

STAFF REPORT

City of Lancaster

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03/25/14
MVB

Date: March 25, 2014

To: Mayor Parris and City Council Members

From: Barbara Boswell, Finance Director

Subject: **Monthly Report of Investments – February 2014**

Recommendation:

Accept and approve the February 2014, 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, the City of Lancaster and the Lancaster Housing Authority.

Portfolio Recap

February portfolio transactions:

Purchased

<u>Description</u>	<u>Maturity</u>	<u>Yield</u>	<u>Amount</u>
3M company	06/26/2017	1.000%	\$1,150,000
T-Note	10/31/2017	1.000%	\$600,000

Sold

<u>Description</u>	<u>Maturity</u>	<u>Yield</u>	<u>Amount</u>
FHLMC	02/13/2014	1.000%	\$1,740,000

Yields:

	<u>February 2014</u>	<u>January 2014</u>
Total Portfolio	0.505%	0.507%
Local Agency Investment Fund	0.236%	0.244%

Total Portfolio Balance:	\$73,698,080	\$73,522,041
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The portfolio balance is slightly higher this month due to revenue received in February for Property Taxes (\$1,923,281), and combined Sales and Use Taxes (\$1,265,600). Large expenditures in February consisted of payments made to Southern California Edison Company in the amount of \$255,082.16 (street and highway lighting), Security Paving Company in the amount of \$332,509.63 (Capital project 15BR001 SR14 and Ave I), Blue Cross for \$144,529.74 and Kaiser Foundation in the amount of \$126,776.07 (health care premiums).

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 annually by the City Council, with the latest policy adopted July 23, 2013, by Resolution No. 13-47.

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.
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 (Cutwater Asset Management) to assist in the effort to maximize the return on 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 the LAIF are available within 24 hours, and other investments are available upon maturity at full face value. These investments enable the City and Agency to meet its expenditure requirements for the next six months, as required by state law.

The City's investments 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.

NR:tb

Attachment:

Monthly Report of Investments