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CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

January 9, 1986

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

Subject: Cash and Investment Accountability Balancing Between the Department of Finance and Department of Treasury

SUMMARY

Transmitted for Committee information is the monthly Cash and Investment Accountability balancing schedule for the months of July, August and September 1985. The schedules indicate that for the first quarter of the fiscal year, the respective financial records of the two departments were in agreement. The total cash and investments as of September 30, 1985 was \$344,896,704.51.

RECOMMENDATION

It is recommended that the Budget and Finance Committee review the attached report and refer it to the full City Council for their information.

Respectfully submitted,

JACK R. CRIST
Director of Finance

Attachment

THOMAS P. FRIERY
City Treasurer

APPROVED FOR COMMITTEE INFORMATION:

SOLON WISHAM, JR.
Assistant City Manager

January 21, 1986



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

January 9, 1986
FA:85477:JRC:KMF

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Cash and Investment Accountability Balancing Between the Department of Finance and the Department of Treasury

SUMMARY

Transmitted herein is the monthly Cash and Investment Accountability balancing schedules for the months of July, August and September 1985. The schedules indicate that the respective financial records of the two departments were in agreement. The total cash and investments as of September 30, 1985 was \$344,896,704.51.

This report will be reviewed by the City Council Budget and Finance Committee on Tuesday, January 21, 1986. The report is an information item and no formal City Council action is required.

BACKGROUND

Based on recommendations received from Price Waterhouse to strengthen internal accounting controls related to cash and investment accountability, special reports to the City Council were prepared in 1982. The result of these staff reports was the passage of City Council Resolution 82-816, dated November 23, 1982, which created an internal fiscal accountability task force. The purpose of this task force was to develop and implement changes to the City's cash and investment accountability procedures.

The task force is comprised of representatives from the Finance, Treasury, and Data Processing Departments. Also, from time to time, Price Waterhouse has participated in meetings. The group generally meets monthly to discuss accountability issues and procedures. Since mid 1983, significant individual man-hours have been devoted to the project. The most significant Price Waterhouse recommendation was that monthly accountability balancing be performed between Finance and Treasury. In 1984, requisite staff were added to both departments to perform monthly balancing between the two departments utilizing existing systems.

Effective July 1984, the Phase I accountability procedure was implemented and this report transmits the first quarter of fiscal year 1985-86's monthly balancing.

ANALYSIS

This report complies with sound internal control practices. The attached balancing schedule demonstrates that cash and investment resources are accounted for and both departments are in agreement as to the appropriate balances at month end. These internal control procedures assist in preserving unqualified audit opinions and positive comments from external auditors. This would not be possible without continued City Council commitment to properly staffing this important function in both departments.

Phase I of the project has been completed. There is, however, much work remaining to be done. Phase I simply achieved monthly balancing using existing computer and manual systems and procedures. Phase I continues to make use of the money-max computer software, etc.

Phase II, which is currently in process, involves significant computer software and hardware changes. This requirement for change is a policy issue addressed in the City Manager's recommended 1985-86 City budget. Early planning was completed by a staff financial systems design team utilizing the consulting assistance of Telo's Mr. Bruce Joplin. The City Council has received a copy of this report under separate cover. Then in August 1985, a second consultant (Touche Ross) was retained to assist City staff in developing a Request for Information and a Request for Proposal document for the new Financial Management Information System (FMIS). It is anticipated that software and hardware vendor selection will be completed by March 1986. Implementation of the new system would then occur during the Spring and summer of 1986 with the core system up and running "live" in mid 1986-87. Enhancement subsystems would likely be added later in 1986-87 and 1987-88.

FINANCIAL

Included herein is the monthly balancings for the first quarter of FY 1985-86. The lefthand three columns represent Treasury Department Balances, while the righthand three columns represent Finance Department balances. The grand total columns at the bottom is in agreement for each department. The adjustment items are all documented and footnoted but basically represent in-transit timing differences.

BUDGET AND FINANCE COMMITTEE

The City Council Budget and Finance Committee will review this report on Tuesday, January 21, 1986.


RECOMMENDATION

This report is an information item and no City Council action is required.

