

CPIM

CENTER FOR PUBLIC INVESTMENT MANAGEMENT



A PROGRAM BROUGHT TO YOU BY:

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OHIO TREASURER

Investing in Today's Interest Rate Environment

Presenter

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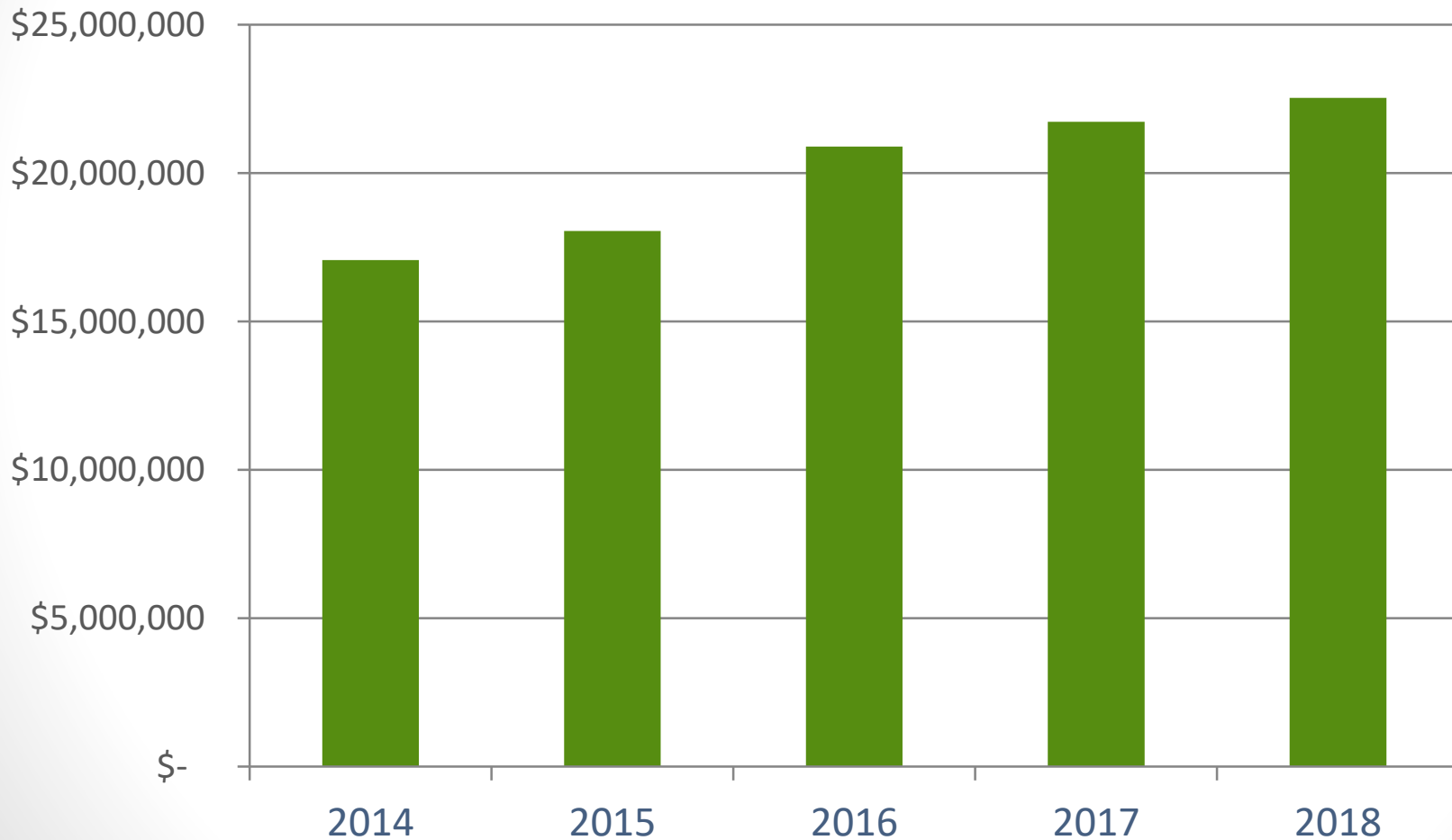
Cash Flow Planning

Objectives of Cash Flow Planning

- Cash Management – “Cash” Portfolio
 - Regular operating needs
 - Funds with uncertain time horizon
 - Compensating balance to cover bank service charges
- Investment Management – “Core” Portfolio
 - Cash balance with time horizon typically greater than 6-12 months
 - Apply investment strategy to maximize earnings

