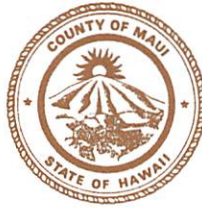


ALAN M. ARAKAWA
MAYOR



OFFICE OF THE MAYOR

Ke'ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

KEITH A. REGAN
MANAGING DIRECTOR
RECEIVED

2017 JUL 21 AM 9:21

OFFICE OF THE
COUNTY CLERK

REFERENCE NO. BD-BA 18-06

July 21, 2017

Honorable Alan Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Michael White, Chair
and Members of the Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair White and Members:

SUBJECT: AMENDMENTS TO THE FISCAL YEAR 2018 BUDGET

On behalf of the Department of Finance, I am transmitting the attached proposed bill for the purpose of restoring the salaries and equivalent personnel for an Assistant Accounts System Administrator and Internal Control Officer which were deleted from the Fiscal Year 2018 Budget. The Department of Finance has provided a justification for this request which is attached for your review.

The department is requesting \$63,750 for the Assistant Accounts System Administrator and \$52,813 for the Internal Control Officer to fund these positions for nine months this fiscal year. Attached is a Certification of Additional Revenues for Fiscal Year 2018 certifying the availability of General Fund Carryover/Savings in the amount of \$116,563 to fund this request.

Thank you for your attention in this matter. Should you have any questions, please feel free to contact me at Ext. 7212.

Sincerely,

A handwritten signature in blue ink, appearing to be "Lynn A.S. Araki-Regan", is written over a faint circular watermark of the County of Maui seal.

LYNN A.S. ARAKI-REGAN
Budget Director

Attachments (3)

cc: Keith Regan, Managing Director
Danny Agsalog, Director of Finance

COUNTY COMMUNICATION NO. 17-310

ORDINANCE NO. _____

BILL NO. _____ (2017)

A BILL FOR AN ORDINANCE AMENDING
THE FISCAL YEAR 2018 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO ESTIMATED REVENUES;
DEPARTMENT OF FINANCE, ADMINISTRATION PROGRAM;
ACCOUNTS PROGRAM;
TOTAL OPERATING APPROPRIATIONS; AND
TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 4456, Bill No. 65 (2017), Draft 1, "Fiscal Year 2018 Budget", is hereby amended as it pertains to Section 2, Estimated Revenues, by increasing Carryover/Savings from the General Fund in the amount of \$116,563; and by increasing Total Estimated Revenues in the amount of \$116,563, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

| | |
|------------------------------|-------------|
| Real Property Taxes | 303,548,805 |
| Circuit Breaker Adjustment | (373,138) |
| Charges for Current Services | 142,393,137 |
| Transient Accommodations Tax | 21,204,000 |
| Public Service Company Tax | 8,500,000 |
| Licenses/Permits/Others | 38,694,419 |
| Fuel and Franchise Taxes | 21,000,000 |
| Special Assessments | 6,002,000 |
| Other Intergovernmental | 36,450,000 |

FROM OTHER SOURCES:

| | |
|-----------------------------|-----------------------|
| Interfund Transfers | 49,705,630 |
| Bond | 45,705,000 |
| Carryover/Savings: | |
| General Fund | [6,273,867] 6,390,430 |
| Sewer Fund | 5,023,222 |
| Highway Fund | 1,330,866 |
| Solid Waste Management Fund | 298,920 |
| Golf Fund | 363,433 |
| Liquor Fund | 722,099 |
| Bikeway Fund | 47,276 |
| Water Fund | 18,325,916 |

| | | |
|--------------------------|---------------|---------------------|
| TOTAL ESTIMATED REVENUES | [705,215,452] | <u>705,332,015"</u> |
|--------------------------|---------------|---------------------|

SECTION 2. Fiscal Year 2018 Budget is hereby amended as it pertains to Section 3.B.4.a., Department of Finance, Administration Program, by increasing A – Salaries and Total by \$52,813 and the equivalent personnel by 1.0; and Section 3.B.4.b., Accounts Program, by increasing A – Salaries and Total by \$63,750 and the equivalent personnel by 1.0, to read as follows:

