



STAFF REPORT

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: KATHERINE KORSAK, FINANCE DIRECTOR

DATE: JANUARY 4, 2022

SUBJECT: FOURTH QUARTER APRIL, MAY, JUNE ENDING JUNE 30, 2021 FY 2020/21 INVESTMENT PORTFOLIO REPORT – CORRECTED REPORT

The initial report was prepared by former Interim Finance Director, Sandra Sato on October 1, 2021. **This is a correction to that work.**

RECOMMENDATION

It is recommended the City Council accept the revised City Investment Portfolio Report for the fourth quarter (April May June) of the fiscal year ending June 30, 2021 (FY 2020/21).

BACKGROUND

Pursuant to section XIII of the City of Clayton Investment Policy, the Finance Director is required to submit a quarterly investment report to the City Council. This quarterly report is also designed to meet the local agency reporting requirements outlined in *California Government Code* section 53646. The FY 2020/21 corrected fourth quarter report is provided herein.

The City's Investment Policy guides staff and its advisors for all investment activities. Permitted investment activities are primarily governed by state law (*California Government Code* sections 53600-53610) and the City's adopted Investment Policy. The City's Investment Policy is consistent with state law and is designed to be more restrictive for the purpose of added safety and liquidity, which take precedence over yield. Section XVI of the Investment Policy states it shall be periodically reviewed by the City Treasurer and the City Council to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return on investments, along with its relevance to current law, financial and economic trends, and to meet the needs of the City. The policy was last amended by the City Council, following recommendation by the former Finance Manager and City Treasurer on November 20, 2018 to add the California Asset Management Program (CAMP) as an authorized investment type. The Policy was last reviewed on November 17, 2020. No revisions to the Policy are being recommended at this time.

DISCUSSION

With the fourth quarter of the 2020/21 fiscal year complete, year-to-date interest earnings across all funds for the City are \$274,726.37 which is 15% higher than the budgeted amount of \$239,663. The interest revenue allocations across funds had previously been done incorrectly and have now been correctly allocated. The general fund's total interest revenue for the year is \$113,320.77, which is 13% above the budget of \$100,000. Please refer to the attached Income Statement, Budget to Actuals Report for the interest revenue account 5601, across all funds.

For the quarter ending June 30, 2021 the highest yielding investment type, investments in certificates of deposit, government agency bonds, and corporate bonds and notes comprised approximately 67.04% of the portfolio with a collective weighted average interest rate of 1.5%. Deposits held with pooled investment accounts at CAMP and LAIF, making up 15.05% of the portfolio, with weighted average interest rates of .05% and .22% respectively.

The market value of the total Investment Portfolio as of June, 30, 2021 was \$15,998,592 (this includes \$2,840,256 deposited to the Bank of America). There was also a correction made to this number. It was previously reported as the cash balance in the account at June 30, 2021, while it should have been the book balance, which takes into account outstanding checks and deposits in transit. Much of the increase is attributable to a higher cash balance in the Bank of America cash account. Cash balances vary depending upon the cash flow. The estimated market value exceeds the cost of securities in the investment portfolio due to the City's heavy investment in two-to-five-year fixed income securities during the last year at rates averaging higher than current rates. The increase in market value demonstrates how the cautious nature of the City's investment strategy mitigates the risk of the City incurring large unrealized losses during market retractions. On the other hand, given less risk exposure, only more predictable and modest investment returns will be realized following this same strategy.

The City of Clayton Investment Portfolio was managed in accordance with the City's Investment Policy. Furthermore, the City's cash management program provides sufficient liquidity to meet the next ten months expenditures. The attached City of Clayton Investment Holdings Summary for the fourth quarter of FY 2020-2021 Attachment 1 provides additional analysis and the specific investment reporting criteria required by *California Government Code* section 53646.

FISCAL IMPACT

The acceptance of this report has no direct fiscal impact to the City of Clayton.

Attachments:

1. City of Clayton Investment Holdings Summary – Fourth Quarters of Fiscal Year 2020/21 (March 1, 2021 – June 30, 2021)
2. Income Statement – Budget to Actuals Report for account 5601 across all funds for July 1, 2020 – June 30, 2021.

