



## **CITY OF ELK GROVE CITY COUNCIL STAFF REPORT**

**AGENDA TITLE:** Receive Treasurer’s Report and Other Post-Employment Retirement Benefits Report for the Quarter ending March 31, 2023

**MEETING DATE:** May 10, 2023

**PREPARED BY:**

**DEPARTMENT HEAD:** Matt Paulin, Treasurer

### **RECOMMENDED ACTION**

Staff recommends the City Council receive and file the “Quarter ending March 31, 2023 Treasurer’s Report and Other Post-Employment Benefits Report.”

### **BACKGROUND INFORMATION**

California Government Code section 53646 describes investment reporting for California public agencies. Under section 53646(b)(1) of the Government Code, the City Treasurer may prepare and transmit a quarterly financial report to the City Council on the City’s investment portfolio. This report includes the following:

1. The type of investment, issuer, date of maturity, and par and dollar amount invested on all securities, investments, and funds held by the City;
2. A current market value as of the date of the report;
3. A stated compliance of the portfolio to the statement of the City’s adopted investment policy or manner in which the portfolio is not in compliance; and

4. A statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months or explain why sufficient money shall or may not be available. Once a year, the statement of investment policy is included in the report.

This quarterly report is produced in a format designed to provide stakeholders with a broad profile of the City's investment portfolio. While staff is only transmitting portions of the report with key investment results, a full report with additional detail is available on the City's website:

<https://www.elkgrovecity.org/accounting/treasurers-reports>

The attached Treasurer's Report complies with the state's reporting requirements.

## **ANALYSIS**

This quarterly financial report summarizes the status of the City's investments as of March 31, 2023. For the quarter-end, the City's treasury investments comprised investments with a book value of \$283,530,604 and a market value of \$271,919,339. These figures do not include accrued interest of \$1,221,370.57, which represents interest income the City has earned but not yet received. The Book Value represents the carrying value of the securities and is based on what the City paid for the security, net of amortization of premiums or accretion of discounts to date. In contrast, Market Value is a constantly changing amount based on how the securities markets value the City's portfolio. As a result, market values fluctuate with changes in interest rates, and price has an inverse relationship to interest rates.

The City maintains sufficient liquidity to meet its expenditure requirements for the next six months. The Local Agency Investment Fund (LAIF), the California State Treasurer's investment pool, and CalTRUST, a local government investment pool, comprised the City's most liquid funds, totaling 11.4% of the investment program. These funds are available to the City within one day. Additionally, the City held approximately \$33.5 million in bank accounts (including community banks) and cash, which fluctuates depending on the cash needed to meet City obligations and current interest rates.

Those funds not held in the short-duration investment pools or cash are invested in a diversified portfolio of securities as allowed by state law and the City's investment policy. The portfolio's duration, sector allocation, and maturity structure are actively managed throughout the quarter. The City's consolidated investments maintain an average maturity of 796 days. The

City's portfolio is designed to provide safety and liquidity and continues to meet its goals. City staff and the City's investment adviser continue to focus on any market dynamics that pose risks to the portfolio.

The City's portfolio of securities (excluding cash, LAIF, and CalTRUST) maintains its duration in line with its performance-measuring benchmark. Duration is a risk measure indicating the portfolio's fair value sensitivity to changes in interest rates. As of March 31, 2023, the portfolio's duration was 2.29 years, which is 91% of its duration target, as measured by the portfolio's risk and performance-measuring benchmark (which had a duration of 2.51 years). In addition, the portfolio continues to maintain strong diversification in sectors, issuers, and maturities. The portfolio has also outperformed the benchmark on the total rate of return over the last 12 months, although it underperformed the benchmark during the quarter ended March 31, 2023.

As of March 31, 2023, the weighted average yield to maturity of the City's consolidated investments (including the investment portfolio of securities, LAIF, CalTRUST, and cash) was 1.93%. Yield to maturity measures the interest income the City is expected to earn for the coming 12 months, assuming nothing in the portfolio changes.

The investment portfolio of securities return comprises interest income and fair value appreciation, which are a function of movements in interest rates available in the capital markets. Interest income continues to be robust (the investment portfolio of securities is expected to earn 2.17% for the next year (up from 1.99% last quarter; when LAIF, CalTRUST, and cash are included, the expected earnings are 1.93%). The City's investment adviser also reports total return, including periodic income earned, realized gains and losses, and unrealized gains and losses. The recent rise in rates over the past 18 months has provided earnings opportunities in higher yields but has also caused the fair market value of the City's investments to fall in an amount greater than the portfolio's earnings. These drops in value are generally not realized (the City would need to sell the security to realize the loss), as most of the City's securities are held to maturity. Staff continues to work closely with the City's investment adviser to diversify the portfolio to improve safety, liquidity, and return. In the current quarter, staff will continue to evaluate liquidity needs and, where possible, continue the investment in longer-duration securities.

## **Economic Outlook**

Economic trends have been decelerating along with tighter financial conditions and restrictive monetary policy. Recent data suggests positive but below-trend growth this year. Although the pace of job growth is moderating, labor markets remain solid, and the U.S. consumer has demonstrated resiliency. Market participants and the Federal Reserve are maintaining very divergent views regarding the future trajectory of monetary policy. Given the cumulative effects of tighter monetary policy and stress in the banking sector, the Federal Reserve is likely near a pause in its rate-hiking campaign. If moderate growth continues, the Fed may likely maintain the Federal Funds rate in restrictive territory until inflationary pressures subside.

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At the March meeting, the Federal Open Market Committee voted unanimously to raise the target federal funds rate by 0.25% to 4.75 – 5.00%. Fed Chair Powell reiterated the committee’s focus on lowering inflation to their 2% target; however, the committee softened language about "ongoing increases" in rates in the prior statement to "some additional policy firming may be appropriate." The statement also emphasized that the U.S. banking system is “sound and resilient” and acknowledged tightening financial conditions.

In March, the yield curve inversion narrowed but continued to persist. A yield curve inversion occurs when short-term bonds pay more than long-term bonds. Historically, this dynamic has been a fairly accurate predictor of recession. The inversion between the two-year Treasury yield and 10-year Treasury yield declined to -56 basis points at March month-end versus -90 basis points at February month-end. There was no spread between the two-year Treasury and 10-year Treasury yield one year ago – the yields were approximately equal. The inversion between three-month and 10-year Treasuries widened to -128 in March from -89 basis points in February.

