

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

November 17, 2017

**Committee
Report No.** _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on March 29, 2017, and October 31, 2017, makes reference to the following:

1. County Communication 16-307, from the Director of Finance, transmitting a report of short-term investments for the quarter ended September 30, 2016 (Fiscal Year 2017 First Quarter).
2. County Communication 17-70, from the Director of Finance, transmitting a report of short-term investments for the quarter ended December 31, 2016 (Fiscal Year 2017 Second Quarter).
3. County Communication 17-211, from the Director of Finance, transmitting a report of short-term investments for the quarter ended March 31, 2017 (Fiscal Year 2017 Third Quarter).
4. County Communication 17-287, from the Director of Finance, transmitting a report of short-term investments for the quarter ended June 30, 2017 (Fiscal Year 2017 Fourth Quarter).

By correspondence dated March 20, 2017, the Committee Chair transmitted a copy of the "County of Maui Investment Policy, Revised March 11, 2016," prepared by the County Department of Finance, Treasury Division.

The County's Treasurer from the Department of Finance explained the County's investment portfolio as of June 2017. She said the

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investments are in compliance with the County's investment policy. She also said the County's earnings for Fiscal Year 2017 were higher than they had been in previous years.

Your Committee asked what the term "commercial paper" means. A representative from the Department of Finance explained that commercial paper is debt sold to a bank that will mature in 270 days or less. He said the County buys commercial paper with maturities of up to 90 days and limits commercial paper to no more than 10 percent of the County's entire investment portfolio.

Your Committee questioned whether the lower ending balance for June 2017 was the result of a loss in portfolio value. The Treasurer said the County's balance fluctuates based on the maturities of investments and the timing of reinvestment. The representative added the lower balance is a result of normal fluctuation and not losses.

The Acting Director of Finance said the County's portfolio is conservative, and securities are always held to maturity. The Treasurer said the County does not invest in certain securities such as repurchase agreements. Furthermore, the County has taken advantage of investments recently allowed by the State, such as Federal Farm Credit Bank notes.

Your Committee notes Section 46-50, Hawaii Revised Statutes, provides parameters for investment of County money, including the types of securities that may be purchased as short-term investments.

Your Committee noted the Investment Committee consists of the Director of Finance, the Deputy Director of Finance, the Managing Director, the Budget Director, and the Accounting Systems Administrator. Your Committee supported including the Corporation Counsel or his representative on the Investment Committee to provide legal advice. Your Committee will consider codifying the County's investment policy and procedures.

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Your Committee recommends not to file County Communication 17-287 pending further discussion.

Your Committee voted 8-0 to recommend filing of County Communications 16-307, 17-70, and 17-211. Committee Chair Hokama, Vice-Chair White, and members Atay, Carroll, Cochran, Crivello, Guzman, and Sugimura voted "aye." Committee member King was excused

Your Budget and Finance Committee RECOMMENDS the following:

1. That County Communication 16-307 be FILED;
2. That County Communication 17-70 be FILED; and
3. That County Communication 17-211 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



RIKI HOKAMA, Chair