



Agenda Item

City Council

Item #: 3.20.

2/8/2022

File #: 22-0049

TO: Honorable Mayor and Members of the City Council

THRU: Thomas R. Hatch, Interim City Manager

FROM: Richard A. Rohm, City Treasurer
Will Kolbow, Assistant City Manager/Administrative Services Director

1. SUBJECT

Monthly Treasurer's Reports for October, November, and December 2021.

2. SUMMARY

Presentation of three monthly Treasurer's Reports to the City Council, after the end of the quarter covered by the reports.

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 current Statement of Investment Policy has been adopted by the City Council of the City of Orange as Resolution 11340 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. This investment data is also presented in other summary and graphic form. A reconciliation between total cash and investments and total cash per the General Ledger is also included.

All of the three monthly Treasurer's Reports have been reviewed by the Investment Advisory

Committee (IAC).

Summary of changes in Treasurer's cash and investments:

	<u>Operating Cash & Investments</u> ⁽¹⁾
Balance @ 9/30/2021	\$130,860,325
Monthly Activity:	
Cash Received	66,912,481
Cash Disbursed	(60,024,134)
Balance @ 12/30/2021	\$137,748,672

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

Significant Monthly Cash Transactions:

		October	November	December
Cash Receipts:				
Sales Tax Revenue		\$4,501,886	4,883,108	4,513,112
Property Taxes		75,240	5,385,158	13,833,275
Cash Disbursements:				
OC Water District	Purchased Water	1,629,352	1,412,416	1,311,775
RC Construction	Fire HQ	954,421	967,277	972,956
PERS	Employee Benefits	641,281	638,448	1,305,842
Southern Counties Oil Co.	Agreement	1,114,608		
South Coast Fire Equipment	Fire Engine/Truck	905,065		1,689,951
Southern California Edison	Electricity*		635,393	740,509
RJ Noble	Pavement Maint.		484,548	
Southwest Pump & Drill	Well 28			658,119
Excess Cash Receipts				18,888,133
Excess Cash Disbursements		8,042,001	4,129,510	
LAIF Balance	Beginning	30,200,000	38,800,000	35,000,000
	Ending	38,800,000	35,000,000	48,200,000

*Electricity costs represent catch-up of previous incorrect billings.

Credit rating on investments

The HSBC medium term note in the portfolio has been downgraded by Standard and Poor's (S&P) from "A" to "A-", which is one level below the minimum "A" rating permitted in the investment policy. It should be noted S&P is the only credit rating agency that issued the downgrade. The other two major national rating companies of Moody's and Fitch have maintained the same bond credit rating.

If a security is downgraded one notch below the quality required in the investment policy, it is considered acceptable to retain such downgraded security in the portfolio. If a security is rated two

grades below the required minimum rating, it will trigger an automatic sale of such downgraded security. Staff will continue to monitor the downgraded HSBC investment.

Investment Advisory Committee (IAC)

The next IAC meeting is scheduled for February 23, 2022 while the next quarterly Committee meeting is to be scheduled for May 2022.

7. ATTACHMENTS

- Investment Report for October 2021
- Investment Report for November 2021
- Investment Report for December 2021