

DEPARTMENT OF FINANCE

DIRECTOR: DANILO F. AGSALOG

DEPUTY DIRECTOR: MARK R. WALKER

ANNUAL REPORT

JULY 1, 2016 TO JUNE 30, 2017

Prepared on September 20, 2017



Department of Finance

Annual Report FY 2017



Prepared on September 20, 2017



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EXECUTIVE SUMMARY



DANILO F. AGSALOG
DIRECTOR OF FINANCE

The Department of Finance is proud to present its Fiscal Year 2017 Annual Report which provides an overview of the department, its goal and objectives, and highlights of activities performed from July 1, 2016 to June 30, 2017. 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 the Accounts Division, the Division of Motor Vehicles & Licensing, the Purchasing Division, the Real Property Assessment Division and the Treasury Division.

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 and regulations and legal mandates.

OVERVIEW

The Department of Finance is responsible for the overall financial administration of all County departments.

In FY 2017, the Department of Finance have a total of 147.5 full-time employees of which 130.2 is from the General Fund and 17.3 is from Grant Revenue. As approved in the Council Adopted FY 2017 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.

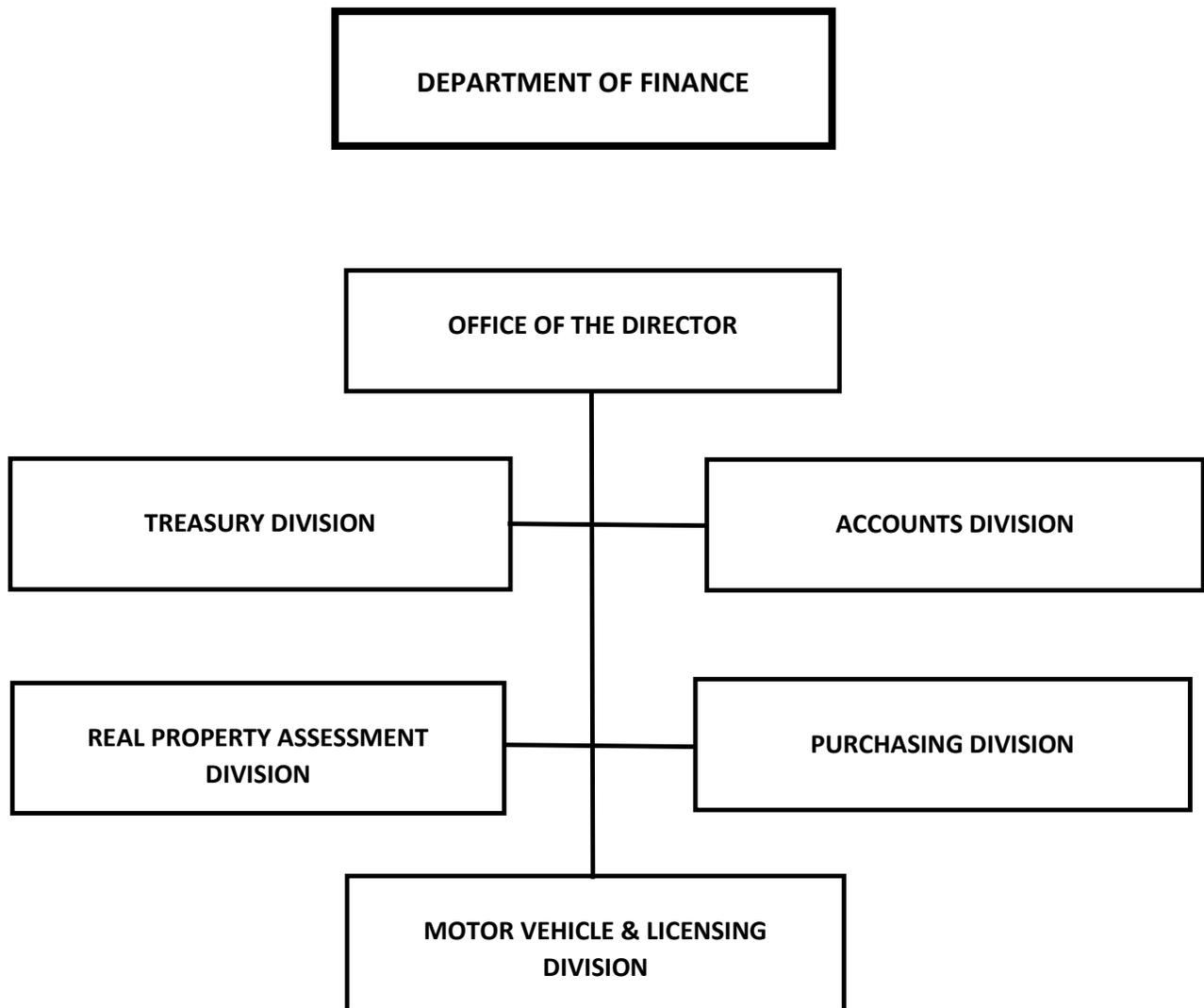
The largest division is the Motor Vehicles and Licensing which is comprised of fifty six (56) employees representing a combination of General Fund & Grant Revenue funded employees. The smallest division is the Purchasing Division with seven (7) employees.

MISSION

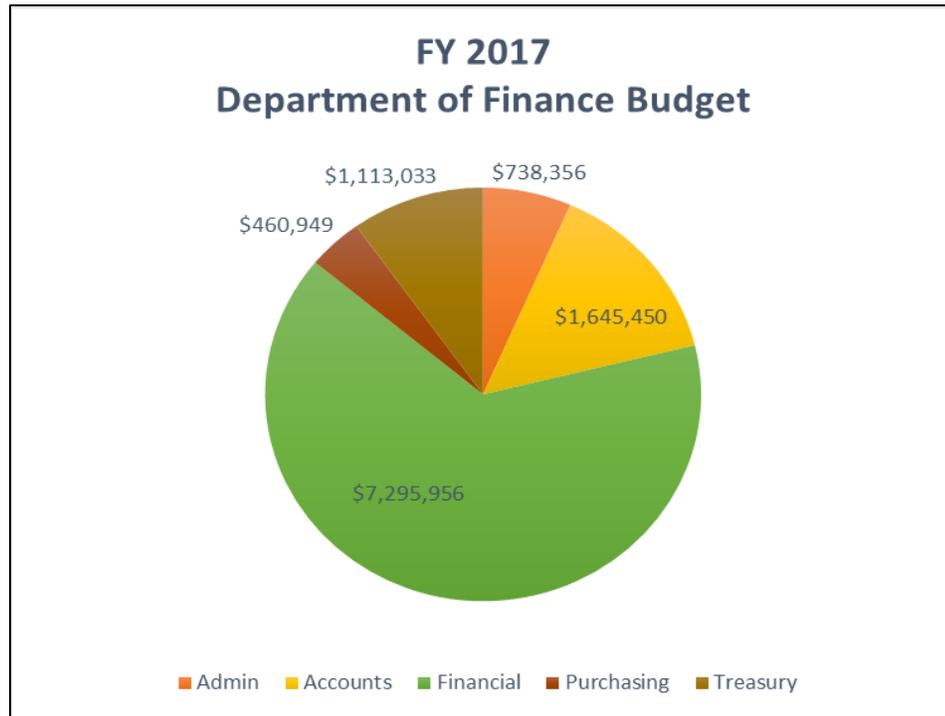
To continuously strive towards excellence in managing the public's financial and physical resources by providing quality financial services.

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.

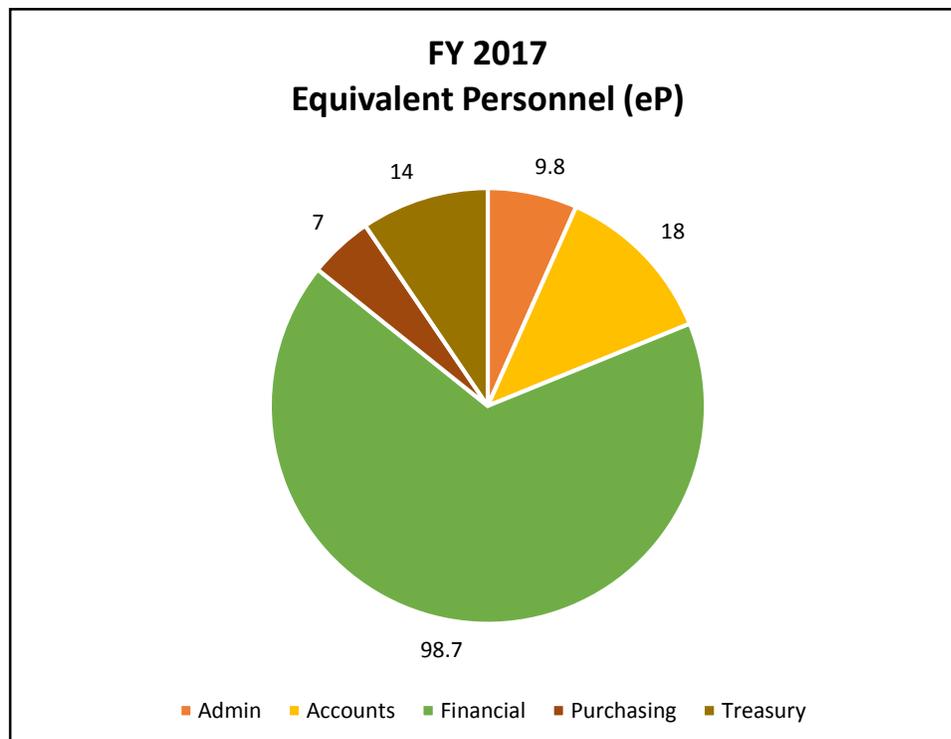
ORGANIZATIONAL CHART



DEPARTMENTAL BUDGET



DEPARTMENTAL PERSONNEL



OFFICE OF THE DIRECTOR (ADMINISTRATION)

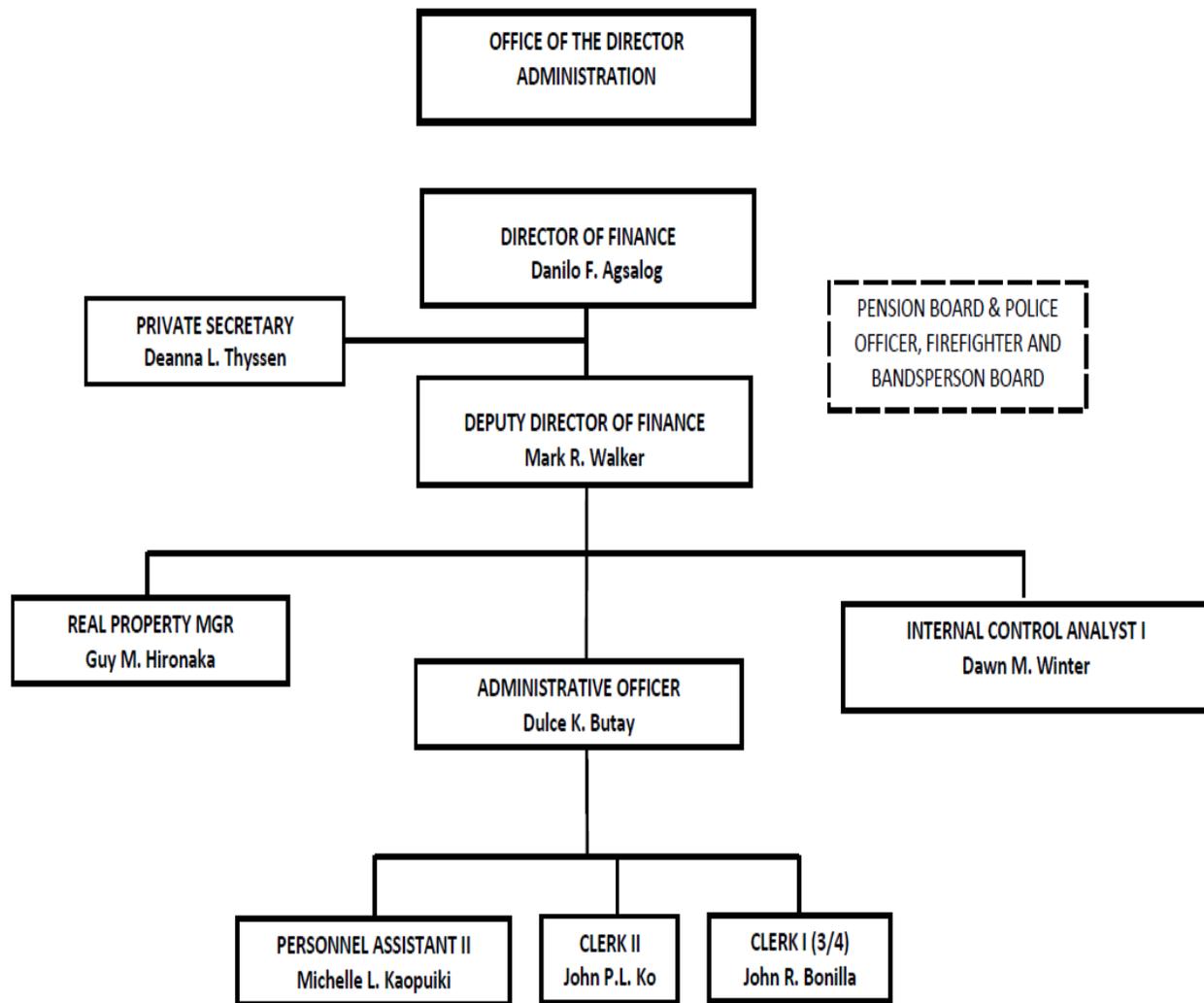
The Office of the Director responsible for (a) the overall financial administration of all County departments including monitoring the compliance of countywide financial policies and the inventory and management of real property assets owned, leased, rented or controlled by the county; (b) providing 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.

The function of the Office of the Director 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.

The objectives of the Office of the Director are:

- 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.

