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CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

June 25, 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

FILED
JUL 23 1985
BY THE CITY CLERK
OFFICE OF THE CITY CLERK

SUMMARY

Transmitted herein are monthly Cash and Investment Accountability balancing schedules for the months of October, November and December 1984. The schedules indicate that for each of the three months, the respective financial records of the two departments were in agreement. The total cash and investments as of January 4, 1985 was \$313,343,118.89.

This report will be reviewed by the City Council Budget and Finance Committee on Tuesday, July 16. 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 second quarter of fiscal year 1984-85's monthly balancings. It is anticipated that the third quarter (January-March) will be forthcoming by the end of July. The final quarter is scheduled for transmittal to the City Council in August.

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 committment to properly staffing this important function in both departments.

Although successful reconciliations have now been completed from July-December 1984, we remain a few months behind schedule. However, as was pointed out above, we should be current by August. Phase I of the cash accountability 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 perhaps hardware) changes. This requirement for change is a policy issue addressed in the City Manager's recommended 1985-86 City budget. A consultant has been hired by the City Manager to work with City staff to evaluate alternatives and make recommendations. A final report was transmitted to the City Council (the Telos/Bruce Joplin report) in early June, 1985.

FINANCIAL

Included herein as Attachments A, B, and C are the monthly balancings for October, November and December, 1984, respectively. The format is consistent for each of the three reports. The lefthand three columns represent Treasury Department Balances, while the righthand three columns represent Finance Department balances. The grand total columns at the bottom are in agreement for each department. The adjustment items are all documented and footnoted but basically represent either in-transit timing differences or human error.

BUDGET AND FINANCE COMMITTEE

The City Council Budget and Finance Committee will review this report on Tuesday, July 23, 1985.

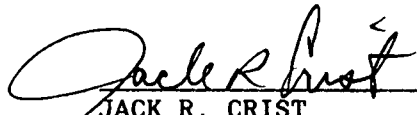
RECOMMENDATION

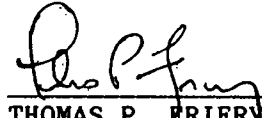
This report is an information item and no City Council action is required.

City staff will:

1. Complete the monthly balancing process for the FY 1984-85 third and fourth quarters 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.

Respectfully submitted,


 JACK R. CRIST
 Director of Finance


 THOMAS P. FRIER
 City Treasurer

APPROVED FOR CITY COUNCIL INFORMATION:


 WALTER J. SLIPE
 City Manager

Attachments:

- A - October 1984 Cash and Investment Accountability
- B - November 1984 Cash and Investment Accountability
- C - December 1984 Cash and Investment Accountability

