

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2023



COUNTY OF HAWAII Hilo, Hawaii

Mitchell Roth
Mayor

Deanna Sako
Managing Director

Prepared by
The Department of Finance
Diane Nakagawa
Director of Finance

COUNTY OF HAWAII
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



County of Hawai'i

Finance Department

25 Aupuni Street, Suite 2103 • Hilo, Hawai'i 96720
(808) 961-8234 • Fax (808) 961-8569

April 26, 2024

The Honorable Mayor and Members of the Council
County of Hawai'i
25 Aupuni Street
Hilo, Hawai'i 96720

We transmit herewith the Annual Comprehensive Financial Report for the County of Hawai'i, State of Hawai'i (the County), for the fiscal year July 1, 2022 to June 30, 2023.

This report was prepared by the County's Department of Finance. The accuracy of the financial statements and the completeness and fairness of their presentation are the responsibility of the County government. We believe the enclosed data are complete and accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to convey the maximum understanding of the County's financial activities have been included. Management's discussion and analysis is also included to aid users of the financial statements.

This report presents the financial position of the County of Hawai'i at June 30, 2023 and results of operations for the fiscal year then ended. The report is divided into three sections:

- The Introductory Section includes this transmittal letter, a Certificate of Achievement for Excellence in Financial Reporting, the County of Hawai'i's organization chart and lists of elected and principal officials.
- The Financial Section contains management's discussion and analysis, the basic financial statements, related notes, the combining and individual fund budgetary financial statements, and the independent auditors' report.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the County of Hawai'i, including its component unit, the Department of Water Supply, 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 because of its financial relationship with the County.

The County provides a full range of municipal services. These include police and fire protection; emergency medical care; public prosecutor; culture and recreation; sanitation; social services;

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water; planning and zoning; construction and maintenance of highways, streets and infrastructure; real property assessment and tax collection; and general administrative services. However, the County does not provide such other traditional services as public education, hospitals and courts. These services are provided by the State government.

The County consists of the island of Hawai'i, 4,028 square miles in size. It is twice as large as the combined area of all the other inhabited islands in the Hawaiian Archipelago. Since there is no other local or municipal government within the County, there are no overlapping taxes and no overlapping debt. The County has an elected mayor and a nine-member council.

Economic Condition and Outlook

The island of Hawai'i, commonly known as the Big Island, is located 214 miles from Honolulu, the state capital; 2,200 miles from the west coast of the continental United States; and 4,000 miles from Japan. The city of Hilo on the east side of the island serves as the county seat as well as the transportation and financial center for the Big Island. Hilo's infrastructure includes Hilo Harbor, a deep-water port, and Hilo International Airport, which is capable of handling fully-loaded wide-bodied aircraft. Kailua-Kona and South Kohala, major tourist destination areas on the west side of the Big Island, are served by flights from the United States mainland and Canada through the Kona International Airport, with flights from Tokyo beginning again. Scheduled freight services are available between the islands by air and sea transport. Communities on the island are linked by a network of State and County maintained streets and highways.

The Big Island is the most diversified of the neighbor island economies. As a result it is buffered to some extent when any one industry lags. The unemployment rate for the County as of November 2023 was at 2.5 percent as compared to 4.1 percent from a year ago, which is according to the State of Hawai'i Department of Business, Economic Development & Tourism (DBEDT). This positive change further supports the idea that the County is experiencing strengthening economic conditions as evidenced by the increase in revenues for the fiscal year.

In addition to the mild climate and natural beauty it shares with other areas in the state, the County features the Hawai'i Volcanoes National Park, in addition to four other national parks that focus on Hawaiian culture and history.

Tourism has always been one of the major industries on the island. For the twelve month period ending November 2023, there was a total projection of 1,761,691 tourist arrivals to the island as compared to 1,652,645 for the same period in the previous year. This represented an increase of 7 percent and further contributed to the strengthening economy being enjoyed by the County.

Major Initiatives

For the Year

Public Safety – Hawai'i Police Department ushered in a new chapter in its history with the swearing-in of Police Chief Benjamin Moszkowicz in January. Chief Ben as he is known, was selected as Chief by the Hawai'i County Police Commission after serving 22 years with the Honolulu Police Department.

In May, the Chief authorized the use of pickup trucks with an open bed as subsidized police vehicles, a first in the history of the department. Given that Hawai'i Island encompasses vast swaths of rural—and very rugged—terrain, the use of pickup trucks enables police officers to serve the community better, faster, and most importantly, safer.

On September 16, 2022, the Hawai'i Police Department issued its first ever Maile Amber alert after the reported abduction of a 15-year old female in the Waikoloa area. Collaborative investigative efforts included multiple local, state, and federal agencies, as well as an overwhelming amount of community support. This community collaboration played a critical role in locating the minor, freeing her from her abductor, and leading to the arrest of the responsible suspect.

In April 2023, Area II Vice Section welcomed K9 Kim, a two-year-old German Shorthaired Pointer who specializes in sniffing out narcotics. K9 Kim replaces K9 Rory, a 10-year-old Springer Spaniel, who retired in August 2022.

June 30, 2023, was the final day of HPD's command and control of Animal Control. Earlier this year, Hawai'i County Council passed Bill 22, creating a new Animal Control and Protection Agency (ACPA), under the Office of Management. During Fiscal Year 2022-2023, HPD administrators worked tirelessly, spending hundreds of hours overseeing Animal Control's contract employees and daily operations, as well as creating new civil service positions, policies, and procedures to set ACPA up for success.

The Hawai'i Fire Department (HFD) achieved significant milestones this year. The aging Bell 207 helicopter was retired, making way for the state-of-the-art H125 Airbus Helicopter, enhancing the department's aeromedical capabilities. Under the guidance of the Mayor's Office, lifeguard services were introduced at Kohanaiki Beach Park, a pivotal move by the HFD's Ocean Safety Branch to ensure the safety of beachgoers.

Public Works – Over the past fiscal year the Department of Public Works (DPW) completed major projects in our community including:

- Completed \$22M reconstruction of Kalaniana'ole Street from Kamehameha/Railroad Avenue to Ka'uhane Avenue, Project was completed in collaboration with State DOT and includes enhancements to the roadway capacity, improved drainage, utility relocation, installation of a new waterline, addition of bike lanes and ADA compliant sidewalks, improved signage, and safety improvements for motorists and pedestrians.
- Completed \$11M reconstruction of Waiānuenu Avenue from Ka'iulani Street to Rainbow Drive. Project included pavement rehabilitation, sidewalk repairs, improved access for pedestrians and bicyclists, improved traffic calming measures, improved signage and striping, and traffic detectors. This was a State Transportation Improvement Program (STIP) project and was completed in June 2023.
- Continued work on \$31M Hawaii County Emergency Call Center. Project includes a new 17,127 square-foot essential facility for Police and Fire dispatch along with parking,

landscaping, back-up generators, a communication tower, and redundant cooling systems for a county computing center.

Culture and Recreation - The Department of Parks and Recreation completed multiple Americans with Disabilities Act (ADA) Transition Plan projects including the Pāpa'aloa Park, Paauilo Park, and Magic Sands Beach Park accessibility improvements projects. It also began the Master Planning and Environmental Assessment process for Kealakehe Regional Park, Hilo Skate Park, Oceanview Skate Park, Kikala-Kēōkea Park, and Hawai'i Paradise Park.

For the Future

Public Safety – The Police Department celebrated its 80th anniversary on July 1, 2023, and celebrated by showcasing the department's history for 80 days straight on its social media channels. It was the first time in decades that the department's history had been researched, catalogued, and displayed to the public.

Faced with an unprecedented staffing shortage, the department worked closely with the county's Department of Human Resources (DHR) to change the way we recruit and on-board new officers. Since switching to a continuous recruiting model and with HPD taking over the agility testing from DHR, we have experienced a sudden influx of new potential officers and expect to start a third recruit class in early fiscal year 23-24.

Looking ahead, the Fire Department is poised to embark on a major initiative, focusing on the community risk assessment, standards of cover, strategic planning, and master planning, ensuring a more efficient operation and safer future for the community.

Public Works - DPW is currently working on these major projects:

- Working on \$14M rehabilitation of Kīlauea Avenue and Keawe Street, Ponahawai Street to Waiānuenu Avenue. The project includes paving and rehabilitating existing roadways, sidewalks, and adding ADA ramps. Also includes upgrade of existing water and sewer lines. Anticipated completion date is September 2024. This is a STIP project.
- Working on \$26M rehabilitation of Waikoloa Road from Māmalahoa Highway to Queen Ka'ahumanu Highway. Project includes resurfacing over 11 miles of multi-lanes of pavement, improving shoulders, addition of bike lanes, and overall safety improvements. Anticipated completion is June 2024. This is a STIP project.
- Working on \$16M Waiākea/Palai Stream Drainage improvements. Project is a partnership with US Army Corps of Engineers and includes construction of three flood control features: a ditch/levee floodwall with detention basin, a detention basin, and a diversion structure. The project began in January 2024.
- Working on \$82M Kīlauea Lava Recovery repairs, including Pohoiki Road and Highway 137, to reconstruct 13 miles of roadway surfaces destroyed by the May 2018 eruption of

Kīlauea Volcano. DPW also is partnering with the Department of Water Supply to install 9 miles of waterline also damaged during the lava flow event. The project will take 2.5 years to complete and is a project funded by the Federal Emergency Management Agency (FEMA).

- Working on \$18M 4-Mile Creek Bridge reconstruction. The project is a collaboration with the State of Hawaii (DAGS) to design and construct a new reinforced concrete bridge to replace the existing structure, both modernizing and improving safety while retaining the historic features. Construction is planned to begin in 2025.

Culture and Recreation – The Department of Parks and Recreation will continue efforts to complete the remaining projects of the ADA transition plan and other scheduled repairs and improvements projects to park facilities. The Department is working towards the implementation of an automated payment system which will provide efficient and convenient payment options to allow Hawai'i County residents and visitors to enjoy our facilities. The following design and construction projects to begin in 2024 are Laupāhoehoe Boat Ramp repair, Pāpa'aloa Covered Playcourt, Hilo Skate Park, Isaac Kepo'okalani Hale Beach Park, Afook-Chinen Civic Auditorium improvements, Kawanānakoā Gymnasium repairs, Pickleball Courts (island-wide), and Kealakehe Regional Park Phase I.

Other Financial Information

Internal Control

The management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The County maintains budgetary controls to ensure that legal provisions of the annual budget are complied with and that those expenditures do not exceed budgeted amounts.

Activities of the general fund and special revenue funds are included in the annual appropriated operating budget. Project-length financial plans are adopted for the capital projects fund.

Budgetary control is established at the department level.

Formal budgetary integration is employed as a management control device for the general fund, special revenue funds, and the capital projects fund. Budgetary control for the debt service fund is achieved through general obligation bond indenture provisions.

The basis of accounting used for the budgets of the general and special revenue funds differs from generally accepted accounting principles. Intergovernmental revenues are recognized when awarded by the granting agency, encumbrances and unexpended allotments are treated as expenditures for purposes of determining legal compliance with the annual budget, all leases are treated as operating leases, and accounts payable are not accrued.

The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at fiscal year end are included in the various fund balance categories based on whether the resources are restricted, committed or assigned and do not constitute expenditures or liabilities because they will be honored during the following year. As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Significant Accounting Policies

The County has implemented Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* (GASB Statement No. 14), Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (GASB Statement No. 39) and Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34* (GASB Statement No. 61). All organizations, activities or functions that meet the criteria in GASB Statement No. 14, No. 39 and No. 61 for inclusion in the reporting entity are included in the County's basic financial statements. For further discussion on other significant accounting policies, refer to the notes to the basic financial statements.

Financial Highlights

Governmental activities increased the County's net position by \$254.7 million, which represented almost the entire total increase in net position of the County.

There was a \$257.2 million (37%) increase in revenues from governmental activities, due to the following factors. As mentioned previously, the County experienced a \$98.9 million increase in revenues from taxes, which was primarily a reflection of increases in real property taxes of \$73.7 million and County transient accommodations tax of \$14.7 million. The increase in real property tax revenues was a direct reflection of the total increase of \$6.8 billion in assessed value of the net taxable real property, with the majority of the increase stemming from the category of taxable buildings (\$4.6 billion). The County also recognized an increase in revenue from the County transient accommodations tax, under Act 1, 1st Special Session 2021, which became law on July 8, 2021. The counties were authorized to establish and administer their own transient accommodations tax (TAT) at a maximum rate of 3 percent. On December 10, 2021, Mayor Mitchell D. Roth signed into law Ordinance 21-89 which imposed a 3 percent HCTAT, which shall take effect on January 1, 2022. Monies collected were to be deposited into the general fund as unrestricted revenues. The tax was only implemented for half a year in the prior fiscal year and fiscal year 2023 was the first full year that the tax was in effect.

Overall expenses from governmental activities increased by \$134.3 million (24%) from the previous year, which was a result of the County experiencing a \$22.0 increase in expenditures

related to general claims and judgments due several large claims remaining unresolved at fiscal year end and thus, increasing the related liability. \$52.0 million of expenditures were incurred in buying out lands in the Puna lava recovery area under a federal grant in order to prevent future development. There was also an increase of \$11.7 million related to salaries and wages, inclusive of overtime and differentials, due to bargaining unit increases.

Other Information

Independent Audit

The County Charter requires an annual audit by independent certified public accountants. Plante & Moran, PLLC was selected in accordance with the County Charter and the procurement provisions of the Hawaii Revised Statutes (HRS) and Hawaii Administrative Rules (HAR) to perform the audit.

Employee Union Contracts

Hawai'i County's civil service employees are members of eight different bargaining units, of which all contracts are set to expire on June 30, 2025.

Certificate of Achievement

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 of Hawai'i for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the thirty fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report was made possible by the efficient and dedicated services of the entire staff of the Department of Finance and fiscal personnel in other departments. I am grateful for their help in preparing this report. I also thank the Mayor and the members of the County Council for their interest and support in assuring the continuing sound financial condition of the County of Hawai'i.



Diane Nakagawa
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

County of Hawaii
Hawaii

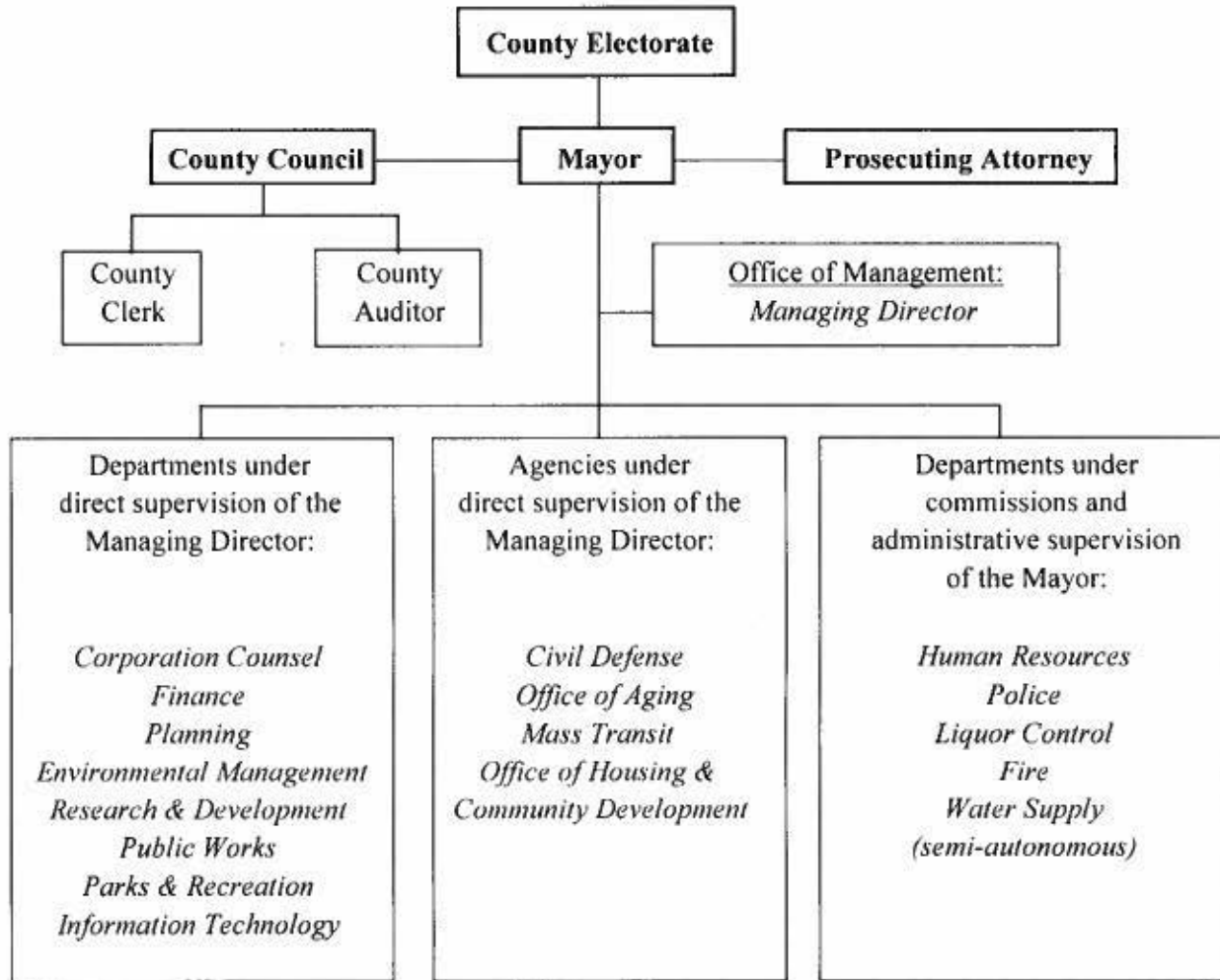
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

County of Hawaii Organization Chart



**County of Hawaii
Elected Officials**

June 30, 2023

Administrative Officers (Term: 2020-2024)

Mitchell Roth

Mayor

Kelden Waltjen

Prosecuting Attorney

County Council (Term: 2022-2024)

Heather L. Kimball

Chair

Holeka Goro Inaba

Vice Chair

Cindy Evans

Member

Michelle M. Galimba

Member

Jenn Kagiwada

Member

Matt Kaneali'i-Kleinfelder

Member

Ashley L. Kierkiewicz

Member

Susan L. K. Lee Loy

Member

Rebecca Villegas

Member

Principal Officials

June 30, 2023

County Clerk	Jon Henricks
County Auditor	Tyler Benner
Managing Director	Lee Lord, PhD
Deputy Managing Director	Bobby Command
Corporation Counsel	Elizabeth Strance
Director of Finance	Deanna Sako
Planning Director	Zendo Kern
Director of Personnel	Waylen Leopoldino
Director of Research and Development	Douglass Adams
Chief of Police	Benjamin Moszkowicz
Fire Chief	Kazuo Todd
Director of Public Works	Steven Rodenhurst
Director of Environmental Management	Ramzi Mansour
Parks and Recreation Director	Maurice Messina
Manager-Chief Engineer, Department of Water Supply	Keith Okamoto
Civil Defense Administrator	Talmadge Magno
Director of Liquor Control	Gerald Takase
Mass Transit Administrator, Acting	Victor Kandle
Executive on Aging	William Farr III
Administrator, Office of Housing and Community Development	Susan Kunz
Director of Information Technology	Robert Ewbank

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FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Hawai'i, State of Hawai'i (the "County") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Hawai'i, State of Hawai'i as of June 30, 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof and the respective budgetary comparisons for the General Fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 15 to the financial statements, the beginning net position of the Department of Water Supply's basic financial statements has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Hawai'i, State of Hawai'i's basic financial statements. The combining statements and individual fund schedules, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statements and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2024 on our consideration of the County of Hawai'i, State of Hawai'i's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 of Hawai'i, State of Hawai'i'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 of Hawai'i, State of Hawai'i's internal control over financial reporting and compliance.



April 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Hawai'i's (the County) Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of resources of the County exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$573.3 million (net position). This amount includes a negative balance of \$741.4 million in unrestricted net position, a positive increase of \$14.1 million from the prior year, which is explained in the sections below. This amount includes \$2.4 billion of total assets and \$158.7 million of total deferred outflows of resources; \$1.8 billion of total liabilities and \$187.9 million of total deferred inflows of resources.
- As of the end of fiscal year 2023, the County's governmental funds reported combined ending fund balances of \$585.6 million, an increase of \$209.1 million from the prior year. Approximately 35 percent of this total amount, \$206.4 million, is available for spending at the County's discretion (unrestricted fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$142.3 million, or 31 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. This report also contains both required and other **supplementary information** in addition to the basic financial statements themselves.

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.

The **statement of net position** presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include public safety, highways and streets, health, education and welfare, culture and recreation,

sanitation and general government. The business-type activities of the County include rental housing for senior citizens and families.

The government-wide financial statements include not only the County itself (known as the primary government), but also the Department of Water Supply, a legally separate entity that the County is financially accountable for. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into the following 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 – i.e., most of the County’s basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County’s programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds organized according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget. The budgetary comparison statement for the general fund and the Hawaii county housing agency are located in the basic financial statements, whereas the budgetary comparison schedules for the nonmajor special revenue funds are presented elsewhere in this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the County charges outside customers. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County maintains only one type of proprietary funds, enterprise funds. **Enterprise funds**

are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Kulaimano Elderly Housing Project and the Ouli Ekahi Affordable Housing Project.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The private-purpose trusts and the custodial funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the County's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

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

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is presented immediately following the notes to the basic financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds and budgetary comparison schedules for the nonmajor special revenue funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS Condensed Statements of Net Position June 30, 2023 and 2022

	Governmental Activities		Primary Government Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 810,571,818	\$ 562,831,081	\$ 1,200,831	\$ 1,093,447	\$ 811,772,649	\$ 563,924,528
Capital assets, net	1,549,776,749	1,427,420,194	3,545,546	3,555,355	1,553,322,295	1,430,975,549
Total assets	<u>2,360,348,567</u>	<u>1,990,251,275</u>	<u>4,746,377</u>	<u>4,648,802</u>	<u>2,365,094,944</u>	<u>1,994,900,077</u>
Deferred Outflows Of Resources:	158,703,500	172,440,984	--	--	158,703,500	172,440,984
Total Assets and Deferred Outflows of Resources	<u>2,519,052,067</u>	<u>2,162,692,259</u>	<u>4,746,377</u>	<u>4,648,802</u>	<u>2,523,798,444</u>	<u>2,167,341,061</u>
Liabilities:						
Long-term liabilities outstanding	1,587,163,763	1,482,602,194	8,090	41,501	1,587,171,853	1,482,643,695
Other liabilities	175,256,642	142,670,686	91,200	90,049	175,347,842	142,760,735
Total liabilities	<u>1,762,420,405</u>	<u>1,625,272,880</u>	<u>99,290</u>	<u>131,550</u>	<u>1,762,519,695</u>	<u>1,625,404,430</u>
Deferred Inflows Of Resources:	187,941,368	223,406,926	--	--	187,941,368	223,406,926
Total Liabilities and Deferred Inflows Of Resources	<u>1,950,361,773</u>	<u>1,848,679,806</u>	<u>99,290</u>	<u>131,550</u>	<u>1,950,461,063</u>	<u>1,848,811,356</u>
Net position:						
Net investment in capital assets	1,027,992,548	955,734,185	3,537,456	3,513,854	1,031,530,004	959,248,039
Restricted	283,205,882	114,790,899	--	--	203,205,882	114,790,899
Unrestricted	<u>(742,508,136)</u>	<u>(756,512,631)</u>	<u>1,109,631</u>	<u>1,003,398</u>	<u>(741,398,505)</u>	<u>(755,509,233)</u>
Total net position	<u>\$ 568,690,294</u>	<u>\$ 314,012,453</u>	<u>\$ 4,647,087</u>	<u>\$ 4,517,252</u>	<u>\$573,337,381</u>	<u>\$318,529,705</u>

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$573.3 million at the close of the most recent fiscal year.

By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is able to report positive balances in two of its three categories of net position, both for the government as a whole, as well as for its separate governmental activities. All three categories of net position are positive for its business-type activities.

The County's net position increased by \$254.8 million from the prior year, which was an increase of \$122.8 million (93%) from the increase that was experienced last fiscal year. The main reasons for the large increase in the current year's increase over last year, was due to a substantial increase in revenues from taxes of \$98.9 million from the prior year, \$111.3 million of road dedications and transfers from the State. This was in addition to a decrease in expenditures related to the County's net pension and other post employment benefits (OPEB) liability of a combined total of approximately \$46.7 million.

See further discussion regarding the changes in the County's net position in the section labeled Analysis of Changes in Net Position.

The County's net capital assets increased by \$122.3 million (9 percent) due to the large amount of capital improvement projects done by the County during the current fiscal year and infrastructure related assets that were contributed. See further discussion of the increase in capital assets on page 25.

The County's long-term liabilities outstanding increased by \$104.5 million (7 percent) due primarily to the issuance of \$99 million of general obligation bonds and \$28.5 million of bond anticipation notes that were not paid until subsequent to fiscal year end. Although the County's net pension liability increased by \$19.1 million, this was offset by a corresponding decrease in the projected deferred inflow of resources related to the liability and not by an increase in expenditures. There was a \$43.3 million decrease in the net other post-employment benefit obligation. See further discussion of the increase in long-term debt outstanding on page 27.

**Condensed Statements of Activities
For the Fiscal Years Ended June 30, 2023 and 2022**

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 64,789,259	\$ 59,815,972	\$ 541,139	\$ 500,472	\$ 65,330,398	\$ 60,316,444
Operating grants and contributions	141,690,010	102,386,921	331,282	277,837	142,021,292	102,664,758
Capital grants and contributions	139,937,282	36,716,672	-	-	139,937,282	36,716,672
General revenues:						
Property taxes	445,888,368	372,144,094	-	-	445,888,368	372,144,094
Other taxes	145,073,344	119,947,854	-	-	145,073,344	119,947,854
Grants and contributions, unrestricted	812,837	638,219	-	-	812,837	638,219
Investment earnings	11,101,680	190,002	2,104	436	11,103,784	190,438
Other	1,438,202	1,698,844	-	-	1,438,202	1,698,844
Total revenues	<u>950,730,982</u>	<u>693,538,578</u>	<u>874,525</u>	<u>778,745</u>	<u>951,605,507</u>	<u>694,317,323</u>
Expenses:						
General government	102,326,533	84,642,838	-	-	102,326,533	84,642,838
Public safety	231,891,768	242,555,050	-	-	231,891,768	242,555,050
Highways and streets	132,580,459	66,452,718	-	-	132,580,459	66,452,718
Health, education and welfare	115,580,138	61,230,308	874,238	728,454	116,454,376	61,958,762
Culture and recreation	36,267,778	32,573,321	-	-	36,267,778	32,573,321
Sanitation	64,095,411	61,075,307	-	-	64,095,411	61,075,307
Interest on long-term debt	13,181,506	13,011,481	-	-	13,181,506	13,011,481
Total expenses	<u>695,923,593</u>	<u>561,541,023</u>	<u>874,238</u>	<u>728,454</u>	<u>696,797,831</u>	<u>562,269,477</u>
Increase in net position						
before transfers	254,807,389	131,997,555	287	50,291	254,807,676	132,047,846
Transfers	(129,548)	(175,881)	129,548	175,881	-	-
Change in net position	254,677,841	131,821,674	129,835	226,172	254,807,676	132,047,846
Net position at beginning of year	314,012,453	182,190,779	4,517,252	4,291,080	318,529,705	186,481,859
Net position at end of year	<u>\$ 568,690,294</u>	<u>\$ 314,012,453</u>	<u>\$ 4,647,087</u>	<u>\$ 4,517,252</u>	<u>\$ 573,337,381</u>	<u>\$ 318,529,705</u>

Analysis of Changes in Net Position

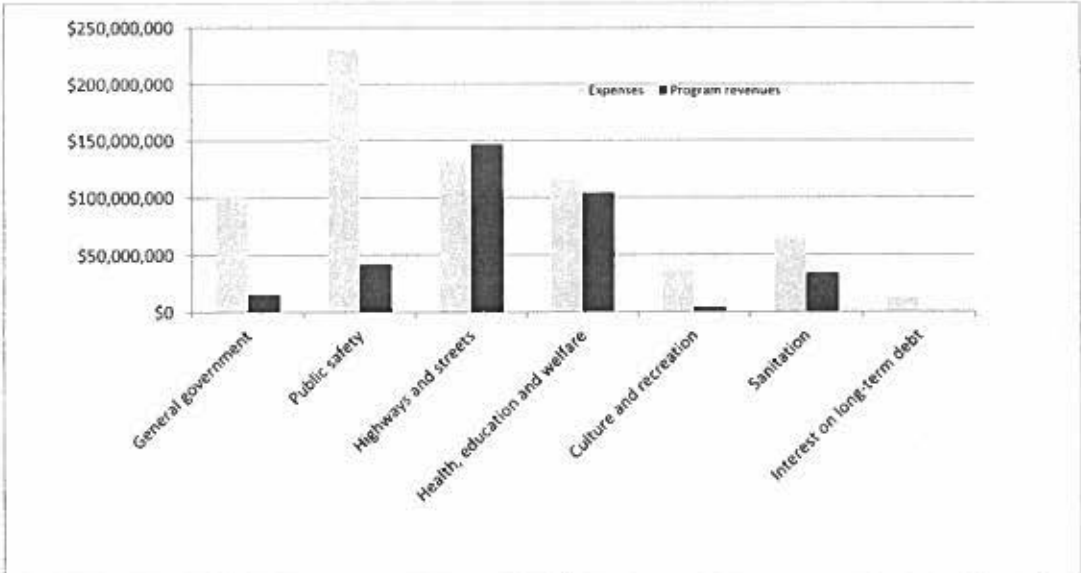
Governmental activities. Governmental activities increased the County's net position by \$254.7 million, which represented almost the entire total increase in net position of the County.

There was a \$257.2 million (37%) increase in revenues from governmental activities, due to the following factors. As mentioned previously, the County experienced a \$98.9 million increase in revenues from taxes, which was primarily a reflection of increases in real property taxes of \$73.7 million and County transient accommodations tax of \$14.7 million. The increase in real property tax revenues was a direct reflection of the total increase of \$6.8 billion in assessed value of the net taxable real property, with the majority of the increase stemming from the category of taxable buildings (\$4.6 billion). The County also recognized an increase in revenue from the County transient accommodations tax, under Act 1, 1st Special Session 2021, which became law on July 8, 2021. The counties were authorized to establish and administer their own transient accommodations tax (TAT) at a maximum rate of 3 percent. On December 10, 2021, Mayor Mitchell D. Roth signed into law Ordinance 21-89 which imposed a 3 percent HCTAT, which shall take effect on January 1, 2022. Monies collected were to be deposited into the general fund as unrestricted revenues. The tax was only implemented for half a year in the prior fiscal year and fiscal year 2023 was the first full year that the tax was in effect.

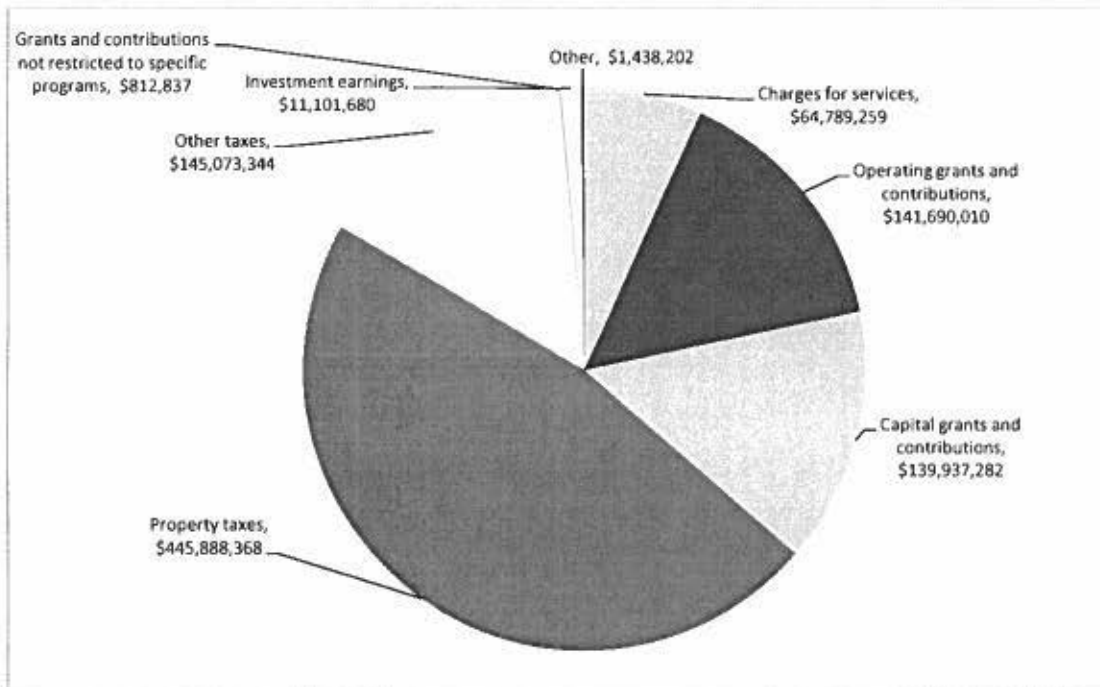
Overall expenses from governmental activities increased by \$134.4 million (24%) from the previous year, which was a result of the County experiencing a \$22.0 increase in expenditures related to general claims and judgments due several large claims remaining unresolved at fiscal year end and thus, increasing the related liability. There was also an increase of \$11.7 million related to salaries and wages, inclusive of overtime and differentials, due to bargaining unit increases.

The charts below illustrate the County’s governmental expenses and revenues by function, and its revenues by source. As shown, public safety is the largest function in expense (33 percent), followed by highways and streets (19 percent) and health, education and welfare (17 percent). General revenues such as property and other taxes are not shown by program, but are effectively used to support program activities countywide. For governmental activities overall, without regard to programs, property taxes are the largest single source of funds (47 percent), followed by other taxes (15 percent) and operating grants and contributions (15 percent).

**Expenses and Program Revenues – Governmental Activities
Year Ended June 30, 2023**



**Revenue by Source – Governmental Activities
Year Ended June 30, 2023**



Business-type activities. Business-type activities net position increased by \$130,000 and had an extremely minimal impact on the increase in the County’s net position overall. The largest factor that contributed to the increase is the capital asset transfer from the governmental activities of \$130,000. Expenses for health, education and welfare account for all of the \$874,238 of expenses which represents a 20 percent increase from the prior year, with the largest increase occurring in the area of utilities, which increased by 56 percent. Charges for services were \$541,139 and operating grants and contributions were \$331,282, which were comparable to the prior year.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

Governmental funds. The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2023, the County’s governmental funds reported combined ending fund balances of \$585.6 million, an increase of \$209.1 million (56 percent) in comparison with prior year. Approximately 35 percent of this total amount (\$206.4 million) constitutes unrestricted fund balance. The unrestricted portion of the fund balance is comprised of (1) \$69.8 million in committed fund balance, (2) \$53.4 million in assigned fund balance, and (3) \$83.2 million in unassigned fund balance. The remainder of the fund balance is divided between \$9.1 million in nonspendable fund balance for inventory and prepaid items and \$370.0 million in restricted fund balance. Approximately 63 percent of the total restricted fund balance is due to restrictions relating to highways, streets and abandoned vehicles (\$179.6 million) and debt service

(\$54.4 million). \$76.4 million of the fund balance restricted for highways, streets and abandoned vehicles was due to the General Excise Tax fund that was created in fiscal year 2019, which accounts for the general excise tax surcharge that became effective in fiscal year 2019. The fund balance of the General Excise Tax Fund increased by \$9.2 million due primarily to increased sales activity throughout the County, which also correlates to the increased levels of tourism.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$142.3 million, while total fund balance increased to \$190.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 31 percent of total general fund expenditures, while total fund balance represents 41 percent of that same amount.

