

# FINANCE & TECHNOLOGY

DATE: July 14, 2020

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

FROM: Mary L Eckman

SUBJECT: Investment Report for Month End June 30, 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 \$2,094,251.

Comprehensive Statement of Cash & Investments	30-Apr-2020	31-May-2020	30-Jun-2020
JPMorganChase	\$ 82,021,624	\$ 91,015,510	\$ 95,024,810
BNY Custody Account	-	-	-
BNY - LAIF - Enterprise Bond Proceeds	15,882,565	14,765,957	18,417,339
BNY - LAIF - Gov't Bond Proceeds	2,218,152	2,647,393	2,905,950
LAIF - PFFA	3,250,568	3,250,568	3,250,568
LAIF - City Account	65,507,729	65,507,729	65,507,729
CalTRUST			\$ 10,000,184
<b>Total Cash</b>	<b>\$ 168,880,638</b>	<b>\$ 177,187,156</b>	<b>\$ 195,106,580</b>
US Treasury Notes	11,643,965	11,624,955	10,108,350
US Agency Bonds	65,164,851	63,116,729	45,183,033
Other US Agency Loan Pool/Supranationals	2,550,005	2,549,900	2,542,820
Corporate Bonds s/b 20-30%	24,490,448	24,154,350	23,297,938
Municipal Bonds	10,430,679	10,454,282	10,464,799
Certificates of Deposit	9,750,265	9,500,613	9,490,748
	124,030,214	121,400,829	101,087,688
<b>Total Cash &amp; Investments</b>	<b>\$ 292,910,852</b>	<b>\$ 298,587,985</b>	<b>\$ 296,194,268</b>
Must be min 20% liquidity	50%	52%	54%



**JPMorgan Chase Beginning Balance**

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

**BNY Mellon Custody Acct Beginning Balance**

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

**LAIF Gen'l Account Beginning Balance**

Interest  
**Ending Balance**

**LAIF Water WW Fund - Beginning Balance**

Net Change in accounts  
**Ending Balance**

**CalTRUST - Beginning Balance**

Trfr'd from Operating Account  
 Interest  
**Ending Balance**

**BNY Bond Proceeds - Enterprise Beg Balance**

Net Change in accounts  
**Ending Balance**

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

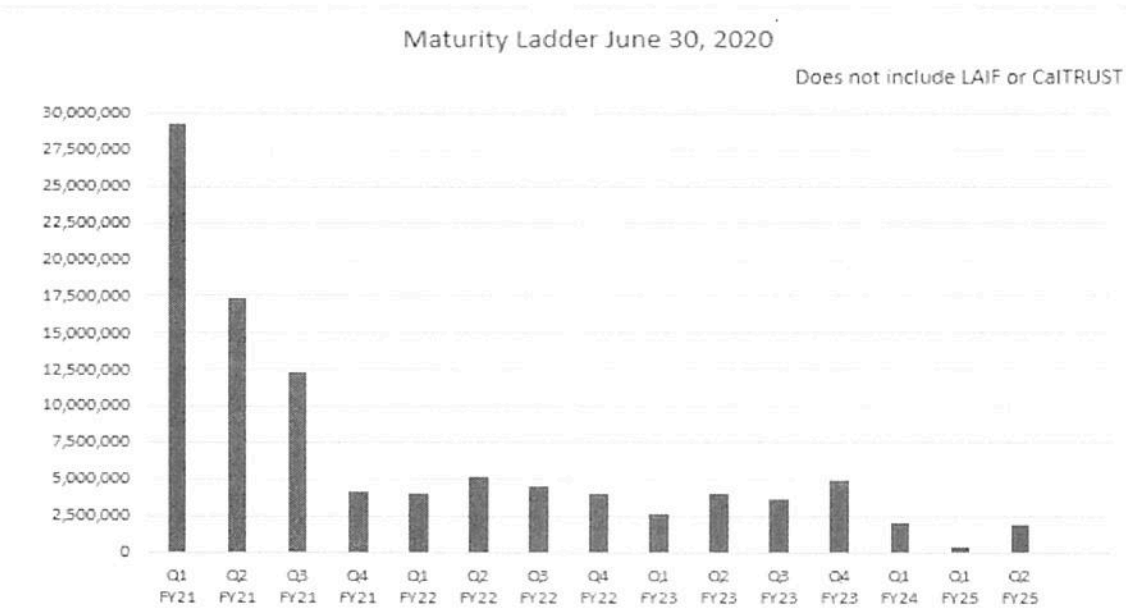
Net Change in accounts  
**Ending Balance**

