

DEPARTMENT OF FINANCE

ROLE AND DUTIES

The Department of Finance's significant functions are financial planning and administration, and its primary responsibilities are in five areas: accounts, budget, assessment, purchasing and treasury.

The department is organized into five divisions: accounts, budget, real property tax, purchasing and treasury.

The Accounts Division is responsible for processing payments for all County obligations and preparing the pension and payroll for all County employees. It maintains the financial control records of the County and provides reports to the Mayor, Council, and interested persons and agencies on a monthly and/or annual basis. Accounts maintains the inventory records of county property and is responsible for disposing of all surplus assets. This division also provides administrative support to the Pension Board.

The Budget Division plans, directs and coordinates the formulation, preparation, execution, review and analyses of the county's operating budget and operating program. It also monitors budget appropriations and actual expenditures to ensure compliance with the law. The division also advises the Director of Finance and other administration officials on budgetary and long-range planning matters.

The Purchasing Division provides a centralized purchasing function to procure services, supplies, materials and equipment in support of all County agencies and programs. It insures compliance in all purchasing laws and regulations and promotes economies in the purchase of goods and services. Completes small purchase procedures and conducts competitive bids and requests for proposals for all competitive purchases with the exception of Public Works construction projects and the Department of Water Supply. Solicits statements of qualifications and expressions of interest from providers of professional services. The Division also audits all contracts, sole source procurements and emergency purchases for compliance with the new procurement law. Supports the Standardization Committee.

The Real Property Tax Division is the Finance Department's largest division, consisting of four branches: Appraisal, Clerical, Tax Mapping, and Collections. The main office is located in Hilo and a full service satellite office is located in Kona. The division is responsible for assessing all real property situated in the County of Hawaii in a uniform and equitable manner. It collects real property taxes as assessed. The division also provides administrative and clerical support to the Tax Board of Review.

The Treasury Division is responsible for custody of cash on hand and in banks and of pledged securities. It also manages the investment program of the County. By keeping 99% of all funds invested at all times, this division maximizes the interest earned annually for the county. Treasury issues vehicle registrations and collects the appropriate fees and taxes. Dog and bicycle registrations and business licenses are also issued. Additionally, collection

of improvement district assessments and collection records are within the jurisdiction of Treasury.

Personnel

The Department is authorized 86 permanent positions. Distribution and type of positions are listed as follows:

ADMINISTRATION:

(4)

- Director of Finance
- Deputy Director of Finance
- Private Secretary
- Personnel Assistant I

ACCOUNTS: (10)

- Controller
- Accountant V
- Accountant III
- Property Management Specialist
- Pre-Audit Clerk II (2)
- Pre-Audit Clerk I
- Senior Account Clerk
- Account Clerk
- Assistant Account Clerk

BUDGET: (2)

- Budget Administrator
- Budget Analyst III

PURCHASING: (6)

- Purchasing Agent
- Procurement & Specifications Specialist
- Buyer III
- Buyer I
- Contracts Clerk
- Storekeeper

TREASURY: (17)

- Treasurer
- Accountant III
- Supervising Motor Vehicle Registration Clerk
- Motor Vehicle Registration Clerk II (2)
- Motor Vehicle Registration Clerk I (10)
- Senior Account Clerk
- Pre-Audit Clerk

BUDGET

During the 2000-2001 Fiscal Year, the department was initially authorized the following budget allotments:

Administration and Budget	\$ 355,532
Accounts	620,226
Purchasing	658,789
Treasury	732,019
Real Property Tax	2,716,052
Office Rent & Maintenance	<u>794,004</u>
 TOTAL	 \$ 5,876,622

The Department of Finance also oversees the allotment for debt service, pension and retirement contributions and the health fund. Listed as Miscellaneous Accounts, the net budget for these items totaled \$34,658,870 for Fiscal Year 2000-2001.

