

STAFF REPORT

City of Lancaster

6/23/20

JC

Date: June 23, 2020

To: Mayor Parris and City Council Members

From: George N. Harris II, Finance Director 

Subject: **Monthly Report of Investments – May 2020**

Recommendation:

Accept and approve the May 2020 Monthly Report of Investments as submitted.

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

Yield:

	<u>May 2020</u>	<u>April 2020</u>
Total Portfolio	1.74%	1.58%
Local Agency Investment Fund	1.36%	1.65%
 Total Portfolio Balance:	 \$74,257,165	 \$74,788,234

The portfolio balance decreased from April to May by \$531,069 or 0.7%. Significant revenues for May included \$9,392,853 Property Taxes and \$1,822,450 Sales & Use Tax. The largest City expenditures were \$4,537,343 LA County Sheriff for February and March 2020 law enforcement services, \$2,600,320 Debt Service, \$2,199,911 Payroll & Benefits related, \$1,209,942 for Capital Projects, \$676,890 Operation Jump Start Gift Cards, and \$486,420 LCE/CCEA related.

The City's temporary idle cash, those funds that are not immediately needed to pay current bills and not governed by bond indentures or bond resolutions, is invested in accordance with the City's adopted Investment Policy. This policy is reviewed regularly by the City Council, with the latest policy adopted 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, and Local Agency Investment Fund (LAIF) under the auspices of the State Treasurer for investment. Funds invested in LAIF 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.

GH:MA

Attachment:

Monthly Report of Investments

**ATTACHMENT A
CITY OF LANCASTER
MONTHLY REPORT OF INVESTMENTS
31-May-20**

	Interest Rate	Amount	Total
<u>City of Lancaster</u>			
Wells Fargo Bank			\$3,637,185
City of Lancaster Account (note 1)	0.00%	\$3,537,185	
Certificate of Deposit	0.10%	\$100,000	
Bank of America			\$100,000
Certificate of Deposit	0.05%	\$100,000	
U S Bank - Safekeeping (note 2)			\$40,541,125
US Treasury Notes	2.56%	\$16,602,089	
Federal Government Agencies	1.04%	\$9,531,667	
Corporate Securities	2.70%	\$11,862,041	
Cash & Equivalents	0.00%	\$1,013,783	
Chase Bank			\$150,950
Certificate of Deposit	0.01%	\$150,949.51	
Local Agency Investment Fund (L.A.I.F.)	1.36%	\$25,677,730	\$25,677,730
Total City of Lancaster			\$70,106,989
Successor Agency for the Lancaster Redevelopment Agency			
Local Agency Investment Fund (L.A.I.F.)	1.36%	\$4,150,176	\$4,150,176
Total Lancaster Successor Agency			\$4,150,176
Total Pooled Portfolio (note 3)			\$74,257,165
Weighted Average	1.74%		

**ATTACHMENT A
CITY OF LANCASTER
MONTHLY REPORT OF INVESTMENTS
31-May-20**

	Interest Rate	Amount	Total
River City Bank			\$3,524,353
Lancaster Choice Energy LockBox Account	0.00%	\$1,823,327	
CCEA Cash Collateral Account	2.21%	\$512,144	
CCEA Operating Account	0.00%	\$1,188,882	
The Bank of New York Mellon Trust Company, N.A.			\$1,483,822
LRA & LA County Escrow Account - Government Bonds	0.00%	\$1,483,822	
US Bank			\$80,466,441
CFD 89-1 1990 Special Bonds	0.05%	\$408	
LFA CFD 89-1 1997 Special Bonds	0.05%	\$1,778	
LFA L O BONDS 1997 SERIES A & B	4.70%	\$1,157,617	
LRA Combined 2004 Fire Protection Facilities Project Bonds	0.05%	\$932,591	
LRA Combined 2004 Sheriff Facilities Prjct Refunding Bonds	0.05%	\$1,970,509	
LRA Public Capital Facilities 2010 Project Lease Revenue Bonds	0.05%	\$534,735	
LPA Solar Renewable Energy Issue of 2012A	0.05%	\$2,287,060	
SA Combined Project Areas Refunding Bonds 2015A & B	0.05%	\$67,527	
SA Combined Project Areas Refunding Bonds 2016 A-1 & A-2	0.05%	\$43,259	
SA Combined Project Areas Refunding Bonds 2016B	0.05%	\$31,100	
LFA 2016 Assessment Revenue Bonds (Streetlights Acquisition)	0.05%	\$144	
SA 2017 Tax Allocation Revenue Bonds (TARB)	0.05%	\$3,265	
LFA LRB 2018 Construction and Improvements	0.05%	\$15,385,728	
LFA 2018 Lease Revenue Bonds	0.05%	\$57	
LFA LRB 2019 Street Improvements	0.05%	\$58,050,665	
Total Restricted Cash/Investments Held in Trust		\$80,466,441	
Total Restricted Cash/Investments Held in Trust (note 4)			\$85,474,616

All investments are authorized pursuant to and consistent with the investment policy of the City of Lancaster. Policy adopted 02/13/18 under resolution number 18-06.


