

DEPARTMENT OF FINANCE

**COUNTY OF MAUI
MAUI, HAWAII**

**ANNUAL REPORT
JULY 1, 2015 TO JUNE 30, 2016**

ALAN M. ARAKAWA
Mayor



DANILO F. AGSALOG
Director

MARK R. WALKER
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

September 23, 2016

Honorable Alan M. Arakawa
Mayor, County of Maui
Wailuku, HI. 96793

SUBJECT: FISCAL YEAR 2016 ANNUAL REPORT

Dear Mayor Arakawa:

The Department of Finance is pleased to submit its fiscal year 2016 Annual Report. This report is being submitted in accordance with Article 13, Section 13-7 of the Maui County Charter.

The report which follows is organized into seven sections with 3 Appendices:

1. Executive Summary
 2. Administration Division
 3. Treasury Division
 4. Accounts Division
 5. Purchasing Division
 6. Division of Real Property Assessment (RPA)
 7. Division of Motor Vehicle & Licensing (DMVL)
- Appendix A: Charter Provisions
Appendix B: Organizational Charts
Appendix C: Financial Overview of Operating Funds

We take great pride in the opportunity to serve the County of Maui through efficient and effective management of our taxpayer's financial and physical resources.

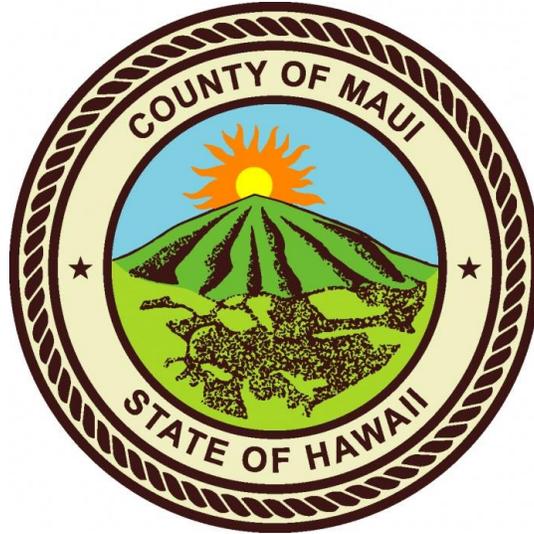
A handwritten signature in blue ink, appearing to read "Danilo F. Agsalog", is written over a horizontal line.

DANILO F. AGSALOG
Director of Finance

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DEPARTMENT OF FINANCE

COUNTY OF MAUI HAWAII

Section I **Executive Summary**

EXECUTIVE SUMMARY

GENERAL OVERVIEW

The Department of Finance is comprised of five operating divisions and one staff support section within the Administration division called the Director's Office. The five operating divisions include:

- (1) Treasury
- (2) Accounts
- (3) Purchasing
- (4) Real Property Assessment
- (5) Motor Vehicles & Licensing

In Fiscal Year 2016 (July 1, 2015 to June 30, 2016), the Department of Finance's total equivalent full-time personnel (E/P) count was 162.8 employees which was comprised of 145.8 E/P from the General Fund and 17.0 E/P from Grant Revenue. As approved in the Council Adopted FY2016 budget, the operating divisions and administrative staff are funded through five budgetary programs:

- (1) Administration (includes the Director's Office)
- (2) Accounts
- (3) Purchasing
- (4) Financial Services (includes the Real Property Assessment and Motor Vehicles and Licensing divisions)
- (5) Treasury (includes the Treasury and the Real Property Tax Collection functions)

Additionally, four State grant programs (Motor Vehicle Registration, Periodic Motor Vehicle Inspection, Civil Identification, and Commercial Driver's License) are administered through the Motor Vehicle and Licensing division.

The largest division is the Motor Vehicles & Licensing which is comprised of seventy-four (74) employees representing a combination of General Fund & Grant Revenue funded employees. The smallest division is the Purchasing division with seven (7) employees.

All functional responsibilities of the Department of Finance are managed in full support and alignment with the County's mission statement and Department of Finance's mission statement; and in compliance with the Maui County Charter, Maui County Code, Hawaii Revised Statutes, Government Accounting Standards, all State & Federal laws & regulations and legal mandates.

The Department of Finance's mission statement is:

To continuously strive towards excellence in managing the public's financial and physical resources by providing quality financial services.

The department is committed to being fully responsive to the needs and requirements of the community and the people of Maui County along with the requirements of the Administration, Federal, State and other County agencies.

Key Finance Department strategic goals include:

- Protect County assets by providing appropriate guidance and oversight over the County's financial policy, internal controls, and procedures in order to preserve the County of Maui's financial integrity and to sustain its fiscal and structural balance.
- Provide excellent customer service to the public and all other internal & external customers.
- Provide strategic direction, guidance and support from the Director's Office to all Finance Divisions to allow for their effective deployment of resources in the accomplishment of their goals and objectives.
- Develop and implement appropriate and comprehensive short-term and long term plans, strategies and overall fiscal policies relating to cash, debt and investments.
- Provide accurate, timely, and comprehensive financial reports and services.
- Promote the health, safety, and professionalism of our employees.
- Improve customer service delivery by emphasizing training to develop employee knowledge, skills, and abilities.
- Appraise, assess and collect real property taxes fairly and uniformly, providing timely billing and collection, and ensuring an equitable system of appeals.
- Administer and enforce all real property exemption programs.
- Optimize the value of goods and services purchased with emphasis on fairness to all parties and efficient use of taxpayer dollars.
- Issue licenses & civil identifications, register motor vehicles and bicycles, and oversee motor vehicle safety inspections in a timely and efficient manner.
- Increase efficiency by improving processes and implementing technology solutions when appropriate.

The Department of Finance is committed to responsibly and effectively managing and deploying the resources of the department and to fulfill the duties of the department in accordance with the County of Maui Charter. Each division has established specific goals & measures to help achieve these outcomes. These goals are the driving forces that help guide the division administrators in measuring their success in achieving these outcomes.

Fiscal Year 2016 Review and Highlights

The US economy has downshifted into low gear in the aftermath of the financial crisis several years ago. The economy, however, began to recover. The nation's recovery had Benefited the Maui County in FY 2015. According to the article of Dr. Jack Suyderhoud on the First Hawaiian Bank *Economic Forecast, Maui Edition 2015 – 2016*, "US visitors

dominate Maui's tourism market which helped the Maui labor market continue to recover." Specifically, visitor arrivals reached over 2 million which has been the highest since 2007. In the construction industry, it has been strengthened by public infrastructure as well as residential building. Through prudent fiscal and personnel management, the department underann its total budget by 12%. Despite the reduced levels of spending, the Department of Finance achieved most of its stated goals for fiscal year 2016. The department's continued focus on the "Employee" through ongoing training & recognition has improved both employee and customer satisfaction.

The various divisions are proud to report their achievements in these areas:

- The Accounts Division completed and filed the 2015 Comprehensive Annual Financial Report (CAFR) and received the GFOA Certificate of Achievement for Excellence in Financial Reporting for 2015. This represents the 33rd consecutive year that the county has received this award.
- The DMVL Division implemented Limited Purpose Driver License. This act authorized issuance of a limited purpose driver's license, limited purpose provisional driver's license, and limited purpose instruction permits, which shall not be acceptable for federal identification and voting purposes.
- The Real Property Assessment Division's partnership with the State of Hawaii to enforce the homeowner exemption programs resulted in the removal of over 178 unqualified home exemptions.
- The Real Property Assessment Division processed and closed 1292 of the appeals for the 2015 tax year before the Board of Review, thereby reducing the amount of funds in litigated accounts.
- The Real Property Assessment Division was recognized for centralizing its core geospatial data by developing an enterprise GIS repository to support County land management and other processes.
- The Real Property Assessment Division received a Special Achievement in GIS (SAG) award, an award that is given to user sites around the world to recognize outstanding work with GIS technology. This organization stood out as 1 of 175 chosen from more than 100,000 ESRI clients worldwide.
- The Purchasing Division staff earned the Certified Public Procurement Officer (CPPO) designation and Certified Public Procurement Buyer (CPPB) designation by the UPPCC (Uniform Public Procurement Certification Counsel).
- The Treasury Division successfully completed a \$68.67M General Obligation Bond sale using a competitive bidding process. This was accomplished with the lowest interest rate (2.63%) and the highest bond rating in the state (AA+).
- The Treasury Division improved its cash management processes by fully utilizing the recently developed integrated Cash Flow, Investment, and Debt modeling tool.

Fiscal Year 2017 Goals

Looking forward, the Maui economy is expected to continue for its sluggish growth over the next year, according to the First Hawaiian Bank *Economic Forecast, Maui Edition 2015 – 2016*. Despite the numerous factors that affect the economy, “The economy will be slow going, but growing”, according to the report.

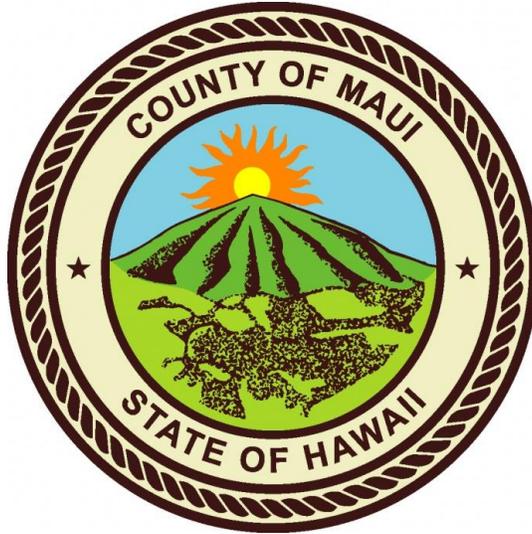
Departmental goals for FY 2017 include:

- Ensure that a prudent fiscal policy is maintained in order to sustain financial strength as the economy begins its recovery.
- Ensure the timely issuance and release of financial reports. Provide for adequate resources to ensure the timely completion of the CAFR in accordance with Maui County Code requirements.
- Ensure that effective internal controls are in place over treasury, payroll processing, purchasing, and all other financial processes.
- Work with ADP (vendor for payroll services) to upgrade software version to enhance the ability of the system to efficiently manage different departmental payroll rules in order to more accurately track employee time reporting.
- Upgrade the current financial system to resolve issues such as redundancy in data entries, high overtime costs in maintaining the general ledger in the current system, and lack of real-time data. The current system also lacks business intelligence and dashboards that turn data into actionable information.
- An expansion project for the Kihei DMVL satellite office will increase service capacity at this location which is busiest satellite office representing approximately 23% of total customer volume.
- Pursue development and installation of self-service terminal(s) at the Service Center and selected satellite offices.
- Develop and implement a computerized road appointment system that may be used to reserve advance road test appointments.
- Upgrade present Queuing System to allow for customer convenience modules such as Remote Check-In, SMS Text ability and real time customer feedback.
- Continue to create and maintain the County’s geographic information system (GIS) base layer map to incorporate technological advancements that will improve staff productivity.
- Explore to go paperless to eliminate the need to use and store paper and to reduce data entry and provides users with submission validation.
- Establish community outreach program to educate the taxpayers about the Real Property Assessment’s programs.

- Audit the Real Property Assessment Division's internal processes and procedures in accordance with the Internal Association of Assessing Officers standards.
- The Purchasing Division intends to fully implement the IFAS workflow project which increases efficiency and facilitates the on-line routing & approval of transactions thereby eliminating paper requisitions.
- Continue compliance efforts in the homeowner exemption program, condominium use declaration, and the agricultural use assessments areas are sustained. Update the agricultural valuation program to prevent abuse.
- Complete upgrade of Computer Assisted Mass Appraisal system and integrate new cost valuation system and sketch software.
- Expand the use of Automated Clearing House (ACH) payments to vendors to improve efficiency and reduce cost.
- Implement the countywide cashiering system utilizing Inovah as the countywide platform.
- Decrease the amount of Real Property Tax Accounts Receivable by conducting more tax sale during the fiscal year and more aggressive efforts to pursue RPT collections.

During Fiscal Year 2016, the Department of Finance continued to maintain its standard of delivering high quality services to the County. Prudent management of its expenditure levels resulted in a department savings of \$1,209,399 or 12.1%. The Department's ability to have accomplished this is truly a reflection of its employees' continued commitment and dedication to public service. The Department is fortunate to have employees that are willing to embrace change and take risks. They are open and willing to share ideas and make suggestions, and most important, they recognize and support new improvement opportunities for the betterment and benefit of our County and its citizens.

The employees of the Department of Finance are greatly appreciated and are commended for their commitment to excellence.



DEPARTMENT OF FINANCE

**COUNTY OF MAUI
HAWAII**

Section II
Administration Division

ADMINISTRATION – DIRECTOR’S OFFICE

OVERVIEW

Background

Administration was reduced from a two-fold program consisting of the Director’s Office and Treasury to a single focused program consisting of the Director’s Office. Currently, the Director’s Office consists of the Director of Finance, the Deputy Director, and a small support staff. It is responsible for (a) the overall financial administration of all County departments including monitoring the compliance of countywide financial policies and the inventory and management of real property assets owned, leased, rented or controlled by the county; (b) providing oversight, direction and support for the development & implementation of policies and procedures, including administrative, personnel, budget management, and internal control support, to all five operating divisions within the Department of Finance; (c) providing a wide range of interdepartmental support including fiscal control, budgeting, economic & strategic planning, internal control, financial analysis, centralized mail services, and Employer-Union Health Benefits Trust Fund (EUTF) single point of contact responsibilities; (d) providing staff support to the Director and Deputy with various special projects and assignments; and (e) acting as the primary liaison with County Council, the Office of the Mayor, and the Management Department.

Program Description

This section describes the function of the Director’s Office within the Administration program. It includes: (a) an interdepartmental *financial/fiscal management* (“leadership & compliance”) function that monitors each department’s compliance to countywide financial & fiscal policies primarily handled by the Director & Deputy; (b) an intradepartmental *administrative/personnel* (“command & control”) function that focuses on providing the necessary leadership to create/maintain a dedicated workforce focused on efficiently delivering high quality products & services to customers. This function is a shared responsibility among all members of the Director’s Office staff; (c) an *internal controls* function handled by the Internal Control Officer & an Internal Control Analyst I that monitors the effectiveness & efficiency of internal controls related to departmental policies and procedures; and (d) a *real property management* function handled by the Real Property Manager that inventories & administers County leases, negotiates leases, handles acquisitions & dispositions, and researches real property inquiries.

Program Objectives

- Provide oversight of the fiscal policy and financial procedures of the County.
- Preserve the financial integrity of the County through internal auditing and fiscal control.
- Evaluate and improve service delivery, enhance operational productivity and cost-effectiveness, and identify and strengthen internal control weaknesses.
- Administer intradepartmental management requirements responsibly and effectively.

EXTERNAL FACTORS AFFECTING OPERATIONS

- The delay in filling the Internal Control Officer position slowed down the implementation of a risk assessment process designed to identify those areas where the effectiveness of internal controls could be reviewed and strengthened where appropriate.

RESOURCES

Staffing and Personnel Changes

The Director's Office consists of the following 9.8 positions:

Director of Finance
Deputy Director of Finance
Private Secretary
Internal Control Officer
Administrative Officer
Real Property (Asset) Manager
Internal Control Analyst I
Personnel Assistant II
Clerk II
Clerk I (0.8)

- Funding for an Internal Control Officer position was authorized by County Council in FY13 budget and the position was filled on September 16, 2014.

BUDGET VARIANCE ANALYSIS

Expense	FY 2016 Budgeted	FY 2016 Actuals	FY 2015 Actuals	FY16 Actual vs. Budget (Over) / Under	FY16 Actual vs. Prior Year (Over) / Under
Salaries (\$)	606,110	584,620	529,483	21,490 3.55%	(55,137) (1.04%)
Premium Pay (\$)	4,960	0	9,057	4,960 100%	9,057 100%
Operations (\$)	92,462	87,042	98,707	5,420 5.86%	11,665 11.82%
Equipment (\$)	1,500	1,500	3,485	0 0%	(1,985) (56.96%)
Total (\$)	705,032	673,162	640,732	31,870 4.52%	(32,430) (5.06%)

Note: "Under" variance indicates that actual expenditures in Fiscal 2014 are less than budget or less than prior year expenditures.

Explanation of Variances

The Director's Office actual Salary Pay variance reflects a savings of \$21,490 or 3.55%, due to unspent salaries and wages resulting from delays in filling vacancies.

The Operations budget savings of \$5,420 or 5.86% was primarily due to a budget adjustment (credit) from the Countywide Terminal pay account.

The Equipment Expenses of \$1,500 was due to the purchase of new furniture for the new Internal Control Officer position.

OPERATIONS AND ACTIVITIES

Accomplishments and Projects (FY 2016)

The major activities of the Director's Office (within the Administration program) center around the support of the Director & Deputy in fulfilling their leadership & management responsibilities in managing the Department of Finance as specified by the Maui County Charter and other governing documents. These activities include a wide range of duties spanning county-wide and department specific activities. County-wide activities include overseeing a system of fiscal & financial controls to ensure sound and effective management of the County's financial and physical resources. Department-wide activities include strategic & operational planning, review of policies & procedures, data analysis, personnel management, budget & expense management, employee training & recognition, and general administrative support. Specific examples include:

- Managed "Open Enrollment" for all the Department of Finance employees for the Employer-Union Health Benefits Trust Fund (EUTF) which occurred from April 1 through April 30, 2016. Coverage will become effective from July 1, 2016 through June 30, 2017. County of Maui contributes sixty (60) percent of the EUTF premium rate based on the prevalent medical benefit plan.
- Managed personnel requests for all Finance divisions to assist them in their efforts to recruit and fill vacancies. Fifty three (53) manpower requests were processed to fill vacancies, re-allocate & re-describe positions, and to perform other miscellaneous personnel actions. Twenty eight (28) of these were intra-departmental "Promotion Without Examination (PWOE)" requests that demonstrated a continuing commitment to provide promotional opportunities to existing Finance Department employees.
- Initiated four hundred forty eight (448) personnel actions to activate new hires, to terminate employees, to change employees' status, etc. then submitted for Department of Personnel Services to approve.
- Planned & implemented several department-wide training events designed to build the knowledge, skills, and abilities of supervisory & non-supervisory employees.
- Submitted ninety five (95) Veterans' Burial plot reimbursement claims; and received \$45,461.00 reimbursement from Veterans Affairs' Office in Oahu.

- Managed centralized county-wide mail room facility. Approximately 221,724 pieces of mail were processed which is 1% increase from the previous year.
- Assisted various departments with management of real estate issues including:
 1. Negotiated and acquired 2154 Kaohu Street as part of the Campus Expansion Plan in March 2016.
 2. Negotiated and acquired Waiakoa Gym from Maui Federal Credit Union in April 2016.
 3. Assisted Department of Water Supply with escrow coordination of acquisition of Water Well and Storage Facilities in Kehalani Mauka
 4. Negotiated office space for ITSD MAPPS project in One Main Plaza in July 2015.

