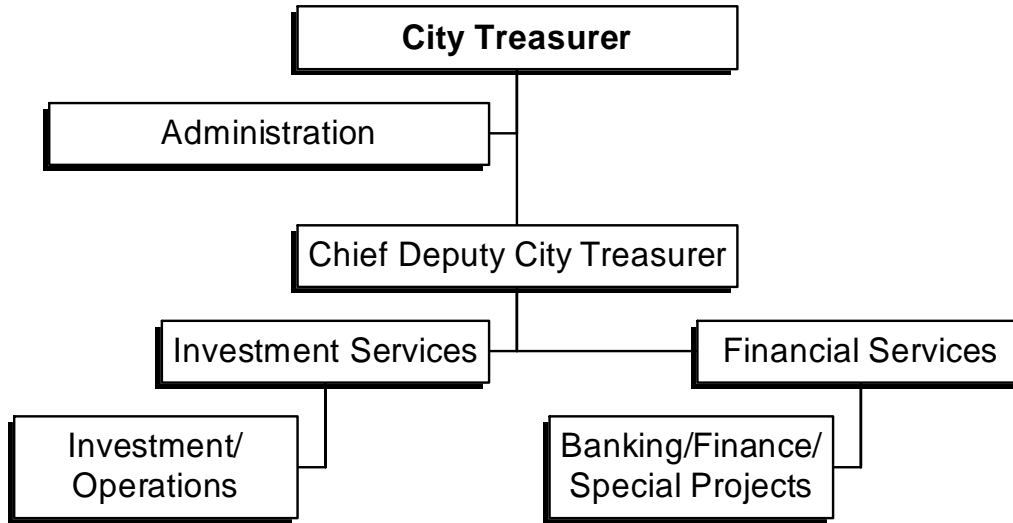


CITY TREASURER



*Org chart effective FY2004/05*

## CITY TREASURER'S OFFICE

*Provide exceptional banking, financing, and investment services for the City Council, citizens and employees of the city of Sacramento in a professional manner.*

DESCRIPTION

The City Treasurer is responsible for the receipt, investment, disbursement and safekeeping of all City funds. Additionally, City Council has prescribed that the City Treasurer shall also provide public finance and debt issuance services for the City. Typical functions of the department include:

- Management of all investments for the City, Sacramento Housing and Redevelopment Agency (SHRA), various trust funds, as well as the Sacramento City Employees' Retirement System (SCERS).
- Banking services for other City departments.
- Accountability of City, SCERS, SHRA and other trust funds between the bank and City, and compliance with State investment reporting requirements.
- Management of all bond financing related duties, such as bond structures, covenants, creation of financing authorities and financial analysis.
- Maintenance and coordination of activities related to outstanding City bond issues to include: investor relations, rating agencies, compliance with State and Federal regulations, and monitoring of bond construction proceeds for arbitrage and cash flow purposes.

MORE INFORMATION

Please see the following for more information about the Office of the City Treasurer:

- **Web site:** <http://www.cityofsacramento.org/treasurer/>
- **Key Contacts**

**Office of the City Treasurer**

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APPROVED FY2004/05 BUDGET

OBJECTIVES FOR FY2004/05

- Earn a rate of return that exceeds Local Agency Investment Fund (LAIF) or other appropriate indexes.
- For SCERS, earn a rate of return exceeding actuarial earnings assumption through prudent investment policy and guidelines approved for current investment strategy.
- Develop and market debt vehicles to achieve lowest cost of money at most prudent level of risk.

