

March 24, 2023

## Memorandum

To: Allen Baldwin, City Treasurer  
Nancy Lassey, Finance Administrator  
*City of Lake Elsinore*

From: Sarah Meacham, Managing Director  
Richard Babbe, CCM, Senior Managing Consultant  
*PFM Asset Management LLC*

Re: 2023 Investment Policy Review

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At your request, we reviewed the City of Lake Elsinore's (the "City") Investment Policy (the "Policy"), as part of the City's annual review process. The City's Policy is comprehensive and is consistent with the California Government Code ("Code") statutes regulating the investment of public funds. We are, however, recommending one Policy change to incorporate GASB Statement No. 98, which was adopted in October 2021. Governmental Accounting Standards Board Statement No. 98 changed the name of the Comprehensive Annual Financial Report to the Annual Comprehensive Financial Report and the acronym to ACFR.

Although no other changes are needed, we also wanted to bring to your attention two recent Code changes that were made as part of SB 1489 that took effect January 1, 2023. First, SB 1489 lengthened the deadline for submitting quarterly reports in Code section 53646 (b)(1) to 45 days from 30 days. The change was made to provide local agencies with more time to prepare the report recognizing the time necessary to collect the data and finish the report. As the Policy does not reference a reporting deadline, no change is needed.

Second, Code had not specified whether a security's remaining maturity was to be calculated from trade or settlement date for compliance purposes. Code now specifies that an investment's term to maturity at purchase is to be measured from the investment's settlement date (the Bill further specifies that the forward settlement date of an investment cannot exceed 45 days from trade date). This change offers local agencies more opportunities to consider new issue five-year securities. The remaining maturity on a five-year new issue securities may exceed five years if calculated to trade date but not if calculated to settlement date. As neither trade nor settlement date are referenced in the Policy relative to determining a security's maximum maturity, no changes are necessary.

Please let us know if you have any questions or if you would like to discuss further.