619. The related present value of the remaining obligations under the capital leases which amounted to \$4,783,617 at June 30, 2011 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2011, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,077,025	\$ 210,285	\$ 1,287,310
2013	1,119,508	167,802	1,287,310
2014	738,498	123,554	862,052
2015	554,339	89,565	643,904
2016	436,531	63,728	500,259
2017-2020	<u>857,716</u>	<u>100,986</u>	<u>958,702</u>
Totals	\$ <u>4,783,617</u>	\$ <u>755,920</u>	\$ <u>5,539,537</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.

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, 2011, are approximately as follows:



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 9 - CAPITAL LEASES (Continued)**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	653,000	139,000	792,000
2017-2019	<u>1,946,000</u>	<u>166,000</u>	<u>2,112,000</u>
Totals	\$ <u>4,851,000</u>	\$ <u>1,221,000</u>	\$ <u>6,072,000</u>

The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2011. The provision for accumulated depreciation related to the SWTP facility was approximately \$2,943,000 as of June 30, 2011.

**NOTE 10 - LONG-TERM LIABILITIES**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Approximate amounts due within one year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 124,925,000	\$ --	\$ 3,855,000	\$ 121,070,000	\$ 2,450,000
Deferred Costs:					
For issuance premiums	1,048,489	--	53,088	995,401	53,088
On refunding	<u>(197,732)</u>	<u>--</u>	<u>(10,012)</u>	<u>(187,720)</u>	<u>(10,012)</u>
Total Bonds Payable	125,775,757	--	3,898,076	121,877,681	2,493,076
Claims and judgments	8,286,705	2,045,481	2,723,496	7,608,690	4,746,491
Landfill closure and postclosure	21,582,192	--	3,006,597	18,575,595	429,796
Capital lease obligations	3,054,047	3,698,550	1,968,980	4,783,617	1,077,025
Compensated absences	<u>11,555,002</u>	<u>4,565,920</u>	<u>4,232,536</u>	<u>11,888,386</u>	<u>2,972,096</u>
Governmental Activities, Long-term Liabilities	\$ <u>170,253,703</u>	\$ <u>10,309,951</u>	\$ <u>15,829,685</u>	\$ <u>164,733,969</u>	\$ <u>11,718,484</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Approximate amounts due within one year
<b>Business-type Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 1,300,000	\$ --	\$ 140,000	\$ 1,160,000	\$ 145,000
Revenue bonds	395,000	--	190,000	205,000	205,000
Deferred Costs:					
For issuance premiums	20,847	--	3,427	17,420	3,427
On refunding	(31,324)	--	(5,149)	(26,175)	(5,149)
Total Bonds Payable	1,684,523	--	328,278	1,356,245	348,278
Loans Payable to State					
Governments	17,492,700	1,556,451	1,765,890	17,283,261	1,847,400
Compensated Absences	525,755	190,332	206,760	509,327	127,000
Business-type Activities, Long-term Liabilities	\$ 19,702,978	\$ 1,746,783	\$ 2,300,928	\$ 19,148,833	\$ 2,322,678
<b>Discretely Presented Component Unit:</b>					
Bonds Payable:					
General obligation bonds	\$ 72,081,000	\$ --	\$ 469,500	\$ 71,611,500	\$ 491,000
Deferred Costs:					
For issuance premiums	235,229	--	13,607	221,622	--
On refunding	(386,243)	--	(1,877)	(388,120)	--
Total Bonds Payable	71,929,986	--	481,230	71,448,756	491,000
Loans Payable	24,418,564	3,571,323	1,348,253	26,641,634	1,586,000
Compensated Absences	974,411	488,412	589,824	872,999	555,000
Capital Lease Obligations	5,333,830	--	482,830	4,851,000	513,000
Component Unit, Long-term Liabilities	\$ 102,656,791	\$ 4,059,735	\$ 2,902,137	\$ 103,814,389	\$ 3,145,000

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

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

The County and the Department issued general obligation bonds through the Build America Bonds and Recovery Zone Economic Development Bonds programs that provide 35% and 45%, respectively, in federal subsidies on the total interest requirements. The interest is paid to the County and the Department on a semi-annual basis corresponding with the interest payment dates to the bondholders. Subsidy payments of \$695,323 and \$275,435 were received in fiscal year 2011 for Build America Bonds and Recovery Zone Economic Development Bonds, respectively.



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

General obligation bonds payable reported on the government-wide *Statement of Net Assets* at June 30, 2011, are comprised of the following individual issues:

	<u>Amount</u>
<b>Governmental Activities:</b>	
General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,490,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy).	\$ 47,835,000
General obligation bonds, 2010 Series A, original amount \$12,165,000, due in annual installments of \$3,140,000 to \$9,025,000 through August 2034, interest payments semi-annually from 5.863% to 5.913% (before the federal subsidy).	12,165,000
General obligation bonds, 2005 Series A, original amount \$42,180,000, due in annual installments of \$1,120,000 to \$3,355,000 through August 2029, interest payments semi-annually from 3.25% to 5%.	38,465,000
General obligation bonds, 2001 Series A, original amount \$33,635,000, due in annual installments of \$865,000 to \$2,355,000 through August 2025, interest payments semi-annually from 4% to 5.625%.	21,455,000
General obligation taxable bonds, 2000 Series B, original amount \$2,820,000, due in annual installments of \$250,000 to \$325,000 from August 2014, interest payments semi-annually from 8% to 8.1%.	<u>1,150,000</u>
Total Governmental Activities	\$ <u>121,070,000</u>
<b>Business-type Activities:</b>	
General obligation bonds, 2005 Series A, original amount \$1,565,000, due in annual installments of \$145,000 to \$190,000 through August 2017, interest payments semi-annually from 3.25% to 5%.	\$ <u>1,160,000</u>
Total Business-type Activities	\$ <u>1,160,000</u>

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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, 2011, are approximately as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	3,820,000	5,463,000	170,000	22,000	3,990,000	5,485,000
2017-2021	22,570,000	24,418,000	370,000	19,000	22,940,000	24,437,000
2022-2026	33,235,000	17,731,000	-	-	33,235,000	17,731,000
2027-2031	26,740,000	9,623,000	-	-	26,740,000	9,623,000
2032-2035	21,490,000	3,076,000	-	-	21,490,000	3,076,000
Totals	\$ 121,070,000	\$ 83,738,000	\$ 1,160,000	\$ 196,000	\$ 122,230,000	\$ 83,934,000

Amount

**Component Unit:**

County Series 2010A, last installment 2033. Maturing serially from August 1, 2013. Interest rate - 1.96% to 5.76% (before the federal subsidy). Issued March 24, 2010. Original amount - \$60,000,000.

\$ 60,000,000

County Series 2005A, last installment 2029. Maturing serially from August 1, 2008. Interest rate - 3.25% to 5.00%. Issued November 10, 2005. Original amount - \$6,485,000.

6,305,000

County Series 2001A, last installment 2025. Maturing serially from August 1, 2001. Interest rate - 4.00% to 6.25%. Issued May 15, 2001. Original amount - \$11,725,000.

5,240,000

County Series 1980, last installment 2015. Maturing serially from March 1, 1983. Interest rate - 5.00%. Issued April 7, 1980. Original amount - \$300,000.

66,500

Total Component Unit

\$ 71,611,500



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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, 2011, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 491,000	\$ 3,487,000	\$ 3,978,000
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	2,565,000	3,265,000	5,830,000
2017-2021	14,430,000	14,697,000	29,127,000
2022-2026	18,145,000	10,967,000	29,112,000
2027-2031	18,865,000	6,086,000	24,951,000
2032-2034	<u>11,679,500</u>	<u>937,000</u>	<u>12,616,500</u>
Totals	\$ <u>71,611,500</u>	\$ <u>49,464,000</u>	\$ <u>121,075,500</u>

At June 30, 2011, approximately \$20.5 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, 2011, the long-term debt of the Public Housing Enterprise Fund comprised approximately of \$205,000 of 1992 series Rental Housing revenue bonds (original amount \$4.2 million) with the final annual installment of \$205,000 due in April 2012. Interest on bonds are payable semi-annually at 7.25%.

Annual requirements to retire revenue bonds payable at June 30, 2011, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ <u>205,000</u>	\$ <u>15,000</u>	\$ <u>220,000</u>
Totals	\$ <u>205,000</u>	\$ <u>15,000</u>	\$ <u>220,000</u>

COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
<b>Loans Payable: Business-type Activities</b>	
The County has a construction loan agreement with the State totaling approximately \$2.6 million to fund a portion of the construction cost of the Kapa'a Wastewater Treatment Plant. Principal, interest, and loan fee payments are due quarterly in equal installments of \$46,272. Interest is accrued at 3.5% per annum. The loan was interest-free during the period of construction.	\$ 645,449
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.	148,091
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 Lihu'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.	2,338,971
During fiscal year 2006, the County entered into a new construction agreement with the State to fund a cesspool conversion project. The agreement allows the County to request reimbursement for project related expenditures from the State. Principal and interest payments are due in semi-annual installments of \$44,582 (\$89,164 annually). A loan fee is assessed at 1% of the outstanding principal balance. Interest is accrued at 2.13% per annum.	<u>1,107,267</u>
Balance forward	\$ <u>4,239,778</u>



COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
Balance carried forward	\$ 4,239,778
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.	1,687,755
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.	1,707,892
During fiscal year 2009, the County entered into a second new construction agreement with the State totaling approximately \$4.5 million to fund sewer system improvements. Principal and interest payments are due in semi-annual installments of \$108,486 (\$216,972 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	3,332,336
During fiscal year 2009, the County entered into a third new construction agreement with the State totaling approximately \$952,000 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.	381,065
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.	<u>4,598,904</u>
Balance forward	\$ <u>15,947,730</u>

**COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

	<u>Amount</u>
Balance carried forward	\$ 15,947,730
During fiscal year 2011, the County entered into a new construction agreement with the State totaling approximately \$8.2 million to fund Phase I of the Waimea Wastewater Treatment Plant Expansion. Principal and interest payments are due in semi-annual installments of \$36,885 (\$73,770 annually). A loan fee is assessed at .0125% of the outstanding principal balance. Interest is accrued at .50% per annum.	<u>1,335,531</u>
<b>Total Business-type Activities</b>	<b>\$ <u>17,283,261</u></b>

Annual requirements to retire loans payable as of June 30, 2011, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,847,000	\$ 295,000	\$ 2,142,000
2013	1,880,000	259,000	2,139,000
2014	1,691,000	204,000	1,895,000
2015	1,025,000	130,000	1,155,000
2016	841,000	99,000	940,000
2017-2021	4,286,000	374,000	4,660,000
2022-2026	4,383,000	163,000	4,546,000
2027-2030	<u>1,330,261</u>	<u>14,000</u>	<u>1,344,261</u>
<b>Totals</b>	<b>\$ <u>17,283,261</u></b>	<b>\$ <u>1,538,000</u></b>	<b>\$ <u>18,821,261</u></b>

**Component Unit:**

	<u>Amount</u>
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.	\$ 954,019
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.	<u>539,795</u>
Balance forward	\$ <u>1,493,814</u>



COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
Balance carried forward	\$ 1,493,814
Hanapepe 27" Steel Pipeline, last installment 2023. Maturing serially from July 15, 2003. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$691,134.	459,404
Hanapepe River Crossing Pipeline, last installment 2023. Maturing serially from July 15, 2003. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$1,345,040.	824,293
Wailua Homesteads Well No. 3, last installment 2024. Maturing serially from March 15, 2004. Interest rate - 0.54%. Semiannual loan fee rate - 1.625%. Date issued - March 15, 2004. Original amount - \$418,967.	277,663
Lihu'e Steel Tanks 1 and 2, last installment 2024. Maturing serially from Jan 15, 2004. Interest rate - 0.46%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2004. Original amount - \$1,243,017.	933,308
Ornellas 0.2 MG Tank, last installment 2025. Maturing serially from January 15, 2005. Interest rate - 0.58%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2005. Original amount - \$809,398.	599,514
16" Waterline replacement along Kuhio Highway, last installment 2026. Maturing serially from August 15, 2005. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2005. Original amount - \$2,481,289.	1,826,487
Poipu Road 16" Main Replacement, last installment 2027. Maturing serially from January 15, 2007. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2007. Original amount - \$5,595,979.	<u>4,252,385</u>
Balance forward	\$ <u>10,666,868</u>

COUNTY OF KAUAI, HAWAII  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 10 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
Balance carried forward	\$ 10,666,868
Stable 1.0 MG Tank, last installment 2029. Maturing serially from March 15, 2009. Interest rate - 0.13%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2009. Original amount - \$7,274,996.	6,872,043
Kaumualii Highway 12" Main Replacement, last installment 2029. Maturing serially from August 15, 2009. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$3,989,537.	3,802,136
Waha, Wawae and Niho Roads Main Replacement, last installment 2029. Maturing serially from August 15, 2009. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$1,844,718.	1,753,002
Kapilimao 0.5 MG Tank, last installment 2030. Maturing serially from January 15, 2010. Interest rate - 0.21%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2010. Original amount - \$3,588,913.	<u>3,547,585</u>
Total Component Unit	\$ <u>26,641,634</u>

Annual requirements to retire the component unit loans payable as of June 30, 2011, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,586,000	\$ 949,000	\$ 2,535,000
2013	1,590,000	894,000	2,484,000
2014	1,596,000	836,000	2,432,000
2015	1,603,000	777,000	2,380,000
2016	1,610,000	718,000	2,328,000
2017-2021	8,150,000	2,992,000	11,142,000
2022-2026	7,225,000	1,261,000	8,486,000
2027-2030	<u>3,281,634</u>	<u>219,000</u>	<u>3,500,634</u>
Totals	\$ <u>26,641,634</u>	\$ <u>8,646,000</u>	\$ <u>35,287,634</u>



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 11 - EMPLOYEE BENEFIT PLANS**

***Pension***

Substantially all eligible employees of the County (including the Department) are members of the Employees' Retirement System of the State of Hawai'i (ERS), a cost-sharing, multiple-employer defined benefit pension plan. The ERS provides retirement benefits, as well as, death, and disability benefits. HRS Section 88 establishes or amends benefit provisions. Prior to June 30, 1984, the plan consisted of only a contributory option. In 1984, legislation was enacted to add a new noncontributory option for members of the ERS who are also covered under Social Security. Persons employed in positions not covered by Social Security are precluded from the noncontributory option. The noncontributory option provides for reduced benefits and covers most eligible employees hired after June 30, 1984. Employees hired before that date were allowed to continue under the contributory option or to elect the new 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.



