



Town of
LAUDERDALE-BY-THE-SEA

4501 Ocean Drive, Lauderdale-by-the-Sea, Florida 33308-3610
Telephone: (954) 776-0576 / Fax (954)776-1857

Date: January 26, 2011

To: Honorable Mayor and Commissioners

Via: Constance Hoffmann, Town Manager

From: Doug Haag, Acting Finance Director
Edner Saint-Jean, Accountant

Subject: Quarterly Cash and Investment Report – December 31, 2010

Attached is a cash and investment report as of December 31, 2010. Total cash and investments increased by approximately \$4,571,000 since November. This reflects receipt of 78% of the ad valorem property tax payments. In addition, there was some investment activity during the month of December as we started to implement the new investment policy.

The municipal investment market has been one of relatively low yields for several years. There has been a slight upturn since the November election but analysts foresee little change over the next 12 months, in part because the Federal Reserve is not expected to increase rates over the next year. Based on that, it seems unlikely that there will be much change in short term rates unless there is a marked upturn in the economy.

Per the current investment policy, the Town has several broad options for investment of its funds. This includes direct placement in one of 3 state approved government investment pools, utilization of third party investment brokers to establish a portfolio likely consisting of U.S. treasury and agency instruments and purchase of bank certificates of deposit. However, per the investment policy, the Town cannot invest more than 20% of its funds beyond 1 year and no investment can exceed 2 years.

The two government investment pools that responded to our survey have yields ranging from 18 to 30 basis points and are fairly liquid. Several brokers that I spoke to stated that their estimated yield on a portfolio with a two year term was 80 to 90 basis points. Current interest rates at the time for fully insured/collateralized bank certificates of deposit ranged from 15 to 115 basis points, depending on the maturity. As a comparison, Town funds were being invested in interest bearing checking accounts at SunTrust Bank earning 18 basis points (down from 22 basis points as of November 29, 2010).

Based on the above, we proceeded to purchase \$2,000,000 in 12 month certificates of deposit from BankUnited in December as follows:

Fund	Amount Invested	Maturity (months)	Bank	APY Rate (Basis Points)
General Fund				
Infrastructure C/A/D Reserve	\$500,000	12	BankUnited	80
Stormwater C/A/D Reserve	\$500,000	12	BankUnited	80
Capital Fund				
Capital C/A/D Reserve	\$1,000,000	12	BankUnited	80
Total Investment	\$2,000,000			



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By purchasing these CD's from BankUnited the Town has also diversified its portfolio by reducing the amount of funds held by SunTrust Bank. The purchase represents a little more than 10% of the Town's total cash and investments as of December 31, 2010. In the first quarter of 2011 we will make additional changes in our investments, both to diversify our holdings and to improve the yield while always being mindful of cash flow issues.

Using cash balances as of 09/30/2010 (i.e. the lower end of our balances) the above purchases resulted in a weighted average maturity (WAM) of 54 days. The maximum per our policy is 182.5 days, or, six months.

Finally, these purchases are also consistent with a recommended strategy from several brokers/consultants of staying with short term investments today so that when the market does begin to change and interest rates start to increase, we will be able to take advantage of it.

Following is a summary comparison by fund of the cash and investment balances and month to month changes.

Monthly Comparison of Cash and Investments

Fund	Balance 31-Dec-10	Balance 30-Nov-10	Amount of Change	Percent Change
General Fund	12,111,751.88	7,711,041.07	4,400,710.81	36.3
Police Fund	211,993.49	211,934.75	58.74	0.0
Sewer Fund	1,310,108.92	1,409,397.31		
Capital Improvement Fund	4,736,425.11	4,462,754.39	273,670.72	5.8
Parking Fund	177,282.82	180,653.32		
GRAND TOTAL	18,547,562.22	13,975,780.84	4,571,781.38	24.6

Previous Month

Fund	Balance 30-Nov-10	Balance 31-Oct-10	Amount of Change	Percent Change
General Fund	7,711,041.07	7,427,202.17	283,838.90	3.7
Police Fund	211,934.75	211,996.16		
Sewer Fund	1,409,397.31	1,345,345.02	64,052.29	4.5
Capital Improvement Fund	4,462,754.39	4,461,957.35	797.04	0.0
Parking Fund	180,653.32	170,763.11	9,890.21	5.5
GRAND TOTAL	13,975,780.84	13,617,263.81	358,517.03	2.6

Please let me know if you have any questions.

