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SECTION – 9

CITY TREASURER

Provide the highest quality Banking, Investment, and Debt Financing services for the City of Sacramento.

DESCRIPTION

Under Article VI, §73 of the City Charter, 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:

Web site: <http://www.cityofsacramento.org/treasurer/>

PROGRAMS/SERVICE HIGHLIGHTS

Investment Management

- On a daily basis actively manage the investment needs of the City, SHRA, SCERS, and trust funds.

Investment Operations

- On a daily basis account for all banking and investment activity of the City and other clients.

Banking Services

- Continue to monitor and oversee banking services to ensure appropriate fraud and risk protection.
- Oversee all interfaces related to the conversion of our new financial system.

Debt Management

- Continue to provide debt issuance services, as well as manage and oversee activities related to outstanding debt to include compliance with all applicable State and Federal laws and specific bond covenants.

Administrative Services

- Provide general administrative support to business lines including processing of accounts payable, preparation of reports, maintenance of records retention and retrieval system, etc.

OBJECTIVES FOR FY2008/09

- Earn an investment rate of return that exceeds Local Agency Investment Fund (LAIF) or other appropriate indices or custom targets established for each distinct class of funds while maintaining a prudent level of risk and safety.
 - Public Trust Mutual Fund – The plan is currently invested to be able to generate \$100,000 annually in dividend and interest earnings to assist the indigent and needy citizens of Sacramento.
 - Ethel Hart Endowment Fund – Manage a permanent endowment of \$1,000,000.
 - George H. Clark Memorial Scholarship – Provide four scholarships of \$10,000 to worthy and deserving high school seniors to help assist in the cost of their college education.
 - United Way Fund – Manage growth fund assets of \$3,000,000.
- For Sacramento City Employees' Retirement System (SCERS), earn a rate of return exceeding actuarial earnings assumption through prudent investment policy and guidelines approved for current investment strategy. Continue to analyze investment options in an effort to maintain superior investment performance while maintaining a prudent level of risk. Work with Administration Investment and Fiscal Management board to periodically reallocate assets among investment portfolios as necessary to achieve or exceed actuarial earnings assumptions.
- Work closely with other City departments or other parties (i.e., non-profit organizations, etc.) in order to develop and market financing strategies effectively and efficiently in an effort to bring access to public and private markets at a low cost of borrowing with a prudent level of risk.
- Improve efficiencies in debt administration and maintenance activities to include arbitrage calculation, development of centrally accessible debt service modules, automated download of third party statements, Web site improvements, development of a debt management policy, and development of a formalized training program.
- Continue efforts to fully organize physical documents into the document retention system and reduce offsite storage requirements.

PROPOSED BUDGET/STAFFING CHANGES

Service Level Impacts

The Office of the City Treasurer will reduce its budget by approximately \$416,000, including the unfunding of 4.0 FTE positions. These reductions will result in the following service level impacts:

Investment Operations

- Decline in the level of cash flow projections, resulting in higher carry of uninvested overnight cash or higher potential for overdrafts, thereby reducing interest earnings and incurring interest costs at prime plus 120%.
- Delay of three to four days in responding to customer inquiries related to investment activity.

Debt Management

- Unable to meet expedited customer demands in issuance of bonds and other special requests.

- One to two day delay in responding to investor and other related party inquiries, resulting in significant negative impacts to market reputation and compromising access to affordable market prices for future borrowings.
- Delay in implementation of program efficiencies such as arbitrage calculations, delinquency monitoring, and debt service consolidation. This could increase the risk of non-compliance with bond related mandates and result in significant penalties to the City.

Banking Services

- Up to one week delay in response to customer service inquiries and requests.
- Delay in implementation of new program services and enhancements. Higher potential in delay integrating our new financial system with electronic banking file, thereby increasing eCAPS implementation costs.
- Significant decreased level of program monitoring/audit – increased potential for fraud risk and reduced fee management.

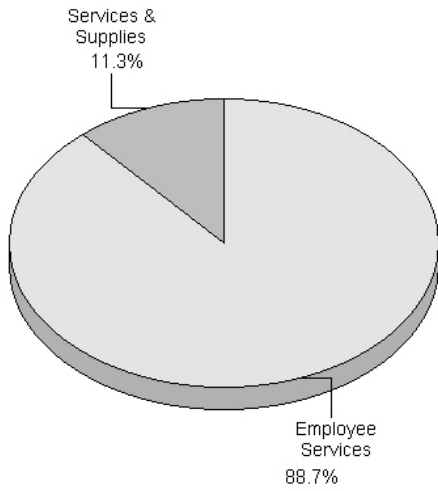
Administrative Services

- Reduced level of internal and external customer service.
- One to two day delay in providing routine support services such as preparation of correspondence and reports, archival and retrieval of various records, etc.
- Three to four day delay in processing of accounts payable and associated reporting.
- Inefficiencies in business line services through “trickle up” of routine administrative functions.

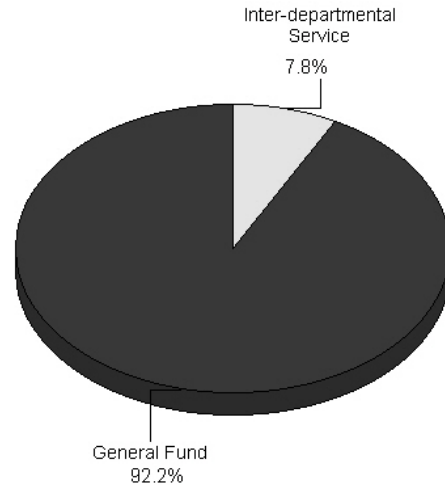
Department Budget Summary

City Treasurer Budget Summary	FY 2006/07 Actual	FY 2007/08 Approved	FY 2007/08 Amended	FY 2008/09 Proposed	Change More/(Less) Proposed/Amended
Positions (FTE)	17.00	18.00	18.00	18.00	0.00
Budgeted Expenditures					
Employee Services	2,015,330	2,028,671	2,092,147	1,681,169	(410,978)
Services & Supplies	843,684	214,605	374,874	214,501	(160,373)
Equipment	22,728	0	0	0	0
Total:	2,881,742	2,243,276	2,467,021	1,895,670	(571,351)
Funding Summary by Fund/Special District					
College Park CFD	0	0	172,769	0	(172,769)
General Fund	2,576,071	2,019,711	2,070,687	1,747,651	(323,036)
Inter-departmental Service	143,641	223,565	223,565	148,019	(75,546)
N Natomas CFD	162,030	0	0	0	0
Total:	2,881,742	2,243,276	2,467,021	1,895,670	(571,351)

Budgeted Expenditures - FY09



Funding Summary - FY09



Division Budget Summary

City Treasurer Division Budgets	FY 2006/07 Actual	FY 2007/08 Approved	FY 2007/08 Amended	FY 2008/09 Proposed	Change More/(Less) Proposed/Amended
City Treasurer	2,881,742	2,243,276	2,467,021	1,895,670	(571,351)
Total:	2,881,742	2,243,276	2,467,021	1,895,670	(571,351)

Staffing Levels

City Treasurer Division FTEs	FY 2006/07 Actual	FY 2007/08 Approved	FY 2007/08 Amended	FY 2008/09 Proposed	Change More/(Less) Proposed/Amended
City Treasurer	17.00	18.00	18.00	18.00	0.00
Total:	17.00	18.00	18.00	18.00	0.00