ORGANIZATIONAL CHART



FINANCIAL OVERVIEW

Expense Type	FY 2016 Actual	FY 2017 Budget
Equivalent Personnel (E/P)	9.8	9.8
Salary and Wages	\$ 586,631.00	\$ 644,394.00
Operations	\$ 82,614.00	\$ 92,462.00
Equipment	\$ 1,500.00	\$ 1,500.00
Program Total	\$ 670,745.00	\$ 738,356.00

HIGHLIGHTS

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 and 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, 2017. Coverage will become effective from July 1, 2017 through June 30, 2018.
- Managed personnel requests for all Finance divisions to assist them in their efforts to recruit and fill vacancies. Forty two (42) manpower requests were processed to fill vacancies, re-allocate & re-describe positions, and to perform other miscellaneous personnel actions. Twenty three (23) of these were intra-departmental "Promotion Without Examination (PWOE)" requests that demonstrated a continuing commitment to provide promotional opportunities to existing Finance Department employees.
- Commissioned and completed an updated countywide Full Cost Allocation Plan and 2CFR Part 200 Compliant Cost Allocation Plan.
- Initiated seven hundred seventy eight (778) personnel actions to activate new hires, to terminate employees, to change employees' status, etc. then submitted for Department of Personnel Services to approve.
- Submitted seventy nine (79) Veteran's Burial plot reimbursement claims and received \$53,669.00 from the Veterans' Affairs Office in Oahu.
- Managed centralized county-wide mail room facility. Approximately, 211,189 pieces of mail were processed and the total postage expense is \$176,665.21.
- Assisted various department with management of real estate issues including:
 - ▣ Negotiated a reduced rent 4-year lease extension for Prosecuting Attorney at 2103 Wells Street

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- ▣ Negotiated a fixed rate 4-year 6 month lease extension for Housing & Human Services at 35 Lunalilo Street
- ▣ Negotiated a 2-year lease extension for the Maui Mall Service Center and Maui Business Resource Center until December 2019. Both offices are scheduled to be relocated in the new Service Center Building located in the Maui Business Park, Phase II
- ▣ Negotiated a 1-year License extension for Senior Lunch Program at Kahului Union Church
- ▣ Negotiated a 5-year lease extension for Purchasing Division at 2145 Wells Street
- ▣ Negotiated office space for Planning Department in One Main Plaza in July 2016
- ▣ Negotiated office space to relocate a portion of Office of Economic Development in One Main Plaza in October 2016
- ▣ Exercised 6 month option for ITSD MAPPS project at One Main Plaza
- ▣ Negotiated a License Agreement for Temporary storage of storm-related debris from Iao Valley in September
- ▣ Renewed ATM Concession at Kalana O Maui and Service Center office with Maui County Federal Credit Union for 5 years
- ▣ Negotiated and Acquired 267.7 Acres of Open Space Land in Hamakualoa

PERFORMANCE MEASURES

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017 ESTIMATE	FY 2017 ACTUAL
<i>Goal #1: Enable all division within the department to provide timely, accurate and comprehensive financial reporting</i>			
1. Provide timely and accurate financial reports	% of reports distributed on-time	100%	100%
2. Submit timely and complete information to meet external audit requirements	Single Audit completed on-time	Yes	Yes
	Single Audit completed with no material findings	Yes	Yes

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GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017 ESTIMATE	FY 2017 ACTUAL
Goal #2: Strengthen and support the professionalism and skills of our workforce.			
1. Improve employee satisfaction	Improvement in "% satisfied" results on annual Employee Satisfaction Survey	Yes	Yes
2. Conduct department-wide employee training	Hold annual department-wide employee training workshop	Yes	No
Goal #3: Protect the county's assets by ensuring that effective internal controls are in place through building understanding and awareness, and by identifying & strengthening the effectiveness of internal control systems.			
1. Inventory, review and analyze high risk processes identified by management (Risk Assessment)	% of department "control self-assessment" (CSA) questionnaires returned	50%	10%
2. Identify "Top 10" processes to strengthen & document (Control Activities)	% of identified processes documented	100%	20%
3. Audit the effectiveness of existing/newly revised system of internal controls (Monitoring)	% of audited internal control systems operating as intended after 180 days	40%	20%
4. Review FY CAFR findings and assist departments, where necessary, to minimize repeat findings	% of findings resolved	50%	10%
Goal #4: Effectively manage county assets through preparation and maintenance of perpetual inventory of all owned, leased, rented or county-controlled lands and equipment.			
1. Input and reconcile all real property in the county's database systems	% of real property inputted into the county's database systems	80%	90%
	Complete real property reconciliation annually	Yes	Yes
2. Obtain and scan all supporting real property documentation (i.e. leases, deeds, executive orders, etc.) into the county's database system	% of documents scanned into system	90%	92%

ACCOUNTS DIVISION

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.

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

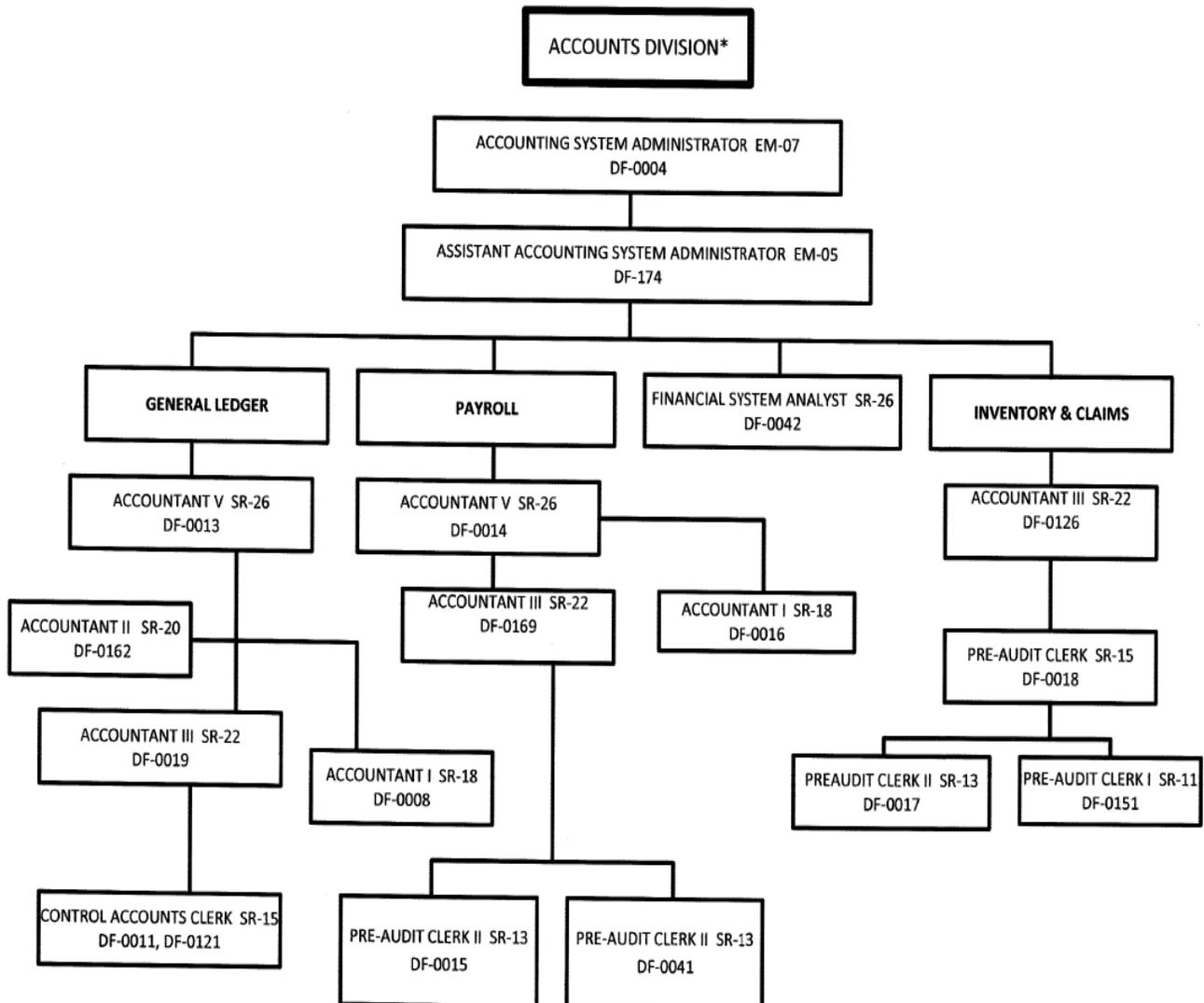
To provide timely, effective and efficient financial and accounting services and information while maintaining fiscal integrity.

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.

ORGANIZATIONAL CHART



EXTERNAL FACTORS AFFECTING OPERATIONS

New GASB pronouncements are continually reviewed and implemented as necessary. The 2017 fiscal year did not see implementation of any new pronouncements, however the 2018 fiscal year is expected to have new pronouncement to that will need to be implemented.

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Additionally, a shortage in a key staff position continues and has since been removed from the 2018 fiscal year budget by Council. As this position is key in managing the Accounts Division, special projects and completion of the CAFR, we are hoping to have the position reinstated at some point during the 2018 fiscal year.

FINANCIAL OVERVIEW

Expense	FY 2017 Budget[1] \$	FY 2017 Actuals \$	FY 2016 Actuals \$	FY17 Actual vs. Budget Under/(Over)	FY17 Actual vs. Prior Year Under/(Over)
Salaries	1,042,300	931,005	848,431	111,295 10.70%	-82,573 -9.70%
Premium Pay	38,250	96,902	97,602	-58,652 -153.30%	700 0.70%
Operations	561,900	513,775	373,136	48,125 8.60%	-140,639 -37.70%
Equipment	3,000	2,529	2,837	471 15.70%	308 10.90%
Total	1,645,450	1,544,211	1,322,006	101,240 6.20%	-222,205 -16.80%

[1] As Amended.

EXPLANATION OF VARIANCES

Total expenditures for the Accounts Division for Fiscal Year 2017 increased by \$222,204 or 16.8% from Fiscal Year 2016.

The increase in total expenditures is primarily due to increased regular salaries, which can be attributed to a full year of various filled positions in fiscal 2017. Additionally, \$144,550 has been encumbered in fiscal year 2017 for the IFAS upgrade project.

Total expenditures for the Accounts Division for Fiscal Year 2017 were \$101,240 or 6.2% less than the Fiscal Year 2017 budget.

Fiscal Year 2017 budgetary savings resulted primarily due to savings in budgeted salary, primarily due to vacancies. Total Salaries and Wages (Regular Salary and Premium Pay) comprised slightly over 66.5% of the Division’s expenditures for Fiscal Year 2017.

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 2008 to Fiscal Year 2017. The expenditures are presented by three major categories: Regular Salary, Premium Pay, and Other Current Expenditures (OCE) with Equipment.

Accounts Division Expenditures – Last Ten Fiscal Years

FY ENDED	REGULAR SALARY	PREMIUM PAY	OCE & EQUIP	TOTAL
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
2017	931,005	96,902	516,304	1,322,006

HIGHLIGHTS

- CAFR** - The Accounts Division completed and filed the County’s 2016 Comprehensive Annual Financial Report (CAFR) by the end of December 2016. Accounts Division staff work tremendous hours with the external auditors to ensure the CAFR submission is submitted timely and will continue to do so.
- GFOA Certificate of Achievement for Excellence in Financial Reporting** – The County received the GFOA Certificate of Achievement for Excellence in Financial Reporting for 2016. This was the 34th consecutive year that the County of Maui received this prestigious award.
- Payroll** – The Payroll Section continues to work with departments to address audit findings from previous years. As such, a payroll audit is conducted through the County departments during the fiscal year to identify areas for improvement.

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Periodic Super-User ADP eTime meetings with an average attendance of 40 County personnel are also conducted periodically during the fiscal year. 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. With the departments' cooperation to implement the payroll policies and procedures, the County hopes to reduce or eliminate any audit findings. However, department cooperation is crucial for success in this area

- **ADP software upgrade** – the Department of Finance completed an upgraded of 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.
- **Claims** – The Claims Section has successfully reduced the number of checks cut during the fiscal year as a result of implementing EFT payments for Section 8 Housing. This has reduced the number of checks cut during the year by approximately 15% and increased efficiency.
- **Staffing** – The Accounts Division's morale continues to improve as various positions have been filled throughout the fiscal year. Although the division lost a key position and was unable to fill for various reasons, the staff has adjusted and has been supportive throughout the period of this vacancy.

