

City of Page, Arizona
Investment and Portfolio Policies

1.0 Policy:

It is the policy of the City of Page to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all applicable State and Local Statutes governing the investment of public funds.

2.0 Scope:

This investment policy applies to all financial assets and funds held by the City of Page. These funds are accounted for in the City of Page, Arizona, Comprehensive Annual Financial Report and include:

2.1 Funds:

- 2.1.1 General Funds
- 2.1.2 Special Revenue Funds
- 2.1.3 Capital Project Funds
- 2.1.4 Enterprises Funds
- 2.1.5 Trust and Agency Funds
- 2.1.6 Any new funds created by the City, unless specifically exempted.

3.0 Objectives:

The primary objective, in priority order, of the City of Page investment activities shall be:

- 3.1 -Safety Safety of principal is the foremost objective of the City of Page. Investments of the City shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in the portfolio composition.
- 3.2 -Liquidity The City of Page investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonable anticipated.
- 3.3 -Yield The City of Page investment portfolio shall be designed with the objective of

attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's very strict risk constraints and the cash flow characteristics of the portfolio.

4.0 Delegation of Authority:

- 4.1 The Finance Director is designated as Investment Officer of the City and is responsible for investment decisions and activities, under the direction of the City Manager.
- 4.2 The Finance Director shall develop and maintain administrative procedures for the operation of the investment program, consistent with these policies. Procedures should include reference to safekeeping, wire transfer agreements, collateral/deposit agreements and banking service contracts.
- 4.3 The Assistant Finance Director and City Clerk are hereby designated Deputy Investment Officers.
- 4.4 No officer may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director and approved by the City Manager.
- 4.5 The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

5.0 Prudence:

- 5.1 The standard of prudence to be used by the Investment Officer shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio.
- 5.2 The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.

6.0 Internal Controls:

All written administrative and internal controls will be reviewed annually with the independent auditor. The controls shall be designed to prevent loss of public funds due to

fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions of employees of the City of Page.

7.0 Authorized and Suitable Investments:

The Investment Officer and his deputies may invest in:

- 7.1 Obligations of the United States Government, its agencies and instrumentalities;
- 7.2 Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings and loan associations;
- 7.3 Money market funds whose portfolios consist of the foregoing; and
- 7.4 The State of Arizona's Local Government Investment Pool.

8.0 Authorized Financial Dealers and Institutions:

- 8.1 The City shall use local dealers and institutions which are authorized to provide investments services. Banks and savings and loans shall provide their most recent Consolidated Report of Condition ("call" report) at the request of the City.

9.0 Portfolio Diversification and Maturities:

- 9.1 It is the policy of the City to diversify its investment portfolio by using the State Pool and U.S. Treasury obligations.
- 9.2 The Investment Officer will insure that all investment maturities will be matched to cash flow requirements.
- 9.3 To Control risks of liquidity, all investments must mature within 18 months. U.S. Treasury investments will be purchased with the intent of various maturities that allows for monthly maturity of approximately 6 percent or greater each month.
- 9.4 The Investment Officer will insure that no more than 20 percent of the investment portfolio may be invested for a period greater than one year.

10.0 Safekeeping and Collateralization:

- 10.1 All security transactions; entered into by the City

shall be conducted on a delivery versus payment basis (DVP).

- 10.2 All securities shall be held by a third-party custodian designated by the investment officer. The third party custodian shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity, and other pertinent information.
- 10.3 Collateralization will be required on Certificates of Deposit.
- 10.4 In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102 percent of market value of principal and accrued interest.

11.0 Performance Evaluation:

- 11.1 The Investment Officer shall submit monthly reports to the City Manger and City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program. See sample report exhibit "A".
- 11.2 The Investment Officer shall include a market price, on the monthly report, of all U.S. Treasury investments.

12.0 Investment Policy Adoption:

The City's investment policy shall be approved by the City Council. The policy shall be reviewed on an annual basis by the City Manger and any significant modifications thereto must be approved by the City Council.

City of Page, Arizona
Investment and Portfolio
Policies

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3.3-Yield

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- 10.3 Collateralization will be required on Certificates of Deposit which are not FDIC insured.
- 10.4 In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102 percent of market value of principal and accrued interest.

