
431.2 SUBJECT: INVESTMENTS AND CASH MANAGEMENT

:1 OBJECTIVE:

Provide adequate cash flow for coverage of City's financial obligations and invest available funds in accordance with City Code Chapter 2.09, Investment of City Funds, and policy guidelines.

:2 AUTHORITY:

This procedure amended by City Council May 17, 2004, New Business #1.

:3 DIRECTION:

Treasurer, as an appointed official, serves at the pleasure of the Mayor and receives direction through the Finance Director.

:4 METHOD OF OPERATION:

A Cash Management Desk Manual shall be maintained by this office to describe fully the detailed procedures of each of the operations outlined below. It shall be kept in the Assistant Treasurer's Office.

A. Cash Management

1. The Assistant Treasurer will monitor, on a daily basis, all funds deposited into and withdrawn from the various accounts maintained by the City. These accounts shall include those accounts established by the City for its own purposes, such as the City's Operating Account at its primary bank, and those accounts under the direction of the City for agencies, such as Civic Facilities Authority.
2. A daily record shall be kept of the following information for the City's primary bank account(s):
 - a) Deposits.
 - b) Withdrawals.
 - c) Balances - Beginning and Ending, Available and Collected.
 - d) Scheduled and Estimated cashflows for the day:
 - (1) Wire Transfers
 - (2) Security Transactions
 - (3) Payroll and Other Check Clearings, and
 - (4) Targeted Ending Balances.

B. Wire Transfers And Account Transfers

1. As a policy to ensure the security of City funds, the wiring of funds shall be strictly controlled and monitored daily. Control shall be maintained through segregation of duties at all times requiring at least two individuals to effect a wire via an authorized individual to originate ("make") the wire or transfer, and another authorized individual to confirm ("release") the wire.

2. The wiring of funds into, out of, and among the City accounts will be limited to selected individuals. A file of those individuals' names, signatures and authorization limitations (pension only, credit union transfers only, etc.) shall be kept on file in the Assistant Treasurer's Office.
3. A copy of each Wire Transfer form shall be kept in the Accounting & Control Division for recording and in the Treasury Section for audit purposes.
4. The Treasury Section will be responsible for monitoring the wire and account transfer activity to assure that those wires it is responsible for are made in a timely fashion and in proper form according to pre-established procedures.
5. For each outgoing wire, the following procedure shall be followed:
 - a) A wire transfer or account transfer form shall be completed and signed by an authorized individual.
 - b) A wire request shall be forwarded to the Treasury Section to execute the wire transfer.
 - c) A wire will not be sent unless confirmed by an authorized individual, separate and distinct from the individual making the wire. The individual confirming the wire shall initial the Transfer Request Form and note the date (by the initiating party) of the transfer. The Transfer Request Form shall be forwarded to the Accounting & Control Division for recordation purposes.
 - d) A file of all executed Outgoing Wires Authorization forms shall be maintained in the Assistant Treasurer's Office.
6. Security Purchases, Sales And Maturities
 - a) As authorized by City Code Section 2.09, Investment of City Funds, the Chief Financial Officer or Designee, shall invest City funds in authorized investment instruments. Bond proceeds shall be invested in accordance with covenants specific to the respective bond issues. Copies of the Investment Ordinance, Policy Statement, respective Bond Ordinances, and closing documents shall be kept on file in the Finance Department. A file listing those individuals authorized to make investments for the City will be kept in the Assistant Treasurer's Office. The City's primary bank and the securities dealers with whom the City conducts business will be properly notified of those authorized individuals.
 - b) On a quarterly basis, those investments in certain accounts requiring a minimum balance (e.g., reserve funds) shall be adjusted to maintain the funds at minimum balance by using the methods as required by bond covenants.
7. For each Purchase and Sale, the following actions must be taken:
 - a) A Purchase or Sale form shall be completed and kept on file in the Assistant Treasurer's Office.
 - b) The appropriate custodial bank will be notified of the transaction.

- c) The Assistant Treasurer will make arrangements for the wiring of funds, as appropriate.
 - d) The maturing of investments will also be monitored and allowances made for periodic cash flows in the daily cash management of City funds.
 - e) A copy of each Security Transaction form and the associated third party confirmations from the dealer will be forwarded in packet form to the Accounting & Control Division on a regular basis for recording to the City's books.
8. A detailed record of investment portfolio activity will be kept by the Investment Officer. Monthly reports shall be made to the Investment Committee. Quarterly reports shall be made to the Finance Committee.
 9. Any material deviations in the results of investment strategies, balance requirements, timing of transfers, etc. shall be brought to the immediate attention of the Treasurer and/or Chief Financial Officer.
- C. Debt Service
1. The Assistant Treasurer is responsible for administering and coordinating the City's bond indebtedness for the City's outstanding obligations. Records shall be prepared and/or maintained and separate debt files established for each issue.
 2. Debt service payments shall be monitored, paid by wire or check, and confirmed.
 - a)
 3. Invoices for payments due by the City to various fiscal agents associated with the City's bond issues will be reviewed for accuracy, timeliness, and conformity to bond documents. Check requests will be generated for reimbursement of the various fiscal agents associated with the bonds:
 - (1) Trustee Banks,
 - (2) Registrar Banks,
 - (3) Paying Agents, and/or
 - (4) Remarketing Agents
- D. Payment Of Invoices:
1. Certain classes of invoices shall be the Treasury's responsibility. The invoice classes included under this topic are as follows:
 - a) City Pension Fund Money Managers' Services, Performance Measurement Consultant, Actuarial Consultant and Custodial Bank(s);
 - b) Bond Counsel and other attorneys' fees for legal consultation on a variety of issues; and
 - c) Other related areas as assigned by the Chief Financial Officer.
 2. Invoices shall be reviewed for reasonableness and accuracy and submitted for payment in accordance with established controls and procedures.

E. Pension Fund Staffing

1. Treasury staff shall provide assistance to the Trustees of the Police, Firefighters, and General Employees Pension Funds for a variety of activities, as needed. Staff support may include:
 - a) Submitting monthly reports regarding contributions and allocations of funds;
 - b) Research and reports on legislative matters as they impact the funds; and
 - c) Other qualitative research, as needed.

F. IRS Arbitrage Restrictions

1. Certain funds associated with selected municipal bond issues are restricted with regard to the level of earnings or yield the funds can earn. These profit (or "arbitrage") restrictions are monitored and reported on to the IRS. The Treasurer bears the responsibility of the analysis of reporting on and maintenance of the data for these funds.

:5 FORMS:

None.

:6 COMMITTEE RESPONSIBILITIES:

None.

:7 REFERENCE:

City Code, Sections 2.09, 2.30, and 2.34. Procedure adopted by City Council October 31, 1988, Item 22,A-27; amended June 14, 1993, Item 4-Q; amended May 17, 2004, New Business #1.

:8 EFFECTIVE DATE:

This procedure effective May 17, 2004.