## **FISCAL IMPACT**

None.

## **ATTACHMENTS**

1. Quarter ending March 31, 2023 Treasurer’s Report
2. Quarter ending March 31, 2023 Other Post-Employment Benefits Report

# City of Elk Grove Investment Pool

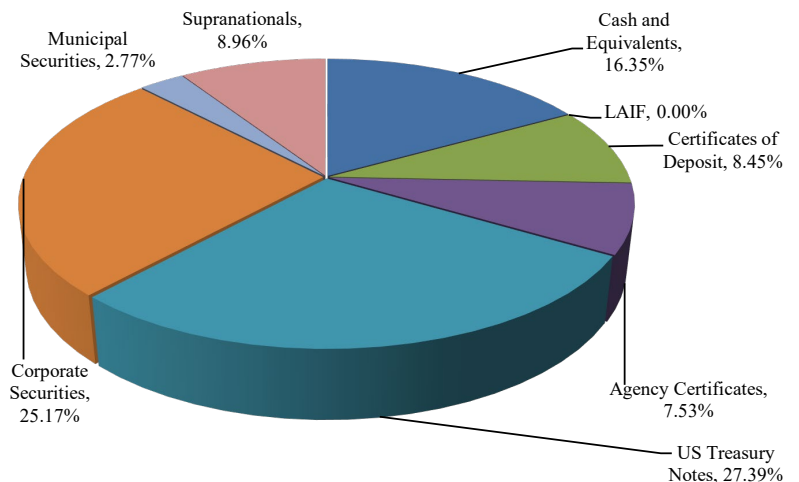
## For the Quarter Ending - March 31, 2023

### INVESTMENT POLICY SUMMARY

The funds are invested pursuant to the objectives and requirements set forth in the City’s investment policy. The City of Elk Grove’s investment policy has three objectives: (1) safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner which seeks to ensure the preservation of principal in the overall portfolio (2) the City’s investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This goal shall be achieved by maintaining a prudent portion of the City’s portfolio in liquid, short-term instruments which can readily be converted to cash if necessary, and (3) the City’s investment portfolio shall be designed with the objective of attaining a sound rate of return throughout budgetary and economic cycles, commensurate with the City’s investment risk constraints and the cash flow characteristics of the portfolio. In accordance with California Government Code Section 53607, the Elk Grove City Council has authorized the City Treasurer to invest on behalf of the City, to manage the City’s investment program consistent with this investment policy, and to maintain a system of internal controls to regulate the activities of subordinate officials. It is the City’s full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized, that in a well diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long term rate-of-return.

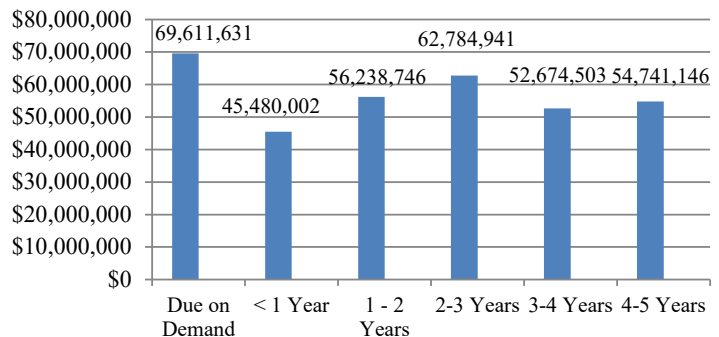
### Portfolio by Asset Class

| Investment Description                          | Portfolio at Cost | Effective Monthly Yield |
|---|-------------------|-------------------------|
| Cash and Equivalents                            | 16.35%            | 3.68%                   |
| LAIF  | 0.00%             | 2.83%                   |
| Certificates of Deposit                         | 8.45%             | 2.42%                   |
| Agency Certificates                             | 7.53%             | 1.75%                   |
| US Treasury Notes                               | 27.39%            | 1.75%                   |
| Corporate Securities                            | 25.17%            | 2.47%                   |
| Municipal Securities                            | 2.77%             | 2.60%                   |
| Supranationals                                  | 8.96%             | 1.88%                   |
| <b>External Third Party Investment Managers</b> |                   |                         |
| State Treasurer's Office (LAIF)                 | \$                | 534                     |



### Maturity Schedule

| Maturity      | Market Value          | %              |
|---------------|-----------------------|----------------|
| Due on Demand | 69,611,631            | 20.38%         |
| < 1 Year      | 45,480,002            | 13.32%         |
| 1 - 2 Years   | 56,238,746            | 16.47%         |
| 2-3 Years     | 62,784,941            | 18.38%         |
| 3-4 Years     | 52,674,503            | 15.42%         |
| 4-5 Years     | 54,741,146            | 16.03%         |
| <b>Total</b>  | <b>\$ 341,530,970</b> | <b>100.00%</b> |



FISCAL YEAR TO DATE INTEREST : \$4,310,574

\*This amount does not include unrealized gains/ losses for the Fiscal Year.

