

STAFF REPORT TO THE COLFAX CITY COUNCIL

FOR THE FEBRUARY 13, 2019 COUNCIL MEETING

FROM: Wes Heathcock, City Manager
PREPARED BY: Laurie Van Groningen, Finance Director
DATE: January 30, 2019
SUBJECT: Quarterly Investment Report – Ending December 31, 2018

| | | | | | | | |
|---------------------------------------|-----|--------------------------|--------|--------------------------|-----------|---------|------------|
| <input checked="" type="checkbox"/> X | N/A | <input type="checkbox"/> | FUNDED | <input type="checkbox"/> | UN-FUNDED | AMOUNT: | FROM FUND: |
|---------------------------------------|-----|--------------------------|--------|--------------------------|-----------|---------|------------|

RECOMMENDED ACTION: Receive and file.

BACKGROUND AND ANALYSIS:

California Government Code Section 53646 and the City of Colfax Investment Policy require a quarterly investment report be submitted to the City Council. Such report shall include at least the following information:

- Types of Investments;
- Name of the institution in which funds are invested or deposited;
- Date of Maturity, if applicable;
- Par and dollar amount investment for all securities;
- Percent distribution of each type of investment or deposit; current market value as of the date of the report, including source of the valuation except those under LAIF;
- Rate of interest
- Average weighted yield of all investments
- A statement relating the report to the City’s Investment Policy; and
- A statement that there are sufficient funds to meet the City’s next six months’ financial obligations.

The current practice for cash management is to maintain an operating balance between \$75,000 and \$150,000 in the City’s US Bank Corporate checking account. This account accumulates Earnings Credits based on the account balance which offset/reduce monthly service charges. City funds in excess of targeted operating balance are transferred to the State of California Local Agency Investment Fund (LAIF) on a weekly basis. The checking account balance may be reported at an amount higher than the target balance by the Bank due to the timing of City checks being processed by vendors/service providers.

The City’s investment policy is authorized under the California Government Code, section 53600, et. seq. as it applies to the investment of public funds. The Government Code governs the City’s allowable investments, and the lengths of those investments. Our investment policy dictates that the City should have liquid short term securities to meet six month’s financial obligations. The budget for fiscal year 2018-2019 reflects nearly \$4.2M in annual expenditures, therefore our target for liquid short-term securities would be \$2.1M.

CONCLUSION:

The attached schedule Analysis of Treasury Investment Pool satisfies the State's reporting requirements. Additionally, we have determined:

- The investments held at December 31, 2018 conform to the City Investment Policy adopted by Resolution 29-2014.
- The composite yield of the City's investment pool (US Bank and LAIF) to be the rate of 2.05% for the quarter ended September 30, 2018.
- There are sufficient funds on deposit to meet all anticipated City expenditures for the period January 1, 2019 through June 30, 2019.

Historically, due to fluctuations in fund balances, investment opportunities outside the corporate checking and LAIF accounts have been somewhat limited. With several years of solid funding levels, the City staff has reviewed additional investment opportunities. We have seriously considered the process of opening an account for some short-term Certificates of Deposit (CD) investments. In recent months, the rates for CD's have dropped while LAIF interest rates continue to increase creating a very narrow gap between the two investment options. Staff will continue to review for opportunities, but at this time will continue with the current investment structure.

ATTACHMENTS:

1. Analysis of Treasury Investment Pool
2. State of California – PMIA and LAIF Performance Report (QE 06/30/2018)
3. State of California – PMIA Average Monthly Effective Yields