| | <u>A - Salaries</u> | <u>B - Operations</u> | <u>C - Equipment</u> | <u>Total</u> |
|---|---------------------|-----------------------|----------------------|------------------|
| “4. Department of Finance | | | | |
| a. Administration Program | [617,636] | 90,612 | 1,500 | [709,748] |
| (1) Provided, that disbursement for salaries and premium pay is limited to [8.8] <u>9.8</u> equivalent personnel. | <u>670,449</u> | | | <u>762,561</u> |
| b. Accounts Program | [952,542] | 409,400 | 0 | [1,361,942] |
| (1) Provided, that disbursement for salaries and premium pay is limited to [17.0] <u>18.0</u> equivalent personnel. | <u>1,016,292</u> | | | <u>1,425,692</u> |
| c. Financial Services Program | | | | |
| (1) General | 4,677,891 | 1,803,614 | 1,500 | 6,483,005 |
| (i) Provided, that disbursement for salaries and premium pay is limited to 98.7 equivalent personnel. | | | | |
| (ii) Provided, that two positions relating to maintaining geographic information systems maps for the County shall be in the Department of Finance, Financial Services Program, Real Property Tax Assessment Division, pursuant to Section 3.48.010(F), Maui County Code. | | | | |
| (2) Countywide Service Center – Annual Lease Costs | 0 | 570,000 | 0 | 570,000 |
| d. Purchasing Program | 375,198 | 68,331 | 3,600 | 447,129 |
| (1) Provided, that disbursement for salaries and premium pay is limited to 7.0 equivalent personnel. | | | | |
| e. Treasury Program | 669,890 | 554,333 | 2,500 | 1,226,723 |
| (1) Provided, that disbursement for salaries and premium pay is limited to 14.0 equivalent personnel. | | | | |

(2) Provided, that a minimum of two tax sales are held.

| | | | | |
|---|---|--------------|-------|--------------|
| f. Countywide Costs | | | | |
| (1) Fringe Benefits | 0 | 93,976,551 | 0 | 93,976,551 |
| (i) Provided, that the expenditure of funds related to salary adjustments shall be limited to those cost items required to be authorized by the County Council pursuant to Chapter 89, Hawaii Revised Statutes. | | | | |
| (ii) Provided, that the Council shall approve by resolution the expenditure of any funds for any bargaining unit supplemental agreement regarding EUTF contributions. | | | | |
| (2) Fringe Benefits Reimbursement | 0 | (20,535,928) | 0 | (20,535,928) |
| (3) Bond Issuance and Debt Service | 0 | 40,859,235 | 0 | 40,859,235 |
| (4) Supplemental Transfer to the Golf Fund | 0 | 2,153,414 | 0 | 2,153,414 |
| (5) Supplemental Transfer to the Solid Waste Management Fund | 0 | 14,952,702 | 0 | 14,952,702 |
| (6) Insurance Programs and Self Insurance | 0 | 12,700,000 | 0 | 12,700,000 |
| (7) Transfer to the Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund | 0 | 3,031,757 | 0 | 3,031,757 |
| (8) Transfer to the Affordable Housing Fund | 0 | 6,063,514 | 0 | 6,063,514 |
| (9) General Costs | 0 | 1,030,126 | 6,000 | 1,036,126 |
| (10) Overhead Reimbursement | 0 | (21,176,292) | 0 | (21,176,292) |

| | | | | |
|---|---|------------|---|------------|
| (11) Post-Employment Obligations | 0 | 17,000,000 | 0 | 17,000,000 |
| (i) Provided, that the funds are paid to the State of Hawaii Employer-Union Health Benefits Trust Fund prior to September 30, 2017. | | | | |
| (12) One Main Plaza Lease | 0 | 373,451 | 0 | 373,451" |

SECTION 3. Fiscal Year 2018 Budget is hereby amended as it pertains to the Total Operating Appropriations to reflect an A – Salaries and Total increase of \$116,563, to read as follows:

| | | | | |
|---------------------------------|--------------------|-------------|-----------|--------------------|
| "TOTAL OPERATING APPROPRIATIONS | [177,286,835] | 379,074,216 | 6,314,619 | [562,675,670] |
| | <u>177,403,398</u> | | | <u>562,792,233</u> |

SECTION 4. Fiscal Year 2018 Budget is hereby amended as it pertains to the Total Appropriations (Operating and Capital Improvement Projects) to reflect an increase of \$116,563, to read as follows:

| | | |
|--|---------------|---------------------|
| "TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS) | [705,215,452] | <u>705,332,015"</u> |
|--|---------------|---------------------|

SECTION 5. Material to be repealed is bracketed. New material is underscored.

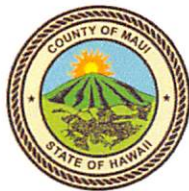
SECTION 6. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



 JEFFREY UEOKA
 Deputy Corporation Counsel

ALAN M. ARAKAWA
Mayor



RECEIVED
2017 JUL -6 AM 9:15
OFFICE OF THE MAYOR

DANILO F. AGSALOG
Director

MARK R. WALKER
Deputy Director

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

July 1, 2017

TO: LYNN ARAKI-REGAN
BUDGET DIRECTOR

FROM: DANILO F. AGSALOG
DIRECTOR OF FINANCE

SUBJECT: **2018 BUDGET AMENDMENT REQUEST**

As you are aware the County Council eliminated the Assistant Accounts System Administrator (DF-0174) and the Internal Control Officer (DF-0175) positions in the fiscal 2018 budget. Following is our justification for the restoration and funding of these positions for FY2018 via budget amendment.