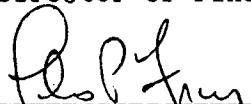
City staff will:

1. Continue to complete monthly balancing processes in an expeditious manner, and;
2. Continue Cash and Investment Accountability Task Force meetings between the affected departments, and;
3. Report to the City Council on a quarterly basis, and;
4. Complete Phase II of the Cash and Investment Accountability project which involves design of significant new computer information system, both software and hardware, related to cash and investment accountability. The City Council will receive more information on Phase II of the project in separate reports to be released in the coming weeks and months.

Respectfully submitted,



JACK R. CRIST
Director of Finance


THOMAS P. FRIERY
City Treasurer

APPROVED FOR CITY COUNCIL INFORMATION:

WALTER J. SLIPE
City Manager

Attachment

July, August and September 1985 Cash and Investment
Accountability

All Districts
January 28, 1986

CITY OF SACRAMENTO
CASH & INVESTMENTS ACCOUNTABILITY
JULY 1985
* AUGUST 02, 1985

TYPES OF INVESTMENTS	INVESTMENTS PER TREASURER	ADJUSTMENTS	ADJUSTED TREASURER'S BALANCE	INVESTMENTS PER GENERAL LEDGER	ADJUSTMENTS	ADJUSTED GENERAL LEDGER BALANCE
Total Cash Balances: G/L				138,312,947.36		138,312,947.36
POOLED INVESTMENTS:					143,253.35 a	
Pool A	90,692,536.55	32,138.40 a	90,724,674.95		(200,000.00)b	
Pool B	14,856,262.10		14,856,262.10		(1,374.79)c	
Pool C	5,646,952.08		5,646,952.08		(1,004,269.62)d	
Pool D	8,093,296.65		8,093,296.65		(1,001,769.17)e	
REPO	7,500,000.00		7,500,000.00		(2,763.40)f	
LAIF	10,000,000.00		10,000,000.00			
Commercial Account	(4,569,908.00)	(71,134.00)b	(4,641,042.00)			
Payroll Account	5,783.73	31,304.23 c	37,087.96			
Wells Fargo Express	4,028,954.49	(162.50)d	4,028,791.99			(2,066,923.63)
Comm./Express Transfers	0.00		0.00			
sub total	136,253,877.60	(7,853.87)	136,246,023.73	138,312,947.36	(2,066,923.63)	136,246,023.73
Assessment Bonds-School Cert.	47,224.25		47,224.25	47,224.25		47,224.25
Ann Land Memorial	284,339.93		284,339.93	283,678.80	661.13 g	284,339.93
Bertha Henschel Memorial	699,925.24		699,925.24	694,196.20	5,729.04 h	699,925.24
RETIREMENT TRUST:						
Bonds	87,233,494.57		87,233,494.57	86,240,654.57	992,840.00 i	87,233,494.57
Mortgage Backed Loans	19,468,020.23		19,468,020.23	19,612,568.72	(144,548.49)j	19,468,020.23
Mortgage Loans	5,561,683.27	(1,026.45)e	5,560,656.82	5,561,355.06	(698.24)k	5,560,656.82
Stocks & Core	56,815,233.56		56,815,233.56	57,246,004.75	(430,771.19)l	56,815,233.56
Emerging Growth	14,325,619.19		14,325,619.19	13,635,243.77	690,375.42 m	14,325,619.19
Full Options	10,864,091.72		10,864,091.72	9,743,899.22	1,120,192.50 n	10,864,091.72
Hard Assets	1,995,596.48		1,995,596.48	1,995,596.48		1,995,596.48
Real Estate	4,690,207.44		4,690,207.44	4,690,207.44		4,690,207.44
sub total	200,953,946.46	(1,026.45)	200,952,920.01	198,725,530.01	2,227,390.00	200,952,920.01
CASH WITH FISCAL AGENT:						
Ann Land Mem./Ind.	6,384.29		6,384.29	1,096.45	5,287.84 o	6,384.29
Bertha Henschel Mem./Ind.	3,579.05		3,579.05	1,993.70	1,585.35 p	3,579.05
SCERS - Fixed	1,333,385.22		1,333,385.22	3,210,850.58	467,474.98 q	3,678,325.56
SCERS - Alliance	833,313.92		833,313.92			
SCERS - Battery March	233,900.18		233,900.18			
SCERS - Emerging Growth	1,030,216.59		1,030,216.59			
SCERS - Full Options	25,724.25		25,724.25			
SCERS - Overwrite Options	221,785.40		221,785.40			
sub total	3,688,288.90	0.00	3,688,288.90	3,213,940.73	471,348.17	3,688,288.90
TOTAL	341,927,602.38	(8,880.32)	341,918,722.06	341,277,517.35	641,204.71	341,918,722.06
GRAND TOTAL			341,918,722.06			341,918,722.06

