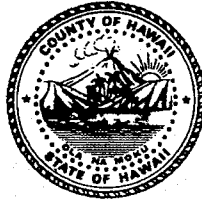


William P. Kenoi
Mayor



Nancy E. Crawford
Director

Deanna S. Sako
Deputy Director

County of Hawaii

Finance Department

25 Aupuni Street, Room 118 • Hilo, Hawaii 96720
(808) 961-8234 • Fax (808) 961-8248

November 5, 2009

Edmund Haitzuka, Chairman
Hawai'i County Charter Commission
County Council Chambers
Ben Franklin Building, 2nd Floor
333 Kilauea Avenue
Hilo, HI 96720

RE: Charter Amendment Proposal No. CA-34
Budgetary Independence of the Legislative Auditor

This letter is submitted in opposition to the proposed Charter amendment to allocate one-quarter of one percent (.25%) of the combined total of the operating and special fund budgets for the purpose of funding the office of the Legislative Auditor.

The Finance Department is opposed to any pre-set allocation of general fund revenues for a particular purpose. Such earmarks make the benefiting programs the highest priorities of the County, as they are funded before any money is made available for general operations of the County. No programs should be exempt from the budgetary process.

The current budget of the Legislative Auditor is \$776,880. If the office were to receive .25% of the combined total of the general fund and special fund budgets this year, they would have a budget of \$967,616. They would receive a significant increase in spite of the fact that the general fund budget was reduced by more than 4% this year and most departments have been forced to cut up to 10% of their non-salary budgets.

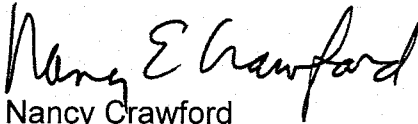
The office of the Legislative Auditor has been functioning well under the current budget system and appears to be very independent of both the executive and the legislative branches. No Legislative Auditors in Hawai'i, including the State Legislative Auditor are exempted from their jurisdiction's budget process. Without budgetary oversight the office that is charged with reviewing fiscal and

operational management throughout the County would, ironically, be exempted from any need to justify their own operating costs.

We understand the need for the Legislative Auditor to operate independently. However, locking in percentage set-asides of funding intended for general operations of the County by setting them in the County Charter sets a very bad precedent. It reduces the County's flexibility in managing the budget, particularly during challenging economic times.

Thank you for this opportunity to present our concerns and suggestions. If you have any further questions, we would welcome your call.

Sincerely,

A handwritten signature in black ink that reads "Nancy E Crawford". The signature is written in a cursive style with a large initial "N".

Nancy Crawford
Director of Finance