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Title: ***RESOLUTION - To Adopt an Investment Policy for Public Funds for Fiscal Year 2024-2025 (Subject to Mayor's veto)

Sponsors: Finance Department

Indexes:

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Attachments: 1. 24-834 Resolution w/attachment Investment Policy for Fiscal Year 2024- 2025

Date	Ver.	Action By	Action	Result
6/20/2024	1	City Council		

REPORT TO THE CITY COUNCIL

FROM: SANTINO DANISI, MBA, City Controller/Finance Director
Finance Department

BY: PHILLIP HARDCASTLE, Principal Accountant
Finance Department

SUBJECT
***RESOLUTION - To Adopt an Investment Policy for Public Funds for Fiscal Year 2024-2025
(Subject to Mayor's veto)

RECOMMENDATION

Staff recommends City Council approve the City of Fresno (City) Investment Policy for Fiscal Year 2024-2025.

EXECUTIVE SUMMARY

The Fresno Municipal Code (FMC) requires that Council annually approve and adopt an Investment Policy and delegate its authority to invest City funds to the City Treasurer. State Law refers to "surplus money" that is not needed for current operations. Good cash management includes investing these funds in accordance with an approved Investment Policy. Interest earnings on investments are allocated to all Funds based on the amount of cash the Fund has invested in the City-wide Pool.

BACKGROUND

Although State Law no longer requires it, good cash management necessitates a detailed plan for handling cash resources. The FMC, therefore, requires that Council annually adopt an investment policy for public funds. An investment policy establishes the objectives, guidelines, and types of investments for a government's public funds investment program. State Law also contains numerous other stipulations that pertain to the City's investment program.

Government Code Section 53601 (Section 53601) sets forth certain parameters that govern a local agency's investment program. This law states that "The legislative body of a local agency having monies in a sinking fund or monies in its treasury not required for the immediate needs of the local agency may invest any portion of the monies that it deems wise or expedient ..."

The Treasury Section of the Finance Department is responsible for balancing the operating cash needs of the City with the amount of money available for investment. Operating cash is thus differentiated from surplus cash. These monies are aggregated together in a City-wide Pool for investment purposes. Each Tyler Munis Fund owns "shares" in the Pool, based on the Fund's cash balance. Cash from the Pool is invested in financial instruments allowed by State Law, and the interest earnings are credited back to each Fund.

Section 53601 sets forth the types of investment instruments eligible for purchase by a local agency, the investment grade of those instruments, the maximum maturity of the investment instruments and the percentage of the local agency's surplus monies that can be invested in each type of security. Since the City's first investment objective is conformity with State Law, the Investment Policy generally conforms to Section 53601.

Staff recommends that Council approve the City's Investment Policy for Fiscal Year 2024-2025.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378 this item does not qualify as a "project" and is therefore exempt from the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Local preference was not considered because this Resolution does not include a bid or award of a construction or service contract.

FISCAL IMPACT

Approving this Resolution adopting an Investment Policy for Fiscal Year 2024-2025 will provide staff with direction on how to manage the City's cash resources; specifically, how they shall be used to fund operations or invested to obtain interest earnings if not currently needed. Interest earnings are allocated to Tyler Munis Funds based on their cash balances.

Attachments:

Resolution w/attachment Investment Policy for Fiscal Year 2024- 2025