

# FINANCE & TECHNOLOGY

DATE: June 8, 2020

TO: Michael Coon, Finance & Technology Director  
Alex McIntyre, City Manager  
City Council

FROM: Mary L Eckman

SUBJECT: Investment Report for Month End May 31, 2020

**RECOMMENDATION:**

Staff recommends that the City Council review and accept the attached Investment Report.

**BACKGROUND/ANALYSIS:**

The attached investment report provides information on the City's investment portfolio. The investment portfolio is managed to provide security of City assets and liquidity of funds to meet cash flow requirements, while maximizing investment earnings within the constraints of the approved Investment Policy. All funds are invested in compliance with Government Code Sections 53600 et seq. and with the City's Investment Policy. There are sufficient funds available to meet funding requirements during the next six-month period.

The total value of the City's cash and investments portfolio for all funds as of this date is listed below. Staff has expanded the reporting to include all bond proceeds not managed locally: cash held at the Bank of NY (BNY) and other LAIF investments. The projected annual income from the portion managed by the City is \$2,464,271.

CITY OF VENTURA Comprehensive Statement of Cash & Investments	FY 19-2020		
	March	April	May
	31-Jan-2020	31-Jan-2020	31-Jan-2020
JPMorganChase	\$ 64,171,591	\$ 82,021,624	\$ 91,015,510
BNY Custody Account	-	-	-
BNY - LAIF - Enterprise Bond Proceeds	15,881,276	15,882,565	14,765,957
BNY - LAIF - Gov't Bond Proceeds	2,218,112	2,218,152	2,647,393
LAIF - PFFA	3,232,465	3,250,568	3,250,568
LAIF - City Account	65,179,692	65,507,729	65,507,729
<b>Total Cash</b>	<b>\$ 150,683,136</b>	<b>\$ 168,880,638</b>	<b>\$ 177,187,156</b>
US Treasury Notes	12,913,908	11,643,965	11,624,955
US Agency Bonds	73,772,752	65,164,851	63,116,729
Other US Agency Loan Pool/Supranationals	2,551,615	2,550,005	2,549,900
Corporate Bonds s/b 20-30%	24,185,451	24,490,448	24,154,350
Municipal Bonds	10,461,548	10,430,679	10,454,282
Certificates of Deposit	9,733,516	9,750,265	9,500,613
	133,618,790	124,030,214	121,400,829
<b>Total Cash &amp; Investments</b>	<b>\$ 284,301,926</b>	<b>\$ 292,910,852</b>	<b>\$ 298,587,985</b>



FY 19-2020

**JPMorgan Chase Beginning Balance**

Deposits
Receipts - Ventura County
Receipts - Measure O
Transfers Received
<b>Total Receipts</b>
Expenses
Payroll
Debt Payments
Transfer to Custody
Transfer to LAIF
<b>Total Disbursements</b>
<b>JPMorgan/Chase Ending Balance</b>

	March	April	May
\$ 60,264,683	\$ 64,171,591	\$ 82,021,624	
\$ 10,069,509	\$ 8,714,410	\$ 9,170,643	
\$ 385,744	\$ 12,627,292	\$ 7,281,263	
\$ 915,800	\$ 790,026	\$ 824,818	
\$ 10,789,275	\$ 11,091,324	\$ 4,119,951	
\$ 22,160,328	\$ 33,223,053	\$ 21,396,676	
\$ (10,246,573)	\$ (10,930,903)	\$ (8,482,327)	
\$ (3,489,602)	\$ (3,441,417)	\$ (3,491,247)	
\$ -	\$ -	\$ (429,216)	
\$ (4,517,245)	\$ (1,000,700)	\$ -	
		\$ -	
\$ (18,253,420)	\$ (15,373,020)	\$ (12,402,790)	
<b>\$ 64,171,591</b>	<b>\$ 82,021,624</b>	<b>\$ 91,015,510</b>	

**BNY Mellon Custody Acct Beginning Balance**

Transferred from Operating Account
Interest
Maturities
Purchases
Transfer back to Operating Account

\$ -			
\$ 4,517,245	\$ 1,000,700	\$ -	
\$ 283,205	\$ 267,977	\$ 181,747	
\$ 9,750,000	\$ 10,823,348	\$ 2,750,000	
\$ (4,517,245)	\$ (1,000,700)	\$ -	
\$ (10,033,205)	\$ (11,091,324)	\$ (2,931,747)	
\$ -	\$ -	\$ -	

