

FUNDAMENTALS OF PUBLIC FUNDS INVESTING



AGENCY PROFILE ON INVESTMENT ACCOUNTING AND REPORTING

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Jenny Leisz

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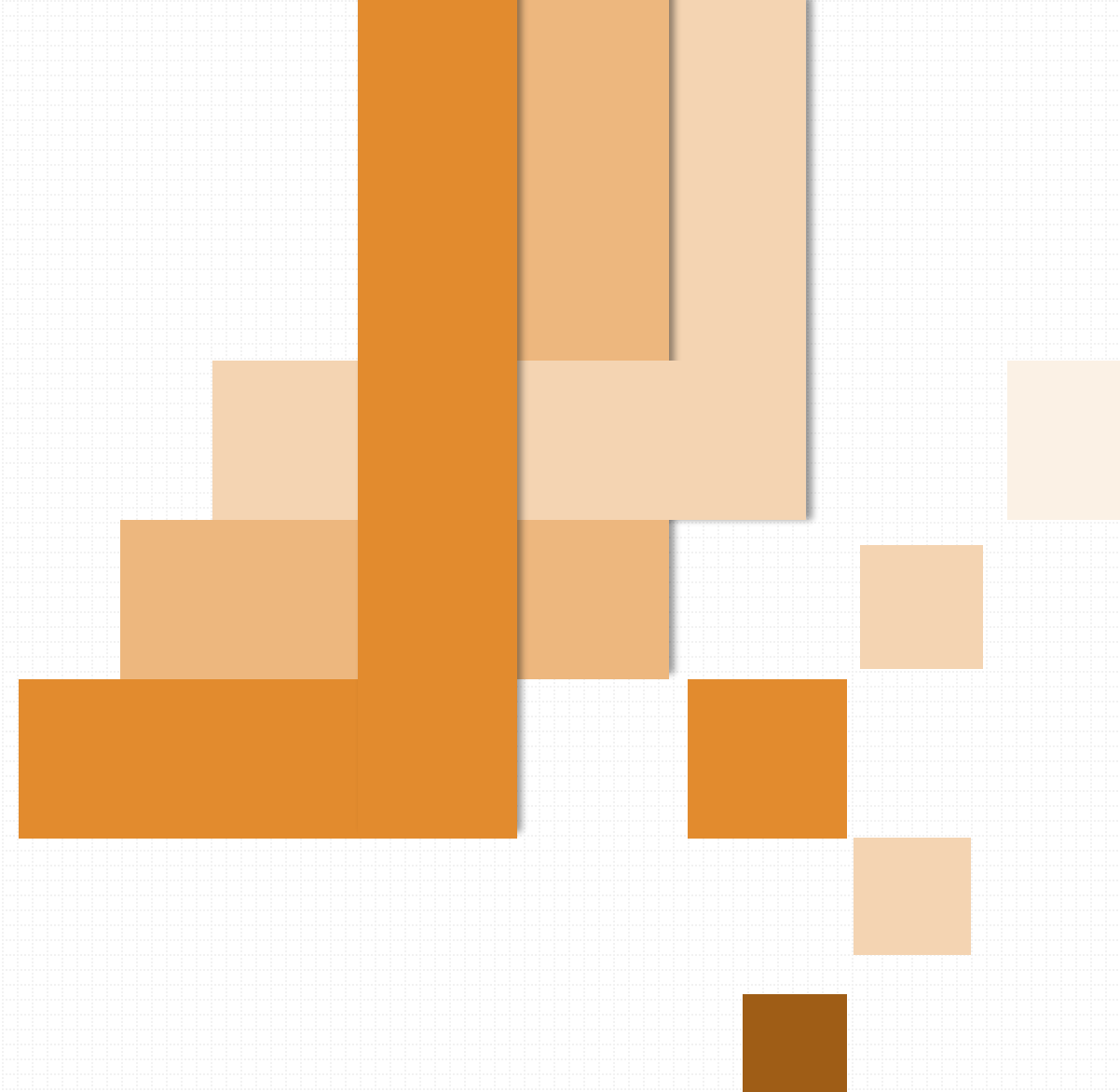
January 28, 2021



