RICHARD T. BISSEN, JR. Mayor

MARCY MARTIN
Director

MARIA E. ZIELINSKI
Deputy Director



DEPARTMENT OF FINANCE

COUNTY OF MAUI 200 SOUTH HIGH STREET WAILUKU, MAUI, HAWAI'I 96793 PHONE: (808) 270-7722 www.MauiCounty.gov

June 30, 2025

APPROVED FOR TRANSMITTAL



Honorable Richard T. Bissen, Jr. Mayor, County of Maui 200 South High Street Wailuku, Hawaii 96793

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair and Members of the Budget, Finance, and Economic Development Committee 200 South High Street Wailuku, Hawaii 96793

Dear Chair Sugimura and Members:

SUBJECT: COUNTY BOND ISSUANCE FOR CALENDAR YEAR 2025 (BFED-20(9))

Pursuant to your letter dated June 27, 2025, regarding the above-referenced matter, below are the responses to the following questions:

1. An assessment of whether Bill 9 (2025) has any direct or indirect impact on the bond issuance, including potential effects on the bond rating, interest rate, marketability, investor confidence, disclosure requirements, or overall financial strategy. Has this been evaluated, discussed, or modeled? Please explain.

Response: The Administration has fully disclosed Bill 9 (2025) with the rating agencies and it is also explained in our Preliminary Official Statement (POS) [still in draft form but shared with the credit rating agencies]. We have explained that the potential revenue impact could be \$60 million in real property taxes plus \$15 million in GET and TAT (also outlined in the UHERO report) but we believe this to be manageable. Based upon our conversations with the rating agencies we do not believe it will impact our credit ratings relative to the amount of the financial impact to the County as a whole. We also explained to the rating agencies that there are other revenue offsets such as

Honorable Yuki Lei K. Sugimura, Chair and Members of the BFED Committee June 30, 2025 Page 2

increased real property tax and GET as a result of the rebuilding of Lahaina and new property tax growth.

2. An assessment of whether the FY 2026 Budget for debt service and bond issuance is sufficient to cover the amount proposed for issuance.

Response: There are sufficient funds for debt service and bond issuance in the FY2026 budget. Only interest is paid in FY2026.

3. An itemized list of the total amount proposed for this issuance, including the project titles and corresponding dollar amounts.

Response: Please see attached.

Should you have any questions, please feel free to contact me at extension 7722.

Sincerely

MARIA E. ZIELINSKI

Deputy Director of Finance

MEZ

Preliminary Report

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r .	5217	9519	32073		Labora Maderapia: Paciamentos Fecifig B.S Process Experiento	15,506,808 06 775,808 06	+		14,144,800 34	99,298.62	775,600	
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orius.	5483	5486	3,0006	1 3	Was Plantolid Oyth Bullising Improvements	16,804,793.00				30,806,790.60	10,000,790	
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Preliminary Report

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dille Works			140218			Committee West How Drawton Repair		1	Marine Services	1.000 09	2,301,874.00	
Ann Shorks			340337	-	-	South Have Grantine Report				LM,765.00	229,295 00	
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district.		-	348770	3	4	Aanpa Recebil Reting Repusement - Construction Prinsigment		-	-		200,000.00	
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unagerrent/Public W	9667	1000	360032	. 2		Flood/Wit Qualifys	8,000,000.00					
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date Works			364225	3		Circles and West Place Drawless Report (TV 2034)					2,104,670 00	2,584,070
			1	-						34534655	-	
ride Works	9657	5650	380C15	-	CHORN BY	agent Facilities	7.856,000.00		2 - 10 - 10 - 10 - 10 - 10 - 10 - 10 - 1	-,		
eec Wees	5806	1867	TBD	-		Lee Street Property Acquaitms					4,380,000.00	4,364,666
elitic Works	5657	5858	MOCIA	-	Complemental	à Crèra Diges	2,400,000 08	D. C. S. C. S. C. S. C.				
disc Weeks	and the same	-	184229	3	-	Errorgoncy Maker Stope Report at Australy (NP 16.76)	-				79,477.46	
disc Works		1	366533			Coloring righters: Deposits of & Stone Research at Man to 47 Management 4.					165,790.06	
othic Works			390037			Retained Reported & Steps Reports at Vicio in all Marginia (4.).					395,047.46	
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	4.000	* ****	25,0000				2,800,000 00			1,068,171.81	13,796.00	1,581,967
ong Works utinc Works	5 NO	5741	360279 360C17		Citi hedersi.	Langini Lang Acq	16,439,000.00			American I	- IA-MIN	10001000
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ANC WAYS		-	360276			Lower Humanitum Rood Paverners Retublifusion	-	1	-	-	6,264,863 12	-
ubbic Works	-	-		1			and a			-	563,914.24	
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dec Works		-	390125		-	Pure Po'o Bridge	-	1		16,774.18		7,267,275
der Wets	-		1	-		Tetal CN Federal Act Tragam	1700	-		-		1,201,271
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sespertation	9657	1000	360026	-	CAN DAY DIST	n & Shetters Mau County Bun Single, Prome 6	00,000 00	-	-		No. 100 40	
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ARK WHAT	190	TIED	TRO	7	J Wittern Read	Patricial		-	-	-		1,504,000
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pragement/Sobr Rico	THO	780	790	13	Cortes Ned	Lamphi, Proger Vill Part 1 Contace	800,000 00	-		-		3,500,000
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BFED Committee