**LAIF Gen'l Account Beginning Balance**

Interest
<b>Ending Balance</b>

\$ 65,179,692	\$ 65,179,692	\$ 65,507,729	
\$ -	\$ 328,037		
<b>\$ 65,179,692</b>	<b>\$ 65,507,729</b>	<b>\$ 65,507,729</b>	

**LAIF Water WW Fund - Beginning Balance**

Net Change in accounts
<b>Ending Balance</b>

\$ 3,232,465	\$ 3,232,465	\$ 3,250,568	
\$ -	\$ 18,103	\$ -	
<b>\$ 3,232,465</b>	<b>\$ 3,250,568</b>	<b>\$ 3,250,568</b>	

**BNY Bond Proceeds - Enterprise Beg Balance**

Net Change in accounts
<b>Ending Balance</b>

\$ 17,185,576	\$ 15,881,276	\$ 15,882,565	
\$ (1,304,300)	\$ 1,289	\$ (1,116,608)	
<b>\$ 15,881,276</b>	<b>\$ 15,882,565</b>	<b>\$ 14,765,957</b>	

**BNY Bond Proceeds - Gov't Funds Beg Balance**

Net Change in accounts
<b>Ending Balance</b>

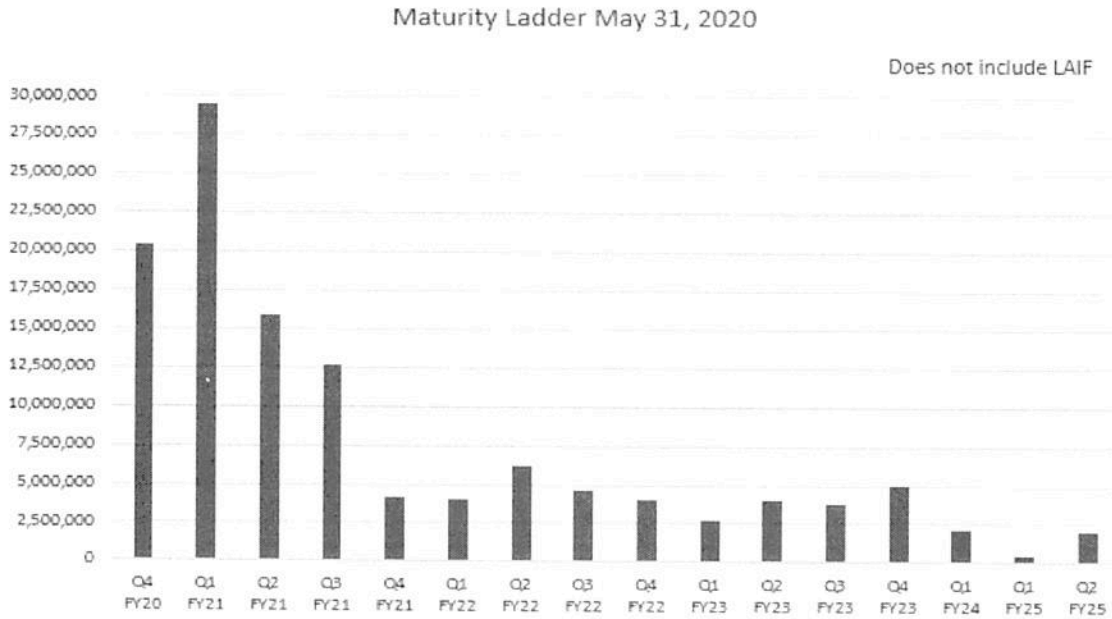
\$ 2,195,706	\$ 2,218,112	\$ 2,218,152	
\$ 22,406	\$ 39	\$ 429,241	
<b>\$ 2,218,112</b>	<b>\$ 2,218,152</b>	<b>\$ 2,647,393</b>	

