

## **DEPARTMENT OF FINANCE**

### **ROLE AND DUTIES**

The Department of Finance, under the Director of Finance, is a major staff agency under the Mayor. Its significant functions are financial planning and administration, and its primary responsibilities are in five areas of control – accounts, budget, assessment, purchasing and treasury.

In order to carry out its assigned functions and responsibilities, the department is organized into five divisions; namely, accounts, budget, real property tax, purchasing and treasury. Each division is assigned the following responsibilities:

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 (4) 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 and 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.

## **STAFF**

### **Accounts**

Deanna Sako became Controller in March 2001, after one year as accountant for the Department of Parks and Recreation. She graduated with a bachelor's degree from Wartburg College with majors in Computer Science and Accounting. She received her Master of Accounting Science degree from the University of Illinois. Her experience before entering County government included 12 years of auditing for Deloitte & Touche LLP in Honolulu, Maui and Hilo. Deanna participated in the County of Hawaii and other county government audits for many of those years.

### **Budget**

Gary Takamura, a native of Maui, is the Budget Administrator, head of the Budget Division. He received his Bachelor of Business Administration degree in Finance and Accounting from the University of Hawaii, Manoa Campus. Prior to his present position, he served as the Controller for the County of Hawaii. His experience before entering county government includes management and accounting positions with the Hilo Coast Processing Company, Honiron and C. Brewer and Co., Ltd. in Honolulu.

### **Purchasing**

Bill Gray, a native of California, has served as the Purchasing Agent, head of the Purchasing Division, since 1982. He received his Bachelor of Science degree in Business Management at California State Polytechnic University. Prior to joining the county government, he held positions with IBM, United States Steel, and the Kona Village Resort.

### **Real Property Tax**

Gary Kiyota, a native of Oahu, has served as the Real Property Tax Administrator, head of the Real Property Tax Division, since 1981. He graduated from the

University of Hawaii, Manoa Campus. He has also completed several appraisal courses at the University of San Francisco. Prior to his joining the Real Property Tax Office, he was a member of the Hawaii County Police Department.

### **Treasury**

Michael Okumoto became County Treasurer in April 2001. He received his MBA from the University of Wyoming. Prior to joining the County, Michael worked at Bank of Hawaii for over 20 years. He served as Branch Manager for the Hilo downtown office and, most recently, as the Business Relationship Officer at Kaiko'o Branch.

### **Personnel**

The Department is authorized 87 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

REAL PROPERTY TAX: (48)

County Real Property Tax Administrator  
Real Property Valuation Analyst III  
Real Property Appraiser VI (2)  
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  
Abstracting Assistant II (3)  
Abstractor I (3)  
Abstractor II

### **BUDGET**

During the 2001-2002 Fiscal Year, the department was initially authorized the following budget allotments:

Administration and Budget	\$ 376,877
Accounts	473,210
Purchasing	676,884
Treasury	825,616
Real Property Tax	<u>2,921,825</u>
TOTAL	\$ 5,274,412

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 \$45,003,147 for Fiscal Year 2001-2002.

### **HIGHLIGHTS/ACTIVITIES**

During 2001-2002, the department participated in, implemented and/or accomplished the following:

#### **Department of Finance**

- The Director of Finance initiated a comprehensive review and overhaul of the real property tax system. A discussion group with members from various departments began with a broad examination of the revenues generated by real property taxes and the services provided to citizens. The first recommendation of the committee was to increase the minimum tax. In January the County Council passed a bill increasing the minimum tax for many taxpayers. The group has subsequently focused its attention on the real property tax agricultural programs. Recommendations for changes will be submitted to Council early in FY 2002-03. Additional reviews will follow.
- The department is spearheading the project for acquiring new enterprise software for the County. The new system will include all financial systems, purchasing, human resources and possibly some other specialized functions. It will allow for transition from the County's current Wang system, and will provide for future integration with new technologies. The selection committee began meeting in October 2001 and is currently in the process of completing a needs assessment and developing a request for proposals to be issued in the fall of 2002.
- The department formed a Land Management Committee with members from various departments including Planning, Public Works, Parks & Recreation and Corporation Counsel, for the purpose of making decisions regarding County properties. The initial focus of the group has been the Hamakua lands deeded to the County by Hamakua Sugar Company in settlement of real property taxes. The department obtained Council authorization to dispose of the properties by sale, trade or lease. The committee has made site visits, initiated title searches and reviewed many of the complex issues surrounding disposition of the properties. Properties that can be sold "as-is" are currently being appraised. The department also initiated sales of the County's property in the Hilo Lagoon building.

## **Accounts**

- The County again received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its fiscal year 2001 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. Necessary work on fixed assets and infrastructure continued so that implementation will be completed for the June 30, 2002 financial statements.
- The Accounts Division staff were actively involved in developing the needs for the new financial software. Specific needs assessments for Payroll, General Ledger, Accounts Payable, Fixed Assets, Inventory and Financial Reporting were initiated during the year.
- Conversion of analog cellular telephones to digital was completed in January 2002. Over 100 phones were converted countywide.

## **Budget**

- Faced with a revenue shortfall, the Budget Division worked with all departments and agencies in balancing the budget by reducing budgeted expenditures and exploring ways of increasing revenues. In January 2002, the Administration submitted budget adjustments to address the lower revenue estimates.
- For the County Council's budget and program reviews, the Budget Division included a booklet containing the reports entitled, Six Months Progress Report on Program Objectives for FY 2001-02 and Final Status Report on Program Objectives for FY 2000-01. These reports provided Council members with information on the program accomplishments of the departments and agencies.
- The Budget Division continues its efforts to streamline the budget process by enabling departments and agencies to prepare and transmit a number of budget forms, worksheets and documents electronically.

## **Purchasing**

- Purchasing staff attended a half-day training session by Derek MacFarland of RFP-DEPOT concerning the possible use of a nationwide Internet quote/bid listing system. No determination has been made as to whether or not this particular system will be utilized.

- A training session was held for all departments and agencies in June. Topics included update of procurement legislation and status of the procurement card project; purchasing manual updates; revised contract and change order/supplemental agreement routing slips; standardized procedures; and handling of Treasury receipts.

### **Real Property Tax**

- 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 94 percent; for improved properties the ratio was 83 percent; and the coefficient of dispersion for both categories was 17.57 percent and 16.66 percent, respectively. This statistical data indicates a high level of accuracy in the assessments by the Division.

### **Treasury**

- Three bond issues were closed during FY 2002. \$23 million general obligation bonds were issued to primarily finance a police radio system and Water Supply projects. A \$1.8 million issue made to the U.S. Department of Agriculture provided financing for the construction of a police detention facility. Lastly, a refunding (refinancing) of Improvement District #17, Kaloko Subdivision bonds, was made to take advantage of the lower interest rates.
- Our cash management system was improved by converting our primary checking account into an interest-bearing account. Liquidity became easier to manage without sacrificing yield. Also, bond monies were placed in money market mutual funds investing in short term treasury securities to simplify arbitrage calculations.
- The division moved to a new Hilo office in the Aupuni Center, which is across the street from its former location.
- Information and forms on vehicle registration were placed on the County's website to provide greater access and assistance to the public.

