

FUNDAMENTALS OF PUBLIC FUNDS INVESTING



SESSION 6 | INVESTMENT REPORTING

Angelica Hernandez

Deputy Executive Director
California Debt and Investment Advisory Commission (CDIAC)

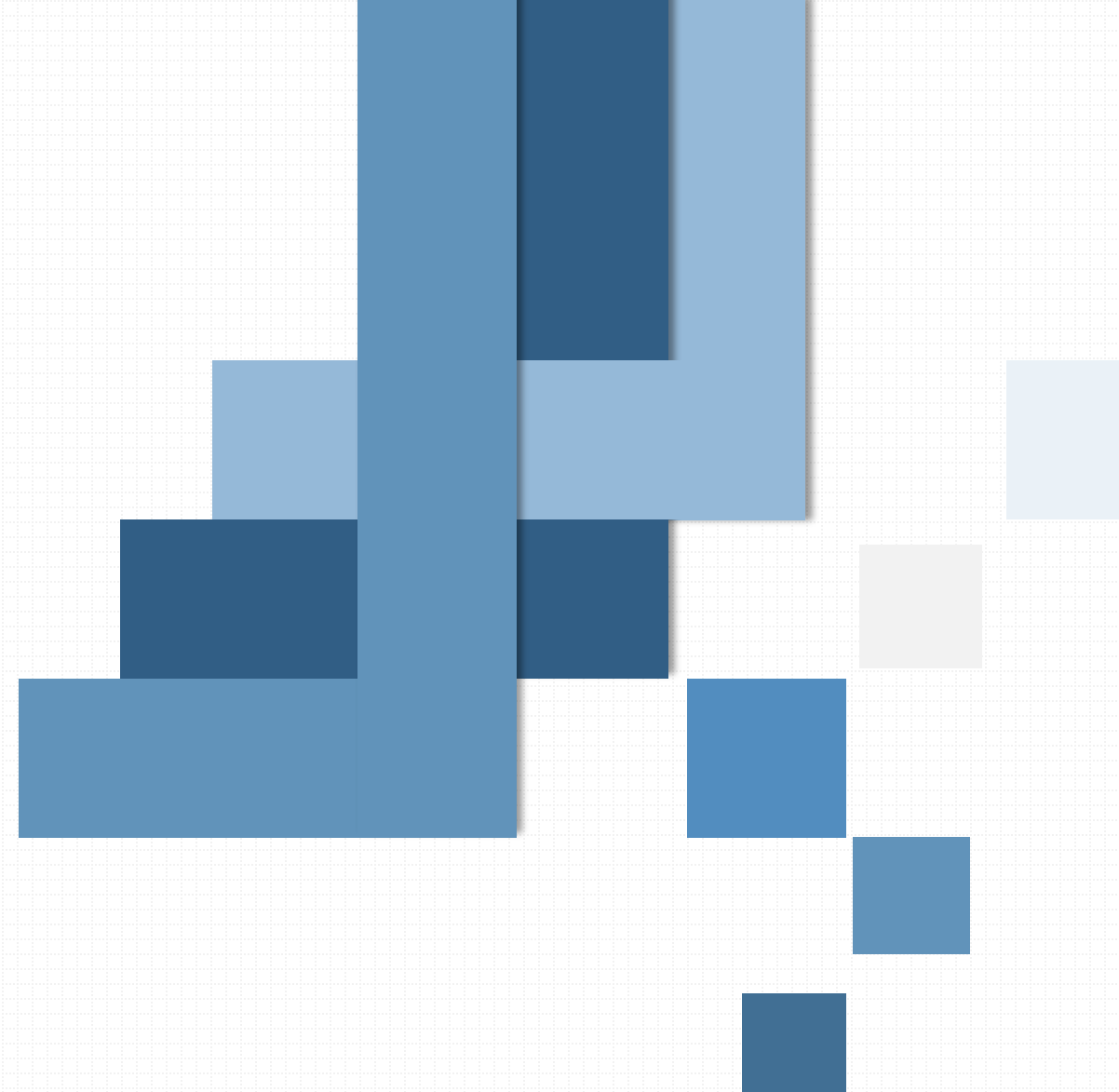
January 28, 2021



SESSION OVERVIEW

This session will discuss statutorily required investment reporting. Topics include:

- Statutory investment reporting requirements
- Monthly transaction report
- Quarterly investment report
- Required contents of the quarterly investment report
- Investment resources published by CDIAC





STATUTORY INVESTMENT REPORTING REQUIREMENTS

MONTHLY TRANSACTION REPORT
GOVERNMENT CODE §53607

QUARTERLY INVESTMENT REPORT
GOVERNMENT CODE §53646

MONTHLY TRANSACTION REPORT

GOVERNMENT CODE §53607

SUMMARY

The legislative body may delegate the authority to invest or reinvest agency funds to the treasurer of the local agency, who assumes responsibility for the transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. The legislative body may renew this delegation of authority each year.

