

CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: July 26, 2018

TO: Mayor and City Council Members
Christopher W. Boyd, City Manager

FROM: Ronda Rivera, Assistant City Manager

SUBJECT: Quarterly Treasurer's Report

Summary and Recommendation

Staff recommends the City Council receive and file the Quarterly Treasurer's Report for the quarter ending June 30, 2018.

Fiscal Impact

There is no fiscal impact associated with this action.

Background and Analysis

California Government Code Section 53646(b) states the "treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, internal auditor, and the legislative body" within 30 days of the quarter's end.

On June 30, 2018, the market value of the city's cash and investments was \$14,237,650, up from \$12,489,907 at the quarter ended March 31, 2018. This report satisfies California Government Code Section 53646(b).

Attachments

1. Treasurer's Report as of June 30, 2018

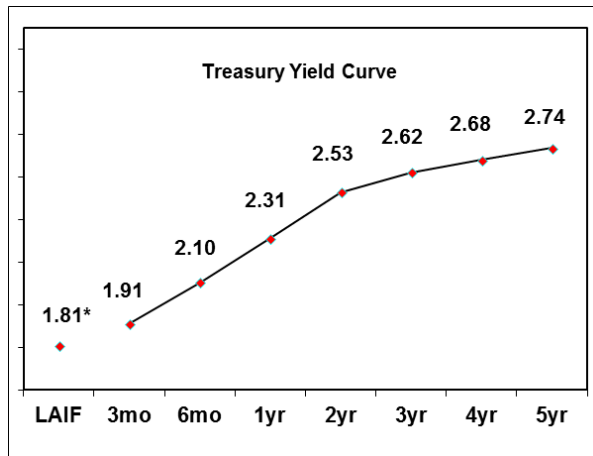
RCM Robinson Capital Management LLC
27 Reed Boulevard
Mill Valley, CA 94941
Phone: 415-771-9421
Fax: 415-762-1980

City of Citrus Heights

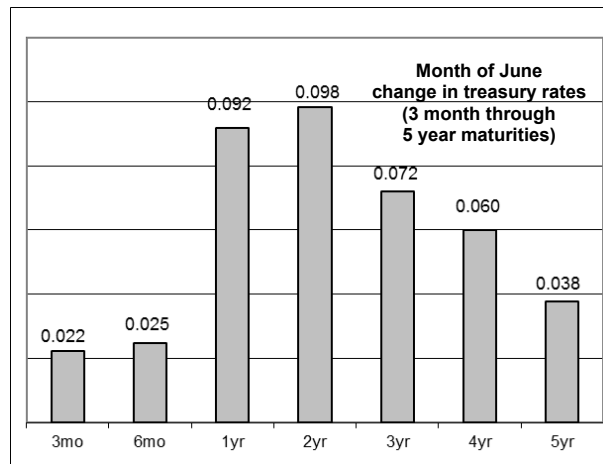
Report period June 1, 2018 – June 30, 2018

The Treasurer's investment portfolio is in compliance with the California Government Code Section 53601.

Institutional Fixed Income Market Review June 30, 2018



*LAIF estimated apportionment rate.



Source: Bloomberg; rates as of market close 6/29/18.

Housing starts, permits and sales

Housing starts gained 5 percent in May; a seasonally adjusted annual rate of 1.35 million units. New home construction is up 20 percent over the last twelve months, the fastest pace in more than a decade. However, housing permit applications fell 4.6 percent in May, a potential sign of waning new home construction in the future. Since January 2017, record-high lumber prices have added nearly \$9,000 to the cost of an average new single-family dwelling.

Sales of new single-family dwellings rose 6.7 percent in May to a seasonally adjusted annual rate of 689,000 and 14 percent above May 2017. On a regional basis, sales of new single-family homes gained the most in the South, up 19 percent. Growth lagged in the West, up less than 1 percent over the past year.

PCE and income

The latest reading of the Federal Reserve's key inflation index, Core PCE index (personal consumption expenditure, less food and energy) showed a year-on-year gain of 1.96 percent, just slightly below the Fed's 2 percent target rate.

