

SUPERVISOR
Rick Galardi

CLERK
Adam Cramton

TREASURER
Sandy Stump



1401 W. Herbison Road, DeWitt, MI 48820-7900

TRUSTEES
David Fedewa
Stephen C. Musselman
Brian Ross
David Seeger

MANAGER
Andrew Dymczyk

TO: Township Board
Andrew Dymczyk, Township Manager

FROM: Adam Cramton, Clerk and Sandy Stump, Treasurer

SUBJECT: Q1 Cash and Investments

DATE: April 23, 2021

Governmental accounting standards require that investments held by government units are recorded at fair market value. Market value (or open market valuation) is the price an asset would fetch in the marketplace if it were sold today.

It is important to know that in the current low interest rate environment, even fixed income investments (like CDs and municipal bonds) are subject to market fluctuations. While it is appropriate and required that the DeWitt Charter Township's books reflect the market value of its investments, these adjustments present as *unrealized* losses and negative interest/dividend earnings for the first quarter of 2021. If an investment were to be redeemed prior to its maturity date, current markets would not support the initial face value of the investment.

The township's portfolio is adjusted monthly to reflect its current value. It remains the township's intent to hold onto its investments, and as the maturity dates approach, the market value recovers and accrued earnings and principals are ultimately realized at agreed upon yields.

The Federal Open Markets Committee has indicated their intent to leave the fed fund rate where it is at and therefore short-term interest rates may remain near zero into 2023. The entries required by the standards most likely will present as unrealized losses and negative interest earnings throughout 2021, and into 2022.

STRATEGIC PLAN:

Strategic: *Fiscal and Organizational Excellence*

Strategies: *Maintain sound fiscal policy and budgets that allow the Township to address service needs and maintain community quality.*

DeWitt Charter Township Cash and Investments Recap: 3/31/2021

| Approved Depository | Operating Funds | 425 Reserve | Other Reserves | Sewer Fund | Water Fund | Custodial & Trust Accounts | Estimated Net Yield |
|--|----------------------|---------------------|---------------------|---------------------|-------------------|----------------------------|---------------------|
| Huntington | \$ 3,290,222 | \$ 509,572 | \$ 364,682 | \$ 1,442,742 | \$ 212,780 | \$ 12,782 | 0.00% |
| Michigan Class | 401,917 | 1,331,556 | 1,516,111 | 504,373 | 231,430 | - | 0.0612% |
| Multi-Bank Securities | - | 500,000 | 250,000 | 250,000 | - | - | 1.31% to 1.89% |
| Oppenheimer | 1,363,291 | - | - | 869,218 | 524,026 | - | 2.16% to 2.64% |
| | \$ 5,055,430 | \$ 2,341,128 | \$ 2,130,793 | \$ 3,066,333 | \$ 968,236 | \$ 12,782 | |
| Total Cash & Investments | \$ 13,574,702 | | | | | | |
| Net Interest/Unrealized Losses: | | | | | | | |
| YTD 03/31/2021 | \$ (10,401) | \$ 1,259 | \$ 995 | \$ (5,689) | \$ (1,771) | \$ - | |
| Total | \$ (15,607) | | | | | | |
| Earned Income Realized: | | | | | | | |
| 03/31/2021 | \$ 6,268 | \$ 1,259 | \$ 995 | \$ 2,214 | \$ 1,870 | \$ - | |
| Total | \$ 12,606 | | | | | | |
| Prior Year Reference: | | | | | | | |
| YTD Interest 3/31/2020 | \$ 24,959 | \$ 6,900 | \$ 3,026 | \$ 10,896 | \$ 7,518 | \$ - | |
| 2020 YTD Total | \$ 53,299 | | | | | | |

| DeWitt Charter Township Cash and Investments | |
|--|---------------------|
| Portfolio Summary - 03/31/2021 | |
| Huntington | |
| Checking & Savings | \$5,832,779 |
| Michigan Class | |
| Commercial Paper | \$3,985,387 |
| Multi-Bank Securities | |
| Certificate(s) of Deposit | \$1,000,000 |
| Oppenheimer | |
| Mutual Funds | \$180,928 |
| Government Agency Bonds | \$736,561 |
| Municipal Bonds | \$1,084,829 |
| Certificate(s) of Deposit | \$754,218 |
| Money Market | \$0 |
| | |
| Total Cash & Investments | \$13,574,702 |
| Cash & Investments by Financial Institution | |
| Huntington | \$5,832,779 |
| Michigan Class | \$3,985,387 |
| Multi-Bank | \$1,000,000 |
| Oppenheimer | \$2,756,536 |
| | |
| Total Cash & Investments by | \$13,574,702 |

