

ALAN M. ARAKAWA
Mayor

2016 JUN 20 AM 9:40

OFFICE OF THE
COUNTY CLERK



COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

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OFFICE OF THE MAYOR
DANILO F. AGSALOG
Director
MARK R. WALKER
Deputy Director

May 10, 2016

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

APPROVED FOR TRANSMITTAL

Mayor Date 6/17/16

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 audit the schedule of allocations of the Employee's Retirement System of the State of Hawaii ("ERS").

This is an annual request by the State Auditor to hire outside auditor to audit the schedule Of employer allocations as required by GASB 68. This MOU will authorize the payment of \$3,900.00 as the county of Maui's share for this audit work.

COUNTY COMMUNICATION NO. 16-123

Honorable Mike White, Chair
Maui County Council
May 10, 2016
Page 2 of 2

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

Sincerely,



For **DANILO F. AGSALOG**
Director of Finance

cc: Mark R. Walker - Finance Deputy Director

ORDINANCE NO. _____

BILL NO. _____ (2016)

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 AUDIT THE SCHEDULE OF ALLOCATIONS OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII (ERS)

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

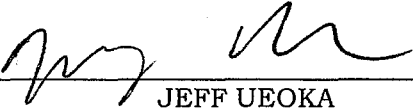
SECTION 1. Purpose. The audit of the County of Maui Comprehensive Annual Financial Report requires the ERS schedule of allocations be audited in accordance with Governmental Accounting Standards Board Statement No. 68. This auditor that has been contracted by the Office of the Auditor, State of Hawaii, to audit the ERS, is willing and able to audit the ERS schedule of allocations as it relates to the County of Maui for an additional fee. 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 of the 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:



JEFF UEOKA

Department of the Corporation Counsel
County of Maui
2016-0575

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is effective the _____ day of _____, 2016, by and between the OFFICE OF THE AUDITOR, STATE OF HAWAI'I ("Auditor") and COUNTY OF MAUI ("Employer").

RECITALS

- A. The following state or county government employers (the "employers") have requested assistance from the Auditor in conducting an audit of the schedule of employer allocations of the Employees' Retirement System of the State of Hawai'i ("ERS") and the total for all employers of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense included in the schedule of pension amounts by employer of ERS for the fiscal year ended June 30, 2015, from actuarial information received from Gabriel, Roeder, Smith & Company ("GRS"), the actuary for ERS. The information is provided to meet reporting requirements under Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- i. State of Hawai'i;
 - ii. City and County of Honolulu;
 - iii. County of Maui;
 - iv. County of Kaua'i;
 - v. County of Hawai'i;
 - vi. Board of Water Supply, City and County of Honolulu;
 - vii. Department of Water Supply, County of Hawai'i;
 - viii. Department of Water, County of Kaua'i;
 - ix. Honolulu Authority for Rapid Transit; and
 - x. University of Hawai'i.
- B. The Auditor is willing to use KPMG LLC ("KPMG"), the contract auditor for ERS, to conduct the audit 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 § 23-3.5, HRS, for the audited schedule and information to meet the reporting requirements of GASB 68.

TERMS AND CONDITIONS

1. Upon execution of this MOU, the Auditor will request KPMG to audit the schedule and information to meet the reporting requirements of GASB 68.
2. The cost of the audit to the Employer will be \$3,900.00.
3. The Auditor will bill the Employer for the audit cost after the Auditor receives the bill from KPMG.
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 Arakawa
Mayor

DATE: _____

DATE: _____

By: _____
Danilo F. Aagsalog
Director of Finance

DATE: _____

APPROVED AS TO FORM:

Deputy Corporation Counsel

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 - ii. City and County of Honolulu;
 - iii. County of Maui;
 - iv. County of Kaua‘i;
 - v. County of Hawai‘i;
 - vi. Board of Water Supply, City and County of Honolulu;
 - vii. Department of Water Supply, County of Hawai‘i;
 - viii. Department of Water, County of Kaua‘i;
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OFFICE OF THE AUDITOR
STATE OF HAWAI'I

EMPLOYER:
COUNTY OF MAUI

By: _____
Leslie H. Kondo
State Auditor

By: _____
Alan Arakawa
Mayor

DATE: _____

DATE: _____

By: _____
Danilo F. Aagsalog
Director of Finance

DATE: _____

APPROVED AS TO FORM:

Deputy Corporation Counsel