

Monthly Investment & Cash Flows Report

May 2020



CITY OF SEDONA

June 30, 2020

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Executive Summary

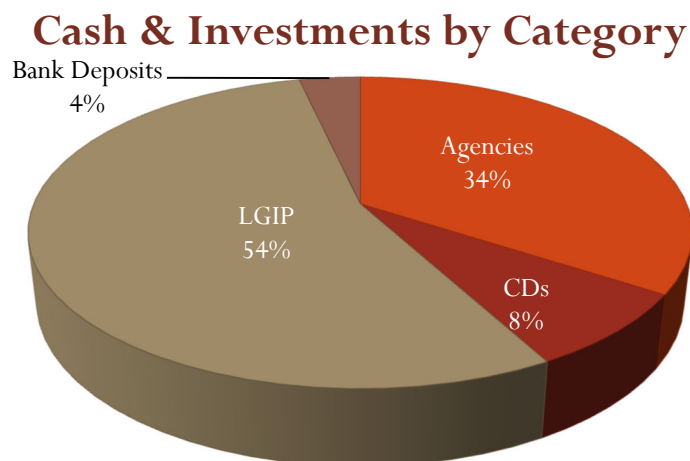
The fair market value of the City's total cash and investments as of May 31, 2020 is \$53.2 million. The average yield exceeds the City's benchmark by 138% as a result of a decision made by the Arizona State Treasurer's Office to increase liquidity in anticipation of local government drawdowns during the financial crisis caused by the COVID-19 closures.

May 2020 Cash & Investments Summary	
Total Cash & Investments	\$53,244,284
Average Yield	1.285%
Benchmark ¹	0.540%
Average Duration	1.1 years

As a result of early calls over the past few months for several U.S. government agency securities, the average duration is 1.1 years. Until there is better information regarding the City's future financial condition and impacts of the current financial crisis, purchase of any additional investments has been put on hold.

Investments Held

The City has invested in U.S. government agency securities, certificates of deposit (CDs), and Local Government Investment Pools (LGIP) offered by the Arizona State Treasurer's Office, in addition to balances maintained in checking accounts.²



¹ The City's investment policy defines the benchmark as the yield for the Arizona State Treasurer's Office's Local Government Investment Pool (LGIP) 5.

² All investments are allowable under Arizona Revised Statutes and the City's investment policy.

Investments Transactions

Net transactions for May 2020 resulted in a drawdown of approximately \$1.0 million. A \$1.0 million drawdown from the LGIP Pool 5 was made to cover the significant capital improvement costs for the month of approximately \$1.3 million.

