

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-901

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

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

Summary of Auditor's Results

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



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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
Auditor's responsibility under Generally Accepted Auditing Standards in the United States of America, Government Auditing Standards and the Uniform Guidance.	Our responsibilities were communicated in a letter dated May 31, 2018.
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.	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	
Management judgments and accounting estimates.	<p>Management's estimate of:</p> <ul style="list-style-type: none">• Allowance for doubtful accounts• Useful lives of the County's capital assets used to compute depreciation expense• Liability for postretirement benefits other than pensions (OPEB)• Liability for the County's net pension liability• Loss reserves for claims and judgments• Landfill closure, post-closure care cost liability, and pollution remediation obligation. <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>
Difficulties encountered in performing the audit.	<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
Corrected and uncorrected misstatements.	Finding 2018-004 and Summary of Uncorrected Misstatements.
Disagreements with management.	None.
Management representations.	We requested certain representations from management that are included in the management representation letter dated December 21, 2018 and January 25, 2019.
Consultation with other independent accountants.	None that we are aware of.

Questions?

