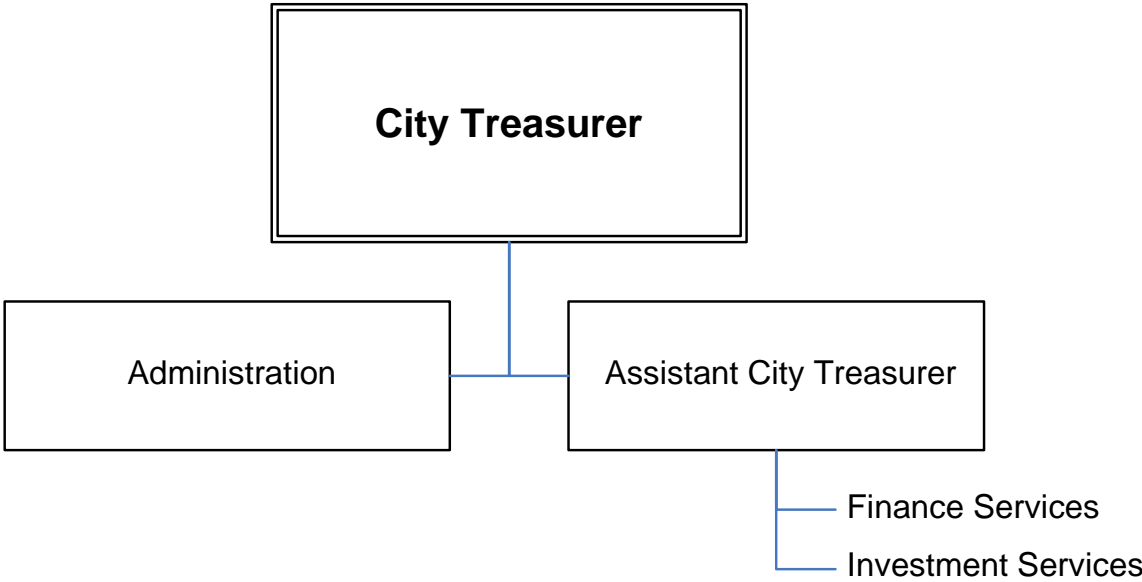


9

SECTION – 9
CITY TREASURER



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).
- Accountability of City, SCERS, SHRA and other trust funds between the bank and City, and compliance with State investment reporting requirements.
- Banking services for all City departments.
- 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:

Website - <http://www.cityofsacramento.org/treasurer/>

Key Contacts -

City Treasurer

Thomas P. Friery
915 I Street
Historic City Hall, 3rd Floor
Sacramento, CA 95814
(916) 808-5168
tfriery@cityofsacramento.org

Investment Services

Lydia Abreu
Deputy City Treasurer
915 I Street
Historic City Hall, 3rd Floor
Sacramento, CA 95814
(916) 808-5168
labreu@cityofsacramento.org

Administration

Carol Jones (CJ)
Administrative Assistant
915 I Street
Historic City Hall, 3rd Floor
Sacramento, CA 95814
(916) 808-8455
cajones@cityofsacramento.org

Assistant City Treasurer

Thomas S. Berke
915 I Street
Historic City Hall, 3rd Floor
Sacramento, CA 95814
(916) 808-5811
tberke@cityofsacramento.org

Finance Services

Janelle Gray
Public Finance & Banking Manager
915 I Street
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Sacramento, CA 95814
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jgray@cityofsacramento.org

OBJECTIVES FOR FY2006/07

- Earn a rate of return that exceeds Local Agency Investment Fund (LAIF) or other appropriate indices or custom targets established for each distinct class of funds.
- 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 assure access to public and private markets at the lowest cost of money with a prudent level of risk.
- Provide prudent fiscal advice relative to special projects and matters considered by City Council.

