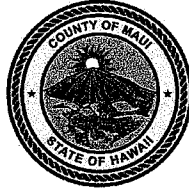


ALAN M. ARAKAWA  
Mayor



RECEIVED  
2017 MAY 17 PM 2: 22  
DANILO F. AGSALOG  
Director  
MARK R. WALKER  
Deputy Director  
~~OFFICE OF THE MAYOR~~

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

May 17, 2017

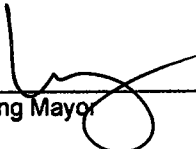
Honorable, Alan M. Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, HI 96793

RECEIVED  
2017 MAY 18 AM 10: 37  
OFFICE OF THE  
COUNTY CLERK

For Transmittal to:

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

APPROVED FOR TRANSMITTAL

  
\_\_\_\_\_ 5/17/17  
Acting Mayor Date

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 has been an annual request by the State Auditor to hire an outside auditor to audit the schedule of employer allocations as required by GASB 68. However, what is now being requested is a three (3) year MOU that will authorize the payment of \$3,900.00 per year as the County of Maui's share for this audit work. The Finance Department is in support of the longer term MOU as a more efficient instrument to complete the work that is required by GASB for financial reporting purposes.

**COUNTY COMMUNICATION NO. 17-229**

Honorable Mike White, Chair  
Maui County Council  
May 17, 2017  
Page 2 of 2

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Danilo F. Agsalog', with a stylized flourish at the end. To the left of the signature, there are initials 'DFA' written in a similar cursive style.

DANILO F. AGSALOG  
Director of Finance

cc: Mark R. Walker - Finance Deputy Director

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 (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. 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 year ending June 30, 2019, 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 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  
2017-05-04 Ordinance

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is effective as of \_\_\_\_\_, 2017, 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 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: \_\_\_\_\_