



MEEDER
INVESTMENT MANAGEMENT

BUILDING THE PROPER INFRASTRUCTURE FOR YOUR INVESTMENT PROGRAM

2019 Ohio APT Annual Conference

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Presented by

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AGENDA

- Cash Analysis and Planning
- Investment Policy
- Service Providers
- Safekeeping of Investment Securities
- Accounting and Reporting

Cash Flow Analysis & Planning



“The time is always
right to do what is
right.”

– Martin Luther King, Jr.

OBJECTIVES OF CASH FLOW PLANNING

- Cash Management – “Cash” Portfolio

Regular operating needs

Funds with uncertain time horizon

Compensating balance to cover bank service charges

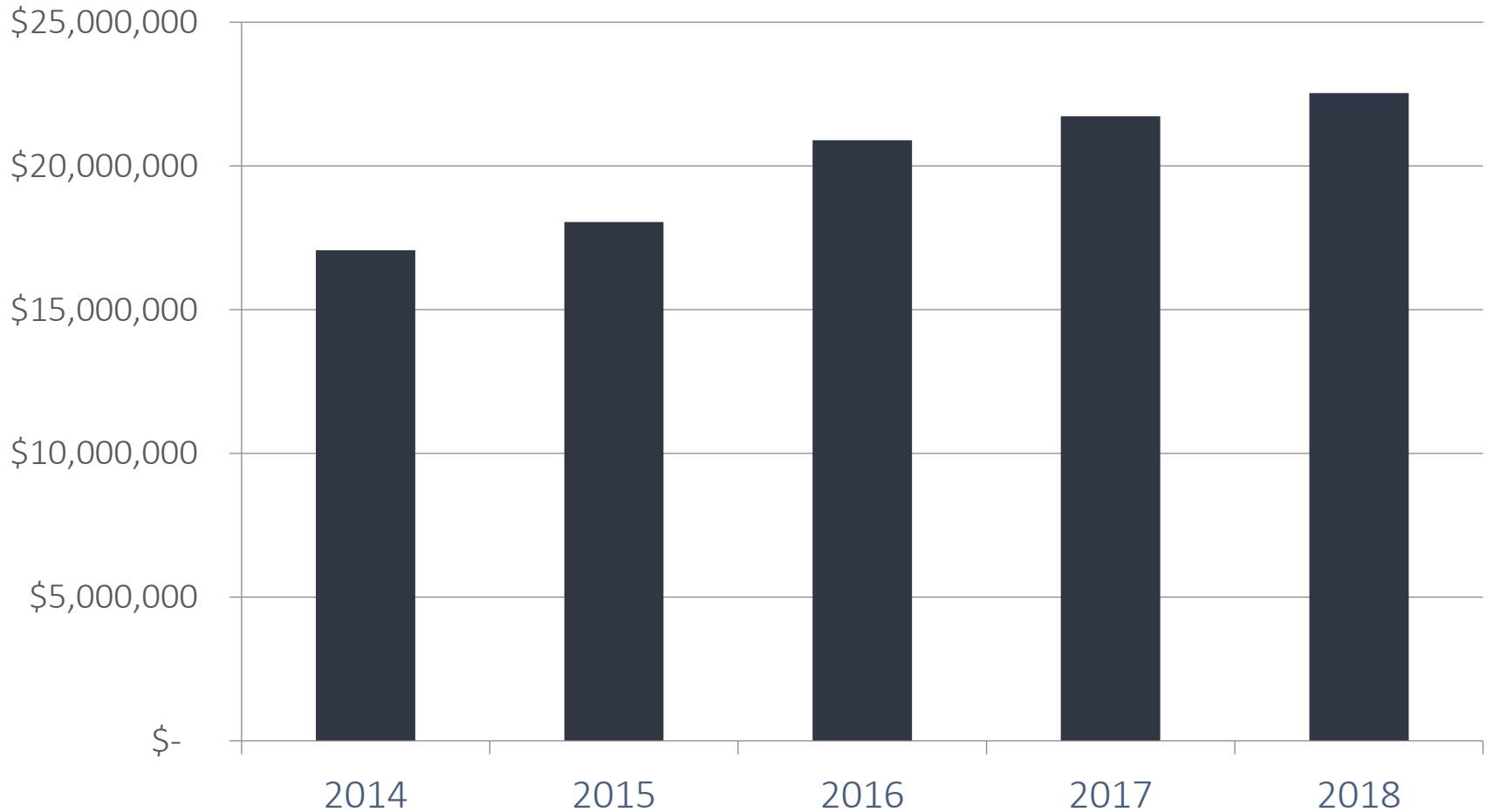
- Investment Management – “Core” Portfolio

