



MEETING DATE: 03/17/08
ITEM NO. 3

COUNCIL AGENDA REPORT

DATE: March 13, 2008
TO: MAYOR AND TOWN COUNCIL
FROM: LINDA SPEICHER, TOWN TREASURER
SUBJECT: TREASURER'S REPORT FOR JANUARY 2008

RECOMMENDATION:

Accept report as attached.

DISCUSSION:

Attached for your review and acceptance is the Treasurer's report for the month of January 2008.

Prime dropped to 6% at the end of January and has remained there. Investments that are maturing are put back into the market, but at the newer reduced rates. Thus overall the yield of the funds is slightly lower. Our investment advisors, MBIA, have continued to help us find decent investments in order to keep our return as high as possible in this lower market.

The January 2008 Treasurer's Report to be presented to Town Council on Monday, March 17th, reports an increase in invested cash balances for the month of approximately \$4.3 million. This increase is a natural part of the Town's yearly financial cycle. The month of January of each fiscal year is typically a higher cash collection month due to the timing of property tax receipts and business license renewals.

Significant receipts included:

- Property taxes totaling approximately \$1.5 million (Secured 4th and final advances)
- Vehicle License Fees Property Tax In-Lieu (\$1.1million-paid twice each FY)
- Business License Fees of \$437K (January annual renewals)
- Transient Occupancy Taxes \$209K (quarterly payments)
- Permit Deposits \$203K
- Franchise Fees \$127K

PREPARED BY: Linda L. Speicher, Town Treasurer

N:\MGR\AdminWorkFiles\2008 Council Reports\3-17-08 Treasurer Report.wpd

Reviewed by: 22 Town Manager ___ Assistant Town Manager OK Town Attorney
___ Clerk 4 Finance ___ Community Development Revised: 3/13/08 4:07 pm

Distribution: Town Council; Town Manager; Finance Director

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MAYOR AND TOWN COUNCIL

SUBJECT: TREASURER'S REPORT FOR JANUARY 2008

MARCH 13, 2008

Funds were moved from Bank of the West to LAIF in February.

ENVIRONMENTAL ASSESSMENT:

Is not a project defined under CEQA, and no further action is required.

FISCAL IMPACT:

None

Attachments: Treasurer's report dated March 13, 2008.

Meeting date: March 17, 2008

Item No:

**Town of Los Gatos
Treasurer's Report
for the month ended
January 31, 2008**

Submitted March 13, 2008

by

Linda L. Speicher

A handwritten signature in black ink, appearing to be 'L. Speicher', written over the printed name.

Distribution: Town Clerk
 Town Manager
 Town Council

**Town of Los Gatos
Summary Investment Information
January 31, 2008**

Weighted Average Portfolio Yield: 4.56% **Weighted Average Maturity (days) 501**

	<u>This Month</u>	<u>Last Month</u>	<u>One year ago</u>
Portfolio Balance	\$73,480,753	\$69,181,668	\$69,236,890

Benchmarks/ References:

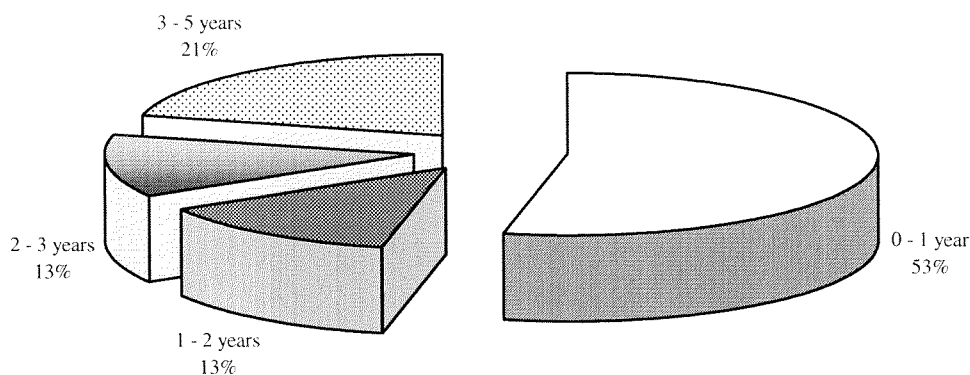
Town's Average Yield	4.56%	4.57%	4.57%
LAIF Yield for month	4.73%	4.73%	5.16%
3 mo. Treasury	2.39%	3.39%	5.15%
6 mo. Treasury	2.38%	3.51%	5.18%
2 yr. Treasury	2.24%	3.29%	4.93%
5 yr. Treasury (most recent)	2.91%	3.65%	4.86%
Prime rate	6.00%	7.25%	8.25%