ACCOMPLISHMENTS IN FY2005/06

- The Treasury prudently managed all investments in-house with a market value of \$1.138 billion, generating investment income during fiscal year-end June 2005 of \$30.450 million. The investment portfolios consist of City's Pool 'A' cash account, SCERS Fund, SHRA, Capital Area Development Authority (CADA), and various endowment funds such as the 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 2.536 percent that exceeded the LAIF earnings by .31 percent and thus produced \$2.40 million in superior earnings for the General Fund and other Pool A participants. Additionally, the Treasury generated \$2.569 million in revenues for fiscal year-end June 2005 from investment management fees and offsets, which resulted in a contributed net income of approximately \$600,000 to the City's General Fund.
- CADA A – Tax Exempt portfolio was created on July 29, 2004, with an initial investment of \$1.605 million. It's projected to provide revenue to the City Treasurer Office of approximately \$3,200 per year in management fees.
- CADA B – Taxable portfolio was created on July 29, 2004, with an initial investment of \$5.575 million. It's projected to provide revenue to City Treasurer Office of approximately \$11,150 per year in management fees.
- The Natomas Basin Conservatory (TNBC) portfolio was created on January 3, 2005, with an initial investment of \$434,400.
- Managed \$1.75 billion in outstanding City bond debt, in addition to completing eight financings amounting to approximately \$225 million in funding for projects ranging from residential development to recycling containers for the City's Solid Waste Division.
- Standard and Poor's Rating Services affirmed the City of Sacramento's "AA-" rating on the Sacramento City Financing Authority, California's lease revenue bonds issued for the City of Sacramento, and its "AA" rating on the City's GO rating; a rating of "Aa3" with Moody's Investor Services still stands. This reflects the general creditworthiness of Sacramento as obligor, and the City's covenant to budget and appropriate lease payments.

PROPOSED BUDGET/STAFFING CHANGES

Organizational Changes

None

Augmentations

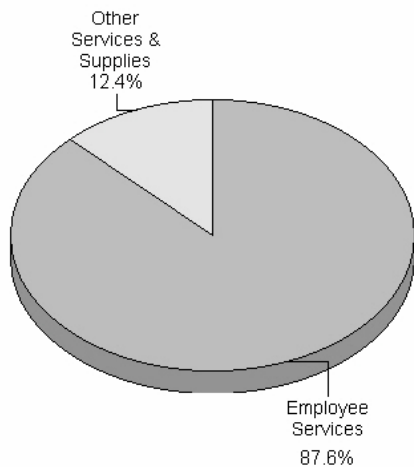
None

Department Budget Summary

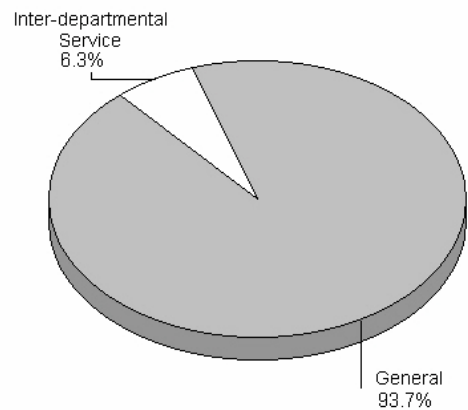
| City Treasurer Budget Summary | FY | FY | | FY | Change |
|----------------------------------|-------------------|---------------------|--------------------|---------------------|---------------------------------|
| | 2004/05 Actual | 2005/06 Approved | 2005/06 Amended | 2006/07 Proposed | More/(Less) Proposed/Amended |
| Positions (FTE) | 17.00 | 17.00 | 17.00 | 17.00 | 0.00 |
| Budgeted Expenditures | | | | | |
| Employee Services | 1,564,040 | 1,852,059 | 1,874,295 | 1,992,211 | 117,916 |
| Equipment | 745 | 0 | 0 | 0 | 0 |
| Other Services & Supplies | 378,431 | 281,082 | 716,882 | 281,082 | (435,800) |
| Transfers | (40,903) | 0 | 0 | 0 | 0 |
| Total: | 1,902,313 | 2,133,141 | 2,591,177 | 2,273,293 | (317,884) |

| Funding Summary by Fund/Special District | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| Assessment Bond Registration | 22,782 | 0 | 0 | 0 | 0 |
| General | 1,788,943 | 2,058,099 | 2,516,135 | 2,129,652 | (386,483) |
| Inter-departmental Service | 90,588 | 75,042 | 75,042 | 143,641 | 68,599 |
| Total: | 1,902,313 | 2,133,141 | 2,591,177 | 2,273,293 | (317,884) |

