

# FUNDAMENTALS OF PUBLIC FUNDS INVESTING



## AGENCY PROFILE ON INVESTMENT ACCOUNTING AND REPORTING

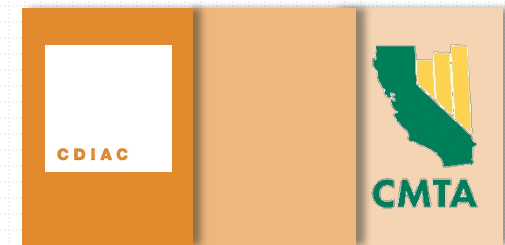
**Dan Matusiewicz**

Former Finance Director and Treasurer | City of Newport Beach

**Jenny Leisz**

Deputy Director – Financial Services | City of Tustin

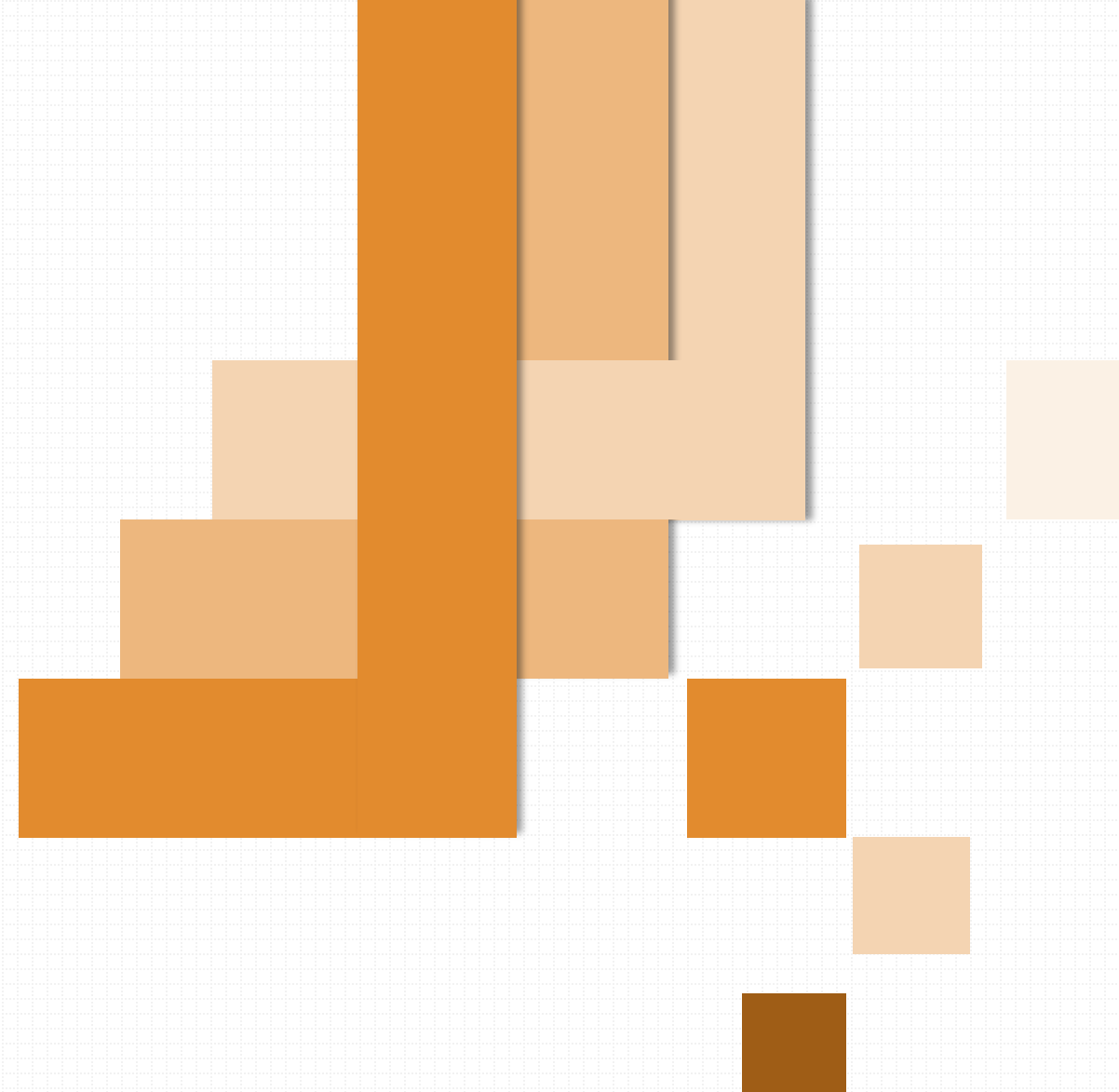
January 28, 2021



# SESSION OVERVIEW

We Will Not Focus on the Technical GASB Requirements

We will focus practical considerations of Day to Day Accounting and Financial Reporting



# No Two Agencies are Alike

## City of Tustin



### Agency 1

Investments managed by staff without investment accounting software



### Agency 2

Investments managed by staff with investment accounting software



### Agency 3

Investments managed by outside investment advisor. Agency does not use investment accounting software.



### Agency 4

Investments managed by outside investment advisor. Agency does use investment accounting software.

## City of Newport Beach

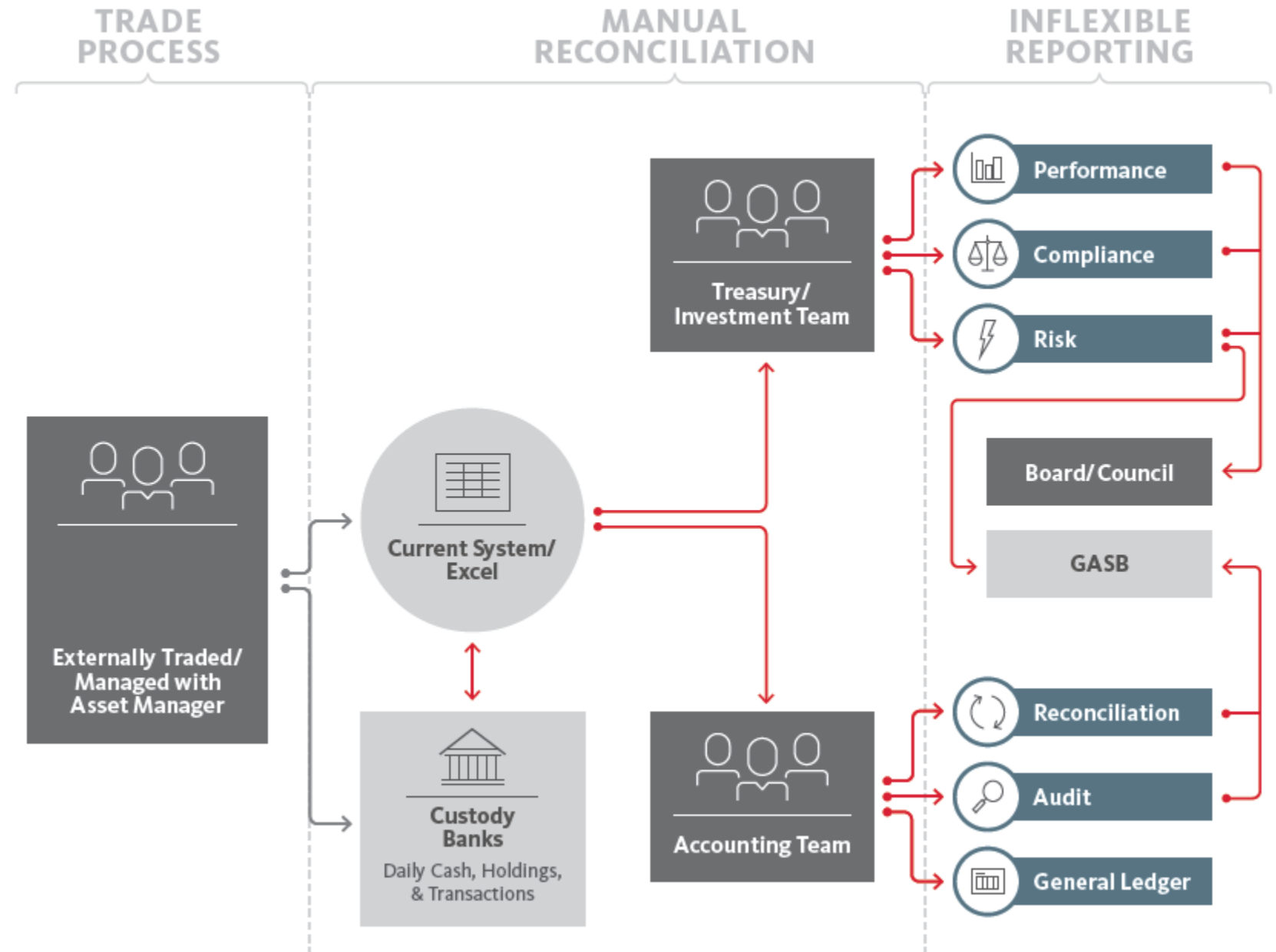
## Agency 1

Portfolio managed in-house without investment accounting software

Homegrown processes are often built and maintained to overcome lack of investment software system.

Investment and treasury teams have to gather data before manually generating the required regulatory reporting, general ledger entries, and other internal financial information.

Vulnerable to error and single point of failure should excel architect leave.



# Consider Automation Opportunities

1. Minimize manual processes
2. Seek for a process that automates journal entry creation.
3. Focus automation efforts on items that save time and eliminate controls



# Services to Consider

Could be offered by  
software service  
provider on a fixed  
fee or ala carte basis



Charts &  
Graphs



Automatic Market  
Pricing



General Ledger  
Interface

Could be offered by  
software service  
provider or by  
Custody bank



Market Price  
Import



Multiple  
Transaction Import



Enhanced  
Reporting



## Agency 2

Portfolio managed  
in-house with  
investment  
accounting software

## City of Tustin



Easy

Efficient

Reliable

Accurate





1 <GO> to send to VCON & MSG, View other options under Settings

TOYOTA 3.45 09/20/23 Corp    1) Send (VCON)    9) Settings

Ticket

02/22/2019 13:39:42 Trade Date 02/22/19 13:39:42

Trade Information

|        |  |       |              |
|--------|--|-------|--------------|
| Trader |  | CUSIP | 89236TFN0    |
| At     |  | ISIN  | US89236TFN00 |

|            |            |                         |              |                             |
|------------|------------|-------------------------|--------------|-----------------------------|
| 9) BUY     | 1000       | of TOYOTA 3.45 09/20/23 | Issuer Dated | TOYOTA MTR CRED<br>09/20/18 |
| Price      | 101.900000 | Yield                   | 3.000838     |                             |
| Settlement | 02/28/19   |                         |              |                             |

Notes THANK YOU!

