



# **TREASURER'S REPORT**

**Redondo Beach**

**FY21/22 Q4**




**Presented By: Steven Diels, City Treasurer**

**Nilesh Mehta, Chief Deputy City Treasurer**




# Treasurer's Quarterly Admin Report

- 
- Treasurer's Portfolio Summary
  - Investment Reporting Guidelines
  - Investment Report by FHN Main Street
    - Portfolio Summary
    - Investment Policy Compliance
    - Investment Activity Report
    - Economic and Market Update



# **Treasurer's Report PowerPoint Presentation:**

- **Investment Reporting Objectives/Guidelines**
  - **Policy Compliance**
  - **Quarterly Performance**
  - **Historical Book Value**
  - **Cash Flow Analysis**
  - **Month-End Portfolio Book Yield**
  - **Maturity Distribution**
  - **Trading Activity**
  - **Fiscal Impact**
- 

# Key Investment Objectives for Municipal

**Investing** - The City Treasurer maintains the City's cash flows while earning a competitive rate of return on the Investments within the constraints of the City's investment policy and state law.

- Safety- Protect Principal
- Liquidity – Provide necessary liquidity to cover both ongoing and unexpected cash needs
- Yield – Maximize earnings recognizing need for safety and liquidity, and subject to restrictions specified by state statutes and the local governing body

# INVESTMENT REPORTING GUIDELINES - CMTA

- Always remember whose money it is (it's the community's, not yours) – and act according in a responsible stewardship capacity.
- The generally accepted objectives in managing public funds, in priority order, are:
  - Safety
  - Liquidity
  - Yield
- An investment manager's objective is to earn a reasonable rate of return on the City's investments, while preserving capital in the overall portfolio. It should never be an investment manager's goal to earn maximum returns on the City's portfolio as this would expose the City to an unacceptable level of risk



# Guidelines Cont'd

- ▶ Failures in public investing occur when either:
  - Policies were not clear.
  - Policies were inappropriate.
  - Policies were not followed.
  - Oversight was inadequate.



# Guidelines Cont'd

## ► Questions to Ask:

- Do you review the investment policy?
- Do you understand the City's investment program?
- Do you receive and review periodic investment reports?
- Are they clear, concise? Are they readable?
- Do you fully understand them?
  - If you can't, this is more likely to be because they've been presented poorly, and may in fact reflect problems, than any "technical" problems with your ability to understand them because it's too "complex."
  - It's the job of your staff to make them readable and understandable;
  - and if the City's portfolio is genuinely that complex, perhaps it shouldn't be.



# POLICY COMPLIANCE

Category	Book Value	% of Portfolio	% Allowed by Policy	In Compliance
US Treasuries	32,878,387.28	30.25%	100%	Yes
US Federal Agencies	45,564,005.58	41.92%	100%	Yes
Supranational Obligations	0.00	0.00%	15%	Yes
LAIF	20,033,971.85	18.43%	75%	Yes
Commercial Paper	0.00	0.00%	25%	Yes
Money Market Funds	0.00	0.00%	15%	Yes
Negotiable Certificates of Deposit	1,239,504.75	1.14%	30%	Yes
Corporate Obligations	8,974,594.87	8.26%	30%	Yes
Total	108,690,464.32	100.00%		

Other Metrics	Portfolio	Metric	In Compliance
Weighted Average Maturity	1.92		Yes
Liquidity	37.04%	25% Under 365 Days	Yes
Ratings			Yes