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

The County's (including the Department's) payroll for employees covered by the plan for the fiscal year ended June 30, 2011, was approximately \$67.8 million. The County is required to contribute an actuarially determined amount to the ERS. Contributions made to the ERS by the County, and employees for the fiscal year ended June 30, 2011, were approximately \$10.9 million and \$4.4 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 2011, 2010, and 2009 were approximately \$10.9 million, \$10.7 million, and \$10.6 million, respectively. Contributions for fiscal years 2011, 2010 and 2009 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 Hawaii  
201 Merchant Street, Suite 1400  
Honolulu, Hawaii 96813

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

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

***Basis of Accounting***

The financial statements of the ERS are prepared using the accrual basis of accounting. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

***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



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 11 - EMPLOYEE BENEFIT PLANS (Continued)**

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**  
**JUNE 30, 2011**

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

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

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

***Funding Policy***

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

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

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



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

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

***Annual OPEB Cost***

The County's annual OPEB cost for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters in GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The net OPEB obligation is determined based upon current year contributions and any short-term differences which are amounts that will be contributed within one year or the next actuarial determination date. At June 30, 2011, the County's post-retirement payable of \$10,995,965 is considered a short-term difference and has been included in the respective annual OPEB contributions. At June 30, 2011, the Department's post-retirement payable of \$845,959 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 and the net OPEB liability.

County:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2009	\$ 11,510,000	100.0%	\$ --
2010	\$ 11,926,000	100.0%	\$ --
2011	\$ 16,483,000	100.0%	\$ --

Department:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2009	\$ 728,000	100.0%	\$ --
2010	\$ 755,000	100.9%	\$ (7,000)
2011	\$ 1,072,000	104.0%	\$ (50,182)

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

***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:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ 13,493,000	\$ 207,039,000	\$ 193,546,000	7%	\$ 65,885,000	294%

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:

	County
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



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)**

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

	<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>1,794</u>	<u>108</u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

***Claims and Judgments***

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains certain comprehensive general liability and property insurance, public official and law enforcement liability insurance, and excess auto liability insurance for claims. It is the opinion of management and legal counsel that such claims and lawsuits are either covered by the County's insurance policies, if they should exceed the County's retained risk, or are recorded in the government-wide financial statements. There was no reduction in insurance coverage during the year from coverage in the prior year. During the past four fiscal years, the amount of settlements in cases covered by insurance have not exceeded the insurance coverage. The County is substantially self-insured for its vehicles as well as for all other perils including workers' compensation and general liability below \$500,000. Claims against the County are paid out of the General Fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities, including IBNR, are based on the estimated ultimate cost of settling the claims, and include incremental costs for the hiring of special counsel and expert witnesses. Claims liabilities are estimated on a case-by-case review of all claims and the application of historical experience to outstanding claims. Estimates of IBNR are based on historical experience. The liability for claims and judgments is reported on the government-wide *Statement of Net Assets*. At June 30, 2011, the amount of this liability was approximately \$7.6 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2010, are given below:



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)**

<u>Fiscal Year</u>	<u>Liability at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments and Adjustments</u>	<u>Liability at End of Year</u>
2010	\$ 11,214,061	\$ 2,724,332	\$ (5,651,688)	\$ 8,286,705
2011	\$ 8,286,705	\$ 2,045,481	\$ (2,723,496)	\$ 7,608,690

***Purchase Commitments***

The outstanding portion of contractual commitments for capital projects, supplies, and other expenditures at June 30, 2011, was approximately \$24.2 million. Contractual commitments are generally reflected in the governmental fund financial statements as committed fund balance.

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

GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, which is based on the October 9, 1991 United States Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria," establishes closure requirements for all municipal solid waste landfills that receive waste after October 9, 1991. In accordance with GASB Statement No. 18, the County estimates in advance the total cost of closure and post-closure care during the life of those landfills rather than after their closings. Federal and State laws and regulations require the County to place final covers on certain landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Annual additions to the liability for closure and post-closure care costs are based on landfill capacity used as of each balance sheet date.

The County has three landfill sites - Kekaha Landfill Phases I and II, and Halehaka Landfill. The County has closed the Kekaha Landfill Phase I and Halehaka Landfill. The County estimates the closure costs for the Kekaha Landfill Phase II to be approximately \$8.9 million based on estimates provided by project engineers. At June 30, 2011, approximately 85% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately three and a half years.

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 \$18.6 million, which may change due to inflation, technology or applicable laws or regulations. This amount is fully accrued in the government-wide financial statements.



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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, 2011, the County has collected approximately \$7.2 million in tipping fees and a portion of this amount is included in the Solid Waste Fund. As of June 30, 2011, the County met applicable financial assurance requirements specified in 40 CFR Section 258.

The County is currently in the design phase of the lateral expansion of the Kekaha Landfill Lateral Expansion, Cell II. Upon completion, it is anticipated to extend the life of the Kekaha Landfill by an additional 3.2 years. Cell II of the lateral expansion will provide additional capacity for waste by the construction of a baseliner and leachate collection system in the area between Phase I and Phase II, further extending the landfill footprint. Department of Public Works, Solid Waste Division has identified additional options to further extend the life of Kekaha Landfill and is currently investigating the feasibility of those options.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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			Other Governmental Funds	Total
	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	Grants Capital Improvement	General Capital Improvement	Bond		
<b>Fund Balances:</b>									
<b>Nonspendable:</b>									
Prepays	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 552,754	\$ 552,754
Loans receivable	--	2,885,009	--	--	--	--	--	--	2,885,009
<b>Total - Nonspendable</b>	<u>--</u>	<u>2,885,009</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>552,754</u>	<u>3,437,763</u>
<b>Restricted:</b>									
Debt service reserve	--	--	--	--	--	--	--	4,131,425	4,131,425
Landfill closure and post closure costs	490,000	--	7,211,661	--	--	--	--	--	7,701,661
<b>Total - Restricted</b>	<u>490,000</u>	<u>--</u>	<u>7,211,661</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,131,425</u>	<u>11,833,086</u>
<b>Committed:</b>									
General government	3,369,266	--	--	--	--	1,801,001	96,785	338,000	5,605,052
Public safety	939,468	--	--	--	--	--	--	31,138	970,606
Public works	603,556	--	--	--	--	270,226	6,156,036	454	7,030,272
Highways and streets	--	--	--	--	--	435,472	207,907	656,453	1,299,832
Sanitation	--	--	2,532,921	--	--	711,000	3,358,012	--	6,601,933
Culture and recreation	157,329	--	--	--	--	330,166	1,425,140	204,279	2,116,914
Public welfare	341,984	110,517	--	--	--	--	100,353	27,524	580,378
<b>Total - Committed</b>	<u>5,411,603</u>	<u>110,517</u>	<u>2,532,921</u>	<u>--</u>	<u>--</u>	<u>3,547,865</u>	<u>11,344,233</u>	<u>1,257,848</u>	<u>24,204,987</u>
<b>Assigned:</b>									
Balancing future budget shortfalls	47,619,311	2,118,601	1,996,946	--	--	--	--	1,875,150	53,610,008
Self insurance provisions	3,743,480	--	--	--	--	--	--	--	3,743,480
Capital improvement projects	--	--	--	--	--	11,110,990	59,651,840	17,024,290	87,787,120
Other purposes	--	--	--	--	--	--	--	6,979,368	6,979,368
<b>Total - Assigned</b>	<u>51,362,791</u>	<u>2,118,601</u>	<u>1,996,946</u>	<u>--</u>	<u>--</u>	<u>11,110,990</u>	<u>59,651,840</u>	<u>25,878,808</u>	<u>152,119,976</u>
<b>Unassigned:</b>	--	--	--	--	--	--	--	--	--
<b>Total Fund Balances</b>	<u>\$ 57,264,394</u>	<u>\$ 5,114,127</u>	<u>\$ 11,741,528</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,658,855</u>	<u>\$ 70,996,073</u>	<u>\$ 31,820,835</u>	<u>\$ 191,595,812</u>



**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 Hawaii 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 \$944,000 for the fiscal year ended June 30, 2011.

**NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING**

GASB has issued the following Statements applicable to the County:

- *Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements*, which will be effective for years beginning after December 15, 2011. This Statement improves financial reporting by addressing issues related to service concession arrangements. The County does not expect this Statement will have a material effect on its financial statements.
- *Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, which will be effective for years beginning after June 15, 2012. This Statement modifies certain requirements for inclusion of Component Units in the financial reporting entity. The County is currently evaluating the impact that GASB No. 61 will have on its financial statements.
- *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is effective for reporting periods beginning after December 15, 2011. The objective of this Statement is to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The County does not expect that this will have a material effect on its financial statements.

**COUNTY OF KAUAI, HAWAII**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 18 - NEW PRONOUNCEMENTS FOR FINANCIAL REPORTING (Continued)**

- Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which will become effective for financial statements for periods beginning after December 15, 2011. Statement No. 63 provides financial statement presentation guidance for these elements; however, it does not identify any additional items that should be recognized within these element classifications. Statement No. 63 only will apply to items that have been specifically identified by GASB as deferred outflows of resources or deferred inflows of resources. The County does not expect that this Statement will have a material effect on its financial statements.
- Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*, which will become effective for financial statements for periods beginning after June 15, 2011. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The County does not expect that this Statement will have a material effect on its financial statements.

**NOTE 19 - SUBSEQUENT EVENTS**

Only July 7, 2011, the County issued approximately \$26.1 million of Series 2011A general obligation bonds. The proceeds from the bonds will be utilized to defease Series 2001A general obligation debt. The Department's share of this issue approximated \$5.13 million.



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

COUNTY OF KAUAI, HAWAII  
SCHEDULE OF FUNDING PROGRESS  
FOR THE EUTF HEALTH PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$-0-	\$131,138,000	\$131,138,000	0%	\$57,779,000	227%
7/1/2009	\$13,493,000	\$207,039,000	\$193,546,000	7%	\$65,885,000	294%



OTHER SUPPLEMENTARY INFORMATION

**COUNTY OF KAUAI, HAWAII  
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Special Revenue Funds**

**Highway Fund**

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

**Liquor Fund**

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

**Beautification Fund**

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

**Criminal Assets Forfeiture Fund**

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

**Plans and Permits Revolving Fund**

Accounts for monies collected from new permits and penalties.

**Section 8 Fund**

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

**State Grants Fund**

Accounts for expenditures of state and county grants.

**Public Access Fund**

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

**Park Maintenance and Improvements Fund**

Accounts for monies collected and expended for parks.



**COUNTY OF KAUAI, HAWAII  
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES  
(CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Debt Service Fund**

**Debt Service Fund**

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

**Capital Projects Funds**

**Parks and Playground Capital Improvement Fund**

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

**Sewer Trust Fund**

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

**Development Capital Improvement Fund**

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

**Bikeway Capital Improvement Fund**

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

**Special State Capital Improvement Fund**

Accounts for the costs of capital projects financed by State of Hawai'i grants-in-aid to Counties. There was no activity in this fund during fiscal year ended June 30, 2011.

**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.

COUNTY OF KAUAI, HAWAII  
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES  
(CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Fiduciary Funds**

**Trust and Agency Fund**

Accounts for the collection and payment to other governments of monies collected by the County on behalf of the other governments. Monies consist primarily of the collection of State of Hawaii motor vehicle weight taxes.

