Orange County Sanitation District

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Agenda Report Details (With Text)

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Title:	CONSOLIDATED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED MARCH 31, 2022			
Sponsors:	Lorenzo Tyner			
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Attachments:	1. Agenda Report, 2. Consolidated Financial Report for the Third Quarter Ended March 31, 2022			

Date	Ver.	Action By	Action	Result
5/11/2022	1	ADMINISTRATION COMMITTEE		

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

CONSOLIDATED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED MARCH 31, 2022

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Receive and file the Orange County Sanitation District Third Quarter Financial Report for the period ended March 31, 2022.

BACKGROUND

Included in this consolidated report are the following quarterly financial reports for the period ended March 31, 2022:

- **Third Quarter Budget Review**
  The Budget Review Summary provides the Directors, staff, and general public with a comprehensive overview of the financial results of the Orange County Sanitation District (OC San) through the third quarter ended March 31, 2022.

- **Quarterly 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. Additionally, the Section 115 Trust quarterly performance report is included.

The Section 115 trust is administered by Public Agency Retirement Services (PARS) and managed by HighMark Capital, and was established to prefund pension obligations.

- **Certificates of Participation (COP) Quarterly Report**
  The report includes a summary of each outstanding debt issuance and a comparative chart illustrating the COP rate history.

RELEVANT STANDARDS

- Quarterly financial reporting

ADDITIONAL INFORMATION

The quarterly treasurer's report contained within the Consolidated Financial Report for the Third Quarter Ended March 31, 2022 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 March 31, 2022

	Liquid Operating Monies (%)		Long-Term Operating Monies (%)	
	Total Rate of Return	Benchmark	Total Rate of Return	Benchmark
3 Months	-0.01	0.04	-2.93	-3.24
6 Months	-0.01	0.05	-3.54	-3.90
9 Months	0.01	0.06	-3.52	-3.89
12 Months	0.03	0.06	-3.33	-3.70
Annualized Since Inception 30 Nov 2014	0.93	0.83	1.33	1.25

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

- Cost and market values of the portfolios:

	Liquid Operating	Long-Term
Cost	$156.0 M	$739.2 M
Market Value	$155.8 M	$720.7 M

- Modified duration of the portfolio compared to the Benchmark:

	Liquid Operating	Long-Term
OC San Policy	< 0.50	< 5.00

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Benchmark	0.15	2.55
Portfolio	0.23	2.46

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

  Liquid Operating - $364,985
  Long- Term - $17,699,269

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

- The percent of the Liquid Operating Monies portfolio maturing within 90 days: 62.0%

- Average portfolio credit quality:

  Liquid Operating - AA+/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 - 1.3%
  Long- Term - Percent of portfolio - 1.2%

	Cost	Maturity Date	Moody	S&P	Fitch
Morgan Stanley Note	$2,047,260.00	5/19/2022	A1	BBB+	A
SLM Student Loan Trust 2008-9 A	$9,151.39	4/25/2023	Ba3	B	B
AMRESCO Residential Securities 1999-1 A	$87,577.91	6/25/2029	NR	BBB	A
Morgan Stanley Callable Note	$8,889,710.25	5/30/2025	A1	BBB+	A

- All investments are in compliance with this 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 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:

- Consolidated Financial Report for the Third Quarter Ended March 31, 2022