From: Estrelita B. Dahilig <Estrelita.B.Dahilig@co.maui.hi.us>

Sent: Monday, June 30, 2025 5:05 PM

To: BFED Committee; Maria E. Zielinski; Marcy L. Martin; Stacey M. Vinoray

Cc:Josiah K. Nishita; Erin A. Wade; Cynthia E. Sasada; Cynthia D. Lallo; Kelii P. NahooikaikaSubject:TRANSMITTALS: Annual Comprehensive Financial Report, Single Audit Reports, and

Department of Water Supply's Financial Audit Reports (BFED-20(11) and COUNTY

BOND ISSUANCE FOR CALENDAR YEAR 2025

Attachments: MT#11108.BFED.Chair.Sugimura.Lei.pdf; MT#11109.BFED.Sugimura.Leipdf.pdf

Aloha,

Please see attached transmittals from Deputy Director of Finance, Maria E. Zielinski regarding the above subject matters.

Thank you and have a great day!

Mahalo, Lita



Lita B. Dahilig

Secretary

County of Maui Office of the Mayor 808-270-7855 estrelita.b.dahilig@co.maui.hi.us RICHARD T. BISSEN, JR. Mayor

MARCY MARTIN
Director

MARIA E. ZIELINSKI
Deputy Director





DEPARTMENT OF FINANCE

COUNTY OF MAUI 200 SOUTH HIGH STREET WAILUKU, MAUI, HAWAI'I 96793

www.mauicounty.gov

June 30, 2025

APPROVED FOR TRANSMITTAL

Honorable Richard T. Bissen, Jr. Mayor, County of Maui 200 South High Street Wailuku, Hawaii 96793

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair Budget, Finance, and Economic Development Committee Maui County Council 200 South High Street Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: ANNUAL COMPREHENSIVE FINANCIAL REPORT, SINGLE AUDIT REPORTS, AND DEPARTMENT OF WATER SUPPLY'S FINANCIAL AUDIT REPORTS (BFED-20(11))

Pursuant to your letter dated June 23, 2025, regarding the Annual Comprehensive Financial Report, Single Audit Reports, and Department of Water Supply's Financial Audit Reports, below are the responses to the following:

- 1. The corrective action plan identifies staffing as a primary cause of the repeat material weaknesses.
 - a. Are staffing limitations the sole cause or have other underlying issues been identified?

Response: Regarding the FY2024 Financial Statement Findings and the County's only, non-repeat material weakness, staffing is currently the main cause. Once hired,

Chair Yuki Lei K. Sugimura Response to BFED-20(11) June 30, 2025 Page 2

> the Countywide Grant Compliance Manager will be able to assist with the review of grant compliance issues and related financial transactions which will increase the accuracy of the Single Audit.

> b. What specific actions have been taken to correct these deficiencies?

Response: Additional time for more thorough reviews of yearend entries will be implemented.

c. What is the plan and timeline to resolve staffing concerns?

Response: The Division has been actively recruiting for any vacant positions and will evaluate staffing needs to ensure areas of concerns are addressed. Additionally, the Division is in the process of hiring interns to assist with the workload for the short-term.

2. Are there other training, procedural, or structural challenges contributing to the recurring deficiencies?

Response: Staffing plays a large part in the recurring deficiencies as we currently do not have the capability to give divisional training and procedures the attention it deserves. Additionally, there has been more emphasis placed on financial reporting with more considerations and governmental standards (Governmental Accounting Standards Board) to implement.

3. Please describe how the corrective action plan is being monitored and what milestones are in place to track progress.

Response: Periodic reviews are conducted, to the extent possible, throughout the year. However, most of the review and analysis is completed during the audit process.

4. Do you anticipate similar findings in the FY2025 audit? Why or why not?

Response: While the division strives to minimize audit findings, the division anticipates findings similar (or repeat) to

Chair Yuki Lei K. Sugimura Response to BFED-20(11) June 30, 2025 Page 3

2024-002 Improve Controls over Financial Reporting. This is a broad finding and can encompass all recorded financial transactions.

5. How were unresolved weaknesses factored into the FY 2026 Budget and operating plan.

Response: The Department budgeted for TAT software that will address the issues identified in 2024-003. A Request for Proposal was sent in April 2025 and a vendor has now been selected. Given that filling vacant positions is our priority, there were no additional budget considerations factored into the FY 2026 budget and operating plan. However, the division plans to evaluate appropriate staffing levels and consider hiring consultants to assist in areas contributing to the weaknesses (i.e. training, policies and procedures, etc.).

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at extension 7722.

Sincerely,

MARIA E. ZIÆLINSKI

Deputy Director of Finance

MEZ:mms