Cash balance with time horizon typically greater than 6-12 months

Apply investment strategy to maximize earnings

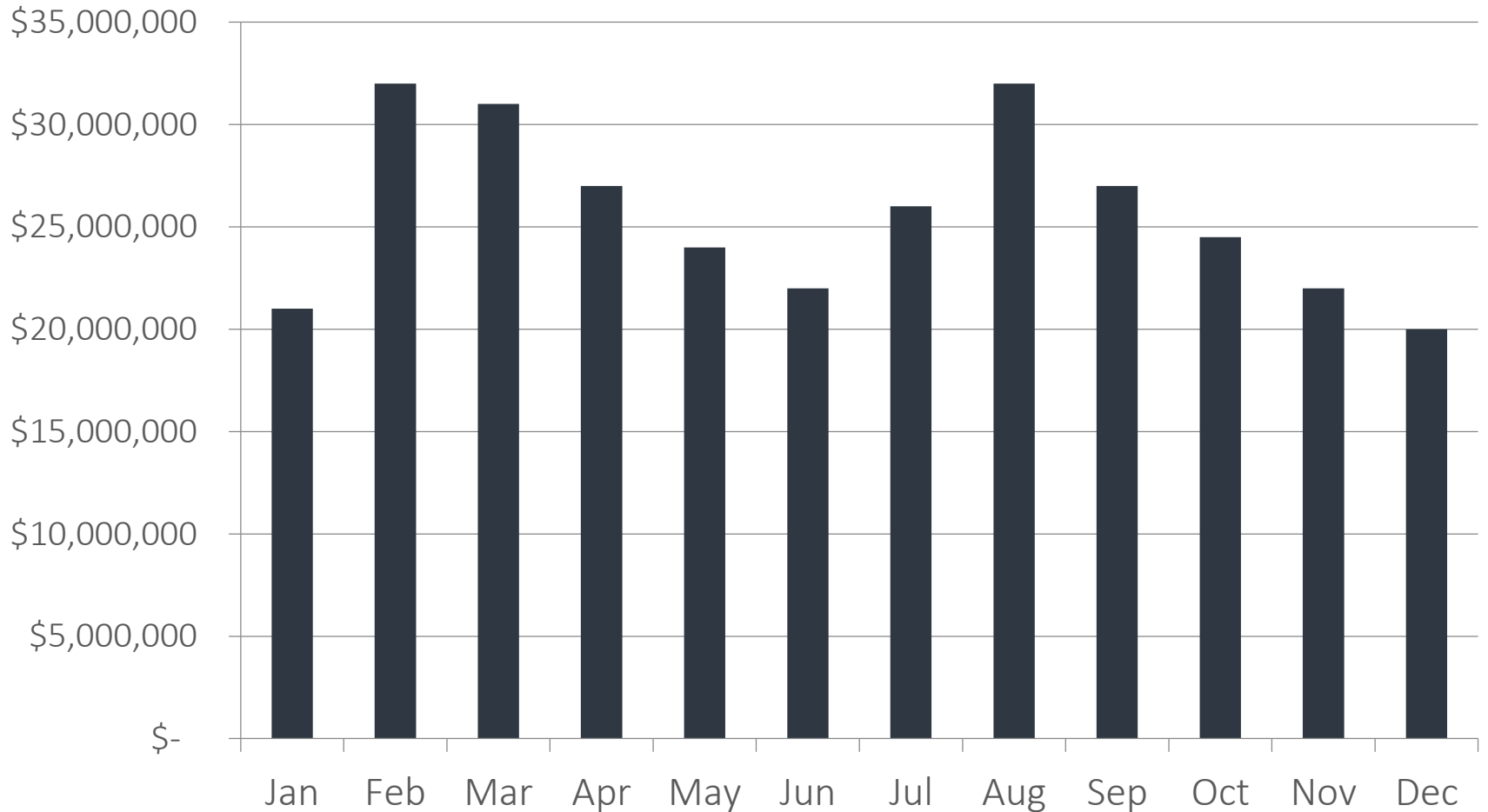
HISTORICAL CASH

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%	

CASH ALLOCATION

Current



Right-Sized



Projected Additional Interest Income of \$140,000

Investment Policy

CURRENT OHIO INVESTMENT LAWS

ORC 135.14

Cities, Villages, Townships, Schools, Libraries

ORC 135.35

Counties, Regional Transit Authorities or other agencies

Charter City exception

May elect to not follow state guidelines

INVESTMENT POLICY

Ohio Revised Code 135.14 (O)

Requirements

- Approved by the Treasurer or Governing Board
- Filed with the Auditor of State
- Signed-off by all Financial Institutions, Broker/Dealers and Investment Advisors

Limitations if not filed with Auditor of State

- Permitted investments restricted to CDs, Money market funds, STAR Ohio or STAR Plus

Exceptions when Investment Portfolio less than \$100,000

- Treasurer or Governing Board certifies to Auditor of State will comply and is in compliance with Ohio Revised Code 135.01 through 135.21

COMPONENTS OF AN INVESTMENT POLICY

- Scope
- Statement of Objectives
- Ethics
- Authorized Investments
- Maximum Maturities
- Diversification
- Service Providers
- Reporting

Permissible 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
- Bank Deposits
 - Certificates of deposit
 - CDARS
 - STAR Plus
- Municipal Bonds (additional training required)
- Commercial Paper (additional training required)
- Bankers Acceptances (additional training required)
- Repurchase Agreements
- Money Market Mutual Funds
- STAR Ohio

SECURITY STRUCTURE

Maturity

- Bullet