Renewed the License for the Senior Lunch Program at Kahului Union Church in May 2016
 5. Negotiated a new lease for Planning at One Main Plaza in July 2016
 6. Negotiated a lease extension for Prosecuting Attorney at 2103 Wells Street as we negotiate a possible acquisition of the property.
 7. Negotiated short term leases at One Main Plaza to relocate DMVL and RPA staff during the closure of the Maui Mall Service Center due to flooding. Also negotiated temporary storage and assisted CIP coordinator with repairs.
- Developed a partnership with UH Maui College to create internship opportunities for students. A challenging work environment was provided to enhance their learning experience while providing critical feedback for areas of improvement. In exchange, student interns made a significant operational difference by providing 450 hours of support to Finance Department initiatives in Payroll, Treasury, DMV and Internal Audit.
- Assisted Finance division personnel in documenting various processes involving the management of assets including cash-handling, concession leases, and payroll.

Program Measures and Performances

The Administration Division established 4 major goals with associated objectives & measurements

	FY15 Actual	FY16 Projection	FY16 Actual
Goal # 1: To provide timely, accurate, and comprehensive financial reporting.			
% of reports distributed on time	100%	100%	100%
% of scheduled audits completed on time	NA	100%	100% ¹
% of audits completed with no material findings	NA	100%	100%
Goal #2: To promote professionalism & skills for our employees.			
Improvement in % satisfied on annual Employee Satisfaction Survey	Yes	Yes	Yes
% of documented employee training program	NA	100%	10% ²
Goal # 3: To protect the County's assets by ensuring that effective internal controls are in place.			
Establish internal controls taskforce	NA	50%	50%
Develop/implement an internal control review schedule	NA	50%	50%
% of internal control assessments completed per schedule	NA	70%	70%
Goal #4: To efficiently manage County's assets			
% of County's real property documents abstracted & scanned into database	65%	75% ³	82%

Note 1: CAFR submittal delayed due to staff vacancies.

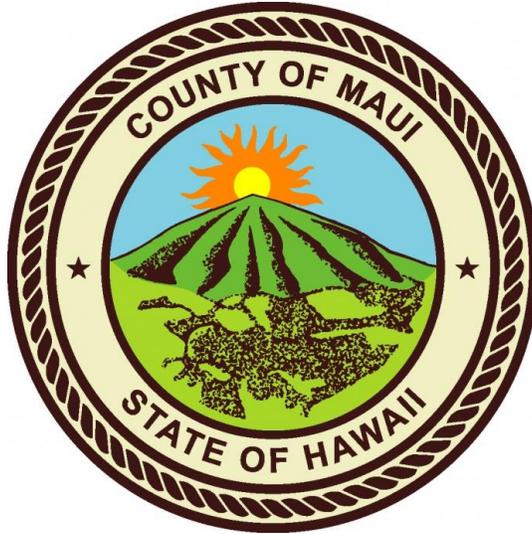
Note 2: Objective missed due to gaps in project management.

Note 3: Objective missed due to difficulty in obtaining original source documents from departments.

N/A = Goal was either not established or measured in time period cited or was initially established but not measured due to unfilled vacancies.

FUTURE GOALS AND EXPECTATIONS (FY 2017)

- Continue to provide appropriate oversight over the financial procedures of the County, preserve the County's financial integrity through internal audit and fiscal control, and achieve and sustain the County of Maui's fiscal and structural balance.
- Work towards the creation of an Internal Control section within the Administration Division consisting of an Internal Controls Officer, and Internal Control Analyst I to ensure that operational processes are efficient & properly documented and that adequate internal controls are in place.
- Continue the implementation of the countywide electronic payment acceptance platform.
- Continue to improve organizational structure to increase levels of efficiency, productivity, and quality.
- Continue to administer the annual Employee Satisfaction Survey to assess progress in improving employee morale and employee retention.
- Continue to focus on building the functioning capabilities of all employees through an aggressive training program.
- Continue efforts to provide direction to improve county benchmarks for measuring the County's financial health (i.e. credit rating, debt service ratio, investment savings level).
- Continue to update the web-based County property database and index all County-related Governors' Executive Orders. This web-based provides an efficient identification and organization of county-related real property information allowing for cross referencing with Real Property Tax records. Working with the State of Hawaii Department of Land and Natural Resources to create a Public Lands database to comply with Act 54.



DEPARTMENT OF FINANCE

**COUNTY OF MAUI
HAWAII**

**Section III
Treasury Division**

TREASURY DIVISION

OVERVIEW

Background

The Treasury program includes: cash management, investment portfolio management, debt management, financing, bond issuance, real property tax collections and miscellaneous billings collections.

Program Description

Treasury is the division of the Department of Finance which provides the centralized managing and investing of the County's cash, issuing and maintaining bonds, financing projects, managing debt, and ensuring our investments are secure and adequately collateralized. In addition, Treasury bills and collects real property tax and various County charges with the exception of sewer fees, leases, rentals and other miscellaneous revenues. Treasury also coordinates bad check collections with the assistance of a collection agency.

Program Objectives

The objectives of the Division are to develop, recommend and implement short and long-term plans, strategies and overall policies relating to cash, debt and investments; and to assure the availability of funds authorized for expenditure when required, through the prudent management of its cash and investments.

EXTERNAL FACTORS AFFECTING OPERATIONS

During fiscal year 2016, the federal funds rate had been held steady at 0.25 - 0.50%, a 0.25% increase in rates from the prior year but also continuation of the Fed's accommodative monetary policy from prior year. At the end of fiscal year, the 3 month, 6 month, 1 year and 2 year Treasury Bills and Notes yielded 0.26%, 0.36%, 0.45% and 0.58% respectively versus the prior year yielding of 0.01%, 0.11%, 0.28% and 0.64%. Although the near-term rates, one year or less, have marginally strengthened, it should be noted that the two year rate decreased, flattening the yield curve in the intermediate time frame. The County's investment horizon exceeded 2.5 years thus increasing portfolio earnings despite the current ultra-low interest rate environment.

In their August 26, 2016 press release, the Federal Open Market Committees (FOMC) stated: "U.S. economic activity continues to expand, led by solid growth in household spending. But business investment remains soft and subdued foreign demand and the appreciation of the dollar since mid-2014 continue restrain exports. While economic growth has not been rapid, it has been sufficient to generate further improvement in the labor market. Smoothing through the monthly ups and downs, job gains averaged 190,000 per month over the past three months. Although the unemployment rate has remained fairly steady this year, near 5 percent, broader measures of labor utilization have improved. Inflation has continued to run below the FOMC's objective of 2 percent, reflecting in part the transitory effects of earlier declines in energy and import prices."

“Looking ahead, the FOMC expects moderate growth in real gross domestic product (GDP), additional strengthening in the labor market, and inflation rising to 2 percent over the next five years. Based on this economic outlook, the FOMC continues to anticipate that gradual increases in the federal funds rate will be appropriate over time to achieve and sustain employment and inflation near our statutory objectives. Indeed, in light of the continued solid performance of the labor market and our outlook for economic activity and inflation, I believe the case for an increase in the federal funds rate has strengthened in recent months. Of course, our decisions always depend on the degree to which incoming data continues to confirm the Committee’s outlook.

And, as ever, the economic outlook is uncertain, and so monetary policy is not on a preset course. Our ability to predict how the federal funds rate will evolve over time is quite limited because monetary policy will need to respond to whatever disturbances may buffet the economy. In addition, the level of short-term interest rates consistent with the dual mandate varies over time in response to shifts in underlying economic conditions that are often evident only in hindsight. For these reasons, the range of reasonably likely outcomes for the federal funds rate is quite wide.....a 70 percent probability that the federal funds rate will be between 0 and 3-1/4 percent at the end of next year and between 0 and 4-1/2 percent at the end of 2018. The reason for the wide range is that the economy is frequently buffeted by shocks and thus rarely evolves as predicted. When shocks occur and the economic outlook changes, monetary policy needs to adjust. What we do know, however, is that we want a policy toolkit that will allow us to respond to a wide range of possible conditions.”

Given that the federal rates are expected to remain low, the County should expect interest earnings on short-term investments to reflect the ultra-low interest rate environment for another year to two years.

RESOURCES

Staffing and Personnel Changes

The Treasury Division consists of the following fourteen (14) positions:

- Treasurer
- Accountant III
- Accountant II
- Tax Relief & Collection Supervisor
- Account Clerk III (2)
- Tax Clerk I
- Cashier II (4)
- Delinquent Tax Collection Assistant II (2)
- Delinquent Tax Collection Assistant I

BUDGET VARIANCE ANALYSIS

Expense	FY 2016 Budgeted	FY 2016 Actual	FY 2015 Actual	FY16 Actual vs. Budget Under / (Over)	FY16 Actual vs. Prior Year Under / (Over)
Salaries	618,292	556,602	538,082	61,690 9.9%	(18,519) (3.4%)
Premium Pay	3,000	21,147	8,074	(18,147) (604.9%)	(13,073) (161.9%)
Operations	363,600	194,028	385,825	169,572 46.6%	191,797 49.7%
Equipment	1,000	-46	6,229	1,046 104.6%	6,275 100.7%
Total	985,892	771,731	938,210	214,161 21.7%	166,479 17.7%

Note: "Under" variance indicates that actual expenditures in Fiscal 2016 are less than budget or less than prior year actual expenditures.

Explanation of Variances

The Treasury Divisions actual salaries variance reflects a savings of \$61,690 or 7.3% of its annual budgeted amount. This is due primarily to unfilled positions within the Real Property Tax Collection section (RPT). As a result, premium pay of \$21,147 was incurred due to this staffing shortage.

In FY2016 the Treasury Division had overall savings equal to 17.7% in comparison to results posted in FY2015. This is due mainly to savings in operations experienced within RPT.

OPERATIONS AND ACTIVITIES

Accomplishments and Projects (FY 2016)

Treasury Division ensures that all deposits are recorded on our books in a timely fashion. Treasury maximizes efficient money processing by arranging for bank electronic wire transfers (ETFs), bank wires, Automatic Clearing House transactions (ACHs), sweeping excess funds, managing bounced checks, and stop payments; while maintaining strict internal controls over cash, banking and investing. Treasury also prepares the County's daily and annual cash flow analysis to assure funds are available to meet County disbursement needs by utilizing an online Cash Flow Model.

To maximize our investment options, we solicit bids from a pool of banks and broker/dealers. Each investment is reviewed to ensure compliance with our investment policy objectives of safety, liquidity and yield.

The collection of water and refuse bills in the DMVL Service Center in Kahului and all DMVL satellite locations provides accessibility for customers to pay their bills in a timely manner. Collections from last fiscal year for water \$111,695 to \$105,156, for refuse bills from \$34,558 to

\$92,036. MCBRC collections for water is \$224,235 and for refuse is \$72,420. Total collections made by MCBRC for FY 2016 is \$296,655.

RPT Tax Sale

All real property on which a lien for taxes exists for three years may be sold by way of foreclosure (MCC 3.48.250). As of October 22, 2015, there were 346 parcels on our tax sale list, with total delinquency of \$3,304,322.01. The tax sale was held at Kihei Community Center on June 7, 2016. There were 7 parcels scheduled to be auctioned, with total upset price of \$80,963.78. Six parcels were sold, with the total winning bid of \$345,000.00. One parcel did not receive any bid; therefore, it will be included on our next scheduled tax sale.

Debt Issuance

In fiscal year 2016, the County of Maui did not issue new debt.

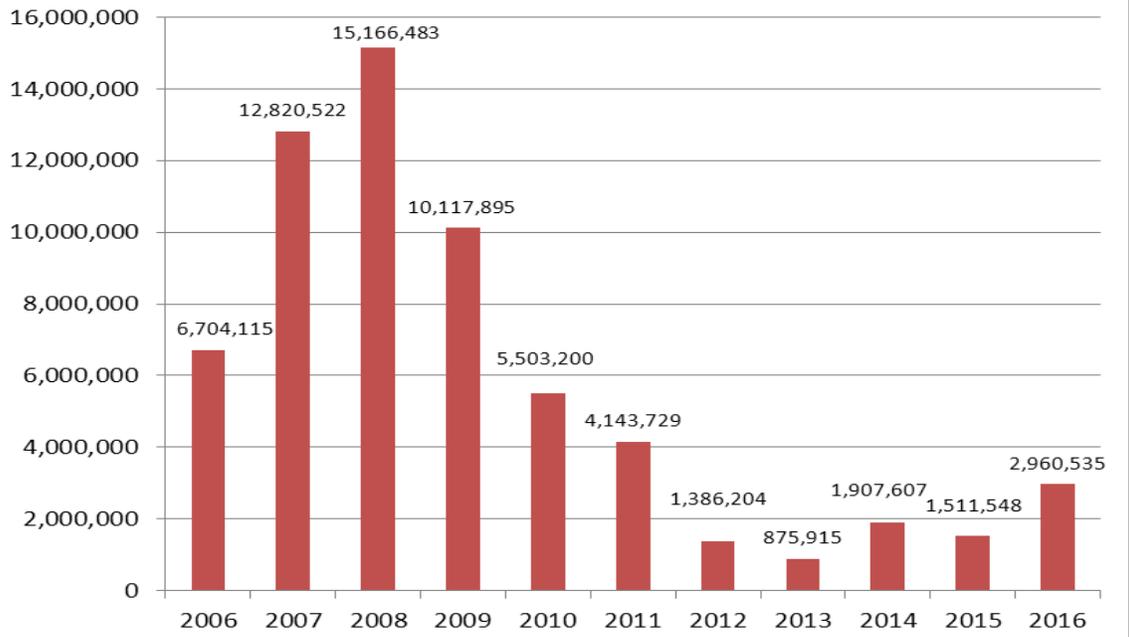
Circuit Breaker

Ordinance 4136 was passed on July 22, 2014 to modify the eligibility criteria for the circuit breaker tax credit and to establish an appeal process. Out of the 350 applications received, 297 applicants were qualified. The total circuit breaker tax credit for FY 2016 is \$260,570.77.

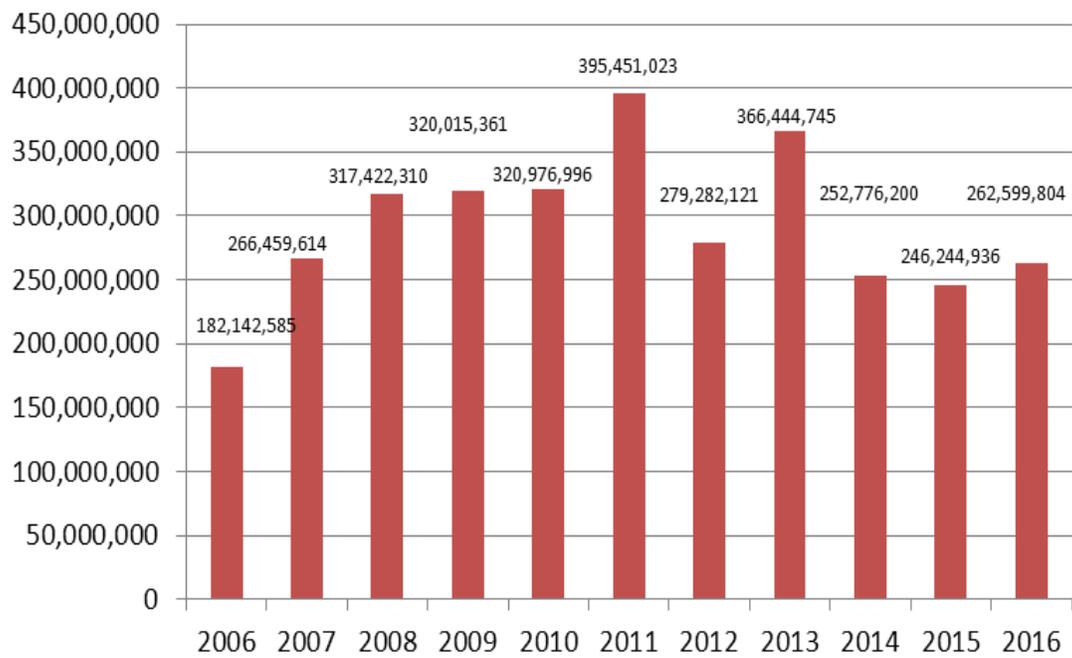
Investments

On June 30, 2016, the book value of investments was \$262,599,804.34 with an annual average yield of 1.110228981% with an average maturity of 992.082 days. Interest earnings for investments only for the fiscal year totaled \$2,960,534.70. Total interest earning including bank interest for fiscal year totaled \$3,082,550.43.

Interest Earnings by Fiscal Year



Portfolio Book Value at Year End



Imprest Fund

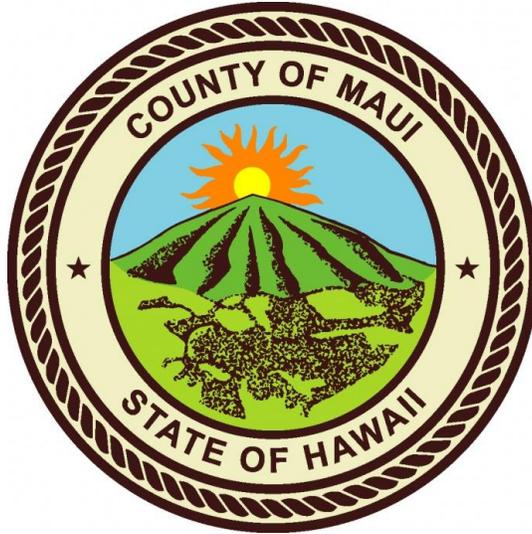
The Imprest fund increased by \$775 for Fiscal Year 2016. The closing balance in the fund on June 30, 2016 was \$23,929.

Program Measures and Performances

	FY14 Actual	FY15 Projection	FY16 Actual
Goal #1: Deliver high quality cash management services driven by cost effective solutions, creativity and fiduciary responsibility.			
Investments yield meet or exceed two year of U.S. Treasury constant maturity rate	Yes	Yes	Yes
Goal #2: Deliver debt management and issuance services in the most efficient and effective manner.			
% of debt payment obligations that are paid on time	100%	100%	100%
Goal #3: Deliver countywide revenue collections, accounting, budgeting and operational services timely and accurately.			
% of work completed to implement a centralized revenue monitoring system	100%	100%	100%
Goal #4: Collect real property taxes and ensure that all collections are deposited to bank accounts expeditiously.			
% of revenues collected within 30 days the billing statements were sent	100%	90%	99.24%
Goal #5: Administer tax relief program for the County of Maui.			
% of qualified circuit breaker applicants that are qualified based on total applications	80%	80%	84.86%
Goal #6: Aggressively collect delinquent taxes by conducting tax sales.			
% of property sold during tax sale	100%	90%	85.72%

FUTURE GOALS AND EXPECTATIONS (FY2017)

- Continue to implement the countywide cashiering system utilizing Inovah as the countywide platform.
- Make credit/debit card acceptance available to those departments wishing to use these customer payment options.
- Expand the use of Automated Clearing House (ACH) payments to vendors by departments to improve efficiency and reduce cost.
- Continue to review and document our cash management processes to ensure efficiencies and internal controls within our cash flow, investment, and debt areas.
- Decrease the amount of RPT accounts receivable by conducting additional tax sales during the fiscal year and aggressively pursuing RPT collection efforts. As of June 30, 2016 the accounts receivable balance was \$7,659,300, a decrease of \$180,792 over FY2015.