PERFORMANCE MEASURES

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017 ESTIMATE	FY 2017 ACTUAL
<i>Goal #1: Using appropriate accounting procedures, prepare timely, reliable, accurate and user friendly financial reports/documents employing best-recognized accounting</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
	Complete annual CAFR by December 31 st	Yes	Yes
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
	# of findings of “material weakness” in the annual CAFR	0	0
3. Timely completion of the Single Audit Report	Single Audit Report completed by March 31 st	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	0	0

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GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017 ESTIMATE	FY 2017 ACTUAL
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.			
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 % of month-end financial reports completed and accessible within ten business days of the month end	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	100%	100%
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%
Goal #3: Enhance the internal control processes of the payroll system to ensure accuracy and reliability of payroll records.			
1. Process payroll by established pay dates while reducing payroll transaction error rates	% of payroll processed within the established pay dates	100%	100%
	% of payroll checks processed without errors	100%	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	100%	10%
3. Process payroll checks accurately by reducing payroll transaction error rate and manual payroll payments generated	% of payroll overpayment checks processed annually	≤ 2%	≤ 1%
	% of manual checks cut vs. system generated checks	≤ 1%	≤ 1%
4. Conduct department-wide payroll audits	% of departments audited annually	100%	87%

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GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017 ESTIMATE	FY 2017 ACTUAL
Goal #4: Ensure timely, accurate and efficient disbursement of payments, maintenance of payment archival records & inventory system, and preparation and filing of year-end			
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%
2. Prepare and file year-end tax information returns timely	% of 1099-Misc/Interest Forms completed prior to due date	100%	100%
Goal #5: Improve customer satisfaction through strengthened delivery of accounting and payroll services.			
1. Conduct departmental payroll “Super User” meetings quarterly	# of quarterly “Super User” meetings held	4	3
2. Respond to customer inquiries and complaints timely	% of payroll inquiries and/or complaints resolved within two business days	100%	95%
	% of accounts payable inquiries and/or complaints resolved within an average of three business days	100%	100%
	% of general ledger inquiries and/or complaints resolved within two business days	100%	100%
Goal #6: Develop and advocate policies, procedures, standards and practices that promote improved countywide fiscal management.			
1. Provide departments with training on fiscal, accounting,	Provide quarterly departmental training sessions	4	0
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	2	0
3. Review divisional staff workload/processes to identify areas where strategic changes can be implemented to reduce overtime	# of process areas identified for improvement annually	2	2
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.			
1. Reduce the annual employee turnover rate	Divisional employee turnover rate	15%	6%
2. Improve efficiency by annually evaluating staffing levels and positions	% of position descriptions reviewed annually	90%	60%

OTHER ACCOUNTS MEASURES AND STATISTICS

ACCOUNTS DIVISION OTHER STATISTICS	FY Ended 6/30/15	FY Ended 6/30/16	FY Ended 6/30/17
A/P-Transaction Count	130,210	135,478	129,345
A/P - # of Checks	41,791	42,553	35,457
Payroll - # of Checks	64,658	63,540	65,060
Vendor Payments - # of days processed	14	14	14
Payroll - # of days processed	7	7	7
OTHER STATISTICS			
A/P - \$ of checks issued	\$284,729,445	\$290,848,682	\$286,379,516
# of form 1099 issued	1,107	1,132	1,249
\$ Amount of 1099 issued	\$17,553,316	\$19,956,358	\$18,666,514
\$ Amount of Payroll Distribution:			
Reg. employees/allowances	\$159,941,899	\$165,373,111	\$174,476,100
Pensioners	4,797	3,012	0
Total	\$159,946,696	\$165,376,123	\$174,476,100
# of Form W-2 Issued	3,178	3,214	3,207
\$ Amount of Form W-2 Issued	\$128,003,377	\$134,503,117	\$141,304,862
# of Form 1099R Issued (Pensioners)	2	2	0
\$ Amount of 1099R Issued	\$6,288	\$3,257	\$0

FUTURE GOALS AND EXPECTATIONS

- The Accounts Division will continue to strive for the timely submission of the CAFR and continued excellence recognition by the GFOA. Although the Division is missing a key staff component for the FY17 CAFR process, the entire team continues to strive for this high standard.
- 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.

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- The Accounts Division has entered into a contract to upgrade the current IFAS solution to their current OneSolution version. The Division will address the timing and specifics of implementing this upgrade upon completion of the annual CAFR.
- The Payroll Section of Accounts is an important part of the Human Resource Management Solution (HRMS) that is expected to be ongoing over the upcoming fiscal years. As such, the Payroll Section has made it a priority to support the HRMS project in any capacity needed to make the project a success. This support will require many hours on the part of the Payroll Section outside of their normal operation. As such, time management is an important goal throughout the coming fiscal years.

DIVISION OF MOTOR VEHICLES & LICENSING (DMVL)

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 drivers 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.

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.

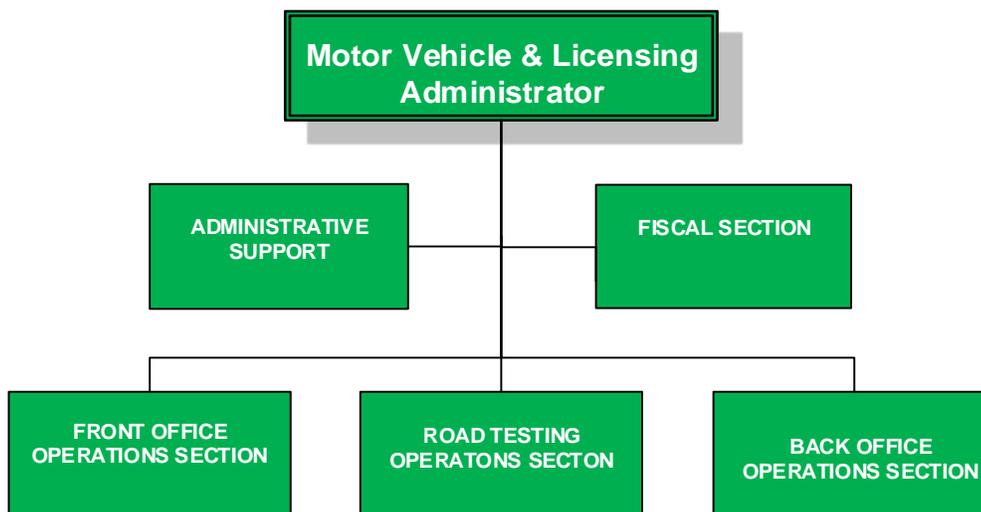
GOALS

1. Strengthen and support the professionalism and skills of our workforce.
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.
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.
4. Enhance the delivery of services to our customers.
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.
6. Promote traffic safety by ensuring new drivers are qualified and competent to operate motor vehicles on public roadways.
7. Expand service capabilities of satellite offices.

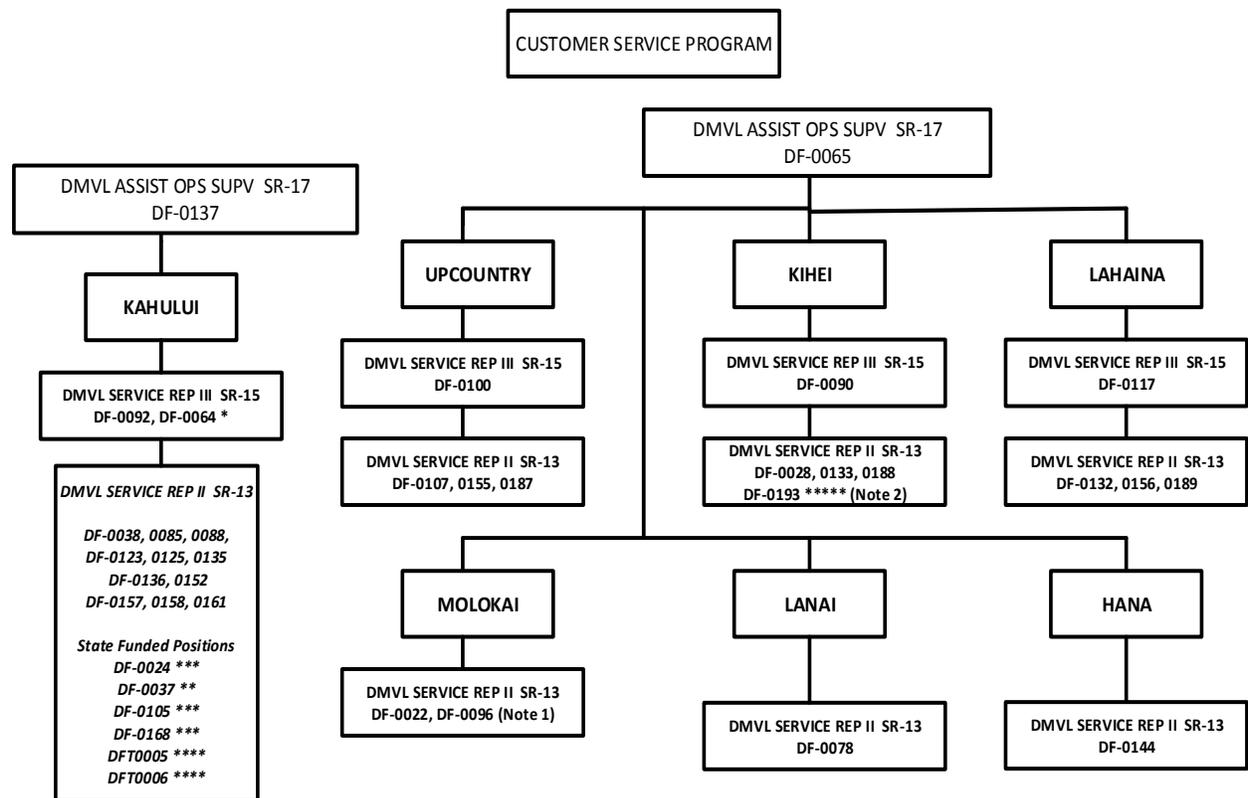
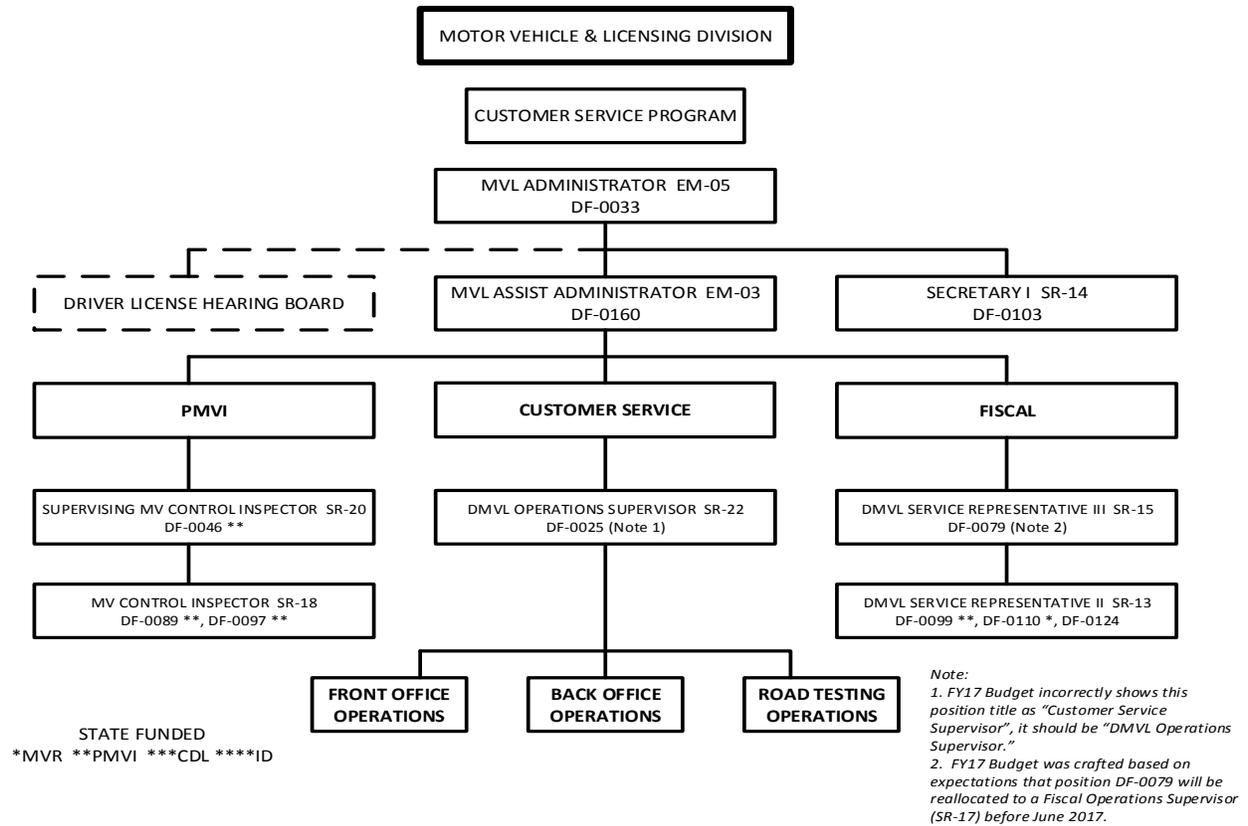
OBJECTIVES

1. Efficiently allocate the provisioning of DMVL services between the main & satellite offices to improve service to major population centers.
2. Increase the rate of vehicle registrations completed through alternative service portals regulations.
3. Increase the # of applicant identities verified through the Identity Management System (IMS) annually.
4. Maintain the rate of employees who completed the annual fraudulent document recognition training at 100%.
5. Reduce customer wait times. Achieve the proper balance of force & process efficiency to load to implement a 30-minute average wait time (AWT) standard at all DMVL locations.
6. Increase the customer satisfaction rating based on survey results.
7. Complete Safety Awareness training annually.
8. Complete SSA compliance and certification.
9. Comply with Department of Transportation (DOT) “Access Control Standards”.
10. Increase the # of new driver licenses issued annually based on knowledge and road skills tests.