**CITY OF ELK GROVE  
SUMMARY OF CASH AND INVESTED FUNDS  
FOR THE QUARTER ENDING MARCH 31, 2023**

| TYPE OF INVESTMENT                            | Interest Rate | Maturity Date | Par Value | Cost              | Market Value      | % of portfolio |
|---|---------------|---------------|-----------|-------------------|-------------------|----------------|
| <b>Cash and Equivalents</b>                   |               |               |           |                   |                   |                |
| US BANK GENERAL *                             |               | Due on Demand |           | \$ 89,589         | \$ 89,589         | 0.03%          |
| CASH SWEEP - US BANK *                        | 4.14%         | Due on Demand |           | 11,876,754        | 11,876,754        | 3.36%          |
| US BANK INVESTMENTS                           |               | Due on Demand |           | 636,991           | 636,991           | 0.18%          |
| US BANK FEDERAL ASSET SEIZURE *               |               | Due on Demand |           | 249,645           | 249,645           | 0.07%          |
| US BANK STATE ASSET SEIZURE *                 |               | Due on Demand |           | 133,147           | 133,147           | 0.04%          |
| US BANK EVIDENCE *                            |               | Due on Demand |           | 76,390            | 76,390            | 0.02%          |
| CASH ON HAND                                  |               | Due on Demand |           | 8,450             | 8,450             | 0.00%          |
| LOCAL AGENCY INVESTMENT FUND                  | 2.83%         | Due on Demand |           | 534               | 534               | 0.00%          |
| MONEY MARKET - FIVE STAR BANK ***             | 4.00%         | Due on Demand |           | 21,107,224        | 21,107,224        | 5.98%          |
| CAL TRUST LIQUIDITY FUND                      | 4.58%         | Due on Demand |           | 35,427,137        | 35,427,137        | 10.03%         |
| INSURED CASH SWEEP (CD) - RIVER CITY BANK *** | 2.47%         | Due on Demand |           | 5,770             | 5,770             | 0.00%          |
| <b>Total Demand Deposit Accounts</b>          |               |               |           | <b>69,611,631</b> | <b>69,611,631</b> | <b>19.71%</b>  |

| TYPE OF INVESTMENT                   | Interest Rate | Maturity Date | Par Value         | Cost              | Market Value      | % of portfolio |
|--------------------------------------|---------------|---------------|-------------------|-------------------|-------------------|----------------|
| <b>Certificates of Deposit</b>       |               |               |                   |                   |                   |                |
| RIVER CITY BANK ***                  | 3.15%         | 05/25/2023    | 2,500,000         | 2,500,000         | 2,500,000         | 0.88%          |
| RIVER CITY BANK ***                  | 3.15%         | 08/17/2023    | 7,878,146         | 7,878,146         | 7,878,146         | 2.78%          |
| RIVER CITY BANK ***                  | 4.30%         | 08/24/2023    | 2,500,000         | 2,500,000         | 2,500,000         | 0.88%          |
| RIVER CITY BANK ***                  | 4.75%         | 02/15/2024    | 7,878,146         | 7,878,146         | 7,878,146         | 2.78%          |
| BANK OF NEW ENGLAND                  | 3.25%         | 07/31/2023    | 246,000           | 246,000           | 244,556           | 0.09%          |
| MEDALLION BANK                       | 3.25%         | 07/31/2023    | 246,000           | 246,000           | 244,556           | 0.09%          |
| CITIBANK NA                          | 3.30%         | 09/07/2023    | 246,000           | 246,000           | 244,140           | 0.09%          |
| SPRING BANK BRONX                    | 3.15%         | 09/27/2023    | 246,000           | 246,000           | 243,761           | 0.09%          |
| WEST TOWN BANK                       | 3.25%         | 09/28/2023    | 246,000           | 246,000           | 243,852           | 0.09%          |
| UBS BANK USA                         | 3.35%         | 10/17/2023    | 246,000           | 246,000           | 243,742           | 0.09%          |
| BARCLAYS BANK DE                     | 3.35%         | 10/24/2023    | 246,000           | 246,000           | 243,668           | 0.09%          |
| MORGAN STANLEY                       | 3.55%         | 11/08/2023    | 245,000           | 245,000           | 242,677           | 0.09%          |
| COMMERCIAL BANK                      | 3.40%         | 11/15/2023    | 246,000           | 246,000           | 243,442           | 0.09%          |
| COUNTRY BANK NEW YORK                | 3.00%         | 01/25/2024    | 245,000           | 244,755           | 240,808           | 0.09%          |
| COMMUNITY FIRST                      | 0.85%         | 03/27/2024    | 245,000           | 245,000           | 234,928           | 0.09%          |
| MAINSTREET BANK                      | 2.60%         | 04/26/2024    | 246,000           | 246,000           | 239,602           | 0.09%          |
| CAPITAL ONE NATL                     | 2.65%         | 05/22/2024    | 246,000           | 246,000           | 239,410           | 0.09%          |
| EAGLE BANK                           | 2.50%         | 05/24/2024    | 246,000           | 246,000           | 238,910           | 0.09%          |
| CITIZENS STATE                       | 2.50%         | 05/30/2024    | 246,000           | 246,000           | 238,817           | 0.09%          |
| SYNCHRONY BANK                       | 3.30%         | 07/11/2024    | 245,000           | 260,803           | 239,088           | 0.09%          |
| CONGRESSIONAL                        | 2.10%         | 07/24/2024    | 245,000           | 245,000           | 235,852           | 0.09%          |
| ABACUS FEDERAL                       | 1.95%         | 07/26/2024    | 245,000           | 245,000           | 235,281           | 0.09%          |
| BANKWEST INC                         | 2.00%         | 07/26/2024    | 245,000           | 245,000           | 235,438           | 0.09%          |
| CAPITAL ONE BANK                     | 2.00%         | 08/21/2024    | 245,000           | 245,000           | 235,046           | 0.09%          |
| FIRST NATIONAL                       | 1.85%         | 08/30/2024    | 245,000           | 245,000           | 234,325           | 0.09%          |
| PREFERRED BANK                       | 1.95%         | 08/30/2024    | 245,000           | 245,000           | 234,661           | 0.09%          |
| WASHINGTON FEDERAL SAVINGS           | 2.00%         | 08/30/2024    | 245,000           | 245,000           | 234,828           | 0.09%          |
| LAKE SIDE BANK                       | 1.80%         | 09/27/2024    | 245,000           | 244,412           | 233,647           | 0.09%          |
| BANKERS BANK OF THE WEST             | 1.80%         | 09/30/2024    | 245,000           | 245,000           | 233,590           | 0.09%          |
| CELTIC BANK                          | 1.70%         | 09/30/2024    | 246,000           | 246,123           | 234,190           | 0.09%          |
| FINWISE BANK                         | 1.75%         | 09/30/2024    | 245,000           | 245,000           | 233,414           | 0.09%          |
| ENTERPRISE BANK                      | 1.80%         | 11/08/2024    | 245,000           | 245,980           | 232,882           | 0.09%          |
| RAYMOND JAMES                        | 1.80%         | 11/08/2024    | 245,000           | 245,000           | 232,997           | 0.09%          |
| LIVE OAK BANKING                     | 1.85%         | 11/27/2024    | 245,000           | 245,000           | 232,726           | 0.09%          |
| THE CITY NATIONAL BANK               | 1.75%         | 12/09/2024    | 245,000           | 245,000           | 232,113           | 0.09%          |
| UPPER PENNISUA                       | 1.75%         | 12/27/2024    | 245,000           | 245,000           | 231,780           | 0.09%          |
| FNB OF MCGREGOR                      | 1.80%         | 12/30/2024    | 245,000           | 245,000           | 231,929           | 0.09%          |
| TRIAD BANK                           | 1.75%         | 01/23/2025    | 245,000           | 245,000           | 231,305           | 0.09%          |
| ENERBANK USA                         | 1.80%         | 01/29/2025    | 245,000           | 245,000           | 231,410           | 0.09%          |
| CRESCENT BANK                        | 1.10%         | 03/20/2025    | 245,000           | 245,000           | 227,289           | 0.09%          |
| ROYAL SVGS BANK                      | 0.40%         | 10/23/2025    | 245,000           | 245,000           | 218,366           | 0.09%          |
| <b>Total Certificates of Deposit</b> |               |               | <b>29,834,291</b> | <b>29,850,364</b> | <b>29,505,315</b> | <b>10.53%</b>  |