**CALIFORNIA STATE TREASURER
FIONA MA, CPA**



PMIA Performance Report

| Date | Daily Yield* | Quarter to Date Yield | Average Maturity (in days) |
|----------|--------------|-----------------------|----------------------------|
| 12/17/18 | 2.30 | 2.20 | 203 |
| 12/18/18 | 2.30 | 2.20 | 201 |
| 12/19/18 | 2.30 | 2.20 | 199 |
| 12/20/18 | 2.31 | 2.20 | 197 |
| 12/21/18 | 2.31 | 2.20 | 198 |
| 12/22/18 | 2.31 | 2.20 | 198 |
| 12/23/18 | 2.31 | 2.20 | 198 |
| 12/24/18 | 2.31 | 2.20 | 195 |
| 12/25/18 | 2.31 | 2.21 | 195 |
| 12/26/18 | 2.31 | 2.21 | 192 |
| 12/27/18 | 2.32 | 2.21 | 193 |
| 12/28/18 | 2.32 | 2.21 | 192 |
| 12/29/18 | 2.32 | 2.21 | 192 |
| 12/30/18 | 2.32 | 2.21 | 192 |
| 12/31/18 | 2.32 | 2.21 | 192 |
| 01/01/19 | 2.32 | 2.32 | 192 |
| 01/02/19 | 2.32 | 2.32 | 196 |
| 01/03/19 | 2.33 | 2.33 | 195 |
| 01/04/19 | 2.34 | 2.33 | 194 |
| 01/05/19 | 2.34 | 2.33 | 194 |
| 01/06/19 | 2.34 | 2.33 | 194 |
| 01/07/19 | 2.34 | 2.33 | 192 |
| 01/08/19 | 2.34 | 2.33 | 190 |
| 01/09/19 | 2.34 | 2.33 | 191 |
| 01/10/19 | 2.34 | 2.34 | 189 |
| 01/11/19 | 2.34 | 2.34 | 188 |
| 01/12/19 | 2.34 | 2.34 | 188 |
| 01/13/19 | 2.34 | 2.34 | 188 |
| 01/14/19 | 2.35 | 2.34 | 185 |
| 01/15/19 | 2.36 | 2.34 | 187 |
| 01/16/19 | 2.36 | 2.34 | 188 |

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

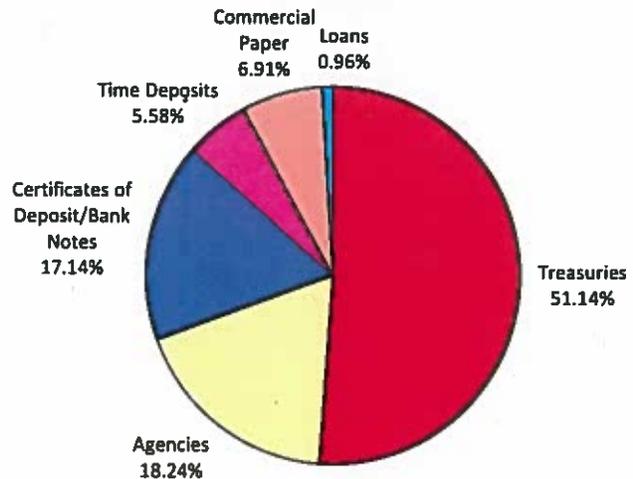
Quarter Ending 12/31/18

Apportionment Rate: 2.40
 Earnings Ratio: 0.00006573663340150
 Fair Value Factor: 0.999051127
 Daily: 2.32%
 Quarter to Date: 2.21%
 Average Life: 192

PMIA Average Monthly Effective Yields

Dec 2018 2.291
 Nov 2018 2.208
 Oct 2018 2.144

**Pooled Money Investment Account
Portfolio Composition
12/31/18
\$83.3 billion**



Percentages may not total 100%, due to rounding.

Based on data available as of 1/16/2019



California State Treasurer
Fiona Ma, CPA



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POOLED MONEY INVESTMENT ACCOUNT

