



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

July 29, 1985

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

Budget and Finance Committee
Sacramento, California

Honorable Members in Sesion:

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

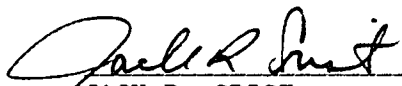
SUMMARY

Transmitted for Committee information is the monthly Cash and Investment Accountability balancing schedule for the month of March, 1985. The schedules indicate that at the end of the fiscal third quarter the respective financial records of the two departments were in agreement. The total cash and investments as of March 29, 1985 was \$315,732,044.22.

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,



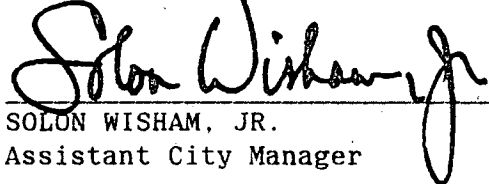
JACK R. CRIST
Director of Finance

Attachment



THOMAS P. FRIERY
City Treasurer

APPROVED FOR COMMITTEE INFORMATION:



SOLON WISHAM, JR.
Assistant City Manager

August 13, 1985



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

July 29, 1985
FA:85190:JRC:KMF

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

JACK R. CRIST
Director of Finance

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 month of March 1985. The schedules indicate that the respective financial records of the two departments were in agreement. The total cash and investments as of March 29, 1985 was \$315,732,044.22.

This report will be reviewed by the City Council Budget and Finance Committee on Tuesday, August 13, 1985. 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 for 1-2 hours every two weeks 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 third quarter of fiscal year 1984-85's monthly balancings. It is anticipated that the final quarter will be transmitted to the City Council in early September.

ANALYSIS

This report complies with the sound internal control practices and the City Council can expect to see monthly balancings on a routine basis shortly after the end of each reporting period (quarterly). The attached balancing schedules demonstrate 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 is nearing completion. There is, however, much work remaining to be done. Phase I simply achieves 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 will be designed in FY 1985-86, 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 recently 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. The next action step involves selection of a second consultant to assist City staff in developing 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 February 1986. Implementation of the new system would then occur during the Spring of 1986 with the core system up and running "live" effective July 1, 1986. Enhancement subsystems would likely be added in 1986-87 and 1987-88.

FINANCIAL

Included herein is the monthly balancing for March 1985. 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 either in-transit timing differences or human error. The City Council will note that for the third quarter of FY 1985-86, only March's balancing was presented. This was done by skipping January and February so that we could gain time and become more current. Future reports will contain all three months of the quarter.

BUDGET AND FINANCE COMMITTEE

The City Council Budget and Finance Committee will review this report on Tuesday, August 13, 1985


RECOMMENDATION

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

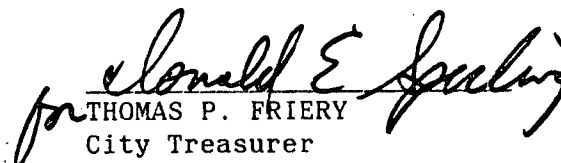
City staff will:

1. Complete the monthly balancing process for April 1985 through June 1985 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. Initiate Phase II of the Cash and Investment Accountability project which involves design of significant new computer information systems, both software and hardware, related to cash and investment accountability. The City Council will receive more information on Phase II of the project in a separate report to be released in late August.

Respectfully submitted,

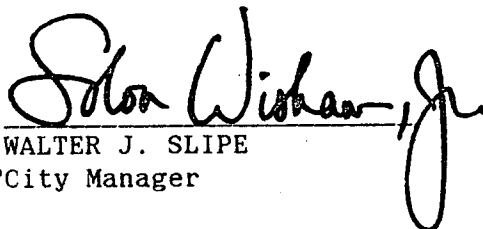


JACK R. CRIST
Director of Finance



THOMAS P. FRIERY
City Treasurer

APPROVED FOR CITY COUNCIL INFORMATION:



For: WALTER J. SLIPE
City Manager

Attachments:

March 1985 Cash and Investment Accountability

All Districts
August 20, 1985

Run date: 7/15/85

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CITY OF SACRAMENTO
CASH & INVESTMENTS ACCOUNTABILITY
THIRD QUARTER 1985
MARCH 29, 1985

