

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

June 16, 2017

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 June 6, 2017, makes reference to County Communication 16-110, from Councilmember Riki Hokama, relating to amendments to the Fiscal Year 2017 Budget to authorize transfers between categories of use that are within a program or department.

By correspondence dated May 25, 2017, the Budget Director transmitted a proposed resolution entitled "AUTHORIZING THE TRANSFER OF AN UNENCUMBERED APPROPRIATION BALANCE WITHIN THE DEPARTMENT OF FINANCE, FISCAL YEAR 2017 BUDGET."

The purpose of the proposed resolution is to amend the Fiscal Year 2017 Budget within the Department of Finance, Countywide Costs, by transferring \$400,000 from Insurance Programs and Self Insurance, Category B (Operations) to Fringe Benefits, Category B (Operations) for a projected budgetary shortfall because of less Fringe Benefit Reimbursements from Special Funds.

By correspondence dated June 1, 2017, the Budget Director transmitted a revised proposed resolution to amend the Fiscal Year 2017 Budget within the Department of Finance, Countywide Costs, by transferring \$880,000 from Insurance Programs and Self Insurance, Category B (Operations) to Fringe Benefits, Category B (Operations) for a projected budgetary shortfall in the appropriation for the Employer-Union Trust Fund.

The proposed resolution references Section 7 of the General Budget Provisions in the Fiscal Year 2017 Budget, which restricts disbursements for each program by category of use, with allocations specified for

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(a) salaries, premium pay, or reallocation pay (Category A); (b) operations or services (Category B); and (c) equipment (Category C).

Your Committee notes Fringe Benefits includes contributions to the Employees' Retirement System, Employer-Union Trust Fund, Social Security (FICA), Terminal Pay and Salary Adjustments, and Unemployment Compensation. The Fringe Benefit Reimbursements are for costs of Fringe Benefits for the Special Funds to reimburse the General Fund. The Special Funds include Highway, Solid Waste Management, Sewer, Golf, and Water.

The Director of Finance said in the Fiscal Year 2017 Budget, the Fringe Benefits line-item under Countywide Costs was a net appropriation of Fringe Benefits and Fringe Benefit Reimbursements. In prior year budgets, the items were two separate line-item appropriations. He said combining both items resulted in the shortfall in the General Fund appropriation. The appropriations for the Special Funds were sufficient for Fiscal Year 2017.

Your Committee questioned the increase of the request from \$400,000 to \$880,000. The Director explained since the netting effect of the General Fund with the Special Funds resulted in a shortfall in the General Fund, the initial intent was to expend the Special Funds to cover the shortfall. After further analysis, because the shortfall was not a result of expenditures related to the Special Funds, it would be inappropriate to charge the Special Funds. Hence, a revised resolution was proposed to increase the transfer funds within the General Fund.

He said the Employer-Union Trust Fund appropriation is calculated based on a percentage of salaries and not on actual use. He explained the estimate for budget purposes is calculated by taking the prior fiscal year actual salaries and any proposed salary increases that may occur in the upcoming fiscal year then multiplied by a percentage.

The Director confirmed with the Corporation Counsel the funds requested for transfer are available and not needed in Fiscal Year 2017 for insurance purposes.

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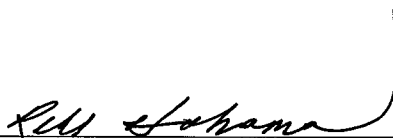
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Your Committee voted 8-0 to recommend adoption of the revised proposed resolution. Committee Chair Hokama, Vice-Chair White, and members Atay, Carroll, Cochran, Crivello, Guzman, and Sugimura voted "aye." Committee member King was excused.

Your Budget and Finance Committee RECOMMENDS that Resolution _____, attached hereto, entitled "AUTHORIZING THE TRANSFER OF AN UNENCUMBERED APPROPRIATION BALANCE WITHIN THE DEPARTMENT OF FINANCE, FISCAL YEAR 2017 BUDGET," be ADOPTED.

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



RIKI HOKAMA, Chair

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Resolution

No. _____

AUTHORIZING THE TRANSFER OF AN UNENCUMBERED
APPROPRIATION BALANCE WITHIN THE
DEPARTMENT OF FINANCE,
FISCAL YEAR 2017 BUDGET

WHEREAS, Section 9-10(2) of the Revised Charter of the County of Maui (1983), as amended ("Charter"), provides that, upon written request of the Mayor, part or all of any unencumbered appropriation balance may be transferred within a department by resolution or from one department to another by ordinance; and

WHEREAS, Section 7 of the General Budget Provisions in Ordinance No. 4334, Bill No. 62 (2016), Draft 1, as amended, ("Fiscal Year 2017 Budget"), states that, unless otherwise provided, appropriations for each program may be disbursed for the following categories of use: (a) salaries, premium pay, or reallocation pay, (b) operations or services, and (c) equipment; provided the disbursement is within the program and category of use for which it was appropriated; and

WHEREAS, Section 3.B.4.f. of the Fiscal Year 2017 Budget, relating to the Department of Finance, sets forth appropriations for Countywide Costs, Fringe Benefits, and Insurance Programs and Self Insurance; and

WHEREAS, pursuant to Section 9-10(2) of the Charter, Mayor Alan M. Arakawa has submitted a written request to transfer an unencumbered appropriation balance of \$880,000 from Countywide Costs, Insurance Programs and Self Insurance, Category B, to Countywide Costs, Fringe Benefits, Category B,

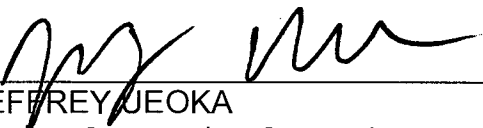
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due to a projected budgetary shortfall under Countywide Costs, Fringe Benefits;
now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That, pursuant to Section 9-10(2) of the Charter and Section 7 of the General Budget Provisions, and in accordance with the Fiscal Year 2017 Budget, it does hereby authorize the transfer of an unencumbered appropriation balance of \$880,000 from Countywide Costs, Insurance Programs and Self Insurance, Category B, to Countywide Costs, Fringe Benefits, Category B; and
2. That certified copies of this resolution be transmitted to the Mayor, Director of Finance, Budget Director and Corporation Counsel.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY JEOKA
Deputy Corporation Counsel
County of Maui