| TYPE OF INVESTMENT                    | Interest Rate | Maturity Date | Par Value | Cost      | Market Value | % of portfolio |
|---------------------------------------|---------------|---------------|-----------|-----------|--------------|----------------|
| <b>Agency Securities</b>              |               |               |           |           |              |                |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | 0.25%         | 11/27/2023    | 2,000,000 | 1,999,200 | 1,942,240    | 0.71%          |
| FEDERAL HOME LOAN MORTGAGE CORP       | 0.25%         | 12/04/2023    | 2,000,000 | 1,999,300 | 1,939,580    | 0.71%          |
| FEDERAL HOME LOAN BANKS               | 3.38%         | 12/08/2023    | 1,500,000 | 1,577,030 | 1,485,165    | 0.56%          |
| FEDERAL HOME LOAN BANKS               | 2.25%         | 12/08/2023    | 1,000,000 | 999,790   | 982,870      | 0.35%          |
| FEDERAL HOME LOAN MORTGAGE CORP       | 2.30%         | 04/05/2024    | 694,000   | 717,700   | 678,170      | 0.25%          |

**CITY OF ELK GROVE  
SUMMARY OF CASH AND INVESTED FUNDS  
FOR THE QUARTER ENDING MARCH 31, 2023**

|                                       |       |            |                   |                   |                   |              |
|---------------------------------------|-------|------------|-------------------|-------------------|-------------------|--------------|
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | 1.75% | 07/02/2024 | 2,000,000         | 2,022,117         | 1,929,600         | 0.71%        |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | 1.63% | 10/15/2024 | 2,530,000         | 2,529,510         | 2,431,077         | 0.89%        |
| FEDERAL HOME LOAN BANKS               | 2.75% | 12/13/2024 | 1,000,000         | 1,059,380         | 973,780           | 0.37%        |
| FEDERAL HOME LOAN BANKS               | 0.50% | 04/14/2025 | 2,700,000         | 2,704,549         | 2,511,432         | 0.95%        |
| FEDERAL HOME LOAN MORTGAGE CORP       | 0.63% | 04/22/2025 | 1,000,000         | 1,004,890         | 929,760           | 0.35%        |
| FEDERAL HOME LOAN MORTGAGE CORP       | 0.75% | 05/28/2025 | 1,000,000         | 999,750           | 927,150           | 0.35%        |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | 0.38% | 08/25/2025 | 1,000,000         | 997,720           | 915,540           | 0.35%        |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | 0.38% | 09/23/2025 | 1,900,000         | 1,898,493         | 1,735,859         | 0.67%        |
| FEDERAL HOME LOAN BANKS **            | 4.50% | 12/12/2025 | 3,000,000         | 3,021,929         | 3,022,470         | 1.07%        |
| FEDERAL HOME LOAN BANKS **            | 4.50% | 03/10/2028 | 3,000,000         | 3,065,010         | 3,096,840         | 1.08%        |
| <b>Total Agency Securities</b>        |       |            | <b>26,324,000</b> | <b>26,596,368</b> | <b>25,501,533</b> | <b>9.38%</b> |

