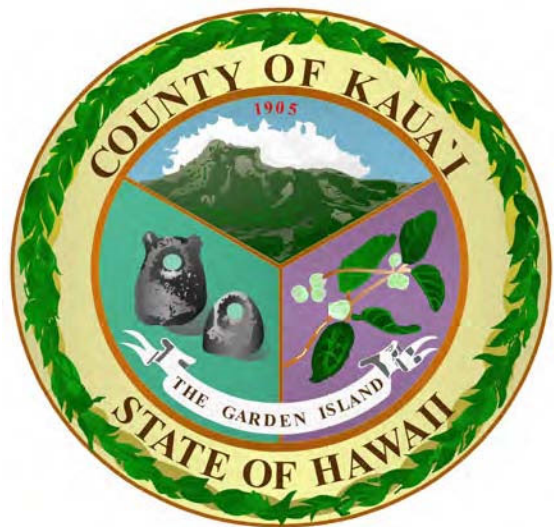


**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
County of Kauaʻi, Hawaiʻi**

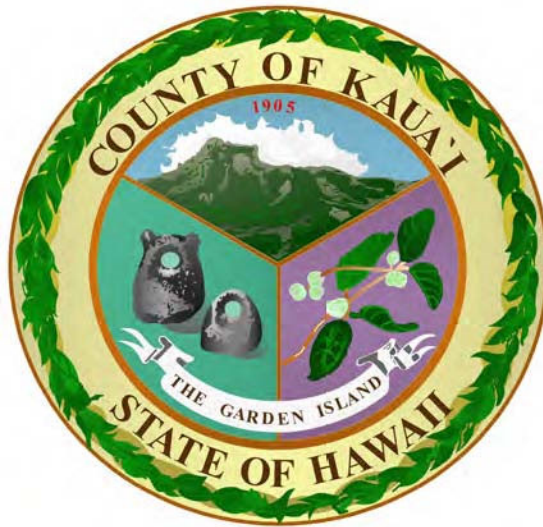


**For the Fiscal Year Ended
June 30, 2019**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

COUNTY OF KAUA'I, HAWAII



**Derek S.K. Kawakami
Mayor**

**Reiko Matsuyama
Director of Finance**

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

**COUNTY OF KAUAI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION



**DEPARTMENT OF FINANCE
THE COUNTY OF KAUA'I**

**DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR**

**REIKO MATSUYAMA
DIRECTOR**

**MICHELLE L. LIZAMA
DEPUTY DIRECTOR**

December 20, 2019

Honorable Mayor Derek S.K. Kawakami,
Honorable Arryl Kaneshio, Council Chair
And Members of the Kaua'i County Council
County of Kaua'i
4444 Rice Street
Līhu'e, Hawai'i 96766

Dear Mayor Kawakami, Chairman Kaneshiro, 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 (State) for the fiscal year ended June 30, 2019.

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

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

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

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



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

The Reporting Entity

The County of Kaua'i, commonly known as the "Garden Island", includes the populated island of Kaua'i and Ni'ihau and has over 72,000 residents. The island of Kaua'i has an area of 550 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 fourth largest island and is the smallest in size, population, and operating budget amongst the State's four counties. The County's largest industry is tourism. The island's scenic and natural beauty continue to draw tourist to attractions such as, the Waimea Canyon or 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, 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, with a limit of four consecutive two-year terms.

There are no subordinate or separate municipal entities within the County's jurisdiction. All powers of the County shall be carried into execution as provided by its Charter or by ordinance of the County Council and Mayor. The State's constitution sets limits on total bonded indebtedness of the County. Under the Constitution and laws of the State, 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.

On January 1, 2019, the County authorized the imposition of a county surcharge of 0.5% on State general excise (GET) and use tax. The additional surcharge is currently being used to offset operational and capital costs of public transportation systems, including roadways, public buses, pedestrian and bicycle paths, and to comply with Americans with Disabilities Act of 1990 with respect to public transportation systems.

The County provides a full range of municipal services. These services include Public Safety (police, fire, emergency management, animal welfare, 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), Culture and Recreation (public pools, parks and beaches, golf course, neighborhood centers, recreation programs, beautification program, auditorium, stadium, janitorial, and repair and maintenance of its facilities), 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, human resources, economic development, and county attorney). 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.

The Reporting Entity (continued)

Services provided by the State 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 (TAT), county surcharge on GET, public service company tax, fuel tax, franchise tax, motor vehicle weight tax, commercial and residential refuse fees, and landfill disposal fees. 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

In April 2018, historic levels of rain occurring within 24 hours triggered flooding and landslides to Kaua'i's North Shore. The historic flooding was the worst natural disaster to occur on Kaua'i since Hurricane Iniki in 1992. At the time of this event, Kaua'i was the top news item across the world. Flash flooding and landslides caused major damage to roads and bridges, including Kūhiō Highway, the North Shore's main road. The road closure completely isolated the remote towns of Wainiha and Hā'ena. Multi-agency relief efforts were in full force to evacuate residents and visitors stranded on the North Shore.

Governor David Ige issued an emergency proclamation and subsequently signed SB 192 (Act 12) into law and released \$25 million to assist with approved disaster relief projects. A Presidential Disaster Declaration soon followed, providing federal funding for emergency repairs of public facilities damaged during the flooding. Kūhiō Highway reopened in June 2019, but recovery efforts of local farmers and communities continue as the eleventh supplementary emergency proclamation was signed on Friday, October 25, 2019.

Kaua'i's economic growth is expected to see a slight decline than what was experienced in the past couple of years. Growth in the near-term will be moderate for both the visitor industry and the overall economy. More than any other county, Kaua'i's economy relies heavily on the visitor industry. The home vacation rental (HVR) market continues to play an increasingly important role on Kaua'i.

Strong visitor numbers are imperative and needed to support businesses that are either directly or indirectly involved in the visitor industry. While growth in the visitor industry is beneficial to the overall island economy, local county government only realizes a portion of the direct benefit, such as revenues generated from TAT. Over the years, the rapid growth in visitor numbers and the length of visitor stays have led to increasing concerns over long-term infrastructure challenges and roadway congestion. The adverse impacts of visitor growth continue to pose a problem for Kaua'i. The additional revenue received from the county surcharge on State GET revenue will be utilized to improve County local roadways and public transportation services.

Major airline carriers, such as Delta, United, Alaska, and Hawaiian Airlines continue to add flights and provide additional airline seats to its current routes to Kaua'i and the State. Southwest Airlines landed its inaugural flight at Honolulu's Daniel K. Inouye International Airport in March 2019 and started direct interisland routes to and from Kaua'i in November 2019.

Economic Conditions and Outlook (continued)

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

Tourism

In August 2018, the Kaua'i Tourism Strategic Plan for 2019-2021 (KTSP) was finalized and published. The plan was a collaborative effort with the Office of Economic Development, the Kaua'i Visitors Bureau, the Hawai'i Lodging and Tourism Association, Strategic Plan and Committee members, and the Kaua'i community at large. The plan outlines a range of goals and measures to provide a forward-looking approach to tourism and respond to concerns related to an increase in the number of visitors to the island and perceived impacts of tourism on residents' quality of life. The plan focused its key strategies on actions needed to better manage tourism and address challenges related to inadequate infrastructure, resource limitations, staffing needs and communication. The plan also recognized a need to refocus away from an emphasis on growing tourism and instead focus on encompassing the visitor experience, the impact on local communities, and the welfare of industry employees.

Kaua'i is marketed as a destination for relaxation and rejuvenation, and it becomes the island's challenge to live up to that promise. For those who visit Kaua'i for a unique cultural experience, the visitor industry strive to offer an authentic Hawaiian cultural experience.

Per Hawai'i Tourism Authority, the number of visitors through September 2019 amounted to approximately 1 million visitor arrivals, who stayed an average of 7.4 days and spent \$188.30 per day. As mentioned previously, growth in the near-term is expected to be moderate for the visitor industry.

Film and Technology

The Kaua'i Film Commission (KFC) was created to enhance Kaua'i's position as a premier location for film and media production. The KFC supports film, television, and commercial productions of all sizes and budgets by providing one-stop support services including location and troubleshooting assistance, permits for filming at county owned facilities, and access to resources including a digital location library. The KFC also assists as a liaison between the production community and all levels of government including local, state, and federal jurisdictions to eliminate barriers to filming in-state.

The primary objectives of the KFC are to:

- Encourage a production-friendly environment to retain/grow production jobs and economic activity statewide while remaining committed to ensuring the safety and welfare of the local community and environment.
- Further develop skills and competencies of Kaua'i based production crew, both above and below the line.
- Advocate for film funding and financial support through use of State tax incentives.
- Develop efficient and effective marketing and communication to promote the Kaua'i film sector through collaboration with Film Offices of the Hawaiian Islands (FOHI) and active participation in industry trade shows and conferences.

Film and Technology (continued)

The KFC works closely with the FOHI in setting marketing and strategy objectives for the following year. Due to budget constraints, working in collaboration with the FOHI allows for a stronger presence, while minimizing travel costs. Upcoming conferences include: the AFCI (Association of Film Commissioners International) held in Los Angeles; the AICP (Association of Independent Commercial Producers) held in New York City; the AFM (American Film Market) in Santa Monica, in collaboration with Department of Business, Economic Development and Tourism's Creative Industries division; the FOCUS International – the meeting place for International Production in the UK; and South by Southwest, held in Austin, Texas.

One of Kaua'i's biggest film productions in 2019 was Fast & Furious Presents: Hobbs & Shaw. Film production occurred on the south side of Kaua'i in March of 2019 with a budget of over \$40.2 million starring Hollywood's hottest star, Dwayne "the Rock" Johnson. Pre and post production lasted a total of six months. "Too Much Life" a full length local production by the Kaua'i Film Academy continues to wrap up their production for release in early 2020.

Other productions on Kaua'i included various reality and television shows such as: HGTV's Hawai'i Hunters, Hawai'i Life, commercials, print ads, and documentaries.

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

Real Estate and Construction

As mentioned previously, Kaua'i's economic growth in the near-term is expected to be moderate; however, the construction industry continues to steadily increase. Overall growth in this industry can be attributable to rebuilding following last year's historic floods and a moderate stream of construction projects from both public sector and residential development.

Real estate sales were stable in 2018, but declined in 2019. Due to the increasing prices, potential buyers are holding off on purchasing homes.

According to the County's Department of Public Works, Building Division statistics, the County issued 1,407 building permits with a total value of \$246.2 million, another indication that Kaua'i's real estate and construction sector remains strong.

There were several major renovation projects in the current year. The County continues working on revitalizing Rice Street as a walkable, bike-friendly mixed use community. This project is being funded by US Department of Transportation TIGER (Transportation Investment Generating Economic Recovery) grant. Sheraton Kaua'i plans to build a new timeshare wing. Kōloa Village, which will include 47,000 square feet of commercial space and 36 residential units, is currently underway.

Real Estate and Construction (continued)

Due to the island's housing shortage, several County affordable housing projects are in pre-development or in construction phase. The Koa'e workforce housing development in Po'ipū commenced in 2018 and is scheduled to be completed in 2020. The County's Lima Ola workforce housing project is underway and will add 550-units upon completion. Pua Loke, a 60-unit project in Līhu'e is projected to begin in 2020. Lastly, Waimea Huakai affordable housing project filed a draft environmental assessment and will be built in two phases, adding 35 one to three bedroom units and 32 single-family homes.

Construction continues at Kohea Loa, a master planned community and a public-private partnership between DR Horton and the County. Ho'oluana is the first of four phases and will include 57 single-family homes, 50 single-family condominium homes, and 44 duplex condominium homes. Ho'oluana phase is now currently selling and once all phases are completed, approximately 440 new homes will be available with a portion designated as affordable units.

Kaua'i Habitat for Humanity continues progress on its 'Ele'ele Iluna subdivision, delivering 20 new homes in Phase II A and builders are currently working on Phase II B.

Agriculture / Energy

Kaua'i is one of the wettest locations in the world and its landscape is fertile and green. More than one-half of the island's acreage is State forest reserves or conservation land.

Seed Corn industry continues to be Kaua'i's lead agricultural crop and its value and economic impact on Kaua'i is significant. There are currently three seed corn operations in the County: DowDuPont Inc., Hartung Brothers, Inc., and Beck's Hybrids. Combined, they have approximately 5,000 acres in production throughout the County. The weather in Hawai'i allows for three to four crop cycles of corn per year as compared to one to two crop cycles per year on the U.S. mainland.

Other agriculture-related companies that Kaua'i can be very proud of include, but are not limited to: Kaua'i Coffee, Kaua'i Shrimp, and Koloa Rum.

Kaua'i Coffee Company is Hawai'i's only vertically integrated coffee company, from orchards to retail. The company uses mechanical harvesting and other techniques to create economies of scale. With over 4 million coffees trees grown on 3,100 acres, Kaua'i Coffee Company is Hawai'i's largest coffee grower and remains the largest coffee plantation in the United States. Kaua'i Coffee Company is the sole producer of more than half of the coffee grown in the United States.

Kaua'i Shrimp is the third largest brood stock supplier in the world with customers in China, Vietnam, and India. Sales continue to climb as their product is distributed and sold in restaurants in the United States and Japan, including Sam's Club and Costco.

Koloa Rum is another success story where the company is taking advantage of synergies between agriculture and the visitor industry and the popularity of their ready-to-drink mixes.

The historic floodwaters endured by Kaua'i's North Shore last year demolished taro crops. Farmers on the North Shore continue to recuperate and work to restore and repair the damages sustained. In a typical year, Kaua'i produces 80% of the State's taro and poi; a staple of the Hawaiian diet and a culturally significant product.

Agriculture / Energy (continued)

Opportunities exist for grass-fed beef and orchard crops for export, but the entry costs in terms of processing facilities are high. They are less high for export substitution, but present a barrier to commercial expansion nevertheless. Kaua'i beef processing facilities are upgrading their plans to meet increasing demand for locally grown grass fed beef. County ranchers are improving their breeding lines in an attempt to develop cattle that thrive on the County's good pasture land freed up from sugar. The intent is to make inroads into the imported mainland beef market. Kaua'i exports approximately 6,000 calves a year while the State imports 250,000 carcass equivalents of finished beef. A large distribution facility in Oahu purchases cattle from Kaua'i for distribution throughout the State. Encouraging Kaua'i's ranchers to sell to local buyers helps to address Kaua'i's goal of food and economic security.

Floriculture and Nursery products on Kaua'i continue to see steady growth over the years.

The County's programs that are housed in OED include, but are not limited to: the County's Sunshine Markets, Kaua'i County Farm Bureau, Kaua'i Cattlemen's Association, Tropical Fruit & Flower Industry, and Kaua'i Grown Programs.

The objective of the County's Sustainability & Energy Program is two-fold: (1) to help the County lead by example in developing, adopting, and implementing sustainable practices for County operations and the island community, and (2) manage and reduce the County's fossil energy use through increased efficiency, conservation, and use of renewable energy.

A leader in renewable energy, Kaua'i Island Utility Cooperative (KIUC) continues to make significant progress of using renewable sources to generate the island's power. In 2019, approximately 55 percent of the electricity generated on Kaua'i comes from a mix of renewable resources (solar, hydropower, and biomass). To date, KIUC has two solar plus battery storage facilities that allows the storage of solar power during the day and can provide forty percent of Kaua'i's evening peak load with dispatchable solar.

Major Initiatives and Achievements

As mentioned previously, the County authorized the imposition of a county surcharge of 0.5% on State general excise (GET) and use tax. The additional surcharge took effect on January 1, 2019 and is currently being used to offset operational and capital costs of public transportation systems, including roadways, public buses, pedestrian and bicycle paths, and to comply with Americans with Disabilities Act of 1990 with respect to public transportation systems.

The County's capital improvement projects that are in-progress, completed, or substantially completed during the year include the Adolescent Drug Treatment Center, Kekaha Landfill lateral expansion Cell 2, Kawaihau elevated boardwalk, Weke Road restoration, Kahiliholo Road and culvert replacement, island-wide sheltered bus stops, Kalawai Park rehabilitation, Po'ipū Beach improvements, and Kekaha Veteran's Cemetery Communal Hall.

The Department of Public Works administers the sewer credit relief program for qualified low-income residential users. A total of 5,834 credits at \$20.00 per month were issued to eligible residential users that amounted to approximately \$117K in savings for households in fiscal year 2019. The General Fund subsidized the sewer credit 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 \$23.8 million. The following major projects have been appropriated for:

Phase I Lima Ola affordable housing project	KFD helicopter hanger
KPAL, KPD training facility	Niumalu bridge replacement
'Aliomanu Road improvements	Veteran's Cemetery improvements
Maluhia and Kōloa Road improvements	Waimea wastewater treatment plant improvements
Land Information Management Plan	Auto shop improvements
KWMCH (Convention Hall) improvements	Hanapēpē Baseyard fuel tank

Budgeting Controls

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

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

Employee Union Contracts

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

Public Safety:

State of Hawai'i Organization of Police Officers (SHOPO) – July 1, 2017 to June 30, 2021:

Arbitrated across the board increases (ATB) as follows:

July 1, 2017:	2% ATB; continue step movement plan; annual firearm maintenance allowance increased from \$500 to \$1,000 per year.
July 1, 2018:	2.25% ATB increase; continue step movement plan.
July 1, 2019:	2% ATB; continue step movement plan. PO-7 to PO-15 employees receive lump sum bonus (\$1,800-\$2,000); amount dependent on their current step.
July 1, 2020:	2% ATB; continue step movement plan. PO-7 to PO-15 employees receive lump sum bonus (\$1,800-\$2,000); amount dependent on their current step; employees on step L-5 with 28 or more years of service accrued on or before July 1, 2020 receive a one-time lump sum bonus of \$500.
June 30, 2021:	New Step L-6 established and implemented.

Hawai'i Fire Fighters Association (HFFA) – July 1, 2017 to June 30, 2019

July 1, 2017:	2% ATB; continue step movement plan.
July 1, 2018:	2.25% ATB; continue step movement plan.

Employee Union Contracts (continued)

Clerical and Professional:

Bargaining Unit 2 – July 1, 2017 to June 30, 2019

July 1, 2017: 2% ATB; continue step movement plan; 2% increase to those not assigned to the salary schedule.

January 1, 2018: 1.2% ATB; 1.2% increase to those not assigned to the salary schedule.

July 1, 2018: 2.25% ATB; 2.25% increase to those not assigned to the salary schedule.

January 1, 2019: 1.2% ATB increase; 1.2% increase to those not assigned to the salary schedule.

Bargaining Unit 3 and 4 – July 1, 2017 to June 30, 2019

July 1, 2017: 2% ATB; 2% increase to those not assigned to the salary schedule; one-time bonus of \$150; less than full-time equivalent shall receive a pro-rated lump sum payment.

January 1, 2018: 1.5% ATB; 1.5% increase to those not assigned to the salary schedule.

July 1, 2018: 2.25% ATB; 2.25% increase to those not assigned to the salary schedule; one-time bonus of \$150; less than full-time equivalent shall receive a pro-rated lump sum payment.

January 1, 2019: 1.25% ATB; 1.25% increase to those not assigned to the salary schedule; drop Step A and employees on this step shall move to Step B.

Bargaining Unit 13 – July 1, 2017 to June 30, 2019:

July 1, 2017: 2% ATB; 2% increase to those not assigned to the salary schedule.

July 1, 2018: 2.25% ATB; 2.25% increase to those not assigned to the salary schedule.

Bargaining Unit 14 – July 1, 2017 to June 30, 2019

- July 1, 2017: 2% ATB; continue step movement plan; one-time \$500 lump sum bonus; Ocean/Water Safety Officers who possess a valid National Registered Emergency Medical Technician (NREMT) basic certification or higher, the establishment of a new EMT-B Certification Differential to be paid at the rate of \$1.00 per hour.
- July 1, 2018: 2.25% ATB; continue step movement plan; one-time \$500 lump sum bonus.

Utility and Janitorial:

United Public Workers (UPW) – July 1, 2017 to June 30, 2021:

November 1, 2017: \$1,000 lump sum.

June 1, 2018: 3.2% ATB.

November 1, 2018: \$1,000 lump sum.

May 1, 2019: 3.45% ATB.

July 1, 2019: 2% ATB.

July 1, 2020: 2% ATB

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 Accuity, 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 requirements of Title 2 U.S. *Code of Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Information pertaining to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and the report of the independent auditors on the internal controls and compliance with all applicable laws and regulations are included in a separate report and has been audited by N&K CPAs, Inc.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2018. 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 only valid for period of one year. 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 twenty-six consecutive years.

Acknowledgments

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Reiko Matsuyama', enclosed within a large, hand-drawn oval.

Reiko Matsuyama
Director of Finance



Government Finance Officers Association

**Certificate of
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Hawaii**

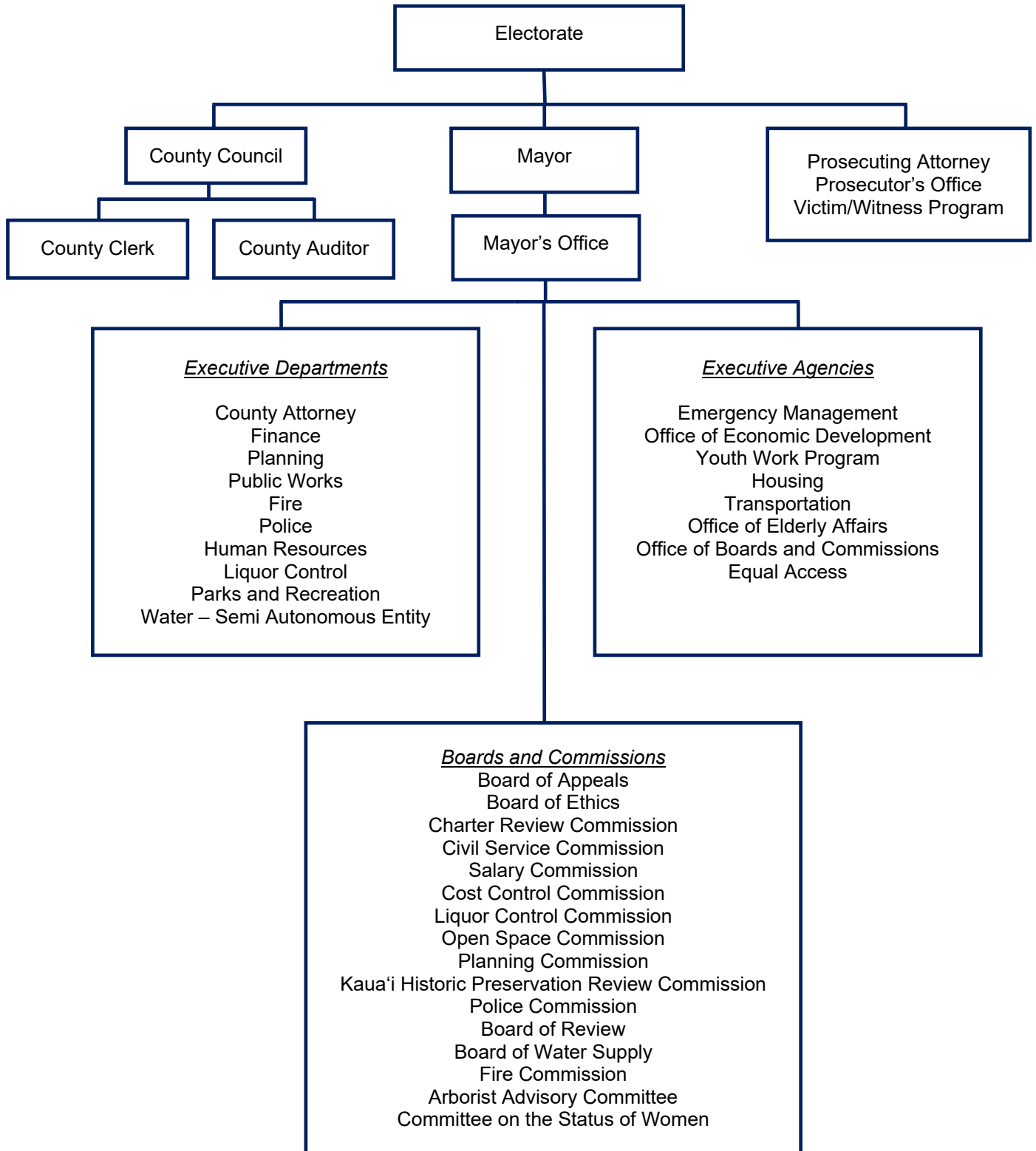
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

County of Kauaʻi Organization Chart



**COUNTY OF KAUAI
PRINCIPAL ELECTED OFFICIALS
2018 - 2020 TERM**

County Council Members

Arryl Kaneshiro	Chair
Ross Kagawa	Vice-Chair
Arthur Brun	Member
Mason K. Chock	Member
Felicia Cowden	Member
Luke A. Evslin	Member
KipuKai Kualii	Member

Mayor

Derek S.K. Kawakami

Prosecuting Attorney

Justin Kollar

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Kaua'i, State of Hawai'i (County), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the County of Kaua'i, State of Hawai'i as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Housing and Community Development Revolving Fund and the Solid Waste Disposal Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 29, the County's proportionate share of the net pension liability on page 108, the schedule of employer pension contributions on page 109, the changes in the net OPEB liability and related ratios on page 110, and the schedule of OPEB contributions on page 111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements, the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

N&K CPAs, Inc.

Honolulu, Hawai'i
December 20, 2019

COUNTY OF KAUA'I, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The management of the County of Kaua'i (the County) offers to readers a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2019. 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 1-10 of this report and the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

In June 2015, the Government Accounting Standards Board (GASB) issued Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB). The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*. The objective of GASB 75 is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by the state and local government employers about financial support for its OPEB liabilities and a more comprehensive measure of OPEB expense.

The County adopted GASB 75 in fiscal year 2018. In prior years, information surrounding OPEB liabilities were disclosed in the note disclosure and required supplementary information sections of the CAFR. With the implementation of GASB 75, the net OPEB liability is reported on the face of the Statement of Net Position, impacting the reporting and accounting presentation of the County's OPEB liability and ultimately reducing its overall net position.

Changes resulting from GASB 75 requirements apply only to the government-wide financial statements and enterprise funds (Sewer and Golf); it does not apply to governmental funds. The financial reporting impact resulting from the implementation of GASB 75 included a restatement and decreased the County's overall net position.

Additional information related to GASB 75 can be found in Note 13 in the notes to the basic financial statements and required supplementary information other than MD&A.

Governmental Activities – The assets and deferred outflows of the governmental activities exceeded its liabilities and deferred inflows at the close of the fiscal year by \$183.4 million in its government-wide financial statements, an increase of \$11 million from the prior year. Restricted net position decreased \$4.9 million, ending at \$10 million. Unrestricted net position is reported as a negative (\$281.9) million, further decreasing by another negative (\$2.6) million from the prior year.

The following explains the significant changes in net position in governmental activities:

1. Expenses increased by \$11 million and ended at \$245.2 million or 4.7% from the prior year.
2. Program revenues increased by \$32 million and ended at \$86.7 million or 58.6% from the prior year.
3. General revenues and transfers increased by \$12.2 million and ended at \$169.4 million or 7.8% from the prior year.
4. Total revenues exceeded expenses and transfers by \$11 million, increasing net position.
5. Assets, including capital assets, ended at \$773.6 million; an increase of \$10.8 million or 1.5% from the prior year.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

Business-type Activities – The assets and deferred outflows of the business-type activities exceeded its liabilities and deferred inflows at the close of the fiscal year by \$69.1 million in its government-wide financial statements, a slight decrease of \$0.7 million from the prior year. Restricted net position increased by \$1 million, ending at \$1.4 million. Unrestricted net position is reported as a negative (\$7.2) million, increasing by another negative (\$3) million from the prior year. 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 following explains the significant changes in net position in business-type activities:

1. Expenses increased slightly by \$0.4 million and ended at \$18.6 million or 2.3% from the prior year.
2. Program revenues increased slightly by \$0.9 million and ended at \$14.6 million as compared to \$13.7 million in the prior year.
3. Expenses and transfers exceeded total revenues by \$0.7 million, decreasing net position.
4. Assets, including capital assets, remained relatively flat to the prior year and ended at \$107.2 million.

Governmental Funds – As of the close of the fiscal year, the County's governmental fund financial statements reported a combined ending fund balance of \$165.3 million, an increase of \$16.5 million or 11.1% from the prior year.

The General Fund balance at June 30, 2019 amounted to \$75.1 million, an increase of \$15.8 million from the prior year. The General Fund balance consisted of \$0.5 million in restricted fund balance, \$23.1 million in committed fund balance, \$7.2 million in assigned fund balance, and \$44.3 million in unassigned fund balance. In December 2011, the County established a Reserve Fund Policy maintained within the General Fund. At June 30, 2019, the reserve fund balance amounted to \$45.6 million and is currently reported in committed fund balance (\$15.2 million) and unassigned fund balance (\$30.4 million). Additional information can be found in Note 16 in the notes to the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents information on all of the County's assets (including capital and infrastructure assets), plus deferred outflows of resources, less liabilities (including long-term debt), less deferred inflows of resources, with the difference reported as net position.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As such, revenues and expenses, including depreciation expenses, are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

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

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

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

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.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial condition. The largest portion of the County's net position reflects its net investment in capital assets, at \$530.3 million or 210% of net position. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The County's restricted net position category represents \$11.3 million or 4.5% of net position. These restrictions on net position are imposed by enabling legislation or parties outside the government (such as creditors, grantors, contributors, laws or regulations of other governments).

The difference between total net position and the two categories just discussed (net investment in capital assets and restricted net position) is the unrestricted net position, amounting to a negative (\$289.1) million or (114.5%) of net position. The County previously implemented

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

GASB 68 and GASB 71 (fiscal year 2015), GASB 82 (fiscal year 2016) and GASB 75 (fiscal year 2018). The County is reporting a net pension liability, net other postemployment benefits liability, and deferred outflows and deferred inflows of resources related to pensions and other postemployment benefits on the accrual basis of accounting. The implementation of the above pronouncements resulted in a negative unrestricted net position.

The following is a summary of the Statement of Net Position as of June 30, 2019 and 2018:

Summary Statement of Net Position
(Amount in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 225.73	\$ 227.58	\$ 14.01	\$ 13.13	\$ 239.74	\$ 240.71
Capital assets	547.90	535.26	93.20	93.57	641.10	628.83
Total Assets	<u>773.63</u>	<u>762.84</u>	<u>107.21</u>	<u>106.70</u>	<u>880.84</u>	<u>869.54</u>
Deferred Outflows of Resources	103.14	96.57	3.00	3.11	106.14	99.68
Non-current liabilities	621.29	595.31	35.51	35.88	656.80	631.19
Other liabilities	60.33	79.05	2.33	1.83	62.66	80.88
Total Liabilities	<u>681.62</u>	<u>674.36</u>	<u>37.84</u>	<u>37.71</u>	<u>719.46</u>	<u>712.07</u>
Deferred Inflows of Resources	11.71	12.60	3.31	2.35	15.02	14.95
Net position:						
Net investment in capital assets	455.39	442.11	74.87	73.53	530.26	515.64
Restricted	9.95	14.86	1.37	0.36	11.32	15.22
Unrestricted	<u>(281.90)</u>	<u>(284.52)</u>	<u>(7.18)</u>	<u>(4.14)</u>	<u>(289.08)</u>	<u>(288.66)</u>
Total Net Position	\$ <u>183.44</u>	\$ <u>172.45</u>	\$ <u>69.06</u>	\$ <u>69.75</u>	\$ <u>252.50</u>	\$ <u>242.20</u>

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

The following is a summary of the Statement of Activities for the fiscal years ended June 30, 2019 and 2018:

	Summary Statement of Activities (Amount in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 25.74	\$ 25.21	\$ 12.60	\$ 12.65	\$ 38.34	\$ 37.86
Operating grants and contributions	46.28	23.99	--	--	46.28	23.99
Capital grants and contributions	14.71	5.49	2.01	1.05	16.72	6.54
General revenues:						
Property taxes	138.13	127.48	--	--	138.13	127.48
Other taxes	13.27	12.94	--	--	13.27	12.94
Other	21.17	16.67	0.18	0.03	21.35	16.70
Total Revenues	<u>259.30</u>	<u>211.78</u>	<u>14.79</u>	<u>13.73</u>	<u>274.09</u>	<u>225.51</u>
Expenses:						
General government	39.75	36.75	--	--	39.75	36.75
Public safety	87.81	78.98	--	--	87.81	78.98
Public works	11.53	10.48	--	--	11.53	10.48
Highways and streets	25.19	24.41	--	--	25.19	24.41
Sanitation	24.22	29.45	--	--	24.22	29.45
Culture and recreation	22.83	21.22	--	--	22.83	21.22
Public welfare	28.48	27.64	--	--	28.48	27.64
Interest on long-term debt	5.37	5.27	--	--	5.37	5.27
Housing programs	--	--	2.19	2.53	2.19	2.53
Sewer	--	--	13.30	12.60	13.30	12.60
Golf	--	--	3.12	3.07	3.12	3.07
Total Expenses	<u>245.18</u>	<u>234.20</u>	<u>18.61</u>	<u>18.20</u>	<u>263.79</u>	<u>252.40</u>
Increase (Decrease) before transfers	14.12	(22.42)	(3.82)	(4.47)	10.30	(26.89)
Transfers	(3.13)	0.09	3.13	(0.09)	--	--
Change in Net Position	10.99	(22.33)	(0.69)	(4.56)	10.30	(26.89)
Net Position, July 1	172.45	194.78	69.75	74.31	242.20	269.09
Net Position - Ending	\$ <u>183.44</u>	\$ <u>172.45</u>	\$ <u>69.06</u>	\$ <u>69.75</u>	\$ <u>252.50</u>	\$ <u>242.20</u>

In the current fiscal year, the government-wide revenues increased from the prior year by approximately \$47.5 million and government-wide expenses increased by approximately \$11 million.

The major components of the changes in government-wide revenue were:

Operating grants and contributions increased \$22.3 million from the prior year. As mentioned previously, historic levels of rain triggered flooding and landslides to Kauai's North Shore in April 2018. Increases in operating grants and contributions were primarily attributable to receiving a portion of the \$25 million in Act 12 disaster relief funds in the current fiscal year. Majority of the damages sustained were to roads and bridges, resulting in increases in public works, highway and street disaster projects such as bridge and road repairs.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

Capital grants and contributions increased by \$9.2 million primarily due to construction of the Adolescent Treatment and Healing Center, Lihu'e Town Core project, Kekaha Landfill expansion Cell 2, and other highway and street disaster projects such as bridge and road repairs.

The County's real property taxes billed (revenues on full accrual basis) increased by \$10.6 million or 8.4%, which was primarily attributed to the increasing growth in billable assessed values and new construction being added to the assessment list. Additionally, a small portion of the increase in revenue may be attributable to increasing enforcement of the County's various tax classifications. In the current fiscal year, the total amount billed was \$137.7 million as compared to \$127.1 million in the prior year. The gross assessed values increased by approximately \$0.9 billion (or 4.3%) from \$22.2 billion to \$23.1 billion in the current year, while the net taxable values increased by approximately \$0.9 billion (or 4.7%) from \$19.1 billion to \$20 billion in the current year. Additionally, there was an increase in the total number of appeals while the aggregate value of the appeals increased slightly. There were 269 appeals as compared to 127 appeals in the prior year. The total assessed value being contested was approximately \$185.2 million, compared to \$178 million in the prior tax year. Tax credits for the County's two tax relief programs, Very Low Income and Home Preservation Limit, amounted to approximately \$0.2 million and were awarded to 185 recipients.

