

Investment Report

Investment Pool Summary

Investment Policy

Cash Flow

Objectives

INVESTMENT POOL PARTICIPATION

Pool consists of contributions from the county, schools, special districts and other depositors throughout the County of El Dorado.

Approximate percentages of pool participation:

- County 53.1%
- Schools & BOS Districts 46.2%
- Other Depositors >1%

INVESTMENT POOL PORTFOLIO SUMMARY

Instruments	Book Value	% of Portfolio
LAIF	\$50,000,000	10.69%
Treasury Securities	\$353,6559,474	75.63%
Certificates of Deposit	\$46,945,344	10.04%
Money Market Accounts	\$16,993,700	3.63%

6-MONTH POOL PERFORMANCE

	Average Daily Balance	Effective Rate of Return
October	\$396,237,644.46	1.95%
November	\$399,636,457.20	2.04%
December	\$504,180,134.14	2.24%
January	\$526,212,999.67	2.31%
February	\$464,602,783.55	2.40%
March	\$462,319,547.37	2.43%

INVESTMENT POLICY

1. Safety of Principal
2. Liquidity
3. Public Trust
4. Yield

Safety of Principal

Invest in no instrument that could potentially return less than the amount invested.

Liquidity

Meet the cash needs of the pool participants without the need to borrow money or liquidate long-term investments before maturity.

Public Trust

Investments are made in the best interest of the public and decisions are not influenced by lobbying or special interest groups.

Support local institutions giving back to our community
For example Five Star Bank:

El Dorado County	Loan Amounts	Number of Loans
Cameron Park	\$2,550,488	32
Diamond Springs	\$2,600,000	2
El Dorado Hills	\$10,932,436	29
Placerville	\$9,975,000	3
Totals	\$26,057,924	66

Yield

Through networking with bankers, brokers and our peers Treasury continuously seeks investment instruments that comply with the investment policy while offering competitive returns.

Examples

Negotiable Certificates of Deposit

CDARS – Certificate of Deposit Account Registry Service

ICS – Insured Cash Sweep

CASH FLOW ANALYSIS

"The analysis is intended to measure and assess the government's ability to meet its needs, to negate the need for any short-term borrowing or liquidation of long-term investments before maturity, and to identify any idle funds, and the duration of that idle period, to determine whether those funds could be invested over that time frame. Cash flow analysis is therefore an essential tool for informed management decision making."

- GFOA Best Practice: "Cash Flow Analysis"

CASH FLOW

**OPENING
AVAILABLE
BALANCE**

+

REVENUE

Deposits
Apportionments
State Warrants
Maturities

-

EXPENDITURES

Outstanding Checks
Payroll
Electronic Fund Transfers
Wires
Apportionments



**ADJUST FOR
COMPENSATING
BALANCE**

=

**ESTIMATED
AVAILABLE
TO INVEST**

COMPENSATING BALANCE

Compensating balance is the minimum balance that must be maintained in our bank account to offset service costs charged by the bank.

1	Projected bank fees for month	10,500	
	Bank Insurance Charge	1,886	
B / C	Earnings Allowance Credit (calc on MTD Avg above)	(1,831)	
2	Account Activity Fees Due		10,555
	YTD Remaining Budget (Taken from Monthly Account Analysis Worksheet)	41,476	
	Number of months remaining in fiscal year	4	
3	Current Month Budget Allowance		10,400
2 - 3	Account Activity Fees Due minus Monthly Budget Allowance		155
			(The Goal is to be Zero or as close as possible)
1 - 3 * C (Multiplier in Green Area)	Average Daily Collected Balance Needed	5,846,832	
	# of Days in the Month	31	
4	Total Collected Balance Target Needed to Cover Monthly Budget Allowance		181,251,779
5	(See A above) Total Actual Collected Balance to date	167,077,163	
6	4 - 5 Total Collected Balance Needed	14,174,616	
6 / Days Remaining	Today's Target Collected Balance		674,982

CASH FLOW WORKSHEET

CASH FLOW WORKSHEET

Tuesday, April 02, 2019		Prepared By:	
Opening Available Balance			18,444,844
<u>MATURITIES</u>			
FirstBank			5,000,000
<u>ADD TRANSFERS</u>			
APPORTIONMENT			639,243
WARRANT			603,974
<u>SUBTOTAL OF MONIES AVAILABLE</u>			24,688,061
LESS TOTAL CHECKS/WIRES CLEARING			8,767,538
COMPENSATING BALANCE			674,982
<u>TOTAL ESTIMATED AVAILABLE TO INVEST</u>			15,245,541