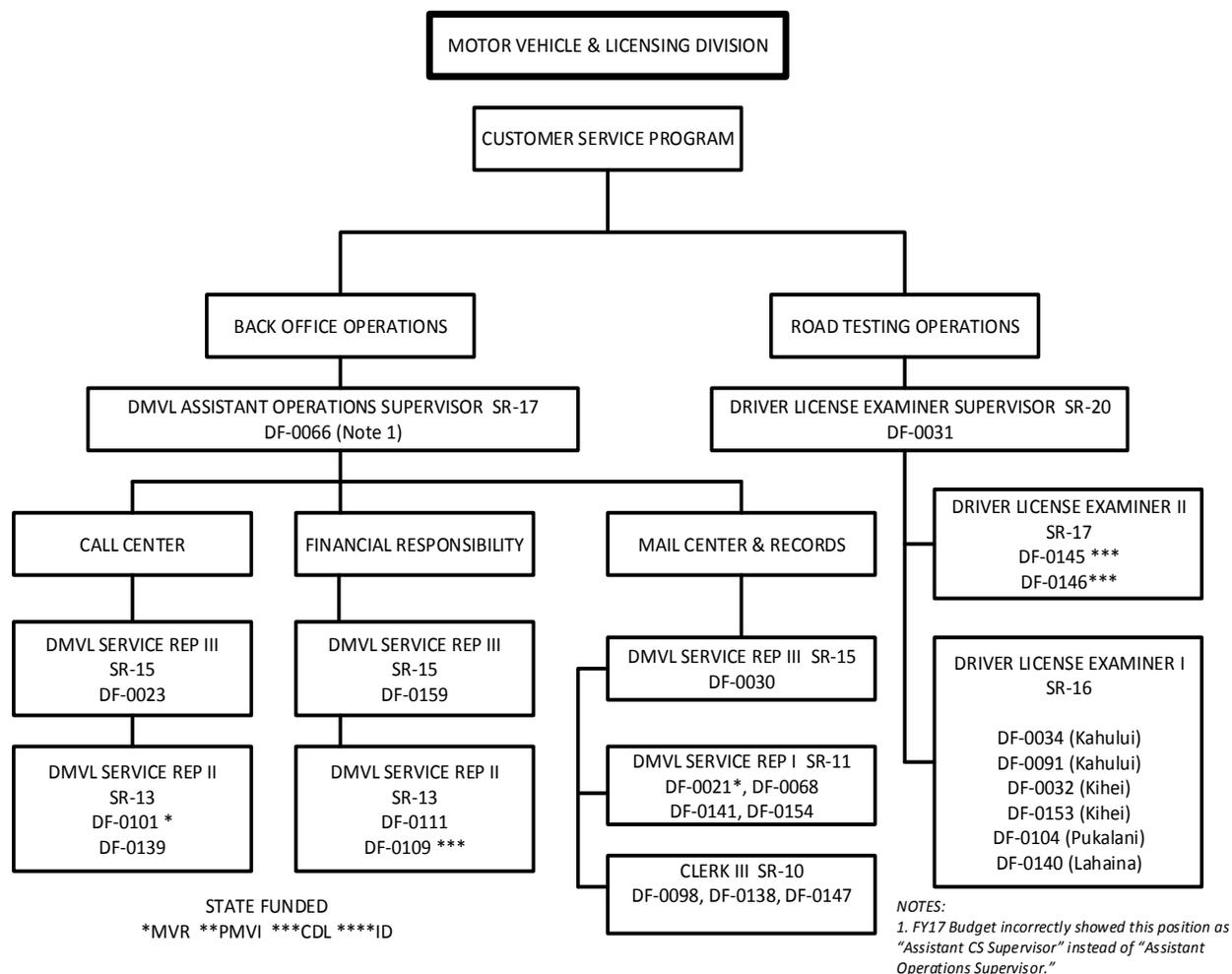
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FINANCIAL OVERVIEW

Expense Type	FY 2016 Actual	FY 2017 Actual
Equivalent Personnel (E/P) (County Funded)	55	55.7
Regular Salaries	\$2,181,467	\$2,374,796
Premium Pay	\$35,102	\$23,213
Operations	\$1,019,189	\$885,007
Equipment	\$0	\$0
Program Total	\$3,283,016	\$3,235,759

HIGHLIGHTS

Kahului DMVL Service Center Customer Flow Management (Appointment System)

This system allows users smooth transitions from making their appointment on their smart phone or our DMV Website, to physically checking in the kiosk at the Kahului Service Center and then being called to the service counter for service. It gives the customer optimal convenience and a sense of control.

The tangible benefits for the DMVL to improve customer experience and ensure operations are efficient are as follows:

- **Ease of access:** Ease of access means that customers easily set an appointment via our website – through a laptop, tablet or smartphone. Improved customer experience relates to increased customer retention.
- **Saves time:** A customer can make an appointment with you just within a few minutes from the comfort of their home or workplace. This allows customers who have a busy schedule feel in control and create a sense of accomplishment.
- **Improved efficiency:** With an appointment management system it is possible to even out customer flow, to match service request with the right resource and utilize staff in a more efficient way.
- **Anytime - Anywhere:** In an online appointment system a customer can make an appointment any time, just like as if you are providing 24x7 services.

The end result is an increase in our customer experience and a higher functioning environment. The self-service check in kiosk at our Kahului Service Center allows customers to get in the queue if they made an on-line appointment. They are automatically entered in the existing queue and called almost immediately upon arrival. You must physically check in the self-service kiosk to receive a number and be placed in the queue. This allows improved efficiency by minimizing “No Shows” for these advance appointments.

Improved Self Service Kiosks at DMVL’s Kihei, Pukalani and Lahaina Satellite Offices.

Our DMVL Website displays the number of customers waiting at our major offices and the current wait times at these offices. Customers are then able to decide which office to visit. Upon arrival, our self-service kiosks allows customers to receive a service ticket at our Pukalani, Kihei, and Lahaina DMVL satellite offices. If there are five or more customers in the service selected (queue), the system will allow customers the option to receive a text message when they are third in the

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specific queue. This allow customers ample enough time to return to the office for service. Our customers are now more computer savvy and as an organization, we need to recognize and transform our services accordingly.

Driver Licensing

Maui County’s total number of licensed drivers as of June 30, 2017 increased by 3.3% from 116,732 to 120,638 licensed drivers.

Licensed Drivers	FY 2017	FY 2016	Increase (Decrease)	Change in percentage
Female	58,185	56,193	1,992	3.50%
Male	62,453	60,539	1,914	3.20%
Total	120,638	116,732	3,906	3.30%

Motor Vehicle Registration

Maui County’s total registered vehicle count increased by 2.0%, from 180,642 vehicles in fiscal year 2016 to 184,323 vehicles in fiscal year 2016.

Vehicle Class	FY 2017 TOTAL	FY 2016 TOTAL	Increase (Decrease)	Change in percentage
Passenger	165,196	162,578	2,618	1.60%
Motorcycle	4,937	4,098	839	20.50%
Truck	10,192	9,981	211	2.10%
Trailer	3,998	3,985	13	0.30%
Total	184,323	180,642	3,681	2.00%

PERFORMANCE MEASURES

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017 ESTIMATE	FY 2017 ACTUAL
<i>Goal #1: Strengthen and support the professionalism and skills of our workforce.</i>			
1. Increase the rate of trainings conducted annually	% of supervisory developmental training plans completed	100%	100%
	% of employee's developmental training plans completed	100%	100%
<i>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.</i>			
1. Efficiently allocate the provisioning of DMVL services between the main & satellite offices to improve service to major population centers	% of total customers served by the main office	44%	44%
	% of total customers served by satellite offices	56%	60%
2. Increase the rate of vehicle registrations completed through alternative service portals	% of vehicle registrations completed using self-service terminals	10%	N/A
	% of online vehicle registration transactions	15%	15%
<i>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.</i>			
1. Increase the # of applicant identities verified through the Identity Management System (IMS) annually	# of applicant identities verified through the Identity Management System (IMS)	60,000	34,126
2. Maintain the rate of employees who completed the annual fraudulent document recognition training at 100%	% of employees who completed the annual fraudulent document recognition training	100%	100%

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GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017	FY 2017
		ESTIMATE	ACTUAL
<i>Goal #4: Enhance the delivery of services to our customers.</i>			
1. Reduce customer wait times	Achieve the proper balance of force & process efficiency to load to implement a 30-minute average wait time (AWT) standard at all DMVL locations.		
	Service Center	45 min AWT	31 min AWT
	Kihei	30 min AWT	25 min AWT
	Lahaina	45 min AWT	14 min AWT
	Pukalani	45 min AWT	26 min AWT
2. Increase customer satisfaction	% of customers satisfied based on survey results	90%	90%
<i>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.</i>			
1. Complete Safety Awareness training annually	% of employees who completed the annual Safety Awareness training	100%	100%
2. Complete SSA compliance and certification	% of employees who completed the annual SSA certification and compliance	100%	100%
3. Comply with Department of Transportation (DOT) "Access Control Standards"	% of offices in compliance with DOT "Access Controls Standards"	100%	100%
<i>Goal #6: Promote traffic safety by ensuring new drivers are qualified and competent to operate motor vehicles on public roadways.</i>			
1. Increase the # of new driver licenses issued annually based on knowledge and road skills tests	# of new driver licenses issued annually	8,000	9,411

PURCHASING DIVISION

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.

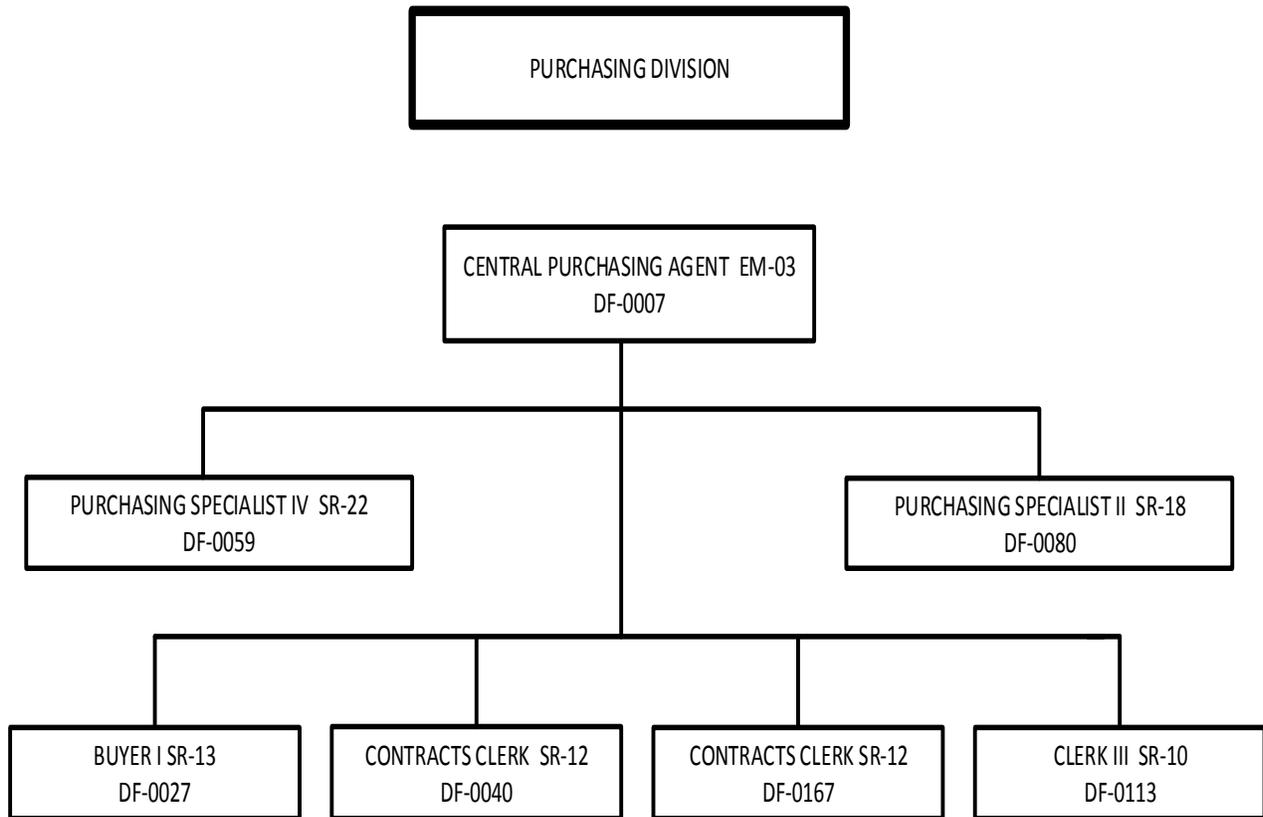
OBJECTIVE

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.

EXTERNAL FACTORS AFFECTING OPERATIONS

The most significant external factor affecting operations involves the pCard audit which was released at the end of the fiscal year. The Purchasing Division will be involved in working with the Managing Director's office in implementing changes to improve the pCard program. Providing mandatory initial training to new cardholders and administrators, and mandatory annual refresher training to cardholders and administrators will be a new task for the division.

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FINANCIAL OVERVIEW

Expense Type	FY 2016 Actual	FY 2017 Budget
Equivalent Personnel (E/P)	7	7
Salary and Wages	\$ 344,418.00	\$ 392,228.00
Operations	\$ 57,876.00	\$ 68,721.00
Equipment	\$ -	\$ -
Program Total	\$ 402,294.00	\$ 460,949.00

HIGHLIGHTS

The primary highlight of FY17 was putting the Parks Department and the Fire Department on our workflow system. The Parks Department was our largest department to date. Brianne Savage of the Parks Department Administration was strongly supportive of the effort, which was helpful. However, it took a full 9 months to implement and fully train all of the Parks Department staff. Initial delays included lots of programming changes, including the Parks Department revamping their index code structure at the time we thought that we would be ready to start. Then, once we went live, we had to do a lot of follow up training. Julie Kawamura was instrumental in providing extensive 1 on 1, step by step training over the phone for many Parks employees. In March, we started working on the Fire Department, which was much easier because their procurement is very centralized within the department, so the programming was easy and the training was easy.

Flooding in the Wailuku River was a major event in FY17. The Purchasing Division assisted in the issuance and documentation of numerous emergency procurements related to the restoration work. 17 emergency contracts were issued totaling approximately \$5,800,000.00 related to the September 13, 2016 event.

Greg and Jared attended the National Institute of Government Procurement (NIGP) Conference in Washington DC in August of 2016. Greg, who is serving as the Treasurer for the newly formed Alaska-Hawaii Governmental Procurement Association (AHGPA), was the only officer of the AHGPA at the conference and he represented the organization at the NIGP Chapter awards luncheon which was held as part of the conference. Greg spent a significant amount of time organizing and meeting the legal and tax requirements related to the Alaska-Hawaii groups formation as a 501(c)(3) organization.

In October, Greg was awarded the first distinguished Procurement person of the year by the State Procurement Office at a ceremony in Honolulu.

In June, Greg chaired his last meeting on the State Procurement Policy Board. Greg was on the procurement Policy Board from 2000-2008, and again from 2012-2016, serving as chairman for the last 7 years.