DEPARTMENT OF FINANCE

**COUNTY OF MAUI
HAWAII**

Section IV
Accounts Division

ACCOUNTS DIVISION

OVERVIEW

Background

The Accounts Division is responsible for the overall financial reporting of the County. The Accounts Division (Accounts) handles all claims (accounts payable) including payments related to contracts, grants and purchase orders. Accounts also handles all payroll processing including working closely with the Departmental Personnel Officers (DPOs) and eTime Super-Users of other departments to address payroll and benefit deductions, workers' compensation payments and garnishments. The Accounts Division also handles and records certain revenue, manages the maintenance of the County's fixed asset reporting including inventory lists, and works with the outside auditors with respect to the annual audit.

Program Description

This program consists of the Accounts Division, which is responsible for processing accounts payable, payroll functions, managing the financial reporting for the county, and for the preparation of the Comprehensive Annual Financial Report (CAFR).

Program Mission

To provide timely, effective and efficient financial and accounting services and information while maintaining fiscal integrity.

Program Goals

- Goal #1: Using appropriate accounting procedures, prepare timely, reliable, accurate and user friendly financial reports/documents employing best-recognized accounting principles and standards.
- Goal #2: Maintain the integrity of the county accounting system to ensure that accurate and timely financial and accounting information is provided to all county departments.
- Goal #3: Enhance the internal control processes of the payroll system to ensure accuracy and reliability of payroll records.
- Goal #4: Ensure timely, accurate and efficient disbursement of payments, maintenance of payment archival records & inventory system, and preparation and filing of year-end tax information returns.
- Goal #5: Improve customer satisfaction through strengthened delivery of accounting and payroll services.
- Goal #6: Develop and advocate policies, procedures, standards and practices that promote improved countywide fiscal management.
- Goal #7: Focus on recruiting, training, and retaining a diverse workforce of employees to work in a welcoming environmental that promotes trust, recognition, and accountability.

EXTERNAL FACTORS AFFECTING OPERATIONS

New GASB pronouncements that took effect for the period ending June 30, 2015 such as GASB No. 68, which replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50 Pension Disclosures. GASB No. 68, Accounting and Financial Reporting for Pension, which establishes standards for the accounting and financial reporting for pensions that are provided to employees of the state and local governments through pension plans that are administered through trusts or equivalent arrangements. During the fiscal year ended June 30, 2015, the County adopted the provisions of GASB No. 68. The effect of adopting the provision of GASB No. 68 resulted in a decrease in beginning net position of 348.6 million and decrease to the change in net position of \$7.5 million; thus, impacted the two financial statements, Statement of Net Position and Statement of Activities. In addition to this change in accounting principle, at June 30, 2015, the County reported the Liability of \$337.7 million of the County's proportionate share of net pension liability, recognized pension expense of \$37.7 million, and reported deferred outflows of resources and inflows of resources related to pensions of \$36.1 million and (\$54.5) million, respectively.

RESOURCES

Staffing and Personnel Changes

The Accounts Division consists of the following eighteen (18) positions:

ADMINISTRATION (3)

- Accounting System Administrator
- Assistant Accounting System Administrator
- Financial System Analyst

ACCOUNTS – GENERAL LEDGER SECTION (6)

- Accountant V
- Accountant III
- Accountant II
- Accountant I
- Control Accounts Clerk
- Control Accounts Clerk

PAYROLL (5)

- Accountant V
- Accountant III
- Accountant I
- Pre-Audit Clerk II
- Pre-Audit Clerk II

INVENTORY & CLAIMS SECTION (4)

- Accountant III
- Pre-Audit Clerk III
- Pre-Audit Clerk II
- Pre-Audit Clerk I

BUDGET VARIANCE ANALYSIS

Expense	FY 2016 Budget¹ \$	FY 2016 Actuals \$	FY 2015 Actuals \$	FY16 Actual vs. Budget Under/(Over)	FY16 Actual vs. Prior Year Under/(Over)
Salaries	964,000	845,361	875,701	118,639 12.3%	30,340 3.5%
Premium Pay	50,000	96,904	58,868	(46,906) (93.8%)	(38,035) (64.6%)
Operations	421,750	372,986	365,373	48,764 11.6%	(7,613) (2.1%)
Equipment	3,000	2,837	2,676	163 5.4%	(161) (6.0%)
Total	1,438,750	1,318,088	1,302,619	120,662 8.4	(15,469) (1.2%)

Explanation of Variances

Total expenditures for the Accounts Division for Fiscal Year 2016 increased by \$15,469 or 1.2% from Fiscal Year 2015.

The increase in total expenditures is primarily due to increased premium pay, which can be attributed to the upgrade of the current payroll system ADP and temporary assignments and overtime caused by vacancies.

Total expenditures for the Accounts Division for Fiscal Year 2016 were \$120,662 or 8.4% less than the Fiscal Year 2016 budget.

Fiscal Year 2016 budgetary savings resulted primarily due to \$118,639 or 12.3% savings in budgeted salary, primarily due to vacancies. Total Salaries and Wages (Regular Salary and Premium Pay) comprised slightly over 71.5% of the Division's expenditures for Fiscal Year 2016.

Financial Overview of Program Expenditures

The chart below "*Accounts Division Expenditures - Last Ten Fiscal Years*" reflects the trend in expenditures for the Division for the ten most recent fiscal years, Fiscal Year 2007 to Fiscal Year 2016. The expenditures are presented by three major categories: Regular Salary, Premium Pay, and Other Current Expenditures (OCE) with Equipment.

¹ As amended.

Accounts Division Expenditures – Last Ten Fiscal Years

FY ENDED	REGULAR SALARY	PREMIUM PAY	OCE & EQUIP	TOTAL
2007	667,211	62,744	58,620	788,575
2008	758,244	76,029	61,477	895,750
2009	888,456	51,297	311,312	1,251,075
2010	889,076	19,587	155,200	1,063,862
2011	872,254	22,423	215,391	1,110,068
2012	857,508	86,617	358,955	1,303,080
2013	688,862	77,754	496,108	1,262,724
2014	769,916	106,658	478,581	1,355,156
2015	875,701	58,868	368,049	1,302,619
2016	845,361	96,904	375,823	1,318,088

OPERATIONS AND ACTIVITIES

Accomplishments and Projects (FY2016)

- **CAFR** - The Accounts Division completed and filed the County's 2015 Comprehensive Annual Financial Report (CAFR) on January 5, 2016 extended due date. Although this is the 3rd consecutive year that the submission has been extended beyond the original submission of December 31st, the delay was due to the requirements relating to the new GASB No. 68. The auditors were unable to render their opinion until the State of Hawaii, Employer's Retirement System's auditors, KPMG LLC has completed its audit of the schedules and information required to meet the reporting requirements under GASB No. 68. Accounts Division staff worked tremendous hours with the new external auditors to ensure the CAFR submission is not further delayed.
- **GFOA Certificate of Achievement for Excellence in Financial Reporting** – The County received the GFOA Certificate of Achievement for Excellence in Financial Reporting for 2015. This was the 33 consecutive years that the County of Maui received this prestigious award.
- **Payroll** – The Payroll Section has continuously been challenged to balance the day-to-day payroll operational responsibilities. The number of workers compensation and vacation payouts being processed are continuously increasing. Payroll audit was conducted through the County departments in April 2016; formal report will be completed by end of September. Periodic Super-User ADP eTime meetings with an average attendance of 40 County personnel were conducted. During these regularly scheduled sessions, a wide variety of issues are discussed including: training, prioritizing problem identification, and implementing fixes to enhance the operational efficiency of the payroll system. Despite these major improvements, the Accounts Division anticipates the same audit findings in Payroll due to employees' timesheets not being submitted and approved properly by supervisors and department heads. Without the departments' cooperation to implement the payroll policies and procedures, the County will continue to receive these audit findings.
- **ADP software upgrade** – the Department of Finance upgraded the ADP eTime system to a new version; the upgrade fee was waived by the vendor. The Department of Finance strongly encourages all departments that are on manual timesheets to transition into electronic timesheet submission especially with the new version being implemented for efficiency and to streamline other processes.
- **Staffing** – The Accounts Division's morale is continuously improving although the division lost five personnel in FY 2016. The current staffing has been supportive throughout the transition when positions became vacant.

Program Measures and Performances

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2016 ACTUAL
<i>Goal #1: Using appropriate accounting procedures, prepare timely, reliable, accurate and user friendly financial reports/documents employing best-recognized accounting principles and standards.</i>				
1. Prepare the CAFR consistent with the criteria established by the GFOA for its Certificate of Achievement for Excellence in Financial Reporting Program	Receive the Certification of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes
	Complete annual CAFR by December 31 st	No	Yes	No
2. Ensure that the CAFR accurately reports the financial condition of the County of Maui	Receive a “clean” auditor opinion on the CAFR	Yes	Yes	Yes ²
	# of findings of “material weakness” in the annual CAFR	1	1	1
3. Timely completion of the Single Audit Report	Single Audit Report completed by March 31 st	Yes	Yes	Yes
4. No “material weaknesses” found in the Auditor’s findings on the Single Audit Report	# of “material weaknesses” found in the Single Audit Report	1	1	1
<i>Goal #2: Maintain the integrity of the county accounting system to ensure that accurate and timely financial and accounting information is provided to all county departments.</i>				
1. Complete the monthly closing process within ten business days of the month-end	% of monthly closing processes completed within ten business days of the month-end	100%	100%	100%
	% of month-end financial reports completed and accessible within ten business days of the month end	100%	100%	100%
2. Reconcile all bank accounts (excluding payroll), including identifying and resolving all general ledger reconciliation discrepancies within 30 days from completion of the bank reconciliation report	% of bank accounts reconciled within a month from receipt of bank statement	92%	95%	93%

² Except for Section 8 Voucher’s Program.

Program Measures and Performances (cont'd)

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2016 ACTUAL
<i>Goal #2: Maintain the integrity of the county accounting system to ensure that accurate and timely financial and accounting information is provided to all county departments (cont'd).</i>				
3. Transmit quarterly reports to the County Council by the deadlines set by the Maui County Code (MCC) Chapter 3.08	% of quarterly reports completed and transmitted within the deadlines set by the MCC	100%	100%	100%
<i>Goal #3: Enhance the internal control processes of the payroll system to ensure accuracy and reliability of payroll records.</i>				
1. Process payroll by established pay dates while reducing payroll transaction error rates	% of payroll processed within the established pay dates	100%	100%	100%
	% of payroll checks processed without errors	99%	98%	99%
2. Reconcile payroll bank account within 30 days from receipt of the bank statement	% of payroll bank account reconciled within 30 days from receipt of bank statement	10%	100%	0%
3. Process payroll checks accurately by reducing payroll transaction error rate and manual payroll payments generated	% of payroll overpayment checks processed annually	N/A	≤ 2%	≤ 1%
	% of manual checks cut vs. system generated checks	≤ 1%	≤ 2%	≤ 1%
4. Conduct department-wide payroll audits	% of departments audited annually	89%	100%	In process
<i>Goal #4: Ensure timely, accurate and efficient disbursement of payments, maintenance of payment archival records & inventory system, and preparation and filing of year-end tax information returns.</i>				
1. Maintain the % of accounts payable transactions processed within 14 calendar days from the date of receipt	% of accounts payable transactions processed within 14 calendar days from date of receipt	100%	100%	100%
2. Prepare and file year-end tax information returns timely	% of 1099-Misc/Interest Forms completed prior to due date	100%	100%	100%
3. Promote and expand the use of electronic media to archive documents Reconcile all fixed assets in the county's database system	% of paper document storage eliminated for all records dated after July 1, 2015	0%	75%	75%
4. Reconcile all fixed assets in the county database system	Complete fixed asset reconciliation annually	Yes	Yes	N/A

Program Measures and Performances (cont'd)

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2016 ACTUAL
<i>Goal #5: Improve customer satisfaction through strengthened delivery of accounting and payroll services.</i>				
1. Conduct departmental payroll "Super User" meetings quarterly	# of quarterly "Super User" meetings held	3	4	3
2. Respond to customer inquiries and complaints timely	% of payroll inquiries and/or complaints resolved within two business days	N/A	95%	95%
	% of accounts payable inquiries and/or complaints resolved within an average of three business days	100%	100%	100%
	% of general ledger inquiries and/or complaints resolved within two business days	100%	95%	100%
<i>Goal #6: Develop and advocate policies, procedures, standards and practices that promote improved countywide fiscal management.</i>				
1. Provide departments with training on fiscal, accounting compliance, and internal controls to improve and promote sound business practices	Provide quarterly departmental training sessions	7	4	2
2. Provide departments and agencies with access to financial management, accounting guidelines and regulations	# of accounting policies and procedures published in the county's Intranet annually	1	5	2
3. Review divisional staff workload/processes to identify areas where strategic changes can be implemented to reduce overtime	% of process flowchart documented	N/A	100%	0% ³
	# of process areas identified for improvement annually	1	2	3
<i>Goal #7: Focus on recruiting, training, and retaining a diverse workforce of employees to work in a welcoming environment that promotes trust, recognition, and accountability.</i>				
1. Reduce the annual employee turnover rate	Divisional employee turnover rate	17%	25%	11%
2. Improve efficiency by annually evaluating staffing	% of position descriptions reviewed	88%	100%	72%

³ No longer applicable

levels and positions	annually			
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Program Measures and Performances (cont'd)

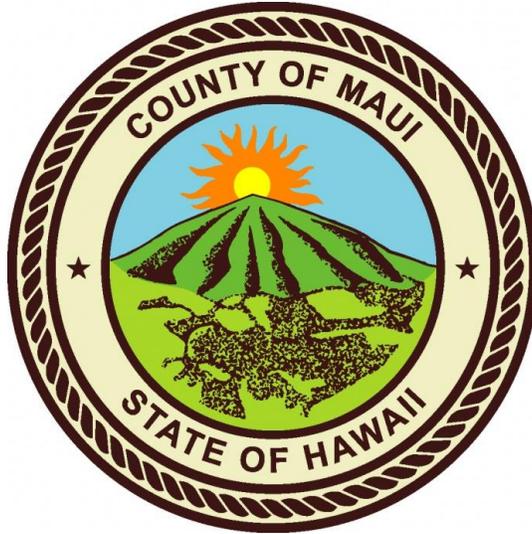
GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2016 ACTUAL
<i>Goal #7: Focus on recruiting, training, and retaining a diverse workforce of employees to work in a welcoming environment that promotes trust, recognition, and accountability (cont'd).</i>				
3. Increase employee satisfaction through enhanced employee recognition program	Improvement in “% satisfied” results on annual Employee Satisfaction Survey	Yes	Yes	Yes
4. Ensure that all employee performance appraisals are current	% of employees for whom performance appraisals are current	77%	100%	96%

OTHER ACCOUNTS MEASURES AND STATISTICS

ACCOUNTS DIVISION OTHER STATISTICS	FY Ended 6/30/14	FY Ended 6/30/15	FY Ended 6/30/16
A/P-Transaction Count	129,210	130,210	135,478
A/P - # of Checks	42,402	41,792	42,553
Payroll - # of Checks	63,207	64,658	63,540
Vendor Payments - # of days processed	14	14	14
Payroll - # of days processed	7	7	7
OTHER STATISTICS			
A/P - \$ of checks issued	\$293,998,054	\$284,729,445	\$290,848,682
# of form 1099 issued	1,084	1,107	1,132
\$ Amount of 1099 issued	\$16,327,050	\$17,553,316	\$19,956,358
\$ Amount of Payroll Distribution:			
Reg. employees/allowances	\$148,224,911	\$159,941,899	\$165,373,111
Pensioners	<u>6,053</u>	<u>4,797</u>	<u>3,012</u>
Total	\$148,230,964	\$159,946,696	\$165,376,123
# of Form W-2 Issued	3,208	3,178	3,214
\$ Amount of Form W-2 Issued	\$118,807,123	\$128,003,377	\$134,503,117
# of Form 1099R Issued (Pensioners)	3	2	2
\$ Amount of 1099R Issued	\$6,504	\$6,288	\$3,257

FUTURE GOALS AND EXPECTATIONS (FY2017)

- As preparation for the FY 2016 audit and CAFR begins, the Accounts Division's goal is to have the 2016 CAFR completed and transmitted to the GFOA on or before December 31, 2016. This will require implementing an aggressive project management schedule combined with effective teaming between the Accounts staff, the external auditors, and other Departments to achieve this objective. Going forward, the division will make the timely filing of the CAFR be the rule rather than the exception through acquisition of CAFR Analytics Module once the SunGard IFAS has been upgraded to the newest version, OneSolution.
- The Accounts Division has also improved communications with Department of Water Supply Accountants, especially in the CAFR area. This is another plus to the CAFR early completion goal.
- The Payroll Staff will continue to improve the payroll process through increased training of Super-Users and new departmental payroll audits of processes and controls. Full implementation of a countywide end-user group consisting of highly trained departmental representative will enhance the efficiency and accuracy of all aspects of the payroll process.
- The Accounts Division will continuously develop and implement policies and procedures in response to the audit findings, ensure compliance with new GASB pronouncements and other applicable laws, and streamline workflows.
- The Accounts Division is currently working on upgrading the current financial system. The vendor, SunGard no longer provides training support with the County's current financial system. The new system, OneSolution will resolve the following issues: redundancy in data entries, high overtime costs in maintaining the general ledger in the current system, and lack of real-time data. The current system lacks business intelligence and dashboards that turn data into actionable information. The OneSolution upgrade is anticipated to start in December/January timeframe.



DEPARTMENT OF FINANCE

**COUNTY OF MAUI
HAWAII**

Section V
Purchasing Division

PURCHASING DIVISION

OVERVIEW

Background

The Purchasing division is a staff function, and its customers include all of the operating departments and divisions within the County. Secondary customers include all the contractors and other vendors who do business with the County. Its primary responsibility involves optimizing the values of goods and services purchased with emphasis on fairness to all parties and efficient use of taxpayer dollars. In addition to serving our customers, the division is also responsible for ensuring compliance with state and county procurement laws.

Program Description

In our efforts to obtain the maximum efficiency for the taxpayers' dollar, we provide our customers with services which include the following:

- Processing of purchase orders
- Management of the procurement card program
- Managing travel processes and paperwork
- Management of the IFB, RFP, and Professional Services bidding processes
- Writing specifications
- Developing and maintaining price lists
- Handling disputes and protests
- Maintaining the vendor database
- Managing the processing of contracts and grants
- Document management of procurements, contracts, and grants

Program Objective

- To optimize the use of the taxpayer dollars spent on goods, services, construction, and operations, by providing excellent staff support to all county departments within the constraints of the state procurement law.
- Implement best procurement practices

EXTERNAL FACTORS AFFECTING OPERATIONS

The most significant external factor involved changes implemented by the County Council regarding the budget in which they eliminated the ability of a department to spend money between their A, B, and C budgets. This Purchasing Division spent numerous man hours in FY16 educating departments on what a "C", or fixed asset is, and why they couldn't use their "B" budget to purchase a "C" item.

Investigations into pCard and general purchasing fraud expanded in FY16, mostly in the Highways Division. Numerous pCards were canceled and a handful of employees were put under investigation by Corporation Counsel. The pCard abuses that have occurred have caused us to refocus our efforts on training and implementing better preventive measures to minimize theft.

