



**INFORMATIONAL MEMORANDUM**

TO: Finance & Governance Committee  
 FROM: Vicky Carlsen, Finance Director  
 BY: Aaron Williams, Fiscal Coordinator  
 CC: Mayor Ekberg  
 DATE: January 28, 2021  
 SUBJECT: 2020 4th Quarter Cash & Investment Report

**ISSUE**

The Quarterly Cash & Investment Report is provided to the Finance Committee in accordance with the City's Investment Policy.

**SUMMARY OF INVESTMENT POLICY**

It is the policy of the City of Tukwila to invest public funds in a manner that will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City while conforming to all state and local statutes governing the investment of public funds.

**INVESTMENT HOLDINGS**

As of December 31, 2020, the portfolio totaled \$70.3 million comprised of \$67.1 million in cash and cash equivalents and \$3.1 million in longer term investments. The attached "Cash and Investment Report" provides additional details on the cash and investment holdings of the City.

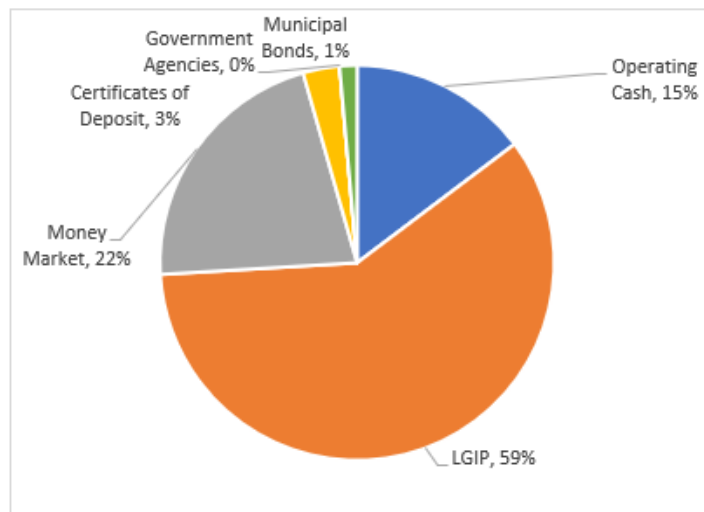
Below is a comparison of the current portfolio allocation compared to the prior year-end. The decrease in the LGIP balance compared to year end 2019 is attributed to Public Safety Plan construction projects, which utilized bond proceeds received in Oct 2019.

**Portfolio Allocation 12/31/2020**

Operating Cash	10,358,248	15%
LGIP	41,690,157	59%
Money Market	15,123,022	22%
Certificates of Deposit	2,106,948	3%
Government Agencies	-	0%
Municipal Bonds	1,000,195	1%
	<u>70,278,570</u>	

**Portfolio Allocation 12/31/2019**

Operating Cash	13,000,083	11%
LGIP	83,231,470	70%
Money Market	14,999,032	13%
Certificates of Deposit	2,045,201	2%
Government Agencies	4,000,918	3%
Municipal Bonds	2,264,572	2%
	<u>119,541,276</u>	



**INVESTMENT ACTIVITY**

During 2020 the City received \$583 thousand in interest earnings from the LGIP and Money Market accounts. Most of those interest earnings (65%) came from the first quarter, prior to the interest rate cuts. Fourth quarter interest earnings were \$28.5 thousand.

Longer term investments held by the City paid interest totaling \$37.3 thousand during the third quarter and \$2.29 million in investments matured or were called. No new bond investments were made during this period. Due to the ongoing pandemic and uncertainty in revenue impacts, longer term investments are not currently being pursued in an effort to maintain liquidity.

**RETURN ON INVESTMENTS**

The current portfolio yield at year end was 0.45%, Washington State LGIP and the Columbia Bank money market accounts were earning 0.16% and 0.26%, respectively.

Longer term investment holdings have an average return of 2.84%.

**POLICY COMPLIANCE AND LIQUIDITY ANALYSIS**

The portfolio profile is well within the range of all investment policy parameters. See “Policy Compliance & Liquidity Analysis” attachment for additional detail.

The portfolio benchmark is the 2-year treasury rate, which is closely tied to the changes in the Federal Reserve Fed Funds Rate. This rate steadily climbed until late 2018 when several Federal Funds Rate cuts moved the 2-yr treasury note to just above 1.5% at year end 2019. In response to the COVID-19 pandemic, there were significant cuts to the Fed Funds Rate reducing the rate to 0.13% currently. The chart below illustrates the return over the past 5 years.

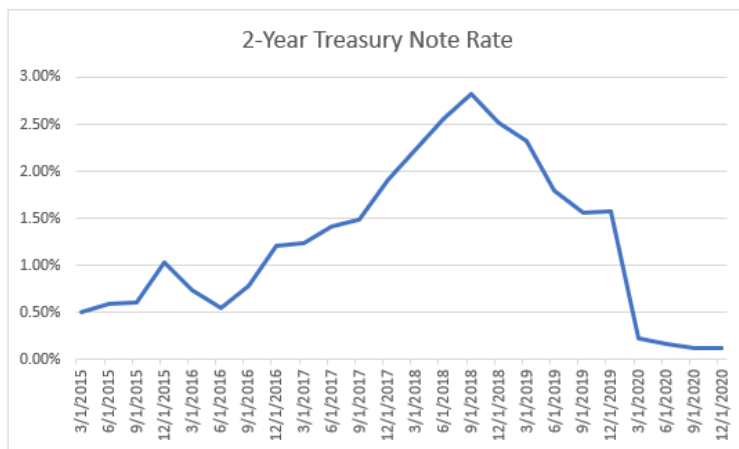
The investment portfolio will continue to be managed to take advantage of investment opportunities as they arise while maintaining adequate liquidity to meet obligations.

**RECOMMENDATION**

Presentation is for information only.

**ATTACHMENTS**

2020-Q4 Cash and Investment Report  
Policy Compliance & Liquidity Analysis

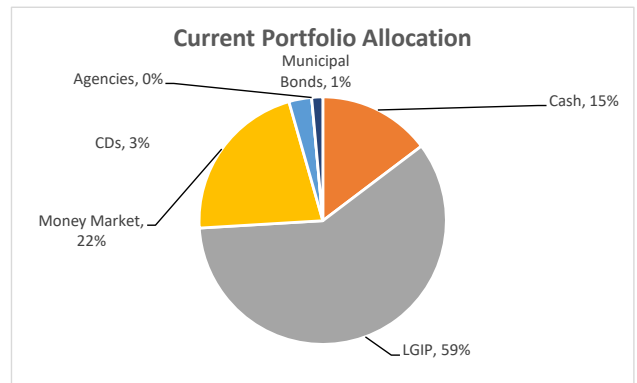


**CITY OF TUKWILA**  
**Cash and Investment Details**  
**CASH & INVESTMENT REPORT**  
December 31, 2020

Agency / Issuer	Rating Moody's	Investment Type	Purchase Date	Maturity Date	(a) Term Yrs.	Par Value	Book Balance	(c) Yield to Maturity	(d) Annualized Return
<b>CASH &amp; CASH EQUIVALENTS</b>									
US Bank Operating Cash		Depository	-	(b)	-	10,358,248	<b>10,358,248</b>	0.20%	20,716 (e)
Washington State Treasurer		LGIP Investment Pool	-	(b)	-	41,690,157	<b>41,690,157</b>	0.16%	65,037 (f)
Columbia Bank		Money Market	-	(b)	-	15,123,022	<b>15,123,022</b>	0.26%	38,715 (f)
<b>Total Cash &amp; Cash Equivalents</b>						67,171,426	<b>67,171,426</b>	0.19%	124,468
<b>INVESTMENTS</b>									
<b>Certificates of Deposits</b>									
Sound Community Bank		Certificate of Deposit	3/4/2019	3/4/2021	0.2	2,106,948	<b>2,106,948</b>	2.97%	62,576
<b>TOTAL CERTIFICATES OF DEPOSIT</b>						2,106,948	<b>2,106,948</b>	2.97%	62,576
<b>Taxable Municipal Bonds</b>									
Multnomah County OR GO LTD	Aaa	Revenue Bonds	08/2017	6/1/2021	0.4	500,000	<b>499,165</b>	2.28%	- (g)
Burien WA GO LTD Bld Am Bnds	Aa2	LTGO	12/2017	12/1/2025	5.0	500,000	<b>501,030</b>	5.13%	25,625 (h)
<b>TOTAL MUNICIPAL BONDS</b>						1,000,000	<b>1,000,195</b>	2.56%	25,625
<b>Total Investments</b>						3,106,948	<b>3,107,143</b>	2.84%	88,201
Interest earned from matured/called investments									101,710
<b>TOTAL CASH, CASH EQUIVALENTS &amp; INVESTMENTS</b>						70,278,375	<b>70,278,570</b>	<b>0.45%</b>	<b>314,380</b>

