

City of Santa Rosa Investments Overview

LONG TERM FINANCIAL POLICY AUDIT
SUBCOMMITTEE

JANUARY 23, 2025

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BUDGET & FINANCIAL ANALYSIS MANAGER

Investment Overview

Investment Policy & Objectives

Monthly Investment Report

Questions

City of Santa Rosa Investments Overview

Investments Overview

- City cash, in excess of operational / short-term need, is held in investments managed by PFM (Public Financial Management) to earn interest and benefit the City
- Cash includes any bond proceeds, cash-funded capital projects, and reserves for all funds (General Fund, Enterprise, Special Revenue Funds, and Housing Authority)
- City staff balances immediate cash needs between the City's operating bank account and investments
 - Invest PFM when experiencing a surplus
 - Liquidate when large bills are due (debt service, annual CalPERS payment)

Investment Policy

- The City's Investment Policy was adopted in January 1985 and has been updated and amended at Council fifteen times, most recently July 2023.
- The Investment Policy ensures that public funds are made in a safe and responsible manner.
- The City invests in permitted securities consistent with California Government Code, and within I sector allocation and maturity restrictions that reflect the City's risk tolerances.
- Investment policy can be found here: <https://www.srcity.org/176/Investments>

Investment Objectives

The City's Investment objectives in order of priority are:

- **Safety** - Safety of principal is the foremost objective of the investment program. Investments for the City will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- **Liquidity** - The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- **Yield** - The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio.

Monthly Investment Report

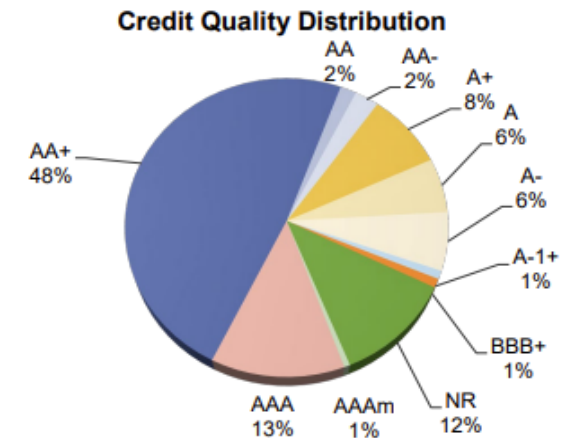
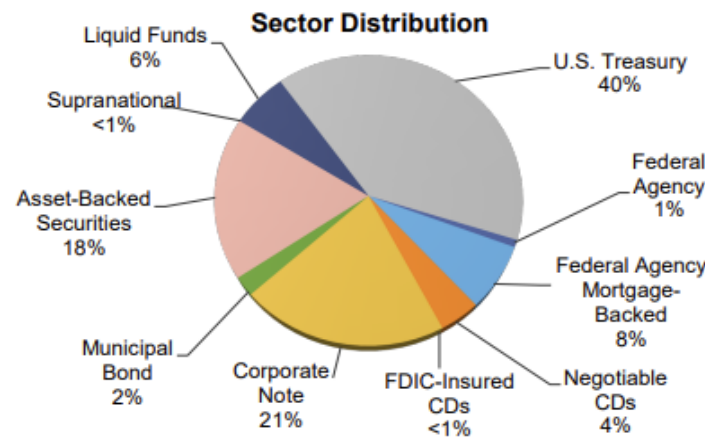
- Investment accounts are reconciled monthly and a report is drafted to be shared with Council and the public, posted online:
www.srcity.org/176/Investments
 - Overnight investment vehicles (savings accounts, money market funds, and CA state investment pool)
 - Portfolio of individual fixed income securities (operating and bond proceeds)