The fund balance of the County's general fund increased by \$79.2 million during the current fiscal year as compared to an increase of \$23.0 million in the prior year. Key factors in this substantial increase (\$56.2 million) over last year's increase are as follows:

- Positive increases of \$69.0 million (19 percent) in real property tax revenues; \$21.2 million (166%) in County transient accommodations tax; \$46.2 million (39%) in intergovernmental revenue and \$12.1 million (532%) in investment earnings.
- With the increase in multiple revenue sources, the County's expenditures also increased from the prior year by \$122.4 million (19%). In addition to increases in salaries and wages and related benefits resulting from bargaining unit changes, the County also incurred \$40.4 million in increased capital outlay spending. This increase of 63 percent from the prior year was mostly due to increased expenditures related to capital improvement projects throughout the County.

The fund balance of the County's capital projects fund increased by \$96.5 million (135 percent) during the current fiscal year. The increase is primarily due to the fact that there was \$140.4 million of other financing sources resulting from new issuances of debt by the County in the current fiscal year. This amount included \$110.9 million of newly issued bonds and related premiums, \$28.5 million of bond anticipation notes and \$1.0 million from state revolving fund loans. Expenditures of the fund increased by \$37.2 million from the prior year. See discussion regarding construction activity during the current year in the capital asset section below.

The debt service funds consist of the Bond Redemption Fund and the Interest Fund. These funds have combined total fund balances of \$54.4 million, all of which is restricted for the payment of debt service. The net increase in the combined fund balances during the current year in the debt service funds was \$7.5 million, which was a 16 percent change from the prior year. The increase in fund balance was much higher than the increase experienced in the prior year due to the fact that the amount of transfers-in exceeded the actual expenditures incurred for principal and interest payments by a higher degree than in the prior year.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Kulaimano Elderly Housing Project (Kulaimano) at the end of the year amounted to \$487,608, and \$622,023 for the Ouli Ekahi Affordable Housing Project (Ouli Ekahi). Unrestricted net position for Kulaimano increased by \$10,436 and unrestricted net position for Ouli Ekahi increased by \$119,399. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were primarily the result of a \$11.1 million increase in appropriations for expenditures and other financing uses, the most significant reasons were due to \$7.4 million of additional grant appropriations from the federal government relating to mass transit (\$1.9 million) from the Federal Transit Administration and the Community Development Block Grant funding from the U.S. Department of Housing and Urban Development (\$2.8 million).

Differences between the final budget and the actual (budgetary basis) resulted in approximately \$29.1 million more revenues than expected and \$60.7 million less expenditures than appropriated.

This is primarily due to the following factors:

- The positive variance between budgeted and actual revenues was entirely attributable to the positive results in taxes and assessments, with \$17.6 million more revenue resulting from property taxes and \$14.9 million more resulting from the County's transient accommodation tax.
- Approximately \$12.8 million of the unspent appropriations is related to salaries and wages and \$22.0 million is from the various countywide expenditure accounts relating to salaries and wages, including benefits and anticipated compensation adjustments. The variance is due primarily to unfilled vacancies and continued efforts by each department to control payroll costs during the budget year due to the tough economic conditions facing the County. The following functions are responsible for the majority of the total variance in expenditures: public safety (\$15.4 million) and general government (\$8.0 million).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to \$1.6 billion (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, equipment, leases, subscription assets, easements, and infrastructure assets, which consists of primarily roads and bridges. The total increase in the County's investment in capital assets for the current fiscal year was 9 percent.

Major capital asset events during the current fiscal year included the following:

- Construction continued on the Hawai'i County Radio System Upgrade project; construction in progress as of the end of the current fiscal year had reached \$21.4 million with \$3.3 million coming from the current fiscal year.
- Construction continued on the Hilo Wastewater Treatment Plan Upgrade project; construction in progress as of the end of the current fiscal year had reached \$11.2 million with \$8.8 million coming from the current fiscal year.
- Construction continued on the Pua Force Main Installation and Rehabilitation project; construction in progress as of the end of the current fiscal year had reached \$3.3 million with \$2.4 million coming from the current fiscal year.
- Construction continued on the Kukuiola and Village 9 Affordable Rental and Homeless project; construction in progress as of the end of the fiscal year had reached \$3.1 million with \$2.4 million coming from the current fiscal year.

- Construction continued on the Kolekole Gulch Park Accessibility Improvements project; construction in progress as of the end of the fiscal year had reached \$5.7 million with \$5.4 million coming from the current fiscal year.
- Construction continued on the NAS Swimming Pool Accessibility Improvements project; construction in progress as of the end of the fiscal year had reached \$3.4 million with \$3.0 million coming from the current fiscal year.
- Construction began on the Pa'auilo Park Accessibility Improvements project; construction in progress as of the end of the fiscal year had reached \$2.7 million and the project was transferred to Buildings.
- Construction continued on the Pāpa'aloa Park and Pa'auilo Park Accessibility Improvements project; construction in progress as of the end of the fiscal year had reached \$4.3 million with \$1.2 million coming from the current fiscal year; project was transferred to Buildings.
- Construction continued on the Richardson's Ocean Park Access Improvement project; construction in progress as of the end of the fiscal year had reached \$3.6 million with \$2.7 million coming from the current fiscal year.
- Construction continued on the Kalaniana'ole Avenue Reconstruction project; construction in progress as of the end of the fiscal year had reached \$15.0 million with \$5.6 million coming from the current fiscal year; project was transferred to the State.
- Construction continued on both of the Kīlauea Avenue Rehabilitation projects; construction in progress as of the end of the current fiscal year had reached a combined \$15.2 million with \$3.8 million coming from the current fiscal year; one of the projects worth \$12.5 million was transferred to Buildings.
- Construction continued on the Waiānuenu Avenue Rehabilitation project; construction in progress as of the end of the fiscal year had reached \$10.1 million with \$5.9 million coming from the current fiscal year.
- Construction continued on the Hawai'i County Emergency Call Center project; construction in progress as of the end of the fiscal year had reached \$16.1 million with \$6.5 million coming from the current fiscal year.
- \$9.9 million of dedicated roads were received by the County in the current fiscal year and an additional \$101.4 million was transferred to the County by the State.

**Capital Assets
(net of depreciation)
June 30, 2023 and 2022**

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and improvements	\$ 390,407,932	\$ 310,930,661	\$ 753,877	\$ 753,877	\$ 391,161,809	\$ 311,684,538
Infrastructure assets	285,691,707	281,053,440	-	-	285,691,707	281,053,440
Ground and site improvements	-	-	31,811	36,158	31,811	36,158
Buildings and improvements	650,884,115	645,409,863	2,612,632	2,699,466	653,496,747	648,109,329
Easements	22,317,344	15,570,853	-	-	22,317,344	15,570,853
Right to use assets	17,784,351	14,420,125	-	-	17,784,351	14,420,125
Subscription assets	3,536,865	-	-	-	3,536,865	-
Equipment	60,879,955	63,135,522	41,970	65,854	60,921,925	63,201,376
Construction work in progress	118,274,480	96,899,730	105,256	-	118,379,736	96,899,730
Total	<u>\$1,549,776,749</u>	<u>\$1,427,420,194</u>	<u>\$ 3,545,546</u>	<u>\$ 3,555,355</u>	<u>\$1,553,322,295</u>	<u>\$1,430,975,549</u>

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

Long-term debt. Long-term debt is primarily comprised of bonds of \$473.3 million and State Revolving Fund loans of \$44.2 million. At the end of the current fiscal year, the County had total bonded debt outstanding of \$473.3 million. This entire amount was comprised of general obligation bonds which are backed by the full faith and credit of the County.

The County's total bonded debt increased by \$99.8 million (27 percent) during the current fiscal year, which represents the general obligation bonds of \$99 million that were issued in addition to the \$28.5 million in bond anticipation notes. These increases were offset by regularly scheduled principal payments of \$27.7 million.

At the end of the fiscal year, the County held an "AA+" rating from Standard & Poor's, an "AA+" rating from Fitch and an "Aa2" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt the County may issue up to 15 percent of the total assessed value of all county real property as established for tax purposes on the last tax assessment rolls. The current debt limitation for the County is \$6.6 billion, which is in excess of the County's outstanding general obligation debt. Currently the County's outstanding debt represents 7 percent of our debt limitation.

Additional information on the County's long-term debt can be found in note 11 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the County at the end of the current fiscal year is at approximately 3.8 percent, which is .6 percent lower than at the end of the prior fiscal year. This serves as an indication of the improving economic outlook for the island.
- The number of domestic and international visitors to the County for the current fiscal year was approximately 1.74 million, with an approximately 15 percent increase from the previous year's count of 1.51 million, which further demonstrates that the County is continuing to benefit from improving economic conditions.

At the end of the current fiscal year, unrestricted fund balance in the general fund was \$142.3 million. The County has appropriated \$36.4 million of this amount for spending in the 2024 fiscal year budget and the majority is included in the assigned portion of the fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, County of Hawai'i, 25 Aupuni Street, Suite 2103, Hilo, Hawai'i 96720.

BASIC FINANCIAL STATEMENTS

COUNTY OF HAWAII

Statement of Net Position

June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents (notes 3 and 15)	\$ 283,822,594	\$ 1,306,720	\$ 285,129,314	\$ 42,925,843
Restricted cash and cash equivalents (note 3)	339,838,004	46,196	339,884,200	-
Investments (note 3)	4,376,848	-	4,376,848	11,000,000
Restricted investments (note 3)	40,000,000	-	40,000,000	-
Receivables, net (note 4)	106,052,312	19,279	106,071,591	9,842,579
Receivable from improvement district (notes 4 and 11)	187,251	-	187,251	-
Internal balances (note 5)	257,392	(257,392)	-	-
Inventories	8,614,054	-	8,614,054	1,638,946
Prepaid expenses	494,207	11,916	506,123	79,184
Other	4,785,545	-	4,785,545	210,923
Total current assets	788,428,207	1,126,719	789,554,926	65,697,475
Noncurrent assets:				
Investments (note 3)	12,946,453	-	12,946,453	6,000,000
Restricted investments (note 3)	2,731,335	-	2,731,335	-
Restricted cash and cash equivalents (note 3 and 15)	-	74,112	74,112	888,225
Receivable from improvement district, excluding current portion (notes 4 and 11)	3,726,407	-	3,726,407	-
Other	2,739,416	-	2,739,416	2,045,169
Capital assets (notes 6, 8, 9 and 15):				
Utility plant in service, net	-	-	-	280,502,753
Infrastructure assets, net	285,691,707	-	285,691,707	-
Ground and site improvements, net	-	31,811	31,811	-
Buildings and improvements, net	650,884,115	2,612,632	653,496,747	-
Equipment, net	60,879,955	41,970	60,921,925	-
Easements, net	22,317,344	-	22,317,344	-
Preliminary survey and investigation charges	-	-	-	1,416,107
Land and improvements	390,407,932	753,877	391,161,809	5,376,240
Right to use assets, net	17,784,351	-	17,784,351	224,548
Subscription assets, net	3,536,865	-	3,536,865	14,115
Construction work in progress	118,274,480	105,256	118,379,736	8,689,122
Total capital assets, net	1,549,776,749	3,545,546	1,553,322,295	296,222,885
Total noncurrent assets	1,571,920,360	3,619,658	1,575,540,018	305,156,279
Total assets	2,360,348,567	4,746,377	2,365,094,944	370,853,754
Deferred Outflows of Resources				
Deferred loss on refunding	3,406,426	-	3,406,426	-
Deferred outflow related to pensions and other post employment benefits (notes 14 and 15)	155,297,074	-	155,297,074	6,054,176
Total deferred outflows of resources	158,703,500	-	158,703,500	6,054,176
Total Assets and Deferred Outflows of Resources	2,519,052,067	4,746,377	2,523,798,444	376,907,930

(Continued)

COUNTY OF HAWAII

Statement of Net Position

June 30, 2023

(Concluded)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 31,106,947	\$ 74,564	\$ 31,181,511	\$ 5,103,135
Accrued payroll	13,069,530	-	13,069,530	2,038,260
Advance collections - intergovernmental	115,926,033	7,534	115,933,567	-
Interest due on long-term debt	6,840,951	3,352	6,844,303	388,469
Bonds and loans payable, current portion net (notes 11 and 15)	68,230,997	8,090	68,239,087	6,290,009
Compensated absences, current portion (note 11)	10,867,550	-	10,867,550	686,835
Claims and judgments, current portion (notes 11, 13 and 15)	10,239,573	-	10,239,573	189,000
Leases and other financing agreements, current portion (notes 9 and 11)	5,584,535	-	5,584,535	14,128
Subscription liability, current portion	1,002,411	-	1,002,411	3,126
Landfill costs payable, current portion (notes 10 and 11)	930,838	-	930,838	-
Customers' deposits	-	-	-	200,887
Other	8,613,181	5,750	8,618,931	-
Total current liabilities	272,412,546	99,290	272,511,836	14,913,849
Noncurrent liabilities:				
Bonds and loans payable, net (notes 11 and 15)	515,042,389	-	515,042,389	68,415,419
Compensated absences (note 11)	37,705,537	-	37,705,537	1,237,095
Claims and judgments (notes 11, 13 and 15)	32,519,377	-	32,519,377	111,000
Leases and other financing agreements (notes 9 and 11)	19,827,141	-	19,827,141	213,389
Subscription liability	2,336,482	-	2,336,482	3,854
Landfill costs payable (notes 10 and 11)	9,946,162	-	9,946,162	-
Customers' deposits	-	-	-	4,470,171
Net pension liability (notes 14 and 15)	585,026,054	-	585,026,054	30,899,325
Net OPEB liability (notes 14 and 15)	268,175,858	-	268,175,858	7,812,470
Other	19,428,859	-	19,428,859	-
Total noncurrent liabilities	1,490,007,859	-	1,490,007,859	113,162,723
Total liabilities	1,762,420,405	99,290	1,762,519,695	128,076,572
Deferred Inflows of Resources				
Deferred inflows related to pensions and other post employment benefits (notes 14 and 15)	181,673,445	-	181,673,445	8,701,691
Deferred inflows - other (note 7)	6,267,923	-	6,267,923	2,361,844
Total Deferred Inflows of Resources	187,941,368	-	187,941,368	11,063,535
Total Liabilities and Deferred Inflows of Resources	1,950,361,773	99,290	1,950,461,063	139,140,107
Net Position				
Net investment in capital assets	1,027,992,548	3,537,456	1,031,530,004	222,033,011
Restricted for:				
Capital Projects	67,405,839	-	67,405,839	-
Debt service (note 11)	54,406,861	-	54,406,861	-
Highways, streets and abandoned vehicles	118,284,324	-	118,284,324	-
Public access open space	26,836,951	-	26,836,951	-
Disaster and emergencies	11,498,359	-	11,498,359	-
Other	4,773,548	-	4,773,548	-
Unrestricted	(742,508,136)	1,109,631	(741,398,505)	15,734,812
Total net position	\$ 568,690,294	\$ 4,647,087	\$ 573,337,381	\$ 237,767,823

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Statement of Activities

For the Fiscal Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 102,326,533	\$ 2,504,468	\$ 2,420,638	\$ 10,649,919
Public safety	231,891,768	8,797,235	33,146,521	36,561
Highways and streets	132,580,459	17,829,111	7,605,513	121,422,240
Health, education and welfare	115,580,138	1,278,268	95,426,802	7,216,000
Culture and recreation	36,267,778	2,331,297	1,358,276	513,862
Sanitation	64,095,411	32,048,880	1,732,260	98,700
Interest on long-term debt	<u>13,181,506</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	695,923,593	64,789,259	141,690,010	139,937,282
Business-type activities:				
Health, education and welfare	<u>874,238</u>	<u>541,139</u>	<u>331,282</u>	<u>-</u>
Total primary government	<u>\$ 696,797,831</u>	<u>\$ 65,330,398</u>	<u>\$ 142,021,292</u>	<u>\$ 139,937,282</u>
Component unit:				
Water (note 15)	<u>\$ 64,567,957</u>	<u>\$ 65,214,720</u>	<u>\$ -</u>	<u>\$ 10,573,824</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Public service company taxes

County transient accommodations tax

Franchise taxes

Fuel taxes

General excise tax surcharge

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of fiscal year, as previously stated

Prior period adjustment (note 15)

Net position, beginning of fiscal year, as restated

Net position, end of fiscal year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>			
<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Component</u>
<u>Activities</u>	<u>Activities</u>		<u>Unit</u>
\$ (86,751,508)	\$ -	\$ (86,751,508)	\$ -
(189,911,451)	-	(189,911,451)	-
14,276,405	-	14,276,405	-
(11,659,068)	-	(11,659,068)	-
(32,064,343)	-	(32,064,343)	-
(30,215,571)	-	(30,215,571)	-
(13,181,506)	-	(13,181,506)	-
(349,507,042)	-	(349,507,042)	-
-	(1,817)	(1,817)	-
(349,507,042)	(1,817)	(349,508,859)	-
-	-	-	11,220,587
445,888,368	-	445,888,368	-
9,646,274	-	9,646,274	-
32,191,051	-	32,191,051	-
12,051,548	-	12,051,548	-
21,635,977	-	21,635,977	-
69,548,494	-	69,548,494	-
812,837	-	812,837	-
11,101,680	2,104	11,103,784	798,456
1,438,202	-	1,438,202	-
(129,548)	129,548	-	-
604,184,883	131,652	604,316,535	798,456
254,677,841	129,835	254,807,676	12,019,043
314,012,453	4,517,252	318,529,705	218,035,418
-	-	-	7,713,362
314,012,453	4,517,252	318,529,705	225,748,780
<u>\$ 568,690,294</u>	<u>\$ 4,647,087</u>	<u>\$ 573,337,381</u>	<u>\$ 237,767,823</u>

COUNTY OF HAWAII

Governmental Funds

Balance Sheet

June 30, 2023

	General	Capital Projects	Hawaii County Housing Agency	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (note 3)	\$ 261,268,935	\$ 169,970,993	\$ 34,907,301	\$ 157,513,369	\$ 623,660,598
Investments (note 3)	17,323,301	2,731,335	-	40,000,000	60,054,636
Receivables, net (note 4)	37,260,466	-	-	3,768,040	41,028,506
Due from other governmental funds (note 5)	2,599,164	832,413	160,719	854,736	4,447,032
Due from other nongovernmental funds (note 5)	-	-	10,527	246,865	257,392
Receivables from other governments (note 4)	19,318,315	17,635,001	111,073	27,959,417	65,023,806
Inventories	8,614,054	-	-	-	8,614,054
Other	4,009,623	1,197,770	819,025	1,992,750	8,019,168
Total assets	<u>\$ 350,393,858</u>	<u>\$ 192,367,512</u>	<u>\$ 36,008,645</u>	<u>\$ 232,335,177</u>	<u>\$ 811,105,192</u>
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	\$ 7,769,860	\$ 15,797,775	\$ 121,456	\$ 7,417,856	\$ 31,106,947
Accrued payroll	11,112,547	-	228,871	1,728,112	13,069,530
Due to other governmental funds (note 5)	657,098	422,646	88,939	3,278,349	4,447,032
Advance collections-intergovernmental	93,054,332	997,403	21,862,300	11,998	115,926,033
Other	5,649,067	1,889,141	360,872	414,101	8,313,181
Total liabilities	<u>118,242,904</u>	<u>19,106,965</u>	<u>22,662,438</u>	<u>12,850,416</u>	<u>172,862,723</u>
Deferred Inflows of Resources:					
Unavailable revenue (note 7)	37,260,495	5,153,109	217,407	3,768,040	46,399,051
Deferred inflows related to advance collections of real property taxes and liquor licenses	3,232,235	-	-	-	3,232,235
Deferred inflows related to leases	922,760	-	517,562	1,595,366	3,035,688
Total deferred inflows of resources	<u>41,415,490</u>	<u>5,153,109</u>	<u>734,969</u>	<u>5,363,406</u>	<u>52,666,974</u>
Fund balances:					
Nonspendable: Inventory & Prepaid	9,108,261	-	-	-	9,108,261
Restricted for:					
Debt service (note 11)	-	-	-	54,406,861	54,406,861
Highways, streets and abandoned vehicles	-	61,320,538	-	118,284,324	179,604,862
Parks and recreational projects	-	28,709,825	-	-	28,709,825
Public access open space	26,836,951	-	-	-	26,836,951
Disaster and emergencies	11,498,359	-	-	-	11,498,359
General & public safety facilities	-	40,015,216	-	-	40,015,216
Other	1,021,713	24,193,588	1,332,358	2,419,477	28,967,136
Committed to:					
Budget stabilization	8,125,043	-	-	-	8,125,043
Lower Puna area	-	-	-	5,466,357	5,466,357
Housing, rental assistance and subsidy	-	-	11,278,880	1,364,283	12,643,163
Sanitation	-	-	-	21,556,141	21,556,141
Self insurance	1,280,272	-	-	-	1,280,272
Highways, streets and abandoned vehicles	-	1,448,545	-	10,083,114	11,531,659
Parks and recreational projects	-	2,818,845	-	62,273	2,881,118
Zoning change impact mitigation (fair share)	-	4,451,995	-	-	4,451,995
Other	345,439	1,082,628	-	478,525	1,906,592
Assigned to:					
Subsequent year's budget	36,408,864	-	-	-	36,408,864
Other	12,951,200	4,066,258	-	-	17,017,458
Unassigned	83,159,362	-	-	-	83,159,362
Total fund balances	<u>190,735,464</u>	<u>168,107,438</u>	<u>12,611,238</u>	<u>214,121,355</u>	<u>585,575,495</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 350,393,858</u>	<u>\$ 192,367,512</u>	<u>\$ 36,008,645</u>	<u>\$ 232,335,177</u>	<u>\$ 811,105,192</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2023

Total fund balances - governmental funds **\$ 585,575,495**

Amounts reported for governmental activities in the statement of net position are different because:

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

Subscription assets, net	3,536,865	
Land and improvements	390,407,932	
Infrastructure assets, net	285,691,707	
Buildings and improvements, net	650,884,115	
Equipment, net	60,879,955	
Easements, net	22,317,344	
Right to use assets, net	17,784,351	
Construction work in progress	<u>118,274,480</u>	
Total capital assets, net		1,549,776,749

Deferred amounts on refunding, pension and other post employment benefits are reported as deferred outflows of resources in the government-wide financial statements but are not reported in the governmental fund statements 158,703,500

Some of the County's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds. (note 7) 46,399,051

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Subscription liability	(3,338,893)	
Bonds and loans payable, net of receivable from improvement district	(579,359,728)	
Interest due on long-term debt	(6,840,951)	
Leases and other financing agreements	(25,411,676)	
Compensated absences	(48,573,087)	
Claims and judgments	(42,758,950)	
Landfill costs payable	(10,877,000)	
Pollution remediation	(17,388,676)	
Underground storage tank liability	(1,775,000)	
Net OPEB liability	(268,175,858)	
Net pension obligation	<u>(585,026,054)</u>	
Total long-term liabilities		(1,589,525,873)

Unamortized gain on refunding (565,183)

Deferred amounts related to pension and other post employment benefits are reported as deferred inflows of resources in the government-wide financial statements but are not reported in the governmental fund statements (181,673,445)

Net position of governmental activities **\$ 568,690,294**

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2023

	General	Capital Projects	Hawaii County Housing Agency	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 441,715,297	\$ -	\$ -	\$ -	\$ 441,715,297
Public service company taxes	9,646,274	-	-	-	9,646,274
County transient accommodations tax	33,911,025	-	-	-	33,911,025
Fuel taxes	-	-	-	21,635,977	21,635,977
Public utility franchise taxes	-	-	-	12,051,548	12,051,548
Licenses and permits	12,057,244	-	-	16,527,247	28,584,491
General excise tax surcharge	-	-	-	69,548,494	69,548,494
Intergovernmental	108,322,627	13,462,789	34,205,858	3,718,949	159,710,223
Charges for services	1,826,619	-	-	30,386,438	32,213,057
Investment earnings (loss)	11,965,871	(57,270)	10,564	175,469	12,094,634
Other	2,445,200	587,465	688,804	1,139,882	4,861,351
Total revenues	<u>621,890,157</u>	<u>13,992,984</u>	<u>34,905,226</u>	<u>155,184,004</u>	<u>825,972,371</u>
Expenditures					
Current:					
General government	58,575,127	-	-	3,075,580	61,650,707
Public safety	152,760,388	-	-	11,783,857	164,544,245
Highways and streets	4,714,426	-	-	44,911,888	49,626,314
Health, education and welfare	66,944,384	-	35,705,974	1,256,477	103,906,835
Culture and recreation	26,600,907	-	-	1,541,474	28,142,381
Sanitation	1,156,595	-	-	51,858,018	53,014,613
Pension and retirement contributions (note 14)	63,292,134	-	1,139,754	9,036,158	73,468,046
Employees' health insurance	16,867,012	-	433,025	3,280,153	20,580,190
Other postemployment benefits	42,910,000	-	-	-	42,910,000
Other	7,405,957	550,683	91,420	2,322,873	10,370,933
Debt service:					
Principal	4,527,614	-	308,036	33,562,126	38,397,776
Interest	607,444	-	52,111	17,013,797	17,673,352
Capital outlay	14,699,226	89,989,073	-	-	104,688,299
Total expenditures	<u>461,061,214</u>	<u>90,539,756</u>	<u>37,730,320</u>	<u>179,642,401</u>	<u>768,973,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>160,828,943</u>	<u>(76,546,772)</u>	<u>(2,825,094)</u>	<u>(24,458,397)</u>	<u>56,998,680</u>

(Continued)

COUNTY OF HAWAII

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2023

(Concluded)

	General	Capital Projects	Hawaii County Housing Agency	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Sale of assets	\$ 24,501	\$ -	\$ -	\$ -	\$ 24,501
Increase in right-to-use and subscription assets (notes 8, 9, and 11)	9,346,656	-	831,909	1,523,035	11,701,600
State Revolving Fund loans (note 11)	-	1,023,631	-	-	1,023,631
Issuance of Bond Anticipation Notes	-	28,500,000	-	-	28,500,000
Issuance of bonds (note 11)	-	99,000,000	-	-	99,000,000
Premium on bonds (note 11)	-	11,879,363	-	-	11,879,363
Transfers in (note 5)	-	32,672,340	11,144,320	88,562,607	132,379,267
Transfers out (note 5)	(91,024,433)	-	-	(41,354,834)	(132,379,267)
Total other financing sources (uses)	<u>(81,653,276)</u>	<u>173,075,334</u>	<u>11,976,229</u>	<u>48,730,808</u>	<u>152,129,095</u>
Net change in fund balances	79,175,667	96,528,562	9,151,135	24,272,411	209,127,775
Fund balances at beginning of fiscal year	<u>111,559,797</u>	<u>71,578,876</u>	<u>3,460,103</u>	<u>189,848,944</u>	<u>376,447,720</u>
Fund balances at end of fiscal year	<u>\$ 190,735,464</u>	<u>\$ 168,107,438</u>	<u>\$ 12,611,238</u>	<u>\$ 214,121,355</u>	<u>\$ 585,575,495</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

**Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Fiscal Year Ended June 30, 2023

Net change in fund balances - total governmental funds **\$ 209,127,775**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and amortization expense. In the current period, these amounts are:

Capital outlay	100,697,048	
Dedicated and contributed property	116,665,710	
Subscription assets	4,291,773	
Depreciation and amortization expense and loss on disposals	<u>(99,297,976)</u>	
Excess of capital outlay over depreciation and amortization expense		122,356,555

Borrowings provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period, assets financed through:

General obligation bonds	(99,000,000)	
Premium on bond issuance	(11,879,363)	
Bond anticipation notes	(28,500,000)	
State Revolving Fund loans	(1,023,631)	
Subscription liabilities	(4,291,773)	
Leases and other financing agreements	<u>(7,409,827)</u>	
Total debt proceeds		(152,104,594)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond principal retirement	27,494,847	
State Revolving Fund loan repayments	3,629,445	
Subscription payments	952,880	
Lease and other financing agreements payments	<u>6,320,604</u>	
Total long-term debt repayment		38,397,776

Because some revenues will not be collected for several months after the County's fiscal year end, they are not considered "available" revenues and are "deferred" in the governmental funds. Unavailable revenues increased by this amount this year.

7,124,871

(Continued)

COUNTY OF HAWAII

**Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Fiscal Year Ended June 30, 2023

(Concluded)

Some items reported in the statement of activities do not involve current financial resources and therefore are not reported as expenditures in governmental funds. These activities are:

Net increase in compensated absences	\$ (1,487,396)	
Net increase in claims and judgments	(20,227,972)	
Net decrease in landfill closure/postclosure care costs	194,000	
Net decrease in pollution remediation costs	86,324	
Amortization of premium from bond issuance	6,006,661	
Amortization of deferred loss on refunding	(657,282)	
Amortization of gain on refunding	102,761	
Net increase in accrued interest	(960,294)	
Net decrease to expenses related to net OPEB liability	25,424,682	
Net decrease to expenses related to pension and salaries and wages	21,293,974	
Net additional expenses		<u>29,775,458</u>
Change in net position of governmental activities		<u>\$ 254,677,841</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
Taxes and assessments:				
Property taxes	\$ 424,009,981	\$ 424,074,981	\$ 441,715,297	\$ 17,640,316
Public service company taxes	8,800,000	8,800,000	9,646,274	846,274
County transient accomodation tax	19,000,000	19,000,000	33,911,025	14,911,025
Total taxes and assessments	451,809,981	451,874,981	485,272,596	33,397,615
Licenses and permits:				
Nonbusiness licenses and permits	4,253,200	4,253,200	6,547,985	2,294,785
Business licenses	2,219,753	2,219,753	2,033,557	(186,196)
Street use	3,182,763	3,182,763	3,475,702	292,939
Total licenses and permits	9,655,716	9,655,716	12,057,244	2,401,528
Intergovernmental:				
Federal:				
Programs for the aged	2,646,904	2,646,904	1,243,670	(1,403,234)
Community development block grants	-	2,775,987	2,775,987	-
Law enforcement	4,931,323	5,979,401	2,901,772	(3,077,629)
Other	54,581,391	58,114,842	52,400,470	(5,714,372)
Total federal	62,159,618	69,517,134	59,321,899	(10,195,235)
State:				
Emergency medical services	23,248,359	23,248,359	23,805,327	556,968
Other	9,226,985	12,327,270	8,456,917	(3,870,353)
Total State	32,475,344	35,575,629	32,262,244	(3,313,385)
Total intergovernmental revenue	94,634,962	105,092,763	91,584,143	(13,508,620)
Charges for services:				
General government	3,823,301	3,823,301	3,998,123	174,822
Culture and recreation	1,337,650	1,337,650	1,345,726	8,076
Highways and streets	379,000	379,000	157,238	(221,762)
Public safety	82,400	82,400	68,428	(13,972)
Total charges for services	5,622,351	5,622,351	5,569,515	(52,836)
Fines and forfeitures	2,161,300	2,161,300	607,800	(1,553,500)
Rents	153,500	153,500	139,799	(13,701)

(Continued)

COUNTY OF HAWAII

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues (continued):				
Interest and penalties	\$ 700,000	\$ 700,000	\$ 9,523,491	\$ 8,823,491
Miscellaneous	4,397,219	5,007,219	4,613,832	(393,387)
Total revenues	569,135,029	580,267,830	609,368,420	29,100,590
Expenditures:				
Current:				
General government:				
Finance	15,167,907	15,167,907	12,365,339	2,802,568
General government building	8,804,754	8,977,421	8,341,074	636,347
Legislative	4,970,076	4,073,891	3,513,632	560,259
Automotive equipment	5,351,916	5,166,808	4,592,693	574,115
Law	3,717,674	3,717,674	3,057,504	660,170
Research and development	3,967,358	5,566,758	4,759,189	807,569
Planning and zoning	5,182,326	5,182,326	4,781,313	401,013
Mayor's office	1,716,775	1,867,275	1,770,807	96,468
Engineering	770,364	810,364	787,919	22,445
Information technology	4,611,078	4,611,078	4,032,131	578,947
Human resources	2,581,780	2,581,780	2,260,154	321,626
Public works administration	1,606,601	1,546,601	1,397,602	148,999
Elections	1,218,314	1,218,314	895,117	323,197
County auditor	762,104	784,874	675,556	109,318
Total general government	60,429,027	61,273,071	53,230,030	8,043,041
Public safety:				
Police department	76,561,040	80,202,118	72,657,981	7,544,137
Fire department	62,045,421	63,841,960	61,178,614	2,663,346
Prosecuting attorney	11,130,953	11,783,836	9,142,763	2,641,073
Protective inspection	3,934,432	3,966,873	3,276,615	690,258
Liquor control	2,200,753	2,442,943	2,178,658	264,285
Flood control	330,000	330,000	330,000	-
Civil defense agency	2,602,521	2,628,579	2,289,615	338,964
Animal control	3,414,013	3,414,013	2,185,012	1,229,001
Total public safety	162,219,133	168,610,322	153,239,258	15,371,064
Highways and streets:				
Mass transit	9,128,181	12,772,954	7,711,646	5,061,308

(Continued)

COUNTY OF HAWAII

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Expenditures (continued):				
Current (continued):				
Health, education and welfare:				
Elderly activities	\$ 3,988,018	\$ 3,988,018	\$ 2,841,157	\$ 1,146,861
Office of aging	4,702,212	4,710,212	2,872,647	1,837,565
Education	52,650	52,650	9,642	43,008
Social programs	3,115,000	3,180,000	3,127,500	52,500
Homelessness	9,950,000	9,950,000	9,753,603	196,397
Cemeteries	449,547	474,872	453,852	21,020
Physical examination	133,826	133,826	132,797	1,029
Total health, education and welfare	<u>22,391,253</u>	<u>22,489,578</u>	<u>19,191,198</u>	<u>3,298,380</u>
Culture and recreation:				
Community music	309,729	309,729	241,728	68,001
Organized recreation:				
Maintenance	14,150,368	14,028,133	13,981,364	46,769
Recreation	3,480,890	3,497,389	3,349,674	147,715
Aquatics	2,920,579	2,792,307	2,161,448	630,859
Hoolulu park complex	1,212,962	1,276,991	1,260,431	16,560
Administration	4,481,761	4,771,497	4,586,280	185,217
Children's zoo	946,318	979,390	937,153	42,237
Summer/Intersession	571,185	576,185	354,079	222,106
Culture and arts	496,228	515,228	472,675	42,553
Elderly activities administration	893,343	1,072,517	1,039,162	33,355
Total culture and recreation	<u>29,463,363</u>	<u>29,819,366</u>	<u>28,383,994</u>	<u>1,435,372</u>
Sanitation:				
Environmental management	1,820,395	1,820,395	1,462,954	357,441
Pension and retirement contributions	71,782,132	71,782,132	64,426,755	7,355,377
Employees' health insurance	20,000,000	20,000,000	16,968,769	3,031,231
Other postemployment benefits	42,946,000	42,946,000	42,801,803	144,197
Other	67,296,679	63,843,909	47,989,273	15,854,636
Total current	<u>487,476,163</u>	<u>495,357,727</u>	<u>435,405,680</u>	<u>59,952,047</u>