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

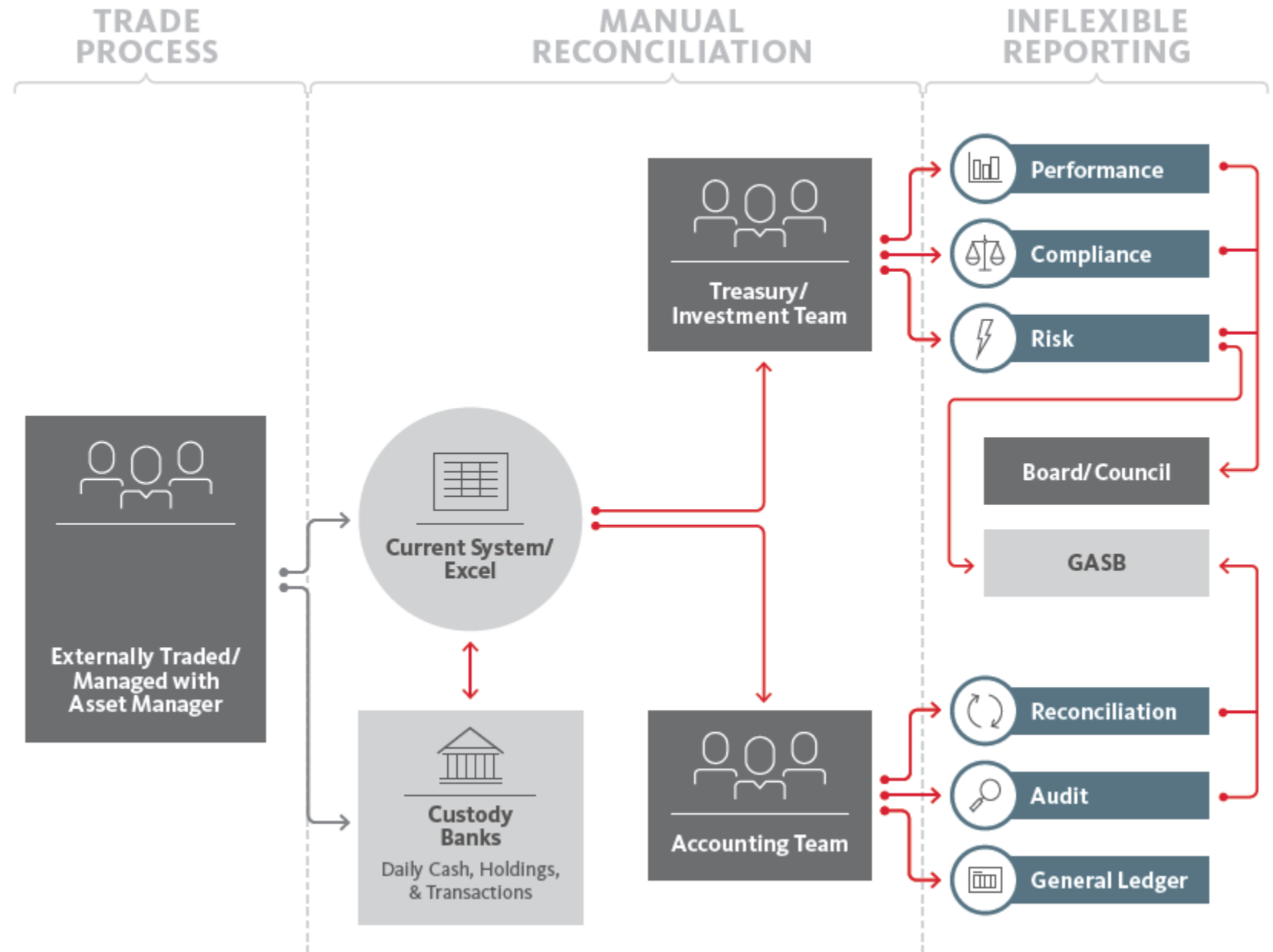
Agency 1

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



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	<input type="text"/>	CUSIP	89236TFN0
At	<input type="text"/>	ISIN	US89236TFN00

9) BUY	1000	of TOYOTA 3.45 09/20/23	Issuer	TOYOTA MTR CRED
			Dated	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
2) Addtl Info	Industry Automobiles Manufacturing	CUSIP 89236TFN0
3) Reg/Tax	Security Information	ISIN US89236TFN00
4) Covenants	Mkt Iss Global	Bond Ratings
5) Guarantors	Country US	Moody's Aa3
6) Bond Ratings	Rank Sr Unsecured	S&P AA-
7) Identifiers	Currency USD	Fitch A+u
8) Exchanges	Series GMTN	Composite AA-
9) Inv Parties	Coupon 3.450000	Type Fixed
20) Fees, Restrict	Cpn Freq S/A	Day Cnt 30/360
21) Schedules	Day Cnt 30/360	Iss Price 99.80400
22) Coupons	Maturity 09/20/2023	Reoffer 99.804
Quick Links	MAKE WHOLE @10.000000 until 09/20/23/BULLET	Iss Sprd +60.00bp vs T 2 ³ / ₄ 08/31/23
32) ALLQ Pricing	Calc Type (1)STREET CONVENTION	Issuance & Trading
33) QRD Qt Recap	Pricing Date 09/17/2018	Amt Issued/Outstanding
34) TDH Trade Hist	Interest Accrual Date 09/20/2018	USD 750,000.00 (M) /
35) CACS Corp Action	1st Settle Date 09/20/2018	USD 750,000.00 (M)
36) CF Prospectus	1st Coupon Date 03/20/2019	Min Piece/Increment
37) CN Sec News		2,000.00 / 1,000.00
38) HDS Holders		Par Amount 1,000.00
66) Send Bond		Book Runner JOINT LEADS
		Reporting TRACE

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

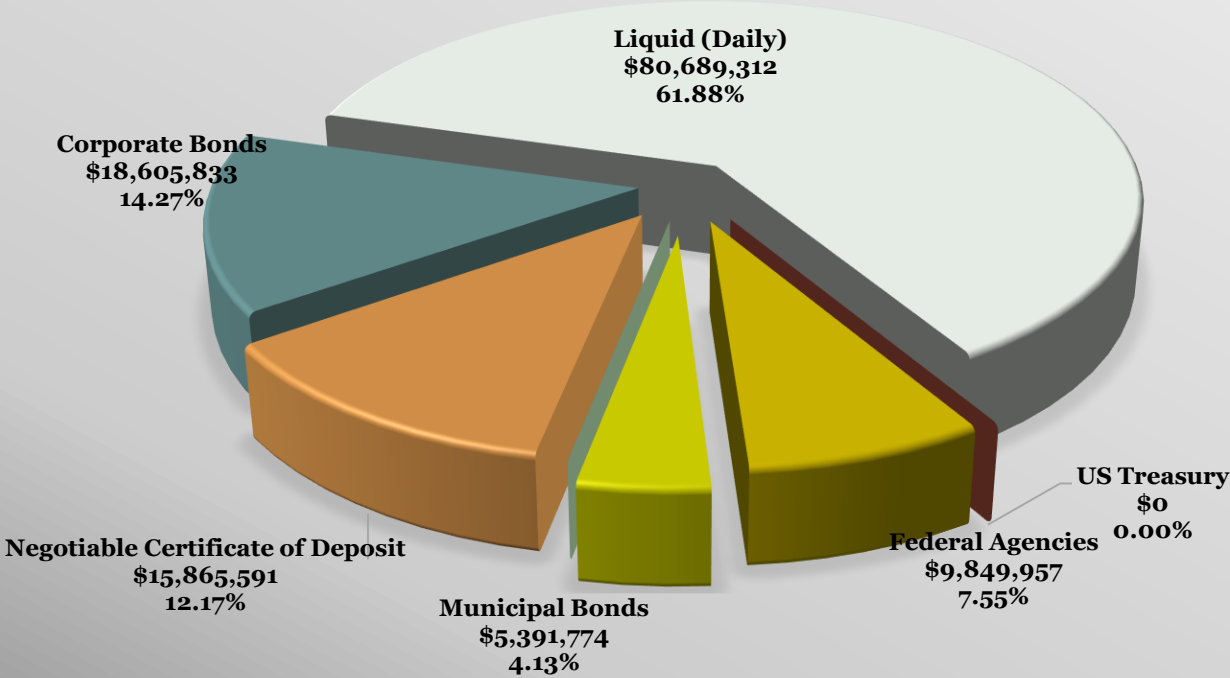
LIAF Quarterly Interest		(1)
CAMP Interest \$	128,714.24	(2) ✓
OC Investment Pool Interest \$	1,779.44	(3) ✓
OC Investment Pool Admin Fee \$	(55.37)	(4) ✓
Net Income & Expenses \$	219,815.93	(5) ✓
Earning Allowance \$	584.55	(6) ✓
Gain/(Loss) on sales of investment \$	-	(7)
Total Investment Interest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

