



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**
 FROM: **Vicky Carlsen, Finance Director**
 BY: **Aaron Williams, Fiscal Coordinator**
 CC: **Mayor Ekberg**
 DATE: **May 24, 2021**
 SUBJECT: **2021 1st 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 March 31, 2021, the portfolio totaled \$63.4 million comprised of \$59.3 million in cash and cash equivalents and \$4.1 million in longer term investments. The attached "Cash and Investment Report" provides additional details on the cash and investment holdings of the City.

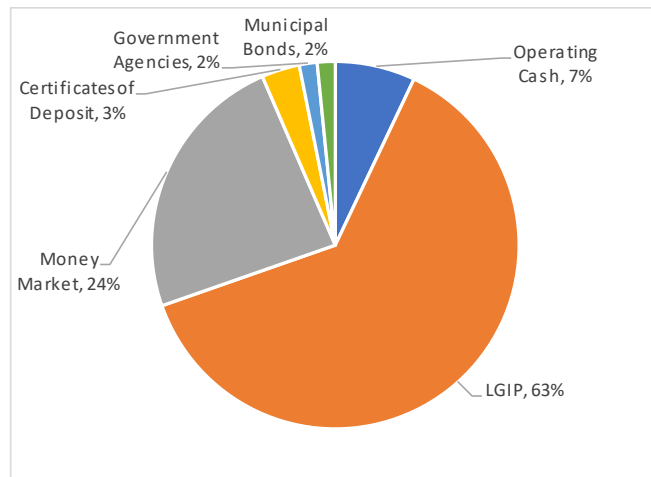
Below is a comparison of the current portfolio allocation compared to the prior year-end.

Portfolio Allocation 3/31/2021

Operating Cash	4,465,518	7%
LGIP	39,703,227	63%
Money Market	15,131,571	24%
Certificates of Deposit	2,122,550	3%
Government Agencies	1,000,000	2%
Municipal Bonds	1,000,825	2%
	<u>63,423,691</u>	

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>	



INVESTMENT ACTIVITY

Interest earnings on cash and money market investments during the first quarter were \$21,620. The City held a \$2M 2-year CD with Sound Community Bank which earned \$15,602 during the year, but matured mid-March. The City chose to liquidate this account and the funds were returned to the City in early April.

Longer term investments held by the City are projected to pay \$31,875 during the year with a \$500k bond scheduled to mature in June. One new bond investment was purchased during the first quarter, investing \$1 million in a FHLB Bond paying 0.625%. Additional Bond investments will be pursued during the year as opportunities are identified.

The chart below provides the investment income Budget to Actual for the Government Funds and Enterprise funds.

Investment Income	Annual Budget	YTD Actuals	Pct of Budget
Government Funds	\$ 290,500	\$ 13,561	4.7%
Enterprise Funds	118,000	23,660	20.1%
	\$ 408,500	\$ 37,221	9.1%

RETURN ON INVESTMENTS

The current portfolio yield on March 31st was 0.21% with the Washington State LGIP and the Columbia Bank money market accounts were earning 0.113% and 0.22%, respectively.

Longer term investment holdings have an average return of 1.15%.

POLICY COMPLIANCE AND LIQUIDITY ANALYSIS

The portfolio profile is 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. In response to the COVID-19 pandemic, there were significant cuts to the Fed Funds Rate reducing the rate to 0.16% currently. The chart below illustrates the 2-year treasury rate over the past 5 years.

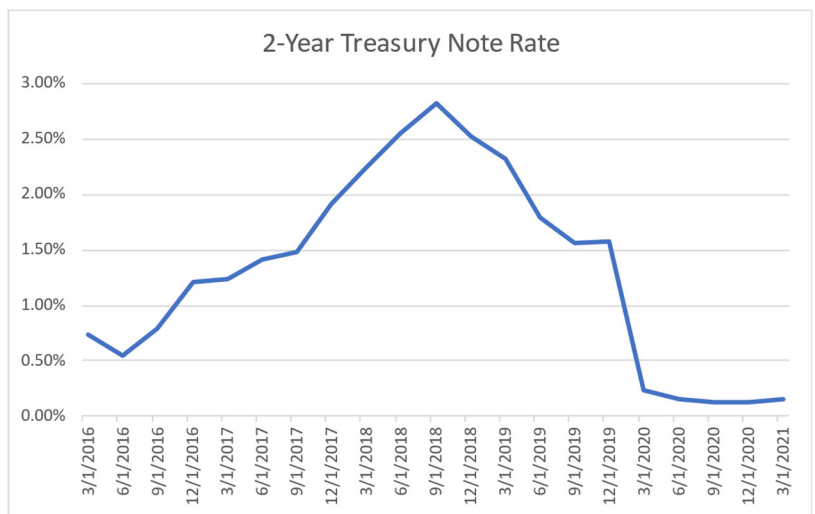
The investment portfolio will continue to be managed to take advantage of investment opportunities as they arise while maintaining adequate liquidity to meet obligations.

RECOMMENDATION

Presentation is for information only.

ATTACHMENTS

2021-Q1 Cash and Investment Report
Policy Compliance & Liquidity Analysis

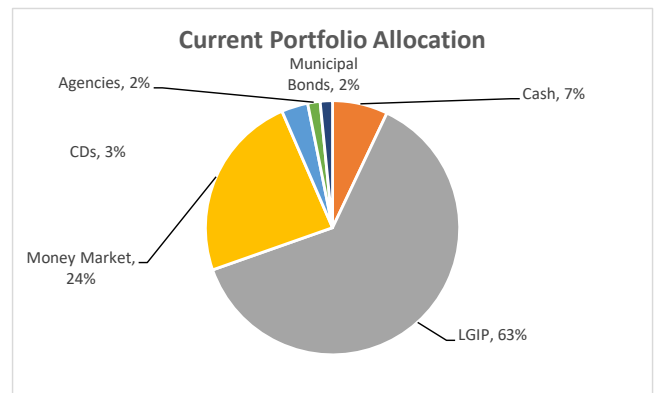


CITY OF TUKWILA
Cash and Investment Details
CASH & INVESTMENT REPORT
March 31, 2021

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
CASH & CASH EQUIVALENTS									
US Bank Operating Cash		Depository	-	(b)	-	4,465,518	4,465,518	0.20%	8,931 (e)
Washington State Treasurer		LGIP Investment Pool	-	(b)	-	39,703,227	39,703,227	0.11%	45,222 (f)
Columbia Bank		Money Market	-	(b)	-	15,131,571	15,131,571	0.22%	33,289 (f)
Total Cash & Cash Equivalents						59,300,316	59,300,316	0.15%	87,442
INVESTMENTS									
Certificates of Deposits									
Sound Community Bank		Certificate of Deposit	3/4/2019	3/4/2021	-0.1	2,122,550	2,122,550	2.97%	15,602 (g)
TOTAL CERTIFICATES OF DEPOSIT						2,122,550	2,122,550	0.74%	15,602
Agencies									
Federal Home Loan Bank		US agency	02/2021	2/24/2026	0.1	1,000,000	1,000,000	0.63%	6,250
TOTAL AGENCIES						1,000,000	1,000,000	0.63%	6,250
Taxable Municipal Bonds									
Multnomah County OR GO LTD	Aaa	Revenue Bonds	08/2017	6/1/2021	0.2	500,000	499,715	2.28%	- (h)
Burien WA GO LTD Bld Am Bnds	Aa2	LTGO	12/2017	12/1/2025	4.7	500,000	501,110	5.13%	25,625
TOTAL MUNICIPAL BONDS						1,000,000	1,000,825	2.56%	25,625
Total Investments						4,122,550	4,123,375	1.15%	47,477
Interest earned from matured/called investments									
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS						\$ 63,422,866	\$ 63,423,691	0.21%	\$ 134,919

↑
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) Sound Comm Bank CD matured as of Mar-21, deposit returned to City in April.
(h) Zero coupon bonds, pays no interest until matured.



CITY OF TUKWILA
Policy Compliance & Liquidity Analysis
CASH & INVESTMENT REPORT
March 31, 2021

	Portfolio Amount	As of Report Date		
		Available Within 1 Year	Available Within 5 Years	Available in 5 - 10 Years
Liquidity Analysis & Maturity Diversification				
Funds immediately available - US Bank, State LGIP, Money market	\$ 59,300,316	\$ 59,300,316	\$ 59,300,316	
Fixed Maturity Investments, maturing in:				
0-90 days after Report Date	2,622,550			
91-180 days after Report Date	-			
181-270 days after Report Date	-			
271-360 days after Report Date	-			
Investments maturing in 1 year or less	2,622,550	2,622,550	2,622,550	
Investments maturing in 1-2 years	-			
Investments maturing in 2-3 years	-			
Investments maturing in 3-4 years	-			
Investments maturing in 5-10 years	1,500,000			1,500,000
Investments maturing in more than 1 year and less than 10 years.	1,500,000			
TOTALS	\$ 63,422,866	\$ 61,922,866	\$ 61,922,866	\$ 1,500,000
		98%	98%	2%

	Portfolio Amount	% of Total	POLICY MAXIMUM	Policy Met?
Financial Institution Diversification				
US Bank	\$ 4,465,518	7.0%	50.0%	Yes
Columbia Bank	15,131,571	23.9%	50.0%	Yes
Sound Community Bank	2,122,550	3.3%	50.0%	Yes
Investments in Financial Institutions	21,719,639	34.2%		
Investments in US Government and other non-financial institutions	41,703,227	65.8%		
Total	\$ 63,422,866	100.0%		

	Portfolio Amount	% of Total	POLICY MAXIMUM	Policy Met?
Investment Mix				
Depository	4,465,518	7.0%	insured by PDPC	Yes
State Investment Pool	39,703,227	62.6%	75.0%	Yes
Money market	15,131,571	23.9%	insured by PDPC	Yes
Certificate of Deposit	2,122,550	3.3%	insured by PDPC	Yes
US Agency	1,000,000	1.6%	75.0%	Yes
Municipal Bonds	1,000,000	1.6%	no limit specified in policy	Yes
Total	63,422,866	100.0%		

Weighted Average Maturities:		Years	Performance Analysis	
Certificates of deposit		0.0	Current portfolio yield	0.21%
Agencies		4.9		
Municipal bonds		2.2		
Total Investments		1.7	Benchmarks: 2 year treasury	0.16%
POLICY MAXIMUM		3.5	Local Govt Invst Pool	0.13%
Policy Met?		Yes		

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