



Agenda Item

City Council

Item #: 9.2.

11/12/2024

File #: 24-0644

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Richard A. Rohm, City Treasurer
Trang Nguyen, Finance Director

1. SUBJECT

Monthly Treasurer's Reports for July, August, and September 2024.

2. SUMMARY

These reports provide a compilation of three-monthly Treasurer's Reports to the City Council for the first quarter of Fiscal Year 2024-2025. Included in the reports are an economic update and detail of the City's portfolio holdings, monthly transactions, and consolidated information on all cash and investments

3. RECOMMENDED ACTION

Receive and file.

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

d: Effectively manage and develop City assets.

6. DISCUSSION AND BACKGROUND

The City's Fiscal Year 2024-25 Statement of Investment Policy has been adopted by the City Council of the City of Orange as Resolution 11563 and is in accordance with the California Government Code Sections 53600 et seq. Per the Investment Policy, three monthly investment reports are to be submitted to the City Council within 45 days following the end of the quarter.

As required by the City's present Investment Policy, the City Treasurer's report delineates all investments made by the City Treasurer for the City, its special funds, and the Successor Agency funds, by investment type and by broker.

The monthly Compliance Report certifying compliance of all investments with both the Government Code and the City's Investment Policy is included.

The Investment Portfolio Statement accurately reflects all investments held by the City and its agents as of the end of the month. A summary of Treasurer's cash and investments is also included.

Summary of Cash and Investments:

The cash and investment report provides a summary of the cash and investment accounts held by the City as quarter ending September 30, 2024. As of September 30, 2024, the book value of the City's total investment portfolio was \$143.9 million, of which \$103.0 million, or 71.6%, was managed by Chandler Asset Management (Chandler), the City's investment manager. The remaining balance \$40.9 million of the portfolio was managed by City staff of which \$22.2 million was invested in the Local Agency Investment Fund (LAIF) and \$18.2 million held in the City's operating checking account.

	Cash & Investments Balance ₁
Chandler Investments:	\$103,019,494
Chandler Custodial Cash ₂	470,961
LAIF, City:	14,028,218
LAIF, Successor Agency:	8,164,649
Wells Fargo Bank:	<u>18,224,835</u>
Balance at 9/30/2024	<u>\$143,908,157</u>

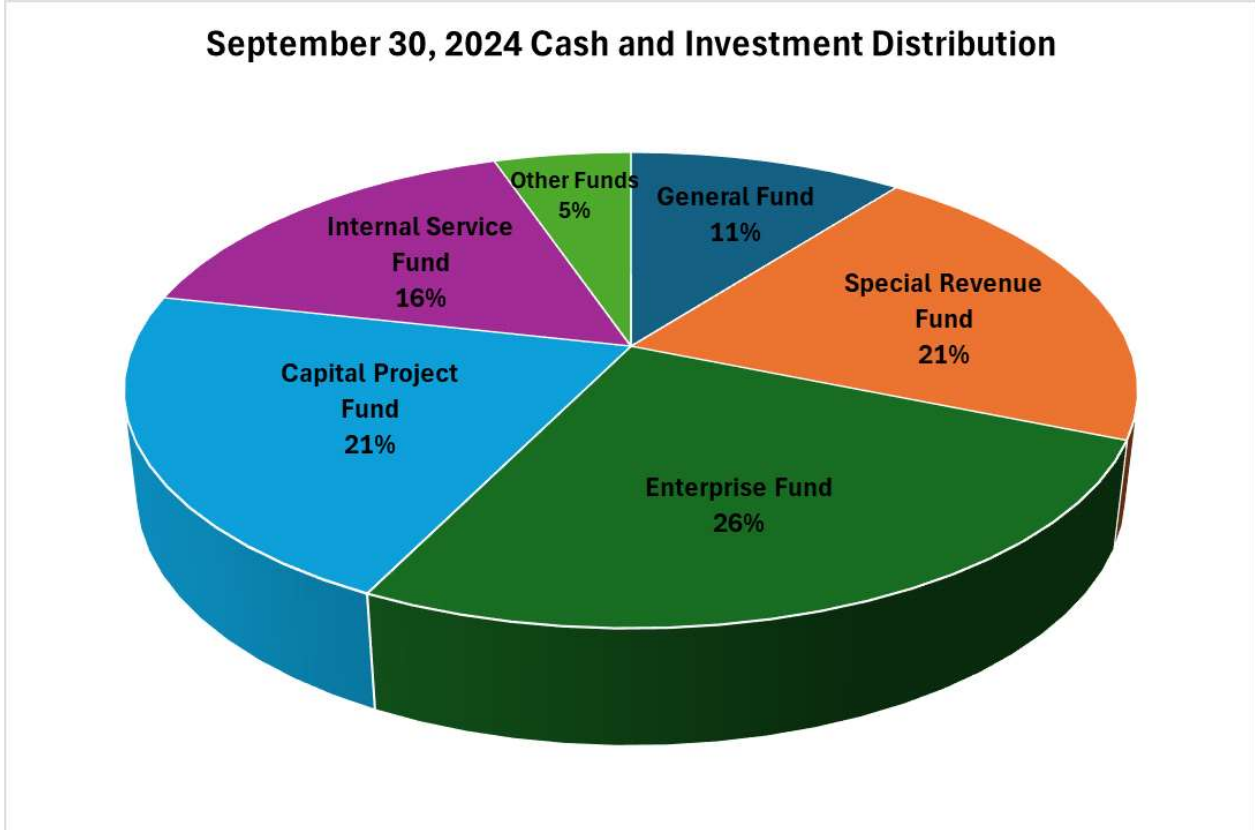
⁽¹⁾Represents the bank balance. Includes operating cash and investments (valued at cost). Does not include deposits with administrator, imprest cash, fiscal agent cash and investments, and deferred compensation.