| <u>US Treasury Notes</u>       | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Par Value</u>  | <u>Cost</u>       | <u>Market Value</u> | <u>% of portfolio</u> |
|--------------------------------|----------------------|----------------------|-------------------|-------------------|---------------------|-----------------------|
| UNITED STATES TREASURY         | 2.25%                | 01/31/2024           | 1,000,000         | 1,019,984         | 979,570             | 0.36%                 |
| UNITED STATES TREASURY         | 2.13%                | 03/31/2024           | 375,000           | 386,859           | 365,978             | 0.14%                 |
| UNITED STATES TREASURY         | 2.00%                | 04/30/2024           | 1,500,000         | 1,539,469         | 1,458,810           | 0.54%                 |
| UNITED STATES TREASURY         | 1.25%                | 08/31/2024           | 1,000,000         | 992,875           | 957,540             | 0.35%                 |
| UNITED STATES TREASURY         | 1.50%                | 09/30/2024           | 2,000,000         | 2,090,156         | 1,918,980           | 0.74%                 |
| UNITED STATES TREASURY         | 0.63%                | 10/15/2024           | 2,000,000         | 1,987,969         | 1,891,560           | 0.70%                 |
| UNITED STATES TREASURY         | 1.50%                | 10/31/2024           | 1,000,000         | 992,172           | 957,970             | 0.35%                 |
| UNITED STATES TREASURY         | 1.50%                | 02/15/2025           | 1,750,000         | 1,684,512         | 1,667,155           | 0.59%                 |
| UNITED STATES TREASURY         | 1.13%                | 02/28/2025           | 2,000,000         | 2,065,938         | 1,891,100           | 0.73%                 |
| UNITED STATES TREASURY         | 1.75%                | 03/15/2025           | 1,000,000         | 992,656           | 956,480             | 0.35%                 |
| UNITED STATES TREASURY         | 2.75%                | 05/15/2025           | 6,000,000         | 5,919,375         | 5,842,500           | 2.09%                 |
| UNITED STATES TREASURY         | 0.25%                | 07/31/2025           | 5,000,000         | 4,900,156         | 4,591,600           | 1.73%                 |
| UNITED STATES TREASURY         | 3.18%                | 08/15/2025           | 5,000,000         | 4,900,000         | 4,906,050           | 1.73%                 |
| UNITED STATES TREASURY         | 4.25%                | 10/15/2025           | 3,000,000         | 3,000,410         | 3,023,190           | 1.06%                 |
| UNITED STATES TREASURY         | 0.38%                | 12/31/2025           | 2,000,000         | 1,999,844         | 1,822,960           | 0.71%                 |
| UNITED STATES TREASURY         | 0.38%                | 01/31/2026           | 2,000,000         | 1,982,891         | 1,815,540           | 0.70%                 |
| UNITED STATES TREASURY         | 0.75%                | 03/31/2026           | 5,000,000         | 4,981,055         | 4,574,400           | 1.76%                 |
| UNITED STATES TREASURY         | 0.75%                | 05/31/2026           | 5,000,000         | 4,962,500         | 4,548,050           | 1.75%                 |
| UNITED STATES TREASURY         | 0.88%                | 06/30/2026           | 5,000,000         | 5,037,109         | 4,559,200           | 1.78%                 |
| UNITED STATES TREASURY         | 0.63%                | 07/31/2026           | 4,000,000         | 3,967,188         | 3,608,120           | 1.40%                 |
| UNITED STATES TREASURY         | 0.75%                | 08/31/2026           | 4,500,000         | 4,462,051         | 4,066,875           | 1.57%                 |
| UNITED STATES TREASURY         | 1.13%                | 10/31/2026           | 6,000,000         | 5,955,859         | 5,472,420           | 2.10%                 |
| UNITED STATES TREASURY         | 1.50%                | 01/31/2027           | 2,000,000         | 1,927,227         | 1,841,260           | 0.68%                 |
| UNITED STATES TREASURY         | 2.75%                | 04/30/2027           | 8,500,000         | 8,319,512         | 8,192,215           | 2.93%                 |
| UNITED STATES TREASURY         | 3.25%                | 06/30/2027           | 10,000,000        | 10,092,578        | 9,827,300           | 3.56%                 |
| UNITED STATES TREASURY         | 4.13%                | 09/30/2027           | 4,500,000         | 4,527,891         | 4,584,735           | 1.60%                 |
| UNITED STATES TREASURY **      | 3.88%                | 12/31/2027           | 6,000,000         | 6,044,375         | 6,063,060           | 2.13%                 |
| <b>Total US Treasury Notes</b> |                      |                      | <b>97,125,000</b> | <b>96,732,609</b> | <b>92,384,618</b>   | <b>34.12%</b>         |

| <u>Corporate Securities</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Par Value</u> | <u>Cost</u> | <u>Market Value</u> | <u>% of portfolio</u> |
|-----------------------------|----------------------|----------------------|------------------|-------------|---------------------|-----------------------|
| MICROSOFT CORP              | 2.38%                | 05/01/2023           | 1,000,000        | 972,336     | 998,170             | 0.34%                 |
| CAPITAL IMPACT MTN          | 3.45%                | 07/15/2023           | 1,000,000        | 1,000,000   | 992,200             | 0.35%                 |
| MICROSOFT CORP              | 2.00%                | 08/08/2023           | 1,000,000        | 954,381     | 989,890             | 0.34%                 |
| BANK OF NY MTN              | 2.20%                | 08/16/2023           | 950,000          | 890,902     | 939,075             | 0.31%                 |
| PRVDNC HLTH SVC             | 4.38%                | 10/01/2023           | 250,000          | 262,385     | 248,113             | 0.09%                 |
| AMERICAN HONDA MTN          | 3.63%                | 10/10/2023           | 219,000          | 219,015     | 217,226             | 0.08%                 |
| TOYOTA MOTOR MTN            | 2.25%                | 10/18/2023           | 625,000          | 600,479     | 616,325             | 0.21%                 |
| STATE STREET CORP           | 3.70%                | 11/20/2023           | 1,250,000        | 1,261,655   | 1,234,525           | 0.44%                 |
| SCHWAB CHARLES              | 0.75%                | 03/18/2024           | 230,000          | 229,885     | 218,935             | 0.08%                 |
| APPLE INC                   | 2.85%                | 05/11/2024           | 2,000,000        | 2,073,774   | 1,966,100           | 0.73%                 |
| AMAZON COM INC              | 0.45%                | 05/12/2024           | 1,635,000        | 1,632,613   | 1,567,017           | 0.58%                 |
| CAPITAL IMPACT MTN          | 3.00%                | 05/15/2024           | 750,000          | 750,000     | 727,065             | 0.26%                 |
| JOHN DEERE MTN              | 2.65%                | 06/24/2024           | 1,000,000        | 1,064,370   | 974,810             | 0.38%                 |
| SALESFORCE COM INC          | 0.63%                | 07/15/2024           | 410,000          | 409,791     | 389,414             | 0.14%                 |
| APPLE INC                   | 1.80%                | 09/11/2024           | 1,000,000        | 993,598     | 963,990             | 0.35%                 |
| BANK OF NY MELLO MTN        | 3.25%                | 09/11/2024           | 1,000,000        | 1,049,426   | 973,650             | 0.37%                 |
| TOYOTA MOTOR MTN            | 2.00%                | 10/07/2024           | 317,000          | 317,000     | 304,960             | 0.11%                 |
| TOYOTA LEASE OWNER          | 0.42%                | 10/21/2024           | 968,821          | 968,807     | 951,062             | 0.34%                 |
| BMW VEHICLE LEASE           | 0.33%                | 12/26/2024           | 468,190          | 468,142     | 458,864             | 0.17%                 |