Personal income rose 0.4 percent in May as wage and salary income increased for the second consecutive month. Overall personal income has advanced 4 percent since May of 2017.

GDP and Fed expectations

Economists estimate real U.S. GDP will grow 3.4 percent in the second quarter 2018, up from 2 percent in Q1.

According to the Bloomberg Fed Funds futures implied rates function, there is a 92 percent probability of at least one more 25bps Fed Funds rate increase by the December 19th FOMC meeting.

**CITY OF CITRUS HEIGHTS
SUMMARY OF INVESTMENTS
INVESTMENT PORTFOLIO JUNE 30, 2018**

	<i>COST</i>	<i>FACE</i>	<i>MARKET</i>	<i>PERCENT</i>	<i>DAYS TO MATURITY</i>	<i>YIELD TO MATURITY</i>	<i>WEIGHTED YIELD</i>
STATE-LOCAL AGENCY INVESTMENT FUNDS	10,490,646.65	10,490,646.65	10,490,646.65	73.3%	1	1.900%	1.393%
GENERAL ACCOUNT/US BANK	963,758.74	963,758.74	963,758.74	6.7%	1	0.000%	0.000%
FEDERAL AGENCIES/TREASURIES/CD'S/SCHWAB	2,846,347.28	2,857,017.55	2,783,244.80	20.0%	1,067	1.909%	0.381%
GRAND TOTAL INVESTMENT PORTFOLIO	14,300,752.67	14,311,422.94	14,237,650.19	100%	228	1.881%	1.774%

LOCAL AGENCY INVESTMENT FUND (LAIF) RATE OF RETURN	1.900%
CITY WEIGHTED AVERAGE RATE OF RETURN (including non-interest bearing checking)	1.774%
CITY EFFECTIVE RATE OF RETURN JUNE 2018	1.910%
CITY EFFECTIVE RATE OF RETURN FISCAL YEAR TO DATE	1.610%
CITY INTEREST EARNINGS FISCAL YEAR TO DATE	159,173.10

In accordance with California Government Code Section 53646 as amended, the following certification accompanies this report:

The Finance Director of the City of Citrus Heights hereby certifies that sufficient investment liquidity exists and anticipated revenues are available to meet the City's budgeted expenditure requirements for the next six months. In addition, it is hereby certified that investments in the City's portfolio comply with the requirements of the City of Citrus Height's adopted investment policy.

Respectfully submitted,

Ronda Rivera
Finance Director

CITY OF CITRUS HEIGHTS DETAIL OF PORTFOLIO INVESTMENTS
JUNE 2018

	SymPro	Cusip Number	Moody's Rating	S & P Rating	Book Value	Face Value	Market Value	Rate	YTM	Purchase Date	Maturity Date	Maturity/Call Days
LOCAL AGENCY INVESTMENT FUND												
Local Agency Investment Fund					10,490,646.65	10,490,646.65	10,490,646.65	1.900%	1.900%			1
TOTAL					10,490,646.65	10,490,646.65	10,490,646.65					1
GENERAL ACCOUNT/US BANK												
US Bank Corporate Checking					963,758.74	963,758.74	963,758.74	0.000%	0.000%			1
TOTAL					963,758.74	963,758.74	963,758.74					1
CUSTODY ACCOUNT/SCHWAB												
Schwab Cash Reserve					7,017.55	7,017.55	7,017.55	1.260%	1.260%			1
TOTAL					7,017.55	7,017.55	7,017.55					1
MEDIUM TERM NOTES/FEDERAL AGENCY/CERTIFICATES OF DEPOSIT/ TREASURY COUPON SECURITIES												
Fannie Mae (c)	1109	3136G4GU1	Aaa	AA+	997,466.81	1,000,000.00	984,160.00	1.400%	1.585	03/30/2017	11/25/2019	512
Freddie Mac (c)	1108	3134GBAE2	Aaa	AA+	1,841,862.92	1,850,000.00	1,792,067.25	2.000%	2.124	03/30/2017	03/29/2022	1,367
TOTAL					2,839,329.73	2,850,000.00	2,776,227.25					
(c) callable												
TOTAL INVESTMENT PORTFOLIO					14,300,752.67	14,311,422.94	14,237,650.19					