All Districts
July 23, 1985

CITY OF SACRAMENTO
CASH & INVESTMENTS ACCOUNTABILITY
OCTOBER
NOVEMBER 2, 1984

TYPES OF INVESTMENTS	INVESTMENTS		ADJUSTED TREASURER'S BALANCE	INVESTMENTS		ADJUSTED GENERAL LEDGER BALANCE
	PER TREASURER	ADJUSTMENTS		PER GENERAL LEDGER	ADJUSTMENTS	
Total Cash Balances: G/L				125,214,617.68		125,214,617.68
POOLED INVESTMENTS:			0.00			
Pool A	73,493,800.31		73,493,800.31		128,609.64 a	128,609.64
Pool B	15,823,766.57		15,823,766.57		(200,000.00)b	(200,000.00)
Pool C	9,723,215.14		9,723,215.14		(76,000.00)c	(76,000.00)
Pool D	7,995,692.22		7,995,692.22		653.48 d	653.48
LATE	10,000,000.00		10,000,000.00		(26.00)e	(26.00)
REPO	6,000,000.00		6,000,000.00		(971,097.99)f	(971,097.99)
Commercial Account	(2,678,016.07)	(145,653.83)a	(2,823,669.90)		(1,577,462.21)g	(1,577,462.21)
Payroll	(362,972.76)	(1,767,277.07)b	(2,130,249.83)		26,036.18 h	26,036.18
Wells Fargo Express	3,199,104.13	212,366.36 c	3,411,470.49		(401,205.87)i	(401,205.87)
Comm./Express Transfers	650,000.00		650,000.00		(99.91)j	(99.91)
sub total	123,844,589.54	(1,700,564.54)	122,144,025.00	125,214,617.68	(3,070,592.68)	122,144,025.00
1915 Special Assessment Bonds	407,845.75		407,845.75	463,153.37		463,153.37
Assessment Bonds-School Cert.	55,307.62		55,307.62			
Ann Land Memorial	282,399.52	548.02 d	282,947.54	284,096.64	(1,149.10)k	282,947.54
Bertha Henschel Memorial	671,447.23	944.37 e	672,391.60	686,407.47	(14,015.87)l	672,391.60
RETIREMENT TRUST:						
Bonds	75,232,746.81		75,232,746.81	75,282,746.81	(50,000.00)m	75,232,746.81
Mortgage Backed Loans	16,351,191.67		16,351,191.67	16,472,949.71	(121,758.04)n	16,351,191.67
Mortgage Loans	6,212,203.67		6,212,203.67	4,400,232.97	1,811,970.70 o	6,212,203.67
Stocks & Core	47,685,757.94		47,685,757.94	43,828,660.79	3,857,097.15 p	47,685,757.94
Emerging Growth	10,801,197.18		10,801,197.18	11,240,327.92	(439,130.74)q	10,801,197.18
Full Options	9,418,580.06		9,418,580.06	8,884,732.91	533,847.15 r	9,418,580.06
Hard Assets	1,891,550.43	546.05 f	1,892,096.48	1,815,896.48	76,200.00 s	1,892,096.48
Real Estate	4,694,457.91	(4,250.47)g	4,690,207.44	5,840,207.44	(1,150,000.00)t	4,690,207.44
sub total	172,287,685.67	(3,704.42)	172,283,981.25	167,765,755.03	4,518,226.22	172,283,981.25
CASH WITH FISCAL AGENT:						
Ann Land Mem./Ind.	4,202.53		4,202.53	(1.37)	4,203.90 u	4,202.53
Bertha Henschel Mem./Ind.	32,980.78		32,980.78	2,376.04	30,604.74 v	32,980.78
SCERS - Fixed	1,148,154.43		1,148,154.43	8,779,332.45	1,148,154.43 w	
SCERS - Alliance	1,871,521.93		1,871,521.93		892,462.30 x	
SCERS - Battery March	274,092.06		274,092.06		(52,775.87)y	
SCERS - Emerging Growth	2,898,096.97		2,898,096.97		735,250.40 z	
SCERS - Full Options	60,478.95		60,478.95		(434,906.39)aa	
SCERS - Other					(4,815,172.98)bb	6,252,344.34
sub total	6,289,527.65	0.00	6,289,527.65	8,781,707.12	(2,492,179.47)	6,289,527.65
TOTAL	303,838,802.98	(1,702,776.57)	302,136,026.41	303,195,737.31	(1,059,710.90)	302,136,026.41
GRAND TOTAL			302,136,026.41			302,136,026.41

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NOTES:	SCHEDULE REFERENCE	SCHEDULE REFERENCE	
Adjustments to the Treasurer's Investments:		Adjustments to the General Ledger:	
a. Adjustments to the commercial account due to the timing of issue, stop & cancellation notices from Accounting.	C-1	a. Pooled interest adjustments due to the timing of S-3's from the Treasurer.	A-1
b. Adjustments to the payroll account due to the timing of issue, stop & cancellation notices from Accounting.	D-1	b. Outstanding express account transfers.	B-1
c. Identification of S-3's that account for early deposits. A deposit that was short \$75.20 (corrected in Nov.).	A-2	c. Late JV (May '85) for silver purchase in Oct.	
d. Adjustment from June's accountability - Premium on stocks.	F-1	d. S-3's prepared in error for the July, Aug, Sept. & Oct. '84 GNMA principle paydowns.	
e. Adjustment (from June) to original cost and discount on stocks and bonds.	G-1	e. Cashiering variance for the week of 10/12/84.	
f. Adjustment from June's accountability.	H-7	f. Payroll adjustments due to the timing of JV's for Convention Bureau, CADA & Pension payrolls. Stops & cancellations from FY 83/84.	D-2
g. Expenses from escrow.	H-8	g. Commercial account: special issue checks late to the C/L & adjustments for stops, cancels & reissues.	C-2
		h. Early deposit from FY 83/84 cleared in Oct. by Treasurer. (this adjustment needs to be JV'ed)	
		i. Error on JV #C1003, corrected 12/84.	
		j. Rejected portion of accounting transfers (Sept. & Oct.).	
		k. September & October activity.	F-1
		l. September & October activity.	G-1
		m. October activity.	H-1
		n. October activity.	H-2
		o. Sept. & Oct. activity, reclassification from Real Estate, late S-3 for Granite, late claim for Big-5 & reversal of June '84 check.	H-3
		p. October activity.	H-4
		q. October activity.	H-5
		r. September & October activity.	H-6
		s. September & October activity.	H-7
		t. Reclassification to Mortgage Loans.	H-8
		u. September activity.	I-1
		v. September activity.	I-2
		w. Fixed activity.	I-3
		x. Alliance activity.	I-3
		y. Battery March activity.	I-3
		z. Emerging Growth activity.	I-3
		aa. Full Options activity.	I-3
		bb. JV prepared in error for October.	I-3

