



CITY OF SACRAMENTO

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

CITY MANAGER'S OFFICE
RECEIVED
MAY 28 1982

THOMAS P. FRIERY
TREASURER
DONALD E. SPERLING
ASST. TREASURER

May 27, 1982

City Council of the City
of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Status Report City of Sacramento 1981 TRAN Sale, April 3, 1982
Through April 30, 1982 and Cumulative from October 15, 1981
Through April 30, 1982

SUMMARY

Attached is the Status Report City of Sacramento 1981 Tax and Revenue
Anticipation Note Sale April 3, 1982 through April 30, 1982 and cumulative
from October 15, 1981 through April 30, 1981.

RECOMMENDATION

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

Respectfully submitted,

Donald E. Sperling
THOMAS P. FRIERY
City Treasurer

TPF/lv

Attachment

For City Council Information:

Walter J. Slife
WALTER J. SLIFE, CITY MANAGER

APPROVED
BY THE CITY COUNCIL
JUN 9 1982
OFFICE OF THE
CITY CLERK

APPROVED
BY THE CITY COUNCIL
JUN 9 1982
OFFICE OF THE
CITY CLERK

June 8, 1982



CITY OF SACRAMENTO

OFFICE OF THE TREASURER

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

THOMAS P. FRIERY
TREASURER

DONALD E. SPERLING
ASST. TREASURER

May 25, 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, April 3, 1982 Through
April 30, 1982 and Cumulative from October 15, 1981 Through April 30, 1982

SUMMARY

For the period April 3, 1982 through April 30, 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 through April 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 May and June) it may not be possible to earn the net benefit presently estimated.

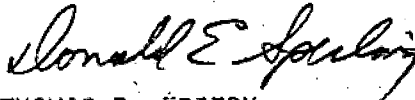
Following up the October 6, 1981 Council action awarding the bond sale, a report on the Cash Flow and Investment Results is provided as Attachment A.

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,


for THOMAS P. FRIERY
City Treasurer

TPF/1v

APPROVED FOR COMMITTEE INFORMATION:

SOLON WISHAM, JR.
Assistant City Manager

Attachment

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ATTACHMENT A

CASH FLOW AND INVESTMENT RESULTS
1981 CITY OF SACRAMENTO
\$9.5 MILLION TRAN ISSUE

CASH FLOW

GENERAL FUND AVERAGE DAILY CASH POSITION

10/15/81 - 1/1/82
1/2/82 - 4/30/82

(\$000's Omitted)
Estimated Average
Negative Daily
Cash Balance
As of August, 1981

\$ (922)
-0-

(\$000's Omitted)
Actual Average
Negative Daily
Cash -
Position

\$ (2,283)
-0-

(\$000's Omitted)
Variance

\$ (1,361)
-0-

INVESTMENT INCOME

INTEREST INCOME EARNINGS FROM TRAN SALE

10/15/81 - 4/2/82 (16.79% Rate of Return on TRAN Issue)
4/3/82 - 4/30/82 (16.16% Rate of Return on TRAN Issue)

Separately Earned
Interest Income

\$ 734,324
121,161
\$ 855,485

Pool A Particip.
of Interest Income

\$ 16,658
943
\$ 17,601

Total Interest
Income

\$ 750,982
122,104
\$ 873,086

TRAN Results
10/15/82 Thru 4/30/82

\$ 873,086

DEDUCT: Financing Costs & Expenses

10/15/81 - 4/2/82
4/3/82 - 4/30/82
Total Expenses for Period 10/15/81 through 4/30/82

1/ TRAN Issue
Expense

\$ (445,951)
(73,451)
\$ (519,402)

2/ Financing
Costs

\$ (33,006)
(5,436)
\$ (38,442)

Total Expenses

\$ (478,957)
(78,887)
\$ (557,844)

\$ (557,844)

GROSS INCOME PRIOR TO CONSIDERATION OF LOSS OF INTEREST
DUE TO THE GENERAL FUND DAILY CASH DEFICIT

\$ 315,242

DEDUCT:

City Pool A Earning Rate 10/15/81 - 1/1/82 (14.89%)
City Pool A Earning Rate 1/2/82 - 4/30/82 (13.99%)
Total for Period 10/15/81 through 4/30/82

Loss of Interest
Income Due to
Estimate of Deficit
in August, 1981

\$ (29,306)
-0-
\$ (29,306)

Loss of Interest
Income Due to
Variance In
General Fund
Deficit

\$ (45,356)
-0-
\$ (45,356)

\$ (74,662)
-0-
\$ (74,662)

\$ (74,662)

Net Income from TRAN Sale for Period 10/15/81 - 4/30/82

\$ 240,580

1/ Includes Interest Expense less Amortization of Premium on 1981 TRAN Note Issue

2/ Comprised of \$49,900.00 of Financing Expenses for Bond Counsel, Special Consultant, Financing Consultant, Printing, Mailing, etc. These costs are amortized daily over the period.