# FY 21-22 Performance

## Comparison of Investment Portfolio Positions F.Y. 2021-2022

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Investment Type		%		%		%		
Cash in Banks & Money Markets	\$11,834,546	*	\$11,833,288	*	\$14,063,300	*	\$ 15,087,417	*
Local Agency Investment Fund	\$9,000,500	10.7%	\$20,012,320	21.9%	\$20,018,196	20.81%	\$ 20,033,972	18.43%
Federal Agency Issues	\$30,579,369	36.3%	\$30,574,250	33.5%	\$40,569,151	42.18%	\$ 45,564,006	41.92%
Commercial Paper	\$0	0.0%	\$0	0.0%	\$0	0.00%	\$0	0.00%
Corporate Medium Term Notes	\$15,948,457	19.0%	\$15,957,757	17.5%	\$10,963,900	11.40%	\$ 8,974,595	8.26%
Bank Certificates of Deposit	\$1,735,250	2.1%	\$1,735,339	1.9%	\$1,735,425	1.80%	\$ 1,239,505	1.14%
Treasuries	\$26,896,065	32.0%	\$22,894,191	25.1%	\$22,899,581	23.81%	\$ 32,878,387	30.25%
Total: Investment Portfolio	\$84,159,641	100%	\$91,173,857	100.0%	\$96,186,253	100.00%	\$ 108,690,464	100.00%
Weighted Average Maturity (Yrs)	2.06		1.81		2.03		1.92	
Portfolio Effective Rate of Return (YTD)	2.24%		1.90%		1.53%		1.47%	
L.A.I.F. Yield	0.21%		0.21%		0.22%		0.86%	
Yield on Benchmark	0.76%		0.62%		0.59%		0.68%	
Interest earned YTD	\$497,915.05		\$817,147		\$1,021,840		\$1,342,113	
General Fund Contribution (60%)	\$298,749		\$490,288		\$613,104		\$805,267.80	

# FY 20-21 Performance

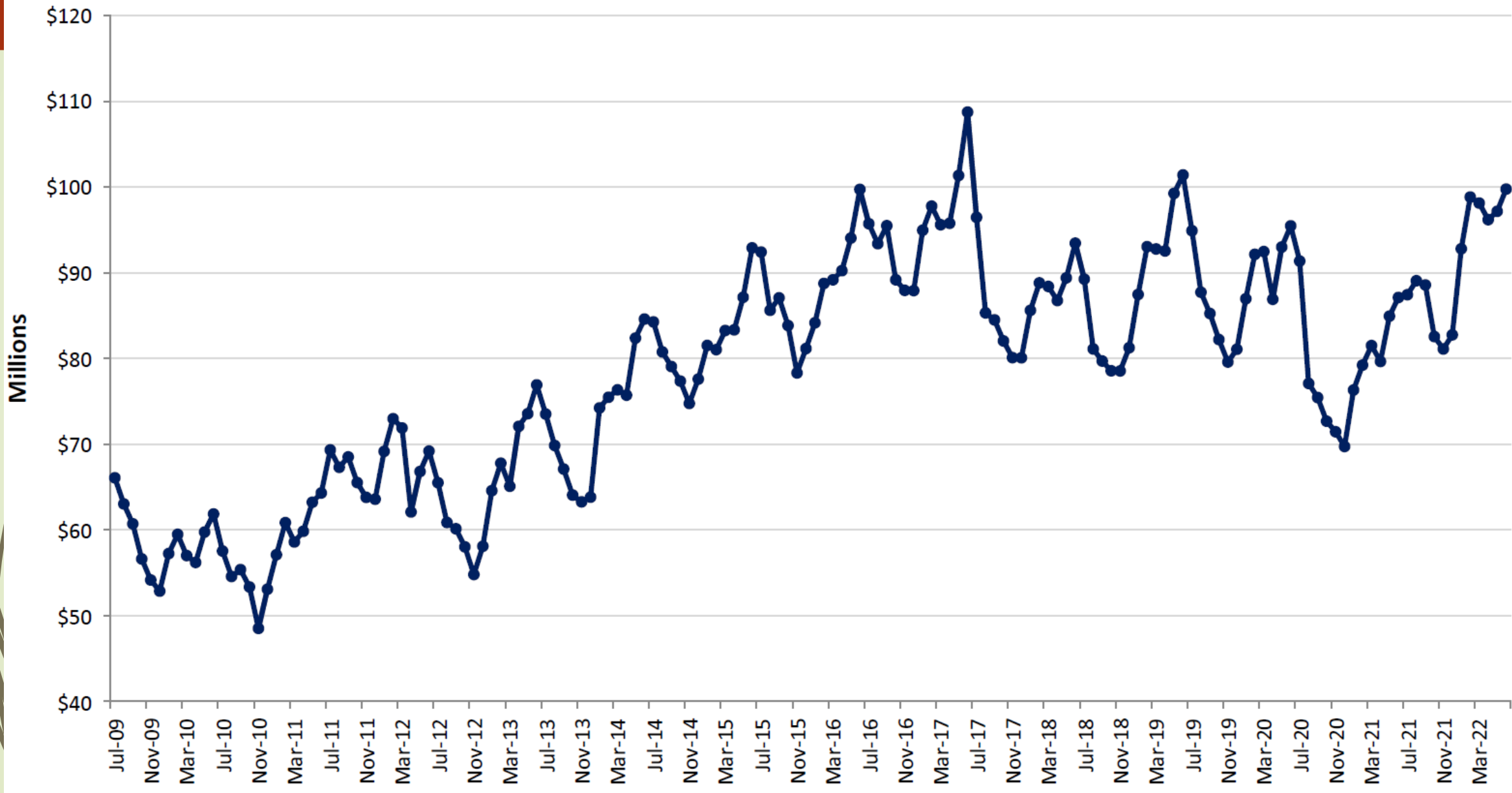
## Comparison of Investment Portfolio Positions F.Y. 2020-2021