Trade Numbers

View Amounts in USD

|                      |     |              |
|----------------------|-----|--------------|
| Principal            | USD | 1,019,000.00 |
| Accrued ( 158 days ) |     | 15,141.67    |
| Total                | USD | 1,034,141.67 |



## 25) Bond Description

## 26) Issuer Description

| Pages                | Issuer Information                           | Identifiers             |
|----------------------|--|-------------------------|
| 1) Bond Info         | Name TOYOTA MOTOR CREDIT CORP                | ID Number AU5643344     |
| 12) Addtl Info       | Industry Automobiles Manufacturing           | CUSIP 89236TFN0         |
| 13) Reg/Tax          | Security Information                         | ISIN US89236TFN00       |
| 14) Covenants        | Mkt Iss Global                               | Bond Ratings            |
| 15) Guarantors       | Country US                                   | Moody's Aa3             |
| 16) Bond Ratings     | Rank Sr Unsecured                            | S&P AA-                 |
| 17) Identifiers      | Currency USD                                 | Fitch A+u               |
| 18) Exchanges        | Series GMTN                                  | Composite AA-           |
| 19) Inv Parties      | Coupon 3.450000                              | Issuance & Trading      |
| 20) Fees, Restrict   | Type Fixed                                   | Amt Issued/Outstanding  |
| 21) Schedules        | Cpn Freq S/A                                 | USD 750,000.00 (M) /    |
| 22) Coupons          | Day Cnt 30/360                               | USD 750,000.00 (M)      |
| Quick Links          | Iss Price 99.80400                           | Min Piece/Increment     |
| 32) ALLQ Pricing     | Maturity 09/20/2023                          | 2,000.00 / 1,000.00     |
| 33) QRD Qt Recap     | Reoffer 99.804                               | Par Amount 1,000.00     |
| 34) TDH Trade Hist   | MAKE WHOLE @10.000000 until 09/20/23, BULLET | Book Runner JOINT LEADS |
| 35) CACS Corp Action | Iss Sprd +60.00bp vs T 2 3/4 08/31/23        | Reporting TRACE         |
| 36) Cr Prospectus    | Calc Type (1)STREET CONVENTION               |                         |
| 37) CN Sec News      | Pricing Date 09/17/2018                      |                         |
| 38) HDS Holders      | Interest Accrual Date 09/20/2018             |                         |
|                      | 1st Settle Date 09/20/2018                   |                         |
|                      | 1st Coupon Date 03/20/2019                   |                         |
| 66) Send Bond        |  |                         |

# Monthly Accounting

Debit Cash \$350,838.79  
Credit Interest Income \$350,838.79

Allocation between funds -  
Springbrook system generated  
journal entry

## February 2019 Investment Interest

|                                    |                      |       |
|------------------------------------|----------------------|-------|
| LIAF Quarterly Interest            |                      | (1)   |
| CAMP Interest                      | \$ 128,714.24        | (2) ✓ |
| OC Investment Pool Interest        | \$ 1,779.44          | (3) ✓ |
| OC Investment Pool Admin Fee       | \$ (55.37)           | (4) ✓ |
| Net Income & Expenses              | \$ 219,815.93        | (5) ✓ |
| Earning Allowance                  | \$ 584.55            | (6) ✓ |
| Gain/(Loss) on sales of investment | \$ -                 | (7)   |
| <b>Total Investment Interest</b>   | <b>\$ 350,838.79</b> |       |

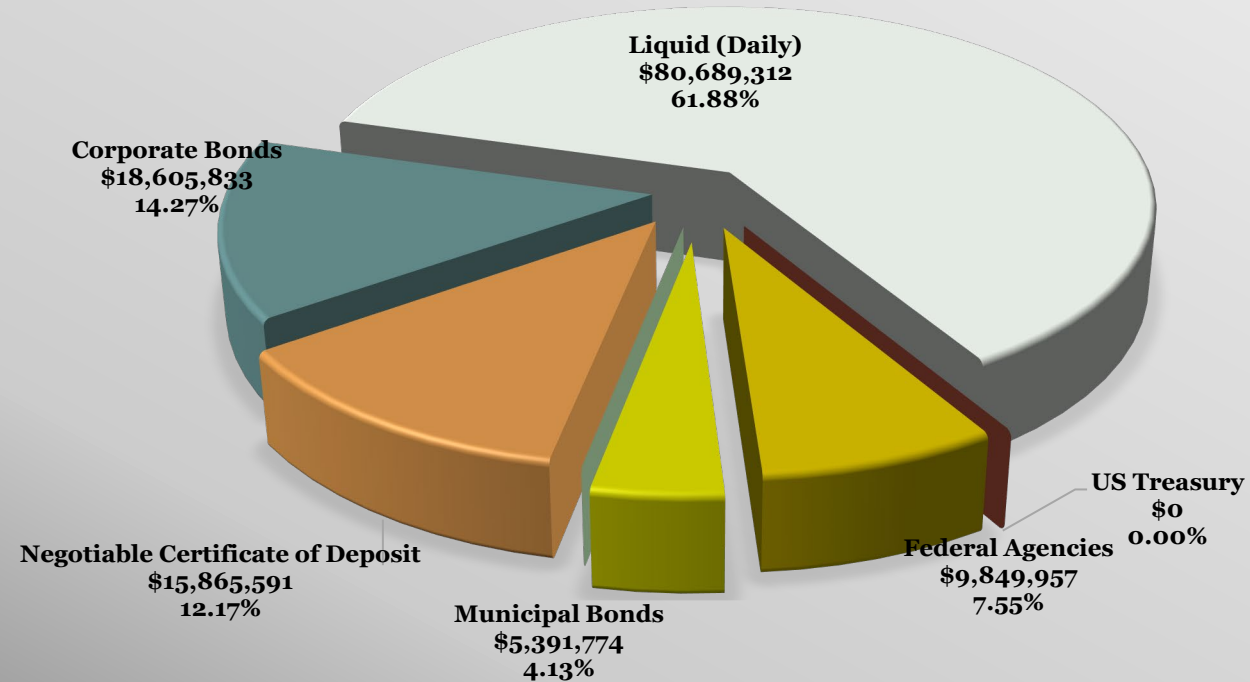
## Transactions for February 2019

| <u>Buy</u> |           |                 | <u>Settled on</u> | <u>Matured Date</u> | <u>Cost</u>  |
|------------|-----------|-----------------|-------------------|---------------------|--------------|
| CorpBond   | 89236TFN0 | Toyota Motor C  | 2/22/2019         | 9/20/2023           | 1,034,141.67 |
| CD         | 49254FAQ9 | Keesler Federal | 2/21/2019         | 8/30/2021           | 249,000.00   |

# Investment Portfolio

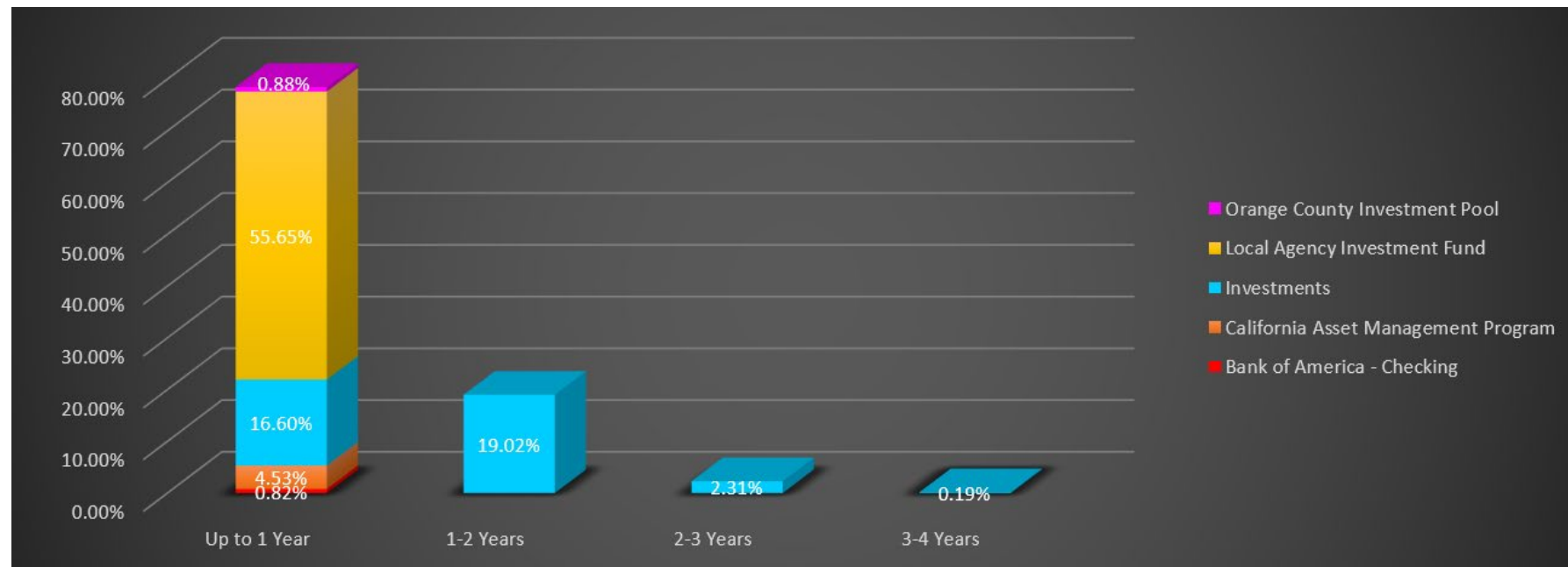
11

\$130.4 million



# Liquidity

12





# Quarterly Certification and Reporting to Council

## Certifications

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We certify that this report reflects all City of Tustin and the Successor Agency for the Tustin Community Redevelopment Agency (SATCRA) pooled investments. The investments represented in this report are in conformity with the current adopted investment policy of the City of Tustin. The market values represented in this report are provided by the Custodian Bank and Trustees currently holding securities for the City of Tustin and SATCRA.

The investment program herein shown provides sufficient cash flow liquidity to meet the next twelve (12) months estimated expenditures.  
This statement is prepared in conformance with Section 53646 of the Government Code.

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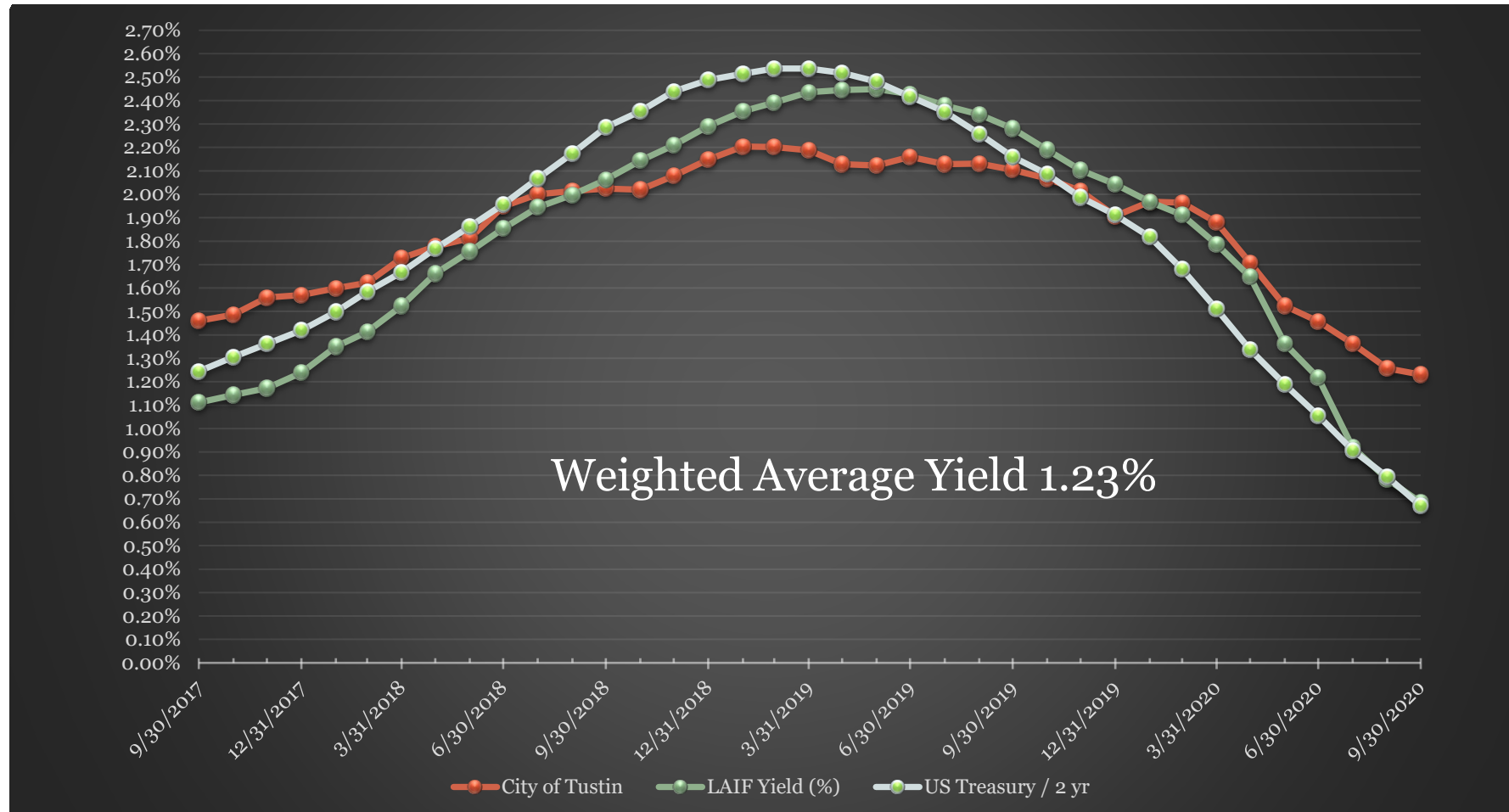
Larry Friend, Chair  
City of Tustin Audit Commission