11.0 Performance Evaluation:

- 11.1 The Investment Officer shall submit monthly reports to the City Manager and City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program. ~~See sample report Exhibit "A"~~
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LOCAL GOVERNMENT INVESTMENT POOL (LGIP) PERFORMANCE

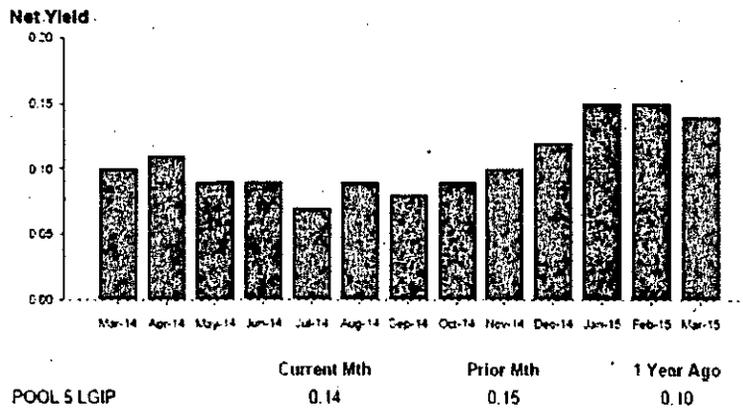
FY 2015 Performance Statistics

Any public entity in the state may participate in the LGIP program. It is structured to provide participants safety of principal, daily liquidity followed by investment income — in that order.

Monthly LGIP performance is reviewed by the Board of Investment. Detailed reports can be viewed [here](#).

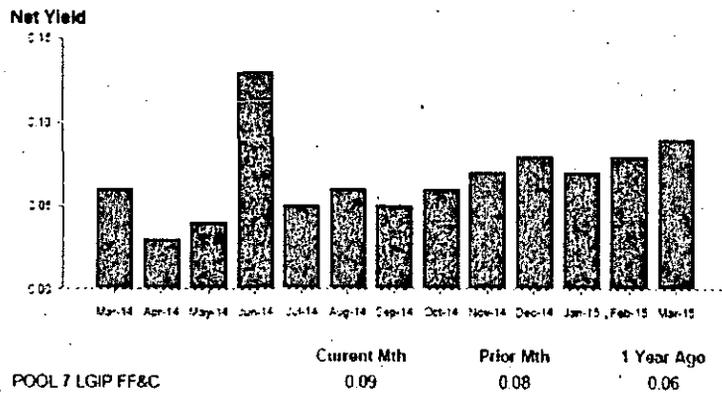
POOL 5

Pool 5 is a diversified short-term fund similar to a prime money market fund. As of March 31, 2015 this pool had \$1.07 billion in assets with a Net Asset Value of \$1.00. The fund continues to maintain the highest rating from S&P (AAA /S1+) with a Weighted Average Maturity of 40 days.



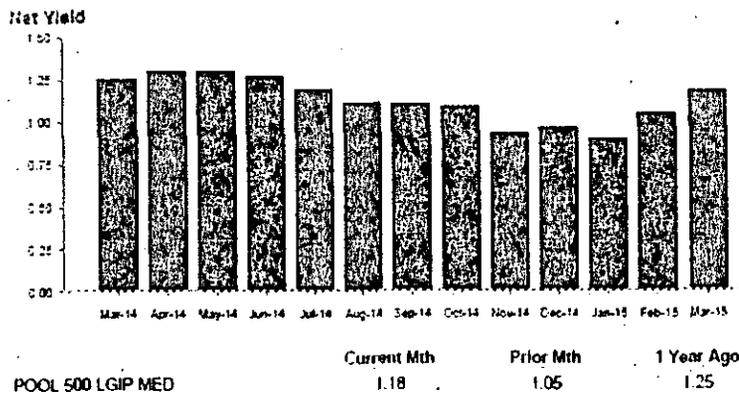
POOL 7

Pool 7 is a short-term fund that invests in only products backed by the full faith and credit of the United State Government. As of March 31, 2015 this pool had \$983 million in assets with a Net Asset Value of \$1.00. Because Pool 7 invests in securities backed by the U.S. Government, it has a AAA weighted average rating. Its Weighted Average Maturity is 47 days.



