



CITY OF SACRAMENTO

OFFICE OF THE TREASURER
800 - 10TH STREET SACRAMENTO, CA 95814
SUITE 1 TELEPHONE (916) 449-5318

CITY MANAGER'S OFFICE
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THOMAS P. FRIERY
TREASURER
DONALD E. SPERLING
ASST. TREASURER

March 18, 1982

City Council of the City
of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Status Report 1981 TRAN Sale January 30, 1982 Through
February 26, 1982 and Cumulative from October 15, 1981
Through February 26, 1982

SUMMARY

Attached is the Status Report City of Sacramento 1981 Tax and Revenue
Anticipation Note Sale January 30, 1982 through February 26, 1982
and cumulative from October 15, 1981 through February 26, 1981

RECOMMENDATION

This report is for your information and no specific action is required.

Respectfully submitted,

Thomas P. Friery
THOMAS P. FRIERY
City Treasurer
FILED
By the City Council
Office of the City Clerk

TPF/1v

Attachment

MAR 30 1982

For City Council Information:

Walter J. Slips
Walter J. Slips, City Manager

March 30, 1982



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THOMAS P. FRIERY
TREASURER

DONALD E. SPERLING
ASST. TREASURER

March 17, 1982

TO: Budget and Finance Committee
Honorable Members in Session

FROM: THOMAS P. FRIERY, City Treasurer

SUBJECT: Status Report City of Sacramento 1981 TRAN Sale, January 30, 1982 Through
February 26, 1982 and Cumulative from October 15, 1981 Through
February 26, 1982

SUMMARY

For the period January 30, 1982 through February 26, 1982 the General Fund was in a positive daily cash position. Therefore, it appears that the net benefit to be derived from the TRAN issue will continue to be \$327 thousand.

However, it must be emphasized that the intent of the TRAN Sale was to meet cash flow deficits in the General Fund and not to earn interest income. To this point in time, the TRAN Sale has provided sufficient monies to meet the greater than estimated General Fund cash flow deficits.

BACKGROUND

On October 6, 1981 the City Council approved the award of bid for the TRAN Sale to Bank of America at a net interest cost of 9.94%. At that time the City Treasury estimated that additional financing expenses of approximately \$70 thousand would be incurred on the issue which would raise the true interest cost of the TRAN issue to 11.05%.

Further, the City Treasury projected that the TRAN Sale proceeds could be reinvested at a 16.39% rate of return for the period October 15, 1981 through June 29, 1982, and based on estimates of General Fund cash deficits as computed by the City Department of Finance, a net benefit of \$346 would inure to the City after having met the then projected General Fund cash flow deficits and the repayment of all interest and costs associated with the TRAN Sale.

The financing expenses of the TRAN issue were approximately \$49 thousand as opposed to the \$70 thousand originally estimated which reduces the true interest cost of the TRAN Sale from 11.05% to 10.71% and increased the potential for a net benefit from \$346 thousand to \$365 thousand.

However, in spite of these positive developments, the actual general fund cash deficit has averaged approximately \$1.4 million per day greater than was estimated for the period October 15, 1981 through January 1, 1982. The impact of this action is that an opportunity for approximately \$45 thousand in investment income has been lost and reduces the potential net benefit to \$320 thousand. During the month of January, 1982 an investment trade was executed which increased the net income benefit by \$7 thousand; therefore, it appears that the net benefit will be \$327 thousand.

For the months of January and February the General Fund had a positive net average balance, so it appears at this time that the \$327 thousand net benefit will be realized. It is reemphasized that if there are future cash flow deficits (which were not projected in October, 1981 for the months of March through June) it may not be possible to earn the net benefit presently estimated.

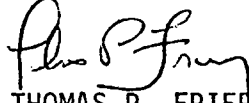
Following up the October 6, 1981 Council action awarding the bond sale, a report on the Cash Flow and Investment Results is provided as Attachment A.

My staff and I are here to answer any questions of the Budget and Finance Committee regarding this issue.

RECOMMENDATION

It is recommended that the Committee accept this report and forward the same to the full Council for its information.

Respectfully,


THOMAS P. FRIERY
City Treasurer

TPF/lv

FOR TRANSMITTAL:



FINANCE ADMINISTRATION AND BUDGET

Attachment