**CITY OF ELK GROVE  
SUMMARY OF CASH AND INVESTED FUNDS  
FOR THE QUARTER ENDING MARCH 31, 2023**

|                                   |       |            |                   |                   |                   |               |
|-----------------------------------|-------|------------|-------------------|-------------------|-------------------|---------------|
| AMERICAN HONDA MTN                | 1.50% | 01/13/2025 | 1,035,000         | 1,034,182         | 979,110           | 0.36%         |
| HYUNDAI AUTO LEASE                | 1.16% | 01/15/2025 | 875,000           | 874,981           | 850,920           | 0.31%         |
| US BANK NA MTN                    | 2.05% | 01/21/2025 | 1,000,000         | 1,043,900         | 941,920           | 0.37%         |
| TOYOTA LEASE OWNER                | 1.96% | 02/20/2025 | 1,850,000         | 1,849,709         | 1,795,166         | 0.65%         |
| ACE INA HOLDING                   | 3.15% | 03/15/2025 | 1,000,000         | 1,099,450         | 975,530           | 0.39%         |
| GM FIN AUTO LSNG TR               | 1.90% | 03/20/2025 | 1,520,000         | 1,519,987         | 1,479,583         | 0.54%         |
| BMW VEHICLE LEASE                 | 1.10% | 03/25/2025 | 725,000           | 724,892           | 706,897           | 0.26%         |
| CATERPILLAR FINL MTN              | 3.40% | 05/13/2025 | 1,055,000         | 1,053,660         | 1,033,467         | 0.37%         |
| QUALCOMM INC                      | 3.45% | 05/20/2025 | 1,000,000         | 1,108,190         | 981,550           | 0.39%         |
| MORGAN STANLEY                    | 0.79% | 05/30/2025 | 2,670,000         | 2,671,419         | 2,527,342         | 0.94%         |
| GM FIN AUTO LSNG                  | 3.42% | 06/20/2025 | 925,000           | 924,904           | 908,628           | 0.33%         |
| NORTHWESTERN MTN                  | 4.00% | 07/01/2025 | 2,525,000         | 2,524,142         | 2,488,009         | 0.89%         |
| AMERICAN HONDA MTN                | 1.20% | 07/08/2025 | 2,000,000         | 2,015,280         | 1,853,300         | 0.71%         |
| JPMORGAN CHASE CO                 | 2.30% | 10/15/2025 | 1,000,000         | 1,057,920         | 956,230           | 0.37%         |
| BMW VEHICLE LEASE **              | 5.16% | 11/25/2025 | 335,000           | 334,992           | 335,975           | 0.12%         |
| DEERE JOHN MTN                    | 0.70% | 01/15/2026 | 1,250,000         | 1,212,788         | 1,134,413         | 0.43%         |
| HTUNDAI AUTO REC TR               | 0.38% | 01/15/2026 | 1,749,188         | 1,748,802         | 1,689,279         | 0.62%         |
| HONDA AUTO REC                    | 0.88% | 01/21/2026 | 740,000           | 739,844           | 706,774           | 0.26%         |
| BANK OF AMERICAN MTN              | 2.02% | 02/13/2026 | 2,500,000         | 2,579,085         | 2,342,250         | 0.91%         |
| JPMORGAN CHASE CO                 | 2.01% | 03/13/2026 | 1,500,000         | 1,547,070         | 1,413,675         | 0.55%         |
| BERKSHIRE HATHAWAY                | 3.13% | 03/15/2026 | 1,500,000         | 1,637,430         | 1,460,820         | 0.58%         |
| JPMORGAN CHASE CO **              | 2.08% | 04/22/2026 | 1,000,000         | 1,032,430         | 935,730           | 0.36%         |
| BANK OF AMERICA                   | 0.34% | 05/15/2026 | 1,865,000         | 1,775,438         | 1,802,429         | 0.63%         |
| HONDA AUTO REC OWN                | 1.88% | 05/15/2026 | 1,190,000         | 1,189,821         | 1,140,924         | 0.42%         |
| HYUNDAI AUTO REC TR               | 0.74% | 05/15/2026 | 530,000           | 529,882           | 505,631           | 0.19%         |
| UNITEDHEALTH                      | 1.15% | 05/15/2026 | 1,500,000         | 1,510,192         | 1,363,875         | 0.53%         |
| TOYOTA MTR CR MTN                 | 1.13% | 06/18/2026 | 2,000,000         | 1,992,600         | 1,803,520         | 0.70%         |
| BANK AMER CORP MTN                | 1.32% | 06/19/2026 | 1,000,000         | 1,002,320         | 914,110           | 0.35%         |
| BMW VEH OWNER TR                  | 3.21% | 08/25/2026 | 770,000           | 769,960           | 752,398           | 0.27%         |
| MET TOWER MTN                     | 1.25% | 09/14/2026 | 1,180,000         | 1,178,914         | 1,047,120         | 0.42%         |
| JOHN DEERE OWNER                  | 2.32% | 09/15/2026 | 910,000           | 909,799           | 879,542           | 0.32%         |
| TOYOTA AT REC OWN                 | 2.93% | 09/15/2026 | 795,000           | 794,981           | 771,317           | 0.28%         |
| GM FIN CONS AUTO                  | 0.68% | 09/16/2026 | 535,000           | 534,986           | 507,522           | 0.19%         |
| WALMART INC                       | 1.05% | 09/17/2026 | 540,000           | 538,979           | 486,788           | 0.19%         |
| HYUNDAI AUTO REC                  | 2.22% | 10/15/2026 | 1,300,000         | 1,299,950         | 1,249,768         | 0.46%         |
| GM FIN CONS AUTO                  | 1.26% | 11/16/2026 | 480,000           | 479,958           | 456,062           | 0.17%         |
| MET LIFE GLOB MTN                 | 1.88% | 01/11/2027 | 1,790,000         | 1,787,959         | 1,599,508         | 0.63%         |
| GM FIN CONS AUT                   | 3.10% | 02/16/2027 | 705,000           | 704,853           | 682,701           | 0.25%         |
| JOHN DEERE OWNR TR                | 3.74% | 02/16/2027 | 1,100,000         | 1,099,895         | 1,078,803         | 0.39%         |
| CHARLES SCHWAB CORP               | 2.45% | 03/03/2027 | 880,000           | 879,050           | 788,225           | 0.31%         |
| BERKSHIRE HATHAWAY                | 2.30% | 03/15/2027 | 2,080,000         | 2,079,605         | 1,969,302         | 0.73%         |
| GUARDIAN LIFE MTN                 | 3.25% | 03/29/2027 | 695,000           | 695,000           | 656,921           | 0.25%         |
| AMAZON COM                        | 3.30% | 04/13/2027 | 1,500,000         | 1,497,405         | 1,451,340         | 0.53%         |
| HONDA AUTO REC OWN **             | 5.04% | 04/21/2027 | 690,000           | 689,872           | 695,106           | 0.24%         |
| MORGAN STANLEY MTN                | 1.59% | 05/04/2027 | 1,000,000         | 893,266           | 896,160           | 0.32%         |
| VIRGINIA ELEC PWR CO              | 3.75% | 05/15/2027 | 2,000,000         | 2,003,884         | 1,939,980         | 0.71%         |
| AMERICAN EXPRESS                  | 3.39% | 05/17/2027 | 1,995,000         | 1,994,559         | 1,948,257         | 0.70%         |
| MERCK CO INC                      | 1.70% | 06/10/2027 | 1,725,000         | 1,562,039         | 1,567,283         | 0.55%         |
| JOHN DEERE OWNER                  | 5.09% | 06/15/2027 | 1,420,000         | 1,419,890         | 1,431,530         | 0.50%         |
| VERIZON MASTER TR                 | 3.72% | 07/20/2027 | 965,000           | 964,958           | 951,828           | 0.34%         |
| CATERPILLAR FINL MTN              | 3.60% | 08/12/2027 | 1,315,000         | 1,304,278         | 1,286,649         | 0.46%         |
| MERCEDES BENZ AUTO                | 5.21% | 08/16/2027 | 2,530,000         | 2,529,500         | 2,555,654         | 0.89%         |
| WALMART INC                       | 3.95% | 09/09/2027 | 1,500,000         | 1,498,225         | 1,498,170         | 0.53%         |
| TOYOTA MTR CO MTN                 | 4.55% | 09/20/2027 | 500,000           | 487,375           | 502,670           | 0.17%         |
| JOHN DEERE OWNER **               | 5.01% | 11/15/2027 | 1,315,000         | 1,314,760         | 1,329,741         | 0.46%         |
| DEERE JOHN MTN **                 | 4.75% | 01/20/2028 | 1,500,000         | 1,516,655         | 1,531,500         | 0.53%         |
| UNITEDHEALTH **                   | 5.25% | 02/15/2028 | 1,000,000         | 1,015,260         | 1,039,830         | 0.36%         |
| <b>Total Corporate Securities</b> |       |            | <b>88,627,199</b> | <b>88,899,682</b> | <b>85,310,123</b> | <b>31.35%</b> |

