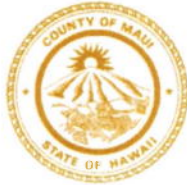


RICHARD T. BISSEN, JR.
Mayor

JOSIAH NISHITA
Managing Director

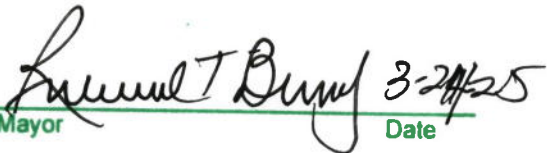


OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

March 24, 2025

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

APPROVED FOR TRANSMITTAL



Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
and Members of the Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

**SUBJECT: BILL 37 (2025), AMENDING THE FISCAL YEAR 2025
BUDGET: ESTIMATED REVENUES; CAPITAL
IMPROVEMENT PROJECTS (DEPARTMENT OF WATER
SUPPLY); APPENDIX A, PART II, GENERAL EXCISE TAX
FUND; AND APPENDIX C (DEPARTMENT OF
MANAGEMENT AND DEPARTMENT OF WATER SUPPLY);
AND BILL 38 (2025), AMENDING CHAPTER 3.100, MAUI
COUNTY CODE, RELATING TO THE GENERAL EXCISE
AND USE TAX SURCHARGE (BFED-34)**

Pursuant to your correspondence dated March 20, 2025, the following are responses to your questions.

1. The actual amount of General Excise Tax revenue collected for FY 2024 and FY 2025, to date

Response:

FY2024 = \$34,498,300

FY2025 = \$42,090,739

2. A list of all Enterprise and Special Purpose Funds within the County, along with a brief description of each Fund's purpose.

Response:

Enterprise Funds

Department of Water Supply - Established to receive revenue for water sources collected by the Department of Water Supply. The Department was created to develop adequate water sources, storage, and transmission for both general consumer and agricultural uses for the County. The revenue is expended for the operation, maintenance, and capital improvement projects of the Department of Water Supply.

Housing, Interim Financing, and Buy-Back Fund – Accounts for the development, acquisition and operations of low-income rental projects operated by the County.

Special Purpose Revenue

Highway Fund – Accounts for operations and maintenance of the County's highways and streets. Funding is provided by the County's fuel tax, public utility franchise tax, motor vehicle weight tax, and bus transit fares.

Grant Fund – Accounts for the administration of various Federal and State of Hawaii grants.

Liquor Control Fund - Receives revenues from all liquor license fees. Fund revenues are expended for the operation and administration of the Liquor Control Commission, Liquor Control Adjudication Board, and the Department of Liquor Control.

Sewer Fund - Accounts for the operations and maintenance of the County's sewer system. Funding is provided by sewer user fees.

Bikeway Fund - Established to collect revenue from bicycle licenses. The revenue is expended for bikeway construction and maintenance.

Solid Waste Fund - Established to receive all refuse collection fees and landfill disposal charges. The fund is used for the operation and maintenance of the County's collections and disposal program.

Environmental Protection and Sustainability Fund - Established to account for the funding efforts by the environmental protection and sustainability division of the department of environment management to optimize opportunities for

environmental and natural resource protection, sustainability, conservation, and restoration.

3. An explanation of how an Enterprise Fund differs from a Special Purpose Fund.

Response: A Special Purpose Revenue Fund is a governmental fund used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The core revenue source of a special purpose revenue fund should represent a substantial portion of the fund's total inflows.

An Enterprise Fund is a proprietary fund type used to report an activity for which a fee is charged to external users for goods or services. The Enterprise Fund operates similar to a business type activity in the private sector. Proprietary Funds are typically self-supporting through fees or charges.

4. Bill 37 includes funding allocations through the General Excise Tax Fund for capital improvement projects in the Department of Water Supply, while Bill 35 uses the General Excise Tax Fund for a capital improvement project for the Department of Environmental Management Solid Waste Program. How would the budgeting and financial reporting obligations differ for these two bills?

Response: Because the Department of Water Supply operates as an Enterprise Fund, all financial components reflecting revenue and capital improvement projects impacted by a budget amendment must be specifically reflected in the budget document. In addition, for financial reporting purposes, all capital assets must be recognized in the fund. This is not a requirement for special revenue funds such as the Solid Waste Fund.

5. How does the budgeting, reporting, auditing, and usage of Enterprise Funds differ from Special Purpose Funds under County financial policies?

Response: Because an Enterprise Fund is self-supporting through fees or charges, the budgeted revenue for the specific fund will cover the budgeted expenditures. From a financial reporting perspective, Enterprise Funds are presented as Proprietary Funds and are deemed to be business-type activities reflected in the Government-wide financial statements. Special Purpose Revenue Funds are Governmental Funds.

Yuki Lei K. Sugimura, Chair
March 24, 2025
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Should you have any questions, please contact me at ext. 8239.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lesley', with a long, sweeping horizontal line extending to the right.

LESLEY MILNER
Budget Director