OCTCASH - Cash Accountability disk #1

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CITY OF SACRAMENTO
CASH & INVESTMENTS ACCOUNTABILITY
NOVEMBER
NOVEMBER 30, 1984

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				126,127,085.08		126,127,085.08
POOLED INVESTMENTS:			0.00		448,542.13 a	448,542.13
Pool A	71,269,452.90		71,269,452.90		(400,000.00)b	(400,000.00)
Pool B	18,293,662.40		18,293,662.40		(76,000.00)c	(76,000.00)
Pool C	9,723,215.14		9,723,215.14		653.48 d	653.48
Pool D	10,428,737.21		10,428,737.21		28,674.84 e	28,674.84
LAIF	10,000,000.00		10,000,000.00		(88,248.04)f	(88,248.04)
REPO	4,000,000.00		4,000,000.00		(1,575,652.77)g	(1,575,652.77)
Commercial Account	(2,111,224.70)	(119,281.19)a	(2,230,505.89)		26,036.18 h	26,036.18
Payroll Account	14,775.12	(1,776,461.07)b	(1,761,685.95)		(401,205.87)i	(401,205.87)
Wells Fargo Express	3,673,898.72	339,527.18 c	4,013,425.90		(153,583.32)j	(153,583.32)
Comm./Express Transfers	200,000.00		200,000.00			
sub total	125,492,516.79	(1,556,215.08)	123,936,301.71	126,127,085.08	(2,190,783.37)	123,936,301.71
1915 Special Assessment Bonds	407,845.75		407,845.75	463,153.37		463,153.37
Assessment Bonds-School Cert.	55,307.62		55,307.62			
Ann Land Memorial	277,326.77	548.02 d	277,874.79	284,096.64	(6,221.85)k	277,874.79
Bertha Henschel Memorial	678,973.99	944.37 e	679,918.36	686,240.91	(6,322.55)l	679,918.36
RETIREMENT TRUST:						
Bonds	75,232,746.81		75,232,746.81	75,282,746.81	(50,000.00)m	75,232,746.81
Mortgage Backed Loans	16,301,206.17		16,301,206.17	16,472,947.71	(171,741.54)n	16,301,206.17
Mortgage Loans	6,064,431.74		6,064,431.74	4,386,976.12	1,677,455.62 o	6,064,431.74
Stocks & Core	47,361,561.97		47,361,561.97	43,828,660.79	3,532,901.18 p	47,361,561.97
Emerging Growth	11,406,381.05		11,406,381.05	11,240,327.92	166,053.13 q	11,406,381.05
Full Options	9,205,280.09		9,205,280.09	8,884,732.91	320,547.18 r	9,205,280.09
Hard Assets	1,891,550.43	546.05 f	1,892,096.48	1,815,896.48	76,200.00 s	1,892,096.48
Real Estate	4,694,457.91	(4,250.47)g	4,690,207.44	5,840,207.44	(1,150,000.00)t	4,690,207.44
sub total	172,157,616.17	(3,704.42)	172,153,911.75	167,752,496.18	4,401,415.57	172,153,911.75
CASH WITH FISCAL AGENT:						
Ann Land Mem./Ind.	6,382.24		6,382.24	(1.37)	6,383.61 u	6,382.24
Bertha Henschel Mem./Ind.	12,970.79		12,970.79	2,555.14	10,415.65 v	12,970.79
SCERS - Fixed	1,128,291.41		1,128,291.41	7,631,178.02	2,276,447.84 w	
SCERS - Alliance	2,428,777.91		2,428,777.91		1,450,545.30 x	
SCERS - Battery March	604,675.46		604,675.46		277,807.53 y	
SCERS - Emerging Growth	2,433,728.31		2,433,728.31		270,881.74 z	
SCERS - Full Options	306,020.59		306,020.59		(189,364.75)aa	
SCERS - Other					(4,816,002.00)bb	6,901,493.68
sub total	6,920,846.71	0.00	6,920,846.71	7,633,731.79	(172,885.08)	6,920,846.71
TOTAL	305,990,433.80	(1,558,427.11)	304,432,006.69	302,946,803.97	1,485,202.72	304,432,006.69
GRAND TOTAL			<u>304,432,006.69</u>			<u>304,432,006.69</u>