- Callable

Coupon

- Fixed
- Floating
- Step-up

Role of Service Providers

“A man who asks is a fool for five minutes. A man who never asks is a fool for life.”

-Chinese Proverb

WHO WILL HELP YOU INVEST?

Know the Types of Service Providers

<i>STAR Ohio/Plus</i>	<i>Banks</i>	<i>Investment Advisors</i>	<i>Brokers</i>
<ul style="list-style-type: none">• STAR Ohio<ul style="list-style-type: none">• Know the investments of STAR Ohio• Look over the annual report• STAR Plus<ul style="list-style-type: none">• Understand how program works• Monitor deposit Banks	<ul style="list-style-type: none">• Make sure they understand nuances of public entities• Work with banks you know and trust	<ul style="list-style-type: none">• Acts as a fiduciary in the client's best interest• Who do they work with?• What are their credentials?• Check them out: www.investor.gov	<ul style="list-style-type: none">• Recommends suitable investments• Who do they work with?• What do they do and how much do they charge?• Check them out: www.finra.org

Perform the Due Diligence Before Investing

Jay Clayton, Chairman, U.S. Securities & Exchange Commission



BROKERS & ADVISERS

Knowing the Difference

SUITABILITY VS. FIDUCIARY

“People may confuse the terms suitability and fiduciary. Both seek to protect the investor from foreseeable harm or excessive risk.

However, the standards of investor care are different. An investment fiduciary is any person who has the legal responsibility for managing someone else's money. Investment advisors, who are usually fee-based, are bound to fiduciary standards. Broker-dealers, customarily compensated by commission, generally have to fulfill only a suitability obligation.”