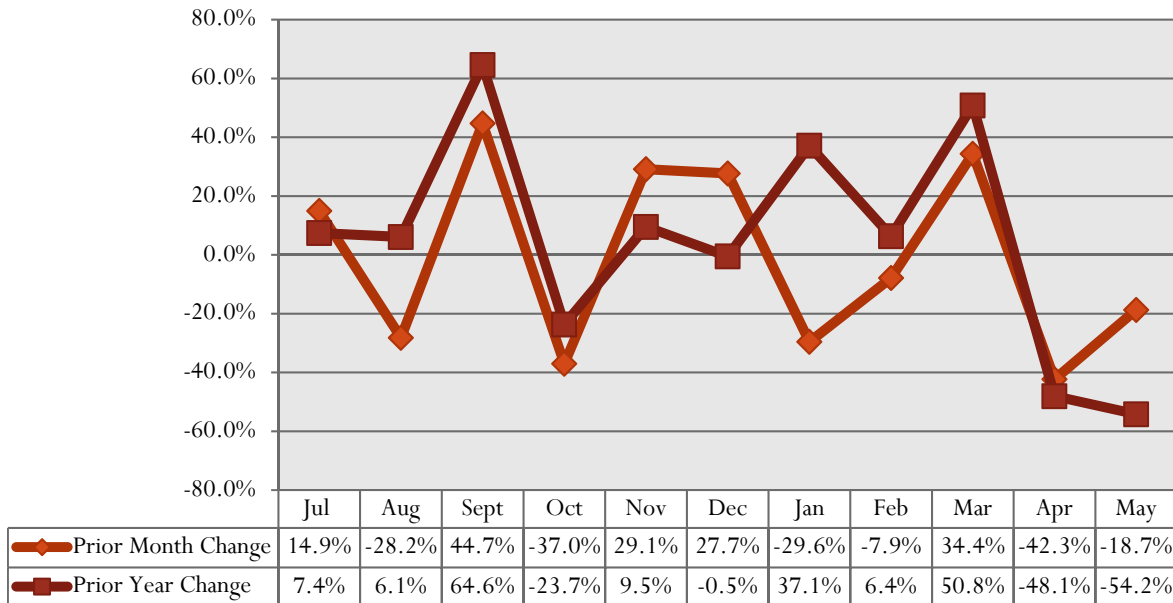
Cash Flows

Cash basis receipts for May 2020 were approximately \$1.1 million less than the prior month while cash basis disbursements were approximately \$200,000 less than the prior month. Changes for May 2020 compared to the prior month include:

- Cash basis sales and bed tax receipts were approximately \$272,000 (-19%) less than the prior month.
- Cash basis wastewater monthly receipts were approximately \$14,000 (-3%) less than the prior month.
- Due to the timing of in-lieu tax receipts, approximately \$503,000 was collected in the prior month and no additional cash basis receipts are expected for this fiscal year.
- Due to the timing of quarterly franchise fees receipts, approximately \$90,000 (-55%) less was collected compared to the prior month.
- Cash basis state shared revenue receipts were approximately \$43,000 (-18%) less than the prior month.
- Cash basis interest receipts were approximately \$35,000 (-77%) less than the prior month.
- Capital improvement costs for May 2020 were approximately \$339,000 (-20%) less than the prior month.

While data has not been accumulated in this manner prior to April 2020, a separate analysis specific to cash basis sales and bed tax receipts has been prepared below.

Changes in Cash Basis Sales & Bed Tax Receipts



Cash basis sales and bed tax receipts were 19% less than the prior month and 54% less than the same month last year. The May 2020 receipts included a portion of March taxes filed in April and a portion of April taxes filed in May, including any delinquent payments that have been filed and paid in those months.

Report Format

The report consists of the following sections:

- **Executive Summary** – This summary includes a narrative discussion of the most significant information in this report.
- **Investment Holdings Summary** – A table of the investments held by the City has been presented with the average remaining duration of the portfolio, as well as the average yield of the portfolio compared to the policy benchmark.
- **Investment Transactions Summary** – A table of the investment transactions for the month has been presented including acquisitions, dispositions, investment earnings, and expenses.
- **Cash Flows Report** – A summary of the cash flows for the month has been presented with comparison to cash flows of prior month(s), in addition to bank and cash basis balances.

For questions or additional information, contact:

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Investment Holdings Summary

CUSIP	Issuer	Settlement Date	Maturity Date	Initial Duration	Remaining Duration as of May 31, 2020 (In Years)	Remaining Coupon Rates	Yield	Benchmark at Time of Purchase	Par Value	Book Value	Fair Market Value as of May 31, 2020	Realized Gain/Loss	Unrealized Gain/Loss*	Accrued Interest Not Yet Recorded	% of Investment Pool
U.S. Government Agency Securities															
3134GBP89	Federal Home Loan Mortgage Corporation	10/26/2017	4/26/2021	3.5	0.9	1.850%	1.850%	1.100%	\$ 2,000,000	\$ 2,000,000	\$ 2,030,058	\$ -	\$ 30,058	\$ 3,548	3.77%
3133ELGM0	Federal Farm Credit Bank	1/15/2020	10/8/2021	1.7	1.4	1.600%	1.500%	1.790%	\$ 2,000,000	\$ 2,033,416	\$ 2,037,136	\$ -	\$ 3,720	\$ 4,647	3.83%
3134GUR93	Federal Home Loan Mortgage Corporation	1/15/2020	10/13/2022	2.7	2.4	1.720%	1.660%	1.790%	\$ 2,000,000	\$ 2,003,224	\$ 2,006,620	\$ -	\$ 3,396	\$ 12,912	3.77%
3134GUS43	Federal Home Loan Mortgage Corporation	1/15/2020	7/13/2023	3.5	3.1	1.800%	1.810%	1.790%	\$ 2,000,000	\$ 1,999,500	\$ 2,003,404	\$ -	\$ 3,904	\$ 13,512	3.76%
3133ELHZ0	Federal Farm Credit Bank	1/17/2020	7/17/2023	3.5	3.1	1.600%	1.540%	1.790%	\$ 2,000,000	\$ 2,004,072	\$ 2,079,102	\$ -	\$ 75,030	\$ 11,836	3.77%
3133EKWZ5	Federal Farm Credit Bank	7/31/2019	9/14/2023	4.0	3.1	2.200%	2.145%	2.430%	\$ 2,000,000	\$ 2,004,174	\$ 2,003,656	\$ -	\$ (518)	\$ 15,430	3.77%
3134GDVC9	Federal Home Loan Mortgage Corporation	2/27/2020	11/20/2023	3.7	3.5	1.700%	1.630%	1.770%	\$ 2,000,000	\$ 2,005,062	\$ 2,009,092	\$ -	\$ 4,030	\$ 1,025	3.77%
3134GUZ78	Federal Home Loan Mortgage Corporation	1/22/2020	1/22/2024	4.0	3.6	1.800%	1.730%	1.790%	\$ 2,000,000	\$ 2,005,388	\$ 2,015,518	\$ -	\$ 10,130	\$ 12,822	3.78%
3134GTR96	Federal Home Loan Mortgage Corporation	7/31/2019	7/30/2024	5.0	4.2	2.300%	2.240%	2.430%	\$ 2,000,000	\$ 2,005,646	\$ 2,005,870	\$ -	\$ 224	\$ 14,852	3.78%
Subtotals									\$ 18,000,000	\$ 18,060,482	\$ 18,190,456	\$ -	\$ 129,974	\$ 90,582	34.00%
Negotiable Certificates of Deposit															
20033AVN3	Comenity Capital Bank	8/9/2017	8/10/2020	3.0	0.2	1.950%	1.950%	0.930%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 277	0.47%
38148PMJ3	Goldman Sachs Bank USA	8/9/2017	8/10/2020	3.0	0.2	1.900%	1.900%	0.930%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,427	0.47%
02587CGG9	American Express FSB	9/12/2017	9/14/2020	3.0	0.3	1.950%	1.950%	1.010%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,029	0.47%
319141HQ3	First Bank of Highland Park	9/14/2017	9/14/2020	3.0	0.3	1.800%	1.800%	1.010%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 950	0.47%
14042RJH5	Capital One, NA	10/12/2017	10/13/2020	3.0	0.4	2.000%	2.000%	1.100%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 650	0.47%
20786ABY0	ConnectOne Bank	12/28/2017	12/28/2020	3.0	0.6	2.200%	2.200%	1.090%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 45	0.47%
1404204E7	Capital One Bank USA NA	8/9/2017	8/9/2021	4.0	1.2	2.100%	2.100%	0.930%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,592	0.47%
254673AF3	Discover Bank	8/9/2017	8/9/2021	4.0	1.2	2.100%	2.100%	0.930%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,592	0.47%
05580AKJ2	BMW Bank North America	9/15/2017	9/15/2021	4.0	1.3	2.100%	2.100%	1.010%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,094	0.47%
88413QBR8	Third Federal Savings & Loan	9/15/2017	9/15/2021	4.0	1.3	2.000%	2.000%	1.010%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,042	0.47%
29266N6P7	EnerBank USA	10/13/2017	10/13/2021	4.0	1.4	2.000%	2.000%	1.100%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 244	0.47%
02587DV47	American Express Centurion	8/8/2017	8/8/2022	5.0	2.2	2.350%	2.350%	0.930%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,797	0.47%
795450C37	Sallie Mae Bank	8/9/2017	8/9/2022	5.0	2.2	2.350%	2.350%	0.930%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,781	0.47%
87164XSH0	Synchrony Bank	10/6/2017	10/6/2022	5.0	2.4	2.250%	2.250%	1.100%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 837	0.47%
06740KLD7	Barclays Bank	10/18/2017	10/18/2022	5.0	2.4	2.300%	2.300%	1.100%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 669	0.47%
32056GCV0	First Internet Bank of Indiana	12/28/2017	12/28/2022	5.0	2.6	2.400%	2.400%	1.090%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 49	0.47%
44329MA45	HSBC Bank USA	8/13/2019	8/13/2024	5.0	4.2	2.300%	2.300%	2.300%	\$ 247,000	\$ 247,000	\$ 247,000	\$ -	\$ -	\$ 1,681	0.47%
Subtotals									\$ 4,199,000	\$ 4,199,000	\$ 4,199,000	\$ -	\$ -	\$ 16,756	7.91%
AZ State Treasurer Local Government Investment Pool (LGIP)															
N/A	Pool 5	N/A	N/A	N/A	0.0	N/A	0.540%	N/A	\$ 19,581,830	\$ 19,581,830	\$ 19,581,830	\$ -	\$ -	\$ -	36.87%
N/A	Pool 7	N/A	N/A	N/A	0.0	N/A	0.230%	N/A	\$ 34,980	\$ 34,980	\$ 34,980	\$ -	\$ -	\$ -	0.07%
N/A	Pool 500	N/A	N/A	N/A	0.0	N/A	1.760%	N/A	\$ 9,347,526	\$ 9,347,526	\$ 9,347,526	\$ -	\$ -	\$ -	17.60%
Subtotals									\$ 28,964,336	\$ 28,964,336	\$ 28,964,336	\$ -	\$ -	\$ -	54.53%
Bank Deposits															
N/A	Analyzed Checking Accounts	N/A	N/A	N/A	0.0	N/A	0.400%	N/A	\$ 1,617,084	\$ 1,617,084	\$ 1,617,084	\$ -	\$ -	\$ -	3.04%
N/A	Interest-Bearing Checking Accounts	N/A	N/A	N/A	0.0	N/A	0.010%	N/A	\$ 273,408	\$ 273,408	\$ 273,408	\$ -	\$ -	\$ -	0.51%
Subtotals									\$ 1,890,492	\$ 1,890,492	\$ 1,890,492	\$ -	\$ -	\$ -	3.56%
Averages/Grand Totals					1.1		1.285%		\$ 53,053,828	\$ 53,114,310	\$ 53,244,284	\$ -	\$ 129,974	\$ 107,338	96.96%