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Investment Type		%		%				
Cash in Banks & Money Markets	\$10,855,843	*	\$10,000,681	*	\$5,180,168	*	\$10,538,424	*
Local Agency Investment Fund	\$7,004,742	9.6%	\$15,028,642	19.7%	\$15,039,065	18.30%	\$23,055,498	26.1%
Federal Agency Issues	\$34,598,183	47.2%	\$34,593,480	45.3%	\$34,588,776	42.00%	\$30,054,073	34.7%
Commercial Paper	\$0	0.0%	\$0	0.0%	\$0	0.00%	\$0	0.0%
Corporate Medium Term Notes	\$20,903,182	28.5%	\$20,915,171	27.4%	\$21,927,159	26.70%	\$18,937,844	21.5%
Bank Certificates of Deposit	\$2,726,898	3.7%	\$1,734,986	2.3%	\$1,735,073	2.10%	\$ 1,735,161	2.0%
Treasuries	\$8,053,427	11.0%	\$4,041,832	5.3%	\$8,985,108	10.90%	\$13,890,876	15.7%
Total: Investment Portfolio	\$73,286,432	100.0%	\$76,314,111	100.0%	\$82,275,181	100.00%	\$88,203,451	100.0%
Weighted Average Maturity (Yrs)	1.97		1.68		1.69		1.63	
Portfolio Effective Rate of Return (YTD)	2.10%		2.12%		2.07%		2.00%	
L.A.I.F. Yield	0.68%		0.54%		0.36%		0.26%	
Yield on Benchmark	1.67%		1.45%		1.21%		0.97%	
Interest earned YTD	\$430,578.83		\$815,051		\$1,198,761		\$1,574,081	
General Fund Contribution (49%)	\$210,984		\$399,375		\$587,393		\$771,300	