Portfolio Summary

displays the level of diversification by investment type and credit quality

Portfolio Summary and Characteristics

Security Type	Par Value	Amortized Cost Value ¹	Market Value ¹	November 30, 2024 % of Portfolio ³
U.S. Treasury	\$231,815,000	\$233,100,515	\$232,832,716	40%
Federal Agency	\$4,710,000	\$4,772,798	\$4,752,992	1%
Federal Agency Mortgage-Backed	\$44,772,074	\$43,259,509	\$43,446,246	8%
Negotiable CDs	\$23,750,000	\$24,118,992	\$24,407,041	4%
FDIC-Insured CDs	\$457,631	\$470,289	\$470,289	<1%
Corporate Note	\$121,975,000	\$122,690,192	\$123,410,941	21%
Municipal Bond	\$13,155,000	\$12,946,279	\$12,935,319	2%
Asset-Backed Securities	\$104,800,328	\$104,762,144	\$106,106,100	18%
Supranational	\$2,275,000	\$2,257,286	\$2,259,948	<1%
Liquid Funds²	\$36,200,002	\$36,200,002	\$36,200,002	6%
Total Value	\$583,910,035	\$584,578,006	\$586,821,592	100%



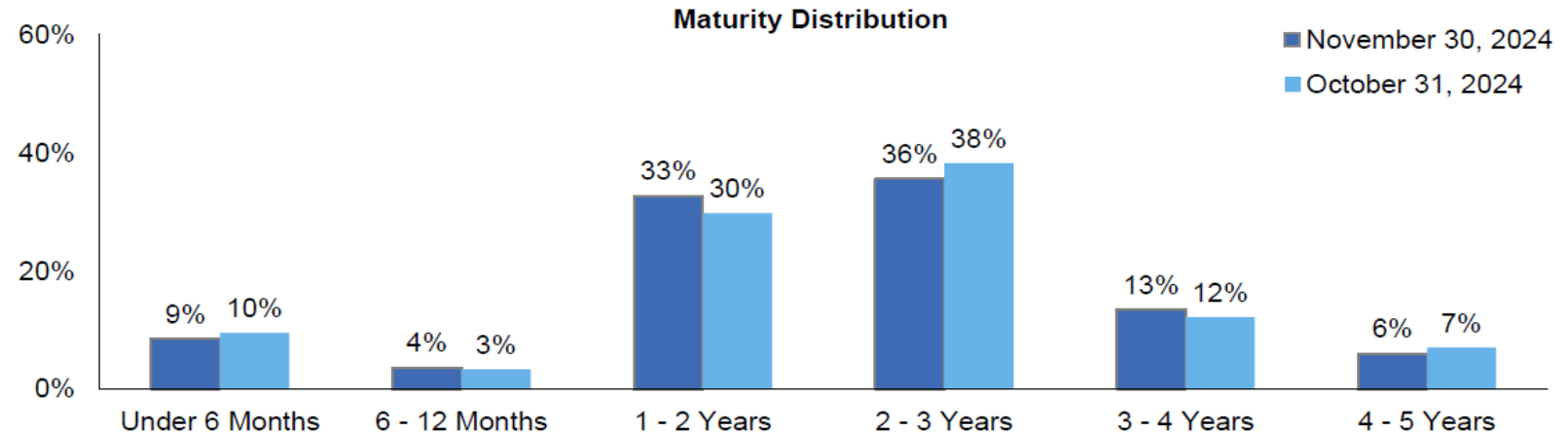
1. Security amortized cost and market values include accrued interest as of trade date.
2. Liquid Funds include the City's LAIF, Chase Bank Checking, and custody account cash balances.
3. Based on market value plus accrued interest. Percentages may not add exactly to 100% due to rounding.

Investment Program Maturity Summary

Maturity Summary

demonstrates the level of diversification by maturity date ensuring the City has funds to meet its cash flow needs

Maturity ¹	Market Value ²	November 30, 2024 % of Portfolio	October 31, 2024 % of Portfolio
Under 6 Months	\$50,154,710	9%	10%
6–12 Months	\$21,324,703	4%	3%
1–2 Years	\$192,116,837	33%	30%
2–3 Years	\$208,993,665	36%	38%
3–4 Years	\$78,784,516	13%	12%
4–5 Years	\$35,447,161	6%	7%
Total Market Value	\$586,821,592	100%	100%



1. Funds held in LAIF are included in the under 6-month range because they can be accessed within one day.
2. Security market values include accrued interest as of trade date. Values may not sum exactly to 100% due to rounding.