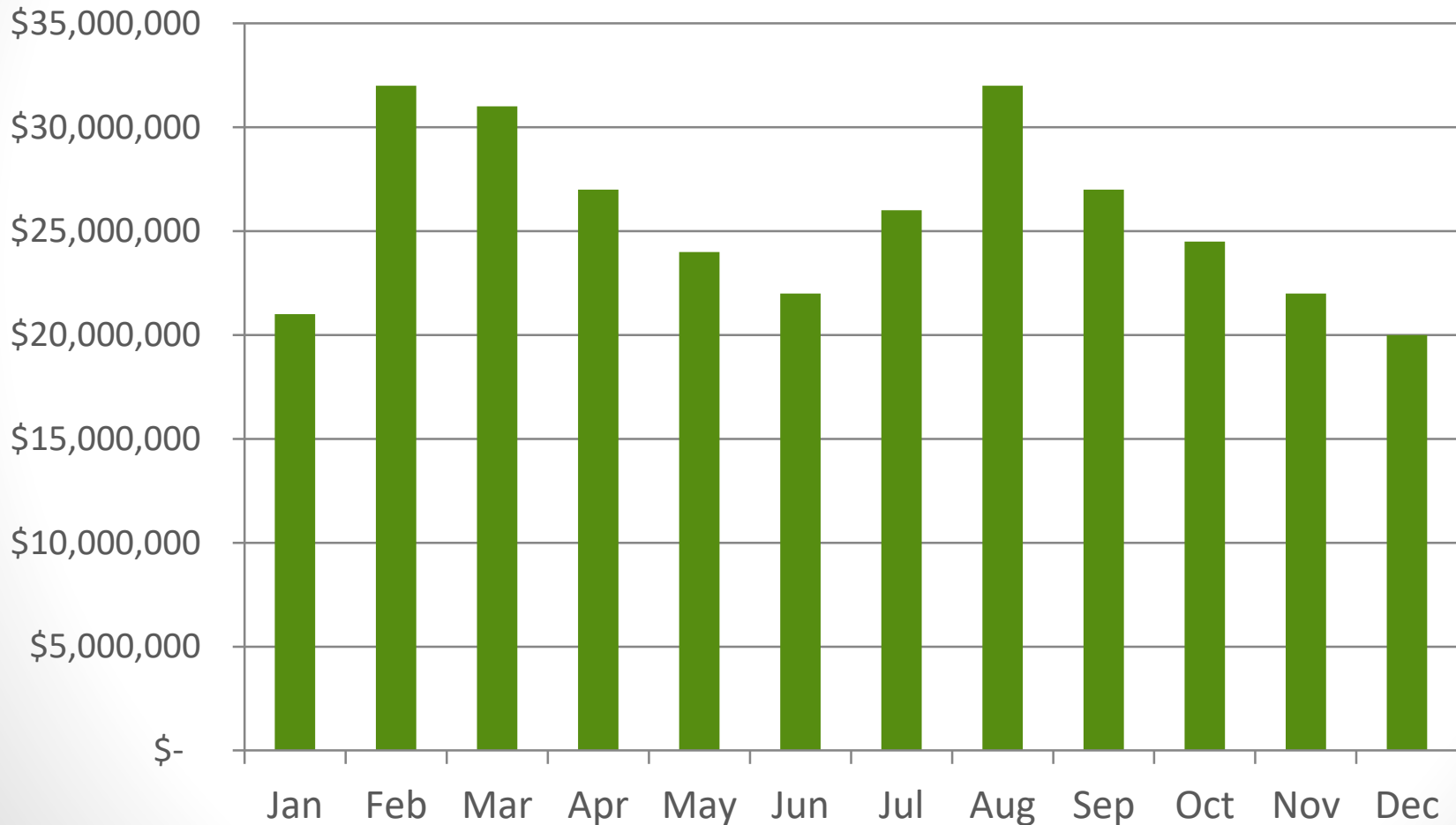
Historical Cash

Year-end Balances



Historical Cash

Month-end Balances

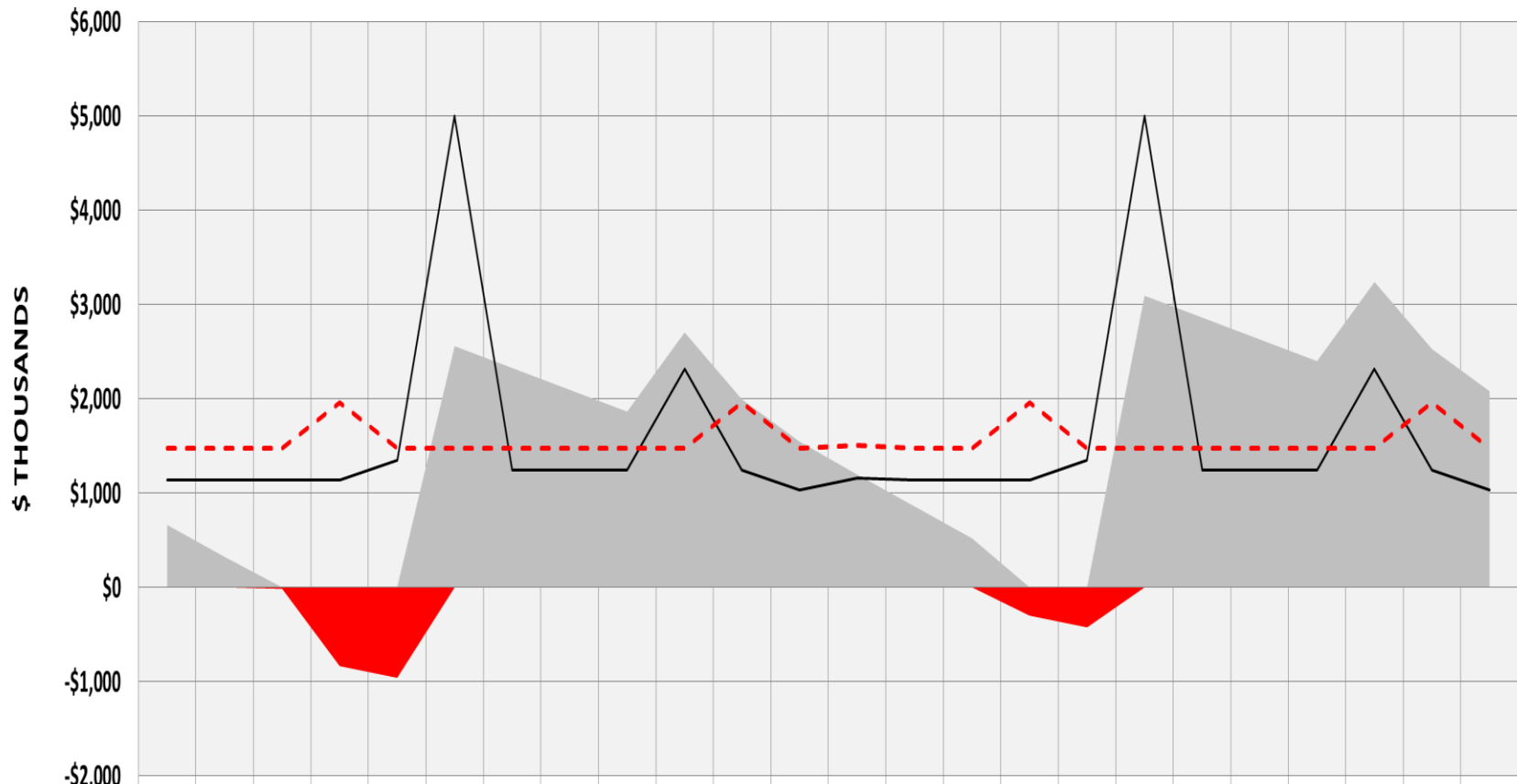


Monthly Cash Flow Forecast

	TOTAL-2016	TOTAL-2017	TOTAL-2018	AVG. RATE	INPUT
REVENUES (SOURCES):					
TAX RECEIPTS	10,290,447	10,500,456	10,710,000	2.0%	2.0%
USER FEES	3,430,564	3,500,576	3,570,000	2.0%	2.0%
SHARED REVENUES - FEDERAL	1,229,605	1,254,699	1,279,000	2.0%	2.0%
SHARED REVENUES - STATE	3,430,229	3,500,234	3,570,000	2.0%	1.0%
SHARED REVENUES - LOCAL	53,693	54,789	55,000	1.2%	1.0%
INVESTMENT INCOME	25,372	25,890	26,000	1.2%	1.0%
OTHER INCOME	12,075	12,321	15,000	11.9%	5.0%
OTHER SOURCE	-	-	-	0.0%	0.0%
OTHER SOURCE	-	-	-	0.0%	0.0%
TOTAL SOURCES >	18,471,986	18,848,965	19,225,000	2.0%	
EXPENSES (USES):					
PAYROLL & BENEFITS	10,924,975	12,290,597	12,500,000	7.1%	2.0%
GENERAL ADMINISTRATIVE	2,396,721	2,445,634	2,494,000	2.0%	2.0%
COMMODITIES	3,387,644	3,456,780	3,525,000	2.0%	2.0%
DEBT SERVICE	123,273	125,789	128,000	1.9%	1.9%
OTHER EXPENSE	31,916	32,567	33,000	1.7%	1.7%
OTHER USE	-	-	-	0.0%	0.0%
OTHER USE	-	-	-	0.0%	0.0%
TOTAL USES >	16,864,530	18,351,367	18,680,000	5.3%	
NET >	1,607,456	497,598	545,000	-29.8%	