PERFORMANCE MEASURES

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017	FY 2017
		ESTIMATE	ACTUAL
Goal #1 - Provide excellent customer service to our internal customers through efficiency			
Maintain rate of total requisitions completed within 2 days from receipt date	% of total requisitions completed within 2 days	99%	99%
Maintain rate of contract documents processed within 2 days from receipt date	% of contract documents processed within two days of receipt	99%	99%
Goal #2 - Improve efficiency in procuring goods and services			
Full Implementation of e-procurement software for bidding	% of non-construction bids utilizing online platform (Public Purchase)	100%	100%
Goal #3 - Strengthen and support the professionalism and skills of our workforce			
Encourage NIGP (National Institute of Government Procurement)	% of qualified professional staff taking and passing the NIGP certification exam	100%	100%
Certification among professional staff			

PURCHASING VOLUME AND ACTIVITY

The Purchasing Division processed approximately \$170,954,403 in construction, goods, and services in fiscal year 2017, a 103% increase over the \$84,391,857 spent in fiscal year 2016. Following are the primary categories of expenditures:

Expenditures	FY 2017	Transactions	FY 2016	Transactions
Large dollar advertised bids	\$ 145,309,743.00	145	\$57,648,607.00	109
Purchase orders	\$ 21,292,808.00	15,112	\$22,407,354.00	15,858
Credit Card transactions	\$ 4,351,852.00	25,272	\$ 4,335,896.00	25,335

Purchase order and pcard activity was steady in FY17, but a large increase in CIP expenditures accounted for a doubling of procurement activity with respect to large bids. Two projects, the Lahaina WWRF Modifications Stage 1A, at \$45,941,344, and the South Maui Community Park Recreation Center, at \$20,075,722, accounted for part of the increase along with an increase in total projects bid from 109 to 145.

FUTURE GOALS AND EXPECTATIONS (FY 2018)

In Fiscal Year 2018, the Purchasing Division anticipates spending a lot of time on improving our pcard program, including introducing mandatory training for all new cardholders and administrators, and annual refresher training for cardholders and administrators. We will also be using some new software acquired in FY17 to enable us to look for parceling and other violations of pCard use.

Related to the pcard audit and the upcoming travel audit, in FY18 we plan to revamp our travel policy to exercise tighter control on expenditures and travel practices. Among the things we plan to do are establish travel coordinators in each functional department or division, and Purchasing will establish a reasonable price maximum for all out of state travel so that we can hopefully minimize problems related to personal side trips and simultaneously protect our taxpayer resources.

As time permits, we hope to continue our focus on cross training and preparing our staff for new roles, or becoming effective backups to others.

REAL PROPERTY ASSESSMENT DIVISION (RPA)

The Real Property Assessment Division administers the discovery, listing and valuation of all real property in the County of Maui for real property tax purposes. We assist the Real Property Board of Review in processing appeals. The Division maintains tax map keys (TMK) and the geographic information system (GIS) parcel layer.

OBJECTIVES

The program objectives for the Real Property Assessment Division is to:

- 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

In only its second year of existence, the Compliance and Enforcement section continued homeowner exemption compliance efforts which resulted in removing 516 exemptions which generated \$1,200,000 in additional revenue.

GOALS

- Complete the IAAO Certificate of Excellence in Assessment Administration.
 - Success: Improve public trust by being officially recognized for employing best practices in assessment. The completed project will serve as an updated procedures manual for years to come.
 - Risks: Completing the audit is an extremely time consuming process and it is being done in addition to everyday tasks. Initial review in FY 17 revealed that by ordinance and IAAO standards, single family residential properties should be valued via the sales comparison approach. This has resulted in an added business process for the appraisal branch.
- Complete revaluations using ESRI Canada's Assessment Analysis software.
 - Success: Project helps RPAD meet IAAO standards for reassessment and inspections.
 - Risks: Having a third party update RPAD data has proved to be difficult. RPAD and the vendor have yet to reach an agreement regarding uploading sketches from Assessment Analyst to iasWorld.
- Continue to improve accuracy of GIS parcel layer by aligning it with aerial imagery base layers.
 - Success: The entire County and public will benefit from a parcel layer aligned with imagery. This will improve accuracy in zoning determinations, valuations and other County functions that use aerial imagery.

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- Risks: The GIS section was moved from RPAD by management in FY 17. This resulted in backlog of the parcel fabric maintenance.
- Implement electronic filing of forms.
 - Success: Improved customer service. Reduce data entry for clerical staff.
 - Risks: It is taking the vendor longer than anticipated to get the program to work.
- Continue compliance efforts in the homeowner exemption program, condominium use declaration, and the agricultural use assessments.
 - Success: A more fair assessment program and additional revenue.
 - Risks: Increased appeals and shifting of the tax burden to taxpayers who were non-compliant.
- Follow the County Code and Rules and Regulations and value agricultural home sites at market value.
 - Success: Improved assessment equity between properties, similar properties with similar uses.
 - Risks: Requires revaluation of a significant number of parcels resulting in extra workload for appraisal staff. Appeals and complaints from taxpayers who were previously being assessed at below market values.
- Implement field mobile to reduce data entry by the Appraisal Branch.
 - Success: More efficient field inspection process and less data entry will result in more physical inspections being made.
 - Risks: The vendor is having difficulties getting the program running to RPAD standards. The staff not embracing the new technology.
- Implement Marshall and Swift building costs within CAMA.
 - Success: Costs will be described in a complete manual that staff can follow. Costs will be provided by an expert.
 - Risks: Appraisal staff will have to make many corrections due to conversion mismatches. The resulting revaluation may cause shifts in value that will affect taxpayers.

EXTERNAL FACTORS AFFECTING OPERATIONS

The County's real property assessment base increased 9% to \$44.4 billion. Tax rates were decreased in the residential, industrial, agricultural, conservation, hotel/resort, and timeshare categories. Tax rates remained stable for the apartment, commercial, homeowner and commercial residential classifications. The increase in assessed values can be attributed to increasing real estate prices and new construction.

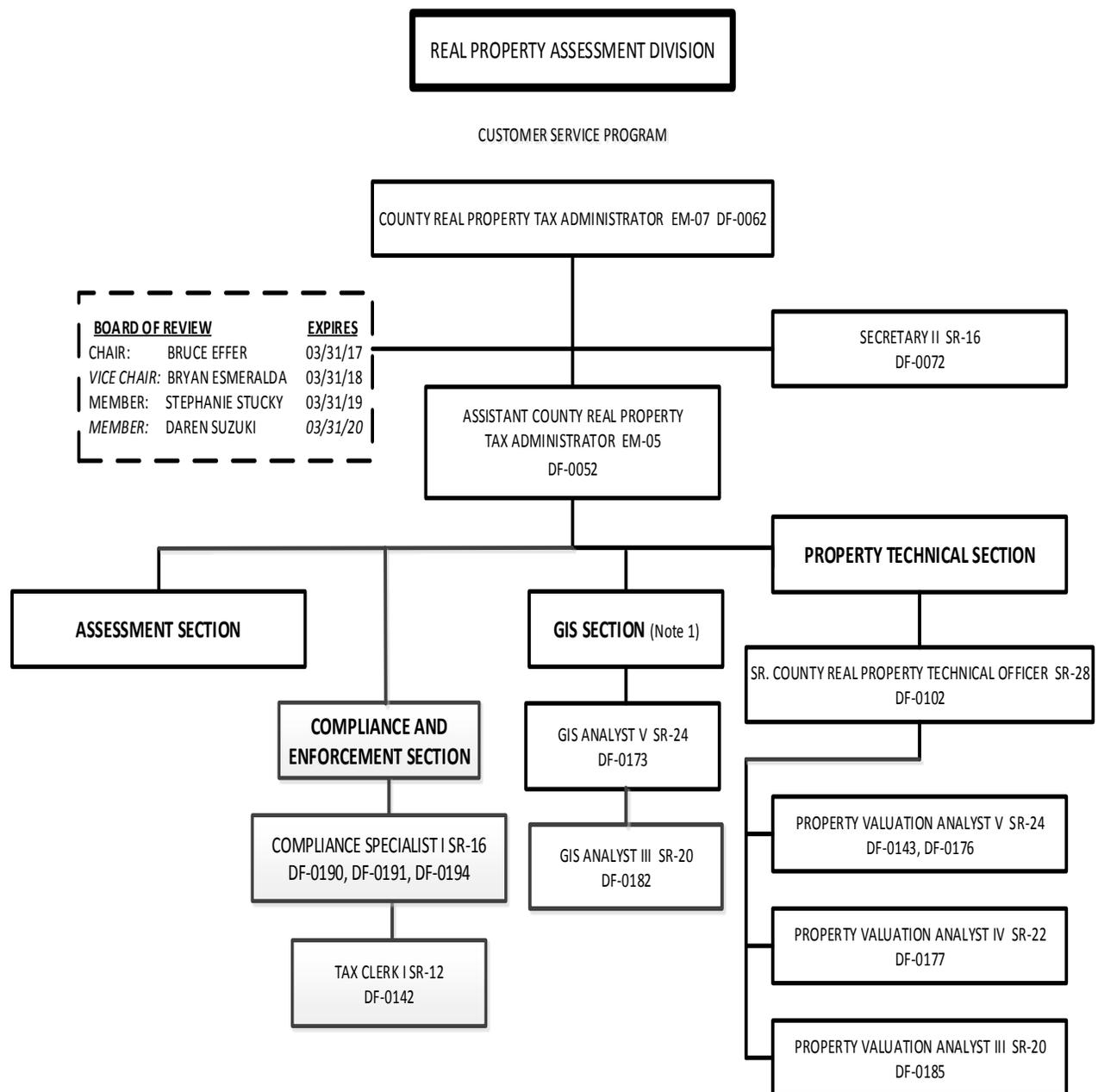
- The County's estimated property tax revenues for Fiscal Year 2017 was certified at \$273,489,153 (less \$398,235 for Circuit Breaker Credits and adding \$1,384,850 for minimum tax).

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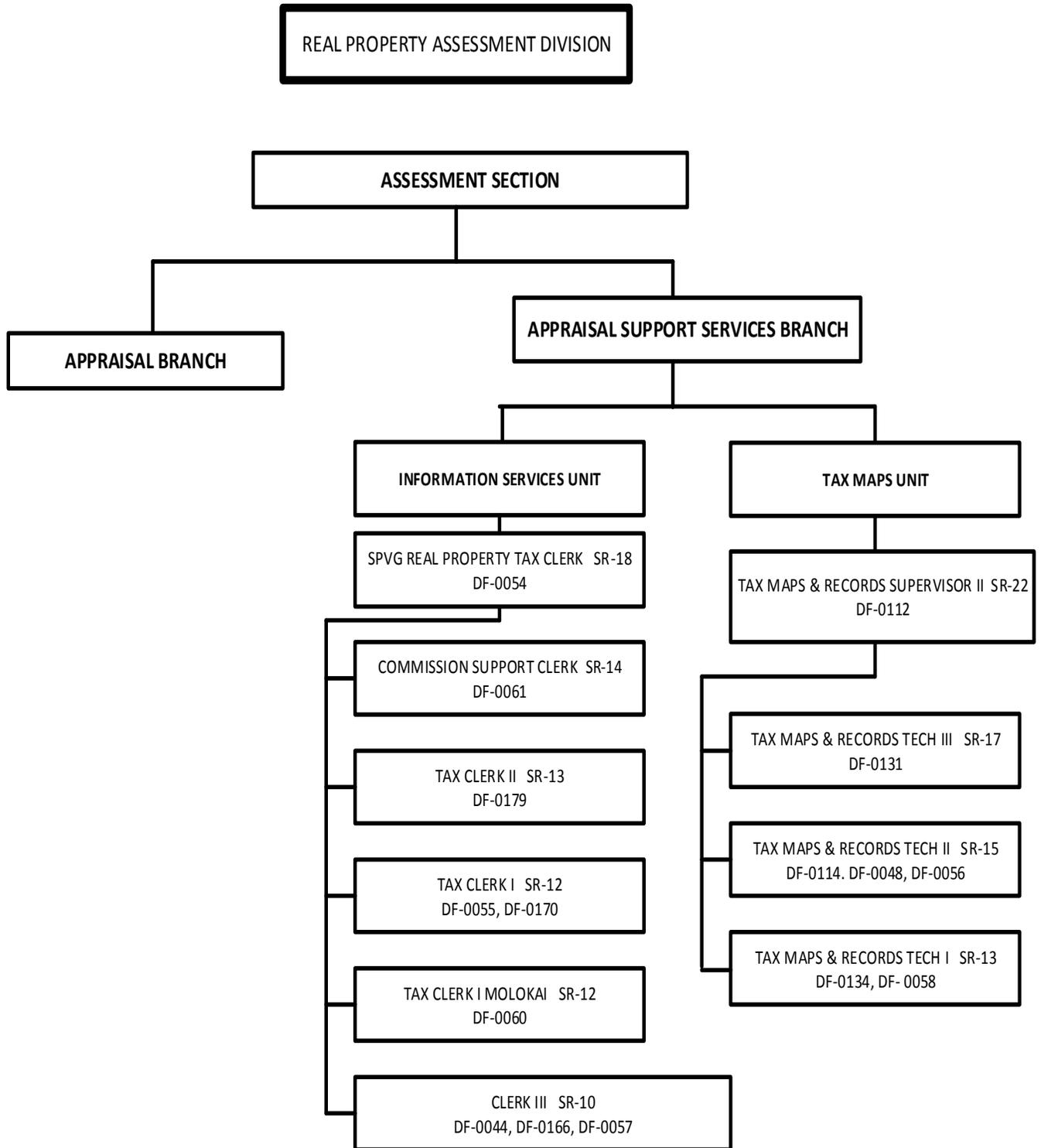
- The Board of Review accepted 707 appeals with a total (100%) value in dispute of \$1,268,893,800.

The reallocation of two GIS Analysts positions to the Department of Management, Information Technology Services Division (ITSD) negatively affected operations to the tax maps section.