RESOURCES

Staffing and Personnel Changes

The Purchasing Division consists of the following seven positions:

Central Purchasing Agent
Purchasing Specialist III
Purchasing Specialist II
Buyer I
Clerk Typist III
Contracts Clerks (2)

In FY2016, the Purchasing Division experienced several personnel changes. The first occurred when Julie Kawamura was promoted to the vacant Buyer 1 position, opening up the Clerk III position. In October, Christy Kailiehu transferred from the Treasury Division in to the Clerk III position. In May, Michelle Kaopuiki transferred to the Administration Division, and Christy applied and moved into the Contracts Clerk position vacated by Michelle on June 1st. As of June 30th, the Clerk Typist position was still vacant, but has since been filled by Cody Sarmiento.

BUDGET VARIANCE ANALYSIS

Expense	FY 2016 Budgeted	FY 2016 Actuals	FY 2015 Actuals	FY16 Actual vs. Budget Under / (Over)	FY16 Actual vs. Prior Year Under / (Over)
Salaries	383,112	341,780	329913	41,332 89.2%	11,867 3.6%
Premium Pay	800	1,005	3032	(205) (125.7%)	2026 66.8%
Operations	67,092	57,876	62,796	9,216 86.3%	4,920 7.8%
Equipment	0	0	0	0 0%	0 0%
Total	451,004	400,661	395,741	50,343 88.8%	4921 1.20%

Note: Under@ variance indicates that actual expenditures in Fiscal 2016 are less than budget or less than prior year expenditures.

Explanation of Variances

Purchasing spend 10.8% less of our budgeted salary due to position vacancies. Both the Clerk III and one of the Contracts Clerk positions were vacant during part of the year. Premium pay was lower last year but still above budget due to the widened salary gap between the Central Purchasing Agent and his younger subordinate. Premium pay is only use for TA for vacations. No overtime costs were incurred in FY2016.

OPERATIONS AND ACTIVITIES

Program Measures and Performances

Program Goal	Program Objective	Success Measure	FY 2015 Actual	FY 2016 Estimate	FY 2016 Actual
Provide excellent customer service to our internal customers	Maintain rate of total requisitions completed within 2 days from receipt date	% of total requisitions completed within 2 days	99%	99%	99%
Provide excellent customer service to our internal customers	Maintain rate of contract documents processed within 2 days from receipt date	% increase in critical internal/external communications on the web	99%	99%	99%
Improve efficiency in procuring goods and services	Full Implementation of e-procurement software for bidding	% of non-construction bids utilizing online platform (Public Purchase)	50%	100%	100%
Strengthen and support the professionalism and skills of our workforce	Encourage NIGP (National Institute of Government Procurement) Certification among professional staff	% of staff taking and passing the NIGP certification exam	n/a	30%	30%

The Purchasing Division processed approximately \$84,391,857 in construction, goods, and services in fiscal year 2016, a 1% increase over the \$83,773,912 spent in fiscal year 2015. Following are the primary categories of expenditures:

	<u>FY16</u>	<u>Transactions</u>	<u>FY15</u>	<u>Transactions</u>
Large dollar advertised bids:	\$57,648,607	109	\$55,493,444	111
Purchase orders:	\$22,407,354	15,858	\$24,467,367	16,747
Credit card transactions	\$4,335,896	25,335	\$3,813,101	20,705

Procurement activity was fairly steady between FY15 and FY16, with the exception of the pCard program where the number of transactions increased by 20% and the dollar volume increased by 14%. More and more of our vendors are declining to accept our purchase orders and are insisting on pCard transactions, which is a factor in the increased usage as well as the convenience and the transaction cost savings.

Major Accomplishments and Special Events

The primary highlight of FY16 was the certifications by the UPPCC (Uniform Public Procurement Certification Counsel) of Greg King and Jared Masuda. Greg earned the Certified Public Procurement Officer (CPPO) designation, and Jared earned the Certified Public Procurement Buyer (CPPB) designation. Greg and Jared studied 10 textbooks and exam preparation texts from December until May, mostly on our own time. Without spending additional money for preparation courses or sample tests, or study cards, we were both able to pass the test on our first try in May. Certification is a recognition of a level of competence, and that recognition is especially needed in times when things such as our pCard programs are being scrutinized due to the bad behavior of a few. The UPPCC is a joint venture between the National Institute of Government Procurement (NIGP) and the National Association of State Procurement Officers (NASPO), with the goal of having a uniform certification process.

Greg King, Central Purchasing Agent was involved in the Alaska-Hawaii Government Procurement Association. The AK-HI group is a newly formed chapter of the NIGP that was set up to foster professionalism in procurement in the two states through education and collaboration. Greg is serving as the Treasurer of the organization, and he was involved in the many aspects of the formation including developing a mission and vision statement, setting up a 501c(3) corporation, business registration, tax identification, setting up a bank account, etc. The reason Alaska and Hawaii got together is that we are both remote outposts with respect to the supply chain, and thus we have a lot of common problems. The national organization of NIGP has been trying to get a chapter formed in each of these two states for years, and they were thrilled to see this form. The National organization gave our chapter \$5,500.00 in startup money, which we will use to purchase a software platform. We are also the first completely virtual chapter, and we hold all of our meetings on the web.

Greg continued to serve as the Chairman of the Procurement Policy Board in FY16. The Procurement Policy Board only met a few times in FY16 due to a lack of quorum. Finding board members that are both qualified and that have the time to serve is difficult. During the last legislative session, Senator Kim introduced legislation to require the Policy Board to conduct audits every year, which would be an impossible task even if we did have regular meetings. Fortunately the bill died.

Based on recommendations by the County Auditor and the Financial Auditor, the Purchasing Division has tightened up some of the pCard procedures. We developed a separate signature log solely for the pCards. There are two staff members that are now reviewing for missing signatures. And we revised the transaction log to add a new department signature, and an additional signature from the funding departments for those transactions where Highways is fixing a vehicle from another division and using that division's budget to pay for the repair.

Greg and Michelle, gave several training presentations to the Department of Parks and Recreation Supervisors and staff on Purchasing and Contracting Essentials.

The workflow project slowly continued in FY16, as we tackled the Department of Parks and Recreation. The project was slowed by the lack of ITS training facilities and a re-structuring of Parks Department's Index codes starting July 1, 2016. As of the date

of this writing, the programming is virtually complete and the Department of Parks and Recreation is testing the system.

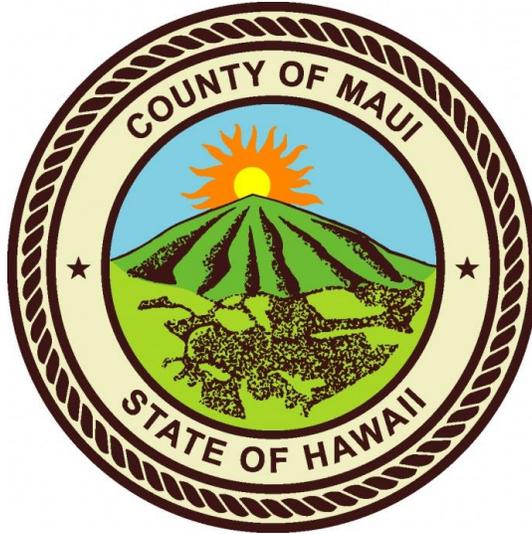
FUTURE GOALS AND EXPECTATIONS (FY 2017)

In Fiscal Year 2017, there will be a continued focus on staff training and work re-alignment in the Purchasing Division. Each of these personnel have been or will be taking on new roles and assuming new responsibilities, and there is a lot of training that needs to be done. The Purchasing Specialist III will be learning more about the legal aspects of the Procurement process, and start getting involved with some of the more complex issues in Procurement. The Specialist III will also be working more on the workflow project. The Purchasing Specialist II will be learning the specifics of the large bid processes, and will assist the Specialist III in all of those duties. The Buyer II will become the primary backup for managing the travel paperwork, and will assist in training the new clerk typist III.

We anticipate spending some time in FY17 on the anticipated conversion of SunGard IFAS to One Solution. We don't have any idea of what is involved or what the time commitment will be.

We have lots of potential projects in the hopper based on ideas we gathered at the NIGP conference we recently attended. One of the things we want to investigate is the capabilities of our web software, Civic Plus. One of the attendees at the conference is using Civic Plus for some e-procurement functionality that we were unaware of. We are behind on best practices with respect to data collection for spend analysis, automation, and the e-procurement software needed to achieve these best practices.

Another best practice we need to work on is performance measurement, especially with respect to calculating the value of the procurement function to the organization by measuring savings and avoided costs.



DEPARTMENT OF FINANCE

**COUNTY OF MAUI
HAWAII**

Section VI
Real Property Assessment Division

REAL PROPERTY ASSESSMENT DIVISION

OVERVIEW

Background

The County of Maui's Real Property Assessment Division is comprised of four sections; Assessment, Property Technical, Compliance and Enforcement, and Geographic Information Systems (GIS).

Program Description

The Assessment Section is comprised of the Appraisal and Appraisal Support Service Branches. This section maintains parcel history and current ownership data, updating tax maps drawn to scale and annually assesses all taxable real property, including defending disputed assessments.

The Property Technical Section provides technical services for the Administration of the Real Property Tax Program for the County of Maui.

The Compliance and Enforcement Section is new for 2016 and centers its efforts to enforcing rules and laws pertaining to exemption claims, agricultural assessment programs and other projects as assigned.

The GIS Section produces a variety of thematic maps using GIS and integrates other computer-aided drafting or mapping technologies into GIS.

Program Objectives

- To fairly assess all taxable real property.
- Provide accurate information to all taxpayers.
- Ensure access to an equitable system of appeals.
- Administer all of the exemption programs.
- Reduce disputed real property taxes refunded.

EXTERNAL FACTORS AFFECTING OPERATIONS

The County's real property assessment base increased 12.3% to \$40.71 billion. Tax rates were decreased in all ten categories. The increase in assessments can be directly attributed to increasing real estate prices and new construction.

- The County's estimated property tax revenues for Fiscal Year 2016 was certified at \$254,110,728 (less \$360,846 for Circuit Breaker Credits and adding \$1,850,268 for minimum tax).
- The Board of Review accepted 1,254 assessment appeals with a total (100%) value in dispute of \$1,125,008,860.

RESOURCES

Staffing and Personnel Changes:

The Real Property Assessment Division consists of the following forty-two (42) positions:

- Administrator
- Assistant Administrator
- Secretary II
- Sr. Property Technical Officer
- Property Valuation Analyst V
- Property Valuation Analyst IV (2)
- Property Valuation Analyst I
- Appraiser VI (2)
- Appraiser V
- Appraiser IV (2)
- Appraiser III (2)
- Appraiser II (2)
- Appraiser I (3)
- Appraiser Assistant
- Supervising Real Property Tax Clerk
- Tax Clerk II (2)
- Tax Clerk I (6)
- Tax Maps & Records Supervisor II
- Tax Maps and Records Technician III (2)
- Tax Maps and Records Technician II (2)
- Tax Maps and Records Technician I (2)
- GIS Analyst V
- GIS Analyst III
- Compliance Specialist I (2)

BUDGET VARIANCE ANALYSIS*

Expense	FY 2016 Budget	FY 2016 Actuals	FY 2015 Actuals	FY16 Actual vs. Budget Under / (Over)	FY16 Actual vs. Prior Year Under / (Over)
Salaries (\$)	2,070,680	1,907,346	1,895,915	163,334	(11,431)
Premium Pay (\$)	5,000	2,381	6,174	2,619	3,793
Operations (\$)	510,694	313,684	244,278	197,010	(69,406)
Equipment (\$)	6,500	9,907	125,873	(3,407)	115,966
Total (\$)	2,592,874	2,233,318	2,272,240	359,556	38,922

Note 1: "Under" variance indicates that actual expenditures in Fiscal 2016 are less than budget or less than prior year expenditures.

Explanation of Variances

Salaries are under budget due to positions temporarily vacant until recruitment processes could be completed.

Premium Pay is also under budget due to Administrator's decision to limit overtime expenses to critical needs.

Operations expenses were under budget due to contract delays and funding could not be encumbered within the fiscal year.

2015 Equipment expense was for software purchase of Pictometry's Aerial Imagery.

OPERATIONS AND ACTIVITIES

Accomplishments and Projects (FY 2016)

- Assignment of tax keys. The Tax Maps section has made tremendous headway in entering and assigning outstanding subdivisions and condominiums. Effect: Increased revenues, reduced public inquiries, and reduced burden on the division.
- Data entry of new ownership and easements is at record high maintaining 90-95% completion rate for documents received in 2016.
- Current mailing addresses to property owners. The staff has been using the NCOA files from the post office improve mailing results. Effect: More owners receiving their tax bills, less public inquiries, and far less complaints to the division.
- GIS Section continues to work on cleaning up line work on the parcel fabric and data driven maps for the County of Maui. 460 lots were accounted and added to the parcel

fabric reconciling with the data. The integration of the fabric weekly became viewable for up-to-date graphical information for the public. GIS section also adjusting parcel boundaries to align better with aerial imagery for county use.

- Partnership between RPA and the State of Hawaii – DOTAX to share data, has been a proven program that increases the enforcement of the homeowner exemption program. Over 178 exemptions were removed resulting in over \$410,650 of unbudgeted revenue.
- The third batch of electronic assessment notices were received by tax payers in March 2016. The number of e-notices increased from 493 to 1,107 subscribers for 1,864 properties. We expect this to be a growing trend as the public moves toward green practices.
- Implementation of new Assessment software IAS World is complete. This program has enhanced efficiency by integrating aerial imagery, assessment software, GIS maps, a query builder tool, in house photographs and a work flow processor.
- The implementation of Marshall and Swift cost data is still in progress. Costs have been loaded into a test environment and values are being reviewed. Values should be ready for the 2018 assessment year.
- The newly formed Compliance Section has addressed non-compliant home exemptions for part-time, non-resident tax filers and along with other efforts in compliance, the division brought in \$792,708 in unbudgeted revenue for FY16 and \$795,848 will be added to FY17.
- Assessment Analyst, a desk top review application, was launched. In a partnership with ESRI Canada, 4,700 parcels were reviewed and updates made. The final upload will happen for the 2017 assessment year.
- At the recent Esri User Conference in San Diego, Maui County's Real Property Assessment Division was recognized for centralizing its core geospatial data by developing an enterprise GIS repository to support County land management and other processes. The Real Property Assessment Division received a Special Achievement in GIS (SAG) award, an award that is given to user sites around the world to recognize outstanding work with GIS technology. This organization stood out as 1 of 175 chosen from more than 100,000 ESRI clients worldwide.
- All RPA staff for approximately 5 months, able to continue to service the public and continue their normal work from temporary and off-site locations utilizing existing networks and being flexible with their changing environments due to water damage at the Maui Mall Service Center.
- All outstanding problem ownership documents needing interpretation and follow up from 2014 and 2015 were completed as of May 2016.
- Assessments initiated setup of project for eFiling now called Smart Filing for Home Exemptions, Address Changes, Condo Surveys and BOR Appeals. Testing pending vendor and completion for 2017.
- 2015 BOR Appeals – Processed and closed 1292 appeals filed by 1/31/16, including staff implementing new BOR minutes and Decision & Order requirements.

Program Measures and Performances

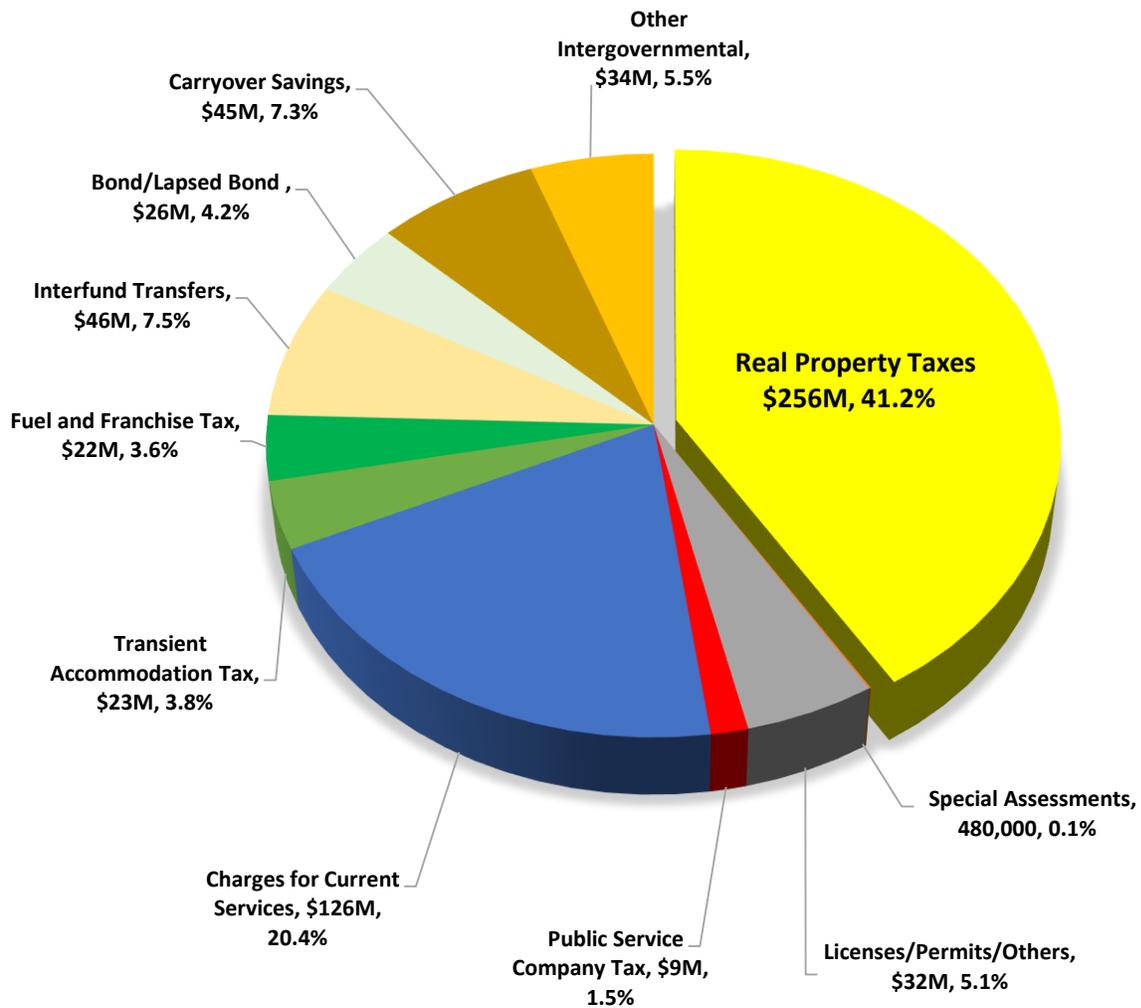
Program Goal	Program Objective	Success Measure	FY 2015 Actual	FY 2016 Estimate	FY 2016 Actual YTD
Goal #1: Increase public awareness by providing educational seminars and enhanced notices.	1. Conduct at least eight public sessions annually to educate the public about services provided	# of public sessions completed annually	6	8	4
	2. Conduct at least eight public sessions annually to educate the public about exemption programs	# of public sessions completed annually	3	8	N/A
	3. Convert all forms to online fillable forms by June 2017	% of online fillable forms completed	1%	30%	1%
Goal #2: Improve the efficiency and accuracy of assessments.	1. Replace aging assessment software	Implementation of new assessment software system by June 2016	20%	100%	90%
	2. Replace outdated construction cost manuals	Implementation of Marshall and Swift cost solution by June 2016	75%	100%	80%
	3. Maintain a ratio performance of "good" or higher and conform to the International Association of Assessing Officers (IAAO) Standard	County's ratio performance is "good" and conforms to the IAAO Standard	Yes	Yes	Yes
Goal #3: Strengthen and support the professionalism and skills of our workforce by providing education and training opportunities.	1. Increase the % of staff who attend the secondary IAAO certification course	% of RPA employees who complete the secondary IAAO certification course	98%	100%	N/A

Program Goal	Program Objective	Success Measure	FY 2015 Actual	FY 2016 Estimate	FY 2016 Actual YTD
	2. Provide at least eight "in-house" staff training sessions annually	# of "in-house" training sessions conducted annually	35	8	21
	3. Increase the # of senior staff receiving IAAO accreditation	% of senior staff receiving IAAO designation	98%	100%	67%
Goal #4: Focus on enforcement and compliance efforts for home exemption and condominium use programs, agricultural dedication and agricultural use.	1. Increase the rate of compliance reviews for the home exemption program	% of accounts reviewed against State of Hawaii records	50%	100%	100%
	2. Increase the rate of compliance reviews relating to the condominium use program	% of homeowners association responses reviewed for compliance	100%	100%	100%
	3. Increase the rate of physical inspections for parcels receiving agricultural dedication	% of all parcels receiving agricultural dedication that were physically reviewed	7%	25%	5%
	4. Increase the rate of agricultural parcels that receive "agricultural use" that are physically inspected	% of all parcels receiving "agricultural use" that are physically inspected	31%	25%	29%

SUMMARY

Real property taxes continue to be the most significant source of revenue for the County of Maui and an integral part of sustaining adequate public services for the people of our community.