George N. Harris II
Finance Director

ATTACHMENT A
CITY OF LANCASTER
MONTHLY REPORT OF INVESTMENTS
May 31, 2020

- (1) This is the actual City bank account balance as of 5/31/2020. It only reflects checks that have been presented for payment and deposits received by the bank. The balance on deposit per the City books would reflect reductions for all checks and warrants issued and all deposits transmitted.
- (2) This is the safekeeping account utilized for investing City funds pursuant and consistent with the investment policy adopted 02/13/2018. The current portfolio consists of treasury notes, government agencies, corporates, and CDs.
- (3) Pooled Portfolio:

	<u>% of Portfolio</u>	<u>Policy Limit</u>
Cash	6.49%	None
CDs	0.50%	25% of total portfolio
Commercial Paper	0.00%	25% of total portfolio
US Treasury	23.68%	None
Federal Securities	13.60%	None
Corporate Securities	16.92%	30% of total portfolio
Municipal/Provincial	2.18%	None
LAIF	36.63%	None

- (4) These are restricted cash and investments are held in trust by the banks indicated. These amounts cannot be pooled for other investing.

City of Lancaster
Cash Balances by Fund
May 31, 2020

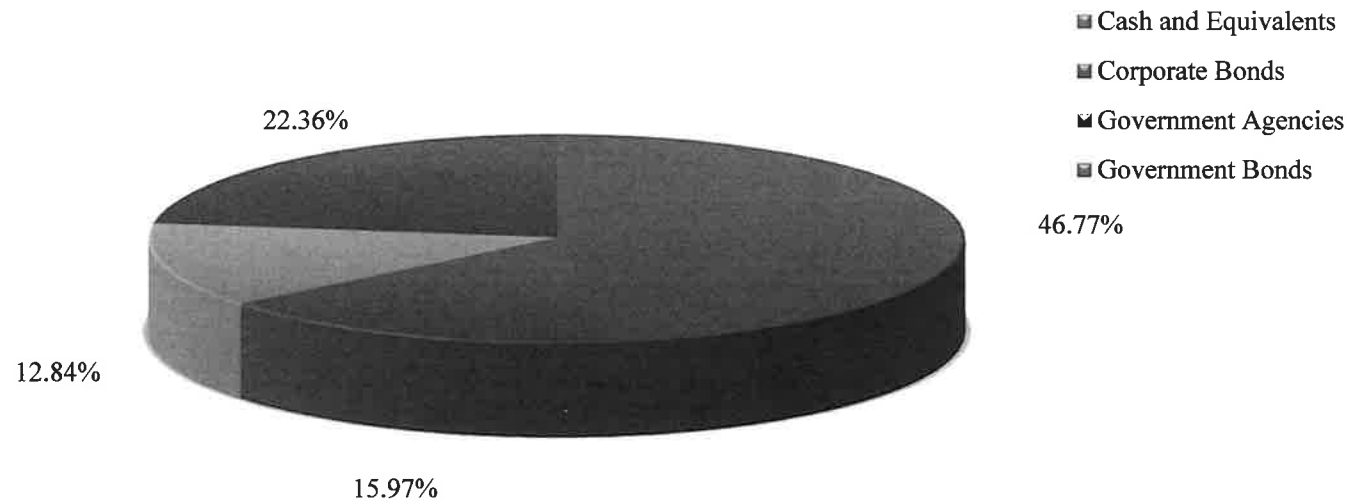
Fund No.	Fund Name	Ending Balance	Fund No.	Fund Name	Ending Balance
101	GENERAL FUND	\$ 13,808,086	323	STATE GRANT - STPL	\$ (760)
104	CAPITAL REPLACEMENT FUND	\$ 1,118,858	324	STATE GRANT - OTS	\$ (5,389)
106	COMMUNITY SERVICES FOUNDATION	\$ 116,911	330	STATE GRANT RECYCLING	\$ 186,196
109	CITY SPECIAL RESERVES FUND	\$ 20,432,164	331	STATE GRANT - OIL RECYCLING	\$ 47,990
150	CAPITAL PROJECTS FUND - CITY	\$ (1,512,995)	349	MISC STATE GRANTS	\$ (3,021,094)
203	GAS TAX	\$ (1,782,330)	361	CDBG	\$ (541,546)
204	AQMD	\$ (63,071)	363	NBRHD STABILIZATION PRGM	\$ 2,633,515
205	PROP 1B	\$ 174,436	364	HPRP-HOMELESS PREV & RAPID REH	\$ -
206	TDA ARTICLE 8 FUND	\$ (1,391,391)	391	LANCASTER HOME PROGRAM	\$ 882,183
