

CITY OF LEE'S SUMMIT, MISSOURI

QUARTERLY INVESTMENT PORTFOLIO REPORT

QUARTER ENDED DECEMBER 31, 2021

Purpose and Goals

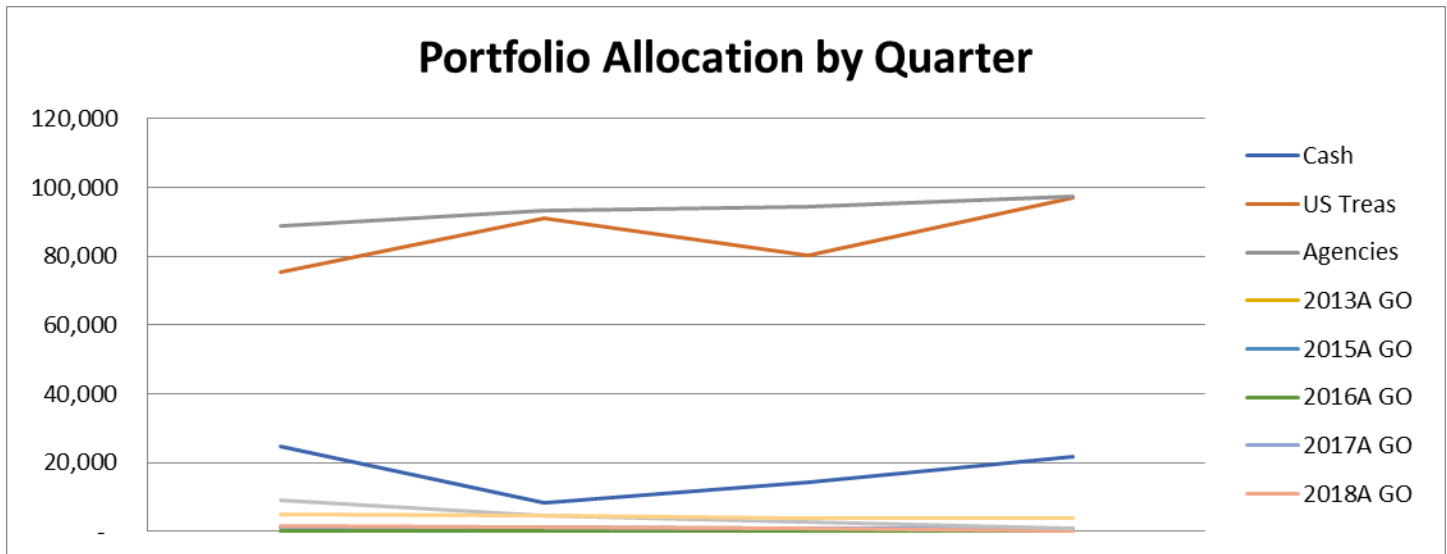
In compliance with the Investment Policy of the City of Lee's Summit, this quarterly investment portfolio report for the quarter ended December 31, 2021 is hereby submitted for your review. This report will provide you with an overview of the City's current cash and investment portfolio holdings along with a summary of all investment activity for the last fiscal quarter.

Cash and investments held by the City represent financial resources provided by its citizens to fund current operations and additionally to provide for future economic development, enhancement of services and programs, construction of major capital improvements and allow for unforeseen emergencies. Monies held for future use in meeting identifiable long-term needs are invested in authorized securities in order to provide additional earnings until such time as these funds are required to be expended. While the objective is to obtain a market rate of return, the City believes that the priority should be on the safety of principal, liquidity of its investments, and stability of earnings.

Current Portfolio

The City has sought to achieve a balance within the combined investment portfolio. While maintaining relatively strong liquidity, it strives to achieve earnings stability. As of December 31, 2021, the portfolio was allocated as follows: Cash (10%), US Treasury (44%) and Agencies (44%). The following table illustrates the composition of the portfolio, in comparative dollar amounts (000) and component percentages, for the quarter ending December 31, 2021 and the previous three quarters.