**Liquid Cash Resources**

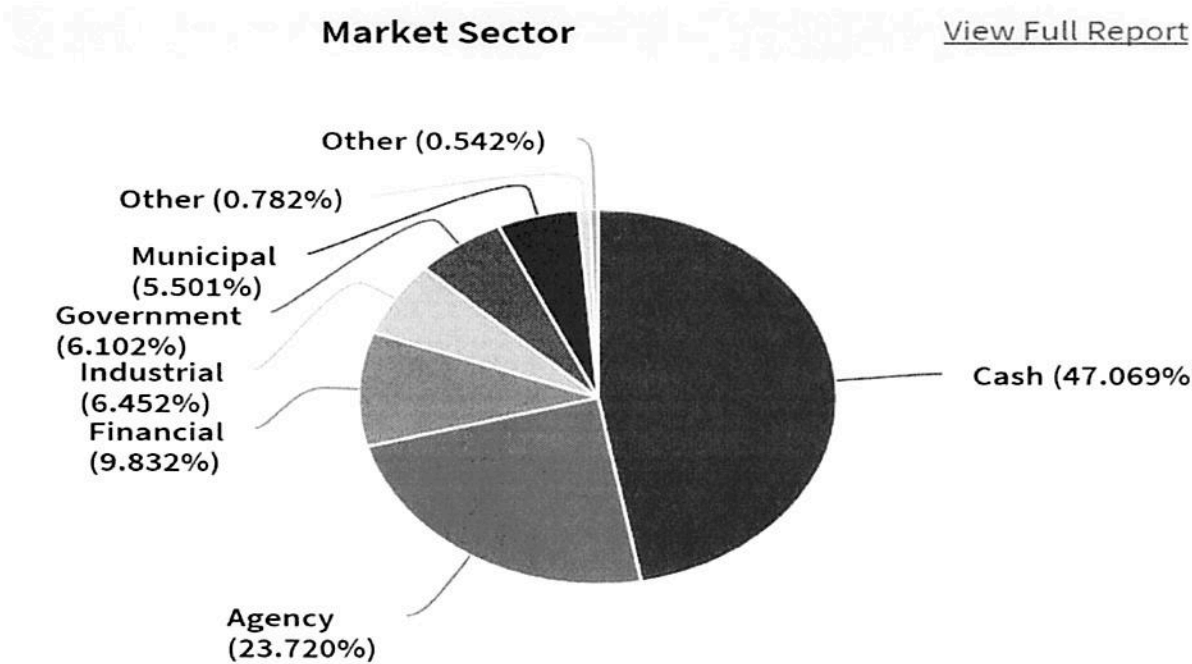
Consolidated Beginning Balance  
 Receipts  
 Interest  
 Transfers  
 Expenses  
**Ending Balance**

