

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



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

2021 SEP 10 AM 11: 22

OFFICE OF THE
COUNTY CLERK

September 9, 2021

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

APPROVED FOR TRANSMITTAL

Michael P Victorino 9-10-21

Mayor Date

For Transmittal to:

Honorable Alice L. Lee, Chair
and Members of Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Lee and Members:

SUBJECT: A PROPOSED BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII RELATING TO THE ACQUISITION OF A GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 68 REPORT

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 EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII RELATING TO THE ACQUISITION OF A GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 68 REPORT."

The County of Maui's Comprehensive Annual Financial Report (CAFR) audit requires the Governmental Accounting Standards Board Statement No. 68 Report, Accounting and Financial reporting for Pensions for the fiscal years ending June 30, 2021 through June 30, 2026. The Employees' Retirement System (ERS) of the State of Hawaii will obtain the information for the GASB 68 Report from the ERS' actuary, Gabriel, Roeder, Smith & Company (GRS). The attached proposed bill will replace Bill No. 90 (2021) as it did not contain the necessary language, and the information regarding the price was incorrect. The ERS is willing to obtain the GASB 68 Report for the six fiscal years ending on June 30, 2021 through 2026. The total cost of the GASB 68 Report for all six of these fiscal years combined will be \$147,000.00, which will be divided equally between the total number of requesting employers. It is anticipated that ten employers will request the GASB 68 Report for these six fiscal years.

COUNTY COMMUNICATION NO. 21-450

Honorable Alice L. Lee, Chair
and Members of Maui County Council
September 9, 2021
Page 2

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's Employees' Retirement System, 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 following payment as the County of Maui's share for the GASB 68 Report:

Fiscal Year	Total Cost	Cost per Employer
2021	\$17,000.00	\$1,700.00
2022	\$25,000.00	\$2,500.00
2023	\$25,500.00	\$2,550.00
2024	\$26,000.00	\$2,600.00
2025	\$26,500.00	\$2,650.00
2026	\$27,000.00	\$2,700.00
TOTAL	\$147,000.00	\$14,700.00

Should you have any questions, please feel free to contact me at extension no. 7474 or May-Anne Alibin, Deputy Director at extension no. 7475.

Sincerely,



SCOTT K. TERUYA
Director of Finance

SKT:maa

Attachment

ORDINANCE NO. _____

BILL NO. _____ (2021)

A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII RELATING TO THE ACQUISITION OF A GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 68 REPORT

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

SECTION 1. Purpose. Various governmental employers, including the County of Maui, have requested the Employees' Retirement System of the State of Hawaii (the "ERS") to obtain, from its actuary, a Governmental Accounting Standards Board Statement No. 68 (the "GASB 68 Report") on their behalves. The GASB 68 Report is required for each government employer's Comprehensive Annual Financial Report. The ERS is willing to obtain the GASB 68 Report for the fiscal years ending June 30, 2021 through 2026. The total cost of the GASB 68 Report for all of these six fiscal years combined will be \$147,000.00, which will be divided equally between the total number of requesting employers. It is anticipated that ten employers will request the GASB 68 Report for these six fiscal years, in which case the cost to the County of Maui for the GASB 68 Report for each fiscal year will be

- \$1,700.00 for the fiscal year ending June 30, 2021,
- \$2,500.00 for fiscal year ending June 30, 2022,

- \$2,550 for the fiscal year ending June 30, 2023,
- \$2,600 for the fiscal year ending June 30, 2024,
- \$2,650.00 for the fiscal year ending June 30, 2025, and
- \$2,700.00 for the fiscal year ending June 30, 2026.

Accordingly, the County of Maui's one-tenth share of the total \$147,000.00 cost for these six fiscal years will be \$14,700.00 if there are ten requesting employers. The Memorandum of Understanding ("MOU"), attached hereto and incorporated herein as Exhibit "1," places a financial obligation on the County of Maui and is intended to be executed between the County of Maui and a State agency, the ERS.

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:

/s/ Daniel J. Kunkel

DANIEL J. KUNKEL
Department of the Corporation Counsel
County of Maui
2021-1091
2021-07-21 IGA

EXHIBIT "1"

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is effective the _____ day of _____, 2021, by and between the EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII ("ERS") and the COUNTY OF MAUI, 200 S. High Street, Kalana O Maui Building, 2nd Floor, Wailuku, HI 96793 ("Employer").

