

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

November 15, 2018

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 October 30, 2018, makes reference to County Communication 18-373, from the Director of Finance, transmitting 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."

The purpose of the proposed bill is to authorize the Mayor to enter into an intergovernmental agreement with the Office of the Auditor, State of Hawaii, to conduct an audit, for Fiscal Years 2018 and 2019, to meet the reporting requirements under Governmental Accounting Standards Board Statement Number 75 ("GASB 75"). The Memorandum of Understanding authorize the payment of \$3,500 for each fiscal year by the County of Maui for this purpose.

Your Committee notes GASB 75 requires the County to conduct an audit of the schedule of changes in fiduciary net position by the County 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 EUTF's actuary Gabriel, Roeder, Smith & Company.

The Director of Finance said GASB 75 is a new requirement the County must comply with beginning in Fiscal Year 2018. He said the County has a similar agreement with the State relating to requirements of GASB 68, which requires an audit of the schedule of allocations of the Employees Retirement System.

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

Page 2

Committee
Report No. _____

The Budget Director confirmed that \$3,500 is available in the Fiscal Year 2019 Budget for the County's share of the audit.

Your Committee voted 7-0 to recommend passage of the proposed bill on first reading and filing of the communication. Committee Chair Hokama and members Atay, Carroll, Cochran, Crivello, Guzman, and Sugimura voted "aye." Committee Vice-Chair White and member King were excused.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill _____ (2018), attached hereto, 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," be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication 18-373 be FILED.

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



RIKI HOKAMA, Chair

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:

A handwritten signature in black ink, appearing to read 'Jeffrey Ueoka', is written over a horizontal line.

JEFFREY 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 HAWAII ("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 HAWAII

EMPLOYER:
COUNTY OF MAUI

By: _____
Leslie H. Kondo
State Auditor

By: _____
Alan M. Arakawa
Mayor

Date: _____

Date: _____

By: _____
Mark Walker
Director of Finance

Date: _____

APPROVED AS TO FORM:

By: _____
Deputy Corporation Counsel
County of Maui

Date: _____