HIGHLIGHTS/ACTIVITIES

During 2000-2001, the department participated in, implemented and/or accomplished the following:

Department of Finance

- In addition to the change of administration, two key positions were vacated. Recruitment of a new Controller and Treasurer was a high priority, and resulted in the hiring of two excellent employees who brought many years of experience and a fresh perspective to their positions.
- After months of planning, the Real Property Tax division began the task of conversion from the City & County of Honolulu's tax system to our own, in-house real property tax accounting and billing system. The change in systems will allow the division more flexibility in collecting and managing appraisal data, as well as billing and reporting.
- The department has continued to provide quarterly training sessions/meetings on a variety of fiscal topics and other related areas. The meetings provide a forum for representatives from all departments to receive information and exchange ideas.
- The flood of November 2000 affected the Finance Department, as well as those directly involved in the emergency response and subsequent clean up and repairs. Primary activities were the receipt of funds from federal agencies, distribution of those funds to the appropriate departments, and oversight of record keeping and preparation of federal reports.

Accounts

- The County again received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its fiscal year 2000 comprehensive annual financial report, copies of which are available from the office of the Director of Finance.

- Several training activities related to the implementation of new accounting standards were conducted for County staff. The new standards will affect the way the County reports its fiscal activity.

Work on fixed assets and infrastructure has begun, so that implementation will be completed by the mandated deadline of June 30, 2002.

Budget

- The Budget division offered additional training to assist departments in utilizing programs, objectives, and accomplishments as measurement tools, in addition to the traditional line-item budgeting.

- The County acquired an additional revenue source, in the form of the Public Service Company Tax, which is anticipated to provide approximately \$4,000,000 for the County budget.

Purchasing

The new system of printing purchase orders without using expensive multi-part forms was completed and implemented in conjunction with Data Systems Division. Purchasing staff members continued formal training on personal computer systems.

City and County of Honolulu failed to make an award for a joint RFP for all Counties for a procurement card system, which will operate similar to MasterCard or Visa credit cards. State subsequently issued an identical RFP and responses are currently being evaluated. Test of system contemplated during second half of FY 2001-02. This should eventually result in fewer requisitions and confirming payment authorizations being issued and much more efficient operations.

A training session was held for all departments and agencies in May. Topics included update of procurement legislation; purchasing manual updates; revised contract and change order/supplemental agreement routing slips; standardized procedures. Buyer I completed a State training course in Honolulu of Government Purchasing and Hawaii's procurement laws.

Treasury

- The Treasury Division's most significant event during the past fiscal year was the retirement of Frank Manalili who served as County Treasurer for 22 years. Frank oversaw the Division's rapid growth over the past two decades. The floating of over a dozen

bond issues, the opening of an office in Kona, and the computerization of office functions were the highlights of Manalili's tenure.

Vehicle (Registrations Processed)	121,851	128,096	131,310
Motor Vehicle Transfers	35,584	37,490	36,611
Duplicate Certificates	6,790	7,093	7,038
Non-Resident Permits	71	68	66
Business and Occupational Licenses	78	110	93
Bicycle Licenses	4,042	5,420	4,384
Dog Licenses	5,739	6,761	5,907
Improvement Districts	2	1	1
G.O. Bond Issues	11	11	11
State Revolving Fund Loans	12	12	14
Treasury Receipts Handled	8,692	9,100	8,978
Petty Cash Vouchers Handled	3,530	3,063	3,230
Subpoena Certification	1,506	2,026	1,078

INVESTMENTS

<u>Interest Earned On Investments</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>
General Fund	\$4,560,970.81	\$4,930,298.03	\$6,345,756.11
Trust Fund	111,851.14	142,484.16	225,732.61
Improvement Districts	253,058.88	266,705.36	296,169.87
Hawaii County Housing Agency	<u>188,834.06</u>	<u>219,284.68</u>	<u>261,098.96</u>
Total	<u>\$5,114,714.89</u>	<u>\$5,558,772.23</u>	<u>\$7,128,757.55</u>
Percent Of Available Cash Invested	99.31%	99.56%	98.74%
Rate Of Return On Amount Invested	5.21%	4.67%	6.46%