Budgeted Expenditures - FY07



Funding Summary - FY07



FY2006/07 Proposed Budget

Division Budget Summary

| City Treasurer Division Budgets | FY 2004/05 Actual | FY 2005/06 Approved | FY 2005/06 Amended | FY 2006/07 Proposed | Change More/(Less) Proposed/Amended |
|---|-------------------------|---------------------------|--------------------------|---------------------------|---|
| City Treasurer | 1,902,313 | 2,133,141 | 2,591,177 | 2,273,293 | (317,884) |
| Total: | 1,902,313 | 2,133,141 | 2,591,177 | 2,273,293 | (317,884) |

Staffing Levels

| City Treasurer Division FTEs | FY 2004/05 Actual | FY 2005/06 Approved | FY 2005/06 Amended | FY 2006/07 Proposed | Change More/(Less) Proposed/Amended |
|--|-------------------------|---------------------------|--------------------------|---------------------------|---|
| City Treasurer | 17.00 | 17.00 | 17.00 | 17.00 | 0.00 |
| Total: | 17.00 | 17.00 | 17.00 | 17.00 | 0.00 |

Performance Trend Measures

Activity: Debt Management

| Type of Measure: Outcome | <u>FY 02-03</u> AA- / Aa2 | <u>FY 03-04</u> AA- / Aa3 | <u>FY 04-05</u> AA- / Aa3 | <u>FY 05-06</u> - | <u>FY 06-07</u> - |
|--------------------------|------------------------------|------------------------------|------------------------------|----------------------|----------------------|
|--------------------------|------------------------------|------------------------------|------------------------------|----------------------|----------------------|

Measure: City Bond Rating
Baseline Measure: AA- / Aa2
Service Level Standard: AA+ / Aa2
Definition: The City's annual Standard and Pools/Moody's bond rating.

| Type of Measure: Outcome | <u>FY 02-03</u> 20% | <u>FY 03-04</u> 23% | <u>FY 04-05</u> 28% | <u>FY 05-06</u> - | <u>FY 06-07</u> - |
|--------------------------|------------------------|------------------------|------------------------|----------------------|----------------------|
|--------------------------|------------------------|------------------------|------------------------|----------------------|----------------------|

Measure: Net Debt per General Fund
Baseline Measure: 24%
Service Level Standard: Less than 30%
Definition: The annual percent of outstanding general fund secured debt.

FY2006/07 Proposed Budget

Activity: Investment and Operations

| | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Type of Measure: Efficiency | <u>FY 02-03</u> | <u>FY 03-04</u> | <u>FY 04-05</u> | <u>FY 05-06</u> | <u>FY 06-07</u> |
| | .29% | .32% | .37% | - | - |

Measure: Investment Pool (or cash) Daily average overnight bank balance
Baseline Measure: 0.33%
Service Level Standard: TBD
Definition: The annual percent of cash compared to assets.

| | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Type of Measure: Efficiency | <u>FY 02-03</u> | <u>FY 03-04</u> | <u>FY 04-05</u> | <u>FY 05-06</u> | <u>FY 06-07</u> |
| | - | - | - | - | - |

Measure: Historical Cost Benefit Ratio
Baseline Measure: New Measure
Service Level Standard: => 1:1
Definition: The annual rate of return on earnings as a ratio compared to cost.

| | | | | | |
|---------------------------------|----------------------|----------------------|----------------------|-----------------|-----------------|
| Type of Measure: Outcome | <u>FY 02-03</u> | <u>FY 03-04</u> | <u>FY 04-05</u> | <u>FY 05-06</u> | <u>FY 06-07</u> |
| | Greater than LAIF | Greater than LAIF | Greater than LAIF | - | - |

Measure: Investment Pool Yield exceeds LAIF on annual, 5-year, 10-year averages
Baseline Measure: Greater than LAIF
Service Level Standard: Greater than LAIF
Definition: The comparison of the city's performance against Local Agency Investment Fund (LAIF).