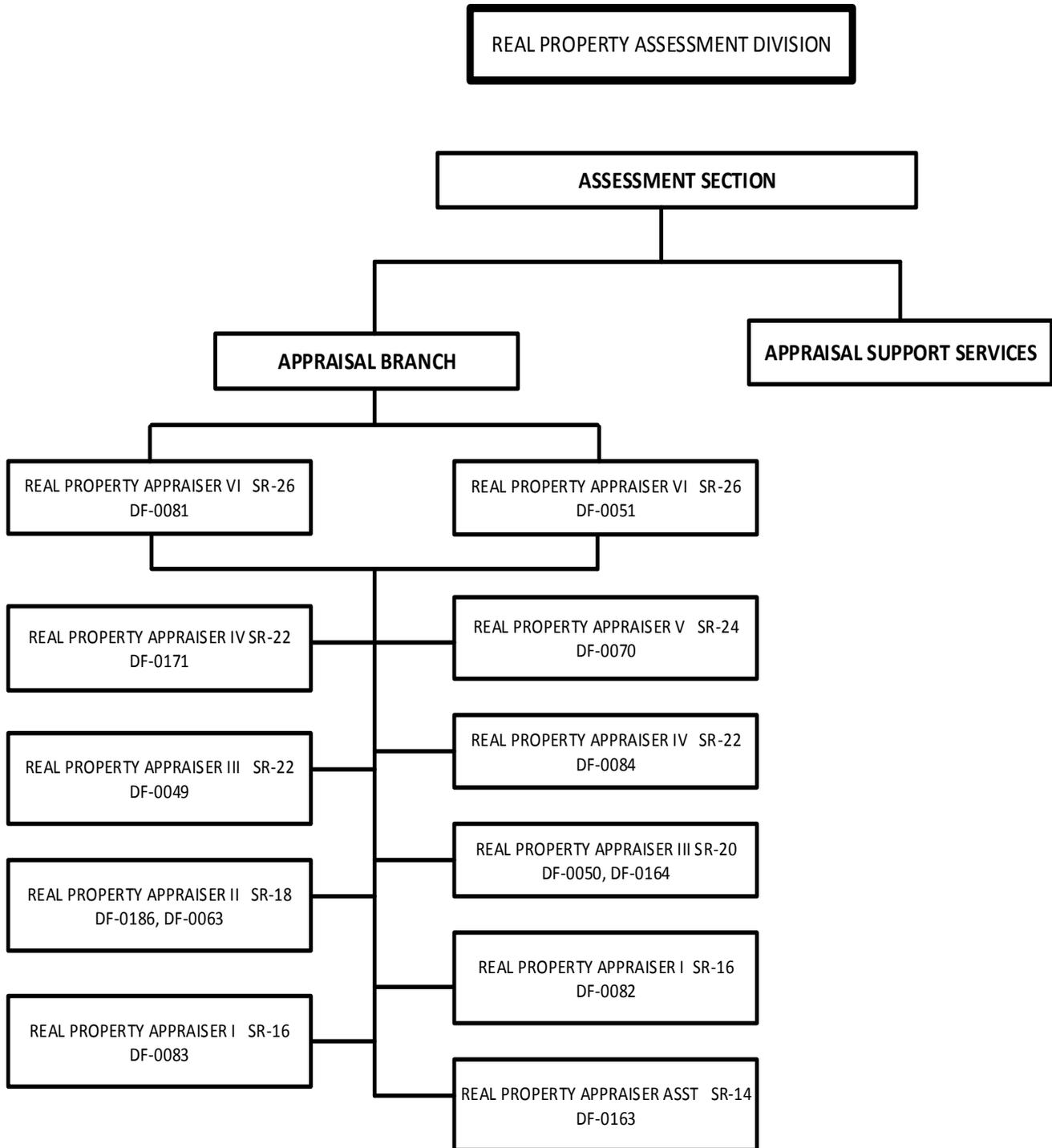
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FINANCIAL OVERVIEW

Expense Type	FY 2016 Actual	FY 2017 Budget
Equivalent Personnel (E/P)	43	43
Salary and Wages	\$ 1,913,433.00	\$ 2,321,920.00
Operations	\$ 313,684.00	\$ 844,694.00
Equipment	\$ 9,907.00	\$ 5,000.00
Program Total	\$ 2,237,024.00	\$ 3,171,614.00

HIGHLIGHTS

The Assessment section is comprised of the Appraisal and Appraisal Support Service Branches. This section maintains parcel history, ownership data, tax maps drawn to scale, mailing addresses and exemptions. The Appraisal Branch annually assesses all taxable real property and defends disputed assessments. The Information Services Unit provides customer service and assists with the Board of Review duties.

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 was new in 2016 and focuses their efforts on enforcing rules and laws pertaining to exemption claims, agricultural assessment programs and other projects as assigned.

The GIS section is the master user of the mapping programs used by the Tax Map Records Technicians to produce tax maps in accordance with Maui County Code. They are also the master user of the GIS integrations with other products such as assessment software and the public facing website. Upon request, this section produces thematic maps in support of the Real Property and Assessment Division (RPAD) program.

Accomplishments and Projects (FY 2017)

- The Tax Maps unit is has continued to train staff in GIS. All staff is being trained to process government leases. The process to streamline government lease data entry was initiated. All statutory deadlines were met. A new policy of notifying attorneys and tax payers of deed errors resulted in increased accuracy.

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- The Assessment Information unit has been training three new Clerk III hires due to turn over of previous staff. Customer service has been rated as very good via public comment cards placed in the lobby. The clerical staff reviewed and updated addresses as a result of 3,379 pieces of returned mail. The supervisor has been the lead on the implementation of the electronic form filing application.
- The Appraisal branch meet International Association of Assessing Officers (IAAO) sales ratio standards for the 2017 assessment. As a result of the preliminary Marshall and Swift conversion, appraisal had to revalue a multitude of properties that did not meet conversion standards. Three new appraisers were added due to employee turnover. These staff members received two professional IAAO training courses to prepare them for the 2018 assessment year. The appraisal staff completed Alexander and Baldwin's 100 dedication amendments from sugar cane to pasture. The appraisal staff met all statutory deadlines despite not having desks for four months as a result of being relocated to the conference room due to storm damage of their work area.
- In its second year, the Compliance and Enforcement section continued homeowner exemption compliance efforts which resulted in removing 516 exemptions which generated \$1,200,000 in additional revenue.
- The Property Technical Section (PTO) completed 7 of 13 chapters in the Certificate of Excellence in Assessment Administration audit. PTO has fully implemented its new assignment of administrating RPAD contracts. Real property tax liens are being recorded in house through the newly implemented State of Hawaii trusted source online recording system. As master user of assessment software, PTO worked on the implementation of Marshall and Swift MVP, Assessment Analyst, Spatialist 7 and Field Mobile. PTO was awarded the Tyler Public Sector Excellence Award for integrating outside data sources with iasWorld to improve customer service, quality and efficiency.

Goals were achieved by using technology efficiently, keeping up to date on technology, following the ordinance, managing tasks with operational schedules and deadlines, training staff, and maintaining employee morale.

PERFORMANCE MEASURES

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017	FY 2017
		ESTIMATE	ACTUAL
<i>Goal #1: Increase public awareness by providing educational seminars and enhanced notices.</i>			
1. Conduct at least eight public sessions annually to educate the public about services provided	# of public sessions completed annually	4	8
2. Conduct at least eight public sessions annually to educate the public about exemption programs	# of public sessions completed annually	4	8
3. Convert all forms to online fillable forms by June 2017	% of online fillable forms completed	40%	35%
<i>Goal #2: Improve the efficiency and accuracy of assessments.</i>			
1. Replace aging assessment software	Implementation of new assessment software system by June 2017	100%	90%
2. Replace outdated construction cost manuals	Implementation of Marshall and Swift cost solution by June 2017	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
<i>Goal #3: Strengthen and support the professionalism and skills of our workforce by providing education and training opportunities.</i>			
1. Increase the % of staff who attend the secondary IAAO certification course	% of RPA employees who complete the secondary IAAO certification course	100%	100%
2. Provide at least eight "in-house" staff training sessions annually	# of "in-house" training sessions conducted annually	10	17
3. Increase the # of senior staff receiving IAAO accreditation	% of senior staff receiving IAAO designation	100%	67%

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GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017	FY 2017
		ESTIMATE	ACTUAL
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 tax records	100%	31%
2. Increase the rate of compliance reviews relating to the condominium use program	% of homeowners association responses reviewed for compliance	100%	100%
3. Increase the rate of physical inspections for parcels receiving agricultural dedication	% of all parcels receiving agricultural dedication that were physically reviewed	25%	16%
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	25%	28%

Explanation why goals and objectives were not met:

Goal 1: 3. Convert all forms to online fillable by June 2017 – Not met due to vendor unable to meet RPAD expectations and timeline. RPAD has completed all of their tasks timely.

Goal 2: 2. Marshall and Swift – The vendors did not meet the timeline necessary to implement the costs in time for the 2018 assessment year so the project has been pushed to 2019 through no fault of RPAD. Honolulu and Kauai have a different assessment date so they were able to complete the conversion where Hawaii and Maui got postponed. Honolulu’s conversion is the biggest portion of the project. Having them go live first will benefit Maui as we will know ahead of time what to expect. Also, it should improve the quality of the product as Honolulu will find errors and fix them before Maui goes to production.

Goal 3: 3. Gery Madriaga was unable to complete his designation during FY 17.

Goal 4: 1. Compliance continues to compare exemption applicants to the State of Hawaii tax payer lists. The metric was not met as there are not enough staff to complete the measure in a single year.

Goal 4: 3. The measure was not met due to current staffing levels. This has been addressed with the additional FTE in compliance. They have sent letters to dedicated parcels and have embarked upon a reasonable inspection schedule for FY18.

Potential areas for improvement

- Filling of the vacant two positions in GIS and training of staff will bring future benefits.
- Having MAPPS project implemented will bring future efficiencies by receiving building plans electronically.
- Having all of our forms converted to online submission.

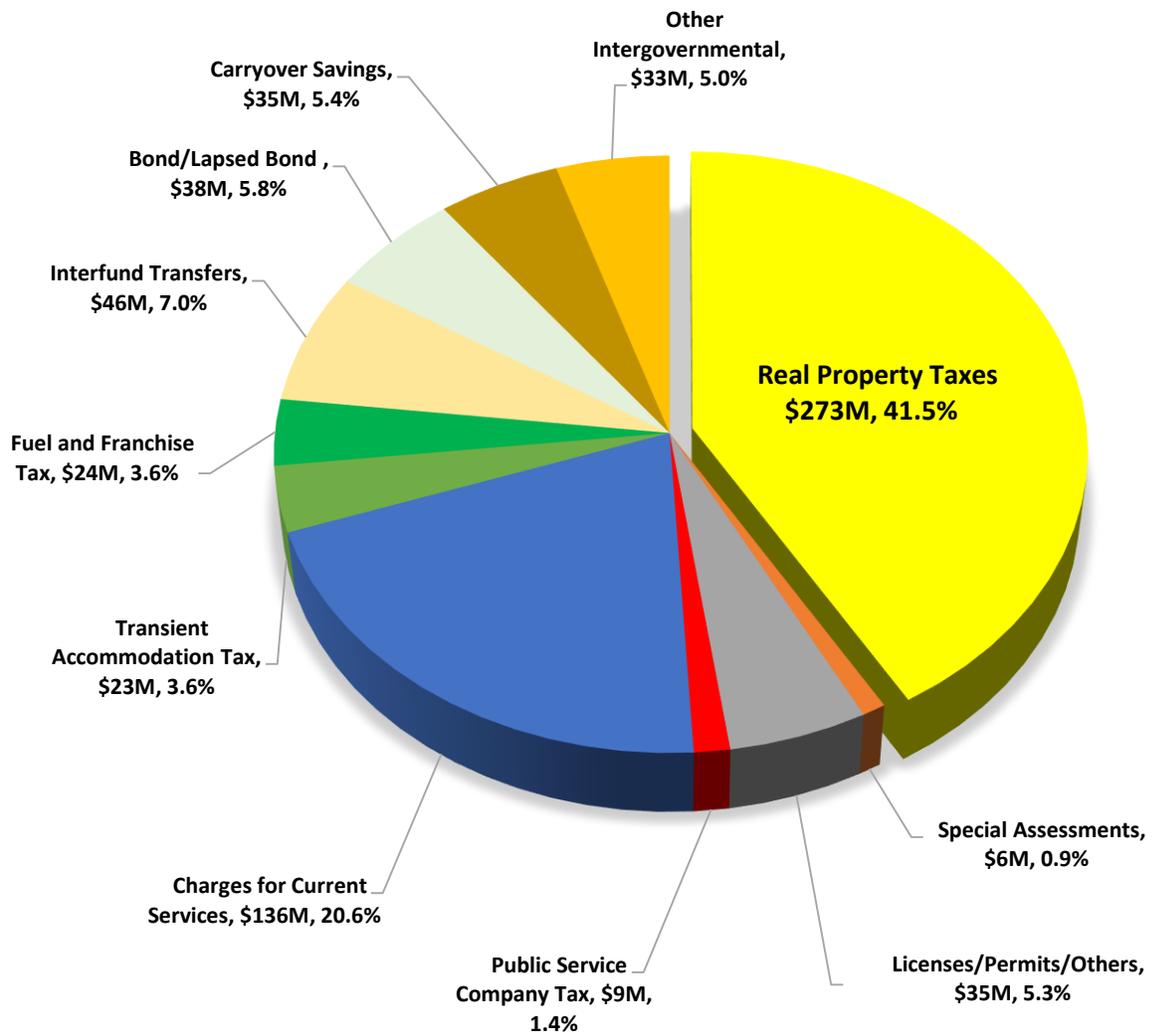
FUTURE GOALS AND EXPECTATIONS (FY 2018)

1. Implementing Marshall and Swift costs by going live for the 2019 assessment.
This involves continued testing of costs in test application, July 2017 through March 2018. After roll over at the end of March 2018, Marshall and Swift will be moved to iasWorld production environment. Appraisal and PTO staff will need to invest in quality assurance to ensure a smooth transition. RPAD is in need of an updated cost manual and procedures in addition to accurate costs for appraisal purposes.
2. Completing the CEAA audit.
This may involve overtime as this is being done in addition to PTO's regular assignments. The remaining 6 chapters need to be completed and the audit needs to be formatted and submitted. The completed project will serve as an updated procedures manual which the RPAD is in need of.
3. Implementing field mobile and e-filing.
These projects are essential for RPAD to remain efficient and meet statutory deadlines in an economy of do more with less. The RPAD assesses close to 80,000 parcels a year. We are able to accomplish this by embracing technology as stated in MCC 3.48.290 "systematic methods suitable for mass valuation." Further, these projects are overdue in their implementation due to the vendor's short comings.
4. Fitting the GIS parcel layer to aerial imagery.
Pictometry/Eagle View is now in the process of providing RPAD and the County of Maui with 3-inch imagery. To fully take advantage of this product the GIS layer needs to be adjusted to the earth's surface. RPAD has worked long and hard to get a GIS parcel layer that has history, is accurate and up to date. This is the final stage in implementing the conversion of tax maps from Mylar to Auto Cad to GIS.
5. Training staff.
RPAD produces assessments that will result in over \$300,000,000 in revenue collected directly from tax payers in Fiscal Year 2017-18. Having a well trained staff results in revenue stability and the good customer service tax payers deserve for their contributions.