Monthly Cash Flow Forecast

MONTHLY CASH FLOW, FOR FISCAL YEAR ENDING-JUN-2018



	JUL-2017	AUG-2017	SEP-2017	OCT-2017	NOV-2017	DEC-2017	JAN-2018	FEB-2018	MAR-2018	APR-2018	MAY-2018	JUN-2018	JUL-2018	AUG-2018	SEP-2018	OCT-2018	NOV-2018	DEC-2018	JAN-2019	FEB-2019	MAR-2019	APR-2019	MAY-2019	JUN-2019
Cash Bal-Positive	661	323	-	-	-	2,558	2,326	2,095	1,863	2,703	1,991	1,545	1,197	858	519	-	-	3,093	2,861	2,630	2,398	3,238	2,526	2,080
Cash Bal-Negative	-	-	(16)	(835)	(959)	-	-	-	-	-	-	-	-	-	-	(300)	(424)	-	-	-	-	-	-	-
Inflows	1,138	1,138	1,138	1,138	1,352	4,994	1,245	1,245	1,245	2,316	1,245	1,031	1,158	1,138	1,138	1,138	1,352	4,994	1,245	1,245	1,245	2,316	1,245	1,031
Outflows	1,477	1,477	1,477	1,957	1,477	1,477	1,477	1,477	1,477	1,477	1,957	1,477	1,506	1,477	1,477	1,957	1,477	1,477	1,477	1,477	1,477	1,477	1,957	1,477