(Continued)

COUNTY OF HAWAII

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

				(Concluded)
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Expenditures (continued):				
Capital Outlay:				
Community Development Block grants (HUD)	\$ 150,000	\$ 3,275,987	\$ 2,650,243	\$ 625,744
HOME Program	200,000	205,000	41,200	163,800
Total capital outlay	350,000	3,480,987	2,691,443	789,544
Total expenditures	487,826,163	498,838,714	438,097,123	60,741,591
Excess of revenues over expenditures	81,308,866	81,429,116	171,271,297	89,842,181
Other financing uses:				
Transfers out:				
Housing Fund	(11,141,320)	(11,144,320)	(11,144,320)	-
Solid Waste Fund	(28,916,044)	(28,916,044)	(28,916,044)	-
Sewer Fund	(3,446,553)	(3,446,553)	(3,446,553)	-
Golf Course Fund	(790,367)	(790,367)	(790,367)	-
Capital Project Fund	-	(119,750)	(119,750)	-
Self Insurance Fund	(1,000,000)	(1,000,000)	(1,000,000)	-
Disaster/Emergency Fund	(4,260,000)	(4,373,000)	(4,359,277)	13,723
Public Access, Open Space, and Natural Resources Preservation Fund	(8,588,000)	(8,862,000)	(8,834,306)	27,694
Public Access, Open Space, and Natural Resources Preservation Maintenance Fund	(1,073,500)	(686,500)	(656,897)	29,603
Budget Stabilization Fund	(250,000)	(250,000)	(250,000)	-
Comm Benefit Fund	(250,000)	(250,000)	-	250,000
Debt Service Fund	(49,499,130)	(49,499,130)	(49,499,130)	-
Total transfers out	(109,214,914)	(109,337,664)	(109,016,644)	321,020
Total other financing uses	(109,214,914)	(109,337,664)	(109,016,644)	321,020
Excess (deficiency) of revenues over (under) expenditures and other uses	(27,906,048)	(27,908,548)	62,254,653	90,163,201
Fund balance at beginning of fiscal year	111,559,797	111,559,797	111,559,797	-
Fund balance at end of fiscal year	\$ 83,653,749	\$ 83,651,249	\$ 173,814,450	\$ 90,163,201

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Hawaii County Housing Agency

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
Intergovernmental -				
Federal - HUD - Voucher program	\$ 27,691,537	\$ 42,691,537	\$ 36,082,209	\$ (6,609,328)
State - Housing grant	-	2,000,000	-	(2,000,000)
Investment earnings	6,700	81,700	10,564	(71,136)
Resale of property	-	-	50,000	50,000
Other	835,412	835,412	638,803	(196,609)
Total revenues	<u>28,533,649</u>	<u>45,608,649</u>	<u>36,781,576</u>	<u>(8,827,073)</u>
Expenditures:				
Health, education and welfare	39,080,569	57,577,054	37,125,234	20,451,820
Pension and retirement contributions	1,130,185	1,166,903	1,134,312	32,591
Employees' health insurance	464,215	464,215	433,439	30,776
Total expenditures	<u>40,674,969</u>	<u>59,208,172</u>	<u>38,692,985</u>	<u>20,515,187</u>
Deficiency of revenues under expenditures	(12,141,320)	(13,599,523)	(1,911,409)	11,688,114
Other financing sources - transfers in -				
Transfers in - General Fund	11,141,320	11,144,320	11,144,320	-
Excess (deficiency) of revenues and other sources over (under) expenditures	(1,000,000)	(2,455,203)	9,232,911	11,688,114
Fund balance at beginning of fiscal year	3,460,103	3,460,103	3,460,103	-
Fund balance at end of fiscal year	<u>\$ 2,460,103</u>	<u>\$ 1,004,900</u>	<u>\$ 12,693,014</u>	<u>\$ 11,688,114</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Proprietary Funds

Statement of Net Position

June 30, 2023

	Business-type Activities-		
	Enterprise Funds		
	Kulaimano Elderly Housing Project	Ouli Ekahi Affordable Housing Project	Total
Assets			
Current assets:			
Cash and cash equivalents (note 3)	\$ 748,390	\$ 558,180	\$ 1,306,570
Restricted cash and cash equivalents (note 3)	15,023	31,173	46,196
Imprest fund (note 3)	50	100	150
Receivables, net (note 4)	10,767	8,512	19,279
Prepaid expenses	11,916	-	11,916
Total current assets	<u>786,146</u>	<u>597,965</u>	<u>1,384,111</u>
Noncurrent assets:			
Restricted cash and cash equivalents (note 3)	-	74,112	74,112
Capital assets (note 6):			
Land and site improvements	511,000	515,727	1,026,727
Buildings and equipment	3,083,216	1,056,951	4,140,167
Less accumulated depreciation	(1,509,591)	(217,013)	(1,726,604)
Construction work in progress	-	105,256	105,256
Total capital assets	<u>2,084,625</u>	<u>1,460,921</u>	<u>3,545,546</u>
Total noncurrent assets	<u>2,084,625</u>	<u>1,535,033</u>	<u>3,619,658</u>
Total assets	<u>2,870,771</u>	<u>2,132,998</u>	<u>5,003,769</u>
Liabilities			
Current liabilities:			
Accounts payable	20,193	11,563	31,756
Due to other governmental funds (note 5)	254,222	3,170	257,392
Security deposits payable from restricted assets	15,021	27,787	42,808
Unearned revenue	-	7,534	7,534
Interest payable	3,352	-	3,352
Notes payable, current portion (note 11)	-	8,090	8,090
Other liabilities	5,750	-	5,750
Total current liabilities	<u>298,538</u>	<u>58,144</u>	<u>356,682</u>
Net Position			
Net investment in capital assets	2,084,625	1,452,831	3,537,456
Unrestricted	487,608	622,023	1,109,631
Total net position	<u>\$ 2,572,233</u>	<u>\$ 2,074,854</u>	<u>\$ 4,647,087</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Fiscal Year Ended June 30, 2023

	Business-type Activities- Enterprise Funds		
	Kulaimano Elderly Housing Project	Ouli Ekahi Affordable Housing Project	Total
Operating revenues:			
Rental receipts from tenants	\$ 170,450	\$ 360,311	\$ 530,761
Rental subsidy from federal government - HUD	331,282	-	331,282
Laundry receipts	701	-	701
Other	1,622	8,055	9,677
Total operating revenues	<u>504,055</u>	<u>368,366</u>	<u>872,421</u>
Operating expenses:			
Utilities	59,929	118,224	178,153
General and administration	239,670	159,603	399,273
Maintenance and repairs	96,665	43,595	140,260
Depreciation (note 6)	104,664	34,301	138,965
Total operating expenses	<u>500,928</u>	<u>355,723</u>	<u>856,651</u>
Operating income	<u>3,127</u>	<u>12,643</u>	<u>15,770</u>
Nonoperating revenues (expenses):			
Investment income	219	1,885	2,104
Interest expense	(12,098)	-	(12,098)
Loss on disposal of fixed assets	(5,104)	(385)	(5,489)
Total nonoperating revenues (expenses)	<u>(16,983)</u>	<u>1,500</u>	<u>(15,483)</u>
Capital contributions			
Contributions	24,292	105,256	129,548
Change in net position	10,436	119,399	129,835
Net position, beginning of fiscal year	2,561,797	1,955,455	4,517,252
Net position, end of fiscal year	<u>\$ 2,572,233</u>	<u>\$ 2,074,854</u>	<u>\$ 4,647,087</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Proprietary Funds

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	Kulaimano Elderly Housing Project	Ouli Ekahi Affordable Housing Project	Total
Cash Flows from Operating Activities			
Receipts from tenants	\$ 164,856	\$ 374,873	\$ 539,729
Receipts from federal government - HUD	331,282	-	331,282
Payments to suppliers for goods and services	(395,946)	(322,275)	(718,221)
Net cash provided by operating activities	<u>100,192</u>	<u>52,598</u>	<u>152,790</u>
Cash Flows from Noncapital Financing Activities			
Transfers out to other funds	(91,716)	-	(91,716)
Net cash used in noncapital financing activities	<u>(91,716)</u>	<u>-</u>	<u>(91,716)</u>
Cash Flows from Capital and Related Financing Activities			
Principal paid on notes payable	-	(33,411)	(33,411)
Purchase of capital assets	-	(5,098)	(5,098)
Net cash used in capital and related financing activities	<u>-</u>	<u>(38,509)</u>	<u>(38,509)</u>
Cash Flows from Investing Activities			
Interest on investments	219	1,885	2,104
Net cash provided by investing activities	<u>219</u>	<u>1,885</u>	<u>2,104</u>
Net increase in cash and cash equivalents	8,695	15,974	24,669
Cash and cash equivalents at beginning of fiscal year (including restricted cash and cash equivalents)	754,768	647,591	1,402,359
Cash and cash equivalents at end of fiscal year (including restricted cash and cash equivalents)	<u>\$ 763,463</u>	<u>\$ 663,565</u>	<u>\$ 1,427,028</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 3,127	\$ 12,643	\$ 15,770
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	104,664	34,301	138,965
Change in assets and liabilities:			
Receivables, net	(6,485)	4,353	(2,132)
Prepaid expenses	(8,004)	-	(8,004)
Accounts and other payables	10,155	(2,066)	8,089
Unearned revenue	(3,265)	3,367	102
Net cash provided by operating activities	<u>\$ 100,192</u>	<u>\$ 52,598</u>	<u>\$ 152,790</u>
Supplemental Disclosure of Noncash Capital and Related Financing Activities			
Capital contributions	<u>\$ 24,292</u>	<u>\$ 105,256</u>	<u>\$ 129,548</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2023

	Private- Purpose Trusts	Custodial Funds
Assets		
Cash and cash equivalents (note 3)	\$ 628,348	\$ 5,397,680
Investments (note 3)	1,897,197	-
Receivables:		
Due from other custodial funds	-	6,535
Other receivables	-	80,327
Total receivables	-	86,862
Total assets	<u>2,525,545</u>	<u>5,484,542</u>
Liabilities		
Accrued liabilities	-	2,271,133
Due to other custodial funds	-	6,535
Advances payable	-	56,649
Total liabilities	<u>-</u>	<u>2,334,317</u>
Net Position		
Restricted for other parties	<u>2,525,545</u>	<u>3,150,225</u>
Total net position	<u>\$ 2,525,545</u>	<u>\$ 3,150,225</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAII

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended June 30, 2023

	Private- Purpose Trusts	Custodial Funds
Additions		
Tax collections for state	\$ -	\$ 27,458,835
Special assessment collections	-	1,845,663
Developer deposit	-	1,502,619
Employee collections	-	474,461
Lapsed checks	-	54,988
Collections from vehicle registrations and licenses	-	193,629
Investment earnings	122,508	38,623
Total additions	<u>122,508</u>	<u>31,568,818</u>
Deductions		
Grant payments	27,934	-
Payment of taxes to state	-	26,265,121
Payments to state, not for profits and improvement district	-	1,595,088
Contributions to debt repayment	-	265,655
Administrative charges	-	1,235,303
Community facility district expenses	-	1,572,612
Reissuance of checks	-	43,559
Reimbursements to employees	-	465,807
Investment Fees	14,813	-
Other	-	80,132
Total deductions	<u>42,747</u>	<u>31,523,277</u>
Change in net position	79,761	45,541
Net position, beginning of fiscal year	<u>2,445,784</u>	<u>3,104,684</u>
Net position, end of fiscal year	<u>\$ 2,525,545</u>	<u>\$ 3,150,225</u>

See accompanying notes to the basic financial statements.

COUNTY OF HAWAI'I

Notes to the Basic Financial Statements

June 30, 2023

The accounting policies of the County of Hawai'i (the County) conform to U.S. generally accepted accounting principles (GAAP) as applicable to local governmental units. The following notes to the basic financial statements are an integral part of the County's Annual Comprehensive Financial Report (ACFR).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The County has implemented Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* (GASB Statement No. 14), Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (GASB Statement No. 39) and Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34* (GASB Statement No. 61). All organizations, activities or functions that meet the criteria in GASB Statement No. 14, as amended, No. 39 and No. 61 for inclusion in the reporting entity are included in the County's basic financial statements.

Primary Government The County operates under the Mayor-Council form of government under a charter that became effective on January 2, 1969, and was amended in 1979, 1982, 1990 and 2000. The County's operations are organized by the following functions: general government; public safety; highways and streets; sanitation; health, education and welfare; culture and recreation; pension and retirement contributions; health fund; miscellaneous; capital outlay; and debt service. The State of Hawai'i (the State) assumes full responsibility for several major functions usually performed by local governments, including education, welfare, health and judicial functions. There are no separate city, county or township governments nor any school districts, special districts, authorities or public corporations with overlapping authority.

GASB Statement No. 14, as amended, defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable or for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. "Financial accountability" is the level of accountability that exists if a primary government appoints a voting majority of an organization's governing board or if the organization is fiscally dependent on the primary government and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities or level of services performed or provided by the organization. An organization has a financial benefit or burden relationship with the primary government if any one of three conditions exist: (1) The primary government is legally entitled to or can otherwise access the organization's resources; (2) The primary government is legally obligated or has otherwise assumed the obligation to

COUNTY OF HAWAI'I

Notes to the Basic Financial Statements

June 30, 2023

finance the deficits of, or provide financial support to, the organization; or (3) The primary government is obligated in some manner for the debt of the organization.

As required by GAAP as set forth in GASB Statement No. 14, No. 39 and No. 61, these basic financial statements present the County of Hawai'i (the primary government) and its component unit, the Department of Water Supply (the Department). This component unit is included in the County's reporting entity because of its financial relationship with the County.

Discretely Presented Component Unit The component unit column in the basic financial statements includes the financial data of the Department, a legally independent agency of the County that is accounted for as an enterprise fund. It is reported in a separate column to emphasize that it is legally separate from the County. The members of the Water Board, the governing body of the Department, are appointed by the Mayor of the County and confirmed by the County Council. The Department is granted corporate powers by state statute and the County Charter. Although the County does not have the authority to approve or modify the Department's operational and capital budgets, the County has issued bonds on the Department's behalf that are general obligations of the County. Because the County is obligated to repay these bonds in the event of default by the Department, the County is financially accountable for the debts of the Department. See Note 15 for component unit disclosures for the Department. Complete financial statements of the Department can be obtained from the Department of Water Supply, 345 Kekūanaō'a Street, Suite 20, Hilo, Hawai'i 96720.

Basic Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (general government, public safety, highways and streets, etc.) which are otherwise being supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function (general government, public safety, highways and streets, etc.) or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenues.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

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The government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements' emphasis is on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) are summarized into a single column.

The governmental funds in the fund financial statements are presented using the current financial resource focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the County's actual experience conforms to the budget fiscal plan. Since the governmental fund statements are presented using a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements by type (private purpose and custodial). Since by definition these assets are being held for the benefit of a third party (private parties, state government, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Government-wide and fund financial statements – 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 primary government and its component unit. The effect of interfund activity has been removed from these statements during the process of incorporating fund data but interfund services provided and used have not been eliminated in the process of consolidation. 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 certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

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

Activities in funds – 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 comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The County reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the County. It is used to account for all activities of the general government, except those required to be accounted for in other funds.

Capital Projects Fund – Used to account for the costs of constructing County capital improvements financed with general obligation bond proceeds, federal and state grants, and general and special revenue fund revenues. The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major general government capital facilities and infrastructure (other than those financed by proprietary funds and trust funds) when separate project centers are needed to control costs.

Housing Agency – The Housing Agency is used to account for Federal and County moneys used to provide public housing assistance within the County.

The County reports the following major proprietary funds:

Kula'imano Elderly Housing Project – Used to account for the operation of a rental housing project for low-income senior citizens located north of Hilo.

Ouli Ekahi Affordable Housing Project – Used to account for the operation of a 33-unit single-family affordable rental housing project located in Waimea.

COUNTY OF HAWAI'I

Notes to the Basic Financial Statements

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The County reports the following fiduciary funds:

Private-Purpose Trust Funds – Used to account for investment income on funds received from import businesses at the port of Hilo and the related expenditures to promote health and safety on the Island of Hawai'i.

Custodial Funds – Used to account for assets held by the County for other governmental units and individuals. The custodial funds are custodial in nature and do not involve measurement of results of operations. The County has the following custodial funds:

- State Weight Tax Fund
- Improvement District No. 18 Fund
- Improvement District No. 19 Fund
- Improvement District No. 20 Fund
- Improvement District Revolving Fund
- Performance and Refundable Deposits Fund
- Flexible Spending Account
- Lapsed Warrants Fund
- Non-Profit License Plates Fund
- Organ and Tissue Education Fund
- Business Improvement District 1-Kailua

Basis of Accounting

Basis of accounting refers to the period in which revenues and expenditures (or expenses) are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements and the proprietary, fiduciary and component unit fund financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

Accrual Basis - Revenues are recognized when earned and expenses are recognized when the related obligation is incurred.

Modified Accrual Basis - Revenues are recorded when susceptible to accrual (that is, both measurable and available). "Measurable" means the amounts are determinable. "Available" means the amounts are collectible within the current period or soon enough thereafter (one year for intergovernmental revenues) to be used to pay liabilities of the current period. Licenses and permits, charges for current services, fines and forfeitures, penalties and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Real property taxes and State Revolving Fund loan proceeds are considered available when collected.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

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In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon the expenditures recorded. Most construction grants and many operating grants fall into this category. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The County reports deferred inflow of resources in its fund financial statements (see Note 7). Deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow is removed from the fund financial statements and revenue is recognized.

Expenditures are recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred. Exceptions to this general rule include: (a) accumulated compensated absences and claims and judgments which are recognized as expenditures when paid; (b) liabilities related to municipal solid waste landfill closure and postclosure care costs; (c) principal and interest on general long-term debt which are recognized as expenditures when due; and (d) liabilities relating to pollution remediation .

The County applies all applicable GASB pronouncements, including the adoption of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB (Financial Accounting Standards Board) and AICPA (American Institute of Certified Public Accountants) Pronouncements*.

Encumbrances

The general, special revenue, and capital projects funds follow encumbrance accounting under which purchase orders, contracts and other commitments are recorded as an obligation of fund balance and provide authority for the carryover of appropriations to the subsequent year in order to complete these transactions. Encumbrances outstanding at year-end are included in the respective fund balance categories as appropriate and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits and savings accounts, and short-term investments with a maturity date of three months or less from the date acquired by the County.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

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Investments consist of certificates of deposit, repurchase agreements, and securities with original maturities exceeding three months. These include participating investment contracts (U.S. government sponsored agency issues and negotiable certificates of deposit) as well as nonparticipating investment contracts (time certificates of deposit and repurchase agreements). Both categories of investments are stated at fair value (see Note 3). Valuations of investments in government sponsored enterprises such as Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) are based on quoted market rates. Investments also consist of equity securities in the fiduciary fund financial statements. These investments are stated at fair value based on closing quoted prices.

Real Property Taxes

The County's real property taxes are levied on July 1 each year on assessed valuation as of January 1. The taxes become a lien on the property assessed as of the levy date. Taxes are due and payable in two equal annual installments on August 20 and February 20. Accordingly, real property taxes receivable as of June 30 are delinquent. Each delinquent installment bears interest at 1% per month and penalties of up to 10% of the amount due. Assessments are based on 100% of estimated fair market values prior to the application of exemptions or preferential assessments.

The County provides real property tax abatement under five programs – Enterprise Zone, Historic Residential Dedication, Low and Moderate Income Housing, Agricultural Use Programs, and Solar Water Heater Credit:

Enterprise Zone Exemption - Section 19-89.3 of the Hawai'i County Code provides buildings or other like structures which are built as a result of new construction by a qualified business within an enterprise zone to be exempt except for the minimum tax from real property taxes for a period of three years. The purpose of this program is to stimulate business and industrial growth. A qualified business in an enterprise zone must satisfy the requirements of Chapter 31 of the Hawai'i County Code and section 208E, Hawaii Revised Statutes.

Historic Residential Dedication Exemption – Section 19-89.1 of the Hawai'i County Code and Rule 36 of the Rules and Regulations of the Director of Finance provides an exemption to encourage the preservation of residential structures that have been placed on the Hawai'i Register of Historic Places after January 1, 1977. 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 owner certifies the current level of taxation is a material factor which threatens the continued existence of the historic status. This dedication is for a minimum period of ten years, automatically renewable indefinitely. Cancellation of the dedication by either the owner or the Director of Finance may only be made upon five years' written advance notice and no earlier than the end of the fifth tax year. Any person who becomes an owner of the dedicated real property shall be subject to the restrictions and retroactive tax assessment provisions. If the dedication is approved, the exemption based upon the dedication shall be effective July 1 of the tax year following the approval of the dedication. The dedicated exempt property or

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portion of the property approved shall be subject to the minimum tax provisions of Section 19-90(e) of the Hawai'i County Code. If there is a breach in the agreement, the property would be subject to roll back taxes, including penalty and interest.

Low and Moderate-Income Housing Exemption – Section 19-87 of the Hawai'i County Code and Rule 37 of the Rules and Regulations of the Director of Finance provides an exemption for a housing project which is owned and operated by a nonprofit or limited distribution mortgagor or by a qualified entity from taxation. Must participate in long-term housing project that have regulatory agreements mandating rent levels, occupancy of the project is limited to the elderly, handicapped, low or moderate income families. Applicants must submit an application form along with a copy of the recorded regulatory agreement. The exemption 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 per Section 19-90(e) of the Hawai'i County Code. The exemption shall continue so long as the rental housing project is owned and operated by a nonprofit or limited mortgagor. If the rental units do not comply with the regulatory conditions, the property would be subject to roll back taxes, including penalty and interest.

Non Dedicated Agricultural Use Assessment – Section 19-57 of the Hawai'i County Code and Rule 34 of the Rules and Regulations of the Director of Finance reduces assessments to encourage local agricultural production as well as the preservation of agricultural lands that could otherwise be further developed, by valuing these lands at the at two times the dedicate agricultural use value as opposed to the market value. Unlike the Dedicated Agricultural Use program, the zoning for this program must be agricultural. An application form must be filed along with a plot plan and provide details as to what agricultural activities are conducted on the property. Upon review and approval, the application is effective as of January 1 for the following tax year. Renewal of the application shall be in such form and at such time as requested by the director. Valuation consideration is given to the type of agricultural activity. Any breach to the terms of would result in an immediate rollback calculation of current plus two yeas taxes plus penalties and interest.

Commercial Agricultural Use Dedication – Section 19-60 of the Hawai'i County Code and Rule 31 of the Rules and Regulations of the Director of Finance 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 and provide details as to what agricultural activities are conducted on the property. Upon review and approval, the owner is required to record the dedication at the Bureau of Conveyances. There is currently only one available dedication length which is a 10 year period, however, previously there was a 20 year dedication. This dedication does not automatically renew. Valuation consideration is given to the type of agricultural activity. Any breach to the terms of the recorded dedication would result in the cancellation of the

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dedication, or portion thereof, and the immediate rollback calculation of taxes plus penalties and interest.

Solar Water Heater Credit- Section 19-104 of the Hawai'i County Code provides a one-time tax credit per tax map key for up to \$300 for the owner of real property who installs a solar water heater on the owner's property on or after January 1, 2008. This program was created with the purpose of providing an incentive to support renewable energy. The owner must apply for the credit.

Information relevant to the disclosure of these programs for the fiscal year ended June 30, 2023 is as follows:

Tax Abatement Program	Amount of Taxes Abated - as defined by GASB 77
Enterprise Zone	\$1,993
Historic Residential Dedication	\$369,914
Low and Moderate Income Housing	\$1,284,818
Agricultural Use Programs	\$34,271,482
Solar Water Heater Credit	\$27,000

Inventories

Inventories consist of materials and supplies and are reported as expenditures at the time of consumption (consumption method). Police and fire department inventories are stated using the first in, first out (FIFO) method. Other inventories are stated at average cost.

Liquor Control

Section 281 of the Hawai'i Revised Statutes requires that liquor license revenues collected be used only for costs and expenses directly relating to operational and administrative costs actually incurred by the liquor commission collecting such fees. The unexpended fees at June 30, 2023 of \$1,021,713 are reflected as a restriction of general fund balance.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as

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assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value if available or if not, at estimated fair market value at the date of donation.

The costs 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.

Capital assets of the primary government and enterprise fund are depreciated or amortized using the straight-line method over the following estimated useful lives of the assets:

<u>Assets</u>	<u>Years</u>
Infrastructure	20 to 100 years
Buildings and improvements	50 to 100 years
Ground and site improvements	20 to 50 years
Equipment	5 to 40 years
Easements	Dependent on terms of easement agreement
Right to use leased assets	Dependent on terms of lease agreement

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense or expenditure) until that time. The County has three items that qualifies for reporting in this category. The County reports the deferred loss on refunding and deferred outflow related to both pensions and other postemployment benefits (OPEB) as a deferred outflow of resources in its statement of net position.

Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Property taxes, fees, certain grants, lease rental income and other non-exchange transactions received in the current fiscal year for the ensuing fiscal year are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources related to both pensions and other postemployment benefits (OPEB).

Long-term Obligations

The County reports long-term debt of governmental funds at face value on the government-wide statement of net position. Certain other governmental fund obligations not expected to be financed with current available resources are also reported on the government-wide

COUNTY OF HAWAII

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statement of net position. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in those funds.

Compensated Absences

Employees earn vacation credit at the rate of one and three-quarter working days for each month of service. Up to ninety days of vacation leave credits can be accumulated per employee. In addition, employees who work overtime can elect to take compensatory time off instead of overtime pay. The time off is earned at the rate of one-and-a-half hours for each hour of overtime worked. There is no statutory limit to the amount of compensatory time off an employee can accumulate. Both compensatory time off and vacation credits are converted to pay upon termination of employment.

A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All vacation and compensatory time off pay is accrued in the government-wide statement of net position along with the estimated liability for social security and Medicare taxes and employers' retirement contributions on those amounts.

Sick leave accumulates without limit. Sick leave can be taken only in the event of illness and is not convertible to pay upon termination of employment; therefore there is no related liability. However, a County employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the Employees' Retirement System of the State of Hawai'i. Accumulated sick leave at June 30, 2023 totaled \$79,715,883 for the primary government.

Leases

The financial statements reflect both a long-term lease liability and right to use asset at the present value of payments expected to be made under the lease agreement. However, if the lease agreement involves the asset's transfer of ownership to the County at the end of the contract, the agreement has been recognized as a financed purchase and accounted for accordingly.

For those leases in which the County leases real property to others, the County has recognized a receivable and a deferred inflow of resources at the present value of payments expected to be received under the lease agreement.

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 Hawai'i (ERS) and additions to and deductions from ERS's fiduciary net position have been determined on the

COUNTY OF HAWAI'I

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same basis as they are reported by ERS. 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.

Other Postemployment Benefits (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows or 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 for EUTF. For this purpose, EUTF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for investments in commingled and money market funds, which are reported at net asset value (NAV). The NAV is based on the fair value of the underlying assets held by the respective fund less its liabilities.

Operating Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items for the proprietary funds. Operating revenues generally result from providing services in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the proprietary funds are fees charged to residents for rent and rental subsidies received from the federal government.

Operating expenses include the costs associated with providing housing for tenants, such as utilities, lease rent, and maintenance and repairs; administrative expenses; and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of the basic financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

Fund Balances

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then

COUNTY OF HAWAII

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unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The County reports the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The County has inventory and prepaids included in their nonspendable fund balance.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments or are imposed by law (under the Hawai'i Revised Statutes or County of Hawai'i Charter).

Committed Fund Balance – Committed Fund Balances are amounts that can only be used for specific purposes as a result of constraints imposed by the County Council via ordinances and the County Code and can only be undone via the same manner. The committed fund balance of the General Fund includes the portion of fund balance committed to budget stabilization. The budget stabilization portion is authorized under County Code §2-219 to §2-223 and additions are made via the County budget or subsequent budget amendments. The fund balance may only be used when there is a reduction in budgeted revenue and the director of finance determines that the extent of such reduction necessitates the use of these funds to prevent a reduction in the level of public services. Upon written determination by the director that such usage is necessary, appropriations from such fund would require passage by two-thirds of the county council as opposed to the usual simple majority.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County's intent as determined by the Mayor but are neither restricted nor committed. The County's only assigned fund balances are in the General Fund and Capital Projects Fund and the majority consists of the portion of fund balance that is intended to balance the subsequent year's budget, which is conveyed by the Mayor via his approval of allotment requests and his approval of the current year's fund balance amount to be included in the submittal for next year's annual budget ordinance.

Unassigned Fund Balance – This is the residual classification of the General Fund. The General Fund is the only fund that could potentially report a positive unassigned fund balance.

The category of Other for the Restricted, Committed and Assigned fund balances on the Governmental Funds Balance Sheet include funds restricted for the purposes of housing and rental assistance; parks and recreation projects; general and public safety facilities; liquor control; taxicab investigations; special duty officers and sewer loan programs.

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Net Position

When both restricted and unrestricted net position are available for use, it is the County's policy to use restricted net position first, and then unrestricted net position.

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This consists of net position that is restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net position that does not meet the definition of restricted or net investment in capital assets.

New Accounting Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The County has fully implemented the requirements in the current fiscal year.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management has determined that this Statement does not have a material impact on the County's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide uniform guidance for accounting and financial reporting for transactions that meet the definition of a subscription-based information technology arrangement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The County has fully implemented the requirements in the current fiscal year.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature as contained in GASB Statement No. 53, 87, 94 and

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96. Management has determined that this Statement does not have a material impact on the County's financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Change and Error Corrections*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The County has not yet determined the effect this Statement will have on its financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The County has not yet determined the effect that this Statement will have on its financial statements.

Adoption of New Accounting Principle

The County and Department implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide uniform guidance for accounting and financial reporting for transactions that meet the definition of a subscription-based information technology arrangement. The principal objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for arrangements that meet the above criteria by governments.

As a result of this new Statement, the County recognized expenditures and other financing source related to Subscription Based Information Technology Asset (SBITA) in the governmental funds totaling \$4,291,773, which were then recognized as a subscription asset and a long-term subscription liability, in the Statement of Net Position.

As a result of implementing GASB 96, the Department recognized a SBITA asset and liability of \$9,695.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual Budget

The County follows these procedures in establishing its operating and capital budgets:

- On or before March 1, the Mayor submits to the County Council proposed operating and capital projects budgets for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures for the general fund and special revenue

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funds, and the means of financing them. A project-length budget is submitted to the County Council for the capital projects fund.

- The Mayor submits to the County Council amendments to the proposed operating and capital budgets within ten working days after the close of the state legislature, but not later than May 5.
- The County Council conducts public hearings on the proposed operating and capital budgets after March 1 but prior to the first reading on the budget bills, which must be after May 5.
- On or before June 30, the County Council adopts the budgets. The legal level of budgetary control is the department level because the Mayor can transfer funds from any unencumbered appropriation to another within a department or agency without County Council approval. During the year, the budget may be amended by action of the County Council, except for appropriations required by law and appropriations for debt service, which may not be decreased or deleted. Supplemental appropriations were made during the 2022-23 fiscal year to recognize revenue from sources not anticipated at the time of the original budget and to establish the authorization for such funds to be expended. Such supplemental appropriations totaled \$11.1 million in the general fund and \$32.5 million in the special revenue funds. Legally adopted budgets include the General Fund, Highway Fund, Sewer Fund, Solid Waste Fund, Cemetery Fund, Vehicle Disposal Fund, Bikeway Fund, Workforce Investment Act Fund, Golf Course Fund, Geothermal Relocation and Community Benefits Fund, Beautification Fund, Hawai'i County Housing Agency Fund, General Excise Tax Fund, Short-Term Vacation Rental Enforcement Fund, and Geothermal Asset Fund.
- Appropriations for the operating budget lapse at the end of the fiscal year to the extent that they have not been expended or encumbered. Appropriations for capital expenditures that are not encumbered lapse at the end of two fiscal years following the fiscal year that the appropriation was made.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds, and Capital Projects Fund. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- The accompanying statement of revenues, expenditures and changes in fund balances – budget and actual (budgetary basis) for the General Fund presents a comparison of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP. On the budgetary basis, intergovernmental revenues are recognized when awarded by the granting agency, encumbrances and unexpended allotments are treated as expenditures, accounts payable

COUNTY OF HAWAI'I

Notes to the Basic Financial Statements

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are not accrued, and all leases are treated as operating leases. In preparing the financial statements on a GAAP basis, accounts payable are accrued and treated as a reduction of encumbrances for balance sheet presentation.

Budget to GAAP Reconciliation

The following is a summary of the adjustments necessary to convert fund balances of the County's General Fund and General Excise Tax Fund from a GAAP basis to a budgetary basis at June 30, 2023:

	<u>General Fund</u>	<u>Housing Agency</u>
Ending fund balance – GAAP basis	\$ 190,735,464	\$12,611,238
Encumbrance adjustments:		
Beginning encumbrances and unexpended allotments	6,620,227	1,162,167
Ending encumbrances and unexpended allotments	(12,951,200)	(1,106,782)
Other adjustments	<u>(10,590,041)</u>	<u>26,391</u>
Ending fund balance – Non-GAAP budgetary basis	<u>\$ 173,814,450</u>	<u>\$12,693,014</u>

3. CASH AND INVESTMENTS

The Director of Finance is responsible for the safekeeping of all monies paid to the County. The Director of Finance invests any monies of the County which in the Director's judgment are in excess of the amounts necessary for meeting the day-to-day operating needs of the County. Under Section 46-50 of the Hawai'i Revised Statutes, legally authorized investments include obligations of or guaranteed by the U.S. government, obligations of the State, federally insured savings and checking accounts, time certificates of deposit, and repurchase agreements with federally insured financial institutions.

Cash

The County maintains a number of checking and savings accounts for various funds and with various financial institutions. Bank deposits are under the custody of the Director of Finance. For financial statement reporting purposes, cash and short-term investments consist of cash and money market accounts. Cash and short-term investments also include repurchase agreements, certificates of deposit, and government sponsored securities with original maturities of three months or less.

The carrying amount of the County's deposits (cash, time certificates of deposit, and money market accounts) as of June 30, 2023 was \$673,106,250 for the primary government and \$6,026,028 for the fiduciary funds.

Information relating to bank balance, insurance and collateral of cash deposits is determined on a county-wide basis. Total bank balances of deposits for the primary government and

COUNTY OF HAWAII

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fiduciary funds amounted to \$698,697,836 at June 30, 2023. Of that amount, \$697,053,797 represents bank balances covered by federal deposit insurance or by collateral held by the County's fiscal agents in the name of the County. The remaining bank balances of \$1,644,039 represent deposits held by a management agent and were uncollateralized. Accordingly, these deposits were exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. For checking and savings accounts, time certificates of deposit, and repurchase agreements, the County requires, in accordance with State statutes, that the depository banks pledge collateral based on the available bank balances for the protection of the funds deposited. All securities pledged as collateral are held by the County's fiscal agents in the name of the County. The County also requires that no more than 60% of the County's total funds available for deposit may be deposited in any one financial institution, in accordance with State statutes.