OTHER MISCELLANEOUS

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 2016-2017 BUDGET**



DESCRIPTION OF COMMISSION AND ITS ACTIVITIES

The Board of Review consists of five citizen members appointed by the Mayor. The Board of Review hears all disputes between the director and any taxpayer in all cases in which appeals have been filed by a tax payer. Appeal hearings begin in June and are usually completed by the end of the fiscal year.

For the tax year 2016/17, 758 tax appeals were filed and reviewed as summarized in the attached statistical synopsis, which includes comparisons with prior years. The number of appeals filed was 534 fewer than for 2015/16. However this is an anomaly as there were 509 more timeshare (land classification) appeals in 2015/16 than in 2016/17. The large number of timeshare appeals in 2015/16 was due to an appeal for all of the units in the Westin Kaanapali Villas. This issue presumably will be decided in the Courts. The number of appeals for 2016/17 does represent a 36% increase over the average number of appeals filed for the three years 2012/13, 2013/14, and 2014/15. About half of this increase was due to appeals from the land classifications of commercial and industrial as assessments increased significantly. In these two categories there were 214 appeals in 2016/17, up from 96 in 2015/16, and 71 in 2014/15.

During the second half of calendar year 2016, and through March of 2017, the Board conducted twelve hearings, with 102 appeals presented. Hence, most appeals are not adjudicated by the Board and are "stipulated" where the applicant and the Department agree to an outcome.

Each appeal includes significant preparation and oral testimony by a County Assessor or the Tax Clerk Supervisor. Their preparation, knowledge, and interaction with the appellants is exceptional. Similarly, exceptional is the preparation and expertise of our Board Secretaries. These persons do an excellent job of enabling the Board to make its decisions based on well-organized information that supports a fair decision. The Real Property Tax Division is to be congratulated. Each Board decision must then be properly documented with Corporation Counsel over sight. We rely on our very competent Corporation Counsel to respond to our questions, both procedural and with regard to County Code. Hence, the time and effort expended by us, the Board members, is minimal compared to that of the administration.

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SUMMARY OF TAX APPEALS FILED						
Area	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Hana	75	10	13	15	11	6
Makawao-Pukalani-Kula	27	22	21	22	20	30
Paia-Haiku	17	7	24	45	63	40
Kihei-Makena	121	150	158	178	177	240
Wailuku-Kahului	58	53	141	25	95	169
West Maui	445	287	140	184	882	251
Lanai	6	14	4	69	35	10
Molokai	15	46	31	17	9	12
TOTAL	764	589	532	555	1,292	758
Total Taxable Parcel Count	71,101	71,234	71,515	71,907	71,992	72,421
Number of Board Hearings	14	7	8	10	10	12
Hours in Session	56	18	24	36	34	37
Appeals Filed with Tax Appeal Court	39	2	10	3	5	4
SUMMARY OF BOARD OF REVIEW DECISIONS						
By Tax Year Under Appeal						
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Sustained	47	59	134	38	52	54
Revised	33	25	42	93	80	48
Stipulations	662	288	290	301	499	589
Withdrawals	22	217	61	90	651	43
Pending Stipulations	0	0	1	23	7	1
Active	0	0	4	10	3	23
TOTAL	764	589	532	555	1,292	758
BOR Taxes in Dispute & Number of Appeals by Land Classification						
Land Classification	2014 - 2015		2015 - 2016		2016 - 2017	
	# of Appeals	Taxes in Dispute	# of Appeals	Taxes in Dispute	# of Appeals	Taxes in Dispute
Residential	41	\$ 197,271	89	\$ 236,494	40	\$ 66,968
Commercialized Residental	0	0	0	0	0	0
Apartment	61	129,221	104	537,223	81	201,299
Commercial	63	362,300	61	2,376,245	139	3,012,075
Industrial	8	87,845	35	392,253	75	2,264,406
Agriculture	125	517,311	87	740,152	61	777,805
Conservation	5	888,527	5	903,326	8	1,073,489
Hotel/Resort	119	273,188	211	1,325,883	144	356,833
Homeowner	39	58,383	51	62,784	70	106,474
Timeshare	94	115,223	649	2,332,837	140	334,162
Total	555	\$ 2,629,269	1,292	\$ 8,907,195	758	\$ 8,193,512

DEPARTMENT OF FINANCE – FY 2017 ANNUAL REPORT

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



FISCAL YEAR	VALUATION FOR TAX RATE	PERCENT CHANGE FROM PRIOR YEAR
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%
16-17	\$44,363,536,700	8.97%

TREASURY DIVISION

The Treasury Division consists of the following sections:

1. Investment and Banking – Provides centralized management and investment of the County's cash, ensuring its investments are secure and adequately collateralized, along with debt management responsibilities and billing and collection for various County charges.
2. Real Property Tax (RPT) Collections – Collects all real property taxes and fees, administers the tax relief program, and oversees the tax sale of properties with delinquent taxes.

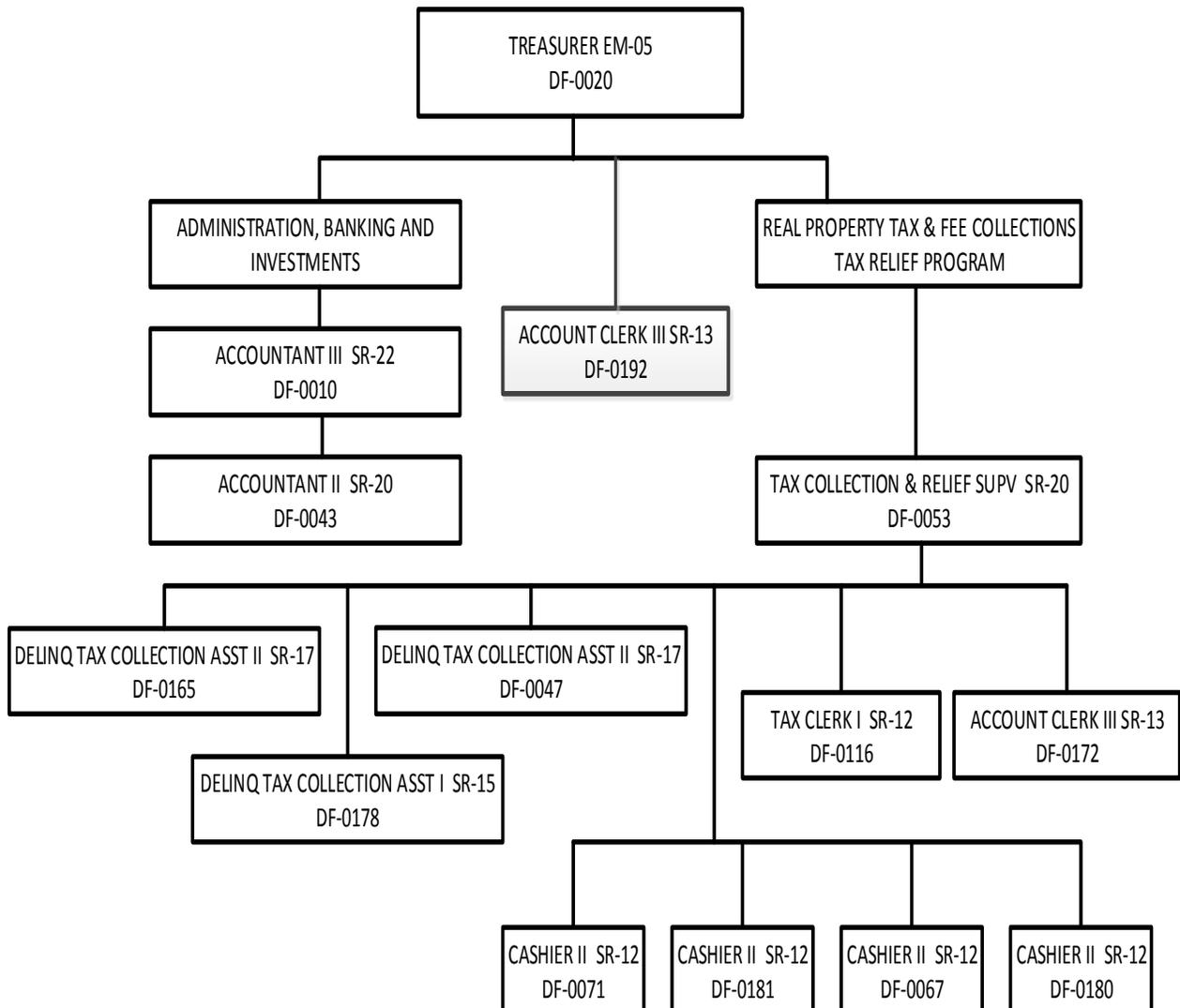
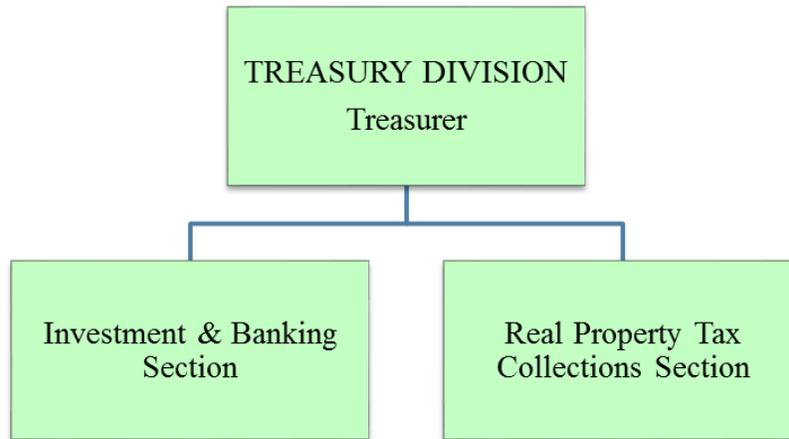
The Treasury Division manages county funds by providing banking, debt management, non-RPT revenue collection, RPT and fees collection, administering of circuit tax breaker program, and management of delinquent real property tax sales.

OBJECTIVES

The Treasury strives to:

- Insure deposits with financial institutions are fully collateralized
- Maintain sufficient liquidity to meet the County's cash requirements
- Generate a return on investments at or above the one year U.S. bank average yield
- Collect fees due the County in a regular and timely manner
- Minimize fees associated with borrowing

ORGANIZATIONAL CHART



FINANCIAL OVERVIEW

Expense Type	FY 2016 Actual	FY 2017 Budget
Equivalent Personnel (E/P)	14	14
Salary and Wages	\$ 576,765.00	\$ 693,998.00
Operations	\$ 191,674.00	\$ 413,600.00
Equipment	\$ (45.00)	\$ 5,435.00
Program Total	\$ 768,394.00	\$ 1,113,033.00

