

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

April 15, 2016

**Committee
Report No. _____**

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

Chair and Members:

Your Budget and Finance Committee, having met on March 28, 2016, makes reference to County Communication 16-21, 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 Year Ended June 30, 2015," submitted by the County's independent auditor, N&K CPAs, Inc.

The purpose of the report is to provide information on an audit of the Department of Water Supply's financial statements.

Your Committee notes Section 9-13, Revised Charter of the County of Maui (1983), as amended, requires "an independent financial audit of the funds, accounts, and other evidences of financial transactions of the county and of all operations for which the county is responsible for the audited fiscal year."

Your Committee further notes the firm of N&K CPAs, Inc. was designated as the County's independent auditor for the Fiscal Year ended June 30, 2015.

According to the report, the Department's financial statements fairly represent its financial position.

The independent auditor said the major change in the financial statements this year was due to the Department's adoption of revised Governmental Accounting Standards Board standards for pension reporting. Statement 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27," and Statement

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

Page 2

**Committee
Report No.** _____

71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68," set requirements for the accounting and reporting of state and local government pensions.

The independent auditor noted that applying these standards to the Department's financial statements resulted in an adjustment of the previously stated Net Position at June 30, 2014 from \$335,102,390 to \$310,755,737. The Net Position for the year ending June 30, 2015 was \$310,863,949.

Your Committee was satisfied with the visibility of the Department's pension liabilities in the financial statements.

Your Committee voted 7-0 to recommend filing of the communication. Committee Chair Hokama, Vice-Chair White, and members Baisa, Carroll, Cochran, Couch, and Crivello voted "aye." Committee members Guzman and Victorino were excused.

Your Budget and Finance Committee RECOMMENDS that County Communication 16-21 be FILED.

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



RIKI HOKAMA, Chair