

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



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

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OFFICE OF THE MAYOR

January 6, 2020

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL



Mayor Date 1/6/20

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COUNTY CLERK

For Transmittal to:

Honorable Alice Lee, Chairman
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

SUBJECT: A PROPOSED 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 (ERS) OF THE STATE OF HAWAII

Dear Chair Lee:

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 EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII."

The County of Maui's Comprehensive Annual Financial Report (CAFR) audit requires the ERS schedule of allocations to be audited in accordance with the Governmental Accounting Standards Board Statement No. 68. The State of Hawaii's Office of the Auditor has hired an external auditor to audit the ERS schedule of allocations as required for the fiscal years ending June 30, 2019, 2020, and 2021.

The purposes of this proposed bill are as follows: 1) To authorize the Mayor to enter into an intergovernmental agreement with the State of Hawaii, Office of the Auditor, which includes execution of the Memorandum of Understanding (MOU), all other necessary documents relating to the MOU, and any other amendments thereto, and; 2) To authorize the payment of \$3,900.00 for each fiscal year as the County of Maui's share for the audit.

COUNTY COMMUNICATION NO. 20-42

*Honorable Alice Lee
County Council Chair
January 6, 2020
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Should you have any further questions or need additional information, please contact me at extension no. 7474 or Deputy Director May-Anne Alibin at extension no. 7475.

Sincerely,


for SCOTT K. TERUYA
Director of Finance

Attachments

cc: Lance Taguchi, County Auditor

ORDINANCE NO. _____

BILL NO. _____ (2020)

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 Employees' Retirement System of the State of Hawaii ("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, 2019, 2020, and 2021, as it relates to the County of Maui for a fee of \$3,900.00 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:



RICHELLE M. THOMSON
Department of the Corporation Counsel
County of Maui
2020-2071
2019-12-30 IGA

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is effective the _____ day of _____, 2020, 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 years ending June 30, 2019, 2020, and 2021, 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 use 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 § 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 for the Employer's Comprehensive Annual Financial Report for the fiscal years ending June 30, 2020, 2021, and 2022.
2. The cost of the audit to the Employer will be \$3,900.00 for each fiscal year.
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 HAWAI'I

EMPLOYER:
COUNTY OF MAUI

By: _____
Leslie H. Kondo
State Auditor

By: _____
Mike Victorino
Mayor

DATE: _____

DATE: _____

By: _____
Scott Teruya
Director of Finance

DATE: _____

APPROVED AS TO FORM:



Deputy Corporation Counsel

DATE: 1/2/2020