

City Charter  
Chapter XI, Section 10

Money Deemed In Treasury

Finance and Audit Committee

March 28, 2005

# Background

- The Charter Review Commission recommended additional language be added to Chapter XI, Sec. 10 (CRC Tab #33)
  - Attached on page 8
- On March 8, the Council's joint Committee (F&A and G&MA) discussed the item and requested it be discussed by the Finance and Audit Committee

# Current

- Chapter XI, Sec 9 requires that money be certified in the City's treasury prior to entering into a contract
- The current charter allows that "...moneys to be derived from lawfully authorized bonds sold and in the process of delivery, shall ... be deemed in the treasury..."

# Current

- Contracts may be authorized before the City has the money as long as the bond sale is approved and the money is “in the process of delivery” – typically 30 days after the sale
  - When the money is received, it is invested until it is needed to pay contract costs
    - Potentially many months later

# Current

- Money to be derived from the sale of Commercial Paper is not deemed in the treasury
  - Money from sale of Commercial Paper must be received (and invested) prior to authorization of a contract
  - As a result, Commercial Paper must be sold well in advance of the need for the money

# Recommendation

- Amend the City Charter to allow that money to be derived from the sale of Commercial Paper is deemed “in the treasury”

# Benefit

- Commercial Paper may not need to be sold (and money is not borrowed) until it is needed to pay contract costs
- The City may avoid the cost of the “spread” between the interest rate we receive from investments and the interest rate we pay to borrow