



Memorandum

To: Sheryl Mitchell, City Administrator

From: Pamela Bratschi, Treasurer

Date: July 22, 2021

Re: City Annual Investment Report 6/30/2021

The City investment balance at year-end was \$ 17,383,175.38. Approximately 92.18% of these investments relate to the funds: Capital Acquisition Fund, General Fund, Major Road Fund, Local Road Fund and Water/Sewer Fund. These investments were derived from separate purposes as outline below:

- The Capital Acquisition Fund investment is held for current and future capital expenditures.
- The General Fund investments are held for operating expenditures over the next fiscal year.
- The Major and Local Road Funds are held for current and future expenditures.
- The Water/Sewer funds are derived from utility revenue received, property tax revenue received and Grant funds for the payment of bond principal and interest expense.

Most of the funds were invested in Governmental Pooled Funds. The Governmental Pooled Funds invest mostly in US Treasury Notes, and Commercial Paper. Public Act 20 allows the City to invest in the following type of investments.

- US Treasury investments
- Certificates of Deposits
- Commercial Paper
- Governmental investment Pool Funds
- US Agency Obligations

To protect publicly held funds, the restrictions on investments under State law do not allow municipalities to invest in many types of investments.

The City earned \$10,493.75 on their investment for the Fiscal Year 2020-2021 in comparison to \$40,589.46 on their investment for the Fiscal Year 2019-2020 in comparison to \$57,025.17 on their investment for the Fiscal Year 2018-2019 in comparison to \$45,409.80 on their investment for the Fiscal Year 2017-2018 in comparison to \$26,033.51 on their investment for Fiscal Year 2016-2017 in comparison to \$26,547.26 on their investment for Fiscal Year 2015-2016 in comparison to \$26,394.33 on their investment for the Fiscal Year 2014-2015 in comparison to \$20,715.50 on investment for the fiscal Year 2013-2014 in comparison to \$7,164.28 on investment for the fiscal Year 2012-2013 in comparison to \$2,009.00 on investment for the Fiscal Year 2011-2012. The Table shows the interest earned by account for the period.

As you can see the largest interest earnings are related to the General, Major and Local Road Funds and Water. This year the rates have decreased drastically and are the lowest I have ever seen them. Hopefully the rates will increase again and the economy improves so the Federal Reserve will adjust rates accordingly.

In conclusion, the Treasurers Department believes the investment goals for the year were met as shown below:

- Legal Requirements – The City has adhered to the restrictive investment definitions and criteria under Public Act 20.
- Safety of Investments – No funds were invested in high risk or speculative investments over the last year. Governmental Pooled Funds were utilized which invest in US Treasury instruments and Commercial Paper.
- Credit Risk – The City did not invest in any funds which could lose their Net Asset Value. The Banking institutions utilized to invest these funds met the necessary capital adequacy, Liquidity, Asset Quality and Earnings levels as shown in the Highline Bank Rating reports.
- Diversification: The City has utilized Governmental Pooled Funds and Certificates of Deposits to allow for diversification of investments. In addition, the City invested in different qualified banking institutions to further diversify their investment.
- Liquidity: All funds are liquid.