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

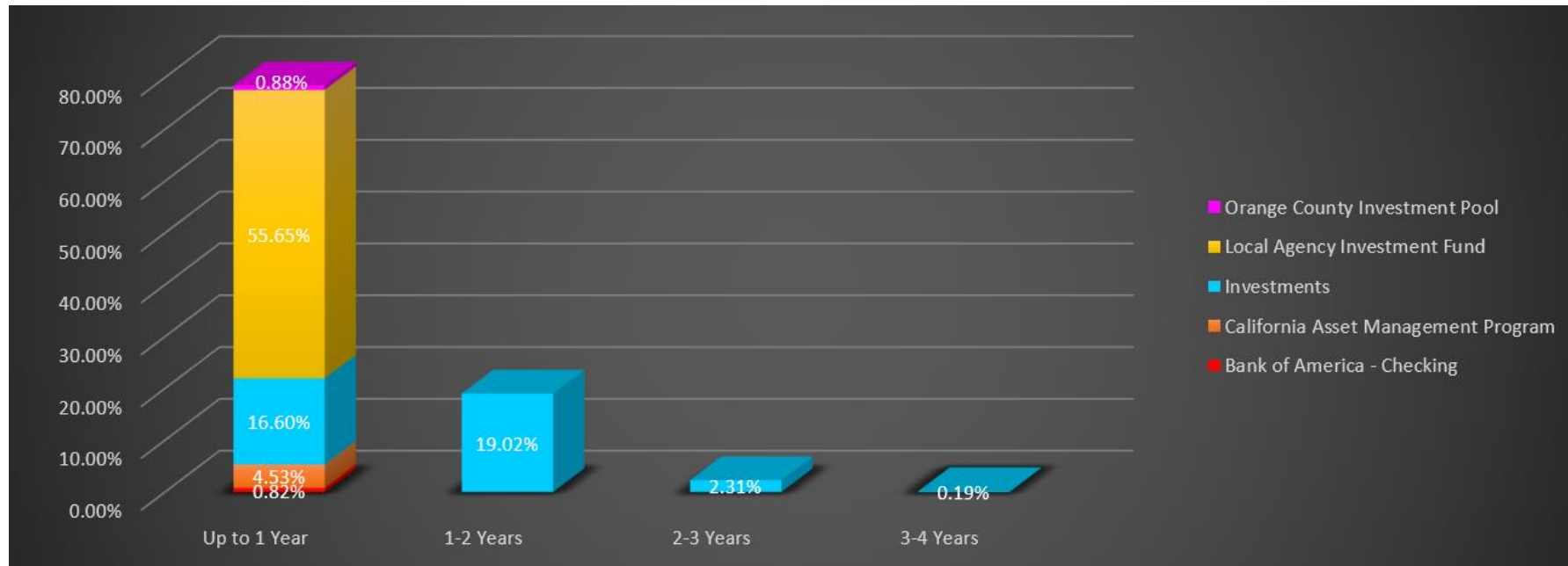
Investment Portfolio

\$130.4 million



Liquidity

12



Quarterly Certification and Reporting to Council

Certifications

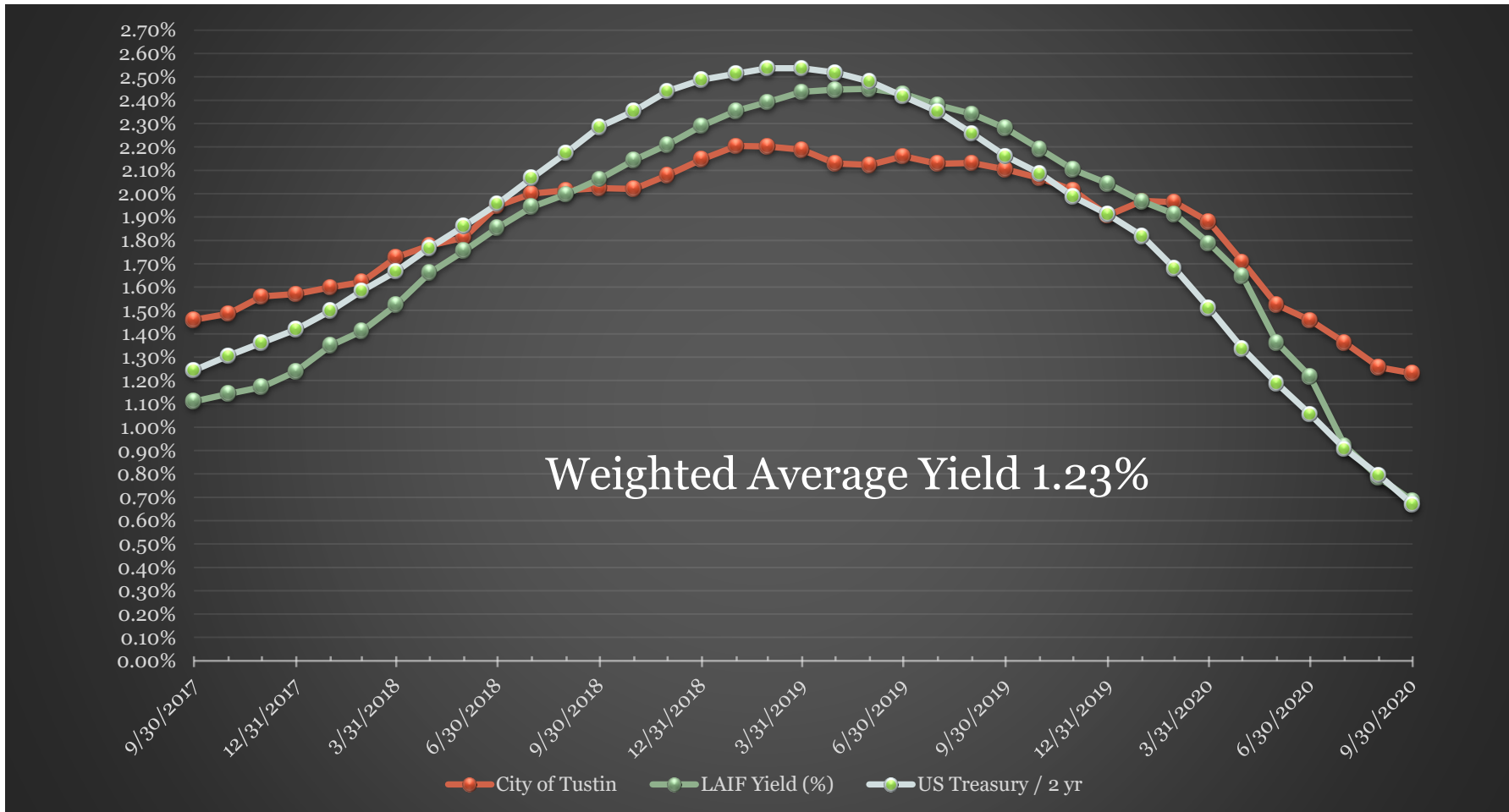
We certify that this report reflects all City of Tustin and the Successor Agency for the Tustin Community Redevelopment Agency (SATCRA) pooled investments. The investments represented in this report are in conformity with the current adopted investment policy of the City of Tustin. The market values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

