CITY OF BANNING
STAFF REPORT

TO: **CITY COUNCIL**

FROM: **Elizabeth Gibbs, City Manager**

PREPARED BY: **Cornelio Datuin, Budget and Financial Analyst**
Jennifer Terry, Finance Director

MEETING DATE: **August 25, 2026**

SUBJECT: **Receive and File the Combined Cash and Investments Report for September 2025 Through June 2026**

STAFF RECOMMENDATION:

That the City Council receive and file the combined Cash and Investments Report for September 2025 through June 2026, in accordance with Government Code § 53607.

BACKGROUND:

The City prepares a monthly Cash and Investments Report to provide the City Council with information regarding the City's cash balances, investments, restricted funds, and investment activity.

Due to significant staff turnover within the Finance Department during Fiscal Year 2025/26, reports beginning in September 2025 were not prepared and presented according to the City's regular monthly reporting schedule. Finance staff have since completed the necessary reconciliations and compiled the outstanding cash and investment information.

This consolidated report presents the City's cash and investment position from September 30, 2025, through June 30, 2026. Receiving and filing the report will bring the City's investment reporting up to date through the end of Fiscal Year 2025/26.

JUSTIFICATION:

The attached report presents the City's unrestricted and restricted cash and investments, including funds held in the California Local Agency Investment Fund (LAIF) and the City's investment custody account maintained with U.S. Bank.

On September 30, 2025, the City's total cash and investments were $48,181,907.80. By June 30, 2026, total cash and investments had increased to $60,256,711.30, an increase of approximately $12.07 million over the ten months. Note: The PERMA trust schedules are excluded from this reporting period because PERMA has not published its 4th-quarter trust schedules as of the reporting date. The balances will be updated in the July reporting period once the schedules are available.

The principal components of the City's unrestricted cash and investments on June 30, 2026, were:

Category	September 30, 2025	June 30, 2026
Cash and Investments – Unrestricted	$35,752,395.48	$53,783,484.83
Cash and Investments - Restricted	$12,429,512.32	$ 6,473,226.47
Total Cash and Investments	**$48,181,907.80**	**$60,256,711.30**

The City's unrestricted cash and investments increased by approximately $18.03 million during the reporting period, while restricted cash and investments decreased by approximately $5.96 million. The resulting net increase in total cash and investments was approximately $12.07 million.

On June 30, 2026, the City's unrestricted investments included approximately $8.42 million in LAIF and $22.68 million in the U.S. Bank custody account. LAIF accounted for approximately 27% of the City's investments, consistent with the monthly reports for the reporting period.

The Chandler Asset Management account, which is maintained through U.S. Bank, had a June 30, 2026, total market value of $22,548,614.71, consisting of $22,496,310.41 in market value and $52,304.30 in accrued interest. The portfolio had an average credit quality of AAA, a modified duration of 0.32, and a market yield to maturity of 3.84%.

For the period reported by Chandler Asset Management, the City's portfolio had a 1-year total rate of return of 3.91%, compared with 3.88% for the ICE Bank of America 0-1 Year U.S. Treasury Notes & Bonds benchmark. The portfolio's 3-year annualized return was 4.81%, compared with 4.61% for the benchmark.

Chandler Asset Management's June 30, 2026, compliance report indicates that the portfolio complied with the applicable investment policy limitations. For example, U.S. Treasury securities represented 82.4% of market value against a 100% maximum, Federal Agencies represented 13.2% against a 100% maximum, and the applicable other security-category limits were also reported as compliant.

LAIF / PMIA PERFORMANCE

The City's LAIF balance was $8,420,445.52 as of June 30, 2026. The accompanying State of California PMIA/LAIF (Pooled Money Investment Account) performance information reports a June 2026 PMIA effective yield of 3.816%, with the May and April yields at 3.810% and 3.811%, respectively. The reported LAIF apportionment rate was 3.92%.

The State's June 30, 2026 PMIA market valuation reported a total amortized cost of approximately $193.79 billion, a fair value of approximately $193.57 billion, and a fair value including accrued interest of approximately $194.48 billion. The LAIF fair-value factor was reported as 0.998872382.

INVESTMENT POLICY COMPLIANCE

Based on the June 30, 2026, Chandler Asset Management report, the City's investment portfolio remained within the applicable investment policy parameters. The portfolio's average credit quality was AAA, and the Chandler compliance report identifies the applicable investment categories as compliant.

The attached City Monthly Cash and Investment Report also includes the City's certification that investment activity conforms with the investment policy adopted by the City Council and Government Code § 53646, subdivision (b)(3), and that adequate pooled cash is available to meet the City's anticipated disbursement requirements for the upcoming six months.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report.

ATTACHMENTS:

1. Attachment_1_-_Investment_Report.pdf
1. Attachment 2 - City of Banning Broker Report-Chandler Asset Mgt..pdf
2. Attachment 3 - LAIF Market Valuation (Sept 2025 to June 2026).pdf
3. Attachment 4 - PMIA-LAIF_Performance Yields.pdf