

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

April 15, 2016

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on September 17, 2015 and March 29, 2016, makes reference to County Communication 15-89, from the Director of Finance, transmitting the following reports prepared by Matrix Consulting Group:

1. A report entitled "FULL COST ALLOCATION PLAN, FY 2011/2012 Actuals, COUNTY OF MAUI, HI," dated February 26, 2014; and
2. A report entitled "OMB A-87 COMPLIANT COST ALLOCATION PLAN, FY 2011/2012 Actuals, COUNTY OF MAUI, HI," dated March 13, 2014.

The purpose of the reports is to give information on appropriate cost sharing for services provided by departments and used by other areas of the County government.

Your Committee notes the Full Cost Allocation Plan provided by the consultant assigns costs from the County's central support departments, to departments, divisions, cost centers, or funds that receive services in support of conducting County operations. An example of a central service is legal services provided to various County departments by the Department of the Corporation Counsel. With a cost allocation plan, the receiving departments are assigned costs for the services other departments provide them.

Your Committee notes the OMB A-87 Compliant Cost Allocation Plan determines the County costs applicable to State or Federal grant reimbursements.

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Your Committee further notes the full cost allocation plan used data from Fiscal Years ("FY") 2012 and 2013, and includes \$145.4 million in central support service costs over a fiscal year.

The Deputy Director of Finance said several departments disagreed with the plan, saying the charges allocated to their departments were too high. He said an updated plan would use more current data from FY 2014 and FY 2015 and may provide a better indication of the departments' true costs of operations.

A representative from the Department of Water Supply said the plan showed a large increase in the Department's overhead expenses, from 3.5 percent to 42 percent. She said the Department seeks to participate in an updated plan that will help to provide a more accurate cost allocation picture.

The Deputy Director of Finance said the Mayor's proposed FY 2017 Budget contains an appropriation request of \$20,000 to update the plan.

Your Committee agreed that an updated plan would be warranted to obtain a more accurate picture of cost appropriations among County departments.

Your Committee voted 8-0 to recommend filing of the communication. Committee Chair Hokama, Vice-Chair White, and members Baisa, Carroll, Couch, Crivello, Guzman, and Victorino voted "aye." Committee member Cochran was excused.

Your Budget and Finance Committee RECOMMENDS that County Communication 15-89 be FILED.

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



RIKI HOKAMA, Chair

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