NOTES:

SCHEDULE REFERENCE

SCHEDULE REFERENCE

Adjustments to the Treasurer's Investments:

a. Timing of principal paydowns reduced from Money Max early.	A-12
b. Adjustment to the commercial account due to the timing of issue and cancellation notices from Accounting.	C-1
c. Adjustment to the payroll account due to the timing of cancellation notices from Accounting.	D-1
d. Duplicate deposits to the Treasurer.	B-6
e. Timing of a S-3 for Atherton Industries.	H-3

Adjustments to the General Ledger:

a. Interest adjustments due to the timing of S-3's from the Treasurer.	B-3
b. Outstanding express account transfers.	B-4
c. Commercial account adjustments for the recording of cancelled checks.	C-2
d. Payroll adjustments to the Convention Bureau, CADA & Pension payrolls.	D-2
e. Pool funds cash adjustments.	C-4
f. Errors in cashing adjustments.	B-6
g. July 1985 activity.	F-1
h. July 1985 activity.	G-1
i. Timing of a purchase for a UST Bond.	H-1
j. July 1985 activity.	H-2
k. July 1985 activity.	H-3
l. July 1985 activity & an adjustment to an IBM sale.	H-4
m. July 1985 activity.	H-5
n. July 1985 activity.	H-6
o. July 1985 activity.	I-1
p. July 1985 activity.	I-2
q. July 1985 activity.	I-2

CITY OF SACRAMENTO
CASH & INVESTMENTS ACCOUNTABILITY
AUGUST 1985
@ AUGUST 30, 1985

TYPES OF INVESTMENTS	INVESTMENTS PER TREASURER	ADJUSTMENTS	ADJUSTED TREASURER'S BALANCE	INVESTMENTS PER GENERAL LEDGER	ADJUSTMENTS	ADJUSTED GENERAL LEDGER BALANCE
Total Cash Balances: G/L				135,480,085.37		135,480,085.37
POOLED INVESTMENTS:					427,652.13 a	
Pool A	83,923,851.13		83,923,851.13		0.00 b	
Pool B	15,883,530.15		15,883,530.15		(22,874.23)c	
Pool C	5,646,952.08		5,646,952.08		(74,462.23)d	
Pool D	9,124,342.21		9,124,342.21		2,800,000.00 e	
REPO	10,000,000.00		10,000,000.00		(2,763.44)f	
LAIF	10,000,000.00		10,000,000.00		(34,965.47)g	
Commercial Account	(2,902,505.70)	1,896.75 a	(2,900,608.95)			
Payroll Account	101,547.93	(1,579.52)b	99,968.41			
Wells Fargo Express	6,644,799.60	(162.50)c	6,644,637.10			3,092,586.76
Comm./Express Transfers	150,000.00		150,000.00			
sub total	138,572,517.40	154.73	138,572,672.13	135,480,085.37	3,092,586.76	138,572,672.13
Assessment Bonds-School Cert.	47,224.25		47,224.25	47,224.25		47,224.25
Ann Land Memorial	288,804.05		288,804.05	284,339.93	4,464.12 h	288,804.05
Bertha Henschel Memorial	685,943.34		685,943.34	699,925.24	(13,981.90)i	685,943.34
RETIREMENT TRUST:						
Bonds	87,919,689.32		87,919,689.32	87,919,689.32		87,919,689.32
Mortgage Backed Loans	19,299,269.56		19,299,269.56	19,612,568.72	(313,299.16)j	19,299,269.56
Mortgage Loans	5,524,766.96		5,524,766.96	5,547,046.79	(22,279.83)k	5,524,766.96
Stocks & Core	58,016,787.00		58,016,787.00	56,815,233.56	1,201,553.44 l	58,016,787.00
Emerging Growth	13,559,768.47		13,559,768.47	14,325,619.19	(765,850.72)m	13,559,768.47
Full Options	10,959,845.65		10,959,845.65	10,864,091.72	95,553.93 n	10,959,845.65
Hard Assets	1,995,596.48		1,995,596.48	1,995,596.48		1,995,596.48
Real Estate	4,690,207.44		4,690,207.44	4,690,207.44		4,690,207.44
sub total	201,965,730.88	0.00	201,965,730.88	201,770,053.22	195,677.66	201,965,730.88
CASH WITH FISCAL AGENT:						
Ann Land Mem./Ind.	(1,488.58)		(1,488.58)	1,648.36	(3,136.94)o	(1,488.58)
Bertha Henschel Mem./Ind.	24,634.14		24,634.14	1,490.53	23,143.61 p	24,634.14
SCERS - Fixed	813,743.93		813,743.93	660,788.12	2,676,250.03 q	3,337,038.15
SCERS - Alliance	407,367.81		407,367.81			
SCERS - Battery March	290,418.94		290,418.94			
SCERS - Emerging Growth	1,629,711.14		1,629,711.14			
SCERS - Full Options	103,186.22		103,186.22			
SCERS - Overwrite Options	92,610.11		92,610.11			
sub total	3,360,183.71	0.00	3,360,183.71	663,927.01	2,696,256.70	3,360,183.71
TOTAL	344,920,403.63	154.73	344,920,558.36	338,945,555.02	5,975,003.34	344,920,558.36
GRAND TOTAL			<u>344,920,558.36</u>			<u>344,920,558.36</u>