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NOTES:

SCHEDULE REFERENCE

SCHEDULE REFERENCE

Adjustments to the Treasurer's Investments:

a. Adjustments to the commercial account due to the timing of issue, stop & cancellation notices from Accounting.	C-1
b. Adjustments to the payroll account due to the timing of issue, stop & cancellation notices from Accounting.	D-1
c. Identification of S-3's that account for early deposits.	A-2
d. Adjustment from June's accountability - Premium on stocks.	F-1
e. Adjustment (from June) to original cost and discount on stocks and bonds.	G-1
f. Adjustment from June's accountability.	H-7
g. Expenses from escrow.	H-8

Adjustments to the General Ledger:

a. Pools interest adjustments due timing of S-3's and JV's from the Treasurer.	A-1
b. Outstanding express account transfers.	B-1
c. Late JV (May '85) for silver purchase in Oct.	
d. S-3's prepared in error for the July, Aug, Sept. & Oct. '84 GNMA principle paydowns.	
e. Cashiering adjustments for October & November.	B-2
f. Payroll adjustments due to the timing of JV's for Convention Bureau & CADA payrolls. Stops & cancels from FY 83/84.	D-2
g. Commercial account: special issue checks late to the G/L & adjustments for stops, cancels and reissues.	C-2
h. Early deposit from FY 83/84 cleared in Oct. by Treasurer. (this adjustment needs to be JV'ed)	
i. Error on JV #C1003, corrected 12/84.	
j. Rejected portion of accounting transfers (Oct. & Nov.)	B-3
k. October & November activity.	F-1
l. September, October & November activity.	G-1
m. October activity.	H-1
n. October & November activity.	H-2
o. Sept., oct. & nov. activity, reclassification from real estate, late S-3 for Granite, late claim for Big 5 & reversal of June '84 check.	H-3
p. October & November activity.	H-4
q. October & November activity.	H-5
r. October & November activity.	H-6
s. Late JV for October activity (JV done May '84).	H-7
t. Reclassification to Mortgage Loans.	H-8
u. September & November activity.	I-1
v. September, October & November activity.	I-2
w. Fixed activity.	I-3
x. Alliance activity.	I-3
y. Battery March activity.	I-3
z. Emerging Growth activity.	I-3
aa. Full Options activity.	I-3
bb. JV prepared in error for October.	I-3