Town of Lauderdale-by-the-Sea
Cash Investment Report
as of December 31,2010

Bank / Other	GL No.	Bank No.	Account Name	Account Type	Bank/ Pool	Balance 12/31/2010	Interest/ Avg % Yield	Interest/Chg Mkt Value	Interest/ Year to Date
<i>001 General Fund:</i>									
SunTrust	101.000	8015	Master Account	Muni NOW	SunTrust	6,322,743.20	0.18%	895.66	3,653.57
SunTrust	101.005	5434	Payroll Clearing Account	Business Checking	SunTrust	0.00	N/A	N/A	N/A
SunTrust	101.006	8015	Master Acct - Fire Assessment Reserve	Muni NOW	SunTrust	81,099.35	0.22%	Included Above	Included Above
SunTrust	101.007	8015	Master Acct - General Fund C/A/D Reserve	Muni NOW	SunTrust	867,385.84	0.22%	Included Above	Included Above
SunTrust	101.008	8015	Master Acct - Infrastructure C/A/D Reserve	Muni NOW	SunTrust	539,036.05	0.22%	Included Above	Included Above
SunTrust	101.009	6876	Emergency Reserve	Muni NOW	SunTrust	1,996,969.62	0.18%	305.24	1,960.82
SunTrust	101.108	8015	Master Acct - Stormwater C/A/D Reserve	Muni NOW	SunTrust	936,923.94	0.18%	Included Above	Included Above
SunTrust	101.130	8015	Master Acct - Vehicle/Equip Replacement	Muni NOW	SunTrust	183,285.04	0.18%	Included Above	Included Above
BankUnited	101.110	1185	Stormwater C/A/D Reserve	Cert of Deposit	BankUnited	500,119.50	0.79%	119.50	119.50
BankUnited	101.110	1193	Infrastructure C/A/D Reserve	Cert of Deposit	BankUnited	500,119.50	0.79%	119.50	119.50
GENERAL FUND BANK SUBTOTAL						11,927,682.04	N/A	1,200.90	5,614.39
SBA	101.300	1471-A	General Fund Invest Acct A	SBA Invest Pool	SBA	27,353.73	0.27%	4.96	
SBA	101.300	1471-B	General Fund Invest Acct B	SBA Invest Pool	SBA	96,585.57			
SBA	101.400	1472-A	Emergency Reserves Acct A	SBA Invest Pool	SBA	13,271.00	0.27%	2.41	
SBA	101.400	1472-B	Emergency Reserves Acct B	SBA Invest Pool	SBA	46,859.54			
GENERAL FUND SBA SUBTOTAL						184,069.84	N/A	7.37	0.00
GENERAL FUND GRAND TOTAL						12,111,751.88		1,208.27	5,614.39
<i>101 Police Forfeiture & Training</i>									
SunTrust	101.100	9613	Police Forfeiture Fund	Muni NOW	SunTrust	205,343.14	0.18%	31.46	513.17
SunTrust	101.103	340	Police Training Account	Muni NOW	SunTrust	6,650.35	0.18%	1.02	15.91
POLICE FUND TOTAL						211,993.49		32.48	529.08
<i>103 Sewer Enterprise Fund</i>									
SunTrust	101.105	9999	Cash	Muni NOW	SunTrust	1,310,108.92	0.18%	216.72	3,163.05
SEWER FUND TOTAL						1,310,108.92		216.72	3,163.05
<i>300 Capital Improvement Fund:</i>									
SunTrust	101.115	10	Cash	Muni NOW	SunTrust	3,579,354.19	0.18%	674.50	5,098.03
SunTrust	101.118	10	Capital C/A/D	Muni NOW	SunTrust	156,831.91	0.18%	Included Above	Included Above
BankUnited	101.110	1207	Capital C/A/D	Cert of Deposit	BankUnited	1,000,239.01	0.79%	239.01	239.01
CAPITAL IMPROV FUND TOTAL						4,736,425.11		674.50	5,098.03
<i>310 Parking Improvement Fund</i>									
SunTrust	101.125	120	Parking Improvement Account	Muni NOW	SunTrust	177,282.82	0.18%	29.03	270.61
SunTrust	101.15	120	Parking Meter Clearing Account	Muni NOW	SunTrust	0.00	N/A	0.00	0.00
PARKING FUND TOTAL						177,282.82		29.03	270.61
ALL FUNDS GRAND TOTAL						18,547,562.22		2,153.63	14,675.16

Town of Lauderdale-by-the-Sea
Cash Investment Report
as of December 31,2010

Notes to Monthly Cash and Investment Report:

Accounts are with the bank or institution indicated

Per the SunTrust agreement, the Town is required to maintain a \$2,000,000 min.balance in General Fund Acct #8015 to offset monthly fees & charges.

C/A/D = Capital Asset Depreciation Reserve

*The SBA "-B" accounts in **bold** are restricted due to the run on the pool that occurred in December, 2007 and will be repaid over a 7 - 9 year period.*

In the meantime, these funds are effectively frozen and will be gradually repaid into the "A" account.

Summary by Investment Type		
	Amount	Percent
Interest Bearing Checking	16,363,014.37	88%
Non-interest Bearing Checking	0.00	0%
Certificates of Deposit	2,000,478.01	11%
SBA Trust Fund/Pools	184,069.84	1%
Repurchase Agreements	0.00	0%
Money Market Funds	0.00	0%
U.S. Securities/Treasuries	0.00	0%
U.S. Federal Agencies	0.00	0%
Federal Instrumentalities	0.00	0%
GRAND TOTAL	18,547,562.22	100%

Summary by Fund		
	Amount	Percent
101.000/101-400 General Fund	12,111,751.88	65%
Police Fund	211,993.49	1%
Sewer Fund	1,310,108.92	7%
Fire Fund	0	0%
Capital Improvement Fund	4,736,425.11	26%
Parking Fund	177,282.82	1%
GRAND TOTAL	18,547,562.22	100%

Summary by Bank/Pool		
	Amount	Percent
Suntrust Bank	16,363,014.37	88%
BankUnited	2,000,478.01	11%
Florida Prime/State Board of Admin.	184,069.84	1%
GRAND TOTAL	18,547,562.22	100%