

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

December 9, 2003

Committee  
Report No. 03-148

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 November 18, 2003, makes reference to the following:

1. County Communication No. 03-124, from the Director of Finance, transmitting the Finance Director's Quarterly Report (Third Quarter Report) and the Capital Improvement Project (CIP) Report for Fiscal Year (FY) 2003 as of March 31, 2003; and
2. County Communication No. 03-255, from the Director of Finance, transmitting the Finance Director's Quarterly Report (Fourth Quarter Report) and the CIP Report for FY 2003 as of June 30, 2003.

Your Committee notes that it previously reported on this matter through Budget and Finance Committee Report No. 03-40, which recommended filing of County Communication Nos. 03-74, 03-78, and 03-86, relating to the Finance Director's Quarterly Report as of September 30, 2002, the CIP Report as of September 30, 2002; and the Quarterly Report as of December 31, 2002, respectively. Your Committee recommended retaining County Communication No. 03-124 (the Third Quarter Report) for a comparative review with the Fourth Quarter Report. At its meeting of June 20, 2003, the Council adopted Committee Report No. 03-40.

By correspondence dated October 28, 2003, the Director of Finance transmitted inadvertently omitted pages from the Fourth Quarter Report (pages 14- 25, Section VI, Capital Improvement Program by District).

By correspondence dated November 13, 2003, your Committee's Chair requested that the Director of Finance provide: (1) an overview of the Fourth Quarter Report; and (2) a report showing the original budget, revised budget, and

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

December 9, 2003  
Page 2

Committee  
Report No. 03-148

reconciling adjustments to the budgetary figures included in the Fourth Quarter Report.

At its meeting, your Committee met with the Director of Finance, the Accounting System Administrator from the Department of Finance, and a Deputy Corporation Counsel.

The Director of Finance provided copies of a report entitled "County of Maui CO and AB Budgets by Activity for 2003", in response to your Committee's November 13 request. The Director explained the format of the report. He stated that "CO" referred to the "Council approved" budget and that "AB" referred to the "amended budget". He further noted that the column entitled "Transfers and Additions" included two types of adjustments. The first type is identified by an alpha index code that references budget amendments authorized by bills or resolutions. The second type of adjustment refers to appropriation transfers from Countywide General Costs to individual departments for Excluded Managerial (EM) salary adjustments.

The Director provided an overview of the major sections in the revenue and expenditure categories in the Fourth Quarter Report. He stated that overall revenues were less than estimated by approximately \$2.1 million. The County received \$1.5 million less than budgeted for "Charges for Current Services", \$900,000 less for "Transient Accommodations Tax", and \$700,000 less for "Licenses, Permits, Other". On the other hand, the County received \$500,000 more than budgeted for "Fuel and Franchise Taxes", \$200,000 more for "Public Service Company Tax", and \$200,000 more for "Real Property Tax".

Your Committee expressed a preference that the numbers in the "Budget" column of the report reflect the initial budget approved by the Council, since they are based on the original assumptions used during the review and approval of the fiscal year budget. Additional columns could be added to show the budget amendments.

Your Committee offered the following suggestions to improve the effectiveness of quarterly reports: (1) that the graphical overview compare the actual revenue and expenditures to both the original budget and to the final budget, as amended during the fiscal year; (2) that the "Over/Under Budget" column reflect a comparison with the initial budgeted amounts; (3) that a column

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

December 9, 2003  
Page 3

Committee  
Report No. 03-148

show the percentage of the actual revenue and expenditures to the originally budgeted amounts; (4) that the First, Second and Third Quarter Reports focus on expenditure patterns that significantly deviate from 25 percent, 50 percent and 75 percent, respectively; and (5) that the Fourth Quarter Report focus on the variances in the revenue and expenditure categories in the graphical overview. Your Committee felt that these changes would result in a better understanding of revenue and expenditure patterns, and would assist the Committee in future budget sessions.

Your Committee requested that the Director provide written explanations of major variances in each category of revenue and expenditure, and the steps taken to assure that costs incurred in FY 2003 were processed in that year, and not delayed and processed in FY 2004.

Your Committee expressed concern that the Office of the Mayor and the Department of Management spent 97.7 percent and 95 percent, respectively, while the percentage spent by the majority of departments was in the 80's or low 90's. Your Committee noted that departments that were able to reduce expenditures should be commended only if programs necessary to fulfill their responsibilities to the community were adequately funded.

Your Committee voted to recommend filing of the communications.

Your Budget and Finance Committee RECOMMENDS the following:

1. That County Communication No. 03-124 be FILED; and
2. That County Communication No. 03-255 be FILED.

Adoption of this report is respectfully requested.

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

December 9, 2003  
Page 4

Committee  
Report No. 03-148

---

**G. RIKI HOKAMA** **Chair**

---

**DANNY A. MATEO** **Member**

---

**WAYNE K. NISHIKI** **Vice-Chair**

---

**MICHAEL J. MOLINA** **Member**

---

**ROBERT CARROLL** **Member**

---

**JOSEPH PONTANILLA** **Member**

---

**JO ANNE JOHNSON** **Member**

---

**CHARMAINE TAVARES** **Member**

---

**DAIN P. KANE** **Member**