| <u>Municipal Securities</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Par Value</u> | <u>Cost</u> | <u>Market Value</u> | <u>% of portfolio</u> |
|-----------------------------|----------------------|----------------------|------------------|-------------|---------------------|-----------------------|
| CALIFORNIA ST               | 2.48%                | 04/01/2023           | 500,000          | 505,770     | 500,000             | 0.18%                 |
| UNIV OF CA                  | 3.30%                | 05/15/2023           | 250,000          | 253,385     | 249,553             | 0.09%                 |
| CALIFORNIA ST               | 3.50%                | 08/01/2023           | 210,000          | 214,093     | 208,984             | 0.08%                 |
| SACRAMENTO CA PENSN         | 6.42%                | 08/01/2023           | 120,000          | 135,956     | 120,486             | 0.05%                 |
| SAN BERNARDINO CA           | 1.96%                | 08/01/2023           | 400,000          | 400,000     | 396,128             | 0.14%                 |
| SOLANO CNTY CA              | 2.06%                | 08/01/2023           | 100,000          | 100,000     | 99,074              | 0.04%                 |
| PITTSBURG CA                | 3.59%                | 08/01/2023           | 100,000          | 101,967     | 99,515              | 0.04%                 |



**CITY OF ELK GROVE  
SUMMARY OF CASH AND INVESTED FUNDS  
FOR THE QUARTER ENDING MARCH 31, 2023**

|                                   |       |            |                  |                  |                  |              |
|-----------------------------------|-------|------------|------------------|------------------|------------------|--------------|
| ARROYO GRANDE CA                  | 3.51% | 09/01/2023 | 215,000          | 217,690          | 213,652          | 0.08%        |
| SAN DIEGO CA REDEV                | 3.38% | 09/01/2023 | 265,000          | 265,530          | 263,140          | 0.09%        |
| SAN DIEGO CA                      | 2.75% | 09/01/2023 | 300,000          | 297,705          | 297,147          | 0.10%        |
| WEST SACRAMENTO CA                | 1.93% | 09/01/2023 | 300,000          | 300,000          | 296,283          | 0.11%        |
| MALIBU CA COPS TXBL               | 3.00% | 11/01/2023 | 245,000          | 247,036          | 242,501          | 0.09%        |
| SACRAMENTO CNTY CA                | 3.20% | 12/01/2023 | 150,000          | 151,517          | 148,259          | 0.05%        |
| CALIFORNIA ST                     | 3.00% | 04/01/2024 | 1,000,000        | 1,051,050        | 982,600          | 0.37%        |
| ONTARIO CA                        | 2.80% | 05/15/2024 | 290,000          | 295,926          | 282,704          | 0.10%        |
| UNIV OF CALIFORNIA                | 2.26% | 05/15/2024 | 500,000          | 499,510          | 486,605          | 0.18%        |
| UNIV OF CALIF CA                  | 3.06% | 05/15/2024 | 250,000          | 260,703          | 245,765          | 0.09%        |
| CABRILLO CA CMNTY                 | 2.03% | 08/01/2024 | 1,000,000        | 1,000,000        | 964,880          | 0.35%        |
| LONG BEACH CA CMNTY               | 1.80% | 08/01/2024 | 500,000          | 500,000          | 481,470          | 0.18%        |
| OHLONE CA CMNTY CLG               | 1.81% | 08/01/2024 | 500,000          | 500,000          | 482,160          | 0.18%        |
| SAN JOSE CA                       | 1.91% | 08/01/2024 | 500,000          | 500,000          | 482,895          | 0.18%        |
| SONOMA CNTY CA JNR                | 2.06% | 08/01/2024 | 250,000          | 250,000          | 241,553          | 0.09%        |
| DAVIS CA REDEV                    | 1.85% | 09/01/2024 | 500,000          | 500,000          | 479,100          | 0.18%        |
| CALIFORNIA ST UNIV                | 1.65% | 11/01/2024 | 300,000          | 300,000          | 287,388          | 0.11%        |
| CITRUS CA                         | 0.82% | 08/01/2025 | 250,000          | 250,000          | 230,360          | 0.09%        |
| COLTON CA                         | 1.05% | 08/01/2025 | 400,000          | 400,000          | 370,076          | 0.14%        |
| PALM SPRINGS CA                   | 3.00% | 09/01/2025 | 270,000          | 295,404          | 258,989          | 0.10%        |
| <b>Total Municipal Securities</b> |       |            | <b>9,665,000</b> | <b>9,793,242</b> | <b>9,411,265</b> | <b>3.45%</b> |

