ADMINISTRATIVE SERVICES COMMITTEE

Agenda

Wednesday, October 8, 2014
3:30 pm

Madison Avenue Meeting Room
500 SW Madison Avenue

Discussion/**Possible Action**	I.	Fourth Quarter Operating Report (Attachment)
Discussion/**Possible Action**	II.	Council Policy Review and Recommendation: 91-2.01, "Meeting Procedures" (Attachment)
Discussion/**Possible Action**	III.	Transportation Maintenance Fee Rate Structure Review (Attachment)
Information	IV.	Other Business

Next Scheduled Meeting
Wednesday, October 22, 2014 at 3:30 pm
Madison Avenue Meeting Room, 500 SW Madison Avenue

Agenda
Neighborhood Property Maintenance Code Review
Transportation Maintenance Fee Rate Structure Review

MEMORANDUM

September 22, 2014

TO: Administrative Services Committee

FROM: Janet Chenard, Interim Finance Director

SUBJECT **Fourth Quarterly Operating Report**

I. Issue

To review and accept the Fourth Quarterly Operating Report for FY 13-14.

II. Discussion

The Fourth Quarterly Operating Report (QOR) was published and is available for review on the City's web site as of Sept.2, 2014, a few days after the 45-day Council Policy deadline, due to staff turnover and summer vacation absences which somewhat delayed preparation and review of year-end results. Overall, fourth quarter results were generally in line with expectations, and even showed some improvement in certain funds.

Total revenues were just under 93% of budget which is very comparable to last year's fourth quarter end. All operating revenue categories, with the exception of property taxes and miscellaneous revenue (business energy tax credits specifically), finished the fiscal year higher across the board in FY 13-14.

Operating expenditures across departments were roughly as expected and comparable to the prior year at about 90% of the amended budget. Due primarily to vacancies existing across all departments, personnel service costs represented a large part of the savings noted above, since they came in at about 93% of budget at the close of the fiscal year. Some of the savings of prolonged vacancies have been offset by higher overtime and temporary staff needed to continue basic service provision, as well as by sizeable retirement cashouts that brought about some of the vacancies. As of the end of the fourth quarter, the City had nearly 33 unfilled FTE (this excludes three unbudgeted police officers). Sixteen of the vacancies continued to be carried in Public Works by year-end despite several recruitments in the fourth quarter, since they were fully offset by additional staff departures and retirements.

In summary, financial performance for the organization was generally at expected levels. Several items are noted below for particular attention:

- General Fund – Both the green and yellow line status, based on unaudited FY 13-14 results, are better than was anticipated during the revised budget process as shown in the FY 14-15 Adopted Budget document. Larger revenue sources were generally within $50,000 of revised estimates, either up or down, and so total recurring revenues came in just $13,000 less than projected. While six of the eight departments expended more than 95% of their operating budgets, overall about $674,000 of appropriations remained unspent at the end of the fourth quarter. It is expected that this will mean that the $495,000 Water SDC Interfund loan will not be needed as part of the HP refund back stop, as originally envisioned. However, departments may also not be able to bank as much of their savings to reserves as they had hoped for in achieving these savings.
- Risk Management Fund ended the year having used about 66% of the $200,000 in contingencies appropriated through Council resolution in May. The unused $70,000 will be added back to the catastrophic reserve through year-end adjustments, and the remainder of the reserve will be rebuilt according to policy over the next year or two, depending on the paying funds' ability to absorb an increased risk charge, and/or from any savings in future year budgets.
- The Community Development Revolving Fund ended the fiscal year with a positive cash and fund balance, after repaying its $80,000 interfund loan from Development Services, due to careful cash management by CD. Some work is currently under way by staff to stabilize revenues and expenditures for housing services, such that it is hoped that future loan support will not be needed for this Fund's operations.
- City-wide Investment portfolio – with the new investment advisory contract signed in June with Government Portfolio Advisors (GPA) comes an updated list of corporate investment names and broker-dealers in Attachment B to this memo, for Council's review and approval. Additionally, the Annual Compliance Memo

which was posted and provided to ASC electronically prior to Aug.31, 2014, per CP 10.08, is found in Attachment C for filing purposes only.

Attachment A to this memo is a five-page excerpt from the full quarterly operating report online publication, which provides a high level overview of the information contained therein:

- The first page highlights any significant variances from expected financial performance citywide;
- the second page provides the year-to-date status of General Fund operations compared with the same period last year;
- the third page is the green-line/yellow-line financial plan update for the General Fund;
- the fourth page is an all-funds summary as of the end of the fourth quarter; and
- the fifth page provides a summary of the City's investment portfolio holdings, as well as the duration and yield characteristics over the past few years. The City's Investment Advisory firm will be represented at the October 8th ASC meeting by Deanne Woodring, President of Government Portfolio Advisors (GPA) to make their annual review and report. Ms. Woodring will provide an assessment and update on the City's portfolio strategy in the context of the current economy and Council's investment policy. In preparation for her presentation, and to assist staff's future efforts to continue providing both adequate and useful information to facilitate Council's fiduciary responsibility with regard to the City's cash and investment portfolio, staff requests that ASC review the May, June, July and August monthly Treasury Reports on the City's website. Staff is seeking ASC members' opinions as to whether the information provided is adequate, and provide any direction with regard to the City's portfolio, or if there are suggestions for additions, changes, or deletions that might improve future reports.

Please note that an income statement for each fund and the Council Goals update as of June 30, 2014 are linked to the full 15-page online quarterly operating report, to provide ASC with more detail on the City's current financial position.

The Capital Project budget is roughly 50% expended at the end of the fourth quarter. It is very typical for capital project spending to be significantly less than 100% of budget by year-end, given project delays that result in carryovers to future years, or due to savings from conservative budgeting practices. The following projects were well under way or essentially complete as of the end of the fourth quarter: the Sunnyside School Building bell tower and finish work; 15th St. and Washington Way water infrastructure improvements, including additional valve insertion work identified under the water distribution system infrastructure rehabilitation; design of the Reiman Avenue bridge; and the 36th and Grant water pump station improvements.

III. Requested Action

1. Review the Fourth Quarterly Operating Report, and recommend the City Council accept the report;
2. Review the updated broker/dealer and corporates list, modify if desired, and recommend City Council accept the list; and
3. Provide feedback on changes, if any, to the current investment reporting that might better assist with Council's fiduciary responsibilities.

Review & Concur:

City Manager *Pro Tem*

4th Quarter Financial Summary

FY 2013-14

This report provides summary information on the City's financial status as of the end of June, 2014; more detailed comparative income statement form data is available on-line at this link.

