



"A City for All Ages"

# CITY OF PORT ST. LUCIE

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FINANCE DEPARTMENT

## Memorandum

**TO:** Jeff Bremer, Interim City Manager

**Through:** Edwin M. Fry, Jr., Finance Director / City Treasurer

**From:** Tom O'Reilly, City Accountant

**Date:** October 15, 2013

**RE:** Annual Treasury Report – September 30, 2013

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The City's Investment Policy identifies the priority of objectives for invested funds. Section 2 of that policy states that the highest priority is placed on the preservation of principal and the safety of liquidity, with the optimization of investment returns being a secondary consideration. The policy also states that Treasury yields are considered a benchmark for riskless investment rates of return. The City's Investment Policy does not directly apply to pension funds, trust funds, or funds related to the issuance of debt where there are other existing policies or indentures in effect.

The attached information is being provided to identify the City's cash and investment positions and its fluctuations. As of the end of September 2013, the Finance Department is actively managing \$175,132,340 in cash and investments. Funds held at the State Board of Administration (SBA) are not included in this amount. Over the past Fiscal Year (October 2012 through September 2013) the SBA released \$4,341,571 of the City's funds being held there, leaving a balance of \$3,665,745 still at the SBA. There has been no indication from the SBA as to how long it will be until the entire balance of funds is released. This SBA balance is currently held in the debt service reserve fund for the City's Southwest Annexation Special Assessment District Bonds.

The City primarily utilizes 3 types of investments: money markets; CDs; and US Government Agencies. This provides a good mixture of liquid and fixed term investments, all well protected. Bank money markets and CDs are only with Florida banks that are a Qualified Public Depository (QPD). Under Florida statute, municipal funds at a QPD bank are not only collateralized, all the other QPD banks together as a whole are obligated to guarantee 100% of the municipal funds held in any failed QPD.

Interest rates have been at unprecedented low levels for a similarly unprecedented extended period. Over the past fiscal year, 22 new investments had been opened, 1 had been closed out, and 7 had matured or been called. The City has received \$2.1m in cash and investment earnings. The City is currently building a ladder of 2 year Agency paper that will continuously mature every month. This allows those investments to mature with a very liquid-like accessibility while earning investment rates at higher fixed-term levels.

The attached Investments and Cash listing shows specific City investments. The charts that follow the listing provide additional categorization and historical performance.

As shown in Chart No.1, of the \$175,132,340 in cash and investments 88% is restricted and only 12%, or \$20,672,330, is unrestricted and available for general governmental purposes. Chart No.2 breaks down the restricted amount into the various categories that control those funds: debt service; capital projects; utility; stormwater; and other purposes (other purposes includes Building Department, Economic Development, Medical Trust, etc.). Money in these restricted categories can only be spent for the purposes for which they were designated and are not available to the City for general governmental expenditures.

Chart No.3 shows the past 2 years of the City's investment yields broken into the 3 primary categories of money market type funds, certificates of deposit, and U.S. government agencies. In general, the more liquid funds earn the lower interest rates and the longer term instruments earn the higher rates. The chart also includes the comparison of the City's weighted average rate of return to the 12-month Treasury Bill rate.

Chart No.4 shows the monthly cash flows over the past 4 years. Balances generally peak about January after the majority of property taxes have been received, and then steadily decline to the lowest levels around October before property tax receipts start to show up again in November.

This Chart No.4 shows an obvious year-to-year trend of overall declining fund balances, though the annual net spend-down of funds has declined over the years. The annual net spend-down of funds between the high and low months was \$100m from January 2010 to October 2010, \$68m from January 2011 to October 2011, and \$75m from January 2012 to November 2012. The current spend-down from December 2012 to September 2013 is \$60m, with 1 month left to go before substantial property tax receipts start coming in again in November.