12-Month Projected Cash Flow

	Average Receipts except School Apportionment	School Apportionment	Average Disbursements except School Payroll	School Payroll	Difference	Maturities	% of Maturities	Maturity Coverage
Mar-19	98,058,749	26,074,264	79,807,151	17,567,852	26,758,009	14,249,000	3.5%	41,007,009
Apr-19	149,552,432	19,164,593	90,529,451	19,513,299	58,674,276	16,356,500	4.1%	75,030,776
May-19	56,920,971	19,110,225	100,287,763	23,161,051	(47,417,618)	74,249,300	18.4%	26,831,682
Jun-19	81,487,677	26,893,357	95,532,009	11,348,157	1,500,867	28,000,000	6.9%	29,500,867
Jul-19	42,360,934	13,227,942	83,679,073	7,437,845	(35,528,042)	37,000,000	9.2%	1,471,958
Aug-19	56,106,405	13,166,177	80,661,418	16,211,869	(27,600,705)	30,649,800	7.6%	3,049,095
Sep-19	62,908,268	13,530,131	65,967,101	18,532,675	(8,061,377)	29,248,594	7.3%	21,187,217
Oct-19	76,999,047	21,474,716	97,329,256	18,379,468	(17,234,960)	35,249,400	8.7%	18,014,440
Nov-19	131,261,811	17,811,906	81,271,321	18,363,464	49,438,932	25,000,000	6.2%	74,438,932
Dec-19	184,824,130	25,409,962	90,566,691	19,859,406	99,807,995	27,000,000	6.7%	126,807,995
Jan-20	61,423,022	18,849,035	123,090,873	18,562,073	(61,380,890)	50,000,000	12.4%	(11,380,890)
Feb-20	187,998,533	23,078,621	189,421,626	17,152,791	4,502,737	30,000,000	7.4%	34,502,737
Mar-20	196,724,848	13,530,010	167,792,868	8,838,233	33,623,757	0	0.0%	33,623,757

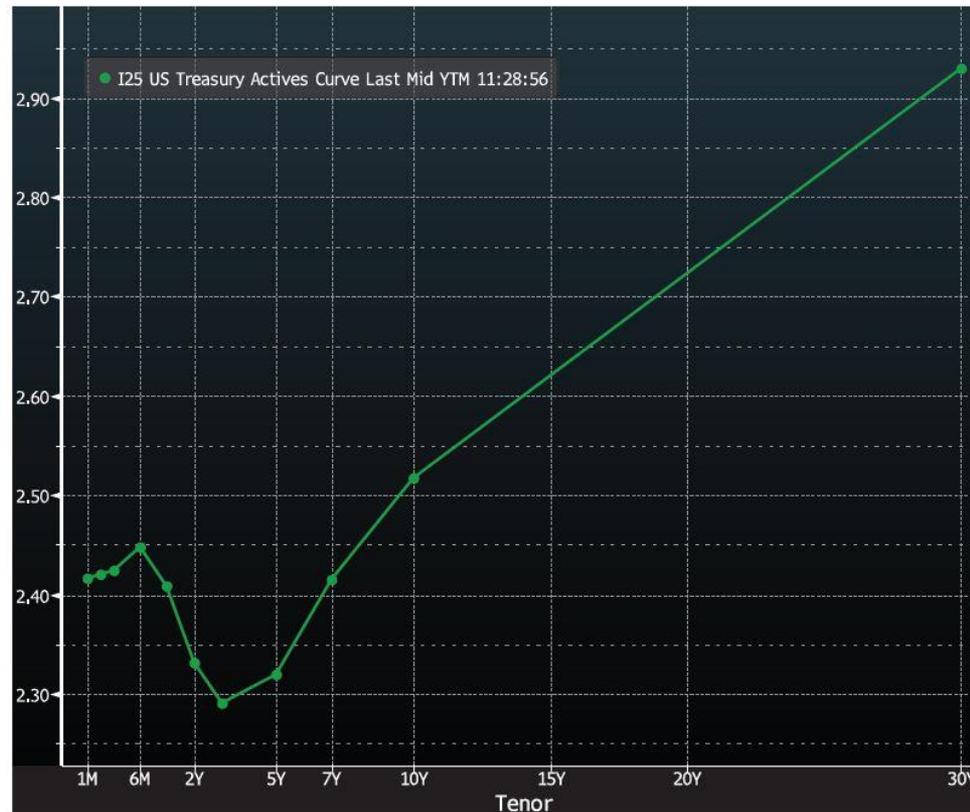
12-Month "Liquid Balances" are established to meet cash needs.