ACCOMPLISHMENTS IN FY2003/04

- The Treasury prudently managed all investments in-house with a market value of \$1.318 billion, generating investment income during fiscal year end June 2003 of \$43.27 million. The investment portfolios consist of City's Pool A cash account, Sacramento City Employees Retirement System Pension Fund (SCERS), Sacramento Housing and Redevelopment Agency (SHRA), Capital Area Development Authority (CADA), and various endowment funds such as Public Trust Memorial Fund (to benefit indigents), Hart Trust Fund (to benefit seniors), George Clark Scholarship Fund and United Way Fund.
- As a result of prudent investment management, the Treasury earned 4.294% that exceeded the LAIF earnings by 2.14% and thus producing \$16.7 million in superior earnings for the General Fund and other Pool A participants. Additionally, the Treasury generated \$2.7 million in revenues for fiscal year-end June 2003 from investment management fees and offsets, which resulted in a contributed net income of approximately \$1 million to the City's General Fund.
- During 2004, the Treasury completed a Request for Proposal for City of Sacramento banking services for the next three-year period with two additional one-year extensions. As a result of this process, the Treasury was able to save the City approximately \$110,000 in annual fees and costs.
- Through May of fiscal year-end 2004, the Treasury managed \$1.67 billion in outstanding City bond debt and completed seven financings amounting to approximately \$122 million in funding for projects ranging from a new 911 Emergency Call Center to neighborhood street lighting. Received ratings of AA- and Aa3 with Standard and Poor's and Moody's Investors Service, respectively, for the City's master lease program. This reflects the strength of the City's general fund lease pledge and the security enhancement provided by the City's master lease program. Overall, the City maintains a rating of Aa2 with Moody's Investors Service reflective of the City's general credit characteristics.

APPROVED BUDGET/STAFFING CHANGES

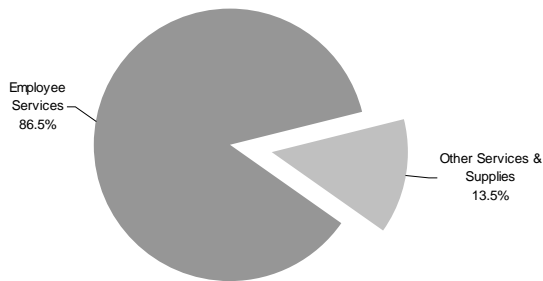
- **Reorganizations/Efficiencies (\$171,000, 3.0 FTE)**
  - Internal restructuring of the Office of the City Treasurer to reflect advances in technology, areas of growth demand and more effective succession plan. The approved reorganization will result in an estimated net savings of \$171,000 with no negative impacts to service delivery.
  - Restructure to integrate support services directly into core business functions.
  - Eliminate five (5.0) FTE associated with the restructuring, changes in job duties as a result of advances in the industry standards and budgetary needs.
  - Create two (2.0) FTE additional positions related to change in job functions, areas of growth and succession planning.

- Review the classification of various positions impacted by the realignment of job functions and responsibilities.
- **New Revenues (\$172,000)**
  - Transfer of SCERS funds from small-cap investment to large-cap growth and large cap value to be managed internally by City staff. As a result, the portfolio risk will be reduced greatly, as well as the investment management fees paid by SCERS for these funds will be reduced from 65bp to 36bp, a net savings of approximately \$190,000 annually to SCERS and an increase in revenue to the City of approximately \$172,000.
- **Reductions**
  - None.

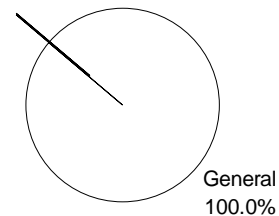
DEPARTMENT BUDGET SUMMARY

City Treasurer Budget Summary	FY 2002/03 Actual	FY 2003/04 Approved	FY 2003/04 Amended	FY 2004/05 Approved	Change More/(Less) Approved/Amended
Positions (FTE)	20.00	20.00	20.00	17.00	-3.00
<b>Budgeted Expenditures</b>					
Employee Services	1,424,454	1,784,166	1,784,166	1,794,993	10,827
Other Services & Supplies	516,870	281,128	643,128	281,082	(362,046)
Equipment	2,357	0	0	0	0
CIP & Grant Offsets	0	0	0	0	0
Transfers	(62,313)	0	0	0	0
<b>Total:</b>	<b>1,881,368</b>	<b>2,065,294</b>	<b>2,427,294</b>	<b>2,076,075</b>	<b>(351,219)</b>
<b>Funding Summary by Fund/Special District</b>					
General	1,656,863	1,928,515	2,290,515	1,985,491	(305,024)
Retirement Trust	0	0	0	0	0
N Natomas Drainage CFD #4	0	0	0	0	0
N. Laguna Creek Park CFD	0	0	0	0	0
Inter-departmental Service	220,005	136,779	136,779	90,584	(46,195)
Assessment Bond Registration	4,500	0	0	0	0
N. Natomas Drainage CFD 9701	0	0	0	0	0
<b>Total:</b>	<b>1,881,368</b>	<b>2,065,294</b>	<b>2,427,294</b>	<b>2,076,075</b>	<b>(351,219)</b>