The major components of the changes in government-wide expenditures were:

Overall expenses increased by approximately \$11 million and were primarily attributable to continuous disaster relief projects to repair major damages to roads and bridges, increases in pension related expenses for both general government and public safety employees, overall increase in landfill closure and post-closure care cost liability, increases in repair and maintenance expenses, and financing of newly acquired capital assets.

Additionally, a large expense came from the funding of OPEB; whereby, qualified employees are promised specific healthcare benefits upon separation or retirement. Funding for these OPEB benefits are made through a combination of pay-as-you-go contributions and monthly pre-funding contributions into the OPEB Trust. The County's OPEB liability as of July 1, 2018 actuarial valuation, was \$149.2 million. The overall OPEB liability increased \$2.2 million from the previous valuation report primarily due to decreases in net investment income, increases in health benefit claims and payments, and assumption changes during the current measurement period for health care trends.

The County has continued to pay the annual required contribution (ARC) as calculated by the actuary contracted by the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF). The actuary also provided the information needed for financial statement reporting and footnote disclosures. EUTF administers the healthcare benefit plan and develops the annual funding requirements based on the present value of benefits of the actuarial accrued liability using the entry age normal method for calculation.

The County paid 100% of its ARC, of which, amounted to \$16.6 million in the current fiscal year. Additional information can be found in Note 13 in the notes to the basic financial statements and required supplementary information other than MD&A.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position can be found on page 34. The major differences relate to certain financial resources and expenditures such as debt financing and capital outlays that are included in the changes in governmental fund balances but are not reported in the changes in net position.

General Fund - The General Fund is the chief operating fund of the County. Total revenues in the General Fund amounted to \$165.2 million, or an increase of \$13.1 million as compared to the prior year. As stated earlier, the County reported an unassigned fund balance of \$44.3 million, of which, includes \$30.4 million that represents a portion of the County's Reserve Fund. The unassigned fund balance increased \$8 million, as compared to \$36.3 million in the prior year. The increase in the overall fund balance may be attributable to the cumulative effect of the following key factors:

- An increase of \$10.6 million or 8.3% in property tax revenue, primarily due to results from growth in billable assessed value and increasing enforcement of the County's tax classifications.
- An increase of \$3.6 million or 313% in interest earned from investments, due to increases in investments from bonds issued in the prior year, stronger performance of investments, and positive market value adjustments at the end of the fiscal year.
- Total expenditures remained relatively flat to the prior year, increasing by \$2.1 million and ended at \$127.5 million.

Major Governmental Funds – The State Grants Fund continues to be presented as a major governmental fund. The threshold criteria to be classified and presented as a major governmental fund were met, due to the amounts reported on its Balance Sheet.

Major governmental fund revenues amounted to \$52.4 million, or a \$19.2 million increase in comparison to the prior year. The increase was primarily attributable to:

- State Grants Fund increase of \$9.2 million was primarily due to increases in public safety, public works, and public welfare Act 12 disaster relief funds received from the State. Additionally, the County received approximately \$0.5 million of federal public assistance disaster grants. Approximately 40 approved federal disaster grant projects remain in open.
- Grants Capital Improvement Fund increase of \$9.3 million was primarily due to the construction of the Adolescent Treatment and Healing Center, Līhu'e Town Core project, Kekaha Landfill expansion Cell 2, and other highway and street projects such as bridge and road repairs in the current year.

Total expenditures increased by \$22.2 million from \$45.2 million to \$67.4 million in the current fiscal year. Significant variances included the following:

- State Grants Fund increase of \$9.2 million was primarily due to increases in public safety (e.g. police, fire, emergency management, etc.), public works, and sanitation expenditures for disaster relief projects, including increases in salaries, overtime, and related fringe and benefit expenditures in the current year.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

- Grants Capital Improvement Fund increase of \$9.1 million was primarily due capital type expenditures (e.g. highway and street improvements, landfill and public welfare improvements, etc.) in the current year.

All Other Governmental Funds – As mentioned previously, the County authorized the imposition of a county surcharge of 0.5% on State GET and use tax. The additional surcharge took effect on January 1, 2019 and is currently being used to offset operational and capital costs of public transportation systems, including roadways, public buses, pedestrian and bicycle paths, and to comply with Americans with Disabilities Act of 1990 with respect to public transportation systems. In the current year, the County created the General Excise Tax Fund to report the revenues received and expenditures of this surcharge.

Other governmental fund total revenues increased \$15.2 million from \$25.9 million to \$41.1 million in the current fiscal year. The increase is primarily due to revenues received from the County's surcharge on State GET.

Other governmental fund total expenditures increased slightly by \$1.9 million from \$47.3 million to \$49.2 million in the current fiscal year. Significant variances included the following:

- General Excise Tax Fund reported initial expenditures of \$5.1 million primarily attributable to salaries and fringe related benefits. Revenues exceeded expenditures by \$7.9 million; overall positive net change in fund balance of \$7.9 million.
- Highway Fund increase of \$2.1 million primarily due to increases in salaries and fringe related benefits and other capital expenditures. Expenditures exceeded revenues collected by \$2.3 million, offset by new capital leases of approximately \$2 million; overall net change in fund balance was a decrease of \$0.4 million.
- Open Space Capital Improvement Fund expenditures decreased by \$5 million due to land acquisition expenditures of \$5.6 million in the prior year; ultimately offsetting the overall increase in total other governmental expenditures. Net change in fund balance resulted in a decrease of \$0.6 million.

BUDGETARY HIGHLIGHTS

The General Fund exceeded its estimate of budgeted revenues by \$6.1 million. The General Fund lapsed \$8.6 million of budgeted appropriations at year end. The General Fund contribution to other funds amounted to \$24.9 million in the current fiscal year, a decrease of \$1.4 million as compared to the prior year. Fund budgetary expenditures differ from the fund expenditures in that the encumbrances at year end are accounted for as expenditures for budgetary purposes. The original budget amount in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) include re-appropriated and committed prior-period encumbrances.

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

Estimated budgeted General Fund revenues for the fiscal year ended June 30, 2019 was \$159.1 million as compared to \$150.6 million in the prior year, an increase of \$8.5 million.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

Positive revenue budget variances of \$6.1 million occurred primarily because of the volatility of predicting certain types of revenues and the conservative approach in estimated revenues. The major positive variance occurred in revenue from real property taxes of \$2.3 million and interest earned of \$3.2 million.

Final amended budgeted expenditures in the General Fund for fiscal year ended June 30, 2019 increased by \$1.1 million, ending at \$142.1 million. The general government function budget increased by 2.8%, public safety function increased 3.3%, public works function increased 2.1%, culture and recreation function increased 7.7%, and public welfare function decreased by 52%. The significant decrease in the public welfare function was primarily due to the movement of certain salary, fringe benefits, and operational budget items to the GE Tax Fund in the current fiscal year.

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 \$0.7 million, of which, were primarily attributable to unexpended salaries, fringe and benefits, unexpended consulting services, travel, special projects, and other miscellaneous items.
- Office of the County Attorney had a favorable variance of approximately \$0.6 million, of which, were primarily attributable to unexpended salaries, fringe and benefits, unexpended consulting services, travel, and other miscellaneous items.
- Less than anticipated claims were paid out of the self insurance account in the current fiscal year, creating a favorable variance of \$0.7 million. The purpose of this account is to prepare for unanticipated and unpredictable future claims.
- Less than anticipated claims were paid out of the County-wide claims account in the current fiscal year, creating a favorable variance of \$0.6 million.
- Human Resources had a favorable variance of \$0.5 million, of which, were primarily attributable to unexpended salaries, fringe and benefits, unexpended consulting services, training, and other miscellaneous items.

COUNTY OF KAUAI, HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The County's capital assets for its governmental and business-type activities as of June 30, 2019 amounted to \$641.1 million, an increase of \$12.3 million. Net capital assets include land, buildings and improvements, machinery and equipment, infrastructure (e.g. roadways, bridges, and sewer), 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, 2019 in comparison to fiscal year 2018:

	Government Activities Summary of Capital Assets (Amounts in millions)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Non-depreciable assets:						
Land	\$ 191.69	\$ 190.58	\$ 17.13	\$ 17.13	\$ 208.82	\$ 207.71
CIP	42.08	27.48	6.23	3.36	48.31	30.84
Depreciable assets:						
Buildings and improvements	157.19	149.41	105.39	105.12	262.58	254.53
Equipment	100.16	94.66	16.54	15.68	116.70	110.34
Infrastructure	690.57	689.01	13.76	13.75	704.33	702.76
Less: Accumulated depreciation	<u>(633.78)</u>	<u>(615.88)</u>	<u>(65.86)</u>	<u>(61.47)</u>	<u>(699.64)</u>	<u>(677.35)</u>
Total Capital Assets, net	\$ <u>547.91</u>	\$ <u>535.26</u>	\$ <u>93.19</u>	\$ <u>93.57</u>	\$ <u>641.10</u>	\$ <u>628.83</u>

Additional information on the County's capital assets can be found in Note 7 in the notes to the basic financial statements.

Long-term Debt – At the end of the current fiscal year, the County had total bonds and loans outstanding of \$135.2 million (\$117.1 million related to governmental activities and \$18.1 million related to business-type activities). Of this amount, \$112.6 million is comprised of debt backed by the full faith and credit of the government (general obligations) and \$22.6 million represents State Revolving Fund (SRF) loans used to finance construction of wastewater and landfill projects.

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

State statutes limit the amount of general obligation debt the County may issue up to 15 percent of its net assessed valuation. The current debt limitation for the County is \$3 billion. As of June 30, 2019 the County's current outstanding debt applicable to the legal debt margin totaled \$112.6 million or 3.8% of the County's debt limitation.

COUNTY OF KAUA'I, HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
JUNE 30, 2019

On December 17, 2019, approximately \$20.3 million of Series 2019 Special Tax Revenue Bonds bearing the County's name were issued to finance the Kukui'ula Development Project. The proceeds from the bonds will be utilized for acquiring or constructing certain public facilities, funding a deposit to a reserve account, paying a portion of the interest payable in future years, and paying the costs of issuance.

Additional information on the County's long-term debt can be found in Note 11 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 surrounding any information provided in this report or requests for additional information should be addressed to the Director of Finance, 4444 Rice Street, Suite 280, Līhu'e, Kaua'i, Hawai'i 96766.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF KAUAI, HAWAII
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental	Business-type		Department
	Activities	Activities	Total	of Water
Assets:				
Cash and cash equivalents	\$ 32,775,855	\$ 6,780,769	\$ 39,556,624	\$ 8,359,490
Investments	138,190,276	2,970,873	141,161,149	47,793,197
Receivables, net	10,409,239	2,942,829	13,352,068	7,088,738
Internal balances	54,229	(54,229)	--	--
Due from other governments	25,281,516	--	25,281,516	--
Materials and supplies	--	--	--	1,112,506
Prepaid items and other	601,440	2,825	604,265	51,259
Restricted Assets:				
Cash and cash equivalents	--	368,740	368,740	1,906,476
Investments	--	--	--	9,318,809
Other	--	--	--	103,197
Noncurrent Assets:				
Loans receivable	18,415,811	1,000,000	19,415,811	--
Capital Assets:				
Land	191,691,387	17,127,632	208,819,019	1,343,144
Construction in progress	42,083,291	6,231,747	48,315,038	11,179,624
Buildings and improvements	93,727,195	55,823,854	149,551,049	13,311,284
Machinery and equipment	31,756,853	9,507,319	41,264,172	3,009,247
Infrastructure	188,650,052	4,505,786	193,155,838	193,500,582
Total Capital Assets, net	547,908,778	93,196,338	641,105,116	222,343,881
Total Assets	773,637,144	107,208,145	880,845,289	298,077,553
Deferred Outflows of Resources:				
Deferred loss on refunding	1,038,662	--	1,038,662	1,066
Deferred outflows of resources on net pension liability	83,432,101	2,167,393	85,599,494	4,037,094
Deferred outflows of resources on net other postemployment benefits liability	18,664,600	840,474	19,505,074	1,214,858
Total Deferred Outflows of Resources	103,135,363	3,007,867	106,143,230	5,253,018
Total Assets and Deferred Outflows of Resources	\$ 876,772,507	\$ 110,216,012	\$ 986,988,519	\$ 303,330,571
Liabilities:				
Accounts payable and accrued liabilities	\$ 20,365,402	\$ 1,743,504	\$ 22,108,906	\$ 4,396,086
Contracts payable	1,076,580	39,380	1,115,960	536,898
Due to other governments	--	280,614	280,614	--
Customer deposits	314,788	145,790	460,578	958,108
Unearned revenue	36,379,401	56,575	36,435,976	--
Interest payable	2,197,391	66,025	2,263,416	--
Noncurrent Liabilities:				
Due within one year	15,308,659	2,106,270	17,414,929	5,534,282
Due in more than one year	172,797,190	17,464,840	190,262,030	68,282,675
Net pension liability	290,137,335	9,741,289	299,878,624	16,156,668
Net other postemployment benefits liability	143,047,460	6,194,797	149,242,257	8,459,304
Total Liabilities	681,624,206	37,839,084	719,463,290	104,324,021
Deferred Inflows of Resources:				
Deferred gain on refunding	2,591,538	--	2,591,538	--
Deferred inflows of resources on net pension liability	6,809,349	3,210,654	10,020,003	685,930
Deferred inflows of resources on net other postemployment benefits liability	2,307,399	104,200	2,411,599	226,414
Total Deferred Inflows of Resources	11,708,286	3,314,854	15,023,140	912,344
Total Liabilities and Deferred Inflows of Resources	693,332,492	41,153,938	734,486,430	105,236,365
Net Position:				
Net investment in capital assets	455,387,859	74,870,040	530,257,899	160,382,454
Restricted for capital activity and other	8,366,942	368,740	8,735,682	905,194
Restricted for debt service	1,588,524	--	1,588,524	--
Restricted for housing program	--	1,000,000	1,000,000	--
Unrestricted	(281,903,310)	(7,176,706)	(289,080,016)	36,806,558
Total Net Position	\$ 183,440,015	\$ 69,062,074	\$ 252,502,089	\$ 198,094,206

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, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Department of Water
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 39,752,275	\$ 5,424,926	\$ 4,643,448	\$ 161,779	\$ (29,522,122)	\$ --	\$ (29,522,122)	\$ --
Public safety	87,814,650	928,787	4,158,156	186,493	(82,541,214)	--	(82,541,214)	--
Public works	11,530,773	403,990	7,187,805	4,584,886	645,908	--	645,908	--
Highways and streets	25,189,019	8,394,168	12,993,152	6,340,008	2,538,309	--	2,538,309	--
Sanitation	24,223,172	9,547,468	1,433,956	2,818,323	(10,423,425)	--	(10,423,425)	--
Culture and recreation	22,827,870	644,013	791,673	--	(21,392,184)	--	(21,392,184)	--
Public welfare	28,476,112	395,253	15,068,763	619,740	(12,392,356)	--	(12,392,356)	--
Interest on long-term debt,unallocated	5,368,320	--	--	--	(5,368,320)	--	(5,368,320)	--
Total Governmental Activities	<u>245,182,191</u>	<u>25,738,605</u>	<u>46,276,953</u>	<u>14,711,229</u>	<u>(158,455,404)</u>	<u>--</u>	<u>(158,455,404)</u>	<u>--</u>
Business-type Activities								
Housing programs	2,190,691	1,877,337	--	18,577	--	(294,777)	(294,777)	--
Sewer	13,303,075	9,465,263	--	1,992,979	--	(1,844,833)	(1,844,833)	--
Golf	3,122,652	1,254,562	--	--	--	(1,868,090)	(1,868,090)	--
Total Business-type Activities	<u>18,616,418</u>	<u>12,597,162</u>	<u>--</u>	<u>2,011,556</u>	<u>--</u>	<u>(4,007,700)</u>	<u>(4,007,700)</u>	<u>--</u>
Total Primary Government	<u>\$ 263,798,609</u>	<u>\$ 38,335,767</u>	<u>\$ 46,276,953</u>	<u>\$ 16,722,785</u>	<u>\$ (158,455,404)</u>	<u>\$ (4,007,700)</u>	<u>\$ (162,463,104)</u>	<u>\$ --</u>
Component Unit:								
Department of Water	<u>\$ 28,033,026</u>	<u>\$ 30,558,551</u>	<u>\$ --</u>	<u>\$ 6,730,850</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,256,375</u>
General Revenues:								
Property taxes					138,127,982	--	138,127,982	--
Public service company tax					3,442,407	--	3,442,407	--
Franchise tax					4,101,541	--	4,101,541	--
Fuel taxes					5,729,166	--	5,729,166	--
Grants and contributions not restricted to specific programs					15,953,540	--	15,953,540	--
Unrestricted investment earnings					5,220,651	186,934	5,407,585	--
Transfers					(3,129,407)	3,129,407	--	--
Total General Revenues and Transfers					<u>169,445,880</u>	<u>3,316,341</u>	<u>172,762,221</u>	<u>--</u>
Change in Net Position					10,990,476	(691,359)	10,299,117	9,256,375
Net Position - Beginning of Year July 1, 2018					<u>172,449,539</u>	<u>69,753,433</u>	<u>242,202,972</u>	<u>188,837,831</u>
Net Position - End of Year June 30, 2019					<u>\$ 183,440,015</u>	<u>\$ 69,062,074</u>	<u>\$ 252,502,089</u>	<u>\$ 198,094,206</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND FINANCIAL STATEMENTS

MAJOR FUNDS

General Fund

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

Special Revenue Funds

Housing and Community Development Revolving Fund

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

Solid Waste Disposal Fund

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

Federal Grants Fund

Accounts for federal grant revenues and related expenditures.

State Grants Fund

Accounts for expenditures of state and county grants.

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, 2019

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	State Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets:										
Cash and cash equivalents	\$ 585,505	\$ 2,909,514	\$ 706,578	\$ 4,831,384	\$ --	\$ 3,200,802	\$ --	\$ 2,040,959	\$ 18,501,113	\$ 32,775,855
Investments	89,582,940	--	10,245,177	29,119,409	1,751,257	--	--	--	7,491,493	138,190,276
Accounts receivable, net	544,982	--	822,289	--	--	2,004,893	--	700,903	161,924	4,234,991
Taxes receivable	3,837,999	--	--	--	--	--	--	--	--	3,837,999
Interest receivable	330,964	1,268,710	54,602	160,220	506,626	--	--	--	15,127	2,336,249
Due from other funds	704,680	--	9,900,000	--	--	9,560,468	--	--	--	20,165,148
Due from other governments	--	--	--	--	5,593,994	--	10,168,849	--	9,518,673	25,281,516
Loans receivable	--	6,500,596	--	--	11,915,215	--	--	--	--	18,415,811
Prepaid items	--	--	--	--	--	--	--	--	601,440	601,440
Total Assets	\$ 95,587,070	\$ 10,678,820	\$ 21,728,646	\$ 34,111,013	\$ 19,767,092	\$ 14,766,163	\$ 10,168,849	\$ 2,741,862	\$ 36,289,770	\$ 245,839,285
Liabilities, Deferred Inflows of Resources and Fund Balances:										
Liabilities:										
Accounts payable	\$ 8,214,455	\$ 34,344	\$ 1,943,922	\$ 671,011	\$ 731,012	\$ 1,792,939	\$ 4,387,303	\$ 89,625	\$ 2,500,791	\$ 20,365,402
Contracts payable	50,858	--	212,769	141,447	527	160,013	261,242	9,320	240,404	1,076,580
Due to other funds	9,900,000	--	201,104	--	2,790,876	--	5,515,760	--	1,703,179	20,110,919
Due to customers	--	--	--	--	--	--	--	--	314,788	314,788
Unearned revenue	--	7,201,717	10,180	--	16,244,677	12,813,211	4,544	--	105,072	36,379,401
Total Liabilities	18,165,313	7,236,061	2,367,975	812,458	19,767,092	14,766,163	10,168,849	98,945	4,864,234	78,247,090
Deferred Inflows of Resources:										
Unavailable revenues	2,327,037	--	--	--	--	--	--	--	--	2,327,037
Total Deferred Inflow of Resources	2,327,037	--	--	--	--	--	--	--	--	2,327,037
Fund Balance:										
Nonspendable	--	--	--	--	--	--	--	--	601,440	601,440
Restricted	490,000	567,589	12,047,668	--	--	--	--	--	1,796,561	14,901,818
Committed	23,069,304	230,351	4,153,312	6,264,854	--	--	--	571,643	12,944,388	47,233,852
Assigned	7,190,271	2,644,819	3,159,691	27,033,701	--	--	--	2,071,274	16,083,147	58,182,903
Unassigned	44,345,145	--	--	--	--	--	--	--	--	44,345,145
Total Fund Balance	75,094,720	3,442,759	19,360,671	33,298,555	--	--	--	2,642,917	31,425,536	165,265,158
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 95,587,070	\$ 10,678,820	\$ 21,728,646	\$ 34,111,013	\$ 19,767,092	\$ 14,766,163	\$ 10,168,849	\$ 2,741,862	\$ 36,289,770	\$ 245,839,285

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 POSITION
JUNE 30, 2019

Total Fund Balances - Governmental Funds \$ 165,265,158

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

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

Land	\$	191,691,387
Construction in progress		42,083,291
Buildings and improvements		157,186,071
Equipment		100,162,577
Infrastructure		690,565,881
Accumulated depreciation		<u>(633,780,429)</u>

Total Capital Assets, net 547,908,778

Some of the County's revenues will be collected after the year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds. 2,327,037

Deferred amounts on refunding are reported as deferred outflows/inflows of resources in the government-wide financial statements but are not reported in the governmental fund statements. (1,552,876)

Deferred amounts related to pensions reported as deferred outflows/inflows of resources in the government-wide financial statements but are not reported in the governmental fund statements. 76,622,752

Deferred amounts related to other postemployment benefits reported as deferred outflows/inflows of resources in the government-wide financial statements but are not reported in the governmental fund statements. 16,357,201

Interest payable on outstanding bonds and capital leases are expensed on the government-wide statement of activities. (2,197,391)

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		(117,107,464)
Capital leases		(7,159,134)
Compensated absences		(14,238,474)
Claims and judgments		(8,010,012)
Landfill closure and post-closure		(41,590,765)
Net pension liability		(290,137,335)
Net other postemployment benefits liability		<u>(143,047,460)</u>

Total Long-term Liabilities (621,290,644)

Net Position of Governmental Activities \$ 183,440,015

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, 2019

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	State Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:										
Taxes	\$ 141,188,450	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,830,707	\$ 151,019,157
Licenses and permits	2,206,758	--	--	--	--	--	--	--	9,014,193	11,220,951
Rents and concessions	144,842	--	603	--	--	--	--	--	240,308	385,753
Interest	3,692,185	148,408	487,567	591,265	--	--	--	--	301,226	5,220,651
Intergovernmental revenues	14,974,580	48,249	--	--	10,316,169	15,738,925	14,524,736	--	20,173,610	75,776,269
Charges for current services	2,223,290	--	9,546,865	--	--	--	--	--	971,093	12,741,248
Bond subsidy	--	--	--	978,960	--	--	--	--	--	978,960
Miscellaneous	816,188	2,511	--	--	--	--	--	33,848	538,106	1,390,653
Total Revenues	<u>165,246,293</u>	<u>199,168</u>	<u>10,035,035</u>	<u>1,570,225</u>	<u>10,316,169</u>	<u>15,738,925</u>	<u>14,524,736</u>	<u>33,848</u>	<u>41,069,243</u>	<u>258,733,642</u>
Expenditures:										
General government	30,736,500	--	--	362,366	1,359,289	3,284,159	161,779	301,541	53,803	36,259,437
Public safety	65,653,864	--	--	--	1,134,373	2,263,367	--	--	922,451	69,974,055
Public works	5,813,680	--	--	75,397	--	1,852,761	--	127	189,905	7,931,870
Highways and streets	1,039,770	--	109,850	25,788	19,396	--	46,974	--	15,513,558	16,755,336
Sanitation	--	--	16,651,215	1,477,369	50,424	1,383,532	--	95,289	549,421	20,207,250
Culture and recreation	17,121,715	--	--	52,516	57,062	667,514	--	109,611	69,628	18,078,046
Public welfare	2,687,946	310,569	--	94	5,917,901	867,313	--	--	15,951,475	25,735,298
Capital outlay	3,352,780	--	818,566	1,937,909	1,777,724	5,420,279	14,684,796	2,720,788	3,999,032	34,711,874
Debt Service:										
Principal	1,001,494	--	1,318,530	--	--	--	--	--	6,589,612	8,909,636
Interest and debt issuance cost	58,915	--	108,882	--	--	--	--	--	5,364,625	5,532,422
Total Expenditures	<u>127,466,664</u>	<u>310,569</u>	<u>19,007,043</u>	<u>3,931,439</u>	<u>10,316,169</u>	<u>15,738,925</u>	<u>14,893,549</u>	<u>3,227,356</u>	<u>49,203,510</u>	<u>244,095,224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,779,629</u>	<u>(111,401)</u>	<u>(8,972,008)</u>	<u>(2,361,214)</u>	<u>--</u>	<u>--</u>	<u>(368,813)</u>	<u>(3,193,508)</u>	<u>(8,134,267)</u>	<u>14,638,418</u>
Other Financing Sources (Uses):										
Issuance of capital leases	1,840,935	--	795,082	--	--	--	--	--	1,958,028	4,594,045
Issuance of loans	--	--	368,813	--	--	--	--	--	--	368,813
Transfers in	1,051,930	--	10,066,316	--	--	--	368,813	423,058	12,699,486	24,609,603
Transfers out	(24,864,768)	--	(1,322,312)	(1,014,632)	--	--	--	--	(537,298)	(27,739,010)
Total Other Financing Sources (Uses)	<u>(21,971,903)</u>	<u>--</u>	<u>9,907,899</u>	<u>(1,014,632)</u>	<u>--</u>	<u>--</u>	<u>368,813</u>	<u>423,058</u>	<u>14,120,216</u>	<u>1,833,451</u>
Net Change in Fund Balances	15,807,726	(111,401)	935,891	(3,375,846)	--	--	--	(2,770,450)	5,985,949	16,471,869
Fund Balance - Beginning of Year July 1, 2018	<u>59,286,994</u>	<u>3,554,160</u>	<u>18,424,780</u>	<u>36,674,401</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,413,367</u>	<u>25,439,587</u>	<u>148,793,289</u>
Fund Balance - End of Year June 30, 2019	<u>\$ 75,094,720</u>	<u>\$ 3,442,759</u>	<u>\$ 19,360,671</u>	<u>\$ 33,298,555</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,642,917</u>	<u>\$ 31,425,536</u>	<u>\$ 165,265,158</u>

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

COUNTY OF KAUAI, HAWAII
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Net Change in Fund Balance - Total Governmental Funds \$ 16,471,869

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	\$	34,711,874	
Depreciation expense		<u>(20,640,231)</u>	
Net Capital Outlay			14,071,643

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, CIP closures/transfers, contributed/donated capital assets) is to decrease Net Position. (1,420,992)

Capital leases and loans are recorded as current financial sources in the Statement of Revenues, Expenditures, and Changes in Fund Balances. However, in the Statement of Net Position, capital leases and loans are recorded as long-term debt and capital assets. (4,594,045)

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. 381,939

The County's proportionate share of pension expense requiring immediate recognition, but not reported as expenditures in the governmental funds. This is the net difference between FY19 employer paid contributions, recorded as deferred outflows in the current year, FY18 employer paid contributions being expensed, and FY19 pension expense in the Statement of Activities. (21,587,177)

The County's OPEB expense requiring immediate recognition, but not reported as expenditures in the governmental funds. This is the net difference between FY19 employer paid contributions, recorded as deferred outflows in the current year and FY18 OPEB expense in the Statement of Activities. 396,687

Bond and loan proceeds are reported as other financing sources in governmental funds and contribute to the increase in fund balance. Bond, loan, 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 and loan payments	6,197,025		
Loan proceeds		(368,813)	
Capital lease principal payments		<u>2,712,611</u>	
Net Long-term Debt Repayment			8,540,823

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	175,978		
Amortization of deferred refunding costs		(115,408)	
Decrease in compensated absences		360,927	
Decrease in claims and judgments		89,059	
Increase in landfill closure and post-closure care		(1,884,359)	
Decrease in accrued interest payable		<u>103,532</u>	
Net Increase in Expenditures			<u>(1,270,271)</u>

Change in Net Position - Governmental Activities \$ 10,990,476

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, 2019

	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	\$ 135,460,343	\$ 135,460,343	\$ 137,746,043	\$ --	\$ 137,746,043	\$ 2,285,700
Public services company taxes	3,200,000	3,200,000	3,442,407	--	3,442,407	242,407
Total Taxes	138,660,343	138,660,343	141,188,450	--	141,188,450	2,528,107
Licenses and Permits:						
Street use	235,850	235,850	259,810	--	259,810	23,960
Business licenses and fees	8,240	8,240	11,140	--	11,140	2,900
Non-business licenses and fees	2,125,000	2,125,000	1,935,808	--	1,935,808	(189,192)
Total Licenses and Permits	2,369,090	2,369,090	2,206,758	--	2,206,758	(162,332)
Rents and Concessions	207,000	207,000	144,842	--	144,842	(62,158)
Interest	513,000	513,000	3,692,185	--	3,692,185	3,179,185
Intergovernmental Revenues:						
State grants-in-aid share of transient accommodation tax	14,935,000	14,935,000	14,935,000	--	14,935,000	--
Other state grants-in-aid	30,000	30,000	39,580	--	39,580	9,580
Total Intergovernmental Revenues	14,965,000	14,965,000	14,974,580	--	14,974,580	9,580
Charges for Current Services	2,055,400	2,055,400	2,223,290	--	2,223,290	167,890
Miscellaneous	380,022	380,022	816,188	--	816,188	436,166
Total Revenues	\$ 159,149,855	\$ 159,149,855	\$ 165,246,293	\$ --	\$ 165,246,293	\$ 6,096,438

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, 2019

	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	\$ 3,446,107	\$ 3,446,107	\$ 2,474,974	\$ 259,280	\$ 2,734,254	\$ 711,853
Elections	859,527	859,527	667,703	12,740	680,443	179,084
Office of the County Auditor	250,051	250,051	249,763	--	249,763	288
Office of the Mayor:						
Administration	2,262,516	2,262,420	2,184,639	21,667	2,206,306	56,114
Youth Work Program	21,894	21,894	5,761	16,133	21,894	--
Kauai Equal Access Program	126,439	126,535	122,445	--	122,445	4,090
Boards and commissions	663,714	663,714	602,918	30,563	633,481	30,233
Office of the County Attorney	3,154,031	3,154,031	2,254,533	257,370	2,511,903	642,128
Office of the Prosecuting Attorney	4,353,152	4,353,152	4,233,929	11,760	4,245,689	107,463
Department of Finance:						
Administration	521,195	644,304	627,697	365	628,062	16,242
Accounting	1,288,665	1,331,810	1,007,202	4	1,007,206	324,604
Treasury	288,811	309,365	263,217	--	263,217	46,148
Motor vehicle	737,384	951,492	842,605	23,949	866,554	84,938
Drivers license	580,158	475,508	389,665	--	389,665	85,843
Real property assessment	2,163,618	2,163,337	2,026,721	42,731	2,069,452	93,885
Real property collections	405,021	352,899	288,448	20,864	309,312	43,587
Purchasing and Budgeting	1,088,716	939,264	884,196	--	884,196	55,068
Information technology	2,648,729	2,676,303	2,556,053	78,433	2,634,486	41,817
County-wide Costs:						
Insurance:						
Liability insurance	814,000	845,410	680,115	--	680,115	165,295
Fire insurance	430,000	484,540	463,167	--	463,167	21,373
Self insurance (Note D)	1,583,885	1,583,885	920,487	--	920,487	663,398
Excess workers compensation	331,500	331,200	320,495	--	320,495	10,705
Other County-wide Costs:						
Central services cost	(2,680,000)	(2,680,000)	(2,684,872)	--	(2,684,872)	4,872
Collective bargaining raises	60,000	60,000	--	--	--	60,000
Special projects	1,223,532	1,255,459	1,156,840	7,707	1,164,547	90,912
Claims	1,103,348	957,698	167,733	153,347	321,080	636,618
Training	5,600	4,300	--	--	--	4,300
Telephone services	136,800	136,800	106,943	--	106,943	29,857
Computers and accessories	623,310	623,078	555,880	64,762	620,642	2,436
Repair and maintenance, financial system	349,806	357,308	257,431	96,974	354,405	2,903
Human Resources	2,696,175	2,696,175	2,165,915	54,820	2,220,735	475,440
Planning	3,309,480	3,309,480	2,860,020	228,805	3,088,825	220,655
Office of Economic Development	2,645,265	2,645,265	2,279,415	244,857	2,524,272	120,993
Total General Government	\$ 37,492,429	\$ 37,592,311	\$ 30,932,038	\$ 1,627,131	\$ 32,559,169	\$ 5,033,142

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, 2019

	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	\$ 36,402,224	\$ 36,414,611	\$ 33,696,517	\$ 1,970,712	\$ 35,667,229	\$ 747,382
Fire Department	32,492,337	32,492,337	31,849,608	594,095	32,443,703	48,634
Emergency Management	1,775,426	1,775,426	1,250,501	361,651	1,612,152	163,274
Total Public Safety	70,669,987	70,682,374	66,796,626	2,926,458	69,723,084	959,290
Public Works:						
Administrative	907,220	852,884	837,839	--	837,839	15,045
Fiscal and clerical	341,025	428,500	421,635	--	421,635	6,865
Plans, survey and construction	1,735,369	1,700,603	1,638,838	16,467	1,655,305	45,298
Auto maintenance and fuel	602,406	602,406	279,001	2,044	281,045	321,361
Roads maintenance	1,017,643	1,010,544	760,769	36,954	797,723	212,821
Building division:						
Inspection	3,302,159	3,303,786	3,200,000	--	3,200,000	103,786
Total Public Works	7,905,822	7,898,723	7,138,082	55,465	7,193,547	705,176
Culture and Recreation:						
Administrative and fiscal	6,039,584	5,453,339	3,382,576	1,995,230	5,377,806	75,533
Planning and development	341,099	345,999	342,083	--	342,083	3,916
Facilities maintenance	4,579,707	4,540,881	4,211,667	77,160	4,288,827	252,054
Recreation	2,534,033	2,812,576	1,956,740	358,859	2,315,599	496,977
Maintenance	6,253,799	6,331,174	5,715,613	419,870	6,135,483	195,691
Beautification	1,130,839	1,124,339	1,011,225	516	1,011,741	112,598
Auditorium	375,898	461,334	429,845	--	429,845	31,489
Stadiums	980,197	1,161,018	996,529	43,072	1,039,601	121,417
Total Culture and Recreation	\$ 22,235,156	\$ 22,230,660	\$ 18,046,278	\$ 2,894,707	\$ 20,940,985	\$ 1,289,675