"Reserve Balances" are for longer-term investing

Strategy

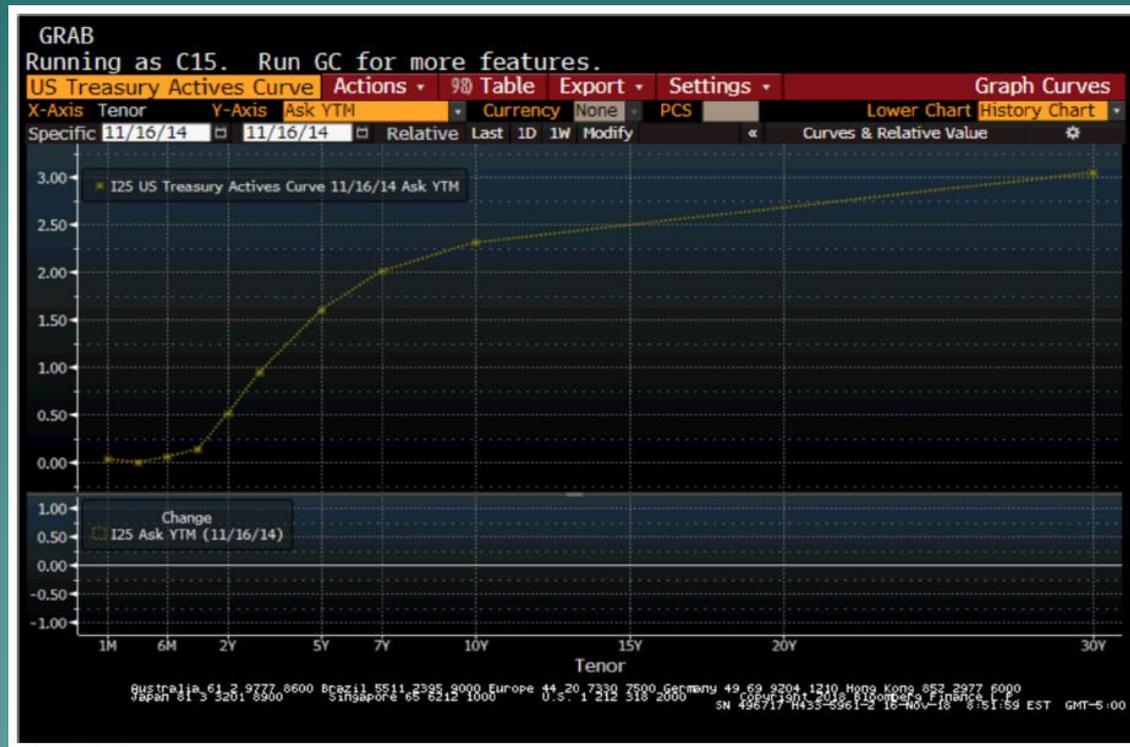
Currently the yield curve has inverted. So, for the time being we will maintain a short-term strategy as short-term yields are higher in the 3 month to 1 year range than out to two and up to five years.

Bloomberg



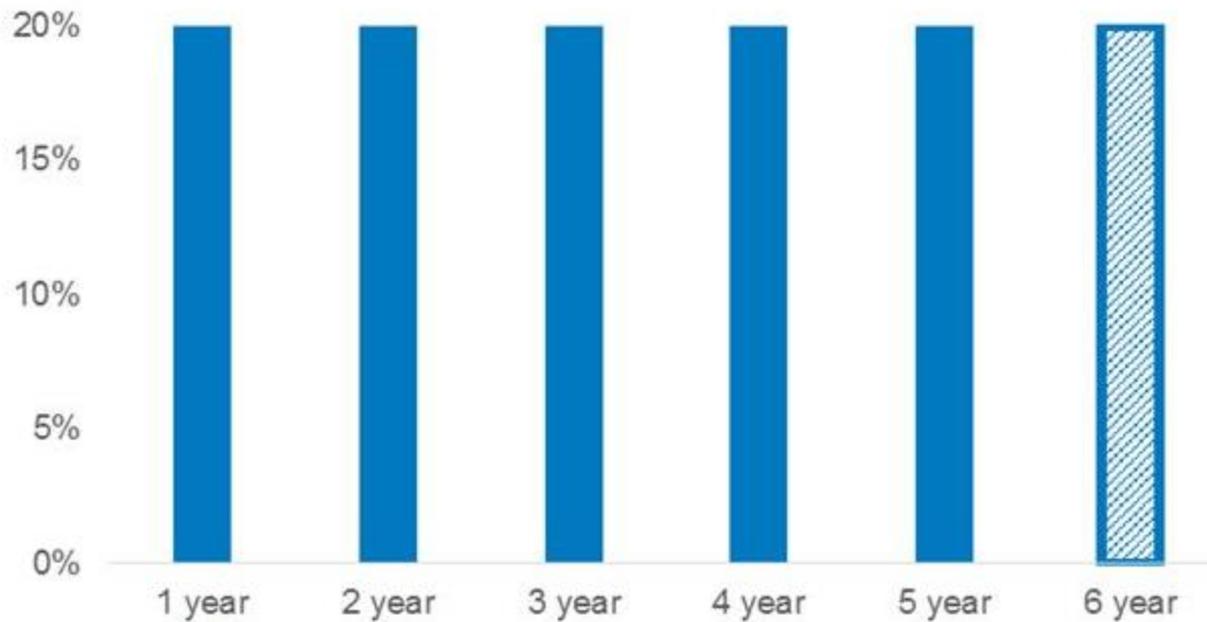
Strategy

However, as the Fed has indicated a pause in raising interest rates we hope, ideally, to see the yield curve move back to normal. At that time, our strategy will be to move to a laddered portfolio.



Strategy

5-Year Ladder Illustration



When bonds mature, roll proceeds into next maturity year.