



Legislation Details (With Text)

**File #:** 23-0165      **Version:** 1

**Type:** Ordinance      **Status:** Agenda Ready

**File created:** 2/8/2023      **In control:** City Council

**On agenda:** 2/21/2023      **Final action:**

**Title:** Waive the first reading and pass the ordinance approving revisions to the City’s Investment and Cash Management Policy (requires six positive votes)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Ordinance - Investment and Cash Mgmt Policy 2023, 2. Naperville Investment and Cash Management Policy Rev 01.30.23 (marked up), 3. Naperville Investment and Cash Management Policy Rev 01.30.23 (final)

Date	Ver.	Action By	Action	Result
2/21/2023	1	City Council	passed	Pass

**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Waive the first reading and pass the ordinance approving revisions to the City’s Investment and Cash Management Policy (requires six positive votes)

**DEPARTMENT:** Finance Department

**SUBMITTED BY:** Rachel Mayer, Finance Director

**BOARD/COMMISSION REVIEW:**

The Financial Advisory Board (FAB) reviewed the Investment and Cash Management Policy and approved the recommended changes on January 30, 2023.

**BACKGROUND:**

The City’s Investment and Cash Management Policy (“Policy”) was established to comply with State requirements regarding the investment of public funds and defines permissible investment activities under the City’s home rule authority. The primary objectives of investment activities are safety, liquidity, and total return. The policy also describes cash management and operational processes.

All funds of the City are administered in accordance with the provisions of this policy except for the police and fire pension funds and other financial assets bound by separate governance documents held by various fiscal agents and trustees which are administered according to the contractual and statutory requirements of the respective funds. Except for cash in certain restricted and special funds, the City consolidates cash balances from all funds to maximize investment returns. Investment income is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

The Policy calls for periodic review by FAB, and any revisions recommended shall be approved by City Council. The Policy was last revised in 2018.

**DISCUSSION:**

The Financial Advisory Board completed a thorough review of the City's Investment and Cash Management Policy in late 2022 and early 2023. FAB has recommended several minor revisions to the Policy intended to address internal cash management procedures that have evolved and do not impact any section of the Policy that directs investment activity. Staff concurs and recommends the following changes:

1. Remove references to staff positions that no longer exist.
2. Revise cash management and operational guidelines to align with current processes, e.g., electronic check deposit.
3. Update the maximum amount of short-term cash held outside the investment portfolio, defining that amount as a percentage, as opposed to a flat dollar amount.

These changes are attached as red-line and final versions.

**FISCAL IMPACT:**

N/A