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, 2019

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Public Welfare:						
Housing	\$ 1,972,302	\$ 1,972,481	\$ 1,143,810	\$ 355,592	\$ 1,499,402	\$ 473,079
Elderly Affairs	1,376,261	1,376,261	1,244,170	68	1,244,238	132,023
Transportation	326,719	326,720	324,725	—	324,725	1,995
Total Public Welfare	3,675,282	3,675,462	2,712,705	355,660	3,068,365	607,097
Total General Fund Expenditures	141,978,676	142,079,530	125,625,729	7,859,421	133,485,150	8,594,380
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,171,179	17,070,325	39,620,564	(7,859,421)	31,761,143	14,690,818
Other Financing Sources (Uses):						
Transfers In	1,014,632	1,051,930	1,051,930	—	1,051,930	—
Transfers Out	(24,864,768)	(24,864,768)	(24,864,768)	—	(24,864,768)	—
Total Other Financing Sources (Uses)	(23,850,136)	(23,812,838)	(23,812,838)	—	(23,812,838)	—
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Source (Note C)	\$ (6,678,957)	\$ (6,742,513)	15,807,726	(7,859,421)	7,948,305	\$ 14,690,818
Fund Balance - Beginning of Year July 1, 2018			59,286,994			
Fund Balance - End of Year June 30, 2019			\$ 75,094,720			

- Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances, as applicable.
- 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, 2019

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ 150,400	\$ 150,400	\$ 148,408	\$ --	\$ 148,408	\$ (1,992)
Intergovernmental	90,000	90,000	48,249	--	48,249	(41,751)
Miscellaneous	813	813	2,511	--	2,511	1,698
Total Revenues	241,213	241,213	199,168	--	199,168	(42,045)
Expenditures - Public Welfare:						
Salaries	--	--	--	--	--	--
Travel expenses	6,090	6,090	--	--	--	6,090
Other employee benefits	--	--	--	--	--	--
Other expenses	1,000	1,000	228	--	228	772
Central services cost	25,000	25,000	25,000	--	25,000	--
Loans	100,000	100,000	--	--	--	100,000
Special projects	937,115	937,115	285,341	230,351	515,692	421,423
Total Expenditures - Public Welfare	1,069,205	1,069,205	310,569	230,351	540,920	528,285
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (827,992)	\$ (827,992)	(111,401)	\$ (230,351)	\$ (341,752)	\$ 486,240
Fund Balance - Beginning of Year July 1, 2018			3,554,160			
Fund Balance - End of Year June 30, 2019			\$ 3,442,759			

- Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances, as applicable.
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, 2019

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Rents and concessions	\$ 12,000	\$ 12,000	\$ 603	\$ --	\$ 603	\$ (11,397)
Interest	125,000	125,000	487,567	--	487,567	362,567
Miscellaneous	--	--	--	--	--	--
Charges for current services:						
Tipping fees	5,132,000	5,132,000	5,717,501	--	5,717,501	585,501
Disposal fees	3,800,000	3,800,000	3,829,364	--	3,829,364	29,364
Total Revenues	<u>9,069,000</u>	<u>9,069,000</u>	<u>10,035,035</u>	<u>--</u>	<u>10,035,035</u>	<u>966,035</u>
Expenditures - Sanitation:						
Salaries, solid waste disposal	1,808,713	1,696,135	1,678,659	--	1,678,659	17,476
Other expenses, solid waste disposal	83,993	46,925	43,328	--	43,328	3,597
Special projects, solid waste disposal	5,820,643	5,749,371	4,134,376	990,044	5,124,420	624,951
Salaries, solid waste collections	2,404,694	2,254,913	2,254,207	--	2,254,207	706
Other expenses, solid waste collections	516,451	419,517	265,963	147,748	413,711	5,806
Salaries, Kauai recycling center	60,352	61,685	61,326	--	61,326	359
Other expenses, Kauai recycling center	35,941	36,184	22,651	12,010	34,661	1,523
Recycling programs	5,436,893	5,409,390	4,023,093	1,295,370	5,318,463	90,927
Salaries, roads maintenance	123,706	123,706	109,850	--	109,850	13,856
Salaries, auto maintenance	164,100	164,100	146,670	--	146,670	17,430
Auto maintenance and repair	410,643	380,643	328,899	27,516	356,415	24,228
Central services cost	1,027,501	1,056,933	1,013,514	34,269	1,047,783	9,150
Equipment including capital leases	3,219,681	3,199,759	1,181,174	1,646,355	2,827,529	372,230
Fuel	206,000	291,000	280,928	--	280,928	10,072
Social security taxes	319,216	300,822	283,212	--	283,212	17,610
Public employees' health fund	439,200	421,603	416,372	--	416,372	5,231
Worker's compensation	6	245,431	242,117	--	242,117	3,314
Unemployment compensation	3	3	--	--	--	3
Employees' retirement system	771,961	938,646	911,271	--	911,271	27,375
Employees' other post employment benefits	792,824	845,755	814,351	--	814,351	31,404
Total Expenditures - Sanitation	<u>23,642,521</u>	<u>23,642,521</u>	<u>18,211,961</u>	<u>4,153,312</u>	<u>22,365,273</u>	<u>1,277,248</u>
Deficiency of Revenues Under Expenditures	(14,573,521)	(14,573,521)	(8,176,926)	(4,153,312)	(12,330,238)	2,243,283
Other Financing Sources (Uses):						
Issuance of loans	--	--	368,813	--	368,813	368,813
Transfers in	10,066,316	10,066,316	10,066,316	--	10,066,316	--
Transfers out	(953,499)	(953,499)	(1,322,312)	--	(1,322,312)	(368,813)
Total Other Financing Sources (Uses)	<u>9,112,817</u>	<u>9,112,817</u>	<u>9,112,817</u>	<u>--</u>	<u>9,112,817</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	\$ <u>(5,460,704)</u>	\$ <u>(5,460,704)</u>	935,891	\$ <u>(4,153,312)</u>	\$ <u>(3,217,421)</u>	\$ <u>2,243,283</u>
Fund Balance - Beginning of Year July 1, 2018			18,424,780			
Fund Balance - End of Year June 30, 2019			\$ <u>19,360,671</u>			

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

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

PROPRIETARY FUND FINANCIAL STATEMENTS

MAJOR FUNDS

Public Housing Fund

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

Sewer Fund

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

Golf Fund

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

COUNTY OF KAUAI, HAWAII
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 6,446,426	\$ --	\$ 334,343	\$ 6,780,769
Restricted cash and cash equivalents	368,740	--	--	368,740
Investments	2,970,873	--	--	2,970,873
Receivables, net:				
Accounts	111,360	2,818,190	35	2,929,585
Interest	13,244	--	--	13,244
Due from other proprietary funds	1,145,002	--	--	1,145,002
Prepaid expenses	--	936	1,889	2,825
Total Current Assets	<u>11,055,645</u>	<u>2,819,126</u>	<u>336,267</u>	<u>14,211,038</u>
Noncurrent Assets:				
Loans receivable	1,000,000	--	--	1,000,000
Capital assets:				
Land	15,901,032	1,226,600	--	17,127,632
Construction in Progress	1,218,577	5,013,170	--	6,231,747
Buildings	31,338,515	71,291,869	2,764,497	105,394,881
Equipment	7,292	15,095,936	1,441,171	16,544,399
Infrastructure	--	11,017,601	2,739,725	13,757,326
Less: accumulated depreciation	<u>(15,331,039)</u>	<u>(47,083,772)</u>	<u>(3,444,836)</u>	<u>(65,859,647)</u>
Total Noncurrent Assets	<u>34,134,377</u>	<u>56,561,404</u>	<u>3,500,557</u>	<u>94,196,338</u>
Total Assets	<u>45,190,022</u>	<u>59,380,530</u>	<u>3,836,824</u>	<u>108,407,376</u>
Deferred Outflows of Resources:				
Deferred outflows of resources on net pension liability	--	1,535,168	632,225	2,167,393
Deferred outflows of resources on net other postemployment benefits	--	599,484	240,990	840,474
Total Deferred Outflows of Resources	<u>--</u>	<u>2,134,652</u>	<u>873,215</u>	<u>3,007,867</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 45,190,022</u>	<u>\$ 61,515,182</u>	<u>\$ 4,710,039</u>	<u>\$ 111,415,243</u>
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 1,518,299	\$ 64,622	\$ 160,583	\$ 1,743,504
Contracts payable	--	39,380	--	39,380
Interest payable	--	61,474	4,551	66,025
Internal balances	--	--	54,229	54,229
Due to other proprietary funds	--	1,145,002	--	1,145,002
Due to other government	--	280,614	--	280,614
Security deposits payable	145,790	--	--	145,790
Unearned revenue	--	56,575	--	56,575
Compensated absences, current portion	--	127,735	46,012	173,747
Claims and judgements, current portion	--	133,241	49,513	182,754
Notes payable, current portion	--	1,704,896	44,873	1,749,769
Total Current Liabilities	<u>1,664,089</u>	<u>3,613,539</u>	<u>359,761</u>	<u>5,637,389</u>
Noncurrent Liabilities:				
Notes payable	--	16,509,387	67,142	16,576,529
Compensated absences	--	383,206	138,034	521,240
Claims and judgements	--	267,622	99,449	367,071
Net pension liability	--	6,943,371	2,797,918	9,741,289
Net other postemployment benefits liability	--	4,369,248	1,825,549	6,194,797
Total Noncurrent Liabilities	<u>--</u>	<u>28,472,834</u>	<u>4,928,092</u>	<u>33,400,926</u>
Total Liabilities	<u>1,664,089</u>	<u>32,086,373</u>	<u>5,287,853</u>	<u>39,038,315</u>
Deferred Inflows of Resources:				
Deferred inflows of resources on net pension liability	--	2,125,283	1,085,371	3,210,654
Deferred inflows of resource on net other postemployment benefits liability	--	73,554	30,646	104,200
Total Deferred Inflows of Resources	<u>--</u>	<u>2,198,837</u>	<u>1,116,017</u>	<u>3,314,854</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,664,089</u>	<u>34,285,210</u>	<u>6,403,870</u>	<u>42,353,169</u>
Net Position:				
Net investment in capital assets	33,134,377	38,347,121	3,388,542	74,870,040
Restricted assets:				
Nonexpendable - cash	368,740	--	--	368,740
Housing program	1,000,000	--	--	1,000,000
Unrestricted	<u>9,022,816</u>	<u>(11,117,149)</u>	<u>(5,082,373)</u>	<u>(7,176,706)</u>
Total Net Position	<u>\$ 43,525,933</u>	<u>\$ 27,229,972</u>	<u>\$ (1,693,831)</u>	<u>\$ 69,062,074</u>

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

COUNTY OF KAUAI, HAWAII
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Total
Operating Revenues:				
Pa'anau rents	\$ 724,356	\$ --	\$ --	\$ 724,356
Rents and concessions	1,133,890	--	221,486	1,355,376
Charges for current services	--	9,465,263	1,028,059	10,493,322
Other	19,091	--	5,017	24,108
Total Operating Revenues	<u>1,877,337</u>	<u>9,465,263</u>	<u>1,254,562</u>	<u>12,597,162</u>
Operating Expenses:				
Public housing	1,407,202	--	--	1,407,202
Sewer	--	9,685,420	--	9,685,420
Golf	--	--	2,893,170	2,893,170
Depreciation	783,489	3,464,316	225,913	4,473,718
Total Operating Expenses	<u>2,190,691</u>	<u>13,149,736</u>	<u>3,119,083</u>	<u>18,459,510</u>
Operating Income (Loss)	<u>(313,354)</u>	<u>(3,684,473)</u>	<u>(1,864,521)</u>	<u>(5,862,348)</u>
Nonoperating Revenues (Expenses):				
Interest income from investments	186,934	--	--	186,934
Interest expense on long-term debt	--	(153,339)	(3,569)	(156,908)
Total Nonoperating Revenues (Expenses)	<u>186,934</u>	<u>(153,339)</u>	<u>(3,569)</u>	<u>30,026</u>
Net Income (Loss) Before Transfers and Contributions	<u>(126,420)</u>	<u>(3,837,812)</u>	<u>(1,868,090)</u>	<u>(5,832,322)</u>
Capital contributions	18,577	1,992,979	--	2,011,556
Transfers	<u>2,700,000</u>	<u>(730,409)</u>	<u>1,159,816</u>	<u>3,129,407</u>
Change in Net Position	<u>2,592,157</u>	<u>(2,575,242)</u>	<u>(708,274)</u>	<u>(691,359)</u>
Net Position - Beginning of Year July 1, 2018	<u>40,933,776</u>	<u>29,805,214</u>	<u>(985,557)</u>	<u>69,753,433</u>
Net Position - Ending of Year June 30, 2019	<u>\$ 43,525,933</u>	<u>\$ 27,229,972</u>	<u>\$ (1,693,831)</u>	<u>\$ 69,062,074</u>

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

COUNTY OF KAUAI, HAWAII
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-type Activities Enterprise Funds			
	Public Housing	Sewer	Golf	Totals
Cash Flows from Operating Activities:				
Receipts from customers	\$ 2,406,417	\$ 9,480,387	\$ 1,254,527	\$ 13,141,331
Payments to employees	(49,698)	(2,301,311)	(1,226,394)	(3,577,403)
Payments to suppliers	(940,083)	(6,178,243)	(1,113,697)	(8,232,023)
Net Cash Provided by (Used in) Operating Activities	<u>1,416,636</u>	<u>1,000,833</u>	<u>(1,085,564)</u>	<u>1,331,905</u>
Cash Flows from Non-capital Financing Activities:				
Transfers from other funds	2,700,000	500,000	1,159,816	4,359,816
Transfers to other funds	--	(1,230,409)	--	(1,230,409)
Changes in amounts due to other funds	(1,419,332)	1,145,002	54,229	(220,101)
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>1,280,668</u>	<u>414,593</u>	<u>1,214,045</u>	<u>2,909,306</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(1,218,577)	(2,799,742)	--	(4,018,319)
Capital contributions	18,577	1,961,779	--	1,980,356
Due to other government	--	418	--	418
Development fees	--	31,200	--	31,200
Principal payments - bonds and loans	--	(1,680,704)	--	(1,680,704)
Principal payments - capital leases	--	(71,934)	(43,862)	(115,796)
Interest payments - bonds and loans	--	(155,152)	(7,138)	(162,290)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(1,200,000)</u>	<u>(2,714,135)</u>	<u>(51,000)</u>	<u>(3,965,135)</u>
Cash Flows from Investing Activities:				
Interest received from investments	184,370	--	--	184,370
Changes in investments, net	(56,424)	--	--	(56,424)
Net Cash Provided by (Used in) Investing Activities	<u>127,946</u>	<u>--</u>	<u>--</u>	<u>127,946</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,625,250	(1,298,709)	77,481	404,022
Cash and Cash Equivalents, Beginning of Year July 1, 2018	<u>5,189,916</u>	<u>1,298,709</u>	<u>256,862</u>	<u>6,745,487</u>
Cash and Cash Equivalents, End of Year June 30, 2019 (including \$368,740 for Public Housing reported in restricted accounts)	<u>\$ 6,815,166</u>	<u>\$ --</u>	<u>\$ 334,343</u>	<u>\$ 7,149,509</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (313,354)	\$ (3,684,473)	\$ (1,864,521)	\$ (5,862,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	783,489	3,464,316	225,913	4,473,718
Pension expense	--	2,074,990	836,143	2,911,133
Other postemployment benefits expense	--	474,960	197,890	672,850
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable	523,010	5,001	(35)	527,976
Loans receivable	(1,000,000)	--	--	(1,000,000)
Deferred outflows for pensions	--	(436,814)	(189,628)	(626,442)
Deferred outflows of resources for other postemployment benefits	--	(510,727)	(204,010)	(714,737)
Prepaid items	--	--	831	831
Accounts payable and accrued liabilities	1,417,421	(418,252)	(87,726)	911,443
Security deposits payable	6,070	--	--	6,070
Contracts payable	--	(11,552)	--	(11,552)
Unearned revenue	--	10,123	--	10,123
Compensated absences	--	33,261	(421)	32,840
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,416,636</u>	<u>\$ 1,000,833</u>	<u>\$ (1,085,564)</u>	<u>\$ 1,331,905</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES				
Equipment acquired through capital leases	<u>\$ --</u>	<u>\$ 81,049</u>	<u>\$ --</u>	<u>\$ 81,049</u>

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 POSITION
JUNE 30, 2019

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>8,510,384</u>
Total Assets	<u>8,510,384</u>
Liabilities:	
Customer deposits	6,857,190
Due to other governments	<u>1,653,194</u>
Total Liabilities	<u>8,510,384</u>
Net Position	\$ <u><u>-</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The County of Kaua'i (County) is a municipal corporation governed by an elected Mayor and a seven-member County Council. The County operates under a County Charter, which was originally adopted in 1969 and last amended in 2018.

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

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

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

The County follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - An Amendment of GASB Statements No. 21 and No. 34*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement*

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date - An Amendment of GASB Statement No. 68, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and GASB Statement No. 77, Tax Abatement Disclosures. The statements contained herein reflect the changes in reporting and presentation.

Discretely Presented Component Unit

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

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

Department of Water
County of Kaua'i
4398 Pua Loke Street
Līhu'e, Kaua'i, 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 Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the County and the Department. For the most part, the effect of interfund activity has been removed from these statements. Internal activities are treated as reimbursements (reductions and increases in expenses) from various functional categories and accordingly adjusted in the *Statement of*

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Activities. Charges to governmental functions for centralized services are made to recover administrative costs incurred by the general government function as outlined in the operating budget ordinance and are also treated as reimbursements. Certain capital asset payments from governmental activities are treated as capital contributions in the business-type activities and, therefore, are capitalized. Interfund contributions are eliminated among governmental activities, but are recorded as transfers in the fund financial statements if between governmental and business-type activities. Interfund payables and reported receivables have been eliminated among governmental activities, but are recorded as internal balances between governmental and business-type activities. In the *Statement of Net Position*, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) are on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The *Statement of Activities* reflects the direct expenses of each functional category or identifiable activity, which are supported by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included in program revenues are reported instead as general revenues.

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

Housing and Community Development Revolving Fund - Monies collected from the Home Disaster grant loans, Housing Preservation grant loans, and Special Purpose grant loans fund the Housing and Community Development Revolving Fund. This fund

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

State Grants Fund - Accounts for expenditures of state and county grants.

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

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

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

The County reports the following major proprietary funds:

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

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

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

The County’s fiduciary funds are limited to agency funds. Agency funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting.

Fiduciary funds include the following agency funds:

Trust and Agency Fund - This fund is used to account for other monies collected in an agency capacity and include motor vehicle registration fees collected on behalf of the State of Hawai‘i.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Treasury Trust Fund - This fund is used to account for performance and payment bond monies, monies collected from public auctions, monies collected for application fees for public notices, and other monies collected and held for specific purposes as agent or custodian.

Real Property Trust Fund - This fund is used for refunds and/or adjustments to real property taxes.

The County has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes the criteria for classifying governmental fund balances, to the extent to which a government entity is bound to honor constraints on the specific purposes for which amount in that fund can be spent. The fund balances reported on the governmental fund financial statements consist of the following categories:

Nonspendable Fund Balance - This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Sources of these externally enforceable legal restrictions include creditors, grantors, contributors, federal regulations, the State Constitution, State Statutes, and/or County Charter.

Committed Fund Balance - This includes amounts that are subject to constraint created by the County's highest level of formal action and can only be changed by the County's highest level of formal action. The County Council and Mayor of the County of Kauai are the highest decision-making authorities. The formal action to constrain resources is ordinances passed by the County Council and signed by the Mayor.

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

Unassigned Fund Balance - This is the residual classification that includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance.

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

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Significant revenues that are susceptible to accrual are as follows:

- *Property taxes collected within sixty days after year end*
- *Rents and concessions*
- *Federal and State financial assistance (to the extent that related expenditures that are eligible for reimbursements have been incurred)*
- *Interest*
- *Revenues collected by the State on behalf of the County, such as fuel taxes, general excise tax surcharges, and transient accommodation taxes*

All other revenue items are considered to be measurable and available only when cash is received.

Intergovernmental revenues are susceptible to accrual based on the compliance, legal, and contractual requirements of the individual programs. There are essentially two types of these revenues. For one type of revenues, monies must be expended for a specific purpose or project and revenues are recognized to the extent of such expenditures. Revenues of this type are deferred for monies received in advance of expenditures and accrued for expenditures in advance of monies received. For the other type of revenues, monies are virtually unrestricted as to the purpose of the expenditure. These resources are recognized as revenues when received, or earlier if susceptible to the accrual criteria.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County and the Department has implemented GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and its subsequent amendment, GASB Statement No. 66, *Technical Corrections - 2012 – an amendment of GASB Statements No. 10 and No. 62*. GASB No. 62 incorporates Financial Standards Board pronouncements, not conflicting with GASB pronouncements, and issued on or before November 30, 1989, into the GASB authoritative literature. GASB No. 66 resolved any conflicting guidance resulting from the issuance of GASB No. 62. Proprietary funds are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund types are accounted for according to the nature of the fund. These funds account for money received, held and disbursed in a trustee capacity or as an agent for individuals, other governmental units, and other funds. The County has only Agency funds, which are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. Agency funds are accounted for using accrual basis accounting.

The Agency funds are used to account for the (1) money collected and held for specific purposes by certain County agencies as escrow agent or custodian and (2) money and property held by the County as trustee or custodian such as refundable deposits.

Cash and Cash Equivalents

The County's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash on deposit with financial institutions is collateralized in accordance with State statutes.

Investments

The County generally invests in certificates of deposit, repurchase agreements, money market funds, and government agency securities with federally insured financial institutions. Investments are reported at fair value. The County's investments are consistent with the investment guidelines contained in the Hawaii Revised Statutes (HRS).

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Real Property Taxes

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

Real Property Tax Abatement Programs

The County provides four real property tax abatement programs –

Commercial Alternative Energy Improvement Exemption – Section 5A-11.30 of the Kauai County Code (K.C.C.) provides abatement for properties that produce electricity from renewable sources and sell at least 25% of the onsite electricity produced to the public utility. The exemption application must show the land area where energy production occurs as well as details about the improvements installed to produce the energy. Sources of energy may include, but are not limited to, solid wastes, hydroelectric, solar, fuel cells, biomass, or tides or currents. Under this exemption, all improvements that are directly related to the production of energy are 100% exempt and the land underlying the commercial alternative energy facility is assessed as though zoned industrial with a 50% exemption applied to the land. Although no annual application is required by the taxpayer after the initial petition has been submitted, after one year of being fully operational the applicant may elect to re-petition to have both the land and the improvements fully exempt, and rather pay the in-lieu of tax which is based on 1% of the gross revenue generated from the energy facility. (Ordinances 916, 920, and 932).

Historic Residential Dedication Exemption - Section 5A-11.22 of the K.C.C. provides abatements to encourage the preservation of residential structures that have been places on the Hawai'i Register of Historic Places and which are more than fifty years old. The property owner must provide visual access on a year-round basis or open the property to the public for twelve days per year. The improvements must meet or exceed average condition and must be maintained structurally sound and weather tight throughout the ten-year dedication period. The owner must attest to the soundness and integrity of the historical improvements by submitting a certification of the structural soundness and weathertightness every 5 years. Historic residential properties that are used as the owner's primary residence receive an abatement of 100% of the assessed value for the qualified area and structures, but not less than the minimum tax of \$150.00 (or \$75.00 if receiving the additional low-income exemption).

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-owner-occupied historic residential properties receive an exemption of 75% for the qualifying area and structures. Dedications must be recorded at the Bureau of Conveyances and renewed every ten years. (Ordinances 434, 467, 564, 637, and 920).

Low and Moderate-Income Housing Exemption - Section 5A-11.20 of the K.C.C. provides abatement to property owners that participate in long-term housing projects that have regulatory agreements mandating rent levels. Applicants must submit an application form along with a copy of the recorded regulatory agreement. Abatement is equal to 100% of the assessed value for the portion of the real property that is dedicated as low- and moderate-income rentals. If the entire property is dedicated, then the net taxable is zero but the property is still subject to the minimum tax of \$150.00. The application is a one-time filing and runs concurrent with the termination of the regulatory agreement. If the rental units do not comply with the regulatory conditions, the property would be subject to roll back taxes, including penalty and interest. (Ordinances 394 and 954, Section 53-38 H.R.S.).

Agricultural Use Dedication - Section 5A-9.1 of the K.C.C. provides reduced assessments to encourage local agricultural production as well as the preservation of agricultural lands that could otherwise be further developed, by valuing the dedicated lands at the agricultural use value as opposed to the market value. An application form must be filed along with a plot plan, a management plan, and a marketing plan that provide details as to what agricultural activities will be conducted on the property. Upon review and approval, the owner is required to record the dedication at the Bureau of Conveyances. There are two available dedication lengths, 10 years or 20 years, and the dedications do not automatically renew. Valuation consideration is given to both the type of agricultural activity, diversified agriculture or pasturing of livestock, as well as the length of the dedication. Those that dedicate for 20 years receive 50% of the agricultural value ascribed to 10 year dedications. Any breach to the terms of the recorded dedication would result in the cancellation of the dedication, or portion thereof, and the immediate rollback on taxes abated plus penalties and interest. (Ordinances 394, 464, 520, 547, 679, 741, 822, 915, 920, and 932).

The gross amount by which the County's tax revenues were reduced during the year as a result of the tax abatement programs were as follows:

	<u>Amount</u>
Agricultural Use	\$ 8,055,725
Historic Residential Dedication	289,849
Low and Moderate Income Housing	608,513
Other	<u>110,367</u>
Total	\$ <u>9,064,454</u>

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

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

Receivables of the Department are recognized when revenue is earned, including charges for services rendered but not billed, net of allowance for doubtful accounts approximating \$252,000 of billed receivables.

Materials and Supplies

Materials and supplies are stated at the lower of average cost (which approximates the first-in, first-out method) or market. The cost of materials and supplies is recorded as an expense when consumed rather than when purchased.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, machinery and 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Primary Government

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

Component Unit

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

Restricted Assets

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

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

Interfund Transactions

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

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense or expenditure) until that time. The County and Department has three items that qualifies for reporting in this category. The County and Department reports the deferred loss on refunding and contributions to the pension and other postemployment benefits (OPEB) plans from the employer subsequent to the measurement date of the net pension liability and OPEB liability, respectively, and before the end of the reporting period are reported as a deferred outflows of resources in its *Statement of Net Position*.

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

Net Position

The County's net position is comprised of the various net earnings (losses) from operating and nonoperating revenues, expenses, transfers, and contributed capital. The County's net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets, consists of capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year end is not included in the calculation of the amount of net investment in capital assets. Restricted net position consists of the County's net position thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. Restricted net position is based on the same criteria used to report restricted governmental fund balances. Unrestricted net position consist of all other net position not included in the above categories.

Compensated Absences

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$36.0 million at June 30, 2019.

Capital Leases

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

Long-term Obligations

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

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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawaii (ERS) and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they are reported by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at their fair value.

Postemployment Benefits Other Than Pensions

For purposes of measuring the net Postemployment Benefits Other Than Pensions (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) and additions to/deductions from EUTF's fiduciary net position have been determined on the same basis as they are reported by EUTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. These fees are restricted to fund the capital improvements of the water supply system and recorded as contributions in the Department's statements of revenues, expenses and changes in net position.

Use of Estimates

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Annual appropriated budgets are adopted for the following funds:

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

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

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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

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

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

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

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, 2019.

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.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - BUDGET TO GAAP RECONCILIATION (Continued)

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	\$ 15,807,726	\$ (111,401)	\$ 935,891
Encumbrances and unexpended allotments, current year	<u>(7,859,421)</u>	<u>(230,351)</u>	<u>(4,153,312)</u>
Non-GAAP budgetary basis excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>7,948,305</u>	\$ <u>(341,752)</u>	\$ <u>(3,217,421)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Deposits

The deposits of the County consist of cash and cash equivalents, money market accounts, and negotiable and non-negotiable certificates of deposit. At year end, the carrying values (book balances) of these deposits with banks and savings institutions approximated \$71,369,000 and the balances carried by the bank were approximately \$78,952,000. The Department's carrying value of these deposits with banks and savings institutions approximated \$10,266,000 and the balances carried by the bank were approximately \$10,169,000. 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, 2019, the County and the Department held approximately \$93,488,000 and \$35,856,000, respectively, or 66% and 63% of their investments in Federal Government Sponsored Entities and Government Securities.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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, 2019, the County and the Department had the following investments:

County

	<u>Reported Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
U.S. government agencies	\$ 82,867,025	\$ 21,367,339	\$ 61,499,686
U.S. treasury obligations	10,621,208	6,738,971	3,882,237
Certificates of deposit	45,314,399	27,902,195	17,412,204
Repurchase agreements	<u>490,000</u>	<u>490,000</u>	<u>--</u>
	139,292,632	\$ <u>56,498,505</u>	\$ <u>82,794,127</u>
Money market mutual funds	<u>1,868,517</u>		
Total	\$ <u>141,161,149</u>		

Department

	<u>Reported Value</u>	<u>Maturity (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
U.S. government agencies	\$ 32,842,358	\$ 13,822,682	\$ 19,019,676
U.S. treasury obligations	3,013,750	--	3,013,750
Certificates of deposit	13,506,000	10,786,000	2,720,000
Repurchase agreements	<u>2,300,000</u>	<u>2,300,000</u>	<u>--</u>
	51,662,108	\$ <u>26,908,682</u>	\$ <u>24,753,426</u>
Money market mutual funds	<u>5,449,898</u>		
Total	\$ <u>57,112,006</u>		

Credit Risk

State law limits investments to the top rating issued by nationally recognized statistical rating organizations (NRSRO's) or investments that have the faith and credit of the United States pledged for the payment of principal and interest. The County and Department have no investment policy that would further limit its investment choices. As of June 30, 2019, the County and Department's investments had an AA or greater rating.

Custodial Credit Risk

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

The County places no limit on the amount which may be invested in any one issuer. As of June 30, 2019, the County and the Department held more than 5% of their investments in the following:

	<u>County</u>	
FHLB - Federal Home Loan Bank	\$ 24,779,699	17.6%
FHLMC - Freddie Mac	22,920,939	16.2%
FNMA - Fannie Mae	20,908,074	14.8%
FFCB - Federal Farm Credit Bank	14,258,313	10.1%
U.S. Treasury obligations	10,621,208	7.5%
First Hawaiian Bank	<u>21,751,257</u>	<u>15.4%</u>
Total	\$ <u>115,239,490</u>	<u>81.6%</u>

As of June 30, 2019, more than 5% of the Department's investments are held in the following: Federal Farm Credit Bank (20%), First Hawaiian Bank (16%), Freddie Mac (16%), U.S. Treasury (11%), Fannie Mae (9%), Federal Home Loan Bank (8%), and Blackrock (6%).

NOTE 5 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for an asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a level 2 input must be observable for most of the full term of the asset or liability. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical assets or liabilities in markets that are not active,
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

Level 3 – Inputs are observable for an asset or liability.

Following is a description of the valuation techniques used by the County to measure fair value:

U.S. treasury obligations and money market mutual funds: Valued using quoted prices in active markets for identical assets.

U.S. government agency obligations, certificates of deposit, and repurchase agreements: Valued using quoted prices for identical or similar assets in markets that are not active.