**Treasury Trust Fund**

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

**Real Property Trust Fund**

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



**COUNTY OF KAUAI, HAWAII**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance And Improvements	Debt Service Fund
<b>Assets:</b>										
Cash and cash equivalents	\$ 736,872	\$ 71,746	\$ 679,498	\$ 97,118	\$ 154,840	\$ 1,603,760	\$ 245,617	\$ 1,198,445	\$ 1,665,648	\$ 1,732,235
Investments	3,708,894	909,367	--	950,488	--	--	--	--	--	--
Accounts receivable, net	--	--	--	--	--	2,597	930,762	--	--	--
Interest receivable	12,617	4,713	--	3,901	--	--	--	--	--	--
Due from other funds	1,034	--	--	--	--	--	20,988	--	--	3,343,677
Due from other governments	276,140	--	--	--	--	--	419,384	--	--	--
Loans receivable	--	--	--	--	--	26,271	--	--	--	--
Prepaid items	--	--	--	--	--	478,302	--	--	--	--
<b>Total Assets</b>	<b>4,735,557</b>	<b>985,826</b>	<b>679,498</b>	<b>1,051,507</b>	<b>154,840</b>	<b>2,110,930</b>	<b>1,616,751</b>	<b>1,198,445</b>	<b>1,665,648</b>	<b>5,075,912</b>
<b>Liabilities:</b>										
Accounts payable	536,645	40,589	350,000	--	4,627	49,669	198,204	439	7,480	--
Retainage payable	--	--	--	--	--	--	4,634	--	--	--
Due to other funds	650,000	180,000	--	--	--	--	3	--	--	970,758
Due to customers	--	--	--	--	--	186,031	--	--	--	--
Due to other governments	--	--	--	--	--	323,952	--	--	--	--
Deferred revenue	--	97,344	--	--	--	--	1,413,910	--	--	--
<b>Total Liabilities</b>	<b>1,186,645</b>	<b>317,933</b>	<b>350,000</b>	<b>--</b>	<b>4,627</b>	<b>539,652</b>	<b>1,616,751</b>	<b>439</b>	<b>7,480</b>	<b>970,758</b>
<b>Fund Balance:</b>										
Nonspendable	--	74,452	--	--	--	478,302	--	--	--	--
Restricted	--	--	--	--	--	26,271	--	--	--	4,105,154
Committed	537,572	231	--	30,907	454	27,524	--	--	145,244	--
Assigned	3,011,340	593,210	329,498	1,020,600	149,759	1,039,181	--	1,198,006	1,512,924	--
<b>Total Fund Balances</b>	<b>3,548,912</b>	<b>667,893</b>	<b>329,498</b>	<b>1,051,507</b>	<b>150,213</b>	<b>1,571,278</b>	<b>--</b>	<b>1,198,006</b>	<b>1,658,168</b>	<b>4,105,154</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,735,557</b>	<b>\$ 985,826</b>	<b>\$ 679,498</b>	<b>\$ 1,051,507</b>	<b>\$ 154,840</b>	<b>\$ 2,110,930</b>	<b>\$ 1,616,751</b>	<b>\$ 1,198,445</b>	<b>\$ 1,665,648</b>	<b>\$ 5,075,912</b>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2011**

	Capital Projects Funds						
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Open Space Capital Improvement	Total Non-major Governmental Funds
<b>Assets:</b>							
Cash	\$ 1,062,566	\$ 1,222,234	\$ 184,500	\$ 129,747	\$ 6,321,186	\$ --	\$ 17,106,012
Investments	6,875,499	--	1,959,543	--	--	--	14,403,791
Accounts receivable, net	--	--	--	--	--	--	933,359
Interest receivable	21,203	--	10,515	--	--	--	52,949
Due from other funds	19	--	--	--	--	--	3,365,718
Due from other governments	--	--	--	--	--	--	695,524
Loans receivable	--	--	--	--	--	--	26,271
Prepaid items	--	--	--	--	--	--	478,302
<b>Total Assets</b>	<u>7,959,287</u>	<u>1,222,234</u>	<u>2,154,558</u>	<u>129,747</u>	<u>6,321,186</u>	<u>--</u>	<u>37,061,926</u>
<b>Liabilities:</b>							
Accounts payable	5,552	--	--	--	9,048	--	1,202,253
Retainage payable	--	--	2,027	--	230,179	--	236,840
Due to other funds	--	--	--	--	--	--	1,800,761
Due to customers	--	--	--	--	--	--	166,031
Due to other governments	--	--	--	--	--	--	323,952
Deferred revenue	--	--	--	--	--	--	1,511,254
<b>Total Liabilities</b>	<u>5,552</u>	<u>--</u>	<u>2,027</u>	<u>--</u>	<u>239,227</u>	<u>--</u>	<u>5,241,091</u>
<b>Fund Balance:</b>							
Nonspendable	--	--	--	--	--	--	552,754
Restricted	--	--	--	--	--	--	4,131,425
Committed	59,035	--	338,000	--	118,881	--	1,257,848
Assigned	7,894,700	1,222,234	1,814,531	129,747	5,963,078	--	25,878,808
<b>Total Fund Balances</b>	<u>7,953,735</u>	<u>1,222,234</u>	<u>2,152,531</u>	<u>129,747</u>	<u>6,081,959</u>	<u>--</u>	<u>31,820,835</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,959,287</u>	<u>\$ 1,222,234</u>	<u>\$ 2,154,558</u>	<u>\$ 129,747</u>	<u>\$ 6,321,186</u>	<u>\$ --</u>	<u>\$ 37,061,926</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, 2011**

	Special Revenue Funds									
	Highway	Liquor	Beautification	Criminal Assets	Plans and Permits	Section 8	State Grants	Public Access	Park Maintenance And Improvements	Debt Service Fund
Revenues:										
Taxes	\$ 8,065,325	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	4,144,972	879,252	348,003	--	165,297	--	--	--	--	--
Rents and concessions	--	--	--	--	--	--	--	--	446,017	--
Interest	100,749	51,100	--	48,107	--	1,352	--	1,970	--	--
Intergovernmental revenues	23,429	--	--	--	--	7,594,024	3,953,963	--	--	--
Charges for current services	--	--	--	--	--	--	--	--	--	--
Miscellaneous	696	19,721	--	38,457	--	107,138	--	--	--	--
Total Revenues	<u>12,335,171</u>	<u>950,073</u>	<u>348,003</u>	<u>86,564</u>	<u>165,297</u>	<u>7,702,514</u>	<u>3,953,963</u>	<u>1,970</u>	<u>446,017</u>	<u>--</u>
Expenditures:										
General government	--	--	--	--	--	--	1,096,768	10,206	--	--
Public safety	--	1,287,116	--	26,055	--	--	1,109,304	--	--	--
Public works	--	--	--	--	187,131	--	--	--	--	--
Highways and streets	9,748,272	--	350,000	--	--	--	--	--	--	--
Sanitation	--	--	--	--	--	--	332,020	--	--	--
Culture and recreation	--	--	--	--	--	--	77,460	--	39,472	--
Public welfare	--	--	--	--	--	6,931,866	525,500	--	--	--
Capital outlay	95,363	--	--	--	--	--	812,911	--	--	--
Debt Service:										
Principal	482,093	--	--	--	--	--	--	--	--	3,855,000
Interest and debt issuance cost	28,939	--	--	--	--	--	--	--	--	5,788,069
Total Expenditures	<u>10,354,867</u>	<u>1,287,116</u>	<u>350,000</u>	<u>26,055</u>	<u>187,131</u>	<u>6,931,866</u>	<u>3,953,963</u>	<u>10,206</u>	<u>39,472</u>	<u>9,623,069</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,980,484</u>	<u>(337,043)</u>	<u>(1,997)</u>	<u>60,509</u>	<u>(21,834)</u>	<u>770,648</u>	<u>--</u>	<u>(8,236)</u>	<u>406,545</u>	<u>(9,623,069)</u>
Other Financing Sources (Uses):										
Proceeds from capital leases	--	--	--	--	--	--	--	--	--	--
Operating transfers in	--	--	--	--	--	--	--	407,350	--	8,503,646
Operating transfers out	(2,000,000)	--	--	--	--	--	--	--	--	(1,425,512)
Total Other Financing Sources (Uses)	<u>(2,000,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>407,350</u>	<u>--</u>	<u>7,078,134</u>
Net Change in Fund Balances	<u>(19,516)</u>	<u>(337,043)</u>	<u>(1,997)</u>	<u>60,509</u>	<u>(21,834)</u>	<u>770,648</u>	<u>--</u>	<u>399,114</u>	<u>406,545</u>	<u>(2,544,935)</u>
Fund Balance - Beginning of Year July 1, 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>
Fund Balance - End of Year June 30, 2011	<u>\$ 3,548,912</u>	<u>\$ 667,893</u>	<u>\$ 329,498</u>	<u>\$ 1,051,507</u>	<u>\$ 150,213</u>	<u>\$ 1,571,278</u>	<u>\$ --</u>	<u>\$ 1,198,006</u>	<u>\$ 1,658,168</u>	<u>\$ 4,105,154</u>

**COUNTY OF KAUAI, HAWAII**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Capital Projects Funds						Total Non-major Governmental Funds
	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Open Space Capital Improvement	
Revenues:							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,065,325
Licenses and permits	--	--	--	41,680	--	--	5,579,204
Rents and concessions	--	--	--	--	--	--	446,017
Interest	179,409	--	54,058	--	--	--	436,745
Intergovernmental revenues	--	--	--	--	--	--	11,571,416
Charges for current services	--	--	--	--	--	--	--
Miscellaneous	1,322,177	--	72,498	--	--	--	1,560,687
Total Revenues	<u>1,501,586</u>	<u>--</u>	<u>126,556</u>	<u>41,680</u>	<u>--</u>	<u>--</u>	<u>27,659,394</u>
Expenditures:							
General government	--	--	62,000	--	--	--	1,168,974
Public safety	--	--	--	--	--	--	2,422,475
Public works	--	--	--	--	--	--	187,131
Highways and streets	--	--	--	--	2,707,506	--	12,805,778
Sanitation	--	9,868	--	--	--	--	341,888
Culture and recreation	16,937	--	--	--	--	--	133,869
Public welfare	--	--	--	--	--	--	7,457,366
Capital outlay	506,854	--	--	--	14,454	1,850,000	3,279,602
Debt Service:							
Principal	--	--	--	--	--	--	4,337,093
Interest and debt issuance cost	--	--	--	--	--	--	5,797,008
Total Expenditures	<u>523,791</u>	<u>9,868</u>	<u>62,000</u>	<u>--</u>	<u>2,721,960</u>	<u>1,850,000</u>	<u>37,931,184</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>977,795</u>	<u>(9,868)</u>	<u>64,556</u>	<u>41,680</u>	<u>(2,721,960)</u>	<u>(1,850,000)</u>	<u>(10,271,790)</u>
Other Financing Sources (Uses):							
Proceeds from capital leases	--	--	--	--	--	--	--
Operating transfers in	--	--	--	--	2,000,000	--	10,910,996
Operating transfers out	--	--	--	--	--	--	(3,425,512)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,000,000</u>	<u>--</u>	<u>7,485,484</u>
Net Change in Fund Balances	977,795	(9,868)	64,556	41,680	(721,960)	(1,850,000)	(2,786,306)
Fund Balance - Beginning of Year July 1, 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>
Fund Balance - End of Year June 30, 2011	\$ <u>7,953,735</u>	\$ <u>1,222,234</u>	\$ <u>2,152,531</u>	\$ <u>129,747</u>	\$ <u>6,081,959</u>	\$ <u>--</u>	\$ <u>31,820,835</u>