Portfolio	-----Book Value in 000's-----				-----Percent of Portfolio-----			
	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2021	6/30/2021	9/30/2021	12/31/2021
Cash	24,795	8,378	14,413	21,711	12%	5%	7%	10%
US Treas	75,394	91,041	80,297	96,889	36%	44%	42%	44%
Agencies	88,792	93,148	94,359	97,519	43%	45%	48%	44%
2013A GO	-	-	-	-	0%	0%	0%	0%
2015A GO	1,073	761	603	364	1%	0%	0%	0%
2016A GO	115	115	115	115	0%	0%	0%	0%
2017A GO	1,090	1,090	837	788	1%	1%	0%	0%
2018A GO	1,767	1,233	926	83	1%	1%	0%	0%
2020A GO	9,068	4,553	2,738	853	4%	2%	1%	0%
2021A GO	5,000	4,465	3,773	3,725	2%	2%	2%	2%
Total	207,094	204,784	198,061	222,047	100%	100%	98%	100%



Purchases			
		Amount	Maturity Date
10/06/2021	US Treasury	\$ 4,118,880.00	10/31/2024
10/29/2021	Federal Farm Credit	\$ 4,987,450.00	10/25/2024
11/15/2021	Federal Home Loan Bank	\$ 4,233,640.00	09/13/2024
11/15/2021	US Treasury	\$ 3,990,468.75	11/15/2024
12/10/2021	US Treasury	\$ 3,047,890.80	11/30/2024
12/10/2021	Federal National Mortgage	\$ 3,067,023.49	07/02/2024
12/16/2021	US Treasury	\$ 3,085,429.69	05/31/2024
12/16/2021	US Treasury	\$ 1,980,312.50	04/15/2024
12/30/2021	US Treasury	\$ 3,948,750.00	07/15/2024
12/30/2021	US Treasury	\$ 4,035,000.00	08/31/2024
	TOTAL	\$ 36,494,845.23	
Maturity			
10/12/2021	Federal Home Loan Bank	\$ 1,013,261.56	
10/19/2021	Federal Farm Credit	\$ 4,051,894.88	
10/31/2021	US Treasury	\$ 3,035,156.25	
11/04/2021	Federal Home Loan Bank	\$ 1,013,979.69	
11/15/2021	US Bond	\$ 4,579,642.20	
11/29/2021	Federal Home Loan Bank	\$ 3,048,720.00	
	TOTAL	\$ 16,742,654.58	

Transaction Summary

The City monitors and maintains a level of cash on hand to meet the day to day operations of the city.

UMB Bank invests the remaining balance in an interest bearing “sweep” account through a “repurchase agreement” or “repo.” US Bank pays interest on deposited balances. For funds not needed immediately, the city employs a strategy of maturity "laddering" over a period not to exceed five years. When the spread between short term securities and the maximum is minimal, staff does not fully extend to the five year maximum. In the current environment we are keeping new purchase maturities shorter.

Cash in Bank

City of Lee’s Summit’s cash in bank at December 31 was as follows: UMB Trustee Account, \$10,070,814.82 and the UMB Investment Settlement Account \$81,923.78. Cash on deposit with UMB earns interest at a rate equivalent to the previous week’s auction of the 91-day Treasury bill yield, adjusted every Wednesday. The UMB “repo” rate for December was 0.19; September was 0.20; June was 0.16%; and March was 0.19%. To protect the City against fluctuating securities values, the City’s bank depository agreement requires the bank to pledge certain securities as collateral equal to 105% of the City’s funds on account (in excess of FDIC coverage). The estimated collateral value is \$32,977,826.60.

City of Lee’s Summit’s cash in bank at December 31 at US Bank was \$11,558,936.73. We hold a letter of credit to protect the balances at US Bank.

Combined Portfolio Performance

The City has utilized all components of the investment portfolio to achieve safety of principal, reasonable liquidity, relatively stable earnings over a wide range of interest rates, and a market rate of return. As of December 31 2021, the average portfolio yield is 0.8862%.