CITY OF PORT ST. LUCIE, FLORIDA  
INVESTMENTS AND CASH  
September 30, 2013

Investment Type	Par	Amortized Cost	Market Value	Interest / Yield %	Monthly Interest Earned	Maturity
<u>US Government Agencies:</u>						
FHLB	\$ 2,000,000	\$ 2,029,058	\$ 2,033,094	0.376	\$ 652	06/13/2014
FHLMC	2,000,000	2,041,131	2,046,154	0.373	655	07/28/2014
FHLMC	2,000,000	2,011,372	2,014,576	0.327	552	08/20/2014
FNMA	2,000,000	2,021,734	2,022,366	0.295	503	09/08/2014
FFCB	2,000,000	1,999,470	2,001,982	0.297	495	10/02/2014
FHLMC	2,000,000	2,050,180	2,053,852	0.296	516	11/06/2014
FHLB	500,000	505,466	505,540	0.307	130	12/12/2014
FHLMC	2,000,000	2,008,062	2,009,958	0.285	478	12/29/2014
FFCB	2,000,000	1,999,250	2,000,300	0.280	466	01/22/2015
FFCB	3,000,000	2,998,786	3,000,123	0.884	2,208	02/09/2015
FHLB	2,000,000	1,998,173	1,999,402	0.318	529	02/20/2015
FHLB	2,000,000	2,068,024	2,071,238	0.296	517	03/13/2015
FAMCA	2,000,000	2,000,000	1,999,338	0.270	450	04/17/2015
FNMA	1,000,000	1,017,148	1,017,143	0.273	232	05/12/2015
FFCB	2,000,000	1,999,430	1,997,664	0.268	447	05/28/2015
FFCB	2,000,000	1,999,272	1,999,144	0.322	536	06/04/2015
FHLB	1,100,000	1,183,646	1,183,970	0.331	331	06/12/2015
FHLMC	2,000,000	2,139,401	2,145,504	0.384	691	07/17/2015
FHLB	2,000,000	1,999,076	1,999,714	0.400	666	08/28/2015
FHLMC	2,000,000	2,000,000	2,001,208	0.500	833	09/11/2015
FNMA	2,000,000	2,056,438	2,059,048	0.561	963	09/28/2015
FFCB	5,000,000	4,997,133	5,000,195	0.795	3,310	09/28/2015
FHLMC	2,530,000	2,528,563	2,522,334	1.280	2,697	03/28/2017
	<u>47,130,000</u>	<u>47,650,813</u>	<u>47,683,847</u>			

Certificates of Deposit:

Bank United	2,000,000		0.750	1,250	02/11/2014
Bank United	3,000,000		0.750	1,875	05/17/2014
Bank United	2,000,000		0.600	1,000	06/27/2014
Bank United	5,000,000		0.600	2,500	09/11/2014
Harbor Community	2,000,000		0.750	1,250	09/12/2015
	<u>14,000,000</u>				

Money Market Funds / Savings Accounts:

BankUnited	25,017,152		0.350	7,297	n/a
Gulfstream Bank	4,234,768		0.250	882	n/a
PNC Bank	36,966,111		0.250	7,701	n/a
TD Bank	38,739,755		0.250	8,071	n/a
Bank of America	1,061,723		0.200	177	n/a
	<u>106,019,509</u>				

