

**COUNCIL OF THE COUNTY OF MAUI**  
**BUDGET AND FINANCE COMMITTEE**

March 4, 2016

**Committee**  
**Report No. \_\_\_\_\_**

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 February 16, 2016, makes reference to County Communication 15-164, from Councilmember Riki Hokama, relating to amendments to the Fiscal Year ("FY") 2016 Budget.

By correspondence dated February 5, 2016, the Budget Director transmitted the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2016 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF FINANCE, ACCOUNTS PROGRAM; TOTAL OPERATING APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)."

The purpose of the proposed bill is to amend the FY 2016 Budget by 1) increasing Carryover/Savings from the General Fund by \$85,000, and 2) increasing the Department of Finance, Accounts Program, by \$85,000 for projected budgetary shortfalls for overtime to complete an upgrade of the County's payroll system and to provide sufficient operational funding for the remainder of the fiscal year.

2. A Certification of Additional Revenues for FY 2016, dated February 5, 2016, for \$85,000 in Carryover/Savings from the General Fund.

The Director of Finance said \$20,000 is requested for premium pay relating to the implementation of an upgrade of the payroll system,

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\$30,000 is for production of tax forms in compliance with the Affordable Care Act ("ACA"), \$15,000 is for additional transaction and programming costs for the payroll system, and \$20,000 is for a Business Process Review ("BPR") of the County's financial system.

The Director informed your Committee that staff shortages, temporary assignments, and temporary transfers have led to increased premium pay costs for the Department. He said the implementation of an upgrade for the payroll system will result in further increased costs for premium pay.

Your Committee notes the ACA was signed into law by President Barack Obama on March 23, 2010. The ACA is a law aimed at improving the health care system of the United States by increasing access to health coverage, as well as protecting existing health insurance policy holders.

Your Committee further notes Internal Revenue Service Form 1095-C is an annual statement provided by the employer to all employees eligible for health insurance coverage, describing the insurance available to them. The Director said a contract was issued to SOVOS Compliance for production of the County tax forms as required by the ACA. He further informed your Committee future budget proposals will request funds for ACA compliance.

The Director explained to your Committee the \$15,000 requested for the ADP payroll system contract is for additional costs for transactions and programming. Implementation of programs such as the "5-9" schedule for the Department of Police resulted in programming changes costing \$5,000, for example.

The Budget Director said the requested \$20,000 will be for a BPR to assess the County's accounting system and practices, and to determine whether to upgrade or obtain a new system. The current system is IFAS 7i, which is no longer supported by the provider, SunGard. The Department of Finance uses a third party contractor for support and services of the current system.

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The Budget Director said the current system is not effective as a management tool to evaluate the efficiency of programs or departments, and is instead designed to produce the Comprehensive Annual Financial Report.

In response to your Committee's questions on timing of the BPR, the Budget Director acknowledged funds will be requested for a system upgrade in the Mayor's FY 2017 Budget proposal, but the BPR will not be completed during this fiscal year.

Your Committee questioned whether the upgrade of the financial system will be a sole source procurement. The Budget Director responded the BPR will determine the changes needed to the system. If the changes are minimal, OneSolution will provide the advantage of compatibility to the current system.

Your Committee recommended the Director of Finance consider expanding the system to accommodate various County functions, including billing for water services. Your Committee suggested a consolidation of computer systems.

Your Committee voted 8-0 to recommend passage of the proposed bill on first reading. Committee Chair Hokama, Vice-Chair White, and members Baisa, Carroll, Cochran, Couch, Crivello, and Guzman voted "aye." Committee member Victorino was excused.

Your Committee is in receipt of a revised proposed bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions that take into account prior amendments to the FY 2016 Budget and other nonsubstantive revisions.

Your Budget and Finance Committee RECOMMENDS that Bill \_\_\_\_\_ (2016), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2016 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF FINANCE, ACCOUNTS PROGRAM; TOTAL


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OPERATING APPROPRIATIONS; AND TOTAL APPROPRIATIONS  
(OPERATING AND CAPITAL IMPROVEMENT PROJECTS),” be PASSED  
ON FIRST READING and be ORDERED TO PRINT.

This report is submitted in accordance with Rule 8 of the Rules of  
the Council.

  
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RIKI HOKAMA, Chair

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ORDINANCE NO. \_\_\_\_\_

BILL NO. \_\_\_\_\_ (2016)

A BILL FOR AN ORDINANCE AMENDING  
THE FISCAL YEAR 2016 BUDGET FOR THE COUNTY OF MAUI  
AS IT PERTAINS TO ESTIMATED REVENUES;  
DEPARTMENT OF FINANCE, ACCOUNTS PROGRAM;  
TOTAL OPERATING APPROPRIATIONS; AND  
TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 4231, Bill No. 38 (2015), Draft 1, as amended, "Fiscal Year 2016 Budget", is hereby amended as it pertains to Section 2, Estimated Revenues, by increasing Carryover/Savings from the General Fund in the amount of \$85,000; and by increasing Total Estimated Revenues in the amount of \$85,000, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes	255,944,996
Circuit Breaker Adjustment	(360,846)
Charges for Current Services	126,381,439
Transient Accommodations Tax	23,280,000
Public Service Company Tax	9,061,812
Licenses/Permits/Others	31,672,421
Fuel and Franchise Taxes	22,430,000
Special Assessments	480,000
Other Intergovernmental	39,046,700

FROM OTHER SOURCES:

Interfund Transfers	46,570,893
Bond/Lapsed Bond	29,784,122
Carryover/Savings:	
General Fund	[23,965,482] <u>24,050,482</u>
Sewer Fund	2,922,538
Highway Fund	4,142,020
Solid Waste Management Fund	(822,125)
Golf Fund	(149,289)
Liquor Fund	864,275
Bikeway Fund	327,789
Water Fund	<u>16,110,544</u>

TOTAL ESTIMATED REVENUES [631,652,771] 631,737,771"



SECTION 2. Fiscal Year 2016 Budget is hereby amended as it pertains to Section 3.B.4.b., Department of Finance, Accounts Program, by increasing the appropriation in the amount of \$85,000, to read as follows:

"4. Department of Finance		
a. Administration Program		705,032
(1) Provided, that disbursement for salaries and premium pay is limited to 9.8 equivalent personnel.		
b. Accounts Program	[1,353,750]	<u>1,438,750</u>
(1) Provided, that disbursement for salaries and premium pay is limited to 18.0 equivalent personnel.		
c. Financial Services Program		
(1) General		6,021,551
(i) Provided, that disbursement for salaries and premium pay is limited to 97.0 equivalent personnel.		
(2) Countywide Service Center – Annual Lease Costs		506,800
d. Purchasing Program		451,004
(1) Provided, that disbursement for salaries and premium pay is limited to 7.0 equivalent personnel.		
e. Treasury Program		985,892
(1) Provided, that disbursement for salaries and premium pay is limited to 14.0 equivalent personnel.		
f. Countywide Costs		
(1) Fringe Benefits		69,555,409
(2) Transfer to the Post-Employment Obligations Fund		14,930,000
(3) Fringe Benefits Reimbursements		(18,905,987)
(4) Bond Issuance and Debt Service		40,043,854
(5) Supplemental Transfer to the Golf Fund		3,034,607
(6) Supplemental Transfer to the Solid Waste Management Fund		13,465,415
(7) Insurance Programs and Self Insurance		10,500,000
(8) Transfer to the Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund		2,555,842
(9) Transfer to the Affordable Housing Fund		5,111,683
(10) General Costs		1,095,126
(11) Overhead Reimbursement		(20,668,014)
(12) Transfer to the Emergency Fund		4,000,000"

SECTION 3. Fiscal Year 2016 Budget is hereby amended as it pertains to the Total Operating Appropriations to reflect an increase of \$85,000, to read as follows:

"TOTAL OPERATING APPROPRIATIONS	[521,422,691]	<u>521,507,691"</u>
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SECTION 4. Fiscal Year 2016 Budget is hereby amended as it pertains to the Total Appropriations (Operating and Capital Improvement Projects) to reflect an increase of \$85,000, to read as follows:

“TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS) [631,652,771] 631,737,771”

SECTION 5. Fiscal Year 2016 Budget is hereby amended as it pertains to Appendix C, A,B,C Categories (Referenced in Section 7), Functions and Programs, Department of Finance, Accounts Program, by increasing the Category A appropriation by \$20,000, the Category B appropriation by \$65,000 and the Total appropriation by \$85,000, to read as follows:

“APPENDIX C A,B,C CATEGORIES (REFERENCED IN SECTION 7)				
I. FUNCTIONS AND PROGRAMS				
Department of Finance	A	B	C	Total
Administration Program	\$ 611,070	\$ 92,462	\$ 1,500	\$ 705,032
Accounts Program	[ <del>\$ 994,000</del> \$ 1,014,000	[ <del>\$ 356,750</del> \$ 421,750	\$ 3,000	[ <del>\$ 1,353,750</del> \$ 1,438,750
Financial Services Program	\$ 4,306,000	\$ 1,709,051	\$ 6,500	\$ 6,021,551
Countywide Service Center – Annual Lease	\$ -	\$ 506,800	\$ -	\$ 506,800
Purchasing Program	\$ 383,912	\$ 67,092	\$ -	\$ 451,004
Treasury Program	\$ 621,292	\$ 363,600	\$ 1,000	\$ 985,892
Countywide Costs				
Fringe Benefits	\$ -	\$ 69,555,409	\$ -	\$ 69,555,409
Transfer to the Post-Employment Obligations Fund	\$ -	\$ 14,930,000	\$ -	\$ 14,930,000
Fringe Benefits Reimbursements	\$ -	\$ (18,905,987)	\$ -	\$ (18,905,987)
Bond Issuance and Debt Service	\$ -	\$ 40,043,854	\$ -	\$ 40,043,854
Supplemental Transfer to the Golf Fund	\$ -	\$ 3,034,607	\$ -	\$ 3,034,607
Supplemental Transfer to the Solid Waste Management Fund	\$ -	\$ 13,465,415	\$ -	\$ 13,465,415
Insurance Programs and Self Insurance	\$ -	\$ 10,500,000	\$ -	\$ 10,500,000
Transfer to Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund	\$ -	\$ 2,555,842	\$ -	\$ 2,555,842
Transfer to the Affordable Housing Fund	\$ -	\$ 5,111,683	\$ -	\$ 5,111,683
General Costs	\$ -	\$ 1,089,126	\$ 6,000	\$ 1,095,126
Overhead Reimbursements	\$ -	\$ (20,668,014)	\$ -	\$ (20,668,014)
Transfer to the Emergency Fund	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000”

SECTION 6. Material to be repealed is bracketed. New material is underscored.

SECTION 7. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA  
Deputy Corporation Counsel