MAUI COUNTY REVENUE SOURCES FISCAL YEAR 2015-2016 BUDGET



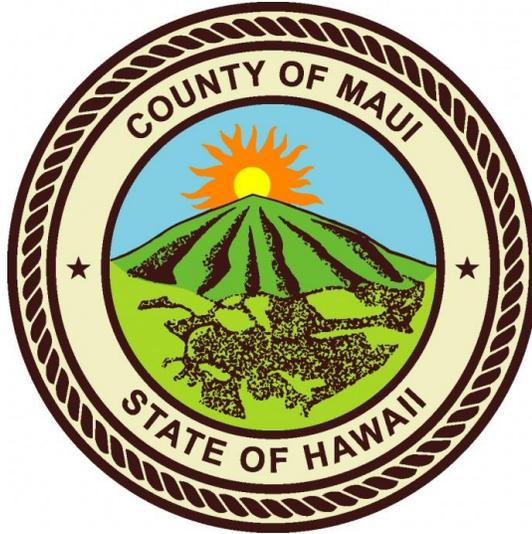
COUNTY OF MAUI REAL PROPERTY ASSESSMENT CERTIFIED VALUE FOR TAX RATE PURPOSES



FISCAL YEAR	VALUATION FOR TAX RATE	PERCENT CHANGE FROM PRIOR YEAR
06-07	\$35,123,548,000	31.04%
07-08	\$41,167,721,000	17.21%
08-09	\$42,579,099,000	3.43%
09-10	\$43,068,281,000	1.15%
10-11	\$37,256,860,000	-13.49%
11-12	\$32,920,593,000	-11.64%
12-13	\$32,473,303,000	-1.36%
13-14	\$33,411,557,400	2.89%
14-15	\$36,249,111,595	8.49%
15-16	\$40,711,720,270	12.31%

FUTURE GOALS AND EXPECTATIONS (FY2017)

- Submit application for Certificate of Excellence in Assessment Administration Award from the International Association of Assessing Officers (IAAO).
- Continue to use ESRI Canada's Assessment Analysis software to ensure compliance with IAAO standards for reassessment cycle.
- Continue to maintain the County's geographic information system (GIS) base layer map and train staff on ways to improve the parcel fabric.
- Update rules of procedure for real property assessment programs to provide clear definition and minimize confusion and misinterpretation.
- Review professional service contracts to identify if expenses can be reduced.
- Convert paper forms to online forms that systematically transmit data to our data base. This not only eliminates the need to use and store paper, it reduces data entry and provides users with submission validation.
- Continue compliance efforts in the homeowner exemption program, condominium use declaration, and the agricultural use assessments.
- Promote paperless assessment notice via email.
- Complete upgrade of Computer Assisted Mass Appraisal software and integrate new cost valuation and sketch software.
- Establish community outreach program to educate the taxpayers about the Division's programs.



DEPARTMENT OF FINANCE

**COUNTY OF MAUI
HAWAII**

Section VII
Motor Vehicle & Licensing Division

DIVISION OF MOTOR VEHICLE & LICENSING

OVERVIEW

Background

The Division of Motor Vehicles & Licensing (DMVL) provides direct service to the citizens of Maui County by issuing a variety of services: (1) new and renewal driver licenses, (2) motor vehicle registration, (3) various county business licenses, (4) disabled parking placards, (5) taxi driver's permits, (6) dog licenses, (7) collection of residential water and refuse payments and (8) bicycle licenses. Additionally, the following programs are administered on behalf of the State of Hawaii: Commercial Driver Licensing, Periodic Motor Vehicle Inspection, Civil Identification, and the collection of Motor Vehicle Registration fees.

Program Description

As part of the Financial Services Program, the DMVL is funded by two separate sources. The DMVL program is funded by the County General Fund and four (4) programs are funded by the State of Hawaii through grant revenue. The organizational structure of DMVL supports the various ways it interacts with and delivers services to customers. The Front Office services walk in customers requesting services in person at seven offices. The Back Office provides customer services transacted by mail, electronic mail, telephone, and facsimile. The Fiscal Program is responsible for all DMVL accounting functions.

Program Objectives

- To provide effective motor vehicle and licensing services at the various County population centers.
- To register motor vehicles and bicycles in a timely and consistent manner in compliance with pertinent laws and regulations.
- To efficiently administer four (5) State of Hawaii grant funded programs including: Commercial Driver Licensing, Periodic Motor Vehicle Inspection, Civil Identification, Disabled Parking Placards and the collection of Motor Vehicle Registration fees.

EXTERNAL FACTORS AFFECTING OPERATIONS

Legislative Changes that impact DMV:

Act 200, 2016 SLH – Moped Registration - requires the issuance of license plates and annual registration and safety inspection of mopeds. Effective 01-01-17

Act 082, 2016 SLH - Allows electronic insurance cards to be used as proof of insurance for motor vehicles motorcycles and motor scooters. Effective July 1, 2016.

Act 24, 2016 SLH – Allows “VETERAN” designation on the DL for non-US veterans of the Korean Conflict. Effective date April 26, 2016.

Act 15, 2016 SLH - Requires images on all licenses; applicants must appear in person for renewal every 16 years. Also allows Examiner of Drivers to waive both written and road tests for

validly licensed applicants from other US jurisdiction and DOT approved foreign governments.
Effective date April 26, 2016.

RESOURCES

Staffing and Personnel

The DMVL is staffed with 55 equivalent full time personnel funded through the County General fund:

- 1 Motor Vehicle & Licensing Administrator
- 1 Assistant Motor Vehicle & Licensing Administrator
- 1 Secretary I
- 1 DMVL Operations Supervisor
- 3 Assistant Operations Supervisors
- 1 Supervising Driver License Examiner
- 8 DMVL Service Representative III
- 6 Driver License Examiners I
- 28 DMVL Service Representative II
- 3 DMVL Service Representative I
- 2 Clerk III

The DMVL is staffed with 17 equivalent full time personnel funded through State of Hawaii Grants:

- 1 Supervising Motor Vehicle Control Inspector
- 2 Motor Vehicle Control Inspector
- 1 DMVL Service Representative III
- 9 DMVL Service Representative II
- 1 DMVL Service Representative I
- 2 Driver License Examiners II
- 1 Clerk III

BUDGET VARIANCE ANALYSIS

Expense	FY 2016 Budgeted	FY 2016 Actuals	FY 2015 Actuals	FY16 Actual vs. Budget Under / (Over)	FY16 Actual vs. Prior Year Under / (Over)
Salaries	2,200,320	2,181,648	2,087,253	18,672 0.8%	-94,395 -4.5%
Premium Pay	30,000	34,102	49,460	(4,102) -13.7%	15,358 31.1%
Operations	1,198,357	1,019,035	594,948	179,322 15.0%	(424,087) -71.3%
Equipment	0	0	4,144	0 N/A	4,144 100.0%
Total	3,428,677	3,234,785	2,735,805	193,892 5.7%	(498,980) -18.2%

Note: AUnder@ variance indicates that actual expenditures in Fiscal 2016 are less than budget or less than prior year expenditures.

Explanation of Variances

The Division of Motor Vehicles & Licensing realized \$193,892 in savings on an expense budget of \$3,428,677.

While salaries were below budget by \$18,672, Premium pay was above budget by \$4,102 primarily due to the servicing customers who are in the DMVL offices by closing time. Salaries & Wages combined were \$14,570 below budget.

Operating expenses were under budget by \$179,322 due to savings in computer services and Miscellaneous Other Costs.

OPERATIONS AND ACTIVITIES

Accomplishments and Projects (FY 2016)

Implement Limited Purpose Driver License (Act 172, 2015 SLH) - Implementation date of 01/01/2016 – This act authorized issuance of a limited purpose driver's license, limited purpose provisional driver's license, and limited purpose instruction permits. Limited purpose driver's licenses, limited purpose provisional driver's licenses, and limited purpose instruction permits shall not be acceptable for federal identification and voting purposes. Applicants are required to submit satisfactory proof of identity and Hawaii residency.

Temporary Relocation of Service Center Functions - DMVL services was impacted due to severe water damage at the Kahului Service Center. Front Office operations were consolidated into the Kihei, Lahaina and Pukalani Satellite Office from March 2016 through the end of Fiscal Year 2016. All other DMVL functions were relocated to One Main Plaza.

Driver Licensing

Maui County's total number of licensed drivers as of June 30, 2016 increased by 3.3% from 112,970 to 116,732 licensed drivers.

Motor Vehicle Registration

Maui County's total registered vehicle count decreased by 0.5%, from 181,587 vehicles in fiscal year 2015 to 180,642 vehicles in fiscal year 2016.

Vehicle Class	FY 2016 TOTAL	FY 2015 TOTAL	Increase (Decrease)	
Passenger	162,578	163,492	(914)	-0.6%
Motorcycle	4,098	4,383	(285)	-6.5%
Truck	9,981	9,695	286	2.9%
Trailer	3,985	4,017	(32)	-0.8%
Total	180,642	181,587	(945)	-0.5%

Program Measures and Performances

	FY15 Actual	FY16 Estimate	FY16 Actual
Goal #1: Strengthen and support the professionalism and skill of our workforce.			
1. Increase the rate of training conducted annually:			
a. % of supervisory developmental training plans completed	100%	100%	100%
b. % of employee's developmental training plans completed	N/A	100%	100%
Goal #2: Improve services to major population centers by efficiently allocating the provisioning of DMVL services between the main and other satellite offices and providing			

convenient portals for citizens to access DMVL services.			
1. Efficiently allocate the provisioning of DMVL services between the main & satellite offices to improve services to major population centers:			
a. % of total customers served by the main office	44%	44%	N/A due to KSC Closure
b. % of total customers served by satellite offices	56%	56%	N/A due to KSC Closure
2. Increase the rate of vehicle registrations completed through alternative service portals - % of online vehicle registration transactions.	12%	13%	15%
Goal #3: Ensure that vehicle documents and driver credentials are issued in an accurate, secure and efficient manner through proper verification of applicant identities, authentication of documents and employees completion of annual fraudulent document recognition training.			
1. Increase the # of applicant identities verified through the Identity Management System (IMS) annually	41,219	30,000	29091
2. Maintain the rate of employees who completed the annual fraudulent document recognition training at 100%	100%	100%	100%
Goal #4: Enhance the delivery of services to our customers.			
1. Reduce customer wait time - Achieve the proper balance of force & process efficiency to load to implement a 30-minute average wait time (AWT) standard at all DMVL locations.			
a. Service Center	23 min AWT	30 min AWT	N/A due to KSC Closure
b. Kihei	14 min AWT	30 min AWT	N/A due to KSC Closure
c. Lahaina	24min AWT	30 min AWT	N/A due to KSC Closure
d. Pukalani	31 min AWT	30 min AWT	N/A due to KSC Closure
2. Increase the customer satisfaction rating based on survey results - % of customers satisfied	N/A	80%	N/A due to KSC Closure
Goal #5: Strengthen security and safety measures at all DMVL offices through safety awareness training and compliance with the Social Security			

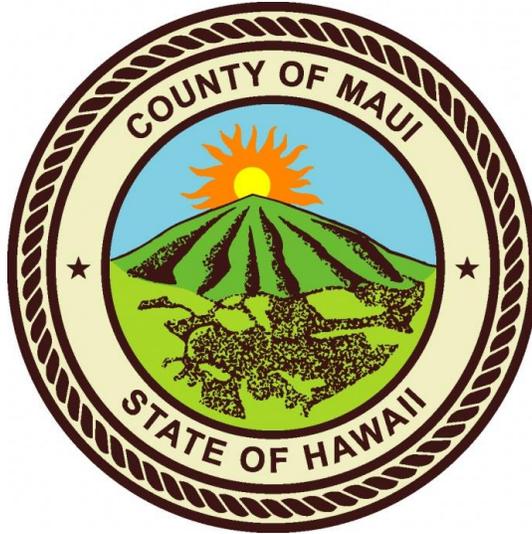
Administration (SSA) and privacy requirements and safeguards.			
1. Complete Safety Awareness training annually	100%	100%	100%
2. Complete SSA compliance and certification - % of employees who completed the annual SSA certification and compliance	100%	100%	100%
3. Comply with Department of Transportation (DOT) "Access Control Standards" - % of offices in compliance with DOT "Access Controls Standards"	N/A	100%	100%
Goal #6: Promote traffic safety by ensuring new drivers are qualified and competent to operate motor vehicles on public roadways.			
1. Increase the # of new driver licenses issued annually based on knowledge and road skills test - # of new driver licenses issued annually	N/A	7,500	8044

FUTURE GOALS AND EXPECTATIONS (FY2017)

Self Service Terminals – Pursue development and installation of self service terminal(s) at the Service Center and selected satellite offices.

Implement Road Appointment systems – Develop and implement a computerized appointment system that may be used reserve advance road test appointments.

Queuing System – Upgrade present system to allow for customer convenience modules such as advance appointments for certain services and text notification to customers when they are at a predetermined position in line (e.g. 5th or 3rd).



DEPARTMENT OF FINANCE

**COUNTY OF MAUI
HAWAII**

**Appendix A
(Charter Provisions)**

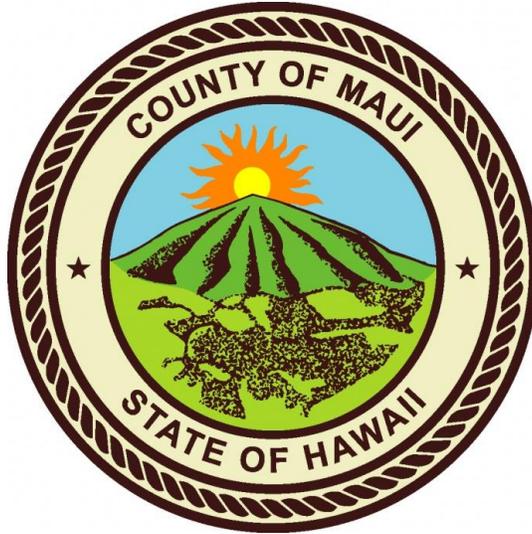
ARTICLE 8, CHAPTER 4
DEPARTMENT OF FINANCE

Section 8-4.1. Organization. There shall be a department of finance consisting of the director of finance and the necessary staff.

Section 8-4.2. Director of Finance. The director of finance shall be appointed and may be removed by the mayor. The director of finance shall have had a minimum of five years of experience in a public or private financial position, at least three years of which shall have been in an administrative capacity.

Section 8-4.3. Powers, Duties and Functions. The director of finance shall:

1. Prepare bills for the collection of money due the county, or authorize the preparation thereof, by other departments of the county government, under the director's general supervision.
2. Collect and receive moneys due to or receivable by the county and issue receipts therefor, or authorize other departments to do so under conditions prescribed by the finance director.
3. Keep accurate and complete account of receipts and disbursements.
4. Maintain and manage the treasury and deposit moneys belonging to the county in depositories and instruments authorized by law which fulfill all conditions prescribed for them by law.
5. Contract for services of independent contractors, including contractors for public works and county physicians, and permit disbursements to be made pursuant to policies established by the council.
6. Be responsible for issuing and selling, paying interest on and redeeming bonds of the county.
7. Prepare and issue warrants and checks.
8. Prepare payrolls and pension rolls.
9. Sell real property upon which improvement assessments or real property taxes are not paid within the period prescribed and dispose of real property or personal property not needed by any department of the county pursuant to policies established by ordinance, provided that all deeds and other conveyances shall be executed by the mayor.
10. Rent or lease county property and award concessions pursuant to policies established by the council.
11. Prepare and maintain a perpetual inventory of all lands and equipment or other personally owned, leased, rented or controlled by the county.
12. Review assessment rolls for assessable public improvements prior to approval by the council and issue bills therefor after such approval has been given.
13. Have custody of all official's surety bonds, except the surety bond of the director of finance, which shall be in the custody of the county clerk.
14. Each quarter submit through the mayor to the council a statement of the revenues and expenditures for the preceding quarter and for the fiscal year up to and including the preceding quarter. Such statement shall be sufficiently detailed as to appropriations, allotments and funds to show the exact financial condition of the county and of each of its agencies and executive departments. A copy of the statement shall be filed with the county clerk and shall be a public record.
15. Administer the real property taxation function of the county.
16. Perform such other duties and functions as shall be assigned by the mayor. (Amended 1992)