Larry Friend, Chair
City of Tustin Audit Commission

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

Performance



Market Value

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	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) Shares of beneficial Interest by a JPA	5,904,945.78	5,904,945.78	-
Total	130,402,466.71	131,413,533.92	1,011,067.21

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
Sub Total / Average Certificate of Deposit - Negotiable 30%		373			2.163			15,866,000.00	15,865,590.94	99.995325	16,212,432.58	12.18

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
Sub Total / Average Corporate Bonds 15%		460			2.322			18,500,000.00	18,605,832.55	100.048426	18,972,069.09	14.20

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
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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 6/30/20	Market Value 6/30/20	GASB 31 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	<u>151,167,257</u>	<u>152,699,578</u>	<u>1,532,321</u>

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 6/30/20	Cash to be Allocated Interest	% of Cash	Market Value Adjustment for GASB 31	Change in Market Value Balance per GL	Adjustment Amount for 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	Oblg 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	Capital 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 6/30/20	Cash to be Allocated Interest	% of Cash	Interest 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 June 30, 2020	Minimum Legal Rating					Not Rated
			AAA	AA+	AA-	Other	
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:

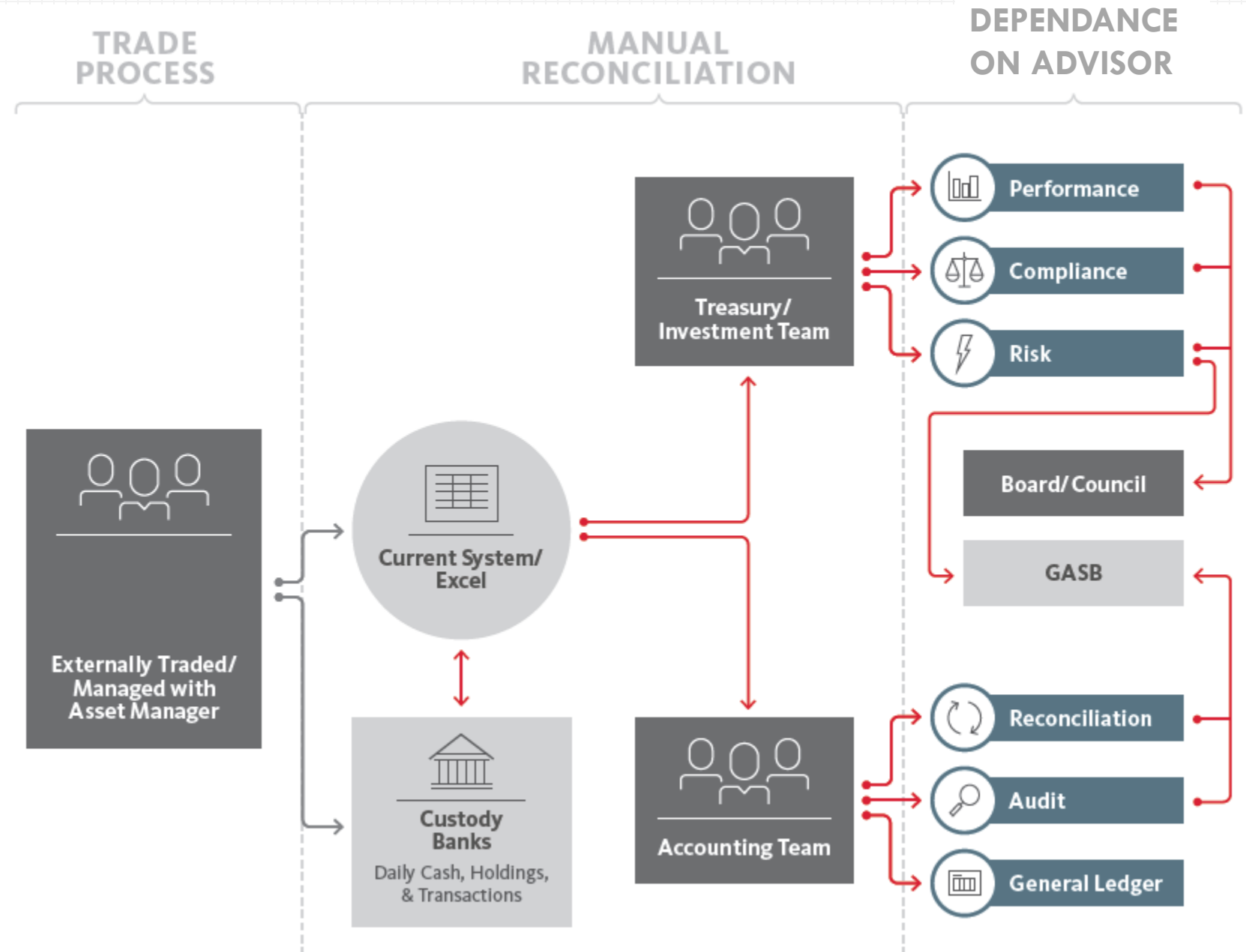
Medium-term Notes		Municipal Bonds		CAMP	
AA	\$ 5,090,224	A	\$ 610,593	AAAm	\$ 22,994,603
A+	5,706,843				
A-	2,005,120				
A	103,631				
	<u>\$ 13,838,506</u>				
		Held by Pension Trust		Held by OPEB Trust	
		AAAm	\$ 260,800	AAAm	\$ 91,068