# Historical Book Value by Fiscal Year

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fiscal Year 2018	\$96.5	\$85.3	\$84.5	\$82.0	\$80.1	\$80.1	\$85.6	\$88.8	\$88.4	\$86.8	\$89.4	\$93.4
Fiscal Year 2019	\$89.3	\$81.1	\$79.7	\$78.6	\$78.5	\$81.2	\$87.5	\$93.0	\$92.8	\$92.5	\$99.3	\$101.4
Fiscal Year 2020	\$94.9	\$87.7	\$85.2	\$82.2	\$79.6	\$81.1	\$87.0	\$92.1	\$92.5	\$86.9	\$93.0	\$95.5
Fiscal Year 2021	\$91.4	\$77.1	\$75.4	\$72.7	\$71.4	\$69.7	\$76.3	\$79.2	\$81.5	\$79.7	\$84.9	\$87.1
Fiscal Year 2022	\$87.4	\$89.1	\$88.6	\$82.6	\$81.1	\$82.8	\$92.8	\$98.8	\$98.1	\$96.2	\$97.2	\$99.8

# Historical Book Value





# Cash Flows Analysis

FY 21/22	Beginning Balance	Total Deposits/Credits	Total Debits	Ending Balance
July	\$10,538,424.80	\$13,173,720.73	\$12,729,485.52	\$10,982,660.01
August	\$10,982,660.01	\$14,538,403.82	\$19,106,341.93	\$6,414,721.90
September	\$6,414,721.90	\$20,974,826.72	\$15,555,002.83	\$11,834,545.79
October	\$11,834,545.79	\$9,067,693.41	\$10,962,290.80	\$9,939,948.40
November	\$9,939,948.40	\$9,071,853.27	\$8,136,653.12	\$10,875,148.55
December	\$10,875,148.55	\$24,102,260.77	\$23,144,121.69	\$11,833,287.63
January	\$11,833,287.63	\$16,376,645.07	\$17,720,276.21	\$10,489,656.49
February	\$10,489,656.49	\$12,501,405.56	\$8,906,100.73	\$14,084,961.32
March	\$14,084,961.32	\$9,202,144.47	\$9,223,805.63	\$14,063,300.16
April	\$14,063,300.16	\$21,964,053.00	\$13,548,858.19	\$22,478,494.97
May	\$22,478,494.97	\$20,792,824.80	\$20,533,711.85	\$22,737,607.92
June	\$22,737,607.92	\$12,124,084.38	\$19,774,275.21	\$15,087,417.09

# Cash Flows Analysis

FY 20/21	Beginning Balance	Total Deposits/Credits	Total Debits	Ending Balance
July	9,193,009.23	\$23,528,048.48	\$23,528,048.48	7,913,069.20
August	7,913,069.20	\$10,009,273.89	\$7,982,154.30	9,940,188.79
September	9,940,188.79	\$8,253,651.97	\$7,337,997.37	10,855,843.39
October	\$10,855,843.39	\$7,451,740.98	\$12,962,556.95	\$5,345,027.42
November	\$5,345,027.42	\$12,176,643.35	\$8,498,011.06	\$9,023,659.71
December	\$9,023,659.71	\$26,407,972.95	\$25,430,951.43	\$10,000,681.23
January	\$10,000,681.23	\$13,405,817.29	\$9,206,595.75	\$14,199,902.77
February	\$14,199,902.77	\$8,612,672.87	\$13,935,245.98	\$8,877,329.66
March	\$8,877,329.66	\$6,397,979.69	\$10,095,141.08	\$5,180,168.27
April	\$5,180,168.27	\$22,779,755.29	\$19,456,457.55	\$8,503,466.01
May	\$8,503,466.01	\$14,026,247.43	\$13,887,869.10	\$8,641,844.34
June	\$8,641,844.34	\$15,879,105.17	\$13,982,524.71	\$10,538,424.80