**Treasury Division**

<u>STATISTICS</u>	<u>FY1999-00</u>	<u>FY2000-01</u>	<u>FY2001-02</u>
Vehicle (Registrations processed)	128,096	131,310	134,688
Motor Vehicle Transfers	37,490	36,611	38,541
Duplicate Certificates	7,093	7,038	7,458
Non-Resident Permits	68	66	57
Business and Occupational Licenses	110	93	42
Bicycle Licenses	5,420	4,384	4,340
Dog Licenses	6,761	5,907	5,534
Improvement Districts	1	1	1
G.O. Bond Issues	11	11	13
State Revolving Fund Loans	12	14	14
Treasury Receipts Handled	9,100	8,978	9,439
Petty Cash Vouchers Handled	3,063	3,230	3,345
Subpoena Certification	2,026	1,078	1,673

**INVESTMENTS**

**INTEREST EARNED ON  
INVESTMENTS**

	<u>1999-00</u>	<u>2000-2001</u>	<u>2001-2002</u>
General Fund	\$4,930,298.03	\$6,345,756.11	\$3,390,704.05
Trust Fund	\$142,484.16	\$225,732.61	\$101,604.92
Improvement Districts	\$266,705.36	\$296,169.87	\$109,227.55
Hawaii County Housing Agency	\$219,284.68	\$261,098.96	\$193,983.66
<b>TOTAL</b>	<u>\$5,558,772.23</u>	<u>\$7,128,757.55</u>	<u>\$3,795,520.18</u>

Percent of Available Cash Invested	99.56%	98.74%	99.77%
Rate of Return on Amount Invested	4.67%	6.46%	3.42%

### Real Property Tax Division

#### ASSESSOR'S NET TAXABLE VALUE

<u>2001</u>	<u>2002</u>	<u>Percent Increase</u>
\$11,122,377,427	\$11,755,907,575	5.695%

#### REAL PROPERTY MASTER FILE DATA

Land Parcels (January 1, 2001)	133,321
Building Records	64,317
Exemption Records	42,894
Gross Land Value	\$7,008,519,398
Total Land Exemption	\$ 658,581,618
Gross Building Value	\$7,258,002,705
Total Building Exemption	\$1,852,032,910
Number of Condominium Units	11,335

#### PETITION FOR DEDICATION PROCESSED FOR 2001-02 TAX YEAR

Dedication	Received	Approved	Disapproved	Withdrawn
Agr- Rural	5	5	0	0
Agr- Conservation	9	9	0	0
Native Forest	0	0	0	0
Agr-20 yr.	137	137	0	0
Agr-10 yr.	25	25	0	0
Agr-Urban	17	17	0	0
Residential	25	25	0	0
Urban-Open Space	7	7	0	0
Historic-Residential	2	2	0	0
Change of Use	0	0	0	0
Non-Spec Residential	<u>14</u>	<u>12</u>	<u>1</u>	<u>1</u>
Totals	241	239	1	1

REAL PROPERTY TAX COLLECTIONS

Current Year (2001-2002)

<u>Original Debit</u>	<u>Net Taxes Collected (Incl. Adjmts)</u>	<u>Penalties and Interest Collected</u>	<u>Balance Due</u>
\$91,691,606.47	\$88,900,392.85	\$406,325.59	\$2,384,888.03

Prior Year (Delinquent)

<u>Original Debit</u>	<u>Net Taxes Collected (Incl. Adjmts)</u>	<u>Penalties and Interest Collected</u>	<u>Balance Due</u>
\$10,392,425.80	\$3,354,120.66	\$1,039,696.65	\$5,998,608.49

Two (2) non-judicial tax foreclosure sales were held during Fiscal Year 2001-2002. There were 66 properties sold on December 4, 2001; and the total amount of delinquent taxes, penalties, and interest collected was \$57,553.34. Twenty-seven properties were sold on May 21, 2002; and the total amount of delinquent taxes, penalties, and interest collected was \$179,162.66.