Most recent auctions of

Freddie Mac or Fannie Mae Reference Notes:

3 yr. Freddie Mac (01/14/08)	3.26%
2 yr. Fannie Mae (02/07/08)	2.62%

Portfolio Maturity Profile



Compliance: The Town's investments are in compliance with the Town's investment policy dated November 1, 2006 and also in compliance with the requirements of Section 53601 of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

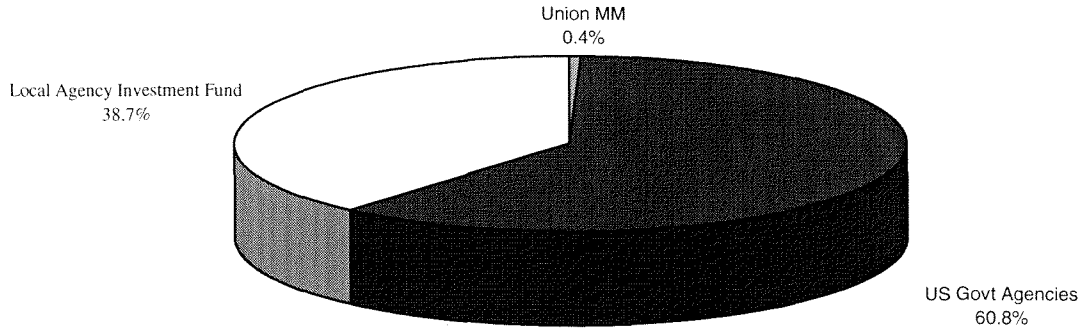
**Town of Los Gatos
Portfolio Allocation & Treasurer's Fund Balances
January 31, 2008**

	Month	YTD
Fund Balances - Beginning of Month/Period	\$69,181,668.29	\$73,499,683.31
Receipts	6,833,250.80	24,600,401.90
Disbursements	<u>(2,534,166.36)</u>	<u>(24,619,332.48)</u>
Fund Balances - End of Month/Period	<u>\$73,480,752.73</u>	<u>\$73,480,752.73</u>

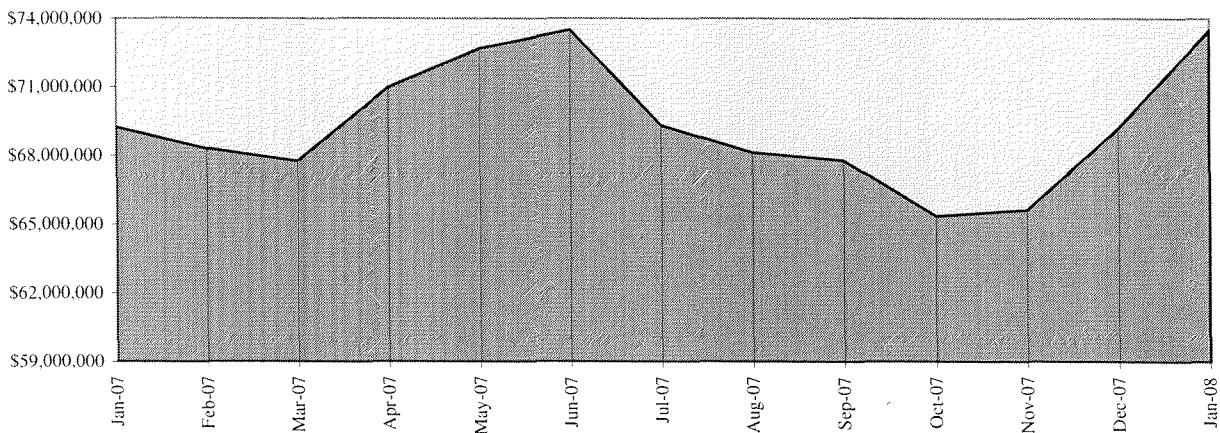
Portfolio Allocation:

Union MM	\$301,757.85
US Govt Agencies	40,939,695.74
Local Agency Investment Fund	<u>26,063,466.75</u>
Subtotal - Investments	67,304,920.34
Reconciled Demand Deposit Balances	<u>6,175,832.36</u>
 Total Treasurer's Fund	 <u>\$73,480,752.70</u>

Portfolio Investment Allocation



Treasurer's Fund Balances



**Town of Los Gatos
Non-Treasury Restricted Fund Balances
January 31, 2008**

	<u>Previous Balance</u>	<u>Deposits</u>	<u>Interest</u>	<u>Withdrawals</u>	<u>Ending Balance</u>	
Non-Treasury Funds:						
Downtown Parking District 12/20/02	\$260,845.84		\$999.55		\$261,845.39	Note 1
Certificates of Participation Reserve Fund (Lot 4)	256,687.52		722.95		257,410.47	Note 2
Cert. of Participation Lease Payment Fund (Lot 4)	106,018.67	19,032.30	265.46		125,316.43	Note 3
Cert. of Participation 2002 Series A Const. Fund	377,426.64		4,687.25	96,145.99	285,967.90	Note 4
Cert. of Participation 2002 Series A Reserve Fund	786,276.13		2,179.30	246.96	788,208.47	Note 4
Cert. Of Participation 2002 Series A Interest Fund	804.49	220,876.76	2.21	0.10	221,683.36	Note 4
Cert. Of Participation 2002 Series A COI Fund	0.00		0.00	0.00	0.00	Note 4
	<hr/>					
Total Restricted Funds:	<u>\$1,788,059.29</u>	<u>\$239,909.06</u>	<u>\$8,856.72</u>	<u>\$96,393.05</u>	<u>\$1,940,432.02</u>	

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

Note 1: This account include redemption accounts set up for the repayment of interest and principal on outstanding bond coupons for Parking Assessment District '3', as well as Reserve Funds set up as required by the original Bond resolution.

Note 2: The reserve fund was a requirement of the original certificates of participation agreement when Lot 4 was built. It helps to guarantee payment of the lease payments should the Town not make payment.

Note 3: The lease payment fund receives the lease payments from the Town monthly for the lease of Lot 4. It holds the funds until payments on the certificates of participation are due semi-annually.

Note 4: The three funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

**Town of Los Gatos
Statement of Interest Earned
January 31, 2008**

	<u>Current Month</u>	<u>Fiscal Year to Date</u>
Interest received from Investments	\$376,186.34	\$2,016,408.05
Add: Interest accrued at end of period (see page 5)	496,987.19	496,987.19
Less: Interest accrued at beginning of period	<u>(591,757.04)</u>	<u>(638,512.99)</u>
Interest earned on investments	<u>\$281,416.49</u>	<u>\$1,874,882.25</u>

Interest by Month

July 2007	287,856.35
August 2007	285,325.36
September 2007	261,616.22
October 2007	271,223.77
November 2007	234,832.62
December 2007	252,611.44
January 2008	<u>281,416.49</u>
	<u><u>1,874,882.25</u></u>

