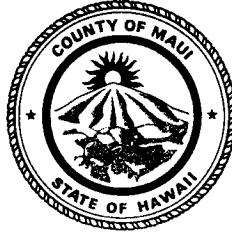


ALAN M. ARAKAWA  
Mayor



PATRICK K. WONG  
Corporation Counsel

EDWARD S. KUSHI  
First Deputy

LYDIA A. TODA  
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DEPARTMENT OF THE CORPORATION COUNSEL  
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MEMO TO: Riki Hokama, Chair  
Budget and Finance Committee

FROM: Jeffrey Ueoka, Deputy Corporation Counsel *JU*

DATE: June 6, 2017

SUBJECT: **INTERGOVERNMENTAL AGREEMENT WITH THE OFFICE  
OF THE AUDITOR, STATE OF HAWAII** (BF-59)

Attached please find the original, revised ordinance 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 Employees' Retirement System of the State of Hawaii", approved as to form and legality.

Should you have any questions, please contact me.

2017-0093

BF-59 2017-06-06 Memo to Chair

ORDINANCE NO. \_\_\_\_\_

BILL NO. \_\_\_\_\_ (2017)

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

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. The 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 for the fiscal years ending June 30, 2016, 2017, and 2018, as it relates to the County of Maui for a fee of \$3,900 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:



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JEFF UEOKA  
Department of the Corporation Counsel  
County of Maui  
2016-0575/2017-0093  
BF-59 2017-06-06 Ordinance (Revised)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is effective as of \_\_\_\_\_, 2017, 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 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 years ending June 30, 2016, 2017, and 2018, 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*.
- 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
  - 10) University of Hawaii
- B. The Auditor is willing to authorize KPMG LLC ("KPMG"), the contract auditor for ERS, 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 68.

TERMS AND CONDITIONS

1. Upon execution of this MOU, the Auditor shall instruct KPMG to audit the schedule and information to meet the reporting requirements of GASB 68 for the Employer's Comprehensive Annual Financial Report for the fiscal years ending June 30, 2017, 2018, and 2019.
2. The cost of the audit to the Employer will be \$3,900.00 for each fiscal year.
3. The Auditor will invoice the Employer for the audit cost upon its receipt of an invoice from KPMG 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: \_\_\_\_\_  
Danilo F. Aagsalog  
Director of Finance

DATE: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy Corporation Counsel  
County of Maui

DATE: \_\_\_\_\_