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Jason Al-Imam, Finance Director /  
City of Tustin Treasurer

# Performance

14



# Market Value

15

|  | Cost Value + Accrued Interest | Market Value          | Unrealized Gain     |
|--|-------------------------------|-----------------------|---------------------|
|  |                               |                       |                     |
| US Agency  | 9,849,956.94                  | 10,089,446.71         | 239,489.27          |
| Municipal Bonds  | 5,391,774.34                  | 5,450,273.60          | 58,499.26           |
| Certificate of Deposit / Negotiable  | 15,865,590.94                 | 16,212,432.58         | 346,841.64          |
| Corporate Bonds  | 18,605,832.55                 | 18,972,069.09         | 366,236.54          |
|  |                               |                       |                     |
| Cash   | 1,069,385.08                  | 1,069,385.08          | -                   |
| Orange County Investment Pool  | 1,141,427.90                  | 1,141,427.90          | -                   |
| LAIF / Local Agency Investment Fund  | 72,573,553.18                 | 72,573,553.18         | -                   |
| California Asset Management Program (CAMP)<br>Shares of beneficial Interest by a JPA | 5,904,945.78                  | 5,904,945.78          | -                   |
| <b>Total</b>   | <b>130,402,466.71</b>         | <b>131,413,533.92</b> | <b>1,011,067.21</b> |

## COMPLIANCE

### Investment Policy / Corporate Bonds

Corporate Bonds are required, at Settlement Date, to have an "A" rating from one of the three rating agencies.

|                          | CUSIP     | Face Amount | Rating          | Current Rating |     |       |  | Prior Month Rating |     |       | Compliance |
|--------------------------|-----------|-------------|-----------------|----------------|-----|-------|--|--------------------|-----|-------|------------|
|                          |           |             | Settlement Date | Moody's        | S&P | Fitch |  | Moody's            | S&P | Fitch |            |
| Apple Inc.               | 037833BS8 | 2,000,000   | AA+             | Aa1            | AA+ | NR    |  | Aa1                | AA+ | NR    | Yes        |
| Apple Inc.               | 037833CQ1 | 2,000,000   | AA+             | Aa1            | AA+ | NR    |  | Aa1                | AA+ | NR    | Yes        |
| Berkshire Hathaway       | 084670BQ0 | 1,000,000   | AA              | Aa2            | AA  | A+u   |  | Aa2                | AA  | A+u   | Yes        |
| Chevron Corporation      | 166764BN9 | 2,000,000   | AA-             | Aa2            | AA  | NR    |  | Aa2                | AA  | NR    | Yes        |
| Coca-Cola Co             | 191216BT6 | 1,000,000   | AA-             | A1             | A+  | Au    |  | A1                 | A+  | Au    | Yes        |
| IBM Credit LLC           | 44932HAC7 | 1,000,000   | A+              | A2             | A   | WD    |  | A2                 | A   | WD    | Yes        |
| Microsoft Corporation    | 594918BG8 | 1,000,000   | AAA             | Aaa            | AAA | AA+u  |  | Aaa                | AAA | AA+u  | Yes        |
| Pfizer Inc               | 717081DZ3 | 1,000,000   | AA              | A1             | AA- | Au    |  | A1                 | AA- | Au    | Yes        |
| Procter&Gamble Co        | 742718DY2 | 1,000,000   | AA-             | Aa3            | AA- | NR    |  | Aa3                | AA- | NR    | Yes        |
| Toyota Motor Credit Corp | 89236TEC5 | 2,482,750   | AA-             | A1             | A+  | A+    |  | A1                 | A+  | A+    | Yes        |
| Toyota Motor Credit Corp | 89236TDP7 | 1,000,000   | AA-             | A1             | A+  | A+    |  | A1                 | A+  | A+    | Yes        |
| Toyota Motor Credit Corp | 89236TFN0 | 1,000,000   | AA-             | A1             | A+  | A+    |  | A1                 | A+  | A+    | Yes        |
| VISA Inc                 | 92826CAG7 | 1,000,000   | A+              | Aa3            | AA- | NR    |  | Aa3                | AA- | NR    | Yes        |
| Walmart Store Inc        | 931142EA7 | 1,000,000   | AA              | Aa2            | AA  | AA    |  | Aa2                | AA  | AA    | Yes        |



| Description  | CUSIP/Ticker | Days To Maturity | Maturity Date | Settlement Date | YTM @ Cost   | Credit Rating 1 | Credit Rating 2 | Face Amount/Shares   | Cost Value + Accrued Interest | Cost Price       | Market Value         | % of Portfolio |
|--|--------------|------------------|---------------|-----------------|--------------|-----------------|-----------------|----------------------|-------------------------------|------------------|----------------------|----------------|
| US Alliance FCU NY 3 2/22/2021                                     | 90352RAB1    | 145              | 2/22/2021     | 6/22/2018       | 3.000        | NR              | NR              | 249,000.00           | 249,000.00                    | 100              | 251,882.42           | 0.19           |
| Winter Hill Bank, FSB 1.8 6/28/2021                                | 975875AK1    | 271              | 6/28/2021     | 6/26/2017       | 1.800        | NR              | NR              | 248,000.00           | 248,000.00                    | 100              | 251,176.14           | 0.19           |
| <b>Sub Total / Average Certificate of Deposit - Negotiable 30%</b> |              | <b>373</b>       |               |                 | <b>2.163</b> |                 |                 | <b>15,866,000.00</b> | <b>15,865,590.94</b>          | <b>99.995325</b> | <b>16,212,432.58</b> | <b>12.18</b>   |

#### Corporate Bonds 15%

|  |           |            |            |           |              |            |         |                      |                      |                   |                      |              |
|--|-----------|------------|------------|-----------|--------------|------------|---------|----------------------|----------------------|-------------------|----------------------|--------------|
| Apple Inc 2.25 2/23/2021-21                    | 037833BS8 | 146        | 2/23/2021  | 12/2/2016 | 2.125        | Moodys-Aa1 | S&P-AA+ | 2,000,000.00         | 2,022,375.00         | 100.5             | 2,014,069.92         | 1.54         |
| Apple Inc 2.3 5/11/2022                        | 037833CQ1 | 588        | 5/11/2022  | 6/26/2017 | 2.133        | Moodys-Aa1 | S&P-AA+ | 2,000,000.00         | 2,021,152.54         | 100.770127        | 2,062,453.14         | 1.55         |
| Berkshire Hathaway Inc 2.2 3/15/2021           | 084670BQ0 | 166        | 3/15/2021  | 6/13/2018 | 2.654        | Moodys-Aa2 | S&P-AA  | 1,000,000.00         | 993,377.78           | 98.8              | 1,007,222.12         | 0.76         |
| Chevron Corp 2.498 3/3/2022                    | 166764BN9 | 519        | 3/3/2022   | 8/10/2017 | 2.101        | Moodys-Aa2 | S&P-AA- | 2,000,000.00         | 2,056,188.11         | 101.72            | 2,058,458.76         | 1.56         |
| COCO-COLA CO 1.875 10/27/2020                  | 191216BT6 | 27         | 10/27/2020 | 7/13/2017 | 1.875        | Moodys-Aa3 | S&P-AA- | 1,000,000.00         | 1,003,958.33         | 100               | 1,001,157.41         | 0.77         |
| IBM Credit LLC 2.2 9/8/2022                    | 44932HAC7 | 708        | 9/8/2022   | 10/3/2017 | 2.301        | Moodys-A1  | S&P-A+  | 1,000,000.00         | 996,827.78           | 99.53             | 1,038,366.59         | 0.76         |
| Microsoft 2 11/3/2020-20                       | 594918BG8 | 34         | 11/3/2020  | 11/6/2015 | 1.929        | Moodys-Aaa | S&P-AAA | 1,000,000.00         | 1,003,546.67         | 100.338           | 1,000,050.25         | 0.77         |
| Pfizer Inc 2.2 12/15/2021                      | 717081DZ3 | 441        | 12/15/2021 | 7/16/2018 | 2.944        | Moodys-A1  | S&P-AA  | 1,000,000.00         | 977,894.44           | 97.6              | 1,023,109.01         | 0.75         |
| Procter & Gamble Co 2.3 2/6/2022               | 742718DY2 | 494        | 2/6/2022   | 7/16/2018 | 2.902        | Moodys-Aa3 | S&P-AA- | 1,000,000.00         | 990,022.22           | 97.98             | 1,028,533.07         | 0.75         |
| Toyota Motor Credit Corp 2.15 9/8/2022         | 89236TEC5 | 708        | 9/8/2022   | 11/1/2017 | 2.301        | Moodys-Aa3 | S&P-AA- | 2,500,000.00         | 2,490,663.19         | 99.31             | 2,585,890.13         | 1.91         |
| Toyota Motor Credit Corp 3.45 9/20/2023        | 89236TFN0 | 1,085      | 9/20/2023  | 2/28/2019 | 3.001        | Moodys-Aa3 | S&P-AA- | 1,000,000.00         | 1,034,141.67         | 101.9             | 1,084,732.30         | 0.78         |
| Toyota Motor Credit Corp 2.6 1/11/2022         | 89236TDP7 | 468        | 1/11/2022  | 7/13/2017 | 2.200        | Moodys-Aa3 | S&P-AA- | 1,000,000.00         | 1,017,172.28         | 101.702784        | 1,029,395.77         | 0.78         |
| VISA Inc 2.15 9/15/2022                        | 92826CAG7 | 715        | 9/15/2022  | 10/3/2017 | 2.101        | Moodys-A1  | S&P-A+  | 1,000,000.00         | 1,003,615.32         | 100.230143        | 1,035,205.44         | 0.77         |
| Walmart Inc 1.9 12/15/2020                     | 931142EA7 | 76         | 12/15/2020 | 6/13/2018 | 2.622        | Moodys-Aa2 | S&P-AA  | 1,000,000.00         | 994,897.22           | 98.26             | 1,003,425.18         | 0.75         |
| <b>Sub Total / Average Corporate Bonds 15%</b> |           | <b>460</b> |            |           | <b>2.322</b> |            |         | <b>18,500,000.00</b> | <b>18,605,832.55</b> | <b>100.048426</b> | <b>18,972,069.09</b> | <b>14.20</b> |

#### Municipal Securities 15% / 5%

|           |     |          |           |       |  |         |              |              |     |              |      |
|-----------|-----|----------|-----------|-------|--|---------|--------------|--------------|-----|--------------|------|
| 13063DAD0 | 548 | 4/1/2022 | 4/27/2017 | 2.152 |  | S&P-AA- | 1,000,000.00 | 1,010,000.00 | 101 | 1,028,940.00 | 0.78 |
|-----------|-----|----------|-----------|-------|--|---------|--------------|--------------|-----|--------------|------|