PERFORMANCE AT A GLANCE (YEAR TO DATE)		COMMENTS
GENERAL FUND		
General Fund Expenditure vs. Revenue	WATCH	Revenues are slightly exceeding expenditures, though not all final yearend adjustments have been processed.
Property Tax Revenue	WATCH	Reduced property values and ongoing appeals by two large tax payers has impacted revenue versus budget; year-end receipts are still higher than expected post-HP refund.
Transient Room Tax	POSITIVE	FY 13-14 total receipts came in marginally over budget and about 2% over FY 12-13 actuals, following a nearly 13% increase from FY 11-12 to FY 12-13, which is indicative of some local economic improvement.
Franchise Fees	WATCH	Although franchise fees came in higher than the prior two years' actuals, lower demand and conservation of utilities resulted in slightly less revenue than budgeted.
State Shared Revenue	POSITIVE	Receipts by year-end exceeded budget by about 5% and were higher than last year, lower cigarette/alcohol demand is predicted by the League of Oregon Cities to soon result in less State revenue available for distribution to local governments.
Fines & Forfeitures	WATCH	Below budget YTD, and future legislative changes could result in lower revenue.
General Fund Expenditures vs. Budget	POSITIVE	General Fund expenditures YTD came in under budget. Some departments used vacancy-related personnel services savings on delayed projects, while others plan to reserve savings to spend in future years on deferred maintenance.
SPECIAL REVENUE FUNDS		
9-1-1 Emergency Services	WATCH	Declining fund balance; although current year revenues met expectations, and budget was underexpended, future revenues may be insufficient for current service levels.
Community Development Revolving	WATCH	No loan will be needed based on a positive ending fund balance for FY 13-14, but negative cash balances are expected to continue in the new fiscal year based on future revenues that are insufficient to maintain current service levels.
Development Services	POSITIVE	Revenues currently exceed last fiscal year and FY13-14 budget due to significant growth in volume and valuation of development projects.
Parking	WATCH	Revenues are relatively flat and there are many operational unknowns based on the November ballot initiative on Residential Parking District.
Street	WATCH	Declining fund balance; future revenues may not be adequate to continue service levels.
Transit	POSITIVE	Current revenues were lower than last fiscal year and FY13-14 budget and expenditures were higher than last year; but net revenues added to fund balance at fiscal year end.
ENTERPRISE FUNDS		
Airport	POSITIVE	Both revenues and operating expenditures came in at roughly half of budget by year end, but green line operations were marginally positive. A net reduction in fund balance was primarily due to payoff of the remaining debt in this fund. Carrying a higher fund balance plus the availability of infrastructure maintenance grants have resulted in some stability.
Storm Water	POSITIVE	Budgeted revenues close to target and expenditures under budget and prior year, with a slight decline in fund balance, as of yearend.
Wastewater	POSITIVE	Fund balance supplemented at year end by nearly $1.4 million prior to final revenue accruals; metered revenues ended the year higher than prior fiscal year and budget due to usage, with expenditures well under budget and prior year from large deferred projects.
Water	POSITIVE	Similar to Wastewater results, with metered revenues exceeding target, and operating expenditures under budget, resulting in nearly an $895 thousand add to fund balance.
INTERNAL SERVICE FUNDS		
Risk Management	WATCH	Risk coverage premiums continue to increase; claims are using up deductible capacity and reserves may be insufficient for a catastrophic event.

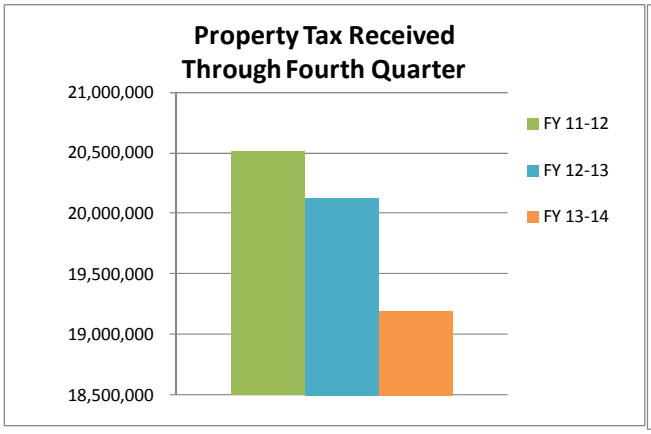
What the ratings mean:

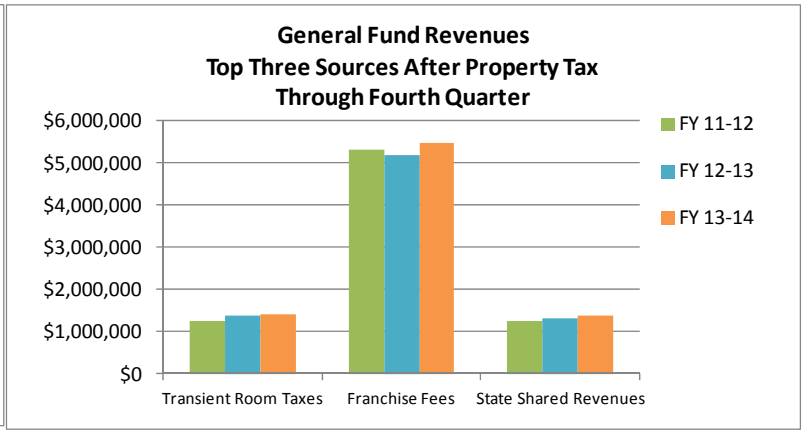
Positive – Current revenues and City Council-adopted use of reserves are sufficient to support the current level of service. Fund balances appear stable over a three-year forecast. No significant negative issues are identified.

Watch – Various stressors may cause current revenues to be flat or decline and impact the fund's capacity to support the current level of service. Factors exist that may contribute to higher than anticipated expenditure levels in more than one category over the next 6-12 months.

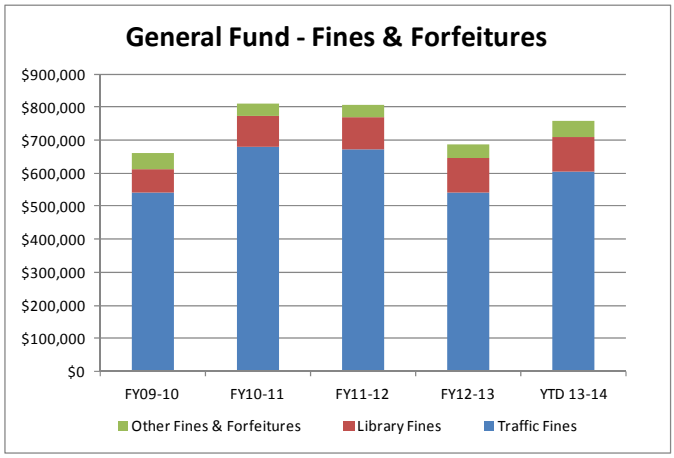
GENERAL FUND

REVENUE	AMENDED BUDGET	4th Quarter FY 12-13	Y-T-D FY 12-13	FY 12-13 % REC/EXPEND	AMENDED BUDGET	4th Quarter FY 13-14	YTD FY 13-14	FY 13-14 % REC/EXPEND
Budgeted Beg. Fund Balance (incl reserves)	5,271,580				$6,265,564			
Property Taxes	$21,002,640	$888,254	$20,126,321	95.83%	$20,617,620	$773,336	$19,195,834	93.10%
Other Tax	1,270,650	524,058	1,396,192	109.88%	1,372,600	527,347	1,424,997	103.82%
Licenses/Permits	5,708,610	1,857,657	5,598,426	98.07%	5,925,060	1,812,840	5,888,096	99.38%
Charges for Service	5,856,500	1,179,662	5,819,605	99.37%	5,889,850	1,255,540	6,087,759	103.36%
Intergovernmental	4,309,570	796,085	4,068,661	94.41%	4,227,760	555,779	3,990,821	94.40%
Fines/Forfeitures	830,110	173,057	685,830	82.62%	771,390	221,785	756,533	98.07%
Miscellaneous	576,300	130,522	592,246	102.77%	1,307,680	169,196	1,168,116	89.33%
Other Financing Sources	2,845,350	612,876	2,689,794	94.53%	7,061,488	268,500	6,357,826	90.04%
TOTAL CURRENT REVENUE	$42,399,730	$6,162,171	$40,977,075	96.64%	$47,173,448	$5,584,323	$44,869,983	95.12%
EXPENDITURE BY DEPARTMENT								
City Manager's Office	$380,000	$106,236	$231,272	60.86%	$326,250	$93,467	$320,809	98.33%
Community Development	1,311,410	310,098	1,225,394	93.44%	1,309,840	356,682	1,238,318	94.54%
Finance	629,740	146,807	599,019	95.12%	646,770	155,582	617,575	95.49%
Fire	10,455,220	2,660,359	10,175,170	97.32%	10,485,960	2,872,853	10,441,709	99.58%
Library	6,053,510	1,578,779	5,810,754	95.99%	6,524,140	1,589,797	6,482,433	99.36%
Parks & Recreation	6,080,310	1,963,405	6,065,856	99.76%	6,295,130	1,780,009	6,193,954	98.39%
Police	10,499,190	2,584,684	10,154,728	96.72%	10,688,290	2,952,329	10,580,875	99.00%
Public Works	1,218,900	262,794	982,569	80.61%	1,026,260	317,829	864,331	84.22%
Non-Departmental	1,362,100	311,307	1,323,230	97.15%	1,480,870	379,065	1,296,906	87.58%
TOTAL OPERATING EXPENDITURES	37,610,380	9,924,469	36,567,992	97.23%	$38,783,510	$10,497,613	$38,036,910	98.07%
Debt Service	$243,880	$0	$243,872	100.00%	$243,180	$0	$243,174	100.00%
Transfers / Other Financing Uses	3,100,663	878,811	2,926,102	94.37%	7,085,818	679,533	6,340,429	89.48%
Contingencies/Reserves	512,850	0	0	0.00%	597,200	0	0	0.00%
TOTAL ALL EXPENDITURES	$41,467,773	$10,803,280	$39,737,966	95.83%	$46,709,708	$11,177,146	$44,620,513	95.53%
CURRENT REVENUE LESS TOTAL EXPENDITURES		($4,641,109)	$1,239,109		$463,740	($5,592,824)	$249,469	





