

# County of Maui State of Hawaii

**Economic Development and Budget  
Committee Presentation  
FYE June 30, 2018**



**N&K CPAs, Inc.**  
ACCOUNTANTS|CONSULTANTS

RECEIVED AT EDB MEETING ON 4-2-19  
*Submitted by N&K CPAs, Inc.*  
*EDB-3C)*

# Agenda

- Engagement Team Members
- Summary of Auditor's Results
- Financial Statement Findings
- Question and Comments

# Engagement Team Members

- Dwayne Takeno – Audit Principal
- JoAnn Nakamura – Audit Senior Manager

# Summary of Auditor's Results

<b><u>Financial Statements</u></b>	
<b>Type of auditor's report issued</b>	Unmodified
<b>Internal control over financial reporting</b>	
Material weakness(es)	Yes
Significant Deficiency(ies)	Yes

# Summary of Auditor's Results

<b><u>Federal Awards</u></b>	
<b>Internal control over major federal programs:</b>	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified?	None reported
<b>Type of auditor's report issued on compliance for major federal programs:</b>	Unmodified
<b>Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?</b>	No



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# Summary of Auditor's Results

## Federal Awards

Major Federal Programs

Highway Planning  
and Construction

Capitalization Grants  
for Clean Water  
State Revolving  
Funds

Homeland Security  
Grant Program

Dollar threshold used to distinguish between  
Type A and Type B programs

\$1,346,222

Auditee qualified as low-risk auditee?

Yes

## Financial Statement Findings

Finding No.	Internal Control Findings	Status
2018-001	Internal Controls Over Automated Payroll Processing System	Repeat
2018-002	Internal Controls Over Miscellaneous Cash Receipts	Repeat
2018-003	CC&B Logical Access & Access Security	Repeat
2018-004	Reconcile Accounts and Post-Closing Adjustments	New

# Required Communications

Matter to be Communicated	N&K Comments
<b>Auditor's responsibility under Generally Accepted Auditing Standards in the United States of America, Government Auditing Standards and the Uniform Guidance.</b>	Our responsibilities were communicated in a letter dated May 31, 2018.
<b>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditor's judgement about the quality of accounting principles.</b>	The County's significant accounting policies are disclosed in Note 1 to the consolidated financial statements. The County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, <i>Accounting and Financial Reporting for Postemployment Benefits Other than Pensions</i> , relating to the accounting and financial reporting for postemployment benefits. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

# Required Communications

Matter to be Communicated	
<b>Management judgments and accounting estimates.</b>	<p>Management's estimate of:</p> <ul style="list-style-type: none"><li>• Allowance for doubtful accounts</li><li>• Useful lives of the County's capital assets used to compute depreciation expense</li><li>• Liability for postretirement benefits other than pensions (OPEB)</li><li>• Liability for the County's net pension liability</li><li>• Loss reserves for claims and judgments</li><li>• Landfill closure, post-closure care cost liability, and pollution remediation obligation.</li></ul> <p>We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.</p>
<b>Difficulties encountered in performing the audit.</b>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>

# Required Communications

Matter to be Communicated	N&K Comments
<b>Corrected and uncorrected misstatements.</b>	Finding 2018-004 and Summary of Uncorrected Misstatements.
<b>Disagreements with management.</b>	None.
<b>Management representations.</b>	We requested certain representations from management that are included in the management representation letter dated December 21, 2018 and January 25, 2019.
<b>Consultation with other independent accountants.</b>	None that we are aware of.

# Questions?



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