Cash Allocation

Current



Right-Sized

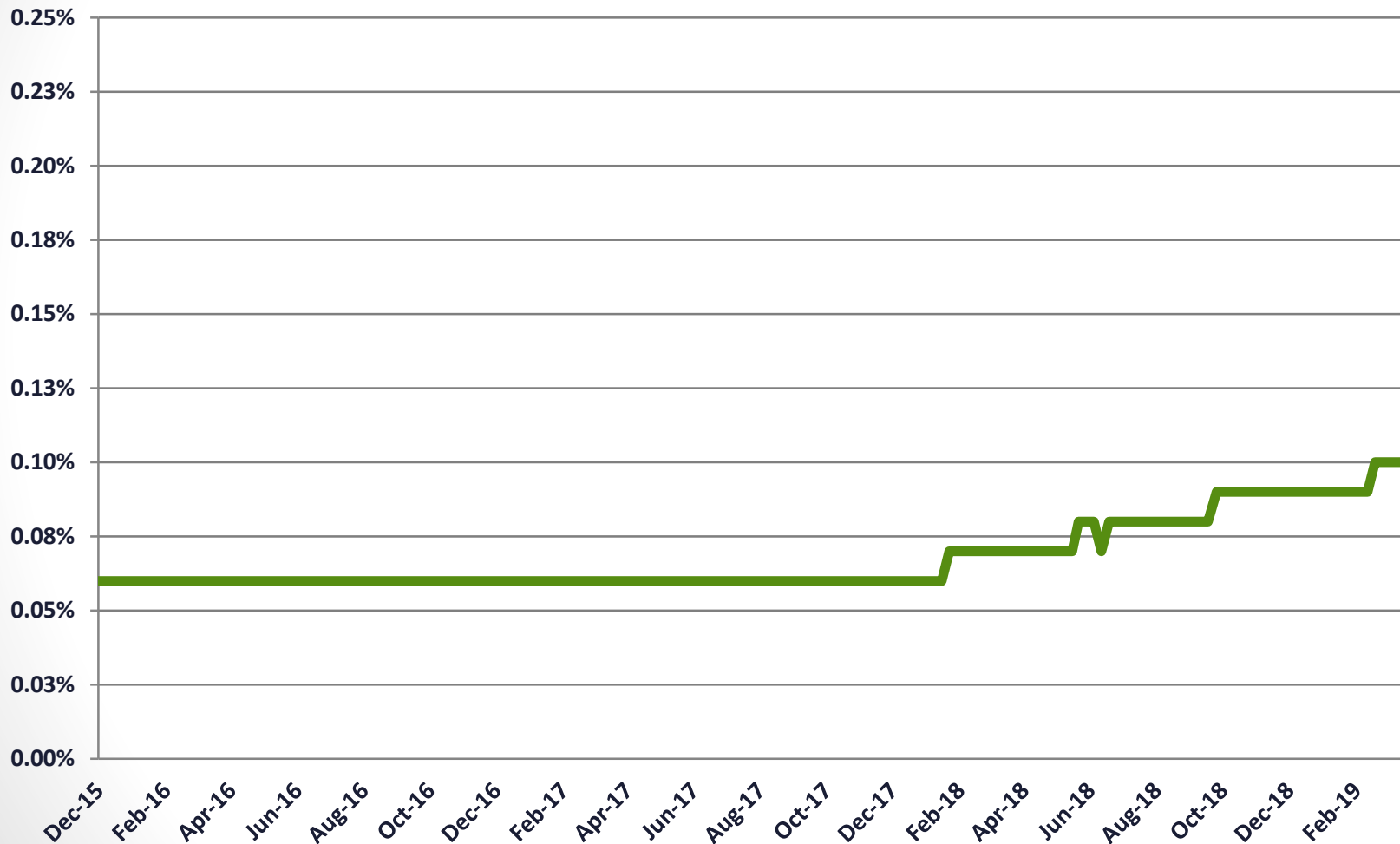


Projected Additional Interest Income of \$175,000

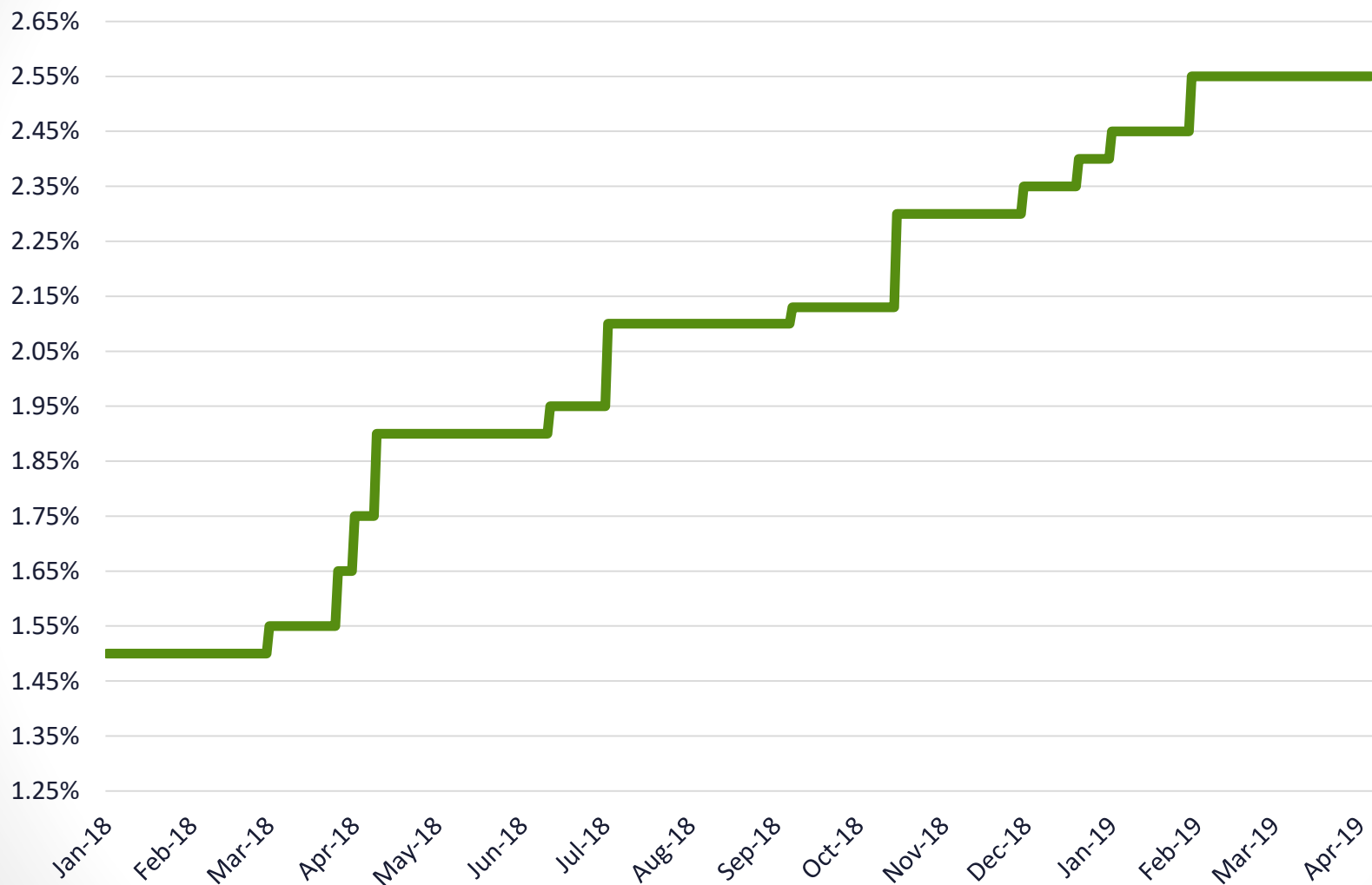
Interest Rates



National Average Deposit Rate

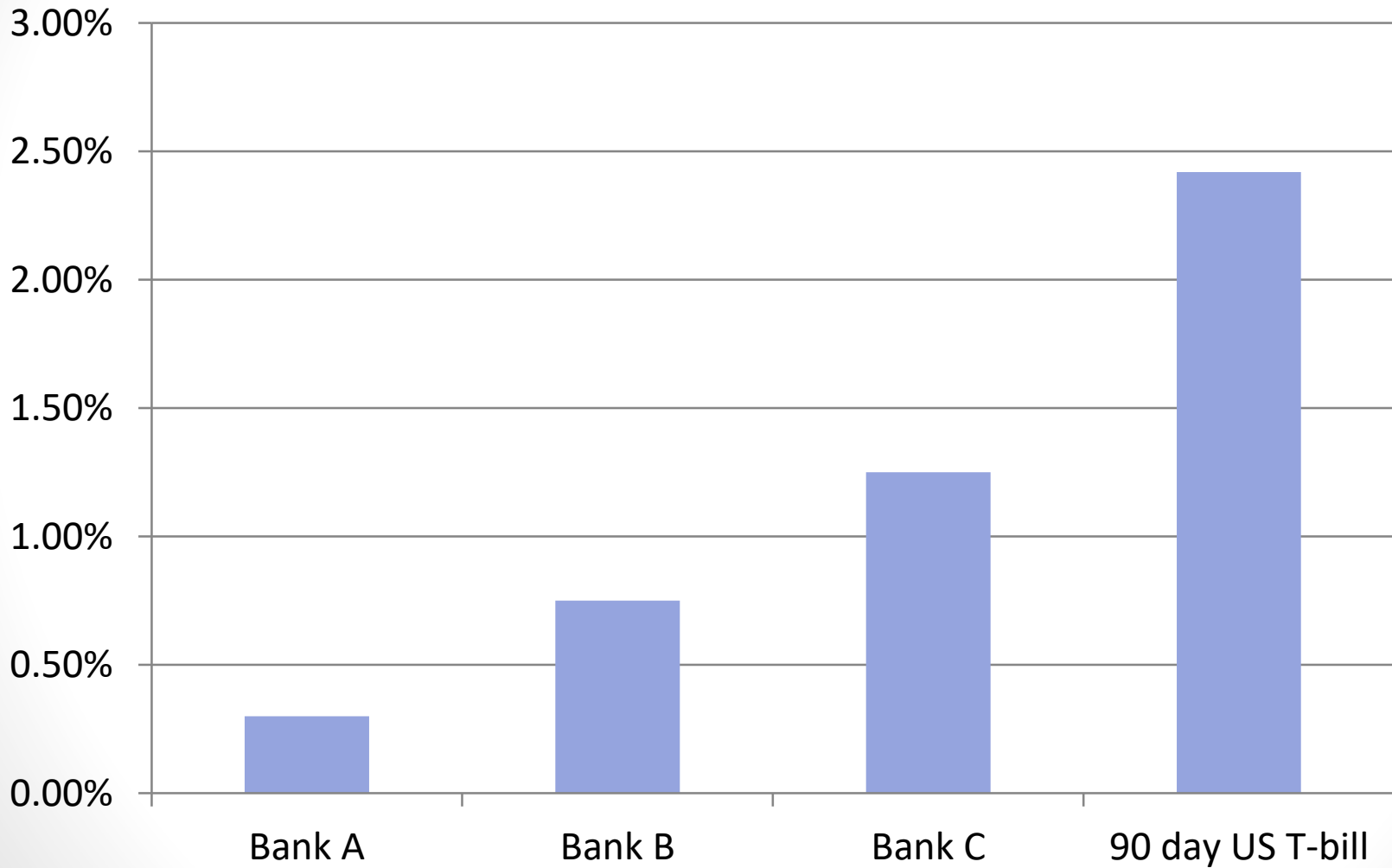


STAR Plus Tier 1 Rate



Source: STAR Plus deposit program for the first \$2.5 million of deposits (Tier 1). Deposits above \$2.5 million (Tier 2) receive a lower rate. Powered by FICA®.