Primary Government:

	Assets at Fair Value at June 30, 2019			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. treasury obligations	\$ 10,621,208	\$ 10,621,208	\$ --	\$ --
U.S. government agencies	82,867,025	--	82,867,025	--
Repurchase agreements	490,000	--	490,000	--
Certificates of deposit	23,563,142	--	23,563,142	--
Money market mutual funds	<u>1,868,517</u>	<u>1,868,517</u>	<u>--</u>	<u>--</u>
	119,409,892	\$ <u>12,489,725</u>	\$ <u>106,920,167</u>	\$ <u>--</u>
Investments measured at amortized cost				
Certificates of deposit	<u>21,751,257</u>			
	<u>\$ 141,161,149</u>			

Department:

	Assets at Fair Value at June 30, 2019			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. treasury obligations	\$ 3,013,750	\$ 3,013,750	\$ --	\$ --
U.S. government agencies	32,842,358	--	32,842,358	--
Repurchase agreements	2,300,000	--	2,300,000	--
Money market mutual funds	<u>5,449,898</u>	<u>5,449,898</u>	<u>--</u>	<u>--</u>
	43,606,006	\$ <u>8,463,648</u>	\$ <u>35,142,358</u>	\$ <u>--</u>
Investments measured at amortized cost				
Certificates of deposit	<u>13,506,000</u>			
	<u>\$ 57,112,006</u>			

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - RECEIVABLES

Receivables as of June 30, 2019, 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 Funds:

	General Fund	Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Bond Fund	Federal Grants Fund	Subtotal
Receivables, net:						
Real property taxes	\$ 3,837,999	\$ --	\$ --	\$ --	\$ --	\$ 3,837,999
Accounts receivable	544,982	--	822,289	--	--	1,367,271
Intergovernmental	--	--	--	--	5,593,994	5,593,994
Loans receivable	--	6,500,596	--	--	11,915,215	18,415,811
Interest	330,964	1,268,710	54,602	160,220	506,626	2,321,122
Total Receivables, net:	<u>\$ 4,713,945</u>	<u>\$ 7,769,306</u>	<u>\$ 876,891</u>	<u>\$ 160,220</u>	<u>\$ 18,015,835</u>	<u>\$ 31,536,197</u>

	State Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Other Governmental Funds	Total
Receivables, net:					
Real property taxes	\$ --	\$ --	\$ --	\$ --	\$ 3,837,999
Accounts receivable	2,004,893	--	700,903	161,924	4,234,991
Intergovernmental	--	10,168,849	--	9,518,673	25,281,516
Loans receivable	--	--	--	--	18,415,811
Interest	--	--	--	15,127	2,336,249
Total Receivables, net:	<u>\$ 2,004,893</u>	<u>\$ 10,168,849</u>	<u>\$ 700,903</u>	<u>\$ 9,695,724</u>	<u>\$ 54,106,566</u>

Enterprise Funds:

	Enterprise Funds
Receivables, net:	
Accounts receivable	\$ 3,053,699
Interest	13,244
Loans receivable	1,000,000
Less: allowance for uncollectible charges	(124,114)
Total Receivables, net:	<u>\$ 3,942,829</u>

The only receivables without an allowance not expected to be collected within one year are approximately \$18.9 million of loans receivable for the governmental activities and business-type activities which are generally due to the County on various dates through 2066.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Primary Government				
	Balance June 30, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 190,579,725	\$ 1,111,662	\$ --	\$ --	\$ 191,691,387
Construction in progress	<u>27,484,857</u>	<u>27,221,849</u>	<u>(12,623,415)</u>	<u>--</u>	<u>42,083,291</u>
Total Capital Assets, Not Being Depreciated	<u>218,064,582</u>	<u>28,333,511</u>	<u>(12,623,415)</u>	<u>--</u>	<u>233,774,678</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	149,412,985	8,079,141	(306,055)	--	157,186,071
Machinery and equipment	94,660,403	7,281,298	(1,779,124)	--	100,162,577
Infrastructure	<u>689,009,789</u>	<u>2,220,347</u>	<u>(664,255)</u>	<u>--</u>	<u>690,565,881</u>
Total Capital Assets, Being Depreciated	<u>933,083,177</u>	<u>17,580,786</u>	<u>(2,749,434)</u>	<u>--</u>	<u>947,914,529</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(57,938,249)	(5,826,682)	306,055	--	(63,458,876)
Machinery and equipment	(62,995,995)	(7,188,853)	1,779,124	--	(68,405,724)
Infrastructure	<u>(494,955,388)</u>	<u>(7,624,696)</u>	<u>664,255</u>	<u>--</u>	<u>(501,915,829)</u>
Total Accumulated Depreciation	<u>(615,889,632)</u>	<u>(20,640,231)</u>	<u>2,749,434</u>	<u>--</u>	<u>(633,780,429)</u>
Governmental Activities - Capital Assets, net	\$ <u>535,258,127</u>	\$ <u>25,274,066</u>	\$ <u>(12,623,415)</u>	\$ <u>--</u>	\$ <u>547,908,778</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS (Continued)

	Primary Government				Balance June 30, 2019
	Balance June 30, 2018	Increases	Decreases	Transfers	
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 17,127,632	\$ --	\$ --	\$ --	\$ 17,127,632
Construction in progress	<u>3,357,840</u>	<u>3,162,925</u>	<u>(289,018)</u>	<u>--</u>	<u>6,231,747</u>
Total Capital Assets, Not Being Depreciated	<u>20,485,472</u>	<u>3,162,925</u>	<u>(289,018)</u>	<u>--</u>	<u>23,359,379</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	105,120,556	274,325	--	--	105,394,881
Machinery and equipment	15,680,511	951,136	(87,248)	--	16,544,399
Infrastructure	<u>13,757,326</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>13,757,326</u>
Total Capital Assets, Being Depreciated	<u>134,558,393</u>	<u>1,225,461</u>	<u>(87,248)</u>	<u>--</u>	<u>135,696,606</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(46,631,812)	(2,939,215)	--	--	(49,571,027)
Machinery and equipment	(5,871,685)	(1,252,643)	87,248	--	(7,037,080)
Infrastructure	<u>(8,969,680)</u>	<u>(281,860)</u>	<u>--</u>	<u>--</u>	<u>(9,251,540)</u>
Total Accumulated Depreciation	<u>(61,473,177)</u>	<u>(4,473,718)</u>	<u>87,248</u>	<u>--</u>	<u>(65,859,647)</u>
Business-type Activities - Capital Assets, net	\$ <u>93,570,688</u>	\$ <u>(85,332)</u>	\$ <u>(289,018)</u>	\$ <u>--</u>	\$ <u>93,196,338</u>

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

Governmental Activities:	
General government	\$ 1,251,957
Public safety	4,111,202
Public works	2,874,563
Highways and streets	6,567,042
Public welfare	1,430,161
Culture and recreation	3,131,623
Sanitation	<u>1,273,683</u>
Total Depreciation Expense - Governmental Activities	\$ <u>20,640,231</u>
Business-type Activities:	
Public housing	\$ 783,489
Sewer	3,464,316
Golf	<u>225,913</u>
Total Depreciation Expense - Business-type Activities	\$ <u>4,473,718</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS (Continued)

	Component Unit				Balance June 30, 2019
	Balance June 30, 2018	Increases	Decreases	Transfers	
Discretely Presented					
Component Unit:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,343,144	\$ --	\$ --	\$ --	\$ 1,343,144
Construction in progress	<u>7,516,463</u>	<u>9,029,271</u>	<u>(5,366,110)</u>	<u>--</u>	<u>11,179,624</u>
Total Capital Assets, Not Being Depreciated	<u>8,859,607</u>	<u>9,029,271</u>	<u>(5,366,110)</u>	<u>--</u>	<u>12,522,768</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	16,645,613	15,036	--	--	16,660,649
Machinery and equipment	7,984,618	1,192,801	(1,182)	--	9,176,237
Infrastructure	<u>311,203,192</u>	<u>7,465,487</u>	<u>(184,057)</u>	<u>--</u>	<u>318,484,622</u>
Total Capital Assets, Being Depreciated	<u>335,833,423</u>	<u>8,673,324</u>	<u>(185,239)</u>	<u>--</u>	<u>344,321,508</u>
Less: Accumulated Depreciation:					
Buildings and improvements	(2,919,101)	(430,264)	--	--	(3,349,365)
Machinery and equipment	(5,463,327)	(704,845)	1,182	--	(6,166,990)
Infrastructure	<u>(119,396,572)</u>	<u>(5,698,636)</u>	<u>111,168</u>	<u>--</u>	<u>(124,984,040)</u>
Total Accumulated Depreciation	<u>(127,779,000)</u>	<u>(6,833,745)</u>	<u>112,350</u>	<u>--</u>	<u>(134,500,395)</u>
Component Unit - Capital Assets, net	<u>\$ 216,914,030</u>	<u>\$ 10,868,850</u>	<u>\$ (5,438,999)</u>	<u>\$ --</u>	<u>\$ 222,343,881</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES

The Interfund Due From/To Other Funds consist of the following as of June 30, 2019:

Receivable Fund	Payable Fund	Amount
Solid Waste Fund	General Fund	\$ 9,698,896
General Fund	Other Governmental Funds	449,347
State Grants Fund	Federal Grants Fund	2,790,876
State Grants Fund	Grants CIP Fund	5,515,760
State Grants Fund	Other Governmental Funds	1,253,832
Public Housing Fund	Sewer Fund	<u>1,145,002</u>
Total, All Funds		\$ <u>20,853,713</u>

The primary purpose for interfund receivables/payables are interfund loans and cash not transferred before the end of the fiscal year. All interfund balances are expected to be repaid by June 30, 2020.

Internal balances consist of the following at June 30, 2019:

Receivable Fund	Payable Fund	Amount
General Fund	Golf Fund	\$ 54,229

Transfers for the fiscal year ended June 30, 2019, consisted of the following:

	Transfers out:					Total
	General Fund	Solid Waste Disposal Fund	Bond Fund	Other Governmental Funds	Sewer Enterprise Fund	
Transfers in:						
General Fund	\$ --	\$ --	\$ 1,014,632	\$ 37,298	\$ --	\$ 1,051,930
Solid Waste Disposal Fund	10,066,316	--	--	--	--	10,066,316
Grants CIP Fund	--	368,813	--	--	--	368,813
General CIP Fund	423,058	--	--	--	--	423,058
Sewer Fund	--	--	--	500,000	--	500,000
Public Housing Enterprise Fund	2,700,000	--	--	--	--	2,700,000
Golf Enterprise Fund	1,159,816	--	--	--	--	1,159,816
Other Governmental Funds	10,515,578	953,499	--	--	1,230,409	12,699,486
	<u>\$ 24,864,768</u>	<u>\$ 1,322,312</u>	<u>\$ 1,014,632</u>	<u>\$ 537,298</u>	<u>\$ 1,230,409</u>	<u>\$ 28,969,419</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES (Continued)

Significant transfers during the year ended June 30, 2019 consist of the following:

- The General Fund transferred \$24,864,768 to subsidize debt service payments and various Special Revenue, Capital, and Golf and Public Housing Enterprise Fund programs.
- The Solid Waste Disposal Fund transferred \$953,499 to the Debt Service Fund and \$368,813 to the Grants CIP Fund to subsidize debt service payments and finance capital projects, respectively.
- The Bond Fund transferred \$1,014,632 of bonds subsidy interest to the General Fund.
- The Sewer Capital Improvement Fund transferred \$500,000 to the Sewer Fund, a replenishment of funds needed in the prior year for capital projects.
- The Sewer Fund transferred \$700,409 to the Debt Service Fund and \$530,000 to the Sewer Capital Improvement Fund to subsidize debt service payments and finance capital projects, respectively.

NOTE 9 - NET POSITION

At June 30, 2019, the County's net position consisted of the following:

	Governmental Activities	Business-type Activities	Component Unit
Net investment in Capital Assets:			
Net property, plant, and equipment	\$ 547,908,778	\$ 93,196,338	\$ 222,343,881
Less: Long-term debt	(117,107,464)	(18,150,431)	(72,396,187)
Less: Capital lease obligation	(7,159,135)	(175,867)	(4,058)
Add: Deferred outflows - deferred refunding costs	1,038,662	--	1,066
Less: Deferred inflows - deferred gain on refunding costs	(2,591,537)	--	--
Add: Unspent debt proceeds	<u>33,298,555</u>	<u>--</u>	<u>10,437,752</u>
Subtotal	<u>455,387,859</u>	<u>74,870,040</u>	<u>160,382,454</u>
Restricted:			
Capital projects	43,862,888	--	882,879
Less: Unspent debt proceeds	(33,298,555)	--	(10,437,752)
Less: Accrued interest payable	(2,197,391)	--	--
Other - debt service	1,588,524	--	--
Housing program	--	1,000,000	--
Other - restricted cash and investments	<u>--</u>	<u>368,740</u>	<u>10,460,067</u>
Subtotal	<u>9,955,466</u>	<u>1,368,740</u>	<u>905,194</u>
Unrestricted	<u>(281,903,310)</u>	<u>(7,176,706)</u>	<u>36,806,558</u>
Total Net Position	<u>\$ 183,440,015</u>	<u>\$ 69,062,074</u>	<u>\$ 198,094,206</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - CAPITAL LEASES

The County leases machinery and equipment under non-cancelable leases expiring at various dates through June 2024 which meet the criteria for capitalization. These capital leases are financed primarily from General Fund, Solid Waste Fund, Sewer Fund and Golf Fund resources.

The net book value of the leased machinery and equipment at June 30, 2019 amounted to \$12,202,110 net of accumulated depreciation of \$19,526,950. The related present value of the remaining obligations under the capital leases which amounted to \$7,335,001 at June 30, 2019 and are included in the capital assets and long-term liabilities, accordingly.

The future minimum obligations under capital leases at June 30, 2019, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,240,150	\$ 195,563	\$ 2,435,713
2021	2,186,899	143,258	2,330,157
2022	1,779,583	82,448	1,862,031
2023	1,020,330	31,607	1,051,937
2024	<u>108,039</u>	<u>2,474</u>	<u>110,513</u>
Totals	\$ <u>7,335,001</u>	\$ <u>455,350</u>	\$ <u>7,790,351</u>

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

The capital lease obligation is amortized at an implicit rate of approximately 6.0%. The utility plant related to the SWTP facility was approximately \$7,181,000 as of June 30, 2019. The accumulated depreciation related to the SWTP facility was approximately \$7,181,000 as of June 30, 2019. The approximate annual requirements to amortize the Department's capital lease obligation as of June 30, 2019 approximated \$4,000.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Approximate amounts due within one year
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 118,610,000	\$ --	\$ 5,990,000	\$ 112,620,000	\$ 6,245,000
Total Bonds Payable	118,610,000	--	5,990,000	112,620,000	6,245,000
Direct borrowings - Loans payable to State	4,325,676	368,813	207,025	4,487,464	214,101
Claims and judgments	8,099,071	1,553,993	1,643,052	8,010,012	2,256,873
Landfill closure and postclosure	39,706,406	2,509,003	624,644	41,590,765	853,042
Capital lease obligations	5,277,700	4,594,045	2,712,611	7,159,134	2,180,025
Compensated absences	14,599,401	6,407,671	6,768,598	14,238,474	3,559,618
Governmental Activities, Long-term Liabilities	<u>\$ 190,618,254</u>	<u>\$ 15,433,525</u>	<u>\$ 17,945,930</u>	<u>\$ 188,105,849</u>	<u>\$ 15,308,659</u>
Business-type Activities:					
Direct borrowings - Loans payable to State	\$ 19,831,135	\$ --	\$ 1,680,704	\$ 18,150,431	\$ 1,689,644
Claims and judgments	412,762	294,282	157,219	549,825	182,754
Capital lease obligations	210,614	81,049	115,796	175,867	60,125
Compensated absences	662,147	263,376	230,536	694,987	173,747
Business-type Activities, Long-term Liabilities	<u>\$ 21,116,658</u>	<u>\$ 638,707</u>	<u>\$ 2,184,255</u>	<u>\$ 19,571,110</u>	<u>\$ 2,106,270</u>
Discretely Presented Component Unit:					
Bonds Payable:					
General obligation bonds	\$ 56,660,000	\$ --	\$ 2,950,000	\$ 53,710,000	\$ 3,075,000
Deferred Costs:					
For issuance premiums	439,943	--	58,214	381,729	--
Total Bonds Payable	57,099,943	--	3,008,214	54,091,729	3,075,000
Direct borrowings - Loans payable to State	20,238,206	--	1,933,748	18,304,458	1,942,034
Compensated absences	1,402,511	529,411	515,210	1,416,712	513,058
Capital lease obligations	526,619	--	522,561	4,058	4,058
Component Unit, Long-term Liabilities	<u>\$ 79,267,279</u>	<u>\$ 529,411</u>	<u>\$ 5,979,733</u>	<u>\$ 73,816,957</u>	<u>\$ 5,534,150</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

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 \$676,645 and \$302,315 were received in fiscal year 2019 for Build America Bonds and Recovery Zone Economic Development Bonds, respectively.

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

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

Compensated absences - Compensated absences consist of accrued vacation leave and compensated time earned. For the fiscal year ended June 30, 2019, the liability was liquidated from the general and highways funds. The liability for the accumulated unpaid portion has been accrued for in the government-wide statement of net position.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

General obligation bonds payable reported on the government-wide *Statement of Net Position* at June 30, 2019, are comprised of the following individual issues:

	<u>Amount</u>
Governmental Activities:	
General obligation bonds, 2011 Series A, original amount \$20,985,000, due in annual installments of \$1,390,000 to \$1,765,000 through August 2025, interest payments semi-annually from 2.25% to 5.00%.	\$ 11,000,000
General obligation bonds, 2010 Series A, original amount \$47,835,000, due in annual installments of \$1,815,000 to \$3,570,000 through August 2033, interest payments semi-annually from 1.955% to 5.763% (before the federal subsidy).	38,225,000
General obligation bonds, 2010 Series A, original amount \$12,165,000, due in annual installments of \$3,140,000 to \$9,025,000 through August 2034, interest payments semi-annually from 5.863% to 5.913% (before the federal subsidy).	12,165,000
General obligation bonds, 2005 Series A, original amount \$42,180,000, due in annual installments of \$400,000 to \$545,000 through August 2021, interest payments semi-annually from 3.25% to 5.00%.	1,460,000
General obligation bonds, 2012 Series A, original amount \$23,415,000, due in annual installments of \$1,430,000 to \$2,145,000 through August 2029, interest payments semi-annually from 3.00% to 5.00%.	19,490,000
General obligation bonds, 2012 Series B, original amount \$8,215,000, due in annual installments of \$505,000 to \$745,000 through August 2029, interest payments semi-annually from 3.125% to 5.00%.	6,835,000
General obligation bonds, 2017 Series A, original amount \$24,015,000, due in annual installments of \$590,000 to \$1,455,000 through August 2042, interest payments semi-annually from 2.00% to 5.00%.	<u>23,445,000</u>
Total Governmental Activities	\$ <u>112,620,000</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

Annual debt service requirements of the primary government general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2019, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 6,245,000	\$ 5,089,000	\$ 11,334,000
2021	6,515,000	4,832,000	11,347,000
2022	6,615,000	4,560,000	11,175,000
2023	6,495,000	4,266,000	10,761,000
2024	6,805,000	3,968,000	10,773,000
2025-2029	33,040,000	15,389,000	48,429,000
2030-2034	26,450,000	8,279,000	34,729,000
2035-2039	14,945,000	1,798,000	16,743,000
2040-2043	<u>5,510,000</u>	<u>447,000</u>	<u>5,957,000</u>
Totals	<u>\$112,620,000</u>	<u>\$ 48,628,000</u>	<u>\$ 161,248,000</u>

	<u>Amount</u>
Component Unit:	
Build America Bonds - 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.	\$ 47,925,000
Public Improvement Bonds - County Series 2011A, last installment 2025. Maturing serially from August 1, 2012. Interest rate - 2.00% to 5.00%. Issued July 7, 2011. Original amount - \$5,125,000.	2,680,000
Public Improvement Bonds - County Series 2005A, last installment 2021. Maturing serially from August 1, 2008. Interest rate - 3.25% to 5.00%. Issued August 1, 2008. Original amount - \$3,165,000.	820,000
Public Improvement Bonds - County Series 2012A, last installment 2029. Maturing serially from August 1, 2016. Interest rate - 3.00% to 5.00%. Issued July 10, 2012. Original amount - \$2,745,000.	<u>2,285,000</u>
	53,710,000
Premium on bond issuance	<u>381,729</u>
Total Component Unit	\$ <u>54,091,729</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

Annual debt service requirements of the component unit general obligation bonds payable (without regard to the interest subsidies previously identified) as of June 30, 2019, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,075,000	\$ 2,717,000	\$ 5,792,000
2021	3,210,000	2,581,000	5,791,000
2022	3,260,000	2,440,000	5,700,000
2023	3,175,000	2,293,000	5,468,000
2024	3,325,000	2,141,000	5,466,000
2025-2029	17,975,000	8,049,000	26,024,000
2030-2034	<u>19,690,000</u>	<u>2,730,000</u>	<u>22,420,000</u>
Totals	\$ <u>53,710,000</u>	\$ <u>22,951,000</u>	\$ <u>76,661,000</u>

At June 30, 2019, approximately \$50.2 million of primary government and \$8.0 million of component unit general obligation bonds outstanding are considered defeased.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

Conduit Debt Obligations – Special District Bonds

The following Special District Bonds bearing the County's name were issued to finance the Kukui'ula Development Project. Neither the full faith and credit nor the general taxing powers of the County or the State of Hawaii is pledged to the payment of the bonds. Furthermore, neither the County nor State of Hawaii has any obligation for the payment of the bonds in the case of default.

Issuer	Date of Issuance	Amount of Issue	Balance at June 30, 2019
County of Kauai Community Facilities District No. 2008-1	May 15, 2012	\$ <u>11,875,000</u>	\$ <u>11,555,000</u>

The County's and Department's outstanding loan obligations contain provisions that, in event of default, an interest penalty will be assessed on the outstanding loan repayment amounts beginning on the first day following the repayment due date and ending on the date the default balances are paid. Loans payable reported on the government-wide *Statement of Net Position* at June 30, 2019, are comprised of the following:

	<u>Amount</u>
Loans Payable: Governmental Activities	
During fiscal year 2017, the County entered into a construction agreement with the State totaling approximately \$4.5 million to fund a gas collection system. Principal, interest and loan fee payments are due in semi-annual installments of \$128,424 (\$256,848 annually). Principal and interest payments begin in fiscal year 2019. A loan fee is assessed at 0.75% of the outstanding principal balance. Interest is accrued at 0.25% per annum.	\$ 4,328,180
During fiscal year 2019, the County entered into a construction agreement with the State totaling approximately \$260,100 to fund the landfill expansion. Principal, interest and loan fee payments are due in semi-annual installments of \$4,506 (\$9,012 annually). Principal and interest payments begin in fiscal year 2019. A loan fee is assessed at 0.75% of the outstanding principal balance. Interest is accrued at 0.25% per annum.	<u>159,284</u>
Total Governmental Activities	\$ <u>4,487,464</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
Loans Payable: Business-type Activities	
During fiscal year 2006, the County entered into a construction agreement with the State to fund a cesspool conversion project. The agreement allows the County to request reimbursement for project related expenditures from the State. Principal and interest payments are due in semi-annual installments of \$50,750 (\$101,500 annually). A loan fee is assessed at 1.00% of the outstanding principal balance. Interest is accrued at 2.13% per annum.	\$ 613,130
During fiscal year 2007, the County entered into a construction agreement with the State totaling approximately \$2.7 million to fund a wastewater effluent system. Principal and interest payments are due in semi-annual installments of \$58,425 (\$116,850 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	804,011
During fiscal year 2009, the County entered into a 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.	870,834
During fiscal year 2009, the County entered into a construction agreement with the State totaling approximately \$3.9 million to fund sewer system improvements. Principal and interest payments are due in semi-annual installments of \$108,486 (\$216,972 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	<u>1,699,472</u>
Balance forward	\$ <u>3,987,447</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
Balance carried forward	\$ 3,987,447
During fiscal year 2009, the County entered into a construction agreement with the State totaling approximately \$436,000 to fund wastewater pump station improvements. Principal and interest payments are due in semi-annual installments of \$12,051 (\$24,102 annually). A loan fee is assessed at .25% of the outstanding principal balance. Interest is accrued at .50% per annum.	200,120
During fiscal year 2010, the County entered into a 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 0.25% of the outstanding principal balance. Interest is accrued at 0.50% per annum.	2,543,777
During fiscal year 2011, the County entered into a construction agreement with the State totaling approximately \$9.7 million to fund Phase I of the Waimea Wastewater Treatment Plant Expansion. Principal and interest payments are due in semi-annual installments of \$294,994 (\$589,988 annually). A loan fee is assessed at 0.25% of the outstanding principal balance. Interest is accrued at 0.50% per annum.	6,307,488
During fiscal year 2014, the County entered into a construction agreement with the State totaling approximately \$1.9 million to fund Phase I of the Wailua Wastewater Treatment Plant Improvement. Principal and interest payments are due in semi-annual installments of \$51,518 (\$103,036 annually). A loan fee is assessed at 0.25% of the outstanding principal balance. Interest is accrued at 0.25% per annum.	1,515,992
During fiscal year 2016, the County entered into a new construction agreement with the State totaling approximately \$5.0 million to fund Ele'ele Wastewater Treatment Plant Improvement. Principal and interest payments are due in semi-annual installments of \$118,327 (\$236,654 annually). A loan fee is assessed at 0.50% of the outstanding principal balance. Interest is accrued at 0.25% per annum.	<u>3,595,607</u>
Total Business-type Activities	\$ <u>18,150,431</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

Annual requirements to retire loans payable from direct borrowings as of June 30, 2019, are approximately as follows:

Fiscal Year Ending June 30,	Direct borrowing loans payable to State				Total	
	Governmental Activities		Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2020	\$ 214,000	\$ 44,000	\$ 1,690,000	\$ 147,000	\$ 1,904,000	\$ 191,000
2021	220,000	42,000	1,699,000	132,000	1,919,000	174,000
2022	226,000	40,000	1,708,000	117,000	1,934,000	157,000
2023	228,000	38,000	1,717,000	102,000	1,945,000	140,000
2024	230,000	35,000	1,727,000	87,000	1,957,000	122,000
2025-2029	1,187,000	142,000	7,218,000	228,000	8,405,000	370,000
2030-2034	1,248,000	81,000	2,274,000	43,000	3,522,000	124,000
2035-2039	925,000	20,000	117,431	--	1,042,431	20,000
2040	9,464	--	--	--	9,464	--
Totals	\$ 4,487,464	\$ 442,000	\$ 18,150,431	\$ 856,000	\$ 22,637,895	\$ 1,298,000

Component Unit:

	<u>Amount</u>
Direct Borrowings - State Revolving Fund Loan -	
Kokolau Tunnel, last installment 2021. Interest rate - 1.37%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2001. Original amount - \$1,663,201.	\$ 239,749
Kekaha Well, last installment 2022. Interest rate - 1.01%. Semi- annual loan fee rate 1.625%. Date issued - April 15, 2002. Original amount - \$862,883.	153,212
Hanapepe 27" Steel Pipeline, last installment 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$691,134.	171,974
Hanapepe River Crossing Pipeline, last installment 2023. Interest rate - 0.99%. Semi-annual loan fee rate - 1.625%. Date issued - July 15, 2003. Original amount - \$1,243,976.	308,517
Wailua Homesteads Well No. 3, last installment 2024. Interest rate - 0.54%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2004. Original amount - \$397,737.	<u>109,077</u>
Balance forward	\$ <u>982,529</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
Balance carried forward	\$ 982,529
Lihu'e Steel Tanks 1 and 2, last installment 2025. Interest rate - 0.46%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2004. Original amount - \$1,243,017.	407,556
Ornellas 0.2 MG Tank, last installment 2025. Interest rate - 0.58%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2005. Original amount - \$809,398.	262,845
16" Waterline replacement along Kuhio Highway, last installment 2026. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2005. Original amount - \$2,305,093.	857,771
Poipu Road 16" Main Replacement, last installment 2027. Interest rate - 0.16%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2007. Original amount - \$5,158,886.	2,139,708
Stable 1.0 MG Tank, last installment 2029. Interest rate - 0.26%. Semi-annual loan fee rate - 1.625%. Date issued - March 15, 2009. Original amount - \$7,274,998.	3,856,781
Kaumualii Highway 12" Main Replacement, last installment 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$3,989,537.	2,185,391
Waha, Wawae and Niho Roads Main Replacement, last installment 2029. Interest rate - 0.32%. Semi-annual loan fee rate - 1.625%. Date issued - August 15, 2009. Original amount - \$1,936,018.	1,064,656
Kapilimao 0.5 MG Tank, last installment 2030. Interest rate - 0.42%. Semi-annual loan fee rate - 1.625%. Date issued - January 15, 2010. Original amount - \$3,793,779.	<u>2,217,512</u>
Balance forward	\$ <u>13,974,749</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - LONG-TERM LIABILITIES (Continued)

	<u>Amount</u>
Balance carried forward	\$ 13,974,749
Wailua Houselots Main Replacement, last installment 2033. Interest rate - 0.50%. Semi-annual loan fee rate - 0.50%. Date issued - April 15, 2013. Original amount - \$4,463,084.	2,730,865
Lihue Baseyard Improvements, last installment 2034. Interest rate - 0.50%. Semi-annual loan fee rate - 0.50%. Date issued – December 15, 2014. Original amount - \$4,000,000.	<u>1,598,844</u>
Total Component Unit	\$ <u>18,304,458</u>

Annual requirements to retire the component unit loans payable as of June 30, 2019, are approximately as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Direct Borrowing Loans Payable to State</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,942,000	\$ 551,000	\$ 2,493,000
2021	1,951,000	486,000	2,437,000
2022	1,910,000	421,000	2,331,000
2023	1,816,000	359,000	2,175,000
2024	1,768,000	300,000	2,068,000
2025-2029	7,174,000	737,000	7,911,000
2030-2034	1,691,000	61,000	1,752,000
2035	<u>52,000</u>	<u>--</u>	<u>52,000</u>
Totals	\$ <u>18,304,000</u>	\$ <u>2,915,000</u>	\$ <u>21,219,000</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - EMPLOYEE BENEFIT PLANS

Pension Plan

Plan description. The ERS is a cost-sharing, multiple-employer public employee retirement system established as a defined benefit pension plan to administer a pension benefits program for all eligible employees of the State and counties of Hawaii. Benefit terms, eligibility, and contribution requirements are established by Chapter 88 of the Hawaii Revised Statutes and can be amended through legislation.

The ERS provides retirement, disability and death benefits that are covered by the provisions of the noncontributory, contributory and hybrid retirement membership classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2.25%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for employees hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for employees hired prior to January 1, 1971.

For members hired before July 1, 2012, the original retirement allowance is increased by 2.5% each July 1 following the calendar year of retirement. This cumulative benefit is not compounded and increases each year by 2.5% of the original retirement allowance without a ceiling (2.5% of the original retirement allowance the first year, 5.0% the second year, 7.5% the third year, etc.). For members hired after June 30, 2012, the post-retirement annuity increase was decreased to 1.5% per year.

Noncontributory Class

Retirement Benefits - General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with 10 years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.

Death Benefits - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or dependent children, no benefit is payable.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)

Ten years of credited service is required for ordinary death benefits. For ordinary death benefits, the surviving spouse/reciprocal beneficiary (until remarriage/reentry into a new reciprocal beneficiary relationship) and dependent children (up to age 18) receive a benefit equal to a percentage of member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

Contributory Plan for Employees Hired Prior to July 1, 2012

Retirement Benefits - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with 5 years of credited service are eligible to retire at age 55.

Police and firefighters' retirement benefits are determined as 2.5% of average final compensation for each year of service up to a maximum of 80%. Police and firefighters with five years of credited service are eligible to retire at age 55. Police officers and firefighters with 25 years of credited service are eligible to retire at age 55, provided the last five years is service credited in these occupations.

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.

Death Benefits - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least 1 year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)

Contributory Plan for Employees Hired After June 30, 2012

Retirement Benefits - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.

Police and firefighters' retirement benefits are determined as 2.25% of average final compensation for each year of service up to a maximum of 80%. Police and firefighters with 10 years of credited service are eligible to retire at age 60. Police officers and firefighters with 25 years of credited service are eligible to retire at age 55, provided the last five years is service credited in these occupations.

Disability and Death Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are 1.75% of average final compensation for each year of services for police and firefighters and are payable immediately, without an actuarial reduction, at a minimum of 30% of average final compensation.

Death benefits for contributory plan members hired after June 30, 2012 are generally the same as those for contributory plan members hired June 30, 2012 and prior.

Hybrid Plan for Employees Hired Prior to July 1, 2012

Retirement Benefits - General employees' retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with 5 years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.

Disability Benefits - Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.

Death Benefits - For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150%, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least 10 years of service and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Plan for Employees Hired After June 30, 2012

Retirement Benefits - General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with 10 years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and EMTs may retire with 25 years of credited service at age 55.

Disability and Death Benefits - Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% Joint and Survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributions - Contributions are established by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rates for fiscal year 2019 were 31.00% for police and firefighters and 19.00% for all other employees. Contributions to the pension plan from the County and the Department were approximately \$20,076,000 and \$1,109,000 respectively, for the fiscal year ended June 30, 2019.

On May 18, 2017, the Governor signed into law Act 17 SLH 2017. Per Act 17, future employer contributions from the State and counties are expected to increase pursuant to a phased-in contribution rate increase over four years beginning July 1, 2017. The rate for police and firefighters increases to 31.00% on July 1, 2018; 36.00% on July 1, 2019; and 41.00% on July 1, 2020 and the rate for all other employees increase to 19.00% on July 1, 2018; 22.00% on July 1, 2019; and 24.00% on July 1, 2020.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)

The employer is required to make all contributions for members in the noncontributory plan. For contributory plan employees hired prior to July 1, 2012, general employees are required to contribute 7.8% of their salary and police and firefighters are required to contribute 12.2% of their salary. For contributory plan employees hired after June 30, 2012, police and firefighters are required to contribute 14.2% of their salary. Hybrid plan members hired prior July 1, 2012 are required to contribute 6.0% of their salary. Hybrid plan members hired after June 30, 2012 are required to contribute 8.0% of their salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the County and Department reported a liability of \$299,878,624 and \$16,156,668 respectively, for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County and Department's proportion of the net pension liability was based on a projection of the County and Department's long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2018, the County's proportion was 2.252% which was an increase of 0.212% from its proportionate share measured as of June 30, 2017. At June 30, 2018, the Department's proportion was 0.121% which was an increase of approximately 0.001% from its proportionate share measured as June 30, 2017.

There were no significant changes in actuarial assumptions in 2018. There were no other changes between the measurement date, June 30, 2018, and the reporting date, June 30, 2019, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the fiscal year ended June 30, 2019, the County and the Department recognized pension expense of approximately \$44,015,000 and \$2,212,000, respectively. At June 30, 2019, the County and the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

County:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,320,174	\$ 1,270,420
Changes in assumptions	34,556,449	--
Net difference between projected and actual earnings on pension plan investments	--	1,776,623
Changes in proportion and difference between County contributions and proportionate share of contributions	20,646,930	6,972,960
County contributions subsequent to the measurement date	<u>20,075,941</u>	<u>--</u>
	<u>\$ 85,599,494</u>	<u>\$ 10,020,003</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)

The \$20,075,941 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 22,038,583
2021	19,333,047
2022	9,155,359
2023	3,701,731
2024	<u>1,274,830</u>
Total	<u>\$ 55,503,550</u>

Department:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 291,427	\$ 101,239
Changes in assumptions	1,741,950	--
Net difference between projected and actual earnings on pension plan investments	--	83,469
Changes in proportion and difference between Department contributions and proportionate share of contributions	564,085	501,222
Department contributions subsequent to the measurement date	<u>1,439,632</u>	<u>--</u>
	<u>\$ 4,037,094</u>	<u>\$ 685,930</u>

The \$1,439,632 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 1,000,615
2021	748,589
2022	177,366
2023	(42,863)
2024	<u>27,825</u>
Total	<u>\$ 1,911,532</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS's Board of Trustees on December 12, 2016, based on the 2015 Experience Study for the five-year period from July 1, 2010 through June 30, 2015:

Inflation	2.50%
Payroll growth	3.50%
Investment rate of return, including inflation	7.00% per year, compounded annually, including inflation

There were no changes to the ad hoc postemployment benefits including cost of living allowance. Post-retirement mortality rates are based on the 2016 Public Retirees of Hawaii mortality table with adjustments based on generational projections of the BB projection table for 2016 and full generational projections in future years. Pre-retirement mortality rates are based on multiples of RP-2014 mortality table based on the occupation of the member.

The long-term expected rate of return on pension plan investments was determined using a "top down approach" of the Bespoke Client Constrained Simulation-based Optimization Model (a statistical technique known as "re-sampling with replacement" that directly keys in on specific plan-level risk factors as stipulated by the ERS Board of Trustees) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are then combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return (real returns and inflation) by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class used in the actuarial valuation are summarized in the following table:

Strategic Allocation (risk-based classes)	Strategic class weights	Expected long-term geometric average strategic range	Expected long-term real return*	Expected annual standard deviation
Broad growth	63.00 %	7.10%	4.85%	17.35%
Principal protection	7.00 %	2.50%	0.25%	3.50%
Real return	10.00 %	4.10%	1.85%	6.10%
Crisis risk offset	<u>20.00</u> %	4.60%	2.35%	9.45%
	<u>100.00</u> %			

*Uses an expected inflation of 2.25%

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - EMPLOYEE BENEFIT PLANS (Continued)

Discount Rate - The discount rate used to measure the net pension liability at June 30, 2018 was 7.00%, consistent with the rate used at the prior measurement period. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the County will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Sensitivity of the County and Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County and Department's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County and Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ <u>395,225,291</u>	\$ <u>299,878,624</u>	\$ <u>221,279,953</u>
Department's proportionate share of the net pension liability	\$ <u>21,009,134</u>	\$ <u>16,156,668</u>	\$ <u>12,156,556</u>

Pension Plan Fiduciary Net Position - The pension plan's fiduciary net position is determined on the same basis used by the pension plan. The ERS's financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded as of their trade date. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report. ERS's complete financial statements are available at <http://www.ers.ehawaii.gov>.

Payables to the Pension Plan

As of June 30, 2019, the County and the Department had payables to the pension plan of \$1,326,370 and \$0, respectively.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN

Postemployment Benefits Other Than Pensions (OPEB)

Plan Description - The County provides certain healthcare and life insurance benefits to all qualified employees through the Hawaii Employer - Union Health Benefit Trust Fund (EUTF), an agent multiple-employer defined benefit plan that replaced the Hawaii Public Employees Health Fund effective July 1, 2003. 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 the EUTF at P.O. Box 2121, Honolulu, Hawaii 96805-2121.

For employees hired before July 1, 1996, the County pays the entire base monthly contribution for employees retiring with 10 years or more of credited service and 50% of the base monthly contribution for employees retiring with fewer than 10 years of credited service. A retiree can elect a family plan to cover dependents.