At less than 2% of total revenues, fines and forfeitures are not as significant as other sources of funding that support General Fund services. However, at over half a million dollars total, the volatility shown at right can have a noticeable impact on a narrow bottom-line fund balance. In particular, traffic fines are heavily impacted each year by both Police department and court clerk vacancies or prolonged absences. When fines are increased it may cause total revenues collected to go up substantially or conversely it may go down based on changed behaviors leading to the fines, and/or due to more bad debts where offenders are unable or unwilling to afford the payments. FY 10-11 and FY 11-12 saw an uptick in fine revenue due to improved collection efforts by the City, but when this effort had run its course and some vacancies occurred; there was a decline again in FY 12-13. Traffic fine revenues did increase marginally in FY 13-14 by year-end, but have not attained previous highs, and Library fines revenue was down slightly from its peak in FY 12-13.



GENERAL FUND				
BUDGETARY BASIS	**AUDITED FY 12-13**	**ADOPTED FY 13-14**	**Year-To-Date FY 13-14**	**% of Budget Year-to-Date**
RECURRING				
NON DEDICATED REVENUE				
Property Taxes - Permanent Rate	$19,777,358	$20,145,110	$18,743,848	93.04%
Prior Year Delinquent Tax Revenue	348,963	472,510	451,986	95.66%
Transient Room Tax	1,396,192	1,372,600	1,424,997	103.82%
Franchise Fees	5,186,268	5,519,540	5,486,499	99.40%
State Revenue Sharing	520,207	515,690	537,106	104.15%
Alcohol/Cigarette Tax	808,548	806,420	847,782	105.13%
Pass-Throughs	786,694	774,640	618,750	79.88%
Miscellaneous Other Revenues	606,538	549,260	582,216	106.00%
TOTAL NON-DEDICATED RECURRING REVENUE	**$29,430,767**	**$30,155,770**	**$28,693,184**	**95.15%**
DEDICATED REVENUE				
Property Tax - Local Option Levy	$1,809,961	$1,908,620	$1,842,322	96.53%
City Manager's Office	121,000	121,000	121,176	100.15%
Community Development	157,300	150,880	132,902	88.08%
Finance	540,003	625,600	606,680	96.98%
Fire	3,333,201	3,565,090	3,602,373	101.05%
Library	2,627,257	2,747,650	2,529,775	92.07%
Parks & Recreation	2,000,836	1,821,870	1,948,944	106.97%
Police	384,390	368,980	399,829	108.36%
Public Works	155,289	147,000	145,282	98.83%
TOTAL DEDICATED RECURRING REVENUE	**$11,129,238**	**$11,456,690**	**$11,329,283**	**98.89%**
TOTAL RECURRING REVENUE	**$ 40,560,005**	**$41,612,460**	**$40,022,467**	**96.18%**
EXPENDITURES				
City Manager's Office	$231,272	$326,250	$320,865	98.35%
Community Development	1,225,394	1,309,840	1,238,321	94.54%
Finance	599,019	646,770	617,576	95.49%
Fire	10,517,480	11,005,240	10,879,560	98.86%
Library	5,852,004	5,999,350	5,888,403	98.15%
Parks & Recreation	6,086,666	6,462,480	6,188,327	95.76%
Police	10,056,265	10,693,720	10,606,592	99.19%
Public Works	936,026	942,870	820,353	87.01%
Non-Departmental	1,323,230	1,448,070	1,264,107	87.30%
Debt Service	243,872	243,180	243,174	100.00%
Pension Obligation Bond Debt - Transfers	2,037,200	1,870,950	1,870,950	100.00%
Pass-Throughs	784,828	774,640	597,869	77.18%
Contribution to Fund Balance Reserve/Contingencies	2,906,200	945,000	1,269,085	134.29%
TOTAL RECURRING EXPENDITURES	**$42,799,455**	**$42,668,360**	**$41,805,182**	**97.98%**
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($2,239,450)**	**($1,055,900)**	**($1,782,715)**	
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$2,760,009	$860,730	$915,509	
Net Recurring Revenue/Expenditure	(2,239,450)	(1,055,900)	(1,782,715)	
Net Non-Recurring Revenue/Expenditure	394,875	863,290	1,279,652	
ENDING BUDGETARY FUND BALANCE	**$915,434**	**$668,120**	**$412,446**	
Ending Reserve Balance by Type				
RESTRICTED	$629,669	$460,096	$629,919	
COMMITTED	1,149,330	$1,112,174	$1,106,989	
ASSIGNED	742,653	$1,223,884	$1,334,729	
FUND BALANCE	2,906,200	$3,221,200	$3,174,574	
	$5,427,852	$6,017,353	$6,246,211	

The General Fund Financial Plan update provided above shows the unaudited, estimated status of the “green line” at the end of Q4. The sustainable green line, the ending budgetary fund balance YTD, and the ending reserve balances may continue to change somewhat until the year-end audit and final entries are complete. The table above currently has a General Fund ending budgetary fund balance (yellow line) of $412,446; however, transfers to move unused department appropriations to reserves has not yet occurred. Once those transfers occur the General Fund is expected to end FY 13-14 closer to the yellow line balance in the Adopted FY 14-15 Budget document, of approximately $269,750. Otherwise,

The following table compares year-to-date actuals with budget for all funds in both FY 13-14 and FY 12-13:

