



AGENDA NO: 7.f

MEETING DATE: February 11, 2025

Staff Report

TO: Honorable Mayor and Councilmembers

DATE: February 11, 2025

FROM: Emily Conrad, Finance Director
Megan Schotborgh, Accounting Manager

SUBJECT: First and Second Quarter Investment Reports (periods ending September 30, 2024 and December 31, 2024) for Fiscal Year (FY) 2024-25

RECOMMENDED ACTION

Receive the attached First Quarter and Second Quarter Investment Reports (periods ending September 30, 2024 and December 31, 2024) for FY 2024-25.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

DISCUSSION

The First Quarter Investment Report for FY 2024-25 is summarized below:

Cash and Pooled Investment Portfolio at September 30, 2024			
Institution	Par Value¹	Market Value²	WAM³
Mechanics Bank (interest earning)	27,041,498	27,041,498	0
LAIF	38,393,136	38,472,268	0
Zions Bank	12,942,000	13,089,028	216
Subtotal Pooled Investment Portfolio	78,376,634	78,602,794	
Mechanics Bank (operating/non-interest earning)	4,039,286	4,039,286	0
TOTAL IN TREASURY	82,415,920	82,642,080	

- (1) The face value of investments
- (2) The amount in which investments could be sold
- (3) WAM is the Weighted Average Maturity, the average time a security will mature

The City's investments earned a total of \$982,955 in interest this quarter. Interest rates continued the upward trend during this period. Mechanics Bank increased by 10 basis points to 4.8% and LAIF increased by 16 basis points to 4.71%.

There were two transactions during this period: a Certificate of Deposit (CD) matured at a Par Value of \$249,000 and interest rate at 3.40%, and the CD was replaced with another at a Par

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City Manager Review: _____	City Attorney Review: _____

Value of \$247,000 and interest rate at 4.15% to maintain a similar investment level. This quarter, the City’s portfolio is performing slightly under LAIF, with a difference of 0.282%.

The Second Quarter Investment Report for FY 2024-25 is summarized below:

Cash and Pooled Investment Portfolio at December 31, 2024			
Institution	Par Value¹	Market Value²	WAM³
Mechanics Bank (interest earning)	30,299,531	30,299,531	0
LAIF	38,848,438	38,833,753	0
Zions Bank	11,942,000	11,902,849	137
Subtotal Pooled Investment Portfolio	81,089,969	81,036,133	
Mechanics Bank (operating/non-interest earning)	4,036,597	4,036,597	0
TOTAL IN TREASURY	85,126,566	85,072,730	

- (1) The face value of investments
- (2) The amount in which investments could be sold
- (3) WAM is the Weighted Average Maturity, the average time a security will mature

The City’s investments earned a year-to-date total of \$1,720,876 interest by the close of this quarter. Interest rates began to decline during this period, however, earnings increased due to increasing funds in the Money Market account and in the number of investments. Earnings at this reporting date outperformed prior year by over \$900,000 at the same date. Mechanics Bank decreased by 13 basis points to 4.67% and LAIF decreased by 9 basis points to 4.62%. With the slight decrease in interest rates, higher earnings are a result of higher cash balances and staff efforts to pursue improved investment options consistent with Council’s Investment Policy and State law.

Our portfolio is performing slightly under LAIF, with a difference of 0.261%. With one Treasury Bill maturing this quarter, staff will explore investment options. Staff will monitor interest rates closely to maximize earnings. As reported in previous investment reports, many small cities utilize investment advisors with extensive expertise in municipal investments to ensure ongoing maximization of interest revenues within the confines of State law and local investment policies. Staff will begin to evaluate whether investment advisor services would be financially beneficial to the City and increase interest earnings to a greater degree for a limited cost.

CONCLUSION

Staff recommends that the City Council receive the First Quarter and Second Quarter Investment Reports (periods ending September 30, 2024 and December 31, 2024) for Fiscal Year 2024-25.

ATTACHMENTS

1. First Quarter Investment Report for FY 2024-25 (period ending September 30, 2024)
2. Second Quarter Investment Report for FY 2024-25 (period ending December 31, 2024)