

**CITY OF ALBANY  
CITY COUNCIL AGENDA  
STAFF REPORT**

**Agenda Date:** February 2, 2009  
**Reviewed by:** \_\_\_\_\_

**Subject:** A rendering of the quarterly Cash and Investments Treasury Report of the City of Albany as of December 31, 2008, as required by Section 53646 of the California Government Code.

**From:** Kim Denton, City Treasurer  
Charlie Adams, Finance & Administrative Services Director

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**RECOMMENDATION**

Note and file - for information only.

**BACKGROUND**

Pursuant to section 53646 of the California Government Code, the City is required to prepare the Cash and Investments Treasury Report every quarter. Attached please find the report as of December 31, 2008.

**DISCUSSION**

The City invests cash that may be expended in the near term and cash reserves, in the California State Treasurer's Local Agency Investment Fund (LAIF). This is a liquid investment pool, which allows participants to earn market rate returns of large investments, while retaining access to funds within 24 hours of a withdrawal request. The market value of LAIF investments at December 31, 2008 was 0.3% greater than cost.

In January 2008, \$6,000,000 was transferred from the LAIF account to the CalTrust short-term account. This is a pooled investment fund, which is similar to LAIF, yielding market rate returns and allowing easy access to fund withdrawals. At December 31, 2008, the market value was 0.99% less than cost.

The investment of debt service reserves on deposit with fiscal agents is controlled by the designated fiscal agent. As of December 31, 2008, the deposits with fiscal agents were invested in money market funds, and the yield was 0.08% for the month of December 2008.

The financial markets remain extremely volatile. Both LAIF and CalTrust have structured their portfolios so as to minimize yield reductions from market losses, but the decline in interest rates on government securities will continue to depress the yield rates of both investment pools. Because the markets remain volatile, a key factor in the performance of the pooled investment funds is their ability to stay-the-course, and not be forced to liquidate securities at low points in the market, in order to meet demands for withdrawals by participating agencies. High demand for withdrawals could be sparked by delays in State payments to local agencies, because of the State budget impasse.

The yield on the LAIF account is a combination of dividends, interest, realized capital gains and losses, and unrealized capital gains and losses (changes in market value). As the market value of securities in the LAIF account decline, the effective yield on investments will also decline. The LAIF yield has declined from 3.11% at June 30, 2008 to 2.54% for the quarter ended December 31, 2008. The daily LAIF yield has continued a downward trend into January, and it is likely that the yield for the quarter ended March 31 will be lower than the current yield.

Income, gains and losses on the CalTrust account are reported as specific transactions in the month in which they occur. In the month of December 2008, the City's CalTrust account earned income of \$14,238. The net increase in the account for the fiscal year to date at December 31, 2008 is \$14,671.

### **FINANCIAL IMPACT**

There are no out of pocket expenses incurred in the investment of the City's cash. LAIF yield for the quarter ended December 31, 2008 was 2.54%. This is down from 2.77% for the quarter ended September 30, 2008. Investments held by CalTrust yielded 2.21% in the month of December 2008.

### **SUSTAINABILITY**

Not applicable.

Attachment: Cash and Investment Treasury Report

**CITY OF ALBANY**  
**CASH AND INVESTMENTS TREASURY REPORT**  
**December 31, 2008**

**SUMMARY**

	<b>BOOK VALUE</b>	<b>MARKET VALUE</b>
<b><u>GENERAL PORTFOLIO</u></b>		
LOCAL AGENCY INVESTMENT FUND	\$ 31,292,001	\$ 31,386,296
CHECKING AND SAVINGS DEPOSITS	775,991	775,991
FUNDS IN CALTRUST	6,147,205	6,086,041
<b>TOTAL GENERAL PORTFOLIO</b>	<b>\$ 38,215,197</b>	<b>\$ 38,248,328</b>
<b><u>FUNDS WITH FISCAL AGENTS</u></b>		
DEBT SERVICE RESERVE FUNDS	\$ 600,870	\$ 600,870
PAYMENT FUNDS	479	479
<b>TOTAL BOND PROCEEDS</b>	<b>\$ 601,349</b>	<b>\$ 601,349</b>