Investments

The County holds investments both for its own benefit and on behalf of some of the fiduciary funds. The County's investments of funds not required for immediate payments are predominately comprised of government sponsored securities (equivalent to the rating in U.S. Treasuries), repurchase agreements and certificates of deposit, while the fiduciary funds also hold equity securities.

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.

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Notes to the Basic Financial Statements

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

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

Government sponsored securities of \$11,989,293 and negotiable certificates of deposits of \$48,065,343: Valued using quoted prices at the end of the fiscal year for identical or similar assets in markets that are not active (Level 2).

Equity securities of \$1,897,197: Valued using quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date (Level 1).

The County’s investments and maturities at June 30, 2023 are as follows:

	Fair Value	Maturity (in years)	
		Less than 1	1 – 5
Investments – Primary Government:			
Certificates of deposit	\$ 48,065,343	\$ 41,665,445	\$ 6,399,898
Government sponsored securities	<u>11,989,293</u>	<u>2,711,403</u>	<u>9,277,890</u>
	<u>\$ 60,054,636</u>	<u>\$ 44,376,848</u>	<u>\$15,677,788</u>
Investments – Private-Purpose Trusts:			
Equity securities	<u>\$ 1,897,197</u>	<u>\$ 1,897,197</u>	<u>\$ -----</u>

Interest Rate Risk: The County minimizes its exposure to interest rate risk by limiting the maturities of investments to five years or less in compliance with state statute. The County’s policy is to hold investments until maturity and does not engage in trading for capital gains.

Credit Risk: The County’s investment portfolio primarily consists of U.S. government or agency obligations, bonds of government sponsored enterprises, time certificates of deposit and repurchase agreements. These investments are either insured by the FDIC, secured by collateral or carry a credit rating equivalent to U.S. Treasuries.

Custodial Risk: Custodial risk is the risk of loss from the failure of the counterparty, which is defined as any entity that obtained an investment on behalf of the County. All of the County’s deposits including repurchase agreements are secured by collateral which is kept by a third party custodian. Broker-dealers utilized by the County are members of the Securities Investor Protection Corporation, and all investment securities are held in the County’s name.

Concentration of Credit Risk: State law limits deposits to no more than 60% of the total in any one depository. The County seeks to further diversify its portfolio by purchasing from different issuers, by purchasing different types of investments and by purchasing investments

COUNTY OF HAWAII

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at different maturities. The County also purchases its investments from a number of banks and broker-dealers both located locally and on the mainland. As of June 30, 2023, investments were distributed as follows: FTN Financial, 0.5%; Multi Bank Securities, 2.0%; First Hawaiian Bank, 30.1%; Raymond James, 0.6%; Stifel Nicolaus & Company, 1.2%; Bank of Hawaii, 28.7%; Territorial Savings, 20.5%; Central Pacific Bank, 9.8% and Hawaii National Bank, 6.6%.

Restricted Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments classified as restricted assets for the primary government at June 30, 2023 amounted to \$382,689,647.

Construction related contributions and unspent bond proceeds restricted to various capital improvement projects and fuel tax funds received are recorded as restricted assets in the Capital Projects Fund. Such funds totaled \$156,987,637 at June 30, 2023.

Cash and investments in the Bond Redemption Fund and the Interest Fund are restricted to debt service related payments and amounted to \$54,399,333.

Cash in the Highway Fund, Bikeway Fund, General Excise Tax and Beautification Fund are restricted to costs incurred relating to highways and streets and the beautification of such items and amounted to \$95,610,262.

Cash in the Hawaii County Housing Agency and Short-term Vacation Rental Enforcement Fund classified as restricted to provide public housing assistance and housing rules enforcement amounted to \$35,232,031.

Cash in the Geothermal Asset Fund classified as restricted to compensating persons impacted by geothermal energy development activities amounted to \$2,419,477.

The restricted cash in the General Fund was comprised of cash restricted to costs incurred to administer the liquor commission; cash restricted to the acquisition and maintenance of lands or property entitlements for public outdoor recreation and education and cash and investments restricted for disasters and emergencies. Such amounts totaled \$1,021,713; \$26,800,215 and \$10,098,671, respectively.

Tenant security deposits received by the County for the Kula'imano Elderly Housing Project and the Ouli Ekahi Affordable Housing Project are recorded as restricted assets. Such funds amounted to \$15,023 and \$31,173, respectively, at June 30, 2023.

An operating reserve fund was established by the Ouli Ekahi Affordable Housing Project pursuant to an agreement with the Hawai'i Housing Finance and Development Corporation, who are the holders of the project's note. This restricted reserve amounted to \$74,112 at June 30, 2023.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

4. RECEIVABLES

Receivables as of June 30, 2023, for the County's individual major funds and other funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities:

	General Fund	Capital Projects Fund	Hawaii County Housing Agency	Other Governmental Funds	Total
Real property taxes	\$43,993,906	\$ --	\$ --	\$ --	\$43,993,906
Transient					
Accommodations					
Tax	3,040,282	--	--	--	3,040,282
Accounts receivable:					
Sewer	--	--	--	3,636,267	3,636,267
Solid waste	--	--	--	1,200,868	1,200,868
Intergovernmental	19,318,315	17,635,001	111,073	27,959,417	65,023,806
Gross receivables	66,352,503	17,635,001	111,073	32,691,380	116,895,129
Less: allowance for uncollectibles	(9,773,722)	--	--	(1,069,095)	(10,842,817)
Net total receivables	<u>\$56,578,781</u>	<u>\$17,635,001</u>	<u>\$ 111,073</u>	<u>\$31,727,457</u>	<u>\$106,052,312</u>

During fiscal year 2005, the County issued \$3,887,493 in general obligation bonds on behalf of Improvement District No. 18, a custodial fund. On February 12, 2013 bonds were issued to refund the outstanding principal balance of \$1,345,945 for the Improvement District. During fiscal year 2014 and 2015, the County also issued \$448,669 and \$720,331, respectively, in general obligation bonds on behalf of Improvement District No. 19, a custodial fund. During fiscal year 2021, the County issued \$2,437,000 in general obligation bonds on behalf of Improvement District No. 20, a custodial fund. At June 30, 2023, the outstanding balance for the Improvement Districts of \$3,913,658 is reflected in the government-wide statement of net position as a receivable (see Note 11).

Business-type activities:

	Enterprise Funds
Accounts receivable:	
Rent	\$ 11,074
Other	8,305
Gross receivables	19,379
Less: allowance for uncollectibles	(100)
Net total receivables	<u>\$ 19,279</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

Lease Receivable

The County has entered into several agreements with third parties in which they have been given the right to use certain assets owned by the County for specified periods of time in exchange for monetary compensation. These assets include land and buildings and the original terms of the leases range from 2 to 50 years with varying payment terms and requirements. For the fiscal year ending June 30, 2023, the County recognized \$337,701 in lease revenue and \$80,908 in interest revenue.

Fund:	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
General Fund	\$ 939,834	\$ 210,508	\$ (227,582)	\$ 922,760	\$ 59,193
Solid Waste Fund	--	239,385	(44,202)	195,183	45,969
Golf Course Fund	1,594,747	--	(194,564)	1,400,183	199,086
Hawaii County Housing Agency	<u>554,051</u>	<u>--</u>	<u>(36,489)</u>	<u>517,562</u>	<u>37,993</u>
Total	<u>\$ 3,088,632</u>	<u>\$ 449,893</u>	<u>\$ (502,837)</u>	<u>\$ 3,035,688</u>	<u>\$ 342,241</u>

The following are the lease receivable payments due in the upcoming years:

Fiscal year ending June 30:	Principal	Interest
2024	\$ 342,241	\$ 71,898
2025	352,655	62,668
2026	360,617	53,159
2027	370,651	43,413
2028	290,901	34,496
2029 – 2033	793,929	104,397
2034 – 2038	276,139	45,025
2039 – 2043	233,712	17,155
2044 – 2047	<u>14,843</u>	<u>192</u>
Total	<u>\$ 3,035,688</u>	<u>\$ 432,403</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables consist of the following at June 30, 2023:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Capital projects fund	\$ 210,169
	Hawaii county housing agency	6,588
	Other governmental funds	<u>2,382,407</u>
		2,599,164
Capital projects fund	General fund	228,546
	Other governmental funds	<u>603,867</u>
		832,413
Hawaii county housing agency	General fund	83,111
	Other governmental funds	<u>77,608</u>
		160,719
Other governmental funds	General fund	345,441
	Capital projects fund	212,477
	Hawaii county housing agency	82,351
	Other governmental funds	<u>214,467</u>
		854,736
Total		<u>\$ 4,447,032</u>
Hawaii county housing agency	Enterprise funds	\$ 10,527
Other governmental funds		<u>246,865</u>
Total		<u>257,392</u>

The above interfund balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

Transfers for the fiscal year ended June 30, 2023 consisted of the following:

	<u>General fund</u>	<u>Transfers Capital projects fund</u>	<u>Out: Hawaii county housing agency</u>	<u>Other governmental funds</u>	<u>Total</u>
Transfers in:					
Capital projects fund	\$ 119,750	\$ --	\$ --	\$ 32,552,590	\$ 32,672,340
Hawaii county housing agency	11,144,320	--	--	--	11,144,320
Other governmental funds	<u>79,760,363</u>	--	--	<u>8,802,244</u>	<u>88,562,607</u>
	<u>\$91,024,433</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 41,354,834</u>	<u>\$132,379,267</u>

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Notes to the Basic Financial Statements

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The interfund transfers noted above include transfers from the General Fund to provide support for various County programs and to provide resources for the payment of debt services. In addition, some of the other governmental funds have made transfers to the capital projects fund for the construction of various projects.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 for the County was as follows:

	Balance July 1, 2022	Additions	Retirements/ Transfers	Balance June 30, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 310,930,661	\$ 81,383,797	\$ (1,906,526)	\$ 390,407,932
Easements	15,570,782	6,746,620	--	22,317,302
Construction work in progress	<u>96,899,730</u>	<u>82,048,254</u>	<u>(60,673,504)</u>	<u>118,274,480</u>
Total capital assets not being depreciated	<u>423,401,173</u>	<u>170,178,571</u>	<u>(62,580,030)</u>	<u>530,999,714</u>
Capital assets being depreciated:				
Buildings and improvements	826,239,076	18,241,653	1,279,712	845,760,441
Equipment	184,885,113	8,254,907	(6,895,795)	186,244,225
Easements	456,639	--	--	456,639
Infrastructure	<u>698,503,787</u>	<u>65,360,863</u>	<u>(35,926,454)</u>	<u>727,938,196</u>
Total capital assets being depreciated	<u>1,710,084,615</u>	<u>91,857,423</u>	<u>(51,637,673)</u>	<u>1,760,399,501</u>
Less accumulated depreciation for:				
Buildings and improvements	(180,829,213)	(14,150,691)	103,578	(194,876,326)
Equipment	(121,749,591)	(10,505,631)	6,890,952	(125,364,270)
Easements	(456,568)	(29)	--	(456,597)
Infrastructure	<u>(417,450,347)</u>	<u>(24,796,142)</u>	<u>--</u>	<u>(442,246,489)</u>
Total accumulated depreciation	<u>(720,485,719)</u>	<u>(49,452,493)</u>	<u>6,994,530</u>	<u>(762,943,682)</u>
Total capital assets being depreciated, net	<u>989,598,896</u>	<u>42,404,930</u>	<u>(44,643,143)</u>	<u>997,455,819</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

	Balance July 1, 2022	Additions	Retirements/ Transfers	Balance June 30, 2023
Capital assets being amortized:				
Amortizable right to use assets:				
Land	\$ 772,132	\$ --	\$ --	\$ 772,132
Buildings and improvements	15,086,502	5,305,878	--	20,392,380
Equipment	<u>1,179,537</u>	<u>599,255</u>	<u>(50,535)</u>	<u>1,728,257</u>
Total amortizable right to use assets	<u>17,038,171</u>	<u>5,905,133</u>	<u>(50,535)</u>	<u>22,892,769</u>
Less accumulated amortization for:				
Land	(79,801)	(151,339)	--	(231,140)
Buildings and improvements	(1,855,307)	(2,062,816)	--	(3,918,123)
Equipment	<u>(682,938)</u>	<u>(321,698)</u>	<u>45,481</u>	<u>(959,155)</u>
Total accumulated amortization	<u>(2,618,046)</u>	<u>(2,535,853)</u>	<u>45,481</u>	<u>(5,108,418)</u>
Total right to use assets being amortized, net	<u>14,420,125</u>	<u>3,369,280</u>	<u>(5,054)</u>	<u>17,784,351</u>
Subscription assets	827,734	3,464,039	--	4,291,773
Less accumulated amortization	<u>--</u>	<u>(754,908)</u>	<u>--</u>	<u>(754,908)</u>
Total subscription assets, net	<u>827,734</u>	<u>2,709,131</u>	<u>--</u>	<u>3,536,865</u>
Governmental activities capital assets, net	<u>\$1,428,247,928</u>	<u>\$ 218,661,912</u>	<u>\$(97,133,091)</u>	<u>\$1,549,776,749</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

	Balance July 1, 2022	Additions	Retirements/ Transfers	Balance June 30, 2023
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 753,877	\$ --	\$ --	\$ 753,877
Construction work in progress	--	105,256	--	105,256
Total capital assets not being depreciated	<u>753,877</u>	<u>105,256</u>	<u>--</u>	<u>859,133</u>
Capital assets being depreciated:				
Buildings and improvements	3,973,237	24,291	--	3,997,528
Ground and site improvements	272,850	--	--	272,850
Equipment	<u>157,216</u>	<u>5,098</u>	<u>(19,674)</u>	<u>142,640</u>
Total capital assets being depreciated	<u>4,403,302</u>	<u>29,389</u>	<u>(19,674)</u>	<u>4,413,018</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,273,774)	(111,125)	--	(1,384,899)
Ground and site improvements	(236,692)	(4,347)	--	(241,039)
Equipment	<u>(91,358)</u>	<u>(23,493)</u>	<u>14,184</u>	<u>(100,667)</u>
Total accumulated Depreciation	<u>(1,601,824)</u>	<u>(138,965)</u>	<u>14,184</u>	<u>(1,726,605)</u>
Total capital assets being depreciated, net	<u>2,801,478</u>	<u>(4,320)</u>	<u>(5,490)</u>	<u>2,791,669</u>
Business-type activities capital assets, net	<u>\$ 3,555,355</u>	<u>\$ (4,320)</u>	<u>\$ (5,490)</u>	<u>\$ 3,545,546</u>

COUNTY OF HAWAII

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June 30, 2023

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 4,526,719
Public safety	5,534,778
Highways and streets	26,910,635
Sanitation	8,236,984
Health, education and welfare	3,407,297
Culture and recreation	<u>4,126,841</u>
Total depreciation and amortization expense – governmental activities	<u>\$52,743,254</u>
Business-type activities:	
Kula'imano Elderly Housing Project	\$ 104,664
Ouli Ekahi Affordable Housing Project	<u>34,301</u>
Total depreciation and amortization expense – business-type activities	<u>\$ 138,965</u>

7. DEFERRED INFLOW OF RESOURCES

Deferred inflow of resources consists of the following at June 30, 2023:

Governmental activities:

	General fund	Capital projects fund	Hawaii county housing agency	Other governmental funds	Total governmental funds
Real property taxes	\$ 37,895,010	\$ --	\$ --	\$ --	\$ 37,895,010
Liquor control revenue	205,854	--	--	--	205,854
County transient accommodations tax	2,391,866	--	--	--	2,391,866
Noncurrent grants	--	5,153,109	--	--	5,153,109
Rental income (leases)	922,760	--	517,562	1,595,366	3,035,688
Sewer revenue	--	--	--	2,638,216	2,638,216
Solid waste revenue	--	--	--	1,129,824	1,129,824
Housing revenue	<u>--</u>	<u>--</u>	<u>217,407</u>	<u>--</u>	<u>217,407</u>
Total presented in fund financial statements	41,415,490	5,153,109	734,969	5,363,406	52,666,974
Add deferred inflows of resources related to pensions & OPEB	181,673,445	--	--	--	181,673,445
Less adjustments for accrual of revenues	<u>(37,260,495)</u>	<u>(5,153,109)</u>	<u>(217,407)</u>	<u>(3,768,040)</u>	<u>(46,399,051)</u>
Total government-wide financial statements	<u>\$185,828,440</u>	<u>\$ --</u>	<u>\$ 517,562</u>	<u>\$ 1,595,366</u>	<u>\$187,941,368</u>

COUNTY OF HAWAII

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8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITAs)

The County has entered into noncancellable agreements with third party vendors for the right to use their information technology software. These agreements expire at various dates through December 2027. The interest rate applied of 3.92% was an average of the borrowing rate for the new leases in the current fiscal year.

The estimated value of the right to use assets and accumulated amortization, amount to \$4,291,773 and \$754,908, respectively and the related present value of the remaining obligations under these agreements amounting to \$3,338,893 at June 30, 2023 are included in long-term debt.

The future minimum payments under these leases at June 30, 2023 are as follows:

Year Ending June 30:	Subscription-Based Agreement Liabilities	
	Principal	Interest
2024	\$ 1,002,411	\$ 129,002
2025	1,024,264	89,597
2026	674,928	49,331
2027	<u>637,290</u>	<u>22,900</u>
Total	<u>\$ 3,338,893</u>	<u>\$ 290,830</u>

9. LEASES

The County leases machinery and equipment under noncancellable leases expiring at various dates through May 2028. These leases, in which the County will own the asset at the end of the lease, are financed from the resources of various funds.

The estimated value of the leased machinery and equipment and accumulated depreciation, amount to \$18,601,205 and \$5,445,136, respectively, and the related present value of the remaining obligations under these finance leases amounting to \$7,054,990 at June 30, 2023 are included in capital assets and long-term debt, respectively. These leases include annual interest rates of 1.01% to 4.67%.

The County also leases land, office facilities and other equipment under noncancellable, in which the County is only leasing the right to use the asset during the term of the agreement, such leases expiring through December 2031, with option years that will more than likely be exercised and will extend the leases until fiscal year 2038.

COUNTY OF HAWAII

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June 30, 2023

The future minimum payments under these leases at June 30, 2023 are as follows:

Year Ending June 30:	Other Financing Agreement Liabilities		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 3,078,809	\$ 129,243	\$ 2,505,726	\$ 482,228
2025	1,911,770	78,801	2,570,567	413,005
2026	1,259,547	44,619	2,410,453	346,054
2027	650,467	17,416	2,403,872	281,013
2028	154,397	3,069	1,448,923	231,964
2029 - 2033	--	--	4,805,659	691,149
2034 - 2038	--	--	2,211,486	149,381
Total	<u>\$ 7,054,990</u>	<u>\$ 273,148</u>	<u>\$ 18,356,686</u>	<u>\$ 2,594,794</u>

10. SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

Hilo Landfill In December 2019, the County closed its landfill located in the city of Hilo. Under state and federal requirements, the County would have to monitor and maintain this site for thirty years from the closure date. The estimated cost of closure and postclosure is \$26,906,000, based on what it would cost to perform the required closure and postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Through June 30, 2023, \$23,451,000 was spent on closure and postclosure care of the landfill. The remaining estimated liability of \$3,330,000 is included in the government-wide statement of net position. During the year ended June 30, 2023, \$73,000 was spent on closure of the landfill. The County is providing financial assurance for postclosure care and remediation through self insurance as explained below.

Kealakehe In October 1993, the County closed its Kealakehe landfill in Kona. Under state and federal requirements, the County would have to monitor and maintain this site for ten years from the closure date. However, the County anticipates monitoring and maintaining the site for thirty years because there is presently a subterranean fire which requires active management. The estimated cost of closure and postclosure is \$17,100,000, based on what it would cost to perform the required closure and postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Through June 30, 2023, \$9,553,000 was spent on closure and postclosure care of the landfill.

The remaining estimated liability of \$7,547,000 is included in the government-wide statement of net position. During the year ended June 30, 2023, \$196,000 was spent on closure of the landfill. The County is providing financial assurance for postclosure care and remediation through self insurance as explained below.

Pu'uana'hulu In May 1993, the County contracted with a private company to construct and operate a new landfill on County land at Pu'uana'hulu in West Hawai'i. The present contract

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calls for County employees to perform the daily operations of the landfill, and for the private company to retain the overall management as well as perform all construction work on the landfill cells. Under the terms of the contract, the County has no responsibility for remediation, closure or postclosure care. Accordingly, no liability for this landfill is included in the County's financial statements.

Financial Assurance For fiscal year 2023, the County has provided for financial resources that will be available to provide for closure, postclosure care and remediation or containment of environmental hazards at the above landfills, except Pu'uana'hulu. 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.

In fiscal year 2013, the County closed its two metal salvage facilities located near the Hilo and Kealahou Transfer Stations. State law requires the County to perform necessary closure activities, including, but not limited to, the removal of all remaining solid waste and performing appropriate site assessments and remedial activities. The estimated liability as of June 30, 2023 of approximately \$17,388,676 for the remediation costs associated with these closures is included in the County's financial statements and is based on closure plans prepared by a science and engineering consultant contracted by the County, and the current value of costs expected to be incurred. The liability could change over time due to inflation or deflation, changes in technology, or changes in laws and regulations governing the remediation effort.

The County currently maintains and utilizes 7 underground fuel storage tanks to fuel both official and private vehicles that are used for County business. The tanks range in size from 1,000 to 8,000 gallons. The estimated liability of \$1,775,000 for the cost to check for ground contamination and potential cleanup is included in the County's financial statements as of June 30, 2023.

11. LONG-TERM DEBT

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 the primary government, component unit activities (see Note 15) and improvement districts.

The County's general obligation bonds are an absolute and unconditional general obligation of the County for which its full faith and credit are pledged. The principal and interest payments on the bonds are a first charge on the general fund of the County.

COUNTY OF HAWAII

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The following is a summary of general obligation bond transactions reported in the governmental activities section of the government-wide statement of net position for the County for the fiscal year ended June 30, 2023:

Bonds Authorized	Issue Amount	Bond Balance July 1, 2022	Issues	Retirements	Bond Balance June 30, 2023	Due Within One Year
2013 Series B	\$ 21,010,000	\$ 4,955,000	\$ --	(\$ 2,430,000)	\$ 2,525,000	\$ 2,525,000
2013 Series C	18,470,000	6,345,000	--	(2,030,000)	4,315,000	2,115,000
2013 PI Series A	1,169,000	1,007,647	--	(25,655)	981,992	26,360
2016 Series A	99,620,000	91,045,000	--	(4,620,000)	86,425,000	4,855,000
2016 Series B	13,497,500	7,525,000	--	(1,372,500)	6,152,500	1,442,500
2016 Series C	44,835,000	29,535,000	--	(4,330,000)	25,205,000	4,550,000
2016 Series D	28,860,000	21,660,000	--	(2,650,000)	19,010,000	2,785,000
2016 Series E	19,061,250	15,892,500	--	(1,706,250)	14,186,250	1,796,250
2017 Series A	90,000,000	78,410,000	--	(3,285,000)	75,125,000	3,455,000
2017 Series D	43,475,000	40,650,000	--	(2,950,000)	37,700,000	3,090,000
2020 PI Series A	2,437,000	2,437,000	--	(59,000)	2,378,000	60,000
2020 PI Series B	3,699,000	3,699,000	--	(90,000)	3,609,000	91,000
2020 Series A	59,815,000	59,815,000	--	--	59,815,000	2,115,000
2020 Series B	2,315,000	1,160,000	--	(1,160,000)	--	--
2020 Series C	10,215,000	9,292,500	--	(967,500)	8,325,000	1,020,000
2023 Series	99,000,000	--	99,000,000	--	99,000,000	--
	557,478,750	373,428,647	99,000,000	(27,675,905)	444,752,742	29,926,110
Add unamortized premium	102,942,590	59,962,581	11,879,363	(6,006,661)	65,835,283	6,128,501
	\$660,421,340	\$433,391,228	110,879,363	(\$33,682,566)	\$510,588,025	\$36,054,611

General obligation bonds payable reported in the governmental activities section on the government-wide statement of net position at June 30, 2023 are comprised of the following individual issues:

Public improvement (PI) and/or refunding bonds:	
2013 Series B at 3.0% to 5.0%, due through 2023	2,525,000
2013 Series C at 4.0% to 5.0%, due through 2024	4,315,000
2013 PI Series A at 2.75%, due through 2048	981,992
2016 Series A at 3.0% to 5.0%, due through 2035	86,425,000
2016 Refunding Series B at 3.0% to 5.0%, due through 2026	6,152,500
2016 Refunding Series C at 5.0%, due through 2027	25,205,000
2016 Refunding Series D at 5.0%, due through 2028	19,010,000
2016 Refunding Series E at 2.0% to 5.0%, due through 2029	14,186,250
2017 Series A at 5.0%, due through 2037	75,125,000
2017 Refunding Series D at 3.0% to 5.0%, due through 2032	37,700,000
2020 PI Series A at 1.125%, due through 2055	2,378,000
2020 PI Series B at 1.125%, due through 2055	3,609,000
2020 Series A at 4.0% to 5.0%, due through 2040	59,815,000
2020 Series C at 5.0%, due through 2029	8,325,000
2023 Series at 4.0% to 5.0%, due through 2043	99,000,000
Total general obligation bonds payable	\$444,752,742

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Annual debt service requirements to maturity for the above general obligation bonds are as follows:

Fiscal year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 29,926,110	\$ 18,557,008
2025	31,707,585	18,544,374
2026	30,976,830	17,046,842
2027	32,472,095	15,537,572
2028	32,351,132	13,999,746
2029 – 2033	126,480,732	51,153,744
2034 – 2038	102,465,650	23,918,731
2039 – 2043	47,921,184	6,607,189
2044 – 2048	8,740,573	295,381
2049 – 2053	1,071,851	65,615
2054 – 2056	639,000	9,613
Total	\$444,752,742	\$165,735,815

Bond Premiums

At June 30, 2023, total unamortized bond premiums were \$65,835,283, which are being amortized over the remaining life of the respective bond issues.

Bonds Authorized and Unissued

The County Council has authorized the issuance of \$979.6 million in general obligation bonds to finance both specified and unspecified capital improvement projects. At June 30, 2023, \$458.8 million was not yet issued.

Subsequent Events On November 15, 2023, the County Council authorized the issuance of \$187.0 million in general obligation bonds for the County to finance the capital improvement projects as specified in the capital budget ordinance for the County for the fiscal year ending June 30, 2024.

On July 18, 2023, \$28.5 million of Series F bond anticipation notes were paid using the proceeds from the Series 2023 general obligation bonds.

Community Facilities District

On March 2, 2023, the County issued Hawaii County Community Facilities District No. 1-2021 (Kaloko Heights Project) Special Tax Revenue Bonds, Series 2023, in the amount of \$13,055,000, for the purpose of financing the costs of certain public sewer line improvements relating to the County's Community Facilities District No. 1-2021 (Kaloko Heights Project). Neither the full faith and credit nor the general taxing power of the County or the State of

COUNTY OF HAWAII

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Hawaii is pledged to the payment of these bonds. These bonds are not general obligations of the County.

General Obligation Bond Anticipation Notes

The following is a summary of general obligation bond anticipation note transactions reported in the government-wide statement of net position for the County for the fiscal year ended June 30, 2023:

Note No.	Issue Amount	Balance July 1, 2022	Issues	Retirements	Balance June 30, 2023
Series F, Note R-1	\$ 7,500,000	\$ --	\$ 7,500,000	\$ --	\$ 7,500,000
Series F, Note R-2	7,500,000	--	7,500,000	--	7,500,000
Series F, Note R-12	3,000,000	--	3,000,000	--	3,000,000
Series F, Note R-13	3,000,000	--	3,000,000	--	3,000,000
Series F, Note R-14	1,000,000	--	1,000,000	--	1,000,000
Series F, Note R-15	1,000,000	--	1,000,000	--	1,000,000
Series F, Note R-16	1,000,000	--	1,000,000	--	1,000,000
Series F, Note R-17	1,000,000	--	1,000,000	--	1,000,000
Series F, Note R-18	1,000,000	--	1,000,000	--	1,000,000
Series F, Note R-19	1,000,000	--	1,000,000	--	1,000,000
Series F, Note R-20	500,000	--	500,000	--	500,000
Series F, Note R-21	500,000	--	500,000	--	500,000
Series F, Note R-22	500,000	--	500,000	--	500,000
	<u>\$ 28,500,000</u>	<u>\$ --</u>	<u>\$ 28,500,000</u>	<u>\$ --</u>	<u>\$ 28,500,000</u>

The notes bear interest at 4.03% annually and matured on July 19, 2023.

State Revolving Fund Loans

The County has obtained loans to assist in financing mandated wastewater projects from the State Water Pollution Control Revolving Fund (SRF). The purpose of this revolving fund is to provide low-interest, long-term loans and other financial assistance to the four counties in the state to finance construction of wastewater projects. The County has twelve projects approved for funding with these loans.

The County's State Revolving Fund Loans are direct borrowings of the County for which its full faith and credit are pledged. The State Revolving Fund Loans are secured by the gross revenues of the County.

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The schedule below shows the County's SRF transactions for the fiscal year ended June 30, 2023:

Loans Authorized	Approved Amount	Loan Balance July 1, 2022	Additions	Retirements / Forgiveness	Loan Balance June 30, 2023	Due Within One Year
Cesspool Conversion	\$ 8,363,773	\$ 2,032,706	\$ --	\$ (447,838)	\$ 1,584,868	\$ 450,065
Honoka'a LCC Queen	4,513,158	1,783,837	--	(183,816)	1,600,021	184,738
Lili'uokalani	9,421,732	4,054,515	--	(498,115)	3,556,400	500,611
Kalaniana'ole Kealakehe	7,847,045	4,070,489	--	(360,925)	3,709,564	362,733
WWTPAU	21,162,934	11,522,271	--	(873,187)	10,649,084	875,321
North Kona Kealakehe	2,690,404	1,375,960	--	(81,255)	1,294,705	81,864
Effluent Reuse SH Landfill	8,677,918	1,574,347	--	(88,201)	1,486,146	89,085
Closure	23,099,553	15,576,313	--	(819,075)	14,757,238	827,287
Kealakehe Scrap Metal	8,000,973	4,800,737	--	(252,336)	4,548,401	254,866
Lanihau WW Pumps	<u>1,023,631</u>	<u>--</u>	<u>1,023,631</u>	<u>(24,697)</u>	<u>998,934</u>	<u>49,816</u>
	<u>\$94,801,121</u>	<u>\$46,791,175</u>	<u>\$1,023,631</u>	<u>\$(3,629,445)</u>	<u>\$44,185,361</u>	<u>\$ 3,676,386</u>

The remaining loans bear interest at 0.25% to 0.50% exclusive of a 0.25% to 1.00% loan fee and require payments through fiscal year 2041.

Debt service to maturity for disbursements to date on these projects are as follows:

Fiscal year ending June 30:	Governmental Activities	
	Principal	Interest
2024	\$ 3,676,386	\$ 380,744
2025	3,699,168	349,833
2026	3,721,962	318,879
2027	3,515,968	287,672
2028	3,308,986	258,859
2029 – 2033	15,010,526	883,370
2034 – 2038	9,134,822	327,230
2039 – 2041	<u>2,117,543</u>	<u>23,100</u>
Total	<u>\$44,185,361</u>	<u>\$2,829,687</u>

Subsequent Events On August 22, 2023, the County executed two new SRF loan agreements for the Hilo Wastewater Treatment Plant both of which bear interest at 1.25%. Drawdowns on these loans totaled \$1,224,665 and \$4,878,979, respectively.

The County also had additional drawdowns for the Kealakehe Scrap Metal SRF loan totaling \$2,703,050.

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Other General Long-Term Obligations

The following is a summary of other general long-term obligations transactions for the fiscal year ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions*</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$47,085,691	\$16,654,834	\$(15,167,438)	\$48,573,087	\$10,867,550
Claims and judgments (see Note 13)	22,530,978	31,519,029	(11,291,057)	42,758,950	10,239,573
Leases and other financing agreements (see Note 8)	24,322,453	7,409,827	(6,320,604)	25,411,676	5,584,535
Subscription based agreement liabilities	--	4,291,773	(952,881)	3,338,892	1,002,411
Landfill costs payable (see Note 10)	11,071,000	75,263	(269,263)	10,877,000	930,838
Pollution remediation (see Note 10)	17,475,000	(15,000)	(71,324)	17,388,676	300,000
Underground Storage Tank (see Note 10)	<u>1,775,000</u>	<u>--</u>	<u>--</u>	<u>1,775,000</u>	<u>--</u>
Total	<u>\$124,260,122</u>	<u>\$59,935,726</u>	<u>\$(34,072,567)</u>	<u>\$150,123,281</u>	<u>\$28,924,907</u>

* Net of new claims liability and existing claims resolved at less than previous estimate.

Historically, the County's general fund has been used to liquidate the majority of other long-term liabilities, including the other post employment benefit obligation and the compensated absences since most employees are paid by the general fund.

Fund Balances - Debt Service Funds

The fund balance in the debt service funds at June 30, 2023 includes \$46,498,520, which is restricted for principal payments on general obligation bonds and \$7,908,341, which is restricted for the payment of interest on the bonds.

Enterprise Fund Notes, Bond and Loan Payable

On February 12, 2013, the County issued general obligation bonds on behalf of Kula'imano Elderly Housing Project (Project) to pay off its two notes payable to the U.S. Department of Agriculture, Farmers Home Administration with principal and interest balances aggregating \$835,108. The Project is responsible for the debt service payment related to their portion of the bonds, which is also secured with the County's general obligation pledge. Because the Project is responsible for only a portion of the total bonds issued, it was decided that the Project would continue to make bond payments equivalent to its previous monthly installment

COUNTY OF HAWAII

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payments of \$7,826 on the old notes at 5.547% interest. Under this payment schedule, the Project will make contributions through 2025 of the bonds 2032 maturity date. In fiscal year 2021, the County made the final scheduled principal payment of the bond and thus, the Project now owes the County for the remainder of the contributions.

On October 29, 2012, the County assumed the loan of its lessee Ouli Ekahi Partnership with the Hawai'i Housing Finance and Development Corporation in the amount of \$478,430. The loan is non-interest bearing and matures on February 27, 2041. In exchange, the County assumed ownership of the Ouli Ekahi project which consists of a 33 single family affordable rental housing project.

The following is a summary of enterprise fund loan payable transactions for the fiscal year ended June 30, 2023:

Balance at July 1, 2022	\$ 41,501
Deductions	<u>(33,411)</u>
Balance at June 30, 2023	8,090
Less current portion	<u>(8,090)</u>
Loan payable, net of current portion	\$ <u> --</u>

The following is a summary of the annual maturities for the enterprise fund loan payable:

Fiscal year ending June 30:	<u>Business-type Activities</u>
	<u>Principal</u>
2024	<u>8,090</u>
Total	<u>\$ 8,090</u>

Special Assessment Bonds

The County has issued general obligation bonds on behalf of Improvement District No. 18 for water improvements (see Note 4). These bonds were then refunded by a portion of the 2013 Series A Bonds that were issued. The Improvement District is responsible for the payment of the debt service on these bonds, but the County remains liable because they are general obligations of the County. The improvement district's share of the refunded bonds matures annually through 2027 and bear interest at the previous rates of 4.375% to 4.75%. Total general obligation bonds payable included in the government-wide statement of net position were \$553,666 at June 30, 2023.