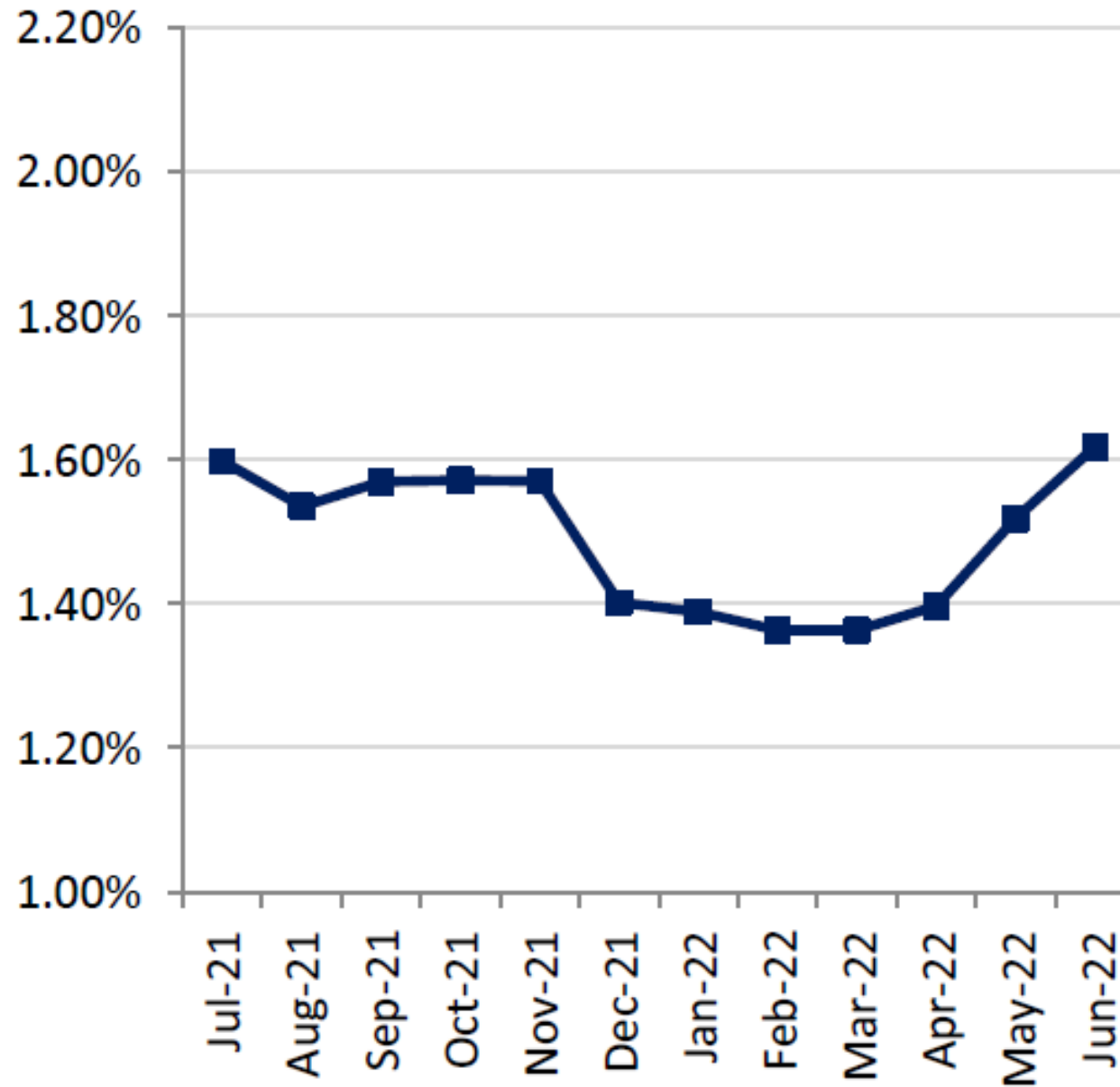
- **July – PERS pre-payment Debit \$13,241,791**
- **December – Property Tax Credit approximately \$15,600,000**