**Liquid Cash Resources**

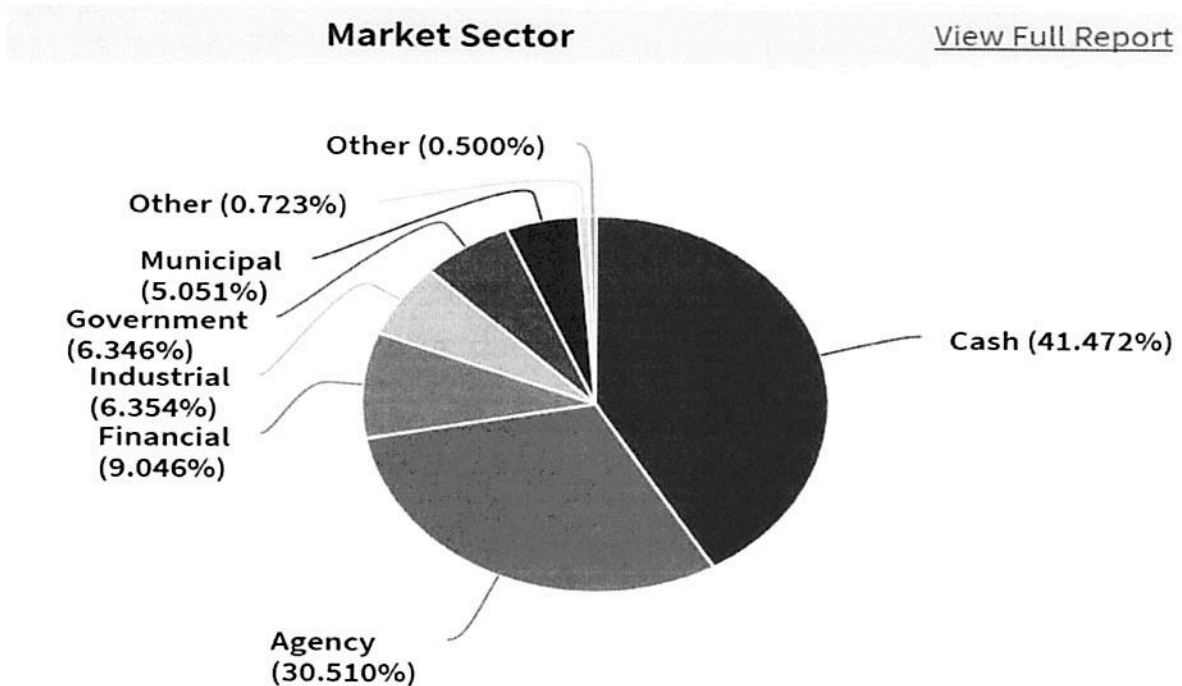
Consolidated Beginning Balance
Receipts
Interest
Transfers
Expenses
<b>Ending Balance</b>

\$ 148,058,121	\$ 150,683,136	\$ 168,880,638	
\$ 21,121,053	\$ 32,955,076	\$ 20,026,725	
\$ 283,205	\$ 614,117	\$ 181,747	
\$ 756,070	\$ -	\$ 1,188,204	
\$ (19,535,313)	\$ (15,371,692)	\$ (13,090,158)	
<b>\$ 150,683,136</b>	<b>\$ 168,880,638</b>	<b>\$ 177,187,156</b>	

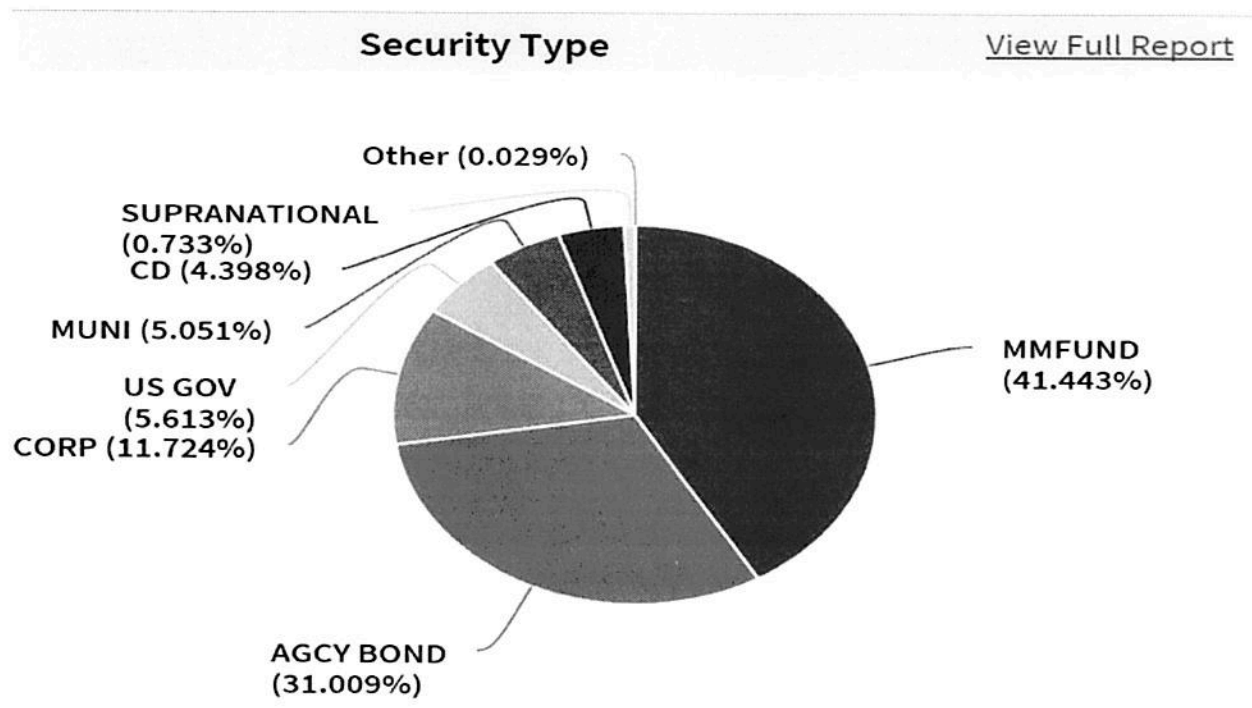
The following is a series of charts that measure the various risk factors. The weighted average life (WAL) of the investment portfolio is 0.557 years, as broken down in the following chart. The City's Investment Policy requires a WAL of no more than 2.5 years. This is a short to medium term portfolio, with nothing exceeding 5 years.



