CITY *of* CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: JANUARY 10, 2024

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: RON AHLERS, CHIEF FINANCIAL OFFICER   *RA*

SUBJECT: QUARTERLY INVESTMENT REPORT FOR QUARTER ENDING DECEMBER 31, 2023

MEETING DATE: JANUARY 24, 2024

SUMMARY RECOMMENDATION:

Staff recommends the City Council receive and file the quarterly investment report for the quarter ending December 31, 2023.

BACKGROUND:

The California state law was amended January 2023 to increase the number of days from 30 to 45 for submittal of the quarterly investment report to the City Council. That change is reflected in section 53646 written below.

The City's Investment Policy states:

> *The City Treasurer shall review and render quarterly reports to the City Manager and City Council in compliance with California Government Code Section 53646(b). These reports will include the face amount of the cash investment, the classification of the investment, the name of the institution or entity, the rate of interest, the maturity date, the current market value and accrued interest due for all securities.*

AGENDA ITEM NO. 2

California Government Code Section 53646 states:

> *(b) (1) The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within **45 days** following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.*
>
> *(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.*
>
> *(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.*

DISCUSSION/ANALYSIS:

Cash Flow Declaration
Per State of California Government Code section 53646(b)(3) and Item 11.0 of the City of Calabasas Investment Policy, the City is required to have enough cash on hand to meet the City's cash flow demands for at least six (6) months. The City of Calabasas' investment portfolio has the ability to meet that demand.

Compliance Declaration
Per State of California Government Code section 53646(b)(2), the City of Calabasas' investment portfolio complies with the City's Investment Policy.

The City cash posted about $910,000 in investment earnings for FY 2022-23. The prior year, FY 2021-22 cash posted investment earnings totaled $402,000. Therefore, annual earnings increase of $508,000 in one year.
The first half of FY 2023-24, the City posted cash earnings of about $838,000. Staff estimates investment earnings for the year will exceed $1,250,000; based on the current investment portfolio.

This past quarter, October 1, 2023 to December 31, 2023, the City had seven investments mature with principal of $3.2 million and a yield of 4.9%. The City purchased about $2.9 million in certificates of deposit (CD) and Federal Home Loan Bank, with a weighted average yield above 5.3% and average maturity of 35 months { less than three years }.

FISCAL IMPACT/SOURCE OF FUNDING:

None.

REQUESTED ACTION:

City Council receive and file the quarterly investment report.

ATTACHMENTS:

1. QUARTERLY INVESTMENT REPORT for December 31, 2023