207	PROP "A" TRANSIT FUND	\$ 2,716,447	399	FEDERAL MISCELLANEOUS GRANTS	\$ (1,998,093)
208	TDA ARTICLE 3 BIKEWAY FUND	\$ (62,772)	401	AGENCY FUND	\$ 9,078
209	PROPOSITION "C" FUND	\$ 4,005,584	402	PERFORMING ARTS CENTER	\$ -
210	MEASURE R FUND	\$ (8,816)	404	GRANTS FUND	\$ -
211	MEASURE M FUND	\$ 1,729,338	408	X-AEROSPACE GRANTS FUND	\$ -
212	MEASURE A FUND	\$ (813,724)	456	STILL MEADOW LN SWR ASSMNT DST	\$ 13,523
213	PARKS DEVELOPMENT FUND	\$ 478,951	480	SEWER MAINT FUND	\$ 4,463,651
217	SIGNALS - DEVELOPER FEES FUND	\$ 1,847,188	482	LANDSCAPE MAINTENANCE DISTRICT	\$ 1,990,956
220	DRAINAGE - DEVELOPER FEES FUND	\$ 4,707,215	483	LIGHTING MAINTENANCE DISTRICT	\$ 1,343,157
224	BIOLOGICAL IMPACT FEE FUND	\$ 810,713	484	DRAINAGE MAINTENANCE DISTRICT	\$ 2,385,756
226	USP - OPERATION	\$ 2,569	485	RECYCLED WATER FUND	\$ 128,545
227	USP - PARKS	\$ 1,081,766	486	LANCASTER POWER AUTHORITY	\$ 2,952,024
228	USP - ADMIN	\$ 27,386	490	LANCASTER CHOICE ENERGY	\$ 2,513,920
229	USP - CORP YARD	\$ 153,821	491	CALIFORNIA CHOICE ENERGY AUTH	\$ 372,401
230	MARIPOSA LILY FUND	\$ 62,733	701	LANCASTER FINANCING AUTHORITY	\$ (2,026,208)
232	TRAFFIC IMPACT FEES FUND	\$ 1,076,411	810	ASSESSMENT DISTRICT FUND	\$ 154,596
233	DEVELOPER IN LIEU	\$ 103,778	811	AD 93-3	\$ -
248	TRAFFIC SAFETY FUND	\$ 186,336	812	AD 92-101	\$ 18
251	ENGINEERING FEES	\$ -	830	CFD 89-1 EASTSIDE WATER FUND	\$ 234,691
252	PROP 42 CONGESTION MANAGEMENT	\$ 59,211	831	CFD 90-1 (BELLE TIERRA)	\$ 659
261	LOS ANGELES COUNTY REIMB	\$ (276,484)	832	CFD 91-1 (QUARTZ HILL)	\$ 502
301	LANCASTER HOUSING AUTH. OPS.	\$ 1,267,810	833	CFD 91-2 (LANC BUSINESS PARK)	\$ -
306	LOW & MOD INCOME HOUSING	\$ 8,039,339	991	REDEV OBLIGATION RETIREMENT FD	\$ 4,421,625
321	MTA GRANT - LOCAL	\$ (302,076)			
				Total Cash Balance	\$ 74,935,285

* Variance from portfolio balance due to deposits in transit and outstanding checks at month end