The County has also issued general obligation bonds on behalf of Improvement District No. 19 for water improvements (see Note 4). The Improvement District is responsible for the payment of the debt service on these bonds, but the County remains liable because they are general obligations of the County. The improvement district's share of the refunded bonds matures annually through 2048 and bear interest at the previous rates of 2.75%. Total general

COUNTY OF HAWAII

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obligation bonds payable included in the government-wide statement of net position were \$981,993 at June 30, 2023.

The County has also issued general obligation bonds on behalf of Improvement District No. 20 for sewer improvements (see Note 4). The Improvement District is responsible for the payment of the debt service on these bonds, but the County remains liable because they are general obligations of the County. The improvement district's share of the refunded bonds matures annually through 2055 and bear interest at the previous rates of 1.125%. Total general obligation bonds payable included in the government-wide statement of net position were \$2,378,000 at June 30, 2023.

The bonds are secured by a first lien on the land benefited by the improvements, and are to be repaid from the annual assessments levied against the owners of the land. The County acts as an agent for the property owners within the improvement districts to collect assessments receivable, forward payments to bond-paying agents at appropriate dates and, if required, administer foreclosure proceedings.

The following is a summary of bond transactions for Improvement District No. 18, Coastview/Wonderview Water Improvements, No. 19, Kona Ocean View Properties Subdivision, and No. 20, Lono Kona Sewer Project for the fiscal year ended June 30, 2023:

Balance at July 1, 2022	\$4,094,716
Deductions	<u>(181,057)</u>
Balance at June 30, 2023	<u>\$3,913,659</u>

The following is a summary of the annual maturities for the improvement district general obligation bonds:

Fiscal year ending June 30:	<u>Principal</u>	<u>Interest</u>
2024	\$ 187,251	\$ 76,489
2025	193,673	70,267
2026	199,334	63,795
2027	206,245	57,062
2028	213,416	50,050
2029 – 2033	483,482	212,621
2034 – 2038	525,650	170,364
2039 – 2043	571,185	123,637
2044 – 2048	623,573	71,860
2049 – 2053	456,850	26,447
2054 – 2056	<u>253,000</u>	<u>4,269</u>
Total	<u>\$3,913,659</u>	<u>\$ 926,861</u>

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12. COMMITMENTS AND CONTINGENCIES

Contractual commitments – Contractual commitments for capital projects, expenses, and supplies at June 30, 2023, except in the enterprise funds, are reflected in the balance sheets as a part of the respective fund balance categories and are as follows:

General fund	\$ 25,638,107
Capital projects fund	171,035,664
Hawaii county housing agency	1,106,782
Nonmajor funds	<u>29,734,828</u>
	<u>\$ 227,515,381</u>

Contractual commitments for the enterprise funds were immaterial.

Intergovernmental revenues – The County has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. In the opinion of management of the County, disallowed costs, if any, would not be material.

Claims – Numerous claims and lawsuits have been filed against the County in the normal course of its operations. A liability for probable losses is included on the government-wide statement of net position (see Note 13). Although the outcome of the various claims and lawsuits is not presently determinable, in the opinion of the County's Corporation Counsel, the resolution of such matters will not have a material adverse effect on the financial condition of the County.

ADA compliance – The County entered into a stipulated agreement, filed on June 4, 1998, which relates to the Department of Parks and Recreation (Parks). The agreement required Parks to establish practices, policies, and procedures regarding its programs, and prepare a transition plan by the middle of the year 2000. The self-evaluation and transition plan for programs, practices and procedures was completed and approved by the County Council. The cost impact of implementation is not material because the necessary modifications were primarily procedural. The second part of this stipulated agreement required the reevaluation of all County facilities, which was completed and accepted by the County Council on June 30, 2000. Approximately 240 County facilities were surveyed as part of this effort. The tentative completion date of all necessary modifications and renovations was 12 years from the date the County Council accepted the self-evaluation. The initial (1997-2000) estimated cost of the modifications necessary to provide equal access to these facilities was \$15.1 million, which would have been spent over the 12-year period. Funding allocated by the County over the initial few years for facilities modifications was \$17.5 million, with another \$4 million of federal funding provided through community development block grants over the next 2 years. The Department of Public Works requested an additional \$2 million a year for non-Parks & Recreation County facilities' ADA renovation projects. Because of severe disparities that surfaced between the original ADA projects' scoping and construction estimates and actual

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scopes and costs, as well as time/delivery issues that came into play because of necessary permits and reviews, and design professionals' costs that weren't factored into the effort, the County sought relief from the Court in the form of both a time extension and reprioritization of sites. As a result, the County obtained approval of a modified 4-year plan wherein accessibility improvements at the then remaining 35 park sites were required to be completed by December 31, 2016. The County is engaged in ongoing quarterly briefings with the federal magistrate judge assigned to this case wherein the County apprises plaintiff's counsel and the court on its progress, highlighting achievements, noting procedural and permitting concerns and delays, and constantly updating the status and completion projects for all remaining projects. Currently, the projected completion date for all remaining projects is late 2024. The balance of the unimproved sites would be deferred indefinitely pending separate improvement/enhancement projects that would inherently trigger accessibility improvements due to the nature of each project's scoping and applicable ADA requirements. Of the 35 park sites requiring accessibility improvements under the modified 4-year plan plus an additional park site (Francis Wong Stadium at Ho'olulu Complex) that was reintroduced into the transition plan via the court, 23 have been completed, 1 ('Āhalanui) has been permanently omitted due to lava inundation, 5 (Pa'auilo, Pāpa'aloa, Kahuku, Nā'ālehu, and Pāhala Ballfield) have been substantially completed and are pending contract closeout, 1 (Miloli'i), is in design and permitting, 1 (Parks Maintenance) is being prepared for public bidding for construction, 1 (Pāhala Pool) has been re-bid and newly awarded for construction and is pending permitting issues, and 4 (Kolekole, NAS, Richardsons, and Disappearing Sands) are in active construction. The County has encumbered or spent more than \$90M on these remaining 35 projects to date. Further to this, the County has secured additional general obligation bond funds in the amount of \$10M dedicated to the completion of the remaining projects in the active construction or earlier phases of completion. The County had spent \$42.0 million for construction and design consultant costs to complete the 50 park facilities (some having multiple ADA work being completed) prior to the development of the modified four-year plan. Additionally, the County's ADA Coordinator has access to an operational account of at least \$50,000 to handle requests for reasonable accommodations to assist County departments with addressing requests concerning specialized access needs. The procedures for these requests have been finalized and are available on the Department of Human Resources' web page under the heading "Procedure for Requesting Modifications to County of Hawai'i Facilities, Programs, or Services". Also, Parks has a Recreation Specialist who reviews and assesses requests for reasonable accommodations involving recreational facilities and programs, and recommends specific actions on those requests, amongst other duties.

13. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; work-related injuries to employees; and natural disasters. County obtains property insurance, which includes coverage on a high deductible basis for hurricane, flood, earthquake, and lava. It also purchases insurance coverages for flood on selected structures, general and professional liability for emergency medical services, general liability for lifeguards (waster safety), aviation liability for helicopter operations, retired senior

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volunteer liability coverage, auto liability for both mass transit buses and subsidized police vehicles, auto physical damage coverage for both police fleet vehicles and the Kohala Ranch fire truck, and property insurance on specific housing projects if not covered contractually. The County is substantially self-insured for liability and for all other exposures including workers' compensation. As such, emphasis is on claims management and safety/risk control to protect the public and employees and to mitigate loss costs. The liability for claims and judgments is reported on the government-wide statement of net position and the majority will be liquidated from the County's general fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). Claim 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 by 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, 2023, the amount of this liability was \$42,758,950. This is the County's best estimate based on available information.

Changes in the reported liability since July 1, 2021 are given below.

	General Liability	Workers' Compensation	Total Liability
Balance at June 30, 2021	\$ 11,259,531	\$ 12,998,287	\$ 24,257,818
Incurred claims (including IBNR)*	2,540,743	6,430,737	8,971,480
Claim payments	(3,823,574)	(6,874,746)	(10,698,320)
Balance at June 30, 2022	\$ 9,976,700	\$ 12,554,278	\$ 22,530,978
Incurred claims (including IBNR)*	28,279,081	3,239,948	31,519,029
Claim payments	(5,692,436)	(5,598,621)	(11,291,057)
Balance at June 30, 2023	\$ 32,563,345	\$ 10,195,605	\$ 42,758,950

*Net of new claims liability and existing claims resolved at less than previous estimate.

14. EMPLOYEE BENEFIT PLANS

The County recognized a total net pension expense of \$43,496,910 for the year ended June 30, 2023 for the following two pension plans covering its employees.

Pensions – Employees' Retirement System of the State of Hawai'i

Pension Plan Description - All eligible employees of the State and counties are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by the Employees' Retirement System of the State of Hawai'i (ERS). Benefit terms,

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eligibility, and contribution requirements are established by HRS Chapter 88 and can be amended through legislation. The ERS issues a publicly available financial report that can be obtained at ERS's website: <http://ers.ehawaii.gov/>.

Benefits Provided - The ERS provides retirement, disability, and death benefits that are covered by the provisions of the noncontributory, contributory, and hybrid retirement plans. The three plans provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2%) multiplied by the average final compensation multiplied by years of credited service. The benefit multiplier decreased by 0.25% for new hybrid and contributory plan members hired after June 30, 2012. Average final compensation is based on the five highest paid years of service excluding the payment of salary in lieu of vacation for members hired after June 30, 2012. For those hired between January 1, 1971 and June 30, 2012, AFC is based on the three highest paid years of service excluding the payment of salary in lieu of vacation. If the employee was hired prior to January 1, 1971, the AFC is the average salary earned during the five highest paid years of service, including the payment of salary in lieu of vacation, or three highest paid years of service, excluding the payment of salary in lieu of vacation.

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.

Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Plan

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

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are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or dependent children, no benefit is payable.

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.

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 10 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 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 credit services and 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.

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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 10 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.

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 service 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.

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Ordinary death benefits are available to employees who were active at time of death with at least 5 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest 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 10 years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest multiplied by 120%, or 50% Joint and Survivor lifetime pension if the member was not eligible for retirement at the time of death 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 2023 were 41.00% for police and firefighters and 24.0% for all other employees. Contributions to the pension plan from the County for the year ended June 30, 2023, 2022, and 2021 were \$63,900,644, \$61,913,089, and \$63,953,781, respectively.

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, general employees are required to contribute 9.8% of their salary and 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.

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Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2023, the County reported a liability of \$584,219,290 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the actual employer contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2022, the County’s proportion was 4.51%, which was a decrease of .12% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of \$43,498,747.

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,648,778	\$ 26,450,233
Net difference between projected and actual investment earnings on pension plan investments	--	30,910,408
Changes in assumptions	2,360,263	3,637,168
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,934,567	25,281,650
County contributions subsequent to the measurement date	<u>63,900,644</u>	<u>--</u>
Total	<u>\$104,844,252</u>	<u>\$ 86,279,459</u>

\$63,900,644 reported as deferred outflows of resources related to the County’s contributions to the pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

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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>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ (12,289,391)
2025	(16,457,367)
2026	(22,566,768)
2027	6,529,486
2028	(551,811)
	<u>\$ (45,335,851)</u>

Actuarial assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Payroll growth rate	3.50% per annum
Salary increases	3.75% - 6.75%, including inflation
Investment rate of return	7.00% per annum, including inflation
Cost of living adjustments	2.50% / 1.50%

Mortality rates used in the actuarial valuation as of June 30, 2022 were based on the following:

Active members – Multiples of the Pub-2010, Employee Table for active employees based on the occupation of the member.

Healthy retirees – The 2022 Public Retirees of Hawai'i mortality table, The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.

Disabled retirees – Base Table for healthy retiree's occupation, set forward 3 years, generational projection using the UMP projection table from the year 2022. Minimum mortality rate of 3.5% for males and 2.5% for females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study as of June 30, 2021, with most assumptions based on the period from July 1, 2016, through June 30, 2021. The major changes to assumptions resulting from the 2021 actuarial experience study were (1) to update the base mortality tables with data through June 30, 2021 and (2) recommended a higher salary increase schedule.

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The long-term expected rate of return on pension plan investments was determined using a “top down approach” 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 combined to produce the long-term expected rate of return by weighting the expected nominal real rates of return by the target asset allocation percentage.

The target allocation and best estimates of geometric rates of return for each major asset class are summarized in the following table:

Strategic Allocation (Risk-Based Classes)	Target Allocation	Long-Term Expected Rate of Return	Expected Volatility*
Broad growth	62.50%	8.00%	15.80%
Diversifying Strategies	37.50%	5.10%	8.50%
	100.00%		

* Uses an expected inflation rate of 2.10%.

Discount rate – The discount rate used to measure the total pension liability was 7.00%, which was the same rate used at the prior measurement date. 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 periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate – The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’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%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County’s proportionate share of the net pension liability	\$ 809,911,610	\$ 584,219,290	\$ 397,389,112

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information.

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Payables to the pension plan – At June 30, 2023, the annual amount payable to the ERS totaled \$5,956,097, which represents the employer contribution for the second half of the month of June 2023, as required by HRS, and the excess pension cost under Act 153/SLH 2-12 REFER HRS Section 88-100 for fiscal year ended June 30, 2023.

Other Pension Plans - County of Hawai'i Bandsmen Pension System

The County also sponsors a nonqualified, governmental single employer defined benefit pension plan for members of the County Band (County of Hawai'i Bandsmen Pension System) who are or were ineligible for benefits under ERS and whose employment began before June 1, 1990. Under HRS Chapter 88, the County Pension provides retirement benefits that are computed based on the average annual salary during the last 10 years of employment with a minimum pension amount of \$50 per month. There are no assets accumulated in a trust for the payment of benefits.

As of the valuation date of June 30, 2023, there were 13 inactive employees or beneficiaries receiving benefits; 9 inactive employees not yet receiving benefit payments; and 4 active members.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2023, the County reported a liability of \$806,764. The total pension liability was measured as of June 30, 2023 based on an actuarial valuation as of June 30, 2023.

For the year ended June 30, 2023, the County recognized pension payments of \$32,185 and a negative pension expense of \$1,837.

Actuarial assumptions – The total pension liability in the June 30, 2023 actuarial report was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50%, including inflation

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rate was 3.99%.

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The following presents the County's total pension liability calculated using the discount rate of 3.99%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.99%) or 1-percentage-point higher (4.99%) than the current rate:

	1% Decrease (2.99%)	Current Discount Rate (3.99%)	1% Increase (4.99%)
County's total pension liability	\$ 928,588	\$ 806,764	\$ 706,851

Schedule of Changes in Total Pension Liability

Measurement year ending June 30,	2023
Total Pension Liability	
Service cost	\$ 6,747
Interest	30,680
Difference between expected and actual experience	(7,564)
Changes of assumptions	(31,700)
Benefit payments	<u>(32,185)</u>
Net Change in Total Pension Liability	<u>(34,022)</u>
Total Pension Liability – Beginning	<u>840,786</u>
Total Pension Liability – Ending	<u>\$ 806,764</u>

Post-Retirement Benefits

In addition to providing pension benefits, the County is required by state statute (HRS Chapter 87A) to contribute to the Hawai'i Employer-Union Health Benefits Trust Fund (the EUTF). The EUTF is an agent, multiple-employer defined benefit plan providing certain healthcare and life insurance benefits to all qualified retirees, active employees, their dependents and their beneficiaries.

Benefits Provided – Chapter 87A of the HRS grants the authority to establish and amend the benefit terms to the board of trustees of the EUTF. The EUTF currently provides medical, prescription drug, dental, vision, chiropractic, supplemental medical and prescription drug, and group life insurance benefits for retirees and their dependents.

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The following table provides a summary of the number of employees covered by the benefit terms as of July 1, 2022.

Inactive employees or beneficiaries currently receiving benefits	1,800
Inactive employees entitled but not yet receiving benefit payments	210
Active employees	<u>2,479</u>
	<u>4,489</u>

Contributions – The County’s contribution levels are established by Chapter 87A of the HRS. The county was required to contribute 100% of the ARC starting in fiscal year 2019. The ARC represents a level of funding that is sufficient to cover, 1) the normal cost, which is the cost of the other postemployment benefits attributable to the current year of service; and 2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next thirty years. For the fiscal year ended June 30, 2023, contributions to the OPEB Plan from the County totaled \$42,910,000 which resulted in an average contribution rate of approximately 20.7% of covered-employee payroll.

For employees hired prior to July 1, 1996, the County pays the entire monthly healthcare premium for employees retiring with 10 or more years of credited service, and 50% of the monthly premium for employees retiring with fewer than 10 years of credited service. The current (pay-as-you-go) premium costs are paid by the respective funds but the net other postemployment benefit obligation is paid by the General Fund.

For employees hired after June 30, 1996, and who retire with fewer 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 retired employees’ monthly Medicare or non-Medicare premium. For employees hired after June 30, 1996, and who retire with at least 15 years but fewer than 25 years of service, the County pays 75% of the retired employees’ monthly Medicare or non-Medicare premium. For those retiring with over 25 years of service, the County pays the entire healthcare premium.

For employees hired after June 30, 2001, and who retire with fewer 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 retired employees’ monthly Medicare or non-Medicare premium based on the self-plan. For employees hired after June 30, 2001, and who retire with at least 15 years but fewer than 25 years of service, the County pays 75% of the retired employees’ monthly Medicare or non-Medicare premium; for those retiring with over 25 years of service, the County pays the entire healthcare premium.

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For active employees, the employee's contributions are based upon negotiated collective bargaining agreements. Employer contributions for employees not covered by collective bargaining agreements and for retirees are prescribed by the HRS.

Net OPEB liability – The County's net OPEB liability was measured as of July 1, 2022, and the total OPEB liability used 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, 2022, and the reporting date, June 30, 2023, that are expected to have a significant effect on the net OPEB liability.

Actuarial assumptions – The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.75% - 6.75%, including inflation
Payroll growth rate	3.50%
Investment rate of return	7.00%

Healthcare cost trend rates

PPO	Initial rates of 6.40%; declining to a rate of 4.25% after 22 years
HMO	Initial rate of 6.40%; declining to a rate of 4.25% after 22 years
Part B & base monthly contribution	Initial rates of 5.00%; declining to a rate of 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

Mortality rates used in the actuarial valuation as of July 1, 2022 were based on the following:

Active members – Multiples of the Pub-2010, Employee Tables for active employees based on the occupation of the member.

Healthy retirees – The 2022 Public Retirees of Hawai'i mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multipliers and setbacks based on plan and group experience.

Disabled retirees – Base Table for healthy retirees' occupation, set forward 3 years, generational projection using the UMPP projection table from the year 2022. Minimum mortality rate of 3.5% for males and 2.5% for females.

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The actuarial assumptions used in the July 1, 2022 valuation were based on the experience study covering the five year period ending June 30, 2022 as conducted for the Hawaii Employees' Retirement System (ERS).

A Single Discount Rate of 7.00% was used to measure the total OPEB liability. This Single Discount Rate was based on the expected rate of return on OPEB plan investments of 7.00%. Beginning with the FYE19 contribution, the funding policy of the County of Hawaii is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. In July 2020, the Governor's office issued the Tenth Proclamation related to the Covid-19 Emergency, allowing employers of the EUTF to suspend ACT 268 contributions for fiscal year ending June 30, 2021 and instead limit their contribution amounts to the OPEB benefits due. This relief provision related to OPEB funding was extended to the fiscal year ended June 30, 2022 and 2023 by Act 229, Session Laws of Hawaii'i 2021. The EUTF's fiduciary net position is still expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the EUTF's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

Strategic Allocation (Risk-Based Classes)	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	27.50%	6.62%
Private equity	12.50%	11.72%
Real assets	10.00%	6.59%
Trend following	10.00%	4.53%
Private Credit	8.00%	6.38%
Long treasuries	6.00%	2.32%
U.S. microcap	6.00%	8.28%
Alternative risk premia	5.00%	3.74%
Global options	5.00%	4.45%
Reinsurance	5.00%	4.81%
TIPS	5.00%	1.35%
	<u>100.00%</u>	

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Changes in the Net OPEB Liability:

The following schedule presents the changes in the net OPEB liability for the fiscal year ending June 30, 2023:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2022	<u>\$ 601,313,413</u>	<u>\$ 289,809,720</u>	<u>\$ 311,503,693</u>
Changes for the fiscal year:			
Service cost	13,200,983	--	13,200,983
Interest on the total OPEB liability	41,857,781	--	41,857,781
Employer contributions	--	38,439,395	(38,439,395)
Net investment income	--	(5,410,114)	5,410,114
Benefit payments	(19,891,212)	(19,891,212)	--
Administrative expense	--	(24,126)	24,126
Changes of assumptions	(14,475,674)	--	(14,475,674)
Difference between expected and actual experience	(50,903,860)	--	(50,903,860)
Other	--	1,910	(1,910)
Net changes	<u>\$ (30,211,982)</u>	<u>\$ 13,115,853</u>	<u>\$ (43,327,835)</u>
Balance at June 30, 2023	<u>\$ 571,101,431</u>	<u>\$ 302,925,573</u>	<u>\$ 268,175,858</u>

The significant changes of assumptions included the updating of the demographic assumptions, during the measurement period, to reflect the 2022 ERS Actuarial Experience Study and the updating of the short-term healthcare trend assumptions.

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the County, as well as what the County’s net OPEB 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 discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County’s net OPEB liability	<u>\$ 356,559,610</u>	<u>\$ 268,175,858</u>	<u>\$ 198,330,384</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
County’s net OPEB liability	<u>\$ 194,749,881</u>	<u>\$ 268,175,858</u>	<u>\$ 362,317,831</u>

For the year ended June 30, 2023, the County recognized OPEB expense of \$17,485,318. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,870,717	\$ 81,085,326
Changes of assumptions	2,781,428	14,308,660
Net difference between projected and actual earnings on OPEB plan investments	890,677	--
County contributions subsequent to the measurement date	<u>42,910,000</u>	<u>--</u>
Total	<u>\$ 50,452,822</u>	<u>\$ 95,393,986</u>

\$42,910,000 reported as deferred outflows of resources related to the County’s contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2024.

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>	Net deferred inflows of resources
2024	\$ (16,627,908)
2025	(17,493,814)
2026	(20,152,610)
2027	(12,302,588)
2028	(12,178,462)
Thereafter	<u>(9,095,782)</u>
	<u>\$ (87,851,164)</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

The EUTF issues a publicly available financial report that includes financial statements and required supplementary information, which is available on-line at their web-site www.eutf.hawaii.gov or by contacting them at P.O. Box 2121, Honolulu, HI 96805-2121.

Deferred Compensation Plan

County employees are permitted to participate in a deferred compensation plan of the State of Hawaii, adopted pursuant to Internal Revenue Code (IRC) section 457. The plan permits eligible employees to defer a portion of their salary until future years by contributing to a fund managed by a plan administrator. The deferred compensation amounts are 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 and from diversion to any uses other than paying benefits to participants and beneficiaries. 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. Therefore, the deferred compensation plan assets are not reported in the accompanying basic financial statements.

15. COMPONENT UNIT DISCLOSURES

Deposits and Investments

At June 30, 2023, the carrying amount of cash, time certificates of deposit and money market funds of \$60,720,601, with bank balances of \$61,204,673 were held by the County on behalf of the Department. These balances were fully insured or collateralized with securities held by the County's agent in the County's name.

The deposits and investments include cash received by the Department that is restricted as to use and is recorded as a restricted asset. Such funds amounted to \$888,225 at June 30, 2023.

Capital Assets

The Department began operations as of January 1, 1950. At that date, the utility plant in service was transferred to the Department from the County at the cost of the utility plant assets acquired by the County for its water system from January 1, 1924 to December 31, 1949, less accumulated depreciation. Acquisitions prior to 1924 and acquisitions by gift or grant prior to 1950 are not included in utility plant. Additions to utility plant since January 1, 1950 are stated at original cost and include contributions by governmental agencies, private subdividers and customers at their cost or estimated cost. Construction costs include amounts for contract work, engineering supervision and other direct and indirect costs.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

Depreciation on the Department's utility plant assets in service is computed using the straight-line method over the estimated useful lives of the assets as follows:

Structures and improvements	40 to 50 years
Machinery and equipment	5 to 25 years
Water systems	10 to 40 years

The capital assets of the Department at June 30, 2023 were as follows:

Depreciable assets	
Utility plant in service	\$603,842,375
Less: accumulated depreciation	<u>(323,339,622)</u>
	280,502,753
Nondepreciable assets	
Preliminary survey and investigation charges	1,416,107
Construction work in progress	8,689,122
Land and rights	<u>5,376,240</u>
	15,481,469
Right to use lease assets	
Land	226,050
Equipment	57,470
Less: accumulated amortization	<u>(58,972)</u>
	<u>224,548</u>
Right to use SBITA assets	66,313
Less: accumulated amortization	<u>(52,198)</u>
	<u>14,115</u>
Net capital assets	<u>\$296,222,883</u>

COUNTY OF HAWAI'I

Notes to the Basic Financial Statements

June 30, 2023

The following is a summary of changes in capital assets during the fiscal year ended June 30, 2023.

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Nondepreciable assets				
Land and rights	\$ 5,324,040	\$ 52,200	\$ --	\$ 5,376,240
Preliminary survey and investigation charges	2,213,049	360,039	(1,156,981)	1,416,107
Construction work in progress	<u>19,937,881</u>	<u>7,825,125</u>	<u>(19,073,884)</u>	<u>8,689,122</u>
Total capital assets not being depreciated	<u>27,474,970</u>	<u>8,237,364</u>	<u>(20,230,865)</u>	<u>15,481,469</u>
Depreciable assets				
Utility plant in service	584,553,473	20,519,632	(1,230,730)	603,842,375
Less accumulated depreciation	<u>(306,479,516)</u>	<u>(17,872,789)</u>	<u>1,012,683</u>	<u>(323,339,622)</u>
Total capital assets being depreciated	<u>278,073,957</u>	<u>2,646,843</u>	<u>(218,047)</u>	<u>280,502,753</u>
Right to use lease assets				
Land	226,050	--	--	226,050
Equipment	<u>57,470</u>	<u>--</u>	<u>--</u>	<u>57,470</u>
	<u>283,520</u>	<u>--</u>	<u>--</u>	<u>283,520</u>
Accumulated amortization				
Land	(5,626)	(5,626)	--	(11,252)
Equipment	<u>(20,442)</u>	<u>(27,278)</u>	<u>--</u>	<u>(47,720)</u>
	<u>(26,068)</u>	<u>(32,904)</u>	<u>--</u>	<u>(58,972)</u>
Total right to use lease assets	<u>257,452</u>	<u>(32,904)</u>	<u>--</u>	<u>224,548</u>
Right to use SBITA assets	--	66,313	--	66,313
Accumulated amortization	<u>--</u>	<u>(52,189)</u>	<u>--</u>	<u>(52,189)</u>
Total right to use SBITA assets	<u>--</u>	<u>14,115</u>	<u>--</u>	<u>14,115</u>
Net capital assets	<u>\$305,806,379</u>	<u>\$10,865,418</u>	<u>\$(20,448,912)</u>	<u>\$ 296,222,885</u>

Long-Term Debt

The County has issued general obligation bonds on behalf of the Department. The Department is responsible for the payment of the debt service on these bonds, but the County remains liable because they are general obligations of the County. The Department has recorded a liability for these general obligation bonds, which amounted to \$17,871,880 at June 30, 2023.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

General obligation bonds payable issued on behalf of the Department and other long-term debt at June 30, 2023 are comprised of the following:

Public improvement bonds:	
2008 Series A at 4.125%, due through 2043	\$ 110,630
Public improvement refunding bonds:	
2016 Series B at 3.0% to 5.0%, due through 2026	6,152,500
2016 Series E at 2.0% to 5.0%, due through 2029	4,728,750
2020 Series C & D at 5.0%, due through 2029	2,775,000
USDA Bond #R-1 at 2.0%, due through 2057	4,105,000
Revolving fund loans:	
State revolving fund loans, interest up to 1.0%, due through 2042	<u>55,737,039</u>
Total long-term debt	73,608,919
Add: Unamortized premium	<u>1,096,509</u>
Total	<u>\$74,705,428</u>

At June 30, 2023, future principal and interest payments for long-term debt are scheduled as follows:

Fiscal year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 6,040,651	\$ 1,453,472	\$ 7,494,123
2025	6,286,270	1,276,731	7,563,001
2026	6,443,114	1,104,850	7,547,964
2027	6,600,693	927,412	7,528,105
2028	4,832,671	784,456	5,617,127
2029 – 2033	20,774,520	2,626,721	23,401,241
2034 – 2038	15,211,725	1,253,303	16,465,028
2039 – 2043	5,347,952	410,895	5,758,847
2044 - 2048	675,024	180,666	855,690
2049 - 2053	745,281	110,409	855,690
2054 - 2057	<u>651,017</u>	<u>32,853</u>	<u>683,870</u>
Total	<u>\$73,608,918</u>	<u>\$10,161,768</u>	<u>\$83,770,686</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

The following is a summary of changes in long-term debt during the fiscal year ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
State revolving fund loans	\$ 53,580,508	\$ 5,528,734	\$ (3,372,203)	\$ 55,737,039	\$ 3,642,227
Public improvement bonds	20,139,155	--	(2,267,275)	17,871,881	2,384,920
Add: unamortized premium	<u>1,359,370</u>	<u>--</u>	<u>(262,862)</u>	<u>1,096,508</u>	<u>262,862</u>
Total	<u>\$ 75,079,033</u>	<u>\$ 14,105,000</u>	<u>\$ (5,902,340)</u>	<u>\$ 74,705,428</u>	<u>\$ 6,290,009</u>

Contributions in Aid of Construction

The Department recognized \$10,573,824 of contributions in aid of construction for the fiscal year ended June 30, 2023.

Other Long-Term Liabilities

The following is a summary of other long-term obligations transactions for the fiscal year ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions/ Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Customers' deposits	\$ 16,438,298	\$ 613,326	\$(12,380,566)	\$ 4,671,058	\$ 200,887
Accrued vacation	1,954,476	94,707	(125,253)	1,923,930	686,835
Accrued workers' compensation	300,000	--	--	300,000	189,000
Leases payable	259,086	--	(31,569)	227,517	14,128
SBITA payable	<u>--</u>	<u>7,640</u>	<u>(2,715)</u>	<u>6,980</u>	<u>3,126</u>
Total	<u>\$ 18,951,860</u>	<u>\$ 715,673</u>	<u>\$(12,540,103)</u>	<u>\$ 7,129,485</u>	<u>\$ 1,093,976</u>

Commitments and Contingent Liabilities

Claims and judgments – The Department maintains property, auto liability, and general liability insurance policies. The Department remains self-insured for workers' compensation and other perils. The liability at June 30, 2023 for workers' compensation claims of \$300,000 was estimated based on a combination of case-by-case review and the application of historical experience to outstanding claims.

Construction contracts – The Department is obligated under construction contracts for the utility plant and other projects. Such commitments approximated \$14,002,864 at June 30, 2023.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

Pension Plan

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2023, the Department reported a liability of \$30,899,325 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department’s proportion of the net pension liability was based on a projection of the employer contributions to the pension plan relative to projected contributions of all participating employers.

At June 30, 2022, the Department’s proportion was .24%, which is the same as its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Department recognized pension expense of \$2,624,255.

At June 30, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 554,494	\$ (447,321)
Net difference between projected and actual earnings on pension plan investments	--	(1,337,368)
Changes in assumptions	45,338	(391,928)
Changes in proportion and differences between employer contributions and proportionate share of contributions	797,771	(753,176)
Department contributions subsequent to the measurement date	<u>2,535,659</u>	<u>--</u>
Total	<u>\$ 3,933,262</u>	<u>\$ (2,929,793)</u>

The \$2,535,659 reported as deferred outflows of resources related to the Department’s contributions to the pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

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>	Net Deferred Outflows (Inflows) of Resources
2024	\$ (484,622)
2025	(551,221)
2026	(908,685)
2027	426,429
2028	(14,091)
	<u>\$ (1,532,190)</u>

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate – The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what its 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%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Department's proportionate share of the net pension liability	\$ 41,404,944	\$ 30,899,325	\$ 22,202,677

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information.

Payables to the pension plan – At June 30, 2023, the annual amount payable to the ERS totaled \$679,631, which represents the employer contribution for the month of June 2023 and an accrual for excess pension costs attributed to the fiscal year, as required by HRS.

Post-Retirement Benefits Other than Pensions (OPEB)

Net OPEB liability, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – At June 30, 2023, the Department reported a net OPEB liability of \$7,812,470. The net OPEB liability was measured as of July 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. For the year ended June 30, 2023, the Department recognized OPEB expense of \$107,757.

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

At June 30, 2023 the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ (4,560,134)
Changes of assumptions	159,914	(1,128,967)
Net difference between projected and actual earnings on OPEB plan investments	--	(82,797)
Employer contributions subsequent to the measurement date	<u>1,961,000</u>	<u>--</u>
Total	<u>\$ 2,120,914</u>	<u>\$ (5,771,898)</u>

\$1,961,000 reported as deferred outflows of resources related to the Department's contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2024.

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>	Net Deferred (Inflows) of Resources
2024	\$ (1,308,451)
2025	(1,361,817)
2026	(1,483,671)
2027	(503,762)
2028	(693,327)
Thereafter	<u>(260,956)</u>
	<u>\$ (5,611,984)</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

Changes in the Net OPEB Liability:

The following schedule presents the changes in the net OPEB liability for the fiscal year ending June 30, 2023:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2022	<u>\$ 37,105,421</u>	<u>\$ 26,653,635</u>	<u>\$ 10,451,786</u>
Changes for the fiscal year:			
Service cost	754,223	--	754,223
Interest on the total OPEB liability	2,581,297	--	2,581,297
Employer contributions	--	2,148,000	(2,148,000)
Net investment income	--	(518,406)	518,406
Benefit payments	(1,213,715)	(1,213,715)	--
Administrative expense	--	(2,283)	2,283
Difference between expected and actual experience	(3,112,836)	--	(3,112,836)
Change of assumptions	(1,213,900)	--	(1,213,900)
Other	--	20,789	(20,789)
Net changes	<u>\$ (2,204,931)</u>	<u>\$ 434,385</u>	<u>\$ (2,639,316)</u>
Balance at June 30, 2023	<u>\$ 34,900,490</u>	<u>\$ 27,088,020</u>	<u>\$ 7,812,470</u>

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the Department, as well as what the Department’s net OPEB 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 discount rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Department’s net OPEB liability	<u>\$ 12,882,158</u>	<u>\$ 7,812,470</u>	<u>\$ 3,742,204</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the Department, as well as what the Department’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Department’s net OPEB liability	<u>\$ 3,503,603</u>	<u>\$ 7,812,470</u>	<u>\$ 13,263,452</u>

COUNTY OF HAWAII

Notes to the Basic Financial Statements

June 30, 2023

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Prior Period Adjustment

Net position as of July 1, 2022 has been restated as a result of a \$7,713,362 increase primarily due to errors related to expired water commitment deposits that were misclassified as a liability and it should have been recognized as revenue prior to June 30, 2022. Adjustments were made to decrease water commitment deposit liability by \$8,104,400 with a corresponding increase in earned surplus equity. Other adjustments include recording of SBITA assets totaling \$43,637 that were in place prior to June 30, 2022 with a corresponding increase in earned surplus equity, an adjustment of \$18,915 for prior year accumulated amortization of SBITA asset due to GASB 96 implementation during the FY23 with a corresponding decrease in earned surplus equity, and adjustments to Preliminary Survey & Investigations with a corresponding decrease to earned surplus equity totaling \$415,760 due to cancellation of construction projects that should have been recognized prior to June 30, 2022.