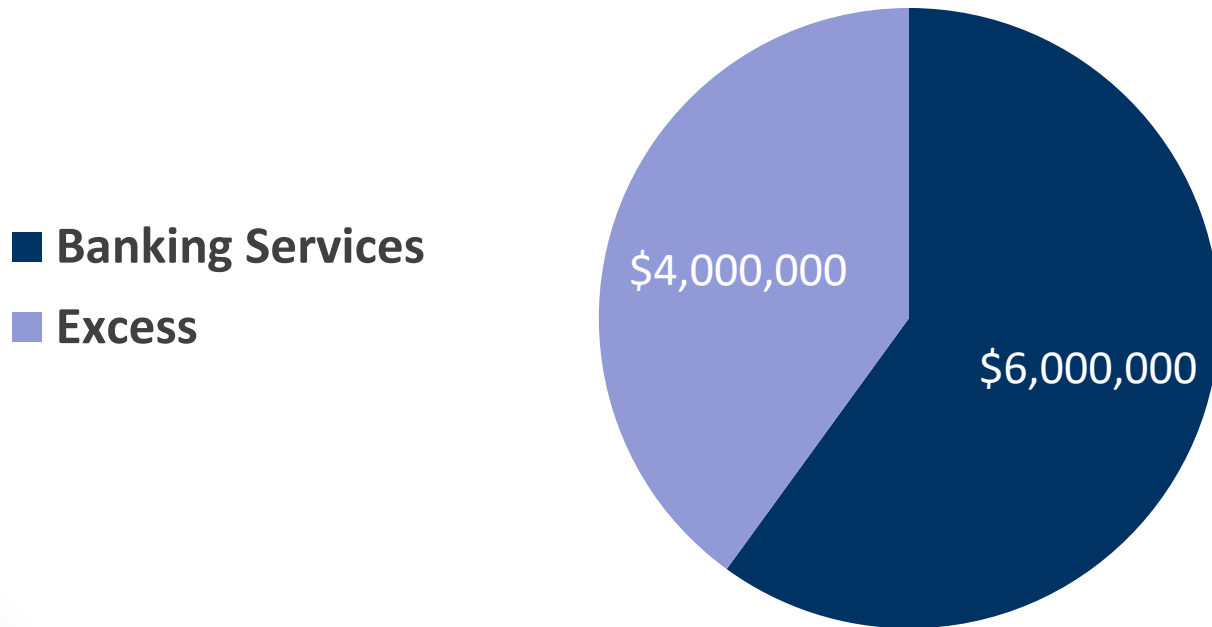
Earnings Credit Rates



Bank A Earnings Credit Rate – 0.30%

Public Entity Depositor

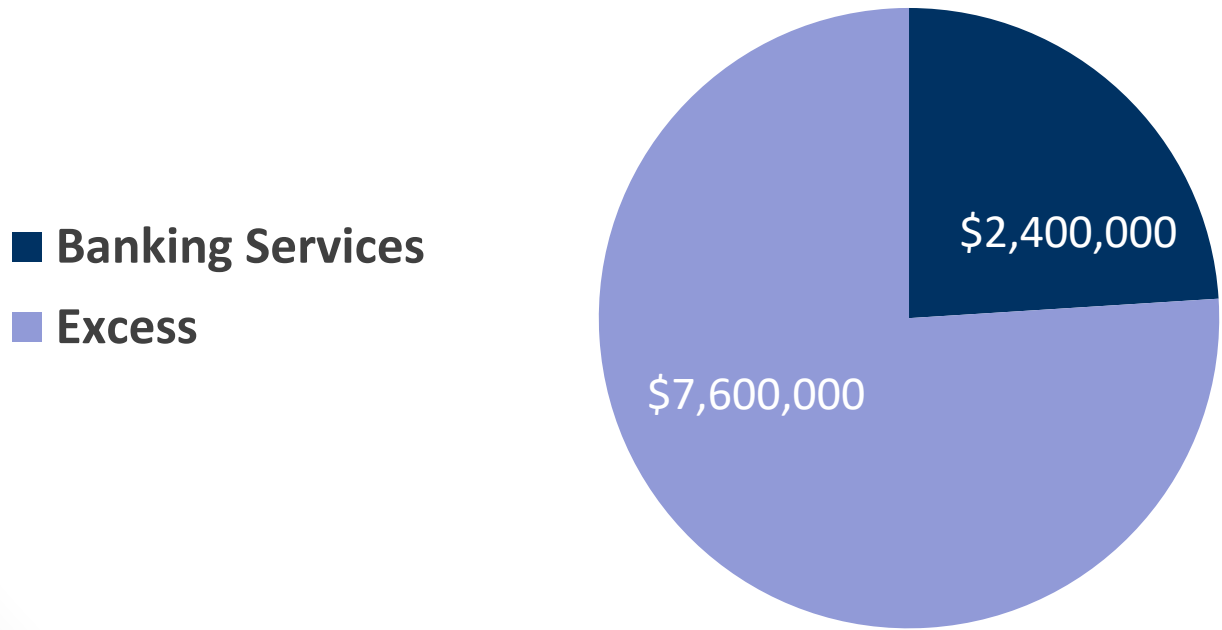
Cost of Banking Services per month	\$1,500.00
Bank Balance	\$10,000,000



Bank A Earnings Credit Rate – 0.75%

Public Entity Depositor

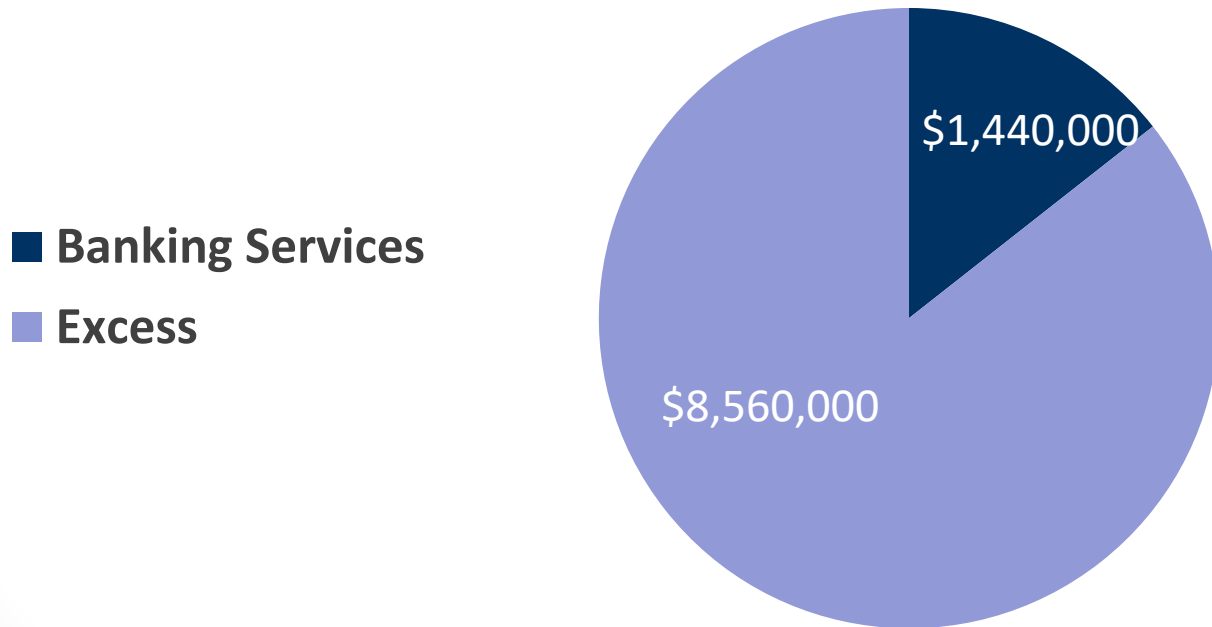
Cost of Banking Services per month	\$1,500.00
Bank Balance	\$10,000,000



