

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

September 2, 2005

**Committee**  
**Report No.**

05-119

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 August 16, 2005, makes reference to County Communication No. 04-293, from the former Council Chair, transmitting a report entitled "DEPARTMENT OF WATER SUPPLY, COUNTY OF MAUI (Proprietary Fund, County of Maui): Financial Statements for the years ended June 30, 2004 and 2003, Supplemental Schedules: For the year ended June 30, 2004 and Independent Auditors' Reports" (Report), which was submitted by Russell Yamane & Associates CPAs, Inc., the County's independent auditor.

At its meeting of November 30, 2004, the Budget and Finance Committee recommended that County Communication No. 04-293 be referred to the Council Chair for the term beginning January 2, 2005, for a recommendation as to referral or other disposition.

At its meeting of January 21, 2005, the Council referred County Communication No. 04-293 to the Budget and Finance Committee (County Communication No. 05-11).

Your Committee notes that the Council's role in the audit review process is to exercise oversight regarding the efficiency and effectiveness of County operations. The auditors must report their findings to the Council on County operations in accordance with generally accepted auditing standards and principles.

At its meeting, your Committee met with the Director of Water Supply; the Director of Finance; the First Deputy Corporation Counsel; and Russell Yamane and Randall Taniguchi from Russell Yamane & Associates CPAs, Inc.

There was no public testimony.

Mr. Yamane provided an overview of the Report. He stated that the audit was conducted in accordance with auditing standards generally accepted in the United States. He further stated that the financial statements present fairly, in all material respects, the financial position of the Department as of June 30, 2003 and 2004, and changes in

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financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Your Committee questioned whether the net decrease in cash of approximately \$3,500,000 would substantially affect the Department's operations.

Mr. Yamane stated that he could not make that determination without analyzing the Department's future cash needs against current cash balances and investments.

Your Committee voted to recommend filing of the communication.

Your Budget and Finance Committee **RECOMMENDS** that County Communication No. 04-293 be **FILED**.

Adoption of this report is respectfully requested.

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**DANNY A. MATEO** **Member**

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**G. RIKI HOKAMA** **Vice-Chair**

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