FY 2019 Quarterly Investment Report

Third Quarter – Through June 2019

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Interest Income – thru 3rd Qtr FY 2019

3rd Qtr Interest Earnings: $3,868,521
- GF: $529,514
- UF: $828,779
- Capital Programs: $1,459,872
- Other: $1,050,356

FY 2018: $1,978,022
FY 2017: $1,308,883
FY 2014: $274,263
Investment Strategy

• Use a laddered approach that matches liabilities and maturities

• Regularly review:
  • Cash flow model (maturities, tax revenues vs payments)
  • Types of investments

• Monitor changing market conditions
  • Currently short-term rates are higher than long term rates (inverted yield curve)
  • Evaluate stability of the markets

• Today’s portfolio is well positioned to take advantage of opportunities
Increasing the WAM in relation to the yield curve will help us to keep our yield up
Investments by Type

End of Quarter Portfolio Balance: $197M
Yield Curve Inversion (US Treasury)

A graph showing the yield curve with rates for Fed Funds, 3mo, 6mo, 1yr, 2yr, 5yr, 10yr, and 30yr. The graph indicates an inverted yield curve with rates below the normal yield curve at certain points. Notably, the rate for 2.12% is shown as the peak for an inverted curve and 1.76% as the trough for the same.
In Summary

• $10.8M increase in portfolio since beginning of FY (interest earnings and property tax collections – first two quarters)

• Economic conditions inverted the yield curve
  • US economy – full employment, increased jobs, personal income and spending, however;
  • Global economy – slow down, affected by trade concerns and international politics

• We’ll increase the WAM to increase yield and hedge possible reduction in rates

• Maintain portfolio in compliance with Public Funds Investment Act and City’s Investment Policy
• Quarterly investment reports are available on our web site
• Questions?