NOVCASH - Cash Accountability disk #1

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Run date: 6/07/85

Page 1

CITY OF SACRAMENTO
CASH & INVESTMENTS ACCOUNTABILITY
DECEMBER
@ JANUARY 04, 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				130,611,652.18		130,611,652.18
POOLED INVESTMENTS:			0.00			1,127,323.74
Pool A	84,586,038.67		84,586,038.67		(3,269,254.06)b	(3,269,254.06)
Pool B	18,293,662.40		18,293,662.40		(76,000.00)c	(76,000.00)
Pool C	9,187,619.02		9,187,619.02		2,500,639.93 d	2,500,639.93
Pool D	11,378,347.77		11,378,347.77		(1,427,066.45)e	(1,427,066.45)
LAIF	10,000,000.00		10,000,000.00		(955,791.98)f	(955,791.98)
REPO	2,000,000.00		2,000,000.00		(1,970.39)g	(1,970.39)
Commercial Account	(5,470,757.57)	35,611.24 a	(5,435,146.33)		26,036.18 h	26,036.18
Payroll Account	9,210.71	6,306.62 b	15,517.33		4,816,000.00 i	4,816,000.00
Wells Fargo Express	2,295,724.58	254,705.89 c	2,550,430.47		(99.82)j	(99.82)
Comm'l/Express Transfers	775,000.00		775,000.00			
sub total	133,054,845.58	296,623.75	133,351,469.33	130,611,652.18	2,739,817.15	133,351,469.33
1915 Special Assessment Bonds	407,845.75		407,845.75	463,153.37		463,153.37
Assessment Bonds-School Cert.	55,307.62		55,307.62			
Ann Land Memorial	281,921.52	548.02 d	282,469.54	284,096.64	(1,627.10)k	282,469.54
Bertha Henschel Memorial	687,912.74	1,124.38 e	689,037.12	686,020.17	3,016.95 l	689,037.12
RETIREMENT TRUST:						
Bonds	75,232,746.81		75,232,746.81	75,232,746.81		75,232,746.81
Mortgage Backed Loans	16,240,395.60		16,240,395.60	16,301,206.17	(60,810.57)m	16,240,395.60
Mortgage Loans	5,982,038.93		5,982,038.93	4,823,581.55	1,158,457.38 n	5,982,038.93
Stocks & Core	49,993,427.47		49,993,427.47	47,361,561.74	2,631,865.73 o	49,993,427.47
Emerging Growth	12,452,701.95		12,452,701.95	11,406,381.07	1,046,320.88 p	12,452,701.95
Pull Options	9,477,180.09		9,477,180.09	9,205,280.12	271,899.97 q	9,477,180.09
Hard Assets	1,891,550.43	546.05 r	1,892,096.48	1,815,896.48	76,200.00 r	1,892,096.48
Real Estate	4,694,457.91	(4,250.47)g	4,690,207.44	5,840,207.44	(1,150,000.00)s	4,690,207.44
sub total	175,964,499.19	(3,704.42)	175,960,794.77	171,986,861.38	3,973,933.39	175,960,794.77
CASH WITH FISCAL AGENT:						
Ann Land Mem./Ind.	3,767.18		3,767.18	(1.37)	3,768.55 t	3,767.18
Bertha Henschel Mem./Ind.	4,359.97		4,359.97	2,792.49	1,567.48 u	4,359.97
SCERS - Fixed	308,662.37		308,662.37	10,354,689.38	543,575.28 v	
SCERS - Alliance	462,636.31		462,636.31		(1,966,141.60)w	
SCERS - Battery March	396,449.45		396,449.45		(208,226.01)x	
SCERS - Emerging Growth	1,378,667.90		1,378,667.90		(1,055,060.41)y	
SCERS - Pull Options	41,651.58		41,651.58		(264,769.01)z	
SCERS - Other					(4,816,000.00)aa	2,588,067.61
sub total	2,596,194.76	0.00	2,596,194.76	10,357,480.50	(7,761,285.74)	2,596,194.76
TOTAL	313,048,527.16	294,591.73	313,343,118.89	314,389,264.24	(1,046,145.35)	313,343,118.89
GRAND TOTAL			313,343,118.89			313,343,118.89

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NOTES:	SCHEDULE REFERENCE		SCHEDULE REFERENCE
Adjustments to the Treasurer's Investments:		Adjustments to the General Ledger:	
a. Adjustments to the commercial account due to the timing of issue, stop & cancellation notices from Accounting.	C-1	a. Pools interest adjustments due timing of S-3's and JV's from the Treasurer.	B-1
b. Adjustments to the payroll account due to the timing of stop & cancellation notices from Accounting.	D-1	b. Outstanding express-account transfers.	B-6
c. Identification of S-3's that account for early deposits and incorrect wire transfer.	A-2	c. Late JV (May '85) for silver purchase in Oct.	B-5
d. Adjustment from June's accountability - Premium on stocks.	F-1	d. Investment adjustments.	B-4
e. Adjustment (from June) to original cost and discount on stocks and bonds.	G-1	e. Pool funds cash adjustments.	D-2
f. Adjustment from June's accountability.	H-7	f. Payroll adjustments due to the timing of JV's for Convention Bureau & CADA payrolls. Stops & cancels from FY-83/84.	C-2
g. Expenses from escrow.	H-8	g. Commercial account: special issue checks late to the G/L & adjustments for stops, cancels and reissues.	
		h. Early deposit from FY-83/84 cleared in Oct. by Treasurer. (this adjustment needs to be JV'ed)	
		i. Reversal of duplicate JV's made for the retirement system's 1110 & 1162 cash (corrected 2/85).	B-7
		j. Rejected portion of accounting transfers.	A-4
		k. September, November & December activity.	F-1
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