PMIA Average Monthly Effective Yields

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1977 | 5.770 | 5.660 | 5.660 | 5.650 | 5.760 | 5.850 | 5.930 | 6.050 | 6.090 | 6.090 | 6.610 | 6.730 |
| 1978 | 6.920 | 7.050 | 7.140 | 7.270 | 7.386 | 7.569 | 7.652 | 7.821 | 7.871 | 8.110 | 8.286 | 8.769 |
| 1979 | 8.777 | 8.904 | 8.820 | 9.082 | 9.046 | 9.224 | 9.202 | 9.528 | 9.259 | 9.814 | 10.223 | 10.218 |
| 1980 | 10.980 | 11.251 | 11.490 | 11.480 | 12.017 | 11.798 | 10.206 | 9.870 | 9.945 | 10.056 | 10.426 | 10.961 |
| 1981 | 10.987 | 11.686 | 11.130 | 11.475 | 12.179 | 11.442 | 12.346 | 12.844 | 12.059 | 12.397 | 11.887 | 11.484 |
| 1982 | 11.683 | 12.044 | 11.835 | 11.773 | 12.270 | 11.994 | 12.235 | 11.909 | 11.151 | 11.111 | 10.704 | 10.401 |
| 1983 | 10.251 | 9.887 | 9.688 | 9.868 | 9.527 | 9.600 | 9.879 | 10.076 | 10.202 | 10.182 | 10.164 | 10.227 |
| 1984 | 10.312 | 10.280 | 10.382 | 10.594 | 10.843 | 11.119 | 11.355 | 11.557 | 11.597 | 11.681 | 11.474 | 11.024 |
| 1985 | 10.579 | 10.289 | 10.118 | 10.025 | 10.180 | 9.743 | 8.656 | 9.417 | 9.572 | 9.482 | 9.488 | 9.371 |
| 1986 | 9.252 | 9.090 | 8.958 | 8.621 | 8.369 | 8.225 | 8.141 | 7.844 | 7.512 | 7.586 | 7.432 | 7.439 |
| 1987 | 7.365 | 7.157 | 7.205 | 7.044 | 7.294 | 7.289 | 7.464 | 7.562 | 7.712 | 7.825 | 8.121 | 8.071 |
| 1988 | 8.078 | 8.050 | 7.945 | 7.940 | 7.815 | 7.929 | 8.089 | 8.245 | 8.341 | 8.397 | 8.467 | 8.563 |
| 1989 | 8.698 | 8.770 | 8.870 | 8.992 | 9.227 | 9.204 | 9.056 | 8.833 | 8.801 | 8.771 | 8.685 | 8.645 |
| 1990 | 8.571 | 8.538 | 8.506 | 8.497 | 8.531 | 8.538 | 8.517 | 8.382 | 8.333 | 8.321 | 8.269 | 8.279 |
| 1991 | 8.164 | 8.002 | 7.775 | 7.666 | 7.374 | 7.169 | 7.098 | 7.072 | 6.859 | 6.719 | 6.591 | 6.318 |
| 1992 | 6.122 | 5.863 | 5.680 | 5.692 | 5.379 | 5.323 | 5.235 | 4.958 | 4.760 | 4.730 | 4.659 | 4.647 |
| 1993 | 4.678 | 4.649 | 4.624 | 4.605 | 4.427 | 4.554 | 4.438 | 4.472 | 4.430 | 4.380 | 4.365 | 4.384 |
| 1994 | 4.359 | 4.176 | 4.248 | 4.333 | 4.434 | 4.623 | 4.823 | 4.989 | 5.106 | 5.243 | 5.380 | 5.528 |
| 1995 | 5.612 | 5.779 | 5.934 | 5.960 | 6.008 | 5.997 | 5.972 | 5.910 | 5.832 | 5.784 | 5.805 | 5.748 |
| 1996 | 5.698 | 5.643 | 5.557 | 5.538 | 5.502 | 5.548 | 5.587 | 5.566 | 5.601 | 5.601 | 5.599 | 5.574 |
| 1997 | 5.583 | 5.575 | 5.580 | 5.612 | 5.634 | 5.667 | 5.679 | 5.690 | 5.707 | 5.705 | 5.715 | 5.744 |
| 1998 | 5.742 | 5.720 | 5.680 | 5.672 | 5.673 | 5.671 | 5.652 | 5.652 | 5.639 | 5.557 | 5.492 | 5.374 |
| 1999 | 5.265 | 5.210 | 5.136 | 5.119 | 5.086 | 5.095 | 5.178 | 5.225 | 5.274 | 5.391 | 5.484 | 5.639 |
| 2000 | 5.760 | 5.824 | 5.851 | 6.014 | 6.190 | 6.349 | 6.443 | 6.505 | 6.502 | 6.517 | 6.538 | 6.535 |
| 2001 | 6.372 | 6.169 | 5.976 | 5.760 | 5.328 | 4.958 | 4.635 | 4.502 | 4.288 | 3.785 | 3.526 | 3.261 |
| 2002 | 3.068 | 2.967 | 2.861 | 2.845 | 2.740 | 2.687 | 2.714 | 2.594 | 2.604 | 2.487 | 2.301 | 2.201 |
| 2003 | 2.103 | 1.945 | 1.904 | 1.858 | 1.769 | 1.697 | 1.653 | 1.632 | 1.635 | 1.596 | 1.572 | 1.545 |
| 2004 | 1.528 | 1.440 | 1.474 | 1.445 | 1.426 | 1.469 | 1.604 | 1.672 | 1.771 | 1.890 | 2.003 | 2.134 |
| 2005 | 2.264 | 2.368 | 2.542 | 2.724 | 2.856 | 2.967 | 3.083 | 3.179 | 3.324 | 3.458 | 3.636 | 3.808 |
| 2006 | 3.955 | 4.043 | 4.142 | 4.305 | 4.563 | 4.700 | 4.849 | 4.946 | 5.023 | 5.098 | 5.125 | 5.129 |
| 2007 | 5.156 | 5.181 | 5.214 | 5.222 | 5.248 | 5.250 | 5.255 | 5.253 | 5.231 | 5.137 | 4.962 | 4.801 |
| 2008 | 4.620 | 4.161 | 3.777 | 3.400 | 3.072 | 2.894 | 2.787 | 2.779 | 2.774 | 2.709 | 2.568 | 2.353 |
| 2009 | 2.046 | 1.869 | 1.822 | 1.607 | 1.530 | 1.377 | 1.035 | 0.925 | 0.750 | 0.646 | 0.611 | 0.569 |
| 2010 | 0.558 | 0.577 | 0.547 | 0.588 | 0.560 | 0.528 | 0.531 | 0.513 | 0.500 | 0.480 | 0.454 | 0.462 |
| 2011 | 0.538 | 0.512 | 0.500 | 0.588 | 0.413 | 0.448 | 0.381 | 0.408 | 0.378 | 0.385 | 0.401 | 0.382 |
| 2012 | 0.385 | 0.389 | 0.383 | 0.367 | 0.363 | 0.358 | 0.363 | 0.377 | 0.348 | 0.340 | 0.324 | 0.326 |
| 2013 | 0.300 | 0.286 | 0.285 | 0.264 | 0.245 | 0.244 | 0.267 | 0.271 | 0.257 | 0.266 | 0.263 | 0.264 |
| 2014 | 0.244 | 0.236 | 0.236 | 0.233 | 0.228 | 0.228 | 0.244 | 0.260 | 0.246 | 0.261 | 0.261 | 0.267 |
| 2015 | 0.262 | 0.266 | 0.278 | 0.283 | 0.290 | 0.299 | 0.320 | 0.330 | 0.337 | 0.357 | 0.374 | 0.400 |
| 2016 | 0.446 | 0.467 | 0.506 | 0.525 | 0.552 | 0.576 | 0.588 | 0.614 | 0.634 | 0.654 | 0.678 | 0.719 |
| 2017 | 0.751 | 0.777 | 0.821 | 0.884 | 0.925 | 0.978 | 1.051 | 1.084 | 1.111 | 1.143 | 1.172 | 1.239 |
| 2018 | 1.350 | 1.412 | 1.524 | 1.661 | 1.755 | 1.854 | 1.944 | 1.998 | 2.063 | 2.144 | 2.208 | 2.291 |