**Town of Los Gatos
Inactive Deposits by Institution
Market to Cost Position Report
January 31, 2008**

Institution	Security	Deposit Date	Amortized Cost	Maturity Date	Days Elapsed	Days to Maturity	Days Invested	Yield to Maturity	Interest Earned	Interest Received	Interest Accrued
FHLMC	Discount Note	08/15/05	999,700.00	02/15/08	899	15	914	4.513%	111,122.46	90,000.00	21,122.46
USTreasury	Note	05/12/06	1,986,562.50	03/31/08	629	60	689	5.000%	171,170.93	128,135.25	43,035.68
FHLB	Coupon Note	07/01/05	755,975.25	04/18/08	944	78	1022	3.803%	74,355.49	71,070.31	3,285.18
USTreasury	Note	06/15/06	1,990,312.50	05/31/08	595	121	716	5.135%	166,604.15	142,254.10	24,350.05
USTreasury	Note	07/19/06	738,281.25	02/15/09	561	381	942	5.157%	58,517.93	36,267.27	22,250.66
FHLB	Coupon Note	05/12/06	1,498,035.00	03/13/09	629	407	1036	5.298%	136,770.27	105,218.75	31,551.52
USTreasury	Note	05/15/06	1,992,343.75	05/15/09	626	470	1096	5.014%	171,328.68	146,250.00	25,078.68
FHLB	Coupon Note	06/15/06	1,493,400.00	06/12/09	595	498	1093	5.226%	127,224.18	117,468.75	9,755.43
FFCB	Coupon Note	07/19/06	723,562.50	07/17/09	561	533	1094	5.408%	60,142.67	46,234.37	13,908.30
USTreasury	Note	11/17/06	748,066.41	11/15/09	440	654	1094	4.734%	42,690.20	34,495.86	8,194.34
ML Corp	Note	04/10/07	976,150.00	02/08/10	296	739	1035	5.165%	40,887.05	13,930.56	26,956.49
USTreasury	Note	10/19/06	976,406.25	04/15/10	469	805	1274	4.744%	59,518.94	39,560.44	19,958.50
FHLB	Coupon Note	08/22/06	1,507,665.00	06/11/10	527	862	1389	4.957%	107,904.99	96,375.00	11,529.99
FHLB	Coupon Note	01/12/07	1,487,205.00	08/10/10	384	922	1306	4.960%	77,605.21	40,733.33	36,871.88
USTreasury	Note	05/31/07	737,226.56	10/15/10	245	988	1233	4.801%	23,757.78	11,931.35	11,826.43
FFCB	Coupon Note	12/07/07	2,032,140.00	11/01/10	55	1005	1060	3.715%	11,375.81		11,375.81
FFCB	Coupon Note	01/18/07	756,922.50	01/18/11	378	1083	1461	3.175%	24,888.23		24,888.23
FFCB	Coupon Note	11/28/07	2,062,000.00	02/18/11	64	1114	1178	3.840%	13,883.76		13,883.76
FNMA	Discount Note	09/29/06	1,516,485.00	04/15/11	489	1170	1659	4.874%	99,023.81	80,291.67	18,732.14
FHLMC	Coupon Note	12/28/06	1,522,350.00	07/20/11	399	1266	1665	5.375%	89,448.49	91,520.83	(2,072.34)
USTreasury	Note	10/19/06	990,078.13	09/30/11	469	1338	1807	4.721%	60,059.74	42,651.10	17,408.64
FFCB	Coupon Note	12/12/07	2,025,080.00	11/21/11	50	1390	1440	4.000%	11,096.33		11,096.33
FFCB	Coupon Note	02/22/07	986,080.00	12/08/11	343	1407	1750	4.959%	45,952.33	36,743.06	9,209.27
FHLB	Coupon Note	05/09/07	1,509,255.00	03/09/12	267	1499	1766	4.743%	52,364.16	25,000.00	27,364.16
FHLB	Coupon Note	11/29/07	2,038,360.00	08/15/12	63	1658	1721	4.170%	14,671.17		14,671.17
