

Submitted by: Chairman of the Assembly
at the Request of the Mayor
Prepared by: Finance Department
For Reading: February 14, 2012

NOT INTRODUCED 2/14/12

ANCHORAGE, ALASKA
AR NO. 2012-48

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING
2 THIRTY-FOUR THOUSAND TWO HUNDRED FIFTY-EIGHT DOLLARS (\$34,258) OF
3 MUNICIPAL CASH POOL EARNINGS IN THE FINANCE DEPARTMENT, PUBLIC
4 FINANCE AND INVESTMENT FUND (191) TO THE PUBLIC FINANCE AND
5 INVESTMENT FUND (191) IN THE FINANCE DEPARTMENT FOR MANAGEMENT
6 AND CUSTODIAL EXPENSES OF THE MUNICIPAL CASH POOL.

7
8 THE ANCHORAGE ASSEMBLY RESOLVES:

9
10 **Section 1.** That the sum of thirty-four thousand two hundred fifty-eight dollars
11 (\$34,258) of Municipal Cash Pool earnings be appropriated to the Public Finance and
12 Investment Fund (191) in the Finance Department to pay management and custodial
13 expenses of the Municipal Cash Pool.

14
15 **Section 2.** That this resolution shall take effect immediately upon passage and
16 approval.

17
18 PASSED AND APPROVED by the Anchorage Assembly this ____ day of
19 _____, 2012.

20
21
22
23 _____
Chair

24 ATTEST:

25
26
27 _____
Municipal Clerk

28
29
30 **Departmental Appropriation:**
31 Finance Department \$34,258



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 113-2012

Meeting Date: February 14, 2012

1 **FROM:** Mayor

2
3 **SUBJECT:** A Resolution of the Municipality of Anchorage Appropriating Thirty-four
4 Thousand Two Hundred Fifty-eight Dollars (\$34,258) of Municipal Cash
5 Pool Earnings in the Finance Department, Public Finance and
6 Investment Fund (191) to the Public Finance and Investment Fund (191)
7 in the Finance Department for Management and Custodial Expenses of
8 the Municipal Cash Pool.
9

10 Management and custodial fees for the Municipal Cash Pool (MCP) are
11 predominantly charged as a percentage of market value, with longer duration
12 portfolio managers charging a higher percentage than shorter duration managers.
13 For 2011, the MCP's average balance was nearly 2% higher than the previous
14 year's, upon which the 2011 budget was based.

15
16 Additionally, in September 2011, \$50 million was moved from the short duration
17 portfolio to the two longer duration portfolios as part of the MCP's annual
18 rebalancing. This move not only increased the expected return of the MCP, but also
19 the management fees accrued to it. As such, the 2011 budget is currently insufficient
20 to pay management and custody fees accrued in December. This problem is
21 remedied by appropriating additional earnings associated with the higher invested
22 balance and longer duration portfolio returns to cover the higher management and
23 custody fees.

24
25 It is important to note that because management and custodial fees are deducted
26 prior to allocation of investment earnings, additional management and custody
27 expenses are completely offset by additional investment revenues, resulting in a net
28 effect of zero to the Public Finance and Investment Fund (191).
29

30 The accounting detail is as follows:
31

32 REVENUE

33 <u>Account Number</u>	<u>Account Name</u>	<u>Amount</u>
34 191-1313-9798-BP2011	Miscellaneous Revenues	\$27,406
35 191-1313-9492-BP2011	Service Fees-School District	<u>6,852</u>
36	Total:	\$34,258

37

EXPENSE			
<u>Account Number</u>	<u>Account Name</u>		<u>Amount</u>
191-1313-3101-BP2011	Professional Services		\$34,258
<p>THE ADMINISTRATION RECOMMENDS APPROVAL OF THE RESOLUTION APPROPRIATING THIRTY-FOUR THOUSAND TWO HUNDRED FIFTY-EIGHT DOLLARS (\$34,258) OF MUNICIPAL CASH POOL EARNINGS IN THE FINANCE DEPARTMENT, PUBLIC FINANCE AND INVESTMENT FUND (191) TO THE PUBLIC FINANCE AND INVESTMENT FUND (191) IN THE FINANCE DEPARTMENT FOR MANAGEMENT AND CUSTODIAL EXPENSES OF THE MUNICIPAL CASH POOL.</p>			
Prepared by:	Finance Department, Public Finance and Investments Division		
Concur and Fund certification:	Lucinda Mahoney, CFO		
	191-1313-9798-BP2011		\$27,406
	(2011 Earnings)		
	191-1313-9492-BP2011		\$ 6,852
	(2011 Earnings)		
Concur:	George J. Vakalis, Municipal Manager		
Respectfully submitted:	Daniel A. Sullivan, Mayor		