



Report to the Auburn City Council

Action Item

Agenda Item No.

City Manager's Approval

To: Honorable Mayor and City Council Members
From: Donna Silva, City Treasurer
Andy Heath, Finance Director
Date: December 14, 2020
Subject: Report of Investments – Quarter Ending September 30, 2020

The Issue

The City Council is required by state law and the City of Auburn's Investment Policy to receive and review a Quarterly Investment Report.

Recommended Action Requested

Receive, review and file the "City of Auburn Investment Report" for the quarter ending September 30, 2020.

Background

The purpose of the Treasurer's Report is to update the Board and the public on the status of the City's cash balances and investments, and highlight material changes from one period to another. The Treasurer's Report is required to be prepared and presented on a quarterly basis.

The City's investment objectives are established by the City Council approved Investment Policy. The Investment Policy is guided and constrained by the California Government Code. The City Council periodically reviews and adjusts the Investment Policy to ensure ongoing compliance with the government code and to maximize investment flexibility as permitted. The current Investment Policy has the following objectives for the portfolio:

1. Safety
2. Liquidity
3. Yield

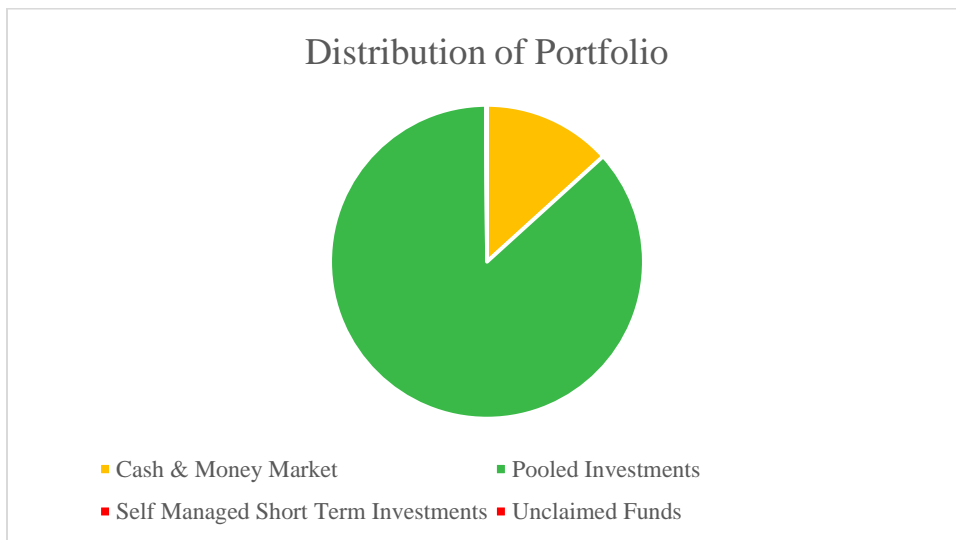
Attached is the Treasurer's Report for the quarter ended September 30, 2020.

At September 30, 2020, the end of the previous reporting period, the value of the City's total portfolio was \$24.9 million. Since that time, the value of the City's portfolio decreased by \$5.5 million for an ending balance of approximately \$19.4 million as of September 30, 2020. Cash balances typically decrease from June through January when the City receives its next large property tax payment. However, the decrease in cash balances this quarter is larger than in the same quarter last year. Finance Director Andy

Health attributes the larger decline to the receipt, in the prior year, of reimbursement payments for the oxidation ditch project. Since the project is now complete, those reimbursement payments have all been received. COVID-19 is also a minor factor. The pandemic has caused a decrease in the demand for gasoline. The lower demand caused a decline in gas prices. Given that fuel represents a large part of citywide taxable sales, the City has received less sales tax payments than in the past.

The funds are currently held as follows:

Local Agency Investment Fund (LAIF)	\$12,755,101.69
Placer County Investment Pool	\$ 4,343,752.62
Cash at Banking Institutions	\$ 2,634,211.87
State of California – Unclaimed Funds	\$ 14,790.75
Self-Managed Short Term Investments	\$ 1,500.00
Total Portfolio	\$19,734,566.18



The City Finance Director and Treasurer periodically analyze cash flow needs to determine when additional transfers can be made into the Placer County investment pool, or LAIF without risking a funding shortfall in the general checking account. No such transfers were recommended or made during this quarter.

During first quarter of the 2020 calendar year, Hilltop Securities, the holder of the City's Money Market account, escheated the balance of the account to the State of California's Unclaimed Property Program. Hilltop Securities did not contact the City prior to escheating the funds. The funds were in limbo for a number of months. The State has now confirmed possession of the funds in their unclaimed property program and staff is working on filing a claim to retrieve the monies. The funds will not be redeposited with Hilltop Securities.

Fiscal Impact

All investments held at September 30, 2020 were in conformance with the Investment Policy.

**City of Auburn
Treasurer's Report
Quarter Ended September 30, 2020**

	Yield %	Par Value	Cost	June 30, 2020 Market Value	Current Market Value	Maturity Date	Change
CASH & DEMAND DEPOSITS:							
Wells Fargo - Commercial Checking				\$ 7,203,711.45	\$ 1,920,331.05	na	\$ (5,283,380.40)
Union Bank - Principal Cash				\$ 1,849.33	\$ 1,849.33	na	\$ -
Bank of America - Recology				\$ 235,866.64	\$ 288,842.13	na	\$ 52,975.49
Wells Fargo - Payroll Checking				\$ 25,123.87	\$ 26,695.58	na	\$ 1,571.71
Wells Fargo - CDBG				\$ 381,696.54	\$ 381,703.03	na	\$ 6.49
State of California - Unclaimed Funds				\$ 14,790.75	\$ 14,790.75		\$ -
TOTAL CASH & DEMAND DEPOSITS				\$ 7,863,038.58	\$ 2,634,211.87		\$ (5,228,826.71)
POOLED INVESTMENTS							
Local Agency Investment Fund (LAIF)	2.29%			\$ 12,718,634.29	\$ 12,755,101.69	na	\$ 36,467.40
Placer County Investment Pool	1.702%			\$ 4,335,719.17	\$ 4,343,752.62	na	\$ 8,033.45
TOTAL POOLED INVESTMENTS				\$ 17,054,353.46	\$ 17,098,854.31		\$ 44,500.85
SELF MANAGED SHORT-TERM INVESTMENTS							
<i>Corporate Bonds:</i>							
Mnlehman Brothers HLRR ¹	0.000%	125,000.00	66,276.16	1,400.00	1,500.00	2012 ¹	\$ 100.00
TOTAL SHORT TERM and POOLED INVESTMENTS		\$ 125,000.00	\$ 66,276.16	\$ 1,400.00	\$ 1,500.00		\$ 100.00
TOTAL CASH & INVESTMENTS				\$ 24,918,792.04	\$ 19,734,566.18		\$ (5,184,225.86)

Restricted Bond Funds Excluded from report

¹ Lehman Brothers entered Chapter 11 bankruptcy proceedings in September 2008. This corporate bond matured in 2012 but redemption is constrained by the bankruptcy plan. The City receives periodic principal repayments on this bond. The original par value of the bond was \$125,000. As a result of the distributions, the current cost basis is \$66,276.16