

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

November 15, 2002

Committee

Report No. 02-165

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 October 29, 2002, makes reference to the following:

1. County Communication No. 02-111, from the Director of Finance, transmitting the Finance Director's Quarterly Report ("Quarterly Report") and the Capital Improvement Project Report as of March 31, 2002.
2. County Communication No. 02-205, from the Director of Finance, transmitting the Finance Director's Quarterly Report and the Capital Improvement Project Report as of June 30, 2002.

Your Committee notes that it previously reported on County Communication No. 02-111 by Committee Report No. 02-108. In that report, your Committee recommended that six county communications transmitting Quarterly Reports from September 30, 2000 through December 31, 2001 be filed. Committee Report No. 02-108 was adopted by the Council at its meeting of September 6, 2002.

Your Committee further notes that County Communication No. 02-111 (the March 31, 2002 Quarterly Report) was deferred for a comparative review with the next Quarterly Report (the June 30, 2002 Quarterly Report).

At its meeting, your Committee met with the Director of Finance and a Deputy Corporation Counsel.

The Director of Finance informed your Committee that the Quarterly Report for the fourth quarter of Fiscal Year 2002 (the June 30, 2002 Quarterly Report), is presented differently than previous Quarterly Reports. He stated that the format is an attempt to present the quarterly results in a Generally Accepted

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Accounting Principles (GAAP) format to appear more like the Comprehensive Annual Financial Report (CAFR). He further explained that the report format as previously used is not incorrect, but it does not show how the County is performing financially.

Your Committee expressed concerns that the new format does not provide a comparison between the revenue received and the actual expenditures. Your Committee recommended that the numbers in the "Budget" column should not change, since they are based on the original assumptions used during the review of the fiscal year budget. Additional columns could be added to show the budget amendments and internal adjustments necessary to present the CAFR format.

Your Committee offered the following suggestions to improve the effectiveness of the Quarterly Report: (1) that the graphical overview compare the actual revenue and expenditures to the original budget ordinance, effective July 1 of the fiscal year, and to the amended budget, as enacted during the fiscal year; (2) that the "over/under Budget" column be shown as a comparison to the original budget ordinance; (3) that an additional column be added to show the percentage of the actual revenue and expenditures to the original budget; (4) that a financial perspective be incorporated similar to the CAFR; and (5) that consideration be given to eliminating some of the details in the remaining sections.

After extensive discussion, your Committee voted to file the communications.

Your Budget and Finance Committee RECOMMENDS the following:

1. That County Communication No. 02-111 be FILED; and
2. That County Communication No. 02-205 be FILED.

Adoption of this report is respectfully requested.

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