City of Clayton
Investment Holdings Summary
Qtr. Ending: June 30, 2021

Investment Account	Investment Type	Institution	CUSIP	Carrying Value	Rate	Current Yield	Settlement Date	Maturity Date	Market Value
CAMP	Local Agency Pool	California Asset Management Program	n/a	890,812.35	0.05%	0.05%	n/a	n/a	890,812.35
LAIF	Local Agency Pool	Local Agency Investment Fund	n/a	1,494,634.87	0.22%	0.22%	n/a	n/a	1,494,634.87
UBS Financial Services Inc.	Cash	UBS Cash Holding	n/a	-	0.01%	0.01%	n/a	n/a	-
UBS Financial Services Inc.	Money Market Fund	UBS Bank USA MMF Yield	n/a	60,538.58	0.01%	0.01%	n/a	n/a	60,538.58
	Certificate of Deposit	UBS BK USA Salt LA UT US	90348JMG2	148,000.00	2.10%	2.10%	6/25/19	7/6/21	148,050.32
	Certificate of Deposit	Barclays Bank, DE	06740KKC0	100,000.00	2.00%	1.98%	7/5/17	7/12/21	100,065.00
	Certificate of Deposit	First Internet Bk IN	32056GCP3	100,000.00	1.95%	1.93%	7/11/17	7/14/21	100,074.00
	Certificate of Deposit	Comenity Cap Bank UT	20033AUX2	245,000.00	2.00%	2.00%	7/13/17	7/16/21	245,213.15
	Certificate of Deposit	UBS BK USA Salt LA UT US	90348JAU4	50,000.00	1.50%	1.50%	7/14/16	7/20/21	50,039.00
	Certificate of Deposit	Synchrony Bank, UT	87164XNA0	50,000.00	1.45%	1.44%	7/14/16	7/22/21	50,042.50
	Certificate of Deposit	Morgan Stanley Prv NY US	61760AR50	250,000.00	2.10%	2.07%	7/23/19	8/2/21	250,470.00
	Certificate of Deposit	Bank Hapoalim, NY	06251AU32	147,000.00	3.00%	2.99%	8/15/18	8/23/21	147,649.74
	Certificate of Deposit	Firstbank Puerto Rico	33767A4K4	157,000.00	2.05%	2.04%	8/15/17	8/25/21	157,480.42
	Certificate of Deposit	Enerbank UT	29266N3H8	50,000.00	1.45%	1.44%	8/22/16	8/26/21	50,109.00
	Certificate of Deposit	Privatebank, IL	74267GVM6	147,000.00	1.50%	1.49%	8/10/16	8/30/21	147,346.92
	Certificate of Deposit	Commercial BK, TN	20143PDR8	197,000.00	3.00%	2.98%	6/19/18	9/21/21	198,308.08
	Certificate of Deposit	Medallion Bk, UT	58403B5Q5	198,000.00	2.05%	2.03%	12/5/16	12/16/21	199,825.56
	Certificate of Deposit	Mercantil Comm Ban FL US	58733ADT3	150,000.00	2.10%	2.08%	1/12/17	1/27/22	151,767.00
	Certificate of Deposit	Franklin Syn Bank, TN	35471TCV2	204,000.00	2.00%	1.98%	1/12/17	1/31/22	206,329.68
	Certificate of Deposit	Sallie Mae Bank, UT	7954502C8	197,000.00	2.65%	2.60%	3/27/19	4/4/22	200,912.42