# Annual Accounting and Reporting

## JOURNAL ENTRIES

- Market Value Adjustment
- Accrued Interest

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

- Maturity
- Rating

## 6/30/20 GASB 31 Adjustment Calculation

|                               | Cost<br>6/30/20 | Market<br>Value<br>6/30/20 | GASB 31<br>Adjustment |
|-------------------------------|-----------------|----------------------------|-----------------------|
| Agencies                      | 9,849,957       | 10,118,949                 | 268,992               |
| Corporate Bonds               | 21,598,838      | 22,031,674                 | 432,836               |
| Money Market                  | 17,850,591      | 18,266,010                 | 415,419               |
| Municipal bonds               | 5,391,774       | 5,441,881                  | 50,107                |
| US Treasuries                 | -               | -                          | -                     |
| Orange County Investment Pool | 1,137,736       | 1,147,293                  | 9,557                 |
| CAMP                          | 22,994,603      | 22,994,603                 | -                     |
| LAIF                          | 72,343,758      | 72,699,168                 | 355,410               |
| Totals                        | 151,167,257     | 152,699,578                | 1,532,321             |

### Orange County Investment Pool Market Value Calculation

1,137,736 x 1.0084 1,147,293

### LAIF Market Value Calculation

72,343,758 x 1.004912795 72,699,168

# Journal Entry Support for Allocation of Market Adjustment

Debit Change in Market  
Value \$265,422

Credit Unrealized Gain  
on Investments \$265,422

| Allocation |  | Market Value Adjustment to be Allocated |                                  |           |   |   | 1,532,321.00                        |
|------------|--|---|----------------------------------|-----------|---|---|-------------------------------------|
| Fund       | Description                                      | Ending Balance<br>6/30/20               | Cash to be<br>Allocated Interest | % of Cash | Market Value<br>Adjustment for<br>GASB 31 | Change in<br>Market Value<br>Balance per GL | Adjustment<br>Amount for<br>6/30/20 |
| 100        | General  | 23,166,343.77                           | 23,166,343.77                    | 16.7920%  | 257,307.39                                | (8,115.06)                                  | 265,422.45                          |
| 101        | Emergency Fund                                   | 1,000,000.00                            |                                  |           |   |   |                                     |
| 120        | CDBG   | 0.00                                    |                                  |           |   |   |                                     |
| 129        | Cable PEG Fees                                   | 464,110.91                              | 464,110.91                       | 0.3364%   | 5,154.86                                  | 0.00  | 5,154.86                            |
| 130        | Gas Tax  | 5,449,309.10                            | 5,449,309.10                     | 3.9499%   | 60,525.20                                 | (1,803.12)                                  | 62,328.32                           |
| 131        | Park Development                                 | 3,228,373.30                            | 3,228,373.30                     | 2.3401%   | 35,857.38                                 | (1,459.08)                                  | 37,316.46                           |
| 132        | Park Development- Legacy                         | 77,432.31                               | 77,432.31                        | 0.0561%   | 860.04                                    | (415.48)                                    | 1,275.52                            |
| 133        | Air Quality                                      | 516,291.76                              | 516,291.76                       | 0.3742%   | 5,734.43                                  | (140.50)                                    | 5,874.93                            |
| 134        | Asset Forfeiture                                 | 59,150.21                               | 59,150.21                        | 0.0429%   | 656.98                                    | (17.45)                                     | 674.43                              |
| 135        | RNSP Asset Forfeiture                            | 124,042.25                              | 124,042.25                       | 0.0899%   | 1,377.73                                  | (48.90)                                     | 1,426.63                            |
| 136        | Supplemental Law Enf                             | 205,602.34                              | 205,602.34                       | 0.1490%   | 2,283.61                                  | (44.44)                                     | 2,328.05                            |
| 137        | Treas RNSP Asset Forfeiture                      | 12,043.18                               | 12,043.18                        | 0.0087%   | 133.76                                    | (4.13)                                      | 137.89                              |
| 138        | Measure M  | 0.00                                    | 0.00                             | 0.0000%   | 0.00                                      | (0.02)                                      | 0.02                                |
| 139        | Measure M2 - Fair Share                          | 6,833,541.09                            | 6,833,541.09                     | 4.9533%   | 75,899.79                                 | (1,726.87)                                  | 77,626.66                           |
| 140        | Road Maintenance and Rehab                       | 2,593,355.51                            | 2,593,355.51                     | 1.8798%   | 28,804.27                                 | 0.00  | 28,804.27                           |
| 141        | Landscape Lighting                               | 0.00                                    |                                  |           |   |   |                                     |
| 142        | Street Lighting                                  | 2,400,583.37                            | 2,400,583.37                     | 1.7401%   | 26,663.16                                 | (728.64)                                    | 27,391.80                           |
| 171        | Solid Waste                                      | 124,625.44                              | 124,625.44                       | 0.0903%   | 1,384.21                                  | (23.55)                                     | 1,407.76                            |
| 180        | Special Events                                   | 314,428.43                              |                                  |           |   |   |                                     |
| 181        | Workers' Comp                                    | 1,276,192.01                            | 1,276,192.01                     | 0.9250%   | 14,174.60                                 | (750.90)                                    | 14,925.50                           |
| 182        | Liability  | 1,276,695.68                            |                                  |           |   |   |                                     |
| 183        | Unemployment Comp                                | 69,852.06                               | 69,852.06                        | 0.0506%   | 775.84                                    | (0.94)                                      | 776.78                              |
| 184        | Equipment Replacement                            | 2,768,143.51                            | 2,768,143.51                     | 2.0065%   | 30,745.63                                 | (1,113.87)                                  | 31,859.50                           |
| 185        | Information Technology                           | 3,198,108.14                            | 3,198,108.14                     | 2.3181%   | 35,521.22                                 | (636.78)                                    | 36,158.00                           |
| 186        | Oblig Reimb Frm Successor Agency Special Reserve | 1,428.45                                | 1,428.45                         | 0.0010%   | 15.87                                     | (701.26)                                    | 717.13                              |
| 187        | Legacy Backbone Infrastructure                   | 10,896,419.81                           | 10,896,419.81                    | 7.8982%   | 121,025.97                                | (10,192.29)                                 | 131,218.26                          |
| 189        | Proceeds Land Held for Resale                    | 39,486,085.49                           | 39,486,085.49                    | 28.6213%  | 438,569.91                                | (17,663.48)                                 | 456,233.39                          |
| 200        | Capitla Projects                                 | 2,502,182.56                            | 2,502,182.56                     | 1.8137%   | 27,791.61                                 | (2,134.98)                                  | 29,926.59                           |
| 300        | Water Utility                                    | 11,238,328.94                           | 11,238,328.94                    | 8.1460%   | 124,823.54                                | (3,634.77)                                  | 128,458.31                          |
| 301        | Water Capital Fund                               | 4,497,409.04                            | 4,497,409.04                     | 3.2599%   | 49,952.49                                 | (2,891.08)                                  | 52,843.57                           |
| 302        | Water Emergency Fund                             | 2,000,000.00                            | 2,000,000.00                     | 1.4497%   | 22,213.90                                 | 0.00  | 22,213.90                           |
| 305        | Water Enterprise Debt Service                    | 20,523.58                               | 20,523.58                        | 0.0149%   | 227.95                                    | (100.96)                                    | 328.91                              |



## AIR Allocation

Interest Receivable to be Allocated **363,936.28**

| Fund | Description                 | Ending Balance<br>6/30/20 | Cash to be<br>Allocated Interest | % of Cash | Interest<br>Receivable |
|------|-----------------------------|---------------------------|----------------------------------|-----------|------------------------|
| 100  | General                     | 23,166,343.77             | 23,166,343.77                    | 16.7920%  | 61,112.19              |
| 101  | Emergency Fund              | 1,000,000.00              |                                  |           |                        |
| 120  | CDBG                        | 0.00                      |                                  |           |                        |
| 129  | Cable PEG Fees              | 464,110.91                | 464,110.91                       | 0.3364%   | 1,224.31               |
| 130  | Gas Tax                     | 5,449,309.10              | 5,449,309.10                     | 3.9499%   | 14,375.13              |
| 131  | Park Development            | 3,228,373.30              | 3,228,373.30                     | 2.3401%   | 8,516.36               |
| 132  | Park Development- Legacy    | 77,432.31                 | 77,432.31                        | 0.0561%   | 204.26                 |
| 133  | Air Quality                 | 516,291.76                | 516,291.76                       | 0.3742%   | 1,361.96               |
| 134  | Asset Forfeiture            | 59,150.21                 | 59,150.21                        | 0.0429%   | 156.04                 |
| 135  | RNSP Asset Forfeiture       | 124,042.25                | 124,042.25                       | 0.0899%   | 327.22                 |
| 136  | Supplemental Law Enf        | 205,602.34                | 205,602.34                       | 0.1490%   | 542.37                 |
| 137  | Treas RNSP Asset Forfeiture | 12,043.18                 | 12,043.18                        | 0.0087%   | 31.77                  |
| 138  | Measure M                   | 0.00                      | 0.00                             | 0.0000%   | 0.00                   |
| 139  | Measure M2 - Fair Share     | 6,833,541.09              | 6,833,541.09                     | 4.9533%   | 18,026.70              |
| 140  | Road Maintenance and Rehab  | 2,593,355.51              | 2,593,355.51                     | 1.8798%   | 6,841.20               |
| 141  | Landscape Lighting          | 0.00                      |                                  |           |                        |
| 142  | Street Lighting             | 2,400,583.37              | 2,400,583.37                     | 1.7401%   | 6,332.67               |
| 171  | Solid Waste                 | 124,625.44                | 124,625.44                       | 0.0903%   | 328.76                 |
| 180  | Special Events              | 314,428.43                |                                  |           |                        |
| 181  | Workers' Comp               | 1,276,192.01              | 1,276,192.01                     | 0.9250%   | 3,366.56               |
| 182  | Liability                   | 1,276,695.68              |                                  |           |                        |
| 183  | Unemployment Comp           | 69,852.06                 | 69,852.06                        | 0.0506%   | 184.27                 |
| 184  | Equipment Replacement       | 2,768,143.51              | 2,768,143.51                     | 2.0065%   | 7,302.29               |
| 185  | Information Technology      | 3,198,108.14              | 3,198,108.14                     | 2.3181%   | 8,436.52               |

# CAFR Cash & Inv Footnotes

## NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

### Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

| Investment Type                                | Remaining Maturity    |                      |                      |                     | Total                 |
|--|-----------------------|----------------------|----------------------|---------------------|-----------------------|
|  | 1 Year or Less        | 1 - 2 Years          | 2 - 3 Years          | 3 - 4 Years         |                       |
| U.S. Government Sponsored                      |                       |                      |                      |                     |                       |
| Agency Securities:                             |                       |                      |                      |                     |                       |
| Federal National Mortgage Association (FNMA)   | \$ 1,870,132          | \$ -                 | \$ -                 | \$ -                | \$ 1,870,132          |
| Federal Home Loan Bank (FHLB)                  | 1,007,336             | 4,133,117            | -                    | -                   | 5,140,453             |
| Federal Home Loan Mortgage Corporation (FHLMC) | -                     | 1,034,724            | 2,073,640            | -                   | 3,108,364             |
| Local Agency Investment Pool (LAIF)            | 72,699,169            | -                    | -                    | -                   | 72,699,169            |
| California Asset Management Program (CAMP)     | 22,994,603            | -                    | -                    | -                   | 22,994,603            |
| Orange County Investment Pool                  | 1,147,293             | -                    | -                    | -                   | 1,147,293             |
| Negotiable Certificates of Deposit             | 9,814,171             | 5,323,337            | 2,858,937            | 269,563             | 18,266,008            |
| Medium-term Notes                              | 9,056,923             | 7,228,220            | 4,659,586            | 1,086,945           | 22,031,674            |
| Municipal Bonds                                | 1,015,430             | 3,396,409            | 1,030,043            | -                   | 5,441,882             |
| Held by Fiscal Agents:                         |                       |                      |                      |                     |                       |
| Money Market Mutual Funds                      | 24,240,875            | -                    | -                    | -                   | 24,240,875            |
| Held by Pension Trust:                         |                       |                      |                      |                     |                       |
| Money Market Mutual Funds                      | 260,800               | -                    | -                    | -                   | 260,800               |
| Mutual Funds - Equity                          | 3,013,127             | -                    | -                    | -                   | 3,013,127             |
| Mutual Funds - Fixed Income                    | 2,908,573             | -                    | -                    | -                   | 2,908,573             |
| Held by OPEB Trust:                            |                       |                      |                      |                     |                       |
| Money Market Mutual Funds                      | 91,068                | -                    | -                    | -                   | 91,068                |
| Mutual Funds - Equity                          | 1,056,360             | -                    | -                    | -                   | 1,056,360             |
| Mutual Funds - Fixed Income                    | 1,019,487             | -                    | -                    | -                   | 1,019,487             |
| Total  | <u>\$ 152,195,347</u> | <u>\$ 21,115,807</u> | <u>\$ 10,622,206</u> | <u>\$ 1,356,508</u> | <u>\$ 185,289,868</u> |