**COUNTY OF KAUAI, HAWAII**  
**AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
<b>Trust and Agency Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>652,302</u>	\$ <u>4,486,945</u>	\$ <u>4,394,054</u>	\$ <u>745,193</u>
Total Assets	\$ <u>652,302</u>	\$ <u>4,486,945</u>	\$ <u>4,394,054</u>	\$ <u>745,193</u>
Liabilities:				
Due to other governments	\$ <u>652,302</u>	\$ <u>4,486,945</u>	\$ <u>4,394,054</u>	\$ <u>745,193</u>
Total Liabilities	\$ <u>652,302</u>	\$ <u>4,486,945</u>	\$ <u>4,394,054</u>	\$ <u>745,193</u>
<b>Treasury Trust Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,401,795</u>	\$ <u>983,454</u>	\$ <u>1,209,491</u>	\$ <u>1,175,758</u>
Total Assets	\$ <u>1,401,795</u>	\$ <u>983,454</u>	\$ <u>1,209,491</u>	\$ <u>1,175,758</u>
Liabilities:				
Customer deposits	\$ <u>1,401,795</u>	\$ <u>1,038,519</u>	\$ <u>1,264,556</u>	\$ <u>1,175,758</u>
Total Liabilities	\$ <u>1,401,795</u>	\$ <u>1,038,519</u>	\$ <u>1,264,556</u>	\$ <u>1,175,758</u>
<b>Real Property Trust Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>714,293</u>	\$ <u>2,111,334</u>	\$ <u>1,527,858</u>	\$ <u>1,297,769</u>
Total Assets	\$ <u>714,293</u>	\$ <u>2,111,334</u>	\$ <u>1,527,858</u>	\$ <u>1,297,769</u>
Liabilities:				
Customer deposits	\$ <u>714,293</u>	\$ <u>2,111,334</u>	\$ <u>1,527,858</u>	\$ <u>1,297,769</u>
Total Liabilities	\$ <u>714,293</u>	\$ <u>2,111,334</u>	\$ <u>1,527,858</u>	\$ <u>1,297,769</u>
<b>Total - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>2,768,390</u>	\$ <u>7,581,733</u>	\$ <u>7,131,403</u>	\$ <u>3,218,720</u>
Total Assets	\$ <u>2,768,390</u>	\$ <u>7,581,733</u>	\$ <u>7,131,403</u>	\$ <u>3,218,720</u>
Liabilities:				
Customer deposits	\$ <u>2,116,088</u>	\$ <u>3,149,853</u>	\$ <u>2,792,414</u>	\$ <u>2,473,527</u>
Due to other governments	<u>652,302</u>	<u>4,486,945</u>	<u>4,394,054</u>	<u>745,193</u>
Total Liabilities	\$ <u>2,768,390</u>	\$ <u>7,636,798</u>	\$ <u>7,186,468</u>	\$ <u>3,218,720</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 FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
<b>Revenues:</b>						
<b>Taxes:</b>						
Utility franchise tax	\$ 3,350,000	\$ 3,350,000	\$ 3,901,854	\$ -	\$ 3,901,854	\$ 551,854
Fuel tax	3,800,000	3,800,000	4,163,471	-	4,163,471	363,471
<b>Total Taxes</b>	<b>7,150,000</b>	<b>7,150,000</b>	<b>8,065,325</b>	<b>-</b>	<b>8,065,325</b>	<b>915,325</b>
<b>Licenses and Permits:</b>						
Motor vehicle weight tax	3,860,000	3,860,000	4,144,972	-	4,144,972	284,972
Interest	75,000	75,000	100,749	-	100,749	25,749
Intergovernmental revenues	35,000	35,000	23,429	-	23,429	(11,571)
Other	-	-	696	-	696	696
<b>Total Revenues</b>	<b>11,120,000</b>	<b>11,120,000</b>	<b>12,335,171</b>	<b>-</b>	<b>12,335,171</b>	<b>1,215,171</b>
<b>Expenditures:</b>						
<b>Highways and Streets-Road Maintenance:</b>						
Administration	4,879	4,879	3,342	-	3,342	1,537
Administration - salaries and overtime	207,319	242,434	230,917	-	230,917	11,517
Hanalei baseyard	139,181	137,581	107,870	23,112	130,982	6,599
Hanalei baseyard - salaries and overtime	1,025,341	1,063,431	1,008,479	-	1,008,479	54,952
Kapa'a baseyard	149,606	150,606	65,501	60,998	126,499	24,107
Kapa'a baseyard - salaries and overtime	1,109,812	1,122,427	1,086,231	-	1,086,231	36,196
Hanalei baseyard	69,821	70,421	58,357	6,612	64,969	5,452
Hanalei baseyard - salaries and overtime	566,189	598,184	571,854	-	571,854	26,330
Road signs and marking	147,998	78,998	75,680	3,154	78,834	164
Road signs and marking - salaries and overtime	189,645	211,055	190,274	-	190,274	20,781
Auto maintenance and motor pool (AMMP)	1,666,527	1,666,529	1,326,840	120,343	1,447,183	219,346
AMMP - salaries and overtime	979,401	942,921	925,396	-	925,396	17,525
Maintenance - street lights	993,000	1,062,000	1,061,814	-	1,061,814	186
Equipment	114,940	114,940	1,781	101,948	103,729	11,211
Capital leases	785,878	785,879	511,032	219,160	730,192	55,687
Social security taxes	311,000	325,940	285,861	-	285,861	40,079
Public employees' health fund	511,013	513,013	441,348	-	441,348	71,665
Public employees' other post employment benefits	975,690	1,028,590	962,731	-	962,731	65,859
Workers' compensation	70,006	156,556	103,968	-	103,968	52,588
Unemployment compensation	15,000	15,200	67	-	67	15,133
Employees' retirement system	609,800	639,895	603,491	-	603,491	36,404
Collective bargaining raises	26,020	26,020	14,210	2,245	16,455	9,565
Vacation pay	178,877	178,877	65,588	-	65,588	113,289
Central services cost	650,000	650,000	650,000	-	650,000	-
Highway administrative overhead	505,400	505,400	2,055	-	2,055	503,345
<b>Total Expenditures - Highways and Streets - Road Maintenance</b>	<b>12,002,343</b>	<b>12,291,776</b>	<b>10,354,687</b>	<b>537,572</b>	<b>10,892,259</b>	<b>1,399,517</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (882,343)</b>	<b>\$ (1,171,776)</b>	<b>\$ 1,980,484</b>	<b>\$ (537,572)</b>	<b>\$ 1,442,912</b>	<b>\$ 2,614,688</b>



**COUNTY OF KAUAI, HAWAII**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	Encumbrances	Non-GAAP	
	(Note A)		(Note B)			
Other Financing Sources (Uses):						
Transfers out	\$ (2,000,000)	\$ (2,000,000)	\$ (2,000,000)	\$ -	\$ (2,000,000)	\$ -
Total Other Financing Sources (Uses)	(2,000,000)	(2,000,000)	(2,000,000)	-	(2,000,000)	-
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures (Note C)	\$ (2,882,343)	\$ (3,171,776)	(19,516)	\$ (537,572)	\$ (557,068)	\$ 2,614,688
Fund Balance - Beginning of Year July 1, 2010			3,568,428			
Fund Balance - End of Year June 30, 2011			\$ 3,548,912			

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

**COUNTY OF KAUAI, HAWAII**  
**LIQUOR FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	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	\$ 879,252	\$ -	\$ 879,252	\$ (155,623)
Interest	1,000	1,000	51,100	-	51,100	50,100
Miscellaneous	-	-	19,721	-	19,721	19,721
Total Revenues	1,035,875	1,035,875	950,073	-	950,073	(85,802)
Expenditures - Public Safety:						
Salaries and wages	466,754	488,784	388,433	-	388,433	100,351
Social security taxes	35,700	37,385	28,189	-	28,189	9,196
Public employees' health fund	32,100	32,100	36,220	-	36,220	(4,120)
Workers' compensation	10,001	10,001	-	-	-	10,001
Unemployment compensation	5,000	5,000	-	-	-	5,000
Employees' retirement system	70,010	73,310	54,785	-	54,785	18,525
Employees' other post employment benefits	112,020	117,305	87,655	-	87,655	29,650
Claims and judgments	-	450,000	450,000	-	450,000	-
Other expenses	121,073	121,073	33,543	-	33,543	87,530
Equipment	3,619	3,619	2,933	231	3,164	455
Travel	75,635	75,635	21,480	-	21,480	54,155
Indirect cost	188,000	188,000	183,878	-	183,878	4,122
Total Expenditures - Public Safety	1,119,912	1,602,212	1,287,116	231	1,287,347	314,865
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (84,037)	\$ (566,337)	(337,043)	\$ 231	\$ (337,274)	\$ 229,063
Fund Balance - Beginning of Year July 1, 2010			1,004,936			
Fund Balance - End of Year June 30, 2011			\$ 667,893			

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Licenses and permits	\$ 302,660	\$ 302,660	\$ 348,003	\$ -	\$ 348,003	\$ 45,343
Total Revenues	302,660	302,660	348,003	-	348,003	45,343
Expenditures - Highways and Streets:						
Disposal of abandoned vehicles	350,000	350,000	350,000	-	350,000	-
Beautification projects	102,660	102,660	-	-	-	102,660
Total Expenditures - Highways and Streets	452,660	452,660	350,000	-	350,000	102,660
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (150,000)	\$ (150,000)	(1,997)	\$ -	\$ (1,997)	\$ 148,003
Fund Balance - Beginning of Year July 1, 2010			331,495			
Fund Balance - End of Year June 30, 2011			\$ 329,498			

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 FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts (Note B)	Budgetary Basis		Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final		Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ -	\$ -	\$ 48,107	\$ -	\$ 48,107	\$ 48,107
Miscellaneous	-	-	38,457	-	38,457	38,457
Total Revenues	-	-	86,564	-	86,564	86,564
Expenditures - Public Safety:						
Police special fund	417,500	417,500	26,055	30,907	56,962	360,538
Total Expenditures - Public Safety	417,500	417,500	26,055	30,907	56,962	360,538
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (417,500)	\$ (417,500)	60,509	\$ (30,907)	\$ 29,602	\$ 447,102
Fund Balance - Beginning of Year July 1, 2010			990,968			
Fund Balance - End of Year June 30, 2011			\$ 1,051,507			

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



**COUNTY OF KAUAI, HAWAII**  
**PUBLIC ACCESS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ -	\$ -	\$ 1,970	\$ -	\$ 1,970	\$ 1,970
Total Revenues	-	-	1,970	-	1,970	1,970
Expenditures - General Government:						
Special projects	409,879	409,879	10,206	-	10,206	399,673
Total Expenditures - General Government	409,879	409,879	10,206	-	10,206	399,673
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (409,879)	\$ (409,879)	\$ (8,236)	\$ -	\$ (8,236)	\$ 401,643
Other Financing Sources (Uses):						
Transfers in	407,350	407,350	407,350	-	407,350	-
Total Other Financing Sources (Uses)	407,350	407,350	407,350	-	407,350	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note	\$ (2,529)	\$ (2,529)	399,114	\$ -	\$ 399,114	\$ 401,643
Fund Balance - Beginning of Year July 1, 2010			798,892			
Fund Balance - End of Year June 30, 2011			\$ 1,198,006			

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 AND PLAYGROUND CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
<b>Revenues:</b>							
Interest	--	\$ --	\$ 179,409	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	1,322,177	--	--	--	--
Total Revenues		--	1,501,586	--	--	--	--
<b>Expenditures:</b>							
<b>Waimea District:</b>							
Park Improvements and Equipment	W95387	48,767	5,242	54,009	--	54,009	--
Park Improvement Grants, Waimea District	W96073	36,500	11,565	48,065	--	56,095	8,030
Total Waimea District		85,267	16,807	102,074	--	110,104	8,030
<b>Kōloa District:</b>							
Kalāheo Neighborhood Center Gym Floor	W08018	100,000	--	100,000	--	100,000	--
Omao Park Playground Equipment	W08019	--	30,806	30,806	--	50,000	19,194
Ele'ele Nani Park Improvements	W91083	107,935	--	107,935	--	145,000	37,065
Park Improvements and Equipment	W93086	285,499	--	285,499	--	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	30,806	585,127	--	759,750	174,623
<b>Līhu'e District:</b>							
Puhi Park Playground Equipment	W08020	--	100,000	100,000	--	100,000	--
Park Improvements and Equipment	W93100	145,656	--	145,656	15,138	199,309	38,515
Park Improvement Grant, Līhu'e District	W96102	27,685	--	27,685	--	55,800	28,115
Total Līhu'e District		173,341	100,000	273,341	15,138	355,109	66,630
<b>Kawaihau District:</b>							
Hockey Rink (Grant)	W08021	--	--	--	--	15,700	15,700
ADA Improvements Papaloa/Waipouli	W08022	--	--	--	--	100,000	100,000
Park Improvements and 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 AND PLAYGROUND CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	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	\$ 18,578	\$ 32,366	\$ 35,397	\$ 567,763	\$ 500,000
Anahola Clubhouse Improvements	R10019	—	—	—	—	30,000	30,000
Black Pot Expansion	R10018	—	350,000	350,000	—	350,000	—
Project Contingency, Hanalei District	W91124	—	—	—	—	813	813
North Shore Park Improvements	W92132	438,008	7,600	445,608	3,500	628,536	179,428
Park Improvements and Equipment	W93383	120,967	—	120,967	—	213,717	92,750
Park Improvement Grant, Hanalei District	W96134	5,750	—	5,750	—	35,750	30,000
Total Hanalei District		<u>578,513</u>	<u>376,178</u>	<u>954,691</u>	<u>38,897</u>	<u>1,826,579</u>	<u>832,991</u>
Total Expenditures		\$ <u>1,668,030</u>	<u>523,791</u>	\$ <u>2,191,821</u>	\$ <u>59,035</u>	\$ <u>3,669,184</u>	\$ <u>1,418,328</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			977,795				
Other Financing Sources:							
Transfers in			—				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			977,795				
Fund Balance - Beginning of Year, July 1, 2010			<u>6,975,940</u>				
Fund Balance - End of Year, June 30, 2011			\$ <u>7,953,735</u>				

**COUNTY OF KAUAI, HAWAII  
SEWER TRUST FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Facilities Reserve	W04398	999,012	--	999,012	--	2,000,000	1,000,988
Lihue Sewer System	W91376	366,338	--	366,338	--	426,208	59,870
Waimea Sewer System	W92374	78,557	--	78,557	--	84,852	6,295
Ele'ele-Hanalei Sewer System	W92375	383,012	9,868	392,880	--	393,180	300
Total Expenditures		<u>\$ 1,826,919</u>	<u>9,868</u>	<u>\$ 1,836,787</u>	<u>\$ --</u>	<u>\$ 2,904,240</u>	<u>\$ 1,067,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(9,868)				
Other Financing Sources:							
Transfers in			<u>--</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(9,868)				
Fund Balance - Beginning of Year, July 1, 2010			<u>1,232,102</u>				
Fund Balance - End of Year, June 30, 2011			<u>\$ 1,222,234</u>				



