

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

July 20, 2001

Committee
Report No.

01-116

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on July 3, 2001, makes reference to County Communication No. 00-311, from the Council Chair, transmitting the Financial Audit Report for the Department of Water Supply, along with the corresponding management letter for the Fiscal Year ended June 30, 2000.

At its meeting of January 12, 2001, the Council referred County Communication No. 00-311 to your Budget and Finance Committee (County Communication No. 01-12).

At its meeting of July 3, 2001, your Committee met with the Director and the Assistant Fiscal Officer of the Department of Water Supply, a Deputy Corporation Counsel, and Russell Yamane and Randal Taniguchi from Russell Yamane & Associates CPAs, Inc.

Your Committee notes that the Council's role in the audit-review process is to exercise oversight regarding the efficiency and effectiveness of County operations. The auditors report their findings to the Council on County operations in accordance with generally accepted auditing standards and principles.

Mr. Yamane provided your Committee with an overview of some of the major changes in the Department of Water Supply's financial statements: (1) a \$3 million revenue increase resulting from the settlement of a lawsuit that the Department had filed against certain parties for contamination; (2) a \$24 million increase in utility plant in service, which includes property additions in land, purification buildings and systems, transmission and distribution mains, meters, and equipment; and (3) a \$7.3 million State Revolving Loan with a very favorable interest rate and a loan fee rate of 1.55 percent and 3.25 percent, respectively.

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

July 20, 2001
Page 2

Committee
Report No. 01-116

The Director of Water Supply responded to the finding relating to inaccurate accrued vacation. He stated that the finding was a result of reports received late (sometimes as long as a three-month delay) from the Ceridian Payroll and Leave System. The Director further noted that improvements have been made so that reports are received within two weeks versus three months.

In addition, the Director of Water Supply reviewed the status of two prior-year findings relating to fixed assets and payroll. He noted that the accounting for fixed assets had been improved, but that the delays in timesheet submittals are an ongoing problem. Disciplinary action has been taken for employees abusing the system and supervisors are being held more accountable in getting the timesheets submitted on time.

Your Committee was informed of the action the Department is taking to protect Maui County's watersheds. The Director of Water Supply stated that the Department is matching the grant that the Council had provided for Miconia eradication and that the Department spends approximately 1 percent of its budget on protecting the watershed.

Concerns were raised regarding whether the action the Department was taking to protect our watersheds and to promote water conservation measures within Maui County were effective and inclusive.

After further discussion, your Committee voted to recommend that the matter of promoting water conservation measures be referred to the Public Works and Transportation Committee and that the communication be filed.

Your Budget and Finance Committee **RECOMMENDS** the following:

1. That the matter relating to water conservation measures be REFERRED to the Public Works and Transportation Committee; and
2. That County Communication No. 00-311 be FILED.

Adoption of this report is respectfully requested.

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

July 20, 2001
Page 3

Committee
Report No. 01-116

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