ALL FUNDS COMBINED

REVENUE	AMENDED BUDGET	4th Quarter FY 13-14	UNAUDITED FY 13-14	FY 13-14 % REC/EXPEND	4th Quarter FY 12-13	Y-T-D FY 12-13	FY 12-13 % REC/EXPEND
Budgeted Fund Balance	$36,856,854						
Property Taxes	$23,636,480	$871,466	$22,009,265	93.12%	$1,120,756	$22,980,336	96.13%
Other Tax	1,372,600	527,347	1,424,997	103.82%	524,058	1,396,192	109.88%
Licenses/Permits	9,079,840	2,547,714	9,516,473	104.81%	2,769,951	8,740,886	100.01%
System Development Charges	3,266,130	686,589	3,691,020	113.01%	863,557	2,244,088	112.78%
Charges for Service	38,746,760	10,260,709	40,457,367	104.41%	10,159,362	38,814,819	102.85%
Intergovernmental	17,726,694	3,628,517	12,818,201	72.31%	3,547,469	11,712,396	67.56%
Fines/Forfeitures	1,224,490	337,406	1,185,686	96.83%	303,982	1,151,021	89.68%
Miscellaneous	3,685,840	1,452,689	3,579,268	97.11%	1,191,489	3,587,033	129.60%
Other Financing Sources/Transfers in	20,036,991	750,350	15,487,528	77.29%	1,821,164	20,864,796	86.85%
TOTAL CURRENT REVENUE	$118,775,825	$21,062,786	$110,169,807	92.75%	$22,301,788	$111,491,567	93.65%
EXPENDITURE BY DEPARTMENT							
City Manager's Office	$3,497,010	$728,945	$3,221,698	92.13%	$671,795	$2,919,037	88.38%
Community Development	7,808,250	1,504,074	5,991,724	76.74%	1,381,932	5,605,266	74.67%
Finance	5,005,060	1,267,741	4,731,709	94.54%	1,246,706	4,674,293	97.58%
Fire	10,485,960	2,872,853	10,441,709	99.58%	2,660,359	10,175,170	97.32%
Library	6,524,140	1,589,797	6,482,433	99.36%	1,579,218	5,811,236	95.99%
Park & Recreation	6,295,130	1,780,009	6,193,954	98.39%	1,963,405	6,065,856	99.76%
Police	13,432,180	3,575,344	13,049,408	97.15%	3,203,865	12,637,783	96.98%
Public Works	30,709,350	7,616,299	25,225,468	82.14%	6,982,763	26,034,841	87.53%
Non-Departmental	1,482,220	379,065	1,298,256	87.59%	311,307	1,466,677	96.94%
TOTAL OPERATING EXPENDITURES	$85,239,300	$21,314,127	$76,636,359	89.91%	$20,001,350	$75,390,159	91.41%
Debt Service	$7,326,770	$2,195,022	$7,323,856	99.96%	$2,073,632	$4,660,413	98.44%
Capital Projects	11,355,429	1,777,650	5,680,088	50.02%	1,224,639	3,823,174	39.46%
Transfers Out / Other Financing Uses	20,036,991	873,987	15,395,124	76.83%	1,806,525	23,021,255	87.37%
Contingencies/Reserves	1,494,990	0	0	0.00%	0	0	0.00%
TOTAL ALL EXPENDITURES	$125,453,480	$26,160,786	$105,035,427	83.72%	$25,106,146	$106,895,001	85.61%
CURRENT REVENUES LESS TOTAL EXPENDITURES	($6,677,655)	($5,098,000)	$5,134,380		($2,804,358)	$4,596,566	

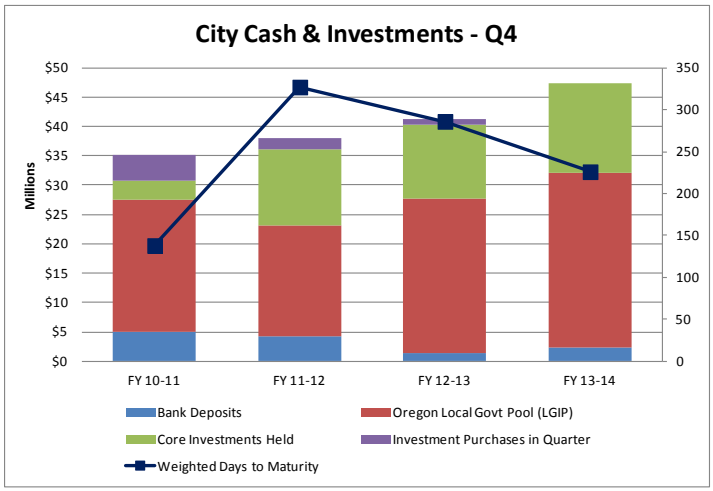
* Includes all funds.

The Amended Budget reflects the adopted budget, plus any amendments approved by the City Council via resolution during the course of the fiscal year. During the course of FY 13-14, the following amendments to the budget were approved:

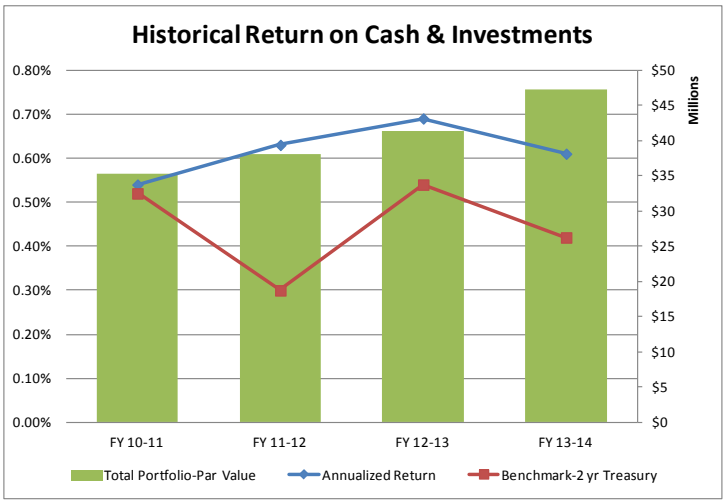
Date	Amendment Type	Resource	Fund	Department	Net Expenditure Impact
8/19/2013	Res - Grant	Benton County Foundation	General	Parks & Recreation	$ 9,130
8/19/2013	Res - IGA	IGA Oregon Dept of Aviation	Airport	Public Works	$ 322,000
9/3/2013	Res - Grant	ODOT Grant	Airport-CIP	Public Works	$ 93,104
10/7/2013	Res - Grant	Benton County Soil & Water	General	Parks & Recreation	$ 3,000
10/21/2013	Res - Supp Budget	IGA Oregon State University	CIP	Public Works	$ 600,000
11/18/2013	Res - Grant	Restore Oregon & Kinsman Foundation	General	Parks & Recreation	$ 5,500
12/2/2013	Res - Donation/Rental	Corvallis-Benton County Library Foundation	General	Library	$ 645,990
12/2/2013	Res - Donation	Anonymous Donor	CIP	Parks & Recreation	$ 100,000
12/16/2013	Res - Grant	Benton County Health Department	General	Police	$ 10,000
1/6/2014	Res - Supp Budget	Ending FB Higher in 12/13 than expected	General	P&R, Fire, & Library	$ 341,944
2/18/2014	Res - Donation	Friends of Corvallis P&R	CIP	Parks & Recreation	$ 25,100
2/18/2014	Res - Donation	National Trust Historic Pres & Friends of P&R	General	Parks & Recreation	$ 10,000
2/18/2014	Res - Grant	DOJ Grant	General	Police	$ 6,910
2/18/2014	Res - Supp Budget	Criminal Asset Forfeiture	General	Police	$ 11,860
2/18/2014	Res - Supp Budget	Federal Asset Forfeiture	General	Police	$ 10,000
4/21/2014	Res - Grant	ODOT Grant	CIP	Public Works	$ 400,440
5/19/2014	Res - Supp Budget	Parks & Recreation Revenues	General	Parks & Recreation	$ 103,270
				Total Increase	$ 2,698,248

CASHFLOW AND INVESTMENT PORTFOLIO QUARTERLY UPDATE

A Treasury Report is prepared and filed monthly for review by the Administrative Services Committee, which reviews the status of investments in conjunction with this quarterly operating report.



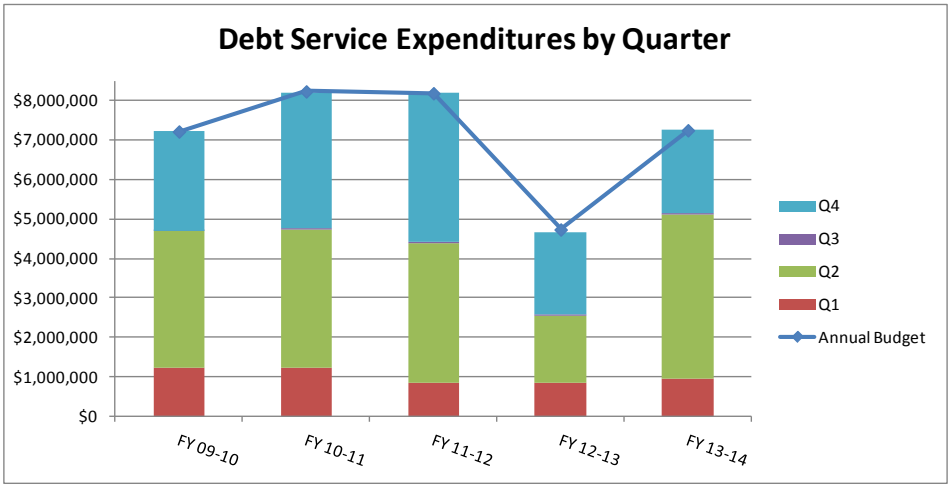
The graphs in this section depict a four year history of total holdings at the end of each fourth quarter. While shrinkage of cash holdings due to flat or diminishing revenues and increasing expenditures was seen between the first quarter of FY 10-11 to FY 11-12, the fourth quarter shows the slight increases in total holdings provided in each of the last three years from receipt of property taxes and in particular the incremental 2011 operating levy revenues. The total portfolio has also benefitted from financial policies related to building the General Fund reserve and increasing balances of system development charge reserves which have restricted purpose spending.