**Purchasing Division**

PROGRAM MEASURES

	<u>FY 2000-01 Estimate/Actual</u>	<u>FY 2001-02 Estimate</u>	<u>FY 2001-02 Estimate/Actual</u>
Purchase Orders Issued	9,000/8,907	8,000	8,000/8,974
Confirming Payment Authorizations Issued	15,000/18,745	18,000	18,000/18,232
Requisitions Received	7,500/8,768	8,000	8,000/8,177
Contracts Completed	75/76	75	75/80
Advertised Formal Bids	50/50	50	50/47
Informal Written Requests for Quotation	200/187	200	200/150
Advertised Requests for Proposals	15/7	10	10/6
Contract, C/O & S/A Review for Compliance	850/688	800	800/801
Sole Source Approvals (exceeding \$25,000)	5/5	5	5/6

## 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.

<u>Members of the Board</u>	<u>Term Expiration</u>
Alberta H. Lindsay, Chairperson	December 31, 2002
Beatrice L. Lau	December 31, 2003
Marlin Spike Werner	December 31, 2004
Susan Sulprizio	December 31, 2005
(vacant)	December 31, 2006

### 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.
- The members of the Tax Board of Review would like to extend grateful appreciation to Brian Nakashima who made significant contributions in the appeal process and served faithfully in his capacity as a board member for the last five years. The members of the board are also pleased with the initiatives that were started four 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.
- Members of the Tax Board of Review also appreciate Chairman Bill Green's dedicated service as he finishes his five-year term on December 31, 2002, and

welcomed James Low, who was appointed to fill the vacancy left by Brian Nakashima's expiration of term at the end of 2001. The Board also appreciates Mayor Kim's administration's fast action in making appointments, thus ensuring the continuous flow of operation. The approval of a separate budget for the Board was one of the year's highlights for this hardworking group. Continuing efforts to improve the appeal-hearing process has resulted in the Board's being able to meet its responsibilities to the County's taxpayers in a timely manner.

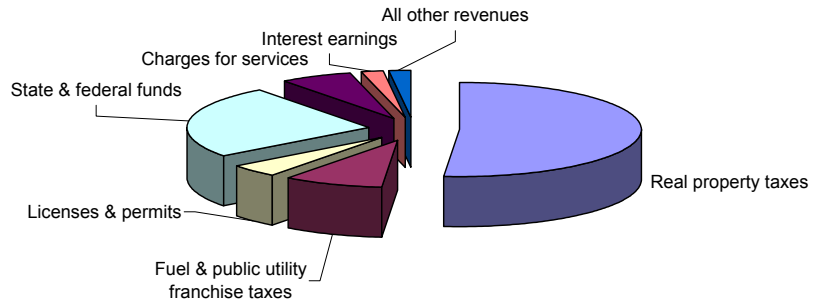
<u>Members of the Board</u>	<u>Term Expiration</u>
William F. Green, Chairperson	December 31, 2002
Fred T. Yamashiro, Vice-Chairperson	December 31, 2003
Gordon N. Ogasawara	December 31, 2004
David Powell	December 31, 2005
James Low	December 31, 2006

Appeal counts by zone are listed below:

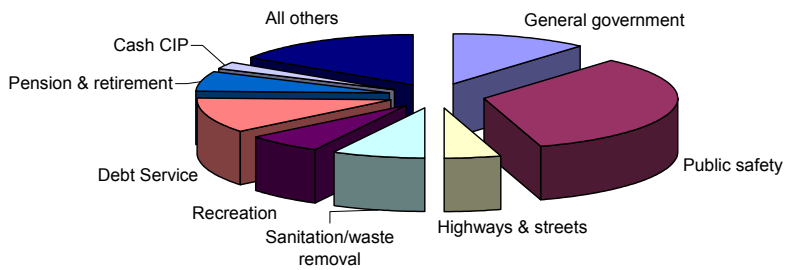
Zone	Area	Number
1	Puna	45
2	South Hilo	59
3	North Hilo	4
4	Hamakua	2
5	North Kohala	4
6	South Kohala	94
7	North Kona	79
8	South Kona	15
9	Ka'u	<u>7</u>
	Total	309

# County of Hawaii Financial Summary

## Fiscal Year 2001-2002



## Where it came from...



## Where it went...