RECITALS

A. The following state or county government employers (the "employers") have requested assistance from the ERS in obtaining actuarial information to meet reporting requirements under Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" the employers' financial statements for the fiscal years ending June 30, 2021 and for fiscal years ending June 30, 2022 through 2026 (FYE 2022, 2023, 2024, 2025, 2026):

- i. State of Hawaii;
- ii. City and County of Honolulu;
- iii. County of Maui;
- iv. County of Kauai;
- v. County of Hawaii;
- vi. Board of Water Supply, City and County of Honolulu;
- vii. Department of Water Supply, County of Hawaii;
- viii. Department of Water, County of Kauai;
- ix. Honolulu Authority for Rapid Transportation; and
- x. University of Hawaii.

B. The ERS is willing to obtain the information ("GASB 68 Report") for the employers from the ERS's actuary, Gabriel, Roeder, Smith & Company ("GRS");

C. GRS has provided the GASB 68 Reports to the employers for a total cost to employers of \$17,000.00 for fiscal year ending 2021.

D. GRS is willing to provide GASB 68 Reports to the employers for FYEs 2022 through 2026 for a total fee of \$130,000.00 as stated in Paragraph No. 3, provided that GRS is able to directly bill the ERS for all of the GASB 68 Reports. The total fee of \$130,000.00 will be divided equally, on a yearly basis, among all of the employers listed above who enter into a MOU with the ERS to obtain their GASB 68 reports from GRS through the ERS for that year.

E. Because of concerns arising from federal tax-qualification requirements applicable to the ERS, the ERS is unable to advance the fees for the GASB 68 Reports.

F. GRS has agreed that it will, for each year, defer billing the ERS for the GASB 68 Report(s) until the ERS has received payment from all of the employers who receive the report.

G. The purpose of this MOU is to provide for payment by the Employer for the GASB 68 Report provided to it by GRS.

TERMS AND CONDITIONS

1. Upon execution of this MOU, the ERS will confirm receipt of the completed GASB 68 Report for Employer prepared for FYE 2021, as provided in the letter attached to this MOU as Exhibit "A" and incorporated herein by reference. After each of FYEs 2022, 2023, 2024, 2025, and 2026, ERS will request GRS to prepare a GASB 68 Report for Employer for that respective fiscal year, as provided in Exhibit "A".

2. The total cost to employers for the GASB 68 Reports for fiscal year 2021 is \$17,000.00. The cost per employer is \$1,700.00.

3. The cost to Employer for the GASB 68 Report will be per the table below; provided that all of the employers listed above enter into a MOU with the ERS to obtain their GASB 68 Report from GRS through the ERS. For any year in which not all of the employers listed above enter into an MOU with the ERS to obtain their GASB 68 report through the ERS, the cost to Employer for the GASB 68 Report will be equal to: Total Cost divided by the number of participating employers. If any employer requests additional services or information beyond what GRS understands to be customary or reasonable for a GASB 68 Report, the cost for that Employer may be higher.

Fiscal Year	Total Cost	Cost per Employer
2022	\$25,000	\$2,500
2023	\$25,500	\$2,550
2024	\$26,000	\$2,600
2025	\$26,500	\$2,650
2026	\$27,000	\$2,700
Total	\$130,000	\$13,000

4. Upon execution of this MOU, Employer will pay ERS \$1,700.00 for remittance to GRS for the FY2021 GASB 68 Report. For FYEs 2022, 2023, 2024, 2025, and 2026, ERS will invoice Employer for its applicable cost for the fiscal year per the table in Paragraph No. 3, and upon receipt of the invoice Employer will pay ERS the amount due for remittance to GRS for the respective fiscal year GASB 68 Report. If in any year fewer employers than expected enter into an MOU with the ERS to obtain their GASB 68 report from GRS through the ERS, the ERS will bill Employer for the difference between the expected Cost per Employer, and the cost of the GASB 68 Report as determined pursuant to Paragraph 3 (the "additional cost"). The ERS will bill Employer for any additional services or information requested by Employer after the ERS receives the bill from GRS for such additional services or information. Employer will pay ERS within thirty days from receipt of

the bill from the ERS for any additional cost or for any additional services or information. Upon receipt of payment from Employer, the ERS will promptly remit the payment to GRS.

5. 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.

EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII

EMPLOYER:
COUNTY OF MAUI

By 
Thomas Williams
Executive Director

By _____
MICHAEL P. VICTORINO, MAYOR
COUNTY OF MAUI

DATE: _____

DATE: _____

APPROVED AS TO FORM:

Deputy Attorney General
State of Hawaii

By _____
SCOTT TERUYA, DIRECTOR OF FINANCE
COUNTY OF MAUI

DATE: _____

APPROVED AS TO FORM:

/s/ Daniel J. Kunkel

DEPUTY CORPORATION COUNSEL
COUNTY OF MAUI

DATE: July 21, 2021