

Legislation Text

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Investment Portfolio Report for the quarter ended March 31, 2019

Issue/Request:
Presentation

Key Issues:

This report is prepared to provide a summary of the status of the Investment Portfolio by noting transactions over the previous quarter. This report includes purchases as well as maturities.

As of March 31, 2019, the largest portion of the portfolio was invested in US Treasuries (51%); followed by US Government Agencies (33%). There were 10 securities added to the portfolio during this reporting period as tax dollars were received and invested.

Cash balances are invested in an overnight repurchase agreement and are collateralized. The repo rate is based on the previous week's 91 day Treasury Bill adjusted every Wednesday. The repo rate for March was 2.58%.

A "Mark to Market" adjustment is required at each quarter end to recognize any change in the value of the portfolio in the event that securities would need to be liquidated. Fair values are determined by our custodial bank.

At March 31, 2019, the market adjustment was an unrealized loss of \$227,149.46. This is a paper loss only, resulting in shifts in interest rates. Since the City typically holds securities until maturity, loss of principal does not normally occur.

Background:

Our primary objectives in order of priority are: 1) safety, 2) liquidity, and 3) yield.

Securities are laddered over a period not to exceed 5 years. When the spread between shorter term securities and the maximum are minimal, staff does not extend to the five year maximum.

To protect the City against fluctuating values, the City's depository banking 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 collateral at March 31 was \$15,882,452.86.

Impact/Analysis:

As of March 31, 2019, the average yield on the portfolio was 1.90%.

Sherri Staub, Cash Management Officer