



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: OCTOBER 20, 2015**

**FROM: FINANCE DEPARTMENT** **WARDS: ALL**

**SUBJECT: MONTHLY INVESTMENT AND DEBT REPORTS AND DELEGATION OF INVESTMENT RESPONSIBILITY – JULY 2015**

## **ISSUES:**

The items for City Council consideration are 1) receipt of the monthly investment and debt reports, and 2) delegation of authority to the Chief Financial Officer/Treasurer of the City to invest and reinvest funds or to sell or exchange purchased securities.

## **RECOMMENDATIONS:**

That the City Council:

1. Receive the attached monthly investment and debt reports; and
2. Delegate investment responsibility to the City's Chief Financial Officer/Treasurer for a period of up to one year.

## **BACKGROUND:**

Throughout the year, the Finance Department undertakes a comprehensive analysis of revenue and expenditures for the City's major funds in order to monitor budget versus actual data and identify any positive or negative trends. This information is presented each month from September through May, and is superseded in June by the annual audit and then suspended until the first quarter of the following fiscal year is complete in September. Additionally, this report includes the Monthly Investment Report (Attachment 1) and the Monthly Debt Report (Attachment 2), which highlight the City's portfolio of investments and its outstanding debts, respectively.

### ***Monthly Financial Report Status***

Monthly financial reporting has been suspended until September 30, 2015, as is the case each year. The City's financial report as of June 30, 2015, is the Comprehensive Annual Financial Report, which will be provided to the Finance Committee and subsequently the City Council in December and January, respectively. Financial reporting begins with September 30 because there is insufficient information prior to the conclusion of the first quarter of the fiscal year with which to make meaningful financial projections.

## **Monthly Investment Report Status**

Sound investment practices are essential to the City's fiscal management. The Finance Department is responsible for managing the City's investment portfolio, focusing first on the safety of investments and then on liquidity and an appropriate rate of return. The investment results and portfolio composition are summarized and reported to the City Council each month. As of July 31, 2015, the City's pooled investment portfolio's market value was \$476.9 million, with the market value of investments held by fiscal agents (bond proceeds and reserve funds primarily) amounting to an additional \$376.4 million. The weighted average yield of the pooled investment portfolio is currently 0.840%.

## **Monthly Debt Report Status**

The Finance Department is charged with managing the City's debt portfolio, issuing new debt, and monitoring opportunities to refinance existing debt to minimize the City's cost of borrowing. The attached Monthly Debt Report summarizes the composition of the City's debt portfolio, details the revenue sources utilized to pay the debt service associated with each outstanding debt, and provides detailed information regarding the total principal and interest payments due in the current fiscal year by Fund.

In July, the only change to the debt report is the change from reporting fiscal year 2014/15 data to reporting fiscal year 2015/16 data. The beginning balances for the July report are, as always, slightly different for some debts than the ending balances reported in the June report, because 1) certain debts have variable rate interest payments due in June that are estimated prior to the year-end close of the fiscal year and 2) certain other year-end adjustments are made to reflect actual versus projected data.

## **Authorization for Investment**

Lastly, this report requests approval of the routine authorization for the Chief Financial Officer/Treasurer to be delegated authority to invest and reinvest the City's funds or to sell or exchange purchased securities, as required by State law.

## **FISCAL IMPACT:**

There is no fiscal impact associated with this report.

Prepared by: Scott Catlett, Assistant Finance Director  
for Brent A. Mason, Finance Director/Treasurer

Certified as to  
availability of funds: Brent A. Mason, Finance Director/Treasurer

Approved by: Al Zelinka, FAICP, Assistant City Manager

Approved as to form: Gary G. Geuss, City Attorney

### **Attachments:**

1. Monthly Investment Report
2. Monthly Debt Report