	Certificate of Deposit	Live Oak Banking, NC	538036CM4	97,000.00	2.25%	2.21%	3/24/17	4/7/22	98,634.45
	Certificate of Deposit	First National Bank of McGregor, TX	36A99U934	145,000.00	2.25%	2.21%	12/5/17	6/20/22	148,014.55
	Certificate of Deposit	Bank of New England, NH	06426KAL2	246,000.00	3.15%	3.00%	7/17/18	7/29/22	254,110.62
	Certificate of Deposit	Ally Bank UT US	02007GKY8	247,000.00	2.15%	2.08%	7/23/19	8/1/22	252,493.28
	Certificate of Deposit	Enerbank UT	29278TKG4	100,000.00	2.05%	2.01%	7/29/19	8/8/22	102,151.00
	Certificate of Deposit	First Bank Highland, IL	319141HN0	247,000.00	2.20%	2.15%	8/28/17	9/7/22	253,120.66
	Certificate of Deposit	Capital One Bank	1404205H9	99,000.00	2.24%	2.30%	9/28/17	10/4/22	101,719.53
	Certificate of Deposit	Commercial Savings Bank, IA	202291AD2	247,000.00	2.10%	2.05%	10/15/17	10/18/22	253,333.08
	Certificate of Deposit	Wells Fargo Bank NA, SD	949495AQ8	248,000.00	1.90%	1.85%	1/13/20	1/17/23	254,643.92
	Certificate of Deposit	Goldman Sachs Bank, UT	38149MNT6	145,000.00	1.90%	1.85%	1/13/20	1/23/23	148,920.80
	Certificate of Deposit	Texas Cap Bank, NY	88224PLY3	250,000.00	0.30%	0.30%	7/31/20	2/7/23	250,505.00
	Certificate of Deposit	Industrial & Coml NY	45581EAR2	250,000.00	2.65%	2.55%	1/29/18	2/14/23	260,017.50
	Certificate of Deposit	Belmont Svgs Bk, MA	080515CH0	200,000.00	2.70%	2.59%	2/13/18	2/28/23	208,354.00
	Certificate of Deposit	Bank Leumi, NY	063248KR8	250,000.00	1.45%	1.42%	3/20/20	3/31/23	255,507.50
	Certificate of Deposit	Citibank, NA SD	17312QJ26	200,000.00	2.90%	2.77%	4/2/18	4/11/23	209,636.00
	Certificate of Deposit	Synchrony Bank, UT	87164XZL3	100,000.00	1.30%	1.27%	4/9/20	4/17/23	101,981.00
	Certificate of Deposit	Capital One Bank	14042TDM6	150,000.00	1.40%	1.37%	4/9/20	4/17/23	153,241.50
	Certificate of Deposit	Goldman Sachs Bank, UT	38148P7B7	100,000.00	2.65%	2.53%	5/1/19	5/8/23	104,544.00
	Certificate of Deposit	Comenity Bank De US	981993FI4	200,000.00	0.20%	0.20%	5/10/21	5/15/23	199,530.00
	Certificate of Deposit	Enerbank UT	29278TCG3	100,000.00	3.20%	3.01%	7/18/18	7/31/23	106,175.00
	Certificate of Deposit	Third Fed S&L Assn OH	88413QCT3	200,000.00	0.25%	0.25%	8/5/20	8/21/23	200,054.00