The investment portfolio's maturity structure as of December 31, 2021, is as follows:

Fiscal Year	Prin Amt	Cash Flow %
2022	\$ 41,439,852.89	22%
2023	\$ 53,397,191.46	27%
2024	\$ 48,960,784.84	25%
2025	\$ 50,611,083.13	26%
TOTAL	\$ 194,408,912.32	100%

A complete itemized schedule of investments in the City of Lee's Summit Portfolio is available upon request.

Recommendations

The City's passive investment strategy has been to match the investments based upon cash flow needs in conjunction with a maturity "laddering" approach with its investments, not to exceed five years. Investment purchases have been made with safety as the primary factor.

Mark-to-Market

The investment portfolio is valued at our purchase price with gains/losses recognized at sale or maturity. With the implementation of GASB 31, the portfolio was required to be adjusted at year end to reflect the difference between our carrying value and today's market. This is referred to as "Marking to Market."

The Government Finance Officers Association (GFOA) recommended that local governments report the market value of all securities in the portfolio on a quarterly basis. Fair market values are determined by our custodial bank.

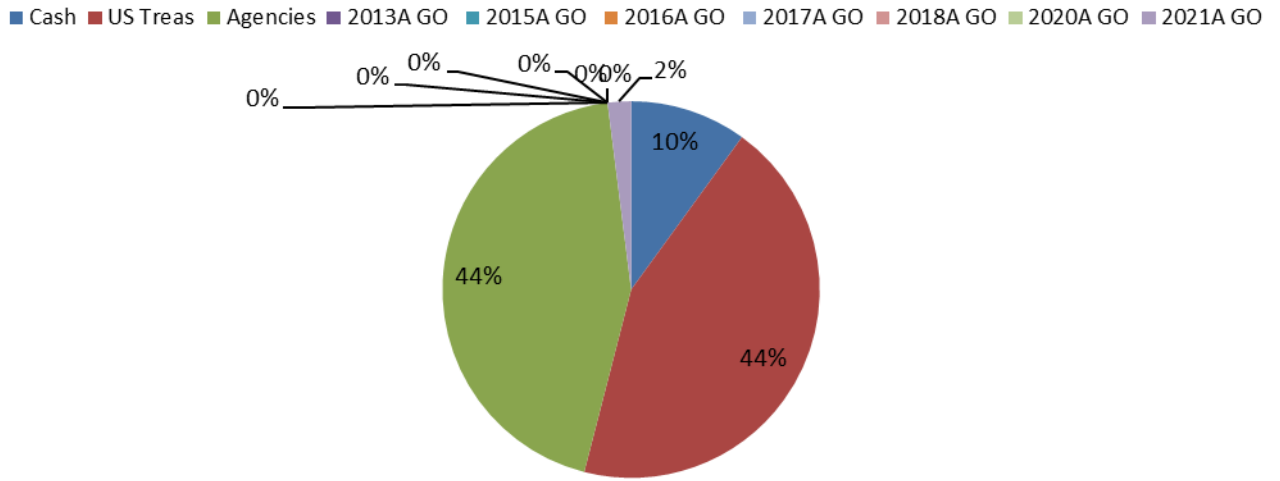
GFOA has recommended that in addition to the reporting of this paper gain/loss on a quarterly basis, this adjustment should be entered on a quarterly basis. Starting in fiscal year 2006-2007 this adjustment was spread and posted to cash accounts based on cash balances at each quarter end. These adjustments will be updated at the end of each quarter. At December 31, the quarter end entry of September 30 was reversed and the new entry booked based on the current market values at December 31, 2021. This unrealized loss of \$1,900,498.93 was spread across all funds based on their respective cash balance percentages.

Respectfully Submitted,

Sherri Staub
Cash Management Officer

Bette Wordelman
Finance Director

Asset Allocation December 31, 2021



Asset Allocation by Maturity Year

