

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

June 1, 2007

Committee
Report No.

_____ 07-53

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 May 23, 2007, makes reference to County Communication No. 07-126, from the Budget Director, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2007 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE DEPARTMENT OF PARKS AND RECREATION, TOTAL OPERATING APPROPRIATIONS, AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)".

The purpose of the proposed bill is to decrease the Park Maintenance Program appropriation by \$47,175 and to add an appropriation in the same amount for the Construction Maintenance Baseyard.

Your Committee notes that the County's independent auditor, Russell Yamane & Associates CPAs, Inc., issued a Management Letter dated December 22, 2006 in connection with its independent financial audit of the County of Maui for Fiscal Year 2006. In that letter, the auditor reported that, during the audit, "we noted that operating funds were being used for construction of a structure, which should be considered a capital improvement project". The finding was noted as a "reportable condition". A "reportable condition" relates to significant deficiencies in the design or operation of internal controls. Your Committee further notes that the proposed bill is intended to correct the deficiency.

By correspondence dated May 16, 2007, the Chair of your Committee requested that the Budget Director revise the proposed bill to update the amount of the appropriation for the Recreation and Support Services Program and for total operating appropriations; to include the amount appropriated for Management Information System (MIS) Computer Room Improvements; and to revise certain language in conformance with the intent of the bill.

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By correspondence dated May 16, 2007, the Budget Director transmitted a revised proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2007 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE DEPARTMENT OF PARKS AND RECREATION, TOTAL OPERATING APPROPRIATIONS, AND TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS". The revised proposed bill incorporates the revisions requested by the Chair of your Committee.

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

There was no public testimony.

The Budget Director noted that the purpose of the proposed bill is to properly reflect a capital improvement project in the Fiscal Year 2007 budget.

The Director of Parks and Recreation noted that the \$47,175 appropriation is for materials purchased for construction of the baseyard, and that the use of the funds for a building facility warranted the appropriation being moved from Operations to Capital Improvement Projects. She further noted that work on the project has been suspended until a permit has been obtained.

Your Committee voiced concerns that the Department did not obtain the proper permits and Council approval before starting construction on this project.

Your Committee recommended that the proposed bill be revised to incorporate the same project description that was used in the Fiscal Year 2008 budget, revising the reference on page 2 of the proposed bill from "Construction Maintenance Baseyard" to "Construction/Maintenance Baseyard at Iron Maehara Baseball Stadium".

Your Committee voted to recommend passage of the further revised proposed bill on first reading and filing of the communication.

Your Committee is in receipt of a further revised proposed bill incorporating the requested revisions.

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Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. _____ (2007), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2007 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO THE DEPARTMENT OF PARKS AND RECREATION, TOTAL OPERATING APPROPRIATIONS, AND TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS", be PASSED ON FIRST READING and be ORDERED TO PRINT; and

2. That County Communication No. 07-126 be FILED.

Adoption of this report is respectfully requested.

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JOSEPH PONTANILLA **Chair**

DANNY A. MATEO **Member**

G. RIKI HOKAMA **Vice-Chair**

BILL KAUAKEA MEDEIROS **Member**

MICHELLE ANDERSON **Member**

MICHAEL J. MOLINA **Member**

GLADYS C. BAISA **Member**

MICHAEL P. VICTORINO **Member**

JO ANNE JOHNSON **Member**