

STAFF REPORT

City of Lancaster

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12/13/22

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Date: December 13, 2022

To: Mayor Parris and City Council Members

From: George N. Harris II, Finance Director

Subject: **Monthly Report of Investments – October 2022**

Recommendation:

Accept and approve the October 2022 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>October 2022</u>	<u>September 2022</u>
Total Portfolio	2.01%	2.13%
Local Agency Investment Fund	1.77%	1.51%
 Total Portfolio Balance:	 \$144,413,921	 \$102,943,790

The portfolio balance increased from September to October by \$41,470,131 or 40.3%. Significant revenues for October included \$2,613,247 in Sales & Use Tax and \$2,082,229 in Measure LC Sales Tax. The largest City expenditures were \$3,595,021 for Capital Projects and \$3,535,803 for Payroll & Benefits. U.S. Bank National Association, as trustee, reimbursed \$43,819,212 progress payment for construction costs from 2019 Street Improvements Lease Revenue Bonds.

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, 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