Since hiring an Investment Advisory firm in 2011, the City began to more strategically ladder its portfolio term-wise and gain some return without undue risk. The graph to the left shows that the City has succeeded in outperforming the benchmark 2-year Treasury note rates in that time frame, while staying within investment policy dictates of a weighted average maturity of less than 18 months (as illustrated in the graph above). The City's target core portfolio of approximately $15.5M is currently fully invested, with a first maturity date of October 2015.

NON-OPERATING EXPENDITURES – DEBT SERVICE QUARTERLY UPDATE

Actual debt service expenditures are typically very close to budget since the debt service schedules are known. General Obligation Bond payments are usually structured to occur in the second quarter when cashflow is higher from property tax inflows. The end of Q4 or beginning of Q1 are the other common times to schedule debt service payments if related to seasonal underlying revenue streams. The significant total debt reduction shown in FY12-13 is due to three refunded utility-backed loans.



GPA GOVERNMENT PORTFOLIO ADVISORS

Approved Broker/Dealer List

Bank of America Merrill

Bank of Oklahoma

Barclays Capital

Deutsche Bank Securities Inc.

Daiwa Capital Markets

Goldman Sachs & Co.

GX Clarke and Co.

JP Morgan Securities Inc.

KeyBanc Capital Markets

Morgan Stanley

Nomura

Piper Jaffray

Raymond James

RBC Capital Markets

UBS Securities LLC

Wells Fargo Securities

Last Updated: June 2014

GPA GOVERNMENT PORTFOLIO ADVISORS

CORPORATE CREDIT REVIEW PROCEDURES

Government Portfolio Advisors, LLC. has an established credit review committee to provide ongoing oversight to corporate security holdings in our client's portfolios. Our overall investment philosophy is based on high quality duration managed fixed income portfolios with limited credit exposure. At the outset of our service a specific assessment of risk and policy will be completed to ensure that the management of the funds is consistent with the client's policy and risk profile.

Credit Committee Review Procedures:

1. Meet periodically to conduct a review of corporate holdings in the portfolios
2. Compare the holdings to the policy constraints in each specific portfolio
3. Maintain a buy/hold list that includes S&P ratings, Bloomberg credit profile report, and other credit ratings/metrics (List will include AA- by Standard & Poors/Aa3 by Moody's or better)
4. Monitor debt rating financial ratios, credit spreads, credit default swaps, corporate actions, ratings and current events for all companies on the buy/hold list

Credit Committee Action Procedures if rating outlook changes:

1. Document change of credit with client
2. Make recommendation to hold or sell
3. If portfolios are inherited with bonds that are below AA-/Aa3 an initial assessment will be completed and a recommendation to buy or hold will be made

CORPORATE NAMES AS OF 5/5/14

	Moody's Rating	Outlook	S&P Rating	Outlook
General Electric Corporation	Aa3	Stable	AA+	Stable
Apple	Aa1	Stable	AA+	Stable
Johnson and Johnson	Aaa	Stable	AAA	Stable
Microsoft	Aa3	Stable	AAA	Stable
Proctor and Gamble	Aa3	Stable	AA-	Stable
Toyota	Aa3	Stable	AA-	Stable
Colgate	Aa3	Stable	AA-	Stable
3M	Aa2	Stable	AA-	Stable
IBM	Aa3	Stable	AA-	Stable
Berkshire Hathaway	Aa2	Stable	AA	Negative
Exxon	Aaa	Stable	AAA	Stable
Wal-Mart	Aa2	Stable	AA	Stable
Chevron	Aa1	Stable	AA	Stable
Shell	Aa1	Stable	AA	Stable
Coca Cola	Aa3	Stable	AA	Stable

MEMORANDUM

July 21, 2014

To: Administrative Services Committee

From: Janet Chenard, Budget & Financial Planning Manager

Subject: Annual Compliance Memo

Investment Administrative Procedures 95-5.03.100 requires the submission of an Annual Statement of Compliance indicating if the City has been in compliance with Council approved investment policies during the previous year. The policy requires that such a statement be filed as soon as practical after each year end, but no later than August 31 of each year per Council Policy 10.08 Investments.

Pursuant to that requirement, this memo is to advise the Administrative Services Committee that the City complied with all provisions of the Investment Policies during the fiscal year 2013-2014.

Review & Concur

Nancy Brewer, Finance Director

MEMORANDUM
September 30, 2014

TO: **Administrative Services Committee**

FROM: **Carla Holzworth, City Recorder**

RE: **Council Policy 91-2.01, "Meeting Procedures"**

BACKGROUND AND DISCUSSION

Council Policy 91-2.01, "Meeting Procedures," was updated in February 2009 to include meeting format guidelines for Council Standing Committees and City advisory bodies. The guidelines include introduction of Committee or advisory body members, explanation of the purpose of the meeting, explanation of the meeting format, and explanation of opportunities for citizen input.

The policy has worked well and only minor housekeeping changes are recommended; however, staff would like to draw attention to language in 2.01.026:

> *Material is not to be included in the packets to Council unless identified by a submitter's signature and address.*

Earlier this year, during Property Maintenance Code discussions, anonymous testimony was submitted through a third-party individual, with the third-party person providing her own name and address. After reviewing the policy language, staff included the testimony. The phrase "*a* submitter's signature and address" implies that if someone was willing to attach his/her signature and address on behalf of someone else, the testimony would be eligible for inclusion in the packet. If policy language had read "*the* submitter's signature and address," anonymous testimony under a third party, would not have been included.

Due to the recent interpretation of this policy language, staff wanted to ensure Council was still comfortable with the wording.

REQUESTED ACTION

Staff requests the Committee review Council Policy 91-2.01, "Meeting Procedures," and recommend Council approval of the proposed changes.

Review and Concur:

Nancy Brewer
City Manager *Pro Tem*

CITY OF CORVALLIS

COUNCIL POLICY MANUAL

POLICY AREA 2 - COUNCIL PROCEDURES

CP 91-2.01 Meeting Procedures

Adopted	**December 3, 1973**
Revised	April 2, 1979
Affirmed	October 7, 1991
Revised	November 4, 1996
Affirmed	March 5, 2001
Revised	July 21, 2003
Revised	February 17, 2009

2.01.010 Purpose

To establish a policy concerning Council meetings and Board, Commission, Subcommittee, and Task Force meeting days, times, and locations.

2.01.020 Policy

2.01.021 Minutes of Committee meetings shall be read verbatim to the Council only when they contain recommendations which must be acted upon by the Council and then only that portion relating to the recommendation shall be read.

2.01.022 All requests for information concerning past City practices or the historical development of current City practices shall be made to the City Manager**,** preferably at a time allowing the City Manager to prepare a response.

2.01.023 Questions of staff by Council persons shall be facilitated by the City Manager, except those posed to the City Attorney.

2.01.024 Sturgis' rules of order shall be adhered to in deliberating, reviewing, and approving Council actions. Issues are to be brought forward in the

appropriate forum. The Mayor, Council President, or Committee Chairs should be consulted in determining that forum.