NOTES:	SCHEDULE REFERENCE	SCHEDULE REFERENCE	
Adjustments to the Treasurer's Investments:		Adjustments to the General Ledger:	
a. Adjustment to the commercial account due to the timing of cancellation notices from Accounting.	C-1	a. Interest adjustments due to the timing of S-3's from the Treasurer.	B-3
b. Adjustment to the payroll account due to the timing of cancellation notices from Accounting.	D-1	b. Outstanding express account transfers.	B-4
c. Errors in cashiering adjustments.	B-6	c. Commercial account adjustments for the recording of cancelled checks.	C-2
		d. Payroll adjustments to the City, Convention Bureau, CADA & Pension payrolls.	D-2
		e. Pool funds cash adjustments.	C-4
		f. Errors in cashiering adjustments.	B-6
		g. S-3's prepared in error for purchased interest.	B-8
		h. August 1985 activity.	F-1
		i. July & August 1985 activity.	G-1
		j. July & August 1985 activity.	H-2
		k. July & August 1985 activity.	H-3
		l. August 1985 activity.	H-4
		m. August 1985 activity.	H-5
		n. August 1985 activity.	H-6
		o. August 1985 activity.	I-1
		p. August 1985 activity.	I-2
		q. August 1985 activity and overstatement of a S-3 dated 9/10/85.	I-2