TYPES OF INVESTMENTS	INVESTMENTS	ADJUSTMENTS	ADJUSTED	INVESTMENTS	ADJUSTMENTS	ADJUSTED
	PER TREASURER		TREASURER'S BALANCE	PER GENERAL LEDGER		GENERAL LEDGER BALANCE
Total Cash Balances: G/L				120,340,622.64		120,340,622.64
POOLED INVESTMENTS:						
Pool A	65,550,634.58	1,875.00 a	65,552,509.58		439,147.44 a	
Pool B	18,808,934.23	1,875.00 a	18,810,809.23		(634,480.31) b	
Pool C	8,825,013.35		8,825,013.35		1,035.76 c	
Pool D	11,871,138.40		11,871,138.40		103,708.34 d	
LAIF	10,000,000.00		10,000,000.00		(79,260.48) e	
REFO	4,000,000.00		4,000,000.00		(100,934.00) f	
Commercial Account	(3,554,847.67)	627.28 b	(3,554,220.39)		26,036.18 g	
Payroll Account	9,467.73	5,390.47 c	14,858.20		(99.82) h	
Wells Fargo Express	4,443,706.16	131,961.22 d	4,575,667.38			(244,846.89)
Comm./Express Transfers	0.00		0.00			
sub total	119,954,046.78	141,728.97	120,095,775.75	120,340,622.64	(244,846.89)	120,095,775.75
1915 Special Assessment Bonds	407,845.75		407,845.75			
Assessment Bonds-School Cert.	55,307.62		55,307.62	463,153.37		463,153.37
Ann Land Memorial	283,130.78	548.02 e	283,678.80	282,469.54	1,209.26 j	283,678.80
Bertha Henschel Memorial	693,933.63	1,124.38 f	695,058.01	609,037.12	6,020.89 j	695,058.01
RETIREMENT TRUST:						
Bonds	79,156,442.90		79,156,442.90	79,228,942.90	(72,500.00) k	79,156,442.90
Mortgage Backed Loans	19,886,113.56		19,886,113.56	20,002,891.63	(116,778.07) l	19,886,113.56
Mortgage Loans	5,782,270.56		5,782,270.56	4,703,797.31	1,078,473.25 m	5,782,270.56
Stocks & Core	55,841,555.89		55,841,555.89	52,545,520.92	3,296,034.97 n	55,841,555.89
Emerging Growth	13,395,773.51		13,395,773.51	12,585,983.80	809,789.71 o	13,395,773.51
Full Options	10,384,397.51		10,384,397.51	9,420,197.54	964,199.97 p	10,384,397.51
Hard Assets	1,995,050.43	546.05 g	1,995,596.48	1,815,896.48	179,700.00 q	1,995,596.48
Real Estate	4,694,457.91	(4,250.47) h	4,690,207.44	5,840,207.44	(1,150,000.00) r	4,690,207.44
sub total	191,136,061.67	(9,704.42)	191,126,357.25	186,149,437.42	4,988,919.89	191,126,357.25
CASH WITH FISCAL AGENT:						
Ann Land Mem./Ind.	2,485.79		2,485.79	1,906.07	1,179.72 s	2,485.79
Bertha Henschel Mem./Ind.	15,487.88		15,487.88	4,894.58	10,593.30 t	15,487.88
SCERS - Fixed	660,920.10		660,920.10	6,486,252.87	1,171,291.41 u	
SCERS - Alliance	244,919.90		244,919.90		(591,941.15) u	
SCERS - Battery March	728,649.29		728,649.29		(2,553,530.91) u	
SCERS - Emerging Growth	1,413,439.70		1,413,439.70		(542,983.10) u	
SCERS - Full Options	(3,881.62)		(3,881.62)		(925,041.75) u	
SCERS - Other						(3,442,205.50)
sub total	3,062,021.04	0.00	3,062,021.04	6,492,453.52	(3,430,432.48)	3,062,021.04
TOTAL	315,592,347.27	139,696.95	315,732,044.22	314,411,173.61	1,320,870.61	315,732,044.22
GRAND TOTAL			315,732,044.22			315,732,044.22

NOTES:

SCHEDULE REFERENCE

SCHEDULE REFERENCE

Adjustments to the Treasurer's Investments:

- | | |
|---|-----|
| a. Input to money max for FNMA did not include the premium. Purchased 2/5/85; adjusted in June's '85 EIS. | |
| b. Adjustments to the commerial account due to the timing of stop & cancellation notices from Accounting. | C-1 |
| c. Adjustments to the payroll account due to the timing of cancellation notices from Accounting. | D-1 |
| d. Identification of S-3's that account for early deposits | B-2 |
| e. Adjustment from June '84's accountability - Premium on stock | F-1 |
| f. Adjustment (from June '84) to original cost and discount on stocks and bonds. | G-1 |
| g. Adjustment from June '84's accountability. | H-7 |
| h. Expenses from escrow. | H-8 |

Adjustments to the General Ledger:

- | | |
|---|-----|
| a. Pools interest adjustments due timing of S-3's from the Treasurer. | B-1 |
| b. Outstanding express account transfers. | B-3 |
| c. GNMA principle pay down problems. (July - December) | |
| d. Pool funds cash adjustments. | H-4 |
| e. Payroll adjustments due to the timing of JV's for Convention Bureau & CADA payrolls. Stops & cancels from FY-83/84. | D-2 |
| f. Commerical account: timing of JV for senior citizens rebate, special issue checks late to the G/L & adjustments for stops, cancels and reissues. | C-2 |
| g. Early deposit from FY 83/84 cleared in Oct. by Treasurer. | |
| h. Rejected portion of accounting transfers. | A-4 |
| i. March activity. | F-1 |
| j. January & March activity. | G-1 |
| k. Febuary & March activity. | H-1 |
| l. Febuary & March activity. | H-2 |
| m. Febuary & March activity. reclassification from real estate & reversal June '84 check. | H-3 |
| n. March activity. | H-4 |
| o. March activity. | H-5 |
| p. March activity. | H-6 |
| q. Late JV's for October and March activity. (JV's done in May, '85) | H-7 |
| r. Reclassification to Mortgage Loans. | H-8 |
| s. March activity. | I-1 |
| t. January & March activity. | I-2 |
| u. Febuary & march activity. | I-3 |