Agency 3

Portfolio managed in-house without investment accounting software

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

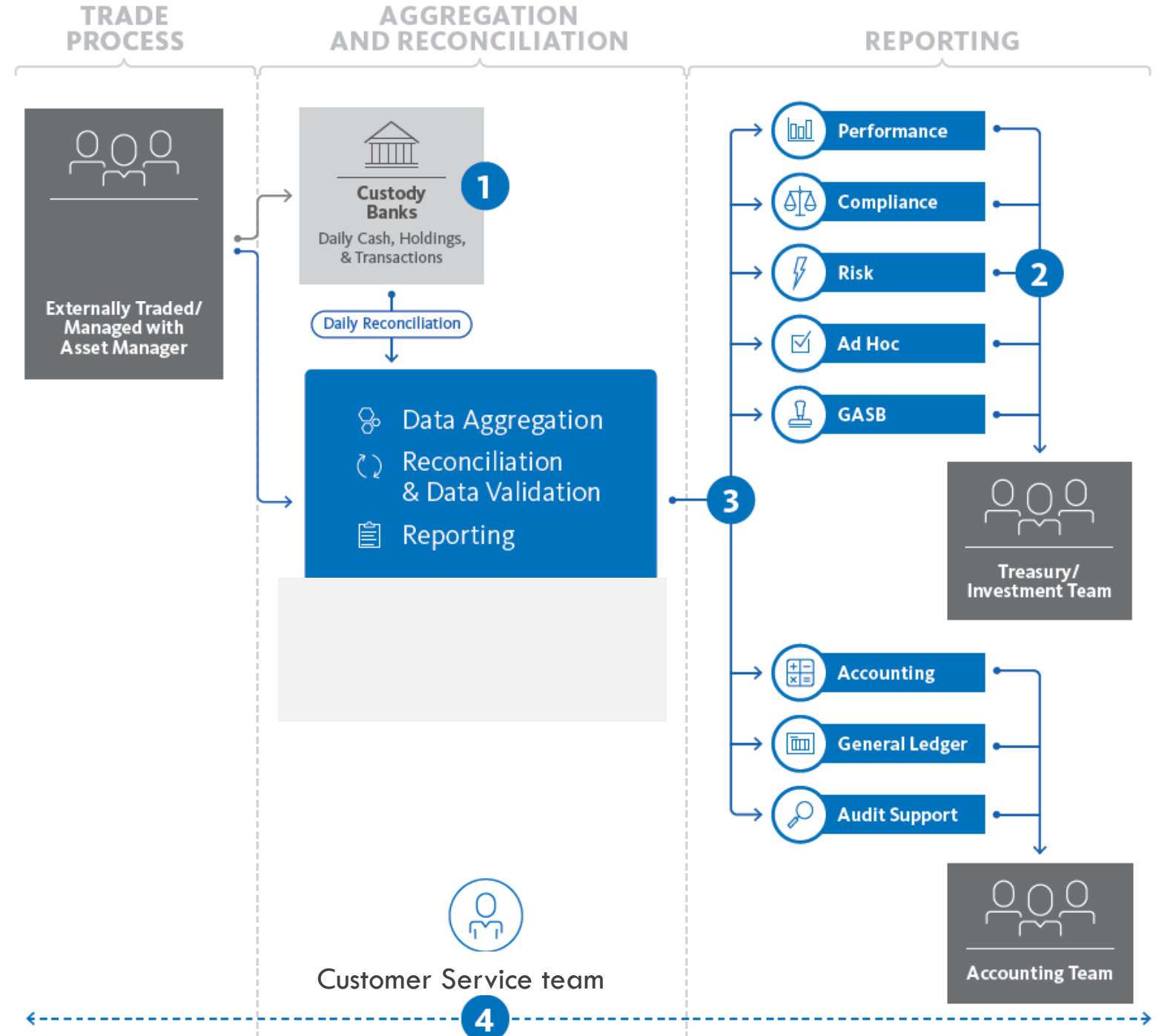
Without investment accounting software, agency is still responsible for aggregating data and is increasingly dependent on investment advisor for performance, compliance and risk analytics.