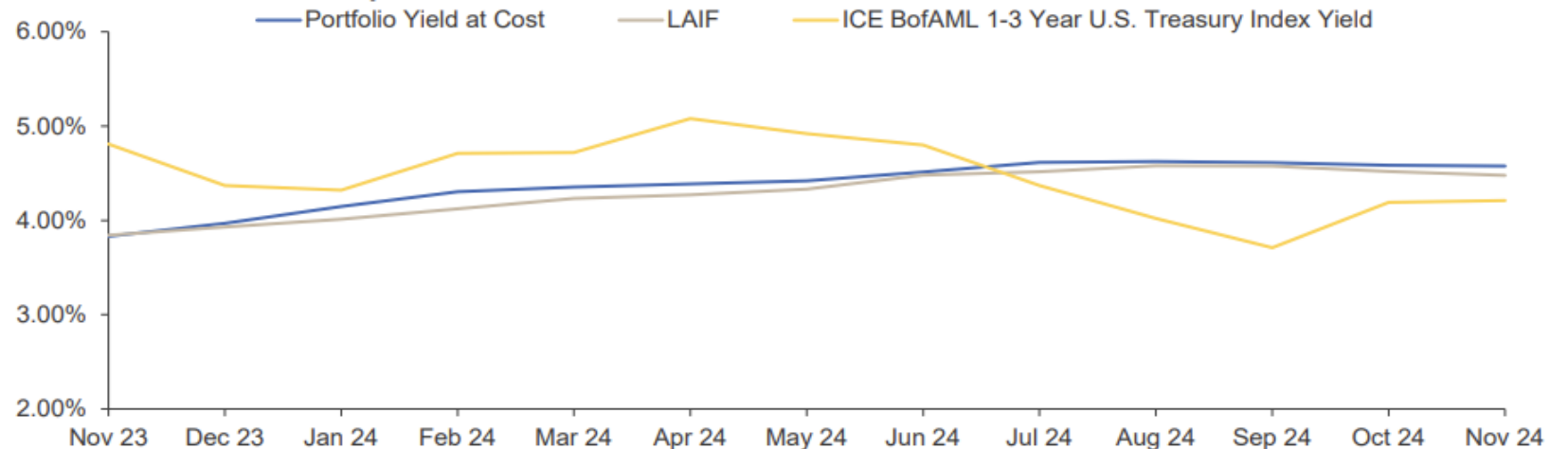
Portfolio Yield Summary

a historical record of the City's overall fund balance and earning rates.

Portfolio Yield Summary

Date	Market Value ¹	Portfolio Duration ²	Portfolio Yield (Cost) ²	LAIF Yield (Monthly Effective) ³	1-3 Year Treasury Index Yield ⁴
May-24	\$675,983,571	1.55	4.42%	4.33%	4.92%
Jun-24	\$652,167,302	1.64	4.51%	4.48%	4.80%
Jul-24	\$572,823,712	1.69	4.62%	4.52%	4.37%
Aug-24	\$592,435,815	1.52	4.62%	4.58%	4.02%
Sep-24	\$590,954,429	1.60	4.61%	4.58%	3.71%
Oct-24	\$594,766,205	1.67	4.58%	4.52%	4.19%
Nov-24	\$586,821,592	1.64	4.58%	4.48%	4.21%

Comparison of Combined Portfolio Yield to LAIF and the Benchmark



1. Security market values include accrued interest, as of trade date.
2. Portfolio Duration and Yield calculations exclude funds in the City's checking account.
3. Source: California State Treasurers' website. Average monthly effective yield.
4. Source: ICE Bank of America Global Bond Indices.

Questions?