2.01.025 City Council and Planning Commission meetings will be recorded**,** and **the recordings will be** stored in accordance with guidelines set forth in the State's City Records and Retention Schedule. Recordings of Committee meetings and other meetings will be made on special occasions or at any time that ~~there is a public hearing being held by the Committee~~ **the Committee conducts a public hearing**. Upon request by interested parties, copies of the recordings will be made and charged, consistent with Administrative Policy ~~AP~~ 1.14, "Public Records Requests."

2.01.026 Material is not to be included in the packets to Council unless identified by a submitter's signature and address.

2.01.027 When the Council President presides at a Council meeting in the absence of the Mayor, the Council President should vote only in order to break a tie **vote**.

2.01.028 Council meetings will adjourn at 11:00 pm, allowing ~~extensions by~~ one-half hour increment~~s~~ **extension**s upon a majority Council vote.

2.01.030 Board and Commission Meetings

2.01.031 Board, Commission, Subcommittee, Task Force, and similar Mayor-appointed committees conducting City business shall be encouraged to meet in City-owned facilities.

2.01.032 Board, Commission, Subcommittee, Task Force, and similar Mayor-appointed committees conducting City business shall be on a day, during a time, and at a location that accommodates members, staff, and the public's participation, as determined by the Chair working in consultation with staff. Meeting room charges (rent, minimum order, etc.) will be paid for by the City. If the Chair and City staff determine that charges are too expensive, the meeting location shall be moved.

2.01.033 Chairs of boards, commissions, subcommittees, task forces, and similar Mayor-appointed committees conducting City business shall be encouraged to follow the attached meeting format.

2.01.040 Council Standing Committee Meetings

2.01.041 Chairs of Council Standing Committees shall be encouraged to follow the attached meeting format.

2.01.050 Review and Update

~~This Council Procedures Policy shall be reviewed every five years by the Council and updated as appropriate.~~
The City Recorder will prepare the Council Policy review every five years for Council approval.

COUNCIL STANDING COMMITTEE

STANDARD MEETING FORMAT

1.	Call to order by Chair	Chair: "I call to order this (date) meeting of the (group name)."
2.	Introduction of Committee members	Chair: "Would Committee members please introduce themselves?" *(It is the Chair's discretion whether to ask audience members to introduce themselves.)*
3.	Explain purpose and responsibility of Committee	Chair: "I would like to briefly explain the nature and purpose of this Committee." *(Provide a brief, simple explanation of the Committee's responsibilities, as stated in Council Policy 91-2.02, "Council Process.")*
4.	Explain purpose of meeting	Chair: "Today's meeting will include discussion of _____ issues."
5.	Explain role of public input	Chair: "Public input is important to the decision-making process in Corvallis government. Your comments, concerns, and ideas are appreciated. We will provide opportunity for public input after the staff report for each discussion item."
6.	Review of agenda	Chair: "Are there any changes to today's meeting agenda?" Chair: "Are there any requests to re-order the items on today's meeting agenda?"
7.	Committee Business	Chair: *Follow agenda – receive staff reports, receive public input as appropriate, facilitate committee discussions, solicit motions, and announce decisions.*
8.	Other Business	Chair: "Is there a member of the public present who has other business for the Committee? Do Committee members or staff have other business?"

9.	Executive Session *(if appropriate)*	Chair: "The Committee will now enter Executive Session. In compliance with Oregon law, only representatives of the news media, designated staff, and other Council-designated persons are allowed to attend the executive session. News media representatives are directed not to report on any executive session discussions, except to state the general subject of the discussion, as previously announced. No decisions will be made during the executive session. Committee members and staff are reminded that the confidential executive session discussions belong to the Committee as a body and should only be disclosed if the Committee, as a body, approves disclosure. Any Committee or staff member who may not be able to maintain the Committee's confidences should leave the meeting room." Chair: *(Facilitate staff report presentations and executive session discussions.)* *(If Committee decision is necessary, return to open session before requesting motion.)*
10.	Adjourn	Chair: "The meeting is adjourned."

ADVISORY BOARD/COMMISSION/COMMITTEE/TASK FORCE

STANDARD MEETING FORMAT

1.	Call to order by Chair	Chair: "I call to order this (date) meeting of the (group name)."
2.	Introduction of group members	Chair: "Would all members of this advisory group please introduce themselves and also, if appropriate, state their appointment/affiliation to this group?" *(e.g., citizen at large, Council Liaison, etc.) (It is the Chair's discretion whether to ask audience members to introduce themselves.)*
3.	Explain purpose and responsibility of group	Chair: "I would like to briefly explain the nature and purpose of this advisory group." *(Provide a brief, simple explanation of the group's charge, as stated in the Municipal Code.)*
4.	Explain purpose of meeting	Chair: "Today's meeting will include discussion of _____ issues."
5.	Explain role of public input	Chair: "Public input is important to the decision-making process in Corvallis government. Your comments, concerns, and ideas are appreciated. An opportunity for public comments will be provided."
6.	Review of agenda	Chair: "Are there any changes to today's meeting agenda?" Chair: "Are there any requests to re-order the items on today's meeting agenda?"

7.	Approval of previous meeting's minutes	Chair: "Are there any corrections to the minutes of the (date) meeting?" Chair: Invite a motion to approve the (date) meeting minutes *(as amended, if appropriate).* Chair: "All those in favor of the motion, please say 'aye.'" Chair: "All those opposed to the motion, please say 'naye.'" Chair: "The minutes of the (date) meeting are approved *(as amended, if appropriate)."*
8.	Public Comments	Chair: The Chair may solicit public comment after each agenda item staff report and/or generally. "Is there a member of the public present who would like to offer comments to the Commission/Board/ Committee, not related to business on the agenda?
9.	Unfinished Business	Chair: *Follow agenda – receive staff reports, public comment, facilitate discussions, solicit motions, and announce decisions.*
10.	New Business	Chair: *Follow agenda – receive staff reports, public comment, facilitate discussions, solicit motions, and announce decisions.*
11.	Other Business	Chair: *Follow agenda – receive staff reports, public comment, facilitate discussions, solicit motions, and announce decisions.*

12.	Executive Session *(as appropriate)*	Chair: "The (group name) will now enter Executive Session. In compliance with Oregon law, only representatives of the news media, designated staff, and other Council-designated persons are allowed to attend the executive session. News media representatives are directed not to report on any executive session discussions, except to state the general subject of the discussion, as previously announced. No decisions will be made during the executive session. (Group name) members and staff are reminded that the confidential executive session discussions belong to the Board/ Commission/Committee as a body and should only be disclosed if the Board/ Commission/Committee, as a body, approves disclosure. Any Board/ Commission/Committee or staff member who may not be able to maintain the Board's/Commission's/ Committee's confidences should leave the meeting room." Chair: *(Facilitate staff report presentations and executive session discussions.)* *(If Board/Commission/Committee decision is necessary, return to open session before requesting motion.)*
13.	Adjourn	Chair: "The meeting is adjourned."

MEMORANDUM

TO: Administrative Services Committee

DATE: September 30, 2014

FROM: Mary Steckel, Public Works Director MS

SUBJECT: Transportation Maintenance Fee (TMF) Structure Review

I. PURPOSE

The Administrative Services Committee (ASC) has requested additional information as it continues to review the TMF rate structure.

II. BACKGROUND

When the TMF was established in 2005, it was designed to recover 75% of the revenue target from residential customers and 25% from non-residential customers. In order to achieve this desired outcome, the rate charged per trip for each of the customer groups could not be the same. When first adopted, the per-trip rate was $0.142 for residential customers, resulting in a monthly fee of $1.36 per single family residence. The per-trip rate for non-residential customers was set at $0.021.

On September 17, 2014, staff presented a revenue neutral alternative in which residential and non-residential per-trip rates were equal. Under this scenario, residential per-trip rates would be cut by more than half from $.165 per trip to $.072, resulting in a monthly fee of $.69 per single family residence. Non-residential rates would triple from $.024 to $.072.