City of Clayton
Investment Holdings Summary
Qtr. Ending: June 30, 2021

Investment Account	Investment Type	Institution	CUSIP	Carrying Value	Rate	Current Yield	Settlement Date	Maturity Date	Market Value
	Certificate of Deposit	New York CMNTY Bank	649447TZ2	150,000.00	0.25%	0.25%	10/5/20	10/16/23	149,998.50
	Certificate of Deposit	Bank of Baroda, NY	06063HBH5	250,000.00	3.55%	3.28%	12/17/18	12/28/23	270,455.00
	Certificate of Deposit	BMW Bank North Amer	05580AZW7	198,000.00	0.25%	0.25%	6/3/21	6/11/24	197,671.32
	Certificate of Deposit	Wells Fargo Bank NA, SD	949763A48	197,000.00	2.75%	2.57%	4/25/19	5/3/24	210,669.83
	Certificate of Deposit	BMO Harris BK NA IL	05600XAN0	250,000.00	0.55%	0.55%	7/31/20	7/29/24	250,097.50
	Certificate of Deposit	Texas Exchange BK TX	88241TJG6	198,000.00	0.50%	0.50%	9/2/20	12/11/24	198,100.98
	Certificate of Deposit	CPTL ONE Natl ASSN VA US	14042RPW5	250,000.00	1.45%	1.40%	7/22/20	4/22/25	259,610.00
	Certificate of Deposit	Flagstar Bank, FSB, MI	33847E3D7	250,000.00	1.15%	1.12%	4/23/20	4/29/25	256,780.00
	Certificate of Deposit	Delta Natl B&T Co NY	2477RBW4	250,000.00	0.55%	0.55%	7/22/20	7/21/25	250,645.00
	Certificate of Deposit	USAlliance Fed Cre NY	90352RBD6	149,000.00	0.55%	0.55%	8/20/20	8/28/25	149,117.71
	Certificate of Deposit	State Bank IL US	856283P67	200,000.00	0.50%	0.50%	10/5/20	9/22/25	199,524.00
	Certificate of Deposit	JP Morgan Chase, OH	48128UPW3	250,000.00	0.40%	0.40%	10/28/20	10/30/25	249,945.00
	Certificate of Deposit	Investors Cmnty Bank WI US	46147UUF5	250,000.00	0.50%	0.50%	1/20/21	1/27/26	247,742.50
	Certificate of Deposit	Merrick Bank UT US	59013KM89	245,000.00	0.50%	0.50%	1/20/21	1/29/26	242,758.25
	Certificate of Deposit	Bank United NA Florida	066519QKB	94,000.00	0.65%	0.65%	2/24/21	3/5/26	93,600.50
	Certificate of Deposit	Bank United NA Florida	066519QT9	135,000.00	0.95%	0.95%	3/19/21	3/31/26	135,102.60
	Certificate of Deposit	State Bank INDI NY US	8562285VR9	248,000.00	0.95%	0.94%	5/10/21	5/19/26	249,453.28
				\$ 9,775,000.00					\$ 9,931,642.15
	Corporate Bonds & Notes	FFCB Bond	3133EMHF2	150,000.00	0.60%	0.61%	11/25/20	11/24/25	148,410.00
	Corporate Bonds & Notes	US Treasury Note	91282CBC4	544,000.00	0.38%	0.38%	5/21/21	12/31/25	533,908.80
	Corporate Bonds & Notes	FHLB NTS	3130AKWAO	100,000.00	0.52%	0.53%	2/3/21	12/12/21	98,389.00
				\$ 794,000.00					\$ 780,707.80
	Money Market Fund	No activity		\$ -					\$ -
	Total UBS Financial Services Inc.			\$ 10,629,538.58					\$ 10,772,888.53
Morgan Stanley	Money Market Fund	Morgan Stanley	n/a	-	0.00%	0.00%	n/a	n/a	-
	No Activity or holdings in this account left at 9/30/2019. Account closed.			-					-
	Total Morgan Stanley			-					-
Bank of America (book balance - general ledger)	Cash (checking account)	Bank of America		2,840,256.13	0.00%	0.00%	n/a	n/a	2,840,256.13

City of Clayton
Investment Holdings Summary
Qtr. Ending: June 30, 2021


Investment Account	Investment Type	Institution	CUSIP	Carrying Value	Rate	Current Yield	Settlement Date	Maturity Date	Market Value
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Broker / Institution	Carrying Value	Percentage of Portfolio	Weighted Average Yield to Maturity	W.A.M. (yrs)	Market Value
CAMP	890,812	5.62%	0.05%	0.11	890,812
LAIF	1,494,635	9.43%	0.22%	0.53	1,494,635
UBS Financial Services Inc.	10,629,539	67.04%	1.50%	2.90	10,772,889
Morgan Stanley	-	0.00%	0.00%	0.00	-
Bank of America (book balance)	2,840,256	17.91%	0.00%	0.00	2,840,256
Total investment Portfolio	15,855,242	100.00%	1.03%	1.95	15,998,592
2020-21 Budgeted Interest - General Fund		\$ 100,000			
2020-21 Budgeted Interest Revenue to date - General Fund (7/1/20 - 6/30/21)		\$ 113,321			
Percent of General Fund Budget Realized		113.32%			
Quarterly Weighted Average Annual Yield*		1.03%			
2020-21 Total Pooled Investment Income To Date (7/1/20 - 6/30/21) \$		221,924			
*Yellow highlighted columns are corrections made by Katherine Korsak to the original investment portfolio summary submitted on October 19, 2021					
**This calculation excludes the City's non-interest bearing pooled checking account with Bank of America					