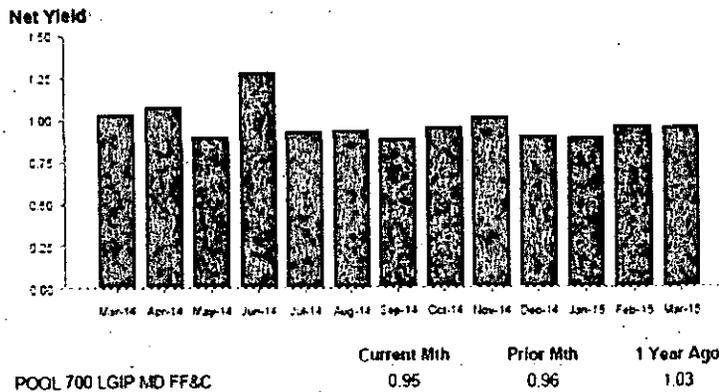
POOL 500

Pool 500 is a medium-term fund. As of March 31, 2015 this pool had \$266 million in assets and a Floating Net Asset Value of \$1.04. The weighted average rating of all the securities in this pool is AA-2 with an effective duration of 1.54 years.



POOL 700

Pool 700 is a full faith and credit medium-term fund. As of March 31, 2015 this pool had \$146.4 million in assets with a Floating Net Asset Value of \$1.01. Because Pool 700 invests in securities backed by the U.S. Government, it has a AAA weighted average rating. Its effective duration at the end of March was 1.73 years.



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Office of the Arizona State Treasurer • 1700 West Washington Street • 1st Floor • Phoenix, AZ 85007
Phone: (602) 542-7800 • Toll Free: (877) 365-8310 • Email: info@aztreasury.gov • [Privacy Policy](#)

Office of the State Treasurer
 1700 West Washington Street
 Phoenix, AZ 85007
 (602) 542-7800



Arizona State Treasurer's Office Statement of Accounts for period of 04/01/2015 to 04/30/2015

		Portfolio Summary as of 04/30/2015		Current Month	Fiscal Year To Date
Account Name:	CITY OF PAGE GENERAL	Beginning Value	\$7,006,494.77	\$8,006,223.42	
Account Number:	92249	Contributions	\$550,552.10	\$9,656,561.51	
		Withdrawals	(\$263,682.63)	(\$10,373,378.49)	
		Gain/Loss	\$633.92	\$4,591.72	
		Ending Value	\$7,293,998.16	\$7,293,998.16	

Portfolio Details	Beginning Value	Contributions	(Withdrawals)	Gain/(Loss)	Ending Value	Allocation at Market Value
<u>ST OF AZ POOL 7 LGIP FF&C - 3184</u>						
Current Month	7,006,494.77	550,552.10	(263,682.63)	633.92	7,293,998.16	100.00%
Ending Units:	7,293,998.160	Ending Price:	1.000			

Totals	7,006,494.77	550,552.10	(263,682.63)	633.92	7,293,998.16	
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Statement of Transaction Detail for the Month Ending 4/30/2015
 CITY OF PAGE GENERAL



Date	Description	Amount	Beginning Units	Unit Value	Units	Ending Units
ST OF AZ POOL 7 LGP FF&C - 3184						
04/01/2015	Contribution	\$11,789.82 YLT	7,006,494.770	\$1.000000	11,789.820	7,018,284.590
04/08/2015	Contribution	\$81,750.94 SALES TAX	7,018,284.590	\$1.000000	81,750.940	7,100,035.530
04/10/2015	Contribution	\$73,107.85 VRSF	7,100,035.530	\$1.000000	73,107.850	7,173,143.380
04/15/2015	Contribution	\$14,514.52 YLT	7,173,143.380	\$1.000000	14,514.520	7,187,657.900
04/16/2015	Contribution	\$102,818.48 SALES TAX	7,187,657.900	\$1.000000	102,818.480	7,290,476.380
04/16/2015	Contribution	\$56,399.41 HZ SALES TAX	7,290,476.380	\$1.000000	56,399.410	7,346,875.790
04/21/2015	Contribution	\$80,910.53 SALES TAX	7,346,875.790	\$1.000000	80,910.530	7,427,786.320
04/21/2015	Redemption	(\$263,682.63) ✓	7,427,786.320	\$1.000000	(263,682.630)	7,164,103.690
04/27/2015	Transfer In	\$41,648.76 Q2250	7,164,103.690	\$1.000000	41,648.760	7,205,752.450
04/29/2015	Contribution	\$87,611.79 SALES TAX	7,205,752.450	\$1.000000	87,611.790	7,293,364.240
04/30/2015	Dividend Income	\$633.92	7,293,364.240	N/A	N/A	7,293,998.160

