



CITY COUNCIL AGENDA REPORT

CITY HALL

CITY OF SONORA 94 N. WASHINGTON STREET, SONORA, CA 95370 P: (209) 532-4541
SERVICE, INNOVATION, INTEGRITY, COLLABORATION, RESPECT, LEADERSHIP

DATE: February 02, 2025

TO: Honorable Mayor and Members of the City Council

FROM: Chris Gorsky, City Administrator

SUBJECT: Consider Acceptance of the Quarterly Investment Report for the Second Quarter of Fiscal Year 2025/26, for the period ended December 31, 2025.

RECOMMENDATION:

Staff recommend that the City Council receive and file this Quarterly Investment Report for informational purposes. No further action is required at this time, as the portfolio remains in compliance with all applicable policies and regulations. This report fulfills the reporting requirements under California Government Code Section 53601 and City policy.

BACKGROUND:

The City of Sonora maintains an investment portfolio to manage surplus funds generated from taxes, fees, grants, and other revenues. The portfolio is governed by the City's Investment Policy, last updated and adopted by the City Council on January 15, 2024, which emphasizes the principles of safety, liquidity, and return in that order of priority. Investments are limited to those authorized under California Government Code Section 53601.

This quarterly report is prepared to provide transparency on the status of the City's investments, as required by the City's Investment Policy. The portfolio's performance is benchmarked against indicators such as the LAIF apportionment rate and short-term U.S. Treasury yields.

DISCUSSION / ANALYSIS:

The City's investment portfolio as of December 31, 2025, totaled \$20,371,021 in market value. The portfolio is well diversified, with a heavy allocation to highly liquid assets like LAIF (35%) to ensure funds are readily available for operational and capital needs.

Key performance metrics include:

- **Quarterly Earnings:** The City earned \$196,211 in investment income this quarter, primarily from LAIF, money market funds, and other short-term holdings. Earnings remained steady, consistent with stable short-term market rates.
- **Year to Date Earnings:** \$420,106.



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- **Rate of Return:** The weighted average yield to maturity was 4.0%. This annualized rate aligns closely with the LAIF benchmark of 4.2% and the 3-month U.S. Treasury Bill rate of 3.67%. No unrealized losses exceeded 1% of book value, indicating low volatility.

The following table details the holdings by investment type, and market values. Earnings are accrued and include interest income and any amortization or accretion. Market values are sourced from reliable providers such as the State Treasurer's Office or custodian reports.

FISCAL IMPACT:

The quarterly earnings of \$196,211 contribute positively to the City's General Fund and other funds, providing additional revenue for operations without increasing taxes or fees. Fiscal Year 2025-26 earnings total approximately \$420,106, which supports budgetary flexibility and helps offset inflationary pressures on expenditures. There are no negative fiscal impacts noted; the portfolio's conservative approach is to minimize risk. Future rate changes could affect yields, but the current structure ensures stability.

ATTACHMENTS:

- Quarterly Investment Report for the Quarter Ending December 31, 2025

CORE COUNCIL PRIORITIES:

Fiscal Responsibility and Stability, Infrastructure and Engineering, Public Safety and Disaster Preparedness, Economic Development/Growth and General Plan, Homelessness Issues, Staffing - Salary, Benefits, Training, and Retention