

**COUNCIL OF THE COUNTY OF MAUI**  
**ECONOMIC DEVELOPMENT AND**  
**BUDGET COMMITTEE**

April 17, 2020

**Committee**  
**Report No. \_\_\_\_\_**

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Economic Development and Budget Committee, having met on March 31, 2020, makes reference to the following:

1. County Communication 20-43, from the County Auditor, transmitting a report, entitled "DEPARTMENT OF WATER SUPPLY COUNTY OF MAUI (A Proprietary Fund of the County of Maui): FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH INDEPENDENT AUDITOR'S REPORT Fiscal Years ended June 30, 2019 and 2018," submitted by N&K CPAs, Inc., the County's contractor; and
2. County Communication 20-44, from the County Auditor, transmitting a report, entitled "COUNTY OF MAUI, STATE OF HAWAII COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019," submitted by N&K CPAs, Inc., the County's contractor.

Your Committee notes Section 9-13, Revised Charter of the County of Maui (1983), as amended, requires the County Auditor to conduct, or cause to be conducted, an annual independent audit of the County's accounts and other evidences of financial transactions of the County and its operations. The County Auditor designated N&K CPAs, Inc., as the County's contractor for the Department of Water Supply Audit Report for Fiscal Years ("FY") ending June 30, 2019 and 2018, respectively, and the Comprehensive Annual Financial Report ("CAFR") for FY 2019.

Your Committee notes the contractor had an unmodified, or clean, opinion of the County's financial statements, meaning the financial

**COUNCIL OF THE COUNTY OF MAUI**  
**ECONOMIC DEVELOPMENT AND**  
**BUDGET COMMITTEE**

Page 2

**Committee**  
**Report No. \_\_\_\_\_**

statements present fairly, in all material aspects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the County as of June 30, 2019.

Your Committee notes the CAFR states the County's net position increased by \$76.5 million, from \$352.9 million at the close of FY 2018 to \$429.4 million at the close of FY 2019. The unassigned fund balance of the General Fund was \$118.4 million, or 39.3 percent of total General Fund expenditures. The County's total amount of General Obligation ("GO") bonds, State Revolving Fund ("SRF") loans, and other long-term debt outstanding increased by \$99.4 million. The increase is reflective of the \$74.7 million increase in GO bonds and the increase of \$24.7 million in SRF loans, net of principal payments. Governmental activities reflected an increase in net position of \$56.5 million. Business-type activities increased in net position by \$20 million.

Your Committee further notes the Department of Water Supply Audit Report states the Department's net position increased by \$22.8 million, from \$463.2 million at the close of FY 2018 to \$486.0 million at the close of FY 2019.

The County Auditor said while N&K CPAs, Inc., was contracted for the audits, both reports were produced by the Department of Finance.

Your Committee noted the results of the Department of Water Supply Audit Report were included in the CAFR. A Department of Water Supply representative said their Department's audit produced no significant findings.

A representative from N&K CPAs, Inc., said the CAFR focused on two programs:

**COUNCIL OF THE COUNTY OF MAUI**  
**ECONOMIC DEVELOPMENT AND**  
**BUDGET COMMITTEE**

Page 3

**Committee**  
**Report No. \_\_\_\_\_**

- the Section 8 Housing Choice Voucher Program, Department of Housing and Urban Development, and
- the Crime Victim Assistance Program, Department of Justice.

He provided a summary of audit results and reported on five financial statement findings, numbered 2019-001 through 2019-005. He stated that finding 2019-001 was a repeat deficiency from the prior fiscal year. He further stated that all deficiencies were corrected through corrective action plans noted in the CAFR.

Your Committee notes the solid fiscal foundation reflected in the reports will help the County cope with the economic challenges brought by the COVID-19 pandemic.

Your Committee voted 9-0 to recommend filing of the communications. Committee Chair Rawlins-Fernandez, Vice-Chair King, and members Hokama, Kama, Lee, Molina, Paltin, Sinenci, and Sugimura voted “aye.”

Your Economic Development and Budget Committee **RECOMMENDS** the following:

1. That County Communication 20-43 be FILED; and
2. That County Communication 20-44 be FILED.

COUNCIL OF THE COUNTY OF MAUI  
**ECONOMIC DEVELOPMENT AND  
BUDGET COMMITTEE**

Page 4

**Committee  
Report No.** \_\_\_\_\_

This report is submitted in accordance with Rule 8 of the Rules of the Council.



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KEANI N.W. RAWLINS-FERNANDEZ, Chair

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