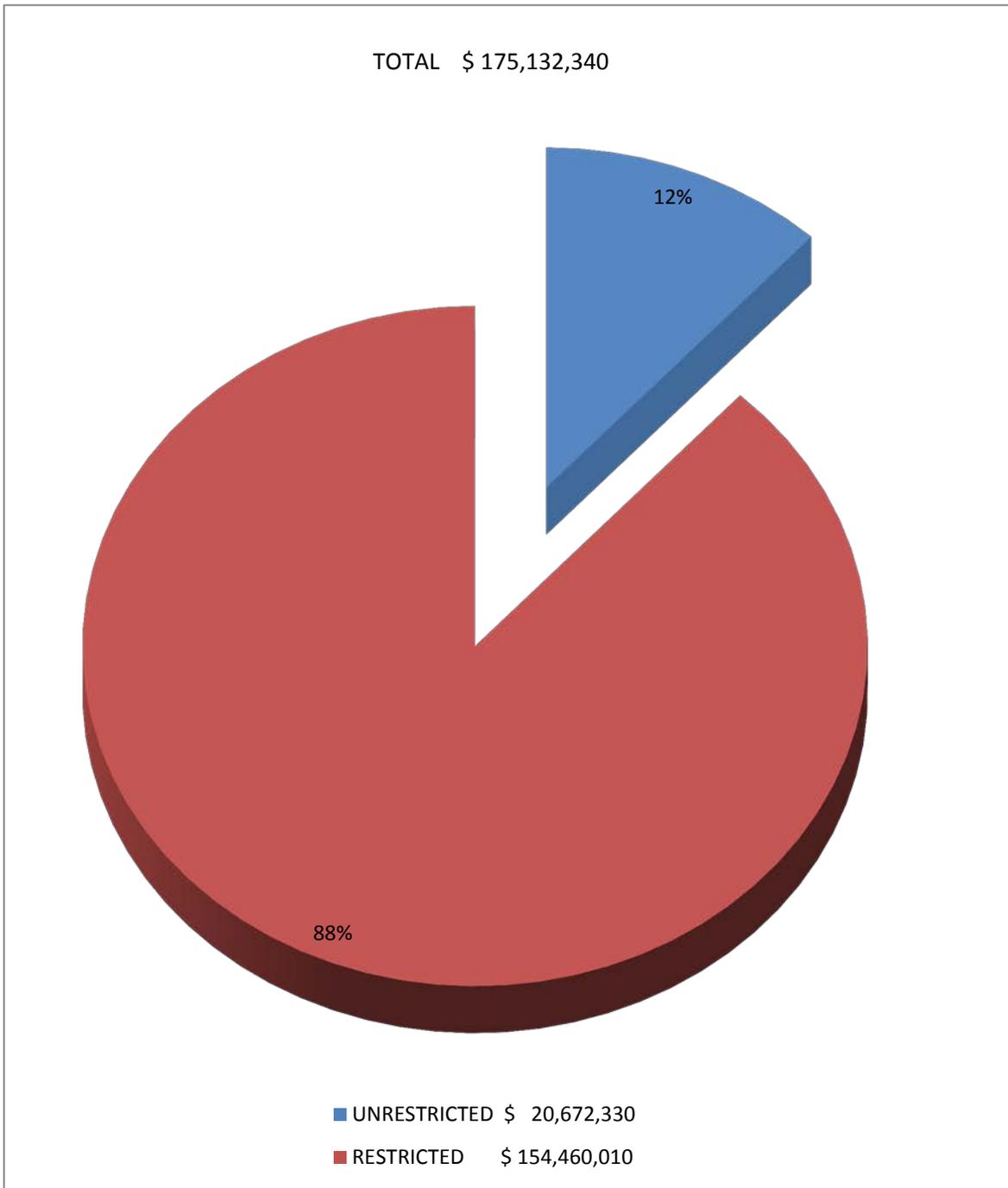
Cash: 7,982,831

\$ 175,132,340 = TOTAL INVESTMENTS AND CASH

<u>State Board of Administration (SBA)</u>						
Pool B	\$ 3,665,745	n/a	n/a	n/a	n/a	n/a