**COUNTY OF KAUAI, HAWAII  
DEVELOPMENT CAPITAL IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ 54,058	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	72,496	--	--	--	--
Total Revenues		--	126,556	--	--	--	--
Expenditures:							
MSWD Plan Update	W04150	300,000	--	300,000	--	300,000	--
Rubberized Track	W04158	248,000	--	248,000	--	248,000	--
ADA Title II Curb Cut	W05149	11,218	--	11,218	--	11,218	--
Project Contingency	W08002	--	--	--	--	35,568	35,568
Ag. Land Study/Mapping	Z09001	100,000	62,000	162,000	338,000	500,000	--
Total Expenditures		\$ 659,218	62,000	\$ 721,218	\$ 338,000	\$ 1,094,786	\$ 35,568
Excess (Deficiency) of Revenues Over (Under) Expenditures			64,556				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			64,556				
Fund Balance - Beginning of Year, July 1, 2010			2,087,975				
Fund Balance - End of Year, June 30, 2011			\$ 2,152,531				

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 FISCAL YEAR ENDED JUNE 30, 2011

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Licenses and permits	--	\$ --	\$ 41,680	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		--	41,680	--	--	--	--
Expenditures:							
Island Wide Bike/Pedestrian Path	W05182	70,208	--	70,208	--	112,785	42,577
Total Expenditures		\$ 70,208	--	\$ 70,208	\$ --	\$ 112,785	\$ 42,577
Excess (Deficiency) of Revenues Over (Under) Expenditures			41,680				
Other Financing Sources:							
Transfers in			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			41,680				
Fund Balance - Beginning of Year, July 1, 2010			88,067				
Fund Balance - End of Year, June 30, 2011			\$ 129,747				



**COUNTY OF KAUAI, HAWAII**  
**HIGHWAY CAPITAL IMPROVEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	-	-	-	-	-
Total Revenues		-	-	-	-	-	-
Expenditures:							
ADA Title II Curb Cut	W05367	8,408	-	8,408	-	8,408	-
Kapahi Bridge Replacement, Design	W05368	1,742	988	2,730	-	50,000	47,270
Oloheua Bridge	W05369	310,888	-	310,888	-	310,888	-
Kōloa Bypass Phase I (Matching)	W05399	5,061	-	5,061	-	5,061	-
Wawa'e Road Improvement	W06370	23,248	-	23,248	-	23,248	-
Koke'e Road Resurfacing-FHWA	W07006	26,145	2,196	28,341	-	50,000	21,659
Northern Leg Kōloa Western Bypass Road FHWA	W07007	-	-	-	-	400,000	400,000
Resurfacing Various Collector Roads FHWA	W07008	3,695	10,579	14,274	16,898	168,516	137,344
Pu'uopae Bridge-Design (County Match)	W10003	1,213	1,031	2,244	-	120,000	117,756
Island Wide Resurfacing	W91354	18,329,219	2,683,882	21,013,101	101,136	26,271,424	5,157,187
Omao Bridge	W94357	345,722	-	345,722	-	345,722	-
Maluhia, Po'ipū, Hardy Roads	W95360	1,914	-	1,914	-	1,914	-
Rice Street	W95386	354,070	-	354,070	-	354,070	-
Bridge Maintenance (County Match)	W96388	243,681	19,585	263,266	847	277,893	13,780
Speed Hump Program	W98364	70,740	3,699	74,439	-	142,523	68,084
Total Expenditures		\$ 19,725,746	2,721,960	\$ 22,447,706	\$ 118,881	\$ 28,529,667	\$ 5,963,080
Excess (Deficiency) of Revenues Over (Under) Expenditures			(2,721,960)				
Other Financing Sources:							
Transfers in			2,000,000				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(721,960)				
Fund Balance - Beginning of Year, July 1, 2010			6,803,919				
Fund Balance - End of Year, June 30, 2011			\$ 6,081,959				

**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 FISCAL YEAR ENDED JUNE 30, 2011**

	Project No.	Prior Years Expenditures	Current Year	Project-To- Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest	--	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues	--	--	--	--	--	--	--
Total Revenues		--	--	--	--	--	--
Expenditures:							
Black Pot Expansion	X09001	--	1,850,000	1,850,000	--	1,850,000	--
Total Expenditures		\$ --	1,850,000	\$ 1,850,000	\$ --	\$ 1,850,000	\$ --
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,850,000)				
Other Financing Sources:							
Transfers In			--				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(1,850,000)				
Fund Balance - Beginning of Year, July 1, 2010			1,850,000				
Fund Balance - End of Year, June 30, 2011			\$ --				



**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 FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Rents and Concessions:						
Pa'anau housing project	\$ 516,000	\$ 516,000	\$ 525,930	\$ -	\$ 525,930	\$ 9,930
Kalepa housing project	921,365	921,365	986,316	-	986,316	64,951
Other revenues	28,113	28,113	880,080	-	880,080	851,967
Total Revenues	1,465,478	1,465,478	2,392,326	-	2,392,326	926,848
Expenditures - Public Welfare:						
Revolving buy back account	1,764,880	1,764,880	4,857	-	4,857	1,760,023
Housing projects	-	-	-	-	-	-
Kalepa housing operating cost	922,598	934,795	730,875	-	730,875	203,920
Pa'anau housing operating cost	538,624	562,024	422,299	-	422,299	139,725
Revenue bond payments	215,162	228,638	218,638	-	218,638	10,000
Total Expenditures	3,441,264	3,490,337	1,376,669	-	1,376,669	2,113,668
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ (1,975,786)	\$ (2,024,859)	1,015,657	\$ -	\$ 1,015,657	\$ 3,040,516
Fund Balance - Beginning of Year July 1, 2010			5,416,703			
Fund Balance - End of Year June 30, 2011			\$ 6,432,360			

- Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances.  
Note B: Actual expenditures and revenues are reported on the modified accrual basis of accounting.  
Note C: Excess of expenditures over revenues is balanced with available fund balance.  
Note D: Public Enterprise Housing Fund is comprised of three (3) funds: Housing Revolving Fund, Kalepa Housing Fund, and Paanau Housing Fund.

**COUNTY OF KAUAI, HAWAII**  
**SEWER ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	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	\$ 33,670	\$ -	\$ 33,670	\$ (48,330)
Charges for Services:						
Sewer Charges:						
Residential	2,420,000	2,400,000	2,598,520	-	2,598,520	198,520
Commercial	3,762,000	3,750,000	3,865,813	-	3,865,813	115,813
Connection charge	-	-	400	-	400	400
Sludge disposal	50,000	50,000	176,655	-	176,655	126,655
Capacity assessment	185,000	185,000	35,100	-	35,100	(149,900)
Total Revenues	6,467,000	6,467,000	6,710,158	-	6,710,158	243,158
Other Financing Sources:						
Operating transfer from General Fund	-	-	-	-	-	-
Total Revenues and Other Financing Sources	6,467,000	6,467,000	6,710,158	-	6,710,158	243,158
Expenditures - Sanitation:						
Sanitation and Waste Removal:						
Salaries, including overtime	1,697,687	1,823,827	1,773,151	-	1,773,151	50,676
Vacation credit payout	43,296	7,796	861	-	861	6,935
Operational and administrative	2,280,250	2,260,250	2,006,830	51,413	2,058,243	202,007
Central services cost	350,000	350,000	350,000	-	350,000	-
Capital costs	144,279	144,279	34,994	82,845	117,839	26,440
SRF loan payments	1,972,131	1,999,131	1,993,496	-	1,993,496	5,635
FICA taxes	134,800	140,585	130,199	-	130,199	10,386
Public employees' health fund	151,790	154,790	153,533	-	153,533	1,257
Workers' compensation	30,001	27,001	11,983	-	11,983	15,018
Unemployment compensation	10,000	10,000	-	-	-	10,000
Pension contributions	264,300	275,645	268,768	-	268,768	6,877
Other employee benefits	-	-	-	-	-	-
Public employees' other post-employment benefit	422,900	426,055	421,016	-	421,016	5,039
Repair and maintenance reserve	2,422,837	2,595,837	1,055,205	899,324	1,954,529	641,308
Total Sanitation	9,924,271	10,215,196	8,200,036	1,033,582	9,233,618	981,578
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ (3,457,271)	\$ (3,748,196)	(1,489,878)	\$ (1,033,582)	\$ (2,523,460)	\$ 1,224,736
Fund Balance - Beginning of Year July 1, 2010			2,691,924			
Fund Balance - End of Year June 30, 2011			\$ 1,202,046			

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



**COUNTY OF KAUAI, HAWAII**  
**GOLF ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
<b>Revenues:</b>						
Rents and Concessions:						
Food and beverage	\$ 25,300	\$ 7,200	\$ 7,100	\$ -	\$ 7,100	\$ (100)
Pro shop	14,047	7,020	15,324	-	15,324	8,304
Range balls	68,200	47,766	68,286	-	68,286	20,520
Golf carts	198,000	198,000	150,500	-	150,500	(5,500)
Other	-	-	5,124	-	5,124	5,124
Charges for Services:						
Green fees and locker fees	1,257,540	898,591	1,037,252	-	1,037,252	138,661
<b>Total Revenues</b>	<b>1,563,087</b>	<b>1,116,577</b>	<b>1,283,586</b>	<b>-</b>	<b>1,283,586</b>	<b>167,009</b>
<b>Other Financing Sources:</b>						
Operating transfers from General Fund	589,812	589,812	1,229,994	-	1,229,994	640,182
<b>Total Revenues and Other Financing Sources</b>	<b>2,152,899</b>	<b>1,706,389</b>	<b>2,513,580</b>	<b>-</b>	<b>2,513,580</b>	<b>807,191</b>
<b>Expenditures - Culture and Recreation:</b>						
Operational and administrative	478,320	528,358	491,046	37,373	528,419	(61)
Salaries and overtime	722,382	774,047	769,947	-	769,947	4,100
Central services cost	250,000	250,000	133,635	-	133,635	116,365
Equipment	-	-	-	-	-	-
Debt service payments	193,944	193,944	193,944	-	193,944	-
FICA taxes	55,265	57,980	53,343	-	53,343	4,637
Public employees' health fund	121,533	121,533	109,760	-	109,760	11,773
Workers' compensation	104,001	89,601	26,327	-	26,327	63,274
Unemployment compensation	1,967	1,967	-	-	-	1,967
Public employees' other post-employment benefit	154,500	188,015	185,166	-	185,166	2,849
Pension contributions	108,360	115,780	115,729	-	115,729	51
<b>Total Expenditures - Culture and Recreation</b>	<b>2,190,272</b>	<b>2,321,225</b>	<b>2,078,897</b>	<b>37,373</b>	<b>2,116,270</b>	<b>204,955</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)</b>	<b>\$ (37,373)</b>	<b>\$ (614,836)</b>	<b>434,683</b>	<b>\$ (37,373)</b>	<b>\$ 397,310</b>	<b>\$ 1,012,146</b>
<b>Fund Balance - Beginning of Year July 1, 2010</b>			<b>233,817</b>			
<b>Fund Balance - End of Year June 30, 2011</b>			<b>\$ 668,500</b>			

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

**STATISTICAL SECTION  
(UNAUDITED)**



**COUNTY OF KAUAI, HAWAII  
STATISTICAL SECTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This part of the County of Kauai's comprehensive annual financial report represents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

---

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed.	120
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	124
<b>Debt Capacity</b> 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.	134
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	137
<b>Operating Information</b> 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.	139

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

**TABLE 1**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>									
Invested in capital assets, net of related debt	\$ 382,979,082	\$ 398,667,946	\$ 402,603,394	\$ 431,328,406	\$ 440,721,403	\$ 445,809,943	\$ 454,412,948	\$ 452,246,448	\$ 453,192,782
Restricted	16,661,171	2,539,516	2,027,783	3,315,565	13,420,619	22,805,523	26,389,509	22,181,184	18,346,037
Unrestricted	<u>12,067,813</u>	<u>17,063,015</u>	<u>26,122,251</u>	<u>37,748,809</u>	<u>48,648,173</u>	<u>51,559,176</u>	<u>50,751,859</u>	<u>67,639,803</u>	<u>65,401,348</u>
Total Governmental Activities Net Assets	<u>411,908,079</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>	<u>536,940,167</u>
<b>Business-type Activities:</b>									
Invested in capital assets, net of related debt	32,750,682	35,171,566	35,028,543	37,828,270	39,686,557	40,730,017	45,383,170	48,910,243	57,522,867
Restricted	222,950	222,950	222,950	222,950	206,728	209,537	212,528	215,791	347,335
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>5,547,954</u>	<u>3,569,272</u>	<u>5,013,888</u>	<u>8,124,987</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>	<u>65,995,189</u>
<b>Primary Government:</b>									
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	510,715,649
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	18,693,372
Unrestricted	<u>18,889,518</u>	<u>22,443,845</u>	<u>32,375,174</u>	<u>42,415,814</u>	<u>54,213,692</u>	<u>57,107,140</u>	<u>54,321,131</u>	<u>72,853,691</u>	<u>73,526,335</u>
Total Primary Government Activities Net Assets	<u>\$ 451,723,393</u>	<u>\$ 459,075,823</u>	<u>\$ 472,257,824</u>	<u>\$ 515,110,805</u>	<u>\$ 548,249,299</u>	<u>\$ 566,662,160</u>	<u>\$ 580,719,286</u>	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>