Safekeeping of Investment Securities

SAFEKEEPING OPTIONS

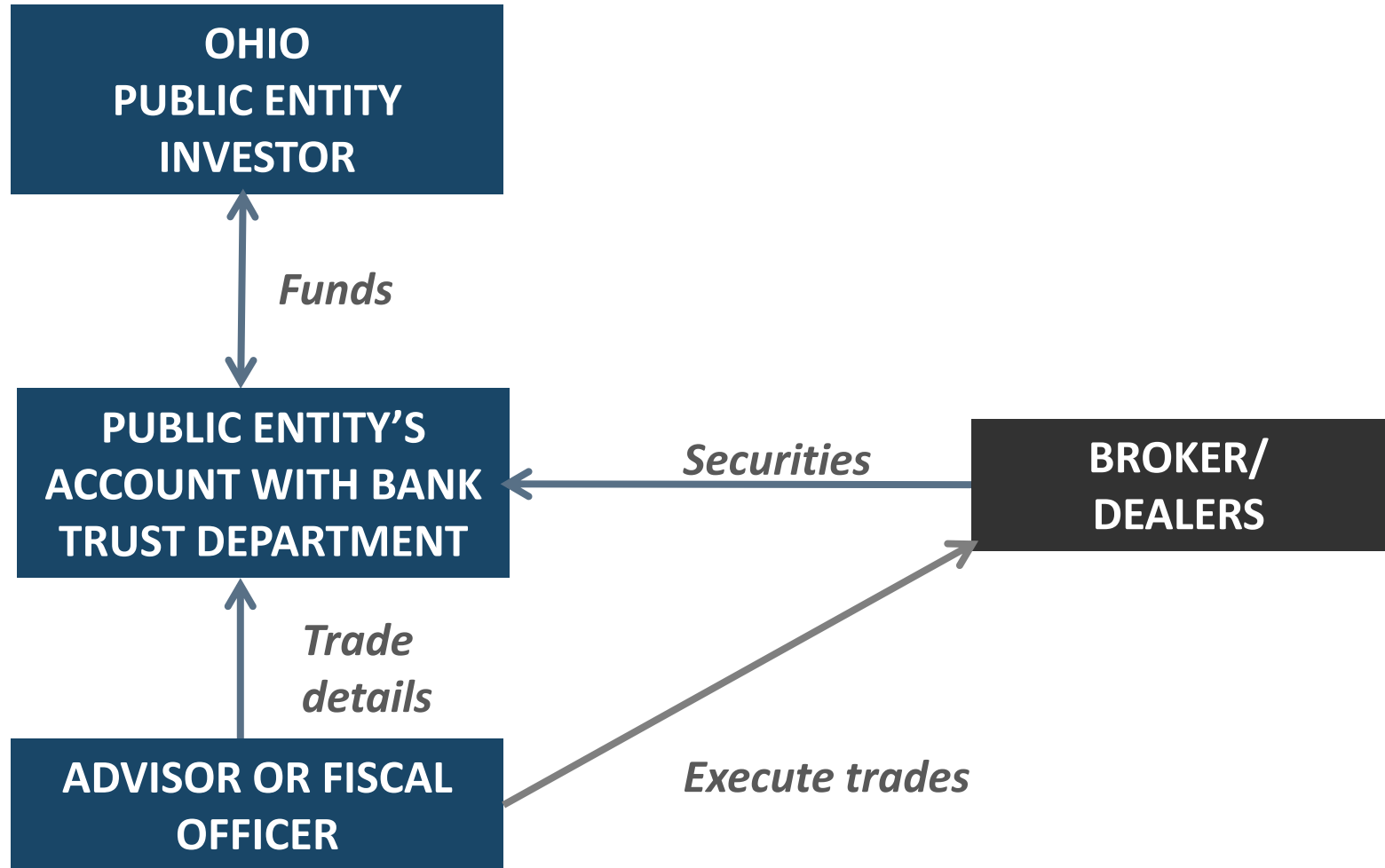
Third Party Custodian

- Securities held in public entity's account at bank trust department
- Public entity controls account
- Securities held in public entity's name
- Written custodial agreement
- **GFOA best practice**

Broker or Bank acting as Broker

- Securities held in brokerage account
- Broker controls account
- Securities not held in public entity's name
- Safekeeping cost bundled with other services

THIRD PARTY CUSTODIAN



Accounting & Reporting

ACCOUNTING

- Cash-basis income received
- Monthly reconciliation
- Year end GASB requirements

SAMPLE MONTHLY RECONCILIATION

Beginning Cost Basis	\$5,025,625.20
Interest received	\$10,222.26
Gain/Loss on securities	\$105.48
Investment fee	(\$377.00)
Custody fee	(\$41.88)
Ending Cost Basis	\$5,035,534.06

REPORTING

- Monthly reconciliation
- Inventory of holdings
- Purchases and Maturities
- Interest Received for the Period
- Portfolio metrics
 - Weighted yield to maturity
 - Weighted days to maturity
 - Maturity distribution
 - Asset Allocation

THANK YOU



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