PURCHASING DIVISION

Program Measures

	<u>FY 1999-00</u> <u>Estimate</u>	<u>FY 2000-01</u> <u>Estimate/Actual</u>	<u>FY 2001-02</u> <u>Estimate</u>
Purchase Orders Issued	8,309	9,000/8,907	8,000
Confirming Payment Authorizations Issued	19,518	15,000/18,745	18,000
Requisitions Received	7,994	7,500/8,768	8,000
Contracts Completed	66	75/76	75
Advertised Formal Bids	47	50/50	50
Informal Written Requests for Quotation	187	200/187	200
Advertised Requests for Proposals	7	15/7	10
Contract, C/O & S/A Review for Compliance	769	850/688	800
Sole Source Approvals (exceeding \$25,000)	5	5/5	5

BOARDS/COMMISSIONS

Pension Board

The Pension Board, established by the Hawaii County Charter, is comprised of five members appointed to staggered five-year terms. The Board assumes the duties and functions of the Pension Board of the County and the board of trustees of the policemen, firemen and bandsmen, as provided by law. The County Clerk and the Director of Finance serve ex-officio as the secretary and treasurer, respectively.

Members of the Board

Alberta H. Lindsay, Chairperson
Mary R. Kim, Vice Chairperson
Beatrice L. Lau
Agnes P. Perreira
Susan Sulprizio

Term Expiration

December 31, 2002
December 31, 2001
December 31, 2003
December 31, 2004
December 31, 2005

REAL PROPERTY TAX DIVISION

Personnel

REAL PROPERTY TAX:

(48)

County Real Property Tax Administrator
Real Property Valuation Analyst III
Real Property Appraiser VI (1)
Real Property Appraiser V
Real Property Appraiser IV (12)
Accountant II
Tax Collections Assistant (3)
Supervising Real Property Tax Clerk II
Supervising Real Property Tax Clerk I
Real Property Tax Clerk (15)
Senior Account Clerk
Cashier II
Cashier I
Abstractor I (3)
Abstracting Assistant II (3)
Abstractor II
Assistant County Real Property Tax Administrator

HIGHLIGHTS/ACTIVITIES

- The members of the Tax Board of Review are extremely grateful the board is now fully staffed with the appointment of David Powell to the board. The members of the board are also pleased with the initiatives that were started three years ago to improve interaction with staff members from the Real Property Tax Division. Improvements in the appeal hearing process for the taxpayer/appellant involved were also initiated. The board members are appreciative of the legal assistance provided by staff attorneys from the Office of the Corporation Counsel. The members are extremely pleased with the full-time secretarial support provided to the board and they hope that this type of clerical support will continue in the future. The board enjoyed another productive year by scheduling and disposing of all tax appeal cases filed with the board.

- The division aggressively pursued delinquent taxpayers, which resulted in reductions to the amount of outstanding taxes. The results of non-judicial foreclosure sale are reported at the conclusion of the statistical data for the division.

- The division strives to maintain an efficient, educated, and well-informed staff capable of producing an accurate and uniform level of assessments for all property located in the County of Hawaii. The ratio study, a tool designed to measure assessment accuracy and assessment uniformity and which was conducted by the Department, indicates outstanding results. The overall sales ratio for vacant land was 96 percent; for improved properties the

ratio was 86 percent; and the coefficient of dispersion for both categories was 16.26 percent and 16.08 percent, respectively. This statistical data indicates a high level of accuracy in the assessments by the Division.

ASSESSOR'S NET TAXABLE VALUE

<u>2001</u>	<u>2000</u>	<u>Percent Decrease</u>
\$11,122,377,427	\$10,139,425,947	1.0969%

REAL PROPERTY MASTER FILE DATA

Land Parcels (January 1, 2001)	132,423
Building Records	63,523
Exemption Records	42,260
Gross Land Value	\$6,750,138,877
Total Land Exemption	\$ 660,405,293
Gross Building Value	\$6,804,710,975
Total Building Exemption	\$1,772,067,132
Number of Condominium Units	10,946