The following is the summary of investments in the portfolio, by market sector. This chart indicates a fixed income portfolio with minimal risk.



And, these are the investments reflecting the risk by security type. Given the concentration of governmental investment, the only potential exposure would be with the corporate investments. Those bonds have a credit rating of A- or better, according to the S&P rating system. The MMF category includes \$68.8 M at LAIF.



The following Heat Map reflects the credit risk of the portfolio. Credit risk is a measure of the issuer's ability to satisfy the requirements of the bond. (i.e. default risk) Note the concentration of risk in AA and A rated investments, as measured by S&P. All investments are recognized as being investment grade. The items that are NA are Certificates of Deposits, with full FDIC protection.

**Credit Duration Heat Map**

Rating ^	0 - 1	1 - 2	2 - 3	3 - 4 v	4 - 5
AAA	7.227%	0.592%	0.000%	0.000%	0.484%
AA	28.428%	4.809%	3.019%	0.000%	0.000%
A	5.141%	4.264%	2.461%	0.645%	0.366%
BBB	0.236%	0.595%	0.119%	0.119%	0.000%
BB	0.120%	0.000%	0.000%	0.000%	0.000%
B	0.000%	0.000%	0.000%	0.000%	0.000%
CCC	0.000%	0.000%	0.000%	0.000%	0.000%
CC	0.000%	0.000%	0.000%	0.000%	0.000%
C	0.000%	0.000%	0.000%	0.000%	0.000%
NA	0.120%	0.475%	1.183%	0.000%	0.000%

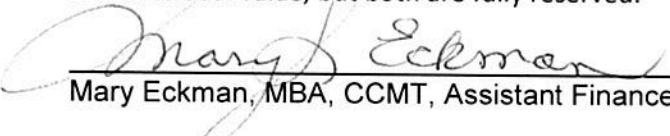
The following chart reflects the risk associated with issuer concentration. The "Other" category consists of corporate bonds, municipal bonds, and certificates of deposit. The City's Statement of Investment Policy limits individual investments to 30% for a particular security type, with the exception of authorized pools such as LAIF, US Treasuries, and US Agencies. The "Other" category consists of many minor players in the portfolio.

Issuer Concentration		<a href="#">View Full Report</a>
Issuer Concentration	% of Base Market Value + Accrued	
(CSBMMF01) LAIF	31.505%	
Other	28.413%	
Farm Credit System	11.106%	
Freddie Mac	11.030%	
Federal Home Loan Banks	6.176%	
United States	6.113%	
(S86808160) SAN BUENAVENTURA	2.851%	
(S86808150) SAN BUENAVENTURA	2.806%	

This chart reflects the overview of the portfolio, and does not include the cash in the commercial accounts used for daily transactions.

Cash and Fixed Income Summary	
Risk Metric	Value
Cash	61,078.13
MMFund	86,171,610.44
Fixed Income	121,641,480.38
Duration	0.859
Convexity	-0.447
WAL	0.557
Years to Final Maturity	1.152
Years to Effective Maturity	0.557
Yield	0.829
Book Yield	1.075
Avg Credit Rating	AA-/Aa3/AA-

Please note that there are two assets included in our portfolio, but have no value on the City's books: Lehman Brothers and Washington Mutual. Both are included in these reports, because they still have a small residual value, but both are fully reserved.

  
 Mary Eckman, MBA, CCMT, Assistant Finance Director