# Cash Flows – Cont'd

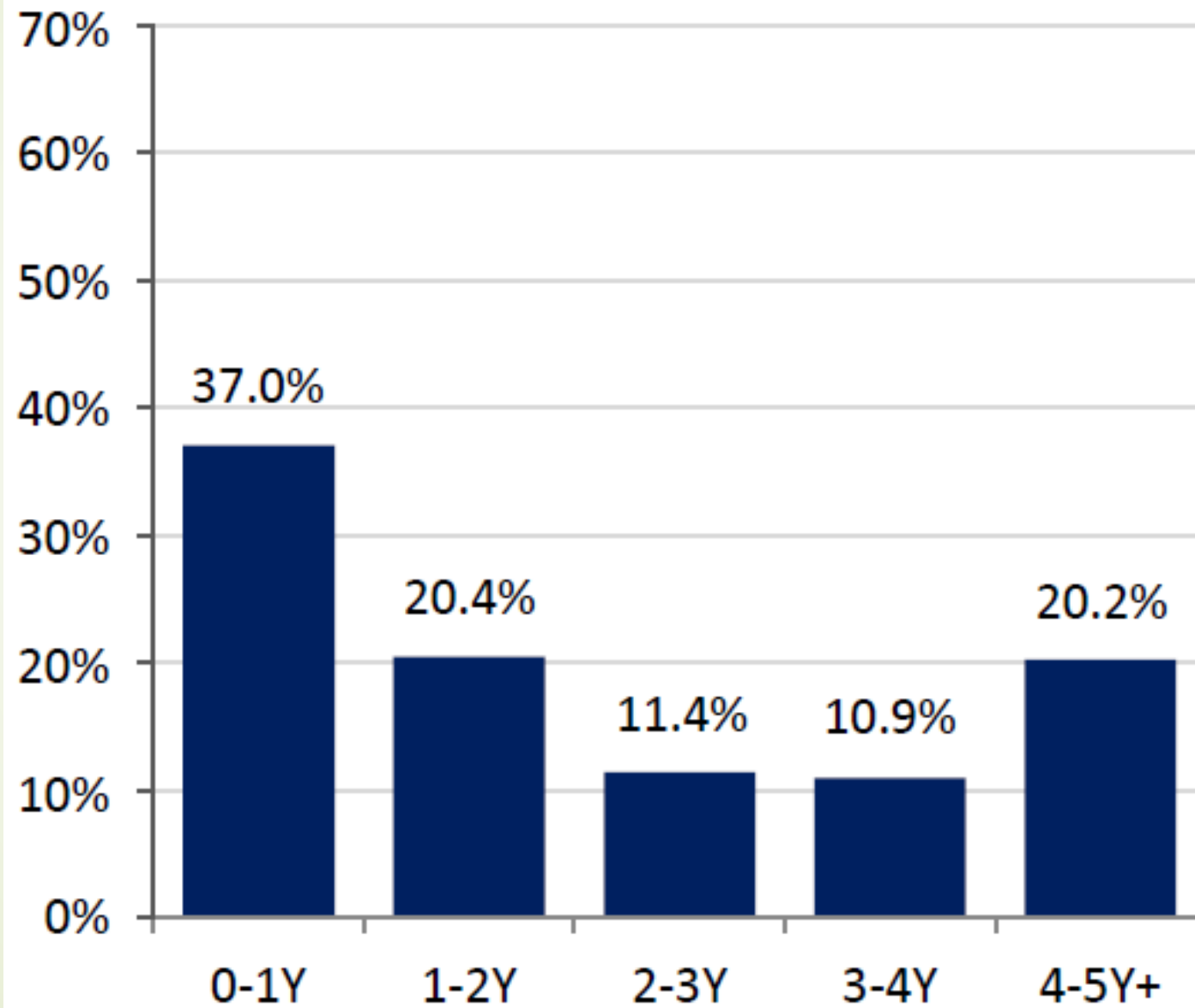
FY 19/20	Beginning Balance	Total Deposits/Credits	Total Debits	Ending Balance
July	\$9,062,598.34	\$15,624,340.18	\$21,337,116.12	\$3,349,822.40
August	\$3,349,822.40	\$18,074,954.67	\$14,802,686.45	\$6,622,090.62
September	\$6,622,090.62	\$10,501,708.65	\$9,119,393.45	\$8,004,405.82
October	\$8,004,405.82	\$10,929,920.13	\$10,076,473.35	\$8,857,852.60
November	\$8,857,852.60	\$9,193,252.52	\$11,930,110.80	\$6,120,994.32
December	\$6,120,994.32	\$26,348,587.27	\$22,048,098.57	\$10,421,483.02
January	\$10,421,483.02	\$19,783,662.93	\$18,341,170.44	\$11,863,975.51
February	\$11,863,975.51	\$9,279,586.90	\$13,674,658.98	\$7,468,903.43
March	\$7,468,903.43	\$8,312,068.31	\$10,474,639.15	\$5,306,332.59
April	\$5,306,332.59	\$22,277,715.90	\$18,898,100.20	\$18,898,100.20
May	\$18,898,100.20	\$11,103,888.10	\$21,736,914.69	\$8,265,073.61
June	\$8,265,073.61	\$9,646,267.42	\$8,718,331.80	\$9,193,009.23