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 1700 West Washington Street
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 (602) 542-7800

Account Name: CITY OF PAGE GENERAL
 Account Number: 92249



Your Account's Investment Performance (%)

Account Name	1 Month	QTD	3 Months	YTD	1 Year	3 Years	5 Years
ST OF AZ POOL 7 LGIP FF&C - 3184	0.11	0.11	0.09	0.07	0.07	0.08	0.08

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Arizona State Treasurer's Office Statement of Accounts for period of 04/01/2015 to 04/30/2015

Portfolio Summary as of 04/30/2015 Current Month Fiscal Year To Date

Account Name: CITY OF PAGE SERIES	Beginning Value	\$1,000,047.58		\$0.00
Account Number: 93675	Contributions	\$0.00		\$1,000,000.00
	Withdrawals	\$0.00		\$0.00
	Gain/Loss	\$88.52		\$136.10
	Ending Value	\$1,000,136.10		\$1,000,136.10

Portfolio Details	Beginning Value	Contributions	(Withdrawals)	Gain/(Loss)	Ending Value	Allocation at Market Value
ST OF AZ POOL 7 LGIP FF&C - 3184						
Current Month	1,000,047.58	0.00	0.00	88.52	1,000,136.10	100.00%
Ending Units:	1,000,136.100	Ending Price:	1.000			

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Totals	1,000,047.58	0.00	0.00	88.52	1,000,136.10	
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Statement of Transaction Detail for the Month Ending 4/30/2015
 CITY OF PAGE SERIES



Date	Description	Amount	Beginning Units	Unit Value	Units	Ending Units
04/30/2015	ST OF AZ POOL 7 LGIP FF&C - 3184 Dividend Income	\$88.52	1,000,047.580	N/A	N/A	1,000,136.100

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Account Name: CITY OF PAGE SERIES
 Account Number: 93575

Your Account's Investment Performance (%)

Account Name	1 Month	QTD	3 Months	YTD	1 Year	3 Years	5 Years
ST OF AZ POOL 7 LGIP FF&C - 3184	0.11	0.11	0.09	0.07	0.07	0.08	0.08

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Arizona State Treasurer's Office Statement of Accounts for period of 04/01/2015 to 04/30/2015

Portfolio Summary as of 04/30/2015 Current Month Fiscal Year To Date

Account Name: CITY OF PAGE HIGHWAY USER FUND	Beginning Value	\$1,580,739.56	\$1,581,756.02
Account Number: 92250	Contributions	\$60,124.13	\$611,628.91
	Withdrawals	(\$41,648.76)	(\$595,001.34)
	Gain/Loss	\$142.30	\$973.64
	Ending Value	\$1,599,357.23	\$1,599,357.23

Portfolio Details	Beginning Value	Contributions	(Withdrawals)	Gain/(Loss)	Ending Value	Allocation at Market Value
<u>ST OF AZ POOL 7 LGIP FF&C - 3184</u>						
Current Month	1,580,739.56	60,124.13	(41,648.76)	142.30	1,599,357.23	KH 100.00%
Ending Units:	1,599,357.230	Ending Price:	1.000			

Totals	1,580,739.56	60,124.13	(41,648.76)	142.30	1,599,357.23	
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Statement of Transaction Detail for the Month Ending 4/30/2015
 CITY OF PAGE HIGHWAY USER FUND



Date	Description	Amount	Beginning Units	Unit Value	Units	Ending Units
ST OF AZ POOL 7 LGIP FF&C - 3184						
04/13/2015	Contribution	\$60,124.13 HUF	1,580,739.560	\$1.000000	60,124.130	1,640,863.690
04/27/2015	Transfer Out	(\$41,648.76) - 42249	1,640,863.690	\$1.000000	(41,648.760)	1,599,214.930
04/30/2015	Dividend Income	\$142.30	1,599,214.930	N/A	N/A	1,599,357.230

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Account Name: CITY OF PAGE HIGHWAY USER FUND
 Account Number: 92250

Your Account's Investment Performance (%)

Account Name	1 Month	QTD	3 Months	YTD	1 Year	3 Years	5 Years
ST OF AZ POOL 7 LGIP FF&C - 3184	0.11	0.11	0.09	0.07	0.07	0.08	0.08