

STAFF REPORT
City of Lancaster

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5/13/2025
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Date: May 13, 2025
To: Mayor Parris and City Council Members
From: George N. Harris II, Senior Director/Treasurer – Administrative Services
Subject: Monthly Reports of Investments – March 2025.

Recommendation:

Accept and approve the March 2025 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>March 2025</u>	<u>February 2025</u>
Total Portfolio	2.94%	3.15%
Cal Class	4.40%	4.41%
Cal Class-Enhanced	4.35%	4.41%
Local Agency Investment Fund	4.31%	4.31%
Total Pooled Portfolio Balance:	\$111,665,781	\$113,543,637

The portfolio balance decreased from February 2025 to March 2025 by \$1,877,856 or -1.65%. Significant Revenues for March 2025 include \$2,124,355 in Sales and Use Tax; \$1,602,352 in Measure LC Sales Tax; \$220,486 in Building & Safety Fees; \$217,788 in Engineering Fees; and \$109,551 in Transient Occupant Tax. Expenses include \$16,751,756 for Operating & Miscellaneous, in addition to \$4,688,867 for Payroll & Benefit for a total of \$21,440,623 in Expenses for March 2025.

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 on the attached report adhere to these requirements.

Attachment:

- A. March 2025 Report of Investments