



MEMORANDUM

Agenda Item #: 6
Meeting Date: January 23, 2018

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: VICTORIA A. LOZZI, CITY TREASURER /s/

**SUBJECT: QUARTERLY REPORT OF CASH & INVESTMENTS –
DECEMBER 31, 2017**

DATE: JANUARY 23, 2018

ISSUE/PURPOSE

Acceptance and discussion of the quarterly report of cash and investments as of December 31, 2017, the second quarter of FY17-18.

BACKGROUND

The City's investment policy calls for a quarterly investment report within 30 days of the end of the quarter. This report emphasizes transparency in this important area of fiscal stewardship.

Created in coordination with the City Finance Department, this quarterly report provides the following:

- A status update by the City Treasurer on the condition of the City's cash and investments
- A display of the current asset mix of all cash and investments

The quarterly report of cash and investments is posted to the City's website.

DISCUSSION

As of December 31, 2017, yields are slightly higher than the prior quarter. An anticipated rate hike by the Federal Reserve occurred in December, with the short-term Fed Funds rate increasing 0.25%, to 1.50%. General consensus is that there will be 2 – 3 rate hikes in 2018.

The City's yield for its Federal Obligations and Certificates of Deposit (CDs) is 1.73% (1.69% the past quarter). On a cost basis of \$13,879,000 (market value \$13,694,563) estimated annual income is \$237,357. The cash balance of \$3,495,118 is held in Demand Deposit Accounts at Union Bank. Pooled Investments consist of \$6,570,810 held by the Local Agency Investment Fund (LAIF), at an interest rate of 1.20% (1.07% Prior Quarter), and \$1,500,000 held by the L.A. County Pooled Investment Fund (LACPIF), at an interest rate of 1.44%. The City's money remains secure and cannot be accessed by the State or the federal government.

The City's December 2017 investment account statement, provided by our custodian Union Bank, shows a market value of \$13,694,563 and an unrealized loss of \$184,437. Since the City typically holds its investments to maturity, full-face (par) value is received, and no realized gain/ (loss) of funds is expected.

Investments have maturity dates ranging from 2018 to 2022. In the second quarter of FY17-18, the City purchased one Federal Obligation in the amount of \$1,000,000 and one Certificate of Deposit in the amount of \$250,000, maturing in 2020 and 2019, respectively. The City Treasurer will also update the Council on any subsequent period investment activity in her oral presentation.

FISCAL IMPACT

There is no fiscal impact associated with this report. This report is for the City Council to receive and file.

NOTIFICATION

The Quarterly Report of Cash and Investments has been posted and noticed consistent with the City's requirements.

ALTERNATIVES

The alternatives available to the City Council include:

1. Receive and file the report.
2. Request additional information.

CONCLUSION

In conclusion, the current level of investments can accommodate cash needs, and can support additional investments as we remain ever attentive to changing trends in the marketplace/economy.

ATTACHMENTS:

- A. Report of Cash and Investments – 12/31/2017

Attachment A - Report of Cash and Investments – 12/31/2017

Transaction Summary: December 31, 2017	
	Cash
Receipts	
Interest	9,855.17
Sales/Maturities/Calls	-
Deposits	1,250,000.00
Total Reciepts	1,259,855.17
Disbursements	
Purchases	(1,250,000.00)
Transfer to Checking	(9,855.17)
Total Disbursments	(1,259,855.17)
Total Net Transactions	0.00