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	<u>2023</u>	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 13,200,983	\$ 754,223
Interest on the total OPEB liability	41,857,781	2,581,297
Benefit payments	(19,891,212)	(1,213,715)
Difference between expected and actual experience	(50,903,860)	(3,112,836)
Changes in assumptions	<u>(14,475,674)</u>	<u>(1,213,900)</u>
Net change in total OPEB liability	(30,211,982)	(2,204,931)
Total OPEB liability - Beginning	<u>601,313,413</u>	<u>37,105,421</u>
Total OPEB liability - Ending	\$ 571,101,431	\$ 34,900,490
Plan fiduciary net position		
Contributions - employer	\$ 38,439,395	\$ 2,148,000
Net investment income	(5,410,114)	(518,406)
Benefit payments	(19,891,212)	(1,213,715)
Administrative expense	(24,126)	(2,283)
Other	<u>1,910</u>	<u>20,789</u>
Net change in plan fiduciary net position	13,115,853	434,385
Plan fiduciary net position - Beginning	<u>289,809,720</u>	<u>26,653,635</u>
Plan fiduciary net position - Ending	\$ 302,925,573	\$ 27,088,020
Net OPEB liability	\$ 268,175,858	\$ 7,812,470
Plan fiduciary net position as a percentage of the total OPEB liability	53.0%	77.6%
Covered-employee payroll	\$ 195,866,428	\$ 10,326,292
Net OPEB liability as a percentage of Covered-employee payroll	136.9%	75.7%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

	<u>2022</u>	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 12,764,228	\$ 762,769
Interest on the total OPEB liability	40,832,661	2,456,079
Benefit payments	(19,280,575)	(1,063,301)
Difference between expected and actual experience	<u>(19,584,810)</u>	<u>(287,233)</u>
Net change in total OPEB liability	14,731,504	1,868,314
Total OPEB liability - Beginning	<u>586,581,909</u>	<u>35,237,107</u>
Total OPEB liability - Ending	\$ 601,313,413	\$ 37,105,421
Plan fiduciary net position		
Contributions - employer	\$ 38,334,627	\$ 1,210,523
Net investment income	57,339,331	5,666,092
Benefit payments	(19,280,575)	(1,063,301)
Administrative expense	(29,421)	(2,922)
Other	<u>(170,462)</u>	<u>(50)</u>
Net change in plan fiduciary net position	76,193,500	5,810,342
Plan fiduciary net position - Beginning	<u>213,616,220</u>	<u>20,843,293</u>
Plan fiduciary net position - Ending	\$ 289,809,720	\$ 26,653,635
Net OPEB liability	\$ 311,503,693	\$ 10,451,786
Plan fiduciary net position as a percentage of the total OPEB liability	48.2%	71.8%
Covered-employee payroll	\$ 197,978,022	\$ 10,713,826
Net OPEB liability as a percentage of Covered-employee payroll	157.3%	97.6%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

	<u>2021</u>	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 13,182,551	\$ 773,607
Interest on the total OPEB liability	41,412,243	2,483,573
Benefit payments	(19,277,123)	(1,036,438)
Difference between expected and actual experience	(39,988,932)	(2,403,748)
Change in assumptions	<u>(3,397,584)</u>	<u>(190,921)</u>
Net change in total OPEB liability	(8,068,845)	(373,927)
Total OPEB liability - Beginning	<u>594,650,754</u>	<u>35,611,034</u>
Total OPEB liability - Ending	\$ 586,581,909	\$ 35,237,107
Plan fiduciary net position		
Contributions - employer	\$ 41,604,474	\$1,977,000
Net investment income	3,806,539	376,721
Benefit payments	(19,277,123)	(1,036,438)
Administrative expense	(29,192)	(3,013)
Other	<u>127,017</u>	<u>(2,264)</u>
Net change in plan fiduciary net position	26,231,715	1,312,006
Plan fiduciary net position - Beginning	<u>187,384,505</u>	<u>19,531,287</u>
Plan fiduciary net position - Ending	\$ 213,616,220	\$ 20,843,293
Net OPEB liability	\$ 372,965,689	\$ 14,393,814
Plan fiduciary net position as a percentage of the total OPEB liability	36.4%	59.2%
Covered-employee payroll	\$ 189,053,873	\$ 10,266,331
Net OPEB liability as a percentage of Covered-employee payroll	197.4%	140.2%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

	<u>2020</u>	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 12,402,599	\$ 746,672
Interest on the total OPEB liability	38,381,475	2,349,959
Benefit payments	(18,651,726)	(1,012,084)
Difference between expected and actual experience	9,224,217	(314,598)
Change in assumptions	<u>1,862,836</u>	<u>137,542</u>
Net change in total OPEB liability	43,219,401	1,907,491
Total OPEB liability - Beginning	<u>551,431,353</u>	<u>33,703,543</u>
Total OPEB liability - Ending	\$ 594,650,754	\$ 35,611,034
Plan fiduciary net position		
Contributions - employer	\$ 39,770,000	\$1,990,000
Net investment income	7,187,610	764,696
Benefit payments	(18,651,726)	(1,012,084)
Administrative expense	(49,623)	(5,493)
Other	<u>8,531,701</u>	<u>522,371</u>
Net change in plan fiduciary net position	36,787,962	2,259,490
Plan fiduciary net position - Beginning	<u>150,596,543</u>	<u>17,271,797</u>
Plan fiduciary net position - Ending	\$ 187,384,505	\$ 19,531,287
Net OPEB liability	\$ 407,266,249	\$ 16,079,747
Plan fiduciary net position as a percentage of the total OPEB liability	31.5%	54.9%
Covered-employee payroll	\$ 185,575,775	\$ 10,264,425
Net OPEB liability as a percentage of Covered-employee payroll	219.5%	156.7%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

	<u>2019</u>	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 12,056,311	\$ 698,126
Interest on the total OPEB liability	36,036,284	2,264,524
Benefit payments	(17,998,013)	(1,016,548)
Difference between expected and actual experience	(3,679,099)	(1,184,347)
Change in assumptions	<u>7,240,956</u>	<u>432,233</u>
Net change in total OPEB liability	33,656,439	1,193,988
Total OPEB liability - Beginning	<u>517,774,914</u>	<u>32,509,555</u>
Total OPEB liability - Ending	\$ 551,431,353	\$ 33,703,543
Plan fiduciary net position		
Contributions - employer	\$ 32,829,013	\$1,936,548
Net investment income	9,474,156	1,111,306
Benefit payments	(17,998,013)	(1,016,548)
Administrative expense	<u>(29,227)</u>	<u>(3,336)</u>
Net change in plan fiduciary net position	24,275,929	2,027,970
Plan fiduciary net position - Beginning	126,320,614	15,243,827
Plan fiduciary net position - Ending	\$ 150,596,543	\$ 17,271,797
Net OPEB liability	\$ 400,834,810	\$ 16,431,746
Plan fiduciary net position as a percentage of the total OPEB liability	27.3%	51.3%
Covered-employee payroll	\$ 178,889,344	\$ 10,212,595
Net OPEB liability as a percentage of Covered-employee payroll	224.1%	160.9%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

	2018	
	<u>County</u>	<u>Department</u>
Total OPEB Liability		
Service Cost	\$ 11,757,502	\$ 687,414
Interest on the total OPEB liability	34,046,407	2,135,490
Benefit payments	<u>(17,054,987)</u>	<u>(953,288)</u>
Net change in total OPEB liability	28,748,922	1,869,616
Total OPEB liability - Beginning	<u>489,025,992</u>	<u>30,639,939</u>
Total OPEB liability - Ending	\$ 517,774,914	\$ 32,509,555
Plan fiduciary net position		
Contributions - employer	\$ 28,549,987	\$1,867,788
Net investment income	10,380,705	1,245,946
Benefit payments	(17,054,987)	(953,288)
Administrative expense	(23,228)	(2,782)
Other	<u>266,457</u>	<u>16,370</u>
Net change in plan fiduciary net position	22,118,934	2,174,034
Plan fiduciary net position - Beginning	104,201,680	13,069,793
Plan fiduciary net position - Ending	\$ 126,320,614	\$ 15,243,827
Net OPEB liability	\$ 391,454,300	\$ 17,265,728
Plan fiduciary net position as a percentage of the total OPEB liability	24.4%	46.9%
Covered-employee payroll	\$ 172,678,405	\$ 9,791,132
Net OPEB liability as a percentage of Covered-employee payroll	226.70%	176.34%

* This schedule is intended to present information for 10 years, as of the measurement date of the collective net OPEB liability for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

Schedule of Contributions (OPEB) Last 10 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, 2023	\$ 42,910,000	\$ 42,910,000	\$ --	\$ 207,585,949	20.7%
June 30, 2022	\$ 45,147,000	\$ 38,439,395	\$ 6,707,605	\$ 195,866,428	19.6%
June 30, 2021	\$ 42,917,000	\$ 38,181,347	\$ 4,735,653	\$ 197,978,022	19.3%
June 30, 2020	\$ 41,464,000	\$ 41,604,474	\$ (140,474)	\$ 189,053,873	22.0%
June 30, 2019	\$ 39,770,000	\$ 39,770,000	\$ --	\$ 185,575,775	21.4%
June 30, 2018	\$ 37,748,000	\$ 32,829,013	\$ 4,918,987	\$ 178,889,344	21.1%
June 30, 2017	\$ 36,472,000	\$ 28,549,987	\$ 7,922,013	\$ 172,678,405	21.1%
June 30, 2016	\$ 33,614,000	\$ 22,747,340	\$ 10,866,660	\$ 159,744,324	14.2%
June 30, 2015	\$ 32,478,000	\$ 18,657,000	\$ 13,821,000	\$ 152,490,296	12.2%
June 30, 2014	\$ 30,526,000	\$ 17,453,000	\$ 13,073,000	\$ 139,423,481	12.5%

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, 2023	\$ 1,961,000	\$ 1,961,000	\$ --	\$ 11,390,143	17.2%
June 30, 2022	\$ 2,148,000	\$ 2,148,000	\$ --	\$ 11,020,814	19.5%
June 30, 2021	\$ 2,046,000	\$ 1,210,523	\$ 835,477	\$ 10,713,826	11.3%
June 30, 2020	\$ 1,977,000	\$ 1,977,000	\$ --	\$ 10,266,331	19.3%
June 30, 2019	\$ 1,990,000	\$ 1,990,000	\$ --	\$ 10,264,425	19.4%
June 30, 2018	\$ 1,933,000	\$ 1,936,548	\$ (3,548)	\$ 10,212,595	19.0%
June 30, 2017	\$ 1,867,000	\$ 1,867,788	\$ (788)	\$ 9,791,132	19.1%
June 30, 2016	\$ 1,914,000	\$ 1,913,204	\$ 796	\$ 9,464,649	20.2%
June 30, 2015	\$ 1,850,000	\$ 1,848,389	\$ 1,611	\$ 9,426,509	19.6%
June 30, 2014	\$ 1,899,000	\$ 1,900,758	\$ (1,758)	\$ 8,635,402	22.0%

See accompanying notes to required supplementary information

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

Note – Significant Methods and Assumptions

Beginning July 1, 2017, an actuarial valuation of the County's and Department's liability associated with other postemployment benefits other than pension provided through the EUTF is performed as of July 1 of each year.

The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution for the fiscal year ended June 30, 2023:

Actuarial valuation date	Developed in the July 1, 2022 valuation
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Equivalent single amortization period	16.4 and 14.9 for the County and Department, respectively, as of June 30, 2023
Asset valuation method	4-year smoothed market
Inflation rate	2.50%
Investment rate of return	7.00%
Payroll growth	3.00%
Salary increases	3.75% to 6.75% including inflation
Healthcare cost trend rates	
PPO	Initial rates of 7.50%; declining to a rate of 4.70% after 13 years
HMO	Initial rate of 7.50%; declining to a rate of 4.70% after 13 years
Part B	Initial rate of 5.00%; declining to a rate of 4.70% after 10 years
Dental	Initial rate of 5.00% for first year; followed by 4.00% for all future years
Vision	Initial rate of 0.00% for first year; followed by 2.50% for all future years
Life Insurance	0.00%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

Demographic assumptions	Based on the experience study covering the five year period ending June 30, 2018 conducted for the Hawaii Employees' Retirement System
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 Compensation. Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the base monthly contribution, respectively. 100% for life insurance and 98% for Medicare Part B.

There were no other factors that significantly affected trends in the amounts reported in the schedule of changes in the net OPEB liability and related ratios or the schedule of contributions (OPEB).

Changes of Assumptions:

- During the measurement period, the demographic assumptions were updated to reflect the 2022 ERS Actuarial Experience Study.
- Additionally, short-term healthcare trend assumptions were updated.

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

**Schedule of the County's and Department's Proportionate Share
of the Net Pension Liability (ERS)
Last 10 Fiscal Years**

County:

Measurement Period Ended	County's Proportion of the Net Pension Liability (%)	County's Proportionate Share of the Net Pension Liability (\$)	County's Covered Payroll	Proportionate Share of the Net Pension Liability as a %age of Covered Payroll	Plan Fiduciary Net Position as a %age of the Total Pension Liability
June 30, 2022	4.5%	\$584,219,290	\$183,409,868	318.5%	62.8%
June 30, 2021	4.6%	\$565,147,246	\$186,778,076	302.6%	64.3%
June 30, 2020	4.5%	\$696,251,655	\$180,285,326	386.2%	53.2%
June 30, 2019	4.7%	\$668,213,164	\$172,197,101	388.1%	54.9%
June 30, 2018	4.8%	\$635,693,501	\$168,484,880	377.3%	55.5%
June 30, 2017	4.7%	\$609,904,199	\$163,626,447	372.7%	54.8%
June 30, 2016	4.6%	\$618,129,088	\$156,556,514	394.8%	51.2%
June 30, 2015	4.4%	\$382,070,813	\$149,760,317	255.1%	62.4%
June 30, 2014	4.0%	\$322,626,262	\$137,669,418	234.3%	63.9%
June 30, 2013	4.2%	\$377,065,856	\$129,153,763	292.0%	58.0%

Department:

Measurement Period Ended	Department's Proportion of the Net Pension Liability (%)	Department's Proportionate Share of the Net Pension Liability (\$)	Department's Covered Payroll	Proportionate Share of the Net Pension Liability as a %age of Covered Payroll	Plan Fiduciary Net Position as a %age of the Total Pension Liability
June 30, 2022	0.2%	\$ 30,899,325	\$10,450,084	295.7%	62.8%
June 30, 2021	0.2%	\$ 29,017,165	\$11,016,038	263.4%	64.3%
June 30, 2020	0.2%	\$ 35,290,257	\$10,439,473	338.0%	53.2%
June 30, 2019	0.2%	\$ 32,029,248	\$10,318,136	310.4%	54.9%
June 30, 2018	0.3%	\$ 33,522,053	\$ 9,742,400	344.1%	55.5%
June 30, 2017	0.2%	\$ 28,365,453	\$ 9,358,187	303.1%	54.8%
June 30, 2016	0.2%	\$ 29,247,607	\$ 9,046,930	323.3%	51.2%
June 30, 2015	0.2%	\$ 18,940,065	\$ 9,012,196	210.2%	62.4%
June 30, 2014	0.3%	\$ 20,526,993	\$ 8,272,307	248.1%	63.9%
June 30, 2013	0.2%	\$ 18,469,400	\$ 7,640,477	241.7%	58.0%

See accompanying notes to required supplementary information

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

Schedule of the Employer Pension Contributions (ERS)
Last Ten Fiscal Years

County:

Fiscal Year Ended	Statutorily Required Contribution	Actual County Contributions Recognized by the Plan	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a %age of Covered Payroll
June 30, 2023	\$ 63,900,644	\$ 63,900,644	\$ --	\$ 192,711,324	33.2%
June 30, 2022	\$ 61,913,089	\$ 61,913,089	\$ --	\$ 183,409,868	33.8%
June 30, 2021	\$ 63,953,781	\$ 63,953,781	\$ --	\$ 186,778,076	34.2%
June 30, 2020	\$ 52,778,035	\$ 52,778,035	\$ --	\$ 180,285,326	29.3%
June 30, 2019	\$ 44,853,953	\$ 44,853,953	\$ --	\$ 172,197,101	26.0%
June 30, 2018	\$ 41,562,933	\$ 41,562,933	\$ --	\$ 168,484,880	24.7%
June 30, 2017	\$ 36,157,981	\$ 36,157,981	\$ --	\$ 163,626,447	22.1%
June 30, 2016	\$ 34,013,001	\$ 34,013,001	\$ --	\$ 156,556,514	21.7%
June 30, 2015	\$ 31,456,148	\$ 31,456,148	\$ --	\$ 149,760,317	21.0%
June 30, 2014	\$ 26,503,830	\$ 26,503,830	\$ --	\$ 137,669,418	19.3%

Department:

Fiscal Year Ended	Statutorily Required Contribution	Actual County Contributions Recognized by the Plan	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a %age of Covered Payroll
June 30, 2023	\$ 2,535,659	\$ 2,535,659	\$ --	\$ 10,802,083	23.5%
June 30, 2022	\$ 2,477,404	\$ 2,477,404	\$ --	\$ 10,450,084	23.7%
June 30, 2021	\$ 2,579,631	\$ 2,579,631	\$ --	\$ 11,016,038	23.4%
June 30, 2020	\$ 2,258,593	\$ 2,258,593	\$ --	\$ 10,439,473	21.6%
June 30, 2019	\$ 1,950,358	\$ 1,950,358	\$ --	\$ 10,318,136	18.9%
June 30, 2018	\$ 1,757,461	\$ 1,757,461	\$ --	\$ 9,742,400	18.0%
June 30, 2017	\$ 1,603,278	\$ 1,603,278	\$ --	\$ 9,358,187	17.1%
June 30, 2016	\$ 1,553,128	\$ 1,553,128	\$ --	\$ 9,046,930	17.2%
June 30, 2015	\$ 1,520,994	\$ 1,520,994	\$ --	\$ 9,012,196	16.9%
June 30, 2014	\$ 1,664,580	\$ 1,664,580	\$ --	\$ 8,272,307	20.1%

See accompanying notes to required supplementary information

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

Note – Changes of Assumptions

The following changes were made to the actuarial assumptions as of June 30, 2022, based on the 2021 Experience Study:

- There was a slight increase in the administrative expenses assumption from 0.35% to 0.40%.
- The general productivity component of the general wage inflation assumption for General Employees and Teachers decreased from 1.00% to 0.50%, that now yields a nominal assumption of 3.00%. There was no change to the assumption for Police and Firefighters employees.
- The assumed salary increase schedules increased for all employees.
- Pre-retirement mortality rates increased for Police and Firefighters Employees and the retiree mortality is updated to the 2022 Public Retirees of Hawaii mortality tables.

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

Schedule of Changes in Total Pension Liability (Bandsmen Pension)
Last Ten Fiscal Years*

Measurement year ending June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Pension Liability					
Service Cost	\$ 6,747	\$ 11,943	\$ 145,450	\$ 7,577	\$ 7,392
Interest on the Total Pension Liability	30,680	21,813	28,152	29,250	38,149
Differences between expected and actual experience	(7,564)	(68,212)	(70,480)	--	(89,947)
Assumption Changes	(31,700)	(230,048)	58,659	87,065	(44,293)
Benefit Payments	<u>(32,185)</u>	<u>(37,713)</u>	<u>(44,799)</u>	<u>(49,612)</u>	<u>(47,532)</u>
Net Change in Total Pension Liability	(34,022)	(302,217)	116,982	74,280	(136,231)
Total Pension Liability – Beginning	<u>840,786</u>	<u>1,143,003</u>	<u>1,026,021</u>	<u>951,741</u>	<u>1,087,972</u>
Total Pension Liability – Ending	<u>\$ 806,764</u>	<u>\$ 840,786</u>	<u>\$1,143,003</u>	<u>\$1,026,021</u>	<u>\$ 951,741</u>
Covered Payroll	\$ 28,813	\$ 22,729	\$ 24,076	\$ 26,349	\$ 26,349
Total Pension Liability as a Percentage of Covered Employee Payroll	2,800.0%	3,699.2%	4,747.5%	3,894.0%	3,612.1%

COUNTY OF HAWAII

Required Supplementary Information

June 30, 2023

Measurement year ending June 30,	<u>2018</u>	<u>2017</u>
Total Pension Liability		
Service Cost	\$ --	\$ 16,416
Interest on the Total Pension Liability	--	36,289
Differences between expected and actual experience	--	--
Assumption Changes	--	(113,807)
Benefit Payments	<u>(58,808)</u>	<u>(53,347)</u>
Net Change in Total Pension Liability	(58,808)	(114,449)
Total Pension Liability – Beginning	<u>1,146,780</u>	<u>1,261,229</u>
Total Pension Liability – Ending	<u>\$ 1,087,972</u>	<u>\$ 1,146,780</u>
Covered Payroll	\$ 49,505	\$ 49,505
Total Pension Liability as a Percentage of Covered Employee Payroll	2,197.7%	2,316.5%

* This schedule is intended to present information for 10 years, as of the measurement date of the total pension liability for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying notes to required supplementary information

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

HIGHWAY FUND - Used to account 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.

SEWER FUND - Used to account for costs of operating the County's various sewer systems. Financing is provided by charges to users for sewer services.

SOLID WASTE FUND - Used to accumulate moneys for the operation, maintenance, and administration of the County's solid waste management, collection and disposal systems. Financing is provided by tipping fees at the landfills and by disposal permit fees.

CEMETERY FUND - Used to accumulate moneys to guarantee the future maintenance of County cemetery sites. Financing is provided from the sale of burial lots in County cemeteries.

PARKING METER FUND - Used to account for the costs of maintaining County on-street and off-street parking areas. Financing is provided by the proceeds from parking meters.

VEHICLE DISPOSAL FUND - Used to accumulate moneys for the towing, removal, disposal and recycling of abandoned or discarded automobiles and automobile parts. Financing is provided by annual fees collected with motor vehicle registrations.

BIKEWAY FUND - Used to accumulate moneys for the construction of bikeways within the County. Financing is provided by bicycle license fees.

WORKFORCE INVESTMENT ACT FUND - Used to account for employment and training services provided to economically disadvantaged adults, dislocated workers and youth. Financing is provided by federal grants.

GOLF COURSE FUND - Used to account for the cost of operating the Hilo Municipal Golf Course. Funding is provided from green fees and payments from restaurant and pro shop concessionaires.

GEOHERMAL RELOCATION AND COMMUNITY BENEFITS FUND - Used to account for the County's share of geothermal royalties received from the operator of a geothermal power plant located in the County. The funds are earmarked for a geothermal relocation program and to benefit the lower Puna area.

BEAUTIFICATION FUND - Used to accumulate moneys for the beautification of highways and disposal of abandoned vehicles within the County. Financing is provided by assessments on vehicle registrations.

GENERAL EXCISE TAX FUND - Used to account for the general excise tax and use surcharge as authorized by §46-16.8, 237-8.6, 238-2.6, and 248-2.6(d) Hawaii Revised Statutes and related authorized uses of such funds, including operating or capital costs of public transportation.

PARK DEDICATION FUND - Used to account for moneys deposited with the County by subdividers to provide land for parks and playgrounds in subdivisions.

SHORT-TERM VACATION RENTAL ENFORCEMENT FUND - Used to account for cost of enforcing County's short-term vacation rental enforcement laws. Financing is provided by all fees and fines collected in connection with the law.

GEOHERMAL ASSET FUND - Used to account for funds from Puna Geothermal Venture, a Hawai'i Partnership, to compensate those impacted by geothermal energy development activities.

DEBT SERVICE FUND

INTEREST FUND - Used to accumulate moneys for payment of interest on general obligation bonds. Moneys required to service interest maturities are transferred annually from the General Fund.

BOND REDEMPTION FUND - Used to accumulate moneys for the payment of general obligation bonds. Moneys required to retire the bonds are transferred from the General Fund one year in advance of maturity.

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COUNTY OF HAWAII
Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2023

	Special Revenue Funds					
	Highway Fund	Sewer Fund	Solid Waste Fund	Cemetery Fund	Parking Meter Fund	Vehicle Disposal Fund
Assets						
Cash and cash equivalents	\$ 40,076,638	\$ 15,580,017	\$ 12,072,182	\$ 129,466	\$ 349,362	\$ 9,972,300
Investments	-	-	-	-	-	-
Imprest fund	-	400	250	-	-	-
Receivables:						
Due from other governments	2,700,426	281,145	707,284	-	-	-
Due from other governmental funds	582,279	125,625	104,300	-	-	-
Due from other nongovernmental funds	-	5,200	-	-	-	-
Trade, net of allowance for doubtful accounts	-	2,638,216	1,129,824	-	-	-
Other	-	-	197,998	-	-	-
	<u>3,282,705</u>	<u>3,050,186</u>	<u>2,139,406</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 43,359,343</u>	<u>\$ 18,630,603</u>	<u>\$ 14,211,838</u>	<u>\$ 129,466</u>	<u>\$ 349,362</u>	<u>\$ 9,972,300</u>
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accounts payable	\$ 522,433	\$ 378,155	\$ 4,263,894	\$ -	\$ -	\$ 129,563
Accrued payroll	838,014	268,830	474,760	-	-	8,550
Due to other governmental funds	761,214	807,148	989,528	-	-	100,435
Advance Collections-Intergovernmental	-	-	11,998	-	-	-
Other	34,223	128,298	466	-	-	-
Total liabilities	<u>2,155,884</u>	<u>1,582,431</u>	<u>5,740,646</u>	<u>-</u>	<u>-</u>	<u>238,548</u>
Deferred Inflows of Resources:						
Unavailable revenue (note 7)	-	2,638,216	1,129,824	-	-	-
Deferred inflows related to leases	-	-	195,183	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>2,638,216</u>	<u>1,325,007</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted for:						
Debt service	-	-	-	-	-	-
Highways, streets and abandoned vehicles	41,203,459	-	-	-	-	-
Lower Puna area	-	-	-	-	-	-
Committed to:						
Sanitation	-	14,409,956	7,146,185	-	-	-
Highways, streets and abandoned vehicles	-	-	-	-	349,362	9,733,752
Housing, rental assistance and subsidy	-	-	-	-	-	-
Cemetery	-	-	-	129,466	-	-
Golf Course	-	-	-	-	-	-
Lower Puna area	-	-	-	-	-	-
Parks and recreational projects	-	-	-	-	-	-
Total fund balances	<u>41,203,459</u>	<u>14,409,956</u>	<u>7,146,185</u>	<u>129,466</u>	<u>349,362</u>	<u>9,733,752</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 43,359,343</u>	<u>\$ 18,630,603</u>	<u>\$ 14,211,838</u>	<u>\$ 129,466</u>	<u>\$ 349,362</u>	<u>\$ 9,972,300</u>

Special Revenue Funds

Bikeway Fund	Workforce Innovation & Oppor. Act Fund	Golf Course Fund	Geothermal Reloc. & Community Benefits Fund	Beautification Fund	General Excise Tax Fund	Park Dedication Fund
\$ 545,577	\$ -	\$ 408,017	\$ 5,125,336	\$ 271,851	\$ 54,716,196	\$ 62,273
-	-	-	-	-	-	-
-	-	2,000	-	-	-	-
-	490,686	-	-	-	23,779,876	-
-	-	-	-	-	42,532	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	38,993	1,400,676	341,021	-	-	-
-	529,679	1,400,676	341,021	-	23,822,408	-
<u>\$ 545,577</u>	<u>\$ 529,679</u>	<u>\$ 1,810,693</u>	<u>\$ 5,466,357</u>	<u>\$ 271,851</u>	<u>\$ 78,538,604</u>	<u>\$ 62,273</u>
\$ 36,827	\$ -	\$ 4,071	\$ -	\$ 29	\$ 2,082,884	\$ -
-	-	57,380	-	-	62,167	-
142	529,679	-	-	84,914	5,289	-
-	-	-	-	-	-	-
-	-	-	-	-	2,915	-
<u>36,969</u>	<u>529,679</u>	<u>61,451</u>	<u>-</u>	<u>84,943</u>	<u>2,153,255</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	1,400,183	-	-	-	-
-	-	1,400,183	-	-	-	-
-	-	-	-	-	-	-
508,608	-	-	-	186,908	76,385,349	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	349,059	-	-	-	-
-	-	-	5,466,357	-	-	-
-	-	-	-	-	-	62,273
<u>508,608</u>	<u>-</u>	<u>349,059</u>	<u>5,466,357</u>	<u>186,908</u>	<u>76,385,349</u>	<u>62,273</u>
<u>\$ 545,577</u>	<u>\$ 529,679</u>	<u>\$ 1,810,693</u>	<u>\$ 5,466,357</u>	<u>\$ 271,851</u>	<u>\$ 78,538,604</u>	<u>\$ 62,273</u>

COUNTY OF HAWAII

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2023

(Concluded)

	Short-term		Debt Service Fund		Total Nonmajor Governmental Funds
	Vacation Rental Enforcement Fund	Geothermal Asset Fund	Interest Fund	Bond Redemption Fund	
Assets					
Cash and cash equivalents	\$ 1,382,694	\$2,419,477	\$ 7,957,478	\$ 6,441,855	\$157,510,719
Investments	-	-	-	40,000,000	40,000,000
Imprest fund	-	-	-	-	2,650
Receivables:					
Due from other governments	-	-	-	-	27,959,417
Due from other governmental funds	-	-	-	-	854,736
Due from other nongovernmental funds	-	-	-	241,665	246,865
Trade, net of allowance for doubtful accounts	-	-	-	-	3,768,040
Other	-	-	14,062	-	1,992,750
	-	-	14,062	241,665	34,821,808
Total assets	<u>\$ 1,382,694</u>	<u>\$2,419,477</u>	<u>\$ 7,971,540</u>	<u>\$46,683,520</u>	<u>\$232,335,177</u>
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,417,856
Accrued payroll	18,411	-	-	-	1,728,112
Due to other governmental funds	-	-	-	-	3,278,349
Advance Collections-Intergovernmental	-	-	-	-	11,998
Other	-	-	63,199	185,000	414,101
Total liabilities	<u>18,411</u>	<u>-</u>	<u>63,199</u>	<u>185,000</u>	<u>12,850,416</u>
Deferred Inflows of Resources:					
Unavailable revenue (note 7)	-	-	-	-	3,768,040
Deferred inflows related to leases	-	-	-	-	1,595,366
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,363,406</u>
Fund balances:					
Restricted for:					
Debt service	-	-	7,908,341	46,498,520	54,406,861
Highways, streets and abandoned vehicles	-	-	-	-	118,284,324
Lower Puna area	-	2,419,477	-	-	2,419,477
Committed to:					
Sanitation	-	-	-	-	21,556,141
Highways, streets and abandoned vehicles	-	-	-	-	10,083,114
Housing, rental assistance and subsidy	1,364,283	-	-	-	1,364,283
Cemetery	-	-	-	-	129,466
Golf Course	-	-	-	-	349,059
Lower Puna area	-	-	-	-	5,466,357
Parks and recreational projects	-	-	-	-	62,273
Total fund balances	<u>1,364,283</u>	<u>2,419,477</u>	<u>7,908,341</u>	<u>46,498,520</u>	<u>214,121,355</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,382,694</u>	<u>\$2,419,477</u>	<u>\$ 7,971,540</u>	<u>\$46,683,520</u>	<u>\$232,335,177</u>

See accompanying independent auditors' report.