Investment Portfolio discussed previously  
Source: Tracker reporting / download

Restricted cash – bonds / CFD's

Public Agency Retirement  
System (PARS) Trust

# CAFR

## Cash & Inv

### Footnotes

| Investment Type                    | Total as of<br>June 30, 2020 | Minimum<br>Legal<br>Rating | AAA                  | AA+                  | AA-                 | Other                | Not<br>Rated          |
|------------------------------------|------------------------------|----------------------------|----------------------|----------------------|---------------------|----------------------|-----------------------|
| U.S. Government Sponsored          |                              |                            |                      |                      |                     |                      |                       |
| Agency Securities:                 |                              |                            |                      |                      |                     |                      |                       |
| FNMA                               | \$ 1,870,132                 | N/A                        | \$ -                 | \$ 1,870,132         | \$ -                | \$ -                 | \$ -                  |
| FHLB                               | 5,140,453                    | N/A                        | -                    | 5,140,453            | -                   | -                    | -                     |
| FHLMC                              | 3,108,364                    | N/A                        | -                    | 3,108,364            | -                   | -                    | -                     |
| LAIF                               | 72,699,169                   | N/A                        | -                    | -                    | -                   | -                    | 72,699,169            |
| CAMP                               | 22,994,603                   | N/A                        | -                    | -                    | -                   | 22,994,603           | -                     |
| Orange County Investment Pool      | 1,147,293                    | N/A                        | -                    | -                    | -                   | -                    | 1,147,293             |
| Negotiable Certificates of Deposit | 18,266,008                   | N/A                        | -                    | -                    | -                   | -                    | 18,266,008            |
| Medium-term Notes                  | 22,031,674                   | A                          | 1,004,074            | 4,092,762            | 3,096,332           | 13,838,506           | -                     |
| Municipal Bonds                    | 5,441,882                    | A                          | -                    | 1,501,271            | 3,330,018           | 610,593              | -                     |
| Held by Fiscal Agents:             |                              |                            |                      |                      |                     |                      |                       |
| Money Market Mutual Funds          | 24,240,875                   | A                          | 24,240,875           | -                    | -                   | -                    | -                     |
| Held by Pension Trust:             |                              |                            |                      |                      |                     |                      |                       |
| Money Market Mutual Funds          | 260,800                      | N/A                        | -                    | -                    | -                   | 260,800              | -                     |
| Mutual Funds - Equity              | 3,013,127                    | N/A                        | -                    | -                    | -                   | -                    | 3,013,127             |
| Mutual Funds - Fixed Income        | 2,908,573                    | N/A                        | -                    | -                    | -                   | -                    | 2,908,573             |
| Held by OPEB Trust:                |                              |                            |                      |                      |                     |                      |                       |
| Money Market Mutual Funds          | 91,068                       | N/A                        | -                    | -                    | -                   | 91,068               | -                     |
| Mutual Funds - Equity              | 1,056,360                    | N/A                        | -                    | -                    | -                   | -                    | 1,056,360             |
| Mutual Funds - Fixed Income        | 1,019,487                    | N/A                        | -                    | -                    | -                   | -                    | 1,019,487             |
| Total                              | <u>\$ 185,289,868</u>        |                            | <u>\$ 25,244,949</u> | <u>\$ 15,712,982</u> | <u>\$ 6,426,350</u> | <u>\$ 37,795,570</u> | <u>\$ 100,110,017</u> |

N/A - Not Applicable

The ratings for the “Other” category above are as follows:

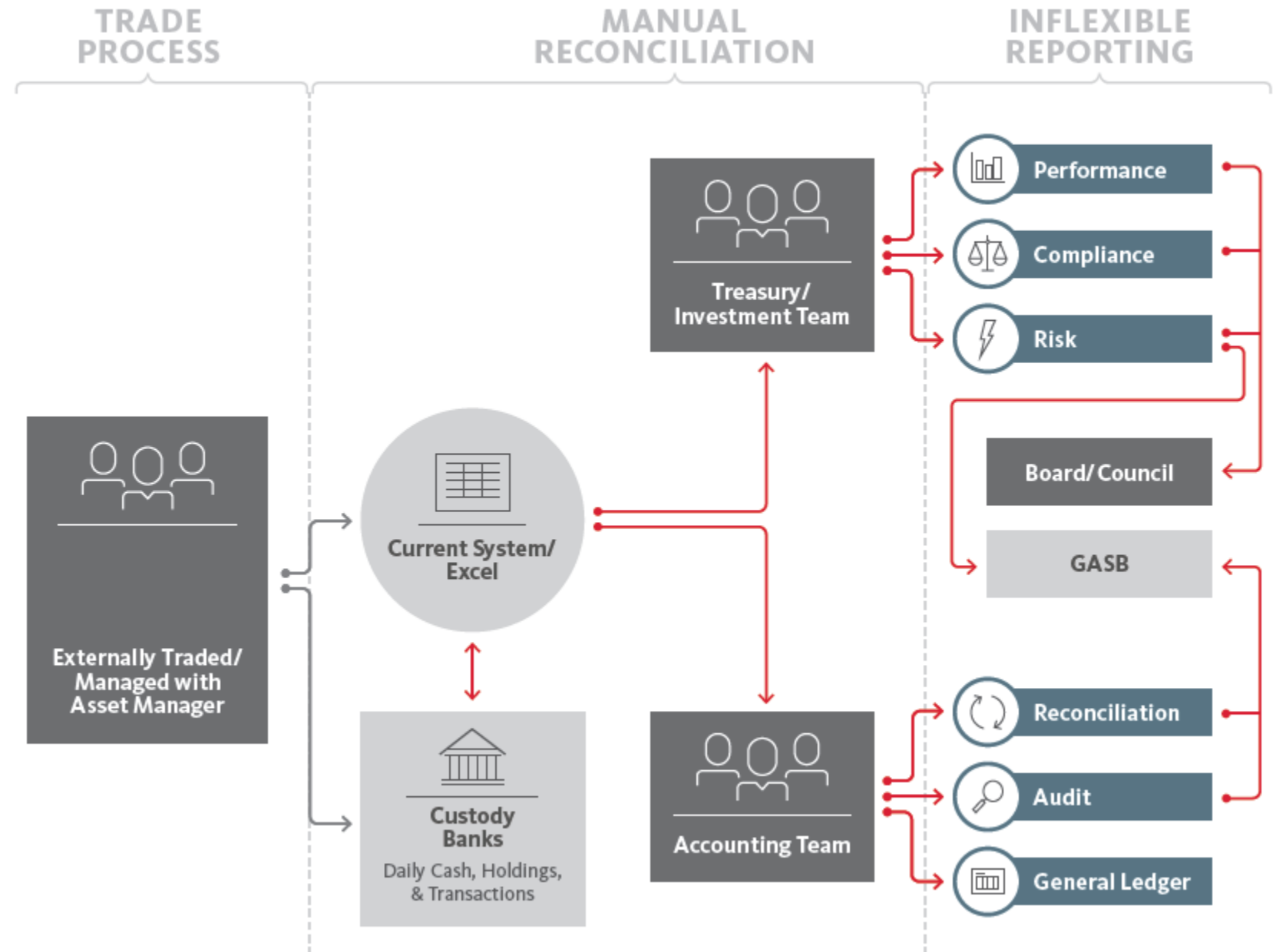
| Medium-term Notes |                      | Municipal Bonds       |                   | CAMP               |                      |
|-------------------|----------------------|-----------------------|-------------------|--------------------|----------------------|
| AA                | \$ 5,090,224         | A                     | <u>\$ 610,593</u> | AAAm               | <u>\$ 22,994,603</u> |
| A+                | 5,706,843            |                       |                   |                    |                      |
| A-                | 2,005,120            |                       |                   |                    |                      |
| A                 | 103,631              |                       |                   |                    |                      |
|                   | <u>\$ 13,838,506</u> |                       |                   |                    |                      |
|                   |                      | Held by Pension Trust |                   | Held by OPEB Trust |                      |
|                   |                      | AAAm                  | <u>\$ 260,800</u> | AAAm               | <u>\$ 91,068</u>     |

## Agency 3

Portfolio managed in-house without investment accounting software

Investment Registered Investment Advisory Team helps to ensure a comprehensive investment program.

Without investment accounting software, agency is still responsible for aggregating data and is increasingly dependent on investment advisor for performance, compliance and risk analytics.

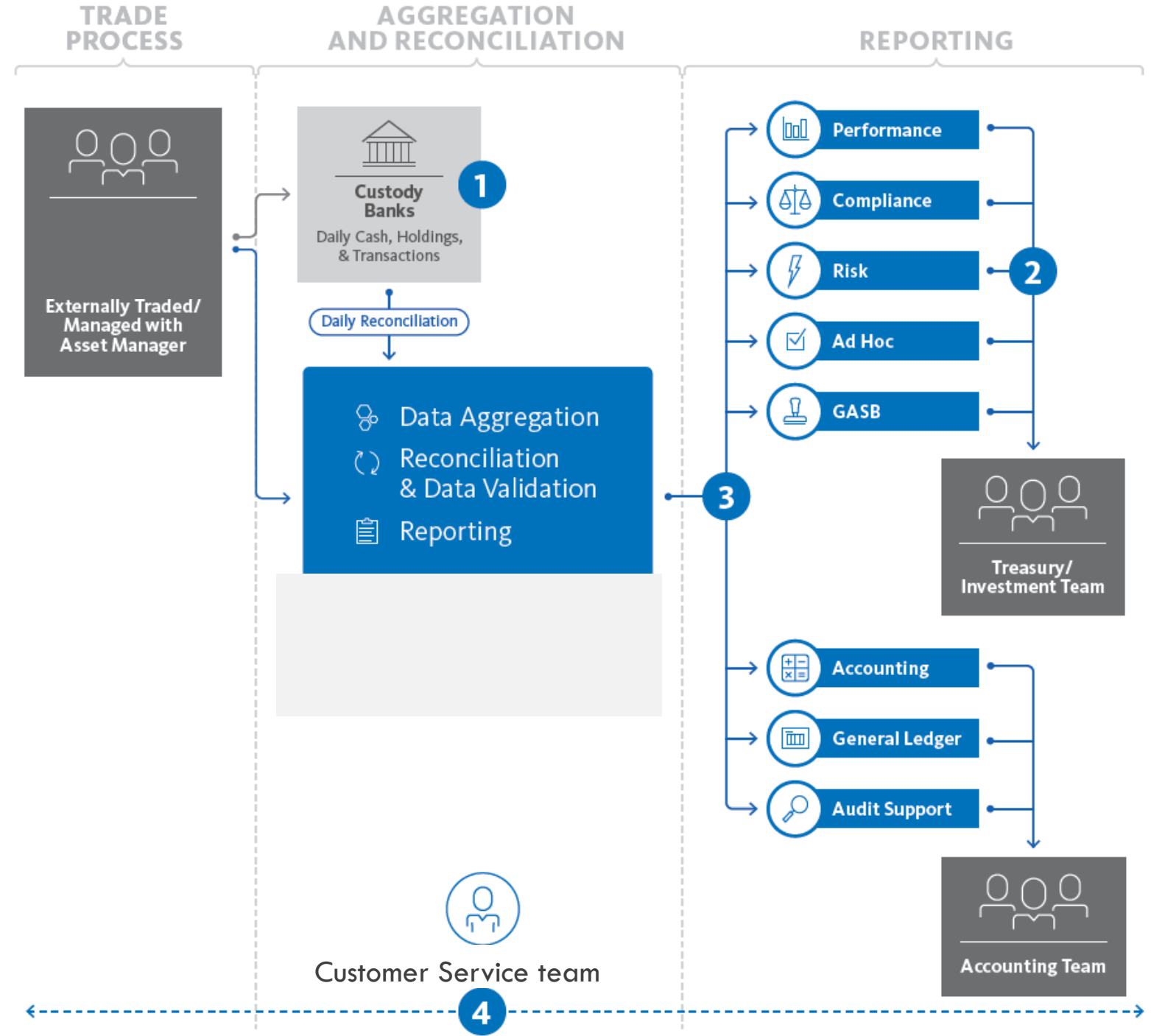




## Agency 4

Portfolio managed in-house without investment accounting software

- 1) Automatically downloads trade and market value data from custody bank daily. Data reconciled daily by remote servicing staff.
- 2) Accounting, Risk, Compliance and Performance data automatically updated daily
- 3) Flexible reports eliminate unnecessary manual data work, improve portfolio analysis, and produce entries and regulatory reporting with the click of a button.
- 4) Service team provides users with a dedicated group of system and industry experts devoted to ensure the data is accurate and updated each day.