⁽²⁾Represents custodial cash account that Chandler holds with US Bank.

Pursuant to California Government Code Section 53646(b)(3), the City certifies that the reported cash and investment balances are sufficient to meet anticipated expenditures for the next six months.

In summary, cash and investments as of September 30, 2024, totaled \$143,908,157. The City's balances by fund is presented in the Cash and Investment by Fund attachment. The total cash and investments by fund type is comprised of:

Fund Type	Amount (in millions)	% of Total
General Fund	\$15.0	11%
Special Revenue Fund	29.9	21%
Enterprise Fund	37.5	26%
Capital Project Fund	30.6	21%
Internal Service Fund	23.4	16%
Other Funds	7.5	5%
Total	\$143.9	



The City invests a large portion of its portfolio in Federal Agency Securities and U.S. Treasury Notes due to safety and preservation of capital to prevent loss. The City also invests a portion of its funds in LAIF which offers same day liquidity. Additionally, the City invests in high quality corporate notes, asset backed securities, and supranational agency bonds to obtain higher yields and add diversity to the portfolio. As of September 30, 2024, the City investments consisted of the following and are compliant with the Investment Policy:

Investment Type	Book Value as of June 30, 2024	Percentage of Portfolio Investment by Type	Maximum %/\$ of Portfolio Permitted by Investment Policy	In Compliance?
Federal Agency Securities	40,630,590	28%	75%	Yes
Local Agency Investment Fund (LAIF)	22,192,867	15%	\$75MM	Yes
Corporate Notes	26,937,645	19%	30%	Yes
U.S. Treasury Notes	25,556,497	18%	100%	Yes
Asset Backed Securities	6,027,839	4%	20%	Yes
Supranational	3,672,347	3%	30%	Yes
Money Market Fund	194,576	0%	20%	Yes
Checking Account/Custodial Cash	18,695,795	13%	N/A	N/A
Total Investments	143,908,157	100%		

Significant Cash Transactions:

The City's total cash decreased by \$31.4 million from the last quarter's total of \$175.3 million. Total cash fluctuates over the course of the fiscal year due to cyclical events. The City received large property tax allocations totaling \$25.8 million last quarter compared to \$1.7 million in the current quarter. Significant cash transactions in the first quarter of FY 2024-25 were payroll, which included an extra pay cycle in August, operational payments to vendors, and debt service payments. The debt service payments comprised of \$1.9 million for the CFD 91-2 Serrano Heights Public Improvements, \$1.2 million for the 2018A Tax Allocation Refunding Bonds, \$1.1 million for the CFD 06-1 Del Rio Public Improvements, and \$0.6 million for the 2008B Tax Allocation Refunding Bonds. Additionally, the City made an annual payment of \$3.9 million for the FY 2024/25 insurance premium and a \$3 million lumpsum payment to CalPERS for the FY 2024/25 unfunded accrued liabilities. All cash disbursements are within the FY 2024-25 budget and all check registers are presented to the City Council monthly.

7. ATTACHMENTS

- Attachment 1 Cash and Investments by Fund
- Attachment 2 Investment Report for the Period Ending September 30, 2024
- Attachment 3 Monthly Statement for July 2024
- Attachment 4 Monthly Statement for August 2024
- Attachment 5 Monthly Statement for September 2024