GE	Corporate Note	01/16/08	1,542,165.00	10/19/12	15	1723	1738	4.587%	2,907.09		2,907.09
FHLMC	Coupon Note	09/30/04	198,630.00	02/25/08	1218	25	1243	3.462%	22,947.02	18,868.06	4,078.96
FHLMC	Coupon Note	06/26/03	657,396.09	03/15/08	1680	44	1724	2.294%	69,412.38	74,842.33	(5,429.95)
FHLB	Coupon Note	06/30/03	286,162.50	04/15/08	1676	75	1751	2.633%	34,597.50	63,087.50	(28,490.00)
FHLB	Coupon Note	06/26/03	661,764.30	05/13/08	1680	103	1783	2.507%	76,361.44	150,938.61	(74,577.17)
FHLMC MTN	Coupon Note	06/30/03	228,298.00	06/13/08	1676	134	1810	2.894%	30,337.64	28,163.82	2,173.82
FHLMC	Coupon Note	06/24/03	500,000.00	06/18/08	1682	139	1821	2.750%	63,363.01	61,875.00	1,488.01
FNMA	Coupon Note	09/30/04	198,597.00	08/15/08	1218	197	1415	3.442%	22,810.67	18,687.50	4,123.17
FNMA	Coupon Note	11/16/04	199,216.00	09/15/08	1171	228	1399	3.866%	24,708.71	21,229.17	3,479.54
FNMA	Coupon Note	01/19/05	248,157.50	09/15/08	1107	228	1335	3.974%	29,909.56	24,895.83	5,013.73
FNMA	Coupon Note	11/16/04	199,552.00	11/17/08	1171	291	1462	3.936%	25,198.53	23,271.53	1,927.00
FHLMC	Coupon Note	07/07/05	296,403.00	01/12/09	938	347	1285	4.313%	32,852.77	29,869.79	2,982.98
FNMA	Coupon Note	01/21/05	242,400.00	03/16/09	1105	410	1515	3.930%	28,839.96	20,724.83	8,115.13
FHLMC	Coupon Note	06/17/05	300,198.00	07/30/09	958	546	1504	4.359%	34,345.30	34,380.21	(34.91)
FHLMC	Coupon Note	08/01/05	298,332.00	07/30/09	913	546	1459	4.527%	33,782.22	32,776.04	1,006.18
FHLMC	Coupon Note	06/14/05	298,683.00	09/01/09	961	579	1540	4.237%	33,319.58	27,396.87	5,922.71
FHLMC	Coupon Note	01/21/05	149,686.50	09/01/09	1105	579	1684	4.180%	18,942.11	16,156.25	2,785.86
FHLMC	Coupon Note	06/14/05	299,331.00	01/25/10	961	725	1686	4.431%	34,920.78	34,307.29	613.49
Subtotal			<u>40,854,614.49</u>								
Union MM			301,757.85		30	30		3.86%	957.36		957.36
Purchased Interest			85,081.25								
LAIF	N/A	12/31/07	26,063,466.75	03/31/08	31	60	91	4.73%	101,711.44		101,711.44
			\$67,304,920.34			501		4.56%	\$2,574,589.82	\$2,077,602.63	\$496,987.19

Maturity Profile

	Amount	Percent
0-1 year	\$35,857,032.49	53.28%
1-2 years	\$8,782,319.41	13.05%
2-3 years	\$8,473,715.31	12.59%
3-5 years	<u>\$14,191,853.13</u>	<u>21.09%</u>
	<u>\$67,304,920.34</u>	<u>100.00%</u>

Market to Cost Position Report

Institution	Amortized Cost	Market Value*	Unrealized Gain (Loss)
Union Bank Assets	\$40,854,614.49	\$41,982,336.45	1,127,721.96
Union MM	301,757.85	301,757.85	0.00
Purchased Interest	85,081.25	85,081.25	0.00
LAIF	26,063,466.75	26,063,466.75	0.00
Totals:	<u>\$67,304,920.34</u>	<u>\$68,432,642.30</u>	<u>\$1,127,721.96</u>

* Source: Treasury and Agency Obligations - Union Bank of California
LAIF balances per Local Agency Investment Fund monthly statement.