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



Summarized Portfolio Snapshot

CITY OF
Newport Beach

TREASURER'S REPORT
For the Month Ended



Portfolios	June 30, 2019								
	Amortized Cost	Unrealized Gains/(Loss)	Market Value	Accrued Interest	Market Value Plus Accrued	% Total	YTM @ Cost	YTM @ Market	Notes
Operating Portfolios									
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%	
TOTAL OPERATING FUNDS	\$ 279,124,272	\$ 2,126,889	\$ 281,251,160	\$ 1,177,437	\$ 282,428,597	100.00%			
Bond Fund Portfolios									
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%	
TOTAL BOND FUNDS WITH FISCAL AGENT	\$ 9,025,510	\$ 207	\$ 9,025,717	\$ 463	\$ 9,026,180	100.00%			
TOTAL CASH & INVESTMENTS	\$ 288,149,782	\$ 2,127,095	\$ 290,276,878	\$ 1,177,900	\$ 291,454,777				

Ability to Aggregate or Disaggregate Portfolio Strategies

CITY OF
Newport Beach



Short-Term Portfolio by Security Type for the Month Ended

June 30, 2019

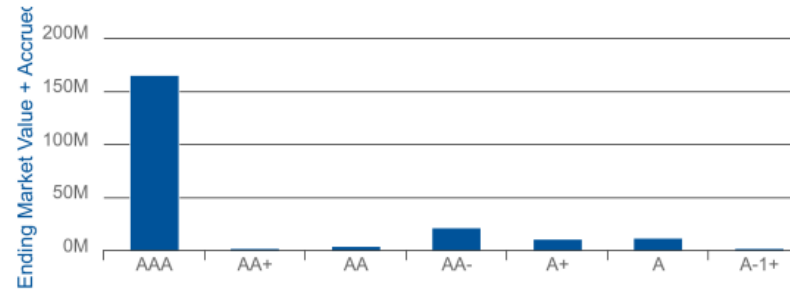
Security Type	Par Value	Original Cost	Amortized Cost	Unrealized Gain/(Loss)	Market Value	Accrued Interest	Market Value Plus Accrued	% of Portfolio	YTM @ Cost	YTM @ Market
Cash Equivalents	-	83,189	83,189	-	83,189	-	83,189	0.04%	0.64%	0.64%
Marketable Securities										
Agency	97,605,000	97,580,352	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%
Total Marketable Securities	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%
GRAND TOTAL (MIP)	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

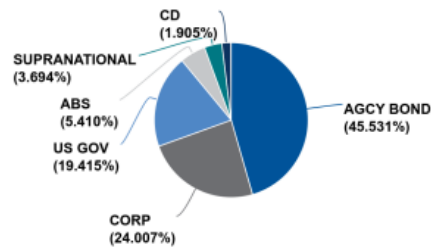
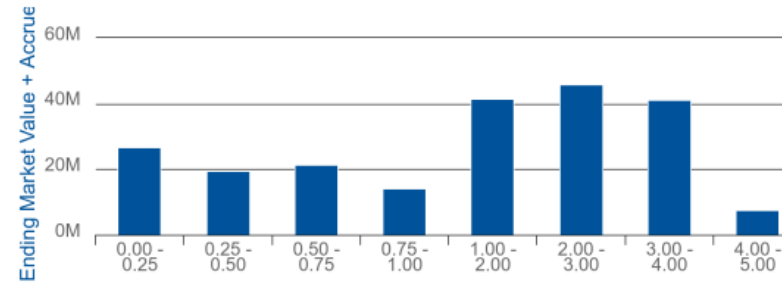


Chart calculated by: Ending Market Value + Accrued

Duration



Market Sector

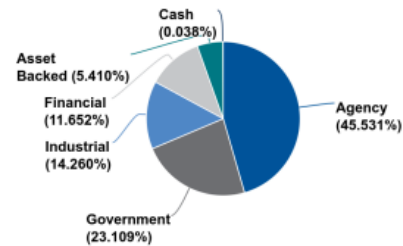


Chart calculated by: Ending Market Value + Accrued

Issuer Concentration

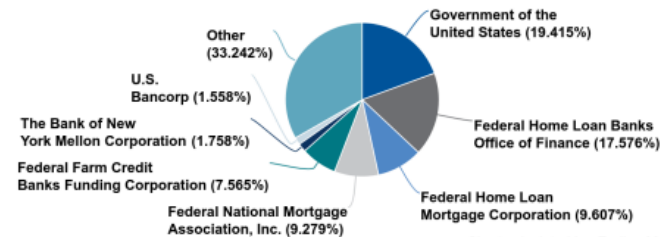
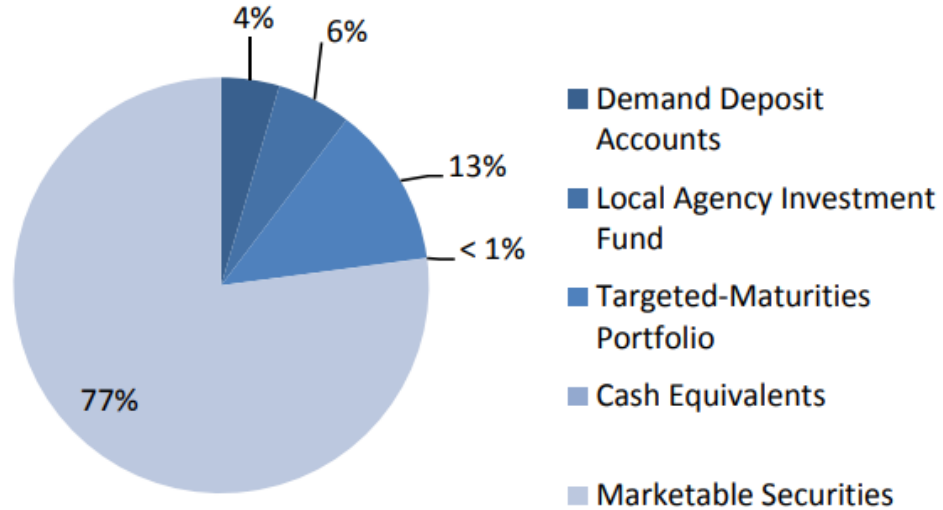