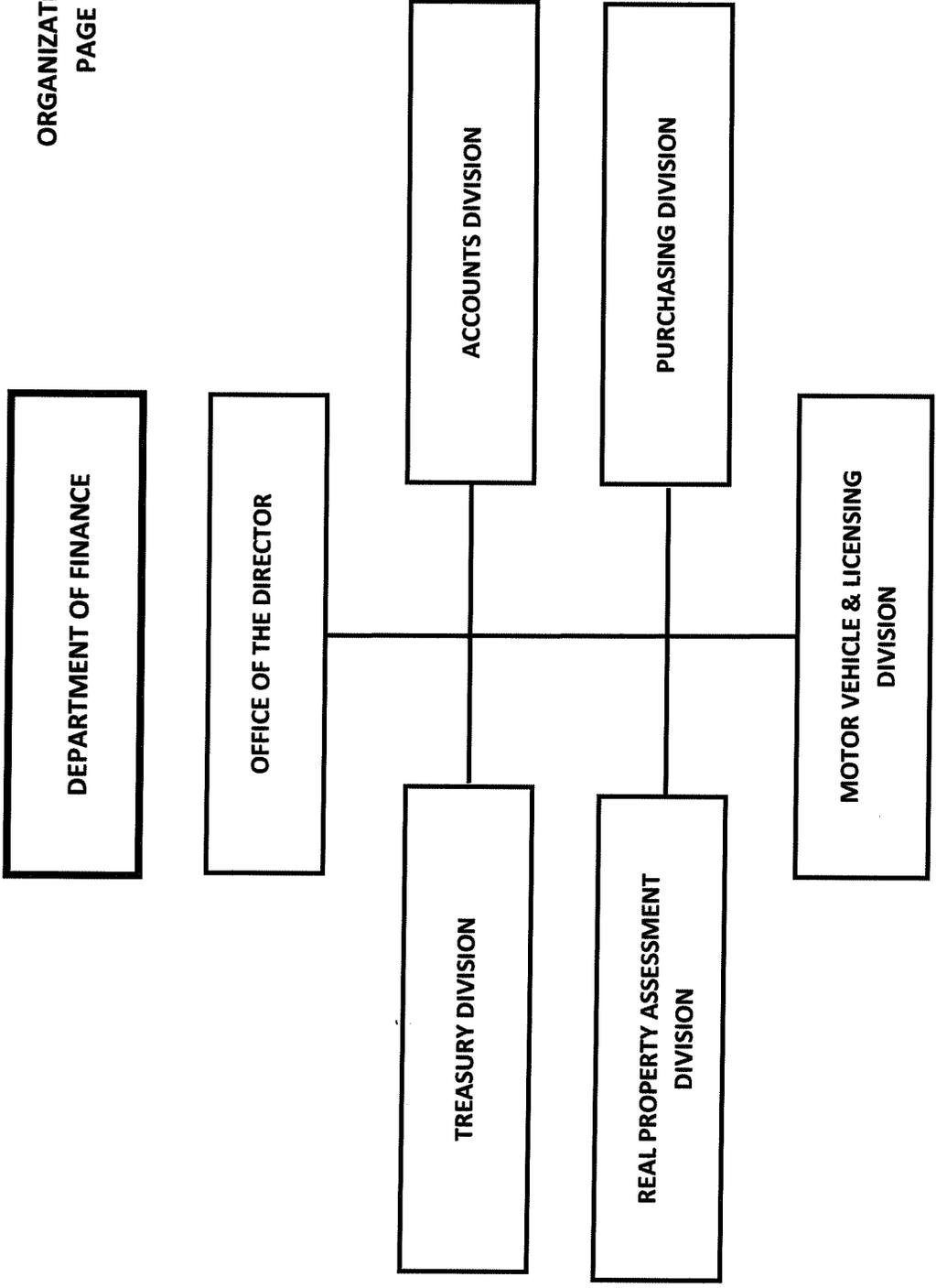
DEPARTMENT OF FINANCE

**COUNTY OF MAUI
HAWAII**

**Appendix B
(Organization Charts)**

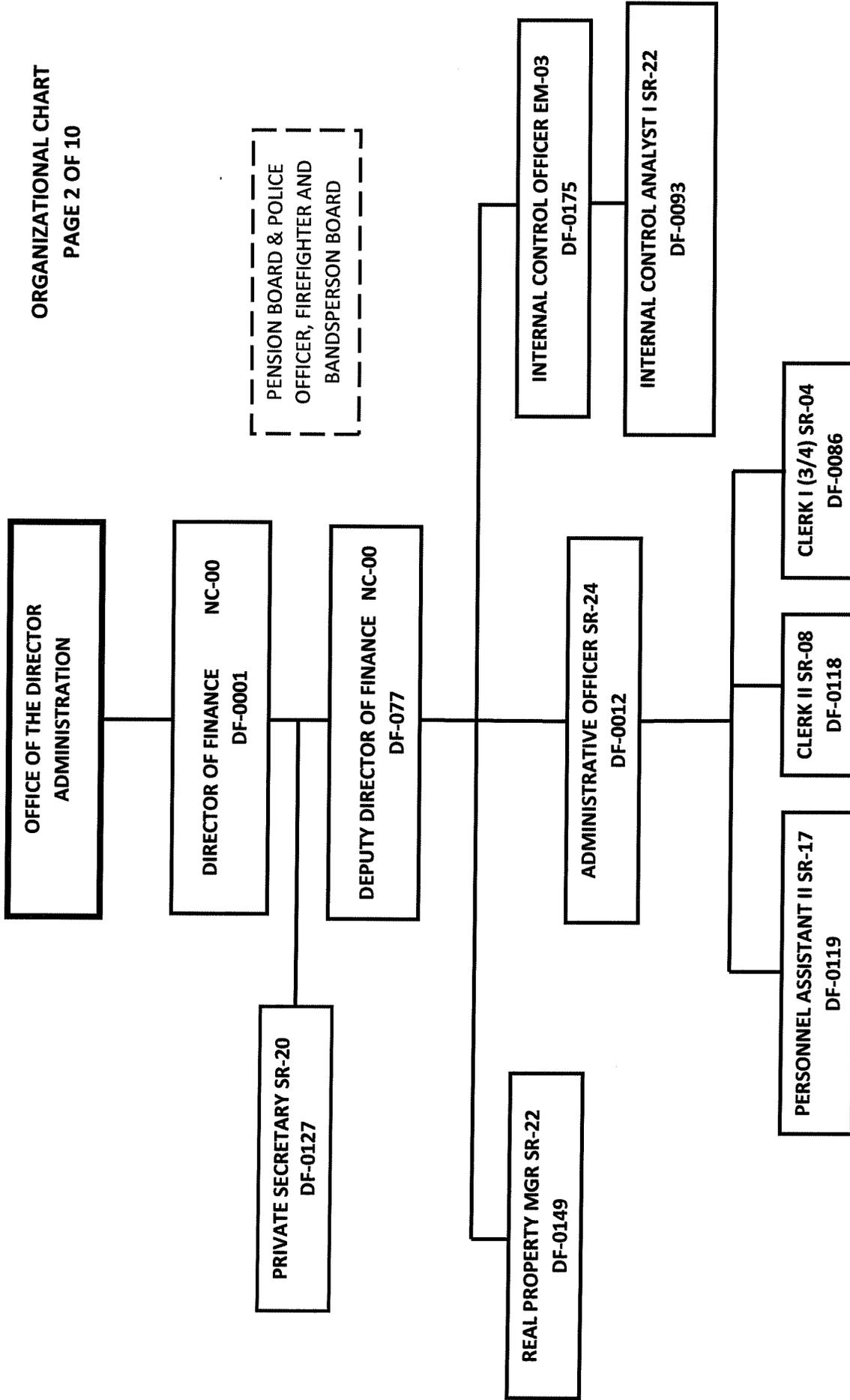
DEPARTMENT OF FINANCE
COUNTY OF MAUI

ORGANIZATIONAL CHART
PAGE 1 OF 10



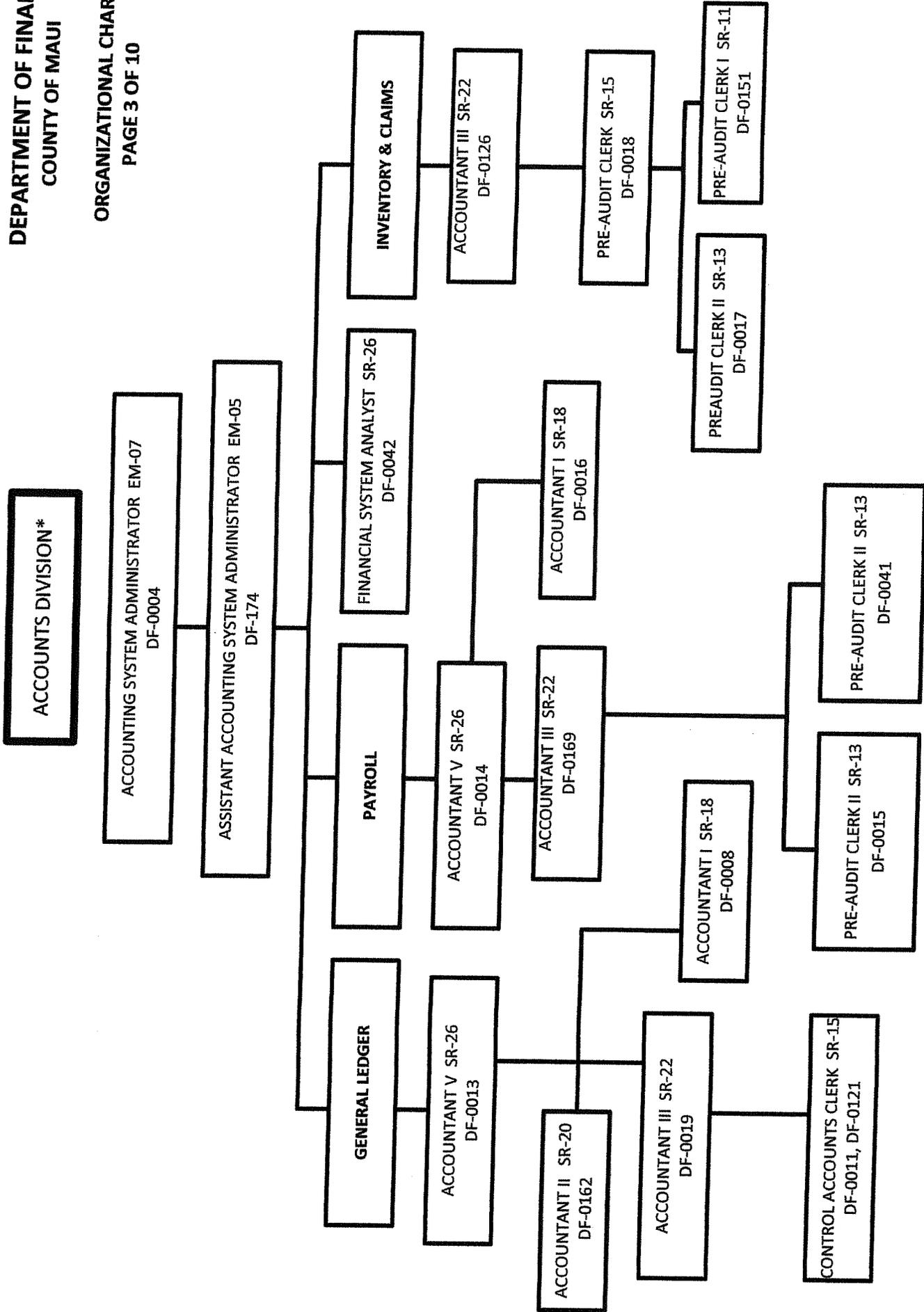
DEPARTMENT OF FINANCE
COUNTY OF MAUI

ORGANIZATIONAL CHART
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COUNTY OF MAUI**

**ORGANIZATIONAL CHART
PAGE 3 OF 10**



DEPARTMENT OF FINANCE
COUNTY OF MAUI

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PAGE 4 OF 10

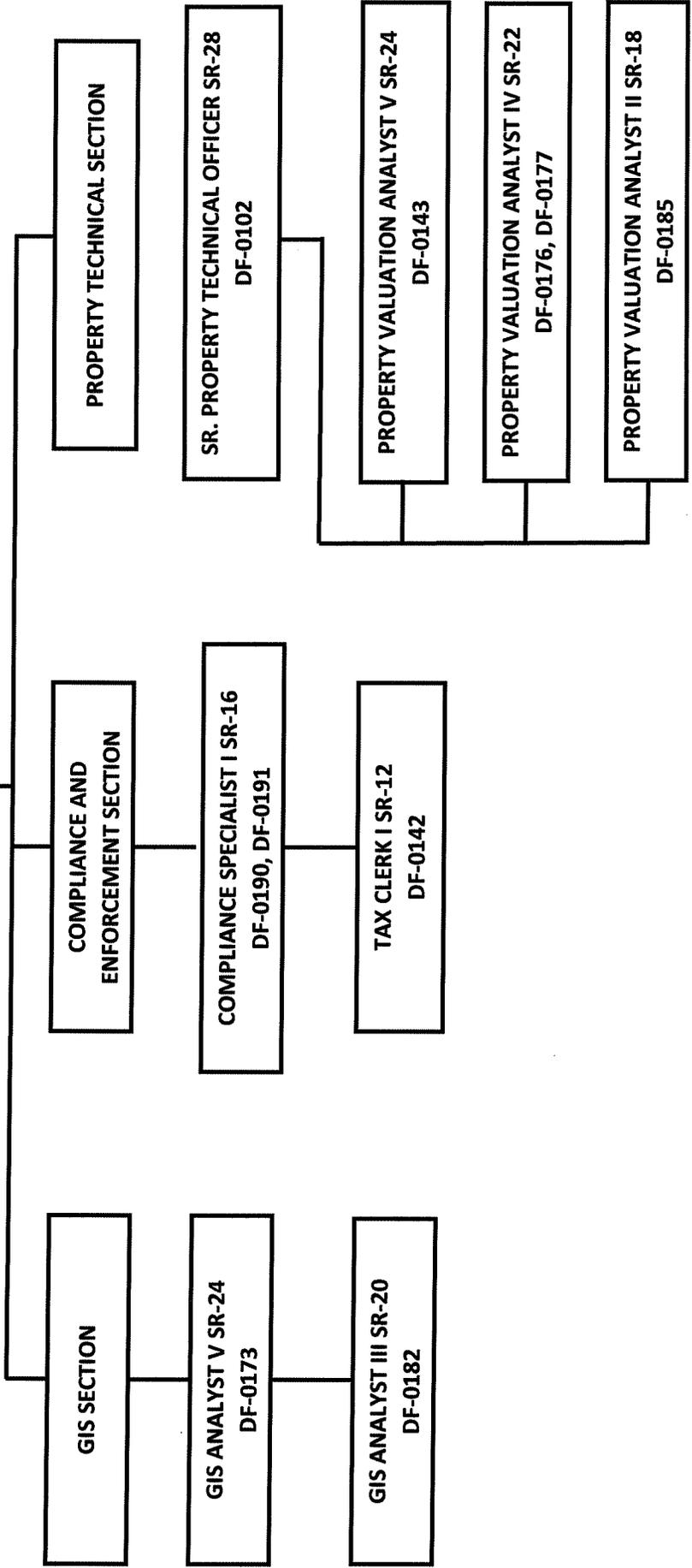
REAL PROPERTY ASSESSMENT DIVISION

COUNTY REAL PROPERTY TAX ADMINISTRATOR EM-07
DF-0062

ASSISTANT REAL PROPERTY TAX ADMINISTRATOR EM-05
DF-0052

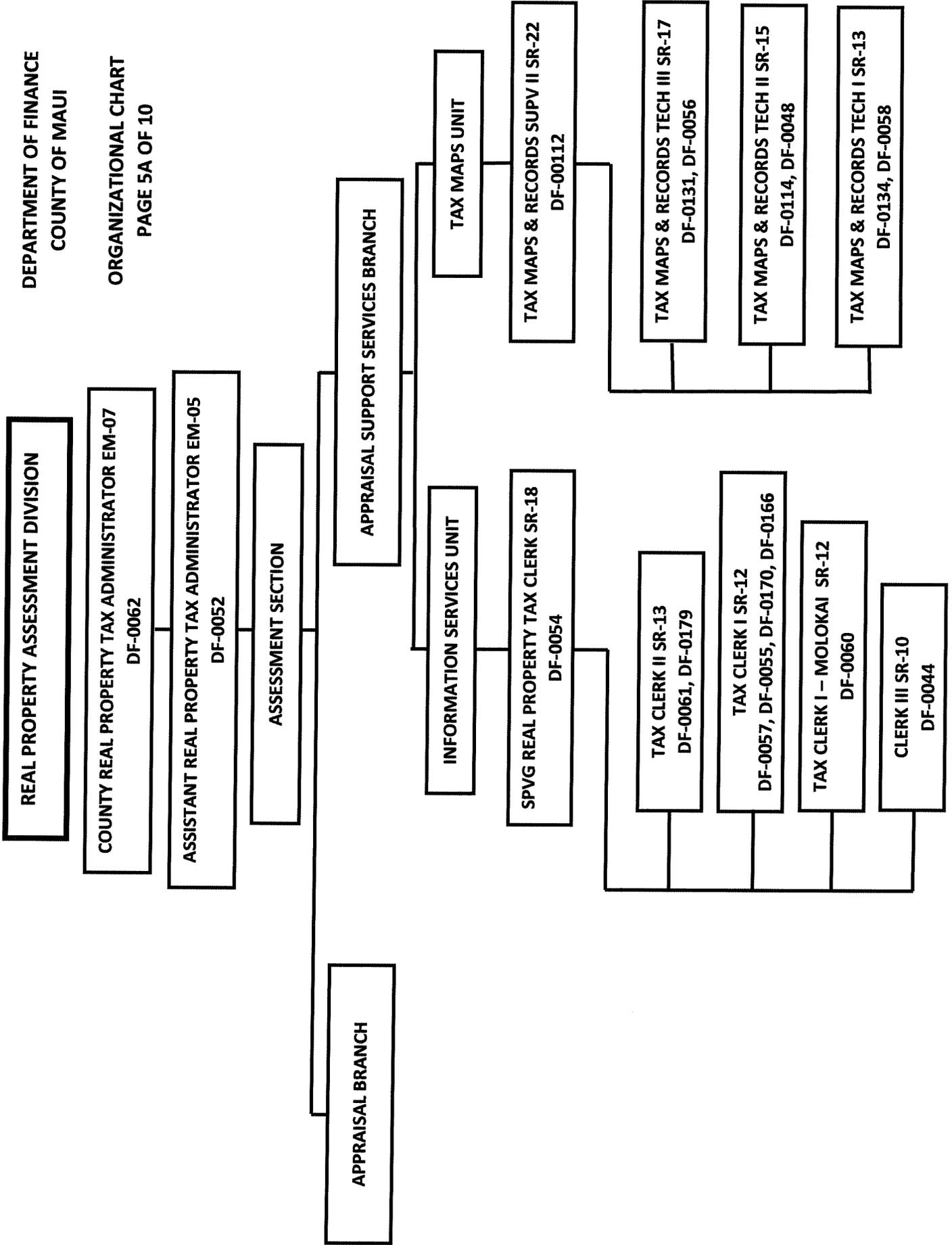
SECRETARY II SR-26
DF-0042

BOARD OF REVIEW	EXPIRES
CHAIR: BRUCE EFFER	03/31/17
VICE CHAIR BRIAN ESMERALDA	03/31/18
MEMBER STEPHANIE STUCKY	03/31/19
MEMBER DAREN SUZUKI	03/31/20



