

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



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2020 JUN 30 AM 9:45
OFFICE OF THE MAYOR

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

June 29, 2020

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COUNTY CLERK

2020 JUL -1 PM 3:39

RECEIVED

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

APPROVED FOR TRANSMITTAL


Acting Mayor


Date

For transmittal to:

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

SUBJECT: 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 HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND TO MEET THE REPORTING REQUIREMENTS UNDER GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NUMBER 75

Dear Chair Lee:

Transmitted herewith is 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 HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND TO MEET THE REPORTING REQUIREMENTS UNDER GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NUMBER 75."

The County of Maui's Comprehensive Annual Financial Report (CAFR) audit requires the Hawaii Employer-Union Health Benefits Trust Fund's ("EUTF") schedule of changes in fiduciary new position and related notes to the schedule of the EUTF to be audited and the examination

COUNTY COMMUNICATION NO. 20-347

*Honorable Alice Lee
County Council Chair
June 29, 2020
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report on census data from actuarial information received by the EUTF's actuary, to be in accordance with the Accounting Standards Board (GASB) Statement No. 75. The State of Hawaii, Office of the Auditor has hired an external auditor, KKDLY LLC ("KKDLY") to audit the EUTF for the fiscal years ending June 30, 2020, 2021, and 2022.

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"), attached hereto and incorporated herein as Exhibit "1" and 2) To authorize the payment of \$\$3,500.00, \$3,700.00, and \$3,800.00 for the fiscal years ending June 30, 2020, 2021, and 2022, respectively.

Should you have any questions, please do not hesitate to contact my office at extension no. 7474 or Deputy Director May-Anne Alibin at extension no. 7475. Thank you for your support and the timely processing of this matter.

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
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND TO MEET THE
REPORTING REQUIREMENTS UNDER GOVERNMENTAL ACCOUNTING
STANDARDS BOARD STATEMENT NUMBER 75

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

SECTION 1. Purpose. Governmental Accounting Standards Board (“GASB”) Statement No. 75 requires that the County of Maui conducts an audit of the schedule of changes in fiduciary net position by the County of Maui and related notes to the schedule of the Hawaii Employer-Union Health Benefits Trust Fund (“EUTF”) and the examination report on census data from actuarial information received by the EUTF’s actuary. KKDLY LLC (“KKDLY”), the auditor that has been contracted by the Office of the Auditor, State of Hawaii, to audit the EUTF, is willing and able to conduct the necessary audit for the fiscal years ending June 30, 2020, 2021, and 2022, as it relates to the County of Maui for a fee of \$3,500.00 for fiscal year 2020, \$3,700.00 for fiscal year 2021 and \$3,800.00 for fiscal year 2022. 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:

/s/Kristina C.Toshikiyo

KRISTINA C. TOSHIKIYO
Department of the Corporation Counsel
County of Maui

2020-0872
2020-06-25 IGA GASB No. 75 (EUTF)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is effective as of _____, 2020, 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 Auditor in conducting an audit of the schedule of changes in fiduciary net position by employer and related notes to the schedule of the Hawai'i Employer-Union Health Benefits Trust Fund ("EUTF") and an examination report on census data for the fiscal years ending June 30, 2020, 2021, and 2022, from actuarial information received from the actuary for EUTF. The information is provided to meet reporting requirements under Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than 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
- B. Auditor is willing to authorize KKDLY LLC ("KKDLY"), the contract auditor for EUTF, to conduct the audits of the above-mentioned schedule and information.
- C. The purpose of this MOU is to provide for payment by Employer to Auditor as authorized under section 23-3.5, Hawai'i Revised Statutes, for the above-mentioned audited schedule and information to meet the reporting requirements of GASB Statement No. 75.

TERMS AND CONDITIONS

1. Upon execution of this MOU, Auditor shall instruct KKDLY to audit the schedule and information to meet the reporting requirements of GASB Statement No. 75 for Employer's Comprehensive Annual Financial Report for the fiscal years ending June 30, 2020, 2021, and 2022.
2. The cost to Employer for the audit for the fiscal years ending June 30, 2020, 2021, and 2022, will be THREE THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS (\$3,500.00) for FY2020; THREE THOUSAND SEVEN HUNDRED

DOLLARS AND NO CENTS (\$3,700.00) for FY2021; and THREE THOUSAND EIGHT HUNDRED DOLLARS AND NO CENTS (\$3,800.00) for FY2022.

3. Auditor shall pay KKDLY for services rendered and will invoice Employer for its allocation of the audit costs paid by Auditor under the contract between Auditor and KKDLY.
4. Employer shall pay Auditor the amount of the invoice within sixty (60) days after invoice date.
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.

OFFICE OF THE AUDITOR
STATE OF HAWAII

EMPLOYER:
COUNTY OF MAUI

By: _____
Leslie H. Kondo
State Auditor

By: _____
Michael Victorino
Mayor

Date: _____

Date: _____

By: _____
Scott Teruya
Director of Finance

Date: _____

APPROVED AS TO FORM:

By: /s/Kristina C. Toshikiyo
Deputy Corporation Counsel
County of Maui

Date: 6/26/2020