

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Prepared on: 10/20/04
Department Name: Treasurer-Tax Collector
Department No.: 065
Agenda Date: 11/02//04
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Bernice James
Treasurer-Tax Collector

STAFF CONTACT: Tom Parsai, Ph.D., Investment Manager
568-2496

SUBJECT: Treasurer's Investment Pool, 2004-2005 First Fiscal Quarter (July-September)

Recommendation(s):

That the Board of Supervisors:

- A. Accept for filing the 2004-2005, First Fiscal Quarter (July-September) report on the Treasurer's Investment Pool.
- B. Receive and file the Auditor-Controller's Review Report on the assets held in the Santa Barbara County Treasurer's Investment Pool for the quarter ended September 30, 2004.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with actions required by law or by routine business practice.

Executive Summary and Discussion:

As presented on Page 9, the value of the Treasurer's Pool at cost on September 30, 2004, was \$669.7 million and \$2.6 million in Directed Investments. Market value of the pool was \$667.7 million. The weighted average days to maturity for the pool was 628 days.

It is the policy of the Santa Barbara County Treasurer to invest public funds in a manner which provides the maximum security of principal invested with secondary emphasis on achieving the highest yield while meeting the daily cash flow needs of the investment pool participants and conforming to all applicable State statutes and County resolutions governing the investment of public funds. The Auditor-Controller's Review Report on the assets held in the Treasurer's Investment Pool for the quarter ended September 30, 2004 is attached for your review.

The economy grew at an annual rate of 3.3%, a moderate level by historical standards. The unemployment rate improved slightly to 5.4%. However, not enough jobs were created to support a robust growth. Consumer Confidence ended the quarter a little lower than the previous quarter.

Mandates and Service Levels:

This quarterly report is being submitted to you as required by Government code Section 53646(b).

The Auditor-Controller's Review Report is being submitted pursuant to California Government Code Section 26920 and Santa Barbara County Code Section 2-23.2. The apportionment of unrealized gains/losses to participating funds causes volatility in the recording of revenues. However, it is reflective of the actual position of the fair market value of the pool and is required by the Government Accounting Standards Board, which is recognized as the correct practice to be applied to all government entities.

Fiscal and Facilities Impacts:

For the quarter ending September 30, 2004, interest earnings achieved by the pool were \$3.5 million, with the County receiving 43%, Schools 41%, and Special Districts the balance of 16%, as shown on Chart 5.

The yield for the quarter was 1.94%. This is higher than the State of California Local Agency Investment Fund (LAIF) by 27 basis points or 16%. This translates into approximately \$500,000 of additional income for this quarter alone. Recurring Performance Measure #12 for the Treasurer-Tax Collector-Public Administrator, of earning a rate of return at least 10 basis point higher than LAIF, has been achieved.

Special Instructions:

Send Minute Order to Bernice James, Treasurer-Tax Collector

cc: Auditor-Controller

Attachments: Treasurer's Investment Report
Auditor-Controller's Review Report