## Example Tactical Approach



Less than 1 Full time equivalent staff member assigned to treasury under this model.



# Enhanced Treasury Reporting Available When Using Treasury Accounting Software

[newporbeachca.gov/treasury](http://newporbeachca.gov/treasury)



# Summarized Portfolio Snapshot

CITY OF  
**Newport Beach**

**TREASURER'S REPORT**  
**For the Month Ended**



| Portfolios                                | June 30, 2019         |                            |                       |                     |                              |                |               |                 |       |
|---|-----------------------|----------------------------|-----------------------|---------------------|------------------------------|----------------|---------------|-----------------|-------|
|   | Amortized<br>Cost     | Unrealized<br>Gains/(Loss) | Market<br>Value       | Accrued<br>Interest | Market Value<br>Plus Accrued | %<br>Total     | YTM @<br>Cost | YTM @<br>Market | Notes |
| <b>Operating Portfolios</b>               |                       |                            |                       |                     |                              |                |               |                 |       |
| Liquidity Portfolio                       |                       |                            |                       |                     |                              |                |               |                 |       |
| Demand Deposit Accounts                   | \$ 12,780,743         | \$ -                       | \$ 12,780,743         | \$ -                | \$ 12,780,743                | 4.53%          | 0.59%         | 0.59%           | (1)   |
| Local Agency Investment Fund              | 16,350,070            | -                          | 16,350,070            | -                   | 16,350,070                   | 5.79%          | 2.57%         | 2.44%           | (2)   |
| Targeted-Maturities Portfolio             | 35,308,647            | 26,831                     | 35,335,477            | 189,013             | 35,524,491                   | 12.58%         | 2.71%         | 2.25%           |       |
| Short-Term Portfolio                      |                       |                            |                       |                     |                              |                |               |                 |       |
| Cash Equivalents                          | 83,189                | -                          | 83,189                | -                   | 83,189                       | 0.03%          | 0.64%         | 0.64%           |       |
| Marketable Securities                     | 214,601,623           | 2,100,058                  | 216,701,680           | 988,424             | 217,690,104                  | 77.08%         | 2.16%         | 2.01%           |       |
| <b>TOTAL OPERATING FUNDS</b>              | <b>\$ 279,124,272</b> | <b>\$ 2,126,889</b>        | <b>\$ 281,251,160</b> | <b>\$ 1,177,437</b> | <b>\$ 282,428,597</b>        | <b>100.00%</b> |               |                 |       |
| <b>Bond Fund Portfolios</b>               |                       |                            |                       |                     |                              |                |               |                 |       |
| 2010 Civic Center COPs                    | \$ 6,977,065          | \$ -                       | \$ 6,977,065          | \$ -                | \$ 6,977,065                 | 77.30%         | 1.97%         | 1.97%           |       |
| Assessment Districts                      | 2,048,445             | 207                        | 2,048,652             | 463                 | 2,049,115                    | 22.70%         | 1.84%         | 1.80%           |       |
| <b>TOTAL BOND FUNDS WITH FISCAL AGENT</b> | <b>\$ 9,025,510</b>   | <b>\$ 207</b>              | <b>\$ 9,025,717</b>   | <b>\$ 463</b>       | <b>\$ 9,026,180</b>          | <b>100.00%</b> |               |                 |       |
| <b>TOTAL CASH &amp; INVESTMENTS</b>       | <b>\$ 288,149,782</b> | <b>\$ 2,127,095</b>        | <b>\$ 290,276,878</b> | <b>\$ 1,177,900</b> | <b>\$ 291,454,777</b>        |                |               |                 |       |

# Ability to Aggregate or Disaggregate Portfolio Strategies

CITY OF  
Newport Beach



## Short-Term Portfolio by Security Type for the Month Ended

June 30, 2019

| Security Type                      | Par Value   | Original Cost | Amortized Cost | Unrealized Gain/(Loss) | Market Value | Accrued Interest | Market Value Plus Accrued | % of Portfolio | YTM @ Cost | YTM @ Market |
|------------------------------------|-------------|---------------|----------------|------------------------|--------------|------------------|---------------------------|----------------|------------|--------------|
| <b>Cash Equivalents</b>            | -           | 83,189        | 83,189         | -                      | 83,189       | -                | 83,189                    | 0.04%          | 0.64%      | 0.64%        |
| <b>Marketable Securities</b>       |             |               |                |                        |              |                  |                           |                |            |              |
| Agency                             | 97,605,000  | 97,580,352    | 97,708,760     | 1,040,826              | 98,749,586   | 404,381          | 99,153,968                | 45.55%         | 2.01%      | 1.96%        |
| Corporate Notes                    | 51,360,000  | 51,324,976    | 51,274,326     | 665,841                | 51,940,167   | 341,527          | 52,281,694                | 23.96%         | 2.59%      | 2.19%        |
| U.S. Government                    | 42,245,000  | 41,543,490    | 41,783,772     | 362,798                | 42,146,571   | 134,750          | 42,281,321                | 19.44%         | 1.97%      | 1.82%        |
| Asset-Backed Securities            | 11,744,798  | 11,739,706    | 11,743,216     | 27,444                 | 11,770,661   | 11,090           | 11,781,751                | 5.43%          | 2.40%      | 2.26%        |
| Supranational                      | 8,000,000   | 8,006,363     | 8,001,577      | (361)                  | 8,001,215    | 42,337           | 8,043,552                 | 3.69%          | 1.89%      | 1.98%        |
| Certificates of Deposit            | 4,090,000   | 4,089,327     | 4,089,970      | 3,510                  | 4,093,480    | 54,338           | 4,147,818                 | 1.89%          | 2.36%      | 2.36%        |
| <b>Total Marketable Securities</b> | 215,044,798 | 214,284,215   | 214,601,623    | 2,100,058              | 216,701,680  | 988,424          | 217,690,104               | 99.96%         | 2.16%      | 2.01%        |
| <b>GRAND TOTAL (MIP)</b>           | 215,044,798 | 214,367,404   | 214,684,812    | 2,100,058              | 216,784,870  | 988,424          | 217,773,293               | 100.00%        | 2.16%      | 2.01%        |

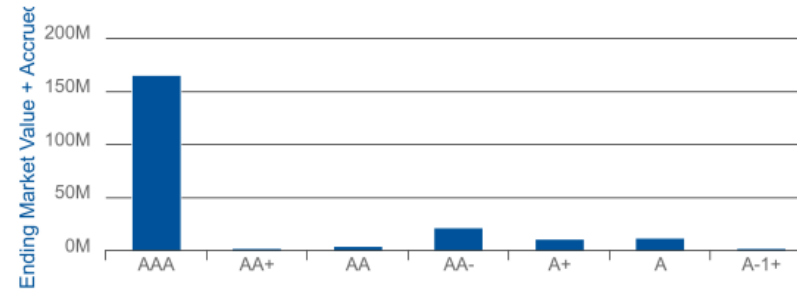


# Risk Summary In Treasury Report

## Summary

| Risk Metric                 | Value          |
|-----------------------------|----------------|
| Cash                        | 59,510.08      |
| MMFund                      | 23,679.36      |
| Fixed Income                | 217,690,103.83 |
| Duration                    | 1.764          |
| Convexity                   | 0.053          |
| WAL                         | 1.839          |
| Years to Final Maturity     | 1.931          |
| Years to Effective Maturity | 1.837          |
| Yield                       | 2.012          |
| Book Yield                  | 2.162          |
| Avg Credit Rating           | AA/Aa2/AA      |

## Credit Rating



## Security Type

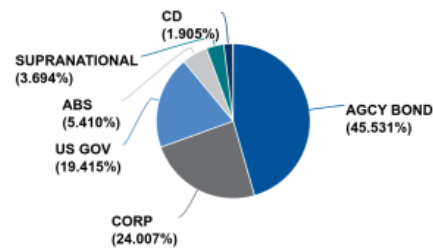
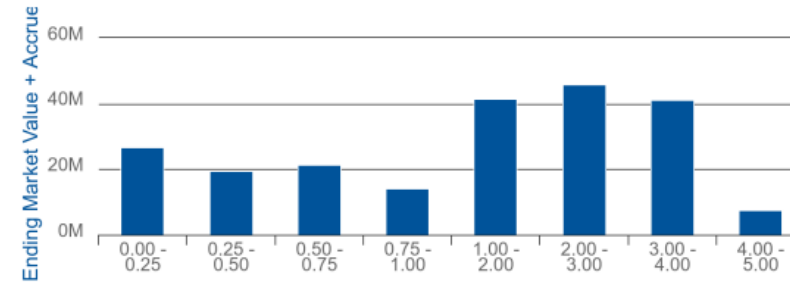


Chart calculated by: Ending Market Value + Accrued

## Duration



## Market Sector

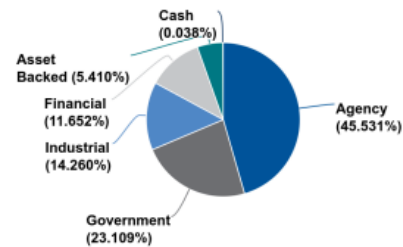


Chart calculated by: Ending Market Value + Accrued

## Issuer Concentration

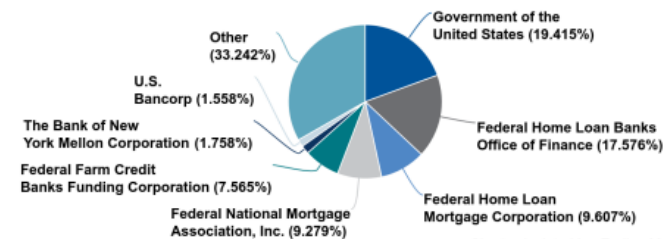
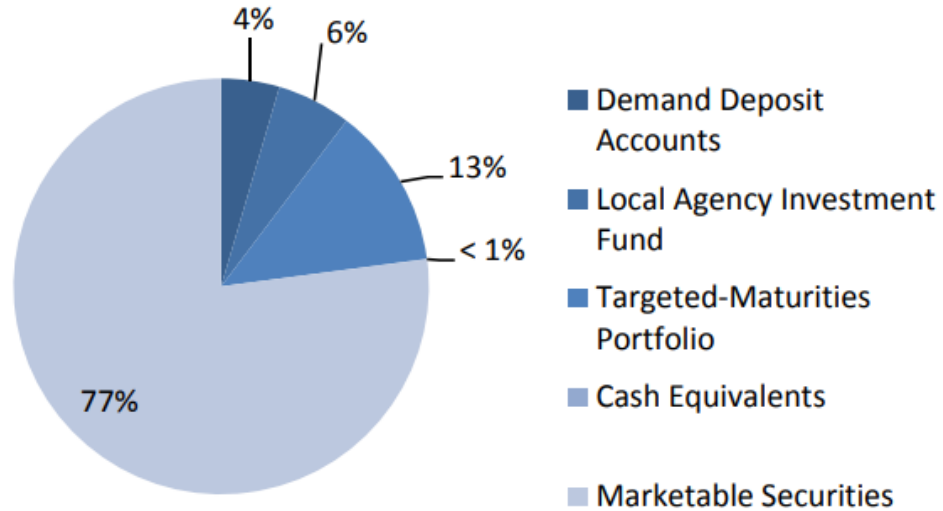