	FY 19-2020		
	April	May	June
JPMorgan Chase Beginning Balance	\$ 64,171,591	\$ 82,021,624	\$ 91,015,510
Deposits	\$ 8,714,410	\$ 9,170,643	\$ 10,807,748
Receipts - Ventura County	\$ 12,627,292	\$ 7,281,263	\$ 391,973
Receipts - Measure O	\$ 790,026	\$ 824,818	\$ 857,068
Transfers Received	\$ 11,091,324	\$ 4,119,951	\$ 20,486,487
<b>Total Receipts</b>	<b>\$ 33,223,053</b>	<b>\$ 21,396,676</b>	<b>\$ 32,543,276</b>
Expenses	\$ (10,930,903)	\$ (8,482,327)	\$ (10,773,320)
Payroll	\$ (3,441,417)	\$ (3,491,247)	\$ (3,421,750)
Debt Payments	\$ -	\$ (429,216)	\$ (4,338,905)
Transfer to Custody	\$ (1,000,700)	\$ -	\$ -
Transfer to LAIF	\$ -	\$ -	\$ -
Transfer to CalTRUST	\$ -	\$ -	\$ (10,000,000)
<b>Total Disbursements</b>	<b>\$ (15,373,020)</b>	<b>\$ (12,402,790)</b>	<b>\$ (28,533,976)</b>
<b>JPMorgan/Chase Ending Balance</b>	<b>\$ 82,021,624</b>	<b>\$ 91,015,510</b>	<b>\$ 95,024,810</b>
<b>BNY Mellon Custody Acct Beginning Balance</b>			
<b>Transferred from Operating Account</b>	\$ 1,000,700	\$ -	\$ -
Interest	\$ 267,977	\$ 181,747	\$ 258,487
Maturities	\$ 10,823,348	\$ 2,750,000	\$ 20,228,000
Purchases	\$ (1,000,700)	\$ -	\$ -
Transfer back to Operating Account	\$ (11,091,324)	\$ (2,931,747)	\$ (20,486,487)
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LAIF Gen'l Account Beginning Balance</b>	\$ 65,179,692	\$ 65,507,729	\$ 65,507,729
Interest	\$ 328,037	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 65,507,729</b>	<b>\$ 65,507,729</b>	<b>\$ 65,507,729</b>
<b>LAIF Water WW Fund - Beginning Balance</b>	\$ 3,232,465	\$ 3,250,568	\$ 3,250,568
Net Change in accounts	\$ 18,103	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 3,250,568</b>	<b>\$ 3,250,568</b>	<b>\$ 3,250,568</b>
<b>CalTRUST - Beginning Balance</b>	\$ -	\$ -	\$ -
Trfr'd from Operating Account	\$ -	\$ -	\$ 10,000,000
Interest	\$ -	\$ -	\$ 184
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,000,184</b>
<b>BNY Bond Proceeds - Enterprise Beg Balance</b>	\$ 15,881,276	\$ 15,882,565	\$ 14,765,957
Net Change in accounts	\$ 1,289	\$ (1,116,608)	\$ 3,651,382
<b>Ending Balance</b>	<b>\$ 15,882,565</b>	<b>\$ 14,765,957</b>	<b>\$ 18,417,339</b>
<b>BNY Bond Proceeds - Gov't Funds Beg Balance</b>	\$ 2,218,112	\$ 2,218,152	\$ 2,647,393
Net Change in accounts	\$ 39	\$ 429,241	\$ 258,557
<b>Ending Balance</b>	<b>\$ 2,218,152</b>	<b>\$ 2,647,393</b>	<b>\$ 2,905,950</b>
<b>Liquid Cash Resources</b>			
Consolidated Beginning Balance	\$ 150,683,136	\$ 168,880,638	\$ 177,187,156
Receipts	\$ 32,955,076	\$ 20,026,725	\$ 32,284,789
Interest	\$ 614,117	\$ 181,747	\$ 258,487
Transfers	\$ -	\$ 1,188,204	\$ -
Expenses	\$ (15,371,692)	\$ (13,090,158)	\$ (14,624,036)
<b>Ending Balance</b>	<b>\$ 168,880,638</b>	<b>\$ 177,187,156</b>	<b>\$ 195,106,396</b>

