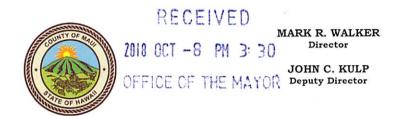
ALAN M. ARAKAWA Mayor



COUNTY OF MAUI **DEPARTMENT OF FINANCE**

200 S. HIGH STREET WAILUKU, MAUI, HAWAII 96793

October 8, 2018

2018 OCT 11 M 8: 53

OR TRANSMITTAL

Honorable, Alan M. Arakawa Mayor, County of Maui 200 South High Street Wailuku, HI 96793

For Transmittal to:

Honorable Mike White, Chairman Maui County Council Maui County 200 South High Street Wailuku, HI 96793

Dear Chair White:

SUBJECT: MOU - STATE AUDITOR

Transmitted herewith please find a proposed bill entitled, "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE OFFICE OF THE AUDITOR, STATE OF HAWAII, TO CONDUCT AN AUDIT TO MEET THE REPORTING REQUIREMENTS UNDER GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NUMBER 75".

This is a request by the State Auditor to hire an outside auditor to audit the schedule of changes in fiduciary net position by the County of Maui and related notes to the schedule of the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF"). The information being audited is provided to meet the reporting requirements of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This request is a for a two (2) year MOU (FY2018 and FY2019) that will authorize the payment of \$3,500.00 per year as the County of Maui's share for this audit work.

COUNTY COMMUNICATION NO. 18-373

Honorable Mike White, Chair Maui County Council October 8, 2018 Page 2 of 2

Should you have any further questions or need additional information, please contact me at extension 7475.

Sincerely,

MARK R. WALKER

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Director of Finance

cc: John C. Kulp - Finance Deputy Director Lance Taguchi - County Auditor Marci Sato - Accounting System Administrator

ORDINANCE NO	
BILL NO.	(2018)

A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE OFFICE OF THE AUDITOR, STATE OF HAWAII, TO CONDUCT AN AUDIT TO MEET THE REPORTING REQUIREMENTS UNDER GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NUMBER 75

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Purpose. Governmental Accounting Standards Board Statement No. 75 requires that the County of Maui conducts an audit of the schedule of changes in fiduciary net position by the County of Maui and related notes to the schedule of the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF") and the examination report on census data from actuarial information received from the EUTF's actuary. KKDLY LLC, the auditor that has been contracted by the Office of the Auditor, State of Hawaii, is willing and able to conduct the necessary audit for the fiscal years ending June 30, 2018 and 2019, as it relates to the County of Maui, for a fee of \$3,500 each fiscal year. The Memorandum of Understanding ("MOU"), attached hereto and incorporated herein as Exhibit "1," places a financial obligation on the County and is intended to be executed between the County and a State agency. The Department of Finance and the County Auditor have reviewed terms of the MOU and find the terms and conditions therein to be acceptable.

SECTION 2. Council Authorization. Pursuant to Section 2.20.020, Maui

County Code, the Council of the County of Maui hereby authorizes the Mayor to

enter into an intergovernmental agreement, which would include the execution

of the MOU, all other necessary documents relating to the MOU, and any

amendments thereto.

SECTION 3. Effective Date. This ordinance shall take effect upon its

approval.

APPROVED AS TO FORM AND LEGALITY:

FFREY UEOKA

Department of the Corporation Counsel

County of Maui 2018-1383

2018-10-08 Ordinance

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is effective as of ______, 2018, by and between the OFFICE OF THE AUDITOR, STATE OF HAWAI'I ("Auditor") and the COUNTY OF MAUI ("Employer").

RECITALS

- A. The state and county government employers identified below (the "employers") have requested assistance from the Auditor in conducting an audit of the schedule of changes in fiduciary net position by employer and related notes to the schedule of the Hawai'i Employer-Union Health Benefits Trust Fund ("EUTF") and the examination report on census data for the fiscal years ending June 30, 2018, and 2019, from actuarial information received from Gabriel, Roeder, Smith & Company ("GRS"), the actuary for EUTF. The information is provided to meet reporting requirements under Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
 - 1) State of Hawai'i
 - 2) City and County of Honolulu
 - 3) County of Maui
 - 4) County of Kaua'i
 - 5) County of Hawai'i
 - 6) Board of Water Supply, City and County of Honolulu
 - 7) Department of Water Supply, County of Hawai'i
 - 8) Department of Water, County of Kaua'i
 - 9) Honolulu Authority for Rapid Transportation
- B. The Auditor is willing to authorize KKDLY LLC ("KKDLY"), the contract auditor for EUTF, to conduct the audits of the above-mentioned schedule and information.
- C. The purpose of this MOU is to provide for payment by the Employer to the Auditor as authorized under section 23-3.5, Hawai'i Revised Statutes, for the audited schedule and information to meet the reporting requirements of GASB Statement No. 75.

TERMS AND CONDITIONS

- 1. Upon execution of this MOU, the Auditor shall instruct KKDLY to audit the schedule and information to meet the reporting requirements of GASB Statement No. 75 for the Employer's Comprehensive Annual Financial Report for the fiscal years ending June 30, 2018, and 2019.
- 2. The cost of the audit for the fiscal years ending June 30, 2018, and 2019, to the Employer will be THREE THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS (\$3,500.00) for each fiscal year.
- 3. The Auditor will invoice the Employer for the audit cost upon its receipt of an invoice from KKDLY for services rendered.
- 4. This MOU may be amended or modified only by a written agreement signed by both parties.

IN WITNESS WHEREOF, the parties have executed this MOU as of the last date written below.

OFFICE OF THE AUDITOR STATE OF HAWAI'I	EMPLOYER: COUNTY OF MAUI
By: Leslie H. Kondo State Auditor Date:	Mayor
	By: Mark Walker Director of Finance
	Date:APPROVED AS TO FORM:
	By:
	Date: