



City Council Meeting Staff Report

Meeting Date: May 12, 2026

SUBJECT: Investment Report for the Quarter Ended March 31, 2026

PREPARED BY: Susan Mahoney, Finance Director

RECOMMENDATION:

Receive and file the Quarterly Investment Report for the quarter ended March 31, 2026.

DISCUSSION:

The City's Investment objectives are governed by State law and the City's adopted Investment Policy. The Quarterly Investment Report provides information regarding the City's investments in accordance with the Investment Policy.

The attached report is a summary of all cash and investment activity for the quarter ending March 31, 2026. The City follows the practice of combining cash and investments for all funds. Except for the Pool Operations Fund, interest earned on combined cash and investments is allocated quarterly to the various funds based on the respective funds' cash balance. Interest earned on the cash balance in the Pool Operations Fund is calculated solely on LAIF (State of California Local Agency Investment Fund) earnings.

Cash - Total cash for all funds increased \$1,110,155 from the quarter ending December 31, 2025. This increase is mainly due to the first installment of property tax revenue.

Interest Earnings - Total interest earnings for the quarter were \$197,475; an increase of \$13,453 over the same quarter in 2025. Most of the City's idle cash is invested in LAIF. The LAIF interest rate for the quarter ending March 31 was 3.98%, down from 4.20% in December 2025. The average rate of return for the City's investments in CDs and federal securities was 4.19% for the quarter.

Investment Activity - The City uses a laddered investment strategy with a current maximum duration of four years. During the quarter three CDs matured. As interest rates continue to drop, the City will invest the majority of matured CDs in LAIF. Details are included in the accompanying report.

FISCAL IMPACT:

This report is for information only.

ATTACHMENT:

A. Quarterly Investment Report as of March 31, 2026