

STAFF REPORT
City of Lancaster

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09/27/16
MVB

Date: September 27, 2016
To: Mayor Parris and City Council Members
From: Pam Statsmann, Acting Finance Director
Subject: **Monthly Report of Investments – August 2016**

Recommendation:

Accept and approve the August 2016 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

August portfolio transactions:

Purchased

<u>Description</u>	<u>Settle Date</u>	<u>Yield</u>	<u>Amount</u>
Federal Farm Credit Bank	08/03/2016	1.360%	\$1,000,000

Sold

<u>Description</u>	<u>Settle Date</u>	<u>Yield</u>	<u>Amount</u>
U.S. Treasury Note	08/01/2016	0.910%	\$1,000,000

Yield:

	<u>August 2016</u>	<u>July 2016</u>
Total Portfolio	0.744%	0.703%
Local Agency Investment Fund	0.614%	0.588%
 Total Portfolio Balance:	 \$71,341,092	 \$73,657,281

The portfolio balance this month is slightly lower than the last due to a number of large expenditures. These include \$1,862,582 to the Los Angeles County Sheriff (June 2016 law enforcement services) and payments totaling \$1,015,377 for various capital projects. Significant revenues include \$309,858 in franchise fees (Time Warner), \$1,758,600 of sales and use tax, and \$899,328 in property tax receipts.

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 January 13, 2015, by Resolution No. 15-02.

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.

PS:NR

Attachment:

Monthly Report of Investments