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

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

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

The following table provides a summary of the number of employees covered by the benefits terms as of July 1, 2018:

County:

Inactive employees or beneficiaries currently receiving benefits	808
Inactive employees entitled but not yet receiving benefit payments	125
Active employees	<u>1,156</u>
	<u>2,089</u>

Department:

Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled but not yet receiving benefit payments	6
Active employees	<u>85</u>
	<u>142</u>

Contributions - The County's contribution levels are established by Chapter 87A of the HRS and may be amended through legislation. For the fiscal year ended June 30, 2019 contributions to the OPEB plan from the County and the Department were \$16,595,000 and \$1,011,000, respectively. The employer is required to make all contributions for members.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OBEP – At June 30, 2019 the County and Department reported a net OPEB liability of \$149,242,257 and \$8,459,304, respectively. The net OPEB liability was measured as of July 1, 2018 and the total OPEB liability to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

There were no changes between the measurement date, July 1, 2018, and the reporting date, June 30, 2019, that are expected to have a significant effect on the net OPEB liability.

For the fiscal year ended June 30, 2019, the County and Department recognized OPEB expense of approximately \$15,572,000 and \$926,000, respectively. At June 30, 2019, the County and Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

County:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ --	\$ 1,721,237
Changes in assumptions	2,910,074	--
Difference in expected and actual experience	--	690,362
Employer contributions subsequent to the measurement date	<u>16,595,000</u>	<u>--</u>
	<u>\$ 19,505,074</u>	<u>\$ 2,411,599</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

Department:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ --	\$ 226,414
Changes in assumptions	203,858	--
Employer contributions subsequent to the measurement date	1,011,000	--
	<u>\$ 1,214,858</u>	<u>\$ 226,414</u>

The County and Department reported \$16,595,000 and \$1,011,000, respectively, as deferred outflows of resources related to OPEB resulting from County and Department contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	County:	Department:
Fiscal Year Ended June 30:	Net Deferred Outflows (Inflows)	Net Deferred Outflows (Inflows)
2020	\$ (141,118)	\$ (21,633)
2021	(141,118)	(21,633)
2022	(141,120)	(21,632)
2023	315,311	12,314
2024	403,298	14,414
Thereafter	203,222	15,614
	<u>\$ 498,475</u>	<u>\$ (22,556)</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

Actuarial assumptions - The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF's Board of Trustees on January 8, 2018, based on the experience study covering the five-year period ended June 30, 2015 as conducted for the ERS:

Valuation date	July 1, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.00%
Inflation	2.50%
Salary increases	3.50% to 7.00%, including inflation
Investment rate of return	7.00%
Demographic Assumptions	Based on the experience study covering the five year period ending June 30, 2015
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation Rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for Life insurance and 98% for Medicare Part B.
Healthcare cost trend rates	
PPO*	Initial rates of 10.00%; declining to a rate of 4.86% after 13 years
HMO*	Initial rate of 10.00%; declining to a rate of 4.86% after 13 years
Part B & base monthly contribution	Initial rates of 4.00% and 5.00%, declining to a rate of 4.70% after 12 years
Dental	Initial rates of 5.00% for first three years, followed by 4.00%
Vision	Initial rates of 0.00% for first three years, followed by 2.50%
Life insurance	0.00%

* Blended rates for medical and prescription drug.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of July 1, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Non U.S. equity	17.00%	6.50%
U.S. equity	15.00%	5.05%
Private equity	10.00%	8.65%
Core real estate	10.00%	4.10%
Trend following	9.00%	3.00%
U.S. microcap	7.00%	7.00%
Global options	7.00%	4.50%
Private credit	6.00%	5.25%
Long treasuries	6.00%	1.90%
Alternative risk premia	5.00%	2.45%
TIPS	5.00%	0.75%
Core bonds	3.00%	1.30%
	100.00%	

Single Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% based on the expected rate of return on OPEB plan investments of 7.00% and the municipal bond rate of 3.62% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-year Municipal GO AA Index"). Beginning with the fiscal year 2019 contribution, the funding policy of the County is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

Changes in the Net OPEB Liability -The following schedule presents the changes in the net OPEB liability for the fiscal year ending June 30, 2019. The ending balances are as of the measurement date, July 1, 2018:

County:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ <u>245,406,850</u>	\$ <u>98,373,208</u>	\$ <u>147,033,642</u>
Changes for the fiscal year:			
Service cost	5,745,514	--	5,745,514
Interest on the total OPEB liability	17,085,078	--	17,085,078
Difference between expected and actual experience	(815,794)	--	(815,794)
Changes of assumptions	3,438,804	--	3,438,804
Contributions - employer	--	15,688,031	(15,688,031)
Net investment income	--	7,579,849	(7,579,849)
Benefit payments	(8,414,118)	(8,414,118)	--
Administrative expense	--	(22,893)	22,893
Net changes	<u>17,039,484</u>	<u>14,830,869</u>	<u>2,208,615</u>
Balance at June 30, 2019	\$ <u>262,446,334</u>	\$ <u>113,204,077</u>	\$ <u>149,242,257</u>

Department:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	\$ <u>16,417,246</u>	\$ <u>8,049,348</u>	\$ <u>8,367,898</u>
Changes for the fiscal year:			
Service cost	380,070	--	380,070
Interest on the total OPEB liability	1,144,135	--	1,144,135
Difference between expected and actual experience	(135,272)	--	(135,272)
Changes of assumptions	237,370	--	237,370
Contributions - employer	--	948,000	(948,000)
Net investment income	--	588,700	(588,700)
Benefits payments	(525,000)	(525,000)	--
Administrative expense	--	(1,803)	1,803
Net changes	<u>1,101,303</u>	<u>1,009,897</u>	<u>91,406</u>
Balance at June 30, 2019	\$ <u>17,518,549</u>	\$ <u>9,059,245</u>	\$ <u>8,459,304</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 – POST EMPLOYMENT HEALTHCARE PLAN (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount rate. The following presents the net OPEB liability of the County and Department, as well as what the County's and Department's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County:			
Net OPEB Liability	\$ <u>192,647,876</u>	\$ <u>149,242,257</u>	\$ <u>115,316,236</u>
Department:			
Net OPEB Liability	\$ <u>11,343,135</u>	\$ <u>8,459,304</u>	\$ <u>6,176,376</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the County and Department, as well as what the County's and Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
County:			
Net OPEB Liability	\$ <u>113,683,376</u>	\$ <u>149,242,257</u>	\$ <u>195,452,975</u>
Department:			
Net OPEB Liability	\$ <u>6,031,363</u>	\$ <u>8,459,304</u>	\$ <u>11,591,295</u>

Payables to the OPEB Plan - At June 30, 2019, the County and Department had no payables to the EUTF.

Deferred Compensation Plan

The County participates in a deferred compensation plan established by the State of Hawaii in accordance with Internal Revenue Code Section 457. The plan is available to all the County employees, and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All plan assets are held in a trust fund to protect them from claims of general creditors. The County has no responsibility for loss due to the investment or failure of investment of funds and assets in the plans, but does have the duty of due care that would be required of an ordinary prudent investor.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - POST EMPLOYMENT HEALTHCARE PLAN (Continued)

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

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities, including IBNR, are based on the estimated ultimate cost of settling the claims, and include incremental costs for the hiring of special counsel and expert witnesses. Claims liabilities are estimated on a case-by-case review of all claims and the application of historical experience to outstanding claims.

Estimates of IBNR are based on historical experience. The liability for claims and judgments is reported on the government-wide *Statement of Net Position*. At June 30, 2019, the amount of this liability was approximately \$8.6 million. This is the County's best estimate based on available information. Changes in the reported liability since July 1, 2017, are given below:

<u>Fiscal Year</u>	<u>Liability at Beginning of Year</u>	<u>Current Year Claims and Changes In Estimates</u>	<u>Claim Payments and Adjustments</u>	<u>Liability at End of Year</u>
2018	\$ 9,269,302	\$ 1,398,126	\$ (2,155,595)	\$ 8,511,833
2019	\$ 8,511,833	\$ 1,848,275	\$ (1,800,271)	\$ 8,559,837

COUNTY OF KAUA'I, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

Puhi Metals Recycling Center

The County of Kaua'i is facing potential contingent liability for contracting the operation and management of the Puhi Metals Recycling Center (PMRC) from October 11, 2001 to October 11, 2011 to a private contractor. The County leased the property comprising the PMRC from land owner Grove Farm, Inc. for the aforementioned ten (10) year period. Under its contract with the contracted operator, the County was to be defended, indemnified and held harmless for any and all damages to persons and or property during the operation, including its obligations under the land license between the County and Grove Farm, Inc. After the expiration of the contract with the contracted operator, the County was informed by the Grove Farm, Inc. that their property was allegedly damaged by the contracted operator. The County has since procured and obtained environmental studies on the property and based upon the recommendation by the County's consultant, the County began to implement an environmental remediation plan. At June 30, 2019, the remaining outstanding liability accrued by the County was approximately \$2.05 million.

Purchase Commitments

The outstanding portion of contractual commitments for capital projects, supplies, and other expenditures at June 30, 2019, was approximately \$32 million. Contractual commitments are generally reflected in the governmental fund financial statements as committed fund balance.

NOTE 15 - 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 \$14.9 million based on estimates provided by project engineers. At June 30, 2019, approximately 97.3% of the total capacity of the Kekaha Landfill Phase II had been used, and the estimated remaining landfill life is approximately 9 months.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (Continued)

The County completed the construction phase for the lateral expansion of the Cell II of the Kekaha Landfill Lateral Expansion. The expansion extended the life of the Kekaha Landfill by an additional 3.5 years. Cell II of the lateral expansion provided additional capacity for waste by the construction of a baseliner and leachate collection system in the area between Phase I and Phase II, further extending the landfill footprint. Department of Public Works, Solid Waste Division is in the process to further extend the life of Kekaha Landfill is anticipating completing construction in fiscal year 2020.

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 \$41.6 million, which may change due to inflation, technology or applicable laws or regulations. This amount is fully accrued in the government-wide financial statements.

The County has provided for financial resources that will be available to provide for closure, post-closure care and remediation or containment of environmental hazards at the above landfills. The Environmental Protection Agency's financial assurance rules include a local government financial test consisting of a financial component, a public notice component, and a recordkeeping component. Local governments are required to satisfy each of the three components to pass the annual test. Management believes that the County has satisfied each of the components of the local government financial assurance requirements.

NOTE 16 - FUND BALANCE CONSTRAINTS

Stabilization Arrangements - The County Resolution 2011-77 established the Reserve Fund and Reserve Fund Policy which was amended by County Resolution 2017-28. The County intends to maintain the Reserve Fund within the General Fund in the range of 30% of the previous year's actual operating general fund revenues. The Reserve Fund was established for the following purposes: Extreme events / natural disasters (10.0%), revenue volatility (18.5%) and expenditure volatility (1.5%). The Reserve Fund can only be used to provide a short-term solution to maintain necessary services until revenue growth and/or expenditure reductions are instituted to balance the budget and normalize cash flow. In the event that the funds from the Reserve Fund are utilized, the County Council and Administration shall timely propose and approve a financial plan to replenish the Reserve Fund to prescribed policy levels, not to exceed 3 years.

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

	<u>Amount</u>
Committed fund balance	\$ 15,209,883
Unassigned fund balance	<u>30,419,766</u>
Total	\$ <u>45,629,649</u>

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - FUND BALANCE CONSTRAINTS (Continued)

The constraints on fund balance as listed in aggregate in the governmental funds *Balance Sheet* are detailed according to balance classification and fund.

	Major Special Revenue Funds					Major Capital Projects Funds				
		Housing and Community Development Revolving Fund	Solid Waste Disposal Fund	Federal Grants Fund	State Grants Fund	Grants Capital Improvement Fund	General Capital Improvement Fund	Bond Fund	Other Governmental Funds	Total
	General Fund									
Fund Balances:										
Nonspendable:										
Prepays	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 601,440	\$ 601,440
Total - Nonspendable	--	--	--	--	--	--	--	--	601,440	601,440
Restricted:										
Debt service reserve	--	--	--	--	--	--	--	--	1,796,561	1,796,561
Loans receivable	--	567,589	--	--	--	--	--	--	--	567,589
Landfill closure and post closure costs	490,000	--	12,047,668	--	--	--	--	--	--	12,537,668
Total - Restricted	490,000	567,589	12,047,668	--	--	--	--	--	1,796,561	14,901,818
Committed:										
Non-routine emergency events reserve	15,209,883	--	--	--	--	--	--	--	--	15,209,883
Administrative	775,859	--	--	--	--	--	--	14,016	--	789,875
County-wide costs	322,790	--	--	--	--	--	--	--	--	322,790
Human resources	54,820	--	--	--	--	--	--	--	--	54,820
Planning	228,805	--	--	--	--	--	--	210,531	109,598	548,934
Economic development	244,857	--	--	--	--	--	--	--	--	244,857
Police services	1,970,712	--	--	--	--	--	15,565	187,481	--	2,173,758
Fire control	594,095	--	--	--	--	--	--	46,933	--	641,028
Emergency management	361,651	--	--	--	--	--	--	--	--	361,651
Liquor control	--	--	--	--	--	--	--	--	7,363	7,363
Building repair and maintenance	18,511	--	--	--	--	--	15,630	514,343	36,661	585,145
Parks and recreation	2,894,707	--	--	--	--	--	460,588	1,328,071	351,683	5,035,049
Community services	355,660	230,351	--	--	--	--	6,348	189,668	3,150	785,177
Waste disposal and collection	--	--	4,153,312	--	--	--	29,503	1,279,256	--	5,462,071
Road maintenance	36,954	--	--	--	--	--	44,009	2,494,555	12,435,933	15,011,451
Total - Committed	23,069,304	230,351	4,153,312	--	--	--	571,643	6,264,854	12,944,388	47,233,852
Assigned:										
Balancing future budget shortfalls	6,526,873	--	--	--	--	--	--	--	2,563,664	9,090,537
Self insurance provisions	663,398	--	--	--	--	--	--	--	--	663,398
Capital improvement projects	--	--	--	--	--	--	2,071,274	27,033,701	6,836,370	35,941,345
Other purposes	--	2,644,819	3,159,691	--	--	--	--	--	6,683,113	12,487,623
Total - Assigned	7,190,271	2,644,819	3,159,691	--	--	--	2,071,274	27,033,701	16,083,147	58,182,903
Unassigned:	44,345,145	--	--	--	--	--	--	--	--	44,345,145
Total Fund Balances	\$ 75,094,720	\$ 3,442,759	\$ 19,360,671	\$ --	\$ --	\$ --	\$ 2,642,917	\$ 33,298,555	\$ 31,425,536	\$ 165,265,158

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - FUND BALANCE CONSTRAINTS (Continued)

Encumbrance accounting is employed in the governmental funds. Under this method, purchase orders, contracts, and other commitments outstanding at the fiscal-year end do not constitute expenditures or liabilities. These amounts generally will become liabilities in future periods as the services are rendered or goods purchased.

Encumbrances at June 30, 2019 include:

General Fund	\$ 7,859,421
Housing and Community Development Revolving Fund	230,351
Solid Waste Disposal Fund	4,153,312
Bond Fund	6,264,854
General Capital Improvement Fund	571,643
Other Governmental Funds	<u>12,944,388</u>
	\$ <u>32,023,969</u>

NOTE 17 - COMPONENT UNIT DISCLOSURES

Safe Drinking Water Act - The Department is subject to the requirements of the Safe Drinking Water Act (the Act) which is administered by the State of Hawai'i Department of Health on behalf of the United States Environmental Protection Agency. Management indicated that the Department is in full compliance with the requirements of the Act and is not aware of any matters under the Act that materially affected or are currently affecting the Department's customer service area.

Other - Other commitments, primarily for utility plan construction, approximated \$17,941,000 at June 30, 2019.

NOTE 18 - 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 \$2,174,000 for the fiscal year ended June 30, 2019. At June 30, 2019, amounts due from the Department for reimbursement of payroll expenses were approximately \$175,000.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has adopted the applicable requirements of this new standard as presented in the County's financial statements.

The GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings (for example, a government entering into a loan agreement with a lender) and direct placements (for example, a government issuing a debt security directly to an investor). Direct borrowings and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has adopted the applicable requirements of this new standard as presented in the County's financial statements.

COUNTY OF KAUAI, HAWAII
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 90, *Majority Equity Interest - an Amendment of GASB Statement No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information of certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively, except certain provisions that should be applied on a prospective basis. Management has not yet determined the effect this Statement will have on the County's financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Management has not yet determined the effect this Statement will have on the County's financial statements.

NOTE 20 - SUBSEQUENT EVENTS

The County has evaluated subsequent events through December 20, 2019, the date the financial statements were available to be issued. On December 17, 2019, approximately \$20.3 million of Series 2019 Special Tax Revenue Bonds bearing the County's name were issued to finance the Kukui'ula Development Project. The proceeds from the bonds will be utilized for acquiring or constructing certain public facilities, funding a deposit to a reserve account, paying a portion of the interest payable in future years, and paying the costs of issuance.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

COUNTY OF KAUAI, HAWAII
SCHEDULE OF COUNTY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS*

	2019		2018		2017		2016		2015
County:									
County's proportion of the Net Pension Liability	2.252	%	2.104	%	2.040	%	2.044	%	1.913
County's proportionate share of the Net Pension Liability	\$ 299,878,624		\$ 272,428,212		\$ 272,758,303		\$ 178,458,402		\$ 153,368,723
County's Covered Payroll	\$ 79,133,000		\$ 77,341,000		\$ 73,365,000		\$ 75,544,000		\$ 71,201,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	378.96%	%	352.24	%	371.78	%	236.23	%	215.40
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.48	%	54.80	%	51.28	%	62.42	%	63.92
Department:									
Department's proportion of the Net Pension Liability	0.120	%	0.120	%	0.130	%	0.130	%	0.120
Department's proportionate share of the Net Pension Liability	\$ 16,156,668		\$ 15,423,518		\$ 16,921,133		\$ 11,310,002		\$ 9,317,991
Department's Covered Payroll	\$ 5,633,000		\$ 5,515,000		\$ 5,110,000		\$ 4,836,000		\$ 4,645,000
Proportionate Share of the Net Pension as a percentage of Covered Payroll	286.82	%	279.66	%	331.14	%	233.87	%	200.60
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.48	%	54.80	%	51.28	%	62.42	%	63.92

*The data is presented for the years for which information is available.

COUNTY OF KAUAI, HAWAII
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS*

	2019	2018	2017	2016	2015	2014	2013	2012
County:								
Statutorily Required Contribution	\$ 20,075,943	\$ 19,454,923	\$ 15,390,688	\$ 14,600,137	\$ 13,643,255	\$ 12,605,548	\$ 11,575,260	\$ 10,675,390
Actual County Contributions Recognized by the Plan	\$ 20,075,943	\$ 19,454,923	\$ 15,390,688	\$ 14,600,137	\$ 13,643,255	\$ 12,605,548	\$ 11,575,260	\$ 10,675,390
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
County's Covered Payroll	\$ 80,573,000	\$ 79,133,000	\$ 77,341,000	\$ 73,365,000	\$ 75,544,000	\$ 71,201,000	\$ 66,597,000	\$ 67,198,000
Contributions as a percentage of Covered Payroll	24.92 %	24.59 %	19.90 %	19.90 %	18.06 %	17.70 %	17.38 %	15.89
Department:								
Statutorily Required Contribution	\$ 1,109,000	\$ 1,016,000	\$ 938,000	\$ 911,000	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000
Actual Department Contributions Recognized by the Plan	\$ 1,109,000	\$ 1,016,000	\$ 938,000	\$ 911,000	\$ 798,000	\$ 745,000	\$ 679,000	\$ 642,000
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Department's Covered Payroll	\$ 5,840,000	\$ 5,633,000	\$ 5,515,000	\$ 5,110,000	\$ 4,836,000	\$ 4,645,000	\$ 4,385,000	\$ 4,285,000
Contributions as a percentage of Covered Payroll	18.99 %	18.04 %	17.01 %	17.83 %	16.50 %	16.04 %	15.48 %	14.98

*The data is presented for the years for which information is available.

COUNTY OF KAUAI, HAWAII
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS *

	2019		2018	
	County	Department	County	Department
Total OPEB liability				
Service cost	\$ 5,745,514	\$ 380,070	\$ 5,623,361	\$ 380,075
Interest on the total OPEB liability	17,085,078	1,144,135	16,134,981	1,073,630
Difference between expected and actual experience of the total OPEB liability	(815,794)	(135,272)	--	--
Changes in assumptions	3,438,804	237,370	--	--
Benefit payments	(8,414,118)	(525,000)	(8,079,087)	(368,000)
Net change in total OPEB liability	17,039,484	1,101,303	13,679,255	1,085,705
Total OPEB liability - Beginning	<u>245,406,850</u>	<u>16,417,246</u>	<u>231,727,595</u>	<u>15,331,541</u>
Total OPEB liability - Ending	\$ <u>262,446,334</u>	\$ <u>17,518,549</u>	\$ <u>245,406,850</u>	\$ <u>16,417,246</u>
Plan fiduciary net position				
Contributions - employer	\$ 15,688,031	\$ 948,000	\$ 15,847,977	\$ 1,287,000
Net investment income	7,579,849	588,700	8,310,839	654,929
Benefit payments	(8,414,118)	(525,000)	(8,079,087)	(368,000)
OPEB plan administrative expense	(22,893)	(1,803)	(18,934)	(1,485)
Other	--	--	126,295	8,474
Net change in plan fiduciary net position	14,830,869	1,009,897	16,187,090	1,580,918
Plan fiduciary net position - Beginning	<u>98,373,208</u>	<u>8,049,348</u>	<u>82,186,118</u>	<u>6,468,430</u>
Plan fiduciary net position - Ending	\$ <u>113,204,077</u>	\$ <u>9,059,245</u>	\$ <u>98,373,208</u>	\$ <u>8,049,348</u>
Net OPEB liability	\$ <u>149,242,257</u>	\$ <u>8,459,304</u>	\$ <u>147,033,642</u>	\$ <u>8,367,898</u>
Plan fiduciary net position as a percentage of the total OPEB liability	43.13%	51.71%	40.09%	49.03%
Covered-employee payroll	\$ 79,133,244	\$ 5,700,000	\$ 77,341,000	\$ 5,269,000
Net OPEB Liability as a Percentage of Covered-employee Payroll	188.60%	148.41%	190.11%	158.81%

* This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

**COUNTY OF KAUAI, HAWAII
SCHEDULE OF CONTRIBUTIONS (OPEB)
LAST TEN FISCAL YEARS ***

County					
Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a %age of Covered- Employee Payroll
June 30, 2019	\$ 16,595,000	\$ 16,595,000	\$ --	\$ 80,573,313	20.60%
June 30, 2018	\$ 16,272,000	\$ 15,688,031	\$ 583,969	\$ 77,340,000	20.28%
June 30, 2017	\$ 15,721,000	\$ 15,721,000	\$ --	\$ 65,885,000	23.86%
June 30, 2016	\$ 15,468,000	\$ 15,468,000	\$ --	\$ 66,400,000	23.30%
June 30, 2015	\$ 14,945,000	\$ 14,945,000	\$ --	\$ 74,148,000	20.16%
Department					
Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a %age of Covered- Employee Payroll
June 30, 2019	\$ 1,011,000	\$ 1,011,000	\$ --	\$ 5,787,000	17.47%
June 30, 2018	\$ 1,002,000	\$ 948,000	\$ 54,000	\$ 5,700,000	16.63%
June 30, 2017	\$ 968,000	\$ 968,000	\$ --	\$ 5,269,000	18.37%
June 30, 2016	\$ 914,000	\$ 883,000	\$ 31,000	\$ 5,068,000	17.42%
June 30, 2015	\$ 884,000	\$ 885,000	\$ (1,000)	\$ 5,052,000	17.52%

* This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

COUNTY OF KAUAI, HAWAII
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
REQUIRED BY GASB NO. 75
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE A - SIGNIFICANT METHODS AND ASSUMPTIONS

The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution:

Valuation date	The Actuarially determined contribution for fiscal year ended June 30, 2019 was developed in the 2017 valuation.
Actuarial cost method	Entry Age Normal
Discount rate	7.00%
Inflation	2.50%
Amortization method	Level percent. Closed bases are established each valuation for new unfunded liabilities.
Equivalent single amortization period	19.1 as of fiscal year ended June 30, 2019
Investment rate of return	7.00%
Payroll growth	3.50%
Salary increases	3.50% to 7.00% including inflation
Demographic assumptions	Based on the experience study covering the five year period ending June 30, 2015
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the BMC, respectively. 100% for Life insurance and 98% for Medicare Part B.
Healthcare cost trend rates	
PPO	Initial rates of 6.60%; 6.60% and 9.00%; declining to a rate of 4.86% after 14 years
HMO	Initial rate of 9.00%; declining to a rate of 4.86% after 14 years
Part B & base monthly contribution	Initial rates of 2.00% and 5.00%, declining to a rate of 4.70% after 14 years
Dental	3.50%
Vision	2.50%
Life insurance	0.00%

* Blended rates for medical and prescription drug.

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF KAUAI, HAWAII
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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.

General Excise Tax Fund

Accumulates one-half percent (0.5%) of the County's surcharge on State General Excise and Use Tax collected by the State for the purpose of funding operational and capital costs of public transportation systems.

Liquor Fund

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

Beautification Fund

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

Criminal Assets Forfeiture Fund

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

Plans and Permits Revolving Fund

Accounts for monies collected from new permits and penalties.

Section 8 Fund

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

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, 2019

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 Hawaii grants-in-aid to Counties. There was no activity in this fund during the fiscal year ended June 30, 2019.

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, 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, 2019

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, 2019

	Special Revenue Funds								
	Highway	General Excise Tax	Liquor	Beautification	Criminal Assets Forfeiture	Plans and Permits	Section 8	Public Access	Park Maintenance and Improvements
Assets:									
Cash and cash equivalents	\$ 7,804,227	\$ --	\$ 377,846	\$ 861,817	\$ 143,916	\$ 213,484	\$ 435,683	\$ 1,182,516	\$ 1,262,727
Investments	2,475,069	--	499,211	--	252,404	--	--	--	--
Accounts receivable, net	32,026	--	1,380	--	--	--	122,832	--	--
Interest receivable	4,863	--	382	--	122	--	--	--	--
Due from other governments	490,900	9,027,773	--	--	--	--	--	--	--
Prepaid items	--	--	--	--	--	--	601,440	--	--
Total Assets	\$ 10,807,085	\$ 9,027,773	\$ 878,819	\$ 861,817	\$ 396,442	\$ 213,484	\$ 1,159,955	\$ 1,182,516	\$ 1,262,727
Liabilities:									
Accounts payable	\$ 1,767,026	\$ 387,942	\$ 61,513	\$ 8,980	\$ --	\$ 13,656	\$ 57,815	\$ 5,978	\$ --
Contracts payable	109,605	77,057	--	--	--	--	--	--	10,942
Due to other funds	257,218	697,430	--	--	--	--	--	--	--
Due to customers	--	--	--	--	--	--	314,788	--	--
Unearned revenue	--	--	105,072	--	--	--	--	--	--
Total Liabilities	2,133,849	1,162,429	166,585	8,980	--	13,656	372,603	5,978	10,942
Fund Balance:									
Nonspendable	--	--	--	--	--	--	601,440	--	--
Restricted	--	--	208,037	--	--	--	--	--	--
Committed	4,117,774	7,417,779	7,363	--	--	36,661	3,150	95,198	181,417
Assigned	4,555,462	447,565	496,834	852,837	396,442	163,167	182,762	1,081,340	1,070,368
Total Fund Balance	8,673,236	7,865,344	712,234	852,837	396,442	199,828	787,352	1,176,538	1,251,785
Total Liabilities and Fund Balance	\$ 10,807,085	\$ 9,027,773	\$ 878,819	\$ 861,817	\$ 396,442	\$ 213,484	\$ 1,159,955	\$ 1,182,516	\$ 1,262,727

COUNTY OF KAUAI, HAWAII
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

	Capital Projects Funds							
	Debt Service Fund	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Open Space Capital Improvement	Total Other Governmental Funds
Assets:								
Cash and cash equivalents	\$ 1,582,838	\$ --	\$ 93,262	\$ 1,376,132	\$ 275,394	\$ 2,845,920	\$ 45,351	\$ 18,501,113
Investments	--	3,022,830	--	1,241,979	--	--	--	7,491,493
Accounts receivable, net	5,686	--	--	--	--	--	--	161,924
Interest receivable	--	4,268	--	5,492	--	--	--	15,127
Due from other governments	--	--	--	--	--	--	--	9,518,673
Prepaid items	--	--	--	--	--	--	--	601,440
Total Assets	\$ 1,588,524	\$ 3,027,098	\$ 93,262	\$ 2,623,603	\$ 275,394	\$ 2,845,920	\$ 45,351	\$ 36,289,770
Liabilities:								
Accounts payable	\$ --	\$ 78,578	\$ --	\$ --	\$ --	\$ 119,303	\$ --	\$ 2,500,791
Contracts payable	--	--	13,479	2,028	--	27,293	--	240,404
Due to other funds	--	748,531	--	--	--	--	--	1,703,179
Due to customers	--	--	--	--	--	--	--	314,788
Unearned revenue	--	--	--	--	--	--	--	105,072
Total Liabilities	--	827,109	13,479	2,028	--	146,596	--	4,864,234
Fund Balance:								
Nonspendable	--	--	--	--	--	--	--	601,440
Restricted	1,588,524	--	--	--	--	--	--	1,796,561
Committed	--	170,266	--	14,400	--	900,380	--	12,944,388
Assigned	--	2,029,723	79,783	2,607,175	275,394	1,798,944	45,351	16,083,147
Total Fund Balance	1,588,524	2,199,989	79,783	2,621,575	275,394	2,699,324	45,351	31,425,536
Total Liabilities and Fund Balance	\$ 1,588,524	\$ 3,027,098	\$ 93,262	\$ 2,623,603	\$ 275,394	\$ 2,845,920	\$ 45,351	\$ 36,289,770

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, 2019

	Special Revenue Funds								
	Highway	General Excise Tax	Liquor	Beautification	Criminal Assets Forfeiture	Plans and Permits	Section 8	Public Access	Park Maintenance and Improvements
Revenues:									
Taxes	\$ 9,830,707	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	7,422,327	--	899,832	403,705	--	286,089	--	--	--
Charges for services	971,093	--	--	--	--	--	--	--	--
Rents and concessions	--	--	--	--	--	--	--	--	240,308
Interest	77,797	--	17,770	--	14,407	--	12,523	--	--
Intergovernmental revenues	26,583	12,947,174	--	--	--	--	7,199,853	--	--
Miscellaneous	748	--	24,700	--	4,255	--	392,742	--	--
Total Revenues	<u>18,329,255</u>	<u>12,947,174</u>	<u>942,302</u>	<u>403,705</u>	<u>18,662</u>	<u>286,089</u>	<u>7,605,118</u>	<u>--</u>	<u>240,308</u>
Expenditures:									
General government	--	--	--	--	--	--	--	50,154	--
Public safety	--	--	922,134	--	317	--	--	--	--
Public works	--	--	--	--	--	189,905	--	--	--
Highways and streets	14,197,927	501,328	--	360,833	--	--	--	--	--
Sanitation	--	--	--	--	--	--	--	--	--
Culture and recreation	--	--	--	--	--	--	--	--	34,928
Public welfare	3,625,161	4,545,419	--	--	--	--	7,780,895	--	--
Capital outlay	2,226,868	35,083	8,414	--	--	--	--	--	201,220
Debt Service:									
Principal	599,612	--	--	--	--	--	--	--	--
Interest and debt issuance cost	19,481	--	--	--	--	--	--	--	--
Total Expenditures	<u>20,669,049</u>	<u>5,081,830</u>	<u>930,548</u>	<u>360,833</u>	<u>317</u>	<u>189,905</u>	<u>7,780,895</u>	<u>50,154</u>	<u>236,148</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,339,794)</u>	<u>7,865,344</u>	<u>11,754</u>	<u>42,872</u>	<u>18,345</u>	<u>96,184</u>	<u>(175,777)</u>	<u>(50,154)</u>	<u>4,160</u>
Other Financing Sources (Uses):									
Issuance of capital leases	1,958,028	--	--	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--	--	834,342	--
Transfers out	--	--	--	--	--	(37,298)	--	--	--
Total Other Financing Sources (Uses)	<u>1,958,028</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(37,298)</u>	<u>--</u>	<u>834,342</u>	<u>--</u>
Net Change in Fund Balances	(381,766)	7,865,344	11,754	42,872	18,345	58,886	(175,777)	784,188	4,160
Fund Balance - Beginning of Year July 1, 2018	<u>9,055,002</u>	<u>--</u>	<u>700,480</u>	<u>809,965</u>	<u>378,097</u>	<u>140,942</u>	<u>963,129</u>	<u>392,350</u>	<u>1,247,625</u>
Fund Balance - End of Year June 30, 2019	<u>\$ 8,673,236</u>	<u>\$ 7,865,344</u>	<u>\$ 712,234</u>	<u>\$ 852,837</u>	<u>\$ 396,442</u>	<u>\$ 199,828</u>	<u>\$ 787,352</u>	<u>\$ 1,176,538</u>	<u>\$ 1,251,785</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, 2019

	Capital Projects Funds							
	Debt Service Fund	Parks and Playgrounds	Sewer Trust	Development	Bikeway Capital Improvement	Highway Capital Improvement	Open Space Capital Improvement	Total Other Governmental Funds
Revenues:								
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,830,707
Licenses and permits	--	--	--	--	2,240	--	--	9,014,193
Charges for services	--	--	--	--	--	--	--	971,093
Rents and concessions	--	--	--	--	--	--	--	240,308
Interest	--	120,072	--	58,657	--	--	--	301,226
Intergovernmental revenues	--	--	--	--	--	--	--	20,173,610
Miscellaneous	--	--	--	115,661	--	--	--	538,106
Total Revenues	--	120,072	--	174,318	2,240	--	--	41,069,243
Expenditures:								
General government	--	--	--	--	--	--	3,649	53,803
Public safety	--	--	--	--	--	--	--	922,451
Public works	--	--	--	--	--	--	--	189,905
Highways and streets	--	--	--	--	--	453,470	--	15,513,558
Sanitation	--	--	549,421	--	--	--	--	549,421
Culture and recreation	--	34,700	--	--	--	--	--	69,628
Public welfare	--	--	--	--	--	--	--	15,951,475
Capital outlay	--	326,789	--	3,421	--	647,237	550,000	3,999,032
Debt Service:								
Principal	5,990,000	--	--	--	--	--	--	6,589,612
Interest and debt issuance cost	5,345,144	--	--	--	--	--	--	5,364,625
Total Expenditures	11,335,144	361,489	549,421	3,421	--	1,100,707	553,649	49,203,510
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,335,144)	(241,417)	(549,421)	170,897	2,240	(1,100,707)	(553,649)	(8,134,267)
Other Financing Sources (Uses):								
Issuance of capital leases	--	--	--	--	--	--	--	1,958,028
Transfers in	11,335,144	--	530,000	--	--	--	--	12,699,486
Transfers out	--	--	(500,000)	--	--	--	--	(537,298)
Total Other Financing Sources (Uses)	11,335,144	--	30,000	--	--	--	--	14,120,216
Net Change in Fund Balances	--	(241,417)	(519,421)	170,897	2,240	(1,100,707)	(553,649)	5,985,949
Fund Balance - Beginning of Year July 1, 2018	1,588,524	2,441,406	599,204	2,450,678	273,154	3,800,031	599,000	25,439,587
Fund Balance - End of Year June 30, 2019	\$ 1,588,524	\$ 2,199,989	\$ 79,783	\$ 2,621,575	\$ 275,394	\$ 2,699,324	\$ 45,351	\$ 31,425,536