Staff provided a summary of the impact of the revenue neutral approach on a number of businesses in the community, as well as the combined impact of the recent utility rate restructuring and proposed TMF adjustment. The ASC asked that staff develop a similar comparison using the Oregon State University and Good Samaritan utility accounts.

Also discussed was the cost to maintain a sustainable pavement management program and the funding gap that exists between the costs associated with such a program and our current funding levels. Staff stated that before consideration is given to identifying additional funding sources to bridge this gap, it would want to consult with experts to insure that realistic assumptions and expectations are being used as a basis for pavement management costs. In addition, calculation of a funding gap should take into account the cost to maintain the entire transportation system and not just pavement.

III. DISCUSSION

Over the few months, staff will be refining its estimate of the transportation funding gap and will bring this information back to the ASC when complete.

In the interim, the ASC can decide whether or not to pursue the revenue neutral TMF per-trip

rate adjustment at this time. Staff has reviewed information in the City's financial system and found that the average September TMF charge for the 612 commercial/school accounts listed was $11.42. Under the revenue neutral option, this average would be expected to increase to $34.26.

The attached table provides information requested by the ASC, summarizing the effect on Good Samaritan and OSU billings from both the recent utility rate restructuring and the proposed revenue neutral TMF option as well as the combined effect of the two changes.

IV. NEXT STEPS

With respect to implementing revenue neutral option, the ASC could:

1. Do nothing.
2. Direct staff to complete a public process before making a decision to include letters to community groups representing business interests as well as a press release and City website postings. Feedback would be presented at a November ASC meeting and interested parties would be invited to attend.
3. Make a recommendation that the Council direct staff to implement the revenue neutral fee change and initiate a public information process similar to that described in option 2 above to educate the community on the change.

Should either option 2 or 3 be pursued, staff would recommend the new TMF per-trip rates become effective January 1, 2015.

V. REQUESTED ACTION

Staff requests that the ASC provide direction on the next steps with respect to implementing the revenue neutral TMF rate adjustment proposal.

Review and concur:

Nancy Brewer, City Manager *Pro Tem*

Utility Fee Comparison[1]

		2013	2014	Increase/ (Decrease)	% Increase/ Decrease
Good Samaritan					
	Domestic Service	$ 21,307.13	$ 18,173.34	$ (3,133.79)	-14.7%
	Irrigation Service	$ 2,044.18	$ 2,876.06	$ 831.88	40.7%
	Fire Service	$ 16.00	$ 96.48	$ 80.48	503.0%
	TOTAL	$ 23,367.31	$ 21,145.88	$ (2,221.43)	-9.5%
OSU					
	Domestic Service	$ 139,709.01	$ 136,868.31	$ (2,840.70)	-2.0%
	Irrigation Service	$ 52,992.17	$ 76,958.99	$ 23,966.82	45.2%
	Fire Service	$ 310.00	$ 1,531.06	$ 1,221.06	393.9%
	TOTAL	$ 193,011.18	$ 215,358.36	$ 22,347.18	11.6%

TMF Comparison[1]

	Current	Proposed	Increase/ (Decrease)	% Increase/ Decrease
Good Samaritan	$ 143.51	$ 426.02	$ 282.51	196.9%
OSU	$ 1,063.48	$ 3,182.34	$ 2,118.86	199.2%

Combined Comparison

	Combined Increase/(Decrease)	Combined % Increase/Decrease
Good Samaritan	$ (1,938.92)	-8.2%
OSU	$ 24,466.04	12.6%

Notes:

1. Utility consumption and TMF trips based on August 2014 billing for OSU and September 2014 billing for Good Samaritan.

GPA GOVERNMENT PORTFOLIO ADVISORS

Compliance Report

6/30/14

City of Corvallis

Maturity Distirbution

	Policy Requirement	Actual Portfolio	Within Limits
Maximum Maturities			
Weighted Average Maturity	< 1.5 Years	0.85	Yes
Under 30 Days	> 10%	64.80%	Yes
Under 1 Year	> 25%	64.80%	Yes
Under 5 Years	100%	100.00%	Yes

Asset Allocation

	Policy Maximum Allocation	Current Portfolio Allocation		Par Value	Amount Available to Invest	Within Limits
Investment Component						
US Treasuries	100%	4.23%	$	2,000,000.00	$45,265,983.57	Yes
Government Agencies	100%	23.27%	$	11,000,000.00	$36,265,983.57	Yes
FHLB	40%	0.00%	$	-	$18,906,393.43	Yes
FNMA	40%	4.23%	$	2,000,000.00	$16,906,393.43	Yes
FHLMC	40%	4.23%	$	2,000,000.00	$16,906,393.43	Yes
FFCB	40%	14.81%	$	7,000,000.00	$11,906,393.43	Yes
Other GSEs	10%	0.00%	$	-	$4,726,598.36	Yes
Bank CD's Term	25%		$	1,000,000.00		
Municipal Bonds (5% per issuer)	10%	1.06%	$	500,000.00	$4,226,598.36	Yes
Corporate Bonds (AA or Better, 5% per issuer)	10%	1.43%	$	675,000.00	$4,051,598.36	Yes
Investment Component Total		29.99%	$	15,175,000.00	Book Yield .77%	
Liquidity Component						
Certificates of Deposit / Bank Deposits / Savings (15% per issuer)	25%	4.76%	$	2,250,151.57	$9,566,344.32	Yes
Commercial Paper (A1/P1, 5% per issuer)	10%	0.00%	$	-	$4,726,598.36	Yes
Bankers Acceptance (AA-, 5% per issuer)	10%	0.00%	$	-	$4,726,598.36	Yes
State Pool	ORS 294	63.13%	$	29,840,832.00	$15,802,053.00	Yes
Liquidity Component Total		67.89%	$	32,090,983.57	Book Yield .53%	
Total		**97.88%**	**$**	**47,265,983.57**	**Book Yield .61%**	

Current ORS Maximum: $45,642,885.00

Day, Emely

From: Chenard, Janet
Sent: Friday, October 10, 2014 4:13 PM
To: Ward 8; Ward 6; Ward 9
Cc: Day, Emely; Brewer, Nancy
Subject: Finance Dept Follow-up from Oct.8-2014 ASC Meeting
Attachments: ASC Treasury Report review Oct 2014.pdf; YTD-GF-FP-with-Revised-Column.pdf

Good afternoon Councilors Brauner, Hirsch and Traber:

As requested by Councilor Traber at this week's ASC meeting, please find attached a pdf of the General Fund financial plan that includes a column showing the Revised FY 13-14 Budget for a better comparison with year-to-date unaudited actuals in the fourth quarterly operating report as of June 30, 2014.

Also attached is a memo with the requested links to the four most recent monthly Treasury reports, and a matrix of history/information about why each page/section has previously been included. Your individual review of these different reports, and feedback on same as to what may best meet Council's fiduciary responsibility for a timely understanding of the City's investment holdings and ongoing compliance with Council policy in that regard, would be much appreciated.

Please note that, to provide you adequate time to conduct your review, the Finance department will plan to issue September's monthly Treasury report in the same format as August. If possible, we would plan to implement your requested changes in format for the October Treasury report, which would mean receiving any feedback by November 3rd please.

Thanks in advance for your assistance, and do not hesitate to contact me if any questions or if you have any trouble accessing the embedded links.