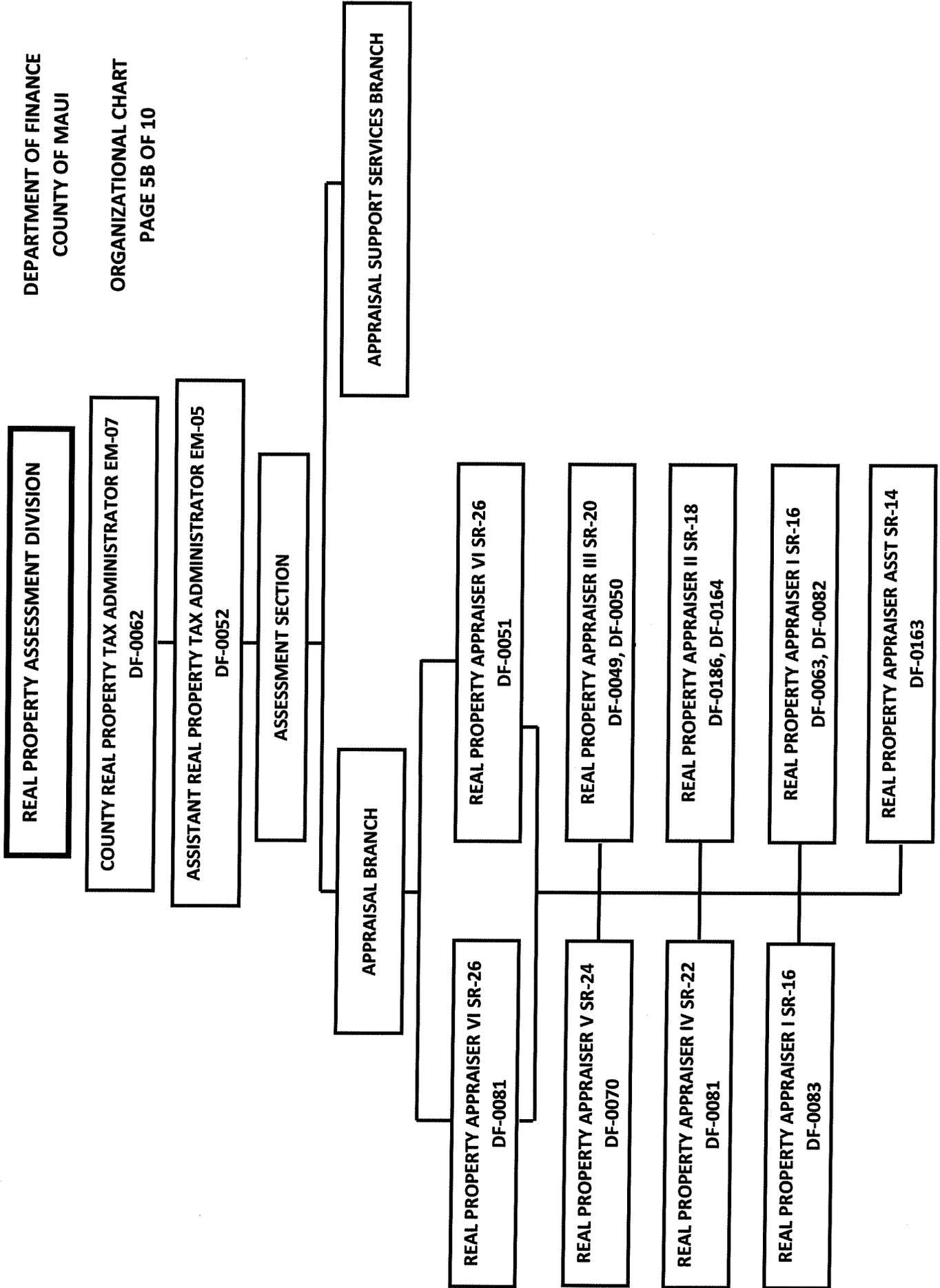
DEPARTMENT OF FINANCE
COUNTY OF MAUI

ORGANIZATIONAL CHART
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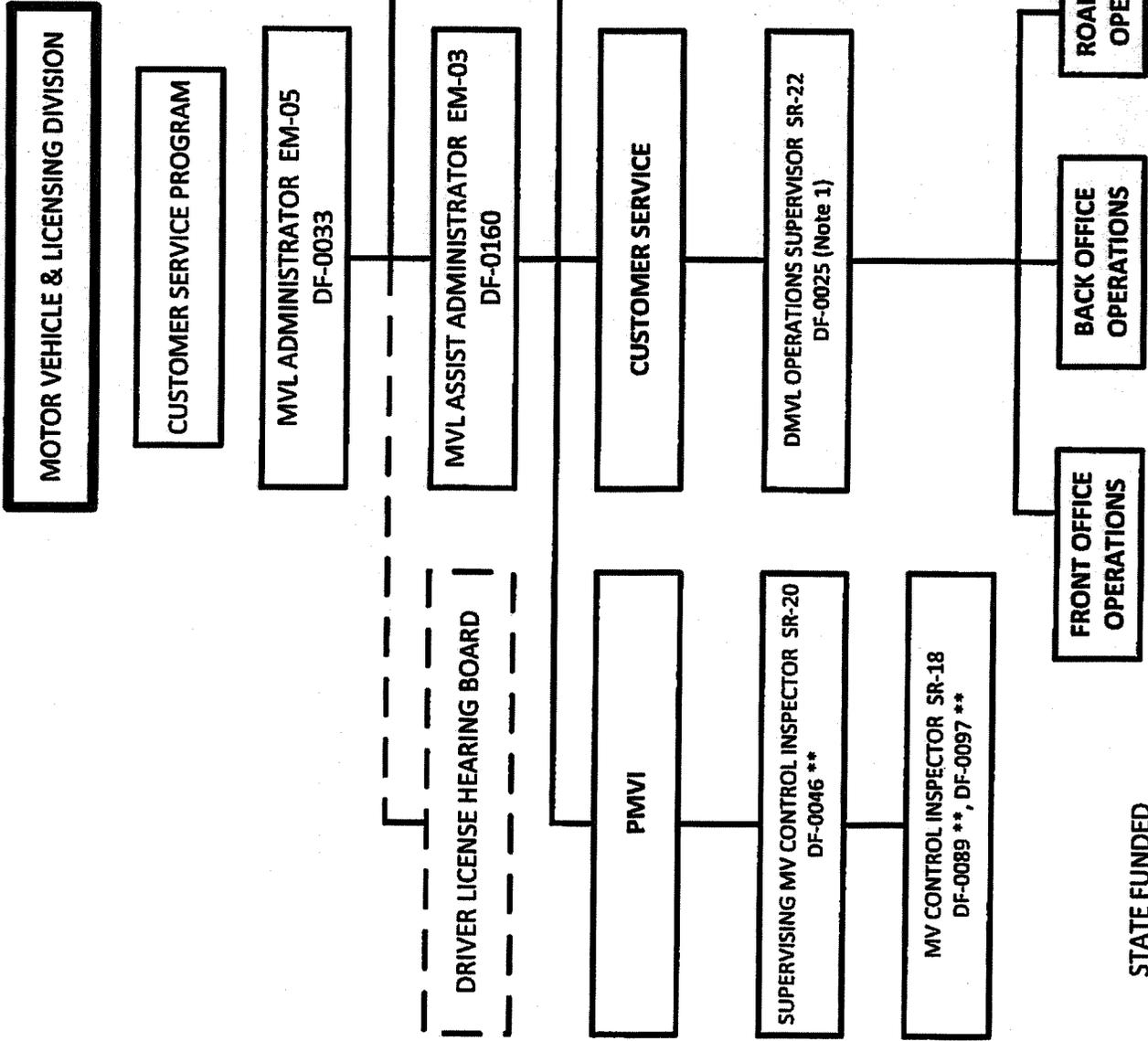
DEPARTMENT OF FINANCE
COUNTY OF MAUI

ORGANIZATIONAL CHART
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COUNTY OF MAUI

ORGANIZATIONAL CHART
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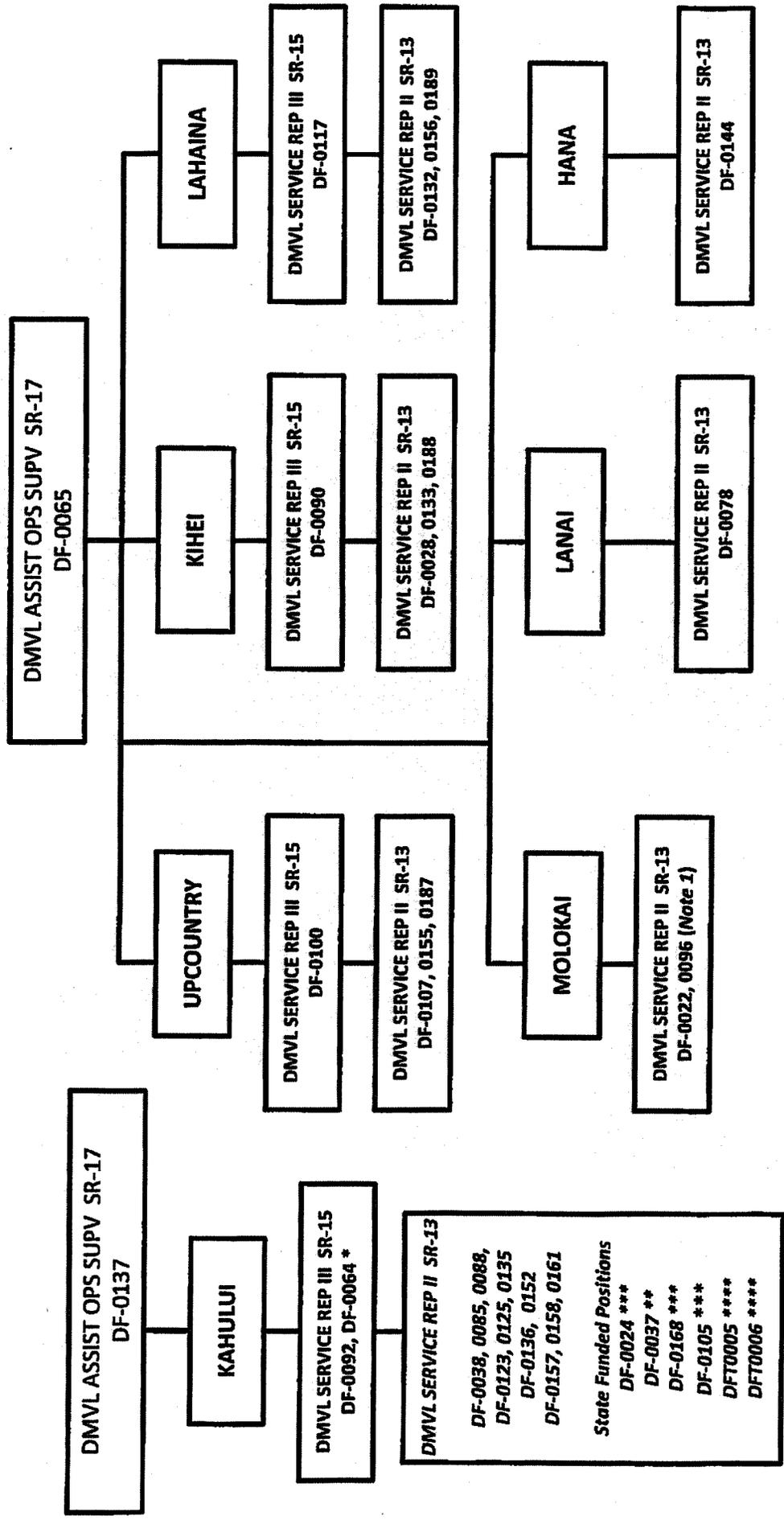


Note:
1. FY15 budget incorrectly shows this position title as "Customer Service Supervisor", it should be "DMVL Operations Supervisor"

STATE FUNDED
*MVR **PMVI ***CDL ****SID

MOTOR VEHICLE & LICENSING DIVISION

CUSTOMER SERVICE PROGRAM

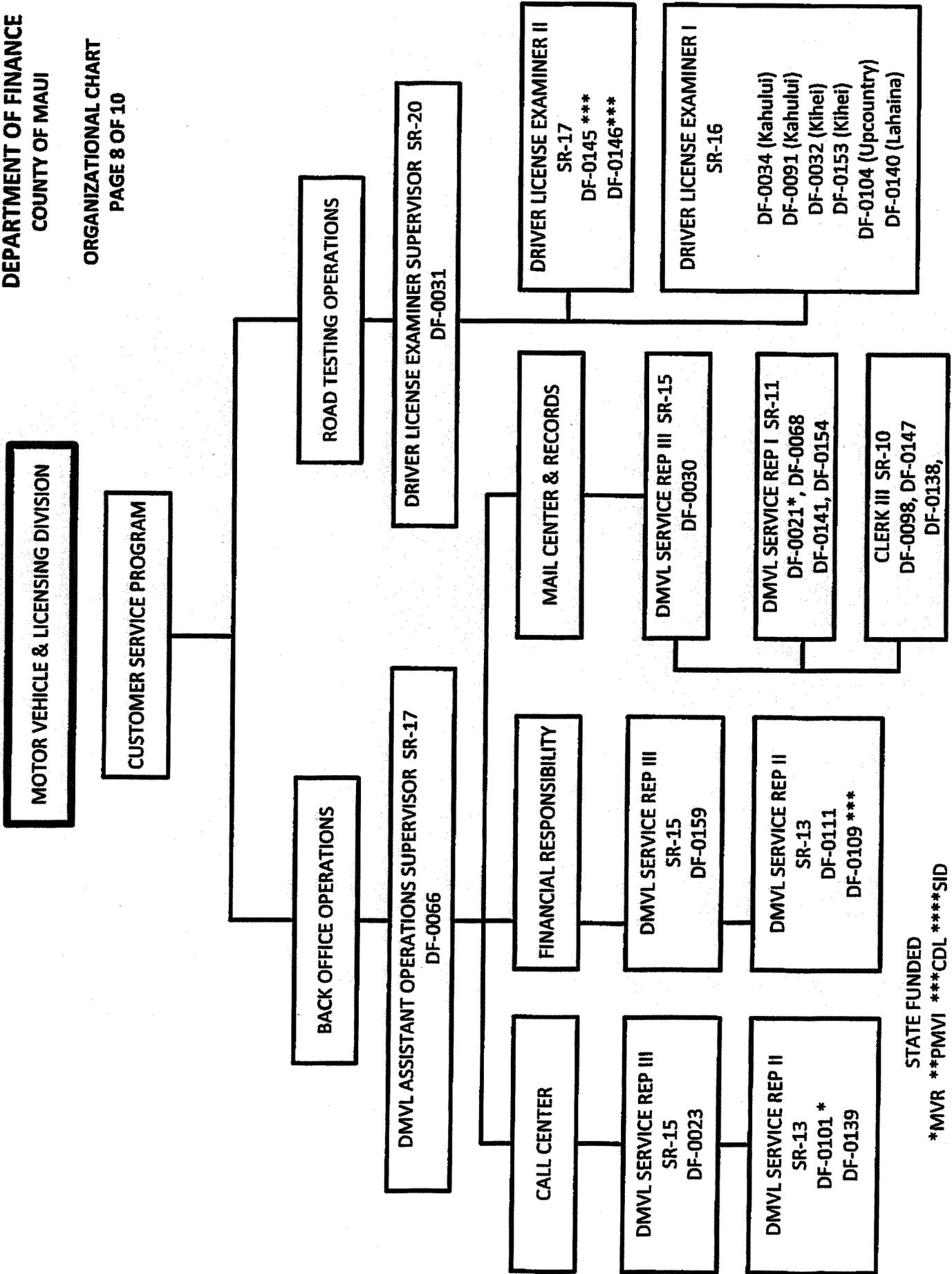


NOTE:
1. FY15 budget incorrectly listed this position as "Service Representative III" (SR-13) but should be "Service Representative II" (SR-13).

STATE FUNDED
MVR **PMVI *CDL *****SID

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STATE FUNDED
*MVR **PMVI ***CDL ****SID