COUNTY OF KAUAI, HAWAII
AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Trust and Agency Fund				
Assets:				
Cash and cash equivalents	\$ 863,221	\$ 10,500,008	\$ 9,696,060	\$ 1,667,169
Total Assets	<u>863,221</u>	<u>10,500,008</u>	<u>9,696,060</u>	<u>1,667,169</u>
Liabilities:				
Customer deposits	9,950	13,975	9,950	13,975
Due to other governments	<u>853,271</u>	<u>10,486,033</u>	<u>9,686,110</u>	<u>1,653,194</u>
Total Liabilities	\$ <u>863,221</u>	\$ <u>10,500,008</u>	\$ <u>9,696,060</u>	\$ <u>1,667,169</u>
Treasury Trust Fund				
Assets:				
Cash and cash equivalents	\$ 1,992,316	\$ 1,170,116	\$ 875,416	\$ 2,287,016
Total Assets	<u>1,992,316</u>	<u>1,170,116</u>	<u>875,416</u>	<u>2,287,016</u>
Liabilities:				
Customer deposits	<u>1,992,316</u>	<u>1,170,116</u>	<u>875,416</u>	<u>2,287,016</u>
Total Liabilities	\$ <u>1,992,316</u>	\$ <u>1,170,116</u>	\$ <u>875,416</u>	\$ <u>2,287,016</u>
Real Property Trust Fund				
Assets:				
Cash and cash equivalents	\$ 5,251,481	\$ --	\$ 695,282	\$ 4,556,199
Total Assets	<u>5,251,481</u>	<u>--</u>	<u>695,282</u>	<u>4,556,199</u>
Liabilities:				
Customer deposits	<u>5,251,481</u>	<u>--</u>	<u>695,282</u>	<u>4,556,199</u>
Total Liabilities	\$ <u>5,251,481</u>	\$ <u>--</u>	\$ <u>695,282</u>	\$ <u>4,556,199</u>
Total - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 8,107,018	\$ 11,670,124	\$ 11,266,758	\$ 8,510,384
Total Assets	<u>8,107,018</u>	<u>11,670,124</u>	<u>11,266,758</u>	<u>8,510,384</u>
Liabilities:				
Customer deposits	7,253,747	1,184,091	1,580,648	6,857,190
Due to other governments	<u>853,271</u>	<u>10,486,033</u>	<u>9,686,110</u>	<u>1,653,194</u>
Total Liabilities	\$ <u>8,107,018</u>	\$ <u>11,670,124</u>	\$ <u>11,266,758</u>	\$ <u>8,510,384</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, 2019

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Taxes:						
Utility franchise tax	\$ 3,942,000	\$ 3,942,000	\$ 4,101,541	\$ -	\$ 4,101,541	\$ 159,541
Fuel tax	5,700,000	5,700,000	5,729,166	-	5,729,166	29,166
Total Taxes	9,642,000	9,642,000	9,830,707	-	9,830,707	188,707
Licenses and Permits:						
Motor vehicle weight tax	7,000,000	7,000,000	7,422,327	-	7,422,327	422,327
Interest	15,000	15,000	77,797	-	77,797	62,797
Intergovernmental revenues	25,000	25,000	26,583	-	26,583	1,583
Charges for current services:						
Public welfare / safety	1,000,000	1,000,000	971,093	-	971,093	(28,907)
Miscellaneous	500	500	748	-	748	248
Total Revenues	17,682,500	17,682,500	18,329,255	-	18,329,255	646,755
Expenditures:						
Highways and Streets-Road Maintenance:						
Administration	5,090,963	5,050,773	2,993,829	2,049,695	5,043,524	7,249
Administration - salaries and overtime	448,752	396,189	395,906	-	395,906	283
Hanapēpē baseyard	256,574	226,574	216,752	4,310	221,062	5,512
Hanapēpē baseyard - salaries and overtime	1,366,452	1,331,220	1,320,839	-	1,320,839	10,381
Kapa'a baseyard	225,156	158,481	148,581	9,833	158,414	67
Kapa'a baseyard - salaries and overtime	961,566	942,640	942,270	-	942,270	370
Hanalei baseyard	159,346	144,846	139,248	5,042	144,290	556
Hanalei baseyard - salaries and overtime	614,643	637,776	637,681	-	637,681	95
Road signs and marking	356,835	354,709	276,583	46,277	322,860	31,849
Road signs and marking - salaries and overtime	806,085	625,751	574,077	-	574,077	51,674
Auto maintenance and motor pool (AMMP)	1,118,901	1,102,621	699,933	124,553	824,486	278,135
AMMP - salaries and overtime	1,068,194	1,065,369	1,063,839	-	1,063,839	1,530
Maintenance - street lights	500,000	530,000	526,497	-	526,497	3,503
Equipment	108,744	108,744	108,737	-	108,737	7
Capital leases	1,481,690	1,452,540	619,094	797,478	1,416,572	35,968
Social security taxes	424,360	391,460	373,539	-	373,539	17,921
Public employees' health fund	560,987	605,968	605,479	-	605,479	489
Public employees' other post employment benefits	754,215	910,817	887,206	-	887,206	23,611
Workers' compensation	12	167,233	167,227	-	167,227	6
Unemployment compensation	7	7	-	-	-	7
Employees' retirement system	1,019,726	1,064,137	1,056,700	-	1,056,700	7,437
Collective bargaining raises	20,000	21,235	20,782	-	20,782	453
Vacation pay	1	85,355	85,353	-	85,353	2
Central services cost	1,000,000	1,000,000	1,000,000	-	1,000,000	-
Transportation agency	4,829,869	4,829,869	3,770,505	1,059,342	4,829,847	22
Highway administrative overhead	432,609	401,373	80,364	21,244	101,608	299,765
Total Expenditures - Highways and						
Streets - Road Maintenance	23,605,687	23,605,687	18,711,021	4,117,774	22,828,795	776,892
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (5,923,187)	\$ (5,923,187)	(381,766)	\$ (4,117,774)	\$ (4,499,540)	\$ 1,423,647
Fund Balance - Beginning of Year July 1, 2018			9,055,002			
Fund Balance - End of Year June 30, 2019			\$ 8,673,236			

- Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances as applicable.
- 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
GENERAL EXCISE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
General excise tax surcharge	\$ 12,500,000	\$ 12,500,000	\$ 12,947,174	\$ -	\$ 12,947,174	\$ 447,174
Total Revenues	12,500,000	12,500,000	12,947,174	-	12,947,174	447,174
Expenditures:						
Highway and Streets-Road Maintenance:						
Salaries and wages	188,703	100,758	100,757	-	100,757	1
Social security taxes	14,436	6,996	6,996	-	6,996	-
Public employees' health fund	20,000	13,600	13,600	-	13,600	-
Workers' compensation	2	2	-	-	-	2
Unemployment compensation	1	1	-	-	-	1
Mileage	1	1	-	-	-	1
Employees' retirement system	35,853	19,153	19,153	-	19,153	-
Employees' other post employment benefits	25,015	20,430	20,429	-	20,429	1
Other services	7,600,000	7,724,371	306,695	7,417,676	7,724,371	-
Automobiles	35,000	33,699	33,698	-	33,698	1
Total Expenditures - Highways and Streets	7,919,011	7,919,011	501,328	7,417,676	7,919,004	7
Public Welfare-Transportation:						
Administration Division	22	22	-	-	-	22
Operations Division:						
Salaries and wages	2,801,296	2,704,946	2,704,945	-	2,704,945	1
Social security taxes	240,131	191,721	191,721	-	191,721	-
Public employees' health fund	336,473	336,473	336,473	-	336,473	-
Workers' compensation	2	255,651	255,651	-	255,651	-
Unemployment compensation	2,000	-	-	-	-	-
Employees' retirement system	446,744	447,097	446,933	-	446,933	164
Employees' other post employment benefits	487,695	487,695	487,506	-	487,506	189
Utilities	87,580	92,064	92,062	-	92,062	2
Other services	15,739	16,278	16,174	103	16,277	1
Dues and subscriptions	5,000	3,772	3,771	-	3,771	1
Building repair and maintenance	55,000	10,204	10,204	-	10,204	-
Printing	8,875	2,995	2,995	-	2,995	-
Other Supplies	14,000	14,050	14,050	-	14,050	-
Equipment	64,431	6,346	6,344	-	6,344	2
Collective bargaining	16,000	11,674	11,673	-	11,673	1
Fuels	1	1	-	-	-	1
Total Expenditures - Public Welfare	4,580,989	4,580,989	4,580,502	103	4,580,605	384
Total Expenditures - General Excise						
Tax Fund Expenditures	12,500,000	12,500,000	5,081,830	7,417,779	12,499,609	391
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ -	\$ -	\$ 7,865,344	\$ (7,417,779)	\$ 447,565	\$ 447,565
Fund Balance - Beginning of Year July 1, 2018			-			
Fund Balance - End of Year June 30, 2019			\$ 7,865,344			

- Note A:** Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances as applicable.
- 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, 2019

	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:						
Business licenses, alcoholic beverage, and liquor licenses	\$ 975,000	\$ 975,000	\$ 899,832	\$ --	\$ 899,832	\$ (75,168)
Interest	13,000	13,000	17,770	--	17,770	4,770
Miscellaneous	15,000	15,000	24,700	--	24,700	9,700
Total Revenues	1,003,000	1,003,000	942,302	--	942,302	(60,698)
Expenditures - Public Safety:						
Salaries and wages	504,409	500,231	435,163	--	435,163	65,068
Social security taxes	35,856	35,856	32,597	--	32,597	3,259
Public employees' health fund	47,148	51,326	51,325	--	51,325	1
Workers' compensation	10,001	10,001	--	--	--	10,001
Unemployment compensation	5,000	5,000	2,363	--	2,363	2,637
Employees' retirement system	84,367	84,367	82,248	--	82,248	2,119
Employees' other post employment benefits	92,101	92,101	88,268	--	88,268	3,833
Other expenses	129,130	129,130	61,179	7,363	68,542	60,588
Equipment	10,000	10,000	9,010	--	9,010	990
Travel	96,295	96,295	43,395	--	43,395	52,900
Indirect cost	125,000	125,000	125,000	--	125,000	--
Total Expenditures - Public Safety	1,139,307	1,139,307	930,548	7,363	937,911	201,396
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ (136,307)	\$ (136,307)	11,754	\$ (7,363)	\$ 4,391	\$ 140,698
Fund Balance - Beginning of Year July 1, 2018			700,480			
Fund Balance - End of Year June 30, 2019			\$ 712,234			

- Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances as applicable.
- 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, 2019

	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	\$ 360,000	\$ 360,000	\$ 403,705	\$ --	\$ 403,705	\$ 43,705
Total Revenues	360,000	360,000	403,705	--	403,705	43,705
Expenditures - Highways and Streets:						
Disposal of abandoned vehicles	325,000	325,000	325,000	--	325,000	--
Beautification projects	132,533	132,533	35,833	--	35,833	96,700
Total Expenditures - Highways and Streets	457,533	457,533	360,833	--	360,833	96,700
Excess (Deficiency) of Revenues						
Over (Under) Expenditures (Note C)	\$ (97,533)	\$ (97,533)	42,872	\$ --	\$ 42,872	\$ 140,405
Fund Balance - Beginning of Year July 1, 2018			809,965			
Fund Balance - End of Year June 30, 2019			\$ 852,837			

- Note A: Original budgeted expenditure amounts include reappropriated and committed prior-period encumbrances as applicable.
- 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, 2019

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ 14,407	\$ --	\$ 14,407	\$ 14,407
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>4,255</u>	<u>--</u>	<u>4,255</u>	<u>(20,745)</u>
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>18,662</u>	<u>--</u>	<u>18,662</u>	<u>(6,338)</u>
Expenditures - Public Safety:						
Police special fund	<u>80,008</u>	<u>80,008</u>	<u>317</u>	<u>--</u>	<u>317</u>	<u>79,691</u>
Total Expenditures - Public Safety	<u>80,008</u>	<u>80,008</u>	<u>317</u>	<u>--</u>	<u>317</u>	<u>79,691</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures (Note C)	\$ <u>(55,008)</u>	\$ <u>(55,008)</u>	18,345	\$ <u>--</u>	\$ <u>18,345</u>	\$ <u>73,353</u>
Fund Balance - Beginning of Year July 1, 2018			<u>378,097</u>			
Fund Balance - End of Year June 30, 2019			\$ <u>396,442</u>			

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

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, 2019

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Total Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures - General Government						
Special Projects	<u>933,342</u>	<u>933,342</u>	<u>50,154</u>	<u>95,197</u>	<u>145,351</u>	<u>787,991</u>
Total Expenditures - General Government	<u>933,342</u>	<u>933,342</u>	<u>50,154</u>	<u>95,197</u>	<u>145,351</u>	<u>787,991</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(933,342)</u>	<u>(933,342)</u>	<u>(50,154)</u>	<u>(95,197)</u>	<u>(145,351)</u>	<u>787,991</u>
Other Financing Sources (Uses)						
Transfers In	<u>834,342</u>	<u>834,342</u>	<u>834,342</u>	<u>--</u>	<u>834,342</u>	<u>--</u>
Transfers Out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>834,342</u>	<u>834,342</u>	<u>834,342</u>	<u>--</u>	<u>834,342</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Note C)	<u>\$ (99,000)</u>	<u>\$ (99,000)</u>	<u>784,188</u>	<u>\$ (95,197)</u>	<u>\$ 688,991</u>	<u>\$ 787,991</u>
Fund Balance - Beginning of Year July 1, 2018			<u>392,350</u>			
Fund Balance - End of Year June 30, 2019			<u>\$ 1,176,538</u>			

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

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, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ 120,072	\$ --	\$ --	\$ --	\$ --
Total Revenues		--	120,072	--	--	--	--
Expenditures:							
Waimea District:							
Waimea Pool Roof	R14006	30	8,787	8,817	--	8,817	--
Kato Park Comfort Station	R14011	--	--	--	50,000	50,000	--
Total Waimea District		30	8,787	8,817	50,000	58,817	--
Kōloa District:							
Park Improvements and Equipment	W93086	430,071	12,052	442,123	--	451,391	9,268
Park Improvement Grant, Kōloa District	W96087	79,887	--	79,887	--	90,887	11,000
Kalawai Basketball Court/Tennis Court	R15104	30,669	169,331	200,000	--	200,000	--
Kalaheo Gym Improvements	R15105	58,045	66,644	124,689	24,745	150,000	566
Kōloa Parking Lot/Playground	R15108	70,421	15,289	85,710	--	250,000	164,290
Total Kōloa District		669,093	263,316	932,409	24,745	1,142,278	185,124
Līhu'e District:							
Park Improvements and Equipment	W93100	317,717	--	317,717	4,400	322,137	20
Park Improvement Grant, Līhu'e District	W96102	28,385	16,700	45,085	--	87,686	42,601
Līhu'e Stadium Baseball Improvements	R13013	572,975	--	572,975	--	573,000	25
Kamalani Playground Resurfacing	R18003	--	--	--	41,365	150,000	108,635
KWMCH Improvements	R18004	14,409	--	14,409	--	200,000	185,591
Total Līhu'e District		933,486	16,700	950,186	45,765	1,332,823	336,872
Kawaihau District:							
Park Improvements & Equipment	W93116	419,096	19,311	438,407	13,954	460,411	8,050
Park Improvement Grant, Kawaihau District	W96118	30,755	4,898	35,653	--	60,755	25,102
Kapaa Stadium Improvements	R10010	113,855	36,145	150,000	--	150,000	--
Anahola Clubhouse Parking Lot	R13011	30,000	--	30,000	--	30,000	--
Kapaa Soccer Field	R14009	263,175	--	263,175	--	300,000	36,825

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, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kapahi/BJBSC Comfort Station	R15112	\$ 50,000	\$ --	\$ 50,000	\$ --	\$ 50,000	\$ --
Wailua Playground Equipment	R16003	30,755	--	30,755	--	50,000	19,245
Total Kawaihau District		<u>937,636</u>	<u>60,354</u>	<u>997,990</u>	<u>13,954</u>	<u>1,101,166</u>	<u>89,222</u>
Hanalei District:							
Hanalei Courthouse ADA Improv/Septic System	R09003	811,316	--	811,316	--	817,763	6,447
Park Improvements & Equipment	W93383	489,730	12,332	502,062	29,802	534,655	2,791
Anini Beach Improvements	R16004	--	--	--	6,000	200,000	194,000
Waioli Park Improvements	R17000	36,420	--	36,420	--	100,000	63,580
Total Hanalei District		<u>1,337,466</u>	<u>12,332</u>	<u>1,349,798</u>	<u>35,802</u>	<u>1,652,418</u>	<u>266,818</u>
Total Expenditures		<u>\$ 3,877,711</u>	<u>361,489</u>	<u>\$ 4,239,200</u>	<u>\$ 170,266</u>	<u>\$ 5,287,502</u>	<u>\$ 878,036</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(241,417)				
Fund Balance - Beginning of Year, July 1, 2018			<u>2,441,406</u>				
Fund Balance - End of Year, June 30, 2019			<u>\$ 2,199,989</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, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Expenditures:							
Wailua WWTP Improvements	W10014	--	530,000	530,000	--	530,000	--
Kuhio Hwy. Hanamaulu	W14008	230,579	19,421	250,000	--	250,000	--
Total Expenditures		<u>\$ 230,579</u>	<u>549,421</u>	<u>\$ 780,000</u>	<u>\$ --</u>	<u>\$ 780,000</u>	<u>\$ --</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(549,421)				
Other Financing Sources (Uses):							
Transfers in			530,000				
Transfers out			<u>(500,000)</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(519,421)				
Fund Balance - Beginning of Year, July 1, 2018			<u>599,204</u>				
Fund Balance - End of Year, June 30, 2019			<u>\$ 79,783</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, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ 58,657	\$ --	\$ --	\$ --	\$ --
Other revenues		--	115,661	--	--	--	--
Total Revenues		--	174,318	--	--	--	--
Expenditures:							
Wailua Area Bus Stop	T 16100	--	3,421	3,421	--	10,000	6,579
Islandwide Bus Stops/Shelters	T 19000	--	--	--	14,400	42,000	27,600
Project Contingency	W08002	--	--	--	--	35,568	35,568
Dev-Koloa/Poipu Inter Imp	W16009	--	--	--	--	31,750	31,750
Koloa/Poipu Inter Imp	Z15105	--	--	--	--	6,500	6,500
Total Expenditures		\$ --	3,421	\$ 3,421	\$ 14,400	\$ 125,818	\$ 107,997
Excess (Deficiency) of Revenues Over							
(Under) Expenditures			170,897				
Fund Balance - Beginning of Year, July 1, 2018			2,450,678				
Fund Balance - End of Year, June 30, 2019			\$ 2,621,575				

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, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Licenses and permits		\$ --	\$ 2,240	\$ --	\$ --	\$ --	\$ --
Other revenues		--	--	--	--	--	--
Total Revenues		--	2,240	--	--	--	--
Expenditures:							
Island Wide Bike/Pedestrian Path	W05182	70,208	--	70,208	--	120,785	50,577
Bicycle Safety and Educate	W16006	24,995	--	24,995	--	24,995	--
Total Expenditures		\$ 95,203	--	\$ 95,203	\$ --	\$ 145,780	\$ 50,577
Excess (Deficiency) of Revenues Over (Under) Expenditures			2,240				
Fund Balance - Beginning of Year, July 1, 2018			273,154				
Fund Balance - End of Year, June 30, 2019			\$ 275,394				

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, 2019

	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:							
Kapahi Bridge Replacement, Design	W05368	296,194	13,742	309,936	8	389,153	79,209
Northern Leg Kōloa Western Bypass Road FHWA	W07007	41,625	--	41,625	--	41,625	--
Resurfacing Various Collector Roads FHWA	W07008	243,545	5,047	248,592	209	284,459	35,658
Puuopae Bridge-Design (County Match)	W10003	95,847	341,476	437,323	263,612	780,000	79,065
Puhi Road Construction Match	W12010	367,091	--	367,091	5,681	391,711	18,939
Hanapēpē Road	W12067	28,633	118	28,751	5,426	50,000	15,823
Hanapēpē Bridge Ped	W12069	63	--	63	--	24,511	24,448
Comprehensive Road Maintenance Plan	W13011	223,932	--	223,932	--	260,000	36,068
Hanapēpē Moi Road Pedestrian Safety Impv.	W17000	--	--	--	--	375,000	375,000
Pua Nani Road Drain Repair	W18004	1,313,306	456,891	1,770,197	9,493	1,800,000	20,310
Maluhia / Kōloa / Olohena	W18021	566,800	(566,800)	--	--	--	--
Olohena Road Improvements	W19002	--	1,507	1,507	426,000	760,000	332,493
Maluhia / Kōloa Rd	W19021	--	848,397	848,397	189,951	1,750,000	711,652
Bridge Maintenance (County Match)	W96388	281,365	329	281,694	--	283,892	2,198
Speed Hump Program	W98364	74,443	--	74,443	--	142,523	68,080
Total Expenditures		<u>\$ 3,532,844</u>	<u>1,100,707</u>	<u>\$ 4,633,551</u>	<u>\$ 900,380</u>	<u>\$ 7,332,874</u>	<u>\$ 1,798,943</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(1,100,707)				
Fund Balance - Beginning of Year, July 1, 2018			3,800,031				
Fund Balance - End of Year, June 30, 2019			<u>\$ 2,699,324</u>				

COUNTY OF KAUAI, HAWAII
GENERAL CIP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other revenues		--	33,848	--	--	--	--
Total Revenues		--	33,848	--	--	--	--
Expenditures:							
Adolescent Treatment Center	M18001	--	1,892,979	1,892,979	--	1,900,000	7,021
FEMA Match - Roads (Haleko Road) Repair Shoulder	PWC002	4,283	--	4,283	--	4,283	--
FEMA Match - Roads (Hauaala Road) Restore	PWC006	15,932	--	15,932	--	15,932	--
FEMA Match - Roads (Kahuna Road) Repair	PWC007	34,955	--	34,955	--	34,955	--
Resurfacing Kapaa Neighborhood Center	R12029	--	--	--	--	13,412	13,412
CFD Po'ipū Beach Park	R13037	333,527	--	333,527	--	333,527	--
Kapahi / BJBSC CMFT	R15112	--	100,000	100,000	--	100,000	--
Waimea Pool Renovations	R18013	--	700,000	700,000	--	700,000	--
CFD Po'ipū Beach Improvements	R18014	77,178	11,606	88,784	--	95,000	6,216
Waimea / Kekaha ADA Improvements	R18015	--	--	--	406,100	1,000,000	593,900
Regional Park Improvements	W06041	71,434	9,083	80,517	--	81,527	1,010
Neighborhood Centers Improvements	W07013	94,890	--	94,890	54,488	149,378	--
Habitat Conservation Plan	W08012	179,210	9,611	188,821	--	230,000	41,179
Aliomanu Road Revetment (Planning/Permits)	W08016	240,446	--	240,446	683	241,129	--
Host Community Benefits-Kekaha	W09012	1,769,761	204,331	1,974,092	--	2,218,469	244,377
Adolescent Drug Treatment Center	W10017	466,374	--	466,374	6,348	500,000	27,278
New Landfill & Resource Recovery Park (Plan/Design)	W10037	--	91,828	91,828	--	91,828	--
Piikoi Interior II	W12053	8,665	--	8,665	15,630	24,295	--
Kōloa Safe	W12065	12,327	--	12,327	--	12,327	--
CFD Complete Streets projects in Kōloa/Po'ipū Area	W13014	57,470	15,418	72,888	43,326	333,528	217,314
Police Training Building KPAL	W16010	54,435	--	54,435	15,565	70,000	--
Lihue WWTP Improvements Phase II	W17001	165,118	95,290	260,408	29,503	370,000	80,089
Police Evidence Building	W18005	--	--	--	--	100,000	100,000
Helicopter Hangar	W18018	--	--	--	--	120,000	120,000

COUNTY OF KAUAI, HAWAII
GENERAL CIP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Kilauea / Kolo Road	W19001	\$ --	\$ --	\$ --	\$ --	\$ 50,000	\$ 50,000
KPAL / Police Training	W19005	--	--	--	--	230,000	230,000
Kapule Counters RPA/ Plan	W19105	--	--	--	--	150,000	150,000
Park Improvement Waimea District	W96073	30,327	--	30,327	--	30,578	251
Planning, Zoning/Engineering System	X10002	142,183	--	142,183	--	144,364	2,181
IT Infrastructure Improvements	X10006	--	88,685	88,685	--	100,000	11,315
Kapa'a Development Plan	Z10002	128,200	--	128,200	--	128,200	--
West Kauai Development Plan	Z18004	--	8,525	8,525	--	21,800	13,275
Total Expenditures		\$ <u>3,886,715</u>	<u>3,227,356</u>	\$ <u>7,114,071</u>	\$ <u>571,643</u>	\$ <u>9,594,532</u>	\$ <u>1,908,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(3,193,508)				
Other Financing Sources:							
Transfers In			423,058				
Transfers Out			<u>--</u>				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(2,770,450)				
Fund Balance - Beginning of Year, July 1, 2018			<u>5,413,367</u>				
Fund Balance - End of Year, June 30, 2019			\$ <u><u>2,642,917</u></u>				

COUNTY OF KAUAI, HAWAII
BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Revenues:							
Interest		\$ --	\$ 591,265	\$ --	\$ --	\$ --	\$ --
Bond subsidies		--	978,960	--	--	--	--
Total Revenues		--	1,570,225	--	--	--	--
Expenditures:							
Alternative Energy Projects	D10106	1,172,655	17,022	1,189,677	19,767	1,254,861	45,417
KFD Helicopter Hanger Pad	F14001	68,400	29,600	98,000	46,933	380,000	235,067
Lima Ola Onsite Phase I	H18001	--	18,671	18,671	110,000	6,000,000	5,871,329
Adolescent Treatment & Healing Center	M18001	580	845,879	846,459	79,668	1,000,000	73,873
Veterans Cemetery Upgrade	R10013	163,598	184	163,782	--	551,274	387,492
Park ADA Bleachers Replacement	R10016	893,389	--	893,389	--	900,000	6,611
Salt Pond Beach Park Facility Improvements	R12002	--	--	--	--	73,000	73,000
Hanapēpē Stadium Ticket Booth	R13003	--	--	--	25,000	25,000	--
Softball Field Pavilions (Peter Rayno, Isenberg)	R13006	80,400	--	80,400	--	100,000	19,600
Wailua Golf Course Replace Existing Water Lines	R13009	--	--	--	--	20,000	20,000
Wailua Golf Course Replace Existing Water Lines	R13A09	--	--	--	--	14,455	14,455
Wailua Golf Course Replace Existing Water Lines	R13B09	--	--	--	--	9,072	9,072
Wailua Golf Course Replace Existing Water Lines	R13C09	--	--	--	--	36,473	36,473
Kapaa Pool Restroom Reconstruction	R14002	340,336	--	340,336	--	420,336	80,000
Waimea Pool Roof Replacement	R14003	--	41,183	41,183	--	41,183	--
Hanapēpē Stadium ADA	R14010	--	35,022	35,022	24,806	59,828	--
Comfort Station Improvements	R15116	209,936	--	209,936	--	210,000	64
Islandwide Pool Restoration	R16000	--	133,802	133,802	--	150,000	16,198
Salt Pond Beach Park Facility Improvements	R16001	--	--	--	--	50,000	50,000
Hanapēpē Stadium Improvements	R17001	73,679	--	73,679	7,899	100,000	18,422
Kapaa Stadium Improvements	R18002	--	76,262	76,262	6,603	150,000	67,135
Civic Center Roof Replacement	R18005	64,010	--	64,010	--	65,000	990
KWMCH Improvements	R18008	--	--	--	--	1,000,000	1,000,000
Kalaheo Neighborhood Gym Roof	R18009	89,055	61,552	150,607	1,253,674	1,500,000	95,719
KWMCH Improvements	W02226	323,011	--	323,011	--	465,616	142,605
Kekaha Gardens Park	W06A44	361,494	--	361,494	--	380,210	18,716
Historic County Bldg and Līhu'e Civic Ctr Improv	W06029	451,424	--	451,424	--	453,690	2,266

COUNTY OF KAUAI, HAWAII
BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Regional Parks Improvements	W06041	\$ 1,095,818	\$ --	\$ 1,095,818	\$ 4,182	\$ 1,100,000	\$ --
Kekaha Gardens Park	W06044	897,269	--	897,269	5,907	903,176	--
ADA Projects Bldg Fac	W08007	779,318	--	779,318	--	779,472	154
Aliomanu Road Revetment (Planning/Permits)	W08016	8,786	--	8,786	101	8,887	--
Hanapēpē & Waimea Levees (Irrigation/Erosion Ctrl)	W08037	154,365	--	154,365	--	154,365	--
Kanaele Road Slope Stabilization	W09005	111,205	26,470	137,675	102,574	290,550	50,301
Hanapēpē Bridge Reconstruction	W09007	13,053	--	13,053	--	111,958	98,905
Wailua WWT P Improvement	W10014	--	--	--	--	130,000	130,000
Twin Reserve EQ	W10A46	--	--	--	7,736	10,000	2,264
Opaekaa Bridge-Design	W10002	98,748	1,241	99,989	--	140,000	40,011
Piikoi Building Renovation	W10011	2,426,007	--	2,426,007	2,993	2,429,000	--
Waimea Police Sub-Station	W10012	49,495	--	49,495	--	49,495	--
Wailua WWT P Improvements/Renovation	W10014	591,679	2,804	594,483	590,413	1,200,000	15,104
Island Wide SCADA System Construction	W10015	4,923,893	--	4,923,893	26,107	4,950,000	--
Ele'ele WWT P Improvements/Renovation	W10016	868,278	--	868,278	--	893,500	25,222
ADA Access Barrier Removal	W10022	965,688	--	965,688	34,312	1,000,000	--
Rice Street Crossing Improvements	W10032	11,438	--	11,438	--	157,534	146,096
New Landfill Site Acquisition	W10037	2,463,681	24,079	2,487,760	--	2,489,677	1,917
Kekaha Landfill Phase II Closure	W10039	375,275	--	375,275	--	375,275	--
Safe Route Kawaihau	W10045	138,117	678	138,795	--	263,000	124,205
Twin Reserve EQ	W10046	--	4,020	4,020	95,980	100,000	--
CIP Management System	W10051	170,002	--	170,002	--	177,625	7,623
Kōloa Fire Station Improvements	W12012	--	--	--	--	200,000	200,000
Hardy Street Improvement	W12020	1,686,359	--	1,686,359	--	1,717,817	31,458
Piikoi Interior Renovation Phase II	W12053	436,054	56,088	492,142	349,389	841,531	--
Kekaha Landfill Lateral Expansion II	W12054	591,201	1,273	592,474	--	592,474	--
Kōloa Road Safety Improvements (County Match)	W12065	89,094	2,472	91,566	6	92,000	428
Hanapepe Road	W12067	--	--	--	--	47,000	47,000
Material Recovery Facility (MRF)	W13001	248,012	--	248,012	--	254,007	5,995
Aliomanu Road	W13004	155,752	27,399	183,151	134,116	317,880	613
Auto Shop Improvements	W13005	--	34,563	34,563	4,166	400,000	361,271

COUNTY OF KAUAI, HAWAII
BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Fuel Management System	W13007	\$ 129,635	\$ 14,864	\$ 144,499	\$ 8,130	\$ 195,000	\$ 42,371
NPDES Compliance	W13A10	--	268,564	268,564	259,407	600,000	72,029
NPDES Compliance	W13010	176,608	--	176,608	--	385,000	208,392
Anini Bridge	W14001	617,286	--	617,286	--	618,640	1,354
Salt Pond Wastewater Improvements	W14005	176,305	642,342	818,647	14,915	937,793	104,231
Waa Road Drainage Study	W14006	--	--	--	--	100,000	100,000
Complete Street Safety Improvements/Traffic Mitigation	W14009	110,664	16,000	126,664	4,202	150,000	19,134
Kapahi Bridge Replacement (County Match)	W14011	120,921	2,000	122,921	--	124,231	1,310
Waimea R-1 H2O Distribution System Improvements	W14078	178,456	--	178,456	--	209,450	30,994
Eiwa Street (Mall)	W15100	207,762	--	207,762	2,676	300,000	89,562
Niumalu Bridge Replacement	W15104	--	--	--	--	50,000	50,000
RPA Counter Renovation	W15105	27,571	--	27,571	4,052	40,000	8,377
Puhi Road Phase II Match	W16A04	--	--	--	--	20,000	20,000
Puhi Road Phase II Match	W16004	45,809	1,627	47,436	2,457	50,000	107
TIGER Grant Project (County Match)	W17TGR	55,414	546,314	601,728	1,262,651	2,000,000	135,621
Lihue WWTP Improvements Phase II	W17001	72,867	26,251	99,118	--	99,118	--
Fuel Tanks Hanapepe Baseyard	W17004	--	--	--	--	350,000	350,000
Collector Road Improvements	W18002	--	--	--	--	192,432	192,432
Islandwide Road Safety Program	W18003	67,519	--	67,519	--	100,000	32,481
Collector Road Improvements	W18006	--	--	--	--	5,618	5,618
Lihue WWTP Improvements Phase II	W18007	--	--	--	882	882	--
Wailua NPDES Effluent Modification (Design)	W18011	491,401	--	491,401	7,260	500,000	1,339
Aliomanu Road Improvements	W18012	--	--	--	--	2,000,000	2,000,000
Kapaa Police Sub-Station	W18013	--	37,519	37,519	187,481	507,000	282,000
Niumalu Bridge Replacement	W18014	--	--	--	--	650,000	650,000
Opaeka'a Bridge Replacement (County Match)	W18015	--	--	--	577,551	660,000	82,449
Puhi Road Phase II Match (County Match)	W18016	3,749	10,337	14,086	8,221	50,000	27,693
Waimea WWTP R-1 (Design)	W18017	--	--	--	128,521	600,000	471,479
Helicopter Hangar (Construction)	W18018	--	--	--	--	1,365,000	1,365,000
Kawaihau, Haualla, Maluhia	W19000	--	--	--	--	637,000	637,000
Kilauea, Kolo Rd Improvements	W19001	--	--	--	--	200,000	200,000