Bank A Earnings Credit Rate – 1.25%

Public Entity Depositor

Cost of Banking Services per month	\$1,500.00
Bank Balance	\$10,000,000

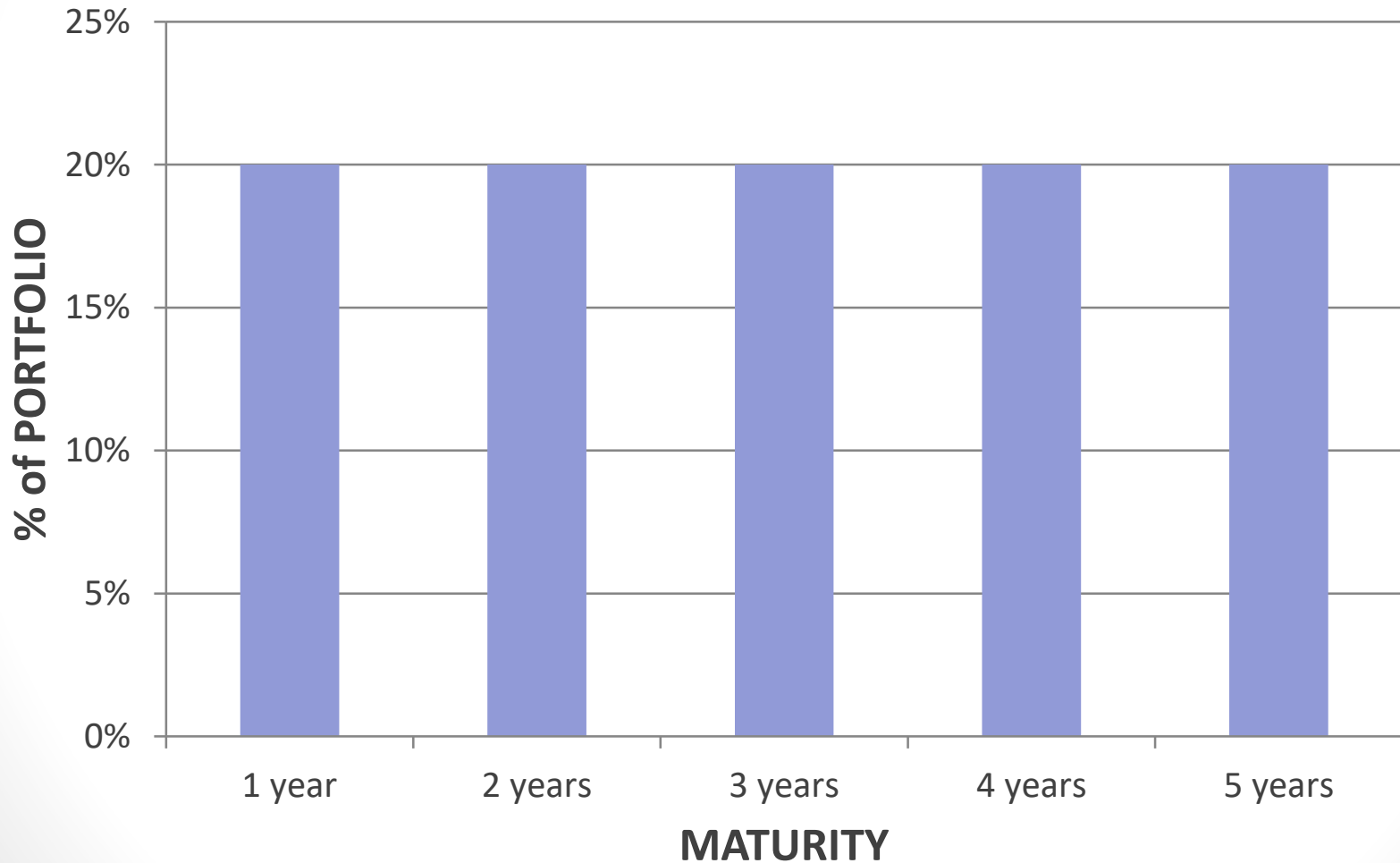


Benefit of Investing Excess Balances

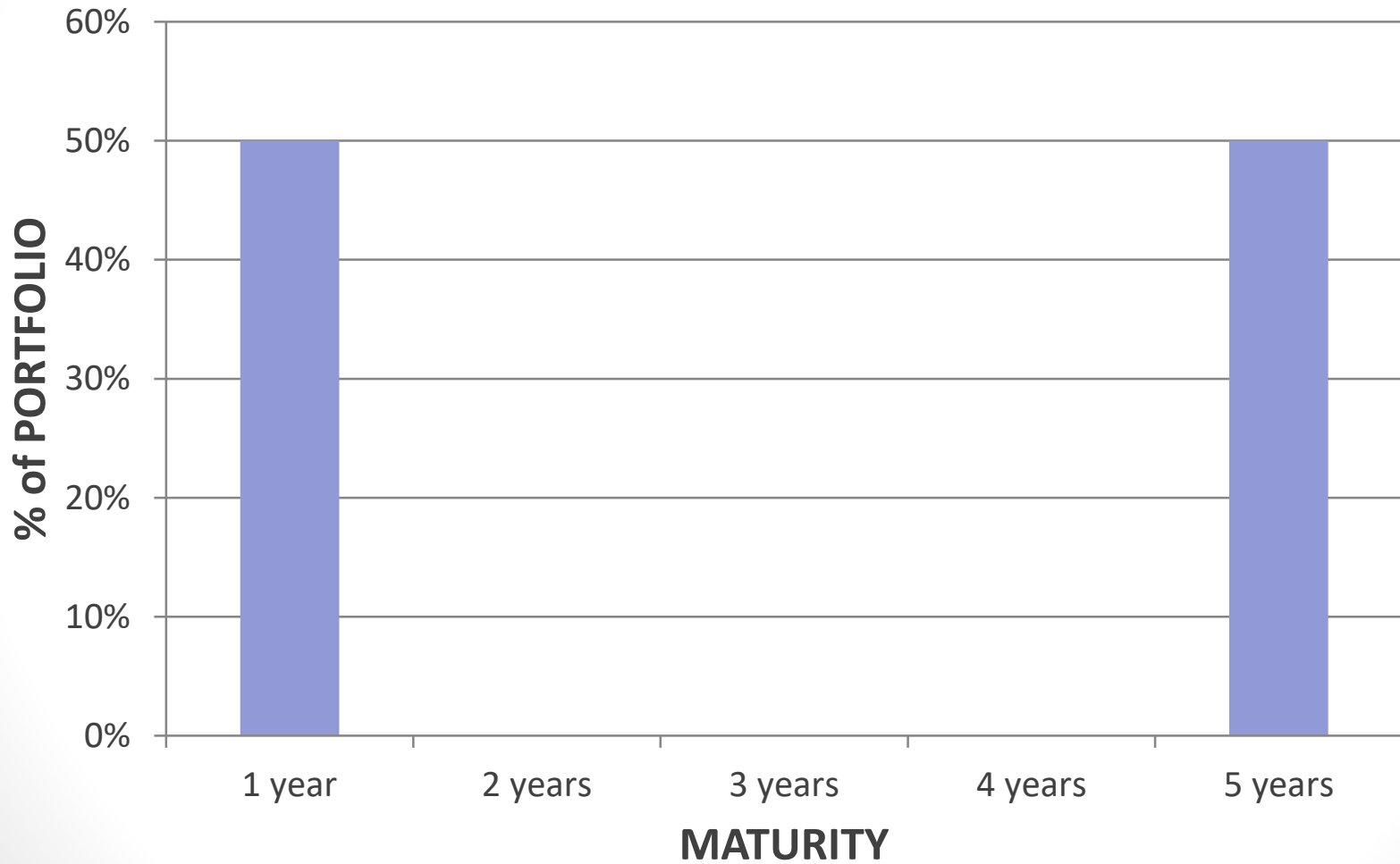
	Bank A	Bank B	Bank C
Earnings Credit Rate	0.30%	0.75%	1.25%
Balance to Cover Banking Services	\$6,000,000	\$2,400,000	\$1,440,000
Excess Balance	\$4,000,000	\$7,600,000	\$8,560,000
Additional Interest Income at 2.80%	\$112,000	\$212,800	\$239,680