CITY OF SACRAMENTO
CASH & INVESTMENTS ACCOUNTABILITY
SEPTEMBER 1985
@ SEPTEMBER 30, 1985

TYPES OF INVESTMENTS	INVESTMENTS PER TREASURER	ADJUSTMENTS	ADJUSTED TREASURER'S BALANCE	INVESTMENTS PER GENERAL LEDGER	ADJUSTMENTS	ADJUSTED GENERAL LEDGER BALANCE
Total Cash Balances: G/L				137,005,772.22		137,005,772.22
POOLED INVESTMENTS:					277,969.30 a	
Pool A	92,995,920.60		92,995,920.60		(1,100,000.00)b	
Pool B	15,896,752.48		15,896,752.48		(14,097.40)c	
Pool C	5,646,952.08		5,646,952.08		(56,871.42)d	
Pool-D	8,140,475.82		8,140,475.82		1,492,827.27-e	
REPO	0.00		0.00		147,473.95 f	
LAIF	10,000,000.00		10,000,000.00		(41.54)g	
Commercial Account	(2,641,151.70)	1,822.65 a	(2,639,329.05)			
Payroll Account	(141,480.08)		(141,480.08)			
Wells Fargo Express	7,854,103.45	(362.92)b	7,853,740.53			747,260.16
Comm./Express Transfers	0.00		0.00			
sub total	<u>137,751,572.65</u>	<u>1,459.73</u>	<u>137,753,032.38</u>	<u>137,005,772.22</u>	<u>747,260.16</u>	<u>137,753,032.38</u>
Assessment Bonds-School Cert.	47,224.25		47,224.25	47,224.25		47,224.25
Ann Land Memorial	281,086.92		281,086.92	284,339.93	(3,253.01)h	281,086.92
Bertha Henschel Memorial	666,650.54		666,650.54	699,925.24	(33,274.70)i	666,650.54
RETIREMENT TRUST:						
Bonds	87,894,689.32		87,894,689.32	87,919,689.32	(25,000.00)j	87,894,689.32
Mortgage Backed Loans	19,190,141.98		19,190,141.98	19,468,020.23	(277,878.25)k	19,190,141.98
Mortgage Loans	5,447,971.04	60,648.97 c	5,508,620.01	5,510,038.38	(1,418.37)l	5,508,620.01
Stocks & Core	56,330,659.63		56,330,659.63	56,815,233.56	(484,573.93)m	56,330,659.63
Emerging Growth	13,832,869.28		13,832,869.28	14,325,619.19	(492,749.91)n	13,832,869.28
Full Options	11,150,523.15		11,150,523.15	10,864,091.72	286,431.43 o	11,150,523.15
Hard Assets	1,229,596.48		1,229,596.48	1,229,596.48		1,229,596.48
Real Estate	4,690,207.44		4,690,207.44	4,690,207.44		4,690,207.44
sub total	<u>199,766,658.32</u>	<u>60,648.97</u>	<u>199,827,307.29</u>	<u>200,822,496.32</u>	<u>(995,189.03)</u>	<u>199,827,307.29</u>
CASH WITH FISCAL AGENT:						
Ann Land Mem./Ind.	7,279.68	490.71 d	7,770.39	1,646.36	6,122.03 p	7,770.39
Bertha Henschel Mem./Ind.	53,748.07	3,428.65 e	57,176.72	1,490.53	55,686.19 q	57,176.72
SCERS - Fixed	675,698.93		675,698.93	1,531,196.41	4,725,259.61 r	6,256,456.02
SCERS - Alliance	3,219,631.30		3,219,631.30			
SCERS - Battery March	563,100.26		563,100.26			
SCERS - Emerging Growth	1,449,175.12		1,449,175.12			
SCERS - Full Options	131,075.77		131,075.77			
SCERS - Overwrite Options	217,774.64		217,774.64			
sub total	<u>6,317,483.77</u>	<u>3,919.36</u>	<u>6,321,403.13</u>	<u>1,534,335.50</u>	<u>4,787,067.83</u>	<u>6,321,403.13</u>
TOTAL	<u>344,830,676.45</u>	<u>66,028.06</u>	<u>344,896,704.51</u>	<u>340,394,093.26</u>	<u>4,502,611.25</u>	<u>344,896,704.51</u>
GRAND TOTAL			<u>344,896,704.51</u>			<u>344,896,704.51</u>

NOTES:	SCHEDULE REFERENCE	Adjustments to the General Ledger:	SCHEDULE REFERENCE
Adjustments to the Treasurer's Investments:			
a. Adjustment to the commercial account due to the timing of cancellation notices from Accounting.	C-1	a. Interest adjustments due to the timing of S-3's from the Treasurer.	B-3
b. Errors in cashiering adjustments.	B-6	b. Outstanding express account transfers.	B-4
c. September paydown recorded early by Treasurer.	H-3	c. Commercial account adjustments for the recording of cancelled checks.	C-2
d. Transfer of cash recorded early by Treasurer.	I-1	d. Payroll adjustments to the City, Convention Bureau, CADA & Pension payrolls:	D-2
e. Transfer of cash recorded early by Treasurer.	I-2	e. Pool funds cash adjustments.	C-4
		f. Errors in cashiering adjustments.	B-6
		g. Rejected portions of accounting transfers.	B-2
		h. August & September 1985 activity.	F-1
		i. August & September 1985 activity.	G-1
		j. September 1985 activity.	H-1
		k. August & September 1985 activity.	H-2
		l. August & September 1985 activity.	H-3
		m. August & September 1985 activity.	H-4
		n. August & September 1985 activity.	H-5
		o. August & September 1985 activity.	H-6
		p. August & September 1985 activity.	I-1
		q. August & September 1985 activity.	I-2
		r. August & September 1985 activity.	I-2