Benchmark per Policy (LGIP Pool 5) 0.540%

* Unrealized gains and losses would only be realized if the City chose to sell its investments prior to maturity and are based on the fair market value as reported by the City's safekeeping agent. The City plans to hold investments until maturity unless there is a compelling reason to sell.

Investment Transactions Summary⁽¹⁾

CUSIP	Issuer	Transaction Type	May 2020 Activity
Acquisitions			
N/A	Interest-Bearing Checking Accounts	Net Contribution	\$ 1,490
Subtotal			\$ 1,490
Dispositions			
N/A	LGIP Pool 5	Withdrawal	\$ 1,000,000
N/A	Analyzed Checking Accounts	Net Withdrawal	\$ 101,101
Subtotal			\$ 1,101,101
Earnings			
20033AVN3	Comenity Capital Bank	Monthly Interest	\$ 396
29266N6P7	EnerBank USA	Monthly Interest	\$ 406
32056GCV0	First Internet Bank of Indiana	Monthly Interest	\$ 487
20786ABY0	ConnectOne Bank	Monthly Interest	\$ 447
3134GDVC9	Federal Home Loan Mortgage Corporation	Quarterly interest	\$ 8,500
3134GDVC9	Federal Home Loan Mortgage Corporation	Accrued Interest Paid w/Purchase	\$ (661)
N/A	LGIP Pool 5	Monthly Gain/Loss	\$ 9,207
N/A	LGIP Pool 7	Monthly Gain/Loss	\$ 7
N/A	LGIP Pool 500	Monthly Gain/Loss	\$ 58,792
N/A	Interest-Bearing Checking Accounts	Monthly Interest	\$ 2
Subtotal			\$ 77,583
Expenses			
N/A	N/A	Custody Charges	\$ 93
N/A	N/A	Wire Fees	\$ 125
Subtotal			\$ 218
Net Transactions for May 2020			\$ (1,022,245)

⁽¹⁾ The drawdown of the investments covered the significant capital improvement costs for the month of approximately \$1.3 million.

Cash Flows Report⁽¹⁾

Month	Beginning Bank Balance	Cash Basis Receipts	Cash Basis Disbursements	Net Account Transfers	Ending Bank Balance	Outstanding Checks	Ending Cash Basis Balance
<i>Cash Basis Transactions by Month⁽²⁾</i>							
April 2020	2,062,507	3,248,560	(3,557,075)	-	1,753,991	(97,078)	1,656,913
May 2020	1,753,991	2,176,168	(3,355,137)	1,000,000	1,575,021	(96,058)	1,478,963
June 2020							
Total Year-to-Date FY 2020		\$ 5,424,727	\$ (6,912,213)	\$ 1,000,000			

⁽¹⁾ This report reflects the activity of the City's cash accounts, excluding separate accounts maintained by the Court.

⁽²⁾ Tracking of cash basis transactions in this manner began in April 2020.