↑  
**Current Portfolio Yield**

- (a) On Callable bonds, term is calculated to final maturity even though call date may occur first; term of liquid investments is one day; on sinking fund bonds, average maturity is used to calculate term.
- (b) No fixed maturity, funds are available within one day.
- (c) Yield to Maturity represents average rate for the year for various investment vehicles.
- (d) Annualized Return represents actual earnings for the fiscal year for bonds.
- (e) Represents earning credit from US Bank. City earned interest up to the amount of fees.
- (f) Represents rate in effect for period ending this report.
- (g) Zero coupon bonds, pays no interest until matured.
- (h) bond callable as of 6/1/20, not called as of 12/31/20





**CITY OF TUKWILA**  
**Policy Compliance & Liquidity Analysis**  
**CASH & INVESTMENT REPORT**  
December 31, 2020

	Portfolio Amount	As of Report Date		
		Available Within 1 Year	Available Within 5 Years	Available in 5 - 10 Years
<b>Liquidity Analysis &amp; Maturity Diversification</b>				
Funds immediately available - US Bank, State LGIP, Money market	\$ 67,171,426	\$ 67,171,426	\$ 67,171,426	
Fixed Maturity Investments, maturing in:				
0-90 days after Report Date	3,016,948			
91-180 days after Report Date	500,000			
181-270 days after Report Date	-			
271-360 days after Report Date	-			
Investments maturing in 1 year or less	2019 3,516,948	3,516,948	3,516,948	
Investments maturing in 1-2 years	2020 -		-	
Investments maturing in 2-3 years	2021 -		-	
Investments maturing in 3-4 years	2022 -		-	
Investments maturing in 5-10 years	2023 500,000			500,000
Investments maturing in more than 1 year and less than 10 years.	500,000			
<b>TOTALS</b>	<b>\$ 71,188,375</b>	<b>\$ 70,688,375</b>	<b>\$ 70,688,375</b>	<b>\$ 500,000</b>
		99%	99%	1%

	Portfolio Amount	% of Total	POLICY MAXIMUM	Policy Met?
<b>Financial Institution Diversification</b>				
US Bank	\$ 10,358,248	14.7%	50.0%	Yes
Columbia Bank	15,123,022	21.5%	50.0%	Yes
Sound Community Bank	2,106,948	3.0%	50.0%	Yes
Investments in Financial Institutions	27,588,218	39.3%		
Investments in US Government and other non-financial institutions	42,690,157	60.7%		
Total	<u>\$ 70,278,375</u>	<u>100.0%</u>		

	Portfolio Amount	% of Total	POLICY MAXIMUM	Policy Met?
<b>Investment Mix</b>				
Depository	10,358,248	14.7%	insured by PDPC	Yes
State Investment Pool	41,690,157	59.3%	75.0%	Yes
Money market	15,123,022	21.5%	insured by PDPC	Yes
Certificate of Deposit	2,106,948	3.0%	insured by PDPC	Yes
US Agency	-	0.0%	75.0%	Yes
Municipal Bonds	1,000,000	1.4%	no limit specified in policy	Yes
Total	<u>70,278,375</u>	<u>100.0%</u>		

<b>Weighted Average Maturities:</b>		<b>Performance Analysis</b>	
	Years		
Certificates of deposit	0.2	Current portfolio yield	0.45%
Agencies	0.0		
Municipal bonds	1.3		
Total Investments	<b>0.7</b>	<b>Benchmarks:</b>	
POLICY MAXIMUM	3.5	2 year treasury	0.13%
Policy Met?	Yes	Local Govt Invst Pool	0.16%

Note: Cash and cash equivalents are available within one day and are *not* factored into the Total Investments weighted average maturity.