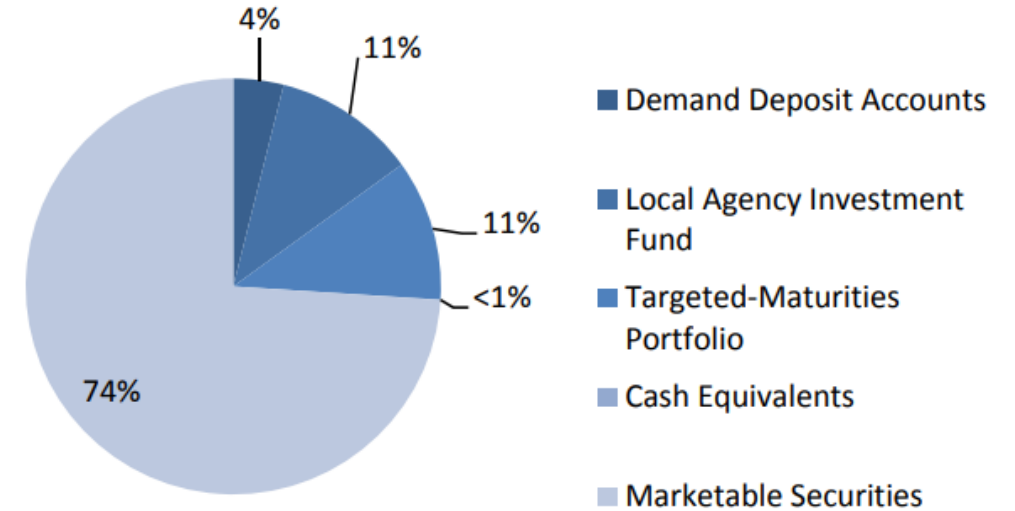
Chart calculated by: Ending Market Value + Accrued

# Liquidity Comparison

**Composition of Operating Portfolio  
June 30, 2019**



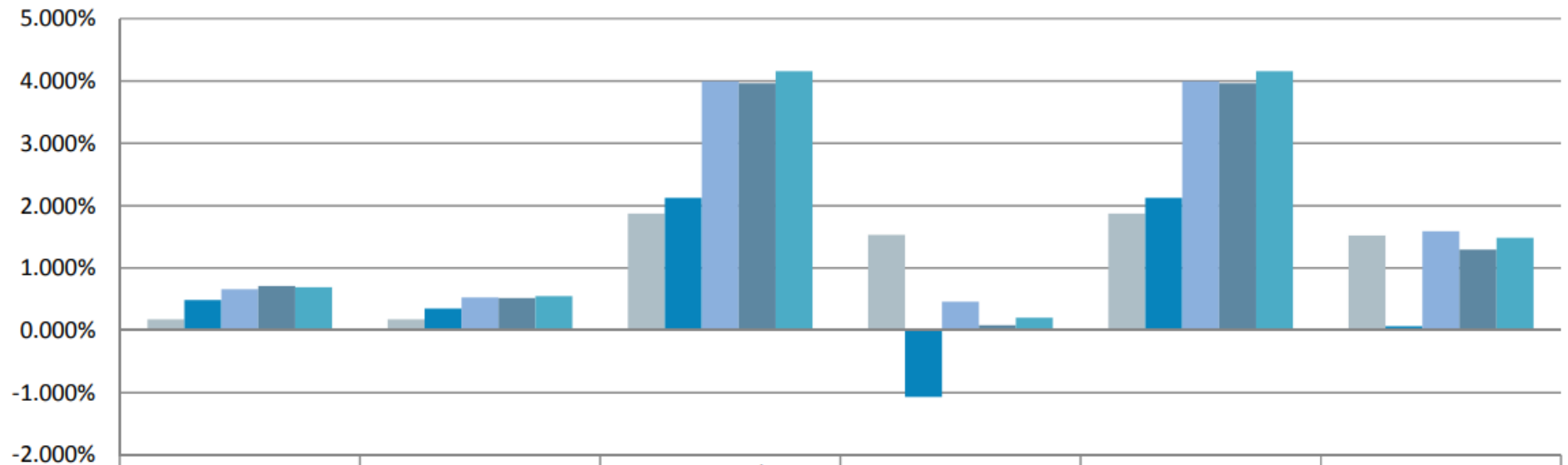
**Composition of Operating Portfolio  
June 30, 2018**



# Measuring Performance against Benchmarks

Performance History

Rate of Return

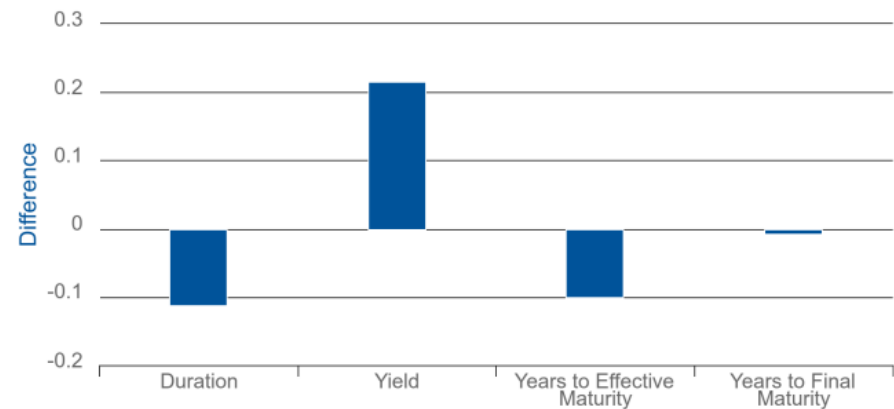


|   |        |        |        |         |        |        |
|---|--------|--------|--------|---------|--------|--------|
| Income Return                               | 0.177% | 0.177% | 1.870% | 1.529%  | 1.870% | 1.522% |
| Price Return                                | 0.484% | 0.349% | 2.125% | -1.069% | 2.125% | 0.066% |
| Total Return = Income Return + Price Return | 0.661% | 0.526% | 3.996% | 0.460%  | 3.996% | 1.587% |
| 1-3 yr Treasury Index Total Return          | 0.710% | 0.519% | 3.962% | 0.079%  | 3.962% | 1.294% |
| 1-3 yr Gov./Corp Index Total Return         | 0.690% | 0.547% | 4.158% | 0.204%  | 4.158% | 1.486% |

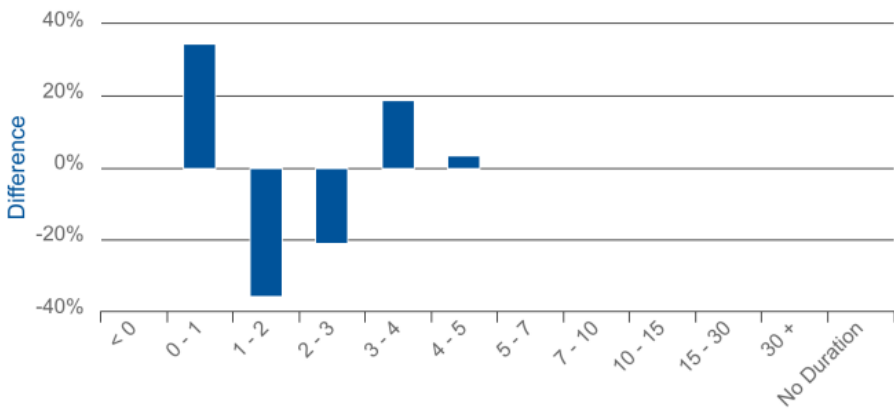
\*Periods greater than one year are annualized

