



# ADMINISTRATION COMMITTEE

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## Agenda Report

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**FROM:** Robert Thompson, General Manager  
Originator: Wally Ritchie, Director of Finance

**SUBJECT:**

**MID-YEAR FINANCIAL REPORT FOR THE PERIOD ENDED DECEMBER 31, 2023**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Recommend to the Board of Directors to:

Receive and file the Orange County Sanitation District Mid-Year Financial Report for the period ended December 31, 2023.

**BACKGROUND**

Included in this report are the following mid-year financial reports for the period ended December 31, 2023:

- **Mid-Year Budget Review**  
The Budget Review Summary provides the Directors, staff, and general public with a comprehensive overview of the mid-year financial results of the Orange County Sanitation District (OC San) for the period ended December 31, 2023.
- **Mid-Year Treasurer's Report**  
This section reports on financial portfolio performance with respect to OC San's funds. Both Long-Term and Liquid Operating Monies Portfolios are summarized. A performance summary table can be found on page 2 of this agenda report. The report also contains information on the U.S. and global economic outlook from OC San's investment manager, Chandler Asset Management.
- **Mid-Year Certificates of Participation (COP) Report**  
The report includes a summary of each outstanding debt issuance and a chart illustrating the various fixed interest rates of OC San's eight debt issues.

**RELEVANT STANDARDS**

- Quarterly financial reporting

**ADDITIONAL INFORMATION**

The mid-year treasurer’s report contained within the Consolidated Financial Reports for the period ended December 31, 2023, is being submitted in accordance with OC San’s investment policy that requires the report be submitted to the governing body following the end of each quarter and includes the following information:

- Performance results in comparison with the ICE BAML 3-month treasury bill index for the liquid operating portfolio; and the ICE BAML Corp./Govt. 1-5 Year Bond index for the long-term portfolio as identified in the investment policy; and the time-weighted total rate of return for the portfolio for the prior three months, six months, nine months, twelve months, and since inception compared to the Benchmark returns for the same periods:

**Portfolio Performance Summary  
As of December 31, 2023**

	Liquid Operating Monies (%)		Long-Term Operating Monies (%)	
	Total Rate of Return	Benchmark	Total Rate of Return	Benchmark
3 Months	1.38	1.37	3.17	3.23
6 Months	2.85	2.70	3.49	3.49
9 Months	3.98	3.90	3.05	2.76
12 Months	5.18	5.01	4.76	4.61
Annualized Since Inception 30 Nov 2014	1.46	1.37	1.38	1.26

- A listing of individual securities held at the end of each reporting period (see the detailed listings of each security contained within the report).

- Cost and market values of the portfolios:

	<u>Liquid Operating</u>	<u>Long-Term</u>
Cost	\$206.8 M	\$749.1 M
Market Value	\$208.9 M	\$733.2 M

- Modified duration of the portfolio compared to the Benchmark:

	<u>Liquid Operating</u>	<u>Long-Term</u>
OC San Policy	< 0.50	< 5.00
Benchmark	0.16	2.52
Portfolio	0.24	2.44

- Dollar change in value of the portfolio for a one percent (1%) change in interest rates:

Liquid Operating - \$508,854  
 Long- Term - \$17,903,418

- None of the portfolios are currently invested in reverse repurchase agreements.

- The percent of the Liquid Operating Monies portfolio maturing within 90 days: 64.8%
- Average portfolio credit quality:  
Liquid Operating - AAA/Aaa  
Long- Term - AA/Aa1
- Percent of portfolio with credit ratings below “A” by any rating agency and a description of such securities:  
Liquid Operating - 0.0%  
Long- Term - Percent of portfolio - 0.8%

	Cost	Maturity Date	Moody	S&P	Fitch
AMRESO Residential Securities 1999-1 A	\$76,215.34	6/25/2029	NR	BB+	A
Virginia Electric Power Corp Callable	\$5,736,523.40	5/15/2027	A2	BBB+	A

- All investments are in compliance with the investment policy and the California Government Code, except for the following Lehman Brother holdings that OC San is pursuing collection through the bankruptcy court:  
Lehman Brothers Note-Defaulted \$600,000 par value purchased 9/19/2008  
Lehman Brothers Note-Defaulted \$2,000,000 par value purchased 9/18/2008
- Sufficient funds are available for the OC San to meet its operating expenditure requirements for the next six months.

**CEQA**

N/A

**FINANCIAL CONSIDERATIONS**

N/A

**ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:*

- Mid-Year Consolidated Financial Report for the period ended December 31, 2023
- Presentation