COUNTY OF KAUAI, HAWAII
BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
Oloheua Road Improvements	W19002	\$ --	\$ --	\$ --	\$ 400,000	\$ 400,000	\$ --
KPAL, Police Training	W19005	--	--	--	--	2,800,000	2,800,000
Wailua SPS1 Rehabilitation	W19006	--	12,410	12,410	16,486	30,000	1,104
Wailua SPS3 Rehabilitation	W19007	--	--	--	37,324	40,000	2,676
Lihue Collect System	W19008	--	--	--	197,941	200,000	2,059
Maluhia, Koloa Rd	W19021	--	25,583	25,583	--	1,950,000	1,924,417
Salt Pond WW Improvement	W19023	--	525,000	525,000	--	525,000	--
Biennial Bridge Inspections (County Match)	W96388	22,315	--	22,315	--	50,228	27,913
Payroll/Personnel System	X10001	216,067	--	216,067	--	455,000	238,933
Planning, Zoning/Engineering System	X10002	3,841	--	3,841	--	74,428	70,587
IT Infrastructure Improvements (Multi-phase)	X10006	773,853	--	773,853	--	777,337	3,484
Document Imaging Program (Finance-IT) Multi Phase	X10008	41,710	39,467	81,177	--	81,177	--
800 MHZ Radio System Upgrade Phase II	X14001	2,964,975	--	2,964,975	--	2,992,232	27,257
Cashiering System Upgrade	X15100	178,166	--	178,166	1,834	180,000	--
Land Information Management Plan	X18001	--	--	--	--	1,750,000	1,750,000
Payroll/Personnel System	X19001	--	--	--	--	156,000	156,000
General Plan Update	Z12003	568,302	24,190	592,492	10,574	603,067	1
East Kauai Development Plan	Z13003	49,716	--	49,716	--	49,716	--
North, East & South Shore Transit Feasibility Study	Z14002	164,268	--	164,268	--	164,281	13
West Kauai Development Plan	Z18002	--	2,475	2,475	5,000	73,620	66,145
West Kauai Development Plan	Z18003	--	--	--	--	1,488	1,488

COUNTY OF KAUAI, HAWAII
BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project No.	Prior Year's Expenditures	Current Year	Project-To-Date Expenditures	Encumbrances	Project Authorization	Balance
West Kauai Development Plan	Z18004	\$ 7,124	\$ 296,232	\$ 303,356	\$ 194,957	\$ 500,000	\$ 1,687
West Kauai Development Plan	Z19002	--	--	--	--	19	19
Total Expenditures		<u>\$ 31,112,858</u>	<u>3,931,439</u>	<u>\$ 35,044,297</u>	<u>\$ 6,264,854</u>	<u>\$ 65,136,978</u>	<u>\$ 23,827,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(2,361,214)				
Other Financing Sources (Uses):							
Transfers out			(1,014,632)				
Total Other Financing Sources (Uses)			(1,014,632)				
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(3,375,846)				
Fund Balance - Beginning of Year, July 1, 2018			36,674,401				
Fund Balance - End of Year, June 30, 2019			<u>\$ 33,298,555</u>				

COUNTY OF KAUA'I, HAWAII
OPEN SPACE CAPITAL IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project No.	Prior Years 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:							
Kekaha Coastal Property	X18010	--	553,649	553,649	--	599,000	45,351
Total Expenditures		<u>\$ --</u>	<u>553,649</u>	<u>\$ 553,649</u>	<u>\$ --</u>	<u>\$ 599,000</u>	<u>\$ 45,351</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			(553,649)				
Fund Balance - Beginning of Year, July 1, 2018			<u>599,000</u>				
Fund Balance - End of Year, June 30, 2019			<u>\$ 45,351</u>				

COUNTY OF KAUAI, HAWAII
PUBLIC HOUSING ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	\$ 575,050	\$ 575,050	\$ 757,017	\$ --	\$ 757,017	\$ 181,967
Kalepa housing project	1,152,700	1,152,700	1,177,017	--	1,177,017	24,317
Other revenues	427,200	427,200	130,235	--	130,235	(296,965)
Total Revenues	<u>2,154,950</u>	<u>2,154,950</u>	<u>2,064,269</u>	<u>--</u>	<u>2,064,269</u>	<u>(90,681)</u>
Other Financing Sources (Uses):						
Operating transfers from General Fund	<u>2,700,000</u>	<u>2,700,000</u>	<u>2,700,000</u>	<u>--</u>	<u>2,700,000</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>2,700,000</u>	<u>2,700,000</u>	<u>2,700,000</u>	<u>--</u>	<u>2,700,000</u>	<u>--</u>
Total Revenues and Other Financing Source	<u>4,854,950</u>	<u>4,854,950</u>	<u>4,764,269</u>	<u>--</u>	<u>4,764,269</u>	<u>(90,681)</u>
Expenditures - Public Welfare:						
Revolving buy back account	4,355,083	4,355,083	1,616,731	1,562,734	3,179,465	1,175,618
Kalepa housing operating cost	1,638,936	1,638,936	652,441	80,688	733,129	905,807
Pa'anau housing operating cost	<u>922,235</u>	<u>922,235</u>	<u>338,029</u>	<u>31,692</u>	<u>369,721</u>	<u>552,514</u>
Total Expenditures	<u>6,916,254</u>	<u>6,916,254</u>	<u>2,607,201</u>	<u>1,675,114</u>	<u>4,282,315</u>	<u>2,633,939</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ <u>(2,061,304)</u>	\$ <u>(2,061,304)</u>	2,157,068	\$ <u>(1,675,114)</u>	\$ <u>481,954</u>	\$ <u>2,543,258</u>
Fund Balance - Beginning of Year July 1, 2018			<u>10,630,091</u>			
Fund Balance - End of Year June 30, 2019			\$ <u>12,787,159</u>			

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

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

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

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

COUNTY OF KAUAI, HAWAII
SEWER ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Budgetary Basis			Variance with Final Budget- Positive (Negative)
	Original (Note A)	Final	Actual Amounts (Note B)	Encumbrances	Non-GAAP	
Revenues:						
Interest	\$ 35,000	\$ 35,000	\$ 28,171	\$ --	\$ 28,171	\$ (6,829)
Charges for Services:						
Sewer Charges:						
Residential	3,350,000	3,350,000	3,371,587	--	3,371,587	21,587
Commercial	5,900,000	5,900,000	5,777,481	--	5,777,481	(122,519)
Connection charge	--	--	2,707	--	2,707	2,707
Sludge disposal	250,000	250,000	285,316	--	285,316	35,316
Capacity assessment	200,000	200,000	31,200	--	31,200	(168,800)
Total Revenues	<u>9,735,000</u>	<u>9,735,000</u>	<u>9,496,462</u>	<u>--</u>	<u>9,496,462</u>	<u>(238,538)</u>
Other Financing Sources (Uses):						
Transfers out	(1,230,409)	(1,230,409)	(1,230,409)	--	(1,230,409)	--
Operating transfers from Sewer Trust Fund	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>--</u>	<u>500,000</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(730,409)</u>	<u>(730,409)</u>	<u>(730,409)</u>	<u>--</u>	<u>(730,409)</u>	<u>--</u>
Total Revenues and Other Financing Sources (Uses)	<u>9,004,591</u>	<u>9,004,591</u>	<u>8,766,053</u>	<u>--</u>	<u>8,766,053</u>	<u>(238,538)</u>
Expenditures - Sanitation:						
Sanitation and Waste Removal:						
Salaries, including overtime	2,569,953	2,528,495	2,528,331	--	2,528,331	164
Vacation credit payout	1	1	1	--	1	--
Operational and administrative	2,131,404	2,212,253	2,170,729	24,865	2,195,594	16,659
Central services cost	500,000	500,000	500,000	--	500,000	--
Capital costs	157,687	157,418	139,889	17,468	157,357	61
SRF loan payments	1,729,540	1,734,155	1,734,155	--	1,734,155	--
FICA taxes	195,610	184,070	184,068	--	184,068	2
Public employees' health fund	194,176	215,319	215,319	--	215,319	--
Workers' compensation	2	59,074	59,072	--	59,072	2
Unemployment compensation	1	1	--	--	--	1
Pension contributions	473,044	436,814	436,814	--	436,814	--
Other employee benefits	9,423	5,323	5,257	--	5,257	66
Public employees' other post-employment benefit	485,829	510,727	510,727	--	510,727	--
Repair and maintenance reserve	<u>3,294,555</u>	<u>3,147,518</u>	<u>2,121,768</u>	<u>1,014,307</u>	<u>3,136,075</u>	<u>11,443</u>
Total Expenditures - Sanitation	<u>11,741,225</u>	<u>11,691,168</u>	<u>10,606,130</u>	<u>1,056,640</u>	<u>11,662,770</u>	<u>28,398</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures (Note C)	\$ <u>(2,736,634)</u>	\$ <u>(2,686,577)</u>	<u>(1,840,077)</u>	\$ <u>(1,056,640)</u>	\$ <u>(2,896,717)</u>	\$ <u>(210,140)</u>
Fund Balance - Beginning of Year July 1, 2018			<u>3,746,760</u>			
Fund Balance - End of Year June 30, 2019			\$ <u>1,906,683</u>			

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

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

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

COUNTY OF KAUAI, HAWAII
GOLF ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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:						
Food and beverage	\$ 15,000	\$ 15,000	\$ 9,600	\$ --	\$ 9,600	\$ (5,400)
Pro shop	26,400	26,400	26,400	--	26,400	--
Range balls	--	--	--	--	--	--
Golf carts	150,000	150,000	185,486	--	185,486	35,486
Other	2,500	2,500	5,017	--	5,017	2,517
Charges for Services:						
Green fees and locker fees	1,000,000	1,000,000	1,028,060	--	1,028,060	28,060
Total Revenues	<u>1,193,900</u>	<u>1,193,900</u>	<u>1,254,563</u>	<u>--</u>	<u>1,254,563</u>	<u>60,663</u>
Other Financing Sources:						
Operating transfers from General Fund	1,159,816	1,159,816	1,159,816	--	1,159,816	--
Total Revenues and Other Financing Sources	<u>2,353,716</u>	<u>2,353,716</u>	<u>2,414,379</u>	<u>--</u>	<u>2,414,379</u>	<u>60,663</u>
Expenditures - Culture and Recreation:						
Salaries, including overtime	1,026,504	1,014,280	1,013,985	--	1,013,985	295
Operational and administrative	589,747	488,879	425,103	56,681	481,784	7,095
Central services cost	130,000	130,000	130,000	--	130,000	--
Capital costs	96,342	96,342	47,432	47,165	94,597	1,745
Debt service payments	--	--	--	--	--	--
FICA taxes	78,527	69,996	69,996	--	69,996	--
Public employees' health fund	164,873	159,813	159,812	--	159,812	1
Workers' compensation	2	116,124	116,123	--	116,123	1
Unemployment compensation	1,967	--	--	--	--	--
Public employees' other post-employment benefit	193,098	204,013	204,010	--	204,010	3
Pension contributions	188,016	189,629	189,628	--	189,628	1
Total Expenditures - Culture and Recreation	<u>2,469,076</u>	<u>2,469,076</u>	<u>2,356,089</u>	<u>103,846</u>	<u>2,459,935</u>	<u>9,141</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Note C)	\$ <u>(115,360)</u>	\$ <u>(115,360)</u>	58,290	\$ <u>(103,846)</u>	\$ <u>(45,556)</u>	\$ <u>69,804</u>
Fund Balance - Beginning of Year July 1, 2018			169,283			
Fund Balance - End of Year June 30, 2019			<u>\$ 227,573</u>			

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

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

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

**STATISTICAL SECTION
(UNAUDITED)**

COUNTY OF KAUAI, HAWAII
STATISTICAL SECTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed.	144
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	151
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	158
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	161
Operating Information These schedules contain service, and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	163

**COUNTY OF KAUAI, HAWAII
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 4**

TABLE 1

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net investment in capital assets	\$ 452,246,448	\$ 453,192,782	\$ 457,053,621	\$ 458,554,083	\$ 454,561,936	\$ 447,353,524	\$ 438,181,870	\$ 439,215,376	\$ 442,105,705	\$ 455,387,859
Restricted	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669	14,439,009	8,533,459	14,864,441	9,955,466
Unrestricted (2), (4)	67,639,803	65,401,348	51,887,401	23,645,923	9,720,128	(136,593,717)	(132,390,722)	(252,967,511) (3)	(284,520,607)	(281,903,310)
Total Governmental Activities Net Position	542,067,435	536,940,167	516,764,276	493,487,776	476,345,231	320,937,476	320,230,157	194,781,324 (3)	172,449,539	183,440,015
Business-type Activities:										
Net investment in capital assets	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041	74,780,858	74,662,355	73,528,939	74,870,040
Restricted	215,791	347,335	354,625	353,600	351,925	356,210	362,635	356,730	362,670	1,368,740
Unrestricted (2), (4)	5,013,888	8,124,987	9,611,655	8,749,372	8,768,640	1,457,020	6,926,493 (1)	(708,815) (3)	(4,138,176)	(7,176,706)
Total Business-type Activities Net Position	54,139,922	65,995,189	70,764,377	70,822,179	77,097,543	79,423,271	82,069,986 (1)	74,310,270 (3)	69,753,433	69,062,074
Primary Government:										
Net investment in capital assets	501,156,691	510,715,649	517,851,718	520,273,290	522,538,914	524,963,565	512,962,728	513,877,731	515,634,644	530,257,899
Restricted	22,396,975	18,693,372	8,177,879	11,641,370	12,415,092	10,533,879	14,801,644	8,890,189	15,227,111	11,324,206
Unrestricted (2), (4)	72,653,691	73,526,335	61,499,056	32,395,295	18,488,768	(135,136,697)	(125,464,229) (1)	(253,676,326) (3)	(288,658,783)	(289,080,016)
Total Primary Government Activities Net Position	\$ 596,207,357	\$ 602,935,356	\$ 587,528,653	\$ 564,309,955	\$ 553,442,774	\$ 400,360,747	\$ 402,300,143 (1)	\$ 269,091,594 (3)	\$ 242,202,972	\$ 252,502,089

Note (1): Net position for 2016 was restated.

Note (2): Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Note (3): Net position for 2017 was restated.

Note (4): Balances prior to FY 2017 have not been adjusted for the implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*.

Source: Department of Finance

COUNTY OF KAUAI, HAWAII
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 3

TABLE 1A

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses (2), (3):										
Governmental Activities:										
General government	\$ 24,423,397	\$ 28,619,780	\$ 32,774,735	\$ 36,906,688	\$ 27,367,278	\$ 34,845,724	\$ 31,124,910	\$ 35,907,652	\$ 36,748,751	\$ 39,752,275
Public safety	46,193,511	50,618,291	50,624,242	52,156,486	55,850,781	59,779,065	63,996,769	77,626,223	78,984,670	87,814,650
Public works	12,986,481	18,258,953	12,334,893	12,011,341	12,601,556	13,187,394	13,031,167	7,759,049	10,477,006	11,530,773
Highways and streets	16,394,453	18,949,545	17,913,595	19,996,535	22,563,566	20,169,211	21,389,331	19,449,532	24,405,041	25,189,019
Sanitation	13,537,765	5,342,980	22,204,359	25,685,902	24,539,377	18,081,944	22,784,661	9,433,463	29,455,273	24,223,172
Culture and recreation	9,747,006	9,924,470	10,428,386	10,791,475	13,070,021	12,560,842	12,635,604	19,895,665	21,223,972	22,827,870
Public welfare	19,690,034	17,918,206	20,393,081	22,624,202	22,774,863	20,347,498	22,066,721	25,216,739	27,640,479	28,476,112
Unallocated interest	4,235,047	6,183,785	5,029,937	6,516,418	5,388,788	5,254,055	5,100,848	4,921,648	5,266,323	5,368,320
Total Governmental Activities Expenses	<u>147,207,694</u>	<u>155,816,010</u>	<u>171,703,228</u>	<u>186,689,047</u>	<u>184,156,230</u>	<u>184,225,733</u>	<u>192,130,011</u>	<u>200,209,971</u>	<u>234,201,515</u>	<u>245,182,191</u>
Business-type Activities:										
Housing	2,360,921	2,371,254	2,178,940	2,352,640	1,889,266	2,170,580	2,486,232	2,842,953	2,534,963	2,190,691
Sewer	8,113,817	7,929,242	8,250,110	13,447,969	8,758,026	9,305,181	9,555,472 (1)	11,358,672	12,603,995	13,303,075
Golf	2,175,551	2,078,846	2,221,620	2,262,578	2,345,610	2,516,583	2,326,087	2,896,789	3,067,420	3,122,652
Total Business-type Activities Expenses	<u>12,650,289</u>	<u>12,379,342</u>	<u>12,650,670</u>	<u>18,063,187</u>	<u>12,992,902</u>	<u>13,992,344</u>	<u>14,367,791 (1)</u>	<u>17,098,414</u>	<u>18,206,378</u>	<u>18,616,418</u>
Total Primary Government Expenses	<u>159,857,983</u>	<u>168,195,352</u>	<u>184,353,898</u>	<u>204,752,234</u>	<u>197,149,132</u>	<u>198,218,077</u>	<u>206,497,802 (1)</u>	<u>217,308,385</u>	<u>252,407,893</u>	<u>263,798,609</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	1,213,635	1,902,063	2,145,731	3,768,037	3,032,176	6,925,672	6,456,304	6,047,464	6,356,815	5,424,926
Public safety	1,320,474	955,145	752,086	1,036,661	1,088,528	976,639	1,059,842	603,963	883,768	928,787
Public works	1,892,223	1,535,271	1,356,060	1,410,220	1,903,747	413,159	432,238	370,243	245,982	403,990
Highways and streets	4,502,931	4,535,351	4,562,679	4,613,966	4,742,390	5,680,943	6,914,101	7,006,020	7,280,113	8,394,168
Sanitation	3,297,724	3,424,598	6,088,478	6,563,506	6,500,940	8,037,799	8,838,362	8,923,679	9,412,169	9,547,468
Culture and recreation	3,125,628	1,977,972	691,632	672,755	558,611	886,203	691,189	692,092	667,076	644,013
Public welfare	856,836	1,039,600	1,341,366	1,427,164	1,240,109	264,652	282,196	674,476	372,246	395,253
Operating grants and contributions	22,895,230	27,062,804	22,721,365	19,892,834	23,894,202	21,787,905	17,719,967	20,154,402	23,989,238	46,276,953
Capital grants and contributions	3,475,234	2,246,061	9,325,678	13,937,055	3,730,118	5,696,219	6,273,146	10,609,093	5,488,448	14,711,229
Total Governmental Activities Program Revenues	<u>42,579,915</u>	<u>44,678,865</u>	<u>48,985,075</u>	<u>53,322,198</u>	<u>46,690,821</u>	<u>50,669,191</u>	<u>48,667,345</u>	<u>55,081,432</u>	<u>54,695,855</u>	<u>86,726,787</u>
Business-type Activities:										
Charges for services:										
Housing	1,856,832	2,374,889	1,791,502	1,749,444	1,665,781	2,285,109	2,444,866	2,089,316	1,925,022	1,877,337
Sewer	6,235,984	6,661,118	7,030,940	8,854,282	8,401,285	9,586,721	9,545,888	9,532,589	9,561,674	9,465,263
Golf	1,574,515	1,283,586	1,203,219	1,171,155	1,131,791	1,142,667	1,210,762	1,193,254	1,171,011	1,254,562
Capital grants and contributions	1,016,676	476,403	6,496,784	5,711,909	5,698,224	7,954,930	1,559,608	1,246,127	1,050,457	2,011,556
Total Business-type Activities Program Revenues	<u>10,684,007</u>	<u>10,795,996</u>	<u>16,522,445</u>	<u>17,486,790</u>	<u>16,897,081</u>	<u>20,969,427</u>	<u>14,761,124</u>	<u>14,061,286</u>	<u>13,708,164</u>	<u>14,608,718</u>
Total Primary Government Program Revenues	<u>\$ 53,263,922</u>	<u>\$ 55,474,861</u>	<u>\$ 65,507,520</u>	<u>\$ 70,808,988</u>	<u>\$ 63,587,902</u>	<u>\$ 71,638,618</u>	<u>\$ 63,428,469</u>	<u>\$ 69,142,718</u>	<u>\$ 68,404,019</u>	<u>\$ 101,335,505</u>

Note (1): Total government expenses for 2016 was restated.

Note (2): Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Note (3): Balances prior to FY 2017 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*.

COUNTY OF KAUA'I, HAWAII
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 3

TABLE 1A

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Revenue (Expense) (2), (3):										
Governmental activities	\$ (104,627,779)	\$ (111,137,145)	\$ (122,718,153)	\$ (133,366,849)	\$ (137,465,409)	\$ (133,556,542)	\$ (143,462,666)	\$ (145,128,539)	\$ (179,505,660)	\$ (158,455,404)
Business-type activities	(1,966,282)	(1,583,346)	3,871,775	(576,397)	3,904,179	6,977,083	393,333 (1)	(3,037,128)	(4,498,214)	(4,007,700)
Total Primary Government Net Revenue (Expense):	(106,594,061)	(112,720,491)	(118,846,378)	(133,943,246)	(133,561,230)	(126,579,459)	(143,069,333) (1)	(148,165,667)	(184,003,874)	(162,463,104)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
General Revenues:										
Property taxes	92,466,366	87,579,128	80,871,076	82,008,842	93,133,721	106,772,994	114,230,704	119,362,633	127,476,566	138,127,982
Public service company tax	4,097,986	3,020,565	4,226,609	4,247,316	4,437,498	4,243,704	3,993,523	3,173,170	3,497,888	3,442,407
Franchise tax	3,258,208	3,901,854	4,594,943	4,746,998	4,652,839	4,518,532	3,612,148	3,610,262	3,722,949	4,101,541
Fuel tax	3,596,214	4,163,471	3,948,687	3,929,570	4,518,532	5,168,937	5,459,139	5,636,105	5,718,221	5,729,166
Unrestricted grants and contributions	13,152,231	16,425,594	15,407,463	14,661,865	14,571,286	16,007,524	15,983,809	16,481,037	15,958,575	15,953,540
Investments earnings	4,476,847	2,326,500	1,168,610	1,115,555	1,347,124	933,116	1,664,777	355,446	712,245	5,220,651
Transfers	(5,906,954)	(11,407,235)	(4,062,142)	(619,797)	(2,338,126)	(471,508)	(2,188,753)	(794,150)	87,431	(3,129,407)
Total Governmental Activities General Revenues and Transfers	115,140,898	106,009,877	106,155,246	110,090,349	120,322,874	137,173,299	142,755,347	147,824,503	157,173,875	169,445,880
Business-type Activities:										
General Revenues:										
Unrestricted grants and contributions	1,005,279	2,000,000	--	14,402	--	--	--	--	--	--
Investment earnings	29,001	31,378	55,468	--	33,818	19,709	64,629	31,965	28,808	186,934
Transfers	5,906,954	11,407,235	4,062,142	619,797	2,338,126	471,508	2,188,753	794,150	(87,431)	3,129,407
Total Business-type Activities General Revenues and Transfers	6,941,234	13,438,613	4,117,610	634,199	2,371,944	491,217	2,253,382	826,115	(58,623)	3,316,341
Total Primary Government Program Revenues	122,082,132	119,448,490	110,272,856	110,724,548	122,694,818	137,664,516	145,008,729	148,650,618	157,115,252	172,762,221
Changes in Net Position (2), (3):										
Governmental activities	10,513,119	(5,127,268)	(16,562,907)	(23,276,500)	(17,142,535)	3,616,757	(707,319)	2,695,964	(22,331,785)	10,990,476
Business-type activities	4,974,952	11,855,267	7,989,385	57,802	6,276,123	7,468,300	2,646,715 (1)	(2,211,013)	(4,556,837)	(691,359)
Total Primary Government Changes in Net Position	\$ 15,488,071	\$ 6,727,999	\$ (8,573,522)	\$ (23,218,698)	\$ (10,866,412)	\$ 11,085,057	\$ 1,939,396 (1)	\$ 484,951	\$ (26,888,622)	\$ 10,299,117

Note (1): Net Revenue (Expense) for 2016 was restated.

Note (2): Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Note (3): Balances prior to FY 2017 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*.

Source: Department of Finance

**COUNTY OF KAUA'I, HAWAII
GOVERNMENT - WIDE NET POSITION
LAST TEN FISCAL YEARS (UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING) NOTES 1 - 4**

TABLE 1B

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assets and deferred outflows of resources (2), (4):										
Governmental activities	\$ 753,265,199	\$ 753,176,265	\$ 737,054,972	\$ 723,427,510	\$ 712,445,231	\$ 729,292,205	\$ 733,284,039	\$ 814,871,079	\$ 859,412,201	\$ 876,772,507
Business-type activities	<u>74,859,599</u>	<u>86,138,149</u>	<u>91,897,068</u>	<u>94,207,076</u>	<u>99,972,859</u>	<u>110,605,113</u>	<u>114,789,409</u>	<u>115,906,505</u>	<u>109,817,108</u>	<u>110,216,012</u>
Total Assets - Primary Government	<u>828,124,798</u>	<u>839,314,414</u>	<u>828,952,040</u>	<u>817,634,586</u>	<u>812,418,090</u>	<u>839,897,318</u>	<u>848,073,448</u>	<u>930,777,584</u>	<u>969,229,309</u>	<u>986,988,519</u>
Liabilities and deferred inflows of resources (2), (4):										
Governmental activities	211,197,764	216,236,098	220,290,696	228,520,422	236,100,000	408,354,729	413,053,882	491,944,958	686,962,662	693,332,492
Business-type activities	<u>20,719,677</u>	<u>20,142,960</u>	<u>21,132,691</u>	<u>23,384,897</u>	<u>22,875,316</u>	<u>31,181,842</u>	<u>32,719,423</u>	<u>36,047,532</u>	<u>40,063,675</u>	<u>41,153,938</u>
Total Liabilities - Primary Government	<u>231,917,441</u>	<u>236,379,058</u>	<u>241,423,387</u>	<u>251,905,319</u>	<u>258,975,316</u>	<u>439,536,571</u>	<u>445,773,305</u>	<u>527,992,490</u>	<u>727,026,337</u>	<u>734,486,430</u>
Net Position:										
Net investment in capital assets										
Governmental activities	452,246,448	453,192,782	457,053,621	458,554,083	454,561,936	447,353,524	438,181,870	439,215,376	442,105,705	455,387,859
Business-type activities	48,910,243	57,522,867	60,798,097	61,719,207	67,976,978	77,610,041	74,780,858	74,662,355	73,528,939	74,870,040
Restricted by enabling legislation:										
Governmental activities	--	--	--	--	--	--	--	8,533,459	14,864,441	9,955,466
Business-type activities	215,791	347,335	354,625	353,600	351,925	356,210	362,635	356,730	362,670	1,368,740
Restricted, other:										
Governmental activities	22,181,184	18,346,037	7,823,254	11,287,770	12,063,167	10,177,669	14,439,009	--	--	--
Business-type activities	--	--	--	--	--	--	--	--	--	--
Unrestricted net position (2), (4):										
Governmental activities	67,639,803	65,401,348	51,887,401	23,645,923	9,720,128	(136,593,717)	(132,390,722)	(252,967,511) (3)	(284,520,607)	(281,903,310)
Business-type activities	<u>5,013,888</u>	<u>8,124,987</u>	<u>9,611,655</u>	<u>8,749,372</u>	<u>8,768,640</u>	<u>1,457,020</u>	<u>6,926,493</u> (1)	<u>(708,815)</u> (3)	<u>(4,138,176)</u>	<u>(7,176,706)</u>
Total Net Position - Primary Government	<u>\$ 596,207,357</u>	<u>\$ 602,935,356</u>	<u>\$ 587,528,653</u>	<u>\$ 564,309,955</u>	<u>\$ 553,442,774</u>	<u>\$ 400,360,747</u>	<u>\$ 402,300,143</u> (1)	<u>\$ 269,091,594</u> (3)	<u>\$ 242,202,972</u>	<u>\$ 252,502,089</u>

Note (1): Total Liabilities and Net Position for 2016 was restated.

Note (2): Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Note (3): Net Position for 2017 was restated.

Note (4): Balances prior to FY 2017 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. The Statement replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*.

Source: Department of Finance

COUNTY OF KAUAI, HAWAII
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 3
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE 2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	--	490,000	490,000	490,000	490,000	490,000	490,000	490,000	490,000	490,000
Committed	6,634,688	5,411,603	8,602,156	7,649,170	8,531,741	9,959,330	9,473,469	20,537,307	20,949,918	23,069,304
Assigned	19,066,623	47,749,807 (2)	20,234,694	12,700,967	4,104,319	927,398	1,513,398	3,329,023	1,583,885	7,190,271
Unassigned	<u>43,098,792</u>	<u>--</u>	<u>15,368,459</u>	<u>12,782,584</u>	<u>18,928,505</u>	<u>27,950,825</u>	<u>36,540,570</u>	<u>32,456,369</u>	<u>36,263,191</u>	<u>44,345,145</u>
Total General Fund	<u>68,800,103</u>	<u>53,651,410</u>	<u>44,695,309</u>	<u>33,622,721</u>	<u>32,054,565</u>	<u>39,327,553</u>	<u>48,017,437</u>	<u>56,812,699</u>	<u>59,286,994</u>	<u>75,094,720</u>
All Other Governmental Funds:										
Non-spendable	3,600,866 (1)	3,363,311 (3)	2,769,119	2,284,346	1,926,775	1,555,424	2,498,625	2,204,479	528,280	601,440
Restricted	13,273,466 (1)	11,417,538 (3)	8,135,743	10,759,583	8,530,195	9,590,391	5,730,865	11,443,165	13,940,646	14,411,818
Committed	15,661,985 (1)	18,793,384	19,664,847	14,997,103	22,075,355	22,775,602	14,898,454	14,223,775	19,807,870	24,164,548
Assigned	106,014,099	100,757,185	81,570,384	73,781,703	52,451,430	45,053,079	47,543,497	41,001,434	55,229,499	50,992,632
Unassigned	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total All Other Governmental Funds	<u>138,550,416</u>	<u>134,331,418</u>	<u>112,140,093</u>	<u>101,822,735</u>	<u>84,983,755</u>	<u>78,974,496</u>	<u>70,671,441</u>	<u>68,872,853</u>	<u>89,506,295</u>	<u>90,170,438</u>
Total Fund Balances (Note 1)	<u>\$ 207,350,519</u>	<u>\$ 187,982,828</u>	<u>\$ 156,835,402</u>	<u>\$ 135,445,456</u>	<u>\$ 117,038,320</u>	<u>\$ 118,302,049</u>	<u>\$ 118,688,878</u>	<u>\$ 125,685,552</u>	<u>\$ 148,793,289</u>	<u>\$ 165,265,158</u>

Note (1): The June 30, 2010 CAFR reported incorrect amounts between these three categories.

Note (2): The June 30, 2011 CAFR General Fund balance was restated.

Note (3): The June 30, 2011 CAFR reported incorrect amounts between these two categories.

Source: Department of Finance

COUNTY OF KAUAI, HAWAII
CHANGES IN GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

TABLE 2A

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$ 102,425	\$ 94,343 (1)	\$ 93,470	\$ 95,035	\$ 107,410	\$ 120,492	\$ 126,945	\$ 133,065	\$ 140,107	\$ 151,019
Licenses and permits	7,400	6,847	6,778	7,132	7,878	9,953	10,952	10,582	11,108	11,221
Rents and concessions	907	916	639	649	488	488	500	486	422	386
Interest	4,896	2,708	1,379	297	1,347	933	1,665	355	712	5,220
Intergovernmental revenue	37,214	43,780	44,779	46,802	41,126	42,308	38,715	45,231	44,173	75,776
Charges for current services	4,366	5,583	8,591	9,220	9,877	11,567	11,788	12,029	12,622	12,741
Bond subsidy	--	971 (2)	1,138	1,138	1,045	1,042	1,029	1,015	997	979
Miscellaneous	3,117	1,642	720	3,310	824	1,177	1,433	1,220	1,066	1,391
Total Revenues	160,325	156,790	157,494	163,583	169,995	187,960	193,027	203,983	211,207	258,733
Expenditures:										
General government	26,682	28,285	29,850	32,943	29,342	33,921	30,858	32,313	31,915	36,260
Public safety	43,607	47,547	48,153	49,049	52,225	55,961	60,219	64,135	68,920	69,974
Public works	11,232	16,395	10,454	9,699	10,146	10,275	10,173	4,812	6,629	7,932
Highways and streets	10,089	13,146	11,965	15,037	16,537	14,144	15,352	12,095	16,569	16,755
Sanitation	12,313	11,385	17,928	13,087	13,554	16,282	16,086	15,566	17,790	20,207
Culture and recreation	9,715	9,252	9,852	9,500	11,548	10,512	10,465	16,642	17,437	18,078
Public welfare	19,957	20,192	19,758	22,018	21,980	18,924	19,476	22,790	24,541	25,735
Capital outlay	24,597	18,109	27,733	25,916	22,567	15,890	18,012	22,484	21,524	34,712
Debt Service:										
Principal	4,713	5,824	4,808	4,584	6,642	6,830	6,401	7,185	7,626	8,910
Interest	3,971	5,888	5,575	4,970	5,425	5,300	5,130	4,962	5,011	5,532
Total Expenditures	166,876	176,023	186,076	186,803	189,966	188,039	192,172	202,984	217,962	244,095
Excess of Revenues										
Over (Under) Expenditures	\$ (6,551)	\$ (19,233)	\$ (28,582)	\$ (23,220)	\$ (19,971)	\$ (79)	\$ 855	\$ 999	\$ (6,755)	\$ 14,638
Other Financing Sources (Uses)										
Transfers in	\$ 29,852	\$ 28,081	\$ 18,570	\$ 28,406	\$ 21,788	\$ 20,251	\$ 26,184	\$ 30,770	\$ 39,737	\$ 24,610
Transfers out	(30,675)	(32,327)	(22,631)	(29,026)	(24,122)	(20,722)	(28,372)	(31,564)	(39,650)	(27,739)
Refunding bonds issued	--	--	--	--	--	--	--	--	--	--
Bonds issued	60,000	-- (2)	--	--	--	--	--	--	26,001	--
Premium on bonds issued	--	--	--	--	--	--	--	--	--	--
Payments to refunded bond escrow agency	--	--	--	--	--	--	--	--	--	--
Capital leases	1,686	3,699	732	2,451	3,898	1,814	1,720	2,516	3,223	4,594
Capital loans proceeds	--	--	--	--	--	--	--	3,775	551	369
Insurance proceeds	733	413	--	--	--	--	--	500	--	--
Claims proceeds	--	--	764	--	--	--	--	--	--	--
Sale of capital assets	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	61,596	(134)	(2,565)	1,831	1,564	1,343	(468)	5,997	29,862	1,834
Net Change in Fund Balances	\$ 55,045	\$ (19,367)	\$ (31,147)	\$ (21,389)	\$ (18,407)	\$ 1,264	\$ 387	\$ 6,996	\$ 23,107	\$ 16,472
Debt Service as a Percentage of										
Noncapital Expenditures	6.10%	7.42%	6.56% (3)	5.94%	7.21%	7.05%	6.62%	6.73%	6.43%	6.90%

Note (1): Revenues for 2011 were restated.

Note (2): A new line item labeled revenues from bond subsidy has been added. Revenues previously reported in the June 30, 2011 CAFR were reclassified from other financing sources, bonds issued to revenues from bond subsidy.

Note (3): Correction to the percentage reported on the CAFR for the year ended June 30, 2012.