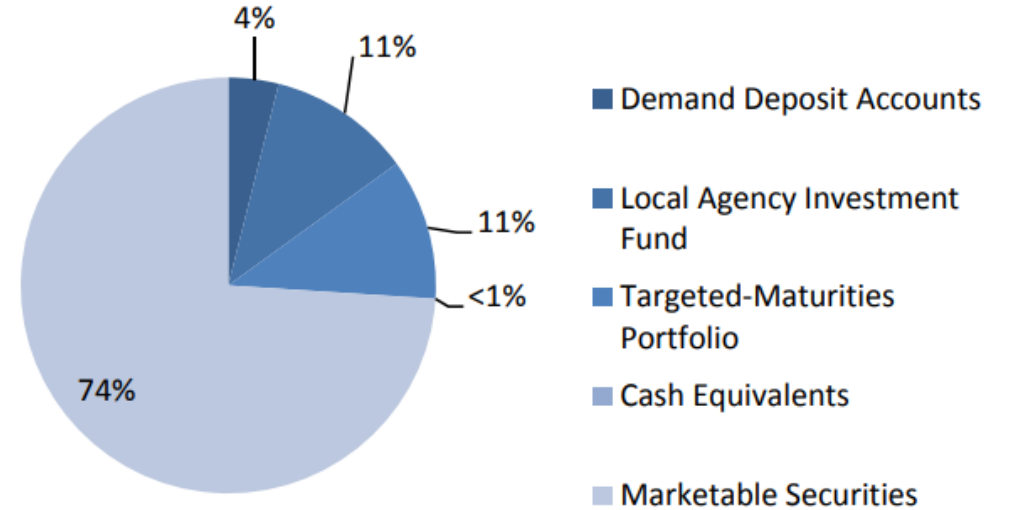
Chart calculated by: Ending Market Value + Accrued

Liquidity Comparison

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



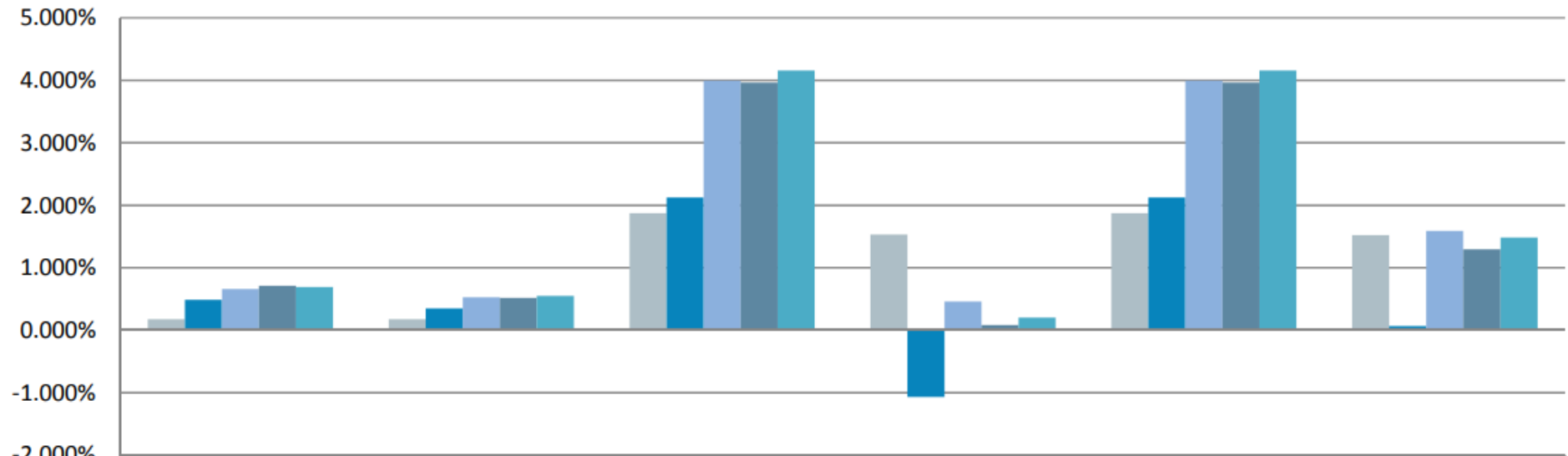
**Composition of Operating Portfolio
June 30, 2018**



Measuring Performance against Benchmarks

Performance History

Rate of Return

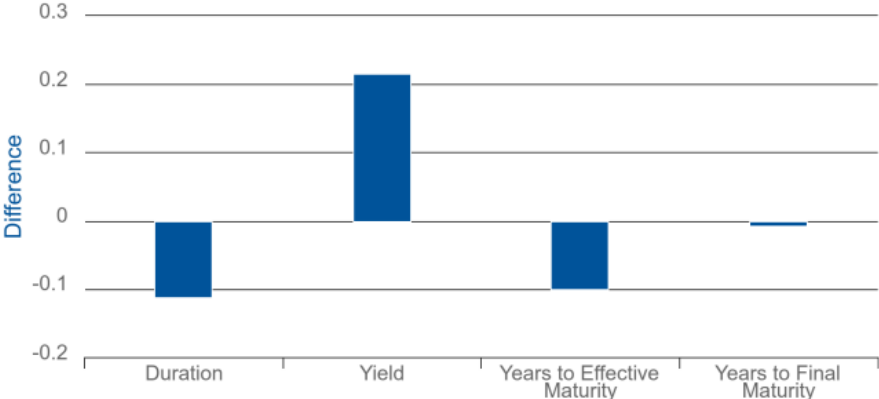


	Prior Month	Current Month	Current Fiscal Year to Date	Prior Fiscal Year	Trailing Year	Trailing 3 Years*
Income Return	0.177%	0.177%	1.870%	1.529%	1.870%	1.522%
Price Return	0.484%	0.349%	2.125%	-1.069%	2.125%	0.066%
Total Return = Income Return + Price Return	0.661%	0.526%	3.996%	0.460%	3.996%	1.587%
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%

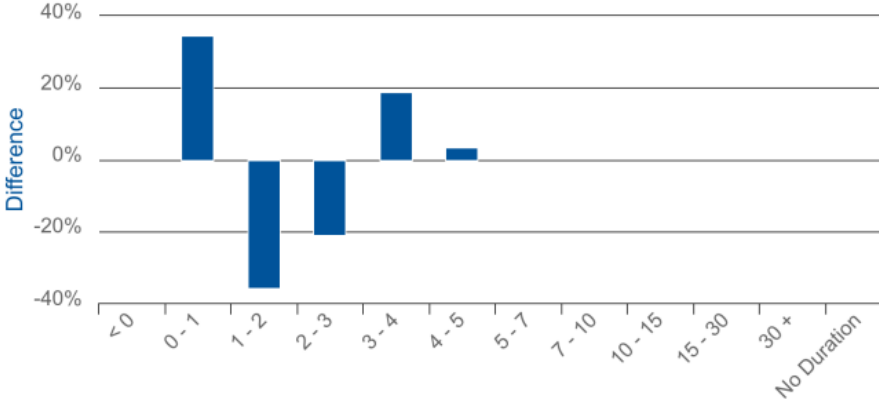
*Periods greater than one year are annualized