Core Portfolio Strategies

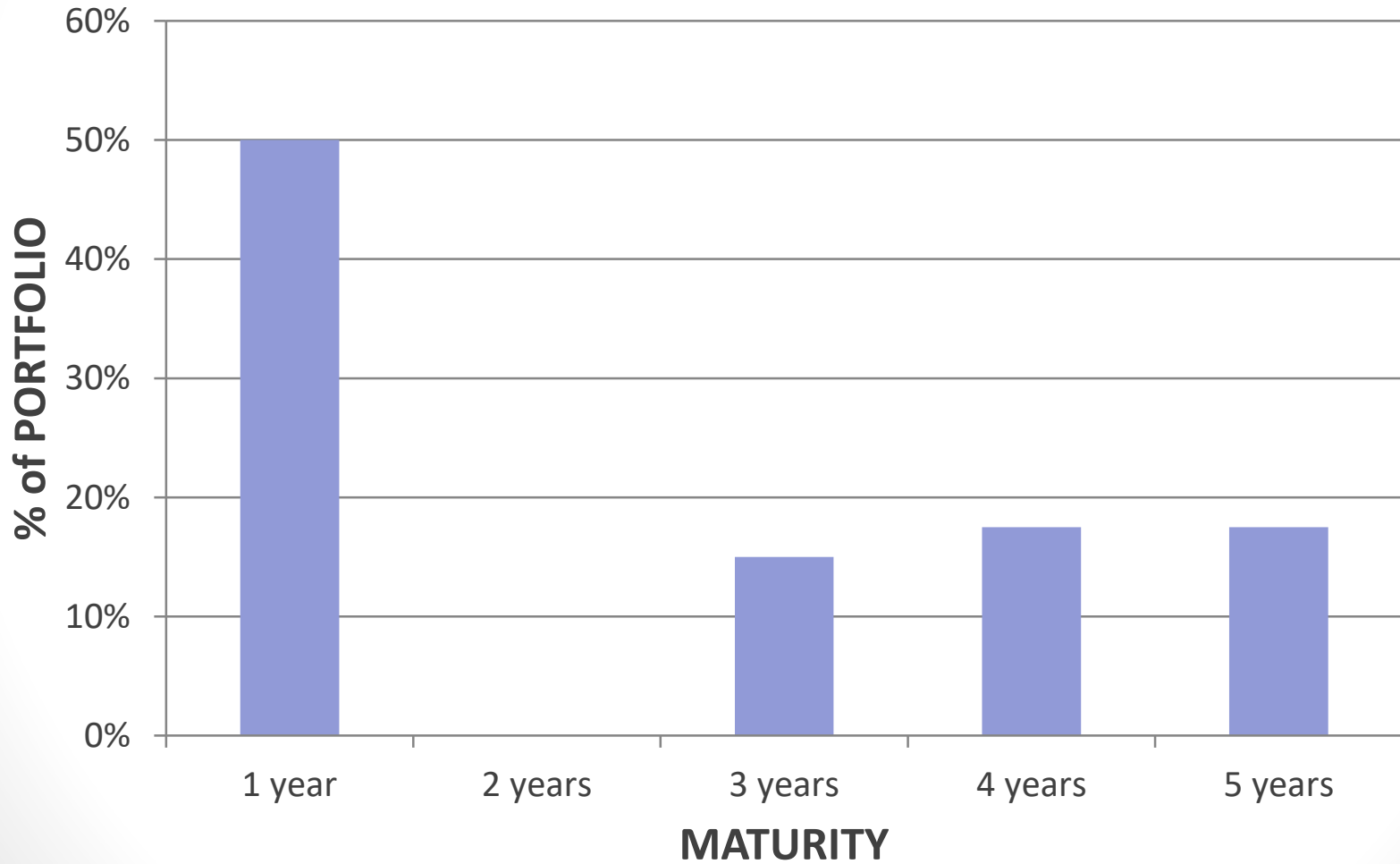
Laddered Portfolio



Barbell Portfolio



Strategic Portfolio



Authorized Investments

Investment Objectives & Goals

Legal

- Legal may not be suitable

Safety

- Preservation of principal

Liquidity

- What are your liquidity needs?

Yield

- Does the investment have a competitive yield?

Authorized Investments

- US Treasuries
- US Government Agencies
- Certificates of Deposit
- Municipal Bonds
- Commercial Paper
- STAR Ohio/STAR Plus