I verify that this investment portfolio is in conformity with State laws and the City of Clayton's investment policy. The City's cash management program provides sufficient liquidity to meet the next six month's expenditures.


 Katherine Korsak, Finance Director
 corrected Sandra Soto's work resubmitted 1/4/2021

12/23/21
 Date


 Hank Stratford, City Treasurer

12/22/21
 Date

City of Clayton

Income Statement

Budget to Actuals 7/1/2020-6/30/2021

		Actual	Budget	Variance
Revenues				
101-5601-00	Interest	\$113,320.77	\$100,000.00	13%
110-5601-00	Interest	\$827.49	\$0.00	0%
201-5601-00	Interest	\$4,065.93	\$3,000.00	36%
202-5601-00	Interest	\$2,272.80	\$1,000.00	127%
210-5601-00	Interest	\$26,584.17	\$24,000.00	11%
211-5601-00	Interest	\$7,416.80	\$6,400.00	16%
212-5601-00	Interest	\$320.44	\$200.00	60%
213-5601-00	Interest	\$2,454.72	\$2,200.00	12%
214-5601-00	Interest	\$1,950.78	\$1,800.00	8%
216-5601-00	Interest	\$1,000.00	\$1,000.00	0%
217-5601-00	Interest	\$72.01	\$53.00	36%
218-5601-00	Interest	\$169.38	\$120.00	41%
219-5601-00	Interest Income	\$0.00	\$0.00	0%
220-5601-00	Interest	\$2,193.43	\$2,000.00	10%
222-5601-00	Interest	\$849.25	\$700.00	21%
223-5601-00	Interest	\$100.89	\$80.00	26%
230-5601-00	Interest Income	\$7,824.43	\$7,100.00	10%
231-5601-00	Interest	\$1,648.85	\$1,200.00	37%
301-5601-00	Interest	\$0.00	\$0.00	0%
302-5601-00	Interest	\$0.00	\$0.00	0%
303-5601-00	Interest	\$32,758.93	\$28,880.00	13%
304-5601-00	Interest	\$13,286.56	\$12,000.00	11%
401-5601-00	Interest	\$0.00	\$0.00	0%
405-5601-00	Interest	\$13,940.66	\$12,600.00	11%
410-5601-00	Interest	\$0.00	\$0.00	0%
420-5601-00	Interest	\$3,199.17	\$2,000.00	60%
421-5601-00	Interest	\$0.00	\$0.00	0%
422-5601-00	Interest	\$2,500.00	\$2,500.00	0%
501-5601-00	Interest	\$473.03	\$400.00	18%
502-5601-00	Interest	\$2,912.93	\$2,400.00	21%

City of Clayton

Income Statement

Budget to Actuals 7/1/2020-6/30/2021

		Actual	Budget	Variance
503-5601-00	Interest	\$6,648.67	\$6,000.00	11%
601-5601-00	Interest	\$0.00	\$0.00	0%
615-5601-00	Interest	\$2,368.17	\$2,000.00	18%
616-5601-00	Interest	\$23,566.11	\$20,000.00	18%
701-5601-00	Interest	\$0.00	\$0.00	0%
702-5601-00	Interest	\$0.00	\$30.00	(100%)
801-5601-00	Interest	\$0.00	\$0.00	0%
Total Revenues		\$274,726.37	\$239,663.00	15%
BEGINNING FUND BALANCE		\$0.00	\$0.00	0%
NET SURPLUS/(DEFICIT)		\$274,726.37	\$0.00	0%
ENDING FUND BALANCE		\$274,726.37	\$0.00	0%