# Index Comparison

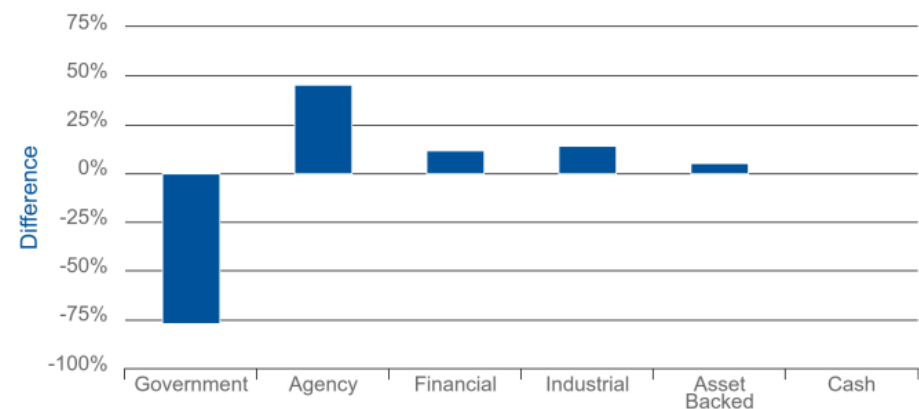
Index Comparison Summary



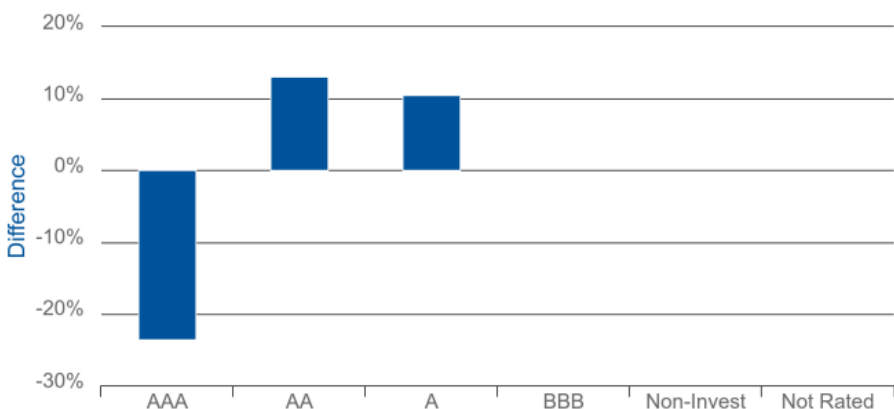
Index Comparison Duration



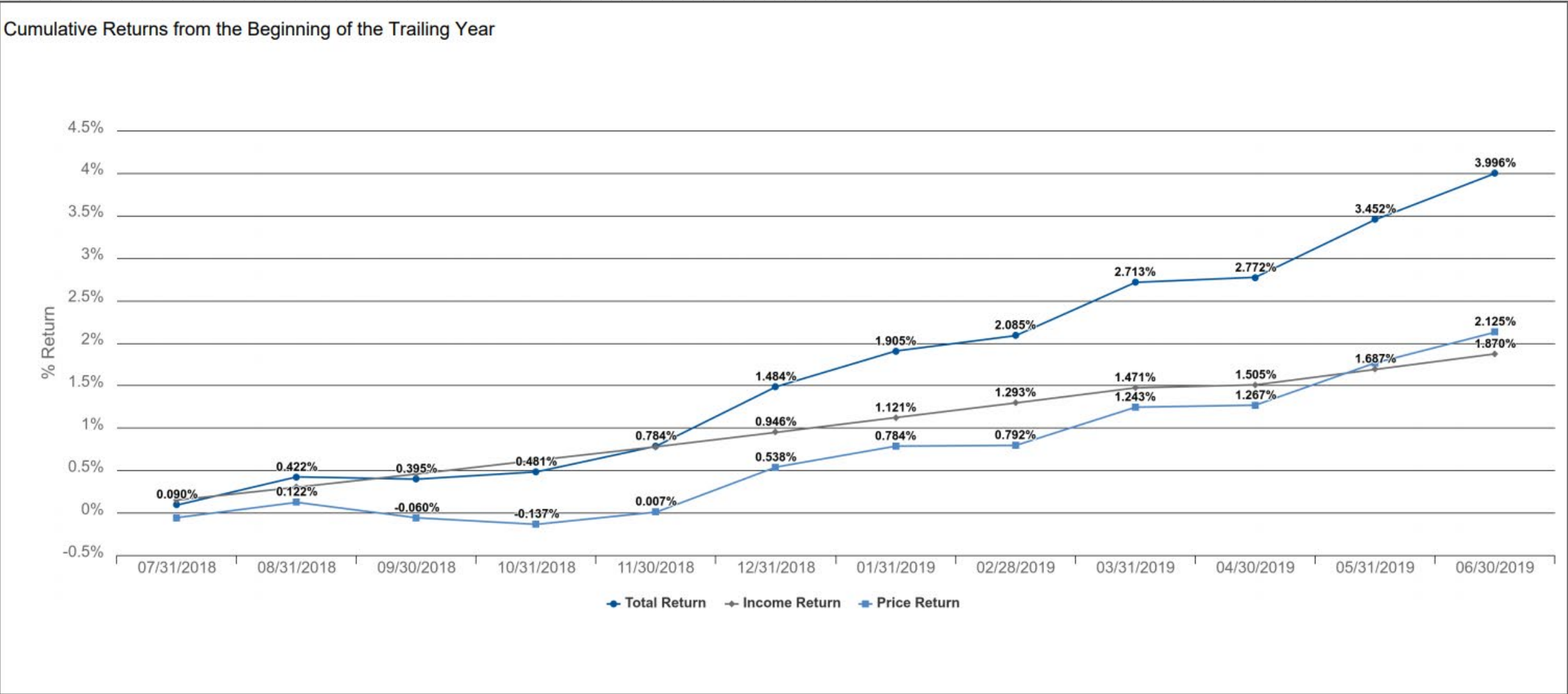
Index Comparison Market Sector



Index Comparison Credit Rating



# Illustrating Components of Total Return





# Policy Compliance

## Compliance Overview

[View Full Report](#)

Status:  Compliant

As of 06/30/2019

| June 30, 2019 |               |  |            |                            |                 |
|---------------|---------------|--|------------|----------------------------|-----------------|
| Status        |               | Policy Name  | Rules      | Compliant Rules            | Violating Rules |
| Compliant     |               | Statement of Investment Policy                           | 29         | 29                         | 0               |
| Status        | Rule Basis    | Rule Requirements  | Rule Limit | Actual                     |                 |
| Compliant     | Concentration | Bankers Acceptance Concentration                         | 40.00%     | 0.00%                      |                 |
| Compliant     | Concentration | Bankers Acceptances Rated Below (LT) A / A2 (ST) A-1/P-1 | 0.00%      | 0.00%                      |                 |
| Compliant     | Concentration | CD   | 30.00%     | 6.04%                      |                 |
| Compliant     | Concentration | Commercial Paper   | 25.00%     | 5.34%                      |                 |
| Compliant     | Concentration | Corp Rated Below A- / A3                                 | 0.00%      | 0.00%                      |                 |
| Compliant     | Concentration | CP and CDs Rated Below A/A2 or A1/P1                     | 0.00%      | 0.00%                      |                 |
| Compliant     | Concentration | Issuer Concentration Except for Agency, Repo, FDIC       | 5.00%      | 2.44%                      |                 |
| Compliant     | Concentration | Max Concentration of Corps (%)                           | 30.00%     | 22.93%                     |                 |
| Compliant     | Concentration | Max Concentration of Funds Assets                        | 10.00%     | 0.00%                      |                 |
| Compliant     | Concentration | Max Concentration of MBS and ABS                         | 20.00%     | 4.65%                      |                 |
| Compliant     | Concentration | Max Concentration of MMF                                 | 20.00%     | 0.03%                      |                 |
| Compliant     | Concentration | Max Concentration of Munis (%)                           | 30.00%     | 0.00%                      |                 |
| Compliant     | Concentration | Max Concentration of Supranationals                      | 20.00%     | 3.18%                      |                 |
| Compliant     | Concentration | Max Issuer Concentration of Corporate Bonds (%)          | 5.00%      | 1.51%                      |                 |
| Compliant     | Concentration | Max Issuer Concentration of Supranationals               | 10.00%     | 1.25%                      |                 |
| Compliant     | Concentration | Minimum Credit Rating for MBS of AAA                     | 0.00%      | 0.00%                      |                 |
| Compliant     | Concentration | Minimum Issuer Size for CD's - In Billions               | 10         | Unavailable <sup>(1)</sup> |                 |
| Compliant     | Concentration | Minimum Issuer Size for CP's - In Millions               | 500        | Unavailable <sup>(1)</sup> |                 |
| Compliant     | Concentration | Minimum Rating for Supranational Securities AA           | 0.00%      | 0.00%                      |                 |
| Compliant     | Concentration | Munis Rated Below A/A2                                   | 0.00%      | 0.00%                      |                 |
| Compliant     | Concentration | Repos  | 10.00%     | 0.00%                      |                 |
| Compliant     | Concentration | Supranational is in USD                                  | 0.00%      | 0.00%                      |                 |
| Compliant     | Maturity      | Max Effective Maturity for Repos (in Years)              | 0.08       | 0.000                      |                 |
| Compliant     | Maturity      | Max Final Maturity (from Settle) for Munis               | 5.00       | 0.000                      |                 |
| Compliant     | Maturity      | Max Final Maturity for CP (in Years)                     | 0.74       | 0.713                      |                 |
| Compliant     | Maturity      | Max Final Maturity From Settle Date (in Years)           | 5.00       | 4.964                      |                 |
| Compliant     | Maturity      | Max Final Maturity From Settle for Corp Excl CD          | 5.00       | 4.858                      |                 |
| Compliant     | Maturity      | Max Maturity CD  | 2.00       | 2.000                      |                 |
| Compliant     | Maturity      | Max Maturity of Bankers Acceptances                      | 0.49       | 0.000                      |                 |

# Automation of CAFR Footnote Data

|                             | CAFR Investment Location      | Security Type Unabbreviated | 0 to 1 Year    | 1 to 3 Years  | 3 to 5 Years  | Grand Total    |
|-----------------------------|-------------------------------|-----------------------------|----------------|---------------|---------------|----------------|
| [-] Investments with Cu...  |                               |                             |                |               |               |                |
| Market Value                | Investments with Custody Bank | Asset Backed Securities     | 4,259.13       | 11,088,023.56 | 678,377.95    | 11,770,660.64  |
| Market Value                | Investments with Custody Bank | Cash and Receivables        | 59,575.91      | 0.00          | 0.00          | 59,575.91      |
| Market Value                | Investments with Custody Bank | Certificates of Deposit     | 15,103,120.22  | 0.00          | 0.00          | 15,103,120.22  |
| Market Value                | Investments with Custody Bank | Commercial Papers           | 13,516,481.01  | 0.00          | 0.00          | 13,516,481.01  |
| Market Value                | Investments with Custody Bank | Corporate Bonds             | 17,407,407.35  | 28,476,625.50 | 11,829,785.00 | 57,713,817.85  |
| Market Value                | Investments with Custody Bank | Money Market Funds          | 64,169.18      | 0.00          | 0.00          | 64,169.18      |
| Market Value                | Investments with Custody Bank | Supranationals              | 2,313,798.65   | 5,687,416.60  | 0.00          | 8,001,215.25   |
| Market Value                | Investments with Custody Bank | U.S. Agency Bonds           | 43,341,182.90  | 24,114,987.95 | 31,293,415.50 | 98,749,586.35  |
| Market Value                | Investments with Custody Bank | U.S. Treasuries             | 9,628,742.55   | 27,314,712.25 | 5,203,116.00  | 42,146,570.80  |
| Market Value                | Investments with Custody Bank | U.S. Treasury Bills         | 4,995,150.00   | 0.00          | 0.00          | 4,995,150.00   |
| Market Value                | Investments with Custody Bank | ---                         | 106,433,886.90 | 96,681,765.86 | 49,004,694.45 | 252,120,347.21 |
| [-] Investments with Fis... |                               |                             |                |               |               |                |
| Market Value                | Investments with Fiscal Agent | Cash and Receivables        | 9,088.07       | 0.00          | 0.00          | 9,088.07       |
| Market Value                | Investments with Fiscal Agent | Money Market Funds          | 8,841,005.12   | 0.00          | 0.00          | 8,841,005.12   |
| Market Value                | Investments with Fiscal Agent | U.S. Treasuries             | 72,720.41      | 0.00          | 0.00          | 72,720.41      |
| Market Value                | Investments with Fiscal Agent | U.S. Treasury Bills         | 102,903.69     | 0.00          | 0.00          | 102,903.69     |
| Market Value                | Investments with Fiscal Agent | ---                         | 9,025,717.29   | 0.00          | 0.00          | 9,025,717.29   |
| [-] Investments with LAIF   |                               |                             |                |               |               |                |
| Market Value                | Investments with LAIF         | Cash and Receivables        | 0.00           | 0.00          | 0.00          | 0.00           |
| Market Value                | Investments with LAIF         | Money Market Funds          | 16,350,069.86  | 0.00          | 0.00          | 16,350,069.86  |
| Market Value                | Investments with LAIF         | ---                         | 16,350,069.86  | 0.00          | 0.00          | 16,350,069.86  |
|                             |                               |                             |                |               |               |                |
| Market Value                | ---                           | ---                         | 131,809,674.05 | 96,681,765.86 | 49,004,694.45 | 277,496,134.36 |

# But Automating Investment Accounting Processes Sounds Expensive....

## Hard Dollar Savings

Reduce or reallocate FTEs, manual processes, and simple tasks associated with:

- Data aggregation
- Account reconciliation
- Portfolio accounting
- Performance calculation
- Custodial reporting issues
- Customized report creation
- Board/investment committee report creation
- GASB disclosure creation

## Cost Sharing

Consider netting all hard dollar costs of a against gross investment earning so that all funds share in the cost of a comprehensive investment program

## Soft Dollar Savings

- Increased transparency instills confidence in boards means investment decisions can be made proactively
- Independence: Become agnostic to custody banks, investment managers, and advisors/consultants
- Increased data visualization increases board understanding shortens committee meetings
- Eliminate offline spreadsheets and error-prone, manual interventions
- Replace manual processes that require additional controls and enforcement resources
- Increased data accuracy companywide due to daily validated and reconciled investment data
- A speedier period-end close and efficient report creation
- Increases business continuity by reducing single point of failure if chief excel architect leaves

# Takeaways

- Investment accounting software:
  - offers several operational efficiencies
  - improved internal controls over accuracy of reporting
  - can provide insightful analytical information to better manage your portfolio and assess risks
  - Holds staff and investment advisor more accountable to agency's policies, agreed upon strategies
  - Provide staff ability to aggregate and disaggregate portfolio data and strategies
  - provides data visualization so elected officials can more easily understand portfolio performance and risks
  - Helps monthly reconciliations
  - Low-cost alternatives to fit any budget
- ERP general ledger software may have features to allocate monthly interest income
  - Consider pooled cash concept if not already doing so
- Custodial banks can be an overlooked source information such as market values, bond ratings and enhanced reporting services



# THANK YOU

This concludes CDIAC and CMTA's *Fundamentals of Public Funds Investing* webinar series.