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 (CONTINUED)  
LAST NINE FISCAL YEARS (UNAUDITED) NOTE 1  
(ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 1A**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>									
<b>Governmental Activities:</b>									
General government	\$ 18,115,071	\$ 25,369,569	\$ 27,641,447	\$ 33,358,710	\$ 35,190,626	\$ 39,970,949	\$ 38,335,085	\$ 24,423,367	\$ 28,619,780
Public safety	22,638,633	25,569,989	24,691,091	25,550,662	29,335,789	35,333,479	38,182,320	40,193,511	50,618,291
Public works	6,146,232	5,672,745	6,782,506	6,526,915	8,117,334	10,500,645	10,338,337	12,986,481	18,258,953
Highways and streets	12,771,243	14,974,250	13,284,519	17,183,681	18,594,377	17,545,423	21,524,749	16,394,453	18,949,545
Sanitation	6,973,623	7,232,767	8,193,673	9,864,324	11,188,711	10,938,661	11,123,472	13,537,765	5,342,980
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	9,924,470
Public welfare	14,148,697	14,157,273	12,045,325	14,217,863	16,928,895	15,983,791	22,793,755	19,690,034	17,918,206
Unallocated interest	2,631,923	2,647,924	2,451,890	3,208,906	3,891,534	3,793,059	3,533,452	4,235,047	6,183,785
<b>Total Governmental Activities Expenses</b>	<b>87,983,200</b>	<b>98,918,357</b>	<b>100,037,616</b>	<b>116,817,301</b>	<b>128,132,323</b>	<b>143,293,916</b>	<b>154,858,563</b>	<b>147,207,694</b>	<b>155,816,010</b>
<b>Business-type Activities:</b>									
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	2,371,254
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	7,929,242
Golf	1,638,439	1,698,789	1,832,396	1,777,657	1,900,225	2,243,034	2,547,080	2,175,551	2,078,846
<b>Total Business-type Activities Expenses</b>	<b>8,733,697</b>	<b>8,746,795</b>	<b>9,232,198</b>	<b>10,577,359</b>	<b>13,231,572</b>	<b>15,052,789</b>	<b>16,233,371</b>	<b>12,650,289</b>	<b>12,379,342</b>
<b>Total Primary Government Expenses</b>	<b>96,716,897</b>	<b>107,665,122</b>	<b>109,239,814</b>	<b>127,394,660</b>	<b>141,363,895</b>	<b>158,346,705</b>	<b>171,092,934</b>	<b>159,857,983</b>	<b>168,195,352</b>
<b>Program Revenues:</b>									
<b>Governmental Activities:</b>									
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	5,169,669
Public safety	2,546,310	2,959,480	2,686,117	3,241,293	6,850,833	3,893,248	3,927,807	5,819,699	4,661,853
Public works	106,250	1,307,048	-	355,358	7,133,329	3,012,546	3,244,590	3,963,723	5,732,393
Highways 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	5,090,624
Sanitation	3,015,860	4,127,117	2,986,154	3,812,681	4,527,187	4,023,210	3,815,690	3,793,514	4,257,869
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	3,940,743
Public welfare	12,637,037	10,830,730	10,516,123	11,497,815	13,965,999	14,271,174	15,792,673	15,583,095	15,625,494
<b>Total Governmental Activities Program Revenues</b>	<b>37,010,532</b>	<b>30,339,922</b>	<b>29,219,686</b>	<b>40,653,616</b>	<b>54,838,423</b>	<b>42,271,525</b>	<b>45,987,824</b>	<b>42,579,915</b>	<b>44,678,865</b>
<b>Business-type Activities:</b>									
Housing	1,228,540	1,408,937	1,743,240	1,739,947	2,422,195	2,045,264	9,828,965	1,896,832	2,811,540
Sewer	5,636,334	6,155,099	6,231,373	6,985,205	8,757,559	11,548,886	6,518,569	6,286,837	6,696,218
Golf	1,318,091	1,380,875	1,382,604	1,349,750	1,466,149	1,576,915	1,447,028	2,543,338	1,288,238
<b>Total Business-type Activities Program Revenues</b>	<b>8,182,965</b>	<b>8,945,011</b>	<b>9,357,217</b>	<b>10,074,952</b>	<b>12,645,903</b>	<b>15,171,068</b>	<b>17,794,562</b>	<b>10,684,007</b>	<b>10,795,996</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 45,193,497</b>	<b>\$ 39,284,933</b>	<b>\$ 38,576,903</b>	<b>\$ 50,728,578</b>	<b>\$ 67,484,326</b>	<b>\$ 57,442,593</b>	<b>\$ 63,782,386</b>	<b>\$ 53,263,922</b>	<b>\$ 55,474,861</b>

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

**TABLE 1A**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net Revenue (Expense)</b>									
Governmental activities	\$ (50,972,668)	\$ (58,578,435)	\$ (70,817,930)	\$ (76,183,686)	\$ (73,293,900)	\$ (101,022,391)	\$ (108,871,738)	\$ (104,627,779)	\$ (111,137,145)
Business-type activities	(550,702)	200,246	155,519	(502,397)	(565,669)	116,279	1,561,191	(1,906,282)	(1,583,346)
<b>Total Primary Government Net Revenue (Expense)</b>	<b>(51,523,370)</b>	<b>(58,378,189)</b>	<b>(70,662,411)</b>	<b>(76,686,082)</b>	<b>(73,879,569)</b>	<b>(100,904,112)</b>	<b>(107,310,548)</b>	<b>(106,594,061)</b>	<b>(112,720,491)</b>
<b>General Revenues and Other Changes in Net Assets:</b>									
<b>Governmental Activities:</b>									
<b>General Revenues:</b>									
Property taxes	42,985,183	48,142,419	56,574,834	68,908,818	78,156,850	86,725,636	91,880,683	92,486,366	87,579,128
Public service company tax	2,328,625	2,277,949	2,681,922	2,806,947	3,869,486	3,214,499	4,379,129	4,097,986	3,020,565
Franchise tax	2,320,446	2,501,482	2,934,029	3,334,197	3,666,782	4,072,274	4,900,021	3,258,208	3,901,654
Fuel tax	3,824,428	4,178,817	4,102,379	3,808,757	5,972,756	4,217,665	3,940,448	3,596,214	4,163,471
Unrestricted grants and contributions	19,892,249	11,831,011	13,100,352	14,307,884	14,624,733	15,080,972	13,890,485	13,152,231	16,425,594
Investments earnings	789,024	632,893	1,112,531	3,435,815	5,589,283	5,836,149	2,493,940	4,476,847	2,326,500
Transfers	(189,138)	657,600	(461,378)	(540,816)	(575,000)	(740,357)	(1,033,291)	(5,906,954)	(11,407,235)
<b>Total Governmental Activities General Revenues and Transfers</b>	<b>71,950,817</b>	<b>70,222,371</b>	<b>80,544,698</b>	<b>96,061,832</b>	<b>111,314,890</b>	<b>119,405,838</b>	<b>120,251,413</b>	<b>115,140,896</b>	<b>106,009,877</b>
<b>Business-type Activities:</b>									
<b>General Revenues:</b>									
Unrestricted grants and contributions	--	1,418,303	--	--	--	--	--	1,005,279	2,000,000
Investment earnings	11,366	19,280	42,528	84,591	130,030	189,778	62,970	29,001	31,378
Extraordinary items	--	--	70,145	364,081	--	--	--	--	--
Transfers	189,138	(657,600)	461,378	540,816	575,000	740,357	1,033,291	5,906,954	11,407,235
<b>Total Business-type Activities General Revenues and Transfers</b>	<b>200,524</b>	<b>779,783</b>	<b>574,051</b>	<b>989,488</b>	<b>705,030</b>	<b>910,135</b>	<b>1,116,261</b>	<b>6,941,234</b>	<b>13,438,613</b>
<b>Total Primary Government Program Revenues</b>	<b>72,151,341</b>	<b>71,002,154</b>	<b>80,618,718</b>	<b>97,051,090</b>	<b>112,019,920</b>	<b>119,316,973</b>	<b>121,367,674</b>	<b>122,082,132</b>	<b>119,448,490</b>
<b>Changes in Net Assets:</b>									
Governmental activities	20,978,149	1,643,936	9,226,736	19,897,917	38,020,990	17,384,447	11,379,674	10,513,118	(5,127,268)
Business-type activities	(350,178)	980,029	729,070	487,091	119,361	1,028,414	2,677,452	4,974,952	11,855,267
<b>Total Primary Government Changes in Net Assets</b>	<b>\$ 20,627,971</b>	<b>\$ 2,623,965</b>	<b>\$ 9,955,806</b>	<b>\$ 20,385,008</b>	<b>\$ 38,140,351</b>	<b>\$ 18,412,861</b>	<b>\$ 14,057,126</b>	<b>\$ 15,488,071</b>	<b>\$ 6,727,999</b>

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 NINE FISCAL YEARS (UNAUDITED) NOTE 1  
(ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 1B**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Assets:</b>									
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	\$ 753,176,265
Business-type activities	54,622,579	54,521,171	54,317,199	55,150,896	58,400,214	59,636,214	67,357,779	74,859,589	86,138,149
<b>Total Assets - Primary Government</b>	<b>573,548,797</b>	<b>578,403,192</b>	<b>586,597,189</b>	<b>675,918,694</b>	<b>708,931,797</b>	<b>744,389,160</b>	<b>760,313,533</b>	<b>828,124,788</b>	<b>839,314,414</b>
<b>Liabilities:</b>									
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	216,236,098
Business-type activities	14,827,262	13,745,825	12,812,782	12,430,671	13,941,110	13,148,696	18,192,809	20,719,677	20,142,960
<b>Total Liabilities - Primary Government</b>	<b>121,825,404</b>	<b>119,327,369</b>	<b>114,339,364</b>	<b>160,807,889</b>	<b>161,682,498</b>	<b>177,727,000</b>	<b>179,594,247</b>	<b>231,917,441</b>	<b>236,379,058</b>
<b>Net Assets:</b>									
Invested in capital assets, net of related debt:									
Governmental activities	382,979,092	398,667,946	402,603,394	431,328,406	440,721,403	445,806,943	454,412,948	452,246,448	453,192,782
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	57,522,867
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	347,335
Restricted net assets, other:									
Governmental activities	16,881,171	2,539,516	2,027,783	3,315,565	13,420,619	22,805,523	26,389,509	22,181,184	18,346,037
Business-type activities	-	-	-	-	-	-	-	-	-
Unrestricted net assets:									
Governmental activities	12,067,813	17,063,015	26,122,251	37,746,509	48,648,173	51,559,178	50,751,859	67,639,803	65,401,348
Business-type activities	6,821,705	5,380,830	6,252,923	4,669,005	5,565,819	5,547,964	3,509,272	5,013,888	8,124,987
<b>Total Net Assets - Primary Government</b>	<b>\$ 451,723,393</b>	<b>\$ 459,075,823</b>	<b>\$ 472,257,824</b>	<b>\$ 515,110,805</b>	<b>\$ 548,249,299</b>	<b>\$ 566,662,160</b>	<b>\$ 580,719,286</b>	<b>\$ 596,207,357</b>	<b>\$ 602,935,356</b>

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, GOVERNMENT FUNDS  
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 2  
(ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 2**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Fund</b>										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	490,000
Committed	2,330,958	2,489,476	4,381,948	4,336,782	6,822,011	7,660,813	6,820,122	9,781,486	6,634,688	5,411,603
Assigned	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	51,362,791
Unassigned	1,200,904	3,791,557	3,261,947	3,544,841	11,579,162	20,790,848	24,335,040	32,844,060	43,098,792	-
<b>Total General Fund</b>	<b>12,382,205</b>	<b>14,397,901</b>	<b>17,058,395</b>	<b>18,758,721</b>	<b>30,119,271</b>	<b>42,383,972</b>	<b>45,224,764</b>	<b>54,140,980</b>	<b>68,800,103</b>	<b>57,264,394</b>
<b>All Other Governmental Funds</b>										
Non-spendable	-	9,219,514	8,387,826	7,480,841	6,931,371	4,391,698	4,187,814	3,544,187	3,600,866 (2)	3,437,763
Restricted	5,670,089	6,512,011	7,017,625	7,338,751	7,953,501	7,616,138	9,341,702	10,000,951	13,273,496 (2)	11,343,086
Committed	7,088,063	6,784,955	5,145,757	9,088,054	11,655,259	10,108,023	16,961,674	16,179,876	15,661,985 (2)	18,793,384
Assigned	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	100,757,185
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>46,962,359</b>	<b>42,740,260</b>	<b>40,909,665</b>	<b>45,950,438</b>	<b>87,786,268</b>	<b>91,610,644</b>	<b>106,099,481</b>	<b>98,164,494</b>	<b>138,550,416</b>	<b>134,331,418</b>
<b>Total Fund Balances (Note 1)</b>	<b>\$ 59,344,564</b>	<b>\$ 57,138,161</b>	<b>\$ 57,968,060</b>	<b>\$ 64,709,159</b>	<b>\$ 117,905,539</b>	<b>\$ 133,994,616</b>	<b>\$ 151,324,245</b>	<b>\$ 152,305,474</b>	<b>\$ 207,350,519</b>	<b>\$ 191,595,812</b>