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COUNTY OF HAWAII
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds					
	Highway Fund	Sewer Fund	Solid Waste Fund	Cemetery Fund	Parking Meter Fund	Vehicle Disposal Fund
Revenues						
Fuel taxes	\$ 21,635,977	\$ -	\$ -	\$ -	\$ -	\$ -
Public utility franchise taxes	12,051,548	-	-	-	-	-
Licenses and permits	13,374,199	-	-	-	-	2,579,184
General excise tax surcharge	-	-	-	-	-	-
Intergovernmental	1,678,428	49,600	734,444	-	-	-
Charges for services	361,770	15,083,594	13,928,979	-	11,098	16,626
Investment earnings (loss)	-	-	-	-	-	-
Other	159,281	13,988	51,287	8,000	-	11,801
Total revenues	<u>49,261,203</u>	<u>15,147,182</u>	<u>14,714,710</u>	<u>8,000</u>	<u>11,098</u>	<u>2,607,611</u>
Expenditures						
Current:						
General Government	2,715,232	-	-	-	-	-
Public safety	11,783,857	-	-	-	-	-
Highways and streets	18,141,319	-	-	-	-	-
Health, education and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	2,375	-	-
Sanitation	-	13,421,706	36,206,599	-	-	2,229,713
Pension and retirement contributions	4,531,587	1,375,282	2,399,120	-	-	24,823
Employees' health insurance	1,592,580	457,509	956,884	-	-	10,079
Other	650,934	1,185,096	486,558	-	-	-
Debt service:						
Principal	1,141,940	250,565	1,005,698	-	-	-
Interest	94,016	11,581	28,848	-	-	-
Total expenditures	<u>40,651,465</u>	<u>16,701,739</u>	<u>41,083,707</u>	<u>2,375</u>	<u>-</u>	<u>2,264,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,609,738</u>	<u>(1,554,557)</u>	<u>(26,368,997)</u>	<u>5,625</u>	<u>11,098</u>	<u>342,996</u>
Other Financing Sources (Uses)						
Transfers in	-	3,446,553	28,916,044	-	-	-
Increases in leases and other financing agreements	844,943	-	678,092	-	-	-
Transfers out	(7,574,633)	-	-	-	-	(302,244)
Total other financing sources (uses)	<u>(6,729,690)</u>	<u>3,446,553</u>	<u>29,594,136</u>	<u>-</u>	<u>-</u>	<u>(302,244)</u>
Net change in fund balances	1,880,048	1,891,996	3,225,139	5,625	11,098	40,752
Fund balances at beginning of fiscal year	<u>39,323,411</u>	<u>12,517,960</u>	<u>3,921,046</u>	<u>123,841</u>	<u>338,264</u>	<u>9,693,000</u>
Fund balances at end of fiscal year	<u>\$ 41,203,459</u>	<u>\$ 14,409,956</u>	<u>\$ 7,146,185</u>	<u>\$ 129,466</u>	<u>\$ 349,362</u>	<u>\$ 9,733,752</u>

Special Revenue Funds

Bikeway Fund	Workforce Innovation & Opport Act Fund	Golf Course Fund	Geothermal Relax & Community Benefits Fund	Beauti-fication Fund	General Excise Tax Fund	Park Dedication Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
46,219	-	-	-	214,895	-	-
-	-	-	-	-	69,548,494	-
-	1,256,477	-	-	-	-	-
-	-	984,371	-	-	-	-
-	-	-	-	-	-	1,201
-	-	-	805,316	-	28,709	-
<u>46,219</u>	<u>1,256,477</u>	<u>984,371</u>	<u>805,316</u>	<u>214,895</u>	<u>69,577,203</u>	<u>1,201</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
94,512	-	-	-	199,227	26,476,830	-
-	1,256,477	-	-	-	-	-
-	-	1,207,242	327,240	4,617	-	-
-	-	-	-	-	-	-
-	-	287,548	-	-	319,160	-
-	-	126,224	-	-	80,211	-
-	-	285	-	-	-	-
-	-	-	-	-	-	-
-	-	39,631	-	-	-	-
-	-	1,457	-	-	-	-
<u>94,512</u>	<u>1,256,477</u>	<u>1,662,387</u>	<u>327,240</u>	<u>203,844</u>	<u>26,876,201</u>	<u>-</u>
(48,293)	-	(678,016)	478,076	11,051	42,701,002	1,201
-	-	790,367	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(33,477,957)	-
-	-	790,367	-	-	(33,477,957)	-
(48,293)	-	112,351	478,076	11,051	9,223,045	1,201
556,901	-	236,708	4,988,281	175,857	67,162,304	61,072
<u>\$ 508,608</u>	<u>\$ -</u>	<u>\$ 349,059</u>	<u>\$ 5,466,357</u>	<u>\$ 186,908</u>	<u>\$ 76,385,349</u>	<u>\$ 62,273</u>

COUNTY OF HAWAII

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

(Concluded)

	Short-term		Debt Service Fund		Total Nonmajor Governmental Funds
	Vacation Rental Enforcement Fund	Geothermal Asset Fund	Interest Fund	Bond Redemption Fund	
Revenues					
Fuel taxes	\$ -	\$ -	\$ -	\$ -	\$ 21,635,977
Public utility franchise taxes	-	-	-	-	12,051,548
Licenses and permits	312,750	-	-	-	16,527,247
General excise tax surcharge	-	-	-	-	69,548,494
Intergovernmental	-	-	-	-	3,718,949
Charges for services	-	-	-	-	30,386,438
Investment earnings (loss)	-	48,911	125,357	-	175,469
Other	11,500	50,000	-	-	1,139,882
Total revenues	<u>324,250</u>	<u>98,911</u>	<u>125,357</u>	<u>-</u>	<u>155,184,004</u>
Expenditures					
Current:					
General Government	360,348	-	-	-	3,075,580
Public safety	-	-	-	-	11,783,857
Highways and streets	-	-	-	-	44,911,888
Health, education and welfare	-	-	-	-	1,256,477
Culture and recreation	-	-	-	-	1,541,474
Sanitation	-	-	-	-	51,858,018
Pension and retirement contributions	98,638	-	-	-	9,036,158
Employees' health insurance	56,666	-	-	-	3,280,153
Other	-	-	-	-	2,322,873
Debt service:					
Principal	-	-	-	31,124,292	33,562,126
Interest	-	-	16,877,895	-	17,013,797
Total expenditures	<u>515,652</u>	<u>-</u>	<u>16,877,895</u>	<u>31,124,292</u>	<u>179,642,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(191,402)</u>	<u>98,911</u>	<u>(16,752,538)</u>	<u>(31,124,292)</u>	<u>(24,458,397)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	17,696,534	37,713,109	88,562,607
Increases in leases and other financing agreements	-	-	-	-	1,523,035
Transfers out	-	-	-	-	(41,354,834)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,696,534</u>	<u>37,713,109</u>	<u>48,730,808</u>
Net change in fund balances	<u>(191,402)</u>	<u>98,911</u>	<u>943,996</u>	<u>6,588,817</u>	<u>24,272,411</u>
Fund balances at beginning of fiscal year	<u>1,555,685</u>	<u>2,320,566</u>	<u>6,964,345</u>	<u>39,909,703</u>	<u>189,848,944</u>
Fund balances at end of fiscal year	<u>\$ 1,364,283</u>	<u>\$ 2,419,477</u>	<u>\$ 7,908,341</u>	<u>\$ 46,498,520</u>	<u>\$ 214,121,355</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Highway Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
Taxes:				
Fuel taxes	\$ 19,180,522	\$ 19,180,522	\$ 21,635,977	\$ 2,455,455
Public utility franchise taxes	9,254,000	9,254,000	12,051,548	2,797,548
Total taxes	<u>28,434,522</u>	<u>28,434,522</u>	<u>33,687,525</u>	<u>5,253,003</u>
Licenses and permits - motor vehicle weight taxes	12,000,000	12,000,000	13,374,199	1,374,199
Intergovernmental	1,708,256	1,708,256	1,579,174	(129,082)
Charges for services	770,000	770,000	659,806	(110,194)
Other	<u>155,000</u>	<u>155,000</u>	<u>159,281</u>	<u>4,281</u>
Total revenues	<u>43,067,778</u>	<u>43,067,778</u>	<u>49,459,985</u>	<u>6,392,207</u>
Expenditures:				
General government - engineering	3,311,464	3,293,464	2,744,242	549,222
Public safety - police traffic enforcement	2,066,198	2,066,198	1,350,322	715,876
Public safety - protective inspection	740,700	758,700	744,835	13,865
Public safety - traffic engineering	10,903,369	10,903,369	9,623,211	1,280,158
Highways and streets	17,496,223	21,196,223	19,655,639	1,540,584
Pension and retirement contributions	4,930,335	4,930,335	4,529,289	401,046
Employees' health insurance	2,021,966	2,021,966	1,590,700	431,266
Other	<u>2,500,863</u>	<u>2,500,863</u>	<u>645,053</u>	<u>1,855,810</u>
Total expenditures	<u>43,971,118</u>	<u>47,671,118</u>	<u>40,883,291</u>	<u>6,787,827</u>
Excess (deficiency) of revenues over (under) expenditures	(903,340)	(4,603,340)	8,576,694	13,180,034
Other financing uses - transfers out - Transfers out - Capital Projects Fund	<u>(3,500,000)</u>	<u>(7,500,000)</u>	<u>(7,500,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(4,403,340)	(12,103,340)	1,076,694	13,180,034
Fund balance at beginning of fiscal year	<u>39,323,411</u>	<u>39,323,411</u>	<u>39,323,411</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 34,920,071</u>	<u>\$ 27,220,071</u>	<u>\$ 40,400,105</u>	<u>\$ 13,180,034</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Sewer Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 49,600	\$ 49,600	\$ -
Charges for services - sewer fees	14,395,303	14,395,303	15,083,594	688,291
Other	-	-	13,988	13,988
Total revenues	<u>14,395,303</u>	<u>14,444,903</u>	<u>15,147,182</u>	<u>702,279</u>
Expenditures:				
Sanitation	17,736,614	17,786,214	15,300,081	2,486,133
Pension and retirement contributions	1,878,233	1,733,233	1,374,557	358,676
Employees' health insurance	827,296	727,296	455,909	271,387
Other	1,373,928	1,618,928	142,202	1,476,726
Total expenditures	<u>21,816,071</u>	<u>21,865,671</u>	<u>17,272,749</u>	<u>4,592,922</u>
Deficiency of revenues under expenditures	(7,420,768)	(7,420,768)	(2,125,567)	5,295,201
Other financing sources:				
Transfers in - General Fund	<u>3,446,553</u>	<u>3,446,553</u>	<u>3,446,553</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	(3,974,215)	(3,974,215)	1,320,986	5,295,201
Fund balance at beginning of fiscal year	<u>12,517,960</u>	<u>12,517,960</u>	<u>12,517,960</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 8,543,745</u>	<u>\$ 8,543,745</u>	<u>\$ 13,838,946</u>	<u>\$ 5,295,201</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Solid Waste Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 844,840	\$ 867,549	\$ 675,955	\$ (191,594)
Charges for services - tipping fees	13,565,000	13,565,000	13,928,979	363,979
Other	-	-	51,287	51,287
Total revenues	<u>14,409,840</u>	<u>14,432,549</u>	<u>14,656,221</u>	<u>223,672</u>
Expenditures:				
Sanitation	38,951,409	38,974,118	36,108,610	2,865,508
Pension and retirement contributions	2,927,323	2,927,323	2,404,278	523,045
Employees' health insurance	1,166,225	1,142,225	960,957	181,268
Other	1,047,371	1,071,371	489,631	581,740
Total expenditures	<u>44,092,328</u>	<u>44,115,037</u>	<u>39,963,476</u>	<u>4,151,561</u>
Deficiency of revenues under expenditures	(29,682,488)	(29,682,488)	(25,307,255)	4,375,233
Other financing sources:				
Transfers in - General Fund	<u>28,916,044</u>	<u>28,916,044</u>	<u>28,916,044</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	(766,444)	(766,444)	3,608,789	4,375,233
Fund balance at beginning of fiscal year	<u>3,921,046</u>	<u>3,921,046</u>	<u>3,921,046</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 3,154,602</u>	<u>\$ 3,154,602</u>	<u>\$ 7,529,835</u>	<u>\$ 4,375,233</u>

See accompanying independent auditor's report

COUNTY OF HAWAII

Cemetery Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - other - sale of cemetery plots	\$ 10,000	\$ 10,000	\$ 8,000	\$ (2,000)
Expenditures - health, education and welfare	<u>10,000</u>	<u>10,000</u>	<u>2,500</u>	<u>7,500</u>
Excess of revenues over expenditures	-	-	5,500	5,500
Fund balance at beginning of fiscal year	<u>123,841</u>	<u>123,841</u>	<u>123,841</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 123,841</u>	<u>\$ 123,841</u>	<u>\$ 129,341</u>	<u>\$ 5,500</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Parking Meter Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues - Charges for services - highways and streets	\$ -	\$ -	\$ 11,098	\$ 11,098
Excess of revenues over expenditures	-	-	11,098	11,098
Fund balance at beginning of fiscal year	338,264	338,264	338,264	-
Fund balance at end of fiscal year	<u>\$ 338,264</u>	<u>\$ 338,264</u>	<u>\$ 349,362</u>	<u>\$ 11,098</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Vehicle Disposal Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
Licenses and permits - vehicle disposal fee	\$ 2,400,000	\$ 2,400,000	\$ 2,579,184	\$ 179,184
Charges for services - towing charges	5,500	5,500	16,626	11,126
Miscellaneous	3,000	3,000	11,800	8,800
Total revenues	<u>2,408,500</u>	<u>2,408,500</u>	<u>2,607,610</u>	<u>199,110</u>
Expenditures:				
Sanitation	3,831,979	3,831,979	3,266,922	565,057
Pension and retirement contributions	62,371	62,371	23,549	38,822
Employees' health insurance	42,204	42,204	9,638	32,566
Other	10,789	10,789	-	10,789
Total expenditures	<u>3,947,343</u>	<u>3,947,343</u>	<u>3,300,109</u>	<u>647,234</u>
Deficiency of revenues under expenditures	(1,538,843)	(1,538,843)	(692,499)	846,344
Other financing uses - transfers out -				
Transfers out - Capital Projects Fund	(3,000,000)	(3,000,000)	-	3,000,000
Transfers out - Serial Bond Redemption Fund	(490,000)	(490,000)	(254,866)	235,134
Transfers out - Interest Fund	(95,000)	(95,000)	(47,378)	47,622
Deficiency of revenues under expenditures and other uses	(5,123,843)	(5,123,843)	(994,743)	4,129,100
Fund balance at beginning of fiscal year	<u>9,693,000</u>	<u>9,693,000</u>	<u>9,693,000</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 4,569,157</u>	<u>\$ 4,569,157</u>	<u>\$ 8,698,257</u>	<u>\$ 4,129,100</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Bikeway Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - licenses and permits - bicycle tax	\$ 46,000	\$ 46,000	\$ 46,219	\$ 219
Expenditures - highways and streets	<u>199,000</u>	<u>199,000</u>	<u>94,768</u>	<u>104,232</u>
Excess (deficiency) of revenues over (under) expenditures	(153,000)	(153,000)	(48,549)	104,451
Fund balance at beginning of fiscal year	<u>556,901</u>	<u>556,901</u>	<u>556,901</u>	<u>-</u>
Fund balance at end of fiscal year	<u><u>\$403,901</u></u>	<u><u>\$403,901</u></u>	<u><u>\$508,352</u></u>	<u><u>\$104,451</u></u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Workforce Innovation & Opportunity Act Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues - intergovernmental	\$ -	\$ 1,647,337	\$ 1,453,384	\$ (193,953)
Expenditures - health, education and welfare	-	1,647,337	1,453,384	193,953
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Golf Course Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Charges for services	\$ 875,313	\$ 875,313	\$ 984,371	\$ 109,058
Expenditures:				
Culture and recreation	1,156,368	1,286,575	1,251,607	34,968
Pension and retirement contributions	299,105	293,105	288,541	4,564
Employees' health insurance	142,000	130,000	126,773	3,227
Other	68,207	3,000	285	2,715
Total expenditures	<u>1,665,680</u>	<u>1,712,680</u>	<u>1,667,206</u>	<u>45,474</u>
Deficiency of revenues under expenditures	(790,367)	(837,367)	(682,835)	154,532
Other financing sources:				
Transfers in - General Fund	<u>790,367</u>	<u>790,367</u>	<u>790,367</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures	-	(47,000)	107,532	154,532
Fund balance at beginning of fiscal year	<u>236,708</u>	<u>236,708</u>	<u>236,708</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 236,708</u>	<u>\$ 189,708</u>	<u>\$ 344,240</u>	<u>\$ 154,532</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Geothermal Relocation and Community Benefits Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues				
Miscellaneous:				
Geothermal royalties	\$ 600,000	\$ 600,000	\$ 805,316	\$ 205,316
Expenditures:				
General government - planning and zoning	1,000,000	640,000	-	640,000
Public safety - fire	-	300,500	300,500	-
Culture & Recreation	300,000	660,000	627,240	32,760
Total expenditures	<u>1,300,000</u>	<u>1,600,500</u>	<u>927,740</u>	<u>672,760</u>
Excess (deficiency) of revenues over (under) expenditures	(700,000)	(1,000,500)	(122,424)	878,076
Fund balance at beginning of fiscal year	<u>4,988,281</u>	<u>4,988,281</u>	<u>4,988,281</u>	-
Fund balance at end of fiscal year	<u>\$ 4,288,281</u>	<u>\$ 3,987,781</u>	<u>\$ 4,865,857</u>	<u>\$ 878,076</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Beautification Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - licenses and permits - highway beautification	\$ 200,000	\$ 200,000	\$ 214,895	\$ 14,895
Expenditures:				
Highways and streets	202,950	202,950	202,852	98
Culture and recreation	<u>50,000</u>	<u>50,000</u>	<u>3,088</u>	<u>46,912</u>
Total expenditures	<u>252,950</u>	<u>252,950</u>	<u>205,940</u>	<u>47,010</u>
Deficiency of revenues under expenditures	(52,950)	(52,950)	8,955	61,905
Fund balance at beginning of fiscal year	<u>175,857</u>	<u>175,857</u>	<u>175,857</u>	-
Fund balance at end of fiscal year	<u>\$ 122,907</u>	<u>\$ 122,907</u>	<u>\$ 184,812</u>	<u>\$ 61,905</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

General Excise Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
General excise tax surcharge	\$ 50,000,000	\$ 50,000,000	\$ 69,548,494	\$ 19,548,494
Other	-	-	28,709	28,709
Total revenues	<u>50,000,000</u>	<u>50,000,000</u>	<u>69,577,204</u>	<u>19,577,204</u>
Expenditures:				
Highways and streets - mass transit	30,836,915	36,336,915	33,776,026	2,560,889
Pension and retirement contributions	280,000	350,000	320,508	29,492
Employees' health insurance	250,000	180,000	80,893	99,107
Other	155,128	155,128	0	155,128
Total expenditures	<u>31,522,043</u>	<u>37,022,043</u>	<u>34,177,428</u>	<u>2,844,615</u>
Excess of revenues over expenditures	18,477,957	12,977,957	35,399,776	22,421,819
Other financing uses - transfers out -				
Transfers out - Capital Projects Fund	(24,977,957)	(24,977,957)	(24,977,957)	-
Transfers out - Serial Bond Redemption Fund	(6,200,000)	(6,200,000)	(6,200,000)	-
Transfers out - Interest Fund	<u>(2,300,000)</u>	<u>(2,300,000)</u>	<u>(2,300,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(15,000,000)	(20,500,000)	1,921,819	22,421,819
Fund balance at beginning of fiscal year	<u>67,162,304</u>	<u>67,162,304</u>	<u>67,162,304</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 52,162,304</u>	<u>\$ 46,662,304</u>	<u>\$ 69,084,123</u>	<u>\$ 22,421,819</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Park Dedication Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues - investment earnings	\$ -	\$ -	\$ 1,201	\$ 1,201
Excess of revenues over expenditures	-	-	1,201	1,201
Fund balance at beginning of fiscal year	<u>61,072</u>	<u>61,072</u>	<u>61,072</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 61,072</u>	<u>\$ 61,072</u>	<u>\$ 62,273</u>	<u>\$ 1,201</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Short-Term Vacation Rental Enforcement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Licenses - ST vacation rental fees	\$ 496,250	\$ 496,250	\$ 312,750	\$ (183,500)
Fines and forfeitures	<u>10,000</u>	<u>10,000</u>	<u>11,499</u>	<u>1,499</u>
Total revenues	506,250	506,250	324,249	(182,001)
Expenditures:				
General government:				
ST vacation rental enforcement	422,724	422,724	365,780	56,944
Pension and retirement contributions	102,000	102,000	99,220	2,780
Employees' health insurance	60,000	60,000	56,170	3,830
Other	<u>21,544</u>	<u>21,544</u>	<u>-</u>	<u>21,544</u>
Total expenditures	606,268	606,268	521,170	85,098
Deficiency of revenues under expenditures	(100,018)	(100,018)	(196,921)	(96,903)
Fund balance at beginning of fiscal year	<u>1,555,685</u>	<u>1,555,685</u>	<u>1,555,685</u>	<u>-</u>
Fund balance at end of fiscal year	<u>\$ 1,455,667</u>	<u>\$ 1,455,667</u>	<u>\$ 1,358,764</u>	<u>\$ (96,903)</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Geothermal Asset Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Licenses - geothermal assessment	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Investment earnings	-	-	48,910	48,910
Total revenues	50,000	50,000	98,910	48,910
Expenditures:				
General government	50,000	50,000	50,000	-
Total expenditures	50,000	50,000	50,000	-
Excess of revenues over expenditures	-	-	48,910	48,910
Fund balance at beginning of fiscal year	2,320,566	2,320,566	2,320,566	-
Fund balance at end of fiscal year	<u>\$ 2,320,566</u>	<u>\$ 2,320,566</u>	<u>\$ 2,369,476</u>	<u>\$ 48,910</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Custodial Funds

Combining Statement of Custodial Funds Fiduciary Net Position

June 30, 2023

	State Weight Tax Fund	Improvement District No. 18 Fund	Improvement District No. 19 Fund	Improvement District No. 20 Fund	Improvement District Revolving Fund	Performance and Refundable Deposits Fund
<u>Assets</u>						
Cash and cash equivalents	\$2,203,313	\$ 397,330	\$ 617,458	\$ 682,126	\$ 424,496	\$ 149,895
Due from other custodial funds	-	-	-	-	-	-
Other receivables	-	17,597	938	5,041	-	-
Total assets	<u>\$2,203,313</u>	<u>\$ 414,927</u>	<u>\$ 618,396</u>	<u>\$ 687,167</u>	<u>\$ 424,496</u>	<u>\$ 149,895</u>
<u>Liabilities</u>						
Accrued liabilities	\$2,203,313	\$ 1,093	\$ 1,645	\$ 4,924	\$ -	\$ -
Due to other custodial funds	-	-	30	-	-	6,325
Advances payable	-	28,828	463	27,358	-	-
Total liabilities	<u>\$2,203,313</u>	<u>\$ 29,921</u>	<u>\$ 2,138</u>	<u>\$ 32,282</u>	<u>\$ -</u>	<u>\$ 6,325</u>
<u>Net Position</u>						
Restricted for others	\$ -	\$ 385,006	\$ 616,258	\$ 654,885	\$ 424,496	\$ 143,570
Total net position	<u>\$ -</u>	<u>\$ 385,006</u>	<u>\$ 616,258</u>	<u>\$ 654,885</u>	<u>\$ 424,496</u>	<u>\$ 143,570</u>

See accompanying independent auditors' report.

<u>Flexible Spending Account</u>	<u>Lapsed Warrants Fund</u>	<u>Non-Profit License Plates Fund</u>	<u>Organ and Tissue Education Fund</u>	<u>Business Improvement District 1 - Kailua</u>	<u>Total</u>
\$ 433,595	\$ 444,126	\$ 37,190	\$ 5,516	\$ 2,635	\$ 5,397,680
-	6,535	-	-	-	6,535
-	41,754	-	-	14,997	80,327
<u>\$ 433,595</u>	<u>\$ 492,415</u>	<u>\$ 37,190</u>	<u>\$ 5,516</u>	<u>\$ 17,632</u>	<u>\$ 5,484,542</u>
\$ -	\$ -	\$ 37,010	\$ 5,516	\$ 17,632	\$ 2,271,133
-	-	180.00	-	-	6,535
-	-	-	-	-	56,649
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,190</u>	<u>\$ 5,516</u>	<u>\$ 17,632</u>	<u>\$ 2,334,317</u>
<u>\$ 433,595</u>	<u>\$ 492,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,150,225</u>
<u>\$ 433,595</u>	<u>\$ 492,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,150,225</u>

COUNTY OF HAWAII

Custodial Funds

Combining Statement of Changes in Custodial Funds Fiduciary Net Position

For the Fiscal Year Ended June 30, 2023

	State Weight Tax Fund	Improvement District No. 18 Fund	Improvement District No. 19 Fund	Improvement District No. 20 Fund	Improvement District Revolving Fund
Additions					
Tax collections for state	\$ 27,458,835	\$ -	\$ -	\$ -	\$ -
Special assessment collections	-	91,737	54,861	222,177	-
Developer deposit	-	-	-	-	-
Employee collections	-	-	-	-	-
Lapsed checks	-	-	-	-	-
Collections from vehicle registrations and licenses	-	-	-	-	-
Investment earnings	-	7,245	11,431	11,760	8,187
Total additions	27,458,835	98,982	66,292	233,937	8,187
Deductions					
Payment of taxes to state	26,265,121	-	-	-	-
Payments to state, not for profits and improvement district	-	-	-	-	-
Contributions to debt repayment	-	124,427	55,144	86,084	-
Administrative charges	1,193,714	1,093	1,644	4,924	-
Community facility district expenses	-	-	-	-	-
Reissuance of checks	-	-	-	-	-
Reimbursements to employees	-	-	-	-	-
Other	-	5,588	6,782	14,879	-
Total deductions	27,458,835	131,108	63,570	105,887	-
Change in net position	-	(32,126)	2,722	128,050	8,187
Net position at beginning of fiscal year	-	417,132	613,536	526,835	416,309
Net position at end of fiscal year	\$ -	\$ 385,006	\$ 616,258	\$ 654,885	\$ 424,496

Performance and Refundable Deposits Fund	Flexible Spending Account	Lapsed Warrants Fund	Non-Profit License Plates Fund	Organ and Tissue Education Fund	Business Improvement District 1 - Kailua	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$27,458,835
-	-	-	-	-	1,476,888	1,845,663
1,502,619	-	-	-	-	-	1,502,619
-	474,461	-	-	-	-	474,461
-	-	54,988	-	-	-	54,988
41,501	-	-	131,495	20,633	-	193,629
-	-	-	-	-	-	38,623
<u>1,544,120</u>	<u>474,461</u>	<u>54,988</u>	<u>131,495</u>	<u>20,633</u>	<u>1,476,888</u>	<u>31,568,818</u>
-	-	-	-	-	-	26,265,121
-	-	-	104,545	16,541	1,474,002	1,595,088
-	-	-	-	-	-	265,655
-	-	-	26,950	4,092	2,886	1,235,303
1,572,612	-	-	-	-	-	1,572,612
-	-	43,559	-	-	-	43,559
-	465,807	-	-	-	-	465,807
52,883	-	-	-	-	-	80,132
<u>1,625,495</u>	<u>465,807</u>	<u>43,559</u>	<u>131,495</u>	<u>20,633</u>	<u>1,476,888</u>	<u>31,523,277</u>
(81,375)	8,654	11,429	-	-	-	45,541
<u>224,945</u>	<u>424,941</u>	<u>480,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,104,684</u>
<u>\$ 143,570</u>	<u>\$ 433,595</u>	<u>\$ 492,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,150,225</u>

COUNTY OF HAWAII

Private Purpose Trusts

Combining Statement of Private Purpose Trust Fiduciary Net Position

June 30, 2023

	Shippers' Wharf Trust Fund	Total Private Purpose Trusts
Assets		
Cash and cash equivalents	\$ 628,348	\$ 628,348
Investments	1,897,197	1,897,197
Total assets	<u>\$ 2,525,545</u>	<u>\$ 2,525,545</u>
Net Position		
Restricted for other parties	\$ 2,525,545	\$ 2,525,545
Total net position	<u>\$ 2,525,545</u>	<u>\$ 2,525,545</u>

See accompanying independent auditors' report.

COUNTY OF HAWAII

Private Purpose Trusts

Combining Statement of Changes in Private Purpose Trust Fiduciary Net Position

For the Fiscal Year Ended June 30, 2023

	Shippers' Wharf Trust Fund	Total Private Purpose Trusts
Additions		
Investment earnings:		
Dividends	\$ 52,002	\$ 52,002
Interest	11,372	11,372
Net increase in fair value of investments	59,134	59,134
Total additions	<u>122,508</u>	<u>122,508</u>
Deductions		
Grant payments	27,934	27,934
Investment Fees	14,813	14,813
Total deductions	<u>42,747</u>	<u>42,747</u>
Change in net position	79,761	79,761
Net position, beginning of fiscal year	<u>2,445,784</u>	<u>2,445,784</u>
Net position, end of fiscal year	<u>\$ 2,525,545</u>	<u>\$ 2,525,545</u>

See accompanying independent auditors' report.

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STATISTICAL SECTION

(UNAUDITED)

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<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	115
<i>Debt Capacity</i> – These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	121
<i>Demographic and Economic Information</i> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial acitivities take place.	124
<i>Operating Information</i> – These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services provided and the activities performed by the County.	126

COUNTY OF HAWAII
Net Position by Component
 Last Ten Fiscal Years

	2014	2015	2016, as restated	2017, as restated	2018	2019	2020, as restated	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$734,889,023	\$748,754,727	\$824,846,090	\$835,787,961	\$840,099,433	\$866,986,564	\$891,782,081	\$917,612,276	\$955,734,185	\$1,027,992,548
Restricted	89,620,936	74,813,856	74,694,901	70,439,580	91,458,455	83,230,067	96,650,462	146,204,814	114,790,899	283,205,882
Unrestricted ^{1,2}	(18,007,624)	(351,386,671)	(403,934,491)	(745,796,790)	(791,538,872)	(822,112,134)	(835,802,574)	(881,626,311)	(756,512,631)	(742,508,136)
Total governmental activities net position	\$806,502,335	\$472,181,912	\$495,606,500	\$160,430,751	\$140,019,016	\$128,104,497	\$152,629,969	\$182,190,779	\$314,012,453	\$ 568,690,294
Business-type activities										
Net investment in capital assets	\$ 368,849	\$ 428,815	\$ 481,039	\$ 524,292	\$ 595,538	\$ 667,777	\$ 1,334,932	\$ 3,406,506	\$ 3,513,854	\$ 3,537,456
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,093,750	1,040,216	1,036,870	1,022,523	1,118,492	1,217,201	1,277,986	884,574	1,003,398	1,109,631
Total business-type activities net position	\$ 1,462,599	\$ 1,469,031	\$ 1,517,909	\$ 1,546,815	\$ 1,714,030	\$ 1,884,978	\$ 2,612,918	\$ 4,291,080	\$ 4,517,252	\$ 4,647,087
Primary government										
Net investment in capital assets	\$735,257,872	\$749,183,542	\$825,327,129	\$836,312,253	\$840,694,971	\$867,654,341	\$893,117,013	\$921,018,782	\$959,248,039	\$1,031,530,004
Restricted	89,620,936	74,813,856	74,694,901	70,439,580	91,458,455	83,230,067	96,650,462	146,204,814	114,790,899	283,205,882
Unrestricted	(16,913,874)	(350,346,455)	(402,897,621)	(744,774,267)	(790,420,380)	(820,894,933)	(834,524,588)	(880,741,737)	(755,509,233)	(741,398,505)
Total primary government net position	\$807,964,934	\$473,650,943	\$497,124,409	\$161,977,566	\$141,733,046	\$129,989,475	\$155,242,887	\$186,481,859	\$318,529,705	\$ 573,337,381

Unaudited - see accompanying independent auditors' report.

¹ 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 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68

² 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.

COUNTY OF HAWAII
Changes in Net Position
 Last Ten Fiscal Years

	2014	2015	2016, as restated	2017	2018	2019	2020	2021	2022	2023
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,495,917	\$ 2,246,106	\$ 2,659,984	\$ 2,791,430	\$ 2,334,119	\$ 2,149,353	\$ 4,320,738	\$ 894,631	\$ 1,505,745	\$ 2,504,468
Public safety	5,562,424	5,926,316	5,594,344	5,739,064	6,114,204	6,220,940	5,917,482	6,306,227	8,375,603	8,797,235
Highways and streets	13,901,679	16,043,045	16,965,449	16,712,641	17,295,316	17,870,107	16,585,633	17,414,046	17,617,754	17,829,111
Health, education and welfare	559,381	548,781	523,824	1,305,662	923,654	1,320,363	2,522,672	1,030,983	930,661	1,278,268
Culture and recreation	1,954,213	2,150,900	1,951,553	1,844,380	1,999,177	1,940,302	1,451,429	1,147,130	1,779,503	2,331,297
Sanitation	16,426,521	17,816,818	19,011,328	20,896,167	21,910,253	25,858,609	25,678,374	25,370,090	29,606,706	32,048,880
Operating grants and contributions	42,957,370	47,406,704	47,234,458	52,897,945	57,600,066	64,285,842	75,553,629	165,236,320	102,386,921	141,690,010
Capital grants and contributions	62,370,497	29,621,907	60,230,846	14,784,692	31,530,719	28,375,566	43,498,993	28,772,337	36,716,672	139,937,282
Total governmental activities program revenues	146,228,002	121,760,577	154,171,786	116,971,981	139,707,508	148,021,082	175,528,950	246,171,764	198,919,565	346,416,551
Business-type activities:										
Charges for services:										
Health, education and welfare	468,018	453,304	457,842	469,082	503,597	510,352	482,150	485,498	500,472	541,139
Operating grants and contributions	127,119	113,642	133,932	132,435	224,921	261,848	269,273	262,821	277,837	331,282
Total business-type activities program revenues	595,137	566,946	591,774	601,517	728,518	772,200	751,423	748,319	778,309	872,421
Total primary government program revenues	\$ 146,823,139	\$ 122,327,523	\$ 154,763,560	\$ 117,573,498	\$ 140,436,026	\$ 148,793,282	\$ 176,280,373	\$ 246,920,083	\$ 199,697,874	\$ 347,288,972
Expenses										
Governmental activities:										
General government	\$ 59,448,042	\$ 69,859,089	\$ 65,064,440	\$ 72,836,020	\$ 75,740,262	\$ 88,660,088	\$ 86,747,456	\$ 88,736,125	\$ 84,642,838	\$ 102,326,533
Public safety	163,889,113	175,104,223	187,160,903	229,507,091	245,139,168	248,111,465	274,259,439	353,318,886	242,555,050	231,891,768
Highways and streets	38,670,145	45,989,038	45,255,305	51,368,841	54,728,332	62,066,700	67,161,387	71,625,009	66,452,718	132,580,459
Health, education and welfare	28,343,056	34,304,166	39,722,480	40,299,077	35,597,718	37,919,675	37,042,326	48,213,864	61,230,308	115,580,138
Culture and recreation	25,590,117	32,225,574	27,315,451	35,213,973	35,834,512	35,908,061	33,613,224	25,092,892	32,573,321	36,267,778
Sanitation	48,721,810	41,467,081	48,521,434	56,605,864	55,025,011	62,775,074	68,870,497	61,260,244	61,075,307	64,095,411
Interest on long-term debt	12,911,436	12,362,411	11,162,756	13,385,794	15,493,678	13,277,652	14,178,476	13,811,108	13,011,481	13,181,506
Total governmental activities expenses	377,573,719	411,311,582	424,202,769	499,216,660	517,558,681	548,718,715	581,872,805	662,058,128	561,541,023	695,923,593
Business-type activities:										
Health, education and welfare	494,722	561,813	544,808	573,854	566,864	609,486	645,452	740,211	728,454	874,238
Total business-type activities expenses	494,722	561,813	544,808	573,854	566,864	609,486	645,452	740,211	728,454	874,238
Total primary government expenses	\$ 378,068,441	\$ 411,873,395	\$ 424,747,577	\$ 499,790,514	\$ 518,125,545	\$ 549,328,201	\$ 582,518,257	\$ 662,798,339	\$ 562,269,477	\$ 696,797,831
Net Expense										
Governmental activities	\$(231,345,717)	\$(289,551,005)	\$(270,030,983)	\$(382,244,679)	\$(377,851,173)	\$(400,697,633)	\$(406,343,855)	\$(415,886,364)	\$(362,621,458)	\$(349,507,042)
Business-type activities	100,415	5,133	46,966	27,663	161,654	162,714	105,971	8,108	49,855	(1,817)
Total primary government net expense	\$(231,245,302)	\$(289,545,872)	\$(269,984,017)	\$(382,217,016)	\$(377,689,519)	\$(400,534,919)	\$(406,237,884)	\$(415,878,256)	\$(362,571,603)	\$(349,508,859)

Continued next page.