Index Comparison

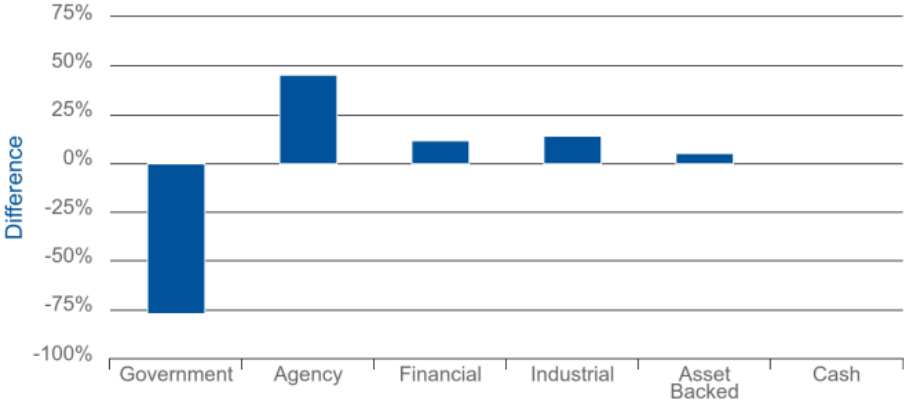
Index Comparison Summary



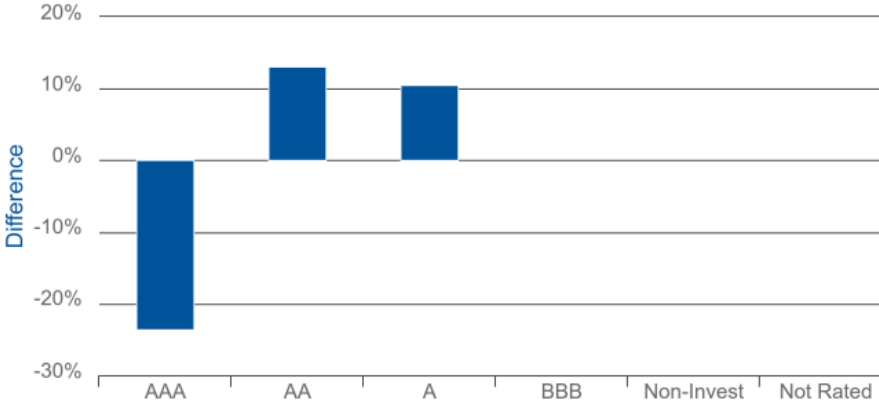
Index Comparison Duration



Index Comparison Market Sector

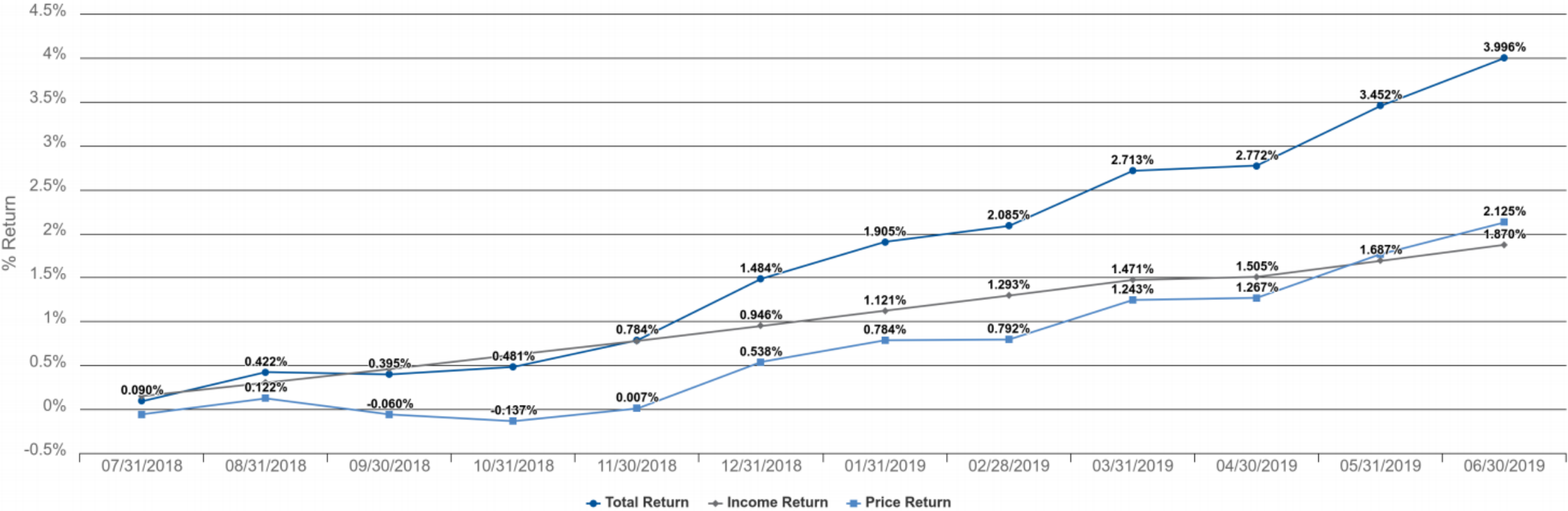


Index Comparison Credit Rating



Illustrating Components of Total Return

Cumulative Returns from the Beginning of the Trailing Year



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 ⁽¹⁾	
Compliant	Concentration	Minimum Issuer Size for CP's - In Millions	500	Unavailable ⁽¹⁾	
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.