PETITION FOR DEDICATION PROCESSED FOR 2000-01 TAX YEAR

Dedication	Received	Approved	Disapproved	Withdrawn
Native Forest	0	0	0	0
Agr-20 yr.	69	45	13	11
Agr-10 yr.	0	0	0	0
Agr-Urban	0	0	0	0
Residential	0	0	0	0
Urban-Open Space	0	0	0	0
Historic-Residential	0	0	0	0
Change of Use	0	0	0	0
Non-Spec Residential	<u>25</u>	<u>23</u>	<u>1</u>	<u>1</u>
Totals	94	68	14	12

REAL PROPERTY TAX COLLECTIONS

Current Year (2000-2001)

<u>Original Debit</u>	Net Taxes Collected (Incl. Adjmts)	Penalties and Interest Collected	<u>Balance Due</u>
\$83,634,028.08	\$80,861,108.55	\$465,637.05	\$2,307,282.48

Prior Year (Delinquent)

<u>Original Debit</u>	<u>Net Taxes (Incl. Adjmts.)</u>	<u>Penalties and Interest Collected</u>	<u>Balance Due</u>
\$10,193,052.03	\$2,739,674.28	\$832,908.03	\$6,620,469.72

Two (2) non-judicial tax foreclosure sales were held during Fiscal Year 2000-2001. There were twenty-five (25) properties sold on November 28, 2000; and the total amount of delinquent taxes, penalties, and interest collected was \$42,695.17. Thirty-eight (38) properties were sold on June 20, 2001; and the total amount of delinquent taxes, penalties, and interest collected was \$30,463.35.

Real Property Tax Board of Review

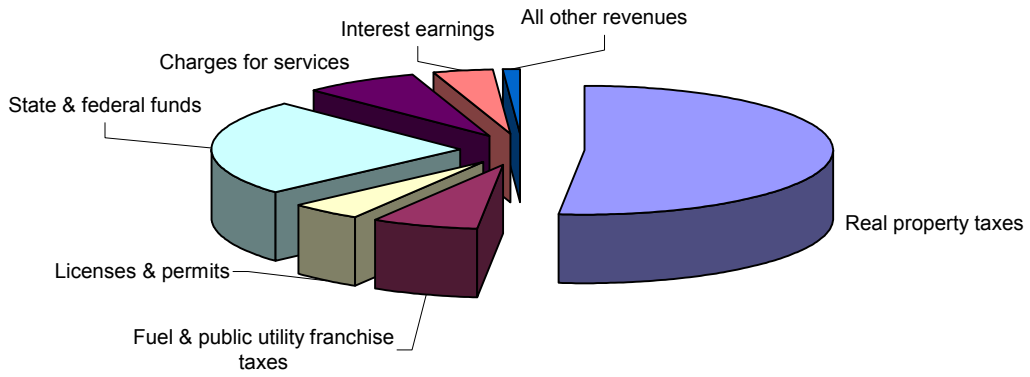
The Real Property Tax Board of Review consists of five members. Its duties are to hear all disputes between the Director of Finance and any taxpayer in which appeals have been filed on a timely basis. The Board has the necessary powers and authority to decide all questions of fact and all questions of law, except those relating to the Constitution or laws of the United States, to determine the objections raised by the taxpayer except that the Board cannot determine or declare an assessment illegal or void. The Board is also empowered to allow or disallow exemptions pursuant to law whether or not previously allowed or disallowed by the Director and to increase or lower any assessment.

<u>Members of the Board</u>	<u>Term Expiration</u>
Brian I. Nakashima	December 31, 2001
William F. Green, Chairperson	December 31, 2002
Fred T. Yamashiro, Vice-Chairperson	December 31, 2003
Gordon N. Ogasawara	December 31, 2004
David R. Powell	December 31, 2005

Appeal counts by zone are listed below:

<u>Zone</u>	<u>Area</u>	<u>Number</u>
1	Puna	58
2	South Hilo	62
3	North Hilo	6
4	Hamakua	13
5	North Kohala	4
6	South Kohala	110
7	North Kona	65
8	South Kona	21
9	Ka'u	7
PUC	Across the island	<u>36</u>
	Total	482

Where it came from . . .



Where it went . . .