Budgeted Expenditures - FY05



Funding Summary - FY05



APPROVED FY2004/05 BUDGET

DIVISION BUDGET SUMMARY

City Treasurer Division Budgets	FY 2002/03 Actual	FY 2003/04 Approved	FY 2003/04 Amended	FY 2004/05 Approved	Change More/(Less) Approved/Amended
CITY TREASURER	1,881,368	2,065,294	2,427,294	2,076,075	-351,219
Budget:	1,881,368	2,065,294	2,427,294	2,076,075	-351,219

STAFFING LEVELS

City Treasurer Division FTEs	FY 2002/03 Actual	FY 2003/04 Approved	FY 2003/04 Amended	FY 2004/05 Approved	Change More/(Less) Approved/Amended
CITY TREASURER	20.0	20.0	20.0	17.0	-3.0
FTE:	20.0	20.0	20.0	17.0	-3.0

WORKLOAD MEASURES

Return on Investments	FY2000/01	FY2001/02	FY2002/03
Large Capital Growth Fund	-38.47%	-2.23%	1.58%
Fixed Income Fund	10.85%	6.64%	8.42%
Pool A Fund	6.33%	4.45%	4.29%

Bonds	FY2000/01	FY2001/02	FY2002/03
Bond Rating	Aa2	Aa2	Aa2
Financing Projects in Process	*	9	7
Financing Projects Delivered	5	0	4
Financing Projects Deferred	*	4	0

\*Data not tracked this fiscal year

Arbitrage	FY2000/01	FY2001/02	FY2002/03
Number of Reports Completed	6	8	4

APPROVED FY2004/05 BUDGET

<b>Banking &amp; Operations</b>	<b>FY2000/01</b>	<b>FY2001/02</b>	<b>FY2002/03</b>
<b>Dollar Volume of Cash accountability (in billions)</b>			
Demand Account	\$ 2.253b	\$ 2.3708b	\$ .4747b
Safekeeping (City, SHRA, Trusts)	12.244b	12.4968b	15.5329b
Safekeeping (SCERS)	.527b	.3362b	.6548b
Total	\$ 15.024b	\$ 15.2238b	\$ 16.6624b
<b>Banking &amp; Operations (continued)</b>			
Daily Cash Accountability	\$ 1.232b	\$ 1.183b	\$ 1.317b
Monthly Reports	3	4	6
Quarterly Reports	10	10	8
Monthly Accountability Reports	4	4	8

APPROVED POSITIONS

0900 <u>City Treasurer</u>	<u>FY2003/04</u>	<u>FY2004/05</u>	<u>Change</u>
Accounting Technician	2.00	0.00	-2.00
Administrative Assistant	1.00	1.00	0.00
Banking Operations Analyst	1.00	1.00	0.00
Banking Operations Manager	1.00	0.00	-1.00
Chief Investment Officer	1.00	1.00	0.00
City Treasurer	1.00	1.00	0.00
Debt Analyst	1.00	1.00	0.00
Investment Officer	1.00	1.00	0.00
LAN Administrator	1.00	1.00	0.00
Public Finance Manager	1.00	1.00	0.00
Senior Debt Analyst	1.00	1.00	0.00
Senior Investment Officer	0.00	1.00	1.00
Senior Management Analyst	1.00	0.00	-1.00
Treasury Analyst	3.00	4.00	1.00
Treasury Assistant	2.00	1.00	-1.00
Typist Clerk II	1.00	1.00	0.00
Typist Clerk III	1.00	1.00	0.00
<b>Organization Totals:</b>	<b>20.00</b>	<b>17.00</b>	<b>-3.00</b>
<b>City Treasurer Total:</b>	<b>20.00</b>	<b>17.00</b>	<b>-3.00</b>