

STAFF REPORT

City of Lancaster

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10/22/2024
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Date: October 22, 2024

To: Mayor Parris and City Council Members

From: George N. Harris II, Senior Director/Treasurer – Admin Services

Subject: Monthly Reports of Investments – August & September 2024

Recommendation:

Accept and approve the August and September 2024 Monthly Report of Investments as submitted.

G.C. Section 84308: No

Fiscal Impact:

None.

Background:

Each month, the Finance Department prepares a report listing the investments for all separate entities under the jurisdiction of the City as identified in the City's Comprehensive Annual Financial Report.

Portfolio Recap

	<u>September 2024</u>	<u>August 2024</u>	<u>July 2024</u>
Total Portfolio	3.45%	3.45%	3.52%
Cal Class	5.26%	5.41%	5.42%
Cal Class-Enhanced	5.27%	5.40%	5.43%
Local Agency Investment Fund	4.58%	4.58%	4.52%
Total Pooled Portfolio			
Balance:	\$124,401,152	\$126,086,293	\$128,614,667

The portfolio balance decreased from July to August by \$2,528,374 or 1.96%. Significant Revenues for August include \$1,992,510 in Sales & Use Tax, \$1,785,492 in Measure LC Sales

Tax, and \$5,564,648 in various reimbursements. Expenses include \$11,257,986 for Operating & Miscellaneous, \$884,070 in Debt Service, and \$4,431,223 for Payroll & Benefits.

The portfolio balance decreased from August to September by \$1,685,141 or 1.34%. Significant Revenues for August include \$2,133,565 in Sales & Use Tax, \$1,670,858 in Measure LC Sales Tax, and \$3,995,949 in various reimbursements. Expenses include \$28,643,433 for Operating & Miscellaneous and \$4,645,009 for Payroll & Benefits.

The City's temporary idle cash, those funds not immediately needed to pay current bills and not governed by bond indentures or bond resolutions, is invested by the City's adopted Investment Policy. The City Council reviewed this policy regularly, with the latest policy adopted on February 13, 2018, by Resolution No. 18-06.

The City's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible within the guidelines of this Investment Policy. The City attempts to achieve the highest yield obtainable through a diversified portfolio only after meeting the criteria established for safety and liquidity in that order. The principal investment objectives of the City are:

1. Preservation of capital and protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated cash flows.
3. Attainment of a market rate of return.
4. Diversification to avoid incurring unreasonable market risks and;
5. Compliance with the City's Municipal Code and with all applicable City resolutions, California statutes, and Federal regulations.

The City's portfolio is a short-term and intermediate-term fixed-income portfolio. The maximum maturity of any investment is 5 years, with consideration of anticipated cash flow requirements and known future liabilities. The City contracts with an investment advisory service (Insight Investment) to assist in the effort to maximize the returns of the City portfolio. The City's investments include publicly traded Treasury notes, Treasury Bills, Federal Agency Investments, Time Deposits, Local Agency Investment Fund (LAIF), and California Cooperative Liquid Assets Securities System (Cal Class) under the auspices of the State Treasurer for investment. Funds invested in LAIF and Cal Class are available within 24 hours, and other investments are available upon maturity at full face value. These investments enable the City to meet its expenditure requirements for the next six months, as required by state law.

The City's investment procedures are governed by Sections 53600 et. seq. of the California Government Code. Additional requirements have been placed on the City's authorized investments by the Investment Policy (a copy is available in the Finance Department or from the City Clerk), and all investments listed in the attached report adhere to these requirements.

Attachment:

- A. August 2024 Report of Investments
- B. September 2024 Report of Investments