Security Structure

Maturity

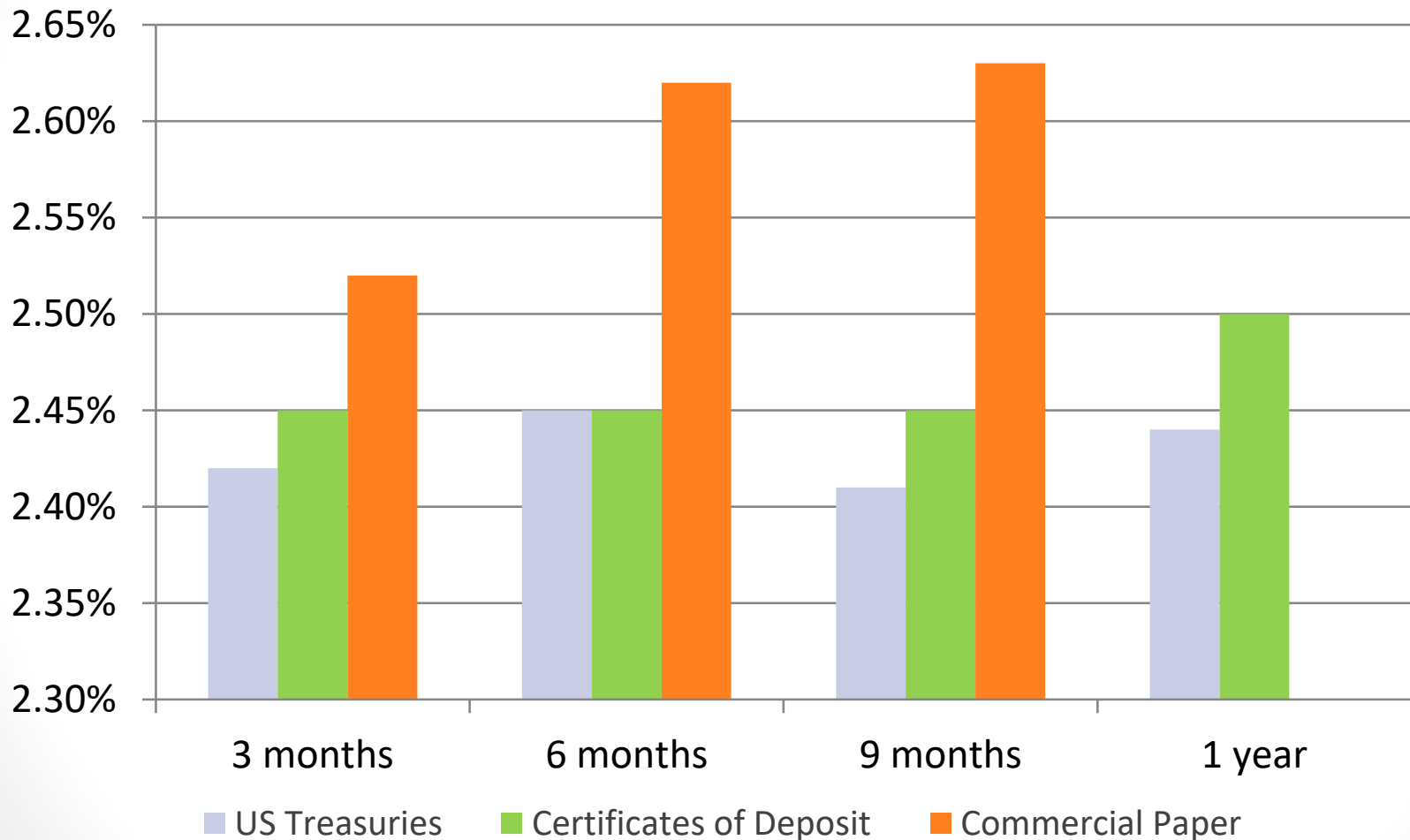
- Bullet
- Callable
 - Issuer redeems at par based on call frequency
 - Continuous, monthly, quarterly, one-time
 - May be a partial call

Coupon

- Fixed
- Floating
- Step-up

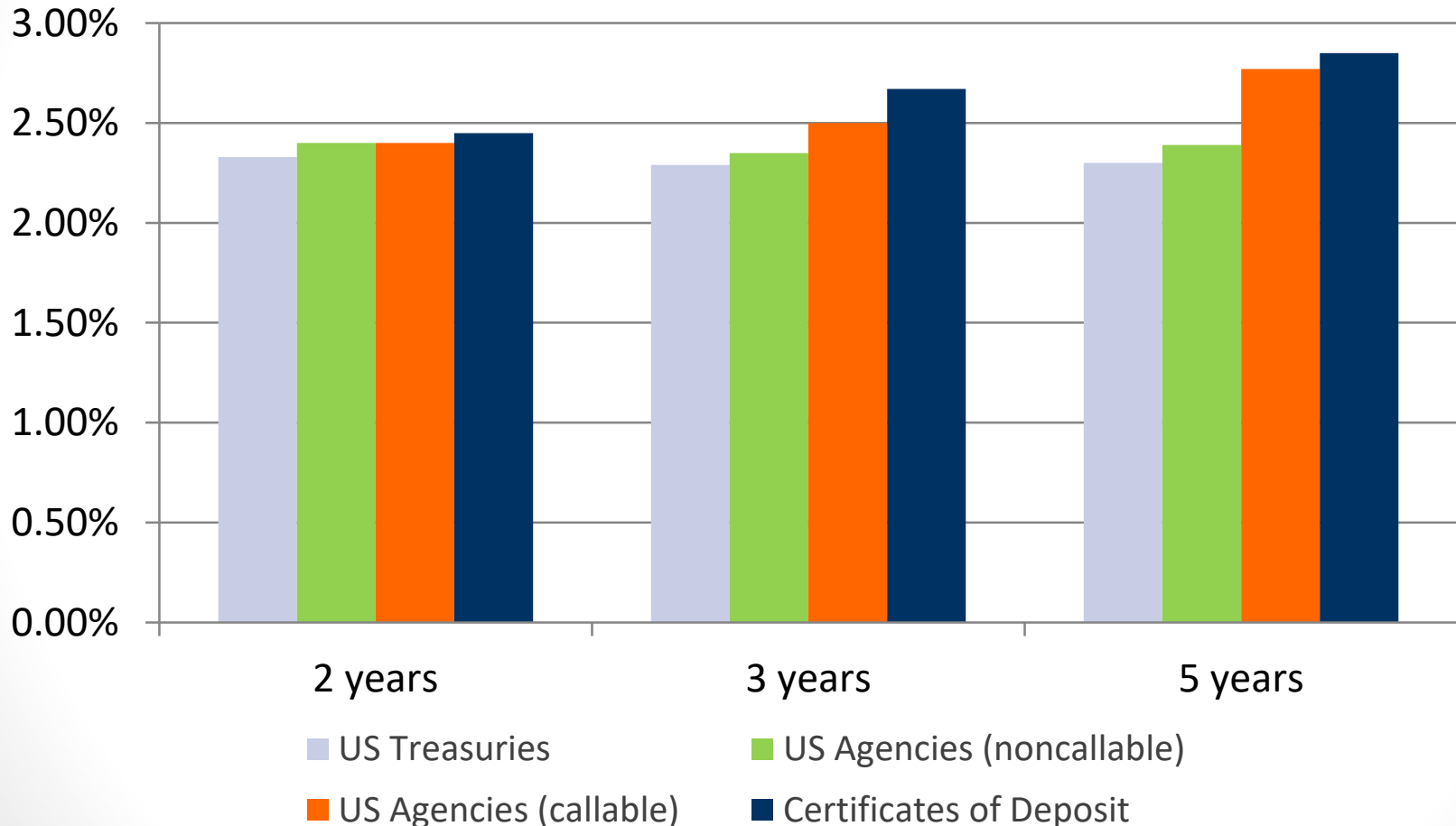
Authorized Investments – Short Term

Market Indications as of 4/5/19



Authorized Investments – Long Term

Market Indications as of 4/5/19



THANK YOU.....

DO YOU HAVE ANY QUESTIONS ?



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