| <u>Supranationals</u>             | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Par Value</u>  | <u>Cost</u>       | <u>Market Value</u> | <u>% of portfolio</u> |
|-----------------------------------|----------------------|----------------------|-------------------|-------------------|---------------------|-----------------------|
| INTERNATIONAL BANK MTN            | 3.00%                | 09/27/2023           | 1,000,000         | 995,910           | 991,170             | 0.35%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 3.00%                | 10/04/2023           | 695,000           | 691,766           | 688,175             | 0.24%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 2.63%                | 01/16/2024           | 650,000           | 649,844           | 639,379             | 0.23%                 |
| INTERNATIONAL BANK MTN            | 2.50%                | 03/19/2024           | 2,500,000         | 2,556,995         | 2,450,275           | 0.90%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 2.38%                | 04/09/2024           | 1,000,000         | 1,034,725         | 978,010             | 0.36%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 3.25%                | 07/01/2024           | 1,800,000         | 1,799,820         | 1,773,378           | 0.63%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 1.50%                | 08/28/2024           | 1,000,000         | 998,583           | 961,040             | 0.35%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 0.50%                | 09/23/2024           | 3,390,000         | 3,387,491         | 3,204,872           | 1.19%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 1.70%                | 11/15/2024           | 1,500,000         | 1,495,005         | 1,432,590           | 0.53%                 |
| INTERNATIONAL BANK MTN            | 1.63%                | 01/15/2025           | 1,000,000         | 1,009,130         | 955,110             | 0.36%                 |
| INTERNATIONAL BANK MTN            | 0.75%                | 03/11/2025           | 1,000,000         | 994,290           | 937,820             | 0.35%                 |
| BANK OF MONTREAL MTN              | 1.85%                | 05/01/2025           | 1,500,000         | 1,548,465         | 1,404,885           | 0.55%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 0.63%                | 07/15/2025           | 1,685,000         | 1,692,330         | 1,561,203           | 0.60%                 |
| INTERNATIONAL BANK MTN            | 0.50%                | 10/28/2025           | 2,500,000         | 2,501,600         | 2,290,900           | 0.88%                 |
| INTERNATIONAL AMERICAN DEVEL BANK | 0.88%                | 04/20/2026           | 4,200,000         | 4,180,764         | 3,836,658           | 1.47%                 |
| ROYAL BANK CDA MTN                | 1.15%                | 07/14/2026           | 2,750,000         | 2,748,405         | 2,465,953           | 0.97%                 |
| BANK OF MONTREAL MTN              | 1.25%                | 09/15/2026           | 1,000,000         | 998,216           | 883,770             | 0.35%                 |
| TORONTO DOMINION MTN              | 4.69%                | 09/15/2027           | 2,375,000         | 2,375,000         | 2,351,298           | 0.84%                 |
| <b>Total Supranationals</b>       |                      |                      | <b>31,545,000</b> | <b>31,658,339</b> | <b>29,806,485</b>   | <b>11.17%</b>         |

**INVESTMENTS SUBTOTAL NOT INCLUDING****CASH & EQUIVALENTS**

**\$ 283,120,490    \$ 283,530,604    \$ 271,919,339    100.00%**

**TOTAL ALL INVESTMENTS INCLUDING****CASH & EQUIVALENTS**

**\$ 353,142,235    \$ 341,530,970    100.00%**

\* End of month bank balances are reflected on this report

\*\* Investments purchased during the month

\*\*\* Community Bank Investments for the month: \$41,869,284.82

**CERTIFICATION**

*Matthew Paulin*  
Matt Paulin

Finance Director

*MARSHA LEY*  
Marsha Ley

Accounting Manager

The City of Elk Grove's Investment Policy reads in part:

The City of Elk Grove's investment policy has three objectives (1) protect principal, (2) provide for liquidity needs, and (3) obtain the most reasonable rate of return possible within the first two objectives.

It is the City's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized, that in a well diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long term rate-of-return.

**CITY OF ELK GROVE**  
**SUMMARY OF OTHER POST-EMPLOYMENT BENEFITS TRUST ACCOUNTS**  
**FOR THE QUARTER ENDING MARCH 31, 2023**

| <b>HRA Plan</b>                                 | <b>Market Value</b>            |
|---|--------------------------------|
| <hr/>   |                                |
| <b><u>Mutual Funds</u></b>                      |                                |
| Mutual Funds                                    | \$ 3,931,406                   |
| <b>Total Mutual Funds</b>                       | <u>3,931,406</u>               |
| <br><b>Total Retirement HealthSecure HRA</b>    | <br>\$ <u><u>3,931,406</u></u> |
| <br>  |                                |
| <b>Statutory Minimum Employer Contribution</b>  | <b>Market Value</b>            |
| <hr/>   |                                |
| <b><u>Cash and Cash Equivalents</u></b>         |                                |
| First Amer Prime                                | 208,981                        |
| <b>Total Cash and Cash Equivalents</b>          | <u>208,981</u>                 |
| <br>  |                                |
| <b><u>Mutual/Collective Funds</u></b>           |                                |
| Closed End Mutual Fund Equity                   | 2,248,562                      |
| Closed End Mutual Fund Fixed                    | 1,669,767                      |
| Mutual Funds - Fixed Taxable                    | 537,162                        |
| <b>Total Mutual/Collective Funds</b>            | <u>4,455,492</u>               |
| <br><b>Total For Retirement Healthcare Plan</b> | <br>\$ <u><u>4,664,473</u></u> |