**City of Lancaster
Recap of Securities Held
May 31, 2020**

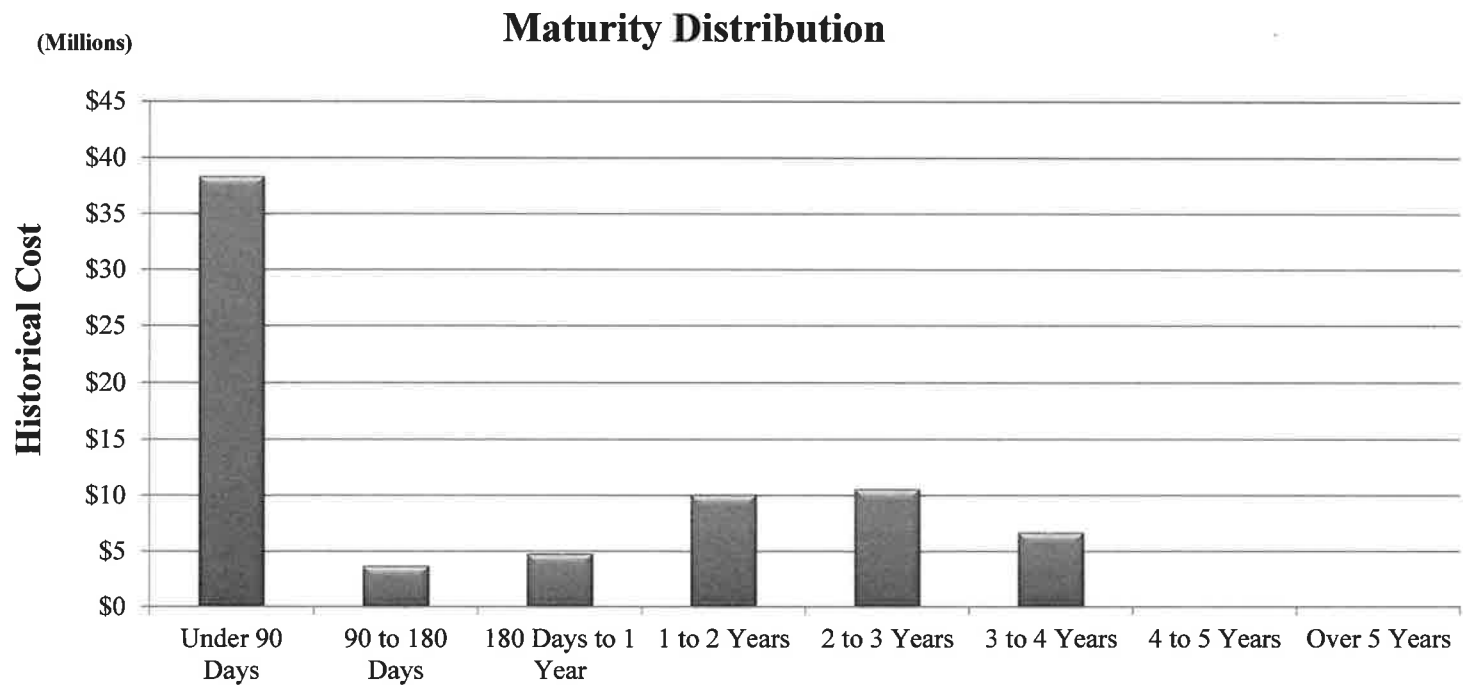
	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Effective	% Portfolio/ Segment	Weighted Average Market
Cash and Equivalents	\$34,729,823	\$34,729,823	\$34,729,823	\$0	1	46.77%	0.00
Corporate Bonds	\$11,862,041	\$11,873,364	\$12,080,041	\$206,677	512	15.97%	1.31
Government Agencies	\$9,531,667	\$9,516,320	\$9,668,207	\$151,887	908	12.84%	1.98
Government Bonds	\$16,602,089	\$16,573,929	\$17,062,198	\$488,269	562	22.36%	1.50
Municipal/Provincial Bonds	\$1,531,545	\$1,525,028	\$1,552,755	\$27,727	855	2.06%	2.27
TOTAL	\$74,257,165	\$74,218,464	\$75,093,024	\$874,561	626	100.00%	1.55

Portfolio Diversification



City of Lancaster
Maturity Distribution
May 31, 2020

Maturity	Historical Cost	Percent
Under 90 Days	\$38,386,956	51.69%
90 to 180 Days	\$3,705,503	4.99%
180 Days to 1 Year	\$4,799,325	6.46%
1 to 2 Years	\$10,070,866	13.56%
2 to 3 Years	\$10,589,402	14.26%
3 to 4 Years	\$6,705,113	9.03%
4 to 5 Years	\$0	0.00%
Over 5 Years	\$0	0.00%
	\$74,257,165	100.00%



City of Lancaster
Securities Held
May 31, 2020

