Town of Belleair

Legislation Text

File #: 19-0093, **Version:** 1

Summary

To: Finance Board
From: Stefan Massol, Director of Support Services
Date: 4/18/2019

Subject:
Additional Details on Town Investments

Summary:
Information on interest proceeds by fund will be given, along with a calculation of the town's share of the fees incurred by each investment pool.

Background/Problem Discussion: At the March meeting the Finance Board received information on the town's investments. During that discussion, members of the Board inquired about how much of the interest proceeds would be applied as revenues to each of the Town's funds. Attached is a two-page report showing a summary of interest proceeds for each fund from October 1, 2018 thru February 28, 2019. The column titled "Received YTD" shows the actual interest for each fund while the column titled "Estimated Revenue" shows the amount included in the annual budget. The column titled "Revenue to be Received" provides the difference between the amount budgeted and the amount received.

Additionally, in working with the administrators for each of the town's local government investment pools (LGIPs), town staff has developed a method for calculating the Town's share of the fees paid by the whole pool. Using an "Expense Ratio" comparing the monthly fees to the average monthly balances for each LGIP, we can calculate the town's share of fees multiplying each ratio by the town's daily balances in each pool. The town's share of fees for FY 2018-19 thru February 2019 is $4011. In FY 2017-18 the town's share was $1248. The increased share of fees can be attributed to the increased amount of pooled cash that is now earning interest in the town's LGIPs.

It is worth noting that the town's interest proceeds are calculated after the fees have already been paid by the LGIP. Therefore, the amounts reported as interest by the town are not related to any additional expense incurred by the town. Also, the rate of return reported is calculated after the fees have already been paid by the pool.

Recommendation: N/A.

Proposed Motion: N/A.