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

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

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Taxes	\$ 46,266	\$ 50,739	\$ 57,060	\$ 65,097	\$ 78,675	\$ 90,913	\$ 98,572	\$ 105,140	\$ 102,425	\$ 97,955
Licenses and permits	4,975	5,561	5,715	6,677	6,780	6,948	7,975	8,253	7,400	6,847
Rents and concessions	591	631	678	688	737	713	727	956	907	916
Interest	2,071	1,410	633	1,113	3,354	5,012	5,606	3,009	4,896	2,708
Intergovernmental revenue	34,100	37,612	31,358	29,975	41,359	49,506	41,291	44,764	37,214	43,780
Charges for current services	2,915	3,297	3,627	3,398	4,110	4,202	4,911	4,424	4,366	5,583
Miscellaneous	1,372	406	792	1,582	1,975	2,934	2,434	766	3,117	1,842
<b>Total Revenues</b>	<b>92,290</b>	<b>99,656</b>	<b>99,653</b>	<b>108,530</b>	<b>136,990</b>	<b>160,228</b>	<b>161,749</b>	<b>167,312</b>	<b>160,325</b>	<b>159,431</b>
<b>Expenditures:</b>										
General government	22,588	21,740	22,823	27,680	30,938	35,358	33,461	37,371	26,682	28,285
Public safety	21,111	21,780	23,502	23,547	24,979	27,122	32,894	35,613	43,607	47,547
Public works	4,242	4,475	4,789	5,636	6,990	6,881	9,468	8,727	11,232	16,395
Highways and streets	7,092	7,265	9,491	7,798	12,115	12,298	11,273	15,312	10,089	13,146
Sanitation	6,204	6,688	6,625	8,653	9,458	10,315	9,773	9,834	12,313	11,385
Culture and recreation	3,559	4,234	3,041	4,458	3,471	4,288	7,839	8,223	9,715	9,252
Public welfare	11,886	13,927	14,028	11,798	14,889	16,491	15,637	22,375	19,957	20,192
Capital outlay	24,468	16,620	9,322	6,109	13,625	20,299	17,523	21,342	24,597	18,109
Debt Service:										
Principal	3,800	3,490	3,665	3,850	3,435	4,130	3,230	4,766	4,713	5,624
Interest	2,463	2,906	2,726	2,535	2,538	4,389	3,797	3,597	3,671	5,688
<b>Total Expenditures</b>	<b>107,213</b>	<b>103,105</b>	<b>100,012</b>	<b>102,064</b>	<b>122,438</b>	<b>141,571</b>	<b>144,895</b>	<b>167,160</b>	<b>166,876</b>	<b>176,023</b>
<b>Excess of Revenues</b>										
Over (Under) Expenditures	\$ (14,923)	\$ (3,449)	\$ (149)	\$ 6,466	\$ 14,552	\$ 18,657	\$ 16,851	\$ 152	\$ (6,551)	\$ (16,592)
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 12,298	\$ 12,774	\$ 15,284	\$ 16,406	\$ 18,927	\$ 24,834	\$ 30,210	\$ 21,085	\$ 29,852	\$ 28,081
Transfers out	(12,703)	(12,963)	(14,626)	(16,927)	(19,468)	(25,409)	(30,951)	(22,118)	(30,675)	(32,327)
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	42,180	-	-	-	60,000	971
Premium on bonds issued	-	-	-	-	1,327	-	-	-	-	-
Payments to refunded bond escrow agency	-	-	-	-	(4,120)	-	-	-	-	-
Capital leases	742	1,181	-	-	-	1,346	485	1,862	1,686	3,699
Insurance proceeds	-	-	-	-	-	-	-	-	733	413
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing</b>										
Sources (Uses)	337	992	658	(451)	38,845	771	(256)	829	61,506	837
<b>Net Change in Fund Balances</b>	<b>\$ (14,586)</b>	<b>\$ (2,457)</b>	<b>\$ 509</b>	<b>\$ 6,005</b>	<b>\$ 53,398</b>	<b>\$ 19,428</b>	<b>\$ 16,595</b>	<b>\$ 981</b>	<b>\$ 55,045</b>	<b>\$ (15,755)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	7.57%	7.40%	7.05%	6.65%	5.49%	7.02%	5.52%	5.74%	6.10%	7.40%

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

**TABLE 2B**

Fiscal Year	General Government	Public Safety	Public Works	Highways and Streets	Sanitation	Culture and Recreation	Public Welfare	Capital Outlay	Debt Service	Total
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	6,880,626	12,298,214	10,314,722	4,288,112	16,491,419	20,298,857	8,518,611	141,571,070
2008	33,481,254	32,894,024	9,467,945	11,273,415	9,772,708	7,839,158	15,637,506	17,522,714	7,026,605	144,895,329
2009	37,370,973	35,613,140	8,726,473	15,312,333	9,834,250	8,223,353	22,374,453	21,342,674	8,362,697	167,160,346
2010	26,681,875	43,607,071	11,231,776	10,089,042	12,313,226	9,714,650	19,957,368	24,597,117	8,684,119	166,876,244
2011	28,284,779	47,547,543	16,394,758	13,145,902	11,384,978	9,252,478	20,191,922	18,108,631	11,712,358	176,023,349

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

Source: Department of Finance



**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
2002	\$ 38,285,013	\$ 101,367	\$ 38,386,380	\$ 37,678,062	98.4	% \$ 707,279	\$ 38,385,341	99.997 %
2003	41,591,414	160,743	41,752,157	40,973,111	98.5	777,906	41,751,017	99.997
2004	47,393,938	105,443	47,499,381	46,814,999	98.8	683,011	47,498,010	99.997
2005	55,268,583	(57,708)	55,210,875	54,709,028	99.0	500,236	55,209,264	99.997
2006	68,197,925	419,616	68,617,541	67,374,208	98.8	1,234,161	68,608,369	99.987
2007	76,971,763	14,371	76,986,134	75,336,422	97.9	1,535,256	76,871,678	99.851
2008	86,373,611	20,341	86,393,952	84,817,913	98.0	1,566,866	86,184,779	99.758
2009	91,063,419	1,491,958	92,555,377	88,762,923	97.5	3,375,011	92,137,934	99.549
2010	91,292,733	1,010,371	92,303,104	89,160,050	97.7	2,311,818	91,471,868	99.099
2011	83,621,720	—	83,621,720	81,866,842	97.9	—	81,866,842	97.901

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

Source: Department of Finance

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

**TABLE 4**

Fiscal Year	Gross Assessed Value (1)			Exemptions	Net Taxable Value	Total Direct Tax Rate	Ratio (%) of Net Taxable to Estimated Actual Value
	Land	Buildings	Total				
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
2011	10,559,729	7,880,358	18,440,087	1,681,649	16,758,438	5.37	90.9

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

Source: Department of Finance



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

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2002	Single Family Residential	\$ 962,020	\$5.74	\$ 536,359	\$4.75	\$ 1,498,379
	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
	<b>Total</b>	<b>\$ 2,946,477</b>		<b>\$ 2,493,247</b>		<b>\$ 5,439,724</b>
2003	Single Family Residential	\$ 975,098	\$5.64	\$ 600,032	\$4.85	\$ 1,575,130
	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
	<b>Total</b>	<b>\$ 3,041,252</b>		<b>\$ 2,829,137</b>		<b>\$ 5,670,389</b>
2004	Single Family Residential	\$ 1,184,485	\$5.74	\$ 605,262	\$4.50	\$ 1,789,747
	Homestead	770,997	4.85	561,654	3.64	1,332,651
	Agriculture	693,850	8.20	208,696	4.50	902,546
	Conservation	124,689	8.70	16,314	4.50	140,983
	Hotel/resort	307,164	8.80	809,517	8.15	1,116,681
	Apartment	232,494	8.80	389,546	8.15	622,040
	Commercial	229,218	8.80	212,928	8.15	442,146
	Industrial	82,273	8.80	90,973	8.15	173,246
	<b>Total</b>	<b>\$ 3,625,150</b>		<b>\$ 2,894,890</b>		<b>\$ 6,520,040</b>

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

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2005	Single Family Residential	\$ 1,346,379	\$5.49	\$ 637,056	\$4.50	\$ 1,983,435
	Homestead	835,217	4.35	550,080	3.64	1,385,297
	Agriculture	875,590	7.95	247,291	4.50	1,122,881
	Conservation	135,960	8.45	16,440	4.50	152,400
	Hotel/resort	315,128	8.55	931,085	8.15	1,246,213
	Apartment	239,416	8.55	549,952	8.15	789,368
	Commercial	250,621	8.55	220,781	8.15	471,402
	Industrial	91,064	8.55	98,994	8.15	190,058
	Total	<u>\$ 4,089,375</u>		<u>\$ 3,251,679</u>		<u>\$ 7,341,054</u>
2006	Single Family Residential	\$ 1,768,692	\$5.14	\$ 734,466	\$4.30	\$ 2,503,158
	Homestead	1,236,636	4.00	742,734	3.44	1,979,370
	Agriculture	1,076,592	7.60	283,130	4.30	1,359,722
	Conservation	145,799	8.10	18,804	4.30	164,603
	Hotel/resort	317,818	8.20	1,015,875	7.95	1,333,693
	Apartment	268,610	8.20	808,944	7.95	1,077,554
	Commercial	311,273	8.20	265,885	7.95	577,158
	Industrial	95,494	8.20	110,441	7.95	205,935
	Total	<u>\$ 5,220,914</u>		<u>\$ 3,980,279</u>		<u>\$ 9,201,193</u>
2007	Single Family Residential	\$ 2,867,202	\$4.00	\$ 944,233	\$4.30	\$ 3,811,435
	Homestead	2,431,743	4.00	1,135,329	3.44	3,567,072
	Agriculture	1,489,497	6.95	362,744	4.30	1,852,241
	Conservation	201,369	6.95	23,816	4.30	225,185
	Hotel/resort	399,382	6.95	1,189,674	7.95	1,589,056
	Apartment	417,594	6.95	1,112,398	7.95	1,529,992
	Commercial	529,327	6.95	358,499	7.95	687,826
	Industrial	165,194	6.95	126,377	7.95	291,571
	Total	<u>\$ 8,501,308</u>		<u>\$ 5,253,070</u>		<u>\$ 13,754,378</u>



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

**TABLE 5**

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

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

**TABLE 5**

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2011	Single Family Residential	\$ 3,399,041	\$3.95	\$ 1,517,505	\$4.25	\$ 4,916,546
	Homestead	2,594,045	4.00	1,504,084	3.44	4,098,129
	Agriculture	1,497,499	6.90	648,375	4.25	2,143,874
	Conservation	240,567	6.90	38,785	4.25	279,352
	Hotel/resort	784,254	6.90	1,322,080	7.90	2,106,334
	Apartment	762,925	6.90	1,026,807	7.90	1,789,732
	Commercial	600,359	6.90	467,576	7.90	1,067,935
	Industrial	206,957	6.90	149,579	7.90	356,536
	Total	<u>\$ 10,085,647</u>		<u>\$ 6,672,791</u>		<u>\$ 16,758,438</u>

Note (1): Amounts presented net of real property tax exemption and 50% appeals.  
 \* Valuations have been changed since the June 30, 2009 CAFR was issued.

Source: Department of Finance, Real Property Tax Division



**COUNTY OF KAUAI, HAWAII**  
**COMPARISON OF PRINCIPAL TAXPAYERS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2002 (UNAUDITED)**

**TABLE 6**

**FISCAL YEAR 2011**

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Kauai 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. / Kauai 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	Kukuiula 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 / Kauai 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>\$ 19,668,311</u>	<u>13.0 %</u>

**FISCAL YEAR 2002**

Rank	Taxpayer	Type of Business	Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Kauai Incorporated	Resort Development	\$ 201,909,400	\$ 1,654,292	3.4 %
2	Kawailoa Development	Resort Development	147,580,900	1,214,498	2.5
3	Princeville Development Corp.	Resort Development	104,441,700	863,351	1.8
4	Knudsen, Eric A Trust	Land Management	108,257,200	848,915	1.8
5	KVH Partners	Land Management	100,735,500	802,008	1.7
6	CBG Partners	Land Management	92,679,800	758,629	1.6
7	Knudsen, Eric L/Beverly S Trust	Land Management	91,634,600	751,146	1.6
8	Bill, Sinclair K	Land Management	91,381,100	749,057	1.6
9	Balwin-Knudsen Family Ltd.	Land Management	89,765,000	739,441	1.5
10	Milohae Ltd. Partnership	Land Management	89,751,500	739,371	1.5
			<u>\$ 1,118,136,700</u>	<u>\$ 9,120,708</u>	<u>19.0 %</u>

Source: Department of Finance, Real Property Tax Division

Note: Valuations for fiscal year 2011 were inadvertently reported for fiscal year 2010 in the June 30, 2010 CAFR due to the data being based on tax year versus fiscal year.