Janet Chenard
Interim Finance Director
Finance Department
City of Corvallis
Ph: 541-766-6990 x-5051
Email: **janet.chenard@corvallisoregon.gov**

Think before you print

GENERAL FUND

BUDGETARY BASIS	AUDITED FY 12-13	ADOPTED FY 13-14	REVISED FY 13-14	Year-To-Date FY 13-14	% of Budget Year-to-Date
RECURRING					
NON DEDICATED REVENUE					
Property Taxes - Permanent Rate	$19,777,358	$20,145,110	$18,771,060	$18,743,848	93.04%
Prior Year Delinquent Tax Revenue	348,963	472,510	402,390	451,986	95.66%
Transient Room Tax	1,396,192	1,372,600	1,420,400	1,424,997	103.82%
Franchise Fees	5,186,268	5,519,540	5,519,540	5,486,499	99.40%
State Revenue Sharing	520,207	515,690	515,690	537,106	104.15%
Alcohol/Cigarette Tax	808,548	806,420	806,420	847,782	105.13%
Pass-Throughs	786,694	774,640	774,640	618,750	79.88%
Miscellaneous Other Revenues	606,538	549,260	582,600	582,216	106.00%
TOTAL NON-DEDICATED RECURRING REVENUE	**$29,430,767**	**$30,155,770**	**$28,792,740**	**$28,693,184**	**95.15%**
DEDICATED REVENUE					
Property Tax - Local Option Levy	$1,809,961	$1,908,620	$1,879,790	$1,842,322	96.53%
City Manager's Office	121,000	121,000	121,000	121,176	100.15%
Community Development	157,300	150,880	150,880	132,902	88.08%
Finance	540,003	625,600	550,200	606,680	96.98%
Fire	3,333,201	3,565,090	3,613,740	3,602,373	101.05%
Library	2,627,257	2,747,650	2,589,270	2,529,775	92.07%
Parks & Recreation	2,000,836	1,821,870	1,821,870	1,948,944	106.97%
Police	384,390	368,980	368,980	399,829	108.36%
Public Works	155,289	147,000	147,000	145,282	98.83%
TOTAL DEDICATED RECURRING REVENUE	**$11,129,238**	**$11,456,690**	**$11,242,730**	**$11,329,283**	**98.89%**
TOTAL RECURRING REVENUE	**$ 40,560,005**	**$41,612,460**	**$40,035,470**	**$40,022,467**	**96.18%**
EXPENDITURES					
City Manager's Office	$231,272	$326,250	$324,240	$320,865	98.35%
Community Development	1,225,394	1,309,840	1,308,130	1,238,321	94.54%
Finance	599,019	646,770	646,770	617,576	95.49%
Fire	10,517,480	11,005,240	11,017,160	10,879,560	98.86%
Library	5,852,004	5,999,350	6,026,080	5,888,403	98.15%
Parks & Recreation	6,086,666	6,462,480	6,146,380	6,188,327	95.76%
Police	10,056,265	10,693,720	10,676,650	10,606,592	99.19%
Public Works	936,026	942,870	870,310	820,353	87.01%
Non-Departmental	1,323,230	1,448,070	1,305,410	1,264,107	87.30%
Debt Service	243,872	243,180	243,180	243,174	100.00%
Pension Obligation Bond Debt - Transfers	2,037,200	1,870,950	1,870,950	1,870,950	100.00%
Pass-Throughs	784,828	774,640	774,640	597,869	77.18%
Contribution to Fund Balance Reserve/Contingencies	2,906,200	945,000	1,269,085	1,269,085	134.29%
TOTAL RECURRING EXPENDITURES	**$42,799,455**	**$42,668,360**	**$42,478,985**	**$41,805,182**	**97.98%**
RECURRING REVENUE EXCESS (SHORTFALL) OVER EXPENDITURES	**($2,239,450)**	**($1,055,900)**	**($2,443,515)**	**($1,782,715)**	
POTENTIAL BEGINNING BUDGETARY FUND BALANCE	$2,760,009	$860,730	$915,434	$915,509	
Net Recurring Revenue/Expenditure	(2,239,450)	(1,055,900)	(2,443,515)	(1,782,715)	
Net Non-Recurring Revenue/Expenditure	394,875	863,290	1,797,831	1,279,652	
ENDING BUDGETARY FUND BALANCE	**$915,434**	**$668,120**	**$269,750**	**$412,446**	
Ending Reserve Balance by Type					
RESTRICTED	$629,669	$460,096	$594,539	$629,919	
COMMITTED	1,149,330	$1,112,174	$1,094,858	$1,106,989	
ASSIGNED	742,653	$1,223,884	$1,317,437	$1,334,729	
FUND BALANCE	2,906,200	$3,221,200	$3,174,574	$3,174,574	
	$5,427,852	$6,017,353	$6,181,408	$6,246,211	

MEMORANDUM

October 10, 2014

TO: Administrative Services Committee

FROM: Janet Chenard, Interim Finance Director

SUBJECT **Monthly Treasury Report Review**

ASC requested as follow-up to its meeting on Oct.8, 2014 that City staff provide links to the most recent monthly Treasury reports to facilitate being provided feedback on the adequacy and usefulness of information provided for Council's fiduciary responsibility with regard to the City's investment portfolio under CP 10.08.130(C). The website links are here: May, June, July and August.

Staff currently provides a monthly report that varies in length from 15-20 pages and generally includes the following type of information from the following sources:

Report Pages (not incl. cover & table of contents)	Information presented	Pros/cons of inclusion	Source
Pg.1	Market commentary	Not required – this type of info is available on the internet, and likely more timely. However, for ease of reference it provides a nicely summarized update of major market drivers to inform or refresh readers.	Government Portfolio Advisors (GPA)
Pg. 2	Compliance matrix	Required – shows current holdings vs. policy targets and limitations; one-stop view of portfolio distribution	Currently manually produced by staff, but hope to automate through GPA
Pg. 3	Asset Allocation Strategy	Not required – however commentary has more Corvallis specific information on strategy status and portfolio changes. Includes same distribution info as compliance matrix, but has historical information for trending and graphs for visual.	Currently manually produced by staff; if automated by GPA, would not likely include commentary; also would not have both graphs on one page due to technology limitations.
Middle section (from pg.4 to about 10 depending on report) – up to the "Glossary"	Various Portfolio holding reports	Distribution detail of current holdings is required in some tabular and/or graphical form - but could be just one or two pages – such as by: investment type, brokers, yields, maturity/duration; also cash flow projections and benchmarking.	Either GPA (Investment Advisor) or US Bank (safekeeping custodian) – less customizable, but various ways to show similar data for overview of current holdings

Pg. 8 (approx)	Glossary of Terms	Not required; potentially helpful for ease of reference	**Manual**; but doesn't need frequent updates. Could be changed to a website link rather than included in formal report?
Pg. 9(approx)	Cash Flow Summary	Not required; not always meaningful due to financial system averaging assumptions;	**Manual** – QOR provides similar info in more detail
Pg. 10 (approx)	Monthly Revenue Allocations	Not required – total monthly interest earnings by fund; in current environment very small dollars.	**Manual** – previous Investment Council liked to see monthly average cash balances by Fund; not reported elsewhere, but available on request
Pg.11-14 (approx)	Graphs – Historical Trend lines for short-term/long-term benchmarks and total portfolio amounts	Benchmark info required (but can be produced by GPA in distribution reports above, though history not as extensive – see pg. 9 of August report); Portfolio size history also not as extensively available in automated reports	**Manual** – not unduly onerous to update; might condense all graphs on one page if kept. Previous Investment Council liked to see this history.

Ideally, staff would like to streamline and significantly shorten the report to make it more readable as well as less burdensome on staff to produce, yet ensure that the information provided is adequate for a thorough and current understanding of the City's investment portfolio status and policy compliance by ASC and Council members.

Requested Action

Provide feedback with regard to reporting on the City's cash and investments portfolio through suggestions for additions, changes, or deletions that might improve future reports and thus better assist with Council's fiduciary responsibilities.

GPA GOVERNMENT PORTFOLIO ADVISORS

Approved Broker/Dealer List

Bank of America Merrill

Bank of Oklahoma

Citigroup Global Markets Inc.

Deutsche Bank Securities Inc.

Daiwa Capital Markets

Goldman Sachs & Co.

GX Clarke and Co.

JP Morgan Securities Inc.

Key Bank

Mesirow

Morgan Stanley

Multi Bank Securities

Nomura

Piper Jaffray

Raymond James

RBC Capital Markets

UBS Securities LLC

Wells Fargo Securities

Last Updated: October 2014