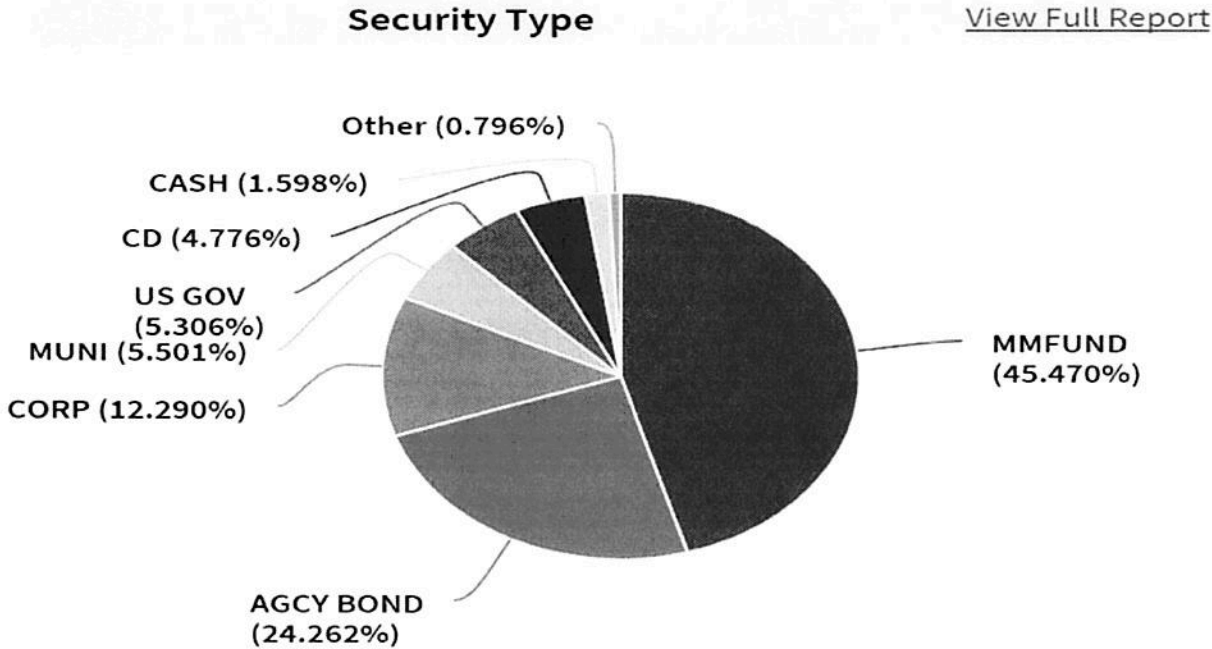
The following is a series of charts that measure the various risk factors. The weighted average life (WAL) of the investment portfolio is 0.550 years, as broken down in the following chart. The City's Investment Policy requires a WAL of no more than 2.5 years. This is a short to medium term portfolio, 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	4 - 5
AAA	7.286%	0.516%	0.000%	0.000%	0.000%
AA	23.380%	4.823%	3.284%	0.000%	0.000%
A	6.246%	4.107%	3.124%	0.129%	0.394%
BBB	0.388%	0.645%	0.000%	0.129%	0.000%
BB	0.133%	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	0.131%	0.644%	1.283%	0.000%	0.000%

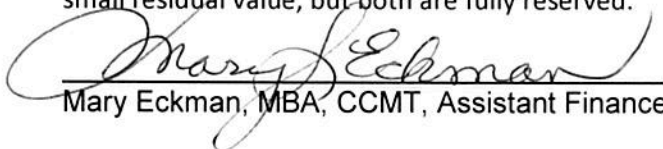
The following chart reflects the risk associated with issuer concentration. The "Other" category consists of corporate bonds, municipal bonds, and certificates of deposit. The City's Statement of Investment Policy limits individual investments to 30% for a particular security type, with the exception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

<b>Issuer Concentration</b>		<a href="#">View Full Report</a>
Issuer Concentration	% of Base Market Value + Accrued	
(CSBMMF01) LAIF	34.213%	
Other	32.464%	
Farm Credit Funding Corporation	9.057%	
Freddie Mac	6.445%	
United States	5.847%	
Federal Home Loan Banks	5.830%	
(S86808160) SAN BUENAVENTURA	3.096%	
(S86808150) SAN BUENAVENTURA	3.047%	

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

<b>Cash and Fixed Income Summary</b>	
Risk Metric	Value
Cash	3,060,117.62
MMFund	87,062,093.77
Fixed Income	101,291,339.54
Duration	0.868
Convexity	-0.429
WAL	0.550
Years to Final Maturity	0.996
Years to Effective Maturity	0.550
Yield	0.749
Book Yield	0.981
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