



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: March 22, 2021
Subject: Report of Investments – Quarter Ending December 31, 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 December 31, 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:

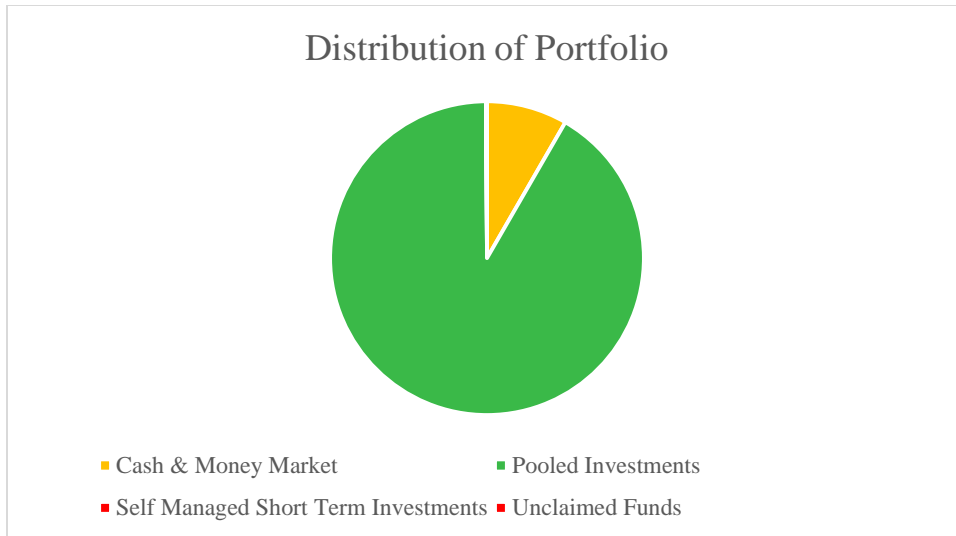
1. Safety
2. Liquidity
3. Yield

Attached is the Treasurer's Report for the quarter ended December 31, 2020.

At September 30, 2020, the end of the previous reporting period, the value of the City's total portfolio was \$19.7 million. Since that time, the value of the City's portfolio decreased by \$2.67 million for an ending balance of approximately \$17.1 million as of December 31, 2020. Cash balances typically decrease from June through January when the City receives its next large property tax payment.

The funds are currently held as follows:

Local Agency Investment Fund (LAIF)	\$11,282,190.09
Placer County Investment Pool	\$ 4,348,892.33
Cash at Banking Institutions	\$ 1,421,408.70
State of California – Unclaimed Funds	\$ 14,790.75
Self-Managed Short Term Investments	\$ 1,400.00
Total Portfolio	<u>\$17,068,681.87</u>



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. A transfer was needed out of LAIF into the general checking account this quarter to cover cash flow needs.

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 confirmed possession of the funds in their unclaimed property program and staff has filed a claim to retrieve the \$14,790.75 being held by the State.

Fiscal Impact

All investments held at December 31, 2020 were in conformance with the Investment Policy.

**City of Auburn
Treasurer's Report
Quarter Ended December 31, 2020**

	Yield %	Par Value	Cost	September 30, 2020 Market Value	Current Market Value	Maturity Date	Change
CASH & DEMAND DEPOSITS:							
Wells Fargo - Commercial Checking				\$ 1,920,331.05	\$ 1,033,563.85	na	\$ (886,767.20)
Union Bank - Principal Cash				\$ 1,849.33	\$ 1,947.96	na	\$ 98.63
Bank of America - Recology				\$ 288,842.13	\$ -	na	\$ (288,842.13)
Wells Fargo - Payroll Checking				\$ 26,695.58	\$ 4,181.59	na	\$ (22,513.99)
Wells Fargo - CDBG				\$ 381,703.03	\$ 381,715.30	na	\$ 12.27
State of California - Unclaimed Funds				\$ 14,790.75	\$ 14,790.75		\$ -
TOTAL CASH & DEMAND DEPOSITS				\$ 2,634,211.87	\$ 1,436,199.45		\$ (1,198,012.42)
POOLED INVESTMENTS							
Local Agency Investment Fund (LAIF)	2.29%			\$ 12,755,101.69	\$ 11,282,190.09	na	\$ (1,472,911.60)
Placer County Investment Pool	1.702%			\$ 4,343,752.62	\$ 4,348,892.33	na	\$ 5,139.71
TOTAL POOLED INVESTMENTS				\$ 17,098,854.31	\$ 15,631,082.42		\$ (1,467,771.89)
SELF MANAGED SHORT-TERM INVESTMENTS							
<i>Corporate Bonds:</i>							
Mnlehman Brothers HLRR ¹	0.000%	125,000.00	66,177.53	1,500.00	1,400.00	2012 ¹	\$ (100.00)
TOTAL SHORT TERM and POOLED INVESTMENTS		\$ 125,000.00	\$ 66,177.53	\$ 1,500.00	\$ 1,400.00		\$ (100.00)
TOTAL CASH & INVESTMENTS				\$ 19,734,566.18	\$ 17,068,681.87		\$ (2,665,884.31)

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 \$66,177.53.