ALAN M. ARAKAWA
Mayor

MARK R. WALKER
DIRECTOR

MARCI M. SATO
DEPUTY DIRECTOR

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COUNTY OF MAUI   OFFICE OF THE MAYOR
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

April 11, 2018

Honorable Alan Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Riki Hokama
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

(signature) 4/12/18

Mayor   Date

Dear Chair Hokama:

SUBJECT: SUPPLEMENTARY SUMMARY OF TOTAL FUNDED INDEBTEDNESS (BF-5)

This is in response to your letter dated April 2, 2018 requesting an explanation on why the State Revolving Fund Loan for the Lahaina WWPS #2, identified as SRF #C150054-10, has a total loan amount of $2,041,221, but the outstanding loan amount is $3,537,485.

In FY 2017, there were additional draw downs in the amount of $1,359,050.22 and $358,612.34, which increased the outstanding balance as of July 1, 2017. Based on the signed loan agreement with the Department of Health, the total loan amount for this construction project is $4,478,103. The amount of $2,041,221 reported on Schedule 3 was based on page no. 68 of the Comprehensive Annual Financial Report (CAFR) ending June 30, 2016 with Treasury's understanding that the Original Issue amount was the same as the Total Amount of Loan as reported in the Supplementary Summary of Total Funded Indebtedness as of July 1, 2017. However, the column title "Original Issue" in the CAFR is based on the total loaned amount as of the period and not necessarily the total eligible cost of the project, thus the incorrect loan amount. Upon further discussion with the Accounts Division, it has been decided that Accounts will provide Treasury with the Total Amount of Loan totals for this schedule from the actual loan agreements to ensure proper reporting in the future.

Should you have any questions, please feel free to contact me at extension no. 7844 or May-Anne Alibin, Treasurer at extension no. 7464.

Sincerely,

MARK R. WALKER
Director of Finance