Assistant Accounts System Administrator

This position is the number two accountant position in the County of Maui and the deletion of this position will severely hamper the operation of the Accounts Division. This position supports the Accounts System Administrator and many management and operational tasks are delegated to this position. The division has been operating with a TA in the position since the beginning of the calendar year, but we have utilized the support of the previous incumbent over this period when needed. The CAFR will require the full support of this position as well as overtime in order to be completed accurately and timely. Additionally, without this position the implementation of the upgrade of the County's IFAS accounting system (One Solution) will not be possible and the implementation of the new HR/Payroll system will be hampered significantly.

Other areas that will be affected by the permanent removal of this position are noted in the performance measures of the division and include, but are not limited to, the following:

- Receive a "clean" audit opinion
- "Material Weakness" findings to be minimized in both CAFR and Single Audit
- Timely completion of the Single Audit Report
- Receive Certification of Achievement for Excellence in Financial Reporting from GFOA

- Compliance with new GASB pronouncements
 - Monthly close process within ten business days of month-end
 - Timely bank reconciliation
 - Review of accounting policies and procedures
 - Overall team management, performance and efficiency

This position has been vacant for approximately 8 months. We did recruit and fill this position with a start date of January 2017, however, the previous incumbent indicated a desire to return to the position which is a right under civil service law in which they have 6 months to re-claim their previous position. As a result, we were forced to rescind our offer for this position and waited until the 6 month “grace” period had lapsed in April 2017. We plan to fill this position as quickly as possible if restored.

Internal Control Officer

This position reports to the Finance Director and plans, coordinates, and directs a county-wide program to improve internal controls related to fiscal & financial processes. The IC Officer assesses the adequacy and the extent to which existing programs safeguard organizational assets. This position is responsible for compiling and issuing reports detailing conclusions and provides recommendations for improvement that include documentation recommendations. Additionally, this position assists and advises departments in evaluating the effectiveness of their processes and internal controls. It also directs and appraises the activities of internal audit and compliance personnel within the Finance Department.

This position has been vacant for approximately 18 months when its incumbent took a position in the Budget Office with position return rights approved by the Mayor. We have attempted to fill this position on two occasions, one internal and the other external. The internal recruitment did not have any candidates that were interested in an LTA position. The external recruitment had to be canceled because the previous incumbent, who had been chosen to fill the Assistant Accounts System Administrator position, was forced to re-claim her return rights to the IC Officer position when the offer for the Assistant Accounts System Administrator position was rescinded as described earlier in this memo.

In short, both of these positions are very important to the Department of Finance and more importantly to the County of Maui as a whole. As described above, the Accounts Division will be severely impacted by the loss of the Assistant Accounts System Administrator position with the continuing accurate and timely accounting of transactions, including the completion of the CAFR being in serious jeopardy. With the permanent elimination of the Internal Control Officer position the Internal Control Section will be left with only an Internal Control Analyst I position and no qualified supervisor. This will certainly limit the work of this section and its ability to ensure that the assets of the county are being protected, that policies are being followed and that accurate and reliable accounting records are being kept by County departments.

cc: Mark Walker, Finance Deputy Director
Steve Tesoro, Accounts System Administrator

I, KEITH A. REGAN, Managing Director of the County of Maui, who is authorized to sign on behalf of ALAN M. ARAKAWA, Mayor of the County of Maui, State of Hawaii, and, pursuant to Section 9-9.1 of the Revised Charter of the County of Maui (1983), as amended, do hereby certify that there is available for appropriation revenue received from anticipated sources but in excess of the budget estimates for Fiscal Year 2018. The amount available for appropriation is:


| | |
|--------------|--------------|
| General Fund | \$116,563.00 |
|--------------|--------------|

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

On this 21st day of July, 2017, before me appeared Keith A. Regan, to me personally known, who being by me duly sworn did say that he is the Managing Director of the County of Maui, a political subdivision of the State of Hawaii, and that the seal affixed to the foregoing instrument is the lawful seal of the said County of Maui, and that the said instrument was signed and sealed on behalf of said County of Maui pursuant to Section 9-18 of the Charter of the County of Maui; and the said KEITH A. REGAN acknowledged the said instrument to be the free act and deed of said County of Maui.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Doc. Date: Undated # Pages: 1
Jenniffer Okamura **Second Circuit**
Doc. Description Certification of
Additional Revenues for
Fiscal Year 2018
Jennifer Okamura 7/21/2017
Notary Signature Date


Jennifer Okamura
Notary Public, State of Hawaii
My commission expires: June 29, 2020