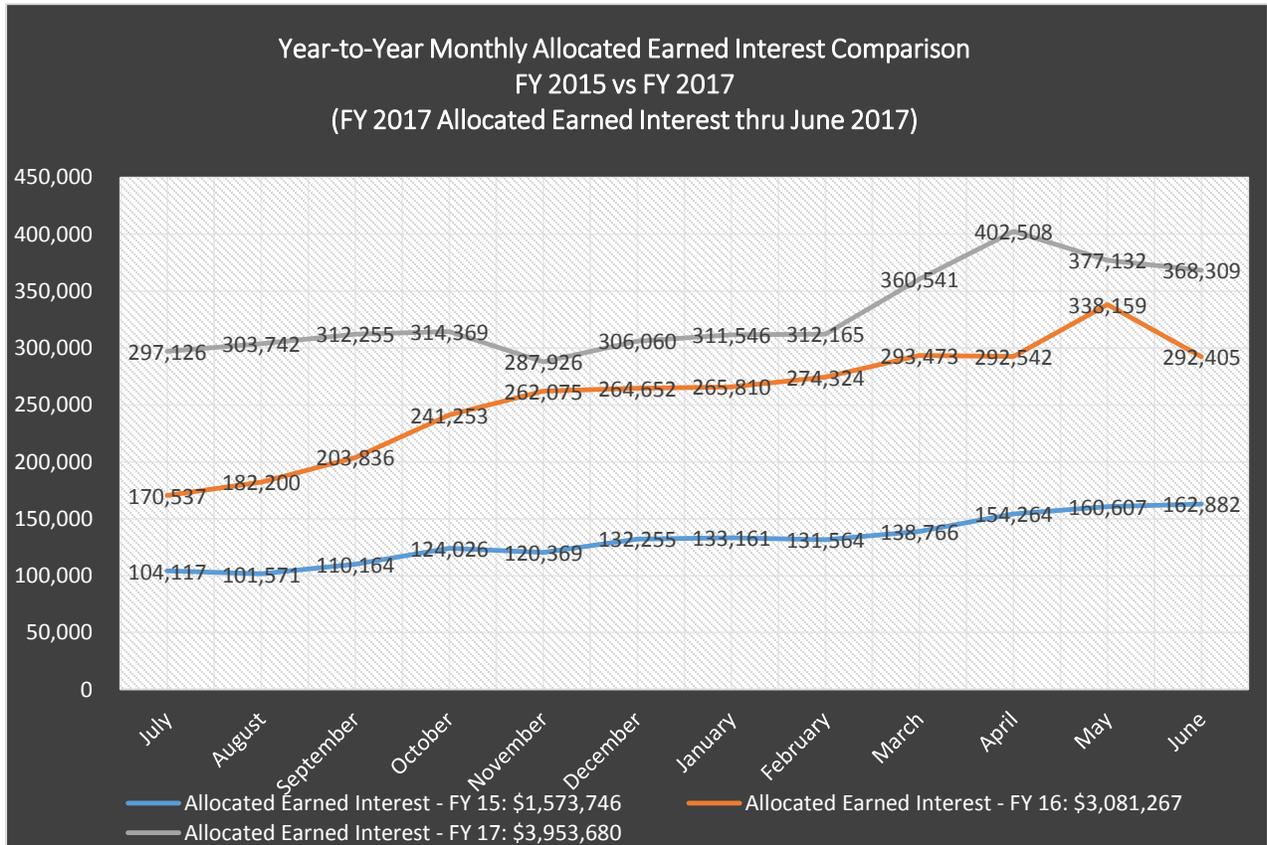
HIGHLIGHTS

INVESTMENTS AND BANKING SECTION

- In February 2017, one of the rating agencies, FitchRatings conducted a surveillance review and published a press release re-affirming the County of Maui's 'AA+' default rating. This affirmation is due to the County's very strong revenue profile and adequate spending flexibility, as evidenced by the County's excellent operation performance.
- Following the fiscal year end, another rating agency, Moody's issued its report on August 3, 2017 re-affirming the County of Maui's 'Aa1' default rating. The report stated that the County's credit position is very strong and its Aa1 rating is slightly above the U.S. counties median of Aa2.
- In FY 2017, the County completed eleven arbitrage compliance reports for various GO Bonds. One of which the County submitted a request with the IRS for recovery of arbitrage rebate overpayment for the 2006 GO Series A, in the amount of \$19,980.76. This request was approved by the IRS and a check was received by the County on June 21, 2017.
- During the FY 2017, the Treasury Division issued the draft Countywide Cash Overage and Shortage Policy and Procedures. This draft Policy was reviewed by various departments and consulted with various bargaining unions. The Policy is implemented effective September 1, 2017.

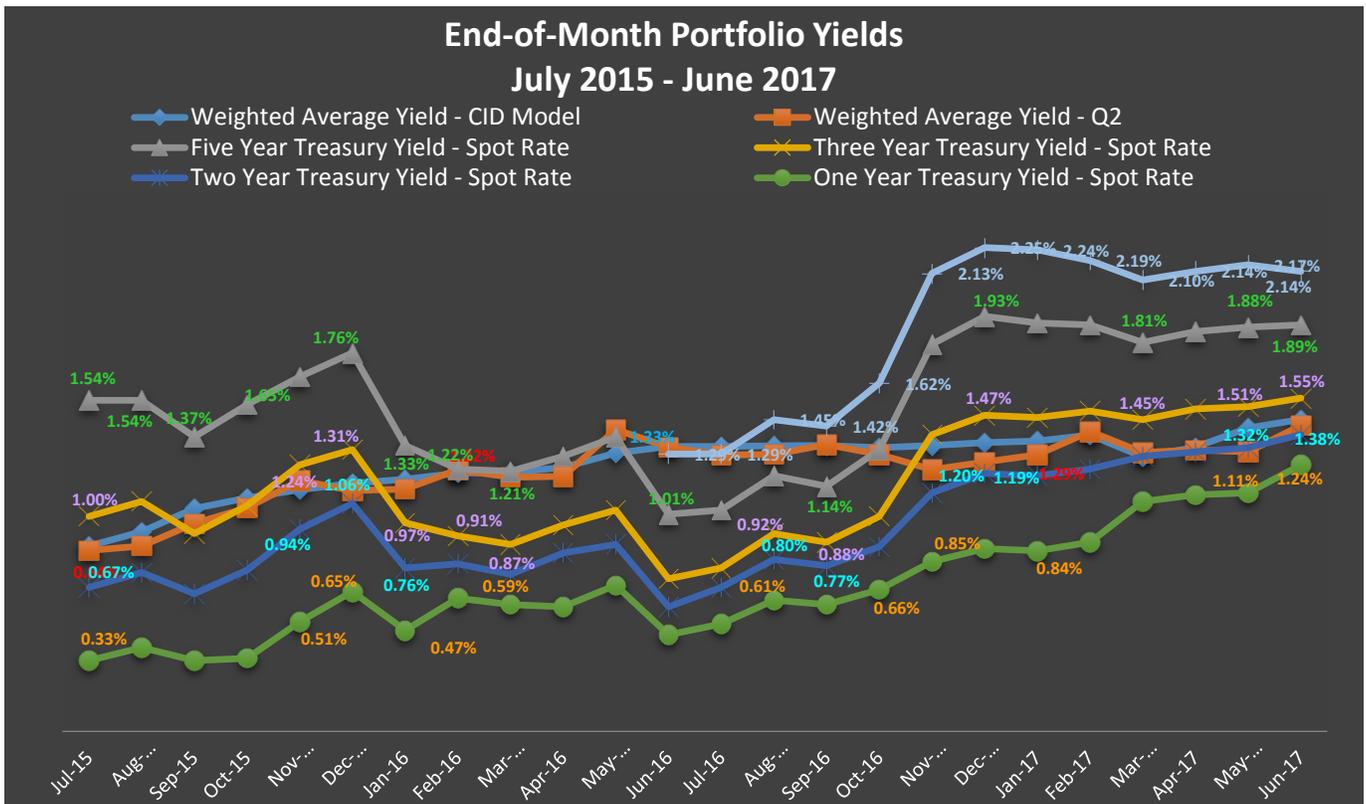
DEPARTMENT OF FINANCE – FY 2017 ANNUAL REPORT

- Investment earnings in FY 2017 totaled \$3.9 million, which is an increase of \$0.9 million, or 28% when compared to prior fiscal year. Below is a comparison chart of year-to-year monthly allocated earnings, in the last three fiscal years:



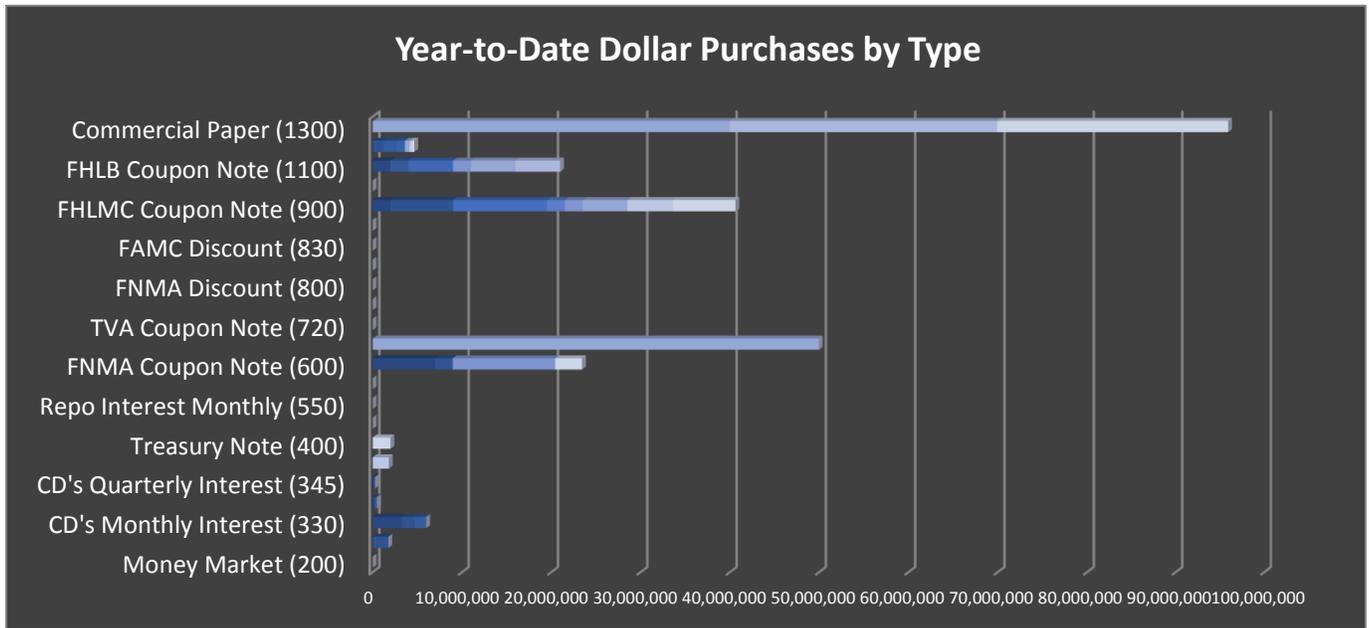
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- The County’s ending portfolio yield in FY 2017 was 1.4508%. Below is a chart showing the end of month portfolio yields in the last three fiscal years:



DEPARTMENT OF FINANCE – FY 2017 ANNUAL REPORT

- The County purchased its first commercial paper in FY 2017; totaling \$95.9 million for the entire fiscal year. Commercial paper is a short-term debt instrument with maturity not exceeding 180 days. Below is a chart showing the FY 2017 dollar purchases by investment type:



REAL PROPERTY TAX COLLECTIONS SECTION

- In December 2016, the County entered into an agreement with nine Maui County chartered federal credit unions (FCUs) on Maui and a branch of an Oahu credit union. The purpose of this agreement is to enable the FCU members who own homes to establish a special account at their credit union, which would be dedicated to making semi-annual real property tax payments when due. The Program will commence with the August 21, 2017 real property tax payments.
- On May 16, 2017, the Treasury Division held its annual tax sale. There were 23 total parcels listed on the tax sale and additional 10 parcels pending title search; however, there was only one parcel auctioned during the tax sale. There were 147 people in attendance and 47 registered to bid. Below is a comparative table of the tax sale from FY10 – FY17:

	(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) - (d)
Tax Year	Total Accounts 3+ Years	Long Search	Eligible for Tax Sale	Accounts Resolved Prior to Tax Sale Auction Date	Tax Sale Auction
2010	368	127	241	233	8
2011	322	38	284	279	5
2012	281	86	195	193	2
2013	439	101	338	336	2
2014	420	84	336	335	1
2015	389	79	310	308	2
2016	371	164	207	200	7
2017	383	173	210	209	1

PERFORMANCE MEASURES

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017	FY 2017
		ESTIMATE	ACTUAL
<i>Goal #1: Effectively manage county's funds by ensuring safety and liquidity of the funds and by earning a reasonable rate of return on its investments.</i>			
1. Maintain safety of county funds	% of funds invested to ensure the preservation of principal	100%	100%
	% of investments in collateralized CD's, U.S. Treasuries and U.S. Agency Bonds	100%	100%
	No single investment type exceeds 30% (portfolio diversification)	Yes	Yes
2. Maintain fund requests being met within 30 days from the date of request	% of fund requests met within 30 days of the request	100%	100%
3. Maintain a reasonable rate of return at ≥ 1 year average Treasury bill rate	Portfolio rate of return ≥ 1 year Treasury bill rate	Yes	Yes
<i>Goal #2: Effectively manage the county's debt service and general obligation bonds in the most efficient manner to ensure that outstanding debts are paid.</i>			
1. Maintain the rate of outstanding debts paid/serviced in a timely manner at 100%	% of State Revolving Fund (SRF) and/or USDA debt paid on time	100%	100%
	% of General Obligation (G.O.) Bonds debt paid on time	100%	100%
2. Assess timing of next G.O. Bond Issuance	Monitor amount of General Fund loaned to capital improvement projects is \leq \$55 million	Yes	Yes

GOALS/OBJECTIVES	SUCCESS MEASUREMENTS	FY 2017	FY 2017
		ESTIMATE	ACTUAL
<i>Goal #3: Manage the county's collection of current and delinquent real property taxes effectively and efficiently through timely collection and recordation of collected taxes.</i>			
1. Maintain the rate of real property taxes collected, within the same fiscal year as billed, at 90% or higher	% of revenues collected (cumulative total) within the same fiscal year as billed	90%	97%
2. Maintain the rate of real property taxes recorded within one day from the receipt date at 100%	% of real property tax revenues recorded within one day from the date of receipt	100%	100%
3. Increase the rate of delinquent taxes collected within one year of original billing date	% of delinquent taxes collected cumulatively within one year of billing date	60%	87%

FUTURE GOALS AND EXPECTATIONS (FY 2018)

The Treasury Division will continue to work with departments to implement the countywide cashing system, iNovah. Several departments anticipated to “go live” with the iNovah system are the following: 1) Department of Finance’s Real Property Tax Collections; 2) Department of Parks and Recreation’s Waiehu Golf Course; 3) Department of Housing and Human Concerns’ Office on Aging, and; 4) Department of Environmental Management’s Solid Waste Division’s Central Maui Landfill. Along with this initiative is to accept credit/debit cards as form of payment in these locations and as well as in the Department of Parks and Recreation’s Permit Section.

The Real Property Tax Collections will conduct two tax sales per fiscal year to comply with the FY18 Budget Ordinance provision. It will continue its efforts to achieve its goals to collect revenues within the same fiscal year as billed, record revenues within one day from date of receipt, and increase the number of delinquent taxes collected within one year of the billing date.