WHAT

Contents of a Transaction Report are not enumerated in statute.

WHEN

Monthly.

WHO

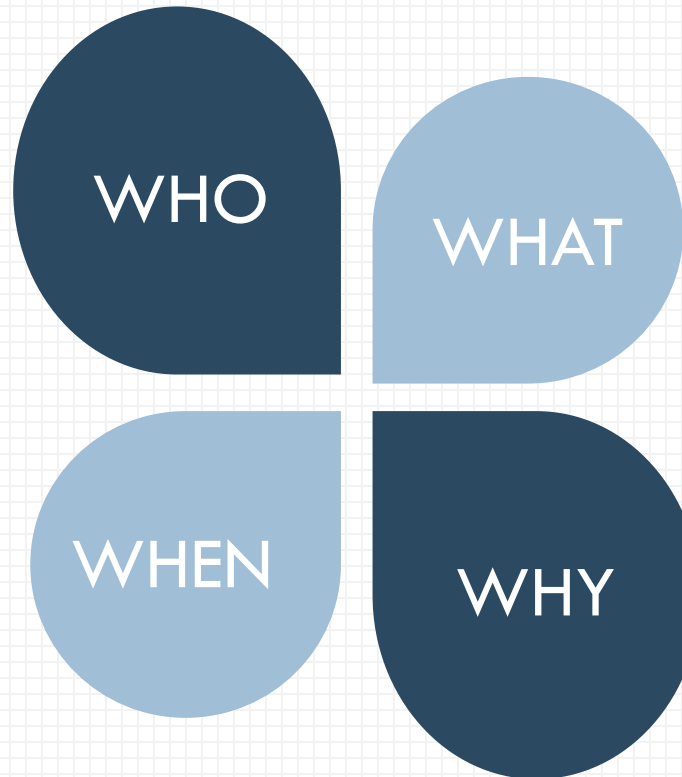
Local agency treasurers to whom the authority to invest or reinvest funds has been delegated by the legislative body of a local agency are required to submit a monthly report of transactions to the legislative body.

QUARTERLY INVESTMENT REPORT

GOVERNMENT CODE §53646

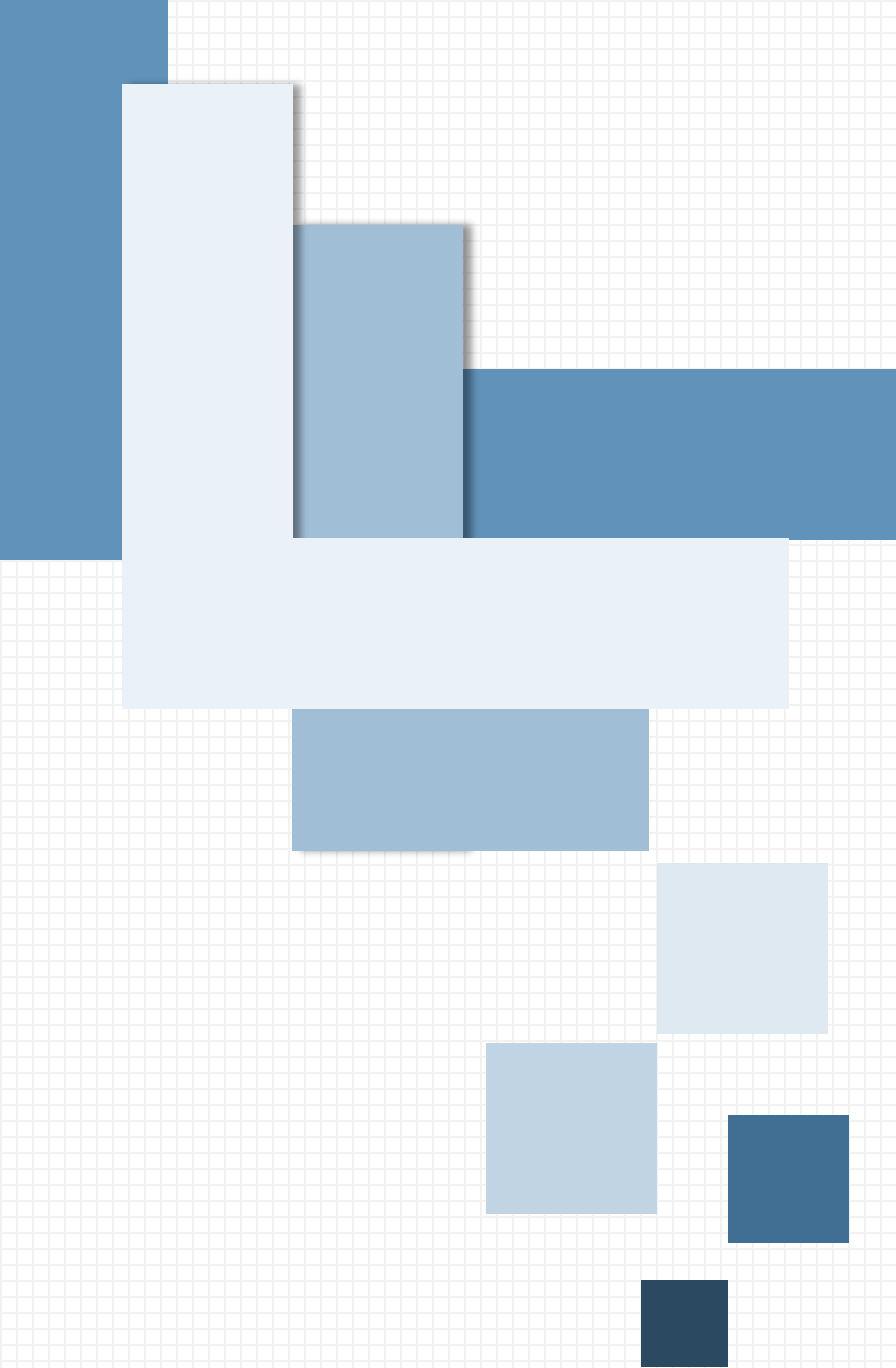
The treasurer or chief fiscal officer of a local agency can elect to submit, or the legislative body mandates the submission of a quarterly investment report to the legislative body.

Report is due within 30 days after the end of the quarter.



The quarterly report must include specific information.

These reports generally provide the legislative body the ability to meet its fiduciary obligations as a trustee and to increase the disclosure of the agency's investment activities to those outside the agency.



REQUIRED CONTENT OF THE QUARTERLY INVESTMENT REPORT

GOVERNMENT CODE §53646(b)(1) - §53646(b)(3)

REQUIRED CONTENT

Government Code
§53646(b)(1) - §53646(b)(3)



1

A listing of individual securities held at the end of the reporting period by authorized investment category.

2

Average life and final maturity of all investments listed.

3

Coupon, discount or earnings rate.

4

Par value, amortized book value and market value.

5

Percentage of the portfolio represented by each investment category.

6

A description of the funds, investments, and programs managed by contracted parties (i.e., LAIF, investment pools).

7

A statement of compliance with the investment policy or an explanation for non-compliance.

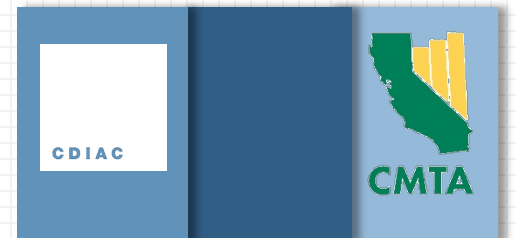
8

A statement on the ability to meet pool's expenditure requirements for the next 6 months, or an explanation of why money will not be available.



CDIAC INVESTMENT RESOURCES

CALIFORNIA PUBLIC FUND INVESTMENT PRIMER
LOCAL AGENCY INVESTMENT GUIDELINES (LAIG)



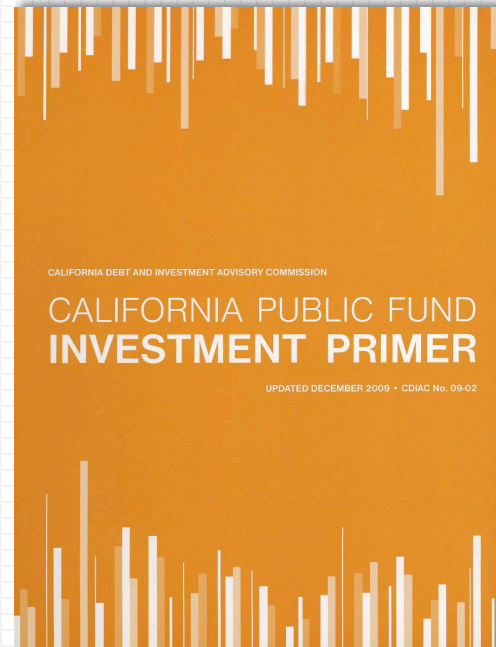
CALIFORNIA PUBLIC FUND INVESTMENT PRIMER

A resource developed to help public agencies understand and evaluate investment options when managing their public fund investment portfolio.

Chapter 3, Investment Portfolio Development and Management – Investment Reporting

Appendix B features Sample Investment Documents

<https://www.treasurer.ca.gov/cdiac/invest/primer.pdf>



SAMPLE QUARTERLY REPORT BY TREASURER TO GOVERNING BODY

PORTFOLIO SUMMARY, QUARTER ENDING DECEMBER 31, 2002

	PAR VALUE	MARKET VALUE	BOOK VALUE	% OF PORTFOLIO	DAYS TO MATURITY	YTM (360 DAYS)
INVESTMENTS						
Government Agency Coupon Securities	\$52,675,000.00	\$52,050,330.01	\$51,843,255.41	40.12	146	2.925
Commercial Paper Disc. - At Cost	2,000,000.00	1,986,793.50	1,986,818.33	1.54	4	1.731
LAIF - Local Agency Investment Pool	40,000,000.00	40,000,000.00	40,000,000.00	30.96	1	
MMA Nations Treasury Reserve	899,314.50	899,314.50	899,314.50	0.70	1	
Medium Term Notes	33,355,000.00	34,635,568.39	34,487,086.33	26.69	320	3.432
TOTAL INVESTMENTS	\$128,929,314.50	\$129,572,006.40	\$129,216,474.57	100.00%	148	
CASH AND ACCRUED INTEREST						
Passbook/Checking (not included in yield calculations)	\$231,230.37	\$231,230.37	\$231,230.37			
Accrued Interest at Purchase*		0.00	0.00			
Ending Accrued Interest		949,330.02	949,330.02			
SUBTOTAL		\$1,180,560.39	\$1,180,560.39			
TOTAL CASH AND INVESTMENTS VALUE	\$129,160,544.87	\$130,752,566.79	\$130,397,034.96			

* \$196,231.76 accrued at purchase is included in book and market values.

LOCAL AGENCY INVESTMENT GUIDELINES (LAIG)

- Provides references and recommendations for interpreting and applying California statute to common public fund investment topics related to local agencies.
- Provides information on recent changes in state law.
- Chapter III: Reporting Requirements
- Updated annually.
- Next update:
January/February 2021

<https://www.treasurer.ca.gov/cdiac/LAIG/guideline.pdf>

Chapter III. Reporting Requirements

Reporting requirements and recommendations are imposed on local agencies in Sections 53646 and 53607.

Section 53646 states that the treasurer or chief fiscal officer of a local agency may file reports on the status of their investment portfolios with their respective legislative body, internal auditor, and chief executive officer. These reports generally are intended to provide the legislative body the ability to meet its fiduciary obligations as a trustee and to increase the disclosure of the agency's investment activities to those outside the agency. Section 53646 states that if the quarterly investment portfolio report is submitted, it must contain, among other things, a listing of investments, fund balances, activity, and return on investments made by the local agency. Quarterly reports should reflect the current positions and past performance of a portfolio of investments for the period of time under consideration.

Section 53646(e) states that for local agency funds that have been placed in a county investment pool, LAIF, FDIC-insured bank deposits, National Credit Union Shared Insurance Fund-insured accounts in a credit union, accounts insured or guaranteed pursuant to California Financial Code Section 14858, or some combination of the above, the treasurer may substitute the most recent account statement received from those entities in lieu of the information on these investments that is otherwise required by this section. Section 53646(f) states that securities, investments, or monies held by a school district or county office of education in individual accounts that are less than twenty-five thousand dollars (\$25,000) may be excluded from the report.

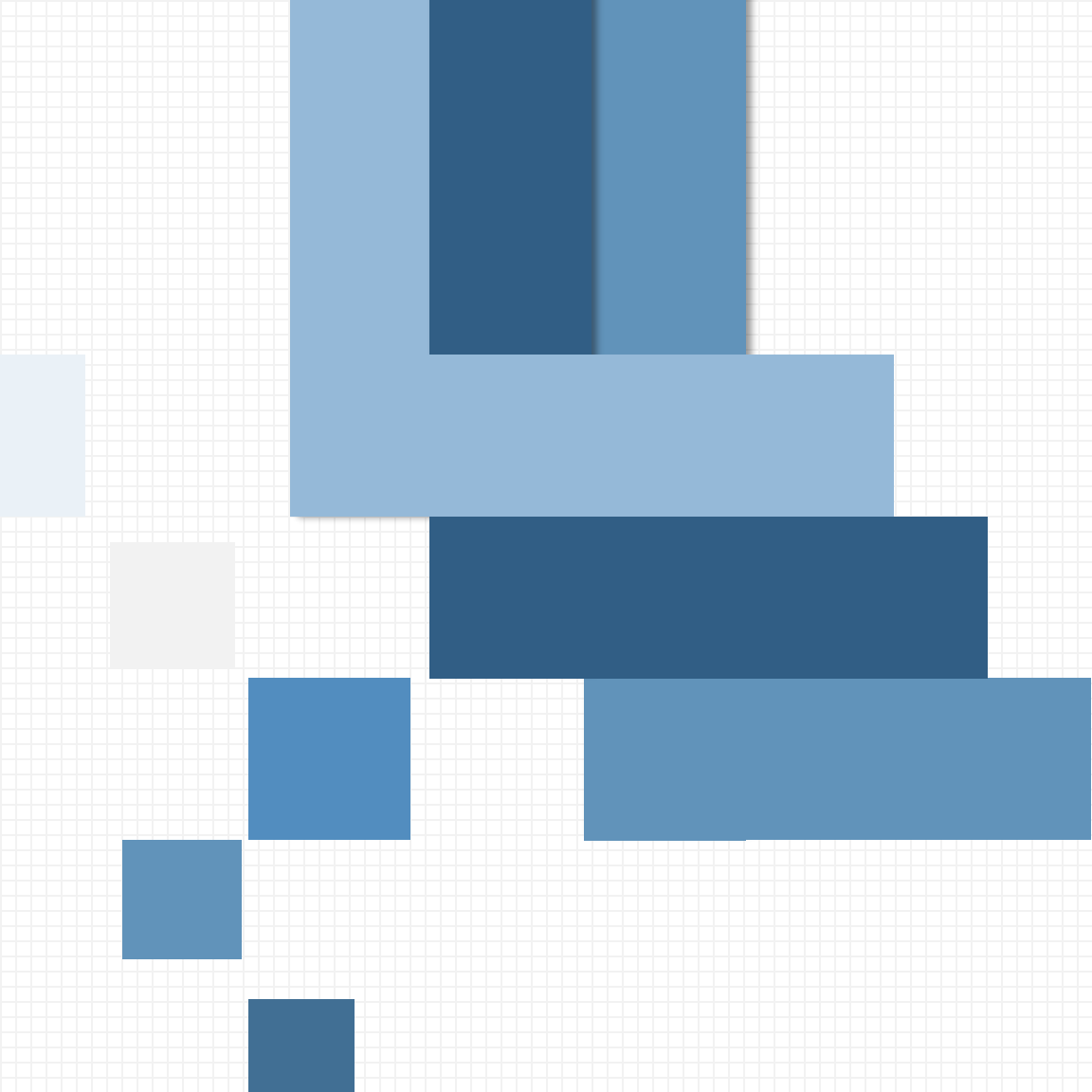
Local agency treasurers to whom the authority to invest or reinvest funds or to sell or exchange securities has been delegated by the legislative body of a local agency are required by Section 53607 to submit a monthly report of transactions to the legislative body.



CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Update for 2020

Reflects state law changes
effective as of January 1, 2020
CDIAC 20.01



THANK YOU

We look forward to your participation in the next webinar in this series, Agency Profile on Investment Accounting, Disclosure, and Reporting.