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TREASURY DIVISION

TREASURER EM-05
DF-0020

ADMINISTRATION, BANKING AND
INVESTMENTS

ACCOUNTANT III SR-22
DF-0010

ACCOUNTANT II SR-20
DF-0043

REAL PROPERTY TAX & FEE COLLECTIONS
TAX RELIEF PROGRAM

TAX COLLECTION & RELIEF SUPV SR-20
DF-0053

DELINQ TAX COLLECTION ASST II SR-17
DF-00165

DELINQ TAX COLLECTION ASST II SR-17
DF-00165

DELINQ TAX COLLECTION ASST II SR-17
DF-00165

TAX CLERK I SR-12
DF-0116

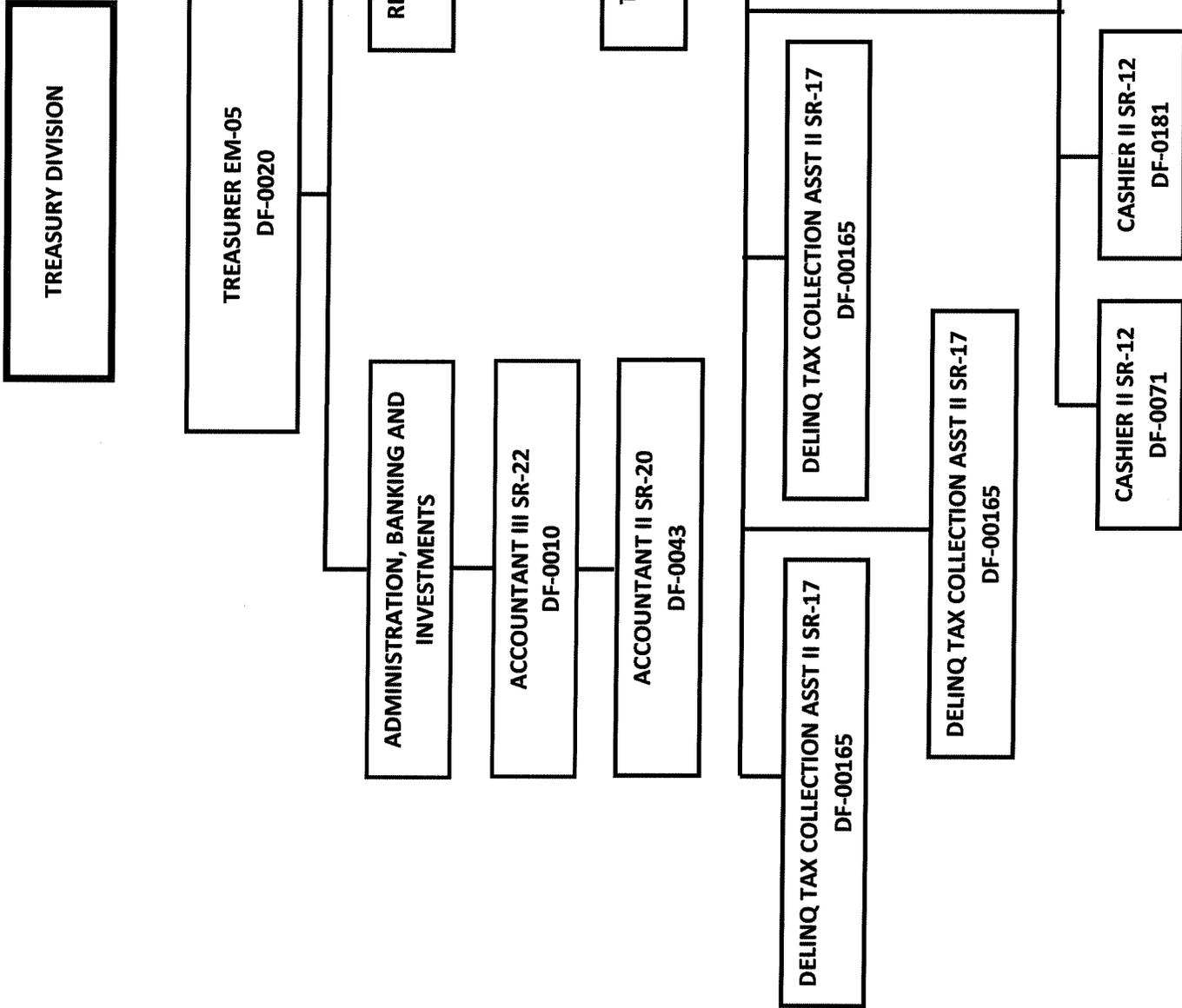
ACCOUNT CLERK III SR-13
DF-0172

CASHIER II SR-12
DF-0071

CASHIER II SR-12
DF-0181

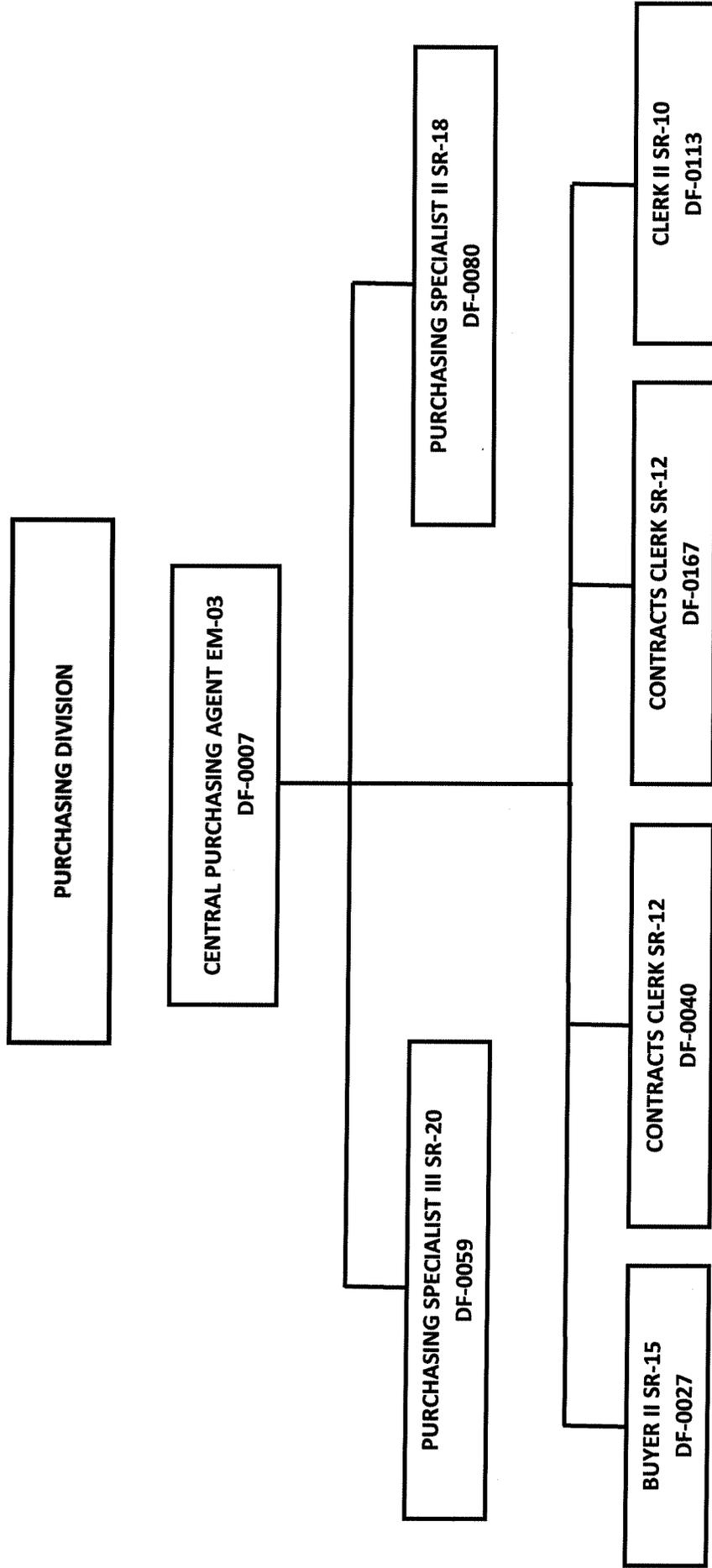
CASHIER II SR-12
DF-0067

CASHIER II SR-12
DF-0180



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DEPARTMENT OF FINANCE
COUNTY OF MAUI

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DIRECTOR OF FINANCE

OFFICE OF THE DIRECTOR (9.8 EP)

Acts as the chief fiscal agent/contracting officer and manager of County funds and advisor to the Mayor and Council on financial matters. Assist other agencies in meeting their objectives by providing centralized fiscal operations through the Divisions of Accounts, Treasury, and Purchasing. Responsible for real property assessment function and motor vehicle and licensing function of the County. Provides departmental personnel management services involving recruitment, selection, classification pay, and other personnel matters. Conducts independent post-audits and examinations of the various department of the County, points out discrepancies and recommends corrective actions, prepares detailed audit reports to include recommendations for improvements and prepares financial statements. Prepares correspondence for the department head and reviews outgoing communications for compliance with objectives, policies, and procedures of the department and the county. Provides overall direction, coordination and control of the department.

(Maui County Charter: Sec 8-4.3; Maui County Code: Ch. 3; HRS: Title 6, Ch. 47)

ACCOUNTS DIVISION (18 EP)

Maintains financial records of the county to include all receipts, expenditures and other accounting transactions. Prepares quarterly financial reports and annual financial statements which reflects the financial condition of the County. Conducts studies and analyzes the fiscal operations of the County and provides technical support to other departments in regards to financial programs, policies and procedures. Provides certification of funding for all contracts involving county funds. Coordinates, directs and controls all expenditures and disbursements of funds and pay all obligations of the county through the payroll and claims units: pre-audits all input data for central processing of county payroll and all other payroll functions; pre-audits documents for claims; and reconciles all county checks issued, redeemed, and outstanding. Prepares and maintains accurate inventory records of all county property and disposes of surplus property. *(Maui County Charter: Sec. 8.43 S1,2,3,7,8,11,14, Sec 9-12; Maui County Code: Ch 2.72, Ch 2.76, Ch3.04: HRS: Sec 46.42)*

TREASURY DIVISION (14 EP)

Plans, contacts, coordinates, administers, manages and monitors county funds. Maintains safety and security of cash collections and deposits. Invests county funds promptly and properly to maximize safety, liquidity and yield. Controls and issues the county debt. Accounts for all county cash deposits made by all county departments. Administers maintenance of uncollectible accounts. Controls county petty cash authorizations. Maintains a system for commercial sewer, concession rental, and collections which produces invoices and provides customer accounting and reporting. Collects cash for these systems in addition to rental receipts for county properties. Collects taxes from all real property in the County uniformly and fairly. Maintains accounting records of taxes collected and prepares the tax roll. Conducts sales of real property to satisfy delinquent taxes. *(Maui County Charter: Sec 8.43 S1,2,4,6,9,10,15; Maui County Code: Ch 3.08, Ch 3.48, Ch 14.52; HRS: Title 14, CH 246 S246-47 to 63)*

PURCHASING DIVISION (7 EP)

Plans, coordinates, directs and administers all purchasing activities for materials, supplies, services and equipment needed by all agencies of the county assure compliance with ordinances and economies in purchase and use. Administers activities related to contracting for goods and services by establishing standard procurement specifications and monitoring contract provisions. Provides technical assistance and advice to department on purchasing matters to include issuing purchase orders, maintaining procurement records and suppliers database. Responsible for processing and maintaining records for contracts, grants, leases, and other contractual obligations between the County of Maui and outside entities. *(Maui County Charter: Sec 8.43 S1-3, sect 9-15; Maui County Ode: Ch3.12; HRS: Title 9, CH 103D)*

DEPARTMENT OF FINANCE
COUNTY OF MAUI

FUNCTIONAL CHART
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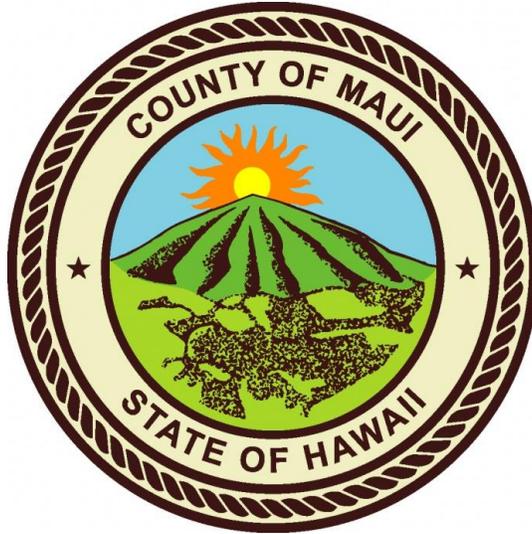
DIRECTOR OF FINANCE

OFFICE OF THE DIRECTOR

POLICE OFFICER, FIRE FIGHTER AND BANDS PERSON BOARD
Makes investigations necessary to grant pensions to former members of the police force, fire department, or band who comply with certain requirements as stipulated in Sec 88-151 HRS.

MOTOR VEHICLE & LICENSING DIVISION (72 EP)
Coordinates, manages, and administers all functions relative to motor vehicle registration, driver licensing and driver license examinations; the issuance of business licenses, handicap placards, and taxi permits and licenses county-wide. Maintains the updates complete Motor Vehicle & Licensing records. Administers the Abandon Vehicle Program. Enforces state and county laws regarding the Motor Vehicle Inspection Program. (Maui County Charter: Sec 8-4.3; Maui County Code: Ch 10; HRS: Title 17, Ch 249, 286, 287)
[General Funded = 55EP & State Funded = 17 EP]

REAL PROPERTY ASSESSMENT DIVISION (42.0 EP)
Discovers and inventories all taxable and non-taxable real property within the County of Maui. Appraises and assesses all real property uniformly and equitably on an annual basis for tax purposes. Maintains and updates detailed property records for operational and general public use. Monitors exemption, dedication, and condominium use declaration programs for compliance and enforcement. Maintains accurate inventory of assessed properties and records of assessment. Develops uniform stands and guidelines for appraisal and assessment and reviews and comments on new legislation and proposed changes in the law. Provides tax maps drawn to appropriate scale designated in a systematic manner for identification, valuation, and assessment. Develops and maintains the county's geographic information systems base map and provides updates to the State of Hawaii. Maintains and updates ownership of each division of land. Conducts hearings to resolve disputes in the valuation of properties between the assessor and the taxpayer through the Board of Review and State Tax Appeal Court. Provides property assessment information to taxpayers and the public.
(Maui County Charter: Sec 8-4.3 515; Maui County Code: Ch. 3.48; HRS: Title 14, Ch. 246 51-46)



DEPARTMENT OF FINANCE

COUNTY OF MAUI HAWAII

Appendix C **(Financial Overview of Operating Funds)**

DEPARTMENT OF FINANCE - Fiscal Year 2015

Financial Overview of Operating Funds¹ Budget vs Actuals vs Prior Year Actuals

	Regular Salaries			Premium Pay			Operations		
	FY 2015 Budget	FY 2015 Expended	Prior Year Expended	FY 2015 Budget	FY 2015 Expended	Prior Year Expended	FY 2015 Budget	FY 2015 Expended	Prior Year Expended
Finance Admin	601,850	529,483	519,993	4,960	9,057	1,164	110,962	98,707	85,109
Risk Management ²	0	0	0	0	0	0	0	-34,945	2,791
Treasury ³	580,380	538,082	519,455	6,000	8,074	11,593	407,977	385,825	263,289
Service Center	0	0	0	0	0	0	506,800	506,800	494,259
Accounts	958,672	875,701	769,916	75,000	58,868	106,658	394,537	365,373	449,221
Purchasing	381,408	329,913	335,405	800	3,032	0	87,353	62,796	55,631
Real Property Tax	2,002,716	1,895,915	1,757,046	19,584	6,174	8,698	416,499	244,278	254,644
MVR/DL	2,213,136	2,087,253	1,896,501	50,591	49,460	35,731	1,032,874	594,948	782,811
Total	6,738,162	6,256,347	5,798,317	156,935	134,664	163,844	2,957,002	2,223,781	2,387,754

	Equipment			Total			Comparison		
	FY 2015 Budget	FY 2015 Expended	Prior Year Expended	FY 2015 Budget	FY 2015 Expended ⁴	Prior Year Expended	% of Budget Expended	% of Budget Remaining	FY 2014 / FY 2015
Finance Admin	1,500	3,485	1,104	719,272	640,732	607,371	89%	11%	95%
Risk Management ²	0	0	0	0	-34,945	2,791	NA	NA	NA
Treasury ³	0	6,229	9,176	994,357	938,210	803,512	94%	6%	86%
Service Center	0	0	0	506,800	506,800	494,259	NA	NA	NA
Accounts	0	2,676	29,360	1,428,209	1,302,619	1,355,156	91%	9%	104%
Purchasing	0	0	0	469,561	395,741	391,036	84%	16%	99%
Real Property Tax	113,000	125,873	1,549	2,551,799	2,272,240	2,021,938	89%	11%	89%
MVR/DL	0	4,144	126,118	3,296,601	2,735,804	2,841,162	83%	17%	104%
Total	114,500	142,407	167,308	9,966,599	8,757,200	8,517,223	88%	12%	97%

Notes: ¹Reflects operating expenditures and encumbrances for salaries, premium pay, operations and equipment (as referred to in the Budget Ordinance Section 3). Grants and CIP are not included.

²In FY 2013, the Risk Management Section transferred to the Department of Corporation Counsel; these expenditures are for encumbrances made prior to the movement of this section.

³In FY 2013, a new program called "Treasury Program" has been adopted by the County Council. The expenditures shown under this new program may also include those expenditures that were posted while this section was under the Finance Administration Program.

⁴May be subject to change pending completion of the annual CAFR audit.

DEPARTMENT OF FINANCE - Fiscal Year 2015

Financial Overview of Operating Funds Budget vs Actuals vs Prior Year Actuals

Regular Salaries							
	FY 2015 Budget	Over/ (Under)	Expended/ Budget	FY 2015 Expended	Over/ (Under)	Expended/ Prior Year	Prior Year Expended
Finance Admin	601,850	-72,367	88.0%	529,483	9,490	1.8%	519,993
Risk Management ²	0	0	NA	0	0	NA	0
Treasury ³	580,380	-42,298	92.7%	538,082	18,628	3.6%	519,455
Accounts	958,672	-82,971	91.3%	875,701	105,785	13.7%	769,916
Purchasing	381,408	-51,495	86.5%	329,913	-5,492	-1.6%	335,405
Real Property Tax	2,002,716	-106,801	94.7%	1,895,915	138,869	7.9%	1,757,046
MVR/DL	2,213,136	-125,883	94.3%	2,087,253	190,751	10.1%	1,896,501
Total	6,738,162	-481,815	92.8%	6,256,347	458,031	7.9%	5,798,317

Premium Pay							
	FY 2015 Budget	Over/ (Under)	Expended/ Budget	FY 2015 Expended	Over/ (Under)	Expended/ Prior Year	Prior Year Expended
Finance Admin	4,960	4,097	182.6%	9,057	7,892	677.8%	1,164
Risk Management ²	0	0	N/A	0	0	N/A	0
Treasury ³	6,000	2,074	134.6%	8,074	-3,519	-30.4%	11,593
Accounts	75,000	-16,132	78.5%	58,868	-47,790	-44.8%	106,658
Purchasing	800	2,232	379.0%	3,032	3,032	N/A	0
Real Property Tax	19,584	-13,410	31.5%	6,174	-2,524	-29.0%	8,698
MVR/DL	50,591	-1,131	97.8%	49,460	13,729	38.4%	35,731
Total	156,935	-22,271	85.8%	134,664	-29,180	-17.8%	163,844

Operations							
	FY 2015 Budget	Over/ (Under)	Expended/ Budget	FY 2015 Expended	Over/ (Under)	Expended/ Prior Year	Prior Year Expended
Finance Admin	110,962	-12,255	89.0%	98,707	13,598	16.0%	85,109
Risk Management ²	0	-34,945	N/A	-34,945	-37,736	-1352.1%	2,791
Treasury ³	407,977	-22,152	94.6%	385,825	122,537	46.5%	263,289
Service Center	506,800	0	100.0%	506,800	12,541	2.5%	494,259
Accounts	394,537	-29,164	92.6%	365,373	-83,848	-18.7%	449,221
Purchasing	87,353	-24,557	71.9%	62,796	7,165	12.9%	55,631
Real Property Tax	416,499	-172,221	58.7%	244,278	-10,366	-4.1%	254,644
MVR/DL	1,032,874	-437,926	57.6%	594,948	-187,863	-24.0%	782,811
Total	2,957,002	-733,221	75.2%	2,223,781	-163,973	-6.9%	2,387,754

DEPARTMENT OF FINANCE - Fiscal Year 2015

Financial Overview of Operating Funds Budget vs Actuals vs Prior Year Actuals

	Equipment						Prior Year Expended
	FY 2015 Budget	Over/ (Under)	Expended/ Budget	FY 2015 Expended	Over/ (Under)	Expended/ Prior Year	
Finance Admin	1,500	1,985	232.3%	3,485	2,381	215.7%	1,104
Risk Management ²	0	0	N/A	0	0	N/A	0
Treasury ³	0	6,229	N/A	6,229	-2,947	-32.1%	9,176
Service Center	0		N/A	0	0	N/A	0
Accounts	0	2,676	N/A	2,676	-26,684	-90.9%	29,360
Purchasing	0	0	N/A	0	0	N/A	0
Real Property Tax	113,000	12,873	111.4%	125,873	124,324	8024.7%	1,549
MVR/DL	0	4,144	N/A	4,144	-121,975	-96.7%	126,118
Total	114,500	27,907	124.4%	142,407	-24,901	-14.9%	167,308

	Total						Prior Year Expended
	FY 2015 Budget	Over/ (Under)	Expended/ Budget	FY 2015 Expended ⁴	Over/ (Under)	Expended/ Prior Year	
Finance Admin	719,272	-78,540	89.1%	640,732	33,361	5.5%	607,371
Risk Management ²	0	-34,945	NA	-34,945	-37,736	-1352.1%	2,791
Treasury ³	994,357	-56,147	94.4%	938,210	134,698	16.8%	803,512
Service Center	506,800	0	100.0%	506,800	-443,518	NA	494,259
Accounts	1,428,209	-125,590	91.2%	1,302,619	-52,537	-3.9%	1,355,156
Purchasing	469,561	-73,820	84.3%	395,741	4,705	1.2%	391,036
Real Property Tax	2,551,799	-279,559	89.0%	2,272,240	250,302	12.4%	2,021,938
MVR/DL	3,296,601	-560,797	83.0%	2,735,804	-105,357	-3.7%	2,841,162
Total	9,966,599	-1,209,399	87.9%	8,757,200	-216,082	-2.5%	8,517,223

	Comparison		
	% of Budget Expended	% of Budget Remaining	FY 2014 / FY 2015
Finance Admin	89.1%	10.9%	94.8%
Risk Management ²	NA	NA	NA
Treasury ³	94.4%	5.6%	85.6%
Service Center	NA	NA	NA
Accounts	91.2%	8.8%	104.0%
Purchasing	84.3%	15.7%	98.8%
Real Property Tax	89.0%	11.0%	89.0%
MVR/DL	83.0%	17.0%	103.9%
Total	87.9%	12.1%	97.3%