1. I hereby certify that the investments are in compliance with the investment policy adopted by the City Council.
2. The City has the ability to meet its budgeted expenditures.
3. The book value for the State Local Agency Investment Pool is the withdrawal value provided by the State Treasurer.
4. The Market value of funds held by the State Treasurer equates to the City's pro-rata share of the market value of the entire State investment pool.
5. The fiscal agent provided the market values for investments held in their accounts.
6. This report meets the requirement of Government Code Section 53601 and 53646.

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Kim Denton, City Treasurer

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Charles A. Adams  
 Finance & Administrative Services Director

**CITY OF ALBANY  
CASH AND INVESTMENTS TREASURY REPORT  
December 31, 2008**

**Funds in State Local Agency Investment Fund**

<u>Fund or Account</u>	<u>Account Balance</u>	<u>Market Value</u>
City Account:		
Measure F 2003	\$ 328,721	\$ 329,712
Measure F 2007	6,792,756	6,813,225
Measure C 2007	5,201,224	5,216,897
2004 Sewer Revenue Bond	758,978	761,265
General and Other Funds	<u>15,452,386</u>	<u>15,498,950</u>
	28,534,065	28,620,049
1996-1 Assessment District Bond	<u>2,757,936</u>	<u>2,766,247</u>
<b>Total Funds in State Investment Pool</b>	<b><u><u>\$ 31,292,001</u></u></b>	<b><u><u>\$ 31,386,296</u></u></b>

**Yield for quarter ended December 31, 2008**

2.540%

See Notes 3 and 4 on Page 2.

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CASH AND INVESTMENTS TREASURY REPORT  
December 31, 2008**

**Funds with Banking Institutions**

<u>Account Name</u>	<u>Insured Deposits</u>	<u>Collateralized Deposits</u>	<u>Bank Securities</u>	<u>Total Deposits</u>	<u>Interest Rate</u>
City of Albany Deposits Checking Account		\$ 95,741		\$ 95,741	0.05%
Payroll Checking Account		197,794		197,794	0.05%
Accounts Payable Checking Account	\$ 100,000	332,811		432,811	0.05%
Albany Municipal Services JPA Checking Account		49,645		49,645	0.05%
<b>Total on Deposit</b>	<u>\$ 100,000</u>	<u>\$ 675,991</u>	<u>\$ -</u>	<u>\$ 775,991</u>	

**CITY OF ALBANY  
CASH AND INVESTMENTS TREASURY REPORT  
December 31, 2008**

<b>Investment</b>	<b>Book Value</b>	<b>Market Value</b>	<b>Yield</b>	<b>Maturity Date</b>
<b><u>Funds with Fiscal Agents</u></b>				
BNY Western Trust Company:			0.14%	*
1996-1 Assessment District Bond	\$ 480,663	\$ 480,663		
2004 Sewer Revenue Bond	161	161		
Measure F 2007	90	90		
Measure C 2007	68	68		
US Bank:			0.02%	*
1997 Refunding COP	120,367	120,367		
<b>Total Funds with Fiscal Agent</b>	<b><u>\$ 601,349</u></b>	<b><u>\$ 601,349</u></b>		
 <b><u>Funds in CalTrust</u></b>				
CalTrust			2.21%	**
Short Term Fund	\$ 6,147,205	\$ 6,086,041		
<b>Total Sewer Bond Proceeds</b>	<b><u>\$ 6,147,205</u></b>	<b><u>\$ 6,086,041</u></b>		

\* Funds are held in cash or invested in US Government Securities and top rated corporate debt securities that are liquid assets, which may be sold at the current market value at any time.

\*\* Funds are invested in short-term investments including CDs, commercial paper, money market funds, government agencies, etc. The average maturity for the funds is 0.69 years.