General Revenues and Other Changes in Net Position

Table 2

Governmental activities:										
General revenues:										
Property taxes	\$ 221,260,681	\$ 237,217,225	\$ 248,353,113	\$ 268,869,322	\$ 304,294,883	\$ 315,969,118	\$ 333,515,661	\$ 359,304,950	\$ 372,144,094	\$ 445,888,368
Public service company taxes	10,380,341	10,385,654	9,800,948	8,423,340	7,611,856	8,493,409	8,862,416	8,166,880	8,010,990	9,646,274
County transient accommodations tax	-	-	-	-	-	-	-	-	17,511,739	32,191,051
Public utility franchise taxes	10,792,967	10,824,278	9,004,330	7,950,750	8,331,390	9,441,986	9,364,811	8,259,374	9,141,336	12,051,548
Fuel taxes	7,373,475	7,632,973	7,933,810	8,288,676	13,342,416	17,343,326	20,108,062	18,763,374	21,546,859	21,635,977
General excise tax surcharge	-	-	-	-	-	12,518,126	35,537,945	50,287,510	63,736,930	69,548,494
Grants and contributions not restricted to specific programs	17,705,917	19,506,423	19,557,513	19,810,090	19,678,289	19,748,211	16,530,357	556,488	638,219	812,837
Investment earnings (loss)	815,606	671,363	316,593	661,184	1,841,356	3,420,693	3,220,862	552,408	190,002	11,101,680
Other	5,574,147	8,364,894	12,081,055	7,092,071	2,339,248	1,848,245	2,127,119	1,225,852	1,698,844	1,438,202
Transfers	-	-	-	-	-	-	(616,776)	(1,669,662)	(175,881)	(129,548)
Total governmental activities	273,903,134	294,602,810	307,047,362	321,095,433	357,439,438	388,783,114	428,650,457	445,447,174	494,443,132	604,184,883
Business-type activities:										
General revenues:										
Investment earnings	1,739	1,299	1,912	1,243	5,561	8,234	5,193	392	436	2,104
Other	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	616,776	1,669,662	175,881	129,548
Total business-type activities	1,739	1,299	1,912	1,243	5,561	8,234	621,969	1,670,054	176,317	131,652
Total primary government	\$ 273,904,873	\$ 294,604,109	\$ 307,049,274	\$ 321,096,676	\$ 357,444,999	\$ 388,791,348	\$ 429,272,426	\$ 447,117,228	\$ 494,619,449	\$ 604,316,535
Changes In Net Position										
Governmental activities	\$ 42,557,417	\$ 5,051,805	\$ 37,016,379	\$ (61,149,246)	\$ (20,411,735)	\$ (11,914,519)	\$ 22,306,602	\$ 29,560,810	\$ 131,821,674	\$ 254,677,841
Business-type activities	102,154	6,432	48,878	28,906	167,215	170,948	727,940	1,678,162	226,172	129,835
Total primary government changes in net position	\$ 42,659,571	\$ 5,058,237	\$ 37,065,257	\$ (61,120,340)	\$ (20,244,520)	\$ (11,743,571)	\$ 23,034,542	\$ 31,238,972	\$ 132,047,846	\$ 254,807,676

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII

Fund Balances, Governmental Funds
(Modified accrual basis of accounting)

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020, as restated	2021	2022	2023
General Fund:										
Nonspendable	\$ 3,794,963	\$ 3,573,745	\$ 5,774,378	\$ 5,561,433	\$ 6,714,871	\$ 7,297,830	\$ 8,187,482	\$ 9,491,101	\$ 8,329,382	\$ 9,108,261
Restricted	5,459,350	4,554,871	9,022,303	15,112,054	16,800,709	26,442,653	15,297,680	28,262,544	21,662,539	39,357,023
Committed	12,794,782	12,925,579	13,537,067	14,013,997	14,533,506	16,211,151	14,518,216	8,159,875	8,390,093	9,750,754
Assigned	31,673,075	30,933,049	25,518,510	13,059,474	19,876,560	23,117,329	45,992,917	38,351,188	46,550,742	49,360,064
Unassigned	1,824,889	164,148	-	-	3,114,478	3,119,779	862,773	4,309,187	26,627,041	83,159,362
Total general fund	55,547,059	52,151,392	53,852,258	47,746,958	61,040,124	76,188,742	84,859,068	88,573,895	111,559,797	190,735,464
All other Government Funds:										
Restricted	107,165,275	82,232,158	92,746,678	70,397,886	108,275,893	101,546,715	140,894,017	201,554,883	210,571,618	330,682,187
Committed	38,029,424	41,125,668	41,258,644	39,299,995	40,851,304	44,167,734	45,977,492	41,608,984	50,421,273	60,091,586
Assigned ¹	5,216,981	-	3,968,524	4,009,520	3,039,319	2,555,817	-	2,135,223	3,895,032	4,066,258
Unassigned	-	(14,958,045)	-	-	(35,855)	(22,597)	(18,472,707)	-	-	-
Total of other governmental funds	150,411,680	108,399,781	137,973,846	113,707,401	152,130,661	148,247,669	168,398,802	245,299,090	264,887,923	394,840,031
Total Fund Balances	\$ 205,958,739	\$ 160,551,173	\$ 191,826,104	\$ 161,454,359	\$ 213,170,785	\$ 224,436,411	\$ 253,257,870	\$ 333,872,985	\$ 376,447,720	\$ 585,575,495

Unaudited - see accompanying independent auditors' report.

¹ Amount for fiscal year 2014 has been changed for consistency.

COUNTY OF HAWAII

Changes in Fund Balances, Governmental Funds
(Modified accrual basis of accounting)Last Ten Fiscal Years
(Amounts in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property tax	\$223,482	\$236,190	\$249,054	\$266,517	\$301,699	\$313,631	\$327,886	\$355,161	\$372,701	\$441,715
Public service company tax	10,380	10,386	9,801	8,423	7,612	8,494	8,862	8,167	8,011	9,646
County transient accommodations tax	-	-	-	-	-	-	-	-	12,751	33,911
Fuel tax	7,373	7,633	7,934	8,289	13,342	17,343	20,108	18,763	21,547	21,636
Public utility franchise tax	10,793	10,824	9,004	7,951	8,331	9,442	9,365	8,259	9,141	12,052
Licenses and permits	19,618	22,046	22,432	22,932	24,066	24,653	25,155	24,880	27,337	28,584
General excise tax surcharge	-	-	-	-	-	12,518	35,538	50,288	63,737	69,549
Intergovernmental	75,257	86,272	85,173	79,220	90,025	101,627	113,632	187,650	118,658	159,710
Charges for services	19,392	20,357	21,672	21,708	23,553	27,516	30,080	24,846	29,641	32,213
Investment earnings (loss) ¹	1,704	716	614	632	1,592	4,148	3,481	557	23	12,095
Other	30,084	9,769	16,132	11,791	4,832	4,643	4,174	3,424	5,584	4,861
Total Revenues	398,083	404,193	421,816	427,463	475,052	524,015	578,281	681,995	669,131	825,972
Expenditures:										
Current:										
General government	36,679	40,805	40,488	40,819	41,571	41,800	47,383	47,059	51,008	61,651
Public safety	111,221	122,819	127,451	136,163	137,718	145,094	154,921	232,212	163,387	164,544
Highways and streets	20,270	20,984	22,479	20,329	21,401	27,448	27,962	25,692	38,043	49,626
Sanitation	29,949	31,464	34,015	38,671	39,352	43,815	43,758	45,282	49,928	53,015
Health, education and welfare	23,070	24,540	25,380	30,535	29,876	31,109	30,943	41,391	60,639	103,907
Culture and recreation	18,334	20,056	21,561	21,196	21,324	22,022	22,533	22,883	23,964	28,142
Pension and retirement contributions	33,032	38,485	41,359	43,718	49,494	53,137	61,813	70,662	71,593	73,468
Employees' health insurance	26,786	27,731	30,112	32,147	33,802	17,522	18,846	20,107	20,239	20,580
Other postemployment benefits	3,170	4,532	7,180	11,495	14,831	39,637	41,604	38,191	38,439	42,910
Other	3,238	4,686	3,931	3,839	4,622	4,314	8,742	9,165	9,142	9,820
Debt service:										
Principal	19,013	22,004	22,432	22,032	86,906	30,577	29,222	32,605	36,691	38,398
Interest	14,644	13,871	12,974	17,289	17,739	19,223	18,590	18,241	18,728	17,673
Capital outlay	51,369	79,398	144,288	111,109	41,924	51,897	79,536	72,439	64,270	104,688
Total Expenditures	390,775	451,375	533,650	529,342	540,560	527,595	585,853	675,929	646,071	768,422
Revenues over (under) Expenditures	7,308	(47,182)	(111,834)	(101,879)	(65,508)	(3,580)	(7,572)	6,066	23,060	57,550
Other Financing Sources (Uses):										
Sale of assets	10	25	66	21	23	47	10	33	199	24
Leases	14	1,971	3,389	3,769	3,809	6,777	2,822	4,901	19,316	11,702
State Revolving Fund loans	3,072	-	7,317	8,130	5,154	7,439	174	16,187	-	1,024
Sale of bonds	-	-	130,136	-	107,116	-	-	38,106	-	99,000
Issuance of bond anticipation notes (BANs)	-	-	-	59,800	-	-	-	-	-	28,500
Refunding bonds	-	-	106,254	-	48,784	-	-	11,254	-	-
Premium on bonds	-	-	23,174	-	5,998	-	-	17,745	-	11,879
Refunding bonds/BANs issuance costs	-	-	(508)	-	(276)	-	-	(333)	-	(551)
Payment to refunded bond escrow agent	-	-	(128,920)	-	(54,537)	-	-	(13,344)	-	-
Retirement of refunded debt	-	-	-	-	-	-	-	-	-	-
Reclass of debt from current to long-term	-	-	-	-	-	-	30,279	-	-	-
Transfers in	61,238	59,394	57,412	66,864	75,711	77,240	90,199	86,482	92,669	132,379
Transfers out	(61,238)	(59,394)	(57,412)	(66,864)	(75,711)	(77,240)	(90,199)	(86,482)	(92,669)	(132,379)
Total other financing sources	3,096	1,996	140,908	71,720	116,071	14,263	33,285	74,549	19,515	151,578
Net change in fund balances	\$ 10,404	\$ (45,186)	\$ 29,074	\$ (30,159)	\$ 50,563	\$ 10,683	\$ 25,713	\$ 80,615	\$ 42,575	\$209,128
Debt service as a percentage of noncapital expenditures	10.0%	9.3%	9.1%	9.4%	20.9%	10.5%	9.1%	8.4%	9.8%	9.1%

Unaudited - see accompanying independent auditors' report

¹ Amount for fiscal year 2014 has been changed for consistency.

COUNTY OF HAWAII

Real Property Assessed Values by Classification and Tax Rates

Last Ten Fiscal Years
(Values in Thousands)

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1000	Value of Net Taxable Land	Land Tax Rates Per \$1000	Value of Net Taxable Real Property
2014	Residential	\$2,961,309	\$ 10.05	\$3,470,148	\$ 10.05	\$6,431,457
	Apartment	2,431,314	10.85	1,077,153	10.85	3,508,467
	Hotel and Resort	669,850	10.85	477,981	10.85	1,147,831
	Commercial	648,273	10.05	766,029	10.05	1,414,302
	Industrial	470,992	10.05	443,702	10.05	914,694
	Agricultural & Native Forest	2,105,481	9.25	2,365,245	9.25	4,470,726
	Conservation	36,902	10.85	255,602	10.85	292,504
	Homeowners	2,645,121	6.15	2,537,128	6.15	5,182,249
	Affordable Rental Housing	115,384	6.15	64,662	6.15	180,046
			<u>\$12,084,626</u>		<u>\$11,457,650</u>	
Fiscal year 2014 total direct rate \$9.23						
2015	Residential	\$3,234,567	\$ 10.05	\$3,741,337	\$ 10.05	\$6,975,904
	Apartment	2,748,462	10.85	1,059,415	10.85	3,807,877
	Hotel and Resort	715,560	10.85	591,128	10.85	1,306,688
	Commercial	693,488	10.05	759,340	10.05	1,452,828
	Industrial	493,660	10.05	522,006	10.05	1,015,666
	Agricultural & Native Forest	2,277,788	9.25	2,416,357	9.25	4,694,145
	Conservation	41,991	10.85	238,545	10.85	280,536
	Homeowners	2,885,636	6.15	2,607,830	6.15	5,493,466
	Affordable Rental Housing	109,462	6.15	61,478	6.15	170,940
			<u>\$13,200,614</u>		<u>\$11,997,436</u>	
Fiscal year 2015 total direct rate \$9.26						

Continued next page.

Table 5

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1000	Value of Net Taxable Land	Land Tax Rates Per \$1000	Value of Net Taxable Real Property
2016	Residential	\$3,480,591	\$ 10.05	\$4,199,462	\$ 10.05	\$7,680,053
	Apartment	2,944,454	10.85	1,102,944	10.85	4,047,398
	Hotel and Resort	704,372	10.85	456,088	10.85	1,160,460
	Commercial	691,810	10.05	718,840	10.05	1,410,650
	Industrial	487,990	10.05	519,955	10.05	1,007,945
	Agricultural & Native Forest	2,358,086	9.25	2,540,590	9.25	4,898,676
	Conservation	45,651	10.85	242,363	10.85	288,014
	Homeowners	2,965,718	6.15	2,727,912	6.15	5,693,630
	Affordable Rental Housing	132,752	6.15	73,267	6.15	206,019
			<u>\$13,811,424</u>		<u>\$12,581,421</u>	
Fiscal year 2016 total direct rate \$9.25						
2017	Residential	\$4,117,521	\$ 10.05	\$4,395,220	\$ 10.05	\$8,512,741
	Apartment	3,287,877	10.85	1,077,230	10.85	4,365,107
	Hotel and Resort	751,005	10.85	470,390	10.85	1,221,394
	Commercial	741,099	10.05	736,639	10.05	1,477,738
	Industrial	504,084	10.05	519,750	10.05	1,023,834
	Agricultural & Native Forest	2,746,489	9.25	2,636,805	9.25	5,383,295
	Conservation	52,668	10.85	249,458	10.85	302,126
	Homeowners	3,323,185	6.15	2,842,257	6.15	6,165,441
	Affordable Rental Housing	147,676	6.15	74,531	6.15	222,207
			<u>\$15,671,603</u>		<u>\$13,002,281</u>	
Fiscal year 2017 total direct rate \$9.21						
2018	Residential	\$4,468,601	\$ 11.10	\$4,539,015	\$ 11.10	\$9,007,616
	Apartment	3,593,358	11.70	1,080,647	11.70	4,674,005
	Hotel and Resort	786,420	11.55	511,659	11.55	1,298,079
	Commercial	799,591	10.70	749,661	10.70	1,549,252
	Industrial	526,130	10.70	550,670	10.70	1,076,800
	Agricultural & Native Forest	2,877,993	9.35	2,696,501	9.35	5,574,494
	Conservation	53,807	11.55	275,149	11.55	328,956
	Homeowners	3,706,817	6.15	2,980,148	6.15	6,686,965
	Affordable Rental Housing	171,631	6.15	88,857	6.15	260,488
			<u>\$16,984,348</u>		<u>\$13,472,307</u>	
Fiscal year 2018 total direct rate \$9.93						

Continued next page.

Table 5

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1000	Value of Net Taxable Land	Land Tax Rates Per \$1000	Value of Net Taxable Real Property
2019	Residential	\$4,787,668	\$ 11.10	\$4,686,016	\$ 11.10	\$9,473,684
	Apartment	3,659,492	11.70	1,059,752	11.70	4,719,244
	Hotel and Resort	825,366	11.55	539,060	11.55	1,364,426
	Commercial	816,696	10.70	756,976	10.70	1,573,672
	Industrial	551,480	10.70	558,490	10.70	1,109,970
	Agricultural & Native Forest	2,980,022	9.35	2,888,344	9.35	5,868,366
	Conservation	56,722	11.55	283,118	11.55	339,840
	Homeowners	4,142,156	6.15	3,179,725	6.15	7,321,881
	Affordable Rental Housing	168,101	6.15	86,808	6.15	254,909
			<u>\$17,987,703</u>		<u>\$14,038,289</u>	
Fiscal year 2019 total direct rate \$9.88						
2020	Residential	\$5,619,312	\$ 11.10	\$5,261,866	\$ 11.10	\$10,881,178
	Apartment	3,796,518	11.70	991,947	11.70	4,788,465
	Hotel and Resort	819,804	11.55	522,042	11.55	1,341,847
	Commercial	812,096	10.70	785,018	10.70	1,597,114
	Industrial	560,205	10.70	583,820	10.70	1,144,025
	Agricultural & Native Forest	2,587,703	9.35	2,503,492	9.35	5,091,195
	Conservation	58,382	11.55	291,080	11.55	349,462
	Homeowners	4,600,974	6.15	3,355,127	6.15	7,956,101
	Affordable Rental Housing	196,741	6.15	97,347	6.15	294,088
			<u>\$19,051,735</u>		<u>\$14,391,739</u>	
Fiscal year 2020 total direct rate \$9.85						
2021	Residential Tier I	\$3,311,054	\$ 11.10	\$4,302,474	\$ 11.10	\$7,613,528
	Residential Tier II	\$2,768,349	13.60	1,193,731	13.60	3,962,080
	Apartment	3,893,578	11.70	956,638	11.70	4,850,216
	Hotel and Resort	824,785	11.55	525,023	11.55	1,349,808
	Commercial	834,804	10.70	809,738	10.70	1,644,542
	Industrial	566,179	10.70	611,317	10.70	1,177,496
	Agricultural & Native Forest	2,754,945	9.35	2,579,259	9.35	5,334,204
	Conservation	59,382	11.55	292,418	11.55	351,800
	Homeowners	5,120,276	6.15	3,524,140	6.15	8,644,416
	Affordable Rental Housing	212,588	6.15	101,869	6.15	314,457
			<u>\$20,345,940</u>		<u>\$14,896,607</u>	
Fiscal year 2021 total direct rate \$10.09						

Continued next page.

Table 5

Fiscal Year	Class of Property	Value of Net Taxable Building	Building Tax Rates Per \$1000	Value of Net Taxable Land	Land Tax Rates Per \$1000	Value of Net Taxable Real Property
2022	Residential Tier I	\$3,444,705	\$ 11.10	\$4,375,739	\$ 11.10	\$7,820,444
	Residential Tier II	\$2,823,755	13.60	\$1,148,116	\$ 13.60	\$3,971,871
	Apartment	4,275,078	11.70	968,410	11.70	\$5,243,488
	Hotel and Resort	697,675	11.55	338,244	11.55	1,035,919
	Commercial	924,668	10.70	858,704	10.70	1,783,372
	Industrial	605,890	10.70	623,644	10.70	1,229,534
	Agricultural & Native Forest	2,905,750	9.35	2,640,242	9.35	5,545,992
	Conservation	62,730	11.55	279,251	11.55	341,981
	Homeowners	5,825,414	6.15	3,800,096	6.15	9,625,510
	Affordable Rental Housing	249,233	6.15	117,304	6.15	366,537
			<u>\$21,814,898</u>		<u>\$15,149,750</u>	
Fiscal year 2022 total direct rate \$9.98						
2023	Residential Tier I	\$4,641,689	\$ 11.10	\$4,228,054	\$ 11.10	\$8,869,743
	Residential Tier II	\$2,881,507	13.60	\$2,426,749	\$ 13.60	\$5,308,256
	Apartment	4,977,813	11.70	1,083,466	11.70	\$6,061,279
	Hotel and Resort	1,111,494	11.55	402,684	11.55	1,514,178
	Commercial	1,344,598	10.70	951,805	10.70	2,296,403
	Industrial	867,873	10.70	722,473	10.70	1,590,346
	Agricultural & Native Forest	3,548,897	9.35	3,121,350	9.35	6,670,247
	Conservation	73,531	11.55	301,273	11.55	374,804
	Homeowners	6,645,201	6.15	4,020,380	6.15	10,665,581
	Affordable Rental Housing	297,916	6.15	140,867	6.15	438,783
			<u>\$26,390,519</u>		<u>\$17,399,101</u>	
Fiscal year 2023 total direct rate \$10.12						

Source: County of Hawai'i, Department of Finance, Real Property Tax Division

NOTES: Assessed value is at 100% of market value.
Property is reassessed annually.
The County Council sets the tax rates annually.
There are no overlapping property tax rates in the County of Hawaii.

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAI'I

Principal Taxpayers

June 30, 2023 and 2014

Taxpayer	Business	Fiscal Year 2023			Fiscal Year 2014		
		2022 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2013 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hilton Resorts Corp.	Timeshare	\$ 351,322,100	1	0.8%	\$ 148,089,500	4	0.6%
Kohanaiki Shores LLC	Developer	281,381,900	3	0.6%	65,032,900	8	0.3%
Mauna Kea/Hapuna Beach Corps.	Developer/Hotel				172,664,900	3	0.7%
DHL Mahi Opco LLC	Developer/Hotel	221,261,400	4	0.5%			
Hualalai Investors LLC	Developer/Hotel	205,243,600	5	0.5%	185,883,000	2	0.8%
Hilton Land Investment I LLC	Hotel	170,021,500	6	0.4%	201,844,300	1	0.9%
MAPS Orchid Hotel LLC	Hotel	142,409,800	7	0.3%			
	Hotel/Condo/						
Kona Coast Resort Ltd	Time Share	84,282,400	10	0.2%			
SMG I Hotel Waikoloa LLC	Hotel	102,291,200	8	0.2%			
Mauna Kea Resort LLC	Developer/Hotel	288,823,800	2	0.7%			
AG-WP Hapuna Tower Owner, LLC	Developer	88,388,600	9	0.2%			
Mauna Lani Resort Inc.	Developer/Hotel				93,320,500	6	0.4%
WB KD Acquisition LLC	Developer				66,357,900	7	0.3%
Orchid 09 LLC	Hotel				112,853,500	5	0.5%
Ho Retail Properties	Developer				59,844,900	10	0.3%
Target Corporation	Retailer				64,456,100	9	0.3%
		<u>\$1,935,426,300</u>		<u>4.4%</u>	<u>\$ 1,170,347,500</u>		<u>5.1%</u>

Note: Gross valuation at January 1, 2022: \$43,789,619,600

Gross valuation at January 1, 2013: \$23,542,277,844

Notes:

Source: County of Hawai'i, Department of Finance, Real Property Tax Division

Unaudited - see accompanying independent auditors' report.

Table 7

COUNTY OF HAWAI'I
Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>*Current Tax Levy</u>	<u>*Current Tax Collections</u>	<u>*Percent of Levy Collected</u>	<u>*Delinquent Tax Collections</u>	<u>*Total Tax Collections</u>	<u>*Total Collections as Percent of Current Levy</u>	<u>*Outstanding Delinquent Taxes</u>	<u>*Outstanding Delinquent Taxes as Percent of Current Levy</u>
2014	217,269,825	211,711,407	97%	5,118,743	216,830,150	100%	439,675	0%
2015	233,255,919	227,211,277	97%	5,475,818	232,687,095	100%	568,824	0%
2016	244,067,210	237,882,513	97%	5,539,553	243,422,066	100%	645,144	0%
2017	266,398,351	259,074,405	97%	6,621,669	265,696,074	100%	702,277	0%
2018	302,488,275	292,626,959	97%	8,673,814	301,300,773	100%	1,187,502	0%
2019	316,411,763	308,509,000	98%	6,527,864	315,036,864	100%	1,374,899	0%
2020	329,582,761	322,150,258	98%	4,886,606	327,036,864	99%	2,545,897	1%
2021	355,548,695	346,368,351	97%	6,448,129	352,816,480	99%	2,732,215	1%
2022	368,784,271	360,624,384	98%	3,935,115	364,559,499	99%	4,224,772	1%
2023	443,039,998	432,725,590	98%	-	432,725,590	98%	10,314,408	2%

* Amounts reflect subsequent adjustments

Source: County of Hawai'i, Department of Finance, Real Property Tax Division

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government (a)	Total Primary Government	
	General Obligation Bonds (c)	State Revolving Fund Loans	Leases	Bonds/Notes Payable		Percentage of Personal Income (b)	Per Capita (b)
2014	318,138,520	22,928,638	2,308,241	1,208,300	344,583,699	5.09%	1,774
2015	297,957,249	21,552,213	2,981,709	1,111,392	323,602,563	4.58%	1,647
2016	413,986,312	27,463,251	4,916,178	1,014,014	447,379,755	5.87%	2,254
2017	391,580,924	32,625,277	6,565,580	924,649	431,696,430	5.36%	2,154
2018	471,743,088	35,647,870	8,112,577	807,005	516,310,540	6.05%	2,569
2019	440,439,527	39,693,594	11,579,332	697,777	492,410,230	5.79%	2,444
2020	412,438,548	37,367,712	10,771,109	582,961	461,160,330	4.90%	2,268
2021	466,706,640	50,374,202	10,749,906	100,691	527,931,439	5.20%	2,602
2022	433,391,228	46,791,175	24,322,453	41,501	504,546,357	4.94%	2,446
2023	539,288,025	44,185,361	25,411,676	8,090	608,893,152	N/A	N/A

NOTES:

- (a) Includes governmental activities and business-type activities.
 (b) See Table 11 for personal income and population data.
 (c) Amounts have been changed for consistency and includes bond anticipation notes.

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

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Applicable to Legal Debt Margin (a)</u>	<u>Percent of Net Taxable Property Value (b)</u>	<u>Per Capita (c)</u>
2014	298,709,020	1.3%	1,538
2015	312,632,049	1.2%	1,592
2016	362,963,113	1.4%	1,829
2017	405,488,342	1.4%	2,024
2018	414,446,063	1.4%	2,062
2019	425,153,552	1.3%	2,110
2020	315,676,941	0.9%	2,047
2021	416,225,798	1.2%	2,051
2022	385,067,012	1.0%	1,866
2023	451,617,291	1.0%	N/A

NOTES:

- (a) See Table 10 for debt applicable to legal debt margin.
 (b) See Table 5 for net taxable property values.
 (c) See Table 11 for population data.

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

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII
Legal Debt Margin Information
 Last Ten Fiscal Years
 (Amounts in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit (a)	\$3,531,341	\$3,779,708	\$3,958,927	\$4,301,083	\$4,568,498	\$4,803,899	\$5,016,521	\$5,286,382	\$ 5,544,697	\$ 6,568,443
Debt applicable to limit	298,709	312,632	362,963	405,488	414,446	425,154	315,677	416,226	385,067	451,617
Legal debt margin (b)	<u>\$3,232,632</u>	<u>\$3,467,076</u>	<u>\$3,595,964</u>	<u>\$3,895,595</u>	<u>\$4,154,052</u>	<u>\$4,378,745</u>	<u>\$4,700,844</u>	<u>\$4,870,156</u>	<u>\$ 5,159,630</u>	<u>\$ 6,116,826</u>
Debt applicable to the limit as a percentage of debt limit	8.46%	8.27%	9.17%	9.43%	9.07%	8.85%	6.29%	7.87%	6.94%	6.88%

NOTES:

- (a) State finance statutes limit the County's outstanding general debt to no more than 15 percent of the net assessed value of property. See Table 5 for net assessed value of property.
- (b) 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.

Legal Debt Margin Calculation for Fiscal Year 2023

Net assessed value	<u>\$43,789,620</u>
Debt limit (15% of net assessed value)	\$ 6,568,443
Debt applicable to limit	<u>451,617</u>
Legal debt margin	<u>\$ 6,116,826</u>

COUNTY OF HAWAII

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>*Resident Population as of July 1</u>	<u>*Personal Income (thousands of dollars)</u>	<u>*Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2013	190,821	\$ 6,544,583	\$ 34,297	33,948	6.6%
2014	194,190	\$ 6,771,329	\$ 34,870	29,985	6.5%
2015	196,428	\$ 7,067,347	\$ 35,979	29,865	5.2%
2016	198,449	\$ 7,618,924	\$ 38,392	29,753	4.7%
2017	200,381	\$ 8,053,011	\$ 40,188	29,666	3.5%
2018	201,509	\$ 8,509,388	\$ 42,228	29,601	3.7%
2019	202,165	\$ 8,602,392	\$ 42,551	29,609	4.2%
2020	203,340	\$ 9,410,824	\$ 46,281	29,217	13.8%
2021	202,906	\$ 10,152,965	\$ 50,038	28,866	6.4%
2022	206,315	\$ 10,207,652	\$ 49,476	28,430	4.4%

* Amounts reflect subsequent adjustments

Source: State of Hawai'i, Department of Business, Economic Development and Tourism,
<https://dbedt.hawaii.gov/economic/databook/db2021>

State of Hawai'i, Department of Business, Economic Development and Tourism,
<https://dbedt.hawaii.gov/economic/unemployment-statistics>

Bureau of Economic Analysis, <https://apps.bea.gov/itable/iTable.cfm>

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII

Principal Employers, County of Hawaii

June 30, 2023 and 2014

<u>Employer</u>	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of Hawai'i	16,600	1	23.0%	8,229	1	10.2%
County of Hawai'i	2,800	2	3.9%	2,657	2	3.3%
Mauna Kea Beach Hotel	1,357	3	1.9%	800	5	1.0%
United States Government	1,300	4	1.8%	1,430	3	1.8%
KTA Super Stores	900	5	1.2%	767	7	1.0%
Kamehameha Schools Hawai'i Island	686	6	1.0%			
The Fairmont Orchid, Hawai'i	588	7	0.8%	640	9	0.8%
Goodwill Hawaii Island	436	8	0.6%			
Roberts Hawaii, Inc (Big Island)	343	9	0.5%			
Queen's North Hawai'i Community Hospital	329	10	0.5%			
Four Seasons Resort Hualalai				(a)	6 (a)	
Hilton Waikoloa Village				910	4	1.1%
Mauna Lani Resort (Operations), Inc.						
Target Stores				490	10	0.6%
Wal-Mart				660	8	0.8%
Total	<u>25,339</u>		<u>36.1%</u>	<u>16,583</u>		<u>21.0%</u>
Total employee count			<u>72,043</u>			<u>80,700</u>

NOTES:

(a) Exact employee count is unavailable

Source: County of Hawai'i, Department of Research and Development

State of Hawai'i, Hawai'i Workforce Infonet: <https://www.hiwi.org/vosnet/gsipub/documentview.aspx>United State Department of Labor, Bureau of Labor Statistics: https://www.bls.gov/regions/west/news-release/countyemploymentandwages_hawaii.htmPacific Business News, "The List, Employers, Hawaii Island", July 1, 2022. <https://www.bizjournals.com/pacific/subscriber-only/2022/07/01/employers-hawaii-island.html>

COUNTY OF HAWAII
Full-Time Equivalent County Government Employees by Function
 Last Ten Fiscal Years

Function	2014	2015	2016	2017*	2018*	2019*	2020	2021	2022	2023
General government:										
County Council	9.00	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00	9.00
County Clerk	46.40	53.16	54.56	54.16	51.16	52.68	52.56	53.16	49.41	51.96
Legislative Auditor	5.00	5.00	5.00	5.00	4.00	5.00	5.00	4.00	4.00	5.00
Mayor	18.75	19.47	17.48	16.99	16.99	18.74	17.00	18.75	18.75	19.50
Corporation Counsel	28.00	25.00	23.00	26.00	26.00	26.00	25.00	26.00	26.00	27.00
Finance	134.98	134.49	131.49	151.00	153.49	152.46	133.00	150.00	148.48	150.48
Human Resources	24.49	25.49	25.49	25.49	23.49	24.80	23.00	23.00	28.00	26.00
Planning	51.00	50.00	53.00	56.00	53.00	60.00	66.00	73.00	79.00	72.00
Research & Development	11.49	14.49	16.00	14.49	12.00	14.00	14.00	14.49	17.00	24.00
Information Technology	22.00	19.00	19.00	21.00	20.00	18.00	17.00	18.00	17.00	21.00
Public Works Admin & Building	162.49	164.28	167.49	172.49	167.75	170.49	195.00	151.00	149.00	142.48
Public Safety:										
Police	567.23	564.50	564.75	572.00	550.50	553.00	539.25	536.00	567.75	540.50
Fire	429.57	436.57	433.07	434.58	425.57	441.07	460.57	451.58	453.58	454.72
Liquor Control	14.00	13.00	16.00	17.00	17.00	15.50	15.00	16.00	18.50	15.50
Civil Defense	7.00	7.00	7.00	7.00	7.00	7.00	8.00	10.00	10.00	9.00
Prosecuting Attorney	98.97	105.97	108.97	108.97	111.49	111.00	102.49	99.48	94.48	101.48
Highways and Streets:										
Mass Transit	11.00	11.00	12.00	10.00	12.00	13.00	16.00	16.00	15.00	17.40
Traffic and Highways	173.48	175.48	175.48	177.48	187.48	189.48	188.00	202.48	204.48	214.48
Sanitation:										
Administration	19.49	19.49	17.98	19.98	18.98	19.00	18.98	17.00	19.00	19.00
Sewer	44.49	47.49	46.49	45.49	48.49	47.49	52.97	56.49	56.97	59.49
Vehicle Disposal	1.00	2.00	2.00	2.00	3.00	2.00	2.48	3.00	1.00	3.00
Solid Waste	103.50	103.00	104.00	102.00	103.00	101.00	110.00	109.00	118.00	108.00
Health, Education and Welfare:										
Housing	43.00	46.00	46.00	47.00	48.00	48.00	50.00	50.00	54.00	58.55
Aging	12.00	9.00	13.00	15.00	16.00	14.50	15.50	15.00	15.00	15.00
Culture and Recreation	352.14	362.40	356.84	369.29	372.33	378.50	415.19	346.79	379.75	390.52
Total	2,390.47	2,422.28	2,425.09	2,479.41	2,456.72	2,491.71	2,570.99	2,489.22	2,553.15	2,555.06

*Correction made to counts.

Source: County of Hawaii, Department of Finance

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII

Operating Indicators by Function

Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Police:										
DUI arrests	1,351	1,035	1,113	1,083	1,170	1,081	952	1,170	1,029	955
Traffic citations issued	63,921	60,016	67,289	69,611	68,535	37,305	34,454	34,892	70,718	77,308
Fire:										
Fire responses	671	700	700	731	811	832	881	1,010	1,066	1,073
Emergency medical/rescue responses	15,968	18,750	17,834	17,178	18,005	17,884	18,048	18,080	20,999	22,555
Inspections - Occupancy/Fire Protective Equipment	1,687	1,262	1,000	1,298	951	597	699	802	976	730
Sanitation:										
Refuse disposed (tons per year)	166,890	179,033	188,758	195,162	224,196	223,823	207,172	196,630	203,872	204,924
Highways and Streets:										
In-house street resurfacing (miles)	17	6	21	24	13	36	0	25	16	27
Parks and Recreation:										
Pavilion permits issued	2,708	2,482	2,552	2,513	2,417	1,951	1,259	778	1,432	2,639
Camping permits issued	4,261	6,207	6,688	7,345	8,394	6,910	5,769	1,133	8,011	9,472
Rounds of golf	71,568	65,093	57,325	58,874	58,504	57,488	48,704	67,831	62,561	60,805
Zoo attendance	220,323	214,249	251,436	264,415	269,453	283,807	208,384	0	362,000	357,000
Transit:										
Bus passengers	920,280	944,738	874,424	766,472	742,250	511,412	416,747	257,489	473,073	859,724
Public Works:										
Building permits issued	4,797	5,494	4,833	3,214	3,672	4,009	3,245	3,555	4,898	6,616
Electrical permits issued	5,313	5,645	4,232	3,509	4,077	3,766	3,919	4,420	514	16
Plumbing permits issued	1,664	1,897	1,819	1,801	1,914	1,891	1,998	2,298	280	9
Sign permits issued	57	44	47	39	45	51	35	36	31	50

Source: County of Hawai'i, Individual Departments

Unaudited - see accompanying independent auditors' report.

COUNTY OF HAWAII
Capital Asset Statistics by Functions
 Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Police:										
Stations	8	8	8	8	8	7	7	7	7	7
Substations	8	8	10	10	10	11	7	7	8	8
Fire stations	21	21	21	21	21	20	20	20	20	20
Highways and Streets:										
County streets (miles)	961	956	956	991	990	1,000	1,002	1,002	1,010	1,016
Streetlights	10,165	10,366	10,655	10,771	11,310	11,331	11,472	11,561	11,513	11,574
Parks and Recreation:										
Parks	145	146	147	151	151	151	151	150	150	150
Gyms and recreation centers	62	62	62	65	65	65	65	64	64	64
Sanitation:										
Sanitary sewers (miles)	105*	105*	105*	105*	105*	105*	106*	106*	106*	120*

*GIS database utilized beginning FY 2008

Source: County of Hawai'i, Department of Research and Development

Unaudited - see accompanying independent auditors' report.