## MONTH-END PORTFOLIO BOOK YIELD

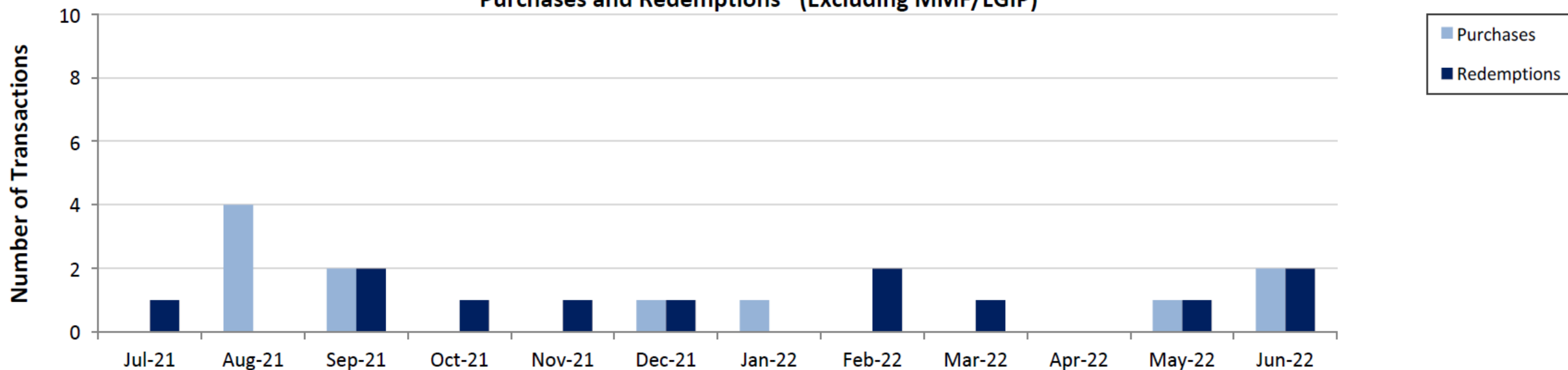


## MATURITY DISTRIBUTION



# TRADING ACTIVITY

Purchases and Redemptions\* (Excluding MMF/LGIP)



\*Redemptions include maturities, calls, and sells

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Purchases	0	4	2	0	0	1	1	0	0	0	1	2
Redemptions	1	0	2	1	1	1	0	2	1	0	1	2
Total	1	4	4	1	1	2	1	2	1	0	2	4



# Fiscal Impact

- Interest earned year to date is \$1,342,113.
- The General Fund contribution rate is 60%. Approximately \$805,268 contributed to the general fund through investment activity.
- Budgeted contribution of interest to the general fund for the entire fiscal year is \$750,000.