City of Colfax

Analysis of Treasury Investment Pool

Quarterly Analysis - FY2018-2019

Report Date: 12/31/2018

| Quarter Ended 12/31/2018 | | | | | |
|------------------------------|-------------------------------------------|------------------|---------------------|-----------------------|--------------------------|
| Type of Investment | Financial Institution | Date of Maturity | Investment Amount | % of Total Investment | Average Investment Yield |
| Investment Fund | State Local Agency Investment Fund (LAIF) | N/A | \$ 4,184,644 | 92% | 2.21% |
| Corporate Checking | US Bank | N/A | \$ 376,346 | 8% | 0.21% |
| Total Investment Pool | | | \$ 4,560,990 | 100% | 2.05% |

| Quarter Ended 12/31/2018 | | | | | |
|------------------------------|-------------------------------------------|------------------|---------------------|-----------------------|--------------------------|
| Type of Investment | Financial Institution | Date of Maturity | Investment Amount | % of Total Investment | Average Investment Yield |
| Investment Fund | State Local Agency Investment Fund (LAIF) | N/A | \$ 4,184,644 | 92% | 2.21% |
| Corporate Checking | US Bank | N/A | \$ 376,346 | 8% | 0.21% |
| Total Investment Pool | | | \$ 4,560,990 | 100% | 2.05% |

| Quarter Ended 09/30/2018 | | | | | |
|------------------------------|-------------------------------------------|------------------|---------------------|-----------------------|--------------------------|
| Type of Investment | Financial Institution | Date of Maturity | Investment Amount | % of Total Investment | Average Investment Yield |
| Investment Fund | State Local Agency Investment Fund (LAIF) | N/A | \$ 4,834,656 | 96% | 2.00% |
| Corporate Checking | US Bank | N/A | \$ 212,482 | 4% | 0.20% |
| Total Investment Pool | | | \$ 5,047,138 | 100% | 1.86% |

| Quarter Ended 09/30/2018 | | | | | |
|------------------------------|-------------------------------------------|------------------|---------------------|-----------------------|--------------------------|
| Type of Investment | Financial Institution | Date of Maturity | Investment Amount | % of Total Investment | Average Investment Yield |
| Investment Fund | State Local Agency Investment Fund (LAIF) | N/A | \$ 4,834,656 | 96% | 2.00% |
| Corporate Checking | US Bank | N/A | \$ 212,482 | 4% | 0.20% |
| Total Investment Pool | | | \$ 5,047,138 | 100% | 1.86% |