**CHART NO. 1**

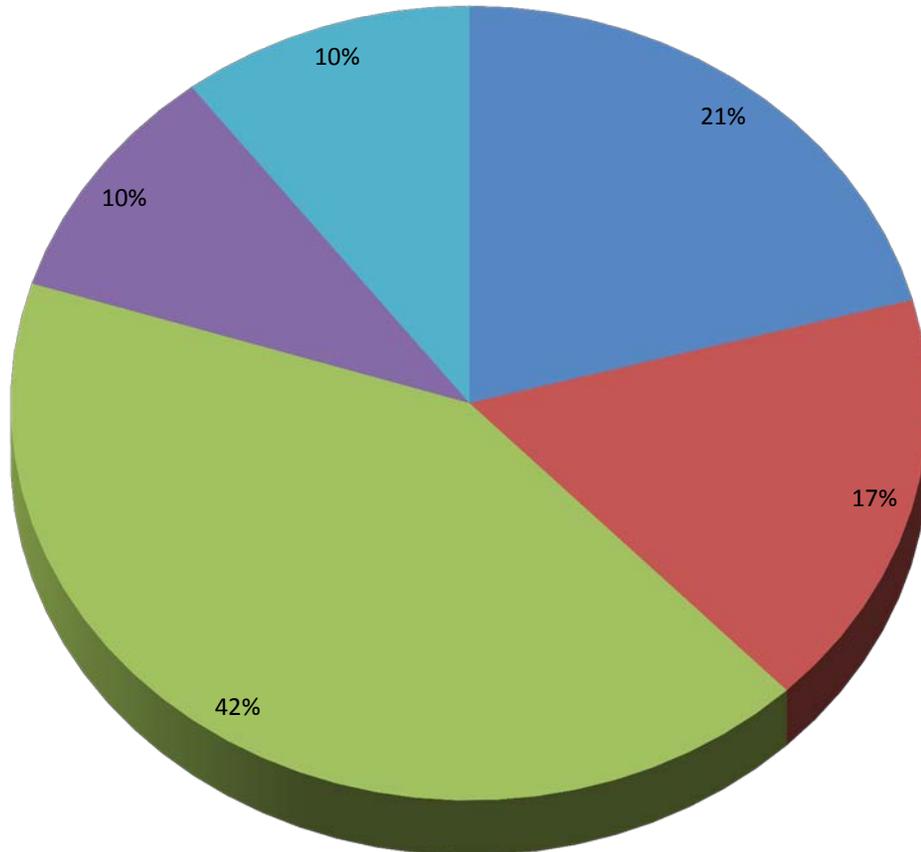
**CASH & INVESTMENTS  
9/30/2013**



**CHART NO. 2**

**CASH & INVESTMENTS - RESTRICTED  
9/30/2013**

Total Restricted \$ 154,460,010



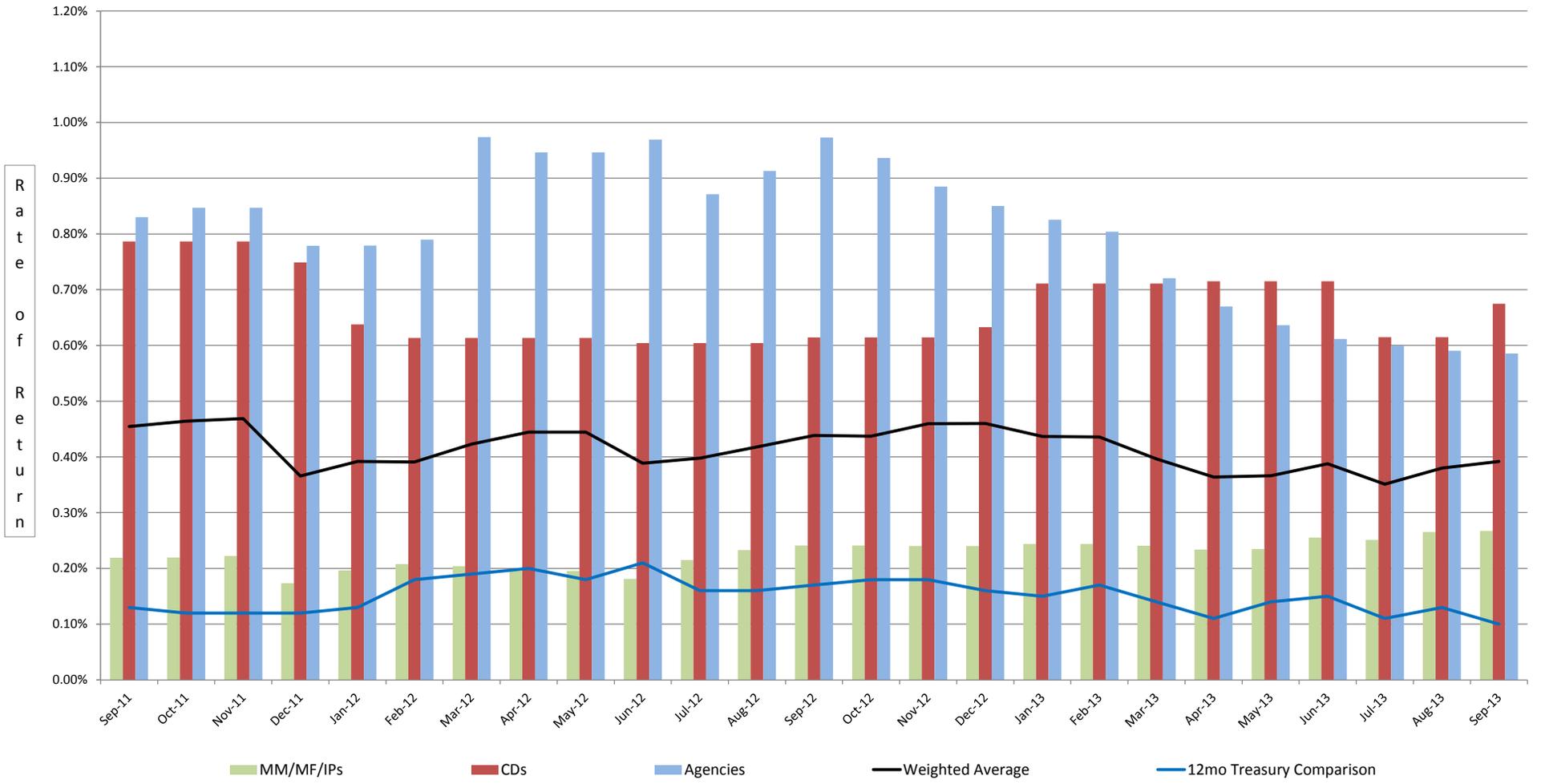
**RESTRICTED FOR**

■ Debt Service	\$ 32,148,090
■ Capital Projects	\$ 26,324,521
■ Utility	\$ 64,893,130
■ Stormwater	\$ 15,108,143
■ Other Purposes *	\$ 15,986,126

\* Other Purposes includes Building Dept., Economic Dev., Medical Trust, etc.

**CHART NO. 3**

**City of Port St. Lucie, Florida  
Historical Investment Performance**



**CHART NO. 4**

**CASH FLOWS**

Millions \$