COUNTY OF 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
2010	\$ 26,681,875	\$ 43,607,071	\$ 11,231,776	\$ 10,089,042	\$ 12,313,226	\$ 9,714,650	\$ 19,957,368	\$ 24,597,117	\$ 8,684,119	\$ 166,876,244
2011	28,284,779	47,547,543	16,394,758	13,145,902	11,384,978	9,252,478	20,191,922	18,108,631	11,712,358	176,023,349
2012	29,850,216	48,152,876	10,453,780	11,964,857	17,928,104	9,851,517	19,758,515	27,732,637	10,383,400	186,075,902
2013	32,942,851	49,049,481	9,699,584	15,036,593	13,087,281	9,500,518	22,017,600	25,915,954	9,554,012	186,803,874
2014	29,342,392	52,225,235	10,146,402	16,536,725	13,553,839	11,547,644	21,980,197	22,567,374	12,067,137	189,966,945
2015	33,920,947	55,961,380	10,274,971	14,144,217	16,281,938	10,511,496	18,923,802	15,890,238	12,130,333	188,039,322
2016	30,858,262	60,219,227	10,172,962	15,351,967	16,086,176	10,464,345	19,476,213	18,012,046	11,531,008	192,172,206
2017	32,313,282	64,135,017	4,811,325	12,095,104	15,566,715	16,641,960	22,789,901	22,484,510	12,146,737	202,984,551
2018	31,914,909	68,919,964	6,629,002	16,568,690	17,790,341	17,436,755	24,541,374	21,524,363	12,636,578	217,961,976
2019	36,259,437	69,974,055	7,931,870	16,755,336	20,207,250	18,078,046	25,735,298	34,711,974	14,442,058	244,095,324

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
2010	\$ 91,292,733	\$ 399,140	\$ 91,691,873	\$ 89,160,050	97.7 %	\$ 2,470,245	\$ 91,630,295	99.933 %
2011	83,621,720	(457,531)	83,164,189	81,866,842	97.9	1,233,969	\$ 83,100,811	99.924
2012	80,337,961	(653,286)	79,684,675	78,588,196	97.8	1,036,259	\$ 79,624,455	99.924
2013	80,013,943	93,765	80,107,708	78,429,057	98.0	1,579,445	\$ 80,008,502	99.876
2014	91,842,667	427,627	92,270,294	90,317,284	98.3	1,791,515	\$ 92,108,799	99.825
2015	107,139,250	2,415	107,141,665	105,651,792	98.6	1,275,020	\$ 106,926,812	99.799
2016	114,123,755	(79,477)	114,044,278	112,470,902	98.6	1,313,537	\$ 113,784,439	99.772
2017	119,896,735	246,548	120,143,283	118,625,976	98.9	1,123,314	\$ 119,749,290	99.672
2018	126,320,307	141,639	126,461,946	124,910,655	98.9	840,422	\$ 125,751,077	99.438
2019	136,411,503	--	136,411,503	134,812,392	98.8	--	\$ 134,812,392	98.828

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) NOTES 1-2

TABLE 4

Fiscal Year	Gross Assessed Value (1)			Exemptions	Net Taxable Value	Total Direct Tax Rate	Ratio (%) of Net Taxable to Estimated Actual Value
	Land	Buildings	Total				
2010	\$ 12,277,191	\$ 8,330,593	\$ 20,607,784	\$ 1,672,707	\$ 18,935,077	\$ 5.38	91.9
2011	10,559,729	7,880,358	18,440,087	1,681,649	16,758,438	5.37	90.9
2012	9,864,222	7,783,351	17,647,573	1,800,878	15,846,695	5.42	89.8
2013	9,452,552	7,846,372	17,298,924	1,987,430	15,311,494	5.44	88.5
2014	n/a	n/a	17,868,948	2,068,710	15,800,238	6.04	87.9
2015	n/a	n/a	19,040,292	2,927,020	16,113,272	6.70	84.0
2016	n/a	n/a	20,420,263	3,026,948	17,393,315	6.54	84.5
2017	n/a	n/a	21,293,260	3,045,295	18,247,965	6.57	85.1
2018	n/a	n/a	22,198,177	3,092,685	19,105,492	6.59	85.6
2019	n/a	n/a	23,150,723	3,147,021	20,003,702	6.81	86.4

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

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

TABLE 5

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2010	Single Family Residential	\$ 3,983,986	\$3.95	\$ 1,440,943	\$4.25	\$ 5,424,929
	Homestead	3,142,703	4.00	1,665,718	3.44	4,808,421
	Agriculture	1,789,664	6.90	606,715	4.25	2,396,379
	Conservation	282,104	6.90	28,847	4.25	310,951
	Hotel/resort	853,348	6.90	1,548,564	7.90	2,401,912
	Apartment	905,714	6.90	1,264,879	7.90	2,170,593
	Commercial	609,334	6.90	475,418	7.90	1,084,752
	Industrial	185,209	6.90	151,931	7.90	337,140
	Total	<u>\$ 11,752,062</u>		<u>\$ 7,183,015</u>		<u>\$ 18,935,077</u>
2011	Single Family Residential	\$ 3,399,041	\$3.95	\$ 1,517,505	\$4.25	\$ 4,916,546
	Homestead	2,594,045	4.00	1,504,084	3.44	4,098,129
	Agriculture	1,497,499	6.90	646,375	4.25	2,143,874
	Conservation	240,567	6.90	38,785	4.25	279,352
	Hotel/resort	784,254	6.90	1,322,080	7.90	2,106,334
	Apartment	762,925	6.90	1,026,807	7.90	1,789,732
	Commercial	600,359	6.90	467,576	7.90	1,067,935
	Industrial	206,957	6.90	149,579	7.90	356,536
	Total	<u>\$ 10,085,647</u>		<u>\$ 6,672,791</u>		<u>\$ 16,758,438</u>

COUNTY OF KAUAI, HAWAII
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (Continued)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2

TABLE 5

Fiscal Year	Class of Property	Value of Net Taxable Land (1)	Land Tax Rates Per \$1,000	Value of Net Taxable Building (1)	Building Tax Rates Per \$1,000	Net Valuation for Tax Rate
2012	Single Family Residential	\$ 3,012,544	\$3.95	\$ 1,551,602	\$4.25	\$ 4,564,146
	Homestead	2,263,350	4.00	1,443,463	3.44	3,706,813
	Agriculture	1,512,526	6.90	650,188	4.25	2,162,714
	Conservation	236,149	6.90	33,964	4.25	270,113
	Hotel/resort	773,560	6.90	1,275,984	7.90	2,049,544
	Apartment	770,859	6.90	995,317	7.90	1,766,176
	Commercial	563,209	6.90	424,745	7.90	987,954
	Industrial	184,851	6.90	154,384	7.90	339,235
	Total	<u>\$ 9,317,048</u>		<u>\$ 6,529,647</u>		<u>\$ 15,846,695</u>
2013	Single Family Residential	\$ 2,921,737	\$4.85	\$ 1,595,484	\$4.25	\$ 4,517,221
	Homestead	2,093,573	3.05	1,378,141	3.05	3,471,714
	Agriculture	1,426,037	6.90	717,931	4.25	2,143,968
	Conservation	216,421	6.90	46,109	4.25	262,530
	Hotel/resort	708,705	7.14	1,207,471	8.20	1,916,176
	Apartment	735,925	6.90	948,496	7.90	1,684,421
	Commercial	541,194	6.90	430,905	7.90	972,099
	Industrial	184,873	6.90	158,492	7.90	343,365
	Total	<u>\$ 8,828,465</u>		<u>\$ 6,483,029</u>		<u>\$ 15,311,494</u>

COUNTY OF KAUAI, HAWAII **TABLE 5**
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (Continued)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2

Fiscal Year	Class of Property	Net Valuation		Tax Rates
			for	Per \$1,000
			Tax Rate	
2014	Residential	\$	5,247,983	\$5.75
	Vacation Rental		2,410,922	8.00
	Commercial		970,226	8.00
	Industrial		348,850	8.00
	Agriculture		694,360	6.75
	Conservation		93,307	6.75
	Hotel/Resort		2,019,583	9.00
	Homestead		4,015,007	3.05
	Total	\$	15,800,238	
2015	Residential	\$	5,593,126	\$6.05
	Vacation Rental		2,631,776	8.85
	Commercial		986,307	8.10
	Industrial		344,376	8.10
	Agriculture		766,282	6.75
	Conservation		76,791	6.75
	Hotel/Resort		2,222,843	10.85
	Homestead		3,491,771	3.05
	Total	\$	16,113,272	
2016	Residential	\$	4,307,877	\$6.05
	Vacation Rental		2,754,556	8.85
	Commercial		988,391	8.10
	Industrial		349,909	8.10
	Agriculture		848,806	6.75
	Conservation		88,214	6.75
	Hotel/Resort		2,118,758	10.85
	Homestead		4,176,046	3.05
	Residential Investor		907,267	7.05
	Commercialized Home Use		853,491	5.05
	Total	\$	17,393,315	

COUNTY OF KAUAI, HAWAII **TABLE 5**
REAL PROPERTY NET VALUATION BY CLASSIFICATION AND TAX RATES (Continued)
LAST TEN FISCAL YEARS (VALUED IN THOUSANDS - UNAUDITED) NOTES 1 - 2

Fiscal Year	Class of Property	Net Valuation		Tax Rates
			for Tax Rate	Per \$1,000
2017	Residential	\$	4,453,922	\$6.05
	Vacation Rental		2,808,807	8.85
	Commercial		1,212,005	8.10
	Industrial		359,921	8.10
	Agriculture		879,941	6.75
	Conservation		91,586	6.75
	Hotel/Resort		2,235,772	10.85
	Homestead		4,244,917	3.05
	Residential Investor		1,045,051	7.05
	Commercialized Home Use		916,043	5.05
	Total	\$	18,247,965	
2018	Residential	\$	4,691,366	\$6.05
	Vacation Rental		2,977,607	8.85
	Commercial		1,222,247	8.10
	Industrial		375,295	8.10
	Agriculture		873,711	6.75
	Conservation		91,571	6.75
	Hotel/Resort		2,342,462	10.85
	Homestead		4,349,444	3.05
	Residential Investor		1,132,498	7.05
	Commercialized Home Use		1,049,291	5.05
	Total	\$	19,105,492	
2019	Residential	\$	4,874,612	\$6.05
	Vacation Rental		3,049,664	9.85
	Commercial		1,255,140	8.10
	Industrial		386,635	8.10
	Agriculture		857,499	6.75
	Conservation		96,924	6.75
	Hotel/Resort		2,462,961	10.85
	Homestead		4,558,352	3.05
	Residential Investor		1,384,519	8.05
	Commercialized Home Use		1,077,396	5.05
	Total	\$	20,003,702	

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

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

Source: Department of Finance, Real Property Tax Division

COUNTY OF KAUAI, HAWAII
COMPARISON OF PRINCIPAL TAXPAYERS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2010 (UNAUDITED)

TABLE 6

FISCAL YEAR 2019					
Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Amount of Taxes	Percent of County's Total Taxable Assessed Valuation
1	Marriott Kauai Ownership / Waiohi + Beach Clubs	Resort Development	\$ 518,646,500	\$ 5,627,364	2.6 %
2	Tower Kauai Lagoons / Kalanipu'u / TK Resort	Resort Development	299,277,000	2,985,591	1.5
3	Kawailoa Development - Grand Hyatt Poipu	Resort Development	249,981,600	2,665,672	1.2
4	SVO Pacific Inc / Poipu Development Land + Westin	Resort Development	223,118,000	2,420,830	1.1
5	Kukui'ula Development Co. / Kukui'ula Village LLC	Real Estate / Commercial	302,758,300	2,355,782	1.5
6	Poipu Beach Villas LLC / Koloa Landing	Resort Development	217,262,200	1,964,254	1.1
7	Poipu Resort Partners / The Pointe	Resort Development	172,834,400	1,870,372	0.9
8	Grove Farm Properties Inc / Grove Farm Co. Inc.	Real Estate Development	123,204,400	1,599,147	0.6
9	Bali Hai Villas Ltd Partnership + Development Inc.	Resort Development	111,896,200	1,214,075	0.6
10	Princeville Hotel	Resort	111,200,000	1,205,593	0.6
			<u>\$ 2,330,178,600</u>	<u>\$ 23,908,680</u>	<u>11.7 %</u>
FISCAL YEAR 2010					
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	Kukui'ula Development / A&B / McBryde	Real Estate Holdings	251,057,500	1,594,230	1.5
7	Knudsen, Eric Trust / CGB / Moir	Real Estate Holdings	123,738,000	978,441	0.7
8	Pahio Resorts / Bali Hai / 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>

Source: Department of Finance, Real Property Tax Division

COUNTY OF KAUAI, HAWAII
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-3
(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	Capital	General Obligation	Revenue	Capital	Sewer			
	Bonds	Leases	Bonds	Bonds	Leases	Loans			
2010	\$ 125,775,757	\$ 3,054,047	\$ 1,289,523 (3)	\$ 395,000	--	\$ 17,492,700	\$ 148,007,027	6.23 %	\$ 2,202
2011	121,877,681	4,783,617	1,151,245 (3)	205,000	--	17,283,261	145,300,804	5.87	2,146
2012	119,026,446	3,697,053	1,007,967 (3)	--	33,221	18,238,387	142,003,074	5.40	2,075
2013	116,792,135	4,178,948	859,689	--	292,317	20,194,396	142,317,485	5.21	2,047
2014	112,995,000	5,644,489	705,000	--	470,676	19,166,416	138,981,581	4.91	1,972
2015	108,745,000	4,878,543	540,000	--	550,168	18,871,239	133,584,950	4.42	1,862
2016	104,685,000	4,257,981	370,000	--	365,549	22,704,977	132,383,507	4.21	1,838
2017	99,740,000	4,535,346	190,000	--	273,180	21,503,043	126,241,569	3.75	1,749
2018	118,610,000	5,277,700	--	--	210,614	19,831,135	143,929,449	n/a	n/a
2019	112,620,000	7,159,134	--	--	175,867	18,150,431	138,105,432	n/a	n/a

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

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

Note (3): Correction to the amount reported on the CAFR for the year ended June 30, 2012.

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

COUNTY OF KAUAI, HAWAII
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1-4
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE 7A

Fiscal Year	Governmental Activities General Obligation Bonds (1)	Business-type Activities General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2010	\$ 125,775,757	\$ 1,289,523 (4)	\$ 6,650,089	\$ 120,415,191	0.64 %	\$ 1,791
2011	121,877,681	1,151,245 (4)	4,105,154	118,923,772	0.71	1,757
2012	119,026,446	1,007,967	483,340	119,551,073	0.75	1,747
2013	116,792,135	859,689	2,744,837	114,906,987	0.75	1,653
2014	112,995,000	705,000	161,837	113,538,163	0.71	1,611
2015	108,745,000	540,000	161,837	109,123,163	0.67	1,521
2016	104,685,000	370,000	161,837	104,893,163	0.60	1,456
2017	99,740,000	190,000	306,837	99,623,163	0.55	1,380
2018	118,610,000	--	1,588,524	117,021,476	0.61	n/a
2019	112,620,000	--	1,588,524	111,031,476	0.55	n/a

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

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

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

Note (4): Correction to statistics reported prior to the CAFR for the year ended June 30, 2012.

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

**COUNTY OF KAUAI, HAWAII
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS (UNAUDITED) NOTES 1 - 2**

TABLE 8

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit (1)	\$ 2,840,261,550	\$ 2,513,765,700	\$ 2,377,004,250	\$ 2,296,724,100	\$ 2,370,035,700	\$ 2,416,990,800	\$ 2,608,997,250	\$ 2,737,194,750	\$ 2,865,823,800	\$ 3,000,555,000
Debt applicable to limit	<u>119,125,668</u>	<u>117,772,527</u>	<u>118,543,106</u>	<u>114,047,298</u>	<u>112,833,163</u>	<u>108,745,000</u>	<u>104,685,000</u>	<u>99,740,000</u>	<u>118,610,000</u>	<u>112,620,000</u>
Legal debt margin (2)	<u>\$ 2,721,135,882</u>	<u>\$ 2,395,993,173</u>	<u>\$ 2,258,461,144</u>	<u>\$ 2,182,676,802</u>	<u>\$ 2,257,202,537</u>	<u>\$ 2,308,245,800</u>	<u>\$ 2,504,312,250</u>	<u>\$ 2,637,454,750</u>	<u>\$ 2,747,213,800</u>	<u>\$ 2,887,935,000</u>
Debt applicable to the limit as a percentage of debt limit	4.19%	4.69%	4.98%	4.96%	4.76%	4.49%	4.01%	3.64%	4.13%	3.75%

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 2019

Net assessed value	<u>\$ 20,003,700,000</u>
Debt limit (15% of net assessed value)	3,000,555,000
Debt applicable to limit	<u>112,620,000</u>
Legal debt margin	<u>\$ 2,887,935,000</u>

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>
2010	67,217	35,304	2,373	9,362	8.7
2011	67,701	36,520	2,472	9,496	8.8
2012	68,434	38,392	2,627	9,530	7.4
2013	69,512	39,251	2,728	8,839	5.7
2014	70,475	40,163	2,830	6,924	4.8
2015	71,735	42,070	3,017	9,381	3.8
2016	72,029	43,585	3,139	9,402	4.0
2017	72,159	46,596	3,362	9,417	2.1
2018	n/a	n/a	n/a	9,293	2.5
2019	n/a	n/a	n/a	9,289	2.7

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 Hawai'i 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
2010	1,600	1,400	4,300	10,500	3,800	2,300	1,100	550	4,400
2011	1,300	1,400	4,300	10,600	4,200	2,300	1,200	600	4,400
2012	1,300	1,400	4,200	10,800	4,100	2,300	1,300	n/a	4,600
2013	1,300	1,500	4,400	11,200	4,200	2,500	1,400	n/a	4,500
2014	1,200	1,500	4,400	11,600	4,200	2,500	1,400	n/a	4,600
2015	1,500	1,500	4,400	11,700	4,200	2,500	1,400	n/a	4,600
2016	1,700	1,500	4,500	12,000	4,200	2,700	1,200	n/a	4,600
2017	1,800	1,500	4,500	12,500	4,400	2,700	1,100	n/a	4,600
2018	1,900	1,600	4,500	12,600	4,500	2,700	1,200	n/a	4,700
2019	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 (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	
2010	\$ 1,856,833	\$ 1,318,393	\$ 538,440	\$ 180,000	\$ 41,687	\$ 221,687	\$ 316,753
2011	2,374,888	1,562,449	812,439	190,000	28,637	218,637	593,802
2012	1,791,502	1,384,305	407,197	205,000	14,862	219,862	187,335
2013	1,749,444	1,350,025	399,419	--	--	--	399,419
2014	1,665,781	1,105,777	560,004	--	--	--	560,004
2015	2,285,109	1,387,091	898,018	--	--	--	898,018
2016	2,444,866	1,702,743	742,123	--	--	--	742,123
2017	2,089,316	2,059,464	29,852	--	--	--	29,852
2018	1,925,022	1,751,474	173,548	--	--	--	173,548
2019	1,877,337	1,407,202	470,135	--	--	--	470,135

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, 2019 (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):	993
Permanent	759
Temporary	24
Exempt	181
Contract	29
Area in square miles	620
County facilities and services:	
Miles of streets	310.2
Number of streetlights	3,048
Number of County facilities:	
Neighborhood centers	10
Community centers	4
Camping parks	7
Recreational parks	68
Gymnasiums	3
Swimming pools	2
Golf courses	1
Tennis courts	24
Baseball and softball fields	17
Basketball courts	23
Volleyball courts	2
Soccer fields	18
Auditoriums	1
Stadiums	3
Fire protection:	
Number of stations	8
Number of fire personnel and officers	213
Number of calls answered	6,462
Number of inspections conducted	2,271
Police protection:	
Number of stations	5
Number of police personnel	189
Number of patrol units	75
Number of police officers	135
Number of law violations:	
Physical arrest	3,773
Traffic violations	14,922
Parking violations	2,235

COUNTY OF KAUAI, HAWAII
MISCELLANEOUS STATISTICS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

TABLE 12

Sewerage system:	
Number of treatment plants	4
Number of service connections:	
Residential	5,005
Commercial	569
Daily average treatment in gallons	2,360,000
Maximum daily capacity of treatment plant in gallons	5,500,000
Water system:	
Miles of water mains	443.41
Number of service connections	22,196
Number of fire hydrants	2,983
Annual water consumption in gallons	3.921 billion
Maximum daily capacity of plant in gallons	28.75 million
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	9
Number of elementary school instructors	339
Number of middle schools	3
Number of middle school instructors	144
Number of secondary schools	3
Number of secondary school instructors	204
Number of community colleges	1
Hospitals:	
Number of hospitals	3
Number of licensed patient beds	111
Elections - 2018 general election:	
Number of registered voters	44,461
Number of votes cast	25,819
Percentage of registered voters voting	58.1%

COUNTY OF KAUA'I, HAWAII
MISCELLANEOUS STATISTICS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019 (UNAUDITED)

TABLE 12

Building Permits:

<u>Fiscal Year</u>	<u>Number of Permits Issued</u>	<u>Value of Permits</u>
2010	1,272	193,934,914
2011	1,174	148,556,347
2012	1,386	187,620,246
2013	1,758	311,699,460
2014	2,087	253,496,415
2015	2,176	394,773,361
2016	4,406	217,945,537
2017	1,358	217,384,045
2018	1,149	278,920,948
2019	1,407	246,222,661

Source: Building Division, County of Kaua'i

COUNTY OF KAUAI, HAWAII
MISCELLANEOUS STATISTICS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019 (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>
2010	964.7	7.5	9.3	19.7
2011	1,011.5	7.5	9.8	20.8
2012	1,084.6	7.5	8.2	22.3
2013	1,114.3	7.6	8.6	23.3
2014	1,117.7	7.7	8.4	23.5
2015	1,173.7	7.2	8.5	24.5
2016	1,187.2	7.6	8.4	24.8
2017	1,279.9	7.5	8.8	26.3
2018	1,377.7	7.4	9.0	28.1
2019	1,354.3	6.9	n/a	28.2

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

- Sources:
1. State of Hawai'i Department of Business, Economic Development and Tourism, Hawai'i Tourism Authority, Visitor Research Annual Reports, Fiscal Years 2010 - 2017
 2. State of Hawai'i Department of Business, Economic Development and Tourism, Hawai'i Tourism Authority, Visitor Research Preliminary Data, Fiscal Year 2018
 3. State of Hawai'i Department of Business, Economic Development and Tourism, Hawai'i Tourism Authority, Visitor Research Preliminary Data, Fiscal Year 2019, Jan. thru Sept., -1.7% change in Visitor Arrivals in comparison to Fiscal Year 2018, Jan. thru Sept.

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

TABLE 13

Principal Non-Government Employers as of 2018

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	927	3.43%
2	WILCOX MEDICAL CENTER	HOSPITAL	917	3.40%
3	PRINCEVILLE RESORT KAUAI	HOTEL	500	1.85%
4	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	382	1.41%
5	KAUAI VETERANS MEMORIAL HOSPITAL	HOSPITAL	289	1.07%
6	AQUA-ASTON HOSPITALITY	HOTEL	287	1.06%
7	KAUAI BEACH RESORT	HOTEL	240	0.89%
8	SHERATON KAUAI RESORT	HOTEL	236	0.87%
9	KOA KEA HOTEL & RESORT	HOTEL	170	0.63%
10	PIONEER HI-BRED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	165	0.61%

Source: Pacific Business News, July 19, 2019 Publication
State of Hawaii Data Book 2018

Principal Non-Government Employers as of 2017

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	914	3.45%
2	WILCOX HEALTH	HOSPITAL	826	3.12%
3	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	502	1.89%
4	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	500	1.89%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	335	1.26%
6	AQUA-ASTON HOSPITALITY	HOTEL	294	1.11%
7	WEST KAUAI MEDICAL CENTER	HOSPITAL	283	1.07%
8	SHERATON KAUAI RESORT	HOTEL	255	0.96%
9	THE WESTIN PRINCEVILLE OCEAN RESORT VILLAS	HOTEL	207	0.78%
10	SHIOI CONSTRUCTION INC.	CONSTRUCTION	174	0.66%

Source: Pacific Business News, July 27, 2018 Publication
State of Hawaii Data Book 2017

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

TABLE 13

Principal Non-Government Employers as of 2016

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	946	3.68%
2	WILCOX HEALTH	HOSPITAL	787	3.06%
3	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	508	1.98%
4	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	504	1.96%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	335	1.30%
6	SHERATON KAUAI RESORT	HOTEL	288	1.12%
7	SAFEWAY INC.	RETAIL GROCER	281	1.09%
8	THE WESTIN PRINCEVILLE OCEAN RESORT VILLAS	HOTEL	170	0.66%
9	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	165	0.64%
10	SHIOI CONSTRUCTION INC.	CONSTRUCTION	158	0.61%

Source: Pacific Business News, July 28, 2017 Publication
State of Hawaii Data Book 2016

Principal Non-Government Employers as of 2015

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	907	3.58%
2	WILCOX HEALTH	HOSPITAL	771	3.04%
3	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.17%
4	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	499	1.97%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	344	1.35%
6	SHERATON KAUAI RESORT	HOTEL	296	1.16%
7	SYGENTA CORP	AGRICULTURE	260	1.02%
8	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	210	0.83%
9	AQUA-ASTON HOSPITALITY	HOTEL	208	0.82%
10	THE WESTIN PRINCEVILLE OCEAN RESORT VILLAS	HOTEL	205	0.81%

Source: Pacific Business News, August 19, 2016 Publication
State of Hawaii Data Book 2015

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

TABLE 13

Principal Non-Government Employers as of 2014			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	HOTEL	881	3.55%
2	WILCOX HEALTH	HOSPITAL	832	3.35%
3	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.21%
4	THE ST. REGIS PRINCEVILLE RESORT	HOTEL	499	2.01%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	344	1.38%
6	SHERATON KAUAI RESORT	HOTEL	296	1.19%
7	SYGENTA CORP	AGRICULTURE	260	1.04%
8	AQUA KAUAI BEACH RESORT	HOTEL	200	0.80%
9	SHIOI CONSTRUCTION INC.	CONSTRUCTION	179	0.72%
10	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	168	0.67%

Source: Pacific Business News, August 14, 2015 Publication
State of Hawaii Data Book 2014

Principal Non-Government Employers as of 2013			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	941	3.85%
2	WILCOX MEMORIAL HOSPITAL	HOSPITAL	605	2.47%
3	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	550	2.25%
4	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	491	2.01%
5	'OHANA PACIFIC MANAGEMENT CO.	INPATIENT REHAB, SKILLED NURSING, LONG-TERM CARE	325	1.33%
6	SHERATON KAUAI RESORT	394-ROOM HOTEL	308	1.26%
7	KAUAI BEACH RESORT	350-ROOM CONDO HOTEL	250	1.02%
8	KAUAI MEDICAL CLINIC	HEALTH CLINIC	234	0.95%
9	SHIOI CONSTRUCTION INC.	CONSTRUCTION COMPANY	179	0.73%
10	PIONEER HI-BREED INTERNATIONAL INC.	SEED BIOTECHNOLOGY COMPANY	168	0.68%

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

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

TABLE 13

Principal Non-Government Employers as of 2012

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

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

Principal Non-Government Employers as of 2011

RANK	BUSINESS NAME	TYPE OF BUSINESS	TOTAL EMPLOYEES	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	830	3.44%
2	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	607	2.52%
3	THE ST. REGIS PRINCEVILLE RESORT	251-ROOM HOTEL	504	2.09%
4	WILCOX MEMORIAL HOSPITAL	71 BED HOSPITAL	488	2.02%
5	KAUAI MARRIOTT RESORT	356-ROOM HOTEL	436	1.81%
6	WAL-MART	DISCOUNT RETAILER	365	1.51%
7	'OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING, INTERMEDIATE CARE & DAY CARE	350	1.45%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	250	1.04%
9	KAUAI BEACH RESORT	350-ROOM HOTEL	217	0.90%
10	KAUAI MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.88%

Source: Pacific Business News, August 26, 2011 Publication
State of Hawaii Data Book 2011

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

TABLE 13

Principal Non-Government Employers as of 2010			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	900	3.79%
2	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	598	2.52%
3	WILCOX MEMORIAL HOSPITAL	71 BED HOSPITAL	488	2.05%
4	THE ST. REGIS PRINCEVILLE RESORT	252-ROOM HOTEL	426	1.79%
5	WAL-MART	DISCOUNT RETAILER	345	1.45%
6	'OHANA PACIFIC MANAGEMENT CO.	SKILLED NURSING, INTERMEDIATE CARE & DAY CARE	300	1.26%
7	SHERATON KAUAI RESORT	394-ROOM HOTEL	284	1.20%
8	ALEXANDER & BALDWIN INC.	AGRICULTURE, REAL ESTATE, OCEAN TRANSPORTATION	271	1.14%
9	KAUAI BEACH RESORT	350-ROOM HOTEL	230	0.97%
10	KAUAI MEDICAL CLINIC	MULTI-SPECIALTY CLINIC WITH FOUR LOCATIONS	213	0.90%

Source: Pacific Business News, August 27, 2010 Publication
State of Hawaii Data Book 2010

Principal Non-Government Employers as of 2009			TOTAL	PERCENTAGE OF
RANK	BUSINESS NAME	TYPE OF BUSINESS	EMPLOYEES	TOTAL COUNTY EMPLOYMENT
1	GRAND HYATT KAUAI RESORT & SPA	602-ROOM HOTEL	997	4.23%
2	KAUAI MARRIOTT RESORT & BEACH CLUB	356-ROOM HOTEL	564	2.39%
3	MANU KAI	CONTRACTOR, OPERATES PACIFIC MISSILE RANGE	529	2.25%
4	WILCOX MEMORIAL HOSPITAL	PRIVATE, NONPROFIT COMMUNITY HOSPITAL	486	2.06%
5	WAL-MART	DISCOUNT RETAILER	417	1.77%
6	BIG SAVE, INC.	RETAIL GROCER	410	1.74%
7	THE ST. REGIS PRINCEVILLE RESORT	252-ROOM HOTEL	336	1.43%
8	SHERATON KAUAI RESORT	394-ROOM HOTEL	309	1.31%
9	HILTON KAUAI BEACH RESORT	350-ROOM HOTEL	250	1.06%
10	NURSEFINDERS OF KAUAI	HOME CARE AND BEHAVIORAL HEALTH SERVICES	238	1.01%

Source: Pacific Business News, July 31, 2009 Publication
State of Hawaii Data Book 2009

Note (1) Statistical Information not available for 2019

COUNTY OF KAUA'I, HAWAII
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 14

Full-time Equivalent Employees as of June 30										
Function:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
General government	291	305	318	318	337	327	333	322	328	332
Public Safety:										
Police	184	188	195	195	202	210	200	202	200	194
Fire	183	201	197	197	194	196	201	202	201	204
Emergency Management	4	5	5	5	5	4	4	6	6	6
Public works	98	96	105.5	107.5	109.5	94.5	92	44	51	57
Highways and streets	79	80	79	76	76	77	77	77	77	76
Sanitation	75	75	73.5	74.5	74.5	75.5	75	73	73	72
Culture and recreation	103	103.5	109.5	109.5	214.5	109.5	111	154	160	154
Public welfare	94	102	110	110	113	114	113	146	99	101
Total Governmental Activities Employees	<u>1,111</u>	<u>1,155.5</u>	<u>1,192.5</u>	<u>1,192.5</u>	<u>1,325.5</u>	<u>1,207.5</u>	<u>1,206.0</u>	<u>1,226.0</u>	<u>1,195.0</u>	<u>1,196.0</u>
Business-type Activities:										
Housing	27	28	29	29	27	25	28	37	23	22
Sewer	36	36	36	36	38	39	37	37	37	37
Golf	22	21.5	21.5	21.5	21.5	20.5	21	21	21	21
Total Business-type Employees	<u>85</u>	<u>85.5</u>	<u>86.5</u>	<u>86.5</u>	<u>86.5</u>	<u>84.5</u>	<u>86.0</u>	<u>95.0</u>	<u>81.0</u>	<u>80.0</u>
Total Primary Government Employees	<u>1,196</u>	<u>1,241</u>	<u>1,279</u>	<u>1,279</u>	<u>1,412</u>	<u>1,292</u>	<u>1,292</u>	<u>1,321</u>	<u>1,276</u>	<u>1,276</u>

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

**COUNTY OF KAUA'I, HAWAII
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS (UNAUDITED) NOTE 1**

TABLE 15

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function:										
Police:										
Physical arrests	3,070	4,368	3,579	3,482	4,260	3,998	4,012	5,124	5,197	3,773
Parking violations	1,673	2,031	2,992	2,945	2,279	2,594	2,659	4,215	3,558	2,235
Traffic violations	17,020	20,345	17,672	15,140	19,106	20,805	14,203	16,918	16,569	14,922
Fire:										
Number of calls answered	4,584	4,970	5,363	5,529	5,689	5,924	5,914	6,194	6,338	6,462
Inspections	2,763	2,437	2,175	2,582	2,791	3,049	2,707	2,696	2,621	2,271
Highways and Streets:										
Street resurfacing (miles)	17.50	10.20	--	9.13	8.42	--	4.99	3.98	6.59	14.48
Sanitation:										
Refuse collected (tons/day)	63.0 (1)	63.0	63.0	63.0	63.0	57.7	75.0	100.0	100.0	100.0
Culture and Recreation:										
Athletic field permits issued	7,797	7,193	7,374	4,670	6,153	25,307	24,176	8,969	6,172	6,684
Community center admissions	9,463	10,109	23,395	94,407	108,000	113,320	118,480	153,380	298,099	304,731
Water:										
Number of service connections	20,490	21,148	21,271	20,976	21,590	21,669	21,740	21,821	21,857	22,196
Annual water consumption in gallons	4,249,000	4,263,000	4,085,000	4,504,000	3,997,000	4,002,000	4,048,000	4,034,000	4,015,000	3,921,000
Wastewater:										
Average daily sewage treatment in gallons	2,550,000	2,550,000	2,450,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,360,000

Note (1): Prior year correction noted by the Department of Public Works, Solid Waste Division.
Indicators are not available for the general government function.

Source: County of Kaua'i

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

TABLE 16

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function:										
Public Safety:										
Police:										
Stations	5	5	5	5	5	5	5	5	5	5
Patrol units	88	90	82	101	100	93	89	83	86	75
Fire stations	7	8	8	8	8	8	8	8	8	8
Sanitation:										
Collection trucks	6	7	7	7	7	8	8	8	8	8
Highways and Streets:										
Streets (miles)	308	308	308	308	309.5	309.5	309.6	309.6	310.1	310.2
Streetlights	2,877	2,902	2,902	2,982	2,921	2,936	2,941	3,042	3,044	3,048
Traffic signals - Flashers	3	3	3	3	3	3	5 (1)	7 (1)	8	6
Culture and Recreation:										
Parks acreage	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	487.04	488.02
Parks - Camping	7	7	7	7	7	7	7	7	7	7
Parks - Recreational	67	67	67	67	67	67	67	67	67	68
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis court locations	10	10	10	10	10	10	10	10	10	10
Tennis courts	24	24	24	24	24	24	24	24	24	24
Community centers	4	4	4	4	4	4	4	4	4	4
Neighborhood centers	10	10	10	10	10	10	10	10	10	10
Water:										
Water mains (miles)	439	443	443	443	443	443	443	443	443	443.41
Fire hydrants	2,586	2,632	2,654	2,707	2,778	2,778	2,918	2,918	2,936	2,983
Maximum daily capacity (thousands of gallons)	27,436,000	27,436,000	26,200,000	26,200,000	26,200,000	26,200,000	26,200,000	26,200,000	28,750,000	28,750,000
Sewer:										
Sanitary sewers (miles)	50	50	50	50	50	50	50	50	50	50
Maximum daily treatment capacity (thousands of gallons)	4,600,000	4,600,000	4,600,000	5,000,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000

Note (1): FY2016 and FY2017 information has been revised by the Dept. of Public Works.
Indicators are not available for the general government function.

Source: County of Kauai