**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)		Business-type Activities (1)			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Sewer Loans			
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	3.83	1,363
2010	125,775,757	3,054,047	1,300,000	395,000	17,492,700	148,017,504	n/a	n/a
2011	121,877,681	4,783,617	1,160,000	205,000	17,283,260	145,309,558	n/a	n/a

Note (1): Details regarding the County's outstanding debt can be found in the notes to the financial statements.

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

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



**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 Bonds (1)	Business-type Activities General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
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	1,042
2010	125,775,757	1,300,000	6,650,089	120,425,668	0.64	n/a
2011	121,877,681	1,160,000	4,105,154	118,932,527	0.71	n/a

Note (1): Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Note (2): See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

Note (3): See the Schedule of Demographic Statistics for personal income and population data.

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

**COUNTY OF KAUAI, HAWAII  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2011 (UNAUDITED) NOTES 1 - 2**

**TABLE 8**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit (1)	\$ 880,558,350	\$ 978,006,000	\$ 1,101,158,100	\$ 1,380,178,950	\$ 2,083,156,700	\$ 2,525,651,400	\$ 2,906,898,900	\$ 2,893,740,600	\$ 2,840,261,550	\$ 2,513,765,700
Debt applicable to limit	51,796,718	47,915,000	44,065,000	40,630,000	75,310,000	75,296,190	69,911,906	65,818,833	119,125,688	117,772,527
Legal debt margin (2)	\$ 828,761,632	\$ 930,091,000	\$ 1,057,093,100	\$ 1,339,548,950	\$ 1,987,846,700	\$ 2,450,355,240	\$ 2,836,986,994	\$ 2,827,921,767	\$ 2,721,135,862	\$ 2,395,993,173
Debt applicable to the limit as a percentage of debt limit	5.88%	4.90%	4.00%	2.94%	3.65%	2.98%	2.41%	2.27%	4.19%	4.69%

Note (1): State finance statutes limit the County's outstanding general debt to no more than 15 percent of the net assessed value of property.

Note (2): The legal debt margin is the County's available borrowing authority under State finance statutes and is calculated by subtracting the net debt applicable to the legal debt limit from the legal debt limit.

Source: Department of Finance

Legal Debt Margin Calculation for Fiscal Year 2011

Net assessed value	\$ 16,758,438,000
Debt limit (15% of net assessed value)	2,513,765,700
Debt applicable to limit	117,772,527
Legal debt margin	\$ 2,395,993,173



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

**TABLE 9**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (3) (millions of dollars)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
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	64,529	35,560	2,295	9,260	9.3
2010	n/a	n/a	n/a	9,362	8.7
2011	n/a	n/a	n/a	n/a	n/a

Note (1): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (2): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (3): U.S. Department of Commerce, Bureau of Economic Analysis, County Summary CA1-3.

Note (4): State of Hawaii Department of Education.

Note (5): U.S. Department of Labor Bureau of Labor Statistics.

Population includes Armed Forces and their dependents.

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

**COUNTY OF KAUAI, HAWAII  
JOBS BY INDUSTRY  
LAST TEN FISCAL YEARS (UNAUDITED)**

**TABLE 10**

Fiscal Year	Construction	Transportation Communication Utilities	Wholesale & Retail Trade	Services	Lodging	Medical	Finance Insurance Real Estate	Agriculture	Government
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	10,400	3,650	2,250	1,200	600	4,450
2010	1,600	1,400	4,300	10,500	3,800	2,300	1,100	550	4,400
2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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

Source: State of Hawaii Data Book.



**COUNTY OF KAUAI, HAWAII**  
**REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS (VALUE IN THOUSANDS - UNAUDITED) NOTES 1-3**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**TABLE 11**

Fiscal Year	Gross Receipts (2)	Operating Expenses (3)	Net Receipts Available for Debt Service	Debt Service Requirement (1)			Coverage
				Principal	Interest	Total	
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
2011	2,374,888	1,562,449	812,439	190,000	28,637	218,637	593,802

Note (1): Includes principal and interest of revenue bonds only. It does not include the general obligation or public improvement bonds.

Note (2): Receipts include contribution from HOME Investment Partnership Program Grant fund and residual bond proceeds used for the redemption of outstanding bond principal.

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

Source: Department of Finance

**COUNTY OF KAUAI, HAWAII  
MISCELLANEOUS STATISTICS  
FISCAL YEAR ENDED JUNE 30, 2011 (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):	1,117
17	
Permanent	765
Temporary	108
Exempt	161
Contract	83
Area in square miles:	
627	
County facilities and services:	
Miles of streets	308
Number of streetlights	2,902
Number of County facilities:	
Community centers	9
Camping parks	7
Recreational parks	67
Gymnasiums	3
Swimming pools	2
Golf courses	1
Tennis courts	24
Baseball and softball fields	17
Basketball courts	22
Volleyball courts	2
Soccer fields	18
Auditoriums	1
Stadiums	3
Fire protection:	
Number of stations	8
Number of fire personnel and officers	193
Number of calls answered	4,970
Number of inspections conducted	2,437
Police protection:	
Number of stations	5
Number of police personnel	186
Number of patrol units	90
Number of police officers	129
Number of law violations:	
Physical arrest	4,368
Traffic violations	20,345
Parking violations	2,031



**COUNTY OF KAUAI, HAWAII**  
**MISCELLANEOUS STATISTICS (CONTINUED)**  
**FISCAL YEAR ENDED JUNE 30, 2011 (UNAUDITED)**

**TABLE 12**

Sewerage system:	
Number of treatment plants	4
Number of service connections:	
Residential	4,716
Commercial	549
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	443.41
Number of service connections	21,148
Number of fire hydrants	2,632
Annual water consumption in gallons	4.263 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	303
Number of middle schools	3
Number of middle school instructors	136
Number of secondary schools	3
Number of secondary school instructors	223
Number of community colleges	1
Hospitals:	
Number of hospitals	3
Number of patient beds	123
Elections - 2010 general election:	
Number of registered voters	40,129
Number of votes cast	23,008
Percentage of registered voters voting	57.3%

COUNTY OF KAUAI, HAWAII  
 MISCELLANEOUS STATISTICS (CONTINUED)  
 FISCAL YEAR ENDED JUNE 30, 2011 (UNAUDITED)

TABLE 12

Building Permits:

<u>Fiscal Year</u>	<u>Permits Issued</u>	<u>Value of Permits</u>
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
2011	1,174	148,556,347

Source: Building Division, County of Kauai



**COUNTY OF KAUAI, HAWAII**  
**MISCELLANEOUS STATISTICS (CONTINUED)**  
**FISCAL YEAR ENDED JUNE 30, 2011 (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>
2000	1,074.8	6.6	7.20	18.1
2001	1,008.6	6.7	7.20	16.9
2002	1,001.3	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	964.7	7.5	9.3	19.7
2011	n/a	n/a	n/a	n/a

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

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

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

**TABLE 13**

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

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

Source: Pacific Business News, August 26, 2011 Publication

**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 AND 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



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

**TABLE 13**

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

<u>RANK</u>	<u>BUSINESS NAME</u>	<u>TYPE OF BUSINESS</u>	<u>TOTAL EMPLOYEES</u>
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	NURSEFINDERS OF KAUAI	HOME CARE AND BEHAVIORAL HEALTH SERVICES	238

Source: Pacific Business News, July 31, 2009 Publication

**Principal Non-Government Employers as of 2008**

<u>RANK</u>	<u>BUSINESS NAME</u>	<u>TYPE OF BUSINESS</u>	<u>TOTAL EMPLOYEES</u>
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

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

**TABLE 13**

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

<b>RANK</b>	<b>BUSINESS NAME</b>	<b>TYPE OF BUSINESS</b>	<b>TOTAL EMPLOYEES</b>
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

**Principal Non-Government Employers as of 2006**

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

Source: Pacific Business News, July 28, 2006 Publication



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

TABLE 13

Principal Non-Government Employers as of 2005

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

Source: Pacific Business News, December 2, 2005 Publication

Note (1): Statistical information not available prior to 2005.

**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:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
General government	248	253	268	289	272	281	271	278	291	305
Public Safety:										
Police	174	173	182	180	181	172	180	193	184	188
Fire	150	150	150	153	154	163	168	190	183	201
Civil Defense	4	4	4	4	4	4	4	4	4	5
Public works	193	187	186	174	171	187	88	107	98	96
Highways and streets	76	75	76	76	77	76	79	79	79	80
Sanitation	65	65	65	68	69	68	73	75	75	75
Culture and recreation	16	25	25	25	24	25	107	107	103	103.5
Public welfare	77	73	78	76	88	85	85	98	94	102
Total Governmental Activities Employees	1,003	1,005	1,034	1,045	1,040	1,061	1,055	1,131	1,111	1,155.5
Business-type Activities:										
Housing	24	27	26	26	24	25	26	29	27	28
Sewer	32	32	32	32	35	34	36	35	36	36
Golf	19	20	20	20	20	22	22	22	22	21.5
Total Business-type Employees	75	79	78	78	79	81	84	86	85	85.5
Total Primary Government Employees	1,078	1,084	1,112	1,123	1,119	1,142	1,139	1,217	1,196	1,241

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 Kauai Department of Personnel Services  
County of Kauai Department of Public Works  
County of Kauai Department of Finance



**COUNTY OF KAUAI, HAWAII  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 4**

**TABLE 15**

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Police:</b>										
Physical arrests	5,995	2,935	5,453	5,109	5,109	2,820	2,907	3,315	3,070	4,368
Parking violations	2,083	1,926	1,698	1,997	1,997	1,636	1,799	1,740	1,673	2,031
Traffic violations	13,504	9,039	10,331	9,231	9,231	12,670	12,747	14,112	17,020	20,345
<b>Fire:</b>										
Number of calls answered	3,556	3,949	4,564	4,564	4,630	4,840	5,013	4,669	4,564	4,970
Inspections	1,624	1,150	2,121	2,121	2,517	3,340	3,359	2,696	2,763	2,437
<b>Highways and Streets:</b>										
Street resurfacing (miles)	12.41	14.05	12.45	13.57	11.05	11.00	13.60	17.00	17.50	10.20
<b>Sanitation:</b>										
Refuse collected (tons/day)	65.6	69.7	73.8	81.2	88.6	95.3	99.4	77.8	63.0 (4)	63.0
<b>Culture and Recreation:</b>										
Athletic field permits issued	174	122	5,599 (1)	6,344 (1)	8,480 (1)	5,882 (2)	5,146 (2)	7,309 (2)	7,797 (2)	7,193 (2)
Community center admissions	10,801	10,799	10,358	12,108	12,377	7,605 (3)	7,436 (3)	8,098 (3)	9,463 (3)	10,109 (3)
<b>Water:</b>										
New connections	18,562	18,597	19,366	20,378	19,564	19,825	19,957	20,102	20,490	21,148
Annual water consumption in gallons	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	4,263,000
<b>Wastewater:</b>										
Average daily sewage treatment in gallons	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	2,550,000

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

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

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

Note 4: Prior year correction noted by the Department of Public Works, Solid Waste Division.

Indicators are not available for the general government function.

Source: County of Kauai

**COUNTY OF KAUAI, HAWAII  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 4**

**TABLE 16**

Function:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	104	116	116	116	116	88	88	88	88	90
Fire stations	7	7	7	7	7	7	7	7	7	8
Sanitation:										
Collection trucks	6	6	6	6	7 (1)	9 (1)	9 (1)	8	6	7
Highways and Streets:										
Streets (miles)	270	306	306	306	307	307	307	307	308	308
Streetlights	2,548	2,438	2,697	2,697	2,767	2,790	2,797	2,797	2,877	2,902
Traffic signals	2	2	2	2	2	2	3	3	3	3
Culture and Recreation:										
Parks acreage	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04
Parks	67	67	67	67	74	74	74	74	74	74
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)	24 (2)
Community centers	11 (3)	11 (3)	11 (3)	11 (3)	11 (3)	11 (3)	11 (3)	14 (4)	14 (4)	14 (4)
Water:										
Water mains (miles)	406	407	408	413	416	420	422	422	439	443
Fire hydrants	2,331	2,327	2,334	2,343	2,406	2,465	2,492	2,517	2,586	2,632
Maximum daily capacity (thousands of gallons)	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	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	5,200,000	5,200,000	4,500,000	4,600,000	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, Hanalei multi-purpose room, former Kōioa court house and former Hanalei court house. Indicators are not available for the general government function.

Source: County of Kauai